

Ethical leadership and Gen Z: Enhancing work engagement through trust in Bandung city

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Abstract: Generation Z employees often face challenges in maintaining work engagement, which can negatively affect organizational performance. Ethical leadership has the potential to enhance employee engagement by fostering trust between leaders and employees. Ethical leaders, through their integrity and fairness, can build trust that indirectly promotes higher work engagement. This research aims to examine the effect of ethical leadership on work engagement among Generation Z employees in Bandung City, with a focus on the mediating role of leader trust. Specific objectives include assessing the levels of ethical leadership, work engagement, and leader trust, as well as determining the significance of their interrelationships. The research adopts a quantitative approach, utilizing Structural Equation Modeling (SEM) with LISREL for data analysis. A structured questionnaire was distributed to Generation Z employees in Bandung, and the collected data were analyzed to test the proposed hypotheses. The findings reveal that ethical leadership significantly and positively influences work engagement and leader trust. Additionally, leader trust has a significant positive effect on work engagement. Importantly, leader trust mediates the relationship between ethical leadership and work engagement, emphasizing the indirect impact of ethical leadership on employee engagement through trust. This research contributes to the understanding of the critical role of ethical leadership in fostering a trusting and engaging work environment for Generation Z employees. Organizations are encouraged to prioritize ethical leadership practices through targeted training programs, transparent decision-making, and policies that promote trust and engagement. Future research should explore additional variables, such as organizational culture and job satisfaction, and expand the research scope to different industries, regions, and employee demographics to validate and enrich these findings.

Keywords: Bandung City, Ethical leadership, Generation Z, Leader trust, Structural equation modeling, Work engagement.

1. Introduction

Human Resource Management (HRM) is an activity that aims to manage people in an organization. HRM plays an important role because every company activity always involves human resources as the main driver. HRM itself is the art of managing and maintaining employees humanely so that their potential can be maximized for the achievement of company goals Siagian [1]. Nurramadhania [2] emphasizes that in an era of evolving technology and rapid change, organizations need to ensure that their people remain relevant and productive. Implementing good people management practices will increase the organization's productivity and competitiveness, leading to long-term success.

Organizational success is strongly influenced by the performance of human resources with optimal quality and quantity. HR who can complete tasks on time shows optimal performance. Thus, the balanced quality and quantity of human resources are expected to help companies achieve a competitive advantage (Budiasa, 2021, as cited in Ramadhan and Rachmadsyah [3]). In a changing business world, organizations need to be able to retain employees who have high potential and competence. Without

clear human resource planning, organizations will face challenges in meeting the need for quality employees suited to key position [3].

Based on data from Zurich in Noor [4] Generation Z currently accounts for 30% of the population and is expected to reach 27% of the global workforce by 2025. Generation Z has great potential to become superior human resources (HR) in realizing a more advanced Indonesia. One of their main characteristics is their ability to adapt to digital technology from an early age, which is a distinct advantage for this generation. Generation Z was born between the mid-1990s and 2012, which means that based on this birth span, individuals belonging to Generation Z are currently aged between 12-27 years old. At this age, several individuals are still in education, while others are just entering the workforce or have already started working [5]. Nowadays, organizations are starting to recruit Generation Z to fill vacant positions, as a strategic step in dealing with the dynamics of changing times. In the coming years, Generation Z is projected to take over roles previously held by millennials and previous generations in the workforce [6].

Based on data from the 2020 population census results, Generation Z (born between 1997 and 2012) is the largest segment, accounting for 27.94% of the total population. This shows that Gen Z is a dominant and influential demographic group, surpassing other generations, such as Millennials (25.87%) and Gen X (21.88%). This generation has unlimited access to a wide range of information through the internet, making them the most connected generation ever Berkup [7]. Sakitri [8] explains that as the youngest generation in the current workforce, Generation Z shows a strong interest in work that has meaning and value. They feel self-actualized when they can make a significant contribution to the organization they work for. Yet Generation Z and younger millennials tend to exhibit ambivalent attitudes towards their work environment, characterized by lower levels of engagement compared to their more senior colleagues [9].

Survey conducted by Gallup [9] on Employee Engagement, shows that Generation Z and Young Millennials (born 1989 or later) have the highest rate of not being engaged at work, at 54%, compared to other generations. This indicates that more than half of Gen Z in the workforce do not feel fully engaged or actively participating in their work. In addition, only 31% of this generation is engaged, which is the lowest compared to other generations such as Baby Boomers, Generation X, and older Millennials. A total of 15% of Gen Z is also not actively disengaged, indicating significant challenges in engaging Gen Z in the workplace.

Another phenomenon is mentioned in an article written by Martinez [10] which refers to a survey conducted by Gallup [9] concerns have been raised about the significant decline in Gen Z employee engagement since March 2020. According to the data above, the percentage of actively engaged employees has dropped five points, reaching 35%, while the percentage of actively disengaged employees has increased from 13% to 14%. For both Millennials and Gen Z, the employee engagement ratio decreased from 3.1% to 2.5%. These figures show that even once-engaged employees are losing focus and motivation to stay committed to their organizations, which is a worrying sign for companies and the wider industry. Given that this generation will dominate the workforce in the coming years, change is essential to improve engagement levels in the future.

Based on the above phenomenon, work engagement by Satata [11] refers to the physical and psychological state of an individual concerning their work, encompassing cognitive, emotional, and behavioural aspects aimed at achieving organizational objectives. Whereas according to Dewi [12] work engagement refers to the extent to which an employee feels connected to their job, actively participates, and regards work accomplishments as personally important. Engaged employees show an increase in attendance and performance, physically, cognitively, and emotionally, which enables them to work actively and fully contribute to performance outcomes.

According to previous research, factors such as leadership support, teamwork, communication, and career development opportunities are important elements that play a role in influencing employee engagement, regardless of differences in generational characteristics [13]. In the research conducted by Wijaya [14] it is explained that to achieve high performance from employees and companies, ethical

leadership is needed to shape work engagement. Employees led by individuals who apply ethical principles in their leadership tend to be more engaged in their work, have greater motivation, and have higher levels of job satisfaction.

Ethical leadership refers to demonstrating morally appropriate behaviour in actions and interactions while fostering the same behaviour in others through transparent communication, positive feedback, and careful decision-making [15]. Ethical leaders create an environment that offers their followers both the opportunities and the motivation needed for effective knowledge sharing [16]. Leaders who adopt an ethical leadership style are more inclined to create an environment that enhances the behaviour and attitudes of their followers [17]. This definition highlights two key characteristics of ethical leaders, as mentioned by Brown et al. (2005) and Hansen et al. (2013) as cited in Prastio, et al. [17]. Firstly, individuals who practice ethical leadership possess strong ethical values, such as honesty, motivation, trustworthiness, integrity, and justice. Secondly, ethical leaders influence the behaviour and attitudes of their followers through their leadership actions.

Generation Z, which will make up 25% of the workforce by 2025, demands a higher leadership ethic compared to previous generations [18]. According to research by Deloitte and NEW, 77% of Gen Z respondents indicated that they no longer judge companies solely based on the quality of their products or services. Instead, they now also consider the company's ethics, business practices, and social impact when forming their opinions [19]. It can also be seen from Table 1.2 below, that the table illustrates the proportion of Gen Z and Millennial respondents who turned down job offers due to ethical concerns, based on a survey conducted by Deloitte [20]. It shows that 44% of Gen Z respondents declined job opportunities because of ethical issues, compared to 37% of Millennials [21].

Lim [22] concluded that the ethical leadership desired by Gen Z includes several core values, such as integrity, which emphasizes openness and responsibility, as well as altruism, with a focus on helping others and putting others' interests above personal ones. In addition, Gen Z values humility, with leaders recognizing their limitations and valuing the contributions of others, as well as empathy that helps resolve conflicts and promote diversity. Leaders are also expected to encourage personal growth, support fairness, and provide appropriate freedom and autonomy for their subordinates. These values reflect the type of leadership desired by this generation.

Ethical Leadership based on research results from Prastio, et al. [17] can enhance trust in leaders, which encourages employees to actively engage in their work. Trust in leaders refers to employees' willingness to be vulnerable, grounded in a positive perception of the leader's intentions. This finding is supported by research conducted by Huang, et al. [23] which shows that employees who perceive high levels of ethical leadership tend to have greater trust in their superiors or managers. Trust by Guinalú and Jordán [24] is essential for social and economic relationships and is a major factor in organizational performance. Leaders should prioritize fostering trust-based relationships within their teams.

Based on the survey conducted by Databoks [25] *What Gen Z Indonesians Want in a Leader* processed by Nabilah [26] integrity ranks highly among the leadership qualities valued by Generation Z, with 78% of respondents emphasizing its importance. This highlights that Gen Z in Indonesia prioritizes honesty, ethical conduct, and transparency in their leaders, seeing integrity as essential for fostering trust. According to Solikin (2017), as cited in Jaya and Ali [27] a leader must possess a strong sense of integrity, characterized by honesty and trustworthiness, in order to gain the trust of their subordinates. Integrity allows a leader to be seen as credible and worthy of the trust placed in them by their followers. For Gen Z, a leader's integrity is almost as important as their vision and mission (80%), indicating that ethical leadership is valued more than aspects such as background or political experience.

Zenger and Folkman [28] also explain that supportive feedback can build a foundation of trust in leaders, as the survey below focuses on the needs of Generation Z who are assumed to need frequent and exclusively positive feedback. The survey findings suggest that feedback is important for Generation Z employees, with 88% expressing a desire for regular manager feedback. Most Gen Z respondents (60%) prefer monthly assessments, while others favour weekly (20%) or annual (17%) evaluations. This preference is echoed by 90% of employers who also see regular appraisal as valuable for young

employees, supporting the assumption that Generation Z seeks frequent and constructive feedback in the workplace. All of the statements above are reinforced by the result of research conducted by Islam, et al. [29] which shows that leader trust, as a mediating variable, significantly influences the relationship between ethical leadership and work engagement. This research focuses on companies employing Generation Z employees and aims to examine the effect of ethical leadership on work engagement through leader trust. The goal is to help companies develop more effective leadership strategies to enhance engagement among Generation Z employees.

Therefore, based on this background and the phenomenon that occurred, the purpose of this research is to conduct further exploration related to this matter. "The Effect of Ethical Leadership on Work Engagement Through Leader Trust (Case Study on Generation Z Employee in Bandung City)". Hopefully, this research will provide a useful role for organizational management in analyzing and improving employee' work engagement in the company and within the scope of the organization as a whole.

2. Research Methods

This research can be classified as descriptive research based on its characteristics and approach. Paramita, et al. [30] explained descriptive statistics is a type of analysis used to describe data. Descriptive, in this context, refers to the method of detailing all selected variables by calculating the data according to the researcher's needs. This analysis is used to offer an empirical summary or description of the data gathered in the research. The research is also classified as causal research since it seeks to investigate the effect of ethical leadership on work engagement through trust in leaders.

Operationalization of variables is a process of breaking down the variables involved in the research problem into smaller components, allowing for the classification of their measurements and facilitating data collection Indrawati [31]. There is one (Y) dependent variable in this research, work engagement (Y), there is one (X) independent variable, ethical leadership (X) and one (Z) mediating/intervening variable, leader trust (Z).

To collect data, researchers focus on a predetermined population. If the population is too large and resources are limited, a representative sample is selected using random sampling to enable generalization. Accurate data collection requires reliable research instruments. These instruments must conduct a validity and reliability testing before use. Data collection tools can include tests, questionnaires, observation guides, or interviews, depending on the research's needs.

In this case, the population refers to the "generalizable area consisting of objects/subjects that have specific quantity and characteristics determined by the researcher to be studied and from which conclusions will be drawn [32]. In this research framework, the research population consists of Generation Z.

In this research, purposive sampling is applied as a non-probability sampling technique to select samples when the population size is unknown. Sugiyono. [32] explained that non-probability sampling is a technique where not all elements or members of the population have an equal chance of being chosen for the sample. Purposive sampling is a method that involves selecting specific individuals or units based on certain criteria. Therefore, the selected sample criteria for this research are as follows:

1. Employees classified as Generation Z, born between 1997 and 2012.
2. Generation Z individuals currently employed by a company.
3. Generation Z individuals who have worked in their place of employment for at least 1 year.
4. Residing in Bandung City.

In this research, the sample selection criteria are Generation Z individuals who are currently employed and have not changed jobs for at least one year.

The collected data is then analyzed to address the research questions and test the proposed hypotheses. In quantitative research, data analysis relies on statistical methods, which can include descriptive and inferential statistics. Inferential statistics are further categorized into parametric and

non-parametric methods. Researchers apply inferential statistics when working with data from randomly selected samples.

3. Result

3.1. Validity test

The validity of each questionnaire item is determined by the standardized loading factor, which must be greater than 0.50 [33]. The figure below presents the results of the validity testing conducted in the initial stage using Confirmatory Factor Analysis (CFA).

Table 1.
Validity Test Result.

Variable	Indicator	Loading Standardized Value	Loading Standardized Cut of Value	Description
Ethical Leadership	EL1	0.57	> 0.50	Valid
	EL2	0.90		Valid
	EL3	0.87		Valid
	EL4	0.91		Valid
	EL5	0.85		Valid
	EL6	0.82		Valid
	EL7	0.51		Valid
	EL8	0.74		Valid
	EL9	0.70		Valid
	EL10	0.74		Valid
Work Engagement	WE1	0.66		Valid
	WE2	0.82		Valid
	WE3	0.78		Valid
	WE4	0.85		Valid
	WE5	0.59		Valid
	WE6	0.84		Valid
	WE7	0.91		Valid
	WE8	0.83		Valid
	WE9	0.62		Valid
Leader Trust	LT1	0.90		Valid
	LT2	0.88		Valid
	LT3	0.68		Valid
	LT4	0.92		Valid
	LT5	0.88		Valid
	LT6	0.78		Valid

Based on the table above, all statement items or indicators for the variables in this research are valid, as each indicator has a standardized loading factor value greater than 0.50. Therefore, all indicators for the variables in this research can be considered valid.

3.2. Reliability Test

Reliability testing is conducted to determine the extent to which a questionnaire consistently produces the same results when administered to the same subjects at different times. According to Hisyam [34] the minimum construct reliability (CR) value expected for each indicator is 0.50 with an ideal value is 0.70, with an average variance extracted (AVE) value > 0.70.

Table 2.
Confirmatory Factor Analysis Test.

Variable	Indicator	Loading Standardized	Error	$(\sum \text{Loading Standardized})^2$	$\sum (\text{Loading Standardized})^2$	$\sum \text{Error}$
Ethical Leadership	EL1	0.57	0.67	57.91	5.96	4.01
	EL2	0.90	0.18			
	EL3	0.87	0.24			
	EL4	0.91	0.17			
	EL5	0.85	0.28			
	EL6	0.82	0.32			
	EL7	0.51	0.74			
	EL8	0.74	0.45			
	EL9	0.70	0.51			
	EL10	0.74	0.45			
Work Engagement	WE1	0.66	0.57	47.61	5.39	3.61
	WE2	0.82	0.33			
	WE3	0.78	0.39			
	WE4	0.85	0.28			
	WE5	0.59	0.65			
	WE6	0.84	0.30			
	WE7	0.91	0.16			
	WE8	0.83	0.31			
	WE9	0.62	0.62			
Leader Trust	LT1	0.90	0.19	25.40	4.28	1.73
	LT2	0.88	0.22			
	LT3	0.68	0.54			
	LT4	0.92	0.15			
	LT5	0.88	0.23			
	LT6	0.78	0.40			

Based on the path diagram in Figure 4.8, Standardized Loading and Error can be obtained, which are then used to calculate construct reliability (CR) and average variance extracted (AVE) according to the formula in Figure 4.8, the results of which can be seen in the table below.

Table 3.
Reliability Test Result.

Variable	Indicator	CR	AVE	CR Cut of Value	AVE Cut of Value	Description				
Ethical Leadership	EL1	0.94	0.60	0.50 is still acceptable > 0.70 is ideal	< 0.50 is still acceptable > 0.70 is ideal	Reliable				
	EL2									
	EL3									
	EL4									
	EL5									
	EL6									
	EL7									
	EL8									
	EL9									
	EL10									
Work Engagement	WE1	0.93	0.60			0.50 is still acceptable > 0.70 is ideal	< 0.50 is still acceptable > 0.70 is ideal	Reliable		
	WE2									
	WE3									
	WE4									
	WE5									
	WE6									
	WE7									
	WE8									
	WE9									
Leader Trust	LT1	0.94	0.71					0.50 is still acceptable > 0.70 is ideal	< 0.50 is still acceptable > 0.70 is ideal	Reliable
	LT2									
	LT3									
	LT4									
	LT5									
	LT6									

Based on the results of the reliability test in the table above, all variables have construct reliability values greater than 0,50. These results indicate that all variables are reliable, and all indicators used are appropriate for measuring the research variables. Therefore, the data utilized in this research has been proven trustworthy for measuring the research variables, as it achieves construct reliability values exceeding the standardized threshold. Consequently, it can be concluded that the data used in this research is suitable for further analysis to address the research hypotheses.

3.1. Hypothesis Test

Based on the model testing results, the hypotheses proposed in this research can be validated. The model testing was conducted to examine the influence of ethical leadership on work engagement through leader trust.

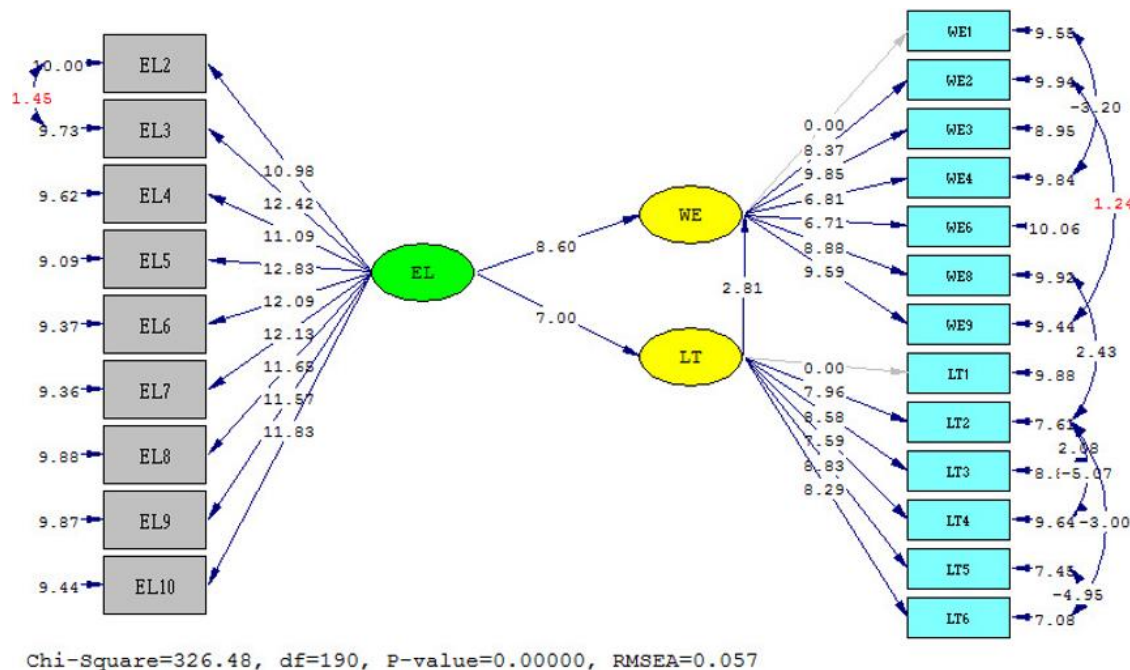


Figure 1.
Path Diagram.

1. H1 = Ethical Leadership has a significant and positive effect on Work Engagement in Generation Z.
In the structural model analysis between ethical leadership and work engagement, the T-value is found to be 8.60, which exceeds the threshold of 1.96. This indicates that ethical leadership has a significant positive effect on work engagement. Therefore, it can be concluded that the first hypothesis is accepted. This condition demonstrates that the positive coefficient confirms ethical leadership's ability to enhance work engagement among Generation Z employees in Bandung City. Furthermore, it highlights a strong and significant relationship between these two variables. In other words, the greater the implementation of ethical leadership, the higher the level of employee work engagement.
2. H2 = Ethical Leadership has a significant and positive effect on Leader Trust in Generation Z.
In the structural model analysis between ethical leadership and leader trust, the T-value is found to be 7.00, which exceeds the threshold of 1.96. This indicates that ethical leadership has a significant positive effect on leader trust. Therefore, it can be concluded that the second hypothesis is accepted.
3. This finding demonstrates that the positive coefficient confirms ethical leadership's ability to enhance leader trust among Generation Z employees in Bandung City. It also highlights a strong and significant relationship between these two variables. In other words, the more ethical leadership is practiced, the greater the trust employees have in their leaders.
4. H3 = Leader Trust has a significant and positive effect on Work Engagement in Generation Z.
In the structural model analysis between leader trust and work engagement, the T-value is found to be 2.81, which exceeds the threshold of 1.96. This indicates that leader trust has a significant positive effect on work engagement. Therefore, it can be concluded that the third hypothesis is accepted. This result demonstrates that the positive coefficient confirms that trust in leaders can enhance work engagement among Generation Z employees in Bandung City. It

also highlights a strong and significant relationship between these two variables. In other words, the more trusted the leader, the higher the employees' level of work engagement.

5. H4 = Leader trust mediates the relationship between ethical leadership and work engagement in Generation Z.

In the structural model analysis, the T-value for the mediation effect of leader trust between ethical leadership and work engagement is 2.78, which exceeds the threshold of 1.96. This indicates that leader trust significantly mediates the relationship between ethical leadership and work engagement.

This result suggests that ethical leadership not only directly influences work engagement but also indirectly enhances it through the mediating variable of leader trust. In other words, when ethical leadership is implemented, it builds trust in leaders, which, in turn, strengthens the level of employee work engagement. The significant mediation effect highlights the important role of leader trust in amplifying the positive impact of ethical leadership on work engagement.

3.2. R-Square

Based on the results, the R-square value for the work engagement equation indicates a determination coefficient of 0.77 or 77%. This means that 77% of work engagement is influenced by ethical leadership and leader trust, while the remaining 23% is influenced by other variables. Similarly, the R-Square value for the leader trust equation shows a determination coefficient of 0.38 or 38%. This indicates that 38% of leader trust is influenced by ethical leadership, while the remaining 62% is affected by other variables.

4. Discussion

4.1. The Effect of Ethical Leadership on Work Engagement

The average score of 968.3 is 88.02% of the ideal score of 1100, according to the results of descriptive statistics of responses to the ethical leadership variable. This percentage indicates that, on the whole, respondents' opinions of ethical leadership fall into the "very good" range. This finding is supported by the research conducted by Lim [22] that Gen Z expects ethical leadership. The key values of ethical leadership include integrity, altruism, humility, empathy, personal growth, justice, and empowerment. These values align with Gen Z's expectations for leaders who communicate openly, help others, appreciate team contributions, and support fair treatment and individual development.

Based on the responses regarding the work engagement variable, the average score is 959.2, which represents 87.02% of the ideal score of 1100. This percentage indicates that the respondents' level of work engagement falls within a very high category. Then, in the structural model analysis between ethical leadership and work engagement, the T-value is found to be 8.60, which exceeds the threshold of 1.96. These indicates that ethical leadership has a significant positive effect on work engagement. Additionally, research from Wijaya [14] reinforces that this type of leadership significantly impacts employee engagement, as leaders who demonstrate ethics and morals inspire employees to be more enthusiastic and motivated to help the company achieve its goals. Ultimately, this engagement leads to improved performance, benefiting the overall performance of the organization.

4.2. The Effect of Ethical Leadership on Leader Trust

The result of the leader trust variable shows an average score of 956.3, accounting for 86.93% of the ideal score of 1100. This percentage categorizes the respondents' level of trust in their leaders as very high. According to an article written By Kingham [35] To foster more positive and trustworthy work environments that genuinely connect with Gen Z and enhance both company and community results, organizations must embrace ethical leadership. This involves guiding their teams with a steadfast dedication to moral values and principles. This statement is supported by research from Piricz [36] which shows that the most significant aspects of the 'critique' factor reveal Gen Z's strong desire to take

action in creating ethical work environments. They are not inclined to avoid unethical practices; rather, they are committed to actively confronting and addressing them.

In the structural model analysis between ethical leadership and leader trust, the T-value is found to be 7.00, which exceeds the threshold of 1.96. This indicates that ethical leadership has a significant positive effect on leader trust. This result is reinforced by research from Huang, et al. [23] that perceived ethical leadership is positively associated with employees' trust in management. Employees who recognize a high level of ethical leadership are more inclined to trust their supervisors or managers, and they also tend to experience better psychological well-being. Similarly, research from Akker, et al. [37] indicates that followers' perceptions of ethical leadership play a crucial role in fostering a more trusting relationship between leaders and their followers. Our findings suggest that the more leaders demonstrate behaviors that followers consider to be characteristic of ethical leadership, the greater the trust they will receive from their followers.

4.3. The Effect of Leader Trust on Work Engagement

Zenger and Folkman [28] highlight that supportive feedback can establish a foundation of trust in leaders, particularly as the survey focuses on the needs of Generation Z, who are believed to require frequent and predominantly positive feedback. This research by Böhlich and Axmann [38] further suggests that feedback is crucial for Generation Z employees, who express a strong desire for regular input from their managers, reinforcing the idea that they seek frequent and constructive feedback in the workplace.

These studies emphasize that Gen Z workers highly value clear feedback and coaching from their leaders. They want to understand areas for improvement and feel that their leaders support their personal growth. A lack of constructive feedback can lead them to feel undervalued or disempowered. When Gen Z employees perceive a lack of support for their development, they are more likely to experience boredom, decreased motivation, and disengagement from their work [39]. The statement reinforces the result in the structural model analysis, the T-value for the mediation effect of leader trust between ethical leadership and work engagement is 2.78, which exceeds the threshold of 1.96. This indicates that leader trust significantly mediates the relationship between ethical leadership and work engagement.

4.4. Leader Trust Mediates the Effect of Ethical Leadership on Work Engagement

In the structural model analysis, the T-value for the mediating effect of leader trust between ethical leadership and work engagement is 2.78, surpassing the threshold of 1.96. This suggests that leader trust plays a significant mediating role in the relationship between ethical leadership and work engagement. A study by Islam, et al. [29] observed that trust in leaders mediates the connection between ethical leadership and employee work engagement. Junaidi [40] also explains that leaders in organizations can utilize ethical leadership as a means to enhance trust, which in turn can support employee engagement.

5. Conclusion

Based on the results and discussions conducted to examine the influence of ethical leadership on work engagement through leader trust as a mediating variable among Generation Z employees in Bandung City, the conclusions of this study are as follows:

1. Generation Z employees in Bandung City perceive ethical leadership in the very good category.
2. The work engagement level of Generation Z employees in Bandung City falls into the very high category.
3. The level of trust that Generation Z employees in Bandung City have in their leaders is categorized as very high.
4. The first hypothesis test indicates that ethical leadership has a significant positive effect on work engagement. Therefore, the first hypothesis is accepted.

5. The second hypothesis test indicates that ethical leadership has a significant positive effect on leader trust. Therefore, the second hypothesis is accepted.
6. The third hypothesis test indicates that leader trust has a significant positive effect on work engagement. Therefore, the third hypothesis is accepted.
7. The mediation test results show that leader trust significantly mediates the relationship between ethical leadership and work engagement. Therefore, the fourth hypothesis is accepted.

5.1. Practical Implications

The findings of this study offer several practical implications for organizations seeking to recruit, manage, and retain Generation Z employees, particularly with regard to enhancing work engagement through ethical leadership and leader trust. First, although ethical leadership was generally perceived positively, the study revealed a relative weakness in the area of leader trust, specifically concerning employees' perceptions of whether leaders can truly be relied upon. This suggests that organizations should not only promote ethical leadership in principle but also emphasize the development of leaders who consistently demonstrate transparency, integrity, and fairness in their behavior which is in line with research by Reuben [41]. Second, while leader trust was rated highly, the aspect of fair treatment emerged as a concern. Companies should therefore ensure that fairness is a core component of managerial decision-making processes [42]. This includes transparent communication, consistent enforcement of policies, and equal treatment of all employees. By addressing these concerns, organizations can build deeper trust between leaders and Generation Z employees, which in turn supports greater engagement and long-term commitment. Third, although overall work engagement among respondents was high, many reported experiencing low energy levels during work. Akin, et al. [43] explained that a major contributor to employee energy is the quality of the work environment. To maintain high energy, companies should design a workspace that promotes comfort, motivation, and enthusiasm. Studies suggest that providing opportunities for regular breaks and encouraging physical activity during these intervals can help employees restore their energy. As such, fostering a dynamic and health-conscious work atmosphere plays a vital role in sustaining employee vitality and boosting long-term performance.

5.2. Limitations and Future Recommendations

This study provides valuable insights into the influence of ethical leadership on work engagement through leader trust among Generation Z employees in Bandung. However, several limitations should be acknowledged. First, the study's sample size was limited and geographically constrained to employees residing in Bandung, which may affect the generalizability of the findings. Future research should consider expanding the sample to include Generation Z employees from various regions in Indonesia, or even cross-cultural contexts, to enhance the external validity and applicability of the results. Second, although the study employed Structural Equation Modeling (SEM) to test the relationships between variables, it focused solely on one mediating variable, leader trust. Future researchers are encouraged to explore additional mediators or moderators, such as organizational culture, organizational commitment or job satisfaction, to provide a more comprehensive understanding of the mechanisms that influence work engagement. Third, this research utilized a specific set of items adapted from established scales; however, several items did not meet the required factor loading thresholds and may have impacted the reliability of the measurement model. Future studies could revise or replace these items with more contextually relevant or psychometrically robust indicators, or adopt alternative validated instruments to ensure higher reliability and validity. Lastly, the current research adopts a cross-sectional approach, which limits the ability to infer causal relationships as stated by Savitz and Wellenius [44]. Future studies may benefit from a longitudinal design to better capture changes in employee perceptions and behaviors over time. By addressing these limitations, future research can build on the findings of this study to offer deeper theoretical insights and more actionable guidance for organizational leaders managing Generation Z in diverse workplace settings.

Transparency:

The authors confirm that the manuscript is an honest, accurate, and transparent account of the study; that no vital features of the study have been omitted; and that any discrepancies from the study as planned have been explained. This study followed all ethical practices during writing.

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