The Influence of Inclusive Leadership on Gen Z Employee Work Engagement with Affective Organizational Commitment as a Mediator and Job Satisfaction as a Moderator across Five Tea Companies in Sri Lanka

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ABSTRACT

Inclusive Leadership (IL) has gained increasing recognition in organizational studies; however, its impact on Generation Z (Gen Z) employee engagement remains underexplored, particularly in the Sri Lankan tea industry. This study examined the influence of IL on Gen Z employee work engagement (EWE), with Affective Organizational Commitment (AOC) as a mediator and Job Satisfaction (JS) as a moderator. Utilizing a survey-based quantitative approach, data were collected from 146 Gen Z employees across five tea companies in the Colombo District, Sri Lanka. Analysis was conducted using SPSS and Hayes' PROCESS macro. The findings revealed a significant positive relationship between IL and EWE, with AOC acting as a partial mediator. Additionally, JS significantly moderated the IL–EWE relationship, such that higher job satisfaction slightly enhanced the strength of the relationship. These results highlight the importance of fostering inclusive leadership and strengthening affective organizational commitment to drive engagement among Gen Z employees. The study offers practical insights for leaders and organizations aiming to strengthen employee retention and performance through inclusive and satisfying workplace environments.

Keywords: Inclusive leadership, Generation Z employee work engagement, Affective Organizational commitment, Job satisfaction

INTRODUCTION

The labour market is currently being fueled by a new energy source: Generation Z. Also known as iGen, Homelanders, or Digital Natives, this generation is reshaping the workforce. Tim Hird, Executive Director of Robert Half Management Resources, stated that "Each generation brings unique characteristics to the workforce, which should be embraced." However, embracing this new generation has become a significant challenge for today's organizations. Although exact statistics regarding the current Gen Z employee population in Sri Lanka are unavailable, various newspaper articles emphasize that Gen Z is gradually dominating corporate Sri Lanka (Kadupitiyage, 2024). According to one such article, 23% of Sri Lanka's population belongs to Gen Z, and they are described as "emerging alchemists" with the potential to bring revolutionary change to the country (Daily FT, 2024a). It has also been observed that since 2020, almost all entry-level jobs have been filled by Gen Z employees (De Silva & Dhammika, 2022). Another noticeable trend is the retirement of Baby Boomers, whose roles are now being filled by members of Generation Z (Kapoor & Solomon, 2011). The concept of DEIB, which stands for Diversity, Equity, Inclusion, and Belonging, has significantly transformed workplace practices in recent years. Studies have shown that DEIB is essential for long-term business success (Verlinden, n.d.). A study conducted by the European Chamber of Commerce of Sri Lanka (ECCSL), covering 41 diverse businesses across

all nine provinces, aimed to identify best practices for business growth under the theme "Unlocking the Power of DEI: Diversity, Equity, and Inclusion as a Strategic Imperative for Business Success and Social Harmony." Based on research findings and panel discussions, it was concluded that, especially in today's economically challenging environment, companies can gain a long-term commercial advantage by integrating the DEI concept into their organizational DNA (Daily FT, 2024b). To successfully implement DEI strategies, inclusive leadership becomes a critical necessity. However, inclusive leadership remains an under-researched concept in the Sri Lankan context, with most existing studies conducted in Western countries (Guo et al., 2022).

Unlike the individualistic cultures of the West, Sri Lanka is deeply rooted in collectivism, where differences are respected and unity is promoted. The spirit of inclusiveness in Sri Lanka dates back to ancient times. A notable historical example of inclusive leadership is King Parakramabahu's famous quote: "Let no drop of water flow into the ocean without serving the land and its people." This statement reflects his inclusive vision, which emphasized equitable resource distribution for the benefit of all citizens, not just the privileged few. This historical reference illustrates the practical application of inclusivity and the importance of fairness and equality in leadership.

Recognizing the cost of exclusion is critical in inclusive leadership. Leaders must be willing to face challenges by immersing themselves in real situations where they can deeply understand and apply inclusive leadership, minimizing the negative effects of exclusion (Nishii & Leroy, 2022). According to the *State of the Global Workplace* report, the global percentage of engaged employees dropped from 23% to 21%, clearly emphasizing the issue of poor employee engagement. Furthermore, research shows that employee engagement plays a key role in generating positive employee outcomes (Choi et al., 2015). Prior studies confirm that work engagement significantly contributes to organizational success and delivers various benefits (Lai et al., 2020).

The impact of Generation Z on business has not been studied in-depth, particularly in the Sri Lankan context. There is a significant gap in research exploring the challenges and opportunities associated with Gen Z employees (Pichler et al., 2021). This lack of attention highlights the importance of examining Generation Z's work engagement, particularly within the Sri Lankan tea industry, which remains a major contributor to the country's foreign exchange earnings and economic development. Understanding Gen Z employees' expectations, priorities, and levels of engagement in this vital industry can provide key insights into maximizing their potential for both organizational and national growth.

This study aims to address the issue of poor employee engagement among Gen Z employees in the tea industry. The research focuses on five tea companies, each with over 25 years of prestigious history and strong roots in the sector. An investigation into the causes of poor work engagement revealed that employee retention rates were low. HR exit reports indicated that employees typically stayed only one to two years before leaving. Additionally, company feedback and internal practices pointed to the lack of interactive and creative engagement activities, team-building events, and structured mentor-mentee development programs. These shortcomings contributed to employee disengagement. Moreover, the absence of a systematic career development plan and outdated policies has made it more difficult for Gen Z employees to feel connected to their workplace. One of the major underlying causes is the generation gap within the workforce. The significant cultural and behavioral differences between Gen Z and other generations have led Gen Z employees to feel excluded, resulting in decreased commitment. These factors collectively highlight the pressing issue of poor Gen Z employee engagement in the tea industry.

Objectives of the study

General Objective

- The main objective of this study is to examine the impact of Inclusive Leadership on Generation Z employee work engagement in Xa, Xb, Xc, Xd, and Xe Tea Companies, with a focus on the mediating role of Affective Organizational Commitment and the moderating effect of Job Satisfaction.

Specific Objectives

- To assess the impact of Inclusive Leadership on Generation Z employee work engagement

- To assess the impact of Inclusive Leadership on Affective Organizational Commitment

- To assess the impact of Affective Organizational Commitment on Gen Z employee work engagement

- To explore the mediating role of affective organizational commitment in the relationship between inclusive leadership and Generation Z employee engagement.

- To examine the moderating effect of job satisfaction on the relationship between inclusive leadership and Generation Z employee engagement.

LITERATURE REVIEW

Gen Z Employee Work Engagement

Generation Z, born between 1997 and 2012, is the first generation to grow up entirely in the digital age (Ms. Jyoti, 2024; Warren, 2024). Their regular use of technology, social media, and constant access to information has had a strong influence on how they behave and what they expect at work (Schroth, 2019). Compared to older generations, Gen Z focuses more on improving soft skills, values creativity, and prefers learning new things regularly (Iorgulescu, 2016; Half, 2015). They also like flexible work hours, informal work settings, and appreciate diverse and inclusive workplaces (Villa & Dorsey, 2017; Lanier, 2017). Gen Z employees often want face-to-face communication and meaningful interactions with their leaders (Tulgan, 2013; Half, 2015). Unlike older generations, they are less likely to stay with the same employer for a long time and usually look for career growth and variety in their roles (McCrindle, 2018). Work engagement is very important for this generation. It is described as a positive and active state of mind at work that includes feeling energetic, dedicated, and fully involved (Schaufeli et al., 2002). These traits help improve creativity, reduce staff turnover, and increase commitment to the organization (Harter et al., 2002; Schaufeli & Bakker, 2004). Each generation shows different levels of engagement. Older workers tend to be more stable and loyal, while Gen Z's engagement depends more on group influences and social factors (Douglas & Roberts, 2020; Mannheim, 1970; Leslie et al., 2021). To keep Gen Z employees engaged, it is important to understand what they value and expect from their workplace.

Inclusive Leadership

Inclusive leadership has become more important in today's organizational studies. While it was not widely researched before the 1990s, interest in the topic has grown over the years (Thompson & Matkin, 2020). The concept was influenced by Maslow's theory of human needs, and Michael first introduced it to help employees feel a sense of belonging and value in the workplace (Bassis & Rosengren, 1975). According to Nembhard and Edmondson (2006), inclusive leadership means recognizing and encouraging the contributions of all team members, especially those who might feel left out. Leaders who practice this style tend to be open, approachable, and available, which can improve employee involvement and motivation (Carmeli et al., 2010). Research shows that inclusive leadership helps drive positive changes in the organization, supports active participation, and leads to better employee behavior (Randel et al., 2016; Javed et al., 2019). It also creates a sense of psychological safety, which is important for teamwork and innovation. This approach is especially meaningful to Generation Z employees, who care deeply about fairness, inclusion, and honest communication (Schroth, 2019; Nishii & Leroy, 2022). By including everyone in decision-making processes, inclusive leaders help build a culture of collaboration, which can improve both engagement and performance (Roberson & Perry, 2022). In summary, inclusive leadership plays a key role in building diverse, united, and high-performing teams.

Theoretical Foundations of Inclusive Leadership

Inclusive leadership is grounded in several key theoretical frameworks, notably Social Identity Theory (SIT), Social Exchange Theory (SET), and Leader-Member Exchange Theory (LMX).

Social Identity Theory (SIT), proposed by Tajfel and Turner (1986), explains how individuals derive their self-concept through group membership. Inclusive leadership counters the negative aspects of group favoritism by promoting fairness, belonging, and recognition of individual strengths (Shore et al., 2011; Baumeister & Leary, 1995). Leaders who value each employee equally reduce feelings of exclusion and build trust across diverse groups (Nishii, 2013; Randel et al., 2018).

Social Exchange Theory (SET) emphasizes reciprocal relationships between leaders and employees. Rooted in psychology and sociology, SET suggests that positive leader-follower interactions result in trust, loyalty, and increased engagement (Cropanzano & Mitchell, 2005; Cook et al., 2013). Inclusive leaders who are accessible and supportive create conditions where employees feel valued and are motivated to contribute actively (Mor Barak et al., 2024). This mutual exchange strengthens organizational commitment and collaboration (Shore et al., 2011; Tajfel, 1982).

Leader-Member Exchange Theory (LMX) focuses on the quality of interactions between leaders and employees. Through progressive stages—role-taking, role-making, and role-routinization—leaders can develop strong, trust-based relationships (Graen & Uhl-Bien, 1995). High-quality LMX leads to greater inclusion, job satisfaction, and lower turnover (Brimhall et al., 2014; Nishii & Mayer, 2009). Inclusive leaders leverage LMX principles to ensure every team member feels respected and recognized for their unique contributions.

Affective Organizational Commitment

Affective Organizational Commitment (AOC) is an important part of overall organizational commitment. It shows how emotionally connected employees feel to their organization and how willing they are to stay (Allen & Meyer, 1990; Kleine & Weissenberger, 2014). Even though AOC and normative commitment are different concepts, some studies have found that they overlap, which makes it hard to clearly separate them (González et al., 2008; Solinger et al., 2008). AOC is based on emotional attachment, while normative commitment is based on a sense of duty. AOC has many positive effects on both employees and organizations. It helps improve organizational health, encourages innovation, and supports adaptability (Buchanan, 1974; Perry & Wise, 1990). When AOC is high, it is linked to better performance, lower employee turnover, and more helpful behaviors at work (Meyer et al., 2002; Stazyk et al., 2011). It can also reduce company costs and improve financial results by increasing employee loyalty and engagement (Alharbi & Abuelhassan, 2020; Moldogaziev, 2015).

Behavioral Commitment Theory and Affective Organizational Commitment

Behavioral Commitment Theory explains how employee behavior helps build affective organizational commitment. According to Mowday, Porter, and Steers (1982), people can become committed through actions such as showing loyalty and dedication, even when it is not expected. These kinds of voluntary actions help increase emotional attachment to the organization, which is the main idea behind affective commitment. Salancik (1977) stated that commitment becomes stronger when employees believe their actions are freely chosen, feel responsible to continue them, or think there would be a high cost in stopping. For instance, regularly staying late to finish work can create a stronger emotional connection to the job. Meyer and Allen (1991) also agreed with this idea and said that repeating positive actions, such as helping coworkers, builds emotional bonds over time. When employees' actions match the values of the organization and bring personal satisfaction, this strengthens their emotional commitment. This emotional bond leads to greater loyalty and motivation, showing that employee behavior plays an important role in developing affective organizational commitment.

Job Satisfaction

Job satisfaction is very important because it affects how motivated employees are, how well they perform, and whether they stay with the company. It refers to how much people enjoy their job, based on their emotions and how well the job meets their personal needs (Terranova, 2008). According to Cappelli (2000), today's employees care about more than just a high salary; they also value motivation, job security, and overall satisfaction. When employees are satisfied, they tend to be more productive, have better morale, and are less likely to leave the job (Judge et al., 2017). On the other hand, low satisfaction is a common reason why people quit their jobs (Parvin, 2011). A supportive and inclusive work environment helps increase job satisfaction, especially in diverse

workplaces (Ely & Thomas, 2001; McKay et al., 2009). Job satisfaction is also influenced by factors such as working conditions, relationships with supervisors and coworkers, fair pay, and opportunities for growth (Locke, 1976). Researchers emphasize the importance of creating workplaces that make employees feel engaged and satisfied. In general, job satisfaction helps improve both employee well-being and the success of the organization (Chaudhury, 2015; Dahleez & Aboramadan, 2022).

The Role of Maslow and Herzberg in Job Satisfaction

Maslow's Hierarchy of Needs and Herzberg's Two-Factor Theory offer important insights into what influences job satisfaction. According to Maslow (1943), employees must first have their basic needs met, such as fair pay and job security, before they can focus on higher-level needs like belonging, respect, and achieving their full potential. Employees are more likely to feel satisfied when they feel connected, valued, and fulfilled at work (Locke, 1976; Sanjeev & Surya, 2016). Herzberg (1959) explained that there are two types of factors affecting job satisfaction: hygiene factors (such as salary and work conditions), which prevent dissatisfaction, and motivators (such as achievement and recognition), which create true satisfaction. Both theories show that if basic needs are not met, employees may feel unhappy, but real satisfaction comes from fulfilling emotional and growth needs. Research by Sanjeev and Surya (2016) and Maidani (1991) supports the idea that motivators like meaningful work and recognition are strongly linked to long-term job satisfaction. Therefore, organizations should address both basic and motivational needs to improve employee satisfaction.

Hypotheses of the Study

According to Hollander (2009), inclusive leadership is a relationship-oriented style where leaders are approachable and responsive to the needs of their team members. Similarly, Carmeli, Reiter-Palmon, and Ziv (2010) emphasize that inclusive leaders provide support and pay close attention to their employees. Based on Social Exchange Theory (Blau, 1964), when employees feel valued and supported by their leaders, they tend to reciprocate with positive behaviors at work. Saks (2006) explains that when leaders demonstrate inclusion, employees develop a sense of belonging, which motivates them to work harder and increases their engagement. Research by Choi, Tran, and Park (2015) confirms that inclusive leadership enhances employee engagement. Work engagement is typically described by three dimensions: vigor, dedication, and absorption (Bamford, Wong, & Laschinger, 2013). Bamford et al. (2013) also found that inclusive leadership positively affects all these dimensions. Moreover, Anderson, Coffey, and Byerly (2017) highlight that inclusive leadership has a particularly strong impact on the engagement of Generation Z employees. Therefore, the first hypothesis is:

H1: Inclusive leadership has a significant impact on Generation Z employees' work engagement.

Inclusive leadership is also closely connected to affective organizational commitment because such leaders are transparent, value employees' input, actively listen, and share their goals (Liden, Sparrowe, & Wayne, 2000). When leaders behave in this manner, employees feel respected, empowered, and fairly treated, which strengthens their emotional attachment to the organization. Hung, Lien, McLean, and Yang (2004) found that employees who like and respect their managers tend to have stronger emotional commitment. Rhoades, Eisenberger, and Armeli (2001) also noted that affective commitment encourages employees to work harder and stay loyal to their organization. This connection can be explained by Leader-Member Exchange (LMX) theory, which focuses on the importance of trust, shared information, and support in leader-employee relationships (Liden & Maslyn, 1997). Inclusive leaders fulfill employees' emotional needs for acceptance and belonging, which increases affective commitment (Meyer, Stanley, Herscovitch, & Topolnytsky, 2002). Hence, the second hypothesis is:

H2: Inclusive leadership significantly impacts affective organizational commitment.

Affective organizational commitment (AOC) plays a crucial role in increasing work engagement among Generation Z employees. When employees feel emotionally connected to their organization, they are more willing to work hard and help the organization achieve its goals. This strong emotional bond often motivates employees to go beyond their basic job requirements and engage in extra-role behaviors (Detert & Edmondson, 2011; Rhoades et al., 2001). Employees with high affective commitment generally show a positive attitude

toward their tasks and the organization, which leads to greater motivation, productivity, and retention (Luchak & Gellatly, 2007; Meyer & Allen, 1991). Studies also show that AOC is positively linked to engagement, performance, and job satisfaction, while negatively related to absenteeism and turnover (Yahaya & Ebrahim, 2016). Inclusive leadership fosters AOC by encouraging active involvement and emotional connection among employees (Carmeli et al., 2010; Choi et al., 2015). Therefore:

H3: Affective organizational commitment significantly impacts Generation Z employee work engagement.

Inclusive leadership influences Generation Z employees' work engagement, especially when supported by affective organizational commitment. Research shows that inclusive leadership creates a supportive and welcoming work environment (Carmeli et al., 2010). Such leaders promote fairness, respect, and involvement, encouraging employees to actively participate in their work (Choi et al., 2015). This is particularly important for Generation Z employees, who value meaningful work relationships and supportive leadership. Affective organizational commitment reflects an employee's emotional attachment to the organization, which motivates them to contribute to organizational goals (Hendri, 2019). Inclusive leadership helps develop AOC by meeting employees' emotional needs, such as trust, inclusion, and recognition (Adi & Fithriana, 2020; Putri & Setianan, 2019). When AOC is strong, Generation Z employees are more likely to stay engaged. Therefore, the fourth hypothesis proposes that:

H4: Affective organizational commitment mediates the relationship between inclusive leadership and Generation Z employee work engagement.

Job satisfaction (JS) is also an important predictor of employee work engagement. It refers to how content and happy employees are with their jobs, including factors like working conditions, relationships, and rewards (Locke, 1976). Studies indicate that employees who are satisfied with their jobs tend to be more motivated, productive, and engaged (Judge, Thoresen, Bono, & Patton, 2001). For Generation Z employees, job satisfaction often stems from meaningful work, flexibility, and supportive leadership (Schroth, 2019). Inclusive leadership, which promotes openness and values all voices, has been shown to positively affect work engagement (Choi et al., 2015). However, this effect is stronger when job satisfaction is high, as satisfied employees respond more positively to inclusive leadership, increasing their engagement (Carmeli et al., 2010). Therefore, the fifth hypothesis is:

H5: Job satisfaction moderates the relationship between inclusive leadership and Generation Z employee work engagement.
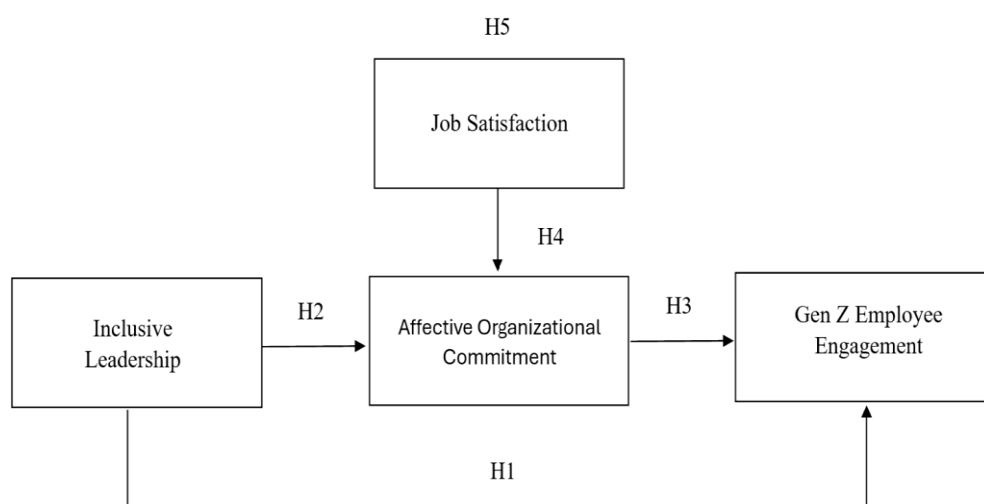
Conceptual Framework of the Study

Figure 01: Conceptual Framework for the Study

Population, Sample and Sampling Technique

The present study focuses on Generation Z employees across five tea companies in the Colombo district, Sri Lanka. According to company records, the total population of Generation Z employees across these organizations is 233. This study employed a convenience sampling method for data collection. The convenience sampling approach was chosen due to its practicality and feasibility, allowing the researcher to gather data from employees who were most readily accessible within the timeframe and resources available.

Using Morgan's Table, the sample size was determined to be 146 at a 95% confidence level. While convenience sampling may limit the ability to generalize findings to the broader population, it provided a practical means of collecting data efficiently. By utilizing a practical data collection approach, this research provides valuable insights into Generation Z employees, offering a clear understanding of their behaviours and work engagement patterns.

Measurement Scales

Generation Z Employee Work Engagement was evaluated using the measurement scale developed by Schaufeli et al. (2006). The Scale consists of seven items, each anchored on a five-point Likert scale ranging from 1(Strongly disagree) to 5(Strongly agree). Examples of the items include: "I find the work that I do to be full of meaning and purpose," "To me, my job is challenging," "Time flies when I am working," and "When I am working, I forget everything else around me."

The independent variable, Inclusive Leadership, was measured using the scale developed by Carmeli et al. (2010), which includes nine items. These items are also based on five-point Likert scale, where 1 represents "Strongly disagree" and 5 represents "Strongly agree." Sample statements include: "The manager is open to hearing new ideas," "The manager is attentive to new opportunities for improving work processes," "The manager is open to discussing desired goals and exploring new ways to achieve them," and "The manager is available for consultation on problems.

The mediating variable, Affective Organizational Commitment, was measured using the scale developed by Allen & Meyer (1990), consisting of five items. Each item was rated on five point Likert scale ranging from 1(Strongly disagree) to 5(Strongly agree). Examples of the items include: "I enjoy discussing my organization with people outside it," "I really feel as though this organization's problems are my own," and "I think I could easily become as attached to another organization as I am to this one."

The moderating variable, Job Satisfaction, was assessed using the measurement scale created by Brayfield & Rothe (1951) , which also consists of five items. These items were similarly rated on a five-point Likert scale, where 1 indicates "strongly disagree" and 5 indicates "strongly agree." Sample items include: "I feel fairly well satisfied with my present job," "Most days I am enthusiastic about my work," and "I find real enjoyment in my work. 4. Each day of work passes quickly."

Research Design

The Onion Model, proposed by Saunders et al. (2016), guides researchers in systematically identifying the methodology of a study. It provides a structured framework of tools and techniques to organize the research process. In this study, the Onion Model was applied as illustrated in the attached figure. The research adopts a positivist philosophy, focusing on generating objective, evidence-based knowledge. A deductive approach was used, relying on established theories to form and test specific hypotheses. At the strategy layer, a survey method was employed to collect data in a structured and organized manner. For methodological choice, a mono method using a quantitative approach was selected for both data collection and analysis. Regarding the time horizon, the study followed a cross-sectional design, capturing data at a single point in time. Finally, within the techniques and procedures layer, quantitative methods were applied to analyze the data and validate the hypotheses.

Data Analysis and Results Reliability Validity Statistics

Table 01: Reliability & Validity Statistics

Variable	No. of items	Cronbach alpha	KMO Coefficient	Barlett's Test [Chi-Square]	Sig.
Inclusive Leadership (IL)	9	0.897	0.890	1487.767	0.000
Affective Organizational Commitment (AOC)	5	0.949	0.885	910.791	0.000
Gen Z Employee Work Engagement (GenZEWE)	7	0.959	0.927	1366.935	0.000
Job Satisfaction	5	0.958	0.905	1012.390	0.000

Source: Survey Data (2024)

As shown in Table 1, all variables have Cronbach's alpha values above 0.8, indicating strong reliability. The KMO values and significance levels confirm the sample is adequate for Exploratory Factor Analysis to assess construct validity.

Summary of Correlation Analysis

Table 02: Results of the correlation analysis

Variable	Pearson Correlation	Relationship
GENZ_EWE & IL	0.976	Positive Correlation
AOC & IL	0.972	Positive Correlation
GENZ_EWE & AOC	0.992	Positive Correlation
JS & GENZ_EWE	0.620	Positive Correlation
IL & JS	0.594	Moderate Positive Correlation

Source: Survey (2024)

Simple Regression Analysis

Table 03: Results of the regression analysis

	β	t	Sig.
GENZ_EWE & IL	1.245	61.002	0.000
AOC & IL	1.269	55.295	0.000
GENZ_EWE & AOC	0.968	103.069	0.000

Source: Survey Data (2024)

The beta coefficient indicates the strength and direction of the relationship, the t-statistics assesses the significance of the relationship, and the low p-value (0.000) suggests that the relationship is statistically significant.

Mediating Analysis

Table 04: Results of the mediating analysis

Path /Effect	Coefficient (B)	Std. Error (SE)	t-value	P-value	Confidence Interval (95%)
Path a (IL → AOC)	1.2688	0.0229	55.2949	< 0.0001	[1.2235, 1.3141]
Path b (AOC → GENZ_EWE)	0.7467	0.0359	20.7721	< 0.0001	[0.6757, 0.8176]
Path c' (Direct Effect: IL →GENZ_EWE)	0.2978	0.0469	6.3444	< 0.0001	[0.2052, 0.3905]
Indirect Effect (IL → AOC → GENZ_EWE)	0.9473	0.0558	-	-	[0.8375, 1.0575]

Source: Analysed, 2024

The analysis shows that Affective Organizational Commitment (AOC) partially mediates the link between Inclusive Leadership (IL) and Gen Z Employee Work Engagement (GENZ_EWE). The total effect of IL on GENZ_EWE is 1.2451, with a direct effect of 0.2978 and an indirect effect through AOC of 0.9473. The indirect effect is statistically significant, confirming AOC's strong mediating role. This means IL boosts Gen Z engagement both directly and by enhancing their emotional commitment.

Moderator Analysis

Table 05: Results of the moderator analysis

Statistic / Variable	Coefficient (B)	SE	t-value	p-value	LLCI (Lower Limit Confidence Interval)	ULCI (Upper Limit Confidence Interval)
Model Summary						
R	0.9793					
R^2	0.9591					
MSE	0.0460					
F (df1 = 3, df2 =180)	1405.5438			< 0.0001		
Regression Coefficients						
Constant	-1.8001	0.2124	-8.4756	< 0.0001	-2.2192	-1.3810
IL (X)	1.4440	0.0700	20.6273	< 0.0001	1.3058	1.5821

JS (W)	0.2832	0.0621	4.5615	< 0.0001	0.1607	0.4057
Interaction (IL x JS)	-0.0694	0.0186	-3.7382	0.0002	-0.1060	-0.0328
Interaction Effects (R² Change)						
R² Change	0.0032			0.0002		
F Change (df1 = 1, df2 =180)	13.9740					
Conditional Effects (IL)						
JS = (2.2000)	1.2913	0.0346	37.3731	< 0.0001	1.2231	1.3595
JS = (4.0000)	1.1664	0.0254	45.9911	< 0.0001	1.1163	1.2164
JS = (4.6000)	1.1247	0.0309	36.3752	< 0.0001	1.0637	1.1857

Model	R	R²	Adjusted R²	MSE	F-Value	df1	df2	p-Value
1	0.9793	0.9591	-	0.0460	1405.5438	3	180	< 0.0001
2	0.9890	0.9623	-	0.0425	1456.7893	4	179	< 0.0001

Source: Analysed,2024

The moderator analysis using Hayes' PROCESS macro (Model 1) examined how Job Satisfaction influences the relationship between Inclusive Leadership and work engagement among Generation Z employees. Both Inclusive Leadership and Job Satisfaction positively affect work engagement, with Inclusive Leadership having a stronger influence. The interaction term (Inclusive Leadership × Job Satisfaction) is significant, indicating that higher Job Satisfaction slightly weakens the positive relationship between Inclusive Leadership and work engagement. The model explains 95.91% of the variance ($R^2 = 0.9591$), and Inclusive Leadership remains significantly impactful across different levels of Job Satisfaction (2.2, 4.0, and 4.6).

FINDINGS AND DISCUSSIONS

Inclusive Leadership and Gen Z Employee Work Engagement

This study confirms a strong positive relationship between Inclusive Leadership (IL) and Generation Z Employee Work Engagement (GENZ_EWE), with a correlation coefficient of r = 0.976 (p < 0.001). It also reveals that IL significantly influences Affective Organizational Commitment ($R^2 = 0.953$, p < 0.001), supporting Hypothesis 1. These findings show that inclusive leadership practices—such as openness, accessibility, and support—are effective in enhancing engagement among Gen Z employees. Prior studies by Carmeli et al. (2010), Nishii and Leroy (2022), and Anderson et al. (2017) support this, showing that inclusive leadership creates a positive work environment for Gen Z. Additionally, Social Exchange Theory (Tajfel, 1982) explains that fairness and inclusion build trust, leading to stronger engagement. To foster this, organizations should train leaders to adopt inclusive behaviors and develop policies that support equity and respect. This will help create a supportive, engaged workforce and drive long-term organizational success.

Inclusive Leadership and Affective Organizational Commitment

This study confirms a strong positive relationship between Inclusive Leadership and Affective Organizational Commitment (AOC), with a correlation of r = 0.972 and R² = 0.944 (p < 0.001), supporting Hypothesis 2. Inclusive leadership makes employees feel valued and connected, enhancing their emotional attachment to the organization. These findings align with past studies (Saks, 2006; Meyer, 2009; Rhoades et al., 2001), which show that inclusive practices improve organizational commitment. For Generation Z, inclusive environments that emphasize fairness, recognition, and open communication are especially effective. The study recommends that organizations focus on leadership training that promotes inclusivity. This approach can improve employee satisfaction, productivity, and long-term organizational performance by creating a supportive and committed workforce**.**

Affective Organizational Commitment and Gen Z Employee Work Engagement

This study confirms a strong positive relationship between Affective Organizational Commitment (AOC) and Generation Z Employee Work Engagement, with a correlation of r = 0.992 and R² = 0.983 (p < 0.001), supporting Hypothesis H3. Employees with high AOC are more motivated, productive, and engaged, which aligns with previous research (Yahaya & Ebrahim, 2016; Meyer, 2009). Strengthening AOC reduces absenteeism and enhances organizational outcomes (Luchak & Gellatly, 2007). These findings highlight that fostering AOC is crucial for improving Gen Z employee commitment and performance. Tea companies in this study are advised to prioritize AOC to drive long-term success and positive workplace behaviours.

Inclusive Leadership and Gen Z Employee Work Engagement with mediating effect of Affective Organizational Commitment

The mediation analysis confirms Hypothesis H4, showing that Affective Organizational Commitment (AOC) plays a mediating role between Inclusive Leadership (IL) and Generation Z Employee Work Engagement (GENZ_EWE). The results reveal that IL positively affects AOC (B = 1.27, p < 0.001), and in turn, AOC significantly increases work engagement (B = 0.75, p < 0.001). Even with AOC in the model, IL directly impacts GENZ_EWE (B = 0.30, p < 0.001), proving partial mediation. This means IL not only boosts engagement directly but also through enhancing AOC. These findings match earlier research and suggest that inclusive leaders help build emotional bonds that are especially meaningful to Gen Z, leading to higher motivation and better performance.

Inclusive Leadership and Gen Z Employee Work Engagement Moderated by Job Satisfaction

The moderator analysis using Hayes' PROCESS macro (Model 1) confirms that Job Satisfaction (JS) significantly moderates the relationship between Inclusive Leadership (IL) and Generation Z Employee Work Engagement (GENZ_EWE). The interaction term (IL × JS) is significant (B = -0.0694, p = 0.0002), showing that as JS increases, the impact of IL on engagement slightly reduces. This means that while IL is important, its influence is less when employees are already satisfied with their jobs. The results support Hypothesis H5 and meet the study's fifth objective. For the five tea companies, it is important to promote both Inclusive Leadership and maintain high Job Satisfaction to boost Gen Z engagement.

Practical Implications

This study highlights practical strategies for improving Generation Z employee engagement by promoting an inclusive and supportive work culture within five tea companies. It emphasizes the importance of Inclusive Leadership, Affective Organizational Commitment (AOC), and Job Satisfaction as key factors that influence Gen Z engagement. Leaders who demonstrate openness, approachability, and fairness can build trust, reduce stereotypes, and create an environment where employees feel respected and valued. To develop these qualities, organizations should introduce leadership development programs, awareness workshops, and training sessions that promote inclusive behavior and constructive feedback. Inclusive Leadership helps bridge generational gaps and encourages a sense of belonging among employees. Leadership models like Leader-Member Exchange (LMX) and Social Exchange Theory support this by focusing on building strong, trust-based relationships that

motivate employees to go beyond their job roles. These efforts lead to higher employee morale, performance, and long-term commitment. Companies should also implement and reinforce Diversity, Equity, and Inclusion (DEI) policies, zero-tolerance approaches to discrimination, and fair treatment of all employees. Promoting transparency, mutual respect, and fairness through clear communication enhances organizational culture and reduces turnover and absenteeism. Furthermore, recognition, career development opportunities, and regular feedback contribute significantly to retaining Generation Z talent. Job Satisfaction was found to enhance the relationship between Inclusive Leadership and engagement, which highlights the importance of addressing employee well-being. Tea companies should consider flexible work policies, mental health programs, and open systems to handle grievances. Innovation hubs or feedback forums can also encourage Gen Z employees to express ideas and actively contribute to growth. Finally, regular engagement surveys and feedback tools can help organizations track employee needs and adjust strategies accordingly. These cost-effective and practical approaches not only boost Gen Z engagement but also support innovation and long-term business success.

Limitations

Although this study offers useful insights, it is important to note several limitations. First, the research was limited to five tea companies in Sri Lanka and included a small sample of Generation Z employees. Therefore, the results may not apply to other industries or larger, more diverse organizations. Most of the participants were interns, executives, or office staff, while factory and plantation workers were not included. This limits the study's ability to represent the full range of employee experiences in the tea sector. Another limitation is the use of structured questionnaires for data collection. While this method helped gather key information efficiently, it did not provide the detailed insights that interviews or focus groups could offer. In addition, the study assumed that workplace conditions stayed the same throughout, which may not reflect the reality of changing work environments. Lastly, the study used a cross-sectional design, meaning it only captured responses at one point in time. This does not show how attitudes or behaviours may change over time. The self-reported data may also be influenced by personal bias.

Directions for future researchers

This study can be further developed in several ways. Future research could include tea factory and plantation workers to better understand how inclusive leadership affects employees at different levels within the tea industry. Expanding the research to other fields such as hospitality, healthcare, and the service sector would help to compare findings across industries. Using a mix of data collection methods, such as interviews, focus groups, and surveys, could provide a deeper and more accurate understanding of employee views. A longitudinal approach that examines changes over time would help show how inclusive leadership and employee engagement develop. Future studies could also explore other factors that might influence this relationship, such as organizational culture, psychological safety, or generational differences. Finally, conducting research in different countries or cultural settings could help identify how culture affects leadership and engagement, offering a more comprehensive and global understanding of inclusive leadership.

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