

Understanding turnover intention in Gen Z: Servant leadership and ethical climate in organization

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Article History

Received : 2024-12-10

Revised : 2025-02-10

Accepted : 2025-02-11

Published : 2025-02-27

Keywords:

Servant leadership; turnover intention; ethical climate; interpersonal justice; generation Z; organizational culture.

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DOI:

[10.20885/AMBR.vol5.iss1.art14](https://doi.org/10.20885/AMBR.vol5.iss1.art14)

Abstract

This study investigates the relationship between servant leadership and turnover intention among Generation Z employees in Indonesia, focusing on the mediating role of principled ethical climate and the moderating role of interpersonal justice. A cross-sectional quantitative approach was employed, collecting data from 317 Gen Z employees with at least one year of direct supervision. Data were analyzed using the Hayes PROCESS Model. The findings reveal that servant leadership directly negatively affects turnover intention, emphasizing its effectiveness in reducing employees' desire to leave the organization. However, servant leadership also positively influences a principled ethical climate, significantly increasing turnover intention. This highlights a dual effect: while servant leadership can enhance retention, it also fosters a principled ethical environment that may be perceived as restrictive by Gen Z employees, who prioritize flexibility, leading to higher turnover intention. Interpersonal justice significantly moderates the relationship between servant leadership and a principled ethical climate. High levels of interpersonal justice weaken the positive influence of servant leadership on a principled ethical environment. Nevertheless, the indirect effect of interpersonal justice on turnover intention is insignificant, indicating that its role primarily impacts organizational climate rather than directly influencing turnover intention. This study contributes to the literature by elucidating the complex interplay between servant leadership, ethical climate, and justice in the Gen Z workforce. Practically, organizations are encouraged to adopt servant leadership styles while promoting a flexible and equitable culture to retain Gen Z talent. Future research could use longitudinal or cross-cultural approaches to explore these dynamics further.

Introduction

Generation Z (born between 1997 and 2013) has started entering the workforce, exhibiting unique characteristics compared to previous generations. Gen Z employees are more open to diversity, growing up in a digital era and relying heavily on technology. They value work-life balance, prefer companies with strong social and environmental values, and seek opportunities for career development and mentoring, emphasizing their desire to learn and grow within a supportive work environment (Pichler et al., 2021; Seyfi et al., 2024; Loring & Wang, 2021; Febriana & Mujib, 2024). This generation is also recognized for its individualistic nature and openness to organizational differences (Pichler et al., 2021). They emphasize enjoyable work environments, positive team culture, and supportive relationships with colleagues and supervisors (Lassleben & Hofmann, 2023).

These traits are also observed in Gen Z employees in Indonesia. A 2024 survey by IDN Times revealed that, apart from salary, Gen Z employees prioritize organizational environment, culture, and opportunities for career advancement. However, Gen Z is also known for its high turnover intention. In the same survey, job stability ranked only seventh among factors influencing

their turnover intention. Additionally, in the United States, 60% of Gen Z employees planned to change jobs in early 2023, a 53% increase from the previous year (DePass & Tribune, 2023). This high turnover intention among Gen Z warrants attention, as they are becoming the dominant segment of the workforce.

Factors influencing Gen Z employees' retention and engagement include leadership style, employee investment practices, egalitarian practices, work-life balance, job crafting, mentoring, job control, and sustainability (Das & Malik, 2025; Loring & Wang, 2021). Cultural factors also play a role. A cross-cultural study by Wong and Cheng (2020) found that nations with higher power distance, lower individualism, and lower masculinity tend to have higher turnover intentions.

While turnover intention has been widely studied, it is important to consider the cultural factors that influence workplace behaviors. Cultural context can affect the effects of predictors on turnover because it can influence the perceptions of the employees and organizational behavior (Allen & Vardaman, 2017; Gelfand et al., 2017). Studies in Indonesia show that job stress and satisfaction affect turnover intention (Lim & Dini, 2023; Rohayati et al., 2023). On the other hand, studies conducted in Vietnam suggest that factors such as emotional exhaustion significantly directly impact the turnover intention of Gen Z employees. However, unlike previous studies, job satisfaction has no direct relationship with turnover intention (Anh Do et al., 2023). In Malaysia, transformational leadership has been found to influence turnover intention among young employees significantly (Gabriel et al., 2022), while in the Philippines, supervisor support, company attachment, job satisfaction, contribution, emotional support, and shared value play a key role in employee's intention to remain in a company (Bautista & Cahigas, 2024). These findings show the cultural and organizational behavior differences that influence Gen Z's turnover intention across Southeast Asia.

Organizational culture significantly influences turnover intention among Gen Z. Research suggests that positive, inclusive, and supportive organizational climates reduce employees' intention to leave. Leadership styles, too, play a pivotal role in increasing employee engagement and job satisfaction, thereby reducing turnover intention. A Namin et al. (2021) meta-analysis highlighted a positive relationship between workplace incivility and turnover intention. Ryu et al. (2020) found that positive and cooperative organizational climates reduce turnover risk and mitigate the adverse effects of emotional exhaustion. Furthermore, supportive and inclusive organizational climates enhance job adjustment and satisfaction, reducing turnover intention (Davies et al., 2019; Li et al., 2020).

Organizational climate also affects turnover intention, with employees working in mastery climates showing lower turnover intention than those in performance climates (Kopperud et al., 2020). Flexible work arrangements, highly valued by Gen Z, do not directly correlate with turnover intention unless mediated by perceived supervisor support and total rewards (Protsiuk, 2024). Leadership responsibility is another key factor; Yasin (2021) found that responsible leadership fosters a positive ethical climate, enhancing the organization's image and reducing turnover intention.

Ethical climate plays a crucial role in shaping employee attitudes and behaviors, including their intention to leave the organization. Research shows that positive ethical climates reduce turnover intention, both directly and indirectly (Yasin, 2021; Simha & Pandey, 2021). Other studies link ethical climate to emotional and psychological well-being, significant predictors of turnover intention (Saleh et al., 2022; Borrelli et al., 2023).

Despite these studies, there has been limited research that explains explicitly how ethical climate and leadership style influence Gen Z's turnover intention in Indonesia. Existing studies mainly focused on job satisfaction and job stress. Hence, further understanding of how organizational ethics and leadership influence turnover intention in Indonesia is needed. Furthermore, many theoretical explanations on ethical climate and turnover come from Western perspectives, which may not fully represent the cultural and economic dynamics that impact turnover intention among employees in Indonesia. This study aims to fill these gaps by giving a cultural and generational perspective and investigating how ethical climate and servant leadership affect turnover intention among this generation in Indonesia.

Literature Review and Hypotheses Development

Theoretical Lens

The relationship between servant leadership, principled ethical climate, interpersonal justice, and turnover intention can be further discussed through social exchange theory (SET). Cropanzano et al. (2017) described SET in organizational behavior as a process in which (1) an actor initiates a treatment to a target individual, (2) the response of that treatment by the individual, and (3) the formation of relationships. A supervisor or coworker usually does the initial exchange, whether in a positive (such as by providing organizational support or justice) or negative manner (such as abusive supervision, incivility, or bullying). Then, the targeted individual might respond to this with good or bad behavior. Positive results of SET include commitment and organizational citizenship behaviors (Ahmad et al., 2023). As a result, successful and reciprocal exchanges may transform an economic exchange into a high-quality social exchange. Eisenberger et al. (2001) explained that employees can reciprocate in exchange for organizational support by committing to the organization. Therefore, SET suggests that by giving positive leadership behavior such as servant leadership and organizational support, employees will trust the organization and get psychological safety and may reciprocate with commitment to the organization and lower turnover intention (Wang et al., 2023). By referencing these perspectives, this study hypothesizes that servant leadership can reduce turnover intention by mediating on a principled ethical climate and moderating interpersonal justice.

Servant Leadership

Greenleaf (1977) defines servant leadership as a leadership style that emphasizes serving followers and meeting their needs. This style fosters strong employee relationships by facilitating employee development and prioritizing their needs. These characteristics give servant leadership an advantage over other leadership styles (Jang et al., 2023). Moreover, this approach aligns with the preferences of Gen Z workers, who consider factors such as supportive organizational culture and career development opportunities when choosing a workplace (IDN Times, 2024).

Research shows that servant leadership significantly reduces turnover intention, both directly and indirectly, through mediating factors such as job satisfaction, self-efficacy, and career commitment (Westbrook & Peterson, 2022). Organization leaders who adopt servant leadership emphasize employee well-being, develop trust, and create a supportive work environment. These can increase job satisfaction and attachment to the organization and reduce employees' desire to leave (Kashyap & Rangnekar, 2016; Omanwar & Agrawal, 2021; Alolayyan et al., 2023). Furthermore, alignment between the servant leadership expected by employees and what is implemented by leaders plays a crucial role in decreasing turnover intention (Wang et al., 2023). Organizations adopting servant leadership can improve employee performance and lower turnover rates (Bieńkowska et al., 2022). Additionally, Wang et al. (2023) suggest that cultural and gender contexts moderate this effect, with more substantial outcomes in cultures with higher gender inequality. Based on this, the hypothesis is:

H₁: Servant leadership negatively influences turnover intention among Gen Z employees.

Principled Ethical Climate

Victor and Cullen (1988) describe ethical climate as perceptions of organizational normative systems that guide ethical or unethical behavior. An ethical climate encompasses patterns of norms and rules widely recognized and accepted by organizational members. One type of ethical climate is the principled ethical climate, which focuses on adherence to laws and rules at the individual (personal principles), local (organizational rules and procedures), and cosmopolitan (external legal systems) levels (Victor & Cullen, 1988).

Research highlights the role of ethical climate in the relationship between leadership styles and turnover intention. For instance, ethical leadership reduces turnover intention by mitigating interpersonal conflicts (Marquardt et al., 2021). Studies also show that a principled ethical climate can decrease turnover intention by enhancing employees' trust in the organization, strengthening

organizational identity, and influencing career decisions (Simha & Pandey, 2021; Joe et al., 2018). Servant leadership may develop a principled ethical climate in the organization by encouraging fairness, honesty, and adherence within the company. The employees feel reassured about the organization's moral values that the ethical environment brings, hence increasing their commitment and reducing uncertainty about their future careers in the organization. Therefore, employees who consider their company trustworthy will be less likely to leave.

This study explores the relationship between servant leadership and principled ethical climate in reducing Gen Z employees' turnover intention. This focus is relevant as Gen Z values not only supportive work environments but also the credibility and reputation of companies when selecting jobs (IDN Times, 2024). Thus, the hypothesis is:

H₂: Principled ethical climate mediates the relationship between servant leadership and turnover intention.

Interpersonal Justice

Colquitt (2012) defines interpersonal justice as how supervisors treat their subordinates fairly, respectfully, and with dignity. Previous research has identified significant links between leadership styles, interpersonal justice, and turnover intention. For instance, Son et al. (2014) found that leader-member exchange (LMX) plays a key role in the relationship between interpersonal justice and employee burnout. LMX is the quality between the leader and the follower, where the attributes and process in leader-follower interactions are more emphasized than the economic exchange (Gooty & Yammarino, 2016). Employees working in an organization with a high LMX relationship are more likely to feel supported and valued by their leaders, increasing their sense of belonging and decreasing stress levels. Therefore, leaders who treat employees fairly and respectfully enhance their self-worth and self-esteem, encouraging more substantial relationships with their leaders and subsequently reducing burnout and turnover intention.

Further studies indicate how interpersonal justice impacts turnover at the organizational level. Leineweber et al. (2020) reported that low interpersonal justice perceptions increase turnover risk. Simha and Pandey (2021) argue that principled ethical climates foster employee perceptions of organizational consistency and transparency, enhancing trust and reducing turnover intention. Employees who believe their organization acts ethically and reasonably feel secure and supported, lowering their intention to leave. Halbusi et al. (2021) also demonstrated that ethical leadership enhances perceptions of organizational justice, further reinforcing ethical behavior among employees. Given this, the hypotheses are:

H_{3a}: Interpersonal justice moderates the relationship between servant leadership and principled ethical climate.

H_{3b}: The indirect relationship between servant leadership and turnover intention via principled ethical climate is moderated by interpersonal justice.

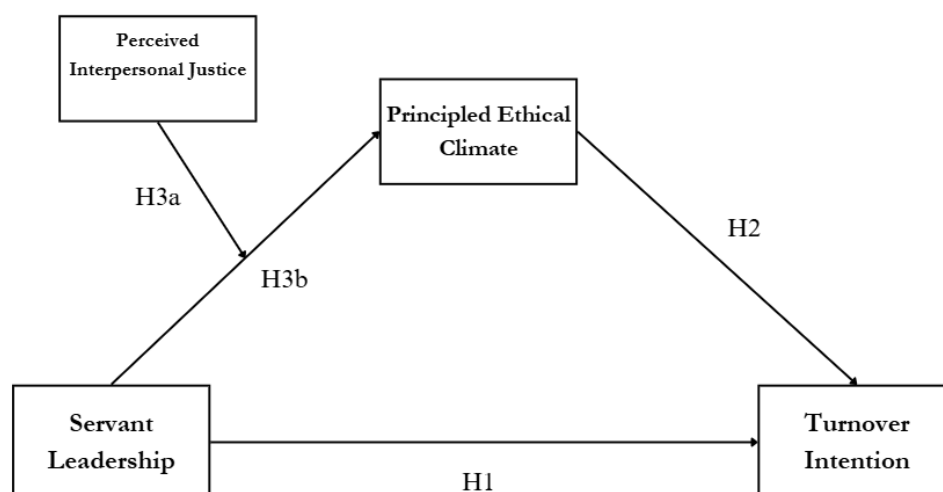


Figure 1. Research Framework

Research Methods

Participants and Procedures

The population of this study comprises Gen Z workers in Indonesia aged 18–27 years old who have at least one year of work experience under direct supervision. This criterion ensures that participants have sufficient experience, understanding, and interaction with their supervisors and organizational culture. The sampling technique used is convenience sampling to account for ease of access to participants and efficiency in data collection. The target number of respondents, calculated using G*Power, is 119 employees with an effect size of 0.15 (medium effect), statistical power ($1-\beta$) of 0.95, and a significance level (α) of 0.05. Data was collected online through various social media platforms and professional networks targeting Gen Z employees with self-reported questionnaires. To minimize the potential of common method bias, several procedures were applied. First, to reduce the participant's tendency to provide socially desirable answers, the questionnaire was designed to ensure all participants' clarity, anonymity, and confidentiality. Second, items that measure independent and dependent variables were placed in different sections to reduce the possibility of automatic consistency in responses.

Research Design

This study employs a non-experimental quantitative design and involves four main variables: (1) servant leadership, (2) interpersonal justice, (3) principled ethical climate, and (4) turnover intention. Data analysis includes the Pearson correlation test to identify the relationships between the study variables, mediation analysis to examine whether principled ethical climate mediates the relationship between servant leadership and turnover intention, and moderation analysis to test whether interpersonal justice moderates the relationship between servant leadership and principled ethical climate, and moderated mediation analysis to evaluate the relationship between servant leadership and turnover intention through a principled ethical climate, with interpersonal justice as a moderating variable in the mediation pathway. All data analyses were conducted using the Hayes PROCESS Macro Model 7 in JASP software.

Variables and Instruments

This study investigates the effect of servant leadership as the independent variable on turnover intention as the dependent variable. Additionally, it incorporates principled ethical climate as a mediating variable and interpersonal justice as a moderating variable. The study also controls variables influencing turnover intention in Gen Z, such as age, gender, financial independence, marital status, and perceived salary adequacy relative to workload (Syahputra & Hendarman, 2024). All measurement instruments were originally in English and underwent a rigorous adaptation, including forward translation (English to Indonesian), synthesis, and back-translation to ensure validity. To reduce the respondent's tendency to select midpoint and neutral answers, a 6-point Likert scale was used for all variables, ranging from 1 (strongly agree/very rarely or never/completely false/not at all) to 6 (strongly agree/very often or always/completely true/to a very great extent). This also prevents respondents from answering the questionnaire thoughtlessly by quickly choosing a neutral response, thus increasing the quality and accuracy of their answers (Chyung et al., 2017).

Servant leadership was measured using an adaptation of the SLBS-6 scale by Sendjaya et al. (2019), which has been validated in the Indonesian context with an internal reliability (Cronbach's alpha) of 0.80. A sample item is: "My supervisor uses power to serve others, not for personal ambition." After adaptation, the Cronbach's alpha was 0.868.

The turnover intention was measured using an adaptation of the scale by Bothma and Roodt (2013), which had an internal reliability (Cronbach's alpha) of 0.83. A sample item is: "How often do you consider leaving your current job?" After adaptation, the Cronbach's alpha was 0.730.

A principled ethical climate was measured using an adaptation of the scale by Victor and Cullen (1988). The scale consists of four items with an internal reliability (Cronbach's alpha) of

0.76. A sample item is: “It is important to strictly follow the rules and procedures in this company.” After adaptation, the Cronbach’s alpha was 0.941.

Interpersonal justice was measured using an adaptation of the scale by Colquitt (2001). The scale includes four items with an internal reliability (Cronbach’s alpha) of 0.93. A sample item is: “To what extent does your supervisor treat you with respect?” After adaptation, the Cronbach’s alpha was 0.794.

Results and Discussion

Based on the data collection process, the study gathered data from 317 respondents who were employees aged 19–27 years old and had been working at the same company for at least one year under the supervision of a direct supervisor. The mapping of respondents showed that the sample was dominated by female respondents, accounting for 196 individuals or 62% of the total respondents. Furthermore, 81% of respondents stated that they received benefits (salary/incentives, etc.) appropriate to their workload, and 74% claimed they no longer received financial allowances from their families. The respondents were also predominantly employees with marital status categorized as married, totaling 181 individuals or 57% of the overall sample.

Table 1. Characteristics of Respondents

Characteristics	Frequency	Percentage (%)	Descriptive Summary	Value
<i>Gender</i>			Mean	25.02
Female	196	61.83	Std. Deviation	1.87
Male	121	38.17	Minimum	19
<i>Salary suitability</i>			Maximum	27
Yes	256	80.76		
No	61	19.24		
<i>Allowance</i>				
Yes	81	25.55		
No	236	74.45		
<i>Marital status</i>				
Married	181	58.00		
Not Married	136	42.00		

From the analysis of variables, several factors were found to have significant correlations, either positive or negative. A significant positive correlation was identified with the variable of financial allowance ($r = 0.18$, $p < 0.05$), indicating that employees who still received financial allowances exhibited higher turnover intentions than those who did not receive such allowances. Meanwhile, several other variables exhibited significant negative correlations, including age ($r = -0.21$, $p < 0.001$), signifying that the older the employee, the lower their turnover intention; gender ($r = -0.22$, $p < 0.001$), indicating that females exhibited higher turnover intentions compared to males; salary suitability ($r = -0.32$, $p < 0.001$), revealing that employees who perceived their salary as disproportionate to their workload exhibited higher turnover intentions; marital status ($r = -0.26$, $p < 0.001$), indicating that married employees had lower turnover intentions; interpersonal justice (IJ; $r = -0.39$, $p < 0.001$), suggesting that employees perceiving high interpersonal justice exhibited lower turnover intentions; and servant leadership (SL; $r = -0.56$, $p < 0.001$), demonstrating that servant leadership reduced employee turnover intentions. However, the results also revealed one variable that did not correlate significantly: principled ethical climate (PEC). Table 2 presents the descriptive statistics and correlations among the research variables.

Confirmatory factor analysis (CFA) was conducted to check the measurement model’s validity. The result shows that all factor loadings surpass the threshold recommended of 0.60 (Hair et al., 2010), ranging from 0.631 to 0.977, and show strong convergent validity with significant p-values ($p < 0.001$). These high-factor loadings support the validity of the constructs and provide evidence of measurement validity.

Table 2. Descriptive Statistics and Correlation between Variables

Variables	M (SD)	1	2	3	4	5	6	7	8	9
1.Age	25.02 (1.87)	-								
2.Gender	0.38 (0.49)	0.11*	-							
3.Allowance	0.26 (0.44)	-0.15*	-0.16*	-						
4.Salary Suitability	0.81 (0.40)	-0.03	-0.08	0.08	-					
5.Marital Status	0.59 (0.52)	0.44***	0.02	-0.04	0.03	-				
6.IJ	5.08 (0.95)	0.04	0.09	0.04	0.29***	-0.02	-			
7.PEC	5.49 (0.73)	0.106	0.06	0.07	0.08	0.06	0.32***	-		
8.TI	2.62 (1.19)	-0.21***	-	0.18*	-0.32***	-0.26***	-0.39***	-0.08	-	
9.SL	5.23 (0.93)	0.14***	0.13*	0.01	0.41***	0.09	0.67***	0.36***	-0.56***	-

Note. N = 317. M= mean; SD= standard deviation; IJ= interpersonal justice; PEC= principled ethical climate; TI= turnover intention; SL= servant leadership.

*p<0.05; **p<0.01; ***p<0.001.

Table 3. Factor Loadings

Factor	Estimate	Std. Error	z-value	p	95% Confidence Interval	
					Lower	Upper
<i>Servant Leadership</i>						
SL1	0.814	0.011	76.562	< .001	0.793	0.835
SL2	0.909	0.010	93.756	< .001	0.890	0.928
SL3	0.911	0.010	92.438	< .001	0.891	0.930
SL4	0.900	0.009	95.476	< .001	0.881	0.918
SL5	0.950	0.008	113.96	< .001	0.993	0.966
SL6	0.948	0.009	110.138	< .001	0.931	0.964
<i>Principled Ethical Climate</i>						
PEC1	0.783	0.026	30.081	< .001	0.732	0.834
PEC2	0.664	0.021	31.142	< .001	0.623	0.706
PEC3	0.975	0.023	41.803	< .001	0.929	1.021
PEC4	0.711	0.020	35.843	< .001	0.672	0.750
<i>Interpersonal Justice</i>						
IJ1	0.879	0.011	79.155	< .001	0.857	0.901
IJ2	0.977	0.010	99.731	< .001	0.958	0.996
IJ3	0.953	0.010	98.172	< .001	0.934	0.972
IJ4	0.730	0.014	53.243	< .001	0.703	0.757
<i>Turnover Intention</i>						
TI1	0.631	0.017	37.159	< .001	0.598	0.664
TI2	0.734	0.016	46.347	< .001	0.703	0.765
TI3	0.740	0.016	45.098	< .001	0.708	0.772
TI4	0.732	0.017	44.246	< .001	0.700	0.765
TI5	0.876	0.015	57.236	< .001	0.846	0.906
TI6	0.869	0.015	58.368	< .001	0.839	0.898

This study employed the moderated mediation model, specifically Model 7 from PROCESS, for statistical analysis. The analysis was conducted using JASP software to examine the relationship between SL (Servant Leadership) and TI (Turnover Intention) and the role of PEC (Principled Ethical Climate) as a mediator and IJ (Interpersonal Justice) as a moderator in the relationship between SL and PEC.

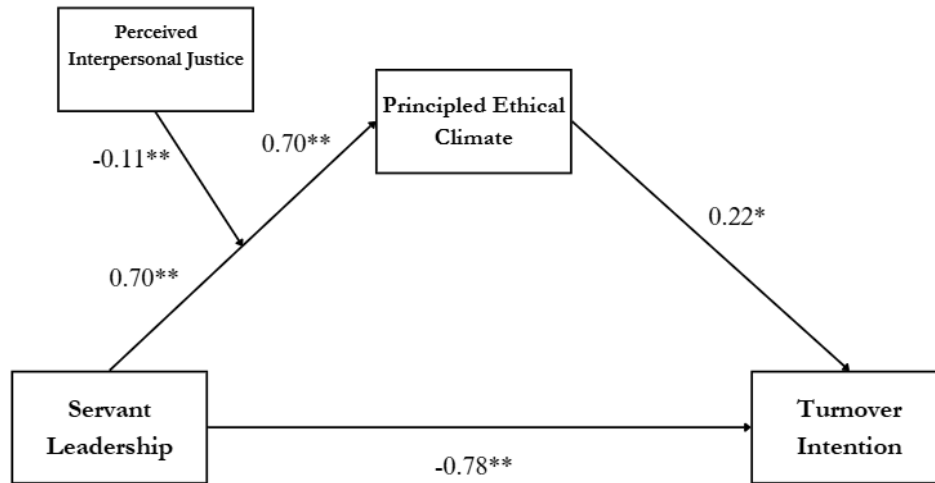


Figure 2. Path Analysis

The results showed that SL had a direct and significant negative effect on TI ($\beta = -0.780$, $SE = 0.064$, $z = -12.260$, $p < 0.001$, $CI = [-0.904, -0.655]$), indicating that the higher the SL, the lower the TI, thus supporting Hypothesis 1. Moreover, SL had a significant and positive effect on PEC ($\beta = 0.698$, $SE = 0.15$, $z = 4.651$, $p < 0.001$, $CI = [0.404, 0.992]$). Meanwhile, PEC significantly positively affected TI ($\beta = 0.218$, $SE = 0.081$, $z = 2.707$, $p = .007$, $CI = [0.060, 0.376]$), indicating that higher PEC increased TI. The results of the direct effect analysis of the model are presented in Table 4.

Table 4. The Direct Effect Analysis

	Estimate	Std. Error	z-value	p	95% Confidence Interval	
					Lower	Upper
SL → TI	-0.78	0.064	-12.26	< .001	-0.904	-0.655
PEC → TI	0.218	0.081	2.707	0.007	0.06	0.376
SL → PEC	0.698	0.15	4.651	< .001	0.404	0.992
IJ → PEC	0.69	0.171	4.031	< .001	0.355	1.025
SL x IJ → PEC	-0.113	0.032	-3.542	< .001	-0.176	-0.051

Note. IJ= interpersonal justice; PEC= principled ethical climate; TI= turnover intention; SL= servant leadership.

Based on the analysis, it was found that there was an indirect effect in the relationship between SL and TI, where PEC mediated the relationship between the two variables. The test results revealed a significant positive indirect effect ($\beta = 0.054$, $SE = 0.023$, $z = 2.307$, $p = .021$, $CI = [0.021, 0.099]$), thus supporting Hypothesis 2 with partial mediation. Furthermore, the results of the moderation effect analysis showed that the interaction between SL and IJ had a significant negative effect on PEC ($\beta = -0.113$, $SE = 0.032$, $z = -3.542$, $p < 0.001$, $CI = [-0.176, -0.051]$), thereby confirming Hypothesis 3a. Figure 3 shows a simple slope analysis to assess the moderation effect of IJ on the relationship between SL and PEC. The flatter slope for higher IJ (+1 SD) suggests that IJ weakens the positive relationship between SL and PEC. Therefore, when IJ is low, the effect SL has on PEC is strong. In contrast, when IJ is high, the effect decreases and becomes insignificant.

However, the findings indicated that the indirect relationship between SL and TI through PEC varied depending on the level of IJ in the organization ($\beta = 0.004$, $SE = 0.016$, $z = 0.255$, $p = 0.799$, $CI = [-0.028, 0.036]$). Significant results were found only in conditions of low IJ ($\beta = 0.054$, $SE = 0.023$, $z = 2.307$, $p < .05$, $CI = [0.008, 0.099]$), meaning that Hypothesis 3b was not supported. Meanwhile, overall, when comparing the total direct and indirect effects, the direct effect of SL on TI showed a more dominant effect compared to its indirect effect ($\beta = -0.726$, $SE = 0.061$, $z = -11.955$, $p < .001$, $CI = [-0.845, -0.607]$).

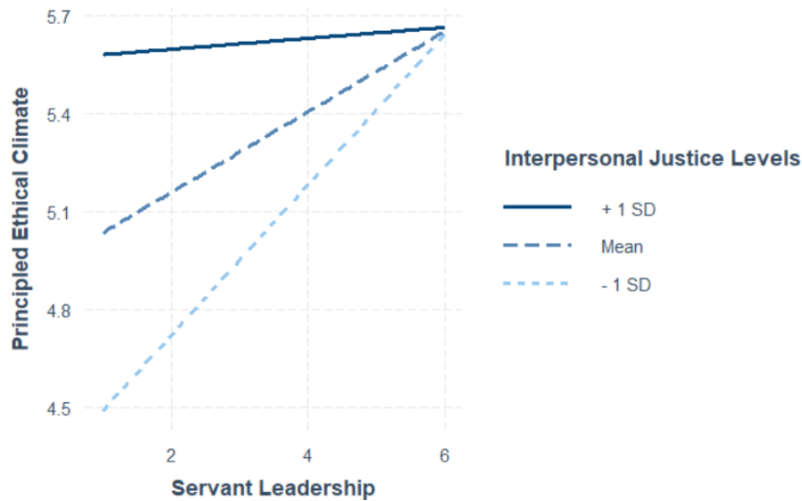


Figure 3. Simple Slope Analysis of SL-PEC moderated by IJ

Table 5. The Indirect Effect Analysis

	IJ	Estimate	Std. Error	z-value	p	95% Confidence Interval	
						Lower	Upper
<i>Indirect Effect</i>							
SL → PEC → TI	16	0.054	0.023	2.307	0.021	0.008	0.099
SL → PEC → TI	50	0.023	0.016	1.443	0.149	-0.008	0.054
SL → PEC → TI	84	0.004	0.016	0.255	0.799	-0.028	0.036
<i>Total Effect</i>							
SL → TI	16	-0.726	0.061	-11.955	< .001	-0.845	-0.607
SL → TI	50	-0.757	0.063	-12.102	< .001	-0.88	-0.634
SL → TI	84	-0.775	0.065	-11.903	< .001	-0.903	-0.648
<i>Total Indirect Effect</i>							
SL → TI	16	0.054	0.023	2.307	0.021	0.008	0.099
SL → TI	50	0.023	0.016	1.443	0.149	-0.008	0.054
SL → TI	84	0.004	0.016	0.255	0.799	-0.028	0.036

Note. IJ= interpersonal justice; PEC= principled ethical climate; TI= turnover intention; SL= servant leadership.

Discussion

This study aims to examine the influence of servant leadership on turnover intention, both directly and indirectly, through a principled ethical climate. It also seeks to explore the role of interpersonal justice as a moderator in the relationship between servant leadership and principled ethical climate and the overall model. The analysis of 317 Gen Z employee respondents reveals that servant leadership, directly and indirectly, affects turnover intention through a principled ethical climate. This aligns with the findings of Wang et al. (2023) and Westbrook and Peterson (2022), which report similar results. Moreover, the results demonstrate that servant leadership significantly and positively influences a principled ethical climate, suggesting that servant leadership can foster the creation of an ethical and principled organizational climate.

However, the data analysis further shows that a principled ethical climate positively mediates the relationship between servant leadership and turnover intention. Thus, although servant leadership directly negatively influences turnover intention, the presence of a principled ethical climate, which tends to reduce the flexibility Gen Z employees seek, partially mitigates this adverse effect. Additionally, contrary to previous research indicating that a principled ethical

climate reduces turnover intention (Simha & Pandey, 2021), this study presents opposing results. Specifically, a principled ethical climate for Gen Z employees increases turnover intention. Regarding this, findings from Berber et al. (2022) suggest that flexible working arrangements (FWAs) positively impact job satisfaction, thus ultimately reducing employee turnover intention. Concerning Gen Z employees, Lasseben and Hofmann (2023) explain that when selecting a workplace, Gen Z prioritizes factors such as a pleasant work environment, teams with positive cultures, and supportive relationships with colleagues and supervisors and tends to seek flexible workplaces. A principled ethical climate rooted in adherence to established rules may be perceived as restrictive, rigid, and limiting the flexibility Gen Z desires, thereby increasing their turnover intention.

On the other hand, the study also demonstrates that interpersonal justice moderates the relationship between servant leadership and principled ethical climate with a significant negative effect. This means that when interpersonal justice is high, the positive effect of servant leadership on a principled ethical climate is weaker, and vice versa. This finding aligns with Colquitt's (2012) assertion that interpersonal justice in organizations reflects how supervisors treat their subordinates fairly, with respect and dignity. In this context, high interpersonal justice in an organization allows other factors beyond leadership style to contribute to shaping a principled ethical climate within the organization.

However, the findings also reveal that the indirect effect of servant leadership on turnover intention through principled ethical climate is not significant across different levels of interpersonal justice. Although interpersonal justice moderates the relationship between servant leadership and principled ethical climate significantly, its overall moderating effect on the indirect pathway to turnover intention is insignificant. This can be explained by considering the findings of Jang et al. (2023), which suggest that fair leadership creates positive work experiences for employees. When these positive experiences are fulfilled through interpersonal justice (high levels of interpersonal justice), the indirect influence of servant leadership on turnover intention through a principled ethical climate becomes less pronounced. In other words, high interpersonal justice may reduce the necessity for servant leadership to shape a principled ethical climate as a factor influencing turnover intention. These findings underscore the importance of fostering an organizational culture that focuses on specific leadership styles and emphasizes the interpersonal justice perceived by employees.

The result of this study indicates a dual effect of servant leadership on turnover intention in Gen Z employees: while servant leadership negatively influences turnover intention, servant leadership fosters the formation of a principled ethical climate, which positively affects turnover intention (i.e., the higher the climate, the higher the employees' turnover intention). Interpersonal justice becomes crucial in this context, as it negatively moderates the relationship between servant leadership and a principled ethical climate. This implies that a fair organizational culture can weaken the relationship between servant leadership and a principled ethical climate.

Implication and Conclusion

This study supports the existing literature asserting that servant leadership can directly reduce turnover intention, even among Gen Z employees. Furthermore, it provides a new perspective showing that a principled ethical climate within the context of Gen Z employees positively affects turnover intention. This finding contrasts with previous studies that suggest a principled ethical climate negatively affects turnover intention. The results indicate that a principled ethical climate has a dual effect on employees' desire to leave. Moreover, the study expands the understanding of the role of interpersonal justice as a moderator in the relationship between servant leadership and a principled ethical climate.

Given the demonstrated ability of servant leadership to directly reduce employee turnover intention, organizations need to adopt this leadership style. Organizations can encourage or train leaders to adopt servant leadership principles. Additionally, attention should be given to fostering a principled ethical climate within organizational culture, particularly in organizations with a significant Gen Z workforce or those aiming to retain Gen Z employees. Although it does not directly affect

turnover intention, organizations should also ensure a fair working culture due to its critical role in moderating the relationship between leadership and the organization's ethical climate.

This study has several limitations that future researchers should consider addressing. It employs a cross-sectional research design, measuring variables at a single point in time, which limits its ability to establish causal relationships between variables. Future research should use a longitudinal design to understand these relationships' dynamics better. For instance, collecting turnover intention data from different time points would give more insight into how servant leadership and interpersonal justice affect employees' perception of ethical climate and retention decisions over an extended period. Additionally, the study focuses exclusively on a sample of Gen Z employees, limiting the generalizability of its findings to other generations or cultural contexts. Future studies could conduct comparative research across cultures, generations, or industries to determine whether these findings can be applied to more general samples.

From a methodological perspective, the study relies on self-reported data, which could introduce biases such as common method bias. Future studies should include diverse data sources, such as actual organizational turnover records, supervisors' and colleagues' evaluations, and employee self-reports. Moreover, the data analysis reveals complex results regarding the impact of a principled ethical climate on turnover intention. Subsequent studies could explore other types of ethical climates (e.g., caring, ethical climate, or self-interest ethical climate) to gain deeper insights into how these climates influence the relationship between leadership style and employee turnover intention. This study also used a convenience sampling technique for practicality and efficiency. However, due to potential sampling bias, this technique may limit the generalizability of the findings. It may not fully represent the Gen Z employees in Indonesia, as participants in the study were not selected randomly and based on accessibility. Therefore, the study acknowledges the need for attention to interpreting the results present and suggests that future research use the probability sampling technique to improve external validity and diversify the sample across industries and regions.

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