

ABSTRACT

In supporting the success of the organization, employee loyalty is an important aspect, especially now that many generations Z have entered the workforce. Generation Z has a different character from the previous generation, where generation Z tends to look for a comfortable work environment and seeks leaders with integrity.

The problems in this study include the loyalty of generation Z employees which is considered minimal. This study aims to determine the effect of the work environment and ethical leadership on employee loyalty through work motivation as a mediating variable.

This study uses a quantitative method approach by distributing questionnaires to generation Z employees who work. Data analysis uses the Structural Equation Modeling-Partial Least Square (SEM-PLS) method to test the direct relationship and mediation between variables using non-probability sampling techniques.

The results of this study indicate that the work environment has a significant influence on employee loyalty and work motivation. In addition, leadership ethics also have a significant influence on employee loyalty and work motivation. Importantly, work motivation mediates the relationship between work environment and leadership ethics, the pressure of indirect impact of work environment and leadership ethics on employee loyalty through work motivation.

This study contributes the understanding of the importance of the role of work motivation in strengthening the relationship between work environment and leadership ethics on generation Z employees in Indonesia.

Keywords: Work Motivation, Work Environment, Ethical Leadership, Employee Loyalty, and Generation Z