

To Stay or to Leave? How Ethical Climates and Leadership Styles Influence Gen Z Turnover Intention

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Abstract

Generation Z values inclusive and supportive workplaces but often exhibits high turnover intention. This study examines how transformational and servant leadership influence turnover intention among Gen Z employees in Indonesia, with caring and self-interest ethical climates as mediators. A cross-sectional survey of 314 Gen Z employees was analyzed using structural equation modeling (SEM). Results show that caring ethical climate did not significantly relate to turnover intention or mediate the leadership–turnover link. In contrast, self-interest ethical climate showed a strong positive relationship with turnover intention and served as a significant mediator. These findings indicate that servant leadership is more effective than transformational leadership in reducing Gen Z turnover intention by diminishing self-interest ethical climate, while caring ethical climate may have limited relevance across generations.

Keywords: ethical climate, generation z, mediation, servant leadership, transformational leadership, turnover intention

Abstrak

Generasi Z menghargai tempat kerja yang inklusif dan suportif, tetapi sering kali menunjukkan niat berpindah kerja (turnover intention) yang tinggi. Studi ini mengkaji bagaimana kepemimpinan transformasional dan kepemimpinan melayani memengaruhi niat turnover di antara karyawan Gen Z di Indonesia, dengan iklim etika kepedulian (caring ethical climate) dan kepentingan pribadi (self-interest ethical climate) sebagai mediator. Survei cross-sectional terhadap 314 karyawan Gen Z dianalisis menggunakan structural equation modeling (SEM). Hasil menunjukkan bahwa iklim etika kepedulian tidak berhubungan secara signifikan dengan niat turnover atau memediasi hubungan kepemimpinan–turnover. Sebaliknya, iklim etika kepentingan pribadi menunjukkan hubungan positif yang kuat dengan niat turnover dan berfungsi sebagai mediator yang signifikan. Temuan ini menunjukkan bahwa kepemimpinan melayani lebih efektif daripada kepemimpinan transformasional dalam mengurangi niat turnover Gen Z dengan mengurangi iklim etika kepentingan pribadi, sementara iklim etika kepedulian mungkin memiliki relevansi yang terbatas antar generasi.

Kata kunci: generasi z, iklim etika, kepemimpinan melayani, kepemimpinan transformasional, mediasi, turnover intention

Introduction

Generation Z Workers (born between 1997–2013) have now entered the workforce and exhibit unique characteristics compared to previous generations. This generation is known for being more individualistic and open to diversity within organizations, prioritizing a fun work environment, teams with a positive culture, and good relationships with colleagues and supervisors ([Pichler et al., 2021](#); [Lassleben & Hofmann, 2023](#)). A survey conducted by IDN Times in 2024 highlights similar findings. In Indonesia, Gen Z workers consider organizational environment and culture, as well as career advancement opportunities, in addition to salary, when choosing their workplace.

However, there is a perception that Gen Z workers tend to have high job-switching rates. In the United States, 60% of Gen Z workers planned to quit and look for new jobs in early 2023—a 53% increase from the previous year ([DePass & Tribune, 2023](#)). In Indonesia, based on the Gen Z Report Indonesia 2024, stability ranked 7th among the factors influencing Gen Z's intention to switch jobs ([IDN Times, 2024](#)). This suggests that Gen Z's propensity to switch jobs can increase if offered better salaries, environments, and organizational cultures elsewhere, even if their current company provides greater stability.

In the context of Gen Z employees, leadership style, employee investment policies, egalitarian practices, work-life balance, job crafting, mentoring, job control, and sustainability are some of the factors that affect the retention and engagement ([Das & Malik, 2024](#); [Loring & Wang, 2022](#)). In addition, studies also highlight the role of different leadership styles in reducing turnover intentions, such as servant leadership and transformational leadership ([Bieńkowska et al., 2022](#); [Gunawan et al., 2024](#); [Yuniarti & Muchtar, 2019](#)). Other studies also show that servant leadership significantly lowers turnover intention ([Westbrook & Peterson, 2022](#)). Employers can reduce workers' turnover and enhance employee performance by implementing servant leadership ([Bieńkowska et al., 2022](#)).

Another factor influencing job-switching intentions among Gen Z is organizational culture. Several studies support this claim. [Ryu et al. \(2020\)](#) noted that the risk of quitting intentions and the negative effects of emotional burden can be mitigated by a positive and cooperative organizational climate. Moreover, organizations with supportive and inclusive climates can enhance employees' job adjustment and satisfaction, ultimately reducing their intentions to leave ([Davies & Froes, 2019](#); [Li et al., 2020](#)).

Ethical climate, as a component of organizational culture, also plays a crucial role in shaping employees' attitudes and behaviors, including their intentions to leave. Research shows that a positive ethical climate, directly or indirectly, negatively affects employees' turnover intentions ([Nabila et al., 2025](#); [Simha & Pandey, 2020](#)). Other studies suggest that ethical climate positively correlates with emotional and psychological well-being, which are strong predictors of turnover intentions ([Saleh et al., 2022](#); [Borreli, 2023](#)).

The theory of ethical climate in organizations, originated by Bart Victor and John Cullen, is a framework that examines the shared perceptions of what is ethically correct behavior and how ethical issues should be handled within an organization ([Victor & Cullen, 1988](#)). Victor and Cullen classified ethical climate into nine typologies based on the locus of analysis and ethical criteria. Of these, five have received empirical support: instrumental (or self-interest), caring, independence, rules, and law and code ([Weber & Opoku-Dakwa, 2022](#)). Among these five types, previous research has found that caring and self-interest ethical climates within organizations can predict turnover intention ([Putri et al., 2025](#); [Nabila et al., 2025](#); [Nadia et al., 2025](#); [Joe et al., 2018](#)).

Previous studies have shown the role of leadership styles such as servant leadership and transformational leadership in shaping the ethical climate within organizations ([Putri et al., 2025](#); [Nadia et al., 2025](#); [Nabila et al., 2025](#); [Barattuci et al., 2021](#)). Leaders who demonstrate servant leadership tend to foster a constructive organizational climate, promote a service-oriented culture, and cultivate mutual trust among members ([Sendjaya et al., 2019](#)). In addition, transformational leadership behaviors—such as offering support and encouraging intellectual growth—have been found to significantly contribute to the development of a caring ethical climate, particularly in educational settings ([Sagnak, 2010](#)). However,

there is still a lack of research exploring how these two leadership styles influence the formation of ethical climates, specifically among members of Generation Z.

Although many previous studies have discussed the relationship between ethical climate and employees' turnover intentions, most have not specifically addressed how this applies to Gen Z workers in Indonesia. This research aims to explain how ethical climate and different leadership styles within companies relate to Gen Z's intentions to quit or switch jobs, and whether this relationship is mediated by climate within the organization by incorporating a mediation model to the study.

Literatur Review

Ethical Climate

The ethical climate in the workplace is defined as a shared perception of formal and informal procedures and policies that shape expectations regarding ethical behavior within an organization or company (Victor & Cullen, 1987). The ethical climate guides employees' behavior, helping distinguish acceptable actions from those subject to sanctions, thus serving as a powerful mechanism for regulating group conduct (DeRue & Ashford, 2010). This cognitive agreement impacts members' attitudes, decision-making, motivation, and behavior concerning organizational issues, particularly those related to morality and ethics (Deng et al., 2023).

Victor and Cullen (1987, 1988) formulated a typology of ethical climates based on Kohlberg's (1981) moral development theory. Kohlberg argued that moral development occurs in stages, starting from fear of punishment, care for others, and culminating in concern for universal truth and humanity. He proposed three main categories of ethical standards: self-interest, caring, and principle. Victor and Cullen used these categories as the foundation for the Ethical Climate Theory, which features two dimensions: (1) ethical philosophy, comprising egoism, benevolence, and principle; and (2) sociological theory, which includes three loci: individual, local, and cosmopolitan (Cullen et al., 1993).

This study focuses on two ethical climate typologies: caring ethical climate (benevolence typology with individual and local loci) and self-interest (egoism typology with an individual locus), as they represent opposing moral orientations. The caring ethical climate emphasizes a collective and interdependent approach to ethical issues, whereas the self-interest ethical climate highlights an individualistic and independent approach to addressing ethical concerns in organizations (Cullen et al., 1993).

Transformational & Servant Leadership as Antecedents of Ethical Climate

Transformational leadership is a leadership style that drives change through a strong vision, innovation, and emotional engagement with employees. According to Marques et al. (2023), transformational leaders inspire employees by communicating a clear vision, fostering an innovative atmosphere, and providing emotional support. Carless et al. (2000) added that transformational leaders give individual attention to employees, encourage personal growth, and create a sense of collective responsibility within the organization. For Generation Z workers, this leadership style is particularly relevant as they value continuous feedback, opportunities for development, and transparent relationships with their leaders (Schroth, 2019). Transformational leadership, with its moral support and intrinsic motivation components, can help address challenges in enhancing the job commitment of a generation with high expectations for their supervisors.

Employees are likely to maintain relationships with organizations that provide support and fair rewards. In the context of ethical climate, transformational leaders serve as critical sources of support for employees, reducing their desire to withdraw from the organization. A positive ethical climate allows employees to report ethical challenges to their leaders, who can then collaborate to address these issues and reduce turnover intention (Barattucci et al., 2021).

H1a: Transformational leadership positively correlates with a caring ethical climate.

H1b: Transformational leadership negatively correlates with a self-interest ethical climate.

Servant leadership takes a people-oriented approach, demonstrating care for individual members' needs and prioritizing their interests (Eva et al., 2019). Eva et al. (2019), in their systematic review, explained that this leadership style aims to propagate a caring orientation toward others, extending to the group, organization, and even community levels. Research indicates that servant leadership fosters a positive organizational climate, including a serving climate and a climate of mutual trust (Sendjaya et al., 2019). Servant leadership inherently incorporates moral and ethical dimensions, distinguishing it from performance-focused leadership styles like transformational leadership (Greenleaf, 1977).

This study applies social learning theory (Bandura, 1977) to explain the impact of leadership styles on members' climates. According to social learning theory, individuals learn by observing models' behavior and replicating it, especially when such behavior yields positive consequences (Bandura, 1977). Servant leaders model prioritization of others' interests over self-interest, thereby influencing members' moral and ethical orientations (Sendjaya et al., 2015). This dynamic contrasts with the self-interest ethical climate, which prioritizes individual gains. Consequently, strong servant leadership reduces self-interest ethical climate while fostering a caring ethical climate.

H2a: Servant leadership positively correlates with a caring ethical climate.

H2b: Servant leadership negatively correlates with a self-interest ethical climate.

Ethical Climate and Turnover Intention

Turnover intention refers to employees' responses or coping strategies to avoid unfavorable work situations (Petriglieri, 2011). According to Tett and Meyer (1993), turnover intention is the final stage of withdrawal cognition, wherein employees start contemplating leaving their jobs. This intention arises from dissatisfaction related to the job, work environment, leadership, or other factors causing discomfort within the organization (Wiliyanto et al., 2020).

The caring ethical climate emphasizes collective well-being and is associated with increased organizational commitment, job satisfaction, and reduced turnover intention (Parboteeah et al., 2024). For Generation Z, a caring ethical climate fosters an environment aligned with their valued social and ethical principles, thereby lowering turnover likelihood (Ozyer et al., 2022). A positive ethical climate not only enhances job satisfaction but also strengthens employee loyalty to the organization, suppressing turnover intention (Ozyer et al., 2010; Fauziyyah & Luzvinda, 2019).

H3a: Caring ethical climate negatively correlates with turnover intention.

Among all ethical climate types, the self-interest climate is the least conducive to ethical behavior, as employees in such environments perceive that the organization tolerates self-serving actions even at the expense of others (Sheedy et al., 2020). Studies show that a self-interest ethical climate is directly associated with high turnover intention (Barattucci et al., 2021; Joe et al., 2018), increased counterproductive work behavior, and decreased organizational citizenship behavior (Palliagro et al., 2018). Additionally, employees in a self-interest climate often focus on personal gain, reducing satisfaction and commitment to the organization (Kelley & Dorsch, 1991).

H3b: Self-interest ethical climate positively correlates with turnover intention.

The Role of Ethical Climate in Mediating Leadership and Turnover Intention

One critical factor contributing to turnover intention is the relationship between employees and managers. Research suggests that this relationship significantly influences employees' attitudes and behaviors (Ali & Anwar, 2021). Transformational leadership can reduce turnover intention by fostering a more positive and supportive work environment (Suryawan et al., 2021). It strengthens employees' emotional attachment to the organization, reducing their inclination to leave (Chua & Ayoko, 2021).

In this context, transformational leadership not only provides clear direction but also creates strong psychological bonds between employees and the organization, encouraging long-term retention.

H4a: Caring ethical climate mediates the relationship between servant leadership, transformational leadership, and turnover intention.

A self-interest ethical climate may mediate the relationship between servant leadership and turnover intention. High self-interest ethical climate increases turnover intention ([Barattucci et al., 2021](#); [Joe et al., 2018](#)). Consistent with social learning theory ([Bandura, 1977](#)), servant leaders model prioritization of others' needs, reducing self-interest ethical climates. Lower self-interest climates correspond to reduced turnover intention. This study argues that the relationship between servant leadership and turnover intention is explained through the mediating roles of self-interest and caring ethical climates.

H4b: Self-interest ethical climate mediates the relationship between servant leadership, transformational leadership, and turnover intention.

Methods

Participants and Procedure

This study focuses on the Gen Z population across Indonesia, comprising individuals aged 18–27 years. This age range was chosen because Gen Z is defined as the generation born between 1997 and 2013 ([Dimock, 2019](#)). The inclusion criteria for participants are workers who have been under direct supervision for at least one year. This criterion guarantees that participants have enough knowledge, experience, and engagement with their leaders and the culture of the company ([Putri et al., 2025](#)). To obtain representative data, a convenience sampling technique was used. Convenience sampling was selected due to ease of access to participants and efficiency in data collection. This study utilized data from 314 respondents, in accordance with recommendations that the adequate sample size for structural equation modeling (SEM) ranges from 200 to 400. Data collection was carried out by distributing survey questionnaires to workers meeting the participant criteria. The questionnaires were distributed online through social media platforms and professional networks widely used by Gen Z.

To ensure data quality, each participant was asked to complete the questionnaire after receiving a brief explanation of the study's objectives. The questionnaire was divided into six main sections: introduction, consent form, demographics, Section 1 (principal ethical climate, self-interest ethical climate, and caring ethical climate instruments), Section 2 (turnover intention, transformational leadership, and servant leadership instruments), and conclusion. The completed questionnaires were collected and stored anonymously to protect participants' privacy and adhere to research ethics principles. Participants were also informed that their data would only be used for academic research purposes and kept confidential, as modified from [Saleh et al. \(2022\)](#). Data collection was conducted online through social media distribution. As an appreciation, a total of IDR 400,000 in digital money was awarded to 20 lucky respondents through a lottery system.

Research Design

This study was conducted using a cross-sectional design with self-reported instrument completion. The cross-sectional design was chosen for its efficiency in collecting data from a large number of participants in a relatively short period, making it suitable for exploring the relationships between the studied variables. The instrument was completed through a self-report system, where participants provided answers based on their personal perceptions of leadership and ethical climate in the workplace. Participants were expected to complete the questionnaire within the specified timeframe without intervention from the researchers, as the self-report system allowed participants to respond freely based on their own perceptions and experiences. During the data collection process, the researchers monitored the number of participants who completed the questionnaire and ensured that the data met the research criteria. Participants who did not meet the age or work experience criteria were excluded from data analysis.

Once data collection was complete, the data were analyzed using structural equation modeling (SEM) with the help of RStudio software to verify the measurement model and the relationships between the proposed variables. SEM was chosen for its ability to evaluate the relationships among latent variables simultaneously, aligning with the study's objective to understand the mediating effect of self-interest ethical climate in the relationship between transformational leadership and turnover intention. This analysis also allowed the researchers to explore correlations between independent, dependent, and mediator variables comprehensively. The collected data were processed and checked to ensure no missing or invalid data. Questionnaires that were incomplete or invalid were excluded from the analysis. The remaining data were then analyzed to test the hypotheses proposed in this study.

Measurement Instruments

This study measured five main variables: transformational leadership, servant leadership, caring ethical climate, self-interest ethical climate, and turnover intention.

Transformational leadership was measured using the Global Transformational Leadership scale containing seven items ([Carless et al., 2000](#)). This scale was adapted from previous studies and achieved a Cronbach's alpha reliability score of .87. Participants were asked to respond through a self-report survey using a six-point Likert scale, ranging from 1 (very rarely or never) to 6 (very often or always). An example item from this instrument is: "My team leader instills a sense of pride and respect in others and inspires me to be competent." This scale aims to assess the extent to which the leader fosters trust and collaboration within the team, which are hallmarks of transformational leadership ([Carless et al., 2000](#)).

Servant leadership was measured using an adaptation of the SLBS-6 scale by [Sendjaya et al. \(2019\)](#). This scale was chosen because it has been previously used to measure servant leadership in the Indonesian context. The scale has an internal reliability score (Cronbach's alpha) of .80. The six-item scale uses a six-point Likert scale, ranging from 1 (strongly disagree) to 6 (strongly agree). An example item is: "My leader uses power to serve others, not for their own ambition." The Cronbach's alpha value for the servant leadership scale after translation and adaptation is .868.

Caring ethical climate was measured using the ethical climate scale by [Cullen et al. \(1993\)](#), which contains six items. The scale was adapted and achieved a Cronbach's alpha reliability score of .74. Participants were asked to respond through a self-report survey using a six-point Likert scale, ranging from 1 (very untrue) to 6 (very true). An example item from this instrument is: "In this company, people look out for one another for the common good." This measurement aims to assess the extent to which employees perceive that their workplace fosters collective ethical care and responsibility ([Cullen et al., 1993](#)).

Self-interest ethical climate was measured using the ECQ scale ([Cullen et al., 1993](#)), which consists of four items. All items in this scale were rated using a six-point Likert scale, ranging from 1 (very untrue) to 6 (very true). The scale was adapted and achieved a Cronbach's alpha reliability score of .82. Example items include: "In this company, most people put their own interests first" and "In this company, people prioritize their own interests above all else." By measuring self-interest ethical climate, this study aims to understand the extent to which a self-centered ethical climate influences employees' behavior and decisions within the organization ([Cullen et al., 1993](#)).

Turnover intention was measured using the TIS-6 scale (Turnover Intention Scale-6) containing six items ([Bothma & Roodt, 2013](#)). The scale was adapted and resulted in five items with a Cronbach's alpha reliability score of .73. Participants were asked to respond through a self-report survey using a six-point Likert scale, ranging from 1 (very rarely or never) to 6 (very often or always). An example item from this instrument is: "I am considering leaving my job." This measurement aims to assess the extent of employees' intention to leave their jobs and the factors that may influence it ([Bothma & Roodt, 2013](#)).

Results

Differences in Variables Based on Demographic Characteristics

The respondents in this study consisted of 314 individuals, with 195 females (62.1%) and 119 males (37.8%) within the Gen Z age range of 19 to 27 years. Analysis of the variables revealed significant differences based on several factors. Gender had a significant relationship with turnover intention, where females had lower turnover intention compared to males ($\beta = -1.84$, $p < .05$, $SE = .55$). Allowance ($\beta = .89$, $p > .05$, $SE = .63$) showed no significant relationship with turnover intention. However, marital status showed a significant relationship, where married respondents had lower turnover intention compared to unmarried respondents ($\beta = -2.41$, $p < .05$, $SE = .50$). Meanwhile, residence (whether living with family or not) showed a significant relationship with turnover intention ($\beta = 1.87$, $p < .05$, $SE = .85$).

Table 1. Demographic Characteristics of Participants

Characteristic	Frequency	Percentage
Gender		
Female	195	62.1%
Male	119	37.9%
Marital Status		
Unmarried	131	41.7%
Married	180	57.3%
Divorced (Living)	2	.6%
Divorced (Deceased)	1	.3%
Age (in year)		
Mean	25.05	
Standard Deviation (SD)	1.85	
Minimum	19	
Maximum	27	

Table 2. Frequency Distribution of Control Variable

Variable	Category	Frequency	Percentage (%)
Allowance	Yes	79	25.2
	No	235	74.8
Living with Family	Yes	280	89.2
	No	34	10.8
Benefit Increase	Yes	281	89.8
	No	33	10.2
Benefit Alignment	Yes	255	81.2
	No	59	18.8

Table 3. Means, Standard Deviations, and Correlations between Variables

Variable	1	2	3	4	5	6	7	8	9	10	11	12
1. Servant Leadership	1											
2. Transform Leadership	.85	1										
3. Caring EC	.59***	.63***	1									
4. Self-Interest EC	-.45***	-.44***	-.23***	1								
5. Turnover Intention	-.57***	-.55***	-.3***	.63***	1							
6. Allowance	-.04	-.03	-.12*	-.24***	-.18**	1						
7. Living with Family	-.05	-.08	-.03	.03	-.05	.15**	1					
8. Benefit Increase	-.28***	-.29***	-.23***	.12*	.17**	.08	.01	1				
9. Benefit Alignment	.41***	-.40***	-.27***	.2***	.31	.09	-.01	.37***	1			
10. Marital Status	.09	.03	.01	-.12*	-.25	.04	-.04	-.13*	-.02	1		
11. Gender	.16***	.19***	.04	-.09	-.22***	.16**	.002	.01	.08	.01	1	
12. Age	.09	.07	-.02	-.08	-.20	.13	-.11	-.06	.04	.45	.12	1
M	5.26	5.20	5.07	2.77	2.61	1.75	1.19	1.1	1.19	.6	1.4	25.04
SD	.88	.91	.85	1.65	1.19	.43	.31	.31	0.39	.52	.48	1.85

Note. N = 314. M: mean; SD: standard deviation; TL (transformational leadership), SL (servant leadership), CEC (TI (turnover intention), CEC (caring ethical climate), SEC (Self-interest Ethical Climate) (1 = Never; 6 = Always) ; Gender (female = 1, male = 2); Allowance, Lives with family, Potential in benefit increase, Benefits received are enough (Yes = 1, No = 2); Marital Status (Single = 0; Married = 1; Separated (living) = 2; Widowed = 3). * p < .05. ** p < .01. *** p < .001 (one-tailed). Note. N = 314. M: mean; SD: standard deviation. * p < .05. ** p < .01. *** p < .001 (2-tailed).

A Structural Equation Modeling (SEM) analysis was subsequently conducted to test the model, where servant leadership and transformational leadership predict caring and self-interest ethical climate, which in turn predict turnover intention. The findings showed satisfactory fit indices, χ^2 (df = 1), $p = .105$; CFI = .996; TLI = .968; RMSEA = .072; SRMR = .018.

The findings from Table 3 highlight the unique characteristics of Gen Z in the workplace. The average age of participants is 25 years ($M = 25.04$), indicating that they are in the early stages of their professional careers. Financial independence is also reflected in the data, as the majority of participants no longer receive pocket money from their families ($M = 1.75$), making salary and job benefits increasingly important. The fact that the majority are married ($M = .6$) further emphasizes the need for financial stability, particularly in the form of adequate benefits to support their family needs.

In terms of rewards, most participants believe they have the potential for a benefit increase ($M = 1.10$) and feel that the benefits they receive align with the workload they handle ($M = 1.19$). This suggests that companies have met employee expectations regarding material rewards, which is one reason for the low turnover intention ($M = 2.61$). The combination of potential salary increases, appropriate benefits, and the demand for financial independence creates a reluctance to resign. These demographic factors illustrate how material rewards, especially benefits and opportunities for salary increases, play a key role in reducing turnover intention among Gen Z, particularly for those who need financial independence and have family responsibilities.

Leadership, Ethical Climate, and Turnover Intention

The analysis results showed that transformational leadership had a significant positive relationship with a caring ethical climate ($\beta = .42$, $p < .05$, $SE = .07$), supporting hypothesis H1a. This indicates that transformational leadership tends to enhance perceptions of a caring ethical climate in the workplace. Conversely, transformational leadership had a significant negative relationship with a self-interest ethical climate ($\beta = -.36$, $p < .05$, $SE = .17$), supporting hypothesis H1b. This suggests that transformational leadership can reduce perceptions of a workplace climate focused on self-interest.

Servant leadership showed a significant positive relationship with a caring ethical climate ($\beta = .20$, $p < .05$, $SE = .08$), supporting hypothesis H2a. This result reinforces the idea that a leadership style oriented toward serving others strengthens a caring ethical climate. Conversely, servant leadership was negatively correlated with a self-interest ethical climate ($\beta = -.52$, $p < .05$, $SE = .18$), supporting hypothesis H2b. Leadership focused on serving others effectively reduces perceptions of a self-interest-oriented workplace climate.

In terms of the company's ethical climate, the results showed that a caring ethical climate had no significant relationship with turnover intention ($\beta = .09$, $p > .05$, $SE = .07$). Thus, hypothesis H3a was not supported in this study. In contrast, a self-interest ethical climate showed a significant positive relationship with turnover intention ($\beta = .33$, $p < .05$, $SE = .03$), supporting hypothesis H3b. This indicates that a workplace climate focused on self-interest tends to increase the intention to leave the organization.

Table 4. Hypothesis Analysis

Relationship	β (Estimate)	SE	z- value	P- value	Conclusion
Transformational Leadership → Caring Ethical Climate	.42	.07	5.40	.000	Significantly positive, supporting H1a
Transformational Leadership → Self-Interest Ethical Climate	-.36	.17	-2.08	.037	Negatively significant, supports H1b
Servant Leadership → Caring Ethical Climate	.20	.08	2.45	.014	Significantly positive, supports H2a
Servant Leadership → Self- Interest Ethical Climate	-.52	.18	-2.87	.004	Negatively significant, supports H2b
Caring Ethical Climate → Turnover Intention	.09	.07	1.28	.202	Not significant, H3a not supported
Self-Interest Ethical Climate → Turnover Intention	.33	.03	10.36	.000	Significantly positive, supports H3b

Mediation analysis showed that a caring ethical climate did not mediate the relationship between servant leadership and turnover intention ($\beta = .01$, $p > .05$, $SE = .01$) nor between transformational leadership and turnover intention ($\beta = .03$, $p > .05$, $SE = .03$), so hypothesis H4a was not supported. Conversely, the results showed that a self-interest ethical climate significantly mediated the relationship between transformational leadership and turnover intention ($\beta = -.12$, $p < .05$, $SE = .05$) as well as between servant leadership and turnover intention ($\beta = -.17$, $p < .05$, $SE = .06$), supporting hypothesis H4b. These findings indicate that a self-interest ethical climate plays an important role in explaining the influence of leadership styles on turnover intention.

Table 5. Mediation Relationship

mediation relationship	β (Estimate)	SE	z- value	P- value	Conclusion
Transformational Leadership → Caring Ethical Climate → Turnover Intention	.03	.03	1.24	.214	Not significant, H4a not supported
Transformational Leadership → Self-Interest Ethical Climate → Turnover Intention	-.12	.05	-2.04	.041	Negatively significant, supports H4b
Servant Leadership → Caring Ethical Climate → Turnover Intention	.01	.01	1.13	.258	Not significant, H4a not supported
Servant Leadership → Self-Interest Ethical Climate → Turnover Intention	-.17	.06	-2.77	.006	Negatively significant, supports H4b
Servant Leadership → Self-Interest Ethical Climate → Turnover Intention	-.17	.06	-2.77	.006	Negatively significant, supports H4b

This study supports most of the hypotheses regarding the relationship between leadership styles (transformational and servant leadership) and ethical climate (caring and self-interest). However, a caring

ethical climate did not show a significant relationship with turnover intention and did not mediate the relationship between leadership styles and turnover intention. On the other hand, a self-interest ethical climate showed a strong positive relationship with turnover intention and served as a significant mediator, indicating that a focus on self-interest in the workplace can amplify the impact of leadership styles on turnover intention. These findings highlight the importance of managing a self-interest ethical climate to reduce turnover intention.

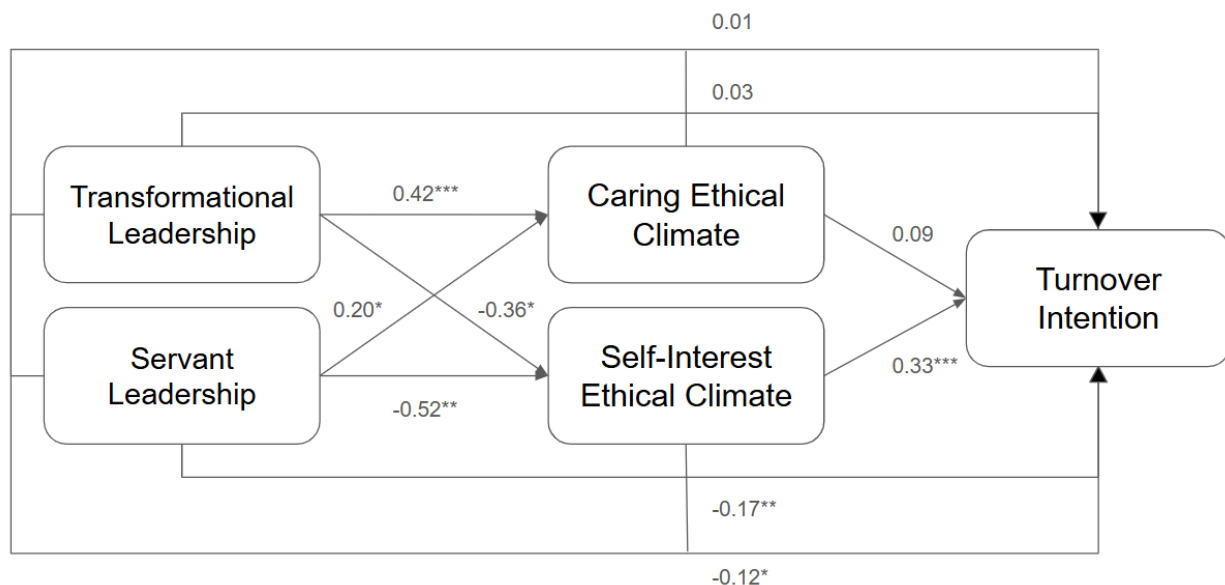


Figure 1. Research Model and Path Analysis

Discussion

This study highlights the significant role of leadership styles in shaping an organization's ethical climate. In line with Social Learning Theory (Bandura, 1977), the presence of servant and transformational leaders serves as a model for organizational members to move away from self-centered behavior and instead prioritize the needs of others and the goals of the organization (Sendjaya et al., 2015; Sagnak, 2010). In the current study, transformational leadership exerted a stronger influence on fostering a caring ethical climate compared to servant leadership. On the other hand, servant leadership had a more substantial effect in reducing a self-interest ethical climate. These findings extend previous theories suggesting that different leadership styles can give rise to different forms of organizational ethics (Grojean et al., 2004).

Consistent with the findings of Joe et al. (2018) and Nadia et al. (2025), a high self-interest ethical climate (SIEC) is associated with an increased turnover intention among Generation Z employees. However, diverging from Joe et al. (2018), the present findings reveal that a caring ethical climate does not exert a significant influence on turnover intention ($\beta = .09$, ns). This suggests that collective values and interpersonal concern alone may be insufficient to deter Gen Z employees from considering organizational exit. This highlights a critical gap in the literature, which often places disproportionate emphasis on the universal value of a caring climate (e.g. Barattuci et al., 2021; Joe et al., 2018) without adequately accounting for generational differences.

Moreover, aligning with Barattuci et al. (2021) and Nadia et al. (2025), the current study confirms that SIEC mediates the relationship between leadership style and turnover intention. This implies that employees' ethical perceptions—particularly those emphasizing personal gain—serve as a key explanatory mechanism through which leadership influences intentions to leave. The effectiveness of servant and transformational leadership may lie not merely in cultivating a caring environment, but more critically, in mitigating perceptions of a self-serving or overly competitive organizational climate.

In contrast, the caring ethical climate does not show a significant effect or mediating role on turnover intention among Gen Z employees in this study, aligning with studies from [Nabila, et al. \(2025\)](#) and [Putri et al. \(2025\)](#). This finding may be explained by generational characteristics unique to Gen Z. Compared to previous generations, Gen Z tends to value individualism, autonomy, and flexibility in how to learn, communicate, and work. According to [Pichler et al., \(2021\)](#), Gen Z prefers independent learning styles and often exhibits a strong desire for personalization and self-direction in the workplace. as a result, ethical climates that emphasise communal support may be less effective in influencing Gen Z's turnover decisions, especially when their career motivations are more centered on personal growth, achievement, and self-fulfillment. These insights suggest that ethical climate interventions targeted at Gen Z may need to be reframed to align more closely with their values and expectations.

Building upon prior research on the impact of leadership on ethical climate and turnover intention ([Putri et al., 2025](#); [Nabila et al., 2025](#); [Nadia et al., 2025](#)), this study compares the effectiveness of two leadership styles in shaping the ethical climate. Transformational leadership was found to be more effective in fostering a caring ethical climate, whereas servant leadership exerted a stronger influence in reducing a self-interest ethical climate. However, given that the self-interest ethical climate significantly predicts turnover intention among Generation Z, servant leadership emerges as a stronger predictor of turnover intention in this generational cohort compared to transformational leadership.

While fostering a caring ethical climate may not significantly influence turnover intention, organizations can strategically focus on providing a fair benefit increase to the employees. By addressing both leadership styles and material rewards, companies can create a holistic approach to reduce turnover intention among Gen Z employees, balancing organizational culture with practical, tangible incentives.

Implications

Based on this study, the following implications are proposed for organizations. First, organizations should prioritize servant leadership in their Gen Z talent retention strategies. It is recommended that organizations invest in the development of servant leaders who are humble, supportive, and focused on employee well-being, as a key strategy for reducing turnover among younger employees. Second, organizations need to be aware of overly competitive cultures. A self-interest ethical climate can arise not only from organizational policies but also from managerial behavior. Human Resource departments should conduct cultural audits to monitor and prevent the emergence of such a climate in the workplace. Third, organizations should move beyond the normative assumption that “a caring climate necessarily reduces turnover.” For Gen Z employees, what is more important is the assurance that the organization does not foster an egoistic, psychologically draining competitive environment. This implies that leadership development programs should not only focus on building empathy, but also on designing fair, transparent work structures that do not trigger a survival mindset among employees.

Research Limitations

This study has several limitations that should be considered when interpreting the results and designing future research. First, the cross-sectional design limits the ability to draw causal conclusions between independent, mediator, and dependent variables. The study only captures the relationship between variables at a specific point in time, making it difficult to confirm whether changes in transformational or servant leadership genuinely cause changes in turnover intention.

Second, the use of convenience sampling may introduce bias in participant representation. The sample, collected through social media platforms and professional networks, may not fully represent the working Gen Z population in Indonesia. For instance, individuals who are less active on social media or have limited access to digital technology might have been excluded. Future studies could consider employing stratified random sampling to ensure diversity in participants across demographics, job types, and geographic regions.

Third, the self-report method used in the questionnaires may lead to social desirability bias, where participants provide socially acceptable responses rather than their true feelings. This could affect data accuracy, particularly in measuring workplace leadership and ethical climate dimensions. To mitigate this limitation, future research could incorporate data from alternative sources, such as third-party assessments or direct observations.

Recommendations for Future Research

Future studies are encouraged to broaden the scope by exploring additional variables that might influence the relationship between transformational and servant leadership, ethical climate, and turnover intention. For instance, factors like work-life balance, job satisfaction, perceived organizational support, and other leadership styles such as authoritarian leadership could provide further insights into the dynamics underlying Gen Z employees' decisions to stay or leave their organizations. A multivariate approach in future research will enhance the understanding of the working context for younger generations.

While this study used a cross-sectional design for short-term data collection, a longitudinal approach could offer a better alternative for understanding the causal relationships between variables. By observing over time, researchers can identify how leadership styles dynamically affect turnover intention.

Additionally, this study relied on quantitative data collected through self-reported questionnaires. This method is limited in capturing the nuances and complexities of participants' experiences. Qualitative methods, such as interviews or case studies, could complement these findings by providing in-depth insights into Gen Z's workplace experiences.

Furthermore, the influence of cultural context and organizational characteristics on the relationships between variables is worth exploring. Gen Z is a highly heterogeneous group. Future research could consider contextual factors such as industry sector, geographic location, company size, and organizational culture. Different organizational cultures or specific industries may have unique ethical climates and leadership patterns that could influence the study's results. For instance, are certain leadership styles more effective in the tech sector than in manufacturing? How does the geographic location of a company impact its ethical climate? Comparative studies across sectors could provide richer insights.

This study focused on Gen Z in Indonesia. Future research could expand internationally to compare the dynamics of leadership, ethical climate, and turnover intention across countries. Cross-generational or cross-cultural studies could help determine whether these findings are universally applicable or context-specific. For instance, how does the relationship between transformational leadership and turnover intention in Gen Z compare with that in Millennials? Do cultural factors influence perceptions of ethical climate and leadership styles?

Beyond the self-interest ethical climate, future studies could explore the role of other mediating or moderating variables, such as employee engagement, job satisfaction, or trust in leadership. This could enhance the understanding of mechanisms linking leadership styles to turnover intention. Future research might also develop practical interventions to reduce turnover intention. For instance, how can leadership training programs enhance transformational leadership effectiveness? How can organizations create a more inclusive ethical climate to reduce turnover intention?

Moreover, this study emphasized transformational and servant leadership. Future research could investigate other leadership styles, such as authoritarian or laissez-faire leadership, to understand their influence on turnover intention.

Despite its limitations, this study offers an initial perspective on how leadership styles and ethical climates impact turnover intention among Gen Z workers in Indonesia. Addressing these limitations in future research is expected to strengthen the findings and contribute more significantly to the

development of human resource management theories and practices, particularly concerning younger generations.

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