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Engaging Gen Z in West Kalimantan: Inclusive Leadership, Psychological Safety, and Career Development

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A B S T R A C T

The entrance of Generation Z into the workforce creates new employee engagement challenges, particularly with leadership and development, psychological safety, and career. While evidence in Indonesian contexts is still limited, this study explores the effect of inclusive leadership on work engagement of Generation Z employees in West Kalimantan. It also explores psychological safety and career development as mediating and moderating roles, respectively. This study uses Social Exchange and Job Demands-Resources theories. It employs a quantitative explanatory research design and a population of 300 Generation Z employees. Data are collected using an online questionnaire and analyzed using PLS-SEM. The results indicate that inclusive leadership has a positive effect on work engagement and psychological safety. Psychological safety has a positive effect on work engagement. Psychological safety mediates the relationship between inclusive leadership and work engagement. Career development has no moderating effect on the relationship between psychological safety and work engagement. The model explains 63.8% of the work engagement variance. Managers and supervisors should be trained to be more active listeners, to welcome all feedback and ideas, and to behave in a more supportive manner to employees taking innovation risks. Management should also strengthen existing processes to promote use of critical feedback as a learning opportunity. Additionally, to improve engagement with Gen Z employees, management should provide greater flexibility for employees to communicate in their preferred ways as well as recognize their efforts for their daily contributions in an open, collaborative workplace.

KATA KUNCI

Kepemimpinan Inklusif, Generasi Z, Keterlibatan Kerja, Rasa Aman Psikologis, Pengembangan Karier

A B S T R A K

Masuknya Generasi Z ke dunia kerja menimbulkan tantangan baru bagi keterlibatan karyawan, terutama terkait kepemimpinan dan pengembangan, rasa aman psikologis, serta karier. Meskipun bukti dari konteks Indonesia masih terbatas, penelitian ini mengkaji pengaruh kepemimpinan inklusif terhadap keterlibatan kerja karyawan Generasi Z di Kalimantan Barat. Penelitian ini juga menelaah rasa aman psikologis dan pengembangan karier, masing-masing sebagai mediator dan moderator. Penelitian ini menggunakan Teori Pertukaran Sosial dan Teori Tuntutan-Sumber Daya Pekerjaan. Desain yang digunakan adalah penelitian kuantitatif eksplanatori dengan populasi 300 karyawan Generasi Z. Data dikumpulkan melalui kuesioner daring dan dianalisis menggunakan PLS-SEM. Hasil penelitian menunjukkan bahwa kepemimpinan inklusif berpengaruh positif terhadap keterlibatan kerja dan rasa aman psikologis. Rasa aman psikologis berpengaruh positif terhadap keterlibatan kerja. Rasa aman psikologis memediasi hubungan antara kepemimpinan inklusif dan keterlibatan kerja. Pengembangan karier tidak memoderasi hubungan antara rasa aman psikologis dan keterlibatan kerja. Model menjelaskan 63,8% varians keterlibatan kerja. Manajer dan atasan perlu dilatih untuk menjadi pendengar yang lebih aktif, menerima semua masukan dan gagasan, serta bersikap lebih suportif terhadap karyawan yang berani mengambil risiko inovasi. Manajemen juga perlu memperkuat proses yang ada untuk mendorong pemanfaatan umpan balik kritis sebagai kesempatan belajar. Selain itu, untuk meningkatkan keterlibatan karyawan Generasi Z, manajemen sebaiknya memberikan fleksibilitas yang lebih besar bagi karyawan untuk berkomunikasi dengan cara yang mereka sukai serta menghargai upaya mereka atas kontribusi sehari-hari dalam lingkungan kerja yang terbuka dan kolaboratif.

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1. Introduction

Organizations are increasingly managing a workforce characterized by generational diversity, rapid technological change and varied expectations around work and career. One emerging workforce group has gained significant attention with the entry of its members into the workforce with digital, technological and work/career facilitation and integration orientations. Within Indonesia, the importance of Generation Z is

warranted as the 2020 Population Census classified people born between 1997-2012 as Generation Z, and this Generation represented 27.94% of the total population of Indonesia [1].

Generation Z is also significantly important at the regional level. The 2020 Census in West Kalimantan recorded 1,521,612 members of Generation Z (783,558 males and 738,054 females). The province's total population at the time of the Census was 5,414,125 [1]. As members of this Generation continue to enter the labor force, organizations in West Kalimantan must understand leadership and organizational practices that will help members of this Generation to be psychologically involved and/or engaged at work.

Work engagement, an important and positive work-related psychological state, represents a positive state of an individual at work, characterized by passion (or energy) and/or dedication, and/or absorption and is an important goal for any organization [2]. Employees who are engaged at work, provide positive and ongoing contributions to their organizations and society at large [3]. Therefore, for human resource management, the importance of work engagement is understood for the retention and/or improvement of productivity, innovation and overall organizational effectiveness.

Leadership is one potentially important organizational condition. The younger and more diverse workforce may be looking for something different in a leader than what traditional hierarchical approaches provide. Inclusive leadership is open, accessible, available, participative, and recognizes employees' contributions and behavior that supports the aforementioned aspects. inclusion is meeting employees' needs for belongingness and uniqueness, and inclusive leadership is behavior that allows employees to experience belonging and be themselves [4], [5].

It appears that leadership style should be inclusive in order to better respond to the needs of Generation Z. Younger employees typically welcome opportunities to be heard, to give and receive feedback, participate in making decisions that affect them, and be developed. It is also important to differentiate and respond to Generation Z employees' unique needs. Some employees may be more comfortable working at a surface level while others may work more deeply [4], [5].

Inclusive leadership styles may, however, not change employees' engagement levels directly. It is likely that a major factor is psychology safety [6]. If employees believe that it is safe to take interpersonal risks at work, then they are likely to be more willing to invest themselves to work [7]. This may especially be the case if they know that expressing their opinions or suggestions to improve will not result in embarrassment. Also, if employees believe that they can make mistakes or ask questions and receive help if they do not fully understand something, they may be willing to take that risk.

Leaders must be open and accessible to employees. Inclusive leadership incorporates and practices psychological safety [7], [8]. Psychologically safe environments, in turn, enabled employee involvement in creative work, particularly when coupled with inclusive leadership [9]. Psychological safety mediated the relationship between inclusive leadership and work engagement [3], [10].

Psychological safety, however, may not fully explain Generation Z's engagement at work. Career development may be an additional aspect of the organizational environment. Career development encompasses the organizational and individual level processes aimed at staff members' career growth, development, and advancement. Employees appreciate career development opportunities, and view career development processes as an employer's investment in their future.

There are positive relationships between career development and work engagement; research has shown supervisory support for career development and work engagement, and included work engagement in a wider model for career outcomes [11]. Similar outcomes have been shown in Indonesian research [12]. More recently, research has assessed the relationship between work engagement and the career growth provided by the organization and has adopted a moderated-mediation approach [13].

This means career development could be interpreted as a boundary condition for how psychological safety is shown in engagement. For example, an employee may be psychologically safe to share his or her ideas and fully participate at work, but if he or she sees the organization as providing meaningful opportunities for career development, this may be an even stronger reason for the employee to remain psychologically connected to the organization and provide the effort required to stay engaged at work.

Though research on Generation Z, inclusive leadership, and employee engagement is growing, several gaps remain. For one, most of the studies have been conducted in countries and organizational environments outside of West Kalimantan. Second, there is limited research that integrates inclusive leadership, psychological safety, and career development into a unified model for Generation Z. Last, career development has predominantly been studied as a direct predictor or mediator of psychological safety and work engagement rather than as a moderator.

Given these gaps, the following research question has been formulated to answer this following question. How does inclusive leadership impact work engagement of Generation Z employees through psychological safety, and does career development strengthen this

relationship, in the context of West Kalimantan? This research aims to examine the direct impact of inclusive leadership on work engagement of Generation Z employees, explore the mediating role of psychological safety, and examine if perceived career development moderates the relationship between psychological safety and work engagement of Generation Z employees in West Kalimantan.

2. Research Method

2.1. Research Design

This study adopts a quantitative explanatory research design. The objective is to examine the relationships among inclusive leadership, psychological safety, career development, and work engagement among Generation Z employees in West Kalimantan. Data were collected between January 2026 and April, 2026 using online questionnaires distributed to 300 Generation Z employees working in various sectors in West Kalimantan, Indonesia.

A cross-sectional survey design is proposed.

2.2. Population and Sample

The target population consists of Generation Z employees working in organizations located in West Kalimantan. Following the BPS classification, Generation Z refers to individuals born between 1997 and 2012 [1]. Therefore, employee respondents should preferably be limited to individuals born between 1997 and 2012, are employed, have worked in their present organization for a minimum period of time (preferably 6 months), have a direct supervisor or an organizational leader, work in West Kalimantan, and are willing to participate. A sample of approximately 250–400 respondents would provide a practical basis for PLS-SEM [14], although the final minimum sample should be determined using a formal statistical power analysis rather than relying solely on a rule of thumb [15].

2.3. Sampling Technique

Because a comprehensive sampling frame of Generation Z employees across West Kalimantan may not be available, purposive sampling can be employed. Respondents may be recruited from private companies, government-related organizations, education institutions, financial services, retail, hospitality, manufacturing, technology/digital businesses, healthcare, SMEs, and other formal organizations. Including multiple sectors would increase the contextual diversity of the sample.

2.4. Measurement of Variables

A five-point Likert scale can be employed, where 1=Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, and 5 = Strongly Agree. All proposed measurement construct details can be seen on Table 1.

Table 1. Proposed Measurement Constructs

Variable	Conceptual Definition	Dimensions
Inclusive Leadership	Leader behaviors that facilitate participation, openness, accessibility, and recognition [4], [9].	Openness, Accessibility, Participation, Recognition, Availability
Psychological Safety	Employee perception that interpersonal risk-taking is safe [6].	Expressing Opinions, Asking Questions, Admitting Mistakes, Respect for Different Opinions, Raising Concerns, Interpersonal Risk-Taking
Work Engagement	Positive work-related state characterized by vigor, dedication, and absorption [2], [16]	Vigor, Dedication, Absorption
Career Development	Employee perception of opportunities for learning, growth, and career advancement [11].	Career Development Opportunities, Skill Development, Training Opportunities, Career Awareness, Organizational Support, Career Advancement

2.5. Data Analysis

PLS-SEM allows analysis of the proposed model and should occur in five steps [14]. Step 1 will include a descriptive analysis which will include demographic information of respondents such as age, gender, education, industry, organizational tenure, employment status, position, organizational size, district/city in West Kalimantan. Step 2 will evaluate the measurement model and include indicator loadings, Cronbach's alpha, composite reliability, convergent validity, Average Variance Extracted (AVE), and discriminant validity. Step 3 will analyze the structural model and include path coefficients, t-values, confidence intervals, and p-values; and assess the explanatory and predictive power of the model. Step 4 will conduct a mediation analysis and test the inclusion of the variable of interest, which will be the relationship between Inclusive Leadership and Psychological Safety and their influence on Work Engagement [8]. Indirect effects will be estimated using bootstrapping [17]. Step 5 will analyze the moderation effect and test the influence of Psychological Safety and Career Development and their influence on Work Engagement. The research will analyze the interaction term to see if Career Development lessened the association between Psychological Safety and Work Engagement.

3. Result and Discussion

Table 2 presents the demographic information and characteristics of 300 respondents of the study on inclusive leadership and work engagement of Generation Z in West Kalimantan. Of the respondents, 114 (38.0%) were born between 1997 and 2000, 110 (36.7%) between 2001 and 2004, 63 (21.0%) between 2005 and 2008, and the 13 (4.3%) remaining respondents between 2009 and 2012. The remaining

respondents were born before 1997. It can be seen that the majority of the research participants are members of Generation Z who are entering the workforce for the first time. The early-career young workers dominate the sample.

Table 2. Respondent Profile Breakdown (N=300)

Profile	Category	Frequency (n)	Percentage (%)
Age Group	1997 - 2000	114	38.0
	2001 - 2004	110	36.7
	2005 - 2008	63	21.0
	2009 - 2012	13	4.3
Gender	Male	128	42.7
	Female	149	49.7
	Prefer not to say	23	7.7
Work Location	Pontianak	147	49.0
	Singkawang	50	16.7
	Kubu Raya	41	13.7
	Sambas	23	7.7
	Ketapang	25	8.3
	Other West Kalimantan	14	4.7
Tenure in Org	6 - 12 months	116	38.7
	1 - 2 years	112	37.3
	> 2 years	72	24.0

In terms of gender, the slightly greater number of respondents were women at 149 (49.7%), compared to men at 128 (42.7%), with the remaining 23 (7.7%) respondents either not stating their gender. It can be seen that the number of respondents is fairly equally distributed between men and women. In terms of location of work, the respondents' locations cover most of the areas within West Kalimantan. The highest concentration of respondents is in Pontianak City at 147 (49.0%), followed by Singkawang City at 50 (16.7%), Kubu Raya Regency at 41 (13.7%), Ketapang at 25 (8.3%), Sambas at 23 (7.7%), and other regions of West Kalimantan at 14 (4.7%).

Table 2 also groups respondents by how long they've worked in their current organization, and most people (116; 38.7%) have worked in their organizations for 6 to 12 months. Respondents who have worked in their organizations for 1 to 2 years (112; 37.3%) came next, and people who have worked in their organizations for more than 2 years (72; 24.0%) came last. Respondents who have worked for their organizations for 6 to 12 months (or 1 to 2 years) are likely young and/or recent workers. The results of this study regarding inclusive leadership and psychological safety, as well as career development and work engagement, should illuminate how these factors help to retain the respondents as well as describe why they are not engaged in their work.

Based on Table 3, analysis of the Inclusive Leadership Construct (IL1-IL6) reveals that all items yielded very high mean scores ranging between 3.80 and 3.83, with standard deviations ranging between 0.77 and 0.85. IL1 and IL2 yielded the highest mean scores of 3.83. IL1 explores supervisors' openness to new ideas, and IL2 explores supervisors' approachability when employees seek help. Generally, these findings suggest that the leaders in the work environments of the study participants are perceived as being highly accommodating and approachable, and therefore, open to participation by their employees.

Table 3. Construct Item Descriptive Statistics

Construct Item	Item Description	Mean Score	Std. Deviation	Min	Max
	Construct Inclusive Leadership				
IL1	My supervisor is open to new ideas	3.83	0.77	2	5
IL2	My supervisor is accessible when I need assistance	3.83	0.79	2	5
IL3	My supervisor listens to different opinions	3.80	0.82	1	5
IL4	My supervisor encourages employees to participate in discussions	3.83	0.82	2	5
IL5	My supervisor values my contribution	3.81	0.85	1	5
IL6	My supervisor is available when employees need support	3.80	0.81	2	5
	Construct Psychological Safety				
PS1	I feel safe expressing my opinions at work	3.70	0.78	2	5
PS2	I can ask questions without fear of negative consequences	3.78	0.75	2	5
PS3	I can admit mistakes without being humiliated	3.73	0.82	2	5
PS4	People in my workplace are willing to listen to different opinions	3.76	0.82	2	5
PS5	I feel comfortable raising problems or concerns	3.72	0.77	2	5
PS6	It is safe to take interpersonal risks in my work environment	3.65	0.82	2	5
	Construct Career Development				
CD1	My organization provides opportunities for career development	3.62	0.73	2	5
CD2	I receive opportunities to develop new skills	3.61	0.76	2	5
CD3	I have opportunities to participate in training relevant to my career	3.61	0.78	1	5
CD4	I understand the possible career opportunities available to me	3.57	0.78	2	5
CD5	My organization supports my professional growth	3.65	0.78	1	5
CD6	I have opportunities to advance my career in this organization	3.61	0.76	2	5
	Construct Work Engagement				
WE_VIG1	I feel energetic at work (Vigor)	3.87	0.78	1	5
WE_VIG2	I feel strong and vigorous when working (Vigor)	3.83	0.81	2	5
WE_DED1	I am enthusiastic about my work (Dedication)	3.87	0.74	2	5
WE_DED2	I find my work meaningful (Dedication)	3.87	0.78	2	5
WE_ABS1	I am immersed in my work (Absorption)	3.85	0.76	2	5
WE_ABS2	I become fully concentrated when working (Absorption)	3.84	0.77	2	5

This favorable leadership perception serves positively to influence the high levels of Work Engagement assessed by the dimensions of vigor, dedication and absorption (WE_VIG1 to WE_ABS2). Generally, the mean scores of the Work Engagement Construct ranged from 3.83 to 3.87. The items assessing the presence of energy and enthusiasm at work (WE_VIG1) as well as the feeling of meaningfulness at work (WE_DED2) and dedication (WE_DED1), yielded the highest mean scores of 3.87. This shows that employees in the region of interest are highly emotionally engaged, enthusiastic and concentrated when performing their work-related duties.

The descriptive statistics for Psychological Safety (PS1-PS6) and Career Development (CD1-CD6) indicate a slightly more moderate evaluation pattern. For Psychological Safety, respondents felt most positively (3.78) about being able to express their views and opinions openly to the team (PS2). Taking interpersonal risks (PS6) was rated least positively (3.65). For Career Development, respondents positively rated (3.65) the organization facilitating them to develop (CD5), and least positively (3.57) about the existence of clear and defined career pathways (CD4). It is suggested, based on these preliminary findings, that organizations ought to evaluate, analyze and strategically address their employees' needs. Furthermore, organizations ought to retain and build upon their existing inclusive leadership styles. This should assist them to find ways to actively clarify to employees what career progression and opportunities are, and develop and make safer spaces for employees to generate and act on their ideas.

The assessment criteria for the measurement model (outer model) in SmartPLS state that an indicator is valid if the loading factor (Original Sample/O) is greater than 0.70 and has a significant t-statistic (> 1.96) with a corresponding p-value less than 0.05. In the case of this research, which can be seen on Table 4, all statement items of the four variables met the aforementioned conditions, with the loading factor of the least statement item being 0.713, and the most being 0.803. Additionally, all the indicators had positive t-statistics, suggesting that they were significant and thus, should not be eliminated. The t-statistics of all indicators were way above the critical value of 1.96, with p-values of 0.000. Therefore, each indicator item (i.e. statement items of career development (CD1-CD6), inclusive leadership (IL1-IL6), psychological safety (PS1-PS6) and work engagement) was valid and reliable in reflecting and measuring the respective latent variable. Consequently, all indicator items were retained.

Table 4. Validity Test Result

Indicator	Original sample (O)	T statistics (|O/STDEV|)	P values
CD1 ← Career Development	0.717	21.915	0.000
CD2 ← Career Development	0.732	22.056	0.000
CD3 ← Career Development	0.748	22.723	0.000
CD4 ← Career Development	0.727	21.434	0.000
CD5 ← Career Development	0.727	24.338	0.000
CD6 ← Career Development	0.724	22.596	0.000
IL1 ← Inclusive Leadership	0.776	34.638	0.000
IL2 ← Inclusive Leadership	0.786	32.776	0.000
IL3 ← Inclusive Leadership	0.803	37.670	0.000
IL4 ← Inclusive Leadership	0.751	27.729	0.000
IL5 ← Inclusive Leadership	0.786	31.974	0.000
IL6 ← Inclusive Leadership	0.759	27.618	0.000
PS1 ← Psychological Safety	0.757	29.633	0.000
PS2 ← Psychological Safety	0.746	26.364	0.000
PS3 ← Psychological Safety	0.774	30.264	0.000
PS4 ← Psychological Safety	0.784	35.168	0.000
PS5 ← Psychological Safety	0.724	24.017	0.000
PS6 ← Psychological Safety	0.777	33.944	0.000
WE_ABS1 ← Work Engagement	0.736	26.353	0.000
WE_ABS2 ← Work Engagement	0.757	30.756	0.000
WE_DED1 ← Work Engagement	0.713	21.335	0.000
WE_DED2 ← Work Engagement	0.745	26.718	0.000
WE_VIG1 ← Work Engagement	0.777	30.082	0.000
WE_VIG2 ← Work Engagement	0.739	24.177	0.000

Information about the reliability and validity tests for the different constructs is provided in Table 5. With respect to Cronbach's Alpha and Composite Reliability (CR), a threshold of 0.70 is required to assert confidence in the reliability of measurement tools. For Average Variance Extracted (AVE), the threshold is 0.50. However, to be conservative, the threshold can be set at 0.60.

Table 5. Reliability Test Result

Construct	Cronbach's alpha	CR	AVE
Career Development	0.824	0.872	0.532
Inclusive Leadership	0.869	0.901	0.604
Psychological Safety	0.854	0.892	0.579
Work Engagement	0.839	0.882	0.555

Based on the results in Table 5, the confidence level is very good and satisfies the requirements for Cronbach's Alpha and Composite Reliability for all the measures. For Psychological Safety and Work Engagement, the

threshold of 0.60 for AVE was satisfied. However, for Career Development and Inclusive Leadership, the threshold of 0.50 for AVE was not met. Nonetheless, based on the scores for the other measures, it can be concluded that the research tool overall meets the requirements for reliability.

Evaluation of Fornell-Larcker criterion of discriminant validity is given in Table 6. As per the criterion, the square root of AVE of a given construct must be greater than correlations of that construct with other constructs of the model. From the given matrix, the square root of AVE of Career Development is 0.729, of Inclusive Leadership is 0.777, of Psychological Safety is 0.761, and of Work Engagement is 0.745. The main diagonal values are greater than correlations with other constructs of the model that are placed in the lower rows and columns.

Table 6. Discriminant Validity Fornell Larcker Criterion

	Career Development	Inclusive Leadership	Psychological Safety	Work Engagement
Career Development	0.729			
Inclusive Leadership	0.420	0.777		
Psychological Safety	0.284	0.664	0.761	
Work Engagement	0.589	0.663	0.652	0.745

To take an example, the square root of AVE of Inclusive Leadership (0.777) is greater than correlations with Career Development (0.420), Psychological Safety (0.664) and Work Engagement (0.663). Other constructs also show similar behavior in which no correlation of latent variables exceeds the square root of AVE of the respective construct. This supports that each construct in the research model shows good discriminant validity, where the indicators that measure one variable do not considerably overlap with the remaining latent variables.

Additionally, all the constructs showed values above the minimum threshold of 0.50 for the Average Variance Extracted (AVE). In particular, the AVE for Career Development was 0.532, for Inclusive Leadership was 0.604, for Psychological Safety was 0.579, and for Work Engagement was 0.555. Considering that more than 50% of the variance of the indicators was explained by the latent constructs, it can be assured that the research instrument is valid to continue to the next stage of structural testing.

Another test for discriminant validity using the Heterotrait-Monotrait Ratio (HTMT) method is presented in Table 7. HTMT value less than 0.85 (or 0.90) indicates that the constructs are distinct and therefore evaluates discriminant validity. In the given table all pairs of constructs evaluate discriminant validity.

Table 7. Discriminant Validity HTMT

Construct pair	HTMT
Inclusive Leadership ↔ Career Development	0.496
Psychological Safety ↔ Career Development	0.333
Psychological Safety ↔ Inclusive Leadership	0.764
Work Engagement ↔ Career Development	0.706
Work Engagement ↔ Inclusive Leadership	0.773
Work Engagement ↔ Psychological Safety	0.766

The highest HTMT values were observed for the relationship between Work Engagement and Inclusive Leadership (0.773), between Work Engagement and Psychological Safety (0.766), and between Psychological Safety and Inclusive Leadership (0.764). Even though the values approach 0.80, they are all below the critical level of 0.85. Other relationships, for example, between Inclusive Leadership and Career Development, showed a HTMT value of 0.496. The results of the HTMT analysis indicate that there are no violations of discriminant validity in the model. The Average Variance Extracted (AVE) values of the constructs of the model in this research also satisfy the standard of convergent validity, as they were above the minimum of 0.50. In detail, the AVE value of Career Development was 0.532, Inclusive Leadership 0.604, Psychological Safety 0.579, and Work Engagement was 0.555. These values indicate that the research instrument as a whole has a high level of reliability, and therefore it is adequate and ready for the next stage of structural analysis.

Discriminant validity examines whether survey items of one construct load primarily on that construct and not on other constructs of the model. As shown in Table 8, the loadings of each indicator on its construct should be higher than the cross-loadings on other constructs of the model. Based on the data, the loadings of indicators CD1 to CD6 on their variable (ranging from 0.717 to 0.748) are higher compared to their cross-loadings on Inclusive Leadership, Psychological Safety, or Work Engagement.

The loadings for the Inclusive Leadership indicators (IL1 to IL6) range from 0.751 to 0.803, the Psychological Safety indicators (PS1 to PS6) from 0.724 to 0.784, and Work Engagement indicators (WE_ABS1 to WE_VIG2) from 0.713 to 0.777. The loadings for the other constructs were, in general, below 0.60. Thus, the respondents of the survey were able to understand the purpose of the survey items and that survey items measured their constructs exclusively.

Table 8. Discriminant Validity Cross Loading

	Career Development	Inclusive Leadership	Psychological Safety	Work Engagement
CD1	0.717	0.325	0.218	0.415
CD2	0.732	0.285	0.192	0.448
CD3	0.748	0.312	0.245	0.433
CD4	0.727	0.306	0.161	0.413
CD5	0.727	0.290	0.226	0.453
CD6	0.724	0.322	0.196	0.409
IL1	0.366	0.776	0.495	0.522
IL2	0.363	0.786	0.513	0.546
IL3	0.345	0.803	0.581	0.549
IL4	0.288	0.751	0.444	0.482
IL5	0.291	0.786	0.557	0.528
IL6	0.302	0.759	0.489	0.455
PS1	0.200	0.455	0.757	0.455
PS2	0.176	0.479	0.746	0.456
PS3	0.282	0.526	0.774	0.550
PS4	0.248	0.550	0.784	0.530
PS5	0.140	0.504	0.724	0.444
PS6	0.234	0.507	0.777	0.527
WE_ABS1	0.468	0.485	0.466	0.736
WE_ABS2	0.497	0.529	0.480	0.757
WE_DED1	0.416	0.493	0.452	0.713
WE_DED2	0.411	0.481	0.522	0.745
WE_VIG1	0.419	0.524	0.536	0.777
WE_VIG2	0.415	0.446	0.455	0.739

A hypothesis is accepted if the p-value is smaller than α = 0.05 (or 0.000 in this table, indicating high significance) and the t-statistic is greater than 1.96. The result on the hypothesis testing, including direct and indirect effects, can be seen on Table 9 and Figure 1.

Table 9. Hypothesis Testing Direct and Indirect Effect

Hypothesis	Variable Relation	Path Coeff	T stats	p
H1	Inclusive leadership → Work engagement	0.247	4.690	0.000
H2	Inclusive leadership → Psychological safety	0.664	16.117	0.000
H3	Psychological safety → Work engagement	0.381	8.384	0.000
H4	Inclusive leadership → Psychological safety → Work engagement	0.253	7.125	0.000
H5	Career Development x Psychological Safety → Work Engagement	-0.046	1.441	0.150

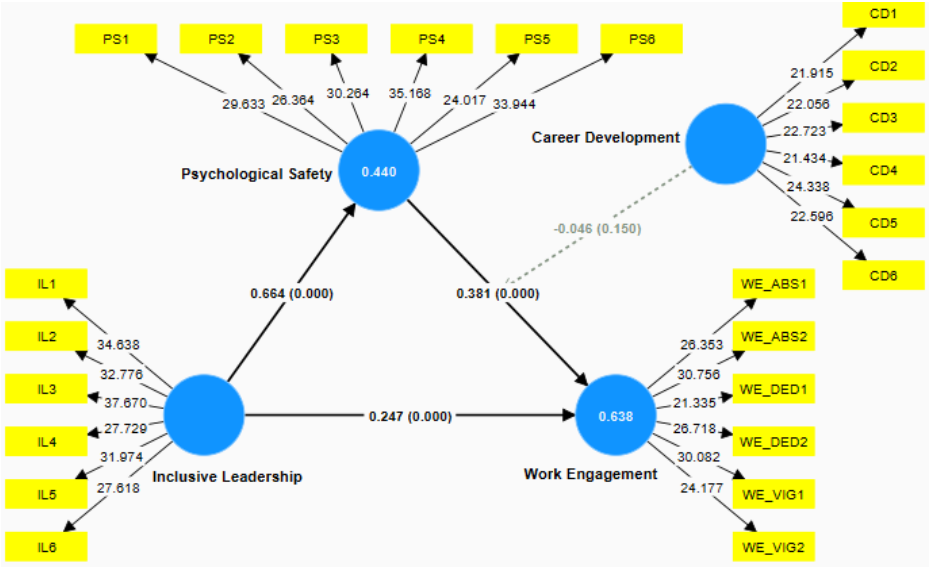


Figure 1. Structural Model

H1: Inclusive leadership has a positive effect on Generation Z employees' work engagement

Based on the test results in Table 9, the first hypothesis (H1), which states that inclusive leadership has a positive effect on Generation Z employees' work engagement, is significantly accepted. This is shown by a positive path coefficient of 0.247, supported by a t-statistic of 4.690 (well above the critical threshold of 1.96) and a p-value of 0.000, which is below the

significance level of $\alpha = 0.05$. This finding confirms that applying an inclusive leadership style, such as supervisors' openness to new ideas, easy access to help, and appreciation of subordinates' contributions, plays a direct role in increasing the energy, enthusiasm, and work engagement of young Generation Z workers in West Kalimantan.

H2: Inclusive leadership has a positive effect on Generation Z employees' psychological safety

The test of the second hypothesis (H2) shows that inclusive leadership has a strong positive effect on employees' psychological safety. Table 9 records a very high path coefficient of 0.664, with a t-statistic of 16.117 and a p-value of 0.000 (< 0.05). These substantial statistics affirm that inclusive, accommodating, and attentive leader behavior, which takes various perspectives into account, is a primary predictor in shaping a climate of psychological safety in the workplace. When supervisors treat subordinates fairly and openly, Generation Z employees feel much safer psychologically to express opinions, ask questions, and admit mistakes without fear of negative consequences.

H3: Psychological safety has a positive effect on Generation Z employees' work engagement

The third hypothesis (H3), which tests the effect of psychological safety on work engagement, is also empirically accepted based on the data in Table 9. The analysis shows a path coefficient of 0.381, a t-statistic of 8.384, and a p-value of 0.000. This demonstrates that psychological safety plays a crucial role in driving the work engagement of the young workforce. When the work environment provides a safe space where employees do not feel threatened when taking interpersonal risks or raising concerns, their dedication, energy (vigor), and focus (absorption) at work increase significantly.

H4: Psychological safety mediates the relationship between inclusive leadership and Generation Z employees' work engagement

Based on the structural test results, the fourth hypothesis (H4), which states that psychological safety mediates the relationship between inclusive leadership and work engagement, is accepted. This mediation path yields an effect coefficient of 0.253, with a very high t-statistic of 7.125 and a p-value of 0.000. This finding indicates that psychological safety acts as an essential linking mechanism: inclusive leadership not only affects work engagement directly, but also works effectively by first creating psychological safety, so that Generation Z employees feel motivated to give their best potential and show high attachment to the organization.

H5: Career development moderates the relationship between psychological safety and Generation Z employees' work engagement, such that the relationship is stronger when perceived career development is high

Unlike the previous hypotheses, the test of the fifth hypothesis (H5) shows that the moderating interaction of career development on the relationship between psychological safety and work engagement is not significant. Table 9 records an interaction path coefficient of -0.046, with a t-statistic of 1.441 (below the critical threshold of 1.96) and a p-value of 0.150 (well above the 0.05 threshold). This means that the level of perceived career development does not statistically strengthen or weaken the effect of psychological safety on work engagement in this study's sample, so the moderating role of career development on this path is rejected.

From the results in the Table 10, the Psychological Safety construct showed an R^2 value of 0.440, meaning 44.0% of the variance of psychological safety is explained by the Inclusive Leadership variable, and the rest is due to the influence of factors outside the model. On the other hand, the endogenous variable Work Engagement, shows a substantial R^2 value of 0.638 and therefore 63.8% of the variance of the Work Engagement of Generation Z employees is explained by Inclusive Leadership and Psychological Safety. Moreover, the Q^2 value (Q^2 predict) for Psychological Safety was 0.251, and for Work Engagement it was 0.345. Since all Q^2 values are positive (0), this means that the structural model shows good predictive relevance and adequacy to explain and predict the behavior observed in the data.

Table 10. R-Square and Q-Square Test

Construct	R-square	Q^2 (=1-SSE/SSO)
Psychological Safety	0.440	0.251
Work Engagement	0.638	0.345

The effect size (f2) test is used to assess the substantive impact of each exogenous variable on endogenous variables of the structural model, and the results are given in Table 11. As per general guidelines for interpreting f2, a small effect is considered 0.02, moderate effect is considered 0.15 and large effect is considered between 0.2 and 0.35. The results indicated that the relationship between inclusive leadership and Psychological Safety captured a very large effect size of f2 = 0.786, indicating that inclusive leadership has a dominant role in determining Psychological Safety of employees.

Table 11. Effect Size Result (f^2)

Path	f-square
Career Development → Work Engagement	0.320
Inclusive Leadership → Psychological Safety	0.786
Inclusive Leadership → Work Engagement	0.082
Psychological Safety → Work Engagement	0.222
Career Development x Psychological Safety → Work Engagement	0.005

The effect of Career Development on Work Engagement indicated a large effect size of f2 = 0.320. Psychological Safety on Work Engagement indicated a moderate-to-large effect size of f2 = 0.222. The effect of inclusive

leadership on Work Engagement was small, f2 = 0.082, and the effect of Career Development on the relationship between Psychological Safety and Work Engagement was small and negligible, f2 = 0.005. This confirms that other paths of the model may have small direct effects; however, the model is theoretically meaningful in its predictive capacity.

Table 12 gives a summary of model fit comparing the parameters of the saturated model and the estimated model in SmartPLS. One of the main indicators used is the Standardized Root Mean Square Residual (SRMR). The SRMR represents the distance between the empirical correlation matrix and the theoretical correlation matrix. For both the saturated model and the estimated model, SRMR is equal to 0.053. Since this SRMR value is below the critical threshold of 0.08 (or 0.10), therefore the research model is considered to have very good goodness of fit with the empirical data.

Table 12. Fit Model Summary

Index	Saturated model	Estimated model
SRMR	0.053	0.053
d_ULS	0.839	0.841
d_G	0.258	0.258
Chi-square	432.207	432.617
NFI	0.869	0.869

Other supporting parameters, such as d_ULS values and d_G, are 0.839 and 0.841, respectively and 0.258, which support the overall model structure. The values of the Chi-square are 432.207 and 432.617. The model as a whole is considered to be adequate and meet the methodological standards of PLS-SEM. Therefore, the structure model is considered to be reliable for research conclusion drawing and examining the relationships among variables.

4. Conclusion

This study demonstrates how the leadership style of young Generation Z workers in West Kalimantan appreciates and values the inclusive approach to leadership, creating a positive working climate and strong work engagement. This leadership style shows appreciation for the open, accommodating, and affirmative nature of leaders' styles for subordinates' contributions and fosters psychological safety, which allows employees to express ideas and opinions, and be candid, open, and receptive to new ideas and changes without fear of negative consequences. Employees who work in safe and appreciative work climates are emotionally bonded and strongly committed to their work and organization. The study showed that career development, as a moderating factor, was not able to strengthen the influence of psychological safety on work engagement. This means that among Generation Z workers, the quality of day-to-day leadership and psychological comfort are the principal drivers of employee productivity in the workplace, rather than the design and implementation of long-term organizational career development programs. This study makes an important empirical contribution to our understanding of organizational behavior and HRM of the contemporary world. Organizations should first focus on improving the active listening and openness to new ideas of their managers and supervisors. Training in supportive behavior should also be provided. As employees gain confidence to offer critical feedback, trainings should be provided to enhance their ability to interpret, evaluate, and give critical feedback, and to understand the importance of boldness in learning. As clarity of career development opportunities ranked the lowest, management should provide employees with a clear indication of their potential career opportunities through a defined career pathway. Finally, in order to increase the engagement of Generation Z, management should provide employees the freedom to express themselves, and develop an appreciation culture by showing acknowledgement for employees' contributions in an open, collaborative working environment.

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