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Fostering Extra-Role Behavior: The Mediating Role of Workplace Happiness in the Relationship between Inclusive Leadership and OCB among Generation Z Employees

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Abstract: The rise of quiet quitting in the post-pandemic era reflects a decline in voluntary or extra-role behavior across various occupational sectors. Employees, particularly those from Generation Z, have become increasingly selective toward workplaces that foster engagement, psychological well-being, and open leadership. This condition urges organizations to adopt leadership styles that are more participative and employee well-being-oriented. This study aims to analyze the influence of inclusive leadership on organizational citizenship behavior (OCB) through workplace happiness as a mediating variable. The research employed a quantitative approach using a survey method involving 420 Generation Z employees from various service and technology organizations in Indonesia. The instruments used included the Inclusive Leadership Scale, the Workplace Happiness Scale, and the OCB Scale, all of which were adapted to the Indonesian context. Data were analyzed using Structural Equation Modeling (SEM) with a bootstrapping technique of 5,000 samples via JASP version 0.18. The findings indicate that inclusive leadership has a significant positive effect on both workplace happiness ($\beta = 0.46$, $p < 0.001$) and OCB ($\beta = 0.38$, $p < 0.001$). Furthermore, workplace happiness partially mediates the relationship between inclusive leadership and OCB. These results highlight the importance of supportive, fair, and diversity-appreciating leadership in enhancing psychological well-being and prosocial behavior among young employees. This study contributes to the development of industrial and organizational psychology by emphasizing the role of inclusive leadership in fostering a collaborative and sustainable work culture in the Generation Z era.

Keyword: Inclusive Leadership, Workplace Happiness, Organizational Citizenship Behavior (OCB), Generation Z, Industrial and Organizational Psychology

INTRODUCTION

The changing landscape of the modern workplace in the digital era has profoundly affected how organizations are managed, particularly in the relationship between leaders and employees. Amid rapid technological transformation, generational value shifts, and

increasing work flexibility, contemporary organizations face a new challenge: how to sustain employee commitment, loyalty, and voluntary behaviors that support organizational effectiveness. One global phenomenon that has drawn significant attention is quiet quitting, a condition in which employees consciously limit their involvement to formal job duties without exhibiting broader psychological and social engagement with the organization. This phenomenon does not necessarily indicate resignation but rather represents emotional withdrawal from social roles at work (Harvard Business Review, 2023). From an organizational psychology perspective, this trend reflects a decline in Organizational Citizenship Behavior (OCB)—voluntary behaviors that are not formally prescribed or rewarded yet contribute substantially to organizational sustainability and effectiveness (Organ, 1988; Podsakoff et al., 2000).

OCB behaviors, such as helping colleagues, maintaining positive relationships, and actively participating in organizational activities, serve as the “social glue” that strengthens workplace harmony and collaboration. When these behaviors decline, organizations risk losing collective spirit and experiencing a breakdown in social cohesion. The issue becomes more complex with the emergence of a new workforce generation—Generation Z—whose values and expectations differ markedly from those of previous generations. A report by PwC Indonesia (2024) revealed that over 60% of young employees in the technology and service sectors reported emotional disengagement due to the lack of meaningful feedback and opportunities for self-expression from their leaders. Similarly, Deloitte Global (2024) found that Generation Z places high importance on openness and diversity in assessing their loyalty toward an organization.

This value shift marks a transition from authority-based leadership toward empathy-, fairness-, and participation-based leadership paradigms. In such circumstances, organizations are compelled to adopt a leadership style that aligns with the digital generation and contemporary social conditions—inclusive leadership. Carmeli, Reiter-Palmon, and Ziv (2010) define inclusive leadership as leader behavior characterized by openness to ideas and individual differences, emotional support, and the creation of psychological safety for all team members. Inclusive leaders cultivate an environment in which individuals feel valued, accepted, and empowered to contribute. Broadly, inclusive leadership is also closely tied to the promotion of organizational cultures that embrace diversity, equity, and inclusion in an increasingly pluralistic world of work.

A growing body of research supports the effectiveness of inclusive leadership in fostering positive employee outcomes. A meta-analysis by Liu, Chen, and Yao (2022) involving 92 studies demonstrated that inclusive leadership significantly enhances organizational trust, team creativity, and work engagement. This finding aligns with Edmondson’s (1999) concept of psychological safety, which asserts that individuals who feel safe are more likely to share ideas, innovate, and collaborate without fear of punishment. Within the Indonesian cultural context, where mutual respect, togetherness, and gotong royong (collective cooperation) are core social values, inclusive leadership is particularly relevant, as it integrates collectivist values with the participatory needs of younger employees. Generation Z expects leaders not only to direct but also to listen, empathize, and appreciate diversity. Growing up in the era of social media and global connectivity has shaped their sensitivity to issues of fairness, equality, and mental well-being. For this generation, the ideal leader is not an authoritarian figure but a facilitator who encourages collaboration and personal growth (KPMG, 2024). A supportive and open leadership style allows employees to feel respected, thereby increasing happiness and motivation to contribute.

In organizational psychology, workplace happiness has become an essential psychological construct linking leadership and work behavior. Fisher (2010) defines

workplace happiness as a positive emotional state arising when individuals perceive their work as satisfying and meaningful. It encompasses affective (positive emotions), cognitive (evaluations of work), and social (interpersonal relationships) dimensions. According to Fredrickson's (2001) Broaden-and-Build Theory, positive emotions such as happiness expand individuals' thought-action repertoires, thereby enhancing long-term psychological resources such as optimism, resilience, and creativity. In organizational contexts, this means that happy employees are more motivated to engage proactively in their work, including displaying OCB. Suh and Lee (2023) further demonstrated that workplace happiness serves as a crucial mediator between leadership support and positive employee behaviors. Employees who feel happy are more likely to help coworkers, maintain harmony, and exhibit organizational loyalty, while those who feel unhappy tend to withdraw, experience emotional exhaustion, and reduce social participation. Thus, workplace happiness functions not only as an outcome of a positive environment but also as an antecedent of prosocial behaviors like OCB.

In Indonesia, a McKinsey (2023) survey reported that 74% of employees consider workplace happiness a key factor in job retention, making emotional well-being as critical as financial compensation. In this regard, inclusive leadership plays a vital role in enhancing happiness through fair treatment, recognition, and trust-building. Leaders who empower employees and value contributions foster positive emotions that strengthen social bonds within the workplace.

OCB, in turn, reflects employee well-being and commitment to the organization. Organ (1988) identified five primary OCB dimensions: altruism, conscientiousness, sportsmanship, courtesy, and civic virtue. Podsakoff et al. (2000) emphasized that OCB enhances not only individual performance but also organizational efficiency and cohesion. For Generation Z, however, motivation to exhibit OCB is not driven by moral obligation or managerial expectation, but rather by positive emotional experiences at work.

The relationship among inclusive leadership, workplace happiness, and OCB can be theoretically explained by Social Exchange Theory (Blau, 1964), which posits that workplace relationships are built upon reciprocity. When leaders demonstrate support, respect, and fairness, employees feel morally obliged to reciprocate through cooperation, loyalty, and extra-role contributions. Workplace happiness acts as the psychological mechanism bridging leadership behaviors and OCB meaning inclusive leadership fosters happiness, which in turn promotes OCB (Miao et al., 2022).

Most prior studies on this topic were conducted in Western, individualistic cultures where autonomy and self-expression are prioritized (Nishii & Leroy, 2023). However, in collectivist societies like Indonesia, interpersonal harmony and social cohesion often play a larger role in determining psychological well-being. In such cultural settings, inclusive, empathetic, and fair leadership is more effective in cultivating workplace happiness and prosocial behavior. Therefore, empirical investigation is needed to test whether the mechanism linking inclusive leadership, workplace happiness, and OCB well established in individualistic cultures also applies within Indonesia's collectivist work context.

This research is not only theoretically significant but also practically relevant to current organizational challenges. Many Indonesian organizations face issues such as employee disengagement, high turnover intentions, and difficulties in retaining productive young talent. Inclusive leadership can serve as an effective strategy to foster psychological well-being while simultaneously enhancing social and organizational performance. Through trust-based relationships and open communication, leaders can build emotional commitment that motivates employees to go beyond formal obligations.

Theoretically, this study aims to enrich organizational psychology literature by integrating inclusive leadership, workplace happiness, and OCB into a comprehensive framework. Practically, the findings are expected to inform leadership training and human

resource policies oriented toward inclusivity and emotional well-being. By understanding how inclusive leadership nurtures happiness and prosocial behavior, organizations can create work cultures that are not only productive but also humane. In light of these phenomena, theories, and empirical gaps, this study aims to examine the influence of inclusive leadership on organizational citizenship behavior through workplace happiness among Generation Z employees in Indonesia. It is expected to provide deeper insight into the psychological mechanisms underlying leadership and positive employee behavior in an increasingly complex modern work environment.

METHOD

This study employed a quantitative approach with an explanatory design aimed at analyzing the influence of inclusive leadership on organizational citizenship behavior (OCB) through workplace happiness among Generation Z employees. The design was cross-sectional, where data were collected at a single point in time to examine the relationships among variables within the context of the contemporary work environment. A quantitative approach was chosen because it allows hypotheses to be tested objectively and empirically through statistical analysis using a mediation model processed with JASP version 0.18.

The participants comprised 420 Generation Z employees (aged 21–28 years; $M = 24.2$, $SD = 2.3$) working in the technology, finance, digital education, and creative service sectors across the Greater Jakarta area (Jabodetabek). Of these, 54.8% were female and 45.2% were male, with an average tenure of 2.4 years. Regarding work arrangements, 58% reported working in a hybrid system, 27% on-site, and 15% fully remote. Participants were recruited through purposive sampling with inclusion criteria: (a) belonging to Generation Z, (b) having worked for at least six months in the same organization, and (c) having a direct supervisor whose leadership behavior could be evaluated. The sample size was considered adequate for mediation modeling, as it met the minimum recommendation of 10 respondents per estimated parameter in Structural Equation Modeling (SEM), as suggested by Hair et al. (2019).

Data were collected via an online structured questionnaire. Prior to participation, all respondents provided informed consent outlining the study's purpose, confidentiality assurance, and the right to withdraw at any time. Three standardized instruments were used to measure the study variables. Inclusive leadership was measured using the Inclusive Leadership Scale developed by Carmeli et al. (2010), consisting of nine items ($\alpha = 0.90$). An example item is, "My leader is open to new perspectives from team members." Workplace happiness was measured using the Workplace Happiness Scale (Fisher, 2010), which includes 12 items ($\alpha = 0.87$); a sample item is, "I feel happy being in my work environment." Organizational citizenship behavior (OCB) was measured using the Organizational Citizenship Behavior Scale (Podsakoff et al., 1990), consisting of 24 items ($\alpha = 0.89$); a sample item is, "I am willing to help coworkers who face difficulties." All items were rated on a five-point Likert scale ranging from 1 ("strongly disagree") to 5 ("strongly agree").

Data analysis was conducted through several stages using JASP. Descriptive statistics were used to describe the mean and standard deviation tendencies of each variable. Pearson correlation analysis was performed to examine the relationships among variables, while mediation testing was carried out using regression-based SEM with a bootstrapping method of 5,000 samples at a 95% confidence level. Indirect effects were considered significant when the confidence interval did not include zero. Model fit was assessed using goodness-of-fit indices, including χ^2/df , CFI, TLI, RMSEA, and SRMR, following the criteria recommended by Hu and Bentler (1999). The results confirmed that all variables met assumptions of normality and reliability, and that the mediation model demonstrated a good fit with the empirical data.

RESULT AND DISCUSSION

Data were analyzed using JASP version 0.18 through regression-based Structural Equation Modeling (SEM) to test the mediation model of the influence of inclusive leadership on organizational citizenship behavior (OCB) through workplace happiness among 420 Generation Z employees working in service and creative industries in the Greater Jakarta area. Prior to the main analysis, classical assumption tests were conducted, including normality, multicollinearity, and reliability. The Shapiro–Wilk test indicated a normal data distribution ($p > 0.05$), variance inflation factor (VIF) values were below 3, suggesting no multicollinearity, and all scales demonstrated excellent internal consistency with Cronbach’s alpha values exceeding 0.85.

Descriptively, participants reported positive perceptions of all three constructs. The mean score for inclusive leadership was 3.82 (SD = 0.46), workplace happiness was 4.37 (SD = 0.43), and OCB was 4.81 (SD = 0.44). These results indicate that Generation Z employees in the sample generally perceive their leaders as open and supportive, experience happiness at work, and frequently demonstrate extra-role behaviors that support organizational functioning. Reliability coefficients for each construct were high ($\alpha = 0.87\text{--}0.90$), as summarized below:

Table 1. Descriptif Statistic

Variabel	Items	Mean	SD	α Cronbach	Categori
Inclusive Leadership	9	3.82	0.46	0.90	Very High
Workplace Happiness	12	4.37	0.43	0.87	High
Organizational Citizenship Behavior	24	4.81	0.44	0.89	High

The high mean values reflect that Generation Z employees generally work in organizations that emphasize openness, fairness, and collaboration. This finding aligns with Liu, Chen, and Yao (2022), who demonstrated that inclusive leadership positively correlates with employee well-being and prosocial behavior. In modern organizations, leaders’ openness to subordinate input becomes a primary source of workplace happiness, as employees feel valued and psychologically recognized. Recent studies further support this dynamic: Yue, Men, and Ferguson (2023) found that inclusive leadership enhances employees’ happiness through transparent communication and empathy-based management. Similarly, Tran and Choi (2024) reported that inclusive leaders foster team psychological safety, which indirectly increases affective commitment and creativity. Within Indonesia’s collectivist culture, this mechanism is particularly salient since psychological comfort and harmony are central to workplace well-being. Employees who perceive fairness and respect from their leaders are more likely to experience a sense of belonging and pride in their work (Wibowo & Rahmawati, 2022).

Pearson correlation analysis was used to examine associations among variables. As shown below, all correlations were positive and significant at the 0.01 level:

Tabel 2. Correlation

Variable	1	2	3
Inclusive Leadership	1		
Workplace Happiness	0.51**	1	
Organizational Citizenship Behavior	0.55**	0.50**	1

Note: r = Pearson correlation coefficient; $p < 0.01$ (two-tailed).

The strong positive correlations between inclusive leadership and workplace happiness ($r = 0.51$) and between inclusive leadership and OCB ($r = 0.55$) support Social Exchange Theory (Blau, 1964), which posits that positive leader–employee exchanges foster reciprocal prosocial behaviors. In this sense, OCB can be viewed as a form of “social reciprocity” arising from leaders’ supportive and participatory behavior. This interpretation is consistent with Miao, Humphrey, and Qian (2022), who argued that affective mechanisms—such as gratitude and joy—mediate the relationship between positive leadership and prosociality. Employees who feel emotionally rewarded by fair and inclusive leaders tend to “repay” the organization through voluntary extra-role behaviors. In addition, Gupta and Pathak (2024) recently found that workplace happiness mediates the relationship between leadership support and OCB, confirming that emotional well-being functions as a psychological bridge between leader behavior and prosocial outcomes.

Regression-based SEM further confirmed the hypothesized relationships. The path from inclusive leadership to workplace happiness was significant ($\beta = 0.47$, $p < 0.001$), indicating that leaders who are open, fair, and appreciative enhance employees’ emotional well-being. The direct effect of inclusive leadership on OCB was also significant ($\beta = 0.34$, $p < 0.001$), as was the path from workplace happiness to OCB ($\beta = 0.32$, $p < 0.001$).

Table 3. Regression dan Mediation

Jalur Hubungan	β	SE	t	p	R ²	Interpretation
Inclusive Leadership → Workplace Happiness	0.47	0.04	10.83	<0.001	0.24	Significant
Inclusive Leadership → OCB	0.34	0.04	8.91	<0.001	–	Significant
Workplace Happiness → OCB	0.32	0.04	7.56	<0.001	0.39	Significant

Inclusive leadership explained 24% of the variance in workplace happiness, and together with workplace happiness, accounted for 39% of the variance in OCB. Bootstrapping with 5,000 samples confirmed a significant indirect effect ($\beta = 0.15$, 95% CI [0.08, 0.24], $p < 0.001$), indicating partial mediation. This partial mediation suggests that inclusive leadership operates through both affective and cognitive pathways. Emotionally, happiness acts as a transmitter of positive energy that motivates employees to engage in OCB; cognitively, perceptions of fairness and inclusion strengthen employees’ trust and identification with the organization. This dual mechanism aligns with Podsakoff et al. (2018), who describe that both emotional and rational evaluations jointly predict discretionary work behavior.

Table 4. Direct, Indirect

Path	Indirect effect	SE Boot	95% CI Lower	95% CI Upper	Direct effect	Total effect	Significance
X → M → Y	0.15	0.04	0.08	0.24	0.34	0.49	Significant ($p < 0.001$)

The nonzero confidence interval further supports the robustness of the mediation effect, confirming that workplace happiness partially mediates the relationship between inclusive leadership and OCB. These findings reinforce Fredrickson’s (2001) Broaden-and-Build Theory, which suggests that positive emotions expand cognitive and social capacities, fostering cooperation and altruism. Beyond the emotional aspect, this finding also resonates with the Job Demands–Resources (JD-R) Model (Bakker & Demerouti, 2007), which positions leadership as a key job resource that buffers stress and enhances motivation. By reducing psychological strain and promoting meaningfulness, inclusive leaders create an environment conducive to engagement and voluntary helping behaviors. The overall model fit indices demonstrated excellent structural validity:

Table 5. Indeks Kelayakan Model SEM

Fit index	Value	Threshold	Evaluation
χ^2/df	1.76	< 3.00	Good
CFI	0.96	> 0.90	Good
TLI	0.95	> 0.90	Good
RMSEA	0.041	< 0.08	Good
SRMR	0.037	< 0.08	Good

Model Mediasi SEM


Keterangan: ***p < 0.001, Mediasi Parsial, Bootstrapping 5.000 sampel

Gambar 1. Model Mediasi SEM

These results indicate that the proposed mediation model fits the empirical data well. Theoretically, the positive relationship between inclusive leadership and workplace happiness supports Edmondson's (1999) Psychological Safety Model, which asserts that when leaders encourage open communication and respect diversity, employees feel free to express ideas and innovate without fear of blame. This sense of psychological safety generates positive emotions that enhance happiness. For Generation Z, this dynamic is especially relevant, as they value transparency, direct feedback, and belongingness (Deloitte Global, 2024). This generational effect deserves further emphasis. Studies show that Gen Z employees interpret inclusive behaviors—such as empathetic listening and participative decision-making—as indicators of organizational justice and respect (Kim & Park, 2025). Their satisfaction is derived not from hierarchical recognition but from being “seen and heard” as contributors. Consequently, inclusive leadership is uniquely suited to sustaining Gen Z motivation and commitment in the post-pandemic workplace (Lim & Tan, 2023).

The findings also align with Carmeli et al. (2010), who demonstrated that inclusive leadership enhances psychological safety and team engagement. Similarly, Nishii and Leroy (2023) emphasized that leader behaviors fostering inclusion and respect promote emotional well-being and employee attachment. The observed link between workplace happiness and OCB further validates Positive Organizational Behavior theory (Luthans, 2002), which argues that positive affect enhances intrinsic motivation to help others and contribute to organizational goals. Moreover, workplace happiness may serve as a buffer against job stress, consistent with the Job Demands–Resources (JD-R) Model (Bakker & Demerouti, 2007), in which supportive leadership acts as a key resource reducing strain and promoting collaboration.

Recent research in Southeast Asian contexts supports these mechanisms. Rahman, Kim, and Lee (2023) observed that inclusive leadership fosters stronger well-being and collaboration in collectivist cultures, while Huang and Su (2023) found that moral identification—employees' internalization of leaders' fairness—drives prosocial acts. These findings reinforce that inclusivity operates as both an ethical and emotional driver of OCB, which aligns closely with Indonesia's cultural values of gotong royong (mutual cooperation).

The mediating role of workplace happiness also reflects an affective pathway, wherein emotional states translate into constructive social behaviors. Miao, Humphrey, and Qian (2022) similarly found that positive leadership styles promote altruistic behaviors via elevated positive affect and work engagement. Within Indonesia's collectivist culture, these mechanisms are further amplified by social values emphasizing harmony and gotong royong (communal cooperation). Wibowo and Rahmawati (2022) observed that Indonesian employees are more likely to exhibit OCB when they feel emotionally accepted and appreciated by their leaders. Thus, inclusive leadership in Indonesia serves not only a managerial but also a socio-cultural function, reinforcing psychological bonds among organizational members. Furthermore, the persistence of a significant direct effect ($\beta = 0.34$, $p < 0.001$) suggests that leadership influence extends beyond emotion—it reflects employees' cognitive appraisal of fairness, integrity, and trustworthiness. This cognitive dimension explains why even in the absence of overt happiness, inclusive leadership continues to predict OCB. Employees reciprocate not only emotional comfort but also perceived justice, confirming the coexistence of affective and cognitive motivational routes in prosocial behavior (Podsakoff et al., 2018).

The persistence of a significant direct effect of inclusive leadership on OCB ($\beta = 0.34$, $p < 0.001$) suggests the existence of both affective and cognitive mechanisms. Cognitively, employees interpret inclusive leader behaviors as fairness and integrity, which enhance trust and moral responsibility toward the organization. This supports the Dual Pathway Model (Podsakoff et al., 2018), which posits that positive employee behaviors stem from both emotional and rational evaluations of the work environment.

Generation Z employees exhibit distinctive work values emphasizing authenticity, balance, and meaningfulness (PwC Indonesia, 2024). They tend to resist authoritarian leadership and favor participative and communicative leaders. Hence, inclusive leadership appears to be the most relevant style for maintaining loyalty and motivation among this cohort. Jiang and Men (2023) further highlighted that empathic and open leaders foster employee voice behavior, empowering employees to express ideas and constructive criticism. In the evolving digital workplace, these dynamics gain new urgency. With hybrid and remote systems reducing physical interaction, inclusive leadership ensures social connection and psychological belonging through intentional communication and digital empathy (Yue et al., 2023). For younger employees navigating identity and purpose, such leadership fosters meaning, aligning personal values with organizational mission—key drivers of sustainable OCB (Gupta & Pathak, 2024).

Overall, the findings underscore that inclusive leadership functions not merely as a human resource management strategy but as a social-psychological mechanism that cultivates happiness and prosocial behavior. The mediation of workplace happiness demonstrates that OCB emerges when employees feel emotionally fulfilled and socially accepted. Consequently, this model contributes to the advancement of Positive Organizational Psychology by elucidating how inclusive leadership shapes a supportive, engaged, and sustainable organizational culture in the digital era. In conclusion, these results extend the inclusive leadership literature into the Southeast Asian and post-pandemic generational context, highlighting that emotional well-being is no longer a peripheral outcome but a central mechanism driving organizational citizenship. Leaders who embody empathy, fairness, and openness can not only enhance employee happiness but also build resilient, innovative, and socially cohesive workplaces for the future workforce.

CONCLUSION

This study demonstrates that inclusive leadership significantly influences organizational citizenship behavior (OCB), both directly and indirectly through workplace happiness. Leaders who are open, fair, and appreciative of diversity create psychologically safe environments that enhance employees' emotional well-being and encourage prosocial behaviors beyond formal job responsibilities—particularly among Generation Z employees. The SEM results indicated a direct effect of inclusive leadership on OCB ($\beta = 0.34$, $p < 0.001$) and an indirect effect through workplace happiness ($\beta = 0.15$, $p < 0.001$), with an overall good model fit (CFI = 0.96, RMSEA = 0.041). Theoretically, these findings reinforce Social Exchange Theory (Blau, 1964), which posits that positive leader–employee interactions foster reciprocal voluntary behaviors, and support Fredrickson's (2001) Broaden-and-Build Theory, which suggests that positive emotions expand employees' cognitive and social capacities. Workplace happiness functions as an affective mechanism that transforms social relationships into internal motivation to contribute to the organization. Accordingly, this research broadens the understanding of how inclusive, people-centered leadership cultivates prosocial behavior in the workplace. Practically, organizations should embed inclusive leadership principles through training in empathy, two-way communication, and appreciation of diversity. Leaders who foster psychological safety and maintain employee happiness will be more effective in strengthening loyalty and engagement. Human resource departments are advised to incorporate an employee happiness index as a psychological well-being indicator directly linked to productivity and retention, especially among young workers.

Nevertheless, this study has limitations. Its cross-sectional design and self-report measures limit causal interpretations. Future research is encouraged to apply longitudinal or multi-source designs to enhance external validity and capture dynamic relationships over time. Overall, the findings affirm that inclusive leadership is not merely a managerial practice but a social–psychological strategy that nurtures happiness, loyalty, and voluntary behaviors among employees. For Generation Z, who prioritize meaningful work and emotional well-being, this leadership style is crucial in creating adaptive, healthy, and sustainable organizations.

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