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## **Exploring Generation Z's Perceptions and Expectations of Organizational Culture and Leadership Style in the Indonesian Automotive Manufacturing Industry: A Phenomenological Study**

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### **ABSTRACT**

#### **KEYWORDS**

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retention

Generation Z now constitutes over 23% of Indonesia's workforce, yet the automotive manufacturing industry characterized by hierarchical culture, zero-error tolerance, and outcome orientation faces persistent challenges of quiet quitting and high turnover among young employees. This research explores Generation Z (Gen Z) employees' perceptions and expectations regarding organizational culture and leadership styles within Indonesia's automotive manufacturing industry. Driven by phenomena of quiet quitting and high turnover rates among young workers, this research employed a qualitative phenomenological approach. In-depth semi-structured interviews were conducted with eight informants four Gen Z employees and four direct supervisors at PT XYZ, a major two-wheeled vehicle manufacturer. Results reveal that Gen Z perceives the industry as a zero-error tolerance environment and does not categorically reject authoritative leadership when functional-technical in nature. However, they strongly expect a shift toward a learning culture and coaching/mentoring leadership. Loyalty is not directed toward the organization abstractly but toward direct supervisors who act as 'cultural filters.' Motivation is driven by structured technical challenges and expert power recognition. The research recommends 'extreme accountability' strategies granting greater ownership to young employees to enhance engagement and retention in the Industry 4.0 era.

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### **INTRODUCTION**

The global automotive manufacturing industry is undergoing profound transformation driven by technological disruption, demographic workforce shifts, and sustainability demands. McKinsey & Company (2023) notes that the automotive world is moving toward electrification, digitalization, and AI-driven supply chains requiring adaptive, digitally literate, innovation-oriented workforces. In parallel, the emergence of Generation Z (Gen Z) as a new workforce cohort represents one of the most significant drivers of change in organizational dynamics worldwide.

Gen Z broadly defined as individuals born between 1996 and 2012 (BPS Kabupaten Gorontalo, 2025) are globally recognized as a tech-savvy workforce prioritizing flexibility, purpose-driven work, and continuous self-development (Deloitte, 2024). Stillman & Stillman (2017) characterize Generation Z by rapid technology adoption, high digital literacy, preferences for flexible work, and purpose-driven careers. Unlike Millennials, Gen Z tends to be more pragmatic, financially conscious, and entrepreneurially oriented. A comprehensive scoping review by Yunita Zahra et al. (2025) confirms that Gen Z employees place high value on autonomy, meaningful work, and developmental opportunities. In manufacturing contexts, Gen Z's digital fluency is an asset for Industry 4.0, but soft skill deficiencies create significant engagement challenges (Deloitte, 2025). In Indonesia, BPS (2025) data indicate the Gen Z workforce has reached approximately 36.13 million people (23.6% of total national workers).

However, industry reports show that many Gen Z employees leave within months due to mismatched expectations and work pressure (BeriCuan.id, 2024), with turnover rates reaching 75% within one year in some manufacturing firms (Ministry of Manpower RI, 2024). The phenomenon of quiet quitting consciously limiting effort strictly to contractually required tasks without emotional investment (Laker & Steed, 2022) has been identified among Gen Z in the automotive sector. Preliminary questionnaire data from this study (n=11 respondents) showed that three of five quiet quitting dimensions scored above 3.0 on a 5-point Likert scale, indicating a notable tendency toward disengagement.

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Understanding organizational culture and leadership style is therefore critical. Robbins and Judge (2019) define organizational culture through seven dimensions: innovation and risk-taking, attention to detail, outcome orientation, people orientation, team orientation, aggressiveness, and stability. In high-risk manufacturing environments, cultures typically favor low risk-taking, high attention to detail, and strong outcome orientation. Rivai (2020) emphasizes culture as a behavioral guide, while Sumarto (2011) found in Indonesian automotive components that leadership plays a stronger performance role than culture alone. Leadership style describes how leaders influence subordinates toward organizational goals (Hasibuan, 2020; Terry, 2018). Key styles include authoritative/directive (unilateral decision-making, full compliance expected) and democratic/participative (subordinate involvement, ownership promotion). Fiedler's Contingency Theory posits that leadership effectiveness depends on situational factors; directive styles are most effective in high-pressure crises, while participative approaches serve better in stable developmental periods. Jeuken (2025) found that Gen Z work engagement is significantly influenced by leadership style, reinforcing the need for adaptive, context-sensitive approaches.

To understand Gen Z's motivation and loyalty, this study employs McClelland's Needs Theory (1987), which identifies three core motivational drivers: Need for Achievement (nAch), Need for Affiliation (nAff), and Need for Power (nPow). Vroom's Expectancy Theory (1964) additionally provides a framework for understanding how Gen Z's beliefs about the relationships among effort, performance, and valued outcomes shape their motivation and loyalty commitment.

Despite growing literature on Gen Z in the workplace, a systematic review of ten prior studies (see Table 1) reveals no research specifically exploring Gen Z's perceptions and expectations of both organizational culture and leadership style simultaneously in the Indonesian automotive manufacturing context. This study's conceptual framework positions the research as analyzing the relationships between Gen Z's perceptions and expectations (inputs) and engagement/loyalty outcomes (outputs), processed through the lens of phenomenological lived experience in the automotive manufacturing context. Therefore, this

study fills the gap through three research questions: (1) How do Gen Z employees perceive organizational culture and leadership styles in this sector? (2) What are their expectations? (3) What factors influence their loyalty, performance, and engagement?

This research aims to explore and describe the lived experiences of Gen Z employees regarding organizational culture and leadership style at PT XYZ, a major Indonesian two-wheeled vehicle manufacturer, as well as to identify their expectations for both dimensions. The benefits of this research are theoretical and practical. Theoretically, this study extends existing frameworks of organizational culture, leadership contingency, and motivational needs within the specific context of Gen Z in manufacturing. Practically, the findings provide actionable recommendations for automotive companies to reduce turnover, enhance engagement, and retain young talent during the Industry 4.0 transformation.

## **METHOD**

### **Research Design**

This study employed a qualitative approach with a phenomenological method. Creswell (2018) describes phenomenology as explaining the meaning of lived experiences to understand the essence of a phenomenon. This approach was chosen over case study design (which would focus on the organization broadly) or grounded theory (which aims to build new theory) because the research goal is to describe the essence of Gen Z's subjective experience within the factory culture capturing the friction between personal values and traditional manufacturing culture that no other method can fully expose.

### **Research Setting**

The research setting is PT XYZ, a major Indonesian two-wheeled vehicle manufacturer structured as a joint venture between a national Indonesian company and a leading Japanese automotive firm. With over 25,016 employees across production, distribution, and management units, PT XYZ applies Lean Manufacturing and Kaizen philosophies, embodying the hierarchical, disciplined, and Japanese-influenced culture characteristic of the sector. The company has recently begun cultural transformation toward inclusivity and digital readiness making it an ideal site for examining generational dynamics.

### **Data Collection**

Data collection used two methods: (1) preliminary observation via structured questionnaire distributed to 11 Gen Z respondents to identify quiet quitting indicators; and (2) in-depth semi-structured interviews with eight purposively selected key informants representing diverse functional roles and seniority levels.

Interview procedures followed established qualitative protocols: preparation of semi-structured guides, informed consent and confidentiality assurances, audio recording (with permission), and member-checking for credibility. All interviews were conducted at PT XYZ facilities during 2025.

### **Data Analysis**

Analysis followed Creswell's (2018) spiral model for phenomenological research across seven stages: (1) organizing/preparing data through transcription and initial coding; (2) reading and memoing for contextual immersion; (3) identifying significant statements (horizontalization); (4) clustering meanings into thematic units; (5) constructing textural and structural descriptions; (6) synthesizing the phenomenological essence; and (7) ensuring

trustworthiness through member checking, triangulation with supervisor interviews, and researcher reflexivity.

## RESULT AND DISCUSSION

### Preliminary Findings: Quiet Quitting Indicators

Questionnaire data from 11 Gen Z respondents identified the presence of quiet quitting tendencies. Three of five dimensions scored above 3.0: In-Role Focus (M=3.64, Tends to Agree), Psychological Disengagement (M=3.58, Tends to Agree), and Low Proactive Initiative (M=3.12, Neutral/Tends to Agree). These findings provided empirical grounding for the subsequent in-depth exploration of the cultural and leadership factors driving this disengagement.

**Table 3.** Quiet Quitting Questionnaire Results

Dimension	Mean Score	Interpretation
In-Role Focus	3.64	Tends to Agree
Psychological Disengagement	3.58	Tends to Agree
Low Proactive Initiative	3.12	Neutral/Tends to Agree
Extra-Role Behavior	2.87	Neutral
Organizational Detachment	2.73	Neutral

Source: Preliminary questionnaire data (n=11 respondents) processed by researchers (2025)

### Gen Z Perceptions of Organizational Culture

#### 1. Innovation and Risk-Taking

Gen Z perceive organizational culture as encouraging innovation in principle but pragmatically restricting risk in practice. N1 (Operations Staff) noted: "Ideas are encouraged, but if they deviate from SOP or require budget, they're usually held back... so I focus on daily tasks." N2 (Maintenance Staff) framed risk through a safety lens: "Detail is life... risk here is physical/safety risk." This aligns with Robbins' (2019) assertion that risk tolerance is shaped by external environment demands.

A key theoretical extension: Gen Z does not resist rules outright but undertakes passive adaptation complying with global quality standards while experiencing declining innovative engagement. This manifests as quiet quitting in the innovation dimension, providing empirical evidence that bureaucratic constraints in manufacturing suppress Gen Z's innovative potential without triggering open resistance.

#### 2. Attention to Detail

All informants identified attention to detail as a non-negotiable core value. N2 stated: "Detail is life... LOTO sequence must be 100% correct." N1 initially experienced micromanagement as oppressive but came to accept it as a 'dual protection system.' This demonstrates perceptual adaptation consistent with Robbins (2019): strong organizational culture transforms individual resistance into logical acceptance.

#### 3. Outcome Orientation

Gen Z uniformly perceive dominant outcome orientation: N4 (Production Staff): "Output is 90%... if process is right but output falls short, you still get blamed." This creates psychological pressure as Gen Z feel reduced to target-achievement instruments. The study extends Robbins' (2019) outcome orientation theory by revealing a dual standard simultaneous

demand for speed and perfection that conflicts fundamentally with Gen Z's expectation of effort/process recognition.

#### 4. People Orientation

Gen Z perceive good organizational intentions but weak execution of well-being policies: N3 (HR Development Staff): "Intention is there, but execution is often half-hearted." Applying Vroom's Expectancy Theory, when policy implementation falls short, the instrumental value of organizational culture declines in Gen Z's perception, triggering motivational decline and potential quiet quitting.

#### 5. Team Orientation

A clear function-based divergence emerges: operational line workers (N2, N4) perceive team culture as exceptionally strong "If one falls, we all fall" due to high task interdependence. Meanwhile, cross-departmental collaboration is perceived as difficult due to conflicting outcome targets. This extends Robbins (2019) by demonstrating how outcome orientation creates a silo mentality undermining cross-unit collaboration even while intra-unit cohesion remains strong.

#### 6. Stability

Gen Z desire selective stability: strict stability for quality and safety standards, but rapid adaptability in technology, tools, and people management. Excessive stability generates a fear of stagnation a perception that career advancement is threatened by organizational conservatism. This introduces a new theoretical concept: stability is not monolithic; its organizational value depends entirely on which domains it applies to.

### **Gen Z Perceptions of Leadership Style**

#### 1. Authoritative/Directive Leadership

Contrary to stereotypes of Gen Z as anti-authority, all informants demonstrate functional pragmatism: N2: "My supervisor is very authoritarian when machines break down... I don't hate it, because if he's indecisive, losses grow bigger." N4: "During line stop, authoritarian is mandatory. We don't need debate." This validates Fiedler's Contingency Theory while extending it with a critical distinction between power-based authority (toxic, resisted) and functional authority (competence-based, accepted).

#### 2. Democratic/Participative Leadership

Gen Z strongly prefer participative leadership outside crisis contexts but acknowledge its current form as instrumental participation consulted to validate existing solutions rather than co-create from scratch. N2: "We're involved only when there's a technical problem he himself can't solve... we're a technical resource, not a strategy partner." Despite its limited form, this participation builds ownership when it grants autonomy in areas of expertise.

### **Gen Z Expectations of Organizational Culture**

Gen Z do not demand elimination of strict operational culture. They seek a dynamic equilibrium: maintaining rigidity in quality/safety while applying agility in technology, tools, and people management. Three main expectation themes emerged from analysis:

**Learning Culture:** All informants expect a shift from control culture to learning culture celebrating learned failures (N1: "failures should count as learning processes"), supporting independent improvement projects (N2), and allocating dedicated trial-and-error time (N4). Gen Z want to be agents of change, not static task executors.

Process-Based Justice and Well-being: N1: "I hope for balanced recognition between output and effort... mental health support is also important." This extends Robbins' (2019) people orientation concept to include concrete ergonomic and psychological needs merging Safety Culture with individual Well-being in manufacturing contexts.

Selective Stability: All informants consistently expect stability only in core safety/quality frameworks, while technology adoption, training methods, and HR policies must remain dynamically adaptive. Through Vroom's Expectancy Theory lens, organizational failure to provide technological dynamism reduces instrumental value and weakens Gen Z's need for achievement (McClelland), ultimately diminishing loyalty.

### **Gen Z Expectations of Leadership Style**

Gen Z leadership expectations crystallize around three archetypes extending traditional leadership theory:

Visionary Democrat: A leader who articulates compelling macro-vision but grants operational autonomy N1: "I hope he focuses on giving us access and resources, not micro-instructions." This reflects Terry's (2018) leadership theory extended with the concept of democratic vision: accepting output targets authoritatively while demanding freedom in determining process and prevention.

Skill Champion and Coach (Pahlawan Skill): A technically competent leader who challenges Gen Z with complex problems and trusts their technical judgment N2: "The leader must be a skill hero... brave enough to give us complex problems and trust our technical decisions on the ground." This shifts the manufacturing supervisor role from fault-finder to mastery-oriented coach, consistent with Vroom's high valence expectation.

Bureaucracy Breaker and Team Advocate (Enabler/Cultural Buffer): The most impactful finding for loyalty N1: "If my leader is good, democratic, and supportive, even a bad culture can be tolerated." Leaders who fight for team ideas at strategic levels and protect employees from organizational rigidity are identified as 100% retention factors. This introduces Cultural Buffer Theory: leadership effectiveness is measured not only by style but by the leader's capacity to humanize organizational culture for their team.

### **Gen Z Motivation: McClelland's Framework Applied**

#### 1. Need for Achievement (nAch)

Gen Z in automotive manufacturing manifest exceptionally strong nAch through technical mastery and efficiency creation not creative flexibility. N2: "My motivation is to defeat the machine... fixing a tricky broken machine alone feels like winning a competition." N4: "My motivation is to defeat the cycle time." This challenges stereotypes: in manufacturing contexts, Gen Z adopt Mastery-Based Motivation, treating strict outcome targets as personal competitive arenas.

#### 2. Need for Affiliation (nAff)

In the high-pressure automotive environment, affiliation functions as a Psychological Defense Mechanism rather than merely a social amenity. N4: "We need a sense of belonging to survive the physical and mental pressure." The study extends team orientation theory by showing that for Gen Z in manufacturing, interpersonal solidarity is a fundamental condition for psychological resilience a Competence-Based Solidarity where respect is linked to technical mastery, not merely friendliness.

### 3. Need for Power (nPow)

Gen Z are not primarily motivated by institutional hierarchical power but by Expert Power. N2: "I want authority over the machine... I want to become an expert." N4: "Ownership emerges when we're allowed to manage our own work station." This redefines power motivation in manufacturing from hierarchical advancement to domain sovereignty recognized technical authority within one's area of expertise.

#### **Gen Z Loyalty: Conditional Commitment Model**

The study reveals Gen Z loyalty as Conditional Loyalty not normative obligation but transactional-aspirational exchange. Three determinants emerge:

Career Development Investment: N2: "I will resign if the company won't send us training for new machines." Stagnation not workload intensity is the primary driver of turnover intent. Organizations must function as growth catalysts, not stability providers.

Extreme Accountability (Ownership Mechanism): Ownership emerges not from social closeness but from full delegation of technical responsibility. N2's account of full responsibility for Machine #5 demonstrates how extreme accountability transforms compliance into deep affective commitment shifting employee identity from SOP executor to strategic partner.

Leadership Quality as Loyalty Gatekeeper: N1: "A toxic leader will ruin everything." Gen Z loyalty is directed toward individual leaders, not the organization abstractly. The Cultural Gatekeeper role of supervisors their ability to mediate organizational culture for team members is the strongest predictor of retention.

#### **Supervisor Feedback: The Competency Gap**

Triangulation with four direct supervisors reveals a critical competency gap that creates a strategic paradox. Supervisors consistently identify: limited helicopter view (macro impact awareness beyond immediate tasks), individual orientation over organizational commitment, reactive rather than proactive crisis response, and insufficient analytical/critical thinking for independent troubleshooting.

Supervisors' prescribed solution comprehensive soft skill training (analytical thinking, interpersonal skills, vision business sense) must be balanced against Gen Z's expectation of immediate autonomy. The resolution is Graduated Accountability: progressive delegation matched to demonstrable capability development, transforming the supervisor into a simultaneous challenger and soft-skill developer.

#### **Function-Differentiated Analysis: A Key Contribution**

A central contribution of this study is demonstrating that Gen Z perceptions and loyalty determinants are function-differentiated, not monolithic:

Operations/Maintenance: Leadership quality is primary. Technical competence of the supervisor ('Skill Champion') and coaching approach are decisive for loyalty. Flexible culture can be tolerated with good leadership.

Production Line: Organizational culture (outcome-oriented target system) is primary. Loyalty is built through technology investment (automation reducing physical burden) and clear specialist career pathways.

Support/HR Functions: Innovation culture and bureaucracy-breaking leadership are paramount. The supervisor must function as a strategic advocate who clears organizational obstacles for team innovation.

## CONCLUSION

This phenomenological study demonstrates that Generation Z in Indonesian automotive manufacturing exhibit a complex, adaptive relationship with organizational culture and leadership that defies simple stereotypes. Three core conclusions address the research questions: on perceptions (RQ1), Gen Z perceive the automotive industry as a zero-error tolerance environment and demonstrate functional pragmatism accepting strict controls, hierarchical culture, and even authoritative leadership when these serve legitimate operational integrity; they understand organizational culture as the systemic 'breath' of the organization and leadership as its daily 'face.' Critically, their perception of authoritative leadership is not binary (accept/reject) but contextually nuanced: competence-based authority is respected, dominance-based authority is resisted. On expectations (RQ2), Gen Z seek a dynamic equilibrium 'selective stability' maintaining operational rigidity while demanding agility in technology and people management; their ideal leader combines three archetypes: Visionary Democrat, Skill Champion/Coach, and Bureaucracy Breaker/Cultural Buffer. They aspire to be recognized as expert contributors and agents of change rather than task executors a fundamentally different professional identity from what traditional manufacturing culture offers. On loyalty and engagement (RQ3), Gen Z loyalty is conditional, transactional-aspirational, and function-differentiated; primary loyalty drivers are career development investment, expert power recognition through domain autonomy, and direct supervisor quality as Cultural Gatekeeper. Stagnation not workload triggers resignation intent, and extreme accountability (full technical delegation) is the most powerful mechanism for building deep affective commitment. The theoretical contributions of this study extend Robbins' organizational culture framework with the concepts of selective stability, functional pragmatism, and process-based justice; extend Fiedler's contingency theory with the functional authority versus power authority distinction; and extend McClelland's needs theory with mastery-based motivation and competence-based solidarity. A new concept Cultural Buffer Theory is introduced to describe the mediating role of direct supervisors in translating organizational culture for Gen Z employees. For practical recommendations, organizations should implement: segmented retention strategies by function; coaching-based leadership development with graduated accountability; clear specialist career pathways with integrated soft skill criteria; transformation of HR from administrative function to strategic development partner; and a learning culture that treats failure as legitimate learning investment. Limitations of this study include a single organization with a small purposive sample (n=8 interview informants), constraining generalizability. Future research should employ larger samples across multiple automotive companies and quantitatively validate the function-differentiated model proposed here.

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