



## Regular article

# The Influence of Work Style and Generation Z Preferences on Generation Z Performance with Organizational Culture as A Moderating Variable Among Startup Employees in Medan City

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## ABSTRACT

The rapid growth of startups in Medan City offers significant opportunities for Generation Z to enter the workforce. However, many startups face challenges in optimizing performance due to a limited understanding of Gen Z's unique work styles and preferences. This study examines the influence of Gen Z's work style and preferences on performance, with organizational culture as a moderating variable, using a quantitative approach through Partial Least Squares-Structural Equation Modeling (PLS-SEM). The study surveyed 160 Gen Z employees from various startups in Medan. Results show that work style positively and significantly impacts performance. A flexible, collaborative, and tech-oriented approach enhances task completion. Preferences such as work-life balance, technology use, learning opportunities, and meaningful work also improve performance by increasing engagement and productivity. Moderation analysis reveals that organizational culture negatively moderates the effect of work style on performance – rigid, procedural cultures reduce the benefits of supportive work styles. Conversely, organizational culture positively moderates the influence of preferences on performance. Cultures that value flexibility, collaboration, and innovation strengthen the impact of Gen Z's preferences. This research supports the Person-Environment Fit and Self-Determination Theory, offering practical insights for startup leaders. Aligning organizational culture and work styles with the values of Generation Z can enhance performance, productivity, and long-term success in the digital era.

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## Introduction

The demographic shifts in both the global and national workforce have brought Generation Z to the forefront as a new force in the labor market. Generation Z, which includes individuals born between 1997 and 2012, is projected to make up more than 27% of the global workforce by 2025 (World Economic Forum, 2023). In Indonesia, according to projections by the Central Statistics Agency (BPS), the Indonesian labor force (as of August 2024) totals 152.11 million people. Of this number, 36.50 million are members of Generation Z, with 24% already participating in the active labor force (BPS, 2024). Meanwhile, in Medan City, based on data from the Central Statistics Agency (BPS) of Medan

City 2024 (Q2 data released in August 2024), the labor force amounts to 1,012,250, with 510,125 (50.4%) belonging to Generation Z. The growth of the Generation Z labor force in 2024 increased by approximately 4.7% compared to 2023. This figure indicates that organizations are now faced with the need to understand and manage a new generation of workers whose characteristics differ greatly from those of previous generations. The following is an estimated overview of the composition of the Generation Z workforce.

From the data in Table 1, it can be seen that individuals aged 15-19 are predominantly found in the informal sector due to limited experience and education. Examples include working as shop helpers,

day laborers, and young farmers. Those aged 20–24, typically high school or university graduates, are entering the digital sector (e-commerce, content creators), and flexible jobs such as freelance work and online driving have increased by 23% (Ministry of Manpower, 2024). Individuals aged 25–29 are transitioning into more stable jobs, such as corporate employees or established entrepreneurs, and startups have become a primary choice, including companies like GoTo, Traveloka, and digital MSMEs.

Table 1 Percentage of Generation Z Workforce in Indonesia in 2024

Age Group (Years)	Number of Workforce (Million)	Percentage of Total Labor Force (%)	Dominant Sector Description
15-19	5,00	3,29	Informal sector (micro-business, part-time); Services (workshops, retail); Agriculture
20-24	14,50	9,53	Trading & E-commerce; Digital services (content creator, freelancer); Manufacturing (mass production)
25-29	17,00	11,18	Formal sector (offices, state-owned enterprises); Startup and Technology; Entrepreneurship (growing MSMEs)
Total	36,50	24,00	-

Source: Processed from BPS (2024)

Table 2 Percentage of Generation Z Workforce in Medan City in 2024

Age Group (Years)	Number of Labor Force	Percentage of Total Labor Force (%)
15-19	82.115	8,1%
20-24	192.340	19%
25-29	235.670	23,3%
Total	510.125	50,4%

Source: Medan City Statistics Office (2024)

From the data in Table 2 above, it can be seen that a significant increase occurred in the 25–29 age group (an increase of 6.2% from 2023), indicating a massive expansion of formal job openings and a wave of local graduates entering the labor market.

According to Stephen P. Robbins (2024), a leading organizational behavior expert, work style refers to the way individuals approach tasks, interact with coworkers, and manage their responsibilities at the workplace. The work style phenomenon of Generation Z differs significantly from previous generations. Generally, Generation Z prefers flexible, technology-based work models that provide space for autonomy and creativity. A Deloitte survey (2023) shows that over 70% of Generation Z choose hybrid or remote work systems. According to the BPS report (2023), around 67% of Generation Z workers in Indonesia prefer companies that offer work-from-home options. They also avoid overly rigid or authoritarian work systems. In the context of Medan City, with its blend of Malay local culture and modernity, Generation Z favors flexibility, technology, collaboration, and autonomy in their work.

Table 3 Dominant Sector of Generation Z Workforce in Medan City (Total 510,125 people - 50.4%)

Sector	Percentage	Job Characteristics	Work Example
Trade and	32%	<ul style="list-style-type: none"> <li>• Dominant age 20-24 years</li> <li>• Offline-online business combination</li> </ul>	<ul style="list-style-type: none"> <li>• Seller online</li> <li>• Retail store clerk</li> <li>• Reseller thrift</li> </ul>
E-Commerce	25%	<ul style="list-style-type: none"> <li>• Fastest growth (+18% yoy)</li> <li>• Flexible/wfh</li> </ul>	<ul style="list-style-type: none"> <li>• Content creator</li> <li>• Freelance Design</li> <li>• Online Taxi Driver</li> </ul>
Digital/Creative Services	18%	<ul style="list-style-type: none"> <li>• Male dominant (73%)</li> <li>• Vocational skills</li> </ul>	<ul style="list-style-type: none"> <li>• Factory Operator</li> <li>• Logistics Technician</li> <li>• Quality control</li> </ul>
Industry & Manufacturing	15%	<ul style="list-style-type: none"> <li>• Family microenterprises</li> <li>• Female dominant (68%)</li> </ul>	<ul style="list-style-type: none"> <li>• Coffee shop owner</li> <li>• Home industry catering</li> <li>• Catering</li> </ul>
Culinary MSMEs	10%	<ul style="list-style-type: none"> <li>• Majority ages 25-29</li> <li>• Minimum education D3</li> </ul>	<ul style="list-style-type: none"> <li>• Administrative staff</li> <li>• CS banking</li> <li>• Honorary Professor</li> </ul>

Source: Medan City Statistics Office (2024)

Organizational culture is a key factor in bridging expectations and realities in the workplace. Robbins and Judge (2024) state that organizational culture can guide individual behavior, establish norms, and shape a work atmosphere that directly affects productivity. In this context, organizational culture is appropriate to be used as a moderating variable because it functions as a strengthening or weakening factor in the relationship between work style and preferences toward performance.

This approach is also in line with contingency theory, which states that performance effectiveness highly depends on the fit between individual characteristics and their work environment (Cameron & Quinn, 2023). Therefore, a flexible, innovative, and supportive organizational culture can strengthen the positive influence of work preferences on performance, while a rigid and hierarchical culture tends to weaken it.

Based on the results of a pre-survey conducted with 30 Generation Z respondents in startups in Medan City, it was found that Work style shows a significant influence on productivity, with the majority of respondents (83.3%) stating that flexibility in time and workplace positively impacts their performance. Additionally, the integration of technology in work received the highest approval (93.3%), indicating that Generation Z heavily relies on digital tools for work efficiency. Generation Z's preferences are dominated by the need for self-development (90%) and an inclusive work environment (80%). These findings align with previous research (Deloitte, 2023), which states that Generation Z tends to choose companies offering learning opportunities and a value of diversity. Respondents' performance shows high levels of adaptability (83.3%) and work quality (86.7%). However, work engagement only reached 63.3%, indicating that motivation and emotional attachment to the company need further exploration.

Organizational culture reveals two patterns: (1) strong adoption of technology (96.7%) and social values (73.3%), but (2) weak innovation culture (only 56.7% agree). This indicates that although startups in Medan have adopted technology, creativity, and experimentation processes remain limited.

Organizational culture has the potential to act as a moderating variable in the relationship between work style and performance, especially in the following dimensions: Technology-Based: The high adoption of technology (96.7%) can strengthen the influence of a flexible work style on productivity. Collaborative: Support for teamwork (66.7%) has the potential to enhance the impact of Generation Z's preference for inclusivity on work engagement. However, the low culture of innovation (56.7%) presents a challenge. A study by BCG (2022) shows that innovation is key to retaining Generation Z in startups. If not addressed, this could reduce the effectiveness of organizational culture as a moderator.

Thus, research on the influence of Generation Z's work style and work preferences on their performance, with organizational culture as a moderating variable, becomes very important to conduct. This study is not only academically relevant but also strategic in helping organizations face the new realities in an ever-changing world of work.

**Literature Review**

*Generation Z*

According to Robbins and Judge (2023), Generation Z is a workforce generation whose performance is highly influenced by the alignment between personal work style and the organizational work environment. Misalignment can lead to significant disengagement. Schwab (2022), in the context of the Industrial Revolution 5.0, views Generation Z as a generation requiring a humanistic and value-based approach in workforce management, emphasizing the synergy between humans and technology.

*Gen Z Working Styles*

According to Robbins and Judge (2023), work style can be understood as an individual's pattern of behavior, preferences, and approach in carrying out tasks and responsibilities in the workplace. Work style refers to how individuals perform job tasks, interact with colleagues, and respond to the work environment.

Deloitte (2023) states that Generation Z has a highly flexible work style, with more than 70% preferring hybrid or remote work systems. They reject rigid traditional work structures and prefer work models that offer freedom in managing their time and work location.

*Generation Z Performance*

Although Robbins and Judge do not specifically mention "Generation Z," they define performance as the degree to which an

employee fulfills the job requirements and contributes to organizational effectiveness. In the context of Generation Z, this can be interpreted as how individuals from this generation meet work expectations with their distinct styles and preferences, such as reliance on technology, speed, and a desire for meaningful work. Generation Z performance refers to the extent to which individuals from Generation Z can meet job demands and contribute to organizational effectiveness, considering the values and unique characteristics of their generation (Robbins & Judge, 2023).

*Organizational Culture*

According to Michael Armstrong (2020) in his book *Armstrong's Handbook of Human Resource Management Practice* (14th Edition), organizational culture is "a system of shared values, norms, beliefs, and behaviors held by members of an organization that influences how they interact with one another and how they carry out their tasks." (Armstrong, 2020, p. 220). Organizational culture refers to the pattern of values, beliefs, attitudes, and behaviors that develop within an organization and influence how its members interact, work, and achieve common goals.

According to Stephen P. Robbins and Timothy A. Judge (2023) in their book *Organizational Behavior* (19th edition), organizational culture is a system of shared meaning held by members that distinguishes one organization from another. This culture consists of a set of key characteristics that the organization and its members value, serving as a guide for behavior and interaction. (Robbins & Judge, 2023, p. 264).

Drawing from the literature review and prior studies, a conceptual framework can be developed. Sugiyono (2016) defines the conceptual framework as a representation of the research variables and how theories connect to the variables being investigated, specifically the independent and dependent variables. The conceptual relationships between these variables will be described as follows:

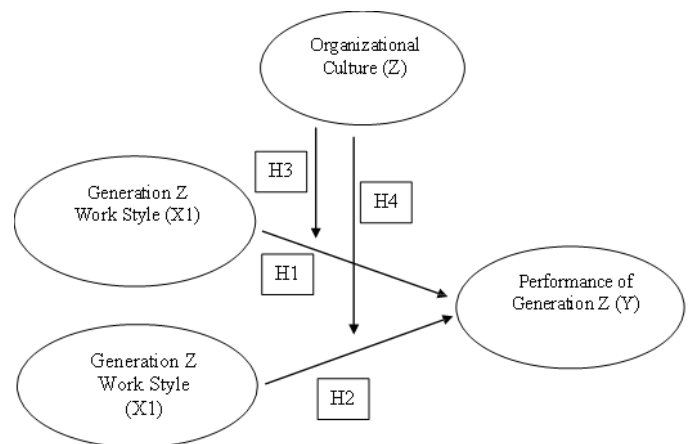


Figure 1 Conceptual Framework

**Methodology**

*Research Population and Sample*

The target population used in this study is Generation Z employees, specifically those born after 1997 and who are actively working in various industry sectors. The study samples Generation Z employees aged between 20 and 28 years old, both male and female, married and unmarried, who have real work experience. In SEM-based research, the ideal sample size is at least five times the number of indicators. There are 32 indicators derived from the variables in this study. Therefore, the number of respondents in the sample is  $32 \times 5 = 160$ , meaning the assumption for the required sample size has been met, as the minimum sample size for SEM is 150 respondents.

*Data analysis*

According to Hair, Ortinau, and Harrison (2021), Structural Equation Modeling (SEM) is a statistical modeling technique that seeks to explain relationships among multiple variables. SEM examines the structure of interrelationships expressed in a series of equations, similar to multiple regression equations. These equations describe the overall relationships among dependent and independent variables included in the analysis. Equally important, the theoretical structure determines which variables and constructs are likely to be unrelated. Constructs are latent or unobservable factors represented by multiple indicators.

One type of SEM method is Partial Least Squares Structural Equation Modeling (PLS-SEM), also known as PLS path modeling. PLS has been introduced as a “predictive causal” approach to SEM, focusing on explaining the variance of the model’s dependent variables (Chin et al., 2020).

**Results and Discussion**

*Descriptive Analysis Results*

Respondent Characteristics Based on Age

The following are the characteristics of respondents based on age, which can be seen below:

Table 4 Characteristics Based on Age

Age (Years)	Number of people	Persentase
20-24	129	65
25-29	69	35
Total	189	100

Source: Data processed (2025)

Based on Table 4, the analysis of respondent characteristics by age shows that the majority are employees aged between 20-24 years, totaling 129 individuals (65 percent).

Respondent Characteristics Based on Length of Employment

The following are the characteristics of respondents based on the length of employment, which can be seen below:

Table 5 Characteristics Based on Length of Employment

Length of Service (Years)	Number of people
1	93
2	61
3	40
4	4

Source: Data processed (2025)

Based on Table 5, the analysis of respondent characteristics by length of employment shows that the majority are employees who have been working for 1 year, totaling 93 individuals.

Respondent Characteristics Based on Startup Sector

The following are the characteristics of respondents based on the startup sector, which can be seen below:

Table 6 Characteristics Based on Startup Sector

Startup Sector	Number of people
E-Commerce	13
Creative	46
Technology	98
Other (Agriculture, Services)	41

Source: Data processed (2025)

Based on Table 6, the analysis of respondent characteristics by startup sector shows that the majority are employees working in the technology sector, totaling 98 individuals.

*Hypothesis Test Results*

Hypothesis testing in this study was conducted in two ways: first, direct effect hypothesis testing, and second, indirect effect hypothesis testing. A path model is a diagram used to visually display hypotheses and the relationships between variables examined when applying SEM (Hair, Ortinau, and Harrison, 2021). All hypotheses were tested using the Partial Least Squares (PLS) method. Partial Least Squares (PLS) is an analysis method that does not rely heavily on strict assumptions (Ghozali, 2021). The PLS method allows the tested model to use the following assumptions: data do not need to be normally distributed; measurement scales can be nominal, ordinal, interval, or ratio; sample sizes do not have to be large; indicators can be reflective or formative; and the model does not necessarily have to be theory-based (Ghozali, 2021). The hypothesis testing results are presented in the following table:

Table 7 Path Coefficient Results

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics ((O/STDEV))	P values	Con
Organizational Culture (Z) -> Generation Z Performance (Y)	0,601	0,65	0,165	3,638	0,000	Acc
Organizational Culture (Z) x Work Style (X1) -> Generation Z Performance (Y)	-0,149	-0,165	0,076	1,952	0,025	Acc
Organizational Culture (Z) x Generation Z Preferences (X2) -> Generation Z Performance (Y)	0,159	0,176	0,076	2,098	0,018	Acc
Work Style (X1) -> Generation Z Performance (Y)	0,126	0,219	0,076	2,843	0,002	Acc
Generation Z Preferences (X2) -> Generation Z Performance (Y)	0,204	0,200	0,100	2,045	0,041	Acc

Source: Research Results, 2025 (processed data)

*Work Style Has a Positive and Significant Effect on Generation Z's Performance*

Path analysis results show that Work Style has a positive and significant impact on Generation Z's performance, with a coefficient value of 0.126, a T-statistic of 2.843, and a p-value of 0.002 ( $p < 0.05$ ). This indicates that the more aligned the work style applied by the company is with Generation Z, the higher the performance achieved by Generation Z employees in startups. Although its contribution is not as dominant compared to other factors like Organizational Culture, Work Style remains a significant factor in enhancing productivity, engagement, and retention of Generation Z employees in the startup context. These results suggest that work style is an important aspect companies need to consider to optimize the performance of Generation Z employees, especially in the highly dynamic startup ecosystem.

*Generation Z Preferences Have a Positive and Significant Effect on Generation Z's Performance*

Based on the path analysis results, Generation Z's preferences have a positive and significant impact on their performance, with a coefficient value of 0.204, a T-statistic of 2.045, and a p-value of 0.041 ( $p < 0.05$ ). This indicates that the better the work preferences of Generation Z are fulfilled in startups, the higher their performance in carrying out tasks and responsibilities in the work environment. Generation Z's work preferences include flexibility, use of digital technology, opportunities for self-development, and work-life balance. The performance of Generation Z in startups is strongly influenced by how well companies adjust work patterns to match these preferences, whether through flexible working hours, the use of collaborative work applications, or an organizational culture that supports discussion and experimentation. These results show that Generation Z's preferences are crucial factors in driving their productivity and engagement, which in turn positively impact individual and organizational performance quality.

*Organizational Culture Negatively Moderates the Relationship Between Work Style and Generation Z's Performance*

Moderation analysis shows that Organizational Culture negatively moderates the relationship between Work Style and Generation Z's performance, with a coefficient of -0.149, a T-statistic of 1.952, and a p-value of 0.025 ( $p < 0.05$ ). This means that the higher the level of organizational culture in a startup, the weaker the influence of work style on Generation Z's performance. This finding suggests that although flexible, digital, and collaborative work styles are important for Generation Z, implementing an overly strict and structured organizational culture can limit the flexibility, autonomy, and creativity Generation Z needs in their work, thereby weakening the positive impact of work style on their performance. In the fast-paced startup context, a strong emphasis on organizational culture often demands uniformity in work methods, procedures, and values that all employees must follow. This can conflict with Generation Z's preference for flexibility and freedom at work, preventing their performance potential from being fully optimized.

*Organizational Culture Positively Moderates the Influence of Generation Z's Preferences on Their Performance*

Moderation analysis shows that Organizational Culture positively moderates the influence of Generation Z's preferences on their performance, with a coefficient of 0.159, a T-statistic of 2.098, and a p-value of 0.018 ( $p < 0.05$ ). This means that the stronger the organizational culture support in startups, the greater the positive effect of Generation Z's work preferences on their performance. This finding indicates that Generation Z's work preferences inherently drive their performance, and when organizational culture supports flexibility, collaboration, technology use, and self-development, these preferences can be optimally realized to enhance performance. Organizational culture, therefore, is not only a set of values to follow but also an enabler for Generation Z to express their work styles and preferences, leading to increased productivity, work quality, and engagement. Startups are generally known for agile, collaborative, and inclusive cultures that leverage digital technology in operations. Such cultures align well with Generation Z's preferences for flexible hours, freedom in task completion, opportunities for growth, and everyday use of technology. When startups implement supportive cultures—such as flexible work schedules, collaborative digital platforms, open communication, and an innovation culture that allows experimentation without fear of failure—Generation Z's preferences are well facilitated. This boosts their motivation, initiative, and maximizes their potential to deliver high-standard work. Conversely, startups with rigid and bureaucratic cultures hinder Generation Z's work preferences, reducing their engagement and productivity because they cannot express their

preferred ways of working. Therefore, adopting an organizational culture aligned with Generation Z's values is key to enhancing their performance in startups.

## Conclusions

Based on the research results regarding the influence of Work Style and Generation Z Preferences on Generation Z's Performance with Organizational Culture as a moderating variable among startup employees in Medan City, several conclusions were drawn as follows:

1. Work Style has a positive and significant effect on Generation Z's Performance. This indicates that the more aligned the company's work style is with Generation Z, the higher their performance in completing tasks, increasing productivity, and enhancing engagement at work.
2. Generation Z's Preferences have a positive and significant effect on their Performance. This means that the better their work preferences, such as flexible hours, technology use, and work-life balance, are fulfilled, the higher their performance in startups.
3. Organizational Culture negatively moderates the relationship between Work Style and Generation Z's Performance. This finding shows that the stricter the organizational culture, the weaker the influence of work style on Generation Z's performance, due to company rules and values limiting their work style flexibility.
4. Organizational Culture positively moderates the relationship between Generation Z's Preferences and their Performance. This means that an organizational culture supporting flexibility, collaboration, technology use, and openness strengthens the positive impact of Generation Z's work preferences on their performance in startups.

Overall, this study shows that Work Style and Generation Z's Preferences are important factors in enhancing Generation Z's performance in startups, while Organizational Culture can either strengthen or weaken this relationship depending on its moderating effect. For future research, it is recommended that studies not only examine the direct relationships between Work Style, Generation Z Preferences, and Generation Z's Performance with Organizational Culture as a moderating variable, but also explore additional factors that may influence these dynamics. Potential factors could include leadership styles, individual motivation, technology adoption, or organizational support systems. Researchers are also encouraged to conduct comparative studies across different industries or regions to understand better how these variables interact in various organizational

contexts. Such studies would provide broader insights into optimizing Generation Z's performance by aligning work environments and cultural factors more effectively.

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