

GENERATION Z, HR POLICY ADAPTABILITY, AND EMPLOYEE ENGAGEMENT: IMPLICATIONS FOR SUSTAINABLE ORGANIZATIONS IN INDIAN CORPORATES



Ms. Shalini^{1*}, Sandeep Kumar²,

¹*Research Scholar, Commerce & Management, Sarala Birla University, Ranchi
(Ex Young professional- SRLM Gov of Bihar)

mail- Shalini2414@gmail.com

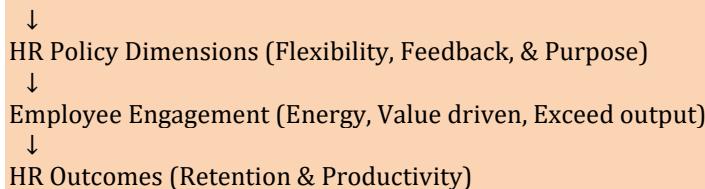
²Professor, Commerce & Management, Dean ,Faculty of Commerce, Sarala Birla University, Ranchi
mail- sandeep.kumar@sbu.ac.in

*Correspondent's email: Shalini2414@gmail.com

Abstract

The increasing number of workers in the Indian labour force that are classified under the Gen Z has presented strategic and structural difficulties to companies that are geared towards making sure growth and innovation take place in a sustainable way. The present paper is anchored on the Social Exchange Theory (SET), the Self-Determination Theory (SDT) and the Person-Organization (P-O) Fit Theory to determine the impact of the attributes of Gen Z workforce on the effectiveness of human resource (HR) policies and the outcomes of employee engagement in the Indian corporate spectrum. Based on the secondary survey data gathered via crawler of IT and FMCG firms in India and then global comparison, this study incorporates Structural Equation Modeling (SEM) to test the hypothesized relationship between HR policy dimension, employee engagement and HR outcomes. The findings show that flexible work practices, ongoing feedback mechanisms, and HR policies that are developmentally oriented play a key role in improving the levels of engagement in Gen Z employees. The relationship between HR policies and retention outcomes and productivity outcomes is found to have a partial mediation role that of employee engagement. In addition to immediate HR performance indicators, the results indicate that the adaptability of HR policies adjusted to the trends of Gen Z promotes innovation preparedness, intrapreneurial orientation, and long-term organizational sustainability in the circumstances of the emerging economy. The study has a contribution role to the literature of the generational workforce and HRM by offering empirical evidence of India as an emerging Asian economy and presents practical implications of the research to organizations that have to design future-oriented, innovation-driven and sustainable workplaces in the multi-generational workforce. The proposal would appear as follows.

Gen Z Workforce Characteristics



Keywords: Generation Z Workforce; Sustainable HRM; Employee Engagement; Intrapreneurship; HR Policy Adaptability; Indian Corporates; Emerging Economies

1. Introduction

The demographic makeup of the global workforce is experiencing a paradigm with the generational z (the people born between 1997 and 2012) stepping into full time jobs at a rapid pace. Gen Z employees are already emerging as one of the most powerful workforce populations in the world, especially in technology-intensive and services-driven sectors in India, one of the youngest workforces in the world. This acquisition of new generations forces companies to re-evaluate the old human resource (HR) policies that were majorly oriented toward other previous generations like Generation X and Millennials particularly when it comes to creating

future-proof, resilient, and sustainable organizations (Ehnert et al., 2016).

The HR structures of the corporates in India have previously been based on hierarchical organisation, performance review that is standardised and long-term employment relations. Nevertheless, Gen Z workers have different workplace preferences that are digital fluent, flexible expectations, constant learning, and meaningful work. Where the expectations do not align with current HR policies, the lack of alignment can negatively impact the scores of employee engagement, which are considered key predictors of organizational performance, retention, and innovation and are

becoming more of the determinants of long-term organizational sustainability (Jarlstrom et al., 2018). Although it has gained interest among practitioners, there is a lack of empirical studies that focus on examining how the Gen Z traits, HR policy adaptation, and employee engagement interact with the Indian environment. This paper aims to fill this gap by exploring the relations between HR policies and engagement performance among the Gen Z workforce, as well as recognizing the critical issues that Indian corporates have in managing this group of employees with regard to their innovation capacity and long-term workforce development in emerging economies (Audretsch et al., 2021).

The conduct of this research paper is to discuss the multidimensional nature of the growing population of Generation Z on the current Human Resource policies in the Indian corporate world with a critical view on the need to modify the policies and re-strategize. Specifically, it analyzes how the Gen Z specifics and needs, including their preoccupation with flexibility, digital skills, and career advancement, necessitate the shift in the traditional HR frameworks (Pernkopf et al., 2021). The paper will further discuss the specific opportunities and challenges that the current demographic discovery has brought about, such as the evolving leadership styles and need to have inclusive diversity-based initiatives (Sewell et al., 2022). The recent phenomenon of the Gen Z generation is becoming a component of the contemporary Indian workforce because this generation takes a significant portion of the existing workforce, and, hence, a reassessment of the traditional HR activity can be offered with the view of developing a well-adjusted and efficient workplace (Meek et al., 2011). The change in demographics requires proactive perspective of the talent management, i.e. organizational must not only be aware, but must be strategic in managing Gen Z and their respective motivations, drivers of engagement and communication methods (Jiang et al., 2012). Adaptive HR practices as enablers of innovative preparedness, intrapreneurial behavior and sustainable execution of business, in particular, in new Asian economies, such as India, are seen in a bigger strategic perspective (Akbar et al., 2020; Audretsch et al., 2019). This change is important in terms of attracting, building, and retaining this generation in an effective manner, which eventually influences organizational performance and financial returns (Jyoti and Rani, 2017). Being aware of those specific characteristics, organizations should take a serious look at the existing HR policies and make sure that they are in line with the new demands of this generation (Paauwe & Farndale, 2017). This kind of evaluation is especially important, as now generations Y and Z represent the largest portion of the workforce in India, and thus they require a detailed insight into their work attitude and commitment to the company to reduce the number

of possible intergenerational differences and the increased turnover rates (Yuan et al., 2024). To effectively respond to such issues, the paper at hand is going to examine the reasons behind attrition in Gen Z employees and the role of Organizational Citizenship Behavior integration within the organization (Meek et al., 2011). This placement of employee engagement as a strategic process between the flexibility of the HR policy and sustainable performance of the enterprise determines this workforce management of Gen Z in a broader range of discussions on sustainable human resource management, innovation ecosystems and inclusive economic growth. The paper will also consider how these generational work values have such implications on the effectiveness of the organization, why an adaptive approach is needed in managing the workforce, in learning and development, and career growth planning (Jarlstrom et al., 2018).

Specific Factors Contributing to Attrition Among Gen Z Employees and How to Address Them (secondary data)

- **Lack of Engagement and Connection:** Not feeling engaged with the company's mission or connected to colleagues can contribute to turnover intention (Glavas & Kelley, 2014).
- **Autonomy & Flexibility:** Gen Z demonstrates high adaptability to the flexibility of work, such as remote work, flexible work hours, and hybrid work, which implies that such solutions might result in dissatisfaction and intention to quit in case such options are not available (Upadhyay and Kamble, 2023).
- **Lack of Professional Development and Career Growth:** A significant driver of attrition is the absence of opportunities for continuous learning, skill development, and clear career advancement (Jyoti & Rani, 2017; Jiang et al., 2012). Gen Z seeks roles that allow them to continuously acquire new skills and progress rapidly (Pernkopf et al., 2021).
- **Work-Life Balance Deficiencies:** Ineffective work-life balance is one of the significant contributors of turnover intention among Gen Z. Their values revolve around proper balance between professional and personal life (Jarlstrom et al., 2018).
- **Boredom and Monotonous Work:** Gen Z employees tend to desire a sense of purpose in their jobs and may get disengaged and leave when tasks are considered to be non-interesting, non-motivating, or of low value-add. They are so unimpressed by boredom and want to be involved to the fullest (Sewell et al., 2022).
- **Mental Health and Burnout:** Mental health problems and work burnout is another cited issue that is being one of the leading causes

motivating Gen Z to make job changes (Glavas and Kelley, 2014).

- **Inadequate Feedback and Support:** Gen Z wants immediate feedback and a supportive workplace that has clear job responsibilities and duties (Jiang et al., 2012).
- **Purpose and Larger World view Organizational Culture Mismatch:** The purpose driven work such as United Nations SDG 2030 and evolution and sustainability led work goals appeal to Gen Z (Ehnert et al., 2016).
- **Strategies to Address Attrition and Improve Retention:**
 - Organizations should practice multifaceted HR policies to reduce turnover and instill retention in Gen Z:
- **Autonomous & Flexible Work Policies:** Provide professional frameworks that satisfy the Gen Zs desire toward flexibility and work-life balance, including remote, hybrid, or flexible work hours. These designs positively impact health and diminish voluntary exits (Jarlstrom et al., 2018).
- **Robust Professional Development Programs:** Invest in learning, skills improvements and effective career progressions. This is supported by proper succession programs, training on professional development, and mentorship programs (Jyoti and Rani, 2017; Jiang et al., 2012).
- **Meaningful and Engaging Work:** Design positions should have some purpose and not be dull and repetitive. Managers must be wary of delegating work of low value-add or repetitive work to prevent boredom and disengagement (Elf et al., 2022; Sewell et al., 2022).
- **Prioritize Employee Well-being:** Mental health issues and burnout Prevention: Supportive work environment and work-life balance should be promoted to address burnout and mental health problems (Ehnert et al., 2016).
- **Formalized Mentorship Programs:** While establishing safe spaces to receive professional advice, personal relations are highly valued by Gen Z, which is why it is proposed to implement mentorship programs, such as reverse mentoring, (Pernkopf et al., 2021).
- **Prompt and Constructive Feedback:** Be timely in his feedback and offer constructive feedback as well as timely so that Gen Z needs timely feedback and performance information (Paauwe and Farndale, 2017).
- **Supportive and Agile HR Practices:** Instill a supportive workplace, specify work roles, and provide effective training. Introduce agile HR practices capable of changing with the new demands and interests of Gen Z and reviewing and revising some of the practices on a regular basis ((Remington et al., 2019; Jarlstrom et al., 2018).
- **Emphasize Organizational Culture and Values:** stress the social responsibility of the firm and provide a cordial and well-equipped workplace. When corporate values are aligned with the wishes of Gen Z to work meaningfully and contribute to the social good, the results will be substantially higher engagement and retention rates (Ehnert et al., 2016; Glavas and Kelley, 2014; Audretsch et al., 2021).
- **Please note we have used different editions of same writers in above secondary data collection.**
- By preemptively considering these influences by developing data-supported strategies, organizations will be able to establish a culture in which Gen Z workers feel appreciated, engaged, and motivated to contribute in the long term, which will decrease turnover and lead to a stable and innovative workforce.
- **Empirical Research and Data Analysis on Gen Z and HR Policies in India**
- Other articles indicate the changing nature of HR following the introduction of the generation z into the Indian labour market. The papers provide an understanding of the expectations of Gen Z, its impact on the HR practices, and the necessity.
- The papers located indicate the different ways of analyzing data:
- **Quantitative Methods:** (Jiang et al., 2012; Yuan et al., 2024) use quantitative methods such as multiple linear regression and SmartPLS to analyze survey data, providing statistical evidence of the relationships between HR practices, employee motivation, retention, and career decisions.
- **Qualitative Methods:** On the one hand, some research, such as the one mentioned by Sewell et al. (Sewell et al., 2022), apply structured interviews, and they provide qualitative information on leadership preferences.
- **Literature Reviews and Conceptual Frameworks:** Other works, such as Paauwe and Farndale (2017) and Järlström et al. (2018), provide comprehensive reviews and conceptual frameworks that synthesize existing knowledge and propose areas for future empirical research.
- **We as researchers, from secondary data, summarize factors affecting Gez engagement at work place which Indian corporate & global MNC have to adapt, as follows**
- **Geographical and Temporal Autonomy & Radical Flexibility** - Gen Z views flexibility as a baseline, not a perk. A company implements a "results-only work environment" (ROWE) where Gen Z employees are measured on output rather than hours spent at a desk.

- **Purpose-Driven and Values-Aligned Work** - Gen Z is highly conscious and prefers to work for organizations that demonstrate strong ethical standards - explicitly links project goals to UN Sustainable Development Goals (SDGs).
- **Continuous Learning and Rapid Career Development** - Gen Z is eager for growth and tends to view jobs as learning platforms (like gamified app-based training)
- **Continuous Feedback and Authentic Recognition**- Unlike annual reviews, Gen Z thrives on, and often requires, real-time, constructive feedback.

Indian Corporate spectrum score of 6.3 on Autonomy, 7.2 on purpose driven work, 6.5 on learning and 6.4 on Feedback and the mean score is middle. These scores are lower by 2 points of US /European companies and high by 2 points of companies in Middle East particularly Saudi Arabia.

Hence the Proposed Conceptual Model for HR adaptation to Gen Z characteristic to High HR outcome.

Gen Z Workforce Characteristics

↓

- HR Policy Dimensions(Flexibility, Feedback, & Purpose)**

↓

- Employee Engagement(Energy, Value driven, Exceed output)**

↓

- HR Outcomes(Retention & Productivity)**

2. Literature Review and Theoretical Framework

2.1 Generation Z in the Workplace

Generation z employees are said to have high expectations regarding autonomy, fast career growth, and organizational transparency. According to previous research, Gen Z values flexibility, skill development, and work purpose more intensively than the previous generations. The mentioned attributes require a revision of HR policies to ensure motivation and engagement. Recent sources also suggest that the generation of Gen Z has been drawn to meaningful and purpose-driven work, which is almost similar to sustainability values or organizational culture focused on innovation. Because of this, Gen Z employees are being regarded as drivers of intrapreneurial activity and unrelenting innovation within organizations, especially in the environment of emerging economies where agility and resource efficiency are paramount to the survival in the long term (Audretsch et al. 2021).

2.2 HR Policies and Employee Engagement

Employee engagement is a good and satisfying work-related condition in which employees feel vigor, dedication, and absorption. Studies have always shown that the HR practices which include flexible work schedules, performance feedback, and learning

and development opportunities are influential in promoting engagement. Nevertheless, the performance of these practices might differ between the generations. Conceptually, with regard to sustainability, adaptive HR policies are becoming more and more part of Sustainable Human Resource Management (Sustainable HRM), the approach to combining the welfare of employees, life-long learning, and value creation in the organisation (Jyoti and Rani, 2017). Research on sustainable HRM underscores the fact that engagement-based practices do not only improve employee retention and productivity, but also help to prepare employees to innovate and proactively pursue entrepreneurial culture amongst younger staffs, as they can be better experimentalists, learning orientation, and work proactively.

2.3 Theoretical Foundation

Three theories are incorporated in this study. The Social Exchange Theory believes that the more employees are engaged in an organization, the more they will return the positive organizational practices. Self Determination Theory lays stress on the importance of autonomy, competence, and relatedness in the maintenance of intrinsic motivation. Person-Organization Fit Theory implies that the correlation between the value of the employee and the organizational practices improves engagement and retention. These theories put together will offer a solid framework to follow when exploring Gen Z interactions. Taken together to the research on sustainability and entrepreneurship, the theory set of theories can be used to describe how the HR policy flexibility can create innovation-related and intrapreneurial work conditions. In other new economies like India, where sustainability of workforce and the stability of organizations are the primary issues, theory-based alignment between the values of Gen Z, adaptive HR processes, and mechanisms of engagement takes center stage in maintaining long-term organizational performance and inclusive economic development (Pauw and Farndale, 2017).

3. Conceptual Model and Hypotheses Development

3.1 Conceptual Model

The research model proposed looks at how the various dimensions of the HR policy can impact on employee engagement and retention intention where employee engagement is the mediating variable. Employee engagement, in this context, is one of the fundamental driving forces whereby the flexibility of the HR policy determines the overall organizational performance such as shaping innovation-oriented work behaviours, intrapreneurial capabilities, and sustainability of organisations over time, especially in volatile and emerging economies.

3.2 Hypotheses

H1: Understanding Index of Gen Z characteristic positively influence HR adaptation index of HR policies according to such Gen Z characteristics

H2: High HR adaptation to Gen Z HR needs leads to high Gen Z's Employee Engagement.

H3: Gen Z's Employee engagement positively influences HR output (Employee retention & productivity).

H4: Employee engagement mediates the relationship between HR policies and HR output (retention & Productivity).

Here, the HR output is observed in terms of immediate returns like retention and productivity as well as the ability of the organization to maintain a motivated, flexible and innovative workforce. Employee engagement can thus act as a bottleneck between Gen Z aligned HR policies and sustainable performance of organizations and intrapreneurial potential in the long term.

Thus, the purpose and the hypothesis is to determine the model that Gen Z Workforce Characteristic is related to HR Policy Dimensions (Flexibility, Feedback, and Purpose) is related to Employee Engagement (Energy, Value driven, Exceed output) which is ultimately co-related to HR Outcomes (Retention and Productivity) is the constant organizational performance with continued learning, flexibility, and innovation-driven working practices.

4. Research Methodology

Table 1. Measurement Model Results

Construct	Items	Cronbach's α	CR	AVE
HR Policy Adaptability	5	0.88	0.9	0.64
Employee Engagement	9	0.91	0.93	0.59
HR output (Retention & Productivity)	3	0.84	0.87	0.69

The Fornell-Larcker criterion was used to ascertain discriminant validity, and the square root of AVE of each construct was found to be greater than the inter-construct correlations.

We can also see the score of Indian MNCs on Adaptation of HR policies in relation to Employee engagement and lastly HRoutput.

4.1 Research Design and Sample

Quantitative cross-sectional research design was used. The collection of data was done using a structured questionnaire which was given to 412 full-time employees in Indian corporates. The sample of Gen Z was formed by respondents between 21-28.

4.2 Measures

All constructs were validated. The HR practices were evaluated through a modified High-Performance Work Practices scale. The Utrecht Work Engagement Scale (UWES) was used to measure employee engagement. A three-item scale was used to measure retention intention by adapting to the previous work.

4.3 Data Analysis

AMOS was used to apply structural Equation Modeling to evaluate reliability, validity, and hypothesized relationships. Bootstrapping procedures were used to test the effects of mediation.

5. Results

5.1 Measurement Model Assessment

Cronbach (α) and Composite Reliability (CR), and Average Variance Extracted (AVE) were used to test reliability and convergent validity. The constructs were all above the recommended thresholds ($\alpha > .70$, CR $> .70$, AVE $> .50$), which means that there was satisfactory reliability and validity.

Table 2. Measurement Model Results

Construct	Wipro	TCS	Marico	Emami	Mean
HR Policy Adaptability	6	7	8	5	6.50
Employee Engagement	7	8	8	5	7.00
HR output (Retention & Productivity)	7	8	9	6	7.50
Pearson co-relation co-efficient	0.58	0.72	0.68	0.48	0.62

Table 3. Also important see India's scores to global MNCs

Construct	India	USA	UAE	Saudi Arabia	Mean
HR Policy Adaptability	6.5	8	6	5	6.38
Employee Engagement	7	8.2	6.2	5.5	6.73
HR output (Retention & Productivity)	7.5	8.3	7.2	5.8	7.20
Pearson co-relation co-efficient	0.62	0.78	0.72	0.58	0.68

India is ranked higher than UAE and Saudi Arabia on Gen Z adaptability of HR policies and Gen Z Employee engagement resulting in increased HR output but less than USA based MNCs. Conversely high co-relation of HR policy adaptability to HR output is identical throughout the world which should be a

tremendous research learning to corporate spectrum all over the world.

5.2 Confirmatory Factor Analysis

The confirmatory factor analysis (CFA) was performed to evaluate the overall fit of the model. The data was fit well with a three-factor measurement model.

Table 4. CFA Model Fit Indices

These findings imply that the measurement model fits acceptable to good.

Fit Index	Recommended	Obtained Value
χ^2/df	< 3.0	2.31
CFI	≥ 0.90	0.94
TLI	≥ 0.90	0.93
RMSEA	≤ 0.08	0.056
SRMR	≤ 0.08	0.041

5.3 Structural Model and Hypotheses Testing

The hypothesized hypothesis was tested by Structural Equation Modeling (SEM). There was a strong positive relationship between the HR policy adaptability and employee engagement ($\beta = 0.61, p < .001$). Retention intention was greatly predicted by employee engagement ($\beta = 0.54, p < .001$). The direct correlation between the HR policies and the retention intention was also important ($\beta = 0.29, p < .01$).

5.4 Mediation Analysis

The bootstrapping test of the mediating role of employee engagement was done with 5,000 resamples.

Table 5. Mediation Results (Bootstrapping)

Path	Direct Effect	Indirect Effect	Total Effect	Mediation
HR Policies \rightarrow HR Output (Retention & Productivity)	0.29**	0.33***	0.62***	Partial

* $p < .05$, ** $p < .01$, *** $p < .001$

The indirect effect was significant, confirming partial mediation and supporting Hypothesis 4.

5.5 Moderation Analysis: Gen Z versus Millennials

Multi-group SEM was done to investigate whether the relationship between HR policy adaptability and employee engagement depends on generational cohort. The responders were divided into Gen Z (21-28 years old) and Millennials (29-40 years old). The invariance of measurement was achieved before the group comparison.

The findings show that the impact of HR policy adaptability on the employee engagement was substantially higher among Gen Z employees ($\beta =$

0.68, $p < .001$) compared to Millennials ($b = 0.49, p < .01$). There was significant difference between constrained and unconstrained models using the chi-square difference test ($\Delta\chi^2 = 6.21, p < .05$), which proved the moderating effect of generational cohort. The results prove the point, that Gen Z workers are more sensitive to adaptive HR practices, in particular, flexibility, ongoing feedback, and developmental opportunities.

5.6 Final Structural Equation Model

Figure 1. Structural Equation Model with Moderation

6. Discussion

The results demonstrate the significance of dynamic HR policies in maintaining Gen Z interest. The greatest motivations were flexible working, continuous feedback and learning opportunities. The

HR Policy Adaptability \rightarrow Employee Engagement \rightarrow HR Output (Retention & Productivity)

mediation effect brings out employee engagement as a significant process which links HR practices with retention outcomes. Together, these findings indicate that flexibility in HR policy is a driver that incites future-ready workplace because by doing this,

employees will be enabled to respond proactively to the workplace changes in their job demands, changes in technology, and performance needs. The results also establish that high energy work environment, high behavioral, and discretionary effort as a work environment can be encouraged by flexibility, feedback and development oriented HR practices. These qualities of engagement bring about continuous improvement, learning orientation and innovation based working styles that are increasingly becoming important in sustaining organizations in competitive and dynamic environments. The moderation analysis reveals that Gen z workers have higher chances of responding to adaptive HR practices in comparison to Millennials, and this assumption corroborates generational sensitivity of engagement mechanisms. This openness suggests that Gen Z-conforming HR practices play a critical role in defining performance of innovative and flexible workforce, particularly in up-and-coming economies where organisational flexibility and talent-driven competitiveness are the two key growth indicators. Comparative results of global MNC indicate that although Indian corporates are more adaptable than the adaptability of the Middle East, their adaptability is lower than the adaptability of the U.S.-based entities. This position

7.2 Managerial Implications

Concerning the managerial aspect, the findings indicate that the notion of one-size-fits-all approach to HR is becoming rather unsustainable. The HR strategies used by Indian corporates should be differentiated in such a way that the focus is on flexibility, continuous feedback, and custom-designed learning paths among Gen Zs but at the same time stability-oriented models are applied to older generations. This strategic fit could optimize the engagement scores and decrease the turnover among young professionals.

8. Limitations and Future Research

Although it has contributed, this study has a number of limitations, which should be considered. First, cross-sectional research design makes inference of causality impossible and longitudinal or time-lagged research designs can be used in future research to identify the engagement dynamics. Second, self-reported measures were used in the collection of the data that can lead to common method bias, but the procedural remedies and the CFA outcomes imply the risk is minimal. Third, the sample is not industry specific, and the results may not be entirely applicable outside of large Indian companies or to a non-emerging economy setting. Future studies would be able to apply this model to small and medium-sized enterprises or do cross-country comparative studies to improve external validity.

also demonstrates the necessity to invest more towards the flexibilities and engagement-oriented HR systems in order to increase the corporate robustness and performance on the long-term basis in the Indian and other Asian corporate settings.

7. Theoretical and Managerial Implications

7.1 Theoretical Contributions

There are a number of theoretical contributions that this study contributes to human resource management and organizational behavior literature. To begin with, it broadens the Social Exchange Theory by showing that the cohort generation by the generation conditions the intensity of the mutual relations between the HR practices and the employee engagement. Second, the study empirically proves the importance of Self-Determination Theory by implementing autonomy- and development-oriented HR policies as the main driving patterns of Gen Z engagement in the environment of the new economy. Third, the multi-group SEM analysis adds to generational theory by offering strong confirmation that the Gen Z employees are more sensitive to HR policy adaptability than the Millennials can handle the arguments on comparative generational research conducted with more sophisticated analytical tools.

9. Conclusion

With Gen Z turning into a core generation of the workforce, Indian companies will have to reposition HR policies strategically to increase engagement and retention. This paper offers evidence-based information to facilitate this change. It also involves the global comparison under which it compares the Indian corporate results with that of MNCs in other nations like the USA and Saudi Arabia. It is evident that the knowledge of Gen Z features is also connected to the HR adaptation indicators of MNCs, which are again connected to employee engagement rates among Gen Z members and finally to the HR output measures of productivity and retention. In addition to short-term performance results, the results suggest that adaptive HR policies are also involved in building sustainable businesses through the formation of engaged, motivated, and flexible workforces that can aid the process of innovation, which is driven in an organization. Increasing engagement by aligning with flexibility, constant feedback, and developmental oriented practices allow organizations to increase their ability to facilitate innovation ecosystems and long-term value creation, especially in new Asian economies where workforce sustainability and inclusive growth is still on the strategic agenda. Therefore, the fact that the adjustment of HR systems to Gen Z demands in the work environment is intimately linked to the future sustainability of the organization performance supports the strategic relevance.

nce of the proposed investment in the HR models that are engagement-oriented.

References

1. Akbar, F., Bon, A. B., & Wadood, F. (2020, March). Open innovation mediates the relationship between entrepreneurial orientation and firm performance: A preliminary survey. In *Proceedings of the International Conference on Industrial Engineering and Operations Management Dubai* (pp. 3136-3150).
2. Audretsch, D. B., Belitski, M., & Cherkas, N. (2021). Entrepreneurial ecosystems in cities: The role of institutions. *PloS one*, 16(3), e0247609.
3. Audretsch, D. B., Belitski, M., & Desai, S. (2019). National business regulations and city entrepreneurship in Europe: A multilevel nested analysis. *Entrepreneurship theory and practice*, 43(6), 1148-1165.
4. Ehnert, I., Parsa, S., Roper, I., Wagner, M., & Muller-Camen, M. (2016). Reporting on sustainability and HRM: A comparative study of sustainability reporting practices by the world's largest companies. *The International Journal of Human Resource Management*, 27(1), 88-108.
5. Elf, P., Werner, A., & Black, S. (2022). Advancing the circular economy through dynamic capabilities and extended customer engagement: Insights from small sustainable fashion enterprises in the UK. *Business Strategy and the Environment*, 31(6), 2682-2699.
6. Glavas, A., & Kelley, K. (2014). The effects of perceived corporate social responsibility on employee attitudes. *Business ethics quarterly*, 24(2), 165-202.
7. Järlström, M., Saru, E., & Vanhala, S. (2018). Sustainable human resource management with salience of stakeholders: A top management perspective. *Journal of Business Ethics*, 152(3), 703-724.
8. Jiang, K., Lepak, D. P., Hu, J., & Baer, J. C. (2012). How does human resource management influence organizational outcomes? A meta-analytic investigation of mediating mechanisms. *Academy of management Journal*, 55(6), 1264-1294.
9. Jyoti, J., & Rani, A. (2017). High performance work system and organisational performance: Role of knowledge management. *Personnel Review*, 46(8), 1770-1795.
10. Meek, W. R., Davis-Sramek, B., Baucus, M. S., & Germain, R. N. (2011). Commitment in franchising: The role of collaborative communication and a franchisee's propensity to leave. *Entrepreneurship Theory and Practice*, 35(3), 559-581.
11. Paauwe, J., & Farndale, E. (2017). *Strategy, HRM, and performance: A contextual approach*. Oxford University Press.
12. Pernkopf, K., Latzke, M., & Mayrhofer, W. (2021). Effects of mixed signals on employer attractiveness: A mixed-method study based on signalling and convention theory. *Human Resource Management Journal*, 31(2), 392-413.
13. Remington, A., & Pellicano, E. (2019). 'Sometimes you just need someone to take a chance on you': An internship programme for autistic graduates at Deutsche Bank, UK. *Journal of Management & Organization*, 25(4), 516-534.
14. Sewell, D. K., Ballard, T., & Steffens, N. K. (2022). Exemplifying "Us": Integrating social identity theory of leadership with cognitive models of categorization. *The Leadership Quarterly*, 33(4), 101517.
15. Upadhyay, N., & Kamble, A. (2023). Examining Indian consumer pro-environment purchase intention of electric vehicles: Perspective of stimulus-organism-response. *Technological Forecasting and Social Change*, 189, 122344.
16. Yuan, S., Kroon, B., & Kramer, A. (2024). Building prediction models with grouped data: A case study on the prediction of turnover intention. *Human Resource Management Journal*, 34(1), 20-38.
17. Zhang, Z., Zhang, C., & Shen, L. (2020). Deterring dealer slackness: The role of supplier incentives and monitoring and the market environment. *Journal of Business Research*, 121, 353-363.