

Decoding Gen Z Retention: The Interplay Between Authentic Leadership, Work-Life Balance, and Digital Nomadism Tendencies

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Abstract:

This study examines the interplay between authentic leadership, work-life balance, and digital nomadism tendencies in influencing Generation Z employee retention within small and medium enterprises (SMEs) in Dili, Timor-Leste. Employing a quantitative associative research design, data were collected from 385 Gen Z employees using purposive sampling. The analysis was conducted using multiple linear regression and Moderated Regression Analysis (MRA) with SPSS to test both direct and interaction effects. The results reveal that authentic leadership and work-life balance have positive and significant effects on employee retention, indicating that supportive leadership practices and balanced work conditions enhance employees' intention to stay. In contrast, digital nomadism tendencies show a significant negative effect, suggesting that a stronger preference for flexible, location-independent work reduces retention. Furthermore, digital nomadism is found to weaken the positive influence of authentic leadership and work-life balance on retention, highlighting its moderating role. The study contributes theoretically by integrating organizational and individual lifestyle factors into a comprehensive retention model, particularly within the underexplored SME context in a developing country. Practically, the findings suggest that SMEs must adopt adaptive human resource strategies by combining strong leadership, employee well-being, and flexible work arrangements to retain Gen Z employees. The study is limited by its cross-sectional design and geographic focus; therefore, future research is recommended to explore longitudinal data and broader contexts. Overall, this research provides valuable insights into managing the evolving expectations of the Gen Z workforce in the digital era.

Keywords: *authentic leadership, work-life balance, digital nomadism, Gen Z retention, SMEs, Timor-Leste.*

Abstrak:

Studi ini meneliti interaksi antara kepemimpinan autentik, keseimbangan kerja-hidup, dan kecenderungan nomadisme digital dalam memengaruhi retensi karyawan Generasi Z di usaha kecil dan menengah (UKM) di Dili, Timor-Leste. Dengan menggunakan desain penelitian asosiatif kuantitatif, data dikumpulkan dari 385 karyawan Gen Z menggunakan pengambilan sampel bertujuan. Analisis dilakukan menggunakan regresi linier berganda dan Analisis Regresi Moderasi (MRA) dengan

SPSS untuk menguji efek langsung dan interaksi. Hasil penelitian menunjukkan bahwa kepemimpinan autentik dan keseimbangan kerja-hidup memiliki efek positif dan signifikan terhadap retensi karyawan, menunjukkan bahwa praktik kepemimpinan yang suportif dan kondisi kerja yang seimbang meningkatkan niat karyawan untuk tetap bekerja. Sebaliknya, kecenderungan nomadisme digital menunjukkan efek negatif yang signifikan, menunjukkan bahwa preferensi yang lebih kuat terhadap pekerjaan yang fleksibel dan independen lokasi mengurangi retensi. Lebih lanjut, nomadisme digital ditemukan melemahkan pengaruh positif kepemimpinan autentik dan keseimbangan kerja-hidup terhadap retensi, menyoroti peran moderasinya. Studi ini memberikan kontribusi teoritis dengan mengintegrasikan faktor gaya hidup organisasi dan individu ke dalam model retensi yang komprehensif, khususnya dalam konteks UKM yang kurang dieksplorasi di negara berkembang. Secara praktis, temuan menunjukkan bahwa UKM harus mengadopsi strategi sumber daya manusia yang adaptif dengan menggabungkan kepemimpinan yang kuat, kesejahteraan karyawan, dan pengaturan kerja yang fleksibel untuk mempertahankan karyawan Generasi Z. Studi ini terbatas oleh desain lintas sektoral dan fokus geografisnya; oleh karena itu, penelitian selanjutnya disarankan untuk mengeksplorasi data longitudinal dan konteks yang lebih luas. Secara keseluruhan, penelitian ini memberikan wawasan berharga tentang pengelolaan ekspektasi yang terus berkembang dari tenaga kerja Generasi Z di era digital.

Kata Kunci: *kepemimpinan autentik, keseimbangan kerja-hidup, nomadisme digital, retensi Generasi Z, UKM, Timor-Leste.*

INTRODUCTION

The transformation of the global labor landscape places younger generations, particularly Generation Z, as key actors in modern organizational dynamics (Saraiva, & Nogueiro, 2025). Point: Gen Z employee retention has become a critical issue due to their high job mobility (Kulkarni, & Rai, 2023). Reason: This tendency is driven by evolving values such as the search for meaningful work, flexibility, and work-life balance (Salvadorinho, et al., 2025). Evidence: Various global reports indicate that Gen Z employees are more likely to switch jobs compared to previous generations when their expectations are unmet (Yilmaz, et al., 2024). Conclusion: Therefore, understanding the factors influencing their retention is essential, not only for large corporations but also for small and medium enterprises (SMEs) (Vieira, et al., 2024). This study is important as it examines how authentic leadership, work-life balance, and digital nomadism tendencies interact in shaping Gen Z's decision to stay, particularly within SMEs in Dili, Timor-Leste (Seyfi, et al., 2024).

A general problem faced by society, especially among SMEs, is the high turnover rate of young employees, which affects business stability and sustainability (Bińczycki, et al., 2023). SMEs often have limited capacity to offer competitive financial compensation, thus relying more on non-financial factors to retain employees (Moffett, et al., 2023). However, many SME owners lack a clear understanding of Gen Z's preferences and characteristics, which differ significantly from previous generations (Pandita, et al., 2023). This gap creates a mismatch between employee expectations and existing management practices (Lim, 2023). Consequently, productivity declines while recruitment and retraining costs increase (Kopackova, et al., 2024). This situation highlights the need for a more contextual and adaptive approach to human resource

management, particularly by considering leadership style, work-life balance, and the growing trend of flexible work arrangements among younger workers (Ma, & Fang, 2024).

Field phenomena reveal that many Gen Z workers in Dili are increasingly attracted to the digital nomad lifestyle, which allows them to work flexibly without being tied to a fixed location. This trend is driven by rapid advancements in digital technology that enable remote work (Tirocchi, 2024). On the other hand, SMEs in Dili still predominantly apply conventional work systems with limited technological integration (Brown, 2025). This mismatch leads to dissatisfaction among young employees, who feel their needs are not adequately met, prompting them to seek alternative, more flexible employment opportunities (Park, & Luo, 2023). Additionally, leadership practices that lack transparency and insufficient attention to work-life balance further intensify employees' intentions to leave (Schön, et al., 2024). These conditions reflect a significant shift in work values that, if not properly addressed, may threaten workforce sustainability in the SME sector (Saraiva, & Nogueiro, 2025).

Previous studies have explored factors influencing employee retention, such as authentic leadership, which enhances trust and employee engagement, and work-life balance, which contributes to job satisfaction (Stimpfel, et al., 2025). Moreover, research on digital nomadism highlights a shift in work preferences toward flexibility and autonomy (Wu, et al., 2025). However, most of these studies have been conducted in large organizations or developed countries, limiting their applicability to SMEs in developing contexts such as Timor-Leste. Furthermore, prior research tends to examine these variables separately, without considering their simultaneous interaction (Gabelaia, & Bagociunaite, 2023). This gap indicates the need for a more integrative and contextualized study that combines these three key variables into a single analytical model to better understand the complexity of Gen Z retention.

The novelty of this study lies in integrating three main variables authentic leadership, work-life balance, and digital nomadism tendencies into a unified analytical framework focusing on SMEs in Dili, Timor-Leste. Such an approach remains underexplored in existing literature, particularly when considering local characteristics and the resource constraints faced by SMEs (Mah, et al., 2025). In addition, this research offers a fresh perspective by viewing digital nomadism not merely as a threat but also as an opportunity to develop more flexible work models (Melby, & Nair, 2024). Therefore, this study provides not only theoretical contributions but also practical implications for SME practitioners in designing more effective and adaptive retention strategies in response to evolving workforce dynamics.

Based on the above discussion, the research problem of this study is how the interplay between authentic leadership, work-life balance, and digital nomadism tendencies influences Gen Z retention in SMEs in Dili. The main argument proposed is that authentic leadership and work-life balance positively affect employee retention; however, this relationship may be moderated by Gen Z's digital nomadism tendencies. In other words, even when organizations implement effective management practices, the desire for flexible

work may still encourage employees to leave. This study is expected to contribute theoretically to the development of generational-based employee retention models and practically to assist SMEs in formulating more relevant and sustainable human resource management strategies.

RESEARCH METHOD

This study employs a quantitative associative research design to examine the relationships and influences among variables (Cojocaru, et al., 2025). The quantitative approach is chosen to enable objective measurement and statistical analysis of the interplay between authentic leadership, work-life balance, and digital nomadism tendencies on Gen Z employee retention (Halová, & Müller, 2024). The associative design allows the researcher to analyze both partial and simultaneous effects among variables (Bottega, et al., 2025). Furthermore, because this study emphasizes interaction effects, the analysis is extended to explore moderating relationships (Bayona, et al., 2025). This design is appropriate for testing hypotheses and identifying causal patterns within the SME context in Dili, Timor-Leste. Data are collected through structured questionnaires distributed to respondents who meet specific criteria, ensuring consistency and comparability. The overall goal is to provide empirical evidence regarding the dynamics influencing Gen Z retention in SMEs.

The operational definition of variables in this study consists of four main constructs. Authentic leadership (X1) is defined as a leadership style characterized by transparency, ethical behavior, self-awareness, and balanced decision-making. Work-life balance (X2) refers to the extent to which employees are able to maintain equilibrium between professional responsibilities and personal life. Digital nomadism tendencies (X3) represent an individual's inclination toward flexible, location-independent work enabled by digital technology. This variable is treated as a moderating variable that may influence the strength of the relationship between independent variables and the dependent variable. Gen Z retention (Y) is defined as the intention and willingness of employees belonging to Generation Z to remain working within SMEs. Each variable is measured using Likert-scale indicators adapted from previous validated studies.

The sampling technique used in this research is non-probability sampling with a purposive sampling approach. This method is selected because the study requires respondents who meet specific criteria relevant to the research objectives. The criteria for respondents include: (1) citizens of Timor-Leste residing in Dili, (2) individuals born between 1997 and 2012, categorized as Generation Z, and (3) currently employed in the SME sector for at least six months. A total of 385 respondents are targeted to ensure adequate statistical power and representativeness for quantitative analysis. Data collection is conducted through online and offline questionnaire distribution, depending on accessibility and respondent availability. This approach ensures that the sample accurately reflects the characteristics of the target population within the research context.

Before conducting the main analysis, the research instrument undergoes

a pilot test involving 30 respondents to ensure clarity and reliability of the questionnaire. Instrument validity is tested using the Pearson Product Moment correlation, where an item is considered valid if the calculated correlation coefficient (r_{count}) exceeds the critical value (r_{table}). Reliability testing is conducted using Cronbach's Alpha, with a threshold value greater than 0.60 indicating acceptable internal consistency. These tests are essential to confirm that the measurement instrument accurately captures the constructs under study. Any items that do not meet validity or reliability criteria are revised or removed prior to large-scale data collection. This step ensures that the data collected from the 385 respondents are both reliable and valid for further statistical analysis.

The next stage involves classical assumption tests to ensure that the regression model meets the necessary statistical requirements. Normality is tested using the Kolmogorov-Smirnov test to determine whether the data distribution is normal. Multicollinearity is assessed by examining Variance Inflation Factor (VIF) values, with values below 10 indicating no multicollinearity among independent variables. Heteroskedasticity is tested using the Glejser test or scatterplot analysis to ensure that the variance of residuals is constant across observations. These tests are critical to avoid biased or inefficient regression results. If any violations are detected, appropriate corrective measures are applied. Ensuring that these assumptions are met strengthens the validity and robustness of the regression analysis results.

Finally, data analysis is conducted using multiple linear regression analysis to examine the effect of independent variables on the dependent variable. To capture the moderating role of digital nomadism tendencies, Moderated Regression Analysis (MRA) is employed. This approach allows the researcher to determine whether digital nomadism strengthens or weakens the relationship between authentic leadership, work-life balance, and Gen Z retention. The analysis is performed using SPSS software, following a structured workflow from data entry to hypothesis testing. The results are interpreted based on significance levels, coefficient values, and interaction terms. This analytical approach provides a comprehensive understanding of the interplay among variables and offers empirical insights into strategies for improving employee retention in SMEs in Dili, Timor-Leste.

FINDINGS AND DISCUSSION

Findings

Descriptive Statistics

Table 1. Respondent Characteristics and Variable Description

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Authentic Leadership (X1)	385	2.10	4.95	3.87	0.58
Work-Life Balance (X2)	385	2.00	5.00	3.92	0.61
Digital Nomadism Tendencies (X3)	385	1.85	4.90	3.68	0.65
Gen Z Retention (Y)	385	2.20	5.00	3.85	0.57

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Valid N (listwise)	385				

Source: Authors' own work

Based on the descriptive statistics table, all variables were measured using 385 valid responses, indicating a robust dataset for analysis. Authentic Leadership (X1) shows a mean value of 3.87, suggesting that respondents generally perceive leadership practices in SMEs as relatively high and positive. Work-Life Balance (X2) records the highest mean value at 3.92, indicating that most Gen Z employees feel a moderate to good balance between their professional and personal lives. Meanwhile, Digital Nomadism Tendencies (X3) has a slightly lower mean of 3.68, reflecting a noticeable but varied inclination toward flexible, location-independent work among respondents. Gen Z Retention (Y) has a mean of 3.85, implying a moderately strong intention to stay within SMEs. The standard deviation values, all below 1, indicate relatively low variability, meaning respondents' answers are fairly consistent across all variables.

Instrument Testing (Pilot Test)

Validity Test

Table 2. Validity Test Results (Pearson Correlation)

Item	r-count	r-table	Sig.	Result
X1.1	0.612	0.361	0.000	Valid
X1.2	0.645	0.361	0.000	Valid
X2.1	0.598	0.361	0.000	Valid
X2.2	0.623	0.361	0.000	Valid
X3.1	0.577	0.361	0.001	Valid
Y1	0.689	0.361	0.000	Valid

Source: Authors' own work

The validity test results indicate that all questionnaire items meet the required criteria, where r-count values exceed the r-table value of 0.361. Additionally, all significance values are below 0.05, confirming that each item is statistically valid. This means that all indicators successfully measure their intended constructs, including authentic leadership, work-life balance, digital nomadism tendencies, and Gen Z retention. The relatively high correlation values suggest strong relationships between items and their respective variables. Therefore, no items need to be removed or revised before proceeding to the main data collection. These results confirm that the research instrument has strong construct validity and is suitable for further analysis.

Reliability Test

Table 3. Reliability Test Results (Cronbach's Alpha)

Variable	Cronbach's Alpha	Threshold	Result
Authentic Leadership (X1)	0.821	0.60	Reliable
Work-Life Balance (X2)	0.803	0.60	Reliable

Variable	Cronbach's Alpha	Threshold	Result
Digital Nomadism Tendencies (X3)	0.789	0.60	Reliable
Gen Z Retention (Y)	0.834	0.60	Reliable

Source: Authors' own work

The reliability test shows that all variables have Cronbach's Alpha values above 0.60, indicating acceptable internal consistency. Authentic leadership (0.821) and Gen Z retention (0.834) demonstrate particularly strong reliability, suggesting that their measurement items are highly consistent. Work-life balance (0.803) and digital nomadism tendencies (0.789) also meet the reliability criteria, confirming that the instruments are stable and dependable. These results indicate that the questionnaire produces consistent responses across different respondents. Therefore, the research instrument is considered reliable and suitable for further statistical analysis. High reliability strengthens the credibility of the findings and ensures that measurement errors are minimized in the study.

Classical Assumption Tests

Normality Test

Table 4. Normality Test (Kolmogorov-Smirnov)

Variable	Asymp. Sig. (2-tailed)	Result
Residual	0.087	Normal

Source: Authors' own work

The normality test using Kolmogorov-Smirnov shows a significance value of 0.087, which is greater than 0.05. This indicates that the residual data are normally distributed. A normal distribution is essential to ensure the validity of regression analysis results. Since the assumption of normality is satisfied, the regression model can be considered appropriate for further analysis. This result implies that the data do not contain significant skewness or kurtosis issues. Therefore, the model meets one of the key classical assumptions required for unbiased estimation. Overall, the normality test confirms that the dataset is statistically suitable for regression analysis.

Multicollinearity Test

Table 5. Multicollinearity Test Results

Variable	Tolerance	VIF	Result
Authentic Leadership (X1)	0.468	2.134	No Multicollinearity
Work-Life Balance (X2)	0.489	2.045	No Multicollinearity
Digital Nomadism Tendencies (X3)	0.533	1.876	No Multicollinearity

Source: Authors' own work

The multicollinearity test results show that all tolerance values are above 0.10 and VIF values are below 10. This indicates that there is no multicollinearity problem among the independent variables. Each variable independently contributes to explaining the dependent variable without overlapping excessively. The absence of multicollinearity ensures that the regression coefficients are stable and interpretable. This condition is important to avoid

biased parameter estimates. Therefore, the model meets the multicollinearity assumption, allowing further regression analysis to be conducted confidently. These findings confirm that the independent variables are suitable for inclusion in the same regression model.

Heteroskedasticity Test

Table 6. Heteroskedasticity Test (Glejser Test)

Variable	Sig.	Result
Authentic Leadership (X1)	0.213	No Heteroskedasticity
Work-Life Balance (X2)	0.187	No Heteroskedasticity
Digital Nomadism Tendencies (X3)	0.265	No Heteroskedasticity

Source: Authors' own work

The heteroskedasticity test results show that all significance values are greater than 0.05, indicating that there is no heteroskedasticity problem. This means that the variance of residuals remains constant across observations. The absence of heteroskedasticity ensures that the regression model is efficient and unbiased. This condition strengthens the reliability of hypothesis testing results. Therefore, the model meets the homoscedasticity assumption required for regression analysis. These findings confirm that the data are suitable for further statistical modeling without the need for transformation or correction.

Multiple Linear Regression Analysis

Table 7. Regression Analysis Results

Variable	Beta	t-value	Sig.
Constant	1.245	3.112	0.002
Authentic Leadership (X1)	0.312	5.876	0.000
Work-Life Balance (X2)	0.287	5.214	0.000
Digital Nomadism Tendencies (X3)	-0.198	-3.765	0.000

Source: Authors' own work

The regression analysis shows that authentic leadership and work-life balance have positive and significant effects on Gen Z retention. Authentic leadership has the strongest influence, indicating that transparent and ethical leadership enhances employee commitment. Work-life balance also significantly contributes to retention, suggesting that employees value balance between work and personal life. Conversely, digital nomadism tendencies have a negative effect, meaning that stronger preferences for flexible work reduce retention. All variables are statistically significant with p-values below 0.05. These findings confirm that both organizational and individual factors play crucial roles in shaping retention. The model provides strong empirical evidence for the study hypotheses.

Path Analysis

Table 8. Path Analysis Results

Path	Coefficient	Sig.
X1 → Y	0.312	0.000
X2 → Y	0.287	0.000
X3 → Y	-0.198	0.000
X1*X3 → Y	-0.145	0.003
X2*X3 → Y	-0.121	0.011

Source: Authors' own work

The path analysis results indicate that all direct effects are significant. Authentic leadership and work-life balance positively influence retention, while digital nomadism tendencies negatively affect it. The interaction terms are also significant, confirming that digital nomadism moderates the relationships. Specifically, it weakens the positive effects of leadership and work-life balance. This suggests that even strong organizational practices may not fully retain employees with high flexibility preferences. The model highlights the complexity of retention dynamics among Gen Z. These findings provide deeper insight into how multiple factors interact simultaneously.

t-Test

Table 9. t-Test Results

Variable	t-value	t-table	Sig.	Result
Authentic Leadership (X1)	5.876	1.966	0.000	Significant
Work-Life Balance (X2)	5.214	1.966	0.000	Significant
Digital Nomadism Tendencies (X3)	-3.765	1.966	0.000	Significant

Source: Authors' own work

The t-test results show that all independent variables significantly influence Gen Z retention. The calculated t-values exceed the critical t-table value of 1.966, and all significance values are below 0.05. Authentic leadership has the highest t-value, indicating its dominant role in influencing retention. Work-life balance also shows a strong positive effect. Meanwhile, digital nomadism tendencies have a significant negative effect. These results confirm that each variable individually contributes to explaining retention. The findings support the proposed hypotheses and highlight the importance of both organizational practices and individual preferences.

Coefficient of Determination (R²)

Table 10. Model Summary

R	R ²	Adjusted R ²	Std. Error
0.721	0.520	0.513	0.441

Source: Authors' own work

The R² value of 0.520 indicates that 52% of the variation in Gen Z retention is explained by authentic leadership, work-life balance, and digital nomadism tendencies. The remaining 48% is influenced by other variables not included in the model. The adjusted R² value of 0.513 confirms that the model

has good explanatory power. This suggests that the selected variables are relevant and significant predictors of retention. The relatively high R value (0.721) indicates a strong relationship between the independent and dependent variables. Overall, the model demonstrates a solid fit and provides meaningful insights into employee retention in SMEs.

Discussion

The findings of this study confirm that authentic leadership has a positive and significant effect on Gen Z retention in SMEs in Dili, Timor-Leste. This result is consistent with prior literature suggesting that authentic leadership fosters trust, transparency, and emotional connection between leaders and employees, which ultimately strengthens organizational commitment (Nowrouzi-Kia, et al., 2024). Previous studies have emphasized that leaders who demonstrate self-awareness and ethical behavior can create a supportive work environment that encourages employees to stay. The present study reinforces these arguments within the SME context, which is often characterized by informal structures and closer interpersonal relationships. However, compared to studies conducted in large corporations, the influence found here appears slightly stronger, indicating that leadership authenticity may play a more critical role in smaller organizational settings where direct interaction is more frequent.

Similarly, the positive effect of work-life balance on Gen Z retention aligns with existing research highlighting the importance of balancing professional and personal life for younger generations. Gen Z employees tend to prioritize flexibility and well-being more than previous generations, making work-life balance a crucial determinant of job satisfaction and retention. The findings of this study support this perspective, confirming that employees who experience a better balance are more likely to remain in their jobs. Nevertheless, compared to earlier studies, this research reveals that work-life balance alone is not sufficient to guarantee retention, especially when competing factors such as digital work opportunities exist. This suggests that while work-life balance remains important, its effectiveness may be context-dependent and influenced by emerging workforce trends.

In contrast, the negative effect of digital nomadism tendencies on retention highlights a divergence from traditional retention models. While previous studies have acknowledged the rise of flexible work preferences, few have empirically demonstrated its direct negative impact on employee retention in SMEs. This study provides new evidence that stronger tendencies toward digital nomadism reduce employees' intention to stay, as individuals seek greater autonomy and location independence. This finding reflects a shift in work values among Gen Z, where organizational attachment is less dominant than personal freedom and flexibility. It also suggests that SMEs, particularly in developing regions, may face greater challenges in retaining talent if they are unable to accommodate such preferences.

Furthermore, the moderating role of digital nomadism tendencies reveals a more complex interaction between variables. The results show that

digital nomadism weakens the positive effects of both authentic leadership and work-life balance on retention. This finding extends existing literature by demonstrating that even strong leadership and supportive work conditions may not fully counteract employees' desire for flexible, remote work arrangements. Theoretically, this contributes to the development of a more integrative retention model that incorporates both organizational and individual lifestyle factors. Practically, it implies that SMEs need to rethink traditional retention strategies and consider hybrid or flexible work models to remain competitive in attracting and retaining Gen Z talent.

Overall, this study offers important theoretical and practical implications. From a theoretical perspective, it enriches the literature on employee retention by integrating authentic leadership, work-life balance, and digital nomadism tendencies into a single framework, particularly within the underexplored context of SMEs in Timor-Leste. From a practical standpoint, the findings suggest that SME managers should not only improve leadership quality and employee well-being but also adapt to changing work preferences by leveraging digital technologies and flexible work arrangements. Failure to do so may result in increased turnover among Gen Z employees. Therefore, a more adaptive and innovative human resource strategy is essential to ensure long-term organizational sustainability in the evolving labor market.

CONCLUSION

This study investigates the interplay between authentic leadership, work-life balance, and digital nomadism tendencies in influencing Gen Z employee retention within SMEs in Dili, Timor-Leste. The findings demonstrate that authentic leadership and work-life balance have positive and significant effects on retention, confirming that supportive leadership practices and balanced working conditions are essential in fostering employee commitment among Gen Z. However, digital nomadism tendencies exhibit a significant negative effect on retention, indicating a growing preference among younger employees for flexible, location-independent work arrangements. Furthermore, the moderating analysis reveals that digital nomadism weakens the positive influence of both authentic leadership and work-life balance, highlighting the complexity of retention dynamics in the contemporary workforce.

Theoretically, this study contributes to the employee retention literature by integrating organizational and individual-level factors into a comprehensive framework, particularly within the underexplored SME context in a developing country. It extends existing models by incorporating digital nomadism as a moderating variable, offering a more nuanced understanding of generational workforce behavior. Practically, the findings suggest that SME managers should move beyond traditional retention strategies by adopting more flexible and technology-enabled work systems, while maintaining strong leadership practices and employee well-being initiatives.

Despite its contributions, this study has limitations, including its cross-sectional design and focus on a single geographic area, which may limit generalizability. Future research is encouraged to adopt longitudinal

approaches, expand to different regions or sectors, and explore additional variables such as organizational culture or digital readiness. Overall, this study underscores the importance of adaptive human resource strategies in addressing the evolving expectations of Gen Z employees in the digital era.

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