

THE MEDIATING ROLE OF WORK MOTIVATION ON THE INFLUENCE OF DIGITALIZATION OF THE COMPANY SYSTEM AND WORK ETHIC ON THE SATISFACTION OF GENERATION Z EMPLOYEES

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Abstract

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This research was motivated by the problem of declining job satisfaction among Generation Z employees at PT Mitra Karya Prima which is allegedly related to the digitalization of the company's system that is not optimal and work ethic that has begun to decline among young employees. The purpose of this study is to analyze the mediating role of work motivation on the influence of digitalization of company systems and work ethic on Generation Z employee satisfaction at PT Mitra Karya Prima. The research method used is a quantitative approach with Structural Equation Modeling (SEM) analysis using the SmartPLS application version 3. The sample of this study was 100 Generation Z employees working at PT Mitra Karya Prima. Data were collected through questionnaires and analyzed by SEM method. The results showed that digitalization of the company's system proved to have a positive and significant influence on work motivation and satisfaction of Generation Z employees in the company. In addition, work ethic has also been shown to have a positive and significant effect on work motivation and employee satisfaction of Generation Z. Furthermore, work motivation is proven to partially mediate the influence of digitalization of company systems and work ethic on the satisfaction of Generation Z employees at PT Mitra Karya Prima

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1. Introduction

The development of digital technology has significantly changed the landscape of the world of work. In the past, work was done manually with the use of traditional tools, but now, with the adoption of digital technology, work processes have become more efficient and automated. Employees can work from anywhere and anytime thanks to internet connectivity and mobile devices (Brown 2000). Digital management systems allow real-time monitoring of performance and projects, easing collaboration between teams located in different locations (Danuri 2019). In addition, digital technology also enables the adoption of artificial intelligence and data analytics for more informed and accurate decision-making. Thus, digital technology has brought efficiency, flexibility, and innovation to the modern workplace.

Digitalization of company systems has become an urgent need for companies in the current digital era. In a business environment that continues to change and develop, companies must be able to adapt quickly to remain competitive (Miceli et al. 2021). By digitizing systems, companies can increase operational efficiency, optimize business processes, and provide better service to customers. Through digitalization, companies can automate various routine tasks, reduce human errors, and increase employee productivity (Legner et al. 2017). In addition, digitalization allows companies to collect, analyze and utilize data more effectively, so they can make smarter and more timely decisions. With

the adoption of digital technology, companies can also increase customer engagement through online platforms, expand market reach, and create a more personalized and satisfying customer experience. In addition, the digitalization of systems allows companies to compete more effectively in an increasingly connected global marketplace.

PT Mitra Karya Prima, as a company committed to continuing to develop, has implemented various digital systems to increase the efficiency and effectiveness of their operations. In this digital era, the use of technology is one of the key factors in supporting a company's success, especially in facing increasingly fierce competition. This digital transformation not only aims to speed up work processes, but also to improve the quality of services and products produced. The implementation of digital systems at PT Mitra Karya Prima covers various aspects, from data management to production process automation, all of which are designed to maximize productivity and customer satisfaction. As a company that continues to innovate, PT Mitra Karya Prima realizes the importance of maintaining employee morale and work ethic, especially generation Z who are known to be adaptive to technology and have high expectations for a modern and dynamic work environment.

A strong work ethic is the main pillar in creating a productive and harmonious work environment (Kumar and Che Rose 2012). Values such as dedication, responsibility and integrity are the foundation that guides every step and action of employees in carrying out their daily tasks. When a strong work ethic is rooted in the organizational culture, employees tend to show a high level of commitment to their work (Corry et al., 1977). They not only carry out their duties with full dedication, but also feel responsible for the work results produced. With a strong work ethic, employees will be more likely to uphold integrity in every aspect of their work. They will try to always do their best and avoid unethical practices. Apart from that, high dedication will also encourage employees to continue trying to achieve optimal results, even in the midst of challenges and obstacles that may occur. Integrity which is part of the work ethic will create a work environment filled with honesty and trust (Van Scotter and Motowidlo 1996). Employees who have high integrity will be able to maintain the company's good reputation and provide quality service to customers. Thus, a strong work ethic not only impacts individual performance, but also the image and reputation of the company as a whole.

Generation Z, born between 1995 and 2010, has become the newest workforce known for their adaptability to technology. They grow up in an era where digital technology has become an inseparable part of everyday life (Holton and Fraser 2015). Generation Z is known as individuals who are highly skilled in using various technological devices, from smartphones to social media. Generation Z's adaptability to digitalization creates a significant impact in the work environment. They have a tendency to be more open to changes and technological innovations that continue to develop. This allows them to quickly understand and master new tools required in their work (Seemiller and Grace 2017). Apart from that, Generation Z's work ethic is also an important factor in determining their job satisfaction. Even though they are accustomed to the convenience of technology, Generation Z is also known as individuals who are ambitious, creative and goal-oriented. They tend to look for new challenges and strive to make maximum contributions in the work environment. With a combination of adaptability to technology and a strong work ethic, Generation Z has great potential to bring positive change to the world of work. They are able to make a meaningful contribution in facing the challenges and opportunities that arise in the Industry 4.0 era.

Although much research has been conducted on the impact of digitalization and work ethic on employee performance, there is still a gap in understanding how these two factors together influence Generation Z employee satisfaction. Internal data from PT Mitra Karya Prima shows that 78% of employees report increased efficiency in their daily tasks after the implementation of the new digital system. However, only 55% of these employees were satisfied with their jobs, indicating that there are other factors playing a role in their job satisfaction besides just efficiency.

In addition, interviews with PT Mitra Karya Prima's Human Resources department revealed that 70% of Generation Z employees rated the company's work ethic as "very good", but only 60% of them felt that this work ethic contributed significantly to their job satisfaction. One employee stated, "While an ethical work environment is very important, we also look for more personal motivations such as individual recognition and opportunities for growth."

Furthermore, internal survey results show that work motivation plays an important role in this relationship. Data shows that Generation Z employees with high levels of work motivation report job satisfaction levels of 82%, compared to only 45% among those with low work motivation. This shows

that there is a significant mediating role of work motivation.

The purpose of this research is to address the gap in understanding how digitalization of company systems and work ethic together influence the job satisfaction of Generation Z employees, specifically through the mediating role of work motivation. The urgency of this study is underscored by internal data from PT Mitra Karya Prima, which reveals that while digitalization has significantly increased operational efficiency, it has not proportionally enhanced job satisfaction. Additionally, despite the high ratings of the company's work ethic, there is a clear indication that personal motivations play a critical role in job satisfaction for Generation Z. These findings highlight the need for a comprehensive analysis to better understand and enhance employee satisfaction in the digital era.

2. Literature review and hypotheses development

2.1. Herzberg's two-factor theory of motivation

Herzberg's Two-Factor Theory of Motivation, also known as Hygienic-Motivation Theory, was a concept put forward by Frederick Herzberg. This theory states that there are two sets of factors that affect employee motivation and job satisfaction, namely motivator factors and hygienic factors. Motivating factors include things like recognition, responsibility, accomplishment, and personal growth, which can increase an employee's intrinsic motivation (Hafni et al. 2023). On the other hand, hygienic factors include physical working conditions, company policies, interpersonal relationships, salary, and job security, which if not met can lead to job dissatisfaction. The study conducted by Subroto highlights Herzberg's Two-Factor Theory, in which job characteristics can be grouped into two categories, namely factors that cause dissatisfaction (hygiene factors) and factors that cause satisfaction (motivators) (Posuma 2013). These factors play a role in influencing the level of motivation and job satisfaction of employees. Herzberg's Two-Factor Motivation Theory has important implications in human resource management and the design of work environments that support employee motivation and job satisfaction. By paying attention to motivating and hygienic factors, organizations can create working conditions that motivate employees to achieve optimal performance.

2.2. Expectancy theory

Vroom's Theory of Expectation states that an individual's motivation to perform an action or job is based on three main factors. First, there is expectation, which is the belief that the effort exerted will produce the desired performance. Second, there is instrumentality, which is the belief that good performance will be rewarded with desired results (Hafni et al. 2023). Finally, there is valence, which refers to the value or importance given to those outcomes. In other words, the theory emphasizes that individuals' motivation will be high when they are confident that their efforts will result in desired performance, that good performance will bring expected rewards, and that those rewards have significant value to them (Susanto 2013). In the context of digitizing company systems and work ethic, this theory can be applied by looking at how the adoption of digital technology and a strong work culture will affect employee perceptions of the relationship between effort, performance, and rewards in the context of job satisfaction (Aryadi, 2020).

2.3. Hypotheses development

H1: Digitalization of the company's system has a positive effect on the satisfaction of generation Z employees at PT Mitra Karya Prima.

This hypothesis suggests that the implementation of digital systems in the company's operations and processes has a positive influence on the job satisfaction levels of Generation Z employees at PT Mitra Karya Prima. This is supported by the introduction section, which states that "digital technology has brought efficiency, flexibility, and innovation to the modern workplace" (Brown, 2000). It also mentions that "With the adoption of digital technology, companies can also increase customer engagement through online platforms, expand market reach, and create a more personalized and satisfying customer experience" (Legner et al., 2017). These benefits of digitalization are likely to contribute to a more positive work environment and higher job satisfaction for Generation Z employees who are known to be tech-savvy and adaptable to digital changes (Holton & Fraser, 2015; Seemiller & Grace, 2017).

H2: Work ethic has a positive effect on the satisfaction of generation Z employees at PT Mitra Karya Prima.

This hypothesis proposes that a strong work ethic, characterized by values such as dedication, responsibility, and integrity, has a positive influence on the job satisfaction of Generation Z employees at PT Mitra Karya Prima. The introduction section supports this by stating that "a strong work ethic is the main pillar in creating a productive and harmonious work environment" (Kumar & Che Rose, 2012). It further explains that "With a strong work ethic, employees will be more likely to uphold integrity in every aspect of their work. They will try to always do their best and avoid unethical practices" (Corry et al., 1977; Van Scotter & Motowidlo, 1996). A strong work ethic can foster a sense of commitment, responsibility, and trust, which can contribute to a positive and satisfying work experience for employees.

H3: Digitalization of the company's system has a positive effect on the work motivation of generation Z employees at PT Mitra Karya Prima.

This hypothesis suggests that the implementation of digital systems in the company has a positive impact on the work motivation of Generation Z employees at PT Mitra Karya Prima. The introduction section highlights that "Generation Z's adaptability to digitalization creates a significant impact in the work environment. They have a tendency to be more open to changes and technological innovations that continue to develop. This allows them to quickly understand and master new tools required in their work" (Seemiller & Grace, 2017). The adoption of digital technologies that align with Generation Z's preferences and skills can potentially enhance their motivation by providing them with a stimulating and dynamic work environment.

H4: Work ethic has a positive effect on the work motivation of generation Z employees at PT Mitra Karya Prima.

This hypothesis proposes that a strong work ethic, characterized by values such as dedication, responsibility, and integrity, has a positive influence on the work motivation of Generation Z employees at PT Mitra Karya Prima. The introduction section supports this by stating that "Apart from that, Generation Z's work ethic is also an important factor in determining their job satisfaction. Even though they are accustomed to the convenience of technology, Generation Z is also known as individuals who are ambitious, creative and goal-oriented. They tend to look for new challenges and strive to make maximum contributions in the work environment" (Seemiller & Grace, 2017). A strong work ethic can foster a sense of purpose, commitment, and drive, which can potentially enhance the motivation levels of Generation Z employees.

H5: Work motivation has a positive effect on the satisfaction of generation Z employees at PT Mitra Karya Prima.

This hypothesis suggests that higher levels of work motivation lead to increased job satisfaction among Generation Z employees at PT Mitra Karya Prima. This relationship is supported by the introduction section, which states that "internal survey results show that work motivation plays an important role in this relationship. Data shows that Generation Z employees with high levels of work motivation report job satisfaction levels of 82%, compared to only 45% among those with low work motivation. This shows that there is a significant mediating role of work motivation" (internal data from PT Mitra Karya Prima). Work motivation can be a driving force that enhances job satisfaction by fostering a sense of purpose, engagement, and fulfillment in one's work.

H6: Work motivation mediates the effect of digitalization of company systems on the satisfaction of generation Z employees at PT Mitra Karya Prima.

This hypothesis proposes that work motivation acts as a mediating variable in the relationship between the digitalization of company systems and the job satisfaction of Generation Z employees at PT Mitra Karya Prima. The introduction section provides support for this hypothesis by stating that "Furthermore, internal survey results show that work motivation plays an important role in this relationship" (internal data from PT Mitra Karya Prima). This suggests that while digitalization may have a direct effect on job satisfaction, it can also indirectly influence job satisfaction through its

impact on work motivation.

H7: Work motivation mediates the influence of work ethic on the satisfaction of generation Z employees at PT Mitra Karya Prima.

This hypothesis suggests that work motivation acts as a mediating variable in the relationship between work ethic and the job satisfaction of Generation Z employees at PT Mitra Karya Prima. Similar to the previous hypothesis, the introduction section supports this by stating that "internal survey results show that work motivation plays an important role in this relationship" (internal data from PT Mitra Karya Prima). This implies that while work ethic may directly influence job satisfaction, it can also indirectly affect job satisfaction through its impact on work motivation.

3. Research methods

3.1. Sample

In this research, the sample used was 100 Generation Z employees who worked at PT Mitra Karya Prima. Generation Z refers to the group of individuals born between 1995 and 2010. Thus, the participants in this research were young employees aged between 13 and 28 years who worked at the company. The sample selection of Generation Z employees was carried out because this research focuses on analyzing the factors that influence job satisfaction in this generation, especially those related to the digitalization of company systems and work ethic.

3.2. Operationalization of research variables

This research examines the influence of digitalization of company systems and work ethic on Generation Z employee satisfaction at PT Mitra Karya Prima. Digitalization of company systems and work ethic act as independent variables or independent variables in this research. Digitization of corporate systems refers to the adoption and implementation of digital technology in a company's business processes and operations. Meanwhile, work ethic is a set of values, norms and behaviors that reflect employee commitment, integrity and responsibility in carrying out their work.

The dependent variable or dependent variable in this research is the satisfaction of Generation Z employees at PT Mitra Karya Prima. Employee satisfaction reflects the level of positive or negative feelings that employees feel towards their work and work environment. This research focuses on Generation Z employees, which are the younger generation born between 1995 and 2010 and are known to be adaptive to digital technology.

Apart from that, this research also examines the role of work motivation as an intervening variable or mediating variable. Work motivation is hypothesized to mediate or act as an intermediary in the influence of digitalization of company systems and work ethic on Generation Z employee satisfaction. Work motivation refers to internal and external drives that encourage employees to work diligently and achieve organizational goals.

3.3. Analysis method

In this research, the data analysis method used is Structural Equation Modeling (SEM) with the SmartPLS version 3 application (Wiyono 2011). SEM is a powerful multivariate analysis technique and is widely used in research in the field of social and behavioral sciences. The SEM approach allows researchers to simultaneously test the relationship between latent variables (not measured directly) and their indicators, as well as the relationship between the latent variables themselves (Haryono 2016). The use of the SmartPLS version 3 application in this research allows SEM analysis using the Partial Least Squares (PLS) approach. PLS-SEM is suitable for research with the aim of prediction and theory development, and can accommodate relatively small sample sizes.

By using SmartPLS 3, researchers can evaluate the measurement model (outer model) to assess the validity and reliability of indicators that measure latent variables. Furthermore, the structural model (inner model) can be analyzed to test research hypotheses regarding the relationship between latent variables such as digitalization of company systems, work ethic, work motivation, and Generation Z employee satisfaction.

4. Results and discussion

The results of this study show that digitalization of company systems has a significant positive influence on job satisfaction of Generation Z employees at PT Mitra Karya Prima. These findings confirm the important role of digitalization in increasing job satisfaction of young people who grow up in the digital era. Generation Z employees, born between 1995 and 2010, are very tech-savvy and expect a modern, dynamic work environment. By adopting a digital system in the company's business and operational processes, PT Mitra Karya Prima is able to facilitate a more efficient and productive work style for Generation Z employees.

Table 1. Direct effect

	Original sample	Sample mean	Standard deviation	t-stat	p-value
Latent variable 1 -> Latent variable 3	-0.030	-0.053	0.129	0.230	0.818
Latent variable 1 -> Latent variable 4	0.690	0.695	0.070	9.910	0.000
Latent variable 2 -> Latent variable 3	0.246	0.154	0.285	0.861	0.390
Latent variable 2 -> Latent variable 4	0.167	0.148	0.102	1.637	0.102
Latent variable 4 -> Latent variable 3	-0.144	-0.074	0.185	0.781	0.435

Source : Smart PLS 3

Table 2. Analisis of indirect effect

	Original sample	Sample mean	Standard deviation	t-stat	p-value
Latent variable 1 -> Latent variable 3	-0.100	-0.049	0.131	0.760	0.448
Latent variable 2 -> Latent variable 3	-0.024	-0.011	0.039	0.620	0.535

Source : Smart PLS 3

Digitization of enterprise systems provides a variety of benefits that contribute to increased job satisfaction of Generation Z employees. First, digitalization enables automation of routine tasks and reduces the potential for human error. This can ease employees' workload and allow them to focus on more challenging and value-added tasks. Second, digitalization facilitates seamless collaboration and communication between work teams spread across multiple locations. With digital tools such as mobile devices, collaboration apps, and data-sharing platforms, Generation Z employees can work flexibly and stay connected with their coworkers.

In addition, digitalization also provides better access to the information and resources employees need to carry out their jobs. With integrated information systems and centralized databases, Generation Z employees can easily access relevant data and information, thereby increasing their efficiency and productivity. Digitization also enables more sophisticated data analysis to support more informed and evidence-based decision making.

This finding is in line with the characteristics of Generation Z who are known to be adaptive to technological change. Generation Z grew up in the digital age and is very accustomed to using various technological devices in everyday life. Therefore, the digitization of company systems is aligned with the lifestyles and preferences of Generation Z, making it easier for them to do their jobs and increasing their job satisfaction.

However, this study also found that work ethic did not have a significant effect on the job satisfaction of Generation Z employees at PT Mitra Karya Prima. While work ethic is important in creating a productive and harmonious work environment, it does not seem to be a major determinant of job satisfaction for Generation Z. This indicates that Generation Z may have priorities and other factors that are more influential on their job satisfaction, such as a modern work environment, opportunities for innovation, and better work-life balance.

Another interesting finding is that neither the digitization of the company's system nor the work ethic has been shown to have a significant influence on the work motivation of Generation Z employees at PT Mitra Karya Prima. This suggests that the factors that drive Generation Z's job motivation may be different from the factors that affect their job satisfaction. Therefore, companies need to further explore factors that can increase Generation Z's work motivation, such as opportunities for self-development, recognition of achievements, or a work environment that supports creativity and innovation.

Overall, the results of this study provide valuable insights for PT Mitra Karya Prima and other companies in managing human resources, especially Generation Z employees. By understanding the

role of digitalization of company systems in increasing Generation Z job satisfaction, companies can take strategic steps to optimize digitalization and create an attractive work environment for this young generation. However, companies also need to consider other factors that may be more relevant to Generation Z, such as opportunities to innovate, work-life balance, and self-development in an effort to increase their overall job satisfaction and motivation.

5. Conclusion

Based on the results of the study, it can be concluded that digitalization of the company's system has a positive and significant influence on the job satisfaction of Generation Z employees at PT Mitra Karya Prima. This finding confirms the importance of adopting digital technology in business processes and company operations to increase job satisfaction of the younger generation who are accustomed to the digital world. However, work ethic has not been shown to have a significant influence on Generation Z employees' job satisfaction, indicating that this generation may have priorities and other factors that are more influential on their job satisfaction.

Another interesting finding is that neither the digitization of the company's system nor the work ethic has been shown to have a significant influence on the work motivation of Generation Z employees at PT Mitra Karya Prima. This suggests that the factors that drive Generation Z's job motivation may be different from the factors that affect their job satisfaction. Consequently, work motivation is also not proven to mediate the effect of digitalization of company systems and work ethic on the job satisfaction of Generation Z employees.

Overall, the results of this study provide valuable insights for PT Mitra Karya Prima and other companies in managing human resources, especially Generation Z employees. Companies need to focus on optimizing system digitalization to increase Generation Z job satisfaction, as well as explore other factors that may be more relevant to this generation, such as opportunities to innovate, work-life balance, and self-development in an effort to increase satisfaction and motivation their work thoroughly.

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