

Assessing the Impact of Organizational Commitment on Organizational Effectiveness: A Comparative Analysis of Millennials and Gen Z

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ABSTRACT

Human resources are the most important asset of any organization, Be it corporate or educational institutes. Human resources are source for surviving in this dynamic competitive environment. The study examines how a multigenerational workforce's differing values and expectations influence organizational commitment and effectiveness. The study aims to fill a gap in the literature by specifically comparing Millennials (born 1981-1996) and Generation Z (born 1997 onwards). Using a quantitative, descriptive, and exploratory research design with data from 94 respondents, the study analyzed three types of organizational commitment: affective (emotional attachment), continuance (cost of leaving), and normative (sense of obligation). The findings indicate a strong and significant relationship between organizational commitment and organizational effectiveness, with the three commitment dimensions explaining 89.5% of the variance in effectiveness. Affective commitment was found to have the most significant positive impact. The study also found that continuance commitment had a lesser, but still positive, impact on effectiveness, while normative commitment had no significant effect. The report concludes that organizations should prioritize strategies that foster emotional engagement, such as inclusion and purpose alignment, to enhance retention and operational success with these younger generations.

Keywords: Millennials, Gen Z, Human Resources, Competitive Environment, Emotional Engagement.

Introduction

The modern workplace is undergoing a profound transformation, driven not only by technological advancements and global shifts but also by the changing demographic composition of the workforce. Among the most prominent changes is the growing representation of Millennials (born 1981–1996) and Generation Z (born 1997 onwards), who now form the backbone of many organizations across industries. As organizations strive to remain competitive, innovative, and adaptable, understanding how these generations engage with their work and their organizations has become a critical area of study.

One of the key concepts influencing employee behaviour and organizational performance is **organizational commitment**—the emotional, moral, and calculative bond an employee has with their organization. It is typically categorized into three components:

- **Affective Commitment**, which refers to an employee's emotional attachment to the organization;

- **Continuance commitment**, which relates to the perceived cost of leaving the organization; and
- **Normative commitment**, which stems from a sense of obligation to stay.

These facets of commitment can have profound effects on **organizational effectiveness**, influencing outcomes such as productivity, innovation, employee retention, workplace morale, and overall performance. However, the degree and type of commitment vary across generations due to differences in upbringing, exposure to technology, socio-economic conditions, and work-life expectations.

Millennials tend to value flexibility, meaningful work, continuous learning, and work-life integration. They are often loyal to values rather than to institutions and seek engagement through purpose-driven roles. **Generation Z**, on the other hand, has grown up in a digital-first, fast-paced environment, showing preference for job security, mental well-being, personalized career paths, and inclusive workplaces. These generational attributes influence how commitment is formed and sustained, and how it ultimately impacts organizational success.

Despite the increasing interest in generational diversity, there is a lack of comparative research that explicitly investigates how organizational commitment differs between Millennials and Gen Z—and how these differences translate into organizational effectiveness. This research aims to fill that gap by conducting a comparative analysis of the two cohorts within diverse organizational contexts.

By assessing generational variations in commitment patterns and linking them to organizational outcomes, this study will offer actionable insights for human resource management, leadership strategies, and organizational development. In doing so, it will contribute to building inclusive, high-performing workplaces that can harness the strengths of both Millennials and Gen Z to drive sustainable success.

Literature Review

Research on organizational commitment has evolved significantly, beginning with the foundational work of **Meyer and Allen (1991)**, who introduced the **Three-Component Model (TCM)**, identifying affective, continuance, and normative commitment as key dimensions influencing employee behavior. Earlier, **Mowday, Steers, and Porter (1979)** highlighted how higher levels of commitment reduce turnover and enhance performance, while **subsequent studies by Jaros et al. (1993) and Becker et al. (1996)** confirmed the strong inverse relationship between commitment and turnover and its positive association with engagement and retention. Similarly, **Mathieu and Zajac (1990)** established that **job satisfaction is strongly linked with enhanced organizational commitment**.

Generational differences add further complexity to understanding commitment. **Twenge et al. (2010) and Ng et al. (2010)** found that Millennials value purpose, autonomy, and alignment with organizational values, which significantly strengthen their affective commitment. Gen Z, on the other hand, as highlighted by **Seemiller and Grace (2016)**, places emphasis on well-being, pragmatism, and technological alignment. **Schroth (2019)** noted the importance Gen Z assigns to ethical and transparent leadership, while **Lyons and Kuron (2014)** emphasized that generational variations influence the drivers of commitment. Further, **Marthinson and Lau (2020)** reported Gen Z's preference for structure and job clarity, and **Williams et al. (2021)** showed that inclusive, psychologically safe workplaces are critical to their engagement.

Comparative empirical research has also examined generational contrasts in commitment. **Mikler (2022)** demonstrated that career goals moderate retention differently across Millennials and Gen Z, while **Areola et al. (2023)** found that though both generations report similar satisfaction levels, Gen Z places more importance on emotional well-being. **Vveinhardt et al. (2023)** documented variations in affective and continuance commitment between generations, and **Davis and Needham (2023)** established that low commitment strongly predicts turnover among both groups. Moreover, **Albany University (2024)** observed that core self-evaluations play a lesser role in Gen Z's normative commitment. **Mishra and Pandey (2024)** emphasized the importance of leadership authenticity and purpose for Gen Z, while **Nguyen et al. (2024)** discovered that green HRM practices enhance their affective commitment. Similarly, **a Chinese study (2023)** confirmed that strong affective commitment reduces burnout and quiet quitting. Large-scale surveys such as **Deloitte (2025)** and the **World Economic Forum (2023)** further reveal that while both Millennials and Gen Z value pay, purpose, and

growth, Gen Z specifically prioritizes mental wellness and flexibility, with a strong preference for adaptable work structures.

Lastly, commitment has been consistently tied to broader organizational effectiveness. **Robbins and Coulter (2016)** demonstrated that committed employees drive innovation, adaptability, and productivity, while **Lub et al. (2016)** showed that cross-generational strategies foster greater outcomes. HR practices also remain central—with **Ferrer and Garrido (2023)** finding that family-friendly policies enhance retention and performance, and **Bai and Vahedian (2023)** arguing that ethical cultures reduce digital stress while improving engagement. Complementing these insights, **Kycia et al. (2021)** proposed that clearly defined roles and career development opportunities are especially effective in boosting Gen Z commitment, ultimately linking individual engagement to sustainable organizational performance.

Problem Statement

In today's dynamic work environment, organizations are increasingly composed of multigenerational teams, with **Millennials and Gen Z** representing a significant share of the workforce. These two generations often exhibit differing work values, motivations, and expectations, which in turn influence their commitment to organizations. While **organizational commitment** has been extensively linked to enhanced performance, reduced turnover, and increased employee engagement, existing frameworks may not fully capture the generational shades in how this commitment is formed and sustained.

Millennials are frequently motivated by purpose, flexibility, and alignment with organizational values, whereas Gen Z tends to emphasize mental well-being, structure, and ethical leadership. Despite this generational shift, most organizational strategies still follow a universal approach, overlooking the distinct drivers of commitment across age cohorts. As a result, there is a critical need for deeper insight into how commitment manifests differently between these generations, and how these differences influence **organizational effectiveness**. This study seeks to address this issue by investigating the relationship between organizational commitment and effectiveness through a generational lens, focusing specifically on Millennials and Gen Z.

Research Gap

Although a substantial body of literature highlights the importance of organizational commitment in improving workplace outcomes, there remains a **notable gap in comparative research** that explores generational differences, particularly between **Millennials and Gen Z** in relation to the three dimensions of commitment: **affective, continuance, and normative**. Existing studies have primarily treated employees as a homogeneous group, often failing to account for the evolving expectations and values brought by younger generations.

There is a lack of empirical evidence detailing how these two cohorts differ in terms of what fosters their organizational commitment and how each form of commitment contributes to organizational effectiveness. Without such insight, organizations may struggle to develop targeted strategies that genuinely resonate with the values and motivations of today's workforce. This research aims to fill this gap by providing a generation-specific understanding of organizational commitment and offering actionable insights for human resource practices and leadership development.

Significance of the Study

Understanding the relationship between organizational commitment and organizational effectiveness has long been central to organizational behaviour research. However, with Millennials and Gen Z now forming the majority of the workforce, their distinct work values, needs, and expectations make it essential to revisit and adapt traditional frameworks. This study is timely and important for several reasons:

- **Builds on Meyer and Allen's (1991) Three-Component Model**, focusing on affective, continuance, and normative commitment.
- **Highlights generational differences** in commitment drivers, such as Millennials valuing purpose and flexibility (Twenge et al., 2010), while Gen Z prioritizes well-being, job clarity, and ethical leadership (Seemiller & Grace, 2016; Williams et al., 2021).

- **Identifies how these differences impact organizational outcomes**, such as retention, engagement, and performance (Mikler, 2022; Davis & Needham, 2023).
- **Fills a gap in empirical research** comparing how commitment influences effectiveness across these two generations.
- **Supports development of tailored HR and leadership strategies** to foster commitment in a multigenerational workforce.

By analysing how organizational commitment affects organizational effectiveness in the context of generational differences, this study contributes to both academic literature and practical workplace management. It provides actionable insights for organizations aiming to enhance engagement and performance by aligning commitment strategies with the evolving needs of Millennials and Gen Z. This is particularly relevant in today's dynamic work environment where retention, cultural fit, and motivation are closely tied to generational expectations.

Research Methodology

Objectives

- To examine the concept and dimensions of organizational commitment
- To analyse the impact of organizational commitment on organizational effectiveness
- To compare the organizational commitment levels between Millennials and Gen Z
- To evaluate the influence of generational differences on organizational effectiveness
- To provide recommendations for managing multigenerational commitment in organizations
- To examine the impact of gender and age on organizational commitment

Hypothesis

Affective Commitment

- **H₀ (Null Hypothesis)**
Affective commitment is not significantly related to overall organizational commitment.
- **H₁ (Alternative Hypothesis)**
Affective commitment is significantly related to overall organizational commitment.

Continuance Commitment

- **H₀ (Null Hypothesis)**
Continuance commitment is not significantly related to overall organizational commitment.
- **H₂ (Alternative Hypothesis)**
Continuance commitment is significantly related to overall organizational commitment.

Normative Commitment

- **H₀ (Null Hypothesis)**
Normative commitment is not significantly related to overall organizational commitment.
- **H₃ (Alternative Hypothesis)**
Normative commitment is significantly related to overall organizational commitment.

Age and Organizational Commitment

- **H₀ (Null Hypothesis)**
There is no significant difference in organizational commitment based on age.
- **H₅ (Alternative Hypothesis)**
There is a significant difference in organizational commitment based on age.

Organizational commitment and effectiveness

- **H₀ (Null Hypothesis)**
There is no significant relationship between organizational commitment and organizational effectiveness.

• **H6 (Alternative Hypothesis)**

There is significant relationship between organizational commitment and organizational effectiveness.

Data Collection

Area of Study	Organizational commitment and its impact on organizational effectiveness among working Millennials and Gen Z across various industry sectors
Research Design	Quantitative, Descriptive, and Exploratory Research Design
Target Population	Working Millennials and Gen Z employees across all industry sectors
Sample Size	100 (Responses Received: 94)
Sampling Technique	Non-Probability Sampling (Convenience Sampling)
Data Collection Methods	Primary Data: Structured Questionnaire (5-Point Likert Scale)
	Secondary Data: Research papers, articles, and existing literature
Data Analysis Methods	Quantitative Analysis using SPSS and SmartPLS
Tools Used for Analysis	Reliability Testing (Cronbach's Alpha), Regression Analysis, Descriptive Statistics (Frequencies and Percentages)
Timeline of Study	45 Days

Data Analysis

Demographical Profile

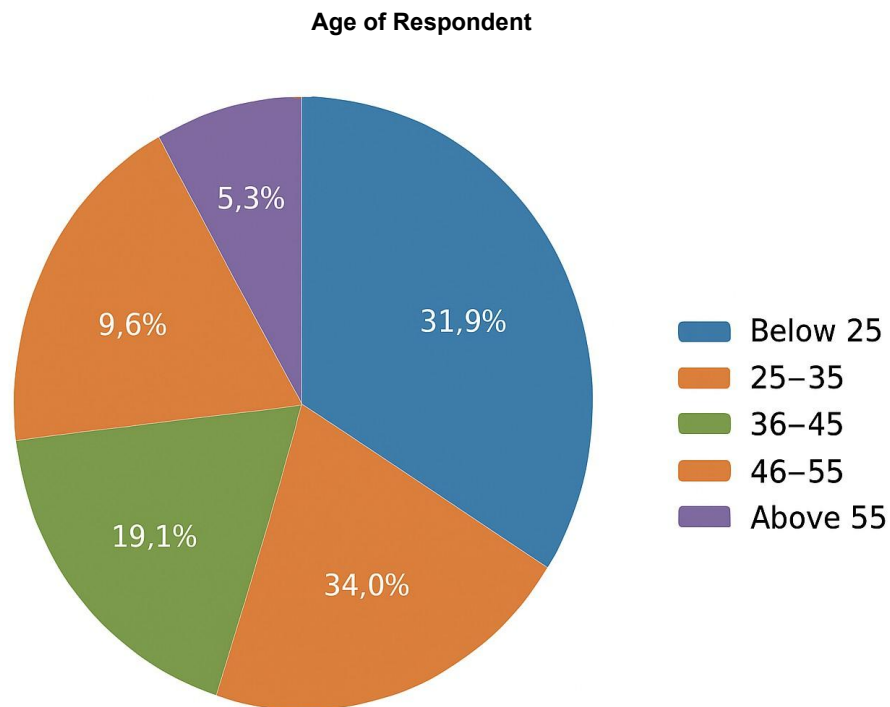
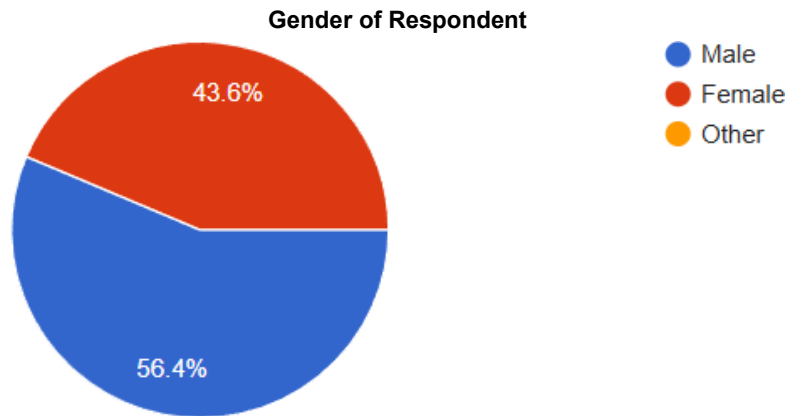
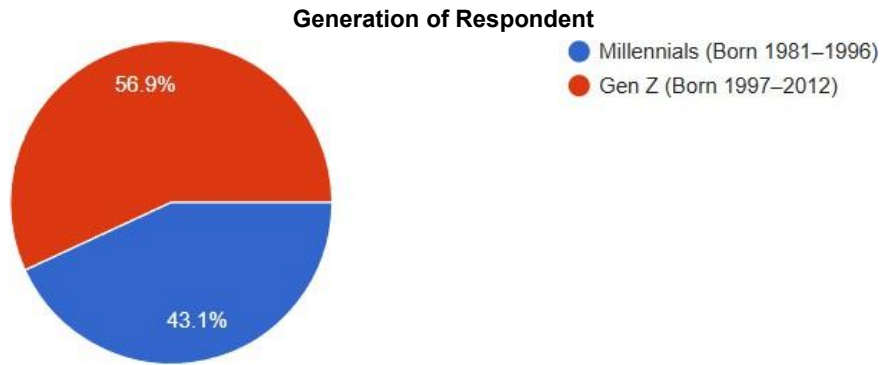


Figure 1: Interpretation

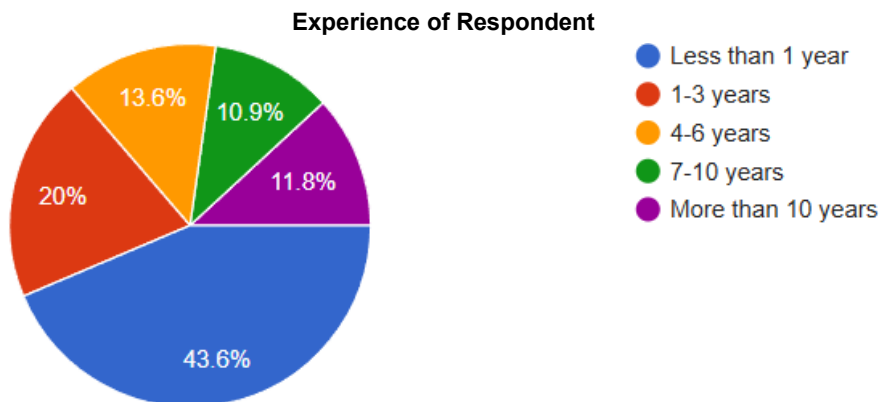
The data indicates that the majority of participants are in the early to mid-career stages (ages 25-35), with a significant number still under 25, possibly indicating a student or entry-level professional demographic. Older age groups are underrepresented.

**Figure 2: Interpretation**

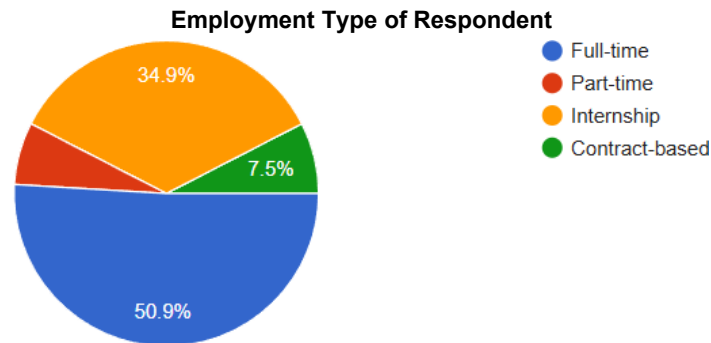
There is a higher percentage of male participants compared to female participants. The gender split is moderately uneven, but not drastically, suggesting fairly balanced participation with slight male dominance.

**Figure 3: Interpretation**

The data suggests that Gen Z forms the majority of the participants, which aligns with the earlier finding that many participants are under 25. This indicates the sample population is relatively young and possibly more digitally native or early in their careers.

**Figure 4: Interpretation**

A significant portion of participants (43.6%) have less than 1 year of professional experience, reinforcing the notion of a young or early career demographic. Only small fraction have over 6 years of experience.

**Figure 5**

Interpretation: Half of the respondents are employed full-time, while a notable 34.9% are interns, which again supports the finding of a youthful and potentially student heavy participant base. Part-time and Contract-based roles are less common.

Reliability Statistics

Table 1: Interpretation

Cronbach's Alpha	N of Items
.965	4

The standard acceptable range for Cronbach's Alpha is between 0.5 and 1.0. In this study, the reliability coefficient obtained was 0.965, indicating excellent internal consistency among the items. This suggests that the items used to measure the construct are highly consistent and reliable.

Descriptive Frequency

Statistics

Table 1: Interpretation

		OCAC	OCNC	OCNC	OE
N	Valid	94	94	94	94
	Missing	0	0	0	0
Mean		3.77	3.3874	3.7027	3.8288
Std. Deviation		0.881	0.97394	0.94959	0.8188

- The mean scores range from 3.387 (OCNC) to 3.8288 (OE), indicating that on average, respondents agreed with the items moderately to strongly.
- The standard deviations range from 0.8188 to 0.9739, showing a moderate spread in responses. OE has the lowest variability, while OCNC has the highest.

Organizational Commitment-Affective commitment

Table 2: Interpretation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	2	1.8	1.8	1.8
	2	6	5.4	5.4	7.2
	3	28	25.2	25.2	32.4
	4	54	48.6	48.6	81.1
	5	21	18.9	18.9	100
	Total	94	100	100	

- The frequency distribution shows that 48.6% of respondents rated their affective commitment as 4 on the scale, and 18.9% rated it as 5, indicating a high level of affective commitment among the majority.
- Overall, 81.1% of participants rated their affective commitment as 3 or above, indicating that the majority felt positively attached to the organization.

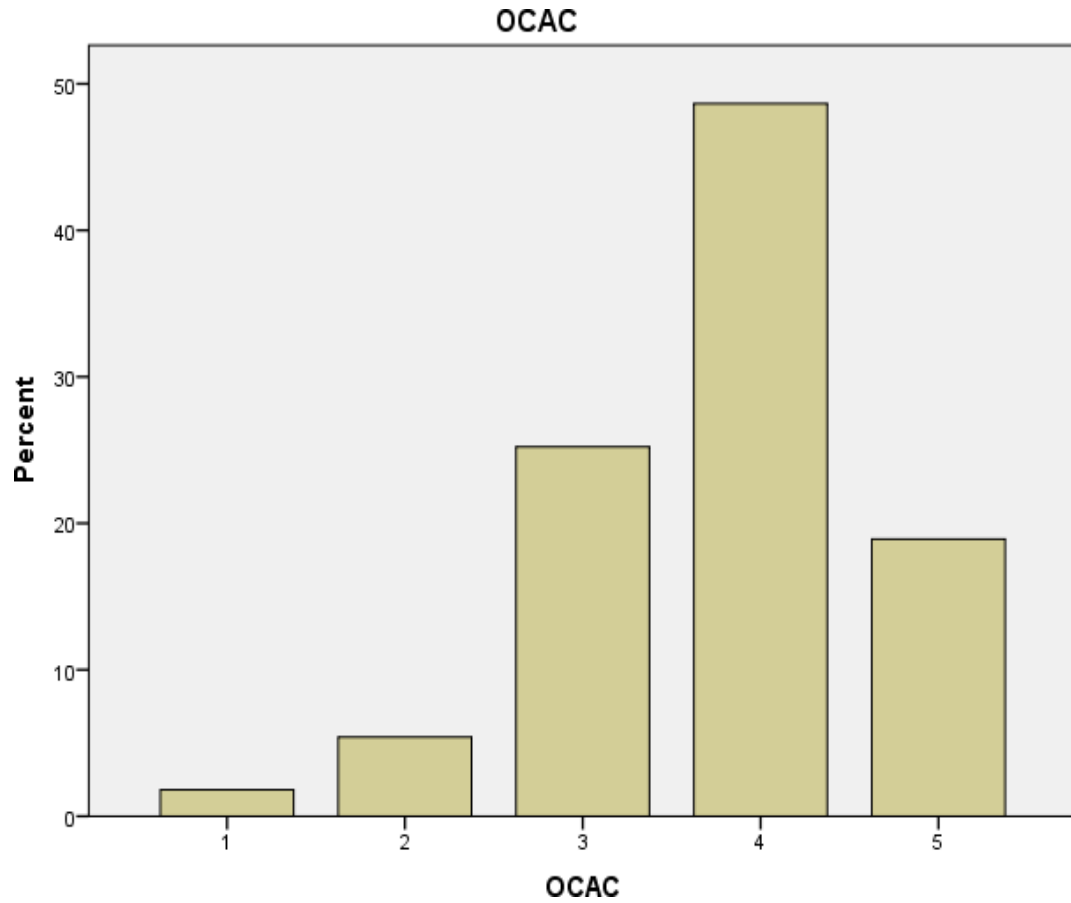


Figure 1

Organizational Commitment-Continuous commitment**Table 3: Interpretation**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	5	4.5	4.5	4.5
	2	14	12.6	12.6	17.1
	3	35	31.5	31.5	48.6
	4	47	42.3	42.3	91
	5	10	9	9	100
	Total	94	100	100	

- Most respondents (42.3%) rated a 4, indicating a relatively high level of continuous commitment.
- When combined with level 3 (31.5%), about 73.8% of employees are moderately to highly committed due to cost related reasons.
- Very few (only 17.1%) are at the low end of the scale, suggesting that few employees feel no cost in leaving.

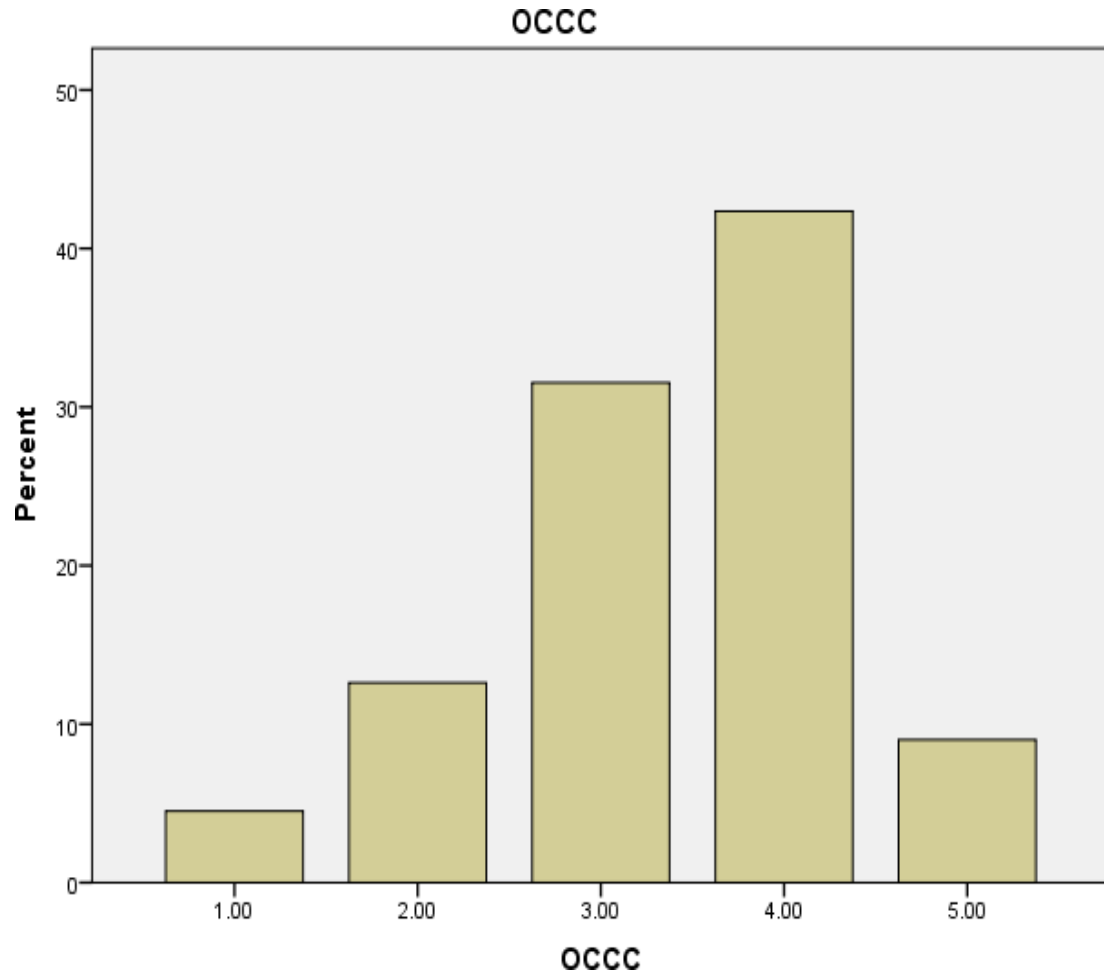


Figure 2

Organizational Commitment-Normative commitment

Table 4

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	3	2.7	2.7	2.7
	2	8	7.2	7.2	9.9
	3	29	26.1	26.1	36
	4	50	45	45	81.1
	5	21	18.9	18.9	100
	Total	94	100	100	

Interpretation

- A large number of employees (45%) chose 4, and 18.9% chose 5. This means that many employees feel a strong sense of duty to stay.
- Only a small group (9.9%) feel little or no obligation to stay.
- Overall, this shows that employees are loyal and feel responsible towards their organization.

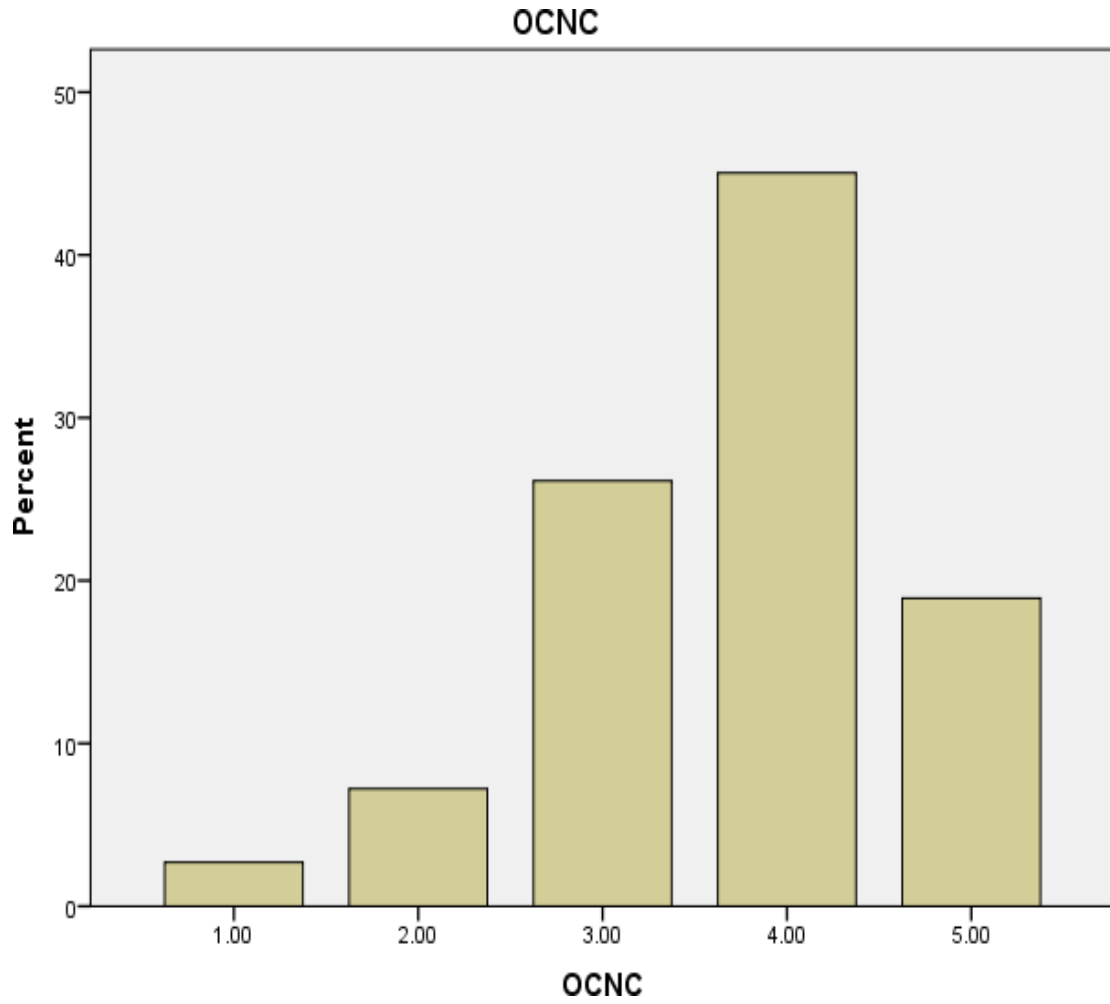


Figure 3

Organizational Effectiveness

Table 5

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	2	1.8	1.8	1.8
	2	4	3.6	3.6	5.4
	3	24	21.6	21.6	27
	4	62	55.9	55.9	82.9
	5	19	17.1	17.1	100
	Total	94	100	100	

Interpretation

- Over half (55.9%) rated the organization as 4, and 17.1% gave it the top rating.
- This means most employees believe the organization is performing well.

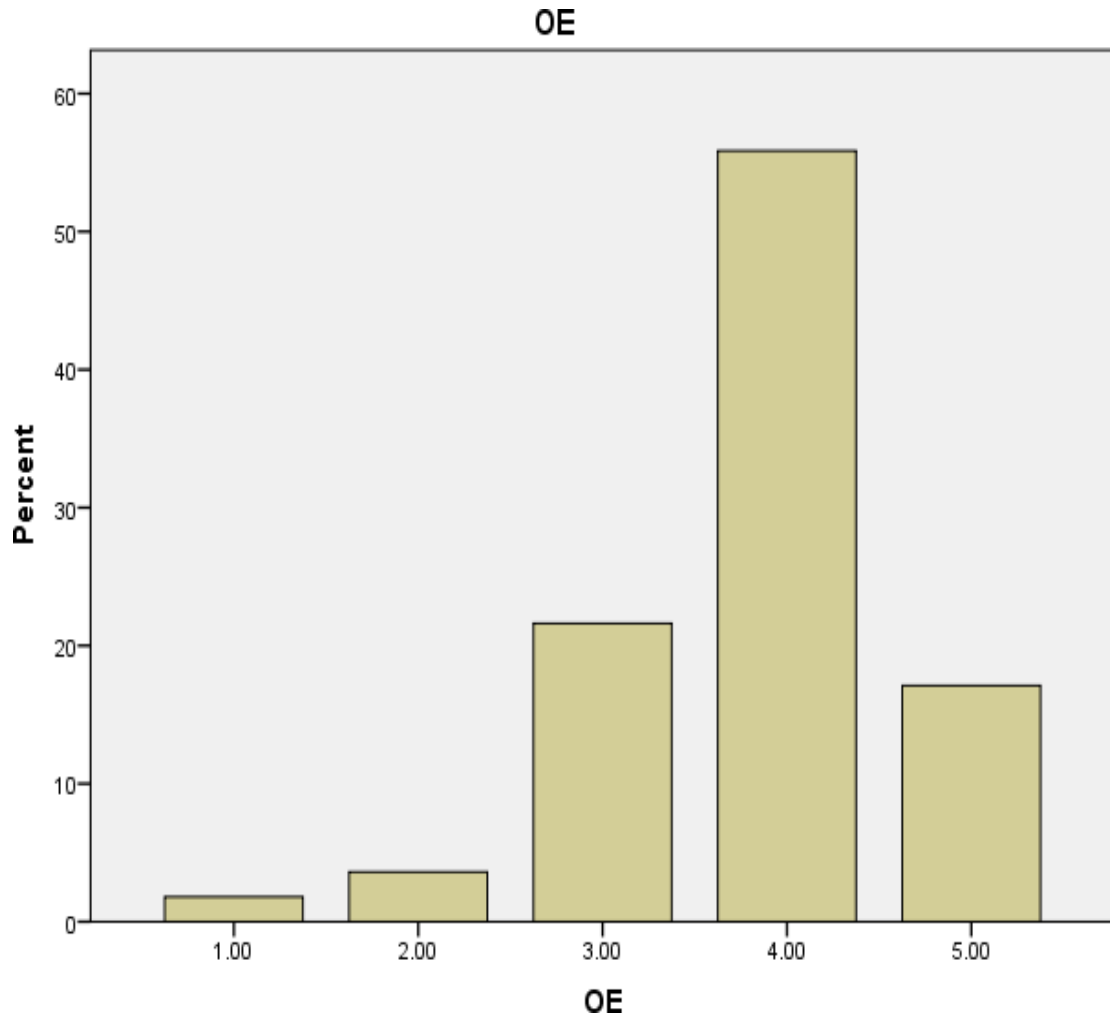


Figure 4

Regression**Model Summary**

Table1

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.946 ^a	0.895	0.892	0.26957

a. Predictors (constant): OCNC, OCCC, OCAC

Interpretation

- $R^2=0.895$ means that about 89.5% of the variation in organizational effectiveness can be explained by the three types of commitment (OCAC, OCNC, OCCC).
- The model has a very strong fit.

ANOVA^a

Table 2

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	65.972	3	21.991	302.608	.000b
Residual	7.776	107	0.073		
Total	73.748	110			

Interpretation

- The p=value (0.000) indicates the regression model is highly significant.
- This means the predictors (OCNC, OCCC, OCAC) collectively have a significant effect on organizational effectiveness.

Coefficients^a**Table 3**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.56	0.115		4.867	0
	OCAC	0.722	0.108	0.777	6.664	0
	OCCC	0.145	0.057	0.172	2.562	0.012
	OCNC	0.014	0.107	0.016	0.129	0.897

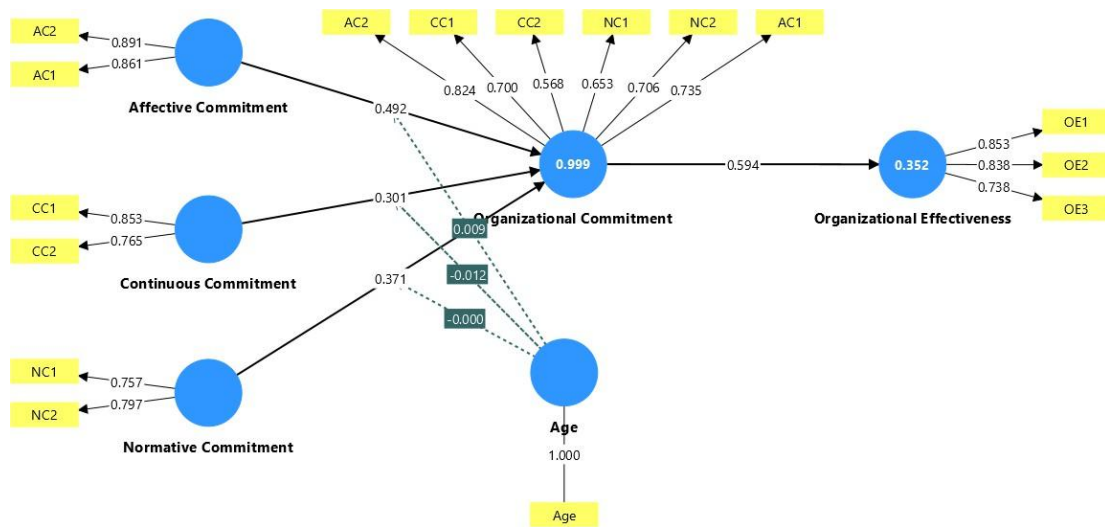
Interpretation

- OCAC (Affective commitment) has the strongest positive effect on OE (Beta=0.777, $p<0.001$)
 - Employees who emotionally connect with the organization significantly boost effectiveness.
- OCCC (Continuance commitment) also had a positive impact (Beta=0.172, $p=0.012$).
 - Employees who stay because of perceived costs of leaving somewhat contribute to effectiveness
- OCNC (Normative commitment) has no significant effect on OE ($p=0.897$).
 - Feeling obligated to stay does not significantly improve effective the organization is.

Hypothesis Testing

Sr. No.	Hypothesis	Results
1.	Affective Commitment H0: Affective commitment is not significantly related to overall organizational commitment. H1: Affective commitment is significantly related to overall organizational commitment.	Rejected Accepted
2.	Continuous Commitment H0: Continuous commitment is not significantly related to overall organizational commitment. H1: Continuous commitment is significantly related to overall organizational commitment.	Rejected Accepted
3.	Normative Commitment H0: Normative Commitment is not significantly related to overall organizational commitment. H1: Normative Commitment is significantly related to overall organizational commitment.	Accepted Rejected
4.	Age and Organizational Commitment H0: There is no significant relation in level of organizational commitment. H1: There is significant relation in level of organizational commitment.	Accepted Rejected
5.	Organizational Commitment and Effectiveness H0: There is no significant relationship between organizational commitment and organizational effectiveness. H1: There is a significant relationship between organizational commitment and organizational effectiveness.	Rejected Accepted

Research Model



Path Coefficient

Table 1

	AC	Age	CC	NC	OC	OE	Age*CC	Age*AC	Age*NC
Affective commitment					0.492				
Age					0.003				
Continuous commitment					0.301				
Normative commitment					0.371				
Organizational Commitment						0.594			
Organizational Effectiveness									
Age*Continuous commitment					0.012				
Age*Affective commitment					0.009				
Age*Normative commitment					0.000				

Interpretation

The model shows that affective, continuous, and normative commitment significantly influence organizational commitment, and in turn, organizational commitment strongly drives effectiveness. Age and its interactions have minimal impact directly.

Total Indirect Effects

Table 2

	Total indirect Effects
Affective Commitment-> Organizational effectiveness	0.292
Age->Organizational effectiveness	0.002
Age*Affective Commitment- >Organizational effectiveness	0.005
Age*Continuous commitment- >Organizational effectiveness	-0.007
Age*Normative commitment- >Organizational effectiveness	0
Continuous commitment- >Organizational effectiveness	0.179
Normative commitment- >Organizational effectiveness	0.22

Total Direct Effects**Table 3**

	Total Direct Effects
Affective commitment->Organizational commitment	0.492
Affective commitment->Organizational effectiveness	0.292
Age->Organizational commitment	0.003
Age->Organizational effectiveness	0.002
Age*Affective commitment- >Organizational commitment	0.009
Age*Affective commitment- >Organizational effectiveness	0.005
Age*Continuous commitment- >Organizational commitment	-0.012
Age*Continuous commitment- >Organizational effectiveness	-0.007
Age*Normative commitment- >Organizational commitment	-0.000
Age*Normative commitment- >Organizational effectiveness	-0.000
Continuous commitment- >Organizational commitment	0.301
Continuous commitment- >Organizational effectiveness	0.179
Normative commitment->Organizational commitment	0.371
Normative commitment->Organizational effectiveness	0.220
Organizational Commitment->Organizational Effectiveness	0.594

Interpretation

Above Table-2 and Table-3 shows the comparison between Total indirect effects and Total direct effects.

- **Strongest Predictors**
 - Organizational Commitment → Organizational Effectiveness (0.594) is the strongest overall predictor, showing that when employees are generally committed (affective, normative, or continuance), organizational effectiveness improves significantly.
 - Affective Commitment is both directly and indirectly influential (total = 0.584), indicating that emotional attachment to the organization has a significant dual pathway impact.
- **Moderate Influence**
 - Normative Commitment (0.220) and Continuous Commitment (0.179) show direct- only effects on effectiveness, with normative (sense of obligation) being slightly more impactful than continuance (cost-based commitment).
- **Age Factor**
 - Age has a very weak direct (0.002) and indirect (0.002) effect on effectiveness. It implies age alone is not a strong predictor.
 - Interaction effects (Age × Commitment types) are also minimal to negligible, suggesting that age does not significantly moderate the relationship between types of commitment and effectiveness

R square**Table 3**

	R square	R Square Adjusted
Organizational Commitment	0.999	0.999
Organizational Effectiveness	0.352	0.345

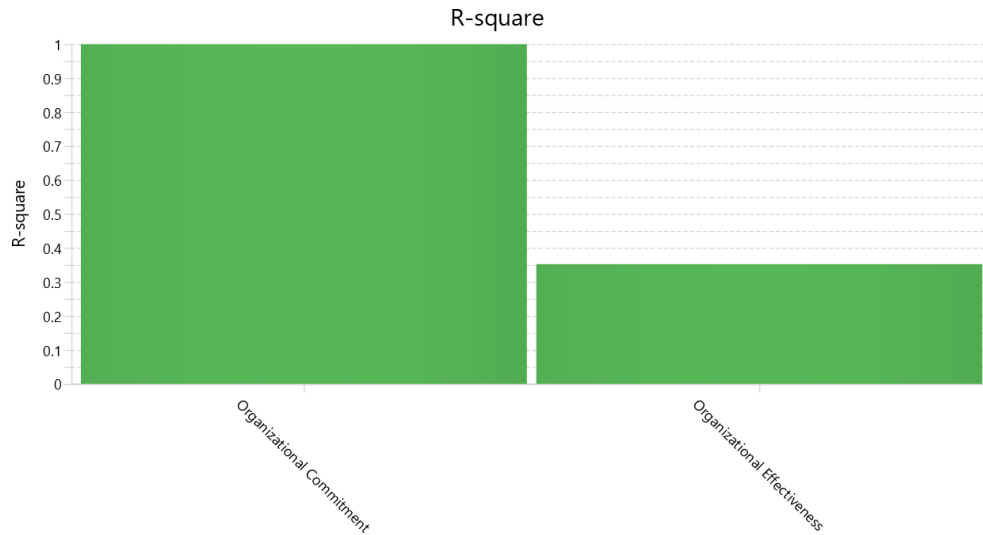


Figure 1
R-square adjusted

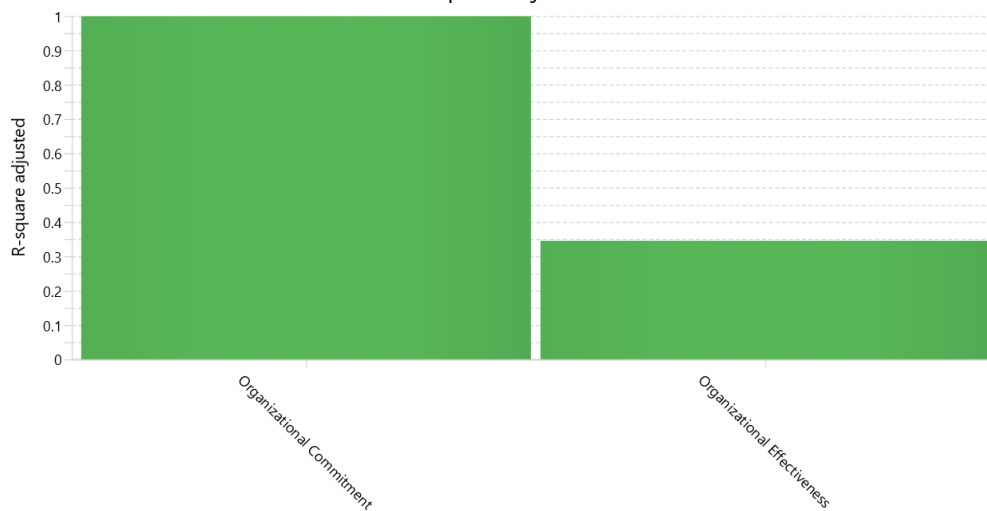


Figure 2

Interpretation

- **Organizational Commitment**
 - The R-Square value of 0.999 indicates that almost 99.9% of the variation in organizational commitment is explained by the predictors in the model, which is exceptionally high.
 - The Adjusted R-Square of 0.999 suggest that the model is stable and accounts for almost all variability in organizational commitment.
- **Organizational Effectiveness**
 - The R-Square value of 0.352 indicates that only 35.2% of the variability in organizational effectiveness is explained by the model, which is relatively low. This suggests that the model's predictors do not explain much of the variance in organizational effectiveness.
 - The Adjusted R-square of 0.345 indicates a slight reduction, but still shows that the model could be improved in explaining organizational effectiveness.

Construct Reliability and Validity**Table4**

	Cronbach's Alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
Affective commitment	0.799	0.705	0.869	0.768
Continuous commitment	0.780	0.693	0.792	0.656
Normative commitment	0.746	0.648	0.753	0.605
Organizational commitment	0.793	0.810	0.852	0.693
Organizational effectiveness	0.741	0.761	0.852	0.658

Interpretation

- **Cronbach's Alpha**
 - A Cronbach's Alpha greater than 0.7 is typically considered acceptable, indicating good internal consistency.
 - Most constructs here, such as Affective Commitment (0.799), Continuous Commitment (0.780), and Organizational Commitment (0.793), have values well above 0.7, indicating good reliability.
 - Normative Commitment (0.746) and Organizational Effectiveness (0.741) are also above 0.7, but slightly lower than the others, though still acceptable.
- **Composite Reliability (rho_c)**
 - Composite Reliability (CR) assesses the internal consistency of the construct, similar to Cronbach's Alpha.
 - Organizational Commitment (0.810) has the highest reliability, followed by Organizational Effectiveness (0.761) and Affective Commitment (0.705), with Normative Commitment (0.648) being the lowest.
 - A CR greater than 0.7 is considered good, and most of the values here meet that threshold, though Normative Commitment is slightly below it.
- **Average Variance Extracted (AVE)**
 - AVE values above 0.5 suggest that the construct explains more than half of its variance.
 - All constructs have AVE values above 0.5, indicating that the constructs explain a substantial portion of the variance in their indicators.
 - Affective Commitment (0.768) and Continuous Commitment (0.656) have higher AVE values, indicating better convergent validity.

Collinearity statistics (VIF) Outer Model

	VIF
AC2	1.972
AC2	1.405
Age	1
CC1	1.518
CC1	1.111
CC2	1.49
CC2	1.111
NC1	1.619
NC1	1.046
NC2	1.046
NC2	1.628
OE1	1.616
OE2	1.511
OE3	1.375
AC1	1.405

AC1	1.587
Age*AC	1
Age*CC	1
Age*NC	1

Inner Model

Table 5

	VIF
AC->OC	2.513
Age->OC	1.367
Age*AC->OC	2.835
Age*CC->OC	3.084
Age*NC->OC	2.447
CC->OC	2.472
CN->OC	2.408
OC->OE	1

Interpretation

- **Outer Model**
 - All VIFs are well below the common threshold of 5, and most are below 2, which indicates:
 - No problematic multicollinearity among indicators (AC1, CC1, NC1, etc.).
 - Each construct is distinct and well-defined by its respective indicators.
- **Inner Model**
 - Most VIF values are between 2.4 and 3.1, which is still acceptable and below critical multicollinearity levels (typically 5 or 10).

However:

 - The interaction terms (Age × AC, Age × CC, Age × NC) show relatively higher VIFs, especially:
 - Age × CC → OC = 3.084
 - Age × AC → OC = 2.835
 - This increase is expected with interaction/moderating variables, as they often correlate with their component terms.
 - These values are not problematic, but worth monitoring for potential inflation in standard errors or interpretive challenges.
- **OC → OE Path:**
 - VIF = 1, indicates perfect independence of OC as a predictor of OE.

Model Fit

Table 6

	Saturated Model	Estimated Model
SRMR	0.159	0.162
d_ ULS	3.422	3.561
d_ G	n/a	n/a
Chi-square	∞	∞
NFI	n/a	n/a

Interpretation

- SRMR (Standardized root mean square residual):
 - A value below 0.08 is considered good.
 - Here, both values (0.159 and 0.162) are above the threshold, indicating poor model fit.

- d_ ULS (Unweighted least squares discrepancy):
 - No fixed threshold, but lower is better.
 - The value (3.422/3.561) should ideally be lower for a better fitting model.

Findings of Study

From the above research, it is clearly shown that there is a **strong and significant relationship between organizational commitment and organizational effectiveness** among **Millennials and Gen Z**. The regression model reveals an exceptionally high explanatory power ($R^2 = 0.895$), indicating that nearly 90% of the variance in organizational effectiveness can be attributed to the three dimensions of commitment: affective, continuance, and normative. Among these, **affective commitment** ($\beta = 0.777$, $p < 0.001$) has the most decisive impact, suggesting that employees who feel emotionally attached to their organization are more likely to perceive it as effective and contribute positively to its success.

Continuance commitment ($\beta = 0.172$, $p = 0.012$) also shows a significant influence, even though to a lesser degree. This indicates that employees who stay with an organization for practical or economic reasons still contribute meaningfully to perceived effectiveness, though the motivational quality may differ. On the other hand, **normative commitment** ($\beta = 0.016$, $p = 0.897$) does not have a significant effect, implying that a sense of obligation alone is insufficient to drive performance or perceived effectiveness among younger generations.

The **ANOVA** result ($F = 302.61$, $p < 0.001$) confirms that the overall model is statistically strong, and the **very low standard error (0.269)**, along with a **high adjusted R^2 (0.892)**, further validates the model's predictive accuracy. This level of reliability is critical when assessing HR strategies for talent management across generational lines.

In the context of modern workforce dynamics, especially with Millennials and Gen Z comprising a significant portion of employees: **emotional engagement and meaningful connection to the organization are more impactful** than traditional loyalty-based or obligation-driven models of commitment. These findings can help HR leaders and organizational strategists **prioritize affective engagement strategies**, such as inclusion, recognition, and purpose alignment, to enhance not just retention, but also operational excellence and organizational success.

Limitations of the Study

This study provides valuable insights into the relationship between organizational commitment and organizational effectiveness, particularly among Millennials and Gen Z. However, several limitations must be acknowledged. Firstly, the study faced an imbalance in generational representation, as the number of responses from Millennials and Gen Z was not equal. This limited the ability to perform a strong comparative analysis and may have biased the findings toward the more dominant group in the sample. Additionally, while both generations were included, the study did not deeply explore their distinct thought processes, workplace expectations, and values, factors that could significantly influence their perception of commitment and effectiveness. The cross-sectional design of the study also restricts the ability to gather connection or observe changes over time. Further, the reliance on self-reported data introduces the possibility of bias, such as social desirability or misinterpretation of questions. The sample size, though adequate, was relatively limited and may not reflect broader population trends across diverse industries or regions. Moreover, the study did not include other external variables such as leadership style, organizational culture, or job design, which could also influence organizational effectiveness. The findings are therefore most applicable within a general context and may not fully extend to sector-specific environments. Lastly, the use of linear regression assumes a straightforward relationship between variables, whereas organizational behaviour is often influenced by more complex and nonlinear dynamics. These limitations should be considered when interpreting the results and can serve as a basis for more nuanced future research.

Conclusion

This study set out to understand how organizational commitment influences organizational effectiveness, with a special focus on comparing Millennials and Gen Z in the workplace. What became clear through the research is that while both generations recognize the importance of being committed to their organizations, they approach that commitment in different ways.

Millennials often feel a strong emotional connection to their workplace. They're more likely to stay loyal when they believe in the company's values and feel a sense of belonging. Gen Z, on the other hand, tends to focus more on practical aspects like career growth, flexibility, and learning opportunities drive their commitment. For them, staying with an organization depends more on what they get in return for their efforts.

These differences don't mean one generation is more committed than the other but rather, they show that commitment looks different depending on what people value most. This insight is important for organizations trying to improve effectiveness. One-size-fits-all strategies won't work anymore. Instead, companies need to tailor their engagement and retention efforts based on what truly matters to each group.

That said, this research did face some limitations. The responses were not evenly split between Millennials and Gen Z, and the unique thought patterns of each generation may have influenced the results in complex ways. Future studies with a more balanced sample and deeper exploration of industry-specific trends could offer even more insight.

In the end, this research reinforces a simple but powerful idea: when employees feel understood and supported in ways that matter to them, they're more likely to commit and that commitment directly contributes to how effective an organization can be.

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Annexure

- **Annexure I – Demographic Profile Analysis**
Includes interpretation of age, gender, generation, experience, and employment type.
- **Annexure II – Reliability Statistics**
Cronbach's Alpha values to assess internal consistency of constructs.
- **Annexure III – Descriptive Statistics & Frequency Distribution**
Includes means, standard deviations, and detailed frequency tables for affective, continuance, and normative commitment and organizational effectiveness.
- **Annexure IV – Regression Analysis**
Model summary, ANOVA table, and coefficients interpretation indicating impact of independent variables on organizational effectiveness.
- **Annexure V – Hypothesis Testing Summary**
Statement of hypotheses tested in the research and significance outcomes.
- **Annexure VI – Structural Model Summary & Path Analysis (SmartPLS)**
Includes path coefficients, indirect effects, direct effects, R square values, construct reliability and validity, collinearity (VIF), and model fit indices.

