

The Impact of Employee Engagement of Generation Y and Generation Z Differences on Job Performance in the Private Banking Sector, Sri Lanka

¹Navodya D.M.S.M, ²Rajapaksha R.G.I.L. , ³De Silva P.L.L. , ⁴Warnasooriya K.G.I.A. ⁴,
⁵Kuruppu C.L. , ⁶Dayapathirana N.N.

^{1,2,3,4,5}Faculty of Business Studies, Sri Lanka Institute of Information Technology

¹bm21539572@my.sliit.lk, ²bm21554254@my.sliit.lk, ³bm21591334@my.sliit.lk, ⁴bm21590658@my.sliit.lk,
⁵chalani.k@sliit.lk, ⁶nirmani.d@sliit.lk

Abstract

This study examines the impact of employee engagement among Generation Y (Gen Y) and Generation Z (Gen Z) on job performance within the private banking sector in Sri Lanka. The study investigates how the engagement of employees differs across generations and influences their job performance. This is a quantitative in nature, where the study had to deal mainly with quantifiable or measurable data to assess the relations that exist between generational traits and job performance. A structured questionnaire was used to gather survey data as these generational cohorts dominate the workforce, their distinct engagement drivers, shaped by socio-economic and technological contexts, present unique challenges and opportunities for organizational success. Employee engagement, recognized as a critical factor in enhancing productivity and organizational loyalty, is explored in the context of its differing implications for Gen Y and Gen Z. The study identifies the complexities in aligning engagement strategies with generational expectations, particularly in the hierarchical and customer-focused private banking sector. By tailoring initiatives to the values and needs of each generation, organizations can address satisfaction turnover, motivation, and job satisfaction challenges. From the literature review, it has been observed that much research is not carried out comparing these two generations. Also, limited research was conducted for the private banking sector. This research will fill that void by drawing on a convenience sampling method to ensure the sample is representative of the workforce of private banks. The findings aim to bridge generational gaps, offering actionable insights for human resource professionals and managers. This research contributes to the discourse on workforce diversity, enabling private banks to create sustainable engagement models, enhance performance, and maintain a competitive edge in a rapidly evolving industry.

Keywords: *Employee Engagement, Generation Difference, Generation Y, Generation Z, Job Performance*

Introduction

The modern workplace is evolving rapidly, influenced by technological advancements, globalization, and a generationally diverse workforce. In this context, Generation Y (Gen Y) and Generation Z (Gen Z) are pivotal in shaping organizational dynamics, particularly in sectors like private banking, where adaptability and engagement are critical. Gen Y, often called Millennials, prioritize career development, collaborative environments, and work-life balance. They value structured career paths, mentorship, and growth opportunities, viewing these elements as integral to their engagement and job satisfaction. Furthermore, their emphasis on loyalty to organizations that provide flexibility and purpose underscores the importance of aligning engagement strategies with their professional aspirations (Muskat & Reitsamer, 2019). On the other hand, Gen Z, the first generation to grow up entirely in the digital era, demonstrates a strong preference for technological integration and flexibility in the workplace. This cohort thrives in environments that offer immediate feedback, autonomy, and innovative tools to

facilitate their tasks (Priporas et al., 2017). Unlike Gen Y, Gen Z emphasises digital collaboration more and seeks rapid career advancements (Schroth, 2019). Conversely, Gen Z, the first fully digital-native generation, has been shaped by technological innovation and global connectivity. This generation thrives in environments where technology plays an integral role and where autonomy and innovation are encouraged (Pandita & Kumar, 2022). Gen Z values instant feedback, inclusivity, and rapid career advancement, which distinguishes them from previous generations. Their engagement is deeply connected to the availability of digital tools, innovative workspaces, and organizational adaptability to change (Burawat, 2023). However, their preference for flexibility and non-hierarchical structures often clashes with traditional banking practices, necessitating strategic adaptations to meet their needs effectively. Employee engagement, defined as the emotional and cognitive commitment employees have toward their work and organization, is increasingly recognized as a significant driver of job performance, organizational loyalty, and overall success (Horváthová et al., 2019). This study focuses on understanding the unique engagement dynamics of Gen Y and Gen Z and their impact on performance in the private banking sector. The private banking sector presents a unique opportunity and challenge for engaging these two generations. This industry relies heavily on customer relationships, technological efficiency, and a high degree of trustworthiness. Gen Y's collaborative nature and focus on career growth make them effective in roles requiring sustained client relationships and structured team environments (Madusika & Dilshani, 2020). On the other hand, Gen Z's technological proficiency and adaptability make them valuable in driving the sector's digital transformation and innovation-focused initiatives (Hernaus & Poloski Vokic, 2014).

Recognizing and addressing these generational differences is crucial for maintaining a competitive edge in this sector as the interplay between Gen Y and Gen Z engagement has a direct impact on organizational outcomes, particularly in private banking, where customer satisfaction and performance are paramount. Organizations that fail to tailor engagement strategies risk reduced productivity, higher attrition rates, and diminished client trust. This study aims to provide actionable insights into how banks can align engagement practices with the unique drivers of these generational cohorts, thereby optimizing performance and fostering a cohesive workforce. By understanding the distinct characteristics of Gen Y and Gen Z, private banking institutions can design strategies that not only improve individual engagement but also contribute to long-term organizational resilience.

The study of employee engagement and its impact on job performance has gained significant attention in organizational research, particularly within multigenerational workforces like Generation Y (Gen Y) and Generation Z (Gen Z). The private banking sector, characterized by high client expectations and technological advancements, serves as an ideal setting to analyze the generational differences in engagement. Gen Y, often referred to as Millennials, and grew up during a time of technological emergence and globalization, shaping their values and workplace expectations. They prioritize career development, work-life balance, and collaborative work environments. Their engagement is strongly influenced by clear career progression opportunities, mentorship, and organizational support (Riyanto et al., 2019). Gen Y employees tend to excel in environments that offer stability and align with their intrinsic motivators, such as meaningful work and a sense of purpose (Madusika & Dilshani, 2020).

Statement of Problem

Modern private banking sectors and their people-oriented fields see growing distinctions in work values and behaviors and attitudes among Generation Y (Millennials) and Generation Z workers. The Sri Lankan private banking sphere is facing a digital revolution while its workforce evolves because of employee population changes. Academic research about generational diversity's effects on work performance specifically in private banking exists at a low level. Studies have examined generational

traits in broad terms but empirical research about this subject remains scarce across private banking institutions worldwide and in Sri Lanka (Pathirage & Weerasinghe, 2020). The members of Generation Y show adaptability towards technology while seeking job security as well as finding motivation in meaningful work that allows them to advance their careers. After accumulating multiple years of work experience Gen Y employees frequently occupy middle or senior positions where they use teamwork along with analytical abilities to support junior colleagues. The first completely digital-native generation consists of Generation Z who started working from 1997 to 2010. Gen Z workers emerged from a world dominated by smartphones and social media, so they expect both quick responses from their managers and flexible work arrangements with opportunities to innovate. These individuals excel in technology-based work suitable for the rapidly advancing fintech domain in financial institutions. Gen Z workers face potential conflicts with banking sector culture since they prefer independence and fast promotions while pursuing flexible work arrangements (Benítez-Márquez et al., 2022; Kirchmayer & Fratričová, 2018).

Organizations face a substantial hurdle in fully exploiting multigenerational workforce potential because researchers have not focused enough effort on this area specifically for the Sri Lankan private banking industry. The majority workforce consisting of Generation Y (Millennials) and Generation Z creates difficulties for banks to build effective human resource management strategies that meet the varied needs of both generations. Denying recognizing the distinct characteristics of different generations results in breakdowns in communication and reduces both team morale and efficient work dynamics. The study explores how well-managed generational diversity leads to transformation from an organization challenge into a performance advantage so private banks can produce engaged and skilled employees connected to superior performance results. This research investigation helps identify how different work attitudes between Generation Y and Generation Z influence performance results in private banking operations. The study reveals essential advice about work values and communication and motivational dynamics that helps HR professionals and managers create more productive workforce and performance improvement approaches. The research specifically concentrates on private banking which operates under enriched structural requirements while delivering client-oriented services. Therefore, it addresses literature shortages. The collected research data will help create generation-specific policies while building training systems and leadership methods for mixed-age working groups.

Research Objectives

The general objective of the study,

“To measure the impact of differences in employee engagement of generation Y and generation Z on job performance in the private banking sector in Sri Lanka.”

The specific objective of the study,

- I. “To measure impact of generation Y employee engagement on job performance.”
- II. “To measure impact of generation Z employee engagement on job performance.”

Literature Review

According to research, individuals born between 1980 and 1994 are commonly referred to as Millennials, or Generation Y (Muskat & Reitsamer, 2019) and individuals born between 1997 and 2010 are considered as Generation Z (Bejtkovsky, 2016). The modern workplace has experienced a significant demographic shift in recent years, with the emergence of Generation Z joining the workforce alongside the established presence of Generation Y. Understanding the distinct work-related attitudes and preferences of these generational cohorts is crucial for organizations seeking to foster an engaging

and productive work environment. Existing research suggests that Generation Y, also known as Millennials, tend to exhibit a higher degree of individualism and self-reliance compared to their predecessors (Egerová et al., 2021). This trait can potentially impact their engagement and performance in the workplace, as they may place more excellent value on autonomy, work-life balance, and opportunities for personal growth and development. In contrast, Generation Z, the newest entrants to the workforce, have been shaped by their experiences with rapidly advancing technology and the ever-changing digital landscape (Schroth, 2019). Scholars have noted that while Generation Z shares some similarities with Millennials, they also exhibit unique characteristics that set them apart. These distinctions are particularly evident in how Generation Z approaches and interacts with technology, which ultimately shapes their unique "digital employee experience." Generation Z are often characterized as technologically savvy, collaborative, and highly ambitious (Schroth, 2019). They tend to seek out opportunities for personal growth and development and strongly emphasize work-life balance. They are the youngest demographic entering the workforce, is often described as more entrepreneurial, individualistic, and pragmatic. This difference in mind set and priorities can translate into varying approaches to employee engagement, with implications for organizational practices and policies.

Studies have found that Generation Y employees are often motivated by factors such as meaningful work, opportunities for advancement, and a positive work culture (Kong et al., 2015; Singh et al., 2023). In contrast, Generation Z workers may place a greater emphasis on autonomy, flexibility, and the ability to make a tangible impact on the organization (Leslie et al., 2021; Schroth, 2019). Understanding these generational differences is crucial for employers fostering a highly engaged and productive workforce. The impact of these generational differences on job performance is a critical area of consideration.

Generational Difference of Gen Y and Z Impact on Employee Engagement

To better understand the impact of generational differences on employee engagement, it is important to consider the unique perspectives and preferences of both Generation Y and Generation Z. Generation Y has been described as a cohort that values meaningful work, opportunities for growth, and a collaborative work environment. The recent influx of Generation Z into the workforce has prompted a closer examination of the differences in employee engagement between this cohort and the preceding Generation Y (St et al., 2023). Akhavan Sarraf et al. (2017) and Egerová et al. (2021) have noted that while these two generations share some similarities, they also exhibit distinct characteristics that can significantly impact their engagement and performance in the workplace. According to comparative research of St et al. (2023), intrinsic motivators like loyalty and job significance influence older generations like Baby Boomers and Gen X to exhibit higher levels of engagement. However, the relationship between younger generations' work engagement and organizational outcomes exhibits a stronger correlation. This suggests that Millennials and Gen Z may initially appear less engaged. However, they possess significant potential to influence innovation and change within organizations when effectively engaged (Mahmoud et al., 2021). The distinct characteristics of these generations present unique challenges and opportunities for managers. Millennials are drawn to environments that provide meaningful work, clear career progression, and work-life balance (Candello & Mohammadpour, 2024). Flexible work arrangements and robust support systems for managing professional and personal responsibilities have been shown to enhance their engagement significantly. For Generation Z, the key to engagement lies in leveraging technology to facilitate communication, providing frequent feedback, and fostering an inclusive workplace culture (Riyanto et al., 2019).

The generational gaps between Millennials (Gen Y) and Generation Z influence their employee engagement levels and motivators. Millennials prefer an environment that can provide flexibility, work-

life balance, and meaningful career opportunities, while Generation Z believes in inclusivity, integration of technology, and fast feedback. Although less engaged, Generation Z exerts a potent force on organizational outcomes when engaged. Organizations can enhance engagement by adopting tailored strategies, such as flexible work arrangements, digital tools, and inclusive cultures while finding standard practices that benefit a multigenerational workforce. Addressing these differences effectively can boost engagement, reduce turnover, and drive innovation for long-term success.

Employee Engagement and Job Performance in Intergenerational Perspective

Employee engagement and job performance are crucial for the success of an organization; however, they materialize exceedingly differentially across generational cohorts (Almadana et al., 2021). Differences in values, motivations, and expectations lead to different approaches that employees from the Baby Boomer, Generation X, Millennials, or Generation Z engage with and execute their jobs (Bejtkovsky, 2016). The clarity of these differences becomes relevant and important for any organization working towards improvement in employee engagement and performance. The existing literature has continuously demonstrated that managers and employees from different generational cohorts show strong preferences and behaviors associated with leadership attributes and work values (Dreyer & Stojanová, 2023; Satpathy et al., 2019). For instance, Millennials and Generation Z seem to be more individualistic, self-reliant, and attached to better work-life balance, which might run absolutely against the expectations of more hierarchically organized and strictly structured work environments favoured by Baby Boomers and Generation X (Bejtkovsky, 2016). These generational differences significantly affect employee engagement and job performance since organizational practices and expectations conflict with specific cohorts' needs and preferences.

Generational cohort theory, which holds that people born during similar times experience similar events and thus hold similar values, offers a beneficial framework for analysis (Salvosa & Hechanova, 2020). Gabrielova & Buchko (2021) indicated that "managers/professionals from differing generational cohorts do vary in the attributes they desire in leaders, and equally as important, vary in the ways they report behaving as leaders". Understanding these subtle generational differences is important for developing strategies to improve employee engagement and job performance. By adapting the management practices, communication styles, and organizational cultures to different generational cohorts' needs and preferences, companies can create an inclusive and productive work environment. This difference between Millennials and Generation Z has a considerable consequence for employee performance work and job performance engagement. Whereas Millennials emphasize work-life balance, personal growth, and collaboration, inclusivity, autonomy, and feedback speed are valued more by Generation Z. Companies can work out better engagement and productivity by considering these different preferences through strategies such as flexible work arrangements and technology. It aligns management practices with the values of both cohorts, creating an innovative, low-turnover environment, and supporting a high-performing, inclusive workforce for long-term success.

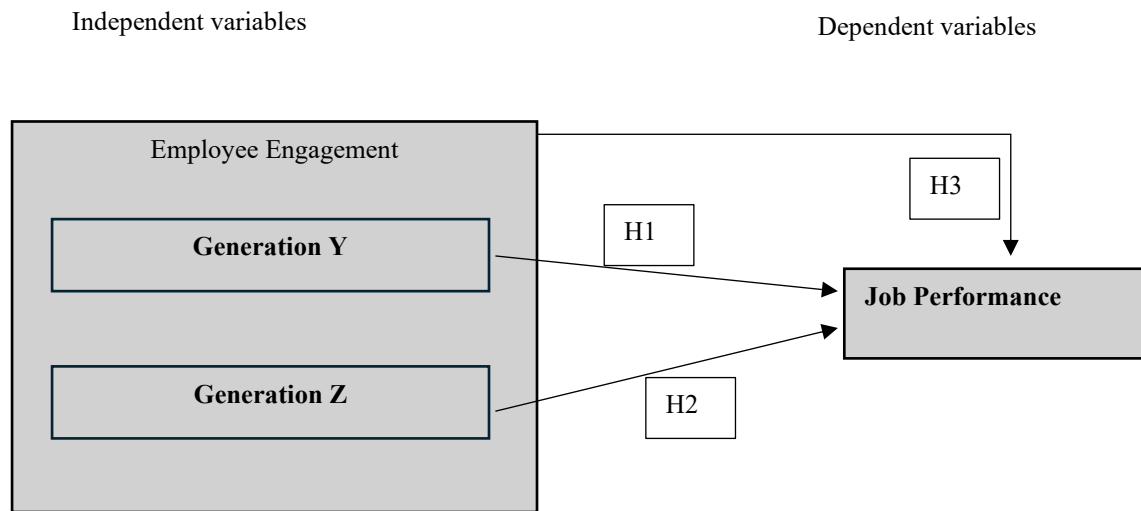
This aligns with the research hypothesis as follows:

Hypothesis 1: Employee engagement of Generation Y has a significant impact on job performance.

Hypothesis 2: Employee engagement of Generation Z has a significant impact on job performance.

Hypothesis 3: Generation differences in employee engagement have a significant impact on job performance.

The conceptual framework of this study was designed with independent variables and dependent variables.

Figure 1: Conceptual Framework

Research Methodology

Given the research objective, a quantitative research design is deemed the most appropriate for this study, considering the theoretical foundations of generational differences and job performance, as well as the novelty of examining this variable within the Sri Lankan private banking sector. The study focuses on employees working in the private banking sector in Sri Lanka. The sample determined based on factors such as generation (Gen Y and Gen Z), age, job roles, location, and work experience. To ensure a well-represented sample, the targeted employees were specifically Generation Y (born 1981-1996) and Generation Z (born 1997-2010) age is considered and with that specific reason to get the response as per the willingness of the respondents, the convenience sampling method was used to select individuals from the identified target group. Collection of data via survey methodologies, specifically a questionnaire, which was distributed in person or online depending on accessibility. This guarantees that the data collection process is standardized and consistent. The questionnaire included 5-point likert scales based on established studies with demonstrated validity. The questions were intended to collect information on the major variable, employee engagement and work performance with a concentration on closed-ended questions pertinent to each component.

Data were analyzed using SPSS (Statistical Package for the Social Sciences) to investigate the relationships between generational differences (Generation Y and Generation Z) and key workplace variables in the private banking sector, such as engagement and job performance. Multiple linear regression were the key statistical techniques employed, as they were both extensively used in social sciences to measure group differences and analyze the effects of independent variables on a dependent variable. Multiple linear regression was employed to determine the impact of the independent variable, employee engagement on the dependent variable, job performance. This method allowed to model the relationships between these variables and identify which generation most strongly influences job performance.

Population and Sample Size

The study was conducted on private banking sector and with the availability this was conducted in 8 private banks head offices with total population of 9050 employees. And with the purpose of the study, to get the responses of the employees considering their work load and willingness on responding to the survey, the responses were received based on convenience sampling. With the population, the responses of 384 respondents were collected.

Data Analysis

Reliability and Validity

Table 1: Reliability Statistics

Reliability Statistics	
Cronbach's Alpha	N of Items
.822	27

The Cronbach’s Alpha value of 0.822 suggests that there is a high internal consistency of the 27 items being used in the survey. This implies that the items are replicable instrumenting for the underlying construct of employee engagement and job performance in both type of Generation Y and Generation Z participants. A Cronbach’s Alpha of 0.8 and above in social science research is generally considered very good, if in fact it is above 0.8, in that it implies good intercorrelation of items and a dependable scale for further statistical analysis.

Table 2: KMO and Bartlett’s level of validity

KMO and Bartlett's Test			
Kaiser-Meyer-Olkin Adequacy.	Measure of Sampling		.717
Bartlett's Test of Sphericity	Approx. Chi-Square		189.949
	df		6
	Sig.		.000

The validity of this survey is assessed through the KMO and Bartlett's test. The Kaiser-Meyer-Olkin (KMO) method was used to evaluate sampling adequacy, with a value above 0.7 indicating validity. The results show that the KMO validity check for each variable was conducted using data from 384 responses.

Descriptive Statistics

Table 3: Descriptive Statistics

		Job Performance	Employee Engagement
N	Valid	384	384
	Missing	0	0
Mean		4.4144	4.5286
Median		4.4286	4.5882
Mode		4.57	5.00
Std. Deviation		.28113	.36934
Minimum		3.71	3.35
Maximum		5.00	5.00

The descriptive statistics provide insights into the perceptions of 384 respondents on workplace variables: Job Performance and Employee Engagement. All variables have a high mean (above 4.4 on a 5-point scale), indicating generally positive perceptions. Employee Engagement has the highest mean (4.5286), suggesting it is the strongest among the factors measured, while Job Performance has the lowest (4.4144), though still relatively high. The median values closely match the means, indicating a fairly symmetrical distribution. The mode values reveal that most respondents rated Employee Engagement as “5” (very high). The standard deviations are low (ranging from 0.28 to 0.37), signifying low variability in responses and strong agreement among participants. Minimum and maximum scores indicate all responses were within a high range (between 3.35 and 5), reflecting overall satisfaction or positive experience across all measured dimensions.

Demographic Characteristics

Table 4: Demographic Statistics

		Frequency	Percent (%)
Gender	Male	104	27.1
	Female	280	72.9
Age	18-27(Gen Z)	224	58.3
	28-43 (Gen Y)	160	41.7

The gender distribution of the respondents indicates that the sample is predominantly female, with 280 participants (72.9%), compared to 104 males (27.1%). This suggests a significant gender imbalance, with

nearly three-quarters of the respondents being female. The data shows that the majority of respondents (58.3%) belong to Generation Z (born after 1995), while 41.7% belong to Generation Y (born between 1980–1994). This indicates that the sample is largely composed of younger individuals, likely in their early careers or mid-twenties.

Test of Hypothesis 01

Regression analysis

Table 5: Model Summary

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.728a	.708	.791	.2624	2.155
a. Predictors: (Constant)Employee Engagement					
b. Dependent Variable: Job Performance of Gen Y					

The R value of 0.728 represents the correlation coefficient between the observed and predicted values of the dependent variable, which in this case is Job Performance among Generation Y employees. This indicates a strong positive correlation between Job Performance and the independent Employee Engagement. An R value close to 1 signifies that as these predictors improve, Job Performance is also likely to increase. This strong association reflects that the selected variables are effective indicators of job performance among Gen Y employees and that the model has a good fit in explaining the relationship.

The R Square value of 0.708 indicates that 70.8% of the variance in Job Performance among Generation Y employees can be explained by the Employee Engagement. This is a relatively high explanatory power, showing that the model captures a significant portion of what influences job performance. However, the remaining 29.2% of the variance is influenced by other factors not included in the model. This high R Square suggests that the chosen predictors are effective in explaining job performance trends in Gen Y and validates the strength and reliability of the regression model.

The Durbin-Watson statistic of 2.155 assesses the presence of autocorrelation in the residuals from the regression analysis. A value close to 2 indicates no autocorrelation, which is ideal for regression models. Since the obtained value (2.155) is slightly above 2 but still within the acceptable range (1.5–2.5), it suggests that the residuals are independent, and the model does not suffer from autocorrelation issues. This strengthens the model's reliability and confirms that the assumptions of linear regression are adequately met. In essence, the Durbin-Watson value supports the validity of the regression results for Generation Y employees.

Table 6: ANOVA

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.298	3	.433	6.286	.000b
	Residual	10.742	156	.069		
	Total	12.040	159			
a. Dependent Variable: Job Performance of Gen Y						
b. Predictors: (Constant), Employee Engagement						

The ANOVA table indicates that the regression model used to predict Job Performance among Generation Y employees is statistically significant. The significance value (Sig.) is .000, which is below the standard threshold of 0.05, confirming that the model as a whole is meaningful. The F-statistic of 6.286 suggests that the variation explained by the predictor Employee Engagement is significantly greater than the unexplained variation (error). With a total sum of squares of 12.040 and 3 degrees of freedom for the regression, the model effectively explains the dependent variable, validating its usefulness for predicting job performance in Gen Y.

Table 7: Coefficients

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.290	.428		7.686	.000
	Employee Engagement	.214	.067	.320	2.216	.008
a. Dependent Variable: Job Performance of Gen Y						

Employee Engagement also shows a significant positive influence on Job Performance among Generation Y, with an unstandardized coefficient of 0.214. This implies that for every one-unit increase in engagement, job performance rises by 0.214 units, assuming other variables remain unchanged. The standardized Beta value of .320 indicates a strong relative effect, and the significance level (.008) confirms the relationship is statistically significant. The t-value of 2.216, while lower than for attitude, still suggests a notable contribution. Therefore, increasing employee engagement can lead to measurable improvements in Gen Y job performance.

Correlation Analysis

Table 8: Correlation between job performance and employee engagement of generation Y

Correlations			
		Job Performance of Gen Y	Employee Engagement
Job Performance of Gen Y	Pearson Correlation	1	.865*
	Sig. (2-tailed)		.000
	N	160	160
Employee Engagement	Pearson Correlation	.865*	1
	Sig. (2-tailed)	.000	
	N	160	160

*. Correlation is significant at the 0.05 level (2-tailed).

The Pearson correlation between Job Performance and Employee Engagement among Generation Y is 0.865, indicating a very strong positive relationship. This suggests that higher levels of employee engagement are closely associated with improved job performance. The correlation is statistically significant at the 0.05 level ($p = .000$), confirming the robustness of this finding. With a sample size of 160, the results highlight the importance of enhancing engagement strategies to boost job performance among Gen Y employees in the workplace.

Testing of Hypothesis 02

Regression Analysis

Table 9: Model Summary

Model Summary ^b						
Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate	Durbin-Watson
1	.798 ^a	.789	.576		.2712768271 56946	1.951
a. Predictors: (Constant), Employee Engagement						
b. Dependent Variable: Job Performance Gen Z						

The R value of 0.798 indicates a strong positive correlation between the observed and predicted values of Job Performance for Generation Z employees. This suggests that the combined predictor Employee

Engagement are closely related to job performance outcomes. The strength of this correlation implies that as these independent variable improve, job performance is also likely to rise. An R value close to 1 signifies a strong linear relationship, making this a well-fitted model for Gen Z, who are known for valuing communication, engagement, and a supportive work culture.

The R Square value of 0.789 reveals that approximately 78.9% of the variance in Job Performance among Generation Z employees can be explained by Employee Engagement. This high percentage demonstrates the model’s strong explanatory power. Only 21.1% of the variation is left unexplained, likely due to other external factors not included in the model. The result shows that these three predictors are highly influential in determining job performance for Gen Z employees, making them essential areas for management focus and workplace development.

The Durbin-Watson value of 1.951 assesses autocorrelation in the residuals of the regression model. A value close to 2 indicates no autocorrelation, which is ideal for reliable regression results. Since 1.951 falls within the acceptable range (1.5 to 2.5), it suggests that the residuals are independent, and that the assumption of uncorrelated errors is met. This enhances the credibility and validity of the model in predicting Job Performance among Generation Z. Thus, the regression output can be considered statistically sound and appropriate for interpretation and decision-making.

Table 10: ANOVA

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.574	3	.525	787.129	.000 ^b
	Residual	16.190	220	.074		
	Total	17.764	223			
a. Dependent Variable: Job Performance Gen Z						
b. Predictors: (Constant), Employee Engagement						

The ANOVA table shows that the regression model predicting Job Performance among Generation Z is statistically significant. The F-value of 787.129 with a p-value of .000 indicates that the model provides a significantly better fit than a model without the predictors. The regression sum of squares (1.574) compared to the residual sum (16.190) suggests that a considerable portion of the variance in job performance is explained by the predictor Employee Engagement. With 224 total observations and 3 degrees of freedom for regression, the model is reliable and effective in explaining job performance among Gen Z employees.

Table 4. 1: Coefficient

Table 11: Coefficients

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.143	.373		8.428	.000
	Employee Engagement	.284	.262	.208	2.362	.017

a. Dependent Variable: Job Performance Gen Z

Employee Engagement also shows a significant positive effect on Job Performance, with an unstandardized coefficient of 0.284. This indicates that an increase in engagement contributes to improved performance, even though its standardized Beta of .208 is lower than the other predictors. The t-value (2.362) and p-value (.017) confirm that the effect is statistically significant. While not the strongest predictor, engagement reflected in involvement, enthusiasm, and commitment still plays an important role in shaping job performance for Gen Z employees. Encouraging participation and recognizing achievements can therefore enhance their workplace productivity.

Correlation Analysis

Table 12: Correlation between job performance and employee engagement of generation Z

Correlations			
		Job Performance Gen Z	Employee Engagement
Job Performance Gen Z	Pearson Correlation	1	.773
	Sig. (2-tailed)		.000
	N	224	224
Employee Engagement	Pearson Correlation	.773	1
	Sig. (2-tailed)	.000	
	N	224	224

The Pearson correlation coefficient between Job Performance and Employee Engagement among Generation Z is 0.773, indicating a strong positive relationship. This suggests that as engagement levels increase, job performance also improves notably. The result is statistically significant at the 0.01 level (p = .000), confirming the reliability of the correlation. With a sample of 224 participants, the data emphasizes

that fostering high levels of engagement through motivation, involvement, and recognition is vital for enhancing job performance in Gen Z employees.

Testing of Hypothesis 03

Table 13 Comparative Table

Variable	Generation Y (Millennials)	Generation Z	Comparative Insight
Employee Engagement	B = 0.214, β = 0.320, p = .008 r = 0.865 Highest correlation among Gen Y. They value work-life balance, growth, and feedback (Riyanto et al., 2019).	B = 0.284, β = 0.208, p = .017 r = 0.773 Gen Z seeks autonomy, tech integration, and continuous learning (Mahmoud et al., 2021).	Engagement has the strongest effect on Gen Y performance. For Gen Z, it's still important but with slightly less influence than other variables.

The data clearly indicates a generational difference in how employee engagement influences job performance between Generation Y (Millennials) and Generation Z. With a significant standardised regression coefficient ($\beta = 0.320$, $p = .008$) and a high correlation ($r = 0.865$), engagement has a higher effect on performance for Generation Y, indicating that engaged Millennials are more likely to perform better at work. Their preferences for feedback, growth opportunities, and work-life balance are all in line with this. In contrast, engagement has a much less impact on Generation Z, even if it is still a significant predictor ($\beta = 0.208$, $p = .017$; $r = 0.773$). Since Gen Z values independence, integrating technology, and lifelong learning, it's possible that other factors influence their performance more than these three. These statistical variations show that in order to maximise job performance, generation-specific engagement tactics are required.

Discussion and Analysis

The objective of measuring the impact of employee engagement on job performance among Generation Y (Millennials) has been clearly achieved, as demonstrated by both statistical evidence and existing literature. The regression analysis shows a significant positive impact, with an unstandardized coefficient $B = 0.214$, standardized Beta = 0.320, and a p-value of .008, indicating that engagement plays a meaningful role in enhancing job performance. Notably, the Pearson correlation coefficient ($r = 0.865$) is the highest among all tested variables, highlighting a very strong and direct relationship between engagement and performance. This strong correlation supports the understanding that Millennials place high importance on factors such as regular feedback, opportunities for career advancement, and maintaining a healthy work-life balance. According to Riyanto et al. (2019), Millennials are deeply motivated by purposeful work, personal development, and alignment with organizational values. When these elements are present, their level of engagement rises significantly, leading to improved job performance. Organizations aiming to maximize the potential of Millennial employees should focus on creating engaging work environments that prioritize mentorship, continuous learning, and open communication. Doing so not only enhances

productivity but also strengthens long-term employee commitment and retention within this generational cohort.

The objective of measuring the impact of employee engagement on job performance among Generation Z has been successfully met, supported by both statistical evidence and academic literature. The regression results show a significant unstandardized coefficient ($B = 0.284$), a standardized Beta (β) of 0.208, and a p-value of .017, indicating that employee engagement has a meaningful positive influence on job performance. Additionally, the Pearson correlation coefficient ($r = 0.773$) confirms a strong relationship, suggesting that higher engagement levels are associated with better performance outcomes for Gen Z employees. This aligns with existing literature, including Mahmoud et al. (2021) and Kuzior et al. (2022), who note that Generation Z places a high value on autonomy, continuous learning, and the integration of technology into daily work processes. These factors contribute significantly to their level of engagement. Gen Z employees are more likely to be productive and committed when they are empowered, technologically supported, and offered opportunities for personal development. Therefore, to enhance performance, organizations must create engaging environments that embrace innovation, flexibility, and growth. By addressing the unique engagement drivers of Gen Z, companies can foster a more motivated, loyal, and high-performing workforce prepared to meet modern business challenges.

Conclusion

In conclusion, the study identifies a significant relationship between employee engagement and job performance, particularly when considering the generational differences between Generation Y and Generation Z in Sri Lanka's private banking sector. The study adopted a cross-sectional research design, convenience sampling, and succeeded in analyzing the level of engagement and performance of employees from two different generational cohorts. Although there are differences in the engagement scores, with Generation Z being more varied, the study highlights the need to engage employees of both generations to better influence job performance outcomes. The findings through the t-test and multiple regression analysis reinforce the fact that higher levels of engagement lead to better job performance. It also establishes the fact that an organization should not ignore the distinctive characteristics and different needs of both Generation Y and Generation Z while framing engagement policies. While Generation Z perhaps needs more personalized ways of maintaining engagement, Generation Y has more stable levels of engagement that may be encouraged by some career development and work-life balance initiatives.

The research found essential distinctions that separate how Generation Y and Generation Z connect with their work and perform at their jobs. Members of Generation Y selected development programs with mentoring partnerships and workplaces that promote team-driven work environments. The employees look for professional growth through supportive career track systems that ensure stability and a balance between life responsibilities. Many individuals in this generation expressed that pairing employee with mentors and setting clear professional directions leads to improved work satisfaction and higher motivational levels. Improved work performance emerges from employees when their workplace extends career growth possibilities while running continuous performance evaluations. As the first group growing up entirely with the internet, Generation Z selects workplaces that meld technology with adaptability. These professionals seek two distinct things in their work environment: both freedom for action combined with quick professional advancement and timely performance reviews. Workers from Gen Z identified advancement tools alongside flexible working arrangements as essential components for their professional success. They decide against Gen Y's work settings which seek slower career progression in favour of energetic

workplaces that value innovation above all else. Multiple workers emphasized that engagement maintains itself through workplace environments which support both digital operational practices and diversity along with inclusivity.

Research shows that employee engagement produces strong effects on work performance for both Generation Y and Generation Z workers. The engagement levels of employees across both generations remain high yet their factors toward engagement show distinct differences. The performance of Generation Y staff members is strongest within structured career paths that offer development possibilities, yet Generation Z works better in flexible innovative spaces using modern technological approaches. The research demonstrates employee engagement approaches require customization based on how each generational cohort prefers to interact. The work environments that Generation Y requires include mentor-based learning with stable careers and collaborative relationships but Generation Z functions best when they can work in flexible systems that enable technology-enhanced independent work. An alignment of strategic organizational approaches with generational workplace characteristics allows businesses to enhance staff performance and decrease worker departures while building unified teams.

Company culture experiences transformation due to characteristics that define various age groups. Organizations without engagement methods that work for both generations experience employee disengagement while their productivity declines rapidly together with increased employee turnover. Competitive success for private banking organizations depends on recognizing generational characteristics because this knowledge enables them to sustain their market leadership and retain essential staff members. In the end, this research helps to explain how generational differences affect employee engagement and job performance in the private banking sector in Sri Lanka. The findings indicate that banks can enhance performance by focusing on employee engagement to achieve better organizational outcomes. Further studies could expand on these findings by exploring other factors influencing engagement and performance across different industries and region.

Recommendations

Based on the study's findings, a number of recommendations are made to acknowledge generational differences and improve job performance and employee engagement in the private banking industry. Companies need to use strategies for engagement that are generation-specific and adapted to the distinct motivational factors of Generation Z and Y. Initiatives like mentorship programs, established career routes, and work-life balance strategies—such flexible work schedules and wellness initiatives—can greatly increase Gen Y's level of involvement. On the other hand, Gen Z workers gain more from roles that are driven by innovation, autonomy, and technology integration. Consequently, banks should make investments in digital tools that enable autonomous work environments, real-time communication, and fast feedback. Career growth is important to both generations, so it's critical to provide possibilities for ongoing education through online resources and short-term initiatives. Additionally, Gen Z will respond best to an inclusive and innovative corporate culture, and formal recognition programs and frequent performance evaluations should be tailored to their needs—conventional approaches for Gen Y and rapid, informal feedback for Gen Z. By implementing mentorship and reverse-mentoring initiatives, generational divides can be closed and cooperation and information sharing made possible. Aligning engagement tactics with overarching organisational objectives is also essential, as is regularly assessing their efficacy using performance indicators and employee input. Finally, managers will be able to lead more effectively and

improve employee engagement, retention, and performance if they are trained to recognise and address generational disparities.

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