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Leadership and Overtime Incentives: Mental Health and Gen Z Job Satisfaction

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ABSTRACT

This study aimed to analyze the influence of empowering leadership, overtime work, and overtime incentives on the job satisfaction of Generation Z employees at Kuningan Regency, with employee mental health as a mediating variable. The research was motivated by the fluctuating employee turnover rate over the past three years and increasing challenges in managing Gen Z employees. A quantitative approach was used, employing Structural Equation Modeling (SEM) through AMOS. A total of 156 respondents were selected using purposive sampling. The results showed that empowering leadership did not significantly affect mental health, but had a direct positive effect on job satisfaction. Overtime work had a positive effect on mental health but a negative effect on job satisfaction. Overtime incentives did not significantly affect mental health, but had both direct and indirect positive effects on job satisfaction through mental health. Mental health played a significant mediating role in the relationship between overtime work and overtime incentives with job satisfaction, but not in the relationship between empowering leadership and job satisfaction. The model demonstrated a good level of fit. These findings highlighted the importance of balanced management of overtime and incentives, as well as the critical role of mental health in improving Gen Z employee satisfaction.

Introduction

Human resources are a crucial asset within a business organization, serving as the implementers of company policies and operational activities. A company needs superior, skilled, and competitive human resources to achieve its goals effectively and efficiently. These human resources must possess high work standards, such as a willingness to learn, perseverance, responsibility, and a strong work ethic (Harshap, 2016).

Gen Z are those born from 1995 to 2010, known as a generation that is very connected to technology, has wide access to the internet, often uses social media, has a high concern for social and environmental issues, shows a great interest in entrepreneurship and financial independence and tends to be more accepting of cultural diversity, they are digital navies who grew up with full access to digital devices and the internet from an early age so that it influences the way they interact, learn, and communicate so that they become a generation that is very connected to the digital world.

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In the context of the ever-changing world of work, Generation Z is a vital part of today's workforce. Their unique characteristics create new challenges and opportunities for companies. Gen Z highly values personal and career development, and they tend to feel dissatisfied if they are not given opportunities to learn and grow (Fry, 2021). Job satisfaction is closely linked to employee turnover rates. Data shows that turnover rates among Gen Z employees tend to be higher than those of previous generations. According to a report by McKinsey & Company (2021), approximately 40% of Gen Z employees are considering leaving their jobs in the near future.

Job satisfaction among Gen Z employees not only impacts individual performance but also impacts overall organizational performance. Satisfaction is a feeling of fulfillment when there are no obstacles in carrying out a job (Hakim et al., 2020). Job satisfaction among Gen Z employees can be influenced by various factors, including internal company factors and external factors. Internal factors include elements such as organizational culture, leadership style, and working conditions. A mismatch between employee expectations, especially those of Gen Z, and their work reality is a signal for management to conduct a comprehensive evaluation of leadership styles, compensation systems, and attention to mental well-being.

Based on the results of a pre-survey questionnaire with 33 respondents, several indicators revealed a significant gap between the expectations of Gen Z employees and the reality they experience in the workplace. 84.85% of respondents felt there was a lack of employee involvement in the decision-making process, which contradicts the characteristics of Gen Z, which tends to desire work autonomy and active participation. Another important finding was the lack of support and motivation from superiors (84.85%). This reinforces the existence of problems with the company's leadership style. An empowering leadership style, as explained by Amundsen (2015), is crucial for building intrinsic motivation and psychological well-being for employees. Furthermore, 84.85% of respondents stated that overtime compensation does not commensurate with the time and effort they expend. This situation has the potential to create a sense of injustice and decrease work morale. This is in line with research by Choi et al. (2019), which confirmed that overtime workloads that are not balanced with adequate compensation can trigger burnout and turnover intentions. Another aspect of concern is mental health. As many as 78.79% of respondents felt the work environment did not support mental well-being, and 81.82% stated that overtime made them stressed/tired. This indicates high work pressure and a lack of psychological support systems in the company. WHO (2022) states that mentally unhealthy working conditions can reduce productivity and increase the risk of turnover.

The combination of these findings reveals a serious gap, particularly in leadership, incentives, and mental well-being. The expectations of younger employees, particularly those from Generation Z, who desire a supportive, flexible, and fair work environment, are not being met in the realities they face. This mismatch has the potential to have long-term consequences for job satisfaction, loyalty, and employee stability.

Miao et.al (2013) and Courtright et.al (2011) stated that empowering leadership has a positive effect on job satisfaction. Although several studies have shown that empowering leadership contributes to job satisfaction according to Wang et al., (2020), few have specifically examined its impact on Gen Z employees..

Furthermore, according to Kim (2016), overtime can have a negative impact on employee satisfaction, while Arora et.al (2017) argue that long working hours (including overtime) have a significant negative relationship with job satisfaction and even increase employee turnover intention. However, studies that specifically examine how Gen Z employees in Indonesia respond to overtime and how it affects their satisfaction are still limited.

Recent research suggests that overtime can negatively impact mental health (Kahn et al., 2018). However, the relationship between overtime, overtime incentives, and job satisfaction among Gen Z employees remains understudied. Gen Z employees have varying perspectives on work-life balance, and it is important to explore how they respond to overtime and overtime incentives in this context.

Financial incentives are generally recognized as having the potential to increase employee satisfaction. Research conducted by Ghani et.al. (2014) shows that financial incentives, including bonuses, are positively correlated with employee motivation and job satisfaction in the service industry. Similarly, Khan et al. (2015) state that overtime incentives have a positive impact on employee satisfaction. However, research specifically examining the influence of overtime incentives and their impact on Gen Z employee satisfaction is still very limited.

Gen Z's differing expectations regarding fair compensation, transparency in incentive mechanisms, and how overtime incentives impact their perceptions of self-worth and effort are underexplored areas. Therefore, this study seeks to fill this gap by directly analyzing how overtime incentives, in the context of Gen Z employees in Indonesia, impact their satisfaction levels.

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Literature Review

Employee Satisfaction

Job satisfaction reflects an emotional response to various aspects of work. Handoko (2020) links satisfaction with positive feelings about working conditions. Hasibuan (2021) adds that job satisfaction is reflected in work enthusiasm, discipline, and achievements. According to Sitorus (2023), job satisfaction is a person's attitude toward the results of their work, which is considered satisfactory because their abilities match their skills, resulting in the achievement of their expectations.

According to Robbins (2018), job satisfaction is a general attitude toward one's work as the difference between the amount of rewards received by the worker and the amount of rewards they believe they should receive. Where employee satisfaction can be an emotional response that is a feeling of satisfaction (positive) or dissatisfaction (negative), if the employee is emotionally satisfied, it means job satisfaction is achieved and vice versa, if not, it means the employee is dissatisfied. Furthermore, according to Mangkunegara (2015), job satisfaction is a feeling that supports the employee's self related to their work and their condition. According to Sutrisno (2020), job satisfaction is an employee's attitude toward their work that includes working conditions, relationships between coworkers, compensation received, and physical and psychological aspects..

Based on the opinions above, it can be concluded that job satisfaction is the attitude and feelings of employees, staff or workers towards the work they do, their work environment, the rewards or compensation they receive and the assessment of the results of their work, the attitudes and feelings of employees in carrying out their work..

According to Sutrisno (2017), the indicators that can be used to measure the level of satisfaction are described as follows:

1. The Work Itself
    a. Work that matches one's abilities
    b. Mentally challenging work
2. Promotion
    a. Promotion techniques
    b. Promotion opportunities
    c. Concern for working conditions
3. Coworkers
    a. Satisfaction with relationships with coworkers
    b. Satisfaction with relationships with leaders
    c. Providing solutions to resolve differences of opinion on a task
4. Supervision
    a. Supervision by leaders
    b. Assessment methods in supervision
    c. Willingness to help employees

Empowering Leadership

Spreitzer (2017) states that this style involves providing autonomy, support, and opportunities for initiative. Widodo (2019) adds that empowering leaders tend to involve employees in decision-making and reduce unnecessary bureaucratic barriers. Empowerment is achieved by assigning responsibility, increasing self-confidence, and providing space for growth. Praszkier (2015) emphasizes that the empowerment process involves participation in identifying shared goals. Kim et al. (2018) state that this style encourages employee self-development, strengthens positive psychological impacts, and creates a healthy work environment.

According to Spreitzer (2017), the dimensions of empowering leadership include several key aspects that play a role in encouraging employees to feel more empowered and involved in their work, which include providing autonomy, support for skills development, and creating an environment that encourages active participation and responsibility.

The dimensions and indicators for measuring empowering leadership used by Zhang and Bartol (2016) are:

1. Enhance Meaning and Respect
2. Promote Participation
3. Express Confidence
4. Provide Autonomy

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Work Overtime

According to Sumarningsih (2018), overtime is defined as working hours exceeding 40 hours per week, lasting for at least three consecutive weeks. According to Meilasari (2003), the factors causing overtime are factors that can lead employees to work overtime. These factors are divided into two, namely:

a. Internal factors, which originate from the job, include company targets, job completion, and improving work results.
b. External factors, which are employee-initiated factors causing overtime, include additional income and work experience.

The dimensions of overtime work according to Jhonson and Lee (2023) include several important aspects that describe the influence and consequences of overtime on employees as follows:

1 Frequency of Overtime
This dimension refers to how often employees work overtime. A high frequency may indicate an excessive workload or the organization's need to meet specific deadlines. This can impact employee well-being if not managed properly.
2 Duration of Overtime
This refers to the length of time employees spend working overtime. Excessive overtime can cause physical and mental fatigue and disrupt work-life balance. Therefore, it is important for organizations to monitor the duration of overtime to prevent excessive work.
3 Overtime Working Conditions
This dimension encompasses the quality of the work environment when employees work overtime. Good working conditions, such as adequate lighting, comfortable facilities, and support from superiors, can increase employee productivity and comfort during overtime.

The dimensions of overtime work according to Kahn et al., (2015) include several significant aspects, namely as follows:

1 Duration, i.e., the length of overtime worked.
2 Frequency, i.e., how often employees work overtime.
3 Working conditions, such as the environment and circumstances during overtime.

Overtime incentives

Overtime incentives refer to additional compensation given to employees who work beyond their normal working hours. According to Baker et al. (2019), this form of compensation is designed to reward the dedication and extra effort employees put in when they put in extra time to complete work tasks. These incentives can take the form of extra pay, bonuses, or even other benefits perceived as recognition of their hard work.

According to Adams (2019), the dimensions of overtime incentives include several important aspects that influence employee experience, including:

1 Distributive justice
2 Procedural justice
3 Interactional justiceMenurut

Adams (2019) stated that the indicators for overtime incentives are as follows:

a. Perception of fairness in incentive distribution
b. Job satisfaction, and
c. Organizational commitment.

Mental Health

Employee mental health refers to the emotional and psychological state that affects an employee's ability to work effectively (Wang et al., 2020). According to Raissa Maringka & Kusnawi (2021), mental health is defined as a person's thoughts that indicate outwardly visible attitudes or traits. Mental health encompasses a person's emotional, psychological, and social aspects. According to Laschinger et al., (2021), mental health is the health necessary to achieve life goals. Originally, the term "mental" comes from the word "metis" or "mens," which means "life, soul, spirit, soul, and spirit." According to this definition, mental health is the health necessary to achieve life goals.

According to Septia et al. (2023), there are various factors that can influence an individual's mental health, including:

1. Stress

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Stress is when a person experiences significant pressure, both emotionally and mentally. A stressed person will typically appear restless, anxious, and irritable. Stress can also disrupt concentration, reduce motivation, and sometimes even lead to depression. Stress can affect a person's mental and physical health.

2. Anxiety Disorders

An anxiety disorder is a psychological condition in which a person experiences persistent and difficult-to-control anxiety, which negatively impacts their daily life. Reduced self-confidence, irritability, stress, difficulty concentrating, and withdrawal are other psychological symptoms that can appear in people with anxiety disorders, in addition to excessive restlessness or fear.

3. Depression

Depression is a mood disorder that causes sufferers to feel persistently sad. This differs from normal sadness, which typically lasts a few days; depression can last for weeks or months. Depression can also cause physical problems, alter thinking, and alter behavior.

According to Wang et al., (2020), the dimensions of mental health encompass several important aspects, including:

1. Emotional Well-Being

Reflects an individual's level of happiness and life satisfaction in carrying out daily activities.

2. Job Stress

Refers to the level of pressure felt due to work demands that may be excessive or inappropriate for an individual's capacity.

3. Social Support

Describes the level of support received from coworkers and superiors, which can play a significant role in helping employees cope with challenges and stressors that arise in the work environment, thus contributing to overall mental health.

Meanwhile, according to Wang et al. (2020), mental health indicators can be measured through:

1. The level of stress felt by employees.
2. The frequency of reported mental health problems.
3. The level of perceived social support.

Methodology

This research uses a quantitative method aimed at testing hypotheses through numerical analysis of the collected data. This method begins with problem identification, hypothesis formulation, data collection and analysis, and conclusion drawing. According to Sugiyono (2019), a research method is a scientific way to obtain data for a specific purpose. Meanwhile, Arikunto (2013) states that a quantitative approach is used because it involves numbers in data collection and processing.

The population in this study is Generation-Z aged 21 to 25 years in Kuningan Regency, around 156 respondents. Then the sample determination in this study will follow the rules or provisions of the appropriate sample size for use in SEM (Structural Equation Modeling). According to Novari (2023) the sample size is taken from using the Hair formula if the size of a population cannot be determined and known with certainty, then the Hair method is used, and the minimum sample size will be proposed between 5 and 10, which will then be multiplied by how many indicators. In this study, there are 15 indicators, and multiplied by the number 10. So this study uses a sample of 15 x 10 = 150 respondents.

To achieve the research objectives and test the proposed hypotheses, the obtained data will be processed according to the analysis requirements. The discussion will present the data using descriptive statistical principles, while the analysis and hypothesis testing will employ an inferential statistical approach. The analytical technique used in this study is Structural Equation Modeling (SEM) with the aid of AMOS software version 23.

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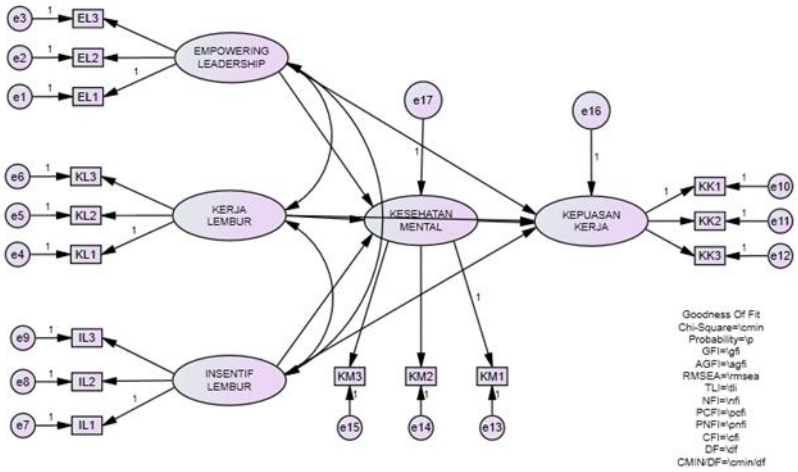


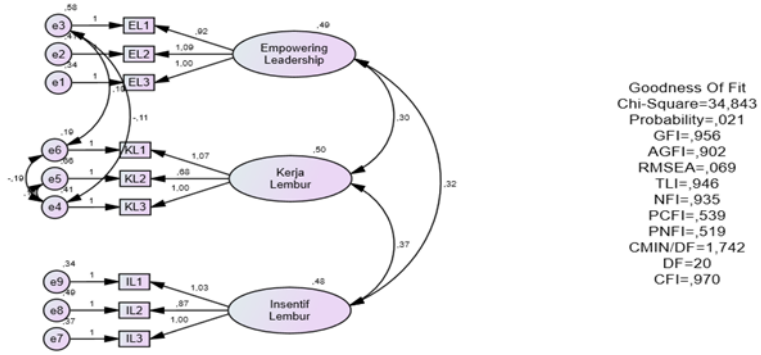
Figure 1. Research Model using SEM AMOS

To test the causality hypothesis in this research model, a null hypothesis test was conducted, stating that the regression coefficient between variables is equal to zero. In the SEM output, this causality test is performed by examining the CR (Critical Ratio) value, which is equivalent to a t-test. The value in the significance column indicates the level of significance of the relationship between variables, with a relationship with a significance value less than 0.05 considered significant.

Result and Discussion

Result

The results of data processing for confirmatory factor analysis of exogenous variables can be seen in Figure 2 and the results are presented as follows:



Source: Processed primary data, 2025

Figure 2. Confirmatory Factor Analysis of Exogenous Variables

Table 1. Feasibility Test Results After Modification
Confirmatory Factor Analysis of Exogenous Variables

Goodness of Fit Indeks	Condition	Result	Model Evaluation
Chi-Square	Kecil (<35,172)	34,843	FIT
Probability	>0,05	,021	FIT
RMSEA	<0,08	,069	FIT
GFI	>0,90	,956	FIT
AGFI	>0,90	,902	FIT
CMIN/DF	<2,00	1,742	FIT
MmFI/TLI	>0,90	,946	FIT
CFI	>0,90	,970	FIT

Source: Processed primary data, 2025

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The significance test of the indicators forming the latent variable can be obtained from the standardized loading factor value of each indicator. If a highly significant value is obtained, this indicates that the indicator is sufficiently effective in forming the latent variable. The results below represent the significance test of each indicator in forming the latent variable, as seen in the regression weight table.

Table 2. Regression Weights for Confirmatory Factor Analysis of Exogenous Variables

Regression Weights: (Group number 1 – Default model)

			Estimate	S.E.	C.R.	P	Label
EL3	←-	Empowering_Leadership	1,000				
EL2	←-	Empowering_Leadership	1,086	,131	8,304	***	par_1
EL1	←-	Empowering_Leadership	,922	,137	6,737	***	par_2
KL3	←-	Kerja_Lembur	1,000				
KL2	←-	Kerja_Lembur	,678	,134	5,043	***	par_3
KL1	←-	Kerja_Lembur	1,066	,173	6,170	***	par_4
IL3	←-	Insentif_Lembur	1,000				
IL2	←-	Insentif_Lembur	,871	,116	7,484	***	par_5
IL1	←-	Insentif_Lembur	1,031	,123	8,369	***	par_6

Source: Processed primary data, 2025

The results of the confirmatory factor analysis on the exogenous variables indicate that all indicators forming each latent variable have positive and significant estimated values, as indicated by a Critical Ratio (CR) value above 1.96 and a significant p-value below 0.05 (marked with ***). This indicates that these indicators significantly contribute to the formation of their respective latent variables.

Furthermore, the results of data processing for confirmatory factor analysis of endogenous variables are as follows:

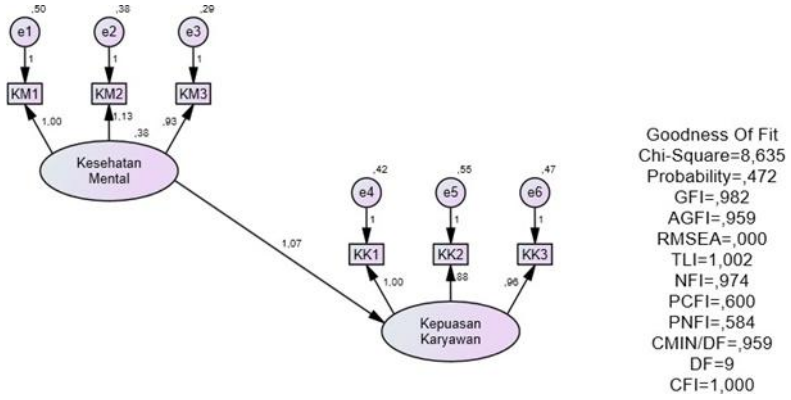


Figure 3. Confirmatory Factor Analysis of Endogenous Variables

Table 3. Feasibility Test Results Confirmatory Factor Analysis of Endogenous Variables

Goodness of Fit Indeks	**Condition**	**Result**	**Model Evaluation**
Chi-Square	Kecil (<16,919)	8,635	FIT
Probability	>0,05	,472	FIT
RMSEA	<0,08	,000	FIT
GFI	>0,90	,982	FIT
AGFI	>0,90	,959	FIT
CMIN/DF	<2,00	,959	FIT
MmFI/TLI	>0,90	1,002	FIT
CFI	>0,90	1,000	FIT

Source: Processed primary data, 2025

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The significance test of the indicators forming the latent variable can also be seen from the standardized loading factor values, which all meet the minimum requirement for construct validity, namely above 0.50. Therefore, all indicators can be said to be valid in representing the latent construct being measured.

Table 4 Regression Weights Confirmatory Factor Analysis of Endogenous Variables Regression Weights: (Group number 1 – Default model)

			Estimate	S.E.	C.R.	P	Label
Employee_Satisfaction	←-	Mental_Health	1,065	,144	7,405	***	
KM1	←-	Mental_Health	1,000				
KM2	←-	Mental_Health	1,132	,147	7,687	***	
KM3	←-	Mental_Health	,931	,123	7,557	***	
KK1	←-	Employee_Satisfaction	1,000				
KK2	←-	Employee_Satisfaction	,885	,127	6,970	***	
KK3	←-	Employee_Satisfaction	,965	,127	7,604	***	

Source: Processed primary data, 2025

The results of the confirmatory factor analysis (CFA) on the endogenous variables indicate that each indicator significantly shapes the latent variable. This is evident from the Critical Ratio (CR) values, which are all above 1.96, and the p-values, which indicate a significance level (***), which is below 0.05.

Full Model SEM (Structural Equation Modelling) Analysis

Analysis of the data processing results at the full SEM model stage was carried out using suitability tests and statistical tests, presented as follows:

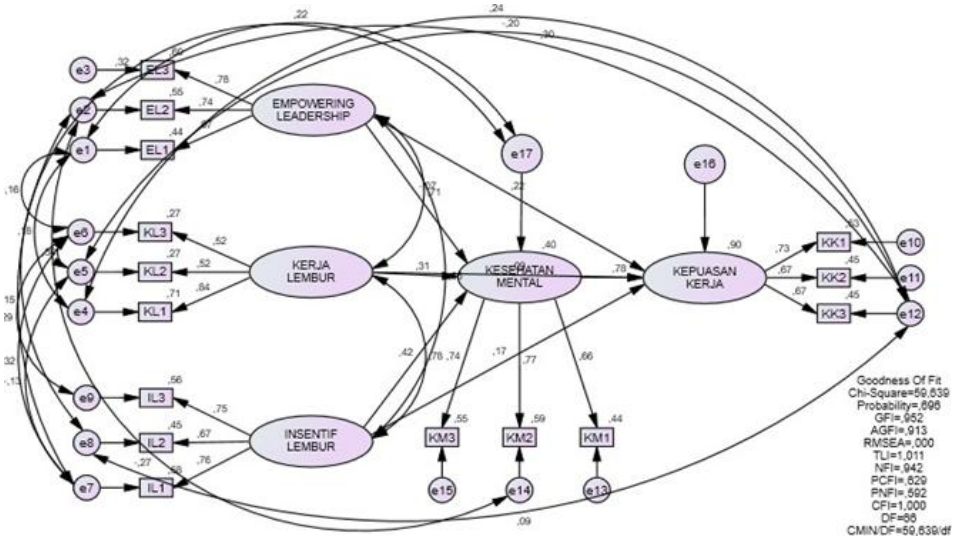


Figure 4. Full Model Analysis

Table 5. Feasibility Test Results After Full Model Modification

Goodness of Fit Indeks	Condition	Result	Model Evaluation
Chi-Square	Kecil (<81,381)	59,639	FIT
Probability	>0,05	,696	FIT
RMSEA	<0,08	,000	FIT
GFI	>0,90	,952	FIT
AGFI	>0,90	,913	FIT
CMIN/DF	<2,00	59,639	TIDAK FIT
MmFI/TLI	>0,90	1,011	FIT
CFI	>0,90	1,000	FIT

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Based on the analysis results displayed in Table 5 regarding the full model feasibility test after modification, it can be concluded that overall the research model has met the feasibility criteria (fit) for use in further analysis.

Hypothesis Testing

Testing was carried out on 10 hypotheses proposed based on the Critical Ratio (CR) value of a causal relationship from the results of AMOS SEM processing.

Table 6. Hypothesis Testing

			Estimate	S.E.	C.R.	P	Label
Mental_Health	<---	Empowering_Leadership	-,252	,179	-1,406	,160	par_11
Mental_Health	<---	Work_Overtime	,719	,356	2,018	,044	par_12
Mental_Health	<---	Incentive_Overtime	,304	,210	1,447	,148	par_13
Employee_Satisfaction	<---	Work_Overtime	-,244	,323	-,755	,450	par_14
Employee_Satisfaction	<---	Incentive_Overtime	,098	,169	,580	,562	par_15
Employee_Satisfaction	<---	Empowering_Leadership	,225	,157	1,430	,153	par_19
Employee_Satisfaction	<---	Mental_Health	,910	,195	4,658	***	par_20

Source: Processed primary data, 2025

Table 7. Indirect Effects (Standardized Indirect Effects)

	Overtime_ Incentive	**Work_ Overtime**	**Empowering _Leadership**	**Mental_ Health**	**Employee_ Satisfaction**
Mental_Health	,000	,000	,000	,000	,000
Employee_ Satisfaction	,317	,537	-,278	,000	,000

Source: Processed primary data, 2025

Based on the results of the hypothesis testing analysis shown in Table 6, there is a significant indirect influence of the overtime incentive and overtime work variables on employee satisfaction through the intervening variable, namely mental health.

Table 8. Direct Effects (Standardized Direct Effects)

	Overtime_ Incentive	**Work_ Overtime**	**Empowering_ Leadership**	**Mental_ Health**	**Employee_ Satisfaction**
Mental_Health	,369	,626	-,324	,000	,000
Employee_ Satisfaction	,112	-,200	,273	,857	,000

Source: Processed primary data, 2025

Based on the results of the hypothesis testing analysis shown in Table 4.19, it can be concluded that overtime incentives, overtime work, and empowering leadership have a direct influence on employee mental health.

Table 9. Total Effects (Standardized Total Effects)

	Overtime_ Incentive	**Work_ Overtime**	**Empowering_ Leadership**	**Mental_ Health**	**Employee_ Satisfaction**
Mental_ Health	,369	,626	-,324	,000	,000
Employee_ Satisfaction	,429	,337	-,005	,857	,000

Source: Processed primary data, 2025

Based on the results of the hypothesis testing analysis presented in Table 4.20, it can be concluded that overall overtime incentives, overtime work, empowering leadership, and mental health have different contributions to employee satisfaction. The mental health variable has the most dominant total influence on employee satisfaction, with a value of 0.857, confirming that employees' mental condition is a major factor in

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shaping their job satisfaction. Overtime incentives and overtime work also have a positive total influence on employee satisfaction, amounting to 0.429 and 0.337, respectively, indicating that financial rewards and additional time involvement in work still contribute to increased job satisfaction, both directly and through improved mental health. Meanwhile, empowering leadership shows a very small and negative total influence on employee satisfaction, namely -0.005, which indicates that in the context of this study, the role of this leadership style does not significantly support the creation of job satisfaction and even tends to have a negative impact, although at a very low level.

Discussion

Empowering leadership does not have a significant impact on the mental health of Gen Z employees. This shows that even though there is a granting of autonomy and trust from superiors, this does not necessarily have a direct impact on employee mental health. This means that the presence of empowering leadership is not sufficient as the sole approach to supporting mental health, especially for the younger generation who may still be searching for direction in their careers or facing the pressures of adapting to a new work environment. Gen Z characteristics tend to prioritize work-life balance, psychological security, and role clarity. Empowering leadership is considered insufficient to provide the emotional support needed by this group, and can even create its own stress when more responsibility is given without adequate guidance or training. Therefore, a leadership approach that is more coaching or supportive leadership may be more relevant in maintaining the mental health of Gen Z employees than simply providing work autonomy. Zhang and Wang, et al. (2020) found a significant positive effect between empowering leadership and employee mental health, while Amundsen (2015) Empowering leadership may be ineffective or even counterproductive when given to employees who do not yet have psychological maturity or a preference for high autonomy, as is often found in young age groups such as Gen Z.

Overtime has a significant positive impact on mental health. This is surprising, as overtime is generally associated with stress. Gen Z employees actually feel motivated because overtime is seen as a tangible contribution to the company. In this context, overtime is no longer seen as a burden, but as part of a meaningful responsibility, increasing a sense of personal accomplishment, and strengthening loyalty to the company. This finding aligns with Dinh et al.'s (2020) findings, which state that overtime does not always negatively impact employee well-being, provided management is able to manage the workload and assign value to the work.

Overtime incentives have no significant impact on employee mental health. The small direct effect value indicates that incentives alone are not sufficient to improve employee psychological well-being. This suggests that employees may appreciate incentives as a reward for extra work, but incentives alone are not necessarily sufficient to create a profound psychological impact or overcome emotional exhaustion. For younger generations, especially Gen Z, certainty about their career future and positive work relationships have a greater impact on mental stability than mere material compensation. Smith and Johnson (2021) stated that overtime incentives do not have a significant impact on employee mental health. Research by Kuvaas et al. (2017) shows that financial rewards are only effective in improving performance and job satisfaction when combined with perceived fairness and intrinsic motivation.

Mental health has a very strong and significant direct influence on employee satisfaction. Generation Z is known to be highly concerned about mental health issues and is more open in discussing them. Therefore, a healthy mental state not only creates emotional comfort but also increases morale, productivity, and work engagement. This finding is supported by research by Judge et al., (2001), which states that mental health is a strong predictor of job satisfaction because it shapes how individuals perceive their jobs and their ability to face work challenges. Green and McIntosh (2018) emphasize the importance of mental health as a key factor in increasing job satisfaction, where employees who feel mentally well are better able to face challenges in the workplace and contribute positively to the work environment. In the context of Gen Z, which places a high emphasis on the meaning of work, flexibility, and life balance, good mental health is a key foundation for building sustainable job satisfaction. Therefore, organizations must actively create a work culture that supports psychological health, not only as a moral responsibility, but also as a strategy to increase employee retention and productivity.

Empowering leadership does not significantly influence job satisfaction among Gen Z employees. This finding aligns with a study by Courtright et al. (2011), which emphasized that the effects of empowering leadership are highly contextual. Employees from certain cultures or generations, such as Gen Z, may not have

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a strong preference for highly autonomous leadership styles and tend to prefer role clarity, firm direction, and more explicit support. Research findings indicate a positive response to leadership styles that provide employees with trust and responsibility. They feel valued for their abilities and contributions, fostering a sense of ownership in their work and the company as a whole. Giving responsibility accompanied by trust from superiors not only increases motivation but also fosters emotional involvement and a higher level of commitment to carrying out tasks. Thus, consistently applied empowering leadership can create healthy working relationships and increase employee loyalty and productivity. Research by Chen and Zhang (2022) shows no significant relationship between empowering leadership and employee satisfaction. Empowering leadership styles have great potential, but need to be adapted to suit generational characteristics and organizational culture. For Gen Z, who are still in the early stages of their careers, they tend to need consistent structure, feedback, and support.

Overtime negatively impacts employee satisfaction. This indicates that while overtime is acceptable mentally, it can reduce satisfaction in the long run. This suggests that the frequency or duration of overtime work does not directly impact employee satisfaction. Research by Johnson and Lee (2023) indicates that overtime has no significant impact on employee satisfaction. Research findings indicate that work-life balance is a top priority for Gen Z employees. They are more likely to question the meaning and contribution of each additional hour of work rather than simply accepting overtime as an obligation. If overtime does not provide added personal value in the form of recognition, adequate incentives, or professional development, it is not surprising that it does not impact their level of job satisfaction.

Overtime incentives do not have a significant effect on employee satisfaction, indicating that although overtime incentives provide economic benefits and are recognized as a form of appreciation for additional contributions, Gen Z employees show a higher preference for non-material aspects of work. They value opportunities for self-development, learning new things, and gaining social recognition for their achievements and involvement. This suggests that for the younger generation, job satisfaction does not depend solely on financial incentives, but rather on intrinsic values such as self-actualization, appreciation of the work environment, and long-term career prospects. Research by Brown and Taylor (2024) shows that overtime incentives do not have a significant effect on employee job satisfaction. Kuvaas et al., (2017) found that financial incentives only have a positive impact on job satisfaction when combined with intrinsic motivation and perceptions of organizational justice.

Mental health does not mediate the effect of empowering leadership on job satisfaction. This means that although an empowering leadership style provides trust and responsibility to employees, it does not directly influence job satisfaction through mental health. Research by Arnold et al. (2000) suggests that this leadership style is more effective in influencing work behaviors such as proactivity and participation in decision-making than in psychological well-being. Research by Wang and Liu (2025) indicates that the effect of empowering leadership on employee satisfaction through mental health is insignificant, thus rejecting this hypothesis. In the Gen-Z study, empowering leadership may be valued for providing space for initiative and a sense of belonging, but it does not necessarily directly increase feelings of psychological well-being or happiness. Mental health, as a psychological construct, is influenced by many other factors such as workload, relationships between colleagues, and work-life balance, which are not always achieved by leadership style alone. The absence of this mediating effect is an important signal for organizations not to rely solely on a particular leadership style to improve employee well-being or satisfaction.

Mental health does not mediate the relationship between overtime and employee satisfaction. This means that overtime does not automatically improve or decrease job satisfaction through psychological aspects. Research by Garcia and Patel (2022) shows that overtime does not significantly influence job satisfaction through mental health. Gen Z employees generally have a different view of overtime than previous generations. They tend to assess the value and purpose of overtime more critically. If overtime does not disrupt work-life balance or is perceived as providing benefits such as additional income or career advancement, then there is no significant disruption to mental health. However, in this case, it appears that overtime does not play a significant role in shaping perceptions of psychological well-being, thus not influencing job satisfaction through this pathway.

Mental health does not mediate the effect of overtime incentives on employee satisfaction. Research by Podsakoff et al. (2000) emphasized that a mediation effect must meet the coherence and strength of both direct and indirect influences to be categorized as significant and meaningful. Research by Smith and Lee (2023) showed that overtime incentives did not have a significant effect on employee satisfaction through mental

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health. From a practical perspective, providing overtime incentives does not directly improve job satisfaction through improving employee mental health. Incentives may act as material compensation that is insufficient to significantly change employees' psychological states. Therefore, other factors such as career development, non-financial recognition, and a supportive work environment likely play a greater role in improving employee satisfaction. A holistic approach is needed to effectively manage job satisfaction, not just through financial incentives alone.

Conclusion

Based on the results of the structural model analysis and goodness of fit testing, the study resulted in the following conclusions:

1. Empowering leadership does not significantly impact the mental health of Gen Z employees. This suggests that providing autonomy, trust, and involvement in decision-making are not sufficient to directly impact their psychological well-being.
2. Overtime has a significant and positive impact on employee mental health. This suggests that overtime is viewed positively as a form of responsibility, commitment, or because it is accompanied by appropriate compensation. With proper management, overtime can support employee psychological well-being.
3. Overtime incentives do not significantly impact mental health. While there is a trend toward a positive impact, financial incentives are not strong enough to significantly impact psychological well-being. Therefore, additional approaches focused on emotional support and work-life balance are needed.
4. Mental health has a significant and positive influence on job satisfaction in Gen Z employees. Good psychological health is an important factor in creating job satisfaction, especially for a generation that is highly concerned about mental health and well-being.
5. Empowering leadership does not have a significant influence on job satisfaction in Gen Z employees. Although theoretically expected to increase satisfaction through empowerment, in practice, this influence is not yet strong enough to have a significant impact.
6. Overtime work does not have a significant influence on job satisfaction. The frequency or duration of overtime is not a direct determinant of employee job satisfaction.
7. Overtime incentives also do not have a significant influence on job satisfaction. Incentives are hygienic, meaning they only prevent dissatisfaction but do not directly increase job meaning or satisfaction.
8. Mental health does not significantly mediate the relationship between empowering leadership and job satisfaction. This means that this leadership style has a greater impact on cognitive and behavioral aspects than on employee psychological well-being.
9. Mental health also does not significantly mediate the effect of overtime on job satisfaction. Overtime does not have a direct or indirect effect through mental health on employee satisfaction levels.
10. Mental health does not significantly mediate the effect of overtime incentives on job satisfaction. Although there is an indirect effect, its strength and consistency do not meet the criteria for valid mediation. Thus, mental health is not a primary pathway in explaining the relationship between overtime incentives and job satisfaction.

Further research can consider other mediating variables that may influence the relationship between the independent variables and Gen Z employee satisfaction to further understand the interactions between the variables. In addition, qualitative research using in-depth interviews or focus group discussions can be conducted to gain a richer and deeper understanding of the experiences and perspectives of Gen Z employees regarding empowering leadership, overtime work, incentives, mental health, and their job satisfaction.

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