

The Effect of Employer Branding and Career Development on Employee Retention with Job Satisfaction as A Mediation Variable on Generation Z in Special Region of Yogyakarta

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Abstract

This study aims to examine the effect of employer branding and career development on employee retention with job satisfaction as a mediating variable among Generation Z employees in the Daerah Istimewa Yogyakarta. The high turnover rate among Generation Z has become a significant challenge for organizations, making it important to identify factors that influence their retention. A quantitative research design was employed using a survey method involving 100 Generation Z employees with a working tenure of 3 months to 1 year, selected through purposive sampling. Data were analyzed using Structural Equation Modeling–Partial Least Squares (SEM-PLS) with SmartPLS 4.1.1.8. The findings reveal that employer branding and career development have a positive and significant effect on both job satisfaction and employee retention. Career development is identified as the most dominant predictor of employee retention. In addition, job satisfaction has a significant positive effect on employee retention and partially mediates the relationship between employer branding and career development on employee retention. The model demonstrates strong explanatory power with an R² value of 0.755, indicating substantial predictive relevance. These findings highlight that effective retention strategies for Generation Z require the integration of strong employer branding, structured career development systems, and sustained improvement in job satisfaction. This study contributes to Human Resource Management literature by providing empirical evidence on the importance of combining organizational attractiveness and career growth opportunities to retain young employees in a competitive labor market.

Keywords:

Employer Branding; Career Development; Employee Retention; Job Satisfaction.

1. INTRODUCTION

The contemporary labor market is undergoing a profound transformation driven by demographic shifts, technological advancement, and evolving employee expectations. One of the most significant changes is the increasing dominance of Generation Z in the workforce. In the Daerah Istimewa Yogyakarta, Indonesia, this generation represents a substantial proportion of the population, accounting for 23.73% or approximately 870,628 individuals (BPS DIY, 2021). This demographic shift is not merely statistical but has substantial implications for organizational management, particularly in human resource strategies aimed at attracting, managing, and retaining young employees in an increasingly competitive labor market. As Generation Z continues to enter the workforce in large numbers, organizations are required to rethink traditional HR practices to align with the values, expectations, and behavioral tendencies of this digitally native generation. The growing participation of the labor force in Yogyakarta further highlights the urgency of addressing workforce sustainability. The Indonesian Central Bureau of Statistics reported that the labor force in the Daerah Istimewa Yogyakarta reached 2.20 million people with a labor force participation rate of 73.18% in

2024 (BPS D.I. Yogyakarta, 2024). While this indicates strong labor market activity, it also intensifies competition among organizations in retaining skilled employees, particularly those belonging to Generation Z. Generation Z exhibits distinct behavioral and psychological characteristics compared to previous generations in the workplace. Unlike earlier cohorts that prioritized financial stability as the primary job consideration, Generation Z places greater emphasis on organizational values, work culture, flexibility, and opportunities for personal and professional development (Vieira and Gomes, 2024). Growing up in a digitally connected environment, they have unprecedented access to information, enabling them to evaluate and compare organizational practices critically. As a result, their loyalty toward organizations is conditional and highly influenced by how well the organization aligns with their expectations and personal values.

Recent studies further suggest that Generation Z employees highly value meaningful work, continuous learning opportunities, work-life balance, and psychological well-being in the workplace. As digital natives, they expect rapid feedback, flexible work arrangements, and opportunities for personal and professional growth, making them less tolerant of rigid organizational structures and limited career prospects (Pratama et al., 2026). Furthermore, Generation Z tends to seek organizations whose values align with their personal beliefs, particularly regarding inclusivity, sustainability, and social responsibility, as these factors significantly influence their organizational commitment and intention to remain with an employer (Amalia et al., 2025).

One of the most pressing challenges faced by organizations today is the high turnover intention among Generation Z employees, which threatens organizational stability and increases recruitment and training costs. This phenomenon has become a strategic concern for companies operating in dynamic sectors such as services, creative industries, and technology. Recent evidence further indicates that retaining Generation Z employees has become increasingly challenging due to their relatively high career mobility and evolving workplace expectations. Eryanti and Ikram (2026) found that Generation Z employees are more likely to leave organizations that fail to provide adequate career development opportunities, work-life balance, supportive leadership, and meaningful work experiences. Furthermore, the study highlighted that flexibility, recognition, and psychological well-being have become important determinants of retention decisions among younger employees.

Empirical evidence suggests that turnover intention among Generation Z is strongly influenced by work-related stress and workplace conditions. Manggala and Siswanto (2024) found that work pressure significantly affects turnover intention among Generation Z employees in Yogyakarta. This finding indicates that psychological and environmental factors play a crucial role in shaping employees' decisions to stay or leave an organization. High turnover not only disrupts operational continuity but also reduces organizational efficiency due to the loss of experienced employees and the continuous need for replacement and retraining. Consequently, employee retention has emerged as a critical strategic priority in modern human resource management. Within the field of contemporary human resource management, employer branding has emerged as a strategic construct that significantly influences employee perceptions of organizations. Originally introduced by Ambler and Barrow (1996), employer branding refers to the package of functional, economic, and psychological benefits provided by an employer to its employees. Over time, this concept has evolved into a long-term strategic approach aimed at shaping organizational reputation as an attractive place to work (Bharadwaj et al., 2022). Employer branding not only helps organizations attract potential talent but also plays a crucial role in retaining existing employees by strengthening organizational identity and emotional attachment. Employer branding is also reflected through several key dimensions. Based on Berthon et al. (2005) as developed in Wardhana and Andalas (2023), employer branding consists of five main dimensions, namely interest value, social value, economic value, development value, and application value. These dimensions explain how employees perceive the attractiveness of an organization in terms of career opportunities, workplace experience, compensation, personal development, and the ability to apply knowledge and skills. Through strong employer branding, organizations are expected to align organizational norms with employee expectations and communicate these values effectively to both current and potential employees (Hein et al., 2025).

Empirical studies have consistently demonstrated the importance of employer branding in influencing employee outcomes. Bharadwaj et al. (2022) found that employer branding significantly affects employee retention through dimensions such as corporate social responsibility, work-life balance, compensation, training, and development opportunities. Similarly, Chopra et al. (2024) emphasized that employer branding becomes increasingly critical in maintaining employee loyalty by fostering engagement and organizational commitment. In the Indonesian context, Ilmawan et al. (2023) confirmed that employer branding has a significant positive effect on employee retention in educational institutions, while Pricilla and Martdianty (2024) found similar results in the technology sector with job satisfaction as a mediating variable.

Employee retention is defined as an organization's ability to retain employees within the company for a certain period by reducing turnover intentions. According to Awaludin and Fadli (2024), retention involves organizational strategies such as providing conducive working conditions, career development opportunities, and appropriate rewards to prevent employees from leaving. Furthermore, Hanifa Nurul Hida Hakim et al. (2023) highlight that employee retention is closely linked to employee satisfaction, motivation, and performance, where higher retention contributes to improved organizational productivity and effectiveness.

In addition to employer branding, career development is another critical factor influencing employee retention, especially among Generation Z. Career development refers to the process of enhancing employees' abilities, knowledge, and experience through training, mentoring, promotion, and learning opportunities (Latul Munawaroh, L., & Sulhan, M., 2026). Career development also implies that organizations have planned structured pathways for employee career progression during their employment.

Career development is closely related to job satisfaction. According to Saputri (2020), career success or failure is linked to self-concept, identity, and job satisfaction. Individuals who feel secure about their career development tend to experience higher job satisfaction and perform more effectively in their work. For Generation Z, structured career development programs such as training, job rotation, and clear promotion pathways significantly increase their intention to remain in an organization. Several factors influence career development within organizations. According to Thedja (2022), these include training and development opportunities, promotion opportunities, mentoring and coaching programs, performance evaluation and feedback, as well as communication and employee involvement. These factors collectively shape employees' perceptions of their career growth opportunities and significantly influence their commitment to the organization. Empirical evidence supports the importance of career development in organizational settings. Ilmawan et al. (2023) found that career development significantly affects employee retention, while Hendriyulianti et al. (2025) confirmed that structured career development programs increase employee attachment and willingness to stay. However, some studies such as Natania Emilia Putri et al. (2026) and Prajodi and Amalya (2024) found insignificant effects, indicating contextual differences in different organizational settings.

Job satisfaction plays a central mediating role in employee retention models. According to Robbins and Judge (2023), job satisfaction is defined as an individual's positive emotional evaluation of their job. Employees with high job satisfaction tend to demonstrate stronger organizational commitment and lower turnover intention. Job satisfaction is influenced by both employer branding and career development, making it a key psychological mechanism in retention models. Previous studies support the mediating role of job satisfaction. Bharadwaj et al. (2022) found that job satisfaction mediates the relationship between employer branding and employee retention, while Pricilla and Martdianty (2024) emphasized that job satisfaction among Generation Z is driven more by development opportunities and value alignment than financial rewards. However, inconsistencies still exist in prior research regarding the strength and nature of these relationships. Despite extensive literature, several research gaps remain. Most studies have examined employer branding and career development separately, and limited research has integrated both variables simultaneously in a single model with job satisfaction as a mediator, particularly in the context of Generation Z in Yogyakarta. Therefore, this study aims to fill this gap by analyzing the influence of employer branding and career development on employee retention with job satisfaction as a mediating variable among Generation Z employees in Daerah Istimewa Yogyakarta. This research is expected to contribute both theoretically and practically to human resource management, especially in designing effective retention strategies for the modern workforce.

2. RESEARCH METHOD

The present study employed a quantitative research approach to examine the effect of employer branding and career development on employee retention, with job satisfaction serving as a mediating variable among Generation Z employees in the Daerah Istimewa Yogyakarta. The quantitative approach was selected because the study aimed to test hypotheses and analyze causal relationships between latent variables using statistical procedures. The research was designed to provide empirical evidence regarding the relationships among variables by utilizing structured data collected through numerical measurement. This approach is considered appropriate for explaining the influence of independent variables, namely employer branding (X1) and career development (X2), on the dependent variable, employee retention (Y), with job satisfaction (Z) acting as a mediating variable.

The population of this study consisted of Generation Z employees who are actively working in private companies, government institutions, and non-profit organizations located in the Daerah Istimewa Yogyakarta. This population is categorized as an unknown or infinite population because the exact number of Generation Z employees in the region is not officially available in recent statistical data. Based on previous statistical information from the Central Bureau of Statistics (BPS DIY, 2021), Generation Z accounted for 23.73% of the total population in the region; however, updated data for 2026 is not yet available.

The sample in this study was determined using a non-probability sampling technique with a purposive sampling approach. This technique was chosen because not all individuals in the population met the predetermined research criteria. The sample criteria included Generation Z employees aged between 18 and 28 years, currently employed either as permanent or contract workers, and having a minimum work tenure of 3 months to 1 year. This tenure range was selected because employees in this phase are assumed to have passed the initial adaptation stage and have begun to experience workplace dynamics relevant to the variables studied.

To improve sample representativeness, respondents were recruited from various organizational sectors, including private companies, government institutions, and non-profit organizations operating in the Daerah Istimewa Yogyakarta. In addition, the study did not restrict respondents to specific industries, educational backgrounds, or job positions in order to capture the diversity of Generation Z employees in the region. Screening questions were included at the beginning of the questionnaire to ensure that all respondents met the predetermined criteria regarding age, employment status, work location, and tenure. This approach was intended to obtain a more heterogeneous sample and reduce the possibility of including respondents who did not fit the target population.

The minimum sample size was calculated using the Lemeshow formula for an unknown population, resulting in 96.04 respondents, which was rounded up to 96 respondents; however, the study successfully collected data from 100 respondents distributed through online questionnaires. According to Yulia et al. (2024), the Lemeshow formula is used to determine the minimum required sample size in research, particularly when the total population is unknown or infinite.

Data in this study were collected using primary and secondary sources. Primary data were obtained directly from respondents through a structured questionnaire distributed via Google Forms (Sugiyono, 2023). The questionnaire measured respondents' perceptions of employer branding, career development, job satisfaction, and employee retention. Secondary data were obtained from relevant literature, previous studies, and official statistical publications that support the theoretical foundation of the research. The questionnaire used a Likert scale ranging from 1 to 5, where 1 represented strongly disagree and 5 represented strongly agree. The data collection process was conducted entirely online using digital platforms such as WhatsApp and other social media channels to reach Generation Z employees across the region.

Data analysis in this study was conducted using Structural Equation Modeling–Partial Least Squares (SEM-PLS) with the assistance of SmartPLS software version 4.1.1.8. This method was chosen because it is suitable for analyzing complex relationships between latent variables, including direct and indirect effects, and does not require strict assumptions regarding data normality. The analysis consisted of two main stages: evaluation of the measurement model (outer model) and evaluation of the structural model (inner model). The outer model evaluation assessed convergent validity, discriminant validity, and reliability of the constructs. Convergent validity was examined using outer loading and Average Variance Extracted (AVE), where indicator loading values above 0.70 and AVE values above 0.50 were considered acceptable. Reliability was assessed using composite reliability, with values above 0.70 indicating good internal consistency. Discriminant validity was evaluated through cross-loading analysis to ensure that each indicator had a higher loading on its associated construct than on other constructs.

The inner model evaluation assessed the structural relationships among variables using the R-square value and hypothesis testing. R-square was used to determine the explanatory power of the independent variables on the dependent variable, with values of 0.75, 0.50, and 0.25 indicating strong, moderate, and weak levels of explanation, respectively. Hypothesis testing was conducted using the bootstrapping technique to generate t-statistics and p-values, with a significance level of 0.05. A relationship was considered significant when the t-statistic exceeded 1.96 and the p-value was less than 0.05. In addition, mediation analysis was performed to examine the indirect effect of employer branding and career development on employee retention through job satisfaction, following the mediation testing procedure commonly used in SEM-PLS analysis.

Ethical considerations were observed throughout the research process by ensuring that respondents participated voluntarily and anonymously. Confidentiality of respondent data was maintained, and the information collected was used solely for academic purposes. Although the study was conducted with rigorous statistical procedures, limitations remain, particularly related to the use of self-reported data and the non-probability sampling technique, which may limit generalizability. Nevertheless, these limitations were mitigated by ensuring adequate sample size, appropriate measurement validation, and robust statistical analysis using SEM-PLS.

Furthermore, because the study employed a non-probability purposive sampling technique, the findings may not fully represent the entire population of Generation Z employees in Indonesia. The cross-sectional design also limits the ability to infer causal relationships over time, as employee perceptions and retention intentions may change due to organizational and environmental factors. Future studies are therefore encouraged to employ probability sampling techniques, larger sample sizes, and longitudinal research designs to improve generalizability and provide a deeper understanding of employee retention dynamics among Generation Z employees.

3. RESULTS AND DISCUSSION

3.1. Results

3.1.1. Research Data Description

This study involved 100 Generation Z employees working in the Daerah Istimewa Yogyakarta. The respondents' characteristics include gender, residential area, educational background, and employment

sector. Based on gender, the majority of respondents were female, totaling 57 individuals (57%), while male respondents accounted for 43 individuals (43%). This indicates that female respondents were more dominant in this study compared to their male counterparts. In terms of residential area, respondents were distributed across various regions in the Daerah Istimewa Yogyakarta. Most respondents were located in Yogyakarta City (30 respondents or 30%), followed by Sleman (23 respondents or 23%), Bantul (20 respondents or 20%), Kulon Progo (15 respondents or 15%), and Gunungkidul (12 respondents or 12%). This distribution indicates that respondents were relatively well spread across the region. Regarding educational background, the majority of respondents held a Bachelor's degree or Diploma IV (D4/S1), accounting for 35 respondents (35%). This was followed by high school graduates (29%), Diploma I/II/III graduates (22%), and Master's degree holders (14%). This suggests that most respondents possess a relatively high educational background relevant to workforce participation.

Table 1. Respondent Characteristics Based on Employment Sector

Industry Sector	Frequency	Percentage (%)
Trade (retail, wholesale, e-commerce)	20	20%
Accommodation and Tourism (hotels, restaurants, travel services)	8	8%
Education Services (schools, training institutions, courses)	9	9%
Financial Services and Banking	13	13%
Information and Communication Technology	11	11%
Creative Industry (design, media, entertainment, digital content)	16	16%
Health and Pharmaceuticals	6	6%
Manufacturing and Production	17	17%
Total	100	100%

Table 1 shows that respondents came from diverse employment sectors, with the highest proportion working in trade (20%), manufacturing (17%), and creative industries (16%). This indicates that Generation Z employees in this study are distributed across various industrial sectors with diverse occupational backgrounds.

The descriptive statistical analysis was conducted to examine respondents' tendency toward the research variables, namely employer branding, career development, employee retention, and job satisfaction. This analysis provides a general overview of respondents' perceptions based on minimum value, maximum value, mean, and standard deviation.

Table 2. Descriptive Statistical Analysis

Variable	N	Min	Max	Mean	Std.Dev
Employer Branding	100	1	5	3,958	0,991
Career Development	100	1	5	3,964	0,961
Employee Retention	100	1	5	3,987	0,843
Job Satisfaction	100	1	5	4,068	0,918

Table 2 shows that all variables were measured using a 5-point Likert scale with a minimum value of 1 and a maximum value of 5. The mean value reflects the overall tendency of respondents' perceptions, while the standard deviation indicates the degree of variation among responses (Hair et al., 2021). A higher mean value indicates a more positive perception, whereas a lower standard deviation suggests more homogeneous responses among respondents. Table shows that employer branding obtained a mean value of 3.958 with a standard deviation of 0.991. This indicates that respondents generally perceive employer branding positively, particularly in terms of organizational image, workplace environment, and the attractiveness of the company as an employer. The standard deviation close to 1 suggests moderate variation in responses, although overall perceptions remain relatively consistent.

Career development recorded a mean value of 3.964 with a standard deviation of 0.961. This indicates that respondents perceive that the company provides adequate opportunities for career development, including training, skill enhancement, and career advancement opportunities. The relatively low standard deviation suggests that respondents share fairly similar perceptions regarding career development practices. Employee retention shows a mean value of 3.987 with a standard deviation of 0.843. This suggests that respondents demonstrate a relatively high tendency to remain with their current organization. The lower standard deviation compared to other variables indicates more stable and homogeneous responses, reflecting consistent perceptions regarding employee retention.

Job satisfaction obtained the highest mean value of 4.068 with a standard deviation of 0.918. This indicates that respondents are generally satisfied with their jobs in terms of job roles, working environment, and workplace relationships. The high mean reflects strong job satisfaction levels, while the relatively low standard deviation suggests a consistent perception among respondents. Overall, the descriptive statistical results indicate that all research variables fall within moderate to high categories, suggesting that respondents

generally hold positive perceptions toward employer branding, career development, employee retention, and job satisfaction.

3.1.2. Instrument Testing Results

The instrument testing in this study was conducted to ensure that all indicators used to measure latent constructs possess adequate validity and reliability. The analysis was performed using Structural Equation Modeling–Partial Least Squares (SEM-PLS) with SmartPLS 4.1.1.8 software. The evaluation includes the assessment of the measurement model (outer model), convergent validity, construct reliability, and discriminant validity.

Before presenting the results of the measurement model analysis, it is important to explain that this study evaluates the validity and reliability of all constructs using the Partial Least Squares Structural Equation Modeling (PLS-SEM) approach. The measurement model (outer model) is used to assess how well the observed indicators represent their respective latent variables, namely employer branding, career development, job satisfaction, and employee retention. The evaluation of the outer model includes tests of convergent validity, discriminant validity, and reliability. These assessments ensure that all indicators used in this study are valid, reliable, and appropriate for further structural model analysis.

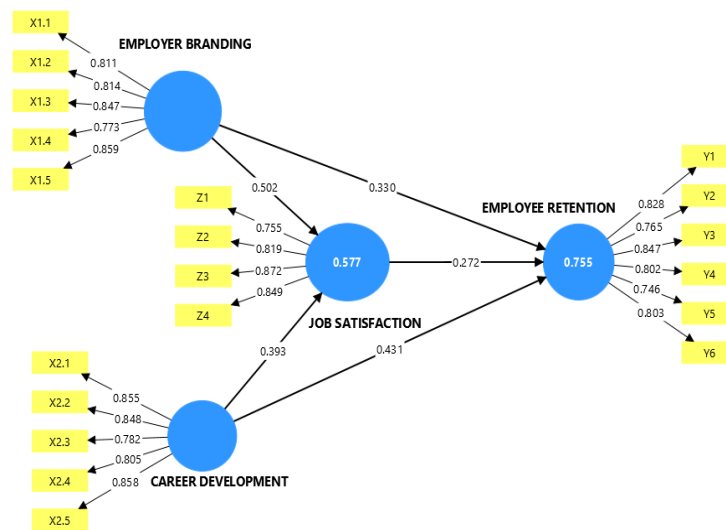


Figure 1. Structural Model (Outer Model)

Figure 1 presents the outer model analyzed using the PLS-SEM approach. The model illustrates the relationships between latent constructs, namely employer branding and career development as independent variables, job satisfaction as a mediating variable, and employee retention as the dependent variable, along with their reflective indicators. Figure shows that all latent constructs are measured using reflective indicators, indicated by arrows from constructs to indicators. This implies that the indicators serve as manifestations of the latent variables in this study. The results indicate that all indicators meet the minimum threshold for outer loading, suggesting that the measurement model demonstrates satisfactory convergent validity and is suitable for further analysis.

3.1.2.1. Convergent Validity Test

Convergent validity ensures that indicators accurately represent their respective latent constructs (Hair et al., 2021). The evaluation is based on outer loading and Average Variance Extracted (AVE).

Table 3. Outer Loading Results

Variable	Indicator	Outer Loading	Conclusion
Employer Branding (EB)	X1.1	0,811	Valid
	X1.2	0,814	Valid
	X1.3	0,847	Valid
	X1.4	0,773	Valid
	X1.5	0,859	Valid
Career Development (CD)	X2.1	0,855	Valid
	X2.2	0,848	Valid
	X2.3	0,782	Valid
	X2.4	0,805	Valid
	X2.5	0,858	Valid
Employee Retention (ER)	Y1	0,828	Valid

	Y2	0,765	Valid
	Y3	0,847	Valid
	Y4	0,802	Valid
	Y5	0,746	Valid
	Y6	0,803	Valid
Job Satisfaction (JS)	Z1	0,755	Valid
	Z2	0,819	Valid
	Z3	0,872	Valid
	Z4	0,849	Valid

Table 3 shows that all indicators have outer loading values above 0.70, indicating strong contributions in measuring their respective constructs. Therefore, all indicators are considered valid in terms of convergent validity.

3.1.2.2. AVE Results

Table 4. AVE Results

Variable	AVE
Employer Branding	0,675
Career Development	0,689
Employee Retention	0,639
Job Satisfaction	0,681

Table 4 shows that the Average Variance Extracted (AVE) values for all constructs exceed the minimum threshold of 0.50, indicating adequate convergent validity. Specifically, employer branding has an AVE value of 0.675, career development 0.689, employee retention 0.639, and job satisfaction 0.681. Since all constructs demonstrate AVE values above 0.50, it can be concluded that all variables in this study meet the required criteria for convergent validity and are considered valid for further analysis.

3.1.2.3. Reliability Test

Reliability testing is used to assess the consistency of indicators within a latent construct in measuring the same concept. It aims to ensure that all indicators forming a construct produce stable and reliable measurements. In other words, internal reliability reflects the consistency of indicators in accurately representing the latent construct.

Table 5. Composite Reliability Results

Variable	Composite reliability (rho c)
Employer Branding	0,912
Career Development	0,917
Employee Retention	0,914
Job Satisfaction	0,895

Table 5 shows that all constructs exceed the threshold of 0.70, indicating strong internal consistency and reliable measurement across all variables.

Table 6. Cronbach's Alpha Results

Variable	Cronbach's alpha
Employer Branding	0,879
Career Development	0,887
Employee Retention	0,886
Job Satisfaction	0,843

Table 6 shows that all variables meet the required reliability criteria, with Cronbach's Alpha values exceeding 0.70. Therefore, it can be concluded that all constructs in this study demonstrate good reliability. This indicates that the measurement instruments are consistent and stable in measuring their respective variables.

3.1.2.4. Discriminant Validity Test

Discriminant validity ensures that each construct is empirically distinct from other constructs in the model.

Table 7. Cross Loading Results

Indicator	EB	CD	ER	JS	Ket
X1.1	0,811	0,308	0,566	0,546	Valid
X1.2	0,814	0,383	0,506	0,564	Valid
X1.3	0,847	0,321	0,579	0,515	Valid
X1.4	0,773	0,383	0,593	0,549	Valid
X1.5	0,859	0,375	0,618	0,582	Valid
X2.1	0,401	0,855	0,613	0,502	Valid
X2.2	0,345	0,848	0,638	0,541	Valid
X2.3	0,465	0,782	0,606	0,511	Valid
X2.4	0,271	0,805	0,602	0,474	Valid
X2.5	0,307	0,858	0,608	0,502	Valid
Y1	0,581	0,622	0,828	0,627	Valid
Y2	0,520	0,563	0,765	0,655	Valid
Y3	0,610	0,610	0,847	0,629	Valid
Y4	0,545	0,560	0,802	0,545	Valid
Y5	0,510	0,573	0,746	0,587	Valid
Y6	0,579	0,613	0,803	0,582	Valid
Z1	0,584	0,396	0,587	0,755	Valid
Z2	0,503	0,523	0,605	0,819	Valid
Z3	0,582	0,574	0,691	0,872	Valid
Z4	0,546	0,509	0,606	0,849	Valid

Table 7 shows that each indicator exhibits the highest loading on its respective construct compared to other constructs. This confirms that the indicators are able to clearly differentiate between constructs, thereby establishing discriminant validity.

3.1.3. Results Analysis

Before examining the relationships among the latent variables, it is important to note that the structural model (inner model) in this study is used to assess the hypothesized relationships among latent constructs. The model is analyzed using the Partial Least Squares Structural Equation Modeling (PLS-SEM) approach with SmartPLS 4.1.1.8. The evaluation of the inner model focuses on predictive relevance and structural relationships using R-square values and hypothesis testing through bootstrapping. Higher R-square values indicate stronger explanatory power of the model, while t-statistics and p-values determine the significance of relationships between variables.

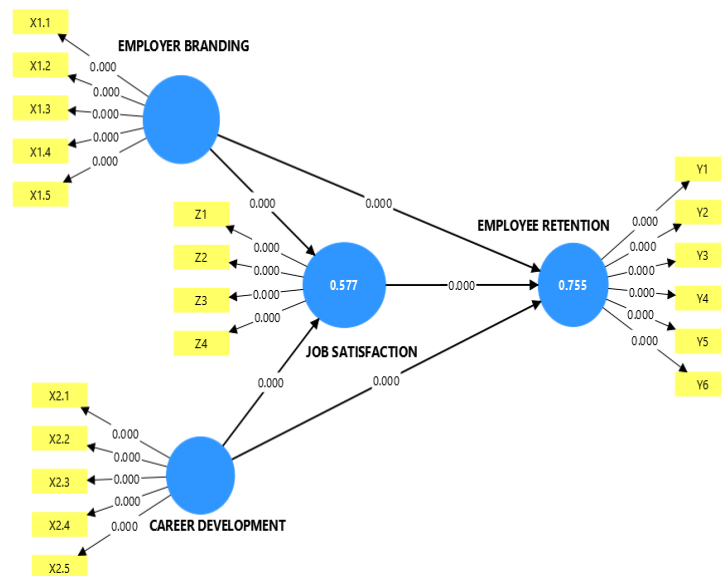


Figure 2. Structural Model (Inner Model)

Figure 2 presents the structural model (inner model) used to examine the relationships among latent variables formulated in the research hypotheses. This analysis was conducted using the Partial Least Squares Structural Equation Modeling (PLS-SEM) approach. The model includes four latent constructs: employer branding and career development as independent variables, employee retention as the dependent variable, and job satisfaction as the mediating variable. The evaluation of the inner model is based on the R-square

value to assess the model’s predictive power and the path coefficients to test the significance of relationships among variables. A higher R-square indicates stronger explanatory power, while path coefficients reflect the strength and direction of relationships between constructs.

3.1.3.1. Coefficient of Determination (R-Square)

The coefficient of determination (R-square) in PLS-SEM is used to measure the extent to which latent independent variables in the model explain the variance of the latent dependent variables. The R-square (R^2) value indicates the overall predictive power of the model, ranging from 0 to 1. A value closer to 1 indicates stronger explanatory power of the model. In general, R^2 values of 0.75, 0.50, and 0.25 are commonly interpreted as strong, moderate, and weak levels of explanatory power, respectively.

Table 8. R-Square

Variable	R-square	R-square adjusted
Employee retention	0,755	0,747
Job satisfaction	0,577	0,568

Table 8 shows that the R-square value for employee retention is 0.755 with an adjusted R-square of 0.747, indicating that 75.5% of employee retention is explained by employer branding, career development, and job satisfaction, while 24.5% is explained by other variables outside the model. This result is classified as strong explanatory power. In addition, job satisfaction has an R-square value of 0.577 with an adjusted R-square of 0.568, indicating that 57.7% of job satisfaction is explained by the variables in the model, while 42.3% is influenced by external factors. This is categorized as moderate explanatory power. Overall, the findings indicate that the structural model demonstrates a good level of explanatory power, with employee retention showing strong predictive relevance and job satisfaction showing moderate explanatory capability.

3.1.3.2. Hypothesis Testing (Bootstrapping)

Hypothesis testing represents the final stage of structural model (inner model) evaluation, aimed at determining whether the proposed relationships among variables are supported or rejected. This analysis was conducted using the bootstrapping technique in Partial Least Squares Structural Equation Modeling (PLS-SEM), where data resampling is performed to obtain path coefficients, standard deviations, t-statistics, and p-values. In this study, hypotheses are considered supported when the t-statistic exceeds 1.96 and the p-value is below 0.05.

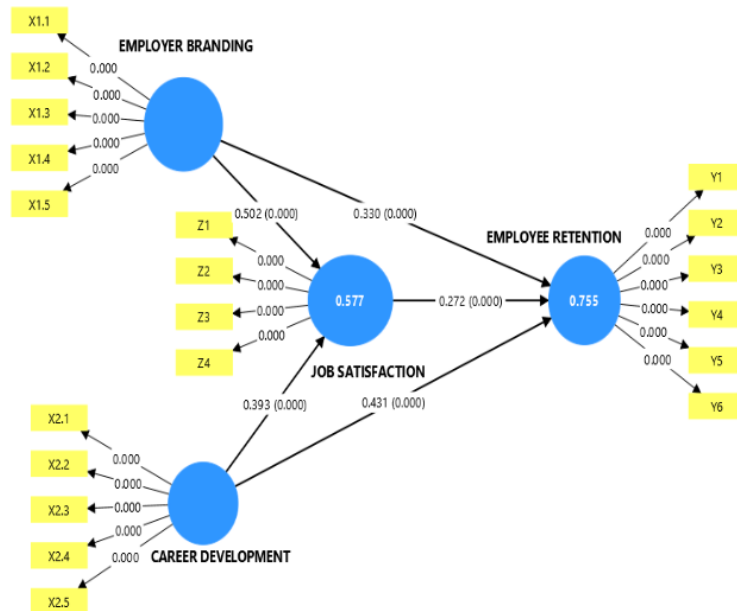


Figure 3. Bootstrapping Results (SEM-PLS)

Figure 3 shows that all structural relationships in the model are statistically significant, as indicated by very small p-values ($p < 0.001$), confirming the robustness of the proposed model.

Tabel 9. Hypothesis Testing Results

Hipotesis	Original Sample (O)	Sample Mean (M)	Standard deviation (STDEV)	T-Statistic	P-values	Arah hub	Sig.	Ket.
H1 EB -> JS	0,502	0,499	0,060	8,319	0,000	Positif	Signifikan	Diterima
H2 CD -> JS	0,393	0,387	0,070	5,617	0,000	Positif	Signifikan	Diterima
H3 EB -> ER	0,330	0,328	0,067	4,937	0,000	Positif	Signifikan	Diterima
H4 CD -> ER	0,431	0,430	0,061	7,107	0,000	Positif	Signifikan	Diterima
H5 JS -> ER	0,272	0,270	0,079	3,462	0,000	Positif	Signifikan	Diterima
H6 EB -> JS -> ER	0,137	0,135	0,044	3,110	0,001	Positif	Signifikan	Diterima
H7 CD -> JS -> ER	0,107	0,105	0,038	2,854	0,002	Positif	Signifikan	Diterima

Table 9 shows that Hypothesis 1 (H1) confirms that employer branding has a positive and significant effect on job satisfaction. Hypothesis 2 (H2) indicates that career development positively and significantly affects job satisfaction. Furthermore, Hypotheses 3 (H3) and H4 confirm that both employer branding and career development have a positive and significant influence on employee retention. Hypothesis 5 (H5) demonstrates that job satisfaction has a positive and significant effect on employee retention. In addition, Hypotheses 6 (H6) and H7 (H7) confirm that job satisfaction plays a significant mediating role in the relationship between employer branding, career development, and employee retention. Overall, the findings provide strong empirical support for the research model, with career development emerging as the most dominant predictor of employee retention, while job satisfaction functions as an important psychological mechanism that strengthens the relationships among variables.

3.2. Discussion

The findings of this study indicate that all proposed hypotheses (H1 to H7) are supported, demonstrating that employer branding and career development significantly influence both job satisfaction and employee retention, either directly or indirectly through job satisfaction as a mediating variable among Generation Z employees in the Daerah Istimewa Yogyakarta. These results confirm that the proposed research model is empirically valid in explaining the work-related behavior of Generation Z, who tend to be highly dynamic, adaptive, and strongly oriented toward personal growth and meaningful work experiences.

In terms of result interpretation, career development emerges as the most dominant predictor of employee retention compared to other variables in the model. This finding suggests that for Generation Z employees, opportunities for professional growth, structured training programs, and clear career pathways are the primary determinants of their intention to remain in an organization. Meanwhile, employer branding plays an important role in shaping employees' initial perceptions of the organization, which subsequently influences job satisfaction and retention behavior. Job satisfaction, in turn, functions as a critical mediating variable that connects both employer branding and career development with employee retention, indicating that psychological factors such as satisfaction, comfort, and perceived fairness are central mechanisms in retention decisions.

When compared with previous studies, these findings generally align with Pricilla and Martdianty (2024), Bharadwaj et al. (2022), and Natania Emilia Putri et al. (2026), who reported that employer branding significantly influences job satisfaction and employee retention. Similarly, the results are consistent with Putra (2020) and Nasution et al. (2024), who emphasized the importance of career development in enhancing job satisfaction and retention outcomes. However, this study provides an additional contribution by highlighting that within the context of Generation Z, career development exerts a stronger influence on employee retention compared to employer branding. This extends prior literature by emphasizing the dominant role of growth-oriented factors in shaping retention behavior among younger employees.

Furthermore, this finding may reflect the distinctive characteristics of Generation Z employees, who tend to place greater importance on continuous learning, career progression, and self-development opportunities than on organizational prestige alone. Unlike previous generations that often-emphasized job security and organizational reputation, Generation Z is more likely to remain in organizations that provide clear career pathways and opportunities for personal growth. Therefore, the stronger effect of career development found in this study suggests that the determinants of employee retention may vary depending on generational characteristics and organizational contexts. This finding enriches the existing literature by providing empirical evidence from an emerging economy context, particularly among Generation Z employees in Indonesia.

From a theoretical perspective, this study strengthens the Social Exchange Theory (SET), which explains that employment relationships are based on reciprocal and mutually beneficial exchanges between employees and organizations. When employees perceive organizational support through strong employer branding and structured career development opportunities, they tend to reciprocate with higher job satisfaction and stronger loyalty toward the organization. Furthermore, this study contributes to the literature

on generational differences by reinforcing the notion that Generation Z places greater emphasis on growth opportunities rather than job stability alone.

In terms of practical implications, the findings suggest that employee retention strategies should not rely solely on employer branding initiatives but must be complemented by well-structured and transparent career development systems. Organizations are encouraged to provide relevant training programs, clear promotion pathways, and supportive work environments that facilitate continuous employee development. At the same time, employer branding remains essential in attracting and retaining young talent, particularly through positive organizational culture, flexible working arrangements, and strong corporate social values.

More specifically, organizations should develop structured career management systems that include individual development plans, mentoring programs, competency-based training, and transparent promotion mechanisms. Given that career development emerged as the strongest predictor of employee retention in this study, investment in employee growth should be viewed as a long-term retention strategy rather than merely a human resource development initiative. In addition, organizations should periodically assess employee satisfaction through surveys and feedback mechanisms to identify potential dissatisfaction and proactively address factors that may increase turnover intention. For organizations employing Generation Z, retention strategies should move beyond financial incentives and focus on creating meaningful work experiences, opportunities for personal growth, and supportive workplace environments that align with the values and expectations of younger employees.

Moreover, organizations are encouraged to strengthen both internal and external employer branding. Internally, this can be achieved by fostering an inclusive organizational culture, ensuring fair treatment, and promoting employee well-being. Externally, organizations can communicate their employer value proposition through social media, corporate social responsibility initiatives, and authentic organizational storytelling to enhance their attractiveness as an employer of choice for Generation Z talent.

Despite its contributions, this study has several limitations. First, the use of a self-reported questionnaire may introduce response bias due to subjective perceptions of respondents. Second, the relatively small sample size of 100 respondents from the Daerah Istimewa Yogyakarta limits the generalizability of the findings to broader populations. Third, the study focuses on only four main variables, excluding other potentially relevant factors such as work-life balance, leadership style, and organizational commitment, which may also influence employee retention. Therefore, future research is recommended to use larger and more diverse samples, expand the geographical scope, and incorporate additional variables to enrich the explanatory power of the model.

Overall, this study demonstrates that employer branding and career development are key determinants of job satisfaction and employee retention among Generation Z employees. Job satisfaction serves as the central psychological mechanism that links these variables within an integrated model. These findings reinforce the understanding that retention strategies for Generation Z are not only structural but are also strongly shaped by psychological and experiential factors in the workplace. The results are expected to serve as a foundation for developing more adaptive and generation-sensitive human resource management strategies in the future.

4. CONCLUSION

This study aimed to examine the influence of employer branding and career development on employee retention among Generation Z employees in the Daerah Istimewa Yogyakarta, with job satisfaction as a mediating variable. Based on the results obtained through Structural Equation Modeling–Partial Least Squares (SEM-PLS) analysis of 100 respondents, it can be concluded that all proposed hypotheses (H1 to H7) are supported, indicating that employer branding and career development play a significant role in shaping both job satisfaction and employee retention, either directly or indirectly through mediation effects. The findings confirm that a strong employer brand significantly enhances job satisfaction by fostering employees' positive perceptions of organizational reputation, values, and workplace environment. Similarly, career development opportunities are proven to be an important determinant of job satisfaction, particularly for Generation Z employees who prioritize personal growth, skill development, and clear career pathways in their professional journey. In addition, both employer branding and career development are found to have a significant positive effect on employee retention. However, career development emerges as a more dominant predictor, indicating that opportunities for growth and advancement are a key consideration for Generation Z employees in deciding whether to remain in an organization. Furthermore, job satisfaction is also confirmed to have a significant positive effect on employee retention, reinforcing the idea that satisfied employees are more likely to develop loyalty and long-term commitment to their organizations. The mediating role of job satisfaction further strengthens these relationships, as it partially mediates the influence of both employer branding and career development on employee retention, suggesting that organizational strategies are more effective in retaining employees when they are able to enhance overall job satisfaction.

Overall, this study highlights that employee retention among Generation Z is shaped by a combination of organizational image, career development systems, and psychological satisfaction at work. The integration of

these three factors provides a comprehensive understanding of retention behavior in the modern workforce context, particularly in a competitive labor market. These findings contribute to human resource management literature by emphasizing the importance of aligning employer branding strategies and structured career development programs with employee expectations in order to enhance job satisfaction and ultimately improve retention outcomes among Generation Z employees.

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