



The Relationship between Key Factors and Gen Z Employee Retention in Indonesian FMCG Start-Ups

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ABSTRACT: This study investigates the factors relationship between turnover intention and employee retention of Generation Z employees in the workplace, using a combination of qualitative and quantitative research methods. Data were collected through interviews and surveys, followed by a comprehensive analysis employing descriptive statistics, and multiple linear regression. The qualitative findings highlight significant financial needs, high expectations of career advancement, and the adverse impact of long working hours on job satisfaction and retention. Quantitative analysis identifies financial opportunities, comprehensive employee benefits, and a sense of being financially rewarded as major factors contributing to economic security and retention. Work-life balance and an open, collaborative company culture, characterized by effective communication and teamwork, also play critical roles in enhancing job satisfaction and loyalty among Gen Z employees. The study reveals that financial factors, work-life balance, and organizational culture significantly impact retention rates. Furthermore, it emphasizes the interconnectedness of these variables, noting how unmet financial needs and unrealistic career expectations can lead to job dissatisfaction and increased turnover. The research concludes with recommendations for longitudinal studies, comparative research, and intersectional studies to further understand the evolving and diverse needs of Gen Z employees. Implementing robust career development programs and addressing financial needs are crucial strategies for start-ups aiming to retain young talent in the long term.

KEYWORDS: Employee Retention, Financial Factors, Generation Z, Organizational Culture, Work-life Balance.

INTRODUCTION

As observed in today's highly volatile business environment, significant changes have occurred in relations to workforce. Generation Z (Gen Z) as the group of employees born between 1996 and 2010 poses challenges for corporate organizations because of their set of values and behaviors in the context of being digital natives, global citizens concerned about climate change, faced with financial instability, and entering the workplace during the COVID-19 pandemic. A report by the Deloitte Global, in its 2022 Gen-Z & Millennial Survey, reveals that 23% of the Gen Z respondents expect to stay in their current job for more than five years while 40% said they would be looking for new jobs in the next two years (Deloitte, 2022). The above statistics, therefore, indicate a high level of discontent within this generation that becomes a retention issue in today's organizations.

The innate understanding of digital technology, which characterizes Gen Z, is vital to deciphering their conduct in the corporate environment. Born and raised in a world linked by the internet, Gen Z employees are heavily immersed in digital, handling work, shopping, dating, and socializing online. For example, in Asia Gen Z consumers are using their smartphones for 6 or more hours daily and can have an extensive online environment that affects their decision and behaviors (Deloitte, 2022). This digital dependency also applies to their employment needs since people look for jobs that allow them to stay connected online and enable technological incorporation and use.

The effects on extended Occupational tenure comprise non-monetary and monetary incentive and disincentives, job characteristics and knowledge characteristics, psychological well-being aspects. It is crucial as it serves as a strong predictor of higher productivity, better levels of organizational commitment, lower turnover intentions, and enhances retention rates (Horváthová et al. , 2021; Spector, 1997; Suárez-Albanchez et al. , 2022). Strategies to improve retention that are relevant to the corporate level should consider these factors by satisfying the expectations of the employees while corresponding the working conditions so that they match the needs of the people, particularly of the Gen Z.

NAMA Beauty was started in the year 2019 and by the year 2021, it had raised \$5 million through Venture Capital. The measures were initiated in November 2021, and according to the concept, NAMA Beauty had to actively attract both experienced personnel and newcomers to work to ramp up the pace. This approach was designed to 'make' a blend of culture with both experience



and flexibility and adaptability. I have identified this recruitment strategy as beneficial for NAMA Beauty, which by the end of 2022, has seen an increase from the previous year. However, in 2023 the company was hit by numerous problems regarding talent as many young and talented employees wanted better opportunities elsewhere.

In Indonesia, work organizations are typically categorized into two types: individual ventures and business incorporations. Overall, Gen Z workers are likely to have short employment spans with their organizations averaging below three years, more so in new firms. This phenomenon has brought out many questions that would want to be asked as regards the causes and factors leading to this trend. This research aims at recognizing these causes, establish scientific facts as to why the Gen Z prefers short tenured employment and to design proper KPI framework for eradicating job hopping among the employees.

The challenges faced while working with Gen Z are in terms of technologically, effort, and motivation challenges. With the current unstable economic conditions in many countries and with productivity moving downward, many managers expected this younger generation to help bring new changes for the better in the business. However, the presence of these threats implies the need to recognize and prioritize the diverse needs of Generation Z's employees.

The current temporal composition of the employee population is evolving to incorporate a younger generation, with a prediction that the Gen Z population will comprise one-third of workforce by the end of the decade (Deloitte, 2022). This makes the need for the organizations to find ways of doing things that can lead to effective attraction and retention of Gen Z even more important. The knowledge of actual motives behind such short-term engagements and meeting their requirements may facilitate organizations to institute concrete retention measures with increased efficiency and organizational stability.

This study will analyze the complex causal factors that encourage Gen Z to take short tenures in their working lives particularly within start-ups. This will endeavor to offer an account into the considerations they have regarding their employment decisions and practical measures that can help in improving rates of retention. It is the vision to make the firms appreciate ways through which improved and better working environment could be provided for the Gen-Z employees so that they remain loyal and committed.

This study seeks to establish the contributing factors for short job tenures amongst the Generation Z employees in the sampled start-ups through a consideration of factors like demographic trends, job satisfaction, organizational culture, career development, technology, environment, and leadership styles. The study will establish the assumption made on short job duration by analyzing real life data and come up with real life solutions on how to improve on the retention and engagement of the Gen Z talent in organizations. The primary research questions are: That brings us to the question: What factors contribute to the retention of the Gen Z employees in start-up organizations? This leads to the following questions: How do these factors affect Gen Z employees in start-up companies? Which of those factors are most critical in determining Gen Z retention in start-ups? The research objectives include determinants of retention among Gen Z workforce, the effectiveness of the determinants in improving or reducing the rates of retention, and recommendations to boost the retention rates of Gen Z workforce. The study will therefore highlight specific factors that impact the loyalty of Gen Z employees in corporate organizations amidst/pre and post pandemic in Indonesia to justify the use of findings in the Indonesian market

LITERATURE STUDY AND HYPOTHESIS

2.1 Work Behavior of Generation Z

It becomes important to comprehend the work behavior of gen Z employees since factors such as expectations, motivation or preferred jobs create overall higher turnover rates. Gen Z is between mid 1990s and early 2010s with a feature of being digital natives being the first generation to grow up with technology fully immersed in their environments. The expectations of how they approach their working environment are unique compared to previous generations due to this social media engagement. They look for work arrangements that are as free as possible from bureaucratization, that provide a clear and fast career trajectory, and that are interesting and valuable according to their own standards. As a matter of fact, unlike the previous generations who were more focused on having a steady job that would ensure that they are employed for a long time, the members of the Gen Z are more willing to change their employers if their needs and wants are not met.

Another reason employees from Gen Z look forward to work is the career advancement and training possibilities. They respect working on their professional growth and are interested in levels that are explained in organizations. Further, in their global survey among the representatives of Gen Z, Deloitte (2021) found that 49% of them would quit workplace because of the lack of



career advancement opportunities. This generation is not willing to remain in rigid positions; they wish to work in organizations that allow them to develop their understanding and improve professionally.

Besides, Gen Z employee pays attention to their balance between work and personal responsibilities. They prefer avoiding any positions that compromise their ability to balance between work and the other aspects of their lives. This is due to their understanding of the detrimental effects that stress and burnout can have on both the individual and team. It has been identified that percentage of Gen Z employees who consider work-life balance as one of the most important factors taken into consideration while selecting an organization. They want flexible working hours and option to telecommute because it allows them better control the time and thus be less stressed.

Self-organizing teams, for example, acknowledge the contribution played by organizational culture in determining the job satisfaction and retention of employees belonging to Gen Z. For that, they seek to work in environments that are friendly and possibly have a progressive culture that embraces equality, teamwork, and open-door policies. Gen Z has high expectations about being able to communicate with managers, employees and other colleagues, and the nature of the work organization that they appreciate is one that is decentralized which accepts their contributions and those of other employees. If organizations do not foster such a positive and stimulating working environment, then it becomes resolved that organizations will find it difficult to retain Gen Z talent, and this will lead to high turnover. In addition, other factors that also need to be highlighted are the need to match the personal values of Gen Z with organizational values. Younger entrants, in particular, focus on organizations that align with their values and priorities and operate sustainably.

2.2 Factors Influencing Turnover

Turnover can be explained by levels of job satisfaction of Gen Z employees, to a larger extent. This generation seeks to feel encouraged, stimulated and appreciate their work more than just being paid. Gen Z employees were more likely to quit a job if they do not find purpose in their work or done they not have the freedom to create new things. There are further correlations well-documented; high job satisfaction and motivation as well as the showing of purpose equals a sustained youthful employee ' paycheck alone' , they want more from the job they do (Twenge, 2017).

Another key factor is compensation, which is closely connected with turnover intentions. However, in the present generation of employees, specifically the Gen Z, there are motivations beyond monetary, yet compensation shall not be overlooked. They expect wages that can match the qualifications of the job and hard work they are putting into task assigned to them. This means that despite the fact that Gen Z wants to improve their career status and prioritize the balance between working and being with their families, they remain sensitive to higher monetary compensation.

The third strategic element that plays a critical role in the context of the framework is organizational culture. The flexibility of Gen Z employees and their attitudes towards work environment highlight the need for inclusive, diverse, and communicative work settings. This means that they desire to be in organization cultures that appreciate them and give them the sense of belonging to a team. In the Deloitte's (2021) Global Millennial Survey, Generation Z respondents indicated that they were likely to quit an organization if the culture was not consistent with their values, and this ratio was 55%. That means a positive organizational culture which encourages teamwork and rewards individual performers could help organizations keep Gen Z employees from leaving as frequently.

Career advancement is also crucial in order to retain Gen Z as it they prefer to learn new skills to meet organizational needs. This generation wants roles that are clearly defined especially when it comes to the prospects of career progression and professional development. This group wants to learn new things and grow in their respective fields as fast as is possible. On the other hand, they may lack growth opportunities and this can lead them to find other companies that will offer them the opportunity to grow, thus they offer high turnover levels

2.3 Theoretical Framework

To explore Gen Z turnover within corporate organizations, several theories provide a structured framework for empirical research. These frameworks offer insights into various aspects of organizational behavior and employee turnover, aiding in the comprehensive understanding of the phenomena.

Grounded Theory is instrumental in developing new theories or understanding complex phenomena without prior notions. This approach begins with data collection and analysis, identifying patterns and themes that emerge from the data itself (Glaser &



Strauss, 1967). This method is particularly useful for studying Gen Z turnover, as it allows researchers to generate theories based on actual observations and experiences within the workplace, providing a nuanced understanding of their behavior and motivations.

Systems Theory helps in understanding the interconnectedness of various organizational elements and their impact on overall functionality (Senge, 1990). By viewing the organization as a system of interrelated parts, this theory underscores how changes in one aspect can affect others. For instance, how changes in management practices or organizational culture might influence Gen Z employees' job satisfaction and turnover rates. This holistic perspective is crucial for addressing the multifaceted nature of turnover.

The Diffusion of Innovations Theory elucidates how Gen Z's rapid adoption of new technologies impacts their work behavior and expectations (Rogers, 2003). Gen Z employees are digital natives who expect seamless integration of technology in their work processes. This theory helps in understanding how the adoption and diffusion of new technologies within an organization can influence Gen Z's engagement and retention.

Organizational Culture Theory examines how an organization's values and norms influence employee behavior (Schein, 2010). Gen Z employees place a high value on a positive and inclusive organizational culture. This theory provides a framework for analyzing how cultural elements within an organization affect Gen Z's job satisfaction and their decision to stay or leave.

Change Management Theories, such as Lewin's and Kotter's models, provide strategies for managing organizational change effectively (Lewin, 1951; Kotter, 1996). These theories are relevant as organizations often undergo changes that can impact employee retention. Understanding these models helps in designing strategies to manage transitions smoothly, thereby reducing turnover among Gen Z employees who might be sensitive to organizational changes.

Expectancy Theory helps in understanding the relationship between effort, performance, and outcomes in motivating employees (Vroom, 1964). This theory posits that employees are motivated to exert effort when they expect that their effort will lead to desired performance and outcomes. Applying this theory to Gen Z can help organizations create environments where young employees feel their efforts are recognized and rewarded appropriately, thus reducing turnover.

Motivation Theories, such as Maslow's Hierarchy of Needs and Self-Determination Theory, offer insights into what drives employee motivation (Maslow, 1943; Ryan & Deci, 2000). These theories suggest that fulfilling basic needs and fostering intrinsic motivation are key to employee satisfaction. For Gen Z, this might translate into providing opportunities for personal growth, autonomy, and meaningful work.

Resource Dependence Theory explores how organizations manage dependencies and build relationships to ensure stability (Pfeffer & Salancik, 2003). This theory is pertinent in understanding how organizations can create stable environments that support Gen Z's needs for security and growth.

Innovation Diffusion Theory helps understand the stages of adoption for new ideas or technologies within organizations (Rogers, 2003). This theory is particularly relevant for Gen Z, who are often early adopters of new technologies. Understanding the diffusion process can help organizations manage the introduction of new technologies in a way that aligns with Gen Z's expectations and reduces turnover.

2.4 Research Framework

In light of these facts, the purpose of this research is to ascertain and explore the core drivers in retaining Gen Z employee in startup organizations. Some of the areas of concern include demographic information, job satisfaction, organizational culture, promotional opportunities, tools of work, environmental forces and leadership perspectives.

Non-financial factors affecting Gen Z employees' retention include personal and organizational factors, whereas financial factors comprise Total Rewards Variables, and non-work factors entail a culture match and a compatible Values System. Therefore, non-financial aspects are central to the Gen Z retention process and can be categorized into the intrinsic as well as extrinsic motivators. Extrinsic factors include promotions, employee recognition, incentive programs, flexible work schedules, and employee benefit packages. These are aspects intrinsic to the employee in that they impact on feelings held regarding the work done. For example, job and job satisfaction and involvement are important since they indicate the level of the employee's interest and satisfaction in their positions. Other factors include burnout, WFB, and work-life balance, and all three are valuable to Gen Z as they have a strong focus on mental well-being and equal work-life splits.

Extrinsic factors may be defined as outside and/or circumstances that affect the organization's working environment. These include the terms of employment and working conditions, the access to technologies and equipments, job demands and tasks, training

and retraining possibilities, flexible working arrangements, and opportunities for the career advancements (Setiawan & Hendarman, 2024). Especially for the Gen Z, it is crucial to have modern tools to communicate and availability of proper training, as they are Innovative technology-savvy and would want to develop themselves. Hypothesis 3: Other aspects that are important to Gen Z and which serve as secondary preferences include options for flexible working and career enhancement as these are the options that will allow for flexibility that Gen Z employs in their work.

Financial factors are also crucial in determining retention. Competitive salaries, bonuses, and opportunities for promotion are significant motivators for Gen Z employees. Financial incentives not only provide immediate benefits but also signal an organization's commitment to valuing and rewarding its employees, which can enhance loyalty and reduce turnover.

Non-work-related factors such as job security and stability are vital for Gen Z retention. Given the volatile nature of startup environments, the assurance of job security can significantly influence an employee's decision to stay. Stability in employment provides a sense of safety and predictability, which is essential for retaining young professionals who may otherwise be inclined to seek more secure opportunities elsewhere.

To assess the impact of these factors on Gen Z retention rates, the study will employ a mixed-methods approach, collecting empirical data through surveys, interviews, and case studies. Surveys will be used to gather quantitative data on the prevalence and significance of various factors among Gen Z employees. Interviews will provide qualitative insights into personal experiences and perceptions, offering a deeper understanding of the nuanced ways in which these factors influence retention. Case studies of specific startup organizations will illustrate real-world applications and outcomes, thereby providing a holistic view of the factors affecting Gen Z retention in the workplace.

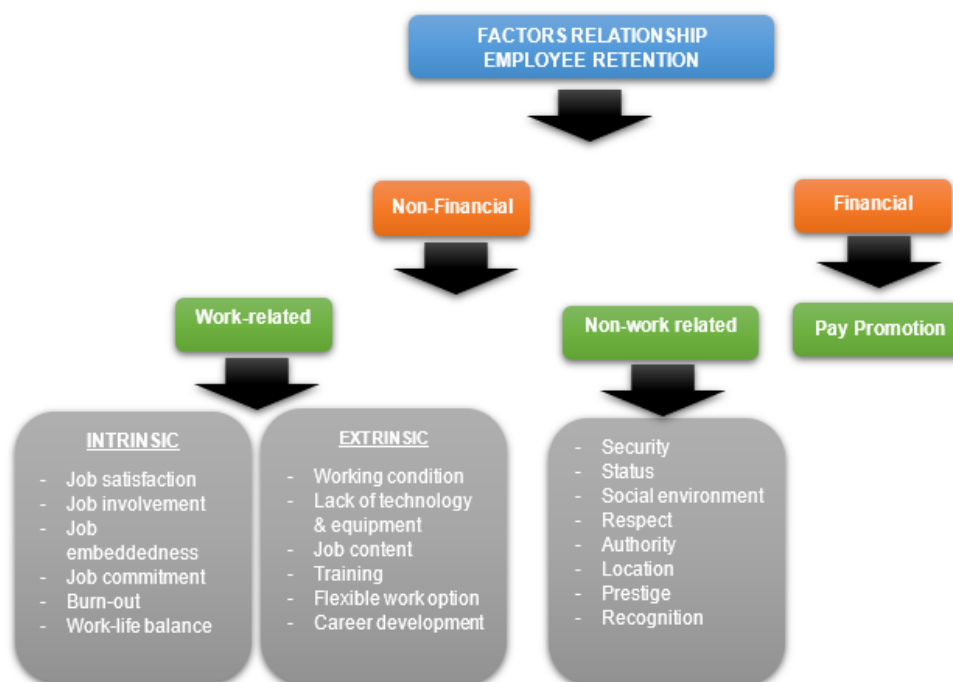


Figure 1. Conceptual Framework

RESEARCH DESIGN

3.1 Population and Sample

The study concentrates on two FMCG startup companies in Indonesia: PT. NAMA CANTIK ABADI, operating under the NAMA Beauty brand, and PT. Tak Terhingga Sepanjang Masa, known for the Birth Beyond brand. Workplace observations will encompass office areas, meeting rooms, and common workspaces within these companies to gain profound insights into the daily interactions and behaviors of Generation Z employees. Data collection will span from December 2023 to February 2024, chosen to coincide with significant periods that may impact work dynamics within the companies. This timeframe allows for observing



seasonal influences and any company-specific events that could affect employee experiences and perceptions. The research targets Generation Z employees within startup companies in Indonesia, specifically those employed by NAMA Beauty and Birth Beyond. This demographic is chosen for its relevance to contemporary workforce dynamics and its distinct characteristics influencing job tenure in startup environments. A combination of random and stratified sampling techniques will be employed. Random sampling ensures equal representation across different roles and levels within the companies, while stratified sampling ensures diversity across subgroups based on factors such as department, tenure, and job role. This methodological approach aims to capture a representative sample that reflects the diversity and dynamics of Generation Z employees in startup settings. The study aims to include between 100 to 200 participants, ensuring a robust representation of Generation Z employees within the selected startup companies. This sample size is considered adequate to draw statistically significant conclusions about job tenure patterns, preferences, and influencing factors among this demographic.

3.2 Variable and Measurement

This study examines four key variables influencing the perceptions and experiences of Generation Z employees within their workplaces. These variables include Financial Factors, Career Growth and Development, Work-Life Balance, and an Open and Collaborative Company environment. Each variable encompasses distinct aspects essential for understanding the holistic employment satisfaction of this demographic.

Financial factors addresses elements crucial for fulfilling basic financial needs and fostering motivation among employees. Using a Likert scale, participants rate the importance of financial opportunities, satisfaction with employee benefits, and their sense of financial security. This assessment aims to gauge how well these factors align with employee expectations and contribute to their overall satisfaction and loyalty.

Career growth and development focused on professional advancement, this variable measures the support for career growth and the effectiveness of training programs provided by employers. Grounded in systems theory and innovation diffusion theory, respondents assess the organizational support for skill enhancement and career progression, influencing their job satisfaction and commitment.

Work-life balance explores factors contributing to balancing work responsibilities with personal life commitments. Participants evaluate the impact of promotional opportunities and the flexibility of work arrangements using expectancy theory and Lewin's change management model. It seeks to understand how these factors affect employee well-being and their ability to manage work-life integration effectively.

Open and collaborative company examining organizational culture, this variable assesses communication effectiveness and collaboration within the workplace. Drawing on organizational culture theory and social identity theory, employees rate the transparency of communication channels and the extent of collaboration among teams. This measurement aims to capture how a supportive and inclusive workplace culture influences employee satisfaction and engagement.

To ensure comprehensive data collection, a structured questionnaire is employed, combining closed-ended Likert scale items with open-ended questions. This approach captures quantitative insights into employee perceptions across the aforementioned variables while allowing for qualitative exploration of their experiences and aspirations. The questionnaire includes sections on demographic information, career aspirations, job satisfaction factors, employee loyalty perceptions, employment preferences, and decision-making influences.

A visual representation of the research design will be included to illustrate the systematic approach to data collection and analysis. This diagram will outline the interrelationships between variables, data collection methods, and the theoretical framework employed to guide the study.

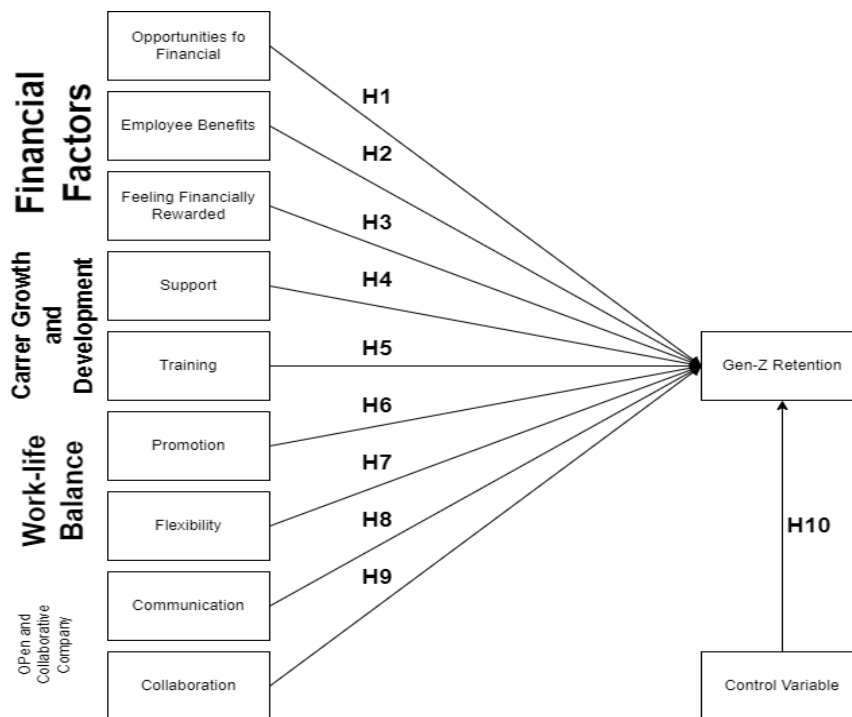


Figure 2. Hypotheses diagram

3.3 Analysis Technique

After collecting the data, the researcher proceeded with analyzing both qualitative and quantitative data to derive meaningful insights relevant to Generation Z employee retention in Indonesian startup companies. The analysis methods chosen were critical in ensuring the depth and validity of the study's findings. This section outlines the methodologies employed for both qualitative and quantitative data analysis.

Qualitative data, gathered through interviews and open-ended survey responses, underwent rigorous content analysis. This methodological approach involved several systematic stages: first, data preparation included transcription and organization of interview transcripts. Second, familiarization with the data involved reading transcripts to identify emerging themes and patterns. Third, systematic coding categorized data into themes based on recurring topics. Fourth, theme development refined these categories to extract key insights. Finally, interpretation contextualized these themes within the research framework, establishing connections that addressed specific research questions. This methodological rigor ensured a comprehensive exploration of Generation Z employees' motivations and perceptions within startup environments.

Quantitative data from structured questionnaires underwent robust statistical analysis to uncover patterns and relationships among variables influencing job tenure. Descriptive statistics provided a foundational overview, including measures such as mean, median, standard deviation, and more, to characterize data distributions effectively. Inferential statistics were then employed to explore deeper relationships (Burns and Grove, 1993:777). This included correlation analysis to assess the strength and direction of associations between variables, such as job satisfaction and tenure. Additionally, regression analysis elucidated the impact of independent variables—such as financial factors, career growth opportunities, and workplace environment—on job retention among Generation Z employees.

The study tested twelve hypotheses to determine the significant factors influencing Generation Z retention rates. These hypotheses spanned various dimensions, including financial incentives, career development support, workplace flexibility, and the influence of organizational culture. Multiple regression models were utilized to examine these relationships, both with and without control variables, enhancing the accuracy of attributions made to retention outcomes. Statistical tests such as the F-test and t-test were employed to evaluate the significance of regression coefficients, providing critical insights into which factors exerted a statistically significant influence on job tenure.



To synthesize findings from qualitative and quantitative analyses, triangulation was employed to compare and contrast results, ensuring comprehensive validity. Narrative synthesis was utilized to weave together qualitative depth with quantitative rigor, offering a cohesive narrative that addressed the research objectives effectively (Madden et al., 2017). This integrated approach provided nuanced insights into the complex factors shaping job tenure among Generation Z employees in Indonesian startup companies.

RESULT AND DISCUSSIONS

4.1 Result of Qualitative Analysis

The qualitative analysis conducted on Gen-Z employee retention within Indonesian startup companies revealed several key insights. First, there is significant variability in the percentage of Gen-Z employees across different organizations. For example, PT. Eternal Beautiful boasts a high concentration of Gen-Z employees, comprising 89% of its workforce, while a chocolate manufacturing company only has 10%. BSI maintains a balanced ratio of 50% between Gen-Y and Gen-Z. This variation highlights the diverse presence of Gen-Z in workplaces and its potential impact on organizational dynamics and human resource management strategies. Another critical finding is the prevalence of long working hours among Gen-Z employees. Data across multiple questions consistently pointed to Gen-Z facing extended work hours, which can lead to increased stress levels and diminished job satisfaction (Q1.3, Q1.4, Q2.3, Q2.4, Q3.5). This aspect underscores the need for companies to address workload management and promote a healthy work-life balance to enhance retention efforts. Furthermore, the analysis revealed that Gen-Z tends to have relatively short tenures within companies. Across different sectors, Gen-Z employees typically stay for a short period, often leaving within one to two years (Q1.7, Q2.5, Q3.4, Q3.6, Q3.7). This trend underscores the challenges in retaining Gen-Z talent and emphasizes the importance of creating supportive work environments that cater to their professional growth and personal development needs. Financial factors emerged as pivotal in influencing Gen-Z retention. The analysis highlighted that financial satisfaction significantly impacts Gen-Z's decision to stay or leave a company (Q1.12, Q2.7, Q3.9). Higher income and comprehensive benefits were found to increase the likelihood of Gen-Z employees remaining loyal to their employers. This finding underscores the importance of competitive compensation packages and effective financial management in fostering employee satisfaction and retention. Additionally, there exists a notable discrepancy between Gen-Z's salary expectations and the actual compensation provided by companies (Q1.10, Q2.8, Q3.10). This gap underscores the need for transparent communication during recruitment processes to align expectations and realities effectively. Addressing these discrepancies can help mitigate dissatisfaction and improve retention outcomes among Gen-Z employees.

The formation of categories through axial coding further enriches the understanding of Gen-Z retention dynamics, as follows: The diversity of Gen-Z employees across different companies influences organizational strategies and dynamics. Understanding these variations helps in tailoring HR practices to accommodate diverse workforce compositions effectively. The relatively short tenure of Gen-Z within companies, influenced by factors like workload and career expectations, highlights the challenges in retaining young talent. Strategies focusing on professional development and workplace satisfaction are crucial in extending employee retention. Dominant factors affecting Gen-Z retention, such as financial satisfaction and workplace conditions, play a significant role in employee decision-making. Addressing these factors proactively can enhance retention rates and foster a positive organizational culture. Disparities between Gen-Z's wage expectations and the actual compensation offered underscore the importance of transparent recruitment practices. Clear communication regarding salary and benefits helps manage expectations and improves employee satisfaction and retention. The strong influence of financial satisfaction on Gen-Z retention highlights the need for competitive compensation strategies. Aligning financial incentives with employee expectations can significantly enhance retention efforts and promote long-term employee loyalty.

4.2 Result of Descriptive Analysis

Quantitative analysis complements the qualitative findings by providing numerical insights into the variables under study. Descriptive statistics were employed to summarize the characteristics of the data set, including measures such as means, medians, standard deviations, and ranges. Table 4.4 presents a detailed overview of these descriptive statistics.



Table 1. Descriptive Statistics

	Valid	Median	Mean	Std. Deviation	Minimum	Maximum
X1	157	3.440	3.396	0.656	1.110	5.000
X1.1	157	3.000	3.132	0.742	1.000	5.000
X1.2	157	3.330	3.429	0.721	1.000	5.000
X1.3	157	3.670	3.629	0.911	1.000	5.000
X2	157	3.670	3.523	0.954	1.000	5.000
X2.1	157	3.670	3.626	0.956	1.000	5.000
X2.2	157	3.330	3.420	1.074	1.000	5.000
X3	157	3.330	3.389	0.839	1.000	5.000
X3.1	157	3.330	3.315	0.912	1.000	5.000
X3.2	157	3.670	3.462	0.978	1.000	5.000
X4	157	3.830	3.710	0.771	1.500	5.000
X4.1	157	3.670	3.590	0.885	1.000	5.000
X4.2	157	4.000	3.794	0.797	2.000	5.000
C1	157	1.000	0.701	0.459	0.000	1.000
C2	157	0.000	0.038	0.192	0.000	1.000
C3	157	25.000	25.777	4.396	19.000	46.000
C4	157	1.000	0.599	0.492	0.000	1.000
Y	157	2.000	2.083	1.056	1.000	4.000

Financial factors (X1) were assessed across several dimensions. The average score for overall financial satisfaction (X1) was 3.396, with a median of 3.440, indicating moderate variability (standard deviation = 0.656) among the 157 responses. Specifically, opportunities for financial growth (X1.1) scored an average of 3.132, showing variability (standard deviation = 0.742) in how employees perceived financial opportunities within their organizations. Employee benefits (X1.2) averaged 3.429, with a standard deviation of 0.721, indicating varied perceptions regarding the benefits provided. Feeling financially rewarded (X1.3) averaged 3.629, with a median of 3.670 and a standard deviation of 0.911, highlighting significant variability in employees' feelings of financial satisfaction.

Career growth and development (X2) also exhibited variability. The overall average score for career growth and development was 3.523, with a median of 3.670 and a standard deviation of 0.954. Factors such as support for career growth (X2.1) averaged 3.626, showing considerable variability (standard deviation = 0.956) in perceived support from their organizations. Training opportunities (X2.2) averaged 3.420, with a standard deviation of 1.074, indicating varied perceptions regarding the adequacy of training provided.

Work-life balance (X3) had an average score of 3.389, with a median of 3.330 and a standard deviation of 0.839. Promotion opportunities (X3.1) averaged 3.315, showing variability (standard deviation = 0.912) in perceptions regarding promotional opportunities. Collaboration (X3.2) averaged 3.462, with a standard deviation of 0.978, indicating varying perceptions of collaboration within the workplace.

Open and collaborative company culture (X4) received an average score of 3.710, with a median of 3.830 and a standard deviation of 0.771. Communication effectiveness (X4.1) averaged 3.590, with a standard deviation of 0.885, reflecting varied perceptions regarding communication practices. Collaboration within teams (X4.2) averaged 3.794, with a median of 4.000 and a standard deviation of 0.797, highlighting perceptions of teamwork and collaboration within the organization.

These descriptive statistics provide a comprehensive snapshot of how employees perceive various aspects of their workplace environment. They underscore the variability in perceptions across different dimensions, which is crucial for organizations aiming to improve employee satisfaction and retention. The detailed statistical summary in Table 4.4 aids in understanding the distribution and central tendencies of the data, laying the groundwork for further inferential analysis to explore relationships and associations among variables



4.3 Result of Regression Analysis

Regression analysis seeks to estimate the impact that one or more independent variables have on a dependent variable. Multiple linear regression test results had been presented as follows:

1. Multiple regression analysis stage 1

To explore the relationships between financial factors, career growth opportunities, work-life balance, organizational culture, and employee retention rates among Generation Z employees, a multiple regression analysis was conducted. The equation derived from this analysis is: $Y = 0.504 - 0.391X1 + 0.150X2 - 0.203X3 - 0.284X4$. Here, Y represents the retention rate, and X1 through X4 denote financial factors, career growth opportunities, work-life balance initiatives, and organizational culture respectively. The coefficients indicate the strength and direction of these relationships. Notably, financial factors (X1) and organizational culture (X4) show significant negative influences on retention, while career growth opportunities (X2) exhibit a positive yet statistically insignificant influence.

Table 1. Multiple Regression Test Stage 1

Coefficients									
Model		Unstandardized	Standard Error	Standardized	t	p			
H ₀	(Intercept)	2.083	0.084		24.716	< .001			
H ₁	(Intercept)	0.504	0.494		5.268	< .001			
	X1	-0.391	0.173	-0.050	-7.467	0.002			
	X2	0.150	0.134	0.117	0.969	0.334			
	X3	-0.203	0.160	-0.082	-5.646	0.046			
	X4	-0.284	0.173	-0.207	-9.642	<0.001			

To further analyze the significance of each variable, t-tests were conducted. Variables such as X1 and X3 demonstrated statistically significant impacts on retention, with p-values indicating rejection of the null hypothesis. This suggests that financial factors and work-life balance significantly affect Generation Z retention rates within the organization.

A Jarque-Bera test was employed to assess the normality of the data used in the regression model. Figure 4.1 reveals that the data do not conform to a normal distribution, with significant skewness and kurtosis observed ($p < 0.05$). This indicates non-normality in the distribution of retention rates among Generation Z employees. Autocorrelation within the regression model was assessed using the Durbin-Watson statistic. A value of 1.602 suggests no significant autocorrelation issues, validating the integrity of the regression model in capturing independent relationships between variables.

The coefficient of determination (R-squared) for Stage 1 regression indicates that financial factors, career growth opportunities, work-life balance, and organizational culture collectively explain 55.2% of the variance in Generation Z retention rates. While significant, this suggests that other unmeasured factors also influence retention beyond those included in the model

2. Multiple regression analysis stage 1 with control

Expanding the analysis to include control variables such as demographic factors (Table 4.10) provides a more nuanced understanding of retention determinants. The equation: $Y = -1.492 - 0.391X1 + 0.150X2 - 0.203X3 - 0.284X4 + 0.009C1 + 0.142C2 - 0.049C3$ shows adjusted coefficients for additional influences on retention. Control variables C1, C2, and C3 introduce demographic considerations that moderately affect retention outcomes among Generation Z employees.

Table 1. Multiple Regression Test Stage 1 with Control

Coefficients									
Model		Unstandardized	Standard Error	Standardized	t	p			
H ₀	(Intercept)	3.067	0.092		33.278	< .001			
H ₁	(Intercept)	-1.492	0.561		-2.662	0.009			



	X1	-0.391	0.173	-0.05	7.654	< .001
	X2	0.15	0.134	0.117	1.208	0.229
	X3	-0.203	0.16	-0.082	4.505	0.039
	X4	-0.284	0.173	-0.207	0.157	<0.001
	C1	0.009	0.133	0.004	0.071	0.943
	C2	0.142	0.054	0.147	5.639	0.009
	C3	-0.049	0.132	-0.021	0.095	0.713

Further t-tests reveal that while some control variables like C2 significantly impact retention ($p < 0.05$), others such as C1 and C3 demonstrate no significant influence. This highlights the differential effect of demographic factors on retention rates within the organization.

The results of a normality test incorporating control variables, indicating adherence to a normal distribution ($p > 0.05$). This contrasts with the earlier finding of non-normality in the base regression model, suggesting that demographic controls stabilize the distribution of retention rates.

The adjusted R-squared value for Stage 1 regression with control variables (Table 4.11) stands at 51.8%, implying that financial factors, career growth opportunities, work-life balance, organizational culture, and demographic factors collectively explain variability in Generation Z retention rates. This comprehensive model underscores the multifaceted nature of retention determinants, underscoring both direct and mediated effects on employee retention.

3. Multiple regression analysis stage 2

Correlation analysis was conducted to assess relationships between financial factors, career growth opportunities, work-life balance initiatives, organizational culture, and employee retention rates. The equation for the model is: $Y = 0.397 - 0.471X_{1.1} - 0.286X_{1.2} - 0.489X_{1.3} + 0.022X_{2.1} + 0.216X_{2.2} - 0.356X_{3.1} + 0.146X_{3.2} - 0.145X_{4.1} - 0.189X_{4.2}$. Y starts at 0.397 when all independent variables are zero. X1.1, X1.2, X1.3 variables negatively impact Y (employee retention), with significant coefficients. While X2.1 positively affects Y, X2.2, X3.1, X4.1, and X4.2 have negative influences.

Table 1. Multiple Regression Test Stage 2

Coefficients							
Model		Unstandardized	Standard Error	Standardized	t	p	
H ₀	(Intercept)	2.065	0.087		51.892	< .001	
H ₁	(Intercept)	0.397	0.535		3.480	< .001	
	X1.1	-0.471	0.163	0.049	-5.237	0.003	
	X1.2	-0.286	0.152	0.057	-1.892	0.002	
	X1.3	-0.489	0.130	-0.075	-5.685	0.004	
	X2.1	0.022	0.170	0.192	0.311	0.232	
	X2.2	-0.216	0.139	-0.212	-1.552	0.053*	
	X3.1	-0.354	0.157	-0.129	-4.980	0.002	
	X3.2	0.146	0.121	0.132	1.205	0.401	
	X4.1	-0.145	0.166	0.118	0.878	0.027	
	X4.2	-0.189	0.179	-0.212	-1.617	<.001	

T-tests confirmed significant impacts of X1.1, X1.2, X1.3, X3.1, X4.1, and X4.2 on employee retention, indicating rejection of null hypotheses for these variables.

The Jarque-Bera test indicated non-normal distribution of the retention variable ($p = 0.000$), highlighting deviations from normality in the data.

The Durbin-Watson statistic (1.773) fell within the acceptable range (-2 to +2), suggesting no significant autocorrelation issues.



The adjusted R-squared value (0.493) showed that the model explained 49.3% of the variance in employee retention, indicating a moderate correlation with the independent variables.

4. Multiple regression analysis stage 2 with control

Building on previous findings, including additional control variables, the regression equation adjusted for: $Y = -0.109 - 0.483X_{1.1} - 0.212X_{1.2} - 0.152X_{1.3} + 0.279X_{2.1} - 0.193X_{2.2} - 0.243X_{3.1} + 0.162X_{3.2} - 0.330X_{4.1} - 0.290X_{4.2} - 0.115C_1 + 0.120C_2 + 0.040C_3$. Y starts at -0.109 when all variables are zero. X1.1, X1.2, X1.3, X3.1, X4.1, X4.2, and C2 showed significant impacts on retention rates.

Table 1. Multiple Regression Test Stage 2 with Control

Coefficients								
Model		Unstandardized	Standard Error	Standardized	t	p		
H ₀	(Intercept)	2.078	0.086		24.107	< .001		
H ₁	(Intercept)	-0.109	0.289		-0.957	< .001		
	X1.1	-0.483	0.142	-0.023	-5.812	0.002		
	X1.2	-0.212	0.132	-0.008	-1.094	< .001		
	X1.3	-0.152	0.114	-0.128	-1.330	0.004		
	X2.1	0.279	0.148	0.244	1.889	0.361		
	X2.2	-0.193	0.123	-0.190	-1.563	0.120		
	X3.1	-0.243	0.137	-0.205	-1.774	0.018		
	X3.2	0.162	0.105	0.149	1.549	0.124		
	X4.1	-0.330	0.145	-0.270	-2.267	0.025		
	X4.2	-0.290	0.154	-0.214	-1.875	0.033		
	C1	-0.115	0.164	-0.054	-0.703	0.483		
	C2	0.120	0.019	0.500	6.373	< .001		
	C3	0.040	0.159	0.018	0.250	0.803		

T-test confirmed the significance of X1.1, X1.2, X1.3, X3.1, X4.1, X4.2, and C2 on retention rates, while C1 and C3 were non-significant.

The normality test (Figure 4.4) showed that the retention variable was normally distributed (p = 0.2153), meeting assumptions of normality.

The adjusted R-squared value (0.502) indicated that 50.2% of the variance in retention could be explained by the model, suggesting a moderate correlation with the independent variables and control factors

4.4 DISCUSSION

The findings of this study underscore the multifaceted nature of factors influencing the retention of Generation Z (Gen-Z) employees in the workplace, as revealed through a triangulation of qualitative interviews and quantitative analysis. Qualitative insights highlighted significant financial pressures, high expectations for career advancement, and the detrimental impact of prolonged working hours on job satisfaction and retention. These qualitative themes resonated with quantitative results, which identified financial factors, office conditions, and superior job offers as primary determinants of Gen-Z retention rates.

Among these factors, financial considerations emerged as the most influential, with opportunities for financial rewards (X1.1), employee benefits (X1.2), and the perception of being financially rewarded (X1.3) significantly impacting retention rates. Additionally, career advancement opportunities (X3.1), effective communication (X4.1), and collaborative work environments (X4.2) were identified as critical in retaining Gen-Z employees. The study's regression analyses, both with and without control variables, reinforced these findings, indicating that while certain factors varied in significance, financial factors consistently played a pivotal role across all models.

Furthermore, the study revealed that age (C2) also played a notable role, suggesting that younger employees may have



different retention drivers compared to their older counterparts. This demographic insight underscores the importance of tailored retention strategies that account for generational differences within the workforce.

In contrast, factors such as training (X2.2), educational background (C1), and gender (C3) showed less consistent influence on retention rates, highlighting their secondary importance in comparison to financial and workplace environment factors.

CONCLUSION

Retention of Generation Z (Gen-Z) employees in start-ups hinges on financial incentives and organizational factors. Key determinants include opportunities for financial gain, comprehensive employee benefits, and feeling financially rewarded, which enhance Gen-Z's sense of security and job satisfaction. Additionally, maintaining work-life balance supports flexibility and plays a pivotal role in their overall job satisfaction. A collaborative company culture, characterized by effective communication and teamwork, further strengthens employee engagement and loyalty. These elements underscore the importance of cultivating a balanced and supportive work environment to retain young talent effectively.

Understanding the complex interaction among these factors within start-up environments is crucial. Unmet financial needs or unrealistic career expectations can lead to dissatisfaction and increase turnover rates. Thus, addressing financial security, career growth opportunities, and work environment dynamics is essential for shaping Gen-Z retention rates in start-ups. Prioritizing strategies that meet financial and career development needs fosters a sense of security and commitment among Gen-Z employees, ensuring their long-term engagement with the organization.

To enhance retention strategies, future research should focus on longitudinal studies to track evolving retention factors over time. Comparative research across different organizational contexts can provide insights into how environments influence Gen-Z retention. Exploring intersectional factors such as gender and socio-economic background will deepen understanding of subgroup variations in retention needs. Additionally, conducting in-depth qualitative research will reveal nuanced insights into the motivations and decision-making processes of Gen-Z employees, guiding tailored retention efforts in start-up environments. By aligning these strategies, start-ups can create supportive workplaces that nurture and retain their Gen-Z talent effectively.

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