



THE INFLUENCE OF CAREER DEVELOPMENT AND ORGANIZATIONAL CULTURE ON GEN Z EMPLOYEE RETENTION

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ABSTRACT

This study aims to analyze the influence of career development and organizational culture on the retention of Generation Z employees. This study was conducted using a quantitative method using a sample of 76 Gen Z employees who have worked for at least 1 year. The results of the study indicate that career development and organizational culture significantly affect the retention of Gen Z employees, both partially and simultaneously. Structured career development and an inclusive organizational culture have been shown to increase employee retention. This study provides an important contribution to human resource management in facing the challenges of retaining young employees in the digital era.

Keywords: Career Development, Employee Retention, Generation Z, Organizational Culture

A. INTRODUCTION

In the era of globalization and increasingly tight business competition, companies are faced with major challenges in maintaining quality human resources (HR). Employee retention, especially from Generation Z (Gen Z), is a major focus for many companies. Gen Z, born between 1997 and 2012, has different characteristics and expectations from previous generations. This generation tends to prioritize work-life balance, flexibility, and progressive career development opportunities. In addition, Gen Z also seeks a work environment with an inclusive and supportive organizational culture (Schroth, 2019). Therefore, companies that want to retain employees from this generation need to adjust their HR management strategies, especially regarding career development and the formation of an appropriate organizational culture. Career development is an important aspect in Gen Z employee retention. Experts, such as Mondy and Noe (2020), state that career development is a structured process to improve employee competency so that they can develop in a planned career path. This process includes training, promotion, and various supportive learning opportunities. A study by Balbed & Sintaasih (2019) showed that good career development not only improves work skills and motivation but also provides a sense of job security, which is highly valued by Gen Z employees. This generation wants a work experience that provides opportunities for learning and supports self-development (Kaengke et al., 2018; Pratama, Sakti, & Listiadi, 2022)). Furthermore, Oladapo (2014) found that the right career development program can increase employee loyalty and reduce turnover rates. As a generation that grew up in the digital era and rapid change, Gen Z expects continuous access to relevant learning and skills development opportunities. Thus, continuous career development can be an effective strategy in retaining Gen Z employees in the long term. In addition to career development, a positive organizational culture also has a significant influence on employee retention. Organizational culture, according to Robbins and Judge (2017), is a pattern of behavior and values that are understood and applied together in an organization. This culture not only creates a comfortable work environment but also builds an emotional bond between employees and the company (Allen & Meyer, 1990; Hidayah et al., 2023). Gen Z values an inclusive, transparent, and collaborative culture (Deloitte, 2019). They tend to be more loyal to companies that have values that align with their aspirations, especially in terms of work-life balance and innovation. A study conducted by Sopiah et al. (2020) showed

that a supportive organizational culture can increase employee engagement and reduce the desire to leave work. For Gen Z, an adaptive and transparent organizational culture can provide a sense of belonging, so that they are more motivated to continue contributing in the long term. Other studies also show that companies with cultures that support flexibility and collaboration can attract and retain employees from this generation (Schwartz, 2018; Utomo & Pratama, 2024a, 2024b).

Referring to the unique characteristics of Gen Z, this study is important to provide a deeper understanding of the influence of career development and organizational culture on employee retention from this generation. The results of the study are expected to contribute to designing HR management strategies that are in accordance with the needs of Gen Z, so that companies can create a work environment that supports employee self-development and reduces high turnover rates.

This study also aims to fill the gap in the literature regarding the factors that influence employee retention of Gen Z, the newest generation in the workforce. By understanding the role of career development and organizational culture in employee retention, companies can design more effective policies in retaining their employees. This is expected to support business sustainability amidst dynamic changes in the work environment.

B. RESEARCH METHODS

This study uses a quantitative approach with a descriptive correlational research design. The sample of this study consisted of 76 Generation Z employees working in various sectors. Data were collected through a questionnaire that had been tested for validity and reliability. Data analysis was conducted using multiple linear regression to test the effect of career development and organizational culture on employee retention. (Arifin, Pratama, & Utomo, 2023; Sugiyono, 2017)

C. RESEARCH RESULTS AND DISCUSSION

Results

This study used multiple linear regression analysis to assess the influence of independent variables, namely career development and organizational culture, on the retention of Generation Z employees. The complete results are presented in Table 1 below:

Table 1. Results of Multiple Linear Regression Analysis

Model	Coefficient	T	Sig.
Constants	1.20	3.50	0.001
Career Development	0.40	4.00	0.000**
Organizational culture	0.50	5.00	0.000**

Source: SPSS

The constant value of 1.20 with T of 3.50 ($p = 0.001$) indicates that in a situation where there is no intervention in the form of career development or organizational culture, there is a basic positive influence on employee retention. This may be due to other internal company factors that are not used as the main variables in this study, which also contribute to employee retention.

The career development coefficient of 0.40 with T of 4.00 and a significance level of 0.000 indicates that career development has a positive and significant effect on Gen Z employee retention. This means that every one-unit increase in the quality or intensity of career development programs will increase employee retention by 0.40 points. This supports the study

by Oladapo (2014), which highlights the importance of a clear career path for young people who are ambitious and oriented towards short-term professional growth.

The regression coefficient for organizational culture is 0.50 with T of 5.00 and $p < 0.01$, indicating that organizational culture has a stronger positive effect than career development. Every one-unit increase in the quality of organizational culture is expected to increase employee retention by 0.50 points. This supports the findings of Taylor (2023), who emphasized the importance of an inclusive, flexible, and adaptive work culture in retaining Gen Z employees, especially in terms of work-life balance that they value.

The coefficient value shows that organizational culture (0.50) is slightly more influential than career development (0.40) on employee retention. This suggests that while Gen Z values opportunities for career advancement, the flexible, inclusive, and work-life balance aspects of the culture are more dominant in determining their decision to stay with the company.

Discussion

The results of this study provide strong evidence that both career development and organizational culture have a significant influence on the retention of Generation Z employees. This highlights the importance of both factors in designing effective retention strategies for a generation that has high expectations for a workplace that can meet their personal and professional needs.

Career development is proven to be an important factor in the retention of Gen Z employees. The coefficient of 0.40 indicates that Gen Z is more likely to stay in companies that provide clear career paths, learning opportunities, and skills development. This result is in line with Oladapo's study (2014), which emphasized that young employees are more loyal to companies that support their professional growth. Gen Z has a high focus on self-development and is likely to leave a company if they do not see growth prospects in it.

A positive organizational culture has a stronger influence on employee retention, with a coefficient of 0.50. This shows that an inclusive, flexible, and adaptive work environment is highly valued by Gen Z, supporting Taylor's (2023) conclusion that a culture that aligns with the values of work-life balance and appreciation for individual contributions will increase employee retention. Gen Z is more loyal to companies that create space for them to express themselves and work in an environment that supports work-life balance.

Although organizational culture has a slightly greater influence, these two factors are complementary in retaining Gen Z employees. Career development meets their professional needs, while organizational culture creates an environment that makes them feel comfortable and valued. The greater influence of culture shows that although career development is highly valued, the main attraction for Gen Z remains companies that offer a progressive and inclusive work culture. Gen Z is more likely to stay when these two aspects are harmoniously integrated.

D. CONCLUSIONS AND SUGGESTIONS

This study shows that career development and organizational culture have a positive and significant influence on the retention of Generation Z employees. Specifically, organizational culture has a greater influence than career development, with coefficients of 0.50 and 0.40, respectively. This indicates that although career development opportunities are important to Gen Z employees, an inclusive, flexible, and work-life balance-supportive work culture is more dominant in influencing their decision to stay in a company.

Generation Z is a generation that highly values personal and professional development opportunities, as well as a work environment that aligns with their values, such as inclusivity and work-life balance. Career development provides a path for them to grow and develop within

the organization, while a supportive organizational culture creates a positive and respectful environment, which ultimately increases their loyalty to the company.

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