

The Impact of Career Development and Job Satisfaction on Gen-Z Employee Retention in Manufacturing Companies in The Karawang Region

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Abstract

Many companies have recruited young employees, known as Generation Z (Gen-Z), to fill positions needed by the company. This is in response to the challenge companies face in adapting to the changing times. Gen-Z employees will begin to replace the roles of previous generations in the workforce. One characteristic of Gen-Z employees is their tendency to easily switch companies, so an important factor that companies need to maintain is employee retention. This research seeks to determine levels for career development, job satisfaction and employee retention among Gen-Z employees, as well as to examine the im-pact of career development and job satisfaction on employee retention in manufacturing companies in the Karawang region. A quantitative model is applied in this process, incorporating both descriptive and verificative approaches, and the analysis tool is SEM PLS. Data collection techniques include observation and the distribution of questionnaires to 155 respondents of Gen-Z employees in manufacturing companies in the Karawang region. Descriptive analysis and hypothesis testing showed that the career development variable is categorized as quite good, job satisfaction is categorized as unsatisfactory, and employee retention is categorized as poor. Additionally, career development and job satisfaction have a positively and significantly impact to employee retention.

Keywords: Generation Z, Retention, Career Development, Job Satisfaction, Manufacture Companies, SEM PLS

1. Introduction

HR management can be described as the process of assessing and overseeing individuals who influence the interaction between the organization and its workforce. [1]. Enhancing industrial productivity will result in the production of superior goods and services enabling them to compete with similar products in the industrial market. Therefore, it is essential to enhance the development of human resources (HR) for employees [2]. HR development plays a vital role in achieving the objectives and initiatives undertaken by the government as part of Indonesia's national development. The caliber of HR within a company is a decisive factor that shapes the overall quality of the company itself [3]. It is crucial for companies to optimize the utilization of human resources to provide strategic advantages that positively impact business sustainability [4]. The implementation of human resource development also highly depends on the commitment of top management, marked by technical and moral support to ensure effective implementation [5]. Additionally, job satisfaction is an important factor that must be considered in hu-man resource management to achieve the company's goals. Job satisfaction should be

aligned with generational factors, as the elements that influence job satisfaction varies between generations [6].

The manufacturing industry can be defined as a business entity that transforms raw materials into semi-finished and finished products with the expected selling value. Based on [7], there are approximately 13,517 manufacturing companies in the Karawang area. Indonesia is currently dominated by the Gen-Z age group, which consists of individuals born between 1997 and 2012 [8].

According to [9], by 2020, more than 30% of the Gen-Z age group had entered the workforce in various companies, including manufacturing firms, startups, and service companies. Furthermore, [10] since the Gen-Z age group began entering the job market, issues related to job hopping have emerged as a significant concern for companies. Therefore, by implementing effective employee retention strategies, organizations can retain talented employees and ensure their continued presence within the company.

2. Literature Review

In previous research conducted by Rony, Z.T et al. [11], In a study with 110 participants selected from various manufacturing firms in West Java, it was discovered that these companies must tackle the issue of employee turnover intentions if they wish to boost the retention rates of their workforce.

The study also revealed that one way to reduce turnover intention is by providing employees with opportunities for career development and training, so that they feel more valued and more committed to the company. Employees can be committed in three forms: affective commitment (the extent to which employees are emotionally attached and engaged in the organization), continuance commitment (where employees remain because of needs and the costs incurred), and normative commitment (the extent to which employees are psychologically attached due to pride, loyalty, and satisfaction) [12]. Additionally, the study showed that compensation results in a significant positive effect on employee retention levels. Better the compensation provided, the lower the turnover rate [11].

This phenomenon is relevant to the research the author will conduct, which will al-so examine the factors influencing employee retention, such as career development and job satisfaction, specifically in the Karawang region. According to [13], Generation Z (Gen-Z) tends to have a lower willingness to stay long-term at a company. 67% of HR practitioners face the biggest challenge in the recruitment process: the difficulty of finding skilled and high-quality talent. They are also concerned that these talents will leave and move to other companies, which can subsequently increase the turnover rate [14].

The companies that successfully implement effective employee retention strategies can increase productivity and reduce turnover costs, including recruitment and training expenses [15]. The distinction between this study and previous studies is the research object, namely Gen-Z in manufacturing companies. Considering the characteristics of Gen-Z employees, who have a relatively low tendency to stay in a company, the researcher will investigate the influence of career development and job satisfaction on the retention of Gen-Z employees in manufacturing companies.

According to the problem statement that has been outlined, this research aims to to assess and evaluate career development, job satisfaction and retention among Gen-Z employees working in manufacturing companies in the Karawang area, as well as to assess and evaluate the influence of career development and job satisfaction on Gen-Z retention in manufacturing companies in Karawang area.

In this research, descriptive analysis is employed to examine the trends and development of the variables of career development (X1), job satisfaction (X2), and employee retention (Y). On the other hand, the verificative approach is applied to assess the individual impacts of career development (X1) and job satisfaction (X2) on employee retention (Y), as well as to test the hypothesis to determine whether it is supported or rejected.

Referring to the explanation above, the conceptual framework applied in this research is shown in Fig. 1 below.



Fig 1. Conceptual Framework

These are the hypotheses for the analysis related to the impact of the career development variable and the job satisfaction variable on the employee retention variable.

H1: Career development positively and significantly influences employee retention.

H2: Job satisfaction positively and significantly influences employee retention

3. Methodology

The research design applied in this study is quantitative, featuring both descriptive and verificative methods, with SEM PLS as the analytical tool. Data collection techniques include observation and the distribution of questionnaires.

The subjects of this study are Gen-Z employees working in the manufacturing industry in the Karawang region. Since the exact population size is not known, the sample size was determined

using Hair's approach [16], which is 5 times the number of indicators. In this study, there are 31 indicators, meaning the minimum sample size required is 155 respondents.

The researcher is investigating the effect of Career Development (X1) and Job Satisfaction (X2) on Retention (Y) among Gen-Z employees working in manufacturing companies in the Karawang region. The primary data in this study is the respondents' responses, which are the results of filling out questionnaires distributed by the re-searcher to Gen-Z employees working in manufacturing companies via Google Forms.

The secondary data sources in this study include journals, books, and articles related to the research. Table 1. provided below shows list of question in questionnaires distributed to respondent:

Table 1. List of Questionnaires

No.	Item of Career Development (X1)
1	The promotion process in the company is clearly explained to employees
2	Opportunities for higher positions are open to all qualified employees
3	The company provides training that supports my career development
4	I feel that management supports the educational development of its employees
5	I am committed to staying with this company
6	The company provides a positive work environment that enhances my motivation to work
No.	Item of Job Satisfaction (X2)
7	My current job matches my abilities
8	I enjoy being given responsibility for a task
9	I have the freedom to complete tasks in my own way
10	My salary is commensurate with my current job position
11	The benefits provided by the company are appropriate
12	I am satisfied with the company's salary system
13	I am satisfied with the company's payroll procedures
14	I have the opportunity to participate in employee upgrading programs
15	The company provides a salary that matches the offered position promotion
16	I receive technical assistance from my supervisor regarding my work
17	I receive moral support from my supervisor regarding my work
18	I receive supervision from my supervisor
19	I have good cooperation within my team
20	I enjoy the social environment at my company
21	There is supportive competition within the company
No.	Item of Retention (Y)
22	I receive scheduled training
23	I have the opportunity for further studies
24	I receive guidance from my supervisor
25	There is career planning provided by the company.
26	My company recognizes the differences in rewards for each effort made
27	I receive recognition from the company for my contributions and dedication
28	The company provides appreciation in the form of bonuses for my achievements
29	I receive fair and non-discriminatory treatment from the company
30	My supervisor supports the development of my potential.
31	There are good relationships within the team

4. Result

4.1 Descriptive Statistical Analysis of Respondents

Considering the outcomes of the descriptive analysis obtained and categorized according to Table 2 below, which refers to the continuum line:

Table 2.	Descriptive	Analysis	Interval
	1	•	

Career Development (X1)	Job Satisfaction (X2)	Retention (Y)	Percentage
Very Poor	Very Dissatisfied	Very Poor	20% - 36%
Poor	Dissatisfied	Poor	>36% - 52%
Fair	Fairly Satisfied	Fair	>52% - 68%
Good	Satisfied	Good	>68% - 84%
Very Good	Very Satisfied	Very Good	>84% - 100%

Based on Table 2, the career development variable obtained an average total score of 60.66% with the category 'Fair'. The job satisfaction variable obtained a total score of 30.74% with the category 'Dissatisfied'. The employee retention variable obtained a total score of 47.42% with the category 'Poor'.

4.2 Outer Model

Evaluating a measurement model is the same as assessing the validity and accuracy of a construct or indicator. In this study, the author uses statistical measures to assess the accuracy of the evaluation instrument as outlined below.

4.2.1 Convergent Validity

According to Hair [16], convergent validity measures the extent to which an indicator or measurement has a positive correlation with other indicators that measure the same construct. What needs to be noted is the outer loading value, where a value > 0.7 implies that the indicator is strongly associated with the variable. Additionally, an AVE result greater than 0.5 Implies that the construct of the variable can explain most of the information extracted from its indicators. Below is the table of estimation results showing the loading factor values for the employee development variable:

Indicator	(X1)
X1.1	0,941
X1.2	0,966
X1.3	0,982
X1.4	0,981
X1.5	0,968
X1.6	0,954

Table 3. Employee Development Validation

According to the output shown in Table 3 above, it can be inferred that, the outer loading each item of the employee development variable > 0.70. This means that all items of the performance management information system variable are valid. Next, Table 4 shows the loading factor values for the job satisfaction variable:

Indicator	(X2)
X2.1	0,838
X2.2	0,844
X2.3	0,865
X2.4	0,855
X2.5	0,891
X2.6	0,888
X2.7	0,894
X2.8	0,854
X2.9	0,903
X2.10	0,851
X2.11	0,849
X2.12	0,806
X2.13	0,772
X2.14	0,739
X2.15	0,708

Table 4. Job Satisfaction Validation

According to the output shown in Table 4 above, it is evident that each item of the job satisfaction value > 0.70. This means that all items of the job satisfaction variable are valid. Next, Table 5 shows the loading factor values for the employee retention variable:

Fable 5. Employee	e Retention	Validation
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Indicator	(Y)
Y.1	0,887
Y.2	0,892
Y.3	0,907
Y.4	0,892
Y.5	0,895
Y.6	0,875
Y.7	0,894
Y.8	0,864
Y.9	0,863
Y.10	0,704

According to the output shown in Table 5 above, it is evident that the items from the retention variable have a loading factor value > 0.70. This means that all items of the employee retention variable are valid. The results of the AVE are outlined in Table 6:

Table 6. Average Variance Extracted (AVE) Validity Test

Variable	(X1)	(X2)	
Career Development (X1)	0,932	Valid	
Job Satisfaction (X2)	0,704	Valid	
Retention (Y)	0,755	Valid	

Based on Table 6 above, which indicated that AVE result for the constructs of Career Development (X1), Job Satisfaction (X2), and Retention (Y) are all greater than 0.5, it can be interpreted that all three constructs fall into the valid category.

4.2.2 Discriminant Validity

Discriminant validity measure how different one construct is from another according to empirical standards [17]. There are two measures of discriminant validity: the fornelllarcker criterion and cross loading. Below is the table of Fornell-Larcker criterion correlation values in this study:

Table 7. Fornell-Larcker Criteria Test Values

Variable	(X1)	(X2)	(Y)
Career Development (X1)	0,965		
Job Satisfaction (X2)	0,340	0,839	
Retention (Y)	0,406	0,540	0,869

Based on Table 7 above, the square root of the AVE for every construct exceeds the correlation of each construct with the other constructs. Therefore, considering the testing results obtained in this research, the criteria for the Fornell-Larcker test have been met.

Next, the cross-loading factor seeks to identify whether listed constructs have adequate discriminant validity, with the requirement that the value must be > 0.70 for each indicator [17]. Below, Fig. 2 Indicates the output of the cross-loading:

	Cross Loadir	ng Factor	
Variables	(X1)	(X2)	(Y)
X1.1	0,941	0,263	0,348
X1.2	0,966	0,331	0,389
X1.3	0,982	0,342	0,413
X1.4	0,981	0,348	0,418
X1.5	0,968	0,344	0,400
X1.6	0,954	0,332	0,375
X2.1	0,265	0,838	0,467
X2.2	0,262	0,844	0,498
X2.3	0,253	0,865	0,512
X2.4	0,257	0,855	0,468
X2.5	0,280	0,891	0,461
X2.6	0,260	0,888	0,487
X2.7	0,292	0,894	0,502
X2.8	0,273	0,854	0,499
X2.9	0,259	0,903	0,469
X2.10	0,286	0,851	0,440
X2.11	0,329	0,849	0,436
X2.12	0,323	0,806	0,419
X2.13	0,371	0,772	0,401
X2.14	0,342	0,739	0,354
X2.15	0,285	0,708	0,319
Y1.1	0,381	0,454	0,887
Y1.2	0,417	0,480	0,892
Y1.3	0,359	0,473	0,907
Y1.4	0,348	0,476	0,892
Y1.5	0,322	0,497	0,895
Y1.6	0,343	0,464	0,875
Y1.7	0,349	0,473	0,894
Y1.8	0,329	0,461	0,864
Y1.9	0,340	0,480	0,863
Y1.10	0,331	0,429	0,704

Figure 2. Cross Loading Factor Value

Based on Fig. 2 above, it shows that the cross-loading factor values are greater than the correlation of each construct with the others. Therefore, it can be concluded that this test meets the discriminant validity criteria and can be considered valid.

4.2.3 Reliability Test

Internal consistency reliability aims to assess the reliability of results across all items in the same test to determine whether the items measuring a construct have similar scores [17]. This test consists of Cronbach's alpha and composite reliability.

Cronbach's alpha is required to be greater over 0.7 for all constructs to be considered acceptable. For composite reliability in confirmatory research, the set value should be > 0.7, whereas for exploratory research, values between 0.6-0.7 are acceptable [18]. The outputs performed in this study are as follows:

Table 8. Reliability Test

Variable	Cronbach's Alpha	Composite Reliability
Career Development (X1)	0,985	0,988
Job Satisfaction (X2)	0,970	0,973
Retention (Y)	0,963	0,969

According to Table 8, it presents the output of the values for the constructs of Career Development (X1), Job Satisfaction (X2), and Employee Retention (Y), which are measured each values ≥ 0.7 , indicating that these three constructs fall into the reliable category.

4.3 Inner Model

According to Ghozali [18], the inner model or structural model illustrates how latent variables or constructs are related and the estimation strength. The inner model testing according to Ramayah [19] suggests examining collinearity issues, the coefficient of determination (R-square), predictive relevance (Q2), and hypothesis testing.

4.3.1 Collinearity Issues

Collinearity Issues test aims to identify if there is a correlation between independent variables. [20]. Based on the collinearity issues assessment criteria, if a variable has a VIF value < 5, it can be interpreted that multicollinearity is not an issue [21]. Below is the collinearity test in this study:

Table 7. Commently Issues Result

Variable	R Square
Career Development (X1)	1,131
Job Satisfaction (X2)	1,131

Collinearity issues analysis in Table 9 indicate for career development (X1), job satisfaction (X2) variables have a Variance Inflation Factor (VIF) value of 1.131 in relation to the employee retention (Y) variable. Since the VIF value of 1.131 is < 5, it can be concluded that the career development and job satisfaction variables do not have excessive correlation that could interfere with the analysis results of the employee retention variable.

4.3.2 Coefficient of Determination (R-Square)

The squared correlation coefficient is monitored to see how changes in the independent variables affect the dependent variable. The data from the R Square calculation are depicted in Table 10 below:

Variable	R Square
Retention (Y)	0,339

Table 10 shows that R-Square appears only for variables that are affected. According to R-Square output, it indicates that for employee retention is 33.9%. So, ability of the independent variables namely career development and job satisfaction to improve employee retention is 33.79%, while the remaining 66.1% is explained through additional constructs not included in the research model. This falls into the strong category.

4.3.3 Predictive Relevance - (Q-Square)

Q-Square test aims to predict whether the model is good or not. The Q-Square test can be performed using the blindfolding procedure. A Q² value > 0 means that the variables and data can predict the model well. While $Q^2 < 0$ means that the variables and data cannot predict the model well yet [22].

Table 11. Predictive Relevance

Variable	R Square	1-R Square
Retention (Y)	0,339	0,661
$Q^2 =$	$Q^2 = 1 - (1 - 0,339) = 33,9\%$	
Error=	$Q^2 = 100\% - 33,9\% = 66,1\%$	<i>V</i> ₀

Based on Table 11 above, the calculation result for Q^2 in Table 4.22 indicates that the value of Q^2 is greater than 0 and falls into the moderate category, which is 33.9%. This means that 33.9% has a relatively significant impact on the measurement of the observed variables for the endogenous latent variable, while 66.1% represents the model error.

5. Hypothesis Testing

In hypothesis testing, there are two important factors that need to be considered with t-statistic value and p-value [21]. Criteria for hypothesis testing are that the t-statistic rating should be above 1.96, with the p-value being under 0.05 [21]. Below are the findings of the hypothesis testing in this research.

Variable	(X1)	T Statistics	P-Values	
H1	PK (X1) – RK (Y)	3,269	0,001	
H2	KK (X2) – RK (Y)	10,702	0,000	

Table 12. Hypothesis Testing Output

According to Table 12 above, it can be inferred that:

- a) Career development significantly and positively influences employee retention. This finding is supported by the coefficient with a p-value 0.001 < 0.05 and a T-statistic 3.269 > 1.96. Therefore, the relationship is statistically significant.
- b) Job satisfaction significantly and positively affects employee retention. This finding is confirmed by the coefficient with a p-value 0.000 < 0.05 and a T-statistic 10.702 > 1.96. The T-statistic, which is well above 1.96, and the very small p-value indicate that this relationship is highly statistically significant.

6. Conclusion

The author has collected and processed data for hypothesis testing and analyzed the data from the questionnaire distributed to 155 Gen-Z employee respondents working in manufacturing companies in the Karawang area. Considering the results, key conclusions include:

- 1. Career development for Gen-Z employees working in manufacturing companies in the Karawang area falls into the "adequate" category, with an average percentage of 60.66% for the career development variable. Important aspects measured in the survey include career clarity, personal development, and performance improvement.
- 2. Job satisfaction for Gen-Z employees working in manufacturing companies in the Karawang area falls into the "dissatisfied" category, with an average percentage of 30.74% for the job satisfaction variable. Important aspects measured in the survey include the work itself, salary, promotions, supervision, and coworkers.
- 3. Employee retention for Gen-Z employees working in manufacturing companies in the Karawang area falls into the "poor" category, with an average percentage of 47.42% for the employee retention variable. Important aspects measured in the survey include career opportunities, rewards, and the relationship between leadership and employees.
- 4. Career development significantly and positively influences employee retention of Gen-Z employees. The higher the value of career development, the higher the employee retention.
- 5. Job satisfaction significantly and positively affects employee retention of Gen-Z employees. The higher the level of job satisfaction, the higher the employee retention.

The author's recommendations for the theoretical aspect are expected to help and contribute as a reference for future researchers, particularly those studying the variables of career development, job satisfaction, and employee retention. Future researchers could also investigate other factors influencing employee retention beyond career development and job satisfaction variables.

As for the practical aspect, the author recommends that manufacturing companies facing low employee retention rates among Gen-Z workers' pay more attention to the importance of career development programs and job satisfaction. Understanding the characteristics of Gen-Z employees is crucial, as it can help reduce their desire to leave the company.

This research can also assist companies in reducing recruitment costs, making the process more efficient, and attracting Gen-Z employees to stay with a company that has the potential to drive business processes, making the organization more productive and effective in fostering innovation for the company's progress.

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