



Work Flexibility and Rewards Affect Gen Z Employee Retention Through Job Satisfaction Mediation

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ABSTRACT

The phenomenon of job hopping is increasingly common among Generation Z, who seek flexible work arrangements, fair rewards, and job satisfaction. In Indonesia, particularly in West Kalimantan, Gen Z dominates the productive-age population, prompting companies to adopt effective retention strategies. This study investigates the effect of work flexibility and rewards on employee retention, with job satisfaction as a mediating variable. The research involved 250 Gen Z employees working in the creative industry companies in West Kalimantan. Respondents were aged 17–28 and had at least six months of work experience, working in hybrid arrangements. Data was collected through an online questionnaire and analyzed using Structural Equation Modeling (SEM) with SmartPLS 4. Results show that both work flexibility and rewards significantly influence employee retention directly and indirectly through job satisfaction. These findings highlight that Gen Z values a supportive, flexible work environment and transparent reward systems. Enhancing job satisfaction is essential for increasing their retention in organizations

INTRODUCTION

In recent years, job hopping has become an increasingly common trend among Generation Z. Job hopping refers to the habit of changing jobs within a short period of time, usually within the span of one to two years, with the aim of seeking better opportunities to improve skills and achieve professional goals. This practice differs from layoffs or company closures, where a person is forced to lose their job due to factors beyond their control (SeekMonday, 2023). This phenomenon has become an important issue because the high rate of labor turnover has a direct impact on the company's operational efficiency, the stability of the work team, and the high recruitment and training costs.

The generation that grew up in the era of rapid development of digital and information technology has a different perspective on the world of work. Research (Szczepek, 2023) states that Gen Z does not hesitate to change jobs in order to get better opportunities. In fact, 75% of 1,100 Gen Z workers admitted that they were ready to leave their jobs without having a new job first. The results of research conducted by the Career Center Research Team of Andalas University and Tanoto Foundation on 1,175 Generation Z students in 23 provinces in Indonesia showed that 67% of respondents felt they had high skills (Nasa & Susanti, 2022). This could be the reason why they are confident enough to leave a job that does not suit their interests and look for a job that suits them better.

Based on data from the 2020 census of the Central Bureau of Statistics, the number of Generation Z who are at productive age is 71.50 million, this number is more dominant than other generations of productive age, namely the Millennial Generation (69.69 million people), and Generation X (56.55 million people). Generation Z, which consists of individuals born between 1997 and 2012, is now a big part of the dynamic world of work in various industries, both in the private and government sectors. West Kalimantan is one of the provinces in Indonesia with the capital city of Pontianak. There are 14 regencies in West Kalimantan, namely Sambas Regency, Mempawah, Sanggau, Ketapang, Sintang, Kapuas Hulu, Bengkayang, Landak, Sekadau, Melawi, North Kayong, Kubu Raya, Singkawang City and Pontianak City. Generation z in the West Kalimantan region has a large proportion, which is around 1.52 million people (Statistika, 2020). With such a large population, the level of labor instability among Gen Z needs more attention because it can have a direct impact on the sustainability of local industry competitiveness and company operational efficiency.

The number of Generation Z who are starting to participate in the world of work today, of course, they come with new and different things from previous generations, in the work environment they have different aspirations, expectations, behaviors and values so that this can certainly affect their tendency to choose the job and work environment they want to live in. It is not uncommon for Generation Z workers to feel that the work they are currently doing is not suitable or not in accordance with what they want so that it can lead to the intention to resign from work or often referred to as resignation. This can occur of course due to several factors, according to the results of a poll

survey (JakPat) in November 2022 of 832 respondents, the reasons for Generation Z resigning from work include; 64.9% stated that the salary did not match the job description, 56.9% because of irregular working hours, 52.4% because of an unhealthy work culture, 51.3% because the company's SOP was unclear, 48.8% because of toxic coworkers, 41.8% because of excessive workload, 38.5% because there was no career path, and 37.2% because there was no work-life balance (Jakmin, 2023). This high percentage of dissatisfaction reflects the importance of companies to adjust their HR management strategies to be able to retain this generation, because if left unchecked, it will have an impact on increasing turnover rates that are difficult to control.

To respond to the job hopping phenomenon, the human resources division can implement mitigation strategies, one of which is by strengthening employee retention levels (Achmad et al., 2023). Employee retention refers to the commitment or desire of employees to continue working in a company (Achmad et al., 2023). In human resource management practice, retention has a crucial role because it can improve the performance, competence, insight, and expertise of employees, thus adding value to the company (Malik et al., 2020). In addition, high retention contributes to maintaining operational sustainability and sustainable human resource management. Therefore, understanding Generation Z's work preferences and creating relevant retention strategies is an urgent need for companies to maintain stability and competitive advantage.

LITERATURE REVIEW

Work Flexibility

Work flexibility refers to the freedom that companies give employees in organizing their time, location, and way of working in order to improve the balance between professional and personal life. In line with the explanation from (Bal & De Lange, 2015) work flexibility is an aspect of work arrangements that allows employees to have more control over certain aspects of their work, including their time, place, and way of working. With the development of technology and changes in work culture, this flexibility is increasingly becoming an important factor, especially for Generation Z who prioritize life balance and efficiency at work. Various forms of work flexibility, such as flexible working hours, remote working, and hybrid work systems, allow employees to adapt their work rhythm to their personal needs without compromising productivity. Effective implementation of work flexibility can increase employee satisfaction, engagement, and retention within a company. This phenomenon is a big leap from the previous era, where physical presence in the office was a must. A survey conducted by jakpat involving 1262 respondents, of which 63% were gen z individuals, stated that in terms of work systems, 35% of Gen Z prefer Work From Anywhere (WFA) while 32% prefer a hybrid model that allows them to work remotely and in the office (Jakpat, 2024)

Rewards

Rewards are one of the elements proven to increase job satisfaction while retaining employees (Syal et al., 2024). Rewards in the world of work include various benefits and incentives given to employees as a form of appreciation for their achievements, which aim to increase motivation, retention, and job

satisfaction. These rewards can be financial, such as salaries, bonuses, and benefits, as well as non-financial, such as recognition of achievements, promotion opportunities, and skill development programs (Ramachandran & Prasad, 2022). Studies also show that rewards have an important role in encouraging employees to increase job satisfaction and stay longer in the company (Ojediran & Adebayo, 2023). Thus, companies that implement a reward system that is fair and suits the needs of employees, especially for Generation Z who tend to value flexibility and appreciation for their contributions, can create a more productive and harmonious work environment.

Job Satisfaction

Job satisfaction is a reflection of a person's emotional response to their job and how they feel about the work environment (Sishuwa & Phiri, 2020). Job satisfaction is reflected in employees' positive attitudes towards their jobs and workplace conditions (Pratama & Pasaribu, 2020). It is an aspect that is highly sought after by workers and is the main factor that makes them stay in the company (Murtiningsih, 2020). Job satisfaction is achieved when individuals feel that various aspects of their work support each other. This sense of satisfaction can arise from individual perceptions of their work (Daud & Afifah, 2021). Employees who feel satisfied with their jobs tend to be more productive, passionate, loyal, and do not easily leave their jobs (Fauzan & Rusminah, 2024). Therefore, companies must realize the importance of creating job satisfaction for employees.

Employee Retention

The increasing phenomenon of job hopping among Gen Z and their high number in the workforce requires companies to design effective strategies to retain top talent. High employee turnover rates can hinder company development, drain resources, and create an unstable work environment. Therefore, human resource management must be done optimally so that the company can run more effectively and efficiently (Daud, 2020). One important aspect of this management is employee retention, which is increasingly crucial amidst high levels of labor turnover. The right retention strategy can help companies maintain stability and retain the best employees in the increasingly fierce labor market competition. Employee retention refers to the company's efforts to maintain the workforce over a long period of time in order to reduce employee turnover rates and maximize the use of experience and competencies possessed by employees for the progress of the organization (Elsafty & Oraby, 2022). Employee retention is a top priority because employees are the main assets that play a role in the success and growth of the company. An effective retention strategy can not only reduce turnover rates, but also increase employee morale, productivity, and loyalty (Sawaneh & Kamara, 2019). In addition, retaining employees in the long term can help companies achieve their business goals in a sustainable manner. Therefore, the implementation of retention strategies is a major concern for every company, because retaining employees is a valuable investment for business continuity. ▸

Work Flexibility on Employee Retention

Work flexibility, which includes freedom in organizing work time and location, has been shown to contribute positively to employee engagement and job satisfaction. According to a study conducted by Wicaksono and Pusparini, high levels of work autonomy during work from home have an effect on employee engagement levels in Indonesia, which in turn can strengthen retention (Wicaksono & Pusparini, 2022). In addition, good human resource practices, including work flexibility, play an important role in improving employee retention (Kadiresan et al., 2016).

H1 \rightarrow : Work flexibility has a significant positive effect on employee retention.

Work Flexibility on Job Satisfaction

The relationship between work flexibility and job satisfaction is crucial in creating a productive and positive work environment. Research shows that work flexibility, such as customizable work hour arrangements and the option to work from different locations, has a direct impact on employee satisfaction. According to Ray and Pana-Cryan, flexibility in work can improve work-family balance and, in turn, contribute to increased job satisfaction, although there is potential for increased conflict between work and personal life if not managed well (Ray & Pana-Cryan, 2021).

H2: Work flexibility has a significant positive effect on job satisfaction.

Rewards on Employee Retention

The reward variable has a significant influence on employee retention in the company. Research shows that it is important to provide various forms of rewards, including health benefits, professional development opportunities, and flexible work, all of which contribute to employee satisfaction and retention (Fitri, 2024). Well-implemented reward practices also help create a positive work environment, which impacts employees' long-term commitment (Puttam Lavanya & Sruthi, 2024). By paying attention to all these aspects, companies can create and retain a loyal and dedicated workforce. Overall, the relationship between reward variables and employee retention is complex, but it clearly shows that there is a significant positive relationship between the two.

H3: Rewards have a significant positive effect on employee retention.

Rewards on Job Satisfaction

The relationship between rewards and job satisfaction is an important discussion in human resource studies. Rewards have a significant influence on the level of job satisfaction. In particular, extrinsic rewards such as financial compensation and other benefits are getting more attention because of their direct impact on employee job satisfaction. A good reward system contributes to increasing employee job satisfaction (Siregar et al., 2023). Furthermore, research by Reta shows that effective reward practices strongly influence job satisfaction among teachers, where the preference for extrinsic rewards is stronger compared to intrinsic rewards (Reta, 2019). This reflects that although non-financial rewards should not be ignored, in many contexts, employees tend to be more stimulated by tangible rewards such as salaries and bonuses. Therefore, the success of human resource management strategies largely depends on aligning reward policies with company objectives, where an

optimal combination of different forms of rewards can significantly increase job satisfaction (Abugre & Nasere, 2020).

H4: Rewards have a significant positive effect on job satisfaction.

Job Satisfaction on Employee Retention

The relationship between job satisfaction and employee retention is important in human resource management and has direct implications for company sustainability. Job satisfaction not only has a direct impact on retention, but also acts as a mediator between company brand recognition and organizational identification (Bharadwaj et al., 2022). They found that high job satisfaction makes it easier for employees to feel attached to the company, thereby increasing the likelihood that employees will remain in the long term. Factors that support job satisfaction, such as fair compensation and opportunities for career development, play a crucial role in improving employee retention. The importance of compensation, training, and working conditions in influencing job satisfaction has a direct impact on employees' decision to remain loyal to the organization (Kiran et al., 2024).

H5: Job satisfaction has a significant positive effect on employee retention.

Job Satisfaction Mediates the Relationship Between Work Flexibility and Employee Retention

The relationship between work flexibility and employee retention has attracted increasing attention among researchers, especially when considering how job satisfaction serves as a mediator in this relationship. Research shows that flexibility in work significantly increases employee job satisfaction. Subroto et al. found that higher levels of flexibility in work arrangements contributed to higher job satisfaction, potentially strengthening employees' desire to stay with the organization (Subroto et al., 2024). In a broader context, research by Yogiana and Riana shows that flexibility in working time positively affects job satisfaction, and thus, leads to reduced turnover intention (Yogiana & Riana, 2023). This suggests that work flexibility policies are critical in improving employee engagement, which in turn strengthens retention. Overall, this evidence suggests that job satisfaction plays an important role as a mediator in the relationship between work flexibility and employee retention. Improving flexibility policies not only increases job satisfaction but also reduces turnover rates, making it an important strategy for human resource management to retain a qualified workforce.

H6: Job satisfaction mediates a significant positive relationship between work flexibility and employee retention.

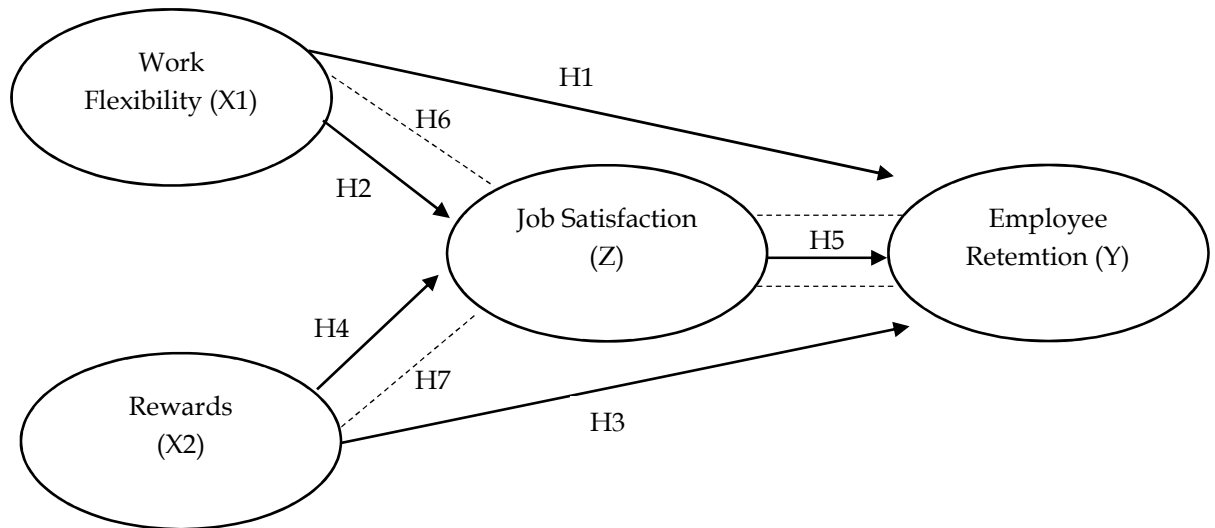
Job Satisfaction Mediates the Relationship Between Rewards and Employee Retention

Job satisfaction acts as an important mediator in the relationship between rewards and employee retention. Various studies emphasize that job satisfaction contributes to improving employee retention by showing how different types of rewards affect job satisfaction levels. Research shows that extrinsic rewards-such as salary, recognition, and promotion opportunities-have a positive impact on job satisfaction, which in turn increases employees' intention to stay in the organization (Sankalpana & Jayasekara, 2015). In addition, intrinsic rewards, such as meaningful work and feelings of

accomplishment, also play an important role in job satisfaction. Findings show that both intrinsic and extrinsic rewards significantly increase job satisfaction and can positively impact employee turnover intentions (Mosquera et al., 2020). This relationship confirms that employees who experience high levels of job satisfaction, supported by various forms of rewards, tend to be more committed and have a desire to stay with their current employer.

H7: Job satisfaction mediates a significant positive relationship between rewards and employee retention.

Conceptual Framework



Picture 1. Conceptual Framework

METHODOLOGY

This study applied a causal associative research design with a quantitative approach. Data were collected via Google Form using a Likert scale, where a score of one indicates strong disagreement, while a score of five indicates a very high level of agreement. The work flexibility indicators in this study refer to two indicators developed by (Carlson et al., 2010). Meanwhile, the measurement of reward uses four indicators that refer to research (Yasmeen et al., 2013). Job satisfaction is measured by five indicators developed based on research (Luthans, 2011), while employee retention is assessed through five indicators from the model developed by (Kyndt et al., 2009).

The sampling method used in this research is non-probability sampling with a purposive sampling approach. Respondents were selected based on certain criteria, namely: 1) Employees who work in creative industry companies in West Kalimantan; 2) Aged between 17 and 28 years; and 3) Have a minimum work experience of six months 4) Work hybridly (in the office or outside the office). The number of samples in this study was determined based on the calculation of the Lemeshow formula approach $n = \frac{Z^2 P (1-P)}{d^2}$ because the total population cannot be known with certainty, so this study requires a minimum of 100 respondents as a research sample (Slamet & Aglis, 2020).

The data were analyzed using the Partial Least Squares Structural Equation Modeling (PLS-SEM) method with Smart PLS 4.0 software to analyze the effect of the independent variable (X) on the dependent variable (Y) in the

study. The measurement model (outer model) is carried out with a validity test to test whether or not the statement items are used as research instruments by looking at the value if the loading factor value ≥ 0.70 then the research instrument can be said to be valid, for reliability seen from Average Variance Extracted (AVE) > 0.5 and Cronbach's Alpha (CA) > 0.7 , the Reliability test is carried out to test the analytical tool used for the research instrument (Hair Jr et al., 2020). Testing the Structural Model (Inner Model) with evaluation Model Fit Analysis to see the feasibility of the research model built, R-square to see how much influence variable X has on variable Y with criteria > 0.75 substantial, $0.50 - 0.75$ moderate, $0.25 - 0.50$ weak and 1.96 or the P-Value value < 0.05 .

RESULT

Respondent Characteristics

This study involved 360 participants, but after checking outlier data, there were 250 respondent data that were considered to be able to be retained until the research hypothesis test. The respondent data comes from the West Kalimantan region, including various demographic profiles such as gender, age, domicile, and duration of work experience. Complete information regarding the demographic characteristics of respondents can be seen in the following table.

Table 1. Characteristics of Respondents.

Category	Item	Frequency (N=250)	Percentage (%)
Jenis Kelamin	Male	145	58. %
	Female	105	42%
Age	17 - 20 Years	21	9%
	21 - 24 Years	136	54%
	25 - 28 Years	93	37%
Last Education	SMA/SMK Equivalent	15	6%
	Bachelor/Diploma	204	82%
	Postgraduate (S2/S3)	31	12%
Origin	Sambas	10	4%
	Mempawah	13	5.2%
	Sanggau	5	2%
	Ketapang	12	4.8%
	Sintang	7	2.8%
	Kapuas Hulu	6	2.4%
	Landak	7	2.8%
	Melawi	9	3.6%
	Bengkayang	11	4.4%
	Sekadau	8	3.2%
	Kubu Raya	22	8.8%
	Kayong Utara	7	2.8%
	Singkawang	18	7.2%
	Pontianak	115	46%
Length of Service	6-12 Months	49	20%
	1-2 Years	128	51%
	More than 3 Years	73	29%

Of the total 250 respondents, 145 people (58%) are male and 105 people (42%) are female, the majority of respondents aged 21-24 years as many as 136 people (54%), followed by 25-28 years (37%), and 17-20 years as many as 21 people (9%). In terms of education, 15 people (6%) have a high school / vocational high school education, 204 people (82%) have a Bachelor / Diploma degree, and 31 people (12%) have a Postgraduate education. The majority of respondents came from Pontianak 115 people (46%) and 135 people (54%) others were divided across 13 districts in West Kalimantan. The majority of respondents had worked for 1-2 years, 128 people (51%), followed by more than 3 years, 73 people (29%), and 6-12 months, 49 people (20%). This finding shows that the majority of respondents are young, highly educated workers with relatively sufficient work experience, spread across various regions with the largest concentration in the provincial capital.

Measurement Model (Outer Model)

Validity and Reliability Test

The validity of the data is seen from the loading factor results, if the loading factor value is ≥ 0.7 then the research instrument can be said to be valid (Ketchen, 2013), for reliability seen from $AVE > 0.5$ and $CA > 0.7$. There are 19 statement items in this study with the following loading factor results:

Table 2. Validity and Reliability Test Results

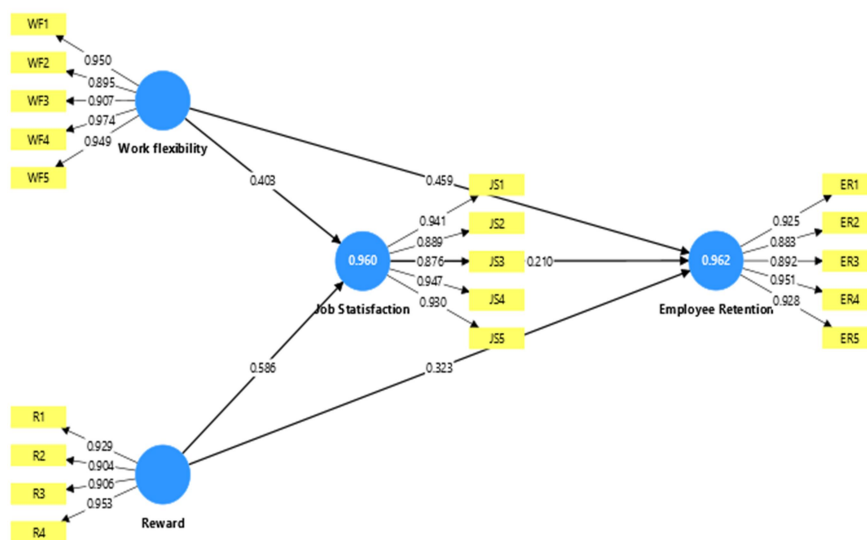
Variabel	Item Code	Item	Validity Test		Reliability Test		
			LF	Ket	CA	AVE	Ket
Work Flexibility	WF1	I have the freedom to start and finish work	0,950	Valid	0,964	0,875	Reliable
	WF2	I have the freedom to decide the length of time I want to work in the office	0,895	Valid			
	WF3	I have the freedom to set my own office hours	0,907	Valid			
	WF4	I am given the freedom to choose where to work, whether in the office or at another location	0,974	Valid			
	WF5	I have the freedom to choose the most convenient and efficient work location	0,949	Valid			
Reward	R1	The incentives or bonuses I receive are in accordance with my duties	0,929	Valid	0,942	0,852	Reliable

		and responsibilities in the company					
	R2	The promotional opportunities I've gotten are based on the achievements and dedication I've shown on the job	0,904	Valid			
	R3	The bonus I receive is given fairly and in line with my performance results	0,906	Valid			
	R4	The company appreciates and recognizes my achievements	0,953	Valid			
Job Satisfaction	JS1	My job is interesting and provides opportunities for growth	0,941	Valid	0,952	0,841	Reliabel
	JS2	I have a good professional relationship with my supervisor	0,889	Valid			
	JS3	My coworkers always provide support in completing tasks	0,876	Valid			
	JS4	I feel that the company provides fair promotion opportunities	0,947	Valid			
	JS5	The salary I receive is in accordance with my responsibilities and work	0,930	Valid			
Employee Retention	ER1	The company managed to create a work environment that makes me want to keep working here in the next few years	0,925	Valid	0,952	0,839	Reliable
	ER2	The company provides clear opportunities for	0,883	Valid			

		my future career development					
	ER3	I believe that my current job is meaningful and important to the company	0,892	Valid			
	ER4	I like the work I do at this company	0,951	Valid			
	ER5	My job gives me satisfaction and meets my expectations	0,928	Valid			

Notes: LF \geq 0.70; AVE \geq 0.50; Ket (Description); LF (Loading Factor); CA (Cronbach's Alpha); AVE (Average Variance Extracted)

Based on the outer loading results in the analysis using SmartPLS 4, all indicators on the Employee Retention (ER1-ER5), Job Satisfaction (JS1-JS5), Reward (R1-R4), and Work Flexibility (WF1-WF5) variables show values above 0.70, which indicates that all indicators have very good convergent validity. The highest outer loading value is seen in indicator WF4 (0.974) for the Work Flexibility variable, while the lowest value remains within the acceptable threshold, namely in indicator JS3 (0.876) for the Job Satisfaction variable. This indicates that each indicator is able to reflect its construct optimally and can be used in the structural model for further hypothesis testing. This finding strengthens the reliability and validity of the measurement in the study, and supports the feasibility of the instrument to evaluate the relationship between variables in the context of work flexibility and rewards affect Gen Z employee retention through job satisfaction mediation.



Picture 2. Research Algorithm Outer Model

Structural Model (Inner Model)

Model Fit Analysis and R-square Evaluation

Model Fit Analysis is seen from the evaluation of Standardized Root Mean Residual (SRMR) and Normed Fit Index (NFI), SRMR is acceptable if it has a value of ≤ 0.08 , NFI is acceptable if it has a value ≥ 0.8 and R-square evaluation to see how much influence the independent variable has on the dependent variable with criteria > 0.75 substantial, $0.50 - 0.75$ moderate, $0.25 - 0.50$ weak and < 0.25 very weak (Ketchen, 2013). The R-square test results are as follows:

Tabel 3. Model Fit Analysis and R-square Evaluation

Evaluation	Value	Criteria
SRMR	0,026	Accepted
NFI	0,913	Good
Variable		
	<i>R-square Value</i>	
Job Satisfaction (Z)	0,962	Substansial
Employee Retention (Y)	0,960	Substansial

Based on the results of evaluating the fit model and the R-square value from the analysis using SmartPLS 4, the SRMR (Standardized Root Mean Residual) value is 0.026 (< 0.8) also indicates that the model has an overall good level of fit (Hair Jr et al., 2020). For the R-square value, the Job Satisfaction (Z) variable obtained a value of 0.962 which was categorized in the Substantial criteria, while the Employee Retention (Y) variable had a value of 0.960 and was included in the substantial category. This indicates that the model used is able to explain the variability of the two dependent variables very strongly, so that this research model is suitable for further testing and has a significant contribution in explaining the relationship between variables in the context of Job Satisfaction and Employee Retention.

Hypothesis Test

Hypothesis testing was carried out using Partial Least Squares Structural Equation Modeling (PLS SEM) to test the effect of independent variables (X) on the dependent variable (Y) both directly and indirectly between variables. There are 7 hypotheses in this study with the following test results:

Table 4. Hypothesis Test Results

Hipotesis		Original Sample	Standar Deviation	t-Statistic	P-Value	Keterangan
<i>Direct Effect</i>						
H1 (+)	JS→ER	0,210	0,066	3,173	0,002	Accepted
H2 (+)	R→ER	0,323	0,074	4,343	0,000	Accepted
H3 (+)	R→JS	0,586	0,056	10,518	0,000	Accepted
H4 (+)	WF→ER	0,459	0,069	6,648	0,000	Accepted
H5 (+)	WF→JS	0,403	0,057	7,044	0,000	Accepted
<i>Indirect Effect</i>						
H6 (+)	R→JS→ER	0,123	0,041	3,011	0,003	Accepted
H7 (+)	WF→JS→ER	0,085	0,030	2,856	0,004	Accepted

Notes: JS (Job Satisfaction); R (Reward); WF (Work Flexibility); ER (Employee Retention).

In hypothesis testing, there are 2 things that need to be considered, namely direct hypothesis testing can be accepted if the t-Statistic value > 1.96 or P-Value.

DISCUSSION

Based on the results of hypothesis testing in this research model, all direct relationships between variables show significant results. Job satisfaction is proven to have a positive effect on employee retention (H1), which is in line with the findings from (Alrazehi et al., 2021) that job satisfaction increases employees' desire to stay. Employees who feel their work is meaningful and supported by their work environment tend to stay longer in the company, reflecting the direct effect of job satisfaction on retention. Likewise, rewards have a significant effect on employee retention (H2) as well as on job satisfaction (H3), which is in accordance with research (Mosquera et al., 2020) and (Sudhakar & Roa, 2023), where appropriate rewards can increase job satisfaction and strengthen loyalty. Employees who feel rewarded financially and non financially show higher loyalty to the company. Related to the job hopping phenomenon, Gen Z tends to seek new experiences, career development opportunities, and a non-toxic and flexible work environment. This is indicated by the work flexibility variable which has a significant direct effect on retention (H4) and job satisfaction (H5), in line with research (Linge, 2019), which emphasizes the importance of flexibility in increasing employee engagement and satisfaction, especially among Generation Z. Flexibility in choosing working hours and places of work is a key factor in increasing employee engagement and satisfaction. Flexibility in choosing working hours and place of work provides convenience that strengthens Gen Z's desire to stay with the company.

In the indirect effect test, this study also proved that job satisfaction significantly mediates the relationship between rewards to employee retention (H6) and between work flexibility to employee retention (H7). This result is supported by the t-statistic of 3.011 ($p = 0.003$) and 2.856 ($p = 0.004$), respectively. This finding is consistent with research (Sankalpana & Jayasekara, 2015) and (Ansori et al., 2022), which states that job satisfaction is an important mediator in increasing the impact of rewards and flexibility on employees' desire to stay. Job satisfaction is a link that strengthens the relationship between rewards and flexibility to retention. With a high level of job satisfaction due to the flexibility, they have a lower tendency to leave the company.

Overall, the results of this study are in line with previous studies showing that intrinsic and extrinsic factors such as rewards and work flexibility can increase job satisfaction, which in turn has a positive impact on employee retention. These findings emphasize the importance for companies to create flexible work environments and reward systems that meet the expectations of generation Z employees, in order to retain talent in the long term..

CONCLUSION AND RECOMMENDATION

Based on the results of this study, it can be concluded that work flexibility and rewards have significant direct and indirect effects on generation Z employee retention through job satisfaction as a mediating variable. This finding shows that generation Z highly values a flexible work environment and a fair and transparent reward system, which in turn has an impact on increasing their job satisfaction. Job satisfaction is proven to be a key factor that drives the desire of employees from this generation to stay in a company.

Given the characteristics of Generation Z, who value work-life balance and tend to seek meaning in their work, companies need to adjust their human resource management strategies to meet these expectations. Establishing a reward system that is not only financial but also includes aspects of intrinsic rewards, as well as adaptive flexible work policies, is an important step in retaining employees from this generation.

Generation Z as a group of young employees who are the object of research is advised to be more active in recognizing their work preferences, especially in terms of flexibility and expected forms of appreciation. By understanding what makes them feel satisfied and engaged at work, Gen Z can be more effective in communicating with employers about the need for flexible work and relevant appreciation. In addition, building internal job satisfaction through self-development, goal achievement, and active engagement in the work environment will strengthen their intention to stay and grow with the company.

Private companies hiring Generation Z employees are advised to create a work environment that supports the unique needs of this generation, such as work time flexibility, work-life balance, and a fair and transparent reward system. Given that research shows that rewards and work flexibility have a significant impact on employee satisfaction and retention, companies need to design HR management strategies that are adaptive and personalized. This approach can not only increase the loyalty and productivity of Generation Z, but

also help companies retain potential young talent in the midst of a dynamic workforce competition.

FURTHER STUDY

Based on the findings of this study, future research could explore additional factors influencing employee retention among Generation Z. It would be valuable to investigate how other elements, such as career development opportunities, organizational culture, and leadership style, interact with work flexibility, rewards, and job satisfaction in shaping retention intentions. Further studies could also examine the differences in retention strategies across various industries, as the creative industry may have unique characteristics compared to other sectors.

Additionally, longitudinal studies could provide deeper insights into the long-term effects of work flexibility and rewards on employee retention. A broader geographic scope, incorporating data from different regions or countries, could offer a more comprehensive understanding of how cultural and economic factors influence the relationship between these variables. Lastly, exploring the impact of technological advancements and remote work on Gen Z's job satisfaction and retention could provide timely insights, as the workforce continues to evolve in response to digital transformation.

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