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# Analysis of Career Development and Engagement on Gen Z Retention via Commitment in Jakarta Tech Companies

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**ABSTRAK**

This study aims to examine the impact of Career Development and Employee Engagement on the retention of Generation Z employees in technology companies in Jakarta, with Organizational Commitment serving as a mediating variable. The research uses Career Development and Employee Engagement as independent variables and Employee Retention as the dependent variable. Data was gathered by distributing questionnaires to 140 employees working in technology companies in Jakarta. An associative quantitative approach was employed, utilizing primary data and applying Structural Equation Modeling (SEM) through Smart PLS. The findings reveal that Career Development significantly influences Employee Retention with a coefficient value of 0.497. Similarly, Employee Engagement has a positive and significant effect on Employee Retention, with a coefficient value of 0.224. Additionally, Career Development positively and significantly impacts Organizational Commitment with a coefficient value of 0.575, while Employee Engagement also positively and significantly affects Organizational Commitment with a coefficient value of 0.257. Furthermore, both Career Development and Employee Engagement positively and significantly influence Employee Retention through Organizational Commitment, with coefficient values of 0.160 and 0.072, respectively. Finally, Organizational Commitment has a significant effect on Employee Retention, with a coefficient value of 0.279.

**Keyword:** Career Development; Employee Engagement; Employee Retention; Organizational Commitment



## INTRODUCTION

Technology companies in Jakarta face increasingly complex challenges in retaining quality Generation Z employees. Amidst intense competition and high operational demands, maintaining a stable workforce is crucial to ensure smooth and quality service to the public. High employee turnover rates not only increase recruitment and training costs, but can also disrupt operational efficiency and reduce company productivity. Therefore, technology company management needs to identify key factors that influence employee retention in order to create a supportive and motivating work environment.

Career development is one important strategy that can increase employee retention. In the context of technology companies, good career development can provide opportunities for Generation Z employees to grow and develop according to their potential and skills. This not only increases job satisfaction but also creates employee loyalty to the company. Employees who feel they have clear career prospects and are supported by the company tend to be more motivated to contribute more and stay in the long term. In addition to career development, employee engagement also plays a crucial role in employee retention. Employee engagement includes the extent to which employees feel involved, committed, and contribute to their work. In technology companies, employee engagement can be realized through various initiatives such as employee engagement programs, awards, and recognition for work achievements. Employees who feel valued and involved in company decision-making tend to have a high sense of ownership and responsibility, which in turn reduces the intention to leave the company.

Organizational commitment as a mediating factor also cannot be ignored. Organizational commitment describes the extent to which employees feel bound to the values and goals of the company. In technology companies, Generation Z employees who have high organizational commitment will show loyalty and a desire to continue working even when faced with challenges or difficult situations. Organizational

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commitment can be strengthened through effective communication, a positive organizational culture, and inspiring leadership.

Beyond these variables, there are a number of other factors that influence employee retention in technology companies. These factors include comfortable and safe working conditions, competitive compensation and benefits, and work-life balance. Good and safe working conditions are essential to ensure employee health and safety. In addition, competitive compensation and additional benefits such as health insurance, annual leave, and employee welfare programs can increase job satisfaction and encourage employees to stay with the company. Another phenomenon that needs to be considered is the changing dynamics of the workforce due to technological developments. Digitalization and automation in technology company operations can affect employee roles and responsibilities, making it important for companies to provide relevant training and skills development. This way, employees can adapt to technological changes and still feel relevant in the organization. In addition, organizational culture also plays an important role in employee retention. An inclusive, collaborative, and innovation-supportive culture can create a pleasant work environment and motivate employees to contribute more. In technology companies, implementing a strong organizational culture can help increase a sense of belonging and togetherness among employees, thereby strengthening loyalty and a desire to stay with the company.

Work-life balance is also a significant factor in employee retention. Employees who are able to balance the demands of their work and their personal lives tend to have lower stress levels and better well-being. Technology companies need to implement policies and programs that support this balance, such as flexible working hours, family leave, and mental health programs. To improve employee retention in technology companies, management needs to adopt an approach that includes career development, employee engagement, and organizational commitment. In addition, paying attention to other factors such as working conditions, compensation, the impact of technology, organizational culture, and work-life balance are also key to creating a work environment that supports employee retention. With a comprehensive approach, technology companies in Jakarta can create an attractive workplace for Generation Z employees and reduce turnover rates that are detrimental to the company.

## METHOD

This study is a type of quantitative research with an associative causality approach. This associative research is conducted with the aim of identifying and analyzing the relationships between two or more variables, focusing on understanding the impact of the relationship between one variable and another (Sugiyono, 2016). The methodological approach uses Structural Equation Modeling (SEM) through SmartPLS for data analysis. In the data analysis of this study, we chose to use the Partial Least Square (PLS) approach, a method of Structural Equation Modeling (SEM) that focuses on components or variance. According to Ghozali, (2014) in Supriyati, (2021), Partial Least Square (PLS) is an alternative approach that introduces a shift from covariance-based SEM to variance-based SEM. While covariance-based SEM is often used to test causality or validate theories, PLS is more commonly chosen as a tool for building predictive models. This quantitative approach allows researchers to investigate the relationships between Career Development, Employee Engagement, Employee Retention, and Organizational Commitment variables by analyzing the collected numerical data. SmartPLS, as a powerful tool for SEM, is used to test the proposed hypotheses and provide in-depth insights into the direct and indirect impacts between these variables. The research data will be collected through a structured questionnaire distributed to Generation Z employees of technology companies in Jakarta. To ensure adequate representation, the sample size of the study was determined using Simple Random Sampling and Hair Jr et al., (2010) formula, resulting in a sample size of 140. This approach not only provides accuracy in measuring the relationships between variables but also provides clarity in understanding the dynamics that affect the retention of Generation Z employees in technology companies in Jakarta. By using SmartPLS, this study is expected to provide significant contributions in identifying effective strategies to improve employee retention through career development, employee engagement, and organizational commitment.

## RESULTS AND DISCUSSION

Bootstrapping method in Partial Least Squares Structural Equation Modeling (PLS SEM) is a crucial statistical technique for analyzing complex data. In research involving complex structural and measurement models, PLS SEM allows researchers to test relationships between variables with high flexibility.

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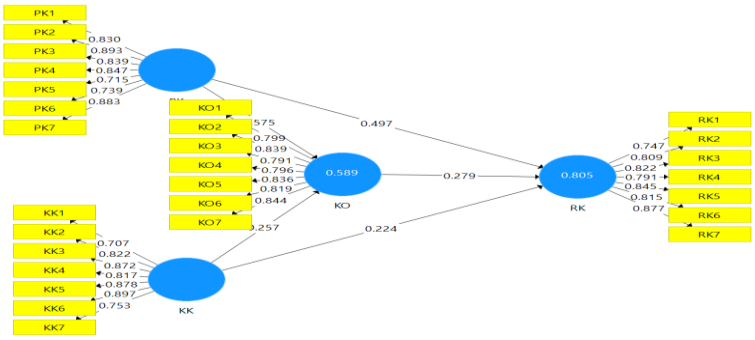


**Figure 1.** Autor Model PLS SEM

The author model figure 1, or authority model, in the context of Partial Least Squares Structural Equation Modeling (PLS SEM) refers to an approach used to identify and analyze the structural relationships between variables in a research model. In this model, researchers categorize and evaluate the effects of independent variables on dependent variables, as well as the relationships among variables within the model as a whole.

Reliability and Validity provide essential information about the dependability and accuracy of the instruments used in the research. In this study, it serves as a key reference for assessing the quality of data and the results obtained from the analyzed model. Reliability is often assessed through measures such as Cronbach's Alpha or Composite Reliability, while validity is evaluated using indicators such as Convergent Validity and Discriminant Validity.

**Table 1.** Reliability and Validity

| Variable | Cronbach's Alpha | rho_A | Composite Reliability | Average Variance Extracted (AVE) |
|---|---|---|---|---|
| Work Engagement | 0,919 | 0,920 | 0,936 | 0,678 |
| Organizational Commitment | 0,918 | 0,919 | 0,934 | 0,669 |
| Career Development | 0,919 | 0,920 | 0,936 | 0,678 |
| Employee Retention | 0,916 | 0,917 | 0,933 | 0,666 |

In table 1, the results of the validity and reliability tests using Smart PLS in this study include Cronbach's alpha and composite reliability values, both exceeding 0.7, indicating a high level of internal consistency. Additionally, the average variance extracted (AVE) value is greater than 0.5, demonstrating good convergent validity for all constructs. These findings validate the reliability and validity of the study's measurement method, which meets the thresholds for Cronbach's alpha, composite reliability, and AVE across all variables (Leguina, 2015).

The presentation of data from Smart PLS results is intended to determine the R-Square values, which indicate the extent to which independent variables in the research model can explain the variability of the dependent variable. The R-Square value, or coefficient of determination, is an important indicator in PLS SEM models that reflects the proportion of variance in the dependent variable that can be predicted by the independent variables in the model. By examining the R-Square values listed in this table, one can evaluate the strength of the model in explaining the relationships between variables and assess how well the model represents the data used.

**Table 2.** R Square

| Variable | R Square | R Square Adjusted |
|---|---|---|
| Organizational Commitment | 0,589 | 0,583 |
| Employee Retention | 0,805 | 0,801 |

In table 2, the R Square value is a metric used to assess the impact of exogenous variables on endogenous variables, with a higher R Square value indicating a stronger research model (Ghozali, 2020). According to the data provided, the Adjusted R Square for the Organizational Commitment variable is 0.583. This indicates that the Career Development and Employee Engagement variables account for 58.3% of the variance in Organizational Commitment, while the remaining 41.7% is attributed to other factors not covered in this study. Additionally, the Adjusted R Square value for Employee Retention is 0.801, suggesting that the

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Career Development, Employee Engagement, and Organizational Commitment variables collectively explain 80.1% of the variance in Employee Retention, with the remaining 19.9% explained by other factors outside the scope of this study.

The Direct Hypothesis Analysis examines the direct effects of research variables and presents the results for testing the direct hypotheses proposed in this study. This table includes information on the direct relationships between independent and dependent variables in the model, including path coefficients, t-statistic values, and p-values.

**Table 3.** Direct Hypothesis Analysis

| Variable | Original Sample (O) | T Statistics (O/STDEV) | P Values |
|---|---|---|---|
| Career Development -> Employee Retention | 0,497 | 5,359 | 0,000 |
| Job Engagement -> Employee Retention | 0,224 | 3,490 | 0,001 |
| Career Development -> Organizational Commitment | 0,575 | 6,202 | 0,000 |
| Job Engagement -> Organizational Commitment | 0,257 | 2,701 | 0,007 |
| Organizational Commitment -> Employee Retention | 0,279 | 3,204 | 0,001 |

The results of the direct effect of variables, as shown in table 3, indicate that hypothesis testing in this study involves path analysis of the developed model, with the significance of each hypothesis evaluated based on p-values and T statistics. The criteria for significance are as follows: a p-value ≤ 0.10 (alpha 10%) indicates weak significance, ≤ 0.05 (alpha 5%) indicates significance, and ≤ 0.01 (alpha 1%) indicates high significance. Additionally, a hypothesis is accepted if the T statistic exceeds 1.96 (Hair Jr et al., 2010).

The findings reveal that Career Development has a significant effect on Employee Retention, with a p-value < 0.005 (0.000 < 0.05) and a T statistic > 1.96 (5.359 > 1.96), confirming a significant effect and accepting the hypothesis. Work Engagement also significantly affects Employee Retention, with a p-value < 0.005 (0.001 < 0.05) and a T statistic > 1.96 (3.490 > 1.96), supporting the hypothesis. Career Development significantly impacts Organizational Commitment, as indicated by a p-value < 0.005 (0.000 < 0.05) and a T statistic > 1.96 (6.202 > 1.96), confirming the hypothesis. Similarly, Work Engagement has a significant effect on Organizational Commitment, with a p-value < 0.005 (0.007 < 0.05) and a T statistic > 1.96 (2.701 > 1.96), thus accepting the hypothesis. Lastly, Organizational Commitment significantly influences Work Engagement, with a p-value < 0.005 (0.001 < 0.05) and a T statistic > 1.96 (3.204 > 1.96), supporting the hypothesis.

Indirect Hypothesis Analysis" presents the results of the analysis regarding indirect effects within this research model. Indirect effects refer to the influence of independent variables on dependent variables through mediating or intermediary variables within the model.

**Table 4.** Indirect Hypothesis Analysis

| Variable | Original Sample (O) | T Statistics (O/STDEV) | P Values |
|---|---|---|---|
| Career Development -> Organizational Commitment -> Employee Retention | 0,160 | 2,561 | 0,011 |
| Job Engagement -> Organizational Commitment -> Employee Retention | 0,072 | 2,045 | 0,041 |

Table 4 shows the research results indicating that Career Development has an indirect effect on Employee Retention through Organizational Commitment, with a p-value < 0.005 (0.011 < 0.005) and a T statistic > 1.96 (2.561 > 1.96), thus this hypothesis can be accepted. Additionally, Work Engagement also has an indirect effect on Employee Retention through Organizational Commitment, with a p-value < 0.005 (0.041 < 0.005) and a T statistic > 1.96 (2.045 > 1.96), thus this hypothesis can be accepted.

**Career Development and Engagement on Gen Z Retention via Commitment**

The findings of this study emphasize the significant relationships between Career Development, Work Engagement, Organizational Commitment, and Employee Retention among Generation Z employees in technology companies in Jakarta. Career Development was found to have a direct and significant impact on Employee Retention, aligning with the research by A. Syech (Rahmat et al., 2024). This result is likely

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because Generation Z values growth and development opportunities, which enhance their commitment to remain with an organization. Similarly, Career Development significantly affects Organizational Commitment, consistent with Ilma Ghania & Suryani, (2024) findings, suggesting that clear advancement paths increase employees' emotional attachment and loyalty to the organization.

Work Engagement also significantly affects Employee Retention, consistent with Tuna et al., (2024) research. This underscores the importance of creating an engaging work environment where employees feel invested and enthusiastic about their roles. Furthermore, Work Engagement significantly impacts Organizational Commitment, similar to Perkasa & Herawaty, (2021) findings, indicating that engaged employees are more likely to develop a stronger bond with the organization. Additionally, the study revealed that Organizational Commitment significantly influences Employee Retention, corroborating Setiawan et al., (2023) research. This suggests that fostering a strong sense of commitment can effectively reduce turnover rates. Indirectly, Career Development and Work Engagement impact Employee Retention through Organizational Commitment, supporting the mediating role of Organizational Commitment as found (Ramlah et al., 2023) and (Oyeng, 2023). Several theories support the findings of this study, Job Demands-Resources (JD-R) Theory: JD-R Theory can explain how Career Development and Work Engagement influence Employee Retention. This theory posits that job resources (such as career development opportunities) can enhance work engagement, which, in turn, can reduce the desire to leave the organization (Bakker & Evangelia, 2017). Conservation of Resources (COR) Theory: COR Theory can explain how Work Engagement affects Organizational Commitment and Employee Retention. This theory suggests that individuals strive to acquire, maintain, and protect resources they value. Work engagement can be seen as a valuable psychological resource that motivates employees to remain committed and stay with the organization (Hobfoll et al., 2018). Social Exchange Theory: This theory supports the relationship between Career Development and Work Engagement with Organizational Commitment. According to this theory, employees tend to reciprocate positive treatment from the organization with favorable attitudes and behaviors towards the organization (Cropanzano & Mitchell, 2005). When organizations provide career development opportunities and create an engaging work environment, employees are likely to respond with higher commitment.

While these findings provide valuable insights for technology companies in Jakarta to enhance employee retention, a critical analysis is essential to understand the underlying reasons for these relationships. For instance, the high significance of Career Development may be particularly relevant in the tech industry, where rapid skill acquisition and career progression are paramount. Similarly, the strong effect of Work Engagement could be attributed to the dynamic and often demanding nature of tech jobs, which require sustained employee enthusiasm and dedication. Moreover, comparing these results to previous studies indicates consistent patterns, but it also raises questions about potential cultural or industry-specific factors that might influence these dynamics. Future research could explore these aspects in greater depth, considering variables such as organizational culture, leadership styles, and specific characteristics of Generation Z employees. This approach would help organizations develop more tailored strategies to address the unique needs and preferences of their workforce, ultimately improving retention rates and overall organizational performance.

## CONCLUSION

This study utilizes a modified framework based on theories of Career Development, Work Engagement, Organizational Commitment, and Employee Retention among Generation Z employees in Jakarta's technology sector. Analysis of 140 questionnaire responses using the SEM SmartPLS method demonstrates that Career Development has a significant effect on both Employee Retention and Organizational Commitment. Likewise, Work Engagement significantly impacts Employee Retention and Organizational Commitment. Additionally, Organizational Commitment significantly influences Employee Retention. The results also show that both Career Development and Work Engagement affect Employee Retention indirectly through Organizational Commitment. These findings highlight the importance of Career Development, Work Engagement, and Organizational Commitment in enhancing Employee Retention and provide valuable guidance for technology companies in Jakarta to improve their strategies in these areas.

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