

Bridging the Gap: The Role of EVP and Job Satisfaction in Retaining Generation Z Public Sector Employees

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ABSTRACT

This research examines the influence of the Employee Value Proposition (EVP) on retaining Generation Z talent within public service organizations. Furthermore, it scrutinizes how job satisfaction functions as a pivotal mediator in bridging the relationship between organizational offerings and long-term employee commitment. It seeks to clarify how EVP supports employee retention via both direct and indirect pathways through enhanced job satisfaction. Employing a quantitative explanatory design, the study gathered data from 50 Generation Z employees using a structured questionnaire, and the results were analyzed through regression and path analysis methods. The findings reveal that Employee Value Proposition (EVP) exerts a positive influence on both job satisfaction and employee retention, with job satisfaction serving as a significant mediating factor that strengthens this relationship. This study contributes novel insights by extending EVP research to the public sector, an area that has received less scholarly attention than the private sector. The results underscore that meaningful work experiences, recognition, opportunities for development, and alignment between individual and organizational values are critical determinants in retaining Generation Z employees. These findings emphasize the importance for public service organizations to design EVP strategies that are responsive to the expectations of younger employees in order to enhance retention and organizational sustainability.

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1. Introduction

Retaining employees has become a central strategic priority, and a significant challenge for organizations across the globe. particularly with the growing The arrival of Generation Z into society brings new energy and fresh dynamics labor market In comparison to earlier generations, Generation Z tends to assign a higher level of importance on emphasis on meaningful work, career development opportunities, organizational support, and the alignment between personal and organizational values. This issue is particularly critical for public organizations, where retaining younger employees is essential to sustaining long-term institutional performance. When these expectations are not fulfilled, employees are more likely to disengage and consider leaving their organizations, creating significant risks for workforce stability and long-term performance (Ng & Parry, 2022; Kim & Park, 2022).

This challenge is increasingly visible in the public sector, where organizational systems tend to be more formalized and less flexible than those in private institutions. Rigid bureaucratic

structures, standardized human resource policies, and limited managerial discretion may restrict organizations' ability to respond to the evolving expectations of younger employees. These constraints often manifest in slower promotion pathways, limited reward flexibility, and fewer opportunities for individualized career development, potentially weakening the attractiveness of organizational value propositions for Generation Z employees. As a result, retaining Generation Z employees has emerged as a strategic concern for public organizations seeking to maintain institutional effectiveness and ensure the continuity of public service delivery (OECD, 2023).

Preliminary observations across public service programs suggest a growing concern regarding workforce stability among young employees. Internal program records also indicate recurring staff transitions during the early stages of employment, highlighting emerging challenges in maintaining workforce continuity. Frequent staff transitions can disrupt program implementation, weaken organizational learning, and ultimately reduce the quality of services provided to the community. This issue is particularly critical in service-oriented programs where employee consistency directly influences the achievement of social outcomes.

One example can be seen in community-based nutrition service programs that rely heavily on young professionals to support operational activities. The sustainability of such programs depends not only on sound policy design but also on the commitment and stability of frontline personnel. High employee turnover may therefore undermine service effectiveness, reduce community trust, and limit the broader social impact of the program. Sustained instability in frontline staffing may delay service delivery and reduce the effectiveness of nutrition support, particularly for communities that depend on consistent program implementation. As a labor-intensive public service initiative that relies heavily on early-career employees, this program provides a strategically important context for examining how workforce instability may directly influence service quality and community outcomes. These conditions highlight the urgency for public organizations to develop human resource strategies that are capable of supporting employee retention.

In response to these challenges, organizations are increasingly expected to establish a strong Employee Value Proposition (EVP) refers to a combination of both tangible and intangible benefits provided by organizations to their employees, including career advancement opportunities, supportive work environments, recognition, and meaningful work experiences. A well-designed EVP helps foster alignment between organizational values and employee expectations, thereby strengthening engagement and reducing turnover intentions (Meyers et al., 2021; Deloitte, 2024).

Job satisfaction plays a crucial psychological role in shaping employees' decisions to remain within an organization. Employees who feel supported, valued, and fulfilled in their roles are more likely to develop emotional attachment and long-term commitment. For Generation Z, job satisfaction is often associated with purpose driven work, flexibility, and opportunities for growth, making it a key mechanism linking Employee Value Proposition (EVP) to employee retention.

Despite the expanding body of research on this topic Employee Value Proposition and employee retention, existing studies have predominantly focused on private-sector organizations characterized by flexible human resource practices and competitive reward systems. Consequently, limited attention has been given to how EVP operates within public-sector environments, which are often shaped by bureaucratic structures, standardized policies, and restricted managerial discretion. However, existing studies have not sufficiently examined whether Employee Value Proposition remains equally effective within highly structured public-sector environments dominated by Generation Z employees. This imbalance raises an important theoretical question regarding whether EVP remains equally effective in organizational contexts

where flexibility is constrained. the Generation Z cohort, who typically regard autonomy as essential, rapid development, and the intrinsic significance of work, may experience a greater mismatch in such environments, potentially weakening the impact of EVP on retention. However, empirical evidence addressing this contextual complexity remains scarce. Addressing this gap is essential for advancing theoretical understanding of employee retention while simultaneously offering practical insight into workforce sustainability within public institutions.

This study acts as a factor for the existing within the existing body of work by extending Employee Value Proposition (EVP) research into the relatively underexplored context of public service organizations and by investigating the mediating role of job satisfaction in explaining retention among Generation Z employees. By examining EVP within a more structurally constrained environment, the research offers insight into the contextual boundaries of EVP effectiveness while enriching the broader discourse on generational workforce management in the public sector.

Accordingly, The present inquiry aims to evaluate the influence of Employee Value Proposition on Generation Z employee retention, with job satisfaction serving as a mediating variable within a public service context.

2. Literature Review

To understand the connection between organizational practices and employee behavior, we can view it from several perspectives. One of them is Social Exchange Theory, which sees workplace relationships as a form of mutual exchange. When organizations offer support, recognition, and opportunities for growth, employees tend to respond with more positive attitudes and behaviors (Cropanzano & Mitchell, 2005).

Organizational Commitment Theory posits that positive work experiences contribute to the strengthening of employees' emotional attachment and foster long-term loyalty to the organization. Employees who experience satisfaction and perceive adequate support in the workplace are more likely to remain with the organization.

In addition, Signaling Theory explains that organizational policies and practices, including Employee Value Proposition (EVP), serve as signals that reflect how much the organization values its employees. These signals influence employees' perceptions and decisions regarding their intention to stay.

Employee Value Proposition (EVP)

The increasingly competitive dynamics of the modern workplace require organizations not only to focus on performance achievement but also on their capacity to attract and retain high-quality talent. In this context, Employee Value Proposition (EVP) is viewed as a strategic approach that represents a set of tangible and intangible benefits provided to the workforce by their respective organizations in return for their skills, capabilities, and contributions. EVP commonly includes financial remuneration that is competitive, prospects for professional growth, and work settings that are supportive, recognition, and meaningful work experiences. Through a strong EVP, organizations are able to build alignment between institutional values and employee expectations while simultaneously enhancing organizational attractiveness within an increasingly competitive labor market (Deloitte, 2024).

From a strategic human resource management perspective, EVP serves a crucial function in molding how staff perceive of the long-term value of their employment. Organizations that are capable of communicating and consistently implementing EVP are inclined to create stronger emotional bonds with employees, thereby contributing to increased engagement and reduced intentions to leave the organization.

EVP is also understood as a multidimensional construct encompassing economic value, development value, social value, and balance between professional and personal life. These dimensions collectively influence how employees evaluate their relationship with the organization and determine whether continued employment is capable of fulfilling their professional as well as psychological needs.

Nevertheless, the effectiveness of EVP is not always universal and may vary depending on organizational context. Within the public sector, EVP implementation frequently encounters various constraints such as bureaucratic structures, standardized compensation systems, and relatively limited career flexibility. These conditions may cause EVP to function more symbolically than strategically, thereby raising an important question regarding the degree to which EVP influences employee attitudes and behaviors within more formal organizational settings.

Job satisfaction

Job satisfaction reflects employees' overall evaluation of their work experiences and the extent to which the organization fulfills their expectations. An effective EVP can enhance job satisfaction because employees feel valued, supported, and provided with opportunities for growth. This aligns with the findings of Wardani (2025), who demonstrates indicating that job satisfaction serves as a crucial a mediating factor that links organizational stimuli or individual attributes to more optimal behavioral outcomes. Social Exchange Theory suggests that employees who perceive organizational support are likely to exhibit positive attitudes, including job satisfaction and organizational commitment (Cropanzano & Mitchell, 2005). Previous studies also indicate that organizational practices aligned with employee needs significantly contribute to higher job satisfaction. For Generation Z employees, job satisfaction is significantly shaped by their work experiences and the availability of opportunities for both personal and professional development.

Employee Retention

Employee retention is defined as an organization's ability to strategic ability to retain potential talent and prevent them from leaving the company over a specific period. Theoretically, retention is not merely an administrative phenomenon but the result of a complex reciprocal relationship between the individual and the organization. This perspective is further strengthened by Job Embeddedness Theory (Mitchell et al., 2001), which posits that employees stay due to emotional attachments, perceived fit with the organizational values, and the significant sacrifice involved in deciding to leave. For Generation Z, whose career decisions are strongly influenced by developmental opportunities and workplace experiences, satisfaction becomes an even more critical determinant of their intention to remain.

Employee Value Proposition and Job Satisfaction

Employee Value Proposition plays a significant role in shaping employees' perceptions of their work experience. When organizations provide meaningful work, recognition, and development opportunities, employees tend to feel more valued and supported. Based on Social Exchange Theory, such organizational support leads to higher job satisfaction.

H1: Employee Value Proposition positively influences job satisfaction among Generation Z employees.

Employee Value Proposition and Employee Retention

In addition to influencing job satisfaction, EVP may also directly affect employee retention. A strong EVP signals organizational commitment to employee well-being and career growth,

which strengthens employees' intention to remain. According to Signaling Theory, employees interpret EVP as an indicator of how much they are valued, encouraging long-term engagement. H2: Employee Value Proposition positively influences the retention of Generation Z employees.

Job Satisfaction and Employee Retention

job satisfaction plays an important role in promoting employee retention. Employees who experience higher levels of satisfaction typically develop stronger emotional attachment, demonstrate greater organizational commitment, and exhibit lower intentions to leave. Organizational Commitment Theory suggests that positive workplace experiences strengthen loyalty and long-term attachment to the organization. Extensive empirical studies repeatedly highlight job satisfaction as a primary and highly dependable indicator of employee retention. H3: Job satisfaction positively influences the retention of Generation Z employees.

The Mediating Role of Job Satisfaction

Job satisfaction also acts as a mediating variable in the relationship between EVP and employee retention. When EVP enhances employees' perceptions of value and organizational support, it leads to higher job satisfaction, which in turn strengthens retention. This suggests that EVP affects employee retention both directly and indirectly through job satisfaction. H4: Job satisfaction mediates the effect of Employee Value Proposition (EVP) on Generation Z employee retention.

Collectively, these four hypotheses illustrate a coherent causal chain. EVP forms the foundation for positive work experiences, which subsequently lead to higher job satisfaction. Job satisfaction then acts as an emotional bridge connecting EVP to employees' loyalty and retention intentions. The stronger the EVP perceived by employees, the greater their satisfaction and, ultimately, their willingness to stay with the organization, particularly among Generation Z, who view work as a meaningful avenue for self-expression and growth rather than merely a financial obligation.

To enhance conceptual precision and measurement validity, each variable in this study is operationalized using theoretically grounded indicators. Employee Value Proposition (EVP) is commonly reflected through dimensions such as career development opportunities, organizational support, recognition, and meaningful work experiences that align employee and organizational values (Meyers et al., 2020; Deloitte, 2024)

Job satisfaction represents employees' overall evaluative judgment of their work experiences, encompassing satisfaction with the work environment, supervisory relationships, growth opportunities, and emotional fulfillment derived from their roles (Cropanzano & Mitchell, 2005).

Meanwhile, employee retention is typically associated with employees' intention to remain with the organization, their willingness to continue contributing, and their commitment to maintaining long-term organizational membership (Hom et al., 2017; Kyndt et al., 2009).

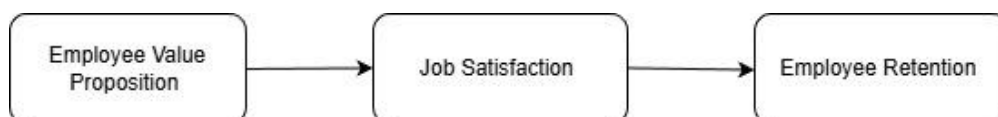


Figure 1. Conceptual Framework

The conceptual framework of this study depicts Employee Value Proposition (EVP) as the independent variable (X), job satisfaction as the mediating variable (Z), and Generation Z employee retention as the dependent variable (Y). EVP represents the collection of values, benefits, and organizational commitments offered to employees such as fair rewards, career

development opportunities, a supportive work environment, and meaningful tasks. When an organization provides a strong and genuine EVP that matches the expectations and personal values of younger employees, it increases their level of job satisfaction because both their psychological and professional needs are met. This job satisfaction becomes an emotional connector that links positive organizational experiences to loyalty and the desire to remain in the company. Consequently, employee retention is shaped by how employees perceive the value offered by the organization and how satisfied they feel in their roles.

3. Research Methods

This conceptual research utilizes a quantitative framework paired with an explanatory research design. This approach is chosen because the study seeks not only to describe a phenomenon but also to analyze causal relationships among the variables. An explanatory research design enables the researcher to empirically examine how Employee Value Proposition (EVP) influences the retention of Generation Z employees, through both primary channels and mediated pathways via the influence of workplace satisfaction. Investigating these pathways offers a comprehensive understanding of the mechanisms that influence Generation Z personnel's commitment to maintaining their current roles, particularly within the Nutrition Fulfillment Service.

The targeted demographic for this investigation includes all individuals participating in the Nutrition Fulfillment Service Unit Program in the Dampit District who fall under the Generation Z category, referring to those born between 1997 and 2012. According to the program's internal records, the total population comprises 50 individuals. Given the small and easily accessible population, the research utilizes a census-based approach for sample selection (census) technique, in which every population member is included as a respondent. Consequently, the sample size matches the population, totaling 50 respondents.

Raw data acquisition was conducted through a formal instrument utilizing pre-defined response categories items developed from the theoretical indicators of each research variable. A Likert scale ranging from strongly disagree to strongly agree was used to measure respondents' perceptions. The measurement indicators were adapted from established studies to ensure validity and reliability. EVP was measured through dimensions such as organizational support, career development, recognition, and meaningful work (Meyers et al., 2020; Deloitte, 2024). Job satisfaction was assessed based on employees' evaluative perceptions of their work experience and organizational support (Cropanzano & Mitchell, 2005). Employee retention was measured through indicators such as intention to remain, organizational commitment, and willingness to sustain long-term employment (Hom et al., 2017; Kyndt et al., 2009).

4. Results

Since the program has been operating for less than one year, all respondents reported relatively short work experience. The majority had been employed for 3–6 months, indicating that the workforce largely consists of newly recruited employees who are still adapting to

Table 1. Description of Research Respondents

Characteristic	Category	Frequency	Percent	Valid Percent	Cumulative Percent
Gender	Male	18	36.0	36.0	36.0
	Female	32	64.0	64.0	100.0
Education Level	High School / Vocational	15	30.0	30.0	30.0

Age	Diploma (D3)	12	24.0	24.0	54.0
	Bachelor's Degree (S1)	20	40.0	40.0	94.0
	Master's Degree (S2)	3	6.0	6.0	100.0
	18–20 years	8	16.0	16.0	16.0
	21–23 years	22	44.0	44.0	60.0
	24–26 years	15	30.0	30.0	90.0
	> 26 years	5	10.0	10.0	100.0
	< 3 months	10	20.0	20.0	20.0
	3–6 months	18	36.0	36.0	56.0
	7–9 months	12	24.0	24.0	80.0
Length of Employment	10–12 months	10	20.0	20.0	100.0

Source: processed research data (2026)

organizational practices. This condition carries methodological implications, as employees in the early stages of employment may form perceptions based primarily on initial work experiences rather than long-term organizational attachment. In addition, the respondent profile indicates that the workforce is predominantly female, reflecting a gender composition commonly found in service-oriented and nutrition-related programs.

Such a profile may shape workplace interactions, communication styles, and expectations of organizational support, which are relevant factors when examining how Employee Value Proposition contributes to employee retention. Understanding this demographic tendency provides additional context for interpreting employees' perceptions and organizational experiences within the program.

The validity test results indicate that all items assessing Employee Value Proposition (EVP), Job Satisfaction, and Employee Retention meet the required validity standards. This is supported by each item's calculated r-value, which exceeds the r-table value of 0.279 at the 5% significance level with a sample of 50 respondents. Therefore, each indicator accurately represents the construct it is intended to measure. Therefore, each indicator exhibits a strong correlation with its overall construct and accurately represents the variable it is intended to measure.

The reliability test further shows that all three variables recorded Cronbach's Alpha values exceeding 0.90, with EVP at 0.921, Job Satisfaction at 0.903, and Employee Retention at 0.914. These values are well above the minimum threshold of 0.70, meaning that all instruments are classified as highly reliable. This reflects excellent internal consistency, indicating that the items consistently measure the constructs and provide dependable results.

Overall, the findings from both the validity and reliability tests confirm that the research instruments are suitable for further analysis. All items meet the required standards of validity and reliability, ensuring the quality and accuracy regarding the instruments applied to assess the variables in this research.

Table 2. Validity and Reliability Test Results

Variable	Instrument (Item)	r count	r table (N=50)	Validity	Cronbach's Alpha	Reliability
EVP	EVP1	0.623	0.279	Valid	0.921	Reliable
	EVP2	0.655	0.279	Valid		

	EVP3	0.601	0.279	Valid		
	EVP4	0.682	0.279	Valid		
	EVP5	0.694	0.279	Valid		
	EVP6	0.571	0.279	Valid		
	EVP7	0.648	0.279	Valid		
	EVP8	0.663	0.279	Valid		
	EVP9	0.589	0.279	Valid		
	EVP10	0.675	0.279	Valid		
Job Satisfaction	JS1	0.622	0.279	Valid	0.903	Reliable
	JS2	0.643	0.279	Valid		
	JS3	0.589	0.279	Valid		
	JS4	0.661	0.279	Valid		
	JS5	0.680	0.279	Valid		
	JS6	0.574	0.279	Valid		
	JS7	0.605	0.279	Valid		
Employee Retention	JS8	0.652	0.279	Valid	0.914	Reliable
	ER1	0.643	0.279	Valid		
	ER2	0.622	0.279	Valid		
	ER3	0.601	0.279	Valid		
	ER4	0.667	0.279	Valid		
	ER5	0.653	0.279	Valid		
	ER6	0.614	0.279	Valid		

Source: processed research data, (2026)

The reliability analysis shows that all variables achieved Cronbach's Alpha values exceeding 0.90, indicating a very high level of internal consistency. While extremely high reliability coefficients may sometimes suggest item redundancy, this study ensured that each measurement item was developed based on established theoretical indicators representing different dimensions of the constructs. Therefore, the high Cronbach's Alpha values should be interpreted as evidence of strong instrument consistency rather than duplication of items.

Table 3. Classical Assumption Test Results

Test	Indicator	Result	Threshold	Conclusion
Normality	Asymp. Sig.	0.200	> 0.05	Normally distributed
Multicollinearity	Tolerance	0.572	> 0.10	No multicollinearity
	VIF	1.748	< 10	No multicollinearity
Heteroscedasticity	Sig. (Glejser)	> 0.05	> 0.05	No heteroscedasticity

Source: processed research data, (2026)

Moreover, the results confirm that the questionnaire items function cohesively in capturing the underlying constructs of Employee Value Proposition, Job Satisfaction, and Employee Retention. This strengthens the overall measurement quality and supports the suitability of the instrument for further statistical analysis.

To verify the normality assumption, the One-Sample Kolmogorov–Smirnov procedure was employed. The output demonstrated a p-value of 0.200, surpassing the conventional 0.05 significance level. Consequently, this suggests that the error terms are normally distributed, validating the regression framework's compliance with normality requirements. Such a distribution is vital for enhancing the reliability of coefficient estimates and ensuring the robustness of subsequent hypothesis evaluations.

A multicollinearity assessment was performed to investigate potential inter-correlations among the predictor variables. The analysis yielded a tolerance coefficient of 0.572 for all variables, comfortably exceeding the 0.10 minimum requirement. Furthermore, the Variance

Inflation Factor (VIF) was measured at 1.748, which is significantly lower than the standard cutoff of 10. These metrics verify the absence of multicollinearity, implying that each independent factor maintains its individual explanatory power without undermining the regression model's reliability.

To determine if the residual variance remains uniform across the predictive scale, a heteroscedasticity check was executed via the Glejser method. The analysis revealed p-values exceeding the 0.05 threshold for all variables, confirming the absence of heteroscedasticity. Consequently, the regression model aligns with the homoscedasticity assumption, which safeguards the consistency of estimation errors throughout the dataset.

In summary, the comprehensive diagnostic suite confirms that the regression framework adheres to all necessary statistical prerequisites. Consequently, the model is deemed robust and suitable for subsequent inferential analysis to explore inter-variable dynamics with a high level of confidence.

Table 4. Simultaneous Test Results (F-test)

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	15.242	2	7.621	102.345	0.000
Residual	3.078	47	0.065		
Total	18.320	49			

a. Dependent Variable: Retention
b. Predictors: (Constant), Job Satisfaction, EVP

Source: processed research data, (2026)

The statistical output from the F-test demonstrates that the regression model applied in this study is statistically significant. This is demonstrated by an F-value of 102.345 and a significance level of 0.000, which is well below the 0.05 threshold. These findings confirm that the independent variables, Employee Value Proposition (EVP) and job satisfaction, jointly exert a strong and simultaneous influence on employee retention. Therefore, the model is considered appropriate for explaining variations in retention among Generation Z employees within the Nutrition Fulfillment Service Unit Program. Overall, these findings suggest that improvements in EVP and job satisfaction collectively enhance employees' intention to remain in the organization.

Table 5. Table Of Coefficient Of Determination

Model	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.832	0.825	0.065

Source: processed research data, (2026)

The analysis shows that the model produces an R Square value of 0.832, meaning that 83.2% of the variation in Generation Z employee retention is accounted for by the Employee Value Proposition (EVP) and job satisfaction. This high percentage reflects the strong explanatory power of these two variables, indicating that most changes in staff members' commitment to remaining within the company with or leave the organization can be attributed to how they perceive the value provided by the organization and the degree of satisfaction they derive from their work.

The adjusted coefficient of determination reveals of 0.825 demonstrates the statistical dependability of the proposed model after accounting for the number of predictors and the sample size. Its close alignment with the R Square value indicates that the regression model is stable and not overstated by the inclusion of multiple independent variables. This suggests that the influence of EVP and job satisfaction on employee retention remains consistent even after statistical adjustments are applied.

Overall, the high coefficient of determination confirms that the research model possesses strong explanatory power. This indicates that EVP and job satisfaction are the dominant factors

influencing Generation Z employees' decisions to remain in the program. Meanwhile, the remaining 16.8% is affected by other variables not included in this model, such as work environment conditions, supervisor support, workload, personal factors, or career opportunities outside the organization.

Table 6. Partial Test Results (t-test)

Variable	Unstandardized B	Std. Error	Standardized Beta	t	Sig.
Constant	0.842	0.214	—	3.936	0.000
Employee Value Proposition	0.312	0.065	0.421	4.812	0.000
Job Satisfaction	0.387	0.074	0.468	5.214	0.000

a. Dependent Variable: Retention

Source: processed research data, (2026)

As part of the mediation analysis, the t-test results presented in Table 5 focus on the second structural model, which examines the direct effects of Employee Value Proposition (EVP) and Job Satisfaction on Employee Retention. However, the study proposes three direct relationships in total. The first direct effect — EVP on Job Satisfaction — was tested in the initial regression model and demonstrated a positive and significant relationship. Therefore, when considered collectively, the findings confirm the existence of three direct effects within the research framework.

The t-value of 4.812 for the EVP variable, together with a significance level of 0.000, demonstrates that EVP has a positive and significant effect on Generation Z employee retention. This result suggests that as personnel interpret the corporate value proposition as meaningful characterized by fairness, recognition, and growth opportunities—their intention to stay with the organization rises considerably.

Job satisfaction records a t-value of 5.214 with a significance level of 0.000, demonstrating a strong and positive influence on employee retention. This result indicates that employees who experience satisfaction in their work tend to build a deeper emotional connection with the organization and display a greater intention to remain.

Both EVP and job satisfaction demonstrate significant partial effects on employee retention, meaning that each factor independently enhances employees' intention to remain. This highlights the strategic need to cultivate a supportive work environment and a compelling value proposition for Generation Z employees.

Table 7. Path Analysis

Effect Path	Direct Effect	Indirect Effect	Total Effect
EVP → Retention	0.312	0.253	0.565
EVP → Job Satisfaction	0.654	—	0.654
Job Satisfaction → Retention	0.387	—	0.387
Indirect Effect = $0.654 \times 0.387 = 0.253$			

Source: processed research data, (2026)

Findings derived from the path analysis indicate that Employee Value Proposition (EVP) has a direct effect of 0.312 on employee retention, while also exerting a 0.654 influence on job satisfaction. In turn, job satisfaction contributes 0.387 to employee retention. The indirect effect of EVP through job satisfaction is calculated at 0.253, resulting in a total effect of 0.565, which is substantially greater than the direct effect alone. The increase from the direct effect (0.312) to the total effect (0.565) indicates that the indirect pathway contributes meaningfully to strengthening the relationship between Employees Value Proposition and employee retention. Because the direct effect remains significant while the total effect becomes stronger after

incorporating job satisfaction, these findings provide statistical evidence of a mediating mechanism. Therefore, H4 is supported, suggesting that job satisfaction partially mediates the influence of Employee Value Proposition on employee retention.

To evaluate the mediating role of job satisfaction, this study employed a regression-based path analysis following the causal steps approach. Although bootstrapping is widely recommended for mediation testing, regression-based path analysis remains an acceptable method for examining mediating relationships, particularly when the total effect exceeds the direct effect and demonstrates a strengthened structural relationship.

These findings confirm that job satisfaction functions as a meaningful mediating variable that reinforces the relationship between EVP and employees' intentions to remain within the organization. While EVP directly encourages Generation Z employees to stay, its influence becomes more substantial when it enhances job satisfaction, which subsequently fosters stronger emotional attachment and retention intentions. Therefore, improving EVP not only supports retention directly but also generates additional benefits through elevated job satisfaction.



Figure 2. Structural Model with Standardized Path Coefficients

To provide a more comprehensive illustration of the relationships among variables, the path diagram with standardized coefficients is presented in Figure 2. The diagram shows that Employee Value Proposition has a direct effect on job satisfaction ($\beta = 0.654$) and employee retention ($\beta = 0.312$). Furthermore, job satisfaction directly influences employee retention ($\beta = 0.387$). These findings confirm the mediating role of job satisfaction in strengthening the relationship between Employee Value Proposition and employee retention.

5. Discussion

Employee Value Proposition and Job Satisfaction

The empirical evidence gathered here validates Hypothesis 1 (H1), demonstrating that a robust Employee Value Proposition (EVP) exerts a positive and significant influence on job satisfaction. This outcome implies that Generation Z professionals tend to perceive their roles more favorably when organizations provide purposeful work experiences, consistent recognition, and clear pathways for advancement. In line with Social Exchange Theory, such supportive environments foster a sense of reciprocity, leading to heightened satisfaction and a deeper affective commitment to the workplace.

Employee Value Proposition and Employee Retention

The study also confirms H2, demonstrating that Employee Value Proposition directly influences employee retention. This result implies that retention is shaped not only by financial rewards or formal policies but also by employees' psychological connection to the organization. When employees perceive alignment between organizational values and their personal aspirations, their sense of belonging increases, ultimately reducing their intention to leave.

Job Satisfaction and Employee Retention

Furthermore, the findings support H3, revealing that job satisfaction significantly contributes to employee retention. Job satisfaction reflects employees' overall emotional evaluation of their daily work experiences. Positive interactions, supportive environments, and

meaningful responsibilities foster psychological stability, which gradually develops into stronger organizational commitment.

The Mediating Role of Job Satisfaction

The mediation analysis provides support for H4, highlighting the role of job satisfaction as an emotional bridge between Employee Value Proposition and retention. When EVP enhances employees' perceptions of support, value, and recognition, it generates positive emotional responses that deepen their attachment to the organization. This internal evaluation process transforms organizational offerings into long-term commitment, explaining why the total influence of EVP on retention exceeds its direct effect alone.

The emergence of a significant mediating effect further clarifies that retention is not merely a reaction to organizational offerings but also an internal evaluation process in which employees reflect on the meaning of their work experiences. When EVP enhances feelings of being supported, valued, and understood, job satisfaction increases, which in turn strengthens retention. These results are consistent with previous studies by Ng & Parry (2022), Deloitte (2024), and Kim & Park (2022), which emphasize that the retention of younger generations is strongly influenced by interpersonal relationships, meaningful work, and opportunities for growth.

6. Conclusion

This study demonstrates that Employee Value Proposition (EVP) plays a crucial role in enhancing both job satisfaction and employee retention among Generation Z within the public sector. While EVP has a direct impact on retention, its influence becomes stronger when mediated by job satisfaction, highlighting the importance of employees' psychological experiences in shaping their intention to remain. A key contribution of this research lies in its contextual focus, as it extends existing literature largely centered on private-sector organizations by providing evidence that EVP remains highly relevant in public service environments characterized by formal structures and limited flexibility. In such contexts, relational and symbolic resources such as recognition, meaningful work, and perceived organizational support emerge as critical factors in sustaining retention.

From a practical perspective, public organizations are encouraged to design EVP strategies that prioritize career development, supportive leadership, and transparent recognition systems in order to strengthen employees' psychological attachment and reduce turnover intentions. However, this study is not without limitations. The focus on a single public service institution may limit the generalizability of the findings, and the use of a cross-sectional approach restricts the ability to capture changes in employee perceptions over time. Therefore, future research should explore EVP across different public-sector contexts and adopt longitudinal designs to better understand the dynamic nature of employee attitudes. Overall, this study highlights that employee retention should be viewed not merely as an administrative outcome, but as a reflection of how organizations create meaningful work experiences and supportive environments.

Author Contributions

Author 1 was responsible for the conceptual development in the present study, including formulating this research design and overseeing the overall study process. Author 2 carried out data collection, conducted the data analysis, and prepared the initial draft of the manuscript. Both authors contributed to the interpretation of the findings, participated in revising and refining the manuscript, and approved the final version for publication.

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