

Gen Z Loyalty Is Not a Myth: A Mediated Analysis of Employer Branding and Employee Satisfaction in the Retail Sector

Asyifa Nurhidayah P^{ID}, Asifah Arindiani^{ID}, Athalia Rizki P^{ID}, Gita Rahmah Dani^{ID}, Yulita Oktaria^{ID}, Febrianty^{ID}

Department of Management, Faculty of Economics and Management, Universitas Malahayati, Indonesia.

Correspondence To:
Author Name & Email

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Abstract

This study aims to analyze the role of corporate culture in fostering loyalty among Generation Z employees in the retail industry. The sample consists of Generation Z employees working in Bandar Lampung. Data collection was conducted through an online questionnaire, which was developed using Google Forms. The link to the survey was then distributed digitally via various online platforms. To test the research hypotheses, a quantitative method with statistical analysis was employed. The findings reveal that Corporate Culture Strategy (CCS) has a positive and significant effect on both Employee Satisfaction (ES) and Employer Branding (EB). Furthermore, ES and EB each positively and significantly influence Generation Z Loyalty (GZL). CCS also directly and indirectly affects GZL in a significant manner. Mediation analysis indicates that ES and EB significantly mediate the relationship between CCS and GZL, suggesting that corporate culture shapes employee loyalty not only through direct influence but also through enhanced job satisfaction and positive perceptions of employer branding. This study is limited to a sample of Generation Z employees located in Bandar Lampung, which may affect the generalizability of the findings to a broader population. The study offers practical insights for retail companies on the importance of fostering a strong corporate culture to boost Generation Z employee loyalty. Additionally, it enriches the literature on human resource management strategies that focus on engaging and retaining young talent in the retail sector. This research provides a novel contribution by examining how corporate culture influences Generation Z loyalty in the retail sector, particularly emphasizing the roles of inclusivity, flexibility, and work-life balance as critical cultural elements. The study also explores the use of digital technologies to reinforce a corporate culture that resonates with Generation Z an area still underexplored in the context of Indonesian retail companies.

Keywords

Generation Z, Employee Loyalty, Corporate Culture, Employer Branding.



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1. Introduction

Employee loyalty among Generation Z in the retail industry has become an increasingly compelling topic of research, particularly given the unique characteristics of this generation. Gen Z tends to have high expectations regarding their work environment, work-life balance, and opportunities for personal and professional growth. Numerous reports suggest that this generation exhibits higher turnover rates compared to previous generations, highlighting the urgent need for companies to implement effective strategies to retain them as valuable organizational assets (Twenge, 2017). Job satisfaction and employer branding have emerged as two critical elements in fostering employee loyalty, with companies that maintain a positive employer image generally being more successful in attracting and retaining young talent (Browne & Mills, 2020). Furthermore, a strong corporate culture plays a vital role in creating a supportive environment that promotes long-term engagement and commitment among employees.

Although various studies have examined the factors influencing job satisfaction, employer branding, and employee loyalty, there remain several research gaps worth exploring. First, much of the existing literature on employer branding focuses predominantly on its impact on attracting potential candidates, rather than on retaining current employees (Backhaus & Tikoo, 2004). Second, while job satisfaction is often studied as either an independent or dependent variable, its role as a mediating factor between corporate culture strategy and employee loyalty has received relatively limited attention (Deery & Jago, 2015). Moreover, differences in loyalty between Generation Z and previous generations continue to be debated in academic literature. Some studies suggest that Gen Z is more prone to job-hopping than Generation X or Millennials (Parry, 2016). Other research indicates that employer branding has a stronger impact on employee loyalty in the tech industry than in the retail sector (Sivertzen, Nilsen, & Olafsen, 2013).

Febrianty & Muhammad (2023), managing human resources in a way that aligns with the characteristics of Generation Z requires a distinct and adaptive approach. Gen Z values digital fluency, workplace flexibility, diversity, and purposeful work. Therefore, HR strategies must be tailored to support innovation, involve employees in decision-making, offer transparent performance-based rewards, and promote a healthy work-life balance.

This study offers a novel contribution by integrating corporate culture strategy, employee satisfaction, and employer branding into a single conceptual model to better understand Generation Z loyalty in the retail sector. By employing a data-driven approach supported by secondary sources, this research provides a more comprehensive perspective on the factors influencing young employee retention. Additionally, the study compares Gen Z loyalty to that of previous generations to identify how their preferences differ in terms of job satisfaction and organizational attachment. The main variables examined in this research include corporate culture strategy, employee satisfaction, and employer branding. Corporate culture strategy refers to the values, norms, and practices implemented within an organization to foster employee engagement (Schein, 2010). Employee satisfaction reflects the degree to which employees are content with various aspects of their job, including compensation, development opportunities, and a supportive work environment (Locke, 1976). Employer branding shapes the company's image as an attractive workplace and can enhance employee loyalty by cultivating positive perceptions of the organization's values and benefits (Sivertzen et al., 2013). By understanding the interrelationships among these variables, retail companies can design more effective policies to retain their workforce. The findings of this study are expected to contribute to the development of human resource management strategies that are more adaptive and responsive to the distinct characteristics of Generation Z.

2. Literature review and hypothesis/es development

2.1.1 Grand Theory in the Study

This research is grounded in Maslow's Hierarchy of Needs Theory (Maslow, 1943) and Social Bond Theory (Hirschi, 1969). In the context of corporate culture strategy, Maslow posits that individuals have hierarchical needs, with job satisfaction and employer branding contributing to the fulfillment of self-actualization and esteem needs. Meanwhile, Hirschi emphasizes that employee loyalty is formed through strong social bonds with the organization, which can be reinforced through an inclusive and supportive corporate culture.

Additionally, this study also refers to Social Identity Theory (Tajfel & Turner, 1986), which suggests that individuals are more likely to identify with organizations whose values and culture align with their own. A strong employer brand can enhance employees' identification with the company, thereby strengthening their loyalty and reducing turnover, particularly in the retail industry.

2.1.2 Corporate Culture Strategy and Generation Z Loyalty

Corporate culture serves as a foundation for shaping Generation Z employee loyalty. A corporate culture strategy includes the values, norms, and practices embedded within an organization to foster a positive and supportive work environment (Schein, 2010). Studies have shown that value-based organizational cultures can improve employee engagement and reduce turnover rates (Cameron & Quinn, 2011). In the context of Generation Z, a culture that embraces flexibility, innovation, and opportunities for personal growth significantly influences their level of loyalty (Parry, 2016).

Previous research has found that Generation Z has different cultural preferences compared to earlier generations. They place a greater emphasis on transparency, inclusivity, and environments that support professional development and work-life balance (Twenge, 2017). This trend urges retail companies to adapt and cultivate organizational cultures that meet the expectations of younger employees.

2.1.3 Employee Satisfaction as a Mediator

Job satisfaction plays a crucial role in maintaining employee loyalty and often acts as a mediator between corporate culture and employer branding (Locke, 1976). It can be assessed through various dimensions, including compensation, opportunities for development, and the quality of the work environment (Deery & Jago, 2015). Prior studies indicate that job satisfaction is a critical factor in improving Generation Z retention. This generation tends to prioritize flexibility, work-life balance, and growth opportunities over purely financial incentives (Twenge, 2017). Research also shows that when employees are satisfied with their company's culture and employer branding, they develop stronger emotional attachment to the organization, which in turn reduces turnover intention (Sivertzen, Nilsen, & Olafsen, 2013).

2.1.4 Employer Branding as a Driver of Loyalty

Employer branding has become an increasingly vital strategy for attracting and retaining Generation Z employees. According to Backhaus & Tikoo (2004), employer branding consists of two core elements: brand association and brand loyalty. Recent studies reveal that a strong employer brand significantly enhances employee retention and lowers turnover, especially in highly competitive industries like retail (Sivertzen et al., 2013).

Organizations that successfully build a strong employer brand often enjoy higher levels of employee loyalty, as employees feel a sense of pride in being part of the organization (Browne & Mills, 2020). This aligns with the Social Identity Theory, which asserts that employees are more loyal to companies whose values and culture reflect their own professional identity (Tajfel & Turner, 1986).

2.2 Research Framework

The main framework of this study is a mediation model that integrates corporate culture strategy, employee satisfaction, and employer branding to examine their combined impact on Generation Z employee loyalty in the retail sector.

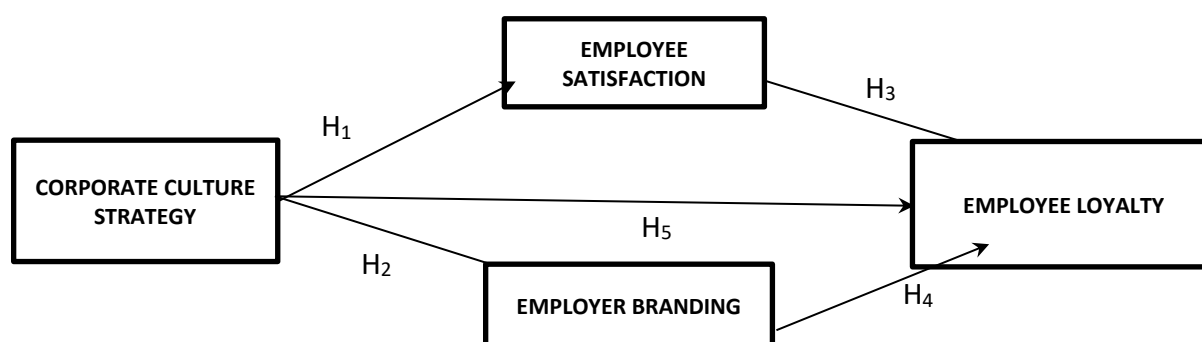


Figure 1. Framework

2.3 Research Hypotheses

A hypothesis is a proposition or assumption that must be tested through data or empirical evidence obtained during the research process. It serves as a guide for researchers in exploring and gathering the relevant data (Dantes, 2012).

H1: Corporate Culture Strategy has a positive effect on Employee Satisfaction.

H2: Corporate Culture Strategy has a positive effect on Employer Branding.

H3: Employee Satisfaction has a positive effect on Employee Loyalty.

H4: Employer Branding has a positive effect on Employee Loyalty.

H5: Employee Satisfaction and Employer Branding simultaneously mediate the relationship between Corporate Culture Strategy and Employee Loyalty.

3. Methodology

This study adopts a quantitative approach using a survey method to analyze the role of corporate culture in building Generation Z loyalty within the retail industry. The research sample consists of Generation Z employees working in various retail companies located in Bandar Lampung. The sampling technique used is purposive sampling, where respondents are selected based on specific criteria aligned with the objectives of the study. Data collection was carried out through an online questionnaire distributed via various digital platforms. The questionnaire comprises

statements adapted from previous studies, which have been tested for validity and reliability. The collected data were then analyzed using statistical methods with the assistance of data analysis software such as SPSS or SmartPLS to test the research hypotheses.

3.1 Operational Definition of Variables

An operational definition refers to a concept defined in terms of specific criteria used for testing or measurement (Blumberg et al., 2014). The operationalization and measurement of variables in this study are presented in Table 1.

Table 1. *Operational Research Variables*

No.	Variables	Indicator	Source
1.	Corporate Culture (Independent Variable)	1. Organizational values and norms 2. Employee engagement 3. Support for innovation	Schein (2010); Cameron & Quinn (2011)
2.	Employee Satisfaction (Mediating Variable)	1. Work-life balance 2. Career development 3. Compensation and benefits	Locke (1976); Deery & Jago (2015)
3.	Employer Branding (Mediating Variable)	1. Company reputation as a workplace 2. Perception of company values 3. Company attractiveness	Backhaus & Tikoo (2004); Sivertzen, Nilsen, & Olafsen (2013)
4.	Employee Loyalty (Dependent Variable)	1. Commitment to the company 2. Intention to stay 3. Emotional attachment to the organization	Tajfel & Turner (1986); Ng & Parry (2016)

3.2 Analytical Tools

The data collected in this study were analyzed using Structural Equation Modeling (SEM) with the Partial Least Squares (PLS) approach. SEM-PLS was chosen for its ability to handle complex relationships between variables and to examine the effectiveness of corporate culture on Generation Z employee loyalty, with job satisfaction and employer branding serving as mediating variables.

4. Results and Discussion

Respondent Demographics

Information regarding the demographic characteristics of the respondents is presented in Table 5 below:

Table 2. Demographic Characteristics of Research Respondents

Demographic Variable	Category	Frequency	Percentage (%)
Age	17-22 Years	65	65%
	22-27 Years	35	35%
Domicile	Antasari	20	20%
	Bandar Lampung	43	43%
	Kedaton	27	27%
	Kemiling	10	10%
Years of Employment	<1 Years	38	38%
	1-3 Years	51	51%
	3-5 Years	9	9%
	>5 Years	2	2%
Position at Company	Sales Representative	41	41%
	Cashier	13	13%
	Helper	17	17%
	Security	19	19%
	Technician	10	10%

Source: Research result, 2025

Table 2 illustrates the demographic characteristics of respondents involved in this study, which include categories such as age, place of residence, length of employment, and job position. This information provides valuable insights into the workforce profile in the retail sector, particularly in the context of youth engagement and job distribution.

In the age category, the majority of respondents (65%) fall within the 17–22 year age group, while the remaining 35% are between 22–27 years old. This dominance of younger respondents reflects the retail sector's reliance on Generation Z workers, many of whom are either pursuing higher education or are in the early stages of their careers. This demographic pattern may influence work behavior, expectations regarding corporate culture, and employee loyalty levels.

In terms of residence, most respondents are from Bandar Lampung (43%), followed by Kedaton (27%), Antasari (20%), and Kemiling (10%). This distribution highlights a significant concentration of the workforce in urban and commercial hubs, where access to retail job opportunities is more readily available.

Regarding length of employment, the majority of respondents have worked for 1–3 years (51%), followed by those who have worked for less than 1 year (38%). A smaller proportion have been employed for 3–5 years (9%) or more than 5 years (2%). These figures suggest high labor mobility within the sector and potentially elevated turnover rates—particularly among younger workers.

In the job position category, most respondents work as Sales Promotion Girls (SPGs) (41%), followed by security personnel (19%), helpers (17%), cashiers (13%), and technicians (10%). This composition indicates that front-line roles such as SPGs and cashiers dominate the retail labor demand, requiring strong communication and customer service skills.

Validity and Reliability Test Results

In this study, validity was assessed using construct validity, analyzed through the SEM-PLS software. Construct validity in PLS is measured through two key aspects: convergent validity and discriminant validity.

Table 3. Validity and Reliability Test Results

Variable	Item	Outer Loadings Value	Cronbach Alpha	AVE	Description
Corporate Culture Strategy	SBP1	0.831	0.554	0.528	Valid&Reliabel
	SBP2	0.698			Valid&Reliabel
	SPB3	0.636			Valid&Reliabel
Employee Satisfaction	KK1	0.714	0.805	0.502	Valid&Reliabel
	KK2	0.706			Valid&Reliabel
	KK3	0.742			Valid&Reliabel
	KK4	0.686			Valid&Reliabel
	KK5	0.644			Valid&Reliabel
	KK6	0.755			Valid&Reliabel
Employer Branding	EB1	0.786	0.848	0.550	Valid&Reliabel
	EB2	0.836			Valid&Reliabel
	EB3	0.746			Valid&Reliabel
	EB4	0.764			Valid&Reliabel
	EB5	0.657			Valid&Reliabel
	EB6	0.728			Valid&Reliabel
Generation Z Loyalty	LGZ1	0.662	0.836	0.570	Valid&Reliabel
	LGZ2	0.803			Valid&Reliabel
	LGZ3	0.755			Valid&Reliabel
	LGZ4	0.766			Valid&Reliabel
	LGZ5	0.717			Valid&Reliabel
	LGZ6	0.740			Valid&Reliabel

Source: Research result, 2025

The reliability test results show that three constructs exhibit strong internal consistency, with Cronbach's Alpha values exceeding 0.8, indicating high reliability among their respective indicators. However, the Corporate Culture Strategy (CCS) construct recorded a Cronbach's Alpha of 0.554, which is considered relatively low. Despite this, the construct still met the criteria for acceptable reliability and convergent validity, as reflected in its Composite Reliability (CR) of 0.768 and Average Variance Extracted (AVE) of 0.528. Reliability testing was conducted to assess the internal consistency among indicators within each construct. In the case of the Corporate Culture Strategy, although the Cronbach's Alpha value falls below the commonly accepted threshold of 0.7, the Composite Reliability value of 0.768 and AVE value of 0.528 suggest that the construct remains statistically acceptable.

According to Hair et al. (2014), a CR value above 0.7 is generally sufficient to confirm good construct reliability, especially in exploratory research settings or when the number of indicators is limited. Furthermore, Cronbach's Alpha is often considered a lower-bound estimate of reliability. Therefore, a lower Alpha does not necessarily

imply that the construct is unreliable, particularly when CR and AVE values provide supporting evidence of reliability and validity (Peterson & Kim, 2013).

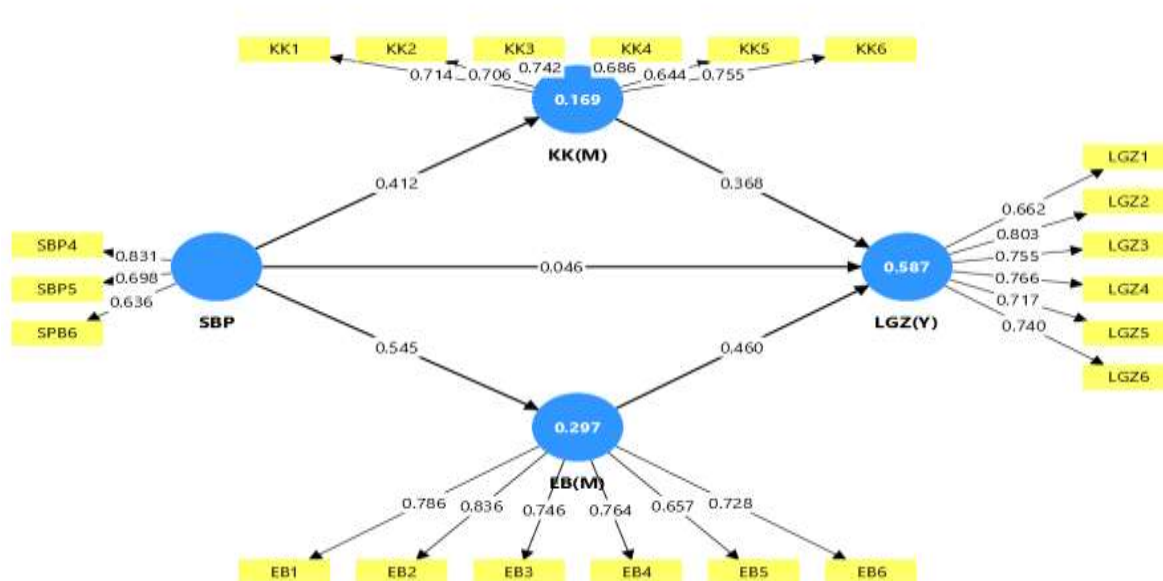


Figure 1. Model SEM

Table 4. Path Analysis

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
EB(M) -> LGZ(Y)	0.460	0.468	0.097	4.742	0.000
KK(M) -> LGZ(Y)	0.368	0.367	0.096	3.848	0.000
SBP -> EB(M)	0.545	0.554	0.071	7.677	0.000
SBP -> KK(M)	0.412	0.427	0.089	4.646	0.000
SBP -> LGZ(Y)	0.448	0.458	0.083	5.418	0.000

Mediation analysis was conducted to examine how the mediating variables influence the relationship between the exogenous and endogenous variables, in terms of both the strength and direction of the relationship. This analysis focuses on assessing the path estimates and the corresponding t-values to determine the significance of the indirect effects. By analyzing these values, the study aims to identify whether the mediators such as employee satisfaction and employer branding serve as effective mechanisms that explain how corporate culture strategy impacts employee loyalty. The significance of the mediation effect is typically evaluated using a bootstrapping approach, which provides robust estimates for indirect paths.

Table 5 Uji Mediasi

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
SBP -> KK(M) -> LGZ(Y)	0.152	0.155	0.046	3.309	0.000
SBP -> EB(M) -> LGZ(Y)	0.251	0.259	0.064	3.908	0.000

The first hypothesis examined whether Corporate Culture Strategy has a positive effect on Employee Satisfaction. The test results showed a t-statistic of 4.646 and a p-value of 0.000. Since $t > 1.96$ and $p < 0.05$, this hypothesis is significantly supported. This indicates that cultural strategies such as organizational values and norms, employee involvement, and support for innovation play a crucial role in creating a comfortable work environment and increasing job satisfaction. The better the implemented culture strategy, the higher the level of employee satisfaction.

The second hypothesis tested whether Corporate Culture Strategy positively influences Employer Branding. With a t-statistic of 7.677 and a p-value of 0.000, the result is highly significant. This suggests that a strong and consistent corporate culture fosters a positive perception of the company's reputation, both internally and externally. A well-established corporate culture enhances the employer brand image, which is essential in attracting and retaining young talent.

The third hypothesis explored the effect of Employee Satisfaction on Generation Z Loyalty. A t-statistic of 3.848 and a p-value of 0.000 confirm that the effect is statistically significant. This finding implies that employees who are satisfied with various job aspects such as work-life balance, career development opportunities, and compensation tend to demonstrate higher loyalty to the organization.

The fourth hypothesis assessed the impact of Employer Branding on Generation Z Loyalty. The test yielded a t-statistic of 4.742 and a p-value of 0.000, indicating strong support for this hypothesis. This confirms that a strong employer brand enhances employees' sense of pride and emotional attachment to the company, ultimately increasing their intention to stay.

The fifth hypothesis examined whether Employee Satisfaction and Employer Branding mediate the relationship between Corporate Culture Strategy and Generation Z Loyalty. The analysis showed a t-statistic of 3.309 for the SBP → ES → GZL path and 3.908 for the SBP → EB → GZL path, both with p-values of 0.000. These results indicate that both mediating variables are statistically significant. This means the influence of corporate culture on Generation Z loyalty is more effectively transmitted through increased job satisfaction and a positive perception of the employer brand. A healthy organizational culture not only affects loyalty directly but has an even stronger impact through these two indirect pathways.

5. Conclusion

5.1. Conclusion

Based on the research findings, Corporate Culture Strategy (CCS) has been proven to significantly influence both Employee Satisfaction (ES) and Employer Branding (EB). A healthy work culture encompassing values, norms, and organizational practices that promote engagement and innovation contributes to a supportive work environment and enhances employees' positive perceptions of the company. Furthermore, both Employee Satisfaction and Employer Branding significantly affect Generation Z Loyalty (GZL). Young employees who feel satisfied and proud of their workplace are more likely to demonstrate strong loyalty.

5.2. Limitation

The direct effect of CCS on GZL was found to be significant; however, the magnitude of this direct relationship is weaker than the indirect effect mediated by ES and EB. This indicates that the mediating variables play a more substantial role in influencing loyalty.

5.3. Suggestion

The role of Corporate Culture Strategy is more effective in fostering Generation Z loyalty when mediated by job satisfaction and employer branding. Organizational culture serves as a critical foundation for strengthening emotional bonds and employee commitment through the development of positive perceptions and a sense of fulfillment at work.

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