

"WHY GEN Z STAYS: HOW CAREER BENEFITS DRIVE RETENTION THROUGH CAREER COMMITMENT, MODERATED BY EMPLOYER BRANDING"

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Abstract

This study explores the factors which influences employee retention of generation Z within Karachi Pakistan, focusing on career benefits, employer branding and employee retention. Using a quantitative approach and a sample of 109 in which 93 were Gen Z employees, collected via online survey and snowball sampling, the study employed Structural Equation Modeling (SEM) via SmartPLS for hypothesis testing. The results revealed that career benefits significantly and positively predict career commitment and employee retention, establishing it as the strongest determinant. Employer branding also showed a significant direct effect on retention but did not moderate the relationship between career commitment and retention. Interestingly, career commitment was not found to significantly mediate the relationship between career benefits and retention, this could be due to the early career stage of most Gen Z participants. These findings support Social Exchange Theory in explaining Gen Z retention behavior while challenging assumptions of Brand Equity Theory. The study contributes to the limited literature on Gen Z retention in emerging markets and offers practical recommendations for organizations to tailor their HR strategies to meet the unique needs and expectations of this new workforce generation.

INTRODUCTION

What is generation mean? The definition of generation is explained as “a group of individuals born in the same historical and sociocultural context who share the same formative experiences and develop unifying commonalities as a result” (Pilcher, 1994; Mannheim, 1952; Lyons and Kuron, 2013). According to Grigore and Elbers (2023) there is significant differences in working styles of all four generations in workplace. Generation who are born in 1995 and 2010 are called as generation Z (Francis and Hoefel, 2018) & (Oh, 2021). Oh 2021, also stated that “it is anticipated to account for almost a

quarter of all workers worldwide by 2025”. Generation Z have new perspectives and expectations towards organization (Evans-Reber, 2021) (Magano et al., 2020) Vieira et al. (2024). Generation Z are depressed and anxious also the approaches work different as compared to other generations lastly. (Vieira et al., 2024; Grigore and Elbers, 2023) they found generation Z are not prepared for professional jobs. They have different view and motivation factors towards work (Bulut & Maraba, 2021). “Gen Z also has specific traits, for example, being digital natives, flexible, practical, and competitive, that distinguish

them from previous generations” (Puiu, 2017). According to (Benítez- Márquez et al., 2022) it is found that generation Z face difficulty in adjusting with job which result in turnover, lack of job satisfaction. It is found that the multigenerational hiring is now becoming competitive and challenging for HR professional globally Mahmoud et al. (2021). Also confirmed by (Batistič, 2018) that HR leaders are now facing challenges in recruitment because of generation shift. As compare to other generation Gen Z have different values, attitudes, expectations, behavior and preferences (Chen et al., 2019; Lu et al., 2023). (Self et al., 2019) he found that there is a gap between organizations and Gen Z employees values and expectation which lead to turnover. Both industries and academy are now focusing on why there is high turnover with Gen Z employee (Ferdian et al., 2022). As stated by (Lu et al., 2023). “They are no longer “order receivers” but “independent actors” who proactively explore, seek and identify future opportunities”.

Research Problem

Generation Z is quickly becoming the leading demographic in the global workforce, bringing a generational shift that creates unique challenges for organizations and human resource professionals. Unlike earlier generations, Gen Z employees have different attitudes, expectations, and motivations that require a reevaluation of traditional retention methods. Their desire for flexibility, opportunities for growth, and meaningful work has changed how organizations engage with and keep young talent. Although interest in this area is increasing, most existing research on Generation Z focuses on Western contexts or specific industries. There is still a noticeable gap in understanding how these patterns unfold in non-Western, emerging economies—especially in diverse urban areas like Karachi, Pakistan, where industries range from manufacturing to IT and hospitality. This study aims to address that gap by exploring how career benefits influence employee retention among Generation Z, with career commitment acting as a mediator and employer branding as a potential moderator. Barhate and Dirani (2022) stress the urgent need for HR professionals to understand the key motivators behind Gen Z's workplace behavior. Similarly, researchers such as Goh and Okumus (2020) and

Self et al. (2019) have emphasized the importance of examining Gen Z's perceptions, career values, and satisfaction to shape future HR strategies. Since Gen Z is quite different from previous generations, relying on outdated retention methods may be ineffective. There is an urgent need for localized, evidence-based insights to inform policy and practice—especially in fast-changing labor markets like Pakistan's. This study, therefore, addresses that need by providing a broad, industry-wide look at what drives Gen Z retention in an emerging market setting.

Research Objectives

To examine the impact of career benefits on Gen Z employee retention.

To investigate the mediating role of career commitment in the relationship between career benefits and Gen Z employee retention.

To analyze the moderating effect of employer branding on the relationship between career commitment and Gen Z employee retention.

Literature Review

While comparing the generations it was found that generation z is more worried about the concept of staying in the same company for longer period of time (Bencsik and Horvath-Csikos, 2016). Mahmoud et al. (2021) describe the motivation of generation Z are very sensitive that means they feel disengaged from work when they found no meaning, lack of clarity and found no personal connection towards work. Kehar and co-authors (2024) argued that there are several factors like environment, sustainability and career growth. When the requirements of generation z are not met with employer they become less patience and dissatisfied which is very hard to retain them (Racolța-Paina & Irini, 2021) or if the work remains unexplained (Chillakuri, 2020). To retain generation Z, it was suggested to employer and HR professionals to improve retention policy and compensation benefits to make sure their employee stays longer and remain loyal to the company (Sánchez- Cardona et al., 2021). After studying all the past and relevant research it is found that generation Z are very different from other generations and are likely to more attract to their development and other benefits. Employer are more focus to retain the employees on this generation the

research suggest employer to improve work environment which will decrease the turnover (Ganesh and Liu, 2022) and (Thant and Cehang, 2021). Not only monetary reward job stability is also main concern for Gen Z (Gabriellova & Buchko, 2021). (Goh & Baum, 2021; Kutlák, 2020; Sakdiyakorn et al., 2021) “Meaningful work, rewards, a friendly team, leadership, and good relationship with their supervisors were” all are the key factors to retain generation Z employees. Training, certification skills advancement found to be key retention element for Gen Z (Xu and Li, 2022). It became a fair deal when generation Z found the organization is providing path for skill development, promote appreciation chances of promotion are clear and organization is valuing their career development thus this result in stronger intention to stay (Lan et al., 2022). Mentoring is also a tactic to increase positive attitude and behavior of employee towards work, supportive organizational culture results long term stays in one organization (Zhou et al., 2022). (Graham and Cascio, 2018) Positive employer branding attract and help to retain employee as this give them competitive advantage. Employer branding help employee to know more about employee culture and help them to decide to join or to be with them for longer period (Barbaros, 2020). It is also confirmed by Sivertzen et al. (2013) that company branding is essential part through which they can announce their new job openings. (Hosain and Liu, 2020) Gives one example of LinkedIn employer account as primary sources of knowing more about company culture, job opening and do connect with them for employment purpose. El-Menawy and Saleh (2023) founded that generation Z believe more on organization’s earned media as it gives them honest review and this attract them to apply for jobs. (Lee, 2021) Zoomers (generation Z) are more attracted by online earned marketing which shows that employee input plays vital role for company existence in social media. Career commitment become crucial factor among generation Z and it became very hard for employer to retain gen Z (Lu et al., 2023). Career commitment have positive and strong relationship with job satisfaction and career success (Ekmekcioglu et al., 2020; Son and Kim, 2021). Employer who provide positive work culture and share clear understanding of organization goal

and vision increases the positive feeling towards organization (Ngo et al., 2023; Sakdiyakorn et al., 2021). The primary by Herzberg’s Motivation-Hygiene Theory (1959) Proposes that two distinct sets of factors—motivators and hygiene factors— influence employee attitudes toward work. Motivators contribute to job satisfaction, while the absence of hygiene factors can lead to dissatisfaction. where career benefits motivates generation Z to retain in company, the career benefits (Motivator factor) are career growth, awards and promotions, recognition and achievements of employee. while on the other hand work-life balance which is our hygiene factor which helps to decrease the dissatisfaction. So, When both factors are present employees seems more satisfied and committed towards work and improves the retention. Employees attract to join anyone by not only their monetary benefits but also other benefits so here come the Social Exchange Theory (SET) (Blau, 1964), this theory explains how people evaluate relationships by comparing costs and benefits. It applies to all interactions where each person offers something the other values. this theory provides us clear vision of generation Z while they are working with any company they are expecting employer to provide them more than they are expecting. According to SET, when employee found valid additional benefits like career benefits they are more likely to remain loyal and employed for longer period. This theory strongly supports my research when employees perceive fair rewards (e.g., recognition, compensation, growth) that outweigh their efforts, they develop a stronger commitment to the organization. Brand equity theory (David Aaker 1960s) is adopted through the lens of employer branding. While brand equity traditionally refers to the intrinsic value of a brand name in marketing the same principle applies within the organizational context. From the perspective of a job seeker or employee, a strong employer brand functions as a signal of quality, stability, and prestige. Organizations with a positive public image and well-established employer branding are more attractive to potential candidates and are more likely to retain current employees. Thus, in this study, employer branding serves as a moderating factor that strengthens the relationship between career benefits and work-life

balance with career commitment and employee retention, particularly among Generation Z

employees who are highly brand-aware and value reputation when making career decisions.

Conceptual Model



Hypothesis

- H1: Career benefits have a positive and significant impact on Gen Z employee retention.
- H2: Career commitment mediates the relationship between career benefits and Gen Z employee retention.
- H3: Employer branding moderates the relationship between career benefits and Gen Z employee retention

Research Design

This study employs a quantitative, non-experimental design to examine the relationships between career benefits, employer branding, career commitment, and Gen Z employee retention. The target population includes Generation Z employees (born 1995–2010) working full-time in formal organizations across Karachi, Pakistan, with up to 5 years of experience. Data was collected using convenience sampling via an online survey distributed on LinkedIn, Facebook, and WhatsApp. Snowball sampling was also used to broaden reach. Participation was voluntary, with informed consent and confidentiality ensured. All constructs were measured using validated scales on a 5-point Likert scale. Career commitment (Blau, 1989), career benefits (Weng & Hu, 2009), employer branding (Glufke Reis & Lacombe, 2016), and Gen Z retention (Mobley et al., 1978) were assessed. Cronbach’s alpha values ranged from 0.78 to 0.89, indicating strong internal consistency.

Results

All item factor loadings exceeded the acceptable threshold of 0.70, except for two reverse-coded items

(one from Career Commitment, one from Employee Retention), which were removed to improve construct reliability. After removal, all constructs showed acceptable loadings, CR (>0.70), and AVE (≥0.50), except Career Commitment (AVE = 0.479, α = 0.634), which was retained due to adequate CR. Discriminant validity was confirmed via Fornell-Larcker and HTMT (<0.85). Structural model results showed: Career Benefits significantly impact both Career Commitment and Employee Retention. Employer Branding directly affects Employee Retention. Career Commitment does not significantly predict Employee Retention. The moderating effect of Employer Branding and mediating effect of Career Commitment were not significant. R² for Employee Retention = 0.511, indicating 51.1% of the variance is explained. Model fit was poor (SRMR = 0.115, NFI = 0.560). Key findings highlight that Career Benefits are the strongest predictor of Gen Z retention, emphasizing their preference for growth and development. While Employer Branding influences retention, it does not enhance the impact of Career Commitment. Gen Z’s commitment appears less tied to long-term retention, reflecting their evolving workplace mindset.

Practical Implications

HR professional should focus more for career benefits rather focusing on other elements such as employer branding and wait for their commitment as in early stage employee look for benefit like mentorship, learning paths, and internal mobility rather stay for one company, Organizations should invest in structured career development programs and communicate these benefits clearly during the

recruitment process, because Gen Z values tangible benefits they can see from the beginning of their careers. While brand reputation can attract talent but can't help HR professional for retaining them for longer period. Educate Gen Z on the importance of workplace learning opportunities, not just prestigious company names. Encourage organizations to provide structured entry-level roles that focus on development, especially for fresh graduates who may struggle with long-term commitment.

Limitations of the Study

Sample was primarily focus on generation Z born in 1995-2010 most of them were on their early stage of professional life. While this was the study main objective but this may limit the generalizability of the results to more experienced Gen Z employees or those in senior roles. Additionally, the sample size, in SMARTPLS was restricted to 99 observations so we take only Gen Z employees which was 93 in total and run the analysis limited gen z responses is limited for generalizability. The study used a cross-sectional survey method, meaning data were collected at a single point in time. This design restricts the ability to assess causal relationships or changes over time. The questionnaire was mixed with reverse-coded items that may have confused respondents. There were no pilot testing instruments with the intended demographic. The study focuses on Karachi Pakistan Gen Z employees may limit its applicability to other cities.

Suggestions for Future Research

Future studies are encouraged to adopt a longitudinal research design to more accurately assess the role of career commitment over time. Given that commitment is unlikely to form at the early stages of one's career, a time-lagged approach may provide clearer insights into how it evolves and influences retention. Expanding the research to include respondents from multiple cities across Pakistan would enhance the generalizability of findings and may uncover regional, cultural, or industry-specific patterns in Gen Z workplace behavior. Additionally, researchers are recommended to consider a mixed-method approach, combining quantitative surveys with qualitative interviews. This could offer a deeper understanding of the underlying motivations,

perceptions, and values of Gen Z employees. Furthermore, the construct of work-life balance should be re-evaluated with refined and more contextually appropriate measurement tools to ensure clearer interpretation and more reliable outcomes in future models.

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