



Do Rewards Matter for Generation Z? Examining Their Impact on Job Satisfaction and Intention to Stay

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ABSTRACT

This study examines the effect of rewards on job satisfaction and intention to stay among Generation Z employees. The low intention to stay among this cohort presents a challenge for companies, especially as young employees increasingly evaluate reward fairness and workplace experience. This study used a quantitative approach involving 150 respondents. Data were analyzed using Structural Equation Modeling–Partial Least Squares (SEM-PLS) with SmartPLS 4. The findings show that rewards positively influence job satisfaction, rewards positively influence intention to stay, and job satisfaction positively influences intention to stay. These results indicate that an appropriate reward system can improve job satisfaction and strengthen Generation Z employees' intention to remain in the organization.

INTRODUCTION

The development of modernization demands that organizations to have high-quality, professional human resources capable of adapting to changes in the work environment. Human resources serve as a strategic asset because employees perform key activities that support the achievement of organizational goals (Amelia et al., 2023). Therefore, companies need to manage employee quality sustainably to ensure that work processes, productivity, and organizational achievements run optimally. One aspect that requires attention in human resource management is employee job satisfaction. Companies that pay attention to employee job satisfaction can build a more conducive work environment, increase work motivation, and encourage employee contributions to organizational performance. Job satisfaction is closely related to achieving optimal work outcomes because satisfied employees tend to exhibit greater commitment, productivity, and work engagement (Vendriana Lisdiani, 2017).

Human resources are one of the strategic elements possessed by a company to support the achievement of the organizational vision and mission. Employees not only carry out operational activities but also act as the main drivers in the process of achieving company goals. The 19–25 age group is part of the productive age predominantly found in Generation Z. This generation is beginning to enter the workforce and is becoming a crucial part of the company's employment structure. This condition demands that companies understand the characteristics, needs, and work expectations of Generation Z so that human resource management can be executed more effectively (Suhermanto & Paryontri, 2024).

The low intention to stay among Generation Z employees is an issue that requires serious attention from managers and organizational leaders. This phenomenon indicates that a portion of Generation Z employees do not yet have a strong inclination to retain their jobs for a long period after joining a company. This condition can disrupt human resource stability as companies have to repeatedly face recruitment, training, and work adjustment needs. Empirical data suggests that the low intention to stay among Generation Z employees has been evident since this generation entered the job market. This condition is reflected in the tendency of young employees to consider other job opportunities within a relatively short time after working in the retail industry. According to Roseman (1981), employee turnover rates can be categorized as high when they reach 10 percent or more; thus, this condition indicates a retention problem that needs to be managed more seriously by organizations (Julianti, Wahyulina, Suprayetno, & Fauzi, 2024).

In 2021, the Career Center Research Team of Andalas University, in collaboration with the Tanoto Foundation, surveyed Generation Z students in Indonesia. The survey involved 1,175 respondents from 23 provinces, targeting students in their 5th to 9th semesters. The survey results revealed that 67 percent of the respondents considered themselves to have high skills, while only 1.5 percent assessed their skills as low. These findings indicate that Generation Z possesses a relatively high level of self-confidence in their work capabilities. This self-confidence can influence how they evaluate jobs, including considering the

alignment between the job, rewards, job satisfaction, and self-development expectations. If a company fails to provide a work experience that matches these expectations, Generation Z employees tend to have a low intention to stay and are more open to other job opportunities that are perceived to better suit their needs.

These characteristics suggest that the intention to stay among Generation Z employees is not solely determined by the availability of a job but also by their perception of the value received from the organization. This generation tends to evaluate a job based on the correspondence between the contribution provided and the rewards received, both in financial and non-financial forms. Therefore, companies need to understand the relationship between rewards, job satisfaction, and the intention to stay so that retention strategies for Generation Z employees can be designed more accurately (The Conversation, 2022).

The low intention to stay among Generation Z employees indicates that companies need to review their currently implemented retention strategies. Generation Z not only views a job as a source of income but also evaluates the alignment between the rewards received, job satisfaction, self-development opportunities, and the work experience they encounter. A mismatch between employee expectations and the company's reward system can reduce job satisfaction, thereby weakening the desire of Generation Z employees to remain within the organization (Yanuar in Sausan et al., 2021).

The intention to stay is a critical aspect of human resource management because workforce sustainability can affect a company's stability and competitiveness. Companies capable of better retaining their employees tend to have more stable work processes, more controlled recruitment costs, and stronger continuity of organizational knowledge. Therefore, companies need to understand the various factors that can encourage employees to stay, particularly Generation Z employees who possess more dynamic work expectations. Employee intention to stay can be influenced by several factors, such as salary, work motivation, organizational culture, leadership, work environment, work discipline, communication, job satisfaction, and other organizational factors. Siagian in Masnilayati (2018) explains that these factors are related to human resource management within the organization. In this study, these factors need to be narrowed down to rewards and job satisfaction, as both have a direct connection with the tendency of Generation Z employees to remain in the company.

Rewards are an important factor that can affect employee job satisfaction. Employees tend to assess the feasibility of a job based on the alignment between their contributions and the rewards received from the company. If the company provides fair and adequate rewards that align with employee expectations, job satisfaction can increase, thereby encouraging the employee's intention to stay within the organization (Hasibuan in Aromega et al., 2019). Job satisfaction is a vital aspect that requires attention after a company establishes an employee reward system, as employees do not solely evaluate a job based on the compensation received, but also on work experience, organizational treatment, work environment comfort, and the alignment between expectations and job

realities. Sutrisno in Sausan et al. (2021) explains that job satisfaction is a significant issue in human resource management because it relates to the employee's response to the job undertaken. Job dissatisfaction can arise when employees feel that job demands, workload, rewards, and organizational treatment do not match their expectations.

This condition can weaken employee attachment to the organization and reduce their intention to stay, especially among Generation Z employees, who tend to be more critical in evaluating their work experience. Therefore, job satisfaction can serve as a psychological factor that explains how rewards affect the intention to stay among Generation Z employees within the organization.

Although previous studies have examined rewards, job satisfaction, and employee retention, the existing literature still leaves several important gaps. First, many studies tend to discuss employee retention in a general workforce context and have not specifically focused on Generation Z employees, whose work expectations, career preferences, and mobility patterns are different from those of previous generations. Second, prior studies more frequently examine turnover intention as an indicator of employees' desire to leave, while intention to stay as a positive form of employee attachment has received less specific attention. Third, the mechanism through which rewards influence intention to stay remains insufficiently explained, particularly in relation to the mediating role of job satisfaction. Therefore, this study addresses this gap by examining whether job satisfaction mediates the relationship between rewards and intention to stay among Generation Z employees.

LITERATURE REVIEW

Social Exchange Theory

Based on Social Exchange Theory (SET), rewards can be understood as a form of organizational treatment that reflects appreciation for employee contributions. Organizations provide rewards in both financial and non-financial forms, while employees interpret these rewards as signals of fairness, support, and recognition from the company. When employees feel that their contributions receive adequate compensation, the exchange relationship between the employee and the organization becomes more positive. This condition can build trust, moral obligation, and a perception of reciprocity that encourages employees to evaluate their work more favorably. Within the SET framework, job satisfaction arises not only from the amount of the reward but also from the employees' assessment that the organization treats them fairly and values their role in achieving company goals.

The application of Social Exchange Theory in this study is based on the assumption that the employment relationship is shaped by reciprocal exchanges between the organization and employees. In this exchange process, rewards are not understood merely as financial or material compensation, but as organizational signals that communicate fairness, recognition, support, and appreciation for employee contributions. When employees perceive that the organization provides rewards that are fair and consistent with their effort, skills, and expectations, they are more likely to interpret the organization as fulfilling its side of the exchange relationship. This perception strengthens positive

employee attitudes because employees feel valued and morally inclined to respond with more favorable work-related outcomes.

Within this theoretical logic, job satisfaction functions as a psychological mechanism through which rewards are transformed into retention-oriented attitudes. Rewards may create positive perceptions of organizational treatment, but these perceptions are likely to influence intention to stay more strongly when they are internalized as satisfaction with the job and the organization. In other words, job satisfaction reflects the employee's affective evaluation of the quality of the exchange relationship. When Generation Z employees feel that the rewards they receive correspond with their expectations for fairness, recognition, development, and meaningful work experience, they are more likely to experience job satisfaction. This satisfaction then becomes the basis for reciprocal behavior in the form of a stronger intention to remain in the organization.

Previous studies have shown that rewards have a crucial relationship with job satisfaction. Simbolon, Tanuwijaya, and Gunawan (2024) found that the better the rewards received by employees, the more positive the effect on employee job satisfaction in the manufacturing industry sector. These findings strengthen the argument that rewards function not only as a compensation tool but also as an organizational mechanism to shape employees' positive perceptions of their jobs. Other studies also indicate that reward systems are related to employee satisfaction and work engagement, meaning that a good reward system can support the achievement of organizational goals through increased employee satisfaction.

The relationship between rewards and job satisfaction can also be explained through the principle of reciprocity in SET. Employees who receive fair rewards tend to feel that the organization has fulfilled its obligations in the employment relationship. This perception encourages employees to respond positively through increased satisfaction with their job, the organization, and their overall work experience. Liu (2025) demonstrates that social exchange relationships within an organization can affect job satisfaction through organizational trust, indicating that organizational support and positive treatment are essential foundations for shaping employee satisfaction.

The novelty of this study does not lie in examining rewards, job satisfaction, or intention to stay as isolated variables, as these constructs have been widely discussed in human resource management literature. Rather, the novelty lies in positioning job satisfaction as the psychological mechanism that explains how organizational rewards are translated into the intention to stay among Generation Z employees. Previous studies have generally examined the direct effects of rewards on satisfaction or retention, while less attention has been given to how rewards create a sense of reciprocity that strengthens employees' willingness to remain in the organization. By focusing on Generation Z employees, this study also extends the application of Social Exchange Theory to a generational cohort characterized by stronger expectations for fairness, recognition, career development, and meaningful work experiences.

The theoretical contribution of this study is to refine the use of Social Exchange Theory in explaining employee retention. Within the SET perspective,

rewards are not treated merely as compensation but as organizational signals that shape employees' perceptions of fairness, appreciation, and reciprocal obligation. Job satisfaction is therefore positioned as an intervening psychological state that connects organizational treatment with employees' retention-oriented attitudes. This study contributes to the literature by explaining that the intention to stay among Generation Z employees is not only a direct response to rewards but also the result of a positive exchange relationship that is internalized through job satisfaction.

In this study, rewards are a critical variable because Generation Z employees tend to evaluate jobs based on the alignment between the contributions they provide and the benefits they receive from the organization. Fair, transparent, and expected rewards can strengthen the perception that the company values employee contributions. This perception subsequently increases job satisfaction because employees feel they receive treatment commensurate with the effort, time, and skills they invest. Thus, the better the rewards received by Generation Z employees, the higher their perceived level of job satisfaction.

H1: Rewards have a positive effect on the job satisfaction of Generation Z employees.

From the perspective of Social Exchange Theory (SET), job satisfaction can be understood as the employee's psychological response to the quality of the exchange relationship between the employee and the organization. Employees assess the extent to which the organization provides fair treatment, adequate rewards, a supportive work environment, and development opportunities that align with their expectations. A positive exchange relationship can build trust and foster better work attitudes, including job satisfaction. Liu, Kim, and Love (2025) showed that social exchange relationships, particularly the relationship between employees and leaders, affect job satisfaction through organizational trust.

Job satisfaction plays a crucial role in shaping the intention to stay because satisfied employees will view the organization as a workplace that provides value commensurate with their contributions. Based on the principle of reciprocity in SET, a positive work experience can encourage employees to provide voluntary responses in the form of loyalty, commitment, and a willingness to remain within the organization. Ahmad et al. (2023) also position SET as a framework explaining how reciprocal relationships, trust, and social obligations shape individual attitudes and behaviors within an organization.

Previous studies indicate that job satisfaction is related to the intention to stay among Generation Z employees. Achmad, Noermijati, Rofiaty, and Irawanto (2023) explained that the intention to stay represents an employee's plan to continue working at a company for a relatively long period. The study also found that job satisfaction has a greater mediating value compared to employee engagement in explaining the intention to stay among Generation Z workers.

H2: Job satisfaction has a positive effect on the intention to stay among Generation Z employees.

From the perspective of Social Exchange Theory (SET), rewards are a form of exchange provided by the organization to employees in return for the contributions, time, skills, and energy dedicated to their work. Employees view

rewards not merely as economic compensation but also as signals of appreciation, fairness, and recognition from the organization. If employees feel that the rewards received are commensurate with their contributions, the exchange relationship between the employee and the organization will be perceived positively. This perception can encourage employees to provide a reciprocal response in the form of a willingness to continue working and maintain their membership within the organization.

The relationship between rewards and the intention to stay becomes increasingly important for Generation Z employees because this generation tends to evaluate jobs through the alignment between their contributions and the value received from the organization. Good rewards can encompass financial rewards, intrinsic rewards, extrinsic rewards, and social rewards, meaning their significance is not limited solely to salary or wages. Syal (2024) explains that rewards in studies concerning Generation Z employees can include intrinsic rewards, extrinsic rewards, and social rewards, while employee retention is measured through intrinsic factors, extrinsic factors, and general satisfaction.

Previous research indicates that rewards have a positive and significant effect on the retention of Generation Z employees. Syal (2024) found that the hypothesis regarding the effect of rewards on employee retention was accepted, implying that the provision of good rewards can support the retention of Generation Z employees within an organization. The study also explains that rewards and work-life balance play a role in shaping job satisfaction and the desire of Generation Z employees to stay longer at the company.

H3: Rewards have a positive effect on the intention to stay among Generation Z employees.

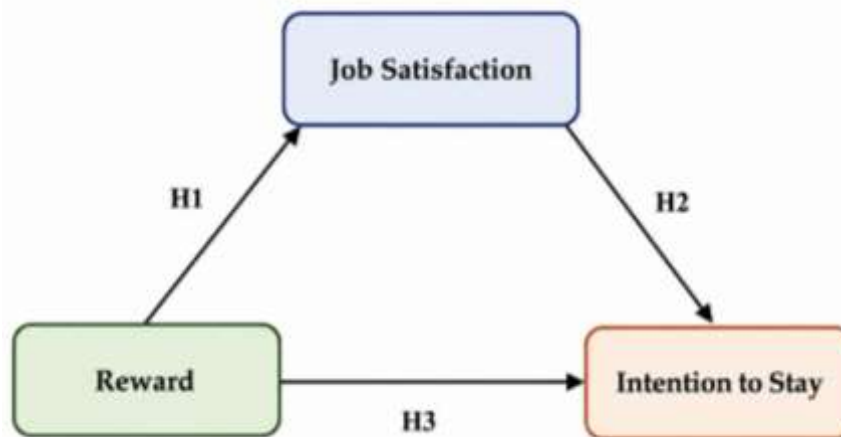


Figure 1. Conceptual Framework

METHODOLOGY

This study received ethical clearance from the ethics committee established by the Faculty of Administrative Sciences through the Research and Community Service Agency. The research also complied with informed consent procedures by including a consent form in the questionnaire and obtaining respondents' approval before participation. This study employed a non-probability sampling

approach using a convenience sampling technique. The use of convenience sampling was considered appropriate for this study for several reasons. First, the target respondents were Generation Z alumni who had already entered the workforce, making them a specific and relatively accessible population through the alumni network of the Faculty of Administrative Sciences. Second, the study aimed to examine the relationships among rewards, job satisfaction, and intention to stay rather than to estimate the prevalence of a phenomenon in the entire Generation Z workforce population. Therefore, convenience sampling was suitable for obtaining responses from participants who met the study criteria and were available to complete the online questionnaire. Third, the online data collection process required voluntary participation, making respondent accessibility and willingness important considerations. Although convenience sampling limits the generalizability of the findings, this technique was appropriate for the explanatory purpose of the study and was supported by clear inclusion criteria to ensure that the respondents were relevant to the research objectives. A total of 300 online questionnaires were distributed to alumni of the Faculty of Administrative Sciences who were born between 1997 and 2012. Of these, 170 questionnaires were returned to the researchers; however, only 150 responses met the criteria for inclusion in the data analysis. The data were analyzed using Partial Least Squares–Structural Equation Modeling (PLS-SEM), a variance-based SEM approach, with the assistance of SmartPLS software.

RESEARCH RESULT

Data analysis was conducted using the Partial Least Squares–Structural Equation Modeling (PLS-SEM) approach with SmartPLS version 4.0. The PLS-SEM procedure involved several stages, namely the specification of the measurement model, the specification of the structural model, and the assessment of the proposed hypotheses. These stages were undertaken to evaluate the validity and reliability of the constructs and to examine the relationships among the variables in the research model.

Measurement Model

The fit of the research model was assessed through two main stages. The first stage involved evaluating the outer model by examining composite reliability, convergent validity, and discriminant validity. These criteria were applied based on the technical guidelines recommended in SmartPLS version 4.0, as illustrated in Table 1, which presents the outer model assessment.

This study used three main variables, namely Reward (X1), Job Satisfaction (Y1), and Intention to Stay (Y2). These variables were selected because they are directly related to the proposed research model, which examines the effect of reward on job satisfaction and intention to stay. The measurement structure of each variable and its indicators is presented in Table 1.

Table 1. Measurement of the Outer Model

Items	Outer Loading
X1.1.1	0,912
X1.1.2	0,944
X1.1.3	0,903
X1.2.1	0,939
X1.2.2	0,938
X1.2.3	0,906
Y1.1.1	0,933
Y1.1.2	0,931
Y1.2.1	0,939
Y1.2.2	0,951
Y1.3.1	0,925
Y1.3.2	0,945
Y1.4.1	0,944
Y1.4.2	0,949
Y1.5.1	0,922
Y1.5.2	0,918
Y2.1.1	0,928
Y2.1.2	0,916
Y2.2.1	1,000
Y2.3.1	0,939
Y2.3.2	0,946
Y2.4.1	0,948
Y2.4.2	0,948
Y2.5.1	1,000

The research model was evaluated based on the criteria for acceptable construct quality. The assessment included several thresholds, namely an outer loading value greater than 0.70, an AVE value greater than 0.50, a composite reliability value greater than 0.70, a Cronbach's alpha value greater than 0.70, and an HTMT value below 0.90. Based on the results presented in the table, all outer loading values exceeded the recommended threshold of 0.70. Therefore, the measurement indicators met the required construct criteria, indicating that the research instrument demonstrated adequate validity (Hair Jr. & Hult, 2021).

Table 1 The Statistical Result of Composite Reliability and AVE

Indicator	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
X1.1	0,911	0,943	0,846
X1.2	0,920	0,949	0,861
Y1.1	0,849	0,930	0,869
Y1.2	0,887	0,943	0,893
Y1.3	0,870	0,933	0,874
Y1.4	0,885	0,945	0,895
Y1.5	0,820	0,917	0,847

Indicator	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
Y2.1	0,827	0,919	0,850
Y2.2	1,000	1,000	1,000
Y2.3	0,876	0,941	0,888
Y2.4	0,886	0,946	0,898
Y2.5	1,000	1,000	1,000

The average variance extracted (AVE) test was used to assess the validity of the measurement model, including convergent and discriminant validity. The results were supported by the cross-loading values of all indicators across the constructs. Based on the AVE results, the measurement model demonstrated adequate discriminant validity, as shown in Table 2.

Prior to assessing the structural model, collinearity among the predictor constructs was examined, as recommended by Hair, Risher, Sarstedt, and Ringle (2019). In PLS-SEM, collinearity assessment is also useful for identifying potential common method bias. The variance inflation factor (VIF) was used to evaluate the degree of multicollinearity among the constructs. According to Hair et al. (2021), VIF values below 3 indicate an ideal condition, whereas values ranging from 3 to 5, or exceeding 5, may indicate potential collinearity concerns. The VIF values for all latent variables are reported in Table 3. The results show that all VIF values met the recommended threshold, indicating that the proposed model was free from collinearity problems.

Table 3. The Collinearity Statistics (VIF)

Variable	VIF
LV scores - X1.1	1,623
LV scores - X1.2	1,623
LV scores - Y1.1	3,314
LV scores - Y1.2	2,479
LV scores - Y1.3	3,066
LV scores - Y1.4	3,268
LV scores - Y1.5	2,842
LV scores - Y2.1	3,195
LV scores - Y2.2	2,589
LV scores - Y2.3	3,020
LV scores - Y2.4	2,808
LV scores - Y2.5	2,447

Structural Model

The inner model was assessed to examine the relationships among latent constructs in the proposed research model. The structural model evaluation involved several tests, including R-square, Q-square, path coefficients, and hypothesis testing. The assessment was conducted by analyzing the R-square (R^2) and Q-square (Q^2) values.

Table 4. The R-Square (R²) Value Estimate

Variable	R-square	R-square adjusted
Job Satisfaction	0,480	0,477
Intention to Stay	0,675	0,670

The structural model was evaluated using the R-square (R²) value and path coefficient analysis. R-square represents the proportion of variance in the dependent variable that can be explained by the independent variable (Hair Jr. et al., 2021). As shown in Table 4, the R² value for job satisfaction is 0.480, indicating that 48.0% of the variance in job satisfaction can be explained by the predictor variable. Meanwhile, the R² value for intention to stay is 0.675, indicating that 67.5% of the variance in intention to stay can be explained by the variables included in the model.

Table 5. The Q-Square (Q²) Value Estimate

Variable	Q ² (=1-SSE/SSO)
Job Satisfaction	0,649
Intention to Stay	0,608

The Q-square (Q²) results indicate that the structural model has strong predictive relevance. The Q² value for Job Satisfaction is 0.649, and the Q² value for Intention to Stay is 0.608. Since both values are above zero and exceed the recommended threshold of 0.35, the model demonstrates a high predictive capability in explaining the endogenous constructs. Thus, the proposed model is considered adequate in predicting job satisfaction and intention to stay.

Hypotheses Tests

Hypothesis testing was performed by examining the t-statistic values obtained from the PLS output. The testing criteria were determined using a significance level of 5% ($\alpha = 0.05$). The PLS bootstrapping procedure was applied to evaluate the proposed hypotheses, namely H1 to H3. This procedure was used to reduce potential bias caused by non-normal data distribution. The bootstrapping results are presented in Table 6.

Table 6. Hypothesis Test Results

Hypotheses	Original Sample	T Statistic	P-Value	Note
H1 Reward → Job Satisfaction	0,693	11,649	0,000	Sig.
H2 Job Satisfaction → Intention to Stay	0,548	5,829	0,000	Sig.
H3 Reward → Intention to Stay	0,340	3,216	0,001	Sig.

The hypothesis testing results indicate that all proposed relationships are statistically significant.

H1 shows that Reward has a positive and significant effect on Job Satisfaction with an original sample value of 0.693, a t-statistic of 11.649, and a p-value of 0.000. This result indicates that better rewards are associated with higher job satisfaction among Generation Z employees.

H2 confirms that Job Satisfaction has a positive and significant effect on Intention to Stay, with an original sample value of 0.548, a t-statistic of 5.829, and a p-value of 0.000. This finding suggests that employees with higher job satisfaction tend to have a stronger intention to remain in the organization.

H3 also demonstrates that Reward has a positive and significant effect on Intention to Stay, with an original sample value of 0.340, a t-statistic of 3.216, and a p-value of 0.001. This result indicates that rewards directly contribute to strengthening employees' intention to stay. Since all t-statistic values exceed 1.96 and all p-values are below 0.05, H1, H2, and H3 are supported.

Overall, the findings show that reward is an important factor in increasing job satisfaction and intention to stay among Generation Z employees.

DISCUSSION

The results of this study indicate that reward has a positive and significant effect on job satisfaction among Generation Z employees, with an original sample value of 0.693, a t-statistic of 11.649, and a p-value of 0.000. This finding shows that a better reward system is associated with higher job satisfaction. In this study, reward does not only refer to financial compensation, but also includes non-financial rewards such as recognition, appreciation, development opportunities, and organizational support. This result suggests that Generation Z employees evaluate job satisfaction based on how fairly and meaningfully the organization rewards their contribution.

This finding is consistent with Social Exchange Theory, which explains that employees respond to organizational treatment based on the principle of reciprocity. When employees perceive that the organization provides fair and appropriate rewards, they tend to develop positive attitudes toward their work. Reward becomes a signal that the organization values employees' time, effort, and competence. In line with this argument, Liu (2025) found that positive social exchange relationships, such as perceived organizational support and leader-member exchange, influence job satisfaction through organizational trust. This means that job satisfaction is not only shaped by material benefits, but also by employees' perception that the organization treats them fairly and respectfully.

The result also supports previous studies that found a positive relationship between reward and job satisfaction. Syal et al. (2024) showed that rewards have a positive and significant effect on job satisfaction among Generation Z employees. Their study also emphasized that rewards should be understood broadly, including intrinsic, extrinsic, and social rewards. This is relevant to Generation Z because they tend to expect not only salary, but also recognition, flexibility, personal growth, and meaningful work experiences. Therefore, the finding of this study strengthens the argument that reward is a key organizational mechanism for improving job satisfaction among Generation Z employees.

The second hypothesis confirms that job satisfaction has a positive and significant effect on intention to stay, with an original sample value of 0.548, a t-statistic of 5.829, and a p-value of 0.000. This result indicates that Generation Z employees with higher job satisfaction are more likely to remain in the

organization. Job satisfaction reflects employees' positive evaluation of their work, including their perception of rewards, workplace conditions, organizational treatment, and future career opportunities. When employees feel satisfied with their work experience, they tend to develop stronger psychological attachment to the organization.

From the perspective of Social Exchange Theory, job satisfaction can be understood as a psychological outcome of a positive exchange relationship between employees and the organization. Employees who feel satisfied tend to perceive that the organization has fulfilled its obligations in the employment relationship. As a reciprocal response, they are more likely to show loyalty and willingness to remain in the organization. This supports the view that intention to stay is not formed only by contractual obligation, but also by employees' perception that the organization provides value, fairness, and support.

This finding is in line with Achmad et al. (2023), who examined Generation Z workers and defined intention to stay as employees' plan to remain with their current employer for a relatively long period. Their study found that job satisfaction plays an important mediating role in explaining intention to stay among Generation Z workers. Similar support is also found in Xuecheng et al. (2022), who argued that job satisfaction encourages a positive social exchange relationship between employees and employers and contributes to employees' intention to stay with the organization. These findings strengthen the conclusion that job satisfaction is a critical factor in retaining Generation Z employees.

The third hypothesis shows that reward has a positive and significant effect on intention to stay, with an original sample value of 0.340, a t-statistic of 3.216, and a p-value of 0.001. This result indicates that reward directly contributes to strengthening Generation Z employees' intention to remain in the organization. Although the effect is lower than the effect of reward on job satisfaction, the relationship remains statistically significant. This means that rewards can directly influence employees' decision to stay, but their effect may become stronger when employees also experience higher job satisfaction.

This finding can also be explained through Social Exchange Theory. In an employment relationship, reward represents one of the most visible forms of organizational exchange. When employees perceive that the organization provides fair, attractive, and relevant rewards, they are more likely to interpret the organization as a valuable place to work. In return, employees may respond by maintaining their relationship with the organization. For Generation Z employees, reward is not limited to salary; it also includes career development, recognition, work-life balance, and social appreciation. Therefore, organizations that design reward systems based only on financial compensation may fail to address the broader expectations of Generation Z.

The result is consistent with Syal et al. (2024), who found that rewards have a positive and significant effect on employee retention among Generation Z employees. Their study also showed that job satisfaction can mediate the relationship between reward and employee retention. In addition, Simbolon, Tanuwijaya, and Gunawan (2024) found that reward, work-life balance, career development, job satisfaction, and employee well-being are important factors in

explaining employee retention. These studies support the present finding that reward is not merely an administrative compensation mechanism, but a strategic factor that can strengthen employees' willingness to remain in the organization.

Beyond confirming Social Exchange Theory, the findings of this study extend the theory by showing how the logic of reciprocity operates in the specific context of Generation Z employees. The results indicate that rewards influence intention to stay both directly and indirectly through job satisfaction. This suggests that the exchange relationship between employees and organizations is not only transactional but also psychological and interpretive. For Generation Z employees, rewards are not evaluated merely as economic compensation, but as signals of fairness, recognition, personal development, work-life balance, and meaningful organizational support. Therefore, this study extends Social Exchange Theory by demonstrating that reciprocity among Generation Z employees is shaped by the perceived quality and meaning of organizational rewards, rather than by the existence of rewards alone.

The findings also extend Social Exchange Theory by positioning job satisfaction as a key psychological mechanism that translates organizational treatment into retention-oriented attitudes. While SET explains that employees respond positively when they receive favorable treatment from the organization, the present study clarifies the process through which this response occurs. Rewards first shape employees' evaluation of the exchange relationship, and this evaluation is reflected in job satisfaction. When employees feel satisfied, they are more likely to interpret the organization as a worthwhile place to continue their employment. Thus, intention to stay emerges not only as a direct reciprocal response to rewards, but also as an outcome of satisfaction with the broader exchange relationship.

This theoretical extension is particularly important in the case of Generation Z employees because their intention to stay cannot be explained only through traditional compensation-based exchange. The findings show that retention among Generation Z depends on whether organizational rewards are perceived as relevant to their expectations for fairness, appreciation, growth, and meaningful work experience. In this sense, the study refines Social Exchange Theory by showing that the content of the exchange relationship differs across generational contexts. For Generation Z, organizational exchange is evaluated more broadly, and job satisfaction becomes the mechanism through which these broader evaluations are converted into willingness to remain in the organization.

CONCLUSIONS AND RECOMMENDATIONS

This study examined the effect of reward on job satisfaction and intention to stay among Generation Z employees. Using a quantitative approach with 150 respondents and data analysis through PLS-SEM with SmartPLS 4, the results confirmed that all proposed hypotheses were supported. Reward was found to have a positive and significant effect on job satisfaction, job satisfaction had a positive and significant effect on intention to stay, and reward also had a direct positive and significant effect on intention to stay.

The findings indicate that reward is an important organizational factor in shaping positive employee attitudes among Generation Z employees. A fair and relevant reward system can increase employees' job satisfaction because it reflects organizational appreciation for their contributions. Furthermore, satisfied employees are more likely to develop a stronger intention to remain in the organization. This result confirms that intention to stay is not only influenced by material compensation, but also by employees' psychological evaluation of their work experience.

This study also supports the relevance of Social Exchange Theory in explaining the relationship among reward, job satisfaction, and intention to stay. When employees perceive that the organization provides fair rewards and supportive treatment, they tend to respond through positive attitudes and a stronger willingness to maintain their employment relationship. In this sense, reward functions as a form of organizational exchange that strengthens job satisfaction and encourages employees to stay.

Practically, the findings suggest that organizations need to design reward systems that are not limited to salary or financial compensation. For Generation Z employees, rewards should also include recognition, career development opportunities, work flexibility, appreciation, and supportive working conditions. Organizations that fail to understand this broader meaning of reward may struggle to build job satisfaction and retain Generation Z employees in the long term.

Future research may expand this model by involving other variables, such as work-life balance, career development, organizational commitment, leadership style, or employee engagement. Further studies may also compare Generation Z employees across different industries to provide a more comprehensive understanding of the factors that shape their intention to stay.

ADVANCED RESEARCH

This study has several limitations. First, the sample was limited to 150 Generation Z respondents from alumni of the Faculty of Administrative Sciences, which may restrict the generalizability of the findings to a broader population of Generation Z employees across different educational backgrounds, industries, and regions. Second, this study used a convenience sampling technique, so the respondents were selected based on accessibility rather than random selection. This sampling approach may limit the representativeness of the data.

Third, this study only examined three variables, namely reward, job satisfaction, and intention to stay. Although these variables are relevant, intention to stay among Generation Z employees may also be influenced by other factors, such as career development, leadership style, work-life balance, organizational culture, employee engagement, and perceived organizational support. Fourth, the study used a cross-sectional design, which means that the data were collected at one point in time. Therefore, the study cannot fully explain changes in employees' intention to stay over a longer period.

Future research should involve a larger and more diverse sample across different industries to improve the generalizability of the findings. Further

studies may also use probability sampling techniques to obtain more representative data. In addition, future research can expand the model by including other relevant variables, such as career growth, work flexibility, leadership support, organizational commitment, or employee engagement. Longitudinal studies are also recommended to examine how reward and job satisfaction influence intention to stay over time.

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