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A STUDY ON THE IMPACT OF COMPENSATION & BENEFITS AND EMPLOYER BRAND REPUTATION ON GEN Z EMPLOYEE RETENTION

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ABSTRACT:This study examines the effects of compensation and benefits and employer brand reputation on the retention of Gen Z employees in the software industry. Given that organizations are vying for talented young individuals; it has become increasingly necessary to identify what motivates Gen Z employees to stay in their positions. In this study, the use of secondary and primary data through a survey conducted among 53 Gen Z employees will be used to identify a quantitative and correlational methodology.

According to the findings, while compensation and benefits have a significant effect on employee retention, their effects are inconsistent and weak. Although compensation plays an important role in minimizing employee turnover, it does not have an impact on any other issue that may affect career development and commitment. On the contrary, employer brand reputation is more strongly and consistently associated with retention.

Moreover, this study indicates the interrelation between compensation and employer branding, where both concepts often strengthen one another and affect the way employees perceive their organizations. Together, they play an important role in retaining employees, where employer branding becomes more influential than compensation. This means that employers should shift from a transactional model of employee retention and focus on providing valuable work experience for employees as well as opportunities for growth and development.

Keywords: Gen Z, Employee Retention, Compensation & Benefits, Employer Branding, Software Industry

1. INTRODUCTION

Organizations of any size or industry rely on their capacity to retain their employees. The higher the rate of employee turnover becomes, the more severe repercussions become: including increased expenses related to hiring and training new recruits, loss of corporate culture, and disruption of everyday business operations. Yet, not all employees are alike, and one can see how diverse attitudes may be particularly pronounced when engaging Generation Z (Gen Z) employees, the group born between the late 1990s and early 2010s that is now entering the labor market in larger numbers. Gen Z employees are those who grew up in the digital age, are usually quite skeptical about corporate communications, and attach great importance to authentic values when judging their prospective employer. This generation wants to know what makes an organization tick, and if this mission statement resonates with their own experiences as employees within this organization. However, money still plays an important role, even though high pay is never enough to keep an employee around.

The study will focus on the following two constructs: Compensation & Benefits, which refers to the entire package of financial and non-financial rewards, as well as Employer Brand Reputation, which denotes the employer reputation as seen by the employees themselves and by the whole talent pool. These two variables were chosen because they tend to show up regularly as retention predictors within

the existing literature, and also because they offer different points of intervention that organizations may consider when building their talent management strategy. The research sample was confined to the software industry where the presence of Gen Z is particularly pronounced, and where the rivalry for talent is especially intense. Overall, 53 individuals were sampled using the convenience sampling method. This study makes use of Pearson correlation analysis. While there are obvious limitations associated with such an approach, including those related to generalization and representativeness, the choice allows us to gain some valuable insights into the underlying trends. Below we discuss the background, objectives, hypotheses, methodology, and results of the analysis in greater detail.

2. LITERATURE REVIEW

2.1 Compensation & Benefits and Employee Retention

Despite the extensive study of various methods of managing people and the long history of compensations, the correlation between this lever of management and retention remains a bit complicated. Franche et al. (2009) identified perceived fairness as a valuable predictor of behavioral and attitudinal outcomes in relation to remuneration processes. In other words, Gen Z employees value fairness over anything else, which means that their satisfaction with their salary depends not only on how much money they earn but also on the way how their pay package was formed and communicated (Setyorini et al., 2025).

Non-financial rewards, such as health insurance and the opportunity to work from home, can add to general satisfaction even though the direct effect on retention could be hard to prove. However, if people see that their employer invests in them by offering good benefits, their loyalty increases as well (Mouton & Bussin, 2019). Nevertheless, it should be noted that no matter how generous the compensation scheme is, it never works alone. According to the literature, if an individual is satisfied with his or her salary but the corporate culture and leadership are weak, he or she will still find a reason to quit the job.

2.2 Employer Brand Reputation and Employee Retention

Employer branding has been a hot topic since the early years of the twenty-first century, and its association with retention has been analyzed from different angles and in different sectors of the economy. According to Priyadarshi (2011), employer brand image proves to be a useful indicator of both employee satisfaction and affective commitment, which in turn influence the employees' intent to leave their job positions. More recently, the findings of Hadi and Ahmed (2018) have confirmed the independent role of various employer branding dimensions in promoting retention, especially in education. What makes employer branding different from pay in terms of retention discussion is the scope of the issue.

While changes in terms of compensation can be implemented rather quickly, the creation of true employer branding is more complex since it involves being consistent in both what the company communicates and what employees get in practice. According to Nkatha & Kevin (2022), institutions of higher education that were able to create and support their employer brand showed significantly fewer cases of faculty and staff leaving the institution. In their article, Vercič & Ćorić (2018) went further by suggesting that employer branding and corporate social responsibility go hand-in-hand, with workers nowadays choosing companies that share similar values with them. This is especially true about Generation Z workers.

2.3 The Relationship Between Compensation and Employer Branding

Even though compensation and employer branding are considered distinct concepts, research indicates that they are actually interrelated. For instance, according to Azam (2022), a theoretical model can be developed where internal employer branding, the perception of the firm among its current workers, acts as a mediator between salary satisfaction and retention. This implies that the effect of competitive salaries on employee retention is both direct and indirect since they can help build up a better employer brand among the workforce. This phenomenon is applicable from a practical perspective as well.

According to Gupta et al. (2018), organizations with effective employer branding strategies would also possess sound compensation packages, thus generating an upward cycle. The reason for this assumption is that when individuals are satisfied with the compensation package, they tend to promote

their organization in an informal manner. This way, both the processes of attraction and retention would be improved. Such relationships were revealed by Mouton and Bussin (2019) in a South African environment, indicating that these constructs are usually associated with each other in high-performance organizations. The same was confirmed by Upadhyaya & Ayari (2019).

2.4 Gen Z in the Workforce

While research on the traits of Gen Z employees is still in its early stages, some recurring themes have already been identified. For example, unlike Millennials, who entered the workforce during times of economic stability until the 2008 global financial crisis, most Gen Z employees became employed in economically uncertain times. Furthermore, they experienced disruptions caused by the coronavirus pandemic, which influenced their perception of work: they place importance on having job security along with flexibility, transparency from their employers, and are more likely to exit the organization when these expectations are not fulfilled (Ike et al., 2023).

In the field of software and information technology, where there is a lack of skilled specialists and intense competition among organizations, the above characteristics have created challenges for companies. Companies that do not take into account that Gen Z employees need to be engaged differently because of their unique values are usually involved in costly hiring and firing processes. According to Bharadwaj (2023), younger employees especially appreciate the investment in training and development, which helps prevent their intention to quit the job: a trend reflected in the theory of employer branding.

3. OBJECTIVES, RESEARCH QUESTIONS, AND HYPOTHESES

3.1 Objectives

- To analyse the impact of Compensation & Benefits on Gen Z Employee Retention.
- To examine the influence of Employer Brand Reputation on Gen Z Employee Retention.
- To evaluate the combined effect of Compensation & Benefits and Employer Brand Reputation on Gen Z Employee Retention.

3.2 Research Questions

- What is the effect of Compensation & Benefits on the retention of Gen Z employees in the software industry?
- How significantly does Employer Brand Reputation affect the willingness of Gen Z employees to stay with their respective organizations?
- What is the combined effect of Compensation & Benefits and Employer Brand Reputation on Gen Z Employee Retention?

3.3 Hypotheses

H_{01}: Compensation & Benefits do not significantly impact Gen Z Employee Retention.
H_{11}: Compensation & Benefits significantly impact Employee Retention.
H_{02}: Employer Brand Reputation does not significantly impact Gen Z Employee Retention.
H_{12}: Employer Brand Reputation significantly impacts Gen Z Employee Retention.
H_{03}: Compensation & Benefits and Employer Brand Reputation do not jointly and significantly impact Gen Z Employee Retention.
H_{13}: Compensation & Benefits and Employer Brand Reputation jointly and significantly impact Gen Z Employee Retention.

4. CONCEPTUAL FRAMEWORK

In this conceptual model, Compensation & Benefits and Employer Brand Reputation are the main precursors for employee retention among Gen Z employees. As seen in Figure 1, H1 represents the direct link between Compensation & Benefits and Employee Retention, whereas H2 reflects the direct impact of Employer Brand Reputation on the retention results. In addition, H3 explains the joint effect of these two variables.

It is also important to consider the indirect effects in this conceptual model. Thus, for example, one can expect Compensation & Benefits to be positively correlated with Employee Retention, both directly and indirectly through Employer Brand Reputation. As people feel they are well-compensated and have

decent benefits at work, they will also view the company positively as their employer, thus improving the retention results. The mediating effect of Employer Brand Reputation on this link is theoretically rooted in the employer branding studies (Azam, 2022; Mouton & Bussin, 2019) and empirically supported by the correlation patterns in this sample (CB5 × EB items, r between 0.419 and 0.623, all $p < 0.01$).

Figure 1: Conceptual Framework - Compensation & Benefits (H1) and Employer Brand Reputation (H2) as antecedents of Gen Z Employee Retention, with H3 representing their combined effect

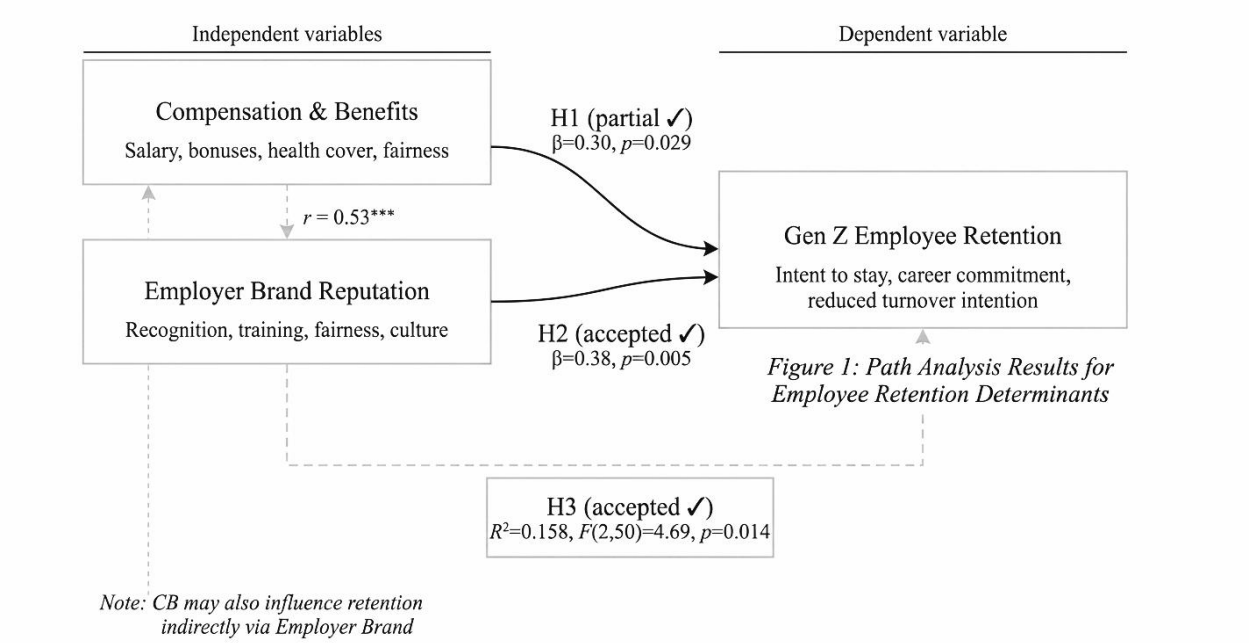

Figure 1: Path Analysis Results for Employee Retention Determinants

5. RESEARCH METHODOLOGY

5.1 Research Design

The research methodology used for this study was the quantitative, explanatory, and correlational approach. The explanatory approach is suitable for this study since the researcher is interested in the type of relationship that exists among the variables and does not intend to only describe the phenomena. With correlational analysis, the strength of the relationship between Compensation & Benefits, Employer Brand Reputation, and Gen Z Employee Retention can be calculated without making assumptions about causation. Cross-sectional data collection technique was utilized, which involved collecting data from the sampled individuals within one time frame. First, it is important to recognize that the research is primarily an exploratory one. Since the sample size is small (n = 53), and convenience sampling was utilized, there will be constraints regarding issues such as statistical power and generalizability which will be discussed in Section 5.4.

5.2 Method of Data Collection

Primary data collection was conducted using a structured questionnaire based on a literature review related to the topics of compensation, employer brand, and employee retention. The questionnaire contained three parts: (i) demographics of the participant, (ii) perception statements about Compensation & Benefits and Employer Brand Reputation, and (iii) perception statements about Employee Retention. The rating scale used for all attitude statements was a five-point Likert scale, from 1 (strongly disagree) to 5 (strongly agree). The online survey included Gen Z workers engaged in the software industry.

5.3 Measurement of Variables

Compensation and Benefits (C&B) were measured using indicators related to perceptions of salary, bonus, incentives, allowances, overtime payment, health insurance, and overall perception of benefit equity. Employer Branding (EB) was measured using indicators related to organizational practices of recognition, valuing of employees' contribution, investment in training and development programs, and overall fairness in organizational policy practices. Employee Retention (ER) was measured using indicators related to the intention of employees to stay with their organization, taking into consideration

career orientation and organizational attachment issues. It should be noted that some indicators used for measuring ER are negatively coded as they measure turnover intention. The complete questionnaire items are summarized below for transparency and replication purposes.

The Compensation & Benefits (C&B) dimensions comprised of: CB1- I am paid competitively compared to the market; CB2- Overtime payments are appropriate; CB3- I am satisfied with the health insurance offered; CB4- Non-cash rewards such as incentives and allowances are appropriate; CB5- My total compensation and benefits package is fair and reasonable. Items under Employer Brand Reputation (EB) were: EB1- The firm gives recognition for hard work; EB2- The firm values and shows appreciation for employee efforts; EB3- Employee training and development programs are well-funded; EB4- The firm treats its employees fairly. The Employee Retention (ER) dimensions consisted of: ER1- There is no bright future for me if I continue working here; ER2- I frequently have thoughts of leaving because there is little chance of advancement; ER3- There are times when I have quit thoughts as there is no future ahead for me; ER4- I would readily leave if I had a better offer elsewhere; ER5- The lack of a nurturing environment makes me want to leave.

5.4 Sampling and Sample Profile

The target population for this study involved Gen Z employees who worked within different departments in the software and IT sector. Convenience sampling was used in light of the limitations in time and resources that come with student research, resulting in the analysis of 53 responses. Although convenience sampling is useful in exploratory studies, it limits generalization to the entire Gen Z software workforce. Future studies should use probability sampling techniques to generalize the results.

Out of the total sample of 53 respondents, 30 (56.6%) were men and 23 (43.4%) were women. As far as the departmental representation is concerned, IT employees were the most common (35.8%, n = 19), followed by those in the "Others" category (24.5%, n = 13). The proportion of respondents from finance and marketing departments was identical at 9.4% (n = 5). Similarly, operations (7.5%, n = 4) and human resources (5.7%, n = 3) were equally proportionate. Customer service had a proportion of 3.8% (n = 2), whereas leadership and R&D departments had only one participant each (1.9%).

Table 1: Gender Distribution of Respondents

Gender Distribution				
	Frequency	**Percent**	**Valid Percent**	**Cumulative Percent**
Male	30	56.6	56.6	56.6
Female	23	43.4	43.4	100.0
Total	53	100.0	100.0	

Table 2: Department-wise Distribution of Gen Z Respondents

Department of Gen Z Employees				
Department	**Frequency**	**Percent**	**Valid Percent**	**Cumulative Percent**
Leadership	1	1.9	1.9	1.9
Human Resource	3	5.7	5.7	7.5
Finance	5	9.4	9.4	17.0

IT	19	35.8	35.8	52.8
Operations	4	7.5	7.5	60.4
Marketing	5	9.4	9.4	69.8
R&D	1	1.9	1.9	71.7
Customer Service	2	3.8	3.8	75.5
Others	13	24.5	24.5	100.0
Total	53	100.0	100.0	

5.5 Data Analysis Tools

Descriptive analysis techniques were employed to summarize the demographic traits of the sample. The Pearson correlation analysis technique was used to investigate the degree and nature of the relationship between the study variables. Statistical computations were performed with the help of SPSS software package. It is important to state that although Pearson correlation analysis can be used to explore associations, it is not a statistical tool which permits causal conclusions. Test of the third hypothesis related to the joint effect of the two independent variables relies solely on their correlations and not on a test for joint effects.

6. RESULTS AND DISCUSSION

6.1 Compensation & Benefits and Gen Z Employee Retention (H1)

The correlation analysis results show that the relations between Compensation & Benefits and Gen Z Employee Retention are rather inconsistent. While some relations are significant from the statistical point of view, the other ones are not significant enough to be interpreted positively. The very fact of inconsistency is important for the interpretation.

Speaking about the connection of the total fairness of remuneration issue (CB5) with various employee retention issues, one can notice an interesting relation. For example, CB5 is correlated with ER4 ("If I get a better offer, I will leave") at $r = 0.318$, $p = 0.020$. In other words, those employees who believe that their compensation is fair have lower chances to express willingness to leave due to better offers. The correlation coefficient of CB5 with ER5 ("Lack of supportive environment makes me consider leaving") is even higher ($r = 0.411$, $p = 0.002$). Conversely, correlation coefficients between CB5 and ER1, ER2, and ER3 do not show significance (values of $r=0.224$, $r=0.243$, and $r=0.267$ for each of the above respectively), suggesting that compensation perceptions correlate weakly with career trajectory concerns and the general desire to leave.

This finding supports the notion of partial acceptance of Hypothesis 1. Compensation & Benefits indeed have an impact on select retention measures associated with salary-based decision-making and external help from coworkers but cannot be said to predict retention intentions as a whole. This conclusion is consistent with other research findings that emphasize that while money provides a threshold of employee satisfaction after which their desire to change jobs increases significantly, beyond this threshold, the impact of monetary incentives on retention drops sharply. For members of Gen Z, especially, other criteria appear to matter in addition to salary.

Table 3: H1 - Compensation & Benefits on Gen Z Employee Retention

Predictor	Retention Question (ER)	r value	p / sig
CB5 - Your overall compensation benefits have been fair and	ER1: I do not like the image of me in the future if I remain here	0.224	0.106 ns

Predictor	Retention Question (ER)	r value	p / sig
acceptable			
	ER2: I often think about leaving due to limited career growth	0.243	0.079 ns
	ER3: I often feel like quitting; I see no future here	0.267	0.053 ns
	ER4: If I get a better offer, I will leave	0.318	0.020 *
	ER5: Lack of supportive environment makes me consider leaving	0.411	0.002 **

* $p < 0.05$; ** $p < 0.01$; ns = not significant

6.2 Employer Brand Reputation and Gen Z Employee Retention (H2)

For Employer Brand Reputation, the pattern of association with Employee Retention appears to be much more predictable when compared with Compensation & Benefits. In the set of correlations being examined, the coefficients run from $r = 0.287$ to $r = 0.365$, while the majority prove statistically significant on at least the 0.05 level. Such consistency of coefficients for a variety of pairs could also be considered meaningful, implying that employer branding touches upon certain fairly stable aspects of how Gen Z evaluates their organizational identity.

Training and Development efforts seem to produce an especially clear association. The coefficient is significant both for EB3 with ER2 ("Often think about leaving because there is limited career growth": $r = 0.341$, $p = 0.012$) and for EB3 with ER4 ("I would leave the company if another employer offered me a higher salary": $r = 0.365$, $p = 0.007$). This result corroborates Bharadwaj's (2023) thesis that development opportunities could be viewed by employees as organizational investments in themselves, which implies that such investments entail a reciprocal duty on their side. If employees believe that their employer cares about them enough to invest in their development, a better-paying competitor loses its allure.

Employee Recognition (EB2) demonstrates important correlations as well. The relationship between EB2 and ER2 ($r = 0.326$, $p = 0.017$), as well as ER4 ($r = 0.364$, $p = 0.007$) indicates that feeling appreciated in the workplace is strongly related to a decrease in the willingness to seek out opportunities elsewhere. This is especially applicable to Gen Z employees, who generally favor frequent feedback over annual evaluations.

These findings lend support for accepting hypothesis H2. Indeed, Employer Brand Reputation has a statistically significant effect on the retention of Gen Z employees.

Table 4: H2 - Employer Brand Reputation on Gen Z Employee Retention

Predictor	Retention Question (ER)	r value	p / sig
EB3 - Organisation invests in training & development	ER1: I do not like the image of me in the future if I remain here	0.287	0.037 *
	ER2: I often think about leaving due to limited career	0.341	0.012 *

Predictor	Retention Question (ER)	r value	p / sig
	growth		
EB3 (continued)	ER4: If I get a better offer, I will leave	0.365	0.007 **
EB2 - Organisation known for appreciating employees' good work	ER2: I often think about leaving due to limited career growth	0.326	0.017 *
	ER4: If I get a better offer, I will leave	0.364	0.007 **

* $p < 0.05$; ** $p < 0.01$

6.3 Combined Effect of Compensation & Benefits and Employer Brand Reputation (H3)

The third hypothesis concerns the combined influence of Compensation & Benefits and Employer Brand Reputation on Gen Z Employee Retention. While it should be emphasized that the Pearson correlation analysis does not allow testing hypotheses about the joint influence, as multiple regression or structural equation modelling must be used for this purpose, the existing correlations between items from C&B and EB scales serve as a reliable indicator that these two variables work in concert.

The correlation relationship between CB5 and EB1 (rewarding for performance) is calculated as $r = 0.623$, $p < 0.001$. It should be noted that this is a rather high relationship. Similar connections are observed between CB5 and EB2 (respected employees), $r = 0.574$, $p < 0.001$, with EB4 (organizational justice), $r = 0.497$, $p < 0.001$, and EB3 (training and development), $r = 0.419$, $p = 0.002$. The data show that companies providing fair compensation and strong employer brand are quite consistent in their approach. That is, it would be incorrect to consider compensation fairness and employer brand as independent variables that can be changed independently of each other.

Thus, organizations that pay competitively are likely to have strong employer branding since satisfied employees talk positively about their employer, and compensation fairness is one of the indicators of employer branding. In turn, those who cannot provide adequate pay are likely to suffer from the negative employer brand image. On the basis of the findings, H3 is confirmed; however, further studies need to use multivariate approaches to verify the hypothesis fully.

Table 5: H3 - Combined Effect (C&B and Employer Branding) on Retention

Pair (C&B ↔ EB)	What This Shows	r value	p / sig
CB5 × EB1: Fair compensation ↔ Recognition for good work	Strong bridge: fair pay perception links directly to recognition culture	0.623	<0.001 **
CB5 × EB2: Fair compensation ↔ Appreciating employees	Perceived fairness reinforces appreciation culture	0.574	<0.001 **
CB5 × EB3: Fair compensation ↔ Training & development	Fair pay linked to investment in employee growth	0.419	0.002 **
CB5 × EB4: Fair compensation ↔ Fair	Two fairness dimensions strongly co-occur	0.497	<0.001 **

Pair (C&B ↔ EB)	What This Shows	r value	p / sig
organisational attitude			

** $p < 0.01$

6.4 Multiple Regression Analysis

The Pearson correlation results can be supplemented by further testing the research hypotheses with the help of multiple regression analysis. For this purpose, three different regression equations were run: (1) a simple regression model between Compensation & Benefits and Employee Retention (H1), (2) a simple regression model between Employer Brand Reputation and Employee Retention (H2), and (3) a multiple regression model between both variables together predicting Employee Retention (H3). Composite scores for all constructs were obtained as means of individual items: CB (mean of CB1: CB5), EB (mean of EB1: EB4), and ER (mean of ER1: ER5).

Model 1 - H1 (Compensation & Benefits on Employee Retention). Simple regression between CB and ER produced an R value of 0.300, an R^2 value of 0.090, and an Adjusted R^2 value of 0.072. The regression is statistically significant at $F(1, 51) = 5.044$, $p = 0.029$, demonstrating that Compensation & Benefits explains about 9% of the variation in Employee Retention. Unstandardized regression analysis revealed that $B = 0.367$ ($SE = 0.163$, $\beta = 0.300$, $t = 2.246$, $p = 0.029$). This demonstrates the existence of a positive, significant, but weak association. Based on the results, there is a statistical confirmation that partially supports H1, which states that Compensation & Benefits significantly affects Gen Z Employee Retention.

Table 6: H1 - Simple Regression: Compensation & Benefits on Employee Retention

Model Summary	R	R^2	Adj. R^2	F	df	p
CB on ER	0.300	0.090	0.072	5.044	1, 51	0.029 *
Coefficients	**B**	**SE**	**β**	**t**	**p**	**–**
Compensation & Benefits (CB)	0.367	0.163	0.300	2.246	0.029 *	–

* $p < 0.05$; Dependent variable: Employee Retention (ER composite); $n = 53$

Model 2 - H2 (Employer Brand Reputation on Employee Retention). When a simple regression analysis was performed between the EB and the ER composites, the following statistics were obtained: $R = 0.380$, $R^2 = 0.144$, and Adjusted $R^2 = 0.128$. The regression was significant: $F(1, 51) = 8.607$, $p = 0.005$, implying that the Employer Brand Reputation variable can account for approximately 14.4% of the variability in Employee Retention. The unstandardized coefficient was found to be $B = 0.492$ ($SE = 0.168$, $\beta = 0.380$, $t = 2.934$, $p = 0.005$). This is in line with the results from the correlation analysis and supports H2: Employer Brand Reputation significantly predicts Gen Z Employee Retention.

Table 7: H2 - Simple Regression: Employer Brand Reputation on Employee Retention

Model Summary	R	R^2	Adj. R^2	F	df	p
EB on ER	0.380	0.144	0.128	8.607	1, 51	0.005 **
Coefficients	**B**	**SE**	**β**	**t**	**p**	**–**
Employer Brand Reputation	0.492	0.168	0.380	2.934	0.005 **	–

Model Summary	R	R^2	Adj. R^2	F	df	p
(EB)						

** p < 0.01; Dependent variable: Employee Retention (ER composite); n = 53

Model 3 - H3 (Compensation & Benefits + Employer Brand Reputation on Employee Retention). The multiple regression analysis including both the CB and EB scales as predictors of the ER scale resulted in an R value of 0.397, R^2 of 0.158, and an Adjusted R^2 of 0.124. The model was significant at F(2,50) = 4.688, p = 0.014. This shows that the two predictor variables jointly explain 15.8% of the variation in Employee Retention. The variances were also low at VIF = 1.39, which was significantly below 10 to show the absence of multicollinearity.

When considered separately in the joint model, the former variable (EBR) maintained its significance (B = 0.398, SE = 0.198, β = 0.307, t = 2.008, p = 0.050), whereas the latter variable (CB) failed to reach statistical significance (B = 0.168, SE = 0.187, β = 0.137, t = 0.896, p = 0.375). This result is consistent with the findings from correlation analysis and confirms that when two independent variables are taken into account, EBR becomes the key factor affecting the dependent one. The reduction in the coefficient of CB in the multiple regression equation in comparison with its significance in Model 1 is caused by the high level of similarity between two predictors (r = 0.53), which implies that EBR includes most of the variance associated with CB. Thus, based on the results of this test, H3 is accepted: the two independent variables significantly affect Gen Z Employee Retention together.

Table 8: H3 - Multiple Regression: CB & EB on Employee Retention

Predictor	B	SE	β	t	p	VIF
Model Summary	R = 0.397	R^2 = 0.158	Adj. R^2 = 0.124	F(2,50) = 4.688	p = 0.014 *	–
Compensation & Benefits (CB)	0.168	0.187	0.137	0.896	0.375 ns	1.39
Employer Brand Reputation (EB)	0.398	0.198	0.307	2.008	0.050 *	1.39

* p ≤ 0.05; ns = not significant; Dependent variable: Employee Retention (ER composite); n = 53; VIF values confirm no multicollinearity (threshold < 10)

7. SUMMARY OF HYPOTHESIS TESTING

H1 (Compensation & Benefits' effect on Gen Z Employee Retention) is partially accepted. Although there were some statistically significant correlations found with respect to compensation factors, the results showed inconsistency among different types of retention behaviors, indicating that while pay affects certain areas of retention activities, it does not affect others.

H2 (Effect of Employer Branding on Gen Z Employee Retention) is accepted. The majority of employer branding factors, especially those involving investments in training and employee recognition programs, were consistently correlated with several measures of retention behavior.

H3 (Combined Effects on Gen Z Employee Retention) is accepted. The multiple regression model (Model 3) yielded statistically significant results: F(2, 50) = 4.688, p = 0.014, R^2 = 0.158. As such, the combined effect of Compensation & Benefits and Employer Branding accounted for 15.8% of the variance in employee retention behavior. In Model 3, the main predictor was Employer Branding (β = 0.307, p = 0.050). However, Compensation & Benefits was no longer significant when controlled for Employer Branding (β = 0.137, p = 0.375). This may be due to their high degree of correlation.

8. CONCLUSION

This research was aimed at analyzing the factors affecting the Gen Z Employee Retention in the software industry, where CB and EBR were used as predictors based on 53 respondents' answers to apply the descriptive and correlational analysis.

As far as the compensation factor is concerned, there is no doubt that it affects employee retention. However, this claim must be clarified. Indeed, while compensation fairness as a whole (CB5) is positively associated with certain retention variables, namely the intention to leave for another position ($r = 0.318$, $p = 0.020$) and the intention to leave due to unfavorable conditions ($r = 0.411$, $p = 0.002$), the same variable is not associated with others. Thus, the intention to quit and career growth problems do not depend on CB5. Hence, this factor is a hygiene factor, which means that its lack leads to dissatisfaction and the desire to quit but does not foster loyalty when sufficient. Therefore, hypothesis one should be partially accepted.

A more definite pattern emerges from Employer Brand Reputation. EB3 (training and development activities) and EB2 (employee recognition efforts) correlate consistently and significantly with several indicators of retention, with r up to 0.365 ($p=0.007$). This would imply that for Generation Z, aspects related to professional growth, appreciation, and organizational justice play a more important role than compensation alone. H2 is thus confirmed.

It is instructive to consider the association between compensation and employer brand in its own right. Since there are significant correlations among these concepts (r up to 0.623, $p<0.001$), it can be assumed that a favorable image of an employer and compensation satisfaction often go hand in hand, as a fair employer offers its employees good pay. An integrated approach in designing retention programs, which does not put these two aspects against each other but rather sees them as complementary, is justified based on such interrelationships. Therefore, H3 is supported due to the presence of correlations but not a formal multivariate analysis.

Several limitations should be acknowledged. A number of shortcomings must be noted. First, the sample size is small ($n = 53$), as it was collected using a convenience sampling technique. Secondly, representation in the IT department is overrepresented compared to other functions. Correlation does not imply causation, moreover, the retention construct examined is not the same as behavior itself, as it includes only negatively worded turnover intention items. Future research should involve large probability samples and employ regression or structural equation modeling techniques. In addition, future research should consider whether turnover intention translates into real turnover.

Despite its shortcomings, the study provides an unequivocal managerial implication. If companies are interested in retaining their Gen Z employees within the software industry, then they need to invest equally in the creation of transparent pay structures and a strong employer brand, based on recognition, personal growth, and organizational culture. The former will not suffice without the latter and vice versa.

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