

DO FLEXIBLE WORK ARRANGEMENTS AND EMPLOYEE BRANDING ENHANCE TALENT RETENTION? A STUDY ON GENERATION Z IN INDONESIA'S LABOR MARKET

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Abstract

Technological transformation and automation are reshaping the garment manufacturing industry, requiring employees to develop new competencies and adapt to digital production systems. This study examines how workforce adaptability and reskilling initiatives support technological adoption and drive innovation in the garment industry, particularly in West Java. Using a qualitative approach, data were collected through semi-structured interviews with 30 participants, including production operators, supervisors, and managers. The findings show that workforce adaptability plays a crucial role in enabling employees to adjust to automated machinery and digital systems, resulting in improved productivity, efficiency, and work accuracy. Reskilling and continuous learning programs enhance employee competence, confidence, and readiness to operate new technologies. Organizational support, including training programs and leadership encouragement, further strengthens workforce adaptation and innovation capability. This study highlights the importance of continuous workforce development and structured reskilling initiatives to support digital transformation and maintain organizational competitiveness in the garment manufacturing industry.

Keywords: Work Agreement, Talent Retention, Labor Market, Gen-Z

INTRODUCTION

The digital transformation of the labor market has fundamentally reshaped traditional work structures, driven by rapid technological advancements, digitalization, and evolving organizational practices. One of the most significant outcomes of this transformation is the widespread adoption of flexible work arrangements (FWAs), including remote work, hybrid work, and flexible scheduling. These arrangements allow employees greater autonomy over their work location, working hours, and work-life integration (K. Nurjaman, 2025). Flexible work arrangements have shifted from being a supplementary organizational practice to becoming a strategic human resource approach that enhances organizational adaptability and employee-centered work environments (K. A. Nurjaman & Supriatna, n.d.). As organizations increasingly compete for skilled talent in the digital economy, flexible work arrangements have become a key factor influencing employee attraction, engagement, and retention.

Among the workforce, Generation Z has emerged as a particularly important demographic group. Generation Z, defined as individuals born between 1997 and 2012, represents the first fully digital-native generation. Having grown up in an environment characterized by constant internet access, mobile technology, and digital connectivity, Generation Z demonstrates distinct workplace expectations compared to previous generations (Amani et al., 2024; Sofyan et al., 2025). This generation tends to prioritize flexibility, autonomy, career development opportunities, and psychological well-being over traditional indicators of job security alone. Unlike earlier generations that emphasized long-term employment stability, Generation Z employees are more inclined to seek meaningful work experiences, work-life balance, and supportive organizational cultures. As a result, organizations must adapt their work systems and management approaches to align with these evolving expectations (Supriatna et al., 2024).

Flexible work arrangements have become particularly relevant in addressing the needs and expectations of Generation Z employees (K. Nurjaman, 2025; K. A. Nurjaman & Supriatna, n.d.). Flexible work provides employees with greater control over their work-life balance, reduces commuting stress, and enhances perceived organizational support (Amani et al., 2023; Saputra & Amani, 2023). These benefits can contribute to higher job satisfaction, stronger organizational commitment, and increased intention to remain within the

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organization. From an organizational perspective, flexible work arrangements serve as a strategic tool to enhance talent retention, especially in competitive labor markets where skilled employees have more employment options (Rizki et al., n.d.; Yulianty, Amani, & Fahreza, 2024). However, flexible work arrangements also introduce new challenges, including reduced face-to-face interaction, potential communication barriers, decreased social cohesion, and concerns regarding career development visibility and advancement opportunities (Rizki Alifa et al., 2025a; Yulianty, Amani, Purnomo, et al., 2024). These challenges may influence how flexible work arrangements are experienced and perceived by employees, particularly among younger workers who are still in early stages of career development.

In Indonesian context, the relevance of flexible work arrangements has increased significantly due to the rapid expansion of the digital economy. Indonesia has experienced substantial growth in digital industries, including technology startups, digital services, and remote-enabled sectors. This growth has intensified competition among organizations to attract and retain qualified young talent, particularly from Generation Z, who now constitute a growing proportion of the workforce. Indonesian organizations are increasingly adopting flexible work policies as part of their talent management strategies. However, the effectiveness of these arrangements in retaining Generation Z employees remains insufficiently understood, especially from the perspective of employees themselves. Cultural, organizational, and labor market characteristics in Indonesia may influence how flexible work arrangements are implemented and experienced (Komaladewi et al., 2025).

Despite the growing adoption of flexible work arrangements globally and in Indonesia, existing research has predominantly focused on quantitative approaches that examine the relationship between flexible work and outcomes such as job satisfaction, performance, and turnover intention (Harrison-Walker & Mead, 2024; Riskal Amani et al., n.d.; Rizki Alifa et al., 2025b; Veiga et al., 2025). While these studies provide valuable insights, they often overlook the lived experiences, perceptions, and meanings that Generation Z employees attach to flexible work arrangements. Qualitative research is particularly important to explore how flexible work arrangements influence talent retention from the perspective of Generation Z employees, including both the perceived benefits and challenges. Understanding these experiences is essential for developing effective organizational strategies that align with the expectations of this emerging workforce.

Therefore, this study aims to explore the role of flexible work arrangements in enhancing talent retention among Generation Z employees in Indonesia. By adopting a qualitative approach, this study seeks to provide deeper insights into how flexible work arrangements influence employee experiences, organizational attachment, and retention intentions. The findings are expected to contribute to the literature on human resource management, talent retention, and generational workforce dynamics, while also providing practical implications for organizations seeking to attract and retain Generation Z talent in the digital era.

LITERATURE REVIEW

Flexible Work Arrangements

Flexible work arrangements refer to organizational policies that allow employees flexibility in work location, work schedule, or both (Tian, 2023). These arrangements include remote work, hybrid work, and flexible hours. Flexible work improves autonomy and work-life balance, which can enhance employee satisfaction and retention.

Generation Z Workforce Characteristics

Generation Z employees are characterized by strong digital literacy, adaptability, and preference for flexibility. They value autonomy, meaningful work, and career growth opportunities. Flexible work arrangements align with their expectations and may increase retention (Guidi & Traversa, 2021).

Talent Retention

Talent retention refers to an organization's ability to retain skilled employees. Retention is influenced by job satisfaction, work environment, career development, and organizational support.

Flexible Work and Retention

Flexible work arrangements improve retention by increasing job satisfaction, reducing stress, and improving well-being (Li et al., 2024). Employees with flexible work options demonstrate higher engagement and commitment.

METHODOLOGY

This study employs a qualitative research approach to explore how flexible work arrangements influence talent retention among Generation Z employees in Indonesia. A descriptive qualitative design was used to understand employee experiences and perceptions. Participants consisted of 12 Generation Z employees working in startup and digital organizations. Participants were selected using purposive sampling based on flexible work experience. Data were collected through semi-structured interviews conducted online. Each interview lasted 30–45 minutes and explored flexible work experiences, job satisfaction, well-being, and retention intentions. Data were analyzed using thematic coding, frequency scoring, and visual pattern analysis.

Table 1. Interview Protocol and Thematic Analysis Framework

Stage	Objective	Key Focus	Essential Questions	Analysis Outcome
Background	Understand work context	Work structure	Describe your work arrangement	Work context
Flexible Work Experience	Identify flexible work impact	Autonomy, flexibility	How does flexible work affect your job satisfaction?	Flexibility impact
Retention Factors	Identify retention drivers	Satisfaction, commitment	Does flexible work influence your decision to stay?	Retention drivers
Well-being Impact	Understand well-being effects	Stress, balance	How does flexible work affect your well-being?	Well-being impact
Challenges	Identify barriers	Communication, career	What challenges exist in flexible work?	Retention barriers

The analytical framework presented in the table illustrates a staged qualitative approach to understanding how flexible work arrangements influence talent retention among Generation Z. The first stage, background, aims to identify the respondents' work context, including remote, hybrid, or flexible scheduling structures. Understanding this context is essential because employees' experiences of flexible work are shaped by how these arrangements are implemented in practice. This stage provides a foundation for interpreting subsequent experiences.

The second stage, flexible work experience, explores how flexible work arrangements affect employees' autonomy and job satisfaction. Flexible work allows employees greater control over their time and work location, which can enhance job satisfaction and strengthen perceptions of organizational support. These experiences play a critical role in shaping employees' attitudes toward their work and organization.

The third stage, retention factors, focuses on identifying how flexible work influences employees' intention to remain in the organization. Flexible work arrangements can strengthen organizational commitment, emotional attachment, and overall satisfaction, positioning flexibility as a key driver of talent retention, particularly for Generation Z, who highly value work flexibility.

The fourth stage, well-being impact, examines how flexible work affects employee well-being, including stress levels and work-life balance. Improved well-being can enhance job satisfaction and organizational commitment, serving as an important mechanism linking flexible work arrangements to retention.

The final stage, challenges, identifies barriers associated with flexible work, such as communication difficulties, reduced social interaction, and career development concerns. These challenges may weaken organizational attachment and retention if not effectively managed. Overall, this framework provides a comprehensive understanding of how flexible work arrangements shape employee experiences, well-being,

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and retention decisions among Generation Z in modern organizational contexts.

RESULT AND DISCUSSION

Table 2. Coding Frequency and Theme Distribution of Flexible Work and Talent Retention

Main Theme	Sub-Theme	Code Label	Frequency	Percentage
Job Satisfaction	Work flexibility	Work autonomy	11	91.7%
	Work-life balance	Balance improvement	10	83.3%
Retention Intention	Retention motivation	Stay intention	10	83.3%
	Organizational commitment	Work commitment	9	75.0%
Well-being Impact	Stress reduction	Reduced stress	9	75.0%
	Mental well-being	Psychological comfort	8	66.7%
Organizational Factors	Trust	Organizational support	9	75.0%
	Career growth	Development opportunity	8	66.7%
Challenges	Communication gaps	Coordination issues	7	58.3%

The findings indicate that flexible work arrangements play a significant role in shaping Generation Z employees' job satisfaction, retention intention, well-being, and perceptions of organizational support, although several challenges remain. Under the main theme of job satisfaction, work flexibility emerged as the most dominant factor, with work autonomy reported by 91.7% of participants. This suggests that the ability to control when and where work is performed strongly enhances employees' sense of independence and satisfaction. In addition, work-life balance improvement was reported by 83.3% of participants, indicating that flexible work arrangements allow employees to better manage their professional and personal responsibilities. These findings highlight that flexibility is a critical determinant of positive work experiences among Generation Z employees. In terms of retention intention, flexible work arrangements appear to be a major driver of employees' decision to remain in their organization. Stay intention was reported by 83.3% of participants, demonstrating that flexibility directly strengthens employees' motivation to continue working in their current roles. Similarly, organizational commitment was reported by 75.0% of participants, indicating that flexible work arrangements contribute to stronger emotional attachment and loyalty toward the organization. This suggests that flexible work functions as an important retention strategy for Generation Z employees. The well-being impact theme further reinforces the positive role of flexible work arrangements. Reduced stress was reported by 75.0% of participants, suggesting that flexibility helps alleviate work-related pressures, such as commuting fatigue and rigid schedules. Additionally, psychological comfort was reported by 66.7% of participants, indicating that flexible work contributes to improved mental well-being. These findings suggest that enhanced well-being serves as an underlying mechanism through which flexible work arrangements strengthen job satisfaction and retention.

Organizational factors also play an important role in shaping employees' experiences. Organizational support was reported by 75.0% of participants, indicating that flexible work arrangements are perceived as a

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form of trust and support from the organization. Furthermore, development opportunity was reported by 66.7% of participants, suggesting that employees value organizations that provide career growth alongside flexible work policies. This highlights the importance of aligning flexible work arrangements with long-term career development to sustain retention. However, flexible work arrangements also present several challenges. Communication gaps and coordination issues were reported by 58.3% of participants, indicating that reduced face-to-face interaction can create barriers in teamwork, information sharing, and collaboration. These challenges may weaken organizational cohesion and potentially affect long-term retention if not properly addressed.

Overall, the findings demonstrate that flexible work arrangements significantly enhance job satisfaction, well-being, and retention intention among Generation Z employees, primarily through increased autonomy, improved work-life balance, and stronger perceptions of organizational support. However, organizations must address communication and coordination challenges to fully realize the retention benefits of flexible work arrangements.

CONCLUSION

This study demonstrates that flexible work arrangements play a critical role in enhancing talent retention among Generation Z employees in Indonesia's evolving digital workforce. The findings confirm that flexible work arrangements positively influence employees' job satisfaction, well-being, and intention to remain in their organizations. Increased work autonomy and improved work-life balance emerged as key contributors to higher job satisfaction, while reduced stress and improved psychological comfort strengthened overall well-being. These factors collectively reinforce employees' emotional attachment, organizational commitment, and motivation to stay, highlighting flexible work arrangements as an effective retention mechanism for Generation Z talent. Furthermore, the findings indicate that flexible work arrangements serve not only as a structural adjustment but also as a signal of organizational trust and support. When organizations provide flexibility, employees perceive greater organizational care for their well-being, which strengthens reciprocal commitment and loyalty. However, the study also identifies several challenges associated with flexible work, particularly communication gaps and coordination difficulties. These barriers may limit collaboration, reduce social connection, and create uncertainty regarding career progression if not effectively managed. Therefore, while flexible work arrangements offer substantial retention benefits, their effectiveness depends on how well organizations support employees through clear communication, structured collaboration, and accessible career development pathways.

Based on these findings, organizations should adopt a comprehensive approach to flexible work implementation. This includes establishing clear flexible work policies, investing in digital communication and collaboration tools, and providing structured career development and mentoring programs. In addition, organizations should foster a supportive work environment that maintains employee engagement, visibility, and professional growth despite physical distance. By aligning flexible work arrangements with organizational support systems, companies can maximize both employee well-being and long-term retention.

In conclusion, flexible work arrangements represent a strategic human resource management practice that enables organizations to attract, engage, and retain Generation Z talent in the digital era. As Generation Z continues to constitute a growing proportion of the workforce, organizations that effectively implement and manage flexible work arrangements will be better positioned to sustain talent retention, enhance employee satisfaction, and maintain organizational competitiveness in increasingly dynamic labor market environments.

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