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The Influence of Employer Branding on Millennial Employee Interest and Retention in Technology Companies

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Abstract: *This study examines the influence of employer branding on millennial employee interest and retention in technology companies. The millennial generation, born between 1981-1996, now dominates the global workforce with a 35% proportion in 2024, while the technology sector experiences employee turnover rates of up to 13.2% annually. The research employed a quantitative method with surveys of 385 millennial employees from 15 technology companies in Jakarta and Bandung. Results indicate that employer branding significantly influences millennial work interest with a coefficient of determination $R^2 = 0.742$, and employee retention with $R^2 = 0.689$. The dimensions of compensation and benefits ($\beta = 0.324$), positive work environment ($\beta = 0.298$), and career development opportunities ($\beta = 0.267$) emerged as the most influential factors. Companies with strong employer branding demonstrated 78% higher retention rates compared to those with weak branding. These findings provide practical implications for technology company management to optimize employer branding strategies in attracting and retaining millennial talent.*
Keywords: *Employer Branding, Millennials, Employee Retention, Technology Companies, Work Interest*

INTRODUCTIONS

Indonesia's technology industry has experienced rapid growth, contributing 4.3% to the Gross Domestic Product in 2024 and employing over 2.8 million workers. The millennial generation, born between 1981 and 1996, now dominates the workforce, comprising 35% of the global labor force and projected to reach 75% by 2025 (Deloitte, 2024). However, the technology sector is facing a high employee turnover rate, reaching 13.2% per year—significantly above the average of other industries, which stands at 8.7% (McKinsey & Company, 2024). Research by PwC Indonesia (2024) shows that 68% of millennial employees in the technology sector are considering changing jobs within the next two years, citing lack of career development (42%), uncompetitive compensation (38%), and unsupportive work environments (35%) as the main reasons. The phenomenon of job hopping among millennials is a serious concern for technology companies, considering that the cost of recruiting and training new employees can reach 50–200% of the annual salary for the relevant positions (SHRM, 2024).

Employer branding has emerged as a critical strategy to attract and retain top talent. According to Backhaus and Tikoo (2023), employer branding is a company's effort to promote a unique value proposition as an attractive workplace for current and prospective employees. This concept encompasses five key dimensions: economic value (compensation and benefits), social value (work environment and culture), development value (career and training

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opportunities), application value (use of skills), and interest value (job satisfaction). A study by LinkedIn Talent Solutions (2024) revealed that companies with strong employer branding experience a 43% reduction in recruitment costs and a 50% increase in candidate quality. Meanwhile, research from Glassdoor (2024) shows that 75% of job seekers consider an employer's reputation before applying for a job, and 69% would decline a job offer from a company with a poor reputation—even if the salary is attractive.

The unique characteristics of the millennial generation in the workplace require special attention. Research by Gallup (2024) indicates that millennials prioritize work-life balance (89%), learning and development opportunities (87%), and meaningful work (82%) more than previous generations. They are also more active in seeking information about companies through social media and employee review platforms like Glassdoor and JobStreet. In Indonesia, research on the influence of employer branding on the interest and retention of millennial employees in the technology sector is still limited. Previous studies have mostly focused on the banking and manufacturing sectors, while the dynamic and competitive nature of the technology industry calls for a specialized approach. Therefore, this study aims to analyze the influence of employer branding on the interest and retention of millennial employees in technology companies, identify the most influential dimensions of employer branding, and provide strategic recommendations for company management.

RESEARCH METHODS

This study uses a quantitative approach with a cross-sectional survey design to analyze the influence of employer branding on the interest and retention of millennial employees in technology companies. This approach was chosen because it can provide an objective overview of the relationships between variables at a specific point in time and allows for the generalization of research findings to a broader population. The study population consists of millennial employees (born between 1981–1996) working in technology companies in Jakarta and Bandung. According to data from the Indonesian Internet Service Providers Association (APJII, 2024), there are 187 large and medium-sized technology companies in both cities, with approximately 34,500 millennial employees in total.

The sample size was determined using the Slovin formula with a 95% confidence level and a 5% margin of error, resulting in a minimum sample of 380 respondents. To anticipate non-response rates, the study used 385 respondents. The sampling technique used was stratified random sampling based on company size (large, medium) and location (Jakarta, Bandung). Of the 385 respondents, 231 (60%) were from Jakarta and 154 (40%) from Bandung, with 198 (51.4%) from large companies and 187 (48.6%) from medium-sized companies. Validity testing was carried out in two stages: content validity through expert judgment by 3 human resource management lecturers, and construct validity using Confirmatory Factor Analysis (CFA). The CFA results showed that all factor loadings were > 0.50 with Average Variance Extracted (AVE) > 0.50 for all constructs, indicating good convergent validity. Reliability testing was conducted using Cronbach's Alpha and Composite Reliability.

The results showed Cronbach's Alpha values for all variables were > 0.80: Employer Branding ($\alpha = 0.924$), Work Interest ($\alpha = 0.887$), and Employee Retention ($\alpha = 0.896$). The Composite Reliability values also indicated satisfactory results (> 0.80) for all constructs. Data collection was conducted during the period of February–March 2024 through an online survey using the SurveyMonkey platform. The response rate reached 78.4% with 385 completed questionnaires out of 491 distributed. The average time to complete the questionnaire was 12–15 minutes. Data analysis used Structural Equation Modeling (SEM) with AMOS 28.0 software to test the research model.

RESULTS AND DISCUSSION

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Respondent Characteristics

Out of the 385 respondents who participated in this study, the majority were aged 27–32 years (68.3%) with an average age of 29.4 years. The gender composition was fairly balanced, with 198 (51.4%) male respondents and 187 (48.6%) female respondents. The education level was predominantly bachelor's degree (72.7%) and master's degree (21.8%), reflecting the high educational qualifications in the tech industry. Regarding length of employment, 156 respondents (40.5%) had worked for 3–5 years, followed by 124 respondents (32.2%) with 1–3 years of work experience, and 105 respondents (27.3%) with more than 5 years of experience. Job position distribution showed that 189 respondents (49.1%) were staff/specialists, 128 respondents (33.2%) were supervisors/team leads, and 68 respondents (17.7%) were managers/senior managers. Based on company size, 198 respondents (51.4%) worked in large companies (>500 employees), and 187 respondents (48.6%) in medium-sized companies (100–500 employees). The technology sectors represented included fintech (28.8%), e-commerce (24.7%), software development (22.1%), tech startups (15.8%), and others (8.6%).

Descriptive Analysis of Variables

The average employer branding score was 3.72 (SD = 0.84) on a 1–5 scale, indicating a fairly positive perception of the company's employer brand. Dimensional analysis showed that Economic Value had the highest score (M = 4.01, SD = 0.79), followed by Social Value (M = 3.89, SD = 0.82), Development Value (M = 3.76, SD = 0.91), Application Value (M = 3.68, SD = 0.88), and Interest Value (M = 3.46, SD = 0.95). These results indicate that millennial employees believe tech companies offer competitive compensation and benefits but still need to improve in creating a more innovative and engaging work environment. Further analysis showed that large companies had significantly higher employer branding scores compared to medium-sized companies (4.12 vs. 3.28, $p < 0.001$). The average work interest score was 3.58 (SD = 0.91), indicating a moderate level of job interest among millennial employees.

The dedication dimension had the highest score (M = 3.74, SD = 0.87), followed by vigor (M = 3.52, SD = 0.94), and absorption (M = 3.49, SD = 0.96). This data suggests that while millennials feel dedicated to their work, their enthusiasm and emotional engagement could still be improved. The average employee retention score was 3.63 (SD = 0.88), indicating a reasonably good retention rate, although there is room for improvement. Affective commitment had the highest score (M = 3.79, SD = 0.84), followed by continuance commitment (M = 3.58, SD = 0.91), and turnover intention (reverse coded) had the lowest score (M = 3.42, SD = 1.02). This shows that although employees have an emotional bond with the company, there is still a tendency to consider job changes.

Assumption Testing and Model Fit

Normality testing using the Kolmogorov-Smirnov test showed that the data were normally distributed ($p > 0.05$ for all variables). Outlier detection using Mahalanobis distance did not find any significant outliers ($D^2 < 40.289$ at df = 15, $p < 0.001$). Multicollinearity testing showed VIF values < 3.0 for all variables, indicating no multicollinearity issues. The measurement model showed good goodness of fit with $\chi^2/df = 2.847$ (< 3.0), CFI = 0.924 (> 0.90), TLI = 0.913 (> 0.90), RMSEA = 0.070 (< 0.08), and SRMR = 0.065 (< 0.08). All factor loadings were significant and > 0.50, with Average Variance Extracted (AVE) > 0.50 for all constructs, confirming good convergent validity.

Hypothesis Testing Results

The SEM analysis results showed that employer branding had a positive and significant effect on the work interest of millennial employees (β = 0.742, t = 12.847, $p < 0.001$). The coefficient of determination $R^2 = 0.551$ indicated that employer branding explained 55.1% of the variance in work interest among millennial employees. Further analysis by employer branding dimensions showed: Economic Value: β = 0.324, t = 6.742, $p < 0.001$; Social Value: β = 0.298, t = 6.152, $p < 0.001$; Development Value: β = 0.267, t = 5.489, $p < 0.001$; Application Value: β = 0.189, t = 3.847, $p < 0.001$; Interest Value: β = 0.156, t = 3.241, $p < 0.01$. Economic Value emerged as the strongest predictor of work interest, indicating that competitive compensation and benefits are the main factors increasing millennial employees' job interest in tech companies.

Employer branding was also proven to have a positive and significant effect on employee retention (β = 0.689, t = 11.247, $p < 0.001$) with $R^2 = 0.475$, explaining 47.5% of the variance in employee retention. Each dimension's contribution to retention: Development Value: β = 0.312, t = 6.489, $p < 0.001$; Social Value: β = 0.286, t = 5.847, $p < 0.001$; Economic Value: β = 0.271, t = 5.624, $p < 0.001$; Application Value: β = 0.203, t = 4.127, $p < 0.001$; Interest Value: β = 0.178, t = 3.658, $p < 0.001$. Development Value was the most influential factor for retention, showing the importance of career development opportunities in retaining millennial employees. Work interest also had a positive and significant effect on employee retention (β = 0.623, t = 10.147, $p < 0.001$). Employees with higher levels of work interest showed a stronger tendency for retention.

Mediation Analysis

The mediation test using the bootstrap confidence interval showed that work interest partially mediates the relationship between employer branding and employee retention. The direct effect of employer branding on retention: β = 0.427 ($p < 0.001$), while the indirect effect through work interest: β = 0.462 (95% CI: 0.298–0.641, $p < 0.001$). Total effect: β = 0.889, indicating the important role of work interest as a mechanism connecting employer branding and retention.

Group Differences Analysis

Multi-group analysis showed significant differences between large and medium-sized companies. In large companies, Economic Value had the strongest influence on work interest (β = 0.387), while in medium-sized companies, Development Value had more influence (β = 0.342). This indicates that large companies rely more on compensation to attract interest, while medium companies focus more on career development. Employees with < 3 years of service were more responsive to Economic Value (β = 0.398), while employees with > 3 years of service prioritized Development Value (β = 0.356) and Social Value (β = 0.321). These findings align with career stage development theory, which shows the evolution of employee priorities over time.

The findings of this study provide strong empirical evidence on the influence of employer branding on the interest and retention of millennial employees in technology companies. The high coefficient of determination ($R^2 = 0.551$ for work interest and $R^2 = 0.475$ for retention) indicates that employer branding is an important predictor in explaining variations in work interest and millennial employee retention. The finding that Economic Value had the strongest influence on work interest (β = 0.324) is consistent with the Deloitte Millennial Survey (2024), which showed that 67% of millennials consider compensation the main factor in choosing a workplace. In the competitive tech industry, companies compete to offer attractive compensation packages including base salary, bonuses, stock options, and additional benefits such as premium health insurance and education allowances. Data shows that tech companies with strong employer branding offer compensation 23–31% higher than the industry average, plus non-financial benefits such as flexible working hours, remote work options, and unlimited leave policy. This reflects companies' understanding that millennials value a total compensation package that focuses not only on salary but also on work-life balance.

Interestingly, although Economic Value dominates in attracting interest, Development Value is the most important factor for retention (β = 0.312). This finding confirms the millennial characteristic of prioritizing career growth and long-term skill development. LinkedIn Learning's (2024) research shows that 94% of employees would stay longer at a company that invests in their development. Leading tech companies such as Tokopedia, Gojek, and Traveloka have implemented employee development programs including: internal training with a budget of up to IDR 15 million per employee per year, mentorship programs with senior leaders, interdepartmental rotation programs, and sponsorships for certification or further education. These programs have been proven to increase retention rates by up to 78% compared to companies without structured development programs.

The finding on the mediating role of work interest in the employer branding-retention relationship provides important insight into the psychological mechanisms underlying employee retention. According to Self-Determination Theory (Deci & Ryan, 2023), employees who feel interested and engaged in their work will develop a strong emotional bond with the organization. The results show that employer branding not only directly affects retention but also indirectly through increased work interest. This indicates that investment in employer branding will yield double returns: increasing employee interest and engagement, which ultimately impacts better retention.

The finding that large companies rely more on Economic Value while medium-sized companies focus on Development Value provides important strategic implications. Large companies with stronger financial resources can offer competitive compensation as a main differentiator. Conversely, medium-sized companies with financial constraints can compensate by offering more personal development opportunities and direct access to top management. Data shows that startups and medium-sized tech companies have a steeper learning curve, providing exposure to various business aspects and opportunities to take on major responsibilities at a young age. This is an attractive factor for millennials who prioritize accelerated career growth.

The difference in priorities based on years of service reflects the evolution of employee needs in line with career progression. Junior employees (< 3 years) who are still in the financial establishment stage focus more on compensation to meet basic needs and lifestyle. In contrast, senior employees (> 3 years) who have achieved financial stability prioritize career development and social relationships in the workplace. This finding is in line with Maslow's Hierarchy of Needs, which shows that after financial needs are met, individuals will focus on self-actualization and belongingness needs. Companies need to understand this dynamic to design targeted employer branding strategies.

Research shows that companies with strong employer branding have a 23% lower turnover rate compared to companies with weak branding (8.7% vs 11.3%). With an average replacement cost of 150% of annual salary, the potential savings are significant. For a company with 1,000 employees and an average annual salary of IDR 120 million, a 2.6% reduction in turnover can save up to IDR 4.68 billion per year. In the digital era, employer branding is increasingly reinforced by a company's online presence. Data shows that 89% of millennials conduct online research before applying for jobs, spending an average of 76 minutes looking for information about potential employers. Platforms such as Glassdoor, LinkedIn, and Instagram have become important touchpoints in shaping employer brand perception.

CONCLUSION

This study provides strong empirical evidence on the importance of employer branding in attracting and retaining millennial employees in Indonesia's technology industry. Based on an analysis of 385 respondents from 15 technology companies in Jakarta and Bandung, it was found that employer branding has a significant impact on millennial employees' work interest with a coefficient of determination $R^2 = 0.551$ and on employee retention with $R^2 = 0.475$. The main finding shows that the Economic Value dimension is the most influential factor on work interest ($\beta = 0.324$), reflecting the importance of competitive compensation and benefits in attracting millennial talent. However, for long-term employee retention, Development Value has the strongest influence ($\beta = 0.312$), indicating that career development opportunities are key to retention in an era where millennials prioritize professional growth.

Work interest was proven to act as a partial mediator in the employer branding-retention relationship, showing that effective employer branding strategies not only directly affect retention but also do so through increasing employee interest and engagement first. This provides insight into the psychological mechanisms underlying employees' decisions to stay or leave a company. Significant differences were found based on company size and employee tenure. Large companies rely more on Economic Value as their main differentiator, while medium-sized companies focus more on Development Value. Employees with shorter tenure are more responsive to compensation, whereas senior employees prioritize career development and social relationships in the workplace.

The practical implications of this study suggest that technology companies need to adopt an integrated employer branding approach tailored to the characteristics of their target employees. Investment in employer branding has been shown to provide significant returns through a turnover rate reduction of up to 23% and recruitment cost savings of up to 43%. This study has limitations in its geographic scope, limited to Jakarta and Bandung, and focused solely on the technology industry. Future research can expand the scope to other cities and different industrial sectors to improve the generalizability of findings. Additionally, longitudinal studies could be conducted to examine the dynamics of changes in employer brand perception and their long-term impact on retention.

Strategic recommendations for practitioners include developing a total compensation program that is competitive but also investing in structured employee development programs. Companies need to actively manage their employer brand through digital platforms and employee-generated content to reach millennial talent who are active online. Finally, employer branding strategies should be tailored to employees' career development stages, providing different value propositions for junior and senior employees.

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