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DRIVING EMPLOYEE RETENTION IN E-COMMERCE BUSINESSES: THE MEDIATING ROLE OF TRANSFORMATIVE INTERACTION SELF-EFFICACY

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ABSTRACT

In the transition to Society 5.0, managing and retaining skilled talent has become increasingly challenging, particularly within the fast-paced e-commerce businesses. Generation Z employees currently exhibit the lowest retention rates, leading to high turnover that results in significant financial and institutional losses. This study investigates the determinants of employee retention by examining the direct influences of Perceived Organizational Support and Work-Life Balance, alongside the mediating role of Transformative Interaction Self-Efficacy, among Generation Z employees in North Sumatra's e-commerce businesses. Employing a quantitative approach, data were collected from various regional e-commerce businesses and analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) via SmartPLS. The measurement model was rigorously evaluated for convergent validity, discriminant validity, and construct reliability prior to structural path coefficient testing. The findings reveal that while organizational support and work-life balance are foundational, they cannot secure employee loyalty in isolation; rather, TISE serves as a crucial psychological mediator. To minimize turnover intentions, e-commerce businesses management must shift from standard administrative support toward actively fostering an environment that builds internal communication confidence, mitigates social anxiety, and elevates the interactional self-belief of Generation Z employees.

KEYWORDS: Employee Retention, Perceived Organizational Support, Work-Life Balance, Transformative Interaction Self-Efficacy.

1. INTRODUCTION

As organizations transition into Society 5.0, retaining skilled talent amid global transformation and workplace uncertainty has become a formidable challenge. This is especially true for Generation Z (born 1997–2012), a demographic exhibiting the lowest organizational loyalty. In Indonesia, national surveys indicate that 43.4% to 69% of Gen Z workers either engage in or intend to engage in job-hopping. These elevated turnover rates cause significant financial strain due to recurring recruitment and training expenses, alongside the drain of institutional knowledge. Consequently, identifying the key determinants of employee retention is critical for securing a company's competitive advantage.

In the FinTech sector, research indicates that employee retention is often driven by competitive compensation and the management of technical burnout, given the industry's strict regulatory compliance and high-stakes financial operations. The pressure in FinTech is largely structural and systemic. In contrast, the e-commerce sector is driven by hyper-dynamic consumer trends, daily campaign targets (e.g., flash sales), and rapid product cycles. Consequently, turnover in e-commerce is more frequently linked to interactive and social fatigue—making a psychological buffer like Transformative Interaction Self-Efficacy (TISE) much more critical for e-commerce employees than for those in FinTech.

To address the challenges of employee retention, this study evaluates two core organizational and personal lifestyle factors:

Perceived Organizational Support (POS) This construct reflects how much employees believe the organization values their contributions and cares about their well-being. While several studies indicate that higher POS significantly minimizes turnover intentions, others show no significant direct relationship, presenting a research gap.

Work-Life Balance (WLB), Gen Z heavily prioritizes a balance between professional duties and personal life. Theory suggests that role strain and incompatibility across these domains lead to burnout and exit intentions. Although numerous studies validate that WLB positively drives employee retention, a body of literature conversely argues that WLB does not yield a direct impact on retention, highlighting another gap to be explored.

To reconcile these mixed empirical findings, this study introduces Transformative Interaction Self-Efficacy as a crucial psychological capability and potential mediator. It is defined as an individual's internal belief in their capacity to engage in adaptive, open, and forward-looking workplace

communications that align perspectives and generate positive, non-toxic changes. Gen Z often lacks foundational social, conversational, and conflict-resolution skills in professional settings, yet they rely heavily on supportive environments. Higher self-efficacy empowers employees to view digital complexities as growth opportunities rather than stressors, boosting their workplace comfort and intention to stay.

The empirical focus of this study is the E-commerce businesses in North Sumatra, Indonesia. E-commerce businesses serves as a massive pillar for the regional economy, with 42.81% of Micro, Small, and Medium Enterprises (MSMEs) in North Sumatra migrating to electronic platforms. Despite its rapid expansion and structural flexibility attracting younger workers, a primary bottleneck in this sector is the scarcity of digitally skilled labor. Employees lacking digital proficiency face intense frustration and low self-confidence when dealing with online operational tools, directly harming retention rates. Consequently, investigating how organizational support, lifestyle balance, and interaction self-efficacy interact to anchor Gen Z talent in North Sumatra's digital economy is of deep academic and practical significance.

The study introduces an empirical novelty by developing and integrating a new intervening (mediating) variable named Transformative Interaction Self-Efficacy (TISE). TISE is defined as an individual's internal belief in their capacity to initiate and execute transformative interactions—specifically communications that synchronize understanding, foster shared thinking, minimize conflicts, and generate positive organizational or social changes. It goes beyond standard communication skills, representing a conscious, confident use of dialogue to improve, unify, and inspire others.

Symbolic Interactionism Theory (Mead, 1934; Blumer, 1969): Formulated as an extension of Social Behaviorism, this paradigm contends that human conduct is fundamentally shaped by the dynamic exchange of symbols and meanings during interpersonal interactions, as opposed to static environmental determinants. Central to this theory is the premise that human beings actively generate and interpret their own social realities. TISE leverages this theoretical foundation to demonstrate how the capacity for interactive meaning-making serves as a psychological catalyst, enabling individuals to adapt and drive positive behavioral shifts within their organizational environments.

Transformative Learning & Transformational Change (Mezirow, 1991; Henderson, 2002): This

framework highlights adult learning through critical reflection, demonstrating how profound shifts within individual paradigms can trigger broader structural and cultural changes within complex groups or entire organizations. TISE integrates this by showing how individual reflective adaptation aligns employees with evolving organizational workflows and corporate cultures.

Self-Efficacy Theory (Bandura, 1960, 1987, 1997): Branching out from Social and Cognitive Learning theories, self-efficacy represents an individual's confidence in completing tasks and overcoming hardships. Highly self-efficacious individuals put forth greater effort to conquer workplace challenges, seek continuous solutions instead of quitting, maintain high-quality inclusive interactions, and support their peers.

General Communication Self-Efficacy refers to an individual's confidence in their fundamental ability to express ideas, transmit information, and be understood by others. It is primarily transactional and skill-based. Operational indicators typically measure whether an employee feels capable of articulating thoughts clearly, participating in meetings, or listening actively. The ultimate goal is effective message delivery.

Transformative Interaction Self-Efficacy (TISE), on the other hand, is a higher-order psychological construct. It goes beyond the mere exchange of information to focus on the relational and adaptive outcomes of communication. TISE reflects an employee's confidence in navigating complex social dynamics, managing interpersonal anxiety, and using communication to positively alter (transform) their work environment. For Generation Z in the fast-paced e-commerce sector, TISE is less about "speaking clearly" and more about "feeling secure enough to build meaningful professional relationships and resolve workplace friction."

2. LITERATURE REVIEW

The Theory of Planned Behavior (TPB) is a theoretical framework designed to predict, understand, and explain the impacts of behavioral intentions, identify strategic approaches to behavioral change, and elucidate actual human behavior. Introduced by Ajzen in 1985 through the article "From Intentions to Actions: A Theory of Planned Behavior", this theory serves as an extension of the Theory of Reasoned Action (TRA) originally developed in 1967. The fundamental assumption of TPB is that behavioral intentions directly influence an individual's actual, temporary behavior.

Behavioral intention or motivation is determined

by three core underlying constructs: 1) An individual's personal evaluation and attitude toward performing a specific behavior. 2) The perceived social pressure and expectations from others regarding whether or not to perform the behavior. Perceived 3) An individual's internal perception and feeling regarding their capability to execute and control the behavior, taking into account external factors that may support or hinder their actions.

2.1. Employee Retention

According to Pradipta and Suwandana (2019), the fundamental objective of employee retention is to secure and sustain high-quality talent over the long term. This superior caliber of personnel serves as a crucial pillar supporting overall organizational success. Furthermore, Sumarni (2011) outlines six core objectives of retention strategies. Given its direct oversight of human capital, the Human Resources department must prioritize these retention initiatives to ensure that employees remain committed to the organization, consistently demonstrating high levels of loyalty, workplace morale, and dedication.

To establish the measurement model for Employee Retention, this study explicitly adopts a synthesized selection of indicators derived from the framework of Azhar et al. (2021). The finalized measurement metrics consist of the following eight indicators: 1) Formal education, 2) Non-formal education, 3) Performance appraisal systems, 4) Exit interviews, 5) Job opportunities, 6) Job/task rotation, 7) Working relationships with supervisors, 8) Working relationships with peers

2.2. Perceived Organizational Support

Robbins and Judge (2007, 2021) conceptualize Perceived Organizational Support (POS) as the extent to which employees believe their organization genuinely values their ongoing contributions and cares for their overall well-being. Similarly, Asfar and Badir (2017) describe POS as the organizational care and support directed at fulfilling employees' socio-emotional needs in exchange for their institutional dedication. Synthesizing these perspectives, POS can be understood as an employee's holistic cognitive assessment of how effectively the company recognizes, validates, and rewards their professional efforts. Ultimately, robust POS satisfies socio-emotional requirements, fosters institutional trust, triggers the norm of reciprocity, and solidifies employee engagement, establishing itself as a vital strategic asset for sustainable human resource management.

To operationalize and evaluate the construct of

Perceived Organizational Support within this empirical structural model, this study explicitly adopts and adapts the multi-dimensional framework introduced by Rhoades and Eisenberger (2002). The finalized operational measurement metrics consist of the following three dimensions and their eight corresponding measurement indicators: 1) Justice: Equity between employee contribution and rewards received, Consistency in procedural implementation and Absence of discrimination 2) Supervisory Support: Provision of formal and informal recognition: Provision of interpersonal emotional support 3) Organizational Job Conditions: Active concern for employee well-being, Supportive physical and operational working conditions and Provision of an ideal workload.

2.3. Work-Life Balance

Purohit (2013) highlights that work-life balance is a term used to describe workplace practices that recognize and aim to support employees' needs in achieving an equilibrium between the demands of family and professional life. Greenhaus and Allen (2011) view work-life balance as a degree or a continuum. At one extreme end sits an imbalance caused by unequal support between specific roles, such as work and family roles. Individuals who contribute excessively to one role over others will experience relative imbalance. Furthermore, they conceptualize balance as a matter of personal values or independent individual desires.

To operationalize and evaluate the construct of Work-Life Balance within this research model, this study explicitly adopts and synthesizes the dimensions introduced by Fisher et al. (2009). The finalized operational measurement metrics are established through the following eight selected indicators: 1) Work Interference with Personal Life: Time spent with family and Time allocated for personal life/hobbies. 2) Personal Life Interference with Work: Responsibility toward family obligations and Punctuality in completing work tasks 3) Personal Life Enhancement of Work: Adjustment to the workplace environment and Social life and networking outside of work 4) Work Enhancement of Personal Life: Skill and knowledge development and Psychological empowerment and resilience.

2.4. Transformative Interaction Self-Efficacy

2.4.1. Employee Retention

Originally conceptualized by George Herbert Mead (1934) through Social Behaviorism and later expanded and formally developed by Herbert Blumer (1969). Transformative Learning &

Transformational Change: Rooted in Transformational Learning Theory by Jack Mezirow (1991) and advanced into environmental and structural contexts by Allen Henderson (2002).

Transformative Interaction Self-Efficacy (TISE) is defined as an individual's internal conviction and confidence in their capability to execute interactions that are transformative in nature. Specifically, it involves communications that establish a shared cognitive frequency and drive positive organizational changes. Building a Shared Frequency: This refers to establishing relationships or communication channels that foster alignment in thinking, processing, and responding to workplace scenarios. It emphasizes synthesizing viewpoints and minimizing destructive, conflict-prone debates. Through verbal dialogue, body language, tone, and vocal expressions, a mutual sense of understanding and deep respect is co-created. An Instrument for Transformation: TISE transcends basic "good communication skills." It represents an individual's conscious and highly confident application of interactive dialogue as a strategic tool to actively improve, unify, or mobilize others.

The construct of Transformative Interaction Self-Efficacy (TISE) is operationalized through four distinct behavioral dimensions, each evaluated by specific measurement indicators: 1) Interpersonal Confidence: Effective Communication Skills and Self-Confidence in Social Interactions. 2) Situational Adaptability: Flexibility in Approach and Resilience to Changes 3) Emotional Intelligence: Emotional Self-Awareness and Ability to Remain Calm Under Pressure, 4) Perspective-Taking: Ability to See from Another's Perspective, Ability to Control Personal Judgment and Openness to Feedback and Criticism.

3. HYPOTHESIS DEVELOPMENT

Cultivating organizational commitment and long-term retention requires the implementation of direct support strategies that prioritize employee welfare (Eisenberger et al., 1986; Kurtessis et al., 2017). A robust body of empirical research confirms this relationship, consistently demonstrating that Perceived Organizational Support (POS) serves as a significant and positive driver of employee retention (Arasanmi & Krishna, 2019; Darmika & Sriathi, 2019). Based on the theoretical integration and conceptual framework of these variables, the first hypothesis (H1) for this study is formulated as follows:

H1: Perceived Organizational Support has a positive and significant influence on Employee Retention.

Perceived Organizational Support (POS) serves as

a critical environmental predictor that directly builds and elevates an individual's self-efficacy, particularly within the Generation Z workforce (Ferawati, 2023). TISE operates as a direct manifestation of an employee's psychological reciprocity toward the company's supportive treatment. Consequently, visible organizational care and institutional validation systematically strengthen an individual's self-belief to initiate and sustain transformative interactions. Based on the conceptual integration and theoretical linkages detailed above, the fourth hypothesis (H2) for this research model is formulated as follows:

H2: Perceived Organizational Support has a positive and significant influence on Transformative Interaction Self-Efficacy.

Sindhuja and Subramanian (2020) support these findings, validating that Work-Life Balance maintains a statistically significant relationship with Employee Retention. Their empirical data shows that positive structural policies – including strategic work arrangements, weekend leaves, family-necessity leaves, structured vacations, and corporate travel assistance – effectively help employees maintain equilibrium across life domains and incentivize them to retain their jobs. Based on the theoretical integration and conceptual links detailed above, the fifth hypothesis (H3) for this research model is formulated as follows:

H3: Work-Life Balance has a positive and significant influence on Employee Retention

Kossek et al. (2011) confirm that a corporate ecosystem that actively promotes work-life flexibility

not only improves individual task performance but also substantially reinforces supportive relationships among peers. Based on the integrated theoretical frameworks and empirical connections detailed above, the eighth hypothesis for this research model is formulated as follows:

H4: Work-Life Balance has a positive and significant influence on Transformative Interaction Self-Efficacy.

Walker (2001) posits that high-quality communication serves as a foundational element for retaining talent. In the context of Generation Z, maintaining open and transparent communication is particularly vital as a primary driver of retention (Syahputra & Hendarwan, 2023; Parvin, 2023). Such transparency fosters a supportive organizational climate and actively prevents the development of toxic work environments fueled by opacity, gossip, and chronic miscommunication. Highlighting the severity of this issue, empirical findings from a 2023 Jakpat survey of 832 Generation Z professionals reveal that toxic corporate cultures and negative peer interactions are the leading catalysts for voluntary resignation.

Based on the integrated theoretical frameworks and empirical connections detailed above, the eleventh hypothesis (H5) for this structural equation model is formulated as follows:

H5: Transformative Interaction Self-Efficacy has a positive and significant influence on Employee Retention.

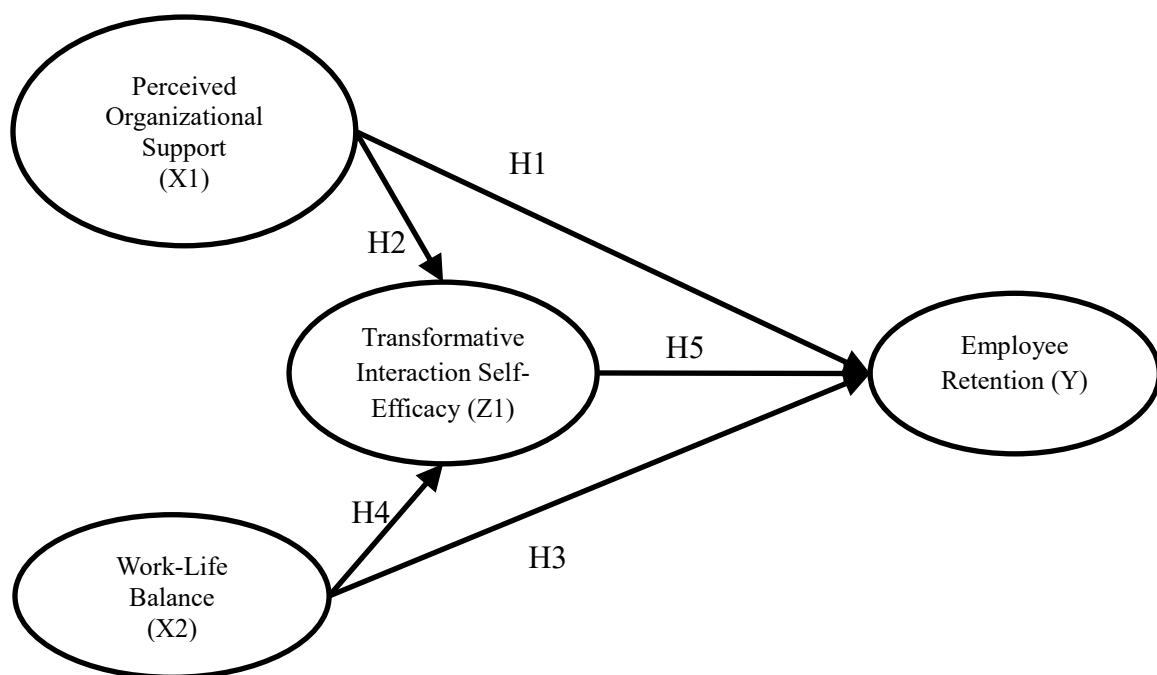


Figure 1. Conceptual Framework

Source: Prepared by the author (2026).

The e-commerce sector is currently facing a critical challenge with Generation Z employees, who exhibit the highest turnover intentions, resulting in severe financial and institutional knowledge losses. Traditional retention strategies, such as basic organizational support, are proving ineffective for this demographic. The intended solution is to design a clear, conceptual framework (and supporting diagnostic tools) that maps out the determinants of employee retention. Specifically, it must visually and functionally demonstrate how Transformative Interaction Self-Efficacy (TISE) acts as a crucial psychological bridge, mediating the impact of Perceived Organizational Support (POS) and Work-Life Balance (WLB) on an employee's decision to stay

3.1. Methods

This study investigates the dynamics of human resource management within the rapidly growing E-commerce businesses in North Sumatra. As the digital economy accelerates, retaining high-performing talent has become a critical challenge for e-commerce businesses platforms. This research explores how organizational factors and individual psychological capabilities interact to influence employee retention in this high-paced sector.

Population is a crucial first step in any research project. It provides a comprehensive picture of the population's state, its subunits, general characteristics, and overall scope.

The population in this study consists of Generation Z employees – individuals born between 1997 and 2012 – who work in e-commerce businesses-based businesses within the North Sumatra region. Specifically, the targeted Generation Z employees must meet the following criteria: 1) Working in small and medium e-commerce businesses (SMEs) under the wholesale and retail trade categories. 2) Having a minimum tenure of one year at the e-commerce businesses. 3) Not currently pursuing further formal education and not working as a freelancer. 4) Holding a minimum qualification of a high school diploma.

The population focus is narrowed down to three administrative areas in North Sumatra Province: Medan City, Langkat Regency, and Simalungun Regency. These three regions were selected based on data from the Central Bureau of Statistics (BPS, 2023),

A multistage probability sampling approach was utilized, dividing the target population into regional clusters and drawing samples evenly from each. Following the recommendation by Hair et al. (2014) to use 5 to 10 respondents per indicator when the

population size is unknown, the minimum sample size was set to 255 respondents based on the 51 indicators used in this study. These respondents were evenly sourced, with 85 individuals drawn from Medan City, Langkat Regency, and Simalungun Regency, respectively.

To test the proposed hypotheses and generalize the findings, this study utilized Partial Least Squares Structural Equation Modeling (PLS-SEM). As a variance-based "soft modeling" technique, PLS is highly advantageous because it does not require rigid parametric assumptions like multivariate normality or the absence of multicollinearity. The inferential analysis systematically evaluated both the measurement model (for validity and reliability) and the structural model (to test the predictive paths between latent constructs)

4. RESULTS

The demographic profile of the respondents based on their geographical location is presented to illustrate the distribution of the research sample. This information is critical to ensure that the selected sample accurately represents the predetermined research areas. In this study, the respondents were drawn from three distinct regions in the North Sumatra Province: Medan City, Langkat Regency, and Simalungun Regency.

Data indicates that the number of respondents from each region is identical, with each area contributing 85 individuals, or 33% of the total sample size. This distribution demonstrates that the study utilizes an equal allocation sampling method across all investigated regions. By maintaining an even composition, the empirical findings are expected to representatively portray the conditions of MSMEs and e-commerce businesses actors across the three regions without being skewed or dominated by any specific locality.

Based on the demographic data, the majority of the respondents in this study are female, accounting for 143 individuals (56%), whereas male respondents comprise 112 individuals (44%). This composition indicates that female participation is more dominant within the sample, which suggests that the workforce of e-commerce businesses in North Sumatra is largely driven by women. Furthermore, the dominance of female respondents reflects the strengthening role of women in business management, particularly in leveraging digital platforms and e-commerce businesses ecosystems.

The educational background of the respondents reveals that the majority are high school graduates

(SMA), totaling 190 individuals (75%), while bachelor's degree holders (S1) account for 65 individuals (25%). This composition indicates that the primary workforce of e-commerce businesses in North Sumatra possesses a secondary education background.

From an organizational standpoint, individuals with a high school education generally display a stronger orientation toward job stability and income sustainability. Consequently, factors such as supportive leadership, work-life balance, and a comfortable working environment become pivotal elements in retaining them within the organization. Conversely, employees with a bachelor's degree (S1) tend to hold higher expectations regarding career advancement, promotional opportunities, and professional management systems. If the organization fails to provide clear career paths, the retention potential within this highly educated group is likely to diminish.

The concentration of employees within the 1–2 year tenure range highlights the urgent need for organizations to reinforce their talent retention strategies during the initial stages of employment. This period represents a critical phase where employees are still actively adapting to the corporate culture and digital work systems. The relatively small proportion of employees with a tenure exceeding 3 years (28%) signals a potential vulnerability in employee retention within the industry. If left unaddressed through proper human resource interventions, this high turnover trend may hinder the overall operational stability and long-term sustainability of the business.

4.1. Descriptive Statistical Analysis of Variables

The overall mean score for Employee Retention is 3.37, placing it in the moderate (medium) category. This indicates that the desire of Generation Z employees to remain in the e-commerce businesses sector in North Sumatra is sufficient but not yet entirely strong.

Several career stability factors remain in the moderate category, such as formal education pathways (mean = 2.97), clear promotional opportunities (mean = 2.94), peer support (mean = 3.04), and supervisor support (mean = 3.40). Since many e-commerce businesses are still developing and lack structured human resource management systems, companies need to reinforce career development paths, organizational support, and training (e.g., digital marketing, live commerce, AI tools) to secure long-term loyalty.

The TISE variable shows an overall mean score of 3.39, which falls into the moderate category. This reveals that while Gen Z employees possess a fairly good baseline confidence in communication and adaptation, it has not yet reached an optimal level. Key interpersonal metrics are still in the moderate range, including the capability to adjust interactive approaches based on situations, remaining calm under pressure, perspective-taking/empathy and openness to external feedback. Employees still face substantial challenges in emotional regulation and interpersonal empathy within a fast-paced digital environment. Organizations must design targeted interventions to improve interpersonal communication skills and emotional intelligence. The overall mean score for Work-Life Balance is 4.03, representing a high category. Generally, Gen Z e-commerce businesses workers successfully manage both professional and domestic boundaries despite the dynamic digital business climate.

Family responsibilities driving job focus: Highest score (mean = 4.11), reflecting Personal Life Enhancement of Work where private life positively reinforces workplace performance. Sufficient personal time due to work: Score of 4.08, supported by flexible e-commerce businesses work arrangements. Completing tasks timely despite personal matters: Score of 4.06, indicating high time-management skills under rapid online workflow demands. Applying workplace knowledge/digital skills to personal life: Score of 4.05. Work spillover into personal activities: Score of 4.04, showing digital connectivity blurs space/time boundaries, though equilibrium is maintained. Pleasant work environment: Score of 4.03, matching Gen Z's affinity for digital technology workspaces. Usefulness of corporate training in personal life: Score of 4.00. Social life improving workplace performance: Lowest score (mean = 3.95) but remains high, likely because Gen Z interacts more through digital channels than face-to-face social bonds.

Perceived Organizational Support (POS). The POS variable achieves a high overall mean score of 3.90 (SD = 1.017). This indicates that Gen Z employees feel their contributions are structurally validated and that the firm actively cares for their welfare. Key Indicators and Mean Scores: Fair interactional treatment daily: Highest score (mean = 3.99), underscoring the value of open, collaborative, and respectful communication for Gen Z. Fair distributive task allocation: Score of 3.94, which ensures equity across complex operational roles (e.g., customer service, packing, digital marketing). Supervisor care for personal well-being: Score of 3.93.

Work environment supporting productivity: Score of 3.90, matching digital natives thriving in tech-driven, creative environments. Feeling recognized for contributions & Supervisor appreciation for hard work: Both scored 3.87, highlighting Gen Z's need for clear feedback and performance acknowledgment. Supervisor providing emotional support during hardships.: Score of 3.86, acting as a psychological buffer against rapid digital targets. Fair procedural decision-making processes: Lowest score (mean = 3.85) but still high, indicating an opportunity for organizations to further expand operational transparency and open idea-sharing.

4.2. Evaluation of the Measurement Model

The evaluation of the measurement model (outer model) is implemented to assess the operational relationships between latent constructs and their respective underlying indicators. This testing procedure serves as a crucial instrument to confirm

that all measurement indicators utilized in this study possess adequate levels of empirical validity and reliability in representing the targeted latent variables.

Within the framework of Partial Least Squares Structural Equation Modeling (PLS-SEM), the evaluation of the outer model is systematically executed through a series of standardized tests encompassing convergent validity, discriminant validity, and construct reliability. The statistical parameters used as evaluation metrics include outer loading coefficients, Average Variance Extracted (AVE), Composite Reliability (CR), and Cronbach's Alpha. Statistically, a manifest indicator is determined to be valid if its outer loading coefficient exceeds the threshold of 0.70 and its AVE value surpasses the minimum requirement of 0.50. Concurrently, the internal consistency and stability of a latent construct are considered satisfactory if both the composite reliability and Cronbach's alpha estimates exceed 0.7:

Table 1: Measurement Mode.

Construct	Code	Loadings	AVE	CA	CR
Employee Retention	Y1.1	0,891	0,761	0,961	0,962
	Y1.2	0,883			
	Y2.1	0,850			
	Y2.2	0,891			
	Y3.1	0,893			
	Y3.2	0,896			
	Y3.3	0,876			
	Y4.1	0,836			
Transformative Interaction Self Efficacy	Y4.2	0,831	0,612	0,921	0,924
	Z1.1.1	0,821			
	Z1.1.2	0,780			
	Z1.2.1	0,764			
	Z1.2.2	0,808			
	Z1.3.1	0,794			
	Z1.3.2	0,766			
	Z1.4.1	0,742			
Work life Balance	Z1.4.2	0,778	0,659	0,926	0,928
	Z1.4.3	0,783			
	X2.1.1	0,764			
	X2.1.2	0,783			
	X2.2.1	0,816			
	X2.2.2	0,828			
	X2.3.1	0,795			
Perceived Organizational Support	X2.3.2	0,820	0,709	0,941	0,942
	X2.4.1	0,850			
	X1.4.2	0,832			
	X1.1.1	0,853			
	X1.1.2	0,809			
	X1.1.3	0,887			
	X1.2.1	0,819			
X1.2.2	0,822				
X1.3.1	0,843				
X1.3.2	0,847				
X1.3.3	0,856				

Note. AVE = average variance extracted; CA=Cronbach's Alpha; CR = composite reliability

Source: Prepared by the author (2026).

This type of Table 1 is typically generated during Partial Least Squares Structural Equation Modeling (PLS-SEM) to assess convergent validity and reliability of the constructs. To understand the data, we evaluate it against standard statistical thresholds: Loadings (Outer Loadings): Should ideally be > 0.70. This indicates that the indicator shares sufficient

variance with the construct. AVE (Average Variance Extracted): Should be > 0.50. This means the construct explains more than half of the variance of its indicators. CA (Cronbach's Alpha): Should be > 0.70. This measures the internal consistency reliability. CR (Composite Reliability): Should be > 0.70. This is a more robust measure of reliability in PLS-SEM.

Table 2 Discriminant Validity.

Latent variable	ER	POS	TISE	WLB
Employee Retention (ER)	0,872			
Perceived Organizational Support (POS)	0,700	0,842		
Transformative Interaction Self Efficacy (TISE)	0,762	0,812	0,782	
Work life Balance (WLB)	0,645	0,810	0,752	0,811

Note. Entries shown in bold face represent the square root of the average variance extracted.

Source: Prepared by the author (2026).

The Table 2 presents the Discriminant Validity test of the measurement model using the Fornell-Larcker Criterion. Discriminant validity ensures that a latent construct is truly distinct from other constructs in the model. while Employee Retention

(ER) and Perceived Organizational Support (POS) demonstrate strong discriminant validity, Transformative Interaction Self Efficacy (TISE) shows a lack of discriminant validity due to its very high correlation with POS (0.812, which exceeds its diagonal value of 0.782).

Table 3 Direct Effects Bootstrapping Results.

H	Variabel	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values	Outcome
H ₁	POS -> ER	0,032	0,036	0,069	0,465	0,642	Not Supported
H ₂	POS -> TISE	0,541	0,538	0,072	7,468	0,000	Supported
H ₃	WLB -> ER	-0,020	-0,022	0,048	0,408	0,684	Supported
H ₄	WLB -> TISE	0,297	0,303	0,080	3,728	0,000	Supported
H ₅	TISE -> ER	0,221	0,218	0,067	3,315	0,001	Supported

*Note. Employee Retention (ER), Transformative Interaction Self-Efficacy (TISE), Perceived Organizational Support (POS), dan Work Life Balance (WLB) ***p < 0.05.*

Source: Prepared by the author (2026).

Based on the empirical results presented in Table 3, the hypothesis testing for the direct effects between the investigated latent variables has been established. These statistical outputs serve as a critical foundation to evaluate whether the proposed research hypotheses are empirically accepted or rejected, while providing a comprehensive overview of the alignment between the findings and the underlying theoretical frameworks.

1. The first hypothesis (H1) posits that Perceived Organizational Support (POS) exerts a positive and statistically significant influence on Employee Retention (ER). According to the direct effects output from the SmartPLS path coefficients, the generated path coefficient (original sample) is estimated at 0.032, with a

corresponding T-statistic of 0.465 and a P-value of 0.642. Although the path coefficient reflects a positive directional relationship, the metrics indicate that the T-statistic is below the critical threshold of 1.96 (T < 1.96) and the P-value exceeds the significance level of 0.05 (P > 0.05). Consequently H1 is statistically rejected. It can be inferred that Perceived Organizational Support does not maintain a significant direct influence on Employee Retention among Generation Z employees working in the e-commerce businesses sector in North Sumatra. This implies that the structural support provided by the organization has not been able to directly anchor or enhance employee retention. In other words, Generation Z personnel do not

entirely consider corporate support as the primary determinant when choosing to sustain their employment within the organization.

2. The fourth hypothesis (H2) states that Perceived Organizational Support (POS) has a positive and significant impact on Transformative Interaction Self-Efficacy (TISE). The path analysis results demonstrate an original sample value of 0.541, supported by a robust T-statistic of 7.468 and a highly significant P-value of 0.000. Because the path coefficient is positive, the T-statistic stands well above the 1.96 benchmark ($T > 1.96$), and the P-value satisfies the minimum criteria of $P < 0.05$, the relationship is determined to be statistically significant. Therefore H2 is empirically accepted. The findings confirm that Perceived Organizational Support positively and significantly enhances the Transformative Interaction Self-Efficacy of Generation Z workers within the North Sumatra e-commerce businesses industry. This reveals that higher employee perceptions of organizational care systematically reinforce their internal confidence to execute workplace communications that are effective, highly adaptive, and capable of fostering positive change. Ultimately, it is not merely the objective presence of corporate support that matters, but how employees cognitively internalize that support to build interpersonal confidence and navigate complex workplace hardships.
3. The fifth hypothesis (H3) assumes that Work-Life Balance (WLB) possesses a positive and significant influence on Employee Retention (ER). The path calculation reveals a coefficient value of -0.020, with a T-statistic of 0.408 and a P-value of 0.684. The statistical data displays a negative directional relationship that fails to achieve significance, as evidenced by a T-statistic below 1.96 ($T < 1.96$) and a P-value greater than 0.05 ($P > 0.05$). Accordingly H3 is statistically rejected. The data leads to the conclusion that Work-Life Balance has a negative but statistically non-significant link to Employee Retention among Generation Z staff in North Sumatra's e-commerce businesses. This trend suggests that higher levels of work-life flexibility are inversely associated with tenure choices. Stated conversely, even when employees experience a healthy equilibrium between their occupational duties and private life domains, this condition does not necessarily lead to higher organizational loyalty or longer corporate retention.
4. The eighth hypothesis (H4) frames Work-Life Balance (WLB) as a positive and significant predictor of Transformative Interaction Self-Efficacy (TISE). Based on the bootstrapping procedure, the path coefficient stands at 0.297, accompanied by a T-statistic of 3.728 and a P-value of 0.000. Given that the original sample shows a positive parameter direction, alongside a T-statistic exceeding 1.96 ($T > 1.96$) and a P-value below 0.05 ($P < 0.05$), the proposed direct path is statistically verified. Hence H4 is empirically accepted. It is concluded that Work-Life Balance exerts a positive and significant influence on the Transformative Interaction Self-Efficacy of Generation Z employees in the e-commerce businesses sector across North Sumatra. This empirical evidence shows that for Generation Z individuals, maintaining a balanced life acts as a vital psychological fuel that builds interpersonal communication confidence, allowing them to remain resilient amidst the rapid updates and fast-paced dynamics of the digital commerce industry.
5. The eleventh hypothesis (H5) suggests that Transformative Interaction Self-Efficacy (TISE) acts as a positive and significant driver of Employee Retention (ER). The empirical data shows a positive path coefficient of 0.221, with an observed T-statistic of 3.315 and a P-value of 0.001. Because the coefficient direction is positive, the T-value fulfills the requirement of being greater than 1.96 ($T > 1.96$), and the P-value falls well beneath the 0.05 significance margin ($P < 0.05$), the direct effect is statistically meaningful. As a result H5 is empirically accepted. The analysis confirms that Transformative Interaction Self-Efficacy plays a positive and significant role in securing Employee Retention among Generation Z personnel in North Sumatra's e-commerce businesses enterprises. This explicitly underscores TISE as a critical human resource asset for talent retention; when employees possess a strong belief in their interactive capabilities, they are much more likely to reinforce their institutional attachment, opting to resolve complex operational friction through collaborative dialogue rather than voluntarily leaving the organization.

Table 4 Mediation Analysis Results.

H	Variabel	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	P-Value	Outcome
H6	POS -> TISE -> ER	0,119	0,118	0,039	0,002	Supported
H7	WLB -> TISE -> ER	0,066	0,066	0,028	0,021	Supported

Note. Employee Retention (ER), Transformative Interaction Self-Efficacy (TISE), Perceived Organizational Support (POS), dan Work Life Balance (WLB) *** $p < 0.05$.

Source: Prepared by the author (2026).

This testing procedure is specifically intended to determine whether these intervening variables can statistically mediate the relationships within the structural model, as detailed in Table 4:

1. The fifteenth hypothesis H6 posits that Perceived Organizational Support (POS) exerts a positive and statistically significant indirect influence on Employee Retention (ER) through the mediation of Transformative Interaction Self-Efficacy (TISE). Based on the bootstrapping results for indirect effects calculated via SmartPLS (Table 3), the estimated indirect path coefficient is 0.119, accompanied by a T-statistic of 3.050 and a corresponding P-value of 0.002. These statistical metrics demonstrate that the P-value is well below the significance threshold ($P < 0.05$) and the T-statistic comfortably exceeds the critical value of 1.96 ($T > 1.96$), proving that the indirect effect is highly significant. Consequently, H6 is empirically accepted. This finding indicates that employees' perceptions of organizational support successfully enhance Employee Retention, provided it successfully acts as a catalyst to expand their Transformative Interaction Self-Efficacy. In other words, when Generation Z employees feel structurally supported by their organization, they develop stronger internal confidence to communicate, adapt, and resolve complex workplace friction. This heightened interpersonal self-efficacy, in turn, psychologically anchors them, inducing a higher commitment to remain with e-commerce businesses in North Sumatra.
2. The eighteenth hypothesis H7 states that Work-Life Balance (WLB) maintains a positive and significant indirect impact on Employee Retention (ER) when mediated by Transformative Interaction Self-Efficacy (TISE). According to the SmartPLS indirect effects computation (Table 3), the observed

indirect effect value is 0.066, supported by a T-statistic of 2.328 and a P-value of 0.021. Given that the P-value falls below the 0.05 alpha level and the T-statistic is greater than the standard benchmark of 1.96 ($T > 1.96$), the indirect path is statistically verified as meaningful. Therefore, H7 is empirically accepted. The empirical evidence confirms that establishing a healthy work-life balance serves as a significant driver to improve Employee Retention by first reinforcing the employee's Transformative Interaction Self-Efficacy. Stated conversely, achieving an ideal equilibrium between professional duties and private life domains acts as psychological fuel that expands Generation Z workers' self-assurance when handling social interactions, navigating digital disruptions, and tackling operational adjustments. Ultimately, this heightened interactive capability reduces job anxiety and encourages them to sustain long-term employment within the North Sumatra e-commerce businesses sector.

4.3. Discussion

4.3.1. Perceived Organizational Support (POS) & Employee Retention (ER)

The data reveals that Perceived Organizational Support (POS) does not significantly or directly influence the retention of Generation Z workers in North Sumatra's e-commerce sector. This contradicts classical HR models, which assume high organizational dependence. Today's Gen Z workforce navigates a dynamic gig economy prioritizing autonomy and purpose. Instead of vertical corporate loyalty, they favor horizontal loyalty to digital peers. Following the Theory of Planned Behavior, social norms strongly dictate their behavioral intentions. Gen Z's career expectations are shaped by social media trends and online influencers, where concepts like quiet quitting normalize frequent job mobility as a rational choice. This is supported by qualitative findings showing that peer norms heavily dictate turnover despite highly adequate working conditions. Because changing jobs is socially encouraged and perceived as highly controllable, positive feelings from POS do not translate into a firm commitment to stay.

4.3.2. Perceived Organizational Support (POS) & Transformative Interaction Self-Efficacy (TISE)

Conversely, POS demonstrates a significant

positive effect on Transformative Interaction Self-Efficacy (TISE). Stronger organizational support directly boosts employees' confidence to navigate collaborative digital environments. Under the Theory of Planned Behavior, this self-efficacy acts as a fundamental element of Perceived Behavioral Control (PBC). POS supplies the operational and social resources needed to strengthen this PBC. Supported employees feel more assured in their social exchanges, allowing them to adapt and co-create value. Consequently, POS serves as a direct driver of TISE. According to Social Exchange Theory, this operates on the norm of reciprocity. Employees repay institutional support by developing internal psychological strengths, such as self-efficacy. For digital natives, who demand continuous feedback and validation, such support builds the confidence for transformative dialogues. In flexible e-commerce settings, this direct, contextual support is significantly more effective at building self-assurance than rigid management structures.

4.3.3. Work-Life Balance (WLB) & Employee Retention (ER)

Work-Life Balance (WLB) shows a negative, albeit non-significant, direct correlation with employee retention, meaning it does not reliably predict whether Gen Z talent will stay within this demographic and sector. This suggests a generational shift where personal life equilibrium does not automatically guarantee loyalty to a current employer. Paradoxically, a well-managed personal life might expand an individual's perceived behavioral control, leading them to seek external opportunities if their career growth needs are unmet. This aligns with recent findings confirming that WLB does not directly prevent turnover. For Generation Z, retention depends more on internal growth drivers than basic work-life factors. Consequently, WLB cannot be positioned as a primary retention driver; it is now merely a hygiene factor used by digital natives to evaluate workplace acceptability.

4.4.4. Work-Life Balance (WLB) & Transformative Interaction Self-Efficacy (TISE)

However, WLB significantly and positively impacts TISE. Achieving harmony between professional and personal domains acts as a psychological catalyst for interpersonal confidence amidst digital disruptions. Consistent with previous research identifying perceived behavioral control as a performance predictor, WLB functions as an essential socio-emotional resource that enhances this control. Ultimately, WLB anchors digital natives,

enabling them to engage in effective and transformative organizational collaborations.

5. Transformative Interaction Self-Efficacy (TISE) & Employee Retention (ER)

Finally, TISE positively and significantly drives employee retention. As a pivotal HR determinant, interactive confidence fosters stronger long-term organizational attachment. This dynamic is corroborated by Alderfer's ERG Theory; high TISE fulfills 'existence needs' by providing professional safety in complex e-commerce environments. Confident Gen Z workers face less anxiety over workplace conflicts or miscommunications. By securing their occupational safety, TISE systematically reduces turnover intentions and anchors them to the enterprise. Cultivating this interactive proficiency is therefore essential for retaining Gen Z in fast-paced digital sectors.

5. CONCLUSIONS

1. Perceived Organizational Support has a highly significant positive influence on Transformative Interaction Self-Efficacy with a path coefficient. This indicates that higher organizational support directly strengthens an employee's self-efficacy and transformative interaction capabilities.
2. Work-Life Balance exerts a positive and significant direct influence on Transformative Interaction Self-Efficacy with a path coefficient. This shows that maintaining an equilibrium between personal and professional life directly builds up an employee's workplace confidence.
3. Perceived Organizational Support has a positive and significant direct impact on Employee Retention with a path coefficient. Tangible care and support from the organization successfully convince employees to stay with the company.
4. Transformative Interaction Self-Efficacy has a positive and highly significant direct effect on Employee Retention with a path coefficient. Internal self-belief and social-interaction confidence serve as the strongest direct drivers for keeping employees.
5. Work-Life Balance does not have a statistically significant direct influence on Employee Retention, given its low path coefficient. Simply having a balanced life does not automatically lead to retention unless other reinforcing factors are present.
6. Perceived Organizational Support can directly boost Employee Retention its impact becomes

much stronger and more sustainable when it successfully triggers and enhances the employee's Transformative Interaction Self-Efficacy first.

7. work-life balance will only succeed in keeping employees from resigning if it effectively translates into higher interactional self-efficacy within the workplace environment.

5.1. Implications

1. This study extends the application of Social Exchange Theory by demonstrating that organizational resources, such as Perceived Organizational Support (POS), do not automatically result in employee retention. Instead, the exchange process is indirect; organizational support must first be transformed into personal psychological resources—specifically, Transformative Interaction Self-Efficacy (TISE)—before it successfully drives retention among Generation Z employees.
2. The empirical findings offer a profound understanding of the internal mechanisms driving employee retention. Although traditional models typically establish a direct link between Work-Life Balance and turnover intentions, this research demonstrates a full mediation pathway. Specifically, it reveals that a well-maintained work-life balance functions as psychological fuel, amplifying an employee's interactive capabilities and self-assurance. Ultimately, it is this enhanced interactive confidence that serves as the primary anchor for retaining talent within the fast-paced digital and e-commerce sectors.
3. For e-commerce businesses companies in North Sumatra, simply providing standard support or work-life balance initiatives is no longer sufficient to stop "job-hopping" among Gen Z. Management must actively design programs that build internal confidence, reduce social anxiety, and enhance digital communication skills. When employees feel capable of handling workplace friction and digital disruptions, their turnover intentions decrease significantly.
4. Corporate support should be directed toward creating collaborative spaces and training mentorship programs. Since TISE fully mediates the effect of POS on retention, human resource interventions must focus on empowering employees' interactive competencies, ensuring they feel secure and highly capable of executing fluid, fast-paced e-commerce businesses operational demands.
5. Work-life balance policies should not just be viewed as "time off" but as a strategic tool to reduce workplace stress and burn-out. By maintaining a healthy equilibrium, Gen Z workers retain the mental energy required to engage in high-quality workplace interactions and maintain a strong structural commitment to the enterprise.

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