

THE INFLUENCE OF COMPENSATION AND EMPLOYER BRANDING ON INTENTION TO APPLY AMONG GENERATION Z IN NGAWI REGENCY

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Abstract

This study aims to analyze the influence of Compensation and Employer Branding on Intention To Apply among Generation Z in Ngawi Regency. The study used a quantitative approach with a correlational design, involving 385 Generation Z job-seeking respondents selected through a purposive sampling technique. Data were collected using a Likert-scale questionnaire and analyzed with SPSS 25 through validity and reliability testing, classical assumption testing, multiple linear regression analysis, and hypothesis testing. This study was motivated by the high unemployment rate among Generation Z in Ngawi Regency, which reached 54.54 percent of total unemployment in 2024, amid the growth of the manufacturing industry that requires companies to attract young talent through competitive compensation and a positive company image. The results show that Compensation and Employer Branding, both partially and simultaneously, have a positive and significant influence on Intention to Apply. The results of the study are expected to contribute to the development of Human Resource Management science and provide input for companies in Ngawi Regency in formulating more effective recruitment strategies to attract Generation Z.

Keywords: *Compensation, Employer Branding, Intention to Apply, Generation Z*

A. INTRODUCTION

1. Background and Phenomenon

skills, experience, knowledge, and potential required to achieve organizational goals. Human resources represent the integrated capacity of individual thought and physical power, whose behavior and character are shaped by heredity and environment, while work achievement is driven by the desire to fulfill personal satisfaction (Hasibuan, 2017). Human Resource Management is defined as the planning, organizing, coordinating, implementation, and control of procurement, development, compensation, integration, maintenance, and separation of the workforce in order to achieve organizational goals (Mangkunegara, 2017). Sound human resource management is therefore a key determinant of organizational success

amid increasingly intense competition, making a company's ability to attract qualified prospective employees a strategic step that cannot be overlooked.

The dynamics of Indonesia's labor market continue to shift alongside industrial growth and changes in workforce demographics. Human Resource Management (HRM) plays an important role in managing the relationship between organizations and the workforce, encompassing functions such as human resource planning, recruitment and selection, human resource development, career planning, compensation and welfare provision, occupational health and safety, and industrial relations (Marwansyah, 2014). One crucial aspect of HRM is a company's ability to attract qualified prospective employees to join the organization.

At the national level, Indonesia's employment data indicate that young people face particular challenges in entering the labor market. Based on BPS data, the Open Unemployment Rate (TPT) in August 2024 stood at 4.91 percent, with a labor force of 152.11 million and 144.64 million employed persons. Furthermore, based on GoodStats' processing of BPS data, the 15–29 age group accounted for the largest share of the unemployed, around 70 percent or approximately 5,188,781 people. This age group is closely associated with Generation Z, a generation entering the workforce with characteristics and work preferences that differ from previous generations, including greater attention to work-life balance, compensation, organizational culture, flexibility, and career development opportunities. Companies therefore need to understand the preferences of young prospective employees in order to attract qualified applicants and maintain organizational competitiveness.

At the regional level, employment indicators in Ngawi Regency for the 2021–2024 period show that the Labor Force Participation Rate (TPAK) fluctuated between 69.43% and 78.60%, the Employment Rate (TKK) remained consistently high at 95.75%–97.60%, and the Open Unemployment Rate (TPT) declined from 4.25% in 2021 to 2.40% in 2024. Although these aggregate indicators appear positive, a more detailed breakdown reveals that

the 15–24 age group (Generation Z) accounted for 54.54 percent of total unemployment in Ngawi Regency in 2024, far exceeding the 25–54 age group (41.38%) and the 55+ age group (4.08%). This condition is particularly relevant given the rapid growth of the manufacturing industry in Ngawi Regency following the operation of the Trans-Java Toll Road, which has intensified competition among companies to attract quality young workers.

Previous studies on the influence of Compensation and Employer Branding on Intention to Apply have produced mixed results. Jannavi and Utami (2025) found that Compensation and Employer Branding had a positive and significant influence on Generation Z's intention to apply for jobs in the Special Region of Yogyakarta, a result consistent with Makrufa and Saibat (2024). However, Ekhsan et al. (2021) found that while Compensation had a positive and significant influence on intention to apply, Employer Branding had a positive but not significant influence. Conversely, Tangdialla et al. (2025) found that Compensation had no significant influence on Generation Z's intention to apply. This inconsistency indicates that the relationship between Compensation, Employer Branding, and Intention to Apply remains context-dependent and warrants further examination, particularly among Generation Z in Ngawi Regency.

Based on this background, this study aims to analyze the influence of Compensation and Employer Branding on Intention To Apply among Generation Z in Ngawi Regency, in order to fill the research gap within the context of a regional labor market undergoing rapid industrial growth.

2. Theoretical Framework

This study uses Recruitment Theory as the grand theory. Barber (1998) explains that organizational attractiveness is one of the key outcomes of the recruitment process, in which prospective applicants assess whether an organization and the job it offers align with their needs, expectations, and career goals before deciding to apply, pursue the selection process, or accept a job offer. In this study, Compensation and Employer Branding are viewed as two

complementary forms of organizational attractiveness that shape Generation Z's Intention to Apply.

Compensation is understood as all forms of reward, financial and non-financial, given by a company to prospective employees as remuneration for the work to be performed (Afandi, 2018, as cited in Jannavi & Utami, 2025). The indicators of Compensation in this study refer to Afandi (2018, as cited in Jannavi & Utami, 2025), namely wages and salary, incentives, allowances, and facilities.

Employer Branding is understood as a company's strategy for building an image and reputation as an attractive, valuable, and trusted workplace in the eyes of prospective employees, encompassing the functional, economic, and psychological benefits attached to the employing organization (Ambler & Barrow, as cited in Silva & Dias, 2023). The indicators of Employer Branding refer to the five-value framework of Berthon et al. (2005, as cited in Silva & Dias, 2023), namely interest value, social value, economic value, development value, and application value.

Intention to Apply is understood as the drive and interest of prospective employees to seek information about job vacancies, evaluate a company's attractiveness, and decide to submit a job application (Highhouse et al., 2003, as cited in Maularahmah & Kurniawati, 2024). The indicators of Intention to Apply refer to Highhouse et al. (2003, as cited in Maularahmah & Kurniawati, 2024), namely acceptance, recommendation, and priority.

Several previous studies support the relationship between these variables. Jannavi and Utami (2025) found that both Compensation and Employer Branding positively and significantly influenced Generation Z's intention to apply, a finding reinforced by Febrianti and Hendratmoko (2022) and Shalahuddin et al. (2022) regarding compensation, and by Lestari and Manggiasih (2023), Santiago (2019), Silva and Dias (2023), and Yuspita et al. (2025) regarding employer branding and organizational attractiveness. However, as noted above, Ekhsan et al. (2021) and Tangdialla et al. (2025) found inconsistent results for

Employer Branding and Compensation respectively, underscoring the need to re-examine these relationships in the specific context of Ngawi Regency.

3. Research Objective

This study aims to: (1) provide empirical evidence of the influence of Compensation on Intention to Apply among Generation Z in Ngawi Regency; (2) provide empirical evidence of the influence of Employer Branding on Intention to Apply among Generation Z in Ngawi Regency; and (3) provide empirical evidence of the simultaneous influence of Compensation and Employer Branding on Intention To Apply among Generation Z in Ngawi Regency.

4. Research Hypotheses

- a. H₁: Compensation influences Intention to Apply among Generation Z in Ngawi Regency.
- b. H₂: Employer Branding influences Intention to Apply among Generation Z in Ngawi Regency.
- c. H₃: Compensation and Employer Branding simultaneously influence Intention to Apply among Generation Z in Ngawi Regency.

B. METHOD

This study employed a quantitative method with a correlational design to examine the influence of Compensation (X_1) and Employer Branding (X_2) on Intention to Apply (Y) (Sugiyono, 2019). The population comprised Generation Z job seekers born between 1997 and 2012, domiciled in Ngawi Regency, and either currently seeking employment or having applied for a job within the past year. Given the unknown population size, the minimum sample size was determined using the Lemeshow formula (1997). Respondents were selected through purposive sampling (Sugiyono, 2019) based on age, domicile, job-seeking status, and willingness to participate, with questionnaires distributed online via Google Form and 385 valid

responses obtained for analysis. Data were collected using a four-point Likert scale, with Compensation measured through 8 items across 4 indicators (Afandi, 2018, as cited in Jannavi & Utami, 2025), Employer Branding through 10 items across 5 indicators (Berthon et al., 2005, as cited in Silva & Dias, 2023), and Intention to Apply through 6 items across 3 indicators (Highhouse et al., 2003, as cited in Maularahmah & Kurniawati, 2024).

Instrument feasibility was assessed through validity testing using Pearson Correlation ($r_{table} = 0.100$, $df = 383$) and reliability testing using Cronbach's Alpha (threshold > 0.60) (Ghozali, 2018). Classical assumption tests were performed prior to regression analysis, comprising normality (One-Sample Kolmogorov-Smirnov Test, significance > 0.05), heteroscedasticity (Glejser test, significance > 0.05), and multicollinearity (Tolerance > 0.10 ; VIF < 10). Data were subsequently analyzed using multiple linear regression ($Y = a + b_1X_1 + b_2X_2 + e$), with hypotheses tested through the F-test for simultaneous influence, the t-test for partial influence, and the coefficient of determination (R^2) to assess the explanatory power of the independent variables, all evaluated at a 0.05 significance level using IBM SPSS Statistics 25 (Ghozali, 2018).

C. RESULTS AND DISCUSSIONS

1. Instrument Evaluation and Classical Assumption Test Results

Respondents consisted of 385 Generation Z job seekers in Ngawi Regency, comprising 237 female respondents (61.56%) and 148 male respondents (38.44%). The majority were aged 21–23 years (143 respondents, 37.1%), held a senior high school education (SMA/SMK/MA) (276 respondents, 71.7%), and were currently seeking employment (303 respondents, 78.7%). Validity testing across 385 respondents showed that all items on the Compensation, Employer Branding, and Intention to Apply variables had r-calculated values ranging from 0.792 to 0.852, greater than the r-table value (0.100), with $p = 0.000$, proving

all items valid. Reliability tests confirmed all variables exceeded a Cronbach's Alpha of 0.60, as presented in Table 1.

Tabel 1. Instrument Test Results

Variable	Cronbach's Alpha	Number of Items	Description
Compensation	0.933	8	Reliable
Employer Branding	0.944	10	Reliable
Intention to Apply	0.903	6	Reliable

Source: SPSS 25 Output

Classical assumption testing was carried out prior to regression analysis. The normality test using the One-Sample Kolmogorov-Smirnov Test produced a significance value of 0.200 (> 0.05), indicating that the residual data are normally distributed. The multicollinearity test showed a Tolerance value of 1.000 and a VIF value of 1.000 for both independent variables, well within the required thresholds (Tolerance > 0.10 ; VIF < 10), confirming the absence of multicollinearity. The heteroscedasticity test using the Glejser test showed significance values of 0.245 for Compensation and 0.719 for Employer Branding, both greater than 0.05, indicating that the regression model does not exhibit heteroscedasticity. The regression model therefore satisfies all classical assumption requirements and is suitable for multiple linear regression analysis.

2. Multiple Linear Regression Analysis

Multiple linear regression analysis was conducted to examine the influence of Compensation and Employer Branding on Intention to Apply, as presented in Table 2.

Tabel 2. Multiple Linear Regression Analysis Results

Model	B	Std. Error	Coeff. Beta	T-statistic	Sig.
(Constant)	-0.768	0.652	-	-1.179	0.239
Compensation	0.260	0.022	0.358	11.872	0.000
Employer Branding	0.423	0.018	0.729	24.169	0.000

Source: SPSS 25 Output

Based on Table 2, the multiple linear regression equation is $Y = -0.768 + 0.260X_1 + 0.423X_2 + e$, where Y is Intention to Apply, X_1 is Compensation, and X_2 is Employer Branding. Both regression coefficients are positive, indicating that an increase in Compensation and Employer Branding is followed by an increase in Intention to Apply. The standardized coefficient (Beta) of Employer Branding (0.729) is higher than that of Compensation (0.358), indicating that Employer Branding contributes more strongly to Intention to Apply.

3. Hypothesis Testing Results

Hypotheses were tested using the t-test for partial influence and the F-test for the simultaneous influence, with decisions based on a significance level of $\alpha = 0.05$. Table 3 summarizes the partial (direct effect) hypothesis testing results.

Tabel 3. Direct Effect Hypothesis Testing Results

Hypothesis	Path	Coefficient (Beta)	t-statistic	p-values
H ₁	Compensation > Intention to Apply	0.358	11.872	0.000

Hypothesis	Path	Coefficient (Beta)	t-statistic	p-values
H ₂	Employer Branding > Intention to Apply	0.729	24.169	0.000

Source: SPSS 25 Output

Table 3 shows that Compensation has a t-statistic of 11.872 with $p = 0.000 (< 0.05)$, so H₁ is accepted: Compensation has a positive and significant influence on Intention to Apply. Employer Branding has a t-statistic of 24.169 with $p = 0.000 (< 0.05)$, so H₂ is accepted: Employer Branding has a positive and significant influence on Intention to Apply. The higher t-statistic of Employer Branding compared to Compensation indicates that Employer Branding has a more dominant influence on Intention to Apply.

Tabel 4. Simultaneous Effect Hypothesis Testing Results

Hypothesis	Path	F-statistic	F-table	p-values
H ₃	Compensation, Employer Branding > Intention to Apply	359.148	3.02	0.000

Source: SPSS 25 Output

Table 4 shows a calculated F-statistic of 359.148, greater than the F-table value of 3.02, with $p = 0.000 (< 0.05)$, so H₃ is accepted: Compensation and Employer Branding simultaneously have a positive and significant influence on Intention to Apply.

Tabel 5. Coefficient of Determination Results

R	R Square	Adjusted R Square
0.808	0.653	0.651

Source: SPSS 25 Output

The R value of 0.808 indicates that the relationship between Compensation and Employer Branding with Intention to Apply falls into the very strong category. The R Square value of 0.653 shows that Compensation and Employer Branding jointly explain 65.3% of the variance in Intention to Apply, while the remaining 34.7% is explained by other factors outside this research model, such as company reputation, e-recruitment, work environment, and career prospects.

4. Discussion

The results confirm that Compensation has a positive and significant influence on Intention to Apply, consistent with Recruitment Theory (Barber, 1998), which explains that prospective applicants assess an organization's attractiveness, including the rewards it offers, before deciding to apply. Compensation reflected through fair wages, incentives, and allowances proves to encourage Generation Z job seekers in Ngawi Regency to be more interested in applying for jobs, given that this group is at an early stage of building economic independence. This finding is consistent with Jannavi and Utami (2025), Febrianti and Hendratmoko (2022), Shalahuddin et al. (2022), and Makrufa and Saibat (2024), who found that compensation positively influences intention to apply. This finding also helps resolve the empirical inconsistency identified by Tangdialla et al. (2025), who found that compensation had no significant effect on Generation Z's intention to apply, by showing that within the Ngawi Regency labor market, characterized by a growing manufacturing industry and intensifying competition for local workers, compensation remains a highly relevant and significant consideration for Generation Z job seekers.

Employer Branding is also proven to have a positive and significant influence on Intention to Apply, even showing a higher t-value and standardized coefficient than Compensation. This finding is consistent with the employer branding concept of Ambler and Barrow (as cited in Silva & Dias, 2023) and the five-value framework of Berthon et al. (2005, as cited in Silva & Dias, 2023) — interest, social, economic, development, and application value — as well as with Ružić and Benažić (2023). This finding is also consistent with Jannavi and Utami (2025), Lestari and Manggiasih (2023), Santiago (2019), Silva and Dias (2023), and Yuspita et al. (2025), who found that employer branding and organizational attractiveness positively influence intention to apply. Generation Z, as a digitally native generation, tends to seek information about a company before applying, placing greater weight on corporate image, work culture, and career development opportunities. This finding also helps resolve the empirical inconsistency identified by Ekhsan et al. (2021), who found that employer branding had a positive but not significant effect, by showing that within the Generation Z labor market of Ngawi Regency, employer branding is in fact a dominant and significant driver of intention to apply, even more influential than compensation.

Simultaneously, Compensation and Employer Branding are proven to have a positive and significant influence on Intention to Apply, jointly contributing 65.3%, which falls into the very strong category. This finding reinforces Recruitment Theory (Barber, 1998), which asserts that prospective applicants evaluate organizational attractiveness through multiple complementary dimensions at once, and is consistent with Jannavi and Utami (2025) and Makrufa and Saibat (2024), who found that compensation and company branding simultaneously influence intention to apply. This finding confirms that strengthening Generation Z's intention to apply in Ngawi Regency needs to be pursued comprehensively, namely by designing fair and competitive compensation policies while simultaneously building and consistently communicating positive Employer Branding, so that companies,

particularly within the growing manufacturing sector, can attract qualified young talent amid rising local competition for labor.

D. CONCLUSIONS

This study shows that Compensation and Employer Branding each have a positive and significant influence on Intention to Apply among Generation Z in Ngawi Regency, and that both variables also have a significant influence when considered simultaneously. Employer Branding is found to play a more dominant role than Compensation in shaping Generation Z's intention to apply for jobs. These findings indicate that Generation Z's decision to apply for a job in a regional labor market undergoing industrial growth is determined not only by the economic reward a company offers, but also, and even more strongly, by the image and reputation the company builds as an employer. This study is limited in that its geographic scope is restricted to Ngawi Regency and its explanatory variables are limited to two independent variables, so the results are not intended to be generalized to all regions or industry contexts. Future research is therefore encouraged to broaden the geographic scope of study and to examine additional variables that may further explain Generation Z's intention to apply for employment.

E. SUGGESTIONS

Companies operating in Ngawi Regency are advised to design fair, competitive compensation policies in line with the applicable minimum wage standard, complemented by adequate bonuses, incentives, and allowances such as transportation, meal, and health benefits. In addition, companies are advised to build and consistently communicate positive Employer Branding by strengthening corporate reputation, creating an innovative and supportive work environment, and offering clear career development opportunities, so as to increase their competitiveness in attracting Generation Z talent. Generation Z job seekers are

advised to continuously improve their competencies to meet the qualifications required by companies offering good compensation and employer branding, and to make wise use of digital information access to assess the fit between their personal values and a prospective employer's work culture and reputation before applying. Future researchers conducting similar studies with the same or different variables and objects are advised to add other variables relevant to intention to apply, such as company reputation, e-recruitment, or work environment, expand the research scope beyond Ngawi Regency, and consider mediating or moderating variables to enrich the understanding of factors shaping Generation Z's intention to apply in regional labor markets.

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