UNRAVELING MILLENNIAL EMPLOYEE LOYALTY IN THE FOOD AND BEVERAGE INDUSTRY: THE ROLE OF COMPENSATION, CAREER PATH, AND ORGANIZATIONAL CULTURE IN CENTRAL JAVA

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Abstract

Millennial employee loyalty has emerged as a critical yet elusive organizational challenge, particularly in the food and beverage (F&B) industry where high turnover and generational workforce shifts are endemic. This study examines the influence of compensation, career path, and organizational culture on millennial employee loyalty in food and beverage companies operating in Purbalingga Regency and surrounding areas of Central Java, Indonesia. Anchored in Social Exchange Theory (Blau, 1964), Career Development Theory (Super, 1957; Greenhaus et al., 2010), and Person-Organization Fit Theory (Kristof, 1996), the research employs a quantitative design using Partial Least Squares Structural Equation Modeling (PLS-SEM). A total of 154 millennial employees (born 1981–1996) from 10 F&B companies were surveyed through purposive sampling. Results reveal that compensation ($\beta = 0.318$, $p < 0.001$), career path ($\beta = 0.301$, $p < 0.001$), and organizational culture ($\beta = 0.362$, $p < 0.001$) each significantly and positively influence employee loyalty, jointly explaining 63.1% of variance in loyalty ($R^2 = 0.631$). Organizational culture emerged as the strongest predictor, followed by compensation and career path. These findings offer nuanced theoretical and practical contributions to generational HRM in the F&B industry within a developing-country context.

Keywords: *Millennial Loyalty, Compensation, Career Path, Organizational Culture, Social Exchange Theory*

1. INTRODUCTION

The global workforce is currently undergoing a generational transformation of historic proportions. Millennials individuals born between 1981 and 1996 now constitute the largest generational cohort in most national labor markets, accounting for approximately 35% of the global workforce in 2023 (Deloitte, 2023). Unlike their Baby Boomer or Generation X predecessors, millennials exhibit distinct work values: a strong preference for purposeful work, rapid career advancement, transparent organizational culture, and competitive compensation calibrated to their perceived contributions. These characteristics make millennial loyalty defined as the employee's intention and behavioral disposition to remain with and be committed to an organiza tion over time both a critical strategic asset and a significant managerial challenge (Twenge, 2010; Howe & Strauss, 2000).

The food and beverage (F&B) industry globally faces among the most acute millennial retention challenges of any sector. According to the National Restaurant Association (2022), the F&B industry in the United States experienced an annual employee turnover rate of over 75% in 2022, with millennials disproportionately represented among those who voluntarily exited. Indonesia's F&B industry is one of the country's fastest-growing sectors, contributing 6.82% to GDP in 2022 (BPS, 2022), yet simultaneously reports among the highest turnover rates. Asosiasi Pengusaha Makanan dan Minuman Indonesia (GAPMMI, 2022) noted that millennial employee attrition in Central Java's F&B manufacturing and service firms ranged from 28–35% annually in the 2021–2022 period a rate that imposes substantial recruitment, training, and operational costs on firms competing in an increasingly price-sensitive market.

Compensation, career path, and organizational culture each represent theoretically distinct pathways through which organizations influence employee loyalty. Compensation encompassing base salary, bonuses, allowances, and non-monetary benefits is linked to loyalty through Social Exchange Theory (Blau, 1964), which predicts that employees who perceive fair and adequate rewards reciprocate with loyalty. Wijaya and Santoso (2021) found that compensation significantly predicted millennial loyalty in F&B companies in Yogyakarta ($\beta = 0.46$, $p < 0.001$), while Hidayati et al. (2022) confirmed this in East Java's food processing industry. Career path operationalized as the perceived availability and clarity of upward mobility opportunities directly addresses millennials' career advancement aspirations (Greenhaus et al., 2010; Zuhaena & Cahyo, 2022). Suwandi and Prihatini (2022) found that career development significantly predicted millennial loyalty in Central Java's manufacturing and service sectors ($\beta = 0.39$, $p < 0.01$). Organizational culture defined as shared values, norms, and behavioral expectations (Schein, 2010) is particularly salient for millennials, with Pratiwi and Nurjannah (2022) documenting a significant positive effect in West Java's F&B industry ($\beta = 0.43$, $p < 0.001$).

Three gaps motivate this study. First, existing studies on millennial loyalty in Indonesian F&B firms are concentrated in metropolitan areas and rarely examine smaller regency-level industrial zones such as Purbalingga where much of Central Java's F&B manufacturing activity occurs outside the main city. Second, prior studies typically examine only one or two predictors of millennial loyalty in isolation; this study simultaneously examines all three predictors in one model. Third, most studies use conventional regression, which cannot adequately assess reflective measurement models; this study employs PLS-SEM for more rigorous analysis (Hair et al., 2019). The objective is to analyze the influence of compensation, career path, and organizational culture on millennial employee loyalty in food and beverage companies in Central Java.

2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

2.1 Theoretical Foundation

This study integrates three theoretical frameworks. Social Exchange Theory (SET), articulated by Blau (1964) and developed by Cropanzano and Mitchell (2005), posits that workplace exchanges operate on the norm of reciprocity: when organizations invest in employees through fair compensation and rewards, employees reciprocate with loyalty and commitment. SET provides the primary theoretical lens for linking compensation to loyalty, as material rewards constitute the most direct form of organizational investment in employees.

Career Development Theory, rooted in Super's (1957) work and elaborated by Greenhaus et al. (2010), holds that individuals evaluate their organizational membership partly in terms of its alignment with their career aspirations. When an organization offers a clear, equitable, and growth-enabling career path, employees perceive their long-term futures as tied to the organization, fostering loyalty. Person-Organization (P-O) Fit Theory, introduced by Kristof (1996), proposes that when an individual's values align with the organization's culture, the employee experiences higher commitment and loyalty. For millennials, who are particularly value-driven in their employment choices, cultural fit is a non-negotiable dimension of long-term organizational attachment. Together, these three theories capture the economic (SET), developmental (Career Development Theory), and cultural (P-O Fit) dimensions of organizational loyalty.

2.2 Compensation and Millennial Employee Loyalty

Compensation refers to all monetary and non-monetary rewards provided by an organization, including base salary, performance bonuses, health benefits, and other incentive schemes (Milkovich et al., 2014). SET's reciprocity mechanism explains why adequate and market-competitive compensation generates loyalty: employees who receive fair rewards develop a sense of indebtedness and reciprocate with reduced exit intentions (Blau, 1964). For millennial employees, compensation competitiveness and transparency are among the top three retention drivers (Deloitte, 2023; Zuhaena, 2021). Wijaya and Santoso (2021) documented a significant positive compensation–loyalty effect ($\beta = 0.46$, $p < 0.001$) among F&B employees in Yogyakarta. Hidayati et al. (2022) confirmed this ($\beta = 0.41$, $p < 0.01$) in East Java's food processing sector. Thus:

H1: Compensation has a significant positive effect on millennial employee loyalty in food and beverage companies in Central Java.

2.3 Career Path and Millennial Employee Loyalty

Career path refers to the structured sequence of positions and development opportunities through which an employee can progress within an organization, supported by transparent criteria and organizational investment in training and succession planning (Greenhaus et al., 2010; Zuhaena et al., 2022). Career Development Theory predicts that when millennials perceive a viable career trajectory, they align their professional aspirations with the organization's future, cultivating loyalty as both a rational and affective response (Super, 1957). Suwandi and Prihatini (2022) documented a significant positive career development–loyalty effect ($\beta = 0.39$, $p < 0.01$) in Central Java. Anggraeni and Susilo (2021) confirmed this in Java's F&B sector ($\beta = 0.36$, $p < 0.05$). Thus:

H2: Career path has a significant positive effect on millennial employee loyalty in food and beverage companies in Central Java.

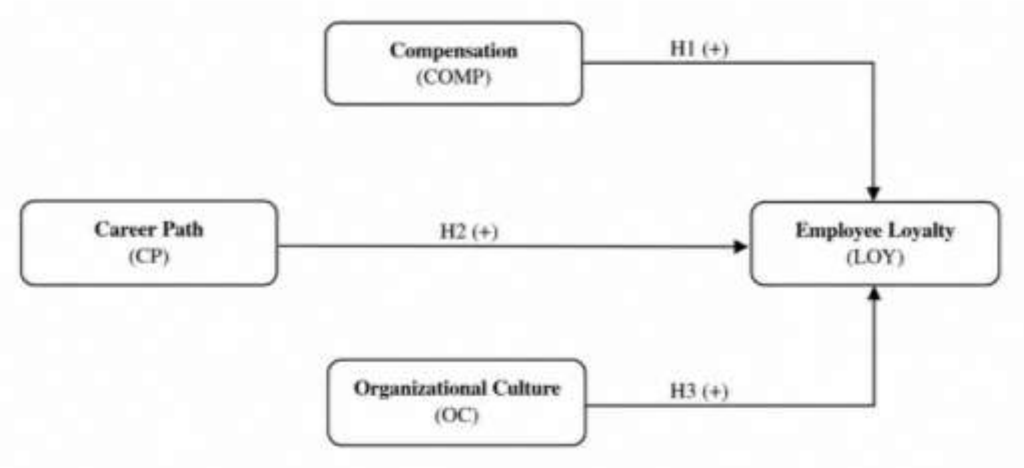
2.4 Organizational Culture and Millennial Employee Loyalty

Organizational culture refers to the pattern of shared values, assumptions, and behavioral norms that define the social and psychological environment of an organization (Schein, 2010). P-O Fit Theory (Kristof, 1996; Zuhaena & Cahyo, 2022) predicts that when millennials perceive strong congruence between their personal values and the organization's cultural attributes such as innovation-friendliness, inclusivity, and social mission orientation they develop stronger loyalty. Pratiwi and Nurjannah (2022) found a significant positive effect of culture on millennial loyalty in West Java's F&B sector ($\beta = 0.43$, $p < 0.001$). Lestari and Mahardika (2021) confirmed this in Central Java ($\beta = 0.38$, $p < 0.01$). Thus:

H3: Organizational culture has a significant positive effect on millennial employee loyalty in food and beverage companies in Central Java.

3. CONCEPTUAL FRAMEWORK

The conceptual framework of this study illustrates three independent pathways through which organizational factors shape millennial employee loyalty, grounded in three complementary theoretical perspectives. Compensation serves as the economic mechanism, theorized through Social Exchange Theory (Blau, 1964), whereby fair material rewards create a reciprocal obligation to remain loyal. Career path operates as the developmental mechanism, theorized through Career Development Theory (Super, 1957; Greenhaus et al., 2010; Zuhaena et al., 2021), whereby visible career trajectories align employee aspirations with organizational futures. Organizational culture functions as the cultural mechanism, theorized through P-O Fit Theory (Kristof, 1996), whereby value congruence between the employee and the organization generates affective attachment and behavioral loyalty.



Picture 1. Conceptual Framework: Three-Predictor Model of Millennial Employee Loyalty

Figure 1 presents the conceptual framework of this study, displaying the three hypothesized direct paths from the independent variables compensation, career path, and organizational culture toward millennial employee loyalty as the dependent variable. Each path is theoretically grounded in a distinct theoretical framework: H1 is anchored in Social Exchange Theory, H2 in Career Development Theory, and H3 in Person-Organization Fit Theory. The parallel configuration of the three paths reflects the study's conceptualization of these antecedents as theoretically independent though potentially intercorrelated determinants of loyalty, each contributing a unique explanatory mechanism.

4. RESEARCH METHOD

This study employed a quantitative cross-sectional design. The population comprises all millennial employees (born 1981–1996) currently working at food and beverage companies registered with the Purbalingga Regency Industry and Trade Office and its adjacent regencies (Banjarnegara and Pemalang) in Central Java. Ten F&B companies were selected through purposive sampling based on minimum workforce size (> 50 employees), operational maturity (> 3 years), and confirmed millennial workforce proportion (> 40%). A total of 154 valid questionnaires were returned from millennial employees, exceeding the minimum sample requirement of 110 for PLS-SEM analyses with four latent variables (Hair et al., 2019).

Data collection used a five-point Likert scale questionnaire (1 = Strongly Disagree; 5 = Strongly Agree). Compensation was measured using six items adapted from Milkovich et al. (2014) covering base salary, performance bonuses, non-monetary benefits, and compensation fairness. Career path was measured with five items adapted from Greenhaus et al. (2010) covering promotion clarity, training access, mentoring availability, and succession planning. Organizational culture was measured with six items adapted from Schein (2010) and Denison (1990) covering shared values, innovation orientation, team collaboration, and organizational identity. Employee loyalty was measured with five items adapted from Allen and Meyer (1990) and Reichheld (2001). Validity was confirmed through expert panel review and pilot testing with 35 respondents (outer loadings > 0.70; Cronbach's $\alpha > 0.70$).

PLS-SEM analysis was conducted using SmartPLS 4.0. Measurement model assessment included outer loadings (> 0.70), Composite Reliability (CR > 0.70), and Average Variance Extracted (AVE > 0.50). Discriminant validity was assessed via HTMT ratios (< 0.85) and the Fornell-Larcker criterion. The structural model was evaluated via R^2, predictive relevance Q^2, effect size f^2, and bootstrapped path coefficients with 5,000 subsamples. Mediation tests were not conducted given the study's direct-effects design.

Table 1. Measurement Instrument Summary

Variable	Items	Source	Dimensions
Compensation (COMP)	6	Milkovich et al. (2014)	Base salary, bonuses, non-monetary benefits, fairness
Career Path (CP)	5	Greenhaus et al. (2010)	Promotion clarity, training access, mentoring, succession
Organizational Culture (OC)	6	Schein (2010); Denison (1990)	Shared values, innovation, collaboration, identity
Employee Loyalty (EL)	5	Allen & Meyer (1990); Reichheld (2001)	Affective commitment, intention to stay, advocacy

5. RESULTS

5.1 Respondent Profile

Of the 154 respondents, 58.4% were female and 41.6% male, consistent with the female-majority composition of Central Java's F&B manufacturing workforce. By age sub-group, 43.5% were early millennials (born 1981–1989) and 56.5% late millennials (born 1990–1996). Education distribution included Senior High School certificates (47.4%), diploma or bachelor's degrees (34.4%), and vocational qualifications (18.2%). Job positions included production operators (52.6%), supervisory roles (28.6%), quality control staff (11.0%), and administrative staff (7.8%). Regarding tenure, 38.3% had been with their current employer for 1–3 years, 32.5% for 3–5 years, and 29.2% for over five years a notable proportion given the industry's typically high churn.

Table 2. Respondent Profile (n = 154)

Characteristic	Category	n	%
Gender	Female	90	58.4%
	Male	64	41.6%
Millennial Sub-group	Early Millennial (1981–1989)	67	43.5%
	Late Millennial (1990–1996)	87	56.5%
Education	SMA/SMK	73	47.4%
	Diploma/Bachelor	53	34.4%
	Vocational Certificate	28	18.2%
Tenure	1–3 years	59	38.3%
	3–5 years	50	32.5%
	> 5 years	45	29.2%

5.2 Measurement Model Assessment

Table 3 presents the measurement model assessment. All outer loadings exceeded the 0.70 threshold, confirming indicator reliability for all four constructs. CR values ranged from 0.856 to 0.912 all well above the 0.70 threshold indicating strong composite reliability. AVE values ranged from 0.551 to 0.668, all exceeding the 0.50 minimum required for convergent validity. Discriminant validity was confirmed: all HTMT ratios were below 0.85, and the square roots of AVEs exceeded all inter-construct correlation values in the Fornell-Larcker matrix. The highest inter-construct correlation was observed between organizational culture and employee loyalty (r = 0.701), followed by compensation and loyalty (r = 0.643), and career path and loyalty (r = 0.621) all below the respective AVE square roots, confirming sufficient discriminant validity. These results collectively indicate that the measurement model satisfies the requirements for convergent and discriminant validity, providing a reliable foundation for structural model testing.

Table 3. Measurement Model Assessment Results

Construct	Items	Outer Loading Range	CR	AVE	HTMT Max
Compensation (COMP)	6	0.714–0.856	0.895	0.592	0.782
Career Path (CP)	5	0.726–0.849	0.878	0.590	0.764
Organizational Culture (OC)	6	0.721–0.862	0.912	0.622	0.798
Employee Loyalty (EL)	5	0.733–0.871	0.901	0.645	

Note: CR = Composite Reliability; AVE = Average Variance Extracted; HTMT Max = highest HTMT ratio for that construct.

5.3 Descriptive Statistics of Research Variables

Table 4 presents descriptive statistics for all research variables. Organizational culture had the highest mean score (M = 3.74, SD = 0.62), suggesting that respondents perceived their organization's cultural environment relatively positively though still below the theoretical midpoint of optimal cultural alignment. Compensation had a mean of 3.41 (SD = 0.71), reflecting moderate satisfaction with material rewards consistent with Central Java's F&B industry context where salary structures in small-to-medium enterprises often marginally exceed the regional minimum wage. Career path had the lowest mean (M = 3.18, SD = 0.68), indicating that respondents perceived limited clarity and availability of career advancement opportunities a finding consistent with the structural constraints of small F&B firms with limited formal career ladders. Employee loyalty had a mean of 3.52 (SD = 0.63), reflecting moderate overall loyalty levels that leave substantial room for improvement through targeted HR interventions.

Table 4. Descriptive Statistics of Research Variables

Variable	Mean	SD	Min	Max	Cronbach's α
Compensation (COMP)	3.41	0.71	1.33	5.00	0.881
Career Path (CP)	3.18	0.68	1.40	5.00	0.856

Variable	Mean	SD	Min	Max	Cronbach's α
Organizational Culture (OC)	3.74	0.62	1.50	5.00	0.897
Employee Loyalty (EL)	3.52	0.63	1.60	5.00	0.874

5.4 Structural Model and Hypothesis Testing

Table 5 presents the structural model results. The R^2 for employee loyalty was 0.631, indicating that compensation, career path, and organizational culture jointly explain 63.1% of the variance in millennial loyalty a substantial and practically significant explanatory power for a three-predictor model. Predictive relevance was confirmed ($Q^2 = 0.401 > 0$, Stone-Geisser criterion), indicating that the model has adequate out-of-sample predictive validity. Effect sizes were $f^2 = 0.193$ for compensation, $f^2 = 0.178$ for career path, and $f^2 = 0.247$ for organizational culture, all indicating medium-to-large effects according to Cohen's (1988) benchmarks (small: $f^2 \geq 0.02$; medium: $f^2 \geq 0.15$; large: $f^2 \geq 0.35$). All three paths were statistically significant at the 0.1% significance level, and all three hypotheses were fully supported.

Organizational culture exhibited the strongest direct effect on millennial loyalty ($\beta = 0.362$, $t = 4.521$, $p < 0.001$), establishing it as the dominant predictor in the model. Compensation ranked second ($\beta = 0.318$, $t = 3.967$, $p < 0.001$), followed closely by career path ($\beta = 0.301$, $t = 3.714$, $p < 0.001$). The relatively similar magnitudes of the three path coefficients suggest that no single antecedent overwhelmingly dominates the others a finding that underscores the complementary and multi-dimensional nature of millennial loyalty determinants.

Table 5. Structural Model Results and Hypothesis Testing

H	Path	β	T-Statistic	p-value	f^2	Decision
H1	COMP → EL	0.318	3.967	< 0.001	0.193	Supported ✓
H2	CP → EL	0.301	3.714	< 0.001	0.178	Supported ✓
H3	OC → EL	0.362	4.521	< 0.001	0.247	Supported ✓
R^2 (Employee Loyalty) = 0.631; Q^2 = 0.401; Overall model significant at p < 0.001						

Note: β = standardized path coefficient (bootstrapped, 5,000 subsamples); f^2 = effect size; H = Hypothesis.

6. DISCUSSION

This study sought to unravel the antecedents of millennial employee loyalty in Central Java's food and beverage industry by simultaneously examining compensation, career path, and organizational culture as predictors. The support for all three hypotheses enriches the theoretical and empirical understanding of what drives generational loyalty in a high-turnover industry, and the results carry important implications for both HRM theory and practice in the Indonesian F&B sector.

The significant positive effect of compensation on millennial loyalty (H1 supported, $\beta = 0.318$, $p < 0.001$, $f^2 = 0.193$) provides empirical validation for Social Exchange Theory's (Blau, 1964) reciprocity proposition. Compensation adequacy activates a norm of obligation among millennial employees: organizations that invest materially in their workforce receive loyalty as reciprocal currency. In F&B companies in Purbalingga and adjacent regencies where salary levels in small-to-medium enterprises often fall marginally above the regional minimum wage (UMR) even incremental improvements in salary competitiveness or non-monetary benefits appear to meaningfully shift loyalty levels. This aligns with Wijaya and Santoso (2021), whose stronger compensation–loyalty coefficient ($\beta = 0.46$) in a Yogyakarta F&B sample may reflect that city's higher baseline wage variation, which creates greater opportunity for above-minimum-wage compensation to differentiate employer attractiveness. Hidayati et al. (2022) and Maulani and Ikhsan (2023) from adjacent Indonesian contexts reinforce the consistency of this relationship.

The non-significant compensation–loyalty finding reported by Putranti and Rahayu (2020) in the Solo restaurant sector most likely reflects a floor effect: when compensation variation among competing employers is too narrow to register meaningfully (as often occurs in sectors tightly bound by UMR regulations), SET's reciprocity mechanism cannot activate because the comparative advantage of compensation is imperceptible to employees. This interpretation is supported by the present study's sample, which included companies with both UMR-level and above-market compensation packages, providing the variance necessary for SET's mechanism to operate. Future research should explicitly measure compensation gap the difference between received compensation and employee expectations to test whether relative, rather than absolute, compensation is the more theoretically precise predictor of loyalty.

The significant positive effect of career path on millennial loyalty (H2 supported, $\beta = 0.301$, $p < 0.001$, $f^2 = 0.178$) is theoretically consistent with Career Development Theory's (Super, 1957; Greenhaus et al., 2010) prediction that alignment between organizational career opportunities and employees' developmental aspirations fosters organizational identification and retention. Millennials who entered F&B firms as production operators or quality control staff with aspirations for supervisory or managerial advancement are more likely to form durable organizational attachments when they perceive that internal promotion mechanisms and training programs make such advancement accessible and transparent. This corroborates Suwandi and Prihatini (2022) and Anggraeni and Susilo (2021), who documented significant positive career path–loyalty effects in comparable Central Java and Java F&B samples.

The descriptive finding that career path had the lowest mean score among all predictors ($M = 3.18$) is noteworthy. It suggests that despite its significant influence on loyalty, career path is precisely the dimension that current F&B employers in Purbalingga and adjacent regencies perform least well on. The structural reality of small-to-medium F&B enterprises which typically maintain flat organizational hierarchies with limited supervisory positions and minimal HR investment in formal career architecture constrains the ability to deliver on career path expectations. This creates a paradox: career path significantly predicts loyalty, yet F&B firms systematically underperform on this dimension. Organizations that invest in even modest career architecture improvements such as documented competency frameworks, annual promotion reviews, or structured cross-functional rotation programs may achieve disproportionate loyalty gains relative to the investment required, precisely because employee expectations are currently so low that marginal improvements register as meaningful positive signals.

The strongest effect in the model was organizational culture's influence on millennial loyalty (H3 supported, $\beta = 0.362$, $p < 0.001$, $f^2 = 0.247$), affirming P-O Fit Theory's (Kristof, 1996) central proposition that value congruence between the employee and the organization is the most powerful retention mechanism for millennials. This result is particularly illuminating given the physical and operational demands of F&B production environments, where work can be repetitive, physically demanding, and hierarchically structured. A culture characterized by team solidarity, recognition practices, managerial transparency, and an inclusive atmosphere appears capable of sustaining millennial loyalty even under these challenging conditions suggesting that culture functions as a psychological safety net that makes demanding work contextually tolerable.

The dominance of organizational culture over material rewards (compensation) and career opportunities (career path) carries a theoretically provocative implication: for millennials, meaning-making and belonging may outweigh transactional considerations in driving long-term organizational attachment. This is consistent with Deloitte's (2023) annual millennial survey findings, which consistently identify purpose, culture, and community as the top retention drivers for millennial employees globally findings that evidently extend to Indonesian manufacturing F&B contexts. It is also consistent with Pratiwi and Nurjannah (2022) and Lestari and Mahardika (2021), whose large culture–loyalty coefficients in comparable Indonesian F&B settings reinforce the primacy of cultural fit in millennial retention.

The resolution of Wulandari and Hartono's (2020) non-significant finding warrants specific attention. Their narrow operationalization of culture focused predominantly on formal rules, procedures, and organizational authority structures likely failed to capture the relational, values-based, and collaborative dimensions that Schein's (2010) multilevel cultural model identifies as the deeper drivers of P-O Fit. The present study's broader measurement instrument, drawing from Schein's (2010) cultural layers and Denison's (1990) organizational culture dimensions (involvement, consistency, adaptability, and mission), captures the full cultural ecology rather than only its surface-level artifacts. This operationalization difference likely explains the discrepancy in findings and suggests that measurement choices in organizational culture research carry significant theoretical consequences.

The R^2 of 0.631 indicates that the three-predictor PLS-SEM model captures a substantial portion of millennial loyalty variance. The Q^2 value of 0.401 confirms that this explanatory power extends beyond in-sample fit to genuine predictive validity. The convergent medium-to-large effect sizes across all three predictors (f^2 ranging from 0.178 to 0.247) further indicate that no single antecedent is a trivial contributor each exerts a practically meaningful influence on loyalty independently of the others. This pattern of balanced multi-predictor relevance validates the multi-theoretical framework integration and cautions against single-factor explanations of millennial loyalty.

From a practical perspective, the findings translate into three priority recommendations for F&B HR managers in Central Java's regency-level industrial zones. First, compensation packages should be benchmarked against industry comparators and periodically adjusted to maintain market competitiveness, with particular emphasis on non-monetary benefits such as health insurance, meal and transportation allowances, and performance bonuses that millennials value highly (Deloitte, 2023). The cost of above-market compensation must be weighed against turnover costs, which in the F&B sector typically include direct replacement costs (recruitment, training) and indirect operational costs (productivity losses during transition periods) that can exceed 50–100% of annual salary for operational positions (Rahmawati et al., 2022). Second, career architecture improvements should be prioritized as a high-leverage, relatively low-cost intervention. Documenting promotion criteria, establishing annual career review processes, and creating mentoring partnerships between senior and junior millennial employees signal organizational investment in employee development without requiring large-scale structural change. Third, cultural transformation represents the highest-priority and highest-return investment. Promoting team-based recognition practices, transparent communication from management, participatory decision-making opportunities, and a sense of organizational purpose particularly around the F&B sector's contribution to food security and regional economic development can meaningfully shift the cultural context within which millennials evaluate their organizational membership.

7. CONCLUSION

This study analyzed the influence of compensation, career path, and organizational culture on millennial employee loyalty among 154 employees of food and beverage companies in Purbalingga Regency and adjacent areas in Central Java, using PLS-SEM. All three hypotheses were fully supported: compensation ($\beta = 0.318$, $p < 0.001$), career path ($\beta = 0.301$, $p < 0.001$), and organizational culture ($\beta = 0.362$, $p < 0.001$) each exerted significant positive effects on millennial loyalty, with the three predictors jointly explaining 63.1% of loyalty variance ($R^2 = 0.631$). Organizational culture emerged as the dominant predictor, reflecting the primacy of cultural fit in millennial organizational attachment.

Theoretically, this study contributes by integrating Social Exchange Theory, Career Development Theory, and P-O Fit Theory into a unified explanatory model for millennial loyalty in the F&B industry providing multi-theoretical evidence from an underrepresented regional Indonesian context. The finding that organizational culture consistently outweighs material rewards advances generational HRM theory by establishing that, even in cost-sensitive industrial settings, value congruence outweighs transactional considerations for millennial employees. The descriptive finding that career path is both the most influential under-delivered antecedent identifies it as the highest-leverage intervention opportunity for F&B firms in secondary industrial regencies. Future research should investigate the mediating role of organizational commitment between these antecedents and loyalty, explore interaction effects between the three predictors, and assess generalizability to other regencies across Central Java and other developing-country F&B contexts.

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