

The Role Of Job Satisfaction As A Mediation Variable In The Effect Of Psychological Capital And Person–Organization Fit On Work Engagement Of Generation Z Employees In The Footwear Retail Industry

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Abstract

Keywords:

Job Satisfaction, Psychological Capital, Person–Organization Fit, Work Engagement, Generation Z

purpose: *This study analyzes the role of job satisfaction as a mediator in the effect of psychological capital and person–organization fit on work engagement among Generation Z employees in the footwear retail industry. **Methods:** This research employed a quantitative approach using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 3.0. Data were collected through structured questionnaires distributed to 103 Generation Z employees of an Indonesian footwear retail company, selected via purposive sampling. **Results:** Psychological capital and person–organization fit significantly predict job satisfaction, with person–organization fit as the strongest predictor. Job satisfaction significantly predicts work engagement. Psychological capital does not directly affect work engagement, while person–organization fit does. Job satisfaction fully mediates the psychological capital–engagement relationship and partially mediates the person–organization fit–engagement relationship. **Implications:** Person–organization fit emerges as the dominant predictor and job satisfaction as the critical psychological bridge through which internal and contextual resources convert into engagement. Footwear retail managers should prioritize cultural and value alignment in recruitment and retention, while developing psychological capital through coaching and training to indirectly enhance engagement via improved satisfaction.*

INTRODUCTION

The Indonesian footwear retail industry is one of the sectors experiencing dynamic and competitive growth. According to a 2024 report by the IMARC Group, the Indonesian footwear market is estimated to reach USD 3.02 billion in 2024 and is projected to increase to USD 4.59 billion by 2033, with a Compound Annual Growth Rate (CAGR) of around 4.26%. This growth demonstrates significant potential for businesses in this sector.

However, amidst this growth potential, the footwear retail industry also faces increasing competitive pressure. Data from MarketLine (2024) indicates that over the past five years (2018–2023), the Indonesian footwear retail market has experienced a negative compound annual growth rate (CAGR) of 4.7%, reflecting significant changes in consumer shopping behavior. Competition is exacerbated by the entry of global brands such as Fipper and Havaianas, which boast advantages in product innovation and extensive distribution networks.

In the context of increasingly complex business competition, the success of a footwear retail company depends not only on the strength of its brand and marketing strategy, but also on the quality of its human resources. One critical aspect of HR quality is the extent to which

employees are actively, emotionally, and cognitively involved in their work, known as work engagement. Schaufeli & Bakker (2010) define work engagement as a positive and enthusiastic state of work characterized by vigor (high enthusiasm and energy), dedication (enthusiasm and pride in one's work), and absorption (full involvement in one's work).

The phenomenon of low work engagement is a real challenge for the retail industry. Gallup (2023) shows that globally, only around 23% of employees are truly engaged in their work. This condition directly impacts productivity, loyalty, and overall organizational performance. The footwear retail industry, with its high work pressure, long hours, and relatively high employee turnover, is particularly vulnerable to the problem of low work engagement.

Currently, the majority of the workforce entering the retail sector is dominated by Generation Z, namely individuals born between 1997–2012. According to A'yun (2025) Generation Z contributes more than 27% of the total workforce in Indonesia. Generation Z is known as digital natives who grew up with technology, are adaptive to change, but are also more pragmatic and tend to have low loyalty to companies that do not meet their expectations (Schroth, 2019). These characteristics make understanding the factors that drive work engagement in Generation Z very important for the operational sustainability of footwear retail companies.

One key factor influencing work engagement is job satisfaction. Locke (1976) defined job satisfaction as a positive emotional state arising from a person's assessment of their work. Hakanen et al. (2006) found that job satisfaction plays a crucial role in enhancing work engagement by increasing motivation and positive affect toward work. Within the framework of the Job Demands-Resources (JD-R) Model (Bakker & Demerouti, 2007), job satisfaction is a form of job resource that serves as a source of motivational energy to strengthen work engagement.

On the other hand, job satisfaction itself is influenced by various factors, both internal and external. Two relevant factors in the context of this research are psychological capital and person–organization fit. Psychological capital (PsyCap) is a positive psychological state consisting of four main dimensions: hope, efficacy, resilience, and optimism (Luthans et al., 2007). Meanwhile, person–organization fit refers to the alignment between an individual's values, goals, and work methods with the values and culture of the organization (Kristof-Brown, 2005).

This study aims to analyze the role of job satisfaction as a mediating variable in the influence of psychological capital and person–organization fit on the work engagement of Generation Z employees in the footwear retail industry. Focusing on Generation Z employees in this industry is relevant given the unique characteristics of this generation and the specific challenges faced by the footwear retail sector in maintaining employee work engagement.

Literature Review

Work Engagement

Work engagement is a positive, work-related mental state characterized by three main dimensions: vigor, dedication, and absorption (Schaufeli & Bakker, 2010). Vigor reflects high levels of energy and mental resilience while working, a willingness to invest in one's work, and persistence even in the face of adversity. Dedication is characterized by feelings of meaning, enthusiasm, pride, and inspiration toward one's work. Absorption, on the other hand, is characterized by complete concentration and deep engrossment in one's work, making time seem to pass quickly.

In the context of the JD-R Model (Bakker & Demerouti, 2007), work engagement is

formed when employees have adequate resources (job resources and personal resources) to meet job demands. Engaged employees not only demonstrate optimal performance but are also committed to making their best contribution to the organization.

Job Satisfaction

Job satisfaction is a person's positive or negative evaluation of their work (Locke, 1976). Herzberg (1959), through his Two-Factor Theory, distinguished between motivating factors (intrinsic) such as recognition, responsibility, and achievement, and hygiene factors (extrinsic) such as salary, working conditions, and company policies. Deep and sustained satisfaction often stems from a job's alignment with an employee's values, interests, and psychological needs (Robbins & Judge, 2017).

Psychological Capital

Psychological capital (PsyCap) is a positive psychological state that develops in individuals and consists of four components: (1) hope—the ability to find a path to goals and motivate oneself; (2) efficacy—confidence in one's ability to complete tasks; (3) resilience—the ability to recover from difficulties; and (4) optimism—positive attributions toward success in the present and future (Luthans et al., 2007). PsyCap increases job satisfaction because employees with high hope and optimism feel their work has meaning and are confident that they can achieve their goals even when facing obstacles.

Person–Organization Fit

Person–organization fit (POF) refers to the compatibility or alignment between an individual and an organization, particularly in terms of values, goals, and characteristics (Kristof, 1996). This fit creates a sense of well-being, psychological attachment, and positive evaluations of the work environment. Kristof-Brown et al. (2005) found that person–organization fit is positively related to job satisfaction and work engagement. Employees who perceive their personal values as aligned with those of the organization tend to enjoy their work environment more and exhibit higher levels of engagement.

Relationship between variables and hypotheses

Based on theoretical and empirical studies, the hypothesis of this research is:

H1: Psychological capital has a positive and significant effect on job satisfaction of Generation Z employees in the footwear retail industry.

H2: Person–organization fit has a positive and significant effect on job satisfaction of Generation Z employees in the footwear retail industry.

H3: Job satisfaction has a positive and significant effect on the work engagement of Generation Z employees in the footwear retail industry.

H4: Psychological capital has a positive and significant effect on the work engagement of Generation Z employees in the footwear retail industry.

H5: Person–organization fit has a positive and significant effect on the work engagement of Generation Z employees in the footwear retail industry.

H6: Job satisfaction mediates the influence of psychological capital on the work engagement of Generation Z employees in the footwear retail industry.

H7: Job satisfaction mediates the influence of person–organization fit on work engagement of Generation Z employees in the footwear retail industry.

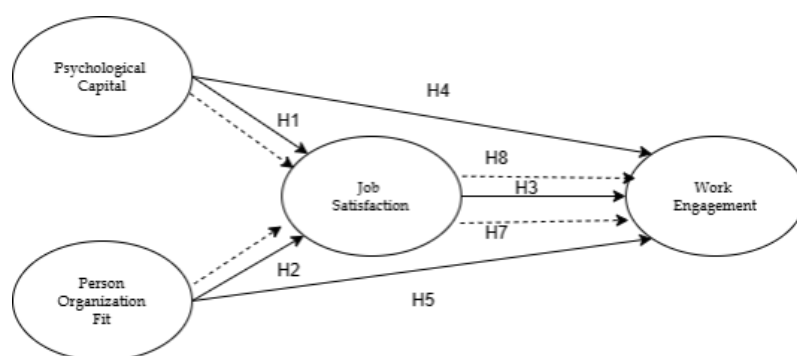


Figure 1. Research framework

Source: from various research compilations, 2025

METHODS

This study employed a quantitative approach with a causal-explanatory research design. The study population comprised Generation Z employees (aged 18–29 years with a minimum of 6 months of service) working in a footwear retail company. The sampling technique used purposive sampling, considering the representation of work positions (store crew, admin, and back office). A total of 103 respondents participated in this study.

Data were collected through a structured questionnaire measured using a five-point Likert scale (1 = strongly disagree to 5 = strongly agree). Psychological capital variables were measured using an adaptation of an instrument from Luthans et al. (2007) that includes four dimensions: hope, self-efficacy, resilience, and optimism. Person-organization fit variables were measured using the Kristof-Brown et al. (2005) instrument that includes value compatibility, characteristics, work environment, and job stability. Job satisfaction variables were measured using an instrument from Locke (1976) that covers working conditions, work relationships, organizational policies, and development opportunities. Work engagement variables were measured using an adaptation of the UWES (Utrecht Work Engagement Scale) from Schaufeli and Bakker (2010) that includes vigor, dedication, and absorption.

Data analysis was conducted using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 3.0 software. The analysis stages include: (1) evaluation of the measurement model (outer model) through convergent validity, discriminant validity, and reliability tests; (2) evaluation of the structural model (inner model) through R^2 , F^2 , and Goodness of Fit (GoF) tests; and (3) hypothesis testing through bootstrapping procedures to test direct and indirect effects.

RESULTS AND DISCUSSION

Respondent Characteristics

Based on age, the majority of respondents were in the age range of 21–24 years (48.5%) and 25–29 years (43.7%), while those aged ≤ 20 years were 7.8%. In terms of gender, 92.2% of respondents were female and 7.8% were male, reflecting the dominance of female workers in

frontline positions in the footwear retail sector. The education level was dominated by MA/SMA/SMK graduates at 61.2%, followed by Bachelor's (S1) at 30.1%, and Diploma at 8.7%. Based on length of service, the majority of respondents had a work period of 1–2 years (54.4%), followed by 6 months–1 year (24.3%), and more than 2 years (21.4%). In terms of work position, 71.8% of respondents were store crew (SPG/B), while 28.2% were admin/staff/back office.

Descriptive Analysis of Variables

The results of the descriptive analysis show that all research variables are in the high category. The psychological capital variable obtained a mean value of 4.12, with the resilience dimension as the highest aspect (mean = 4.24). The person-organization fit variable obtained a mean value of 4.24, with the supportive work environment dimension as the highest aspect (mean = 4.32). The job satisfaction variable obtained a mean value of 4.18, with the aspects of work relationships and opportunities for development as prominent dimensions. The work engagement variable obtained a mean value of 4.16, reflecting a fairly good level of work engagement among Generation Z employees in the footwear retail industry.

Evaluation of Measurement Model

The measurement model evaluation results show that all indicators have loading factor values above 0.70, thus meeting the convergent validity criteria. The discriminant validity test shows that the square root of the AVE value for each construct is greater than the correlation value between constructs, indicating that each construct has a clear difference from the other constructs. The reliability test results show that all constructs have Cronbach's Alpha and Composite Reliability values above 0.70, with details as presented in Table 1.

Table 1. Reliability Test Results

Variables	Cronbach's Alpha	Composite Reliability
Job Satisfaction (JS)	0.882	0.909
Person Organization Fit (POF)	0.858	0.894
Psychological Capital (PC)	0.786	0.848
Work Engagement (WE)	0.900	0.923

Source: SmartPLS 3.0

Figure 2 below complements the measurement model evaluation by presenting the SmartPLS output of the research model. The figure illustrates the outer loading values of each indicator as evidence of convergent validity, as well as the structural relationships among latent variables through path coefficients and R^2 values. Thus, the figure provides a comprehensive overview of both the measurement model quality and the structural model performance in this study.

All indicators showed outer loading values greater than 0.70, and the Average Variance Extracted (AVE) for all variables exceeded 0.50, confirming convergent validity. Reliability tests showed that all constructs had high Cronbach's Alpha and Composite Reliability values (>0.70).

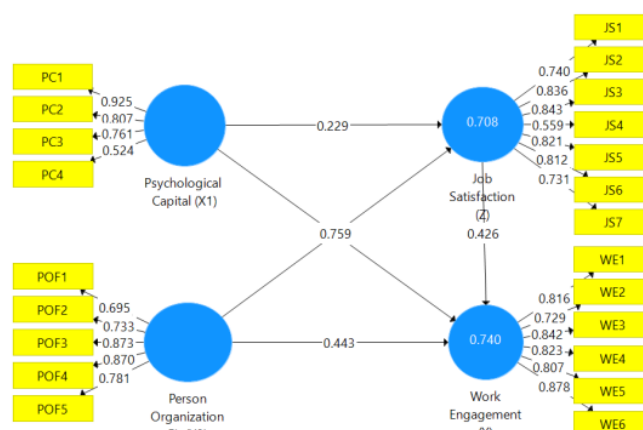


Figure 2. Research Model
Source: output PLS-SEM 3.0

Structural Model Evaluation

Measurement model evaluation was conducted to assess the quality of the research instrument and ensure that the indicators used were valid and reliable in measuring each latent construct. This evaluation includes tests of convergent validity, discriminant validity, and reliability to confirm that the measurement model meets the required standards before proceeding to structural model analysis. The results of the measurement model evaluation are presented in the Table 2.

Table 2. R-Square Measurement Results

Variables	R-Square	R-Square Adjusted
Job Satisfaction	0.708	0.702
Work Engagement	0.740	0.732

Source: SmartPLS 3.0

The R² value for job satisfaction of 0.708 indicates that psychological capital and person–organization fit can explain 70.8% of the variation in employee job satisfaction. Meanwhile, the R² value for work engagement of 0.740 indicates that the three variables (psychological capital, person–organization fit, and job satisfaction) simultaneously explain 74% of the variation in work engagement. The GoF value of 0.669 indicates that the structural model has a good level of fit (above the minimum value of 0.36 for the large category).

Hypothesis Testing – Direct Effect

The direct effect test was conducted using a bootstrapping procedure with the criteria of t-statistics > 1.96 and p-value < 0.05. The test results are presented in Table 3.

Table 3. Results of the Direct & Indirect Effect Test

Connection	Original Sample	t-Statistics	p-Value	Information
PC → JS	0.229	3.890	0.000	H1 Accepted
POF → JS	0.759	16.929	0.000	H2 Accepted
JS → WE	0.426	3.670	0.000	H3 Accepted
PC → WE	0.088	1.318	0.188	H4 Rejected
POF → WE	0.443	4.253	0.000	H5 Accepted
PC → JS → WE	0.097	2.661	0.008	H6 Accepted
POF → JS → WE	0.323	3.455	0.001	H7 Accepted

Source: SmartPLS 3.0

DISCUSSION

The Influence of Psychological Capital on Job Satisfaction (H1)

The results of the study prove that psychological capital has a positive and significant effect on job satisfaction of Generation Z employees in the footwear retail industry ($\beta = 0.229$; $t = 3.890$; $p = 0.000$). Although the effect size is moderate compared to person–organization fit, this result confirms the foundational premise of Positive Organizational Behavior theory (Luthans et al., 2007), which posits that individuals with high PsyCap—characterized by hope, efficacy, resilience, and optimism—tend to evaluate their work environment more positively and sustain higher levels of job satisfaction. This finding aligns with Avey et al. (2011), whose meta-analysis across multiple industries demonstrated a consistent positive relationship between PsyCap and job satisfaction, particularly in high-demand service environments. More recently, Loghman et al. (2023), in the most comprehensive meta-analysis of the PsyCap nomological network to date—synthesizing 244 studies conducted between 2007 and 2020—confirmed that PsyCap maintains a robust and consistent positive association with job satisfaction across diverse industrial and cultural contexts, further solidifying the theoretical premise underlying this finding. In the context of the footwear retail industry, characterized by daily sales targets and intensive customer interactions, employees with well-developed psychological capital are better equipped to reframe setbacks, maintain constructive work attitudes, and sustain satisfaction even under pressure. The resilience dimension emerged as the most dominant aspect of PsyCap (mean = 4.24), suggesting that the ability to recover from work difficulties is the psychological resource most actively drawn upon by frontline employees in this sector. It is also noteworthy that the effect of PsyCap on job satisfaction ($\beta = 0.229$) is considerably smaller than that of person–organization fit ($\beta = 0.759$), indicating that while internal psychological resources contribute to satisfaction, they play a secondary role relative to value congruence in this generational and industry context. More recent evidence from Sen et al. (2024), surveying 300 employees across Indian life insurance and telecom organizations, further reinforces this conclusion by confirming that PsyCap maintains a robust positive association with job satisfaction while simultaneously buffering against work stress and job insecurity—a pattern that aligns closely with the present study’s identification of resilience as the most dominant PsyCap dimension among Generation Z retail workers operating under high-pressure service conditions.

The Influence of Person–Organization Fit on Job Satisfaction (H2)

Person–organization fit was shown to have a positive and highly significant effect on job satisfaction ($\beta = 0.759$; $t = 16.929$; $p = 0.000$), with a very large effect size ($f^2 = 1.865$), making it the strongest predictor in the entire structural model. This result is consistent with the meta-analytic findings of Kristof-Brown et al. (2005), who demonstrated across 172 studies that value congruence between individuals and organizations is the most robust antecedent of job satisfaction. The extraordinarily large effect size observed here exceeds typical benchmarks ($f^2 > 0.35$ indicates a large effect; Cohen, 1988), which may reflect the unique sensitivity of Generation Z employees to organizational culture alignment. As Francis and Hoefel (2018) noted, Generation Z places authenticity and value alignment at the center of their employment decisions; when these needs are met, satisfaction responses are particularly pronounced. This finding further aligns with Peng et al. (2014), who reported that employees whose personal needs were fulfilled by their organization demonstrated substantially higher satisfaction levels, especially in service-oriented industries. In the footwear retail context, the supportive work environment dimension recorded the highest mean among all person–organization fit aspects (mean = 4.32), suggesting

that employees particularly value a collaborative and supportive organizational climate—conditions that Generation Z associates with meaningful work (Schroth, 2019). Tang et al. (2021), examining employees in high-tech industries, further corroborated that person–organization fit is a decisive factor in elevating job satisfaction and organizational commitment, with effects that generalize across industries and national settings. Taken together, these results underscore that ensuring cultural and value alignment is not merely beneficial but operationally critical for sustaining job satisfaction among Generation Z frontline employees in competitive retail environments. Recent empirical evidence from Zang and Chen (2022), surveying 637 Chinese kindergarten teachers, similarly demonstrated that person–organization fit is positively correlated with job satisfaction and operates as a foundational antecedent of employees’ affective evaluations of their work environment, lending additional cross-cultural support to the strength of the POF–satisfaction linkage observed in the present retail sample.

The Influence of Job Satisfaction on Work Engagement (H3)

Job satisfaction has been shown to have a positive and significant effect on work engagement ($\beta = 0.426$; $t = 3.670$; $p = 0.000$). This finding is grounded in the Job Demands–Resources (JD-R) Model (Bakker & Demerouti, 2007), which conceptualizes job satisfaction as a critical job resource that generates motivational energy and strengthens employee engagement. From this theoretical perspective, satisfied employees allocate greater psychological energy toward their work roles, manifesting as higher vigor, dedication, and absorption—the three core dimensions of work engagement (Schaufeli & Bakker, 2010). The present result is consistent with Hakanen et al. (2006), who found among Finnish teachers that job satisfaction was a significant predictor of work engagement, even after controlling for job demands and burnout. Saks (2006) corroborated this relationship using Social Exchange Theory, arguing that satisfied employees reciprocate positive organizational experiences with heightened psychological involvement in their work. Harter et al. (2002), in a large-scale study spanning more than 7,900 business units across 36 companies, further demonstrated that employee satisfaction maintained a robust empirical association with engagement and business performance outcomes, lending additional cross-industry credibility to the present finding. In the context of footwear retail, satisfaction with career development opportunities and interpersonal work relationships emerged as the most prominent dimensions driving engagement—aspects that Generation Z employees weigh heavily when evaluating their commitment to an organization (Seemiller & Grace, 2018). Alarcon and Edwards (2011) reinforced this pattern in a public-sector study, finding that satisfaction derived from task variety, collegial support, and perceived growth opportunities was especially predictive of subsequent engagement levels. Crucially for the present study, Achmad et al. (2023) demonstrated specifically among Generation Z workers that job satisfaction functions as a significant mediator between organizational development initiatives and work engagement, confirming that for this cohort, satisfaction is not merely a by-product of engagement but a necessary psychological bridge through which organizational inputs are converted into active work involvement. This nuance is theoretically important: it suggests that not all dimensions of job satisfaction contribute equally to engagement, and that organizations targeting Generation Z retention should prioritize intrinsic satisfaction factors over extrinsic ones to maximize engagement outcomes. Recent evidence from Zang and Feng (2023), in a study of 611 Chinese kindergarten teachers, similarly confirms that job satisfaction maintains a robust positive relationship with work engagement, with vocational delay of gratification partially mediating this association—reinforcing the present finding that satisfied employees translate their positive job

evaluations into observable engagement behaviors across diverse industrial and cultural contexts.

The Influence of Psychological Capital on Work Engagement (H4)

The results of the study indicate that psychological capital does not have a significant direct effect on work engagement ($\beta = 0.088$; $t = 1.318$; $p = 0.188$), so H4 is rejected. The non-significance of the direct path does not imply that PsyCap is irrelevant to engagement; rather, it suggests that for Generation Z employees in the footwear retail sector, the influence of psychological capital on engagement operates primarily through an indirect pathway. Biswal et al. (2023) demonstrated that the PsyCap–work engagement relationship is significantly strengthened when employees report high-quality social relationships at work, implying that the absence of such relational resources in frontline retail environments may suppress the direct PsyCap–engagement pathway observed in other contexts. In the footwear retail environment, where employees operate under shift-based structures with external performance metrics, the degree to which internal psychological states alone translate into active engagement may be constrained by the operational and relational dynamics of the work context. Moreover, Generation Z employees tend to evaluate their engagement states based on experiential cues—satisfaction with day-to-day interactions, recognition from supervisors, and visibility of career pathways—rather than relying predominantly on internal psychological states (Bakker & Demerouti, 2007; Schroth, 2019). This contextual dependency implies that PsyCap functions more as a psychological buffer—enabling employees to sustain their engagement during stressful periods—rather than as an autonomous driver of proactive engagement initiation. The rejection of H4, therefore, does not diminish the importance of PsyCap, but redirects its strategic significance toward its mediating role through job satisfaction, as confirmed by H6. This interpretation aligns with longitudinal evidence from Kuhlmann and Süß (2024), whose multi-wave analysis published in the *Journal of Occupational Health Psychology* demonstrated that PsyCap’s influence on work engagement operates as part of reciprocal gain cycles dependent on the availability of job resources and contextual supports, rather than as an autonomous or context-free driver of engagement initiation—a temporal finding that helps explain why a cross-sectional, low-resource retail context may fail to detect a significant direct effect.

The Effect of Person–Organization Fit on Work Engagement (H5)

Person–organization fit has a positive and significant direct effect on work engagement ($\beta = 0.443$; $t = 4.253$; $p = 0.000$). This result stands in notable contrast to the non-significant direct effect of psychological capital (H4), and the divergence illuminates an important distinction between internal psychological resources and contextual value alignment as drivers of engagement among Generation Z employees. The mechanism is consistent with Kristof-Brown et al. (2005), who argued that value congruence fosters a psychological sense of organizational identification that sustains behavioral engagement independent of immediate performance pressures. The relational nature of person–organization fit makes it particularly salient to Generation Z, a cohort that prioritizes organizational culture, transparent values, and environmental authenticity when assessing their psychological connection to an employer (Francis & Hoefel, 2018). Unlike psychological capital, which is an intra-individual state that may not be immediately visible in the daily work environment, person–organization fit is continuously enacted through observable organizational practices, colleague interactions, and managerial communications. This continuous visibility means that its effects on engagement can be experienced directly rather than mediated through attitudinal states. However, Kim and Hyun (2017) provided an important boundary condition: they found that in highly volatile

organizational environments, the direct relationship between person–organization fit and work engagement was weakened when structural support mechanisms were absent. The present sample, operating within a relatively stable retail chain with clear operational procedures and defined career pathways, may have provided the supportive structural context that amplifies the direct engagement-producing capacity of value congruence—a contextual factor that warrants consideration in future replications of this model across different organizational settings. Supporting this view, Keane et al. (2024), in an integrative literature review spanning empirical studies on person–environment fit and employee engagement, concluded that value congruence between employees and their organizations consistently predicts higher engagement levels across multiple cultural and industry contexts, lending broad cross-national credence to the significant H5 finding in the present Indonesian retail sample. This direct effect is further corroborated by Ashfaq and Hamid (2021), whose PLS-SEM study of 280 frontline private bank employees in Pakistan demonstrated that person–organization fit positively and significantly predicts work engagement directly—a service-sector finding that closely parallels the present retail context, where frontline employees similarly operate at the customer interface and where value congruence between employee and organization is continuously enacted through everyday work interactions.

The Mediating Role of Job Satisfaction (H6 and H7)

The results of the indirect effect test prove that job satisfaction fully mediates the influence of psychological capital on work engagement ($\beta = 0.097$; $t = 2.661$; $p = 0.008$), thus H6 is accepted. The pattern of full mediation—where the direct effect of PsyCap on work engagement is non-significant but the indirect effect through job satisfaction is significant—indicates that psychological capital exerts its influence on engagement exclusively through the satisfaction pathway. The full mediation pattern can be theoretically explained through the broaden-and-build framework (Fredrickson, 2001): positive psychological states (PsyCap) broaden employees’ cognitive and emotional repertoire, generating positive affective evaluations of their work situation (satisfaction), which in turn build the motivational energy required for sustained engagement. In practical terms, this means that for Generation Z retail employees, the pathway from psychological development to work engagement is not immediate or automatic; it is constructed through the subjective experience of workplace satisfaction that mediates and translates internal psychological resources into observable engagement behavior. Badran and Youssef-Morgan (2015), studying hotel employees in Egypt, further corroborated this mediation pattern, noting that organizations investing in PsyCap development programs were most effective at enhancing engagement when those programs were implemented alongside initiatives that improved employees’ day-to-day satisfaction with their work environment. Guo et al. (2022), in a study of Chinese special education teachers, similarly demonstrated that work engagement mediates the relationship between PsyCap and occupational well-being, with the dedication and absorption dimensions of engagement serving as the primary channels through which PsyCap produces downstream attitudinal benefits. This evidence reinforces the conclusion that PsyCap’s influence on distal outcomes such as engagement is consistently indirect, operating through affective and motivational intermediate states that must be actively cultivated in the work environment. Most directly relevant to the present finding, Zhang et al. (2023), in a comparative study of 690 Chinese nurses during the COVID-19 outbreak published in *Frontiers in Psychiatry*, demonstrated that job satisfaction significantly mediates the PsyCap–work engagement relationship, providing recent cross-sectoral evidence that satisfaction provides the necessary

affective bridge through which psychological capital translates into observable engagement. While Zhang et al. reported partial rather than full mediation, the structural pattern of indirect transmission converges with the present findings, with the difference in mediation strength likely reflecting contextual variation between high-skill healthcare environments and frontline retail settings.

On the other hand, job satisfaction was shown to partially mediate the effect of person–organization fit on work engagement ($\beta = 0.323$; $t = 3.455$; $p = 0.001$), thus H7 was accepted. The pattern of partial mediation indicates that person–organization fit influences work engagement through two distinct pathways: a direct relational pathway that operates independently of satisfaction, and an indirect pathway that runs through the affective evaluation of job satisfaction. This dual-pathway architecture distinguishes person–organization fit from psychological capital, which operates exclusively through the indirect route. This finding extends the earlier work of Kristof-Brown et al. (2005), who argued that the effects of person–organization fit on employee outcomes are multifaceted, operating simultaneously through cognitive identification (direct engagement) and affective evaluation (satisfaction-mediated engagement). The partial mediation finding has meaningful implications: it suggests that organizations cannot rely solely on creating a satisfying work environment to maximize the engagement benefits of cultural alignment. Rather, the direct engagement pathway requires that organizational values and cultural practices be actively visible and experienced in everyday work interactions, not merely reported as satisfying in attitude surveys. For Generation Z employees in the footwear retail sector, whose engagement is shaped by both experiential alignment with organizational culture and the affective quality of their daily work life, both pathways must be cultivated simultaneously to achieve optimal engagement outcomes. Saks (2006) reinforced this interpretation, noting that personal–organizational congruence creates a form of relational reciprocity that motivates employees to invest cognitively and emotionally in their work roles, independent of their momentary satisfaction level. Bhattarai and Budhathoki (2023), in a structural equation modeling study of 499 employees in Nepalese humanitarian non-profit organizations, similarly demonstrated that person–organization fit influences employee work outcomes through both a significant direct pathway and a significant indirect pathway operating through affective and motivational intermediate states, lending recent cross-sectoral support to the dual-pathway architecture observed in the present analysis and confirming that the partial mediation pattern is a generalizable feature of how value congruence operates on work engagement.

CONCLUSION

This study examined the role of job satisfaction as a mediating variable in the influence of psychological capital and person–organization fit on the work engagement of Generation Z employees in the footwear retail industry. The analysis using PLS-SEM with 103 respondents yielded several key findings. Psychological capital was confirmed to exert a positive and significant influence on job satisfaction, indicating that employees who possess well-developed internal psychological resources are more likely to perceive their work positively. Person–organization fit emerged as the strongest predictor in the model, demonstrating a highly dominant positive effect on both job satisfaction and work engagement, reflecting the critical importance of value congruence between employees and the organization. Job satisfaction was also confirmed to

positively and significantly influence work engagement, functioning as an important motivational resource in the retail work context.

Regarding the mediating pathways, job satisfaction was found to fully mediate the effect of psychological capital on work engagement, confirming that psychological capital influences engagement exclusively through the satisfaction route rather than directly. In contrast, job satisfaction only partially mediated the relationship between person–organization fit and work engagement, as person–organization fit retained a significant direct effect on engagement alongside its indirect effect through satisfaction. Psychological capital did not demonstrate a significant direct effect on work engagement, underscoring the central mediating role of satisfaction in that pathway. Taken together, these findings affirm that job satisfaction is a critical mechanism through which both internal psychological resources and contextual value alignment are translated into meaningful employee engagement in the footwear retail sector.

Overall, this study concludes that job satisfaction is a key factor in building work engagement among Generation Z employees in the footwear retail industry. Person–organization fit is the strongest predictor of both job satisfaction and work engagement, suggesting that footwear retail companies need to prioritize the alignment of organizational values and culture in their HR management strategies. Furthermore, strengthening psychological capital through coaching, training, and constructive feedback programs is needed to indirectly encourage work engagement through increased job satisfaction.

This study has several limitations. First, the sample was limited to Generation Z employees, so the results may not be generalizable to other generational groups. Second, the study was conducted in the footwear retail sector, requiring replication in other industries. Future research is recommended to consider additional variables such as leadership, organizational culture, or organizational support, which could broaden our understanding of the determinants of work engagement.

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