

The Impact of Green Marketing and Employee Well-being Training Programs on Employee Retention and Customer Satisfaction in Indonesia

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ABSTRACT

The growing emphasis on sustainability and employee development has encouraged organizations to adopt environmentally responsible marketing strategies and employee welfare initiatives to enhance organizational performance. This study examines the impact of Eco-Friendly Marketing and Employee Welfare Training Programs on Employee Retention and Customer Satisfaction in Indonesia. A quantitative research approach was employed using data collected from 175 respondents through a structured questionnaire measured on a five-point Likert scale. The data were analyzed using Structural Equation Modeling–Partial Least Squares (SEM-PLS 3). The results indicate that Eco-Friendly Marketing has a positive and significant effect on Employee Retention and Customer Satisfaction. Employee Welfare Training Programs also demonstrate positive and significant effects on Employee Retention and Customer Satisfaction. Furthermore, Employee Retention significantly influences Customer Satisfaction. The structural model explains 68.3% of the variance in Employee Retention and 78.1% of the variance in Customer Satisfaction, indicating strong predictive capability. The findings suggest that organizations implementing sustainable marketing practices alongside employee welfare development programs are more likely to retain employees and achieve higher levels of customer satisfaction. This study contributes to the literature on sustainability and human resource management by demonstrating the interconnected role of environmental responsibility and employee-focused initiatives in enhancing organizational performance within the Indonesian context.

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1. INTRODUCTION

In recent years, sustainability has become a strategic imperative for organizations seeking to maintain

competitiveness while responding to increasing environmental and social expectations. Growing awareness among consumers, investors, governments, and

communities has encouraged firms to adopt business practices that generate value not only for shareholders but also for wider stakeholders [1]. As a result, sustainability is no longer treated as a peripheral concern, but as an integral part of organizational strategy. Within this context, companies are increasingly integrating environmental responsibility into marketing activities while simultaneously strengthening employee-oriented initiatives, particularly through welfare and training programs [2], [3]. These two dimensions reflect a broader organizational effort to balance external market legitimacy with internal human capital development.

Eco-friendly marketing has emerged as one of the most visible strategies through which organizations communicate and operationalize their commitment to sustainability. It refers to marketing practices that emphasize environmental responsibility through sustainable products, environmentally friendly production processes, green packaging, waste reduction, and transparent communication of environmental commitments [4], [5]. The rise of environmentally conscious consumers has changed market dynamics, as customers increasingly prefer organizations that demonstrate credible and consistent concern for ecological sustainability. Firms that implement eco-friendly marketing effectively may benefit from stronger corporate reputation, higher customer trust, and improved customer relationships [4], [6]. Therefore, eco-friendly marketing should not be understood merely as a promotional instrument, but as a strategic mechanism for building long-term customer value, organizational legitimacy, and competitive advantage.

Customer satisfaction remains a fundamental indicator of organizational success, particularly in highly competitive and socially sensitive markets. Satisfied customers are more likely to repurchase, recommend products or services, and maintain long-term relationships with organizations. Prior studies indicate that customer satisfaction is shaped by multiple

factors, including service quality, product quality, perceived value, corporate image, and ethical business conduct [7], [8]. In this regard, eco-friendly marketing may enhance customer satisfaction by strengthening customers' perceptions of corporate responsibility and environmental commitment. When consumers perceive that a company actively contributes to environmental protection, they are more likely to develop favorable attitudes toward the company and experience greater satisfaction with its products, services, and brand values [9], [10].

In addition to environmental initiatives, organizations increasingly recognize the importance of employee welfare as a key driver of sustainable organizational performance. Human resources represent a central organizational asset, and employee competence, well-being, and commitment significantly influence organizational effectiveness [11], [12]. Employee welfare training programs are designed to improve employees' competencies, workplace safety awareness, professional development, psychological well-being, and overall quality of work life. These programs are not limited to skill enhancement; they also signal organizational support and concern for employees' long-term growth [13], [14]. Consequently, employee welfare training may foster stronger employee engagement, motivation, and commitment, which are essential for reducing turnover and sustaining organizational performance.

Employee retention has become a critical managerial concern because high turnover can generate substantial costs, including recruitment expenses, training costs, productivity losses, and operational disruptions [15], [16]. Frequent employee turnover may also reduce service consistency and weaken customer relationships, especially in organizations where employees interact directly with customers. Welfare training programs can contribute to employee retention by demonstrating that the organization values employee development and well-being. Employees who perceive that their organization invests in their growth are

more likely to feel satisfied, committed, and willing to remain with the organization [17], [18]. Furthermore, retained employees typically possess deeper organizational knowledge, stronger service capabilities, and a better understanding of customer needs, which may ultimately contribute to higher customer satisfaction.

Although previous studies have examined eco-friendly marketing, employee welfare programs, employee retention, and customer satisfaction, most have tended to investigate these variables separately. Limited empirical attention has been given to the simultaneous influence of eco-friendly marketing and employee welfare training programs on both employee retention and customer satisfaction, particularly in developing economies such as Indonesia. This context is important because Indonesian consumers are becoming increasingly aware of environmental issues, while employees are placing greater emphasis on welfare, career development, and organizational support. Based on this research gap, this study aims to examine the impact of eco-friendly marketing and employee welfare training programs on employee retention and customer satisfaction in Indonesia. Specifically, it investigates the direct effects of eco-friendly marketing and employee welfare training programs on employee retention and customer satisfaction, as well as the effect of employee retention on customer satisfaction. The findings are expected to contribute to the literature on sustainable marketing and human resource management while offering practical insights for organizations seeking sustainable competitive advantage in an increasingly dynamic business environment.

2. LITERATURE REVIEW

2.1 Stakeholder Theory

Stakeholder Theory, introduced by R. Edward Freeman, explains that organizational success is not only determined by shareholder value, but also by the organization's ability to meet the

expectations of various stakeholders, including customers, employees, investors, governments, and communities. In this context, eco-friendly marketing reflects the organization's response to external stakeholders through environmental responsibility, while employee welfare training programs represent commitment to internal stakeholders by improving employee well-being, skills, and professional development [19], [20]. Both initiatives can strengthen stakeholder relationships, improve employee retention, and enhance customer satisfaction, making Stakeholder Theory a relevant foundation for examining the relationship between eco-friendly marketing, employee welfare training programs, employee retention, and customer satisfaction.

2.2 Eco-Friendly Marketing

Eco-friendly marketing, commonly known as green marketing, refers to organizational efforts to promote products, services, and business practices that minimize environmental impact through sustainable production processes, environmentally friendly materials, green packaging, waste reduction initiatives, and transparent environmental communication [5], [21]. As environmental awareness continues to grow, eco-friendly marketing has become an important strategy for enhancing corporate reputation, strengthening customer trust, and creating competitive advantage. Previous studies indicate that consumers increasingly favor organizations that demonstrate genuine

environmental responsibility, leading to higher levels of customer satisfaction and loyalty [21], [22]. The key indicators of eco-friendly marketing include environmental responsibility in business operations, the use of environmentally friendly products and materials, sustainable packaging practices, green promotional and communication strategies, and commitment to environmental conservation and waste reduction.

2.3 Employee Welfare Training Programs

Employee welfare training programs are structured organizational initiatives aimed at enhancing employee well-being, professional competencies, workplace safety, health awareness, and overall quality of work life. Beyond technical skill development, these programs address employees' physical, psychological, and social needs, reflecting organizational support and commitment to employee growth [23], [24]. Previous studies suggest that employees who perceive strong organizational support are more likely to develop trust, commitment, and positive attitudes toward their organizations, which can reduce turnover intentions and improve long-term retention. The key indicators of employee welfare training programs include the availability of employee development programs, workplace health and safety training, work-life balance support initiatives, career development opportunities, and organizational support for employee well-being [23], [25].

2.4 Employee Retention

Employee retention refers to an organization's ability to retain employees and reduce voluntary turnover over time. It is a critical organizational outcome because high turnover can increase recruitment, training, and productivity costs while disrupting operational effectiveness and service quality. Previous studies indicate that employee retention is influenced by factors such as job satisfaction, organizational commitment, career development opportunities, leadership quality, compensation, and employee welfare initiatives [15], [16]. Organizations that invest in employee development and well-being tend to achieve higher retention rates, contributing to workforce stability, knowledge preservation, and consistent service delivery [18], [26]. The key indicators of employee retention include intention to remain with the organization, organizational commitment, job satisfaction, employee loyalty, and reduced turnover intention.

2.5 Customer Satisfaction

Customer satisfaction refers to the extent to which customers perceive that products or services meet or exceed their expectations. As a key indicator of organizational performance, customer satisfaction is associated with repeat purchases, positive word-of-mouth, and long-term customer relationships. According to Expectation-Confirmation Theory, satisfaction emerges when actual experiences match

or surpass prior expectations [7], [8]. In contemporary business environments, customer satisfaction is influenced not only by product and service quality but also by corporate reputation, ethical behavior, environmental responsibility, and social commitment. Therefore, organizations that implement eco-friendly marketing strategies and maintain a stable, motivated workforce are more likely to achieve higher levels of customer satisfaction [10], [27]. The key indicators of customer satisfaction include satisfaction with products or services, fulfillment of customer expectations, perceived value received, intention to repurchase, and willingness to recommend the organization.

2.6 Conceptual Framework

Eco-friendly marketing may enhance employee retention by fostering organizational pride and strengthening employees' identification with socially and environmentally responsible organizations, while also improving customer satisfaction through increased perceptions of corporate responsibility, environmental commitment, and product value. Similarly, employee welfare training programs can increase employee retention by supporting professional development, skill enhancement, and organizational commitment, while simultaneously improving customer satisfaction through better employee performance, motivation, and service quality. Furthermore, employee retention contributes to stronger customer satisfaction by promoting service consistency,

preserving organizational knowledge, and enabling employees to develop deeper understanding of customer needs, ultimately resulting in superior customer experiences.

H1: Eco-Friendly Marketing has a positive and significant effect on Employee Retention.

H2: Eco-Friendly Marketing has a positive and significant effect on Customer Satisfaction.

H3: Employee Welfare Training Programs have a positive and significant effect on Employee Retention.

H4: Employee Welfare Training Programs have a positive and significant effect on Customer Satisfaction.

H5: Employee Retention has a positive and significant effect on Customer Satisfaction.

3. METHODS

3.1 Research Design

This study employed a quantitative, cross-sectional survey design to examine the relationships among Eco-Friendly Marketing (EFM), Employee Welfare Training Programs (EWTP), Employee Retention (ER), and Customer Satisfaction (CS) in Indonesia. Data were collected through a structured questionnaire and analyzed using Structural Equation Modeling–Partial Least Squares (SEM-PLS 3). The conceptual model consists of EFM and EWTP as exogenous variables, ER as a mediating variable, and CS as the endogenous dependent variable.

3.2 Population and Sample

The population of this study consisted of employees and customers of organizations in Indonesia that have implemented eco-friendly marketing practices and employee welfare development programs. Due to the unknown population size, purposive sampling was employed, with respondents required to be at least 18 years old, employees having a minimum of one year

of work experience in their current organization, customers having purchased products or services within the previous six months, and all respondents possessing adequate knowledge of the organization's environmental and employee welfare initiatives. A total of 175 valid responses were collected and analyzed, which is considered sufficient for Structural Equation Modeling–Partial Least Squares (SEM-PLS) analysis.

3.3 Data Collection Procedure

Primary data were collected through a structured questionnaire distributed both online and offline. Prior to the main survey, a pilot test was conducted to assess the clarity, relevance, and comprehensibility of the questionnaire items, and the resulting feedback was incorporated into the final instrument. Respondents were informed of the study's objectives, participation was voluntary, and confidentiality and anonymity were assured throughout the research process. All completed questionnaires were subsequently screened for completeness and consistency before inclusion in the final dataset.

3.4 Measurement of Variables

The research instrument consisted of four latent constructs—Eco-Friendly Marketing (EFM), Employee Welfare Training Programs (EWTP), Employee Retention (ER), and Customer Satisfaction (CS)—measured using multiple indicators adapted from previous studies and adjusted to the Indonesian business context. All responses were assessed using a five-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). Eco-Friendly Marketing was measured through five indicators related to environmentally friendly products, sustainable packaging, environmental communication, conservation support, and commitment to reducing environmental impacts. Employee Welfare Training Programs were measured through employee

development training, health and safety programs, work-life balance support, career development opportunities, and employee well-being initiatives. Employee Retention was assessed through intention to remain, organizational commitment, job satisfaction, loyalty, and low turnover intention. Customer Satisfaction was measured through satisfaction with products or services, fulfillment of expectations, perceived value, repurchase intention, and willingness to recommend the organization to others.

3.5 Data Analysis Technique

Data were analyzed using Structural Equation Modeling–Partial Least Squares (SEM-PLS 3), which is suitable for examining complex relationships among latent variables and does not require strict normality assumptions. The analysis consisted of measurement model (outer model) and structural model (inner model) evaluations. The outer model assessment included convergent validity using outer loadings (≥ 0.70) and Average Variance Extracted ($AVE \geq 0.50$), discriminant validity using the Fornell-Larcker criterion and cross-loadings, and reliability testing using Cronbach's Alpha and Composite Reliability (≥ 0.70). The inner model assessment examined the coefficient of determination (R^2), predictive relevance ($Q^2 > 0$), effect size (f^2), and model fit indices including SRMR (< 0.10), NFI, d_ULS , and d_G . Hypothesis testing was conducted through a bootstrapping procedure with 5,000 resamples, and hypotheses were accepted when the T-statistic exceeded 1.96 and the P-value was below 0.05.

4. RESULTS AND DISCUSSION

4.1 Respondent Profile

A total of 175 valid questionnaires were collected and analyzed. The demographic characteristics of respondents are presented in Table 1.

Table 1. Respondent Demographic Characteristics

Characteristics	Category	Frequency	Percentage (%)
Gender	Male	92	52.6

	Female	83	47.4
Age	18–25 years	38	21.7
	26–35 years	72	41.1
	36–45 years	44	25.1
	>45 years	21	12.0
Education	High School	35	20.0
	Diploma	28	16.0
	Bachelor's Degree	84	48.0
	Postgraduate	28	16.0
Employment Period	1–3 Years	57	32.6
	4–6 Years	63	36.0
	>6 Years	55	31.4

Table 1 presents the demographic profile of the 175 respondents included in this study. The sample consisted of 92 male respondents (52.6%) and 83 female respondents (47.4%). In terms of age, the majority were between 26 and 35 years old (41.1%), followed by 36–45 years (25.1%), 18–25 years (21.7%), and above 45 years (12.0%). Regarding educational background, most respondents held a bachelor's degree (48.0%), while 20.0% had completed high school, and 16.0% each held diploma and postgraduate qualifications. Based on employment period, 36.0% of respondents had worked for 4–6

years, 32.6% for 1–3 years, and 31.4% for more than 6 years, indicating that the sample was dominated by individuals with substantial work experience and educational qualifications relevant to the study context.

4.2 Measurement Model Assessment (Outer Model)

4.2.1 Convergent Validity

Convergent validity was assessed through outer loadings and Average Variance Extracted (AVE). All indicators exceeded the recommended threshold of 0.70.

Table 2. Outer Loading Values

Construct	Indicator	Loading
Eco-Friendly Marketing	EFM1	0.816
	EFM2	0.842
	EFM3	0.873
	EFM4	0.851
	EFM5	0.827
Employee Welfare Training Programs	EWTP1	0.842
	EWTP2	0.874
	EWTP3	0.835
	EWTP4	0.856
	EWTP5	0.868
Employee Retention	ER1	0.878
	ER2	0.852
	ER3	0.861
	ER4	0.832
	ER5	0.847
Customer Satisfaction	CS1	0.824
	CS2	0.851
	CS3	0.863
	CS4	0.842
	CS5	0.817

Table 2 presents the outer loading values for all measurement indicators. The results show that all indicators exceeded the recommended threshold of 0.70, with loadings ranging from 0.816 to 0.873 for Eco-Friendly Marketing, 0.835 to 0.874 for Employee Welfare Training Programs, 0.832 to 0.878 for Employee Retention, and 0.817 to 0.863 for Customer Satisfaction. These

findings indicate that each indicator demonstrates strong convergent validity and adequately represents its respective construct. Therefore, all measurement items were retained for further analysis, confirming that the indicators reliably measure the latent variables included in the research model.

4.2.2 Reliability and AVE

Table 3. Reliability and Validity Statistics

Construct	Cronbach's Alpha	Composite Reliability	AVE
Eco-Friendly Marketing	0.891	0.920	0.697
Employee Welfare Training Programs	0.907	0.931	0.731
Employee Retention	0.899	0.926	0.716
Customer Satisfaction	0.883	0.915	0.683

Table 3 presents the reliability and validity statistics of the measurement model. The results indicate that all constructs demonstrate satisfactory reliability, with Cronbach's Alpha values ranging from 0.883 to 0.907 and Composite Reliability values ranging from 0.915 to 0.931, exceeding the recommended threshold of 0.70. Furthermore, the Average Variance Extracted (AVE) values range from 0.683 to 0.731, all above the minimum criterion of 0.50, confirming adequate convergent validity. These findings

suggest that the constructs of Eco-Friendly Marketing, Employee Welfare Training Programs, Employee Retention, and Customer Satisfaction possess strong internal consistency and are capable of explaining a substantial proportion of variance in their respective indicators.

4.2.3 Discriminant Validity

The Fornell-Larcker Criterion was employed to assess discriminant validity.

Table 4. Fornell-Larcker Criterion

Construct	EFM	EWTP	ER	CS
EFM	0.835			
EWTP	0.681	0.855		
ER	0.702	0.768	0.846	
CS	0.739	0.721	0.794	0.826

Table 4 presents the results of the Fornell-Larcker criterion used to assess discriminant validity. The findings show that the square root of the AVE for each construct—Eco-Friendly Marketing (0.835), Employee Welfare Training Programs (0.855), Employee Retention (0.846), and Customer Satisfaction (0.826)—is greater than its correlations with other constructs. This indicates that each construct shares more variance with its own indicators than with other constructs in the model. Therefore, the discriminant validity requirement is satisfied, confirming that all constructs are empirically

distinct and measure different conceptual dimensions within the research framework.

4.3 Structural Model Assessment (Inner Model)

4.3.1 Coefficient of Determination (R²)

The R-square (R²) results indicate that the proposed model possesses substantial explanatory power. Employee Retention achieved an R² value of 0.683, indicating that Eco-Friendly Marketing and Employee Welfare Training Programs jointly explain 68.3% of the variance in Employee Retention,

which can be classified as moderate to strong. Meanwhile, Customer Satisfaction obtained an R^2 value of 0.781, suggesting that Eco-Friendly Marketing, Employee Welfare Training Programs, and Employee Retention collectively explain 78.1% of its variance. These findings demonstrate that the model has strong predictive capability and that the included variables play a significant role in explaining both employee retention and customer satisfaction within the organizational context.

4.3.2 Predictive Relevance (Q^2)

The predictive relevance assessment showed that Employee Retention and

Customer Satisfaction achieved Q^2 values of 0.475 and 0.569, respectively. Since all Q^2 values were greater than zero, the results confirm that the structural model possesses satisfactory predictive relevance and is capable of accurately predicting the endogenous constructs. These findings indicate that the proposed model has strong predictive capability and provides meaningful explanatory power for understanding the relationships among the study variables.

4.3.3 Model Fit

Table 5. Model Fit Indices

Fit Index	Value
SRMR	0.072
d_ULS	1.114
d_G	0.648
NFI	0.812

The SRMR value of 0.072 indicates a satisfactory model fit. Additionally, the NFI value of 0.812 suggests an acceptable level of model adequacy.

4.4 Hypothesis Testing

Bootstrapping with 5,000 subsamples was conducted to test the proposed hypotheses.

Table 6. Path Coefficients and Hypothesis Testing

Hypothesis	Relationship	β	T-Statistic	P-Value	Result
H1	EFM \rightarrow ER	0.318	4.284	0.000	Supported
H2	EFM \rightarrow CS	0.291	3.792	0.000	Supported
H3	EWTP \rightarrow ER	0.547	7.256	0.000	Supported
H4	EWTP \rightarrow CS	0.267	3.381	0.001	Supported
H5	ER \rightarrow CS	0.384	4.827	0.000	Supported

Table 6 presents the results of the structural model and hypothesis testing. The findings indicate that all proposed hypotheses were supported, as each relationship demonstrated a positive and statistically significant effect. Eco-Friendly Marketing significantly influenced Employee Retention ($\beta = 0.318$, $T = 4.284$, $p = 0.000$) and Customer Satisfaction ($\beta = 0.291$, $T = 3.792$, $p = 0.000$). Employee Welfare Training Programs exhibited the strongest effect on Employee Retention ($\beta = 0.547$, $T = 7.256$, $p = 0.000$) and also significantly affected Customer Satisfaction ($\beta = 0.267$, $T = 3.381$, $p = 0.001$). Furthermore, Employee Retention had a

significant positive effect on Customer Satisfaction ($\beta = 0.384$, $T = 4.827$, $p = 0.000$). These results suggest that both environmentally oriented marketing initiatives and employee welfare development programs play important roles in enhancing employee retention and customer satisfaction, while employee retention further contributes to improved customer satisfaction.

Discussion

The results demonstrate that Eco-Friendly Marketing has a positive and significant effect on both Employee Retention

and Customer Satisfaction. This finding indicates that organizations that actively implement environmentally responsible marketing practices are more successful in fostering employee commitment while simultaneously enhancing customer perceptions. Employees tend to develop stronger organizational pride and identification when working for companies that demonstrate genuine environmental responsibility, which increases their willingness to remain with the organization. At the same time, customers increasingly appreciate environmentally conscious organizations, leading to greater trust, improved corporate image, and higher levels of satisfaction. These findings support Stakeholder Theory, which suggests that responsible organizational behavior strengthens relationships with both internal and external stakeholders [19], [20].

The analysis further reveals that Employee Welfare Training Programs significantly influence Employee Retention and represent the strongest relationship in the structural model. This result highlights the critical role of employee-focused development initiatives in creating a committed and stable workforce [15], [16]. Organizations that provide continuous training, career development opportunities, health and safety programs, and well-being support are more likely to foster employee loyalty and reduce turnover intentions. Employees who perceive strong organizational support generally experience higher levels of job satisfaction and commitment, which ultimately contribute to long-term retention. These findings reinforce the view that investment in employee welfare should be considered a strategic organizational priority rather than merely an operational expense.

In addition, Employee Welfare Training Programs were found to positively affect Customer Satisfaction. This result suggests that employee development initiatives generate benefits beyond internal organizational outcomes. Employees who receive adequate training and welfare support are better equipped to perform their

responsibilities effectively, demonstrate professionalism, and deliver higher-quality services to customers [23], [25]. Improved employee competence and motivation contribute directly to positive customer experiences, resulting in greater satisfaction with organizational products and services. Therefore, employee welfare initiatives create value not only for employees but also for customers, strengthening overall organizational performance.

The findings also confirm that Employee Retention significantly influences Customer Satisfaction, indicating that a stable workforce serves as an important mechanism for delivering consistent service quality. Employees who remain with an organization for extended periods accumulate organizational knowledge, develop stronger customer relationships, and gain a deeper understanding of customer needs and expectations. As a result, they are able to provide more personalized and effective services that enhance customer satisfaction. Overall, the study demonstrates that integrating Eco-Friendly Marketing with Employee Welfare Training Programs can simultaneously improve employee retention and customer satisfaction, thereby supporting sustainable competitive advantage and long-term organizational performance in the Indonesian business environment.

5. CONCLUSION

This study examined the effects of Eco-Friendly Marketing and Employee Welfare Training Programs on Employee Retention and Customer Satisfaction in Indonesia using SEM-PLS analysis. The findings indicate that both Eco-Friendly Marketing and Employee Welfare Training Programs significantly enhance Employee Retention and Customer Satisfaction, with Employee Welfare Training Programs exerting the strongest influence on Employee Retention. The results also demonstrate that Employee Retention positively affects Customer Satisfaction, emphasizing the importance of workforce stability in delivering consistent service quality and

positive customer experiences. These findings support Stakeholder Theory by showing that environmentally responsible marketing practices and employee welfare initiatives create value for both internal and external stakeholders. Practically, organizations are encouraged to integrate sustainability-oriented marketing strategies with comprehensive employee welfare programs to strengthen employee loyalty, improve

customer satisfaction, and achieve sustainable competitive advantage. Future research may incorporate additional variables such as organizational commitment, corporate reputation, employee engagement, customer loyalty, and perceived service quality, while expanding the sample size and industrial coverage to enhance the generalizability of the findings.

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