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The Effect of Work-Life Balance and Compensation on Turnover Intention through Job Satisfaction as a Mediating Variable among Generation Z Workers in Yogyakarta City

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Abstract

This study aims to examine the effects of work-life balance and compensation on turnover intention through job satisfaction as a mediating variable among Generation Z workers in Yogyakarta City. A quantitative survey design was employed, and primary data were collected through a questionnaire administered to 390 Generation Z workers employed by companies in the Special Region of Yogyakarta. The respondents were workers aged 18–28 years, and the data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 4. The findings show that work-life balance has a positive and significant effect on job satisfaction with a path coefficient of 0.457 and a P-value of 0.000. Compensation also has a positive and significant effect on job satisfaction with a path coefficient of 0.305 and a P-value of 0.000. Work-life balance has a positive and significant effect on turnover intention with a coefficient of 0.260 and a P-value of 0.000. Compensation has a positive and significant effect on turnover intention with a coefficient of 0.206 and a P-value of 0.000. Job satisfaction likewise has a positive and significant effect on turnover intention with a coefficient of 0.326 and a P-value of 0.000. Job satisfaction significantly mediates the relationship between work-life balance and turnover intention through a specific indirect effect of 0.149, while the specific indirect effect of compensation through job satisfaction is 0.099. Both mediation relationships are partial because the corresponding direct effects remain significant. Although the mediation paths are statistically significant, their positive directions do not support the negative directions proposed in the mediation hypotheses. The findings indicate that work-life balance is the stronger predictor of job satisfaction in the model, while turnover intention among Generation Z workers in Yogyakarta City is shaped by a broader configuration of work-related factors beyond the variables examined.

Keywords: Work-life balance, Compensation, Job satisfaction, Turnover intention, Generation Z

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INTRODUCTION

Human resources are a strategic organizational asset because organizational performance depends not only on financial, technological, and physical resources but also on the ability to retain employees who sustain organizational activities. Employee retention is therefore an important managerial concern, as employee loss may increase recruitment and training costs, disrupt operational continuity, and reduce organizational knowledge. Jogi et al. (2025) emphasize that employees are a crucial strategic resource whose attitudes and work experiences are closely related to organizational outcomes, while Aziz et al. (2021) highlight the relationship between organizational conditions, employee commitment, and job satisfaction. Agus and Selvaraj (2020) further indicate that lower turnover intention is associated with stronger organizational continuity and employee commitment. Turnover intention refers to an employee's conscious tendency or intention to leave an organization and seek alternative employment. Mobley (1977) conceptualized turnover as a process involving cognitive linkages between job satisfaction and the decision to leave, while Pratama et al. (2022) describe turnover intention as an important behavioral indicator for human resource management. Although it occurs before actual turnover, high turnover intention may weaken employee attachment and increase responsiveness to external employment opportunities. Castro-González et al. (2021) further note that employee turnover may affect organizational reputation and continuity.

This issue is particularly relevant to Generation Z, which has become an increasingly important segment of the contemporary workforce. Generation Z, generally born between 1997 and 2012, is characterized as a digital generation that values flexibility and clearer boundaries between work and personal life (Manurung et al., 2025). Irena and Rusfian (2019) found that Generation Z tends to value collaboration, flexibility, challenges, and new approaches to problem solving, while Bantam et al. (2023) describe this generation as relatively independent, financially aware, and open to information. These characteristics suggest that work conditions, rewards, and job satisfaction may play important roles in their decisions to remain with or leave an organization. Work-life balance, job satisfaction, and compensation are among the organizational factors that may influence turnover intention. Work-life balance concerns employees' ability to manage work and non-work responsibilities effectively (Adriano & Callaghan, 2020; Kamara et al., 2023), while Marques and Berry (2021) emphasize the balance of effort, skills, and time devoted to work and personal responsibilities. Job satisfaction reflects employees' evaluations of their work, including compensation, promotion, supervision, coworkers, and working conditions (Moyes & Redd, 2011), and represents a general attitude toward work based on employees' experiences and expectations (Thangaswamy & Thiyagaraj, 2017). Compensation, meanwhile, includes the financial and non-financial returns employees receive from their employment and may signal organizational recognition and appreciation. Previous studies indicate that work-life balance and compensation are positively associated with job satisfaction (Agarwal & Bhakuni, 2024; Katabalo & Mwita, 2024; Khosasi & Munthe, 2025; Yuliyanti et al., 2025), while job satisfaction has been found to negatively relate to voluntary turnover and turnover intention (Chiho, 2022; Affriliea & Asmadi, 2025).

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The relationships among these variables can be explained through Social Exchange Theory, which views organizational relationships as involving social, economic, and psychological exchanges (Ahmad et al., 2023). Favorable organizational treatment may encourage favorable employee responses (Ghazmahadi et al., 2020). Accordingly, work-life balance and compensation may represent favorable organizational conditions, job satisfaction may reflect employees' evaluative responses to these conditions, and turnover intention may represent a behavioral response to the overall exchange relationship. Empirical evidence generally supports these relationships. Work-life balance and compensation have been associated with lower turnover intention (Ramadani & Suryalena, 2024; Faqih et al., 2025; Karmelia & Pramono, 2025; Jevtić & Gasic, 2025; Kaho et al., 2025). However, inconsistent findings remain. Handayani et al. (2024) found a positive relationship between work-life balance and turnover intention, while Aripah et al. (2025) reported positive relationships involving compensation, work-life balance, turnover intention, and job satisfaction among Generation Z. Ahmad Saufi et al. (2023) further showed that external job opportunities may alter the relationship between work-life balance and turnover intention, and Martin et al. (2021) found that the relationship between human resource practices and turnover intention may vary according to age and perceived employability.

This inconsistency indicates the need to examine these relationships within a specific generational and geographical context. Yogyakarta City provides a relevant setting because its labor market encompasses diverse sectors, including food and beverage, hospitality and tourism, financial services, technology and creative industries, trade and retail, education, and health. Such diversity may expose Generation Z workers to different work schedules, compensation structures, career opportunities, and organizational practices. The present study therefore focuses on the relationships among the principal constructs rather than attributing turnover intention to a single external economic factor. The research gap lies in the limited integration of work-life balance and compensation as predictors of turnover intention with job satisfaction as a common mediating mechanism among Generation Z workers in Yogyakarta City. Nurdin and Rohaeni (2020) examined work-life balance, turnover intention, and job satisfaction among Millennials, while Soleha and Wulandaru (2025) examined the mediating role of job satisfaction between work-life balance and turnover intention among Generation Z. Jevtić and Gasic (2025) examined compensation, job satisfaction, and turnover intention, whereas Aripah et al. (2025) examined compensation and work-life balance in relation to turnover intention among Generation Z. Building on these studies, the present research integrates the relationships into a single structural model focusing specifically on Generation Z workers in Yogyakarta City.

Accordingly, this study examines the effects of work-life balance and compensation on job satisfaction and turnover intention and determines whether job satisfaction mediates the effects of work-life balance and compensation on turnover intention among Generation Z workers in Yogyakarta City.

Research Questions

1. Does work-life balance affect job satisfaction among Generation Z workers in Yogyakarta City?

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2. Does compensation affect job satisfaction among Generation Z workers in Yogyakarta City?
3. Does work-life balance affect turnover intention among Generation Z workers in Yogyakarta City?
4. Does compensation affect turnover intention among Generation Z workers in Yogyakarta City?
5. Does job satisfaction affect turnover intention among Generation Z workers in Yogyakarta City?
6. Does job satisfaction mediate the effect of work-life balance on turnover intention among Generation Z workers in Yogyakarta City?
7. Does job satisfaction mediate the effect of compensation on turnover intention among Generation Z workers in Yogyakarta City?

REVIEW OF LITERATURE

Social Exchange Theory

Social Exchange Theory provides the theoretical foundation for understanding how employees respond to organizational treatment through reciprocal exchanges. Ahmad et al. (2023) explain that social exchange involves reciprocal processes in which employees evaluate the benefits, costs, obligations, and quality of relationships created through workplace interactions. Within an employment relationship, favorable treatment can generate positive employee responses, while unfavorable or insufficient treatment can weaken the perceived value of remaining with the organization. Ghazmahadi et al. (2020) explain that favorable treatment can encourage favorable employee behavior through reciprocal exchange. The theory is relevant to the present study because work-life balance and compensation can be perceived as organizational resources or favorable treatment, while job satisfaction can represent an evaluative response and turnover intention can represent a subsequent behavioral intention. The theory therefore provides a coherent explanation for examining both direct and indirect relationships among the variables.

Work-Life Balance

Work-life balance refers to the extent to which employees can manage professional and personal responsibilities without excessive interference between the two domains. Adriano and Callaghan (2020) describe work-life balance as effective management of work, family, and other activities. Kamara et al. (2023) emphasize that work-life balance involves satisfaction with work and life outside work and the allocation of time between these domains. Fisher et al. (2009) operationalize work-life balance through interference of work with personal life, interference of personal life with work, enhancement of work over personal life, and enhancement of personal life over work. These dimensions recognize that balance is not merely the absence of conflict but also includes the possibility that experiences in one domain can enrich the other.

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Compensation

Compensation represents the returns employees receive as part of the employment relationship and can include direct financial returns, benefits, and relational returns. The compensation framework used in the study follows the dimensions of total compensation, benefits, and relational returns. Total compensation includes basic pay and incentives, benefits include forms of protection and employment-related benefits, and relational returns include recognition, status, job security, and opportunities to learn. Katabalo and Mwita (2024) show that compensation can influence job satisfaction and employee outcomes. Jevtić and Gasic (2025) likewise examine compensation through basic pay, stimulation, and benefits and show that compensation is relevant to both job satisfaction and turnover intention. Compensation is therefore treated as a broad organizational return rather than as salary alone.

Job Satisfaction

Job satisfaction represents a positive evaluation of one's job and its various characteristics. Moyes and Redd (2011) identify the job itself, pay, promotion, supervision, coworkers, and working conditions as important components of job satisfaction. Thangaswamy and Thiyagaraj (2017) describe job satisfaction as a general attitude toward work that reflects experiences and expectations. Job satisfaction can emerge when employees perceive that their work meets important needs, values, and expectations. Ibrahim and Hussein (2024) also connect job satisfaction with positive employee experiences such as resilience and work engagement. In the present model, job satisfaction is positioned as a mediating variable because favorable work conditions and rewards are expected to shape employees' evaluations of their jobs before influencing their intention to leave.

Turnover Intention

Turnover intention refers to an employee's conscious intention to leave the current organization and seek another employment opportunity. Mobley (1977) explains turnover as a process in which job satisfaction and other work experiences become linked to cognitive decisions about leaving. The indicators used in this study include thoughts of quitting, intention to search for another job, and intention to quit. Pratama et al. (2022) treat turnover intention as an important employee behavioral intention because it precedes actual turnover and reflects withdrawal tendencies. Jogi et al. (2025) further show that turnover intention can be associated with multiple individual and job-related determinants, reinforcing the importance of examining it through a multidimensional organizational perspective.

Work-Life Balance and Job Satisfaction

Work-life balance is expected to improve job satisfaction because employees who can allocate time and attention between work and personal life may experience less conflict and greater overall fulfillment. Agarwal and Bhakuni (2024) found that work-life balance was a significant positive predictor of job satisfaction. Khosasi and Munthe (2025) also found a positive and significant effect of work-life balance on job satisfaction. Soleha and Wulandaru (2025) reported the same positive relationship among Generation Z workers. These findings

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support the expectation that a stronger perception of balance is associated with a higher level of job satisfaction.

Compensation and Job Satisfaction

Compensation is expected to improve job satisfaction because employees can interpret fair and appropriate returns as recognition of their contributions. Katabalo and Mwita (2024) found that compensation positively affected job satisfaction. Jevtić and Gasic (2025) found that the compensation system contributed positively to job satisfaction. Yuliyanti et al. (2025) also found that compensation had a positive and significant effect on job satisfaction. The consistency of these findings provides a basis for expecting a positive compensation–job satisfaction relationship among Generation Z workers in Yogyakarta City.

Work-Life Balance and Turnover Intention

Work-life balance is theoretically expected to reduce turnover intention because employees who experience manageable boundaries between work and personal life may have fewer reasons to seek alternative employment. Ramadani and Suryalena (2024) found a negative and significant relationship between work-life balance and turnover intention. Faqih et al. (2025) also reported a negative and significant relationship. Karmelia and Pramono (2025) found a similar negative relationship among Generation Z workers in Bandung. These findings support the expectation that better work-life balance should reduce turnover intention, although the empirical direction may vary across contexts.

Compensation and Turnover Intention

Compensation is expected to reduce turnover intention because employees who perceive their returns as fair and competitive may have stronger reasons to remain with the organization. Jevtić and Gasic (2025) reported a negative relationship between compensation and turnover intention. Ramadani and Suryalena (2024) also found that financial compensation negatively affected turnover intention. Kaho et al. (2025) reported that compensation negatively and significantly affected turnover intention. These studies provide the basis for expecting that better compensation will be associated with lower turnover intention.

Job Satisfaction and Turnover Intention

Job satisfaction is expected to reduce turnover intention because employees who evaluate their jobs positively may have less motivation to leave. Affriliea and Asmadi (2025) found that job satisfaction negatively and significantly affected turnover intention among Generation Z employees. Chiho (2022) found a negative relationship between job satisfaction and actual voluntary turnover. Adam (2024) also found a negative and significant effect of job satisfaction on turnover intention. These findings support the expectation that higher job satisfaction should be associated with lower turnover intention.

The Mediating Role of Job Satisfaction

Job satisfaction is expected to mediate the relationship between work-life balance and turnover intention because work-life balance may first shape employees' job evaluations and

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those evaluations may subsequently influence their intention to leave. Soleha and Wulandaru (2025) found that job satisfaction mediated the relationship between work-life balance and turnover intention among Generation Z. Nurdin and Rohaeni (2020) found that job satisfaction mediated the relationship between work-life balance and turnover intention among Millennials. Maharani and Tamara (2024) also found a mediating role of job satisfaction in the relationship between work-life balance and turnover intention. The same logic applies to compensation because compensation may first improve job satisfaction and then influence turnover intention. Jevtić and Gasic (2025) found a mediating role of job satisfaction in the compensation–turnover relationship. Fadillah and Santoso (2025) reported a similar mediation relationship. Kaho et al. (2025) also found job satisfaction to function as an intervening variable between compensation and turnover intention.

Hypotheses

H1: Work-life balance has a positive and significant effect on job satisfaction among Generation Z workers in Yogyakarta City.

H2: Compensation has a positive and significant effect on job satisfaction among Generation Z workers in Yogyakarta City.

H3: Work-life balance has a negative and significant effect on turnover intention among Generation Z workers in Yogyakarta City.

H4: Compensation has a negative and significant effect on turnover intention among Generation Z workers in Yogyakarta City.

H5: Job satisfaction has a negative and significant effect on turnover intention among Generation Z workers in Yogyakarta City.

H6: Job satisfaction negatively mediates the effect of work-life balance on turnover intention among Generation Z workers in Yogyakarta City.

H7: Job satisfaction negatively mediates the effect of compensation on turnover intention among Generation Z workers in Yogyakarta City.

RESEARCH METHOD

This study employed a quantitative survey design to examine the effects of work-life balance and compensation on turnover intention through job satisfaction as a mediating variable. The research was conducted in the Special Region of Yogyakarta, Indonesia, among Generation Z workers aged 18–28 years who were domiciled in Yogyakarta. Primary data were collected through an online questionnaire using Google Forms. Convenience sampling was applied, and the minimum sample size was determined using a proportion formula with a 95% confidence level, 5% margin of error, and 0.5 population proportion, resulting in an ideal minimum of approximately 385 respondents. A total of 390 valid responses were obtained.

All variables were measured using a six-point Likert scale ranging from 1 = strongly disagree to 6 = strongly agree. Work-life balance was measured using 17 indicators adapted from Fisher et al. (2009), covering work-to-personal-life interference, personal-life-to-work interference, and the enhancement of each domain. Compensation was measured using 12 indicators covering total compensation, benefits, and relational returns. Job satisfaction was

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measured using six indicators based on Moyes and Redd (2011), covering the job itself, pay, promotion, supervision, coworkers, and working conditions. Turnover intention was measured using five indicators based on Mobley (1977), covering thoughts of quitting, intention to search for another job, and intention to quit.

Data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 4. The measurement model was assessed through convergent validity, discriminant validity, internal consistency reliability, and multicollinearity using outer loadings, Average Variance Extracted, Fornell-Larcker criterion, Heterotrait-Monotrait Ratio, Cronbach's Alpha, Composite Reliability, and VIF. The structural model was evaluated using R-Square, Q-Square Predict, model fit, f-Square, and bootstrapped path coefficients. Mediation was assessed through specific indirect effects using bootstrapping. PLS-SEM is appropriate for evaluating predictive relationships through the outer and inner models (Ghozali & Latan, 2015).

Table 1.
Variables and Measurement Instruments

Variable	Role	Measurement Instrument / Basis	Dimensions / Indicators
Work-life balance (X1)	Independent	Fisher et al. (2009)	WIPL; PLIW; WEPL; PLEW; 17 items
Compensation (X2)	Independent	Milkovich & Newman (2020)	Total compensation; Benefits; Relational returns; 12 items
Job satisfaction (Z)	Mediating	Moyes & Redd (2011)	Job itself; Pay; Promotion; Supervision; Coworkers; Working conditions; 6 items
Turnover intention (Y)	Dependent	Mobley (1977)	Thoughts of quitting; Search for alternatives; Intention to quit; 5 items

RESULTS AND DISCUSSION

The results section presents the respondent profile, measurement model evaluation, structural model evaluation, hypothesis testing, mediation analysis, and substantive discussion of the seven research questions. The analysis is based on 390 Generation Z workers in the Special Region of Yogyakarta. The presentation follows the structure of the empirical article format used for the comparable Generation Z study while adapting all variables, instruments, statistical procedures, and findings to the present research model.

Respondent Characteristics

The respondents represented Generation Z workers employed across several sectors in the Special Region of Yogyakarta. The demographic profile was presented to provide contextual information about the sample rather than to test demographic differences because gender, age, education, tenure, marital status, and income were not included as independent, moderating, or control variables in the structural model. The respondent profile therefore

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serves as descriptive context for interpreting the main relationships among work-life balance, compensation, job satisfaction, and turnover intention.

Table 2.
Distribution of Respondents by Industry Sector

Industry sector	Frequency	Percentage (%)
F&B / Hospitality / Tourism	98	25.1
Financial Services / Banking	89	22.8
Technology / IT / Creative / Startup	89	22.8
Trade / Retail	52	13.3
Education / Healthcare	46	11.8
Others	16	4.1
Total	390	100.0

Table 3.
Distribution of Respondents by Gender

Gender	Frequency	Percentage (%)
Male	172	44.1
Female	218	55.9
Total	390	100.0

Table 4.
Distribution of Respondents by Age

Age category	Frequency	Percentage (%)
18–20 years	32	8.2
21–23 years	107	27.4
24–26 years	161	41.3
27–28 years	90	23.1
Total	390	100.0

Table 5.
Distribution of Respondents by Educational Attainment

Education	Frequency	Percentage (%)
High school / vocational equivalent	103	26.4
Diploma (D1/D2/D3/D4)	98	25.1
Bachelor's degree	178	45.6
Postgraduate (S2/S3)	11	2.8
Total	390	100.0

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Table 6.
Distribution of Respondents by Length of Employment

Length of employment	Frequency	Percentage (%)
Less than 3 years	192	49.2
3–5 years	154	39.5
5–7.5 years	41	10.5
7.5–10 years	3	0.8
Total	390	100.0

Table 7.
Distribution of Respondents by Marital Status

Marital status	Frequency	Percentage (%)
Unmarried	291	74.6
Married	95	24.4
Divorced / widowed	4	1.0
Total	390	100.0

Table 8.
Distribution of Respondents by Monthly Income

Monthly income	Frequency	Percentage (%)
Less than Rp2,500,000	46	11.8
Rp2,500,000–Rp4,999,999	144	36.9
Rp5,000,000–Rp7,499,999	124	31.8
Rp7,500,000–Rp9,999,999	66	16.9
Rp10,000,000 or more	10	2.6
Total	390	100.0

Respondents came from diverse industries, with the largest group working in food and beverage, hospitality, and tourism (25.1%), followed by financial services and banking and technology, information technology, creative industries, and startups (22.8% each). The remaining respondents were from trade and retail, education and healthcare, and other sectors. This cross-sector composition provides relevant context because work schedules, compensation, and flexibility may differ across industries, while the study examines the principal constructs at an aggregate level.

Female respondents represented 55.9% of the sample, while males accounted for 44.1%, indicating relatively balanced representation. Jogi et al. (2025) emphasize that turnover intention is influenced by multiple individual and work-related factors, making respondent characteristics relevant contextual information. Most respondents were aged 24–26 years (41.3%), followed by 21–23 years (27.4%) and 27–28 years (23.1%). This age distribution is relevant given that Generation Z is considered highly adaptive to contemporary workplace changes (Manurung et al., 2025).

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In terms of education, 45.6% of respondents held a bachelor's degree, followed by high school or vocational qualifications (26.4%) and diplomas (25.1%). Regarding tenure, 49.2% had worked for less than three years and 39.5% for three to five years, meaning that 88.7% had less than five years of work experience. This indicates that most respondents were in an early or intermediate career stage, making turnover intention particularly relevant to their developing career trajectories.

Most respondents were unmarried (74.6%), while 24.4% were married and 1.0% were divorced or widowed. The income distribution was concentrated in the Rp2,500,000–Rp4,999,999 category (36.9%), followed by Rp5,000,000–Rp7,499,999 (31.8%). These characteristics provide descriptive context for interpreting the sample and compensation perceptions, although marital status and regional wage comparisons were not tested as determinants in the structural model.

Instrument Testing

Convergent Validity

Convergent validity was assessed through outer loading and Average Variance Extracted. The AVE values were 0.658 for job satisfaction, 0.622 for compensation, 0.703 for turnover intention, and 0.639 for work-life balance. All values exceeded 0.50, confirming that each construct explained more than half of the variance in its indicators. The measurement model therefore met the convergent validity requirement without indicator elimination.

Table 10.
Average Variance Extracted (AVE)

Construct	AVE	Decision
Job satisfaction	0.658	Valid (>0.50)
Compensation	0.622	Valid (>0.50)
Turnover intention	0.703	Valid (>0.50)
Work-life balance	0.639	Valid (>0.50)

Discriminant Validity

The HTMT values ranged from 0.349 to 0.629, and the highest value occurred between turnover intention and job satisfaction. All values remained below 0.85, confirming discriminant validity under the criterion applied in the study. The combined Fornell-Larcker and HTMT evidence indicates that work-life balance, compensation, job satisfaction, and turnover intention represent distinct constructs.

Table 12.
Heterotrait-Monotrait Ratio (HTMT)

Construct relationship	HTMT	Decision
Compensation ↔ Job satisfaction	0.494	Valid (<0.85)
Turnover intention ↔ Job satisfaction	0.629	Valid (<0.85)
Turnover intention ↔ Compensation	0.478	Valid (<0.85)
Work-life balance ↔ Job satisfaction	0.600	Valid (<0.85)

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Work-life balance ↔ Compensation	0.349	Valid (<0.85)
Work-life balance ↔ Turnover intention	0.548	Valid (<0.85)

Reliability

All reliability coefficients exceeded 0.70. Work-life balance had the highest Cronbach's Alpha at 0.965 and Composite Reliability at 0.968, while job satisfaction, compensation, and turnover intention also showed strong internal consistency. These results indicate that the questionnaire items were consistently associated with their respective constructs.

Table 13.
Construct Reliability

Construct	Cronbach's Alpha	Composite Reliability (rho_a)	Composite Reliability (rho_c)	Decision
Job satisfaction	0.896	0.897	0.920	Reliable (>0.70)
Compensation	0.944	0.947	0.952	Reliable (>0.70)
Turnover intention	0.894	0.898	0.922	Reliable (>0.70)
Work-life balance	0.965	0.966	0.968	Reliable (>0.70)

Structural Model Evaluation
Indicator and Structural Multicollinearity

The structural VIF results are below 5 for every modeled path, indicating that the structural estimates were not affected by problematic multicollinearity.

Table 15.
Structural VIF

Structural path	VIF	Decision
Job satisfaction → Turnover intention	1.655	No multicollinearity (<5)
Compensation → Job satisfaction	1.127	No multicollinearity (<5)
Compensation → Turnover intention	1.281	No multicollinearity (<5)
Work-life balance → Job satisfaction	1.127	No multicollinearity (<5)
Work-life balance → Turnover intention	1.473	No multicollinearity (<5)

R-Square

The R-Square value for job satisfaction was 0.396, indicating that work-life balance and compensation jointly explained 39.6 percent of the variance in job satisfaction. The remaining 60.4 percent was associated with factors outside the model. The R-Square value for turnover intention was 0.408, indicating that work-life balance, compensation, and job satisfaction jointly explained 40.8 percent of the variance in turnover intention. Ghozali and Latan (2015) classify R-Square values around 0.50 as moderate and values around 0.25 as

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weak, so both endogenous constructs in this study were interpreted as having moderate explanatory power.

Table 16.
R-Square and Adjusted R-Square

Endogenous Construct	R-Square	Adjusted R-Square	Category
Job satisfaction	0.396	0.393	Moderate
Turnover intention	0.408	0.403	Moderate

Q-Square Predict

Both Q-Square Predict values were positive, with 0.388 for job satisfaction and 0.334 for turnover intention. The positive values indicate predictive relevance for both endogenous constructs. The RMSE and MAE values provide additional information about prediction error, while the principal conclusion regarding predictive relevance is based on the positive Q-Square Predict values.

Table 17.
Q-Square Predict Results

Endogenous Construct	Q^2predict	RMSE	MAE
Job satisfaction	0.388	0.786	0.636
Turnover intention	0.334	0.820	0.684

Model Fit

The SRMR value was 0.0355, which is below 0.10 and indicates a satisfactory level of model fit under the criterion used in the study. The NFI value was 0.920, indicating that the proposed model showed good fit relative to the baseline model. The Chi-square value was 932.889 for both the saturated and estimated models and was treated as supporting information because the statistic is sensitive to sample size.

Table 18.
Model Fit Results

Fit criterion	Saturated model	Estimated model	Standard / interpretation
SRMR	0.0355	0.0355	<0.10; model fit
Chi-square	932.889	932.889	Additional information
NFI	0.920	0.920	Approaches 1; model fit

Effect Size

Table 19.
f-Square Results

Structural path	f-Square	Category
Job satisfaction → Turnover intention	0.108	Small
Compensation → Job satisfaction	0.137	Small
Compensation → Turnover intention	0.056	Small

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Work-life balance → Job satisfaction	0.307	Moderate
Work-life balance → Turnover intention	0.077	Small

The largest f-Square value was observed for work-life balance on job satisfaction at 0.307, categorized as a moderate effect, while the remaining modeled effects were small. The result reinforces the finding that work-life balance was the strongest predictor of job satisfaction among the exogenous variables included in the model. The small effect sizes for the direct relationships with turnover intention indicate that statistical significance should not be interpreted as evidence of large practical effects.

Hypothesis Testing

The direct-effect results show that H1 and H2 were supported because work-life balance and compensation both had positive and significant effects on job satisfaction. H3, H4, and H5 were not supported because the estimated relationships were statistically significant but positive, whereas the corresponding hypotheses proposed negative relationships. The statistical significance therefore confirms the existence of the relationships, while the positive signs indicate that the empirical directions differed from the hypothesized directions.

Table 20.
Direct Effect and Hypothesis Testing

Hypothesis	Path	Original sample	T-statistic	P-value	Decision
H1	Work-life balance → Job satisfaction	0.457	11.731	0.000	Supported
H2	Compensation → Job satisfaction	0.305	7.341	0.000	Supported
H3	Work-life balance → Turnover intention	0.260	5.723	0.000	Not supported
H4	Compensation → Turnover intention	0.206	4.514	0.000	Not supported
H5	Job satisfaction → Turnover intention	0.326	6.842	0.000	Not supported

Mediation Analysis

The specific indirect effect of work-life balance on turnover intention through job satisfaction was 0.149 and statistically significant. The direct effect of work-life balance on turnover intention remained significant at 0.260, indicating partial mediation. The positive indirect effect resulted from the positive work-life balance → job satisfaction path and the positive job satisfaction → turnover intention path. Consequently, H6 was not supported because the hypothesis specified a negative mediation effect.

The specific indirect effect of compensation on turnover intention through job satisfaction was 0.099 and statistically significant. The direct compensation → turnover intention path remained significant at 0.206, indicating partial mediation. The positive indirect effect resulted from the positive compensation → job satisfaction path and the positive job

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satisfaction → turnover intention path. Consequently, H7 was not supported because the hypothesis specified a negative mediation effect.

The mediation results should distinguish statistical significance from directional support. Both mediating mechanisms were statistically significant and partial, but neither supported the negative direction stated in the hypotheses. The positive indirect effects can be calculated from the relevant direct paths, with 0.457 × 0.326 producing approximately 0.149 for work-life balance and 0.305 × 0.326 producing approximately 0.099 for compensation.

Table 21.
Mediation Results Based on Specific Indirect Effects

Hypothesis	Indirect path	Specific indirect effect	T-statistic	P-value	Decision	Mediation type
H6	Work-life balance → Job satisfaction → Turnover intention	0.149	5.755	0.000	Not supported	Partial
H7	Compensation → Job satisfaction → Turnover intention	0.099	4.859	0.000	Not supported	Partial

The Effect of Work-Life Balance on Job Satisfaction

The analysis demonstrates that work-life balance has a positive and significant effect on job satisfaction, with a path coefficient of 0.457, a T-statistic of 11.731, and a P-value of 0.000. The result supports H1 and indicates that work-life balance is the strongest direct predictor of job satisfaction among the two independent variables in the model. The magnitude of the coefficient is also consistent with the f-Square value of 0.307, which is the only moderate direct effect in the structural model.

Agarwal and Bhakuni (2024) found that work-life balance significantly and positively predicted job satisfaction, showing that employees who experienced a healthier balance between professional and personal responsibilities tended to report greater satisfaction. Khosasi and Munthe (2025) also found a positive and significant effect of work-life balance on job satisfaction. Soleha and Wulandaru (2025) reported a similar pattern among Generation Z workers, strengthening the relevance of the relationship for the population examined in the present study.

The result can be interpreted through the multidimensional character of work-life balance. Fisher et al. (2009) distinguish between interference and enhancement across work and personal domains, meaning that employees do not evaluate balance only through the absence of conflict but also through whether one domain can positively contribute to the other. A worker who can manage work responsibilities without excessive interference with personal activities may experience greater psychological satisfaction with the job. Marques and Berry (2021) similarly emphasize that work-life balance involves the management of effort, skills, and time across work and non-work responsibilities.

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The stronger coefficient for work-life balance compared with compensation suggests that Generation Z workers in the research area may attach substantial value to how employment fits into the broader structure of life. Manurung et al. (2025) describe Generation Z as a generation that values flexibility and clearer boundaries between work and personal life. Adriano and Callaghan (2020) also connect work-life balance with job satisfaction and retention-related outcomes. The result therefore indicates that compensation remains relevant, but the perceived ability to maintain a workable relationship between employment and personal life may have greater explanatory importance for job satisfaction in this sample.

The finding has a practical implication for organizations because improving job satisfaction among Generation Z workers should not be limited to salary adjustments. Flexible scheduling, predictable working hours, reasonable workload allocation, and respect for personal time can become components of a broader work-life balance strategy. The positive relationship found in this study does not imply that every form of flexibility will automatically produce higher satisfaction, because the quality and consistency of implementation remain important. The result instead indicates that employees who perceive greater balance tend to report higher job satisfaction within the sample.

The Effect of Compensation on Job Satisfaction

Compensation has a positive and significant effect on job satisfaction, with a path coefficient of 0.305, a T-statistic of 7.341, and a P-value of 0.000. H2 is therefore supported. Although the coefficient is smaller than the work-life balance coefficient, the result confirms that compensation remains an important contributor to job satisfaction. The f-Square value of 0.137 indicates a small effect, which means that compensation is statistically meaningful but not the dominant predictor of job satisfaction in the model.

Katabalo and Mwita (2024) found that compensation positively influences job satisfaction and emphasized the importance of compensation in shaping employee outcomes. Jevtić and Gasic (2025) also reported that compensation systems were positively associated with job satisfaction. Yuliyanti et al. (2025) similarly found a positive and significant effect of compensation on job satisfaction, even within a context in which employees could still perceive compensation as insufficient.

The finding supports the interpretation that compensation operates not only through the absolute amount of money received but also through employees' perceptions of fairness, recognition, and the overall employment return. The compensation framework used in the study includes total compensation, benefits, and relational returns, so the construct encompasses more than basic salary. Rosita et al. (2024) emphasize that compensation should be managed as part of broader human resource practices that maintain employees and support organizational sustainability.

The smaller coefficient of compensation compared with work-life balance is noteworthy because it suggests that financial and relational returns are important but may not be sufficient to explain job satisfaction among Generation Z workers in Yogyakarta City. The result is consistent with the broader literature showing that job satisfaction is multidimensional. Moyes and Redd (2011) identify the job itself, pay, promotion, supervision,

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coworkers, and working conditions as components of job satisfaction, indicating that compensation represents only one part of the overall evaluation of work.

From a Social Exchange Theory perspective, compensation can be interpreted as an organizational return that signals how the organization values employee contributions. Ahmad et al. (2023) explain that social exchange involves multiple forms of exchange, including economic and psychological elements. A compensation system that employees perceive as fair can therefore strengthen positive evaluations of the employment relationship. However, the moderate importance of work-life balance relative to compensation suggests that organizations seeking higher job satisfaction should combine competitive rewards with work conditions that support employees' broader lives.

The Effect of Work-Life Balance on Turnover Intention

Work-life balance has a positive and significant effect on turnover intention, with a coefficient of 0.260, a T-statistic of 5.723, and a P-value of 0.000. The relationship is statistically significant, but its direction is opposite to the negative direction specified in H3. Therefore, H3 is not supported. The f-Square value of 0.077 also indicates that the effect is small, so the positive coefficient should be interpreted as a sample-specific empirical relationship rather than as evidence that better work-life balance generally causes employees to leave.

Handayani et al. (2024) provide a particularly relevant comparison because their study also reported a positive and significant relationship between work-life balance and turnover intention despite the expectation that balance should reduce turnover intention. Aripah et al. (2025) found positive relationships involving work-life balance and turnover intention among Generation Z workers, providing another contextually relevant comparison. Ahmad Saufi et al. (2023) further show that the relationship between work-life balance and turnover intention can be influenced by external job opportunities.

The positive direction should therefore not be interpreted as a causal statement that improving work-life balance makes Generation Z workers want to leave. The cross-sectional model identifies a statistical association within the observed sample. The positive direction may reflect the fact that workers who perceive better work-life balance can also have greater confidence, mobility, or awareness of alternative employment possibilities, although these mechanisms were not directly measured in the study. Martin et al. (2021) show that perceived employability and age can influence how human resource practices relate to turnover intention, illustrating why the same internal work condition can produce different empirical patterns across groups.

The positive coefficient also needs to be considered alongside the result for job satisfaction. Work-life balance strongly increases job satisfaction, but job satisfaction itself has a positive relationship with turnover intention in the present sample. The combination means that favorable evaluations of work do not necessarily translate into a lower intention to leave when employees may simultaneously consider career growth, external opportunities, or other factors outside the model. Ahmad et al. (2023) explain that organizational exchange involves several simultaneous social, economic, and psychological dimensions.

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The managerial implication is not to reduce work-life balance policies. The stronger and positive effect of work-life balance on job satisfaction indicates that balance remains valuable for employee experience. Instead, organizations may need to combine work-life balance initiatives with career development, recognition, organizational support, and opportunities for advancement so that employees have stronger reasons to remain within the organization. Elysia and Purnama Sari (2025) identify development opportunities, non-financial recognition, work environment, and leadership support as relevant considerations in understanding job-hopping among Generation Z.

The Effect of Compensation on Turnover Intention

Compensation has a positive and significant effect on turnover intention, with a coefficient of 0.206, a T-statistic of 4.514, and a P-value of 0.000. H4 is therefore not supported because the hypothesis predicted a negative relationship. The coefficient is also the smallest among the direct effects on turnover intention, and the f-Square value of 0.056 is categorized as small, indicating that compensation is statistically associated with turnover intention but does not represent a dominant predictor in the model.

Obara et al. (2025) found a positive and significant relationship between compensation and turnover intention among Generation Z workers in Bandar Lampung, providing a close comparison in terms of generation. Aripah et al. (2025) also reported positive relationships involving compensation and turnover intention among Generation Z workers. Jevtić and Gasic (2025), in contrast, found a negative relationship between compensation and turnover intention, demonstrating that the direction of the relationship can differ across contexts.

The positive direction does not mean that higher compensation causes workers to leave. A more appropriate interpretation is that employees can simultaneously perceive compensation positively and still consider leaving because compensation is only one component of the employment relationship. The present study does not measure external job opportunity, perceived employability, career growth, or organizational commitment, so these factors cannot be asserted as causal explanations for the positive coefficient. Ahmad Saufi et al. (2023) show that job opportunity can alter the relationship between work-life balance and turnover intention, while Martin et al. (2021) demonstrate that perceived employability can be relevant to turnover intention.

The result also needs to be interpreted together with the compensation → job satisfaction relationship. Compensation increases job satisfaction by 0.305, yet job satisfaction increases turnover intention by 0.326 in this sample. This structure means that the positive direction of the compensation–turnover relationship is not evidence that compensation fails to create satisfaction. Rather, it indicates that the positive effect of compensation on satisfaction does not operate as a retention mechanism in the expected negative direction within the observed model.

The practical implication is that organizations should continue to maintain fair and competitive compensation while recognizing that compensation alone is unlikely to secure retention. Rosita et al. (2024) emphasize the importance of integrating compensation management with broader employee maintenance and development. Elysia and Purnama Sari

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(2025) also highlight the relevance of development, recognition, work environment, and leadership in the job-hopping behavior of Generation Z.

The Effect of Job Satisfaction on Turnover Intention

Job satisfaction has a positive and significant effect on turnover intention, with a coefficient of 0.326, a T-statistic of 6.842, and a P-value of 0.000. H5 is therefore not supported because the hypothesized direction was negative. The coefficient is the largest direct predictor of turnover intention in the model, while the f-Square value of 0.108 indicates a small effect size. The result should therefore be interpreted as a statistically significant positive relationship in this particular sample rather than as a general proposition that satisfied employees are more likely to leave.

Affriliea and Asmadi (2025) found a negative and significant effect of job satisfaction on turnover intention among Generation Z workers, which differs from the present finding. Chiho (2022) found a negative relationship between job satisfaction and actual voluntary turnover using longitudinal data, which also differs in direction from the present cross-sectional result. Adam (2024) likewise found a negative and significant relationship between job satisfaction and turnover intention.

The difference may be related to the distinction between turnover intention and actual turnover as well as the specific characteristics of the sample. Chiho (2022) examined actual voluntary turnover over time, whereas the present study measured intention at one point in time. Turnover intention can coexist with positive evaluations of the current job when employees are considering external opportunities, career advancement, or alternative employment conditions. Adelia et al. (2024) show that turnover intention among Indonesian Generation Z workers can involve a combination of emotional exhaustion, employee engagement, and job satisfaction.

The positive coefficient may also reflect the career stage of the respondents. Nearly half of the respondents had worked for less than three years, and a large proportion were in the 21–28 age range. At this stage, job satisfaction may indicate that employees have developed confidence and clarity about their preferences, which can coexist with a willingness to explore career alternatives. This interpretation remains contextual because the study did not directly measure career stage, career growth, or job opportunity as explanatory mechanisms.

The result has an important managerial implication because increasing job satisfaction should not be treated as a single-variable retention strategy. Organizations may need to ensure that satisfaction is accompanied by meaningful career development, promotion opportunities, recognition, organizational support, and long-term career prospects. Elysia and Purnama Sari (2025) identify development and recognition as relevant considerations for Generation Z job-hopping. Jogi et al. (2025) further emphasize that turnover intention is shaped by multiple shared determinants, supporting the interpretation that job satisfaction should be considered as part of a broader retention system.

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The Mediating Role of Job Satisfaction in the Effect of Work-Life Balance on Turnover Intention

Job satisfaction significantly mediates the effect of work-life balance on turnover intention through a specific indirect effect of 0.149, a T-statistic of 5.755, and a P-value of 0.000. The direct effect of work-life balance on turnover intention remains significant at 0.260, so the mediation is partial. H6 is not supported because the indirect effect is positive rather than negative, although the statistical mediation itself is established.

Handayani et al. (2024) found a positive indirect effect of work-life balance on turnover intention through job satisfaction, providing direct support for the positive direction observed in the present model. Soleha and Wulandaru (2025) found that job satisfaction mediated the relationship between work-life balance and turnover intention among Generation Z workers, although their interpretation emphasized the expected retention direction. Nurdin and Rohaeni (2020) also found that job satisfaction mediated the relationship between work-life balance and turnover intention among Millennials.

The positive indirect effect can be explained structurally by the coefficients in the model. Work-life balance increases job satisfaction by 0.457, while job satisfaction increases turnover intention by 0.326. The product of these coefficients is approximately 0.149, meaning that the positive mediation direction follows directly from the positive direction of the second path. If the job satisfaction → turnover intention path had been negative, the indirect effect generated from the positive work-life balance → job satisfaction path would also have been negative.

The mediation is partial because work-life balance retains a significant direct effect on turnover intention after job satisfaction is included. This indicates that job satisfaction is one pathway through which work-life balance is associated with turnover intention, but it is not the only pathway. The f-Square value for work-life balance on turnover intention is 0.077, while the f-Square value for job satisfaction on turnover intention is 0.108, showing that both effects are small despite their statistical significance.

The result should be interpreted carefully because the positive mediation does not justify the conclusion that work-life balance causes employees to leave. Ahmad Saufi et al. (2023) show that external job opportunity can influence turnover-intention relationships, while Martin et al. (2021) indicate that perceived employability and age can shape turnover-related outcomes. These variables were not measured in the present study and therefore remain possible contextual considerations rather than demonstrated mechanisms.

The Mediating Role of Job Satisfaction in the Effect of Compensation on Turnover Intention

Job satisfaction significantly mediates the effect of compensation on turnover intention through a specific indirect effect of 0.099, a T-statistic of 4.859, and a P-value of 0.000. The direct effect of compensation on turnover intention remains significant at 0.206, indicating partial mediation. H7 is not supported because the indirect effect is positive rather than negative, although job satisfaction remains a statistically significant mediator.

Artha and Jahja (2023) found that compensation was positively related to job satisfaction and turnover intention and that job satisfaction functioned as an intervening

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variable, providing a pattern that is structurally consistent with the present result. Anwar et al. (2023) reported a positive effect of compensation on turnover intention through job satisfaction, which also supports the positive direction of the indirect relationship. Aripah et al. (2025) found compensation and work-life balance relationships with turnover intention among Generation Z and reported a mediating role for job satisfaction.

The positive indirect effect can be derived from the two component paths in the model. Compensation increases job satisfaction by 0.305, and job satisfaction increases turnover intention by 0.326. The multiplication of 0.305 by 0.326 produces approximately 0.099, which corresponds to the estimated specific indirect effect. Therefore, the positive direction of H7 follows from the positive job satisfaction → turnover intention relationship rather than from an adverse effect of compensation on job satisfaction.

The mediation is partial because the direct compensation → turnover intention path remains statistically significant after job satisfaction is included. The indirect effect of 0.099 is smaller than the 0.149 indirect effect of work-life balance, which is consistent with the stronger initial path from work-life balance to job satisfaction. The f-Square value for compensation on turnover intention is 0.056, which is small, indicating that the statistically significant relationship should not be interpreted as a dominant practical driver of turnover intention.

From a Social Exchange Theory perspective, compensation remains an important organizational return that can strengthen positive job evaluations, but employees' decisions to remain or leave may depend on several exchanges operating simultaneously. Ahmad et al. (2023) emphasize that organizational exchange includes economic, social, and psychological elements. Rosita et al. (2024) likewise position compensation as one part of a broader employee-maintenance strategy. The practical implication is that compensation policies should be combined with career development, promotion, recognition, supportive leadership, and organizational support rather than being treated as a stand-alone retention mechanism.

Overall Findings

The seven research questions produce a coherent structural pattern even though several observed directions differ from the original hypotheses. Work-life balance and compensation both increase job satisfaction, with work-life balance showing the stronger coefficient. Work-life balance, compensation, and job satisfaction also show positive and significant direct relationships with turnover intention. Consequently, both indirect paths through job satisfaction are positive and statistically significant, and both are classified as partial mediation.

The positive relationships with turnover intention should be interpreted within the boundaries of the observed sample and research design. The model explains 39.6 percent of the variance in job satisfaction and 40.8 percent of the variance in turnover intention, leaving substantial variation to factors outside the model. The findings therefore do not justify reversing established theoretical expectations in a universal manner. Instead, they demonstrate that the direction of relationships can differ when the model is applied to a specific Generation Z workforce in a specific regional context.

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The practical implication is that employee retention among Generation Z should be approached as a multidimensional human resource challenge. Work-life balance remains highly relevant because it is the strongest predictor of job satisfaction in the model. Compensation remains important because it significantly improves job satisfaction. However, neither variable should be treated as sufficient on its own to reduce turnover intention. Career development, organizational support, recognition, leadership, job opportunity, and perceived employability represent relevant considerations that may complement the variables examined in this study, although they were not directly tested.

CONCLUSION

1. Work-life balance has a positive and significant effect on job satisfaction ($\beta = 0.457$, $T = 11.731$, $p < 0.001$), making it the strongest direct predictor of job satisfaction and supporting the first research question.
2. Compensation has a positive and significant effect on job satisfaction ($\beta = 0.305$, $T = 7.341$, $p < 0.001$), although its effect is weaker than work-life balance, supporting the second research question.
3. Work-life balance positively and significantly affects turnover intention ($\beta = 0.260$, $T = 5.723$, $p < 0.001$). Because the direction is opposite to the proposed negative relationship, H3 is not supported.
4. Compensation positively and significantly affects turnover intention ($\beta = 0.206$, $T = 4.514$, $p < 0.001$); however, H4 is not supported because the observed direction is positive rather than negative.
5. Job satisfaction positively and significantly affects turnover intention ($\beta = 0.326$, $T = 6.842$, $p < 0.001$), but H5 is not supported because the relationship is positive rather than negative.
6. Job satisfaction partially mediates the effect of work-life balance on turnover intention (indirect effect = 0.149, $T = 5.755$, $p < 0.001$), as the direct effect remains significant. However, H6 is not supported because the indirect effect is positive.
7. Job satisfaction also partially mediates the effect of compensation on turnover intention (indirect effect = 0.099, $T = 4.859$, $p < 0.001$), with the direct effect remaining significant. H7 is not supported because the indirect relationship is positive rather than negative.
8. Overall, work-life balance has a stronger influence on job satisfaction than compensation. The positive relationships among the variables indicate that turnover intention is more complex than initially assumed. The R^2 of 0.408 indicates that 40.8% of turnover intention is explained by the model, while other factors account for the remaining variance.

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