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The Effect of Compensation on Turnover Intention across Generations X, Y, and Z: Evidence from PT ASN

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ABSTRACT. This study investigates the impact of compensation on turnover intention among employees of PT ASN, with a specific focus on Generations X, Y, and Z. A sample of 100 respondents was drawn from a population of 315 employees using non-probability sampling through a purposive sampling technique. The research adopted a quantitative framework with survey data collection, utilizing an ordinal Likert scale. The data was analyzed using the SmartPLS 4 application using structural equation modeling-partial least squares (SEM-PLS). The findings reveal an adverse effect of Compensation towards Turnover Intention, suggesting that higher suitable compensation leads to a reduced Turnover Intention. Based on these results and available resources, HR at PT ASN may consider implementing a compensation strategy tailored to the preferences of each generation. For Generation X, which values long-term benefits such as pensions, insurance, and stability, the company could prioritize these forms of compensation. Generation Y may place more excellent value on recognition for contributions and opportunities for career development through training and growth. Finally, for Generation Z, PT ASN could offer more flexibility in its compensation structure, including project-based incentives and provisions for technology usage. Notably, Generation Z exhibits the lowest satisfaction with the current compensation policy, highlighting a need for more adaptable compensation options such as project-based incentives and greater access to technology. Addressing these issues may reduce turnover intention among Generation Z employees. A diversified compensation approach could strategically reduce turnover rates across these three generations. Compared to existing literature, this study provides a novel contribution to understanding the impact of compensation on turnover intention for X, Y, and Z generations. However, the quantitative approach does not fully capture other factors influencing turnover intention, such as psychological factors, job satisfaction, or organizational culture. In order to investigate these extra aspects in greater detail, future research should use a mixed-methods strategy that integrates both quantitative and qualitative techniques.

Keywords: *Compensation, Multigenerational, Turnover Intention, Workforce, XYZ Generations*

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INTRODUCTION

Employees, as the primary element within an organization, are regarded as strategic assets that significantly influence a company's success. According to Armstrong and Taylor (2023), effective human resource management requires a strategic approach to managing employees as human capital, which involves development, recognition, and empowerment. It supports Hasibuan's (2017) and Cachón-Rodríguez et al. (2022) viewpoint, which emphasizes that workers are an organization's

most valuable resource and should be preserved through equitable and long-term management techniques. One of the key aspects of human resource management is compensation, which encompasses salaries, benefits, and wage scale structures (Widener, 2006; Sharma & Sharma, 2024). Non-competitive or inequitable compensation often triggers turnover intention, where employees are inclined to leave the organization (Hanif et al., 2013; Pierce & Snyder, 2015). In the rapidly evolving era of globalization, organizations face significant challenges in managing human resources (HR). This issue has become increasingly critical as Generations X, Y, and Z (Gen XYZ) currently dominate Indonesia's productive workforce compared to the Boomer and Pre-Boomer generations (Badan Pusat Statistik, 2020).

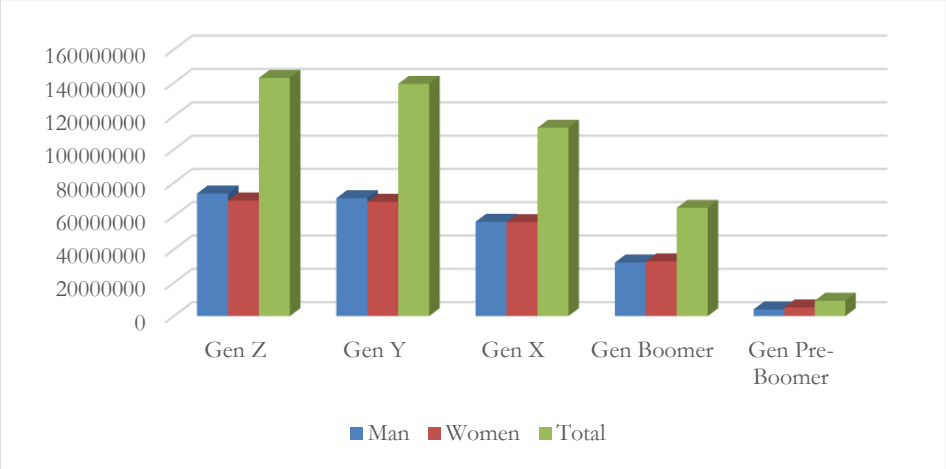

Figure 1. Population Distribution by Generation Classification and Gender in Indonesia 2020.
Source: (Badan Pusat Statistik, 2020)

The preferences, expectations, and attitudes of Generations X, Y (Millennials), and Z toward compensation in the workplace are shaped by their unique generational experiences and the social, technological, and economic contexts that influenced their development. The authors refer to the generational division by *Badan Pusat Statistik* (2020), which started from the X Generation born between 1965 and 1980. According to Kupperschmidt (2000), this generation highly values long-term benefits such as retirement allowance, healthcare insurance, and job stability. Then, it is further highlighted that this generation seeks freedom and flexibility in their work execution but remains loyal to organizations that provide security and career advancement opportunities. They also appreciate constructive feedback and a supportive leadership style. Following the X Generation is the Y Generation, or Millennials (1981–1996), who grew up during rapid technological advancement and globalization. Twenge (2010) suggests that Millennials prioritize recognition for their contributions and opportunities for professional growth through training and mentoring. This generation also demands transparency in organizational management, particularly regarding compensation structures. Moreover, Millennials are more likely to change jobs if their expectations are unmet.

Then, the Z Generation (1997–2012), the digital-native generation, demonstrates preferences highly oriented toward technology, innovation, and workplace flexibility. Dimock (2019) notes that Generation Z has strong expectations for inclusivity, sustainability, and alignment between organizational and personal values. They favour companies that leverage advanced technologies and provide opportunities for involvement in innovative projects. These generational differences present challenges for organizations when designing compensation systems that are equitable, competitive, and aligned with the needs of a multigenerational workforce. Generation X prefers stable salaries and benefits, whereas Millennials emphasize performance-based incentives and self-development allowances. Conversely, Generation Z values flexibility in compensation structures, including base pay, technology allowances, and project-based incentives (Yusuf, 2024). This diversity in expectations requires organizations to strategically manage their wage structures to meet

generational needs and minimize *turnover intention*. Ohunakin and Olugbade (2022) argue that tailored compensation systems can significantly reduce turnover intentions among employees.

The phenomenon of *turnover intention* among X, Y, and Z Generations has substantial implications for companies, particularly in Indonesia, where the workforce is dominated by these three generations (Badan Pusat Statistik, 2020). High turnover rates can result in significant drawbacks, such as increased recruitment and training costs, reduced productivity, and disruptions in team dynamics (Dessler et al., 2015). Prasetyo et al. (2021) further emphasize that high turnover can demotivate remaining employees due to increased workloads and workplace uncertainty. Thus, identifying factors influencing turnover intention, particularly compensation, becomes critical for organizational success.

Compensation, as defined by Wilkinson et al. (2019), is the reward provided by organizations to employees in recognition of their efforts and contributions toward achieving organizational goals. Werther and Davis (1996) categorize compensation into two primary forms: direct and indirect. Direct compensation includes base salary, wages, and performance-related incentives, whereas indirect compensation encompasses benefits and services that enhance employee well-being and productivity. Benefits are quantifiable financial advantages, such as healthcare insurance and retirement plans. Meanwhile, services include non-monetary advantages, such as training programs or workplace facilities that improve employee satisfaction and productivity. Werther and Davis (1996) have outlined five key indicators of compensation: (1) salary is payments made to employees daily, weekly, or monthly, as agreed in their employment contracts; (2) incentives are performance-based additional compensation beyond the regular salary, (3) allowances is supplementary payments that complement base salary, including health insurance, retirement benefits, and paid leave; (4) facilities is tangible amenities provided by companies to support employees, such as official vehicles, reserved parking, uniforms, or internet access; and (5) training is programs aimed at enhancing employees' hard skills and soft skills to improve career growth and productivity.

On the other hand, *turnover intention* refers to the inclination or intent of employees to leave their current jobs, serving as a precursor to actual turnover. Turnover entails an employee exiting the organization, necessitating a replacement (Hanif et al., 2013; Pierce & Snyder, 2015). Sukwadi and Meliana (2014) reinforce this perspective, arguing that turnover intention often stems from dissatisfaction with work conditions or inadequate compensation, making compensation a critical determinant of employee retention. The turnover intention process, as described by Hussain and Deery (2018), consists of three key stages: (1) thinking of quitting is an initial reflective phase where employees begin to contemplate leaving due to dissatisfaction or misalignment between personal and organizational values; (2) intention to search is a stage marked by an active exploration of new job opportunities through direct job market searches or professional networks; and (3) intention to quit is the final phase, where employees formulate a concrete decision to resign, often followed by preparatory behaviours such as submitting official notice.

This process highlights the dynamic relationship between employees' perceptions of organizational support and their intentions to seek better compensation elsewhere (Madden et al., 2015; Park et al., 2016; Asri, 2022). Several studies indicate a significant negative relationship between compensation and turnover intention, suggesting that higher compensation reduces the likelihood of turnover (Wei, 2015; Alam et al., 2022; Amri et al., 2021; Wiguna et al., 2023). Conversely, other studies report a positive yet insignificant relationship, indicating a need to explore further the factors influencing employee decisions (Karimah, 2024; Kusuma & Febrina, 2023; Sinaga et al., 2022). Previous studies have primarily focused on single respondent groups and have not examined generational differences in compensation and turnover intention, despite the vast number of all three generations—X, Y, and Z—in Indonesia's workforce. These generational groups may have distinct preferences and values regarding compensation, which could influence their turnover intentions. Therefore, a research gap exists in how compensation affects turnover intention across different generations. On the side, these conflicting findings suggest a research gap, necessitating a

deeper understanding of how compensation influences turnover intention across X, Y, and Z Generations. This study, therefore, proposes a research paradigm that incorporates the indicators of compensation and turnover intention:

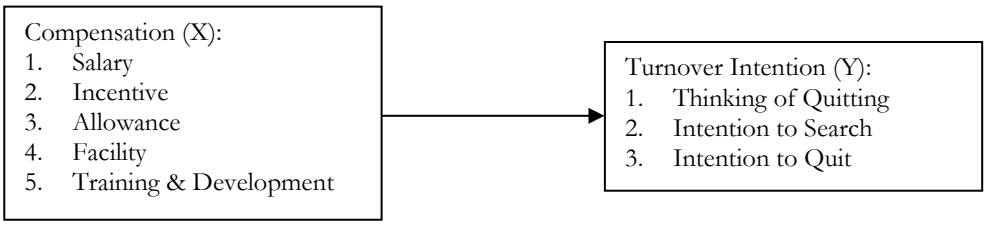

Figure 2. Research Paradigm.
Source: Researcher's Data Processing Results, 2024

Based on the existing literature review, most research suggests that compensation is crucial in reducing turnover intention and highlights the need for further research across the X, Y, and Z Generations. Therefore, this study's research hypothesis is that compensation significantly negatively affects turnover intention among employees across these three generations. Therefore, this study aims to explore the influence of compensation on turnover intention in these three generations.

METHOD

This study adopts a quantitative research methodology (Hoy & Adams, 2015) to examine the effect of compensation on turnover intention in the X, Y, and Z Generations. In the data collection process, two main techniques are employed. First, a literature review is conducted to gather secondary data from various documented sources. Second, a survey is used to collect primary data, with a questionnaire designed to gather respondents' demographic information and data related to the two main variables of interest, which are central to testing the hypothesis (Lexy J. Moleong, 2019). Five favourable items are offered that are built on several indicators of the compensation variable, such as salary, incentive, allowance, facility, and training and development (Werther & Davis, 1996). In the Turnover Intention variable, there are three favourable items offered that are built to represent the Turnover Intention variable, such as Thinking of quitting, intention to search, and intention to quit (Hussain & Deery 2018).

The research population consists of 315 active employees at PT ASN (company identity withheld at the request of management). PT ASN was chosen as the research object for several compelling reasons. First, the company represents a diverse and dynamic workforce comprising employees from multiple generational cohorts—X, Y, and Z Generations—making it an ideal setting to explore how compensation affects turnover intention across different generational groups. Second, PT ASN was established in 1957, providing a long-standing organizational foundation. This allows for studying compensation practices and their long-term effects on employee turnover intention. It makes its employee turnover and compensation strategies relevant within Indonesia's broader context of organizational behaviour. Lastly, as PT ASN is undergoing a phase of transformation in compensation structure, this provides an opportunity to explore how evolving compensation practices may influence turnover intention during organizational change, adding a layer of relevance to the study.

The sampling technique employed is non-probability sampling with a purposive sampling approach. The criteria established for respondents in this study include:

Table 1. Respondent Criterias

No	Generation		
	X	Y	Z
1	Born between 1965-1980	Born between 1981–1996	Born between 1997–2012
2	Currently an active employee at PT ASN	Currently an active employee at PT ASN	Currently an active employee at PT ASN
3	Has worked for a minimum of one year at PT ASN	Has worked for a minimum of one year at PT ASN	Has worked for a minimum of one year at PT ASN
4	Has received eligibility for compensation in the form of company bonuses and/or other benefits, such as but not limited to: a. Religion holiday allowances (THR); b. Health insurance benefits; c. Training and Development d. Incentive e. Various other allowances that enhance employee satisfaction and support performance.	Has received eligibility for compensation in the form of company bonuses and/or other benefits, such as but not limited to: a. Religion holiday allowances (THR); b. Health insurance benefits; c. Training and Development d. Incentive e. Various other allowances that enhance employee satisfaction and support performance.	Has received eligibility for compensation in the form of company bonuses and/or other benefits, such as but not limited to: a. Religion holiday allowances (THR); b. Health insurance benefits; c. Training and Development d. Incentive e. Various other allowances that enhance employee satisfaction and support performance.

Based on the criteria outlined in Table 1, the sample size obtained in this study is 100 employees, divided as follows: 18 respondents from the X Generation, 44 from the Y Generation, and 38 from the Z Generation. All respondents were given the same questionnaire to assess their responses to items formulated with non-favourable statements based on the research variables. The questionnaire instrument in this study uses an ordinal Likert scale with closed-ended response options. Respondents were asked to rate their agreement on a scale of 1 to 5, where one represents "Strongly Disagree" and five indicates "Strongly Agree." This scale is designed to capture the respondents' tendencies in their opinions systematically.

Several measures have been made to guarantee the validity and reliability of the data in order to reduce bias in the questionnaire used for this study. First, all questions were carefully worded to avoid leading or biased language, ensuring neutrality in the phrasing. Additionally, a balanced Likert scale (1-5) was used to capture a range of opinions, and a neutral option was included to allow respondents to express uncertainty without feeling forced into extreme responses. Then, the order of items on questionnaires was randomized, preventing any order-related influence on respondents' answers. The anonymity and confidentiality of respondents were emphasized to reduce social desirability bias and encourage honest feedback.

Additionally, each question focused on one issue to avoid duplicate questions, and reverse-scored questions were included to control for response bias. Lastly, clear instructions were provided to respondents regarding the purpose of the study and how to answer the items right before the questionnaire was distributed. The expected duration of the survey (15 minutes) was also communicated to avoid any time pressure or confusion that might skew responses.

This study uses Partial Least Squares (PLS)-based Structural Equation Modeling (SEM) with the aid of SmartPLS software to examine the association between compensation and turnover intention among employees from Generations X, Y, and Z. Convergent validity, discriminant validity, average variance extracted, composite reliability, and Cronbach's alpha are examples of external model tests that fall under this category. Additionally, inner model testing is conducted, which includes the determination coefficient (R-Square) test and F-Square test. Hypothesis testing is carried out by applying the following evaluation criteria:

Table 2. Research Hypothesis

Hypothesis	Decision	
	H0 is Accepted	H0 is Rejected
H0: The Compensation variable has a negative effect on the turnover intention of XYZ generation employees. H1: The Compensation variable has a positive effect on the turnover intention of XYZ generation employees.	P Value <0,05 or t value ≥1,96	P Value > 0,05 or t value <1,96

RESULT AND DISCUSSION

Result

Description of Respondents

Based on the data obtained by the researcher from the study's results, it is evident that the gender distribution of the total sample used in the study can be described in the table where, which table presents a breakdown of the gender composition of the participants involved in the research:

Table 3. Distribution of Genders

No	Gender	Number	Percentage (%)
1	Male	63	63
2	Female	37	37
	Grand Total	100	100

Source: Researcher's Data Processing Results, 2024

The data reveals the gender distribution of the total respondents in this study. Among 100 respondents, the majority are male, with 63 individuals representing 63% of the total sample. Meanwhile, 37 respondents are female, accounting for approximately 37% of the total respondents. This distribution indicates that male participants make up the sample in this study predominantly, compared to female participants. Furthermore, the distribution of the respondents' age ranges, categorized by X, Y, and Z Generations, can be described in the following table:

Table 4. Age Distribution

No	Age (Year)	Number	Percentage (%)
1	12–27 (X Generation)	38	38
2	28–43 (Y Generation)	44	44
3	44–59 (Z Generation)	18	18
	Grand Total	100	100

Source: Researcher's Data Processing Results, 2024

This additional demographic data offers further insight into the generational composition of the sample and helps contextualize the study's findings. Generational distribution is important for understanding how different age groups perceive or respond to the study's variables. Based on the data, most respondents come from the Y Generation, aged 28–43 years, making up 44% of the study sample. Then Z Generation, aged 12–27 years, accounts for 38% of the total respondents. Respondents from the X Generation (ages 44–59 years) represent the smallest group, comprising 18% of the sample. These findings indicate that most respondents are in the productive age groups, specifically Y and Z Generations, making up 82% of the total sample. Furthermore, the researcher also analyzes the responses of employees from the three generations regarding the compensation they have received using a 1-5 Likert scale:

Table 5. Responses of Employees from the Three Generations Regarding the Compensation Obtained

No	Age (Year)	Number (total)	Response	Number	Percentage (%)
1	12–27 (X Generation)	38	Very Good	12	31.6%
			Good	10	26.3%
			Fair	7	18.4%

			Bad	5	13.2%
			Very Bad	4	10.5%
2	28–43	44	Very Good	15	34.1%
	(Y Generation)		Good	12	27.3%
			Fair	7	15.9%
			Bad	6	13.6%
			Very Bad	4	9.1%
3	44–59	18	Very Good	2	11.1%
	(Z Generation)		Good	5	27.8%
			Fair	4	22.2%
			Bad	5	27.8%
			Very Bad	2	11.1%

Source: Researcher's Data Processing Results, 2024

The compensation responses from employees across three generations reveal varying levels of satisfaction. X Generation (12–27 years) generally views the compensation positively, with 57.9% rating it as "Very Good" or "Good," though 23.7% express dissatisfaction. Similarly, Y Generation (28–43 years) shows 61.4% satisfaction, but 22.7% find the compensation inadequate. In contrast, Z Generation (44–59 years) exhibits the highest dissatisfaction, with 38.9% rating their compensation as "Bad" or "Very Bad," indicating a need for more suitable salary structures and benefits. While younger generations are relatively content, PT ASN should prioritize addressing the concerns of the Z Generation to reduce the Turnover Intention.

Additionally, the distribution of respondents' education levels is provided in the following table:

Table 6. Last Educations

No	Education Level	Number	Percentage (%)
1	Senior High School/Equivalent	0	0
2	Diploma/Equivalent	0	0
3	Bachelor/Equivalent	81	81
4	Master/Equivalent	19	19
5	Doctoral/Equivalent	0	0
	Grand Total	100	100

Source: Researcher's Data Processing Results, 2024

According to the data, most respondents—81 people, or 81% of the sample—have a bachelor's degree. Meanwhile, 19% of the sample, or 19 people, are respondents who hold a Master's degree. There are no respondents with educational qualifications below a Diploma level or above a Master's level (Doctoral). This distribution indicates that most respondents possess a high level of educational attainment, specifically at the Bachelor's and Master's levels, reflecting an adequate level of academic competence among the respondents. Furthermore, data related to the respondents' length of employment at PT ASN can be presented in the following table:

Table 7. Duration of Employment

No	Length of Working (Year)	Number	Percentage (%)
1	< 1	0	0
2	1-3	15	15
3	3-5	44	44
4	5-7	17	17
5	>7	24	24
	Grand Total	100	100

Source: Researcher's Data Processing Results, 2024

The data indicates that most respondents have a 3–5 years tenure, accounting for 44% of the total sample, or 44 individuals. Meanwhile, 24% of respondents have been employed for more than 7 years, followed by 17% with a tenure of 5–7 years. Respondents with a work period of 1–3 years

contribute 15% to the total, and notably, there are no respondents with a tenure of less than 1 year. These findings highlight that most respondents possess moderate to extensive work experience (over 3 years), reflecting stability and sustained organizational engagement. This distribution suggests that the respondents' familiarity with organizational processes and structures may provide valuable insights into the study's key variables, such as compensation and turnover intention.

Construct Model

The authors have developed the research construct model using Structural Equation Modeling–Partial Least Squares (SEM-PLS). The resulting structural model is presented as follows:

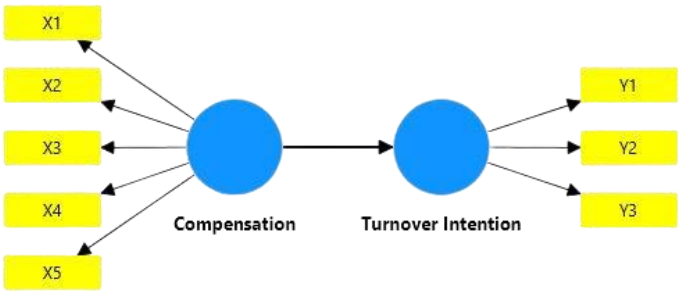

Figure 3. Costruct of Model Built
Source: Researcher's Data Analysis Results Using SmartPLS 4, 2024.

Based on the above description, it can be explained that X1, X2, X3, X4, and X5 represent the compensation variables, which serve as independent variables in this study. Each compensation variable is measured through five specifically designed indicators or statements used in the survey. These indicators aim to gather relevant and representative data concerning various components of the compensation system received by employees from X, Y, and Z Generations at PT ASN. The indicators cover the following aspects: Salary, Incentives, Allowances, Facilities, and Training. On the other hand, Y1, Y2, and Y3 represent the turnover intention variable, which is the dependent variable in this study. The three indicators or statements included in the research instrument are designed to reflect respondents' tendencies to resign from PT ASN. These indicators measure the dimensions of Thinking of Quitting, Intention to Search, and Intention to Quit.

Model Testing Measurement (Outer Model)

Convergent Validity

After the data processing stage, the following results were obtained from the outer loading matrix using SmartPLS 4. First of all, the convergent Validity, the convergent validity test was conducted by analyzing the outer loading values of each indicator on the measured construct. According to Hair et al. (2014), Sarstedt et al. (2021), and Hair and Alamer (2022), indicators with outer loading values below 0.40 are considered weak and should be excluded as they fail to reflect the latent variable or measured construct effectively. Meanwhile, indicators with values in the range of 0.40 to 0.70 can still be retained and considered, whereas indicators with values above 0.70 are ideal as they strongly reflect the latent variable.

Table 8. Outer Loading Matrix

No	Indicators	Compensation	Turnover Intention
1	X1	0.559	
2	X2	0.941	
3	X3	0.874	
4	X4	0.670	
5	X5	0.512	
6	Y1		0.937
7	Y2		0.882
8	Y3		0.933

Source: Researcher's Data Analysis Results Using SmartPLS 4, 2024.

The data results indicate that nearly all indicators achieved outer loading values greater than 0.70, which confirms that these indicators meet the criteria for strong convergent validity. However, three indicators, X1, X4, and X5, were found to have outer loading values below 0.70 but still within the acceptable range of 0.40 to 0.70. According to the established guidelines, these indicators can still be retained as they sufficiently reflect the measured latent variable.

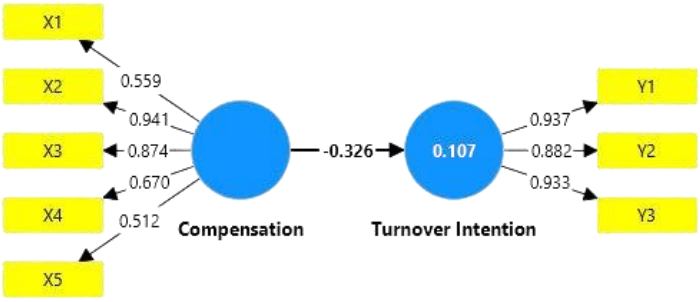

Figure 4. Outer loading diagram
Source: Researcher's Data Analysis Results Using SmartPLS 4, 2024.

Discriminant Validity

The discriminant validity assessment aims to ensure that each indicator correlates more strongly with its designated construct than other constructs within the model. Discriminant validity is considered achieved if the cross-loading value of an indicator on its primary construct is higher than its cross-loading values on other constructs.

Table 9. Result of Cross Loading

No	Indicators	Compensation	Turnover Intention
1	X1	**0.559**	-0.028
2	X2	**0.941**	-0.379
3	X3	**0.874**	-0.262
4	X4	**0.670**	-0.070
5	X5	**0.512**	-0.061
6	Y1	-0.291	**0.937**
7	Y2	-0.266	**0.882**
8	Y3	-0.335	**0.933**

Source: Researcher's Data Analysis Results Using SmartPLS 4, 2024.

The results of the discriminant validity test indicate that the cross-loading values of all indicators on their respective primary constructs are consistently higher than their cross-loading values on other constructs. This finding suggests that each indicator has a stronger correlation with the construct it represents.

Average Variance Extracted (AVE)

Construct validity is assessed based on the extent to which the variance of the indicators is explained by the latent construct they represent. The Average Variance Extracted (AVE) meets the required criteria if its value exceeds 0.50. An AVE value above 0.50 indicates that the corresponding latent construct can explain more than 50% of the variance in the indicators.

Table 10. Result of Average Variance Extracted (AVE)

No	Variable	AVE	Explanation
1	Compensation	0.535	Valid
2	Turnover Intention	0.842	Valid

Source: Researcher's Data Analysis Results Using SmartPLS 4, 2024.

The test results indicate that AVE values for each construct have exceeded the threshold of 0.50, affirming that all constructs meet the validity criteria.

Construct Reliability

Construct reliability was assessed using composite reliability and Cronbach's alpha, where values exceeding 0.7 indicate strong internal consistency.

Table 11. Result of Construct Reliability

No	Variable	Cronbach's Alpha	Composite Reliability (RH0_a)	Explanation
1	Compensation	0.818	1.076	Reliable
2	Turnover Intention	0.906	0.919	Reliable

Source: Researcher's Data Analysis Results Using SmartPLS 4, 2024.

The research findings indicate that all variables have composite reliability and Cronbach's alpha values above 0.7, confirming that all indicators representing each variable are reliable.

Structural Model Analysis (Inner Model)

Coefficient of Determination (R-Square Test)

The R-Square value provides insights into the percentage of influence independent variables exert on the dependent variable within the model. According to R-Square evaluation guidelines, a model with an R^2 value of 0.67 is considered to have a high or strong predictive level. A model with an R^2 value of 0.33 indicates a moderate predictive level, while an R^2 value of 0.19 suggests a low or weak predictive level.

Table 12. Coefficient Determination (R-Square value)

No	Variable	R-Square	Explanation
1	Turnover Intention	0.594	Moderate

Source: Researcher's Data Analysis Results Using SmartPLS 4, 2024.

The results of this study indicate that the Compensation variable explains 59.4% of the Turnover Intention variable, which falls into the moderate predictive category.

F-Square Test

This test aims to explain the contribution of each independent variable to the variation observed in the dependent variable. The interpretation of the F-square value can be outlined as follows: a value of 0.02 indicates a small effect, a value of 0.15 indicates a medium effect and a value of 0.35 suggests a strong effect.

Table 13. F-Square

No	Variable	F-Square	Explanation
1	Compensation → Turnover Intention	1.190	Medium

Source: Researcher's Data Analysis Results Using SmartPLS 4, 2024.

The F-Square test indicates that the Compensation variable has a medium effect on Turnover Intention, with a value of 1.490 (categorized as strong).

Structural Equation

Using the established structural model, the author has analyzed the structural equation based on the collected data. Accordingly, the researcher refers to the Path Coefficients as follows:

Table 14. Path Coefficients

No	Variable	Original Sample (O)	T Statistics (IO/STDEV)	P Values
1	Compensation →Turnover Intention	-0.326	3.002	0.003

Source: Researcher's Data Analysis Results Using SmartPLS 4, 2024.

The direct effect coefficient of the Compensation variable on Turnover Intention is -0.326, as indicated by the Original Sample (O) value. This result suggests that an increase of 1 point in the Compensation variable will decrease Turnover Intention by 0.326.

Hypothesis Testing

This test uses the t-statistic as the basis for comparative analysis. Two main criteria are applied to determine the significance of the test results. First, the t-statistic must be equal to or greater than 1.96; second, the p-value must be less than 0.05. The tested relationship can be considered statistically significant if both conditions are met. Therefore, the null hypothesis (H0) is rejected if p-value < 0.05 or t-statistic ≥ 1.96, whereas H0 is accepted if p-value > 0.05 or t-statistic < 1.96.

H0 : The Compensation variable does not positively and significantly affect the Turnover Intention of XYZ generation employees.

H1 : The Compensation variable positively and significantly affects the Turnover Intention of XYZ generation employees.

Based on the data presented in Table 13, the Path Coefficients analysis indicates that the t-statistic (IO/STDEV) value is 3.002, which exceeds the threshold of 1.96, and the recorded p-value is 0.003, less than 0.05. These findings demonstrate that the tested effect is statistically significant. Additionally, the Original Sample (O) value of -0.326 indicates an adverse effect. Thus, the Compensation variable negatively and significantly affects Turnover Intention among XYZ generation employees. Accordingly, the null hypothesis (H0) is rejected, and the alternative hypothesis (H1) is accepted. The direct effect of the exogenous variable on the endogenous variable in this study can, therefore, be summarized as follows:

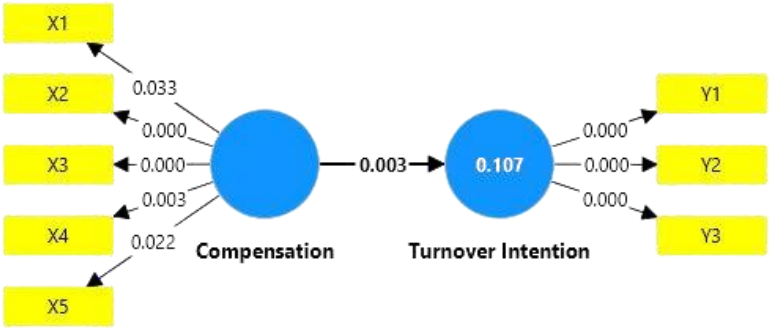

Figure 5. The Direct Effect from Exogenous Variables to Endogenous Variables
Source: Researcher's Data Analysis Results Using SmartPLS 4, 2024.

Discussion

The results of the data analysis regarding the effect of the Compensation variable on Turnover Intention reveal that the Compensation variable has a negative and significant direct effect on Turnover Intention. As such, H0 is rejected, and H1 is accepted** in the case of XYZ generation employees at PT ASN. Overall, the compensation received by respondents contributes to reducing Turnover Intention among XYZ generation employees at PT ASN, where higher compensation significantly decreases Turnover Intention.

These findings support previous research that reached similar conclusions, indicating that compensation is a crucial factor influencing Turnover Intention (Alkahtani, 2015; Alias et al., 2018; Purwatiningsih & Iwan, 2022). Even for small and medium-sized enterprises, compensation is a key determinant in lowering Turnover Intention with a negative relationship (Sukwadi & Meliana, 2014; Wiguna et al., 2023). Several case studies also reinforce these findings, such as in the technology sector (Alam et al., 2022) and the hospitality sector (Amri et al., 2021).

Adams (2015) also highlights that competitive compensation fosters a sense of fairness among employees, particularly within Equity Theory, where employees compare their rewards to their contributions. If employees perceive that their compensation is not commensurate with their efforts, it increases the likelihood of Turnover Intention. This factor has become increasingly relevant in modern organizations as competition among companies to retain top talent intensifies (Gupta & Shaw, 2014). Additionally, supporting factors such as supplementary benefits, performance-based incentives, and recognition of employee achievements are critical components of an effective compensation policy (Werther & Davis, 1996).

Compared to existing literature, this study provides a novel contribution to understanding the impact of compensation on turnover intention for X, Y, and Z generations. This study has certain limitations due to the methodological approach employed. The reliance on a purely quantitative method restricts the depth of exploration into various underlying factors that may influence turnover intention beyond the numerical data collected. Important elements such as psychological aspects, employee motivation, job satisfaction, workplace dynamics, and organizational culture—factors that often play a crucial role in shaping employees' decisions to leave or stay—cannot be fully captured through quantitative analysis alone. Additionally, external influences such as industry trends, economic conditions, and personal circumstances may also contribute to turnover intention but remain unexplored within the scope of this study.

Future research should consider employing a mixed-methods approach to gain a more holistic and comprehensive understanding of the factors driving turnover intention. By integrating both quantitative and qualitative research techniques, scholars can explore statistical trends and the underlying motivations, perceptions, and experiences of employees. Qualitative insights gathered through interviews, focus groups, or open-ended survey responses complement quantitative findings by providing richer context and deeper interpretations of the data. This approach would allow researchers to capture complex, nuanced factors that cannot be fully assessed through numerical data alone, ultimately leading to a more well-rounded and insightful analysis of organizational turnover intention.

CONCLUSION

The Compensation variable negatively and significantly affects the Turnover Intention of employees from X, Y, and Z generations at PT ASN. This finding indicates that more appropriate compensation provided to employees across these generational cohorts significantly reduces their Turnover Intention. Employees from X, Y, and Z generations exhibit distinct preferences and expectations regarding compensation, benefits, and overall job satisfaction. Based on the findings and existing resources, HR at PT ASN may consider implementing a compensation scheme tailored to each generation, especially the Z Generation, which needs to be given greater attention regarding suitable compensation, as the findings indicate that their satisfaction level with the current compensation policy is lower compared to the X and Y Generations. This dissatisfaction suggests that the existing compensation structure does not meet their expectations or needs adequately. Therefore, PT ASN should prioritize revising its approach for this group by offering more flexibility in the compensation structure, such as project-based incentives and provisions for technology usage, to better align with their preferences and may reduce the Turnover Intention. A diversified compensation approach would reduce turnover rates across these three generations. There are some limitations in the approach used. The quantitative method does not explain other factors that may influence turnover intention in-depth, such as psychological aspects, job satisfaction, or organizational culture. Therefore, to obtain a more comprehensive understanding, future research is recommended to adopt a mixed-methods approach that combines quantitative and qualitative techniques to explore factors that cannot be fully explained through quantitative analysis.

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