COMPENSATION AND WORK-LIFE BALANCE ROLES IN RETAINING GENERATION Z TOWARD INDONESIA EMAS

FINAL PROJECT

To Fulfill the Requirements for Obtaining a Bachelor's Degree

FATIMAH AZZAHRA AL-IDRUS

NIM. B1024201003

MANAGEMENT DEPARTMENT

FACULTY OF ECONOMICS AND BUSINESS

UNIVERSITAS TANJUNGPURA

PONTIANAK

2025

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Peran Kompensasi dan Keseimbangan Kehidupan-Kerja dalam Retensi Generasi Z Menuju Indonesia Emas

ABSTRAK

Pemerintah Indonesia melalui Bappenas telah menggagas visi Indonesia Emas 2045 untuk mewujudkan bangsa yang sejahtera dan berdaya saing, di mana retensi tenaga kerja muda yang terampil menjadi salah satu syarat utama. Generasi Z, sebagai segmen terbaru dalam dunia kerja, ditandai dengan tingkat turnover yang tinggi sehingga menjadikan retensi karyawan sebagai isu yang mendesak. Penelitian ini bertujuan untuk menguji pengaruh kompensasi dan keseimbangan kehidupan kerja terhadap retensi karyawan Generasi Z dengan kepuasan kerja sebagai variabel mediasi. Metode penelitian yang digunakan adalah kuantitatif dengan menyebarkan kuesioner terstruktur kepada karyawan Generasi Z di sektor perdagangan swasta Indonesia. Sebanyak 200 respon valid dikumpulkan melalui random sampling, kemudian dianalisis menggunakan Structural Equation Modeling (SEM) dengan bantuan SmartPLS versi 4 untuk menilai model pengukuran dan struktural. Hasil penelitian menunjukkan bahwa karyawan Generasi Z menilai kompensasi dan keseimbangan kehidupan kerja yang dinamis sebagai faktor penting dalam membentuk kepuasan kerja dan retensi, sehingga organisasi perlu menyeimbangkan imbalan finansial dengan kebijakan kerja yang mendukung agar mampu mempertahankan talenta muda secara efektif. Kesimpulan dari penelitian ini menegaskan bahwa kompensasi berpengaruh pada kepuasan kerja tetapi tidak secara langsung menjamin retensi, sedangkan keseimbangan kehidupan kerja memiliki pengaruh lebih kuat terhadap komitmen Generasi Z. Integrasi keduanya memberikan arahan bagi manajemen sumber daya manusia sekaligus mendukung tercapainya visi Indonesia Emas 2045. Penelitian ini juga memberikan kontribusi pada literatur mengenai manajemen sumber daya manusia dan perilaku generasi dalam dunia kerja, serta menawarkan strategi praktis bagi organisasi dalam mempertahankan karyawan Generasi Z. Keterbatasan penelitian ini terletak pada jumlah sampel yang terbatas, yaitu 200 responden dari sektor perdagangan swasta, sehingga belum sepenuhnya merepresentasikan populasi Generasi Z di Indonesia secara luas.

Kata Kunci: *Employee retention; Generation Z; Compensation; Job satisfaction; Work-life balance*.

Compensation and Work-Life Balance Roles in Retaining Generation Z Toward Indonesia Emas

ABSTRACT

The Government of Indonesia, through Bappenas, has introduced the Indonesia Emas 2045 vision to build a prosperous and competitive nation, where retaining skilled young workers is a key prerequisite. Generation Z, as the newest segment of the workforce, is characterized by high turnover rates, making employee retention a pressing issue. This study aims to examine the effects of compensation and work-life balance on employee retention among Generation Z, with job satisfaction as a mediating variable. A quantitative approach was employed by distributing structured questionnaires to Generation Z employees working in Indonesia's private trade sector, resulting in 200 valid responses collected through random sampling. The data were analyzed using Structural Equation Modeling (SEM) with SmartPLS version 4 to assess both measurement and structural models. The findings indicate that compensation and dynamic work-life balance are considered essential by Generation Z employees in shaping job satisfaction and retention, suggesting that organizations need to balance financial rewards with supportive work-life policies to retain young talent effectively. The study concludes that while compensation enhances job satisfaction, it does not directly guarantee retention, whereas work-life balance exerts a stronger influence on Generation Z's commitment. Integrating both factors offers valuable guidance for human resource management and contributes to realizing the Indonesia Emas 2045 vision. This research adds to the literature on human resource management and generational workforce behavior while offering practical strategies for retaining Generation Z employees. However, the study is limited by its sample size of 200 respondents from the private trade sector, which may not fully represent the broader Generation Z workforce in Indonesia.

Keyword: Employee retention; Generation Z; Compensation; Job satisfaction; Work-life balance.

RINGKASAN

PERAN KOMPENSASI DAN KESEIMBANGAN KEHIDUPAN-KERJA DALAM RETENSI GENERASI Z MENUJU INDONESIA EMAS

1. Latar Belakang

a. Pendahuluan

Kementerian PPN/Bappenas melalui visi Indonesia Emas 2045 menekankan pembangunan sumber daya manusia berkualitas sebagai kunci daya saing global. Generasi Z (1997–2012), yang diproyeksikan mendominasi pasar kerja pada 2025, memiliki karakteristik unik dengan menempatkan *job satisfaction, work-life balance*, dan makna kerja sebagai prioritas, berbeda dari generasi sebelumnya.

Dinamika multigenerasi dan ketidakpastian pasar tenaga kerja, termasuk pemutusan hubungan kerja massal, disrupsi teknologi, dan dampak pasca-pandemi, turut memengaruhi stabilitas serta retensi karyawan muda. Data Kementerian Ketenagakerjaan (2024) mencatat 52.993 kasus pemutusan hubungan kerja hingga September 2024, termasuk kebangkrutan Sritex yang berdampak pada lebih dari 10.000 pekerja. Kondisi ini menekan perusahaan sekaligus memperkuat ekspektasi Generasi Z terhadap lingkungan kerja yang stabil, inklusif, dan seimbang.

Meskipun diskursus publik mengenai Generasi Z meluas, bukti empiris dalam konteks Indonesia masih terbatas. Penelitian mengenai pengaruh *compensation* dan *work-life balance* terhadap *employee retention* dengan *job satisfaction* sebagai variabel mediasi masih jarang dilakukan. Oleh karena itu, studi ini diharapkan dapat memperkaya literatur manajemen sumber daya manusia, sekaligus memberi rujukan praktis bagi organisasi dalam mengelola talenta muda dan mendukung tercapainya Indonesia Emas 2045.

2. Rumusan Masalah

1) Apakah *Compensation* berpengaruh positif dan signifikan terhadap *Employee Retention*?
2) Apakah *Compensation* berpengaruh positif dan signifikan terhadap *Job Satisfaction*.
3) Apakah *Work-life Balance* berpengaruh positif dan signifikan terhadap *Employee Retention*.

4) Apakah *Work-life Balance* berpengaruh positif dan signifikan terhadap *Job Satisfaction*.
5) Apakah *Job Satisfaction* berpengaruh positif dan signifikan terhadap *Employee Retention*?
6) Apakah *Job Satisfaction* memediasi hubungan antara *Compensation* dan *Employee Retention*.
7) Apakah *Job Satisfaction* memediasi hubungan antara *Work-life Balance* dan *Employee Retention*.
8) Apakah terdapat perbedaan pengaruh *Compensation* dan *Work-life Balance* terhadap *Job Satisfaction*.
9) Apakah terdapat perbedaan pengaruh *Compensation* dan *Work-life Balance* terhadap *Employee Retention*?
10) Untuk menguji dan menganalisis pengaruh kebaruan terhadap kesenangan yang dirasakan untuk usia 17-20 tahun.

3. Tujuan Penelitian

1) Untuk menguji dan menganalisis pengaruh *Compensation* terhadap *Employee Retention*.
2) Untuk menguji dan menganalisis pengaruh *Compensation* terhadap *Job Satisfaction*.
3) Untuk menguji dan menganalisis pengaruh *Work-life Balance* terhadap *Employee Retention*.
4) Untuk menguji dan menganalisis pengaruh *Work-life Balance* terhadap *Job Satisfaction*.
5) Untuk menguji dan menganalisis pengaruh *Job Satisfaction* terhadap *Employee Retention*.
6) Untuk menguji dan menganalisis peran mediasi *Job Satisfaction* dalam hubungan antara *Compensation* dan *Employee Retention*
7) Untuk menguji dan menganalisis peran mediasi *Job Satisfaction* dalam hubungan antara *Work-life Balance* dan *Employee Retention*
8) Untuk membandingkan pengaruh *Compensation* dan *Work-life Balance* terhadap *Job Satisfaction*
9) Untuk membandingkan pengaruh *Compensation* dan *Work-life Balance* terhadap *Employee Retention*
10) Untuk mengidentifikasi faktor yang paling dominan dalam meningkatkan *Employee Retention* di kalangan Generasi Z.

4. Metode Penelitian

Penelitian ini menggunakan desain kausal-asosiatif dengan pendekatan kuantitatif eksplanatori untuk menguji pengaruh *Compensation* dan *Work-life Balance* terhadap *Job Satisfaction* dan *Employee Retention* pada karyawan Generasi Z di sektor swasta Indonesia. Instrumen penelitian berupa kuesioner terstruktur berbasis skala Likert lima poin yang diadaptasi dari studi terdahulu untuk menjamin validitas dan reliabilitas, dengan pengujian melalui *Cronbach's Alpha*, *Composite Reliability*, dan *Average Variance Extracted*. Model pengukuran (*outer model*) digunakan untuk menguji validitas dan reliabilitas, sedangkan model struktural (*inner model*) menganalisis hubungan kausal antarvariabel melalui R^2 dan t-statistik pada tingkat signifikansi 5%.

Analisis data dilakukan menggunakan Structural Equation Modeling–Partial Least Squares (SEM-PLS) dengan bantuan SmartPLS 4. Metode PLS dipilih karena sesuai untuk sampel moderat, menekankan pada prediksi varians, mampu menangani multikolinearitas, serta efektif menguji efek mediasi. Responden berjumlah 200 orang, diperoleh melalui purposive sampling dengan kriteria: (1) karyawan Generasi Z berusia 18–26 tahun, (2) bekerja di sektor perdagangan swasta, dan (3) memiliki pengalaman kerja minimal enam bulan.

5. Hasil dan Pembahasan

Hasil penelitian menunjukkan bahwa kompensasi berpengaruh positif namun tidak signifikan terhadap retensi, sehingga kompensasi saja tidak cukup kuat membangun loyalitas, sejalan dengan temuan yang menekankan pentingnya pendekatan holistik. Sebaliknya, kompensasi terbukti signifikan meningkatkan kepuasan kerja, mendukung pandangan bahwa kompensasi adil dan transparan tidak hanya sebagai imbalan finansial tetapi juga sebagai sarana membangun persepsi positif terhadap pekerjaan. Work-life balance berpengaruh signifikan terhadap retensi, namun pengaruhnya terhadap kepuasan kerja hanya marginal, menandakan bahwa kepuasan dipengaruhi pula oleh faktor lain seperti dukungan organisasi. Kepuasan kerja sendiri berpengaruh positif tetapi tidak signifikan terhadap retensi, menunjukkan bahwa retensi juga dipengaruhi peluang karier, budaya organisasi, dan keselarasan nilai. Analisis efek mediasi mengungkap bahwa kepuasan kerja tidak signifikan dalam memediasi hubungan kompensasi maupun work-life balance terhadap retensi, sejalan dengan penelitian sebelumnya yang menekankan bahwa retensi dipengaruhi faktor kompleks di luar kepuasan kerja. Perbedaan hasil ini dapat dijelaskan oleh variasi konteks industri dan budaya kerja, misalnya sektor kreatif yang menekankan kompensasi, perusahaan teknologi yang mengutamakan nilai intrinsik, atau startup yang menekankan fleksibilitas.

Selain itu, faktor psikologis seperti kelelahan emosional juga terbukti menurunkan kepuasan dan meningkatkan turnover, menegaskan bahwa retensi generasi muda membutuhkan strategi yang tidak hanya berbasis kebijakan formal, tetapi juga memperhatikan kesejahteraan psikologis dan dinamika industri spesifik.

6. Kesimpulan

Penelitian ini menunjukkan bahwa compensation berpengaruh signifikan terhadap job satisfaction, sementara work-life balance berpengaruh signifikan terhadap employee retention pada karyawan Generasi Z di sektor swasta Indonesia. Temuan ini menegaskan bahwa retensi tidak hanya ditentukan oleh kebijakan formal, tetapi juga oleh pengalaman dukungan dan kepuasan karyawan di tempat kerja. Work-life balance terbukti lebih kuat dalam meningkatkan retensi dibandingkan compensation, meskipun kompensasi yang adil tetap penting bagi motivasi. Job satisfaction tidak terbukti signifikan sebagai variabel mediasi, namun tetap berperan sebagai penghubung psikologis antara praktik SDM dan hasil karyawan. Oleh karena itu, organisasi perlu menyeimbangkan kebijakan formal dengan dukungan afektif melalui kompensasi yang adil, pengembangan karier, serta lingkungan kerja yang sehat. Pemerintah juga dapat mendukung melalui regulasi dan program yang mendorong kesejahteraan, fleksibilitas, dan pertumbuhan profesional. Penelitian selanjutnya disarankan menambahkan faktor seperti kepemimpinan transformasional, budaya organisasi, atau employee engagement, serta menggunakan studi longitudinal untuk melihat dampak jangka panjang terhadap retensi.

SUMMARY

COMPENSATION AND WORK-LIFE BALANCE ROLES IN RETAINING GENERATION Z TOWARD INDONESIA EMAS

1. Introduction

a. Background

The Ministry of National Development Planning (Kementerian PPN/Bappenas), through the Indonesia Emas 2045 vision, emphasizes the development of high-quality human resources as a key pillar for global competitiveness. Generation Z (1997–2012), projected to dominate the labor market by 2025, has unique characteristics that prioritize job satisfaction, work-life balance, and meaningful work, distinguishing them from previous generations. The dynamics of multigenerational workplaces and labor market uncertainties such as mass layoffs, technological disruption, and post-pandemic impacts influence stability and young employee retention. Data from the Ministry of Manpower (2024) recorded 52,993 cases of layoffs by September 2024, including the bankruptcy of Sritex which affected more than 10,000 workers. These conditions increase organizational pressure while reinforcing Generation Z's expectations for stable, inclusive, and balanced work environments. Despite the growing discourse, empirical evidence on Generation Z in the Indonesian context remains limited. Studies examining the effect of compensation and work-life balance on employee retention with job satisfaction as a mediating variable are still rare. This research seeks to enrich human resource management literature and provide practical insights for organizations in managing young talent while contributing to the achievement of Indonesia Emas 2045.

b. Research Problems

1) Does compensation have a positive and significant effect on employee retention?
2) Does compensation have a positive and significant effect on job satisfaction?
3) Does work-life balance have a positive and significant effect on employee retention?
4) Does work-life balance have a positive and significant effect on job satisfaction?

5) Does job satisfaction have a positive and significant effect on employee retention?
6) Does job satisfaction mediate the relationship between compensation and employee retention?
7) Does job satisfaction mediate the relationship between work-life balance and employee retention?
8) Are there differences in the effect of compensation and work-life balance on job satisfaction?
9) Are there differences in the effect of compensation and work-life balance on employee retention?
10) What is the most dominant factor in improving employee retention among Generation Z?

c. Research Objectives

1) To examine and analyze the effect of compensation on employee retention
2) To examine and analyze the effect of compensation on job satisfaction.
3) To examine and analyze the effect of work-life balance on employee retention.
4) To examine and analyze the effect of work-life balance on job satisfaction.
5) To examine and analyze the effect of job satisfaction on employee retention.
6) To examine and analyze the mediating role of job satisfaction in the relationship between compensation and employee retention.
7) To examine and analyze the mediating role of job satisfaction in the relationship between work-life balance and employee retention.
8) To compare the effects of compensation and work-life balance on job satisfaction.
9) To compare the effects of compensation and work-life balance on employee retention.
10) To identify the most dominant factor influencing employee retention among Generation Z.

2. Research Method

This study employed a causal-associative design with an explanatory quantitative approach to examine the effects of compensation and work-life balance on job satisfaction and employee retention among

Generation Z employees in Indonesia's private sector. Data were collected using a structured questionnaire with a five-point Likert scale adapted from validated instruments in previous studies to ensure reliability and validity, measured through Cronbach's Alpha, Composite Reliability, and Average Variance Extracted. The outer model tested indicator validity and reliability, while the inner model analyzed causal relationships among variables using R^2 and t-statistics at a 5 percent significance level. Data analysis was conducted using Structural Equation Modeling–Partial Least Squares (SEM-PLS) with SmartPLS 4. A total of 200 respondents were recruited through purposive sampling with three criteria: Generation Z employees aged 18–26, employed in the private trade sector, and having at least six months of work experience.

3. Result and Discussion

The findings show that compensation has a positive but insignificant effect on retention, suggesting that compensation alone is insufficient to build loyalty, consistent with studies emphasizing the need for a holistic approach. However, compensation significantly improves job satisfaction, supporting the view that fair and transparent compensation functions not only as financial reward but also as a driver of positive work perceptions. Work-life balance significantly affects retention but shows only a marginal influence on job satisfaction, indicating that satisfaction is also shaped by organizational support and other factors. Job satisfaction itself has a positive but insignificant effect on retention, implying that retention is additionally influenced by career opportunities, organizational culture, and value alignment. Mediation analysis reveals that job satisfaction does not significantly mediate the relationship between compensation and retention, nor between work-life balance and retention, consistent with prior research highlighting that retention is shaped by complex factors beyond job satisfaction. Variations in results may be explained by industrial and cultural contexts, such as creative sectors valuing compensation, technology firms prioritizing intrinsic values, and startups emphasizing flexibility. Moreover, psychological aspects like emotional fatigue were found to lower satisfaction and increase turnover, suggesting that retention strategies for younger generations must consider not only formal policies but also psychological well-being and industry-specific dynamics.

4. Conclusion

This study demonstrates that compensation significantly influences job satisfaction, while work-life balance significantly affects employee

retention among Generation Z employees in Indonesia's private sector. Retention is not solely determined by formal policies but also by employee perceptions of support and satisfaction. Work-life balance contributes more strongly to retention than compensation, though fair compensation remains important for motivation. Job satisfaction does not significantly mediate the relationships, yet it serves as a psychological bridge linking HR practices to employee outcomes. Organizations should balance formal HR policies with affective support through fair compensation, career development, and supportive work environments. Government support through labor regulations, incentives, and programs promoting employee well-being, flexibility, and professional growth is also crucial. Future studies are encouraged to incorporate additional factors such as leadership, organizational culture, or employee engagement, as well as longitudinal approaches to examine long-term impacts on retention.

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Compensation, Work-Life Balance, and Job Satisfaction Influencing Retention of Generation Z

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Abstract

Background: The Indonesian government, through Bappenas, has introduced the Indonesia Emas 2045 vision to realise a prosperous and competitive nation, with the retention of skilled young workers as a key requirement. Generation Z, as the newest segment of the workforce, is marked by high turnover rates which makes employee retention a pressing issue.

Purpose: The research in this study aims to examine the effects of compensation and work-life balance on employee retention among Generation Z, with job satisfaction as a mediating variable.