

THE EFFECT OF SALARY SATISFACTION AND CAREER DEVELOPMENT ON TURNOVER INTENTION AMONG GEN Z IN INDONESIA



Sri Rahma Ayu Supartiwi¹
Telkom University, Bandung, Indonesia
rayusupartiwi@gmail.com

Puspita Wulansari²
Telkom University, Bandung, Indonesia
puspitawulansari@telkomuniversity.ac.id

Abstract

This study aims to analyze the impact of salary satisfaction and career development on turnover intention among Generation Z employees in Indonesia. The phenomenon of high turnover intention, especially among Generation Z employees, has significant implications for the sustainability of an organization's human resource system. This study evaluates the relationship between salary satisfaction, career development, and intention to leave among young workers. Turnover intention can be reduced through optimal management of employee salary satisfaction and career development. The purpose of this study is to empirically understand the influence of salary satisfaction and career development in explaining turnover intention among Generation Z employees in Indonesia. This study was conducted using a descriptive quantitative approach through a survey of 202 respondents. The variables analyzed included salary satisfaction, career development, and turnover intention. Data analysis was conducted using the Structural Equation Modeling-Partial Least Squares (SEM-PLS) method to test the relationship between variables. The results showed that salary satisfaction and career development significantly influenced turnover intention. In conclusion, salary satisfaction and career development significantly influenced turnover intention: the higher the level of salary satisfaction and the stronger the respondents' perception of career development opportunities offered by the company, the lower their intention to leave their jobs. Conversely, low levels of salary satisfaction and career development tended to increase employees' intention to leave the company.

Keywords: Salary Satisfaction, Career Development, Turnover Intention

INTRODUCTION

According to 2020 data from the Central Statistics Agency (BPS), Generation Z in Indonesia—generally defined as individuals born between 1997 and 2012—is now the largest demographic group in the country. The 2020 Population Census shows that Generation Z comprises approximately 27.94% of Indonesia's total population, making it a dominant generation with the potential to influence various social and economic aspects. This generation can be divided into two main categories: those still pursuing formal education and those who have entered the workforce. For members of Generation Z who have reached a productive stage, usually after completing higher education, work is not only a source of income but also a means to realize personal and professional aspirations. However, a major challenge facing this generation is the relatively high employee turnover rate, which can disrupt their career stability. Turnover intention, as explained by Sabrina (2021), refers to the long-term tendency of employees to leave their jobs, either voluntarily (e.g., seeking better opportunities) or involuntarily (e.g., termination). Although employee turnover is a common phenomenon in the modern workplace, Generation Z, who are just starting their professional careers, show a greater vulnerability to high turnover rates. This is due to their unique characteristics, such as values emphasizing work-life balance, expectations for rapid career growth, and the influence of digital technology that facilitates access to information about alternative job opportunities. Compared to previous generations, such as Generation X or Baby Boomers, Generation Z tends to be more dynamic and less loyal to a single company if their needs are not met, which can ultimately increase operational costs for the organization and impact overall productivity.

A 2023 study conducted by the Hay Group revealed that in Indonesia, approximately 25% of employees intend to leave their jobs (known as "turnover intention"), while the actual turnover rate, the percentage of employees who actually leave, reaches 15%. Turnover is typically measured based on annual data, and the ideal rate is considered to be no more than 10% per year, as figures above indicate potential employee retention issues. Therefore, based on this data, turnover intention in Indonesia can currently be categorized as high, given that the figure exceeds the 10% threshold. This indicates that many employees are considering changing jobs, which could be an early signal for companies to take preventative measures. High employee turnover rates, whether intentional or actual, not only incur additional costs for companies, such as the cost of recruiting and training new employees, which can reach 1.5 to 2 times the annual salary of the departing employee, but also disrupt overall organizational productivity and performance. For example, the employee replacement process often takes months, during which time teams can become less efficient, and lost knowledge and experience can be difficult to replace. In this context, the impact can be far-reaching, such as reducing a company's competitiveness in the global market. Furthermore, with Generation Z (people born between 1997 and 2012) representing a large portion of Indonesia's population, approximately 27% of the total population according to 2023 data from Statistics Indonesia (BPS), employee turnover intentions among this group are becoming an increasingly pressing issue. Generation Z is known for values such as work-life balance, rapid career development, and expectations for an inclusive and meaningful work environment, making them more likely to seek new opportunities if these needs are not met. Their decision to stay or seek other employment could significantly impact the dynamics of the national labor market, such as increasing competition for young talent and exacerbating

labor shortages in key sectors. Nationally, this has the potential to reduce the productivity of the Indonesian economy, which relies heavily on a young workforce to drive innovation and growth, especially in the current digital era. Therefore, companies and the government need to focus on retention strategies.

Qualtrics survey findings indicate that the main factors contributing to turnover intentions are salary satisfaction and inadequate career development. In practice, career development is more accurately understood as the implementation of career planning. As stated by Citta & Arfiani (2019), career development refers to efforts made to increase an individual's capacity to achieve their career plans. According to Azwina & Aulia (2021), career development essentially functions as a mechanism for achieving organizational performance by optimizing and improving the effectiveness of employee tasks within the context of human resource management activities. The formal approach to career development adopted by organizations aims to ensure the availability of individuals with relevant qualifications and experience when needed.

Similarly, data obtained from GoodStats (2024) and Wibowo, F., et al. (2024) show that more than 50% of Generation Z employees considered leaving their jobs due to dissatisfaction with salary compensation. This suggests that salary satisfaction is a determining factor in their decision to remain employed or move on to alternative employment opportunities. Salary satisfaction is defined as the level of employee satisfaction based on a comparison between salary expectations and the actual salary received (Ningrum et al., 2023).

REVIEW OF LITERATURE

Human Resource Management

Human resource management is defined as a discipline or methodology aimed at managing the relationships and roles of each employee efficiently and effectively, thereby maximizing the potential of these resources to achieve optimal shared goals between the company, employees, and society. Human resources play a crucial role in the development process and global competitiveness (Fernando & Wulansari, 2020). In the context of planning, implementing, and monitoring company activities to achieve strategic goals, the quality of human resources plays a crucial role in business success (Sabrina, 2021). Therefore, developing high-quality human resources with superior performance is crucial to ensuring sustainable business success (Poltak, 2019).

Salary Satisfaction

Salary has long been a key factor in employee recruitment, attraction, and retention. Human resource professionals play a crucial role in designing effective compensation and incentive structures to attract talent, increase employee engagement, and retain employees, while complying with applicable regulations and policies (Vany, 2020). Salary satisfaction is defined as the intensity of positive feelings employees have about the financial rewards they receive from their work environment (Gabriel & Wen-shing, 2020). Organizations must ensure that employees are satisfied with their compensation, as dissatisfaction can negatively impact employee retention, commitment, trust, and—most importantly—performance levels.

Career Development

Career development is a structured process undertaken by an institution to change an individual's employment status, structural position, or rank within the organization.

Essentially, career development initiatives are oriented toward improving an organization's capabilities to face future business challenges and dynamics. The absence of highly qualified human resources can lead to decreased company performance and potentially lead to competitive marginalization due to a failure to maintain competitiveness (Savitri & Wulansari, 2019). Performance has a very significant impact and is essential for organizations to be able to compete globally (Maharani et al., 2024).

Turnover Intention

Dessler (2020) in Ikhwanudin & Wulansari (2025) defines turnover intention as the tendency or intention of employees to end their employment relationship with an organization, a condition that ultimately has significant implications for employee turnover rates within a business entity (Dessler, 2020 in Ikhwanudin & Wulansari, 2025). Furthermore, Garg (2023) outlined that turnover intention is intrinsically related to withdrawal behavior, including the desire to resign from the current position, the intention to seek new job opportunities, and the willingness to leave a job.

Research Framework

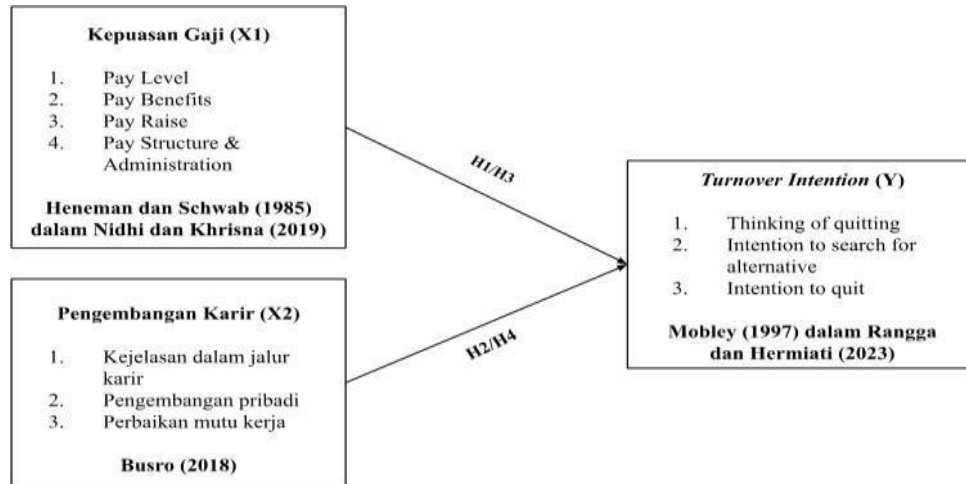


Figure 1.
Framework of Thought

Source: Data processed by the researcher (2025).

RESEARCH METHOD

Type of Research

This research uses a quantitative approach based on the type of method employed. Based on its objectives, this research is classified as descriptive. The implementation strategy used a survey method, with a questionnaire as the primary data collection instrument. Furthermore, based on the temporal dimension, this study employed a cross-sectional design.

Measurement Scale

The measurement scale used in this research instrument is the Likert scale. The Likert scale is used to measure the attitudes, opinions, and perceptions of individuals or collective entities toward various sociological phenomena (Sugiyono, 2022).

Population and Sample

The target population in this study includes all Generation Z employees in Indonesia. In the context of research with an unknown population size, Hair et al. (2022) recommend

using a minimum sample size of 100 respondents. The minimum sample size in a study depends on the number of indicators multiplied by five. In this study, there are 39 indicators used, which can be formulated as follows:

$$\begin{aligned} \text{Sample} &= \text{Number of Indicators} \times 5 \\ &= 39 \times 5 = 195 \end{aligned}$$

RESULT AND DISCUSSION

Outer Model

Convergent Validity Test

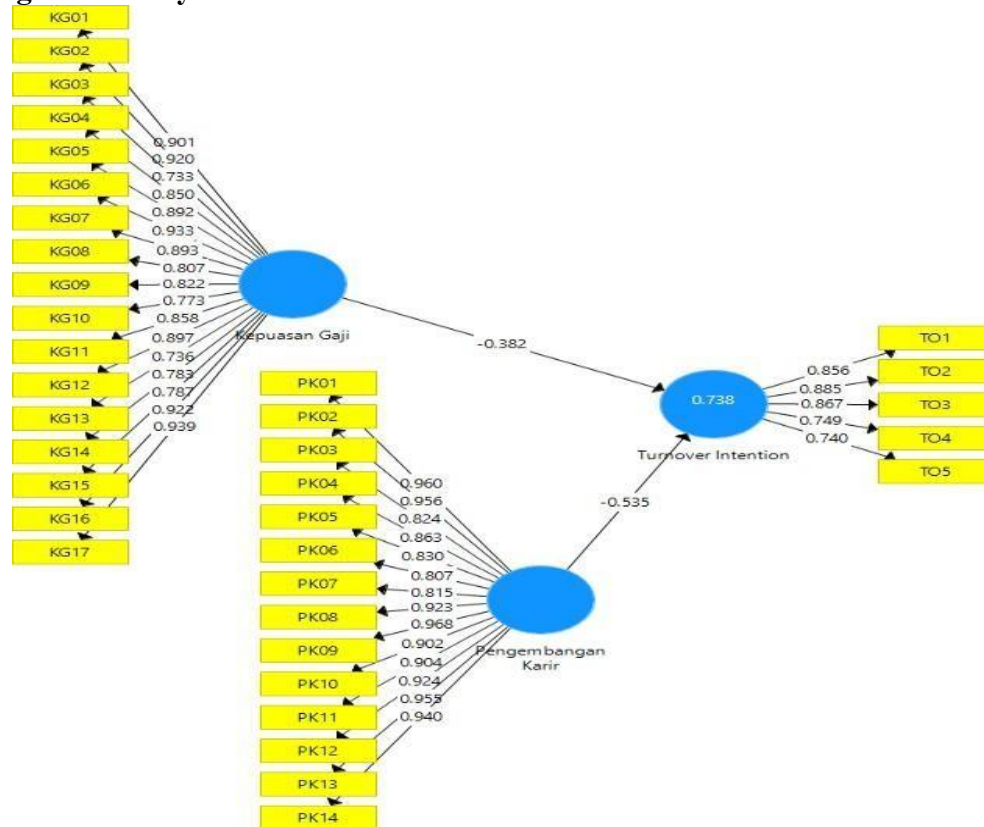


Figure 2.

Complete Structural Model (PLS Algorithm)

Source: Processed Data by the Researcher (2025)

As illustrated in Figure 2, the evaluation of convergent validity is based on the magnitude of the external loading values of endogenous and exogenous variables. Based on recommended guidelines, loading values exceeding the threshold of 0.7 are considered acceptable (Hair et al., 2022). The application of the structural model (PLS algorithm) in this study shows that each indicator related to its respective variable exhibits a factor loading value exceeding 0.7. Therefore, these results indicate that all indicators used have a strong contribution to establishing convergent validity.

AVE Test

Table 1.
AVE Test Result

| Variable | Dimension | Indicator | AVE Value | Result |
|---|---|---|---|---------------|
| Salary Satisfaction | Pay Level | Salary received at present | 0.727 | Valid |
| | | Total amount of salary currently received | | Valid |
| | | Overall salary level | | Valid |
| | | Salary appropriate to the job | | Valid |
| | Pay Benefit | Range of benefits received | | Valid |
| | | Total number of benefits received | | Valid |
| | | Value of the benefits received | | Valid |
| | | How many benefits are received | | Valid |
| | Pay Raise | Salary increase | | Valid |
| | | How supervisors influence salary | | Valid |
| | | Salary increase received | | Valid |
| | | How the company determines salary increases | | Valid |
| | Pay Structure and Administration | Company salary policies | | Valid |
| | | Important salary-related information is provided to employees | | Valid |
| How are other employees paid in the company | | Valid | | |
| Consistency of salary policies in the company | | Valid | | |
| Career Development | Career Path Clarity | Salary differences among employees in the company | Valid | |
| | | Opportunities for holding certain positions in line with the organizational structure | Valid | |
| | Self- Development | Clear promotion opportunities for each employee | Valid | |
| | | Employees have opportunities to continue their education | 0.810 | |
| | | Employees have opportunities to participate in seminars/discussions/workshops | Valid | |
| | | Performance Quality Improvement | Increase in self-discipline among employees | Valid |
| | Increase in work motivation among employees | | Valid | |

| | | | | |
|---------------------------|---|---|--------------|-------|
| | | Increase in employee loyalty toward the company | | Valid |
| Turnover Intention | Thinking of Quitting | Thinking about leaving the job | | Valid |
| | | Attendance intensity | | Valid |
| | Intention to Search for Alternatives | Searching for alternative jobs | | Valid |
| | | Choosing another job outside the current company if available | 0.675 | Valid |
| | Intention to Quit | Thinking jobs in other companies are better | | Valid |

Source: Data processing using Smart PLS

Based on the data analysis, all variables in this study showed Average Variance Extracted (AVE) values above the 0.50 threshold. Therefore, it can be concluded that each variable in the model meets the criteria for strong convergent validity. This is reinforced by the proportion of indicator variance that can be extracted by the related construct, which exceeds 50%.

Reliability Test

Table 2.
Construct Reliability

| Variable | Cronbach's Alpha | Composite Reliability | Results |
|-----------|------------------|-----------------------|----------|
| KG | 0.976 | 0.978 | Reliable |
| PK | 0.982 | 0.983 | Reliable |
| TO | 0.878 | 0.912 | Reliable |

Source: Data processing using Smart PLS

Based on the data analysis presented in the table above, all indicators forming the latent construct are confirmed to have an adequate level of reliability. This confirmation is supported by Cronbach's Alpha and Composite Reliability values, both of which exceed the critical threshold of 0.7 (Hair et al., 2022). Thus, it can be concluded that all manifest variables in this study demonstrate essential internal consistency, precision, and accuracy in providing measurements of the intended construct.

Inner Model

Coefficient of Determination Test

Table 3.
Results of the Coefficient of Determination Test

| | R Square | R Square Adjusted |
|--------------------|----------|-------------------|
| KG, PK → TO | 0,738 | 0,735 |

0.67: strong; 0.33 = moderate; 0.19 = weak (Chin, 1998 in Ghazali & Latan, 2015)

Source: Data processing using Smart PLS

The results shown in the table above indicate that the variables of Salary Satisfaction (SSA) and Career Development (PK) simultaneously explain 73.8% of the variance in the turnover intention (TO) variable. Meanwhile, the remaining 26.2% (representing 1 – R²) is explained by other variables outside the scope of this research model. The coefficient of

determination R^2 value of 0.738 is classified as strong. This implies that the structural model developed in this study has high predictive power and accuracy, especially in estimating the influence of salary satisfaction and career development on turnover intentions among Generation Z employees in Indonesia.

Predictive Relevance (Q-Square)

Table 4.

Q2 Measurement Results (Blindfolding)

| Model | Original Sample (O) | T Statistics | P Values | Decision |
|-------|---------------------|--------------|----------|-------------|
| H1 | -0.382 | 5.279 | 0.000 | H1 accepted |
| H2 | -0.535 | 7.868 | 0.000 | H2 accepted |

Source: Data processing results using Smart PLS

Based on the results presented in the table above, four hypotheses were tested. The results are described as follows:

H1: Salary satisfaction has a significant influence on turnover intention.

H2: Career development has a significant influence on turnover intention.

CONCLUSION

Based on the results of research and discussion conducted using quantitative methods and Partial Least Squares–Structural Equation Modeling (PLS-SEM) analysis, the findings of this study indicate that salary satisfaction has a significant effect on the intention to resign with a contribution of 29.9%. The interpretation of these findings suggests an inverse (negative) relationship: the more optimal the level of pay satisfaction perceived by Generation Z employees, the lower their intention to leave the organization. Conversely, decreasing levels of pay satisfaction correlate with an increased likelihood of employee turnover.

Career development also significantly influences turnover intention, contributing 43.9%. The interpretation of these findings suggests an inverse (negative) relationship: the higher respondents' perceptions of the career development prospects offered by the organization, the more motivated they are to maintain their employment relationship and the lower their intention to leave. Conversely, if career development opportunities are perceived as inadequate, the likelihood of turnover intention increases significantly.

REFERENCES

- Azwina, D., & Aulia, F. D. (2021). Pengaruh Kompetensi dan Pengembangan Karir terhadap Kinerja Karyawan pada PT. Gunatronkatama Cipta Jakarta Selatan. *Jurnal Ilmiah PERKUSI*, 1(3), 411. <https://doi.org/10.32493/j.perkusi.v1i3.11157>
- Badan Pusat Statistik. (2020). Jumlah penduduk menurut wilayah, klasifikasi generasi, dan jenis kelamin di Indonesia [Dataset]. *Sensus Penduduk 2020*. Diakses pada 16 Februari 2025, dari <https://sensus.bps.go.id/topik/tabular/sp2020/2/0/0>
- Citta, A. B., & Arfiani. (2019). Pengaruh Kompetensi dan Pengembangan Karir terhadap Kinerja Pegawai pada Kantor Badan Kepegawaian, Pendidikan dan Pelatihan Daerah Kabupaten Sidenreng Rappang. *Competitiveness*, 8(1), 57–67.
- Fernando, Y., & Wulansari, P. (2021). Perceived understanding of supply chain integration, communication and teamwork competency in global manufacturing companies.

- European Journal of Management and Business Economics*, 30(2), 191–210.
- Garg, N., Mahipalan, M., & Sharma, N. (2023). Does workplace toxicity influence turnover intentions among Indian healthcare employees? Investigating the moderating role of gratitude. *Journal of Health Organization and Management*, 37(2), 250–272. <https://doi.org/10.1108/JHOM-08-2022-0233>
- Ikhwanudin, M. A., & Wulansari, P. (2025). Pengaruh pengembangan karir dan kompensasi terhadap turnover intention pada Generasi Z di Indonesia. *Jurnal Riset Multidisiplin Edukasi*, 2(2), 133–146. <https://journal.hasbaedukasi.co.id/index.php/jurmei>
- Isbahi, M. B., Zuana, M. M. M., & Toha, M. (2024). The Multi-Social Relation of the Cattle Industry in the Plaosan Subdistrict Animal Market of Magetan Regency. *Malacca: Journal of Management and Business Development*, 1(1), 31–46. <https://doi.org/10.69965/malacca.v1i1.51>
- Maharani, W., Wulansari, P., Sari, P. K., & Candiwan, C. (2024, December). Indirect effect of transformational and transactional leadership toward information security compliance behavior: A conceptual approach in healthcare. In *2024 International Conference on Intelligent Cybernetics Technology & Applications (ICICyTA)* (pp. 1337–1342). IEEE.
- Ningrum, R. A., Sijabat, R., & Dharmaputra, F. (2023). Pengaruh work-life balance, kepuasan gaji, dan lingkungan kerja terhadap turnover intention (Studi kasus pada karyawan Generasi Milenial di Pati). *Jurnal Manajemen Administrasi Bisnis dan Publik Terapan*, 1(3), 142–151.
- Sabrina, R. (2021). *Manajemen Sumber Daya Manusia* (Edisi revisi). Jakarta: Bumi Aksara.
- Savitri, A. K. D., & Wulansari, P. (2019). Analisis pengaruh talent management terhadap pengembangan karier (Studi kasus pada PT. Dayamitra Telekomunikasi). *Search (Informatic, Science, Entrepreneur, Applied Art, Research, Humanism)*, 18(1), 23–31.
- Qualtrics. (n.d.). Employee turnover: What is it, and what can you do about it? Retrieved October 10, 2025, from <https://www.qualtrics.com/en-gb/experience-management/employee/employee-turnover/>
- Sugiyono. (2022). *Metode Penelitian Manajemen*. Bandung: Alfabeta.
- Wibowo, F., Sosiowati, E., & Setiyawan, A. A. (2024). Fenomena turnover intention pada Generasi Z dalam revolusi industri 5.0. *Journal of Management and Digital Business*, 4(2), 313–325. <https://doi.org/10.53088/jmdb.v4i2.1120>