

The Effect of Compensation and Working Hours on Turnover Intention Through Job Satisfaction as a Mediating Variable

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Abstract: The rapid growth of Bali's villa accommodation sector has intensified competition among property management companies, particularly in maintaining employee retention and service quality. This study examines the effects of compensation and working hours on turnover intention through job satisfaction among operational employees in a Bali villa property management company. The study applies Social Exchange Theory to explain employee responses toward organizational treatment. A quantitative method was utilized by gathering survey information from 242 active employees. The collected information was examined through Partial Least Squares Structural Modeling (PLS-SEM) with the help of SmartPLS4. The findings indicate that compensation and working hours significantly influence job satisfaction and turnover intention. Job satisfaction plays a crucial role in influencing the connection between pay, hours worked, and the desire to leave the job. The study highlights the importance of fair compensation systems, balanced workloads, and flexible working arrangements in improving employee satisfaction and reducing turnover intention within Bali's hospitality industry.

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INTRODUCTION

Employee retention remains a persistent concern within the hospitality sector due to its direct implication for organizational performance and service quality. Frequent employee departures can generate additional recruitment and training costs, interrupt daily operations, and undermine the consistency of customer service delivery. Consequently, understanding the elements that influence workers' intentions to leave has become a significant area of interest in human resource management research. Previous studies have identified numerous antecedents of turnover intention, including compensation, workload, workplace conditions, organizational support, and job satisfaction. Employees who perceive a mismatch between their efforts and the rewards provided by their employers are more likely to develop negative work attitudes and seek alternative employment opportunities.

A useful framework for understanding employee behavior is Social Exchange Theory, which argues that relationships within organizations are built upon mutual obligations and reciprocal benefits. Employees tend to respond positively when they perceive that the organization values their contributions through equitable compensation, supportive work environments, and reasonable job demands. In contrast, perceptions of unfairness or unfavorable employment conditions may weaken employees' attachment to the organization and increase their desire to leave.



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Despite extensive scholarly attention, the relationships among compensation, working hours, job satisfaction, and turnover intention have not yet been fully clarified. Existing research has produced varying conclusions regarding the processes through which compensation and working conditions affect employees' intentions to resign. For example, Rhomantika et al. (2025) demonstrated that burnout serves as an important explanatory mechanism linking working hours to turnover intention. Berber et al. (2022) discovered that job contentment serves as an important intermediary factor in the correlation between flexible work arrangements (FWAs) and the intent to leave a job. This suggests that those workers who recognize increased flexibility often enjoy enhanced job satisfaction, which in turn lessens their desire to depart from the organization. Further evidence reported by Putri et al. (2022) showed that compensation may influence turnover intention both directly and indirectly through job satisfaction. Nonetheless, Rhomantika et al. (2025) highlighted burnout as a mediating factor linking hours worked to the desire to leave a job. Conversely, the current research explores job satisfaction as a mediating variable, since how employees assess their job experiences might also shed light on their desire to stay with or depart from a company. Similarly, Shahzad et al. (2025) emphasized the importance of job satisfaction as an intermediary factor that helps decrease employees' intentions to leave their jobs due to flexible work arrangements. More recently, Burhanudin et al. (2025) reaffirmed the importance of job satisfaction as an intermediary factor connecting compensation and turnover intention. The diversity of these findings indicates that the mechanisms underlying employee turnover remain open to further investigation.

Another limitation concerns the contexts in which previous studies have been conducted. Most empirical evidence has been derived from hotels, restaurants, public-sector organizations, and other traditional service industries. Comparatively, the villa property management sector has received limited academic attention, particularly within the context of Bali. This setting presents unique operational demands that distinguish it from conventional hospitality businesses. Employees are often expected to perform multiple tasks, adapt to changing work schedules, operate within relatively small teams, and provide highly personalized services to guests. These conditions may influence employee attitudes and behavioral outcomes in ways that differ from those reported in prior hospitality research.

Given these considerations, the applicability of existing findings to villa property management companies remains uncertain. Moreover, few studies have examined compensation and working hours simultaneously while considering job satisfaction as an intervening mechanism within a single conceptual model. To fill this void, the current research investigates the effects of compensation and working hours on turnover intention through the mediating role of job satisfaction among operational employees working in Bali villa property management companies. By focusing on a relatively underexplored segment of the hospitality industry, this research seeks to expand current understanding of employee retention and contribute additional empirical evidence to the literature on turnover intention.

LITERATURE REVIEW

Organizations build relationships that extend beyond formal agreements. Employees contribute their knowledge, dedication, skills, and time, whereas organizations provide rewards, support, and an environment that supports productivity in return. The dynamics of this relationship influence how employees perceive their roles and their inclination to remain with the organization. As stated in Social Exchange Theory, employees evaluate their relationships with organizations by examining the benefits and resources they receive. When employees have a positive view of organizational policies like salary and work schedules, they are more likely to display

positive behaviors, including higher job satisfaction and stronger commitment to the organization (Berber et al., 2022; Burhanudin et al., 2025). In the field of hospitality, the contentment of employees is significantly shaped by the backing from the organization, the environment in which they work, and the systems of rewards in place, emphasizing the necessity of upholding beneficial employment practices to promote a constructive attitude towards work (Heimerl et al., 2020).

Compensation is regarded as a vital element that affects the mindset and actions of workers in their professional environment. It satisfies the monetary requirements of employees and also serves as a sign of the organization's value for their efforts. A just and appealing compensation package can enhance employees' favorable views of their roles, bolster their loyalty to the organization, and diminish their likelihood of leaving. Research has shown that appropriate compensation significantly lowers the desire to leave a job, as employees who receive adequate rewards are less inclined to look for jobs elsewhere (Burhanudin et al., 2025; Saputra & Suwandana, 2022; Yaqin & Indradewa, 2025). Additionally, compensation has been found to have a beneficial effect on job satisfaction, with employees feeling more content in their roles when they believe their pay is fair (Berber et al., 2022; Burhanudin et al., 2025; Kurniawan & Indra, 2024).

Alongside salary, the hours that employees work are a key factor in their working environment. Overly long hours can lead to physical exhaustion, mental strain, and an imbalance between work and personal life, which may heighten the desire of employees to resign from their jobs. This concern is especially pertinent in the hospitality sector, where frontline workers frequently deal with unpredictable hours and varying workloads. Earlier studies indicate that extended working hours and heavy workloads have a direct positive link to the intention to leave a job (Rhomantika et al., 2025; Yaqin & Indradewa, 2025). In contrast, having reasonable hours and adaptable work options promotes employee health and a better work-life balance. Workers who find their schedules manageable tend to have more favorable job attitudes and increased job satisfaction. Numerous studies have found that well-organized working hour policies and flexible work arrangements greatly enhance employee contentment (Austin-Egole et al., 2020; Kurniawan & Indra, 2024; Putri et al., 2022).

Job satisfaction embodies how employees assess their work experiences overall and is viewed as an essential element affecting employee retention. As stated by Kinicki (2021) job satisfaction is the favorable emotional reaction of a person that comes from evaluating their employment and experiences in the work environment. Employees who find contentment in their jobs typically show greater dedication to the organization and have a reduced likelihood of contemplating departure from the organization. In contrast, those who feel dissatisfied are more inclined to look for other job opportunities. Research conducted within the hospitality industry has repeatedly shown that job satisfaction has an adverse impact on the intention to leave a job (Chong et al., 2025; Mulyawan et al., 2021; Park and Min, 2020).

Additionally, employee satisfaction has been recognized as a significant factor through which workplace practices affect the desire to quit. Workers who are compensated fairly typically report greater job satisfaction, which in turn diminishes their likelihood of leaving the company (Putri et al., 2024; Putri & Trinanda, 2025; Burhanudin et al., 2025). Likewise, those employees who view their work hours as sensible and adaptable are more inclined to feel satisfied with their jobs, which then contributes to a decrease in their intention to depart (Putri et al., 2022; Rhomantika et al., 2025; Chong et al., 2025).

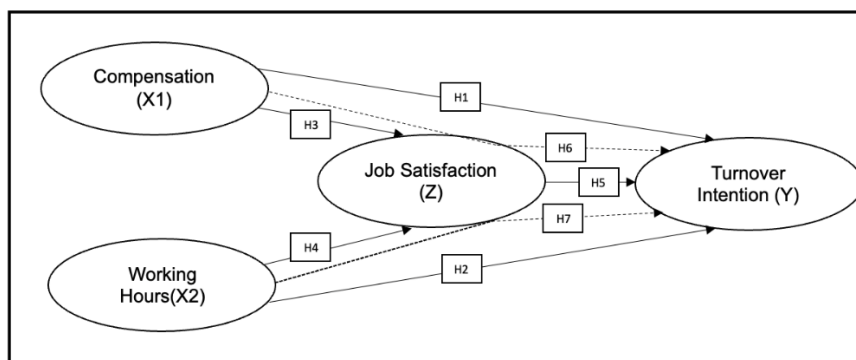


Figure 1. Top Conceptual Model of the Hypothesized Relationships Among Compensation, Working Hours, Job Satisfaction, and Turnover Intention

Source: Data that has been processed by the author (2026)

Based on the preceding arguments and Figure 1, the following hypotheses are proposed:

- H1:** Compensation has a significant negative effect on turnover intention.
- H2:** Working hours have a significant positive effect on turnover intention.
- H3:** Compensation has a significant positive effect on job satisfaction.
- H4:** Working hours have a significant positive effect on job satisfaction.
- H5:** Job satisfaction has a significant negative effect on turnover intention.
- H6:** Job satisfaction mediates the relationship between compensation and turnover intention.
- H7:** Job satisfaction mediates the relationship between working hours and turnover intention

METHODS

This research utilized a quantitative methodology relying on survey techniques (Sugiyono, 2024). The study took place at a company specializing in villa management in Bali. The participants were drawn from operational staff, which included villa managers and assistant area managers. Villa hosts, housekeepers, and supervisors. The method of sampling applied was simple random sampling. Using the Slovin Formula with 5% tolerance for error, the study achieved a final participant count of 242 individuals. Information was gathered through a structured questionnaire assessed by a five-point Likert scale that ranged from strongly disagree to strongly agree. The model of research incorporated for factors: compensation (X_1), working hours (X_2), job satisfaction (Z), and turnover intention (Y). Data evaluation was performed utilizing Partial Least Squares Structural Equation Modeling (PLS-SEM) through SmartPLS 4. The assessment involved testing the outer model, the inner model, verifying hypotheses, and analyzing mediation effects (Hair et al., 2024).

RESULTS AND DISCUSSION

To provide an overview of the research sample, a descriptive analysis of respondent characteristics was conducted. The study involved 242 operational employees from Bali villa property management companies. The results of the demographic analysis are presented in Table 1.

Table 1. Respondent characteristics

Characteristics	Category	Total	Percentage
Gender	Male	128	52,9
	Female	114	47,1
Age	< 25 years old	80	33,1
	25–34 years old	130	53,7
	35–44 years old	29	12,0
	45–55 years old	3	1,2
	> 55 years old	0	0
Length of Employment	< 6 months	109	45,0
	6–12 months	67	27,7
	1–2 years	43	17,8
	2–3 years	16	6,6
	3–5 years	3	1,2
	> 5 years	109	45,0
Position in the Company	Housekeeping/Cleaner	113	46,7
	Maintenance/Technician	12	5,0
	Supervisor/Coordinator	23	9,5
	Villa Host/Manager	73	30,2
	Manager/Assistant Area	20	8,3
	Others: Operator	1	0,4
Status Karyawan	Fixed-Term Employment Contract (PKWT/Contract)	213	88,0
	Permanent Employee (PKWTT)	11	4,5
	Daily Worker	12	5,0
	Internship / Part-time	4	1,7
	Others: Probation, Casual	2	0,8
	Others: Flexible	0,4	0,4

Source: Data that has been processed by the author (2026)

The majority of respondents were operational employees aged between 25 and 34 years old. Most respondents worked as housekeeping staff and villa hosts under contract-based employment systems. The respondents generally had working periods below one year, indicating relatively high employee mobility within the organization.

Table 2. Measurement Model Assessment

Construct	Loading Range	Cronbach's Alpha	Composite Reliability	AVE
Compensation	0.820 – 0.868	0.921	0.938	0.716
Job Satisfaction	0.843 – 0.872	0.933	0.947	0.748
Turnover Intention	0.873 – 0.916	0.955	0.964	0.817
Working Hours	0.837 – 0.864	0.923	0.940	0.722

Source: Data that has been processed by the author (2026)

Table 2 demonstrates that every construct satisfied the requirements for both convergent validity and reliability. The outer loadings were greater than 0.70, the AVE values were higher than 0,50, and the scores for Cronbach's Alpha as well as Composite Reliability were above the suggested minimum of 0.70, affirming the validity and dependability of the measurement model.

Table 3. Discriminant Validity (HTMT)

Construct Pair	HTMT
Working Hours ↔ Job Satisfaction	0,411
Working Hours ↔ Compensation	0,076
Working Hours ↔ <i>Turnover Intention</i>	0,481
Job Satisfaction ↔ Compensation	0,572
Job Satisfaction ↔ <i>Turnover Intention</i>	0,842
Compensation ↔ <i>Turnover Intention</i>	0,680

Source: Data that has been processed by the author (2026)

Table 3 outlines the Heterotrait-Monotrait Ratio (HTMT) values, which were utilized to evaluate discriminant validity. Every HMTM value is below the suggested limit of 0.90, demonstrating that each construct is empirically distinct and assesses varying conceptual areas.

Table 4. Collinearity Assessment (VIF)

Construct	Highest VIF
Compensation	3.069
Job Satisfaction	3.627
Turnover Intention	4.853
Working Hours	4.703

Source: Data that has been processed by the author (2026)

Table 4 presents the results of the collinearity evaluation derived from the Variance Inflation Factor (VIF) scores. Every VIF score is under the advised limit of 5.0, indicating that multicollinearity does not pose an issue and that the structural model can be analyzed without any alteration due to high correlations among the independent variables.

Table 5. Structural Model Assessment

Endogenous Variable	R ²	Adjusted R ²	Q ² Predict
Job Satisfaction	0.463	0.458	0.339
Turnover Intention	0.809	0.806	0.523

Source: Data that has been processed by the author (2026)

Table 5 summarizes the structural model assessment, including the coefficient of determination (R²), adjusted R², and predictive relevance (Q²). The R² values indicate the proportion of variance explained by the exogenous variables, while Q² values assess the model's predictive capability. The results demonstrate satisfactory explanatory and predictive power of the proposed model.

Table 6. Hypothesis Testing Results

Hypothesis	Path	β	T-Statistics	P-Value	Decision
H1	Compensation → <i>Turnover Intention</i>	0.350	10.031	0.000	Supported
H2	Working Hours → <i>Turnover Intention</i>	0.230	6.416	0.000	Supported
H3	Compensation → Job Satisfaction	0.544	14.451	0.000	Supported
H4	Working Hours → Job Satisfaction	0.369	9.116	0.000	Supported
H5	Job Satisfaction → <i>Turnover Intention</i>	0.547	15.705	0.000	Supported

Source: Data that has been processed by the author (2026)

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As reported in Table 6, all structural paths reached statistical significance, with t-statistic values surpassing the recommended threshold and significance levels below 0.05. The findings confirm that compensation and working hours influence both turnover intention and job satisfaction. In addition, job satisfaction was found to be a significant predictor of turnover intention among operational employees working in Bali's villa property management industry.

The estimated path coefficient indicates that compensation is positively associated with turnover intention ($\beta = 0.350$, $p < 0.001$). This result differs from the initial expectation that compensation would discourage employees from leaving the organization. Nyberg et al. (2021) explained that human capital, which encompasses employees' knowledge, skills, abilities, and experience, enhances employee mobility because these competencies possess transferable value across organizations. These studies suggest that highly skilled employees are more likely to pursue alternative career opportunities because they perceive themselves as employable and competitive across organizations. Consequently, higher compensation may coincide with greater career mobility rather than stronger retention. A similar pattern was observed for working hours, where longer or more demanding work schedules were associated with stronger turnover intention ($\beta = 0.230$, $p < 0.001$). This result suggests that demanding workloads and extended working schedules may increase employees' willingness to seek employment elsewhere. Employees who experience greater operational pressures may perceive a mismatch between job demands and personal well-being, which can strengthen their intention to leave the organization.

The results further reveal that compensation ($\beta = 0.544$, $p < 0.001$) and working hours ($\beta = 0.369$, $p < 0.001$) positively influence job satisfaction. These findings suggest that employees tend to evaluate their jobs more favorably when compensation is perceived as appropriate and working arrangements are viewed as manageable and supportive of their daily responsibilities.

A particularly noteworthy result concerns the relationship between job satisfaction and turnover intention. The results indicate a positive and significant effect ($\beta = 0.547$, $p < 0.001$), suggesting that higher job satisfaction does not necessarily translate into lower turnover intention. Although this finding differs from much of the existing literature, it may reflect the unique characteristics of Bali's hospitality labor market. Karatepe et al. (2023) indicated that being connected to their jobs significantly helps lower the likelihood of employees in the hospitality sector wanting to leave. This perspective highlights that employee retention is influenced not only by satisfaction with the job itself but also by the extent to which employees feel connected to the organization and perceive future career prospects within it. Employees might be content with their roles, but their desire to continue in their positions is also affected by how rooted they are within the company and the local community, in addition to elements that enhance their bond with the job (Nguyen et al., 2023).

Taken together, the results indicate that retaining operational employees in Bali's villa property management sector involves more than improving workplace conditions alone. Broader labor-market dynamics, career aspirations, and external employment opportunities appear to influence employees' decisions regarding whether to remain with their current employer. While compensation, working hours, and job satisfaction remain important considerations, employee mobility, career aspirations, and external employment opportunities appear to play a substantial role in influencing turnover intention.

Table 7. Mediation Analysis

Indirect Effect	β	T-Statistics	P-Value	Result
Compensation → Job Satisfaction → Turnover Intention	0.298	11.603	0.000	Significant
Working Hours → Job Satisfaction → Turnover Intention	0.202	7.977	0.000	Significant

Source: Data that has been processed by the author (2026)

Table 7 shows that the indirect effect analysis suggests that compensation and working-hour arrangements influence turnover intention through job satisfaction. Similar evidence has been reported in recent hospitality research (Putri et al., 2022; Shahzad et al., 2025; Burhanudin et al., 2025). Within Bali's villa property management environment, employees' evaluations of workplace conditions appear to play an important role in shaping retention-related decisions. The findings indicate that perceptions of organizational treatment are translated into behavioral intentions through employees' overall work experiences.

CONCLUSION

This research explored how compensation and hours of work affect intentions to leave a job, focusing on job satisfaction among employees working in Bali's villa property management sector. The results showed that both compensation and working hours had a notable impact on job satisfaction and effectively acted as a mediator in the connection between compensation, working hours, and turnover intention. The research suggests that equitable compensation practices, manageable workloads, and flexible scheduling are crucial in enhancing employee satisfaction and minimizing turnover. Employees who feel that their organization supports them are more inclined to exhibit a higher level of commitment to the organization and lower plans to quit. From a practical standpoint, the result indicates that companies managing villa properties should refine their compensation strategies and establish more accommodating work hour policies to boost employee retention and maintain operational consistency. From an academic perspective, this research adds to the body of knowledge in human resource management within the non-hotel sector.

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