

The Influence of Job Satisfaction and Work-Life Balance on Turnover Intentions: A Study of Generation Z Employees in the Hospitality Industry of Dili, the Capital of Timor-Leste

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Abstract

This study aims to analyze the influence of job satisfaction and *work-life balance* on turnover intentions in Generation Z employees in the hospitality industry in Dili City, Timor-Leste. The research method used a quantitative approach with a purposive sampling technique involving 202 respondents. Data analysis was carried out using Structural Equation Modeling (SEM) with the help of SmartPLS version 4. The results showed that job satisfaction had a positive and significant effect on turnover intentions, with a path coefficient of 0.296 (t-statistic = 3.330; p-value = 0.001). In contrast, *work-life balance* had no significant effect on turnover intentions, with a path coefficient of 0.011 (t-statistic = 0.406; p-value = 0.685). The research model has an R² value of 0.959, indicating that 95.9% of the variability in turnover intentions can be explained by both independent variables. The findings indicate that even though employees are satisfied with their work, they still have a tendency to look for new job opportunities that are more in line with personal aspirations. This research makes a theoretical contribution to understanding the work behavior of Generation Z and its practical implications for *manajemen sumber daya manusia* in the hospitality sector.

Keywords: Job satisfaction, work-life balance, turnover intentions, Generation Z, hospitality industry, SmartPLS

INTRODUCTION

The hospitality industry in Dili, Timor-Leste, faces significant challenges in retaining Generation Z employees, who are defined as individuals born between 1997 and 2012. This generation has unique characteristics in work preferences, prioritizing *life balance*, flexibility, and the meaning of work over previous generations (Goh & Lee, 2018). The high turnover rate among Generation Z reached 49% in 2022, reflecting a serious retention challenge for the hospitality industry (da Silva, 2021).

Timor-Leste, with a population of 1,340,434 people according to the 2022 Census, faces unique socio-economic challenges. The city of Dili, as the capital city, accommodates around 324,000 people and is a center of economic activity, including the hotel industry. Youth aged 15–24 years show a labour force participation rate of 25.9% for males and 21.7% for females, with many working in the informal sector (GDS & UNFPA, 2018).

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Similar phenomena have occurred in other ASEAN countries. In Malaysia, the Deloitte Global 2023 survey shows that 65% of Generation Z are considering a job change due to cost-of-living issues, 44% due to *work-life balance* dissatisfaction, and 42% due to burnout. In Indonesia, the Indonesia Gen Z Report 2024 identified that 78% of Generation Z prioritize salary and benefits, 51% *work-life balance*, and 40% workplace flexibility as the main factors in their employment decisions.

Job satisfaction has been identified as a key factor influencing turnover intentions. According to Locke (1976), job satisfaction is a positive emotional condition that results from the evaluation of a person's work experience. Meanwhile, *work-life balance* refers to an individual's ability to effectively manage work and personal life responsibilities (Greenhaus & Powell, 2006; Jain & Nair, 2017; Mishra et al., 2019; Zhao et al., 2023).

Job satisfaction is defined as a positive feeling towards a job resulting from evaluating its characteristics (Robbins & Judge, 2019). According to Azhari (2021), it encompasses seven dimensions: compensation, supervision, nature of work, relationships with co-workers, working conditions, career development opportunities, and job security. Ahmad (2018) highlights a complex relationship between job satisfaction and turnover intentions, noting that employees who experience autonomy and high work-life integration tend to be more satisfied with lower turnover intentions, whereas lack of organizational support or high job demands increases turnover intentions.

Work-life balance refers to maintaining equilibrium between professional and personal responsibilities to minimize role conflicts and enhance well-being (Esti & Hartono, 2024; Jayasingam et al., 2023; Rathi & Kumar, 2023; Sheppard, 2016; Sirgy & Lee, 2018). Clark (2000) identifies three key dimensions: work schedule flexibility, reduced work stress, and clear boundaries between work and personal life. Generation Z highly values *work-life balance* and prioritizes personal well-being over career advancement (Brown et al., 2015), which is particularly pertinent in the hospitality industry known for long and irregular hours.

Turnover intentions denote employees' voluntary consideration of leaving an organization due to dissatisfaction or better opportunities (Ardiyanti, 2019). Mobley (1977) identifies job satisfaction and *work-life balance* as significant predictors of turnover intentions. Ardiyanti (2019) further categorizes turnover intentions into four dimensions: intention to quit, intention to search for a new job, thinking of leaving, and probability of finding acceptable employment. Han (2020) confirms turnover intentions as the primary predictor of actual employee turnover in the hospitality sector.

Generation Z exhibits distinct traits compared to previous generations, valuing meaningful work, flexibility, and development opportunities (Goh & Lee, 2018). In hospitality, Generation Z places strong emphasis on *work-life balance* and job satisfaction. Self et al. (2019) found this cohort seeks exciting and challenging careers while maintaining a focus on achieving *work-life*

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balance, posing challenges for hospitality organizations in designing effective retention strategies.

This study aims to analyze the influence of job satisfaction and *work-life balance* on turnover intentions in Generation Z employees in the hospitality industry in Dili City, Timor-Leste. The contribution of this research is to provide an in-depth understanding of Generation Z's work behavior in the context of developing countries and to provide strategic recommendations for human resource management.

The research hypotheses are:

H1: Job satisfaction has a significant negative effect on turnover intentions

H2: Work-life balance has a significant negative effect on turnover intentions

H3: Job satisfaction and work-life balance together have a significant effect on turnover intentions

RESEARCH METHOD

This study uses a quantitative approach with a cross-sectional design. This method was chosen to measure and analyze the objective relationship between the variables studied systematically.

The study population was Generation Z employees aged 20-27 years old who work in the hospitality industry of Dili City, Timor-Leste. The purposive sampling technique was used with the following criteria: (1) aged 20-27 years, (2) working in the hospitality industry, and (3) working for at least 6 months.

Sample sizes were determined using the formula Hair et al. (2019) for SEM: $5 \times$ number of indicators. With 40 indicators, the minimum sample size is 200 respondents. This study involved 202 respondents to ensure data representativeness.

The research instrument was in the form of a structured questionnaire with a Likert scale of 5 points (1 = strongly disagree, 5 = strongly agree). The job satisfaction variable was measured using 23 items based on the dimensions of Azhari (2021). Work-life balance was measured using 9 items based on Clark's (2000) dimensions. Turnover intentions were measured using 10 items based on the dimensions of Ardiyanti (2019).

Data analysis using Structural Equation Modeling (SEM) with the help of SmartPLS version 4. The stages of analysis include: (1) validity and reliability test (outer model), (2) structural model test (inner model), and (3) hypothesis testing.

The validity test included convergent validity (loading factor > 0.7), discriminant validity, and Average Variance Extracted (AVE > 0.5). The reliability test used composite reliability (> 0.7) and Cronbach's alpha (> 0.6).

RESULTS AND DISCUSSION

Characteristics of Respondents

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Of the 202 respondents, 54% were female and 46% were male. The age distribution showed that the majority of respondents were 25 years old (21%), followed by 24 years old (18%), and 23 years old (15%). The level of education is dominated by S1 (87%), high school (12%), and S2 (1%) graduates. Workplaces are spread across various hospitality sub-sectors with hotels being the most (17%).

Validity and Reliability Tests

The results of the outer model test showed that all indicators had a loading factor of > 0.7, indicating good convergent validity. The AVE value for all variables > 0.5 (job satisfaction = 0.744; work-life balance = 0.810; turnover intentions = 0.749), indicating adequate convergent validity.

The reliability test showed a composite reliability value of > 0.7 for all variables (job satisfaction = 0.986; work-life balance = 0.975; turnover intentions = 0.968). Cronbach's alpha value > 0.6 for all variables (job satisfaction = 0.984; work-life balance = 0.974; turnover intentions = 0.958), confirming the reliability of the instrument.

Table 1. Validity and Reliability Test Results

Variable	Cronbach's Alpha	Composite Reliability	AVE	Conclusion
Job Satisfaction	0,984	0,986	0,744	Valid & Reliable
Work-Life Balance	0,974	0,975	0,810	Valid & Reliable
Turnover Intentions	0,958	0,968	0,749	Valid & Reliable

Structural Model Test

The results of the inner model test showed an R² value of 0.959, indicating that 95.9% variability of turnover intentions can be explained by job satisfaction and work-life balance. The f² value for job satisfaction was 2.296 (large effect) and work-life balance was 0.011 (small effect). A Q² value of 0.771 indicates good predictive relevance.

Table 2. Structural Model Test Results

Indicators	Value	Interpretation
R ²	0,959	Very Powerful
Q ²	0,771	Predictive Relevance Good
f ² Job Satisfaction	2,296	Big Effects
f ² Work-Life Balance	0,011	Small Effects

Hypothesis Testing

The results of the hypothesis test showed interesting results and differed from the initial predictions:

H1: Job satisfaction has a significant positive effect on turnover intentions (coefficient = 0.296; t-statistic = 3.330; p-value = 0.001). The H1 hypothesis

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is accepted, but the direction of the positive relationship contradicts the initial predictions.

H2: Work-life balance had no significant effect on turnover intentions (coefficient = 0.011; t-statistic = 0.406; p-value = 0.685). The H2 hypothesis was rejected.

H3: Job satisfaction and work-life balance together have a significant effect on turnover intentions (F-value = 76.727; p-value = 0.000). The H3 hypothesis is accepted.

Table 3. Hypothesis Testing Results

Hypothesis	Coefficient	T-Statistics	p-value	Conclusion
H1: JS → IT	0,296	3,330	0,001	Accepted (Positive)
H2: WLB → TI	0,011	0,406	0,685	Rejected
H3: JS, WLB → TI	-	76,727	0,000	Accepted

Description: JS = Job Satisfaction, WLB = Work-Life Balance, TI = Turnover Intentions

Discussion

The findings of this study provide interesting insights into the work behaviour of Generation Z in Timor-Leste's hospitality industry. The positive influence of job satisfaction on turnover intentions is contrary to conventional theories that predict negative relationships. This phenomenon can be explained through the concept of "aspirational dissatisfaction" where satisfied employees are more confident in looking for better opportunities.

Generation Z has unique characteristics in seeing work as a steppingstone to a better career. High job satisfaction does not necessarily reduce the desire to move but rather increases confidence to get a position that is more in line with personal aspirations. This is consistent with the findings of Goh & Lee (2018) that Generation Z tends to job-hopping as a career development strategy.

The insignificance of work-life balance on turnover intentions can be explained by the socio-economic context of Timor-Leste. As a developing country with limited formal employment opportunities, Generation Z's priority may be more on financial security than life balance. These findings are in contrast to studies in developed countries that show work-life balance as a key factor in retention.

The results of this study provide a theoretical contribution in understanding the work behavior of Generation Z in the context of developing countries. In practical terms, these findings imply that hospitality organizations need to develop retention strategies that focus not only on conventional job satisfaction, but also on the creation of clear career paths and attractive development opportunities.

CONCLUSION

This research reveals a unique work behavior phenomenon among Generation Z employees in the Timor-Leste hospitality industry, where job satisfaction positively influences turnover intentions—suggesting that even

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satisfied employees are motivated to seek better opportunities—while work-life balance shows no significant effect, likely due to the socio-economic emphasis on financial security. The model's high predictive power ($R^2 = 0.959$) underscores the importance of these factors in explaining turnover intentions, contributing theoretically to understanding Generation Z in developing countries and practically by recommending that hospitality organizations implement clear career paths, attractive development opportunities, and aligned reward systems to reduce turnover. Future research should address limitations by employing mixed methods to explore qualitative factors, conducting longitudinal studies to observe behavioral changes over time, and expanding geographic scope to enhance the generalizability of findings.

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