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THE INFLUENCE OF NON-FINANCIAL COMPENSATION ON TURNOVER INTENTION OF GENERATION Z EMPLOYEES IN THE FOOD & BEVERAGES INDUSTRY WITH JOB SATISFACTION AS A MEDIATING VARIABLE

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Abstract

The high rate of employee turnover in the Food & Beverages industry has become a major challenge for companies in retaining human resources, particularly Generation Z employees who possess distinct work characteristics and expectations compared to previous generations. This study aims to analyze the effect of non-financial compensation on turnover intention among Generation Z employees in the Food & Beverages industry in East Medan District, with job satisfaction serving as a mediating variable. This research employed a quantitative approach using an accidental sampling technique. The data were analyzed using Structural Equation Modeling–Partial Least Squares (SEM-PLS) with the assistance of SmartPLS 4 software. The results indicate that non-financial compensation has a negative and significant effect on turnover intention and a positive and significant effect on job satisfaction. Furthermore, job satisfaction has a negative and significant effect on turnover intention. The findings also reveal that job satisfaction mediates the relationship between non-financial compensation and turnover intention. These results suggest that providing adequate non-financial compensation, such as recognition, career development opportunities, supportive work environments, and positive workplace relationships, can enhance job satisfaction and reduce Generation Z employees' intention to leave the organization. The study contributes to the human resource management literature and provides practical implications for companies in developing effective employee retention strategies for Generation Z workers.

Keywords: Non-Financial Compensation, Job Satisfaction, Turnover Intention

Background

Changes in the composition of the global workforce indicate the increasing dominance of Generation Z in various industrial sectors, including the Food & Beverages (F&B) industry. According to Robbins and Judge (2020), differences in generational characteristics within organizations can influence work patterns, employee satisfaction, and commitment. This generation, born between 1997 and 2012, has distinct characteristics compared to previous generations, particularly in their views on work, career development, work -life balance, and work environments that support psychological well-being. These differences in characteristics require organizations to develop more adaptive human resource management strategies to retain young talent and increase employee loyalty.

The results of various studies show that Generation Z employees have a higher tendency to change jobs compared to previous generations. This tendency is related to the characteristics of Gen Z who place work -life balance , career development opportunities, a positive work environment, flexibility in working, and support from superiors as important aspects in work. If these expectations are not met, they tend to be more open to seeking other job opportunities that are considered more in line with their needs, values, and career goals. In line with this, a literature study conducted by Putri and Amalia (2025) revealed that the main factors influencing turnover intention in Generation Z include career development , work -life balance , and job satisfaction. The Food & Beverages industry is a sector with a relatively high level of workforce mobility. Job characteristics that demand fast service, flexible working hours, high operational pressure, and wide-open job opportunities make it easier for employees to move from one organization to another. This condition makes turnover intention a strategic issue that requires serious attention. Turnover intention can be defined as the tendency or intention that arises in an employee to leave their organization and move to another. Although not yet manifested in the form of concrete action such as resignation, this intention is considered a strong early sign that leads to actual turnover . According to Mobley (2011), turnover intention describes the process when an individual begins to consider leaving their job, seeks alternative job opportunities, and finally makes the decision to leave the organization. Thus, turnover intention is often used as an important indicator in predicting the possibility of employee turnover from a company. Organizations have attempted to reduce turnover intention through financial compensation such as salaries, incentives, bonuses, and benefits. However, evolving characteristics of the Generation Z workforce indicate that financial rewards are no longer the sole determinant of an individual's decision to remain with an organization. Generation Z tends to value a positive work environment, opportunities for learning and development, recognition for work performance, work flexibility, healthy interpersonal relationships, and career development opportunities. These factors, known as non-financial compensation, play a crucial role in building employee engagement with the organization.

Non-financial compensation is becoming increasingly relevant in the F&B industry context, as most companies face limitations in sustainably increasing financial compensation. Non-financial compensation is a form of remuneration provided by organizations to employees in non-monetary forms, aimed at meeting their psychological and social needs. This compensation is not in the form of money or benefits, but rather the satisfaction employees derive from the work itself and the work environment, such as challenging work, opportunities for self-development, recognition for achievement, harmonious working relationships, and a comfortable work environment (Firdaus & Oetarjo, 2022). Providing good non-financial compensation can increase employee motivation, job satisfaction, organizational commitment, and performance. Conversely, if non-financial compensation is not met, employees tend to experience decreased work enthusiasm, low loyalty, and increased desire to leave the organization (turnover intention) (Septiani et al., 2024). Therefore, organizations need to utilize various forms of non-financial rewards as an employee retention strategy. Several previous studies have shown that non-financial compensation has a positive influence on work motivation, organizational commitment, and employee performance. However, research results related to its influence on turnover intention still show mixed findings, so further studies are needed, especially on the Generation Z group, which has a different work orientation compared to previous generations.

Furthermore, the relationship between non-financial compensation and turnover intention is not always direct. One variable that has the potential to explain this relationship is job satisfaction. Job satisfaction is an individual's evaluation of their job, reflected through positive or negative feelings about various aspects of the job. This condition indicates the extent to which the job can meet the employee's needs, expectations, and values. According to Wardhana (2024), job satisfaction reflects the level of happiness and satisfaction felt by employees towards their work and work environment. High job satisfaction can encourage increased employee motivation, work enthusiasm, and dedication in achieving organizational goals. Conversely, low job satisfaction has the potential to lead to various negative consequences, such as decreased performance, reduced organizational commitment, increased absenteeism, and high employee turnover intention . Therefore, job satisfaction is a crucial factor that organizations need to consider in their efforts to retain quality human resources.

Theoretically, this relationship can be explained through social exchange theory , which states that when organizations provide valuable support and rewards to employees, employees will respond positively in the form of increased job satisfaction, commitment, and a desire to remain with the organization. In the context of Generation Z, non-financial compensation is expected to become an increasingly important factor because this generation tends to seek meaningful work, development opportunities, and a good work environment rather than just financial rewards. Although numerous studies have been conducted on turnover intention , studies specifically analyzing the effect of non-financial compensation on turnover intention among Generation Z employees in the Food & Beverages industry, with job satisfaction as a mediating variable, are still relatively limited. Most previous research has focused on the manufacturing, banking, or service sectors in general, leaving a research gap that needs to be filled. Furthermore, changes in workforce characteristics post-pandemic and the increasing dominance of Generation Z in the workforce demand updated empirical studies that reflect current conditions. Based on this description, this study is important to analyze the effect of non-financial compensation on the turnover intention of Generation Z employees in the Food & Beverages industry, with job satisfaction as a mediating variable. The results of this study are expected to enrich the development of human resource management theory, particularly regarding the work behavior of Generation Z, and serve as a basis for F&B companies in formulating more effective, sustainable, and appropriate employee retention strategies that meet the needs of the future workforce.

Theoritical Review

Turnover Intention

Turnover intention is an employee's tendency or intention to voluntarily leave an organization and seek employment elsewhere. According to Sari, Aima, and Zefriyenni (2024), turnover intention is a psychological state that indicates an individual's desire to leave an organization before an actual job change occurs. This opinion aligns with Mobley (2011), who explains that turnover intention begins with the thought of leaving a job, the search for alternative employment, and the decision to leave the organization. Based on this definition, turnover intention can be understood as an early indicator indicating the likelihood that an employee will leave an organization within a certain period. Therefore, this variable is often used in human resources research to predict employee turnover rates. High turnover intentions can have various negative consequences for an organization. Sari et al. (2024) explain that increased employee desire to leave can lead to increased costs for recruiting, selecting, and training new employees. Furthermore, organizations potentially lose the knowledge, experience, and competencies possessed by departing employees. Mobley (2011) also states that high turnover intentions can disrupt an organization's operational stability and reduce overall work productivity. According to Mobley (2011) and supported by Sari et al. (2024), indicators of turnover intention include:

1. Thinking of quitting (thinking of leaving the company).
2. Intention to search for alternatives (desire to look for alternative work).
3. Intention to quit (desire to leave the organization).

Job satisfaction

Job satisfaction is an emotional state that reflects how an employee feels about their job. Robbins and Judge (2022) define job satisfaction as a positive feeling arising from an individual's evaluation of their job characteristics. Meanwhile, Wardhana (2024) explains that job satisfaction reflects the level of happiness or satisfaction a person feels toward their job and work environment. Thus, job satisfaction can be defined as an individual's assessment of various aspects of their work, including the work itself, work relationships, development opportunities, and rewards received. The greater the match between employee expectations and the working conditions they experience, the higher the perceived level of job satisfaction. Job satisfaction has a significant impact on organizational effectiveness. Robbins and Judge (2022) state that employees with high levels of job satisfaction tend to demonstrate better performance, lower absenteeism, and stronger organizational commitment. Wardhana (2024) also explains that job satisfaction can increase employee motivation and loyalty to the organization. Conversely, low job satisfaction has the potential to cause work stress, decreased productivity, and increased desire to leave the company. According to Robbins and Judge (2022), indicators of job satisfaction include:

1. Satisfaction with the job itself.
2. Satisfaction with compensation.
3. Satisfaction with promotional opportunities.
4. Satisfaction with supervision or superiors.
5. Satisfaction with coworkers.

Non-Financial Compensation

Non-financial compensation is a form of appreciation provided by an organization to employees other than money or financial benefits. This compensation focuses more on aspects of the job and work environment that can provide psychological and social satisfaction, as well as opportunities for personal development for employees. According to Firdaus and Oetarjo (2022), non-financial compensation includes various forms of rewards derived from the job itself and the work environment, such as recognition for achievement, career development opportunities, harmonious work relationships, and supportive working conditions. Meanwhile, Robbins and Judge (2022) explain that employees are motivated not only by financial rewards but also by meaningful work experiences, growth opportunities, and a positive work environment. According to Firdaus and Oetarjo (2022), indicators of non-financial compensation include:

1. Challenging work.
2. Recognition of work achievements.
3. Career development opportunities.
4. Job responsibilities.
5. Relationship with superiors.

6. Relationships with coworkers.
7. Working environment conditions.
8. Organizational policies that support employees

Conceptual Framework and Hypothesis

The Effect of Non-Financial Compensation on Turnover Intention

Non-financial compensation is a form of recognition provided by organizations to meet the psychological and social needs of employees. This form of compensation includes recognition for achievement, career development opportunities, a comfortable work environment, work flexibility, and harmonious working relationships. For Generation Z, these aspects are crucial considerations in determining the sustainability of their employment relationship with an organization. According to Social Exchange Theory, when an organization provides support and rewards that align with employee expectations, employees will respond positively with loyalty and a desire to remain with the organization. Conversely, low non-financial compensation can increase employees' desire to seek alternative employment. The results of Rahmawati and Isyanto's (2025) research show that non-financial compensation has a negative effect on turnover intention in Generation Z employees. This means that the better the non-financial compensation provided by the company, the lower the level of employee turnover intention.

H_1 : Non-financial compensation has a negative and significant effect on the turnover intention of Generation Z employees in the Food & Beverages industry.

The Influence of Non-Financial Compensation on Job Satisfaction

Job satisfaction is an individual's evaluation of their job, reflecting the degree of correspondence between expectations and perceived conditions. One factor influencing job satisfaction is non-financial compensation. According to Herzberg's Two-Factor Theory, motivating factors such as recognition, achievement, development opportunities, and responsibility can increase employee job satisfaction. Generation Z tends to experience higher levels of satisfaction when they receive development opportunities and a supportive work environment. Research by Wandycz-Mejias et al. (2024) shows that intrinsic job factors and work meaningfulness have a positive effect on employee job satisfaction.

H_2 : Non-financial compensation has a positive and significant effect on job satisfaction of Generation Z employees in the Food & Beverages industry.

The Influence of Job Satisfaction on Turnover Intention

Job satisfaction is a key predictor of employee intention to stay or leave an organization. Satisfied employees tend to demonstrate higher levels of commitment and are less likely to seek other employment. From an organizational behavior perspective, job satisfaction creates an emotional bond between employees and the organization. When satisfaction levels decrease, the likelihood of turnover intention increases. More broadly, a meta-analysis conducted by Aslı Ersoy (2024) on 32 studies found a negative, moderate-strength relationship between job satisfaction and turnover intention ($r = -0.434$). This finding indicates that the higher the job satisfaction perceived by employees, the lower their tendency to leave the organization. This meta-analysis strengthens the evidence that job satisfaction is a key predictor of turnover intention across various industrial sectors. The higher the level of job satisfaction, the lower the tendency of employees to leave the organization.

H3: Job satisfaction has a negative and significant effect on the turnover intention of Generation Z employees in the Food & Beverages industry.

Job Satisfaction Mediates the Effect of Non-Financial Compensation on Turnover Intention

Non-financial compensation provided by an organization not only directly influences turnover intention but can also increase job satisfaction, ultimately reducing turnover intention. This relationship aligns with Social Exchange Theory , which explains that employees will respond positively to organizational treatment perceived as favorable. Generation Z employees who receive recognition, career development opportunities, a comfortable work environment, and work flexibility will feel more satisfied with their jobs. This satisfaction then encourages them to stay with the organization and reduces their intention to leave. Thus, job satisfaction is thought to be a psychological mechanism explaining how non-financial compensation can influence turnover intention.

H4: Job satisfaction mediates the effect of non-financial compensation on the turnover intention of Generation Z employees in the Food & Beverages industry.

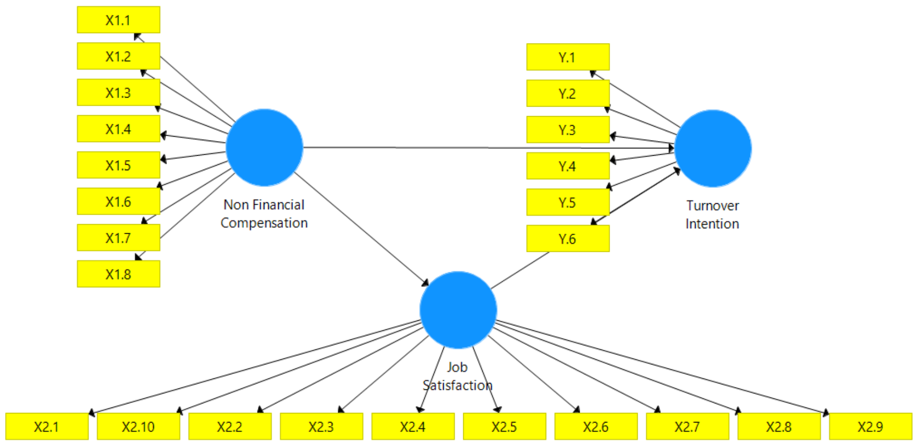

Figure 1. Conceptual Framework

Research methods

This study uses a quantitative approach to analyze the effect of non-financial compensation on the turnover intention of Generation Z employees in the Food & Beverages industry in East Medan District with job satisfaction as a mediating variable. The study population is Generation Z employees who work in the Food & Beverages industry in East Medan District. The research sample was determined using an accidental sampling technique, namely respondents who were accidentally encountered and met the research criteria. Data were collected through distributing questionnaires using a Likert scale of 1–5. Data analysis was carried out using Structural Equation Modeling–Partial Least Squares (SEM-PLS) with the help of SmartPLS 4 through testing validity, reliability, structural models, and hypothesis testing, including testing the mediating effect of job satisfaction at a significance level of 5%.

Results and Discussion

Outer Model (Measurement Model)

Outer model testing was conducted to ensure that the indicators used were able to measure the research constructs validly and reliably. The test results showed that all indicators had outer loading values above the required minimum limit, thus meeting the convergent validity criteria. Furthermore, the Average Variance Extracted (AVE) value for each construct exceeded 0.50, indicating that the construct was able to explain more than 50% of the indicator's variance. Composite Reliability and Cronbach's Alpha values were also above 0.70, indicating that all research variables were declared to have a good level of reliability. Thus, the measurement model has met the validity and reliability criteria and is therefore suitable for further testing of the structural model.

Inner Model (Structural Model Testing)

Inner model testing was conducted to evaluate the relationships between variables in the model. Inner model testing was conducted to determine the direct and indirect influences between variables in the research model. Bootstrapping results showed that all proposed hypotheses were accepted because they had T-Statistics values greater than 1.96 and p-values less than 0.05.

Table 1. Path Coefficient Results

Hypothesis	T-Value	P Values	Decision
Non-Financial Compensation > Job Satisfaction	4,346	0.001	Accepted
Non-Financial Compensation > Turnover Intetion	7,518	0.000	Accepted
Job Satisfaction > Turnover Intention	7,112	0.000	Accepted
Non-Financial Compensation > Job Satisfaction > Turnover Inetion	6,253	0.000	Accepted

Non-financial compensation has been shown to have a significant effect on job satisfaction with a T-Statistic value of 4.346 and p-values of 0.001. These results indicate that the better the non-financial compensation provided by the company, such as recognition, career development opportunities, a comfortable work environment, and good working relationships, the higher the level of job satisfaction of Generation Z employees. Furthermore, non-financial compensation also significantly influenced turnover intention, with a t-statistic of 7.518 and a p-value of 0.000. This finding indicates that providing good non-financial compensation can reduce employees' desire to leave the company. Employees who feel valued and supported in their work tend to have a higher commitment to the organization.

Job satisfaction has been shown to significantly influence turnover intention, with a T-statistic of 7.112 and a p-value of 0.000. These results indicate that the higher the level of job satisfaction experienced by employees, the lower their desire to look for other jobs or leave the company. Job satisfaction is a crucial factor in retaining Generation Z employees, who tend to seek work environments that support personal development and psychological well-being. In addition to its direct effect, the test results also show that job satisfaction mediates the relationship between non-financial compensation and turnover intention. This is evidenced by a T-statistic of 6.253 and a p-value of 0.000. Thus, non-financial compensation not only directly influences turnover intention but also indirectly through increased job satisfaction. This means that the better the non-financial compensation provided by the company, the higher employee job satisfaction will be, which in turn can reduce turnover intention. These results confirm that job satisfaction plays a mediating role in the relationship between non-financial compensation and turnover intention.

The Influence of Non-Financial Compensation on Job Satisfaction

Based on respondents' responses, the non-financial compensation provided by the company tends to receive positive responses from employees. This is evident in the majority of respondents who agreed to strongly agreed with various non-financial compensation indicators. This indicates that the company has been able to meet employees' psychological and social needs through non-monetary rewards, self-development opportunities, good working relationships, and a work-life balance. Regarding recognition and rewards, 36.8% of respondents stated that they somewhat agreed that they received recognition for their work, and 36.8% also somewhat agreed that their efforts were appreciated by the company. While there is still room for improvement, these results indicate that the company has demonstrated appreciation for employee contributions. Recognition for work performance is one factor that can increase feelings of appreciation, thus fostering job satisfaction.

Regarding self-development, the study results showed that 52.6% of respondents strongly agreed that the company provides opportunities for skill development, while 47.4% of respondents agreed that they have opportunities to participate in training or new learning activities. These findings indicate that the company is paying attention to employee competency development. Opportunities for learning and development can increase employees' self-confidence, competence, and career prospects, thus positively impacting their perceived job satisfaction. Furthermore, regarding work relationships, 52.6% of respondents strongly agreed that they have good relationships with their coworkers, and 36.8% somewhat agreed that the work environment fosters good cooperation. These results indicate the existence of positive interpersonal relationships in the workplace. Harmonious relationships between coworkers can create a comfortable work environment, reduce conflict, and increase social support, thus contributing to increased employee job satisfaction.

Furthermore, regarding work -life balance , 36.8% of respondents strongly agreed that they have a balance between work and personal life, while 36.8% agreed that the company is tolerant of employees' personal needs. This indicates that the company provides sufficient flexibility for employees in managing their work and personal life responsibilities. For employees, especially Generation Z, work-life balance is a crucial factor that can increase comfort and satisfaction at work. Overall, the results of this study indicate that non-financial compensation, including recognition for achievement, opportunities for self-development, good working relationships, and work-life balance, can increase employee job satisfaction. This finding supports the theory proposed by Robbins and Judge (2022) that employees not only expect financial rewards but also require recognition, development opportunities, and a supportive work environment to achieve job satisfaction. These results also align with research conducted by Pistariasih and Adnyani (2022), which found that fulfilling employees' non-financial needs contributes to increased job satisfaction. Therefore, the better the non-financial compensation provided by the company, the higher the level of job satisfaction experienced by Generation Z employees in the Food and Beverages industry in East Medan District.

The Effect of Financial Compensation on Turnover Intention

Discussion of the Influence of Non-Financial Compensation on Turnover Intention

The research results show that non-financial compensation has an impact on reducing turnover intention among Generation Z employees in the Food and Beverages industry in East Medan District. This finding is evident in respondents' high assessment of various aspects of the non-financial compensation provided by the company and their low tendency to actively seek employment elsewhere. Based on the descriptive results of the non-financial compensation variable, 52.6% of respondents strongly agreed that the company provides opportunities for skill development, and 47.4% of respondents agreed that they received opportunities for training or new learning. These findings indicate that the company has paid attention to employee competency development. Opportunities to improve skills and gain new learning experiences make employees feel that the company supports their career development. This condition can reduce employees' desire to seek other organizations that are perceived as capable of providing better development opportunities. Furthermore, the workplace relationship aspect also received positive feedback from respondents. Fifty-two percent of respondents strongly agreed that they have good relationships with their coworkers, while 36.8 percent somewhat agreed that the work environment fosters positive cooperation. Harmonious interpersonal relationships can create a comfortable work environment and enhance employees' emotional attachment to the organization. When employees feel accepted and supported by their coworkers, they tend to have a stronger reason to stay with the company.

Regarding work-life balance, 36.8% of respondents strongly agreed that they have a balance between work and personal life, while 36.8% agreed that the company is tolerant of employees' personal needs. These results indicate that the company has strived to create a flexible work environment and consider employees' personal needs. For Generation Z, work-life balance is a crucial factor in determining satisfaction and the decision to stay with an organization. Therefore, fulfilling this aspect can help reduce employees' desire to leave their jobs. However, the recognition and appreciation aspect still shows room for improvement. A total of 36.8% of respondents stated that they somewhat agreed that they receive recognition for their work, and 36.8% also somewhat agreed that their work efforts are appreciated by the company. This indicates that some employees do not yet feel fully appreciated for their contributions. If this situation is not addressed, it can impact employee loyalty and increase the tendency to consider employment elsewhere.

This situation can be compared with the results of the turnover intention variable. A total of 36.8% of respondents strongly disagreed that they were actively seeking information on other job openings, and 42.1% strongly disagreed that they had attempted to find work elsewhere. These findings indicate that the majority of respondents did not yet have a strong desire to leave the organization through concrete actions. These results indicate that the non-financial compensation provided by the company has been able to create a sense of comfort and engagement that encourages employees to stay. However, 36.8% of respondents still somewhat agreed that they often consider resigning, 42.1% of respondents somewhat agreed that they have thought about leaving their current job, and 31.6% of respondents somewhat agreed that they would consider changing jobs if they received a better offer. These findings indicate that turnover intention remains at a moderate level. This condition is understandable considering the characteristics of Generation Z who tend to be more open to new career opportunities, self-development, and work environments that are considered more in line with their expectations.

Overall, the research results show that good non-financial compensation, particularly in the form of personal development opportunities, harmonious working relationships, and work-life balance, can reduce employee turnover intentions. The better the non-financial compensation perceived by employees, the less likely they are to actively seek other employment or leave the organization. Therefore, non-financial compensation is an important strategy companies can use to retain Generation Z employees and reduce turnover rates.

The Influence of Job Satisfaction on Turnover Intention

The research results show that non-financial compensation negatively impacts the turnover intention of Generation Z employees in the Food and Beverages industry in East Medan District. This means that the better the non-financial compensation employees receive, the lower their likelihood of leaving the organization. Based on descriptive results, the majority of respondents gave positive assessments of various aspects of the non-financial compensation provided by the company. Fifty-two percent of respondents strongly agreed that the company provides opportunities for skill development, and 47.4 percent agreed that they have opportunities for training or new learning. Furthermore, 52.6 percent of respondents strongly agreed that they have good relationships with their coworkers. These findings indicate that the company has provided an environment that supports the development of competencies and positive social relationships for employees. These conditions appear to contribute to employees' low likelihood of seeking other employment. This is evident from the 36.8% of respondents who strongly disagreed that they were actively seeking information on other job openings, and the 42.1% who strongly disagreed that they had attempted to find work elsewhere. These results indicate that opportunities for self-development and a positive work environment can increase employee well-being, thereby reducing the urge to seek alternative employment.

Furthermore, positive work relationships also play a role in reducing turnover intention . 36.8% of respondents somewhat agreed that the work environment is filled with good cooperation, and 52.6% of respondents strongly agreed that they have good relationships with their coworkers. Harmonious social relationships can create a sense of belonging to the organization and increase employee emotional attachment. As a result, employees are less likely to leave a work environment that provides them with comfort and social support. Work -life balance also plays a significant role in reducing turnover intention . 36.8% of respondents strongly agreed that they have a good work-life balance, while 36.8% agreed that their company is tolerant of employees' personal needs. This is highly relevant to the characteristics of Generation Z, who tend to value flexibility and work-life balance. When these needs are met, employees are more likely to stay than look for new jobs.

However, some respondents still agreed that they frequently considered resigning (36.8%) and considered leaving their current job (42.1%). This finding suggests that even though non-financial compensation is considered quite good, some employees still tend to consider other job opportunities. This condition could be caused by factors other than non-financial compensation, such as financial compensation, better career prospects, or more attractive job opportunities elsewhere. However, the low level of alternative job search activity indicates that the non-financial compensation provided by the company is still able to prevent these intentions from developing into actual action. This is evident in the predominance of strongly disagree responses to the indicator for searching for other jobs. Therefore, non-financial compensation plays a significant role in reducing turnover intention by creating a comfortable work environment, harmonious working relationships, opportunities for self-development, and a work-life balance. The results of this study align with the theory of Firdaus and Oetarjo (2022), which states that non-financial compensation can increase employee loyalty and retention. These findings also support research by Putri and Amalia (2025), which found that career development opportunities, a positive work environment, and work-life balance are important factors influencing Generation Z's decision to stay with an organization. Therefore, increasing non-financial compensation can be an effective strategy for companies to reduce turnover intention and retain quality employees.

Job Satisfaction Mediates the Effect of Non-Financial Compensation on Turnover Intention

The results of the study indicate that job satisfaction mediates the effect of non-financial compensation on turnover intention of Generation Z employees in the Food and Beverages industry in East Medan District. This finding indicates that non-financial compensation provided by the company does not directly reduce employee turnover intentions, but rather first increases job satisfaction, which then has an impact on decreasing turnover intention . Based on the descriptive results of the non-financial compensation variable, the majority of respondents gave a positive assessment of skills development opportunities, work relationships, and work-life balance. Fifty-two percent of respondents strongly agreed that the company provides opportunities for skills development, and 47.4 percent of respondents agreed that they have opportunities to participate in training or new learning. Furthermore, 52.6 percent of respondents strongly agreed that they have good relationships with their coworkers. This indicates that the company has provided various forms of non-financial rewards that are able to meet employees' psychological and social needs.

The fulfillment of these needs is further reflected in relatively high levels of job satisfaction. A total of 36.8% of respondents strongly agreed that their work was interesting, 47.4% of respondents strongly agreed that the company provided career development opportunities, 47.4% of respondents strongly agreed that coworkers were supportive, and 57.9% of respondents strongly agreed that their work environment was safe and comfortable. These results indicate that employees feel they have had a positive work experience, which creates a sense of satisfaction with their work. This high level of job satisfaction contributes to a low tendency for employees to leave the organization. This is evident from the results of the turnover intention variable , where 36.8% of respondents stated that they strongly disagreed that they were actively seeking information on other job openings and 42.1% of respondents stated that they strongly disagreed that they had attempted to find work elsewhere. These findings indicate that most employees have not made any concrete efforts to leave the organization, although some respondents admitted that they somewhat agreed that they had considered resigning or changing jobs if they received a better offer.

Interestingly, 36.8% of respondents somewhat agreed that they often consider resigning, and 42.1% of respondents somewhat agreed that they have thought about leaving their current job. Furthermore, 31.6% of respondents somewhat agreed that they would consider changing jobs if they received a better offer, and 36.8% of respondents somewhat agreed that they would be willing to leave their jobs if they received a more attractive job opportunity. These results indicate that despite relatively high levels of job satisfaction, some Generation Z employees are still open to job opportunities that are considered more profitable. This condition is in line with the characteristics of Generation Z, which tends to be more flexible in determining career choices and is more oriented towards self-development and better opportunities.

However, the low level of alternative job search activity indicates that current job satisfaction remains strong enough to prevent this desire from developing into actual action. In other words, job satisfaction acts as a psychological mechanism that explains how non-financial compensation can reduce turnover intention . When employees receive recognition, development opportunities, harmonious working relationships, and a comfortable work environment, they will feel more satisfied with their jobs. This feeling of satisfaction then strengthens their commitment to the organization and reduces the desire to look for other jobs. The results of this study support the theory of Robbins and Judge (2022), which states that job satisfaction is one of the main factors influencing employees' decisions to stay or leave an organization. This finding also aligns with research by Pistariasih and Adnyani (2022) and a meta-analysis by Ersoy (2024), which showed that job satisfaction has a negative influence on turnover intention . Therefore, it can be concluded that job satisfaction is a successful mediating variable explaining the relationship between non-financial compensation and turnover intention . The better the non-financial compensation received by employees, the higher their perceived job satisfaction, and ultimately, the lower their tendency to leave the organization.

Conclusion

Based on the research results, Food & Beverages companies in East Medan District are advised to increase non-financial compensation through performance appreciation, career development opportunities, ongoing training, and the creation of a comfortable and supportive work environment. This is important considering that Generation Z not only considers financial aspects, but also prioritizes work-life balance, development opportunities, recognition for contributions, and a healthy work environment in determining loyalty to the company. By increasing job satisfaction, turnover intention of Generation Z employees can be reduced so that companies are able to retain a competent and productive workforce. For further researchers, it is recommended to develop the research model by adding other variables relevant to the characteristics of Generation Z, such as work-life balance, employee well-being, psychological safety, career development, and perceived organizational support in order to obtain a more comprehensive understanding of the factors that influence turnover intention.

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