

## **THE STARTUP RETENTION DILEMMA: EXAMINING THE INFLUENCE OF COMPENSATION AND ORGANIZATIONAL CULTURE ON TURNOVER INTENTION THROUGH THE MEDIATION OF JOB SATISFACTION**

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### **ABSTRACT**

Turnover intention refers to an employee's inclination to leave the company or organization. This study aims to analyze and examine the significant influence of compensation and organizational culture on the turnover intention among startup employees in Jabodetabek (Jakarta, Bogor, Depok, Tangerang, and Bekasi) area, with job satisfaction serving as a mediating variable. This quantitative study collected the data through a questionnaire distributed to 242 respondents, which was then analyzed using SmartPLS 3.0. The results show that the compensation has a positive and non-significant influence on the job satisfaction. However, it has a negative and statistically significant influence on the turnover intention. Additionally, when mediated by the job satisfaction, it has a positive and non-significant influence on the turnover intention. On the other hand, the organizational culture has a positive and statistically significant influence on the job satisfaction, while negatively affecting the turnover intention. Furthermore, it also has a positive and non-significant influence on the turnover intention when mediated by the job satisfaction. Lastly, the job satisfaction has a positive and non-significant influence on the turnover intention.

**JEL:** M13, M14.

**Keywords:** *turnover intention, job satisfaction, compensation, organizational culture.*

### **1. INTRODUCTION**

In recent years, rapid advancement of technology has profoundly influenced various aspects of human life. The development of digitalization is so prevalent that it affects both economic and social activities. Today, individuals are inextricably dependent on technology, relying on it for their day-to-day endeavors. This dependence on technology has presented new opportunities for businesses to stimulate the economy, including by establishing startups or companies that serve as digital platforms, facilitating and enhancing various aspects of human life. According to Kim, Kim, & Jeon (2018) and Suhendar, Setiadi, Artati, & Rohman (2023), the startups are new businesses founded by entrepreneurs who combine innovative ideas and resources. Currently, they are in the early stages of development and frequently operate in an unpredictable environment as they attempt to become prominent enterprises. Previous researches have further highlighted the dynamic nature of startups, emphasizing their status as newly founded businesses operating in an uncertain environment.

Indonesia distinguishes itself as a country with a strong presence in the global startup ecosystem. The country is home to a large number of startups, and numerous industries are expanding and succeeding. Approximately 32.7% of Indonesia's startups operate in the general business sector, demonstrating their adaptability. Content creators account for approximately

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16.48% of the startup ecosystem, demonstrating the importance of creative industries. The e-commerce sector accounts for approximately 14.59% of the startups, highlighting the country's thriving online retail business.

Employee turnover has become a global concern, with individuals frequently transitioning from one organization to another. A research conducted by Alpha JWC Ventures, a company that surveyed over 600 employees across Indonesia, the Philippines, Vietnam, Singapore, Malaysia, and Thailand, revealed that 91% of startup employees expressed an intention to leave their current jobs. According to the study, the primary reason for resignation among new employees was a lack of congruence between their values, vision, mission, and organizational culture. On the other hand, compensation appeared as the most important factor contributing to the resignation of long-term employees. These findings shed light on the critical factors influencing the employee turnover in the startup industry and highlight the importance of organizational culture and compensation in retaining talent.

Further, the compensation was the primary reason for the startup employee resignations (32%). The employees are more likely to switch jobs if they are offered significantly higher compensation, typically ranging from 15% to 30% - particularly prevalent among the respondents from Thailand and Malaysia. Additionally, 25% of the respondents stated that they would resign if they did not feel aligned with the company's culture and vision – particularly prevalent among the respondents from Indonesia and Singapore.

Furthermore, the study also revealed that the respondents highlighted a perceived lack of cohesion with their colleagues and dissatisfaction with superiors' leadership style as factors contributing to their decision to leave. Hence, it can be inferred that inadequate compensation and a lack of alignment with the organizational culture lead to the employee dissatisfaction, increasing the likelihood of turnover intention. A high turnover intention in the startups can be considered as a major concern, as evidenced by the alarming resignation rate of up to 91%. This phenomenon can have detrimental effects on both the company's finances and human resources. Apart from the costs associated with recruitment and training new employees, there is a decline in general employee performance due to excessive workload and pressure. Existing employees may experience increased workloads, the need to form relationships with new colleagues, and a transition period to adapt to new circumstances. Consequently, the companies must identify factors that foster long-term employee commitment and ensure optimal organizational performance.

This phenomenon is in line with previous research studies that found that the turnover intention significantly impacts the companies, including the loss of talented workers (Berber, Morley, Slavić, & Poór, 2017). The turnover intention refers to an employee's desire to leave their current job or organization. The companies must address this issue as it directly affects their workforce stability and overall performance. When the employees with valuable skills and expertise want to leave, the organization is at risk of losing the talent, which is crucial for its success. This loss lowers the company's productivity and efficiency, while also incurring costs for recruiting and training replacements. Therefore, Belete (2018) stated that understanding and addressing the factors contributing to the turnover intention is essential for the companies seeking to retain top talent and maintain a competitive advantage in the market.

The compensation plays a pivotal role in influencing the employee turnover within the organizations. According to Chepchumba & Kimutai (2017), the level and structure of

compensation packages directly impact the employees' perceptions of their own worth and value within the organization. When the employees believe that their compensation does not adequately reflect their contributions or is not competitive with the industry standards, it can lead to dissatisfaction and, ultimately, contribute to the turnover intention. In addition, as highlighted by Cao, Chen, & Song (2013), the factors such as unequal compensation, a lack of performance-based incentives, and limited opportunities for growth despite of high performance, can further exacerbate the dissatisfaction with compensation, encouraging the employees to seek alternative opportunities. Thus, the companies must carefully evaluate and adjust their compensation policy to ensure that they correspond with the employee expectations and market standards, thereby mitigating the risk of turnover due to the compensation-related issues.

Moreover, Zhang, Meng, Yang, & Liu (2018) showed that the job satisfaction influences the turnover intention. The job satisfaction refers to the overall satisfaction and fulfillment that an individual experiences in their role and work environment. It was found that the employees who are satisfied with their jobs are less likely to consider leaving the organization. Conversely, poor levels of job satisfaction can increase the likelihood of turnover intention as the employees seek alternatives where they feel more satisfied and fulfilled.

Additionally, Vizano, Sutawidjaya, & Endri (2021) found a strong connection between the organizational culture and turnover intention. According to Adam, Rozanna, Shabri, & Majid (2019), an organization's prevalent values, norms, and practices have a major impact on whether the employees prefer to stay or leave their jobs. Positive organizational cultures, characterized by supportive environments, opportunities for growth, and fair treatment, tend to reduce the turnover intention because the employees feel valued and committed. Conversely, negative cultures, characterized by toxicity, high stress, or unequal treatment, frequently increase the turnover intention as the employees seek healthier work environments. These studies use empirical investigation to demonstrate how the organizational culture impacts the turnover intention, providing valuable insights for the organizations aiming to foster the retention and build accommodating work environments.

## **2. THEORETICAL FRAMEWORK AND EMPIRICAL STUDIES**

### **2.1. Turnover Intention**

Robinson, Kralj, Solnet, Goh, & Callan (2014) argued that the employee turnover has been a key managerial issue in many industries. High rates of employee turnover result in direct and indirect costs, such as the costs associated with recruiting and training new hires, and the loss of organizational knowledge and cohesive culture. To understand the phenomenon and its impacts on hospitality organizations, considerable researches have focused on the employee turnover and turnover intention.

According to Park & Min (2020), the employee turnover intention refers to the level of intensity with which an employee want to leave their current company. This desire might come from a variety of reasons, including a desire for greater financial prospects, career development, or dissatisfaction with the work environment. Yap, Ramayah, & Shahidan (2012) emphasized that the employee turnover is a crucial concern for managers, as hiring and training new employees incurs additional expenses for the company. Furthermore, Wulandari, Listiarini, Palit, & Rohman (2023) highlighted the correlation between job satisfaction and the desire to switch jobs, indicating

that the turnover intention is associated with the level of pleasure or satisfaction experienced by the employees.

## 2.2. Compensation

The compensation, as defined by Cudjoe (2016), can be defined as part of the human resource management function that includes the numerous rewards granted to the employees. The purpose of compensation is to engage the employees, foster job satisfaction, and motivate them to achieve organizational goals. Lazear (2018) further elaborated that the compensation typically includes basic salaries, incentives, bonuses, and benefits. On the other hand, it can also include non-monetary rewards, such as job security, flexible work hours, recognition, career growth opportunities, and positive work relationships. It is also critical for attracting and retaining employees, as well as enhancing the employee satisfaction (Berber *et al.*, 2017; Mudor, Tooksoon, & Tak, 2011). The employees perceive it as serving two purposes: meeting their daily needs by purchasing goods and services, and as a motivator to drive higher activity, productivity, and job performance.

Vizano *et al.* (2021) found that the compensation significantly reduces the turnover intention. This is also supported by Cao *et al.* (2013) who examined different aspects of compensation and consistently reported a significant negative effect on the employee turnover intention. These findings highlight the importance of providing high and satisfying the compensation packages to reduce the employee turnover intention.

Furthermore, Agustine & Nawangsari (2020) revealed that the compensation has a significant negative effect on the turnover intention through the mediation of job satisfaction. This implies that when the employees perceive higher compensation levels, it leads to increased job satisfaction, which reduces their intention to leave the organization. These findings are consistent with the study conducted by Ramlah, Sudiro, & Juwita (2021), which also highlighted the mediating role of job satisfaction in the relationship between the compensation and turnover intention. Further, these findings suggest that the organizations should provide competitive and satisfactory compensation packages to enhance the job satisfaction and reduce the employee turnover intention.

In addition, according to Mete (2017), the organizational culture significantly influences the job satisfaction. Further, it emphasizes that the alignment between organizational culture and individual values positively and significantly affects the job satisfaction. Moreover, previous researchers demonstrated that the organizational culture has a proven and positive impact on the job satisfaction. They highlighted the importance of organizational managers paying attention to the job satisfaction and commitment, as neglecting these indicators may result in a weaker organizational culture and various negative consequences, such as lower employee morale, increased intention to quit, and decreased organizational efficiency and effectiveness. Mustafa (2016) supported these findings by stating that analyzing the organizational culture can help predict the employee satisfaction and commitment. Therefore, the organizations must foster a strong and supportive culture to enhance the job satisfaction and overall organizational performance. For this reason, hypotheses that can be formulated are as follow:

**H1:** Compensation has a positive influence on job satisfaction.

**H2:** Compensation has a negative influence on turnover intention.

**H3:** Compensation has a negative influence on turnover intention through the mediation of job satisfaction.

### **2.3. Organizational Culture**

Robbins, Judge, & Breward (2018) explained that the organizational culture encompasses the values, beliefs, and assumptions that guide individuals within an organization, and promote coordinated behavior. They also emphasized that the organizational culture represents a specific value system that gives meaning and is maintained by individuals within the organization, separating it from others.

Malhotra & Talib (2018) stated that the organizational culture negatively influences the employee turnover intention. This finding is further supported by Jahya, Azlin, Othman, & Romaiha (2020) who also stated that there is a significant negative relationship between the two. When the employees perceive a positive culture within their organization, it reduces their intention to leave the company. These findings align with the research conducted by Abbas, Khan, Ishaq, & Mehmood (2020) and Vizano *et al.* (2021), which all indicated that the organizational culture negatively and significantly affects the turnover intention. Therefore, it can be concluded that the organizations can lower the employee turnover by fostering a better organizational culture.

Furthermore, Girma (2016) stated that the job satisfaction positively mediates the relationship between the organizational culture and employee turnover intention. This finding is supported by Martha, Anindita, & Jus'a (2022) who also concluded that the organizational culture positively and significantly affects the employee turnover intention through the mediation of job satisfaction. These findings highlight the importance of job satisfaction in influencing the impact of organizational culture on the turnover intention, suggesting that a positive organizational culture can enhance the job satisfaction while also decreasing the employee turnover.

In addition, according to Alias, Rohmanan, Ismail, Koe, & Othman (2018), there is a negative and significant relationship between the job satisfaction and employee turnover intention. This means that higher levels of job satisfaction are associated with decreased turnover intention among the employees. This finding is consistent with previous studies conducted by Zhang *et al.* (2018) and Salehudin (2015), all of which concluded that the job satisfaction both significantly and negatively affects the employee turnover intention. These findings emphasize the importance of fostering the job satisfaction in order to lower the risk of employees considering leaving their company. Therefore, hypotheses that can be proposed are as follow:

**H4:** Organizational culture has a positive influence on job satisfaction.

**H5:** Organizational culture has a positive influence on turnover intention.

**H6:** Organizational culture has a positive influence on turnover intention through the mediation of job satisfaction.

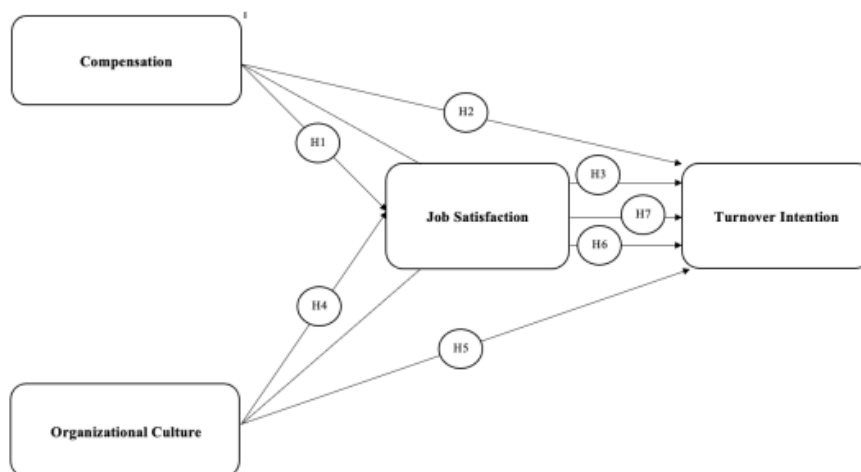
### **2.4. Job Satisfaction**

Job satisfaction, as defined by Onukwube (2012), encompasses an individual's feelings towards their job, including a sense of well-being, positive emotions, and favorable mental states that develop when fair rewards are obtained for their performance. Similarly, Angeline (2011) described the job satisfaction as an emotional response based on an individual's evaluation of their work. The study also added that the job satisfaction or dissatisfaction is influenced by the extent

to which personal values are fulfilled and their significance. Cao *et al.* (2013) noted that a high level of job satisfaction helps to moderate the dynamics in job-related attitudes, argued that the satisfied employees are more likely to engage in behaviors that benefit overall firm performance.

In addition, Alam & Asim (2019) stated that the relationship between the job satisfaction and turnover intention has been extensively studied in organizational behavior and human resource management studies. They suggested that the job satisfaction significantly and negatively affects the turnover intention, indicating that a higher level of job satisfaction is associated with a lower level of turnover intention. The study emphasized the importance of job satisfaction as a critical factor in reducing the turnover intention. Furthermore, Huang & Su (2016) found that the job satisfaction has a significant impact on the turnover intention. Therefore, a hypothesis that can be proposed is as follows:

**H7:** Job satisfaction has a positive effect on turnover intention.



**Figure 1. Conceptual Framework Model**

### 3. RESEARCH METHODS

This study was done in a quantitative manner. The data was collected through a questionnaire distributed to the startup employees in Jabodetabek area. The startups referred to in this study were companies which had operated for less than ten years, and were innovative, technology-driven, and growth-oriented.

The sampling method implemented was non-probability sampling, where elements in the population did not have an equal chance of being selected as a sample (Sekaran & Bougie, 2013). Specifically, this study implemented purposive, where the respondents were selected based on specific criteria that met the research objectives. The criteria required the respondents to be working in young startups (operated for less than ten years) within Jabodetabek area. One of the target startups was X, located in Tangerang area, and operated in the healthcare field with a significant level of turnover intention among the employees.

Further, the data was analyzed using structural equation modeling (SEM) which was designed to analyze a larger sample size among multivariate approaches. The suggested minimum sample size was 100 or higher (Hair, Black, Babin, & Anderson, 2014). According to Hair *et al.* (2014), determining the required sample size for SEM analysis purposes could implement the

following formula:  $[(\text{Number of Indicators} + \text{Number of Variables}) \times 5]$ . Therefore, based on the formula, this study needed a total of 220 respondents  $[(40+4) \times 5 = 220]$ .

Furthermore, this study measured four main variables: turnover intention, job satisfaction, compensation, and organizational culture. Each variable was measured by a five-point Likert scale (1 = strongly disagree; 5 = strongly agree). The turnover intention was measured by 3 dimensions, with 9 questionnaire items adopted from Sarantie, Indrawati, & Mulyani (2022). The job satisfaction was measured by 4 dimensions, with 14 questionnaire items were adopted from Onukwube (2012). The compensation was measured by 4 dimensions, with 8 questionnaire items were adopted from Cudjoe (2016). Meanwhile, the organizational culture was measured by 3 dimensions, with 9 questionnaire items were adopted from Smirnova, Ayu, Dewi, & Putra (2017).

#### **4. DATA ANALYSIS AND DISCUSSIONS**

Based on the results of this study, most of the respondents were in Jakarta (63.2%), followed by Tangerang (14.9%), Bogor (8.7%), Depok (7.0%), and Bekasi (6.2%). Most of the startups were in the food and beverage industry (32.6%), followed by e-commerce (28.1%), education technology (EdTech) (19.0%), financial technology (fintech) (10.3%), marketing and advertisement (2.1%), telecommunications and fashion (1.2%), property, digital services, and expedition (0.8%), and service, games, manufacturing, agriculture, travel, aquaculture, and health-tech sectors (0.4%).

Further, in terms of their length of work, most of the respondents had worked in the startups for 1-2 years (41.3%), followed by those working for 2-3 years (35.1%), 3-4 years (9.5%) less than one year (9.1%), 4-5 years (3.7%), and more than five years (1.2%). Based on the department they worked in, most of the respondents were in the marketing division (41.7%), followed by those working in the operation division (26.4%), finance division (17.4%), human and resource (HR) division (9.5%), research and development (R&D) division (1.7%), business development and IT division (1.2%), and engineering and quality check division (0.4%).

This study conducted measurement model test by measuring the convergent validity, discriminant validity, construct reliability, and unidimensionality. The following Figure 1 presents a diagram of the calculation results of outer model as follows:

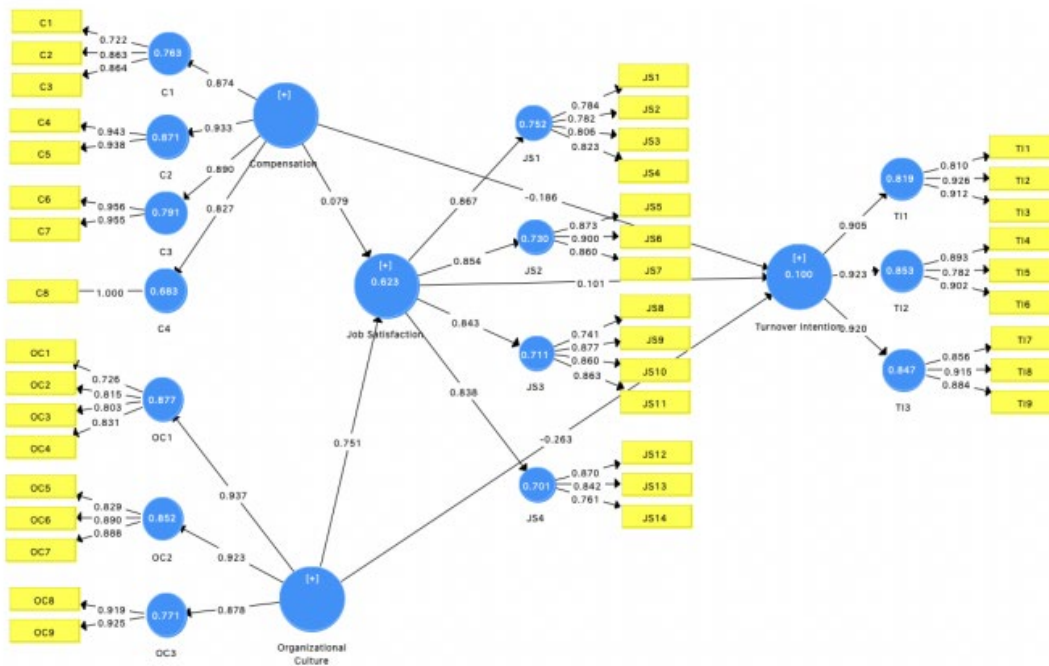


Figure 2. Outer Model

The above Figure 2 shows that each indicator of the variables has a loading factor value of  $> 0.50$  after removing C1 which is invalid and has a loading factor value of below 0.5. Then, it could be concluded that all indicators are valid and can be utilized for further analysis. In addition, this study also shows that the average variance extracted (AVE) value is also higher than 0.50, confirming that the variables are valid. Additionally, the Cronbach's Alpha value is higher than 0.7, indicating a high internal consistency. Furthermore, the composite reliability (CR) value is higher than 0.7, indicating that all variables are reliable, and no measurement issues are present. Consequently, it can be concluded that all indicators have met the validity and reliability criteria in the outer model analysis.

After analyzing the outer model, the inner model was evaluated to measure the R-squared, F-squared, model fit, and test the hypotheses. The following Figure 3 presents the results of inner model analysis using SmartPLS 3.0:



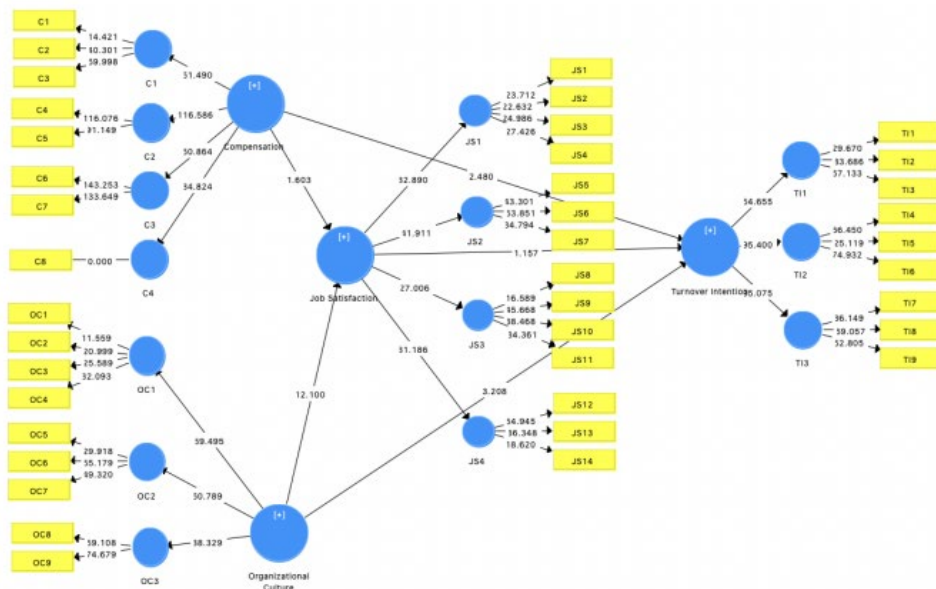


Figure 3. Inner Model

Figure 3 above shows the path coefficient and R-squared values. The results of this study determine how significant the influence of exogenous and endogenous variables is. The F-squared value analyzed by SmartPLS 3.0 can be seen in the following Table 1:

Table 1. F-Squared Value

	TI (Z)	JS (Y)	C (X1)	OC (X2)
Turnover Intention (Z)				
Job Satisfaction (Y)	0.004			
Compensation (X1)	0.031	0.013		
Organizational Culture (X2)	0.028	1.206		

The F-Squared value was divided into three categories, namely small effect (0.02 - 0.15), moderate effect (0.15 - 0.35), and high effect (> 0.35). Based on the results of this study, the effect of X2 on Y is included in the high effect category; and the effect of X1 on Z and X2 on Z are included in the moderate effect category. However, this study finds that there is no effect included in the small effect category. Meanwhile, the effect of Y on Z and X1 on Y were < 0.02.

Table 2. R-Squared Value

	R-Square	R-Square Adjusted
Turnover Intention (Y)	0.100	0.088
Job Satisfaction (Z)	0.623	0.620

Based on Table 2 above, it can be seen that the R-squared value simultaneously influences X1 (compensation), X2 (organizational culture), and Z (turnover intention), which is 0.100, with an adjusted R-squared value of 0.088. Therefore, it could be concluded that X1 and X2 simultaneously affect Y by 0.088 or 8.8%. This finding explains that the influence of X1 and X2 on Y could be considered in the weak category. The remaining 91% could be explained by other variables not included in this study.

Based on the Table above, it can be seen that the R-squared value simultaneously influences X1 (compensation), X2 (organizational culture), and Y (job satisfaction) of 0.623 with an adjusted R-squared value of 0.620. Therefore, it could be concluded that all exogenous

constructs (X1 and X2) simultaneously affect Z by 0.620 or 62% (moderate category). The remaining 38% could be explained by other variables not included in this study.

Further, this study tested the hypotheses using SmartPLS 3.0 with the bootstrap method, aiming to determine the relationships between the variables, and their significance. A hypothesis could be accepted empirically if the p-value is  $\leq 0.05$ , and rejected empirically if the p-value is  $\geq 0.05$ . The following Table 3 presents the p-values of each hypothesis and the indirect effect as follow:

**Table 3. P-Values on Path Coefficients**

	Original Sample (O)	Sample Mean (M)	Standard Dev. (STDEV)	T Statistics ( O/STDEV )	P Values	Result
C (X1) → JS (Y)	0.080	0.079	0.052	1.536	0.125	Rejected
C (X1) → TI (Z)	-0.185	-0.184	0.075	2.471	0.014	Accepted
OC (X2) → JS (Y)	0.751	0.752	0.058	12.871	0.000	Accepted
OC (X2) → TI (Z)	-0.263	-0.256	0.082	3.214	0.001	Accepted
JS (Y) → TI (Z)	0.101	0.091	0.095	1.066	0.287	Rejected
C (X1) → JS (Y) → TI (Z)	0.008	0.005	0.008	0.970	0.332	Rejected
OC (X2) → JS (Y) → TI (Z)	0.076	0.069	0.073	1.037	0.300	Rejected

This study proposes 7 hypotheses. The results of this study prove that only 3 hypotheses (H2, H4, and H5) that can be accepted empirically, while the other 4 cannot (H1, H3, H6 and H7). For the first hypothesis, this study finds that the compensation (X1) has a positive and non-significant influence on the job satisfaction (Y) among the startup employees in Jabodetabek area. Although the initial result indicates a positive effect of 0.080, the p-value is 0.125, exceeding the predetermined significance level of 0.05. Therefore, it could be concluded that the level of compensation fails to significantly influence the job satisfaction of startup employees in Jabodetabek area. Contrary to this finding, a recent research by Vizano *et al.* (2021) suggested that the compensation significantly reduced the turnover intention. This finding was also further supported by a previous study, such as Cao *et al.* (2013), which consistently reported a negative and significant effect of various compensation aspects on the employee turnover intention. This finding underlined the importance of providing high and satisfying compensation packages to mitigate the employee turnover intention. The rejection of this first hypothesis indicates that, while there is a positive trend between the compensation and job satisfaction, the statistical analysis cannot prove a significant relationship. This discrepancy suggested that factors other than the compensation might play a role in influencing the job satisfaction among the startup employees in Jabodetabek. Possible contributing factors included the organizational culture, work environment, career development opportunities, and job positions. Moreover, while this present study shows that the compensation has a major impact on the turnover intention, its effect on the job satisfaction in the context of startup employees in Jabodetabek area might be complex and influenced by various contextual factors unique to the startup ecosystem. Therefore, the organizations operating within this context might need to investigate and address a broader range of factors in order to effectively improve the job satisfaction and employee retention, rather than focusing exclusively on the compensation.

For the second hypothesis, this study finds that the compensation (X1) has a negative and significant influence on the turnover intention (Z) among the startup employees in Jabodetabek area. The initial result demonstrates a negative influence of -0.185, and the p-value of 0.014 was less than the significance level of 0.05. Therefore, it could be concluded that a higher level of

perceived compensation led to a lower level of turnover intention among the startup employees in Jabodetabek. This finding is supported by Agustine & Nawangsari (2020) which also found a negative and significant effect of compensation on the turnover intention through the mediation of job satisfaction. According to their study, when the employees perceived a higher level of compensation, they were more satisfied with their jobs and less likely to leave the organization. Similarly, Ramlah *et al.* (2021) identified the mediating role of job satisfaction in the relationship between the compensation and turnover intention, further corroborating the importance of providing competitive and satisfactory compensation packages to enhance the job satisfaction and reduce the employee turnover intention. The acceptance of this second hypothesis emphasizes the crucial role of compensation in influencing the turnover intention among the startup employees in Jabodetabek area. The organizations might effectively mitigate the turnover intention and promote a more stable and committed workforce by offering adequate compensation. This finding emphasized the need of incorporating the compensation policy as part of broader retention efforts within the startup environment, as well as addressing the employee needs and perceptions regarding the compensation to promote the organizational stability and growth.

For the fourth hypothesis, this study finds a positive and significant influence of organizational culture (X2) on job satisfaction (Y) among the startup employees in Jabodetabek area. The initial result indicate a positive influence of 0.751 and the p-value is 0.000 - less than 0.05. This finding implies that a stronger organizational culture correlated with a higher level of job satisfaction among the startup employees in Jabodetabek area. Mete (2017) explained that the organizational culture significantly impacted the job satisfaction, emphasizing the importance of alignment between the organizational culture and individual values, which positively and significantly affected the job satisfaction. A previous research had also demonstrated the positive impact of organizational culture on the job satisfaction, suggesting that the organizations should prioritize fostering a strong and supportive culture to enhance the overall organizational performance. Similarly, Mustafa (2016) supported that analyzing the organizational culture could help predict the employee satisfaction and commitment. This way, the managers could prevent negative consequences, such as lower employee morale, increased intention to quit, and decreased organizational efficiency and effectiveness. The acceptance of this hypothesis indicated the organizational culture's critical role in shaping the job satisfaction among the startup employees in Jabodetabek area. The organizations could develop an environment in which the employees felt appreciated, motivated, and satisfied with their work, resulting in the increased organizational performance and employee retention. For the fifth hypothesis, this study finds a positive and significant influence of organizational culture (X2) on the job satisfaction (Y) among the startup employees in Jabodetabek area. The initial result indicate a strong positive influence of 0.751, and the p-value of 0.000, which is less than the significance level of 0.05. This finding suggests that improved organizational culture led to a higher level of job satisfaction among the startup employees in Jabodetabek area. This result was in line with the research conducted by Malhotra & Talib (2018), which highlighted that the organizational culture played a crucial role in influencing the employee turnover intention. Similarly, Jahya *et al.* (2020) also found that there was a significant negative relationship between the organizational culture and employee turnover intention. When the employees perceived a positive culture within their organization, they were less likely to leave the company. Abbas *et al.* (2020) and Vizano *et al.* (2021) supported these findings by demonstrating that the organizational culture negatively and significantly affected the turnover intention. Therefore, by establishing a better organizational culture, the organizations

could reduce the employee turnover and increase the retention rate. In summary, this accepted hypothesis underscored the critical importance of organizational culture in shaping the job satisfaction among the startup employees in Jabodetabek area. By cultivating a positive and supportive organizational culture, the organizations could create an environment where the employees felt valued, motivated, and satisfied with their work, ultimately contributing to the improved organizational performance and employee retention.

For the third hypothesis, this study finds a significant effect of compensation (X1) on the turnover intention (Z) through the mediation of job satisfaction (Y) among the startup employees in Jabodetabek area. However, the initial result indicates a positive influence of 0.008, and the p-value of 0.332, which exceeds the predetermined significance level of 0.05. Therefore, it could be concluded that the level of compensation only significantly affected the turnover intention of startup employees in Jabodetabek, regardless of their level of job satisfaction. Contrary to this finding, Girma (2016) suggested that the job satisfaction positively mediated the relationship between the organizational culture and employee turnover intention. Martha *et al.* (2022) also found that the organizational culture positively and significantly influenced the employee turnover intention, with the job satisfaction serving as the mediator. This finding emphasizes the importance of job satisfaction in influencing the impact of organizational culture on the turnover intention, implying that a positive organizational culture could improve the job satisfaction, decreasing the employee turnover intention. The rejection of the hypothesis indicated that, although noticing a positive trend between the compensation, job satisfaction, and turnover intention, the results of statistical analysis cannot support a significant relationship between the compensation and turnover intention through the mediation of job satisfaction. This finding suggested that factors other than the compensation and job satisfaction might have a greater influence in determining the turnover intention among the startup employees in Jabodetabek area. Possible contributing factors included the organizational culture, work environment, career development opportunities, and job positions. The rejection of this hypothesis highlighted the complexity of factors influencing the turnover intention. Considering the interplay between the compensation, job satisfaction, and organizational culture in shaping the employee attitudes and behaviors was critical for the organizational success and retention strategies.

For the sixth hypothesis, this study finds a significant effect of organizational culture (X2) on the turnover intention (Z) through the mediation of job satisfaction (Y) among the startup employees in Jabodetabek area. However, the initial result shows a positive influence of 0.076, and the p-value of 0.300, which exceeds the predetermined significance level of 0.05. Therefore, it could be concluded that the perceived organizational culture only significantly affected the turnover intention of startup employees in Jabodetabek area, regardless of their level of job satisfaction. Contrary to this hypothesis, a research by Alias *et al.* (2018), suggests a significant negative relationship between job satisfaction and employee turnover intention. This implies that higher levels of job satisfaction are associated with decreased turnover intention. This finding is consistent with previous studies conducted by Zhang *et al.* (2018) and Salehudin (2015), all of which concluded that the job satisfaction employee turnover intention. These findings highlighted the importance of fostering the job satisfaction in order to lower the likelihood of employees intending to leave their jobs. This hypothesis was rejected because, despite the evidence of a positive trend between the organizational culture, job satisfaction, and turnover intention, the statistics cannot support the significant relationship between the organizational culture and

turnover intention through the mediation of job satisfaction among the startup employees in Jabodetabek area. This suggested that there were factors beyond the organizational culture and job satisfaction that might influence the turnover intention in this context. Possible contributing factors included individual preferences, external market conditions, and organizational policies. This finding also shed light on the complexity of factors influencing the turnover intention. Therefore, fostering the job satisfaction to mitigate the turnover intention was critical for the organizational success and employee retention strategies, although the perceived organizational culture might not directly affect the turnover intention among the startup employees in Jabodetabek area.

Finally, for the last hypothesis of this study, this study cannot accept the hypothesis empirically. This study finds a non-significant effect of job satisfaction (Y) on the turnover intention (Z) among the startup employees in Jabodetabek area. The initial result shows a positive influence of 0.101, and the p-value of 0.287, which exceeds the predetermined significance level of 0.05. Therefore, it could be concluded that the job satisfaction did not significantly affect the turnover intention of startup employees in Jabodetabek area. Contrary to this hypothesis, extensive researches in the organizational behavior and human resource management consistently suggested a negative and significant relationship between the job satisfaction and turnover intention. These studies had consistently found that higher levels of job satisfaction were associated with lower intentions to leave one's job or organization.

Similarly, researches in the healthcare industry had highlighted the role of job satisfaction in reducing the turnover intention among nurses. The nurses who reported higher levels of job satisfaction were less likely to leave their current position. Moreover, the job satisfaction was found to affect the turnover intention significantly and negatively, even after it being controlled for increasing the organizational commitment. Overall, these studies emphasized the crucial role of job satisfaction in retaining the employees and reducing the turnover rates within the organizations. While this rejected hypothesis suggested a non-significant relationship between the job satisfaction and turnover intention among the startup employees in Jabodetabek area, the broader body of research consistently supports the notion that higher levels of job satisfaction were associated with lower turnover intention. This explained the significance of addressing the job satisfaction as a key factor in mitigating the employee turnover and promoting the organizational stability and success despite the specific findings of this study.

Following a study by Ashraf (2020), the role of compensation in shaping the employee job satisfaction was significant, particularly in the startup environments. The employees who were compensated fairly for their contributions tended to be more satisfied with their jobs. However, this present study reveals that the relationship between the compensation (X1) and job satisfaction (Y) must have a statistical significance which explains the level of compensation that does not significantly influence the job satisfaction among the startup employees in Jabodetabek area. This finding highlights the complexities of the compensation-job satisfaction relationship in the unique context of startups.

In line with a study by Martha *et al.* (2022), the organizational culture played an important role in mitigating the employee turnover intention. Favorable experiences with the organizational culture and positive relationships with the colleagues tended to reduce the desire to leave the current workplace. The startup companies, known for their dynamic working environments, frequently established a welcoming organizational culture contributing to the employee contentment. For instance, the OC7 indicator, signifying the 'positive and friendly attitudes' among

the coworkers, was highly valued. However, this indicator had a considerable influence on the employee turnover intention, especially among the startups in Jabodetabek area. This discrepancy could be related to the misalignment between the technological facilities provided by the startups and employee expectations, as indicated by the lowest indicator value, OC1, which represented the ease of work through the facilities/technology.

The results of this study demonstrate a positive and non-significant relationship between the compensation (X1) and turnover intention (Z), with the job satisfaction (Y) serving as the mediator. This complex finding highlighted the need for a better knowledge of how the compensation and job satisfaction influenced the turnover intention in the startup environment, revealing the intricacies of this relationship.

According to Liu, Wang, & Maoyan (2020), achieving the job satisfaction in the startup context minimized the risk of developing the turnover intention. The job satisfaction, especially when it was aligned with an individual's interests and personal needs and involved strong interpersonal relationships, had been shown to lower the likelihood of considering quitting one's current position. Despite this positive relationship, the results of statistical analysis between the job satisfaction (Y) and turnover intention (Z) prove a non-significant result. This suggested that the perceived level of job satisfaction among the startup employees did not significantly affect the turnover intentions, underscoring the complexity of turnover intention dynamics within the startup environment.

In light of the empirical findings presented, it becomes evident that the relationship between the compensation and job satisfaction in the startup environments is more intricate than initially perceived. While the theory suggested that higher compensation would invariably lead to greater job satisfaction, the results of this study, consistent with Ashraf (2020), painted a different picture. The statistically insignificance of the compensation-job satisfaction relationship underlined the need for the startups to explore further into the factors influencing the employee job satisfaction. This could involve examining non-monetary incentives, workplace conditions, or other intangible elements that shaped the job satisfaction.

Furthermore, the results on the organizational culture and its impact on the employee turnover intention, echoing the findings of Martha *et al.* (2022) encouraged the startups to reconsider their approaches to the talent retention. While a positive and friendly organizational culture contributed to increase the job satisfaction, it was not the only factor in reducing the turnover intention within this context. This necessitated a holistic approach, where the startups could explore complementary strategies, such as employee development, career growth, and work-life balance initiatives, to address the multifaceted issues of retaining their workforce. The intricate interplay of these elements in shaping the dynamics of job satisfaction and turnover intentions in the startup environment emphasized the need for further researches and customized strategies tailored to the unique demands of this industry.

## 5. CONCLUSIONS, SUGGESTIONS, AND LIMITATIONS

In conclusion, this study examines the influence of compensation and organizational culture on the turnover intention through the mediation of job satisfaction among the startup employees in Jabodetabek area. The findings reveal that the compensation has no significant influence on either the job satisfaction or turnover intention. However, the organizational culture

has a positive and significant influence on the job satisfaction and a negative and significant influence on the turnover intention. These findings suggest that while the compensation might not be the primary driver of job satisfaction and turnover intention among the startup employees, the organizational culture played a crucial role. The organizations must create a positive and supportive culture fostering the job satisfaction and reducing the turnover intention. By considering the suggestions, the organizations could enhance their compensation practices, strengthening their organizational culture, and improving the employee retention in this challenging startup industry.

The results of this study imply several suggestions for future researches and practices. First, the organizations would benefit from conducting regular employee satisfaction surveys to assess their compensation policies, organizational culture, and job satisfaction levels. This could help identify areas of improvement and influence strategic decisions about the employee retention. Second, the organizations should consider about implementing personalized compensation packages that are aligned with the employees' expectations and performance. This could include performance-based incentives, flexible benefits, and opportunities for growth and development. Third, fostering a positive and supportive organizational culture should be a priority, emphasizing teamwork, open communication, and employee well-being. Investing in the employee development programs and creating a conducive work environment can contribute to a higher level of job satisfaction and a lower level of turnover intention. Last, future researches are suggested to explore the role of other factors, such as leadership styles, work-life balance, and employee engagement, in the turnover intention of startup employees. This will provide a more comprehensive understanding of the retention dilemma and enable the organizations to implement targeted strategies to improve the employee satisfaction and reduce the turnover.

However, this study has seven major limitations that should be acknowledged. First, the results of this study may be limited to the startups in Jabodetabek area, which may restrict their generalizability to other industries or geographic locations with different organizational cultures. Second, this study employed the purposive sampling and analyzed a relatively small sample size of 220 respondents which might impact the representativeness of the findings. Third, the cross-sectional design employed in this study limited the establishment of causal relationships between the variables. Fourth, this study only analyzed self-reported data, and this reliance introduced potential biases and measurement errors. Fifth, while this study examines the mediating role of job satisfaction, the cross-sectional design did not actually allow for definitive conclusions about the causal mediation effects. Sixth, the measurement instruments used in this study might not fully capture the complexity of the constructs studied, and alternative or additional measures could provide a more comprehensive understanding. Finally, this study did not consider other factors in the analysis, such as individual characteristics, work-life balance, career development opportunities, or external market conditions. Therefore, future researches are suggested to address these limitations to enhance the understanding of the impact of compensation and organizational culture on the turnover intention through the mediation of job satisfaction in the startup environment.

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