

ABSTRACT

Human Resource Management (HRM) plays a strategic role in enhancing organizational performance, including through the establishment of a healthy and productive work culture. In the modern era, Generation Z has begun to dominate the workforce with unique characteristics that demand a dynamic and innovative work environment. However, the high turnover phenomenon among Generation Z, particularly at PT XYZ, indicates dissatisfaction with leadership styles and compensation. Therefore, this study is essential to identify the factors influencing turnover intention among Generation Z at PT XYZ.

This study aims to provide an overview of transformational leadership, compensation, and turnover intention among Generation Z at PT XYZ. Furthermore, it seeks to analyze the impact of transformational leadership and compensation on turnover intention, both partially and simultaneously.

This research employs a quantitative approach with descriptive and causal designs. The unit of analysis in this study is individuals, with a population of Generation Z employees at PT XYZ (born between 1997 and 2012), holding permanent employee status and a minimum of one year of service, totaling 147 individuals. The study uses a saturated sampling method (census). Data analysis is conducted using Structural Equation Modeling Partial Least Squares (SEM PLS) with SmartPLS version 4 software.

The results of this study, based on a descriptive approach, show that at PT XYZ, the level of transformational leadership is deemed "effective," financial compensation is considered "good," and turnover intention is categorized as "low." Furthermore, based on hypothesis testing: H1. Transformational leadership style has a significant effect on turnover intention among Generation Z at PT XYZ (accepted); H2. Compensation has no significant effect on turnover intention among Generation Z at PT XYZ (rejected); H3. Transformational leadership style and compensation simultaneously influence turnover intention among Generation Z at PT XYZ (accepted).

Based on these findings, it is crucial for PT XYZ to focus on leadership and compensation factors by conducting regular leadership training, performing comprehensive leadership evaluations, and designing and reviewing the compensation and incentive system thoroughly. Moreover, the company also needs to consider non-financial compensation factors as an effort to maintain employee retention within the organization.

Keywords: *Generation Z, Transformational Leadership, Compensation, Turnover, Turnover Intention, Structural Equation Modeling (SEM).*