

ABSTRACT

The high turnover rate among young employees, particularly Generation Z, has become a major concern in today's workforce, including within the hospitality industry of Dili, Timor-Leste. Considering labor challenges such as the dominance of the informal sector, lack of job security, and increasing labor migration abroad, this study aims to analyze the psychological and organizational factors influencing turnover intentions among Generation Z, focusing on two key variables: job satisfaction and work-life balance.

This study seeks to determine the direct effects of job satisfaction and work-life balance on turnover intention, while also measuring the actual levels of each variable among Generation Z employees in the hospitality sector. It addresses six core research questions related to the influence and relationships among the variables, aiming to provide evidence-based insights for workforce retention strategies relevant to the local context.

The research uses a quantitative, descriptive-causal approach with purposive sampling of 202 Generation Z employees in Dili's hospitality industry. A structured survey was administered to assess the three main variables, and the data were analyzed using Structural Equation Modeling (SEM) with SmartPLS 4. The model's validity and reliability were confirmed through appropriate statistical tests.

Findings reveal that job satisfaction has a positive and significant influence on turnover intention (path coefficient = 0.296; $p < 0.05$), while work-life balance does not show a significant impact (path coefficient = 0.011; $p > 0.05$). The model exhibits a high explanatory power with an R^2 value of 0.959, indicating that 95.9% of the variance in turnover intention is explained by the combination of both predictors. This suggests that even satisfied employees may still seek opportunities that better align with their personal values and aspirations.

This study contributes to the theoretical development of human resource management in emerging economies, especially concerning Generation Z. Practically, it offers strategic guidance for HR managers and policymakers to design adaptive retention strategies for young workers. Strategic recommendations include aligning organizational culture with generational values, enhancing job meaning, and supporting more flexible and personalized career development.

Keywords: *Job satisfaction, work-life balance, turnover intention, Generation Z, SmartPLS, hospitality industry, Capital Dili Timor-Leste.*