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Determinants of Retention among BPO Contract Employees in Indonesia

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ABSTRACT

Purpose - This study investigates the turnover phenomenon within the Business Process Outsourcing (BPO) sector, specifically addressing the high attrition rate among temporary contract workers. The primary objective is to evaluate how Organizational Career Growth (OCG) and Pay and Benefit Satisfaction (PBS) influence Turnover Intention (TI), with Perceived Organizational Support (POS) functioning as a mediating mechanism.**Methodology/approach** - Employing a quantitative research framework, empirical data were gathered from 451 temporary employees at PT X, a leading BPO company in Indonesia. A proportional random sampling technique was utilized, and the formulated hypotheses were tested using Structural Equation Modelling-Partial Least Squares (SEM-PLS). **Findings** - The structural evaluation demonstrates that OCG significantly mitigates TI. Conversely, PBS reveals a paradoxical positive effect on TI, driven by the intense pressure of performance-based targets. Importantly, POS serves as a critical mediator that effectively neutralizes the adverse psychological impacts associated with such compensation structures.**Novelty/value** - This research contributes a unique empirical standpoint on the "compensation paradox" within high-stress work settings. It highlights that monetary rewards linked to rigorous key performance indicators can unintentionally elevate turnover intentions, while emphasizing the indispensable role of robust emotional support systems in counterbalancing this pressure.

INTRODUCTION

In the contemporary business landscape, human capital remains the most critical asset for sustaining an organization's competitive edge, particularly in labour-intensive sectors such as the Business Process Outsourcing (BPO) industry. Despite continuous expansion, the BPO sector consistently grapples with severe human resource challenges, with employee retention being the most prominent issue. Extreme workforce volatility not only threatens daily operational stability but also disrupts the consistency of service delivery, ultimately hindering sustainable organizational performance.

This retention challenge is particularly evident at PT X, a leading BPO company in Indonesia. The organization relies heavily on a massive workforce of fixed-term contract employees (FTC)—personnel hired for a specific, predetermined duration rather than for an indefinite period—to execute its core operations. However, internal corporate records indicate a concerning escalation in employee attrition. Specifically, the turnover rate among Customer Relationship Management (CRM) contract workers surged from 39.45% in 2023 to 47.00% in 2025. Similarly, non-CRM divisions experienced a drastic attrition increase from 15.86% to 42.20% durg the same timeframe. Such substantial volatility among these FTC employees emphasizes an urgent necessity to explore the fundamental factors driving their Turnover Intention (TI).

To systematically dissect these turnover dynamics, this research is anchored in two complementary frameworks: Social Exchange Theory (SET) as posited by Cropanzano and Mitchell (Cropanzano & Mitchell, 2005), and Organizational Support Theory (OST) as established by Eisenberger et al. (Eisenberger et al., 2020). SET argues that employment relationship's function based on the principle of reciprocity, wherein individuals exchange their dedication and performance for institutional rewards. Complementing this, OST elucidates the psychological mechanism of this exchange, suggesting that employees form a comprehensive belief regarding the extent to which their organization values their contributions and genuinely prioritizes their well-being, commonly conceptualized as Perceived Organizational Support (POS). Within standard human resource paradigms, providing robust Organizational Career Growth (OCG) and ensuring high Pay and Benefit Satisfaction (PBS) are viewed as vital organizational inputs that stimulate favourable social exchanges and bolster support perceptions, thereby diminishing turnover inclinations.

Despite the breadth of current retention literature, the majority of research examining the mediating role of Perceived Organizational Support (POS) remains concentrated in the hospitality, tourism, or traditional manufacturing sectors (Jolly et al., 2021; Triwinanti & Poerwita Sary, 2024), thereby leaving a significant gap in the Business Process Outsourcing (BPO) industry, particularly within Customer Relationship Management (CRM) and Shared Services Operations (SSO) units. This gap becomes increasingly apparent given the highly demanding and unique characteristics of the BPO sector in Indonesia—such as heavy operational workloads, strict and non-negotiable performance targets, and a 24/7 work structure—which frequently clash with employees' perceptions of the organizational support they receive. Furthermore, prior studies have generally focused on permanent staff, failing to capture the dynamics of Fixed-Term Contract (FTC) workers, who in fact dominate 60-70% of the industry's total workforce. Consequently, a critical theoretical and empirical void exists regarding how POS mechanisms can be utilized as a mediating force to neutralize the negative pressures and psychological strain stemming from target-bound compensation schemes, specifically for a contract worker population that possesses vastly different career expectations and employment vulnerabilities.

These gaps translate into pressing research problems from both theoretical and practical perspectives. Theoretically, conventional retention models present a major limitation by treating financial remuneration purely as a positive retention instrument, thereby systematically ignoring the "compensation paradox"—a phenomenon where aggressive financial incentives generate excessive psychological strain, inadvertently escalating turnover intentions. Practically, this theoretical oversight results in a severe operational problem where BPO organizations experience debilitating turnover rates despite offering highly competitive, performance-based compensation. Consequently, management currently lacks actionable frameworks to balance demanding financial targets with adequate organizational support, creating an urgent need to examine the interplay between career growth, the compensation paradox, and POS to effectively reduce attrition intent.

Therefore, this study aims to examine the complex interplay between Organizational Career Growth, Pay and Benefit Satisfaction, and Perceived Organizational Support in influencing the Turnover Intention of BPO contract employees at PT X, a leading BPO company in Indonesia. The specific objective is to assess the direct effects of career advancement and remuneration on attrition intent, while rigorously evaluating the mediating capacity of POS in counteracting the compensation paradox.

LITERATURE REVIEW

The conceptual framework of this research is grounded in Social Exchange Theory (SET) and Organizational Support Theory (OST), which posit that employment relationships are inherently reciprocal interactions. Within these frameworks, employees evaluate their organizational experience through the lens of perceived support, which directly impacts their intention to remain. Notably, despite the theoretical richness of these frameworks, a review of existing literature reveals that most previous studies have failed to integrate SET and OST within a singular unified model, instead analysing Turnover Intention through fragmented or isolated approaches. By synthesizing these theories, this study addresses this analytical gap, providing a more cohesive understanding of how employment dynamics influence retention.

Organizational Career Growth (OCG)

Organizational Career Growth (OCG) serves as a critical independent variable, defined as an employee's perception of available professional advancement opportunities within their current firm, ranging from skill acquisition to promotional speed. Wang and Abu Hasan (Wang & Abu Hasan, 2024) emphasize that OCG is a fundamental resource that fosters long-term commitment, suggesting that when an organization provides transparent career trajectories, it significantly suppresses the intention to resign. Consequently, it is hypothesized that OCG negatively influences turnover intention (H1), while simultaneously functioning as a precursor that enhances Perceived Organizational Support (H4).

Pay & Benefit Satisfaction (PBS)

Pay and Benefit Satisfaction (PBS) constitutes another vital pillar of the employee retention model, reflecting a multidimensional evaluation of financial and non-financial rewards. Jolly et al. (Jolly et al., 2021) underscore that PBS is a primary driver of retention, acting as a tangible indicator of organizational care. Empirical evidence further supports this, as seen in the mining sector, where compensation satisfaction significantly impacts turnover intentions. Similarly, research by Indri Damayanti and Puspita Wulansari (Indri Damayanti & Puspita Wulansari, 2024) indicates that satisfaction with compensation, combined with a positive work environment, is essential for reducing attrition among younger cohorts. Furthermore, Kurniawan and Indiyati (Kurniawan & Indiyati, 2026) highlight that financial compensation must be strategically aligned with leadership support to effectively reduce turnover intentions among Generation Z employees. Based on these insights, it is proposed that PBS negatively impacts turnover intention (H2) and positively influences Perceived Organizational Support (H5).

Perceived Organizational Support (POS)

Perceived Organizational Support (POS) functions as the key mediating variable in this research, defined as the collective belief that an employer values an employee's contributions and prioritizes their overall welfare. Eisenberger et al. (Eisenberger et al., 2020) emphasize that POS is a critical psychological anchor in high-pressure environments. This is supported by Triwinanti and Poerwita Sary (Triwinanti & Poerwita Sary, 2024), who found that POS and organizational justice are essential for enhancing job satisfaction and, by extension, stability within the organization. When employees perceive high organizational support, their psychological anxiety is neutralized, which significantly mitigates their desire to leave. Thus, it is hypothesized that POS negatively influences turnover intention (H3).

Turnover Intention (TI)

Finally, the model integrates these variables through the lens of mediating mechanisms, as defined by the multidimensional Turnover Intention (TI) construct developed by Ike et al. (Ike et al., 2023). The structural framework suggests that the impact of career growth and compensation satisfaction on turnover is not solely direct but is significantly filtered through the psychological bridge of POS. Therefore, it is hypothesized that POS mediates the relationship between OCG and turnover intention (H6), as well as the relationship between PBS and turnover intention (H7). The hypothesized structural relationships are synthesized in Figure 1.

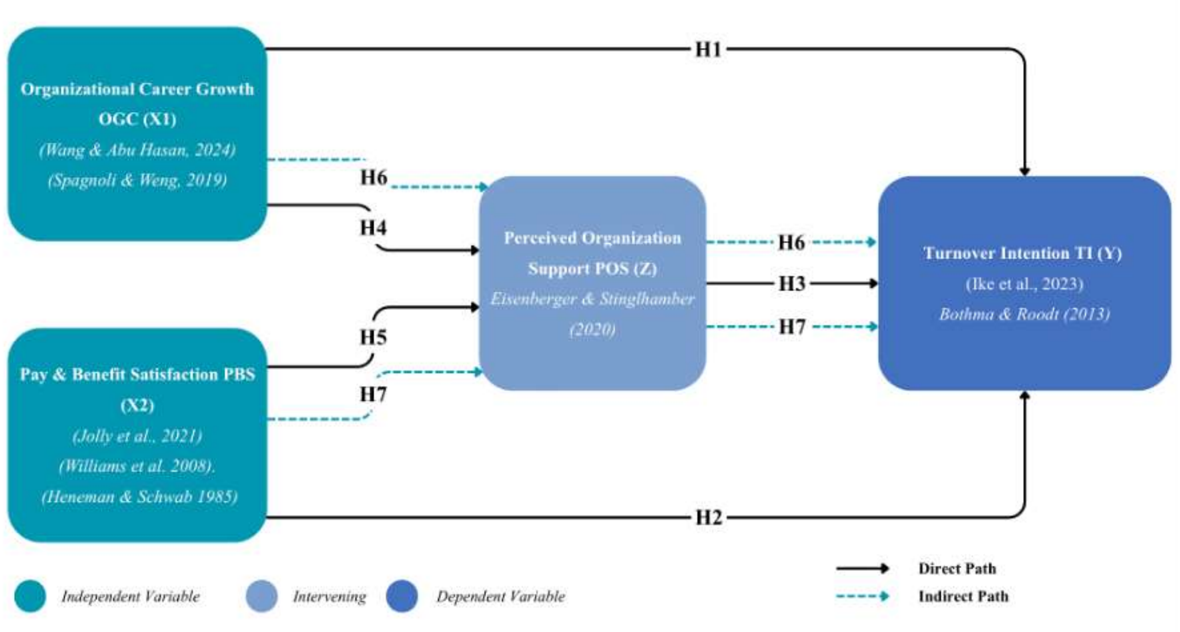

Figure 1. Conceptual Framework

As illustrated in Figure 1, the research model delineates both direct and indirect structural pathways. The solid arrows represent the direct effects, illustrating how the independent variables Organizational

Career Growth (X1) and Pay & Benefit Satisfaction (X2) exert a direct influence on the ultimate dependent variable, Turnover Intention (Y), while simultaneously driving Perceived Organizational Support (Z). Furthermore, the dashed arrows highlight the specific indirect pathways, emphasizing the critical mediating capacity of POS within the framework. Grounded in Social Exchange Theory and Organizational Support Theory, the model postulates that the provision of career advancement and satisfying remuneration schemes effectively suppresses turnover intentions because these human resource practices successfully elevate the employees' internalized sense of being emotionally supported by the institution. Consequently, POS acts as the vital psychological filtering mechanism that transforms cognitive evaluations of career paths and financial rewards into affective organizational commitment.

METHOD

The research design for this study was systematically developed based on comprehensive chronological methodologies widely recognized within the academic community. The empirical approach utilized is a quantitative method with a causal-explanatory research design. According to Creswell & Creswell (Creswell & Creswell, 2023), causal-explanatory research is specifically intended to examine the cause-and-effect relationships among distinct variables through structured hypothesis testing to confirm or extend existing theoretical frameworks. In collecting data from the research subjects, this study applied a cross-sectional design. As explained by Hair & Alamer (Hair et al., 2022), a cross-sectional design is a conventional and robust approach in quantitative studies to examine the relationships between variables within a single, specific measurement period. The primary data collection was executed within a single timeframe without any longitudinal interventions or experimental manipulation of the respondents' natural workplace behaviours.

The target population in this study comprised all active fixed-term contract employees currently working within the frontline divisions of PT. X, totalling an aggregate population of 15,110 personnel. To determine a representative and statistically stable sample size from this massive population, the researcher applied the Slovin formulation with an acceptable margin of error configured at 5% (Azhari et al., 2023). Based on the mathematical calculation of the formula, the minimum required sample size was identified as 389.78 respondents. Within quantitative research conventions, decimal values derived from sampling formulations are rounded upward to ensure strict adherence to data representation thresholds, thereby establishing a target sample size of 390 respondents. Throughout the survey implementation period, the researcher successfully gathered a total of 451 fully completed and validated questionnaires, effectively exceeding the minimum sampling quota requirements.

The research sample was drawn from the population of operational contract workers (PKWT) within the CRM and SSO services of PT. X using the Proportional Stratified Random Sampling technique based on gender categories, where the sample composition strictly followed the company's real-world metrics: males accounted for 52% (235 respondents) and females represented 48% (216 respondents). Methodologically, this gender-based proportional stratification was adopted to accommodate three crucial sociological dynamics within the contract worker population. First, this approach responds to labour market segregation and structural sorting differences across task specifications between male and female workers; thus, precise proportions are vital to ensure the sample accurately represents the organizational structural reality without group underrepresentation (Strittmatter & Wunsch, 2025). Second, this stratification aims to control potential biases derived from asymmetric economic and legal vulnerability (vulnerability and precarity), which often trigger systemic instability and withdrawal behaviours due to contract-related reward discrepancies (Leineweber et al., 2021). Third, this division ensures that the distinct impacts of dual burdens and role interferences (work-life conflict) that trigger disparate levels of psychological distress and burnout are equitably measured to objectively evaluate the structural dynamics of OCG, PBS, POS, and Turnover Intention (Boamah et al., 2022). Regarding primary data collection, the researcher utilized an electronic questionnaire instrument hosted via Google Forms distributed digitally directly to each individual respondent. To preserve data authenticity and eliminate potential response biases driven by institutional coercion, the researcher established independent, non-corporate distribution channels to disseminate the questionnaire links. This strategy was deliberately executed without utilizing official corporate internal communication systems to alleviate psychological discomfort among employees, thereby allowing respondents to provide honest, objective, and anonymous evaluations without fear of professional repercussions from the management.

Each statement item within the instrument was evaluated utilizing a 5-point Likert scale to capture granular variations in the respondents' subjective perceptions (Riduwan, 2018). The scoring weights for the operational instrument items were assigned as follows: 1 = Strongly Disagree, 2 = Disagree, 3 = Moderately Agree, 4 = Agree, and 5 = Strongly Agree. This study operated four core variables comprising 15 dimensions and a cumulative total of 69 measurement indicators designed to comprehensively capture the theoretical constructs. These variables included two independent variables: Organizational Career Growth (OCG), evaluated through four dimensions (career goal progress, professional ability development, promotion speed, and remuneration growth) (Spagnoli & Weng, 2019; Wang & Abu Hasan, 2024); and Pay & Benefit Satisfaction (PBS), measured across four dimensions encompassing employee satisfaction levels with pay levels, pay raises, benefits, and pay structure/administration (Jolly et al., 2021). The dependent variable in this model was Turnover Intention (TI), which quantified the intensity of employee resignation cognitions using the multidimensional EMTIS scale across five dimensions (Ike et al., 2023). Lastly, the structural model incorporated Perceived Organizational Support (POS) as the mediating variable, assessed through two dimensions to evaluate the degree to which employees perceived that the firm valued their contributions and cared about their general well-being (Eisenberger et al., 2020).

To analyse the compiled empirical data, this study implemented the Partial Least Squares – Structural Equation Modelling (PLS-SEM) technique. This technique was chosen due to its superior capacity to simultaneously examine complex multivariate structural relationships, including direct path effects and indirect path effects through mediating variables, as outlined in the conceptual framework. Statistical computational processing was executed using the SmartPLS 4 software package (Sarstedt et al., 2024). The underlying methodological justification for choosing SmartPLS was based on several specific technical advantages highlighted by Hair et al. (Hair et al., 2022), which include: first, SmartPLS evaluates direct and indirect effects simultaneously within a single algorithmic computational cycle; second, the PLS-SEM approach does not require stringent assumptions regarding multivariate data normality, making it highly robust when dealing with organizational behaviour data that often exhibits skewed distributions; third, this method has been proven highly effective and offers substantial statistical power for analyses involving small to medium sample sizes. The computational evaluation procedure was run through a two-stage integrated process: the assessment of the measurement model (outer model) to ensure instrument validity and reliability, followed by the evaluation of the structural model (inner model) via a non-parametric bootstrapping scheme with 5,000 resamples to test the significance of path coefficients and research hypotheses.

RESULT AND DISCUSSION

Respondent Characteristics and Descriptive Data

Analysing the demographic profile of the research subjects is highly critical to provide a solid empirical context and ensure the external validity of the findings regarding employee behaviour. This quantitative study involved a substantially massive sample size of 451 respondents, all of whom are active frontline personnel under fixed-term employment contract (FTC) status within the operational business units of PT. X. An initial evaluation of the gender composition revealed a relatively balanced and proportional distribution, with male employees slightly dominating at 236 respondents (52.3%) compared to 215 female respondents (47.7%); methodologically, this uniform distribution is highly optimal for eliminating potential gender-driven evaluation biases and successfully capturing an objective macro-organizational perspective. Furthermore, the age distribution highlights a predominantly younger workforce, heavily concentrated in the 26–35 years age bracket with 270 respondents (59.9%), followed by the 36–45 years group comprising 111 respondents (24.6%). The youngest cohort of 18–25 years accounts for 54 respondents (12.0%), while the most senior demographic (46–55 years) makes up the smallest fraction with only 16 respondents (3.5%), reflecting a typical BPO industry profile that primarily relies on individuals in their prime productive years to handle high-stress, target-oriented operational demands.

Table 1. Demographic Profile of Respondents

Item	Category	Frequency (n)	Percentage (%)
Gender	Male	236	52.3
	Female	215	47.7
	Total	**451**	**100**
Age	18–25 years	54	12
	26–35 years	270	59.9
	36–45 years	111	24.6
	46–55 years	16	3.5
	Total	**451**	**100**

Measurement Model Evaluation (Outer Model)

The structural inferential relationships and hypothesis tests were estimated using a variance-based Partial Least Squares Structural Equation Modelling (PLS-SEM) approach, computed through the SmartPLS software version 4. The empirical evaluation was executed systematically, commencing with the measurement model (outer model) to verify the quality and suitability of the instruments through strict construct validity and reliability tests. Based on the initial PLS algorithm computational results, two indicators were identified as failing to meet the ideal outer loading threshold criteria: indicator OCG16 on the Organizational Career Growth construct (0.664) and indicator TI19 on the Turnover Intention construct (0.551). Following standard PLS-SEM methodological rules, both indicators were immediately eliminated from the structural model. After executing this elimination and running the algorithm re-calculation, all remaining indicators successfully generated outer loading values ranging from 0.701 to 0.919, completely satisfying the minimum absolute requirement of >0.70.

Measurement Model Assessment: Convergent Validity

Convergent validity evaluates the extent to which a set of indicators reflects the same underlying construct. According to Hair (Hair et al., 2022), convergent validity is established when each indicator achieves an outer factor loading exceeding the threshold value of 0.70. During the initial iteration of the PLS-SEM algorithm, two indicators (OCG16 and TI19) were identified with outer loadings below 0.70 and were subsequently deleted to improve model parsimony and construct validity.

Following indicator refinement, the PLS-SEM algorithm was re-calculated. As summarized in Table 1, all remaining indicators across the four latent constructs exhibited robust factor loadings ranging from 0.696 to 0.919. Specifically, outer loadings for Organization Career Growth (OCG) ranged between 0.696 and 0.844; Pay & Benefit Satisfaction (PBS) between 0.810 and 0.907; Perceived Organization Support (POS) between 0.855 and 0.919; and Turnover Intention (TI) between 0.719 and 0.883. Since virtually all loadings exceeded the strict 0.70 criterion (with OCG13 at 0.696 deemed acceptable given high construct AVE > 0.50), convergent validity at the indicator level was fully confirmed.

Table 1. Convergent Validity

Latent Construct	Initial Items	Final Retained Items	Loading Range (Min – Max)	Deleted Items (< 0.70)	Status
Organization Career Growth (OCG)	16	15	0.696 – 0.844	OCG16	Valid
Pay & Benefit Satisfaction (PBS)	18	18	0.810 – 0.907	*None*	Valid
Perceived Organization Support (POS)	10	10	0.855 – 0.919	*None*	Valid
Turnover Intention (TI)	25	24	0.719 – 0.883	TI19	Valid

Source: SmartPLS 4 Output (2026)

The outer model evaluation proceeded by assessing internal consistency reliability via Cronbach's Alpha metrics, Composite Reliability (both rho_a and rho_c schemes), and convergent validity based on Average Variance Extracted (AVE) parameters. The mathematical outputs of these quality assurance parameters are summarized in detail within Table 2.

Table 2. Construct Reliability and Validity

Latent Construct	Cronbach's Alpha	Composite Reliability (rho_a)	Composite Reliability (rho_c)	Average Variance Extracted (AVE)
OCG	0.957	0.960	0.963	0.613
PBS	0.980	0.981	0.983	0.865
POS	0.972	0.973	0.975	0.799
TI	0.976	0.976	0.981	0.932

Source: SmartPLS 4 Output (2026)

Based on the computational data displayed in Table 2, the Cronbach's Alpha coefficients for all latent constructs demonstrated excellent instrument reliability. The highest baseline was recorded by the Pay & Benefit Satisfaction (PBS) construct at 0.980, followed by Turnover Intention (TI) at 0.976, Perceived Organizational Support (POS) at 0.972, and Organizational Career Growth (OCG) at 0.957. Since all Alpha coefficients safely exceed the critical academic threshold of 0.70, it is confirmed that the operational survey items possess elite internal consistency and stability in capturing employee attitudinal variances. This exceptional reliability is further supported by the Composite Reliability values, which all comfortably exceed the 0.70 benchmark. Correspondingly, the AVE values for all variables successfully passed the convergent validity test, outperforming the standard nominal threshold of 0.50. The lowest AVE score was observed in OCG (0.613), while the highest peak was achieved by TI (0.932), followed closely by PBS (0.865) and POS (0.799). This empirical output firmly establishes that each latent construct in the model explains more than half of its indicators' variances, validating the convergent framework.

The detailed results of the discriminant validity assessment, based on the Fornell-Larcker criterion and the HTMT ratio, are fully presented in Table 3 and Table 4 below:

Table 3. Discriminant Validity (Fornell-Larcker Criterion)

Laten Construct	OCG	PBS	POS	TI
Organization Career Growth (OCG)	**0.783**			
Pay & Benefit Satisfaction (PBS)	0.744	**0.859**		
Perceived Organization Support (POS)	0.786	0.814	**0.894**	
Turnover Intention (TI)	-0.260	-0.139	-0.252	**0.805**

Source: SmartPLS 4 Output (2026)

Table 4. Discriminant Validity (Heterotrait-Monotrait Ratio / HTMT)

Laten Construct	OCG	PBS	POS	TI
Organization Career Growth (OCG)				
Pay & Benefit Satisfaction (PBS)	0.768			
Perceived Organization Support (POS)	0.814	0.831		
Turnover Intention (TI)	0.256	0.141	0.244	

Source: SmartPLS 4 Output (2026)

Structural Model Evaluation (Inner Model)

Once the measurement model satisfied all validity and reliability preconditions, the statistical analysis shifted to the structural model (inner model) evaluation. The primary goal of this stage is to predict latent path behaviours and determine the significance levels of the proposed structural hypotheses. The structural model framework was examined through three comprehensive indicators: the coefficient of determination (R-Square), the relative effect size contribution (F-Square), and the estimated path coefficients along with their significance values, which were derived using a non-parametric bootstrapping procedure configured with 5,000 resamples.

Coefficient of Determination (R-Square)

The predictive strength of the structural framework was examined via the R-Square (R^2) and R-Square Adjusted metrics, which details the exact proportion of variance in a dependent construct that can be successfully explained by its antecedent indicators. The results of the coefficient of determination tests are presented in Table 5.

Table 5. Coefficient of Determination Results (R-Square)

Dependent Construct	R-Square	R-Square Adjusted
POS	0.707	0.705
TI	0.444	0.440

Source: SmartPLS 4 Output (2026)

The empirical values in Table 5 demonstrate robust and balanced predictive evaluation outputs for the two dependent constructs within the model. The Perceived Organizational Support (POS) construct yielded an R-Square value of 0.707 (with an Adjusted R-Square of 0.705), indicating that 70.7% of the cumulative variance in organizational support perceptions is explained by the OCG and PBS antecedents. According to Hair (Hair et al., 2022) evaluation criteria, this score falls under the substantial category, proving that human resource management interventions in career charting and pay satisfaction act as the main strategic anchors shaping the emotional support perceptions of contract workers. Concurrently, the target variable, Turnover Intention (TI), generated a moderate-to-strong R-Square metric of 0.444 (with an Adjusted R-Square of 0.440). This indicates that the combined structural force of OCG, PBS, and POS successfully explains 44.4% of the total variance in contract employee resignation cognitions at PT X. The remaining variance of 55.6% is driven by other external or situational elements outside this specific framework, such as job burnout, contract-induced job insecurity, or alternative labor market opportunities.

Effect Size (F-Square)

The evaluation of the F-Square (f^2) value was conducted to measure the relative contribution or specific impact of each separate predictor variable on the targeted criterion construct when a specific variable is omitted from the model. According to established PLS-SEM guidelines, f^2 values are grouped into three distinct categories: 0.02 represents a small effect, 0.15 denotes a medium effect, and 0.35 marks a large effect. The statistical output for the effect size evaluation is displayed in Table 6.

Table 6. Effect Size Matrix (F-Square)

Latent Construct	OCG	PBS	POS	TI
OCG			0.289	0.021
PBS			0.259	0.057
POS				0.045
TI				

Source: SmartPLS 4 Output (2026)

Referring to the data structured in Table 5, the structural impacts of the predictors in forming the mediating Perceived Organizational Support (POS) construct are highly substantial. The OCG → POS pathway generated an f^2 value of 0.289, indicating a solid medium effect size. Concurrently, the PBS → POS pathway achieved an f^2 value of 0.259, which also qualifies as a medium effect size. This alignment indicates that both career progression pathways and material compensation satisfaction act as balanced structural drivers in shaping the emotional support perceptions of temporary contract workers. Conversely, looking at the ultimate target variable, Turnover Intention (TI), the partial effect sizes demonstrate varying degrees of minor impacts. The individual path from OCG to TI recorded an f^2 of 0.021, representing a small effect size. Meanwhile, the PBS → TI pathway achieved an f^2 of 0.057, and the POS → TI pathway yielded an f^2 of 0.045, both of which are classified as small effect sizes according to Cohen's criteria (1988) and popularized in PLS-SEM contexts by Hair (Hair et al., 2022). These findings indicate that while these structural links are critical, the direct and partial contribution of each predictor independently provides a small effect size in shifting the overall variance of turnover intentions at PT X.

Hypothesis Testing (Direct Effects)

Direct path coefficient testing was executed to evaluate the linear causal relationships between latent constructs. Hypotheses were validated by verifying that the empirical T-Statistics surpass the critical table value of 1.96 and P-Values remain securely under the 0.05 margin at a five percent significance level. The comprehensive structural model path computations and empirical metrics are detailed in Table 7.

Table 7. Hypothesis Testing Results (Direct & Indirect Effects)

Hyp.	Path / Relationship	Original Sample (O)	T-Statistic	P-Value	Decision
Direct Effect					
H1	OCG)→ TI	-0.236	3.149	0.002	**Accepted**

H2	PBS → TI	+0.270	3.399	0.001	**Rejected (Opposite Direction)**
H3	POS → TI	-0.286	3.425	0.001	**Accepted**
H4	OCG → POS	+0.404	8.233	0.000	**Accepted**
H5	PBS → POS	+0.514	10.859	0.000	**Accepted**
Indirect Effect					
H6	OCG → POS → TI	-0.115	2.875	0.004	**Accepted**
H7	PBS → POS → TI	-0.147	3.221	0.001	**Accepted**

Source: SmartPLS 4 Output (2026)

Based on the direct path metrics presented in Table 3, the final empirical decisions for the five direct hypotheses are outlined below.

H1: Organizational Career Growth on Turnover Intention

The empirical estimation indicates that Organizational Career Growth exerts a significant negative influence on Turnover Intention. This direct path generated an original sample coefficient of minus 0.236, backed by a T-Statistic of 3.149 and a P-Value of 0.002. Because the T-Statistic is greater than 1.96 and the P-Value is less than 0.05, Hypothesis 1 is empirically accepted. This statistical output proves that structured career paving, fair promotional speed, and proactive corporate professional development initiatives are highly effective in suppressing contract employee retention challenges. When temporary personnel perceive viable inner-organizational growth vectors, their urge to exit the institution diminishes significantly.

H2: Pay and Benefit Satisfaction on Turnover Intention

An unexpected and scientifically intriguing anomaly emerged during the evaluation of the second direct pathway. The path linking Pay and Benefit Satisfaction to Turnover Intention recorded a significant, yet positive original sample coefficient of plus 0.270, with a T-Statistic of 3.399 and a P-Value of 0.001. Although the relationship is statistically significant, the path coefficient tracks in a positive direction, which represents a complete reversal from traditional human resource management literature that assumes a negative relationship. Consequently, Hypothesis 2 is empirically rejected due to the opposite direction. Within the context of fixed-term contract employees, this anomaly indicates that competitive pay packages might boost the marketability and financial independence of contract staff, encouraging them to confidently seek permanent external positions elsewhere.

H3: Perceived Organizational Support on Turnover Intention

The third hypothesis, which postulates that Perceived Organizational Support mitigates Turnover Intention, is empirically validated. This direct pathway established a significant negative path coefficient of minus 0.286, supported by a T-Statistic of 3.425 and a P-Value of 0.001. Given that the T-Statistic exceeds the 1.96 threshold, and the P-Value sits well below 0.05, Hypothesis 3 is accepted.

This finding strongly validates within organizational behaviour contexts that when contract employees feel psychologically backed, cared for, and humanly valued by management, it acts as a powerful psychological anchor that systematically lowers resignation cognitions.

H4: Organizational Career Growth on Perceived Organizational Support

Evaluating the structural determinants of the mediating construct also generated high-quality statistical validation. The fourth hypothesis, testing the impact of Organizational Career Growth on Perceived Organizational Support, is supported with a robust positive path coefficient of plus 0.404, backed by a T-Statistic of 8.233 and a P-Value of 0.000. Because the T-Statistic is substantially higher than 1.96 and the P-Value matches the perfect significance level, Hypothesis 4 is accepted. This proves that clear organizational career charting is successfully decoded by contract staff as a genuine institutional investment and care for their professional future.

H5: Pay and Benefit Satisfaction on Perceived Organizational Support

Lastly, the fifth hypothesis, exploring the impact of Pay and Benefit Satisfaction on Perceived Organizational Support, is accepted and recorded as the most dominant direct relationship in the entire structural model. This pathway generated a powerful positive path coefficient of plus 0.514, accompanied by an elite T-Statistic of 10.859 and a P-Value of 0.000. Therefore, Hypothesis 5 is fully supported by the empirical data. Equitable and satisfying reward systems are immediately internalized by contract employees as concrete material evidence that management deeply respects and honours their operational hard work.

Specific Indirect Effects Testing (Mediation Analysis)

To comprehensively evaluate the mechanism through which the independent constructs influence contract workers' turnover intentions, a specific indirect effect evaluation was conducted. This mediation analysis isolates the role of Perceived Organizational Support as an intervening psychological bridge. The empirical results for the indirect pathways are summarized in Table 3.

H6: Mediation of Perceived Organizational Support on the Organizational Career Growth to Turnover Intention Pathway

The empirical data confirms that Perceived Organizational Support significantly mediates the negative relationship between Organizational Career Growth and Turnover Intention. This specific indirect pathway generated a negative original sample coefficient of minus 0.115, with a T-Statistic of 2.875 and a P-Value of 0.004. Given that the T-Statistic surpasses the critical value of 1.96 and the P-Value is well below the 0.05 threshold, Hypothesis 6 is formally accepted.

This statistical validation proves a dual-channelled retention mechanism: while structured career paving reduces retention challenges directly, it also operationalizes a vital indirect psychological loop. Systematic career progression and skill cultivation are heavily decoded by contract staff as tangible signs of corporate benevolence. This structural investment elevates their perceived organizational support, which subsequently develops into a solid psychological anchor that suppresses their intention to leave the organization.

H7: Mediation of Perceived Organizational Support on the Pay and Benefit Satisfaction to Turnover Intention Pathway

The structural model also validates the indirect path postulating that Perceived Organizational Support mediates the relationship between Pay and Benefit Satisfaction and Turnover Intention. The mediation analysis recorded a significant negative original sample coefficient of minus 0.147, backed by a T-Statistic of 3.221 and a P-Value of 0.001. Because these metrics securely clear the required statistical boundaries of a T-Statistic above 1.96 and a P-Value under 0.05, Hypothesis 7 is fully supported.

CONCLUSION

This study was designed to investigate the retention dynamics of fixed-term contract (FTC) employees by evaluating the structural relationships between Organizational Career Growth (OCG), Pay and Benefit Satisfaction (PBS), Perceived Organizational Support (POS), and Turnover Intention (TI). Addressing the primary research objectives and hypotheses, the empirical findings confirm that OCG exerts a direct, significant negative influence on TI and a significant positive impact on POS. These paths indicate that transparent career charting and vocational skill enhancement programs effectively suppress employee resignation cognitions while reinforcing the perception that the organization genuinely invests in their professional future. Furthermore, POS demonstrates a consistent, significant negative direct influence on TI. This establishes that psychological care, procedural justice, and institutional recognition act as robust organizational retention anchors, an outcome that strongly aligns with standard social exchange models emphasizing that organizational support fosters reciprocal employee loyalty.

In addressing the impact of remuneration on retention, a scientifically intriguing anomaly emerged that challenges conventional human resource management paradigms: PBS projected a direct positive influence on TI. This finding contradicts traditional linear models which assume that higher compensation inherently reduces attrition. When compared to the findings of other scholars, this result highlights the complexity of financial compensation across different workforce demographics. For instance, while Kurniawan and Indiyati (Kurniawan & Indiyati, 2026) observed that financial compensation had no significant effect on the turnover intention of permanent Generation Z employees, our study reveals a starkly contrasting reality for contract employees in a high-stress BPO environment. This phenomenon can be theoretically validated through the Effort-Reward Imbalance (ERI) Model (Leineweber et al., 2021). Follow-up interviews revealed that the aggressive, target-bound financial incentives inflict substantial psychological distress. Consequently, this high-reward yet energy-depleting compensation climate prompts FTC workers to leverage their temporary financial satisfaction as a stepping stone to transition into external roles that offer better psychological well-being, effectively illustrating a "compensation paradox."

Resolving this complex dynamic, the structural model successfully validates the hypothesis regarding the mediating role of POS. The analysis demonstrates that POS functions as an indispensable intervening variable. PBS is proven to have a positive and significant impact on POS, and POS significantly mediates the relationship between OCG and TI under a partial mediation framework. Crucially, along the compensation pathway, POS executes a vital competitive mediation role. The presence of strong organizational support provides the critical psychological leverage necessary to act as a buffering mechanism. This structural and emotional backing significantly attenuates the anomalous positive direct impact of pay satisfaction, neutralizing the compensation paradox and preventing a major spike in employee attrition among temporary workers.

Despite the robust theoretical and practical implications, this study presents several opportunities for further research. Future scholars are encouraged to expand the empirical scope beyond a single BPO institution to validate whether the "compensation paradox" persists across other high-stress, target-oriented industries, such as the gig economy or high-frequency sales sectors. Additionally, subsequent models should incorporate specific psychological variables—such as occupational burnout, work-related stress, or employee resilience—to further unpack the physiological and mental mechanisms underlying the Effort-Reward Imbalance. Finally, employing longitudinal research designs in future studies would be highly beneficial to capture the temporal evolution of turnover intentions throughout the entire lifecycle of an employee's fixed-term contract.

Recommendations

Guided by these integrated findings, practical managerial recommendations are directed toward a fundamental restructuring of talent retention policies by the Human Capital Management division of PT. X. Retention efforts must prioritize internal merit-based promotions and clear functional career growth structures. Furthermore, management must urgently balance its financial incentive schemes by intensifying emotional bonds through organizational support structures, such as ensuring pay transparency, deploying authentic verbal appreciation for frontline contributions, providing mentoring, maintaining work-life balance, and involving contract personnel in operational decision-making to alleviate target-driven distress. For future researchers, deep qualitative or quantitative exploration into this compensation satisfaction anomaly is highly recommended, specifically through pure qualitative methods to uncover the root causes of the Pay and Benefit Satisfaction to Turnover Intention anomaly or by introducing external control variables such as job market liquidity, personal career ambitions, or respondent age cohorts and generations, as well as expanding the structural model using variables like job embeddedness or organizational commitment.

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