



The Impact of Ethical Leadership and Compensation on Turnover Intention: The Mediating Role of Job Satisfaction

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ABSTRACT

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The palm oil industry plays a significant role in the national economy. However, human resource management in this sector continues to face challenges, particularly employee turnover intention, which can affect organizational stability and performance. Ethical leadership, compensation, and job satisfaction are important factors that may influence employees' intentions to leave an organization. This study aims to examine the effects of ethical leadership and compensation on turnover intention, with job satisfaction serving as a mediating variable. This study employed a quantitative research design involving 235 respondents selected through simple random sampling. Data were collected using a five-point Likert scale questionnaire and analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS software. The findings indicate that ethical leadership and compensation have significant positive effects on job satisfaction. Ethical leadership does not significantly affect turnover intention, whereas compensation and job satisfaction significantly reduce turnover intention. Furthermore, job satisfaction mediates the relationships between ethical leadership and turnover intention, as well as between compensation and turnover intention. These findings suggest that organizations should strengthen ethical leadership practices, establish fair and competitive compensation systems, and improve job satisfaction to reduce employees' intentions to leave and support workforce retention.

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INTRODUCTION

The palm oil industry plays a strategic role in Indonesia's national economy by generating export revenue and providing employment opportunities for millions of people. According to Statistics Indonesia (BPS), crude palm oil exports accounted for approximately 9–13% of total national exports during 2020–2024, while plantation areas expanded from 14.59 million

hectares in 2020 to 16.01 million hectares in 2024. This expansion highlights the importance of sustainable human resource management in maintaining productivity, operational efficiency, and business continuity. However, workforce instability can undermine these objectives because employee departures may increase recruitment costs, disrupt operational activities, and reduce organizational effectiveness. Turnover intention therefore represents an important organizational concern, particularly in labor-intensive industries that depend on workforce availability and consistent employee performance. Addressing its determinants is essential for strengthening organizational sustainability and supporting the long-term economic contribution of Indonesia's palm oil industry.

The relationship between ethical leadership, compensation, job satisfaction, and turnover intention can be explained through established human resource management concepts. Ethical leadership refers to leadership behavior grounded in moral principles, fairness, integrity, and responsible interactions with employees (Kim et al., 2023; Saleem et al., 2021). Such leadership can foster trust and positive employee attitudes (Efthymiopoulos & Goula, 2024; Nurfitri & Shaikh, 2023). Compensation represents financial and nonfinancial rewards provided in exchange for employees' contributions, including salaries, incentives, and benefits (Liu & Liu, 2022; Mahato & Kaur, 2023). Appropriate compensation may strengthen employee motivation and satisfaction (Olafsen et al., 2024; Aeni et al., 2025). Job satisfaction reflects employees' evaluations of their work experiences and the extent to which their expectations are fulfilled (Jianchun, 2024; Riyanto & Asriani, 2020). Turnover intention refers to employees' inclination to leave their organization (Ahmad Saufi et al., 2023). These concepts provide a theoretical basis for examining employee retention.

Employee turnover presents a practical challenge for organizations because frequent departures can disrupt production, increase replacement expenses, and weaken operational continuity. This problem is particularly relevant to plantation businesses, where field operations require sufficient personnel, coordination, and consistent performance. Company records indicate that employee departures increased from 54 employees in 2024 to 118 in 2025. The corresponding turnover percentages rose from 7.37% to 12.61%, indicating a substantial increase in workforce instability. Reported reasons for resignation included health problems, preferences for managing personal land, transitions to other employment, and difficulties continuing fieldwork. These reasons suggest that turnover may arise from multiple individual and organizational factors rather than a single cause. Previous research indicates that unfavorable working environments can encourage employees to consider leaving their organizations (Kanchana & Jayathilaka, 2023), while turnover intention may also relate to

stress, organizational culture, career development, and organizational commitment (Wicaksono et al., 2021). Consequently, identifying modifiable workplace factors is necessary to develop effective employee retention strategies.

Previous studies have established important relationships between ethical leadership, compensation, job satisfaction, and turnover intention. Ethical leadership has been associated with higher job satisfaction, as demonstrated by Aunin et al. (2024), while compensation has also shown a positive relationship with job satisfaction (Reners et al., 2024). Furthermore, ethical leadership may reduce turnover intention by promoting fair treatment and supportive workplace relationships (Saleh et al., 2022; Suifan et al., 2020). Compensation has similarly been associated with lower turnover intention (Siregar & Maryati, 2021). Romeo et al. (2020) found that greater job satisfaction corresponds to lower turnover intention. Nevertheless, these relationships should not automatically be assumed to operate identically across organizational contexts. Differences in working conditions, compensation structures, leadership practices, and employee expectations may influence the strength of each relationship. Therefore, examining these variables together is necessary to clarify their respective contributions and determine whether job satisfaction explains how organizational practices influence employees' intentions to leave.

Research on mediation provides further insight into the mechanisms connecting workplace conditions with turnover intention. Shafique et al. (2018) identified job satisfaction as a mediator in the relationship between ethical leadership and turnover intention, while Hanifa et al. (2024) reported a mediating role for job satisfaction in the relationship between compensation and turnover intention. These findings suggest that leadership and compensation may influence employees' intentions to leave not only directly but also indirectly through their evaluations of work. Job satisfaction is particularly relevant because employees who perceive their workplace experiences positively may develop stronger reasons to remain with their organizations. However, the combined mediating roles of job satisfaction within labor-intensive plantation operations require further examination. Existing evidence does not necessarily establish whether these relationships remain consistent under the distinctive demands of field-based employment. This limitation creates an empirical gap concerning the simultaneous effects of ethical leadership and compensation on turnover intention through job satisfaction in the palm oil plantation sector.

The novelty of this study lies in integrating ethical leadership, compensation, job satisfaction, and turnover intention within a single empirical model focused on the palm oil plantation sector. Rather than examining each relationship separately, the study evaluates both the direct effects of ethical leadership and compensation on turnover intention and their indirect effects

through job satisfaction. This approach enables a more comprehensive assessment of the mechanisms associated with employees' intentions to leave. The study also addresses a practical organizational challenge reflected in the increasing employee departure rate and the diverse reasons employees provide for resigning. By considering leadership practices alongside compensation arrangements and employee satisfaction, the research moves beyond explanations that attribute turnover intention to a single workplace factor. Its contribution is to provide context-specific empirical evidence that can help organizations distinguish between factors that directly influence turnover intention and those whose effects operate through job satisfaction. This integrated perspective can support more targeted human resource management decisions.

Based on the identified research problem, this study examines whether ethical leadership and compensation influence turnover intention directly and indirectly through job satisfaction. The central argument is that ethical leadership can improve employees' work experiences by promoting fairness, integrity, and supportive relationships, whereas appropriate compensation can strengthen perceptions of organizational recognition and reward. These conditions are expected to increase job satisfaction, which may subsequently reduce employees' intentions to leave. However, ethical leadership may not always exert a significant direct effect on turnover intention because employees' decisions can also reflect personal circumstances, alternative employment opportunities, and working conditions. Job satisfaction may therefore provide an important explanatory mechanism linking organizational practices with employee retention. Accordingly, this study tests seven hypotheses concerning the direct relationships among the four variables and the mediating effects of job satisfaction. The findings are expected to contribute to human resource management research and provide practical guidance for developing leadership practices, compensation policies, and employee satisfaction initiatives that address turnover intention more effectively.

RESEARCH METHODS

This study employed a quantitative research design to examine the effects of ethical leadership and compensation on turnover intention, with job satisfaction as a mediating variable. A quantitative approach was selected because it enables the systematic measurement of relationships among variables and the empirical testing of hypotheses using statistical analysis. The study focused on employees in the palm oil plantation sector, where workforce stability is essential for maintaining operational performance. The research was conducted at PT. Citra Niaga Perkasa, located in Sebangki District, Landak

Regency, West Kalimantan, Indonesia. This location was selected because company records indicated an increase in employee turnover, from 7.37% in 2024 to 12.61% in 2025. This condition provided a relevant empirical context for investigating how leadership practices, compensation, and job satisfaction relate to employees' intentions to leave the organization.

The study population comprised approximately 600 field employees at PT. Citra Niaga Perkasa, based on preliminary information provided by company management. The sample was determined using probability sampling, specifically simple random sampling, which gives each population member an equal opportunity to be selected. The initial sample size was calculated using Cochran's formula, with a 95% confidence level, a 5% margin of error, and an assumed population proportion of 0.5. This calculation produced an initial sample size of approximately 385 respondents. Because the population was finite, a finite population correction was subsequently applied using the population size of 600 employees. The adjusted calculation yielded a final sample of 235 respondents. This sampling procedure was intended to obtain an adequate number of participants for examining the proposed relationships among the research variables.

Data were collected through primary and secondary sources. Primary data were obtained using a structured questionnaire containing statements developed from theoretical foundations and previous empirical studies concerning ethical leadership, compensation, job satisfaction, and turnover intention. Each statement was measured using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The questionnaire was distributed to the selected respondents to obtain information about their perceptions and work experiences. Secondary data were obtained from relevant company documents, including employee turnover records, as well as supporting literature related to the research variables. The collected data were organized and examined before statistical analysis. Particular attention was given to the completeness and consistency of questionnaire responses to support reliable analysis. These procedures enabled the study to combine employees' perceptions with organizational information relevant to understanding turnover intention.

Data analysis was conducted using Structural Equation Modeling with Partial Least Squares (SEM-PLS), supported by SmartPLS software (Hair & Alamer, 2022; Lukyanto & Fauzi, 2023). This technique was selected because it enables the simultaneous examination of relationships among latent variables, including direct effects and indirect effects through a mediating variable. The evaluation involved two stages: measurement model assessment and structural model assessment. The measurement model was evaluated through outer loadings and Average Variance Extracted (AVE) to assess convergent validity,

while Cronbach's Alpha and Composite Reliability (CR) were used to examine internal consistency. Values of outer loadings around 0.70 or higher, AVE above 0.50, and reliability coefficients above 0.70 were generally considered acceptable. The structural model was subsequently assessed to test the proposed hypotheses. Bootstrapping was used to evaluate the significance of direct and indirect effects, including the mediating role of job satisfaction in the relationships between ethical leadership, compensation, and turnover intention.

RESULTS AND DISCUSSION

Results

Respondent Characteristics

Table 2 presents the demographic and employment characteristics of the 235 respondents. Women accounted for 54.89% of the sample ($n = 129$), while men represented 45.11% ($n = 106$). Most respondents were aged 25–29 years (60.85%, $n = 143$), followed by those aged 20–24 years (27.66%, $n = 65$). Regarding employment tenure, the largest group had worked for 1–3 years (44.3%, $n = 104$), followed by employees with 3–5 years of service (34.0%, $n = 80$). In terms of educational attainment, most respondents held a bachelor's degree (S1; 59.1%, $n = 139$), followed by diploma qualifications (21.7%, $n = 51$). These figures describe the composition of the sample and provide context for interpreting the subsequent measurement and structural model results.

Table 2. Respondent Characteristics

Characteristic	Category	Frequency	Percentage
Gender	Male	106	45.11%
	Female	129	54.89%
	Total	235	100%
Age	20–24 years	65	27.66%
	25–29 years	143	60.85%
	30–34 years	19	8.09%
	35–39 years	5	2.13%
	40–44 years	0	0.00%
	45–49 years	2	0.85%
	50–54 years	0	0.00%
	55–59 years	1	0.43%
	Total	235	100%
Employment tenure	6 months–1 year	30	12.8%
	1–3 years	104	44.3%
	3–5 years	80	34.0%
	≥5 years	21	8.9%
	Total	235	100%
Educational attainment	Senior high school/vocational school or equivalent	42	17.9%

Diploma (D1/D2/D3/D4)	51	21.7%
Bachelor's degree (S1)	139	59.1%
Postgraduate degree (S2/S3)	3	1.3%
Total	235	100%

Source: Primary data, processed in 2026.

Measurement Model Assessment

The measurement model was evaluated using indicator loadings, Cronbach's alpha, composite reliability (CR), and average variance extracted (AVE). Table 3 presents the results for ethical leadership, compensation, job satisfaction, and turnover intention.

All reported indicator loadings exceeded 0.70, ranging from 0.711 to 0.874. Cronbach's alpha values ranged from 0.877 to 0.924, while composite reliability values ranged from 0.915 to 0.938. These values exceeded the commonly applied threshold of 0.70, indicating satisfactory internal consistency. The AVE values ranged from 0.543 to 0.653, exceeding the recommended minimum of 0.50. The results therefore support the convergent validity and internal consistency of the four constructs. Based on these criteria, the measurement model was considered suitable for subsequent structural model assessment.

Table 3. Indicator Loadings, Cronbach's Alpha, Composite Reliability, and AVE

Construct	Indicator	Loading	Cronbach's Alpha	CR	AVE
Ethical Leadership	My supervisor is honest in all actions and statements.	0.780	0.916	0.932	0.631
	My supervisor serves as a role model in complying with work values and rules.	0.846			
	My supervisor allows employees to express their opinions or complaints.	0.749			
	My supervisor explains the reasons behind decisions clearly and transparently.	0.802			
	My supervisor considers employees' interests before making decisions.	0.780			
	My supervisor makes decisions consistently and impartially.	0.756			
	My supervisor recognizes employees who behave ethically.	0.874			
	My supervisor addresses unethical behavior professionally.	0.758			
Compensation	My salary is appropriate for the	0.804	0.906	0.925	0.640

	work I perform.				
	My salary motivates me to work.	0.782			
	The allowances and incentives I receive are commensurate with my work efforts.	0.763			
	Allowances and incentives motivate me to perform better.	0.840			
	Additional benefits provided by the company help me perform my work.	0.787			
	I feel that the company appreciates my hard work through compensation.	0.860			
	The compensation I receive makes me feel valued.	0.758			
Job Satisfaction	I feel comfortable performing my daily work.	0.781	0.924	0.938	0.653
	My work environment makes me feel comfortable and free from pressure.	0.835			
	The tasks I perform are suited to my abilities.	0.797			
	I am satisfied with the type of work for which I am responsible.	0.856			
	This job generally meets the expectations I had when I first joined.	0.831			
	What I receive from this job aligns with my personal goals.	0.740			
	I often feel happy after completing my work.	0.833			
	I feel that my work provides meaningful experiences.	0.784			
Turnover Intention	I often think about leaving my current job.	0.766	0.877	0.915	0.543
	I sometimes consider working somewhere else.	0.770			
	I intend to leave this job.	0.733			
	I consider leaving my current company.	0.711			
	I consider looking for a job elsewhere.	0.721			
	I plan to look for a job elsewhere.	0.718			

Source: SEM-PLS 4.0 output.

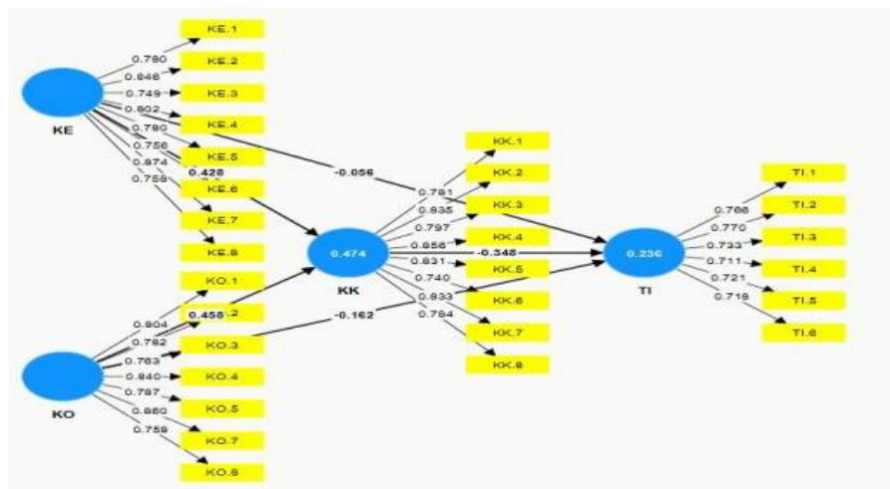


Figure 1. Algorithm Model Results

Discriminant Validity

Discriminant validity was assessed using the heterotrait-monotrait ratio (HTMT), the Fornell–Larcker criterion, and cross-loadings. These procedures were used to examine whether the four constructs were empirically distinguishable.

Heterotrait-Monotrait Ratio

Table 4 reports the HTMT values for the construct pairs. All values were below 0.90, ranging from 0.229 to 0.598. These results satisfy the commonly used HTMT threshold of 0.90 and provide evidence of discriminant validity.

Table 4. Heterotrait-Monotrait Ratio (HTMT)

Construct	Ethical Leadership (KE)	Job Satisfaction (KK)	Compensation (KO)	Turnover Intention (TI)
Ethical Leadership (KE)	—			
Job Satisfaction (KK)	0.559	—		
Compensation (KO)	0.229	0.598	—	
Turnover Intention (TI)	0.304	0.524	0.412	—

Source: SEM-PLS 4.0 output.

Fornell–Larcker Criterion

Table 5 presents the Fornell–Larcker assessment. The square root of AVE for each construct, shown on the diagonal, was greater than its absolute correlations with the other constructs. Specifically, the diagonal values were

0.794 for ethical leadership, 0.808 for job satisfaction, 0.800 for compensation, and 0.737 for turnover intention. The criterion was therefore satisfied for all four constructs, supporting discriminant validity.

Table 5. Fornell–Larcker Criterion

Construct	Ethical Leadership (KE)	Job Satisfaction (KK)	Compensation (KO)	Turnover Intention (TI)
Ethical Leadership (KE)	0.794			
Job Satisfaction (KK)	0.523	0.808		
Compensation (KO)	0.208	0.547	0.800	
Turnover Intention (TI)	-0.272	-0.466	-0.364	0.737

Note: Diagonal values represent the square root of AVE. Off-diagonal values represent interconstruct correlations.

Source: SEM-PLS 4.0 output.

Cross-Loadings

Table 6 presents the cross-loadings for the indicators. Each reported indicator loading was higher on its assigned construct than on the other constructs. For example, the ethical leadership indicators loaded between 0.749 and 0.874 on ethical leadership, while the turnover intention indicators loaded between 0.711 and 0.770 on turnover intention. The same pattern was observed for the reported compensation and job satisfaction indicators. These results provide additional evidence of discriminant validity.

Table 6. Cross-Loadings

Indicator	Ethical Leadership (KE)	Job Satisfaction (KK)	Compensation (KO)	Turnover Intention (TI)
KE.1	0.780	0.423	0.220	-0.286
KE.2	0.846	0.464	0.136	-0.266
KE.3	0.749	0.360	0.115	-0.172
KE.4	0.802	0.388	0.220	-0.189
KE.5	0.780	0.391	0.170	-0.208
KE.6	0.756	0.394	0.130	-0.185
KE.7	0.874	0.501	0.193	-0.246
KE.8	0.758	0.368	0.121	-0.139
KK.1	0.382	0.781	0.431	-0.355
KK.2	0.406	0.835	0.485	-0.351
KK.3	0.428	0.797	0.489	-0.427
KK.4	0.542	0.856	0.387	-0.396
KK.5	0.396	0.831	0.465	-0.350

KK.6	0.303	0.740	0.415	-0.294
KK.7	0.460	0.833	0.439	-0.443
KK.8	0.433	0.784	0.424	-0.294
KO.1	0.172	0.444	0.804	-0.278
KO.2	0.247	0.439	0.782	-0.292
KO.3	0.167	0.432	0.763	-0.246
KO.4	0.134	0.470	0.840	-0.303
KO.5	0.069	0.434	0.787	-0.331
KO.7	0.228	0.441	0.860	-0.299
KO.8	0.150	0.397	0.758	-0.283
TL.1	-0.231	-0.376	-0.308	0.766
TL.2	-0.173	-0.346	-0.315	0.770
TL.3	-0.179	-0.325	-0.234	0.733
TL.4	-0.241	-0.330	-0.248	0.711
TL.5	-0.197	-0.370	-0.297	0.721
TL.6	-0.175	-0.300	-0.181	0.718

Source: SEM-PLS 4.0 output.

Structural Model Assessment

Coefficient of Determination (R^2)

The coefficient of determination was examined to assess the proportion of variance in the endogenous constructs explained by their predictors. As reported in Table 7, the (R^2) value for job satisfaction was 0.474, with an adjusted (R^2) of 0.469. This indicates that ethical leadership and compensation jointly explained 47.4% of the variance in job satisfaction. The remaining 52.6% was not explained by these predictors in the estimated model.

For turnover intention, the (R^2) value was 0.236, with an adjusted (R^2) of 0.226. Thus, compensation, job satisfaction, and ethical leadership jointly explained 23.6% of the variance in turnover intention. The remaining 76.4% was attributable to factors outside the explanatory contribution of these predictors and unexplained variation. Overall, the model explained a larger proportion of variance in job satisfaction than in turnover intention.

Table 7. Coefficient of Determination		
Endogenous Construct	R^2	Adjusted R^2
Job Satisfaction	0.474	0.469
Turnover Intention	0.236	0.226

Source: SEM-PLS 4.0 output.

Path Coefficients

The structural paths were assessed using the estimated coefficients, bootstrapped (t)-statistics, and (p)-values. Statistical significance was evaluated at the 5% level using a two-tailed critical value of approximately 1.96, consistent with the reported decision rule.

As shown in Table 8, ethical leadership had a positive and statistically significant association with job satisfaction ($((\beta = 0.428), (t = 9.242), (p < 0.001))$). Compensation also had a positive and statistically significant association with job satisfaction ($((\beta = 0.458), (t = 10.841), (p < 0.001))$).

The direct path from ethical leadership to turnover intention was negative but not statistically significant ($((\beta = -0.056), (t = 0.799), (p = 0.425))$). Therefore, the analysis did not establish a statistically significant direct relationship between these constructs. In contrast, compensation had a negative and statistically significant association with turnover intention ($((\beta = -0.162), (t = 2.219), (p = 0.027))$). Job satisfaction was also negatively and significantly associated with turnover intention ($((\beta = -0.348), (t = 4.700), (p < 0.001))$).

Table 8. Structural Path Coefficients

Relationship	Original Sample (O)	Sample Mean (M)	STDEV	(t)-Statistic	(p)-Value
KE → KK	0.428	0.429	0.046	9.242	<0.001
KE → TI	-0.056	-0.059	0.071	0.799	0.425
KK → TI	-0.348	-0.349	0.074	4.700	<0.001
KO → KK	0.458	0.459	0.042	10.841	<0.001
KO → TI	-0.162	-0.166	0.073	2.219	0.027

Note: KE = Ethical Leadership; KK = Job Satisfaction; KO = Compensation; TI = Turnover Intention.

Source: SEM-PLS 4.0 output.

Specific Indirect Effects

The mediating role of job satisfaction was assessed by examining the specific indirect effects and their bootstrapped significance statistics. Table 9 shows that the indirect effect of ethical leadership on turnover intention through job satisfaction was negative and statistically significant ($((\beta = -0.149), (t = 4.070), (p < 0.001))$). The indirect effect of compensation on turnover intention through job satisfaction was also negative and statistically significant ($((\beta = -0.159), (t = 4.361), (p < 0.001))$).

These findings indicate that both ethical leadership and compensation had statistically significant indirect relationships with turnover intention through job satisfaction. The magnitude of the estimated indirect effect was -0.149 for ethical leadership and -0.159 for compensation. The results support the presence of indirect effects through job satisfaction for both relationships.

Table 9. Specific Indirect Effects

Indirect Relationship	Original Sample (O)	Sample Mean (M)	STDEV	(t)-Statistic	(p)-Value
KE → KK → TI	-0.149	-0.150	0.037	4.070	<0.001
KO → KK → TI	-0.159	-0.160	0.037	4.361	<0.001

Note: KE = Ethical Leadership; KK = Job Satisfaction; KO = Compensation; TI = Turnover Intention.

Source: SEM-PLS 4.0 output.

Hypothesis Testing

Table 10 summarizes the decisions for the seven hypotheses based on the estimated path coefficients and their statistical significance. H1 and H2 were supported because ethical leadership and compensation had positive and statistically significant relationships with job satisfaction. H3 was not supported because the direct effect of ethical leadership on turnover intention was not statistically significant. H4 and H5 were supported because compensation and job satisfaction had negative and statistically significant relationships with turnover intention.

H6 and H7 were supported because both specific indirect effects through job satisfaction were statistically significant. In total, six hypotheses were supported and one was not supported. These decisions reflect the statistical evidence and do not imply that every proposed relationship was confirmed.

Table 10. Hypothesis Testing

Hypothesis	Relationship	Path Coefficient	(t)-Statistic	(p)-Value	Decision
H1	Ethical Leadership → Job Satisfaction	0.428	9.242	<0.001	Supported
H2	Compensation → Job Satisfaction	0.458	10.841	<0.001	Supported
H3	Ethical Leadership → Turnover Intention	-0.056	0.799	0.425	Not supported
H4	Compensation → Turnover Intention	-0.162	2.219	0.027	Supported
H5	Job Satisfaction → Turnover Intention	-0.348	4.700	<0.001	Supported
H6	Ethical Leadership → Job Satisfaction → Turnover Intention	-0.149	4.070	<0.001	Supported
H7	Compensation → Job Satisfaction → Turnover Intention	-0.159	4.361	<0.001	Supported

Note: KE = Ethical Leadership; KK = Job Satisfaction; KO = Compensation; TI = Turnover Intention. "Supported" indicates that the estimated relationship was statistically significant and consistent with the hypothesized direction.

Source: SEM-PLS 4.0 output.

Discussion

The findings demonstrate that ethical leadership and compensation are positively associated with job satisfaction, while compensation and job satisfaction are negatively associated with turnover intention. However, the direct relationship between ethical leadership and turnover intention is not statistically significant. These findings suggest that employee retention involves

multiple organizational factors rather than leadership practices alone. The results concerning ethical leadership and job satisfaction are consistent with Benevene et al. (2018), who highlighted the importance of ethical leadership in shaping employees' workplace experiences. Similarly, the positive relationship between compensation and job satisfaction supports the findings of Saman and Faculty (2020). Nevertheless, the nonsignificant direct effect of ethical leadership indicates that its relationship with turnover intention may depend on intervening factors. By examining these relationships simultaneously, this study provides an integrated perspective on how leadership, compensation, and job satisfaction relate to employees' intentions to leave.

The positive and significant relationship between ethical leadership and job satisfaction indicates that employees report greater job satisfaction when supervisors demonstrate honesty, fairness, accountability, and concern for employee welfare. In the organizational context examined, supervisors provide clear instructions and allow employees to communicate workplace difficulties. These practices may contribute to employees' perceptions of fair treatment and support. This finding is consistent with Benevene et al. (2018), supporting the relevance of ethical leadership to positive employee attitudes. Compensation also exhibits a positive and significant relationship with job satisfaction, suggesting that employees' perceptions of financial rewards are relevant to their evaluation of work. The result agrees with Saman and Faculty (2020). Together, these findings highlight the importance of combining ethical supervisory practices with appropriate compensation arrangements rather than treating leadership and financial rewards as interchangeable determinants of job satisfaction.

The direct relationship between ethical leadership and turnover intention is negative but statistically nonsignificant ($\beta = -0.056$, $p = 0.425$). Therefore, the findings do not provide sufficient evidence that ethical leadership independently predicts turnover intention in this sample. This result is consistent with Divanissa et al. (2024), who reported a nonsignificant relationship and highlighted the potential role of work engagement. It also agrees with Firliana and Desiana (2025), who found a negative but nonsignificant relationship and identified job satisfaction as a potential mediating variable. These comparisons suggest that ethical leadership may relate to turnover intention through employees' workplace experiences rather than through a statistically detectable direct relationship. Nevertheless, the present result should not be interpreted as evidence that ethical leadership is irrelevant to employee retention. Instead, it indicates that its direct association with turnover intention was not established in the current analysis.

Compensation has a negative and significant relationship with turnover intention ($\beta = -0.162$, $p = 0.027$). This finding indicates that higher perceived compensation is associated with lower turnover intention, supporting Asriani and Riyanto (2020). Compensation may influence employees' assessments of

whether their contributions receive adequate organizational recognition. When employees perceive their rewards as appropriate, they may have fewer reasons to seek alternative employment. Job satisfaction also has a negative and significant relationship with turnover intention ($((\beta = -0.348), (p < 0.001))$), consistent with Rembang and Wijono (2020). Employees who evaluate their work experiences positively may be less inclined to consider leaving. These results identify compensation and job satisfaction as relevant correlates of turnover intention in the studied organizational setting. However, because employees' decisions may also reflect health, personal circumstances, and alternative employment opportunities, these findings do not establish that compensation or job satisfaction alone determines employee retention.

The mediation analysis reveals a significant negative indirect relationship between ethical leadership and turnover intention through job satisfaction ($((\beta = -0.149), (p < 0.001))$). This finding supports Shafique et al. (2018) and provides additional evidence that job satisfaction may explain how ethical leadership relates to employees' intentions to leave. Although the direct relationship between ethical leadership and turnover intention is nonsignificant, the indirect relationship through job satisfaction is significant. This pattern is consistent with indirect-only mediation. In practical terms, ethical leadership may be more relevant to retention when employees perceive its effects in their daily work experiences and overall job satisfaction. The contribution of this finding lies in distinguishing the direct relationship from the indirect pathway. It suggests that evaluating leadership effectiveness solely through its direct association with turnover intention may overlook an important relationship operating through employees' job satisfaction.

Job satisfaction also significantly mediates the relationship between compensation and turnover intention ($((\beta = -0.159), (p < 0.001))$). This result is consistent with Ramlah (2021), supporting the view that compensation relates to turnover intention both directly and indirectly through employees' satisfaction with their work. The direct relationship between compensation and turnover intention remains significant and negative, while the indirect relationship through job satisfaction is also significant and negative. This pattern is consistent with complementary mediation. The findings suggest that compensation may be associated with lower turnover intention through two related pathways: its direct relationship with employees' intentions to leave and its indirect relationship through job satisfaction. Accordingly, compensation policies should consider not only the amount of financial rewards but also employees' evaluations of their fairness and adequacy. These interpretations describe the observed statistical relationships and do not establish causal effects beyond the study design.

The principal contribution of this study is its integrated examination of ethical leadership, compensation, job satisfaction, and turnover intention within the palm oil plantation sector, a context characterized by demanding operational conditions and workforce retention challenges. Its novelty lies in demonstrating that the two organizational factors exhibit different patterns of direct relationships with turnover intention, while both have significant indirect relationships through job satisfaction. Ethical leadership shows no significant direct association with turnover intention, whereas compensation has a significant negative direct association. Both indirect pathways through job satisfaction are significant. These findings extend the contextual evidence provided by Benevene et al. (2018), Divanissa et al. (2024), Firliana and Desiana (2025), Shafique et al. (2018), and Ramlah (2021). For management practice, the results support the joint consideration of ethical supervisory behavior, appropriate compensation, and job satisfaction when developing employee retention strategies. Future research could examine additional factors, including work engagement and personal circumstances, to explain further variation in turnover intention.

CONCLUSION

This study concludes that ethical leadership and compensation are positively and significantly associated with job satisfaction, while compensation and job satisfaction are negatively and significantly associated with turnover intention. However, ethical leadership does not have a significant direct relationship with turnover intention, indicating that its relevance to employee retention may operate primarily through job satisfaction. The most important implication of these findings is that organizations should not rely on ethical leadership alone to reduce employees' intentions to leave but should combine ethical leadership practices, fair compensation, and initiatives that improve job satisfaction. The implications of the research findings contribute to human resource management by providing empirical evidence of the direct and indirect relationships among these four constructs in the palm oil plantation sector. The study's principal scholarly contribution lies in demonstrating the mediating role of job satisfaction in the relationships between ethical leadership, compensation, and turnover intention within a labor-intensive industry. Nevertheless, this study is limited to 235 respondents from one company, which may restrict the generalizability of the findings. Future research should involve multiple organizations and industrial sectors, consider longitudinal research designs, and examine additional variables, such as work environment, organizational commitment, organizational culture, work engagement, and career development, to provide a more comprehensive understanding of turnover intention.

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