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HOW JOB SATISFACTION AND PERSON–ORGANIZATION FIT REDUCE TURNOVER INTENTION IN SMES: THE MEDIATING ROLE OF EMPLOYEE ENGAGEMENT

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Abstract

This study aims to analyze the influence of job satisfaction and person–organization fit on turnover intention and to examine the role of employee engagement as a mediating variable among employees of small and medium enterprises (SMEs). The study used a quantitative approach with a survey of 266 employees from 10 SMEs in Malang City, selected through purposive sampling. Data analysis was conducted using Structural Equation Modeling (SEM) with a two-stage approach to test validity, reliability, and structural relationships between variables. The results showed that job satisfaction and person–organization fit had a negative and significant effect on turnover intention. Furthermore, employee engagement was shown to significantly mediate the relationship between job satisfaction and turnover intention, as well as between person–organization fit and turnover intention. These findings indicate that increased job satisfaction and individual–organization value congruence can reduce employee turnover intention, both directly and indirectly through increased work engagement.

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INTRODUCTION

Turnover intention remains one of the most critical issues in human resource management because it represents the immediate precursor to actual employee turnover. Previous studies have consistently demonstrated that employees who develop intentions to leave are more likely to engage in withdrawal behaviors and eventually resign from their organizations ((Hom & Lee, 2017); (Rubenstein et al, 2018). High turnover rates can generate substantial organizational costs, including recruitment expenses, training investments, productivity losses, and the erosion of organizational knowledge. Moreover, recent studies indicate that turnover intention negatively affects employee performance, service quality, and organizational effectiveness, making employee retention a strategic concern for organizations seeking long-term sustainability ((Allen, 2022); (Zhao, 2022)).

The issue of employee retention is particularly important in the context of Small and Medium Enterprises (SMEs), which constitute the backbone of the Indonesian economy. According to the Ministry of Cooperatives and SMEs of Indonesia, SMEs account for more than 99 percent of all business entities and absorb approximately 97 percent of the national workforce. Despite their significant contribution to employment and

economic growth, SMEs often face challenges in managing and retaining employees due to limited financial resources, informal human resource management systems, and restricted career development opportunities. These limitations increase the vulnerability of SMEs to employee turnover, which can disrupt operational continuity and reduce organizational competitiveness.

In Indonesia, the challenge of employee retention is increasingly relevant for SMEs operating in regional economic centers such as Malang City, East Java. Malang is recognized as one of the leading SME hubs, with enterprises engaged in various sectors including culinary businesses, fashion, handicrafts, furniture, ceramics, and hospitality services. These SMEs play a crucial role in local economic development and employment creation. However, due to their limited organizational resources and relatively informal human resource management practices, retaining competent employees remains a major challenge. Understanding the factors that influence turnover intention in this context is therefore essential for supporting SME sustainability and competitiveness.

Although turnover intention has been extensively studied, most empirical evidence originates from large organizations in developed economies. Hancock, (2013) in a meta-analysis involving more than 700,000 employees, reported that turnover research is predominantly conducted in large organizational settings. Similarly, (Rubenstein, et al 2018), through a meta-analysis of 171 independent samples, found that most turnover intention studies focused on employees working in large corporations. Consequently, empirical evidence regarding turnover mechanisms in SMEs remains relatively limited, particularly in developing countries where organizational structures, managerial practices, and employment relationships differ substantially from those observed in large firms.

Among the factors frequently associated with turnover intention, job satisfaction has received considerable attention in the literature. Meta-analytic studies consistently demonstrate that employees with higher levels of job satisfaction tend to report lower turnover intention (Lu, et al, 2023); (Singh, K., & Gupta, 2024)). However, previous findings also suggest that the strength of this relationship may vary across organizational contexts. For example, (Chowdhury & Endres 2021) reported that the relationship between job satisfaction and turnover intention is influenced by organizational culture and human resource management practices. Such findings indicate that the relationship may not be universally applicable and requires further examination within SME environments characterized by more informal and flexible management systems.

Another important determinant of employee retention is Person–Organization Fit (P–O Fit), which refers to the compatibility between employees' personal values and organizational values. Previous studies generally found that employees who experience a higher level of value congruence tend to exhibit lower turnover intention Kakar et al., (2023); (Lee, 2024). Nevertheless, most existing studies examine P–O Fit as a direct predictor of turnover intention, while limited attention has been given to the underlying psychological mechanisms that explain how value congruence translates into employee retention. This limitation suggests the need to explore potential mediating variables that may strengthen the explanatory power of P–O Fit in predicting turnover intention.

To explain the psychological mechanism underlying the relationships between job satisfaction, Person–Organization Fit, and turnover intention, the Job Demands–Resources (JD-R) framework provides a useful theoretical perspective. Within this framework, employee engagement is conceptualized as a positive work-related psychological state characterized by vigor, dedication, and absorption (Schaufeli & Bakker 2007). Previous studies have demonstrated that job resources, including organizational support, job satisfaction, and value congruence, contribute positively to employee engagement, which in turn reduces turnover intention (Halbesleben, 2010); (Kakar et al., 2023); (Wang, H., & Wang, 2024). Several studies have also examined partial mediation mechanisms. For example, Wang et al. (2020) found that employee engagement mediates the relationship between job satisfaction and turnover intention, while (Margaretha et al., 2023) and (Mahardika et al., 2023) reported the mediating role of employee engagement in the relationship between P–O Fit and turnover intention.

Although these studies provide evidence supporting the mediating role of employee engagement, they generally examine these relationships separately rather than integrating job satisfaction, Person–Organization Fit, employee engagement, and turnover intention within a single comprehensive framework.. Existing studies generally focus on individual relationships among these variables rather than examining their simultaneous interactions. Furthermore, most prior studies were conducted in large organizations or specific industrial sectors, whereas evidence from SMEs in developing countries remains scarce. Therefore, this study seeks to address these gaps by developing and testing an integrated model that simultaneously examines the effects of job satisfaction and Person–Organization Fit on turnover intention through employee engagement among

employees of Indonesian SMEs. Unlike previous studies that primarily investigated these relationships separately or within large organizations, this study integrates these variables within a single framework and examines them in the context of Indonesian SMEs, thereby providing empirical evidence from an organizational setting that has received limited attention in previous research.

METHOD

Based on the hypotheses and relationships discussed earlier, the conceptual model below summarizes the expected interactions among the key variables of this study.

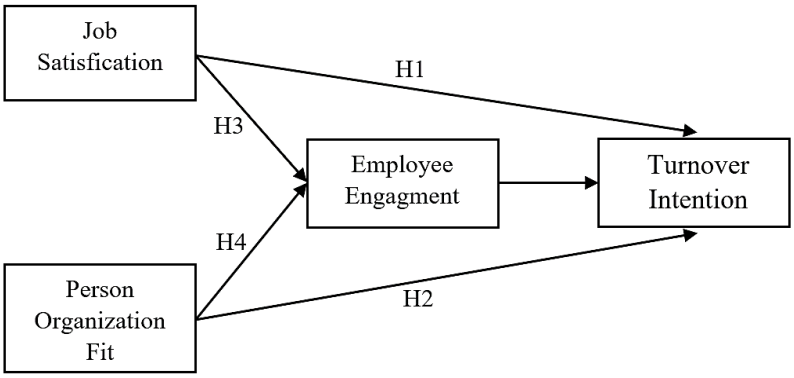


Figure 1. Framework

This research aims to assess how job satisfaction and person organization fit influence Turnover Intention, as well as exploring the potential mediating effect of Employee Engagement. To achieve this goal, quantitative data collection methods are used to predict how the variables in the research framework interact and influence consumer purchasing behavior in the context of MSEs. Figure 1 illustrates a conceptual framework illustrating this relationship.

The population in this study were employees who worked in 10 SMEs in Malang City, namely in the fields of Culinary, Fashion, Ceramics, Rattan, Batik, Sanitaryware, Pottery, Furniture, Rackets and Lodging. This UKM was chosen because it is the leading UKM in Malang City. This study employed purposive sampling to select respondents who were considered capable of providing relevant information aligned with the research objectives. Specifically, the sample consisted of SME employees who met predetermined inclusion criteria. These criteria were established to ensure that respondents possessed sufficient work experience and familiarity with organizational practices, enabling them to provide reliable and meaningful responses regarding the study variables. In taking the sample, purposive sampling was used with the criteria (1) employee age over 17 years (2) minimum length of service of 6 months (3) employee status is permanent employee. Questionnaires were distributed online to 300 employees with 30 employees in each UKM, but 266 people returned them or the equivalent of 88.67%. Table 1 shows the identity of the respondents in the data analysis section. In this study, a two-step data analysis approach, recommended by (Sarstedt et al., 2020) and (Hair et al., 2013) is employed. The first step involves analyzing the measurement model, while the second focuses on examining the structural relationships between the variables. This two-step approach ensures the reliability and validity of the variables established before evaluating the structural relationships of the model (Sarstedt et al., 2020) and (Bai et al., 2024)

RESULTS

Table 1 shows that the sample size was 266 people consisting of 148 men and 118 women. Respondents aged less than 25 years, 25-40 years, and the remaining 40 years and above amounted to 47.74%, 43.61%, and 8.65% respectively. The average tenure of 1-5 years, 6-10 years, and more than 10 years is 66.17%, 28.57%, and 5.26%. The majority of employees possess educational backgrounds consisting of Middle School-High School, accounting for 70.30% of the workforce. Additionally, 17.67% had an Associate's degree, while 17.67% had a Bachelor's degree, and 2.26% earned a Master's degree.

Table 1. Characteristics of Respondents

Demographics	Catagories	Overall	
		Frequency	Percent
Age	Less than 25 year	127	47.74%
	25-40 year	116	43.61%
	41-56 year	23	8.65%
Gender	Male	148	55.64%
	Female	118	44.36%
Length of work	1-5th	176	66.17%
	6-10th	76	28.57%
	More than 10th	14	5.26%
Level of education	Middle School-High School	187	70.30%
	Diploma	26	9.77%
	Bachelor	47	17.67%
	Master	6	2.26%

The Measurement Model At the beginning of the analysis, model measurements are carried out first to test the reliability and validity of the proposed model, as shown in Table 2 below:

Table 2. Outer Loading

Variable	Code	Outer Loading	Alpha Cronbach	Composite Reliability	AVE
Job Satisfication	JS-1	0.739	0.791	0.838	0.852
	JS-2	0.867			
	JS-3	0.849			
	JS-4	0.836			
	JS-5	0.814			
	JS-6	0.726			
	JS-7	0.890			
Person Organization Fit	P-O Fit-1	0.782	0.774	0.829	0.868
	P-O Fit-2	0.821			
	P-O Fit-3	0.819			
Employee Engagment	EE-1	0.815	0.837	0.779	0.830
	EE-2	0.841			
	EE-3	0.852			
	EE-4	0.728			
	EE-5	0.882			
	EE-6	0.890			
	EE-7	0.716			
	EE-8	0.790			
	EE-9	0.832			
Turnover Intention	TI-1	0.858	0.826	0.794	0.914
	TI-2	0.892			
	TI-3	0.851			
	TI-4	0.769			
	TI-5	0.789			
	TI-6	0.811			

Source: processed data

The results of this study indicate that all variables have a high level of reliability, with a composite reliability (CR) value exceeding 0.7, and good convergent validity, as evidenced by the average variance extraction (AVE) greater than 0.5. Confirmatory factor analysis (CFA) confirmed the convergent validity of all latent variables, with factor loadings of more than 0.5 as shown in Table 3. These findings indicate that the measurement instruments used are reliable and accurately measure the intended concept.

Table 3. Model Fit

Model Fit Statistics	Value	Cutoff Value
CMINDF	2.7	<3
Goodness of Fit Index	0.93	>0.90
RMSEA	0.02	<0.06
Tuckker-Lewis Index (TLI)	0.94	>0.90
Normal Fit Index (NFI)	0.96	>0.90

Source: processed data

Based on the statistics presented, it was found that the five statistical tests met the specified evaluation criteria, which indicated that the model had a good level of suitability. This shows that the model is reliable and valid in the context of the analysis carried out.

Table 4. Hypothesis Testing

Hypotheses	Relationship	β	p-value	Result
H1	Job Satisfaction → Turnover Intention	-0,271	0,017	Supported
H2	Person Organization Fit → Turnover Intention	-0,263	0,008	Supported
H3	Job Satisfaction → Employee Engagement → Turnover Intention	-0,029	0,003	Supported
H4	Person Organization Fit → Employee Engagement → Turnover Intention	-0,036	0,011	Supported

Source: processed data

In the above table, Hypothesis one (H1), where person-organization fit has a negative effect on turnover intentions, is supported. This indicates that the variable has a negative impact on turnover intentions, as evidenced by the β value of -0.271 and a p-value of 0,017 less than the significance level of 0.05. Hypothesis two (H2) is also supported with β value of -0,263 and a p- value of 0,008 below the 0.05 threshold. Similarly, Hypothesis three (H3) is supported with β value of -0,029 and a p-value of 0,003 less than 0.05. Hypothesis four (H4) is supported with β value of -0,036 and a p-value of 0,011below the 0.05 threshold.

Table 5. R Square

Endogenous Variables	R Square (R^2)
Employee Engagement	0.52
Turnover Intention	0.61

The coefficient of determination (R^2) was assessed to evaluate the explanatory power of the structural model. The results indicate that Job Satisfaction and Person–Organization Fit explain 52% of the variance in Employee Engagement ($R^2 = 0.52$). According to the guidelines proposed by Hair et al. (2022), this value can be categorized as moderate, suggesting that the model has adequate explanatory power in predicting employee engagement among SME employees. Meanwhile, the R^2 value for Turnover Intention is 0.61, indicating that Job Satisfaction, Person–Organization Fit, and Employee Engagement collectively explain 61% of the variance in turnover intention. This value reflects a moderate-to-substantial level of predictive accuracy, implying that the proposed model captures a substantial proportion of the factors influencing employees' intention to leave. The remaining unexplained variance may be attributed to other organizational and individual factors not included in the present study, such as leadership style, organizational commitment, career opportunities, or compensation systems. Overall, these findings suggest that the structural model demonstrates satisfactory explanatory power and is appropriate for examining turnover intention in the SME context.

DISCUSSION

The discussion focuses on interpreting the findings in relation to previous studies, relevant theoretical perspectives, and the organizational context of SMEs. By examining the direct effects of job satisfaction and person–organization fit, as well as the mediating role of employee engagement, this study provides a more comprehensive understanding of the psychological mechanisms underlying turnover intention. The findings also contribute to the employee retention literature by demonstrating that organizational context influences how

these relationships operate within SMEs, where close interpersonal relationships and relatively informal management practices shape employees' work experiences.

The first finding (H1) indicating that job satisfaction has a significant negative effect on turnover intention. These findings suggest that employees who experience higher levels of job satisfaction are less likely to develop intentions to leave their organization. This finding is consistent with previous studies by (Pu, et al, 2024), (Zhang et al., 2024) and (Lu, 2023) which demonstrated that higher job satisfaction contributes to lower turnover intention. Employees tend to remain with their organizations when they perceive fair compensation, recognition for their contributions, career development opportunities, and a supportive work environment (Hasan et al, 2024); (Nor & Salleh 2023); (Salleh et al., 2024). Such organizational practices strengthen employees' positive work experiences and reduce their intention to leave (Mirvis, 2023).

However, this relationship is not universally consistent across all organizational settings. Previous studies have reported that job satisfaction does not always significantly predict turnover intention, particularly in organizations characterized by informal employment arrangements, limited career mobility, or weak human resource management practices (Chowdhury & Endres, 2021). These inconsistencies suggest that the influence of job satisfaction on turnover intention depends on organizational context. Within SMEs, where interpersonal relationships are generally closer and organizational structures are more flexible, socio-emotional factors such as trust, managerial support, and value alignment may reinforce the impact of job satisfaction on employees' retention decisions. Therefore, the significant relationship identified in this study highlights the importance of considering organizational context when interpreting the effect of job satisfaction on turnover intention.

From the perspective of Social Exchange Theory (SET), employees tend to reciprocate favorable organizational treatment through positive work attitudes and behaviors. When organizations provide fair treatment, recognition, supportive supervision, and opportunities for personal growth, employees experience higher levels of job satisfaction, which subsequently reduces their intention to leave. In SMEs, where interactions between owners and employees are generally more direct and personal, reciprocal relationships become even more meaningful. Respectful communication, equitable workload distribution, and managerial support foster psychological security, strengthen organizational attachment, and discourage withdrawal behaviors.

These findings further suggest that, in developing economy contexts such as Indonesian SMEs, job satisfaction is shaped not only by financial rewards but also by relational and socio-emotional resources, including collegial relationships, supervisor support, and a sense of belonging. Consequently, improving employee retention requires organizations to strengthen both intrinsic and extrinsic aspects of job satisfaction. Unlike many previous studies conducted in larger organizational settings, this study demonstrates that the negative relationship between job satisfaction and turnover intention remains particularly salient within SMEs, where relational workplace characteristics amplify employees' attachment to the organization.

The second finding (H2) indicating that person–organization fit (P–O Fit) has a significant negative effect on turnover intention. This finding indicates that employees who perceive a high level of congruence between their personal values and organizational values are more likely to develop stronger organizational attachment, thereby reducing their intention to leave the organization. The result is consistent with previous studies by Kakar et al., (2023), Abet (2024), and Saether (2019), which demonstrated that value congruence enhances employees' organizational commitment, emotional attachment, and willingness to remain with their organizations.

However, previous studies have also reported inconsistent findings, suggesting that the influence of person–organization fit on turnover intention is contingent upon organizational and labor market conditions. In highly competitive labor markets or when employees place greater emphasis on compensation, career advancement opportunities, or external employment prospects, organizational value congruence alone may be insufficient to discourage turnover. Consequently, employees may still decide to leave despite experiencing a strong fit with the organization. These inconsistencies suggest that the relationship between person–organization fit and turnover intention is context dependent and may vary according to organizational characteristics, employment conditions, and employees' work priorities.

From a theoretical perspective, these findings are consistent with Person–Organization Fit Theory, which proposes that compatibility between employees' personal values and organizational values promotes positive work attitudes, stronger organizational commitment, and long-term employment relationships. Employees who perceive greater value congruence are more likely to experience psychological comfort, trust, and a stronger sense of belonging, thereby reducing withdrawal cognitions and turnover intention. These findings also support Schneider's Attraction Selection Attrition (ASA) framework, which argues that organizations tend to attract,

retain, and sustain employees whose values and characteristics align with organizational culture, whereas individuals experiencing lower compatibility are more likely to withdraw from the organization.

The significant relationship identified in this study may also be explained by the distinctive characteristics of SMEs in Malang City, where organizational relationships are generally more informal, flexible, and relationship-oriented than those found in large corporations. Frequent interactions between business owners and employees facilitate not only the development of shared organizational values but also interpersonal trust, mutual support, and emotional attachment. These relational characteristics strengthen employees' sense of belonging and reinforce the influence of person–organization fit on their decision to remain with the organization. Consequently, value congruence in SMEs extends beyond cognitive compatibility and becomes embedded within employees' daily interpersonal experiences, making it a more influential determinant of employee retention.

Therefore, this study extends previous research by demonstrating that the effect of person organization fit on turnover intention is not merely driven by value congruence itself but is amplified within SME environments characterized by informal organizational structures, close interpersonal relationships, and frequent owner employee interactions. Unlike most previous studies that predominantly focused on large organizations, this study provides empirical evidence that organizational context shapes the strength of the relationship between person organization fit and turnover intention. These findings contribute to the employee retention literature by highlighting the importance of relational organizational environments in strengthening the effectiveness of person organization fit as a mechanism for reducing turnover intention among SME employees.

The third finding (H3) indicating that employee engagement mediates the relationship between job satisfaction and turnover intention. This finding suggests that job satisfaction reduces employees' intention to leave not only directly but also indirectly by fostering higher levels of employee engagement. In other words, employees who are satisfied with their jobs are more likely to become psychologically engaged with their work, which subsequently strengthens their attachment to the organization and decreases their intention to leave.

This finding is consistent with previous studies by (Wang et al., 2020), (Nassani, 2021), (Kim et al., 2023), and (Presslee et al., 2023), which demonstrated that satisfied employees tend to develop stronger emotional attachment, organizational commitment, and active involvement in their work, thereby reducing turnover intention. However, previous studies have also suggested that the mediating role of employee engagement may vary across organizational contexts because engagement is influenced by multiple organizational factors, including leadership style, organizational culture, managerial support, and career development opportunities. Consequently, job satisfaction alone may not always generate high employee engagement when organizations fail to provide sufficient psychological and organizational resources.

From a theoretical perspective, these findings support the Job Demands–Resources (JD–R) Theory, which posits that job resources stimulate employee engagement and subsequently generate positive organizational outcomes. Job satisfaction can be viewed as an important job resource that enhances employees' vigor, dedication, and absorption in their work. As employees become more engaged, they develop stronger psychological attachment to the organization and become less likely to consider leaving. Therefore, employee engagement functions as an important psychological mechanism through which job satisfaction translates into lower turnover intention.

The findings of this study further suggest that, within SMEs in Malang City, employee engagement strengthens the influence of job satisfaction on employee retention. The relatively informal organizational structures, close interpersonal relationships, and frequent communication between owners and employees create an environment in which satisfied employees are more likely to become actively engaged in organizational activities. This engagement reinforces employees' sense of belonging and commitment, thereby further reducing turnover intention. These findings indicate that improving job satisfaction alone may not be sufficient unless organizations simultaneously cultivate employee engagement through recognition, participation in decision-making, supportive leadership, and opportunities for personal and professional development.

Therefore, this study extends previous research by demonstrating that employee engagement is not merely an outcome of job satisfaction but also serves as a key psychological pathway that strengthens the relationship between job satisfaction and turnover intention within SME settings. Unlike many previous studies conducted in large organizations, this study provides empirical evidence that the mediating role of employee engagement becomes particularly important in SMEs, where interpersonal relationships and organizational support are central to sustaining employee retention.

The fourth finding (H4) is supported, indicating that employee engagement significantly mediates the relationship between person–organization fit and turnover intention. These findings suggest that person–organization fit reduces employees' intention to leave not only directly but also indirectly by strengthening employee engagement. Employee engagement therefore serves as an important psychological mechanism through which person–organization fit contributes to employee retention.

This finding is consistent with previous studies by (Margaretha et al., 2023)and (Mahardika et al., 2023), which found that employees who perceive strong alignment between their personal values and organizational values tend to become more engaged and committed, thereby lowering their intention to leave the organization. However, previous studies have also suggested that the mediating role of employee engagement may vary across organizational contexts because organizational fit does not always translate into higher engagement when leadership support, communication quality, or career development opportunities are limited. These findings indicate that the effectiveness of person–organization fit in reducing turnover intention depends on the organizational environment in which employees work.

From the perspective of the Job Demands–Resources (JD-R) Theory, person organization fit functions as an important job resource that enhances employees' psychological engagement. When employees perceive congruence between their personal values and organizational values, they are more likely to develop stronger vigor, dedication, and emotional attachment to their work, which subsequently reduces turnover intention. Within SMEs in Malang City, where interpersonal relationships are relatively close and communication tends to be informal, value congruence can be more easily transformed into meaningful work engagement and stronger organizational commitment. Therefore, organizations should not only focus on achieving person–organization fit but also foster employee engagement through supportive leadership, employee participation, and continuous development opportunities to effectively reduce turnover intention. Unlike previous studies conducted primarily in large organizations, this study demonstrates that employee engagement also serves as an effective psychological mechanism linking person–organization fit and employee retention within Indonesian SMEs, thereby extending the applicability of the JD-R framework to smaller organizational settings.

Beyond confirming the proposed hypotheses, this study makes an important theoretical contribution by integrating job satisfaction, person–organization fit, and employee engagement into a comprehensive framework for explaining turnover intention in SMEs. Although previous studies have acknowledged the importance of these variables, they have largely examined them in isolation, emphasizing either job satisfaction or person–organization fit as independent predictors of turnover intention. In contrast, the present study demonstrates that employee engagement functions as a key psychological mechanism through which both job satisfaction and person–organization fit influence employees' turnover intention. This integrated perspective provides a more comprehensive explanation of employee retention by showing that employee engagement simultaneously strengthens the effects of both antecedents.

Furthermore, by focusing on SMEs in Malang City, this study extends the existing literature by demonstrating that the relationships among these variables are shaped by the distinctive relational characteristics of SMEs, including close interpersonal interactions, informal communication, and shared organizational values. These findings suggest that organizational context influences how psychological resources operate, thereby supporting the applicability of the Job Demands–Resources (JD–R) framework within smaller organizational settings. Overall, this study enriches the employee retention literature by providing empirical evidence that improving employee retention in SMEs requires organizations not only to enhance job satisfaction and person–organization fit but also to cultivate employee engagement as a complementary psychological mechanism that reinforces both relationships.

CONCLUSION

In conclusion, this research shows the significant influence of job satisfaction, P-O fit and employee engagement on employee turnover intentions. Employee engagement acts as a mediator in the relationship between P-O fit and turnover intention, as well as between job satisfaction and turnover intention. job satisfaction and P-O fit have large direct and indirect influences, which are mediated by employee engagement. Through strong job satisfaction and P-O fit, employees become more actively involved with the organization, thereby reducing their intention to leave. Organizations that wish to minimize employee turnover intentions should focus on assessing and improving job satisfaction and P-O fit while implementing effective engagement techniques. For small and medium enterprise (SME) owners, it is recommended to increase job satisfaction through fair policies and practices, use effective engagement techniques, provide training and development, and

carry out assessments to improve P-O fit in order create a supportive work environment to reduce turnover intentions employees. Moreover, this study provides valuable insights for both researchers and practitioners by highlighting the importance of integrating job satisfaction, P-O Fit, and employee engagement into retention strategies. Practically, managers can develop targeted interventions that not only address employees' material needs but also foster alignment of personal and organizational values, enhance meaningful work, and strengthen social bonds within the workplace. Theoretically, the findings contribute to the literature by confirming the mediating role of employee engagement in SMEs, which emphasizes the interplay between intrinsic and relational factors in predicting turnover intentions. This research has several limitations that require further consideration. First, the sample used is limited to Small and Medium Enterprises (SMEs) in Malang City, so the results may not be generalizable to other regions or sectors. Second, survey methods that rely on self-reports from respondents can cause social bias or reporting errors. Third, this research is cross-sectional, so it cannot definitively identify causal relationships between the variables studied. Therefore, it is recommended to conduct further research with broader and more diverse samples, using longitudinal methods to understand causal relationships, considering the influence of external factors, as well as combining qualitative methods to provide deeper insights into the dynamics underlying employee engagement, job satisfaction and P-O fit. Future research should extend the present study by involving more diverse geographical regions, industrial sectors, and organizational settings to enhance the external validity of the findings. Employing longitudinal and mixed-method research designs would provide a more comprehensive understanding of the causal mechanisms underlying the relationships among job satisfaction, person–organization fit, employee engagement, and turnover intention. Furthermore, incorporating additional organizational and contextual variables, such as leadership style, organizational culture, work environment, and human resource management practices, may offer a broader explanation of employee retention within SMEs.

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