The Effect of Work-Life Balance, Internal Communication, and Rewards on Employee Engagement and Employee Performance: A Study on Generation Z

Ni Komang Ayu Diah Ambalika[1], Hurul A'ini Sekar Azzahra[2], Putu Laksmita Dewi Rahmayanti[3], I Gusti Ayu Tara Laksemiyasa Ditha[4]
Department of Management, Universitas Udayana, Bali[1]
Department of International Marketing Management, Politeknik Hasnur, Barito Kuala[2]
Department of Management, Universitas Hindu Indonesia, Bali[3]
Department of Management, Universitas Udayana, Bali[4]
Email: diahambalika@gmail.com[1]

ABSTRACT

The presence of a new workforce poses a potential challenge to the performance of the organization. This challenge arises due to differences and conflicts of values, needs, preferences and expectations among employees who come from four different generations, namely Baby Boomers, X, Y, and Z. Based on data from Good Stats, the Indonesian population is currently dominated by Generation Z where their work attitudes tend to be more unique than other generations so companies need to understand and adjust the needs of this dominating workforce. The purpose of this study is to analyze the influence of work-life balance, internal communication, and rewards, on employee engagement and employee performance of generation Z. The research was conducted using a quantitative method with a purposive sampling technique distributed to 226 respondents who were in the birth range of 1997 to 2012, had at least 1 year of work experience and are currently working as a permanent employee. This study uses Partial Least Square-Structural Equation Modelling analysis with SmartPLS software. Referring to the results of the analysis, it is known that work-life balance, internal communication, and rewards have a positive and significant effect on employee engagement, in addition to employee involvement has a positive and significant effect on the performance of generation Z employees.

INTRODUCTION

Human resources are one of the important assets owned by an organization. Organizations cannot operate and achieve their goals without the role of human resources themselves, so it is important for organizations to minimize activities or processes that do not add value to the organization by measuring and analyzing the performance of each employee. The success of an organization is reflected by the performance of its employees. Employee performance is defined as the result of the formation of mentality, behavior, traits, and self-capacity through learning received to help improve organizational performance effectively and efficiently (Bataineh, 2019). Organizations will face obstacles in achieving their goals if the performance of their employees is not effective. Related to employee performance, currently the workforce presents potential challenges to the performance of an organization's employees. This challenge arises due to differences and conflicts related to values, needs, preferences and expectations among employees who come from four different generations, namely Generation Z, X, Y (millennials) and Baby Boomers. Based on the latest Good Stats (2023) data, Indonesia's population is currently dominated by Generation Z around 74.93 million people or 27.94% of the total population, followed by the Millennial Generation of 69.38 million people or 25.87% of the total population (Rainer, 2023).

Gen Z has different preferences, expectations, and work perspectives compared to other generations, so it is considered challenging for organizations. Based on the Canadian magazine In Defence of Generation Z, Generation Z no longer believes in the phrase time is money or often referred to as hustle culture (culture of working hard), but Generation Z is more concerned with life balance. There is the development of a new culture for workers, namely an increase in working hours. The increased working hours forced workers to sacrifice their personal lives (Liu-Lastres et al., 2023). The struggles of workers have a negative impact on feelings of unhappiness at work, resulting in conflicts between work and personal life (Cain et al., 2018; Sahni, 2021).

If the concept of work-life balance or the development between work and personal life can be applied properly, it can have a positive impact on the condition and mental health of individuals and later have an impact on productivity and work performance (Fitriani, 2023). An effective organization is often accompanied by a healthy form of communication between its employees. According to research conducted by Imam et al., (2023), organizations can lose their competitive position if they do not have effective internal communication, so it is necessary to create two-way communication, both feedback and opinions of each employee. Ali et al., (2019) states that poor communication can lead to no employee involvement and this will be an obstacle to the success of an organization in the future.

Rewarding has an important effect on employee satisfaction and engagement, now rewards are not just salaries received by employees based on the hours of work that have been done, but understanding of rewards often develops (Boucher, 2023). Based on a survey conducted by Deloitte (2023), organizations with a reward system clearly show that employee turnover rates are 31% lower and 12 times lower and provide better business results. The lack of appreciation is the main reason why employees leave their jobs. Awards can have an influence on the work behaviour of their employees, so organizations need to consider the form of rewards that will be given to create employee engagement. Employee involvement is defined as employee involvement and enthusiasm for the job and where they work. Referring to research that has been conducted by Gallup (2024), it shows that employee engagement globally reaches 23%, in Indonesia alone the employee involvement rate is 24% and unengaged employees are 68%. Low employee engagement has an impact on quiet quitting (Gallup, 2024). Companies need to encourage employee involvement to improve employee performance.

Based on some of the findings above, this study was prepared with the aim of analysing the variables that drive the creation of employee performance in Generation Z. The variables studied are the influence of work-life balance, internal communication, rewards, and employee involvement on the performance of Generation Z employees.
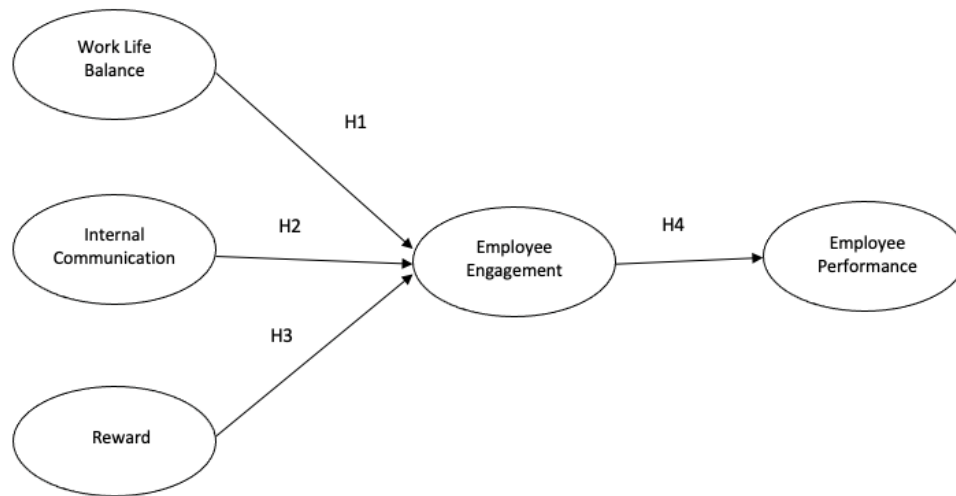
METHOD

Figure 1. Research Framework

This study uses a quantitative approach to be able to examine the influence between variables including work-life balance, internal communication, rewards, employee engagement, and employee performance of Generation Z. Variables are measured using a Likert scale, using a purposive sampling technique with the criteria that Generation Z respondents are born in 1997 to 2012, have experience as a permanent employee for at least 1 year, and are currently actively working. This study uses the Structural Equation Modelling data processing method , the stages are carried out starting from finding the outer model or testing the measurement model which consists of a convergent validity test and a criminal validity test, a reliability test then followed by an R-Square and hypothesis test through path coefficients as well as testing the structural model or inner model.

RESULTS AND DISCUSSION

Based on the results of the questionnaire distribution, the total number of respondents obtained in this study was 261 people, but only 226 people met the criteria as respondents. Respondents were grouped based on gender, domicile, age, last education, occupation, occupation, occupation industry, average monthly income, and respondents' behavioural information specifically related to work.

Table 1. Average Variance Extract

Variable	AVE
Employee Engagement	0,519
Employee Performance	0,622
Internal Communication	0,610
Reward	0,666
Work Life Balance	0,628

Reporting results: The author may assume that the reader has a working knowledge of basic statistics (i.e., typically the contents covered in a 1st statistics course) The results of the data processing value showed that the value of each loading

factor > 0.6 and the AVE value of all variables > 0.5, therefore it can be concluded that all items used in the study are valid and each variable has a good convergent validity value. The results of the study showed that each indicator of each variable had a greater value than the cross-loading value of other variables. Therefore, each indicator used in the study has good discriminatory validity.

Table 2. Fornell Larcker Criterion

Variable	Employee Engagement	Employee Performance	Internal Communication	Reward	Work Life Balance
Employee Engagement	0,720				
Employee Performance	0,615	0,789			
Internal Communication	0,682	0,47	0,781		
Reward	0,625	0,433	0,734	0,816	
Work Life Balance	0,636	0,442	0,653	0,637	0,792

The discrimination test can also be seen from Fornell Larcker, all variables in the study have a greater construct value than other variables. The results of Cronbach's alpha and composite reliability values of each variable have a > value of 0.7, therefore all constructs compiled in the study are said to be reliable.

The discussion should explore the significance of the results of the work, not repeat them. A combined Results and Discussion section is often appropriate. Avoid extensive citations and discussion of published literature.

Table 3. Cronbach Alpha dan Composite Reliability

Variable	Cronbach's Alpha	Composite Reliability	Information
Employee Engagement	0,768	0,843	Reliable
Employee Performance	0,848	0,891	Reliable
Internal Communication	0,872	0,904	Reliable
Reward	0,875	0,909	Reliable
Work Life Balance	0,803	0,871	Reliable

The results of the study showed that the dominating respondents were 146 women with the largest age range of 25 years as many as 75 people, the highest domicile was Bali and DKI Jakarta, then the last education was mostly S1/D4, most of them had 2 to 5 years of work experience with an average monthly income of Rp2,000,001 to Rp5,000,000, - with a fairly diverse industry dominated by the food and beverage industry, banking, and education. The average reason for moving from the previous workplace was 49.6% answered because of career path, the second reason was 46.5%, namely work-life balance, and the third as many as 42% answered because of compensation and benefits. Based on the results of descriptive statasic analysis, it is known that the number of respondents in this study is 226. The lowest average value was in the reward variable of 3.926 with a standard deviation of 0.820,

while the highest value was in the employee performance variable of 4.376 with a standard deviation of 0.515.

Table 4. R-square dan R-square Adjusted

Variable	R-square	R-squared Adjusted
Employee Engagement	0,541	0,535
Employee Performance	0,378	0,375

Based on the results of the analysis, the highest R-Square value is in the employee engagement variable of 0.541. All variables have a value greater than 0 which indicates that the structure model in the study is good and relevant or has good predictive relevance.

Table 5. Path Coefficient

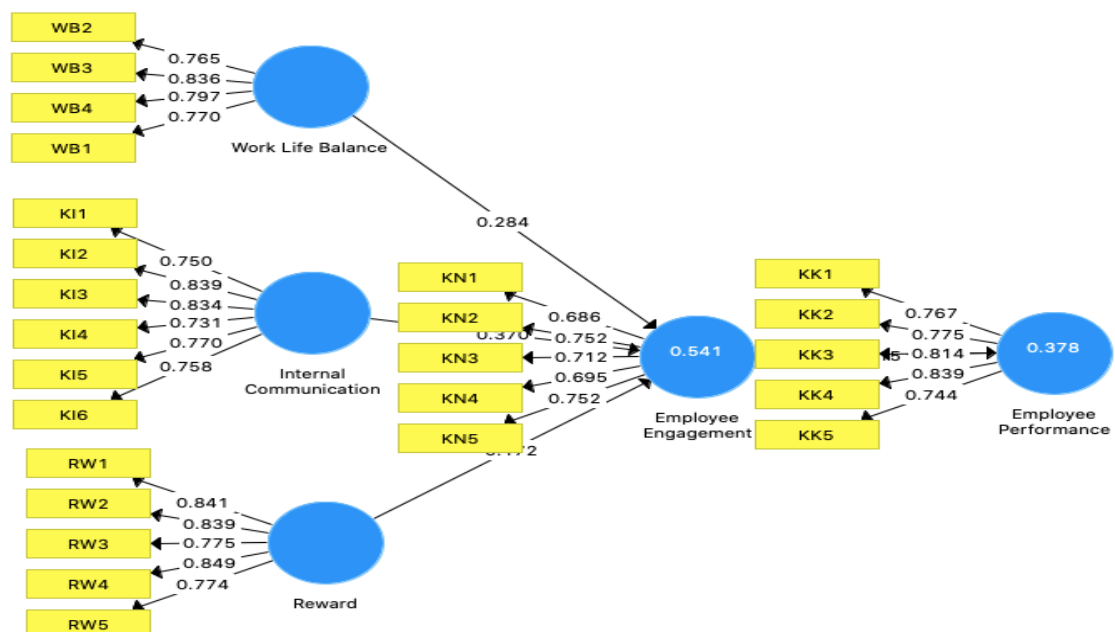| Hipotesis	Original Sample	Sample Mean	Standard Deviation	t statistics	p value	Information
H1: WB → KN	0,284	0,287	0,070	4,067	0,000	H1 Supported
H2: KI → KN	0,370	0,367	0,081	4,553	0,000	H2 Supported
H3: RW → KN	0,172	0,171	0,082	2,107	0,036	H3 Supported
H4: KN → KK	0,615	0,617	0,047	13,163	0,000	H4 Supported

Figure 2. Structural Model

Referring to the results of the hypothesis test in table 1, the coefficient value is 0.284 for the significance value of 0.000 (p<0.05). This shows that work-life balance has a positive and significant effect on employee engagement. This result is the same

as the research that has been conducted by Iddagoda et al., (2021) and Katili et al., (2021) which shows that work-life balance has a positive and significant effect on employee engagement, and employee involvement has a positive and significant effect on employee performance. The balance between work and personal life seems to be a supporting factor in the creation of employee involvement in the company (Iddagoda et al., 2021). In contrast to the results of the research found by Ali et al., (2019) which shows that there is no influence between work-life balance and employee engagement. Employees who have a good feeling and feel little stress at work and in their personal lives tend to feel a satisfying experience with their work (Bataineh, 2019).

Furthermore, the evaluation results of table one shows a path coefficient value of 0.370 with a significance value of 0.000 (p<0.05). Referring to these results, it shows that internal communication has a positive and significant effect on employee engagement. The results of this study are in line with the results of the research of Ali et al., (2019). In line with the results of research carried out by Saputra & Piartrini (2019) found that internal communication has an effect on the involvement of hotel employees in Bali, which means that in a company good communication is formed between employers and employees with the management level above it. The results of this study show that Gen Z respondents with diverse industry backgrounds show that internal communication that takes place within the company turns out to have a positive and significant effect on employee engagement, thus helping employees in dealing with problems related to their work and strengthening their involvement in the organization. Internal communication refers to the process of sharing information, ideas and feedback within the company while creating a transparent and collaborative work environment that will affect employee engagement (Nguyen & Ha, 2023)

The next results showed that the value of the path coefficient was 0.172 with a significance value of 0.036 (p<0.036). These results show that rewards have a positive and significant effect on employee engagement. The results of this study are in line with the results of the research of Ali et al., (2019), Kadiresan et al., (2019), Kamselem et al., (2022), Liu et al., (2022) which shows that giving fair rewards to employees will increase employee involvement to contribute more than their supposed portion of work. Rewards are the results that employees get when they succeed in achieving company goals. Motivation and low performance are shown by employees if they feel that they do not receive fair rewards in the company.

The final results show that the path coefficient value of 0.615 has a significance value of 0.000 (p<0.05). These results show that employee engagement has a positive and significant effect on employee performance. This result is in line with the results of the research of Ali et al., (2019). This study shows that employee engagement is one of the keys in increasing a company's competitive advantage that can improve employee performance, employee involvement in social factors such as teamwork, decision-making participation, and how much employees support organizational goals.

CONCLUSION

The results of this study show that there are four hypotheses out of the five variables studied. All hypotheses were accepted. The results of the study show that work-life balance, rewards, and internal communication have a positive and significant effect on employee engagement. The next finding is that employee involvement has a positive and significant effect on the performance of Generation Z employees. As for

International Journal of Business, Law, and Education
Publisher: IJBLE Scientific Publications Community Inc.
E-ISSN: 2747-134X

Volume 5, Number 2, 2024
https://ijble.com/index.php/journal/index

the managerial implications of this study, the first is that companies can provide flexibility to their employees in terms of work, provide freedom to complete their work in their own way but remain responsible, in addition to holding events related to employees' hobbies or interests on a regular basis to prevent employees from the level of work burnout. Furthermore, the company can take advantage of the space to provide relaxation facilities such as a corner to enjoy coffee and snacks, and a table tennis or billiards table and no less important is to provide a portion of work in accordance with the company's abilities and procedures so that employees avoid stress. The second managerial implication is that internal communication affects employee involvement, the company can conduct two-way communication by respecting opinions, opinions, suggestions, and input from all employees to become a mutual improvement. Maintaining internal communication channels is important to be done so that the circulation of information within the company is maintained effectively and efficiently. The use of applications or social media as a medium in internal communication can be done. The next managerial implication is that the company must recognize the efforts of employees and provide rewards, both financial and non-financial, in accordance with the internal policies of each company. Non-financial rewards can be in the form of education, training, certificates, and promotions. Organizations also need to provide a fair reward system based on employee performance. High employee involvement can be supported by assigning workload clearly according to ability, creating a more open organizational climate so that employees can directly convey their ideas and aspirations to the company which will indirectly impact employee performance for the better.

This study has a number of limitations, some of which are examining variables that can affect employee engagement and performance of Generation Z employees, of course not only these variables can affect employee engagement and performance of Generation Z employees. Next, this study specifically examines employee involvement in Generation Z so that the results of the research may not necessarily be applied to other generations. Referring to the results of the research that has been carried out, the suggestions from researchers for future research, among others, are expected to conduct research that focuses on one industry in order to know in depth and focus on Generation Z so that the results are more focused. Furthermore, research can be carried out using moderation variables such as gender and region. The R-Square value of employee performance is 0.378 which means small or low, it is better that in the future research can be done by adding several other variables outside this study related to employee performance.

Reference
Ali, Z., Sabir, S. & Mehreen, A. (2019), "Predicting engagement and performance through firm's internal factors: Evidence from textile sector", *Journal of Advances in Management Research*, Vol. 16. DOI: 10.1108/JAMR-11-2018-0098.
Bataineh, K. (2019), "Impact of Work-Life Balance, Happiness at Work, on Employee Performance", *International Business Research*, Vol. 12, p. 99. DOI: 10.5539/ibr.v12n2p99.
Boucher, A. and J.F. (2023), "The future of total rewards", *Deloitte*, available at: https://www2.deloitte.com/us/en/blog/human-capital-blog/2023/future-of-total-rewards.html.

Cain, L., Busser, J. & Kang, H. (2018), "Executive chefs' calling: effect on engagement, work-life balance and life satisfaction", *International Journal of Contemporary Hospitality Management*, Vol. 30, p. 0. DOI: 10.1108/IJCHM-02-2017-0105.

Deloitte. (2023), "2023 Gen Z and Millennial Survey", available at: https://www.deloitte.com/global/en/about/press-room/2023-gen-z-and-millenial-survey.html.

Fitriani, I. (2023), "Ini yang Dilakukan oleh Gen Z untuk Menerapkan Work Life Balance With 8+8+8 Rule", *Kompasiana*, available at: https://www.kompasiana.com/indrifii/65572517ee794a1b137f5462/ini-yang-dilakukan-oleh-gen-z-untuk-menerapkan-work-life-balance-with-8-8-8-rule.

Gallup. (2024), "What Is Employee Engagement and How Do You Improve It?", *Gallup Workplace*, available at: https://www.gallup.com/workplace/285674/improve-employee-engagement-workplace.aspx.

Iddagoda, A., Hysa, E., Bulińska-Stangrecka, H. & Manta, O. (2021), "Green Work-Life Balance and Greenwashing the Construct of Work-Life Balance: Myth and Reality", *Energies*, Vol. 14 No. 15. DOI: 10.3390/en14154556.

Imam, H., Sahi, A. & Farasat, M. (2023), "The roles of supervisor support , employee engagement and internal communication in performance : a social exchange perspective", *Corporate Communications: An International Journal*, Vol. 28 No. 3, pp. 489–505. DOI: 10.1108/CCIJ-08-2022-0102.

Kadiresan, V., Khuan, W.S., Arumugam, T. & Rasu, F. (2019), "Employee Engagement and Retention in Automotive Industry in Malaysian Context . Job Stress as a Moderator", No. 6, pp. 607–617. DOI: 10.35940/ijeat.F1108.0986S319.

Kamselem, K., Nuhu, M., Lawal, K., Liman, A. & Abdullahi, M. (2022), "Testing the nexus between reward system, job condition and employee retention through intervening role of employee engagement among nursing staff", *Arab Gulf Journal of Scientific Research*. DOI: 10.1108/AGJSR-05-2022-0061.

Katili, P., Wibowo, W. & Akbar, M. (2021), "The Effects of Leaderships Styles, Work-Life Balance, and Employee Engagement on Employee Performance", *Quantitative Economics and Management Studies*, Vol. 2, pp. 199–205. DOI: 10.35877/454RI.qems319.

Liu-Lastres, B., Wen, H. & Huang, W.-J. (2023), "A reflection on the Great Resignation in the hospitality and tourism industry", *International Journal of Contemporary Hospitality Management*, Emerald Publishing Limited, Vol. 35 No. 1, pp. 235–249. DOI: 10.1108/IJCHM-05-2022-0551.

Liu, X., Yu, J., Guo, Q. & Li, J. (2022), "Employee engagement, its antecedents and effects on business performance in hospitality industry: a multilevel analysis", *International Journal of Contemporary Hospitality Management*, Vol. 34. DOI: 10.1108/IJCHM-12-2021-1512.

Nguyen, C.M.A. & Ha, M.T. (2023), "The interplay between internal communication, employee engagement, job satisfaction, and employee loyalty in higher education institutions in Vietnam", *Humanities and Social Sciences Communications*, Springer US, No. 2023, pp. 1–13. DOI: 10.1057/s41599-023-01806-8.

Rainer, P. (2023), "Sensus BPS: Saat Ini Indonesia Didominasi Oleh Gen Z", *GoodStats*, available at: https://data.goodstats.id/statistic/sensus-bps-saat-ini-indonesia-didominasi-oleh-gen-z-n9kqv.

Sahni, J. (2021), "Employee Engagement Among Millennial Workforce : Empirical Study on Selected Antecedents and Consequences", *SAGE Open*, available at:https://doi.org/10.1177/21582440211002208. DOI: 10.1177/21582440211002208.

Saputra, I.M.D.J.M. & Piartrini, P.S. (2019), "Peran Keterlibatan Karyawan pada Hubungan Rewards dan Internal Communication dengan Organizational Citizenship Behavior", Vol. 8 No. 3, pp. 1696–1726. DOI: 10.24843/EJMUNUD.2019.v8.i3.p19.