

# **The Effect of Work-Life Balance and Work Engagement on Turnover Intention on Millennial and Z Generation in Indonesia**

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## **Abstract**

Turnover has been known to negatively impact the company effectiveness and success. Yet, research on Generation Y and Z has shown that their loyalty to stay in one company is low. This study aims to see the influence of work life balance and work engagement to turnover intention on Millennial and Generation Z in Indonesia. Survey to 178 respondent was conducted to Millennial and Generation Z workers. The relationships between variables were analyzed using PLS. The result showed that work life balance negatively and significantly influences turnover intention. However, this study failed to see the significant relationship between work engagement and turnover intention. This study contributes to the literature of Millennial and Generation Z, specifically on factors influencing the turnover intention.

## **Keywords**

Generation Z, Millennial, Work Engagement, Work-life Balance

## **1. Introduction**

Turnover Intention (TOI) is a desire by employees to leave the organization to get a better job (Lestari and Margaretha, 2021). Disadvantages of high TOI are such as recruitment and training costs, separation costs, and reduced productivity (Jiang and Shen, 2018). It also results in a negative impact on the stability of labor conditions (Lestari and Margaretha, 2021) which leads to poor performance (Jung, Jung and Yoon, 2021). Previous studies have shown that high turnover rates can negatively impact the company effectiveness and success (Memon, Salleh and Baharom, 2016). The loss of good performance employees can also negatively affect a company's competitive advantage, lower other employees' morale, and reduce productivity and quality of work (Memon, Salleh and Baharom, 2016).

Indonesia Statistic Bureau (BPS) in 2020 (Widyastuti, 2021) states that millennials and Generation Z (Gen Z) contributes to more than 50% of population, means they will dominate the labor force in the future. But the current phenomenon shows that Millennials and Gen Z have low loyalty at work (Jobplanet, 2017). Around 76.7% of Millennials and 91% of Gen Z only last 1-2 years in one company before deciding to find another job. Only 9.5% of Millennials and 5.8% of Gen Z survive working in one place for five years or more. Deloitte (Healy, 2018) reveals that only 28% of Millennial plan to stay in the same company for more than 5 years. The survey also reveals that 43% of Millennials will find a new job within 2 years and 61% for Gen Z.

The frequent reason of Millennial and Gen Z to change jobs is Work-Life Balance (WLB) (Al Kabir, Tirno and Al Kabir, 2018). (Jaharuddin and Zainol, 2018) defines that work life-balance is a need for employees to achieve a balance between work with personal. WLB is a critical issue for both employees and companies. The lack of WLB is associated with psychological and physical decline in health that can result in stress and emotional fatigue (Al Kabir, Tirno and Al Kabir, 2018). WLB also results in increased stress in employees which lead to increased TOI (Jaharuddin and Zainol, 2018). Work Institute survey (Healy, 2018) of 10,000 employees who left their company states that 12% of respondents said that the main reason they left was related to WLB.

**Hypothesis 1:** Work Life-Balance has a negative and significant influence on Turnover Intention.

Another factor of TOI is lack of Work Engagement (WE) (Santhanam and Srinivas, 2020). WE describes as employee engagement intellectually, emotionally, and a commitment to the organization (Santhanam and Srinivas, 2020). Dale Carnegie states (Triwijanarko, 2017) survey finds that only 25% of Millennial are fully engaged. (Jung, Jung and Yoon, 2021) find that WE have a negative influence on turnover intention. This proves that the lower the involvement, enthusiasm, and focus of employees on their work, the higher the intention of employees to leave the company (Jung, Jung and Yoon, 2021). (Santhanam and Srinivas, 2020) and (Memon, Salleh and Baharom, 2016) in their research also find that there is a negative correlation between WE and TOI. Employees with physical, emotional, and cognitive attachment to their work will be less likely to leave the organization and last longer (Memon, Salleh and Baharom, 2016).

**Hypothesis 2:** Work Engagement has a negative and significant influence on Turnover Intention

### 1.1 Objectives

This study aims to see the influence of work life balance and work engagement to turnover intention on Millennial and Generation Z in Indonesia.

### 2. Methods

This research is a descriptive quantitative study to see the influence of WLB and WE to TOI. Questionnaires contain statements related to the variables and other additional information such as gender, age, educational background, location, position, and years of experience. For statements related to variables measured, a six-scale Likert (from 1 strongly disagree to 6 strongly agree) is used for respondents to rate their opinion. With a six-scale Likert, the mid-point is omitted to avoid social desirability bias (Nadler, Weston and Voyles, 2015).

This study uses a purposive data collection method, targeted Millennial and Gen Z workers. All measurement scales used in the study were using pervious studies' framework. TOI is measured by 4 items modified from Hyo Sun Jung et al., (2021), WLB is measured by 10 items modified from Nor Siah Jaharuddin et al., (2018), and WE is measured by 14 items modified from Milliman et al., (2018). Data collected is analyzed with SmartPLS version 3.2.9. Structural equation model (SEM) is used to see relationship among related latent variables simultaneously.

### 3. Results and Discussion

There are 178 data eligible for analysis. Respondents are 50.6% male and 49.4% female. Most respondents hold bachelor's degree (78.1%). There are 60.7% staff, 24.7% team leader/supervisor, 6.7% Managers, 0.5% directors, and others (7.3%). Most respondents have been working for less than 3 year (74.7%).

The first analysis found that outer loading of WE3, WE12, WE13, WE14, and TI4 were <0.7. Therefore those indicators were eliminated (Hair *et al.*, 2014). The second analysis found that all indicators are valid with loading factor >0.7. Corner Locker Criterion analysis showed that value between the WE and WE was smaller (0.844) than the correlation between WE and WLB (0.848). Therefore, indicators with the smallest values WE1 and WLB1 were excluded (Hair *et al.*, 2014). After removing WLB1 and WE1, the correlation between WE and WE were greater than WE and WLB. Therefore, all variables can be declared valid (Table 1).

Table 1. Validity and Reliability

Code	Validity			Reliability		
	Outer Loading (Run 3)	AVE (Run 3)	Remark	Cronbach's Alpha	Composite Reliability	Remark
<b>A. TOI</b>						

TI1	0.910	0.748	Valid	0,835	0.898	Reliable
TI2	0.894		Valid			
TI3	0.785		Valid			
<b>B. WLB</b>						
WLB2	0.810	0.724	Valid	0,949	0.956	Reliable
WLB3	0.858		Valid			
WLB4	0.818		Valid			
WLB5	0.835		Valid			
WLB6	0.814		Valid			
WLB7	0.865		Valid			
WLB8	0.848		Valid			
WLB9	0.872		Valid			
WLB10	0.851		Valid			
<b>C. WE</b>						
WE2	0.804	0.708	Valid	0,952	0.956	Reliable
WE4	0.862		Valid			
WE5	0.867		Valid			
WE6	0.806		Valid			
WE7	0.872		Valid			
WE8	0.848		Valid			

WE9	0.859		Valid			
WE10	0.861		Valid			
WE11	0.876		Valid			

Table 2. R Square

	R Square
Turnover Intention	0.307

The R<sup>2</sup> is 0.307 (Table 2). The f<sup>2</sup> value of the WE is 0.013, which indicates that it has no influence on TOI because the value is <0.02, and the f<sup>2</sup> WLB is 0.062 which indicates that it has small influence on TOI. WE and WLB are obtained to have a negative direction (-) which is -0.179 and -0.394 respectively indicating that the variable indicates that the variable is negatively related to TOI.

Table 3. T-Statistic

	T-Statistics (Bootstrapping)
Work Engagement	1.479
Work Life-Balance	3.347

T-statistics analysis (Bootstrapping 500 iterations) on WE and WLB shows that relationship between WE to TOI has T-value of 1.479 and relationship between WLB to TOI has T-value 3.347 (Table 3). The Good of Fit analysis results of the fit model of NFI 0.851 indicated that the model used was 85% fit (Hair *et al.*, 2014).

Table 4. Hypotheses Testing

Hypothesis	Path Coefficient	T-Statistics	Conclusion
H1: <i>Work-Life Balance</i> has a negative and significant influence on	-0.394	3.347	H1 accepted

<i>Turnover Intention</i>			
H2: <i>Work Engagement</i> has a negative and significant influence on <i>Turnover Intention</i>	-0.179	1.479	H2 rejected

The result is consistent with research conducted by (Lestari & Margaretha, 2021) (Al Kabir et al., 2018)(Lestari and Margaretha, 2021)(Al Kabir, Tirno and Al Kabir, 2018)(Jaharuddin & Zainol, 2018)(Jaharuddin and Zainol, 2018) that WLB has a negative and significant influence on TOI. WLB is an employee's need to achieve a balance between work with personal (Jaharuddin and Zainol, 2018). One of the factors that affect the low level of WLB is long working hours, where the longer the time employees spend working, the higher the obstacles in balancing between work and personal life. (Al Kabir, Tirno and Al Kabir, 2018).

The study result are inconsistent with the results of previous studies (Santhanam and Srinivas, 2020)(Milliman, Gatling and Kim, 2018) and (Memon, Salleh and Baharom, 2016) which state that WE has a negative and significant influence on TOI. This can be explained as follows. Research conducted by (Rafiq *et al.*, 2019) show that the direct influence of work engagement on turnover intention is very weak and insignificant at low job embeddedness levels. But the influence of work engagement becomes much more significant to turnover intentions at high levels of job embeddedness.

In this study, the level of Job Embeddedness was not evaluated, however when mean value of respondents with service year <3 years compared to 4-6 years, the mean value of WE are 4,041 and 4,471 respectively. This indicates that an employee who has worked longer in the company will have higher WE. Since most employees with a working length of <3 years (74.7%), so most likely the level of embeddedness is low. The explanation can be from the characteristics of Gene Z. They are known to want freedom and unattachment, or their embeddedness that may be low. In accordance with research (Rafiq *et al.*, 2019) if embeddedness is low then the effect of WE on TOI is not significant. Another way to explain the result is the relationship between WE and TOI according to (Slåtten, Lien and Mutonyi, 2022) is mediated by Job Satisfaction (JS). For Millennials and Gen Z, job satisfaction is very important. So even if the WE level is high if JS is low then TOI will not be affected. (Table 4)

## 5. Conclusion

Based on the results of the hypothesis that has been made, the conclusion of this study is: There is a negative and significant influence between Work-Life Balance and Turnover Intention. There is a negative and insignificant influence between Work Engagement and Turnover Intention.

The first limitation of study is the number sample only 178 respondents, the majority is Gen Z with working experience <3 years. Therefore, the further study with more sample and diverse work experience is recommended. The second limitation is the study is only quantitative study. Mixed method study can be considered for future study. The recommendation of further research is to see the relationship of Job Embeddedness to TOI and the mediation of Job Satisfaction to relationship between WE and TOI.

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