Effect of Work-Life Balance and Welfare Level on Millennial Employee Performance Through Work Engagement

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Abstract

Industrial Revolution 4.0 is a phenomenon that collaborates with cyber technology and automation technology. this research aims to conduct scientific research on the role of work-life balance and the level of welfare of millennial employees through work engagement as a variable intervening. The participation of respondents to this study is the general of millennials who has worked in the Jakarta area, aged 21-36 years. Researchers used the purposive sampling method. This study uses a work-life balance measurement tool with a balance dimension in time management, engagement balance, balance in expectation fulfillment, and satisfaction balance. Besides, at the level of well-being with meaningful work-life factors, good social relationships, work attachment, self-actualization, comfortable circumstances, self-acceptance. While employee performance is measured through the work environment, ability to do work, and motivation. Work Engagement is measured by vigor, dedication, and absorption indicators. The analysis technique used is Structural Equation Modeling based on VB-SEM using SmartPLS software. The results showed that five hypotheses of direct influence were accepted and one rejected. While the two hypotheses of indirect influence are each rejected and accepted. Work Engagement variables as intervening variables are only capable of mediating Work-Life Balance against Employee Performance.

***Keywords**: Millennials, Work-Life Balance, Welfare Level, Employee Performance, Work Engagement.*

A. INTRODUCTION

Industrial Revolution 4.0 is a phenomenon that collaborates with cyber technology and automation technology (Pratiknyo, 2020). Another normality that has begun to take shape is the shift in the mechanisms of public services, economic activity, and industrial process businesses, all of which adopt digital technology (Mckinsey & Company 2020). Exacerbated by the covid 2019 outbreak spreading throughout the world called pandemic conditions. The current revolution will experience a very rapid shift and the development of disruption will adjust the needs and behaviors of consumers who have to adjust to the pandemic situation (Darwin, 2020).

The rapid growth of the business today requires the company to always excel and compete. In addition to the Industrial Revolution 4.0, the current era is also in the era of VUCA that can affect all aspects, especially economic aspects. The acronym vuca was first used in 1987, warren Bennis and Burt nanus leadership theory to describe the rapid change (Volatility), uncertainty, dynamic environmental

factors and interdependence (Complexity), unusual circumstances, and one state of interconnectedness (Ambiguity), (Sefudin & Darwin, 2020). So to be able to be a superior and competitive company, the company needs various ways that are arranged in the program to be able to improve employee performance (Nurwahyuni, 2019). Industry 4.0 which is loaded with technology is a challenge for human resources due to the process of social transformation (Schaar et al., 2019).

Nowadays, the world of work is increasingly diverse with human resources coming from different generations, one of which is the Millenial generation or generation Y, which is familiarly called generation me or echo boomers. Generation Y classification is formed for those born in 1980 - 1990, or in early 2000 onwards (setkab.go.id). Millennials are efficient, optimistic, and not much different from other age groups. According to (Wen et al., 2018), millennial employees are considered highly educated, ambitious, and career-oriented. With these characteristics, it is expected that the millennial workforce in the industrial era 4.0 can be more competitive and productive than previous generations to face global competition.

In Research Institute 2019 survey results, looking for better self-development opportunities is the first reason millennials leave the company (26.5%), for both senior and junior millennials. Millennials live in companies because of creative freedom, flexible working hours, and support teams. Meanwhile, in 2017, 38% of millennial employees plan to leave their jobs. However, in 2018 as many as 43% of millennial employees plan to leave their jobs (Deloitte Survey, 2019).

Work engagement is invaluable to workers and organizations because it influences the way employees to work and complete their tasks. So many organizations focus on hiring and retaining proactive employees who are ready to contribute, self-motivated, and forward-thinking in other words the employees involved (Yongxing et al., 2017). Employee work engagement ensures the level of commitment of employees with their organization and leads to better performance and when employees engage in their work and participate in decision making then they feel they have their organization and always do the best for their organization (Rahman et al., 2017). While high levels of work engagement can adversely affect mental health in the short term, its detrimental effects can disappear and even improve mental health in the long run (Tenney, 2016).

According to (Vijayakusumasari & Vrinda, 2016) various studies revealed that psychological well-being and work engagement contribute to better performance. If employees assume that the organization cares about their well-being and supports them, employees will retaliate and show more involvement in their work and be able to improve their performance (Thibaut & Kelley, 1959). The percentage of employee performance in Indonesia is still relatively low or in the category of middle-income countries based on the Work Economic Forum (WEF) with a score of 62.19 where the level of Employee Performance in Indonesia in 2019 is ranked 67th out of 130 countries in the world (edukasi.kompas.com, 2019). Research (Gallup, 2016) shows that only 29% of millennial employees are emotionally and behaviorally engaged with work and company. This is certainly a big loss for the Company, as they only

appear in business hours but do not provide the best for the development of the Company.

Performance is associated with employee and organizational level results. Performance becomes an attractive variable for scholars and practitioners because of its impact on results affecting the bottom line of the organization (Pandey, 2018). The balance between personal life and work is an important need of every employee that can affect the mood, focus of mind, and actions in carrying out their responsibility both parties, therefore the higher employee satisfaction to work-life balance the higher the quality of employee performance. the study stated (Nafiudin, 2015) that a person will also choose another job or stop to work balancing work and personal life. Ideally, when the company wants to carry out a work-life balance, the company will provide some support to workers. Based on the description, this study aims to conduct scientific research on the role of work-life balance and the level of welfare of millennial employees through work engagement as a variable intervening.

B. LITERATURE REVIEW

1. Millennials

In nindyawati research (2017) that companies that have employees consisting of gen X and gen Y should begin to review related to things that can keep employees retained in the company. This is because it relates to the sustainability of the company itself. The ideal job for millennials is a job that suits their personality, when millennials enjoy their work, it will provide a sense of satisfaction in the work environment and outside the job (Gichuhi & Mbithuka, 2018). Millennials are divided into two categories: junior millennials, those born from 1992 - 1999 (ages 21-28), and senior millennials born between 1984-1991 (age 29-36).

2. Work-Life Balance

Work-life balance is a situation where workers feel that they can balance their work and the nonworking commitments they mostly do (Singh and Koradia, 2017). There are several indicators used to measure work-life balance including balance in time management, engagement balance, balance in meeting expectations, and satisfaction balance, Rahmawati (2016). From an employee's point of view, work-life balance can be interpreted as a challenge to be able to balance the responsibility to complete the work and responsibility to perform its role in the family, while in the point of view of the organization work-life balance becomes a challenge to create a supportive work environment so that employees can focus on their achievements in the workplace (Oktaviani, 2015).

3. Welfare Level

Workplace well-being plays an important role in creating a thriving employee. Focusing on workplace well-being has provided valuable opportunities to benefit employees by helping employees feel happy, competent, and satisfied in their roles (Utari et al. 2019). Well-being in the workplace is very important for

individuals because happy individuals in the workplace have positive feelings that make individuals satisfied, productive, and low turnover thus creating quality human resources (Ningsih, 2013). Maximizing and enhancing the role of a qualified workforce has always been one of the most challenging tasks for human resource practitioners. The rise of Millennials makes it difficult for human resource practitioners to manage their workforce. Most organizations today face similar difficulties in engaging the millennial workforce. (Jha, Sareen, & Potnuru, 2019). Welfare level according to (Nangoy, et.al, 2019) has indicators namely, Meaningful work-life, Good social relationship with work attachment, Self-actualization, Comfortable, and Self-acceptance.

4. Work Engagement

Work engagement is invaluable to workers and organizations because it influences the way employees to work and complete their tasks. So many organizations focus on hiring and retaining proactive employees who are ready to contribute, self-motivated, and forward-thinking in other words the employees involved (Yongxing, Hongfei, Baoguo, & Lei, 2017). In the study (Basikin, 2007) to measure work engagement researchers divided it into three factors, among others vigor, dedication, absorption. Work engagement reflects the personality that employees bring into their work, so employees can be energetic for their work or lead to employee performance.

5. Employee Performance

Performance is a success that has been achieved by an employee based on the activities carried out by employees in carrying out their work. Employee performance is the achievement of employees in completing their work within a predetermined period (Paramitadewi, 2017). According to (Johari, 2016) the indicators used as measurements of employee performance are the work environment, the ability to do work, and the presence of motivation. Performance is associated with employee and organizational level results. Performance becomes an attractive variable for scholars and practitioners because of its impact on results affecting the bottom line of the organization, Pandey (2018).

C. METHOD

The research method used is a quantitative method on *structural equation modeling* inferential analysis. There are two types of data in statistics, namely parametric and non-parametric data (Nurwulandari & Darwin, 2020). By the type of data in this study using parametric inferential data analysis. According to (Haryono, 2016) in (Darwin & Umam, 2020), there are two types of use of SEM analysis namely, Covarian-based (CB-SEM) and variant (VB-SEM). But in this study using SEM-based variants (VB-SEM). Adapaun software used is SmartPLS. Sampling techniques use non-probability sampling on purposive sampling type. The goal is to qualify and by the right source of information, namely the generate millennials who work in the

DKI Jakarta area. This study aims to determine the effect of work-life balance and employee welfare level on millennials on their performance in the workplace through work engagement.

D. RESULTS AND DISCUSSION

1. Test the Validity and Reliability of The Construct

The first time in analyzing the model of measurement equations is to test the validity and reliability of the construct. The expected loading factor criteria limit is ≥ 0.4 or ≥ 0.7, then declared fit (Haryono, 2016). But in this study, researchers used a ≥ limit of 0.7. The algorithm output results in this study that can be shown in table 1 below resulted in the value of outers loading above the expected criteria (≥0.7). Then it can be concluded all indicators are fit.

Table 1. Outer Loadings

	KIN	TKS	WEG	WLB
KIN1	0,897			
KIN2	0,852			
KIN3	0,889			
TKS1		0,905		
TKS2		0,876		
TKS3		0,914		
TKS4		0,835		
WEG1			0,893	
WEG2			0,904	
WLB2				0,725
WLB3				0,798
WLB4				0,882

Source: SmartPLS 3, 2021

Furthermore, the criteria of validity and reliability of the construct also show valid and reliable results. As shown in table 2 results below, all variables are above the values of 0.7 in both Cronbach's Alpha and Composite Reliability. Then it can be evaluated with reliable results. While the AVE value is above the limit value of 0.5, it means that all variables with evaluation are valid.

Table 2. Construct Reliability and Validity

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
KIN	0,854	0,862	0,911	0,774
TKS	0,905	0,911	0,934	0,780
WEG	0,762	0,763	0,893	0,807
WLB	0,724	0,746	0,845	0,646

Source: SmartPLS 3, 2021

2. Discriminant Validity Test

The discriminant validity test is used to test the validity of its construct indicators. It is declared valid if the root value of AVE > is of a correlation value between constructs. In the result of table 3 Cross Loadings below resulted in the ave root value on the diagonal row turned out to be a greater value than the correlation between constructs, so it can be stated by evaluation in this analysis meets the validity of the discriminant.

Table 3. Cross Loadings

	KIN	TKS	WEG	WLB
KIN1	0,897	0,678	0,492	0,620
KIN2	0,852	0,607	0,528	0,579
KIN3	0,889	0,785	0,496	0,709
TKS1	0,721	0,905	0,326	0,699
TKS2	0,684	0,876	0,239	0,554
TKS3	0,737	0,914	0,434	0,665
TKS4	0,641	0,835	0,321	0,543
WEG1	0,508	0,269	0,893	0,472
WEG2	0,521	0,407	0,904	0,511
WLB2	0,425	0,327	0,593	0,725
WLB3	0,597	0,592	0,233	0,798
WLB4	0,711	0,741	0,470	0,882

Source: SmartPLS 3, 2021

3. Structural Model Test

To test the structural model it takes the value of R Square. The structural model can be said to be strong if it has a value of ≥ 0.67, a moderate model at a value of ≥ 0.3, a weak model indicated at a value of ≥ 0.19.

Table 4. R Square

	R Square	R Square Adjusted
KIN	0,728	0,720
WEG	0,300	0,287

Source: SmartPLS 3, 2021

The results of table 4 above illustrates that R Square in KIN variables is worth 0.728 > 0.67, meaning the influence of exogenous variables on endogenous variables KIN produces a strong model of 72.8% the rest influenced by variables outside of this study. While WEG intervening variables produce values of 0.3 < 0.67 and ≥ 0.3, meaning WEG intervening variables produce a moderate model. This means that the influence of exogenous variables on WEG intervening variables results in a moderate model of 30% of the rest influenced by variables outside of this study.

Furthermore, testing the structural model can also be done by analyzing the test of the constructed model that has been built whether it produces *a good fit, marginal fit, or bad fit.* According to (Ghozali, 2021), the model is said to be fit in sem analysis using SmartPLS required SRMR value should be below 0.08, NFI value

should be above 0.90 and rms_Theta should be close to zero value (0). In table 5 below shows that the analysis results have met the fit criteria. An SRMR value of 0.098 close to a value of 0.08 results in a marginal fit evaluation, and an NFI value of 0.745 close to a value of 0.090 results in a marginal fit evaluation, and a rms_Theta value of 0.263 that is close to zero results in a good fit evaluation.

Table 5. Fit Summary

	Saturated Model	Estimated Model
SRMR	0,098	0,098
d_ULS	0,745	0,745
d_G	0,381	0,381
Chi-Square	257,637	257,637
NFI	0,745	0,745
rms Theta	0,263	

Source: SmartPLS 3, 2021

4. Interpretation

This study has hypothesized as many as seven hypotheses consisting of five direct influences and two indirect influences. To know the hypothesis is accepted or not, the expected statistical T value limit is ≥ 1.96 and the expected P-value of ≤ 0.05. This study obtained the results of the output of *the coefficient path* produced four hypotheses of direct influence and one significant indirect influence. It is above the cut of value (T statistics ≥ 1.96, P-value ≤ 0.05), and each 1 hypothesis of direct and indirect influence is insignificant because the value is below the expected cut-off value.

Table 6. Direct Effects

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
TKS -> KIN	0,553	0,551	0,104	5,319	**0,000**
TKS -> WEG	-0,011	-0,005	0,103	0,104	**0,458**
WEG -> KIN	0,254	0,253	0,065	3,930	**0,000**
WLB -> KIN	0,200	0,204	0,105	1,898	**0,029**
WLB -> WEG	0,555	0,552	0,086	6,472	**0,000**

Source: SmartPLS 3, 2021

Table 6 above shows that the direct relationship between the Welfare Level variable to *Work Engagement* is invalid and results in an evaluation of the rejected hypothesis. Because the T Satat value is 0.104 < 1.96 and the P-Value is 0.458 > 0.05. Whereas in direct relation other variables produce valid values and the resulting evaluation of the hypothesis built is accepted. Because all T values are stat > 1.96 and P-Value < 0.05.

That is, the Welfare Level Variables in this study had a direct influence on weak *Work Engagement.* By implication, the respondent's level of perception on the

variable gauge indicator also results in a low value, especially in the statement item that measures the TKS5 indicator stating that millennial employees' tolerance to their work activities process. The results of the analysis of outer loadings on the TKS5 indicator are below the value of 0.7 which is then dropped from the model path. The level of Well-being that millennial employees felt in this study was not comparable to what they expected. So there is *a gap (gap)* to *Work Engagement,* especially on the WEG3 *indicator (absorption).* The indicator has an *outer loading* value that is below 0.7 so it should be dropped. This means that millennial employees lacked *the absorption* behavior in this study. Reflected in today's millennials are easily stressed and bored and less focused on routine work as a result of *the handphone* they have always held. So just doing the job, a fraction of a minute the millennial generation will occasionally hold *a handphone* and check *the social media* they have. Moreover, coupled with the level of welfare they get is not comparable, then work engagement will decrease.

Table 7. Indirect Effects

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
WLB -> WEG -> KIN	0,141	0,141	0,045	3,150	**0,001**
TKS -> WEG -> KIN	-0,003	-0,001	0,027	0,101	**0,460**

Source: SmartPLS 3, 2021

Table 7 above shows that the indirect relationship between Welfare Level variables to Employee Performance through *Work Engagement* is invalid and results in an evaluation of the rejected hypothesis. Because the T Satat value is 0.101 < 1.96 and the P-Value is 0.460 > 0.05. While the indirect relationship between *Work-Life Balance* to Employee Performance through Work *Engagement* produces valid value and the resulting evaluation of the hypothesis is accepted. Because all values T stat > 1.96 and P-Value < 0.05.

To assess how much effect mediation has on intervening variables this study can use baron and Kenny theory (1986) in (Ghozali, 2021). The effect of mediation of *Work Engagement* variables as mediation between Work-Life Balance variables against Employee Performance variables results in a *full mediated evaluation.* Because direct and indirect influences have equally significant results. While the effect of *Work Engagement* variable mediation as mediation between Welfare Level variables to Employee Performance variables resulted in an evaluation of no *mediation effect.* Because direct and indirect influences both result in insignificant evaluations.

The phenomenon in this study found that Work Engagement variables used as intervening variables that mediate between Welfare Level and Employee Performance variables did not produce a mediation effect. Because the Millennial Employees in this study lacked the behavior of *Vigor, Dedication, and Absorption.* On the contrary, employees in the millennial generation on *the Work-Life balance* variable feel full of balance in time management, engagement balance, balance in the

fulfillment of expectations, and balance of satisfaction. This activity is carried out by showing *vigor and dedication behavior*, on daily activities in working towards improving the company's performance.

E. CONCLUSION

The Level of Well-being in this study cannot be mediated by *Work Engagement* which has measuring indicators such as *Vigor, Dedication, and Absorption.* But *Work Engagement,* which has measuring indicators such as *Vigor and Dedication,* can only mediate between Work-Life *balance* and measuring indicators such as balance in time management, engagement balance, balance in expectation fulfillment, and satisfaction balance. *Absorption* indicators in *Work Engagement* cannot be used to measure influence in this study. Because millennial employees are more prone to boredom in routine work and more often grasp handphone to check social media owned. So that interrupted by the work they do when they feel a long time, millennials can entertain themselves with social media and other entertainment in their gadgets. For this research to continue and continue, the author's advice is to add or change the appropriate exogenous indicators and still place work engagement variables as intervening variables. The goal is to know and confirm appropriate variables that can affect the performance of millennial employees through Work Engagement.

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