

Effects of Work-Life Balance and Work Environment on Employee Engagement Among Generation Z in Private Companies

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Abstract.

The entry of Generation Z into the world of work brings new dynamics and expectations, especially regarding work-life balance and a conducive work environment. This phenomenon creates its own challenges for private companies in maintaining and increasing employee engagement. This study aims to analyze the influence of work-life balance and work environment on employee engagement among Generation Z in private companies. The phenomenon of Generation Z entering the workforce has changed organizational dynamics, where this generation has different expectations regarding work-life balance and conducive work environments. This research uses a qualitative approach with phenomenological methods to understand the deep experiences of Generation Z employees. Data were collected through in-depth interviews with 15 informants who are Generation Z employees in various private companies. The results show that work-life balance and work environment have a significant influence on Generation Z employee engagement levels. Good work-life balance, which includes work time flexibility, support for personal life, and policies that support life balance, has been proven to increase employee engagement. Meanwhile, a positive work environment, including an inclusive organizational culture, adequate technology support, and good interpersonal relationships, also contributes to increased employee engagement. These findings provide practical implications for companies in designing effective human resource management strategies to optimize Generation Z employee engagement.

Keywords: Work life balance, work environment, employee engagement, Generation Z, private companies

INTRODUCTION

The world of work is currently undergoing a significant transformation with the entry of Generation Z as a new workforce that brings different perspectives and expectations compared to the previous generation (Schawbel, 2019; Myers & Sadaghiani, 2010). Generation Z, born between 1997–2012, is expected to make up nearly 30% of the global workforce by 2030 (Seemiller & Grace, 2016; Bourne et al., 2021), so understanding their characteristics and needs is very important for organizations. Research shows that Generation Z has a unique view of work-life balance, where they prioritize flexibility, well-being, and personal fulfillment as equally important aspects of career success (Francis & Hoefel, 2018; Singh & Dangmei, 2018; Twenge et al., 2019; McCrindle & Wolfinger, 2020). Organizations are increasingly challenged to design policies, workplace cultures, and leadership approaches that meet these expectations while maintaining productivity and engagement (Pougajendy et al., 2024).

This phenomenon creates new challenges for companies in managing employee engagement, especially in the private sector, which has to compete fiercely to attract and retain the best talent (Shuck & Wollard, 2010; Saks & Gruman, 2014). Employee engagement has become a central theoretical construct in human resource management due to its direct relationship with employee productivity, loyalty, and retention rates (Albrecht, 2012; Gupta & Kumar, 2014). However, the factors that affect employee engagement in Generation Z show significant differences compared to previous generations, including preferences for meaningful

work, technological integration, flexible work arrangements, and rapid feedback (Bourne et al., 2021; Gursoy et al., 2013; Seemiller & Grace, 2016; Francis & Hoefel, 2018). Organizations must understand these generational differences to design effective engagement strategies that maintain performance and reduce turnover.

Work-life balance has emerged as a key factor influencing employee engagement for Generation Z. Research shows that flexible work arrangements, autonomy, and the ability to balance personal and professional life are critical determinants for this generation when choosing an employer (Kelliher & Anderson, 2010; Rigotti et al., 2014). Deloitte's Global 2023 Gen Z and Millennial Survey, involving more than 22,000 employees from 44 countries, indicates that work-life balance and flexibility are crucial considerations, with 77% of Generation Z workers reporting flexible work arrangements as a key factor in employer selection (Meister & Willyerd, 2010; Handayani, 2025). Further studies highlight that flexible schedules can improve productivity and engagement among Generation Z employees (Hill et al., 2016; Gajendran & Harrison, 2007).

In addition to work-life balance, the work environment also plays an important role in shaping Generation Z employee engagement. Steelcase research shows that 73% of Generation Z employees globally believe that physical workplaces increase their work effectiveness (Rahmawati, 2025). Furthermore, 54% of Generation Z stated that the importance of physical workspaces increased during the pandemic. This shows that even though Generation Z are digital natives, they still value a physical work environment that supports productivity and social interaction.

The Indonesian context shows the unique characteristics of Generation Z in the world of work. Research (Erika et al., 2023) on the work values of Generation Z Indonesia reveals that they prioritize stability as the number one work value, followed by intrinsic value and leisure. As many as 69.6% of Indonesia's Generation Z prefer to work in corporations because they offer better stability. However, they also value work flexibility and an environment that supports self-development.

This research is important for several fundamental reasons (Asia, 2023). First, there is a research gap regarding specific factors that affect Generation Z employee engagement in Indonesia, especially in the private sector. Second, a deep understanding of the relationship between work-life balance and the work environment on employee engagement can help companies design more effective strategies to increase employee engagement. Third, with the increasing proportion of Generation Z in the workforce, this research can make a practical contribution to the development of more adaptive HR policies.

Various theories have been developed to explain employee engagement, including the Job Demands-Resources (JD-R) Model developed by Bakker and Demerouti. This model explains that job engagement is influenced by the balance between job demands and available resources. In the context of Generation Z, work-life balance can be seen as an important resource, while an unsupportive work environment can be overly demanding.

Research (Norina & Sary, 2025) shows that work-life balance has the strongest correlation with employee engagement among Generation Z in Indonesia ($\beta = 0.292$, $p < 0.01$). Other significant factors include perceived self-worth, transformational leadership, and respect. Meanwhile, research on the work environment shows that organizational culture emerges as a key determinant of employee engagement, with an emphasis on inclusivity, alignment with

personal values, and supportive communication.

However, there are still limitations in previous studies. Most studies use quantitative approaches that cannot capture the complexity of Generation Z's experiences and perceptions in depth. Therefore, this study uses a qualitative approach with phenomenological methods to understand the real-life experiences of Generation Z employees in dealing with the issue of work-life balance and the work environment in their workplace.

Therefore, the purpose of this study is to analyze in depth the influence of work-life balance and work environment on employee engagement in Generation Z in private companies using a phenomenological qualitative approach. This research aims to explore the experiences, perceptions, and meanings built by Generation Z regarding these two factors and their relationship with their attachment to work.

The benefits of this research are expected to be both theoretical and practical. Theoretically, the findings of this study are expected to contribute to the development of the literature on employee engagement, especially for Generation Z, by providing rich and contextual qualitative evidence. Practically, the results of this study can be a consideration for private companies, especially the Human Resources division, in designing HR management strategies and policies that are more effective, adaptive, and in accordance with the characteristics and needs of Generation Z, so that they can ultimately increase the level of engagement, productivity, and retention of Generation Z employees.

MATERIALS AND METHODS

This research uses a qualitative approach with a phenomenological paradigm to understand the life experiences of Generation Z employees related to work-life balance and the work environment in relation to employee engagement (Shinde & Surve, 2025). The phenomenological approach was chosen because it allows researchers to explore the meaning given by individuals to their experiences, as well as understand the essence of the phenomenon being researched. This method is well suited to explore an in-depth understanding of how Generation Z interprets and experiences work-life balance as well as the work environment in the context of their involvement in the workplace.

The population in this study is Generation Z employees who work in private companies in Indonesia, with criteria born between 1997-2012 and have at least one year of work experience in a private company. Sample selection uses purposive sampling techniques with snowball sampling to reach informants who have relevant experience and are willing to share their experiences in depth.

The inclusion criteria for informants include: employees aged 18-26 years who belong to Generation Z, working in a private company with at least one year of work experience, having first-hand experience in dealing with work-life balance issues and work environment dynamics, willing to participate in in-depth interviews and give consent for recordings, and have good communication skills to express their experiences. Exclusion criteria include employees who are on probation or have temporary employment status that may affect their perception of the organization.

The number of informants was set at 15 people, following the principle of data saturation in qualitative research where data collection is stopped when new information no longer emerges from additional interviews. The informants come from various sectors of private

industry such as technology, finance, manufacturing, and services to ensure a diversity of experiences and perspectives.

The main data collection technique is an in-depth interview conducted in a semi-structured manner. The interview guidelines were developed based on the theoretical framework of employee engagement, work-life balance, and work environment, with a focus on the subjective experiences of the informant. Interviews last between 60-90 minutes for each informant, conducted either face-to-face or virtually according to the preferences and conditions of the informant.

In addition to in-depth interviews, this study also uses limited participant observations to understand the context of the informant's work environment, as well as the analysis of company documents relevant to work-life balance policies and work environments. Triangulation of these data sources aims to increase the credibility and reliability of research findings.

The data analysis process uses a thematic analysis approach with the following steps: (1) *verbatim* transcription of all interview recordings; (2) repeated reading to familiarize yourself with the data; (3) initial coding to identify units of meaning; (4) search for themes that emerge from the codes; (5) review and refinement of the theme; and (6) the definition and naming of the final theme. *NVivo* Software is used to assist in the process of organizing and analyzing qualitative data.

To ensure the quality of the research, several validation strategies are carried out, including: (1) member checking by returning the results of the analysis to the informant for confirmation; (2) peer debriefing by involving other researchers to discuss findings; (3) audit trail by documenting the entire research process; and (4) thick description by providing a detailed description of the context and phenomenon being studied.

The ethical aspect of research is maintained by obtaining informed consent from all informants, ensuring the confidentiality of the identity and information provided, and giving the informant the right to resign at any time without consequences. This research has also obtained ethical approval from the research ethics committee of the relevant institution.

RESULTS AND DISCUSSION

Characteristics of Generation Z in the World of Work

Based on the results of in-depth interviews with 15 informants, this study reveals the unique characteristics of Generation Z in the world of work that are significantly different from previous generations. Informants describe themselves as a generation that was "born with technology in hand" but paradoxically also highly value authentic human interaction in the workplace. An informant from the tech sector stated, "We are indeed digital natives, but we also need a personal touch from our superiors and colleagues. Technology makes work easier, but it's human relationships that keep us engaged."

According to (Publishing, 2022) is consistent with Steelcase research showing that 73% of Generation Z believe a physical workplace improves their work effectiveness. The informant explained that although they are comfortable working with technology, the need for socialization and hands-on learning from senior mentors remains a priority. One of the informants from the financial sector revealed, "Remote work is flexible, but if it continues, we feel disconnected. We need space to network and learn from more seniors."

Another characteristic that stands out is Generation Z's expectation of transparency and

clear communication . In contrast to the stereotypes often associated with this generation, informants show a high level of maturity in understanding job expectations, yet they demand explicit clarification of roles, responsibilities, and career paths. An informant from the manufacturing industry stated, "We don't like assumptions. If something is unclear, we will ask until we understand. Not because we demand, but because we want to deliver the best."

Dimensions of Work Life Balance in Generation Z

An in-depth analysis of the informant's perspective reveals that the concept of work-life balance for Generation Z has a more complex dimension than just dividing time between work and personal life. According to (PubMed, 2023), it shows that work-life balance for Generation Z includes five main dimensions: temporal flexibility, autonomy at work, organizational support for well-being, integration of personal-professional values, and opportunities for self-development.

Temporal flexibility emerges as the most crucial dimension for informants. In contrast to the concept of work from home that was popular during the pandemic, Generation Z appreciates flexibility in managing working hours according to their personal productivity rhythm. An informant from the startup sector explained, "It's not a matter of where we want to work from, but when we are most productive. Some are in the morning, some are during the day, some are at night. The important thing is that the output is just as good." These findings are in line with research showing that 58% of Generation Z believe flexible schedules increase their productivity.

Autonomy at work is also an important aspect that affects employee engagement. Informants revealed that they are more engaged when given the freedom to determine how to achieve the targets that have been set. An informant from the consulting sector stated, "We don't like micromanagement. Give us clear targets, realistic deadlines, and let us explore the best way to achieve them. That's what makes us excited."

Organizational support for well-being includes not only material benefits, but also attention to employee mental health and emotional balance. Informants appreciate companies that provide employee assistance programs, mental health support, and flexible leave policies. One of the informants from the e-commerce sector revealed, "Companies that care about the mental health of their employees are what make us loyal. If we are stressed, productivity also drops."

The Role of the Work Environment in Employee Engagement

The work environment for Generation Z is not only limited to the physical aspects of the workspace, but encompasses a broader ecosystem including organizational culture, technology support, interpersonal relationship dynamics, and career development opportunities. The findings show that an inclusive organizational culture that supports diversity is the main factor influencing the level of engagement of Generation Z (RIGEO, 2021).

An inclusive organizational culture is interpreted by informants as an environment where their ideas and perspectives are valued regardless of age or seniority. An informant from the digital media sector stated, "We want our voices to be heard. Not because we are arrogant, but because we have a fresh perspective that might help the company. If we are given space to contribute, we will go all-in."

Technology support is also a fundamental expectation for Generation Z. Informants expressed frustration when companies use outdated systems or tools, which they consider to hinder productivity and work efficiency. An informant from the banking sector explained, "If the company's system is still old-school, we will not be productive. We are used to user-friendly and efficient tools. Investing in technology is investing in employee engagement as well."

The dynamics of interpersonal relationships in the workplace also play a significant role in shaping employee engagement. Informants appreciate supervisors who act as mentors and coaches, not just as bosses who give instructions. They also prioritize collaborative and supportive peer relationships. An informant from the retail sector explained, "A good boss is the one who can be a mentor, who is willing to share knowledge and experience. Supportive colleagues also make us excited to come to the office every day."

Interaction of Work Life Balance and Work Environment

The findings of the study (Lifescifi, 2025) reveal that work-life balance and the work environment do not operate independently in influencing employee engagement, but rather interact with each other and strengthen each other. A supportive work environment can facilitate the implementation of work-life balance, while a good work-life balance can create a more positive and productive work environment.

The informant explained that when an organization has a culture that supports work-life balance, this is reflected in various aspects of the work environment such as flexible working policies, facilities that support well-being, and empathetic leadership style. In contrast, organizations with toxic work environments tend to ignore employees' work-life balance, creating a negative cycle that decreases employee engagement.

An informant who had changed companies compared his experience in two different organizations: "In the old company, they said they cared about work-life balance, but the culture was still overtime, weekends were called. In today's society, they are not just talking about prayer, they are actually doing it. The atmosphere is very different, we are more engaged."

Factors Driving Employee Engagement for Generation Z

The analysis of the findings (Gochangco, 2024) identified several key factors that drive employee engagement in Generation Z. First, the sense of purpose or meaning at work is the main driver of engagement. Informants reveal that they are more engaged when they understand how their contributions impact the larger organization's goals and provide value to society.

Second, development and growth opportunities are highly valued factors. Generation Z is not only looking for job security in the traditional form, but prioritizes clear skill development and career progression. An informant from the technology sector stated, "We are not afraid to change companies if there are no growth opportunities in the current place. The important thing is that our skills continue to develop and there is a clear career path."

Third, regular recognition and feedback are fundamental needs. Informants explained that they need validation and constructive feedback to understand their performance and areas for improvement. Unlike the previous generation who may be able to wait for an annual review, Generation Z expects more frequent and specific feedback.

Challenges in the Implementation of Work Life Balance

Although work-life balance is a priority for Generation Z, its implementation in private companies faces various challenges. Informants identified the gap between written policies and daily practice as the main challenge. Many companies formally have a work-life balance policy, but the organizational culture still values presenteeism and long working hours (Sari et al., 2025).

Another challenge is the difference in expectations between generations within the same organization. Informants reported friction with supervisors or colleagues from the older generation who had different work ethic. An informant explained, "Sometimes seniors feel that we are less committed if we go home on time or don't work overtime. Even though we have completed the work according to the target."

The pressure of business targets and tight deadlines is also a challenge in maintaining a work-life balance. Informants admit that sometimes they have to compromise on work-life balance to meet performance expectations, especially in a highly competitive industry.

Adaptation of the Work Environment for Generation Z

The findings (Rameshkumar, 2020) show that companies that successfully engage Generation Z are the ones that are able to adapt to the needs and expectations of this generation. These adaptations include changes in physical workspace, technology infrastructure, communication style, and managerial approach.

In terms of physical workspace, informants appreciate flexible office design and support different working styles. They prioritize spaces that allow collaboration but also provide an area for focused work. The concept of activity-based working where employees can choose a workspace according to the type of activity carried out has received high appreciation from informants.

Modern and user-friendly technology infrastructure is a basic expectation. The informant expects the company to continue to update with the latest technology that can increase efficiency and productivity. They also appreciate companies that embrace digital transformation and provide training to utilize new technologies.

Implications for Human Resource Management

Based on research (Schaufeli & Bakker, 2023), there are several important implications for human resource management in managing Generation Z. First, it is necessary to redesign HR policies and practices that are more responsive to the needs of work-life balance. This includes flexible working arrangements, comprehensive wellness programs, and performance management that focuses on outcomes rather than inputs.

Second, investment in leadership development is crucial to prepare managers to manage Generation Z. Leaders need to be equipped with the skills to become coaches and mentors, provide constructive feedback, and create psychological safety in the workplace.

Third, organizational culture transformation is imperative to create an inclusive and supportive work environment. This includes promoting diversity and inclusion, forming organizational values that resonate with Generation Z, and consistent implementation of espoused values.

CONCLUSIONS

This research succeeded in uncovering the complexity of the relationship between work-life balance and the work environment on employee engagement in Generation Z in private companies. Key findings suggest that work-life balance for Generation Z is not just a division of time, but encompasses a more holistic dimension: temporal flexibility, autonomy, organizational support for *well-being*, integration of personal-professional values, and self-development opportunities. On the other hand, a positive work environment, which includes an inclusive organizational culture, adequate technology support, good interpersonal relationship dynamics, and career development opportunities, has proven to be a key determinant of employee engagement. The interaction between work-life balance and the work environment creates synergies that strengthen employee engagement. The unique characteristics of Generation Z, such as the need for transparency, regular recognition, and meaningful work, as well as challenges in implementation such as policy gaps and business pressures, are critical considerations. Therefore, companies need to effectively integrate these two aspects through implemented work-life balance policies, technology investments, leadership development, organizational culture transformation, and the provision of clear career paths to increase Generation Z engagement and retention. Future research can explore the moderating effects of industry type, company size, and organizational maturity on the relationship between work-life balance, work environment, and employee engagement. Research on the impact of emerging technologies such as artificial intelligence and automation on the work experience of Generation Z is also an interesting area to explore.

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