

THE INFLUENCE OF WORK-LIFE BALANCE ON THE PERFORMANCE OF GENERATION Z EMPLOYEES THROUGH JOB SATISFACTION AS AN INTERVENING VARIABLE

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Abstract. *This study aims to examine the effect of work-life balance on the performance of Generation Z employees, with job satisfaction acting as an intervening variable. The growing presence of Generation Z in the workforce, characterized by their emphasis on flexibility, meaningful work, and balance between personal and professional life, has made this issue increasingly important for organizations. This research employs a quantitative approach, with data collected through a structured questionnaire distributed to Generation Z employees within an organization. The sampling technique used was purposive sampling, and the data were analyzed using multiple linear regression and the Sobel test to examine the direct and mediating relationships among variables. The results indicate that work-life balance has a positive and significant effect on job satisfaction and directly influences employee performance. Furthermore, job satisfaction has a positive and significant impact on employee performance. Work-life balance and job satisfaction jointly account for 57% of the variance in employee performance. The Sobel test confirms that job satisfaction significantly and partially mediates the effect of work-life balance on employee performance ($z = 3.334$, $p = 0.001$), indicating that work-life balance improves performance both directly and through the satisfaction it generates. These findings suggest that improved work-life balance enhances job satisfaction, which in turn leads to better employee performance among Generation Z employees. This study provides important implications for organizations to design and implement policies that support work-life balance in order to improve employee well-being, satisfaction, and overall performance in a competitive work environment.*

Keywords: *Employee Performance; Generation Z; Intervening Variable; Job Satisfaction; Work-Life Balance*

1. INTRODUCTION

Generation Z, the cohort born roughly between the late 1990s and the early 2010s, now makes up a growing share of the workforce in Indonesia and elsewhere. Unlike previous generations, Gen Z employees tend to place a premium on flexibility, meaningful work, and a clear boundary between professional obligations and personal life (Waworuntu, Kainde, & Mandagi, 2022). Organizations that fail to accommodate these expectations risk higher turnover, lower engagement, and reduced productivity among their youngest employees.

Work-life balance matters to human resource management because its absence carries real costs. Employees who struggle to reconcile work demands with personal responsibilities experience role conflict, elevated stress, and declining motivation (Greenhaus & Beutell, 1985). Those effects reach beyond the individual: they shape the quality and consistency of the work an employee produces.

Job satisfaction may connect work-life balance to performance outcomes. Employees who feel satisfied with their jobs, whether because of the work itself, their relationships with supervisors and colleagues, or the recognition they receive, tend to invest more effort and consistency in their tasks (Locke, 1976; Robbins & Judge, 2017). Work-life balance shapes how

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satisfied an employee feels, and that satisfaction shapes performance in turn, so this study tests job satisfaction as a mechanism, not just an outcome.

Researchers have studied work-life balance, job satisfaction, and employee performance extensively, but few studies test these relationships together, including the mediating pathway, within a single quantitative model built for Generation Z employees specifically. This study addresses that gap by testing the direct effect of work-life balance on job satisfaction, the direct effects of both variables on employee performance, and whether job satisfaction mediates the relationship between work-life balance and employee performance among 100 Generation Z employees.

2. LITERATURE REVIEW

2.1 Work-Life Balance

Work-life balance refers to the degree to which an individual manages the competing demands of work and personal life without one domain consistently overtaking the other. Greenhaus and Beutell (1985) frame this in terms of role conflict: when the pressures from work and family roles are mutually incompatible, participation in one role becomes more difficult because of participation in the other. A person with good work-life balance divides time, psychological involvement, and satisfaction reasonably evenly between professional and personal domains, rather than sacrificing one for the other.

2.2 Job Satisfaction

Locke (1976) defines job satisfaction as a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences. This appraisal draws on several facets at once: the work itself, pay, opportunities for promotion, the quality of supervision, and relationships with coworkers. An employee's overall satisfaction reflects how favorably these facets are judged relative to what the employee expects or values.

2.3 Employee Performance

Employee performance is the outcome of an individual's ability and motivation applied to assigned tasks, typically assessed through the quality, quantity, and timeliness of the work produced (Robbins & Judge, 2017). Performance is observable and, unlike attitudes such as satisfaction, can be evaluated against explicit standards or targets set by the organization.

2.4 Hypothesis Development

Work-life balance reduces the role conflict that erodes an employee's sense of well-being at work, which plausibly raises job satisfaction (Greenhaus & Beutell, 1985; Waworuntu et al., 2022). A better balance between work and personal life also leaves employees with more energy and focus to bring to their tasks, which should show up directly in their performance. Job satisfaction, in turn, is associated with greater effort and persistence, which should also translate into stronger performance (Locke, 1976; Robbins & Judge, 2017). If both of these pathways hold, job satisfaction should also carry part of work-life balance's effect on performance forward as an intervening variable (Baron & Kenny, 1986). Based on this reasoning, four hypotheses guide the analysis:

H1: Work-life balance has a positive and significant effect on job satisfaction.

H2: Work-life balance has a positive and significant effect on employee performance.

H3: Job satisfaction has a positive and significant effect on employee performance.

H4: Job satisfaction mediates the effect of work-life balance on employee performance.

3. RESEARCH METHODS

This study uses a quantitative associative approach to test the relationships among work-life balance, job satisfaction, and employee performance. The population consists of Generation Z

employees, and a purposive sampling technique produced a final sample of 100 respondents who met the criteria of being active employees born within the Generation Z age range.

Data were collected through a structured questionnaire using a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). Each variable was measured using five indicators: work-life balance (X1), job satisfaction (X2), and employee performance (Y).

Data were processed using IBM SPSS Statistics. Instrument validity was tested using Pearson product-moment correlation between each item score and the total score for its variable, and reliability was tested using Cronbach's Alpha (Ghozali, 2018). Classical assumption tests were conducted prior to regression, covering normality of the regression residuals (Kolmogorov-Smirnov and Shapiro-Wilk), multicollinearity (tolerance and variance inflation factor), and autocorrelation (Durbin-Watson). The direct-effect hypotheses were tested using multiple linear regression analysis, with employee performance as the dependent variable and work-life balance and job satisfaction entered simultaneously as predictors, evaluated through the partial t-test, the simultaneous F-test, and the coefficient of determination (R^2) (Sugiyono, 2019).

The mediating role of job satisfaction was tested using the Sobel test (Sobel, 1982), following the causal-steps logic of Baron and Kenny (1986). This required an additional simple regression of job satisfaction on work-life balance to obtain path a and its standard error, which was then combined with path b (the coefficient for job satisfaction from the multiple regression above) to compute the indirect effect ($a \times b$) and its associated z-statistic.

4. RESULTS AND DISCUSSION

4.1 Validity and Reliability Test

The item-total correlation for every indicator across the three variables exceeded the critical value for a sample of 100 respondents ($r_{\text{table}} \approx 0.196$), with coefficients ranging from 0.803 to 0.906 and all significant at the 0.01 level. All fifteen indicators are therefore considered valid. Reliability testing produced a Cronbach's Alpha of 0.892 for work-life balance, 0.899 for job satisfaction, and 0.890 for employee performance. Because all three values exceed the common threshold of 0.60 by a wide margin, the instrument is considered highly reliable.

4.2 Classical Assumption Test

The regression residuals show a Kolmogorov-Smirnov significance of 0.200 and a Shapiro-Wilk significance of 0.747, both well above 0.05, indicating that the residuals are normally distributed. Skewness (-0.068) and kurtosis (0.544) sit close to zero, consistent with this result. Tolerance for both predictors is 0.516 and the variance inflation factor is 1.938 for each, comfortably within the accepted thresholds (tolerance > 0.10 , VIF < 10), so multicollinearity is not a concern despite the moderate correlation between work-life balance and job satisfaction ($r = 0.696$). The Durbin-Watson statistic of 2.264 sits close to 2, indicating no meaningful autocorrelation among the residuals.

4.3 Multiple Linear Regression Analysis

The regression model yields the equation $Y = 5.483 + 0.468X_1 + 0.295X_2$, where Y is employee performance, X1 is work-life balance, and X2 is job satisfaction. The constant of 5.483 represents the predicted level of performance when both predictors are held at zero. Work-life balance shows a standardized coefficient (Beta) of 0.489 with $t = 5.269$ and significance of 0.000, and job satisfaction shows a Beta of 0.328 with $t = 3.541$ and significance of 0.001. Both predictors are statistically significant at the 0.05 level, supporting H2 and H3. The larger standardized coefficient for work-life balance indicates that, within this sample, it contributes more strongly to employee performance than job satisfaction does.

The F-test yields $F = 64.193$ at significance 0.000, confirming that work-life balance and job satisfaction together predict employee performance beyond what would be expected by chance. The model explains 57.0% of the variance in employee performance ($R^2 = 0.570$, adjusted $R^2 =$

0.561), leaving the remaining 43% attributable to factors outside the model, such as compensation, leadership style, or workload.

4.4 Mediation Test (Sobel Test)

A simple regression of job satisfaction on work-life balance was run to obtain path a. Work-life balance predicts job satisfaction with $B = 0.741$ ($SE = 0.077$, $Beta = 0.696$, $t = 9.586$, significance 0.000), and this single predictor explains 48.4% of the variance in job satisfaction ($R^2 = 0.484$, $F = 91.894$, significance 0.000), which supports H1.

Combining this path a ($a = 0.741$, $SE = 0.077$) with path b from the multiple regression above ($b = 0.295$, $SE = 0.083$) gives an indirect effect of $a \times b = 0.219$. The Sobel test on this indirect effect returns $z = 3.334$, significant at $p = 0.001$ (two-tailed), which supports H4: job satisfaction mediates the effect of work-life balance on employee performance.

Because the direct effect of work-life balance on employee performance remains significant after job satisfaction enters the model ($B = 0.468$, significance 0.000), the mediation is partial rather than full. Work-life balance improves employee performance both directly and indirectly through job satisfaction, with the indirect pathway accounting for a meaningful share of its total effect.

4.5 Discussion

These results align with the systematic review by Waworuntu et al. (2022), which identified work-life balance and job satisfaction as consistently relevant to performance among millennial and Generation Z employees. The relatively strong influence of work-life balance in this sample is consistent with the broader observation that Generation Z employees weigh flexibility and boundary-setting heavily when evaluating their jobs, sometimes more heavily than salary or formal recognition.

The confirmed partial mediation clarifies how that influence operates. Job satisfaction explains part of work-life balance's effect on performance: it runs through how satisfied employees feel with their jobs: when Generation Z employees experience a better balance between work and personal life, their job satisfaction rises, and that higher satisfaction carries forward into stronger performance. But work-life balance also affects performance on its own, independent of satisfaction, which suggests it operates through additional channels as well, such as better focus, lower fatigue, or reduced absenteeism, that this study did not measure directly.

CONCLUSION

Work-life balance and job satisfaction jointly explain 57% of the variation in employee performance among the 100 Generation Z employees sampled in this study. Work-life balance has a positive and significant effect on job satisfaction (H1), both work-life balance and job satisfaction have positive and significant direct effects on employee performance (H2, H3), and job satisfaction partially mediates the effect of work-life balance on employee performance (H4), confirmed through a Sobel test ($z = 3.334$, $p = 0.001$).

For organizations, policies that genuinely support work-life balance, such as flexible scheduling, manageable workloads, and respect for personal time, raise job satisfaction, and that higher satisfaction lifts performance on top of the direct gains work-life balance already brings. Future research could extend this model with a larger and more diverse sample, or confirm the mediation finding using bootstrapped indirect-effect estimates from the PROCESS macro or a structural equation model.

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