

# Work-Life Balance and Employee Productivity: The Mediating Role of Job Satisfaction Among Generation Z

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## **Abstract.**

*This study aims to analyze the effect of work-life balance on employee productivity, with job satisfaction serving as a mediating variable among Generation Z employees. The research employed a quantitative approach using a survey method involving 150 Generation Z employees in Medan City. Data were analyzed using Structural Equation Modeling based on Partial Least Squares (SEM-PLS) with the assistance of SmartPLS 4 software. The results indicate that work-life balance has a positive and significant effect on both job satisfaction and employee productivity. Job satisfaction also has a positive effect on productivity and is proven to partially mediate the relationship between work-life balance and employee productivity. These findings highlight the importance of organizational policies that support work-life balance in enhancing both job satisfaction and productivity among Generation Z employees.*

**Keywords:** *Work-Life Balance, Job Satisfaction, Productivity, Generation Z and SEM-PLS.*

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## **I. INTRODUCTION**

Changes in the composition of the global workforce over the last decade indicate that Generation Z has begun to dominate the labor market, gradually replacing Millennials as the primary productive age group. Generation Z, born between 1997 and 2012, is widely recognized as a digital-native generation with characteristics that differ significantly from previous generations, particularly regarding preferences for work flexibility, life balance, and the need for a work environment that supports psychological well-being and meaningful work. These conditions require organizations to adjust their human resource management strategies to maintain productivity and organizational competitiveness.

In this context, work-life balance (WLB) has become a strategic issue in modern human resource management. Work-life balance is not merely understood as the allocation of time between work and personal life but also reflects the quality of an individual's involvement in both domains. According to Greenhaus and Allen (2019), work-life balance refers to the degree to which individuals can achieve harmony between their work roles and personal life roles. An imbalance in work-life balance may lead to various problems, including work stress, burnout, reduced job satisfaction, and ultimately lower employee productivity.

In line with this, job satisfaction is a psychological variable that plays an important role in explaining employee behavior and performance. Based on Locke's theory, job satisfaction is a positive emotional state resulting from an individual's evaluation of their job or work experiences. Employees with high levels of job satisfaction tend to demonstrate stronger motivation, higher organizational commitment, and better performance. Therefore, job satisfaction can function as a psychological mechanism that bridges the relationship between workplace conditions and performance outcomes.

Various empirical studies have demonstrated that work-life balance positively influences job satisfaction and employee productivity. Haar et al. (2020) found that work-life balance significantly improves employee well-being and job satisfaction. Similarly, Talukder et al. (2021) emphasized that workplace flexibility, as an integral component of work-life balance, contributes to improved employee performance and productivity. Furthermore, the Job Demands-Resources (JD-R) Model developed by Bakker and Demerouti (2020) explains that work-life balance can be positioned as a job resource that enhances work motivation and reduces job-related stress.

Nevertheless, despite extensive research on the relationship between work-life balance, job satisfaction, and productivity, several research gaps remain. First, most previous studies have focused on Millennials or employees in general, leaving limited research specifically examining Generation Z's behavior in the context of work-life balance. This is particularly important because Generation Z tends to have higher expectations regarding workplace flexibility and psychological well-being. Second, the use of Structural Equation Modeling (SEM), particularly Partial Least Squares (PLS), remains relatively limited in this area of research, especially within the Indonesian context. SEM-PLS offers significant advantages in testing complex structural models and mediating relationships simultaneously.

Moreover, the Indonesian context, particularly in developing cities such as Medan, contributes valuable insights to the literature due to its unique labor market characteristics, including differences in work culture, levels of technological adoption, and organizational dynamics compared to developed countries. Therefore, this study is important in providing a more contextual empirical understanding of how work-life balance influences the productivity of Generation Z employees through job satisfaction.

Based on the foregoing discussion, this study aims to analyze the effect of work-life balance on employee productivity with job satisfaction as a mediating variable among Generation Z employees using the SEM-PLS approach. The findings are expected to contribute both theoretically and practically, particularly in developing human resource management strategies that are adaptive to the characteristics of Generation Z in the modern era.

### Research Questions

1. Does work-life balance affect job satisfaction?
2. Does work-life balance affect employee productivity?
3. Does job satisfaction affect employee productivity?
4. Does job satisfaction mediate the relationship between work-life balance and productivity?

### Research Hypotheses

H1: Work-Life Balance → Job Satisfaction (Positive)

H2: Work-Life Balance → Productivity (Positive)

H3: Job Satisfaction → Productivity (Positive)

H4: Job Satisfaction mediates the effect of Work-Life Balance on Productivity.

## II. RESEARCH METHOD

### 2.1 Research Design

This study employed a quantitative approach using an explanatory research design aimed at examining causal relationships among variables, namely work-life balance, job satisfaction, and employee productivity. This approach was selected because it enables the analysis of both direct and indirect effects among variables through a structural model.

A survey method was used as the primary data collection technique, utilizing a structured questionnaire developed based on indicators that had been validated in previous studies. The study adopted a cross-sectional design, whereby data were collected during a single period of time.

### 2.2 Population and Sample

The population of this study consisted of Generation Z employees working across various industrial sectors in Medan City.

#### Sample Criteria (Purposive Sampling)

1. Aged between 18 and 26 years (Generation Z category).
2. Possessed at least one year of work experience.
3. Employed in a formal organization (company, government institution, or SME).

The sampling technique used was non-probability sampling with a purposive sampling method, as respondents were selected based on criteria relevant to the research objectives.

A total of 150 respondents participated in this study, meeting the minimum sample size requirements for SEM-PLS analysis as suggested by Hair et al. (2021), namely at least 5–10 times the number of indicators.

### 2.3 Types and Sources of Data

This study utilized:

#### Primary Data

Data collected directly from respondents through questionnaire distribution.

#### Secondary Data

Data obtained from scientific journals, books, and relevant publications used as theoretical foundations.

### 2.4 Research Instrument

The research instrument consisted of a closed-ended questionnaire using a five-point Likert scale:

Scale	Description
1	Strongly Disagree
2	Disagree
3	Neutral
4	Agree
5	Strongly Agree

### Operational Definition of Variables

#### 1. Work-Life Balance (X)

The ability of individuals to balance work demands and personal life responsibilities.

##### Indicators:

- Balance between working time and personal life
- Work flexibility
- Manageable workload
- Organizational support for life balance
- Emotional balance

#### 2. Job Satisfaction (Z)

Employees' positive feelings toward their jobs, reflecting comfort and happiness at work.

##### Indicators:

- Satisfaction with the job itself
- Satisfaction with supervisors
- Satisfaction with the work environment
- Satisfaction with salary
- Satisfaction with career development opportunities

#### 3. Employee Productivity (Y)

The ability of employees to generate work outputs effectively and efficiently.

##### Indicators:

- Work effectiveness
- Work efficiency
- Quality of work results
- Timeliness in task completion
- Achievement of work targets

### 2.5 Data Collection Technique

Data were collected through:

- Online questionnaire distribution using Google Forms.
- Direct (offline) questionnaire distribution to respondents.

The data collection process was conducted over approximately four weeks.

### 2.6 Data Analysis Technique (SEM-PLS Using SmartPLS 4)

Data analysis was conducted using Structural Equation Modeling based on Partial Least Squares (SEM-PLS) with the assistance of SmartPLS Version 4. This method was selected because it can analyze complex models with relatively small sample sizes and does not require normally distributed data.

### **1. Measurement Model Evaluation (Outer Model)**

The measurement model was assessed through validity and reliability testing.

#### **Convergent Validity**

- Outer Loading  $> 0.70$
- Average Variance Extracted (AVE)  $> 0.50$

#### **Discriminant Validity**

- Heterotrait-Monotrait Ratio (HTMT)  $< 0.90$

#### **Construct Reliability**

- Composite Reliability (CR)  $> 0.70$
- Cronbach's Alpha  $> 0.70$

### **2. Structural Model Evaluation (Inner Model)**

The structural model was evaluated to examine the strength of relationships among variables.

#### **Coefficient of Determination ( $R^2$ )**

- $0.75 =$  Strong
- $0.50 =$  Moderate
- $0.25 =$  Weak

#### **Predictive Relevance ( $Q^2$ )**

- $Q^2 > 0$  indicates predictive relevance.

#### **Effect Size ( $f^2$ )**

- $0.02 =$  Small
- $0.15 =$  Medium
- $0.35 =$  Large

### **3. Hypothesis Testing (Bootstrapping)**

Hypothesis testing was conducted using the bootstrapping procedure:

- $t\text{-statistic} > 1.96$  ( $\alpha = 0.05$ )  $\rightarrow$  Significant
- $p\text{-value} < 0.05$   $\rightarrow$  Significant

### **4. Mediation Analysis**

Mediation analysis was conducted by examining:

- Direct effects
- Indirect effects
- Total effects

Interpretation criteria:

- Significant direct and indirect effects  $\rightarrow$  Partial mediation
- Significant indirect effect only  $\rightarrow$  Full mediation

## **2.7 Research Procedure**

The research was conducted through the following stages:

1. Literature review and problem identification.
2. Development of conceptual framework and hypotheses.
3. Preparation of research instruments.
4. Pilot testing of the questionnaire.
5. Data collection.
6. Data analysis using SmartPLS.
7. Interpretation of findings and conclusion development.

### III. RESULTS AND DISCUSSION

#### Measurement Model Evaluation (Outer Model)

The outer model evaluation was conducted to assess the validity and reliability of the constructs employed in this study through convergent validity, discriminant validity, and reliability testing.

##### a. Convergent Validity and Reliability

The results of the AVE and Composite Reliability tests are presented below:

Variable	AVE	Composite Reliability
Work-Life Balance	0.65	0.89
Job Satisfaction	0.67	0.90
Productivity	0.64	0.88

The results indicate that:

- All AVE values exceed 0.50, satisfying convergent validity requirements.
- All Composite Reliability values exceed 0.70, confirming construct reliability.

Therefore, all indicators were considered valid and reliable for measuring their respective constructs.

##### b. Discriminant Validity (HTMT)

Discriminant validity testing using the Heterotrait-Monotrait Ratio (HTMT) demonstrated that all HTMT values were below the threshold of 0.90. Therefore, each construct possesses adequate discriminant validity and can be distinguished from other constructs.

#### Structural Model Evaluation (Inner Model)

##### a. Coefficient of Determination ( $R^2$ )

###### Job Satisfaction

$$R^2 = 0.42$$

This indicates that 42% of the variance in job satisfaction is explained by work-life balance, while the remaining 58% is influenced by factors outside the model.

###### Employee Productivity

$$R^2 = 0.58$$

This indicates that 58% of the variance in employee productivity is explained by work-life balance and job satisfaction.

According to Hair et al. (2021):

- 0.75 = Strong
- 0.50 = Moderate
- 0.25 = Weak

Thus:

- The job satisfaction model is categorized as moderate.
- The productivity model is categorized as moderately strong.

##### b. Predictive Relevance ( $Q^2$ )

The  $Q^2$  value obtained was greater than zero ( $Q^2 > 0$ ), indicating that the model possesses good predictive capability.

##### c. Effect Size ( $f^2$ )

The effect size analysis revealed that:

- The effect of work-life balance on job satisfaction is large.
- The effect of work-life balance on productivity is moderate.
- The effect of job satisfaction on productivity is moderate.

These findings suggest that work-life balance is the dominant factor contributing to increased job satisfaction.

#### Hypothesis Testing (Bootstrapping)

Hypothesis testing was conducted using the bootstrapping procedure in SmartPLS. The results are presented in the following table:

Hypothesis	Relationship	t-statistic	p-value	Result
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H1	Work-Life Balance → Job Satisfaction	7.85	0.000	Supported
H2	Work-Life Balance → Productivity	3.45	0.001	Supported
H3	Job Satisfaction → Productivity	5.12	0.000	Supported
H4	Work-Life Balance → Job Satisfaction → Productivity	3.98	0.000	Supported

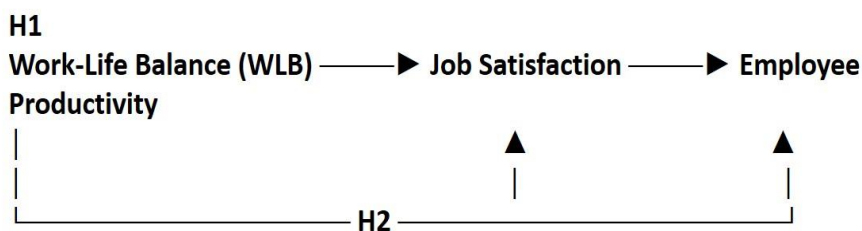
**Testing Criteria**

- t-statistic > 1.96
- p-value < 0.05

Based on these criteria, all hypotheses were supported and statistically significant.

**3.4 Structural Model (SEM–PLS)**

The structural model illustrates the relationships among the variables investigated in this study. The model demonstrates both direct effects and indirect effects (mediation effects) among the constructs. Specifically, Work-Life Balance directly influences Job Satisfaction and Employee Productivity, while Job Satisfaction also directly affects Employee Productivity. Additionally, Job Satisfaction serves as a mediating variable in the relationship between Work-Life Balance and Employee Productivity.



**(H4 = Mediating Effect of Job Satisfaction)**

This model demonstrates the existence of:

- Direct effects
- Indirect effects (mediating effects)

**IV. DISCUSSION**

**1. The Effect of Work-Life Balance on Job Satisfaction (H1)**

The findings indicate that work-life balance has a positive and significant effect on job satisfaction. This suggests that the better employees are able to balance their work and personal lives, the higher their level of job satisfaction.

This finding is consistent with the study conducted by Haar et al. (2020), which reported that work-life balance is a critical factor in enhancing employee well-being and job satisfaction. For Generation Z employees, workplace flexibility and life balance are considered essential needs and significantly influence their perceptions of job quality and organizational attractiveness.

These findings reinforce the argument that organizations should provide policies and work environments that enable employees to effectively manage both professional and personal responsibilities.

**2. The Effect of Work-Life Balance on Employee Productivity (H2)**

The results demonstrate that work-life balance significantly influences employee productivity. Employees who are able to maintain a healthy balance between work and personal life tend to experience lower levels of stress and higher levels of concentration in performing their tasks.

This finding supports the Job Demands–Resources (JD-R) Theory, which proposes that work-life balance serves as an important job resource capable of enhancing employee performance while reducing work-related fatigue and psychological strain.

For Generation Z employees, organizations that offer flexible working arrangements and supportive work environments may benefit from increased productivity, engagement, and overall performance.

**3. The Effect of Job Satisfaction on Employee Productivity (H3)**

The study found that job satisfaction has a positive and significant effect on employee productivity. Employees who are satisfied with their jobs tend to demonstrate higher performance levels, stronger loyalty, and greater commitment to organizational goals.

This finding aligns with Locke's theory of job satisfaction and with the research of Robbins and Judge (2021), which identified job satisfaction as one of the primary determinants of individual performance.

Satisfied employees are generally more motivated to contribute positively to organizational success and are more willing to exert additional effort in completing their work responsibilities.

#### **4. The Mediating Role of Job Satisfaction (H4)**

The mediation analysis revealed that job satisfaction partially mediates the relationship between work-life balance and employee productivity.

This result implies that:

- Work-life balance directly improves employee productivity.
- Work-life balance also indirectly enhances productivity through increased job satisfaction.

Therefore, job satisfaction functions as a psychological mechanism that strengthens the positive relationship between work-life balance and productivity.

These findings suggest that organizations seeking to improve employee productivity should not only focus on work-life balance initiatives but also ensure that such initiatives contribute to higher levels of employee satisfaction.

## **V. CONCLUSION**

Based on the results of the Structural Equation Modeling using the Partial Least Squares (SEM-PLS) approach, several important conclusions can be drawn:

### **1. Work-Life Balance Positively Influences Job Satisfaction**

The findings indicate that employees who are able to effectively balance their professional and personal lives experience higher levels of job satisfaction. For Generation Z employees, work-life balance is not merely an additional benefit but rather a fundamental factor in evaluating job quality.

### **2. Work-Life Balance Positively Influences Employee Productivity**

Employees with better work-life balance tend to experience lower stress levels, greater work focus, and higher energy levels when completing their tasks, which ultimately leads to improved productivity.

### **3. Job Satisfaction Positively Influences Employee Productivity**

Employees who are satisfied with their jobs demonstrate stronger motivation, higher organizational commitment, and superior work performance. Therefore, job satisfaction serves as a crucial driver of employee productivity.

### **4. Job Satisfaction Partially Mediates the Relationship Between Work-Life Balance and Productivity**

The results confirm that the influence of work-life balance on productivity occurs both directly and indirectly through job satisfaction. In other words, job satisfaction acts as a psychological mechanism that strengthens the positive impact of work-life balance on employee productivity.

## **Research Implications**

### **Theoretical Implications**

This study contributes to the development of human resource management literature by strengthening the understanding of the relationships among work-life balance, job satisfaction, and productivity within the context of Generation Z employees.

Furthermore, the findings support the Job Demands–Resources (JD-R) Theory, which positions work-life balance as an important organizational resource capable of enhancing employee performance and well-being.

### **Practical Implications**

The findings provide several recommendations for organizations:

- Implement flexible working arrangements.
- Foster a workplace culture that supports work-life balance.
- Enhance employee welfare and satisfaction programs.
- Address the psychological needs and expectations of Generation Z employees in the workplace.

### Research Limitations

This study has several limitations:

1. The research was limited to respondents located in Medan City.
2. A cross-sectional research design was employed.
3. The study focused on only three primary constructs.

### Recommendations for Future Research

Future studies are encouraged to:

1. Incorporate additional variables such as employee engagement, organizational commitment, or burnout.
2. Employ longitudinal research designs to examine behavioral changes over time.
3. Expand the research setting to different regions or industrial sectors.
4. Utilize mixed-method approaches to obtain more comprehensive findings.

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