

THE ROLE OF WORK-LIFE BALANCE IN MEDIATING THE INFLUENCE OF WORK ENVIRONMENT AND ORGANIZATIONAL CULTURE ON THE LOYALTY OF GENERATION Z EMPLOYEES IN CONSTRUCTION SECTOR COMPANIES IN BADUNG REGENCY

Putu Ary Krisna PUTRA¹, Ni Luh Putu INDIANI², Ida Ayu SURASMI³

^{1,2,3}Master of Management Postgraduate, Warmadewa University, Indonesia

Corresponding author: Putu Ary Krisna Putra

E-mail: arykrisna15@gmail.com

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Abstract:

Employee loyalty is an important factor in maintaining organizational stability and productivity, especially for Generation Z, who are now starting to dominate the workforce, possessing unique characteristics in terms of work preferences. This study aims to analyze the role of work-life balance in mediating the influence of the work environment and organizational culture on the loyalty of Generation Z employees in construction sector companies operating in Badung Regency. The population in this study was all Generation Z employees working in construction sector companies in Badung Regency, Bali. The sample used was 100 respondents, determined by a purposive sampling technique based on the Hair formula. The data analysis used in this study is inferential analysis using SEM-PLS. The results of this study indicate that. The work environment has a positive and significant effect on employee loyalty. The work environment has a positive and significant effect on work-life balance. Organizational culture has a positive and significant effect on employee loyalty. Organizational culture has a positive and significant effect on work-life balance. Work-life balance has a positive and significant effect on employee loyalty. The work environment has a positive and significant effect on employee loyalty through work-life balance. Work-life balance partially mediates. Organizational culture has a positive but insignificant effect on employee loyalty through work-life balance. Work-life balance does not mediate (unmediated).

Keywords: Employee Loyalty, Work Environment, Organizational Culture and Work-life Balance.

INTRODUCTION

In the dynamic era of globalization, companies are required to maintain competitiveness through effective human resource management. One crucial aspect is maintaining employee loyalty, especially among Generation Z, the age group born between 1997 and 2012, who are now beginning to dominate the workforce. This generation has a strong preference for work-life balance, an open organizational culture, and a work environment that supports well-being. It presents a challenge for many companies, including those in the construction sector, which must adapt their organizational strategies to align with expectations of flexibility and a higher quality of life (Robbins & Judge, 2017:78). Employee loyalty is a key factor in the long-term sustainability and success of an organization. According to Colquitt et al. (2021:75), employee loyalty is reflected in affective commitment, namely emotional attachment, identification with, and involvement in the organization that drives a strong desire to remain part of the organization and contribute to the achievement of its goals.

In the context of the construction industry, the issue of loyalty is becoming increasingly crucial. The construction sector is known for its relatively high turnover rate, especially among younger



generations such as Generation Z. Badung Regency, as an area with rapid construction development, faces challenges in retaining employees. Based on data from the Badung Regency Central Statistics Agency (2024), the construction sector is one of the sectors with high labor mobility. Preliminary findings from several construction companies indicate that the turnover rate of Gen Z employees is estimated to reach 25% per year, which exceeds the national average of 15%. This condition indicates problems in human resource management, particularly in creating a work environment that can maintain the loyalty of young employees.

The work environment, both physical and non-physical, plays a crucial role in shaping employee loyalty. According to Andinni & Harun (2024), the work environment plays a crucial role in shaping employee loyalty. The results of previous research by Hassan & Shahzad (2023), Hermawan & Yunita (2024), Kurniawan, et al. (2023), Zhang & Liu (2023), and Widodo (2023) found that a work environment that supports work-life balance and facilitates healthy social interactions has a positive and significant influence on employee loyalty. Different research findings were found by Insani & Frianto (2023), which showed that the work environment does not always have a positive influence on employee loyalty.

The results of previous research by Hassan & Shahzad (2023), Hermawan & Yunita (2024), Ismail & Harun (2022), Kurniawan, et al. (2023), and Lestari & Wijaya (2023), found that an organizational culture that supports work-life balance and creates an inclusive and flexible environment has a positive and significant impact on employee loyalty. Different research findings were found by Larasati & Salendu (2024), and Fatwathurrohim (2023), et al. (2023), that organizational culture that does not support work-life balance, lack of support, poor communication, and values that are not aligned with employee expectations, have a negative and significant effect on employee loyalty.

Work-life balance plays a crucial role as a mediating variable in the relationship between the work environment and organizational culture, and employee loyalty. It occurs because work-life balance allows employees to feel a balance between the demands of their work and personal lives, which in turn influences their emotional attachment to the company. According to Powell et al. (2019), a good work-life balance allows employees to manage their work and personal life responsibilities in a balanced manner. Generation Z is known to prioritize work-life balance, and this imbalance is often the cause of low loyalty. Therefore, companies that pay attention to employee work-life balance have a greater chance of retaining long-term employees. Previous research by Hermawan & Yunita (2024), Kurniawan, et al. (2023), Zhang & Liu (2023), Widodo (2023), and Safitri, et al. (2023) found that work-life balance has a positive and significant effect on employee loyalty. Different results were found by Larasati & Salendu (2024) and Blumberga & Berga (2022), who showed that work-life balance has a negative and significant effect on employee loyalty, as an imbalance between work and personal life causes stress and dissatisfaction, which reduces employee engagement with the organization.

These varied findings reinforce the urgency to conduct further research that specifically examines the mediating role of work-life balance in the relationship between organizational culture and work environment on employee loyalty, particularly among Generation Z in the construction sector. Therefore, this study aims to fill this gap through a study entitled: "The Role of Work-Life Balance in Mediating the Influence of Organizational Culture and Work Environment on Loyalty of Generation Z Employees in Construction Sector Companies in Badung Regency."

Social Exchange Theory (SET). Social Exchange Theory (SET) was first introduced by George Homans in 1958 and further developed by John Thibaut and Harold Kelley in 1959. This theory is rooted in social psychology and sociology, focusing on interpersonal relationships that occur in the



context of social exchange between individuals and groups. The basic concept of SET is that individuals engage in social relationships based on exchanges that are perceived as mutually beneficial. In an organizational context, this theory is relevant to discussions of employee loyalty because it can explain how a balanced relationship between companies and employees can build long-term commitment and loyalty (Blau, 1964).

One of the main components of SET is exchange equity, where parties involved in a social relationship pay attention to the balance between what is given and what is received. Employees who feel treated fairly, both in terms of compensation and recognition for their contributions, tend to show higher loyalty to the organization. The conceptual foundation of Social Exchange Theory (SET) can be explained through Perception of Exchange, Fairness in Exchange, Decision to Remain Involved, and Emotional Attachment.

Employee Loyalty. Employee loyalty is an employee's emotional and rational commitment to an organization, demonstrated by a desire to remain employed long-term and make a positive contribution to the company. According to Robbins & Judge (2019:89), employee loyalty can be defined as an employee's attachment to an organization, reflecting their commitment to remaining with the company and supporting its vision, mission, and values. According to Taufik & Prasetyo (2022), employee loyalty can be reflected in three main dimensions, namely:

1. Emotional Attachment to the Organization. Measures the extent to which employees feel emotionally connected to the organization and the company's vision.
2. Job satisfaction. Job satisfaction reflects the extent to which employees feel satisfied with their jobs and work environment.
3. Work-Life Balance. This dimension measures the extent to which the company supports the balance between employees' work and personal life.

According to Zhang & Liu (2023) and Lee & Kim (2021), employee loyalty can be measured through the following 5 indicators:

1. Emotional attachment to the company, namely the sense of belonging and emotional connection of employees to the place where they work.
2. Job satisfaction, namely the level of employee satisfaction with working conditions, environment and systems in the company.
3. Long-term commitment to the organization, namely the willingness of employees to stay and develop in the company for a long time.
4. Willingness to put in extra effort, namely the tendency of employees to work more than required because of a sense of responsibility and loyalty.
5. Involvement in organizational culture, namely the extent to which employees feel part of the values, norms and work culture implemented by the company.

Work Environment. The work environment is a crucial factor influencing employee engagement with an organization. According to Robbins & Judge (2017:38), the work environment can be defined as the physical and psychological conditions that influence a person's work activities. In the context of research on the work environment, Robbins & Judge (2017:45) identified several key dimensions.

1. Physical Quality of Workspace. Measure the design and comfort of the workspace, including lighting, cleanliness, and layout.
2. Organizational culture. A supportive organizational culture is an important dimension in creating a positive work environment.
3. Work Flexibility. Measures the extent to which the company provides flexibility in work time and place arrangements.



According to Khan & Ali (2021) and Zhang & Liu (2023), the work environment can be measured through the following 5 indicators:

1. Physical comfort, namely work space conditions such as temperature, lighting, cleanliness, and noise levels, that support employee work activities.
2. Open communication and transparency, namely honest and open communication from the company regarding work policies, visions and goals.
3. Employee performance appreciation is a form of company appreciation for employee contributions and work results.
4. Workplace safety, namely work protection and safety measures implemented to maintain employee comfort and sense of security.
5. Positive interpersonal relationships, namely, good interactions between employees and superiors in the daily work environment.

Research by Hassan & Shahzad (2023), Hermawan & Yunita (2024), Kurniawan, et al. (2023), Zhang & Liu (2023), and Widodo (2023) found that a work environment that supports work-life balance and facilitates healthy social interactions has a positive and significant influence on employee loyalty.

Research by Hassan & Shahzad (2023), Taufik & Prasetyo (2022), Kurniawan et al. (2023), Zulkarnain (2022), and Tan et al. (2022) found that a work environment that supports work-life balance and facilitates healthy social interactions has a positive and significant impact on employee work-life balance.

Based on the theory and several previous researchers, the following hypothesis is formulated:

H1: The work environment has a positive and significant influence on the loyalty of Generation Z employees in construction sector companies in Badung Regency.

H2: The work environment has a positive and significant influence on the work-life balance of Generation Z employees in construction sector companies in Badung Regency.

Organizational Culture. Organizational culture is a system of values, norms, and beliefs held by members of an organization and influences the way they work and interact in the work environment. According to Schein (2010:18), organizational culture includes a pattern of basic assumptions that are discovered, developed, and applied by a group of people in an organization to face various external and internal challenges. According to Schein (2010:73), several main dimensions contribute to the success and sustainability of organizational culture, namely:

1. Psychological Safety. This dimension refers to an environment where organizational members feel safe to share ideas, express opinions, and take risks without fear of negative consequences.
2. Connectedness. Connectedness includes strong interpersonal relationships between members of an organization.
3. Common Goal. This dimension focuses on having a clear vision and goals held by all members of the organization.

According to Taufik & Prasetyo (2022) and Ismail & Harun (2022), organizational culture can be measured by the following 5 indicators:

1. Organizational values that are aligned with employees' values, namely the alignment between company values and individual employee values that encourage a sense of belonging.
2. Employee engagement in organizational culture, namely the extent to which employees feel involved in the values, norms, and practices that apply in the company.
3. Open and transparent communication, namely the openness of information between management and employees regarding company policies, vision and goals.

4. Employee performance awards are a form of company recognition for employee contributions and work results fairly and consistently.
5. Cultural support for work-life balance, namely a culture that allows employees to manage their work time and personal life in a balanced way.

Research by Hassan & Shahzad (2023), Hermawan & Yunita (2024), Ismail & Harun (2022), Kurniawan, et al. (2023), and Lestari & Wijaya (2023) found that an organizational culture that supports work-life balance and creates an inclusive and flexible environment has a positive and significant impact on employee loyalty, especially in the construction sector.

Research by Hassan & Shahzad (2023), Bakker (2020), Lee & Kim (2021), Safitri, et al. (2023), and Zhang & Li (2020) found that an inclusive, flexible, and supportive organizational culture positively impacts work-life balance, particularly for Gen Z employees who value work flexibility.

Based on the theory and several previous researchers, the following hypothesis is formulated:

- H3: Organizational culture has a positive and significant influence on the loyalty of Generation Z employees in construction sector companies in Badung Regency
- H4: Organizational culture has a positive and significant influence on the work-life balance of Generation Z employees in construction sector companies in Badung Regency.

Work-Life Balance. According to Powell et al. (2019:105), Work-Life Balance (WLB) is a condition in which individuals can achieve a balance between the demands of work and personal life without experiencing significant conflict. Furthermore, Zhang & Li (2020) state that Work-Life Balance (WLB) is not only about dividing time between work and personal life, but also functions as a mediator in the relationship between organizational culture and employee loyalty, especially in demanding work contexts such as the construction sector. In the context of work-life balance, Powell et al. (2019:115) identified several key dimensions that are crucial to understand, including:

1. Time Balance: Refers to the fair division of time between work and personal life.
2. Energy Balance: Focuses on how individuals manage their energy between the demands of work and personal life.
3. Commitment Balance: Touches on the commitment individuals feel towards their work and personal life.

According to Zhang & Li (2020) and Khan & Ali (2021), work-life balance can be measured through the following 5 indicators:

1. Time balance, namely the extent to which employees have sufficient time to carry out work responsibilities and personal life proportionally.
2. Involvement in personal life, namely the extent to which work does not interfere with employee participation in personal activities outside of work hours.
3. Work flexibility, namely the flexibility in arranging work time or location that helps employees manage their workload and personal time.
4. Organizational support for work-life balance, namely the form of company policy or attention in supporting employee welfare outside of work.
5. The effect of work stress on loyalty, namely the impact of the imbalance between work and personal life, on employee loyalty and commitment to the company.

Research by Hermawan & Yunita (2024), Kurniawan et al. (2023), Zhang & Liu (2023), Widodo (2023), and Safitri et al. (2023) found that work-life balance has a positive and significant effect on employee loyalty.

Research by Hassan & Shahzad (2023), Hermawan & Yunita (2024), Kurniawan, et al. (2023), Zhang & Liu (2023), Lee & Kim (2021), Zulkarnain (2022), Tan, et al. (2022), Widodo (2023), Safitri,

et al. (2023), Zhang & Li (2020) found that work-life balance plays a positive and significant role as a mediator in the relationship between the work environment and employee loyalty.

Research by Hassan & Shahzad (2023), Taufik & Prasetyo (2022), Kurniawan et al. (2023), Zhang & Liu (2023), and Lee & Chang (2020) found that work-life balance plays a positive and significant role as a mediator in the relationship between organizational culture and employee loyalty.

Based on the theory and several previous researchers, the following hypothesis is formulated:
 H5: Work-life balance has a positive and significant effect on the loyalty of Generation Z employees in construction sector companies in Badung Regency.

H6: The work environment has a positive and significant influence on employee loyalty through work-life balance as a mediating variable.

H7: Organizational culture has a positive and significant influence on employee loyalty through work-life balance as a mediating variable.

The conceptual framework of the research is described as follows.

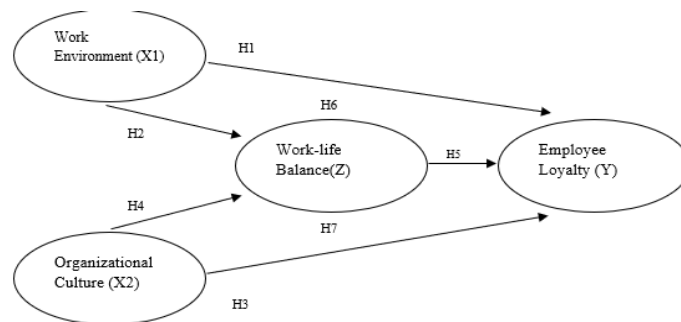


Figure 1. Research Framework

METHODS

This research was conducted in Badung Regency, Bali, a region with rapid development in the construction sector. The research location included construction companies operating in various areas of Badung Regency. This research examines the role of work-life balance in mediating the influence of the work environment and organizational culture on the loyalty of Generation Z employees in the construction sector companies in Badung Regency. The population in this study was all Generation Z employees working in construction sector companies in Badung Regency, Bali. The sample used was 100 respondents, determined using a purposive sampling technique based on the Hair formula. The data collection method used included a survey method using a questionnaire. Statement items were measured on a Likert scale using five numbers from 1 (strongly disagree) to 5 (strongly agree). Interviews were used to get information directly from respondents, and observations were used to find out what the real situation is like in the field. The data analysis technique used is inferential analysis using SmartPLS 3.

RESULT AND DISCUSSION

Validity and Reliability Test. Table 1 shows that all indicators meet the validity requirements based on the Convergent validity criteria, namely the outer loading value > 0.60 and is statistically significant.

Table 1. Validity Test Results





Construct	Construct	Original Sample(O)	P Values
Work Environment (X1)	X1.1 Physical Comfort	0.865	0,000
	X1.2 Open Communication and Transparency	0.889	0,000
	X1.3 Employee Performance Recognition	0.861	0,000
	X1.4 Workplace Safety	0.853	0,000
	X1.5 Positive Interpersonal Relationships	0.869	0,000
Organizational Culture (X2)	X2.1 Organizational values	0.867	0,000
	X2.2 Employee engagement	0.879	0,000
	X2.3 Open and transparent communication	0.868	0,000
	X2.4 Rewarding employee performance	0.885	0,000
	X2.5 Cultural support	0.876	0,000
Work-Life Balance(Y1)	Y1.1 Time Balance	0.847	0,000
	Y1.2 Involvement in Personal Life	0.868	0,000
	Y1.3 Work Flexibility	0.887	0,000
	Y1.4 Organizational Support	0.839	0,000
	Y1.5 The Effect of Job Stress on Loyalty	0.825	0,000
Employee Loyalty (Y2)	Y2.1 Emotional Attachment to the Company	0.855	0,000
	Y2.2 Job Satisfaction	0.825	0,000
	Y2.3 Long-Term Commitment	0.826	0,000
	Y2.4 Willingness to Put in Extra Effort	0.832	0,000
	Y2.5 Involvement in Organizational Culture	0.827	0,000

Source: Data processed by SPSS 26

Table 2 shows the reliability test of the Cronbach's Alpha value for each variable, with a figure above 0.60, so all instruments have met the reliability requirements.

Table 2. Reliability Test Results

No	Variables	Cronbach's Alpha	Information
1	Organizational Culture (X2)	0.924	Reliable
2	Work Environment (X1)	0.918	Reliable
3	Employee Loyalty (Y2)	0.890	Reliable
4	Work-Life Balance(Y1)	0.907	Reliable

Source: Data processed by SPSS 26

Hypothesis Testing. The results of the path and significance tests are shown in Table 3. show that H1 is accepted, namely that the work environment has a positive and significant influence on employee loyalty. It is shown from the results that the work environment has a positive effect of 0.235 and is significant on Employee Loyalty with a p-value of $0.031 < 0.05$ and a t-statistic value of $2.166 > 1.96$. Based on the analysis results, H2 is accepted, namely that the work environment has a positive and significant influence on work-life balance. It is shown that the work environment has a positive effect of 0.385 and is significant on work-life balance, with a p-value of $0.002 < 0.05$ and a t-statistic value of $3.064 > 1.96$. Based on the analysis results, it shows that H3 is accepted, namely organizational culture has a positive and significant effect on employee loyalty. It is shown that organizational culture has a positive effect of 0.373 and is significant on employee loyalty, with a p-value of $0.001 < 0.05$ and a t-statistic value of $3.281 > 1.96$. Based on the analysis results, it shows that H4 is accepted, namely, organizational culture has a positive and significant influence on work-life balance. It is shown that organizational culture has a positive effect of 0.256 and is significant on work-life balance, with a p-value of $0.045 < 0.05$ and a t-statistic value of $2.009 > 1.96$. Based on the





analysis results, it shows that H5 is accepted, namely work-life balance has a positive and significant influence on employee loyalty. It is shown that work-life balance has a positive effect of 0.388 on employee loyalty, with a p-value of $0.000 < 0.05$ and a t-statistic value of $5.116 > 1.96$.

Based on the analysis results, H6 is accepted. The indirect effect relationship shows the influence of the work environment on employee loyalty involving work-life balance, with an original sample value of 0.150, a p-value of $0.007 < 0.05$ and a t-statistic of $2.698 > 1.96$, which has a significant relationship. Based on the results of the analysis, work-life balance acts as a partial mediator in the relationship between the work environment and employee loyalty.

Based on the analysis results, H7 is rejected. The indirect effect relationship shows the influence of organizational culture on employee loyalty involving work-life balance, with an original sample value of 0.099, a p-value of $0.059 > 0.05$, and a t-statistic of $1.889 < 1.96$, which has an insignificant relationship. Based on the results of the analysis, work-life balance does not act as a mediator (unmediated) in the relationship between organizational culture and employee loyalty.

The table shows that the R-square value for the Work-Life Balance (Y1) variable is 0.347, thus the model falls within the moderate model criteria. Meanwhile, the Employee Loyalty (Y2) variable has an R-square value of 0.715, categorizing it as a strong model. The Q² value for Work-Life Balance (Y1) is 0.236, indicating a moderate relationship. The Q² value for Employee Loyalty (Y2) is 0.479, indicating a strong relationship.

Table 3. Hypothesis Test Results

Construct	Original Sample (O)	T Statistics (O/STDEV)	P Values	Information
Work Environment (X1) -> Employee Loyalty (Y2)	0.235	2,166	0.031	Significant
Work Environment (X1) -> Work-Life Balance (Y1)	0.385	3,064	0.002	Significant
Organizational Culture (X2) -> Employee Loyalty (Y2)	0.373	3,281	0.001	Significant
Organizational Culture (X2) -> Work-Life Balance (Y1)	0.256	2,009	0.045	Significant
Work-Life Balance(Y1) -> Employee Loyalty (Y2)	0.388	5,116	0,000	Significant
Work Environment (X1) -> Work-Life Balance (Y1) -> Employee Loyalty (Y2)	0.150	2,698	0.007	Significant
Organizational Culture (X2) -> Work-Life Balance (Y1) -> Employee Loyalty (Y2)	0.099	1,889	0.059	No Significant
R2Work-Life Balance= 0.347				
R2Employee Loyalty= 0.715				
Q2 =0.479				

Source: Data processed with SmartPLS 3

The Influence of Work Environment on Employee Loyalty. Based on the analysis results, H1 is accepted, namely that the work environment has a positive and significant influence on employee loyalty. It is shown by work environment has a positive effect of 0.235 and is significant on Employee Loyalty with a p-value of $0.031 < 0.05$ and a t-statistic value of $2.166 > 1.96$. It means that the better



the work environment perceived by employees, the higher the level of employee loyalty, especially among Generation Z employees in construction sector companies in Badung Regency.

This is in line with research conducted by Hassan & Shahzad (2023), Hermawan & Yunita (2024), Kurniawan, et al. (2023), Zhang & Liu (2023), and Widodo (2023) which found that a work environment that supports work-life balance and facilitates healthy social interactions has a positive and significant influence on employee loyalty.

The Influence of Work Environment on Work-Life Balance. Based on the analysis results, H2 is accepted, namely that the work environment has a positive and significant influence on work-life balance. It is shown that the work environment has a positive effect of 0.385 and is significant on work-life balance, with a p-value of $0.002 < 0.05$ and a t-statistic value of $3.064 > 1.96$. This means that the better the work environment perceived by employees, the better work-life balance felt by employees, especially Generation Z employees in construction sector companies in Badung Regency.

It is in line with research conducted by Hassan & Shahzad (2023), Taufik & Prasetyo (2022), Kurniawan et al. (2023), Zulkarnain (2022), and Tan et al. (2022) found that a work environment that supports work-life balance and facilitates healthy social interactions has a positive and significant effect on employee work-life balance.

The Influence of Organizational Culture on Employee Loyalty. Based on the analysis results, it shows that H3 is accepted, namely, organizational culture has a positive and significant effect on employee loyalty. It is shown that organizational culture has a positive effect of 0.373 and is significant on employee loyalty, with a p-value of $0.001 < 0.05$ and a t-statistic value of $3.281 > 1.96$. This means that the better the perceived organizational culture, the higher the level of employee loyalty, especially among Generation Z employees in construction sector companies in Badung Regency.

It is in line with research conducted by Hassan & Shahzad (2023), Hermawan & Yunita (2024), Ismail & Harun (2022), Kurniawan, et al. (2023), and Lestari & Wijaya (2023), which found that an organizational culture that supports work-life balance and creates an inclusive and flexible environment has a positive and significant effect on employee loyalty, especially in the construction sector.

The Influence of Organizational Culture on Work-Life Balance. Based on the analysis results, it shows that H4 is accepted, namely, organizational culture has a positive and significant influence on work-life balance. It is shown that organizational culture has a positive effect of 0.256 and is significant on work-life balance, with a p-value of $0.045 < 0.05$ and a t-statistic value of $2.009 > 1.96$. It means that the better the perceived organizational culture, the better is work-life balance felt by employees, especially Generation Z employees in construction sector companies in Badung Regency.

It is in line with research conducted by Hassan & Shahzad (2023), Bakker (2020), Lee & Kim (2021), Safitri, et al. (2023), and Zhang & Li (2020), which found that an inclusive, flexible, and supportive organizational culture for employee well-being has a positive influence on the creation of work-life balance, especially for Gen Z employees who value work flexibility.

The Influence of Work-Life Balance on Employee Loyalty. Based on the analysis results, it shows that H5 is accepted, namely, work-life balance has a positive and significant influence on employee loyalty. It is shown that work-life balance has a positive effect of 0.388 on employee loyalty, with a p-value of $0.000 < 0.05$ and a t-statistic value of $5.116 > 1.96$. It means that the work-life balance felt by employees the higher the level of employee loyalty, especially among Generation Z employees in construction sector companies in Badung Regency.



This is in line with research conducted by Hermawan & Yunita (2024), Kurniawan et al. (2023), Zhang & Liu (2023), Widodo (2023), and Safitri et al. (2023), which found that work-life balance has a positive and significant effect on employee loyalty.

The Influence of Work Environment on Employee Loyalty through Work-life Balance.

Based on the results of the analysis, H6 is accepted. It is indicated by Hypothesis testing results through indirect and direct effects. The indirect effect relationship shows the influence of the work environment on employee loyalty involving work-life balance, with an original sample value of 0.150, a p-value of $0.007 < 0.05$ and a t-statistic of $2.698 > 1.96$, which has a significant relationship. The direct effect relationship of the influence of the work environment on work-life balance is significant. Meanwhile, the influence of work-life balance on employee loyalty also has a significant relationship. Based on the results of the analysis, work-life balance plays a role as a partial mediator in the relationship between the work environment and employee loyalty.

It means that a positive work environment will encourage a positive work-life balance for employees. When employees experience a positive balance between work and personal life, this will increase their loyalty to the company. In other words, the more conducive the work environment, the higher the perceived work-life balance, which ultimately strengthens employee loyalty, particularly among Generation Z in the construction sector in Badung Regency.

It is in line with research conducted by Hassan & Shahzad (2023), Hermawan & Yunita (2024), Kurniawan, et al. (2023), Zhang & Liu (2023), Lee & Kim (2021), Zulkarnain (2022), Tan, et al. (2022), Widodo (2023), Safitri, et al. (2023), Zhang & Li (2020) which found that work-life balance plays a positive and significant role as a mediator in the relationship between the work environment and employee loyalty.

The Influence of Organizational Culture on Employee Loyalty through Work-life Balance.

Based on the analysis results, H7 is rejected. It is indicated by Hypothesis testing results through indirect and direct effects. The indirect effect relationship shows the influence of organizational culture on employee loyalty involving work-life balance, with an original sample value of 0.099, a p-value of $0.059 (> 0.05)$, and a t-statistic of $1.889 (< 1.96)$, which has an insignificant relationship. Meanwhile, the direct effect relationship of the influence of organizational culture on work-life balance is significant. Moreover, the influence of work-life balance on employee loyalty has a significant relationship as well. Based on the results of the analysis, work-life balance does not act as a mediator (unmediated) in the relationship between organizational culture and employee loyalty.

The insignificant relationship between organizational culture and employee loyalty through work-life balance may be due to several factors. First, the level of employee involvement in internalizing organizational cultural values tends to be low, so organizational culture does not directly shape their perceptions of work-life balance. Second, the loyalty of Generation Z employees in the construction sector is more influenced by extrinsic factors such as performance rewards and career development opportunities than by aspects of work-life balance. Third, the prevailing organizational culture does not fully support the creation of a balance between work and personal life demands.

Based on the results of the analysis, these findings indicate that there are other factors that are more dominant in forming employee loyalty than work-life balance in the context of organizational culture in construction sector companies in Badung Regency, especially for Generation Z employees.

CONCLUSION



The results of the analysis the work environment has a positive and significant effect on employee loyalty. It indicates that the better the work environment perceived by employees, the higher their loyalty to construction companies in Badung Regency. The work environment has a positive and significant effect on work-life balance. It indicates that when the work environment supports employee comfort and needs, the balance between work and personal life will also improve. Organizational culture has a positive and significant effect on employee loyalty. It means that the stronger and more positive the culture created within the organization, the higher the level of employee loyalty to companies in the construction sector in Badung Regency.

Organizational culture has a positive and significant effect on work-life balance. A healthy and supportive work culture will create an atmosphere that allows employees to balance their personal and professional lives. Work-life balance has a positive and significant effect on employee loyalty. In other words, the better employees are at maintaining a balance between their work and personal lives, the higher their level of loyalty to the company. The work environment has a positive and significant effect on employee loyalty through work-life balance as a mediating variable. Work-life balance has been shown to partially mediate the relationship between the work environment and employee loyalty. It means that a good work environment can increase employee loyalty, both directly and through improved work-life balance. Organizational culture has a positive but insignificant effect on employee loyalty through work-life balance as a mediating variable. Work-life balance does not mediate (unmediated) the relationship between organizational culture and employee loyalty. This finding indicates that there are other factors that are more dominant in shaping employee loyalty.

To increase employee loyalty, companies are advised to develop welfare programs and performance-based reward systems, such as achievement incentives, loyalty bonuses, and regular recognition, like employee of the month. Clear career paths and regular training are also essential to support long-term commitment. Furthermore, a two-way communication forum between management and employees needs to be established to accommodate employee aspirations. To create a supportive work environment, companies need to improve physical comfort, safety, and employee relationships. Improvements to facilities such as lighting and break rooms, as well as safety training and the provision of PPE according to standards, are necessary. Team building programs and communication training can also strengthen workplace relationships.

To strengthen organizational culture, companies can involve employees in developing work values and standard operating procedures (SOPs) and provide performance-based rewards. Support for work-life balance is also crucial, such as flexible work policies and wellness programs. Finally, companies can encourage work-life balance through family leave, flexible working hours, psychological counseling, and family recreation activities. These efforts will continuously enhance employee ownership and loyalty.

The practical implications of the results of this study indicate that to increase employee loyalty, especially for Generation Z, companies need to develop strategies based on their real needs, such as creating a participatory, transparent work environment that supports personal development. Fair rewards, ongoing training, and flexible working hours are essential for building satisfaction and long-term commitment. Emotional bonds can also be strengthened through employee involvement in decision-making and meaningful responsibilities. Improving the work environment is crucial, particularly in terms of physical comfort, safety, and employee relations. Ergonomic work facilities, strict safety procedures, and team-building activities will create a healthy and collaborative work environment. Organizational culture needs to be strengthened through active employee engagement, a values-based reward system, and concrete support for work-life



balance. Flexible work policies and empathetic management can foster an adaptive and inclusive culture. To support work-life balance, companies need to provide work flexibility, unhindered personal leave, and wellness programs such as counseling and stress management training. This approach will foster sustainable employee balance, loyalty, and productivity.

This research was conducted at various construction companies in Badung Regency without focusing on a single company, so the results are general and do not reflect specific conditions. Furthermore, the study only involved 100 respondents from Generation Z, so it cannot be generalized to other generations with different characteristics. This study also failed to consider external factors such as economic pressure, industry uncertainty, and government policies that can impact work-life balance and employee loyalty. Future research is recommended to be more focused, expand the sample, and incorporate relevant external variables.

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