

The Effect of Work-Life Balance, Transformational Leadership, and Organizational Culture on Employee Productivity Through Employee Engagement Among Generation Y Employees At Bank Mandiri Persero Tbk

Yogie Sigit Poerwandono^{1*}, Veithzal Rivai Zainal²

^{1,2} Faculty of Economics and Business, Mercu Buana University, Indonesia

ABSTRACT: In the contemporary banking industry, organizational performance is increasingly shaped by employees' engagement and productivity, yet Bank Mandiri Persero Tbk faces a rising turnover trend among Generation Y employees whose expectations emphasize flexibility, meaningful work, career development, and work-life balance. This study examines the effects of Work-Life Balance (WLB), Transformational Leadership, and Organizational Culture on Employee Engagement and the subsequent effect of Employee Engagement on Employee Productivity among Generation Y employees at Bank Mandiri Branch XY, positioning engagement as a mediating mechanism. A quantitative, conclusive, and descriptive design with a single cross-sectional approach was employed. Primary data were collected via structured questionnaires from 150 employees selected using probability sampling. Data were analyzed using Structural Equation Modeling with a Partial Least Squares approach (SEM-PLS) through SmartPLS 3.0. The measurement model was evaluated using convergent validity (outer loadings and AVE), discriminant validity (cross-loadings and Fornell-Larcker), and reliability (Cronbach's alpha and composite reliability). The findings show that WLB, Transformational Leadership, and Organizational Culture each have significant positive effects on Employee Engagement, and Employee Engagement has a significant positive effect on Employee Productivity. The measurement model met validity and reliability criteria, while the structural model demonstrated acceptable explanatory power and predictive relevance. Employee Engagement functions as a key pathway through which supportive work-life policies, effective leadership, and a conducive organizational culture enhance productivity. These results imply that Bank Mandiri should strengthen engagement-focused human capital strategies to sustain productivity and reduce turnover among Generation Y employees.

KEYWORDS: Work-Life Balance; Transformational Leadership; Organizational Culture; Employee Engagement; Employee Productivity

I. INTRODUCTION

The contemporary banking industry, organizational performance is increasingly determined by the quality, engagement, and productivity of human resources (Ng *et al.*, 2024). As one of the largest state-owned banks in Indonesia, Bank Mandiri Persero Tbk has demonstrated strong and consistent financial performance over recent years; however, this achievement is accompanied by a rising trend in employee turnover, particularly among Generation Y employees. This phenomenon highlights a critical organizational challenge: sustaining high productivity while addressing evolving employee expectations related to work-life balance, leadership style, and organizational culture. Generation Y, which dominates the current workforce, is characterized by high demands for flexibility, meaningful work, career development, and balance between professional and personal life (Kyle Salisbury, 2025). In a highly regulated, performance-driven, and digitally transforming banking environment, unmet expectations in these areas may reduce employee engagement and ultimately weaken productivity and retention. Therefore, the core problem of this research lies in understanding how work-life balance, transformational leadership, and organizational culture collectively influence employee engagement and productivity among Generation Y employees at Bank Mandiri Persero Tbk.

Previous studies have consistently shown that work-life balance positively influences employee engagement, psychological well-being, and job performance (Sudirman *et al.*, 2022; Subarto and Solihin, 2025). Transformational leadership has also been widely recognized as a key driver of engagement, organizational commitment, and performance, particularly in dynamic and uncertain environments (Suyatno *et al.*, 2025). Similarly, organizational culture plays a crucial role in shaping employee attitudes,

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fostering innovation, and enhancing productivity through shared values and norms (Vasumathi *et al.*, 2025). Despite this extensive body of literature, most prior research has examined these variables in isolation or focused primarily on direct relationships with productivity. Limited attention has been given to employee engagement as a mediating mechanism that explains how work-life balance, transformational leadership, and organizational culture jointly affect productivity. Furthermore, empirical studies that specifically explore these dynamics within the context of Generation Y in the Indonesian banking sector remain scarce. This study addresses these gaps by adopting an integrated, multidimensional approach and situating the analysis within a large, complex financial institution, thereby extending existing human resource management and organizational behavior literature.

Based on theoretical frameworks and empirical evidence, this study proposes four hypotheses: (H1) work-life balance has a significant effect on employee engagement among Generation Y employees at Bank Mandiri Persero Tbk; (H2) transformational leadership has a significant effect on employee engagement; (H3) organizational culture has a significant effect on employee engagement; and (H4) employee engagement has a significant effect on employee productivity. The urgency of this research is underscored by the increasing turnover trend and intensifying work pressure in the banking sector, which can elevate operational costs and reduce organizational efficiency (Saputri *et al.*, 2023; Harmelani and Cahyaningtyas, 2024). In addition, heightened competition, digital transformation, and regulatory demands require banks to rely on engaged and productive employees to maintain service quality, innovation, and customer trust (Felipe *et al.*, 2025). Understanding these relationships is therefore critical for designing effective human capital strategies that align organizational goals with the expectations of Generation Y employees.

The primary objective of this study is to analyze the effects of work-life balance, transformational leadership, and organizational culture on employee engagement and, subsequently, on employee productivity among Generation Y employees at Bank Mandiri Persero Tbk. Academically, this research contributes to the enrichment of human resource management literature by integrating employee engagement as a mediating variable within a structural equation modeling (SEM) framework, offering a more holistic understanding of productivity determinants in a specific generational and sectoral context. Practically, the findings are expected to provide evidence-based insights for banking practitioners and policymakers in formulating strategies to enhance engagement, reduce turnover, and sustain productivity through supportive work-life balance policies, adaptive leadership, and a conducive organizational culture. Ultimately, this study aspires to support the long-term competitiveness and sustainability of Bank Mandiri while offering implications that may be transferable to other organizations within and beyond the banking industry.

II. LITERATURE REVIEW

2.1 Maslow's Hierarchy of Needs Theory

Maslow's motivation theory explains that human behavior is driven by the fulfillment of needs arranged in a hierarchy, starting from physiological needs, safety needs, social needs, esteem needs, and finally self-actualization. The fulfillment of basic needs becomes a prerequisite for activating higher-level needs; therefore, failure to meet lower needs can hinder motivation and satisfaction at subsequent levels. In organizational settings, this theory is relevant for understanding employee motivation through meeting needs ranging from basic welfare to self-development. Job satisfaction is viewed as a feeling that arises from the fulfillment of employees' needs in the workplace (Maslow, 2013; Ghaleb, 2024). Maslow also emphasized that human actions fundamentally aim to satisfy both physical and psychological needs.

2.2 Job Demands–Resources (JD-R) Theory

JD-R theory divides sources of work stress into two main groups: job demands and job resources. Job demands include physical, psychological, social, and organizational aspects requiring sustained effort, while job resources are aspects that help achieve work goals, reduce the impact of demands, and stimulate growth and learning. The relationship between demands and resources determines organizational outcomes: high demands increase stress and may reduce productivity, whereas adequate resources can lower stress and enhance productivity. Resources such as autonomy, social support, and opportunities for development also encourage proactive behavior (Scholze and Hecker, 2024). Furthermore, the interaction between demands and resources can reduce negative behaviors; for example, empowerment as a demand and hardiness as a resource can reduce presenteeism.

2.3 Work-Life Balance (WLB)

Work-life balance refers to an individual's ability to organize work demands and personal responsibilities so they remain balanced. In the banking context, WLB has been shown to be positively associated with employee performance and to mediate the effects of work stress and workload on performance. Organizational practices such as flexible work arrangements, employee assistance programs, and leave policies are key determinants of WLB and influence performance. However, the strength of WLB effects may vary due to local work culture, such as norms of long working hours (Barokah *et al.*, 2025). WLB is also significantly

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associated with job satisfaction among banking employees and is particularly important for millennials as a source of workplace well-being. WLB is measured through four dimensions—WIPL, PLIW, PLEW, and WEPL—using a 1–6 Likert scale.

2.4 Organizational Culture

Organizational culture comprises shared values, norms, beliefs, and practices that shape behavior and decision-making within an organization. In Indonesian banking, culture functions as a guideline for daily work behavior and influences decision processes at both branch and headquarters levels. Culture can also support learning, knowledge sharing, and the transfer of best practices, especially when it encourages open communication. Cultural typologies further shape organizational responses to change: a strong hierarchical culture tends to maintain procedural compliance but may slow innovation, while a more adaptive culture promotes service innovation but requires different control mechanisms (Effendy and Lestari, 2025). Functionally, culture differentiates organizations, strengthens identity, fosters commitment, maintains social stability, and shapes employee attitudes and behavior.

2.5 Transformational Leadership

Transformational leadership refers to leader behaviors that transform employees' values and norms, motivate employees to exceed expectations, and build long-term engagement. This leadership style emphasizes empowerment, increased motivation, and morality, as well as alignment between individual, group, and organizational goals (Suryadi *et al.*, 2024). Its main dimensions include idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration, which together create an additional effect on productivity. Measurement commonly uses the Multifactor Leadership Questionnaire (MLQ) Form 5x.

2.6 Employee Engagement

Employee engagement is a positive attitude of employees toward the organization and its values, characterized by concern, collaboration, and active contribution to achieving organizational goals. Engagement is also understood as a psychological state involving emotional and cognitive involvement that drives employees to exert extra effort. The core dimensions of engagement include vigor, dedication, and absorption; training and HRM practices influence these dimensions. Organizational factors such as supportive leadership, role clarity, talent management, and career development systems also determine engagement (Sutanto *et al.*, 2025). Engagement is reflected in “say, stay, strive” behaviors and can be categorized into engaged, not engaged, and actively disengaged employees. Measurement instruments may refer to (Wendy Prima J Putera, 2023).

2.7 Employee Productivity

Employee productivity refers to the value added (financial or non-financial) generated by employees as a contribution to achieving organizational goals and serves as an important indicator of organizational performance quality. In banking, productivity may be assessed through quantitative indicators such as business per employee, income per employee, and profit per employee. Key determinants of productivity include the work environment, training, mental health, and operational efficiency, as well as performance management mechanisms such as target setting and feedback (Hajdari *et al.*, 2023). Prior literature also emphasizes employee engagement as a central lever for improving productivity and productivity is often linked to job satisfaction, turnover, and absenteeism. Conceptually, productivity is influenced by ability, effort, and organizational support ($\text{Performance} = \text{Ability} \times \text{Effort} \times \text{Support}$), while study indicators may refer to Bishop (1987) and be measured using a 1–5 Likert scale (Velghe *et al.*, 2024).

2.8 Framework

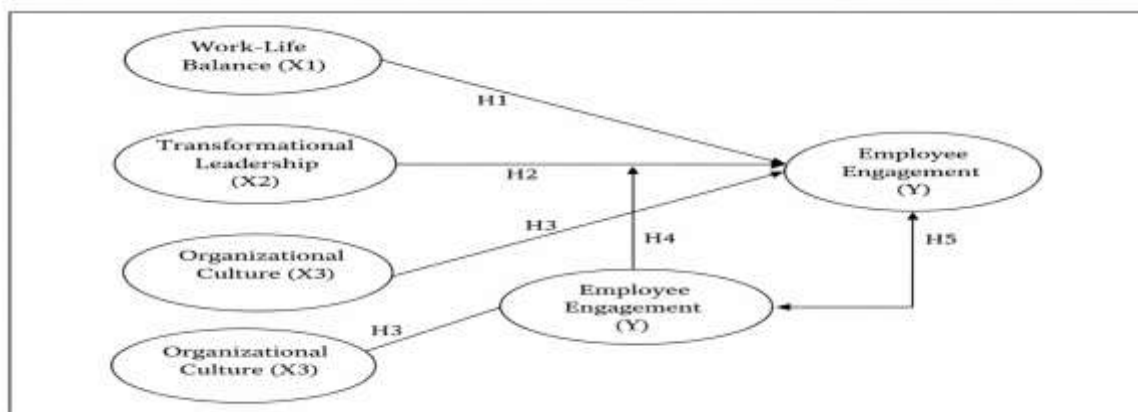


Figure 1. Research Framework

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The conceptual framework illustrates the relationships among key organizational factors influencing employee outcomes at Bank Mandiri Persero Tbk. Work-Life Balance (X1), Transformational Leadership (X2), and Organizational Culture (X3) are positioned as exogenous variables that directly affect Employee Engagement (Y). Employee Engagement serves as a central construct in the model, reflecting employees' emotional, cognitive, and behavioral involvement in their work. Furthermore, Employee Engagement is proposed to have a direct effect on Employee Productivity (Z), indicating that higher levels of engagement lead to improved work performance. The framework also suggests a reciprocal relationship, where Employee Productivity can reinforce Employee Engagement, highlighting a dynamic and mutually reinforcing mechanism. Overall, the model emphasizes the critical role of engagement as a mediating and strategic factor through which organizational practices and leadership contribute to sustainable employee productivity.

2.9 Hypothesis

H1: Work-life balance has a significant effect on employee engagement among Generation Y employees at Bank Mandiri Persero Tbk.

H2: Transformational leadership has a significant effect on employee engagement among Generation Y employees at Bank Mandiri Persero Tbk.

H3: Organizational culture has a significant effect on employee engagement among Generation Y employees at Bank Mandiri Persero Tbk.

H4: Employee Engagement has a significant effect on Productivity among Generation Y Employees at Bank Mandiri Persero Tbk.

III. METHODS

3.1 Research Design

This study employs a quantitative research design with a conclusive and descriptive approach to examine the causal relationships among Work-Life Balance, Transformational Leadership, Organizational Culture, Employee Engagement, and Employee Productivity. Conclusive research is designed to test specific hypotheses and examine clearly defined relationships using representative samples and quantitative data analysis (Sugiyono, 2019). This research adopts a descriptive research design, which aims to describe the characteristics and relationships among variables under investigation through hypothesis testing. Furthermore, a single cross-sectional design is applied, in which data are collected from a single population sample at one point in time. Data collection was conducted during October–November 2025, after which the data were processed, analyzed, and interpreted to draw conclusions.

3.2 Definition and Operationalization of Variables

The operational definition of variables refers to the specification of concepts into measurable indicators to facilitate empirical observation (Sugiyono, 2019). The variables in this study are classified into independent variables (X), mediating variables (Z), and dependent variables (Y).

- Work-Life Balance (X1) is defined as an individual's ability to balance work responsibilities and personal life, encompassing four dimensions: Work Interference with Personal Life (WIPL), Personal Life Interference with Work (PLIW), Work Enhancement of Personal Life (WEPL), and Personal Life Enhancement of Work (PLEW);
- Transformational Leadership (X2) refers to a leadership style that emphasizes value development, motivation, inspiration, innovation, and individualized consideration to achieve higher organizational goals;
- Organizational Culture (X3) represents shared values, beliefs, and norms that guide employee behavior and organizational practices;
- Employee Engagement (Z) is defined as the level of emotional, cognitive, and physical involvement of employees in their work and organization, measured through vigor, dedication, and absorption;
- Employee Productivity (Y) refers to individual contributions toward organizational goals in terms of quality, quantity, efficiency, initiative, and performance comparison;

All variables were measured using Likert-scale questionnaires, with indicators adapted from established theories and prior empirical studies.

3.3 Population and Sample

The population is defined as a group of individuals possessing specific characteristics relevant to the research objectives (Sugiyono, 2019). The population of this study consists of 250 employees working at Bank Mandiri (Persero) Tbk, Branch/Work Unit XY. Sampling was conducted using probability sampling, ensuring equal selection opportunities for all population members and

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enhancing generalizability (Makwana Dhaval *et al.*, 2023). The sample size was determined using Cochran's formula, which is appropriate for estimating sample size when population variance is unknown (Doost, 2018). Given the finite population ($N = 250$), Finite Population Correction (FPC) was applied to improve estimation precision. Using assumptions of $Z = 1.96$, $p = 0.5$, and $e = 0.05$, the final sample size was calculated as 150 respondents, which meets methodological adequacy and practical feasibility.

3.4 Data Collection Method

Primary data were collected using a structured questionnaire distributed directly to respondents. Questionnaires are an effective method for gathering standardized quantitative data related to attitudes, perceptions, and behaviors (Sugiyono, 2019). The study used a Likert scale, ranging from strongly disagree to strongly agree, to measure respondents' perceptions of each indicator. The midpoint option was intentionally omitted to avoid neutral responses and encourage decisive answers.

3.5 Data Analysis Method

Data analysis was conducted using Structural Equation Modeling (SEM) with a Partial Least Squares (PLS) approach, utilizing SmartPLS 3.0 software. SEM-PLS enables simultaneous testing of multiple relationships among latent variables and is suitable for complex models with mediation effects (Hair, 2021).

3.5.1 Measurement Model Evaluation (Outer Model)

The outer model was evaluated to assess validity and reliability, including:

- Convergent Validity, assessed through factor loadings (>0.70) and Average Variance Extracted ($AVE > 0.50$);
- Discriminant Validity, evaluated using cross-loadings and the square root of AVE;
- Reliability, assessed using Composite Reliability (>0.70) and Cronbach's Alpha (>0.70), with values above 0.60 acceptable for exploratory research.

3.5.2 Structural Model Evaluation (Inner Model)

The inner model was evaluated to examine relationships among latent variables through:

- Goodness of Fit (GoF);
- Effect Size (f^2);
- Predictive Relevance (Q^2), and;
- Coefficient of Determination (R^2);

3.6 Hypothesis Testing

Hypothesis testing was conducted based on t-statistics and p-values generated through bootstrapping procedures in SmartPLS 3.0, at a significance level of 5%, hypotheses were accepted if t-statistics > 1.96 or p-values < 0.05 (Muniarti, 2013). All paragraphs must be indented. All paragraphs must be justified.

IV. RESULT AND DISCUSSION

4.1 Overview of Research Object

Bank Mandiri Branch XY is part of the extensive Bank Mandiri branch network serving a specific city or regional area and plays an important role in delivering financial services to local communities, businesses, and organizations. The branch provides a wide range of banking products and services, including savings, deposits, loans, credit cards, investments, and digital banking solutions, aimed at meeting diverse customer financial needs with quality and reliability. In addition to conventional banking services, the branch may also offer complementary services such as insurance, wealth management, and financial advisory support, while actively engaging with the local community through social, educational, and outreach programs. Supported by adequate infrastructure and customer-oriented facilities, Bank Mandiri Branch XY is committed to delivering professional, accessible, and trustworthy financial services and to strengthening its role as a reliable financial partner in the region.

4.2 Data Analysis

4.2.1 Respondent Characteristics

Table 1. Respondent Characteristics

Gender (Sex)	Frequency (n)	Percentage (%)
Male	61	40.67
Female	89	59.33
TOTAL	150	100.00
Age (Year)	Frequency (n)	Percentage (%)

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20-30	48	32.00
31-40	74	49.33
41-50	28	18.67
TOTAL	150	100.00
Education	Frequency (n)	Percentage (%)
D3 (Diploma 3)	4	2.67
D4 (Diploma 4)	1	0.67
S1 Bachelor's Degree	141	94.00
S2 Master's Degree	3	2.00
High School	1	0.67
TOTAL	150	100.00
Marriage Status	Frequency (n)	Percentage (%)
Not yet married	79	52.67
Married	71	47.33
TOTAL	150	100.00

Table 1 presents the demographic profile of the respondents involved in this study. Of the 150 respondents, 59.33% were female and 40.67% were male, indicating a relatively balanced gender composition with a slight dominance of female employees. In terms of age, the majority of respondents were between 31–40 years old (49.33%), followed by those aged 20–30 years (32.00%) and 41–50 years (18.67%), suggesting that most respondents were in their productive working years. Regarding educational background, the sample was predominantly composed of bachelor's degree holders (94.00%), reflecting a highly educated workforce, which is consistent with the professional requirements of the banking sector. In addition, marital status was fairly balanced, with 52.67% of respondents not yet married and 47.33% married, indicating diversity in personal life stages that may influence work-life balance and engagement.

Structural Equation Modeling (SEM) Analysis

1. Measurement Model Evaluation (Outer Model)

a. Convergent Validity

Table 2. Outer Loading Validity Results Before Reestimate

Variable	Indicator	Outer Loading	Description
Work-Life Balance (X1)	WLB1	0,792	Valid
	WLB2	0,767	Valid
	WLB3	0,824	Valid
	WLB4	0,804	Valid
Transactional Leadership (X2)	TL1	0,668	Invalid
	TL2	0,813	Valid
	TL3	0,667	Invalid
	TL4	0,803	Valid
	TL5	0,763	Valid
Organizational Culture (X3)	OC1	0,794	Valid
	OC2	0,823	Valid
	OC3	0,789	Valid
	OC4	0,809	Valid
Employee Engagement (Y)	EE1	0,683	Invalid
	EE2	0,767	Valid
	EE3	0,815	Valid
Employee Productivity (Z)	EP1	0,831	Valid
	EP2	0,727	Valid
	EP3	0,673	Invalid

Table 2 shows the results of the initial convergent validity assessment using outer loading values before reestimation. Several indicators demonstrated loading values below the recommended threshold of 0.70, specifically TL1, TL3, EE1, and KK3, indicating insufficient convergent validity. These indicators were considered weak in representing their respective latent constructs and thus did not adequately meet measurement quality standards. Meanwhile, the remaining indicators showed acceptable loading values, confirming their initial validity.

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Table 3. Items Removed (Reestimate)

Variable	Outer Loading
TL	0,668
TL2	0,667
EE1	0,683
EP3	0,673

Table 3 summarizes the indicators removed from the measurement model during the reestimation process. Indicators with outer loading values below 0.70 were excluded to improve construct validity and reliability. The removal of these items was conducted in accordance with SEM-PLS best practices, ensuring that only indicators with strong explanatory power remained in the model.

Table 4. Outer Loading Validity Results After Reestimate

Variable	Indicator	Outer Loading	Description
Work-Life Balance (X1)	WLB1	0,788	Valid
	WLB2	0,767	Valid
	WLB3	0,822	Valid
	WLB4	0,809	Valid
Transactional Leadership (X2)	TL2	0,846	Valid
	TL4	0,837	Valid
	TL5	0,773	Valid
Organizational Culture (X3)	OC1	0,806	Valid
	OC2	0,816	Valid
	OC3	0,791	Valid
	OC4	0,805	Valid
Employee Engagement (Y)	EE2	0,847	Valid
	EE3	0,909	Valid
Employee Productivity (Z)	EP1	0,823	Valid
	EP2	0,833	Valid

Table 4 presents the outer loading results after reestimation. All remaining indicators exhibit loading values above 0.70, indicating strong convergent validity. This result confirms that each indicator reliably measures its corresponding latent construct, including Work-Life Balance, Transactional Leadership, Organizational Culture, Employee Engagement, and Employee Productivity. The reestimated model therefore meets the recommended validity criteria.

Table 5. AVE Tabulation Results

Variable	AVE
Work-Life Balance (X1)	0,635
Transactional Leadership (X2)	0,672
Organizational Culture (X3)	0,647
Employee Engagement (Y)	0,772
Employee Productivity (Z)	0,685

Table 5 reports the AVE values for each construct. All AVE values exceed the minimum threshold of 0.50, indicating that each construct explains more than half of the variance of its indicators. This confirms adequate convergent validity across all constructs in the model, with Employee Engagement demonstrating the highest AVE value, reflecting strong indicator representation.

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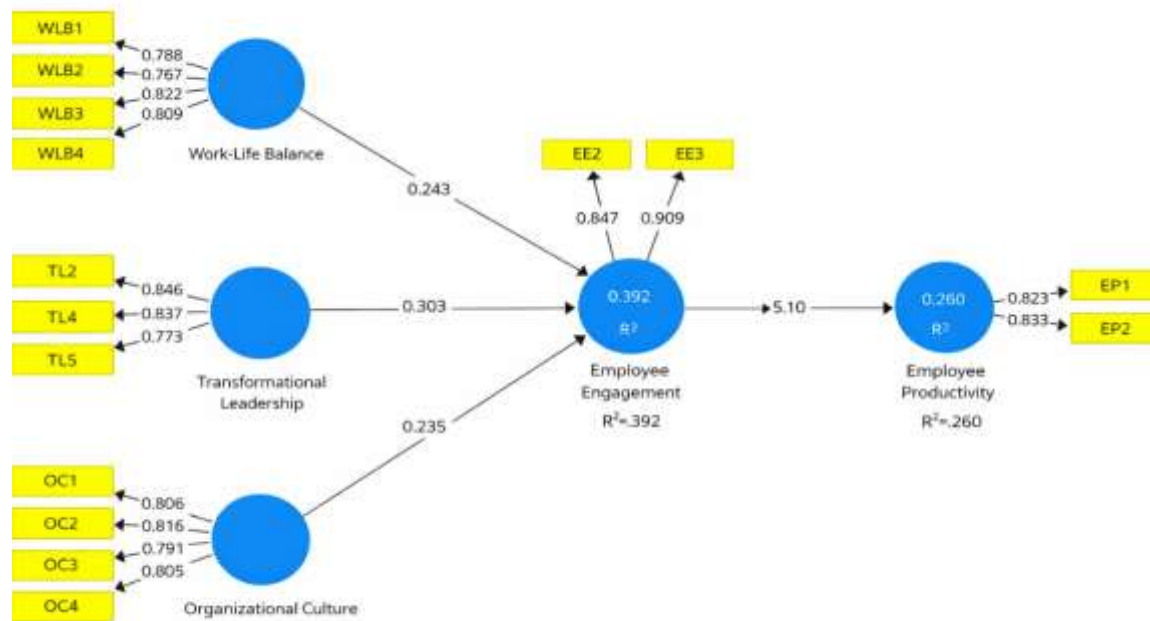


Figure 1. Outer Model Test Results

Figure 1 illustrates the final outer model after reestimation, showing standardized outer loading values for each indicator and the structural relationships among constructs. The diagram visually confirms that all retained indicators load strongly on their respective latent variables and that the measurement model satisfies validity requirements. The figure also provides an overview of the model structure used for subsequent structural analysis.

b. Discriminant Validity

Table 6. Cross Loading Values

Item Code	OC	EE	TL	PP	WLB
OC1	0,806	0,402	0,474	0,360	0,442
OC2	0,816	0,487	0,451	0,573	0,556
OC3	0,791	0,430	0,282	0,413	0,601
OC4	0,805	0,408	0,310	0,371	0,526
EE2	0,389	0,847	0,416	0,414	0,288
EE3	0,544	0,909	0,437	0,478	0,541
EP1	0,467	0,417	0,350	0,823	0,480
EP2	0,430	0,428	0,357	0,833	0,375
TL2	0,369	0,427	0,846	0,312	0,185
TL4	0,331	0,433	0,837	0,348	0,239
TL5	0,498	0,318	0,773	0,409	0,317
WLB1	0,539	0,378	0,325	0,377	0,788
WLB2	0,538	0,397	0,162	0,390	0,767
WLB3	0,535	0,390	0,208	0,481	0,822
WLB4	0,501	0,387	0,239	0,392	0,809

Table 6 displays the cross-loading values for all indicators. Each indicator has the highest loading on its associated construct compared to other constructs, indicating adequate discriminant validity. This result confirms that the indicators are empirically distinct and measure only their intended latent variables.

Table 7. AVE Square Root Results (Fornell-Larcker Criterion)

Variable	OC	EE	TL	PP	WLB
OC	0,805	-	-	-	-
EE	0,540	0,878	-	-	-

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TL	0,473	0,485	0,819	-	-
PP	0,541	0,510	0,427	0,828	-
WLB	0,663	0,487	0,292	0,515	0,797

Table 7 presents the Fornell–Larcker criterion results, where the square root of AVE for each construct is greater than its correlation with other constructs. This finding further confirms discriminant validity, demonstrating that each construct is statistically distinct from the others in the model.

c. Reliability Test

Table 8. Reliability Test Results

Variable	Cronbach's Alpha	Composite Reliability
OC	0,819	0,880
EE	0,708	0,871
TL	0,758	0,860
EP	0,741	0,813
WLB	0,808	0,874

Table 8 summarizes the reliability assessment using Cronbach's Alpha and Composite Reliability. All constructs show values exceeding 0.70, indicating satisfactory internal consistency and reliability. These results confirm that the measurement instruments used in this study are reliable and consistent in capturing the underlying constructs.

2. Structural Model Evaluation (Inner Model)

a. Goodness of Fit (GoF)

Table 9. Goodness of Fit (GoF) Index

Variable	R Square	AVE	Index GoF
Z	0.26	0.685	0.422
Y	0.392	0.772	0.550

Table 9 presents the Goodness of Fit (GoF) index results for the structural model. The GoF values for Employee Engagement and Employee Productivity indicate a strong overall model fit, suggesting that the proposed model adequately explains the observed data and possesses good explanatory power.

b. Effect Size (F Square)

Tabel 10. Effect Size (F Square)

	Y	Z
X ₁	0,054	-
X ₂	0,117	-
X ₃	0,043	-
Y	-	0,352

The effect size results indicate that Work-Life Balance, Transactional Leadership, and Organizational Culture have small to moderate effects on Employee Engagement, while Employee Engagement shows a strong effect on Employee Productivity. This finding highlights the central role of engagement in driving productivity outcomes.

c. Predictive Relevance (Q²)

Table 11. Predictive Relevance (Q²)

Variable	Q ²
Employee Engagement (Y)	0,271
Employee Productivity (Z)	0,173

Table 11 shows the predictive relevance values (Q²) for the endogenous variables. Both Employee Engagement and Employee Productivity exhibit Q² values greater than zero, indicating that the model has adequate predictive relevance and is capable of accurately predicting endogenous constructs.

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d. R-Squared (R²)

Table 12. R-Squared (R²)

Variable	R Square	R Square Adjusted
Employee Engagement (Y)	0,392	0,380
Employee Productivity (Z)	0,260	0,255

Table 12 reports the R² and adjusted R² values. The results indicate that 39.2% of the variance in Employee Engagement is explained by Work-Life Balance, Transactional Leadership, and Organizational Culture, while 26.0% of the variance in Employee Productivity is explained by Employee Engagement. These values suggest moderate explanatory power of the structural model.

3. Hypothesis Test Results

Table 13. PLS-SEM Hypothesis Test

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values	Description
<i>Direct Effect</i>						
WLB -> EE	0,243	0,267	0,105	2,320	0,021	Accepted
TL -> EE	0,303	0,297	0,094	3,224	0,001	Accepted
OC -> EE	0,235	0,231	0,112	2,096	0,037	Accepted
EE -> EP	0,510	0,520	0,071	7,156	0,000	Accepted

Table 13 presents the hypothesis testing results using bootstrapping in PLS-SEM. All proposed hypotheses are supported, as indicated by t-statistics greater than 1.96 and p-values below 0.05. Work-Life Balance, Transactional Leadership, and Organizational Culture each have a significant positive effect on Employee Engagement, while Employee Engagement has a strong and significant effect on Employee Productivity. These findings confirm the theoretical assumptions of the study and validate the proposed research model.

Based on the hypothesis testing results, this study confirms that work-life balance, transactional leadership, and organizational culture have significant effects on employee engagement, and that employee engagement subsequently has a significant effect on employee productivity among Generation Y employees at Bank Mandiri Branch XY. Therefore, all four proposed hypotheses are supported. These findings indicate that employee engagement functions as a key mechanism through which organizational and managerial factors translate into improved individual performance outcomes in the banking context.

First, the findings demonstrate that work-life balance significantly influences employee engagement. This result aligns with the view that employees who can manage work and personal responsibilities effectively tend to display higher motivation, job satisfaction, and commitment to the organization. Dimensions such as Work Interference with Personal Life (WIPL) and Personal Life Enhancement of Work (PLEW) highlight how the balance of time and energy allocation shapes engagement. In Bank Mandiri's high-pressure environment, supportive work-life balance practices are critical to preventing excessive stress and fatigue, which may otherwise reduce engagement and increase turnover intentions. Flexibility is emphasized as a major driver, as it helps employees organize work arrangements without sacrificing personal well-being. When employees perceive organizational support—through flexible working mechanisms, mental health initiatives, and fair leave policies they tend to reciprocate with stronger involvement and willingness to contribute (Bataineh, 2019; Hermawati *et al.*, 2025; Puspitawati *et al.*, 2025). Conversely, prolonged imbalance may lead to burnout, lower satisfaction, and weakened engagement, reinforcing the importance of proportional workload distribution and supportive managerial practices. For Generation Y employees in particular, personalized and adaptive work-life balance programs are likely to yield stronger engagement outcomes due to their distinctive values and expectations regarding autonomy and quality of life.

Second, the study finds that transactional leadership significantly affects employee engagement at Bank Mandiri Branch XY. Transactional leadership emphasizes clarity of roles and performance expectations by using a reward-and-sanction system. This approach can strengthen engagement when employees feel that effort and performance are acknowledged through fair incentives, recognition, and career opportunities. The presence of clear instructions, measurable targets, and consistent evaluation can create psychological security and predictability, which encourages employees to remain focused and involved in their tasks. However, the discussion also highlights a potential limitation: leadership that is overly rule-driven may restrict creativity and innovation, resulting in a rigid environment where employees focus only on compliance rather than broader contribution (Hutama *et al.*, 2024; Ran *et al.*, 2024). Accordingly, a more balanced leadership approach is recommended one that

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maintains performance clarity while also addressing employees' psychological needs through supportive communication, trust-building, and responsiveness. Notably, the discussion also refers to the value of transformational elements (e.g., inspirational motivation and individualized consideration) in fostering a more inclusive and motivating work climate, suggesting that leadership development programs should strengthen interpersonal and communication competencies.

Third, the results indicate that organizational culture significantly influences employee engagement. A strong, consistent, and inclusive culture fosters employee belonging and loyalty, particularly through cultural dimensions such as adaptability and mission orientation. In Bank Mandiri, a culture that supports collaboration and innovation can sustain engagement even under demanding workloads. Nevertheless, cultural implementation challenges may occur when employees interpret organizational values differently across levels and units (Mansyur *et al.*, 2025). This implies the need for continuous cultural communication through structured training, internal socialization, and clearer articulation of organizational vision and values. Culture also supports engagement when it creates development opportunities through mentoring, learning programs, and internal promotion pathways, signaling that employees are valued and have a long-term future in the organization. Conversely, a culture perceived as rigid or non-inclusive may reduce engagement by limiting employee voice and well-being.

Finally, employee engagement significantly influences employee productivity. Engaged employees characterized by vigor, dedication, and absorption tend to exert greater effort, maintain higher work quality, and demonstrate proactive behaviors. At Bank Mandiri, high engagement is associated with service improvement and customer satisfaction, although excessive performance pressure may undermine engagement for some employees (Srie Intan Maisyuri and Ariyanto, 2021). Therefore, sustained productivity requires long-term engagement strategies, including skill development, fair rewards, and open communication. Overall, the findings provide both theoretical and practical implications by supporting engagement-based models (e.g., McBain) and offering actionable guidance for strengthening work-life balance, leadership practices, and organizational culture to enhance engagement and productivity in Indonesia's banking sector.

CONCLUSIONS

This study concludes that Work-Life Balance, leadership practices (transformational/transactional), and Organizational Culture significantly influence Employee Engagement among Generation Y employees at Bank Mandiri Persero Tbk, Branch XY. Employee Engagement also has a strong and significant effect on Employee Productivity, indicating that engagement serves as a strategic mechanism linking workplace conditions and leadership to performance outcomes. Collectively, these results highlight that improving employee engagement requires not only supportive work-life balance policies but also clear and motivating leadership and an organizational culture that is consistent, adaptive, and development-oriented (Bagea *et al.*, 2024). From a practical perspective, the findings suggest that Bank Mandiri should prioritize human capital initiatives that strengthen flexibility and well-being programs, enhance leadership capability through communication and recognition practices, and reinforce cultural internalization to create a more engaging work environment. Academically, this study contributes to the literature by integrating multiple antecedents of engagement within a single SEM framework and demonstrating their combined relevance to productivity within a specific generational and sectoral context in Indonesia.

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