

Employee Engagement, Work-Life Balance, and Innovative Performance among Public and Private Employees in Central Jakarta

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Abstract: Indonesia's ranking in the Global Innovation Index declined from 54th in 2024 to 55th in 2025, highlighting the need to examine innovative performance at the individual level. This study analyzes the effect of employee engagement on innovative performance and evaluates work-life balance as a moderating variable among Generation Y and Generation Z employees in government and private sectors in Central Jakarta. A quantitative explanatory survey approach was used. The questionnaire consisted of 27 measurement items; the minimum sample requirement was 135 respondents, and 139 completed responses were analyzed using SmartPLS 4. The validity test produced AVE values of 0.666 for employee engagement, 0.685 for innovative performance, and 0.731 for work-life balance. Cronbach's Alpha values were 0.936, 0.942, and 0.953, respectively. Hypothesis testing showed that employee engagement significantly affected innovative performance ($O = 0.831$; $T = 9.860$; $P = 0.000$), while work-life balance significantly moderated that influence with a negative interaction coefficient ($O = -0.133$; $T = 3.173$; $P = 0.002$). The negative coefficient indicates that work-life balance attenuates, rather than strengthens, the engagement-innovative performance relationship. The findings suggest that organizations should enhance engagement while designing work-life balance practices that help younger-generation employees allocate energy sustainably for innovation.

Keywords: performance, innovation, engagement, work-life balance

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INTRODUCTION

Innovation contributes to organizational competitiveness and long-term performance in both public and private institutions. Indonesia's position in the Global Innovation Index moved from 54th in 2024 to 55th in 2025, indicating the importance of examining innovation at the employee level (World Intellectual Property Organization [WIPO], 2025). From a strategic perspective, innovative performance may be understood as an intangible capability whose value depends on the way organizations combine people, knowledge, and resources (Barney & Clark, 2007; Barney et al., 2021; Rothaermel, 2017). Prior studies also emphasize the contribution of organizational culture, capability reconfiguration, and organizational ambidexterity to innovation outcomes (Aboramadan & Albashiti, 2020; Hu, 2021; van Lieshout et al., 2021).



From a human resource management perspective, employees are the actors who convert organizational resources into ideas and improvements in work processes. Strategic human resource management provides the organizational setting for employee contribution, while knowledge management and organizational learning enable the development and circulation of ideas (Armstrong, 2006, 2014; Dalkir, 2017; Haidar, 2021; Mello, 2015; North & Kumta, 2018). The Theory of Planned Behavior is used in this study because innovative behavior is not only a technical work output, but also a deliberate individual action that is preceded by intention, perceived social support, and perceived behavioral control (Ajzen, 1991). In the context of Generation Y and Generation Z employees, intention to innovate is closely related to autonomy, digital confidence, openness to feedback, and the perceived ability to transform ideas into feasible workplace improvements. Accordingly, innovative work behavior is relevant for examining idea generation, idea promotion, and implementation at the individual level (de Jong, 2007; Kania et al., 2018).

Employee engagement represents the energetic and committed state through which employees contribute beyond routine task execution. Previous studies associate engagement with employee performance and innovative behavior, although the strength of its influence may depend on work arrangements and employee experience (Angreni & Mahyuni, 2024; Kania et al., 2018; Wijayanto et al., 2022). For Generation Y and Generation Z employees, organizations also need to recognize evolving expectations concerning flexibility, well-being, meaningful work, and sustainable performance (Frianto, 2023; Muliawati, 2020).

Work-life balance is positioned as a moderating construct because the balance between work and personal roles may shape the extent to which engaged employees transform their energy into innovative performance. Previous research discusses work-life balance in relation to employee performance, work engagement, job satisfaction, occupational stress, and organizational outcomes (Azizah, 2025; Azdanal et al., 2021; Ferdinan et al., 2023; Lorentzon & Fotoh, 2024; Opatrna & Prochazka, 2023; Thilagavathy & Geetha, 2023). Therefore, this study examines government and private-sector employees from Generation Y and Generation Z in Central Jakarta by testing the effect of employee engagement on innovative performance and the moderating role of work-life balance.

The conceptual framework of this study places employee engagement as the main antecedent of innovative performance. Engaged employees are expected to display stronger intention and perceived behavioral control to generate, promote, and implement new ideas. Work-life balance is placed as a moderator because balanced work and personal roles may influence how engagement is converted into innovation-related behavior. The conceptual relationship is presented in Figure 1.

Conceptual Framework

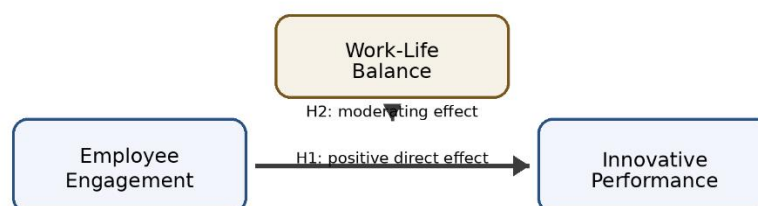


Figure 1. Conceptual Framework

Source: Developed by the authors based on Ajzen (1991), de Jong (2007), and Thilagavathy and Geetha (2023)

Based on the conceptual framework and the identified research gap, this study addresses two research questions: (1) To what extent does employee engagement affect innovative performance among Generation Y and Generation Z employees in government and private sectors in Central Jakarta? (2) How does work-life balance moderate the relationship between employee engagement and innovative performance?

RESEARCH METHODS

This study employed a quantitative explanatory design to test relationships among constructs through survey data, consistent with established quantitative and business research procedures (Creswell, 2018; Ferdinand, 2014; Sekaran & Bougie, 2016). The research subjects were government and private-sector workers in Central Jakarta categorized as Generation Y and Generation Z. Central Jakarta was selected because it provides an urban work setting in which government institutions and private organizations operate in close proximity, making it relevant for examining innovative performance across public and private employment contexts. Based on data from the Central Jakarta City Employment Agency (BRS), the number of active workers in the government and private sectors in February 2026 was 511,600 people. The sample was drawn using probability sampling in the form of simple random sampling after applying screening criteria related to age cohort, employment sector, and work location. Eligible respondents were selected from the respondent frame and invited to complete the questionnaire. Following the minimum-sample approach adopted in the original research design, 27 questionnaire indicators required 135 respondents.

Three constructs were measured through the questionnaire: innovative performance using 9 items, employee engagement using 9 items, and work-life balance using 9 items, for a total of 27 items. The proposed hypotheses were: H1, employee engagement has a positive and significant effect on innovative performance; and H2, work-life balance moderates the effect of employee engagement on innovative performance. The construct selection is supported by studies addressing innovative behavior, engagement, and work-life balance (de Jong, 2007; Thilagavathy & Geetha, 2023; Wijayanto et al., 2022).

Data were obtained by distributing questionnaires online through Google Forms to eligible respondents in the Central Jakarta area. Before analysis, responses were screened to ensure that respondents met the study criteria as Generation Y or Generation Z employees working in government or private-sector organizations in Central Jakarta. Data processing used SmartPLS 4 to examine construct validity, reliability, direct influence, and the moderating effect. The statistical decision criteria were AVE > 0.5, Cronbach's Alpha > 0.7, T value > 1.96, and P value < 0.05.

RESULTS AND DISCUSSION

Result

Questionnaire data were obtained from 139 respondents, exceeding the minimum target of 135 respondents. The respondent profile consisted of 87 females and 52 males. This distribution indicates that female respondents represented approximately 62.6% of the sample, while male respondents represented approximately 37.4%. The gender composition should therefore be considered when interpreting the findings, particularly because perceptions of work-life balance may differ according to gendered work and family-role expectations. A total of 100 respondents were under 30 years of age, while 39 respondents were aged 31-45 years. These age groups represent Generation Y and

Generation Z in accordance with the study target. Regarding educational background, 5 respondents held a Diploma III qualification, 125 held a Bachelor's degree, and 9 held a Master's degree.

SmartPLS 4 results show that all constructs met the validity requirement of AVE > 0.5: Employee Engagement was 0.666, Innovative Performance was 0.685, and Work-life Balance was 0.731. Reliability testing using a minimum Cronbach's Alpha standard of > 0.7 produced values of 0.936 for Employee Engagement, 0.942 for Innovative Performance, and 0.953 for Work-life Balance. These results indicate that all measurement data are valid and reliable, as presented in Tables 1 and 2.

Hypothesis testing produced path coefficients, T values, and P values. A T value > 1.96 and a P value < 0.05 indicate a significant influence. The effect of Employee Engagement on Innovative Performance showed a positive original sample value of 0.831, with a T value of 9.860 and a P value of 0.000. The moderating effect of Work-life Balance in the relationship between Employee Engagement and Innovative Performance showed an original sample value of -0.133, with a T value of 3.173 and a P value of 0.002. Therefore, employee engagement has a positive and significant effect on innovative performance, and work-life balance significantly moderates this influence; thus, H1 and H2 are supported. The negative sign of the moderating coefficient indicates that work-life balance attenuates the strength of the engagement-innovative performance relationship. In other words, when work-life balance is higher, the marginal contribution of engagement to innovative performance becomes weaker, although the moderation remains statistically significant.

Table 1. Validity Test Result

	Employee engagement	Innovative Performance	Work-life Balance
EE1	0,856	-	-
EE2	0,760	-	-
EE3	0,815	-	-
EE4	0,911	-	-
EE5	0,867	-	-
EE6	0,741	-	-
EE7	0,735	-	-
EE8	0,716	-	-
EE9	0,914	-	-
IP 3	-	0,874	-
IP1	-	0,835	-
IP2	-	0,738	-
IP4	-	0,806	-

	Employee engagement	Innovative Performance	Work-life Balance
IP5	-	0,857	-
IP6	-	0,852	-
IP7	-	0,794	-
IP8	-	0,815	-
IP9	-	0,871	-
WLB1	-	-	0,852
WLB2	-	-	0,874
WLB3	-	-	0,820
WLB4	-	-	0,759
WLB5	-	-	0,758
WLB6	-	-	0,876
WLB7	-	-	0,908
WLB8	-	-	0,919
WLB9	-	-	0,911

Source: SmartPLS 4

Table 2. Reliability Test Result

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
Employee engagement	0,936	0,941	0,947	0,666
Innovative Performance	0,942	0,947	0,951	0,685
Work-life Balance	0,953	0,956	0,961	0,731

Source: SmartPLS 4

Table 3. T-value and P-value Test Result

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
EE -> IP	0,833	0,837	0,084	9,860	0,000
Wlb x EE -> IP	-0,133	-0,133	0,042	3,172	0,002

Source: SmartPLS 4



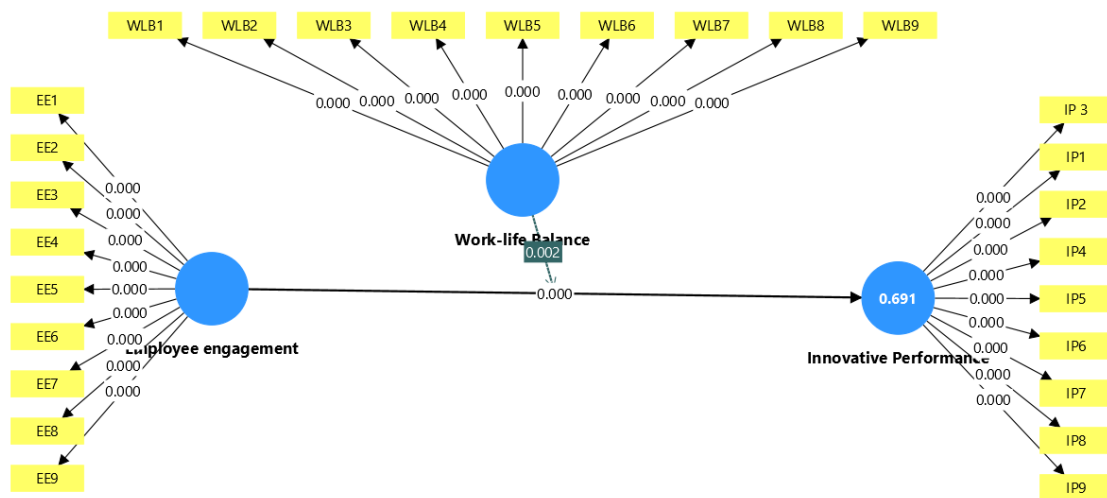


Figure 2. Research Model and Influence Test Result

Source: SmartPLS 4

Discussion

The positive and significant direct influence of employee engagement on innovative performance is consistent with research linking employee involvement to innovative behavior and performance (Angreni & Mahyuni, 2024; Kania et al., 2018; Wijayanto et al., 2022). The significant moderating role of work-life balance also aligns with literature suggesting that balance between work and non-work demands affects engagement and organizational outcomes (Ferdinan et al., 2023; Opatrna & Prochazka, 2023; Thilagavathy & Geetha, 2023). Nevertheless, the P value of the moderating effect (0.002) is greater than the P value of the direct effect (0.000). Moreover, this study did not distinguish respondents who were married or had family responsibilities from those who did not. Therefore, the work-life balance result should be interpreted within this limitation and should not be generalized without further examination.

CONCLUSION AND RECOMMENDATIONS

The level of innovative performance is influenced by the level of employee engagement among government and private sector workers from Generation Y and Generation Z in Central Jakarta City. Work-life balance moderates the influence of employee engagement on innovative performance among these workers. These findings reinforce the importance of engagement-oriented human resource practices together with organizational attention to employees' work-life balance.

Further research is recommended to identify the causes of declining innovation performance from a broader human resource management perspective, including the work expectations of Generation Y and Generation Z and the organization's capacity to encourage innovative performance. Subsequent studies should also distinguish respondents according to family or marital responsibilities when analyzing work-life balance.

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