

The Impact of Transformational Leadership Style And Work-Life Balance on Enhancing Employee Engagement of Generation-Z Employees at PT PNM Mekaar Business Unit Regional Aceh With Social Support as an Intervening Variable

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Abstract

This study employs a quantitative research approach, which relies on the collection of numerical data derived from measurements. As such, statistical analysis plays a vital role in addressing the research questions. The population in this study comprises all Generation Z employees of PT. PNM Mekaar Business Unit in the Aceh Region, totaling 856 individuals. The sampling technique used is stratified random sampling, where individuals are randomly selected from each stratum to form the sample. The results of this study are as follows: (1) Transformational Leadership Style has a positive effect on Social Support; (2) Work Life Balance has a positive effect on Social Support; (3) Transformational Leadership Style has a positive effect on Employee Engagement; (4) Work Life Balance has a positive effect on Employee Engagement; (5) Social Support has a positive effect on Employee Engagement; (6) Social Support significantly mediates the relationship between Work Life Balance and Employee Engagement; (7) Social Support significantly mediates the relationship between Transformational Leadership Style and Employee Engagement; (8) Transformational Leadership Style and Work Life Balance collectively influence Social Support by 51.1%; and Transformational Leadership Style, Work Life Balance, and Social Support collectively influence Employee Engagement by 86.7%.

Keywords: Employee Engagement, Transformational Leadership Style, Social Support, Work Life Balance.

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INTRODUCTION

Amid the challenges of the global economy and increasingly intense business competition, companies are required not only to excel in business strategy but also to manage human resources (HR) optimally. Human resources are no longer merely a supporting asset but have become the main actors in achieving organizational goals. One of the main challenges in HR management today is how to maintain employee engagement, especially among younger generations such as Generation Z.

Changes in workforce characteristics due to the entry of Generation Z (born between 1997 and 2012) into the labor market present new challenges in human resource management. This generation is known to be highly adaptive to technology, has a strong need for work-life balance, and expects participative and inspirational leadership (Utomo, 2022). On the other hand, they also tend to switch jobs quickly if their expectations regarding the work environment are not met (Aon Hewitt, 2017). Therefore, companies that seek to maintain organizational stability and productivity must understand how to increase employee engagement, particularly within this generational group.

PT. Permodalan Nasional Madani (PNM), as a State-Owned Enterprise (SOE) operating in the non-bank financial sector, carries a specific mission to empower ultra-micro entrepreneurs, particularly underprivileged women. Two flagship products of PT PNM—Unit Layanan Modal Mikro (ULaMM) and Membina Ekonomi Keluarga Sejahtera (Mekaar)—have become strategic instruments in alleviating poverty through local economic empowerment. The PNM Mekaar program specifically focuses on providing unsecured business capital to lower-middle-income housewives, accompanied by continuous training and mentoring.

Since its launch in 2016, the Mekaar program has experienced exponential growth. As of March 2023, the number of active clients had reached 14.7 million (Febrinastri & Fadilah, 2021). This achievement cannot be separated from the contribution of Account Officers (AOs), who serve as field personnel at the forefront of the company's operations in delivering financial education, business monitoring, and direct services to the community.

The Aceh Regional Area is one of the strategic regions in the implementation of the Mekaar program, encompassing thousands of active clients and dozens of operational branches. Employees of PT PNM Mekaar in the Aceh Region, particularly the younger generation such as Generation Z, are at the forefront of directly implementing this program in the field. In this context, the success of the program is not only determined by the company's macro strategies but also highly dependent on employee engagement—namely, the extent to which employees



demonstrate commitment, energy, and enthusiasm in performing their work to the fullest.

By the first quarter of 2023, the number of AOs nationwide had reached approximately 40,000, with a dominant 98.2% falling within the 18–24 age group, which is sociologically categorized as Generation Z (Karina, 2021). Generation Z employees at PT PNM Mekaar Regional Aceh represent a dominant segment of the workforce. The dynamic nature of fieldwork, the pressure of client acquisition targets, and the intensity of social interaction with the community pose unique challenges for these young employees. Symptoms of disengagement are not uncommon, which may lead to decreased performance, increased turnover, and diminished loyalty to the company. In such a situation, employee engagement becomes a key factor in ensuring the sustainability of the Mekaar program in the region.

Table 1. Number of Account Officers (AOs) by Age Group at PNM Mekaar Regional Aceh, First Quarter of 2023

No.	Mekaar Area Name	Total AO Employees in 2023					
		January		February		Marct	
		Usia <= 27	Usia > 27	Usia <= 27	Usia > 27	Usia <= 27	Usia > 27
1	Banda Aceh	76	0	77	0	84	0
2	Aceh Besar Pidie	75	0	82	0	89	0
3	Bireuen	81	0	96	0	100	0
4	Aceh Tengah	57	0	68	0	74	0
5	Bener Meriah	52	0	56	0	62	0
6	Lhokseumawe	86	0	91	0	92	0
7	Aceh Utara	73	0	79	0	84	0
8	Aceh Timur	88	0	92	0	93	0
9	Aceh Barat	77	0	82	0	86	0
10	Abdya Selatan	85	0	89	0	92	0
Total Employees		750	0	812	0	856	0

Source: PNM HR System Employee Data

An increase of 14% within a span of three months reflects a highly dynamic growth, indicating that the Mekaar program has a strong capacity to absorb the young workforce. However, rapid employee growth does not always correlate with organizational stability,

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particularly if employee engagement is not properly managed. Based on internal data from PT PNM Regional Aceh in 2023, it was recorded that the turnover rate among Generation Z employees had increased significantly from year to year. This indicates a sustained decline in employee engagement.

Moreover, the complexity of the AO role—which combines functions of education, financing, and field control—requires a high level of individual capacity. In reality, however, full employee engagement remains a major challenge. Emotional exhaustion, lack of supervisor support, and work-life imbalance are often the main triggers of low engagement among young employees.

Table 2. Employee Turnover Data of PNM Mekaar Regional Aceh, First Quarter of 2023

No	Mekaar Area Name	AO Employee Turnover Percentage in 2023			
		January	February	March	Average
1	Banda Aceh	10.39%	8.00%	4.00%	7%
2	Aceh Besar Pidie	16.67%	7.58%	11.11%	12%
3	Bireuen	0.00%	0.00%	0.00%	0%
4	Aceh Tengah	9.62%	10.53%	18.87%	13%
5	Bener Meriah	7.32%	4.88%	6.41%	6%
6	Lhokseumawe	5.80%	8.70%	7.25%	7%
7	Aceh Utara	2.70%	7.14%	4.05%	5%
8	Aceh Timur	6.12%	17.78%	2.00%	9%
9	Aceh Barat	6.58%	0.00%	4.40%	4%
10	Abdya Selatan	8.86%	6.33%	3.90%	6%
Total Average		7.30%	6.28%	5.70%	6%

Source: Calculated from HR System Employee Data of PNM

The highest turnover occurred in Central Aceh (13%), which, theoretically, can be associated with the low psychological and emotional attachment of employees to their work. Kahn (1990) states that employee engagement is a psychological condition in which individuals are fully present cognitively, emotionally, and physically in their work. High turnover can be an indicator of such disengagement.

Employee engagement is a strategic key to improving organizational performance



sustainably. Engaged employees demonstrate loyalty, enthusiasm, and high dedication in their work (Gallup, 2017). However, in practice, many organizations face challenges in creating optimal work engagement, particularly among Generation Z employees, who have different expectations compared to previous generations (Schaufeli & Bakker, 2004).

This issue highlights the urgent need to evaluate organizational factors influencing employee engagement, particularly in the context of younger generations who tend to be more responsive to work values aligned with personal identity, flexibility, and meaning in their jobs.

One managerial approach proven to enhance employee engagement is transformational leadership. Transformational leaders inspire, motivate, and proactively encourage individual development (Bass & Avolio, 2000). This style is highly relevant in the context of Generation Z, who expect leaders to act as facilitators of growth rather than mere task directors (Utomo, 2022). Research by Widyaningrum et al. (2019) shows that transformational leadership has a significant influence on increasing employee engagement.

In addition to leadership style, work-life balance is also a crucial determinant in enhancing work engagement. Generation Z places a high priority on balancing personal life and work when determining their loyalty to an organization (Soegiharto, 2020). An imbalance between work demands and personal life can lead to job stress, burnout, and ultimately, decreased engagement (Kurniawan, 2021). In the study by Rosmayanti and Sudiarditha (2019), work-life balance was found to have a positive relationship with employee engagement.

However, although transformational leadership and work-life balance have often been studied individually, there remains limited research that integrates both simultaneously in the context of Generation Z employee engagement, particularly in micro and social finance sectors such as PNM Mekaar. This research gap is important to explore further, given the complexity of the AO job characteristics, which demand intensive fieldwork, high mobility, and strong social interaction with client communities. This is where the role of social support as an intervening variable becomes relevant, as social support from supervisors, coworkers, and the surrounding environment can strengthen the positive effects of leadership style and work-life balance on employee engagement (Rhoades & Eisenberger, 2002). In the context of PNM Mekaar Regional Aceh, social support can serve as a psychological buffer that reduces the emotional burden of work and builds a deeper sense of social attachment to the organization.

Considering the urgency of the problem and the complexity of the work dynamics among Generation Z employees in the microfinance sector, this study holds a crucial position in the development of human resource management science, particularly within the context of socially



oriented organizations. Theoretically, this research contributes to expanding the study of the mediating mechanism of social support in linking transformational leadership and work-life balance with employee engagement. This approach offers a new perspective in explaining how social interventions in the workplace can strengthen the effects of leadership and work-life balance on employee involvement.

This research is expected to serve as a foundation for internal policy formulation at PT Permodalan Nasional Madani, especially for the Mekaar business unit in the Aceh Regional area, in designing leadership models and support systems that better align with the characteristics of the younger generation. This is important not only to reduce the high turnover rate but also to create a sustainable work climate focused on empowerment. Therefore, this research not only addresses the existing research gap but also offers a direct contribution to strengthening managerial quality and human resource management in the socially oriented national microfinance sector.

THEORETICAL REVIEW

Generation Z

Generation Z, or the iGeneration, refers to a group of individuals born between 1995 and 2010, and they are known as digital natives. This generation has grown and developed alongside the rapid advancement of information technology (Karina, 2021). They have used various digital devices from a young age, which has shaped them to think, act, and live in a fast-paced and multitasking manner.

The main characteristics of Gen Z include high proficiency in accessing and utilizing technology, a tendency toward multitasking, openness to cultural diversity, and a preference for efficiency and speed in various aspects of life (Wijoyo, 2020). They are active on social media, accustomed to sharing information, and tend to express themselves spontaneously in digital spaces.

Gen Z also demonstrates potential as a productive and flexible generation, with a strong interest in entrepreneurship and independent work. Wang, Qu, and Xu (2015) indicate that there is a positive relationship between the social capital of Gen Z and their level of self-efficacy. However, they also face challenges, such as low sensitivity to digital privacy and a need for adaptive social support systems (Rastati, 2018; Suryanti, 2022).

As Gen Z begins to enter the workforce, it is crucial for organizations to understand their characteristics and work preferences in order to facilitate effective cross-generational integration,



particularly in multigenerational work environments (Bencsik et al., in Wijoyo, 2020).

Employee Engagement

Employee engagement is a psychological condition in which individuals exhibit full physical, cognitive, and emotional involvement in carrying out their job roles (Kahn, 1990). Employees with high levels of engagement tend to work enthusiastically, show loyalty to the organization, and actively contribute to the achievement of shared goals not merely driven by financial rewards but also by intrinsic motivation (Adi & Fithriana, 2018). Robertson-Smith and Markwick (2009) emphasize that employee engagement is positively correlated with increased productivity, service quality, and customer loyalty. They classify engagement into three categories: engaged (energetic and innovative), not engaged (physically present but emotionally passive), and actively disengaged (dissatisfied and likely to negatively affect the work environment).

Furthermore, employee engagement consists of three main dimensions: vigor (energy and resilience in facing work challenges), dedication (enthusiasm, pride, and emotional attachment to the job), and absorption (full focus and immersion in work activities) (Willy, 2020; Kahn, 1990). According to Rachmadini et al. (2020), the level of engagement is influenced by several factors such as job satisfaction, leadership style, work environment, and work-life balance.

The fundamental principles of building engagement include: capacity to engage (availability of resources and information), motivation to engage (alignment between individual and organizational values), maintenance of autonomy (a safe work environment to take initiative), and strategic focus on development and recognition (Murnianita, 2012). Employee engagement reflects the comprehensive involvement of employees in the form of energy, enthusiasm, and emotional and cognitive attachment to the organization, which directly impacts the effectiveness and sustainability of company performance.

Transformational Leadership Style

Transformational leadership style is a leadership approach that aims to change followers' perspectives on an issue and guide them in viewing old problems from a new perspective. This leadership style plays a role in arousing enthusiasm, providing motivation, and inspiring individuals to exert extra effort in achieving organizational goals. Bass (1985, 1990) defines transformational leadership as an interactive process between leaders and followers that allows leaders to reshape the direction and expectations of the group through their strong influence.



Transformational leaders are capable of broadening insights, increasing followers' awareness of the group's vision and mission, and encouraging them to prioritize collective interests. According to Bass (1990), the characteristics of transformational leaders include:

- a) Being a role model for followers;
- b) Being admired, respected, and trusted;
- c) Exemplifying moral standards;
- d) Encouraging motivation and positive growth in followers;
- e) Consistently willing to take risks;
- f) Being reliable and fair; and
- g) Displaying ethical behavior.

Robbins (in Edison, 2016) states that this leadership style enhances human resource quality and shapes an adaptive organization. Yukl (in Edison, 2016) adds that followers will show high loyalty and contributions exceeding initial expectations. According to Indra Kharis (2015), a transformational leader possesses four main qualities, namely:

- a) Idealized influence, which refers to behaviors that evoke strong emotions and identification from followers;
- b) Individualized consideration, i.e., support and training provided to followers;
- c) Inspirational motivation, referring to the delivery of a compelling and symbolic vision; and
- d) Intellectual stimulation, which encourages followers to view problems from new perspectives.

Edison (2016) adds five characteristics of transformational leadership, namely:

- a) Having a clear strategy for organizational change;
- b) Demonstrating concern for members' problems;
- c) Stimulating members to focus on productive goals;
- d) Maintaining team cohesiveness; and
- e) Valuing differences of opinion and beliefs for collective advancement.

Furthermore, the indicators of transformational leadership according to Bass (1990) consist of:

- a) Charisma, namely the leader's influence through a strong vision and increased subordinates' self-confidence;
- b) Inspirational, the leader's ability to become a role model through clear goal communication;
- c) Individual consideration, in the form of mentoring and guidance that supports the personal development of subordinates; and



- d) Intellectual stimulation, which involves encouraging subordinates to think critically, creatively, and propose solutions to the problems they face.

Work Life Balance

Work-life balance is a condition in which individuals are able to harmoniously balance the demands of roles in both work and personal life. According to Hudson (2005, 2020), work-life balance is the level of satisfaction in performing dual roles as a professional and as an individual in personal life, achieved through harmonization and engagement between the two. In an organizational environment, work-life balance is manifested through policies that support employees in maintaining a balance between work and family, consisting of three main dimensions: (1) time balance, (2) involvement balance, and (3) satisfaction balance.

Greenhaus, Collins, and Shaw (2003) emphasize that this balance is important in reducing absenteeism and the desire to resign, as balanced individuals are able to fulfill professional and personal responsibilities simultaneously with high satisfaction. Factors that support satisfaction and effectiveness in these two domains will strengthen work-life balance, while barriers to it will weaken the balance (Tarigan & Ratnaningsih, 2020).

The quality of work life, according to Cascio (in Suneth, 2012), reflects employees' perceptions of job security, satisfaction, and a work environment that supports personal growth; its elements include job participation, career development, conflict resolution, effective communication, health and safety, job security, a fair reward system, and pride in work (Nugroho et al., 2018). The implementation of this program benefits not only the organization through reduced absenteeism and turnover rates, and increased loyalty and customer satisfaction, but also individuals through enhanced physical and mental well-being and greater control over work and personal life (Tumbel, 2011).

The components of work-life balance according to Greenhaus et al. (2003) consist of three elements, namely: (1) time balance, which refers to the proportion of time allocated between work and family; (2) role balance, which denotes psychological involvement in both roles; and (3) satisfaction balance, which is the equal level of satisfaction in both life domains.

Meanwhile, Fisher (2003) proposes four main components, namely: (1) time, including the amount and quality of time for work and personal life; (2) behavior, reflecting the efforts and beliefs of individuals in achieving goals in both domains; (3) strain, which refers to the psychological pressure arising from imbalance; and (4) energy, which is the limited vital resource needed to fulfill responsibilities in both work and personal life.



Furthermore, Fisher (2003) also describes four dimensions of work-life balance, namely: (a) work interference with personal life (WIPL), which is the disruption of personal life due to work; (b) personal life interference with work (PLIW), which is the disruption of work due to personal life; (c) personal life enhancement of work (PLEW), which is the positive contribution of personal life to professional performance; and (d) work enhancement of personal life (WEPL), which is the positive impact of work on personal life.

To measure the level of work-life balance, McDonald and Bradley (2017) and Hudson (2005) propose three main indicators, namely: (a) time balance, which indicates an individual's ability to proportionally allocate time between work and personal life; (b) involvement balance, which reflects psychological engagement that is balanced between work and non-work life; and (c) satisfaction balance, which denotes equal satisfaction in performing work and personal roles. Based on these theories, the indicators of the work-life balance variable in this study include time balance, involvement balance, and satisfaction balance.

Social Support

Social support, according to House (1981), is a form of concrete and specific assistance provided by others such as friends, family, or individuals within one's social environment. This support plays a crucial role in reducing stress, increasing individual resilience, and improving overall health. House classifies social support into four forms: (1) emotional support, which includes empathy and trust; (2) evaluative support, in the form of feedback to the individual; (3) informational support, which encompasses relevant information; and (4) instrumental support, which involves tangible assistance. The three main benefits of social support according to House are: (1) influencing stress levels through how individuals cope with pressure; (2) improving physical and mental health; and (3) protecting individuals from the negative effects of stress. Based on the Job Demands-Resources (JD-R) theory by Schaufeli & Bakker (2004), social support is one of the essential job resources that help employees complete tasks and manage job demands. This support is particularly relevant in jobs that require intensive interaction with customers. Social support includes the presence of individuals who provide moral encouragement, guidance, or solutions when someone faces difficulties. This is crucial because individuals tend to seek support when encountering problems, in order to feel appreciated, loved, and cared for. In general, humans cannot meet their physical, social, and psychological needs without the involvement of others.

Zhu et al. (2012) identified three main sources of social support:



- a) Family, as the primary social unit, provides support through: (1) effective communication, (2) joint activities, and (3) shared time during holidays. The family becomes a source of life satisfaction but can also be a source of tension if intergenerational conflicts occur.
- b) Close friends, who provide emotional closeness through: (1) sharing experiences and (2) being trusted confidants.
- c) Professionally affiliated individuals, such as nurses, doctors, or religious leaders, who provide support through: (1) health information, (2) disease prevention, (3) physical activities, and (4) spiritual approaches.

House (1981) elaborated on four indicators of social support:

- a) Emotional support, in the form of empathy, care, and trust that helps individuals feel heard and valued. For example, listening to others' complaints can reduce anxiety and provide comfort.
- b) Esteem support, in the form of encouragement, recognition, and positive comparisons with others, which can increase self-esteem and motivation.
- c) Instrumental support, in the form of tangible help such as services, time, or material assistance that aids individuals in completing tasks, such as offering loans or physical help.
- d) Informational support, in the form of suggestions, advice, and relevant information to assist individuals in making decisions and solving problems practically.

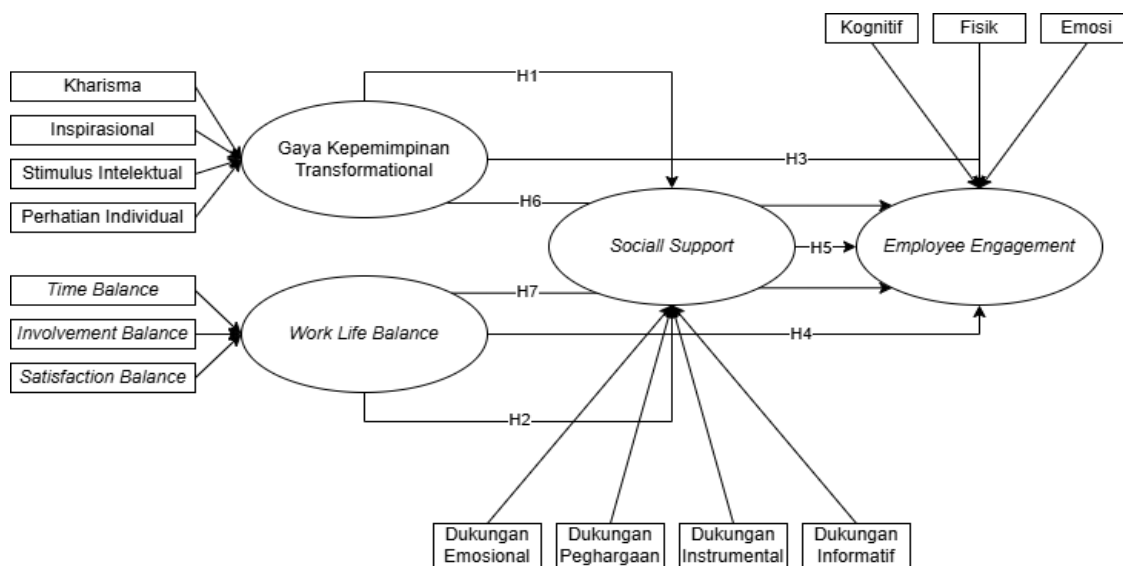
Robbins & Judge (2013) added that social support in the workplace is closely related to relationships among colleagues, superiors, and co-workers, and includes three main sources: family, co-workers, and supervisors. In general, social support refers to verbal and non-verbal support from close individuals that makes someone feel comfortable, appreciated, and not burdened in facing stress, as explained by Hamouda & Hassan (2018).

METHODOLOGY

This study employs a quantitative approach with the aim of analyzing the influence of transformational leadership style, work-life balance, and social support on employee engagement among Generation Z employees at PT. PNM Mekaar Business Unit, Aceh Regional. The population in this study includes all Generation Z employees totaling 856 individuals. The sample was determined using the Slovin formula at a 10% margin of error, resulting in a minimum sample size of 90 respondents selected through stratified random sampling and proportional random sampling techniques, to ensure that the distribution of respondents proportionally represents all areas of the Mekaar Regional Aceh. Data collection was carried out through questionnaires, which



were subsequently tested for validity and reliability. The collected data were analyzed using the SEM-PLS (Structural Equation Modeling–Partial Least Squares) method through the SmartPLS software, as this technique is suitable for complex models with reflective indicators and data formats that are not fully normal, and can be used with relatively small sample sizes. SEM-PLS enables the analysis of both direct and indirect relationships among variables and simultaneously tests the structural and measurement models, making it highly relevant for examining the mediating role of social support in the influence of leadership style and work-life balance on employee engagement at PT. PNM Mekaar Business Unit, Aceh Regional



RESULTS AND DISCUSS

RESULTS

Evaluation of the Measurement Model (Outer Model)

Evaluation of the measurement model is conducted to assess the validity and reliability of the latent constructs. Based on the outer loading results in Table 4.1 and Figure 4.1, all indicators have loading values above 0.70, indicating that the indicators meet the criteria for convergent validity. Furthermore, validity is assessed using the Average Variance Extracted (AVE), while reliability is evaluated using Composite Reliability (CR) and Cronbach's Alpha (CA).

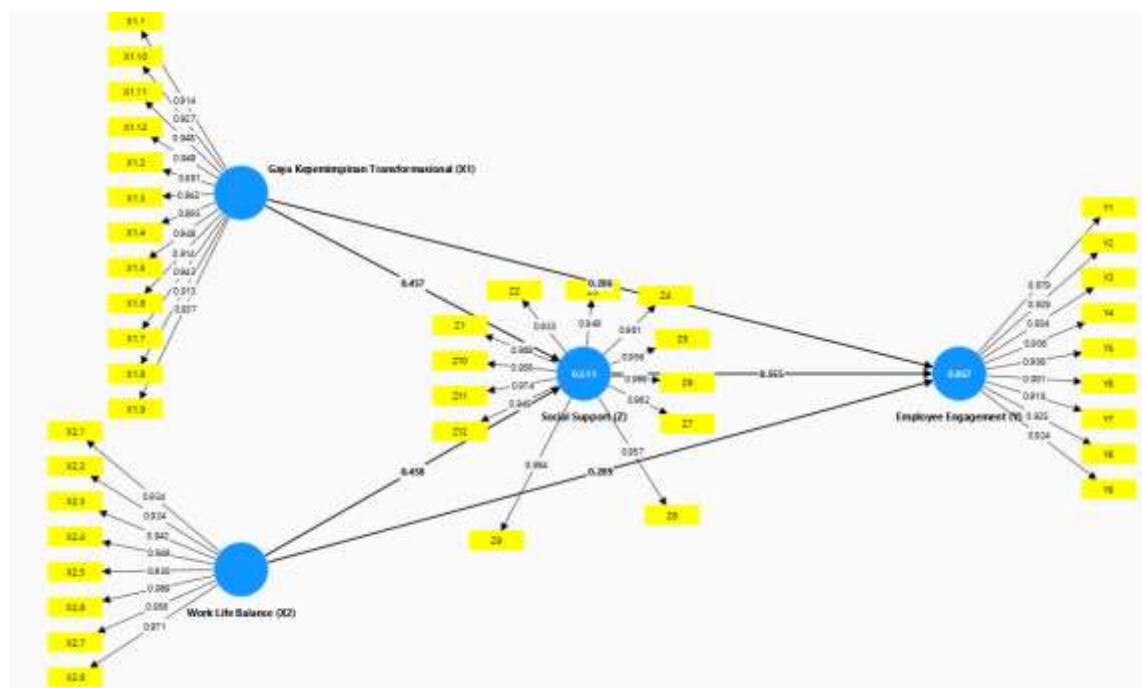


Figure 2. Validity Testing Based on Outer Loading

Based on the validity test of the outer loading shown in Figure 2, all outer loading values are greater than 0.7, indicating that the indicators have met the validity requirements based on outer loading values. Furthermore, validity testing was conducted using the Average Variance Extracted (AVE), and reliability was assessed using Composite Reliability (CR) and Cronbach's Alpha (CA).

Table 3. Construct Validity and Reliability Testing

Construct	Cronbach's Alpha	Composite Reliability	AVE
Employee Engagement (Y)	0.975	0.976	0.836
Transformational Leadership (X ₁)	0.985	0.985	0.858
Social Support (Z)	0.992	0.992	0.917
Work Life Balance (X ₂)	0.983	0.983	0.894

All Average Variance Extracted (AVE) values in this study are above 0.5, thus meeting the criteria for convergent validity. The reliability test also shows adequate results, where all composite reliability (CR) and Cronbach's alpha (CA) values are above 0.7, indicating that all constructs have good reliability. In addition, discriminant validity has been tested using the

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Fornell-Larcker approach, and the results are presented in Table 3, which shows that each construct possesses adequate discriminant validity.

Discriminant Validity: Fornell-Larcker Criterion

Discriminant validity was also tested using the Fornell & Larcker method, by comparing the square root of AVE with the correlations between constructs.

Table 4. Discriminant Validity: Fornell-Larcker

Construct	EE (Y)	GKT (X ₁)	SS (Z)	WLB (X ₂)
Employee Engagement (Y)	(0.914)			
Transformational Leadership (X ₁)	0.660	(0.926)		
Social Support (Z)	0.876	0.558	(0.957)	
Work Life Balance (X ₂)	0.663	0.221	0.560	(0.946)

Discriminant validity testing was carried out by comparing the square root value of AVE (VAVE) of each latent variable with its correlations to other latent variables. The results show that the VAVE of each variable is greater than the correlation between constructs. Thus, it can be concluded that the model meets the criteria for discriminant validity according to the Fornell-Larcker approach.

Discriminant Validity: HTMT (Heterotrait-Monotrait Ratio)

Tabel 5. Validitas Diskriminan: HTMT

Construct	EE (Y)	GKT (X ₁)	SS (Z)
Transformational Leadership (X ₁)	0.673	-	-
Social Support (Z)	0.890	0.563	-
Work Life Balance (X ₂)	0.676	0.225	0.565

Based on the results of discriminant validity testing using the HTMT approach, it was found that all values are < 0.9, which indicates that the model meets the requirements for discriminant validity based on the HTMT approach.

Evaluation of the Structural Model (Inner Model)



Hypothesis Testing and Mediation Effect

The results of the path testing in the structural model indicate that all relationships between variables are statistically significant. The details are presented in Table 6 below:

Table 6. Hypothesis and Mediation Testing Results

Hypothesis	T statistics	P values	Description
Transformational Leadership (X_1) → Social Support (Z)	3.634	0.000	significant
Work Life Balance (X_2) → Social Support (Z)	3.700	0.000	significant
Transformational Leadership (X_1) → Employee Engagement (Y)	2.690	0.007	significant
Work Life Balance (X_2) → Employee Engagement (Y)	2.986	0.003	significant
Social Support (Z) → Employee Engagement (Y)	3.850	0.000	significant
Work Life Balance (X_2) → Social Support (Z) → Employee Engagement (Y)	2.346	0.019	significant
Transformational Leadership (X_1) → Social Support (Z) → Employee Engagement (Y)	2.320	0.021	significant

Based on Table 6, all hypotheses in this study are statistically significant. Transformational Leadership and Work-Life Balance each have a significant effect on Social Support ($T = 3.634$; $P = 0.000$ and $T = 3.700$; $P = 0.000$, respectively). Both variables also significantly influence Employee Engagement ($T = 2.690$; $P = 0.007$ and $T = 2.986$; $P = 0.003$, respectively). Furthermore, Social Support significantly affects Employee Engagement ($T = 3.850$; $P = 0.000$), and also mediates the relationship between Work-Life Balance and Employee Engagement ($T = 2.346$; $P = 0.019$), as well as the relationship between Transformational Leadership and Employee Engagement ($T = 2.320$; $P = 0.021$).

Thus, all direct and indirect relationships in the model are statistically valid and significant, indicating that Social Support plays a crucial mediating role in strengthening Employee Engagement.



R-Square and Q-Square Test

Table 7. R² and Q² Values of Endogenous Variables

Endogenous Variable	R-Square (R ²)	Q-Square (Q ²)
Social Support (Z)	0.511	0.462
Employee Engagement (Y)	0.867	0.710

Based on the R-Square analysis, Social Support can be explained by Transformational Leadership and Work-Life Balance by 51.1%, indicating a moderate level of explanatory power. Meanwhile, Employee Engagement can be explained by the three variables (Transformational Leadership, Work-Life Balance, and Social Support) by 86.7%, reflecting a very strong explanatory capacity of the model.

Additionally, the Q-Square values for both endogenous variables exceed 0.35, indicating that the model has a good predictive relevance and is well-suited to explain the relationships among the variables in this study.

DISCUSSION

The results of this study indicate that transformational leadership and work-life balance, both directly and indirectly, have a significant effect on employee engagement, with social support acting as a mediating variable among Generation Z employees at PT PNM Mekaar Business Unit, Aceh Regional Office. First, transformational leadership was proven to have a positive and significant influence on social support (coefficient = 0.457; $t = 3.634$; $p < 0.05$). Transformational leaders who demonstrate inspiration, individualized consideration, and intellectual stimulation are able to foster a supportive and empathetic work environment, consistent with the concepts of Bass & Avolio (1994) and supported by the findings of Kaban & Wimko (2024). For Generation Z, who seek social connection and meaningful work, this leadership style is highly relevant in promoting emotional support in the workplace.

Furthermore, work-life balance also showed a significant positive influence on social support (coefficient = 0.458; $t = 3.700$; $p < 0.05$), indicating that the better the balance between work and personal life, the greater the employees' perception of receiving social support from the work environment. This finding strengthens Hobfoll's (1989) Conservation of Resources (COR) theory, which views work-life balance and social support as essential resources in enhancing employee engagement and psychological resilience. In this context, social support not only serves



as emotional reinforcement but also as a catalyst for amplifying the benefits of life balance attained by employees.

The direct effects of both independent variables on employee engagement were also found to be significant. Transformational leadership positively influenced employee engagement (coefficient = 0.286; $t = 2.690$; $p < 0.05$), indicating that inspirational and empathetic leaders can foster emotional involvement and strong work commitment among Generation Z. This result supports the findings of Tubagus (2015), Yohana et al. (2024), and Suhara et al. (2024). Similarly, work-life balance significantly enhances employee engagement (coefficient = 0.289; $t = 2.986$; $p < 0.05$), in line with the Job Demands-Resources (JD-R) model by Bakker & Demerouti (2007), which positions life balance as a crucial job resource to prevent burnout and increase motivation, especially among the younger generation who highly value flexibility and quality of life.

Moreover, social support itself has the strongest influence on employee engagement (coefficient = 0.555; $t = 3.850$; $p < 0.05$), underscoring the importance of a collaborative and supportive work environment in building employee involvement. The theories of Perceived Organizational Support and the Job Demands-Resources Model explain that social support fosters feelings of security, connectedness, and emotional commitment to one's job. Previous studies (Mariyanti et al., 2024; Valentina et al., 2022) have also shown that support from supervisors and coworkers significantly contributes to increased engagement, particularly among Generation Z employees who place high value on positive interpersonal relationships.

The mediation test results reveal that social support significantly mediates the relationship between transformational leadership and employee engagement ($t = 2.320$; $p = 0.021$), as well as the relationship between work-life balance and employee engagement ($t = 2.346$; $p = 0.019$). This indicates that leadership style and work-life balance will only be effective in enhancing employee engagement if supported by a strong social environment. In the context of Generation Z, social support not only provides psychological reinforcement but also reflects their work-related values such as recognition, collaboration, and healthy interpersonal relationships.

These research findings offer critical recommendations for PT PNM Mekaar Business Unit, Aceh Regional Office. First, the organization should promote the development of transformational leadership through empathy-based and effective communication training. Second, a flexible work system that supports employees' life balance without sacrificing productivity should be established. Third, a socially supportive work culture must be embedded through mentoring programs, two-way communication forums, and policies that ensure psychological safety. The combination of these three aspects forms a key strategy in increasing Generation Z employees'



engagement and loyalty, thereby strengthening the organization's competitiveness in navigating the future workforce dynamics.

Conclusions and Recommendations

This study demonstrates that Work Life Balance has a significant indirect effect on Employee Engagement through Social Support as a mediating variable. Social Support has been proven to strengthen the relationship between work-life balance and employee engagement, particularly among Generation Z at PT PNM Unit Bisnis Mekaar Regional Aceh.

Based on the findings of this study, it is recommended that organizations, particularly PT PNM Unit Bisnis Mekaar Regional Aceh, develop and implement more flexible Work Life Balance policies to enhance employee well-being. In addition, it is important for company leaders to foster a supportive and collaborative work environment to strengthen social support in the workplace. Empathic and responsive leadership toward employee needs should also be improved so that employee engagement, especially among Generation Z, can be continuously nurtured in an optimal manner. Future research may consider a longitudinal design and involve a cross-generational population to gain deeper insights and broader generalizations regarding the influence of these variables.

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