

ABSTRACT

Employee loyalty is an important aspect in supporting the sustainability of a company, especially for Generation Z, which now dominates the workforce in Indonesia. Generation Z is known for its unique characteristics, such as prioritizing flexibility, work-life balance, and a supportive work environment. However, data shows a high turnover rate among Generation Z, indicating low employee loyalty. Based on data and literature, it was found that Generation Z tends to switch jobs when their needs for work-life balance and an ideal work environment are not met.

The objectives of this study are to determine the work-life balance of Generation Z in Indonesia, to determine the non-physical work environment of Generation Z in Indonesia, to determine employee loyalty among Generation Z in Indonesia, to determine the influence of work-life balance on employee loyalty among Generation Z employees in Indonesia, to determine the influence of the non-physical work environment on employee loyalty among Generation Z employees in Indonesia, and to determine the influence of work-life balance and the non-physical work environment on employee loyalty among Generation Z employees in Indonesia.

The method used in this study is quantitative with a descriptive causal approach. Data collection techniques were conducted through the distribution of online questionnaires to 260 respondents who are Generation Z employees in Indonesia. Data analysis techniques used the Structural Equation Modelling (SEM) method based on Partial Least Squares (PLS) with the assistance of SmartPLS 4.0.9.9 software.

The results of the descriptive analysis indicate that work-life balance is in the balanced category, the non-physical work environment is in the good category, and employee loyalty is in the loyal category. Based on the results of the SEM PLS testing, work-life balance and the non-physical work environment have a positive and significant effect on employee loyalty, both partially and simultaneously. This means that the more balanced the work-life balance and the better the perceived non-physical work environment, the more loyal Generation Z employees will be to the company.

Based on this study, it is evident that work-life balance and non-physical work environment play a crucial role in shaping the loyalty of Generation Z employees. Therefore, companies are advised to provide flexible work policies, ensure a balance between personal life and work, and build a supportive work environment. This study has limitations in terms of generalizability as it only involves one generation. Further research is recommended to compare across generations and explore mediating variables to obtain more comprehensive results.

Keywords: *Generation Z, Work Life Balance, Work Environment, Employee Loyalty*