

Influence of Employee Engagement, Work Motivation, and Work-Life Balance on Employee Loyalty at PT Delta Dunia Sandang Tekstil Demak

Balqis Umi Habibah, Rara Ririn Budi Utaminingsy, Sri Wahyuni

Politeknik Negeri Semarang, Indonesia

Email: rararirin.bu@polines.ac.id

ABSTRACT

The growing proportion of Generation Z workers in Indonesia's workforce forces organizations to strengthen their employee retention strategies. Given this cohort's tendency to job-hopping, factors such as employee engagement, work motivation, and work-life balance play a crucial role in shaping their loyalty. This study seeks to examine the partial and simultaneous effects of employee engagement, work motivation, and work-life balance on the loyalty of Generation Z production employees at PT Delta Dunia Sandang Tekstil Demak, a textile manufacturing firm. Using a sample of 71 workers chosen via purposive sampling. To analyze the collected data, multiple linear regression modeling was performed via SPSS version 26. The statistical procedures involved testing for instrument validity and reliability, verifying standard classical assumptions, estimating the regression model, and evaluating the overall fit (F -test, R^2) alongside individual variable significance (t -test). The empirical model yielded $Y = 0.779 + 0.239X_1 + 0.429X_2 + 0.186X_3$, confirming that all three predictors positively drive loyalty. The findings reveal that employee engagement, work motivation, and work-life balance significantly influence employee loyalty. The combined influence of these three factors accounts for 64.3% of the overall variation in Employee Loyalty, leaving the residual variance to be driven by variables beyond the current framework. Ultimately, the research emphasizes that boosting employee engagement, satisfying individual motives, and offering flexible work-life integration are essential strategies for retaining Gen Z talent.

Keywords *Generation Z; Engagement; Motivation; Work-Life Balance, Loyalty*

Pengaruh Keterlibatan Karyawan, Motivasi Kerja, dan Keseimbangan Kehidupan Kerja terhadap Loyalitas Karyawan di PT Delta Dunia Sandang Tekstil Demak

Abstrak

Proporsi pekerja Generasi Z yang terus meningkat dalam angkatan kerja Indonesia memaksa organisasi untuk memperkuat strategi retensi karyawan mereka. Mengingat kecenderungan kelompok ini untuk sering berpindah pekerjaan, faktor-faktor seperti keterlibatan karyawan, motivasi kerja, dan keseimbangan kehidupan kerja memainkan peran penting dalam membentuk loyalitas mereka. Studi ini bertujuan untuk menguji pengaruh parsial dan simultan dari keterlibatan karyawan, motivasi kerja, dan keseimbangan kehidupan kerja terhadap loyalitas karyawan produksi Generasi Z di PT Delta Dunia Sandang Tekstil Demak, sebuah perusahaan manufaktur tekstil. Menggunakan sampel sebanyak 71 pekerja yang dipilih melalui purposive sampling. Untuk menganalisis data yang dikumpulkan, pemodelan regresi linier berganda dilakukan melalui SPSS versi 26. Prosedur statistik melibatkan pengujian validitas dan reliabilitas instrumen, verifikasi asumsi klasik standar, estimasi model regresi, dan evaluasi kesesuaian keseluruhan (uji F, R^2) bersamaan dengan signifikansi variabel individual (uji t). Model empiris menghasilkan $Y=0,779+0,239X_1+0,429X_2+0,186X_3$, yang mengkonfirmasi bahwa ketiga prediktor tersebut secara positif mendorong loyalitas. Temuan menunjukkan bahwa keterlibatan karyawan, motivasi kerja, dan keseimbangan kerja-hidup secara signifikan memengaruhi loyalitas karyawan. Pengaruh gabungan dari ketiga faktor ini menyumbang 64,3% dari keseluruhan variasi dalam Loyalitas Karyawan, menyisakan varians residual yang didorong oleh variabel di luar kerangka kerja saat ini. Pada akhirnya, penelitian ini menekankan bahwa meningkatkan keterlibatan karyawan, memenuhi motivasi individu, dan menawarkan integrasi kerja-hidup yang fleksibel adalah strategi penting untuk mempertahankan talenta Gen Z.

Kata kunci: Generasi Z, Keterlibatan, Motivasi, Keseimbangan Kehidupan Kerja, Loyalitas

INTRODUCTION

Human capital serves as a vital pillar for organizational success, which are achieved by managing personnel both appropriately and effectively. Human resource management is the science and art of managing the workforce effectively and efficiently to achieve the goals of the company, employees, and society (Hasibuan, 2003, as cited in Yakin, 2023), and plays a vital role in meeting the needs of both individuals and the organization (Malebra and Kurniani, 2023). One of the key strategies companies use to gain a competitive edge is to increase employee loyalty.

Employee loyalty is an employee's willingness and readiness to comply with, practice, and implement established regulations with full responsibility and without coercion (Brillianty & Murti, 2025). Loyal employees have a positive impact on a company's growth, while low loyalty is often reflected in high turnover and disengaged behaviors such as absenteeism (Wijaya & Puterisari, 2025). The textile manufacturing sector has long relied on workforce stability, but that stability is being tested at PT Delta Dunia Sandang Tekstil Demak, where internal data reveal declining employee loyalty, especially among younger employees. Attendance issues in Unit 2 of the Winding Department (January–April 2026), spiked from 85–90 cases in January–February to 180 in March and 200 in April, while the turnover rate rose from 4.02% in January to a peak of 15.18% in April and stayed above 13% in May–June, with the Winding Section's turnover nearly double the overall Unit 2 average, trapping the company in a “revolving door” of continuous recruitment and departure.

One factor believed to contribute to this low loyalty is employee engagement, to extent to which employees feel involved, motivated and committed to their work and the organisation (Barus et al., 2025). Another is work motivation, a desire or drive to act (Brillianty & Murti, 2025). Employees become more productive, creative, and proactive when highly motivated. For Generation Z

employees, work-life balance is equally critical: it reflects high engagement in both work and non-work life with minimal role conflict (Sirgy & Lee, 2018 in Atthohiri & Wijayati, 2021). An inability to support flexibility leads to burnout, whose early symptoms include absenteeism, and ultimately a loss of loyalty, a top priority for Generation Z when choosing a job (Mahardika et al., 2022; Sunaryanto & Idrus, 2025). Indonesia working-age population (15–64) is projected to grow faster than its non-working-age population through 2030–2040 (Hermawan et al., 2020), and BPS data show Generation Z (born 1997–2012) already dominates the population, at roughly 74.93 million, or 27.94% of the total.

Theoretically, maintaining employee loyalty is generally approached by strengthening engagement, motivation, and work-life balance, as shown by Jamaludin et al. (2025) for employee engagement and work-life balance have a positive and significant effect on employee loyalty, and Yasmine & Wijaya (2024) for work motivation has a direct influence on loyalty, making this three-variable approach the most consistently supported solution. However, Vebrianthy et al. (2022), and Susetia et al. (2025) found that, individually, these variables don't have a significantly effect on employee loyalty, creating a research gap around their combined influence. Prior studies are also limited in two ways: most examined the three variables separately rather than within one model, and most were conducted in non-manufacturing sectors (service, hospitality, banking, government), limiting generalizability to manufacturing, which different markedly in physical labor, shift systems, and production pressures.

To address these limitations, this study investigates the simultaneous influence of employee engagement, work motivation, and work-life balance within a unified theoretical framework. The research focuses specifically on Generation Z employees in the textile manufacturing sector, a context that has

received limited attention in previous studies. Its novelty lies in integration these three predictors within a rarely examined context, namely textile production lines characterized by shift work and physically demanding conditions, offering a more comprehensive understanding than prior, largely partial, service sector focused studies. Based on the aforementioned discussion, this study aims to develop a research model that explains the influence of employee commitment, work motivation, and work-life balance on employee loyalty. Specifically, this study seeks to: (a) examine the effect of employee commitment on employee loyalty; (b) examine the effect of work motivation on employee loyalty; (c) examine the effect of work-life balance on employee loyalty; and (d) analyze the simultaneous effects of employee commitment, work motivation, and work-life balance on employee loyalty among employees in Unit 2 of the Winding Division at PT Delta Dunia Sandang Tekstil Demak.

Literature Review

Social Exchange Theory

The theoretical framework of this study rests on Social Exchange Theory (SET), introduced by Homans (1958) and developed by Blau (1964), emphasizing the economic-structural aspects of exchange and distributive justice. Its core principle is reciprocity: receiving a benefit creates an impulse to reciprocate, fostering trust and long-term commitment (Ahmad et al., 2023). In organizational, SET frames employee-company interactions as an exchange of material (compensation) and non-material (attention, recognition, social acceptance) resources (Kumar & Shailaja, 2024). When treated fairly, employees tend to reciprocate with greater commitment and engagement (Alnajim, 2021; Xuecheng et al., 2022). Recent research extends SET beyond transactional exchange to organizational support for psychological well-being, including flexible policies that support work-life balance (Musleh & Cross, 2025) and

confirms that fair treatment is directly linked to greater employee loyalty and commitment (Rahmansyah et al., 2023).

Hierarchy of Needs Theory

To complement the SET, Maslow's Hierarchy of Needs (1943) explain the internal psychological mechanisms that drive employees to become motivated, engaged, and loyal, arranging human needs into five hierarchical levels (Yuniarti et al., 2021): 1) Physiological needs (clothing, food, shelter, and fair compensation); 2) Safety and security needs (job stability and a safe environment); 3) Affiliation or acceptance needs; 4) Esteem or status needs (recognition of contributions); 5) Self-actualization. Work motivation is the force driving individuals to fulfil these needs, from basic to self-actualization (Ugoani, 2023). The more an organization meets employees needs, the greater their motivation, an important psychological prerequisite for loyalty. Maslow's hierarchy thus serves as a conceptual bridge linking the fulfilment of employees' internal needs to the reciprocal mechanisms described by Social Exchange Theory.

Generation Z

People born in the period spanning 1997 to 2012, widely referred to as Gen Z or the "Digital Generation" with work characteristics distinct from earlier generations. The IDN Research Institute (2024) reports that over 70% of Indonesia's Generation Z is already of working age, yet still faces emotional challenges (anxiety, low motivation, and low self-esteem) that undermine confidence about career prospects, an issue that has received less attention than for Generation Y or Millennials. This generation demands a transparent work environment, direct communication, and flexible work arrangements (Paggi & Clowes, 2021). Work-life balance is especially crucial: high job demands can blur professional and personal boundaries, while flexible hours and location improve their ability to juggle responsibilities (Mahardika et al., 2022).

A'isyah & Mahyuni (2026) revealed that Generation Z's views on work-life balance shape their intention to remain with or leave an organization. This generation tends to have limited tolerance toward work environments that are considered unsupportive of their personal well-being.

Employee Loyalty

Employee loyalty is an employee's willingness to carry out company tasks with full awareness and responsibility so organizational goals are achieved to the fullest extent (Silaen et al., 2021:182). This concept encompasses not only a willingness to remain, but a commitment to contribution to organizational sustainability (Aisyi & Kuswinarno, 2024). Loyalty employees work productively and efficiently (Yuniarti et al., 2021:256). Employee loyalty can also help reduce employee turnover within a company. Signs of declining loyalty include decreased productivity, increased absenteeism, high turnover, workplace unrest, rising demands, and in the extreme, strikes (Nitisemito, 1991, as cited in Silaen et al., 2021:185). Loyalty can be assessed through four indicators (Saydam, 2000, as cited in Silaen et al., 2021:184) consist of: 1) obedience/compliance, 2) responsibility, 3) devotion, and 4) honesty.

Employee Engagement

Employee engagement describes an optimal cognitive-emotional state marked by occupational enthusiasm, deep dedication, and a feeling of fulfillment at work. Engaged employees find their work meaningful, motivating them to perform at their best rather than merely show up (Putri & Frianto, 2022). Fadhlurrohman et al. (2026) confirm that employee engagement significantly influences employee loyalty. According to Katili et al. (2024), engagement is shaped by organizational culture that encourages open communication and teamwork, inspirational leadership, employee well-being and recognition, and career development opportunities. Employee engagement is

generally measured across three dimensions (Schaufeli et al., 2006, in Goyal et al., 2025): 1) vigor, 2) dedication, and 3) absorption.

Work Motivation

Motivation is a process that arises within a person, consciously or unconsciously, to act toward a specific goal (Silaen et al., 2021:174). Well-managed motivation converts employees' potential competencies into productive contributions (Raharjo, 2022). Silaen et al. (2021) divide factors influencing motivation into external (work environment, compensation, supervision, recognition, status, and regulations) and internal (desire to live, to possess, for recognition, and for power). Yasmine & Wijaya (2024) confirm that work motivation positively and significantly affects employee loyalty. The indicators used to measure work motivation according to Maslow in (Syagifa et al., 2025), are: 1) physiological needs, 2) safety needs, 3) social needs, 4) esteem needs, 5) self-actualization.

Work-Life Balance

McDonald & Bradley define work-life balance as an individual's level of satisfaction in fulfilling roles both inside and outside of work, the ability to manage responsibilities, demands, and roles at work and in personal life in a balanced manner (Ramadhani & Rasto, 2021). It extends beyond scheduling to a deep understanding of life priorities and effective time allocation (Marsenda & Wicaksari, 2024). Jamaludin et al. (2025) show that work-life balance positively and significantly influence employee loyalty. Factors influencing work-life balance, according to (Poulose, 2014) in Marsenda & Wicaksari, (2024) are divided into four categories: individual (personality, well-being, emotional intelligence), organizational (policies, work culture, leadership support, workload), social (support from family, friends, and coworkers), and other factors (age, gender, marital status, and income level). Brenyah et al. (2026) identify three indicators: 1) time balance, 2)

involvement balance, and 3) satisfaction balance.

Employee Engagement and Employee Loyalty

Employees who demonstrate strong emotional and intellectual commitment to their work will feel that their personal goals align with the company's goals. According to Social Exchange Theory, the attention a company devotes to building employee engagement will be reciprocated by employees in the form of long-term commitment and a reluctance to leave the company. Supported by a study by Fadhlurrohman et al. (2026), which shows that employee engagement has a significant effect on employee loyalty. Based on these findings, the following hypothesis is formulated:

H₁: It is hypothesized that the variable “employee engagement” significantly influences employee loyalty.

Work Motivation and Employee Loyalty

Drawing on Maslow's hierarchy of needs, workplace motivation acts as the central force behind employee loyalty. Employees who feel their needs and motivational drivers are adequately met by the organization tend to develop a stronger sense of belonging, which in turn strengthens loyalty. This finding is corroborated by a study conducted by Yasmine and Wijaya (2024), which demonstrates that motivation at work has a positive and significant influence on employee loyalty. Based on these results, the research hypothesis is stated as follows:

H₂: It is hypothesized that the variable “work motivation” significantly influence employee loyalty.

Work-Life Balance and Employee Loyalty

Workers who successfully reconcile job demands with personal-life responsibilities generally experience less workplace stress. Organizational support for this balance is perceived by employees as recognition of their overall well-being, a factor that contributes to

lower turnover rates. Based on the research by Jamaludin et al. (2025), which shows that work-life balance has a positive and significant effect on employee loyalty, the following hypothesis is formulated:

H₃: It is hypothesized that the variable “work-life balance” has a significant effect on employee loyalty

Employee Engagement, Work Motivation, and Work-Life Balance and Their Effects on Employee Loyalty

Employee loyalty is shaped by the interaction of various interrelated factors, including employee engagement, work motivation, and work-life balance. Employees with high engagement tend to feel a sense of belonging to the organization, while work motivation drives employees to contribute optimally. Yasmine & Wijaya (2024) found that motivation has a positive and significant effect on employee loyalty. Work-life balance also plays a crucial role in shaping loyalty. Jamaludin et al. (2025) argued that work-life balance influences job satisfaction, which in turn strengthens employee loyalty; this is further supported by the findings of Sipayung et al. (2026), who demonstrated that work-life balance has a positive and significant effect on employee loyalty.

Based on this discussion, the three variables are hypothesized to collectively contribute to employee loyalty, leading to the formulation of the following hypothesis:

H₄: It is hypothesized that the variables of EE, WM, and WLB have a simultaneous influence on EL

Hypotheses Development

This study aims to investigate the relationship between employee commitment, work motivation, and work-life balance, as well as their influence on employee loyalty at PT Delta Dunia Sandang Tekstil Demak. The theoretical framework underlying this study is presented in Figure 1.

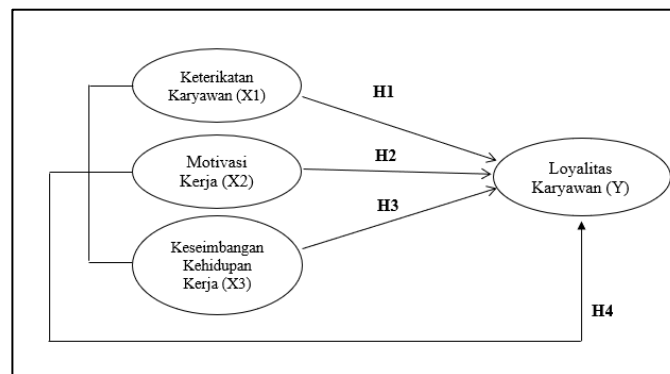


Figure 1. Empirical Model

The following research hypothesis was developed in light of the problem definition and study objectives:

- a. H01: There is no significant influence of Employee Engagement (X1) on Employee Loyalty (Y) at PT Delta Dunia Sandang Tekstil Demak.
- b. Ha1: There is a significant influence of Employee Engagement (X1) on Employee Loyalty at PT Delta Dunia Sandang Tekstil Demak.
- c. H02: There is no significant influence of Work Motivation (X2) on Employee Loyalty (Y) at PT Delta Dunia Sandang Tekstil Demak.
- d. Ha2: There is a significant influence of Work Motivation (X2) on Employee Loyalty at PT Delta Dunia Sandang Tekstil Demak.
- e. H03: There is no significant influence of Work-life Balance (X3) on Employee Loyalty (Y) at PT Delta Dunia Sandang Tekstil Demak.
- f. Ha3: There is a significant influence of Work-life Balance (X3) on Employee Loyalty at PT Delta Dunia Sandang Tekstil Demak.
- g. H04: There is no significant influence of Employee Engagement (X1), Work Motivation (X2), and Work-Life Balance (X3) on Employee Loyalty (Y) at PT Delta Dunia Sandang Tekstil Demak.
- h. Ha4: There is significant influence of Employee Engagement (X1), Work Motivation (X2), and Work-Life Balance

(X3) on Employee Loyalty (Y) at PT Delta Dunia Sandang Tekstil Demak.

RESEARCH METHOD

Population, Sample, and Sampling Technique

A population is the totality of objects or subjects with specific qualities and characteristics identified by a researcher for study and from which conclusions are drawn (Sugiyono, 2023:285). This study's population comprised 143 Generation Z production employees (born 1997–2012) from Unit 2, Winding Department, at PT Delta Dunia Sandang Tekstil Demak. Probability sampling, specifically simple random sampling, was used to determine the sample (Sugiyono, 2023:128), with sample size calculated via the Slovin formula at a 10% margin of error, yielding 71 Generation Z employees out of the 143 in the department.

Data Sources

This study uses quantitative data drawn from research instruments (questionnaires using a Likert scale) systematically organized to collect information from respondents. Following Sugiyono (2023), data sources comprise primary data, obtained directly via questionnaires distributed to eligible employees in Unit 2's winding department, and secondary data, comprising employee attendance records and turnover figures sourced from company internal records.

Data Collection Technique

Primary data collection was executed via an online survey administered through Google Forms. Participant responses were evaluated using a 5-point Likert scale, spanning from 1 (Strongly Disagree) to 5 (Strongly Agree).

Validity Test

Validity testing assesses the extent to which a questionnaire measures what it is intended to measure; a questionnaire is valid if its questions reveal the intended construct (Sekaran & Bougie, 2026). Validity was tested by correlating each item score with the total variable score using Spearman correlation (bivariate) at a 5% significance level; an item is valid if $r\text{-count} > r\text{-table}$ (Ghozali, 2021).

Reliability Test

A variable is reliable if responses to a statement remain consistent over time (Sekaran & Bougie, 2016), measured using Cronbach's alpha; reliability is considered high when the Cronbach's alpha value exceeds 0.60.

Normality Test

The normality test determines whether the residuals in a regression model are normally distributed, commonly using the Kolmogorov-Smirnov test: residuals are normally distributed if the significance value is ≥ 0.05 , and not normal if ≤ 0.05 (Sekaran & Bougie, 2026).

Multicollinearity Test

The multicollinearity test identifies strong correlation among independent variables, using tolerance and Variance Inflation Factor (VIF): multicollinearity occurs if tolerance ≤ 0.10 or $VIF \geq 10$, and is absent if tolerance > 0.10 and $VIF < 10$ (Ghozali, 2021).

Heteroscedasticity Test

The heteroscedasticity test checks whether the regression model's residual variance is constant (homoscedasticity) or not, using the Spearman test or a residual scatterplot; a good model shows no heteroscedasticity, indicated by a significance value ≥ 0.05 (Ghozali, 2021).

Linearity Test

A linearity test is conducted to assess whether the relationship between the variables in an empirical study follows a linear, quadratic, or cubic function. A relationship is considered linear if the significance value for linearity is $\text{Sig.} < 0.05$ (Ghozali, 2021).

Multiple Linear Regression Analysis

Used to display the coefficient results for each dependent and independent variable. This analysis is used to “determine how much influence the independent variable has on the dependent variable simultaneously or partially” (Sekaran & Bougie, 2016).

Simultaneously Test (F test)

Simultaneous Significance Test (F Test) according to (Ghozali, 2021) is a test used to determine whether the independent variables together (simultaneously) have a significant effect on the dependent variable in the regression model.

Coefficient Determination

The coefficient of determination test is conducted to assess the extent to which variations in the dependent variable can be accounted for by the independent variables included in the regression model. The R value ranges from 0 to 1, the closer to 1, the better the model is in explaining data variability (Ghozali, 2021).

Partial Test (t-test)

The partial test (t-test) shows the extent to which one independent variable individually influences the dependent variable (Sekaran & Bougie, 2016): if t-value

> t-table, Ha is accepted and H0 rejected; if t-value < t-table, Ha is rejected and H0 accepted.

FINDINGS AND DISCUSSION

Respondent Characteristics

The characteristics of the respondents

production employees in the Winding Unit 2 Department at PT Delta Dunia Sandang Tekstil include gender, age, length of service, job title, and frequency of absences. The analysis of respondents' characteristics conducted in this study is presented in Table 1.

Table 1. Demographic Characteristics of Respondents

Characteristics	Value	Frequency
Gender		
Male	30	42.2%
Female	41	57.7%
Age		
18-20 Years	19	26.8%
21-23 Years	18	25.4%
24-27 Years	19	26.8%
28-29 Years	15	21.1%
Length of Service		
< 1 Year	21	29.6%
1-3 Year	35	49.3 %
4-6 Year	14	19.7%
> 6 Year	1	4.1%
Status		
Not yet married	41	57.7%
Married	29	40.8%
Ever been married	1	1.4%
Frequency of absences from work		
Rarely	31	43.7%
Quite often	8	11.3%
Often	1	1.4%
Never	31	43.7%

Source: Processed primary data, 2026

Table 1 indicates that women represented the largest proportion of survey participants (57.7%), with the largest age groups in the 18–20 and 24–27 ranges (26.8% each). Most had 1–3 years of work experience (49.3%) and were unmarried (57.7%), while absence frequency was evenly split between

“rarely” and “never” (43.7% each).

Validity and Reliability Test

This study distributed questionnaires to production staff in the Winding Unit 2 department using a 1–5 Likert scale. The results of the tests are presented in Table 2.

Table 2. Validity and Reliability Test Results

Variabel	Statement	Pearson Correlations	Sig.	Criteria	Cronbach's Alpha	Description
Employee	X1.1	0.819	0.000	Valid	0.711	Reliabel
Engagement	X1.2	0.830	0.000	Valid		
	X1.3	0.741	0.000	Valid		

Variabel	Statement	Pearson Correlations	Sig.	Criteria	Cronbach's Alpha	Description
Work Motivation	X2.1	0.755	0.000	Valid	0.777	Reliabel
	X2.2	0.725	0.000	Valid		
	X2.3	0.671	0.000	Valid		
	X2.4	0.754	0.000	Valid		
	X2.5	0.745	0.000	Valid		
Work-Life Balance	X3.1	0.783	0.000	Valid	0.703	Reliabel
	X3.2	0.872	0.000	Valid		
	X3.3	0.726	0.000	Valid		
Employee Loyalty	Y.1	0.715	0.000	Valid	0.727	Reliabel
	Y.2	0.776	0.000	Valid		
	Y.3	0.728	0.000	Valid		
	Y.4	0.766	0.000	Valid		

Source: Processed primary data, 2026

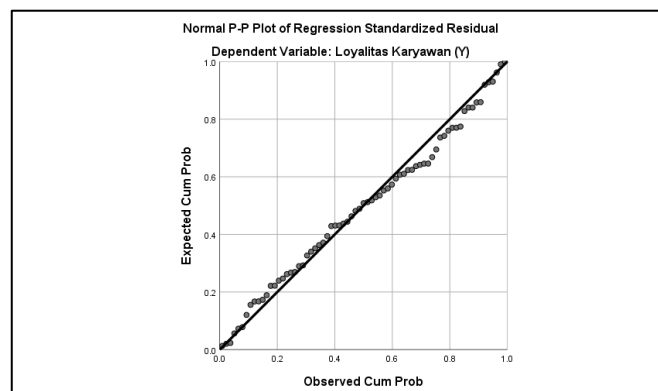
As demonstrated by the empirical values in Table 2, every survey item evaluated across the 71 respondents yielded calculated r -values (r_{count}) exceeding the critical threshold (r_{table}) at a significance level below 0.05. Consequently, all questionnaire items were confirmed to be valid. Additionally, the Cronbach's Alpha coefficients surpassed the 0.60 threshold, establishing the internal consistency and

reliability of the research instruments.

Classical Assumption Test Result

1. Normality Test

The normality test determines whether a regression model's residuals follow a normal distribution (Ghozali, 2021:196), assessed through the distribution of points along the diagonal line via graphical analysis or statistical tests. Figure 2 presents the normality test results using a probability plot.



Source: Processed primary data, 2026

Figure 1. Graph of Normality Test Results

Figure 2 illustrates a bell-shaped distribution without significant skewness, suggesting that the data meet the assumption

of normality. This finding is further supported by the One-Sample Kolmogorov-Smirnov test presented in Table 3.

Table 3. Normal Kolmogorov-Smirnov

-Sample Kolmogorov-Smirnov Test		Unstandardized Residual
N		86
Normal Parameters ^{a,b}	Mean	.0302814
	Std. Deviation	.23969296
Most Extreme Differences	Absolute	.097
	Positive	.097
	Negative	-.044
Test Statistic		.097
Asymp. Sig. (2-tailed)		.093^d

Source: Processed primary data, 2026

Based on the results presented in Table 3, the Asymp. Sig. value is 0.093, which is greater than 0.05. This indicates that the data are normally distributed.

2. Multicollinearity Test

The results of the multicollinearity test conducted in this study are presented in Table 4.

Table 4. Multicollinearity Test Results

Model	Coefficient	Colinearity Statistic
	Tolerance	VIF
Employee Engagement (X1)	0.612	1.635
Work Motivation (X2)	0.514	1.946
Work-Life Balance (X3)	0.583	1.716

Source: Processed primary data, 2026

Based on Table 4, these value indicate that the tolerance value is > 0.1 and the VIF value is < 10 (Ghozali, 2021). Therefore, the findings of this study indicate that there is no multicollinearity.

3. Heteroscedasticity Test

The diagnostic outcomes regarding heteroskedasticity within the proposed model are detailed in Table 5.

Table 5. Heteroscedasticity Test Result

Model	Sig.
Employee Engagement	0.115
Work Motivation	0.860
Work-Life Balance	0.608

Source: Processed primary data, 2026

Based on Table 5, the variables Employee Engagement, Work Motivation, and Work-Life Balance have a significance values greater than 0.05. These empirical outputs confirm the absence of heteroskedasticity within the regression framework, thereby satisfying the requisite assumption of homoskedasticity.

4. Linearity Test

The linearity condition is assessed through the significance level (p -value) of the linear component. A threshold below 0.05 confirms a linear association between the predictor and outcome variables. The empirical findings derived from the linearity test are detailed at Table 6.

Table 6. Linearity Test Results

Variabel	Linearity Sig.
Employee Engagement (X1)	0.000
Work Motivation (X2)	0.000
Work-Life Balance (X3)	0.000

Source: Processed primary data, 2026

Based on Table 6, the Employee Engagement (EE), Work Motivation (WM), and Work-Life Balance (WLB) variables have linearity significance values below 0.05. Therefore, it can be concluded that there is a significant linear relationship between each independent variable and the dependent

variable.

Multiple Linear Regression Analysis

The multiple linear regression analysis conducted in this study produced data that can be explained in Table 7.

Table 7. Multiple Linear Regression Analysis Results

Independent Variable	Regression Coefficient	t-statistic	Sig.
Constant	0.779	2.506	0.015
Employee Engagement (X1)	0.239	2.968	0.004
Work Motivation (X2)	0.429	4.518	0.000
Work-Life Balance (X3)	0.186	2.390	0.020

Source: Processed primary data, 2026

Based on the empirical estimates presented in Table 7, the resulting multiple linear regression model is specified as follows:

$$Y = 0.779 + 0.239\text{Employee Engagement} + 0.429\text{Work Motivation} + 0.186\text{Work-Life Balance}$$

The regression equation can be explained as follows:

- Employee Engagement (X1)
The employee engagement coefficient is 0.239, meaning that, holding X2 and X3 constant, any increase in employee engagement raises employee loyalty (Y).
- Work Motivation (X2)
The work motivation coefficient is 0.429, meaning that, holding X1 and X3 constant, any increase in work motivation raises

employee loyalty (Y).

- Work-Life Balance (X3)

The work-life balance coefficient is 0.186, meaning that, holding X1 and X2 constant, any increase in work-life balance raises employee loyalty (Y).

All three coefficients are positive, indicating a positive relationship with Employee Loyalty. Among the three variables, Work Motivation has the strongest influence.

Simultaneous Test (F Test)

The statistical outcomes of the simultaneous test (*F*-test) are detailed in Table 8.

Table 8. Results of Simultaneous Test (F-test)

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	7.561	3	2.520	43.017	0.000
Residual	3.926	67	0.059		
Total	11.487	70			

Source: Processed primary data, 2026

As displayed in Table 8, the calculated significance value stands at 0.000, which falls below the standard 0.05 threshold. Consequently, H_{04} is rejected and H_{a4} is accepted, demonstrating that Employee Engagement (X1), Work Motivation (X2), and Work-Life Balance (X3) simultaneously

have a significant influence on Employee Loyalty (Y).

Correlation Coefficient of Determination (R^2)

The empirical findings regarding the coefficient of determination for the proposed model are detailed in Table 9.

Table 9. Results of Coefficient of Determination Test (R^2)

Model	R	R square	Adjusted R Square
1	0.811	0.658	0.643

Source: Processed primary data, 2026

As presented in Table 9, the Adjusted R^2 coefficient is 0.643, demonstrating that 64.3% of the variance in Employee Loyalty (Y) is explained by the combined independent variables. The remaining 35.7% is attributable to unexamined external factors outside the current regression model. Additionally, the correlation coefficient (R)

of 0.811 reflects a robust linear relationship among the constructs.

Partial Test (t-Test)

The statistical outcomes derived from the partial regression test (t -test) are detailed in Table 10.

Table 10. Results of Partial Test (t-test)

Variable	t-statistic	t-table	Sig.
Employee Engagement	2.968	0.233	0.004
Work Motivation	4.518	0.233	0.000
Work-Life Balance	2.390	0.233	0.020

Source: Processed primary data, 2026

As illustrated in Table 10, Employee Engagement (X_1) exerts a statistically significant influence on Employee Loyalty (Y), yielding a p -value of 0.000 ($p < 0.05$), thereby supporting H_{a1} and rejecting H_{01} . Likewise, Work Motivation (X_2) significantly affects Employee Loyalty (Y) with a significance level of 0.000 ($p < 0.05$), leading to the acceptance of H_{a2} and the rejection of H_{02} . Furthermore, Work-Life Balance (X_3) demonstrates a significant effect on Employee Loyalty (Y) with $p = 0.020$ ($p < 0.05$), which confirms H_{a3} and rejects H_{03} .

DISCUSSION

This study examines the influence of Employee Engagement (X1), Work Motivation (X2), and Work-Life Balance (X3) on Employee Loyalty (Y) among Generation Z production workers in Unit 2 at PT Delta Dunia Sandang Tekstil Demak. The estimated regression model, expressed as $Y = 0.779 + 0.239X_1 + 0.429X_2 + 0.186X_3$, confirms that all three independent constructs positively drive employee loyalty, with Work Motivation exhibiting the most substantial effect. Furthermore, an Adjusted R^2 value of 64.3% reveals that these three predictors jointly explain 64.3% of the variance in employee loyalty. The unobserved 35.7% variation is governed by external variables

omitted from the model, such as the physical work environment, work discipline, corporate culture, and compensation structures.

Employee Engagement has a significant effect on loyalty ($t = 2.968$; sig. 0.00), so **Hypothesis 1 is accepted**, though its Vigor indicator remains low (55.5%) due to the routine nature of production work, requiring efforts to boost enthusiasm. Work Motivation is the most dominant variable ($t = 4.518$; $p = 0.00$; $\beta = 0.450$), yet its Physiological Needs indicator is lowest (56.2%), indicating wages and workplace facilities still need attention per Maslow's Hierarchy of Needs; **Hypothesis 2 is accepted**. Work-Life Balance likewise demonstrates a significant impact, though it registers the lowest regression weight ($t = 2.390$; $p = 0.02$), with its lowest Time Balance indicator (58.4%) reflecting a lack of leave policies; **Hypothesis 3 is accepted**. Altogether, a significant collective impact on loyalty is demonstrated across all three variables ($F = 43.017 > \text{table } F = 2.74$; $p = 0.00$), so **Hypothesis 4 is accepted**.

Empirically, this study reinforces Social Exchange Theory (Blau) in employee loyalty research within Indonesia's textile sector, showing that employee engagement, work motivation, and work-life balance positively and significantly influence loyalty. Work motivation being the most dominant factor extends Maslow's Hierarchy of Needs, emphasizing employees' psychological needs over purely structural support such as job security. Managerially, companies are advised to strengthen engagement by involving employees in decision-making (Yunni et al., 2026), review compensation and career paths given motivation's dominant role (Triningsih & Darma, 2024), and improve work-life balance through better shift schedules and welfare facilities (Tsabitah & Widiasih, 2024), incorporating a minimum entitlement of 12 annual leave days as mandated by Law No. 13 of 2003 on Manpower, as amended through the Job Creation Law.

CONCLUSIONS

Based on the analysis, all research instruments were valid and reliable. The results indicate that Employee Engagement significantly affects Employee Loyalty (coefficient 0.239, $t = 2.968$, $p = 0.004 < 0.05$). Work Motivation demonstrates the most pronounced positive and statistically significant impact on Employee Loyalty (coefficient 0.429, $t = 4.518$, $p = 0.000 < 0.05$, standardized $\beta = 0.450$). Conversely, while Work-Life Balance also exerts a positive and significant influence on loyalty, its magnitude remains the least substantial among the three predictors (coefficient = 0.186, $t = 2.390$, $p = 0.020 < 0.05$). Simultaneously, all three variables significantly affect Employee Loyalty ($F = 43.017 > \text{table } F = 2.74$, $p = 0.000 < 0.05$), with an adjusted R-squared of 0.643 indicating they explain 64.3% of the variation in Employee Loyalty; all hypotheses (Ha1, Ha2, Ha3, Ha4) are accepted.

Recommendations for PT Delta Dunia Sandang Tekstil Demak Unit 2 to improve employee loyalty: 1) boost employee morale (lowest index: 55.5%) through physical and mental wellness programs and job rotation; 2) improve fulfilment of physiological needs (lowest index: 56.2%) by reviewing wage and basic facility adequacy; 3) develop a leave policy to improve work-life balance (lowest index: 58.4%), since Unit 2 currently has none; and 4) foster employee dedication (lowest index: 56%) through service awards and active involvement in company activities.

Limitation & Further Research

Several inherent limitations must be acknowledged when evaluating the implications of these findings. First, the scope of this investigation was restricted to Generation Z production personnel within Unit 2 of PT Delta Dunia Sandang Tekstil Demak; consequently, the outcomes may offer limited generalizability to different operational departments, firms, or industrial

contexts. Second, although the proposed model accounts for 64.3% of the variance in employee loyalty, the unmapped 35.7% indicates that additional unmeasured factors, such as leadership styles, organizational culture, and compensation structures also play a role. Third, the cross-sectional nature of the data captures employee perceptions at a single juncture, precluding the observation of longitudinal shifts in employee attitudes and behaviors over time.

It is recommended that prospective studies broaden the research scope by examining further variables such as organizational culture, work environment, compensation, work discipline, and job satisfaction to better capture the complex factors influencing employee loyalty. Researchers may also broaden the scope of future studies by increasing the sample size and involving employees from multiple companies or industries, thereby improving the generalizability of the findings. Additionally, adopting a mixed-methods design that merges quantitative analysis with qualitative techniques, including comprehensive interviews with employees and executive leadership, is recommended to gain deeper insights into the organizational context underlying the relationships among the variables.

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