

The Role of Transformational Leadership and Quality of Work-Life on Employee Engagement in Millennial Employees

Oktaviani Puteri Utami¹, MM. Nilam Widyarini², Maria Chrisnatalia³

¹Master of Psychology, Gunadama University, Jakarta, Indonesia

²Master of Psychology, Gunadama University, Jakarta, Indonesia

³Master of Psychology, Gunadama University, Jakarta, Indonesia

Abstract— This study aims to examine the role of transformational leadership and quality of work-life on employee engagement in millennial employees in Indonesia. Respondents in this study consisted of 165 millennial employees with an age range of 28-43 years who have worked for at least 2 years in a Company/Institution. To measure transformational leadership, quality of work-life, and employee engagement, the researcher adapted the Multi-Factor Leadership Questionnaire (MLQ), Work-Related Quality of Life (WRQoL) Scale into Indonesian and referred to the Employee Engagement Model. The data analysis technique used was multiple regression analysis which aims to empirically test the role of transformational leadership and quality of work-life together on employee engagement in millennial employees. This aims to determine the magnitude of the influence of transformational leadership and quality of work-life on employee engagement in millennial employees. The results of this study indicate that transformational leadership and quality of work-life play a significant role in increasing employee engagement in millennial employees. The results of the regression test produced a significance value of 0.000 ($p < 0.001$) and an R square value of 0.602 (60.2%), which indicates that both factors contribute simultaneously to employee engagement.

Keywords—Employee Engagement, Transformational Leadership, Quality of Work-life, Millennial employees.

I. INTRODUCTION

The millennial generation, which now dominates Indonesia's labor market with more than 50 million workers, plays an important role in the ever-evolving industrial world. Along with that, employee engagement is one of the main focuses for companies that want to maintain competitiveness. Employee engagement is considered to increase innovation, productivity, and company performance. However, many companies face challenges in maintaining millennial engagement, with most of them planning to quit in the coming years.

Some of the main reasons for job transfers among millennials include a company culture mismatch, lack of growth opportunities, and dissatisfaction with compensation. Flexibility in work, autonomy, and a sense of belonging are the needs that this generation prioritizes in the workplace. In addition, support from leaders with transformational leadership styles is considered important in increasing employee engagement. Transformational leadership, through inspirational motivation and personal attention, plays a significant role in increasing job satisfaction and employee engagement.

In addition to leadership, Quality of Work-Life (QWL) also plays a key role in building employee engagement. Increased QWL has been shown to be closely related to employee commitment, satisfaction, and happiness, which assists companies in attracting and retaining a talented workforce. In this modern era, the balance between personal life and work is increasingly becoming a priority, especially with the increasing preference of millennials for remote work models that are considered to improve productivity and life balance.

This study aims to examine the influence of transformational leadership and quality of work life on the involvement of millennial employees in Indonesia.

II. RESEARCH METHOD

A. Employee Engagement

Employee Engagement is a form of commitment and full and positive physical, cognitive, and emotional expression shown by employees towards their work and company. Employee engagement is measured using a scale that refers to the employee engagement component of Hewitt (2011) which consists of Quality of Life, Work, People, Opportunities, Total Rewards, and Company Practices.

B. Transformational Leadership

Transformational Leadership is a leadership style that encourages subordinates to be innovative and creative, so as to find new ways to solve complex problems. Transformational leadership is measured using the Multi-Factor Leadership Questionnaire which is translated into Indonesian. MLQ refers to the transformational leadership component of Bass & Riggio (2006) which consists of Idealized Influence, Inspirational Motivation, Intellectual Stimulation, and Individualized Consideration.

C. Quality of Work-Life

Quality of Work-Life is a broad concept, which includes job satisfaction, participatory management, and improvement of the work environment that can increase employee loyalty, engagement, and satisfaction in an organization. Quality of Work-life is measured using the Work-Related Quality of Life (WRQoL) Scale. WRQoL itself refers to the quality of work-life components from Easton and Van Laar (2018) which consist of General Well-Being (GWB), Job and Career Satisfaction (JCS), Home-Work Interface (HWI), Control at

Work (CAW), Working Conditions (WCS), and Stress at Work (SAW).

D. Population and Sample

In this study, the population used by the author is millennial employees aged 28 – 43 years. The selected sample is both male and female employees who work in the service industry with a minimum length of service of 2 years. Sample selection was carried out by non-probability sampling technique where prospective respondents met the predetermined criteria but each prospective respondent did not have the same opportunity to be selected as a sample. The type of non-probability sampling used in this study is purposive sampling.

E. Data Collection Techniques

The data collection method in this study was carried out through a questionnaire compiled using Google Forms. A questionnaire is a data collection technique that involves giving respondents a series of questions or written statements to be answered, either in person or via post or internet. This technique is considered efficient when the researcher has clearly understood the variables to be measured and the expected outcomes of the respondents. The scale used in the questionnaire is an assessment scale with four response choices, ranging from 1 (strongly inappropriate) to 4 (strongly appropriate).

In the quantitative approach, favorable and unfavorable scales are used to measure respondents' responses to the statements given. Favorable statements are expected to get a positive response, indicating a supportive attitude, while unfavorable statements are designed to obtain a negative response, which indicates an attitude of disagreement. In practice, positive responses to favorable statements are given high scores, while for unfavorable statements, positive responses are given reverse scores to maintain measurement consistency. The resulting total score will reflect the overall attitude of the individual, both positive and negative, towards the object being measured.

III. RESULT AND DISCUSSION

This study aims to look at the role of transformational leadership and quality of work-life on employee engagement in the millennial generation. Based on the results of multiple regression analysis, these two variables together have a significant influence on employee engagement, with a contribution of 60.2%.

The results of the study show that transformational leadership is in the high category. Transformational leaders encourage employees to be actively involved in the company through the creation of a shared vision and an inspiring work environment. Employees who are involved in decision-making feel more valued and have a greater sense of ownership of the company, thus increasing their engagement. This transformational leadership style has proven to be instrumental in motivating and retaining employees, in line with findings from previous studies that show the positive impact of transformational leadership on employee satisfaction and engagement.

The quality of employees' working life in this study was also categorized at a good level. This aspect includes a balance between personal and work life, as well as the company's support for employee well-being. When employees feel their needs are being met—both in terms of life balance and a supportive work environment—their engagement with the company tends to be higher. A good quality of work life also has an impact on employee loyalty and productivity.

Overall, the level of employee engagement is in the medium category. These results show that millennial employee engagement needs to get more attention from the company. High engagement is essential to keep employees motivated and contributing to the company, especially in the context of ongoing industry change and development.

By gender, the involvement of male employees is in a higher category compared to women. This suggests that men may have greater expectations and responsibilities at work. Meanwhile, companies can increase the engagement of female employees by focusing on inclusive career development and support for emotional and professional needs. Based on age, more senior employees show higher levels of engagement compared to younger employees. Work experience and stability factors may play a role in increasing their engagement. In addition, employees working in the state-owned sector and the financial industry show higher engagement than other sectors, such as consultants, who are more susceptible to high work pressure.

Overall, this study shows that transformational leadership and quality of work life are key factors in increasing millennial employee engagement. Companies that are able to create a supportive work environment, with leaders who are able to inspire and motivate, will have higher employee engagement and loyalty. A management approach that considers employee needs based on demographics and industries can help companies retain millennial employee engagement across various sectors.

IV. CONCLUSION

Based on the results of the above study, it can be seen that the hypothesis proposed in this study is accepted, it can be seen from the results of the regression test which states that the significance value is 0.000 ($p < 0.001$). It can also be concluded that transformational leadership and quality of work-life have a role in employee engagement. Both play a role simultaneously by being described through a regression test that produces an R square value of 0.602 (60.2%) on Employee Engagement, while the other 39.8% is the role of other factors that were not studied in this study.

Although Employee Engagement is the main focus for business sustainability, the results of this study show that the level of engagement of millennial employees in the company is still in the medium category. This shows that companies need to pay more attention to factors that can increase engagement, especially considering that millennials dominate the productive workforce. In this case, transformational leadership has proven to have a significant influence on increasing employee engagement. Transformational leaders are considered capable of inspiring, motivating, and creating an inclusive and innovative work environment. Respondents' perception of their

leaders is in the high category, which shows the importance of the role of leaders in encouraging employee engagement. In addition, fulfilling a good quality of work-life is an important factor in increasing the involvement of millennial employees. When the balance between personal life and work is met, employees become more productive and loyal to the company. These results confirm that companies that offer well-being and a good quality of work-life are more likely to succeed in retaining millennial employees.

The conclusion of this study highlights the importance of the Company's focus on implementing transformational leadership and improving the quality of work-life to increase employee engagement, especially for millennial employees who are heavily influenced by these two factors.

REFERENCES

[1]. <https://www.mckinsey.com/capabilities/people-and-organizational-performance/our-insights/the-organization-blog/its-not-about-the-office-its-about-belonging>, "It's Not About The Office, It's About Belonging" Accessed on 15/5/23

[2]. https://www.weforum.org/agenda/2020/01/milenial-gen-z-talent-workplace-leadership/?Dag=3&Gclid=Cjwkcaw0n6hbhaueiwaxab-Ttyfona6f3x4ovcptppomz1cmrlpzmkzakgnbwsnqizs27peccyzjehocbv8qavd_Bwe Accessed on 08/05/23

[3]. <https://regional.kompas.com/read/2019/05/02/20125571/mengapa-pekerja-milenial-cepat-resign-dari-perusahaan> Accessed on 08/05/23

[4]. <https://www.venn.com/blog/exploring-remote-work-trends-millennials-gen-z-lead-the-way#:~:text=they%20grew%20up%20with%20technology,and%2032%25%20of%20Baby%20Boomers> Accessed on 27/09/24

[5]. Ahmad, S. (2013). Paradigms of quality of work life. *Journal of Human Values*, 19(1), 73–82. <https://doi.org/10.1177/0971685812470345>

[6]. Albrecht, S. (2010). *Handbook Of Employee Engagement*. Edward Elgar Publishing Ltd.

[7]. Avolio, B., & Bass, B. (1995). Multifactor Leadership Questionnaire TM Instrument (Leader and Rater Form) and Scoring Guide (Form 5X-Short). www.mindgarden.com

[8]. Azwar, S. (2015). *Preparation of psychological scales*. Yogyakarta: Student Library.

[9]. Central Statistics Agency. (2023). *Statistics of Indonesia 2023*.

[10]. Bass, B. M., & Riggio, R. E. (2000). *Transformational Leadership*, Second Edition.

[11]. Bertocci, D. I. . (2009). *Leadership in organizations : there is a difference between leaders and managers*. University Press of America.

[12]. Bhuvanaiah, T., & Raya, R. P. (2014). Employee Engagement: Key to Organizational Success. In *SCMS Journal of Indian Management*.

[13]. Boukhemkhem, N., Benhassine, N., (2015). Quality of work life: Theoretical concepts and evaluation Case study of employees of Jijel University. Department of management, University of Constantine.

[14]. Cascio, W. F. . (2010). *Managing human resources : productivity, quality of work life, profits*. McGraw-Hill/Irwin.

[15]. Clark-Carter, D. (2010). *Quantitative psychological research: The complete student's companion* (3rd ed.). New York: Psychology Press.

[16]. Davis, E. J. (2021). *Effective Employee Engagement Strategies of Successful Small Business Leaders and its Impact on Organizational Performance: A Multiple Case Study*. NorthCentral University.

[17]. Deloitte. (2023). *2023 Gen Z and Milenial Survey Waves of change: acknowledging progress, confronting setbacks*.

[18]. Densten, I.L. (2005), "The Relationship Between Visioning Behaviours Of Leaders And Follower Burnout", *British Journal Of Management*, Vol. 16 No. 2, Pp. 105-118.

[19]. Dixit, A. (2023). *A Review of Personality Characteristics of Millennials*. SMS Journal of Entrepreneurship & Innovation.

[20]. 60-69 Downing, K. (2006). *G Next Generation What Leaders Need to Know About the Milenials*. 26.

[21]. Easton, S., & Van Laar, D. (2013). *Work-Related Quality of Life (WRQoL) Scale A Measure of Quality of Working Life FIRST EDITION*. www.qowl.co.uk

[22]. Gallup. (2016), *How Milenials Want To Work And Live*. Washington Dc. Gallup, Inc.

[23]. Ghadi, M.Y., Fernando, M. And Caputi, P. (2013), "Transformational Leadership And Work Engagement: The Mediating Effect Of *Meaning In Work*", *Leadership & Organization Development Journal*, Vol. 34 No. 6, Pp. 532-550.

[24]. Ghozali, I., & Ratmono, D. (2017). *Multivariate Analysis and Econometrics: Theory, Concepts and*. Diponegoro University Publishing Board.

[25]. Głód, W. (2019). Zagreb Suggested Citation: Głód. In *Governance Research and Development Centre*. <https://hdl.handle.net/10419/196085>

[26]. Hacker, S. K. (2004). *Transformational Leadership: Creating Step-Functional Change*.

[27]. Hewitt, A. (2011). *Consulting Talent & Organization Trends in Global Employee Engagement Contents*.

[28]. Jayanto, A. A., & Basbeth, F. (2021). *The Transformational Leadership's Impact On Employee Engagement, And The Moderating Role Of Organizational Culture A Study In Healthcare System*. South East Asia Journal of Contemporary Business, Economics and Law, 24.

[29]. Judge, T. A., & Piccolo, R. F. (2004). *Transformational And Transactional Leadership: A Meta-Analytic Test Of Their Relative Validity*. *Journal Of Applied Psychology*, 89(5), 755–768.

[30]. Martínez-Buelvas, L., Jaramillo-Naranjo, O., De La Hoz-Dominguez, E., Martínez-Buelvas, L., Jaramillo-Naranjo, O., De, E., & Hoz-Dominguez, L. (2021). *Factors That Affect Quality Of Work Life Of The Milenials Linked To The Commercial Sector In Colombia*. *Recent Issues In Sociological Research Economics & Sociology*, 14(2), 2021. <https://doi.org/10.14254/2071>

[31]. Miller, Y. (2022). *Leadership Style and Its Influence on Employee Engagement in the Non-Alcoholic Beverage Industry*. Johnson & Wales University.

[32]. Miller, R. L., & Brewer, J. D. (2003). *A-z of social research: A dictionary of key*

[33]. *social science research concepts*. London: Sage Publications, Ltd.

[34]. Mufeed, U., Showkat, S. *Employee Engagement And Its Relationship With Job Satisfaction: An Empirical Study With Special Reference To Private Sector Banks*. 2018. *An International Refereed Research Journal Academic Discourse Vol. 7, No. 1, June 2018*

[35]. Nanjundeswaraswamy, T., *Quality Of Worklife Of Employees In-Private Technical*

[36]. *Institutions*. 2013. *International Journal For Quality Research* 7(3) 3–14

[37]. Natalia, V. E. D., Anisa OS Pratama, & Margareta Dewi Astuti. (2020). *Relationship between Quality of Work Life and Job Satisfaction in Asia: A Literature Review*. *Journal of Business Management Review*, 1(6), 390–412. <https://doi.org/10.47153/jbmr16.702020>

[38]. Neuman, W. L. (2014). *Social Research Methods: Qualitative and Quantitative Approaches* (7th ed.). Pearson.

[39]. Pappas, C. (2011). *The Essential Employee Engagement Guide*. eLearning Industry.

[40]. Rafferty, A. E., & Griffin, M. A. (2004). *Dimensions of transformational leadership: Conceptual and empirical extensions*. *Leadership Quarterly*, 15(3), 329–354. <https://doi.org/10.1016/j.leafqua.2004.02.009>

[41]. Riley, M., Wood, R. C., Clarck, M. A., Wilkie, E., & Szivas, E. (2000). *Researching and writing dissertations in business and management*. London: Thomson Learning.

[42]. Riyono, B., Hartati, S., & Fatdina, F. (2022). *Quality of Work Life (QWL) From Psychological Perspective and The Development of Its Measurement*. *Jurnal Psikologi*, 49(1), 87. <https://doi.org/10.22146/jpsi.67973>

[43]. Robbins, S., & Judge, T. (2015). *Organizational Behavior*. Pearson.

[44]. Rusdin, *Quality Factors of Work Life and Employee Engagement*, *Business Management Journal*, Vol 11 No. 2. 2015

[45]. Sagala, S. (2018). *Leadership approach & model*. Jakarta: Prenadamedia Group Publisher

[46]. Sahni, *Role Of Quality Of Work Life In Determining Employee Engagement And Organizational Commitment In Telecom Industry*. *International Journal For Quality Research* 13(2) 285–300. 2019

[47]. Saumure, K., & Given, L. M. (2008). *Nonprobability sampling*. In L. M. Given (Ed.), *The sage encyclopedia of qualitative research methods*, Vol. I. Los Angeles: SAGE Publications, Inc.

- [48]. Schaefer, C. D. (2017). Factors contributing to milenial turnover rates in Department of Defense (DOD) organizations. Dissertation. Florida: Bisk College of Business at Florida Institute of Technology.
- [49]. Setiyani, A., Riyanto, S., & dan Lenny Ch Nawangsari, D. (2019). Employee Engagement Dan Millenials Indonesia. In Jurnal JDM (Vol. 2, Issue 01).
- [50]. Soekarso, Iskandar Putong. (2015). Leadership: Theoretical and Practical Studies. Jakarta: Erlangga Publishers.
- [51]. Stoyanova, Iliev. (2017). Employee Engagement Factor for Organizational Excellence, International Journal of Business and Economic Sciences Applied Research, Vol. 10, No.1, 23-29
- [52]. Subijana, Cristina L.D., Multifactor Leadership Questionnaire. 2020. Mind Garden, Inc.
- [53]. Sugiyono. (2016). Quantitative, qualitative, and r&d research methods. Bandung: Alfabeta.
- [54]. Tichy, N., Devanna, M., A. (1986). The Transformational Leader, John Wiley and Sons, Inc., USA.
- [55]. Weiten, W. (2007). *Psychology: Themes and variations* (7th ed.). Los Angeles: Thomson Learning, Inc
- [56]. Widhiarso, W., & UGM, F. P. (2012). Questions and answers about normality tests. Faculty
- [57]. Psychology UGM, 1-5.