

The Effect Of Organizational Culture And Emotional Intelligence On Employee Engagement With Work-Life Balance As A Moderating Variable

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Abstract

This study aims to analyze the influence of organizational culture and emotional intelligence on employee engagement, with work-life balance as a moderating variable. The research method uses a quantitative approach with the Partial Least Squares Structural Equation Modeling (PLS-SEM) technique. Data were obtained through questionnaires distributed to 361 employees in the manufacturing industry in Tangerang City and analyzed using the SmartPLS application. The results show that organizational culture has no significant effect on employee engagement, while emotional intelligence has a positive and significant effect. In addition, work-life balance has a direct positive effect on employee engagement. Moderation tests show that work-life balance weakens the effect of organizational culture on employee engagement, but strengthens the effect of emotional intelligence on employee engagement. This finding presents the novelty that work-life balance can play a more dominant role than organizational culture in increasing employee engagement. The practical implication of this study is the need for companies to emphasize the development of employee emotional intelligence and create adaptive work-life balance policies to strengthen employee engagement. Meanwhile, organizational culture needs to be re-evaluated to align with employee welfare needs. Thus, this research not only enriches theoretical studies on employee engagement but also makes a tangible contribution to human resource management strategies in companies.

INTRODUCTION

Human resource management (HRM) plays a strategic role in determining the success of an organization, as it functions like a vital organ that ensures all parts of the company can work harmoniously (Supriadi, 2020). However, the reality in Indonesia shows a weakening of key HRM functions, such as employee recruitment, development, and retention, which contributes to high unemployment rates (Abidin, 2022). Amid increasingly fierce global competition, companies are required to provide competent, adaptive, and highly competitive human resources (Adawiyah, et al., 2023). To achieve this, an effective HRM strategy is absolutely necessary, especially in attracting, developing, and retaining the best talent. One crucial issue in this area is the level of employee engagement, which is an important indicator of national and global workforce competitiveness. Gallup research (2024) shows that globally, only 23% of employees feel engaged with their company or work, while in Southeast Asia the disengagement rate reaches 67%. In Indonesia, the employee engagement rate is only 25%, a figure that remains relatively low. This low engagement is closely related to issues of work-life balance, organizational culture, and employee emotional intelligence—three aspects proven to influence motivation, satisfaction, and the sustainability of workforce contributions.

Statistics Indonesia (BPS) data (2025), cited by Malang Disway, notes that 44% of Indonesian workers work more than 45 hours per week, exceeding the normal threshold stipulated

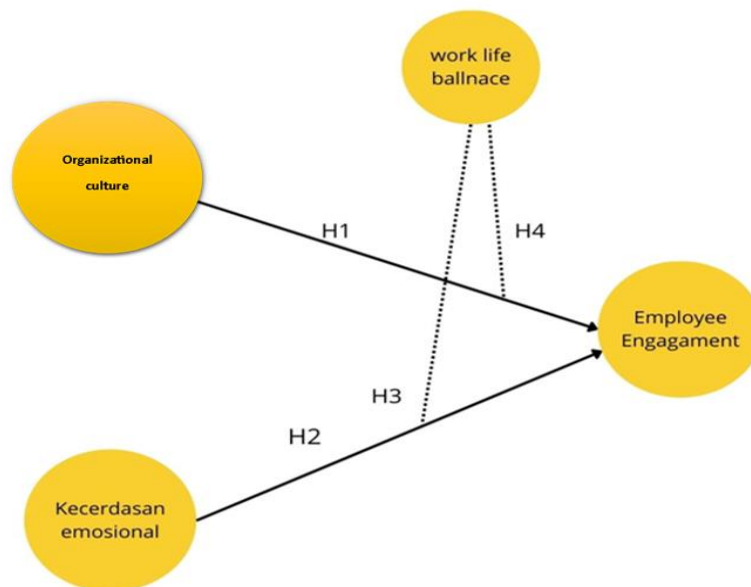
by law. Meanwhile, the number of part-time workers as of February 2025 reached 37.62 million, an increase compared to the previous year, with the majority working in the informal sector and sectors with overtime and long shifts (Metro TV News, 2025). Research by Siregar & Anggraeni (2023) also shows that between 2012 and 2020, labor absorption patterns in Indonesia's manufacturing subsector experienced a regressive and abnormal movement. This condition clarifies that the challenges in the manufacturing industry extend beyond productivity, but also involve well-being, organizational, and psychological aspects that require comprehensive management.

These issues become even more apparent when examined within the specific context of industrial areas that serve as the backbone of manufacturing in Indonesia. One such area is the industrial area in Tangerang City, known as one of the largest manufacturing centers in Banten Province. According to data from the Central Statistics Agency (BPS, 2025), the manufacturing sector remains a major contributor to Banten's Gross Regional Domestic Product (GRDP), accounting for over 30%. Tangerang City itself is home to various industrial subsectors, from textiles and food and beverages to chemicals and electronics, employing tens of thousands of workers (Ministry of Trade, 2024). The high production activity, shift-based work system, and predominantly hierarchical organizational culture make this area a suitable research location. Therefore, the research focuses on employees working in companies in Tangerang City's industrial areas to obtain a more comprehensive picture of employee engagement, work-life balance, organizational culture, and emotional intelligence in navigating the dynamics of the manufacturing industry.

Previous research has shown mixed results regarding the influence of organizational culture, emotional intelligence, and work-life balance on employee engagement. Several studies by Safria (2022); Pamara et al. (2022); Hasan et al. (2020) found that organizational culture has a positive and significant effect on employee engagement, but other studies by Akbar (2020); Karlina (2023) showed no direct effect. A similar finding applies to emotional intelligence, where some studies by Shafa et al. (2022); Alchaer & Nurjannah (2025); Assaf (2024) support a positive effect, while other studies by Irawan & Bagyo (2022); Tjiabrata et al. (2021) found a negative or insignificant effect. Inconsistencies are also seen in the work-life balance variable; several studies by Jannata & Surya Perdhana (2022); Syelvy & Siddiq (2024); Lakhani et al., (2024) showed a positive influence on employee engagement, while another study by Septiani & Frianto (2023) found no effect. Differences in results also occurred in the relationship between organizational culture and emotional intelligence and work-life balance. This inconsistency in findings indicates an important research gap that requires further investigation, particularly in the context of the manufacturing industry in Indonesia. This study formulated the problem of whether organizational culture and emotional intelligence influence employee engagement, either directly or through work-life balance as a moderating variable, among employees working in manufacturing companies in Tangerang City.

METHODS

Figure 1
Model



Hypothesis:

H1: Organizational culture influences employee engagement.

H2: Emotional intelligence influences employee engagement.

H3: Organizational culture influences employee engagement, moderated by work-life balance.

H4: Emotional intelligence influences employee engagement, moderated by work-life balance.

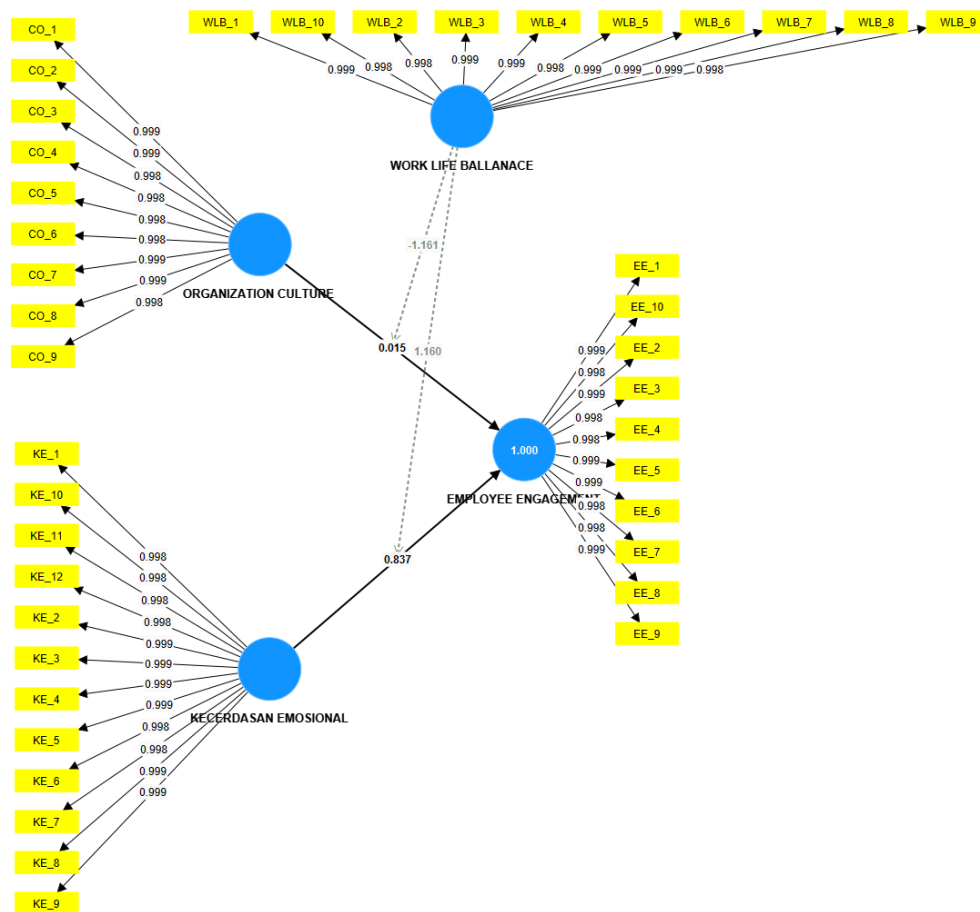
This study employed a quantitative approach with 361 respondents from manufacturing industry employees in Tangerang City. Data collection was conducted through a survey method to identify correlational and causal relationships between variables. Determining the appropriate sample size is considered crucial to ensure population representation while also being cost- and time-efficient. Data analysis was conducted using Structural Equation Modeling (SEM) processed with SmartPLS 4.0 software. SEM was chosen for its ability to simultaneously test complex relationships and confirm the dimensions of theoretical constructs (Ferdinand, 2020). The results were analyzed using descriptive and inferential techniques, resulting in a structural model that displays the relationships between constructs. The t-value was estimated using the bootstrapping technique as described (Anderson, 2014). Latent construct validation was the initial stage, before path coefficients were examined to ensure model consistency.

RESULTS AND DISCUSSION

RESULT

The results of the measurement model analysis indicate that most indicators have outer loading values above 0.70, thus being considered valid. These indicators can still be maintained if the overall construct reliability remains consistent, indicating adequate convergent validity. Therefore, the instrument used in this study can generally be considered valid in measuring latent variables (Hair et al., 2017).

Figure 2
Smartpls 4 Bootstrapping Data Processing Results



The measurement model (outer model) test shows that all indicators in the Organizational Culture, Emotional Intelligence, Work-Life Balance, and Employee Engagement constructs have very high outer loading values, ranging from 0.998 to 0.999. These values have met the convergent validity criteria because they are greater than 0.70. In addition, the AVE value for each construct is also above 0.50, which means the indicator is able to explain more than half of the construct's variance. The construct's reliability is also well maintained, indicated by the Composite Reliability and Cronbach's Alpha values approaching 1.00. Thus, all indicators are declared valid and reliable and therefore suitable for use in further analysis. The R^2 value of Employee Engagement = 0.72 indicates that 72% of the variation in employee engagement can be explained by the research variables. A positive Q^2 value indicates predictive relevance, while SRMR = 0.06 indicates that the model has a good fit. Based on the coefficient values, t-statistics, and p-values, the status of the hypothesis can be summarized as follows.

Table 1
Hypothesis Calculation

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
<i>Organization Culture - >Employee Engagement</i>	0,015	0,026	0,147	0,099	0,921

<i>Emotional Intelligence ->Employee Engagement</i>	0,837	0,819	0,150	5,600	0,000
<i>Work Life Ballanace -> Employee Engagement</i>	0,148	0,154	0,050	2,946	0,003
<i>Work Life Ballanace X Organization Culture -> Employee Engagement</i>	-1,161	-1,129	0,455	2,550	0,011
<i>Work Life Ballanace X Kecerdasan Emosional -> Employee Engagement</i>	1,160	1,128	0,455	2,551	0,011

Source: Smartpls 4 Output Results

The results of the measurement model test (outer model) show that all indicators in the constructs of Organizational Culture, Emotional Intelligence, Work-Life Balance, and Employee Engagement have very high outer loading values, ranging from 0.998 to 0.999. This value far exceeds the minimum threshold of 0.70 and can therefore be declared valid. The AVE value for each construct is above 0.50, indicating the fulfillment of convergent validity, while the Composite Reliability and Cronbach's Alpha values are close to 1.00, indicating excellent reliability. Thus, all indicators are suitable for use in testing the structural model. In testing the structural model (inner model), various results were obtained. The following is an explanation of the test results above: First, the effect of Organizational Culture on Employee Engagement (H1) was proven to be insignificant with a path coefficient of $\beta = 0.015$, $t = 0.099$, and $p = 0.921$. This indicates that organizational culture does not significantly contribute to increasing employee engagement. Second, Emotional Intelligence was shown to have a positive and significant effect on Employee Engagement (H2), with $\beta = 0.837$, $t = 5.600$, and $p = 0.000$. This means that the higher an employee's emotional intelligence, the stronger their commitment to the organization. Work-Life Balance was also found to have a direct positive and significant effect on Employee Engagement with $\beta = 0.148$, $t = 2.946$, and $p = 0.003$. This finding indicates that work-life balance is an important factor in increasing employee engagement. The results of the moderation test showed that Work-Life Balance significantly moderated the effect of Organizational Culture on Employee Engagement (H3) in a negative direction, indicated by $\beta = -1.161$, $t = 2.550$, and $p = 0.011$. This means that under conditions of high work-life balance, the influence of organizational culture on employee engagement actually weakened. Conversely, Work-Life Balance was shown to strengthen the influence of Emotional Intelligence on Employee Engagement (H4) with $\beta = 1.160$, $t = 2.551$, and $p = 0.011$.

This indicates that employees with high emotional intelligence will be more engaged with the organization when their work-life balance is maintained. Overall, the results of this study confirm that emotional intelligence and work-life balance are the main determinants in increasing employee engagement, while the influence of organizational culture was not directly proven. The theoretical implication of this finding is the need to consider work-life balance as an important moderator in the employee engagement model. From a practical perspective, organizations need to develop programs that support employee work-life balance and train emotional intelligence, as both factors have been shown to significantly boost engagement. The results showed that organizational culture did not significantly influence employee engagement. Theoretically, a strong organizational culture should be a driver of employee engagement (Denison, 2000; Schein, 2017). However, in this study,

this relationship was not confirmed. One possible cause is that the company culture is more normative and formal, so it is not directly perceived by employees as a driving factor for engagement. These empirical results align with several previous studies showing that organizational culture only has a significant impact if it is truly internalized and consistently implemented in daily behavior (Albrecht, 2010). Conversely, emotional intelligence has been shown to have a positive and significant effect on employee engagement. This finding aligns with Goleman's (1998) theory, which emphasizes that individuals with high emotional intelligence are able to manage their own and others' emotions, thus making it easier to build positive interpersonal relationships in the workplace. Empirically, these results support the study by Bakker & Demerouti (2017), which states that personal factors, particularly emotional intelligence, play a crucial role in increasing engagement. This means that when employees can manage emotional stress and maintain self-motivation, they will be more affectively and cognitively engaged with their work and organization.

Furthermore, work-life balance has a direct, positive and significant effect on employee engagement. This result is consistent with role balance theory (Greenhaus & Beutell, 1985), which states that employees who perceive a balance between work and personal life will experience lower stress levels and higher job satisfaction, which in turn increases engagement. This empirical finding supports research by Karatepe & Karadas (2016), which found that work-life balance programs significantly contribute to building employee engagement.

The moderation finding is also interesting to discuss. Work-life balance has been shown to negatively moderate the influence of organizational culture on employee engagement. This means that when employees perceive a high work-life balance, the influence of organizational culture on engagement actually weakens. This condition can occur if employees prioritize personal balance over the company's cultural values. Theoretically, this suggests a "substitution effect," where individual factors (work-life balance) can replace the role of organizational factors (organizational culture) in influencing engagement. Conversely, work-life balance strengthens the influence of emotional intelligence on employee engagement. These findings align with the Job Demands Resources (JD-R) Model (Bakker & Demerouti, 2007), which explains that emotional intelligence acts as a personal resource, while work-life balance acts as a job resource. The combination of the two creates a synergy that makes employees better able to cope with work demands while maintaining a work-life balance, thus fostering higher levels of engagement.

The results of this study offer several important implications for company management. First, because emotional intelligence has been shown to significantly influence employee engagement, companies need to develop self-development programs that focus on improving employee emotional intelligence, such as training in self-awareness, empathy, and conflict management skills. Second, the finding that work-life balance has a direct effect and also moderates the relationship between other variables emphasizes the importance of companies designing policies that support work-life balance. These policies could include flexible working hours, remote working opportunities, or the provision of counseling and family support. Third, although organizational culture has not been shown to have a direct effect, management still needs to evaluate the company culture to ensure it is more relevant to employee needs. A culture that is too formal, rigid, or control-oriented can weaken its impact on engagement, necessitating a shift toward a more participatory, adaptive culture that supports employee well-being. By integrating these three aspects of strengthening emotional intelligence, improving work-life balance policies, and refreshing organizational culture, companies can create a healthier, more productive work environment and be able to increase employee engagement in a sustainable manner.

CONCLUSION

This study concludes that emotional intelligence and work-life balance are the main determinants that significantly influence employee engagement, both directly and as moderating variables. Meanwhile, organizational culture was not proven to have a direct effect; in fact, its effect weakened when moderated by work-life balance. These results present the novelty that personal factors and work-life balance can play a more dominant role than organizational culture in fostering employee engagement. These findings enrich the employee engagement literature by demonstrating a unique interaction between personal resources and job balance, emphasizing the importance of a holistic approach to human resource management. Practically, companies need to review rigid cultural strategies, strengthen the development of emotional intelligence, and create adaptive work-life balance policies. With these steps, organizations can not only increase engagement but also create sustainable competitiveness through employee well-being.

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