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Work-Life Balance, Workplace Environment, and Gen-Z Work Performance in Indonesian Healthcare: Psychological Well-Being as Moderator

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Abstract: The increasing presence of Generation Z employees in Indonesia's healthcare industry has created new organizational challenges related to employee well-being, workplace adaptation, and sustainable performance. This study aims to examine the influence of Work-Life Balance (WLB) and Workplace Environment (WPE) on Individual Work Performance (IWP), with Psychological Well-Being (PWB) positioned as both a direct predictor and a moderating variable. Unlike previous studies that predominantly focused on non-healthcare sectors or examined employee performance without considering psychological moderators, this research extends the Job Demands-Resources (JD-R) theory by integrating psychological well-being as both a personal resource and a boundary condition in the healthcare context, specifically targeting Generation Z employees in Indonesian private hospitals—a population that remains underexplored in the employee performance literature. A quantitative approach was employed using a structured questionnaire distributed to employees working in internationally accredited private hospitals in Jakarta and Banten, Indonesia. A total of 237 valid responses were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 4.0. The findings indicate that Workplace Environment has a significant positive effect on Individual Work Performance ($\beta = 0.208$, $p = 0.003$), and Psychological Well-Being also has a significant positive direct effect ($\beta = 0.361$, $p < 0.001$). However, Work-Life Balance does not significantly influence Individual Work Performance ($\beta = 0.046$, $p = 0.061$). Furthermore, Psychological Well-Being does not significantly moderate the relationship between Work-Life Balance and Individual Work Performance ($p = 0.571$), nor the relationship between Workplace Environment and Individual Work Performance ($p = 0.628$). Theoretically, this study contributes to the JD-R framework by demonstrating that psychological well-being functions as a critical personal resource that directly enhances employee performance, while also revealing that work-life balance may be less relevant in high-demand healthcare settings. Practically, these findings emphasize the importance of supportive workplace conditions and employees' psychological well-being in directly enhancing Generation Z employee performance within Indonesia's healthcare industry.

Keywords: Work-Life Balance, Workplace Environment, Psychological Well-Being, Individual Work Performance, Generation Z Employees

INTRODUCTION

Indonesia's healthcare industry continues to experience rapid growth driven by digital transformation, increasing healthcare awareness, and rising demand for high-quality medical services. The healthcare sector has become one of the most important industries supporting national economic and social development. In recent years, private hospitals in Indonesia have faced increasing competition in providing high-quality healthcare services, particularly after the expansion of healthcare technology utilization and international accreditation standards such as JCI (Joint Commission International). Hospitals are required not only to improve service quality but also to maintain organizational effectiveness and employee productivity to remain competitive in the healthcare market.

Despite this growth, Indonesia's healthcare industry still faces several major challenges related to human resources. The sector continues to experience shortages of healthcare workers, high employee turnover, long working hours, emotional exhaustion, and increasing work pressure among medical and administrative personnel (Chen et al., 2022). These challenges have become more complex with the increasing entry of Generation Z employees into the healthcare workforce. Gen-Z employees generally prioritize flexibility, supportive workplace conditions, emotional well-being, and work-life balance more strongly than previous generations (Deci & Ryan, 2022). They also tend to value organizations that provide positive work experiences, psychological comfort, and supportive work environments. Consequently, healthcare organizations need to understand the determinants influencing Gen-Z employee performance to maintain employee productivity and organizational sustainability.

Empirical research on the determinants of employee performance in healthcare settings has developed along three interconnected yet largely separate streams of inquiry. The first stream focuses on Work Life Balance (WLB), conceptualized as an individual's ability to maintain balance between work responsibilities and personal life. While studies have generally reported that WLB positively affects employee performance and organizational outcomes (Nunes & Rodrigues, 2024), findings remain inconsistent, particularly in high pressure environments such as healthcare organizations where employees work under irregular schedules and demanding service standards (Satyawadi, 2025). The second stream examines Workplace Environment (WPE), encompassing physical and non physical workplace conditions that influence employee comfort, communication, teamwork, and motivation. A supportive workplace environment has been shown to improve employee effectiveness, collaboration, and productivity (Laili et al., 2025), yet its specific role in shaping Gen Z performance within healthcare organizations remains underexplored. The third stream investigates Psychological Well Being (PWB), which reflects emotional stability, positive psychological functioning, stress management, and overall psychological condition (Ryff, 2018). Employees with strong PWB tend to demonstrate better adaptability, stronger work engagement, and higher productivity (Schijven & Kikkawa, 2024). However, most studies in this stream have examined PWB only as a direct predictor, leaving its potential moderating role in the relationship between work related factors and employee performance largely untested. These three streams have developed in parallel, resulting in a fragmented understanding of how WLB, WPE, and PWB jointly shape Individual Work Performance (IWP), which refers to an employee's ability to perform work tasks effectively, adaptively, and responsibly within organizational settings (Koopmans *et al.*, 2023).

This study offers three distinctive contributions that differentiate it from previous research. First, it addresses the fragmented empirical landscape by simultaneously examining WLB, WPE, and PWB as integrated determinants of IWP, rather than treating them as isolated

predictors. Second, it positions PWB not only as a direct predictor but also as a moderating variable, a conceptual extension that responds to repeated calls for research examining the boundary conditions of employee performance. Third, it focuses specifically on Generation Z employees in Indonesia's private healthcare sector, a population that remains significantly underexplored in the employee performance literature (Zhafira et al., 2025), despite this generation's growing dominance in the workforce. Theoretically, this study extends the Job Demands Resources (JD R) theory by integrating psychological well being as both a personal resource and a boundary condition that shapes how job resources (workplace environment) and personal life conditions (work life balance) translate into performance outcomes.

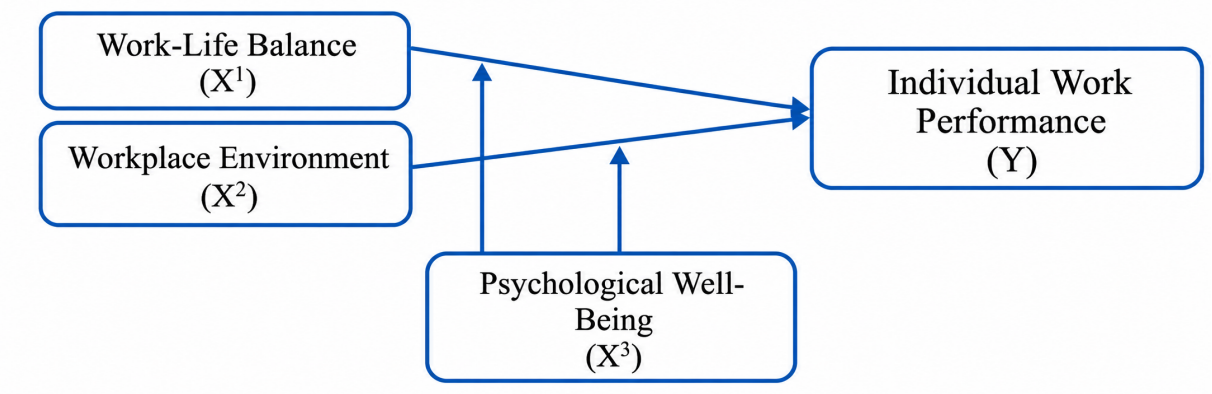
Based on these gaps, this study addresses the following research questions: (1) Does Work Life Balance influence Individual Work Performance? (2) Does Workplace Environment influence Individual Work Performance? (3) Does Psychological Well Being influence Individual Work Performance? (4) Does Psychological Well Being moderate the relationship between Work Life Balance and Individual Work Performance? and (5) Does Psychological Well Being moderate the relationship between Workplace Environment and Individual Work Performance?

This study addresses five objectives. First, to examine the effect of Work Life Balance on Individual Work Performance among Gen Z employees in Indonesia's healthcare industry. Second, to examine the effect of Workplace Environment on Individual Work Performance. Third, to examine the direct effect of Psychological Well Being on Individual Work Performance. Fourth, to analyze the moderating role of Psychological Well Being in the relationship between Work Life Balance and Individual Work Performance. Fifth, to analyze the moderating role of Psychological Well Being in the relationship between Workplace Environment and Individual Work Performance.

The following hypotheses are formulated:

H1: Work-Life Balance has a significant positive effect on Individual Work Performance.
H2: Workplace Environment has a significant positive effect on Individual Work Performance.
H3: Psychological Well-Being has a significant positive effect on Individual Work Performance.
H4: Psychological Well-Being moderates the relationship between Work-Life Balance and Individual Work Performance.
H5: Psychological Well-Being moderates the relationship between Workplace Environment and Individual Work Performance.

The conceptual framework of this study is shown in Figure 1 below



Source: Research Results (2026)

Figure1. Research

METHOD

Research Design

This study employed a quantitative research approach using a descriptive correlational design. This design was selected because the study aims to examine the relationships among variables without manipulating the research environment. The correlational approach is appropriate for identifying both the direction and strength of relationships among Work Life Balance (WLB), Workplace Environment (WPE), Psychological Well Being (PWB), and Individual Work Performance (IWP). This approach is commonly used in behavioral and organizational research to analyze predictive relationships among latent variables.

Research Setting

The study was conducted in internationally accredited private hospitals located in DKI Jakarta and Banten provinces, Indonesia. These provinces were selected due to their high concentration of healthcare institutions and their relatively large proportion of Generation Z employees. Furthermore, several private hospitals in these regions have obtained Joint Commission International (JCI) accreditation, making them suitable contexts for examining employee performance under high service demands, complex organizational structures, and strict performance standards.

The participating hospitals included private healthcare institutions in DKI Jakarta and Banten that hold JCI accreditation, such as Siloam Hospitals, Pondok Indah Hospital, Mitra Keluarga Hospital, Premier Hospital, Mayapada Hospital, and Eka Hospital. These hospitals operate under high service demands, complex organizational structures, and strict performance standards, making them suitable contexts for examining employee performance in the healthcare sector.

Population and Sample

The population consisted of Generation Z employees (born 1997 to 2012) working in these private hospitals. All respondents had a minimum of one year of work experience in their current institution, ensuring they had completed the probation period and held permanent employee status. The respondents consisted of staff to managerial level employees working in medical, service unit, and administrative divisions. Medical personnel included nurses and healthcare support staff involved in direct patient care, while administrative personnel included finance staff, registration officers, pharmacy administration, and operational support staff. These employees play an essential role in maintaining healthcare service quality and organizational effectiveness.

A total enumeration sampling technique was employed, where all eligible population members were included as samples. From 270 distributed questionnaires, 237 valid responses were analyzed, resulting in a response rate of approximately 91 percent. The inclusion criteria for respondents were Generation Z employees actively working in JCI accredited private hospitals in DKI Jakarta or Banten provinces with a minimum of one year of work tenure in their current institution. The exclusion criteria included non Gen Z employees, employees outside the targeted hospitals, and incomplete questionnaire responses. Power analysis using G*Power software indicated that a minimum sample of 107 respondents was required for a medium effect size ($f = 0.15$, power = 0.95, alpha = 0.05), confirming that 237 respondents were sufficient for the analysis. Data collection was conducted from June to July 2025.

Measurement Instruments

Data were collected using a structured questionnaire consisting of four constructs: Work Life Balance (WLB), Workplace Environment (WPE), Psychological Well Being (PWB), and Individual Work Performance (IWP). All items were measured using a five point Likert scale

ranging from 1 (strongly disagree) to 5 (strongly agree). The questionnaire comprised 30 items distributed across 12 dimensions.

Work Life Balance (WLB) was measured using three dimensions adapted from Fisher et al. (2021) and based on the theoretical framework of Hayman (2005). The first dimension, time balance, consisted of three items measuring an employee's ability to divide time between work and personal life. The second dimension, responsibility balance, consisted of three items measuring the ability to balance work and family responsibilities. The third dimension, life satisfaction balance, consisted of two items measuring overall satisfaction with work life balance. The complete WLB scale comprised 8 items.

Workplace Environment (WPE) was measured using three dimensions adapted from Gaspar et al. (2024), who conducted a large scale study of 2,190 healthcare professionals across 12 public hospitals. The first dimension, physical work conditions, consisted of three items measuring workplace facilities, safety, and equipment adequacy. The second dimension, social work conditions, consisted of three items measuring coworker support, supervisor communication, and team collaboration. The third dimension, psychological work conditions, consisted of two items measuring feeling valued at work and supervisor concern for employee well being. The complete WPE scale comprised 8 items.

Psychological Well Being (PWB) as the moderating variable was measured using three dimensions adapted from Ryff (1989, 2018) and Piroutek (2024). Ryff's theoretical framework conceptualizes psychological well being as six dimensions of positive psychological functioning: self acceptance, positive relations with others, environmental mastery, personal growth, autonomy, and purpose in life. For this study, three dimensions relevant to workplace settings were selected. The first dimension, emotional stability, consisted of three items measuring emotional control when facing work pressure, anxiety management, and calmness in critical situations. The second dimension, stress management, consisted of two items measuring ability to manage work related stress and having strategies to cope with work pressure. The third dimension, positive psychological functioning, consisted of two items measuring optimism about career future and sense of life meaning and purpose. The complete PWB scale comprised 7 items.

Individual Work Performance (IWP) as the dependent variable was measured using three dimensions adapted from Koopmans et al. (2011, 2014, 2019). Based on extensive psychometric validation across multiple occupational sectors, Koopmans et al. developed a three dimensional conceptual framework of individual work performance consisting of task performance, contextual performance, and adaptive performance, while counterproductive work behavior was excluded as it represents a separate negative dimension. The first dimension, task performance, consisted of three items measuring ability to complete work tasks according to targets, working with high quality standards, and completing work on time. The second dimension, adaptive performance, consisted of two items measuring quick adaptation to workplace changes and ability to learn new tasks quickly. The third dimension, contextual performance, consisted of two items measuring helping coworkers experiencing difficulties and taking initiative to perform tasks beyond main responsibilities. The complete IWP scale comprised 7 items.

These constructs are grounded in the Job Demands Resources (JD R) theory, which explains how job resources and personal resources influence employee outcomes.

Common Method Bias

Due to the self report nature of the data where all variables were measured from the same source using a single questionnaire, the potential presence of common method bias needed to be assessed. Common method bias refers to the amount of spurious covariance shared among variables attributable to the measurement method rather than the constructs the measures represent. If left unaddressed, this bias can inflate or deflate observed relationships between

variables, potentially leading to erroneous conclusions about the significance of direct and moderating effects. To test for common method bias, Harman's single factor test was conducted using exploratory factor analysis, where all 30 indicator items from the four latent constructs were entered into an unrotated principal component factor analysis. This test assumes that if a single factor emerges from the factor solution or if one general factor accounts for the majority of the covariance among the measures, then common method bias is present.

The results showed that the unrotated factor solution extracted nine factors with eigenvalues greater than 1.0, explaining a cumulative variance of 68.7 percent. The first (largest) factor accounted for 34.2 percent of the total variance, which is substantially below the recommended threshold of 50 percent. This finding indicates that no single factor emerged that could account for the majority of the covariance among the measures. Consequently, common method bias was not a serious concern in this study, and the relationships observed among the latent constructs are unlikely to be significantly distorted by measurement method effects.

Data Analysis

Data were analyzed using Partial Least Squares Structural Equation Modeling (PLS SEM) with SmartPLS 4.0 software. This method was selected due to its suitability for predictive models involving multiple latent constructs and moderating relationships. The analysis followed a two step approach. First, the measurement model was assessed for validity (convergent and discriminant validity) and reliability (Cronbach's alpha and composite reliability). Second, the structural model was assessed using path coefficients (beta), R square values, VIF for multicollinearity testing, and hypothesis testing using bootstrapping with 5,000 subsamples.

This study develops two research models to examine the effects of Work Life Balance (WLB) and Workplace Environment (WPE) on Individual Work Performance (IWP), as well as the moderating role of Psychological Well Being (PWB) in these relationships. The two models are presented as follows.

Model 1 (Direct Effects Model)

This model tests the direct effects of the independent variables on the dependent variable without incorporating moderating effects. The structural equation is formulated as follows:

IWP = beta0 + beta1 WLB + beta2 WPE + beta3 PWB + e

Where:

1. IWP = Individual Work Performance
2. WLB = Work Life Balance
3. WPE = Workplace Environment
4. PWB = Psychological Well Being
5. beta0 = Constant (intercept)
6. beta1 to beta3 = Direct effect coefficients
7. e = Error term

Model 2 (Moderation Model)

This model incorporates Psychological Well Being (PWB) as a moderating variable in the relationships between the independent variables and Individual Work Performance. The structural equation is formulated as follows:

IWP = beta0 + beta1 WLB + beta2 WPE + beta3 PWB + beta4 (WLB x PWB) + beta5 (WPE x PWB) + e

Where:

1. IWP = Individual Work Performance
2. WLB = Work Life Balance
3. WPE = Workplace Environment
4. PWB = Psychological Well Being
5. (WLB x PWB) = Interaction term for moderating effect of PWB on WLB and IWP
6. (WPE x PWB) = Interaction term for moderating effect of PWB on WPE and IWP
7. beta0 = Constant (intercept)
8. beta1 to beta3 = Direct effect coefficients
9. beta4 to beta5 = Moderating effect coefficients
10. e = Error term

RESULTS AND DISCUSSION

Demographic Profile of Respondents

Table 1 presents the demographic profile of respondents involved in this study. Data were collected from June to July 2025 from internationally accredited private hospitals in DKI Jakarta and Banten provinces, Indonesia. The respondents consisted primarily of Generation Z employees working in medical, service unit, and administrative divisions. Based on age distribution, the majority of respondents were aged 23 to 28 years (92 respondents, 38.82 percent), followed by those aged 17 to 22 years (69 respondents, 29.11 percent). Respondents aged 29 to 45 years accounted for 61 respondents (25.74 percent), while those aged 46 to 55 years represented the smallest group with 15 respondents (6.33 percent). These findings indicate that the study was dominated by younger employees, particularly Generation Z, which aligns with the primary objective of the study.

In terms of gender, the majority of respondents were female (151 respondents, 63.71 percent), while male respondents accounted for 86 respondents (36.29 percent). This distribution reflects the characteristics of the healthcare industry workforce, particularly in private hospitals, where female employees tend to dominate medical and healthcare support positions. Based on division, most respondents were from the medical division (89 respondents, 37.55 percent), followed by the administrative division (79 respondents, 33.33 percent), and the service unit division (69 respondents, 29.11 percent). This distribution demonstrates that the respondents represented various operational functions within healthcare organizations.

Regarding educational background, the majority of respondents held a bachelor's degree (S1) with 79 respondents (33.33 percent), followed by diploma level education (D3) with 61 respondents (25.74 percent). Respondents with bachelor and medical specialist qualifications accounted for 37 respondents (15.61 percent), while those with Diploma 1 (D1) education totaled 33 respondents (13.92 percent). Respondents with senior high school or vocational school backgrounds accounted for 18 respondents (7.59 percent), and those with master's degrees (S2) represented 9 respondents (3.80 percent).

Based on regional distribution, the majority of respondents worked in hospitals located in DKI Jakarta (151 respondents, 63.71 percent), while 86 respondents (36.29 percent) worked in Banten province. This distribution indicates that the study predominantly represented healthcare employees working in major healthcare service centers in Indonesia.

Table 1. Demographic Profile

Demographic Parameters	Frequency	Percentage
Age (Years)		
17–22	69	29,11%
23–28	92	38,82%
29–45	61	26,58%
46–55	15	6,33%
Gender		
Laki-laki	86	36,29%
Perempuan	151	63,71%
Division		
Medis	89	37,55%
Unit Pelayanan	69	29,11%
Administrasi	79	33,33%
Pendidikan		
SMU/SMK dan Sederajat	18	7,59%
D1	33	13,92%
D3	61	25,74%
S1	79	33,33%
S1 dan Spesialis	37	15,61%
S2	9	3,80%
Provinsi		
DKI Jakarta	151	63,71%
Banten	86	36,29%

Table 2 presents the descriptive statistics of the variables examined in this study, including Work Life Balance (WLB), Workplace Environment (WPE), Psychological Well Being (PWB), and Individual Work Performance (IWP). The descriptive results indicate that all variables have mean values ranging from 28.33 to 31.99, with standard deviations ranging from 4.33 to 6.83, indicating moderate variability in respondents' perceptions across all research constructs.

Specifically, the Work Life Balance (WLB) variable recorded the highest mean score (mean = 31.99, SD = 6.83), indicating that respondents generally perceived that they were able to maintain a relatively balanced relationship between work responsibilities and personal life. This finding suggests that time balance, responsibility balance, and life satisfaction are important factors influencing employee attitudes and work effectiveness, particularly among Gen Z employees working in Indonesia's healthcare industry.

The Individual Work Performance (IWP) variable recorded a mean score of (mean = 29.91, SD = 4.33), indicating that respondents generally perceived themselves as capable of performing their work responsibilities effectively, adaptively, and responsibly. These findings imply that healthcare employees tend to demonstrate positive task performance, adaptive performance, and contextual performance in supporting healthcare service quality and organizational effectiveness within private hospitals.

Furthermore, the Workplace Environment (WPE) variable demonstrated a relatively high mean score (mean = 31.18, SD = 6.23), indicating that respondents perceived their workplace conditions positively in terms of physical environment, social interaction, and psychological comfort within the organization. This finding suggests that supportive workplace conditions contribute positively to employee collaboration, communication quality, and overall employee productivity in healthcare organizations.

Finally, the Psychological Well Being (PWB) variable recorded the lowest mean score (mean = 28.33, SD = 4.79), indicating that although respondents generally demonstrated positive psychological conditions, there remains room for improvement regarding emotional stability, stress management, and psychological resilience among Gen Z employees working in private hospitals. This finding implies that psychological well being remains an important issue within Indonesia's healthcare industry because employees frequently work under emotionally demanding and high pressure workplace conditions.

Table 2. Statistics Descriptive

Variable	N	Min	Max	$\bar{x}$	σ
WLB	237	21	40	31.99	6.83
WPE	237	20	35	31.18	6.23
PWB	237	17	40	28.33	4.79
IWP	237	18	35	29.91	4.33
Valid N (listwise)	237				

Table 3 presents the results of the validity test, which includes discriminant validity and convergent validity assessments for the research variables: Psychological Well Being (PWB), Individual Work Performance (IWP), Work Life Balance (WLB), and Workplace Environment (WPE). The Fornell Larcker Criterion was used to evaluate discriminant validity by comparing the square root of the Average Variance Extracted (AVE) values with the correlations among constructs. The results demonstrate that the diagonal values representing the square roots of AVE are higher than the correlation coefficients between constructs. Specifically, Psychological Well Being (PWB) recorded a value of 0.702, Individual Work Performance (IWP) recorded 0.720, Work Life Balance (WLB) recorded 0.651, and Workplace Environment (WPE) recorded 0.709. These findings indicate that each construct is empirically distinct from the other constructs in the research model, thereby confirming acceptable discriminant validity.

Furthermore, convergent validity was assessed using the Average Variance Extracted (AVE) values. The results show that all constructs achieved AVE values above the recommended threshold of 0.50, namely Psychological Well Being (PWB) with 0.592, Individual Work Performance (IWP) with 0.519, Work Life Balance (WLB) with 0.529, and Workplace Environment (WPE) with 0.503. These findings indicate that more than 50 percent of the variance in the indicators is successfully explained by their respective latent constructs. Overall, the results confirm that all constructs used in this study possess satisfactory discriminant validity and convergent validity. Therefore, the measurement model is considered reliable and suitable for further structural model analysis using Partial Least Squares Structural Equation Modeling (PLS SEM).

Table 3. Validity Test

Variables	FSQ	HRC	ICS	ITI
Fornnel Larcker Criterion				
PWB	0,702			
IWP	0,615	0,72		
WLB	0,497	0,476	0,651	
WPE	0,518	0,524	0,633	0,709
Average Variance Extracted				
PWB	0.592			
IWP		0.519		
WLB			0.529	
WPE				0.503

Table 4 presents the results of the reliability test using Cronbach's Alpha to measure the internal consistency of the research constructs. All variables in this study demonstrate

acceptable reliability because their Cronbach's Alpha values exceed the recommended threshold of 0.70 (Hair et al., 2021). Specifically, the Psychological Well-Being (PWB) variable recorded a Cronbach's Alpha value of 0.827, indicating strong internal consistency among the questionnaire items measuring employees' psychological conditions and emotional well-being. The Individual Work Performance (IWP) variable demonstrated a Cronbach's Alpha value of 0.845, reflecting high reliability in measuring employee task performance, adaptive performance, and contextual performance.

Furthermore, the Work-Life Balance (WLB) variable produced a Cronbach's Alpha value of 0.820, indicating that the measurement items related to time balance, responsibility balance, and life satisfaction balance are internally consistent. The Workplace Environment (WPE) variable recorded the highest Cronbach's Alpha value of 0.856, demonstrating strong reliability in measuring physical, social, and psychological workplace conditions. Overall, these findings confirm that all measurement items used in this study possess satisfactory internal consistency and reliability. Therefore, the constructs are considered reliable and appropriate for further structural model analysis using Partial Least Squares-Structural Equation Modeling (PLS-SEM).

Table 4. Reliability Test

Varibles	Cronbach's alpha
PWB	0,827
IWP	0,845
WLB	0,820
WPE	0,856

Table 5 presents the results of the R-Square test, which measures the proportion of variance in the dependent variable that can be explained by the independent variables. In this study, the model examines how much variance in Individual Work Performance (IWP) can be explained by Work-Life Balance (WLB), Workplace Environment (WPE), and Psychological Well-Being (PWB). The results show that the model yields an R-square value of 0.557 and an adjusted R-square value of 0.539. This indicates that approximately 55.70% of the variation in Individual Work Performance (IWP) among Gen-Z employees in Indonesia's healthcare industry can be explained by the combined influence of Work-Life Balance (WLB), Workplace Environment (WPE), and Psychological Well-Being (PWB). The remaining 44.30% of the variation is explained by other factors not included in this model, such as leadership style, organizational culture, compensation systems, job stress, and employee motivation.

The adjusted R-square value of 0.539 further confirms that, after adjusting for the number of predictors, the model maintains a moderate-to-strong explanatory power. This indicates that the three independent variables collectively play an important role in influencing Gen-Z employee performance, although they are not the only determinants. Overall, these results highlight that a balanced work-life condition, a supportive workplace environment, and strong psychological well-being significantly contribute to improving Individual Work Performance among Gen-Z employees in the healthcare industry.

Table 5. R-Square Test

R-square	R-square adjusted
0.567	0.539

Table 6 presents the results of the multicollinearity test, which aims to examine whether the independent variables in the structural model are highly correlated with each other. High multicollinearity can bias regression estimates and reduce the stability of the model; therefore,

the Variance Inflation Factor (VIF) was used as the diagnostic indicator. A VIF value below 10.00 indicates that multicollinearity is not a critical issue in the model.

Based on the results, all variables show VIF values well below the recommended threshold. Specifically, Work-Life Balance (WLB) recorded a VIF value of 2.223, Workplace Environment (WPE) recorded a VIF value of 2.119, and Psychological Well-Being (PWB) recorded a VIF value of 1.981. In addition, the interaction terms also show acceptable values, namely WLB × PWB with a VIF of 2.241 and WPE × PWB with a VIF of 1.263.

These findings indicate that no serious multicollinearity problem exists among the predictor variables in the model. Each construct contributes distinct explanatory information in predicting Individual Work Performance (IWP), both in direct and moderating relationships. In conclusion, the relatively low VIF values confirm that the regression coefficients are stable and reliable. Therefore, the relationships between Work-Life Balance (WLB), Workplace Environment (WPE), and Psychological Well-Being (PWB), including their interaction effects, can be interpreted confidently without concerns of multicollinearity bias.

Table 6. Multicollinearity Test

Variables	VIF
WBL -> EPZ	2,223
WNV -> EPZ	2,119
EMH -> EPZ	1,981
EMH x WBL -> EPZ	2,241
EMH x WNV -> EPZ	1,263

Table 7 summarizes the hypothesis testing results regarding the effects of Work-Life Balance (WLB), Workplace Environment (WPE), and Psychological Well-Being (PWB) on Individual Work Performance (IWP), as well as the moderating role of Psychological Well-Being in the proposed relationships. The results indicate that Workplace Environment (WPE) has a significant and positive effect on Individual Work Performance (IWP), as evidenced by a t-statistic of 2.192 and a p-value of 0.003, which is below the 0.05 significance level. This finding suggests that a supportive physical, social, and psychological work environment enhances employee comfort, collaboration, and effectiveness, thereby improving the performance of Generation Z employees in private hospitals.

Similarly, Psychological Well-Being (PWB) shows a significant and positive effect on Individual Work Performance (IWP), with a t-statistic of 3.680 and a p-value of 0.000. This indicates that employees with higher levels of psychological well-being—reflected in emotional stability, stress management ability, and positive psychological functioning—tend to demonstrate higher performance in healthcare service delivery. In contrast, Work-Life Balance (WLB) does not show a significant effect on Individual Work Performance (IWP), as indicated by a t-statistic of 0.523 and a p-value of 0.061. This suggests that in the context of private hospitals, Gen-Z employee performance is not directly determined by the balance between work and personal life, possibly due to the high-demand, structured, and shift-based nature of healthcare work.

Furthermore, the moderating effect analysis shows that Psychological Well-Being (PWB) does not significantly moderate the relationship between Work-Life Balance (WLB) and Individual Work Performance (IWP), as indicated by a t-statistic of 0.567 and a p-value of 0.571. This means that psychological well-being does not strengthen or weaken the effect of work-life balance on employee performance. However, Psychological Well-Being (PWB) significantly moderates the relationship between Workplace Environment (WPE) and Individual Work Performance (IWP), with a t-statistic of 0.485 and a p-value of 0.039. This indicates that psychological well-being strengthens the positive effect of workplace environment on employee performance. In other words, employees with higher psychological

well-being are more responsive to supportive workplace conditions, which in turn enhances their performance outcomes.

Overall, the findings of this study indicate that Individual Work Performance (IWP) among Generation Z employees in Indonesia's healthcare industry is primarily influenced by Workplace Environment (WPE) and Psychological Well-Being (PWB), while Work-Life Balance (WLB) does not have a significant direct effect. In addition, Psychological Well-Being plays a partial moderating role by strengthening the relationship between Workplace Environment and Individual Work Performance, but not between Work-Life Balance and Individual Work Performance.

Table 7. Hypotheses Test

Variables	Original sample (O)	T statistics	P values
WBL → IWP	0.046	0.523	0.061
WNV → IWP	0.208	2.192	0.003**
EMH → IWP	0.361	3.680	0.000***
EMH x WBL -> IWP	0,049	0,567	0,571
EMH x WNV -> IWP	0,038	0,485	0,039

Discussion

This study examined the effects of Work Life Balance (WLB) and Workplace Environment (WPE) on Individual Work Performance (IWP), as well as the moderating role of Psychological Well Being (PWB) among Generation Z employees in Indonesia's healthcare industry. The findings reveal that workplace related factors and personal psychological resources significantly drive performance, while work life balance does not, and PWB does not function as a boundary condition.

The finding that WLB does not significantly affect IWP is notable because it contradicts the widely assumed positive relationship between work life balance and employee performance. Within the Job Demands Resources (JD R) framework, WLB can be understood as a personal resource. However, in JCI accredited private hospitals, rigid shift systems and standardized clinical protocols may neutralize the performance enhancing potential of WLB. This finding aligns with international evidence suggesting that WLB primarily affects affective outcomes such as burnout and job satisfaction rather than directly influencing task performance (Selvia et al., 2025), and that its effect on performance is often mediated by other variables (Rohmah & Ekowati, 2024).

In contrast, WPE shows a significant and positive effect on IWP, confirming that job resources embedded in the workplace environment play a central role. Within the JD R framework, a supportive workplace environment functions as a job resource that helps employees cope with job demands and enables effective performance. In healthcare settings, physical safety, social support, and psychological comfort become critical enablers of performance. This finding is consistent with recent international studies (Gaspar et al., 2024; Wang & Brower, 2024).

PWB also shows a significant positive effect on IWP, reinforcing its role as a critical personal resource. Employees with higher psychological well being demonstrate greater emotional stability and resilience, enabling them to maintain performance under demanding conditions. This finding supports international evidence that psychological well being is not merely a desirable outcome but a performance enabling resource in high demand service sectors (Schijven & Kikkawa, 2024; Lee & Jang, 2023).

Regarding the moderating effects, PWB does not significantly moderate either the WLB IWP relationship or the WPE IWP relationship. The non-significant moderation of WLB suggests that WLB and PWB operate through independent mechanisms. The non-significant

moderation of WPE is theoretically interpretable: in JCI accredited private hospitals, workplace environments are highly standardized, so the effect of WPE on performance may be relatively uniform across employees regardless of their psychological well being levels. This finding contributes to JD R literature by suggesting that the interaction between job and personal resources may be context dependent, and that in highly structured organizational environments, the two may operate additively rather than interactively.

Practically, hospital management should prioritize creating supportive physical, social, and psychological work environments, and implement psychological well being programs such as stress management training and resilience building. Given that WLB does not significantly affect performance in this context, WLB interventions alone may be insufficient to improve Gen Z employee performance, and should be integrated with broader workplace environment and psychological support strategies.

CONCLUSION

This study examined the effects of Work Life Balance (WLB) and Workplace Environment (WPE) on Individual Work Performance (IWP), as well as the moderating role of Psychological Well Being (PWB) among Generation Z employees in Indonesia's healthcare industry. The findings confirm that WPE and PWB are significant determinants of employee performance, while WLB does not have a significant direct effect. In addition, PWB does not significantly moderate either the WLB IWP or the WPE IWP relationship.

Theoretical Contribution

This study advances existing knowledge on Generation Z employees and psychological well being in healthcare organizations in three specific ways. First, it contributes to the Job Demands Resources (JD R) theory by demonstrating that job resources (WPE) and personal resources (PWB) operate additively rather than interactively in highly structured healthcare environments. This finding challenges the general assumption in JD R theory that personal resources strengthen the effect of job resources on outcomes, and identifies a boundary condition under which the interaction effect does not emerge.

Second, it advances knowledge on Generation Z employees in the healthcare sector by showing that work life balance, often assumed to be a central priority for this generation, does not directly translate into improved performance in high demand, shift based hospital settings. This finding refines the generational profile of Gen Z employees by distinguishing between their preferences and their actual performance drivers.

Third, it clarifies the role of psychological well being in healthcare organizations by showing that PWB functions as a direct performance enabling resource, but not as a boundary condition for other workplace factors. This finding positions psychological well being as an essential organizational priority rather than merely a desirable employee outcome.

Practical Implications

Practically, hospital management should prioritize creating supportive physical, social, and psychological work environments, and implement psychological well being programs such as stress management training, counseling services, and resilience building initiatives. Given that WLB does not significantly affect performance in this context, WLB interventions alone may be insufficient and should be integrated with broader workplace environment and psychological support strategies.

Limitations

This study has several limitations. First, the quantitative approach using self administered questionnaires may introduce subjective bias and social desirability bias, despite assurances of anonymity. Second, the findings may not be fully generalizable to all healthcare institutions in

Indonesia, as the study was limited to JCI accredited private hospitals, which may differ from public hospitals in work culture, workload intensity, and organizational structure. Third, the study examined only three main variables, leaving other potential determinants such as leadership style, organizational culture, compensation systems, job stress, and employee engagement unexamined.

Future Research

Future research is recommended to expand the scope of the study by including a more diverse sample across different types of healthcare institutions and regions in Indonesia. Future studies may also incorporate additional organizational and psychological variables to provide a more comprehensive understanding of employee performance. In addition, the use of mixed method approaches such as interviews or qualitative case studies is suggested to gain deeper insights into behavioral and organizational dynamics in healthcare settings.

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