

The Effect of Employee Engagement and Work-Life Balance on Performance with The Mediation of Job Satisfaction of Employee in the Packing Division PT. Kao Indonesia Cikarang Pusat

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The phenomenon of consistently high performance among employees in the Packing Division of PT. Kao Indonesia Cikarang Pusat, despite the use of a traditional performance appraisal method, forms the background of this study. The research aims to analyze the effect of Employee Engagement and Work-Life Balance on Performance, with Job Satisfaction as a mediating variable. This study adopts a quantitative approach using a survey method, distributing questionnaires to 102 employees of the Packing Division at PT. Kao Indonesia Cikarang Pusat. Data were analyzed using Structural Equation Modeling (SEM) with LISREL 8.80 software. The results reveal that Employee Engagement and Work-Life Balance have a positive and significant effect on Performance; Employee Engagement has a positive and significant effect on Job Satisfaction; Work-Life Balance has no significant effect on Job Satisfaction; Job Satisfaction has a positive and significant effect on Performance; Job Satisfaction mediates the effect of Employee Engagement on Performance but does not mediate the effect of Work-Life Balance on Performance. These findings imply the importance of enhancing employee engagement and managing work-life balance appropriately to achieve optimal performance. The originality of this research lies in its focus on a division with fluctuating workloads and an attendance-based performance assessment based on targets and monthly production capacity, which is then converted to an annual basis, offering practical insights for similar organizations in managing human resources under such conditions.

Keywords: Employee Engagement, Job Satisfaction, Performance, Work-Life Balance

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1. Introduction

Human resources (HR) are a strategic asset that determines an organization's success in the face of global competition. Employee performance is a key indicator of a company's productivity, and therefore requires effective management by addressing the various factors that influence it. One interesting phenomenon has occurred in the Packing Division of PT. Kao Indonesia, which has consistently recorded high performance above 95% over the past five years, even though the evaluation method used is still a traditional attendance-based system. This stability in performance, amid a fluctuating workload, raises questions about the factors that sustain it.

Previous research has shown that employee engagement has a positive relationship with employee performance [1]; [2]. Highly engaged employees are not only motivated by financial rewards but also have an emotional commitment to the organization's goals. Another factor often associated with performance is work-life balance that is, an employee's ability to balance their work and personal life roles as cited in [3]. Studies by [4] and [5] confirm the positive influence of work-life balance on performance. Furthermore, job satisfaction has been shown to act as a mediating variable that strengthens the relationship between these factors and performance [6]; [7].

Although many studies have examined the relationship between employee engagement, work-life balance, job satisfaction, and performance, research findings remain inconsistent. Some studies report a

The Effect of Employee Engagement and Work-Life Balance on Performance with The Mediation of Job Satisfaction of Employee in the Packing Division PT. Kao Indonesia Cikarang Pusat, Sri Wahyuningsih. et.al

positive and significant effect, while others find a negative or insignificant effect. These differing results indicate a research gap, particularly in the context of the manufacturing industry, which is characterized by unstable workloads. This study fills that gap by examining the role of job satisfaction as a mediator in the relationship between employee engagement and work-life balance on performance in the Packing Division of PT. Kao Indonesia an area that has not been extensively explored.

The uniqueness of this study lies in its focus on a division with high workload fluctuations yet stable performance, as well as the use of Structural Equation Modeling (SEM) analysis with LISREL 8.80 to comprehensively test the relationships among variables. The results are expected to provide a theoretical contribution by enriching the human resource management literature and a practical contribution to companies in managing employee engagement, work-life balance, and job satisfaction to maintain optimal performance.

2. Literatur Review

Performance

According to Mangkunegara 2012, as cited in [8], performance can be understood as the achievement of an employee's work results based on both quality and quantity as a measure of work performance over a specific period of time, in accordance with their duties and responsibilities. Furthermore, [9] also argues that performance can be understood as the work results achieved by an individual based on their work behavior in carrying out work activities.

Employee Management

Employee engagement, according to [10], can be understood as the extent to which an employee feels deeply connected to their work and to the organization, to the point that they are willing to go above and beyond in their current tasks. Furthermore, according to Schaufeli 2003, employee engagement can be understood as a positive, satisfying, and work-related state of mind characterized by enthusiasm, dedication, and full attention.

Work Life Balance

Work-life balance, according to Hudson 2005, can be understood as a level of satisfaction influenced by the multiple roles a worker plays in life. Meanwhile, according to Clark 2000, work-life balance is a level of satisfaction felt by an individual when they are able to function at home and at work with minimal conflict.

Job Satisfaction

According to Robbins 2018, job satisfaction can be understood as a positive feeling toward a job that stems from a broad and clear personal evaluation. Furthermore, Afandi 2019 states that job satisfaction is a positive attitude among employees, encompassing their feelings and behaviors toward their work, based on their assessment of a job as a source of appreciation in achieving one of the job's key values.

3. Method

This study employs Structural Equation Modeling (SEM) as the data analysis method, with LISREL 8.80 used as the statistical analysis software. The SEM procedure includes model specification, model estimation, goodness-of-fit testing, and interpretation of the results.

This research study examines the performance of employees in the packaging division of PT. Kao Indonesia Cikarang Pusat, located on Jl. Science Boulevard, Bekasi Regency. The study was conducted from September 2024 to May 2025 with the aim of determining the factors contributing to the high

performance levels of employees in the packaging division at PT. Kao Indonesia Cikarang Pusat, which results in long-term employees consistently being prioritized for rehire. This has become an interesting phenomenon to study; based on the results of observational data, it is evident that employee performance significantly influences whether they are called back to work after their contract period ends. This study employs a quantitative research method. Quantitative research is an objective research approach that emphasizes testing theories through the measurement of research variables using numerical data and analyzing that data using statistical testing methods (Sugiyono, 2018) as cited in (Adil, 2023). This study used a non-probability sampling technique with a saturated sample, in which the entire population 102 respondents was included in the sample and analyzed using LISREL 8.80.

Framework



Source: data processed by the researcher, 2026

This study uses Structural Equation Modeling (SEM) to test its hypotheses. In measuring the influence or relationships among factors identified as dimensions, this model will help researchers address various dimensions. Additionally, SEM can be used to measure the total effect of exogenous variables on endogenous variables, as well as the magnitude of direct and indirect effects. Exogenous and endogenous variables are two types of latent variables. According to Sitinjak, the application of LISREL for data analysis requires the following steps: (1) Formulating the Model; (2) Creating a Path Diagram; (3) Formulating Measurement and Structural Equations; (4) Selecting Input Data and Estimating the Model; (5) Model Identification; (6) Model Fit Testing; and (7) Model Interpretation and Modification.

4. Results And Discussion

Analysis Results

The results of this study are presented in a summary table that displays the main findings from the data analysis. The data shown are the results of the Goodness-of-Fit (GOF) test for all variable constructs. The findings are as follows:

Table 1: Significance of Relationships Among Variables

Cross Structure	T-Value	T-Table	Results
EE → Performance	2,13	1,96	Significant
EE → KK	4,83	1,96	Significant
WLB → Performance	2,34	1,96	Significant
WLB → KK	0,72	1,96	Not Significant
KK → Performance	4,36	1,96	Significant

The Effect of Employee Engagement and Work-Life Balance on Performance with The Mediation of Job Satisfaction of Employee in the Packing Division PT. Kao Indonesia Cikarang Pusat, Sri Wahyuningsih. et.al

The results of the study indicate that Employee Engagement has a partial, positive, and significant effect on Performance and Job Satisfaction. Meanwhile, Work-Life Balance also has a partial, positive, and significant effect on Performance, but not on Job Satisfaction. Furthermore, Job Satisfaction has a partial effect on Performance.

Table 2: Cross-Structural Analysis of Direct and Indirect Mediating Variables on Performance

Cross-Structural	Direct	Indirect	Result
EE => Performance via KK	$0.702 \times 100\% = 49\%$	$0.70 \times 0.56 \times 100\% = 39.2\%$	KK > L (Mediating)
WLB => Performance via KK	$0.202 \times 100\% = 4\%$	$0.20 \times 0.56 \times 100\% = 11.2\%$	KK > L (Not Mediating)

The results of the analysis of direct and indirect mediating effects on performance indicate that job satisfaction mediates the relationship between employee engagement and performance. However, this is not the case for work-life balance, which is not mediated by job satisfaction in its relationship with performance. The results of this study reveal that (1) Employee Engagement has a positive and significant effect on Performance, with a P-value greater than the T-table value, namely $2.13 > 1.96$. Thus, the findings of this study successfully demonstrate that Employee Engagement has a positive and significant effect on the performance of employees in the Packing Division of PT. Kao Indonesia in Cikarang Pusat. These findings are consistent with those of a study conducted by [11], which stated that employee engagement has a positive and significant effect on performance. Furthermore, (2) work-life balance has a positive and significant effect on performance, with a P-value greater than the T-table value, specifically $2.34 > 1.96$. Thus, the research findings successfully demonstrate that work-life balance has a positive and significant effect on the performance of employees in the Packing Division of PT. Kao Indonesia Cikarang Pusat. These findings are consistent with those of a study, which stated that work-life balance positively and significantly influences performance.

Next, (3). Employee Engagement also has a positive and significant effect on job satisfaction, with a P-value greater than the T-table value, namely $4.83 > 1.96$. Thus, the research findings successfully demonstrate that Employee Engagement has a positive and significant effect on job satisfaction among employees in the Packing Division of PT. Kao Indonesia. These findings are consistent with those of a study conducted, which stated that employee engagement has a positive and significant effect on job satisfaction. However, different results were obtained in (4). Work-Life Balance was found to have no positive and significant effect on Job Satisfaction because the T-Value was not greater than the T-Table value, specifically $0.72 < 1.96$. These findings are consistent with those of [12], which stated that Work-Life Balance does not have a positive and significant effect on Job Satisfaction. Furthermore, (5) Job Satisfaction has a positive and significant effect on Performance, with a P-value greater than the T-table value: $4.36 > 1.96$. Thus, the research findings successfully demonstrate that Job Satisfaction has a positive and significant effect on the Performance of employees in the Packing Division at PT. Kao Indonesia Cikarang Pusat. These findings are consistent with those of a study conducted by [13], which concluded that job satisfaction has a positive and significant effect on performance.

The results of the cross-structural analysis of mediating variables indicate that Job Satisfaction mediates the relationship between Employee Engagement and Performance, with a direct effect of 49% and an indirect effect of 39.2%. This is consistent with the findings of [14], which state that Job Satisfaction mediates the relationship between Employee Engagement and Performance. However, different results were obtained for Work-Life Balance, which was not mediated by Job Satisfaction because Hypothesis 3 indicated that Work-Life Balance does not influence Job Satisfaction. This is consistent with [15], who state that if the direct relationship between the independent variable and the mediator is not significant, then the mediating effect is considered statistically invalid even if the direct and indirect effect calculations yield

numerical values. This is consistent with the study, which found that work-life balance was not mediated by job satisfaction in its effect on performance.

5. Conclusion

This study was conducted to determine the effects of employee engagement and work-life balance on performance, with job satisfaction as a mediator. The analysis was conducted using LISREL 8.80 software to test the relationships among latent variables, in accordance with the previously defined research question. This study was motivated by the phenomenon of high employee performance, which is believed to be related to the level of employee engagement and the balance between work and personal life. In addition, preliminary observations indicate that although some employees have a good work-life balance, this does not necessarily have a direct impact on their job satisfaction. Based on the results of the analysis using LISREL 8.80, the following findings were obtained: (1) Employee Engagement has a positive and significant effect on Employee Performance; (2) Work-Life Balance also has a positive and significant effect on Employee Performance; (3) Employee Engagement has a positive and significant effect on Job Satisfaction; (4) Work-Life Balance does not have a positive and significant effect on Job Satisfaction; (5) Job Satisfaction has a positive and significant effect on Performance; (6) Employee Engagement has a positive and significant effect on Performance through the mediating effect of Job Satisfaction; and (7) Work-Life Balance does not have a positive and significant effect on Performance through the mediating effect of Job Satisfaction. Based on these results, it can be concluded that employee engagement plays a significant role in improving job satisfaction and employee performance, both directly and through mediation. Conversely, work-life balance does not have a significant indirect effect on job satisfaction or performance through mediation. Therefore, company management is advised to focus more on building employee engagement through programs that instill core values, relevant training, and rewards, as these have been proven to have a significant impact on performance. Additionally, the approach to work-life balance needs to be reevaluated to better align with employees' needs and perceptions.

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