



DIGITAL LEADERSHIP AND WORK-LIFE BALANCE: EFFECTS ON GEN Z INNOVATIVE WORK BEHAVIOR AND PERFORMANCE

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Abstract

This study to analyze the influence of Digital Leadership and Work Life Balance on Gen Z's Innovative Work Behavior and its implications on Employee Performance. Gen Z employee in Indonesia continues to grow and will reach around 27% of the total workforce by 2025. Meanwhile, the demand for flexible working hours and the emergence of network technology also continues to grow. Therefore, it is important to understand how leaders with digital competence and work-life balance can influence innovative behavior and improve the performance of Gen Z. Sampling technique is snow-ball sampling. Research sample consisted of 110 Gen Z employees in Jakarta. Statistical method used is the Structural Equation Model with the SmartPLS software. Digital leadership has a greater influence on innovative work behavior gen Z than work-life balance does. An increase in innovative work behavior can improve employee performance. To enhance the innovative work behavior of Gen Z, companies must prepare leaders who not only master digital technology but also use it in a fun way and companies also need to ensure that office hours are used for work and do not interfere with family time. To enhance the performance of Gen Z, companies need to provide attractive rewards when Gen Z innovations are implemented, not only to facilitate their own work but also the work of others.

Keywords: Digital Leadership; Work Life Balance; Innovative Work Behaviour;
Employee Performance; Gen Z Workforce.

Introduction

Generation Z are “digital age” (born 1997-2012) children which are excels in using many technological media (digital natives) types and have unique multitasking characteristics that distinguish them from other generations. Generation Z exhibits open-mindedness, highly receptive to innovation, and can adapt quickly to products and services development. When Generation Z has leaders who implement digital leadership and digital environment, this encourages their innovative work behavior (Rahmandika et al., 2025).

The increasing demand for flexible working hours and the emergence of ever-evolving network technology have given rise to the smart work environment, in response to diverse personal values and employee tasks. The term “smart work environment” refers to the integration of Information and Communication Technology with traditional practices such as remote working, flexible working hours and places. As employee values and work tasks change, there is an urgent need to get a balance (work and personal) life. In achieving a healthy balance, employees must be able to manage their time well between the two areas of their lives. (Bhat et al., 2023) obtained individuals with good work-life balance have greater engagement and motivation, which leads to greater Innovative Work Behavior.

Innovative Work Behavior practices, which involve the new products/services creation in the work environment, improve work outcomes in both quality and quantity (Rahmandika et al., 2025). (Fiernaningsih et al., 2022) showed Innovative Work

Behavior improves employee, group, and organizational performance. (Indriani et al., 2024) emphasized a suitable work environment is crucial for significantly enhancing employee performance through IWB, which is characterized by the creation and new ideas application. Employees involved in IWB create new ideas that improve their performance because they can create new concepts and solutions. This ability is particularly relevant to the creativity and innovative nature of Generation Z. Hence, this analysis determines how Digital Leadership and Work Life Balance positively influence the Innovative Work Behavior of Generation Z in Jakarta and its implications for Employee Performance.

The novelty of this study lies in the following: 1) Expanding the concept of digital leadership in the context of Generation Z; 2) Positioning innovative work behavior as a mediating mechanism between digital leadership and employee performance; 3) Integrating the perspective of digital leadership with work-life balance; and 4) Developing a leadership model that is more relevant to the Generation Z workforce.

Literature Review

Innovative Work Behavior encompasses employees' deliberate efforts to offer services or create, promote, and implement new product ideas effectively ((Kmieciak, 2026); (Zreen et al., 2020). Digital Leadership needs the skills to understand practical knowledge as well as the use and transfer of knowledge from digital tools (Benitez et al., 2022). When a leader applies Digital Leadership, they can maximize the digital technology application in the work environment, enabling employees to

create innovative services or products with the digital tools support (Rahmandika et al., 2025). (Rahmandika et al., 2025) also state that in the context of Digital Leadership , Innovative Work Behavior can be significantly encouraged by an environment that promotes experimentation with digital tools, values creative thinking, and supports the digital solutions implementation that improve productivity, customer experience, and overall organizational performance. (Tanucan et al., 2022) also indicate the DL crucial effect to stimulate innovative thinking among teachers and increasing job satisfaction. Generation Z exhibits characteristics of openness, high receptivity to innovation, and the ability to adapt quickly to new services and products. When Generation Z has leaders who apply Digital Leadership and digital environment, this can encourage Innovative Work Behavior (Rahmandika et al., 2025). Therefore, this study proposes the hypothesis below:

H1: Digital Leadership affect positively and significantly on Innovative Work Behavior .

Technology has facilitated new ways of working that emphasize productivity and quality of life, creating a seamless integration between the two and blurring the boundaries between WFH and WFO. In obtaining a balance between work and personal life fosters and directly stimulates creative work behaviour (Sitompul et al., 2024). (George & Sreedharan, 2023) showed a positive correlation between good work-life balance and increased levels of creativity and innovation in professional environments. (Bhat et al., 2023) found that

individuals who consider themselves to have a good work-life balance have higher engagement and motivation levels, which leads to greater innovative behavior. Furthermore, the results of hypothesis testing confirming the significant impact of work-life balance on IWB show that this factor is not only crucial for employee well-being but also for the long-term sustainability of the organization as a whole (Sitompul et al., 2024). Based on the above explanation, the hypothesis is formulated:

H2: Work-Life Balance affect positively and significantly on Innovative Work Behavior.

Innovative Work Behavior is crucial for organizational performance and long-term sustainability (Hosseini & Shirazi, 2021). This includes not only the new idea creation, but also the development, adoption, and implementation to produce new products, enhance work methods, increase service quality, and even increase job satisfaction (Mussner et al., 2017). Previous findings indicated that Innovative Work Behavior impacts performance significantly (Afasar & Rehman, 2015). Individuals with open-mindedness can produce and implement new and unique ideas, which contribute to Innovative Work Behavior, enabling them to create new perspectives and ideas in designing their work tasks (Baer & Oldham, 2006). Therefore, the hypotheses below are proposed:

H3: Innovative Work Behavior affect positively and significantly on Employee Performance.



Figure 1. Conceptual Framework

Methodology

The analysis unit applied is individuals, namely Generation Z, working in the Jakarta area. The time horizon is cross-sectional, meaning that information is gained only once, although it may be finished over a certain time, hence it is often referred to as a one-shot study. The study

design uses hypothesis testing. The sampling technique used is snowball sampling, defined as a non-probability technique in which the sample has characteristics that are rarely found. The research source uses primary data. Data was obtained by applying a questionnaire, by spreading written questions. Complete data was collected from 110 respondents.

Table 1. Measurement of Research Variables

Variable	Indicator	Sources
Digital Leadership	1. My leader finds using digital tools enjoyable.	(Rahmandika et al., 2025)
	2. My leader is a digital expert.	
	3. My leader always keeps up with the latest developments in digital knowledge.	
	4. My leader proactively drives digital transformation progress in our unit.	
	5. My leader can get others excited about digital transformation.	
	6. My leader has a clear understanding of the structure and processes needed for digital transformation.	
Work Life Balance	1. I keep thinking about work when I'm not working	(Palumbo, 2022)
	2. I feel too tired after work to do some of the household chores that need to be done	
	3. I feel that work prevents me from spending time with my family	
	4. I find it difficult to focus on work because I'm thinking about my responsibilities to my family	
	5. I feel that my responsibilities to my family interfere with my work	
Innovative Work Behavior	1. I pay attention to issues that are not part of my daily work	(Jong & Den Hartog, 2010)
	2. I am committed to seeking opportunities for innovation.	
	3. I think of ways to improve things.	
	4. I am interested in observing new products or services.	
	5. I look for new approaches to doing my work.	

	6. I tend to provide original solutions to problems at work.	
	7. I take a new approach to carrying out my tasks	
	8. I build team enthusiasm in forming an innovative mindset.	
	9. I convince people to support innovative programs.	
	10. I am involved in the implementation of new ideas.	
Employee Performance	1. I try my best to complete difficult tasks	(Rahmandika et al., 2025)
	2. I try to complete tasks in accordance with the company's expectations	
	3. I prioritize work based on deadlines and priorities	
	4. I try to complete work in accordance with the tasks and routines assigned by the company	
	5. I take advantage of available opportunities to improve work performance	
	6. I try to improve my technical knowledge to carry out tasks	
	7. I take the initiative to improve work results	
	8. I strive to find new solutions to problems that arise	
	9. I work hard to complete the tasks assigned to me	
	10. I carefully consider the results of each task I perform	

The scale used is a 1-5 Likert scale, where 1 is SD (strongly disagree), 2 is D (disagree), 3 is SA (somewhat agree), 4 is A (agree), and 5 is SA (strongly agree).

Results and Discussion

Based on the convergent validity values of this study, the loading factor values of all indicators are ≥ 0.50 , meaning that all analyzed indicators are valid and can be involved in the model. This is also supported by the EVA values for all variables > 0.5 , which indicate good convergent validity. Furthermore, reliability was tested through Cronbach's alpha and composite reliability calculations. The testing results of the variables of Digital Leadership, Work Life Balance, Innovative Work Behavior, and Employee Performance obtained Cronbach's alpha and composite reliability values ≥ 0.70 . This illustrates that the Digital Leadership, Work Life Balance,

IWB, and Employee Performance measurement tools have met the reliability requirements.

In the data analysis results applying SEM technique with the PLS application software processing tool, the R^2 value, which is the goodness-of-fit test in the PLS SEM inner model, is as shown in the table 2. The test show that the Employee Performance can be influenced by the Innovative Work Behaviour variable by 48.9%, indicating a moderate relationship. Meanwhile, the Innovative Work Behaviour can be influenced by the Digital Leadership and Work Life Balance variables by 24.2%, indicating a low relationship.

The hypothesis test 1 show that the estimate value = 0.425, the t statistic value = 5.573, with a $0.000 \leq 0.05$ p value. Since the p-value ≤ 0.05 , H1 is supported, meaning that the more positive the Digital

Leadership, the more positive the Innovative Work Behaviour, and conversely, the more negative the Digital Leadership, the more negative the Innovative Work Behavior. The findings are appropriate to the research by (Rahmandika et al., 2025) and

(Tanucan et al., 2022), which states that when leaders implement Digital Leadership, they can maximize the digital technology application in the work environment, enabling employees to create new services or products with the digital tools support.

Table 2. Goodness of Fit Results

	R Square	R Square Adjusted
Employee Performance	0,489	0,484
Innovative Work Behaviour	0,242	0,228

Source: Results of Processing with PLS

Table 3. Hypothesis Test Results

Hypothesis	Original Sample	T	P Values	Decision
H1: Digital Leadership has a positive and significant effect on Innovative Work Behavior.	0,425	5,573	0,000	Supported
H2: Work-Life Balance has a positive and significant effect on Innovative Work Behavior.	0,228	2,157	0,032	Supported
H3: Innovative Work Behavior has a positive and significant effect on Employee Performance.	0,699	13,266	0,000	Supported

Source: Results of Processing with PLS

Then, the hypothesis test 2 (two) results show that the estimate value = 0.228, the t statistic value = 2.157, with a $0.032 \leq 0.05$ p-value. Since the p-value is ≤ 0.05 , H2 is supported, meaning that the more positive the Digital Leadership, the more positive the Innovative Work Behavior, and conversely, the more negative the Digital Leadership, the more negative the Innovative Work Behaviour. This appropriates to (Sitompul et al., 2024); (George & Sreedharan, 2023); (Bhat et al., 2023), which states that individuals who perceive a good work-life balance have higher levels of engagement and motivation, leading to greater innovative behavior.

Similarly, the H3 testing results show that the estimate value = 0.699, the t

statistic value = 13.266, with a $0.000 \leq 0.05$ p value. Since the p-value is ≤ 0.05 , H3 is supported, which means that the more positive Innovative Work Behaviour is, the more positive Employee Performance will be, and conversely, the more negative Innovative Work Behaviour is, the more negative Employee Performance will be.

From the findings (Table 8), the impact of Digital Leadership on Innovative Work Behaviour is greater than those of work-life balance on Innovative Work Behavior. An increase in Innovative Work Behaviour can improve employee performance.

Conclusion

According to the data analysis using SmartPLS, it was found that three hypotheses were proven to be significant, namely that there is a positive effect of Digital Leadership on Innovative Work Behavior, there is a positive effect of work-life balance on Innovative Work Behavior, and there is a positive effect of Innovative Work Behavior on employee performance. This means that the innovative behavior of Gen Z employees is influenced by digital leadership and also by work-life balance. Then, with the increase in innovative behavior, it will enhance Gen Z performance.

This study shows that digital leadership is not only related to a leader's ability to master digital technology, but also to the ability to utilize technology in an interactive, engaging, and Generation Z-friendly manner to foster Innovative Work Behavior. These findings expand the body of research on digital leadership, which has traditionally focused more on organizational transformation and technology adoption.

This study provides evidence that the impact of digital leadership on performance is not direct but occurs through an increase in employees' innovative work behavior. Thus, this study enriches our understanding of the process by which digital leadership leads to higher performance.

Most previous studies have examined digital leadership and work-life balance separately. This study develops a model that integrates both factors in explaining Gen Z's innovative behavior, thereby providing a more comprehensive perspective on the organizational factors that influence employee innovation.

This study found that digital leadership has a stronger influence on innovative work behavior than work-life balance. These findings contribute to the development of contemporary leadership theory by demonstrating that leadership effectiveness is significantly influenced by the characteristics of the generation being led. Recommendations for managers are:

1. To improve the Innovative Work Behavior of Gen Z employees, companies should appoint leaders who are not only digitally savvy but also use technology in a fun way. The digital competence of leaders will foster the innovative culture needed to lead change.
2. To enhance the Innovative Work Behavior of Gen Z employees, companies should maintain a work-life balance by ensuring that office hours are used for work while family time is used for family.
3. To enhance the Gen Z employees' performance, organizations need to retain and develop innovative employees by giving them appreciation in the form of praise and rewards. Even more so, give attractive rewards when innovations are made that not only help simplify one's own work but also the work of others.

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