

## CHAPTER I

### INTRODUCTION

#### 1.1 Research Background

Covid-19 disease has a big impact to force all people in the world to work from home (WFH) or telecommuting as WHO encourages due to the fact that the disease has a fast transmission and its ability to infect people easily. Mungkasa (2020) states that every WFH may cause flexible schedules in working time or also called Flexi Time; a flexible working that holds the concept employees preferred working time as long it meets the number of hours that agreed between employee and employer. The Flexi Time has also been applied on Indonesian workers, directly impacting their work pattern. However, 50 percent of Indonesian workers feel that the working hours during WFH are longer than usual (Bayu,2020), proven by Cisco research study in Katadata (2022) disclose that remote working has raised the micromanaging behavior by the superiors because they have lacked trust in the employees who work remotely, and leads to excessive workloads.

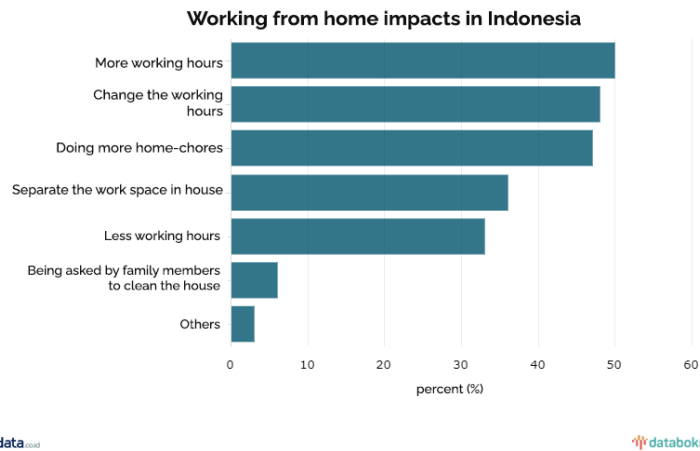


Figure 1.1 Survey results impact of Indonesian workers during WFH  
 Source: Databoks.katadata.id (2020)

Asia Pacific region has encountered deletion to 81 jobs during the pandemic, and has affected the rate of unemployment that rises to 5.7 percent in 2020 from 4.4 percent in 2019 (International Labour Organization, 2020). This economic downturn is going further into Indonesia, proving the country has laid off almost 2 million workers according to The Directorate General of Industrial Relations Development and the Ministry of Manpower Social Security (Jayani, 2020). This indicates forces to work longer in remaining resources occurred, which could lead to ‘Quiet Quitting’ (Klotz & Bolino, 2022).

Klotz & Bolino (2022) declared that quiet quitting is an action where employees at work stay employed at their main job-desk but ignoring the idea being above and beyond at the workplace. The phenomenon starts to emerge by the TikTok users complaining about the amount of work and deadlines he had and taking advice to not put the job as the number one priority (Foster, 2022). Serenko

(2023) mentioned the action is similar to old behavior but labeled new in the workforce; because of technology that is spreading fast, and it is predicted to keep rising in the post pandemic era. The reason behind quiet quitting is that most jobs today require extra competencies to collaborate with co-workers and meet the customer needs, thus being passively disengaged or limiting their commitment at work is the best practice proven by 50% employees in the US from research conducted by Harter (2022).

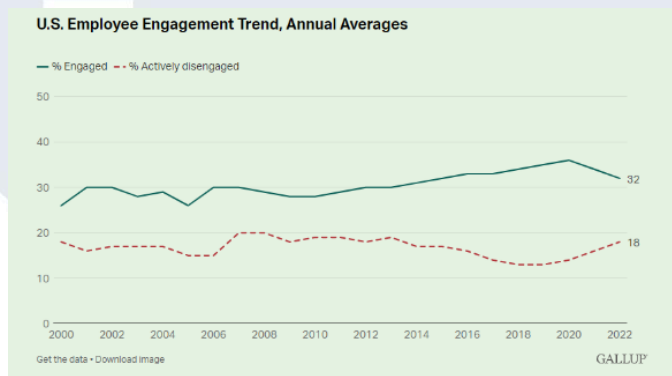


Figure 1.2 Gallup research in United States Employee Engagement Track in 2022  
 Source: Gallup Inc Website (2020)

Following in the Asia region likewise in the US, the quiet quitting phenomenon has risen due to excessive burnout; Tang Ping or ‘Lying Flat’ is the movement adopted in China that is considered outrageous by the government (KOMPAS.com, 2021). Singapore also ran into the exact problem identified by 55% of employees, particularly Generation Z, planning about doing the quiet quit (Singapore Business Review, 2022). Bryan Hancock as a global leader of McKinsey (2022) states that quiet quitters are arguably worse than showing

disengagement, by the reason of showing ‘neutral’ behavior that does not add any value and takes time to figure out by the organization.

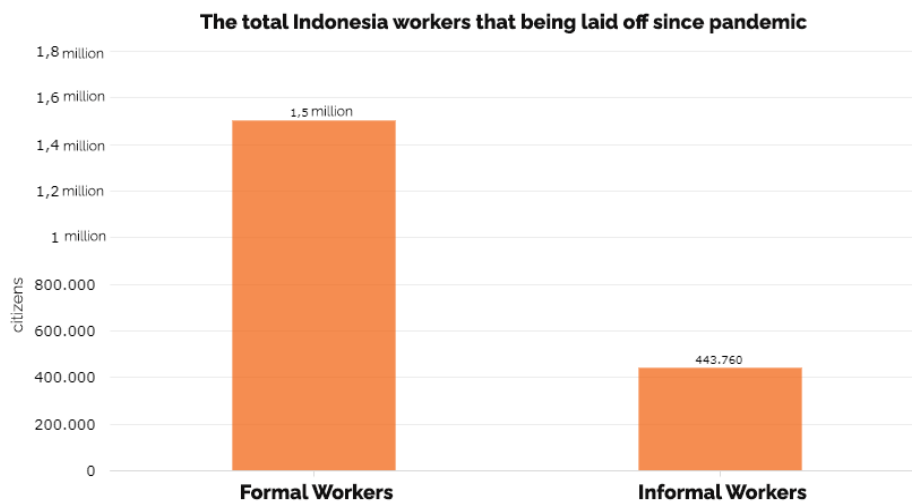


Figure 1.3 Survey results regarding the laid off in Indonesia in pandemic era  
Source: Databoks.katadata.id (2020)

The younger workers perceived failure in feeling cared for and found themselves not evolving when it comes to communicating with leaders, therefore their advantages are mainly dissolved (Harter,2022). Another research conducted by Mahand & Caldwell (2023) shown the organizations mostly unprepared and unable to deal with the situation that caused several failures in engaging and increase employee commitment such as fail to deliver the proper manner, inability to build the great workplace environment, lack of diversity and inclusion and lack of focus in employee well-being.

After two years since the pandemic, Indonesia, specifically the Jakarta region, finally calmed down from the pandemic and started to open public services with new regulations. The new Work From Anywhere (WFA) policies has been

announced for productivity encouragement that filled 83.5% of Indonesian workers' expectations that prefer remote working and work flexibly (The Jakarta Post, 2022). However, implement the hybrid-work has a main challenge provoking mental and physical exhaustion that strongly indicate quiet quitting actions remains (Harter, 2022) and its proven by Indonesian workers that are starting to be more aware of their mental health and causing them to avoid working the task outside their expertise and overtime; it is considered as mental hustle in work (Bellion in Harususilo, 2022). Proven by Kinnunen in Wood et al., (2020) as technology changes, there's blurred lines between work and non-work time. If the action continues for a long term, the major side effects will appear to employees such as the paradigm to quit mentality and turnover intentions in every workplace because of the same circumstances (CNN Indonesia, 2022).

It's been confirmed that quiet quitters are low engaged with their companies, and it spells trouble because disengaged workers could decrease to 23% productivity and 18% profit (Ellis-Knight, 2022). That could affect national workers productivity metrics, the most fundamental number to state that the output of workers is related to Gross Domestic Products (GDP), which is one of main indicators of economic growth in a country (Pedriquez, 2022). Indonesia has increased its labor productivity by 2% in December 2022 (CEIC Data, 2023) however, the growth seems largely stagnant for the six past years. It is also proven by Iksan, M. et al. (2022) Indonesia has experienced muted productivity recently, and it needs improvement in human capital. Simultaneously, in this year, Ferro

Feriska, as a founder of the Pijar Foundation in Nugroho (2022), stated that Indonesia is currently experiencing an extraordinary demographic bonus. This phenomenon is a decisive factor in determining whether Indonesia will become a developed country by 2030 or not at all.

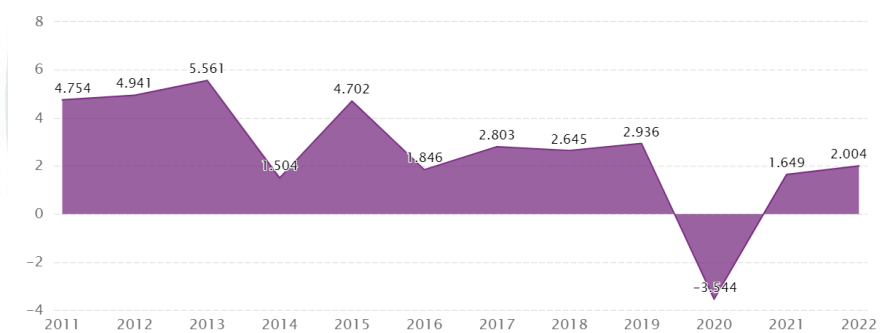


Figure 1.4. *Indonesia Labour Productivity Margin in 10 Years*  
(Source: CEIC Data)

Quiet quitting is considered not entirely new as a negative behavior at the workplace, due to the causative factors that remains reviewed by former studies (Serenko, 2023). From the Deutsche-Welle Indonesia (2023) interview result to two participants, they implemented quiet quitting because of the task-oriented leadership, the lack of work life balance and feeling unappreciated by the organization. Besides, the author has conducted interviews with three Gen Z's employees to gain insight regarding their work performance. They all agree that leadership role, and work-life balance appliances are important for them. One respondent admits they and other Gen Z's colleagues in office are quitting due to failing to communicate with their leader, the lack of work life balance causing the low engagement and lead to limit their commitment in work.

One of the solutions to answer the current phenomenon is to analyze each employee engagement rate that influences the employee's affective commitment, known as in Mahand & Caldwell (2023). Previous studies have shown that employee engagement has a significant factor to determine if someone has a certain behavior at the workplace and will affect each person's commitment in the workplace (Park et al., 2021). Lack of work life balance, failing in leadership roles, (Iddagoda & Opatha, 2020, 16) could lead to psychological distress; being burned out, and related negatively to employee engagement. Based on the data shown, post-pandemic and hybrid working pattern practice has provided insights about how the rate of the transformational leadership and work life balance will affect employee affective commitment mediated by employee engagement (Iddagoda & Opatha, 2020). However, there is a little research regarding work life balance that would enhance the employee engagement and subsequently impact affective organizational commitment. Therefore, this research is to reveal the psychological linkage between employee work life balance drives employee initiatives and enhances the commitment to organization.

In conclusion, working from home as COVID-19 restrictions causes the workers to work longer due to big layoff and micromanaging leaders. This practice continues until the pandemic starts to relieve and hybrid work is enforced. There are extra competencies required in workers in order to collaborate with co-workers in every division and meet customer needs. The work demands causing the workers to multitask, leadership also takes places; and causes new behavior: quiet quitting



as silent rebellion where the workers stay employed to the remaining job desk but limiting their commitment. Research shows that quiet quitters actors are Gen Z and younger millennials. Quiet quitting has an impact in a workplace that could turn into an individual's paradigm of intention to quit and turnover mentality, resulting in bad attitude and wage stagnation, and generate lower GDP value in labor forces productivity. Besides, Indonesia has undergone an extraordinary demographic bonus, and it's the huge potential to be a developed country in 2030 if the human resources are improved in productivity.

Resolving the affective organizational commitment by intervention of this new behavior and employee engagement could be done by identifying workers' work life balance and how transformational leadership roles affect them. The study will focus on the Visual Communication Design workers as the primary research sample, given that creative workers have irregular working days, which can range from 5 days to a full week, and flexible working hours (Brand Equity, 2022). In this digital era, the information will get more attention spans by more audiences; as a survey conducted by Flourish, if applied with visual-based social media, graphic design platforms and video communication software (Parker, 2023). As the fast-paced industry should move, this could lead to creative fatigue and is considered one of the significant challenges in the industry. While the creative industry in Indonesia contributes the national GDP as much as 6% in 2021 (Antara News, 2021) and has the significant growth up to 8,14% in 2017, according to Indonesian Central Statistics Agency (KataData, 2019)



## 1.2 Research Problem

Empirical gaps in this research have been identified, proven by the lack of knowledge regarding new generation commitment as employees, in the workforce. The dearth of this study reviewed from data and preliminary research is to figure Generation Z's affective organizational commitment encouraged from quiet quitting phenomenon. Quiet quitting has an impact in a workplace that could turn into an individual's paradigm of intention to quit and turnover mentality, resulting in bad attitude and wage stagnation, and generate lower GDP value in labor forces productivity. In this study, the author seeks to establish new inquiry research design based main factors behind the quiet quitting by measuring employee affective organizational commitment mediated by employee engagement with work life balance and transformational leadership as the main variables assessment, which will be the main focus of the research. Based on the research background, research problems could be formulated as:

1. Does transformational leadership have a significantly positive relationship to employee engagement?
2. Does transformational leadership have a significantly positive relationship to affective organizational commitment?
3. Does work life balance have significantly positive relationship to employee engagement?

4. Does work life balance have a significantly positive relationship to affective organizational commitment?
5. Does employee engagement have a significantly positive relationship to affective organizational commitment?
6. Does transformational leadership have a positive relationship to affective organizational commitment through employee engagement?
7. Does work life balance have a significantly positive relationship to affective organizational commitment through employee engagement?

Based on research problems above that detached to 7 questions, it can be concluded as a single statement: What are the factors that influence Generation Z's affective organizational commitment?

### **1.3 Research Purposes**

Based on the research problem, the research purposes are:

1. To determine the relationship effect of transformational leadership on employee engagement.
2. To determine the relationship effect of transformational leadership on affective organizational commitment.
3. To determine the relationship effect of work life balance on employee engagement.
4. To determine the relationship effect of work life balance on affective organizational commitment.

5. To determine the relationship effect of employee engagement on affective organizational commitment.
6. To determine the relationship effect of transformational leadership on affective organizational commitment through employee engagement.
7. To determine the relationship effect of work life balance on affective organizational commitment through employee engagement.

Based on research purposes that detached to 7 points, it can be concluded as a single statement: To identify and evaluate the factors that influence Generation Z affective organizational commitment.

#### **1.4 Research Benefits**

Quiet quitting has found greater resonance among Generation Z, as they are a generation that has faced challenging experiences in starting their careers and navigating professional life amidst the ongoing pandemic. Specifically, in the Asian region, many individuals have experienced career shocks due to the significant impact either being layoff, or undergo the excessive workloads (Hamouche et al., 2023). Therefore, identifying and evaluating the factors that influence Gen Z commitment in organization towards various aspects such as transformational leadership and work life balance mediated by employee engagement, will incur benefits are as follows:

- **Theoretical Contributions:** This research provides measures to measure Generation Z's affective organizational commitment with employee

engagement as a mediator involving transformational leadership and work life balance as variables as the main cause of quiet quitting phenomenon.

- **Managerial Contributions:** This research can be input for office management by knowing how Indonesian Generation Z's work habit is as the new generation in the workforce. Another contribution this research can provide an overview knowledge about Indonesian Generation Z's engagement aspects for the creative economy industries, or people who need information about Generation Z in workforce
- **Contribution for Researcher:** This research could be researcher experience to skill and knowledge development about Generation Z in workforce behavior.

