

## The Effect of Work-Life Balance and Transformational Leadership on Employee Turnover Intentions at Company X

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KEYWORDS	ABSTRACT
Turnover Intention; Work-Life Balance; Transformational Leadership	This research aims to identify the effect of work-life balance and transformational leadership on the turnover intentions of PT employees. X. Data obtained from the Company explains that the employee turnover rate in 2023 is 38.4%, which indicates that employee intentions to leave the company may also be quite high. Two predictors are raised to predict turnover intentions, namely work-life balance and transformational leadership, which are taken based on employee exit interview data. The research method used is a quantitative approach with a correlational analysis design to determine the relationship between predictor variables and outcome variables and multiple linear regression analysis to determine the magnitude of the influence of predictor variables on outcome variables. This study involved 245 respondents selected using purposive sampling techniques. The analysis results show that work-life balance and transformational leadership have a significant negative relationship with turnover intentions. In addition, work-life balance and transformational leadership also significantly negatively affect turnover intentions of 32.8%. The results of the multiple linear regression analysis show a significant negative influence value from the transformational leadership variable of $t = -8.04$ which is greater than the work-life balance variable of $t = -4.31$ . The results of this study are expected to be input for companies to create programs or provide treatment for employees in order to improve transformational leadership and work-life balance to reduce the intention to move companies in employees and manage employee retention in the company.

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### Introduction

PT. X is a nickel mining group company that was established in 2016. The nickel mining business is one of the sectors that has grown rapidly in recent years to meet industrial needs. According to news published by CNN Indonesia in July 2023, Indonesia has the world's largest nickel reserves. The use of nickel in the future is expected to increase significantly along with technological advances and the use of electricity resources in various countries. This condition is also beneficial for PT's business process. X, where the company's development has increased quite rapidly and significantly, especially in the last 3 years. Based on data on the number of workers, the growth of PT. X employees in 2023 were 30% from the previous year, which was 2778 employees, an increase of 642 employees from 2136 employees in 2022.

The growth of human resources that occurred over a relatively fast duration is unfortunately not accompanied by the development of a working system in the company that can keep up. This impacts the level of employee turnover experienced by the company. Based on data that researchers took from the recapitulation of employee turnover in 2023, the high employee turnover rate in the company reached 38.4%. A total of 930 employees left the company throughout 2023. Of the 930 employees who left the company in 2023, 110 employees left because their employment contracts were terminated by the company, 333 employees left due to layoff, and 487 employees left because they decided to resign from the company, with a composition of around 70% being employees at the non-staff level. A study conducted by Gani et al. (2022) at a mining company in Kalimantan showed that the employee turnover rate at the company increased from 4.35% in 2019 to 15.56% in 2020, exceeding the normal standard of 10%.

From here, companies need to be more aware and find out more about why employees decide to resign from the company. Companies can find out through employee intentions to move companies in employees who are still in the company because turnover intention is the strongest predictor of actual turnover behavior (Cohen et al., 2023). Turnover intention can be defined as the intention that exists in employees to leave the company by looking at the possibility that the employee will change jobs and move away from the company within a certain period of time, leading to the actual employee turnover rate (Kaur et al., 2013). Mobley (1977) in his research created a model that supports the idea that the higher a person's intention to leave an organization, the more likely they are to actually do so. Tett and Meyer (1993) also found a significant positive relationship between turnover intention and actual turnover, where employees' intentions to leave the company are often followed by real actions to leave the company.

High employee turnover rates certainly directly impact the company's financial and non-financial losses. According to Kurniawati et al. (2022), when employee turnover is high, company costs can increase significantly due to expenses related to recruiting replacement employees, training new employees, personal and work unit administration costs, and readjusting the situation and conditions in the organization. Other studies also show that recruitment costs can reach up to 50-200% of an employee's annual salary, depending on the position being replaced (Phillips & Connell, 2004). In addition to the financial impact, employee turnover causes non-financial losses, such as disruption of company operations, loss of tacit knowledge of work processes, and difficulty in building a cohesive organizational culture (Droege & Hoobler, 2003). High employee turnover rates can also lower the morale of remaining employees, as they face increased workloads and instability in the work environment (Phillips & Connell, 2004).

According to research by Mobley (1977), turnover intention is influenced by job satisfaction, organizational commitment, and career opportunities outside the organization. A literature study conducted by Wahyuni and Ikhwan, (2022), summarizes several factors that cause employee intentions to change companies, such as job satisfaction, leadership style, work stress, commitment to the organization, compensation received, conflict between life and work, and fatigue. The results of the Gyensare et al. (2016) study showed that transformational leadership has a significant negative impact on employee turnover intentions, which is mediated by employee affective

commitment to the organization. Research by Aslanifar (2014) found that a good work-life balance is negatively related to employee turnover intentions, meaning that the better the balance employees feel, the lower their intention to leave the company. Recent research from Cohen et al. (2023), underlines the importance of companies implementing regular internal surveys to measure employee turnover intentions as a preventive measure. By understanding these intentions, companies can develop appropriate intervention strategies, such as increasing job satisfaction, improving leadership styles, and creating a better work-life balance.

To see the factors that cause employees to move from company X, researchers also obtained exit interview data on employees who had left the company. Researchers obtained a recapitulation of data on why employees moved and left the company in 2023 provided by employees at the Foreman to Manager level. Exit interview data on employees showed that the two biggest reasons for employees leaving the company were family/personal reasons and dissatisfaction with superiors. The researchers then interviewed 6 respondents who were employees who had left the company, where 3 people each had "family/personal reasons," and 3 people had "dissatisfaction with their superiors" as the main reasons for leaving the company.

The interview results explained that respondents who cited "family/personal reasons" as the main reason for leaving the company felt that their work life was not balanced with their personal life. From the three respondents, the interview results can be concluded that they feel that the demands of their work make their time with their family, children, and even for themselves very limited. Working overtime also hampers going home hours and affects the time and quality of rest, which is reduced. Furthermore, this also impacts the quality of body health and decreased immunity. Respondents hope their time for work and personal life can be more balanced so that work and personal life can run harmoniously.

Meanwhile, respondents who cited "dissatisfaction with superiors" as the main reason for leaving the company felt that their dissatisfaction with their work arose from the attitudes and behaviors of their superiors. From the three respondents, the interview results can be concluded that they felt that their superiors did not provide clear work directions from the beginning of joining the team, and their superiors also did not explain the work vision and mission, which were actually expected to be a reference in forming work patterns for employees and the team. In addition, their superiors also did not provide motivation or stimulus, which were expected to increase work enthusiasm, initiative, and innovative attitudes in completing work. Furthermore, respondents even felt they tended to be blamed when they accidentally made mistakes in their work and were not allowed to explain why the mistake could have occurred. Respondents hoped that this superior could be a figure who could listen, direct, motivate, and even protect his team so that a solid team was formed to achieve common goals.

From the two aspects above, the researcher took the variables of work-life balance and transformational leadership as predictors in this study. The work-life balance represents respondents' answers to "family/personal reasons" as the main reason for leaving the company. Fisher et al. (2009), define work-life balance as the level of harmony between work demands and personal life that allows individuals to feel balanced in both domains. They also emphasize that

this balance is not only about time but also about satisfaction and feelings of effectiveness in meeting demands in both aspects. The existence of work-life balance conflict in employees is characterized by the inability of employees to divide their time between personal and professional life, resulting in fatigue and stress (Maharani & Tamara, 2024).

Meanwhile, transformational leadership is taken as a representation of the role of a leader expected by respondents based on their explanation of "dissatisfaction with superiors" as the main reason for leaving the company. Bass and Avolio (1994), define transformational leadership as a series of leader behaviors that transform the needs of followers by fulfilling self-actualization needs and pushing their own expectations and the expectations of superiors to a higher level. In the study of Yang and Islam (2012), it is stated that the characteristics of a transformational leader show significant leadership characteristics, such as being charismatic, having individual considerations, motivating, and stimulating the intellectuals of its members. Transformational leaders can motivate and inspire employees by providing meaning and intellectual challenges in their work and stimulating employees to use their maximum potential to achieve their highest needs. This transformational leadership style is also considered suitable for the conditions of the Company, which has grown quite rapidly in recent years so it requires balanced organizational and human resource development along with the development of its business processes. In research by Hinkin and Tracey (1999), it is stated that transformational leadership is a leadership pattern appropriate for organizations with big targets and dreams, requiring serious renewal and improvement and wanting to change and adapt together to achieve the desired goals.

Work-life balance and transformational leadership are two main predictors explaining employees' turnover intention at PT. X. Referring to the organizational background explained previously, this study aims to provide recommendations for intervention programs for the problems faced by the organization. Work-life balance and transformational leadership are expected to predict the turnover intention of employees in the company so that the company can also develop a strategy to reduce employee intentions to leave the company.

## **Materials and Methods**

The research method used is the correlational method. This study intends to see the relationship between work-life balance and transformational leadership with employee turnover intentions. In addition, researchers will also conduct linear regression analysis to evaluate the magnitude of the influence of each independent variable (work-life balance and transformational leadership) on the dependent variable (intention to move the company). This study uses a non-probability sampling technique with a purposive sampling method. The population in this study were all employees of PT. X, met the sample criteria, with a population of around 620 people. Based on calculations using the Slovin formula (Sevilla et al., 1993), the minimum number of samples needed is 243 employees, with a margin of error of 5%. Participants were selected purposively according to the established criteria.

The research data collection used a Google form sent to the participants. The questionnaire consisted of statements regarding turnover intentions, work-life balance, and transformational

leadership. The measuring instrument used to measure turnover intentions is developed by Atan and Purba (2018), which is also adapted from the dimensions described by Mobley et al. (1978). This measuring instrument consists of 3 items that interpret 3 dimensions in turnover intentions, with a reliability of 0.85. In addition, the measuring instrument used to measure work-life balance is the Work-Life Balance Scale developed by Fisher et al. (2009), which is designed to measure work-life balance comprehensively. This measuring instrument consists of 17 items that describe four dimensions of work-life balance, with a reliability of 0.89. Meanwhile, the measuring instrument for transformational leadership is the Multifactor Leadership Questionnaire (MLQ) developed from Bass and Avolio's transformational leadership theory (1994). The questionnaire consists of 20 items assessing 4 dimensions of transformational leadership, with a reliability of 0.92.

## Results and Discussions

A total of 245 respondents filled out the research questionnaire with an age range of 20-30 years, as much as 61.6%, 30-40 years, as much as 30.2%, and over 40 years, as much as 8.2%. 61.6% of participants were male, and the rest were female. A total of 56.7% were employees with a work period of 1-3 years, 26.5% with a work period of 3-5 years, and 16.7% with a work period of over 5 years. The following table shows the results of participant data at low, medium, and high levels.

**Table 1. Distribution of Participant Norms**

Variables	Low	Currently	Tall
Intention to Change Companies	55 people 22.45%	151 people 61.63%	39 people 15.92%
Work Life Balance	37 people 15.10%	178 people 72.24%	30 people 12.24%
Transformational Leadership	34 people 13.88%	176 people 71.84%	35 people 14.29%

The results of the distribution of participant norms show that the dominant participant conditions are at a moderate level, which means that the turnover intention among employees in this company is not high. Similarly, the conditions of work-life balance and transformational leadership of employees in the company are moderate.

**Table 2. Correlation Test Results**

Correlation Matrix

		Intention to Move	Work Life Balance	Transformational Leadership
Intention to Move	Pearson's r	—		
	df	—		
	p-value	—		
	N	—		

## Correlation Matrix

		<b>Intention to Move</b>		<b>Work Life Balance</b>		<b>Transformational Leadership</b>
Work Life Balance	Pearson's r	-0.386	***	—		
	df	243		—		
	p-value	< .001		—		
	N	245		—		
Transformational Leadership	Pearson's r	-0.526	***	0.325	***	—
	df	243		243		—
	p-value	< .001		< .001		—
	N	245		245		—

Note. \*  $p < .05$ , \*\*  $p < .01$ , \*\*\*  $p < .001$

From the table above, the work-life balance shows a significant negative correlation with turnover intention,  $r = -0.386$ ,  $p < 0.001$ , which means that the higher the work-life balance perceived by employees, the lower their intention to change jobs. Transformational leadership also correlates significantly negatively with turnover intention,  $r = -0.526$ ,  $p < 0.001$ . These results indicate that transformational leadership style can be related to decreased employee turnover intention, indicating the important role of leadership in employee retention. The results of this correlation test support the hypothesis that work-life balance and transformational leadership are negatively related to employee turnover intention.

**Table 3. Results of Multiple Linear Regression Test Analysis**

## Model Coefficients - Switching Intentions

<b>Predictor</b>	<b>Estimate</b>	<b>SE</b>	<b>t</b>	<b>p</b>	<b>Stand. Estimate</b>
Intercept	5.313	0.4246	12.52	< .001	
Work Life Balance	-0.516	0.1195	-4.31	< .001	-0.240
Transformational Leadership	-0.559	0.0696	-8.04	< .001	-0.448

Based on the test results above, the t-value of the work-life balance variable is -4.31 and transformational leadership is -8.04, so it can be concluded that both predictor variables have a significant negative effect on the outcome variable of turnover intention. The results of the influence of the predictor variables of work-life balance and transformational leadership show that the transformational leadership variable has a more significant effect on turnover intention. This



significant effect can be explained through the ability of transformational leaders to build positive interpersonal relationships with subordinates, creating a sense of trust and commitment to the organization. On the other hand, work-life balance also has a significant negative effect, but the impact is not as big as transformational leadership. This factor can be seen in employees who feel able to balance the demands of work and personal life; they tend to have a higher level of job satisfaction, which ultimately reduces their desire to leave the organization.

**Table 4. Determination Test Results**

Model Fit Measures		
Model	R	R <sup>2</sup>
1	0,573	0,328

Based on the table above, the R square value is 0.328, which means that the influence of the independent variables of work-life balance and transformational leadership contributed 32.8% to this study. In contrast, the rest can be influenced by other factors not examined in this study.

The study found a significant negative relationship between work-life balance and transformational leadership with employee turnover intentions. In addition, there was also a significant negative influence of work-life balance and transformational leadership on employee turnover intentions. Previous research by Verdana and Satrya (2022) supports this finding, revealing that a positive work-life balance contributes to increased job satisfaction, ultimately reducing turnover intentions. Transformational leadership also shows a significant influence on turnover intentions, as stated by Gozukara and Simsek (2016), that transformational leadership can create a supportive work environment, provide motivation, and build good interpersonal relationships, thereby reducing employee turnover intentions. In this context, a study by Wang et al. (2011) confirmed that transformational leadership increases employee trust and commitment, which has a direct impact on retention.

Research by Suryanto et al. (2019) shows that combining transformational leadership and work-life balance programs creates a more inclusive and supportive work environment. This increases job satisfaction, improves interpersonal relationships, and increases the attachment of relationships between members. The relationship found in this study strengthens the argument that work-life balance and transformational leadership style have practical implications for managing employee retention in organizations.

## Conclusion

The discussion of the results of this study provides important implications for organizations. While transformational leadership is important for creating a supportive and motivating work environment, organizations must also pay more attention to employee work-life balance. Although it has significant value results, this study still has several shortcomings that can be evaluated for further research development. This study targets a population of employees with admin status and above who interact/coordinate directly with supervisor-level superiors and above and have worked for more than 1 year. The distribution of respondents needs to be considered and improved again so that the study's results are not biased in only identifying certain work locations or divisions and

work units. In addition, further research can also add variables other than work-life balance and transformational leadership as predictors to explain the relationship and their influence on employee turnover intentions. Other variables include workload, career level, company culture, company benefits, and even company K3 management, which also impact employee job satisfaction and turnover intentions.

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