
The Influence of Non-Physical Work Environment on Gen Y Employee Engagement: Mediating Roles of Perceived Organizational Support and Workplace Well-being

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DOI: <https://doi.org/10.56457/jimk.v13i1.762>

Received: February 26, 2025

Accepted: June 03, 2025

Published: June 07, 2025

ABSTRACT

This study investigates the impact of the non-physical work environment on employee engagement among Generation Y employees in the financial and banking sectors. Specifically, it explores both direct and indirect effects through perceived organizational support and workplace well-being as mediating variables. Utilizing a sample of 104 respondents, this explanatory research applies Structural Equation Modeling-Partial Least Squares (SEM-PLS) for data analysis. The findings reveal that while the non-physical work environment positively influences perceived organizational support and workplace well-being, it does not directly enhance employee engagement. Additionally, while workplace well-being mediates the relationship between the non-physical work environment and employee engagement, perceived organizational support does not serve as a significant mediator. The results suggest that although factors such as supervisor-subordinate relationships and team dynamics positively impact workplace well-being, they do not suffice to directly elevate employee engagement levels. These findings emphasize the importance of improving workplace well-being to foster higher engagement but highlight the need for other organizational strategies to directly influence employee engagement, particularly in sectors with high employee turnover like the banking industry. The study also suggests avenues for future research to extend its scope across different industries and employee generations, providing a more comprehensive understanding of the dynamics affecting employee engagement.

Keywords: Employee Engagement, Generation Y, Non-Physical Work Environment, Perceived Organizational Support, Workplace Well-being

INTRODUCTION

Employee engagement has become a highly strategic issue in the field of human resources (HR), often regarded as a crucial factor that can elevate organizations to a higher level in executing and achieving business success (Fahreza et al., 2019). Employees with high engagement levels tend to be more actively involved in the company and are reluctant to leave it (Ananda &

Oktariani, 2022; Simon et al., 2021). Conversely, low employee engagement can be detrimental to companies, both in terms of budget and human resources. It leads to increased recruitment and training costs to replace departing employees, the loss of top talent, and a decline in the productivity and performance of other employees (Widyawati et al., 2022).

Employee engagement remains a challenge for many companies, as not

all are able to enhance their employees' engagement levels. A survey conducted in 155 countries revealed that only 15% of employees feel truly engaged with their workplace. In Indonesia, this figure is even lower, with only 8% of workers feeling engaged with their jobs. One of the factors influencing this low engagement is the increasing number of generations (Gallup, 2013), which accounts for 30% of Indonesia's total population (BPS, 2023). Generation Y is characterized by a preference for challenges and a lack of interest in routine or monotonous jobs, leading them to tend to stay less long in the workplace and frequently change jobs (Octaviani, 2015). This tendency is one of the reasons for the low employee engagement levels in Indonesia (Fajrina dan Bustanul, 2021). Surveys indicate that only 25% of Generation Y employees feel fully engaged with their company (Dale Carnegie, 2017). Research by Lie & Andreani (2017) found that as many as 65.8% of Generation Y employees in Indonesia choose to resign and stay for less than a year in the workplace.

A Compdata survey reported that the banking and finance sector is among the industries with the highest turnover rate, reaching 18.6%, with Generation Y identified as the primary contributor to this phenomenon (Kusumaningsih, 2023). Supporting this, a PwC survey revealed that only 10% of Generation Y employees intend to stay with their current employer, while the remaining respondents are either open to new opportunities or actively seeking alternative employment (Ufer, 2024). One of the Islamic banks in Indonesia also reported a rising turnover rate of

7.99%, with the majority of employees belonging to Generation Y (Handoko & Soeling, 2020). The high turnover indicates that the company has a low level of employee engagement, as one benchmark of low employee engagement can be seen in the rate of employee turnover (Anggraini et al., 2020).

Given this phenomenon, it is crucial for companies to recognize that employee engagement requires more attention, considering its vital role in the sustainability of the company and understanding what can enhance employee engagement within the organization. Several factors that can improve employee engagement include a non-physical work environment (Fajrina dan Bustanul, 2021), perceived organizational support (Fajardika et al., 2022), dan workplace well-being (Faustine & Zamralita, 2024). This research aims to determine the influence of the non-physical work environment on employee engagement, both directly and indirectly, through perceived organizational support and well-being at work as mediating variables. The hypotheses in this study are as follows.

- H1: The non-physical work environment has a positive effect on employee engagement.
- H2: The non-physical work environment has a positive effect on perceived organizational support.
- H3: Perceived organizational support has a positive effect on employee engagement.
- H4: The non-physical work environment has a positive effect on workplace well-being.

H5: Workplace well-being has a positive effect on employee engagement.
H6: Perceived organizational support mediates the effect of the non-physical work environment on employee engagement.

H7: Workplace well-being mediates the effect of the non-physical work environment on employee engagement.
The research model used is illustrated below.

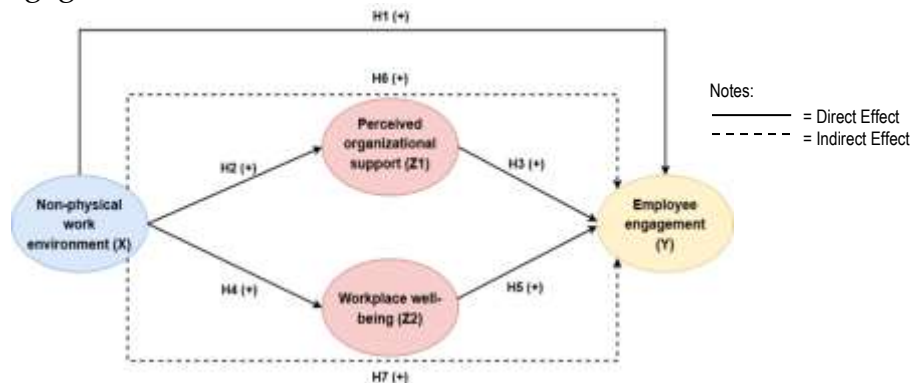


Figure 1. Research Model

METHOD

This study employs an explanatory research design used to test several formulated hypotheses (Mulyadi, 2012). The population in this study consists of Generation Y employees born between 1981 and 2000 (Angin & Saragih, 2021) with a sample size of 104 respondents. The sampling technique used is purposive sampling, based on the following criteria: individuals from Generation Y aged 24 to 30 years, currently employed as permanent or contract employees in the financial or banking industry, holding positions at the entry or mid-level, and having more than one year of work experience. The determination of the sample size uses the Lemeshow formula to calculate the sample size when the total population is not precisely known. The Lemeshow formula is presented as follows.

$$n = \frac{z^2 p (1 - p)}{d^2}$$

$$n = \frac{1,96^2 \times 0,5 (1 - 0,5)}{0,10^2} = 96,04$$

Notes:

n = Sample size

z = Standart value = 1.96

p = Maximum estimation = 50% =

0.5

d = alpha (0,10) or sampling error = 10%

This study examines four variables, namely: non-physical work environment, employee engagement, perceived organizational support, and workplace well-being, using a total of 30 questionnaire items. The measurement instrument employed is the Likert scale, which is considered effective for assessing individual attitudes, perceptions, and opinions toward a given phenomenon (Setiawan et al., 2022), and is also recognized for its ability to generate valid and reliable data (Santika et al., 2023). The scale consists of four response categories: strongly disagree (SD), disagree (D), agree (A), and strongly agree (SA).

Table 1. Operasionalisasi Variabel

Variables	Operational Definition	Dimensions/Indicators
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Employee Engagement	A condition in which employees feel energetic and positively motivated toward their work, emotionally committed to the organization and its goals. Engaged employees genuinely care about their work and the company, not merely working for salary or promotion, but striving for organizational success (Albrecht, 2010; Bakker, B & Schaufeli, Wilmar, 2008).	Vigor 1. Feels energetic and enthusiastic to go to work 2. Feels strong and vigorous while working 3. Able to work sustainably over long periods 4. Maintains focus and concentration despite challenging tasks Dedication 5. Feels enthusiastic when performing job tasks 6. Feels inspired by the work 7. Takes pride in one's work 8. Feels challenged by the job Absorption 9. Enjoying work very intensely 10. Finding it hard to stop working when the job is not finished (Bakker & Leiter, 2010; Sukoco et al., 2020)
Non-Physical Work Environment	Conditions related to work relationships between employees, supervisors, and subordinates that are intangible yet strongly felt and play an important role in fostering good employee engagement (Fatimah & Hadi, 2021; Restuhadi & Sembiring, 2017).	1. Work standards 2. Supervisor accountability 3. Clarity of job tasks 4. Peer relationships 5. Supervisor-subordinate relationships 6. Teamwork among employees (Destefano et al., 2005; Siagian, 2014)
Perceived Organizational Support	Perceived organizational support is the belief that employees have regarding the extent to which the organization values their contributions and cares about their well-being (Wahyuni & Yuliana, 2023)	1. Organization values employee contributions 2. Organization considers employee goals and values 3. Organization provides help during employee difficulties 4. Organization cares about employee well-being 5. Organization seeks to offer the best-fitting job 6. Organization is proud of employees' achievements 7. Organization is willing to grow to help employees perform their best

		8. Organization values employee opinions (Eisenberger et al., 2020)
Workplace Well-Being	The sense of well-being and happiness employees experience in relation to their job and work environment, including feeling respected and positively treated by others, based on daily routines and work experiences (Hudin & Budiani, 2021; Theobald & Cooper (2012).	Intrinsic Dimension 1. Meaningful work 2. Use of knowledge and skills 3. Sense of accomplishment Extrinsic Dimension 4. Supervision 5. Promotion opportunities 6. Job security (Page, 2005)

Data analysis in this study employs descriptive analysis and is further measured using Structural Equation Modeling–Partial Least Squares (SEM-PLS) with SmartPLS 3 software. SEM-PLS consists of two models: the outer model and the inner model. The outer model is a measurement model that connects manifest variables

(indicators) to latent variables and includes tests of validity and reliability. Meanwhile, the inner model is a structural model that connects latent variables and includes collinearity testing, coefficient of determination (R^2) testing, predictive relevance (Q^2) testing, and hypothesis testing (Savitri et al., 2023).

Table 2. Rule of Thumb Outer and Inner Model

Test	Parameter	Rule of Thumb
Outer Model		
Convergent Validity	AVE	> 0,5
Reliability	Cronbach's Alpha	> 0,7
	Composite Reliability	> 0,7
	rho_A	> 0,7
Inner Model		
Collinearity Test	VIF	< 5
Coefficient of Determination	R^2	0 – 1
Predictive Relevance Test	Q^2	> 0
Hypothesis Testing	p-values	> 0,5

Sumber: Anugerah & Sutarmin (2019); Hair et al. (2017); Schermelleh-Engel et al. (2003)

RESULT and DICUSSION

1. Respondent Profile

This study involves employees in the finance and banking industry with diverse demographic characteristics, such as gender, age, education, and

employment status. This data is used to describe the profile of the respondents and examine its relationship with the research variables. The following is a table of respondent descriptions.

Table 3. Respondent Description

Description	Respondents	Percentage
Gender		
Laki - laki	47	45,2 %
Perempuan	57	54,8 %
Usia		
24 years old	26	25%
25 years old	16	15,4%
26 years old	4	3,8%
27 years old	5	4,8 %
28 years old	9	8,7 %
29 years old	6	5,8 %
30 years old	38	36,5 %
Highest Level of Education		
Senior High School / Vocational High School	12	11,5 %
Diploma	5	4,8 %
Bachelor's Degree	84	80,8 %
Postgraduate	3	2,9 %
Employment Status		
Permanenent Employee	67	35,6 %
Contract Employee	37	64,4 %

This study involved 104 employees from the finance and banking sectors as respondents. Based on gender, the majority of respondents were female (54,8%), while male respondents accounted for 45,2%. In terms of age, the 30-year-old group dominated (36,5%), followed by the 24-year-old group (25%). Regarding the highest level of education, most respondents held a bachelor's degree (80,8%), while the rest had completed senior/vocational high school (11,5%), diploma/associate degree programs (4,8%), or postgraduate studies (2,9%). Based on employment status, the majority were contract employees

(64,4%), with the remaining being permanent employees (35,6%).

2. Variable Description

This variable description aims to provide a general overview of the characteristics of the collected data, including the tendency of respondents in answering each measured statement. Descriptive analysis was carried out by determining the category based on class interval, calculated using the formula $i = \frac{R}{K}$; R = max value - min value and K = number of classes (Nur et al., 2023), resulting in an interval width of 0,75 with the following rating categories.

Table 4. Descriptive Analysis Rating

Category	Interval
Very High	$3,25 \leq x \leq 4$
High	$2,5 \leq x < 3,25$
Low	$1,75 \leq x < 2,5$

Very Low

$1 \leq x < 1,75$

After determining the categories from the descriptive analysis, the average score is calculated using the following formula $X = \frac{\sum(f \times X)}{\sum f}$.

The employee engagement variable in this study is measured based on 10 indicators outlined in the table below.

a. Description of Employee Engagement Variable

Table 5. Description of Employee Engagement Variables

Indicators	Average	Category
Feels energetic and enthusiastic to go to work (X1)	3,46	Very high
Feels strong and vigorous while working (X2)	3,39	Very high
Able to work sustainably over long periods (X3)	3,40	Very high
Maintains focus and concentration despite challenging tasks (X4)	3,43	Very high
Feels enthusiastic when performing job tasks (X5)	3,37	Very high
Feels inspired by the work (X6)	3,48	Very high
Takes pride in one's work (X7)	3,52	Very high
Feels challenged by the job (X8)	3,46	Very high
Enjoying work very intensely (X9)	3,44	Very high
Finding it hard to stop working when the job is not finished (X10)	3,23	Low

The analysis results in the table above indicate that most indicators fall into the very high category, reflecting a strong employee engagement with their work. The indicator with the highest score is X5, with an average of 3,48, suggesting that most employees feel that their work provides motivation and inspiration. Meanwhile, the indicator with the lowest score is X10, with an average of 3,23,

indicating that employees tend to feel less emotionally or professionally committed to completing tasks before leaving work.

b. Description of Non-Physical Work Environment Variable

The variable of non-physical work environment in this study is measured based on 6 indicators described in the table below.

Table 6. Description of Non-Physical Work Environment Variable

Indicators	Average	Category
Work standards (Y1)	3,09	Low
Supervisor accountability (Y2)	3,18	Low
Clarity of job tasks (Y3)	3,35	Very high
Peer relationships (Y4)	3,44	Very high
Supervisor-subordinate relationships (Y5)	3,39	Very high
Teamwork among employees (Y6)	3,48	Very high

The analysis results above indicate that there are 4 indicators that fall into the very high category, namely indicator Y6 (average 3,48), Y4 (average 3,44), Y5 (average 3,39), and Y3 (average 3,35), which reflect a work environment that supports employee communication and collaboration. However, there are 2 indicators that fall into the low category, namely indicator Y1 with an average of 3,09 and Y2 with an

average of 3,18, indicating employee dissatisfaction with aspects of fairness and task distribution within the company.

c. Description of Perceived Organizational Support Variable

The perceived organizational support variable in this study is measured based on 8 indicators described in the table below.

Table 7. Description of Perceived Organizational Support Variable

Indicators	Average	Category
Organization values employee contributions (Z1.1)	3,31	Very high
Organization considers employee goals and values (Z2.1)	3,34	Very high
Organization provides help during employee difficulties (Z3.1)	3,14	Low
Organization cares about employee well-being (Z4.1)	3,25	Very high
Organization seeks to offer the best-fitting job (Z5.1)	3,34	Very high
Organization is proud of employees' achievements (Z6.1)	3,37	Very high
Organization is willing to grow to help employees perform their best (Z7.1)	3,25	Very high
Organization values employee opinions (Z1.8)	3,20	Low

The analysis results in the table above indicate that the majority of indicators fall into the very high category (Z1.6, Z1.2, Z1.5), reflecting that employees feel appreciated and valued by the company. However, there are 2 indicators that fall into the low category, namely indicators Z1.3 and Z1.8, which indicate that organizational support in terms of

care for employees and employee involvement in decision-making still needs to be improved.

d. Description of Workplace Well-Being Variables

The workplace well-being variable in this study is measured based on 6 indicators described in the table below.

Table 8. Description of Workplace Well-Being Variables

Indicators	Average	Category
Meaningful work (Z2.1)	3,50	Very high
Use of knowledge and skills (Z2.2)	3,45	Very high
Sense of accomplishment (Z2.3)	3,40	Very high

Supervision (Z2.4)	3,32	Very high
Promotion opportunities (Z2.5)	3,39	Very high
Job security (Z2.6)	3,42	Very high

The analysis results from the table above show that all indicators used for the workplace well-being variable fall into the very high category, indicating that employees have a good level of well-being in the workplace.

3. Outer Model Analysis

The outer model analysis consists of validity and reliability tests based on the measurement model output to ensure that the indicators are valid and reliable in measuring the latent variables (Sayyida, 2023). The following table presents the results of the validity and reliability tests of the variables used.

Table 9. Construct Validity and Reliability

Variables	CA	CR	Rho_A	AVE
Perceived Organizational Support (Z1)	0,93	0,95	0,94	0,69
Workplace Well-Being (Z2)	0,90	0,92	0,90	0,67
Employee Engagement (Y)	0,95	0,95	0,95	0,67
Non-Physical Work Environment (X)	0,90	0,93	0,91	0,68

Based on the test results, the AVE and HTMT values meet the existing standards ($AVE > 0,5$), indicating that the indicators used for each variable are considered valid. As for the reliability test, all variables in this study can be considered reliable with values of CA, CR, and rho_A $> 0,7$.

4. Inner Model Analysis

The inner model analysis aims to identify and examine the relationships between exogenous and endogenous variables in a study (Nurhalizah et al., 2024). The inner model consists of

several tests including multicollinearity, coefficient of determination (R Square), predictive relevance (Q Square), and hypothesis testing.

a. Collinearity Test

The collinearity test is used to ensure that the regression results are not biased. Data is considered free from collinearity if the VIF value is less than 5 (Hair et al., 2017). The following table shows the results of the collinearity test.

Table 10. VIF

Indicators	VIF	Indicators	VIF
X.1	2.240	Y.10	2.338
X.2	2.705	Z1.1	3.623
X.3	4.067	Z1.2	2.813
X.4	2.750	Z1.3	3.215
X.5	4.331	Z1.4	3.593
X.6	3.107	Z1.5	3.572
Y.1	3.355	Z1.6	3.468

Y.2	4.312	Z1.7	2.899
Y.3	3.454	Z1.8	2.419
Y.4	3.013	Z2.1	2.501
Y.5	2.373	Z2.2	2.558
Y.6	3.040	Z2.3	2.754
Y.7	4.398	Z2.4	2.361
Y.8	3.219	Z2.5	2.014
Y.9	3.501	Z2.6	2.597

Based on the collinearity test above, it shows that all indicators used can be stated as free from collinearity ($VIF < 5$).

b. R-Square dan Q-Square Test

The R-Square (R^2) test is conducted to measure the extent to which endogenous variables can be simultaneously explained by exogenous variables. A model is considered to have a good explanatory power if the R^2 value is greater than 0,19 (Garson, 2016). Meanwhile, the Q-Square (Q^2) is

used to assess how well the observed values are generated by the model and also the accuracy of parameter estimation. A Q^2 value > 0 indicates that the model has predictive relevance (Nurhalizah et al., 2024). Q^2 values of 0,02, 0,15, and 0,35 respectively indicate that the exogenous construct has small, medium, or large predictive relevance (Hair et al., 2017). The following table presents the results of the R-Square and Q-Square tests

Table 11. R-Square and Q-Square

Variables	R^2	Q^2
Perceived Organizational Support (Z1)	0,59	0,39
Workplace Well-Being (Z2)	0,40	0,26
Employee Engagement (Y)	0,63	0,40

The R^2 test results indicate that the model used is able to represent the data well. The R^2 value for the perceived organizational support variable is 0.59, meaning that 59% of this variable can be explained by the non-physical work environment. For the workplace well-being variable, the R^2 value is 0.40, indicating that 40% of its variation is influenced by the non-physical work environment. Meanwhile, employee engagement has an R^2 value of 0.63, which shows that 63% of employee engagement can be explained by a combination of non-physical work

environment, perceived organizational support, and workplace well-being.

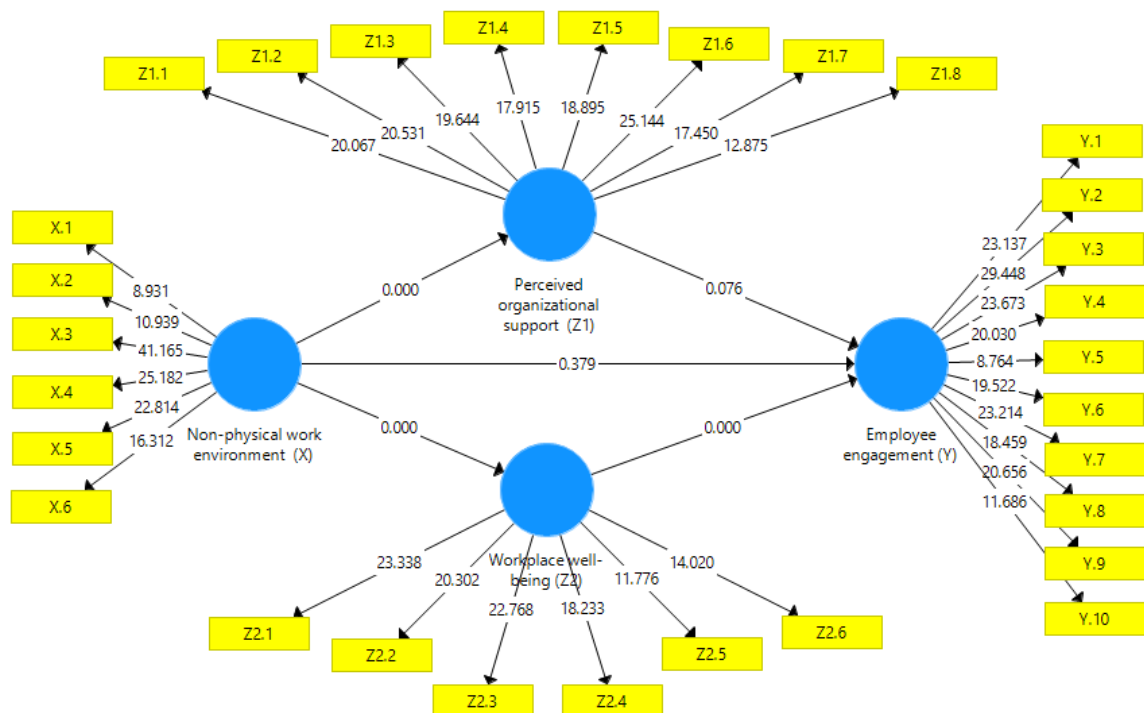
The Q^2 test results for all variables show that the model has good predictive ability. The variables of employee engagement and perceived organizational support have high predictive relevance, while workplace well-being has medium predictive relevance.

c. Hypothesis Testing

Hypothesis testing is conducted to determine whether a hypothesis is accepted or rejected by referring to

the significance value (p-values). A hypothesis is accepted if the significance value (p-value) is less than 0,05. (Anugerah & Sutarnin, 2019). This study includes both direct effects and indirect effects. The direct effect analysis is used to determine the extent to which independent variables have a direct influence on dependent variables

without involving a mediating variable. In contrast, the indirect effect analysis is used to measure the indirect influence of independent variables on dependent variables through mediating variables (Febryaningrum et al., 2024). The results of hypothesis testing in this study are presented as follows.



Gambar 2. Inner Model, Bootstrapping Testing
Table 12. Direct and Indirect Effects

Hypothesis	Path Coefficient (β)	P-value	Interpretation
Non-Physical Work Environment → Employee Engagement	0,05	0,38	Ditolak
Non-Physical Work Environment → Perceived Organizational Support	0,77	0,00	Diterima
Perceived Organizational Support → Employee Engagement	0,25	0,08	Ditolak
Non-Physical Work Environment → Workplace Well-Being	0,63	0,00	Diterima
Workplace Well-Being → Employee Engagement	0,56	0,00	Diterima

Non-Physical Work Environment → Perceived Organizational Support → Employee Engagement	0,19	0,07	Ditolak
Non-Physical Work Environment → Workplace Well-Being → Employee Engagement	0,35	0,00	Dterima

The Influence of Non-Physical Work Environment on Employee Engagement

The analysis results in Table 12 show that the effect of the non-physical work environment on employee engagement has a path coefficient value of 0,05 and a p-value of 0,38, meaning that the non-physical work environment does not have an effect on engagement, thus H1 is rejected. The increase or decrease in the non-physical work environment in this study does not significantly affect employee engagement. Although a good work environment can create a comfortable work atmosphere, it is not enough to directly improve employee engagement, so other factors may be needed to enhance employee engagement. This finding is in line with the study by Fadilah & Helmi (2023), which found that the non-physical work environment does not have a significant effect on employee engagement. Additionally, there are other studies that found that the non-physical work environment positively affects employee engagement (Erferni et al., 2023).

Another supporting factor is the characteristics of the respondents, most of whom are contract employees. Contract employees tend to have lower engagement with the company compared to permanent employees due to uncertainty about their future employment, for example, regarding career advancement. The company

only provides certain positions, such as supervisor, manager, or department head, to permanent employees. The lower rights of contract employees also impact their contributions, leading to lower engagement (Putro & Nanda, 2021).

The Influence of Non-Physical Work Environment on Perceived Organizational Support

The results in Table 12 show a path coefficient of 0,77 with a p-value of 0,00, indicating that the non-physical work environment has a positive effect on the perceived organizational support. This means that a better non-physical work environment can enhance employees' perceptions of the organizational support expected from the company, thus H2 is accepted. This finding is supported by Mursidita (2017), which found that employees' perceptions of organizational support arise when the company listens to their complaints and creates a comfortable work environment. Good communication between superiors and subordinates is also crucial in fostering the perception that the organization values and supports employees for their efforts (Atriani & Prihatsanti, 2014).

The Influence of Perceived Organizational Support on Employee Engagement

The results in Table 12 show a path coefficient of 0,25 with a p-value of 0,08, indicating that perceived organizational support does not have

an effect on employee engagement, thus H3 is rejected. According to theory, POS is one of the antecedents for employees to reach an engaged level, making it a significant point for employee engagement (Saks, 2006). However, the research results indicate otherwise, meaning that perceived organizational support does not contribute to employee engagement, so the level of perceived organizational support by employees does not have a significant impact on employee engagement.

The Influence of Non-Physical Work Environment on Workplace Well-Being

The results in Table 12 show a path coefficient of 0.63 with a p-value of 0.00, indicating that the non-physical work environment has a positive effect on workplace well-being, and H4 is accepted. The better the non-physical work environment in an organization, the higher the level of employee well-being at work. This indicates that factors in the non-physical work environment, such as good relationships with superiors and colleagues, as well as the cooperation created while working, can enhance employee well-being at work. This is supported by research from Irianto et al. (2024), which states that the work environment plays a crucial role in shaping employee well-being.

The Influence of Workplace Well-Being on Employee Engagement

The results in Table 12 show a path coefficient of 0,56 with a p-value of 0,00, indicating that workplace well-being has a positive effect on employee engagement (H5 is accepted). The higher the well-being of employees at work, the higher their level of engagement. This finding is supported

by research from Faustine & Zamralita (2024), which found that workplace well-being positively influences employee engagement. Similarly, Hamif et al. (2022) also found that workplace well-being has a positive influence on employee engagement. Workplace well-being contributes to the development of positive attitudes toward the organization, such as employee engagement, and positively influences employees' behavior toward the organization (Akhbar et al., 2020; Rasool et al., 2021).

The Influence of Non-Physical Work Environment on Employee Engagement Mediated by Perceived Organizational Support

The results in Table 12 show an indirect path coefficient of 0,19 and a p-value of 0,07, indicating that perceived organizational support does not mediate the influence of the non-physical work environment on employee engagement, thus H6 is rejected. According to theory, a positive non-physical work environment should enhance perceptions of organizational support, which in turn encourages employee engagement in an organization or company. A comfortable work environment for employees can create perceptions of organizational support, and this support can make employees feel valued and engaged with the company (Mursidta, 2017). A positive non-physical work environment, such as good relationships and communication with superiors, can make employees feel that their superiors provide support (Kharimah & Agus, 2019), which can then lead to employee engagement with the company. The more positive the perception of organizational support,

the higher the employee engagement (Mujiasih, 2015).

The Influence of Non-Physical Work Environment on Employee Engagement Mediated by Workplace Well-Being

The results in Table 7 show an indirect path coefficient of 0.35 and a p-value of 0.00, indicating that workplace well-being can mediate the influence of the non-physical work environment on employee engagement. This means that workplace well-being can act as a "bridge" between the non-physical work environment and employee engagement. In other words, a good non-physical work environment will enhance employee well-being, which will ultimately increase their engagement with the company. The findings of this study align with research by penelitian Irianto et al. (2024), which states that the work environment plays an important role in creating employee well-being, and when a high level of well-being is achieved, it can make employees more engaged with the company (Kurniadewi, 2016).

CONCLUSION

The conclusion of this study is that the non-physical work environment does not have a positive effect on the engagement of Generation Y employees. Likewise, perceived organizational support also does not positively influence their engagement.

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However, the non-physical work environment has been shown to positively influence perceived organizational support and workplace well-being. Workplace well-being has a positive effect on the engagement of Generation Y employees and serves as a mediating factor that bridges the influence of the non-physical work environment on employee engagement. In contrast, perceived organizational support does not mediate the effect of the non-physical work environment on employee engagement. This study has certain limitations, including a limited scope of respondents, which was confined to a specific group of employees; hence, the findings may not be generalizable to other industrial sectors. Moreover, the use of questionnaires as the primary data source is inherently subjective and may lead to perceptual bias among respondents. Therefore, future research is recommended to increase the sample size and broaden the scope of respondents by involving various industrial sectors and a more diverse range of employee generations to enhance the generalizability of the findings. A mixed-method approach that combines both quantitative and qualitative methods may also be considered to obtain a more comprehensive understanding of employee engagement and its influencing factors.

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