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# WORK-LIFE BALANCE AND FIRM PERFORMANCE: A CAUSAL APPROACH

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## ABSTRACT

*With the contemporary human resource practices focussing on employees' work-life balance, it is essential to study the impact of such practices on the firm performance. Firms are always on the lookout for ways to maximize their profits and increase their market standing and market share of their products and services. Hence, it becomes essential for the firms In the current business context to focus on the employee attrition rates and make use of the available intellectual capital. In this regard, providing opportunities for improving the work-life balance of the employees is crucial. This paper attempts to study the factors that affect the work-life balance and develop a model that can pinpoint the vital factors affecting the employee work-life balance that in turn reflects on the employee performance and ultimately the firm performance, using system dynamics simulation approach.*

**Key words:** Work-life balance, employee performance, firm performance, simulation

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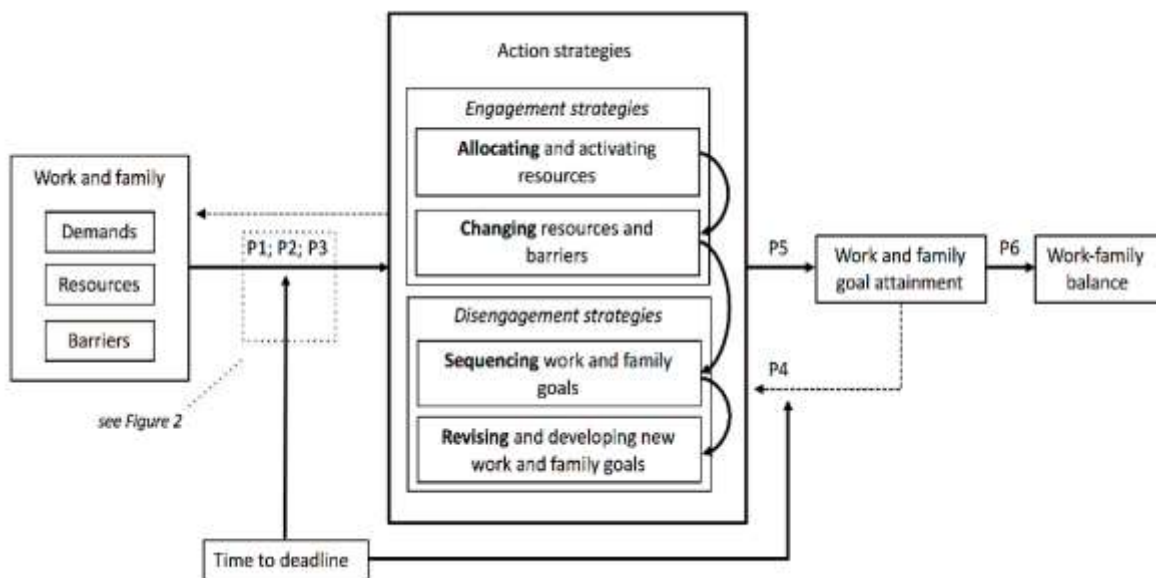
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## 1. INTRODUCTION

In the present fast-moving world, jobs are of the utmost concern for everyone and give financial security and independence. However, with the stress on performing the job well many individuals neglect their personal life making a sacrifice on the family time to perform activities. Research shows the significance of having a balanced work-life, that leads a fulfilling life, lack of work-life balance may lead to severe strains on relationships and cause mental trauma. The work-life balance is the ability of an individual to balance the responsibilities, commitments, and goals relating to their job (working hours, career advancement, expected outputs of the jobs) with the personal commitments, responsibilities (parenting, community commitments, recreation activities and pursuing higher studies). The work-life balance of an individual is affected by the workplace and the nature of the working condition. It includes the number of working hours, flexibility of the time, sick and holiday leave provisions. Government policy also plays a significant role in this aspect. For example, parental leave, government provision or subsidization of child care. Provisions like childcare facilities and breastfeeding facility inside the workplace is a human right now. This paper is concerned with studying the effect of the work-life balance of the employees on the firm performance. Specifically, the question asked here is if the work-life balance of the employees is affecting the firm performance. Using system dynamics methodology, from the factors derived from the literature, a causal loop is drawn keeping the research premises in mind.

## 2. LITERATURE REVIEW



**Figure 1** An action regulation model of work-family balance (Source: Hirschi et al. 2019)

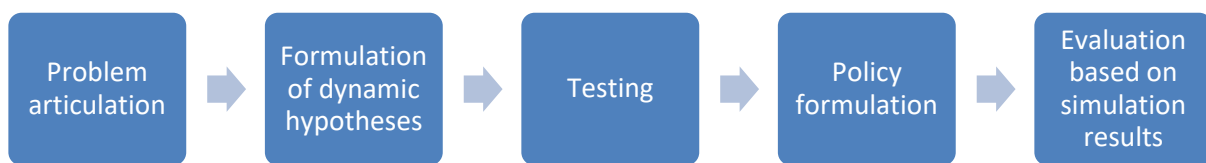
According to Salolomo et al. (2019), the term work-life balance has been in use since 1986. Work-life balance in simple terms is the balance employees need to strike between their personal and professional life. Research indicates that employees with an excellent work-life balance are more content and productive at the workplace. Work-life balance practices are influenced by the engaging in high-quality management practices say Long et al, (2014). Hence, it is vital for the firms to make sure that their employees are well engaged in the workplace and maintain a healthy balance between their work and life. Gulbahar et al. (2014) explain work-life balance as the proper prioritizing between ‘work’ (career and ambition) on the one hand and ‘life’ (health, pleasure, leisure, and family). Recently, Thimmapuram et al. (2019) found in their study on work-life balance that the workload, workflow, and scheduling

issues played a significant role in work-life balance. Hirschi et al. (2019), in their study, emphasized the relationship between the work and life of employees. The model developed by Hirschi et al. (2019), indicates that work and family goal attainment play a critical role (Figure 1).

Researchers suggest that regular feedback from the employees can help gauge the general mood at the workplace and can help in understanding the increasing dissatisfaction levels in the employees and proper steps can be taken when needed to improve the situation. Having said that, it is observed that, there is much difference between in lifestyle between people who are single and the ones that are married (Dolai, 2015). This lifestyle has an impact on job satisfaction and hence work-life balance. Hence, the perception of work-life balance varies between different individuals. Tausig and Fenwick (2001) studied the effect of alternate work schedules on perceived work-life balance and found that work-life balance was affected positively by flexible working hours. According to Pratiwi and Welly (2014), a probable step that an organization can take in order to create a bonding at the workplace is to hold well-planned events or activities at the workplace that may instill a feeling of belongingness among the employees and this may, in turn, have an impact on reducing the turn over ration further strengthening the work-life balance.

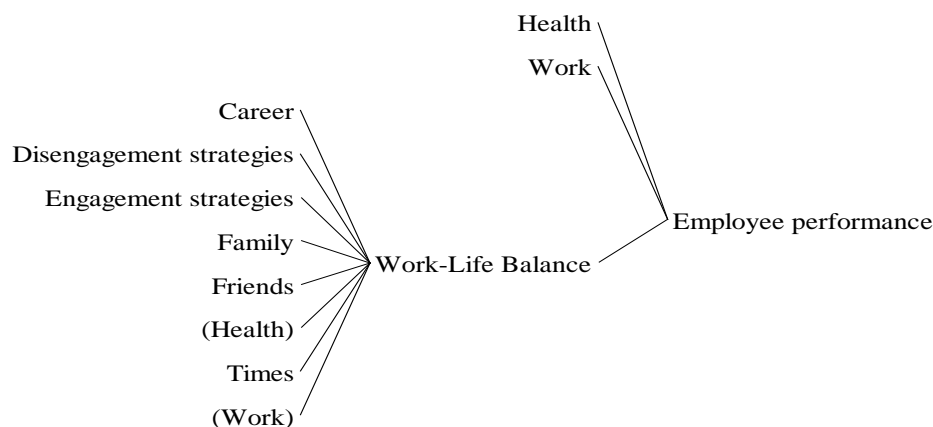
### 3. METHODOLOGY

This paper attempts to model the relationships that work-life balance that influences the employee performance and the firm performance ultimately. Using System Dynamics modeling an attempt is made to draw a causal loop diagram from the variables selected from the literature. System dynamics methodology has the following steps:



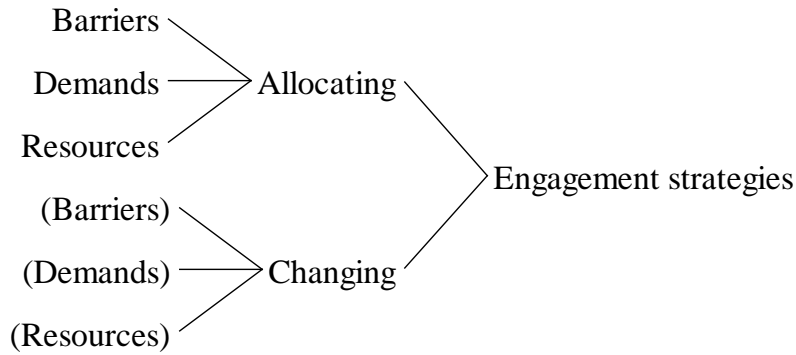
**Figure 2:** System dynamics methodology (Source: Sterman, 2000)

Several researchers have used SD for analyzing the current problems and have tried to simulate the situations and come out with feasible solutions based on modeling and simulation (Eg. Kamath et al., 2013; Pai et al., 2013; Vibha et al., 2018).



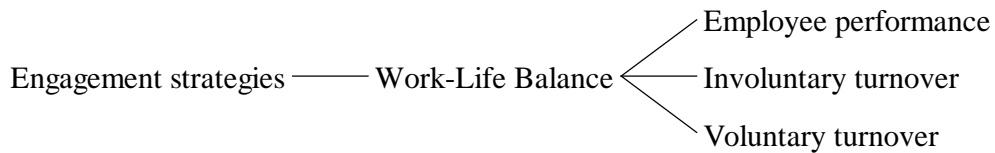
**Figure 3:** Relationship between the factors and Employee performance

Figure 3 depicts the relationship between work-life balance and employee performance.



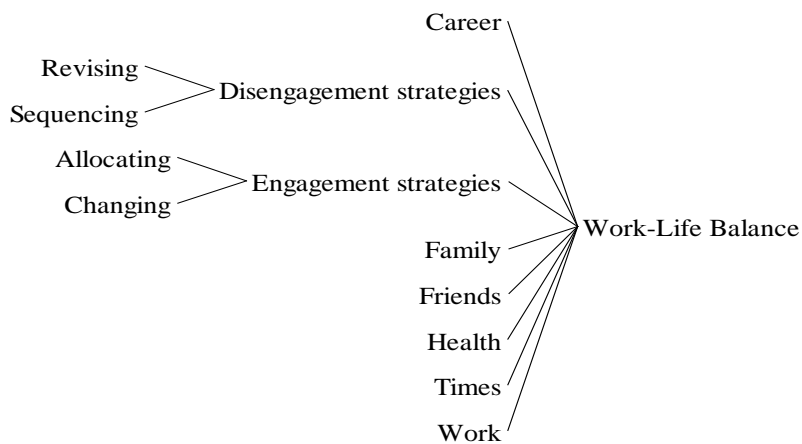
**Figure 4:** Engagement strategies

Figure 4 shows the link between resources and engagement strategies.



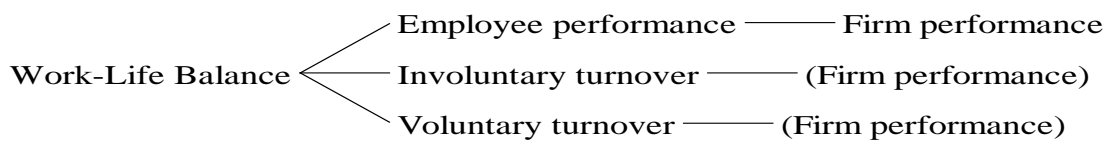
**Figure 5:** Engagement strategies and Work-Life balance

Figure 5 shows the association between engagement strategies and the work-life balance.



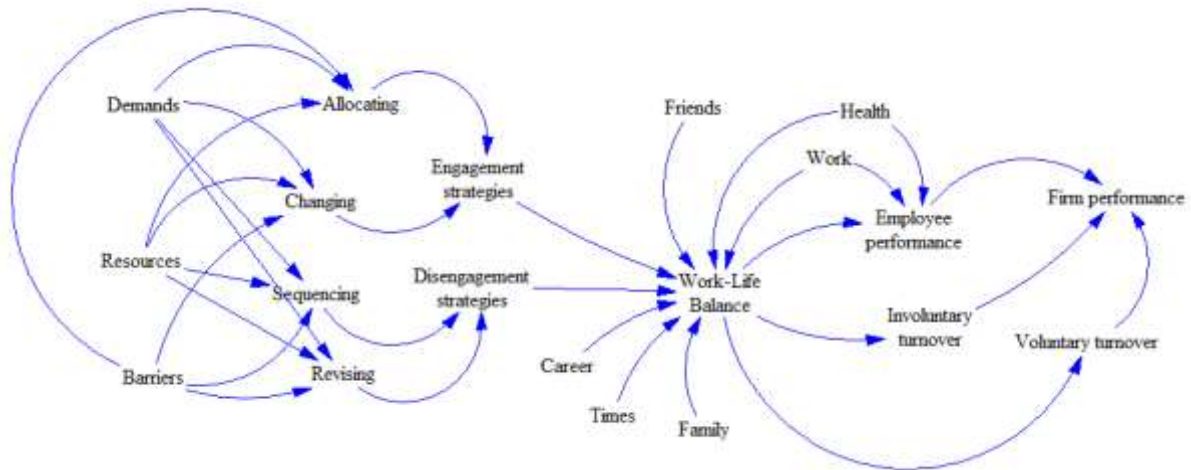
**Figure 6** Factors leading up to Work-Life balance

Figure 6 highlights the link between the engagement strategies, disengagement strategies and the balance between the work and life.



**Figure 7:** Work-Life balance and firm performance

Figure 7 highlights the link between employee performance and the work-life balance.



**Figure 8:** Causal loop diagram

Figure 8 is the final causal loop diagram developed keeping in mind the parameters discussed above. The variables chosen from the literature when assembled and connected, takes the form of the causal loop diagram (see Figure 8).

#### 4. CONCLUSIONS

This research explored the factors affecting work-life balance in the contemporary business context and developed a causal loop diagram with the parameters extracted from the literature. In the next step, we can simulate the system by varying the inputs variables from the base run to the determined value and observe how the system reacts. There is a chance that the varying input levels vary the employee performance and hence the firm performance. Hence, firms must focus on curbing the attrition rate and make provisions for employees to maintain a healthy work-life balance. With millennials entering the workforce like never before, it is essential for firms to take measures to provide a good work-life balance so that the labour turnover can be reduced and save on intellectual capital. Additionally, a questionnaire survey helps to collect the related data from the millennials and collate with the system dynamics and observe the dynamics of the model developed.

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