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The Impact of Work-Balance on Employee Performance Mediated by Employee Loyalty

(Lessons from Female Employees Working in International Environment in Greater Jakarta, Indonesia)

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Abstract—**The roles of women have been more recognized as vital within organizations or companies. Companies that have more women in managerial positions have been able to handle risks more effectively; to do better in managing relationship with customers, employees, shareholders and local communities. However, female employees have to overcome the challenges of balancing multiple responsibilities at work and personal life which expose them to stress at work which may affect their performance as employees. Hence, this study aims to investigate the impact of work-life balance on employee performance mediated by employee loyalty in the context of female employees working in international environment in greater Jakarta, Indonesia. This study applies quantitative approach with a total of 100 female employees working in international environment, including United Nations Agencies, Multinational Companies, Embassies, International Non-Governmental Organizations and Donor Agencies using statistical analysis method through Partial Least Square (PLS) Structural Equation Modeling (SEM). The findings of the study show that work-life balance has positive impact on employee loyalty and employee performance; and employee loyalty has positive impact on employee performance. This study fills in the research gaps and expands the knowledge on human resource strategy on applying work-life balance to specifically improve female employees' loyalty and performance. The findings also give further insights for effective human resource strategy and policy to enhance female employee loyalty and performance in a company or organization.**

Keywords: work-life balance, employee performance, employee loyalty, female employees, Indonesia

I. INTRODUCTION

Jakarta as the capital city of Indonesia plays a significant contributing role to Indonesia economy. As the capital city, Jakarta economic growth has impressively reached 6.22% in 2017 higher compared to 5.88% of growth in previous year [1]. Greater Jakarta is the home for many international organizations such as UN Agencies, International Non-Governmental Organization (NGO), countries and donor representatives (embassies) locate their representative offices. Jakarta also plays key role as the canter of the economy of the country. This capital city is the center for head offices of multinational companies in various industries such as services,

manufacturing, mining, FMCG, and start-ups [1]. According to [2], there have been promising trends where the propensity for women to participate in the labor force in Indonesia appears to be increasing among young generation, particularly the more educated and living in urban area.

On the roles of female employees, the [3], highlights that the level of women participation at labor market has matched the level of men's participation, and it significantly boost countries' GDP. Companies that have more women in managerial positions have proven to be able in handling risks more effectively; to do better in managing relationship with customers, employees, shareholders and local communities. Given the increasing roles of women in the workforce, companies or organizations have been mobilizing their interest to identify initiatives to ensure employee loyalty and employee performance, as well as the relationships in between [3].

According to Dowling et al., international working environment constitutes three dimensions, consisting of human resource activities, type of employees, and countries of operation which involves employees within a multinational context [4]. In such environment, Stoyanova indicated that female employees who work in international environment with different multicultural environment need extra effort for the employees to adapt on their daily work exposes them to more stress [5].

With the contribution and role of female employees in workforce, there has been attention on the importance of work life balance. Given the multiple responsibilities at work and personal life, female employees are exposed to stress at work as they need to juggle between priorities. As the results, female employees may feel reluctant and unhappy to work with their supervisors and colleagues which may affect the performance of the employees [5].

Therefore, maintaining work-life balance will not only benefit employee's health and personal relationships but also improve the efficiency of work performance [6]. Hence, it is paramount for company or organization to develop sense of loyalty and high performance particularly for female employees to benefit the organization or company in order to effectively achieve their goals. However, research to illuminate

the impact of work-life balance on female employee's loyalty and performance is still limited [4,5].

Based on the gap in the literature and preliminary discussions with female employees working in international environment, this research aims to investigate further impact of work-life balance towards employee performance mediated by employee loyalty particularly to female employees. Accordingly, to achieve the research objectives, this study will answer three research questions. Firstly, whether work-life balance have positive impact on Employee Loyalty. Secondly, whether work-life balance has positive impact on Employee Performance. Finally, whether employee loyalty has positive impact on employee performance.

II. LITERATURE REVIEW

The literature review has been conducted to explore the concepts of work-life balance, employee performance, and employee loyalty. Mcdonald and Bradley define the work-life balance as a satisfactory level of involvement or fit between work and personal life of each individual [7]. Work-life balance is also described as individual's ability to meet family commitment as well as work responsibility and other activities such as social activities [8].

Heathfield stated that when people spend the majority of their days on work-related activities will result into stress and unhappiness due to their feeling of neglecting the other important components of their lives [9]. Therefore, too much stress over a long period of time leads to workplace burnout. Employees who experience prolong overtime hours are at a high risk of burnout. Burnout can cause fatigue, mood swings, irritability and a decrease in work performance. Maintaining work-life balance helps reduce stress and helps prevent burnout in the workplace and it is an important aspect of healthy working environment [10].

As for employee loyalty, Allen and Grisaffe define it as a psychological state which can characterize the relationship of an employee with the organization, and that it affects their decision to stay with the organization [11]. Moreover, according to Aityan and Gupta employee loyalty can be defined as the commitment from the employees to contribute to the success of the organization and believing that working for this organization is their best option [12].

According to McConnell [13], performance is described as an action or sets of action that can be observed and measured. Success of the company is directly related to employee performance and should be considered as an important aspect supporting the company to achieving their goals. This point has been clearly described by Moran and Brightman [14], who stated that creating better competitiveness in the company can be achieved through employee performance.

Previous research has investigated the effect of work-life balance variable on employee loyalty variable, or on employee performance variable in various scopes and contexts. Based on previous literature, the following hypotheses have been developed.

Firstly, Roehling stated in their research that the work-life balance policies are related to employee loyalty [15]. Other research finds results that work life balance has a mediating impact to employee loyalty while using flexibility of work as its independent variable [16]. An empirical study conducted by Garg and Yajurvedi showed that work-life balance increased retention of valuable employee and increased organizational commitment and loyalty [17]. Thus, it can be expected employees who can have healthy balance between work responsibilities and requirements for their personal life will develop sense of loyalty toward the company or organization they work for. Accordingly, the first hypothesis of this study is developed as follows.

H1 Work-Life Balance has positive impact on Employee Loyalty

Secondly, a research conducted by Sianquita and Laguador showed that work-life balance has positive effect on employee performance [18]. An empirical study conducted by Garg and Yajurvedi also indicated that work-life balance enhanced employee's performance [17]. According to Nurhasanah et al. [19], work-life balance contributes positively toward employee performance. As previously discussed, it can be expected that when employees have balance between their work and personal life responsibilities will contribute to positive enhancement into their work performance. Therefore, the second hypothesis can be formulated as follows.

H2 Work-Life Balance has positive impact on Employee Performance

Finally, according to study conducted by Al-edenat and Alhawamdeh [20], employee loyalty has positive effect on employee performance. Employees who are loyal will contribute significantly to the company. These employees will perform extra miles to every responsibility assigned to them and also act as company representative for activities outside the companies. Loyal employees will make good contribution and help the company work efficiently. Hence, the third hypothesis of this study is developed as follows.

H3 Employee Loyalty has positive impact on Employee Performance

Based on the relevant theories and the hypotheses developments above, the conceptual framework of this study can be depicted as Figure 1 below.
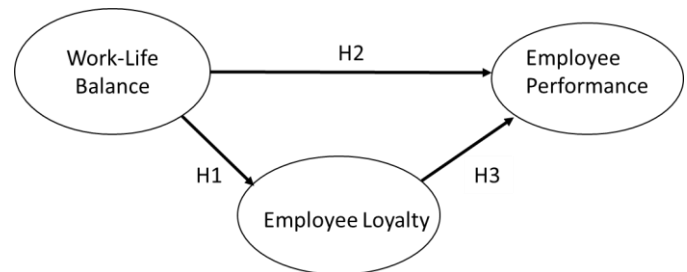

Fig. 1. Conceptual framework.

III. METHODS

This research is a casual study between selected variables using quantitative research method. Silalahi stated that causal research is a study that focuses on the causal relationship between two or more of the existing variables in order to explain effect of changes in the variation of values in a variable against other variables [21]. Further, Sugiyono [22] explained that one of the research approaches that can be used is a quantitative approach that uses numerical data from survey answers, which distributed to research samples and analyzed using statistical analysis techniques. Similarly, Sekaran and Bougie also described that quantitative study collects and analyses data by generating and using numerical data while qualitative study analyses data that is descriptive in nature [23].

The primary data of this research were collected through an online survey where respondents answer demographic questions as well as multiple-choice questions with 5-pont Likert Scale. The survey was disseminated via the online platform Google Forms that is easily accessible through various devices such as mobile phone, laptops, personal computers, etc. The secondary data of this research were collected from books, journals, and other sources both online and printed.

This research uses 13 indicators as parameters to be analysed to investigate the relationships between variables. Hair et al. stated that if the sampling was not known, the amount of the minimum required sample size is at least five times as many observations as the number of the variables to be analysed [24]. Therefore, this research requires minimum of 65 reliable and valid samples derived from 13 items as indicators multiplied by five (5). The questionnaire was distributed during period of 7 – 21 July 2019 to international organizations such as United Nations agencies, Embassies, donor international implementing agencies, multinational and private companies. There were 100 female employees working in international environment in greater Jakarta, Indonesia participating in this research as respondents.

Descriptive analysis was used in this research to showcase general description and essential characteristics of the data in the research which was obtained from raw data. Moreover, Causal relationships among variables are analyzed by applying Structural Equation Modelling (SEM). According to Ghozali there are several steps that outlines the structure of the composition using PLS-SEM set which is used in this research as follows [25]:

- Reliability evaluation test is divided into two steps: reliability indicator evaluation and internal consistency reliability evaluation. The reliability evaluation is used to see whether the data used in this research is consistent.

- Data validity evaluation through the use of convergent validity and discriminant validity with a purpose to see whether the variables that are used in this research are accurate in analyzing the data.

- Path coefficient and coefficient of determination test.

- Bootstrapping method to identify t-statistics value that will be used to test the hypothesis.

IV. RESULTS AND DISCUSSION

A. Results

1) Demographic Characteristics: The demographic characteristics indicate that majority of the female respondents are 29 years old to 40 years old. 58% of the respondents hold bachelor degree and second major respondents hold master degree. There is equal distribution within the respondents where 50% of them hold managerial positions and the other 50% hold non-managerial position. It can also be seen that majority of the respondents have worked less than 5 years, followed with 37% respondents have worked within period of 5 to 10 years and the remaining 21% have worked more than 10 years.

2) Units: To investigate how reliable and consistent each of the variable construct, the author conducted reliability test by looking at the Cronbach's Alpha and composite reliability values as results of PLS SEM analysis model. A Cronbach's alpha value should be above 0.70 where the variable is considered reliable and consistent. As shown in Table I, each of the variable has Cronbach's alpha and Composite Reliability value of above 0.7 which indicates that each variable is reliable, consistent and satisfactory. This study uses Average Variance Extracted (AVE) in which the value has to be above 0.50. The test results of all variables show value above 0.50, which means all variables are valid.

TABLE I.   RELIABILITY RESULTS

Variable	Cronbach's Alpha	Composite Reliability	AVE
Work-Life Balance	0,845	0,884	0,564
Employee Loyalty	0,799	0,865	0,617
Employee Performance	0,858	0,914	0,779

Furthermore, cross-loading analysis is used in this study. Outer loading indicators of each variable should be greater than all of its loading on other construct as benchmark to be considered as valid. As shown in Table II, all indicators are valid as they have value greater than 0.7.

TABLE II.   CROSS-LOADING ANALYSIS

Indicators	Work-Life Balance	Employee Loyalty	Employee Performance
WLB1	0.812	0.340	0.374
WLB2	0.541	-0.090	0.288
WLB3	0.881	0.400	0.506
WLB4	0.765	0.226	0.331
WLB5	0.753	0.341	0.468
WLB6	0.709	0.251	0.410
EL1	0.392	0.851	0.451
EL2	0.315	0.810	0.160
EL3	0.194	0.698	0.301
EL4	0.236	0.774	0.208
EP1	0.525	0.329	0.912
EP2	0.405	0.341	0.885
EP3	0.490	0.362	0.849

To assess the suitability of the regression model, it can be seen from the R-square value. The value of the coefficient of determination or R-Square ranges from 0 to 1 multiplied by 100% and the higher the value indicates the higher the predicting accuracy the model has.

As shown in Table 3, the adjusted R-square value of variable employee loyalty is 0.136 or 13.6%, which indicates that 13.6% of this variable can be explained by the variable work-life balance while the remaining 86.4% can be explained by other variables outside of this research. The variable employee performance has an adjusted R-square value of 0.318 or 31.8%, which indicates that 31.8% of this variable can be explained by the variable work-life balance and employee loyalty, while the other 68.2% can be explained by variables outside of this research. The results indicate that that this research model has an adequately strong predictive accuracy.

TABLE III. R-SQUARE

Variable	R-square
Employee Loyalty	13.6%
Employee Performance	31.8%

This study also calculates path significance by looking at the t and p values to see whether a hypothesis is supported or not. The path coefficient and the hypotheses constructs are shown in Table 4 below.

TABLE IV. PATH COEFFICIENT RESULTS

Hypotheses Statements	T-Stats	P-Values	Path Coeff	Results
Work-life balance has positive impact on employee loyalty	4.366	0.000	0.380	Supported
Work-life balance has positive impact on employee performance	5.933	0.000	0.459	Supported
Employee loyalty has positive impact on employee performance	2.146	0.032	0.215	Supported

Table 4 shows that all hypotheses are supported. The t-statistic shows the value of >1.65 through one-way tail test and p-value of <0.05 [25]. Based on that statement, the hypothesis results can be explained as follows:

- H1: Work-life balance has positive impact on employee loyalty

  The t-value of hypothesis 1 is 4.336, which is above 1.65 and a p-value of 0.000 which is below 0.05 which indicates that work-life balance has positive and significant impact on employee loyalty, therefore the hypothesis is supported.

- H2: Work-life balance has positive impact on employee performance

  The t-value of hypothesis 2 is 5.993, which is above 1.65 and a p-value of 0.000 which is below 0.05 which indicates that work-life balance has positive and

significant impact on employee performance, therefore the hypothesis is supported.

- H3: Employee loyalty has positive impact on employee performance

  The t-value of hypothesis 3 is 2.146, which is above 1.65 and a p-value of 0.032 which is below 0.05 which indicates that employee loyalty has positive and significant impact on employee performance, therefore the hypothesis is supported.

B. Discussion

The statistical test results show that all of the research hypotheses are supported. The work-life balance variable is found to have a positive impact on the employee loyalty variable. This finding was derived from the analysis of the several indicators attributing the work-life balance practice such as when the female employees are able to have sufficient time to rest, relax, to take care of themselves and spend time with their families without worrying about work or the ability to schedule their leave for vacation, and emergency leave without being worried about work. The work-life balance helps female employees to develop sense of loyalty towards their company or organization. This sense of loyalty is reflected toward their commitment by speaking positively about the organization or company they are working for when talking to their friends and relatives. Other indicators that show their loyalty can also be seen through their willingness to work extra hours when required by the supervisors, and their choice to stay with the organization or company although now job offer arses.

This research finding supports previous research on the relationship between work-life balance and employee loyalty variables. An empirical study by Roehling et al. [15] found that work-life balance has positive impact on employee loyalty, and another empirical study by Capnary et al. [16] also stated that work-life balance gives positive effect towards employee loyalty.

The work-life balance variable is found to also have positive impact on the employee performance variable. Several indicators to support each variable were assessed with results showing that when female employees have the ability to balance between work responsibilities and personal life; they can contribute positively toward their performance. This can be seen through their ability to handle work assigned to them carefully; they come up with sound suggestion to solve problems at work; and they finish their tasks assigned to them within the given deadline. An empirical study by Sianquita and Laguador showed that work-life balance has positive effect on employee performance [18]. Another empirical study conducted by Nurhasanah et al. also stated the positive and significant effect of work-life balance to employee performance. The practice of work-life balance improves the productivity and performance of the employees [19].

Furhermore, the employee loyalty variable of is found to have positive impact on employee performance. This shows that when the female employees are happy and loyal toward their organization or company they work for, this also

positively reflected through their performance. This finding supports previous research which analysed the relationship between employee loyalty and employee performance. An empirical study by O'Reilly and Chatman stated that a loyal employee will contribute to the company and will help the company to run more efficiently [26]. Similarly, a study conducted by Al-edenat and Alhawamdeh stated that employee loyalty will enhance employee performance [20].

V. CONCLUSION

Based on the above findings and sicussions, this research has achieved its objectives in examining the relationship among variables under study. In the context of female employee working in international environment in greater Jakarta, work-life balance does have positive impact on employee loyalty and employee performance. Therefore, it can be concluded that female employees working in international environment who have balance between work responsibilities and personal life are more likely to develop sense of loyalty towards their company and perform better at their work.

Employee loyalty as the mediating variable also has positive impact on employee performance. Therefore, it can be concluded that female employees working in international environment in greater Jakarta who are loyal to their company are more likely to perform better at their work.

Theoretically, the findings of this research expand previous research on the causal relationships among work-life balance, employee loyalty, and employee performance variables. The findings can be used as theoretical reference for future studies given the niche context of this study, which is female employees working in international environment in greater Jakarta.

Practically, Human Resource Managers of companies or organizations with international working environment in greater Jakarta and other big cities would benefit from understanding the importance of positive impacts in implementing work-life balance policy towards their female employees' loyalty and performance. This research will help companies or organizations to establish strategy that will not only keep their female employees loyal but also to perform better at their work.

This research has limitations. Firstly, it only focused to specific context as research object which is female employees who work in international environment in greater Jakarta. Secondly, it did not analyze other variables that contribute positive impact toward employee loyalty and performance. Therefore, further research can be done to enlarge the scope of the study and also to add other independent variables that may contribute to employee performance.

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