

## **THE IMPACT OF WORK-LIFE BALANCE ON EMPLOYEE PERFORMANCE IN THE SRI LANKAN BANKING SECTOR**

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### **INTRODUCTION**

In today's ever-demanding work environment, many people face the problem of balancing work and family life. Despite the worldwide quest for work-life balance here on, referred to as WLB, very few have found an acceptable definition and concept. According to Ngozi et al. (2015), WLB is a critical aspect of the success of employees and organizations because employee performance has become an essential factor in accomplishing organizational goals in today's industrial world. Hence, balancing work and personal life has become challenging. There is much perceptive research on WLB and performance in Sri Lanka, where it is reported that one person out of every eight has a mental disorder (World Health Organization, 2017). The report says one of the reasons for it may be the inability of the individuals to maintain the balance between personal life and work life. WLB can benefit both the company and the individual as it can help employees feel more in control of their jobs, resulting in higher productivity and less stress. Out of the many sectors in Sri Lanka, the banking sector dominates the financial system and secures one of the highest shares of its assets in total within the financial system. (Central Bank of Sri Lanka, 2022). According to Kaushalya and Perera (2018), globalization has put a lot of pressure on organizations to achieve a competitive advantage. The banking sector is also a sector that has become very competitive, requiring employees to thrive and perform, impacting their WLB. Many scholars have used Spillover Theory Staines in 1980 with WLB. This theory assumes that people carry their values, emotions, attitudes, skills, and behaviours from one domain of life to another and that there is a similarity between what happens in the work environment and what happens in non-work environments, which is why there is a spillover between these systems (Lakshmypriya & Krishna, 2016). Hence, this theory will be used in this study to explain the theoretical gap between WLB and employee performance. Several valuable studies have been conducted on WLB and employee performance in Sri Lanka and the western world. However, fewer studies on this subject are conducted in the banking sector of Sri Lanka. As a result, there is an empirical gap in this area. Hence, to fill this existing gap, this study raises the question of how WLB impacts employee performance in the Sri Lankan banking sector. When the management of these banks maintains WLB incentives like leave policies, flexi-time, and family policies, it may also negatively affect employee performance. These factors may push some bankers to work nonstop with little regard for their personal lives and families, leading to dysfunctional families and poor parental training. Hence, the study will address specific objectives regarding leave policy, flexible work arrangement, and family responsibility to determine its impact on employee performance.

There are a few significances of this study; first, to the best of the author's knowledge, this study brings leave policies, flexi-time, and family policies together for the first time to understand WLB and employee performance by zooming into the Sri Lankan banking industry. Second, using the spillover theory, this study brings out the linkage of WLB and

employee performance, which will add to the literature in providing a deeper understanding of the impact of WLB on employee performance. Third, the study will provide practitioners with tactics and strategies to be used in organizations to improve employee performance by focusing on WLB.

## **METHODOLOGY**

WLB is a critical aspect of the success of employees and organizations. Simply put, it is striking a balance between work and family obligations (Rebecca, 2006). The company should develop work-life balance programs while considering the company's culture and assuring employee commitment to achieve optimal employee performance (Divisekara, 2016). Employee performance improves when WLB is achieved. As previously said, it is reasonable to believe that when people balance their job and personal life duties, their work performance will improve (Melisa & Bhinekawat, 2019). Poor work-life balance will negatively affect employees' performance (Mendis & Weerakkody, 2017). Accordingly, the first hypothesis of this study is developed as follows,

H<sub>1</sub>: There is a significant impact of work-life balance on employee performance.

Leave policies available within organizations tend to relate to the WLB of employees as it helps them balance work and family accordingly (Bernthal & Wellins, 2011). It has further been stated in this study that companies that provided leave to their employees had a significantly higher production level than companies that did not offer leaves to their employees. The provision of paid leave enhanced employee performance and satisfaction worldwide. According to this study, the condition of employee leave period enhances satisfaction and performance as it stimulates employees' nerves after relaxation to produce more and enhance a sense of employee associated with the organization. Accordingly, the second hypothesis of this study was developed as follows,

H<sub>1a</sub>: There is a significant impact of the leave policy on employee performance

A flexible work arrangement is described as an alternative to the traditional working day in which employees have the freedom to choose when and where they work as long as they meet their responsibilities (Grzywacz et al., 2006). Flexi-time employees are free to decide when they start and stop their job-related work during the day, usually around a set of core hours during which each employee must be present. The scheduling tool allows full-time employees to choose their daily starting and finishing times, as long as the tasks must be completed within the specified hours. Flexible working hours are one of the strategies used to preserve work-life balance since individuals who have completed a particular amount of time can use their spare time for individual interests and fulfill their duties (Mungania, 2017). Flexible work arrangements also tend to improve employees' WLB. Flexi working arrangements offer employees convenience in planning their work, increasing their performance (Kipkoech, 2018). Accordingly, the third hypothesis of this study is developed as follows,

H<sub>1b</sub>: Flexible work arrangements have a significant impact on employee performance.

Family responsibilities are defined generally by Keough et al. (2003) as the duty to look after individuals who are either formally or informally recognized as family. The demands that one

faces in home life and how they affect his work-life balance can be classified as workload demands such as shopping, housework, child care and time, family role expectations, and lack of support for the spouse (Budhwar et al., 2007). The effect of family responsibilities on employee performance was highlighted as organizations demand individual employees to devote more time to their jobs. In contrast, their families want them to carry out their responsibilities properly. Those unable to maintain a work-life balance will undoubtedly face numerous issues. Poorer family satisfaction decreased involvement in family roles, and so on. Relationship issues with children, parents, friends, and the social environment (Mugania, 2017). Accordingly, the fourth hypothesis of this study is developed as follows,

H<sub>1c</sub>: There is a significant impact of family responsibilities on employee performance.

Based on the hypotheses mentioned above, the following conceptual framework is proposed.

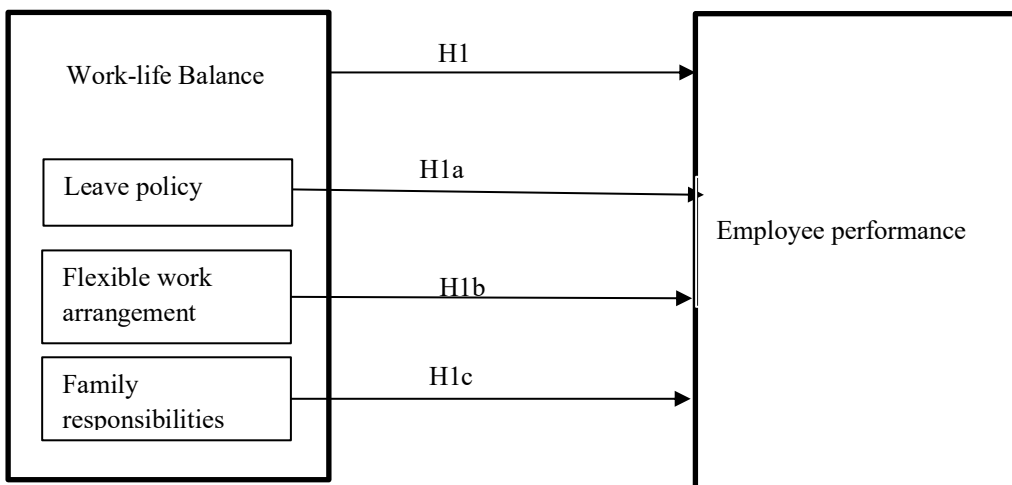


Figure 1 Conceptual Framework

This study has depended chiefly on the positivistic and deductive approach, which explained the causal relationships between WLB and employee performance, where variables were quantitatively measured and generalized research findings to a certain extent. This study used the survey method to perform this current research because questioning individuals on a topic and then summarizing their replies is the essence of the survey technique. The population in this research has been taken from middle-level employees from the banking sector in Sri Lanka. This is because the responsibility of middle managers is to ensure that key performance indicators (KPIs) and deadlines are met. After all, they work closely with the operational "engine room" staff. Middle managers are essential to maintaining competitiveness in banks since productivity needs to be kept high and consistent in operations departments and customer-service centers (Kumarasinghe & Hoshino, 2010). Hence, making their WLB very challenging. In this research, the sample consists of 150 employees. The SPSS 24 software was used for statistical analysis to evaluate the data obtained to identify the impact of the independent and dependent variables.

## RESULTS AND DISCUSSION

Initially, the data was entered into the SPSS 24, and the raw data was checked for missing values. Thereafter, the reliability and validity of the measurement scales were passed, and the

demographic composition of the sample was analyzed. After testing for the multivariate assumptions of normality and linearity, the data was forwarded for the performance of parametric tests of reliability, correlation, and regression to understand the impact level and test the hypothesis.

Table 1 Reliability statistics (Cronbach's Alpha Values)

	Cronbach's Alpha	Number of items
Employee performance	0.955	9
Leave policy	0.911	7
Flexible work arrangement	0.966	9
Family responsibility	0.920	4

According to the reliability test (Table 1), Cronbach's Alpha values of all the variables meet the threshold of 0.7<, confirming the internal consistency.

Table 2 Correlation Coefficients

Variable	Employee performance	Leave policy	Flexible arrangement	Family responsibility
Correlation	0.785	0.709	0.690	0.540
Sig value	0.000	0.000	0.000	0.000

Further, the correlation coefficient is significant at a 95% confidence level as Sig (2- tailed) is less than 0.025, which is 0.000 (Table 2). According to the results, it can be concluded that there is a significant impact of leave policy, flexible work arrangement, and family responsibility on employee performance.

Table 3 Hypothesis Testing

Hypothesis	Sig Value	Reject/ Accept
H1: There is significant impact of work life balance on employee performance	0.000	Accept
H1a: There is a significant impact of leave policy on employee performance	0.000	Accept
H1b: There is a significant impact of flexible work arrangement on employee performance	0.000	Accept
H1c: There is a significant impact of family responsibility on employee performance	0.000	Accept

Based on Table 3, all the hypotheses are accepted. It could be seen based on the statistics that the impacts of all the independent variables (leave policy, flexible work arrangement, and family responsibilities) on the dependent variable (employee performance) are positive and significant.

## CONCLUSIONS AND IMPLICATIONS

Theoretically, this study fills the gap and connects a link between spillover theory and employee performance because the factors that influence work-life balance are found in work and home environments. Leave policies, flexible work arrangements, and family responsibilities are all parts of these factors and contextual determinants, which in turn will impact their performance at work. Practically, the study emphasized how it is essential for the management of the banks to provide various work-life incentives that will motivate the staff to increase their productivity at work. Additionally, managers in these businesses should encourage workers to schedule their leaves at a convenient time after finishing all of their job-related tasks. Moreover, the managers of these businesses should develop leisure activities for their workers, such as sporting events, and even establish forums for family gatherings and award ceremonies for the employees. This will involve their own family. However, it is essential to state a few limitations to the study. First, when filling out questionnaires, there could be situations where the respondents were biased, resulting in not collecting the most accurate data. Second, work from home was introduced in the present context of Sri Lanka with the pandemic and economic crisis. So, employees working from home might have filled the questionnaire from the current perspective though the author wanted to have an insight into the WLB issues when working physically at banks. Conclusively, it can be stated that the study revealed that work-life balance has a considerable impact on employee performance. When an organization's employees perform well, they are given more opportunities than employees who perform poorly. As a result, employers must find new approaches to raising employee performance. Helping them prioritize their professional and personal obligations can achieve this. Employees are motivated to provide their services successfully and efficiently once this is accomplished. When workers can balance the demands of work and life, they are happy. Thus, it is worthwhile to understand that a positive relationship between the workforce and management will be fostered through management's support for work-life balance, enhancing employee performance.

**Keywords:** Banking sector, employee performance, work-life balance

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