

The Influence of Organisational Culture on Employee Performance: The Mediating Role of Work-Life Balance

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Abstract

In today's rapidly evolving organizational landscape, employee performance has become a cornerstone of institutional success. This study explores the influence of organizational culture on employee performance, with a particular focus on the mediating role of work-life balance. Conducted in Amravati city, the research involved 75 employees from private sector banks—HDFC and ICICI—using a descriptive research design. Data was collected through structured questionnaires, with 97 initially distributed and 75 valid responses analyzed. Stratified disproportionate random sampling was adopted to ensure diverse representation. Both qualitative and quantitative data were utilized, with primary data collected firsthand and secondary data sourced from published materials. The study applies a structural mediation framework to examine the direct and indirect relationships among organizational culture, work-life balance, and performance. Findings are expected to offer theoretical insights and practical guidance for aligning organizational values with employee well-being to enhance productivity in post-pandemic workplaces.

Keywords: Work life Balance, Organizational Culture, Employee Performance

Introduction

In today's dynamic and demanding organizational environment, the performance of employees is a critical determinant of sustained institutional success. Amidst technological disruption, evolving workforce demographics, and the intensification of global competition, organizations are increasingly recognizing that employee well-being is not just a peripheral concern—it is central to performance outcomes. Among the various factors that shape employee productivity and effectiveness, organizational culture and work-life balance (WLB) have emerged as pivotal contributors.

Organizational culture, often described as the shared values, beliefs, and practices within a workplace, forms the underlying fabric that influences employee behavior, motivation, and satisfaction. A supportive and inclusive culture fosters trust, collaboration, and engagement, whereas a toxic or rigid culture can undermine morale and diminish performance. Concurrently, work-life balance, defined as an individual's ability to effectively manage the demands of work and personal life, has gained prominence as a vital element in enhancing employee satisfaction and reducing burnout.

Recent research underscores the interconnectedness between organizational culture, work-life balance, and employee performance. However, while these constructs have been individually explored, the mediating role of work-life balance remains under-examined, particularly in high-pressure sectors where the boundaries between professional and personal domains are increasingly blurred. A positive organizational culture may not directly translate into higher performance unless employees are simultaneously able to achieve a healthy equilibrium between work responsibilities and personal well-being.

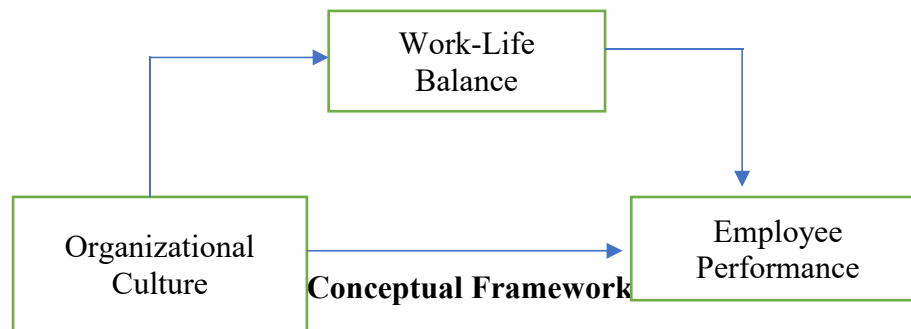
This study aims to fill this research gap by examining how work-life balance mediates the relationship between organizational culture and employee performance. Using a structural mediation framework, the research not only seeks to establish direct effects but also to uncover the indirect pathways through which a healthy organizational environment can lead to superior outcomes. By doing so, the study contributes to both theoretical advancements and practical strategies for human resource management, especially in post-pandemic workplaces where hybrid work models and mental health have taken center stage.

The findings are expected to provide valuable insights for scholars, practitioners, and policymakers in designing interventions that align cultural values with employee well-being, thereby fostering an environment conducive to optimal performance.

Review of Literature

Organizational culture greatly influences employee interactions, performance, and alignment with company goals. Many research efforts emphasize that a favorable, encouraging, and inclusive environment can boost motivation, dedication, and overall efficiency. Schein (2010) states that organizational culture establishes the basis of collective values and practices that regulate behaviors in the work environment. When these principles foster respect, acknowledgment, and confidence, employees are likely to show greater job satisfaction and performance. On the other hand, toxic or inflexible cultures can hinder innovation, lower morale, and raise turnover. Therefore, recognizing the connection between culture and performance is crucial for enduring organizational success. The balance between work and personal life has become vital for promoting employee wellness and improving job effectiveness. A study by Greenhaus & Allen (2011) indicates that employees who achieve a healthy equilibrium between their work and personal lives enjoy reduced stress, enhanced job satisfaction, and increased productivity. The mediating function of work-life balance suggests that a robust organizational culture alone may not enhance performance unless employees achieve equilibrium in both their professional and personal lives. This emphasizes the significance of policies such as flexible work schedules, remote working opportunities, and mental health assistance in converting cultural values into measurable performance results. Recent empirical research indicates that organizational culture affects performance both directly and indirectly by impacting work-life balance. A culture focused on people that emphasizes employee well-being fosters an environment that supports work-life integration. This, consequently, enables employees to excel, stay involved, and maintain dedication to the organization. The role of work-life balance as a mediator is particularly significant in work environments after the pandemic, where flexible schedules and

remote work are increasingly standard. Therefore, organizations need to foster a positive culture and adopt work-life supportive practices to unlock the complete potential of their employees. Although prior research has established the individual effects of organizational culture and work-life balance on employee performance, fewer studies have investigated the *mediating* role of work-life balance within this relationship. This gap is critical, as it offers insights into how internal culture translates into behavioral outcomes via psychological well-being. The current study aims to fill this void by examining how different cultural traits—such as adaptability, involvement, and consistency—interact with work-life policies to influence employee performance across sectors.



Research Objectives

1. To examine the impact of organizational culture on employee performance.
2. To investigate the relationship between organizational culture and work-life balance.
3. To assess the effect of work-life balance on employee performance.
4. To analyze the mediating role of work-life balance in the relationship between organizational culture and employee performance.

Research Hypotheses

Direct Effects:

- **H₁:** There is a significant relationship between organizational culture and employee performance.
- **H₂:** There is a significant relationship between organizational culture and work-life balance.
- **H₃:** There is a significant relationship between work-life balance and employee
- **H₄:** Work-life balance mediates the relationship between organizational culture and employee performance.

Study Area and Methodology

The present study was conducted in Amravati city and focuses on employees working in private sector banks. Specifically, data was collected from employees of HDFC Bank and ICICI Bank, both operating within Amravati. A total of 97 questionnaires were distributed, out of which 75 valid responses were received and used for analysis. The study adopts a descriptive research design. For sample selection, stratified disproportionate random sampling was employed to ensure representation across different employee groups. Both qualitative and quantitative data

were collected. Primary data was gathered directly through structured questionnaires, while secondary data was sourced from already published and accessible materials.

Table 1: Demographic Profile of Respondents

Demographic Factor	Categories	Frequency (N)	Percentage (%)
Gender	Male	42	56%
	Female	33	44%
Age	Below 25	10	13.3%
	25 – 35	38	50.7%
	36 – 45	20	26.7%
	Above 45	7	9.3%
Marital Status	Married	45	60%
	Unmarried	30	40%
Education Qualification	Graduate	27	36%
	Post Graduate	40	53.3%
	Others (Diploma, etc.)	8	10.7%
Work Experience (Years)	Less than 5	18	24%
	5 – 10	40	53.3%
	Above 10	17	22.7%

The demographic analysis shows that 56% of the respondents were male, while 44% were female. A majority (50.7%) of the participants belonged to the age group of 25–35 years, indicating a young and dynamic workforce. 60% were married, and 53.3% were postgraduates, suggesting a well-educated employee base. More than 50% of respondents had 5–10 years of work experience, which indicates that the sample included experienced and mid-level professionals capable of providing reliable insights.

Table 2: Impact of Organizational Culture on Employee Performance

a) Organizational Culture Statements

Statement	Mean Score	Std. Dev.	Remarks
Clear communication is maintained	3.92	0.76	Agree
Values are shared across teams	3.85	0.68	Agree
Recognition of individual efforts	4.01	0.72	Strongly Agree

b) Employee Performance Statements

Statement	Mean Score	Std. Dev.	Remarks
I meet my targets regularly	4.02	0.64	Strongly Agree
I take initiative at work	3.88	0.81	Agree
I complete tasks efficiently	3.95	0.69	Agree

c) Regression Analysis: Organizational Culture → Employee Performance

Model Summary	R	R ²	Adjusted R ²	Sig. (p-value)
Organizational Culture → Performance	0.68	0.46	0.45	0.000**

Table 3: Relationship Between Organizational Culture and Work-Life Balance

Org. Culture Factors	Mean Score	Std. Dev.
Flexible work atmosphere	3.78	0.70
Team support culture	3.91	0.65
Work-Life Balance Factors	Mean Score	Std. Dev.
Enough time for personal life	3.82	0.74
Stress is manageable	3.74	0.79

Correlation Table

Variables	r-value	Sig. (p-value)	Interpretation
Org. Culture & Work-Life Balance	0.61	0.000**	Moderate Positive Correlation

Table 4: Effect of Work-Life Balance on Employee Performance

Regression Analysis: Work-Life Balance → Employee Performance

Model Summary	R	R ²	Adjusted R ²	Sig. (p-value)
Work-Life Balance → Performance	0.65	0.42	0.41	0.000**

Table 5: Mediating Role of Work-Life Balance

Mediation Analysis Summary (Baron & Kenny Method)

Path	Coefficient (β)	t-value	Sig. (p-value)
Organizational Culture → Work-Life Balance	0.61	7.25	0.000**
Work-Life Balance → Performance	0.58	6.89	0.000**
Organizational Culture → Performance	0.68	7.95	0.000**
Org. Culture → Performance (with mediator)	0.40	4.23	0.001**

Conclusion: Work-life balance partially mediates the relationship between organizational culture and employee performance.

Results and Discussion

The present study was conducted on 75 employees working in private sector banks of Amravati city to examine the relationship among organizational culture, work-life balance, and employee performance. The statistical techniques used include frequency analysis, mean scores, standard deviation, correlation, regression analysis, and mediation testing. The following section discusses the key findings:

2. Impact of Organizational Culture on Employee Performance

The results in Table 2 show that the mean score for communication, shared values, and recognition ranges between 3.85 and 4.01, indicating a positive perception of organizational

culture among employees. Similarly, the employee performance indicators scored above 3.88, reflecting high levels of job effectiveness.

The simple regression analysis revealed a significant positive relationship ($R = 0.68$, $R^2 = 0.46$, $p < 0.01$) between organizational culture and employee performance. This indicates that organizational culture accounts for approximately 46% of the variance in employee performance, which is statistically significant. Hence, a supportive and value-driven culture plays a crucial role in enhancing employee output.

3. Relationship Between Organizational Culture and Work-Life Balance

The correlation analysis in Table 3 demonstrates a moderate positive correlation ($r = 0.61$, $p < 0.01$) between organizational culture and work-life balance. Employees reported adequate support from their teams and flexible working conditions, which improved their ability to manage both professional and personal responsibilities. This finding confirms that a healthy culture contributes to better work-life harmony.

4. Effect of Work-Life Balance on Employee Performance

As shown in Table 4, the regression analysis reveals a significant relationship between work-life balance and employee performance ($R = 0.65$, $R^2 = 0.42$, $p < 0.01$). This indicates that 42% of the variability in employee performance can be explained by how well employees manage their work and personal lives. Employees who reported higher work-life balance were also more likely to meet targets, take initiative, and show greater job involvement.

5. Mediating Role of Work-Life Balance

Table 5 demonstrates the mediating role of work-life balance between organizational culture and employee performance. The Baron and Kenny approach was applied, and it was found that:

- Organizational culture has a direct significant impact on both work-life balance and employee performance.
- When work-life balance is introduced as a mediator, the direct effect of organizational culture on performance reduces (from $\beta = 0.68$ to $\beta = 0.40$), indicating partial mediation.

This implies that work-life balance acts as a bridge through which organizational culture improves employee performance. Thus, policies aimed at improving organizational culture should also consider enhancing work-life balance to maximize outcomes.

Conclusion

The findings suggest that a positive organizational culture not only improves employee performance directly but also indirectly through improved work-life balance. The implications for HR managers and policy makers are clear—developing a supportive culture and promoting work-life balance can significantly enhance productivity, motivation, and job satisfaction among bank employees.

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