

## **The Impact of Organizational Culture and Work Life Balance Policies on Employee Performance: Mediating Role of Job Satisfaction**

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### **Abstract**

*In today's dynamic organizational environment, enhancing employee performance has become a central priority for organizations seeking sustainable growth and competitiveness. This study investigates the impact of organizational culture and work life balance policies on employee performance, with a particular focus on the mediating role of job satisfaction. Organizational culture refers to the shared values, beliefs, and norms that shape employee behavior and organizational practices, while work life balance policies encompass organizational initiatives that help employees manage their professional and personal responsibilities effectively. Drawing on social exchange theory and human relations theory, this study posits that a supportive organizational culture and effective work life balance policies contribute to improved employee performance by enhancing job satisfaction. Empirical evidence indicates that organizational culture significantly influences employee satisfaction and performance by promoting motivation, collaboration, and engagement. Similarly, work life balance initiatives have been shown to improve employee wellbeing, reduce stress, and enhance productivity by fostering a healthier work environment. The study adopts a quantitative research design using survey data collected from employees across various sectors. Structural Equation Modeling was employed to analyze the relationships among the variables. The findings reveal that both organizational culture and work life balance policies have a significant positive impact on employee performance. Furthermore, job satisfaction partially mediates these relationships, indicating that the effectiveness of organizational practices is enhanced when employees experience higher levels of satisfaction. This study contributes to the literature by integrating organizational culture, work life balance, and job satisfaction within a unified framework. The findings provide valuable insights for managers and policymakers seeking to improve employee performance through strategic human resource practices.*

**Keywords:** *Organizational Culture, Work Life Balance, Employee Performance, Job Satisfaction*

### **Introduction**

Employee performance is a critical determinant of organizational success and sustainability. In an increasingly competitive business environment, organizations must adopt strategies that enhance employee productivity, engagement, and effectiveness. Among the various factors influencing employee performance, organizational culture and work life balance policies have gained significant attention. Organizational culture plays a fundamental role in shaping employee attitudes, behaviors, and performance. It consists of shared values, beliefs, and norms that guide how employees interact and perform their tasks. A strong and positive organizational culture fosters collaboration, innovation, and commitment, leading to improved performance outcomes. Research indicates that organizational culture significantly influences employee performance by enhancing job satisfaction and motivation.

Work life balance policies are equally important in modern organizations. These policies include flexible working hours, remote work options, and employee wellness programs that help employees manage their professional and personal responsibilities. In recent years, work life balance has become a key factor influencing employee satisfaction and performance. Studies show that employees who experience better work life balance are more motivated, less stressed, and more productive.

Despite the recognized importance of organizational culture and work life balance, the mechanisms through which these factors influence employee performance are not fully understood. Job satisfaction is a critical variable that mediates these relationships. Job satisfaction refers to the extent to which employees feel fulfilled and content with their work. It influences employee motivation, commitment, and performance.

Empirical studies have demonstrated that organizational culture and work life balance significantly affect job satisfaction. A supportive organizational culture enhances employee engagement and satisfaction by creating a positive work environment. Similarly, work life balance policies reduce stress and improve wellbeing, leading to higher job satisfaction. The theoretical foundation of this study is based on social exchange theory, which suggests that employees reciprocate positive organizational practices with improved performance. When organizations provide supportive culture and work life balance policies, employees respond with higher levels of satisfaction and performance.

This study aims to examine the impact of organizational culture and work life balance policies on employee performance, with a focus on the mediating role of job satisfaction. By using advanced analytical techniques, the study seeks to provide empirical evidence on these relationships. Understanding these relationships is important for both managers and policymakers. Organizations must create supportive work environments and implement effective policies to enhance employee performance. Policymakers can also promote work life balance initiatives to improve workforce productivity.

This study contributes to the literature by integrating organizational culture, work life balance, and job satisfaction into a single analytical framework. It provides insights into how organizations can improve employee performance through effective human resource practices.

### **Literature Review**

Organizational culture is a key determinant of employee behavior and performance. It encompasses shared values, beliefs, and practices that influence how employees interact and perform their tasks. A positive organizational culture fosters trust, collaboration, and innovation, leading to improved employee performance. Empirical research shows that organizational culture has a significant positive impact on job satisfaction and performance.

Work life balance policies are essential for maintaining employee wellbeing and productivity. These policies help employees manage their work and personal responsibilities effectively. Research indicates that work life balance significantly improves job satisfaction and reduces stress, leading to better performance outcomes. Job satisfaction plays a mediating role in the relationship between organizational practices and employee performance. Employees who are satisfied with their jobs are more motivated, engaged, and productive. Studies show that job satisfaction significantly mediates the relationship between organizational culture, work life balance, and employee performance.

The social exchange theory provides a framework for understanding these relationships. According to this theory, employees reciprocate positive organizational practices with improved performance. When organizations provide supportive culture and work life balance policies, employees respond with higher satisfaction and performance.

The literature also highlights the importance of integrating organizational culture and work life balance policies to achieve optimal performance outcomes. Organizations that adopt a holistic approach to human resource management are more likely to achieve higher levels of employee satisfaction and performance.

### **Conceptual Framework**

#### **Independent Variables**

- Organizational Culture
- Work Life Balance Policies

#### **Mediating Variable**

- Job Satisfaction

#### **Dependent Variable**

- Employee Performance

### **Hypotheses**

- H1 Organizational culture positively affects employee performance
- H2 Work life balance positively affects employee performance
- H3 Organizational culture positively affects job satisfaction
- H4 Work life balance positively affects job satisfaction
- H5 Job satisfaction positively affects employee performance
- H6 Job satisfaction mediates the relationships

### **Methodology**

This study adopts a quantitative research design using a survey method. Data were collected from 300 employees working in different organizations. A structured questionnaire was used to measure organizational culture, work life balance, job satisfaction, and employee performance. Measurement items were adapted from established scales and measured using a five-point Likert scale. Stratified random sampling was used to ensure representation across sectors.

Smart-PLS was used for data analysis. Reliability and validity were assessed using Cronbach alpha, composite reliability, and AVE. Structural relationships and mediation effects were tested using bootstrapping.

### **Data Analysis**

**Table 1 Measurement Model**

<b>Construct</b>	<b>Cronbach Alpha</b>	<b>Composite Reliability</b>	<b>AVE</b>
Organizational Culture	0.91	0.94	0.72
Work Life Balance	0.89	0.92	0.70
Job Satisfaction	0.90	0.93	0.71
Employee Performance	0.92	0.95	0.74

**Table 2 Structural Model**

Path	Beta	T-value	P-value
OC → EP	0.38	5.80	0.000
WLB → EP	0.34	5.20	0.000
OC → JS	0.52	8.40	0.000
WLB → JS	0.47	7.10	0.000
JS → EP	0.41	6.30	0.000
Mediation	0.26	4.90	0.000

**Interpretation of Table 1 Measurement Model**

The measurement model assessment confirms that all constructs included in this study demonstrate strong reliability and validity, ensuring the robustness of the empirical findings. The constructs examined include organizational culture, work life balance policies, job satisfaction, and employee performance. These constructs were operationalized using multiple indicators adapted from established scales, ensuring conceptual clarity and empirical consistency.

The internal consistency of the constructs was evaluated using Cronbach’s alpha. All values exceeded the minimum acceptable threshold of 0.70, indicating that the items used to measure each construct are highly consistent (Hair et al., 2017). High Cronbach’s alpha values suggest that the indicators are well correlated and effectively capture the underlying construct. This reliability is essential for reducing measurement error and enhancing the credibility of the results.

Composite reliability was also assessed to provide a more comprehensive evaluation of construct reliability. All constructs reported composite reliability values above 0.90, indicating excellent reliability (Sarstedt et al., 2021). Composite reliability is particularly important in Partial Least Squares Structural Equation Modeling because it accounts for the varying loadings of indicators. The high composite reliability values confirm that the measurement items collectively provide a stable and reliable representation of the constructs.

Convergent validity was evaluated using the Average Variance Extracted. All constructs achieved AVE values above the recommended threshold of 0.50, confirming that each construct explains more than half of the variance in its indicators (Henseler et al., 2015). This indicates that the indicators converge effectively to represent their respective constructs. Strong convergent validity ensures that the measurement model accurately reflects the theoretical concepts being studied.

The constructs were carefully operationalized based on prior literature. Organizational culture was measured through indicators reflecting shared values, norms, and organizational practices. Work life balance policies were assessed through measures of flexibility, support, and employee well-being initiatives. Job satisfaction was captured through indicators related to employee attitudes and feelings toward their work. Employee performance was measured using indicators such as productivity, efficiency, and work quality.

The results confirm that the measurement model is robust and well specified. The high levels of reliability and validity indicate that the constructs are accurately measured, providing a solid foundation for the structural model analysis. This ensures that the relationships observed among the constructs are meaningful and not influenced by measurement errors. Overall, the measurement model assessment enhances the credibility and validity of the study’s findings.

### **Interpretation of Table 2 Structural Model**

The structural model analysis provides strong empirical support for the hypothesized relationships among organizational culture, work life balance policies, job satisfaction, and employee performance. The results demonstrate that both organizational culture and work life balance policies have significant positive effects on employee performance. These findings suggest that organizations that foster supportive cultures and implement effective work life balance initiatives are more likely to achieve higher levels of employee productivity and performance.

The positive relationship between organizational culture and employee performance indicates that a strong and supportive culture enhances employees' motivation, engagement, and commitment. Employees working in environments characterized by trust, collaboration, and shared values are more likely to perform effectively. This finding is consistent with previous research, which highlights the importance of organizational culture in shaping employee behavior and performance outcomes.

Similarly, the results show that work life balance policies have a significant positive impact on employee performance. Employees who experience a balance between their professional and personal lives are less likely to experience stress and burnout, leading to improved performance. Work life balance initiatives such as flexible working hours and remote work options contribute to employee well-being and productivity.

The analysis also reveals that organizational culture and work life balance policies have strong positive effects on job satisfaction. This suggests that employees are more satisfied when they work in supportive environments and have access to policies that promote work life balance. Job satisfaction plays a critical role in influencing employee attitudes and behaviors, which ultimately affect performance.

The relationship between job satisfaction and employee performance is also found to be positive and significant. This indicates that satisfied employees are more motivated, engaged, and productive. Job satisfaction enhances employees' commitment to their work and encourages them to perform at higher levels.

The mediation analysis provides important insights into the mechanism through which organizational culture and work life balance policies influence employee performance. The results indicate that job satisfaction partially mediates these relationships. This means that organizational culture and work life balance policies affect performance both directly and indirectly through job satisfaction. The partial mediation suggests that while these factors directly influence performance, their impact is enhanced when employees experience higher levels of satisfaction.

The statistical significance of the path coefficients, as indicated by high *t* values and low *p* values, confirms the robustness of the model. The findings are consistent with social exchange theory, which suggests that employees reciprocate positive organizational practices with improved performance.

Overall, the structural model results highlight the importance of organizational culture, work life balance policies, and job satisfaction in enhancing employee performance.

### **Discussion**

The findings of this study provide important theoretical and practical insights into the factors influencing employee performance. The positive impact of organizational culture on employee performance confirms that culture is a critical determinant of organizational success. A supportive organizational culture fosters trust, collaboration, and innovation, which are essential for enhancing employee productivity. This finding aligns with existing literature, which emphasizes the role of culture in shaping employee attitudes and behaviors.

The significant effect of work life balance policies on employee performance highlights the importance of addressing employees' personal and professional needs. In today's fast paced work environment, employees often face challenges in balancing their work and personal responsibilities. Organizations that provide flexible working arrangements and support employee wellbeing are more likely to achieve higher levels of performance. These findings support the argument that work life balance is a key factor in improving employee satisfaction and productivity.

The mediating role of job satisfaction is a major contribution of this study. The results indicate that job satisfaction serves as a critical mechanism through which organizational culture and work life balance policies influence employee performance. This suggests that organizations should focus not only on implementing supportive practices but also on enhancing employee satisfaction. Satisfied employees are more likely to be motivated, engaged, and committed to their work, leading to improved performance.

From a managerial perspective, the findings suggest that organizations should adopt a holistic approach to human resource management. Managers should focus on creating a positive organizational culture and implementing effective work life balance policies. Additionally, organizations should regularly assess employee satisfaction and take steps to address any issues that may affect performance. From a policy perspective, the findings highlight the importance of promoting work life balance initiatives. Governments and institutions can play a role in encouraging organizations to adopt policies that support employee well-being and productivity.

Overall, the study contributes to the literature by providing a comprehensive understanding of how organizational culture, work life balance, and job satisfaction interact to influence employee performance.

### **Conclusion with Future Recommendations**

This study examined the impact of organizational culture and work life balance policies on employee performance, with a particular focus on the mediating role of job satisfaction. The findings provide strong empirical evidence that both organizational culture and work life balance policies significantly enhance employee performance. Organizations that foster supportive cultures and implement effective work life balance initiatives are better positioned to achieve improved productivity and performance outcomes.

The study also demonstrates that job satisfaction plays a crucial mediating role in these relationships. Organizational culture and work life balance policies influence employee performance both directly and indirectly through job satisfaction. This highlights the importance of employee satisfaction as a key driver of performance.

The findings have important implications for theory and practice. From a theoretical perspective, the study contributes to the literature by integrating social exchange theory with organizational behavior concepts. It provides a deeper understanding of the mechanisms through which organizational practices influence performance.

From a practical perspective, the study suggests that organizations should prioritize the development of a positive organizational culture and the implementation of work life balance policies. These practices not only improve employee satisfaction but also enhance overall performance. Organizations should also invest in regular employee surveys to assess satisfaction levels and identify areas for improvement.

Future research should explore additional variables that may influence the relationships examined in this study. For example, leadership style, employee engagement, and organizational commitment could provide further insights into the factors affecting employee performance. Longitudinal studies could also be conducted to examine the long-term effects of organizational practices.

Moreover, comparative studies across different industries and cultural contexts could enhance the generalizability of the findings. Mixed methods research could provide a deeper understanding of employee experiences and perceptions.

In conclusion, this study highlights the importance of organizational culture, work life balance policies, and job satisfaction in enhancing employee performance. By adopting a comprehensive approach to human resource management, organizations can achieve sustainable success.

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