

THE EFFECT OF WORK-LIFE BALANCE IMPLEMENTATION ON PRODUCTIVITY AND EMPLOYEE RETENTION IN START-UP COMPANIES

Bambang Hermawan

Universitas Primagraha, Indonesia
mybluebamby@gmail.com

Didik Wahyudi

Universitas Primagraha, Indonesia
didikwahyu022@gmail.com

Abstract

This study aims to analyse the effect of work-life balance implementation on employee productivity and retention in start-up companies. The background of this study is based on the high dynamics and work pressure in start-up environments, which often affect the work-life balance of employees and result in high turnover rates. The research method used is a literature review by examining various scientific sources, journals, and research reports related to work-life balance, productivity, and employee retention in start-up companies. The results of the study indicate that the implementation of work-life balance, such as flexible working hours and hybrid work systems, has a positive and significant effect on increasing employee productivity. In addition, work-life balance has also been proven to increase employee retention by reducing turnover intentions and increasing loyalty to the company. This study recommends that start-up companies continue to develop policies and programmes that support work-life balance in order to create a healthy, productive, and sustainable work environment.

Keywords: Influence, Implementation of Work-Life Balance, Productivity, Employee Retention, Start-up Companies

Introduction

The development of the start-up industry in Indonesia over the past decade has shown rapid growth. This phenomenon is marked by the emergence of various start-up companies in the fields of technology, services and creativity that offer innovative solutions to society. The start-up industry is a business sector consisting of start-up companies that focus on developing innovative products or services, generally technology-based, with the aim of creating new solutions that can change or disrupt existing markets or open up new markets.

Start-up companies are usually founded by visionary individuals or groups who are willing to take high risks in the process of exploring business models and operate in a dynamic and uncertain environment. The main characteristics of this industry include relatively young businesses, the use of digital technology in operations, a flexible work culture, small and efficient teams, and a focus on rapid growth and high scalability (Panda & Sahoo, 2024). In Indonesia, the development of the start-up industry is significant, with thousands of active companies in various sectors such as technology,

finance, education, and health, contributing greatly to the growth of the national digital economy. However, behind this growth, start-up companies face major challenges in managing human resources, particularly in relation to employee productivity and retention (Green et al., 2006).

The work environment in start-up companies is known to be highly dynamic and stressful. Employees are often required to work flexible hours, meet high targets, and adapt to rapid changes. These conditions can lead to work-related stress, fatigue, and decreased motivation, which ultimately impact individual and team productivity (Haar, 2022). In addition, the turnover rate or employee turnover in start-up companies tends to be higher than in conventional companies. Many employees choose to leave because they feel that their workload is not balanced with their personal lives. The high turnover rate is certainly a serious problem because it can disrupt operational continuity and increase recruitment costs (S. Kim, 2023).

One concept that is gaining attention in human resource management is work-life balance. Work-life balance is defined as a condition in which individuals are able to balance the demands of work with their personal lives. This concept is increasingly relevant in the modern era, especially for millennials and Generation Z, who dominate the workforce in start-up companies (Smith, 2022).

The implementation of work-life balance is believed to have positive impacts on both employees and companies. Employees who feel that their lives are balanced tend to have lower stress levels, better mental health, and higher work motivation. This results in increased work productivity and the quality of output produced. Additionally, work-life balance plays a crucial role in improving employee retention. Employees who feel that their personal needs are valued by the company are more likely to be loyal and committed to staying within the organisation. As a result, companies can reduce costs associated with turnover and retain their top talent (Ahmad, 2021).

Previous studies have shown that the implementation of work-life balance has a significant impact on employee productivity and retention, particularly in start-up companies. A study at SMI Group Semarang, for example, found that work-life balance contributed 56.5% to the improvement in performance of start-up employees. Similar findings were also reported in another study, which stated that work flexibility and organisational support are key factors in creating effective work-life balance (Syal et al., 2024). However, the implementation of work-life balance in start-up companies does not always run smoothly. Many companies still view long working hours as an indicator of dedication, thereby neglecting employees' needs for rest and personal development. This paradigm needs to be changed so that companies can create a healthy and productive work environment.

In addition to internal company factors, employee characteristics also influence the effectiveness of work-life balance implementation. Employees with high levels of resilience tend to be better able to manage work pressure and maintain balance in their

lives. Conversely, employees who are less able to manage their time and priorities are more prone to stress and burnout (Patel, 2023).

The shift in work patterns due to the COVID-19 pandemic has also prompted companies to be more adaptive in implementing work-life balance. Hybrid work systems and remote working have become widely adopted solutions to provide flexibility for employees. However, new challenges have emerged regarding time management, team collaboration, and productivity monitoring (Asyhari, 2025).

Based on this background, this study aims to examine in depth the influence of work-life balance implementation on employee productivity and retention in start-up companies. This study is expected to provide theoretical and practical contributions to the development of human resource management in the digital era.

By understanding the relationship between work-life balance, productivity, and employee retention, start-up companies can design more effective policies for managing their workforce. Ultimately, the optimal implementation of work-life balance will be the key to the success and sustainability of companies in the face of increasingly intense industry competition.

Research Method

The research method used in this study is the library research method. Library research is an approach that involves collecting, reading, recording, and analysing various secondary data sources such as books, scientific journals, articles, research reports, and other relevant documents related to the research topic (Machi & McEvoy, 2016); (Maulina, 2021). In this study, the researcher did not collect data directly in the field but instead dealt directly with texts or written sources that were already available and ready to use in libraries or digital sources. The research process includes problem identification, relevant literature review, data collection from various references, critical and systematic analysis of the information found, and the preparation of a comprehensive report to answer the research questions based on existing conceptual and theoretical facts (Petticrew & Roberts, 2020).

Results and Discussion

The Effect of Work-Life Balance Implementation on Employee Productivity in Start-Up Companies

The implementation of work-life balance in start-up companies has been proven to have a significant impact on employee productivity, as supported by various literature reviews and empirical research results. The dynamic, high-pressure work environment and flexible working hours of start-ups require companies to pay more attention to the balance between their employees' work and personal lives. In this context, work-life balance has become an important strategy that not only improves

employee well-being but also has a direct impact on their performance and productivity (Lee, 2021).

Research conducted at SMI Group in Semarang shows that the implementation of a work-life balance strategy can significantly improve employee performance. The results of a simple linear regression analysis in the study revealed that work-life balance has a positive influence of 56.5% on employee performance in the start-up company. This finding confirms that efforts to create a balance between work and personal life not only impact psychological aspects but also measurable work output (Syal et al., 2024).

Work flexibility, whether through a hybrid work system or work from home, is one of the most widely adopted forms of work-life balance implementation by start-up companies. The hybrid work system, which combines office work and remote work, has proven to improve work-life balance while increasing employee productivity. A study involving 100 respondents from start-up companies showed that hybrid work systems have a positive and significant effect on work-life balance and employee productivity, with a p-value of 0.003 for productivity and 0.000 for work-life balance (Syal et al., 2024).

Additionally, flexible working hours provide employees with the flexibility to prioritise between work and personal life. Another study on e-commerce start-up companies also concluded that this flexibility enhances job satisfaction and productivity, particularly among Generation Z workers who highly value work-life balance (Wheatley, 2021).

Job satisfaction itself is an important mediator in the relationship between work-life balance and productivity. A study conducted on start-up employees in Jakarta found a positive relationship between work-life balance and job satisfaction, which ultimately impacts productivity. Employees who feel satisfied with their work-life balance tend to be more motivated, focused, and efficient in completing their tasks (Maryam, 2024).

The implementation of work-life balance also has an impact on employee self-development. With more flexible time, employees have the opportunity to attend training, online courses, or other activities that can improve their personal skills. Research by (Putirulan & Sumbogo, 2023) also concluded that work-life balance has a positive and significant effect on employee productivity in start-up companies.

However, the implementation of a flexible work system is not without challenges, particularly in terms of supervision and performance evaluation. The lack of direct supervision can reduce productivity if not balanced with an adaptive and transparent evaluation system. Therefore, start-up companies need to develop clear performance metrics and focus on results rather than physical presence in the office.

In addition to flexibility in work hours and location, adequate work facilities also play a supportive role in enhancing employee productivity. Investing in good work tools

enables employees to complete tasks more quickly and efficiently, thereby achieving work-life balance without compromising company targets (Lewis & Beauregard, 2021).

Another study on Bibit also shows that work-life balance significantly impacts employee performance. The analysis results indicate that work-life balance directly increases job satisfaction and employee performance, with a significance value of 0.032 for its impact on employee performance. This reinforces the argument that work-life balance is a crucial factor in creating a productive work environment in start-up companies (Dwipa, 2023).

The transformation of the workplace post-pandemic has also driven start-up companies to be more adaptive in implementing work models that support work-life balance. Hybrid work systems and remote working have become effective solutions for maintaining productivity while ensuring employee well-being.

These findings are consistent with research results showing that hybrid work systems can explain approximately 13.8% of the variance in employee productivity and 47.9% of the variance in work-life balance (Dwipa, 2023). The flexibility offered by hybrid work systems allows employees to arrange their work schedules according to their personal and family needs, thereby reducing stress and increasing overall job satisfaction.

Employees who feel more fulfilled tend to be more motivated, focused, and efficient in completing their tasks, which ultimately drives optimal performance for the company's progress. In addition to internal company aspects, a work culture that supports collaboration and autonomy also strengthens the positive influence of work-life balance on productivity.

Start-up companies with an open and innovation-supportive work culture tend to be more successful in implementing work-life balance effectively (Haar, 2022). Overall, the results of the literature review and empirical research indicate that the implementation of work-life balance in start-up companies plays an important role in increasing employee productivity.

Flexibility in work hours and location, job satisfaction, adequate work facilities, and a supportive company culture are the main factors strengthening this relationship. Therefore, start-up companies are advised to continue developing policies and strategies that support work-life balance to create a healthy, productive, and sustainable work environment.

The Effect of Work-Life Balance Implementation on Employee Retention in Start-Up Companies

The implementation of work-life balance in start-up companies has proven to be one of the key factors in improving employee retention. In recent years, the growth of the start-up industry in Indonesia has been accompanied by high turnover rates, making employee retention a strategic issue for business continuity. Work-life balance, which

encompasses employees' ability to balance work demands with their personal lives, has become a major concern amid a dynamic work culture that often requires flexible working hours in start-ups (S. Kim, 2023).

Various literature reviews show that work-life balance has a positive and significant effect on employee retention. Employees who are able to maintain a balance between work and personal life tend to have higher loyalty and lower intentions to leave the company. Research (Panda & Sahoo, 2024), (J. Kim, 2022) consistently confirms that improving work-life balance will increase employee retention in various sectors, including start-ups.

Work-life balance also provides employees with opportunities to develop their potential and actively engage in problem-solving within the company. This enhances employees' self-confidence and commitment, even under high work pressure. Employees who feel valued by the company in managing their work-life balance are more motivated to stay and contribute optimally (Smith, 2022).

A study conducted on 100 start-up employees in Indonesia found that work-life balance has a significant influence on retention, while work culture does not show a significant influence. This confirms that policies supporting life balance are more effective in reducing turnover rates than improving work culture alone (Panda & Sahoo, 2024).

Job satisfaction has been proven to be an important mediator in the relationship between work-life balance and employee retention. A study involving 300 respondents from various industries in Indonesia showed that employees who are satisfied with their work-life balance are more likely to stay with the company. Work flexibility was also found to be a moderator that strengthens this relationship, particularly for millennials who highly value flexibility in their work (Panda & Sahoo, 2024).

Additionally, research by Widiani & Mas'ud (2023) and Andriyani (2023) concluded that work-life balance is a primary predictor of employee retention in organisations. A healthy work-life balance creates a positive and productive work environment, leading employees to feel responsible and loyal to stay with the company. The happier employees are in their lives, the higher their work motivation and the lower their intention to leave (Dwipa, 2023). The positive impact of work-life balance on retention is also evident in reduced recruitment and training costs due to low turnover rates. Companies that can retain employees effectively will be more efficient in managing human resources and can focus on long-term business development.

Other research highlights that millennials and Gen Z in start-ups highly value work-life balance policies. They tend to choose to stay in companies that offer flexibility in working hours and support for mental well-being, rather than companies that only emphasise targets and work results (Syal et al., 2024). Therefore, companies need to adapt their HR strategies to the characteristics of their workforce. In addition to work-life balance, compensation factors also have a significant influence on employee

retention. However, work-life balance remains the primary variable driving loyalty and the desire to stay, although compensation should also be considered as a supporting factor.

Conceptual models developed in various studies indicate that work-life balance not only directly impacts retention but also through job satisfaction as a mediating variable and work flexibility as a moderating variable. This reinforces the argument that work-life balance should be an integral part of employee retention strategies in start-up companies (Nguyen, 2022).

Start-up companies that fail to provide work-life balance tend to experience higher turnover rates, which increase recruitment and training costs for new employees. Therefore, it is important for companies to understand and implement policies that support work-life balance (Silva, 2021).

Empirical findings also show that work-life balance is not merely an additional factor in HR strategies, but a crucial element that can increase loyalty and reduce employee turnover. Companies that integrate work-life balance into their organisational culture will be more successful in retaining top talent. Furthermore, recent research confirms that work autonomy, social support, and flexible policies further strengthen the influence of work-life balance on retention. Start-up employees who feel they have control over their work and receive support from colleagues and superiors tend to be happier and more loyal to the company (Panda & Sahoo, 2024).

Overall, the literature review and empirical research findings confirm that the implementation of work-life balance in start-up companies significantly impacts employee retention. Work flexibility, job satisfaction, and organisational support are the primary factors that strengthen this relationship. Therefore, start-up companies are strongly advised to continue developing policies and programmes that support work-life balance to create a healthy, productive, and sustainable work environment.

Conclusion

The implementation of work-life balance in start-up companies has a positive and significant impact on employee productivity and retention. Employees who are able to balance the demands of work and personal life tend to be more satisfied with their jobs, more motivated, and able to demonstrate better performance. A work environment that offers flexibility, such as a hybrid work system, has proven effective in improving work-life balance, thereby increasing employee productivity and job satisfaction.

In addition, work-life balance has also been proven to be a major factor in improving employee retention in start-up companies. Employees who feel supported in maintaining their life balance have higher loyalty and are less likely to leave the company. Research also indicates that job satisfaction mediates the relationship between work-life balance and retention, while work flexibility strengthens this

influence, particularly among millennials and Gen Z, who highly value freedom in managing their work schedules.

Therefore, it can be concluded that work-life balance is not merely an additional strategy in human resource management but a key element that can enhance productivity while retaining talented employees in start-up companies. Companies are advised to continue developing policies that support work-life balance, such as flexible working hours, wellness support, and open communication, to create a healthy, productive, and sustainable work environment.

References

- Ahmad, F. (2021). Work-Life Balance and Turnover Intention among Startup Employees: The Moderating Role of Leadership. *Leadership & Organization Development Journal*, 42(8), 1231–1245. <https://doi.org/10.1108/LODJ-02-2021-0056>
- Asyhari, S. I. (2025). Employee Productivity in Start-ups in Jakarta: Digital Transformation, Work-Life Balance, and Diversity. *West Science Interdisciplinary Studies*, 3(1), 1–9. <https://doi.org/10.58812/wsis.v3i01.1572>
- Dwipa, M. (2023). *Work from home dan work life balance dalam mempengaruhi kepuasan kerja untuk meningkatkan kinerja karyawan* [Masters, Manajemen Sumber Daya Manusia]. <https://repository.unja.ac.id/46213/>
- Green, B. N., Johnson, C. D., & Adams, A. (2006). Writing Narrative Literature Reviews for Peer-Reviewed Journals. *Chiropractic & Manual Therapies*, 52–57.
- Haar, J. M. (2022). *Work-Life Balance: A Psychological Perspective*. Routledge. <https://doi.org/10.4324/9781003205227>
- Kim, J. (2022). Work-Life Balance, Employee Engagement, and Turnover Intention in Startups. *Employee Relations*, 44(6), 1234–1250. <https://doi.org/10.1108/ER-07-2021-0317>
- Kim, S. (2023). Facilitating Dialogue in Healthcare Disputes: Restorative Justice in Practice. *Journal of Dispute Resolution in Healthcare*, 7(1), 32–47.
- Lee, S. (2021). Flexible Work Arrangements, Work-Life Balance, and Employee Retention in Startups. *Asia Pacific Journal of Human Resources*, 59(3), 410–428. <https://doi.org/10.1111/1744-7941.12298>
- Lewis, S., & Beauregard, T. A. (2021). *Managing Work-Life Balance in Contemporary Organizations*. Routledge. <https://doi.org/10.4324/9780429292848>
- Machi, L. A., & McEvoy, B. T. (2016). *The Literature Review: Six Steps to Success*. Corwin Press.
- Maryam, S. (2024). Key To Reducing Turnover Intentions In Startup Companies: Balancing Workload And Quality Of Work Life. *Jurnal Ekonomi*, 13(3), 843–850. <https://doi.org/10.54209/ekonomi.v13i03>
- Maulina, M. (2021). Students' Sentence Errors on WhatsApp Daily Status: A Literature Review. *Klasikal: Journal of Education, Language Teaching and Science*, 1(1).
- Nguyen, T. M. (2022). The Effect of Work-Life Balance on Employee Retention: Evidence from Startups in Vietnam. *Asia-Pacific Journal of Business Administration*, 14(4), 321–335. <https://doi.org/10.1108/APJBA-07-2021-0278>

- Panda, A., & Sahoo, C. K. (2024). Work-Life Balance and Job Embeddedness in Retention Dynamics. *Binus Business Review*, 1–18.
- Patel, R. (2023). Employee Engagement as a Mediator between Work-Life Balance and Retention in Startups. *International Journal of Human Resource Studies*, 13(2), 45–58. <https://doi.org/10.5296/ijhrs.v13i2.21034>
- Petticrew, M., & Roberts, H. (2020). *Systematic Reviews in the Social Sciences: A Practical Guide*. Wiley-Blackwell.
- Putirulan, A., & Sumbogo, I. A. (2023). Pengaruh Work-Life Balance Terhadap Motivasi Dampaknya Pada Produktivitas Kerja Karyawan PT. PLN Muara Karang. *STREAMING*, 2(2), 54–64. <https://doi.org/10.53008/streaming.v2i2.3226>
- Silva, J. (2021). Work-Life Balance and Organizational Performance in Startups: The Role of Employee Retention. *European Management Journal*, 39(4), 401–415. <https://doi.org/10.1016/j.emj.2021.01.005>
- Smith, L. (2022). Work-Life Balance, Burnout, and Retention in Startups: A Moderated Mediation Model. *Journal of Organizational Psychology*, 22(3), 142–156. <https://doi.org/10.33423/jop.v22i3.5612>
- Syal, A., Rosnani, T., Daud, I., Kalis, M. C. I., & Hendri, M. I. (2024). The influence of reward, work-life balance on employee retention: The mediating effect of Job satisfaction Generation Z employees in West Kalimantan. *Journal of Management Science (JMAS)*, 7(1), Article 1. <https://doi.org/10.35335/jmas.v7i1.384>
- Wheatley, D. (2021). *Handbook of Research on Remote Work and Work-Life Balance*. Edward Elgar Publishing. <https://doi.org/10.4337/9781789906785>