**THE INFLUENCE OF WORK-LIFE BALANCE ON EMPLOYEE PERFORMANCE WITH THE MEDIATION OF EMPLOYEE ENGAGEMENT - A STUDY AT PT. HYDRO WATER TECHNOLOGY**

**Abstract**

This study aims to analyze the influence of work-life balance on employee performance with the mediation of employee engagement (a case study at PT. Hydro Water Technology). A quantitative approach was used, employing survey methods to collect data from employees. Respondents were selected using purposive sampling, ensuring they had relevant experience with the company's products or services. Data analysis was conducted using Structural Equation Modeling (SEM) with PLS software.

The findings indicate that work-life balance positively and significantly impacts employee performance. A key indicator was involvement balance, reflecting psychological engagement between work and family. At PT. Hydro Water Technology, team members share equal responsibilities in project phases, from planning to evaluation, showing balanced involvement. Additionally, employee engagement mediates the effect of work-life balance on performance. A notable indicator was vigor, where team members contribute fresh ideas energetically, actively participate in discussions, and remain engaged even during lengthy meetings. These results demonstrate that better work-life balance and employee engagement enhance employee performance.

**Keywords: Locus of Control, Learning Goal Orientation, Work Environment Characteristics, Self Efficacy, Training Transfer, Gen Z, Jakarta**

1. **INTRODUCTION**

Human resources are a key element for the success and sustainability of a company. Human resources are not just the workforce but also assets that bring creativity, expertise, and innovation, enabling companies to adapt and thrive amid competition. Well-trained and motivated employees can enhance operational efficiency, provide better customer service, and produce high-quality products. According to Iddagoda and Opatha (2020), human resources (HR) are the most valuable asset of an organization, and employee retention is considered the heart of organizational success.

Engaged employees are the driving force behind an organization’s business activities to achieve its desired goals. Other resources enable things to happen, but only engaged employees can make things happen. Organizations naturally want their employees to be engaged in their work and the organization itself (Iddagoda & Opatha, 2020). According to Iddagoda, Opatha, and Gunawardana (2016), employee engagement is the extent to which an employee is cognitively, emotionally, and behaviorally involved in their work and organization. When employees personally invest in their work, they are more likely to demonstrate loyalty and dedication to the company (Fitrio, Remofa, Hardi, & Ismail, 2023).

PT. HYDRO Water Technology is a company specializing in water purification, established in 1999. Its products range from household water purifiers and ready-to-drink reverse osmosis devices to industrial and healthcare needs. As of 2023, PT. HYDRO Water Technology employs 221 people across divisions including HRD, marketing, sales, technicians, accounting, and finance. To maximize sales, the company operates a branch office in Bekasi and has agents in several locations such as Surabaya, Bandung, Makassar, Padang, and other cities. With employees and agents spread across various cities and the obligation to maximize sales, the company must effectively manage its workforce. Employees are the pillars of every organization. They are more than just tools to achieve goals; they are essential for developing new ideas, increasing output, and expanding business (Ahmed, R., Abweny, M., Benjasak, C., & Nguyen, 2024).

One way to manage human resources is by focusing on employee performance. Employee performance is conceptualized as the expected value for an organization from various individual behaviors accumulated over a specific period. Individuals can engage in a range of behaviors that positively or negatively affect organizational effectiveness (Sverke, M., Låstad, L., Hellgren, J., Richter, A., & Näswall, 2019). Employee performance refers to the activities and tasks performed by employees effectively and efficiently (Saleem, M. A., Bhutta, Z. M., Nauman, M., & Zahra, 2019).

At PT. HYDRO Water Technology, each employee has assigned tasks calculated in advance, and these tasks become the responsibility of individual employees. These tasks form one of the bases for evaluating employee performance at PT. HYDRO Water Technology. As explained by Saleem et al. (2019), individual employee performance is a positive contribution to organizational performance that can be measured by leaders through various mechanisms.

Previous research Ahmed *et. al.,* (2024) explains that the mediating role of employee engagement leads to greater employee performance, which subsequently results in improved outcomes compared to situations where employee engagement is not used as a mediator. Earlier studies Iddagoda dan Opatha (2020) emphasize that leaders need to focus on employee engagement practices to facilitate their workforce. Leaders should prioritize creating a conducive work environment by offering flexible working hours and balancing family and work responsibilities.

According to Resnik *et al.,* (2022), employee engagement plays a crucial role in the dynamics of private banking organizations. Being flexible and resilient are essential skills in the fast-paced private banking sector. Adaptability is considered advantageous in the contemporary business landscape and serves as an essential factor that positively impacts employee performance. Furthermore, research by Iddagoda and Opatha (2020) highlights that achieving a balance between professional and personal responsibilities is critical for fostering employee engagement within an organization. In other words, when this balance is achieved, employees demonstrate higher levels of engagement in their work and the company.

Work-life balance (WLB) has been shown to impact healthcare systems among medical professionals in Malaysia, reducing work-related stress among doctors Dousin *et al.,* (2019). Support from supervisors in achieving a balance in WLB is a critical factor. The treatment provided by the organization motivates employees to demonstrate high performance levels, enabling them to better fulfill both work and non-work responsibilities (Resnik *et. al.,* 2022).

WLB also enhances the relationship between companies and their employees. Additionally, research has shown that work-life balance and employee engagement significantly influence employees in China, with an impact rate of 44% in industries such as IT, trade, real estate, finance, and telecommunications (Ali *et al.,* 2022). The findings indicate that employee engagement partially mediates the relationship between "training and development and employee performance" and "work-life balance and employee performance" in private banks (Ahmed *et al.,* 2024).

The study by Talukder, A. M. H., & Galang (2021) found that work-life balance significantly affects employee performance among 305 employees in the financial sector in Sydney, Australia. The results revealed that supervisor support positively correlates with employee performance, work-life balance, job and life satisfaction, and organizational commitment. Conversely, work-life balance, job and life satisfaction, and organizational commitment positively correlate with employee performance. The findings indicate significant mediation between supervisor support and employee performance only through work-life balance and organizational commitment.

A paradigm shift has occurred, where the balance between work and personal life (work-life balance) is widely recognized as a critical factor in enhancing employee well-being and organizational performance (Lumunon, R. R., Sendow, G. M., & Uhing, 2019). Employee engagement in the workplace has also become a central focus for companies aiming to improve productivity and efficiency. However, under the pressure to meet performance targets, employees often face challenges in maintaining this balance (Lie, 2019).

1. **LITERATURE REVIEW, HYPOTHESIS DEVELOPMENT, AND RESEARCH METHODS**

**Work-Life Balance**

Work-life balance is defined as an individual's ability to fulfill their work and family commitments, as well as other non-work responsibilities and activities (Parkes, 2008). Furthermore, work-life balance refers to the support, management, execution, and personal commitment to balancing the work and non-work lives of all employees (Lockwood, 2003). According to Klopping (2012), work-life balance allows individuals to have control over fulfilling their rights both in work and non-work aspects. Additionally, work-life balance enables individuals to achieve satisfaction in time management and psychological engagement in their roles at work and in their personal lives, such as with parents, family, friends, and community members, without experiencing conflict (Adiningtyas, 2016).

**Employee Performance**

Employee performance refers to workplace behaviors that address how employees respond to various work-life conflicts, such as conditions at their workplace (Abdirahman et al., 2018). Experts further define employee performance as the job-related activities expected from an employee and how well those activities are executed (Sandamali et al., 2018). According to Sandamali et al. (2018), employee performance is the outcome of an employee's work over a specific period, compared against various benchmarks, such as predetermined and mutually agreed-upon standards or targets. The above perspectives suggest that employee performance reflects the extent to which employees behave and perform their tasks, especially in relation to agreed-upon goals and standards.

**Employee Engagement**

Employee engagement can be described as a positive mental state of employees toward their work, characterized by enthusiasm, dedication, and absorption in their tasks (Schaufeli, 2012). It reflects employees' emotional and intellectual commitment to their organization and their efforts to contribute to its success (Permarupan et al., 2013). Engaged employees who are committed to their work and organization provide a competitive advantage to the company through high performance and reduced turnover (Robert, 2006). Employee engagement refers to the psychological and behavioral conditions of employees that result in excellent performance. It encompasses various constructs widely recognized in academic literature, such as affective commitment, sustained motivation, and organizational citizenship behavior (Hewitt, 2015). Employee engagement embodies a sense of commitment, a strong desire, and enthusiasm, which translate into heightened effort, perseverance through task-related challenges, exceeding expectations, and demonstrating initiative (Santosa, 2012).

**Hypothesis Development**

The hypothesis of this study is as follows:

H1: Work Life Balance has a direct effect on Employee Performance at PT. HYDRO Water Technology.

H2: Employee Engagement mediates the effect of Work Life Balance on Employee Performance at PT. HYDRO Water Technology.

Research Methods

This study is a conclusive research aimed at testing research hypotheses and the relationships between certain variables through data collection, data processing, and quantitative analysis to draw conclusions. Conclusive research is divided into two types: descriptive research and causal research. This study falls under descriptive research because it describes the characteristics of the influence between the variables used. As explained in Chapter 2, this research tests two hypotheses related to the factors of Work Life Balance affecting Employee Performance, mediated by Employee Engagement. Regarding the data collection timeframe (time horizon), this study uses a one-shot data collection method, gathering information from a single type of sample only once during one period.

Population refers to the entire group of people, events, or interesting subjects that the researcher wants to investigate. It is the group of people, events, or subjects that the researcher aims to draw conclusions about (Bougie, 2020). In this study, the population consists of the subjects related to the research conducted at PT. Hydro Water Technology. The total population in this study is 221 employees of PT. Hydro Water Technology. The sample size used in this study, calculated using the formula above, is 142.58, which is rounded to 142 respondents. Questionnaires will be distributed to 150 respondents to anticipate incomplete questionnaire returns.

1. **RESULT AND DISCUSSION**

Descriptive Analysis

The description of research variables details information related to each variable measured or observed within the research framework. This involves the operational definition of each variable, the measurement methods used, and the concrete steps taken to incorporate these variables into the research analysis. This description is key to ensuring a clear and consistent understanding of the concepts or phenomena that are the focus of the study. Detailed explanations of these variables also facilitate a better understanding of the relationships between variables, while providing an overview of how each variable is measured or calculated. Thus, the description of variables supports accurate interpretation and generalization of the research findings.

**Table 1. Description of Work-Life Balance Variables**

| **ITEM** | **MEAN** |
| --- | --- |
| Currently, I have a good balance between the time I spend on work life and personal life | 4.407 |
| I experience difficulty balancing work matters and personal matters\* | 3.987 |
| I feel the balance between work demands and personal activities is currently appropriate | 4.200 |
| Overall, I believe my work life and personal life are balanced | 4.067 |
| **Total Mean** | **4.165** |

Based on Table 1., it can be seen that the work-life balance statement has an average (mean) of 4.16. This value indicates that the respondents generally feel that the balance between work and personal life is supportive; however, there is still room for improvement. The statistical description of the employee engagement variable is presented in Table 2. below:

**Table 2. Description of Employee Engagement Variable**

| **ITEM** | **MEAN** |
| --- | --- |
| When I wake up in the morning, I feel like going to work | 4.213 |
| At work, I feel full of energy | 3.907 |
| I can continue working for a very long time | 4.040 |
| Time passes quickly when I am working | 4.173 |
| When I work, I forget everything around me | 4.207 |
| I feel happy when working earnestly | 3.767 |
| I immerse myself in my work | 4.340 |
| I get carried away while working | 4.387 |
| It is difficult to detach myself from my work | 4.373 |
| **Total Mean** | **4.156** |

Based on Table 2, it can be observed that the employee engagement statements have an average (mean) of 4.15. This value indicates that most employees feel quite engaged in their work. Employees may already possess a sense of responsibility, emotional attachment to the organization, and enthusiasm for their work. These results reflect that the initiatives implemented by the company to enhance employee engagement have yielded positive outcomes, although there is still room for improvement. The statistical description based on the employee performance variable can be seen in Table 3 below:

**Table 3. Description of Employee Performance Variable**

| **ITEM** | **MEAN** |
| --- | --- |
| I successfully plan my work to complete it on time | 4.140 |
| I experience difficulty in setting priorities in my work | 4.173 |
| I take longer to complete my tasks than I should | 4.193 |
| I generate creative ideas in the workplace | 4.173 |
| I take the initiative when there is a problem to solve | 4.073 |
| I accept challenging tasks at work, if available | 4.173 |
| I strive to keep my job knowledge up to date | 4.500 |
| I find creative solutions to new problems | 4.167 |
| I adapt easily to changes in my work | 3.980 |
| I complain about unimportant matters at work | 4.313 |
| I intentionally leave my work for others to complete | 4.220 |
| I discuss the negative aspects of my job with colleagues | 4.180 |
| **Total Mean** | **4.191** |

Based on Table 3, it can be observed that the employee performance statements have an average (mean) of 4.19. This value indicates that, on average, respondents feel that the majority of employees have demonstrated good work performance. The standard deviation obtained is 0.83, indicating that the responses from respondents are quite varied.

**Outer Model Analysis**

In conducting an Outer Model assessment, several parameters must be considered, including Composite Reliability (CR), Outer Loading, Average Variance Extracted (AVE), and Discriminant Validity. The stage performed at this step involves the calculation of the PLS-Algorithm.



**Figure 1 Research Model PLS-Algorithm**

**Reliability Test**

The reliability test in the main test was conducted by evaluating the values of Cronbach’s Alpha, Composite Reliability (CR), and AVE. According to Hair et al. (2021), a Cronbach’s Alpha value is considered reliable if it exceeds 0.6. Furthermore, Hair et al. (2021) also discussed the CR value. Below are the results of the calculations for Cronbach’s Alpha and Composite Reliability (CR).

**Table 4. Reliability Test Results**

|  | **Cronbach's Alpha** | **Composite Reliability** | **AVE** |
| --- | --- | --- | --- |
| Work-life balance | 0.865 | 0.873 | 0.713 |
| Work engagement | 0.926 | 0.930 | 0.631 |
| Employee performance | 0.959 | 0.961 | 0.714 |

Based on the table above, the indicators for the variables of work-life balance, employee engagement, and employee performance have been declared reliable. This is confirmed by the Cronbach’s Alpha and Composite Reliability values being greater than 0.7.

**Convergent Validity Test**

An indicator is said to have good indicator validity if its Outer Loading value exceeds 0.5, indicating the indicator is convergently valid. This should also be supported by an AVE value > 0.5, as shown below.

**Table 5. Convergent Validity Test**

| **No.** | **Variable** | **Code** | **Outer Loading** | **Description** |
| --- | --- | --- | --- | --- |
| 1 | Work-life balance | WLB 1 | 0.836 | Valid |
|  |  | WLB 2 | 0.778 |  |
|  |  | WLB 3 | 0.897 |  |
|  |  | WLB 4 | 0.861 |  |
| 2 | Employee engagement | ENG 1 | 0.869 | Valid |
|  |  | ENG 2 | 0.813 |  |
|  |  | ENG 3 | 0.874 |  |
|  |  | ENG 4 | 0.776 |  |
|  |  | ENG 5 | 0.788 |  |
|  |  | ENG 6 | 0.705 |  |
|  |  | ENG 7 | 0.778 |  |
|  |  | ENG 8 | 0.745 |  |
|  |  | ENG 9 | 0.788 |  |
| 3 | Employee performance | EP 1 | 0.861 | Valid |
|  |  | EP 2 | 0.881 |  |
|  |  | EP 3 | 0.870 |  |
|  |  | EP 4 | 0.861 |  |
|  |  | EP 5 | 0.854 |  |
|  |  | EP 6 | 0.889 |  |
|  |  | EP 7 | 0.800 |  |
|  |  | EP 8 | 0.734 |  |
|  |  | EP 9 | 0.805 |  |
|  |  | EP 10 | 0.907 |  |
|  |  | EP 11 | 0.881 |  |

Based on the table above, every indicator in the variables of work-life balance, employee engagement, and employee performance has been declared convergently valid. This is confirmed by the loading factor values > 0.7 and AVE > 0.5.

**Discriminant Validity**

Discriminant validity aims to ensure the distinction between one indicator and others (Hair et al., 2021). The discriminant validity test can be evaluated using the Fornell-Larcker Criterion, where the square root of the AVE must have a higher value than the correlation between constructs. Below are the results of the Fornell-Larcker Criterion calculation.

**Table 6. Discriminant Validity (Fornell-Larcker Criterion)**

|  | **Work-life balance** | **Employee performance** | **Employee engagement** |
| --- | --- | --- | --- |
| **Work-life balance** |  |  |  |
| **Employee performance** | 0.977 |  |  |
| **Employee engagement** | 1.036 | 0.972 |  |

**Path Coefficient Test**

The path coefficient test in this study is used to assess the extent of the influence of independent variables on dependent variables. The path coefficient ranges from -1 to 1, where values between 0 and 1 indicate a positive effect, and values between -1 and 0 indicate a negative effect (Hair et al., 2021).

In conclusion, the results presented in Table 7 show that all variables in this model have positive path coefficient values. This indicates that the greater the path coefficient value of an independent variable on a dependent variable, the stronger the influence between the independent and dependent variables.

**Table 7. Path Coefficient Test Results**

|  | **Work-life balance** | **Employee performance** | **Employee engagement** |
| --- | --- | --- | --- |
| **Work-life balance** |  | 0.290 | 0.933 |
| **Employee performance** |  |  |  |
| **Employee engagement** |  | 0.649 |  |

Based on the inner model scheme in Table 7 above, it can be concluded that the highest path coefficient value is the influence of employee engagement on employee performance, with a value of 0.933. This is followed by the influence of work-life balance on employee engagement, with a value of 0.649, and finally, the influence of work-life balance on employee performance, with a value of 0.290.

**F-Square Test**

The F-square test is used to assess the contribution effect of an independent variable in explaining a dependent variable. The F-square test indicates whether an endogenous latent variable has a significant influence on an exogenous latent variable. The F-square has strength indicators: an effect is considered small if the result is > 0.02, moderate if > 0.15, and large if > 0.35.

**Table 8. F-Square Data**

|  | **Work-life balance** | **Employee performance** | **Employee engagement** |
| --- | --- | --- | --- |
| **Work-life balance** |  | 0.075 | 6.736 |
| **Employee performance** |  |  |  |
| **Employee engagement** |  | 0.376 |  |

Based on the F-square table, the F-square value of employee engagement on employee performance is considered large because 6.736 falls within the range of 0.02–0.15. Meanwhile, the variable work-life balance on employee engagement has a strong effect because 0.376 > 0.35. The F-square value of work-life balance on employee performance is still < 0.35, with an F-square value of 0.075.

**R Square Value**

R Square is used to measure the predictive strength of a model, which represents the percentage of variability in the dependent variable that can be explained by the independent variables. The purpose of R² analysis is to assess the extent to which the independent variables explain the dependent variable (Ghozali, 2020). Furthermore, Hair et al. (2021) state that if the R² value exceeds 0.67, the research model can be considered strong. If the value is between 0.33 and 0.67, the model is considered moderate, and if the value is around 0.19, the model is deemed weak.

**Table 9. R² Analysis**

| **Variable** | **R Square** | **Adjusted R Square** |
| --- | --- | --- |
| Employee performance | 0.855 | 0.852 |
| Employee engagement | 0.871 | 0.869 |

From the table above, it can be seen that for the variable employee engagement, the R² value is 0.871. This indicates that the current research model can be considered moderate. The variance of the employee engagement variable is able to explain 87% of the variance in the work-life balance variable. Additionally, the variance of the employee performance variable can explain 85% of the variance in the work-life balance and employee engagement variables, while the remaining variance is contributed by variables outside the model.

**Goodness of Fit (GoF) Inner Model**

According to Hair et al. (2021), there are several criteria for testing the GoF Inner Model by calculating RMS\_Theta, Normed Fit Index (NFI), Standardized Root Mean Residual (SRMR), P Value, and Chi-Square. The Chi-Square value is considered better when it is smaller. SRMR is concluded as Good Fit if it does not exceed 0.08. NFI is considered Good Fit if its value exceeds 0.9 and Marginal Fit if it is between 0.7 and 0.9. The RMS\_Theta value is considered Good Fit if it does not exceed 0.12 and Marginal Fit if it is between 0.12 and 0.16 (inclusive).

**Table 10. GoF Inner Model**

|  | **Saturated Model** | **Estimated Model** |
| --- | --- | --- |
| SRMR | 0.076 | 0.076 |
| d\_ULS | 1.718 | 1.718 |
| d\_G | 2.130 | 2.130 |
| Chi-Square | 951.386 | 951.386 |
| NFI | 0.683 | 0.683 |

The NFI value ranges from 0 to 1, where values closer to 1 indicate a better model fit. The NFI value of the estimated model is 0.683, which suggests that the proposed model fits the pattern of relationships in the data and is acceptable. Meanwhile, the SRMR value ranges from 0 to positive infinity, and the lower the value, the better the model fit. The SRMR value of the estimated model is 0.076, indicating that the proposed model fits well with the observed variables in the data and is acceptable.

**Hypothesis Testing**

In this research, the researcher tests the structural model analysis by performing a Bootstrapping test using SmartPLS software. The hypothesis testing is conducted by considering certain criteria, where the acceptable error rate is 5% or 0.05, and the T-Value must be greater than 1.65. The T-Statistic analysis in the Inner Model is carried out by comparing whether the T-Statistic value is greater than 1.65 and the P-value is less than 0.05 to determine whether the hypothesis is accepted. Conversely, if the P-value exceeds the threshold, the hypothesis is rejected. The results of the test are as follows. Below are the results of the hypothesis analysis in this research:

**Table 11. T-Statistic Analysis**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Hypotesis | Original Sample (O) | T Statistics (|O/STDEV|) | P Values | Decision |
| H1 | *Work life balance -> Employee performance*  | 0,290 | 2,516 | 0,006 | Approve |
| H2 | *Work life balance -> Employee performance -> employee engagement* | 0,605 | 6,100 | 0,000 | Approve |

From the research findings in the table above, it is found that the beta coefficient for the effect of Work Life Balance on Employee Performance is 0.290 with a t-statistic of 2.516. This indicates that the t-statistic is supported since its value exceeds the critical value of 1.65. Therefore, it can be concluded that Work Life Balance has a significant positive effect on Employee Performance.

Furthermore, the beta coefficient for the effect of Work Life Balance on Employee Performance mediated by Employee Engagement is 0.605 with a t-statistic of 6.100. This indicates that the t-statistic is supported because it exceeds the critical value of 1.65. Thus, it can be concluded that Employee Engagement mediates the effect of Work Life Balance on Employee Performance.

**Sobel Test**

The Sobel test aims to determine whether employee engagement can serve as an intervening variable between Work Life Balance and Employee Performance. The test is conducted using the calculation for the Sobel test ([www.danielsoper.com](http://www.danielsoper.com)). The mediation is considered significant if the significance value is less than 0.05. This test examines the intervening effect of Work Life Balance (X1) on Employee Performance (Y) through Employee Engagement (Z).



**Figure 2. Sobel Test**

The results of the Sobel test at stage 1 in Figure 3 show that the significance value indicated by the Two-Tailed probability is 0.01, which is less than 0.05. This means that the variable employee engagement is able to act as an intervening variable between work life balance and employee performance. Employee engagement fully mediates the effect of work life balance on employee performance.

**Discussion of the First Hypothesis**

**H1: Work Life Balance has a direct effect on Employee Performance at PT. HYDRO Water Technology**

The correlation between work life balance and employee performance shows a p-value of 0.000 < 0.05, so H1 is supported. This means that work life balance has a significant effect on employee performance.

Practically, high employee performance can improve the balance between work and personal life (work-life balance). This happens because high-performing employees tend to be more productive and complete tasks quickly, thereby reducing overtime and work-related stress. When implemented in the organization, the company must ensure that employees’ workloads are balanced and not excessive, for example by implementing a clear task distribution system. The indicator with the greatest influence is Involvement Balance (the balance in psychological involvement between work and family). At PT. HYDRO Water Technology, every member in a project team has equal responsibility in every stage of work, from planning, execution, to evaluation. This shows balanced involvement among all team members.

Based on the data collected and analyzed by the researcher, it is shown that statistically work life balance is positively influenced by employee performance. This is supported by studies from Talukder and Maria (2021), Dousin et al. (2019), and Borgia et al. (2022), which indicate an influence of Work Life Balance on Employee Performance. Organizations that want to improve Employee Performance must pay attention to the importance of Work Life Balance and encourage high engagement among their employees. Employees who feel a balance between work and personal life usually have higher job satisfaction.

**Discussion of the Second Hypothesis**

**H2: Employee Engagement mediates the effect of Work Life Balance on Employee Performance at PT. HYDRO Water Technology**

The correlation between work life balance and employee performance through employee engagement shows a p-value of 0.019 < 0.05, so H2 is supported. It can be concluded that employee engagement mediates the effect of Work Life Balance on Employee Performance. The indicator with the greatest influence is Vigor (enthusiasm). At PT. HYDRO Water Technology, every member in team meetings always contributes fresh ideas energetically, enthusiastically explains their views, and actively participates in discussions even when the activities last a long time.

Work-life balance can have a positive impact on employee performance if employee engagement is well managed. Organizations need to create a supportive work environment for this balance through flexible policies, employee involvement, and continuous policy evaluation. Organizational implementation could include adopting hybrid working or flexible working hours so employees can better manage their work and personal time. Encouraging employee involvement in decision-making helps them feel valued and develop a sense of belonging in the organization.

Based on the data collected and analyzed by the researcher, it is shown that statistically work life balance positively affects employee performance through employee engagement. This is supported by studies from Ahmed et al. (2024), Ali et al. (2022), and Iddagoda and Opatha (2020), which show that Employee Engagement acts as a bridge between Work Life Balance and Employee Performance. Good Work Life Balance does not directly improve Employee Performance but does so through increased Employee Engagement, making employees more motivated and productive. With good Work Life Balance, Employee Engagement increases, which then leads to improved performance.

1. **CONCLUSION**

Based on the conclusions drawn from the discussion above, the findings are as follows:

1. This study explains that work life balance has a positive and significant effect on employee performance. This indicates that the better the work life balance, the better the employee performance. The indicator with the greatest influence is Involvement Balance (the balance in psychological involvement between work and family). At PT. HYDRO Water Technology, concrete evidence of this is that in a project team, every member has equal responsibility at every stage of the work, from planning, implementation, to evaluation. This shows balanced involvement among all team members.
2. This study explains that employee engagement mediates the effect of work life balance on employee performance. This means that the better the work life balance and employee engagement, the better the employee performance. The indicator with the greatest influence is Vigor (enthusiasm). At PT. HYDRO Water Technology, concrete evidence is that in team meetings, every member always contributes fresh ideas with full energy, enthusiastically explains their views, and actively participates in discussions even when the sessions last for a long time. Employee engagement plays a full mediating role in the effect of work life balance on employee performance.

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