

Work-Life Balance and Employee Well-Being: Their Role in Enhancing Employee Performance in Shanghai Start-Ups

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Abstract: In recent years, work-life balance and employee well-being have become critical considerations for employee performance, especially in fast-paced start-ups where the pressure to meet ambitious goals often conflicts with maintaining a balanced lifestyle. In Shanghai, a hub for innovation and entrepreneurship in China, these issues are particularly pronounced due to the demanding start-up environment and high-stress levels faced by employees. This study aims to examine the influence of work-life balance and employee well-being on employee performance within Shanghai's start-up sector, addressing a gap in literature specific to this unique cultural and economic context. A quantitative research method was employed, gathering data from 400 start-up employees in Shanghai through a structured questionnaire and analyzing it using Structural Equation Modeling (SEM). The findings reveal that work-life balance has a positive and statistically significant impact on both employee well-being and performance, and that employee well-being mediates the relationship between work-life balance and performance. These results highlight the importance of fostering a balanced work environment in Shanghai's high-stress start-up ecosystem. This study contributes to the field by providing insights into how start-ups can enhance employee performance through policies that support both work-life balance and well-being, which are essential for sustainable productivity and innovation in a competitive market.

Keywords: Work-life balance, employee well-being, employee performance, start-ups, Shanghai city

1. Introduction

In recent years, work-life balance and employee well-being have gained increasing attention as essential factors influencing organizational success and employee productivity. Particularly in the context of start-ups, these issues are critical due to the unique pressures and demands that employees face in fast-paced, rapidly changing environments (Bice, 2024). Start-ups, by nature, often involve longer working hours, heightened stress, and frequent challenges due to resource constraints, which can impact employees' personal lives and overall mental and physical health (Jebali & Meschitti, 2021). Shanghai, as a leading financial and technological hub in China, has seen a boom in start-up activity over the past decade (Xiao et al., 2021). This growth is fueled by government policies supporting innovation, venture capital influx, and a talented workforce eager to participate in new, high-growth companies (Zhang & Yi, 2024). However, these conditions also contribute to high-stress levels and potential burnout among employees, making work-life balance and well-being essential considerations for sustainable performance in Shanghai's start-up ecosystem.

Research has demonstrated that a healthy work-life balance is not only beneficial for employees' mental and physical health but also has positive implications for organizational outcomes such as productivity, employee retention, and innovation (Gaur, 2024). Employee well-being is a multidimensional construct encompassing psychological, emotional, and physical aspects that contribute to overall job satisfaction and motivation (Nabil et al., 2024). Start-ups, which often emphasize agility and adaptability, must pay particular attention to these factors to retain talent, maintain high levels of performance, and avoid employee burnout (Gilinjoy, 2024). The competitive environment in Shanghai

makes it even more essential for start-ups to understand the relationship between work-life balance, well-being, and employee performance, as employees facing high levels of stress or poor well-being may struggle to perform effectively.

In China, the cultural and societal context adds another layer of complexity to the discussion of work-life balance and well-being. Traditional values emphasizing hard work and dedication, along with the intense competition in major urban areas like Shanghai, often lead to expectations of long working hours (Wang & Subramaniam, 2023). Additionally, many start-ups in Shanghai are modeled on Silicon Valley companies, where a “work-hard, play-hard” culture prevails. This environment can sometimes lead to a neglect of work-life balance, as employees may feel pressured to prioritize work over personal time (Shang et al., 2021). Thus, understanding the impact of work-life balance and well-being on employee performance within Shanghai’s start-up sector is both timely and necessary.

Although the importance of work-life balance and employee well-being is documented in management literature, there is limited research on these constructs within the specific context of start-ups in Shanghai, China. The start-up culture, characterized by high levels of uncertainty, a fast pace, and frequent change, presents unique challenges that can affect employees' ability to maintain a healthy work-life balance (Khangembam, 2022). Moreover, start-ups in Shanghai face the additional pressures of operating in a highly competitive market, where employees may often prioritize work commitments over personal well-being to meet ambitious goals and deadlines (Yuan et al., 2023). This scenario raises questions about the sustainability of such work environments and the long-term implications for employee performance and organizational success.

Research on work-life balance and employee well-being has primarily focused on established organizations, leaving a gap in understanding how these factors influence performance specifically within start-ups, where resource constraints and high growth expectations are common. Furthermore, while there is considerable evidence from Western contexts showing a positive relationship between work-life balance, well-being, and employee performance, the extent to which these findings are applicable to Chinese start-ups remains unclear. Cultural differences, such as collectivism and power distance, may alter the dynamics of work-life balance and well-being in Chinese start-ups compared to their Western counterparts. Consequently, there is a need for context-specific research to explore whether, and how, work-life balance and employee well-being influence employee performance within the start-up culture of Shanghai.

Given the high turnover rates and the prevalence of burnout in the start-up sector in China (Li et al., 2022), particularly in metropolitan areas like Shanghai, it is crucial to investigate these dynamics further. Organizations that ignore the significance of work-life balance and employee well-being risk facing decreased productivity, low morale, and ultimately, diminished competitiveness (Marecki, 2023). By examining the relationship between work-life balance, well-being, and employee performance, this study seeks to provide valuable insights that can help start-ups in Shanghai foster healthier, more productive work environments. Furthermore, addressing these issues has broader implications for the development of sustainable business practices within China's rapidly growing entrepreneurial ecosystem.

Therefore, this study aims to investigate the influence of work-life balance and employee well-being on employee performance within start-ups in Shanghai, China. This study seeks to bridge the gap in current literature by exploring how work-life balance and employee well-being impact employee performance in start-ups within the unique cultural and economic environment of Shanghai. By addressing this research gap, it aims to provide both theoretical insights and practical recommendations that can support the sustainable growth of start-ups in China’s leading business hub.

2. Literature Review

2.1 Studies on Work-Life Balance and Employee Performance

The relationship between work-life balance and employee performance has been a major area of interest in organizational research, with many studies demonstrating that a well-managed balance between personal and professional life can significantly enhance employees' productivity and effectiveness.

Wiradendi Wolor (2020) found that work-life balance positively influences employee performance by reducing stress and increasing job satisfaction. According to this study, employees who experience a balanced work-life are better able to manage work demands, leading to enhanced focus and engagement at work. The study measured employee performance and work-life balance and found that employees with a high level of work-life balance reported greater levels of motivation, which, in turn, positively impacted their job performance. The study suggests that when employees feel they have adequate time for personal and family responsibilities, they are more likely to approach work tasks with a renewed sense of energy and dedication, ultimately boosting their performance.

Katili et al. (2021) confirmed the positive link between work-life balance and employee performance, emphasizing how work-life balance initiatives contribute to increased productivity. The study concluded that employees who felt supported in their work-life balance reported higher levels of task completion, creativity, and output quality. According to the study, employees who enjoy a satisfactory work-life balance experience less fatigue and burnout, allowing them to maintain high levels of performance over longer periods. This research adds to the evidence that promoting work-life balance in organizational settings can lead to tangible improvements in employee output, as employees feel empowered to manage their personal lives alongside their work responsibilities without compromising on their effectiveness.

Nurlaila et al. (2024) focused on the psychological impact of work-life balance on employee performance. The study conducted a mixed-methods study combining survey data with in-depth interviews to explore employees' experiences with work-life balance and its impact on their work outcomes. The results revealed that employees with a better work-life balance reported greater mental well-being, which was directly linked to improved job performance. According to the study, employees who are not constantly overwhelmed by work demands are able to maintain better focus, exhibit more patience, and perform their tasks with higher attention to detail. Furthermore, the study found that employees who felt they had control over their work schedules were more likely to exhibit proactive behavior at work, further enhancing their performance. This study underscores the importance of psychological well-being in maintaining high levels of performance and suggests that work-life balance is a critical factor in ensuring that employees can perform optimally without being adversely affected by stress.

These studies suggest that supporting work-life balance not only boosts employee output but also maintains high performance levels by promoting mental health and job satisfaction.

2.2 Studies on Work-Life Balance and Employee Well-Being

Numerous studies have highlighted the positive influence of work-life balance on employee well-being, underscoring the importance of managing work and personal life effectively for maintaining mental, emotional, and physical health. These studies emphasize how achieving a harmonious balance between work and personal obligations can lead to enhanced satisfaction, reduced stress, and improved mental health for employees.

Haar et al. (2024) explored the relationship between work-life balance and employee well-being and that employees who perceived a higher degree of control over their work schedules and could prioritize personal commitments reported significantly higher levels of life satisfaction and general well-being. The findings indicated that work-life balance allows individuals to allocate time for rest, family, and self-care, which in turn enhances their overall happiness and quality of life. The study argued that work-life balance reduces stress levels and prevents burnout, as employees are less likely to feel overwhelmed by competing demands from work and personal life. Thus, this study underscores the importance of work-life balance in promoting a holistic sense of well-being for employees, highlighting the value of flexible work arrangements and supportive workplace policies.

Mayasari et al. (2024) explored the impact of work-life balance on psychological well-being and found that those who consistently maintained a balanced approach to their work and personal lives experienced lower levels of anxiety and depression. According to the study, achieving work-life balance helped employees develop a stronger sense of control and mastery over their lives, which are critical components of psychological well-being. The study also noted that work-life balance enhances individuals' resilience to work-related stress, as they are better able to recover and recharge during non-working hours. The study concluded that work-life balance contributes to sustained mental health benefits, suggesting that organizations should encourage practices that allow employees to separate work from their personal lives effectively.

Fuglestad & Herje (2023) focused on the relationship between work-life balance and emotional well-being, particularly emphasizing how balance contributes to positive emotions and reduces negative emotions among employees. Using a cross-sectional survey, they found that employees who experienced work-life balance reported higher levels of joy, satisfaction, and positive engagement in their personal lives, which positively influenced their emotional state. The study argued that work-life balance enables employees to participate more fully in non-work activities that bring them joy, such as spending time with family, pursuing hobbies, or engaging in community events. This ability to experience personal fulfillment outside of work was linked to a decrease in feelings of frustration, fatigue, and irritability. The findings underscore the emotional benefits of work-life balance, suggesting that by facilitating balance, employers can contribute to a more positive emotional climate among their workforce.

These studies have underscored the positive effects of work-life balance on employee well-being, suggesting that effectively managing both professional and personal responsibilities enhances mental, emotional, and physical health. Research indicates that employees with better control over their work schedules and the ability to prioritize personal commitments experience increased life satisfaction, reduced stress, and overall enhanced well-being. Achieving a work-life balance helps individuals allocate time for essential non-work activities, fostering a sense of control and resilience against work-related stress.

2.3 Studies on Employee Well-Being and Employee Performance

Research in organizational psychology has consistently demonstrated a positive correlation between employee well-being and employee performance. Studies show that when employees experience a higher level of well-being, their performance outcomes tend to improve, benefiting both individuals and organizations.

Yan et al. (2020) found a significant positive relationship between employee well-being and performance, indicating that employees who report higher levels of well-being tend to perform better in their roles. In this study, well-being was defined as a holistic measure that included mental, emotional, and physical health, alongside satisfaction with work-life balance. The study used a quantitative survey approach, analyzing the results with a series of regression models to examine how well-being impacts various performance metrics, including task completion, accuracy, and initiative. The study concluded that employees who experience high levels of well-being are more productive, efficient, and proactive

in their roles, which in turn contributes to overall organizational success. The study attributed this to the idea that well-being boosts motivation, focus, and cognitive functioning, all of which are key to optimal job performance.

Han et al. (2023) investigated the positive effects of employee well-being on performance and gathered data on employee well-being, including psychological satisfaction, emotional resilience, and overall happiness. The study measured performance using key indicators such as punctuality, consistency, and adaptability. The findings demonstrated that employees who maintained high levels of well-being over the course of the study showed steady improvement in performance metrics compared to those with lower levels of well-being. The study explained that well-being enables employees to manage stress effectively, sustain high levels of energy, and maintain focus, leading to continuous high performance. This study underscored the importance of supporting employee well-being not just as a short-term intervention but as a fundamental component of workplace management to achieve enduring performance benefits.

Kaltainen & Hakanen (2022) explored the impact of psychological well-being specifically on employee performance, focusing on aspects like job satisfaction, emotional stability, and self-efficacy. Using a cross-sectional survey design, the study found that employees with higher psychological well-being exhibited significantly higher performance outcomes in terms of quality of work, creativity, and problem-solving skills. The study argued that when employees feel emotionally stable and have a positive outlook on their work, they are more likely to engage fully, take on new challenges, and contribute innovative ideas. The study suggested that psychological well-being enhances cognitive functions, allowing employees to process information more effectively, make better decisions, and approach tasks with greater enthusiasm and creativity. This finding aligns with previous research that links positive psychological states with improved cognitive and emotional functioning, both of which are critical for sustained high performance in the workplace.

Research consistently shows a positive correlation between employee well-being and performance, indicating that higher well-being leads to enhanced job outcomes. These studies highlight that well-being, encompassing mental, emotional, and physical health, boosts key performance metrics like task completion, creativity, and problem-solving skills. These benefits are attributed to improved motivation, focus, cognitive functioning, and emotional stability. Moreover, sustained well-being supports stress management, energy maintenance, and overall happiness, which are essential for continuous high performance and innovation at work, making it a crucial component of effective workplace management.

3. Research Methodology

This study adopts a quantitative research method to examine the influence of work-life balance and employee well-being on employee performance within start-ups in Shanghai, China. Quantitative research is suitable for this study as it allows for a structured approach to collecting and analyzing numerical data that can be used to test the relationships among variables in a systematic and objective manner. By using a quantitative approach, the study aims to capture statistically significant insights into how work-life balance and well-being impact employee performance in a sample of Shanghai start-up employees. Given the large number of start-ups in Shanghai and the structured nature of the research questions, a quantitative methodology provides the rigor and replicability needed for meaningful analysis.

The choice of a quantitative research method is essential for several reasons. First, quantitative methods allow for a clear measurement of variables such as work-life balance, employee well-being, and employee performance, which can be difficult to assess through qualitative methods alone. Quantitative data can provide concrete evidence of correlations or causal relationships, making it possible to draw generalizable conclusions based on statistical analysis. Additionally, quantitative methods facilitate the use of structured tools, such as surveys with standardized questions, which ensure consistency in data collection across a large sample. This consistency is crucial for reducing potential biases and enhancing the reliability of the findings. By employing a quantitative approach, this study aims to provide empirical evidence on the effects of work-life balance and employee well-being on performance, contributing to the broader body of research on these topics within the context of Shanghai's start-up sector.

The population for this study comprises employees working in start-ups in Shanghai. According to the 2023 Shanghai Municipal Economic and Social Development Statistical Bulletin, there are approximately 39,092 start-ups in the city, employing a total of 175,682 individuals. This significant population size necessitates the use of a representative sample to draw meaningful insights without conducting a full census, which would be impractical due to time and resource constraints. Based on statistical considerations and the results from Raosoft sample size calculation software, a sample size of 400 respondents has been determined to be appropriate for this study. This sample size allows for a 95% confidence level with a 5% margin of error, providing sufficient power to detect statistically significant relationships among the study variables. To ensure a representative sample, the study will employ a random sampling method, which helps to reduce selection bias and increases the generalizability of the results to the broader population of start-up employees in Shanghai. During the period for a month from October 21 to November 21, 2024, out of the 400 questionnaires distributed in start-ups in Shanghai city, a total of 392 were returned, indicating a high response rate of 98%. However, upon closer inspection, two of the questionnaires were deemed invalid. These invalid questionnaires were excluded from further analysis to maintain the integrity and accuracy of the data. Consequently, the study proceeded with 390 valid questionnaires.

The study will collect data using a structured questionnaire, which includes items measured on a 5-point Likert scale ranging from “Strongly Disagree” to “Strongly Agree”. The Likert scale items used in the questionnaire are adapted and designed from validated scales developed by previous scholars who have researched work-life balance, employee well-being, and performance in organizational settings. This approach ensures that the measures used in this study are reliable and have been proven to capture the constructs of interest accurately.

For data analysis, the study will utilize a combination of descriptive statistics and Structural Equation Modeling (SEM) path analysis. Descriptive statistics, including measures of central tendency and dispersion, will be used to summarize the basic characteristics of the sample, such as demographic details and average responses to each variable. This provides a preliminary understanding of the data and helps to identify any potential outliers or patterns. Following the descriptive analysis, SEM path analysis will be employed to examine the relationships among the primary variables: work-life balance, employee well-being, and employee performance. SEM is a powerful statistical technique that allows for the modeling of complex relationships among multiple variables, including direct and indirect effects. By using SEM, the study can rigorously test the hypothesized relationships in the conceptual model and determine the strength and significance of each path, providing deeper insights into how work-life balance and well-being influence performance within the start-up context. This approach not only strengthens the robustness of the findings but also supports a comprehensive understanding of the dynamics among the study variables.

The study explores the impact of work-life balance and employee well-being on employee performance in Shanghai start-ups based on the research process shown in Fig. 1.

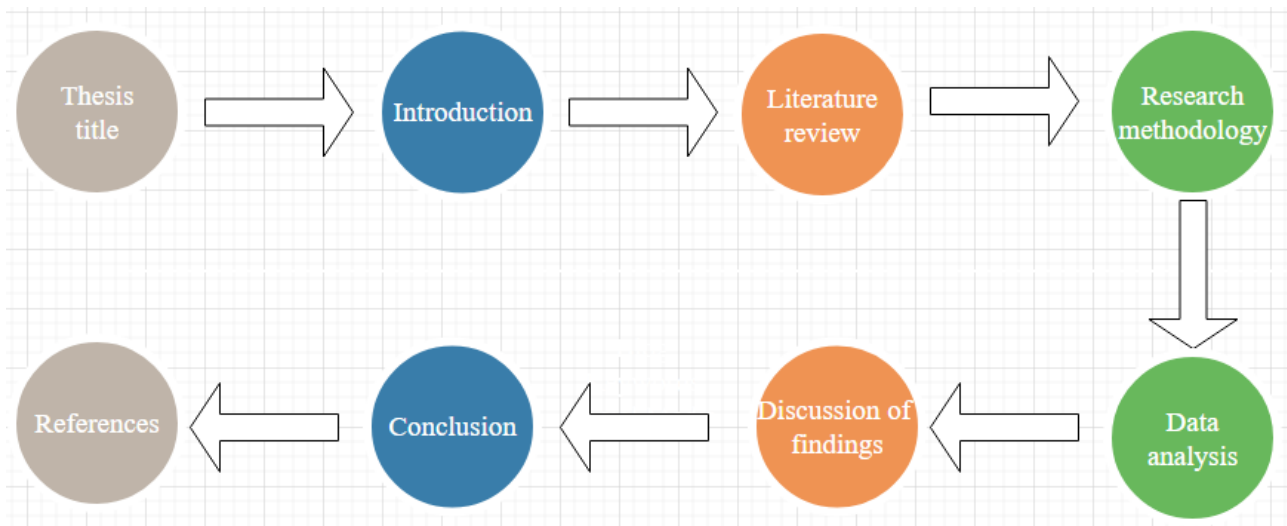


Figure 1. Flow of process

4. Data Analysis

Structural Equation Modeling was applied to examine the relationships among three latent variables: work-life balance, employee well-being, and employee performance. The SEM path analysis results are presented in Fig. 2.

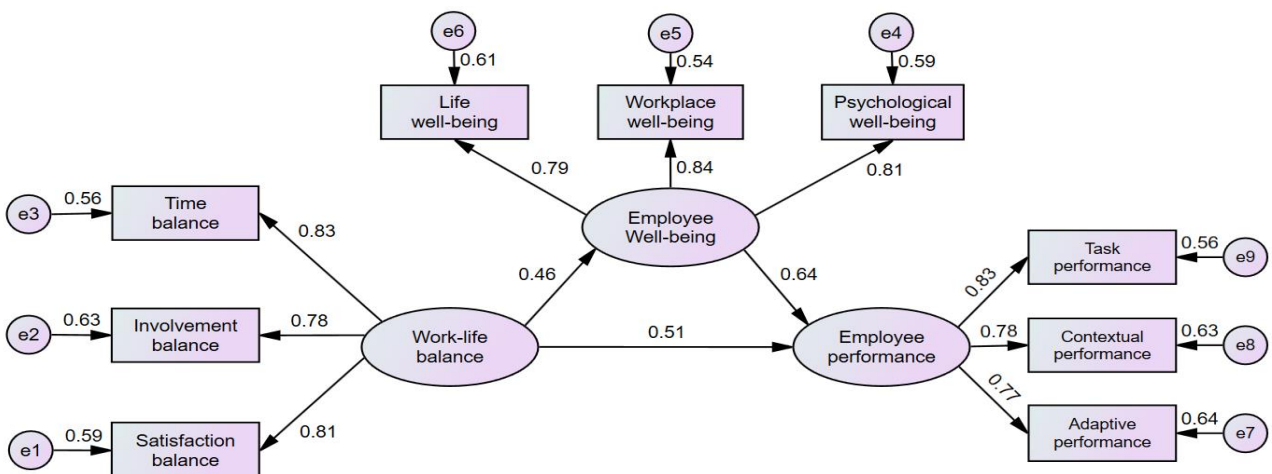


Figure 2. SEM path analysis results

Fig. 3. illustrates the standardized path coefficient results, which quantify the relationship between work-life balance and employee performance. The coefficient is measured at 0.514, indicating a moderate to strong positive correlation between these two variables. Additionally, the associated p-value is 0.000, signifying that the relationship is highly statistically significant. This low p-value confirms that the observed correlation is not due to random chance and that work-life balance has a meaningful impact on employee performance. These findings indicate that work-life balance positively and significantly influences employee performance.

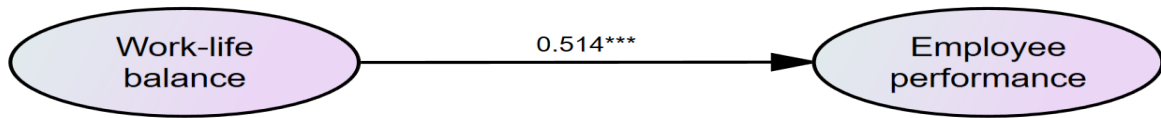


Figure 3. Path analysis results between work-life balance and employee performance

Fig. 4. displays the results of the standardized path coefficient, which quantifies the strength of the relationship between work-life balance and employee well-being. The path coefficient is reported to be 0.463, indicating a moderately strong positive relationship between these two variables. Furthermore, the accompanying p-value of 0.000 highlights the statistical significance of this result, confirming that the relationship is not due to random chance. This highly significant p-value suggests that the influence of work-life balance on employee well-being is both substantial and reliable. As a result, the findings indicate that work-life balance has a significant and positive impact on employee well-being.

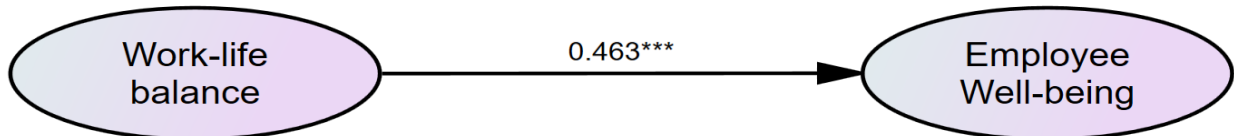


Figure 4. Path analysis results between work-life balance and employee well-being

Fig. 5. illustrates the standardized path coefficient that quantifies the relationship between employee well-being and employee performance. The coefficient is reported at 0.641, indicating a robust positive association between the two variables. This value is accompanied by a p-value of 0.000, which denotes a high level of statistical significance, confirming that the results are not due to chance. The strength and significance of this relationship indicate that employee well-being has a positive and substantial impact on employee performance.

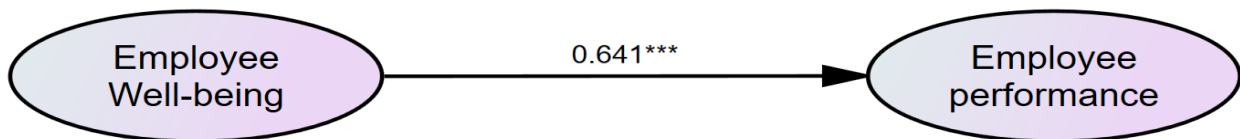


Figure 5. Path analysis results between employee well-being and employee performance

Besides, to check the mediating effect of employee well-being, the study utilized the bootstrapping method with 5,000 resamples, a recommended approach for mediation analysis, particularly based on the guidance provided by Grzegorzewski and Romaniuk (2022). The mediating effect analysis results are presented in Table 1.

Table 1. Mediating effect analysis results

Standard effect	Path	Effect coefficient	95% confidence interval		S.E.	P-value
			Lower	Upper		
Total effect	Work-life balance--->Employee performance	0.811	0.758	0.864	0.027	***
Direct effect	Work-life balance--->Employee performance	0.514	0.465	0.563	0.025	***
Indirect effect	Work-life balance--->Employee well-being--->Employee performance	0.297	0.252	0.342	0.023	***

According to the data in Table 1, the total effect of work-life balance on employee performance is measured at

0.811, with a 95% confidence interval of 0.758 to 0.864 and a standard error of 0.027. This strong effect, accompanied by a highly significant p-value ($p < 0.001$), indicates that work-life balance has a substantial positive influence on employee performance when considered without separating direct and indirect pathways.

The direct effect of work-life balance on employee performance (0.514) remains statistically significant, with a 95% confidence interval of 0.465 to 0.563 and a standard error of 0.025 ($p < 0.001$). This Direct Effect reflects the impact of work-life balance on employee performance independently, without accounting for the role of employee well-being. The significance of this effect suggests that, even without considering the mediating influence of employee well-being, there is a positive and meaningful relationship between work-life balance and performance outcomes.

The indirect effect of work-life balance on employee performance through the mediating variable of employee well-being yields an effect coefficient of 0.297, with a 95% confidence interval of 0.252 to 0.342 and a standard error of 0.023 ($p < 0.001$). This significant Indirect Effect highlights that a portion of the positive influence of work-life balance on employee performance is mediated through improvements in employee well-being. In other words, employees with better work-life balance tend to experience higher well-being, which in turn positively impacts their performance. The existence of this significant indirect path suggests that employee well-being serves as a mediator in this relationship, meaning that work-life balance not only has a direct impact on performance but also enhances performance by boosting well-being.

In summary, these findings indicate a mediation, as both the direct and indirect effects are significant. This suggests that while work-life balance directly improves employee performance, it also indirectly boosts performance by enhancing employee well-being. This mediation underscores the importance of fostering a supportive work-life balance to achieve optimal employee outcomes in Shanghai's high-stress start-up ecosystem.

5. Discussion of Findings

The findings of this study underscore the significant influence of work-life balance and employee well-being on employee performance within the start-up environment of Shanghai. As the data suggests, work-life balance directly impacts both employee well-being and performance, while employee well-being also serves as a mediator that amplifies the positive effect of work-life balance on performance outcomes.

(1) Work-life balance and employee performance

The results demonstrate a statistically significant and positive direct effect of work-life balance on employee performance, with a path coefficient of 0.514 ($p < 0.001$). This suggests that employees who experience a higher level of work-life balance are more likely to perform better in their roles. In alignment with Obiageli et al. (2015), who found that balanced work-life conditions reduce stress and improve motivation, this study confirms that employees in Shanghai start-ups who can manage work and personal life demands more effectively report greater levels of focus and engagement. In the context of Shanghai's start-ups, where long working hours and high-pressure deadlines are common, the positive influence of work-life balance on performance is particularly relevant. Start-ups often require employees to navigate a rapidly changing environment with limited resources, which can be mentally and physically demanding. By maintaining a healthier work-life balance, employees are better equipped to manage these stressors, allowing them to approach their tasks with renewed energy and commitment. This suggests that promoting work-life balance in Shanghai's start-up ecosystem could be a strategic approach to enhancing performance, potentially giving these companies a competitive edge in an intensely demanding market.

(2) Work-life balance and employee well-being

The study also found a significant positive relationship between work-life balance and employee well-being, with a path coefficient of 0.463 ($p < 0.001$). This relationship highlights that employees who experience a balanced work-life dynamic report better overall well-being, which encompasses psychological, emotional, and physical health. This finding aligns with the results of Hoffmann-Burdzinska & Rutkowska (2015), who found that employees with higher control over their work schedules and the ability to prioritize personal commitments reported greater life satisfaction and general well-being. The present findings of the study resonate with this literature, emphasizing that a balanced approach to work and personal life allows employees to recharge and manage stress more effectively, which is essential in Shanghai's high-pressure start-up environment. The findings suggest that when start-up employees in Shanghai are given opportunities to balance their work responsibilities with personal needs, their overall well-being improves. This well-being, in turn, supports them in coping with the stresses and uncertainties inherent in start-up environments, potentially reducing turnover and burnout rates. Given these findings, Shanghai start-ups could benefit from implementing policies that support work-life balance, such as flexible work hours and opportunities for remote work. Such practices could create a more sustainable work environment that promotes well-being and, consequently, performance.

(3) Employee well-being and employee performance

Employee well-being was also found to have a significant positive impact on employee performance, with a path coefficient of 0.641 ($p < 0.001$). This strong relationship indicates that employee well-being is a critical factor in achieving high performance, supporting the findings of Marescaux et al. (2019), who demonstrated that employees with higher well-being tend to be more productive, efficient, and proactive. In the high-pressure setting of Shanghai start-ups,

where employees are frequently exposed to long hours and ambitious goals, well-being becomes even more essential for sustaining high performance over time. The findings of this study highlight the importance of well-being as a foundational element that enables employees to manage stress, maintain focus, and demonstrate resilience, all of which are critical for sustained performance. For Shanghai start-ups, where innovation and agility are key to survival, employees' ability to think creatively and solve problems efficiently is highly valuable. By investing in employee well-being, start-ups may enhance not only productivity but also the innovative capabilities of their teams. This finding suggests that well-being should be viewed not merely as an employee benefit but as a strategic asset that can drive business success, particularly in dynamic and competitive sectors like those in Shanghai.

(4) Mediating role of employee well-being

The mediation analysis reveals that employee well-being mediates the relationship between work-life balance and employee performance. The total effect of work-life balance on employee performance was measured at 0.811, with a significant indirect effect (0.297, $p < 0.001$) through employee well-being. This finding indicates that while work-life balance directly enhances performance, it also contributes to performance indirectly by improving well-being. In other words, a portion of the positive effect of work-life balance on performance is explained by the enhanced well-being of employees. This mediation effect supports the idea that work-life balance initiatives not only foster better work environments but also improve performance outcomes by supporting employees' mental, emotional, and physical health.

This mediated relationship aligns with Kurnia & Widigdo (2021), who found that employees with higher work-life balance reported more positive emotions and lower levels of fatigue, which positively influenced their performance. When employees can maintain a healthy work-life balance, they experience greater well-being, which in turn enhances their cognitive and emotional functioning, allowing them to perform more effectively. The mediation effect observed in this study reinforces the idea that employee well-being acts as a conduit through which work-life balance impacts performance. This highlights the importance of viewing work-life balance and well-being as interconnected elements that together contribute to sustained high performance.

6. Conclusion

This study demonstrates the significant impact of work-life balance and employee well-being on employee performance within Shanghai's start-up environment. Findings show that work-life balance positively influences both employee well-being and performance, while well-being itself serves as a critical mediator, further enhancing the impact of work-life balance on performance outcomes. These relationships underscore the importance of fostering work-life balance and well-being, especially in the high-stress, fast-paced start-up context of Shanghai. Start-up employees in this dynamic city often face long hours and intense demands, and a supportive work-life balance allows them to manage these pressures more effectively, improving their focus, motivation, and overall productivity. Additionally, employee well-being has a robust positive effect on performance, suggesting that well-being should be regarded not just as a benefit but as a strategic priority that supports sustainable productivity and innovation. The mediation effect further highlights that the benefits of work-life balance on performance are partially driven by improved well-being, making a strong case for start-ups to implement policies that promote both. Practical measures, such as flexible work hours, remote work options, and mental health resources, could help start-ups cultivate a work environment that enhances both well-being and performance. This study contributes valuable insights to the literature on organizational behavior in Chinese start-ups, emphasizing the need for context-specific strategies to support employee well-being and work-life balance as pathways to high performance in Shanghai's competitive start-up ecosystem.

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