

The Effect of Flexible Work Arrangement and Perceived Organizational Support on Employee Job Performance: The Mediating Role of Employee Engagement

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ABSTRACT

This study aims to determine the effect of flexible work arrangements (FWA) and perceived organizational support (POS) on employee job performance through employee engagement. A cross-sectional research design was used in this study where the sample of the research were permanent employees in Indonesian companies that implemented flexible work arrangements. There are 344 data collected in this research where 35 data was used as pre-test and 309 data for the main test. The data was then analyzed using the Structural Equation Modelling (SEM) method to determine the relationship between each variable construct. This study used four variables with a total of 49 items questions. The findings of this study indicated that FWA and POS have a positive and significant effect on employee engagement and employee job performance. The study also revealed that employee engagement had a positive and significant influence on employee performance. Therefore, employee engagement mediates the effect of FWA and POS on employee job performance. The results of this study are expected to be a consideration for companies to be able to implement work flexibility policies because they can improve employee job performance. Work flexibility policy can create a work-life balance for employees to help increase employee engagement, which in turn makes employee performance increase.

Keywords: Flexible Work Arrangement, Perceived Organizational Support, Employee Engagement, Employee Job Performance, Covid-19 Pandemic.

1. INTRODUCTION

Flexible Work Arrangement (FWA) is generally known by the public as all work practices arranged outside the traditional way of working [1]. Meanwhile, Perceived Organizational Support (POS) is the general belief employees feel toward the organization where they work appreciates the contributions and welfare of employees [2]. Work flexibility in question can be in the form of flexibility regarding working time and the location we work. In addition, the development of telecommunications that exists today makes workers free from working hours and fixed work locations [1]. Several business advantages can be obtained through FWA, such as increasing productivity, increasing competitiveness in the market, and new types of organizations [1].

One of the advantages of work flexibility implementation is improving both company and employee performance. The use of flexibility in Human Resource Management improved the job performance of older employees [3]. Flexible working hours can have a positive and high impact on the performance of company employees [4]. In addition to influencing employee performance, FWA is also proven to positively influence and affect increasing employee engagement. Engagement is a positive, satisfying, work-related state of mind characterized by vigor, dedication, and absorption [5]. That statistically a significant effect that employee engagement (physical engagement, emotional engagement, cognitive engagement) can increase employee job performance of workers at telecommunications companies in Jordan [6]. Furthermore, another research on the relationship between flexibility and engagement said that employees

who applied FWA would be significantly more engaged or have stronger engagement than other employees who did not apply FWA [7].

In addition to work flexibility, another thing that can improve employee performance and employee engagement is perceived organizational support (POS). The research on Pakistan's banking sector resulted in POS playing a vital role in increasing employee engagement [8]. Furthermore, other research in India found that POS has a direct positive influence on employee performance, and this influence can be achieved indirectly through employee engagement [9]. Other researchers found that POS has a positive and significant effect on employee engagement. According to him, when employees feel they have support from the company, they will work harder and increase their involvement in the company [10].

The FWA policy is undoubtedly able to be a solution for the creation of a work-life balance for employees, especially during the Covid-19 pandemic, which requires employees to be able to maintain their immunity. This is in line with previous research, which states that flexible working hours positively impact productivity, employee performance, and work-life balance [4]. This research aim was to examine the effects of flexible work arrangement and perceived organizational support on employee job performance in Indonesia with the following research question: what is the impact of flexible work arrangement and perceived organizational support on employee engagement and employee job performance in Indonesia?

In the first section, this study explains the impact of the covid-19 pandemic in Indonesia, which forced companies to create policies regarding work flexibility and provide support to employees to still work with maximum performance. In the second section, a literature review of flexible work arrangement, POS, employee engagement, and employee job performance, including the development of hypotheses this study proposed. The third section describes the research methodology: design, population, sample, data collection technique, and measurement of the variables in this study. The fourth section discusses the finding and results, while the last section describes the conclusions, limitations, and recommendations for future research.

2. LITERATURE REVIEW

Flexible Work Arrangement

Flexible working arrangement (FWA) is generally known by the public as all work practices arranged outside the traditional way of working. In addition, the development of telecommunications that exists today makes workers free from working hours and fixed work locations [1]. Other researchers stated that FWA is a program designed by management for employees so that

employees have several choices of more flexible work schedules to improve company performance and achieve work-life balance for employees [11]. FWA can be divided into several commonly implemented examples: flexitime, teleworking, compressed work schedules, non-standard working weeks, result-only work environments, and job share [12].

Perceived Organizational Support

Perceived Organizational Support (POS) is a general belief felt by employees that the organization they work for gives respect to the contributions and welfare of employees [2]. Based on organizational support theory, three general forms of organizational treatment can improve POS: fairness, supervisor support, and organizational rewards & job conditions [13]. There are various ways that companies can show employees that the company cares about their welfare and appreciates the contributions of their employees. Supporting aspects such as leadership, fairness, HR practices, and working conditions are related to POS [14].

Employee Engagement

Kahn [15] defines "personal engagement" as the simultaneous work and preferred self-expression of a person in task behaviors that promote connection to work and others, personal presence (physical, cognitive, and emotional), and active full-role performance. Three psychological conditions can be an antecedent for the emergence of personal engagement, namely psychological meaningfulness, psychological safety, and psychological availability [15]. The next researcher builds a frame called "work engagement," which is defined as the contradiction of burnout, a positive, satisfying, work-related state of mind characterized by vigor, dedication, and absorption [15].

Employee Job Performance

Job performance is the behavior of employees who are engaged while at work that has contributed to the company's goals. Job performance can be divided into two main categories, in-role (task) performance and extra-role (contextual) performance [16]. In-role performance refers to a person's ability to carry out the technical aspects of their respective jobs, while extra-role performance refers to a person's non-technical abilities to support their work, such as communication, high motivation, and work together [16]. IWP (Individual Work Performance) can be defined as behaviors or activities relevant to the organization or company [16]. Based on research that has been done on various kinds of literature, IWP can be classified into three main dimensions, task performance, contextual performance, and counterproductive work behavior [17].

Relationship Between Flexible Work Arrangement, Employee Engagement, and Employee Job Performance

Perceived flexibility and supportive work-life policies support the achievement of greater employee engagement and longer retention than expected [18]. Employees who applied FWA will be significantly more engaged or have stronger engagement than other employees who did not apply FWA. In addition, the study also revealed the results that flexibility fit is a strong predictor of engagement for all employees [7]. Availability of flexibility HR practices had a positive influence on employee engagement and job performance of employees of a company. In contrast, the use of flexibility HR practices did not directly affect employee engagement but could improve the job performance of company employees [3]. Flexible work arrangements have a significant and strong influence on directly increasing employee engagement and employee performance. In addition, employee engagement can mediate the relationship between flexible work arrangements and improving employee performance [19]. Based on these findings, the following hypothesis is suggested:

H1a: Flexible Working Arrangement has a direct, positive, and significant effect on Employee Engagement.

H1b: Flexible Working Arrangement has a direct, positive, and significant effect on Perceived Job Performance.

H1c: Employee Engagement mediates the effect of Flexible Working Arrangement on Employee Job Performance in a positive and significant way.

Relationship Between Perceived Organizational Support, Employee Engagement, and Employee Job Performance

There is a direct effect of perceived organizational support (POS) and person-organization fit (P-O fit) on employee engagement and causes varying effects on organizational commitment and job satisfaction [20]. Other researchers found that perceived organizational support is vital in increasing employee engagement [8]. Furthermore, [10] also found the results of their research that perceived organizational support had a positive and significant effect on employee engagement. The relationship between perceived organizational support and an employee's performance can be positive directly or through the mediation of engagement [21]. Employee engagement can mediate the relationship between perceived organizational support and employee performance and affective commitment [9]. Based on these findings, the following hypothesis is suggested:

H2a: Perceived Organizational Support has a direct, positive, and significant effect on Employee Engagement.

H2b: Perceived Organizational Support has a direct, positive, and significant effect on Perceived Job Performance.

H2c: Employee Engagement mediates the effect of Perceived Organizational Support on Employee Job Performance positively and significantly.

Relationship Between Employee Engagement and Employee Job Performance

Anitha [22] has conducted research in India on employees with middle and lower management levels, getting the results that employee engagement is able to improve employee performance strongly and significantly. Statistically, employee engagement (physical, cognitive, and emotional engagement) significantly influences the job performance of employees in Jordan telecommunication companies [6]. Other researchers also say that employee engagement positively influences employee performance and the affective commitment of an employee of a company or organization [9]. Based on these findings, the following hypothesis is suggested:

H3: Employee Engagement has a direct, positive, and significant effect on Employee Job Performance.

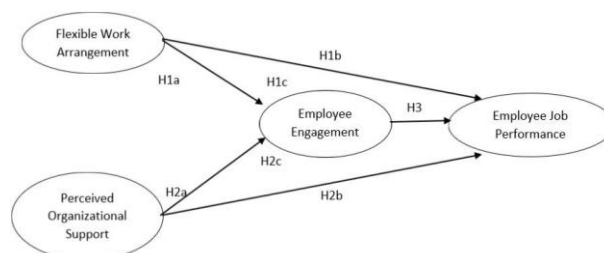


Figure 1. Research Model of the Current Study

3. METHODS

The research design carried out in this study is a causal research design. This research used a quantitative descriptive study, and the data were collected online using Google Form. In addition, this study used a single cross-sectional design method. The target population in this study were employees with a minimum working period of 1 year who have become permanent employees at the company where he works, which are domiciled in Indonesia and have implemented a flexible working arrangement system during the Covid-19 pandemic. 465 people participate to become respondents in this study, but only 309 meet the research sample's criteria.

The instrument used to measure the flexible working arrangement (FWA) was the FWOQ which consists of 11 questions [23]; perceived organizational support (POS) was measured using the short version of the Survey of

POS instrument [15]; employee engagement was measured using the Gallup Q12 instrument [24], and perceived job performance was measured using the IWPQ instrument with 18 questions [17]. All the questions above use a Likert scale of 1-7, with “1=Strongly Disagree” to “7=Strongly Agree”.

This research was conducted in 3 stages: wording test, pre-test, and main test. The wording test was conducted to determine whether the sentence structure proposed in the instrument could be understood or not by the prospective respondents. Furthermore, the pre-test stage was carried out on

Thirty-five respondents to test the validity and reliability of the instruments used. Then the main test was carried out to obtain the main data, which will later be analyzed in-depth to determine the relationship between each variable. This study uses a one-tailed method so that the significance limit is greater than 1.64.

4. RESULTS AND DISCUSSION

First, a pre-test was conducted on 35 respondents. This is done to test the validity and reliability of the instruments used in this study. Furthermore, an analysis was carried out using the SPSS 22 application to test the validity and reliability. Furthermore, an analysis of 309 respondents' data was carried out using Structural Equation Modelling (SEM) to test the research model and determine the relationship between research variables [25].

Data collection was conducted during April-June 2021 with the majority of 309 respondents are male (n = 203; 65.7%), in 26-30 years of age (n = 101; 32.7%), married (n = 237; 76.7%), had bachelor's degree (n = 179; 57.9%). Majority of respondents work in educational services (n = 64; 20.7%), banking and insurance (n = 52; 16.8%). More complete demographic profiles of respondents are shown in Table I below.

Table 1. Demographic of Respondents

Demographics of Respondents		
Profiles	Frequency	Percentage (%)
Gender		
Male	203	65.7
Female	106	34.3
Age Group (years)		
21-25	16	5.2
26-30	101	32.7
31-35	63	20.4
36-40	33	10.7
41-45	30	9.7
>45	66	21.4
Educational Background		
High school	19	6.1
Diploma	14	4.5
Bachelor	179	57.9
Master	65	21
Doctor	32	10.4

or Master Doctor		
Marital Status		
Single	62	20.1

Demographics of Respondents		
Profiles	Frequency	Percentage (%)
Married	237	76.7
Widowed	10	3.2

As shown in Table II, we can see the construct's CR (Composite Reliability) and AVE (Average Variance Extracted). The CR should be greater than 0.7 [25]; in this study, it ranged from 0.91 to 0.96, hence, acceptable. The AVE of the construct ranged from 0.57 to 0.68, i.e., greater than the accepted value of 0.50 [25].

Table 2. Reliability Result

Variable	CR	AVE	Result
Flexible Work Arrangement	0.91	0.57	Reliable
Perceived Organizational Support	0.94	0.68	Reliable
Employee Engagement	0.94	0.58	Reliable
Employee Job Performance	0.96	0.62	Reliable

Most respondents felt that flexible work arrangements help them maintain their work during a pandemic. With the work flexibility policy provided by the company, employees can do their work with a more flexible time, and they can do work from home, so they do not have to spend a lot of time and energy going to the office. Work flexibility can balance work and family matters to achieve the employee's work-life balance (WLB) [4]. Furthermore, the respondents also felt that the company they work for appreciates their contribution to improving the company's performance.

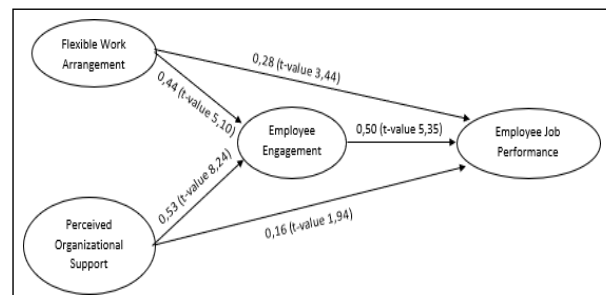


Figure 2. Research Model Result

The most significant effect of those constructs was the relationship between perceived organizational support and employee engagement, with a t-value is 8.24. It can be concluded that when employees feel that they get support from the company, their level of attachment to the company will increase. This result is consistent with previous research, which says that when employees

feel supported by the company, they will work harder, increasing engagement with the company [11].

Table 3. Result

Hypothesis	Elements	t-value/ z-value	Result
H1a	FWA → Employee Engagement	5.10	Significant
H1b	FWA → Employee Job Performance	3.44	Significant
H1c	FWA → Employee Engagement → Employee Job Performance	3.69	Significant
H2a	POS → Employee Engagement	8.24	Significant
H2b	POS → Employee Job Performance	1.94	Significant
H2c	POS → Employee Engagement → Employee Job Performance	4.49	Significant
H3	Employee Engagement → Employee Job Performance	5.35	Significant

This study also found that most employees were willing to continuously update their skills and knowledge related to their work. Therefore, companies need to support this through training and development for employees according to their respective fields. Companies also need to pay attention to the workplace environment and build a conducive and supportive atmosphere so that employees can work optimally and do their best. Companies can hold recurring events such as family gatherings or casual discussions outside office hours to increase employee interaction in non-formal activities.

This research was conducted during the Covid-19 Pandemic, which was a period of social restrictions, where data collection could only be done online. The research method used was cross-sectional, so the results obtained only reflect a particular time when data were collected [26]. Further researchers can conduct research related to the effect of flexible work arrangements on employee job performance by comparing the effect on permanent employees and non-permanent employees. Besides that, the subsequent research can test with other mediator variables. One of the variables that can be used is organizational commitment.

5. CONCLUSIONS

The result revealed that flexible work arrangements and perceived organizational support have direct and positive influences on employee engagement and employee job performance. In addition, employee engagement can act as a mediator in the indirect relationship between FWA and POS to employee job performance. Work flexibility policy can create a work-life balance for employees to help increase employee engagement, which in turn makes employee performance increase. The company can apply the work flexibility policy because it is included in the low-cost policy.

Support from the organization also can increase employee engagement. The support provided includes fairness in promotion, support from leader or supervisor, giving prizes for contributions, and creating a harmonious work environment.

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