

The Effect of Flexible Working Arrangement and Work Life Balance on Employee Performance

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ABSTRACT

This research investigates the impact of Work Motivation and Job Compensation on employee performance. The findings affirm that Work Motivation and Job Compensation exert a strong influence, fostering enhanced performance. While approximately one-third of the variation in performance can be explained by these factors, the majority is influenced by unaccounted variables. In essence, enhancing Work Motivation and Job Compensation proves pivotal for boosting employee productivity. For future research, it is recommended to explore additional variables. For practitioners, human resource management strategies involving incentives, employee satisfaction surveys, and staff development can elevate team performance. The finding in this study provides valuable insights into the factors influencing employee performance, offering organizations the opportunity to maximize their human resources potential.

Keywords: Employee Performance, Human Resource Management, Job Compensation, Work Motivation.

ABSTRAK

Penelitian ini menyelidiki dampak Motivasi Kerja dan Kompensasi Kerja terhadap kinerja karyawan. Temuan menegaskan bahwa Motivasi Kerja dan Kompensasi Kerja memiliki pengaruh yang kuat, mendorong peningkatan kinerja. Meskipun sekitar sepertiga variasi dalam kinerja dapat dijelaskan oleh faktor-faktor ini, sebagian besar dipengaruhi oleh variabel lain yang tidak tercakup. Artinya, peningkatan Motivasi Kerja dan Kompensasi Kerja dapat menjadi kunci untuk meningkatkan produktivitas karyawan. Bagi penelitian berikutnya, disarankan untuk mengeksplorasi variabel-variabel tambahan. Bagi praktisi, strategi manajemen sumber daya manusia yang melibatkan insentif, survei kepuasan karyawan, dan pengembangan karyawan dapat meningkatkan kinerja tim. Temuan penelitian ini memberikan pemahaman yang bermanfaat

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Kata kunci: *Motivasi Kerja, Kompensasi Kerja, Kinerja Karyawan, Manajemen Sumber Daya Manusia.*

INTRODUCTION

In the era of globalization driven by technological advances, the world of work has experienced a significant transformation. Increased use of Information and Communication Technology (ICT) has been one of the main drivers of this change. According to a report published by the International Labor Organization (ILO) (2022), ICT has opened the door to flexibility in work and demands a better balance between work life and personal life. This is reflected in employees' increasing demand for work flexibility and the need to achieve a healthy balance between professional and personal responsibilities (Kossek & LaVoie, 2017; Eurofound, 2020). The shift in traditional work patterns has also become a significant phenomenon. Driven by various factors such as technological advances, globalization, and changing employee values, these work patterns have changed fundamentally. Millennial employees, as a generation born in the digital era, have different work preferences from previous generations (Valenti, 2019; Magni & Manzoni, 2020). They value flexibility, work-life balance, and opportunities for self-development (Madogwhe & Omogero, 2023). The transformation of the world of work, which also presents Flexible Working Arrangements (FWA), has a significant impact. FWA is a work concept that allows workers to have more choices in how they work, such as working from home, flexible working hours, or part-time work (Rozlan & Subramaniam, 2020). FWA aims to improve workers' quality of life and improve organizational performance by giving workers more opportunities to manage the time and way they work (Gratton & Scott, 2012; Abid & Barech, 2023). Different types of FWA, such as work from home, flexible working hours, and part-time jobs, have become popular among companies due to their significant benefits.

On the other hand, Work-Life Balance (WLB) has also become the focus of attention in the modern context of the world of work. WLB refers to the alignment between time and energy spent on work with time and energy spent on other aspects of life, such as family, recreation, and health (Adkins & Premeaux, 2019). A study published by the Harvard Business Review (2020) shows that employees who feel they have a balance between work and personal life tend to be more productive, more motivated, and have higher levels of job satisfaction. Therefore, creating a work environment that supports WLB is not only a moral necessity for companies, but also a smart investment to improve employee performance and well-being (Kahn et al., 2016). This research aims to explore the influence of FWA and WLB on the performance of millennial employees in South Tangerang, Indonesia. Millennial employees were chosen as research subjects because they are an increasingly dominant part of today's workforce (Brant & Castro, 2019). The local context of South Tangerang, with its unique industry dynamics and organizational culture, is important to study to understand the work experiences of millennial employees there. It is hoped that the results of this research can provide valuable insight for Human Resources (HR) practitioners and company management in designing relevant and effective policies to improve the performance and welfare of millennial employees.

LITERATURE REVIEW

Flexible Working Arrangement (FWA) can be defined as a work time and place management strategy that provides flexibility to employees to arrange their work schedules according to individual needs and preferences. According to Allen et al. (2019), FWA covers a variety of practices, such as working from home, flexible working hours, part-time work, or flexible leave. With FWA, employees can choose the time and work location that best suits their needs, which in turn can increase job satisfaction and balance

between work and personal life (Chua et al., 2023). Work-Life Balance (WLB) is a concept that refers to the harmony between time and energy spent on work with time and energy spent on life outside of work, such as family, health and hobbies. According to the approach proposed by Malik & Allam (2021), WLB includes three main dimensions, namely time, involvement and satisfaction.

The time dimension refers to the allocation of time between work and personal life, while the engagement dimension includes the extent to which a person is psychologically involved in both aspects. The satisfaction dimension relates to the extent to which a person feels satisfied with their time allocation and involvement in work and personal life (Soelton et al., 2020; Aruldoss et al., 2021). Employee performance refers to the extent to which individuals achieve their work goals and contribute to organizational goals. According to Bauer et al. (2021), employee performance has been the focus of research for decades, with research covering various aspects, such as performance assessment, motivation, and the influence of the work environment. Demerouti & Cropanzano (2019), highlight the importance of work engagement in improving employee performance, with engagement showing a positive relationship with productivity and work quality. According to Aguinis et al. (2013) emphasize that employee performance can also be influenced by financial incentives, but non-monetary factors such as job satisfaction and work-life balance also have a significant influence.

Previously, research had been conducted to understand the impact of Flexible Working Arrangement (FWA), Work-Life Balance (WLB), and employee performance. A study by Allen et al., (2019) explored the implementation of FWA in various organizations and found that its success depended on managerial support, a supportive organizational culture, and adequate technology. Kossek & Lautsch (2020) highlights the importance of WLB in increasing employee job satisfaction, productivity and well-being. They found that organizations that implement WLB policies tend to have higher employee retention rates. In addition, several studies, such as those conducted by Grant et al. (2013), have shown a relationship between FWA, WLB, and employee performance. Their findings show that employees who have access to FWA and can achieve a balance between work and personal life tend to perform better. However, there is also research that shows challenges in implementing FWA and WLB, the existence of cultural and technological barriers that can hinder the effectiveness of these policies (Ferguson et al., 2016). Thus, previous research has provided valuable insight into the importance of FWA and WLB in improving employee performance, as well as the challenges that may be faced in their implementation.

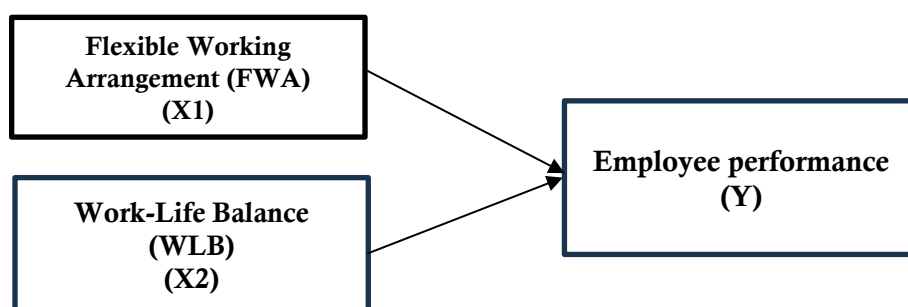


Figure 1. Framework

H1: Flexible Working Arrangement has a significant effect on employee performance.

H2: Work-Life Balance has a significant effect on employee performance.

METHOD

This research adopts a quantitative approach based on the philosophy of positivism to explore in the context of a particular population or sample (Sugiyono, 2018). The research location involves several points in South Tangerang City, Banten, with sampling carried

out from February to the end of March 2023. The purpose of this analysis is to test the hypothesis proposed in the research, using a statistical approach to provide more objective and measurable results regarding the relationship between workforce diversity and employee job satisfaction in South Tangerang. Data collection was carried out through research instruments, and statistical analysis was used to test hypotheses. This approach allows researchers to adopt a more objective and quantitative point of view in understanding the phenomenon under study. The sampling method used is non-probability sampling, specifically purposive sampling, which allows researchers to select samples in the most accessible or practical way. This research succeeded in collecting data from 120 employees, and in selecting respondents, millennial generation employees who were only located in South Tangerang were included in this research. The sample size is considered adequate and representative, providing an in-depth understanding of employee work motivation, compensation and performance in a particular business context.

RESULT

Based on 120 employee samples obtained, it reflects diversity in several dimensions. In terms of gender, the majority of respondents were women, around 78 people (65%), while there were around 42 male respondents (35%). This analysis reflects the predominance of women in the study sample. Mapping the ages of respondents produces a diverse distribution. All respondents were born in 1981-1996, and are currently aged 24-39 years. This analysis provides an overview of the ages and birth years of all millennial generation employees. In terms of marital status, the majority of respondents were married, namely around 83 people (69%), while those who were single were around 37 people (31%). In terms of education, respondents with a high school/equivalent education were around 26 people (22%), D3 were 34 people (29%), and S1 were 60 people (49%). This analysis reflects the varying levels of education within the sample. Finally, if we look at the location of domicile, all respondents live in South Tangerang. This analysis shows a significant distribution of respondents based on their domicile location in the South Tangerang area. This respondent profile provides a comprehensive picture of the variation in characteristics in the research sample and a strong basis for interpreting the results of further analysis regarding work motivation, compensation and employee performance.

To measure validity, it can be done by comparing the calculated r with the r table where: If the calculated $r > r$ table, then the question item or indicator is declared valid. And if r count $< r$ table, then the question item or indicator is declared invalid. To get the r table value we can look at the validation significance data which consists of 5% and 1%. In this research the author used 5% validation. For 120 respondents, the r table value is 0.1779. To get the calculated r value, we use the SPSS 25 application. The following are the results of the validity of the question instrument.

Table 1. Instrument Validity Test

Variable	Item	r_{count}	r_{table}	Description
Flexible Working Arrangement	1	0.510	0.1779	Valid
	2	0.451	0.1779	Valid
	3	0.534	0.1779	Valid
	4	0.372	0.1779	Valid
	5	0.609	0.1779	Valid
	6	0.647	0.1779	Valid
	7	0.581	0.1779	Valid
	8	0.574	0.1779	Valid
Work Life Balance	1	0.462	0.1779	Valid
	2	0.411	0.1779	Valid
	3	0.659	0.1779	Valid
	4	0.359	0.1779	Valid
	5	0.610	0.1779	Valid
	6	0.647	0.1779	Valid
	7	0.569	0.1779	Valid
	8	0.548	0.1779	Valid
Employee Performance	1	0.508	0.1779	Valid
	2	0.503	0.1779	Valid
	3	0.574	0.1779	Valid
	4	0.495	0.1779	Valid
	5	0.545	0.1779	Valid
	6	0.704	0.1779	Valid
	7	0.530	0.1779	Valid
	8	0.447	0.1779	Valid

Based on the results of the instrument validity trial where $N = 120$ and r_{table} is 0.1779, based on the analysis above it shows that all question items can be used because the calculated r is greater than the r_{table} so it can be said to meet the validity requirements. Reliability test provisions according to Axel (2023), namely, if Cronbach's Alpha (α) > 0.60 then the question item is declared unreliable. And if Cronbach's Alpha (α) < 0.60 then the question item is declared reliable.

Table 2. Instrument Reliability Test

Variable	Cronbach's Alpha	Requirement	Explanation
Flexible Working Arrangement	0.659	0.60	Reliable
Work Life Balance	0.632	0.60	Reliable
Employee Performance	0.653	0.60	Reliable

The results of reliability testing for the variables Flexible Working Arrangement, Work Life Balance, and Employee Performance respectively have alpha coefficient values of 0.569, 0.632, 0.653. From the results of data processing, it can be concluded that the test results are reliable, and each question item can be used because it has a Cronbach's Alpha value above 0.6. The f test, or model reliability test, is the first step to assess whether a regression model is feasible or not. A feasible model is a model that can be relied upon to explain the influence of the independent variable on the dependent variable. Therefore, if the f probability value is smaller than the error rate of 0.05, it indicates that the regression model is feasible, while a larger value indicates the opposite. The F test results can be found in the ANOVA table, especially in the last column which shows the probability value (sig.).

Table 3. Model Reliability Test (f Test)

Model	Sum of Squares	df	Mean Square	f	Sig.
Regression	375.456	2	187.728	39.115	.000 ^b
Residual	561.535	117	4.799		
Total	936.992	119			

The calculated F probability value (sig.) in the Table 3 is 0.000, which is smaller than the significance level of 0.05. Thus, it can be concluded that the estimated linear regression

model is suitable to be used to explain the influence of working arrangements and work life balance on employee performance. In the regression coefficient table, the value in the column (Sig) shows the statistical significance of each independent variable on the dependent variable. If the Sig value. less than the predetermined error rate (alpha) (0.05), it indicates that the independent variable has a significant influence on the dependent variable.

Table 4. Regression Coefficient Test (t Test)

Model	Unstd. B	Std. Error	Beta	Sig.
(Constant)	2.575	1.606		0.163
Flexible Working Arrangement	0.378	0.080	0.304	0.000
Work Life Balance	0.543	0.082	0.523	0.000

The test results show that Flexible Working Arrangement has a Sig value. of 0.000, and Work Life Balance has a value of Sig. of 0.000. Both of these values are smaller than the error rate of 0.05. Therefore, it can be concluded that both Flexible Working Arrangement and Work Life Balance have a significant influence on employee performance. Thus, these results can be interpreted as a significant relationship between Flexible Working Arrangement, Work Life Balance and Employee Performance in this regression model. The findings from the regression coefficient analysis support the research hypothesis. First, Flexible Working Arrangement has a significantly positive effect on Employee Performance (H1). Second, Work Life Balance also has a significant positive influence on Employee Performance (H2). These results support the hypothesis that Flexible Working Arrangement and Work Life Balance, when combined, have a greater positive impact on Employee Performance than the influence of each factor individually (H3). The coefficient of determination describes the extent to which variations that occur in the dependent variable can be explained by the independent variables. In other words, the coefficient of determination can be interpreted as the proportion of total influence that comes from the independent variables on the dependent variable. The coefficient of determination value can be measured using the R Square value.

Table 5. Coefficient of Determination Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.633 ^a	0.401	0.390	2.191

Based on the R-Square value of 0.401, it can be concluded that 40.1% of the variation in the Employee Performance variable can be explained by the influence of the Flexible Working Arrangement and Work Life Balance variables. This means that most of the variation in employee performance can be attributed to Flexible Working Arrangement and Work Life Balance, while the remaining 59.9% is influenced by other factors not included in the linear regression model.

CONCLUSION

This research reveals that Flexible Work Arrangements and Work Life Balance have a significant role in determining employee performance. These findings are strengthened by the low significance value of the regression coefficient for these two variables, which shows that there is a positive and strong relationship with employee performance. In other words, the better flexible work arrangements and work-life balance perceived by employees, the higher their performance. The linear regression model used in this research shows that around 40.1% of the variation in employee performance can be explained by Flexible Work Arrangements and Work Life Balance. This figure indicates that almost half of the variation in employee performance can be explained by these two main factors. This is a quite significant percentage, which shows how important these two factors are in influencing employee performance. With these results, this research provides a deeper understanding of the factors that companies can pay attention to improve the performance

of their employees. Flexible work arrangements can take many forms, such as flexibility in working hours, the possibility of working from home, or more flexible leave policies. This flexibility allows employees to better balance the demands of their work and personal lives, which in turn can increase productivity and performance.

Work Life Balance is also a key factor that is no less important. A good work-life balance allows employees to maintain their mental and physical health, reduce stress, and increase job satisfaction. When employees feel that they have a good balance between work and personal life, they tend to be more motivated, loyal, and perform better. This research suggests that companies should consider implementing more flexible work policies and supporting work-life balance as a strategy to achieve optimal levels of employee performance. However, it is important to remember that there are other factors that can also influence employee performance that were not covered in this study. For example, factors such as organizational culture, work environment, support from management, and career development opportunities also play an important role in determining employee performance. Therefore, although Flexible Work Arrangements and Work Life Balance are important factors, companies also need to pay attention to other factors that may influence employee performance holistically. In doing so, companies can create a more supportive and productive work environment, which will ultimately contribute to improving overall performance.

For future research, it is recommended for the author to consider additional aspects that can deepen the understanding of the factors that influence employee performance in a more comprehensive manner. Adding special variables that are relevant to the industry or organization in question can increase the contribution value of the research. In addition, providing a more detailed explanation of factors that are outside the research framework provide a more comprehensive picture of the complexity of employee performance. Based on research findings, companies can also improve human resource management by implementing more effective strategies in Flexible Working Arrangement and Work Life Balance for their employees. Flexible work schedules, remote working, and workplace flexibility can improve employee performance. Flexibility in creating a balance between work life and personal life can also create a good work environment for employees in the company. By integrating these suggestions, companies can achieve more optimal employee performance.

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