

## **The Impact of Flexible Work Arrangements on Employee Engagement with The Mediating Role of Work-Home Interaction.**

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### ***ABSTRACT***

Flexible work arrangements are increasingly common in the business landscape. Some studies found benefits of working at home whereas others indicated negative consequences. Research show inconsistency in this matter. Therefore, the purpose of this article is to identify the relationship between flexible work arrangements (FWAs) and employee engagement (EE) among employees in banking industries. Moreover, this study also wants to determine the mediating effect of work-home interaction on the the relationship between flexible working arrangements and employee engagement. This study adopted a survey study using a quantitative approach. Prospective populations are employees who are working in banking industries in Malaysia. Information were obtained using questionnaires. The Pearson Correlation evaluated the data collected to determine the relationship between FWAs, WHI and EE among the employees in banking. This study utilizes the partial least squares structural equation modeling (PLS-SEM) to analyze and establish the reliability and validity of measurement model and to investigate the relationships of structural model. The findings of this study indicate that flexible work arrangement (flexi hours, staggered hours, telecommuting/teleworking, job sharing and reduced/part time) are significantly and positively related to employee engagement. Furthermore, this study also found that work-home interaction partially mediates the relationship between FWAs and EE.

***Key Words:*** *Employee Engagement, Flexible Work Arrangements, Work-Home Interaction*

### **INTRODUCTION**

Flexible work arrangements (FWAs) are alternative work schedules and structures that vary from conventional work environments. FWAs are workplace practices that allow employees to flexibly perform their tasks (Weideman & Hofmeyr, 2020). It enables employees to choose when and how best to carry out their tasks while maintaining the quality expected of supervisors and employers. Studies showing positive associations with employee engagement and performance have supported FWAs (Bal & De Lange, 2014; Zeijen, Peeters & Hakanen, 2018). Therefore, it is important for businesses to concentrate on improving employee engagement to sustainable achievement in today's challenging business climate. (Rai et al., 2017; Macey et al., 2009). A highly engage employee is willing to invest in discretionary efforts to achieve organizational objectives (Sharafizad & Redmond, 2020). However, according to the 2020 Employee Experience

Report Trends Malaysia shows that employment in most regions is on a downward trend. In Malaysia, the average employee ranking is 54%, slightly above the global average of 53%. This means most companies also face employee engagement problems. This clearly indicates that about 47% of workers in Malaysia are disengaged. Disengaged means the employees are mentally unattached to their jobs and business. They put time into their job, but not energy or passion to do their task. Leaders with disengaged workers are vulnerable to lower efficiency, lower productivity, increased absenteeism and reduced employee retention. The overall company issue is that disengaged workers have a damaging effect on the productivity of companies (Moreland, 2013). Prior studies have shown that FWAs can differentially affect employee engagement structures such as corporate engagement and could minimize turnover (Bal & De Lange, 2014, Chen and Fulmer, 2017). Therefore, FWAs have also been described as an HR policy that can help preserve health, safety and productivity of employees (Caesens, Marique, Hanin & Stinglhamber, 2016). Research revealed inconsistent results in relation to FWAs and employee engagement. Some researchers have highlighted benefits of home work (Golden et al., 2006; Kossek et al., 2006) whereas others have shown adverse implications, perhaps due to increased interruption between the two areas of life. (Schieman & Glavin, 2008; Voydanoff, 2005a). When flexibility results in multitasking or bringing work home to finish at the end of the day, it may blur the boundaries between work and home in disruptive ways (Schieman & Glavin, 2008; Schieman & Young, 2010). In addition, from the theoretical perspective, empirical studies on FWAs in Malaysia are still limited. Extant local studies largely focused on employees' perception towards FWA (Berkery, Morley, Tiernan, & Peretz, 2020; Mungania, Waiganjo, & Kihoro, 2016; Subramaniam, Overton, & Maniam, 2015). Further review of literature reveals that there is a gap in understanding the effect of FWAs on employee engagement with workplace interaction in Malaysia is not widely implemented. Hence, this study aims to investigate the impact of FWAs, work-home interaction on employee engagement in Malaysia.

## **LITERATURE REVIEW**

Employee engagement is describing as a condition where workers are cognitively, mentally and emotionally involved in their areas of work (Kahn, 1990). The most determinants of employee engagement in the literature are discretionary effort, job satisfaction, employee well-being, trust in the organization, organizational commitment, turnover intention and organizational support. (Agarwal & Gupta, 2018; Bailey, Madden, Alfes, & Fletcher, 2017; Brunetto, Teo, Shacklock, & Wharton, 2012; Rich, Lepine, & Crawford, 2010; Saks, 2006; Shuck et al., 2017; Zhong et al., 2015). There are three different types of employee engagement that appear consistent in the literature, namely cognitive engagement (the employee's focus on his or her work), emotional engagement (the employee's sense of purpose and belonging) and behavioral or physical involvement (the employee's willingness to engage in his or her work) (Shuck, Adelson, & Reio, 2017; Zhong et al., 2015). While, according to Bakker & Schaufeli (2008) and Saks, 2006 stated that employee engagement is characterized as a psychological presence in a specific position of attention and absorption work. The benefits of the high rate of employee engagement are visible when measuring client feedback and average on leave of absence due to illness (Arkin 2011). Furthermore, the employee engagement rate impact increases when an organisation provides knowledge-based services rather than products, knowledgebased organisations include services such as banking and professional services industries. (Elliott & Corey, 2018; Holbeche & Matthews 2012)

Furthermore, as describe earlier by Caesens, Marique, Hanin & Stinglhamber, (2016) FWAs is one of the HR policies that can support employees' health, safety and productivity. FWAs allow employee to act in flexible working hours, part-time work, overtime savings, compressed work weeks and work from home, not necessarily from the office (Groen, Trieste, Coers & Wtenweerde, 2018). Ultimately, these structures helped strengthen and achieve work-life harmony for workers across different management levels. The two most popular forms of FWAs include flexi scheduling in which workers will decide their start and end times (Michel, Kotrba, Mitchelson, Clark, & Baltes, 2011), and flexplace that enables workers to operate remotely (Allen et al., 2013). Previous studies have found that FWAs can affect various structures linked to employee engagement, such as corporate commitment. (Bal & De Lange, 2014). Flexibility has become increasingly common for employee arrangements. Previous work demonstrates that FWAs may influence various employee participation-related systems, such as corporate responsibility. Its also contribute to a culture based on the emergence of outputs. It is because when measured according to their performance, workers were kept more accountable for their work. Employees might give the company more if they felt the company had anything worthwhile to offer. Evidence shows that workers did not work less by having FWAs, but worked more hours instead, because the start and finish of their day were uncertain (Kelly et al., 2011). Swanberg et al. (2011) suggested that both employee engagement and efficiency improves when organizations adopt FWAs as it represents a major indicator of employee. This will encourage employees to work remotely and has been positively linked to increased jobs and efficiency (Gajendran, Harrison, and Delaney-Klinger 2015).

In addition, flexible working hours and compressed work weeks, benefits employees through positive work-to-home interaction, higher job satisfaction and lower turnover intentions (McNall et al., 2010). Work-home interaction (WHI) or ability to integrate paid work and non-work obligations refers to the bidirectional consequences of positive and negative spillover between work and home (Geurts et al., 2005). While Demerouti (2004) describes work-home interaction as an interactive relationship in which employees working in one domain for example home are affected by negative or positive load effects that have been generated in the other domain for example work. Successfully balancing home and work will save employee a lot more energy and enable him or her know the new skills in both fields and feel more responsible for the situation. There are a four elements of work-home / homework interactions, comprised of positive work-home interactions which is great or fair work environment, negative work-home interactions like poor earn and heavy workloads, positive home-work interactions example like family emotional support and negative home-work interactions like no support from family (Geurts et al. 2005). It means that if a person enjoys his job and his family does not help him, he can cause a bad spillover in homework, but if he is encouraged by the family, it can cause a positive spillover of homework. The same is true for work-home spillover. An unfavorable working environment could cause a negative work-home spillover, and a positive work-home spillover could be due to good and fair working relationships. It should be noted that, a major driver of flexible work is that employers will benefit from helping employee especially working mother to seek to overcome workload at office and home (Kirrane, 1994). Both flexibility and production work arrangements have beneficial effects on employees' work and home integration (McNall et al., 2010).

## **METHODOLOGY**

The primary research methodology used in this analysis is the quantitative and cross-sectional approach that the survey employs. A survey refers to a measuring method which uses a measuring tool known as an instrument or questionnaire (Cooper & Schindler, 2008). For questionnaires these approaches may be used to obtain data from respondents (Sekaran, 2003). Databases like Sage, Taylor and Francis Online, Springerlink, ScienceDirect, Wiley Online Library, and Emerald were used to search journals and gather information. Focus on publishing the latest 4 year articles (2017 - 2020). Only use journal articles that have empirical data.

## **EMPIRICAL RESULTS**

Based on article review, not all FWAs directly affect employee engagement. Bal and De Lange, (2014) showed that FWAs was not linked to employee engagement, and further explained that it was linked to that job efficiency. In addition, Timms et al. (2015) found that implementation of FWAs is not linked to employee engagement over time as non-implementation has improved job engagement. Their study concluded that even with FWAs being introduced, retention of employees persists a problem for companies, as several other factors are considered. Since some working categories and job conditions can not rely on the advantages of FWAs due to the nature of the job (Subramaniam, 2015). Nevertheless, Swanberg et.al.(2011) reported that both employee engagement and performance improves if organizations adopt FWAs as employees have trust in the company (Gajendran, Harrison, and Delaney-Klinger, 2015). There are still lack of study related the work-home interaction as mediator of the relationship between FWAs and employee engagement.

## **CONCLUSION**

The aim of this study was to examine the relationship between flexible work arrangements and employee engagement among the employees in bank industries in Malaysia. In addition, this study also investigates potential mediating effect of work-home interaction. Eventhough not all study shows that FWAs have significant relationship with employee engagement but the availability of these practices may lead to the emergence output-focused culture. This is because employees were kept more accountable for their work when assessed according to their efficiency. Employee would give the company more if they believed that the organization offered them something valuable. Evidence reveals that by having FWAs, workers did not work less, but instead worked more hours because their day had no stipulated start and finish period. Most study indicate that FWAs has significant impact with employee well-being. This versatility allows workers to manage their job duties more autonomously in line with their priorities and to better organize their work and non-work activities (Kelly et al., 2011). Therefore, based on this research demonstrated that more extensive investigation of FWAs, employee engagement and work-home intereaction need to conducted. The outcome of this reseach will contribute to the body of knowledge.

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