

**THE IMPACT OF IMPLEMENTING FLEXIBLE WORKING ARRANGEMENTS ON
EMPLOYEE PERFORMANCE WITH WORK-LIFE BALANCE AS A MEDIATING
VARIABLE AT THE DEPARTMENT OF MANPOWER AND TRANSMIGRATION OF WEST
JAVA PROVINCE**

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Abstract

Technological developments and evolving labor market dynamics have led government institutions to adopt more flexible and adaptive work models. This study seeks to examine the effect of Flexible Working Arrangements (FWA) on employee performance, with Work-Life Balance (WLB) serving as a mediating variable in the relationship. The research was carried out at the Department of Manpower and Transmigration of West Java Province using a quantitative approach, involving a survey of 125 civil servants operating under a hybrid work system. Data were gathered through a structured, closed-ended questionnaire and analyzed using multiple linear regression along with mediation analysis. The findings reveal that FWA has a significant and positive influence on employee performance, both directly and indirectly by enhancing work-life balance. Moreover, WLB effectively mediates the relationship, reinforcing the positive impact of work flexibility on individual performance. These results highlight that flexible work arrangements support better balance between professional and personal life, which in turn boosts productivity. The insights from this study can serve as a valuable reference for policymakers in designing work regulations that promote both employee well-being and performance within the public sector.

Keywords: Flexible Working Arrangement, Work-Life Balance, Employee Performance, Mediation, Multiple Linear Regression

Introduction

The Covid-19 pandemic has affected various dimensions of life, including the economy, society, culture, and education. In the realm of employment, the pandemic accelerated changes in work systems by promoting the adoption of flexibility in terms of work location and time, commonly referred to Flexible Working Arrangement (FWA). This concept reflects a shift in work culture that is necessary to navigate the era of disruption, characterized by conditions of volatility, uncertainty, complexity, and ambiguity—collectively known as the VUCA environment.

In Indonesia, the concept of Flexible Working Arrangement (FWA) has been implemented within the public sector through Presidential Regulation No. 21 of 2023, which permits civil servants to perform their official duties with flexibility in both working hours and locations. One notable example of FWA implementation in the governmental context is the Dynamic Working Arrangement (DWA) policy adopted by the Provincial Government of West Java since June 19, 2023. This policy aims to enhance the agility of civil servants (ASN) and to realign work patterns in the post-pandemic period. Under the DWA, civil servants are allowed to work remotely from various locations without the need for physical presence in the office, while maintaining accountability through attendance and performance monitoring systems based on digital applications such as the Performance-Based Remuneration Allowance (TRK) and K-Mob.

In addition to improve employee performance, the implementation of flexible working arrangements (FWA) also focuses on promoting alignment between professional responsibilities and personal life. According to Kelliher (2010), flexibility in terms of time and workplace enables individuals to achieve a more optimal level of work-life balance (WLB). Organizations that facilitate this balance tend to foster greater employee well-being and productivity (Breitenecker & Shah, 2018).

Although the Dynamic Working Arrangement (DWA) has been implemented since 2023, the evaluation of its effectiveness within the West Java Provincial Government remains limited. A study conducted by the West Java Regional Civil Service Agency (BKD) (Rusyadi, 2024), involving a survey across several regional government agencies, revealed that employee perceptions of DWA are still varied. Some employees reported experiencing ambiguity regarding job responsibilities, attendance systems, and managerial trust, although others recognized the policy's benefits in terms of flexibility.

Previous studies have indicated that the implementation of FWA can positively impact organizational agility (Rusyadi, 2024), and enhance employee performance through the mediating role of WLB (Yussa et al., 2024; Habibah et al., 2024). Nevertheless, empirical research examining the application of FWA in the public sector, particularly within the Department of Manpower and Transmigration of West Java Province remains scarce. Accordingly, this research seeks to explore how Flexible Working Arrangements (FWA) influence the performance of civil servants, with a particular focus on the mediating role of Work-Life Balance (WLB). The outcomes of this study are anticipated to provide valuable insights for the development of more efficient and well-targeted flexible work policies within public sector organizations.

Literature Review

a) Employee Performance

Campbell (1990) describes performance as a set of behaviors that align with an organization's objectives and can be evaluated based on levels of effectiveness, efficiency, and competence. Wahyudi (2021) explains that performance can generally be divided into two categories: individual (employee) performance and collective (organizational) performance. Employee performance pertains to the results achieved by workers both in terms of quantity and quality relative to established job standards. In contrast, organizational performance is seen as the aggregate outcome of both individual and team efforts. Performance is influenced by two main factors: motivation and capability. An individual needs both the desire and the confidence to successfully perform a task or fulfill a responsibility.

Sutarno et al. (2019) suggest that the term "performance" is derived from "job performance" or "actual performance," referring to the measurable accomplishments of a person within a professional setting. In this context, performance encompasses the extent to which an employee successfully fulfills their duties, judged by the quality and quantity of their work in line with assigned responsibilities.

Employee performance can be evaluated objectively and accurately through the use of performance indicators. Such measurement allows employees to understand the level of their own performance. Mitchell (1982) outlines several performance indicators, including quality of work, promptness, initiative, capability, and communication.

b) Flexible Working Arrangement

Flexible Working Arrangements (FWA) have evolved since the 1980s, encompassing flexibility in work time, location, and duration (Egole et al., 2020). The adoption of FWA has significantly increased due to technological advancements and the Covid-19 pandemic (Chung, 2022). FWA offers various benefits for organizations, including improved employee retention, job satisfaction, and productivity. At the same time, it provides employees with greater job autonomy, reduced stress levels, and enhanced work-life balance (Norgate & Cooper, 2021; Sirait & Nugroho, 2021).

c) Work-life Balance

Work-life balance describes a state in which an individual can effectively manage the responsibilities of their professional role alongside personal and social commitments, enabling both aspects of life to function in harmony without significant conflict. According to Greenhaus and Allen (2011), work-life balance is the individual's subjective assessment of how well their work and personal life align, where involvement in one area does not hinder engagement in the other. This concept highlights the importance of harmonizing professional responsibilities with family obligations or personal pursuits, viewing such balance as a key component of employee well-being.

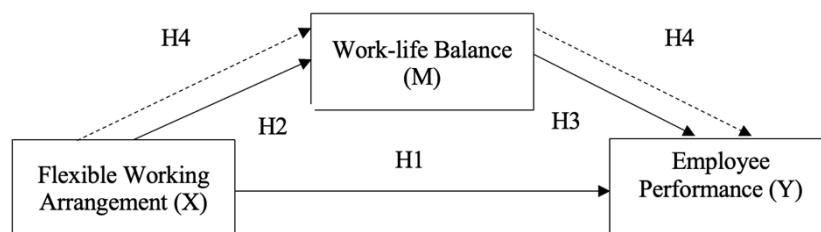


Figure 1
Conceptual Framework

Research Hypothesis

H₁ : The implementation of Flexible Working Arrangements has a positive and significant impact on employee performance.

H₂ : The implementation of Flexible Working Arrangements has a positive and significant impact on work-life balance.

H₃ : Work-life balance has a positive and significant impact on employee performance.

H₄ : Work-life balance functions as a mediating variable between Flexible Working Arrangements and employee performance.

Methods

This study uses a quantitative approach with a causal research design to examine the impact of Flexible Working Arrangements (FWA) on employee performance, with Work-Life Balance (WLB) serving as a mediating variable. The study population consists of 186 civil servants (ASN) at the Department of Manpower and Transmigration of West Java Province, from which 123 respondents were randomly selected using the Slovin formula.

Data were collected through an online questionnaire containing closed-ended statements measured using a five-point Likert scale, assessing three main variables: work time and location flexibility (FWA), work-life balance (WLB), and employee performance (including aspects such as accuracy, commitment, initiative, and teamwork).

Data analysis included classical assumption testing, multiple linear regression to assess the direct impact of FWA on WLB and employee performance, t-tests and F-tests to evaluate the significance of the relationships, and the Sobel test to examine the mediating effect of WLB. The research was conducted over a 30-day period in March 2025, aiming to provide a comprehensive overview of the effectiveness of the Dynamic Working Arrangement policy in the public sector.

Results

a) Respondents Characteristics

This study involved 125 employees of the Department of Manpower and Transmigration of West Java Province. The majority of respondents were male (65%), with the largest age group being over 35 years old (66%), indicating that most employees are in their productive and experienced years. In terms of tenure, 65% of respondents had worked for more than 7 years, suggesting a workforce dominated by long-serving and experienced personnel.

Most respondents were married (84%), a factor that may impact their ability to maintain a balance between work and personal life. Regarding job positions, 56% of employees held functional roles, while the rest were distributed across operational (35%), administrative (6%), and supervisory (3%) positions. In terms of work arrangements, 98% of employees operated under a hybrid working system, while only 2% worked fully on-site (Work From Office). This indicates that workplace flexibility has become an integral part of institutional policy aimed at enhancing employee productivity and efficiency.

b) Results of Classical Assumption Testing

1. Multicollinearity Test

This test is geared towards to detect the presence of strong linear correlations among the independent variables (X) in the model. This step typically involves checking the Variance Inflation Factor (VIF).

Table 1 Multicollinearity Test

Variable	VIF
Flexible Working Arrangement (X)	1.929
Work-life Balance (M)	1.929

Based on the result shown at Table 1, all of the variables have values <10 indicating the absence of multicollinearity. The result shows that the test results meet the assumptions and the analysis can be proceed.

2. Heteroscedasticity Test

A regression model is considered robust if it is free from heteroscedasticity issues. The test was conducted using the **Glejser test**.

Table 2 Heteroscedasticity Test

Variable	Sig.
Flexible Working Arrangement (X)	0.853
Work-life Balance (M)	0.566

Table 2 shows that all significance values exceed 0.05, indicating that the regression model does not suffer from heteroscedasticity. Thus, the assumption of homoscedasticity is met, meaning the residual variance is constant, and the regression analysis can be conducted with greater reliability.

3. Normality Test

The normality test is conducted to determine whether the regression residuals follow a normal distribution pattern or not (Ghozali, 2016). The test was performed using the Kolmogorov-Smirnov method.

Table 3 Normality Test

Kolmogorov Smirnov	X→Y	X→M	M→Y	X+M→Y
Sig.	0.040	0.016	0.017	0.004

As presented in Table 3, the significance value is below 0.05, suggesting that the residuals in the regression model deviate from a normal distribution.

In theory, the normality assumption in multiple linear regression is essential for ensuring the accuracy of parameter estimates and the validity of significance tests, especially when dealing with small sample sizes. Nonetheless, in studies with larger samples such as this one, which involves 125 participants the impact of non-normal residuals is generally minimal. This is supported by the Central Limit Theorem, which states that as sample size increases, the sampling distribution of the mean tends to approximate a normal distribution (Gujarati & Porter, 2009). Moreover, Ordinary Least Squares (OLS) regression is known to be relatively robust to violations of the normality assumption, especially in examining the relationships between variables (Wooldridge, 2013).

Therefore, despite the residuals not being normally distributed, the regression results can still be interpreted validly as long as other assumptions such as homoscedasticity and the absence of multicollinearity are satisfied. Since only the normality assumption is violated while the others are met, the analysis can proceed to multiple regression.

Hypothesis Testing Results Using Linear Regression

H₁ : The implementation of Flexible Working Arrangement has a positive and significant impact on employee performance

Table 4 Coefficient of Determination of FWA on Employee Performance

Model	R	R Square
1	.586 ^a	.343

Table 5 t-Test of FWA on Employee Performance

Model		Unstandardized Coefficients		t	Sig.
		B	Std. Error		
1	Constant	17.510	2.728	6.418	.000
	Flexible Working Arrangement (X)	.704	.088	8.014	.000

The simple regression results indicate that an R Square value of 0.343 means 34.3% of the variation in employee performance is explained by the implementation of FWA. The remaining 65.7% is attributed to other factors beyond the scope of this research. Additionally, the t-test yields a t-statistic of 8.014 with a p-value of 0.000, which is under the 0.05 significance level, thereby confirming that the hypothesis is accepted.

H₂ : The implementation of Flexible Working Arrangement has a positive and significant impact on work-life balance

Table 6 Coefficient of Determination of FWA on WLB

Model	R	R Square
1	.694 ^a	.482

Table 7 t-Test of FWA on Work-life Balance

	Model	Unstandardized Coefficients		t	Sig.
		B	Std. Error		
1	Constant	14.079	2.011	7.001	.000
	Flexible Working Arrangement (X)	.692	.065	10.688	.000

The table shows an R Square value of 0.482, indicating that 48.2% of the variability in WLB can be attributed to the implementation of FWA. The remaining 51.8% is influenced by other factors beyond the scope of this study. The t-test analysis yields a t-value of 10.688 with a p-value of 0.000, which falls below the 0.05 significance threshold, thus supporting the proposed hypothesis.

H₃ : Work-life balance has a positive and significant impact on employee performance

Table 8 Coefficient of Determination of WLB on Employee Performance

Model	R	R Square
1	.648 ^a	.419

Table 9 t-Test of WLB on Employee Performance

	Model	Unstandardized Coefficients		t	Sig.
		B	Std. Error		
1	Constant	11.593	2.947	3.934	.000
	Work-life Balance (M)	.781	.083	9.426	.000

The regression analysis results show an R Square of 0.419, indicating that Work-Life Balance accounts for 41.9% of the changes in employee performance, while the remaining 58.1% is affected by other factors not explored in this research. Furthermore, the t-test yields a t-score of 9.426 with a p-value of 0.000, which is lower than the 0.05 significance level, thereby validating the proposed hypothesis.

H₄ : WLB functions as a mediating variable between FWA and employee performance

Table 10 Coefficient of Determination FWA and WLB on Employee Performance

Model	R	R Square
1	.675 ^a	.455

Table 11 ANOVA test of FWA and WLB on Employee Performance

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	507.339	2	253.669	50.975	.000 ^b
	Residual	607.109	122	4.976		
	Total	1114.448	124			

Table 12 t-Test of FWA and WLB on Employee Performance

	Model	Unstandardized Coefficients		t	Sig.
		B	Std. Error		
1	Constant	9.616	2.950	3.260	.001
	Flexible Working Arrangement (X)	.316	.112	2.833	.005
	Work-life Balance (M)	.561	.112	5.013	.000

Referring to Table 10, the R Square value of 0.455 suggests that 45.5% of the variance in employee performance is accounted for by the two independent variables, while the remaining 54.5% is due to other external influences not included in this study. The ANOVA test results indicate an F-value of 50.975 with a significance level of 0.000, verifying that the regression model is statistically valid. In addition, the t-test results demonstrate that both Flexible Working Arrangements (FWA) and Work-Life Balance (WLB) have a positive and significant influence on employee performance.

$$Z = \frac{(0.692 \times 0.561)}{\sqrt{(0.561^2 \times 0.065^2) + (0.692^2 \times 0.112^2)}} = 4.53$$

The mediation test using the Sobel Test shows a Z value of 4.53, which exceeds the critical value of ± 1.96 . This indicates that WLB is a significant mediator in the relationship between FWA and employee performance.

Discussion

a) The implementation of Flexible Working Arrangement (FWA) has a positive and significant impact on employee performance

The analysis indicates that FWA positively influence employee performance. An increase in the degree of flexibility within the work system corresponds with improved employee effectiveness in fulfilling their responsibilities. This finding aligns with Work Design Theory, which posits that work flexibility provides individuals with control over how, when, and where they work, thereby enhancing motivation and performance (Morgeson & Humphrey, 2006). FWA enables employees to align their working hours with personal and family needs, reduce stress, and improve focus. In bureaucratic environments, the appropriate implementation of work flexibility can enhance productivity without compromising discipline and accountability.

b) The implementation of Flexible Working Arrangement (FWA) has a positive and significant impact on work-life balance (WLB)

The findings of the analysis demonstrate that FWA have a significant and positive influence on WLB. Increased flexibility in work settings enables employees to more effectively balance their professional duties with personal commitments. This result aligns with Hill et al. (2008), who argue that flexible work options assist individuals in managing their time more efficiently while minimizing conflicts between work and family responsibilities. Introducing flexible work systems within public sector institutions can be a strategic measure to improve employee well-being without diminishing the quality of government service delivery.

c) Work-life balance (WLB) has a positive and significant impact on employee performance

The analysis shows that WLB positively influences employee performance. Employees who successfully manage both their professional responsibilities and personal life are generally more focused, highly motivated, and display enhanced job performance. A well-maintained work-life balance also helps prevent burnout, enhances job satisfaction, and fosters employee loyalty. These findings support the role balance theory proposed by Greenhaus and Beutell (1985), which posits that WLB fosters role harmony, ultimately contributing to improved individual performance.

d) Work-life balance (WLB) functions as a mediating variable between Flexible Working Arrangements (FWA) and employee performance

The analysis indicates that WLB plays a significant mediating role in the relationship between FWA) and employee performance. This suggests that the impact of FWA on performance is both direct and indirect, with WLB acting as a key intermediary. In essence, flexible work systems help employees better manage the demands of their professional and personal lives, and this improved balance leads to enhanced job performance. These results support the mediation framework outlined by Baron and Kenny (1986), which explains that a mediator clarifies how or why an independent variable influences a dependent variable. Thus, Work-Life Balance functions as an essential link through which FWA positively affect employee performance.

Conclusion

The results of this study suggest that the adoption of Flexible Working Arrangements (FWA) positively and significantly influences employee performance at the Department of Manpower and Transmigration of West Java Province, both directly and indirectly through the mediating effect of Work-Life Balance (WLB). This

indicates that flexibility in terms of working time and location can enhance employee productivity while simultaneously supporting the maintenance of a healthy balance between work responsibilities and personal life. WLB has been shown to serve a crucial mediating function in the relationship between work flexibility and employee performance, suggesting that efforts to improve performance should also address employees' emotional and social well-being.

In light of these findings, it is recommended that the policy of Dynamic Working Arrangement (DWA) within government institutions be further developed through a more systematic and participatory approach. The use of digital technology for performance monitoring and evaluation should be accompanied by effective communication and clear job descriptions, ensuring that employees feel connected, trusted, and motivated. Local governments are also advised to formulate comprehensive technical guidelines for the implementation of DWA in order to minimize confusion among employees.

This study is limited by its focus on a single institution and its relatively short research period, which restricts the generalizability of the findings to other public sector organizations. Future research is therefore encouraged to include a wider range of institutions across various sectors and to adopt a longitudinal approach to better capture the long-term dynamics of FWA implementation on employee performance. Additionally, in-depth exploration of other influencing factors may further enrich understanding of the effectiveness of flexible work policies in the public sector.

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