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Flexible work arrangements and employee performance: Unpacking the mediating role of work-life balance among employees

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ABSTRACT

Despite growing interest in flexible work arrangements (FWAs), their effects on employee performance in the Malaysian construction industry, particularly the mediating role of work life balance (WLB), remain insufficiently explored. A total of 306 construction employees in Sarawak, Malaysia, were surveyed using structured questionnaires that were distributed through a simple random sampling method. The responses were subsequently analysed using structural equation modelling (SEM). The results indicate that WLB played a significant mediating role in determining whether FWAs have a positive impact on employee performance. This study offers valuable insights for organisations seeking to improve workplace learning, employee satisfaction, and performance through the implementation of effective FWAs. However, the study is limited by the need for further exploration of policy implications and management strategies to establish supportive conditions for FWAs. The study makes a significant contribution to the existing body of knowledge by highlighting the importance of FWAs and WLB in enhancing employee performance, particularly in the Malaysian construction sector.

Keywords: flexible work arrangements, work-life balance, employee performance, construction sector, Malaysia

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1 INTRODUCTION

Malaysia's 12th Plan outlines the need to enhance Flexible Work Arrangements (FWAs) to promote economic growth and improve the well-being of Malaysian families. Allowing employees to work more flexibly and have adaptable schedules that promote work-life balance is expected to improve job satisfaction and increase productivity. This aligns with the 12MP's aspiration to strengthen growth catalysts by enhancing workforce motivation and engagement, which are crucial for innovation and productivity (Latif et al., 2023; Ministry of Economy, Malaysia, 2021).

Globalisation and technological advancements have transformed traditional work practices (Tan & Doraisamy, 2025). As a result, concepts such as teleworking, flexible working, or hybrid working have become crucial in improving both productivity and employee satisfaction simultaneously (Aprilina & Martdianty, 2023; Feleen et al., 2021). These configurations empower employees to choose the structure of their work schedule in terms of what, when, and where they work, thereby allowing for a better distribution of family and job responsibilities (Latif et al., 2023).

FWAs in Malaysia have also seen greater adoption in recent years, following the outbreak of the COVID-19 pandemic, which emphasised the relevance of flexible work practices (Mohd Salim et al., 2023; Haziq et al., 2023). The Malaysian government has implemented numerous policies, such as the Employment Act 1955, and the 12th Malaysia Plan embraces FWAs due to their importance in economic growth and improving the quality of workers (Bahsri et al., 2023; Shaari & Amirul, 2023). However, the use of FWAs in Malaysia's construction sector remains limited, presenting both challenges and opportunities for research (Mahmud et al., 2022).

As another key outcome, FWAs impact observable performance behaviours, including task completion, cooperation, and commitment (Harzer & Ruch, 2014; Welbourne et al., 1998). WLB plays a moderating role in mediating between work and personal life, leading to enhanced Employee Performance (EP) (Aziz-Ur-Rehman & Siddiqui, 2020; van der Lippe & Lippenyi, 2020). However, limited research has been conducted specifically on the effects of FWAs on employee performance through the lens of WLB within Malaysia's construction sector, where the focus is on demanding schedules and project-based employment (Abd Razak et al., 2018; Ayuningtias et al., 2023).

This research aims to address the gap by examining the relationship between FWAs, employee productivity, and WLB in construction firms. Drawing on Social Exchange Theory (SET), which emphasises reciprocity in workplace interaction, this study provides how flexible work arrangements (FWAs) improve employee performance through mutual responsibilities (Zhenjing et al., 2022). The conclusions are discussed about their impact on organisational policies and managerial initiatives that could contribute to the improvement of the work environment.