



The Effect of Work Environment on Flexible Working Hours, Employee Engagement and Employee Motivation

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ABSTRACT

Employee engagement is one of the concentrations of the human resources department. Many programs are run to increase employee engagement value from year to year. This study aims to analyze the influence of work environment and flexible working hours on employee engagement with employee motivation as an intervening variable. The respondents of this study focus on millenials supervisor up from manufacture and service company in Java Island, Indonesia. The type of research used is quantitative with survey method. Research respondents were 110 people and the data were analyzed using Structural Equation Model - Analysis of Moment Structures. The results show that there is an influence of work life balance and flexible working hours on employee engagement. We also used Sobel test to see that employee motivation have a function as a mediating or not in this study. According to the results, employee motivation has the effect of mediating between work environment and flexible working hours on employee engagement.

Keywords: Work Environment, Flexible Working Hours, Employee Engagement, Employee Motivation, Manufacture

JEL Classifications: J5, J81

1. INTRODUCTION

Work environment determines social, psychological, and physical life in the company (Hertati, 2015), the work environment is very influential on the level of comfort of workers (Soehari et al. 2019). then in carrying out the tasks in an organization the influence of the environment determines the value of the job (Syafarudin 2016). As human life goes along, it is inseparable from various problems in the environment (Hertati, 2016). Around, human beings are environmentally, there is a very close relationship (Hertati, 2015).

The work environment is a condition that exists around workers (Hertati, 2015). Then the environment greatly influences a person in carrying out tasks that are charged (Hertati, 2015). Furthermore, according to Hertati (2016) the work environment is a whole ranging from human resources to tools and materials faced, the surrounding environment where a person works, methods of work,

and work arrangements both as individuals and as groups (Hertati and Sumantri, 2016).

Based on the book "Millennial Archipelago" written by Hasanudin Ali and Lilik Purwandi it was stated that >35% of Indonesia's population is a young population between 15 and 34 years. There are people who were born around 1980-2000, which we often call Millenials. It is this young group that has brought about major changes in the organizations that employ them. Because it means the current conditions there are 3 generations working in the organization, the millennial Y generation that almost dominates the workers, Generation X who has occupied strategic positions and the baby boomer generation who are almost at retirement age. With this composition, all companies must of course have their own tricks on how to deal with millenials to engage with companies, moreover the different generations certainly have far different behaviors as well, with the rapidly developing technology,

inevitably organizations have to think hard about getting candidates best and maintain high-performing workers so that organizational productivity increases rapidly. This productivity increase will increase the competitiveness of companies in the increasingly competitive of business.

Furthermore Hertati (2016) states that flexible work is considered to provide many benefits for employees. But actually there are also losses that will be felt by employees with flexible working hours (Syafarudin 2016).

Hertati 2015 (defining employee work involvement about internalizing the values of work goodness or the importance of work for one's worth. Furthermore, work involvement as the extent to which work performance greatly influences his self-esteem and the degree to which a person participates in the psychological work or the importance of work in his total self-image, Hertati and Sumantri (2016) states that individuals who have high involvement more identify themselves in their work and consider work as a very important thing in their lives that they do in life.

Hertati and Sumantri (2016) says that job involvement (job involvement) refers to the degree to which a person psychologically sits with his organization and the importance of work for his image. He emphasized that someone who has a high work involvement can be stimulated by his work and immersed in his work.

Syafarudin (2016) added that employees who have a high level of involvement are very impartial and truly care about the field of work they do. Someone who has a high job involvement will merge into the work he is doing. The high level of work involvement is related to organizational citizenship behavior and work performance. In addition, a high level of work involvement can reduce the number of employee absences (Soehari et al. 2019).

2. LITERATURE REVIEW

2.1. Millenials Generations

Based on the book "Millennial Nusantara" written by Hasanudin Ali and Lilik Purwandi it was stated that >35% of Indonesia's population is a young population between 15 and 34 years. There are people who were born around 1980-2000, which we often call millenails. It is this young group that has brought about major changes, including the organizations that employ them. Because it means that the current condition is that there are 3 generations working in the organization, the millennial Y generation that almost dominates the workers, generation X who has occupied strategic positions and the baby boomer generation who are almost at retirement age. Generation of Y Millenials prefers to work for organizations where they can work with technology, email communication and social media (Zarim and Zaki, 2015).

2.2. Employee Engagement

According to (Muthike, 2016), employee engagement can be defined as the willingness of employees to work extra, trust the organization and what they stand for in an effort to help the success of the organization. Companies globally cannot find a match between profit, productivity, and employee involvement in

the office Jain and Swami (2014), therefore some global company leaders try to align organizational strategies with talent strategies in organizations. According to employee engagement is indeed something that can be measured (Trivellas et al., 2013). This is a blend of pride, satisfaction, advocacy, and retention. Employee involvement has been a topic that has been widely discussed in recent years. However, there is still ambiguity, because there are differences of opinion about the variables that are positively and negatively related to employee engagement. Time, place and objects that are examined can influence the results of research. Hewitt (2015) states that a good company has 1 factor that can be seen, namely having a high level of employee engagement index (High employee engagement), which is characterized by several employee behaviors, among others, They talk positively about the organization where they work, they are committed to staying in the organization and they feel motivated to exert extra effort to achieve organizational goals. The results of the survey conducted by Hewitt, (2015) obtained an engagement index of 60% for the average in all countries.

2.3. Employee Motivation

There are motivational theories put forward by several experts Pinder (2014). These theories emphasize the importance of understanding the factors contained in the individual that cause individuals to behave in a certain way. One of the most referenced theories of motivation is the hierarchy of Needs theory proposed by Abraham Maslow. Maslow views human needs based on a hierarchy of needs from the lowest needs to the highest needs. The basic human needs identified by Maslow in order of importance are as follows: Physiological Needs (basic needs), security needs, affiliate needs or acceptances (social needs), award needs (esteem needs), and self-actualization. There is a positive relationship between employee motivation and performance. The higher employee motivation will add to the employee's performance (Trivellas, 2013). Mikkelsen et al., 2017 said that researchers and academicians have viewed motivation as the force to behave in a specific way.

2.4. Work Environment

A comfortable workplace can increase productivity, because employees can work well, as well as it should, a work environment that is not conducive will reduce productivity and can even cause workers not to feel at home and move to other companies that have a more conducive working atmosphere. A comfortable and conducive work environment is not only from the factors of work facilities that are fulfilled, but from the convenience of communicating and working with fellow team members. Convenient facilities include, enough space to work, interior aesthetics of the workspace, lighting effects, comfort with adequate ventilation and air circulation, unobtrusive noise levels, ergonomic visual and anthropometric disturbances. According to Debbie et al. (2014), companies need to improve and provide offices that are conducive to motivating and inspiring employees to work appropriately and in a productive environment. Pitaloka and Sofia (2014) also found that a conducive work environment has a positive effect on job satisfaction and organizational commitment. Consequently, if job satisfaction and organizational commitment can be achieved then it becomes a positive source that encourages the spirit of employee involvement to work harder to achieve organizational goals (Cai, 2014).

2.5. Flexible Working Hours

In a study conducted by Abid and Barech (2017), stating that flexible working hours can be carried out with mutually beneficial agreements between employees and management, this is intended to increase employee productivity and higher organizational profitability. Hashim, (2017), also conducted research on time flexibility to provide opportunities for employees to dilute work life and family life conflicts. Compared to today, organizations are under constant pressure to produce goods and services, the right quality at the right price, and when customers want it. That means that new ways of working must be found to make the best use of staff and other resources. Flexible forms of work can help organizations to improve customer service by satisfied employees.

3. HYPOTHESIS

By referring to the conceptual framework above, the author formulates the hypothesis as follow:

- H1: There is an influence of work environment on employee motivation
- H2: There is an influence of work environment on employee engagement
- H3: There is an effect of flexible working hours on employee motivation
- H4: There is an effect of flexible working hours on employee engagement
- H5: There is an influence of work environment on employee engagement through employee motivation
- H6: There is an effect of flexible working hours on employee engagement through employee motivation
- H7: There is an influence of employee motivation on employee engagement.

4. RESEARCH METHODS

This research uses quantitative approach with survey method conducted on Y milenials Generations of Supervisor up in Java, Indonesia, with total sample of 110 people. All variables in the study were measured using a Likert scale of 1-5.

5. RESULTS AND DISCUSSION

5.1. Statistical Analysis

Statistical Analysis in this research using Structural Equation Model - Analysis of Moment Structures (SEM AMOS).

5.2. Goodness of Fit Model

Goodness of fit testing is a hypothesis testing to determine whether a set of expected frequencies is equal to the frequency obtained from a distribution. complete structure of the variables to be analyzed. Can also be said as a test of compatibility or commensurate goodness between the results of observations (frequency of observations) with certain frequencies obtained based on their expectations or theoretical frequencies. After analyzing the data, we obtain a structure that has a goodness of fit model the SEM AMOS prerequisites is as follows:

Service Industry, SEM, AMOS, Sobel test

Based on the Figure 1, after modifying the model, the model has a probability >0.05 (probability = 0.163), Chi-square is 162.697, RMSEA is 0.02 (Specifications: 0.02 - 0.08) thus, the model has been used to test the hypothesis in this study.

5.3. Significance Test

Significance test aims to test whether there is a significant effect of endogenous variables on endogenous variables. The hypotheses built in this test are as follows:

Ho: There is no significant effect of exogenous variables on endogenous variables

Ha: There is a significant effect of exogenous variables on endogenous variables. With a significant level of 0.05, Ho will be rejected if the significant value $(P) < 0.05$ and $cr > 1.96$, whereas if the value is significant $(P) > 0.05$ and $cr < 1.96$ then Ho is accepted. The following are the results of the model significance test (Table 1).

5.4. Sobel Test

Employee motivations work as a intervening variable. To see what the employee motivations has an effect to mediating work environment and flexible working hours on employee engagement, we used sobel test to analysis. Sobel Test can be done by simple way, enough to enter its value to online software <http://quantpsy.org/sobel/sobel.htm>

The hypotheses used in the Sobel test are as follows:

Ho: EM can mediate the effect of exogenous variables on EE variables

Ha: EM cannot mediate the effect of exogenous variables on EE variables.

With a significance level of 0.05, Ho is rejected if the p value of the Sobel test results is < 0.05 or t value > 1.96 whereas if the p value is > 0.05 and t value is < 1.96 then Ho is not rejected. (be accepted) (Table 2).

6. THE RESULTS OF HYPOTHESIS TESTING AND DISSCUSIONS

Based on the results of SEM analysis in the table above, some results are obtained as follows:

H1: There are influences of Work Environment on Employee Motivation => accepted

The P value of the work environment variable on employee motivation is very significant ($P = ***$) with c.r marked positive at 6.282. Because the P value obtained is < 0.05 and cr is positive and > 1.96 , H1 is accepted and it is concluded that the work environment variable has a positive and significant effect on the employee motivation variable, the higher the work environment variable so will the higher the employee motivation variable, vice versa.

H2: There is an influence of Work Environment on Employee Engagement => Accepted

Figure 1: Result of goodness fit model

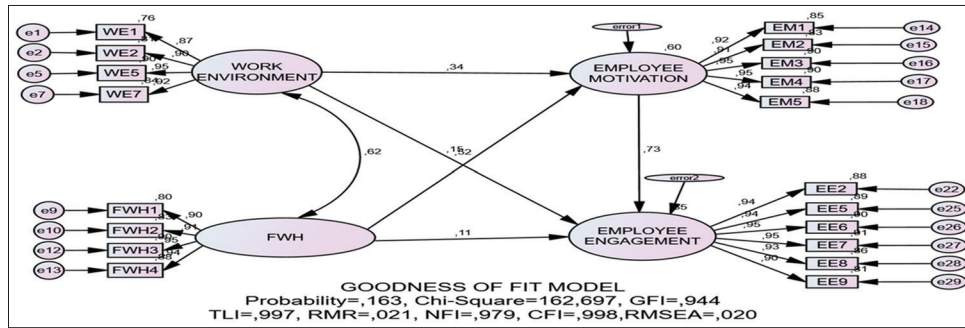


Table 1: Result of significance test regression weights: (group number 1 - default model)

Variable	Correlance	Estimate	S.E.	C.R.	P	Label	
EMPL_MOTIV	<---	WORK_ENVI	0.369	0.059	6.282	***	par_15
EMPL_MOTIV	<---	FWH	0.522	0.056	9.354	***	par_17
EMPL_ENGAGE	<---	WORK_ENVI	0.167	0.042	3.956	***	par_16
EMPL_ENGAGE	<---	FWH	0.115	0.043	2.673	0.008	par_18
EMP_ENGAGE	<---	EMPL_MOTIV	0.744	0.050	14.908	***	par_19

Source: Data processed

Table 2: Result of sobel test

Variable	Correlance	P-value	t-statistics	Result
Work environment	WE-EM-EE	0.00000008	5.36027245	Has an effect mediating
Flexible working hours	FWH-EM-EE	0	7.83526201	Has an effect mediating

Source: Data processed

The P value of the work environment variable on employee engagement is significant (P = ***) with c.r marked positive at 3.956. Because the value of P value obtained >0.05 and c.r is positive and <1.96, H2 is accepted and it is concluded that the work environment variable has a significantly influence the employee engagement variable,

H3: There is an effect of Flexible Working Hours on Employee Motivation => Accepted

The P value of the flexible working hours variable on employee motivation is very significant (P = ***) with c.r marked positive at 9.354. Because the P value obtained is <0.05 and cr is positive and >1.96, H3 is accepted and it is concluded that the flexible working hours variable has a positive and significant effect on the employee motivation.

H4: There is an effect of Flexible Working Hour on Employee Engagement => Accepted

The P value of the flexible working hours variable on the employee Engagement is significant (0.008) with c.r marked positive at 2.673. Because the P value obtained <0.05 and c.r is positive and cr >1.96, H4 is accepted and it is concluded that the flexible working hours variable has a significantly influence the employee engagement.

H5: There is an influence of work environment on Employee Engagement through Employee Motivation => Accepted

From the sobel test result, we can see that the p value to correlation of compensations on Employee Engagement through Employee Motivation is 0.00000008. The value <0.05, its mean that, employee motivation has an effect as mediator of work environment on employee engagement.

H6: There is an effect of Flexible Working Hours on Employee Engagement through Employee Motivation => Accepted

From the sobel test result; we can see that the P value to correlation of work life balance on employee engagement through employee motivation is 0. The value >0.05, its mean that, employee motivation has an effect as mediator of flexible working hours on employee engagement.

H7: There is an influence of Employee Motivation on Employee Engagement => Accepted

Value of P value the influence of the employee motivation variable on employee engagement is very significant (P = ***) with c.r marked positive at 14,908. Because the P value obtained is <0.05 and cr is positive and >1.96, H7 is accepted and it is concluded that the employee motivation variable has a positive and significant effect on the employee engagement variable.

7. CONCLUSION

The results of this study can be summarized as follows:

1. Work environment have an influence on employee motivation and employee engagement. This means that good work environment can improve employee motivation and employee engagement for Y millenials generations.
2. Employee motivation have the effect of mediating the relationship between work environment on employee engagement.
3. Flexible working hours have an influence on employee motivation and employee engagement. This means that if

the company applies flexible working hours, can improve employee motivation and employee engagement for Y millenials generations.

4. Employee motivations has an effect of mediating the relationship between flexible working hours on employee engagement.

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