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INFLUENCE OF FLEXIBLE WORK ARRANGEMENT ON ORGANIZATIONAL PERFORMANCE IN THE E BANKING INDUSTRY IN KENYA

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ABSTRACT

Customer satisfaction and customer service being the prime work in the banking sector has evoked changes which consequently have brought changes in work setups. For example, employees in the banking sector in Kenya are more involved in their jobs, working longer hours more than 48 hours (ILO 2020) hence making it difficult for employees to keep a balance between job, family and other personal issues. This has resulted in work life conflicts which has been found to be associated with mental health issues like stress and depression. The study objective was to determine the influence of flexible work arrangement on organizational performance in the banking industry in Kenya. This study adopted a cross-sectional survey. The target population covered 43 banks focusing on branches in Nairobi. Primary data was collected using questionnaires that had both structured and unstructured questions. On data analysis, multiple regression analysis was used to regress relationship between flexible work arrangements and organizational performance. It was found that workplace flexibility initiatives are increasingly seen as a critical component of a result-driven workplace. More and more organizations are recognizing how flexible work arrangements can be used to meet their business objectives and facilitate employee effectiveness on and off the job. The study concluded that consideration of flexible work arrangement aspects that pertains to employees, can greatly influence organizational performance in banks in Kenya. Child care issues, dependent care and employees having more time with the family had a positive and significant linear relationship on organizational performance which were customer satisfaction, target standards, employee satisfaction. The study recommends that managers should provide flexible work arrangements considerations such as giving employees flexibility on when to begin and end work as long as they meet the targets since this influences organizational performance.

Keywords: Influence, Flexible Work Arrangement, Organizational Performance, Banking

INTRODUCTION

For many employees today both male and female lives are becoming more consumed with a host of family and other personal responsibilities and interests in addition to demands of the workplace (Grantol-Vallore & Donaldson, 2001). There is therefore a perceived imbalance between the demands of current lives and people's abilities to adequately cope with them and this may lead to an experience of stress (World of Work Report, 2011). In the current global work environment, there is intense competition for talented employees

and for market share based on higher product quality and lower prices in order to realize strategic advantage. Competition also requires organizations to take into account diversity of employee's needs, work life values, cultural influences in the areas where the companies operate as well as the diversity of working relationships in order

to attract, retain and fully engage the employee. As many organizations come to terms with these challenges of attracting and retaining the best talent coupled with the emerging issues of work life conflicts, it is important that managers employ a variety of human resource practices to attain organizational goals (Mclean & Collins, 2011). Three major factors contribute to the interest and importance of serious consideration of flexible work arrangement: global competition, renewed interest in personal lives, family values and an aging workforce. Concerns have always been raised regarding policy and debates on flexible work arrangement from perspectives of the quality of working life when weighed against the broader family matters. However, the challenge has been how employees would adopt good flexible work arrangement practices and the organizations to adopt policies to tackle conflicts that ensue from the interface of family or social pressures and work stress.

Statement of the Problem

The fast pace of economic development in the 20th century across the globe has created new endeavors for the organizations. Globalization has changed the world into a global village where this change has pushed the organizations like the banking sector to strive hard to gain and sustain their competitive advantage. Customer satisfaction and customer service being the prime work in the banking sector has evoked changes which consequently have brought changes in work setups (Korir, 2015). For example, employees in the banking sector in Kenya are more involved in their jobs, working longer hours more than 48 hours (ILO, 2010) hence making it difficult for employees to keep a balance between job, family and other personal issues (Muhammadi et al., 2009). Hence this has resulted in work life conflicts which has been found to be associated with mental health issues like stress and depression (Beck & Davis, 2004) which in the long run affects performance of the organization. International labour organizations global report on flexible work arrangement of 2010 rates Kenya among those with the highest prevalence of long working hours

more than 48 hours per week (ILO, 2010). Moreover, the banking sector in Kenya is said to be the most affected by work life imbalances ranking 3 in a list of 24 industries (ILO, 2010) raising concerns from key stakeholders in the country because of work life conflict and life work conflicts. Research has shown that WLB is associated with reduced levels of stress and somatic complaints, increased job satisfaction and reduced labor turnover as well as organizational performance (Rathi & Barath, 2013). Little research has been done on Flexible work arrangement programs as a way of improving performance among commercial banks in Kenya (Kamau et al., 2015)

Research Objective

The study objective was to determine the influence of flexible work arrangement on organizational performance in the banking industry in Kenya.

Hypothesis

H01: There is no significant influence of flexible work arrangement on organizational performance in the banking industry in Kenya.

Scope of the Study

The study covered all the 43 banks registered by Central Bank of Kenya focusing on branches in Nairobi. Specifically, the study sought to determine the influence of Flexible work arrangement programs on organizational performance on organizational performance in the banking industry in Kenya.

LITERATURE REVIEW

Component Theory

The theory emphasizes balance as a direct formative latent construct (Edwards and Bagozzi, 2000), which means that flexible work arrangement consists of multiple facts that precede balance and give meaning (Grzywacz & Carlson, 2007). According to Greenhaus et al., (2003), flexible work arrangement consists of time, involvement balance and satisfaction balance. Work life balance consists of time balance, involvement balance and satisfaction balance of which time balance refers to equal time devoted, involvement balance refers to equal psychological effort and presence invested and satisfaction balance refers to equal satisfaction expressed across work and family roles. According to Frone, (2003), in turn, flexible work arrangement consists of work life conflict and work life facilitation (corresponding with role conflict and enhancement respectively). The advantage of the component approach over the overall appraisals approach to flexible work arrangement is that one can use conceptually based measures of balance that tap into the different aspects of flexible work arrangement. These aspects form the overall evaluation of how well an individual is meeting

role related responsibilities (Grzywacz & Carlson, 2007). The advantage of the component approach over the overall appraisals approach to work life balance is that one can use conceptually based measures of balance that tap into the different aspects of work life balance. These aspects form the overall evaluation of how well an individual is meeting role related responsibilities (Grzywacz & Carlson, 2007).

Empirical Review

Flexible Work Arrangements

Hill et al., (2001) investigated the extent to which flexible hours and flex place arrangements resulted in benefits for individuals (more satisfactory work family balance) and organizations (longer work hours). They reported that given a reasonable work week which they considered to be between 40 and 50 hours per week, employees who perceived flexibility in the timing and location of their work, had less difficulty with work-family balance. Moreover, Hill et al., (2001) reported that employees with perceived flexibility in the timing and location of work could work longer hours.

Organizational Performance

Firm performance is the outcome achieved in meeting internal and external goals of a firm (Lin et al. 2008). Performance has several outcomes including growth, survival, success and competitiveness. Better performing employees at work become more committed to their organizations and ultimately contribute to increased organizational performance as well as growth of the economy. To achieve this flexible work arrangement is important. Availability of flexible work arrangement practices have also been related to increased affective commitment and decreases turnover intentions among all employees not just users of the practices (Grover & Crooker 1995). Organizations offering flexible work arrangement practices enjoy increased profit rates. Consequently, WLB helps employees improve relationships with family and friends. Employees will enjoy better physical and mental health by managing work life properly. The existent literature suggests that W.L.B practices generally have a positive impact on individuals and organizational productivity. Pfizer Canada reported a 30% productivity increase in its translation department when employees were provided with flexible work arrangement and specifically telecommuting. Focusing on customer service specifically KPMG has reported that allowing employees to take emergency time off to attend to carer responsibilities has been a driving force behind

their retention and superlative services provision (Ioan, 2010)

RESEARCH METHODOLOGY

This study adopted a descriptive survey research design using both qualitative and quantitative approaches. Quantitative approach because it places emphasis on methodology, procedure and statistical measures to test hypothesis and make predictions. (Mugenda, 2003, Saunders, 2009). Qualitative approach was also used because it provides greater depth to response and understanding which forms a link with respondents (Berg, 2001). This research design has been used in previous studies by Baughman, DiNardi & Holtz (2003); Mukanzi, Gachunga, Karanja & Kihoro (2014).

The target population consisted of 43 registered banks by the central bank of Kenya (CBK, 2015). These consisted of banks located in Nairobi because major banks have their busiest and main branches in Nairobi and most of their headquarters are in Nairobi with a target population of 36,212 employees (Bank Supervision Annual Report, 2015).

The sample size was determined by use of the following formula;

$$n = \frac{Z^2 pq}{e^2}$$

$$n_{\text{adjusted}} = \frac{Nn}{N+n}$$

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Where

n=number of samples, N=Total population and e=precision level 0.05.

z=Standard normal distribution set at 1.96 corresponding to a confidence level of 95% p=probability of success (0.5)

q=probability of failure

In this case the target population being 36,212 at 0.05 level of significance, the sample size was:

$$\frac{0.96 \times 36,212}{0.05^2 (36,212) + 0.96}$$

$$\frac{34,7632.52}{91.4875}$$

379.9

= ~380 Respondents

But to cater for discrepancies such as uncollected or incomplete questionnaire and for accuracy of the study more than 400 questionnaires were distributed in the field and precisely 450 questionnaires. Salant and Dillman (1994) noted that the sample size should be increased when using stratified samples to maintain necessary precision. This is an evidence from the study to show that more questionnaires above the sample size can be distributed for accuracy.

The multiple regression model for this study was:

$$Y = \beta_0 + \beta_1 X_1 + e$$

YOrganizationalperformance

X1 Flexible work arrangements
Bo Constant
e Stochastic term (error)

RESEARCH FINDINGS AND DISCUSSION

Regression Analysis of Flexible Work Arrangement and Organizational Performance

Test to determine the amount of variation on dependent variable explained by the independent variable flexible work arrangement were carried out. Results in table 1a, 1b, 1c below shows. The amount of variation on the dependent variable explained by the independent variable. **The results of regression analysis revealed that there is a significant positive relationship ($\beta = 0.262$, $p < 0.001$)** between flexible work arrangement and organization performance. This means that increase in the use of flexible work arrangements in the organization will lead to increase in organization performance in the banks in Kenya. The independent variable reported R value of 0.262 and $R^2 = 0.068$ which means that 6.8% of corresponding variations in organization performance can be explained/ predicted by flexible work arrangements. The rest of the variation 93.2 % could be explained by other variables not included in the model. The model is $\text{performance} = 1.979 + 0.165(\text{flexibility work arrangement index})$. The F test gave a value of $F(1,411) = 30.223$, $p < 0.001$ which is relatively large enough to support the goodness of fit model explaining the variations in the dependent variables. This validates that flexibility is a useful predictor of organizational performance. The results of regression analysis revealed there was significant positive relationship (0.262 , $p < 0.001$) between flexible work arrangement and organizational performance. This implies that employees who experience higher levels of flexible work arrangement tend to have higher performance. Respondents indicated that when provided with leave, not working during weekends, creating more time for personal matters, reducing working hours will ensure they have a fulfilled flexible work arrangement. Therefore, H_0 of the study is supported which states that there is no significant influence of flexible work arrangements on organizational performance in the banking industry in Kenya; hence we reject the null hypothesis. This shows that the regression model has less than 0.001 likelihood (probability) of giving a wrong prediction. Hence the regression model has a confidence level of 95%

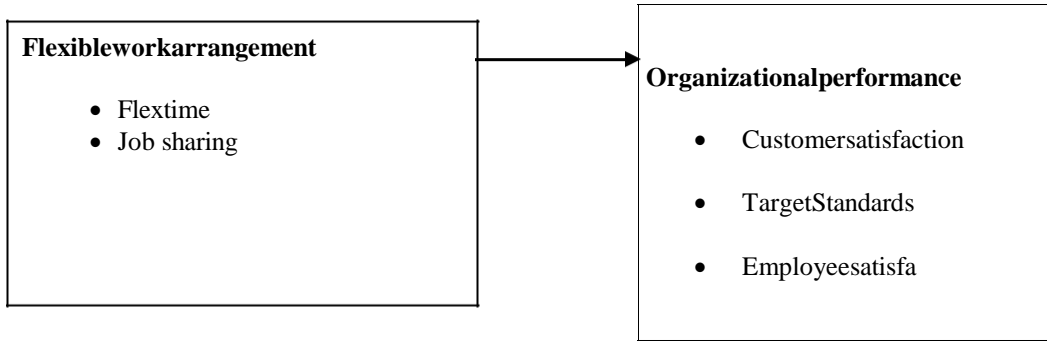
Discussion of Findings for Flexible Work Arrangement on Organizational Performance

The objective for this study was to determine the influence of flexible work arrangement on organizational performance in the banking industry in Kenya. The coefficient for flexible work arrangement was 0.158. This means that a unit change in flexible work arrangement will result to a change in organizational performance by a factor of 0.158 at 5% significant level. The results of regression analysis revealed that there is a significant positive relationship ($\beta = 0.262$, $p < 0.001$ (see table 1 c) between flexible work arrangement and organization performance. Baltes et al., (1999) also found positive effects of flexible work schedules on productivity in their meta-analysis.

In reviewing the results from studies conducted by Newstrom (1982; 1983), Kossek and Ozeki (1999) concluded that a more limited amount of flexibility was optimal in predicting improved performance, with employees specifying in advance what hours they would work, rather than varying their schedule on an ad hoc basis. Findings by Porter (2008) argued that flexible work arrangement and demand for services have substantially increased. As work become more flexible, they demand new management skills, hence better and reliable service delivery, as well as more responsive services; As a consequence, to improve flexible arrangements on e.g. day off, annual leave and night outs, workers needs and expectations satisfy them hence provide excellent services to the employer. These results also agree with Tumi (2005) who argued that understanding the nature of the flexible work one provides to the employer allows for an appreciation of how the workers see the services provided. According to De-Tumi (2005), in any work flexibility, the employee's performance is crucial to one's ability to ensure that they are satisfied beyond expectation. This helps to give employees not what is obvious but also fulfill a multitude of less obvious employee's needs (De-Tumi, 2005). This results again agrees with findings by Christopher (2014) where the respondents indicated that having the opportunity to adapt their work schedule according to their own needs brings along positive attitudes not only in their personal life but also in their work-life. The study showed that flexible working hours offered respondents the opportunity to put in the necessary effort and energy in their work during the moments that counted most.

Figure1.ConceptualFramework

Conceptual Framework



Independentvariable

Dependent variable

Table1aModelSummary

Model	R	RSquare	AdjustedR Square	Std.ErroroftheEstimate
1	.262 ^a	.068	.066	.41616

Table 1bANOVA^b

Model		SumofSquares	Df	MeanSquare	F	Sig.
1	Regression	5.234	1	5.234	30.223	.000 ^a
	Residual	71.182	411	.173		
	Total	76.416	412			

Table1cCoefficients^a

Model		UnstandardizedCoefficients		Standardized Coefficients	T	Sig.
		B	Std.Error	Beta		
1	(Constant)	1.979	.080		24.879	.000
	Flexible work arrangement	.165	.030	.262	5.498	.000

a. Dependent Variable: Organizational performance

Chow and Keng-Howe's (2006) study of workers in Singapore revealed that the more flexible their schedules, the greater their self-reported productivity. With regard to contextual performance, the perceived usefulness of available practices has been found to predict increased organizational citizenship behavior (Lambert, 2000). The findings of this study from the qualitative data indicated that employees desired to have more considerations on flexible work arrangements and avoiding reporting to work early would ensure they do not leave the organization hence they desired the organization to adopt such practices for increased performance. Informants also noted that their organizations should offer scholarship and support further education as part of flexible work arrangements hence this would ensure increased performance for their part. Reduction of working hours was also stated as a way in which the banks would enable employees to have quality time with family, personal, leisure and work which would enable them to increase their performance.

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Workplace flexibility initiatives are increasingly seen as a critical component of a result-driven workplace. More and more organizations are recognizing how flexibility can be used to meet their business objectives and facilitate employee effectiveness on and off the job. The way organizations handle issues of flexibility means that organizations may struggle to attract and retain top talent, lose out to other more innovative companies and experience reduced profits. The research attempted to establish whether the organization allowed employees flexible time, flexible career paths and job sharing as some of the ways to ensure flexible work arrangement. Based on the findings of this study, flexible work arrangements had a significant effect on the organizational performance of banking industry in Kenya. Organizational performance in the banking industry in Kenya when measured in terms of customer satisfaction, target standards and employee satisfaction was positively influenced if employees were allowed flexible work arrangements. The predicting power of R square when flexible work arrangements was introduced in the regression model was statistically significant ($R^2=0.068$) implying that flexibility had influence on organizational performance in the banking industry in Kenya and therefore the null hypothesis H_03 was rejected. The results of regression analysis revealed there was significant positive relationship $p<0.001$ between flexible work arrangement and organizational performance. This implies that employees who experience higher level of flexibility tend to have higher performance. Respondents indicated that when provided with leave, not working during weekends, creating more time for personal matters, reducing working hours and reducing early reporting to the place work would ensure they have a fulfilled flexible work arrangement. Therefore, taking into consideration that flexible work arrangements practices were provided for to some extent by the banking industry in Kenya that were sampled in this study, it is then likely that these practices can help increase organizational performance in the banking industry in Kenya. The study showed that flexible working hours offered respondents the opportunity to put in the necessary effort and energy in their work during the moments that counted most. The study gave evidence that those organizations and managers who are result oriented are more open to flexible working benefits since their main goal is the end result rather than the method used to achieve.

CONCLUSIONS

Based on the results of this study, it can be concluded that consideration of flexible work arrangements aspects that pertains to employees, can greatly influence organizational performance in banks in Kenya. Child care issues, dependent care and employees having more time with the family had a positive and significant linear relationship on the measures of organizational performance which were customer satisfaction, target standards, employee satisfaction. The multiple regression results of this study indicated that there is linear relationship between flexible work arrangement and organizational performance.

RECOMMENDATIONS

The study recommends that managers should consider flexible work arrangements consideration since this influences organizational performance. Flexible career paths and encouraging job sharing as a form of flexibility is important in increasing performance of an organization. The research recommends that organizations should diagnose employees flexible work arrangement practices needs and develop practical solutions by implementing them so as to be able to achieve business goals.

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