Workplace flexibility and organisational citizenship behaviour: an investigation of the mediating role of engagement and moderating role of perceived fairness

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Abstract: This study aims to better understand the effect of employee engagement and perceived fairness on positive workplace behaviour. Using the social exchange theory (SET) and agent-system model, this study investigated: 1) the mediating role of employee engagement in linking workplace flexibility with organisational citizenship behaviour (OCB); 2) the moderating role of perceived fairness in influencing the mediation. The conceptual model and defined hypotheses were measured using hierarchical multiple regression, different mediation approaches, and Edwards and Lambert’s (2007) moderated mediation analysis. Aiken and West’s (1991) simple slope test was used to illustrate the moderation effect of perceived fairness. The findings suggest that workplace flexibility was significantly related to OCB with employee engagement serving as a partial mediator. Perceived fairness moderated the mediating relationship but a stronger effect was found for low perceived fairness than for high perceived fairness. Findings from this study imply the necessity of creating flexibility in the workplace for positive employee behaviours.

Keywords: workplace flexibility; employee engagement; perceived fairness; organisational citizenship behaviour; OCB.


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1 Introduction

The typical working environment of professionals has changed from ‘face time’ working, which requires employees to be physically present at the workplace during working hours (Drago et al., 1999), to reduce face-to-face interaction (Kossek and Lee, 2005). The idea of work flexibility has allowed employees to complete their work without the need to be physically present at the workplace or to even clock in for work (Van Dyne et al., 2007). Researchers defined workplace flexibility as flexibility in work location and schedule (Mesmer-Magnus and Viswesvaran, 2006). Workplace flexibility can be in the form of flex place availability, flex place use, and flex time use (Bal et al., 2013).

Workplace flexibility is usually assessed in the form of work-life policies, such as providing support to employees, especially working parents, by allowing them to schedule their own working time (Anderson et al., 2002; Lapiere and Allen, 2006). Studies looking into the effects of work-life policies have focused on work-family issues (Brummelhuis et al., 2010) such as work-family conflict (Bragger et al., 2005). Researchers found that providing flexible work arrangements benefits group processes (Chiu and Ng, 2001; Van Dyne et al., 2007), promotes work satisfaction (Clark, 2001), and results in better employer-employee relationship (Anand et al., 2010). Additionally, it also benefits the organisation in terms of safety compliance (Hammer et al., 2016), organisational performance, and organisational citizenship behaviour (OCB) (Lambert, 2000; Sun et al., 2007).

To date, workplace flexibility-OCB studies have overlooked two important aspects, namely employee engagement and employees’ perceived fairness. Employee engagement and commitment towards the organisation are increasingly popular subjects and are highly emphasised in many organisations (Bal et al., 2013). Research indicates that organisations with more engaged and committed employees will have better core competencies and advantages such as lower turnover rate (Allen et al., 2003) and high organisational performance (Lee et al., 2011). Specifically, a high level of engagement reduces the negative impact of the environment that affects an organisation (Marciano, 2011). Implementation of appropriate human resource management (HRM) practices is the necessary driver for engagement (Bauer and Hämmig, 2014). Studies on the antecedents of positive employee engagement have focused on perceived organisational support, core self-evaluations, and value congruence (Rich et al., 2010). Other antecedents that have been studied included leadership, organisational, and team factors, as well as job design and organisational interventions (Bailey et al., 2015). Despite these,
Workplace flexibility and organisational citizenship behaviour

there is limited knowledge on the link between workplace flexibility and employee engagement, and its spill over effect on OCB.

Researchers have made great strides in identifying the correlates of workplace flexibility with OCB. However, few theoretical or empirical observations exist regarding the perception of organisational justice and counterproductive work behaviours with OCB (Hammer et al., 2016). Our study expanded research in this area in several ways. First, this study extended the examination of the theoretical mechanisms underlying workplace flexibility-OCB relationship using social exchange theory (SET). According to SET, when employees receive monetary and socio-emotional resources they deem beneficial from the organisation, they feel obliged to contribute to the organisation. They do this with better work performance (Cropanzano and Mitchell, 2005; Saks, 2006) through employee engagement (Robinson and Hullinger, 2008). Researchers have not examined the particular role of employee engagement as a mechanism that links workplace flexibility and OCB. Therefore, it would be useful to evaluate the mediator effect of employee engagement in this relationship.

Additionally, this study incorporated perceived fairness as a variable that could affect the workplace flexibility-OCB relationship based on the agent-system model (Fasina et al., 2008). According to this model, employees’ positive workplace behaviour could be explained by their perception of workplace fairness. For example, employees who perceive unfairness either due to their superior (agent) or organisational policies (system) would exhibit negative workplace behaviour such as reduced OCB. By examining employee engagement and perceived fairness together, we attempted to uncover the mechanism behind the influence of workplace flexibility on employees’ motivation in displaying elevated levels of OCB in the workplace. With our study, it would be possible to analyse the ‘black box’ loophole between workplace flexibility and OCB in the literature of industrial and organisational psychology.

2 Theoretical background and hypotheses

2.1 The SET and agent-system model

The SET explains that the relationship between employees and their employer are based on norms of reciprocity. When employees feel appreciated by their organisation, they would be more engaged in their work and with their employer (Alfes et al., 2013). In contrast, underappreciated employees would be less committed to their work roles, resulting in decreased performance (Gruman and Saks, 2011; Robertson et al., 2012; Wu, 2013). The SET is considered the most influential conceptual paradigm used to understand workplace behaviour in terms of individual psychological contracts (Zhao et al., 2007) and employee-employer relationships (Shore et al., 2004).

Similarly, workplace flexibility can be viewed as an organisational resource that is beneficial for employees. We posit that employees who appreciate workplace flexibility would demonstrate higher employee engagement and hence, result in better OCB. Most studies examined the effects of employee engagement on motivation and performance but paid little attention to connecting workplace flexibility with employee engagement (Marcie and Christina, 2008). Researchers have also suggested a need to investigate the varying relationship between workplace flexibility and OCB (Lambert, 2000) and to evaluate the different value perception of individuals (Anand et al., 2010). Thus far, only
a small number of studies (Bishop, 2013; Brummelhuis et al., 2010, 2012; Carter et al., 2010) have examined organisational intervention or activities as potential antecedents of employee engagement. This indicates a significant gap in knowledge (Bailey et al., 2015). Therefore, the current study addressed this gap by investigating the role of organisational intervention or activities, such as workplace flexibility, as potential antecedents of employee engagement. Employee engagement could be an important variable in explaining the varying relationship between workplace flexibility and OCB.

Besides that, Anand’s et al. (2010) suggested that employees’ perception of their organisation could affect the effectiveness of workplace flexibility in generating positive workplace behaviour. Employees store their perception of fairness in their history of experiences and this, in turn, influences their attitude and behaviour towards their superiors or organisation (Masterson et al., 2000; Masterson et al., 2000). We believe that employees’ perceived organisational fairness may influence the relationship between workplace flexibility and employee engagement, which in turn affects employees’ OCB.

As an extension of SET, we used the agent-system model to support our notion. Based on the principles of social exchange, employees who perceive justice in the workplace would exhibit positive behaviour while those who perceive injustice would not (Bies and Moag, 1986; Masterson et al., 2000). Variances of fairness perception are affected by differences in justice dimensions (Colquitt et al., 2001). Using the agent-system model, perceived interactional justice is examined as it is considered a contributor of OCB that benefits both the superior (agent) and organisation (system). The concept of this model has been supported theoretically (Barclay et al., 2005; Bies, 2005; Folger et al., 2005) as interactional justice is experienced more often during daily operation at the workplace than procedural justice. Thus, the interactional justice within an employee-superior relationship is more impactful.

According to Karriker and Williams (2007), employees who deemed themselves as treated fairly would go beyond their work role, exhibiting increased OCB, to benefit the organisation. As stated by Moorman (1991), OCB is demonstrated when employees perceive fairness. So far, limited studies have explored the issues of justice type and the roles of mediators and moderators in justice-outcome relationships (Karriker and Williams, 2007). Fasina et al. (2008) recommended studies to adopt the agent-system model to measure the benefits of OCB to an organisation. The importance of employees’ perceived fairness of interactional justice and the need to address research gaps propelled the present study to integrate the principles of SET with agent-dominance model. We believe that perceived fairness moderates the relationship between workplace flexibility and employee engagement. This moderation effect could affect OCB, namely the extra-role or discretionary behaviour that benefits the organisation.

### 2.2 Workplace flexibility as an antecedent for employee engagement

Using SET, Blau (1964) explained that when employees appreciate the benefits given in the work environment, they feel obligated to reciprocate with beneficial organisational behaviours. Flexibility in the workplace has been linked to positive individual, family, and business outcomes (Hill et al., 2008). Flexible work time is one of the alternative work arrangements that motivate employees. Robbins and Judge (2011) defined workplace flexibility as “employees are required to work a specific number of hours per week but employees are allowed to vary their working hours within the specific hour limit”. Research has shown workplace flexibility to contribute to innovation performance
Workplace flexibility and organisational citizenship behaviour

(Sánchez et al., 2007), health behaviour (Moen et al., 2013), work-family conflict reduction (Hammer et al., 2005; Karatepe and Uludag, 2008), lowered intentions to leave (Anderson et al., 2002), OCB (Lee et al., 2011), and engagement (Richman, 2006; Richman et al., 2008). Hence, we believe workplace flexibility to be positively associated with employee engagement.

Engaged employees are ‘psychologically present’ (Kahn, 1990) and willing to give their ‘all’ in their job and to go ‘extra miles’ to achieve success (Schaufeli et al., 2002). Engagement is an interactional relationship between employee and employer (Shore et al., 2004). Using social exchange principles, Saks (2006) claimed that employees would be engaged in their work to exchange favours with their organisation. Favours given by organisations must be consistent and desired by employees. The higher the number of such favours, the higher the level of employee engagement. Gibbons (2006), in his meta-analysis study, found that high levels of emotional and intellectual connection between employees and their job, manager, peers, and organisation influence employees to contribute additional discretionary effort to their work. Based on these studies, it is posited that employee engagement would be optimised when organisations provide a supportive work environment favourable to employees, such as flexible working time. Thus, we proposed:

H1 Workplace flexibility is positively related to employee engagement.

2.3 Workplace flexibility, employee engagement, and OCB

According to SET, benefits provided by the organisation may encourage employees to repay their organisation by willingly taking on more work than required (Organ and Konovsky, 1989; Schnake, 1991). Research has shown that workplace flexibility provided by organisations contributes to organisational commitment (Hakanen et al., 2006; Hu and Schaufeli, 2011) and productive behaviour (Salanova and Schaufeli, 2008). Additionally, research that assessed organisational resources, such as job design, has found a significant relationship between workplace flexibility, employees’ attitude, and employees’ behaviour (Fried and Ferris, 1987; Humphrey et al., 2007).

Researchers have used the concept of engagement to explain how individuals motivate themselves towards performance (Beek et al., 2013). It is expected that the mediating role of engagement can be explained based on the SET (Blau, 1964). The role of social exchange states that relationships evolve over time into a mutual commitment of trust and loyalty that is rewarding for both parties in the relationship (Cropanzano and Mitchell, 2005). Consistent with the norms of reciprocity, satisfied employees are likely to reciprocate the organisation’s favourable actions by demonstrating positive attitude and behaviours, such as being committed to their work role. Conversely, disengaged employees may exhibit negative behaviour that could harm the organisation. Thus, implementing organisational policies or activities that are beneficial to employees, such as workplace flexibility, reflects an organisation’s concern for employees. As such, employees will reciprocate with better productive behaviour, namely OCB (Karatepe, 2011; Saks, 2006). Therefore, we believe employee engagement to play a mediator role between workplace flexibility and OCB. Thus, we proposed:

H2 Employee engagement would be positively related to OCB and would mediate the positive relationship between workplace flexibility and OCB.
2.4 Perceived fairness as a moderator

Employees who believe they are fairly treated tend to hold positive attitudes that influence work-related variables (Moorman, 1991; Organ, 1988). Specifically, employees who perceive fairness at work would increase their OCB, whereas those who perceive unfairness would withdraw themselves from positive behaviour (Sloat, 1999). It is expected that employees who perceive fairness at work would increase their work engagement too. The agent-system model explains that organisational justice effect was found to be stronger in agent-referenced, namely superior, than system-referenced, such as organisation. The concept of the model shows that employees react differently to the type of perceived fairness. Applying this concept to our study, we expected employees with a high level of perceived fairness to have intrapersonal spill over effects from engagement in work to involvement in social domains that benefit the organisation. Workplace flexibility promotes employee engagement which leads to favourable behaviour at work, namely OCB, and this relationship depends on the level of employees’ perceived fairness. Thus, employees with a high level of perceived fairness are likely to be engaged in their work, which in turn, leads to increased OCB. In contrast, employees with a low level of perceived fairness are likely to suppress the effects of employee engagement, thus discouraging the mediating role of employee engagement in the relationship between workplace flexibility and OCB. Hence, we proposed:

H3 Perceived fairness would moderate the mediating effect of employee engagement in the workplace flexibility-OCB relationship such that the mediating effect is stronger when perceived fairness is high than when it is low.

Taken together, we proposed the following conceptual model of the current study (Figure 1).

Figure 1 The conceptual model of the study

3 Methods

3.1 Sample

Respondents in this study were employees from the financial service industry in Klang Valley, Malaysia such as banking, investment, accounting, and insurance. Klang valley
was chosen as the target location as many financial institutions are headquartered here. Questionnaires used in the study were distributed to 400 employed respondents via e-mail and manually, of which only 200 (50%) responded. The questionnaires comprised measures examining workplace flexibility, employee engagement, OCB, perceived fairness, and demographic information. In terms of gender, there were an equal number of male and female respondents. The majority of respondents (70.5%) held non-managerial positions in their organisation while 29.5% of them reportedly held managerial positions. In terms of age range, 44.5% were aged between 25 to 29 years, 20.5% between 30 to 34 years, 16.5% between 35 to 39 years, 3.5% between 40 to 44 years, 6.5% between 45 to 49 years, and only 0.5% aged 50 years and above. Another 8% of respondents did not attempt the questionnaire item.

3.2 Measurement

All measures, excluding demographic variables, were rated on a five-point Likert-type scale, where 1 represented ‘strongly disagree’ and 5 represented ‘strongly agree’.

- **Workplace flexibility.** Workplace flexibility was measured with a five-item scale developed by Ahmad et al. (2013). Participants were asked to indicate the extent to which they believed workplace flexibility benefits them. A sample item from the scale is, “workplace flexibility allows me to spend more time with my family”. The reliability of the scale was determined to be 0.87.

- **Employee engagement.** A total of seven items were adopted from scales by Alfès et al. (2013) and Soane et al. (2012) to measure employee engagement. Participants were asked to indicate the extent to which they agreed with statements about their engagement in their work and organisation. A sample item from the scale is, “I am constantly looking for ways to do my job better”. The reliability of the scale was reported to be 0.85.

- **Perceived fairness.** Employees’ perceived fairness of their job superior was measured with a scale by Hartmann and Slapničar (2012). Participants were asked to indicate the extent to which they agreed with statements about how well their superior treats them. A sample item from the scale is, “the performance rating I received was pretty accurate”. The reliability of the scale was determined to be 0.87.

- **OCB.** The seven-item scale by Newland (2012) that focuses on overall organisational benefit was adopted instead of using all five specific dimensions of OCB. According to LePine et al. (2002), researchers should avoid the specific dimensions of OCB when OCB is the focal construct of interest. A sample item from the scale is, “I often try to recruit or recommend a person to work for my company”. The reliability of the scale was reported to be 0.83.

- **Control variables.** Employees’ gender and job position were held constant due to their potential effects on engagement and OCB (Mauno et al., 2007; Sharma et al., 2011; Thomas, 2011). Gender was dummy-coded, with male coded as ‘0’ and female as ‘1’. Job position was also dummy coded with non-managerial as ‘0’ and managerial as ‘1’.
4 Results

4.1 Tests of convergent and discriminant validity

Before measuring the proposed hypotheses, we conducted confirmatory factor analyses (CFAs) on the four self-reported scales to evaluate the validity of the key variables. The distinctiveness of the four constructs (workplace flexibility, employee engagement, OCB, and perceived fairness) was measured by contrasting the four-factor model against two alternative models of three factors and one factor. The fit of the models was measured using the procedures used by Liu et al. (2010). First, we examined the fit of a four-factor model, consisting of workplace flexibility, employee engagement, OCB, and perceived fairness. The discriminant validity was then tested against two alternative models. A three-factor model was obtained by loading the items measuring employee engagement and OCB into one latent factor as these two variables had the highest correlation (Table 1) among the four constructs. A one-factor model was obtained by loading all items of the four proposed constructs into one latent factor. The results show that the hypothesised four-factor model achieved an acceptable fit ($\chi^2 (82) = 173.27, p < 0.01; \text{CFI} = 0.93; \text{TLI} = 0.91; \text{RMSEA} = 0.075$). In addition, all factor loadings were significant in four-model constructs, supporting convergent validity. The two alternative models yielded poor fit to the data: $\chi^2 (132) = 491.49, p < 0.01; \text{CFI} = 0.79; \text{TLI} = 0.76; \text{RMSEA} = 0.12$ (three-factor model) and $\chi^2 (152) = 916.76, p < 0.01; \text{CFI} = 0.62; \text{TLI} = 0.58; \text{RMSEA} = 0.16$ (one factor model).

4.2 Tests of hypotheses

Table 1 presents the means, standard deviations, and zero-order Pearson correlations of the key variables. As shown in the table, workplace flexibility was positively correlated with perceived fairness ($r = 0.22, p < 0.01$), employee engagement ($r = 0.45, p < 0.01$), and OCB ($r = 0.45, p < 0.01$).

Hierarchical multiple regression analysis and bootstrapping test were conducted to test H1 and H2, with the control variables, independent variables (IVs) (workplace flexibility), moderator (perceived fairness), the mediator (employee engagement), and interactions entered as separate steps. We used recommendations by Baron and Kenny (1986), Hayes and Preacher (2014), and Preacher and Hayes (2008) to confirm the mediating effect.

H1 posited that workplace flexibility is positively related to employee engagement. As shown in Table 2, this hypothesis was supported as workplace flexibility was positively related to employee engagement ($\beta = 0.45, p < 0.01$, model 2).

H2 proposed that employee engagement would be positively related to OCB and would mediate the positive relationship between workplace flexibility and OCB. For mediation to have occurred four conditions based on Baron and Kenny’s (1986) method must be satisfied. Results in Table 2 indicate that condition one, whereby the IV must be significantly related to the mediator, was supported as workplace flexibility had a significant positive relationship with employee engagement. Condition two, whereby the independent variable must be significantly related to the dependent variable (DV), was
also supported as workplace flexibility was positively related to OCB (β = 0.44, p < 0.01, model 4). Condition three, whereby the mediator must be significantly related to the DV, was supported as employee engagement was positively related to OCB (β = 0.56, p < 0.01, model 5). However, condition four, whereby the relationship between the independent and DVs becomes non-significant due to the presence of the mediator, was not satisfied. The results showed the relationship between workplace flexibility and OCB remained significant when employee engagement was entered into the model (β = 0.19, p < 0.01, model 5), demonstrating partial mediation.

### Table 1  
Means, standard deviations, and correlations between study variables

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Gender</td>
<td>0.50</td>
<td>0.50</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Job position</td>
<td>0.71</td>
<td>0.46</td>
<td>-0.06</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Workplace flexibility</td>
<td>3.92</td>
<td>0.79</td>
<td>0.12</td>
<td>0.09</td>
<td>(0.86)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 Perceived fairness</td>
<td>1.50</td>
<td>0.50</td>
<td>0.11</td>
<td>0.07</td>
<td>0.22**</td>
<td>(0.87)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Employee engagement</td>
<td>3.58</td>
<td>0.66</td>
<td>0.11</td>
<td>-0.16*</td>
<td>0.45**</td>
<td>0.40**</td>
<td>(0.84)</td>
<td></td>
</tr>
<tr>
<td>6 Organisational citizenship behaviour</td>
<td>3.25</td>
<td>0.71</td>
<td>0.08</td>
<td>-0.14</td>
<td>0.45**</td>
<td>0.35**</td>
<td>0.65**</td>
<td>(0.83)</td>
</tr>
</tbody>
</table>

Notes: N = 200. *p < 0.05; **p < 0.01. Cronbach’s alpha values appear along the diagonal in the parentheses.

### Table 2  
Results of hierarchical regression analyses that examine the main and mediating effects

<table>
<thead>
<tr>
<th></th>
<th>Employee engagement</th>
<th></th>
<th>Organisational citizenship behaviour</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Model 1</td>
<td>Model 2</td>
<td>Model 3</td>
<td>Model 4</td>
</tr>
<tr>
<td>Control variables</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gender</td>
<td>0.10</td>
<td>0.05</td>
<td>0.07</td>
<td>0.02</td>
</tr>
<tr>
<td>Job position</td>
<td>-0.16*</td>
<td>-0.17**</td>
<td>-0.132</td>
<td>-0.14*</td>
</tr>
<tr>
<td>Independent variable</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Workplace flexibility</td>
<td>0.45**</td>
<td></td>
<td>0.44**</td>
<td></td>
</tr>
<tr>
<td>Mediator</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee engagement</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R²</td>
<td>0.036*</td>
<td>0.24**</td>
<td>0.02</td>
<td>0.22**</td>
</tr>
<tr>
<td>ΔR²</td>
<td>-</td>
<td>0.20**</td>
<td>-</td>
<td>0.19**</td>
</tr>
<tr>
<td>F</td>
<td>3.72</td>
<td>3.72</td>
<td>2.35</td>
<td>18.16</td>
</tr>
<tr>
<td>ΔF</td>
<td>-</td>
<td>51.05</td>
<td>-</td>
<td>48.66</td>
</tr>
</tbody>
</table>

Note: N = 200. *p < 0.05; **p < 0.01.

To confirm the results of the partial mediation, we used the approach recommended by Hayes and Preacher (2014). The effects and links between the variables are presented in Table 3. Results showed that workplace flexibility had a significant effect on OCB.
(β = 0.18, p < 0.01) and is also significantly linked to employee engagement (β = 0.38, p < 0.01). Employee engagement also has a significant effect on OCB (β = 0.60, p < 0.01). The results showed that when the indirect effect (employee engagement) was factored out of the total effect, workplace flexibility continued to affect OCB significantly (β = 0.40, p < 0.01), but was weaker than the total effect, suggesting partial mediation. We verified the indirect effect using bootstrapping, a method that allows us to generate 5,000 alternative samples and a 95% confidence interval to prevent potential biases resulting from non-normal data distributions (Preacher and Hayes, 2008). To sum up, H2 was supported with partial mediation.

Table 3  Mediation results with OCB as DV

<table>
<thead>
<tr>
<th>Independent variable (IV)</th>
<th>Mediator variable (MV)</th>
<th>Total effect</th>
<th>Effect of IV on MV</th>
<th>Effect of MV on DV</th>
<th>Direct effect</th>
<th>Indirect effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work flexibility</td>
<td>Employee engagement</td>
<td>0.4037**</td>
<td>0.3775**</td>
<td>0.6011**</td>
<td>0.1768**</td>
<td>0.2269**</td>
</tr>
</tbody>
</table>

Notes: Final models: F (3, 200) = 20.13, p < 0.01, R² = 0.24, *p < 0.05, **p < 0.01.

H3 predicted that perceived fairness would moderate the mediating effect of employee engagement in the workplace flexibility-OCB relationship and that the mediating effect would be stronger when perceived fairness is high than when it is low. Edwards and Lambert’s (2007) General path analytic framework was used to examine the first-stage effect (i.e., the workplace flexibility-OCB relationship) and the direct effect (i.e., workplace flexibility-OCB relationship in the presence of engagement). We also separated the data into high or low levels of perceived fairness to compare group differences (Table 4). The indirect effect was obtained as the product of the first and second-stage effects. The total effect was obtained by adding the indirect effect to the direct effect.

As Table 4 indicates, the size difference in the indirect effect of workplace flexibility on OCB was β = –0.13, p < 0.05. All the direct, indirect, and total effects varied with different levels of perceived fairness. When perceived fairness was low, workplace flexibility had both direct (β = 0.07, p < 0.01) and indirect effects (β = 0.19, p < 0.01) on OCB. By adding these effects, we found that the total effect was also significant (β = 0.26, p < 0.01). When perceived fairness was high, all the direct (β = 0.30, p < 0.01), indirect (β = 0.07, p < 0.01), and total effects (β = 0.37, p < 0.01) were also significant. The results also supported the first-stage moderating effect (β = –0.14, p < 0.05) and the second-stage moderating effect (β = –0.23, p < 0.05). This finding provided support for our theoretical argument that workplace flexibility interacts with perceived fairness to influence employee engagement, which, in turn, impacts OCB. These results supported H3, suggesting that perceived fairness moderated the mediating role of employee engagement.

Overall, the results suggested that

a  Employee engagement served as a partial mediator of the workplace flexibility-OCB relationship.

b  A moderated mediation was found that is, perceived fairness moderated the workplace flexibility-OCB relationship, and the mediating effect of employee engagement is fully moderated by perceived fairness.
Figure 2  Plots of simple path and effects with perceived fairness as the moderator variable panel, (a) first stage panel (b) second stage panel (c) indirect effect panel (d) direct effect panel (e) total effect
We conducted a simple slope test (Aiken and West, 1991) to illustrate the moderating effect of perceived fairness. Figure 2 shows five different panels of the simple slope test. Panel (a) shows the slope of the first stage of the mediated effect, which is an interaction between workplace flexibility and perceived fairness on employee engagement. Panel (c) shows that the indirect effect is steeper for low perceived fairness than high perceived fairness. However, this pattern did not fully support H3 as results did not show the mediating effect to be stronger when perceived fairness is high than when it is low. As seen in panels (b) and (d), the slope of the second stage and the direct effect do not differ between low and high perceived fairness. Workplace flexibility had a stronger positive relationship with employee engagement when perceived fairness is low (β = 0.31, p < 0.01) than when it is high (β = 0.17, p < 0.01). Finally, panel (e), which combines the simple slopes generating a total effect, illustrates the interaction between workplace flexibility and OCB without the presence of employee engagement (mediator). The pattern is consistent with our prediction that workplace flexibility is strongly related to OCB when perceived fairness is high (β = 0.37, p < 0.01) rather than when it is low (β = 0.26, p < 0.01).

Table 4 Results of the moderated path analysis

<table>
<thead>
<tr>
<th>Stages</th>
<th>First stage</th>
<th>Second stage</th>
<th>Effects</th>
<th>Direct effect</th>
<th>Indirect effect</th>
<th>Total effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>Simple paths for low</td>
<td>0.31**</td>
<td>0.62*</td>
<td>0.07*</td>
<td>0.19**</td>
<td>0.26**</td>
<td></td>
</tr>
<tr>
<td>perceived fairness</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Simple paths for high</td>
<td>0.17**</td>
<td>0.39*</td>
<td>0.30*</td>
<td>0.07**</td>
<td>0.37**</td>
<td></td>
</tr>
<tr>
<td>perceived fairness</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Differences</td>
<td>-0.14**</td>
<td>-0.23*</td>
<td>0.23*</td>
<td>-0.12**</td>
<td>0.11**</td>
<td></td>
</tr>
</tbody>
</table>

Note: N = 200; *p < 0.05, **p < 0.01.

5 Discussions

The intent of this study was to investigate the mediating effect of employee engagement and moderating effect of perceived fairness on the relationship between workplace flexibility and OCB. Consistent with our expectations, we found workplace flexibility to have a positive relationship with employee engagement (H1). While we demonstrated that workplace flexibility has a positive relationship with employee engagement, we found the latter to only be a partial mediator between workplace flexibility and OCB (H2). Nonetheless, our findings supported previous evidence (e.g., Karatepe, 2011; Saks, 2006) for the positive influence of employee engagement on workplace flexibility and OCB.

By integrating SET and agent-system model, perceived fairness attenuated the mediating effects of employee engagement on the workplace flexibility-OCB relationship. Perceived fairness moderated the positive relationship between workplace flexibility and employee engagement. However, contrary to expectation, low perceived fairness was found to have a stronger moderating effect than high perceived fairness. A
closer examination indicates that differences of fairness perception could be the common cause in predicting the existence of engagement in employees (Moorman, 1991). This study found that low perceived fairness of interactional justice encouraged more engagement when the organisation provided workplace flexibility to employees. Thus, H3 was partially supported.

5.1 Implications for researchers and managers

The results of this study provide important contributions to the literature on dark-side behaviours, work flexibility, interpersonal spill over, and SET in three ways. First, we have built and empirically tested a conceptual model that integrates organisational activities and extra-role behaviour with intrapersonal spill over. Our results empirically studied how workplace flexibility leads to increased employee engagement and OCB among financial services employees. More specifically, workplace flexibility may cause employees to feel the need to reciprocate the organisation through the rule of social exchange, resulting in better behaviour that benefits the organisation.

Our study has some implications for managers, especially in current workforce trends and competencies environment. Our findings could assist with organisational plans to reduce turnover rate and recruit talented employees, especially in the financial services sector, through the implementation of effective practices and policies that influence employee satisfaction as well as the whole performance of the organisation. Workplace flexibility plays an important role in organisation performance; employees tend to balance between work and life and increase the quality of personal and family life (Subramaniam et al., 2013). Reduced work-family conflict can, in turn, lead to greater satisfaction in work, family, and life (Hecht and Allen, 2009). As the financial industry emphasises strict regulations and is intensely competitive in nature, it is not easy for employees to achieve work-life balance. Hence, flexible workplace design arrangement such as telecommuting, flexible work schedule, mandatory vacation, and social facilities (De Hauw and De Vos, 2010) is recommended to create a low-stress workplace environment.

Our study offers a complete picture of how workplace flexibility contributes to productive behaviour like OCB. With this, future research can include other potential predictors of OCB. Workplace flexibility is one of the important tools that could benefit both employees and employers. The support from employees’ superiors, organisations, and human resource practitioners are needed to provide a supportive work environment. To create such a workplace, we recommend the following:

1. Job descriptions should include clear expectations on tasks and responsibilities of the employees.
2. Performance appraisal and reward incentives should be communicated clearly and as with workplace flexibility, employee performance should be evaluated based on results rather than their tardiness in work.
3. Jobs should be redesigned to suit the terminology of ‘flexible workplace’.
4. Technical training for employees and soft-skill training (e.g., leadership) for superiors should be encouraged to increase perceived fairness among employees.
5.2  Limitations and directions for future research

This study used self-reporting measures for workplace flexibility, employee engagement, perceived fairness, and OCB that could increase the possibility of inflated correlations due to common method bias (Podsakoff et al., 2003). However, we did statistically check on the common method variance (CMV) prior to further data analysis. The unrotated factor analysis showed that the first factor accounted for only 35.26% (less than 50%) of the total 68.20% variance, indicating that it was not a serious threat for common method bias in the study (Podsakoff and Organ, 1986). We suggest future researchers consider a multi-wave longitudinal research design whereby data is collected independently at different points in time and empirically modelled to validate the distinct moderating and mediating role of perceived fairness and employee engagement respectively on the workplace flexibility-OCB relationship. Also, an interesting future research extension would be to compare employees’ self-reported data, such as OCB, to responses generated by their immediate superior.

Another limitation of this study was that all of the respondents were from the financial service sector of a single country. Thus, it is possible that our findings may not be generalisable to other sectors and countries. Future studies based on samples from other countries and sectors are needed to address this concern. Furthermore, this study found that low perceived fairness among employees has a greater effect than high perceived fairness on the mediating effect of employee engagement in the workplace flexibility-OCB relationship. Perhaps, further investigation using the qualitative method in the form of in-depth interviews or focus groups may identify further possible variables that might mediate or moderate the linkages reported here.

References


