

THE IMPACT OF FLEXIBLE WORK ARRANGEMENTS ON EMPLOYEE RETENTION IN CORPORATE INDUSTRIES

Odo, Kier, Pascual, Arthur, Nacionales, Joanna Paola

World Citi Colleges

PHILIPPINES

Email: Kierodo0927@gmail.com, arthursypascual@gmail.com, joannapaolanacionales@gmail.com

ABSTRACT

The COVID-19 pandemic accelerated the adoption of Flexible Work Arrangements, with many organizations integrating them as a long-term strategy. Studies emphasize the importance of balancing flexibility with structured support to enhance team cohesion and prevent social isolation among remote workers. Organizations are encouraged to create family-supportive cultures and implement policies that promote collaboration to maximize the benefits of flexible work (Springer, 2023). Many organizations and businesses are now embracing this arrangement because it gives flexibility in work schedules. This has been linked as one of the key factors for the improvement of employee performance, job satisfaction, and work-life balance. This setup also reduces stress, increases productivity, and fosters higher organizational commitment, particularly when employees can manage personal and work responsibilities effectively. These arrangements can also lead to reduced absenteeism and turnover, while promoting mental and physical well-being among workers. However, some employees may have drawbacks, particularly regarding interpersonal dynamics in the workplace. For instance, employees who work remotely or adopt flexible hours can experience feelings of workplace loneliness, which may negatively impact collaboration and knowledge sharing.

Keywords: Flexible Work Arrangements (FWA), retention, work-life balance, remote work, Flexibility

INTRODUCTION

Flexible Working Arrangement (FWA) has been an alternative working option in this modern-day workforce. FWA is not an unfamiliar set up to many corporate industries such as BPO, banking, finance, and many more. FWA brings flexibility in work schedules compared to a 95 office job, because employees have the freedom to choose their place of work, have more options to work in different times of the day, and they don't have to spend commuting in the traffic of the cities. It also saves them time by working in the comfort of their homes, doing a job at their own pace, and it especially provides them more family-life balance. It is also similar to "telecommuting", for the work can be done through the use of the internet, email and telephone.

(Allen, T. D., et. Al., 2015). FWA has been also one way for employers to have employee retention. It has resulted to employees to stay in companies because they have become reluctant in coming back to traditional office set up (Pond, 2023). In the Philippines, the onset of the pandemic in early 2020 forced the rapid adoption of flexible work arrangements (FWAs), including remote work and alternative schedules, to ensure business continuity while safeguarding public health. Flexible work arrangements, once considered optional or experimental, have now become a pivotal part of the country's workforce strategy. This FWA set up has been adopted because of the pandemic wherein the Philippine economy has been severely affected. The COVID-19 pandemic has fundamentally reshaped the global

workforce, compelling both private and public sectors to rethink traditional work arrangements. Prior to the pandemic, the concept of flexible work arrangements in the Philippines was largely underutilized, especially within industries that heavily relied on in-office work and face-to-face interactions. However, the implementation of lockdowns, community quarantines, and other movement restrictions highlighted the need for businesses and government agencies to adopt flexible and remote work systems (Parilla, E. S., et. al., 2022). This transition, initially driven by the need to limit virus transmission, has gradually evolved into a more permanent and viable solution to meet the demands of the modern workforce.

For this, the pandemic has accelerated the adaptation of FWA in corporate industries. This set-up brought some challenges to Filipino workers, this was also a way to secure their jobs and still earn during the pandemic. In the beginning, it was a difficult adjustment for both ends of the employees and employers, but as the ECQ in the Philippines got extended from March of 2020 to September of 2021, this new norm has gradually become a success for the continuous production of corporate companies at that time (Rioveros et. al., 2021). Since the WFH set up has been widely used during the pandemic, it has evidently provided employees flexibility in their time and completing their work (Mores, 2022). It also has increased attendance of employees because the flexibility has provided them enough time to do personal matters prior logging in to work and it has been seldom that they are marked tardy. Given that this setup has seen a progressive success during the pandemic, corporate continued to offer FWA to their employees.

Due to its promising results, corporate were able to retain their talents post-pandemic. The two most common FWA that corporate offered are hybrid work and full remote work. Hybrid type of work requires employees to be physically present in the office 2-3 times per week and the rest of the work days can be done at the comfort of their home, whereas the full remote works allows employees to work in a place of their desire without having to transport to their offices, unless they were physically required to attend important or urgent matters. These 2 methods have still remained in companies in the Philippines, despite corporate businesses have opened their doors. This alternative work set up have been giving employees to work comfortably and brought the same advantages they had during the pandemic (Hipolito, M.F., 2023). On the other hand, many organizations have recognized the potential long-term benefits of FWAs, such as improved work life balance for employees, reduced operational costs, and access to a wider talent pool.

This study aims to provide insights on how FWA has contributed to employee retention in corporate companies. Since FWA has given freedom to employees to work anytime and anywhere they want and has shown promising results to employee performance, how did this influence employees to stay in their respective companies post-covid? In addition to this, researchers want to know what is the specific aspect of having a flexible work arrangement which employees look for that contributes the most which results for them to stay in a company. Lastly, researchers also want to know what area of FWA can be improved so that employees can have a more positive experience with this set up while working under their respective company.

Research Questions:

1. What is the intrinsic motivation of flexible work arrangements on employee retention in corporate industries based on self-determination theory (SDT) in terms of:
 - 1.1 autonomy

- 1.2 competence
- 1.3 relatedness
2. What influences on employee retention in a flexible work arrangement in a corporate industry based on organization commitment theory?
 - 2.1 affective
 - 2.2 continuance commitment
 - 2.3 normative commitment
3. Is there a significant relationship between the intrinsic motivation of flexible work arrangement on employee retention?
4. What actionable insights or recommendation can be done in order to improve the employee experience in flexible work arrangement that can be used as a strategy for employee retention?

In line with this, researchers aim to provide insights into the sustainability of flexible work arrangements in the Philippines and offer recommendations for optimizing this new model of work in a way that benefits both organizations and their workforce in the long term.

METHODOLOGY

This research employs a quantitative descriptive approach; according to Unimrkt Research (2024), quantitative descriptive approach is used to systematically collect and analyze raw numerical data to describe a population or phenomenon. It focuses on measurement of objective and statistical analysis of the data collected to provide a clear and concise summary of the research topic. In line with this, this method was chosen by the researchers to examine the adoption of flexible work arrangements (FWAs) in the Philippines and to comprehensively examine the relationship between flexible work arrangements and employee retention. This method is used to provide a comprehensive understanding of the factors influencing the adoption of FWAs, their impacts on businesses and employee retention.

Thirty-five (35) respondents of this study are corporate employees and managers of legal age, that has either a hybrid set up or working fully remote, and has stayed with their company in the Philippines since the pandemic.

Research questions are constructed to provide a clear focus and direction for a study, guiding the research process and shaping the overall inquiry. For this research, three questions have been created to gather sufficient data in order to achieve accurate information and recommendations. The statistical tool that was used to compute the survey results was measure of central tendency, wherein the frequency and mean of the responses were computed. The scoring to determine and measure the satisfaction and impact in flexible work arrangements, the following scale was used:

Assigned Points	Numerical Ranges	Categorical Response	Verbal Interpretation
4	3.25 - 4.00	Strongly Agree	Highly positive
3	2.50 - 3.24	Agree	Positive
2	1.75 - 2.49	Disagree	Negative

1	1.00 - 1.74	Strongly Disagree	Highly negative
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The study uses explanatory research design to explain the relationship between flexible work arrangements which is an independent variable and employee retention as a dependent variable. This study will investigate how flexible work arrangements, such as remote work, flexible hours, or hybrid work models, influence employee retention rates in corporate industries. This explanatory approach will allow the researcher to understand why flexible work arrangements might affect retention by exploring the underlying causes and relationships.

An online survey was distributed to a representative sample of businesses and employees across different sectors in the Philippines. These sectors include employees working in finance industries, education, technology, marketing, BPO and other sectors that are not front liners. The survey employed a stratified purposive sampling technique to ensure diversity across industry sectors, company sizes, and geographic locations (urban and rural). Thirty-five (35) respondents included both managers and employees to capture different perspectives on FWAs. The data collected using Google forms, to ensure accessibility and ease of participation. Below is the online questionnaire that was sent out to the respondents. In conducting the research, ethical guidelines will be strictly adhered to. All participants will be informed of the purpose of the study and will provide informed consent before participation. The confidentiality of respondents will be maintained, and personal data will be anonymized to protect their identities. Participation in the study will be voluntary, with no coercion or incentives offered.

Possible limitations of this study include a potentially non-representative sample size, which may limit the generalization of the findings across diverse corporate industries. Self reported data, like surveys could introduce bias, as employees might provide socially desirable answers. Establishing causality between flexible work arrangements and employee retention could be challenging, as other factors like salary or job satisfaction may also influence retention. Additionally, external factors such as economic conditions and rapidly evolving work environments might impact the results, and cultural differences across regions or industries may affect how flexible work is perceived and implemented.

By employing quantitative data collection method, this research aims to provide a comprehensive understanding of the relationship between flexible work arrangements and employee retention in corporate industries. The selected sampling techniques will ensure the reliability and validity of the results. While potential limitations, such as sample diversity and external factors, have been acknowledged, the chosen methodology is designed to minimize bias and provide meaningful insights into the research questions. This approach will allow for robust conclusions that contribute to the corporate industry.

RESULTS AND DISCUSSION

This section presents the analysis and interpretation of the study on the impact of flexible work arrangement in employee retention following the quantitative descriptive approach. The responses were collected through an online survey via Google form platform from 35 respondents that met the criteria that the researchers have established.

PART I: The intrinsic motivation of flexible work arrangements on employee retention in corporate industry.

	1	2	3	4	MEAN	VERBAL INTERPRETATION
Q1	0	2	8	28	3.66	Highly positive
Q2	0	2	12	21	3.54	Highly positive
Q3	0	0	9	26	3.74	Highly positive
Q4	0	0	6	29	3.83	Highly positive
Q5	1	0	4	30	3.77	Highly positive
Q6	1	1	8	25	3.6	Highly positive
Q7	1	1	11	22	3.51	Highly positive
Q8	0	2	8	25	3.66	Highly positive
Q9	0	2	15	18	3.46	Highly positive
Q10	1	1	12	21	3.49	Highly positive
Q11	2	2	17	14	3.17	Positive
Q12	1	2	10	22	3.49	Highly positive
Q13	0	0	12	23	3.66	Highly positive
Q14	0	3	10	22	3.54	Highly positive
Q15	1	1	14	19	3.43	Highly positive
TOTAL MEAN					3.57	

The table above shows the result of the questionnaire about the intrinsic motivation of employees with flexible work arrangement (FWA) in their respective corporate industries. This result talks about the specific factors that employees experience from their companies based on autonomy, competence and relatedness.

The highest score in this area is Q3 with a mean of 3.74, this shows that employees feel that having a flexible work arrangement improves their ability to manage their time. In relationship to having freedom to work, Q1 and Q2, which have the same mean of 3.5, indicates that when employees choose when and where to work and have sense of control in their schedule, they are more likely to have a strong positive sentiment about autonomy. In terms of performance and skill development, Q6 indicates that employees feel more focused and productive with flexible work options; alongside with this, Q7 and Q8 both shows that FWA promotes skill development and boosts confidence in the work that they do.

The employer support and organizational culture also plays a big role in employee motivation; Q9 with a mean of 3.46, reflects that employees feel valued by their employers when they are provided with FWA. Q10, with a mean of 3.49, emphasizes the role of flexibility in helping employees achieve their professional goals and on the other hand, Q14 shows that employees believe their organization fosters collaboration despite having different work set up. Lastly, another factor that employees consider was team dynamics and communication; Q12 and Q13(means: 3.49 and 3.66) reflects that employees generally feel supported and connected with their teams despite working remotely or in hybrid models. In addition to this, FWA allow employees to engage in social interactions that help strengthen team bonds according to Q15 that had the mean of 3.43. On the other side of the coin, Q11 received the lowest score of 3.17, interpreted as "Positive". While the response sounds favorable, it suggests that some challenges are faced in maintaining relationships with colleagues under FWA. This is one challenge that the researchers have seen that needs room for improvement in this area.

Overall based on the total mean of 3.57 for table 1, the results indicate a very positive outlook on FWA, with employees finding the them beneficial across multiple dimensions, including performance, motivation, and organizational support.

PART II. *The influences on employee retention in a flexible work arrangement (FWA) in a corporate industry*

The research data presents the responses to a series of statements based on our survey regarding employees' feelings about FWA and their connection to the organization. Here's a breakdown of the results:

TABLE 2: EMPLOYEE COMMITMENT TO THEIR ORGANIZATION						
	1	2	3	4	MEAN	VERBAL INTERPRETATION
Q1	1	4	12	18	3.34	Highly positive
Q2	1	4	14	16	3.29	Highly positive
Q3	1	2	6	26	3.63	Highly positive
Q4	0	0	5	30	3.86	Highly positive
Q5	0	2	8	25	3.66	Highly positive
Q6	0	4	12	19	3.43	Highly positive
Q7	1	5	10	19	3.34	Highly positive
Q8	2	3	12	18	3.31	Highly positive
Q9	5	1	15	14	3.09	Positive
Q10	4	5	12	14	3.03	Positive
Q11	4	4	9	18	3.17	Positive
Q12	2	3	11	19	3.34	Highly positive
Q13	2	4	10	19	3.31	Highly positive
Q14	1	3	14	17	3.34	Highly positive
Q15	4	7	12	12	2.91	Negative
TOTAL MEAN					3.38	

The table above shows overall total mean score of 3.38 generally resonates to a positive inclination towards flexible work arrangement that impacts both the organization and employee loyalty.

A significant number of statements received "Highly positive" feedback, indicating that employees experience a strong emotional attachment to their organization, enjoy collaboration irrespective of their work settings, take pride in their roles, and maintain high levels of motivation and engagement. This points to a favorable outlook on FWA, enhancing their commitment to the organization.

Highest mean score garnered is 3.86 in Question 4 that talks about taking pride in the work they do whether face to face or remotely. Meanwhile in Question 6, (mean = 3.43) shows that most of the employees recognize the value of their contributions and have stronger attachment to the organization.

In terms of the emotional connection and belongingness, majority of the respondents scored highly positive with mean scores of 3.34 and 3.29 respectively connoting that flexibility enhances said aspects.

In questions concerning job opportunities on 9 and 10, most respondents had positive but lower mean scores of 3.09 and 3.03 respectively, suggesting that respondents had difficulty in considering other job opportunities due to their current FWA.

Lastly, the responses related to feelings of responsibility to remain with the organization in Question 11 and the obligation to contribute in Question 12 yielded mixed results. With a

mean score of 3.17, Q11 reflects a positive sentiment among employees. In contrast, Q15, which scored the lowest at 2.91, suggests that some employees feel less compelled to stay due to the flexibility provided.

In summary, the results indicate a generally positive view of flexible work arrangements, enhancing emotional connection, motivation, and commitment to the organization. However, organizations might want to explore ways to alleviate feelings of obligation while maintaining the positive aspects of flexibility.

Part III: Significant relationship between the intrinsic motivation of flexible work arrangement on employee retention

Table 3: Correlation of intrinsic motivation and commitment to organization employees with FWA

Intrinsic motivation of employees with FWA	Employee commitment to their organization		
	Affective	Continuance commitment	Normative commitment
Autonomy	r=0.7317 p=<.00001** interpretation: high positive correlation	r=0.8072 p=<.0001** interpretation: high positive correlation	r=0.2811 P=.101884** interpretation: very low positive correlation
Competence	r=0.8072 p=<.0001** interpretation: high positive correlation	r=0.4810 P=.003444** interpretation: low positive correlation	r=0.36724 P=.030012** interpretation: low positive correlation
Relatedness	r=0.8108 P=<.00001** interpretation: high positive correlation	r=0.4365 P=.008753** interpretation: low positive correlation	r=0.2227 P=.198484** interpretation: very low positive correlation

**Correlation is significant @ 0.05

As shown of table 3, there was a significant relationship between intrinsic motivation from flexible work from home arrangement (FWA) and different dimensions of employee commitment, which directly impacts retention. From the results of affective commitment in column 2, emotional engagement strongly predicts retention, as employees with high affective commitment are less likely to leave voluntarily. In addition to this, from the results of column 3, there is a moderate correlation between autonomy, and competence, indicating that these intrinsic factors encourage retention, though less strongly than affective commitment. Employees who feel capable and empowered under flexible arrangements are more likely to perceive staying in the organization as a practical choice. The findings supported by the study Shah and Asad (2018) states that an employee’s intrinsic motivation is essential for employee retention; When employees feel strongly motivated, they think more positive about their organization and they stay longer with that organization. On the other side of the coin, looking at column 3, it has implied that there is a lack of strong normative

commitment, which suggests that intrinsic motivation alone does not foster a sense of obligation to stay, pointing to the need for other strategies, such as fostering organizational loyalty.

Part IV: *Actionable insights and recommendations can be derived from the impact of flexible work arrangements on employee productivity, engagement, work-life balance, and employee retention*

The survey results for intrinsic motivation of flexible work arrangement on employee retention indicate that flexible work arrangements have a positive impact on employee productivity, job satisfaction, motivation, and skill development. Employees appreciate the autonomy to manage their time and work environment, which enhances their sense of control and focus. They also report feeling valued by However, there are some challenges with team dynamics, as maintaining relationships with colleagues in flexible setups received the lowest score, though it was still positive overall. To maximize the benefits, organizations should continue promoting autonomy, support skill development, and strengthen team-building initiatives to improve communication and collaboration in remote or hybrid settings. Providing clear support for career growth within flexible work environments will further enhance engagement and retention.

Based on the results of the study, there are some influences on employee retention in flexible work arrangement in a corporate industry which demonstrate a generally positive sentiment towards flexible work arrangements, with employees expressing a strong emotional connection to their organization and valuing collaboration despite their varied work setups. High levels of pride in their work and investment in their careers further reflect this positive outlook. However, some concerns regarding job opportunities and mixed feelings of obligation to stay suggest that while flexibility fosters loyalty, it may also lead to a perception of diminished obligation to remain with the organization. To enhance this situation, organizations should focus on reinforcing the positive aspects of flexibility while addressing feelings of obligation among employees. This can be achieved by providing clear career advancement opportunities and fostering an environment where employees feel valued and committed, ultimately ensuring that flexible work arrangements continue to support engagement and retention.

CONCLUSION

The study concludes that flexible work arrangements have a generally positive impact on employee retention by boosting productivity, job satisfaction, motivation, and skill development. Employees appreciate the autonomy these arrangements provide, enhancing their sense of control and engagement. However, challenges exist in maintaining team dynamics, as communication and collaboration in remote or hybrid setups scored lower, though still positive overall.

To further optimize retention, organizations should continue promoting autonomy, support skill development, and strengthen team-building efforts to improve communication. Additionally, offering clear career growth opportunities in flexible environments will address concerns about job security and obligations, helping maintain loyalty while balancing the perceived reduction in the obligation to stay.

RECOMMENDATIONS

To enhance employee retention through FWAs, organizations should empower their employees by allowing them to choose their work hours and locations, if possible. Also implementing tools for self-management and productivity tracking is one good way to improve.

Strengthening team dynamics is essential as this can be achieved by organizing regular virtual and in-person team-building activities and encouraging informal interactions, such as virtual coffee breaks. Effective communication is key, so organizations should implement robust platforms for collaboration and establish regular check-ins and feedback loops to ensure employees feel supported. Investing in accessible training programs will promote continuous learning and skill enhancement of their employees, boosting confidence and productivity. Additionally, clearly communicating career pathways and ladder, creating transparent processes for promotions will help employees understand how they can progress while enjoying flexible work options.

In terms of promoting sense of belongingness, organizations should cultivate an inclusive culture that recognizes and values contributions from all employees, celebrating both team successes and individual achievements. Addressing feelings of obligation is also important to promote flexibility as a benefit that enhances work-life balance and personal fulfillment. Regular surveys can be implemented to gauge employee sentiment regarding flexible work arrangements and their impact on job satisfaction, allowing for informed adjustments to policies. Leveraging technology for collaboration will ensure that all employees have access to necessary resources, regardless of their work location. Lastly, establishing simple recognition programs to reward employee contributions and successes within flexible environments will reinforce emotional attachment to the organization. By implementing these strategies, organizations can maximize the benefits of flexible work arrangements and significantly enhance employee retention, engagement, and satisfaction.

If the pandemic has imparted any lesson to mankind, it is that enabling employees to work from environments in which they feel comfortable can enhance their productivity and contribute to greater job retention.

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