



The Influence of Compensation, Flexible Working Arrangement and Organizational Culture on Organizational Performance with Employee Engagement Mediation in Business Division of A Telco Company in Indonesia

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Abstrak: The study aims to analyze the factors that will affect organizational performance. Those factors include compensation, flexible working arrangement (FWA), organizational culture and employee engagement. This study will examine the effect of compensation, FWA and organizational culture on employee engagement. Moreover, it will analyze how employee engagement mediates the effect of compensation, FWA and organizational culture on organizational performance. The population in this study accounted for 115 permanent employees in the Business Division of a telecommunication company in Indonesia. The sample consisted of 90 employees using the Slovin formula calculation. The sampling technique used in this study is a simple random sampling technique. The sample was chosen randomly without regard to strata in the population. The research method used is quantitative explanatory with SEM-PLS. According to the analysis of the study, the result has proved that: compensation, FWA and organizational culture have positive and significant effects on employee engagement; compensation, organizational culture and employee engagement have positive and significant effects on organizational performance; FWA has no significant effect on organizational performance; Employee engagement mediates the effects of compensation, FWA and organizational culture on organizational performance.

Keywords: Compensation, Flexible Working Arrangement (FWA), Organizational Culture, Employee Engagement, Organizational Performance

INTRODUCTION

The World Health Organization (WHO) officially declared the corona virus (Covid-19) as a pandemic in March 2020. Globally there were 481,756,671 confirmed positive cases of Covid-19 and 6,127,981 deaths from 229 countries as cited from the article

<https://Covid19.go.id/> on Thursday, March 29, 2022. Indonesia’s Covid-19 cases has reported 6,005,646 people were confirmed positive, 5,735,055 recovered, and 154,882 died. The survey by Ministry of Labour has shown that approximately 88 percent of companies were generally at loss due to the pandemic impact.

Telecommunications services have been able to survive during the Covid-19 pandemic. The primary cause of the thriving telecommunications sector is reflected in the market and consumers' movement when they have to adapt to digital systems on various occasions. Thereby, telecommunications companies experience an increase in terms of revenue. Amid industry conditions that are 'crumbling' due to the Covid-19 pandemic that is still sweeping Indonesia, a telco company was able to record good performance by posting positive growth in terms of revenue, EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization) and net profit during 2020.

Business Division is one of the divisions in this company that provide technology-based application products for MSMEs in Indonesia. It has had the challenge of fluctuating financial performance for the past years. It successfully reached 117.1% of revenue achievement in 2020. However, it decreased to 113.3% in 2021.

Below are the results of the pre-survey of 35 employees in the Business Division related to the factors identifications that affect the performance of the Business Division.

Table 1. Pre-Survey Results of Factors Affecting the Business Division’s Performance Achievement

No	Identification of Factors Affecting Performance	Yes	No	%
1	Salary/compensation that matches expectations and effort expended influences me in achieving satisfactory performance	25	10	71%
2	Flexible working arrangement (FWA) makes me effective in achieving the company's performance targets	21	14	60%
3	Implementation of organizational culture (AKHLAK cultural values) at work affects performance achievement.	19	16	54%
4	I will continue to work at this company even though there are other offers because I feel happy, committed and eager to participate in the current job (employee engagement)	18	17	51%
5	My supervisor's leadership style affects performance achievement in my unit	17	18	49%
6	The work environment is very supportive of the smooth implementation of work	13	22	37%
7	Training and development helps me to achieve maximum performance	9	26	26%

According to the result of the pre-survey as shown in Table 1, it found the three dominant factors that affect the performance achievement of the Business Division. These are compensation received by employees, the implementation of Flexible Working Arrangement (FWA) and organizational culture.

Besides, there are disparities between previous studies regarding the research findings. The previous studies have identified various results of compensation, flexible working arrangement and organizational culture on employee performance. Below is the outcome from several studies:

1. Nonik Maifanda and Muhammad Ramadhan Slamet (2019) stated that salary does not affect employee performance, while Awal Purnomosidi and M. Sidik Priadana (2020) have found direct compensation and work motivation are simultaneously affecting employee performance.
2. Finia Rezkianyani Mallafi and Anita Silvianita (2021) stated that the implementation of flexible working Arrangement has a significant impact on employee performance, while

Fadhila Saifullah (2020) reported that there is no significant influence of flexible working arrangement on employee performance.

3. Tehubijuluw Zacharias, Mohamad Arsad Rahawarin, Yusriadi Yusriadi (2021) has agreed that organizational culture affects organizational engagement and directly contributes to employee performance. While Siriwut Rungruang and Nichanan Sakolvieng (2019) stated that the impact of HoRenSo's organizational culture on the organization's performance only works on male employees.

Since there is a research gap between the three variables (compensation, flexible working arrangement and organizational culture) and organizational performance, it indicates that the intervening variable is necessary. The intervening variable is able to mediate the correlation between compensation, flexible working arrangement and organizational culture variables to associate with organizational performance. The intervening variable in this study is employee engagement. Employee engagement has become one of the main issues in human resource management because it provides many benefits to the company. Engaged employees are willing to give their best performance and enable the company to achieve its goals.

Based on the phenomenon and research results above, this study aims to determine and analyze the influence of the factors of compensation, the implementation of flexible working arrangement and organizational culture on organizational performance with employee engagement as a mediator.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Compensation

According to Government Regulation of the Republic of Indonesia number 36 of 2021 concerning wages, compensation is the act of providing money or other things to employees in exchange for their service and contribution to the company.

Flexible Working Arrangement

According to Veeramani and Gayathri (2013), a flexible work schedule is a system that allows employees to control and redistribute their working hours according to the demands of the organization or company. Flexible Working Arrangement has three dimensions, which are:

- 1) Timing Flexibility with an indicator of leeway to modify work duration.
- 2) Time Flexibility with an indicator of leeway to choose a work schedule.
- 3) Place Flexibility with an indicator of leeway in choosing a workplace.

Organization Culture

According to Rizky (2014), organizational culture is the values developed in an organization. These values are used as behaviour standards for employees. The state-owned companies, including this company, are required to implement AKHLAK values (Amanah, Competent, Harmonious, Loyal, Adaptive, Collaborative) into the corporate culture as stated on the Circular Letter of the Minister of SOEs Number: SE-7 / MBU / 07/2020 dated July 1, 2020.

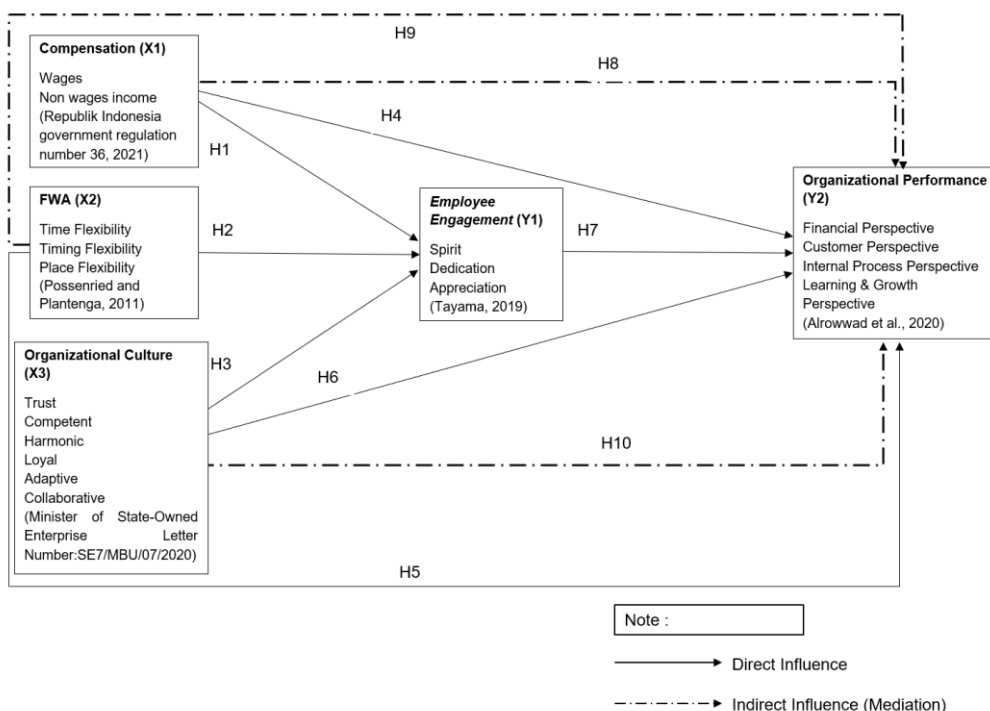
Employee Engagement

Employee engagement is a condition or state where employees are excited, passionate, energetic and committed to their work (Maylett and Warner, 2014).

Organization Performance

According to Alrowwad et al. (2020), organizational performance is defined as the strategy and activities in the organization to fulfil organizational goals that refer to financial perspectives, customers, internal processes and learning and growth.

The researchers have developed a theoretical framework based on previous studies and made observations to construct literature regarding the effect of Compensation, Flexible Working Arrangement and Organizational Culture on Organizational Performance with the mediation of Employee Engagement. The framework is described in Figure 1 below:



Picture 1. Framework of Thought

RESEARCH METHOD

The research approach of this study is quantitative research with the type of research in the explanatory format. This causal research seeks to explain the cause-and-effect relationship between variables. There are independent variables (the causes) and dependent variables (the effects) (Silalahi, 2018).

The population in this study are all permanent employees of the Business Division, for a total of 115 people. To measure the sample size to be studied, the researcher used the Slovin formula with the result of 90 samples or participants. The method used in data collection in this study uses a questionnaire method using a Likert scale with a range of 5 (five).

RESULTS AND DISCUSSION

The following is a complete description of 90 respondents consisting of gender, age, length of service and education of the respondents.

Table 2. Respondent Description

No	Description	Quantity (Person)	Percentages
By Gender			
1	Male	55	61.1%
2	Female	35	38.9%
Based on Age Range			
1	20 - 30 Years Old	32	35.6%
2	31 - 40 Years Old	14	15.5%
3	> 40 Years Old	44	48.9%
Based on Length of Service			
1	1 - 5 Years Old	25	27.8%

2	6 - 10 Years Old	13	14.4%
3	> 10 Years Old	52	57.8%
By Education			
1	SLTA	11	12.2%
2	Diploma	3	3.3%
3	S1	59	65.6%
4	S2	17	18.9%

The data in this study will then be processed using SEM-PLS through the SmartPLS version 3.2.9 application with the Outer Model and Inner Model analysis stages.

Outer Model Evaluation

The PLS method requires the Outer Model to meet the principles of validity and reliability based on the loading factor value of each construct. The first stage is convergent validity testing, namely validity testing based on the loading factor value of each construct. The next stage is discriminant validity testing, namely validity testing based on the comparison. Indicators are said to meet convergent validity if the loading factor value is above 0.7, and indicated by the Average Variance Extracted (AVE) value is above 0.50. Construct reliability is measured by composite reliability and Cronbach's alpha. Constructs are valid to be reliable if they have a composite reliability value above 0.70 and Cronbach's alpha above 0.60 (Imam Ghozali, 2016).

Based on Table 3 below, two indicators have a loading factor value <0.7, these are indicators X1.9 and Y1.3. Therefore, that indicator is not the right measure for the variable and will be discarded. Meanwhile, other indicators have a loading factor > 0.7 that meets convergent validity. In conclusion, the hypothesis test can use the constructs for all variables.

Table 3. Outer Loadings (Measurement Model) Initial

Variabel	Indicator	Loading Factor	Variabel	Indicator	Loading Factor
Compensation (X1)	X1.1	0.794	Employee Engagement (Y1)	Y1.1	0.787
	X1.2	0.724		Y1.2	0.857
	X1.3	0.797		Y1.3	0.636
	X1.4	0.720		Y1.4	0.720
	X1.5	0.778		Y1.5	0.817
	X1.6	0.717		Y1.6	0.795
	X1.7	0.704		Y1.7	0.895
	X1.8	0.735		Y1.8	0.841
	X1.9	0.542		Y1.9	0.830
	X1.10	0.736		Y1.10	0.855
	X1.11	0.720	Organizational Performance (Y2)	Y2.1	0.750
	X1.12	0.721		Y2.2	0.833
Flexible Working Arrangement (X2)	X2.1	0.750		Y2.3	0.832
	X2.2	0.800		Y2.4	0.822
	X2.3	0.775		Y2.5	0.791
	X2.4	0.795		Y2.6	0.842
	X2.5	0.741		Y2.7	0.859
	X2.6	0.731		Y2.8	0.791
Organizational Culture (X3)	X3.1	0.777		Y2.9	0.821
	X3.2	0.811		Y2.10	0.840
	X3.3	0.802	Y2.11	0.814	
	X3.4	0.762			
	X3.5	0.849			
	X3.6	0.766			
	X3.7	0.862			
	X3.8	0.866			
	X3.9	0.766			
	X3.10	0.817			
	X3.11	0.845			
	X3.12	0.834			

The processing results using SmartPLS after the X1.9 and Y1.3 indicators are discarded can be seen in Table 4 below.

Table 4. Final Outer Loadings (Measurement Model Adjusted)

Variabel	Indicator	Loading Factor	Variabel	Indicator	Loading Factor
Compensation (X1)	X1.1	0.797	Employee Engagement (Y1)	Y1.1	0.774
	X1.2	0.733		Y1.2	0.851
	X1.3	0.799		Y1.4	0.719
	X1.4	0.714		Y1.5	0.826
	X1.5	0.777		Y1.6	0.806
	X1.6	0.715		Y1.7	0.898
	X1.7	0.713		Y1.8	0.845
	X1.8	0.734		Y1.9	0.835
	X1.10	0.727		Y1.10	0.859
	X1.11	0.731		Organizational Performance (Y2)	Y2.1
	X1.12	0.726	Y2.2		0.833
	Flexible Working Arrangement (X2)	X2.1	0.749		Y2.3
X2.2		0.799	Y2.4		0.822
X2.3		0.775	Y2.5		0.791
X2.4		0.795	Y2.6		0.842
X2.5		0.741	Y2.7		0.859
X2.6		0.731	Y2.8		0.791
Organizational Culture (X3)	X3.1	0.776	Y2.9		0.820
	X3.2	0.811	Y2.10		0.840
	X3.3	0.802	Y2.11		0.814
	X3.4	0.762			
	X3.5	0.849			
	X3.6	0.767			
	X3.7	0.862			
	X3.8	0.866			
	X3.9	0.766			
	X3.10	0.818			
	X3.11	0.845			
	X3.12	0.835			

The second stage of validity testing is discriminant validity testing. This test is based on the measurement cross loading value with the construct and the Average Variance Extracted (AVE) value.

In Table 5, it can be seen that the cross loading value for each indicator on the research variable has a greater cross loading value on the variable it forms than the cross loading value on other variables, except for indicators X1.8 and Y2.11. This means that indicators X1.8 and Y2.11 have insufficient discriminant validity so that the indicator is not the right measure for the variable and will be discarded.

Table 5. Discriminant Validity (Cross Loading) Initial

Indicator	Compensation (X1)	Flexible Working Arrangement (X2)	Organizational Culture (X3)	Employee Engagement (Y1)	Organizational Performance (Y2)	Indicator	Compensation (X1)	Flexible Working Arrangement (X2)	Organizational Culture (X3)	Employee Engagement (Y1)	Organizational Performance (Y2)
X1.1	0.797	0.710	0.698	0.706	0.716	Y1.1	0.667	0.665	0.707	0.774	0.703
X1.2	0.733	0.614	0.638	0.605	0.634	Y1.2	0.733	0.769	0.794	0.851	0.796
X1.3	0.799	0.706	0.705	0.688	0.697	Y1.4	0.665	0.590	0.642	0.719	0.670
X1.4	0.714	0.641	0.605	0.663	0.643	Y1.5	0.727	0.714	0.744	0.826	0.768
X1.5	0.777	0.756	0.748	0.719	0.727	Y1.6	0.717	0.736	0.754	0.806	0.744
X1.6	0.715	0.624	0.621	0.604	0.624	Y1.7	0.846	0.830	0.850	0.898	0.846
X1.7	0.713	0.609	0.661	0.601	0.636	Y1.8	0.710	0.770	0.744	0.845	0.743
X1.8	0.734	0.681	0.740	0.708	0.704	Y1.9	0.746	0.700	0.748	0.835	0.797
X1.10	0.727	0.590	0.705	0.669	0.727	Y1.10	0.785	0.743	0.760	0.859	0.816
X1.11	0.731	0.592	0.667	0.666	0.669	Y2.1	0.644	0.557	0.622	0.647	0.750
X1.12	0.726	0.558	0.637	0.628	0.630	Y2.2	0.739	0.692	0.781	0.789	0.833
X2.1	0.661	0.749	0.611	0.632	0.627	Y2.3	0.744	0.715	0.741	0.806	0.832
X2.2	0.656	0.799	0.698	0.703	0.662	Y2.4	0.741	0.676	0.745	0.748	0.822
X2.3	0.677	0.775	0.735	0.629	0.643	Y2.5	0.690	0.603	0.664	0.677	0.791
X2.4	0.715	0.795	0.726	0.731	0.690	Y2.6	0.781	0.712	0.772	0.778	0.842
X2.5	0.638	0.741	0.675	0.658	0.632	Y2.7	0.761	0.783	0.790	0.800	0.859
X2.6	0.625	0.731	0.658	0.681	0.670	Y2.8	0.744	0.700	0.768	0.755	0.791
X3.1	0.678	0.664	0.776	0.702	0.720	Y2.9	0.727	0.725	0.762	0.774	0.820
X3.2	0.735	0.714	0.811	0.746	0.750	Y2.10	0.798	0.741	0.760	0.801	0.840
X3.3	0.775	0.705	0.802	0.701	0.706	Y2.11	0.791	0.763	0.828	0.767	0.814
X3.4	0.691	0.659	0.762	0.702	0.711						
X3.5	0.742	0.735	0.849	0.765	0.757						
X3.6	0.677	0.666	0.767	0.667	0.659						
X3.7	0.788	0.788	0.862	0.792	0.834						
X3.8	0.795	0.780	0.866	0.779	0.834						
X3.9	0.756	0.741	0.766	0.755	0.734						
X3.10	0.762	0.748	0.818	0.734	0.742						
X3.11	0.721	0.783	0.845	0.777	0.735						
X3.12	0.764	0.732	0.835	0.755	0.757						

The processing results using SmartPLS after the X1.8 and Y2.11 indicators are discarded can be seen in Table 6 below.

Table 6. Discriminant Validity (Cross Loading) Adjusted

Indicator	Compensation (X1)	Flexible Working Arrangement (X2)	Organizational Culture (X3)	Employee Engagement (Y1)	Organizational Performance (Y2)	Indicator	Compensation (X1)	Flexible Working Arrangement (X2)	Organizational Culture (X3)	Employee Engagement (Y1)	Organizational Performance (Y2)
X1.1	0.803	0.710	0.698	0.706	0.694	Y1.1	0.658	0.665	0.707	0.774	0.692
X1.2	0.741	0.614	0.638	0.605	0.629	Y1.2	0.712	0.770	0.794	0.851	0.791
X1.3	0.800	0.706	0.705	0.688	0.684	Y1.4	0.658	0.590	0.642	0.720	0.678
X1.4	0.733	0.614	0.605	0.663	0.647	Y1.5	0.724	0.714	0.744	0.826	0.761
X1.5	0.776	0.756	0.748	0.719	0.721	Y1.6	0.703	0.736	0.754	0.806	0.742
X1.6	0.700	0.624	0.621	0.604	0.621	Y1.7	0.828	0.830	0.850	0.898	0.839
X1.7	0.720	0.608	0.661	0.601	0.620	Y1.8	0.709	0.770	0.744	0.845	0.736
X1.10	0.733	0.590	0.705	0.669	0.726	Y1.9	0.738	0.700	0.748	0.836	0.796
X1.11	0.735	0.592	0.667	0.666	0.666	Y1.10	0.780	0.743	0.760	0.859	0.819
X1.12	0.725	0.558	0.637	0.628	0.624	Y2.1	0.635	0.558	0.623	0.647	0.757
X2.1	0.664	0.749	0.611	0.632	0.619	Y2.2	0.735	0.692	0.781	0.789	0.830
X2.2	0.643	0.800	0.698	0.703	0.664	Y2.3	0.739	0.715	0.741	0.806	0.833
X2.3	0.665	0.774	0.735	0.629	0.625	Y2.4	0.719	0.676	0.745	0.748	0.828
X2.4	0.703	0.794	0.726	0.731	0.677	Y2.5	0.677	0.603	0.664	0.677	0.798
X2.5	0.643	0.741	0.675	0.658	0.623	Y2.6	0.778	0.712	0.772	0.778	0.846
X2.6	0.615	0.732	0.658	0.681	0.665	Y2.7	0.745	0.783	0.790	0.800	0.858
X3.1	0.670	0.664	0.777	0.702	0.718	Y2.8	0.749	0.700	0.768	0.755	0.789
X3.2	0.718	0.714	0.810	0.746	0.732	Y2.9	0.723	0.725	0.762	0.774	0.823
X3.3	0.765	0.705	0.801	0.701	0.685	Y2.10	0.787	0.741	0.760	0.801	0.843
X3.4	0.679	0.659	0.761	0.702	0.698						
X3.5	0.735	0.735	0.849	0.765	0.739						
X3.6	0.667	0.666	0.767	0.667	0.647						
X3.7	0.772	0.788	0.862	0.792	0.830						
X3.8	0.780	0.780	0.866	0.779	0.829						
X3.9	0.748	0.748	0.766	0.755	0.733						
X3.10	0.739	0.748	0.818	0.734	0.734						
X3.11	0.720	0.783	0.845	0.777	0.722						
X3.12	0.751	0.732	0.835	0.755	0.745						

Beside the cross loading value and discriminant validity, all indicators can be determined through another method, such as the Average Variance Extracted (AVE) value.

Table 7. Value Average Variant Extracted (AVE)

Variabel	Average Variance Extracted (AVE)	Annotation
Compensation (X1)	0.559	> 0.5
Flexible Working Arrangement (X2)	0.586	> 0.5
Organizational Culture (X3)	0.663	> 0.5
Employee Engagement (Y1)	0.681	> 0.5
Organizational Performance (Y2)	0.674	> 0.5

Based on the data presented in table 4, table 6 and table 7 above, it is known that all indicators and variables in this study are valid. Furthermore, the construct reliability test in PLS is carried out through the composite reliability and Cronbach's alpha methods.

Table 8. Composite Reliability and Cronbach's Alpha

Variabel	Composite Reliability	Annotation	Cronbach's Alpha	Annotation
Compensation (X1)	0.927	> 0.7	0.912	> 0.7
Flexible Working Arrangement (X2)	0.895	> 0.7	0.858	> 0.7
Organizational Culture (X3)	0.959	> 0.7	0.953	> 0.7
Employee Engagement (Y1)	0.950	> 0.7	0.941	> 0.7
Organizational Performance (Y2)	0.954	> 0.7	0.946	> 0.7

Table 8 above shows that all research variables have a Composite Reliability and Cronbach's Alpha value > 0.7. Accordingly, these results show that all variables have a high level of reliability.

Inner Model Evaluation

Value from R-Square aims to explain how much independent variable compensation, flexible working arrangement and organizational culture hypothesized in the equation able to explain the dependent variable employee engagement and organizational performance. Below are the results of R-Square calculations in the study, as follows:

Table 9. R-Square

Variabel	R-Square	R-Square Adjusted
Employee Engagement (Y1)	0.862	0.857
Organizational Performance (Y2)	0.889	0.884

Table 9 shows the R-Square value for the Employee Engagement (Y1) variable obtained by 0.862. It explains that 86.2% of the employee engagement variable is influenced by the compensation, flexible working arrangement and organizational culture variables. The remaining 13.8% is explained by other variables that are outside this research model. Likewise, the organizational performance variable (Y2) was obtained by 0.889. These results indicate that the percentage of the amount of organizational performance variables can be explained by the compensation, flexible working arrangement and organizational culture variables as well as employee engagement by 88.9%. While the remaining 11.1% is influenced by other variables outside the research model.

Table 10. Path Coefficient

Relationship between Constructs	Original Sample (O)	T Statistics (O/STDEV)	P Values
Direct Effect			
Compensation (X1) -> Employee Engagement (Y1)	0.247	2.374	0.018
Compensation (X1) -> Organizational Performance (Y2)	0.249	2.581	0.010
Flexible Working Arrangement (X2) -> Employee Engagement (Y1)	0.267	2.977	0.003
Flexible Working Arrangement (X2) -> Organizational Performance (Y2)	-0.064	0.581	0.561
Organizational Culture (X3) -> Employee Engagement (Y1)	0.449	3.883	0.000
Organizational Culture (X3) -> Organizational Performance (Y2)	0.260	2.193	0.029
Employee Engagement (Y1) -> Organizational Performance (Y2)	0.526	5.230	0.000
Indirect Effect			
Compensation (X1) -> Employee Engagement (Y1) -> Organizational Performance (Y2)	0.130	2.074	0.039
Flexible Working Arrangement (X2) -> Employee Engagement (Y1) -> Organizational Performance (Y2)	0.141	3.004	0.003
Organizational Culture (X3) -> Employee Engagement (Y1) -> Organizational Performance (Y2)	0.236	2.817	0.005

Hypothesis 1: Based on the results of data analysis, this study conveys that the H1 hypothesis is accepted. The results show that compensation has a positive and significant effect on employee engagement. It emphasizes one way to increase employee engagement in the company is to implement a good compensation system. The results of this study align with research conducted by Fandy Ardiansyah (2022). He stated that compensation has a positive and significant effect on employee engagement. The research conducted by Wakhyuni, Asmuni & Agus (2022) also supported the statement, they stated that compensation has a positive and significant effect on employee engagement.

Hypothesis 2: Based on the results of data analysis in this study, it concludes that the H2 hypothesis is accepted. The results of the study show that Flexible Working Arrangement has a positive and significant effect on employee engagement. Hence, one option to increase employee engagement in the company is to apply flexible working Arrangement. The results of this study align with research conducted by Mazlina Binti Che Malek (2020), which stated

that Flexible Working Arrangement has a positive and significant effect on employee engagement. This study also found that work interactions from home partially mediate the relationship between FWA and Employee Engagement.

Hypothesis 3: Based on the results of data analysis in this study, it concludes that the H3 hypothesis is accepted. The study finds that organizational culture has a positive and significant effect on employee engagement. It means one way to improve employee engagement in the company is to apply a good organizational culture at the company. The results of this study align with research conducted by Pangestu and Wahjuadi (2019) which stated that organizational culture has a positive and significant effect on employee engagement.

Hypothesis 4: Based on the results of data analysis in this study, it concludes that the H4 hypothesis is accepted. The study finds that compensation has a positive and significant effect on organizational performance. It means one way to improve organizational performance in the company is to implement a good compensation system in the company. The results of this study align with research conducted by Adhi and Aima (2021) which stated that compensation has a positive and significant effect on organizational performance. The results of this study are also in line with research conducted by Purnomosidi and Priadana (2020). They stated that compensation directly affects employee performance. Furthermore, research conducted by Fakhri, Djastuti and Mas'ud (2020) also stated that compensation has a positive and significant influence on organizational performance

Hypothesis 5: Based on the results of the data analysis, this study concludes that the H5 hypothesis was rejected. The study results show that flexible working arrangement does not affect organizational performance. The results of this study were not following the results of previous studies that were conducted by Egole, Stella, Iheriohanma, E. B. J, Nwokorie and Chinedu (2020). It showed that Flexible Working Arrangement had a positive and significant effect on organizational performance. However, this study aligns with the research conducted By Fadhila Saifullah (2020), which states that there is no significant influence between Flexible Work Arrangement (FWA) and organizational performance.

Hypothesis 6: Based on the results of data analysis, this study concludes that the H6 hypothesis is accepted. The study results show that organizational culture has a positive and significant effect on organizational performance. The results of this study align with research conducted by Amrullah, Ismail and Uzliawati (2018), which stated that organizational culture has a positive and significant effect on organizational performance. The results of this study are also in line with research conducted by Purnama, Wahono and Khalikussabir (2020), which states that organizational culture affects organizational performance.

Hypothesis 7: Based on the results of data analysis, this study concludes that the H7 hypothesis is accepted. The study results show that employee engagement has a positive and significant effect on organizational performance. The results of this study align with research conducted by Fakhri, Djastuti and Mas'ud (2020), which states that employee engagement has a positive and significant effect on employee performance. The results of this study are also in line with research conducted by Ahmeda, Khanb, Thitivesab, Siraphatthadab and Phumdara (2020), which states that employee engagement has a positive and significant effect on organizational performance.

Hypothesis 8: Based on the results of the data analysis, this study concludes that the H8 hypothesis was accepted. The study results show that employee engagement mediated the

effect of compensation on organizational performance. Compensation has a positive and significant effect on organizational performance directly and through the mediation of employee engagement. The results of this study align with research conducted by Fakhri, Djastuti and Mas'ud (2020), which states that compensation has a positive and significant influence on employee performance, and employee engagement succeeded in mediating the relationship between compensation given on employee performance. The research from Fandy Ardiansyah (2022) also supports the statement, he stated that compensation has a positive and significant influence on employee performance, and employee engagement succeeded in mediating the relationship between compensation and employee performance.

Hypothesis 9: Based on the results of the data analysis, this study concludes that the H9 hypothesis was accepted. The study results show that Flexible Working Arrangement had a positive and significant effect on organizational performance through employee engagement. However, the results showed that Flexible Working Arrangement did not directly affect the performance of the organization, and employee engagement succeeded in mediating the relationship between Flexible Working Arrangement and organizational performance. This research is in line with research conducted by Fadhila Saifullah (2020) that there is no significant influence between Flexible Work Arrangement (FWA) and organizational performance.

Hypothesis 10: Based on the results of the data analysis, this study concludes that the H10 hypothesis is accepted. The study results show that organizational culture has a positive and significant effect on organizational performance through employee engagement. Organizational culture has a positive and significant effect on organizational performance both directly and through the mediation of employee engagement. This research aligns with research conducted by Rifki Suwaji (2019) that organizational culture has a positive and significant influence on organizational performance.

CONCLUSION AND SUGGESTIONS

Conclusion

Based on the results of the discussion of data analysis through proof of the hypothesis of the problems discussed in this study, the researcher conclude as follows:

1. Compensation has a positive and significant effect on employee engagement at Business Division.
2. Flexible Working Arrangement has a positive and significant effect on employee engagement at Business Division.
3. Culture Organizational has a positive and significant effect on employee engagement at Business Division.
4. Compensation has a positive and significant effect on organizational performance at Business Division.
5. Flexible Working Arrangement has no significant effect on organizational performance at Business Division.
6. Culture Organizational has a positive and significant effect on organizational performance at Business Division.
7. Employee Engagement has a positive and significant effect on organizational performance at Business Division.
8. Employee Engagement mediated the effect of compensation on organizational performance at Business Division. Compensation has a positive and significant effect on organizational performance both directly and through the mediation of employee engagement so it can be said that the mediation effect given is partial (partial).

9. Employee Engagement mediated the effect of Flexible Working Arrangement on organizational performance at Business Division. Flexible Working Arrangement does not directly affect organizational performance, and employee engagement has succeeded in mediating the relationship between Flexible Working Arrangement on organizational performance, so it can be said that the mediation effect is perfect.
10. Employee Engagement mediated the influence of organizational culture on organizational performance at Business Division. Organizational culture has a positive and significant effect on organizational performance both directly and through the mediation of employee engagement so it can be said that the mediation effect given is partial (partial).

Suggestions

1. For compensation variables, based on the results of the correlation research between indicators and the most powerful compensation variables are indicators X1.3: The fixed allowance that I receive is always given every month according to the work agreement. Suggestions from researchers so that companies can:
 - a. Maintain the timeliness to provide compensation to employees in accordance with work agreements, because this is very influential on performance.
 - b. In addition, researchers also suggest that companies can review and set standards, especially in terms of bonuses given to employees so that bonus calculations are adjusted to work agreements, for example with employee unions so as to provide a sense of justice for employees.
2. For the Flexible Working Arrangement variable, based on the results of the correlation research between indicators and the most powerful Flexible Working Arrangement variables are indicators X2.2: I have personal time even though I have the obligation to complete the work. Suggestions from researchers so that companies can:
 - a. Designing a Flexible Working Arrangement mechanism that not only supports employee efficiency and effectiveness at work but can also support the balance of the employee's personal life. One of them is by providing work from employees for employees proportionally, for example, employees are given options to work from home with a portion of 50% of the number of working days.
 - b. The Flexible Working Arrangement mechanism is designed to support employee efficiency and effectiveness in work including a clear control, evaluation and measurement mechanism for employee performance so that its application can improve organizational performance.
3. For organizational culture variables, based on the results of the correlation research between indicators and the most powerful organizational cultural variables indicators X3.8: I am willing to sacrifice for greater interests. Suggestions from researchers so that companies can maintain and improve programs and activities that encourage increased employee loyalty to the company. Programs that can be applied for example:
 - a. Giving the Employee of the Month reward for employees with the best achievements of the month.
 - b. The company can also provide leadership training and team building to build a spirit of togetherness and team cohesiveness and complement each other's strengths so that they become solid work teams.
 - c. In addition, the company can also internalize organizational culture associated with organizational performance at the time of morning briefing so that organizational culture can seep into employee daily behaviour.
4. For the Employee Engagement variable, based on the results of the correlation research between indicators and the most powerful employee engagement variables Y1.7 indicators: I feel my work is challenging. Suggestions from researchers for:

- a. Company management can involve every team member to do work or important tasks that are quite challenging. Each team member must have a clear understanding of how they will contribute to the company's mission, goals and objectives.
 - b. Company management can hold a weekly review meeting to provide regular feedback.
 - c. The company also needs to improve the aspects of the aggressiveness of employees to innovate without having to always depend on the instructions of superiors so that employees increasingly feel their jobs are challenging and triggering an increase in employee creativity. For example, by asking employees to contribute their best ideas which are then accommodated in a digital container that can be accessed anytime and anywhere by employees.
5. For organizational performance variables, based on the results of the correlation research between indicators and organizational performance variables the most powerful influence is the indicator Y2.7: Customers are satisfied with the work I do. Suggestions from researchers so that company management can create programs to improve customer satisfaction, including:
- a. Maintain product quality, customer service quality, and customer-centric (pay special attention to meeting customer needs and expectations) and maintain product price suitability and product warranty.
 - b. Make a reward program for loyal customers.
 - c. Conduct regular customer satisfaction surveys.
 - d. In addition, the company can provide training or other programs to employees to further improve their understanding and capabilities in the field of marketing. Digital marketing training programs can be a priority program to improve the ability and activeness of employees in carrying out aggressive marketing.

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