



# The Impact of New Ways of Working on Employee Well-Being through Engagement and Job Satisfaction

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## Abstract

This study aims to investigate the impact of New Ways of Working (NWW) on Employee Well-Being (EWB) at PT. Bank XYZ, focusing on the roles of Employee Engagement (EE) and Employee Job Satisfaction (EJS) as mediators. A quantitative research design was employed using Partial Least Squares (PLS) analysis. Data were collected via an online survey from 187 respondents at PT. Bank XYZ Region 02, measuring NWW, EWB, EE, and EJS using a 5-point Likert scale. The study found that NWW has a significant direct and indirect impact on EWB, mediated by EE and EJS. The findings emphasize the importance of creating a flexible and supportive work environment to maintain employee well-being and productivity. Therefore, it is recommended that PT. Bank XYZ's management strengthen work location flexibility, provide stress management training, and ensure transparent promotion policies. Additionally, enhancing the work environment through employee recognition and emotional support will contribute to increased productivity and reduced turnover. Strengthening NWW practices, such as flexible work arrangements and the use of supportive technological tools, is crucial to further improve employee well-being and support the organization's overall goals.

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**Keywords:** New Ways of Working, Employee Well-Being, Employee Engagement, & Job Satisfaction

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## Introduction

Human resources (HR) play a crucial role in creating competitive advantages and achieving organizational goals, particularly in the context of the Fourth Industrial Revolution, which demands continuous adaptation to technological innovations and market changes. Skilled HR drives innovation, efficiency, and customer satisfaction, while effective management boosts employee productivity and engagement (Dessler, 2020; Lumineau et al., 2023; Zhang & Chen, 2024). In the banking sector, HRM significantly impacts corporate performance. For example, BMRI's 234% profit growth in 2023, driven by investments in digital training, demonstrates that HR development aligned with technology can lead to exceptional performance, in contrast to the profit declines in BTPN and PNB. This highlights the critical role of HR management in addressing the challenges posed by rapid technological advancements and fierce competition.

Amid these changes, many organizations have adopted New Ways of Working (NWW), a flexible work approach that emphasizes collaboration and the use of technology to enhance productivity and employee well-being. NWW allows employees greater autonomy over their work schedules and locations while integrating technology and results-oriented management to support digital collaboration and innovation (Andrulli & Gerards, 2023; Renard et al., 2021; Picinin et al., 2023; Zhang & Chen,

2024). This study focuses on the impact of NWW implementation at Bank XYZ, with the goal of gaining insights into employee work-life balance, engagement, and job satisfaction.

An initial interview conducted on September 23, 2024, with several employees at Bank XYZ's Padang Regional Office (Kanwil 02) revealed interesting findings regarding the implementation of NWW. While many employees appreciated the convenience of online meetings and increased flexibility, they also reported feeling compelled to remain constantly online, which affected their break time and psychological well-being. This contradictory phenomenon—where flexibility is both a benefit and a burden—highlights the need for further investigation. The interviews collected qualitative data that helped understand the perspectives of employees, identify issues that may have been overlooked, and shape a more accurate theoretical framework.

From the five respondents interviewed, most reported faster decision-making within their teams after the implementation of NWW. However, some did not perceive any significant change in this regard. Regarding the feeling of being valued, opinions were divided, with some employees feeling undervalued for their contributions, while others felt more appreciated and involved in their work. Several respondents also expressed mixed views on emotional well-being (EWB), with some perceiving NWW as enhancing work-life balance, while others reported increased fatigue and stress due to the pressure to stay online. Additionally, emotional exhaustion emerged as a major concern, with many employees feeling more emotionally drained after the implementation of NWW.

This phenomenon demonstrates the varying experiences of individuals in response to the NWW policy. The divergent experiences of employees provide a basis for further exploration of how NWW affects employee performance, engagement, and well-being. This study aims to delve deeper into the impact of NWW on employees at Bank XYZ, particularly at the Padang Regional Office (Kanwil 02), which covers West Sumatra, Riau, and the Riau Islands, while considering the unique socio-cultural context and the demographic characteristics of employees, the majority of whom are millennials.

## **Literature Review and Hypothesis Development**

### **Company Performance**

Company performance depends on employee achievements, as organizations gain a competitive edge when employees have the right competencies and deliver high performance. Emotional engagement with the organization encourages employees to contribute more, enhancing overall performance (Dessler, 2020).

### **New Ways of Working (NWW)**

The concept of New Ways of Working (NWW) focuses on autonomy and flexibility, which are key factors in boosting performance through mental well-being, creativity, and a positive work culture. NWW enhances job satisfaction by providing a supportive environment that promotes mental health, feedback, and organizational involvement. Supported by technology, NWW enables independent work

and adaptability, improving collaboration and job satisfaction (Aroles et al., 2021; Leede, 2017). NWW is defined by three key dimensions: spatial (flexible workspaces), technological (remote work tools), and cultural (increased autonomy), and has been applied in sectors such as technology and consultancy to foster adaptive environments (Aroles et al., 2021).

### **Employee Well-Being (EWB)**

Employee Well-Being (EWB) is a comprehensive concept that encompasses psychological, job satisfaction, work-life balance, and physical and mental health dimensions. It reflects not only the absence of mental health issues but also the presence of positive experiences that foster happiness and fulfillment. EWB is a multi-dimensional construct, including Life Well-Being (LWB), Workplace Well-Being (WWB), and Psychological Well-Being (PWB), with WWB being particularly influential in enhancing job satisfaction, emotional health, and organizational commitment. Organizational practices such as job control, workload, and climate are crucial for improving EWB, which in turn boosts productivity and satisfaction (Aboobaker et al., 2022; Rode, 2004; Zheng et al., 2015).

### **Employee Engagement (EE)**

Employee Engagement (EE) refers to the emotional and intellectual involvement of employees in their organization. It is influenced by factors such as job satisfaction, organizational support, and communication. High EE is linked to greater initiative, responsibility, and pride in contributing to company success (Pulungan & Rivai, 2021). Schaufeli et al. (2006) identify vigor, dedication, and absorption as key dimensions of EE, which together shape employee involvement and organizational performance.

### **Employee Job Satisfaction (EJS)**

Employee Job Satisfaction (EJS) is crucial for enhancing organizational performance, influencing retention, participation, and productivity. Factors such as compensation, job design, relationships with colleagues, and organizational culture are all critical to job satisfaction (Chandra Putra et al., 2020; Mathis & Jackson, 2008). Research shows that satisfied employees are more motivated to contribute and less likely to leave, ultimately improving organizational performance (Mangkunegara, 2015).

### **Hypothesis Development**

Based on the reviewed literature, the following hypotheses were developed:

- H1: The implementation of New Ways of Working (NWW) positively influences Employee Well-Being (EWB) at PT Bank XYZ.
- H2: The implementation of NWW significantly influences Employee Engagement (EE) at PT Bank XYZ.
- H3: The implementation of NWW significantly influences Employee Job Satisfaction (EJS) at PT Bank XYZ.
- H4: Employee Engagement (EE) positively affects Employee Well-Being (EWB) at PT Bank XYZ.
- H5: Job Satisfaction (EJS) positively affects Employee Well-Being (EWB) at PT Bank XYZ.

- H6: Employee Engagement (EE) mediates the relationship between NWW and EWB at PT Bank XYZ.
- H7: Employee Job Satisfaction (EJS) mediates the relationship between NWW and EWB at PT Bank XYZ.

Each of these hypotheses is grounded in existing research, which suggests that flexible working conditions and employee engagement are strongly linked to improved well-being and satisfaction. The proposed hypotheses explore both direct effects and mediating factors such as EE and EJS, which are crucial to understanding the broader impacts of NWW on employee outcomes.

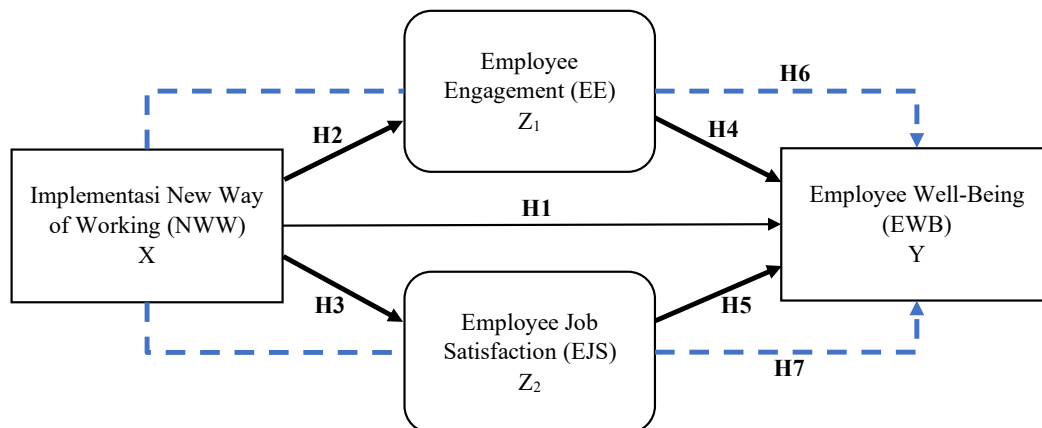


Figure 1.  
Research Framework

## Research Methodology

### Research Design

This study employs a quantitative research approach using a descriptive method (Sugiyono, 2018). According to Sugiyono (2018), quantitative research, rooted in positivist philosophy, explores and analyzes relationships between variables within a specific population using a representative sample. Data will be collected through structured instruments, and statistical analysis will be conducted to test the hypotheses. This approach aims to empirically test the relationships between variables, providing insights into their interactions.

### Data Type, Sources, and Data Collection Techniques

This study utilizes quantitative data (Sugiyono, 2018), which involves numerical data that can be statistically analyzed to test hypotheses. Primary data will be collected through a structured questionnaire using a 5-point Likert scale (1-5) from employees at Bank XYZ's West Sumatra Regional Office. Secondary data will be gathered from Human Capital Management (HCM) reports to support primary data analysis. The population includes 362 permanent employees, and the sample will be determined using Isaac & Michael's formula (Sugiyono, 2018) for sample size calculation:

$$S = \frac{\Lambda^2 \cdot N \cdot P \cdot Q}{d^2(N - 1) + \lambda^2 \cdot P \cdot Q} \quad (1)$$

This yields an estimated sample size of approximately 187 respondents, ensuring statistical power for the analysis.

Proportional stratified random sampling will be employed to ensure that each operational area of Bank XYZ is properly represented. The following table outlines the sample distribution:

Table 1.  
Sample Distribution Using Proportional Random Sampling

| No           | Unit            | Jumlah Pegawai | Proporsional | Jumlah Responden |
|--------------|-----------------|----------------|--------------|------------------|
| 1            | KC Bukittinggi  | 55             | 15%          | 28               |
| 2            | KC Padang       | 131            | 36%          | 68               |
| 3            | KC Payakumbuh   | 38             | 10%          | 20               |
| 4            | Kanwil 02       | 63             | 17%          | 32               |
| 5            | KC Solok        | 43             | 12%          | 22               |
| 6            | KC Sungai Penuh | 32             | 9%           | 16               |
| <b>Total</b> |                 | <b>362</b>     | <b>100%</b>  | <b>187</b>       |

Source: Human Resource Data, PT Bank XYZ, processed (2024).

### Variables and Operational Definitions

In this study, the key variables—Employee Job Satisfaction (EJS), Employee Well-Being (EWB), Employee Engagement (EE), and New Ways of Working (NWW)—will be measured using a 5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The measurement items for each variable are adapted from previous studies to ensure their validity and reliability. Employee Job Satisfaction (EJS) is assessed through indicators such as satisfaction with job nature, compensation, and interpersonal relationships, as well as perceptions of organizational policies. These items were adapted from Chandra Putra et al. (2020), Mathis & Jackson, (2008), who extensively examined job satisfaction in the context of organizational behavior. Employee Well-Being (EWB), which encompasses psychological, workplace, and life well-being, is measured using items that assess overall life satisfaction, work-life balance, and emotional health at the workplace, as defined by Zheng et al. (2015), and Aboobaker et al. (2022), Ryff (2015). Employee Engagement (EE) is evaluated through the three key dimensions of vigor, dedication, and absorption, which are core to understanding employee involvement, following the work of Saks (2006) and Schaufeli et al. (2006). These dimensions were further refined by Mazzetti et al. (2023), who specifically linked them to organizational contexts. Lastly, New Ways of Working (NWW) is measured by indicators of work autonomy, flexibility, and technological support, reflecting the ability of employees to work remotely and collaborate effectively. This operationalization follows frameworks presented by Aroles et al. (2021) and Soucek et al. (2024), which examine the role of flexibility and technology in modern workplaces.

### Data Analysis Using SEM and PLS

In this study, data analysis will be conducted using Structural Equation Modeling (SEM) with Partial Least Squares (PLS) to examine the relationships between the variables and test the hypotheses. SEM-PLS is chosen due to its suitability for small samples, its ability to model latent variables, and its

flexibility in handling both reflective and formative indicators, as noted by Ghozali (2014). To evaluate the measurement model (outer model), several indicators will be assessed: convergent validity, discriminant validity, and reliability. For convergent validity, the Average Variance Extracted (AVE) should be greater than or equal to 0.5, indicating that the variables explain at least 50% of the variance in the indicators (Hair et al., 2022). Discriminant validity will be checked using the Fornell-Larcker criterion and HTMT (Heterotrait-Monotrait ratio), ensuring that the variables are distinct from each other and do not overlap significantly. Reliability will be evaluated using composite reliability (CR) and Cronbach's alpha, with a threshold of 0.7 for both measures to ensure the consistency of the constructs.

For the structural model (inner model), path coefficients will be analyzed to assess the strength and significance of the relationships between the variables. The  $R^2$  values will be used to determine the explanatory power of the model, with higher values indicating better explanatory power. The significance of the relationships will be tested using bootstrapping to calculate the standard errors and t-values. Mediation effects will be analyzed through both direct and indirect paths, with partial mediation considered if both direct and indirect effects are significant, and full mediation if only the indirect effect is significant Hair et al. (2019). Additionally, model fit will be assessed using the Goodness of Fit (GoF) index, SRMR (Standardized Root Mean Square Residual), and other fit indices to ensure that the model is a good fit for the data.

## Results and Analysis

This study analyzes data from 187 respondents collected through an online questionnaire using a 5-point Likert scale. The demographic profile of the respondents is summarized as follows: the majority (66%) are aged between 30 and 40 years, with 81% holding a Bachelor's degree (S1), and 60% hold Assistant Manager positions. These characteristics are consistent with the profile of employees in Bank XYZ Region 02, providing a representative sample for the study.

Table 2.  
Demographic Profile of Respondents

| Demographic Variable | Characteristic         | Frequency | Percentage (%) |
|----------------------|------------------------|-----------|----------------|
| Gender               | Male                   | 81        | 43%            |
|                      | Female                 | 106       | 57%            |
|                      | <b>Total</b>           | 187       | 100%           |
| Age Group            | < 30                   | 37        | 20%            |
|                      | 30 to 40               | 123       | 66%            |
|                      | 40 to 50               | 20        | 11%            |
|                      | > 50                   | 7         | 4%             |
|                      | <b>Total</b>           | 187       | 100%           |
| Highest Education    | High School (SMA)      | 3         | 2%             |
|                      | Diploma                | 21        | 11%            |
|                      | Bachelor's Degree (S1) | 152       | 81%            |
|                      | Master's Degree (S2)   | 11        | 6%             |
|                      | <b>Total</b>           | 187       | 100%           |
| Work Experience      | 1 - 10 Years           | 89        | 48%            |

| Demographic Variable        | Characteristic                  | Frequency | Percentage (%) |
|-----------------------------|---------------------------------|-----------|----------------|
|                             | > 10 - 20 Years                 | 78        | 42%            |
|                             | > 20 - 30 Years                 | 19        | 10%            |
|                             | > 30 Years                      | 1         | 1%             |
|                             | <b>Total</b>                    | 187       | 100%           |
| <b>Job Grade (Position)</b> | AMGR (Assistant Manager)        | 112       | 60%            |
|                             | ASST (Assistant)                | 75        | 40%            |
|                             | <b>Total</b>                    | 187       | 100%           |
| <b>Marital Status</b>       | Single                          | 24        | 13%            |
|                             | Divorced (Living)               | 3         | 2%             |
|                             | Widowed                         | 2         | 1%             |
|                             | Married                         | 158       | 84%            |
|                             | <b>Total</b>                    | 187       | 100%           |
| <b>Work Unit</b>            | Regional Office (Kanwil 02)     | 32        | 17%            |
|                             | Branch Office (KC) Bukittinggi  | 26        | 14%            |
|                             | Branch Office (KC) Padang       | 68        | 36%            |
|                             | Branch Office (KC) Payakumbuh   | 20        | 11%            |
|                             | Branch Office (KC) Solok        | 28        | 15%            |
|                             | Branch Office (KC) Sungai Penuh | 13        | 7%             |
|                             | <b>Total</b>                    | 187       | 100%           |

Source: Primary data processed, (2024)

#### Measurement (outer) model evaluation

In this study, the measurement model used a reflective measurement approach, where the variables New Ways of Working (NWW), Employee Engagement (EE), Employee Well-Being (EWB), and Job Satisfaction (JS) were measured reflectively. According to Hair et al. (2019), the evaluation of a reflective measurement model includes several criteria: outer loading (OL)  $\geq 0.70$ , composite reliability (CR)  $\geq 0.70$ , Cronbach's alpha  $\geq 0.70$ , and Average Variance Extracted (AVE)  $\geq 0.50$ , as well as discriminant validity evaluation through Fornell-Larcker and HTMT (Heterotrait-Monotrait Ratio), which should be below 0.90. The results show that all constructs meet these criteria, with high outer loadings, strong reliability (CR and Cronbach's alpha  $> 0.70$ ), and satisfactory convergent validity (AVE  $> 0.50$ ).

NWW was most strongly reflected in the participation dimension, emphasizing the importance of employee contribution, in line with the Theory of Planned Behavior (Ajzen, 2020). EWB was primarily influenced by satisfaction with the current job, supporting the Self-Determination Theory (Kundi et al., 2020). Job Satisfaction (KS) was strongly linked to recognition of contributions, consistent with Equity Theory. Meanwhile, EE was most dominantly reflected in the dedication dimension, supporting the Employee Engagement Theory (Kollmann et al., 2020). These dimensions demonstrated significant relationships in supporting the effective implementation of NWW to improve employee well-being, satisfaction, and engagement (Mazzetti et al., 2023).

Discriminant validity was assessed using the Fornell-Larcker criterion, where the square root of AVE for each variable (EE: 0.867, EWB: 0.829, KS: 0.815, NWW: 0.927) was higher than its correlations with other constructs, confirming that discriminant validity was met. Additionally, the HTMT ratio was used, with all values falling below the recommended threshold of 0.90, ensuring no discriminant

validity issues (J. F. Hair et al., 2019). These results affirm that the measurement model is both reliable and valid, meeting all required criteria for statistical analysis.

Table 3.  
Constructs reliability and convergent validity

| Variable | Construct                | Indicator                      | OL    | CA    | CR    | AVE   |
|----------|--------------------------|--------------------------------|-------|-------|-------|-------|
| NWW      | Autonomy & Flexibility   | Arrange work methods.          | 0.965 | 0.986 | 0.986 | 0.959 |
|          |                          | Set schedule.                  | 0.991 |       |       |       |
|          |                          | Choose location.               | 0.979 |       |       |       |
|          |                          | Flexible hours.                | 0.981 |       |       |       |
|          | Technology & Access      | Use work technology.           | 0.914 | 0.946 | 0.948 | 0.861 |
|          |                          | Rely on digital media.         | 0.936 |       |       |       |
|          |                          | Access info.                   | 0.918 |       |       |       |
|          |                          | Quick communication.           | 0.945 |       |       |       |
|          | Dissolution Boundaries   | Blurred work-life boundaries.  | 0.988 | 0.978 | 0.979 | 0.959 |
|          |                          | Work outside hours.            | 0.99  |       |       |       |
|          |                          | Reachable during holidays.     | 0.959 |       |       |       |
|          |                          | Suggest improvements.          | 0.996 | 0.996 | 0.996 | 0.992 |
|          | Participation            | Suggestions valued.            | 0.996 |       |       |       |
|          |                          | Job is meaningful.             | 0.996 |       |       |       |
|          |                          | Satisfied with life.           | 0.913 | 0.92  | 0.923 | 0.806 |
|          |                          | Close to life goals.           | 0.887 |       |       |       |
| EWB      | Life Well-Being          | Truly happy.                   | 0.911 |       |       |       |
|          |                          | Life situation good.           | 0.879 |       |       |       |
|          |                          | Satisfied with job.            | 0.957 | 0.936 | 0.937 | 0.842 |
|          |                          | Find happiness at work.        | 0.917 |       |       |       |
|          | Workplace Well-Being     | NWW supports well-being.       | 0.838 |       |       |       |
|          |                          | Emotionally drained.           | 0.953 |       |       |       |
|          |                          | Personal growth.               | 0.898 | 0.916 | 0.918 | 0.801 |
|          |                          | Manage daily tasks.            | 0.829 |       |       |       |
|          | Psychological Well-Being | Share time willingly.          | 0.937 |       |       |       |
|          |                          | Deep talks with family.        | 0.911 |       |       |       |
|          |                          | Job valued fairly.             | 0.943 | 0.937 | 0.938 | 0.8   |
|          |                          | Fair welfare policies.         | 0.889 |       |       |       |
|          | Policy                   | Satisfied with salary.         | 0.888 |       |       |       |
|          |                          | Grading motivates.             | 0.855 |       |       |       |
|          |                          | Faster decisions with NWW.     | 0.895 |       |       |       |
|          |                          | Skills improve with training.  | 0.978 | 0.963 | 0.962 | 0.901 |
| EJS      | Development              | Satisfied with promotion.      | 0.977 |       |       |       |
|          |                          | Gained knowledge/experience.   | 0.958 |       |       |       |
|          |                          | Ready for challenges.          | 0.879 |       |       |       |
|          |                          | Proud of work.                 | 0.987 | 0.981 | 0.981 | 0.946 |
|          | Contribution             | Work brings happiness.         | 0.987 |       |       |       |
|          |                          | Enjoy current job.             | 0.952 |       |       |       |
|          |                          | Like the job.                  | 0.965 |       |       |       |
|          |                          | Heard in decisions.            | 0.925 | 0.945 | 0.946 | 0.820 |
|          | Leadership Behavior      | Wise decisions.                | 0.898 |       |       |       |
|          |                          | Competent leader.              | 0.908 |       |       |       |
|          |                          | Fair leadership.               | 0.916 |       |       |       |
|          |                          | Rarely wrong decisions.        | 0.878 |       |       |       |
|          | Interpersonal Relations  | Enjoy working with colleagues. | 0.905 | 0.942 | 0.943 | 0.851 |
|          |                          | Satisfied with interactions.   | 0.911 |       |       |       |
|          |                          | Colleagues offer support.      | 0.931 |       |       |       |

| Variable | Construct  | Indicator                    | OL    | CA    | CR    | AVE   |
|----------|------------|------------------------------|-------|-------|-------|-------|
| EE       | Vigor      | Role recognized positively.  | 0.943 | 0.946 | 0.957 | 0.867 |
|          |            | Energy for challenges.       | 0.786 |       |       |       |
|          |            | Work boosts spirit.          | 0.975 |       |       |       |
|          |            | Enthusiastic mornings.       | 0.979 |       |       |       |
|          |            | Focus without tiring.        | 0.971 |       |       |       |
|          | Dedication | Job is meaningful.           | 0.893 | 0.950 | 0.951 | 0.870 |
|          |            | Enthusiastic about work.     | 0.953 |       |       |       |
|          |            | Work inspires me.            | 0.955 |       |       |       |
|          |            | Proud of work results.       | 0.93  |       |       |       |
|          | Absorption | Time flies at work.          | 0.839 | 0.935 | 0.942 | 0.840 |
|          |            | Forget surroundings working. | 0.958 |       |       |       |
|          |            | Happy when engaged.          | 0.977 |       |       |       |
|          |            | Fully engaged in tasks.      | 0.884 |       |       |       |

Source: Primary data processed, (2024)

Table 4.  
Discriminant validity Fornell & Laker

| Variabel | EE    | EWB   | EJS   | NWW   |
|----------|-------|-------|-------|-------|
| EE       | 0.867 |       |       |       |
| EWB      | 0.614 | 0.829 |       |       |
| EJS      | 0.597 | 0.576 | 0.815 |       |
| NWW      | 0.384 | 0.396 | 0.248 | 0.927 |

Source: Primary data processed, (2024)

Table 5.  
Discriminant validity (HTMT ratio criterion)

| Variable | EE    | EWB   | EJS   | NWW |
|----------|-------|-------|-------|-----|
| EE       |       |       |       |     |
| EWB      | 0.634 |       |       |     |
| EJS      | 0.617 | 0.599 |       |     |
| NWW      | 0.392 | 0.405 | 0.255 |     |

Source: Primary data processed, (2024)

### Structural (inner) model evaluation

After assessing the measurement model for convergent and discriminant validity, the next phase is to validate the structural model. This process consists of five key steps: (1) evaluating collinearity, (2) testing path coefficients ( $\beta$ ) or hypothesis testing, (3) calculating the percentage of variance explained ( $R^2$ ), (4) determining predictive relevance through  $Q^2$ , and (5) assessing model fit. Additionally, the significance of the hypotheses was tested using the bootstrapping method with 5000 resamples. The empirical results show that all hypothesized paths were significant ( $p$ -value  $< 0.05$ ); therefore, H1–H7 are supported (see Table 6; Figure 2).

Table 6.  
Discriminant validity Fornell & Laker

| Hypothesis      | Relationships     | βeta  | S.D   | t-value | p-value | Decision | f <sup>2</sup> |
|-----------------|-------------------|-------|-------|---------|---------|----------|----------------|
| Total Effect    |                   |       |       |         |         |          |                |
|                 | NWW -> EWB        | 0.396 | 0.074 | 5.369   | 0.000   | Accepted |                |
| Direct Effect   |                   |       |       |         |         |          |                |
| H1              | NWW --> EWB       | 0.180 | 0.059 | 3.064   | 0.002   | Accepted | 0.053          |
| H2              | NWW --> EE        | 0.384 | 0.068 | 5.676   | 0.000   | Accepted | 0.173          |
| H3              | NWW --> EJS       | 0.248 | 0.073 | 3.393   | 0.001   | Accepted | 0.066          |
| H4              | EE --> EWB        | 0.353 | 0.081 | 4.366   | 0.000   | Accepted | 0.139          |
| H5              | EJS --> EWB       | 0.321 | 0.081 | 3.966   | 0.000   | Accepted | 0.126          |
| Indirect Effect |                   |       |       |         |         |          |                |
| H6              | NWW -> EE -> EWB  | 0.136 | 0.039 | 3.436   | 0.001   | Accepted |                |
| H7              | NWW -> EJS -> EWB | 0.080 | 0.032 | 2.478   | 0.013   | Accepted |                |

R<sup>2</sup>: NWW = 0.919; EWB = 0.751; EE = 0.693; EJS = 0.654

(calculated as the average of each construct's R<sup>2</sup>)

Q<sup>2</sup>: 0.998

SRMR: 0.078

S.D: Standard deviation

Source: Primary data processed, (2024)

Next, the R<sup>2</sup> values for the endogenous latent constructs EE, EJS, and EWB indicate the explanatory power of the proposed model, showing the extent to which the exogenous variable NWW explains the endogenous variables EE, EJS, and EWB. R<sup>2</sup> values range from 0.654 to 0.919, with higher values indicating greater predictive accuracy. Specifically, the R<sup>2</sup> value for EWB is 0.751, meaning that the combined influence of NWW, EJS, and EWB explains 75.1% of the variation in EWB (see table 6). Furthermore, in assessing predictive relevance, this study used Q<sup>2</sup>, which is typically calculated using formula (see Eq. 2). This technique involves omitting and re-estimating data points. Essentially, Q<sup>2</sup> indicates how effectively the empirically collected data can be reconstructed using the PLS parameters and model (Chin & Newsted, 1998). When the Q<sup>2</sup> value for a construct exceeds zero, it signifies the predictive relevance of the path model for that dependent variable. Table 6 shows that the Q<sup>2</sup> values for NWW, EWB, EE, and EJS are 0.998, indicating an acceptable level of predictive relevance.

$$Q^2 = 1 - (1 - R_1^2) (1 - R_2^2) \dots \dots \dots (1 - R_n^2) \quad (2)$$

Finally, when using the PLS-SEM approach through SmartPLS, it is recommended to check the overall model fit using the standardized root-mean-square residual (SRMR) (Hair et al., 2019). SRMR is an objective measure of model fit, where a value of zero indicates perfect fit. A value below 0.078 is considered indicative of a good fit (Hair et al., 2019) see Table 6. Figure 2 illustrates the proposed path coefficients, their indicator loadings, and their significance levels.

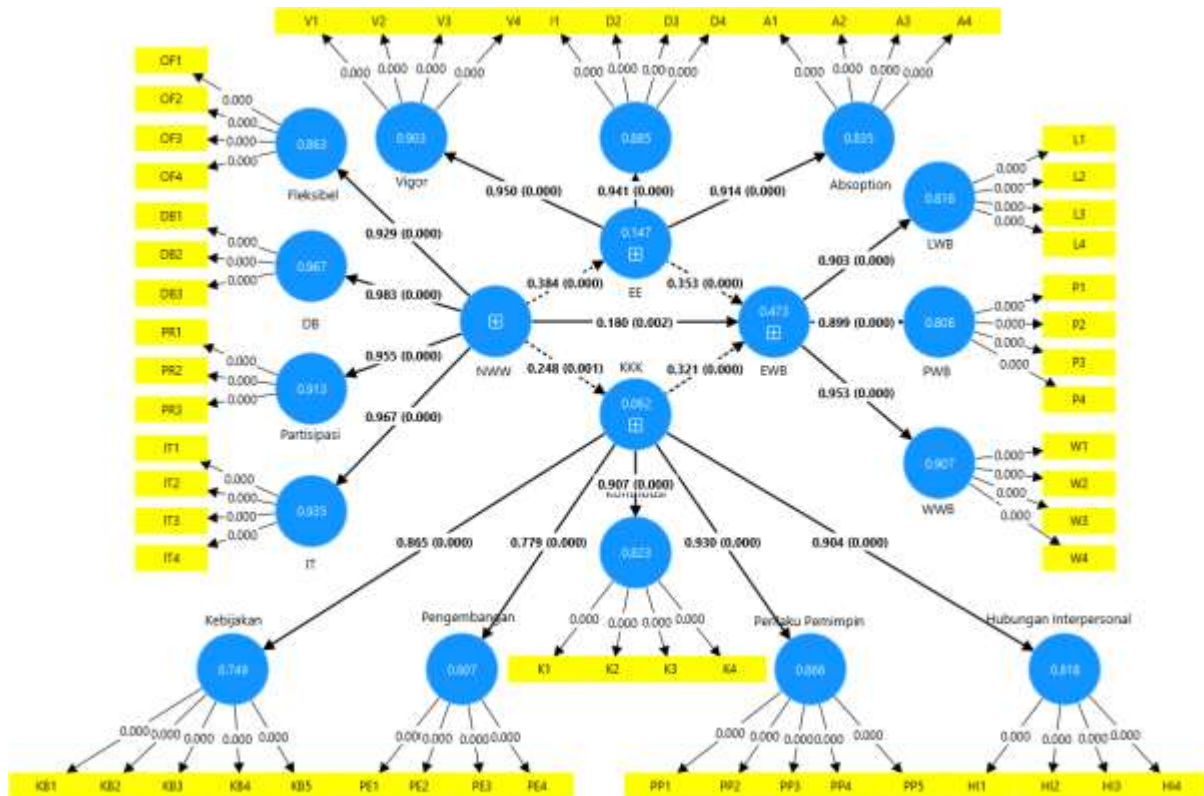


Figure 2.  
Bootstrapping result

### Mediation Analysis

To explore the mediating impact of EE and EJS, the bootstrapping technique was applied to estimate the direct, indirect, and total effects. As outlined in Table 6 and illustrated in Figure 2, both EE and EJS exhibit positive and statistically significant effects on EWB, both directly and indirectly. In calculating the mediation of EE and EJS, the variance accounted for (VAF) formula suggested by Hair et al. (2019) was used (see Equations 2 and 3). According to Hair et al. (2019), VAF values below 20% indicate no mediation, between 20% and 80% indicate partial mediation, and above 80% represent full mediation. The findings of this study revealed a VAF value of 42.9% for EE, indicating partial mediation by EE, and a VAF value of 30.6% for EJS, indicating partial mediation by EJS.

$$VAF = \frac{\text{Indirect effect}}{\text{Total effect}} \quad (3)$$

### Result discussion

#### Hypothesis Testing and Findings

Hypothesis 1 (H1): The study shows that New Ways of Working (NWW) positively affects Employee Well-Being (EWB) at PT. Bank XYZ, with a path coefficient of 0.186 and a p-value of 0.002 (<0.05). This confirms previous findings (Andrulli & Gerards, 2023) that NWW, by fostering flexibility and autonomy, enhances employee well-being. The impact of NWW varies across generational groups; younger employees (Gen Z) prioritize work-life balance, while older employees value stability and flexibility, making NWW relevant across age groups (Joly & Lambert, 2021).

Hypothesis 2 (H2): NWW significantly affects Employee Engagement (EE) at PT. Bank XYZ, with a path coefficient of 0.384 and a p-value of 0.000 ( $<0.05$ ). This supports the idea that NWW, by promoting flexibility and recognition, boosts employee attachment and involvement (Kamel, 2019). Previous studies have shown that digital and flexible work environments improve engagement, which is crucial for post-pandemic organizational success (Duque et al., 2020; Pulungan & Rivai, 2021).

Hypothesis 3 (H3): The study also confirms that NWW positively impacts Job Satisfaction (JS) at PT. Bank XYZ, with a path coefficient of 0.248 and a p-value of 0.001 ( $<0.05$ ). NWW, through flexibility, empowerment, and inclusivity, increases employee satisfaction, which in turn enhances job involvement (Nassani et al., 2024; Thapa, 2024). Flexibility and autonomy were key drivers of job satisfaction, improving work-life balance and productivity.

Hypothesis 4 (H4): The study shows a significant positive effect of Employee Engagement (EE) on Employee Well-Being (EWB) at PT. Bank XYZ (path coefficient 0.353, p-value  $0.000 < 0.05$ ). This supports the view that engaged employees experience better physical, mental, and emotional well-being. Engagement has been linked to improved health outcomes and reduced burnout (Tambunan et al., 2024; Wang et al., 2022).

Hypothesis 5 (H5): Job satisfaction (JS) has a significant positive effect on EWB (path coefficient 0.321, p-value  $0.000 < 0.05$ ). Higher job satisfaction was strongly associated with improved employee well-being, which reflects in better retention and overall motivation (Mathis & Jackson, 2008). Studies show that factors like flexible work conditions and a supportive work culture are crucial for enhancing both satisfaction and well-being (Davidescu et al., 2020; Yiming et al., 2024).

#### Indirect Effects of NWW on EWB

Indirect Effect through Employee Engagement: NWW significantly enhances Employee Well-Being (EWB) indirectly through Employee Engagement (EE), with a path coefficient of 0.136 and a p-value of 0.001 ( $< 0.05$ ). This suggests that NWW practices, by increasing employee engagement, contribute to better psychological well-being (Masrie, 2018). Engaged employees experience a reduction in stress and greater fulfillment (Gulzar et al., 2021), supporting the Social Exchange Theory that high engagement leads to improved well-being.

Indirect Effect through Job Satisfaction: The study also demonstrates that NWW enhances Employee Well-Being through Job Satisfaction (path coefficient 0.248, p-value  $0.013 < 0.05$ ). As NWW increases job satisfaction, it subsequently boosts employee well-being, aligning with findings from Aroles et al. (2021) and Davidescu et al. (2020). Work flexibility, autonomy, and recognition play a key role in improving both job satisfaction and overall employee well-being.

#### Implications and Future Research

This study highlights the importance of New Ways of Working (NWW) in improving employee well-being, engagement, and satisfaction in PT. Bank XYZ. The positive effects of NWW practices, particularly in fostering flexibility, autonomy, and work-life balance, are crucial for maintaining a healthy and productive workforce.

However, the study is limited to the banking sector in Indonesia, and these findings may not be directly generalizable to other industries or countries. Future research should expand the scope to include other sectors and geographical contexts, exploring how cultural and organizational differences may influence the impact of NWW on employee well-being.

Additionally, further studies could examine other psychosocial factors such as emotional intelligence, work overload, and the search for meaning in work, which may provide a more comprehensive understanding of employee well-being.

For PT. Bank XYZ, it is recommended to continue adapting NWW practices, ensuring that wellness programs, transparent decision-making, and tailored policies meet the diverse needs of employees. This approach will contribute to long-term organizational success and employee satisfaction.

## **Conclusion**

This study concludes that the implementation of New Ways of Working (NWW) has a significant impact on Employee Well-Being (EWB) at PT. Bank XYZ, both directly and indirectly through Employee Engagement (EE) and Employee Job Satisfaction (EJS). NWW practices, which include flexibility, autonomy, and technological support, have been shown to enhance employee well-being by strengthening engagement and job satisfaction. These factors contribute to higher productivity, motivation, and overall job satisfaction, particularly for younger generations and employees who prioritize work-life balance.

The findings emphasize the importance of creating a flexible and supportive work environment to maintain employee well-being and productivity. Therefore, it is recommended that PT. Bank XYZ's management strengthen work location flexibility, provide stress management training, and ensure transparent promotion policies. Additionally, enhancing the work environment through employee recognition and emotional support will contribute to increased productivity and reduced turnover. Strengthening NWW practices, such as flexible work arrangements and the use of supportive technological tools, is crucial to further improve employee well-being and support the organization's overall goals.

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