

# The Influence of Work Flexibility and Digital Human Resources on Employee Performance at OJK Medan with Job Satisfaction as an Intervening Variable

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**Abstract:** The purpose of this study is to analyze the influence of work flexibility and digital human resources on employee performance, with job satisfaction as an intervening variable among employees of OJK Medan. This research employs a quantitative approach. The data used consists of primary and secondary data collected through the distribution of questionnaires using a Likert Scale. The research sample includes 165 respondents who are employees of OJK Medan. The collected data was analyzed using SmartPLS software. The results of the study indicate that, directly, the variable of work flexibility has a positive and significant effect on employee performance, while the digital human resources variable has a negative and significant direct effect on employee performance. Work flexibility and digital human resources also have a significant direct effect on job satisfaction. Furthermore, job satisfaction has a positive and significant direct effect on employee performance. Indirectly, work flexibility and digital human resources, through job satisfaction, significantly influence employee performance. However, the direction of the effect of work flexibility through job satisfaction is positive, while the effect of digital human resources through job satisfaction is negative on employee performance.

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**Keywords:** Work Flexibility, Digital Human Resources, Employee Performance, Job Satisfaction.

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## A. INTRODUCTION

The continuous evolution of the times has brought about various developments that can influence human life, particularly in the world of work and human resource (HR) management. In this era of digitalization and Industry 5.0, technology has led companies through disruptive changes that affect not only external aspects but also the internal dynamics of organizations (Fiaz & Qureshi, 2024). Amid this digital transformation, organizations must ensure that their human resources remain relevant, adaptable, and capable of competing with technology to avoid being replaced by automation and robotics (Zhao et al., 2024). The success of an organization greatly depends on the quality and performance of its human resources, which are essential to ensuring smooth operations and achieving organizational goals (Idris et al., 2020).

However, although digitalization offers various conveniences, the implementation of technology in human resource management is not an easy task. In many cases, organizations still face challenges in maximizing the potential of their human resources, including issues related to motivation, job satisfaction, and the management of work-related stress, all of which can impact employee performance. Work stress is a significant factor that can reduce employee

productivity. This aligns with a study by Rulli Ramadhayani (2023), which found that work-related stress is closely associated with the decline in employee performance at the Financial Services Authority (OJK) Regional Office 7, Southern Sumatra.

OJK, as a state institution responsible for regulating and supervising the financial services sector in Indonesia, plays a crucial role in maintaining the stability and integrity of the financial system. OJK Medan, as the representative office in North Sumatra, must ensure optimal employee performance to meet public expectations and effectively carry out its duties. However, based on data collected from ResearchGate, there was a noticeable decline in employee performance at OJK Medan in 2019, despite improvements in 2020 and 2021. This decline in performance indicates the presence of both internal and external factors affecting employee productivity, including high levels of work-related stress, dissatisfaction with the work system, and slow response in handling public complaints by OJK Medan. To improve employee performance, OJK Medan needs to identify and address the underlying causes of this decline by enhancing stress management, increasing job satisfaction, and designing more flexible and efficient policies. The digitalization of human resource management can serve as a solution to improve work efficiency and enhance employee job satisfaction.



**Figure 1:** OJK Medan Employee Performance (2021-2024)

Based on Figure 1, it is explained that there has been a decline in employee performance at OJK Medan from 2021 to 2024, as indicated by the downward trend in performance percentage from 80% in 2021 to 55% in 2024. This decline highlights the challenges faced by the organization in maintaining employee productivity and work effectiveness. It is crucial for OJK Medan's management to pay attention to this issue in order to identify the factors contributing to the performance decline, such as work-related stress and job dissatisfaction. Therefore, the researcher is interested in exploring the phenomenon of declining employee performance at OJK Medan. Referring to the background, problem identification, and research statement above, the objectives of this study are as follows: (1) To analyze the effect of work flexibility on employee performance at OJK Medan; (2) To analyze the effect of work flexibility on job satisfaction among OJK Medan employees; (3) To analyze the effect of digital human resources on employee performance at OJK Medan; (4) To analyze the effect of digital human

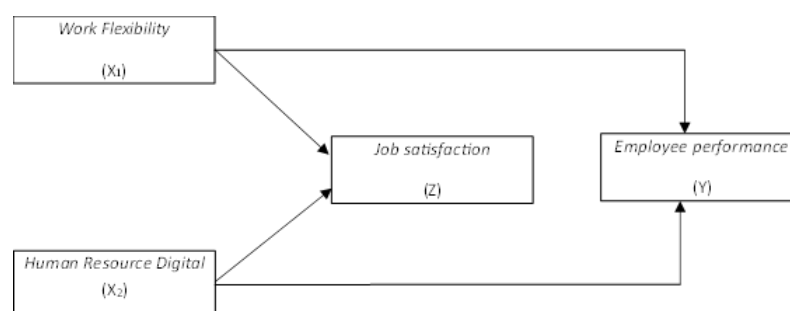
resources on job satisfaction among OJK Medan employees; (5) To analyze the effect of job satisfaction on employee performance at OJK Medan; (6) To analyze the effect of work flexibility on employee performance through job satisfaction among OJK Medan employees; and (7) To analyze the effect of digital human resources on employee performance through job satisfaction among OJK Medan employees.

## B. METHOD

The objective of this study is to analyze the influence of work flexibility and digital human resources on employee performance, with job satisfaction as an intervening variable, among employees at OJK Medan. This section outlines the process of data collection and usage to address the proposed hypotheses. The study employs a quantitative approach, utilizing both primary and secondary data collected through questionnaires distributed to employees at OJK Medan. The questionnaire includes questions related to work flexibility, digital human resources, job satisfaction, and employee performance, measured using a Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The sample consists of 165 respondents who are active employees within OJK Medan. The collected data was analyzed using SmartPLS software to examine the structural relationships among the predetermined variables. All survey participants were provided with informed consent, and their data was anonymized to ensure confidentiality and privacy.

## C. RESULTS AND DISCUSSION

Data processing in this study was carried out using SmartPLS version 4 to process and analyze the research data. SmartPLS was chosen by the researcher because it is considered more accurate, as it not only identifies the causal relationships between variables or constructs but also reveals the magnitude and components that form those variables or constructs. Based on the analysis results and the formulation of the research grounded in the theories related to each variable, the research framework can be formulated as follows:



**Figure 2.** Research Model

### 1. Validity Test

In this study, the researcher used validity testing through PLS. A validity test is considered valid if the loading factor value is greater than 0.7, which is regarded as adequate and acceptable (Ghozali, 2011). Each questionnaire item in this study has a loading factor value greater than 0.7, indicating that the items in the questionnaire are valid.

**Table 1.** Validity Test Results Loading Factor Values

	Work Flexibility	Human Resource Digital	Employee performance	Job satisfaction
PF1	0,860			
PF2	0,836			
TF1	0,872			
TF2	0,781			
TF3	0,815			
TL1	0,751			
TL2	0,801			
TL3	0,790			
DE		0,819		
DL1		0,842		
DL2		0,785		
DL3		0,783		
DW1		0,850		
DW2		0,791		
G1			0,791	
G2			0,728	
P1			0,751	
P2			0,759	
PG1			0,767	
PG2			0,771	
PG3			0,862	
PR1			0,719	
PR2			0,835	
PR3			0,762	
RK1			0,788	
RK2			0,876	
KB				0,797
KL1				0,791
KL2				0,852
KL3				0,878
KT1				0,815
KT2				0,716
KT3				0,870

## 2. Reliability Test

In this study, the researcher used the reliability test with Cronbach's Alpha, following the decision-making criteria as stated by Mahfud and Ratmono (2013). That is, if the Cronbach's Alpha coefficient is greater than 0.7, the questions can be considered to meet the reliability requirements based on Cronbach's Alpha.

**Table 2.** Cornbach's Alpha (CA) Reliability Test

	<b>Cronbach's alpha</b>
Work Flexibility	0,715
Human Resource Digital	0,889
Employee performance	0,928
Job satisfaction	0,924

Based on the reliability test, the Cronbach's Alpha value is greater than 0.7 in Table 3.3, indicating that Cronbach's Alpha is above 0.7, which means it has met the reliability requirements.

### 3. Hypothesis Test

**Table 3.** Direct Influence Path Coefficient Results

<b>Direct Hypothesis</b>	<b>Original Sample (O)</b>	<b>T statistics ( O/STDEV )</b>	<b>P values</b>	<b>Hypothesis Category</b>
Work Flexibility -> Job satisfaction	1,247	18,646	0,000	Accepted
Human Resource Digital -> Job satisfaction	-0,422	5,728	0,000	Rejected
Work Flexibility -> Employee performance	1,033	16,582	0,000	Accepted
Human Resource Digital -> Employee performance	-0,350	5,666	0,000	Rejected
Kepuasan Kerja -> Employee performance	0,829	35,859	0,000	Accepted

Source: Processed data, SmartPLS 4(2025)

### 4. Indirect Effect

**Table 5.** Results of Indirect Influence Path Coefficient

<b>Indirect Hypothesis</b>	<b>Original Sample (O)</b>	<b>T statistics ( O/STDEV )</b>	<b>P values</b>	<b>Hypothesis Category</b>
Work Flexibility -> Job satisfaction -> Kinerja Karyawan	1,033	16.582	0,000	Accepted
Human Resource Digital -> Job satisfaction -> Kinerja Karyawan	-0,350	5,666	0,002	Rejected

Source: Processed data, SmartPLS 4(2025)

#### a. The Influence of work flexibility on job satisfaction

Work flexibility has a direct effect on job satisfaction with a coefficient of 1.247, with t-Statistics (18.646) > t table (1.65) and significant (0.000) < 0.05. Thus, work flexibility has a positive and significant effect on job satisfaction of OJK Medan employees. This means that if work flexibility increases, job satisfaction will also increase significantly, and vice versa.

b. The Influence of human resource digitalization on job satisfaction.

Human resource digitalization has a direct effect on job satisfaction with a coefficient of -0.422, with t-Statistics (5.728) > t table (1.65) and significant (0.000) < 0.05. Thus, human resource digitalization has a negative and significant effect on job satisfaction of OJK Medan employees so that the hypothesis is rejected. This means that if Human resource digitalization decreases, job satisfaction will also increase significantly, and vice versa.

c. The Influence of work flexibility on employee performance.

Work flexibility has a direct effect on employee performance with a coefficient of 1.033 with t-Statistics (16.582) > t table (1.65) and significant (0.000) < 0.05. Thus, work flexibility has a positive and significant effect on the performance of OJK Medan employees. This means that if work flexibility increases, employee performance will also increase significantly, and vice versa.

d. The Influence of human resource digital on employee performance.

Human resource digital has a direct effect on employee performance with a coefficient of -0.350 with t-Statistics (5.666) > t table (1.65) and significant (0.000) < 0.05. Thus, digital human resources have a negative and significant effect on the performance of OJK Medan employees. This means that if digital human resources increase, employee performance will decrease significantly, and vice versa.

e. The Influence of job satisfaction on employee performance

Job satisfaction has a direct effect on employee performance with a coefficient of 0.829 with t-Statistics (35.859) > t table (1.65) and significant (0.000) < 0.05. Thus, job satisfaction has a positive and significant effect on the performance of OJK Medan employees. This means that if job satisfaction increases, employee performance will also increase significantly, and vice versa.

f. The Influence work flexibility on employee performance mediated by job satisfaction.

Work flexibility has an indirect effect on employee performance through job satisfaction with a coefficient of 1.033 with t-Statistics (16.582) > t table (1.65) and significant (0.000) < 0.05. Thus, work flexibility has a positive and significant effect on employee performance through OJK Medan employee job satisfaction. This means that if work flexibility increases, employee performance will also increase significantly through job satisfaction, and vice versa.

g. The Influence human resource digital on employee performance mediated by job satisfaction

Human resource digital has an indirect effect on employee performance through job satisfaction with a coefficient of -0.350 with t-Statistics (5.666) > t table (1.65) and significant (0.002) < 0.05. Thus, digital human resources have a negative and significant effect on employee performance through OJK Medan employee job satisfaction. This means that if digital human resources increase, employee performance will decrease significantly through job satisfaction, and vice versa.

## **D. CONCLUSIONS AND SUGGESTIONS**

This study aims to analyze the effect of work flexibility and digital human resources on employee performance with job satisfaction as an intervening variable among employees at OJK Medan. The results show that, directly, work flexibility has a positive and significant effect on both job satisfaction and employee performance. In contrast, digital human resources directly have a negative and significant effect on both job satisfaction and employee performance. Furthermore, job satisfaction has a positive and significant effect on employee performance. Indirectly, work flexibility and digital human resources significantly influence employee performance through job satisfaction, with the direction of the effect being the same as their direct effects. Thus, the work flexibility applied by OJK Medan proves to enhance both employee satisfaction and performance. However, the implementation of digitalization in HR management still needs evaluation, as it has reduced both satisfaction and performance, indicating that the digitalization process has not fully supported employee comfort and work efficiency.

These findings have important implications for OJK Medan's management in designing human resource management policies. The implementation of work flexibility can be considered a key strategy to improve employee motivation and productivity. However, HR digitalization needs to be more adaptive and employee-oriented. Adequate training, user-friendly system design, and responsive technical support are crucial aspects for digitalization to enhance, not reduce, job satisfaction. Organizations must also consider balancing digitalization with a personal approach in HR management to avoid creating new work pressures that negatively affect performance.

Recommendations for future researchers conducting similar studies are as follows: Future research is expected to explore different variables or add other variables, such as e-WOM, impulse buying, and other variables that can be referenced in determining the results of subsequent studies. Further research could also be expanded by extending the scope of the study, research model, respondent characteristics, and sample size. Additionally, future studies are encouraged to use different data analysis techniques.

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