

## Remote Work Flexibility as a Strategic HR Lever: A Structural Equation Modelling Study of Employee Satisfaction and Organisational Performance

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Abstract

**Purpose:** The study aimed to examine remote work flexibility as a strategic tool in human resource management and to evaluate its impact on employee satisfaction and performance in the post-pandemic workplace.

**Methodology:** Quantitative and cross-sectional research design was used. The primary data source comprised 328 employees who participated in remote or hybrid work. To test the hypothesised relationships and the mediation effect of employee satisfaction, Structural Equation Modelling (SEM) was conducted using SmartPLS 4.

**Findings:** The empirical data showed that flexibility in remote work had a tremendous positive influence on employee satisfaction and organisational performance. Furthermore, employee satisfaction was found to have a substantial impact on organisational performance. Mediation analysis confirmed that the link between the flexibility of remote work and organisational performance is partially mediated by employee satisfaction, indicating both direct and indirect pathways through which flexibility influences performance.

**Practical Implications:** The findings suggest that remote work flexibility as a key HR tool should be implemented in organisations based on the principles of trust-based management, clear policies, and people-focused practices to increase satisfaction and maintain performance.

**Originality/Value:** This research contributes to the strategic HRM body of knowledge by empirically demonstrating that remote work flexibility is a value-creating HR practice and by integrating the concepts of flexibility, satisfaction, and performance within a single SEM paradigm.

Keywords

Employee satisfaction; Human resource management; Organisational performance; Remote work; SmartPLS; Structural equation modelling; Strategic HRM; Work flexibility

1 Introduction

Working conditions have changed radically following the COVID-19 pandemic, with organisations across all sectors forced to implement remote and flexible work arrangements on a scale previously unseen. Originally being developed as an emergency response, it slowly became a regular part of the modern work design. With the organisations starting to enter the post-pandemic recovery stages, the flexibility of remote work was no longer viewed as a temporary measure of organisational operation but as a strategic human resource (HR) tool with long-term consequences on employee attitude and organisational performance (Gifford, 2022; Šmite et al., 2022). This change required a closer study of the impact of flexibility on employee satisfaction and subsequently organisational performance. Flexibility of remote work involved arrangements, which contained the discretion of the employees regarding the place of work, working hours and the methods of work execution. Previous researchers implied that this flexibility can lead to an increase in employee autonomy, less work-life conflict, and psychological well-being, which will positively affect job satisfaction (Davidescu et al., 2020; Pass & Ridgway, 2022). Job satisfaction has been a well-known attitudinal variable in the strategic HRM discourse as it affects motivation, commitment, and performance. Therefore, organisations started to use flexible work practices as tools to maintain engagement, talent, and productivity in competitive markets (Chatterjee et al., 2021; Subrahmanya et al., 2025).

The relationship between the flexibility of remote work and organisational performance remained difficult and context-dependent, despite growing empirical evidence. Studies have also reported direct positive effects of flexibility on performance outcomes, particularly through facilitating HR policies and top management commitment (Chatterjee et al., 2021). Others also identified indirect pathways, and in this case, flexibility had a major impact on performance through employee satisfaction, engagement, and commitment (Davidescu et al., 2020; Hemsworth et al., 2024). This inconsistency in results necessitated integrative analytical methods that could address both direct and indirect effects simultaneously within a single model.

The Structural Equation Modelling (SEM) has become a strong methodology to test such complex relationships between latent constructs. The ability to mediate with the use of job satisfaction has been consistently confirmed by SEM-based research within various sectors and indicates that the former plays a crucial role in creating a relationship between HR practices, work environment factors and performance results (Jaiswal et al., 2025; Sopyandi et al., 2025; Nurhasanah et al., 2025; Susanty et al., 2025). Nonetheless, there is a relatively small number of studies that specifically modelled remote work flexibility as a strategy HR variable within the framework of SEM, specifically with respect to organisational performance.

This study aimed to place the flexibility of remote work in this context as a strategic HR driver and to empirically examine its impact on employee satisfaction and organisational performance, using a structural equation modelling approach. By combining flexibility, satisfaction, and performance within a single conceptual framework, the research aimed to critically address gaps in the literature and provide evidence-based information on strategic HR decision-making.

2 Literature Review (LOR)

2.1 Concept of Remote Work Flexibility

The flexibility of remote work has also been operationalised as the degree of employee autonomy over the place and time of work performance and modalities. In the past literature, traditional telework, hybrid models, and fully remote models have been differentiated, each of which has been characterised by varying levels of flexibility and control (Jooss et al., 2020; Šmite et al., 2022). Davidescu et al. (2020) further defined flexibility to include workspace flexibility and worktime flexibility, arguing that the two dimensions are inseparable in sustainable HRM. The literature on strategic HRM acknowledges flexibility and treats it as a long-term organisational asset and not a discretionary benefit. Gifford (2022) noted that the fast growth of remote work requires new HR architecture, policies, and leadership practices to protect the sustainability of performance. On the same note, Subrahmanya et al. (2025) emphasised that flexibility should be systematically incorporated with HR systems, digital infrastructure, and support systems for employees to bring about uniform performance results.

2.2 Remote Work Flexibility and Employee Satisfaction

Davidescu et al. (2020) on national survey data, employees with access to flexible arrangements reported significantly higher job satisfaction, as a result of less stress caused by commuting and an improved work-life balance, according to the authors. Pass and Ridgway (2022) observed that the shift to remote work during the pandemic increased engagement and satisfaction among many employees, but the extent of these effects depended on organisational support. These results are supported by structural equation modelling, which indicates that

flexibility affected satisfaction with autonomy and perceived organisational support. In Chatterjee et al. (2021), a positive and significant impact of remote work flexibility on employee attitudes was found, particularly when employees perceived that managers approved the flexibility policies. Post-pandemic studies also suggested that hybrid models were not associated with lower satisfaction than fully remote options, owing to increased social interaction and task coordination (Sharma, 2025).

### 2.3 Employee Satisfaction, Organisational Performance

Employee satisfaction has always been identified as an important antecedent of organisational performance. SEM experiments in any industry have consistently demonstrated that happy workers are more productive, more committed, and exhibit better discretionary behaviours, which in turn lead to improved organisational performance (Chen et al., 2022; Hemsworth et al., 2024). Nurhasanah et al. (2025) and Sopyandi et al. (2025) empirically found that job satisfaction has a strong positive effect on employee performance, which in turn translates into better organisational performance. In the paradigm of strategic HRM, satisfaction is not merely an attitudinal outcome but a process through which HR practices yield performance benefits. Through performance-oriented behavioural responses to HR interventions, Saxena and Dhar (2025) and Jaiswal et al. (2025) established that HR interventions are central to performance models by eliciting behavioural responses that lead to performance.

### 2.4 Mediating Variable - Job Satisfaction

Job satisfaction as a mediating variable has received considerable attention in HRM studies, particularly within SEM frameworks. Various studies also put satisfaction as a partial or complete mediator between HR practices and performance outcomes (Jaiswal et al., 2025; Susanty et al., 2025; Abuhantash, 2025). Hemsworth et al. (2024) also elaborated on the concept of satisfaction as a cognitive-affective experience that influences employees' intentions and behaviours in line with organisational objectives. Davidescu et al. (2020) and Chatterjee et al. (2021) suggested mediation processes in the context of remote work, but direct SEM testing was limited. This gap indicates that job satisfaction needs to be empirically validated as an intervening variable between remote work flexibility and organisational performance.

### 2.5 Support of Strategic HR Policies and Leadership

Remote work flexibility has been shown to be effective, supported by organisational policies and leadership support. Chatterjee et al. (2021) have argued that the positive influence of flexibility on performance can be optimised by endorsing top management. Wheatley et al. (2023) highlighted the so-called ripple effects of flexibility and argued that such dynamism can give rise to coordination issues and a sense of inequity. According to Pompa et al. (2025), the use of flexible frameworks by human resource managers has become more inclusive and responsible. When combined, these results show that flexibility in isolation is insufficient and should be introduced into strategic HR systems in order to achieve a lasting performance benefits.

### 2.6 Synthesis and Research Gaps

The available literature attests that flexibility in remote work has a positive impact on employee satisfaction and, directly and indirectly, on organisational performance. However, there remain significant gaps, including the absence of built-in structural equation modelling (SEM) frameworks, the scarcity of empirical validation of mediation effects, and the limited emphasis on flexibility as a strategic tool in HR. The discussion of these gaps requires the development of a holistic conceptual map, supported by well-developed theories and empirically validated using SEM.

## 3 Conceptual Framework and Hypotheses Development

The current research is based on Strategic Human Resource Management theory, which assumes that the organisational goals of HR practices are value-creating, as they lead to the congruence between employees' attitudes and behaviours and organisational goals. The Job Demands-Resources (JD-R) model also supports the inclusion of remote-work flexibility as a job resource, alongside the existing range of job resources, in terms of job satisfaction and strain reduction, which positively affect performance outcomes (Hemsworth et al., 2024). Another theoretical basis is Social Exchange Theory, which posits that positive attitudes and behaviours are reciprocated by employees who perceive organisational support, in this case, flexibility. Flexibility of remote work, based on such synthesis, is conceptualised as an exogenous variable with direct and indirect effects on organisational performance. Employee satisfaction is placed as a mediating variable that converts the flexibility into improved performance outcomes. The endogenous variable, i.e. effectiveness and productivity, is the organisational performance.

Accordingly, the following hypotheses are formulated:

- H1: Remote work flexibility had a significant positive effect on employee satisfaction.
- H2: Employee satisfaction had a significant positive effect on organisational performance.
- H3: Remote work flexibility had a significant positive effect on organisational performance.
- H4: Employee satisfaction significantly mediated the relationship between remote work flexibility and organisational performance.

### 4 Objectives of the Study

Based on the gaps identified in the existing literature and the proposed conceptual framework, the present study was undertaken with the following objectives:

1. To examine the effect of remote work flexibility on employee satisfaction in contemporary organisational settings.
2. To analyse the influence of employee satisfaction on organisational performance using a structural equation modelling approach.
3. To assess the direct impact of remote work flexibility on organisational performance, thereby positioning flexibility as a strategic human resource lever rather than an operational practice.
4. To evaluate the mediating role of employee satisfaction in the relationship between remote work flexibility and organisational performance.

## 5 Research Methodology

The current study employed a cross-sectional, quantitative, explanatory research design to empirically test the relationships between the independent variable, remote work flexibility, and the dependent variables, employee satisfaction and organisational performance. The researcher sought to test not only direct but also indirect relationships among the constructs, hence using Structural Equation Modelling (SEM) as the primary method of analysis. The same methodological strategies had been prevalent in previous studies of HRM and organisational behaviour that analysed complex causal associations among latent variables (Davidescu et al., 2020; Chatterjee et al., 2021; Jaiswal et al., 2025).

### 5.1 Research Design

The research design was descriptive and explanatory, and the aim was to define employees' perceptions of remote work flexibility and to clarify the relationships among this, job satisfaction, and organisational performance. This explanatory design enabled empirical testing of the hypothesis, grounded in available theoretical frameworks and prior empirical studies. A cross-sectional design was deemed suitable, and the data were complete, collected at a single point in time, with remote or hybrid work arrangements among employees, consistent with recent post-pandemic research (Gifford, 2022; Subrahmanya et al., 2025).

## 5.2 Population and Sampling

The survey sample comprised employees of organisations that implemented remote or hybrid work arrangements during the post-pandemic period. It was composed of employees from various functional areas and levels to vary work flexibility. A non-probability convenience sampling method was also used because remote employees were dispersed across geographic locations and were not easily reachable via probability-based approaches. This sampling method has been widely applied in modern research on remote work and HRM using SEM (Sharma, 2025; Pass and Ridgway, 2022).

## 5.3 Sample Size and Data Collection

A structured online questionnaire was used to collect data. A total of 450 questionnaires were sent electronically to employees in remote or hybrid arrangements. A total of 392 completed questionnaires were returned, indicating a high response rate. After collection, these responses underwent rigorous data screening and scrutiny to ensure they were suitable for analysis using structural equation modelling (SEM). During this scrutiny process, the following responses were rejected: incomplete questionnaires, straight and stamped answers, a large number of missing values, and ambiguous or unreasonable responses. Seventy-three per cent of the responses were eligible, and 328 valid responses were analysed after eliminating 64 responses that could not satisfy the data quality criterion. This was a large sample that exceeded the requirements of the SEM, thereby providing adequate statistical power and study strength (Chatterjee et al., 2021; Jaiswal et al., 2025).

## 5.4 Data Collection Instrument

Primary data was collected using a two-section questionnaire. First, respondents' demographics were obtained, then research variables were estimated. The questionnaire items were based on scales used in earlier research on work flexibility, employee happiness, and organisational performance to ensure content validity (Davidescu et al., 2020; Chen et al., 2022; Hemsworth, 2024). Additional small improvements were made to match the remote and hybrid work framework. Like SEM-based HRM research, all items were measured on a five-point Likert scale with one being strongly disagree (1) and five being highly agree (5).

## 5.5 Measurement of Variables

Remote Work Flexibility was assessed using items related to work location flexibility, flexible work time, flexibility in task execution, and perceived organisational support for flexible work (Davidescu et al., 2020; Chatterjee et al., 2021).

Employee Satisfaction was assessed using items reflecting general job satisfaction, work-life balance satisfaction, work environment satisfaction, and organisational and managerial support (Jaiswal et al., 2025; Nurhasanah et al., 2025).

The measure of Organisational Performance was based on employees' perceptions of productivity, work efficiency, the quality of work outcomes, and collective organisational performance. It was deemed that perceptual measures were suitable because prior research had established their reliability for measuring organisational performance (Chen et al., 2022; Hemsworth et al., 2024).

## 5.6 Structural Equation Modelling Process

The relationships among the constructs were tested using Structural Equation Modelling. The analysis was done in two steps. To establish the reliability and validity of the measurement model, it was initially tested. Second, the structural model was subjected to test the significance of the hypothesised paths and the mediating role of employee satisfaction. To test how well the model fits, a variety of goodness-of-fit indices were used to achieve robustness of the model because it is recommended in SEM literature (Hemsworth et al., 2024; Abuhantash, 2025). The direct effect of employee satisfaction was examined, given the importance of indirect effects in the structural model.

## 6 Data Analysis and Results

### 6.1 Demographic Profile of the Respondents

A demographic analysis of respondents was conducted to characterise the background of employees participating in the study. The demographic information included gender, age, educational qualification, work experience, organisational level, and type of work arrangement. The final sample comprised 328 valid responses, which were deemed adequate for structural equation modelling.

**Table 1: Demographic Profile of the Respondents (N = 328)**

Demographic Variable	Category	Frequency	%
Gender	Male	198	60.4
	Female	130	39.6
Age (Years)	Below 25	42	12.8
	25–35	136	41.5
	36–45	96	29.3
	Above 45	54	16.4
Educational Qualification	Undergraduate	88	26.8
	Postgraduate	196	59.8
	Professional	44	13.4
Work Experience	Less than 5 years	94	28.7
	5–10 years	132	40.2
	10–15 years	62	18.9
	Above 15 years	40	12.2
Organisational Level	Junior Level	118	36.0
	Middle Level	146	44.5
	Senior Level	64	19.5
Type of Work Arrangement	Fully Remote	102	31.1
	Hybrid	168	51.2
	Office-based with flexibility	58	17.7

The demographic analysis (Table 1) indicates that the sample is relatively balanced and representative of employees involved in flexible working arrangements. Most respondents were male (60.4%), and female employees accounted for 39.6%, reflecting the general gender ratio in modern-day organisations. In terms of age, most participants fell into the 25-35 and 36-45 age groups, indicating that the study primarily captures employees' attitudes in the early and middle stages of their careers.

Regarding educational attainment, a large proportion of the sample held postgraduate degrees, suggesting a highly qualified workforce capable of adapting to remote and hybrid working conditions. The disaggregation of work experience indicated 5-10 years of professional experience, with a clear division into less than 5 years, indicating that respondents were exposed not only to traditional work environments but also to flexible environments.

With regard to organisational hierarchy, the majority of respondents were in middle-level management, followed by junior-level employees. This allocation is beneficial, since employees in mid-level positions often must balance managerial demands with operational autonomy. Lastly, over 50 per cent of participants reported hybrid or fully remote work arrangements, underscoring the long-term popularity of blended work structures in the post-pandemic environment. The evaluation of the measurement model assesses the items and scales used to measure the model's constructs.

**6.2 Measurement Model Assessment**

The aptness of the measurement items with regard to the remote work flexibility, employee satisfaction, and organisational performance were assessed using a confirmatory factor analysis (CFA). The analysis was based on the mainstream principles of structural equation modelling (SEM), which are used in modern human resource management and organisational behaviour research.

**6.2.1 Reliability Analysis**

**Table 2: Reliability and Convergent Validity Results**

Construct	No. of Items	Cronbach's Alpha	Composite Reliability (CR)	AVE
Remote Work Flexibility	12	0.892	0.910	0.63
Employee Satisfaction	10	0.904	0.921	0.66
Organisational Performance	10	0.886	0.903	0.61

The Cronbach's alpha coefficients, as in Table 2, ranged from 0.886 to 0.904; composite reliability (CR) coefficients ranged from 0.903 to 0.921, indicating high internal consistency across all constructs, with each construct exceeding the recommended cut-off of 0.70.

**6.2.2 Convergent Validity**

**Table 3: Standardised Factor Loadings**

Remote Work Flexibility		Employee Satisfaction		Organisational Performance	
Item Code	Factor Loading	Item Code	Factor Loading	Item Code	Factor Loading
RWF1	0.78	ES1	0.83	OP1	0.76
RWF2	0.81	ES2	0.86	OP2	0.82
RWF3	0.74	ES3	0.79	OP3	0.78

All factor loadings (Table 3) exceeded the recommended value and were statistically significant, thereby supporting the convergent validity of the measurement model, as they exceeded the acceptable level of 0.60. All constructs' Average Variance Extracted (AVE) values exceeded the 0.50 cutoff, indicating that they accounted for a substantial proportion of the variance.

**6.2.3 Discriminant Validity**

**Table 4: Discriminant Validity (Fornell-Larcker Criterion)**

Construct	Remote Work Flexibility	Employee Satisfaction	Organisational Performance
Remote Work Flexibility	<b>0.79</b>		
Employee Satisfaction	0.62	<b>0.81</b>	
Organisational Performance	0.58	0.65	<b>0.78</b>

*Note: The bold diagonal values are the square root of AVE.*

The results showed (Table 4) that the square roots of the average variance extracted (AVEs) for the individual constructs were higher than the inter-construct correlations, thereby confirming discriminant validity. The results supported the fact that the constructs were empirically different and thus quantified a single aspect of the conceptual model.

**6.2.4 Model Fit Indices**

The fitness of the measurement model was assessed using a set of goodness-of-fit indices. The results supported a reasonable fit and therefore met the acceptable threshold.

**Table 5: Measurement Model Fit Indices**

Fit Index	$\chi^2/df$	GFI	CFI	TLI	RMSEA
Obtained Value	2.41	0.92	0.95	0.94	0.056
Recommended Value	< 3.0	≥ 0.90	≥ 0.90	≥ 0.90	≤ 0.08

The values provided in Table 5 were estimated, which supported the assumption that the measurement model met satisfactory requirements and thus could be utilised in a subsequent analysis of the structural model. It was also found that fit indices were satisfactory, thereby supporting the appropriateness of the measurement model. In line with that, the research sought to assess the structural model with a view of testing the proposed relationship between remote work flexibility, employee satisfaction, and corporate performance.

**6.3 Structural Model Results**

**6.3.1 Path Coefficients and Tests of Hypothesis**

The results of the structural model showed that all the hypothesised paths were positive and statistically significant, thus providing empirical support for the proposed conceptual framework.

**Table 6: Structural Model Results and Hypothesis Testing**

Hypothesis	Structural Path	Path Coefficient ( $\beta$ )	t-value	p-value	Result
H1	Remote Work Flexibility → Employee Satisfaction	0.62	11.48	< 0.001	Supported
H2	Employee Satisfaction → Organisational Performance	0.45	8.76	< 0.001	Supported
H3	Remote Work Flexibility → Organisational Performance	0.29	4.92	< 0.001	Supported

The results (Table 6) show that flexibility in remote work has a strong and significant impact on employee satisfaction ( $\beta = 0.62, p = 0.001$ ), thus supporting Hypothesis H1. This finding shows that increased flexibility in terms of place of work, work arrangements, and autonomy makes a strong contribution to employees' overall satisfaction. The result is in line with previous empirical investigations that reveal that flexibility is a decisive employment resource that affects employee attitudes. In addition, organisational performance is positively related to employee satisfaction ( $\beta = 0.45, p = 0.001$ ), confirming Hypothesis H2. This proves that happy employees make their contributions to an organisation in terms of productivity, efficiency and overall effectiveness. The observation is consistent with studies in structural equation

modelling, which have established that job satisfaction is a major factor contributing to performance outcomes. The positive relation between the flexibility of remote work and organisational performance was also statistically significant and positive ( $\beta = 0.29, p = 0.001$ ) and added to the support of Hypothesis H3. This implies that flexible work arrangements affect performance indirectly through employee satisfaction and directly through their effects on organisational performance. These findings support the premise that telecommuter flexibility is a strategic human resource tool rather than an operational convenience.

**6.3.2 Coefficient of Determination ( $R^2$ )**

The structural model was tested for how well it could explain things using the coefficient of determination ( $R^2$ ). The findings indicate that:

- The level of employee satisfaction variance in relation to remote work flexibility is 38, which is considered to be a medium level of explanatory power ( $R^2 = 0.38$ ).
- Flexibility of remote work and employee satisfaction are the two variables that describe 52% of organisational performance variance ( $R^2 = 0.52$ ), which is a large amount of predictive power.

These  $R^2$  values indicate that the model has sufficient explanatory power and can be used in subsequent mediation tests.

**Summary of Structural Model Results**

Overall, the results of the structural model provide strong empirical evidence for the hypothesised relationships. All the direct relationships are significant, and the model shows adequate explanatory values. The results indicate that the flexibility of remote work has both direct and indirect effects on organisational performance, as measured by employee satisfaction, thereby supporting the proposed conceptual framework.

**6.4 Mediation Analysis**

The mediation effect was assessed using direct and indirect effects, as well as the overall effect of employee satisfaction on organisational performance attributable to remote work flexibility. A bootstrapping procedure with 5,000 bootstrap resamples was used in SmartPLS 4 to conduct mediation analysis, as recommended for indirect effect testing in PLS-SEM.

**6.4.1 Direct, Indirect, and Total Effects**

**Table 7: Mediation Analysis Results (Bootstrapping – SmartPLS 4)**

Path	Effect Type	Path Coefficient ( $\beta$ )	t-value	p-value	Significance
Remote Work Flexibility → Organisational Performance	Direct Effect	0.29	4.92	< 0.001	Significant
Remote Work Flexibility → Employee Satisfaction	Direct Effect	0.62	11.48	< 0.001	Significant
Employee Satisfaction → Organisational Performance	Direct Effect	0.45	8.76	< 0.001	Significant
Remote Work Flexibility → Employee Satisfaction → Organisational Performance	Indirect Effect	0.28	6.84	< 0.001	Significant
Remote Work Flexibility → Organisational Performance	Total Effect	0.57	10.62	< 0.001	Significant

**6.4.2 Assessment of Mediation Effect**

The mediation effect was tested by assessing the statistical significance of both the direct and indirect paths between remote work flexibility and organisational performance. The findings (Table 7) indicated that:

- The direct impact of the flexibility of remote work on organisational performance was positive and statistically significant ( $\beta = 0.29, p = 0.001$ ).
- The indirect impact through employee satisfaction was positive as well as statistically significant ( $\beta = 0.28, p = 0.001$ ).

Given the importance of both routes, employee satisfaction was also partially mediating.

**Table 8: Summary of Mediation Results**

Independent Variable	Mediator	Dependent Variable	Direct Effect	Indirect Effect	Type of Mediation
Remote Work Flexibility	Employee Satisfaction	Organisational Performance	Significant	Significant	Partial Mediation

As a result (Table 8), Hypothesis H4 was supported by the empirical study, which found that employee satisfaction mediates the relationship between remote work flexibility and organisational performance.

**6.4.3 Findings of the mediation**

The mediation analyses (Table 8) found that organisational performance was positively affected both directly and indirectly through enhanced employee satisfaction resulting from remote work flexibility. The implication of this finding is that although flexible work arrangements have their own individual effects on the performance outcomes, much of the effect is conveyed through the positive attitudinal responses of employees. That is, flexible work practices do contribute to an increased satisfaction level, which ultimately translates to an increased productivity, efficiency and the overall organisational effectiveness. The existence of the partial mediation emphasised the strategic value of employee satisfaction as a value-creating process by HR practices. These findings support the argument that the flexibility of remote work is a strategic HR tool, which can drive the performance of organisations in several channels and not only one.

**7 Discussion**

This current paper discusses the position of the flexibility of remote work as a strategic human resource advantage with regard to employee satisfaction and organisational performance. The study also tested both the direct and mediating relationships between the constructs using a structural equation modelling approach. The discussion about results is made below concerning each hypothesis and compared with the previous empirical evidence.

**7.1 Discussion of Hypothesis H1**

This structural model showed that the flexibility of remote work has a high and positive impact on employee satisfaction, which validates Hypothesis H1. The findings suggest that employees who have a higher level of flexibility in their work location, working hours and autonomy report higher levels of overall job satisfaction. The results indicate that flexible working practices improve the feelings of control over work among employees, lessen work-life conflict, and improve psychological well-being. The results are in agreement with the previous investigations, which had a positive correlation between the flexible work practices and job satisfaction. As an example, Davidescu et al. (2020) documented that the freedom of workspaces and work-time led to a substantial enhancement of job satisfaction by providing a more appropriate proportion of professional and private commitments. Equally, it was observed by Pass and Ridgway (2022) that the engagement and satisfaction of employees increased significantly due to remote working arrangements in cases where organisational support was sufficient. The current research builds on these findings by empirical validation of the relationship with the help of SEM and positioning remote work flexibility as a strategic HR resource and not a temporary or operational practice.

**7.2 Discussion of Hypothesis H2**

The findings confirm Hypothesis 2, which asserts that employee satisfaction positively and significantly influences organisational performance. This means that satisfied employees exhibit high levels of productivity, efficiency, and commitment, thereby increasing organisational effectiveness. The findings support the view that employee satisfaction is no longer merely an attitudinal consequence but a critical factor that shapes performance-motivated behaviours.

The findings are consistent with the previous SEM based research, which reported satisfaction as a determining factor of employee and organisational performance. Nurhasanah et al. (2025) and Jaiswal et al. (2025) demonstrated that job satisfaction plays a significant role in performance outcomes across various organisational settings. The authors of the research by Hemsworth et al. (2024) also developed the conceptualisation of satisfaction as a cognitive-affective process that defines organisational goals-congruent employee intentions and behaviours. The current research supports such findings in the framework of remote and flexible work setups, pointing to the ongoing significance of the aspect of satisfaction in modern work organisation.

### 7.3 Discussion of Hypothesis H3

The findings also validate Hypothesis 3, which demonstrates that flexibility in remote work directly and significantly influences the performance of an organisation. This indicates that the flexibility of work arrangements enhances the performance of the organisation in the absence of the mediating variables. Flexibility appears to improve performance through more efficient time use, reduced fatigue from commuting, and employees' ability to work in an environment that is conducive to performance. These results are aligned with those obtained by Chatterjee et al. (2021), which stated that flexibility in remote working had a positive impact on organisational performance when it was accompanied by the presence of proper organisational policies and leadership dedication. Subrahmanya et al. (2025) and Sharma (2025), in their post-pandemic studies, also found that remote and hybrid work models may either maintain or improve productivity when properly managed. The current research supports these findings through an empirical validation of direct performance advantages of flexibility in a single SEM framework.

### 7.4 Discussion of Hypothesis H4

The mediation analysis showed that employee satisfaction partially mediated the relationship between remote work flexibility and organisational performance, thereby supporting Hypothesis H4. The existence of partial mediation suggests that the flexibility of remote work has two performance pathways: a direct one and an indirect one via employee satisfaction. Although flexibility is known to be an independent factor affecting the organisation, a significant portion of its effect is mediated by enhanced employee satisfaction. This result comes out of the earlier studies on SEM that had found job satisfaction to be one of the most important mediating variables between HR practices and performance outcomes. The mediation effects were similar in other organisational settings, as Sopyandi et al. (2025) and Susanty et al. (2025) indicated that satisfaction was central in converting the HR initiatives into performance benefits. This body of knowledge is further developed in the current study by directly modelling satisfaction as a mediator in the flexibility of the remote work-performance relationship, thus fixing a gap in the body of knowledge that is highly essential.

The partial mediation outcome highlights the strategic significance of the development of flexible working policies that increase the efficiency of the operations, but also the satisfaction of employees. It implies that when organisations aim to achieve optimal performance advantages by enabling remote work, they also need to consider employees' welfare, support, and interests.

### 7.5 Overall Discussion

In total, the results indicate that the flexibility of remote working could be considered an effective HR tool that affects the performance of organisations in various ways. Employee satisfaction is one of the most important elements in establishing organisational values, particularly flexibility, which underscores the necessity of implementing human-centred HR practices in the post-pandemic labour environment. The empirical data show that flexibility, in its standalone form, is insufficient; its effectiveness depends on its ability to mould employees' attitudes and experiences.

## 8 IMPLICATIONS OF THE STUDY

The implications of this investigation's findings are immense for managerial practice, theory development, and policymaking, especially in contexts where an increasing number of people are forced to rely on remote and flexible work patterns. The research provides business organisations with practical information that empirically demonstrates that remote-work flexibility is a strategic human resource tool, as it promotes both satisfaction and performance.

### 8.1 Managerial Implications

Regarding this matter, the paper argues at the managerial level that remote-work flexibility must be viewed as a core investment and not a fringe benefit. The elevated levels of employee satisfaction and organisational performance under the influence of flexibility indicate that flexible working should be strategically planned and implemented by managers as part of their HR policy. The mediating role of employee satisfaction partially indicates that flexibility alone is insufficient to maximise performance outcomes.

The managers should ensure that flexible working policies are supported by practices such as effective communication, trust and supervision, clear performance expectations, and access to digital resources. The supervisors need to be given training on how to handle remote and blended teams where their emphasis is on results and not on physical presence. By fostering a culture of supportive, autonomy-oriented working conditions, managers can increase employee satisfaction, which in turn will lead to continued performance improvement. Also, the results suggest that the hybrid work model can provide the best results in terms of flexibility and the possibility of collaboration and socialisation. Managers must instead use context-specific and inclusive flexibility policies as opposed to a blanket approach.

### 8.2 Theoretical Implications

The paper is able to add to the strategic human resource management literature because it empirically confirms the flexibility in remote work as a value-creating human resource practice. The study can contribute to the theoretical knowledge regarding the impact of HR practices on performance by implementing flexibility, employee satisfaction, and organisational performance into a unified structural equation model. The partial mediation of employee satisfaction supports the current theoretical foundations of the Job Demands-Resources model and Social Exchange Theory, which emphasise the influence of job resources and perceived organisational support on employee outcomes. The results can be applied to the current context of remote work and demonstrate that these theories remain applicable to the post-pandemic workplace. Moreover, the application of SEM enables causal inference and contributes substantially to the field of HRM research. Theoretical models of the future can be based on this model with the addition of other mediators or moderators like engagement, organisational culture or leadership style.

### 8.3 Policy Implications

At the policy level, the findings highlight the need to formulate formalised, structured remote work policies that align organisational objectives with employee welfare. Organisational policymakers should institutionalise flexible work arrangements by providing clear specifications for eligibility, performance assessment, data security, and boundaries between work and life. The implication of flexibility on labour and employment policy is also provided by the evidence that flexibility improves performance via satisfaction. Promoting flexible work arrangements can be viewed as a wider workforce development and productivity strategy by policymakers and regulators especially in knowledge-intensive and service-based sectors. The study offers empirical data in the context of Indian realities, where the practice of flexibility work is only emerging, and remote work should be included in the HR mainstream to be supported. With responsible and inclusive flexibility, organisations can help in sustainable employment practices besides enhancing their competitiveness and employee wellness.

## 9 Conclusion

This paper has explored the concept of flexible work as a strategic human resource tool and analysed its effects on organisational performance and employee satisfaction empirically using structural equation modelling. The study aimed to break the loop of treating remote work as an

operational change and to position it as a long-term HR practice that would yield sustained performance outcomes in the post-pandemic work environment. The results show that the flexibility of remote work has a substantial positive impact on employee satisfaction, implying that flexible working conditions increase employees' autonomy, work-life balance, and overall job experience. Employee satisfaction, in turn, was found to be central to organisational performance, supporting its position as a key attitudinal process in which HR practices help increase organisational productivity and effectiveness. The paper also established a direct positive relationship between remote work flexibility and organisational performance, observing that flexibility directly influences performance and indirectly, via employee satisfaction. The mediation analysis also found that the relationship between remote work flexibility and organisational performance is partially mediated by employee satisfaction. The outcome indicated that although the flexible work arrangement had a direct positive influence on organisational outcomes, a significant portion of its effect was mediated by employees' positive attitudes. These results indicate that the flexibility of remote work played a strategic role in HR and affected organisational performance in several ways. In a broader sense, the research has contributed to the strategic HRM literature by providing empirical evidence on the inclusion of remote work flexibility within core HR strategies. Flexibility in the human-centred approach would help organisations to improve the well-being of employees and at the same time get better performance results. The structural equation modelling has contributed to the robustness of the findings and provided a full framework to the interpretation of complex relations between the flexibility, satisfaction, and performance. Irrespective of its contributions, the study was limited in some ways. The cross-sectional study was a limitation to causal inference and the use of self-reported measures could have been subject to perceptual bias. The limitations of this study could be addressed in future research through the use of longitudinal designs, objective performance measures, and the inclusion of other mediating or moderating factors (such as employee engagement, organisational culture, or leadership style).

To sum up, the paper emphasised the strategic importance of flexibility in remote work in modern organisations. With the trend of the work arrangements, organisations that successfully design and manage flexible work practices are bound to experience greater employee satisfaction and long-term organisational performance.

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