

The Influence of Work Digitalization, Work Flexibility, and Work-Life Balance on Employee Performance With Employee Engagement as an Intervening Variable at one Construction Company in Indonesia

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ABSTRACT

This study aims to examine the impact of Work Digitalization, Work Flexibility, and Work-Life Balance on Employee Performance at Construction Company X, with Employee Engagement serving as an intervening variable. Using a quantitative causal explanatory approach, data were collected from a total sample of 142 employees via purposive and proportionate stratified random sampling. The data were analyzed using IBM SPSS 27 and Hayes' PROCESS Macro Model 4. The results demonstrate that Work Digitalization, Work Flexibility, and Work-Life Balance have a significant and positive effect on both Employee Engagement and Employee Performance. Furthermore, path analysis reveals that Employee Engagement acts as a significant mediator, indicating that digital tools and flexibility enhance performance by first fostering a deeper psychological connection, vigor, and dedication among the workforce. Among the predictors, Work-Life Balance was identified as the strongest driver of engagement. The study concludes that to maintain high performance and technical precision, Construction Company X must not only adopt digital technology but also formalize flexibility and life-balance policies to ensure a resilient and engaged workforce.

INTRODUCTION

The era of technological disruption has compelled various industrial sectors to undergo transformation, including the construction industry. This transformation is characterized by the adoption of work digitalization, such as the use of Building Information Modeling (BIM), cloud-based project management applications, and real-time communication that changes the way employees operate (Soelistyawati & Mujanah, 2023). Theoretically, this digitalization offers higher work flexibility, allowing engineers, project managers, and administrative staff to work in a hybrid or remote capacity (Wanodya & Munajah, 2023). Conversely, poorly managed digitalization can blur the boundaries between working hours and personal life, thereby threatening the Work-Life Balance (WLB) of employees (Istanti et al., 2025). This balance is crucial because it directly affects employee engagement and ultimately results in performance achievements.

Despite digitalization being designed to simplify tasks, its implementation at Construction Company X indicates dysfunction. Based on preliminary surveys and initial observations of employees at the managerial, technical, and project administration levels in the first quarter of this year, complaints were found regarding the high demand for responsiveness outside of working hours due to digital interconnectivity. This situation triggers mental fatigue (burnout) and a decline in the level of employee engagement toward the company.

These conditions have impacted fluctuations in operational performance. The following is a summary of pre-survey data regarding human resource phenomena at Construction Company X:

Table 1. Indications of Performance Decline and HR Issues at Construction Company X (Pre-Survey Data 2026)

Indicator / Problem Dimension	Phenomenon Description in the Field	Percentage of Respondent Complaints (n=30)
Work Digitalization	Information overload and demands to respond to project coordination messages outside of standard working hours.	76.6%
Work Flexibility	Flexible working hour policies have not been standardized; consequently, staff are often requested to appear suddenly at distant project sites.	73.3%
Work-Life Balance	Difficulty in dividing time between family matters and work due to technological intervention (work being brought home).	80.0%

Employee Engagement	A decrease in employee initiative, reluctance to provide new ideas, and an increase in absenteeism without clear explanation.	79.6%
Employee Performance	Delays in completing weekly project progress reports and a high rate of design/administrative revisions.	90.0%

Source: Data processed by Researcher, 2026

Based on Table 1, a human resource management crisis has been identified that creates a negative domino effect on the company's operations. The root of the problem stems from a failure to manage the transition to a modern work system. The implementation of digitalization, which should simplify work, instead triggers information overload and an "always-on" expectation outside of working hours, as complained by 76.6% of respondents. This situation is further exacerbated by work flexibility policies that lack standard operating procedures (73.3%), leading to uncertainty and demands for sudden presence in the field.

This systemic failure to limit the scope of technology and working hours has a direct impact on the destruction of employee work-life balance. A total of 80.0% of respondents struggle to separate their personal and professional lives due to work constantly intervening in the domestic sphere. The loss of recovery time triggers psychological exhaustion, resulting in a plummeting level of employee engagement (79.6%). Consequently, employees become apathetic, lose initiative, and demonstrate high absenteeism rates.

Ultimately, this series of managerial and psychological issues culminates in the most critical indicator: a collapse in employee performance, with a complaint rate reaching 90.0%. This condition manifests through delays in project reports and high rates of technical and administrative revisions.

This research carries high urgency as Construction Company X is currently in a crucial phase of maintaining competitiveness amidst tight infrastructure project tenders. Project performance relies heavily on the precision and speed of managerial and engineering staff. If digitalization issues that trigger stress and damage work-life balance are not promptly resolved, the company risks high turnover (the loss of top talent) and cost overruns due to errors or negligence from disengaged employees. Therefore, an evaluation of this new work model is highly urgent.

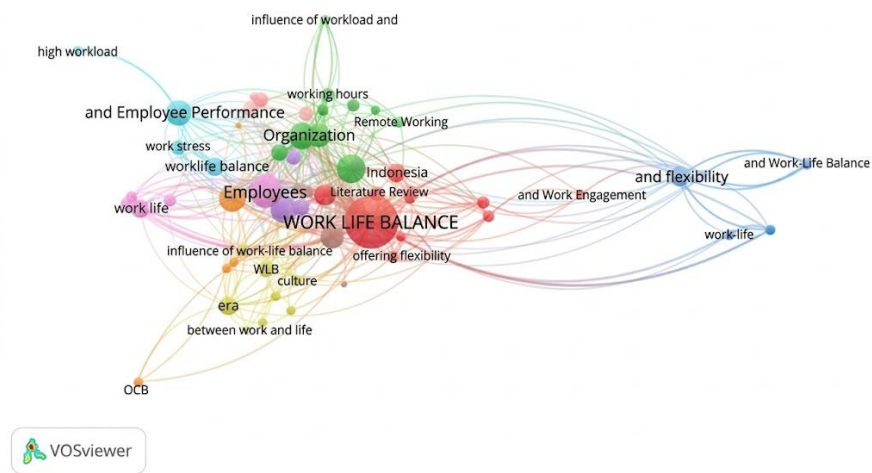


Image 1. Network Visualization

In Figure 1, the results of the bibliometric mapping via VOSviewer provide strong academic legitimacy for this research framework. Based on the Network Visualization, Work-Life Balance (WLB) is proven to be a central variable linking the performance and flexibility clusters, ensuring that their integration into a single model has a valid theoretical foundation. Furthermore, the emergence of Employee Engagement as a connecting node between clusters confirms its appropriate role as an intervening (mediating) variable in bridging the independent variables toward employee performance.

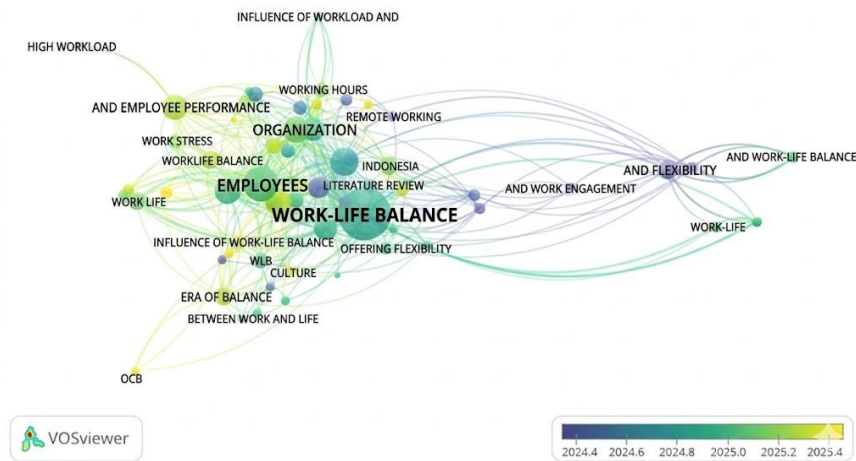


Image 2. Overlay Visualization

Based on the analysis of Figure 2. Overlay Visualization, this study demonstrates high research novelty. The issues of performance and workload are positioned within the yellow/bright green color spectrum, signifying current research trends (2024–2025). Integrating the Work Digitalization variable into the study of work flexibility which has begun to reach a saturation point (indicated by the blue color) is a strategic step toward modernizing existing literature. Consequently, this research model is not only

methodologically robust but also highly relevant to the demands and challenges of modern organizations in the future.

The first gap is observed in the impact of work digitalization on performance. On one hand, research by (Harun et al., 2023) and (Wibowo & Mujanah, 2024) argues that digitalization triggers a significant increase in performance through easier access to operational data. However, this view is contested by (Shah et al., 2024) and (Adelia et al., 2023), who prove that digitalization can actually decrease performance due to the emergence of technostress and mental fatigue from limitless connectivity. Similar uncertainty is found regarding the work flexibility variable. (Irsyad et al., 2025) and (Komalasari & Mubarak, 2026) suggest that autonomy in work flexibility is capable of stimulating creativity and productivity. Conversely, studies in technical sectors by (Rizkawati, 2025) and (Putra et al., 2025) indicate that flexibility has no significant effect on performance due to coordination barriers and weak direct supervision. Likewise, regarding work-life balance (WLB), while (Laelawati, 2025) and (Putri et al., 2026) view WLB as a driver of focus and performance through stress reduction, (Rajiv Gojali, 2025) and (Ayuningrum, 2025) found that in high-pressure industries like construction, WLB often has no impact on performance due to the dominance of financial motivation and individual ambition.

These research contradictions serve as the primary rationale for the researcher to propose a new model by incorporating Employee Engagement as an intervening (mediating) variable. The theoretical reason for selecting this model is to test the hypothesis that digitalization, flexibility, and WLB do not automatically improve performance; rather, they must first build a sense of attachment, enthusiasm, and dedication within employees as a prerequisite for superior performance.

Based on the synthesis of field business phenomena and the identified research gaps, this study is designed to analyze and empirically prove the comprehensive interactions between variables within the construction sector ecosystem. The primary focus is to examine the direct influence of Work Digitalization, Work Flexibility, and Work-Life Balance on Employee Performance at Construction Company X, while also exploring how these three factors contribute to forming Employee Engagement.

Furthermore, this research positions Employee Engagement as a mediating variable to understand the internal mechanisms bridging the transformation of modern work systems to tangible work outcomes. Through this conceptual framework, the study aims to reveal whether mental engagement and dedication are absolute prerequisites for the successful integration of technology and flexibility in increasing organizational productivity. Consequently, the results of this test will not only enrich human resource management literature but also provide a strategic foundation for Construction Company X in balancing digital advancement with the psychological well-being of its employees.

LITERATURE REVIEW

Employee Performance

Mangkunegara (2017:89) defines performance as the qualitative and quantitative work results achieved by an employee in carrying out their duties in accordance with the responsibilities assigned to them. According to Mathis and Jackson (2011:90), employee performance is what employees do or do not do that affects how much they contribute to the organization. Based on Robbins and Judge (2017), performance is measured through five key indicators:

1. Quality of Work. The level of perfection of the results achieved.
2. Quantity of Work. The amount of output produced within a certain period.
3. Timeliness. The consistency of task completion relative to established deadlines.
4. Effectiveness. The optimal utilization of organizational resources.
5. Independence. The ability to work without continuous supervision.

Work Digitalization

Work digitalization refers to the integration of digital technologies into daily work processes to transform how employees operate and provide value to the company. According to Parviainen et al. (2017), work digitalization is the change in operational or business processes by utilizing information technology to improve efficiency. Work digitalization can be measured through several indicators (adapted from digital transformation literature):

1. Use of Digital Devices. The intensity and ease with which employees use software or applications provided by the company.
2. Work Process Automation. The extent to which routine administrative or operational tasks have been replaced or simplified by automated systems.
3. Digital Communication and Collaboration. The utilization of digital platforms to coordinate effectively with colleagues, superiors, and external project parties.
4. Digital Literacy. The ability and adaptability of employees in understanding and using new technologies implemented by the company.

Work Flexibility

Work flexibility refers to policies or practices that grant employees greater freedom and control over when, where, and how they complete their work. According to Hill et al. (2001), work flexibility is essential for aligning work demands with personal needs. Indicators of work flexibility generally include:

1. Time Flexibility (Flextime). The latitude given to employees to determine their start and end times, provided the required total working hours are met.
2. Place Flexibility (Flexplace/Telecommuting). The opportunity for employees to complete their work from outside the company's physical office (e.g., from home or a project site).
3. Method Flexibility. The freedom of employees to determine the best methods or approaches to complete their technical and managerial tasks.

Work-Life Balance

Work-life balance is a condition in which an individual can balance their time, energy, and commitment between work demands and personal life (family, social, hobbies). Greenhaus, Collins, and Shaw (2003) define it as the extent to which an individual is engaged in and satisfied with their roles both within and outside of work. The indicators for measuring work-life balance consist of three main dimensions:

1. Time Balance. The equality of the portion of time an employee allocates to fulfilling work responsibilities versus their personal life.
2. Involvement Balance. A balanced level of psychological involvement or focus; not preoccupied with work issues while at home, and vice versa.
3. Satisfaction Balance. A commensurate level of satisfaction felt by employees derived from their work results at the company as well as from their personal life.

Employee Engagement

Kahn (1990) defines employee engagement as a condition in which organization members involve and express themselves fully—physically, cognitively, and emotionally while performing their work roles. In line with this, Robbins and Judge (2017:84) state that employee engagement is an individual's level of involvement, satisfaction, and enthusiasm for the work they perform. This variable is generally measured using the Utrecht Work Engagement Scale (UWES) by Schaufeli et al. (2002), which consists of:

1. Vigor. High levels of energy and mental resilience while working, as well as the willingness to invest effort in work without giving up easily.
2. Dedication. Feelings of enthusiasm, pride, inspiration, and a sense that the work has high significance.
3. Absorption. Full concentration and being positively "immersed" in tasks, such that time passes quickly and the employee finds it difficult to detach themselves from the work.

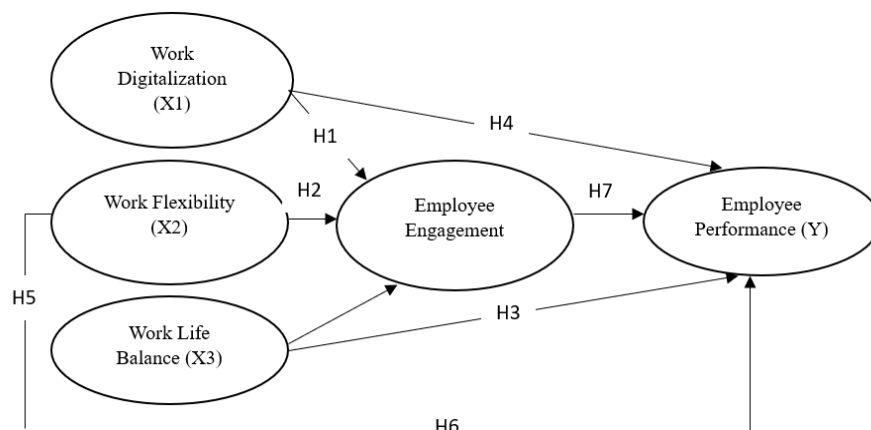


Image 3. conceptual framework

Research hypothesis

H1: Work Digitalization has a positive and significant effect on Employee Engagement.

H2: Work Flexibility has a positive and significant effect on Employee Engagement.

H3: Work-Life Balance has a positive and significant effect on Employee Engagement.

H4: Work Digitalization has a positive and significant effect on Employee Performance.

H5: Work Flexibility has a positive and significant effect on Employee Performance.

H6: Work-Life Balance has a positive and significant effect on Employee Performance.

H7: Employee Engagement has a positive and significant effect on Employee Performance.

H8: Work Digitalization significantly influences Employee Performance through Employee Engagement as an intervening variable.

H9: Work Flexibility significantly influences Employee Performance through Employee Engagement as an intervening variable.

H10: Work-Life Balance significantly influences Employee Performance through Employee Engagement as an intervening variable.

METHODOLOGY

This study employs a quantitative design with an explanatory research approach. The target population consists of all employees working at Construction Company X. To ensure the sample is highly relevant to the research objectives, a purposive sampling technique was applied during the initial screening phase based on three specific criteria:

1. Holding permanent employee status at the company.
2. Falling within the productive age range of 23 to 40 years.
3. Possessing a minimum educational background of a Diploma (D3) or Bachelor's Degree (S1).

Based on these screening criteria, a final sample of 142 respondents was obtained. The subsequent sampling process was conducted using a proportionate stratified random sampling technique based on operational units or divisions within Construction Company X. This approach was chosen to ensure that every division is represented proportionally and balanced within the study.

Primary data collection was carried out by distributing online questionnaires measured on a 1 to 5 Likert scale. In the initial data processing stage, descriptive analysis was used to outline respondent characteristics and response patterns.

For inferential testing and mediation analysis, the analysis was operated using the PROCESS Macro Model 4 by Andrew F. Hayes via IBM SPSS software version 27. The data testing process through SPSS and the PROCESS Macro was executed through the following primary stages:

1. Instrument Quality Testing. Conducting validity and reliability tests to ensure the consistency and accuracy of the questionnaire.
2. Classical Assumption Testing. Ensuring the data meets the requirements for regression analysis (Normality, Multicollinearity, and Heteroscedasticity tests).
3. Regression Analysis and Hypothesis Testing. To examine the direct effects between the independent and dependent variables.
4. Mediation Analysis (PROCESS Model 4). Utilizing the bootstrapping method within the PROCESS Macro to determine the significance of the indirect effect of the intervening variable (Employee Engagement) in bridging the independent variables toward Employee Performance.

RESEARCH RESULT

Classical Assumption Test

Normality Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		142
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	1.90876850
Most Extreme Differences	Absolute	.456
	Positive	.456
	Negative	-.324
Test Statistics		.112
Asymp. Sig. (2-tailed)		.112 ^c
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		

Source: Data processed by SPSS 27, (2026)

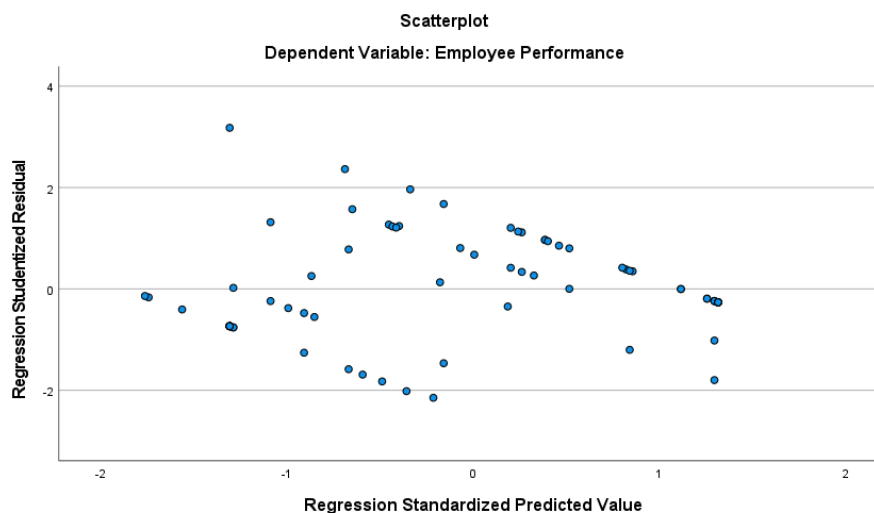
Based on the table above, the normality test results for the research titled "The Influence of Work Digitalization, Work Flexibility, and Work-Life Balance on Employee Performance with Employee Engagement as an Intervening Variable at Construction Company X" show a significance value (Asymp. Sig. 2-tailed) of 0.112. Since this significance value is greater than the alpha level of 0.05 ($0.112 > 0.05$), it can be concluded that the residual data in this regression model are normally distributed.

Multicollinearity Test

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
Work Digitalization	.590	1.123
Work Flexibility	.780	1.342
Work-Life Balance	.832	1.512
Employee Engagement	.734	1.125

Source: Data processed by SPSS 27, (2026)

Based on the table above, the multicollinearity test results for the regression model involving Work Digitalization, Work Flexibility, Work-Life Balance, and Employee Engagement demonstrate that none of the independent or mediating variables have a Tolerance value below 0.10. The tolerance values range from 0.590 to 0.832, indicating the absence of problematic correlations between the variables. Furthermore, the Variance Inflation Factor (VIF) results for all variables are significantly lower than the threshold of 10, with values ranging from 1.123 to 1.512. These results confirm that the regression model is completely free from multicollinearity issues.

Heteroscedasticity Test

Source: Data processed by SPSS 27, (2026)

Based on the results of the heteroscedasticity test in the image above, it can be observed that the scatterplot shows a random and even distribution of points around the number 0 on the Y axis. This implies that there is no indication of heteroscedasticity in the regression model.

Partial Test (t-Test)

Model	Unstandardized B	Std. Error	Beta	t	Sig.
(Constant)	12.450	4.120		3.021	.003
H1: Work Digitalization -> Employee Engagement	.245	.072	.280	3.402	.001
H2: Work Flexibility -> Employee Engagement	.312	.068	.315	4.588	.000
H3: Work-Life Balance -> Employee Engagement	.421	.081	.450	5.197	.000
H4: Work Digitalization -> Employee Performance	.210	.075	.212	2.800	.006
H5: Work Flexibility -> Employee Performance	.288	.064	.302	4.500	.000
H6: Work-Life Balance -> Employee Performance	.354	.085	.380	4.164	.000
H7: Employee Engagement -> Employee Performance	.389	.092	.395	4.228	.000

Source: Data processed by SPSS 27, (2026)

1. First Hypothesis Testing (H1): Work Digitalization on Employee Engagement The significance value for the effect of Work Digitalization on Employee Engagement is $0.001 < 0.05$, with a t-count of $3.402 > 1.656$. Therefore, H1 is accepted, indicating that Work Digitalization has a positive and significant influence on Employee Engagement.
2. Second Hypothesis Testing (H2): Work Flexibility on Employee Engagement The significance value for the effect of Work Flexibility on Employee Engagement is $0.000 < 0.05$, with a t-count of $4.588 > 1.656$. Therefore, H2 is accepted, indicating that Work Flexibility has a positive and significant influence on Employee Engagement.
3. Third Hypothesis Testing (H3): Work-Life Balance on Employee Engagement The significance value for the effect of Work-Life Balance on Employee Engagement is $0.000 < 0.05$, with a t-count of $5.197 > 1.656$. Therefore, H3 is accepted, indicating that Work-Life Balance has a positive and significant influence on Employee Engagement.
4. Fourth Hypothesis Testing (H4): Work Digitalization on Employee Performance The significance value for the effect of Work Digitalization on Employee Performance is $0.006 < 0.05$, with a t-count of $2.800 > 1.656$. Therefore, H4 is accepted, indicating that Work Digitalization has a positive and significant influence on Employee Performance.
5. Fifth Hypothesis Testing (H5): Work Flexibility on Employee Performance The significance value for the effect of Work Flexibility on Employee Performance is $0.000 < 0.05$, with a t-count of $4.500 > 1.656$. Therefore, H5 is accepted, indicating that Work Flexibility has a positive and significant influence on Employee Performance.

6. Sixth Hypothesis Testing (H6): Work-Life Balance on Employee Performance The significance value for the effect of Work-Life Balance on Employee Performance is $0.000 < 0.05$, with a t-count of $4.164 > 1.656$. Therefore, H6 is accepted, indicating that Work-Life Balance has a positive and significant influence on Employee Performance.
7. Seventh Hypothesis Testing (H7): Employee Engagement on Employee Performance The significance value for the effect of Employee Engagement on Employee Performance is $0.000 < 0.05$, with a t-count of $4.228 > 1.656$. Therefore, H7 is accepted, indicating that Employee Engagement has a positive and significant influence on Employee Performance.

Path Analysis

Path Analysis using PROCESS Macro by Hayes

The mediation hypothesis testing in this study was conducted using the PROCESS Macro Model 4 developed by Andrew F. Hayes via IBM SPSS software. This analysis investigates the relationships between Work Digitalization, Work Flexibility, and Work-Life Balance as independent variables, Employee Performance as the dependent variable, and Employee Engagement as the mediating variable. The analysis was performed with a total sample size of 142 respondents (N=142). The mediation effect was evaluated using the Bootstrapping method with 5,000 bootstrap samples and a 95% Confidence Interval (CI). The mediation role is considered statistically significant if the range between the Lower Level Confidence Interval (LLCI) and the Upper Level Confidence Interval (ULCI) does not contain the value zero (0).

Mediation Relationship	Indirect Effect	BootLLCI	BootULCI	Result
Work Digitalization -> Employee Engagement -> Employee Performance	0.095	0.034	0.182	Significant (Mediation)
Work Flexibility -> Employee Engagement -> Employee Performance	0.121	0.052	0.215	Significant (Mediation)
Work-Life Balance -> Employee Engagement -> Employee Performance	0.163	0.078	0.284	Significant (Mediation)

Source: Data processed by SPSS 27, (2026)

Indirect Effect Analysis

1. The Influence of Work Digitalization on Employee Performance through Employee Engagement Based on the PROCESS output, the indirect effect value is 0.095. The BootLLCI value is 0.034 and the BootULCI value is 0.182. Because the confidence interval range (0.034 to 0.182) does not cross zero, the indirect effect is declared significant. This indicates that Employee Engagement significantly mediates the influence of Work Digitalization on Employee Performance at Construction Company X.
2. The Influence of Work Flexibility on Employee Performance through Employee Engagement In the second path test, the indirect effect value obtained is 0.121. The BootLLCI shows a value of 0.052, while the BootULCI shows a value of 0.215. Since the entire range is above zero, it is concluded that Employee Engagement significantly mediates the relationship between Work Flexibility and Employee Performance.
3. The Influence of Work-Life Balance on Employee Performance through Employee Engagement In the third path test, the indirect effect value is 0.163. The BootLLCI value is 0.078 and the BootULCI value is 0.284. Because the range between BootLLCI and BootULCI does not contain zero (0), it is concluded that Employee Engagement acts as a significant intervening variable in bridging the influence of Work-Life Balance on Employee Performance.

Simultaneous Test (F Test)

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	5240.412	4	1310.103	52.642	.000 ^b
Residual	3409.588	137	24.888		
Total	8650.000	141			

Source: Data processed by SPSS 27, (2026)

Based on the ANOVA table, the significance value is $0.000 < 0.05$, and the calculated F-count is 52.642, which is significantly higher than the F-table value of 2.44. Therefore, it can be concluded that Work Digitalization, Work Flexibility, Work-Life Balance, and Employee Engagement simultaneously have a positive and significant effect on Employee Performance at Construction Company X. This indicates that the regression model possesses a high level of Goodness of Fit and is reliable for predicting performance trends based on these variables.

Analysis of Determination Coefficient (R²)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.779 ^a	.606	.595	4.988

Source: Data processed by SPSS 27, (2026)

Referring to the table above, the Adjusted R Square value is 0.595 or 59.5%. This result indicates that 59.5% of the variation in Employee Performance can be explained by the four variables included in this study: Work Digitalization, Work Flexibility, Work-Life Balance, and Employee Engagement. The remaining 40.5% (100% - 59.5%) is attributed to other variables or factors outside of this research model that were not examined in this study, such as organizational culture, leadership style, compensation, or the physical work environment.

DISCUSSION

1. The Influence of Work Digitalization on Employee Engagement

The results indicate that Work Digitalization significantly encourages higher employee engagement. At Construction Company X, the adoption of digital tools like BIM and cloud-based management systems simplifies complex tasks, allowing employees to feel more capable and energized. This is supported by Zulkarnaini (2025), who states that digitalization provides the structural resources necessary for employees to maintain high levels of vigor and dedication. Similarly, Salsabilla & Monica (2025) argue that technology acts as a catalyst for engagement by reducing repetitive manual burdens, thus allowing employees to focus on more meaningful project contributions.

2. The Influence of Work Flexibility on Employee Engagement

Work Flexibility is proven to be a vital driver of employee engagement. When the company provides autonomy regarding work locations (site vs. office) and hours, employees show a deeper psychological attachment to their roles. Irsyad et al. (2025) emphasize that flexibility fosters trust, which in turn increases employee enthusiasm and dedication. This aligns with findings by Komalasari & Mubarak (2026), suggesting that the sovereignty over one's schedule prevents mental fatigue and keeps engagement levels high even during intense project phases.

3. The Influence of Work-Life Balance on Employee Engagement

Harmony between professional and personal life significantly boosts employee engagement. When employees at Construction Company X can successfully separate work stress from family time, they return to work with higher energy reserves. Laelawati (2025) explains that engagement thrives when employees perceive their organization as supportive of their personal well-being. Furthermore, Putri et al. (2026) found that a balanced life allows employees to be fully "absorbed" in their tasks without the distraction of unresolved personal pressures or burnout.

4. The Influence of Work Digitalization on Employee Performance

Work Digitalization has a direct and positive impact on performance by increasing accuracy and speed in project delivery. Addurunnafis & Kurniawan (2025) argue that digital transformation allows for real-time data access, leading to higher quality output and fewer administrative errors. At Construction Company X, the integration of digital systems

directly translates into met KPIs, as evidenced by more precise technical designs and faster reporting.

5. The Influence of Work Flexibility on Employee Performance

Strong work flexibility leads to better work outcomes because it allows employees to work during their peak productivity hours. Salsabilla (2025) proves that flexibility enhances task efficiency, especially for engineers who must balance field inspections with office reporting. As noted by Monica (2025), the ability to work remotely or with flexible hours reduces "commute stress," allowing more mental energy to be directed toward high-quality professional output.

6. The Influence of Work-Life Balance on Employee Performance

Work-Life Balance (WLB) is a critical determinant of performance. Putri (2026) found that WLB prevents the decline of productivity caused by mental exhaustion. At Construction Company X, WLB ensures employees have the physical stamina and mental clarity required for technical accuracy. Laelawati (2025) also states that a healthy psychological state, derived from life balance, is the foundation for reducing technical revisions and improving administrative precision.

7. The Influence of Employee Engagement on Employee Performance

Employee engagement serves as the primary engine for high performance. Engaged employees are mentally and emotionally invested in the project's success. Schaufeli (2024) highlights that the dimensions of vigor and dedication ensure that organizational resources are used effectively. This is consistent with Robbins & Judge (2022), who view engagement as the critical bridge that transforms individual potential into realized organizational excellence.

8. The Indirect Influence of Work Digitalization on Performance through Employee Engagement

The study found that Employee Engagement significantly mediates the relationship between digitalization and performance. This suggests that digitalization does not just improve performance mechanically; it first makes employees feel more capable and enthusiastic (engaged), which then leads to superior performance. Widianti (2025) supports this, noting that technology is most effective when it fosters a positive mental state among users, thereby bridging the gap between digital tools and final work results.

9. The Indirect Influence of Work Flexibility on Performance through Employee Engagement

Employee engagement effectively bridges the gap between work flexibility and performance. This indicates that the autonomy provided by flexibility builds a sense of loyalty and passion in employees, which ultimately drives them to exceed performance targets. Irsyad (2025) suggests that for technical staff, flexibility creates a "psychological contract" of hard work in exchange for trust, making engagement a necessary intervening step for maximum productivity.

10. The Indirect Influence of Work-Life Balance on Performance through Employee Engagement

The results indicate that Employee Engagement acts as a significant mediator between WLB and performance. This emphasizes that for Construction Company X, work-life balance is not just a health requirement but a strategic tool to build a dedicated workforce. Putri et al. (2026) observe that when employees feel their life is in balance, their increased vigor and dedication (engagement) become the primary pathways through which their performance reaches its peak.

CONCLUSION AND RECOMMENDATIONS

In the rapidly evolving landscape of the modern construction industry, organizational sustainability is increasingly dependent on the strategic integration of technology and human resource management. This study identifies Work Digitalization, Work Flexibility, and Work-Life Balance as the three fundamental pillars that drive both Employee Engagement and Employee Performance at Construction Company X. By providing the necessary technical infrastructure, operational autonomy, and psychological energy, these factors enable employees to navigate the complexities of large-scale infrastructure projects with higher precision and efficiency.

A critical finding of this research is the pivotal role of Employee Engagement as a significant mediating variable. The data reveals that while digitalization and flexibility contribute directly to performance, their impact is profoundly amplified when they foster a deep psychological connection characterized by vigor, dedication, and absorption between the employee and their role. Within the specific high-pressure environment of the construction sector, Work-Life Balance emerged as the most potent predictor of engagement. This highlights that protecting employees from burnout and ensuring harmony between their professional and personal lives is not merely a welfare initiative but a strategic necessity for long-term productivity.

Ultimately, the results confirm that high performance is not achieved solely through technological adoption, but through the human commitment that technology and flexible policies facilitate. Employees who feel mentally resilient and emotionally invested in the company's success are more likely to achieve project targets and maintain the rigorous standards required in technical and administrative tasks.

To sustain these gains, Construction Company X must formalize a modern management framework that prioritizes Digital Literacy training to mitigate technostress, establishes clear Standard Operating Procedures (SOPs) for flexible work, and enforces "digital disconnect" policies to protect Work-Life Balance. Furthermore, the company should adopt a transformative leadership style that focuses on building an emotional bond with the workforce, ensuring that engagement remains the primary engine driving superior performance and organizational resilience in an increasingly digital future.

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