



EFFECT OF FLEXIBLE WORK ARRANGEMENTS ON EMPLOYEE PERFORMANCE IN MEDIUM-SIZED ENTERPRISES IN KISUMU COUNTY, KENYA

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Abstract

Flexible work arrangements have become an important human resource management strategy for enhancing employee well-being and organizational performance. However, the significant contribution of medium-sized enterprises (MSEs) to employment creation and economic development in Kenya, limited empirical evidence exists on the influence of flexible work arrangements on employee performance within these organizations. This study examined the effect of flexible work arrangements on employee performance in medium-sized enterprises in Kisumu County, Kenya. The study was guided by Spillover and Crossover Theory and Organizational Support Theory and adopted a descriptive correlation research design. It targeted 770 employees from 12 medium-sized enterprises in Kisumu County. Using Yamane's (1967) formula, 263 respondents were selected through stratified random sampling. Data were collected using a semi-structured questionnaire, whose validity was confirmed through expert review and reliability assessed using Cronbach's alpha. 241 completed questionnaires were returned, giving a 91.6% response rate. The data were analyzed using descriptive statistics, Pearson's correlation analysis, and multiple linear regression analysis with the aid of SPSS Version 27. Multiple linear regression analysis revealed that flexible work arrangements had a positive and statistically significant effect on employee performance ($\beta = 0.384$, $B = 0.472$, $p < 0.001$). Employees reported that flexible work arrangements enhanced their ability to balance

work and personal responsibilities, reduced work-related stress, increased job satisfaction, strengthened organizational commitment, and improved productivity. The study concludes that flexible work arrangements are an effective human resource management practice for improving employee performance and organizational competitiveness in medium-sized enterprises. The study recommends that organizations institutionalize flexible work policies, strengthen managerial capacity to supervise flexible work environments, and invest in organizational systems that support effective implementation of flexible work practices.

Keywords: Flexible work arrangements, employee performance, work-life balance, medium-sized enterprises, human resource management, Kisumu County, Kenya

INTRODUCTION

Globally, organizations have increasingly adopted flexible work arrangements as a strategic human resource management practice for attracting, motivating, and retaining talented employees (Bloom et al., 2015). The growing demand for workplace flexibility has been driven by technological advancement, changing workforce demographics, and evolving employee expectations regarding work–life integration. Evidence from developed economies suggests that organizations implementing flexible work practices can achieve improved employee engagement, reduced absenteeism, and enhanced organizational performance (Batt & Valcour, 2003; Bloom et al., 2015). Consequently, flexible work arrangements are increasingly viewed not only as employee welfare initiatives but also as strategic interventions for enhancing organizational competitiveness.

In Kenya, medium-sized enterprises (MSEs) play an important role in employment creation and economic development. Despite their contribution to the national economy, MSEs face challenges related to employee performance, including low productivity, employee turnover, absenteeism, and work-related stress. These challenges may be associated with inadequate work–life balance practices that limit employees' ability to effectively manage work and personal responsibilities. Although some organizations have introduced flexible work arrangements, empirical evidence on their effectiveness among medium-sized enterprises remains limited, particularly in Kisumu County.

Previous studies have demonstrated positive relationships between flexible work arrangements and employee outcomes. However, much of the existing literature has been conducted in developed countries or focused on large organizations, making it difficult to generalize the findings to Kenyan medium-sized enterprises. Moreover, limited empirical

evidence exists on the influence of flexible work arrangements on employee performance among MSEs operating in Kisumu County. This contextual gap necessitated the current study.

The study sought to determine the effect of flexible work arrangements on employee performance in medium-sized enterprises in Kisumu County, Kenya. It was guided by the hypothesis that flexible work arrangements have no statistically significant effect on employee performance in medium-sized enterprises in Kisumu County. The findings contribute to the growing body of knowledge on work-life balance while providing evidence-based recommendations for managers and policymakers seeking to improve employee performance through flexible human resource practices.

Objective of the Study

To determine the effect of flexible working arrangements on employee performance in medium-sized enterprises in Kisumu County.

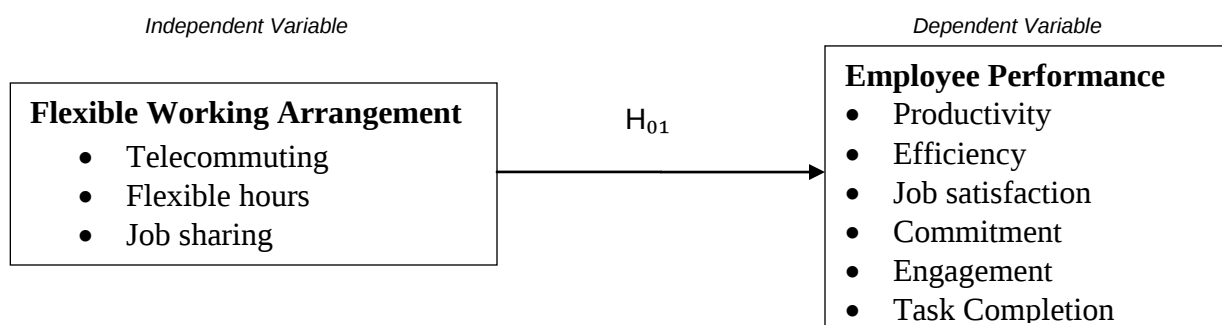
Research Hypothesis

Flexible work arrangements have no significant effect on employee performance in medium-sized enterprises in Kisumu County (H_{01}).

Conceptual Framework

A conceptual framework is a model that illustrates the relationship between the variables under investigation (Mugenda & Mugenda, 2003). It provides a logical structure that guides the study by showing how the independent variable is expected to influence the dependent variable. In this study, flexible work arrangements constitute the independent variable, while employee performance is the dependent variable. Guided by the Spillover Theory, the study assumes that flexible work arrangements enable employees to effectively balance work and personal responsibilities, thereby improving their productivity, motivation, commitment, and overall performance. The conceptual framework illustrating this relationship is presented in Figure 1.

Figure 1: Conceptual Framework



LITERATURE REVIEW

Theoretical Review

Flexible work arrangements have increasingly become an important human resource management practice for improving employee well-being and organizational performance. Empirical studies have examined the relationship between workplace flexibility and employee outcomes across different organizational and national contexts. The evidence generally suggests that flexible work arrangements can improve employee performance by providing employees with greater control over when, where, and how they perform their work.

Bloom et al. (2015) examined the effects of working from home on employee performance and found that employees who worked remotely demonstrated improved performance compared with those working under conventional office arrangements. The study also reported reductions in employee attrition and improvements in work satisfaction. These findings suggest that providing employees with greater flexibility in the location of work can contribute to positive employee outcomes. However, the study was conducted in a large organization in a developed economy, which raises questions about whether similar effects can be observed in medium-sized enterprises operating in developing-country contexts.

Similarly, Gitahi and Otieno (2022) found that flexible work arrangements significantly improved employee productivity among small and medium-sized enterprises in Kenya. The study reported that employees with greater autonomy over their work schedules demonstrated higher commitment, improved efficiency, and better overall performance. These findings are particularly relevant to the present study because they provide evidence from the Kenyan context. However, the study focused on small and medium-sized enterprises generally and did not specifically examine medium-sized enterprises in Kisumu County. Differences in organizational size, industry, and geographical setting may influence how flexible work arrangements affect employee performance.

Muturi and Waiganjo (2024) also reported a positive relationship between flexible work schedules and employee motivation and organizational commitment. According to their findings, flexible schedules enabled employees to manage work responsibilities alongside personal and family obligations. This improved their motivation and commitment to their organizations. The findings support the argument that flexibility may enhance employee performance indirectly by improving employees' ability to manage competing work and personal demands. Nevertheless, the study primarily focused on motivation and organizational commitment rather than directly measuring employee performance.

Ndegwa and Ireri (2023) further established that organizations implementing flexible work arrangements experienced improved employee retention and reduced turnover intentions.

Employees perceived flexible work practices as an indication of organizational support, which contributed to higher job satisfaction and stronger organizational commitment. Although these findings demonstrate important benefits of flexible work arrangements, employee retention and job satisfaction are different outcomes from employee performance. Therefore, there remains a need to establish whether flexible work arrangements have a direct and significant effect on employee performance.

International evidence also indicates that workplace flexibility can influence employee outcomes through improved autonomy and reduced work–family conflict. Flexible working hours and remote working may enable employees to allocate their time more effectively, thereby reducing conflicts between work and personal responsibilities. When employees experience greater control over their work schedules, they may be better able to concentrate on their work responsibilities and maintain higher levels of productivity. However, the effectiveness of flexible work arrangements may depend on organizational support, the nature of the job, technological resources, and the extent of autonomy provided to employees.

The empirical evidence therefore indicates a generally positive relationship between flexible work arrangements and employee outcomes. Bloom et al. (2015) emphasized productivity and job satisfaction, while Gitahi and Otieno (2022) focused on productivity and efficiency. Muturi and Waiganjo (2024) highlighted motivation and organizational commitment, whereas Ndegwa and Ireri (2023) examined employee retention and turnover intentions. Although these studies provide valuable evidence on the benefits of workplace flexibility, they differ in their study contexts, target populations, variables, and measures of employee outcomes.

Despite the growing body of evidence, several gaps remain. First, much of the international literature has focused on large organizations and developed economies, limiting the applicability of the findings to medium-sized enterprises in developing countries. Second, although some Kenyan studies have examined flexible work arrangements, relatively limited attention has been given to their specific effect on employee performance in medium-sized enterprises. Third, existing Kenyan studies have often examined related outcomes such as job satisfaction, motivation, organizational commitment, productivity, or employee retention rather than employee performance as the main dependent variable. Finally, there is limited empirical evidence focusing specifically on medium-sized enterprises in Kisumu County.

The present study was therefore necessary because, despite the growing adoption of flexible work arrangements, limited empirical evidence exists on their effect on employee performance in medium-sized enterprises in Kenya, particularly in Kisumu County. Existing studies have largely focused on large organizations or contexts outside the local setting, making

it difficult to determine whether findings on flexible work arrangements are applicable to medium-sized enterprises operating in Kisumu County. This represents an important contextual and empirical gap, given that medium-sized enterprises operate with different organizational structures, resources, and employment practices that may influence the effectiveness of flexible work arrangements. The study therefore sought to examine the effect of flexible work arrangements on employee performance in medium-sized enterprises in Kisumu County, Kenya. By addressing this gap, the study aimed to provide empirical evidence relevant to the local context and contribute to the literature on flexible human resource practices and employee performance.

Empirical Review

Bloom et al. (2015) examined the effect of working from home on employee performance and found that employees working remotely demonstrated higher performance and greater job satisfaction than employees working under traditional arrangements. The study also reported a reduction in employee attrition among those working from home. These findings suggest that flexibility in the location and timing of work can contribute to positive employee outcomes. However, the study was conducted in a large organization in a developed economy, making it necessary to establish whether similar outcomes occur in medium-sized enterprises within developing economies such as Kenya.

Similarly, Gitahi and Otieno (2022) established that flexible work arrangements significantly improved employee productivity among Kenyan small and medium-sized enterprises. The study found that employees who had greater autonomy over their work schedules demonstrated higher commitment, improved efficiency, and better overall performance. These findings provide evidence that flexible work arrangements can positively influence employee outcomes within the Kenyan context. However, the study considered small and medium-sized enterprises collectively and did not specifically focus on medium-sized enterprises in Kisumu County. The present study therefore seeks to provide evidence within this specific organizational and geographical context.

Muturi and Waiganjo (2024) reported that flexible work schedules positively influenced employee motivation and organizational commitment. Their findings indicated that employees who were allowed greater flexibility were better able to balance work responsibilities with personal obligations. This improved their motivation and commitment to their organizations. Although these findings demonstrate the potential benefits of flexible work schedules, the study focused primarily on employee motivation and organizational commitment rather than employee

performance. Consequently, there is a need for further research examining whether flexible work arrangements have a significant effect on employee performance.

Ndegwa and Ireri (2023) further observed that organizations implementing flexible work arrangements experienced improved employee retention and reduced turnover intentions. Employees perceived flexible work practices as an indication of organizational support, which contributed to higher job satisfaction and stronger organizational commitment. These findings reinforce the argument that workplace flexibility can contribute to positive employee outcomes. However, employee retention and job satisfaction represent outcomes that are distinct from employee performance. The findings therefore provide supporting evidence for the potential benefits of flexible work arrangements but do not directly establish their effect on employee performance.

The reviewed studies also demonstrate that the benefits of flexible work arrangements may arise from employees having greater autonomy and control over their work. When employees can adjust their working hours or work location according to their circumstances, they may experience fewer conflicts between work and family responsibilities. Reduced work–family conflict may enable employees to devote greater attention to their work responsibilities, potentially improving their productivity and performance. However, the effectiveness of flexible work arrangements may vary depending on organizational characteristics, the nature of employees' jobs, managerial support, and access to appropriate technology.

A comparison of the reviewed empirical studies indicates that flexible work arrangements have generally been associated with positive employee outcomes. Bloom et al. (2015) focused on productivity, job satisfaction, and employee retention, while Gitahi and Otieno (2022) examined productivity, commitment, efficiency, and performance. Muturi and Waiganjo (2024) concentrated on motivation and organizational commitment, whereas Ndegwa and Ireri (2023) examined employee retention, turnover intentions, job satisfaction, and organizational commitment. Although these studies provide useful evidence, their differences in study contexts, populations, research variables, and measures of employee outcomes make it difficult to generalize their findings directly to medium-sized enterprises in Kisumu County.

Furthermore, much of the existing empirical literature has focused on developed economies or large organizations. Evidence from such settings may not fully reflect the circumstances of medium-sized enterprises in Kenya, which may operate under different technological, financial, managerial, and human resource conditions. Although Kenyan studies have provided evidence on flexible work arrangements, there remains limited empirical attention to medium-sized enterprises and their employees in Kisumu County.

There is also a conceptual gap in the existing literature. Several studies have examined the relationship between flexible work arrangements and outcomes such as job satisfaction, motivation, organizational commitment, productivity, and employee retention. However, fewer studies have directly examined employee performance as the principal outcome variable. This creates a need to establish whether flexible work arrangements significantly influence employee performance rather than assuming that improvements in related employee outcomes automatically translate into improved performance.

Therefore, the empirical literature suggests that flexible work arrangements have considerable potential to improve employee outcomes, but important contextual and empirical gaps remain. In particular, limited evidence exists on the effect of flexible work arrangements on employee performance among medium-sized enterprises in Kisumu County. The present study sought to address this gap by examining whether flexible working arrangements have a significant effect on the performance of employees in medium-sized enterprises in Kisumu County, Kenya.

RESEARCH METHODOLOGY

Research Design

The study adopted a correlational research design to examine the relationship between flexible work arrangements and employee performance among medium-sized enterprises in Kisumu County. The design was appropriate because it enabled the researcher to describe the study variables and establish the relationship between flexible work arrangements and employee performance without manipulating the variables. Data were analyzed using descriptive statistics, Pearson's Product-Moment Correlation, and simple linear regression.

Study Area

The study was conducted in Kisumu County, Kenya, a major commercial and industrial hub in western Kenya. The county was selected because of its growing number of medium-sized enterprises across manufacturing, service, trade, and retail sectors, providing an appropriate setting for examining flexible work arrangements and employee performance. The study focused on 12 selected medium-sized enterprises in Kisumu County, with employees serving as the unit of analysis.

Target Population

The target population comprised 770 employees from 12 selected medium-sized enterprises in Kisumu County. The enterprises were drawn from the manufacturing, service, and

trade and retail sectors. Employees constituted the unit of analysis because they directly experience flexible work arrangements and could provide information on their effect on employee performance. The distribution of the target population is presented in Table 1.

Table 1: Target Population

Sector	Estimated Enterprises	Estimated Employees per Enterprise	Total Employees	%
Manufacturing	4	70	280	36.4
Service	4	65	260	33.8
Traders and retail	4	57.7	230	29.8
Total	12	193	770	100

Source: County Government of Kisumu Trade and Business Licensing Registry (2025)

Sample Size and Sampling Technique

The study employed stratified random sampling to ensure representation of employees from the manufacturing, service, and trade and retail sectors. The target population was stratified into the three sectors, after which respondents were selected through simple random sampling within each stratum.

The sample size was determined using Yamane's (1967) formula for a known finite population at a 5% margin of error:

$$n = \frac{N}{1 + (e)^2}$$

Where, n= corrected sample size, N = population size, and e = Margin of error (MoE), e = 0.05 based on the research condition (Yamane, 1967).

Now, using values:

N=770

e=0.05 (for 5% margin of error)

Substituting into the formula:

$$n = \frac{770}{1 + 770(0.05)^2}$$

$$n = \frac{770}{1 + 770(0.0025)}$$

$$n = \frac{770}{1 + 1.925}$$

$$n = \frac{770}{2.925}$$

$$n \approx 263$$

Data Collection Instrument and Procedure

Primary data were collected using a semi-structured questionnaire comprising three sections: demographic characteristics, flexible work arrangements, and employee performance. Items measuring the study variables were rated on a five-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). Prior to data collection, the researcher obtained the necessary authorization from Maseno University and the participating enterprises. Questionnaires were administered to the sampled employees using the drop-and-pick-later method. Respondents were informed of the study purpose, and confidentiality and voluntary participation were assured. Completed questionnaires were checked for completeness, coded, and prepared for statistical analysis.

Pilot Study

A pilot study was conducted before the main data collection exercise to assess the suitability of the research instrument. According to Mugenda and Mugenda (2003), a pilot study is a small-scale preliminary study conducted to determine the feasibility, clarity, and adequacy of the research instrument before the actual data collection.

The pilot study was carried out using respondents who possessed characteristics similar to those of the target population but were not included in the final study. The purpose of the pilot study was to identify ambiguous questions, evaluate the clarity and sequence of questionnaire items, estimate the time required to complete the questionnaire, and determine the validity and reliability of the research instrument. Feedback obtained from the pilot study was used to refine and improve the questionnaire before the actual data collection commenced.

Validity of the Research Instrument

Validity refers to the extent to which a research instrument measures what it is intended to measure (Burns & Grove, 2003). In this study, content validity and face validity were established through expert judgment. The questionnaire was reviewed by the university supervisor and members of the proposal defense panel, who assessed the relevance, clarity, adequacy, and consistency of the questionnaire items with the study objectives and variables.

Reliability of the Research Instrument

Reliability refers to the consistency of a research instrument in producing stable and dependable results when administered repeatedly under similar conditions. According to

Mugenda and Mugenda (2003), a reliable research instrument should produce consistent results and have a Cronbach's Alpha coefficient of at least 0.70.

The reliability of the questionnaire was assessed using Cronbach's Alpha coefficient. The pilot study data were entered into the Statistical Package for Social Sciences (SPSS) Version 27, and the reliability coefficients for the study variables were computed. The results are presented in Table 2.

Table 2: Reliability of the Research Instrument

Variable	Number of Items	Cronbach's Alpha	Recommendation
Employee Performance	8	0.746	Reliable
Flexible Work Arrangements	10	0.732	Reliable

RESULTS AND DISCUSSIONS

Response Rate

The study achieved a 91.6% response rate, with 241 of the 263 distributed questionnaires successfully completed and returned. Such a response rate was considered adequate for statistical analysis.

Descriptive Findings

The descriptive findings revealed that employees generally perceived flexible work arrangements positively. Most respondents agreed that their organizations offered flexible working schedules, allowed autonomy in completing work assignments, and supported employees in balancing work and personal responsibilities. Flexible work arrangements were also perceived to reduce work-related stress, improve employee well-being, enhance motivation, and increase productivity.

The overall mean scores for the flexible work arrangement items ranged between 3.83 and 4.14, indicating high levels of agreement among respondents. These findings suggest that flexible work arrangements have become an important human resource management practice among medium-sized enterprises in Kisumu County.

Correlation Analysis

Pearson's Product-Moment Correlation analysis established a strong positive relationship between flexible work arrangements and employee performance ($r = 0.698$, $p < 0.001$). The findings indicate that increased workplace flexibility is associated with improved

employee performance. Employees who experienced greater flexibility in scheduling their work reported higher motivation, better work-life balance, and increased commitment to organizational objectives.

Regression Analysis

Multiple linear regression analysis showed that flexible work arrangements significantly predicted employee performance ($\beta = 0.384$, $B = 0.472$, $p < 0.001$), with the model explaining 62.7% of the variation in employee performance ($R^2 = 0.627$). This finding is consistent with Bloom et al. (2015) and Gitahi and Otieno (2022), who found that flexible work arrangements improved employee performance and productivity. The finding also agrees with Muturi and Waiganjo (2024), who reported that flexible work schedules enhanced employee motivation and organizational commitment. The findings suggest that greater flexibility and employee autonomy may contribute to improved performance. Therefore, the null hypothesis that flexible work arrangements have no statistically significant influence on employee performance was rejected.

Discussion

The findings demonstrate that flexible work arrangements significantly improve employee performance in medium-sized enterprises in Kisumu County. Employees who were allowed greater flexibility in determining when and how they completed their work reported higher motivation, improved productivity, lower stress levels, and better work-life balance. Workplace flexibility enabled employees to effectively integrate work and personal responsibilities, thereby improving their commitment to organizational goals.

These findings support the Spillover and Crossover Theory, which suggests that positive workplace experiences extend into employees' personal lives, improving psychological well-being and ultimately enhancing work performance. Similarly, the findings affirm the Organizational Support Theory, which argues that employees reciprocate organizational support with greater commitment and improved performance. Flexible work arrangements signal organizational concern for employee welfare, thereby strengthening employee engagement and organizational commitment.

The findings are also consistent with previous empirical studies, including Bloom et al. (2015), Gitahi and Otieno (2022), Muturi and Waiganjo (2024), and Ndegwa and Ireri (2023), which concluded that flexible work arrangements positively influence employee productivity, job satisfaction, employee retention, and organizational performance. The present study extends these findings by providing empirical evidence from medium-sized enterprises operating within Kisumu County, Kenya.

CONCLUSION

The study concludes that flexible work arrangements have a positive and statistically significant influence on employee performance in medium-sized enterprises in Kisumu County. Employees who are provided with flexible work schedules, greater autonomy, and supportive workplace policies demonstrate higher levels of motivation, improved work-life balance, increased organizational commitment, and enhanced productivity. Flexible work arrangements therefore represent an effective strategic human resource management practice capable of improving both employee well-being and organizational competitiveness.

However, the study has some limitations. The study was conducted among selected medium-sized enterprises in Kisumu County, which may limit the generalizability of the findings to enterprises in other counties or organizational contexts. In addition, the study employed a cross-sectional design, capturing information at a particular point in time and therefore limiting the ability to establish how the effects of flexible work arrangements may change over time. The study also relied on respondents' self-reported information, which may be influenced by individual perceptions and response bias. Future studies could address these limitations by examining a wider geographical area, adopting longitudinal research designs, and using additional sources of information to assess employee performance.

RECOMMENDATIONS

Based on the findings, medium-sized enterprises should institutionalize flexible work arrangements by developing clear policies that support flexible scheduling, employee autonomy, and performance-based work practices where operationally feasible. Organizations should strengthen managerial capacity through training on supervising employees in flexible work environments while maintaining accountability, communication, and performance monitoring. Additionally, enterprises should invest in appropriate technological infrastructure and organizational support systems to facilitate the effective implementation of flexible work arrangements. These initiatives will contribute to improved employee performance, increased job satisfaction, and sustainable organizational productivity.

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