

**FACTORS INFLUENCING WORK-LIFE
FLEXIBILITY IN MULTINATIONAL
COMPANIES IN MALAYSIA: THE MEDIATING
ROLE OF INDIVIDUAL ABSORPTIVE
CAPACITY AND MODERATING ROLE OF
DIGITAL PROFICIENCY**

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UNIVERSITI SAINS MALAYSIA

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DIGITAL PROFICIENCY**

by

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LIST OF ABBREVIATIONS

CD	Career Development
CMV	Common Method Variance
DC	Dynamic Capabilities
EI	Emotional Intelligence
HRD	Human Resource Development
IAC	Individual Absorptive Capacity
KAC	Knowledge Absorptive Capacity
KBV	Knowledge-Based View
MNC	Multinational Corporation
ODC	Organisation Development Climate
RBV	Resource-Based View
SPSS	Statistics Package for Social Sciences
TD	Training Development
WLF	Work-Life Flexibility

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APPENDIX A QUESTIONNAIRE

APPENDIX B DEMOGRAPHICAL FACTORS

**FAKTOR-FAKTOR YANG MEMPENGARUHI FLEKSIBILITI KEHIDUPAN
KERJA DALAM SYARIKAT MULTINASIONAL DI MALAYSIA: PERANAN
PENGANTARA KAPASITI PENYERAPAN INDIVIDU DAN PERANAN
MODERATOR KEMAHIRAN DIGITAL**

ABSTRAK

Kepuasan dan keupayaan pekerja sangat dipengaruhi oleh keadilan organisasi. Kajian ini memberi tumpuan kepada menganalisis faktor-faktor yang mempengaruhi fleksibiliti kehidupan kerja dalam syarikat multinasional (MNC) di Malaysia. Kerja fleksibel telah meningkat dengan mendadak semasa pandemik COVID-19 di Malaysia dan percanggahan ini merupakan cabaran utama yang ketara bagi pekerja dan majikan kerana ini bermakna pandangan mereka tentang isu itu berbeza dengan ketara. Kajian ini menggunakan teori daripada Pandangan Berasaskan Sumber, Keupayaan Dinamik dan Pandangan Berasaskan Pengetahuan untuk menyiasat hubungan antara latihan dan pembangunan, pembangunan kerjaya, iklim pembangunan organisasi dan kecerdasan emosi. Ia bertujuan untuk menentukan kesannya terhadap fleksibiliti kehidupan kerja pekerja. Keadilan dalam keputusan promosi, penugasan tugas dan peruntukan ganjaran adalah penting untuk kesejahteraan psikologi pekerja. Tambahan pula, kajian ini mengkaji kesan kapasiti penyerapan individu sebagai pengantara dan kecekapan digital sebagai moderator. Kesejahteraan psikologi dan fizikal pekerja dan kepuasan mereka dengan kerja dan tempat kerja mereka mempunyai kesan langsung ke atas kewarganegaraan organisasi di tempat kerja, kadar pusing ganti, dan fleksibiliti kehidupan kerja. Kaedah penyelidikan yang digunakan adalah kuantitatif, dan soal selidik diedarkan di kalangan MNC pekerja di Malaysia. Reka bentuk kajian adalah

deskriptif, dan data dianalisis menggunakan sistem IBM SPSS dan SMART PLS. Analisis model struktur menunjukkan bahawa data mempunyai tahap kebolehpercayaan dan kesahan yang tinggi, walaupun kesahan konstruk menjadi isu. Kajian itu mendapati jurang kekurangan tumpuan terhadap kecekapan digital pekerja sebagai prasyarat untuk fleksibiliti kehidupan kerja yang diakui oleh MNC. Batasan kajian adalah keperluan untuk memahami implikasi kecekapan digital terhadap pembangunan sumber manusia dan kapasiti penyerapan individu yang mengukur fleksibiliti kehidupan kerja pekerja. Kajian ini mengesyorkan mewujudkan suasana inovatif yang menggalakkan fleksibiliti kehidupan kerja selain isu telekerja boleh digabungkan. Kesimpulannya, penyelidikan masa depan boleh menilai faktor sosiodemografi seperti jantina, umur dan status perkahwinan, yang didapati mempunyai kesan yang signifikan terhadap fleksibiliti kehidupan kerja.

**FACTORS INFLUENCING WORK-LIFE FLEXIBILITY IN
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ABSTRACT

The satisfaction and capabilities of employees are greatly influenced by organisation fairness. This study focuses on analysing the factors that impact work-life flexibility in multinational corporations (MNCs) in Malaysia. Flexible working has risen sharply during the COVID-19 pandemic in Malaysia and this discordance is a notable major challenge for employees and employers as it means their views on the issue are diverging significantly. The study utilizes theories from the Resource-Based View and Dynamic Capabilities, to investigate the relationship between training and development, career development, organisation development climate, and emotional intelligence. It aims to determine their effect on an employee's work-life flexibility. Justice in promotional decisions, task assignments, and reward allocation is crucial for an employee's psychological well-being. Furthermore, the study examines the impact of individual absorptive capacity as the mediator and digital proficiency as the moderator. The psychological and physical well-being of employees and their satisfaction with their work and workplace have a direct effect on organisation citizenship at work, turnover rates, and work-life flexibility. The research method used was quantitative, and the questionnaire was distributed among MNC employees in Malaysia. The research design was descriptive, and the data was analysed using IBM SPSS and SMART PLS systems. The structural model analysis shows that the data had high reliability and validity levels, although the construct validity was an issue.

The study found a gap in the lack of focus on an employee's digital proficiency as a prerequisite for work-life flexibility acknowledged by MNCs. The limitation of the study is the need to understand the implications of digital proficiency on human resource development and individual absorptive capacity that measures an employee's work-life flexibility. This study recommends creating an innovative atmosphere that promotes work-life flexibility besides issues of teleworking could be incorporated. In conclusion, future research could assess sociodemographic factors such as gender, age, and marital status, which have significantly impacted work-life flexibility.

CHAPTER 1

INTRODUCTION

1.1 Introduction

This chapter provides an introduction to the research by providing a comprehensive picture of this study as a whole and sets the foundations for the following chapters. It begins by outlining the background of the research, followed by a discussion of the problem statement and the importance of the study. The chapter then identifies the research objectives and questions and the study's theoretical and practical significance. It highlights the gaps in the literature and explains how this research will contribute in terms of theoretical and practical significance. Additionally, the chapter defines important terms used in the study and briefly explains the organization of the remaining chapters in this thesis.

1.2 Background

The impact of technology advancements from large corporations has transformed both our personal and professional lives. A recent study by Lim et al. (2020) revealed that digital information has become a regular feature in the workplace. Moreover, nonstandard work schedules, such as weekends and late shifts, have become more common. Golden et al. (2018) also discovered that an increasing number of employees are carrying out their duties outside of traditional office spaces. With the convenience of mobile devices, employees can remain connected to their jobs 24/7, creating a culture where being available at all times is expected, even outside of standard working hours (Park et al., 2019). This means that people can continue to stay in touch with their work even after office hours (Diaz, Chiaburu, Zimmerman & Boswell, 2019), and the boundaries between work and personal life are becoming increasingly blurred.

According to research by Frey & Osborne (2017), the mercantile city transitioned to the industrial city during the first industrial revolution (Industry 1.0) due to the introduction of mechanization. This innovation boosted production and shifted the world's economic and social centre of gravity from agriculture to the industrial sector. However, it also raised concerns about job redundancy as a result of technological change. The first industrial revolution took years to materialize after the invention of the first knitting machine in 1589. It also simplified employees' jobs, leading to the replacement of specialized expertise. The second industrial revolution (Industry 2.0) began with the transition from the industrial city to the planned city, where employees were entrusted with increased responsibility for monitoring, policing, and running industry equipment. Social and security services, mechanical equipment, and absolute automation eliminated physically demanding tasks.

During the third industrial revolution, factories and warehouses began to move away from the city, resulting in a more dispersed layout (Diaz, Chiaburu, Zimmerman & Boswell, 2019). As a result, a new economic-social order emerged, with homes becoming increasingly distant from businesses, shopping areas, city life, and centres of scientific and technological advancement. The fourth industrial revolution, driven by digitalization rather than the discovery of a new energy source, facilitated the transition from a disconnected city to a unified smart city. Today, technological advancements have led to the creation of new goods and services, emphasising the relationship between machines and humans.

In recent years, experts in the fields of work and organisation psychology, as well as occupational health psychology, have delved into the various factors that contribute to achieving a healthy balance between work and personal life for employees. A key area of focus has been the impact of technology on this issue (Maria, 2017). Studies have

shown that the use of information and communication technologies (ICT) by employees can have both positive and negative effects on their ability to achieve this balance, with some even referring to it as a double-edged sword (Turetken & Diefenbach, 2021; Derks et al., 2018; Kim & Kim, 2019). Moreover, these researchers have also found that technology can help simplify tasks and improve overall output.

In addition to the advantages previously mentioned, Turetken & Diefenbach (2021) argue that the integration of technology in the workplace can foster collaboration, teamwork, and access to previously inaccessible information. However, there are also potential drawbacks associated with the use of ICT. Overindulging in technology can result in information, task, and relationship overload (Brummelhuis, Bakker, Hetland & Keulemans, 2018). The expectation of being available for work around the clock and the pressure to maintain an "always-on" mindset can blur the boundary between work and personal life, leading to increased tension. Even if employees use their time to devote to work-related tasks to enhance productivity, efficiency, or flexibility, it may have unintended consequences for their physical and emotional well-being (Boswell & Olson-Buchanan, 2017; Park et al., 2018).

1.2.1 Work-Life Flexibility in Malaysia

Workplace practices, such as non-standard work arrangements, flexible scheduling, and the use of technology and automation, are experiencing substantial changes throughout the globe, as stated by Ray & Cryan (2021). The demographic, technological, and economic trends that have influenced the structure of the labour market seem to be more pervasive than they were in the recent past. They went on to say that although there is no agreed-upon definition of work-life balance, for many employees and businesses alike, the ability to choose when, where, and how long they

put in their time at the office is paramount. Common forms of adaptability include the option to work remotely, take time off, and alter one's schedule.

The concept of work-life flexibility has a long history, according to the Finnish Institute of Occupational Health (2020). Individuals' work-life flexibility is achieved when their basic requirements are met, as well as their life goals and ambitions are realised (Kandolin, Harma & Toivanen, 2018) whereby it has been created by goal-oriented activity and task commitment. Employees who have access to flexible work schedules, as discussed by Dean & Auerbach (2018), may be able to reduce some of the time demands and conflicts generated by their extracurricular activities. These employees would want the flexibility to attend to their own needs, including those of their children, parents, siblings, and spouses. They also noted that allowing employees more leeway regarding where and when they work improves their health and happiness since it gives them a greater feeling of agency in their jobs and makes them happier overall in their careers.

While Flexible Working Arrangements (FWA) are prevalent in the private sector of industrialized nations, Shaari & Amirul (2020) noted that in the context of Malaysia, FWAs are nothing new. They also noted that the business sector's reaction to the government's push to promote FWAs was mixed. They found that the Malaysian branches of MNCs like Intel, HSBC, Bosch, and Shell were more open to the ideas of foreign employees than the local Malaysian branches. Maybank, Sunway Group, and TM Group are three examples of large Malaysian corporations that welcome FWA employees. Although the implementation and improvement of FWAs in Malaysia are in their early stages, there is limited research conducted on the topic in the country. However, Shaari & Amirul (2020) suggest that interest in FWAs is increasing among Malaysian institutions as the concept is included in national strategic plans for

socioeconomic growth. This interest is due to the Malaysian government's initiative, through TalentCorp, to encourage businesses to adopt FWAs, which provide employees with more options in terms of job security, location, and scheduling.

Despite the poor response from the business sector, the Malaysian government continues to provide free FWA training and consultancy through TalentCorp to any organisation that wishes to install or improve its existing FWAs (Shaari & Amirul, 2020). Many reasons play a role in the Malaysian private sector's failure to implement FWAs (Ye & Hwang, 2022; Kim & Kim, 2019). It's partly due to a lack of understanding among employers, a lack of trust, an increase in the cost of providing the gadgets that an employee can use if he or she chooses to work from home (WFH), training, career path concern from the organisation and so on. Therefore, there is a need to view work-life flexibility issues from a cultural lens (Malaterre & Foucreault, 2017; Perrigino, Dunford & Wilson, 2018). For example, collectivist societies such as Malaysia may view and experience work-life balance differently (Mai & Hoffmann, 2020; Kim & Kim, 2019).

The COVID-19 pandemic has highlighted the global shift towards remote work and how it has reshaped our perception of traditional work environments. As Malaysia enters the endemic phase, more companies are adopting Flexible Work Arrangement (FWA) policies that allow employees to customize their work arrangements to fit their needs. However, businesses in Malaysia, like anywhere else, differ in terms of their structures, operations and methods (HRD, 2022). Consequently, FWAs can only be implemented in certain industries such as marketing, IT, and education, where flexibility is feasible. The decision to implement FWA ultimately depends on the specific industry and business conditions (HRD, 2022; Tilo, 2022)

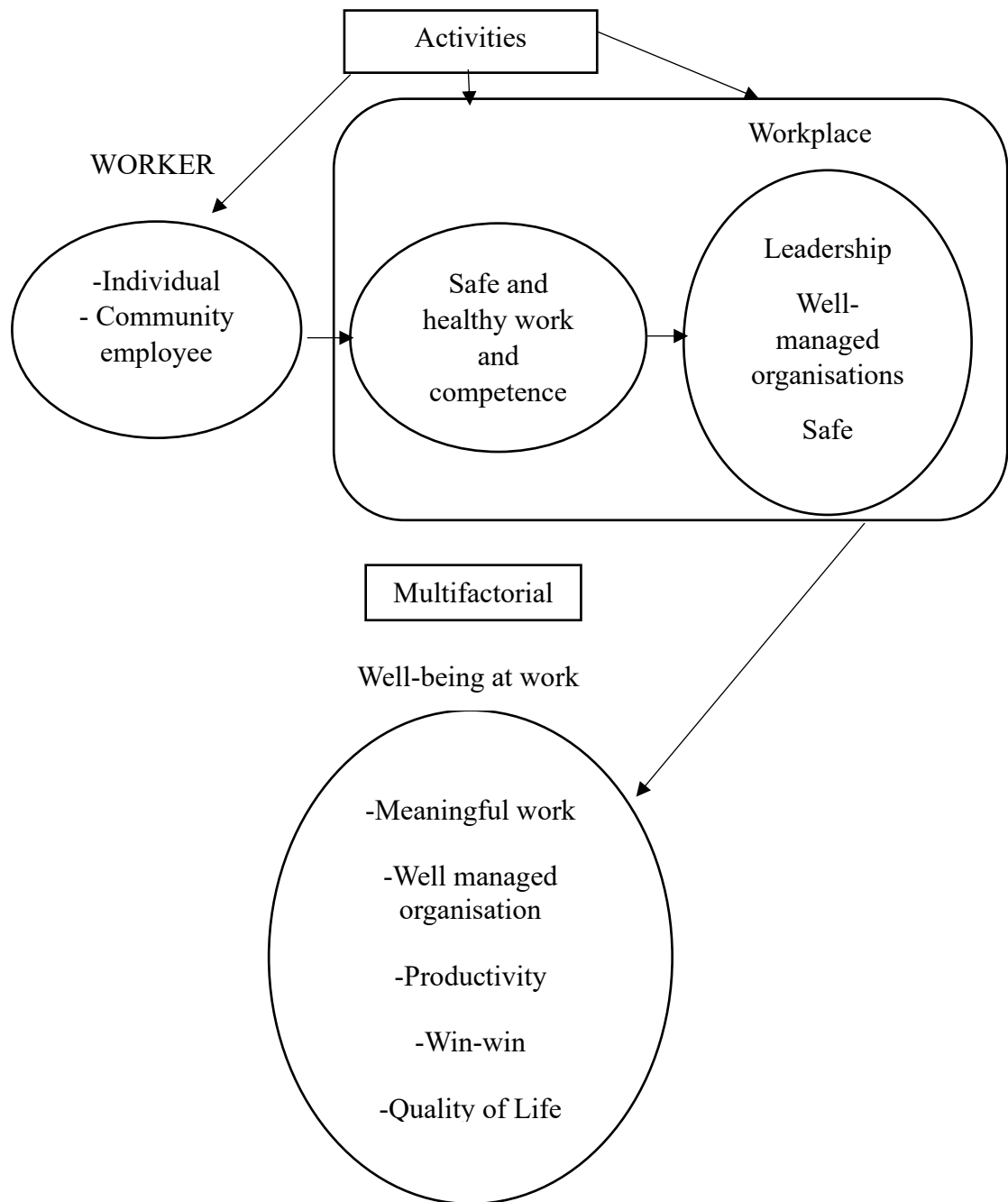


Figure 1.1: Bases of W-BW actions.

Source: Adopted from Well-being at Work - New Innovations and Good Practices, (Anttonen et al. 2019)

Although the focus on wellbeing has decreased from the first year of the pandemic, it remains higher than pre-pandemic years. According to the Health and Wellbeing at Work Survey 2021, the emphasis on health and wellbeing during the pandemic's initial year has decreased over the past year. However, the overall trend in the past five years

indicates that employee well-being is becoming increasingly important to companies. This year, 70% of respondents agree that senior leaders have prioritized employee wellbeing, compared to 55% in 2018. Additionally, 60% believe that line managers understand the significance of wellbeing, up from 47% in 2018. As illustrated in the figure below, over half of organisations (51%, compared to 40% in 2018) have a separate wellbeing strategy.

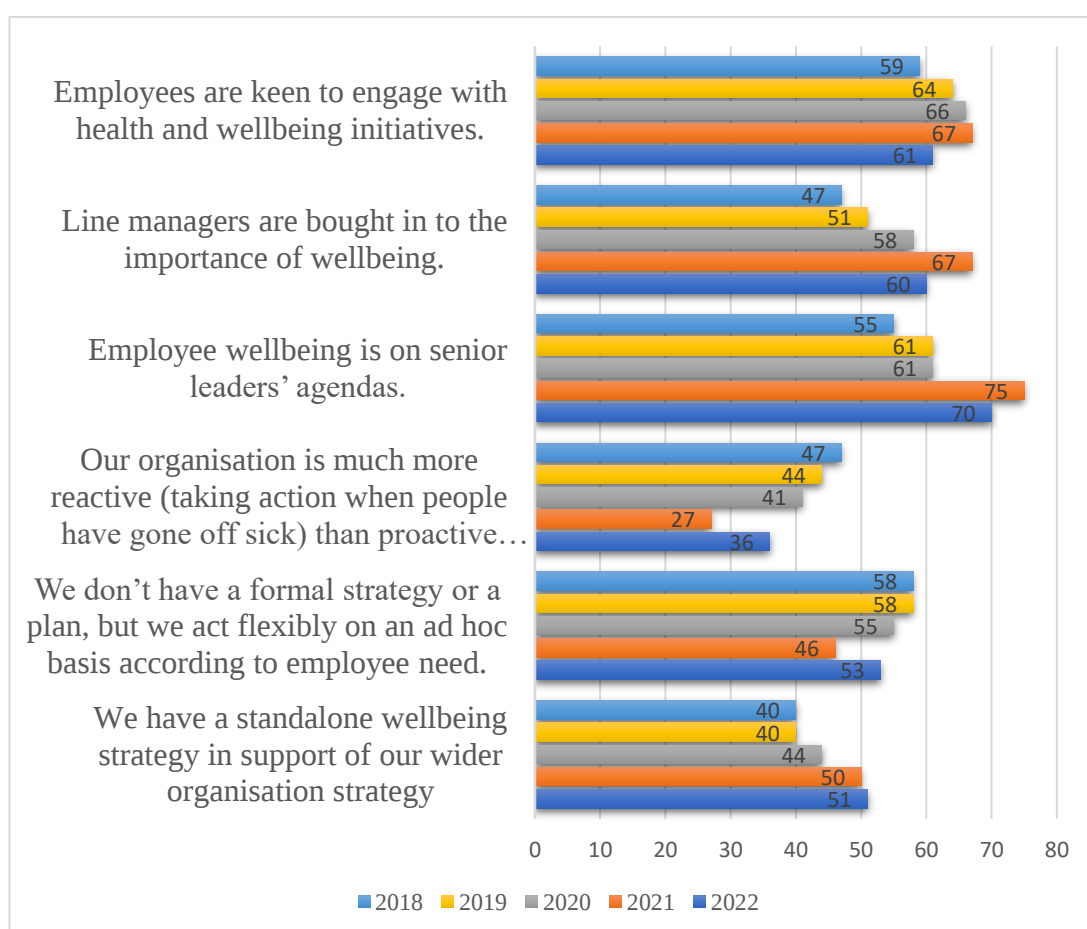


Figure 1.2: The position of health and wellbeing in organisations (% of respondents who agree/strongly agree).

Source: Adopted from Health and Wellbeing at Work 2022

The Malaysian Well-Being Index for 2022 has revealed that the overall well-being of MyWI in 2021 experienced a 1.3% boost, climbing from 117.7 points to 119.2 points. Furthermore, the economic and social sub-composites of well-being also saw an upswing in 2021. The economic well-being sub-composite increased by 1.0% to 127.2

points, while the social well-being sub-composite rose by 1.4% to 114.7 points over the same period. Additionally, the sub-composites of economic and social well-being each saw a rise of 1.2 and 1.6 index points correspondingly throughout the year.

According to the study, there were notable increases in four areas of the economic well-being sub-index in 2021. These increases were primarily attributed to income and distribution (2.4%), communications (1.3%), education (1.2%), and working life (1.1%). However, transportation experienced a decline of 1.1%. In the social well-being sub-index, six components saw an increase: governance (6.8%), culture (6.4%), public safety (3.4%), environment (2.7%), family (1.2%), and housing (1.0%). Conversely, entertainment and recreation showed a decrease of 4.8%, followed by health (-1.8%) and social participation (-1.4%).

In the year 2021, measures implemented to prevent the spread of COVID-19, such as the Movement Control Order (MCO), Conditional Movement Control Order (CMCO), Recovery Movement Control Order (RMCO), and National COVID-19 Immunisation Programme for adults, did not have a direct impact on the various sub-components of well-being. Instead, the gradual reopening of social sectors and economic activities contributed to an increase in 10 out of 14 MyWI components in 2021, as compared to the base year of 2000. However, the Culture Index and Family Index, which are two components of the social well-being sub-composite, remained below 100.0 index points and showed no improvement.

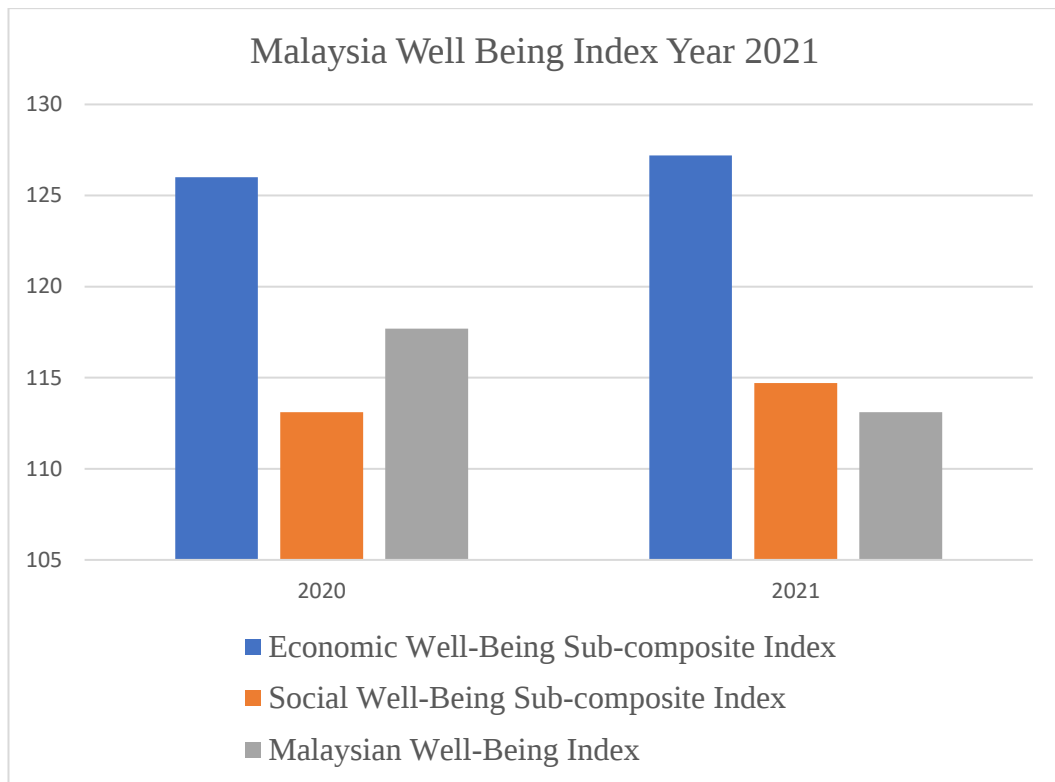


Figure 1.3: Malaysia Well-Being Index Year 2020-2021.

Source: Department of Statistics, Malaysia

According to the Malaysia Employers Federation (MEF) website in 2019, both employers and mental health advocates acknowledge the importance of providing more support for employees dealing with mental health issues in the workplace. In 2020, Shamsuddin Bardan, Executive Director of MEF, highlighted that companies face greater financial losses when unwell employees continue to work instead of taking time off without pay. This is because employees who are not at their best can have a negative impact on the organisation's profits. In 2018, Relate Mental Health Malaysia conducted a study that estimated businesses incurred at least RM14.46 billion in costs due to employee mental health concerns.

More than two-thirds of that sum was the result of employees coming in sick and continuing to put in hours. According to Shamsuddin Bardan (2020), many employees with mental health issues were afraid to disclose their struggles for fear of

repercussions at work. Although he acknowledged that companies themselves had a responsibility to improve mental health in the workplace, he also stressed the need to foster an environment where people felt comfortable talking about mental health issues. Let's have frank discussions about this. Employees need to talk about mental health difficulties, and businesses should provide outlets for them to do so. He recommended that businesses either hire - employee therapists or consult with outside mental health facilities to form a panel. He went on to say that the Industrial Revolution 4.0 may produce stress, sadness, and isolation in the workplace, thus it was crucial to study these issues. Shamsuddin Bardan (2020) said that, given the high price tag, the government should investigate ways to enhance mental health in the workplace.

In 2020, the President of the Malaysian Mental Health Association, Professor Datuk Dr. Andrew Mohanraj, made an impassioned plea to address the issue of mental health in the workplace. He likened it to "the elephant in the room," stressing the urgent need to tackle it head-on. Professor Mohanraj suggested that companies would benefit from allowing their employee to take mental health days off when necessary. This would enable them to recharge and return to work with renewed energy, rather than being present but unproductive. Additionally, he called for businesses to foster a positive mental health environment, which includes a zero-tolerance policy for workplace bullying, realistic targets and deadlines, and an ergonomic workspace.

He pointed out that companies likely know their employees are suffering from bad mental health but are either unwilling or unable to do something about it. It's socially awkward, so the employee is likewise hesitant to come clean, he said. He warned that the problem of mental health in the workplace would continue to be ignored unless measures were taken to prevent discrimination against employees who sought

treatment. He elaborated by saying that many people avoided expert assistance because of the financial burden. He said that the insurance sector had just lately started covering mental health issues.

The Health Ministry's Mental Health Promotion Advisory Council member Tan Sri Lee Lam emphasized the importance of mental health in the workplace in 2019. He advocated for the widespread availability of "psychological first aid," such as counselling, in the workplace as a means of assisting employees in coping with stressors like those encountered on the job or at home that might lead to mental health disorders like depression and anxiety. Lee also said that if an employee showed indications of mental illness, he should be directed to an employee support program where he would have access to psychiatrists and psychologists. He wished now that businesses would recognize the gravity of the effects of mental illness. "They need to stop ignoring the situation and start offering support to people living with these invisible diseases," he said.

Table 1.1: Malaysia's Healthiest Workplace Survey back for the third year.

Country	% of employees with "a lot of" financial concerns		% of employees with at least one dimension of work-related stress		% of employees with two or more dimensions of work-related stress	
	2018	2017	2018	2017	2018	2017
Malaysia	18.2	20.1	50.2	53.4	19.68	22.9
Australia	12.3	10.9	53.7	54.4	26.04	25.3
Hong Kong	12.6	11.9	57.3	64.1	24.14	25.8
Thailand	27.4		46.3		18.36	

Source: The Edge Malaysia, Syahirah Syed Jaafar (2019)

In 2018, out of 117 organisations and 11,551 Malaysian employees, 45.9% were found to be physically inactive, and 91.7% were found to be consuming an unhealthy diet, according to the Malaysia Healthiest Workplace Study by AIA Vitality (2019). In

addition, 50.2% are at risk for at least one dimension of work-related stress, and 54.4% sleep fewer than seven hours every night. One in five Malaysian employees is bullied, 4 percentage are tormented often, and 18 percentage worry a lot about money, according to a recent poll. He contrasts this with the United Kingdom, where he says there have been major shifts on pressing topics like presentism. According to the 2018 edition of "Britain's Healthiest Workplace Survey," employees in the United Kingdom who did not participate in any health and wellness interventions lost 8.6 working days of productivity on average, while those who consistently took part in such initiatives lost only 7.8 days.

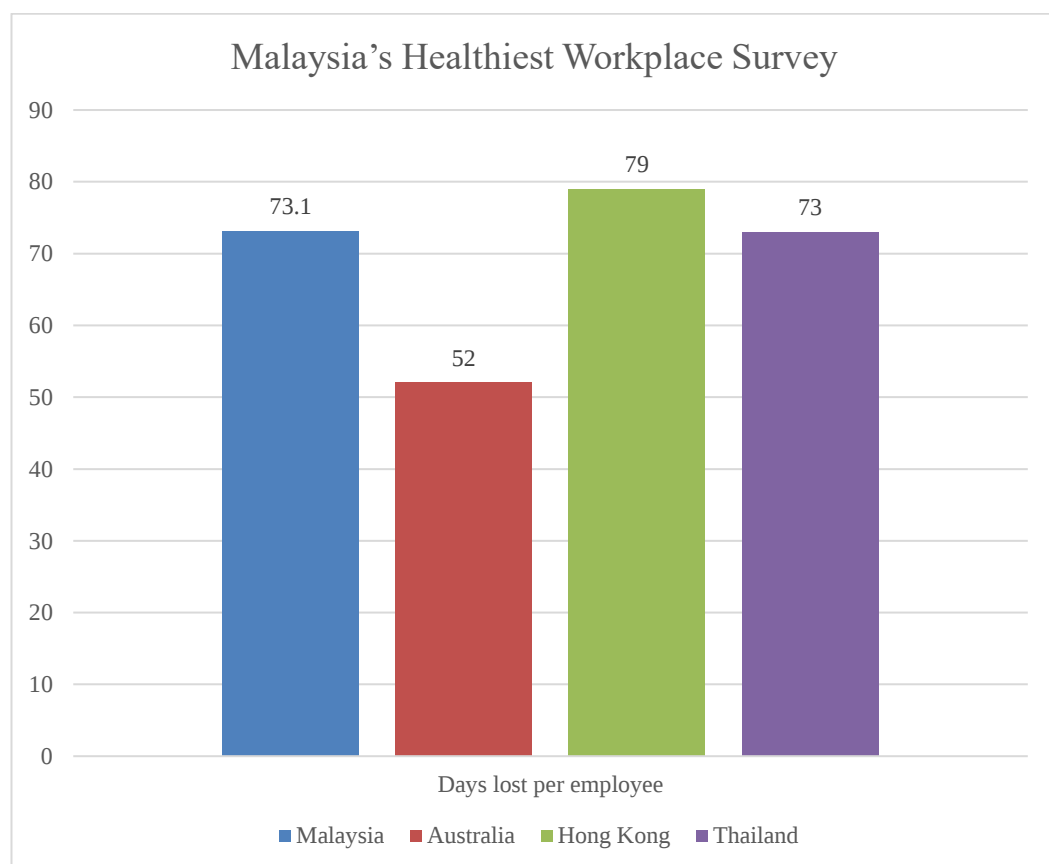


Figure 1.4: Malaysia's Healthiest Workplace Survey
Source: *The Edge Malaysia*, Syahirah Syed Jaafar (2019)

1.2.2 Digitalization in Malaysia

Digital communication and continual connectedness define today's knowledge job, which may have diverse effects on employee well-being. Although the use of digital technologies might improve freedom and independence in certain ways, they can also raise work pressure and blur the lines between work and personal life (Nippert-Eng, 2021). Task fragmentation may result from the time spent on asynchronous communication, which can take up a significant portion of the workday (Wajcman & Rose, 2011). Prior studies have shown that even in asynchronous communication, there is often normative pressure to react immediately, which can manifest in a variety of ways (such as the repetition of communication activities or the forwarding of a message to other people to pressure the recipient into responding quickly) (Seim et al., 2022).

Studies have found that telepressure can have adverse effects on individuals, including exhaustion, disrupted sleep, and an increased likelihood of illness-related absences from work (Nippert-Eng, 2021). The use of email as a means of handling work-related matters from home can further exacerbate the issue, blurring the lines between work and personal time and hindering recovery (Nippert-Eng, 2021; Seim et al., 2022). Moreover, the sheer volume of emails and the expectation of swift response times can lead to emotional exhaustion and fatigue. A job's resources are those parts that keep you enthusiastic and interested in your work, while its demands are the parts that make you work more than usual to get the task done (Lam et al., 2019).

In addition, it is crucial to differentiate between demanding and detrimental demands, since not all demands are linked to negative outcomes. It's common to associate a greater risk to one's health and happiness with obligations that are difficult to meet (Mohd. Salleh et al., 2018). To be more specific, when digital communication serves

as an asset in the workplace, it may do things like promote efficient information and communication transmission, ease employee interaction, and permit mobility (Lam et al., 2019; Ahmad & Ghani, 2018). When it comes to the workplace, digital communication might be a must if it causes unnecessary stress, interruptions, and work delays. In addition, the never-ending stream of emails might cause employees to feel overwhelmed and cause them to stop feeling responsible for their jobs. Because of the nature of asynchronous communication, multitasking is encouraged, interruptions are more often, and stress levels rise.

It's crucial to switch between activities and communication channels when juggling multiple tasks (Ahmad & Ghani, 2019). Technostress can arise when digital communication feels like an obstacle, leading to negative effects similar to those caused by work demands (Ahmad & Ghani, 2018). Signs of technostress include workplace anxiety, exhaustion, cynicism, and diminished confidence (Mohd. Salleh et al., 2018). Prior research has shown that employees may experience technostress if they feel pressured to use digital communication, are expected to be available at all times, find technology difficult to use, or if technology is constantly changing (Yusoff & Abdullah, 2022). Ultimately, whether using communication technology in the workplace enhances or hinders one's well-being depends on whether it serves as a helpful resource or a burdensome necessity.

The Department of Statistics in Malaysia reports that in 2019, the digital economy accounted for 18.5% of the country's GDP. The digital economy added RM267.7 billion to Malaysia's GDP in 2018, up 6.9 percentage from the previous year's 9.8 percentage rise. To the tune of 18.5% of GDP, ICT contributed both the Gross Value Added of the ICT sector (GVAICT: 12.6%) and e-commerce for non-ICT businesses (GVAICT: 5.9%). Growth in GVAICT was 6.1% in 2018, bringing the total to

RM182.4 billion. The ICT services sector accounted for 43.2% of the GVAICT, with the ICT manufacturing sector accounting for 34.1%. The development of ICT began as an outgrowth of the telecommunications industry.

Electronic components & boards, telecommunications gear, and consumer electronics all played a role in the success of the information and communications technology (ICT) manufacturing sector. In 2017, the percentage of businesses using computers and the Internet was 78.9% for businesses and 76.3% for homes. Selangor, a state in Malaysia, has the highest rates of computer and internet use, with 94.9 and 92.1 percentage, respectively. The proportion of people who used a computer in 2018 was 70.5%, while the percentage of people who used the internet was 81.2%. With 97.8 and 99.6 percentage respectively, W.P. Putrajaya had the highest rates of computer and internet use by people and access by households.

The Future Jobs Report (2020) stated that companies are expected to accelerate their automation and augmentation efforts in response to the current health crisis. This could result in a jobless recovery, as over 80% of CEOs have reported increasing their use of remote employees and automating more of their operations. Half of these CEOs also want to expedite the process of automating employment within their organisations. Additionally, more than a quarter of businesses expect to reduce their temporary employee, while one in five foresee permanent job cuts. The International Labor Organization (ILO) estimates that by the second quarter of 2020, approximately 195 million people could be facing redundancy due to the rapid pace at which employment is changing.

According to the Future Jobs Report (2020), hiring rates have remained low, showing businesses' unwillingness to invest in new employees despite the influx of unemployed

employees. If organisations downsize their workforces, displaced employees will have a harder time finding new employment. The LinkedIn Economic Graph team can detect this pattern because of the data provided by LinkedIn professionals, which enables them to monitor shifts in hiring rates in seven major economies (Australia, China, France, Italy, Singapore, the United Kingdom, and the United States). They reveal that at the end of February, hiring rates in China hit a record low of 47% year over year. Midway through April, the contraction reached 70% in France and 64.5% in Italy (The Future Jobs Report, 2020).

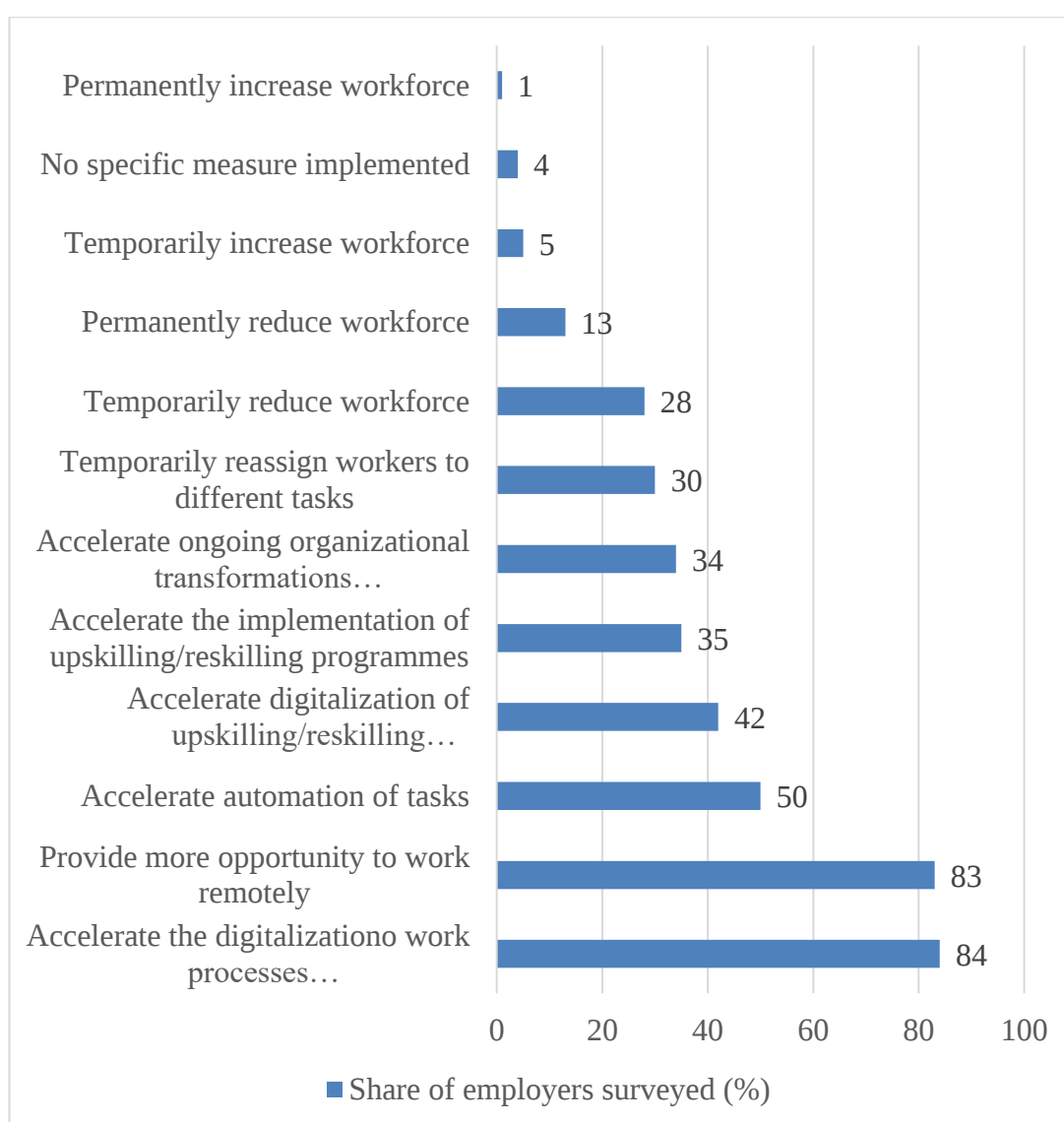


Figure 1.5: Planned business adaptation in response to COVID-19.

Source: Adopted from *Future Jobs Report (2020)*, World Economic Forum

The Future Jobs Report (2020) has also uncovered the projection for labour market analysis in 2020–2025. Technology usage among these organisations has increased over the previous two years. Technology adoption rates per industry by 2025 are shown in Figure 1.6 following a pattern set in past years, cloud computing, big data, and electronic commerce are still given a lot of attention.

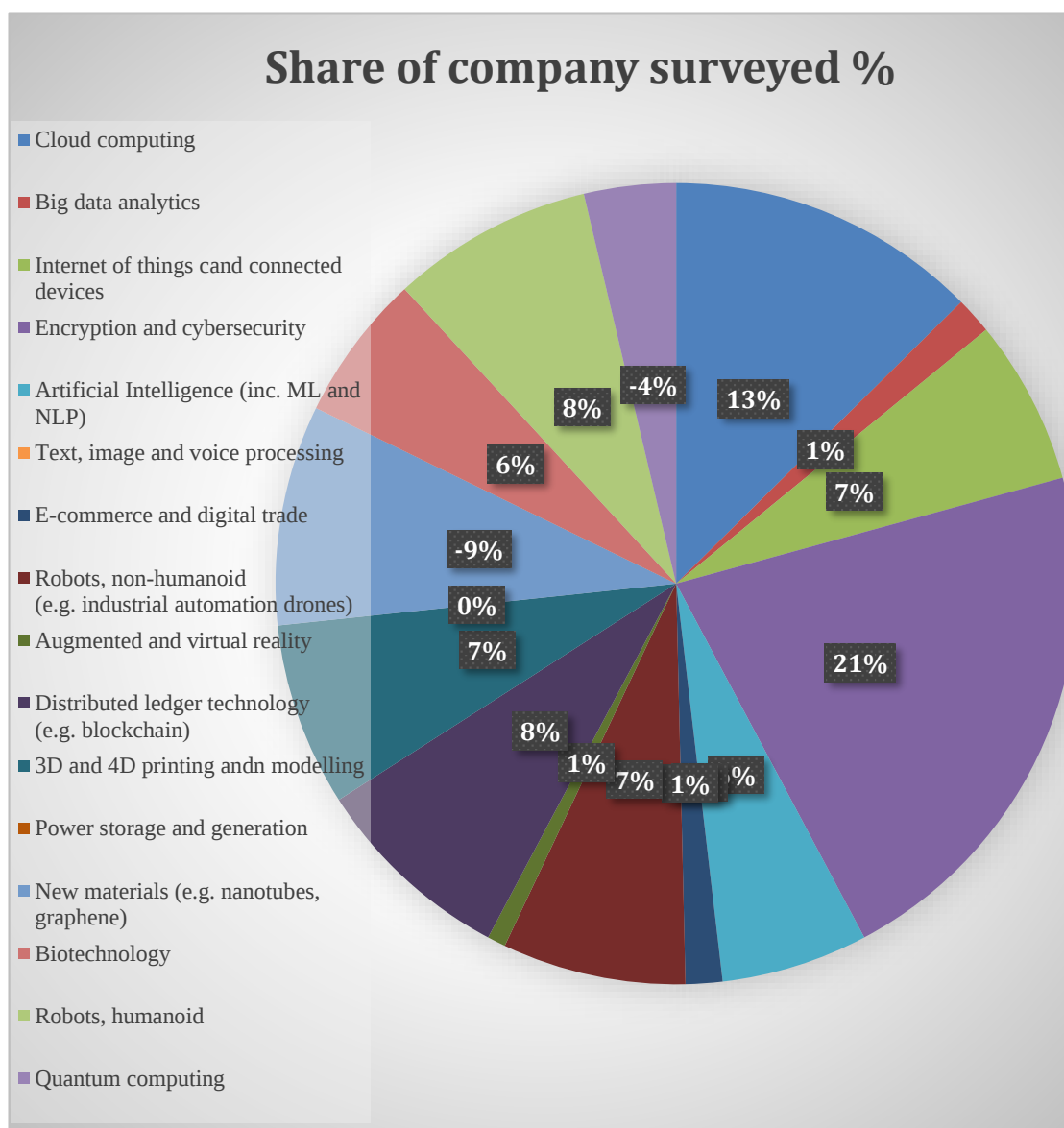


Figure 1.6: The difference of technologies likely to be adopted by 2025 (by share of companies surveyed).

Source: Adopted from Future Jobs Report (2020), World Economic Forum

This trend of technology adoption varies from one sector to another. The areas of digital information and communications, finance, healthcare, and transportation show

the greatest use of AI technologies. The mining and metals business is among the most enthusiastic adopters of big data, the Internet of things, and non-humanoid robots, while the government and public sector are among the most crypto-focused organisations (Future Jobs Report, 2020). The widespread use of these cutting-edge technologies is expected to spur economic expansion in the years to come, while also fuelling a rise in the need for fresh skill sets and occupations. There is a chance that disturbances in the labour force will cancel out these favourable impacts.

There's a lot of evidence to suggest that when technology advances, it'll affect people's occupations by transferring certain activities that were previously done by humans to the sphere of activities that can be done by machines. How much of an impact this has on individual employees will depend on their specific jobs and skill sets. Companies plan to reorganize their employee in light of new technology, as shown by data from the Future Jobs Report (2020). In particular, businesses plan to increase automation, cut existing employee numbers (43%), add employees as a consequence of greater technology integration (34%), and increase their usage of contractors for task-specific labour (41%), as reported by the survey's respondents.

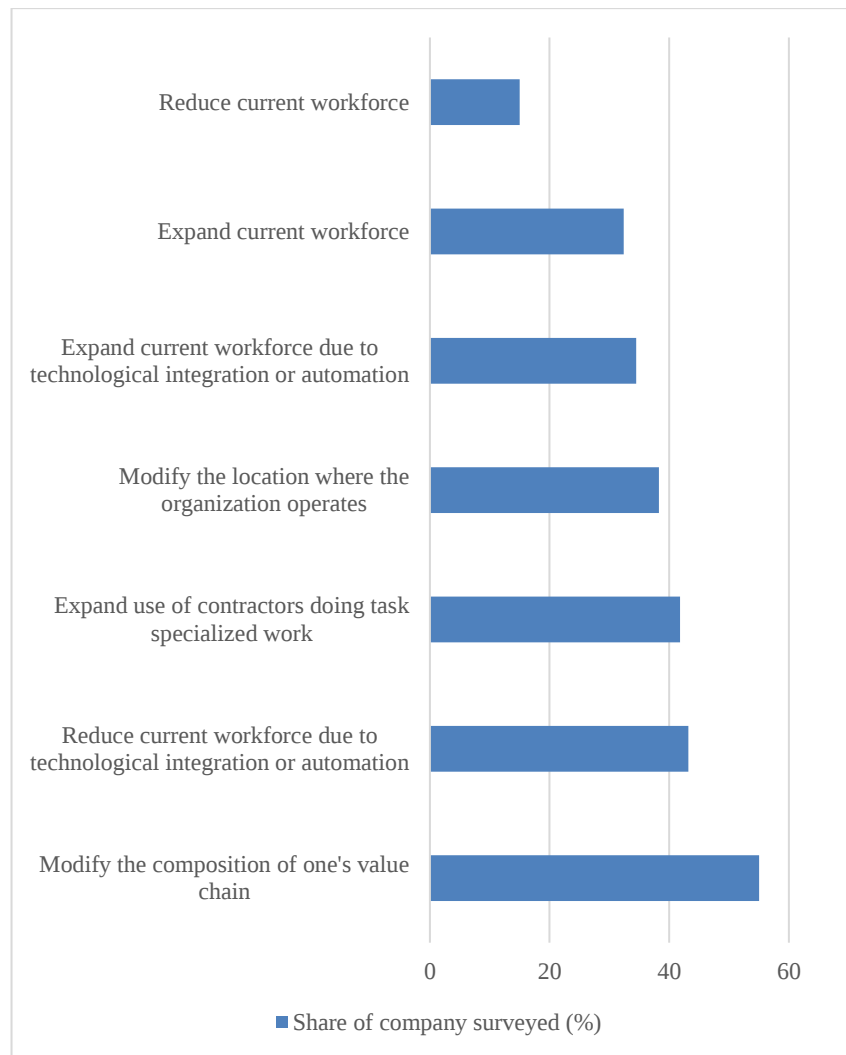


Figure 1.7: Companies' expected changes to the workforce by 2025 (by share of companies surveyed).

Source: Adopted from Future Jobs Report (2020), World Economic Forum.

Shifts in who does what in the workplace are already happening between humans and machines. One of the main takeaways from the Future of Work (2020) research still stands: based on current expectations, the amount of time humans and robots spend working will be about equal by 2025. Information and data processing and retrieval, administrative tasks, and even certain aspects of traditional physical labour will be the primary focus of algorithms and robots in the future. Jobs in management, advice-giving, decision-making, thought, communication, and interaction are likely to remain ones where people have a distinct edge over machines.

1.3 Problem Statement

Work-life flexibility is a concept that allows employees to balance their professional and personal lives in a way that suits their individual needs (Kossek & Van Dyne, 2008). It is becoming increasingly important for employees in Malaysia, where long working hours and a demanding work culture can often result in burnout and stress. In recent years, there has been a growing recognition of the importance of work-life flexibility in Malaysia, with many companies implementing flexible work arrangements such as telecommuting, flexible hours, and job sharing (Alias et al., 2021; Jayasingam et al., 2021; Ramakrishnan & Arokiasamy, 2019).

This trend is particularly notable in multinational corporations (MNCs) operating in Malaysia as they tend to adopt the new way of working patterns at a faster rate than local organisations. This is partly driven by the changing demographics of the Malaysian workforce, with more women and young people entering the workforce and seeking work-life balance as well as complying with the new methods. However, the most critical factor in shifting attitudes towards flexible working has been the COVID-19 pandemic.

Evidence in the extant literature shows that flexible working rose sharply during the COVID-19 pandemic in Malaysia and this increased use is not expected to fall significantly in the coming years, particularly for given professions (Alias et al., 2021; Jayasingam et al., 2021). This rise in usage during the pandemic has resulted in shifting attitudes towards flexible working among employees. A survey by EY Malaysia PR Team (2021) found that 90% of employees in Malaysia now prefer flexible working with 45% being willing to quit over the issue.

A more recent survey by Microsoft placed the number of employees preferring flexible working arrangements at 77% but noted that the number of employers willing to offer

it is significantly less at only 22% (Watson, 2021). This discordance is a notable major challenge for employees and employers as it means their views on the issue are diverging significantly. The key challenge here is the traditional work culture in Malaysia and Asia in general which often values long hours and Facetime in the office (Watson, 2021). This can make it difficult for employees to negotiate flexible work arrangements with their employers and may lead to a culture of presentism where employees feel they need to be in the office at all times to be seen as productive. Many recent studies have focused on the issue of work-life flexibility in Malaysia (Abiddin et al., 2022; Belaman et al., 2022; Hasan et al., 2022; Mohamed et al., 2022 & Saludin et al., 2020).

However, it is notable that most of these studies have tended to examine the issue from the perspective of employees and their needs. There is a clear lack of research into the issue from the perspective of employers to facilitate a shift in their attitude away from the traditional work culture with this issue being noted by Abiddin et al. (2022). According to the researchers, there is a growing deviation between the expectations and wants of employers and employees on this issue which is likely to create a major problem in the coming years. It is thus prudent that the issue be addressed quickly before it becomes more serious. Some areas need to be focused on.

For instance, there is a need for information on the factors that organisations can use to predict the categories of employees who would prefer flexible working and who would succeed at flexible working. Given the fact that flexible working is a new phenomenon, individual absorptive capacity is likely to be key as noted by Abiddin et al. (2022). The COVID-19 outbreak highlighted how working from home has become more prevalent due to necessity globally and how this has changed our perceptions of

typical work locations. However, many HR departments in organisations have yet to implement work-life flexibility policies that provide employees the ability to select work hours that meet their demands as Malaysia enters the endemic phase (Parasuraman, 2022).

The expectation from the organisation to constantly be available has led to burnout among personnel (Parasuraman, 2022). It is thought that hectic workloads can contribute to long-term stress and anxiety. Therefore, this research intends to investigate more about the obligations and roles of MNC organisations' HRD in assisting their employees in achieving work-life flexibility. Nonetheless, businesses in Malaysia, like any other country, vary in terms of operations, structures and styles (HRD, 2022). Due to that, FWAs can only be implemented in specific industries (e.g., marketing, IT, education) as some areas of businesses can have flexibility while others cannot. Therefore, the final decision highly relies on the industry and business conditions (HRD, 2022; Tilo, 2022).

An individual with a high absorptive capacity is likely to be more adaptable to changes in their work and personal life, allowing them to manage their responsibilities more effectively. They can quickly learn new skills and adapt to new situations, which makes it easier for them to balance work and life demands. In contrast, individuals with lower absorptive capacity may struggle with managing competing demands from work and personal life and may experience stress and burnout Abiddin et al. (2022). They may not be able to learn and adapt to new skills and situations as quickly, which can make it difficult to adjust to changes in their work and personal lives. If this is the case, organisations can predict that people with a high individual absorptive capacity will

succeed more effectively in flexible working and be more willing to consider their requests for the same.

However, it is notable that flexible working (particularly as it pertains to remote working) is highly dependent on digital technologies. Researchers have found that people with high digital proficiency have found remote working to be easier while those without have faced higher levels of technostress (Anka et al., 2020; Junaidi, 2023). Digital proficiency is thus likely to play a significant moderating role in the relationship between individual absorptive capacity and work-life flexibility. However, these relationships have not been empirically assessed including in the context of MNCs in Malaysia.

Crucially, if individual absorptive capacity is a significant factor there is also a need to determine its antecedents in the context of work-life flexibility. While many factors have been found to affect absorptive capacity, there is a notable lack of research in the context of work-life flexibility both in Malaysia and internationally (Abiddin et al., 2022; Naqshbandi & Jasimuddin, 2022; Yunus & Abdullah, 2022). Establishing these antecedent factors will be beneficial to both MNCs in Malaysia and their employees. MNCs will be able to enhance individual absorptive capacity and flexible working outcomes among employees as well as use these factors to predict employees that are likely to request and be effective at flexible working (Ravi & Chelliah, 2023). Understanding the factors that influence work-life flexibility among employees is generally critical to bridging the gap between employees and employers in reconciling the significant differences in attitudes and desires about flexible working in these cohorts.

The desire for flexible working tends to be higher among employees of MNCs who are more educated and aware of global trends. The information can also help businesses enhance work-life flexibility among employees without necessarily resorting to extremely flexible work arrangements. Understanding the role of absorptive capacity in work-life flexibility and its antecedent variables is thus a critical issue. The lack of information on this in the extant literature is thus concerning and a problem that this research intends to resolve

1.4 Research Objectives

This research aims to investigate below objectives:

- a) To determine the influence of training and development on individual absorptive capacity in MNCs operating in Malaysia.
- b) To investigate the influence of career development on individual absorptive capacity in MNCs operating in Malaysia.
- c) To evaluate the influence of organisation development climate in the aspect of leadership management on individual absorptive capacity in MNCs operating in Malaysia.
- d) To examine the influence of emotional intelligence on their individual absorptive capacity in MNCs operating in Malaysia.
- e) To evaluate the mediating effect of individual absorptive capacity between training and development and work-life flexibility among MNCs operating in Malaysia.
- f) To evaluate the mediating effect of individual absorptive capacity between career development and work-life flexibility among MNCs operating in Malaysia.