

Factors Affecting Employee Well-Being: A Mediation Analysis

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Abstract

This study examined the influence of job security and flexible working hours on employee well-being in the banking industry, with work engagement serving as a mediating variable. Employee well-being is an important organizational concern because it influences employee motivation, satisfaction, retention, and overall organizational effectiveness. Employees in the banking sector often face demanding workloads, strict deadlines, and challenging service conditions, making well-being a critical managerial issue. The study is grounded in Social Exchange Theory, which suggests that employees reciprocate favorable organizational practices with positive attitudes and behaviors, including higher engagement and improved well-being. A cross-sectional quantitative research design was adopted, and data were collected from 200 banking employees through a structured questionnaire using a five-point Likert scale. The questionnaire measured job security, flexible working hours, work engagement, and employee well-being. The collected data were analyzed using SmartPLS to assess both the measurement and structural models. The findings revealed that job security positively influences work engagement, while flexible working hours also significantly enhance work engagement. Furthermore, work engagement was found to positively affect employee well-being. The mediation analysis indicated that work engagement significantly mediates the relationship between job security and employee well-being, as well as between flexible working hours and employee well-being. The study concludes that supportive organizational practices improve employee well-being both directly and indirectly through enhanced work engagement. The findings provide valuable implications for managers and HR professionals in designing workplace policies that foster employee engagement and well-being in the banking sector.

Keywords: Job Security, Flexible Working Hours, Work Engagement, Employee Well-Being, Banking Industry, HR Practices

Introduction

Employee well-being has become an important concern in contemporary organizational and management research because it is increasingly recognized not only as an individual health matter but also as a strategic organizational asset influencing productivity, retention, job satisfaction, and long-term sustainability. Recent studies conceptualize employee well-being as a multidimensional construct shaped by organizational practices, work design, leadership, and wider socio-economic conditions. Consequently, employee well-being is now viewed as a critical organizational outcome rather than a secondary workplace issue. Although research in this area has expanded significantly, existing findings remain fragmented across antecedents, mediators, moderators, and outcomes, creating the need for integrated and context-specific investigation (Apoorva et al., 2025; Afaf et al., 2024; Monika et al., 2024).

This growing scholarly attention is closely linked with post-COVID-19 workplace transformation and rapid digitalization. Hybrid work arrangements, increased reliance on technology, performance monitoring, and evolving employee expectations have reshaped work environments and intensified psychological demands. As a result, organizations are increasingly concerned with understanding the factors that enable employees to remain healthy, engaged, and committed under changing work conditions (Afaf et al., 2024; Monika et al., 2024).

The banking sector provides an important context for examining employee well-being due to its highly demanding, customer-oriented, and performance-driven nature. Banking employees frequently operate under pressure related to service quality, technological adaptation, accuracy, and organizational targets. Recent studies indicate that employee well-being in the banking industry significantly influences job satisfaction, turnover intentions, and organizational performance, highlighting its strategic relevance in this sector (Mei-Hui et al., 2024; Cairson et al., 2024).

This issue is particularly significant in Pakistan, where the banking sector remains one of the country's most essential service industries. Existing literature suggests that employees in Pakistani banking organizations commonly experience work stress, heavy workloads, and health-related challenges. Given the limited institutional support and varying work-life management practices in developing economies, employee well-being in Pakistan's banking sector requires greater scholarly attention. Improving employee well-being in this context is essential not only for individual employees but also for service quality, workforce retention, and organizational sustainability (Faisal et al., 2024).

Among workplace determinants, job security remains a critical factor affecting employee well-being. Job security reflects employees' perceptions regarding continuity and stability of employment. When employees perceive their jobs as secure, they are more likely to experience psychological stability, confidence, and stronger organizational commitment. In contrast, job insecurity increases uncertainty, stress, and anxiety, negatively affecting well-being. Recent empirical evidence consistently supports the negative relationship between job insecurity and employee psychological outcomes (Marta et al., 2025; Concetta et al., 2020; Iván et al., 2024).

Flexible working hours have also emerged as an important organizational practice influencing employee well-being. By allowing greater control over work schedules, flexibility can help employees balance professional and personal responsibilities, reduce strain, and improve recovery. Recent studies report that flexible work arrangements positively influence job satisfaction and mental health outcomes, particularly when employees perceive such flexibility as meaningful and supportive (Argyro et al., 2024; Margherita et al., 2024).

In addition to direct effects, recent research emphasizes work engagement as an important psychological mechanism linking workplace conditions with employee outcomes. Work engagement refers to a positive and fulfilling work-related state characterized by vigor, dedication, and absorption. Engaged employees tend to demonstrate stronger motivation, psychological attachment, and improved well-being. Empirical evidence further supports the positive association between work engagement and employee mental well-being, suggesting that engagement may explain how workplace resources influence broader employee outcomes (Marja et al., 2023).

Theoretically, supportive work conditions such as job security and flexible working hours can function as valuable organizational resources that enhance employee engagement and ultimately improve well-being. Employees who feel secure and experience greater autonomy over their schedules are more likely to remain motivated, psychologically stable, and committed to their work. Conversely, insecure and inflexible work environments may weaken engagement and negatively affect well-being. Examining work engagement as a mediator therefore offers a more comprehensive understanding of these relationships than focusing only on direct effects.

Accordingly, this study examines the effect of job security and flexible working hours on employee well-being in Pakistan's banking sector, with work engagement serving as a mediating variable. The study addresses important gaps in existing literature by integrating these constructs within a single framework and examining them in a developing-country and sector-specific context. By doing so, it contributes to the employee well-being literature and offers practical insights for banking organizations seeking to create healthier and more sustainable work environments.

Literature Review

Employee Well-Being

Employee well-being refers to employees' overall psychological, social, and physical experience at work and reflects how workplace conditions influence their functioning and quality of work life. Recent literature recognizes employee well-being as a multidimensional concept and identifies it as an important area in organizational and HRM research because of its association with productivity, job satisfaction, and retention (Apoorva et al., 2025; Monika et al., 2024). Existing studies further suggest that employee well-being extends beyond positive emotions and includes meaningful functioning, psychological balance, and physical wellness (Wei et al., 2024). Recent evidence shows that workplace conditions play an important role in shaping employee well-being. Supportive management, work autonomy, positive relationships, and favorable job characteristics have been found to improve work experiences and strengthen employee well-being (Simona et al., 2025). This has become increasingly important in post-pandemic work environments where mental health and workplace stability have received greater attention (Monika et al., 2024). In the banking sector, employee well-being remains particularly relevant due to workload pressure, customer demands, and organizational expectations. Studies have reported that higher stress among banking employees is associated with lower job satisfaction, greater burnout, and stronger turnover intentions, highlighting employee well-being as both an individual and organizational concern (Mei-Hui et al., 2024; Guruprasad et al., 2024). Overall, the literature supports employee well-being as an important dependent variable influenced by workplace conditions and employee experiences.

Job Security

Job security refers to employees' perception regarding the continuity and stability of their employment. It has remained an important workplace factor because it influences not only economic confidence but also employees' psychological stability. Recent literature distinguishes between quantitative insecurity, which relates to fear of job loss, and qualitative insecurity, which concerns uncertainty regarding important job conditions such as autonomy, growth opportunities, and work quality (Maria et al., 2025).

Empirical studies consistently report a positive relationship between job security and employee well-being. Recent evidence from the United States found that higher job security reduced psychological distress and anxiety among employees (Monika et al., 2024). Similar findings in Europe reported that job insecurity negatively affected job satisfaction, life satisfaction, and mental health, even when employability offered some protection (Leandro et al., 2024). Recent studies also indicate that job insecurity negatively influences psychological well-being and work engagement, while perceived job security contributes to healthier and more positive workplace outcomes (Maria et al., 2025). In the banking sector, where employees frequently experience workload pressure, performance targets, and changing economic conditions, job security may act as an important psychological resource by reducing uncertainty and supporting employee well-being. Therefore, the literature supports job security as a relevant predictor of employee well-being in the present study.

Flexible Working Hours

Flexible working hours refer to work arrangements that allow employees some control over when they complete their work while maintaining overall job responsibilities. These arrangements may include flextime, staggered schedules, compressed workweeks, and hybrid working patterns. Recent literature considers flexible working hours an important workplace resource because they are closely associated with autonomy, work–life balance, recovery, and employee well-being (Argyro et al., 2024; Margherita, 2024).

Growing attention toward flexible working hours is strongly linked with post-COVID workplace changes and increasing employee expectations regarding schedule control. Recent studies indicate that flexible working arrangements contribute positively to job satisfaction and mental well-being, particularly when employees are able to manage work and personal responsibilities more effectively (Margherita, 2024). Similarly, research has shown that flexibility is more beneficial when employees perceive it as meaningful and practically supportive rather than as a formal policy only (Argyro et al., 2024). Evidence from hybrid work studies also supports that flexibility improves work–life balance and reduces commuting-related stress without negatively affecting performance (Nicholas et al., 2024). Although some studies highlight challenges such as blurred work boundaries and social disconnection, overall findings indicate that flexible working hours can improve employee experiences and workplace well-being when implemented effectively. In the banking sector, where work schedules are often structured and demanding, schedule flexibility may help employees manage responsibilities more effectively and improve their work experience.

Work Engagement

Work engagement refers to a positive and work-related psychological state reflected through vigor, dedication, and absorption. It explains the extent to which employees feel energetic, committed, and fully involved in their work. Contemporary literature identifies work engagement as an important construct because it links workplace conditions with both individual and organizational outcomes (Greta et al., 2021).

Recent research consistently reports positive relationships between work engagement and job resources such as support, autonomy, and security. A large meta-analysis confirmed that work engagement was strongly associated with job resources, job satisfaction, and commitment, indicating that employees become more engaged when workplace resources support effective and meaningful work (Greta et al., 2021). This relationship is also explained by the Job Demands–Resources model, which identifies workplace resources as factors that strengthen motivation and engagement. Empirical evidence further shows that work engagement contributes positively to employee well-being and psychological functioning (Marja et al., 2023). Studies also highlight the mediating role of engagement, suggesting that supportive work conditions influence employee outcomes through employees' level of motivation and involvement at work (Marta et al., 2023). In the banking sector, where employees often work under pressure and high performance expectations, work engagement remains particularly important in maintaining motivation and improving employee well-being. Based on existing literature, work engagement is considered an appropriate mediating variable in the relationship between job security, flexible working hours, and employee well-being.

Relationship between Job Security and Work Engagement

The relationship between job security and work engagement has received considerable attention in recent organizational research. Job security is not only viewed as an economic concern but is also recognized as an important psychological resource that influences employee attitudes and behavior. When employees feel confident that their jobs are secure, they are generally more likely

to remain committed, focused, and willing to invest effort in their work. On the other hand, uncertainty about continued employment often creates stress and reduces employees' motivation to engage fully in their responsibilities. This perspective is supported by Job Demands–Resources (JD–R) theory, which explains job security as a job resource that strengthens motivation, while job insecurity acts as a demand that can reduce energy and weaken engagement (Maria Leonor, 2025; Yuhjung et al., 2021).

Recent empirical studies support this relationship. Maria Leonor (2025) found that job insecurity had a significant negative effect on work engagement. Although self-efficacy and supervisor support reduced some of the negative effects, job insecurity itself remained harmful to employee engagement. Similar results were reported by Yuhjung Shin and Won-Moo Hur (2021), who concluded that job insecurity negatively influenced job performance through lower work engagement. These findings suggest that uncertainty about employment reduces employees' psychological connection with work and affects their level of involvement.

Further evidence highlights the positive role of job security. Rongfei et al. (2025) found that perceived job security positively predicted work engagement among newly hired nurses. Likewise, Sippavit et al. (2024) reported that employees who perceived higher job security demonstrated stronger engagement and better performance in the tourism and hospitality sector. These findings indicate that employees who feel secure in their employment are generally able to focus on their work, remain committed, and align themselves with organizational goals.

This relationship can also be explained through social exchange theory. When organizations provide stable employment, employees often perceive it as organizational support and respond with greater involvement and commitment. In contrast, insecurity may weaken trust and reduce willingness to engage. In the banking sector, where employees frequently work under pressure and demanding targets, job security may be particularly important for sustaining motivation and engagement. Based on both theory and empirical evidence, this study proposes that job security has a positive relationship with work engagement.

Relationship between Flexible Working Hours and Work Engagement

The relationship between flexible working hours and work engagement has become increasingly important in organizational studies. Flexible working hours are now considered more than an administrative policy; they are viewed as a work-related resource that allows employees greater control over their schedules and helps them manage both professional and personal responsibilities. When employees have more control over their working time, they may experience less unnecessary pressure and greater balance, which can improve their ability to remain focused and committed at work. From the JD–R perspective, flexibility can be understood as a job resource that supports motivation and strengthens engagement.

Recent evidence supports this view. Niamh et al. (2025), in a meta-analysis of 113 studies involving more than 88,000 participants, found that flexible working arrangements—particularly flex-time—were positively associated with work engagement. This finding is important because it shows that flexibility contributes not only to satisfaction and work–life balance but also to employees' level of energy and involvement in their work.

The effect of flexibility also depends on how employees experience it. Argyro et al. (2024) reported that informal flexibility arrangements had stronger positive effects than formal arrangements, suggesting that flexibility is more beneficial when employees view it as practical and genuinely supportive. Similarly, longitudinal evidence by Margherita (2024) and field-based findings by Ingela et al. (2024) showed that flexible work arrangements improved employee well-being and created more favorable working conditions. These conditions are also likely to support stronger engagement.

Direct evidence further strengthens this relationship. M. Muzamil et al. (2024) found that flexible work positively affected work engagement, while Dimitrije et al. (2023) also reported a significant positive association between flexible work arrangements and employee engagement. In the banking sector, where workload and time-related pressure are common, flexible working hours may help employees manage responsibilities more effectively and remain psychologically involved in their work. Therefore, this study proposes that flexible working hours have a positive relationship with work engagement.

Relationship between Work Engagement and Employee Well-Being

The relationship between work engagement and employee well-being is widely discussed in organizational behavior literature. Work engagement refers to a positive work-related psychological state characterized by vigor, dedication, and absorption, while employee well-being reflects employees' broader psychological and emotional experience at work. Employees who feel energetic and involved in their work are generally more likely to experience positive emotions, stronger resilience, and greater psychological stability. In comparison, lower engagement is often associated with exhaustion, dissatisfaction, and emotional strain.

A number of empirical studies support this relationship. Greta et al. (2021), in a large meta-analysis, found that work engagement was strongly associated with positive workplace outcomes, particularly job satisfaction and commitment. Their findings suggest that engaged employees are more likely to report positive work experiences and healthier psychological outcomes. Marja et al. (2023) also found that work engagement had a significant positive effect on mental well-being, confirming its role as an important contributor to employee health.

Additional studies report similar findings. Sujeong (2023) found that work engagement positively influenced psychological and social well-being among nurses. Likewise, Xiajun et al. (2024) reported that work engagement positively predicted workplace well-being among teachers. Although some recent studies suggest that excessive engagement without proper recovery may create pressure outside work, the overall evidence consistently supports a positive relationship between engagement and employee well-being.

In the context of Pakistan's banking sector, work engagement may be especially important because employees often face demanding targets and high service expectations. Employees who remain engaged are more likely to feel motivated, connected to their work, and psychologically healthy. Based on this evidence, this study proposes that work engagement has a positive relationship with employee well-being.

Mediating Role of Work Engagement

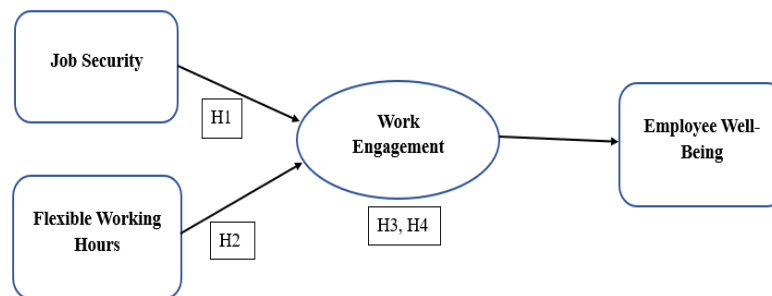
Work engagement plays an important mediating role in understanding how workplace conditions influence employee well-being. A mediating variable helps explain the process through which one variable affects another. In the present study, work engagement is proposed as the mechanism through which job security and flexible working hours influence employee well-being. Rather than assuming that supportive workplace conditions directly improve well-being, this perspective suggests that such conditions first strengthen employees' psychological connection with work, which then contributes to better well-being outcomes.

This argument is supported by JD-R theory, which explains that employees become more engaged when they have access to important job resources such as autonomy, flexibility, and security. Increased engagement then contributes to healthier outcomes and more positive work attitudes. Greta et al. (2021) found strong links between work engagement, job resources, and positive workplace outcomes, supporting this mediating perspective.

Recent empirical research also supports the mediating role of work engagement. Viet Quoc et al. (2024) found that work engagement mediated the relationship between leadership-related

resources and employee mental health. Similar findings were reported by M. Muzamil et al. (2024) and Dimitrije et al. (2023), who found that work engagement mediated the effects of flexible work arrangements on employee outcomes. Studies focused on well-being also support this argument, showing that employees who experience supportive work environments become more engaged, which in turn improves their well-being (Sujeong, 2023; Xiajun et al., 2024). Recent literature has also highlighted the importance of integrated models that examine predictors, mediators, and outcomes together rather than separately (Apoorva et al., 2025). This makes the mediating role of work engagement particularly relevant in the current study. In the banking sector, employees who feel secure in their jobs and have greater flexibility in working hours may become more engaged in their work, and this stronger engagement may ultimately improve their well-being. Therefore, work engagement is expected to mediate the relationship between job security, flexible working hours, and employee well-being. The present research study employs Social Exchange Theory to examine the mutual relations between workers and their organizations. Social Exchange Theory states that when organizations implement supportive workplace practices which include job security and flexible working hours, employees interpret these practices as organizational support which leads to their positive work attitude and behavior. The study shows that employees who receive job security and work schedule flexibility from their organization experience higher work engagement because they feel valued and supported by their organization. Engaged employees demonstrate higher work enthusiasm together with dedicated work performance and psychological work engagement which results in their improved overall well-being. The theory establishes an appropriate base to show how positive organizational practices lead to better employee health through their increased work engagement (Blau, 1964; Saks, 2006).

Theoretical Framework



Formulation of Hypotheses

H1: Job Security has a positive impact on Work Engagement.

H2: Flexible Working Hours have a positive impact on Work Engagement.

H3: Work engagement mediates a significant relationship between Job Security and Employee well-being.

H4: Work engagement mediates a significant relationship between Flexible Working Hours and Employee well-being.

Methodology

This study adopted a quantitative research approach using a descriptive cross-sectional design. The study examined the relationship between job security, flexible working hours, work engagement, and employee well-being among employees working in the banking sector of Pakistan. A quantitative approach was considered appropriate because the study aimed to test the proposed hypotheses and examine relationships among clearly defined variables using structured

numerical data. The cross-sectional design was used to collect data at a single point in time and assess employees' current perceptions regarding the study variables.

The population of the study consisted of employees working in different banks in Pakistan, including public and private sector institutions. Employees from different employment categories, including permanent, temporary, and part-time positions, were included. A stratified random sampling technique was used to ensure representation of relevant employee groups. The final sample consisted of 150–200 respondents from different banks. This sample size was considered appropriate for the study objectives and for analysis using PLS-SEM. Data were collected through a structured online questionnaire distributed to employees working in selected banks in Pakistan through email and professional contacts. The questionnaire consisted of closed-ended questions measured on a five-point Likert scale ranging from 1 = strongly disagree to 5 = strongly agree. All variables were measured using multi-item Likert-scale statements.

Job security was measured through four items assessing employees' perceptions regarding employment continuity and job stability. Flexible working hours were measured through items examining employees' ability to manage starting and ending times and their level of control over work schedules. Work engagement was measured using nine items reflecting vigor, dedication, and absorption. Employee well-being was measured through four items assessing happiness, optimism, self-regard, and emotional well-being. This measurement approach was considered suitable because the study involved latent variables measured through multiple indicators and analyzed using PLS-SEM.

The collected data were analyzed using SmartPLS through Partial Least Squares Structural Equation Modeling (PLS-SEM). The analysis followed two stages: measurement model assessment and structural model assessment. Descriptive statistics were used to summarize demographic information and study variables. Reliability was assessed through Cronbach's alpha and composite reliability. Convergent and discriminant validity were examined through factor loadings, Average Variance Extracted (AVE), Fornell–Larcker criterion, and HTMT ratio. After confirming the measurement model, the structural model was tested using path coefficients, beta values, t-values, and p-values. Bootstrapping was applied to determine statistical significance. Mediation analysis was then conducted to assess whether work engagement mediated the relationship between job security and employee well-being and between flexible working hours and employee well-being.

Data Analysis

Table 1: Demographic Statistics

Variable	Category	Frequency	Percentage
Age	20–30	56	28.0
	31–40	79	39.5
	41–50	34	17.0
	51–60	25	12.5
	60 and above	6	3.0
Gender	Male	111	55.5
	Female	85	42.5
	Prefer not to say	4	2.0
Work Experience	Less than 1 year	25	12.5
	1–3 years	60	30.0
	4–6 years	53	26.5
	More than 6 years	62	31.0

Table 1. presented the demographic profile of the 200 respondents. The largest proportion of respondents belonged to the 31–40 years age group (39.5%), followed by 20–30 years (28.0%), indicating that the sample was mainly concentrated in the middle working-age categories. Male respondents represented 55.5% of the sample, while 42.5% were female and 2.0% preferred not to disclose their gender, reflecting slightly higher male representation. In terms of work experience, most respondents reported more than 6 years of experience (31.0%), followed by 1–3 years (30.0%) and 4–6 years (26.5%), whereas respondents with less than 1 year of experience represented the smallest proportion (12.5%), showing that the sample largely consisted of moderately and highly experienced banking employees.

Measurement Model Assessment

Before testing the proposed structural relationships, the measurement model was assessed to examine the reliability and validity of the study constructs. In SmartPLS, measurement model assessment is typically based on factor loadings, Cronbach's alpha, composite reliability, average variance extracted (AVE), and discriminant validity to confirm that the indicators adequately measure their respective latent constructs and that the constructs remain empirically distinct. In the present study, the measurement model included four latent variables: Work Engagement, Job Security, Employee Well-Being, and Flexible Working Hours, and the results were presented in SmartPLS format to evaluate measurement quality before proceeding to structural model analysis.

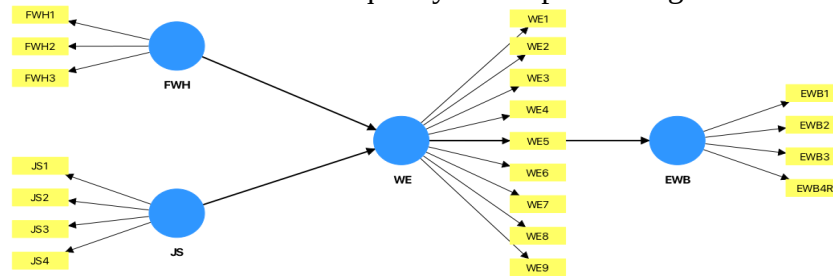


Table 2. Factor Loadings of Measurement Items

Construct	Item	Factor Loading	Decision
Work Engagement	WE1	0.836	Retained
	WE2	0.789	Retained
	WE3	0.845	Retained
	WE4	0.801	Retained
	WE5	0.863	Retained
	WE6	0.846	Retained
	WE7	0.819	Retained
	WE8	0.811	Retained
	WE9	0.818	Retained
Job Security	JS1	0.869	Retained
	JS2	0.878	Retained
	JS3	0.863	Retained
	JS4	0.861	Retained
Employee Well-Being	EWB1	0.839	Retained
	EWB2	0.863	Retained
	EWB3	0.873	Retained
	EWB4 RC	0.853	Retained
Flexible Working Hours	FWH1	0.859	Retained
	FWH2	0.844	Retained
	FWH3	0.854	Retained

Table 2. shows that all indicator loadings are above 0.70, ranging from 0.789 to 0.878. This indicates that all measurement items loaded satisfactorily on their intended constructs. The lowest loading was recorded for WE2 (0.789), while the highest loading was found for JS2 (0.878). Since all loadings exceeded the commonly accepted threshold, no item needed to be removed from the model. These results suggest that the indicators adequately represent the latent constructs used in the study.

Table 3. Reliability and Convergent Validity of Constructs

Construct	Cronbach's Alpha	Composite Reliability	AVE
Work Engagement	0.942	0.951	0.682
Job Security	0.890	0.924	0.753
Employee Well-Being	0.880	0.917	0.735
Flexible Working Hours	0.811	0.888	0.726

Table 3. indicates that all four constructs demonstrated satisfactory reliability and convergent validity. Cronbach's alpha values ranged from 0.811 to 0.942, showing good to excellent internal consistency. Similarly, composite reliability values ranged from 0.888 to 0.951, which confirms that all constructs were measured reliably. The AVE values ranged from 0.682 to 0.753, all above the threshold of 0.50, indicating acceptable convergent validity. Among the constructs, Job Security showed the highest AVE (0.753), while Work Engagement had the highest Cronbach's alpha (0.942) and composite reliability (0.951). Overall, the results confirm that the measurement model has adequate reliability and convergent validity.

Table 4. Fornell-Larcker Criterion

Construct	Work Engagement	Job Security	Employee Well-Being	Flexible Working Hours
Work Engagement	0.826	0.389	0.558	0.276
Job Security	0.389	0.868	0.233	-0.072
Employee Well-Being	0.558	0.233	0.857	0.195
Flexible Working Hours	0.276	-0.072	0.195	0.852

Table 4. shows that the square root of AVE for each construct is higher than its correlations with all other constructs. For example, the square root of AVE for Work Engagement is 0.826, which is greater than its correlations with Job Security (0.389), Employee Well-Being (0.558), and Flexible Working Hours (0.276). The same pattern can be observed for the remaining constructs. Therefore, the Fornell-Larcker criterion is satisfied, indicating that the constructs are empirically distinct from one another.

Table 5. HTMT Ratio

Construct	Work Engagement	Job Security	Employee Well-Being	Flexible Working Hours
Work Engagement	—	0.426	0.613	0.314
Job Security	0.426	—	0.263	0.086
Employee Well-Being	0.613	0.263	—	0.231
Flexible Working Hours	0.314	0.086	0.231	—

Table 5. further confirms discriminant validity using the HTMT ratio. All HTMT values are below the recommended threshold of 0.90, with the highest value observed between Work Engagement and Employee Well-Being (0.613). Since none of the HTMT ratios exceeded the cut-off value, discriminant validity is established. This means that the constructs in the study are conceptually and statistically distinct.

Table 6. Structural model and hypothesis testing results

Hypothesis	Path	β	t-value	P-value	f ²
H1	Job Security → Work Engagement	0.411	6.618	0.000	0.222
H2	Flexible Working Hours → Work Engagement	0.306	4.923	0.000	0.123
H3	Work Engagement → Employee Well-Being	0.558	9.464	0.000	0.452
H4	Job Security → Work Engagement → Employee Well-Being	0.229	5.121	0.000	—
H5	Flexible Working Hours → Work Engagement → Employee Well-Being	0.171	4.004	0.000	—

Table 6. the structural model results showed that all hypothesized relationships were positive and statistically significant. Job security ($\beta = 0.411$, $p < 0.001$) and flexible working hours ($\beta = 0.306$, $p < 0.001$) significantly predicted work engagement, while work engagement had a significant positive effect on employee well-being ($\beta = 0.558$, $p < 0.001$). Mediation analysis further confirmed that work engagement significantly mediated the relationship between job security and employee well-being ($\beta = 0.229$, $p < 0.001$) and between flexible working hours and employee well-being ($\beta = 0.171$, $p < 0.001$). The model explained 24.4% of the variance in work engagement and 31.1% in employee well-being, while VIF values indicated no collinearity concerns.

Discussion

The findings of the study supported the proposed framework and showed a consistent relationship among the study variables. Job security had a positive and significant effect on work engagement, indicating that employees who perceived greater stability and continuity in their jobs were more likely to feel energetic, dedicated, and psychologically involved in their work. This suggests that job security served not only as an employment-related condition but also as an important motivational resource. In the banking sector, where employees often work under pressure and are expected to maintain performance and service quality, perceived job security appeared to provide psychological stability that strengthened employees' involvement in their work. Flexible working hours also had a positive and significant relationship with work engagement. This finding indicated that employees who experienced greater control over the timing and arrangement of their work were more likely to remain engaged in their roles. In the context of banking, schedule flexibility may have helped employees manage work demands more effectively, reduced unnecessary pressure, and supported stronger commitment toward work responsibilities.

The strongest direct relationship in the model was found between work engagement and employee well-being. This indicated that employees who were more engaged in their work also reported higher levels of well-being, including greater optimism, positive feelings, and overall psychological wellness. The finding suggested that work engagement was closely linked with the quality of employees' work experience and played an important role in promoting healthier workplace outcomes. The mediation analysis further confirmed that work engagement significantly mediated the relationship between job security and employee well-being as well as between flexible working hours and employee well-being. This showed that the influence of workplace conditions on employee well-being was transmitted through employees' level of engagement with their work. In other words, when employees perceived greater job security and experienced more flexibility in their work schedules, they were more likely to become engaged in their work, which in turn contributed to better well-being. Overall, the findings supported the conceptual model of the study and highlighted the importance of job security, flexible working hours, and work engagement in explaining employee well-being in the banking sector of Pakistan (Maria Leonor et al., 2025; Rongfei et al., 2025; Niamh et al., 2025; Marja et al., 2023).

Theoretical Implications

The initial theoretical implication of the study is that it reinforces the conceptual rationality of the framework proposed that the well-being of workers should be explained as a comprehensive framework and not in one-to-one relations. The existing findings imply that the job security and flexible working hours are not two parallel organizational factors, but antecedent conditions and their value is fully realized when the work engagement rises. This is theoretically significant as it promotes the concept that the employee well-being will be a downstream parameter that will be influenced by the workplace resources as well as the motivational state of the employee. This specific trend directly responds to current demands of more holistic conceptualizations of employee well-being which propose antecedents, mediators, and outcomes in one single chain of explanations (Apoorva et al., 2025).

The second theory implication is that the results support a resource-based explanation of work behavior. Although the conceptual framework of the study is not substituted, the current findings can obviously be adjusted to the larger frames like Job Demands-Resources model and Conservation of Resources theory. The two viewpoints suggest that, when employees have or think they have valuable resources, they get more motivated and psychologically healthy. In the given work, such resources may be considered job security and flexible working hours, whereas the motivational state that may be aroused by these resources is work engagement. The positive mediated relationships identified in the model are quite appropriate in line with the concept that

resources yield energy and involvement which subsequently, translate into positive results like well-being. The same theoretical viewpoints have been utilized by previous literature to describe the relationship and effects of job insecurity on engagement and how flexibility could be beneficial to employees in terms of conserving and accumulating resources (Maria Leonor et al., 2025; Argyro et al., 2025; Greta et al., 2021).

The third theoretical implication is that the study emphasizes the central role of work engagement as both a process and not merely a product. To a large extent, the older literature assumed engagement to be predicted, usually by leadership, support, or job resources. The current model takes a step further by making engagement the channel through which the conditions of the organization affect the well-being of the employees. Theoretically, this proves to be handy as it assists in cutting across two categories of literature that are frequently examined independently: the literature on work design/resources and the literature on employee psychological outcomes. Treating engagement as the linking mechanism, the study provides a more process-centered explanation of employee well-being, which is more informative than indicating that supportive conditions can be correlated with better results (Marja et al., 2023; Sujeong et al., 2023).

The fourth theoretical implication is the study is added into the contextual extension of the literature. Recent-review of literature reveals that the research on employee well-being is not consolidated and universal. Numerous studies have been made in the healthcare sector, education or general service sector but less integrated models have been made on the banking sector employees in the developing country setting. The current construct thus adds value in showing how job security, flexible working schedules, and engagement at work can interrelate within an environment that is performance pressured, customer service oriented and with organizational discipline. Although the existing findings remain data-driven, the theoretical framework is quite effective at generating the context-specific evidence once the actual data are inputted and that would reinforce the literature knowledge of the employee well-being outside the more commonly researched domains (Apoorva et al., 2025).

Lastly, the research possesses theoretical implications in that it aids the shift in the problem-oriented approach to work life to a more well-rounded employee functioning model. The results not only demonstrate that insecurity and strict working conditions can be detrimental but also demonstrate that favorable organizational environment could be actively used to create engagement and well-being. This is important in theoretical terms because it changes the focus on damage control to the more beneficial processes which can be used to develop healthier employees in organizations. That is, the model holds a positive organizational logic whereby the well-being of employees is not merely a lack of distress, but a condition that is improved through a combination of supportive work resources and meaningful involvement (Xiajun et al., 2024; Marja et al., 2023).

Practical Implications

The practical value of this research is particularly significant in the banking industry, where employees are expected to remain accurate, responsive to customers, emotionally controlled, and capable of maintaining performance under stress. The findings indicate that employee well-being should not be viewed by managers as a secondary or personal matter. Rather, it should be considered an important organizational outcome that can be strengthened through workplace policies and managerial practices. This view is supported by recent literature showing that employee well-being is an important factor affecting retention, satisfaction, and overall organizational performance, while well-being-oriented HR practices remain underdeveloped in many workplaces (Monika et al., 2024; Apoorva et al., 2025).

First, the finding that job security had a positive effect on work engagement has direct implications for banking management. When employees feel confident about the continuity of

their jobs, they are more likely to remain energetic, committed, and psychologically involved in their work. This suggests that managers should reduce unnecessary uncertainty related to employment, communicate expectations clearly, and provide a stronger sense of stability. Even where permanent assurances are not possible, open communication, balanced performance systems, and supportive supervision may reduce insecurity. Previous studies also show that job insecurity negatively affects both mental health and work engagement, making uncertainty an important concern for managers (Maria Leonor et al., 2025).

Second, the positive relationship between flexible working hours and work engagement suggests that managers may need to reconsider rigid scheduling practices. In banking, complete flexibility may not always be practical; however, some level of control over scheduling or work planning may improve employees' work experience and strengthen engagement. This does not reduce the importance of operational discipline, but highlights the need for flexibility that remains compatible with service delivery. Recent studies further suggest that flexibility is more effective when employees perceive it as meaningful and practically supportive rather than only a formal policy (Argyro et al., 2025; Margherita, 2024).

Third, the finding that work engagement positively influenced employee well-being suggests that managers should actively support employee engagement rather than assuming it develops naturally. This may include supportive leadership, recognition, clear responsibilities, manageable workloads, and employee involvement in work-related decisions. Previous research has also reported that work engagement is strongly associated with mental well-being and positive employee outcomes, making it an important managerial focus (Marja et al., 2023; Xiajun et al., 2024).

Finally, the mediation results showed that job security and flexible working hours improved employee well-being through work engagement. This suggests that workplace policies alone may not be sufficient unless they positively influence employees' psychological connection with work. For banking managers, this highlights the importance of integrating employment stability, scheduling support, and engagement-focused management practices. This view is also consistent with recent well-being literature emphasizing integrated relationships between antecedents, mediators, and outcomes rather than separate HR interventions (Monika et al., 2024; Apoorva et al., 2025).

Conclusion

This paper has explored the impact of job security and flexible working hours on employee well-being using a mediating variable as work engagement. The study results demonstrated a distinct pattern of study of theoretical significance. Job security positively affected work engagement, flexible working hours positively affected work engagement, and work engagement had a high positive effect on employee well-being. Besides this, job security and flexible working hours played a significant role in employee well-being mediated by work engagement. These results imply that positive working environment does not only affect the well-being of employees in a direct manner; more so, when it enhances the psychological engagement, vitality, and dedication of employees towards their tasks.

The research comes to the conclusion that the well-being of employees in the banking industry may be reinforced in the case when the employees feel safe in their work and may enjoy more easily the control over how their work is organized. Nevertheless, the greatest conclusion is that work engagement is the key process with the help of which these favorable work conditions are converted into well-being. This renders the study practical and theoretical in nature. In practice, it points to the necessity to consider the stabilization, flexibility, and engagement-based approach of banks. In theory, it complements the existing body of literature that considers employee well-

being as the outcome of a complex process, that is, workplace resources, motivational states, and psychological outcomes (Apoorva et al., 2025; Maria Leonor et al., 2025).

In general, the research helps comprehend the employee well-being in the banking industry by demonstrating that, performance systems are not the only way to create healthy organizations, however, the supportive work environment that allows employees to be engaged and psychologically healthy is also required. Through this, the research will establish the fact that enhancing well-being is a human and organizational priority.

Recommendations

Banks should strengthen job security communication and policy clarity. Management should reduce uncertainty by clearly communicating employment expectations, performance criteria, and organizational plans. Even where full job guarantees are not possible, transparency can reduce fear and strengthen engagement. Banking institutions should introduce practical forms of flexible working hours. Where operationally feasible, employees should be given some control over scheduling, task timing, or work planning. Even limited flexibility can improve engagement and support well-being when applied fairly. Managers should actively promote work engagement as an HR priority. Banks should not view engagement as an accidental outcome. Recognition, supportive supervision, meaningful job roles, and employee involvement in decisions should be encouraged to strengthen vigor, dedication, and absorption. Employee well-being should be integrated into HR strategy and managerial evaluation. Banks should treat well-being as a strategic indicator alongside performance. This may include periodic employee well-being assessments, engagement surveys, and HR interventions focused on psychological support. Training should be provided to line managers on supportive leadership practices. Since immediate supervisors strongly influence employee experience, they should be trained in communication, fairness, emotional support, and engagement-building practices. Future organizational policies should combine security, flexibility, and engagement-building measures. The findings suggest that isolated actions may be less effective than integrated practices. Therefore, banks should design policies that jointly support stability, schedule control, and employee motivation.

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