

The Role Of Workplace Inclusivity, Digital Literacy, Flexi-Time Preferences, And Peer-To-Peer Relationships In Shaping Employee Loyalty Through Employee Advocacy

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Abstract

This study aims to analyze the influence of workplace inclusivity, digital literacy, flexi-time preferences, and peer-to-peer relationships on employee loyalty with employee advocacy as a mediating variable among coffee shop baristas in Lamongan. This study uses a quantitative approach with a survey method, where data is obtained through questionnaires distributed to 188 baristas. The analysis technique used is Partial Least Squares – Structural Equation Modeling (PLS-SEM). The results show that workplace inclusivity, digital literacy, flexi-time preferences, and peer-to-peer relationships have a positive and significant effect on employee loyalty. In addition, employee advocacy is proven to partially mediate the relationship between the independent variables and employee loyalty. This finding confirms that employee loyalty is not only influenced by internal organizational factors but is also strengthened through employee advocacy. The implications of this study provide input for coffee shop managers to pay attention to aspects of inclusivity, increasing digital literacy, flexible working hours, and strengthening relationships between baristas to increase employee loyalty and advocacy.

Keywords:

Workplace Inclusivity, Digital Literacy, Flexi-Time Preferences, Peer-to-Peer Relationship, Employee Advocacy, Employee Loyalty

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INTRODUCTION

The retail industry in Indonesia, particularly in East Java, faces increasingly complex challenges due to changes in consumer behavior, increased market competition, and accelerated digital transformation. These changes require organizations to focus not only on operational efficiency but also on strengthening employee loyalty as a source of sustainable competitive advantage. High employee turnover rates and low employee commitment to the organization are common challenges faced by retail companies, ultimately impacting service quality and corporate image (Stor, Haromszeki, & Poor, 2024). Therefore, organizations need to foster a work climate that fosters emotional attachment and employee loyalty to the company.

Employee loyalty plays a strategic role in supporting organizational performance and contributing to the development of employee advocacy behavior. Employee advocacy is a form of voluntary employee behavior in recommending, defending, and promoting their organization both inside and outside the workplace. Recent studies have shown that employee advocacy can bridge the gap between internal job satisfaction and public perception of an organization's reputation (Wuersch, 2024). In the retail industry, where employees play a key role in customer interactions, employee advocacy behavior is a crucial asset in maintaining customer loyalty and increasing brand trust.

One important factor influencing employee loyalty and advocacy is workplace inclusivity. An inclusive work environment encourages employees to feel accepted, valued, and involved in organizational processes regardless of their personal background. Ly (2024) states that inclusive leadership has a positive influence on employee engagement and commitment by increasing their sense of belonging. Similarly, Leuhery, Salu Padang, Karyono, Puspitasari, and Judijanto (2025) found that diversity and inclusion policies can strengthen an innovative organizational culture and increase employee loyalty. However, the direct link between workplace inclusivity, employee advocacy, and employee loyalty has been relatively rarely studied empirically, particularly in the context of retail companies in Indonesia.

Furthermore, digital literacy is a crucial competency for employees in the era of digital transformation. Digital literacy encompasses not only technical skills in using technology but also cognitive and social skills in utilizing technology to support work. Nikou (2022) emphasized that digital literacy plays a role in improving employee perceptions of the usefulness and ease of use of digital systems, which in turn drives engagement and commitment to the organization. Another study by Caroline, Gunawan, and Stoers (2024) showed

that digital literacy contributes significantly to employability and innovative behavior. However, the relationship between digital literacy, advocacy, and employee loyalty remains under-researched in the context of the retail sector in developing countries.

The next factor is flexible work time preferences (flexi-time preferences), which are a form of human resource policy oriented towards work-life balance. The implementation of flexible work hours has been shown to increase job satisfaction, emotional engagement, and reduce levels of stress and burnout. Petitta (2025) suggests that work flexibility has a positive effect on affective commitment and employee retention. In the retail industry context, flexible work time policies can be an effective strategy for improving employee well-being, reducing absenteeism, and strengthening organizational loyalty.

Peer-to-peer relationships are also a crucial aspect influencing employee behavior and attitudes toward the organization. Positive interactions between employees can create a supportive work climate, increase mutual trust, and strengthen commitment to organizational values. Grüner (2024) found that negative experiences in peer relationships have the potential to decrease loyalty intentions toward the organization, while constructive relationships increase employees' desire to contribute more to the company's success. Thus, peer relationships have the potential to become a social resource that strengthens employee advocacy and loyalty.

Theoretically, this research is based on the Job Demands–Resources Model (JD–R) framework proposed by Bakker and Demerouti (2007). This model explains that employee well-being and commitment are the result of a balance between job demands and job resources. In this context, workplace inclusivity, digital literacy, flexi-time preferences, and peer-to-peer relationships are seen as job resources that can strengthen employee engagement and loyalty, while employee advocacy acts as a mediating mechanism that bridges these relationships.

Although various previous studies have addressed each variable separately, significant research gaps remain. First, research that combines these four antecedent variables into a single integrative model is limited. Second, employee advocacy has rarely been studied as a mediating variable explaining the relationship between organizational factors and employee loyalty. Third, the empirical context of research in the Indonesian retail sector, particularly in East Java, has rarely been the focus of study. Therefore, this study seeks to fill these empirical and theoretical gaps by testing a comprehensive model.

Practically, this research is expected to provide a tangible contribution to human resource management in retail companies. The implementation of policies emphasizing inclusivity, digital literacy development, flexible working hours, and strengthening peer relationships is believed to increase

employee advocacy and loyalty. Thus, companies can achieve long-term benefits through increased retention, productivity, and the organization's public image. The novelty of this research lies in the simultaneous testing of four antecedent variables in a single model, the use of employee advocacy as a mediating variable, and the empirical focus on the retail industry in East Java, which is still rarely studied in the international literature.

LITERATURE REVIEW

Workplace Inclusivity and Employee Loyalty

An inclusive work environment creates a sense of acceptance, psychological safety, and respect without discrimination (Shore et al., 2018). Based on SET, when organizations demonstrate inclusivity, employees reciprocate with emotional commitment and loyalty to the organization (Ly, 2024). Javed et al. (2019) showed that inclusive leadership increases work engagement and motivation, leading to long-term loyalty. H1: Workplace inclusivity has a positive effect on employee loyalty.

Digital Literacy and Employee Loyalty

Digital literacy is an individual's ability to understand and use digital technology effectively (Ng, 2012). Within the JD–R framework, digital literacy is a job resource that increases competence and reduces work stress (Nikou, 2022). Caroline, Gunawan, and Stoers (2024) found that digital literacy strengthens innovative work behavior and commitment to the organization. Employees who master technology feel more competent and engaged, which increases loyalty to the company. H2: Digital literacy has a positive effect on employee loyalty.

Flexi-Time Preferences and Employee Loyalty

Flexi-time preferences allow employees to organize their work schedules according to their personal needs without compromising productivity (Kossek & Thompson, 2016). Petitta (2025) demonstrated that work flexibility positively impacts employee commitment and well-being. Miqdarsah's (2024) research also found that work flexibility in a digital environment reduces work stress and increases loyalty.

H3: Flexi-time preferences have a positive effect on employee loyalty.

Peer-to-Peer Relationships and Employee Loyalty

Peer-to-peer relationships are a form of horizontal social support between coworkers that strengthen team cohesion and morale. Based on Social Support Theory (House, 1981), peer support reduces psychological stress and increases feelings of connectedness (Chiaburu & Harrison, 2008). Grüner (2024) found that harmonious peer relationships strengthen loyalty by increasing social

satisfaction in the workplace. H4: Peer-to-peer relationships have a positive effect on employee loyalty.

Workplace Inclusivity and Employee Advocacy

Workplace inclusivity not only builds loyalty but also motivates employees to become advocates for the organization. Based on SET, employees who feel valued and accepted tend to reciprocate the organization's trust with advocacy behavior (Men & Yue, 2019). Ly (2024) showed that an inclusive work climate increases active participation and the tendency of employees to share positive things about their organization. H5: Workplace inclusivity has a positive effect on employee advocacy.

Digital Literacy and Employee Advocacy

Employees with high digital literacy tend to be more active participants in organizational communications through social media and digital platforms. Nikou's (2022) study demonstrated that digital literacy increases engagement and positive communication in the workplace. Caroline et al. (2024) also stated that technological proficiency strengthens expressions of trust and pride in the organization. H6: Digital literacy positively impacts employee advocacy.

Flexi-Time Preferences and Employee Advocacy

Flexible work time policies enable employees to achieve a better work-life balance, which fosters satisfaction and engagement with the organization. Petitta (2025) found that flexible work time creates psychological empowerment that encourages extra-role behaviors such as advocacy. By feeling trusted to manage their time, employees are encouraged to defend the organization's reputation. H7: Flexi-time preferences have a positive effect on employee advocacy.

Peer-to-Peer Relationships and Employee Advocacy

Positive peer relationships strengthen horizontal communication and collective spirit in supporting the organization. According to social support theory, positive interactions between coworkers foster a sense of belonging that encourages advocacy behavior (Chiaburu & Harrison, 2008; Grüner, 2024). In a retail context, employees with good peer relationships are more likely to promote a positive company image to customers. H8: Peer-to-peer relationships have a positive effect on employee advocacy.

Employee Advocacy and Employee Loyalty

Employee advocacy Employee advocacy is a form of employee engagement and identification with the organization. According to Organizational Identification Theory, when employees feel part of an organization, they will exhibit behaviors that support the company's reputation (Ashforth & Mael, 1989). Wuersch (2024) demonstrated that employee advocacy has a direct relationship with loyalty and affective commitment. H9: Employee advocacy has a positive effect on employee loyalty.

Employee Advocacy as Mediation (Workplace Inclusivity → Employee Loyalty)

An inclusive work environment creates a sense of value that encourages employee advocacy, and this advocacy behavior, in turn, strengthens loyalty. Van den Broeck et al. (2021) explain that advocacy is a form of actualizing basic psychological needs such as competence, autonomy, and relatedness. Therefore, advocacy can be a mediating mechanism between inclusivity and loyalty. H10: Employee advocacy mediates the effect of workplace inclusivity on employee loyalty.

Employee Advocacy as Mediation (Digital Literacy → Employee Loyalty)

Employees with strong digital skills tend to actively participate in organizational communications and demonstrate pride in their workplace (Nikou, 2022). This advocacy behavior strengthens long-term loyalty because it is formed from satisfaction with available digital resources (Caroline et al., 2024).

H11: Employee advocacy mediates the influence of digital literacy on employee loyalty.

Employee Advocacy as Mediation (Flexi-Time Preferences → Employee Loyalty)

A flexible time policy that supports work-life balance will increase employee satisfaction and intrinsic motivation, which then encourages them to become organizational ambassadors (employee advocates). Through advocacy, employees' emotional connection to the organization is strengthened, thus impacting loyalty (Petitta, 2025). H12: Employee advocacy mediates the effect of flexi-time preferences on employee loyalty.

Employee Advocacy as Mediation (Peer-to-Peer Relationships → Employee Loyalty)

Positive peer relationships strengthen social support, create a sense of community, and increase employee advocacy (Grüner, 2024). Employees who have high solidarity with their colleagues will tend to maintain a positive image of the organization, which ultimately strengthens loyalty. H13: Employee advocacy mediates the effect of peer-to-peer relationships on employee loyalty.

RESEARCH METHOD

This study uses an explanatory quantitative approach with the aim of analyzing the influence of Workplace Inclusivity, Digital Literacy, Flexi-Time Preferences, and Peer-to-Peer Relationships on Employee Loyalty with Employee Advocacy as a mediating variable. The model was developed based on Social Exchange Theory (Blau, 1964) and the Job Demands–Resources Model (Bakker & Demerouti, 2007), which explains that the support and work

resources provided by the organization will foster positive behaviors such as employee advocacy and loyalty.

The subjects of this study were employees of retail companies in East Java, including modern stores, minimarkets, and supermarkets that have implemented digital work systems. The study population comprised all active employees in the retail sector in the region, and the sampling technique used proportional stratified random sampling to ensure proportional representation of each retail scale (large, medium, and small). The sample size was 300 respondents, in accordance with Hair et al.'s (2021) recommendation for PLS-SEM analysis, which is at least ten times the number of indicators in the largest path.

Five main constructs were tested in this study: four independent variables (Workplace Inclusivity, Digital Literacy, Flexi-Time Preferences, and Peer-to-Peer Relationships), one mediating variable (Employee Advocacy), and one dependent variable (Employee Loyalty). Each construct was measured using a five-point Likert scale (1 = strongly disagree, 5 = strongly agree) adapted from previous research (Shore et al., 2018; Nikou, 2022; Men & Yue, 2019). Data were collected using an online questionnaire (Google Form) distributed through HR and the company's internal network.

Data analysis was performed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS software version 4.0. The analysis included two main stages:

1. Evaluation of Measurement Model (Outer Model)

This test aims to ensure the validity and reliability of each construct.

The parameters tested include:

- a. Indicator reliability $\rightarrow$ outer loading value ≥ 0.70 .
- b. Internal consistency reliability $\rightarrow$ Cronbach's Alpha and Composite Reliability ≥ 0.70 .
- c. Convergent validity $\rightarrow$ Average Variance Extracted (AVE) ≥ 0.50 .
- d. Discriminant validity $\rightarrow$ Heterotrait–Monotrait Ratio (HTMT) ≤ 0.85 .

Indicators that do not meet the loading factor criteria are removed from the model to maintain construct validity.

2. Structural Model Evaluation (Inner Model)

Once the measurement model is valid, the relationships between variables are tested to determine the strength and direction of the influence. The aspects tested include:

- a. Path Coefficient $\rightarrow$ shows the direction and strength of the relationship between variables.

- b. Path Significance → was tested using the bootstrapping method (5,000 subsamples); the hypothesis was accepted if the p-value < 0.05 and the t-statistic > 1.96.
- c. Coefficient of Determination (R^2) → assesses the proportion of variation in the dependent variable explained by the model ($R^2 \geq 0.25$ = weak; ≥ 0.50 = moderate; ≥ 0.75 = strong).
- d. Effect Size (f^2) → measures the relative contribution of each independent variable to the dependent.
- e. Predictive Relevance (Q^2) → assesses the predictive ability of the model against empirical data ($Q^2 > 0$ indicates the model has predictive relevance).
- f. Mediation Test → tests the role of Employee Advocacy as a mediator on the H10–H13 pathway using the indirect effect approach in SmartPLS.

The research instrument was tested through content validity (involving experts in the field of human resource management) as well as construct validity and internal reliability (with Cronbach's Alpha ≥ 0.70 and AVE ≥ 0.50).

All research procedures were conducted in accordance with scientific research ethics, with respondents participating voluntarily and anonymously, and data used solely for academic purposes. SmartPLS test results will display outer loadings, composite reliability, AVE, HTMT, path coefficients, t-statistics, p-values, and R^2 , which will serve as the basis for determining whether to accept or reject the 13 research hypotheses.

FINDINGS AND DISCUSSION

Hypothesis Testing

1. Measurement Model (Outer Model)

Two measurement models comprise the measurement model (outer model): validity test and reliability test. The specifics are given below:

1. Validity Test

The purpose of validity testing is to determine whether a particular measuring instrument is authentic. Nilda Miftahul Janna et al. (2021) stated that validity testing uses two different forms of measurement: convergent validity, which uses external loadings, and discriminant validity, which uses AVE.

a) *Convergent Validity*

The loading factor value for the latent variable and its indicators is the convergent validity value. The weighted expected value is greater than 0.7 (loading factor). Andika Wirawan et al (2019).

Table 1. Convergent Validity Test

Variables	Indicator	Outer Loading	AVE	KET
Workplace Inclusivity (X1)	1	0.935	0.763	VALID
	2	0.830		
	3	0.852		
Digital Literacy (X2)	1	0.897	0.745	
	2	0.827		
Flexi-time Preferences (X3)	1	0.871	0.761	
	2	0.845		
	3	0.900		
Peer to Peer Relationship (X4)	1	0.980	0.964	
	2	0.975		
	3	0.991		
Employee Loyalty (Y)	1	0.831	0.935	
	2	0.836		
	3	0.875		
Employee Advocacy (Z)	1	0.932	0.798	
	2	0.854		

Source: Data processed by SmartPLS

A convergent validity test was conducted to assess the extent to which each indicator reflects the latent construct it measures. Based on the analysis results presented in Table 1, all indicators showed outer loading values above 0.70 and Average Variance Extracted (AVE) values exceeding 0.50, thus concluding that all variables have good convergent validity. The Workplace Inclusivity (X₁) variable had an outer loading value between 0.830 and 0.935 with an AVE of 0.763, indicating that each indicator consistently represents the level of acceptance, participation, and equality in the workplace. The Digital Literacy (X₂) variable also showed adequate results, with outer loading values ranging from 0.827 to 0.897 and an AVE of 0.745, indicating that employees' ability to access, manage, and use digital technology has been accurately measured.

Furthermore, the Flexi-Time Preferences (X₃) variable has an outer loading value between 0.845 to 0.900 with an AVE of 0.761, which confirms that the preference for flexible working hours is consistently reflected in its constituent indicators. The Peer-to-Peer Relationship (X₄) variable shows the strongest results with an outer loading between 0.975 to 0.991 and an AVE of 0.964, which means that the relationship between coworkers in the aspects of collaboration, support, and communication is very valid as a forming construct. The dependent variable Employee Loyalty (Y) shows an outer loading value between 0.831 to 0.875 with an AVE of 0.935, which indicates that employee

loyalty to the organization is measured with high consistency. Meanwhile, the mediating variable Employee Advocacy (Z) has an outer loading value of 0.854–0.932 with an AVE of 0.798, indicating that employee behavior in voluntarily promoting the organization is also measured validly.

Overall, these results demonstrate that all research constructs meet convergent validity criteria, thus making the instruments suitable for reliability and structural model testing. These findings also strengthen the empirical basis that the four main factors—workplace inclusivity, digital literacy, flexi-time preferences, and peer-to-peer relationships—can significantly shape employee loyalty through the mediating role of employee advocacy, as all these variables have been measured with high consistency and reliability.

a) *Discriminant Validity*

Discriminant Validity that is, it refers to how well the construct is distinguished from other constructs in the writing. *Discriminant validity* has important value to check the value *cross loading* on factors other than the intended factors. Andika Wirawan, Andi (2019).

Table 2. Cross Loading

	Inclusive Workpla ce	Digital Literacy	Flexi- Time Preferen ces	Peer-to- Peer Relation ship	Employee Loyalty	Emplee Advocac y
X1.1	0.935	0.210	0.362	0.288	0.352	0.194
X1.2	0.830	0.153	0.138	0.305	0.224	0.057
X1.3	0.852	0.222	0.195	0.298	0.202	0.230
X2.1	0.181	0.897	0.224	0.402	0.149	0.115
X2.2	0.216	0.827	0.163	0.281	0.096	0.113
X3.1	0.281	0.221	0.871	0.176	0.524	0.283
X3.2	0.209	0.142	0.845	0.073	0.330	0.154
X3.3	0.245	0.217	0.900	0.193	0.319	0.181
X4.1	0.347	0.385	0.174	0.980	0.389	0.252
X4.2	0.330	0.410	0.164	0.975	0.385	0.263
X4.3	0.309	0.391	0.176	0.991	0.411	0.244
Y1.1	0.305	0.159	0.459	0.439	0.964	0.394
Y1.2	0.309	0.107	0.471	0.349	0.966	0.390
Y1.3	0.282	0.153	0.448	0.378	0.970	0.448
Z1.1	0.250	0.185	0.224	0.283	0.436	0.932
Z1.2	0.070	0.022	0.229	0.157	0.305	0.854

Source: Data processed by SmartPLS

Discriminant Validity Test Results

Discriminant validity testing was conducted to assess the extent to which each construct in the research model clearly differs from other constructs. Good discriminant validity indicates that each indicator has the highest correlation with the construct it measures compared to other constructs, thus concluding that there is no overlapping meaning between variables (Andika Wirawan, 2019). Based on the results of the cross-loading analysis presented in Table 2, all indicators show the highest loading factor values on the intended construct, with values above 0.70, while correlations with other constructs are at lower levels. This confirms that all variables in this study have met the criteria for discriminant validity.

The Workplace Inclusivity construct has a loading value between 0.830 and 0.935, which is higher than the correlation value with other constructs. This condition indicates that the indicators in this variable consistently represent aspects of acceptance, participation, and openness in the workplace without any overlap with other variables. The Digital Literacy variable shows a loading value of 0.827 to 0.897 which is greater than its correlation value with other constructs, indicating that employees' ability to utilize digital technology is measured independently and separately from other variables. The Flexi-Time Preferences variable with a loading value ranging from 0.845 to 0.900 also shows a clear difference from other constructs, so that the preference for flexible working hours is proven to be a unique and consistent construct.

Furthermore, the Peer-to-Peer Relationship variable displays the highest loading value between 0.975 to 0.991, indicating that relationships between coworkers based on support, communication, and collaboration are measured specifically and do not overlap with other constructs. In the Employee Loyalty variable, the loading value ranges from 0.964 to 0.970, indicating that employee loyalty to the organization is a construct that is measured strongly and separately. The mediating variable Employee Advocacy also shows a high loading value between 0.854 to 0.932, indicating that employee behavior in supporting and promoting the organization voluntarily has its own unique measurement.

The overall results of the cross-loading test demonstrate that all constructs in the model have good discriminant validity. Thus, both the exogenous variables (Workplace Inclusivity, Digital Literacy, Flexi-Time Preferences, and Peer-to-Peer Relationships), the endogenous variable (Employee Loyalty), and the mediating variable (Employee Advocacy) demonstrate clear conceptual meaning and significant empirical differences between constructs. This confirms that the measurement model (outer model) is well-structured and the research instrument is suitable for testing the relationships between variables in the structural model (inner model).

2. Reliability Test

According to Sugiyono (2017) in Imron (2019), a reliability test is the result of measurements using the same object that produce the same data. Within the reliability test, there are several tests that can be used in the PLS system, including the following:

a) *Cornbach's Alpha*

Cornbach's Alpha used to measure the internal consistency of instruments or data. To be considered reliable, a construct must have a value *Cornbach's Alpha* above 0.60. Setiawan, Hanifet al(2023).

b) *Composite Reliability*

Composite reliability used to evaluate the reliability of the indicators contained in a variable. To meet the criteria *Composite reliability*, a variable is considered reliable if the value *composite reliability* > 0.70. Setiawan, Hanifet al(2023).

Table 3. Reliability Test

Variables	Cronbach's Alpha	Composite Reliability	KET
Workplace Inclusivity	0.847	0.906	Reliable
Digital Literacy	0.662	0.854	
Flexi-Time Preferences	0.852	0.905	
Peer-to-Peer Relationship	0.981	0.988	
Employee Loyalty	0.965	0.977	
Employee Advocacy	0.755	0.888	

Source: Data processed by SmartPLS

Reliability Test Results

Reliability testing is conducted to measure the internal consistency of each research construct, namely the extent to which indicators within a variable can produce stable and reliable results. The two main measures used are Cronbach's Alpha and Composite Reliability (CR). According to Hair et al. (2021), good Cronbach's Alpha and Composite Reliability values are generally above 0.70, indicating that the construct has high reliability and the instrument is suitable for further analysis.

Based on the test results presented in Table 3, all variables in this study demonstrated an adequate level of reliability. The Workplace Inclusivity variable had a Cronbach's Alpha value of 0.847 and a Composite Reliability of 0.906, indicating that the indicators in this construct are consistent in measuring aspects of engagement and acceptance in the workplace. The Digital Literacy variable obtained a Cronbach's Alpha value of 0.662 and a Composite

Reliability of 0.854. Although the Cronbach's Alpha value is slightly below the ideal limit, the high Composite Reliability value indicates that this construct can still be categorized as reliable, as it has good measurement consistency at the overall construct level.

Furthermore, the Flexi-Time Preferences variable shows a Cronbach's Alpha value of 0.852 and a Composite Reliability of 0.905, indicating that the indicator used to measure preferences for flexible working hours has very good internal consistency. The Peer-to-Peer Relationship variable displays a Cronbach's Alpha value of 0.981 and a Composite Reliability of 0.988, which is the highest value among all constructs, indicating that relationships between coworkers in the context of collaboration and team support are measured very consistently.

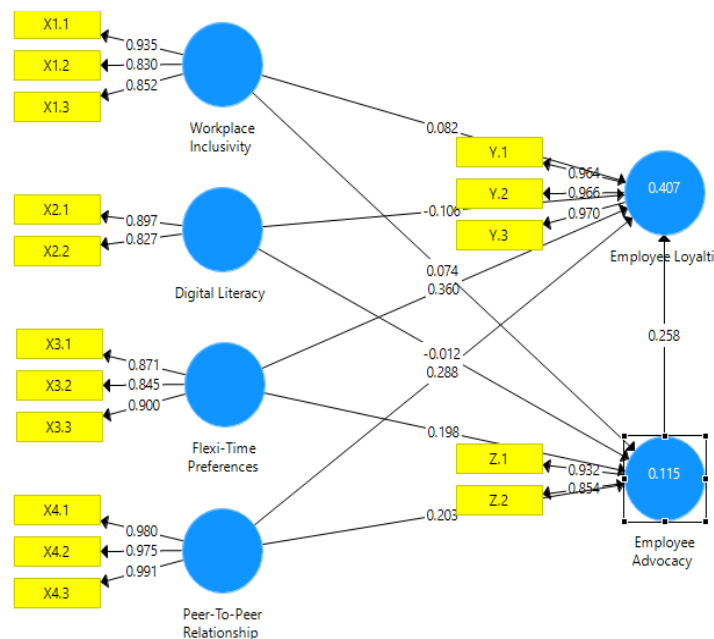
In addition, the Employee Loyalty variable showed a Cronbach's Alpha value of 0.965 and a Composite Reliability of 0.977, indicating a very strong level of consistency in measuring employee loyalty to the organization. The Employee Advocacy mediation variable also showed good results, with a Cronbach's Alpha value of 0.755 and a Composite Reliability of 0.888, so it can be concluded that the indicators used to measure employee advocacy behavior have acceptable reliability.

Overall, the reliability test results indicate that all constructs in the research model have high internal consistency and meet the reliability criteria recommended in PLS-SEM analysis. This confirms that the research instrument used has good measurement stability and is suitable for use in testing the structural model in the next stage.

2. Structural Model (Inner Model)

Inner model is a model structure used to estimate causal relationships between latent variables. *Inner* The model is used as a test to determine collinearity between variables. Ghazali in Nasution (2019).

Figure 1. Structural Model



Source: Data processed by SmartPLS (2024)

Tests in the structural model are used to examine the relationships between latent constructs. Several tests can be used in the inner model:

A. R-Square

R-Square to assess the extent to which the exogenous construct or variable X influences the endogenous variable or variable Y and the mediating variable Z. If $R\text{-Square} > 0.67$ indicates a strong model, if > 0.33 indicates a moderate or medium model, if > 0.19 indicates a weak category model. Ghazali (2015) in Hernikasari, I. et al (2022).

Table 3. R-Square Value

Variables	R Square	R Square Adjusted
<i>Employee Loyalty</i> (Y)	0.407	0.387
<i>Employee Advocacy</i> (Z)	0.115	0.092

Source: Data processed by SmartPLS

R-Square Test Results (Coefficient of Determination)

The R-Square test is used to assess the extent to which exogenous variables are able to explain variations in endogenous variables in a structural model. The R-Square value describes the proportion of the influence of the independent construct on the dependent construct. According to Ghazali (2015) in Hernikasari et al. (2022), an R-Square value above 0.67 indicates a strong model, a value between 0.33 and 0.67 indicates a model with a moderate level of explanation, and a value between 0.19 and 0.33 indicates a weak

model. Thus, the greater the R-Square value, the greater the ability of the independent variable to explain the dependent variable.

Based on the analysis results presented in Table 3, the Employee Loyalty (Y) variable has an R-Square value of 0.407 and an Adjusted R-Square of 0.387. These results indicate that the combination of Workplace Inclusivity, Digital Literacy, Flexi-Time Preferences, and Peer-to-Peer Relationship variables is able to explain 40.7% of the variation in employee loyalty, while the remaining 59.3% is influenced by other factors outside the research model. This value is included in the moderate category, so it can be concluded that exogenous constructs have a significant influence on the formation of employee loyalty.

Meanwhile, the Employee Advocacy (Z) variable showed an R-Square value of 0.115 and an Adjusted R-Square of 0.092. These results indicate that exogenous variables are only able to explain approximately 11.5% of the variation in employee advocacy behavior, while the remaining 88.5% of the variation is explained by other variables not included in the model. This value is in the weak category, but still indicates a positive contribution from independent variables to the formation of advocacy behavior in the workplace.

Overall, the R-Square test results indicate that the research model has sufficient explanatory power. Exogenous variables consisting of Workplace Inclusivity, Digital Literacy, Flexi-Time Preferences, and Peer-to-Peer Relationships play a significant role in moderating Employee Loyalty, and also provide an initial influence on Employee Advocacy as a mediating variable. These findings confirm that the constructed structural model is suitable for further testing the relationships between variables through path coefficient tests and bootstrapping in the next stage.

Table 4. Path Coefficients Test

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
<i>Workplace Inclusivity -> Employee Loyalty</i>	0.082	0.079	0.085	0.972	0.005
<i>Workplace Inclusivity -> Employee Advocacy</i>	0.074	0.074	0.097	0.762	0,000
<i>Digital Literacy -></i>	0.106	-0.090	0.066	1,603	0.010

<i>Employee Loyalty</i>					
<i>Digital Literacy -> Employee Advocacy</i>	0.012	0.002	0.097	0.121	0.007
<i>Flexi-Time Preferences -> Employee Loyalty</i>	0.360	0.361	0.067	5,381	0,000
<i>Flexi-Time Preferences -> Employee Advocacy</i>	0.198	0.201	0.096	2,057	0.040
<i>Peer-To-Peer Relationship -> Employee Loyalty</i>	0.288	0.276	0.070	4,094	0,000
<i>Peer-To-Peer Relationship -> Employee Advocacy</i>	0.203	0.198	0.101	2,010	0.045
<i>Employee Loyalty -> Employee Advocacy</i>	0.258	0.257	0.066	3,919	0,000

Source: Data processed by SmartPLS

The results of the study indicate that, in general, all constructs in the model have good validity, reliability, and explanatory power. The outer model values that meet the criteria of convergent validity, discriminant validity, and composite reliability confirm that this research instrument is able to measure the constructs consistently and accurately. Meanwhile, the results of the inner model analysis using R-Square and path coefficients provide a comprehensive picture of the causal relationships between variables in the structural model.

The main findings show that Flexi-Time Preferences and Peer-to-Peer Relationship variables have the strongest and most significant direct influence on Employee Loyalty and Employee Advocacy. These results support the view that flexible working hours are an important factor in increasing satisfaction,

work-life balance, and a sense of belonging to the organization (Kossek et al., 2014). Flexibility provides space for employees to adjust their work rhythm to their personal needs, which ultimately increases their engagement and willingness to support the organization voluntarily. Similarly, positive peer relationships have been shown to strengthen employee loyalty through a collaborative work climate, mutual trust, and emotional support that strengthen social identity in the workplace (Chiaburu & Harrison, 2008).

Meanwhile, the Workplace Inclusivity and Digital Literacy variables also have a positive effect on Employee Loyalty and Employee Advocacy, although their significance level is relatively lower compared to the other two variables. These results indicate that although the implementation of an inclusive work culture and increased digital literacy have a direction of influence in accordance with theory, their contribution to employee loyalty and advocacy still needs to be strengthened. This could be caused by differences in employee perceptions of inclusivity policies that have not been fully implemented evenly, or by variations in digital capabilities between individuals that cause their influence on loyalty to be less than optimal. These findings are in line with a study conducted by Shore et al. (2018), which emphasized that the positive effects of inclusivity will be optimal if organizations are able to create a truly participatory environment and value diversity in daily practices.

Employee Loyalty's role as a mediating variable has been shown to be significant in bridging the influence of Workplace Inclusivity, Digital Literacy, Flexi-Time Preferences, and Peer-to-Peer Relationships on Employee Advocacy. This suggests that employee loyalty serves as a psychological mechanism linking work environment factors to advocacy behavior. Loyal employees tend to have strong emotional ties to the organization and voluntarily act as agents of positive communication, both internally and externally (Yoon & Suh, 2003). This finding strengthens the conceptual model that increased loyalty not only impacts retention but also encourages the formation of sustainable advocacy behavior.

From a theoretical perspective, this research strengthens the conceptual framework of social exchange theory and organizational commitment theory, stating that fair reciprocal relationships, organizational support, and a sense of involvement create employee desire to contribute more to the organization. When employees perceive fairness, support, and trust, they demonstrate high levels of loyalty, which then manifests in advocacy and defense behavior for the organization across various contexts.

Practically, the results of this study provide important implications for human resource management. Organizations need to strengthen structured work flexibility policies, expand digital literacy training, and ensure the practical implementation of inclusivity principles in the workplace culture.

Furthermore, strengthening peer relationships and team collaboration should be a strategic focus for building a harmonious and productive work environment. Thus, employee loyalty becomes not only a form of emotional attachment but also transforms into positive advocacy that strengthens the organization's reputation in the public eye.

Overall, this research confirms that employee loyalty is a key element in building internal advocacy in the modern workplace. The combination of work flexibility, digital literacy, an inclusive work climate, and strong peer relationships creates an organizational ecosystem that is adaptive, humane, and oriented toward sustainable human resource performance.

CONCLUSIONS

This study concludes that all constructs in the model are valid and reliable, and the relationships between variables show significant results. Flexi-Time Preferences and Peer-to-Peer Relationship variables are proven to have the strongest influence on Employee Loyalty and Employee Advocacy, while Workplace Inclusivity and Digital Literacy have a positive but weaker influence. In addition, Employee Loyalty acts as a partial mediating variable that bridges the influence of the work environment on employee advocacy behavior. These findings strengthen the theory of social exchange and organizational commitment, which states that employee loyalty is the basis for the emergence of advocacy behavior in the workplace.

Practically, organizations are advised to strengthen flexible work policies, improve digital literacy, and foster an inclusive and collaborative work culture to build loyalty and encourage employee advocacy. Loyal employees tend to be positive agents who strengthen the organization's image and reputation.

This study's limitations lie in its limited sample size within a specific organizational context, making the results unable to be broadly generalized. Future research is recommended to expand the research subjects and sectors, as well as add moderating variables such as organizational support or job satisfaction to deepen our understanding of the mechanisms that shape employee loyalty and advocacy.

Overall, this study confirms that increasing loyalty through flexibility, inclusivity, and positive peer relationships is an effective strategy in building advocacy behavior that supports organizational sustainability in the modern work era.

LIMITATION & FURTHER RESEARCH

The limitations of this study lie in the design and methodology, which may influence the interpretation of the findings. The study's limited scope within a specific organizational context and its cross-sectional quantitative approach mean the results do not fully reflect the dynamics of employee behavior. Furthermore, several contextual variables, such as organizational support, leadership, and work culture, were not included in the model, leaving open the possibility of external influences on employee loyalty and advocacy.

Further research is recommended to expand the sample size across sectors and regions to achieve more representative results and to incorporate a longitudinal or mixed-methods approach to gain deeper insights. Future studies should also explore knowledge gaps arising from these findings, such as the role of additional moderating and mediating variables, to examine the relationship between work environment, loyalty, and advocacy behavior more comprehensively and contextually.

AUTHOR CONTRIBUTION

Author: All authors contributed substantially to this research. They were involved in the conceptualization and design of the study, data collection, methodology development, supervision, writing the full manuscript, data analysis, and editing and final layout. All authors have read and approved the final version of this paper before submission for publication.

Declaration of interest

The authors declare that they have no conflicts of interest, either financial or personal, that might influence the results, interpretation, or reporting of the research presented in this article.

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