
The Role of Flexible Work Arrangement on Generation Z Employee

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Abstract.

Changing expectations in the Generation Z workforce require organizations to revisit how to design work systems that suit the needs of flexibility, work-life balance, and work autonomy. Generation Z tends to value flexibility as an important factor in choosing and retaining jobs, while traditional work policies are considered less relevant. The study aims to identify the role and effectiveness of Flexible Working Arrangements (FWA) on job satisfaction, productivity, and performance among Generation Z employees, as well as the types of FWA that best suit the characteristics of Generation Z and the drivers that enable FWA to run effectively. The research uses a qualitative approach through Systematic Literature Review (SLR) methods with PRISMA guidance and the PICO framework to identify, screen, and synthesize relevant scientific articles. Articles included in the period 2020–2025 yielded 10 empirical articles that met the inclusion criteria for analysis. The results of the synthesis show that the implementation of FWA—such as flextime, flexplace, remote work, or hybrid—has a positive effect on job satisfaction, work-life balance, productivity, and performance among Generation Z employees. Therefore, FWA is not only a philosophy of flexibility but also a human resource management strategy that plays a key role in improving the motivation, welfare, and overall performance of Generation Z employees. This research is limited to a literature review; further research with an empirical approach is needed to verify the findings in greater depth.

Keywords: Flexible Working Arrangement, Job Satisfaction, Productivity, Employee Performance, Generation Z.

INTRODUCTION

Changing workforce expectations, especially for Generation Z, are emphasizing organizations to revisit the way they design work systems. Various global surveys show that work is one of the main sources of stress and anxiety for Generation Z, encouraging them to seek a more flexible work environment. The report Deloitte (2025) reveals that most Gen Z views work flexibility and work-life balance as important factors in assessing workplace quality. While a Gartner survey shows that Gen Z workers are actively looking for new job opportunities when their work flexibility needs are not met (Deloitte, 2025b; Gartner, 2024). These findings are Cisco (2021) in line with reports that highlight that Gen Z tends to feel more productive and comfortable when given hybrid or remote work options, as long as work targets remain met. A survey in Indonesia conducted by Jakpat and JANGKARA on Gen Z who are already working in Jakarta explained that 48% of respondents mentioned that work flexibility is an important factor for them to choose a job (Rifai, 2024).

This phenomenon illustrates that traditional rigid work policies are increasingly less relevant for Generation Z and work flexibility is not just an additional facility, but one of the considerations for Generation Z to stay or leave the organization. The transformation of the world of work in recent years has encouraged companies to adapt to technology and the characteristics of the workforce that are increasingly digital-oriented, dynamic, adaptive, and life-balance-oriented. One form of adaptation that is developing in line with digitalization is the Flexible Work Arrangement (Flexible Working Arrangement), which gives employees the freedom to choose time, location, and work methods. The implementation of FWA was initially

implemented during the Covid-19 pandemic, but now FWA has developed into a long-term strategy in human resource management (Hou & Sing, 2025; Harrop, Jiang, & Overall, 2025).

Generation Z is now starting to enter the world of work, making organizations have to face new challenges in formulating work policies as an effort to maintain superior talent from this generation (Amrullah et al., 2025). A number of studies show that FWAs can improve job satisfaction, engagement, and employee performance (Abilash & Mary Siju, 2021; Çivilidağ & Durmaz, 2024; H. A. Pradipta & Martdianty, 2023). Flexible work Arrangements also act as one of the human resource strategies that aim to attract, retain and develop talented talents by applying flexibility of time and work location (Al-Janaby & Al-Aubaidy, 2025). Generation Z is known for its adaptability to technological advancements, its emphasis on work-life balance, as well as its desire for autonomy and flexibility (Waworuntu et al., 2022). The effectiveness of different forms of FWA tends to vary depending on the characteristics of the generation, the nature of the work, and the context of the organization (Hou & Sing, 2025).

In the Indonesian context, studies on flexible work arrangements for Generation Z are still limited. Most studies have focused more on the relationship between work flexibility and employee satisfaction, productivity or performance, without looking in depth at FWA types such as FWA, flextime, remote, hybrid and compressed workweek relevant to this generation. Several studies that discuss the relationship between Flexible Work Arrangement (FWA), employee performance, job satisfaction, especially Generation Z, there is still not much discussion about what kind of flexible work arrangement is indeed suitable for Generation Z. Previous studies have explained that high work flexibility can increase productivity, employee well-being and employee performance, but other studies have emphasized the risks of Flexible Work Arrangements such as social loneliness and difficulty coordinating teams (Abilash & Siju, 2020; Civilidag & Durmaz, 2024; Waworuntu, Kainde, & Mandagi, 2022).

This shows that there is still a lack of explanation of what types of Flexible Work Arrangements (FWA) are the most relevant and effective for Generation Z. Therefore, this study aims to add knowledge related to work arrangements more specifically to the types of arrangements with a systematic literature review approach that maps the role of FWA types and the work outcomes of Generation Z comprehensively. Understanding the effectiveness of each type of FWA is important for designing optimal work policies. Therefore, this study uses the Systematic Literature Review (SLR) approach based on the PRISMA method to identify, classify and compare different types of FWAs and their impact on job satisfaction, productivity, and performance of Generation Z.

This research will contribute to three aspects, namely theoretically, practically, and methodologically. Theoretically, this study strengthens the understanding of how work flexibility can affect the work outcomes of Generation Z. Practically, the results of the synthesis will provide input for organizations in designing flexible work policies that are in accordance with the characteristics of Gen Z. Methodologically, this study applies the PRISMA-based Systematic Literature Review (SLR) approach, which is still not widely used in FWA studies in the Indonesian context, especially Gen Z.

Based on this, this research is expected to answer two main questions, namely:

(RQ1): How does the implementation of Flexible Working Arrangement (FWA) impact job satisfaction, productivity and performance of Generation Z employees based on the

results of previous research?

(RQ2): How effective are the various types of Flexible Working Arrangements (FWA) in improving the performance of Generation Z in the modern work environment?

Based on these research gaps, the urgency of research with a systematic literature review is important to identify and synthesize empirical evidence related to the effectiveness of various types of FWAs on the work outcomes of Generation Z and provide a conceptual basis for organizations in designing adaptive and sustainable work flexibility policies. Therefore, the results of this research can be the basis for creating an organizational strategy in developing flexible work policies that not only improve employee performance, but also strengthen sustainability, competitive advantage, and competitiveness in the digital era.

MATERIALS AND METHOD

This study uses a qualitative approach with the Systematic Literature Review (SLR) method with the PRISMA method (Page et al., 2021). In addition, this study also uses the PICO (Population, Intervention, Comparison, Outcome) framework as a guide in compiling search criteria and literature selection. Search and collection of relevant international and national scientific journals through Google Scholar, time range 2020 to 2025 and indexed by SINTA/Scopus. The focus is on the topics of Flexible Working Arrangement (FWA), Generation Z, job satisfaction, productivity, and employee performance or work behavior.

The following are the PICO (Population, Intervention, Comparison, Outcome) in this study:

Table 1. PICO Framework Components for Literature Search

Components	Topic Content	Keywords
P (Population)	Gen Z Employees (1997 SD 2012)	Gen Z, Generation Z
I (Intervention)	The implementation of Flexible Working Arrangement (FWA), such as flextime, remote work (WFH), hybrid work, and compressed workweek.	Flexible Work Arrangement, Hybrid Work, Remote Work, Work Flexibility
C (Comparison)	Conventional work system that does not apply flexibility (full office, fixed hours)	-
O (Outcome)	Work results are seen through job satisfaction, productivity, and employee performance.	Employee Performance, Work Productivity, Job Satisfaction, Job Performance

Source: Developed by the author for this study (2025)

Based on the PICO above, search keywords are formed using a combination of keywords (*Boolean keywords*) in the form of AND/OR:

("Flexible Work Arrangement" OR "Hybrid Work" OR "Work Flexibility" OR "Remote Work") AND ("Employee Performance" OR "Job Performance" OR "Work Productivity" OR "Job Satisfaction") AND ("Gen Z" OR "Generation Z")

All searches are collected, and duplicate articles are removed before the screening stage is carried out by paying attention to the inclusion and exclusion criteria.

Inclusion & Exclusion Criteria

Table 2. Inclusion and Exclusion Criteria for Study Selection

Category	INCLUSIONS	EXCLUSION
Year of Publication	Empirical studies 2020 to 2025 (including online first)	Studies before 2020
Population/ Respondents	Generation Z (full-time, part-time, apprentice, contract, in the public or private sector)	The population is not a worker (college students, students) or millennial dominant respondents.
Interventions/Exposures (FWA)	Implement at least one FWA of: flextime, flexplace (remote/WFH), compressed week, hybrid, job sharing, or combined arrangement.	The study did not explicitly discuss the form of FWA, or only mention <i>work-life balance</i> without explaining the form of work flexibility.
Outcomes	The article discusses the relationship between FWA practices and at least one of the following: job satisfaction, employee performance, or productivity, particularly in the Gen Z population.	Articles that focus primarily on aspects of FWA in addition to their impact on job satisfaction, performance, or productivity (e.g., only discussing FWA's technical implementation, FWA's managerial challenges without discussing employee outcomes, etc.).

Source: Developed by the author for this study (2025)

Systematic Literature Review

The following is a PRISMA flow diagram that has been created using software through the PRISMA 2020 website (Haddaway et al., 2022).

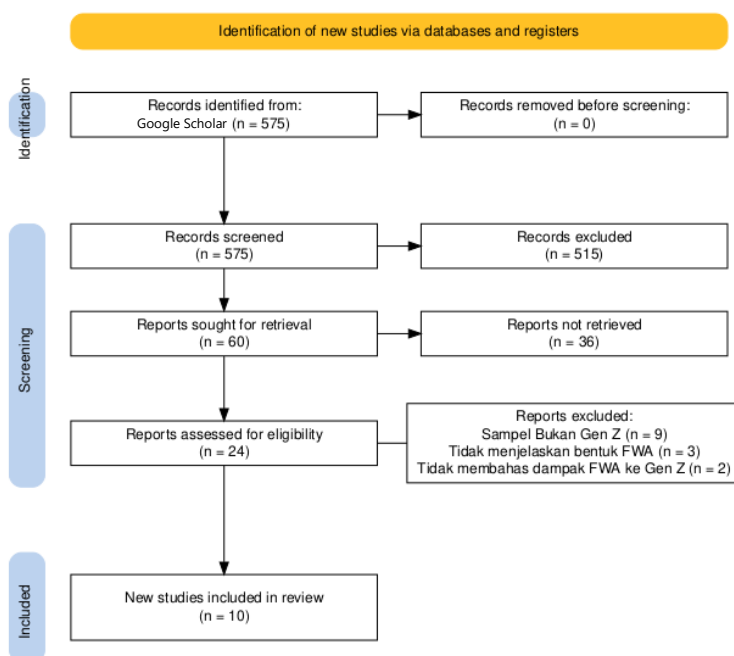


Figure 1. PRISMA Flow Diagram of Study Selection Process

Source: Haddaway et al. (2022)

Based on the PRISMA 2020 flow, this study selected 575 articles in the initial stage of

search, then, after going through a screening process based on the criteria of the year of indexation, and relevance, 60 articles were obtained that met the initial requirements. After the assessment of the abstract, the number was reduced to 24 articles and after a thorough framework assessment, and 10 articles that met the inclusion criteria for further analysis. Ten articles that have passed the final selection are then analyzed using a thematic synthesis approach by grouping the findings into four major themes according to the research objectives, namely (1) the relationship between FWA and job satisfaction and life balance, (2) the relationship between FWA and productivity and performance, (3) the types of FWA applied to Gen Z, and (4) the challenges of FWA implementation and its effectiveness in Generation Z.

RESULTS AND DISCUSSION

Table 3. Journal articles included in systematic literature review

No	Author and Year	Title	Methods and Respondents	Results
1	Pradipta Adzani Perkasa (2025)	The Influence of Work Flexibility on Job Satisfaction and Performance of Generation Z	Quantitative - QuestionnaireSEM-PLS107 Junior Personnel of the Ministry of Defense of the Republic of Indonesia	Work flexibility (time, location, and schedule) significantly affects job satisfaction. Flexible work arrangements allow individuals to optimize time management and improve job satisfaction. Job satisfaction inherently improves employee performance.
2	Putri & Hendarman (2023)	Relationship between Different Work Arrangements and Generation Z Employees Individual Work Performance	Quantitative - QuestionnaireSimple Linear Regression & T-Test202 Gen Z who work remotely , hybrid, or office-based work	This study shows that there is no influence between variables IV to DV. Performance is more determined by internal factors such as attitudes, behaviors and character of workers towards their tasks than just work location. This research was conducted after COVID-19 cases began to subside, this result can occur because during the pandemic there was no direct contact in the office and Gen Z is a new worker, so it is easier to adapt to the situation at that time.
3	Tharifah & Putra (2024)	Enhancing Young Auditor Performance Through Flexibility and Work Life Balance	KuantitatifSEM (Structural Equation Model) 117 responden Gen Z	Work flexibility has a positive influence on employee satisfaction and performance. When companies offer flexible working conditions, auditors tend to provide better performance in return for the trust and support they receive. Flexibility of working hours has a significant positive effect on work-life balance and job satisfaction. Workplace flexibility also affects work-life balance and job satisfaction, but less than time flexibility.
4	Angreni & Mahyuni (2024)	Work Hybrid, Work Life Balance, Work Engagement, and Employee Performance	QuantitativeSEM-PLS170 Gen Z Respondents Working in a Hybrid Office Setup	Hybrid work has the most dominant influence on employee performance and work engagement. Work-life balance has a significant positive effect, but it is smaller than hybrid work and work engagement. Work engagement has been proven to improve performance and mediate the

No	Author and Year	Title	Methods and Respondents	Results
				relationship between work-life balance and employee performance. Gen Z values hybrid work flexibility and work engagement as the main factors for improving performance.
5	Muchtar (2025)	HRM in the Age of Gen Z: Balancing Flexibility, Well-Being, and Productivity	Qualitative Systematic Review of Academic Literature	Flexibility is a non-negotiable need, as Gen Z considers flexibility of time and work location as a basic requirement to stay in the organization. HRM must move from a reactive to a proactive approach, with inclusivity programs, work-life balance, and mental health programs. Productivity is judged by the quality of contributions, innovation and teamwork (not just by efficiency or output figures). Organizations need to design HRM that is adaptive, technology-based and ethical (e.g. the use of AI in HR should be transparent and privacy-preserving).
6	Pytaloka, Ninawati & Eid al-Fitr (2025)	The Role of Work Involvement as a Mediator in the Relationship of Flexible Work Arrangements to the Task Performance of Gen Z Employees in a Hybrid Work Environment	Quantitative - Cross-sectional questionnaire153 Gen Z employees	FWA has a positive effect on task performance directly and work involvement significantly mediates the relationship (FWA and task performance). Therefore, FWAs increase engagement and engagement drives better performance. In addition, the data showed high scores on the FWA dimension, namely satisfaction, flexibility, and personal work-life balance.
7	Widiaristi & Etikariena (2024)	Gen Z Employees' Innovative Work Behavior: A Comparison of Companies That Implement Flexible Work Arrangements with Those That Implement Work from Office	Quantitative - Linear regression analysis Questionnaire217 Gen Z respondents	Flexible work arrangements have a significant positive influence on the innovative work behavior of Gen Z employees. Therefore, Gen Z is more creative and productive when given the freedom to choose how to work than having to WFO.

No	Author and Year	Title	Methods and Respondents	Results
8	Taibah & Ho (2023)	The Moderating Effect of Flexible Work Option on Structural Empowerment and Generation Z Contextual Performance	QuantitativeSEM-PLS109 Gen Z Respondents in the retail and wholesale sector	FWA does not moderate the relationship between access to opportunity and contextual performance, FWA moderates the negative relationship between access to support and contextual performance (the direction of negative influence), and FWO positively moderates the relationship between access to information and contextual performance. Therefore, FWA plays an important role but the effect depends on the empowerment dimension. Work flexibility can strengthen or weaken Gen Z's performance depending on what is provided, namely information or support (access to opportunities, information, and support).
9	Akbar & Amalia (2023)	Exploring the Impact of Flexible Work Arrangements, Social Support, Gender, and Job Category on the Work-Life Balance of Generation Z Workers	QuantitativeMultiple Regression Analysis258 Gen Z workers in Greater Jakarta	Adaptability significantly has a positive effect on work-life balance, while the availability of work flexibility, preference for flexibility, resilience preferences, family support significantly negatively affects work-life balance. The majority of Gen Z respondents in Greater Jakarta have a moderate work-life balance . The results showed that the most decisive factors were available work flexibility and family support, although the direction of influence was different.
10	Ancient & Ancient (2024)	Enhancing Gen Z Employees' Commitment through FWA, WLB, and Job Satisfaction	QuantitativeSEM-PLS176 Gen Z respondents	In this study, FWA has a positive effect on work life balance, job satisfaction, and organizational commitment of Gen Z employees.

Source: Compiled by the author from selected studies (2025)

Flexible Working Arrangement (FWA), Job Satisfaction, and Work Life Balance in Generation Z

The results of the literature review show that the implementation of flexible working arrangements (FWA) is consistently positively related to job satisfaction and work-life balance in Generation Z employees.

Several studies confirm that FWA directly increases Gen Z's job satisfaction. Pradipta et al. (2025) found that work flexibility has a positive effect on job satisfaction and has an impact on performance improvement. Similar results were put forward by Nainggolan & Purba (2025), where FWA was proven to have a significant effect on the satisfaction and organizational commitment of Gen Z employees in Jakarta. Studies Akhtar and Siregar (2024) also show a strong contribution of time and workplace flexibility to job satisfaction

(explanatory variation reaches 68 percent). Overall, job satisfaction emerged as a major result of FWA interventions in the Gen Z population. Generation Z who highly value flexibility, search for meaning and purpose in work, so being given autonomy and flexibility of time or location of work helps Gen Z be more satisfied with their work (Pradipta et al., 2025).

FWA also plays an important role in shaping work-life balance. Research Akbar & Amalia (2023) shows that flexibility, social support, and gender factors increase work-life balance among Gen Z workers in Greater Jakarta. Studies on young auditors and other hybrid workers also support that the ability to manage time and location helps Gen Z maintain a work-life balance (Tharifah & Son, 2024). In a different context, Taibah & Ho (2023) it was found that flexible work options in rigid work environments, such as the retail industry were able to improve life balance and lower stress levels. Generation Z who prioritize work-life balance will be more satisfied if they are given the freedom to set their working hours and the option to work from different locations (Akhtar & Siregar, 2024).

Several other studies show different results that highlight that the relationship between FWA and life balance is not always linear. Nainggolan and Purba (2025) reports that work-life balance is not always a significant mediator between FWAs and organizational commitments, while Muchtar (2025) warning that flexibility without clear time limits can lead to burnout and blurring the boundaries between personal and work life. Therefore, this journal shows that in Generation Z, job satisfaction is obtained from flexibility and work autonomy compared to work balance and personal life itself.

Based on the results of a synthesis of ten journals analyzed, FWA was proven to have a positive influence on job satisfaction and work-life balance in Generation Z employees (Akhtar & Siregar, 2024; Pradipta et al., 2025b; Tharifah & Son, 2024). These articles show that FWAs play an important role in strengthening the psychological well-being and job satisfaction of Generation Z. Flexible work systems that are structured, clear, results-based, and supported by technology are proven to create a healthy life balance and increase employee loyalty in the post-pandemic era.

The positive relationship between work flexibility, job satisfaction and work-life balance can be explained through Self Determination Theory (SDT) (McAnally & Hagger, 2024). The theory states that when individuals gain autonomy, opportunities to develop competencies, and healthy social relationships at work, employees will tend to experience increased intrinsic motivation and psychological well-being. In the context of FWA, autonomy or freedom in determining time and place of work gives them room for the fulfillment of all three basic needs. Therefore, work flexibility functions not only as an administrative policy, but also as a psychological mechanism that strengthens the welfare and job satisfaction of Generation Z in the work environment. This shows that organizations that implement flexible work policies with attention to aspects of autonomy and social support will be able to create a healthier and more sustainable work environment for generation Z.

Flexible Working Arrangement (FWA), Productivity, and Performance of Gen Z Employees

The results of the literature synthesis show that the implementation of Flexible Work Arrangement (FWA) not only affects psychological well-being, but also significantly increases

the engagement, productivity, and performance of Generation Z employees. responsibility and emotional attachment to work.

Research by Pytaloka, et al (2025) identified that FWA has a positive effect on task performance through work engagement mediation by creating work conditions that support work involvement and meet basic needs, namely autonomy for work. Gen Z who are given the freedom to manage how and when they work show stronger emotional engagement and better work outcomes. A similar thing was found by Angreni and Mahyuni (2024), where hybrid work systems have been shown to increase Gen Z engagement and performance simultaneously. These results show that flexibility encourages a sense of belonging to work, which in turn leads to increased productivity.

In addition, Widiaristi and Etikariena (2024) found that FWA also has a positive effect on innovative work behavior in Gen Z employees. This can happen because employees can choose a work location that helps to bring up their ideas that can later be applied in their work. Meanwhile, Pradipta (2025) shows that job satisfaction resulting from flexibility strengthens motivation and has an impact on individual performance. The findings of Nainggolan and Purba (2024) also reinforce that job satisfaction is an important mechanism that channels the influence of FWA on Gen Z's commitment and performance in organizations.

From a managerial perspective, Muchtar (2025) emphasizes that flexibility balanced with time constraints, targets, and clarity of roles will result in a balance between productivity and well-being. This can happen because Generation Z works goal-driven, so to achieve productivity, clarity is needed in terms of targets, roles, and work completion time. Meanwhile, Taibah and Ho (2023) research highlights that FWA strengthens the influence of structural empowerment on contextual performance through increased access to information and independence, but can reduce the effectiveness of social support if organizational communication is not managed properly. In other words, the effectiveness of FWAs on Gen Z's performance is highly dependent on the balance between individual freedom and supportive organizational structures. Therefore, leaders are motivated to maintain a positive work environment so as to encourage employees to have better contextual performance.

Overall, the synthesis results show that FWA is one of the main drivers of Generation Z engagement and productivity in the modern work environment. Flexibility gives Gen Z room to work adaptively, innovatively and creatively, while organizational support ensures that that freedom keeps employees productive and focused on measurable results. With the right policy design, FWA can facilitate the achievement of improving the performance and competitiveness of the young workforce in the post-pandemic era.

Based on the theory of work flexibility and performance, it can be explained through the theory of Job Demands-Resources (Demerouti & Bakker, 2023). Demerouti and Bakker (2023) explain that flexibility in the form of flexible working is a way for organizations to adjust to demands and serves as a motivating resource because it gives employees control over when and where to work. Therefore, FWA can reduce the negative impact of increasing work demands, strengthen motivation by providing autonomy and technological support, and help maintain a balance of demands and resources (Demerouti & Bakker, 2023). Work engagement also shows the potential to broaden insights, so employees are more likely to explore alternative and innovative solutions (Bakker et al., 2025). This shows that work flexibility helps

Generation Z employees show higher performance and creativity, as they feel engaged and given space to work with autonomy.

Flexible Working Arrangement (FWA) Type

Flexible Working Arrangement (FWA) in literature is generally divided into several main forms such as flextime, flexplace, and hybrid. Flextime refers to the freedom to determine the start and end hours of work as long as the total working hours are met, flexplace/remote work provides the freedom to choose a work location, as well as hybrid work that combines work from home and office alternately. FWA applied to Generation Z employees shows different types of application, but it has the same main goal, which is to provide autonomy and flexibility for individuals in regulating how, when, and where to work. In general, FWA in the context of Generation Z is divided into two main dimensions: time flexibility and place flexibility, with a combination form that is increasingly popular in hybrid work models.

The study of Akhtar and Siregar (2024) classifies two main components of FWA, namely flexible working time and flexible working place. Both have been proven to have a positive effect on the job satisfaction of Generation Z in Indonesia, where control over work time and location increases feelings of belonging and job satisfaction. Research by Akbar and Amalia (2023) confirms that time flexibility is the dimension that most affects life balance and job satisfaction, as Gen Z tends to value the freedom in determining working hours compared to rigid conventional work models. Flextime and flexplace are not only the new policies of the organization, but also as work efficiency (Pradipta et al., 2025).

In addition, several studies have found that the hybrid work model, which is a combination of office and remote work, is also the most popular form of FWA for Generation Z employees (Angreni & Mahyuni, 2024; Pytaloka & Edulfilastri, 2025). This scheme allows them to adapt to digital work dynamics without losing social interaction. Therefore, the implementation of FWA can create a supportive, flexible and engaging environment that empowers employees to excel, which can ultimately contribute to the success of the company (Angreni & Mahyuni, 2024). The findings from Widiaristi and Etikariena (2024) also broaden the understanding of FWA types through their relationship to innovative behaviors. The research indicates that Gen Z workers are given flexibility not only in time and location, but also in methods and methods of completing tasks by showing higher creativity and productivity, so that they can also be used as a competitiveness for companies or organizations. In a cross-cultural context, Taibah and Ho (2023) highlight the flexiblework option as an adaptive model, so that the flexibility of time and place is a solution to reduce work stress and improve life balance.

Overall, the synthesis results show that the most relevant forms of FWA for Generation Z are time flexibility, place flexibility, and hybrid combinations. The flexibility of time gives them control over the rhythm of work, the flexibility of where mobility and efficiency are supported, and the hybrid model becomes the meeting point between the need for social interaction and individual autonomy. This pattern reflects the characteristics of Gen Z who are digitally savvy, value balance, and judge productivity based on results, not just in terms of hours. Thus, FWA designs that are adaptive to the preferences of this generation can be an important strategy in creating innovative, inclusive, and sustainable work environments.

Based on existing theories, Person Environment Fit Theory Having principles such as

a person and the environment simultaneously predict human behavior better than if each individual were on its own, the most optimal outcome when individual attributes (e.g., needs, values) and environmental attributes (e.g., supply, value) are taken into account (Van Vianen, 2018). This explains that the effectiveness of a work system is largely determined by the level of compatibility between individual characteristics and their work environment. In the context of FWA, effectiveness will be achieved when the form of flexibility that the organization offers, such as flextime, flexplace, remote work, hybrid work, according to individual preferences and work styles. If there is a suitability, employees will tend to feel more satisfied and motivated (Van Vianen, 2018). Conversely, mismatches can cause stress and lower performance. Therefore, the success of the implementation of FWA in Generation Z depends on the extent to which the organization's flexible work system can be aligned between its needs and performance characteristics.

The Challenges of FWA Implementation and Its Effectiveness in Generation Z

One of the most common challenges found in some studies is reduced social interaction and peer support in remote work systems. Taibah and Ho (2023) note that while FWAs strengthen the relationship between information access and contextual performance, flexibility can actually weaken the social support employees need to collaborate. The same thing is also mentioned by Muchtar (2025), who emphasizes the importance of leadership presence and two-way communication systems so that flexibility does not turn into work isolation. This decrease in interaction has an impact on a decrease in the sense of attachment in the team, especially if digital communication is not effective. Therefore, it is necessary for the role of leaders to maintain communication between team members who can use regular meetings or the like to maintain digital communication in the team, so that this flexibility can provide effectiveness in work rather than work isolation.

Cultural challenges and generational perceptions also affect the effectiveness of FWA. In the context of Asia, including Indonesia, many organizations still adhere to a hierarchical work culture and fixed working hours. Research by Akbar and Amalia (2023) shows that gender also plays a differentiating factor in the FWA experience, where female workers face greater difficulties in balancing domestic and professional roles. This can happen, because when female workers have the flexibility of work location and work at home, it can help reduce the time spent on the road to take care of family and remain effective in completing work that must be completed at home. Meanwhile, Nainggolan and Purba (2024) note that although FWAs improve life satisfaction and balance, Gen Z's long-term loyalty and commitment remain low, suggesting that flexibility alone is not enough to build attachment without strong organizational support.

Another factor that emerges is structural support and clarity of job expectations. The Widiaristi and Etikariena study (2024) shows that FWA is most effective when combined with a results-oriented system. Gen Z needs clarity of targets and performance indicators to stay productive in flexible work situations. Conversely, flexibility without clear boundaries can blur work time limits and increase the risk of burnout (Muchtar, 2025). Therefore, to overcome this, it can also be done with systematic performance management which can help to provide direct feedback, so as to create a culture of sustainable change (Muchtar, 2025).

In addition to structural support, the role of digital leadership and organizational

technology is decisive for FWA's success. Research by Angreni and Mahyuni (2024) shows that leaders who are able to adapt to digital technology and maintain effective communication online can maintain the engagement and productivity of Generation Z employees (Angreni & Mahyuni, 2024). Conversely, a lack of managerial skills in managing remote teams can be a major obstacle to the effectiveness of work flexibility. Time, opportunity and supervision from leaders or managers can reduce ongoing commitment if there is no clarity in terms of work, so leadership is needed that can support open communication in the team and build good attachment between colleagues (Nainggolan & Purba, 2025).

Overall, the effectiveness of FWA (flexitime, flexplace, remote, or hybrid) in Generation Z can be optimal when supported by individual (personal and psychological) and external factors. Internal factors that increase the effectiveness of FWA in individuals are self-discipline, time management, work engagement, autonomy, adaptability, digital literacy, psychological well-being, stress management skills, and employee suitability for their work (Akhtar & Siregar, 2024; Angreni & Mahyuni, 2024; Indira Putri & Fajar Hendarman, 2023; Jung & Yoon, 2021; Muchtar, 2025; Pytaloka & Idulfilastri, 2025; Tharifah & Putra, 2024). The flexibility provided by the company must also be balanced by Gen Z's personal ability to manage time and personal responsibility for their work, so that flexibility can support their performance and not the other way around. The ability to adapt to the company's existing digital work system and collaborative technology can also increase the effectiveness of hybrid or remote work, so that coordination and the work being done can run properly (according to the business flow). Finally, FWA can also be effective if individuals have emotional balance and are able to maintain the boundaries between personal and work life, so it can help to separate personal and work affairs.

Meanwhile, external factors are more about organizational culture and work environment such as leadership and empowerment by superiors, HR policies, results-based performance systems, organizational support, internal communication, clarity of work roles and goals, technology support, and work that is adaptive to changes in ways and working hours (Angreni & Mahyuni, 2024; Jung & Yoon, 2021; Muchtar, 2025; Pradipta et al., 2025; Pytaloka & Idulfilastri, 2025; Tharifah & Putra, 2024; Widiaristi & Ethics, 2024). Leadership is important for FWA effectiveness, because leaders who provide autonomy and empower employees can increase the motivation and loyalty of Gen Z employees so that they can be more optimal at work. In addition, the Leader must also help employees to have positive communication and relationships between colleagues so as to maintain a sense of connectedness in the team even though working remotely. FWA will also be effective if work targets and responsibilities can be well explained by leaders and organizations, and avoid overlap between teams. Organizational support is important to help employees adapt to the flexible work experience during the pandemic to strengthen the acceptance and effectiveness of FWA among Gen Z. Organizational culture that supports work flexibility can shape employee performance that initially starts from employee motivation.

The combination of these two dimensions forms a balance between individual freedom and organizational systems that can support the application of flexibility, so that FWA can provide optimal results for Generation Z employees, especially in job satisfaction, productivity and employee performance. The challenge in its application explains that the more flexible it is between work and personal life, the more likely it is that there will be a risk of role conflicts,

poor team communication, and emotional exhaustion. These challenges arise especially when flexibility is not balanced with communication systems, an open organizational culture, and clear work boundaries. Therefore, there are several things that can encourage the effectiveness of the implementation of FWA from internal and external sources, namely internal employee factors (motivation, digital literacy, willingness to adapt), and external factors of employees/organizations (FWA policies, supportive work environment, leadership, and others). Internally employees, individuals need the ability to set work time limits, time management, adaptability, stress management and motivation.

Externally for employees, some of them need to be considered are empowerment and leadership that encourages a sense of team involvement and responsibility in the implementation of flexible work, because leaders provide support, direction, job clarity, and autonomy opportunities to employees. Therefore, the success of FWAs does not only depend on flexibility policies or individual employees or leaders alone, but also on how organizations build work ecosystems (leaders and organizations) that support collaboration, accountability, and the well-being of Gen Z employees on an ongoing basis.

Based on the explanation above, the effectiveness of FWA in Generation Z is influenced by two main factors, namely internal (individual) factors such as self-discipline, time management, digital adaptability, and emotional balance, as well as external factors such as supportive leadership, open organizational culture, clarity of results-based performance systems, and technology support. The combination of the two creates a balance between individual freedom and a supportive organizational structure. Therefore, the success of FWA is not only determined by the existence of a flexibility policy, but also how the organization builds a work ecosystem that is results-oriented, digitally equitable, and able to maintain the welfare of Generation Z in a sustainable manner.

The above explanation, when discussed theoretically, supports the theory social exchange theory which was put forward by George Homans who explained that humans interact because they expect greater rewards (material, support, or emotional) (Kumar & Shailaja, 2024). The theory has two main concepts, namely reciprocity (reciprocity) i.e. the expectation that individuals will reciprocate the benefits or support received, as well as justice (equity) that is, the perception that the exchange must feel fair and balanced in order for the relationship to last (Kumar & Shailaja, 2024). Implementation effectiveness Flexible Working Arrangement (FWA) can be understood through Social Exchange Theory, when an organization provides flexibility, support and trust to employees, while employees tend to reciprocate it with commitments and behaviors that support performance personally to the organization. On the other hand, if flexibility is provided without clarity of expectations, managerial support (team leaders), or a sense of fairness (with policies), then it can ultimately lead to disengagement, role confusion or decreased productivity. Therefore, the effectiveness of FWA in Generation Z depends not only on flexible policy design but also on the extent to which the organization is able to build social relationships based on trust, fairness and mutual commitment between superiors and employees.

CONCLUSIONS

This study investigates how Flexible Working Arrangements (FWA) impact job satisfaction, productivity, and performance among Generation Z employees, identifying the

most suitable types through analysis of ten empirical studies. Findings reveal that FWA—particularly flextime, flexplace/remote work, and hybrid models—consistently enhances job satisfaction, work-life balance, creativity, innovation, independence, and results-oriented performance by offering time and location flexibility, with effectiveness hinging on individual readiness and organizational support like adaptive leadership, clear targets, supportive culture, and digitalization. Theoretically, FWA bolsters autonomy and flexibility to improve Generation Z outcomes; practically, it guides organizations in designing policies incorporating leadership, performance systems, and effective teams to boost competitiveness and loyalty. Limitations include overlooking negative risks like role conflicts, social isolation, or fatigue, and reliance on systematic literature review without direct empirical data. For future research, quantitative or mixed-methods studies are recommended to empirically examine personal/organizational conditions and mitigate FWA risks for more comprehensive insights.

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