

Work Flexibility in the Digital Era: An Analysis of the Relationship between Work Flexibility, Work-Life Balance, and Employee Well-Being among Work From Anywhere Millennial and Gen Z Workers in Indonesia

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Abstract

The rapid growth of the digital economy has transformed work patterns, giving rise to highly flexible arrangements such as Work From Anywhere (WFA). This model enables employees to choose their own work location and hours, appealing particularly to millennial and Gen Z workers who value autonomy and mobility. However, this flexibility often leads to the “flexibility paradox”—a tension between perceived freedom and hidden structural pressures, including blurred boundaries between work and personal life, excessive workloads, and psychosocial stress. This study examines the impact of work flexibility on employee well-being, with work-life balance as a mediating variable, focusing on millennial and Gen Z employees working under WFA schemes in Indonesia. Using a quantitative approach, data were collected via questionnaires employing a 7-point Semantic Differential scale and analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) to explore the relationships among variables. The research contributes to the limited body of literature on the psychosocial implications of flexible work systems in Indonesia and offers practical insights for organizations to design employee-centered digital work policies. These include balanced workload management, fair performance evaluation, and strategies that support work-life balance. By addressing these issues, WFA can evolve into a sustainable work model that not only boosts productivity but also promotes long-term well-being and social sustainability for the modern digital workforce.

Keywords: Work flexibility, work-life balance, employee well-being, work from anywhere.

1. Introduction

The advancement of digital technology has fundamentally transformed the way people work and interact globally, including in Indonesia. This digital transformation has fostered the emergence of flexible work arrangements, such as work from home, hybrid working, and Work From Anywhere (WFA), enabling employees to operate beyond traditional temporal and spatial boundaries. This phenomenon was further accelerated by the COVID-19 pandemic, which compelled organizations to adapt to technology-driven work models (Suhariadi et al., 2023).

This paradigm shift underpins the rise of location-independent work practices such as Work From Anywhere (WFA), which substantially reorients work from time-based to results-based performance. Digitalization, automation, and the proliferation of the Internet of Things (IoT) have fundamentally altered workforce expectations, needs, and capabilities—shifting the prevailing model from office-based work toward a results-driven paradigm. (Nandang Sunarya, 2024)

This transformation became increasingly evident with the onset of the COVID-19 pandemic, which accelerated the global adoption of flexible work models. Organizations, institutions, and even micro and small enterprises were compelled to adapt to these abrupt changes through remote work, hybrid arrangements, and Work From Anywhere (WFA) schemes. These new work practices leverage digital platforms, artificial intelligence, and cloud technologies to ensure business continuity and maintain workforce productivity. (Wati & Rajuddin, 2025)

According to a 2023 Gallup survey, over 70% of office workers globally engaged in hybrid or remote work for the majority of their working hours, a significant increase from just 30% prior to the pandemic. (Gallup, 2023) A 2024 Deloitte survey further reported that organizations offering flexible work arrangements experienced a 43% increase in employee retention and well-being compared to those that did not implement similar models. (Deloitte, 2024)

Millennial and Gen Z employees—generations that currently dominate the workforce in many countries, including Indonesia—regard work flexibility not merely as a matter of convenience, but as an essential component of their quality-of-life expectations. According to the *Indonesia Millennial and Gen Z Report 2025*, approximately 78% of respondents identified work-life balance as a critical factor in their job selection, while around 65% expressed a preference for organizations offering flexibility in terms of location and working hours. (IDN Research Institute, 2025). These preferences suggest that organizations that fail to provide flexible working arrangements risk losing young talent. This phenomenon reflects a broader shift in values among Millennials and Gen Z, who place greater emphasis on flexibility, meaningful work, and the balance between professional and personal life. (Budiman, 2025)

The report also indicates that 50% of Millennials engage in side jobs as a strategy to supplement their income amid rising economic pressures and living costs. While this proactive behavior demonstrates adaptability, additional jobs may also increase daily workload and reduce the time available for personal life. Over time, this can lead to physical and mental exhaustion and disrupt the equilibrium between professional and personal domains. Consequently, this trend highlights the urgency for more flexible work arrangements that enable workers—particularly those from productive age groups such as Millennials—to maintain their well-being without sacrificing critical aspects of their personal lives.

The growing prevalence of freelancers and digital nomads in Indonesia, particularly in Bali, illustrates how mobility and flexibility have become integral elements of a new professional lifestyle shaped by digitalization and the individualization of modern work. (Henkens, 2025). This development signals that flexible work paradigms have become embedded in the dynamics of the national creative economy. Such conditions demand adaptive organizational strategies and labor policies that are more

responsive to both digital transformation and the shifting preferences of younger generations in Indonesia's modern labor market.

However, empirical evidence suggests that work flexibility does not always translate into improved well-being. Several studies report mixed—or even negative—outcomes when flexibility is not accompanied by individual control over work-life boundaries or sufficient organizational support. For instance, Gallup (2023) found that hybrid and remote workers reported higher levels of stress and anger compared to full-time on-site employees. Other findings indicate that full-remote work may exacerbate presenteeism (being physically present but functionally disengaged), even though it can reduce acute psychological stress responses. (Shimura et al., 2021) The study *Work Flexibility and Work-Related Well-Being* found that the ability to adjust work schedules was associated with a roughly 20% reduction in the probability of experiencing job stress and a 62% increase in job satisfaction. Nevertheless, working from home carries a dual effect: while it may enhance job satisfaction, it can also increase stress due to the blurring of boundaries between work and personal life. (Ray & Pana-Cryan, 2021)

Millennials and Gen Z are now the key actors shaping Indonesia's employment landscape. According to data from Statistics Indonesia (BPS), by 2024 these two generations are projected to comprise over 65% of the national workforce, positioning them as a highly influential group in shaping organizational culture, work dynamics, and future labor policies. (BPS, 2024) This demographic shift significantly impacts how organizations design their work systems, as the values, aspirations, and work expectations of Millennials and Gen Z often differ markedly from those of previous generations.

Research has shown that the balance between personal life and work significantly influences employee happiness and performance across generations. Generation Z, in particular, exhibits a stronger relationship between work-life balance, happiness, and performance compared to Generations X and Y, indicating that life balance is a critical factor for their well-being and productivity. (Manafe et al., 2025) Imbalances in this area may even increase turnover intentions, especially among Gen Z employees who demand adaptive work environments. (Absharina & Rusdi, 2025)

Additionally, the rise of side jobs and the gig economy represents a tangible manifestation of these generations' desire for flexibility and autonomy in work. The *Indonesia Millennial and Gen Z Report 2025* reinforces that purposefulness, work-life balance, and flexibility are the three core values that shape the career identity of these generations. (IDN Research Institute, 2025)

Shifts in work patterns driven by globalization and technological advancement have encouraged organizations to adopt more flexible work systems. The concept of fixed working hours (40–48 hours per week) is increasingly viewed as outdated due to high performance demands and the growing need for personal life balance. In this context, work flexibility serves as a crucial strategy to reduce job stress, enhance satisfaction, and prevent high employee turnover. A study by Ghimire (2020) found that work flexibility positively affects perceptions of work-life balance. These findings indicate that flexible work arrangements not only benefit organizations but also represent a key preference among employees—especially younger generations who currently dominate the labor force.

Global research on work flexibility and employee well-being has demonstrated that work flexibility has a tangible impact on work-related well-being. (Ray & Pana-Cryan, 2021) found increased job satisfaction and reduced stress among employees who engaged in work-from-home arrangements, flexible schedules, and hybrid working models.

Shimura et al. (2021) found that remote work can reduce psychological and physical stress among employees, particularly when implemented on a part-time basis. However, full-remote work may lower productivity and increase the risk of presenteeism if not accompanied by adequate social support and effective stress management.

However, this flexibility is not without its downsides. The so-called "flexibility paradox" arises when the freedom to work leads to hidden structural pressures, such as blurred boundaries between work and personal life, excessive workloads, and heightened psychosocial stress. (Krishnan et al., 2024) Young workers who are initially motivated by flexible arrangements may become vulnerable to fatigue, role conflict, and burnout due to inadequate organizational support in managing work-life balance.

Although work flexibility is often associated with improved work-life balance, in practice, it does not always translate into family-friendly conditions. Certain forms of flexibility may, in fact, stem from employer interests rather than employee needs. For instance, irregular working hours and high performance pressures can actually diminish life balance. (Anttila et al., 2015)

Other studies have also shown that work-life balance is a key mediating variable in the relationship between work flexibility and employee well-being. Imbalances in this area may increase turnover intentions, particularly among Millennial and Gen Z employees in digital and startup sectors. (Putri et al., 2024)

In the Indonesian context, studies examining the links between work flexibility, work-life balance, and employee well-being—particularly among Millennial and Gen Z workers operating under Work From Anywhere arrangements—remain limited. Existing research tends to focus more on productivity during remote work in the pandemic period or the effects of social isolation. (Suhariadi et al., 2023)

A recent study titled *Enhancing Well-Being in Hybrid Work* found that organizational support and levels of job burnout play crucial roles in determining the well-being of hybrid workers in Indonesia (Dara et al., 2025) However, such research has yet to integrate the variables of work flexibility (in terms of location and time), work-life balance, and employee well-being within a comprehensive theoretical framework in the Indonesian context. This highlights a significant opportunity for more in-depth and contextually grounded research.

The urgency and relevance of research on work flexibility and employee well-being—particularly among Millennials and Gen Z—are especially high in the current Indonesian context. These two generations possess distinct characteristics that demand a paradigm shift in human resource management. They place greater value on work-life balance and seek purposefulness in their professional activities.

This study is expected to make a significant contribution to human resource and organizational psychology theories in the digital era by proposing a conceptual model grounded in the Indonesian context. On a practical level, its findings may assist organizations in designing flexible work policies that are not only productive but also supportive of young employees' well-being. If flexibility is implemented without careful regulation, organizations risk generating new burdens rather than improving well-being. Thus, this research is both timely and relevant, as the world of work increasingly shifts toward permanent flexibility and heightened demands for employee well-being.

Previous studies in developed countries (Björntoft et al., 2020) have shown that work flexibility presents both opportunities and challenges for work–life balance. However, similar research in the context of developing countries-particularly among young remote workers in Indonesia-is still scarce. Therefore, it is important to examine how work flexibility affects employee well-being through the mechanism of work-life balance, specifically among Millennial and Gen Z employees engaged in Work From Anywhere arrangements.

Academically, this study holds significant value as it addresses a gap in the literature concerning the mediating role of work-life balance in influencing employee well-being across generations. Previous studies have been limited in exploring the generational differences in the impact of work-life balance on happiness and performance in the Indonesian context.(Manafe et al., 2025) Therefore, this study is expected to contribute to the advancement of modern human resource management theories that are aligned with the digital era and the preferences of younger generations.

2. Research method

This study adopts a quantitative approach using a survey method to examine the relationships between work flexibility, work-life balance, and employee well-being among Millennial and Gen Z employees working under Work From Anywhere (WFA) schemes in Indonesia. Primary data were collected through the distribution of an online questionnaire employing a 7-point Semantic Differential scale to measure respondents' perceptions of the study variables. A purposive sampling technique was used, targeting respondents aged 17 to 43 years who work flexibly without a fixed location. The collected data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with the assistance of SmartPLS software. This technique was selected due to its ability to handle complex structural models and its suitability for exploratory and predictive research with moderate sample sizes.

The analytical procedure included testing the validity and reliability of the instruments, evaluating the measurement model (outer model), and assessing the structural model (inner model) to examine the relationships among variables. The conceptual model in this study posits that work flexibility influences employee well-being, with work-life balance serving as a mediating variable. The relationship scheme is illustrated as follows:

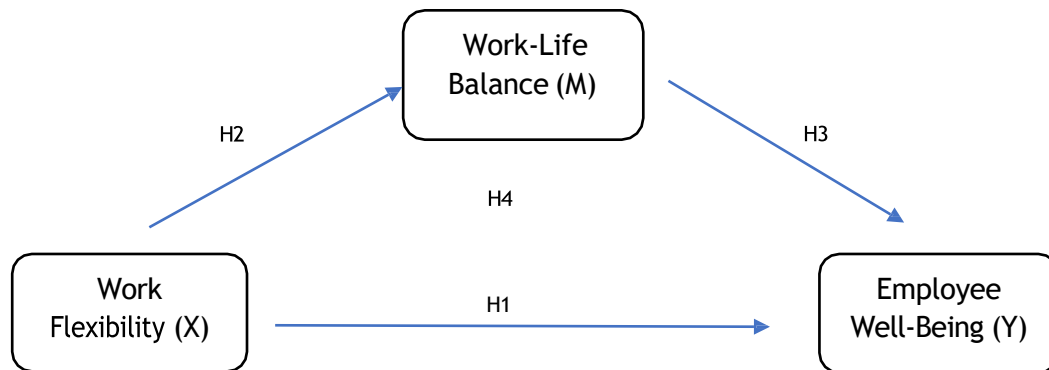


Figure 1. Conceptual Framework
Source: Processed by the author

3. Results and Discussion

3.1. Demographic Characteristics of Respondents

The sample size was determined using the formula proposed by Hair et al. (2018), which suggests that the minimum sample can be calculated by multiplying the number of indicators by a factor ranging from 5 to 10. Based on this guideline, the sample size for this study is calculated as follows:

$$n = \text{number of indicators} \times 10$$

This study includes 9 indicators, thus the minimum required sample is:

$$n = 9 \times 10 = 90 \text{ respondents, rounded to 100 respondents}$$

The final sample consisted of 100 employees working under Work From Anywhere (WFA) schemes across various industries in Indonesia. As shown in Table 1, 57% of the respondents were male and 43% female, indicating a relatively balanced gender distribution. In terms of generation, Generation Z (61%) made up a larger proportion than Millennials (39%), reflecting the study's focus on digital-native workers who tend to value flexibility, mobility, and autonomy in their work arrangements.

In terms of age, most respondents were between 24–27 years old (44%) and 28–35 years old (29%), suggesting that the majority were in the early to mid stages of their professional careers. By industry sector, the largest proportion of respondents came from E-Commerce (35%), followed by Technology (27%), and Services and Fintech, each at 19%. This composition highlights that flexible work systems are most commonly implemented in digitally-driven industries. Overall, the respondent profile supports the aim of this study, which is to analyze how Work Flexibility influences Employee Well-Being through Work-Life Balance, particularly among younger generations adapting to modern digital work environments in Indonesia.

Table 1. Demographic Characteristics (n=100)

Variable	Item Frequency	Percentage
Gender		
Male	57	57 ⁰ %
Female	43	43 ⁰ %
Generation		
Milenial	39	39 ⁰ %
Gen Z	61	61 ⁰ %
Age		
17-23	17	17 ⁰ %
24-27	44	22 ⁰ %
28-35	29	29 ⁰ %
36-43	10	10 ⁰ %
Industry		
Technology	27	27 ⁰ %
Services	19	19 ⁰ %
E-Commerce	35	35 ⁰ %
Fintech	19	19 ⁰ %

Source: Field Data(2025)

3.2. Preliminary Analysis

Several preliminary analyses were conducted prior to testing the main hypotheses of this study. The first stage of the preliminary analysis involved examining the outer loadings of each indicator used to measure the respective variables, with the results presented in Table 2 below.

Before proceeding to hypothesis testing, preliminary analyses were carried out to ensure the validity and reliability of the research constructs. The initial step involved assessing the outer loadings of each indicator used to measure Work Flexibility (X), Work-Life Balance (M), and Employee Well-Being (Y). As shown in Table 2, all indicators demonstrated loading factor values exceeding the minimum threshold of 0.70, indicating that each indicator contributes significantly to its corresponding latent variable.

More specifically, the indicators for Work-Life Balance (M1–M3) had loading values ranging from 0.853 to 0.941, those for Work Flexibility (X1–X3) ranged from 0.924 to 0.949, and the indicators for Employee Well-Being (Y1–Y3) showed values between 0.897 and 0.972. These results confirm that each item is valid in measuring its respective construct. Overall, the findings indicate that the three key variables in this study-work flexibility, work-life balance, and employee well-being-demonstrate strong measurement quality and are reliable for subsequent structural analysis.

Table 2.Outer Loadings

	Employee Well-Being (Y)	Work Flexibility (X)	Work-Life Balance (M)
M1			0,941
M2			0,884
M3			0,853
X1		0,936	
X2		0,924	
X3		0,949	
Y1	0,897		
Y2	0,946		
Y3	0,972		

Source: Field Data(2025)

The next step in the preliminary analysis involved assessing the reliability and convergent validity of the research constructs: Work Flexibility (X), Work-Life Balance (M), and Employee Well-Being (Y). This assessment employed four key indicators: Cronbach's Alpha, Composite Reliability (ρ_A and ρ_C), and Average Variance Extracted (AVE). As shown in Table 3, all values of Cronbach's Alpha and Composite Reliability (ρ_A and ρ_C) exceeded the minimum threshold of 0.70, indicating a high level of internal consistency across all constructs. In other words, the measurement items for each variable are reliable and consistently represent their respective latent constructs.

In addition, the results for convergent validity revealed that all variables had AVE values above 0.50-specifically, Employee Well-Being (0.882), Work Flexibility (0.877), and Work-Life Balance (0.798). These values indicate that more than 50% of the variance in the indicators is explained by the underlying construct they represent. Therefore, it can be concluded that each variable demonstrates good convergent validity. In summary, all indicators used in this study are both valid and reliable for measuring the constructs of Work Flexibility, Work-Life Balance, and Employee Well-Being, and thus are suitable for use in the subsequent structural analysis.

Table3.Construct Reliability and Validity

	Cronbach's Alpha	Composite Reliability (ρ_A)	Composite Reliability (ρ_C)	Average Variance Extracted (AVE)
Y	0,933	0,947	0,957	0,882
X	0,930	0,933	0,955	0,877
M	0,873	0,890	0,922	0,798

Source: Field Data(2025)

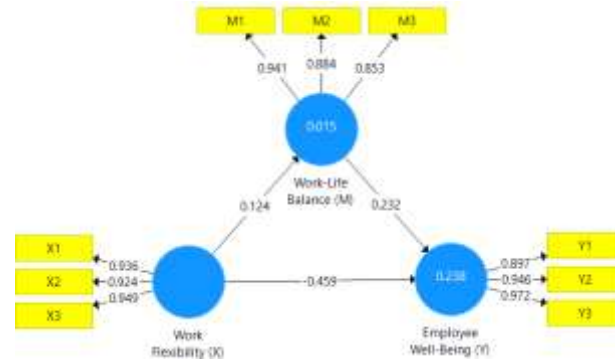


Figure 2. Item Loading For Each Variable Of The Study
Source: Field Data(2025)

Based on Figure 1, it can be observed that each construct has indicators with loading values above 0.80, indicating that all indicators are valid in representing their respective constructs. This demonstrates that the constructs in this study exhibit strong measurement properties and can be reliably used to explain the relationships among variables.

In terms of inter-construct relationships, Work Flexibility (X) has a direct negative effect on Employee Well-Being (Y), with a coefficient of -0.459. However, it has a positive effect on Work-Life Balance (M) with a coefficient of 0.124. Meanwhile, Work-Life Balance (M) also positively influences Employee Well-Being (Y), with a coefficient of 0.232. This pattern reveals the presence of a flexibility paradox, whereby increased work flexibility does not necessarily lead to improved employee well-being directly. Instead, it may introduce psychological strain or blur the boundaries between work and personal life. Nevertheless, when work flexibility is properly managed in a way that enhances work-life balance, it can significantly contribute to improved employee well-being.

The implication is that organizations must balance work flexibility policies with strong support for work-life balance, including healthy working hours, boundaries on after-hours communication, and fair performance evaluation systems. In doing so, work flexibility can truly become a factor that enhances employee well-being, rather than diminishing it. These findings provide valuable insights in the context of Millennials and Gen Z employees in Indonesia working under Work From Anywhere (WFA) schemes, whose well-being heavily depends on how strategically and humanely flexibility is implemented. This result is consistent with (Zerhouni, 2022), who argued that when work flexibility is poorly managed—or reduced to mere “limitless flexible hours”—it may decrease satisfaction and well-being, particularly among younger generations who may perceive flexibility as an added burden.

3.3. Discriminant Validity

Discriminant validity testing was conducted to ensure that each construct in the research model is empirically distinct from the others—in other words, that each latent variable measures a unique concept and does not overlap with other variables. In this study, discriminant validity was assessed using two primary approaches: the Fornell-Larcker Criterion and the Heterotrait-Monotrait Ratio (HTMT), as presented in Table 4.

Table 4. Fornel-Larcker Criterion and Heterotrait-Monotrait Ratio (HTMT)

Fornel-Larcker Criterion			
	Employee Well-Being (Y)	Work Flexibility (X)	Work-Life Balance (M)
Y	0,939		
X	-0,431	0,936	
M	0,175	0,124	0,894
Heterotrait-Monotrait Ratio (HTMT)			
Y			
X	0,458		
M	0,188	0,140	

Source: Field Data(2025)

Based on the results of the Fornell-Larcker Criterion, the diagonal values for each construct are greater than the inter-construct correlations. This finding indicates that each construct has a stronger ability to explain its own variance compared to that of other constructs. Therefore, all variables in the model satisfy the discriminant validity criteria according to the Fornell-Larcker method.

In addition, the results of the Heterotrait-Monotrait Ratio (HTMT) further support this conclusion. All HTMT values between constructs are below the threshold of 0.85, with the highest observed value being 0.458 between Employee Well-Being (Y) and Work Flexibility (X), and 0.140 between Work Flexibility (X) and Work-Life Balance (M). These values suggest that the correlations between constructs are not excessively high and that each variable is conceptually distinct. Thus, the measurement model used in this study fulfills the requirements for good discriminant validity.

These results confirm that each construct—namely Work Flexibility (X), Work-Life Balance (M), and Employee Well-Being (Y)—stands as a conceptually and empirically distinct variable. In other words, work flexibility, work-life balance, and employee well-being are unique constructs, do not overlap, and can each explain specific aspects of the phenomenon under investigation within the flexible work context of Millennials and Gen Z in Indonesia. This reinforces the reliability of the measurement model employed in this study and supports the empirical validity of the key finding that the effect of work flexibility on well-being is indeed mediated by work-life balance, rather than being a direct relationship between the variables.

3.4. Collinearity Statistics

The final analysis conducted in this study was the multicollinearity test among variables in the structural model using the Inner Variance Inflation Factor (VIF) values. The purpose of this test is to ensure that there is no high linear correlation (redundancy) among the independent variables that could distort the estimation results of the model. The VIF test results are presented in Table 5.

Table 5. Inner VIF values of VIF

	Employee Well-Being (Y)	Work Flexibility (X)	Work-Life Balance (M)
Y			
X	1,016		1,000
M	1,016		

Source: Field Data(2025)

Based on the table, the VIF values for all variables are well below the commonly accepted threshold of 5 (Hair et al., 2018) Specifically, the VIF between Work Flexibility (X) and Work-Life Balance (M) is 1.000; between Work Flexibility (X) and Employee Well-Being (Y), it is 1.016; and between Work-Life Balance (M) and Employee Well-Being (Y), it is also 1.016. These results indicate that there is no evidence of multicollinearity within the model. In other words, each construct in this study contributes uniquely and does not statistically overlap with the others.

3.5. Path Analysisfor The Hypotheses Testing

The path analysis results are used to estimate the causal relationships between the variables examined in this study, as presented in Table 6 and illustrated in Figure 3 below.

Table 6. Path Coefficients

	Original Sample	Sample Mean	Standard Deviation	T Statistics	P Values
X -> Y	-0,459	-0,460	0,080	5,734	0,000
X -> M	0,124	0,126	0,119	1,040	0,299
M -> Y	0,232	0,237	0,095	2,444	0,015
X -> M -> Y	0,029	0,029	0,033	0,877	0,381
X = Work Flexibility, M = Work-Life Balance, Y = Employee Well-Being					

Source: Field Data(2025)

H1: Work Flexibility → Employee Well-Being

The path analysis results show that the direct effect of Work Flexibility (X) on Employee Well-Being (Y) is $\beta = -0.459$, $T = 5.734$, and $P = 0.000$. This indicates a negative and statistically significant relationship. In other words, higher levels of work flexibility are associated with a decrease in employee well-being. This phenomenon is known as the *flexibility paradox*, where excessive flexibility may blur the boundaries between work and personal life, increase psychological pressure, and reduce overall well-being. These findings are consistent with the studies by (Wheatley, 2017) and (Michel & Shifrin, 2021), which found that high job autonomy without adequate organizational support can lead to stress and psychological exhaustion, ultimately diminishing rather than enhancing employee well-being.

H2: Work Flexibility → Work-Life Balance

The relationship between Work Flexibility (X) and Work-Life Balance (M) yielded $\beta = 0.124$, $T = 1.040$, and $P = 0.299$, indicating a positive but statistically insignificant effect. This suggests that the current implementation of work flexibility has not yet significantly improved employees' work-life

balance. This may be due to ineffective time management or organizational cultures that continue to expect constant availability, even under flexible work systems. Consequently, flexibility has not yet produced optimal benefits for work-life balance, particularly in the absence of clear time boundaries and strong managerial support.

This finding aligns with studies by Shagvaliyeva & Yazdanifard (2014) and Bhawani et al. (2023), which found that Flexible Work Arrangements (FWAs) can significantly enhance work-life balance when accompanied by flexible scheduling, monitoring systems, and strong managerial support. Similarly, research by Indradewa & Ayung (2023) demonstrated a positive relationship between FWAs and work-life balance, as such arrangements allow employees to adjust their work schedules according to personal needs without compromising productivity. These studies support the direction of the relationship found in this research, although the effect is not statistically significant. Thus, the findings reinforce the view that while work flexibility has the potential to improve work-life balance, its effectiveness depends heavily on how organizations structure policies and time boundaries to avoid creating new pressures for employees.

H3: Work-Life Balance → Employee Well-Being

The path between Work-Life Balance (M) and Employee Well-Being (Y) yielded $\beta = 0.232$, $T = 2.444$, and $P = 0.015$, indicating a positive and statistically significant effect. This suggests that greater balance between work and personal life leads to higher employee well-being. The findings imply that the better employees are able to manage the demands and time of both work and personal life, the greater their perceived well-being. This is particularly important for Millennial and Gen Z workers operating under Work From Anywhere (WFA) schemes, where the boundaries between “work” and “personal life” are often blurred. Therefore, work-life balance serves as a crucial mechanism for maintaining well-being in highly flexible work environments.

This result aligns with research by Izzati et al. (2024), which found that Work-Life Balance (WLB) has a significant positive impact on employee well-being, especially in psychological, emotional, and social dimensions. Individuals with high work-life balance tend to report greater job satisfaction, better mental stability, and lower levels of stress and burnout. Conversely, imbalance between work and personal life increases the risk of depression, emotional exhaustion, and a decline in quality of life.

This is also in line with findings from Borowiec & Drygas (2023), who reported that individuals with higher levels of work-life balance enjoy better mental and physical health, lower stress levels, and greater motivation and life satisfaction. In contrast, imbalance between job demands and personal life contributes to chronic fatigue, sleep disturbances, and reduced work performance, especially among young professionals working long hours.

In the context of Work From Anywhere, these results underscore that employee well-being is not solely influenced by flexibility, but also by the ability of both individuals and organizations to manage time boundaries, workload, and psychological demands. For organizations, this means that flexible work policies must be accompanied by psychosocial support and concrete well-being programs in order to mitigate mental health risks, particularly among digital-native workers.

H4: Work Flexibility → Work-Life Balance → Employee Well-Being

The analysis of the indirect effect yielded a coefficient of $\beta = 0.029$, $T = 0.877$, and $P = 0.381$, indicating that the mediating relationship is not statistically significant. This result shows that Work-Life Balance does not successfully mediate the relationship between Work Flexibility and Employee Well-Being. In other words, work flexibility alone does not automatically enhance employee well-being through improved work-life balance. These findings suggest that flexibility by itself is insufficient to foster well-being; additional interventions are required—such as the establishment of working hour boundaries, emotional support systems, and clear organizational policies on work-life balance.

In line with this, the study by Çobanoğlu et al. (2023) found that Work-Life Balance (WLB) mediates the relationship between job stress and career satisfaction. However, when stress levels are high and time control is low, the mediating role of WLB weakens. A similar pattern may be present in this study: the freedom to work from anywhere, without clear structural support, may generate new forms of imbalance that hinder employee well-being.

This result contrasts with the findings of Stankevičienė et al. (2021), who reported that a flexible work culture positively influences employee well-being through Work-Life Balance as a significant mediator. In their context, time flexibility and job autonomy enhanced WLB, which in turn strengthened well-being. The discrepancy in results suggests that, within the context of Work From Anywhere (WFA) among Millennials and Gen Z in Indonesia, flexibility may actually create *role blurring*—a blurring of boundaries between work and personal life—which reduces the effectiveness of WLB.

The study by Muhyiddin et al. (2024), which focused on work flexibility in the gig economy—specifically among online motorcycle taxi drivers—highlighted that although platform-based jobs offer high flexibility, workers often face economic insecurity, stress, and excessive workloads due to algorithmic control and the absence of social protections. These findings align with those of the present study, which shows that work flexibility does not significantly improve employee well-being through work-life balance. In other words, flexibility without structural support and clear policy frameworks may instead generate imbalance and diminish well-being.

Research by Safira & Wahyuningsih (2024) also confirmed that WLB serves as a mediator between work flexibility and employee performance in Indonesia. However, the positive effect only emerged when organizations provided support mechanisms, such as fair performance evaluations and proportional workloads. Such mechanisms appear to be insufficiently present in the context of this study, which may explain the insignificant mediating effect found.

These findings underscore that work flexibility must be supported by adequate organizational resources in order to foster employee well-being. In the context of WFA, younger employees tend to operate in "always-on" digital environments, where boundaries between working hours and personal time become increasingly blurred. Therefore, flexibility policies must be accompanied by explicit well-being strategies, such as scheduled rest periods, empathetic communication between supervisors and subordinates, and training in time and stress management.

Practically, organizations are advised not to stop at providing structural flexibility but should also cultivate psychological flexibility and a supportive organizational culture. Theoretically, these findings extend the literature by emphasizing that work flexibility is a necessary but not sufficient condition for enhancing employee well-being. Without the active presence of work-life balance and organizational support, the positive effects of flexibility are unlikely to materialize.

Jamunarani & Syed (2025) found that Flexible Work Arrangements (FWAs) have a significant impact on Work-Life Balance and Quality of Life, and that WLB acts as a partial mediator between FWAs and both job satisfaction and overall life quality. This suggests that work flexibility not only has a direct effect on well-being but also enhances work-life balance, which in turn contributes to greater life satisfaction and job fulfillment.

In other words, work flexibility can serve as either a source of well-being or a source of added pressure, depending on how the policy is implemented. Jamunarani & Syed also emphasized that, in the absence of workload regulation and clear time boundaries, flexibility tends to create *role blurring*, or the erosion of distinctions between work and personal life—conditions that may explain why, in the present study, Work-Life Balance failed to function as an effective mediator.

Theoretically, the combined insights from these studies reinforce the conclusion that Work-Life Balance is not always the primary pathway through which work flexibility leads to employee well-being. Its effectiveness depends heavily on organizational support, clearly defined work boundaries, and digital work culture. When flexibility is implemented without supervision or clear policies on work limits, employees may experience emotional exhaustion, increased stress, and a loss of separation between personal and professional time.

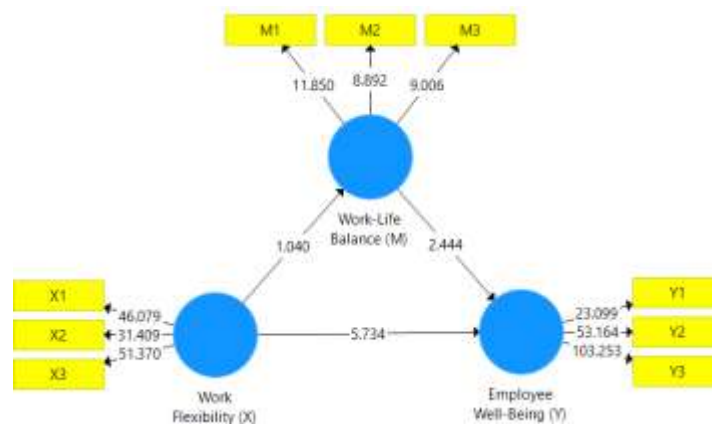


Figure 3. Bootstrapping
Source: Field Data(2025)

Based on Table 7, the results of the R Square and Adjusted R Square analyses illustrate the extent to which the independent variable (Work Flexibility) can explain variance in the mediating variable (Work-Life Balance) and the dependent variable (Employee Well-Being). The R Square value for Work-Life Balance (M) is 0.015, with an Adjusted R Square of 0.005. This indicates that work flexibility accounts for only 1.5% of the variance in work-life balance, while the remaining 98.5% is explained by other factors not included in this research model. Therefore, the contribution of work flexibility to improving work-life balance is relatively low.

Table 7. Variance Explained By The Model

	R Square	R Square Adjusted
Employee Well-Being (Y)	0,238	0,223
Work-Life Balance (M)	0,015	0,005

Source: Field Data(2025)

Meanwhile, the R Square value for Employee Well-Being (Y) is 0.238, with an Adjusted R Square of 0.223. This means that approximately 23.8% of the variance in employee well-being can be explained by the combined influence of Work Flexibility and Work-Life Balance, while the remaining 76.2% is influenced by external factors such as organizational support, leadership, work culture, or individual psychological conditions. These values suggest that the research model has moderate predictive power in explaining employee well-being.

Overall, the results presented in the table above indicate that although work flexibility contributes to employee well-being, its impact on work-life balance remains limited. This finding reinforces earlier results in the study, showing that Work-Life Balance does not serve as a significant mediator between Work Flexibility and Employee Well-Being. In other words, employee well-being in the Work From Anywhere era is not solely determined by structural flexibility, but also by the presence of social and psychological support provided by the organization.

4. Conclusion and Recommendations

This study makes a significant contribution to understanding the dynamics of the relationship between work flexibility, work-life balance, and employee well-being among Millennial and Gen Z workers in the context of Work From Anywhere (WFA) in Indonesia. The main findings indicate that work flexibility does not automatically enhance employee well-being. On the contrary, high levels of flexibility without organizational support and clear work boundaries may lead to a flexibility paradox, in which temporal and spatial freedom instead creates psychological pressure and blurred lines between personal and professional life. This study extends the literature by showing that the effectiveness of work-life balance as a mediator depends on contextual factors such as digital work culture, emotional support, and organizational policies that are responsive to psychosocial well-being.

Theoretically, this research enriches the discourse on human resource management in the digital era by offering an empirical model that emphasizes the importance of psychological balance within flexible work systems. The findings affirm that work flexibility is a crucial prerequisite for building employee well-being, but not the sole determining factor. This study adds a new perspective to the work well-being literature by suggesting that life balance is not merely the outcome of flexibility policies, but rather the result of a complex interaction between job autonomy, time boundaries, and organizational support.

Practically, the results of this study offer recommendations for organizations and labor policymakers in Indonesia to design more sustainable flexibility policies. Organizations are advised to set clear boundaries for working hours (right to disconnect), strengthen social support systems in the

workplace, and implement fair, outcome-based performance evaluations rather than attendance-based assessments. The government, through labor regulations, may also consider developing implementation guidelines for remote working that safeguard the psychological well-being of digital workers.

For future research, it is recommended to expand the model by incorporating additional variables such as organizational support, job burnout, or digital fatigue, and to adopt a longitudinal approach to understand the long-term effects of work flexibility on employee well-being across generations. A mixed-method approach may also provide deeper insights into employees' subjective experiences in navigating the flexibility paradox in the digital work era.

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