

# Balancing the Scales: The Impact of Workplace Flexibility on Gen Z Employees' Performance and Well-Being in the Banking Sector

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## Abstract

**Purpose:** This study examines the impact of workplace flexibility on employee performance and well-being among Gen Z employees in the banking sector, with distributive justice as a moderating variable. **Methodology:** This study employs a survey-based descriptive approach with a cross-sectional design to investigate the impact of workplace flexibility on Gen Z employees in Lahore's banking sector. Data were analysed using SPSS and AMOS, applying Structural Equation Modeling (SEM) on responses from 176 participants. **Findings:** The findings reveal that workplace flexibility positively influences both employee performance and well-being. Flexibility allows employees to balance personal and professional demands, enhancing productivity and reducing stress. However, the study highlights a surprising negative moderating effect of distributive justice on performance, suggesting that perceived inequities in flexible work arrangements can diminish the benefits of flexibility. Conversely, a slight positive moderation effect on well-being underscores the role of fairness in fostering a supportive work environment. **Significance Value:** The research has significant implications for managing Gen Z employees, who value autonomy, work-life balance, and fair treatment. The findings emphasize the importance of equitable implementation of flexible work policies to maintain trust and morale. The study contributes to the literature on workplace flexibility, particularly in high-pressure sectors like banking, by addressing gaps in understanding its relationship with employee outcomes. Limitations include a focus on Gen Z in Pakistan's banking sector, cross-sectional design, and restricted exploration of organizational justice dimensions.

**Keywords:** Workplace Flexibility, Gen Z, Employee Performance, Employee Well-being, Distributive Justice, Banking Sector

## Introduction

The 2019 novel coronavirus outbreak has impacted global economies. To curb the spread of the virus, a new work model called "smart-working" has gained importance, allowing employees to work flexibly from locations outside their workplace using technology. Smart-working involves no fixed work hours or locations, with workers and supervisors agreeing on tasks and goals (Chung, & Van der Lippe, 2020). This arrangement focuses on results rather than physical presence, offering adaptability to different situations and personal needs, which helps maintain economic activity despite the pandemic.

Despite the widespread adoption of smart-working during the coronavirus outbreak, its economic effects in normal times remain unclear due to limited research based on case studies, surveys, and descriptive analyses. This paper addresses this gap by providing causal evidence that smart-working is operational performance in organization. Through a randomized experiment, the study shows that offering flexibility in time and location without changing wages improves productivity, well-being, and work-life balance. While work flexibility is not new, with most European employees and nearly half of U.S. professionals having some form of it, almost all workers desire more flexibility, which significantly influences their job decisions according to a Gallup report (Angelici, & Profeta, 2024).

Workplace flexibility allows employees control over when (temporal flexibility) and where (spatial flexibility) they work, giving them discretion over their work schedules and locations. Despite the potential benefits of flexibility, such as improved work-life balance, concerns exist about its downsides. One key concern is that workplace flexibility can lead to employee isolation due to working at different times and places (Spurk, & Straub, 2020). This isolation may hinder helping behaviors among colleagues because temporal and spatial distance can create barriers to collaboration and reduce opportunities for employees to assist one another.

Financial and technology organizations have already embraced the workplace flexibility culture, offering a way to stay operational during challenging times when employees cannot commute to the office. Remote work is seen as environmentally friendly and can benefit organizations if supported by top management and flexible policies. Studies suggest that the effectiveness of remote work depends on factors like workplace, work time, and infrastructural flexibility, which can either facilitate or hinder the success of remote working arrangements.

In today's competitive business environment, organizations strive to maximize benefits while minimizing resources. To stay competitive, companies develop various policies and hire individuals from society. While people have diverse attitudes, organizations need a positive mindset among employees to achieve their goals. If an organization's policies and HR practices are strong but employees exhibit negative attitudes, it can deter customers and ultimately hinder the organization's success in the market.

Research indicates that key HR practices, such as recruitment and selection, compensation, working environment, employee involvement, and training and development, contribute to improved organizational performance. When these practices are effectively implemented, they can serve as a model for other organizations. However, employee attitudes both positive and negative can significantly influence outcomes. Studies have explored how organizational performance can be enhanced through HR practices and identified the types of employee attitudes that are beneficial, as well as how these attitudes can maximize organizational benefits.

Human resources are considered the most important asset for achieving competitive advantages, and managing HR is often more challenging than managing technology or capital. Effective HR practices are essential for successful human resource management, as they facilitate organizational activities aimed at achieving goals and objectives. Researchers note that both external and internal factors influence HR practices, which in turn directly or indirectly impact variables such as employee attitudes, employer-employee relationships, and overall organizational or university performance (Choudhury, Foroughi, & Larson, 2021). Workplace flexibility are crucial for organizations adopting remote work systems through digital technologies. Many public, private, and non-profit organizations have transitioned to online remote work. As remote work gains practical significance, researchers across various disciplines are developing roadmaps to conduct in-depth studies on flexible working practices, particularly focusing on remote work scenarios.

As we discussed growing technology-driven environment, Gen Z is comfortable using various digital tools and platforms, they expect organizations to provide modern technology that facilitates remote work and collaboration. This generation favors digital communication over face-to-face interactions, often using messaging apps and video conferencing tools to stay connected with colleagues (Waworuntu, Kainde, & Mandagi, 2022).

Gen Z values the ability to work remotely, often preferring jobs that allow them to choose their work environment. They see remote work as a way to achieve better work-life balance and to integrate personal and professional lives seamlessly, unlike previous generations that often adhered to traditional 9-to-5 schedules, Gen Z tends to favor flexible working hours. They appreciate having the autonomy to manage their time based on their peak productivity periods.

As digital natives, Gen Z is comfortable using technology and expects banks to leverage digital tools for collaboration and communication, they are likely to prefer positions that utilize technology for tasks like customer service, data analysis, and financial advising.

Moreover, Gen Z is more inclined to engage with financial technology (fintech) innovations, such as mobile banking apps and online financial services. This generation seeks banking environments that embrace and adapt to technological changes.

### **Purpose of the Study**

Along with the fact that gen z seek environments that allow them to balance their personal and professional lives, enabling them to work during their most productive hours and from preferred locations, they also seek workplaces where they are treated fairly and with respect as this generation values open communication and constructive feedback, which are essential

for fostering a positive work environment and flexible work arrangements can foster a culture of trust, where employees feel empowered to manage their own schedules (Waworuntu, Kainde, & Mandagi, 2022). In this context, distributive justice becomes vital as employees need to feel supported and respected by their colleagues and management to collaborate effectively. So this study will utilize distributive justice as a moderator.

The present study therefore examines the impact of workplace flexibility on employee performance and employee wellbeing of gen z in banking sector with moderating role of distributive justice.

### **Significance of the Study**

Workplace flexibility has become increasingly important in today's dynamic work environment, as traditional models of rigid hours and fixed locations are being questioned. Modern employees, particularly younger and more diverse groups, value flexible working conditions due to technological advancements, globalization, and the focus on work-life balance. Studying workplace flexibility is crucial for improving job satisfaction, retention, and engagement. While previous research has shown positive outcomes like improved productivity and reduced stress, its impact on specific performance metrics in high-pressure sectors like banking remains underexplored. Additionally, the COVID-19 pandemic has accelerated the adoption of flexible work arrangements, highlighting the need for evidence-based research to guide decisions on sustainable and effective work practices moving forward (Spurk, & Straub, 2020).

This study addresses gaps in current research by exploring not only the positive effects of workplace flexibility on employee well-being but also how distributive justice moderates these effects, particularly in traditionally rigid sectors. Focusing on the banking industry, it aims to provide tailored insights on integrating flexibility while maintaining productivity and compliance standards. The research also has practical implications, offering actionable recommendations for organizations to adapt to changing work dynamics, improve employee retention, and prevent burnout by balancing flexibility, performance, and fairness.

### *Scope of the Study*

This study offers valuable insights for organizations, especially in high-demand sectors like banking, by helping design effective HR policies that improve employee performance, wellbeing, and retention. By exploring the role of distributive justice in workplace flexibility, it helps organizations ensure fair implementation of flexible work policies, boosting employee satisfaction and engagement. For employees, the research highlights the potential of flexibility to improve work-life balance and job satisfaction, fostering fairness and trust. In the banking sector, it addresses the challenge of integrating flexibility without compromising performance and provides strategies for long-term sustainability. Academically, the study contributes to organizational behavior literature by filling a gap in understanding the moderating role of justice in flexibility initiatives, laying the foundation for future research (Babapour Chafi, Hultberg, & Bozic Yams, 2021).

Focusing on the utility and effectiveness of examining the impact of workplace flexibility on employee performance and wellbeing, especially in the banking sector, is crucial for several reasons. First, as organizations adapt to new work environments, understanding how

flexibility influences employee outcomes like productivity, job satisfaction, and overall wellbeing becomes critical, particularly in high-pressure sectors like banking. Employees in the banking industry often face demanding workloads and stress, making it essential to explore whether flexible work arrangements can effectively mitigate these challenges and enhance performance.

Second, the moderating role of distributive justice—the perception of fairness in how flexible work policies are implemented—adds another layer of complexity that needs attention. How flexible work benefits are distributed among employees can significantly impact their attitudes toward work and the organization. When employees perceive fairness, it can boost motivation, job satisfaction, and organizational commitment. However, if perceived unfairness arises, it may diminish the potential benefits of workplace flexibility. This aspect is especially important in sectors like banking, where high performance is tied to the success of the organization, and equitable treatment is key to maintaining employee morale and engagement.

### *Research Questions*

Based on the above discussion, the paper intends to answer the following questions:

1. Does workplace flexibility affect employee's performance?
2. Does workplace flexibility affect employee's wellbeing?
3. Does distribute justice moderates the relationship between workplace flexibility and employees' performance?
4. Does distribute justice moderates the relationship between workplace flexibility and employees' wellbeing?

### *Research Objectives*

The objectives of the research are as follows:

1. To examine workplace flexibility, affect employee's performance?
2. To examine workplace flexibility, affect employee's wellbeing?
3. To analyze moderating role of Distribute justice in the relationship between workplace flexibility and employees' performance?
4. To analyze moderating role of Distribute justice in the relationship between workplace flexibility and employees' wellbeing?

### **Literature Review**

This literature reviews crucially examined the association between human resource (HR) practices narrowly flexible workplace and employee outcomes such as performance and well-being with distributive justice acting as a moderating factor. Furthermore, stakeholder theory is employed to support the arguments of the existing study. Additionally, the theory provides a comprehensive view of how these dynamics affect organizational success and the interests of various stakeholders, particularly employees.

### *HR Practices*

Flexible workplaces, such as remote work and adaptable hours, are increasingly recognized as strategic HR practices (Haque, 2023). While they have the potential to boost employee well-being and performance, their success depends on equitable implementation and alignment with organizational goals. In recent years' studies have emphasized the positive

impact of a flexible workplace on employee job satisfaction, stress reduction and overall work-life balance (Paudel et al., 2024; Allen et al., 2020). The ability to alter work schedules to personal needs helps employees to better manage their personal and professional life responsibilities. Respectively, this leads to an increase in job satisfaction and a reduction in burnout. Similarly, this positive association between flexibility and employee well-being is consistent with the basic idea of stakeholder theory. The theory emphasizes the need for organizations to consider the needs and interests of their employees. Hence, by developing alignment between HR practices and employees' needs organizations can build a foundation of long-run engagement and commitment. Respectively, this benefits not only employees but also organizational performance (Wang, 2019). The flexible work practices act as a core signal of organizational support and responsiveness thereby fostering a positive work environment. However, the effectiveness of the flexible workplace in improving employee performance is not assured always. According to a study conducted by Gajendran and Harrison (2018), flexible work can improve job satisfaction, but its impact on performance is highly dependent upon other factors such as role clarity and organizational support. In this respect unclear communication regarding the roles and expectations can lead to employees struggling to prioritize tasks or may experience disengagement. Alike such situations may also lead to a decreased level of performance at the workplace. This issue underscores the complexity of HR practices in influencing the consequences (Podgorodnichenko, Edgar and McAndrew, 2020). The interaction between flexible work and organizational context can either increase or decrease employee performance depending on how well the organizations can manage the expectations and provide all required resources and support (Hashmi, Ghaithi and Sartawi, 2023). Concerning the stakeholder theory organizations must manage the various interests of the employee groups thoroughly. Dmytriyev et al. (2021) connect stakeholder theory and CSR with fostering supportive environments, aligning with ensuring role clarity and sufficient resources. Both emphasize balancing stakeholder needs and ethical practices, promoting well-being and productivity. This integration enhances flexible work arrangements' effectiveness, reflecting responsible management and long-term value creation for all stakeholders.

Another core factor in the effectiveness of a flexible workplace is perceived fairness narrowly how flexibility is distributed between the employees. Research by Kelliher and Anderson (2017) showed that employees who perceive flexible work practices as equitably distributed tend to experience greater job satisfaction and motivation. This aligns closely with the stakeholder theory which emphasizes that fairness in organizational decision making is significant to maintain a strong relationship with stakeholders narrowly employees. When employees perceive that flexibility is distributed unfairly, such as certain groups receiving more flexibility than others, it undermines trust and morale among those who feel disadvantaged (Hyatt and Gruenglas, J., 2023). Such perception of injustice an influence employees' level of motivation, leading to lower levels of job satisfaction and organizational performance. Hence, ensuring that flexible work policies are implemented transparently and fairly is important to maintaining a positive organizational culture and enhancing both the wellbeing and performance consequences.

*Hypothesis 1: workplace flexibility has a positive association with employee performance*

*Employee Performance and Well-being*

Flexible work arrangements are widely recognized for their positive impact on employees' well-being, primarily by offering them greater autonomy over their work schedules. This autonomy helps reduce stress and increase job satisfaction, contributing to a healthier work environment (Troup & Rose, 2018). By allowing employees to control when and where they work, flexible work place enable them to better balance their personal and professional lives, which is linked to improved overall well-being. As a result, many employees report feeling less overwhelmed and more satisfied with their jobs, which in turn enhances their engagement and motivation at work. This association between wellbeing and job performance has been well researched in previous studies which suggest that employees who go through better work life balance as a result of flexible work are more likely to be productive and engaged at work (Darvishmotevali and Ali, 2020). Such results are in line with the stakeholder theory which posits that organizations that consider the needs and interest of their employees foster both individual success and organizational performance. When organizations provide flexible work options, they show a commitment to their employee's wellbeing which can lead to high level of loyalty, productivity and overall success.

However, the positive impact of flexible work on performance is not always guaranteed. Zhao et al. (2016) argue that while flexible work arrangements can improve employee well-being, they do not necessarily lead to enhanced performance. In some cases, without clear communication and structured expectations, flexible work can create challenges such as role ambiguity and a lack of support. When employees are unsure about their responsibilities or lack adequate guidance, their performance may suffer. This emphasis a critical aspect of implementation of flexible work place, organizations must tailor such practices to cope with the needs of various employee group and provide required support to ensure that performance is not compromised. Respectively stakeholder theory suggest that organizations should take into account the divergent needs and preferences of their employees to avoid inefficiencies and dissatisfaction which could reduce both individual and organizational results.

In term of employee wellbeing several studies emphasis that flexible work place can noteworthy reduce the level of stress and burnout narrowly for the employees with caregiving responsibilities. Study by Adisa et al. (2022) and Beauregard and Henry (2019) showed that offering flexibility in work hours or locations can be beneficial for those who need to manage the obligations of family or personal responsibilities. Hence by reducing the pressure to cope with the rigid schedule's employees are better able to manage their personal and professional commitments. Respectively, it leads to lower levels of stress and higher level of overall satisfaction. This is consistent with the concept of stakeholder theory which emphasis the significance of organizations engaging with and supporting their employees' various needs to foster long run loyalty and wellbeing.

However, it is highly significant to note that flexible work place may not always have a positive impact. A study conducted by Kelly et al. (2019) cautions that some of the employees may blur the boundaries between their personal and work life which may increase overwork and stress at workplace. When employees find it challenging to disconnect from work the very flexibility that is intended to reduce stress can unintentionally lead to burnout. This shed light on the significance of balancing the flexibility with other HR practices. Such as setting clear

expectations and boundaries to avoid noteworthy negative results. Ensuring that the flexible work arrangements are structured and supported effectively and efficiently is the key to maximize their positive influence on the employee performance and wellbeing.

*Hypothesis 2: workplace flexibility has a positive association with employee wellbeing*

#### *Distributive Justice: The Critical Moderator*

Distributive justice refers to the perceived fairness in distributing resources and rewards within the organization. This plays a vital role in influencing the effectiveness of a flexible workplace. Employees who perceive flexible work options as being distributed equitably are more likely to achieve positive outcomes. Such as a high level of job satisfaction, reduced stress and greater organizational commitment (Saadeh and Suifan, 2020). This sense of fairness is narrowly critical with respect to stakeholder theory as well. The theory asserts that organizations must consider the interests and needs of all the stakeholders and ensure that practices like flexible work are seen as fair and transparent. When employees experience that flexible work is available to all based on transparency, they are more likely to consider the organization a positive place to work in (Effiyaldi et al., 2025). Consequently, it leads to an enhanced level of engagement and performance.

However, if flexible work is perceived as being granted to only a select group it can also lead to feelings of resentment, injustice and inequity among the employees. This perception of favoritism reduces the organizational trust which in turn negatively impacts both the employee morale and overall performance at work (Cropanzano et al., 2017). Such as, if a flexible workplace is only offered to senior employees or those with certain connections other employees may experience feelings of being excluded and devalued. Consequently, this reduces their level of motivation and reduces the job satisfaction. Such inequalities interrupt the harmonious relationship between the organization and employees ultimately leading to reduce the level of productivity and higher the level of turnover rates (Shinde, 2025). This situation shows the significance of managing the distribution of flexible work options thoroughly and equitably as outlined by the stakeholder theory. Likewise, it helps maintain the organizational stability and long-term success of the organization.

A study conducted by Klotz et al. (2020) further underscores the significance of fairness in the allocation of flexible workplaces. Their research shows that employees who perceive flexible work as a reward for their performance are more likely to experience job satisfaction and show improved performance. This suggest that when the flexible workplace is allocated based on merit or specific needs employees more often feel valuable and motivated to add effort to the organization's success. In contrast, when flexibility is granted based on favoritism or seniority rather than performance, employees' trust in the organization may erode. This leads to negative consequences for both individual well-being and overall organizational performance.

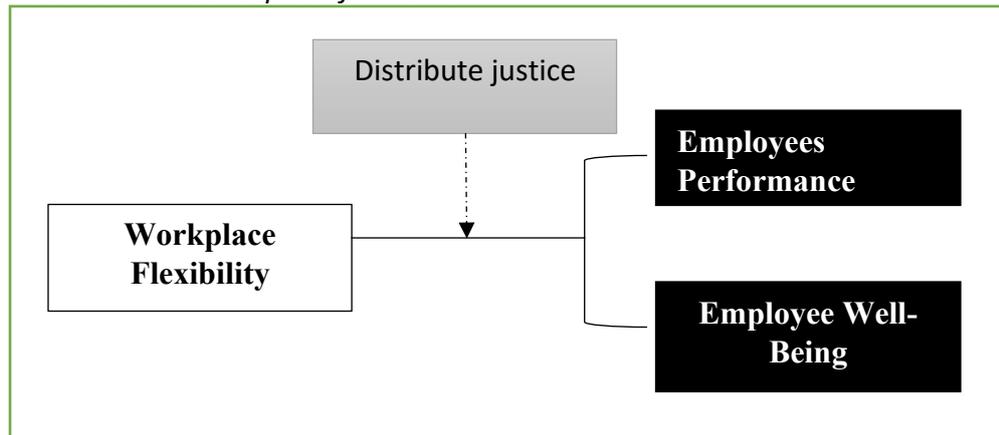
Additionally, research by Shalley et al. (2017) emphasized how distributed justice moderates the association between flexible work and performance. The authors argued that fairness in resource allocation including flexible work can noteworthy influence employee level of motivation and job performance. Likewise, when employees perceive an imbalance in how flexible work is distributed it can lead to a decreased level of motivation for transparent and fair practices within the organizations. This directly influences employees' ability to stay

motivated and sustain performance, a perspective also reinforced by stakeholder theory (Alshukri et al., 2024). To ensure the organization's success and high-performance companies should prioritize fairness and equity in the distribution of flexible work places that can lead to an increased and positive work environment that can be an advantage for all the employees.

*Hypothesis 3: Distributive justice has a moderating role in the association between workplace flexibility and employees performance*

*Hypothesis 4: Distributive justice has a moderating role in the association between workplace flexibility and wellbeing of employees*

*Illustration 1: conceptual framework*



## Methodology and Results

The objective of this study is to explore the generation-specific workplace attributes of Gen Z and validate their relevance within the Pakistani banking industry. Specifically, the study investigates the impact of workplace flexibility on employee performance and wellbeing. Given the nature of the research, the positivist paradigm was deemed most appropriate. A survey-based descriptive approach was used to assess the presence of Gen Z attributes among individuals in Pakistan born in or after 1997, in alignment with the positivist framework. This study highlights the distinct characteristics of this generation.

The research adopted a cross-sectional design, utilizing a questionnaire-based survey method (refer to Table 1 for item sources). The target population comprised private banks in Lahore, Pakistan, with the sample focused on Gen Z employees working in these banks. Convenient sampling was employed for selecting the participants (i.e., bank employees). The rationale for choosing Pakistani banks stems from the notable increase in Gen Z employees in this sector. Additionally, flexible working arrangements are crucial for maintaining performance in the competitive banking industry (Gillani et al., 2018).

Under the regulations of Higher Education Commission, bachelor degrees in professional disciplines (BS Degrees) are awarded after a formal education of 16 years and Associate Degrees are awarded after a formal education of 14 years. The eldest members of the last recognised generation, Gen Z, are about 27 years old at the time of this study (Gen Z 1997-2012).

The data collection was conducted in Lahore, where 310 questionnaires were distributed to bank employees. Of these, 176 were fully completed by respondents, resulting in a response

rate of 56.7%. These data were used for the analysis. The data were analyzed using IBM's Statistical Package for the Social Sciences (SPSS) and IBM AMOS software, employing the Structural Equation Modeling (SEM) technique.

Table 1

*Measures of the variables*

Variables	Source	No Of Item	Scale
Work place flexibility	Hill et al., 2008; Rodgers, 1992; Mariani & Castaldo, 2020	5	5-point scale of 1-strongly disagree to 5-strongly agree.
Distributive justice	Colquitts, 2001	5	Responses will be given on a 5-point scale with anchors of 1 = to a small extent and 5 — to a large extent.
Employee performance	Williams and Anderson (1991)	9	5-point scale of 1-strongly disagree to 5-strongly agree.
Employee wellbeing	Diener et al. (1985)	5	7 Likert scale

**Results**

The descriptive results of this study show that 61.7% of the respondents were male and 38.3% were female. Particularly every branch manager helps us to identify Gen Z employees in banks. Questionnaire was given to only gen z employees not to other generation. So, all the respondents were range from 1997-2012. From 176 total respondents 138 (78.40%) employees have Bachelor's degree (16 years) and 38 (21.59%) employees have master's degree (18 Years).

Table 1 displays the study's Cronbach's alpha, which is within the acceptable range recommended by Nunnally and Bernstein (1994). Several scholars have proposed a two-stage model-building procedure for applying SEM in the statistical treatment of the hypotheses in the proposed model (Hair et al. 1998; Lin and Lee 2004). Initially, we created a measuring model based on confirmatory factor analysis (CFA). The structural model comes after this.

Table 2

*Reliability Test*

Variables	Cronbach's alpha
Work Place Flexibility	.81
Distributive Justice	.84
Employee Performance	.76
Employee Wellbeing	.70

*Confirmatory Factor Analysis (CFA)*

According to the findings, the CFA fit indices are consistent with those of the earlier statisticians (Lin and Lee 2004; Ryu et al. 2003). According to our research, the goodness-of-fit index and root mean square residual are indicated by the ratio of statistics that quantify absolute fit:  $\chi^2/d.f = 1.568$ , GFI = 0.855, and RMR = 0.069. The comparative fit index (CFI = 0.911), the well-known goodness-of-fit index (AGFI = 0.825), and the root means square error of approximation (RMSEA = 0.04) are also examples of incremental fit metrics. Additionally, the model fit values were explained by the parsimonious fit measures PGFI = 0.724 and PNFI = 0.726. According to this research, every item produced an excellent fit to the available data and loaded heavily with the CFA model. The structural model illustrating the relationship between HRM practices, reciprocity, and KS behaviour is a good fit, as Table 2 demonstrates, with all goodness of fit indices falling below the acceptable level (Browne and Cudeck 1992; Bagozzi and Yi 1988).

Table 3

*Confirmatory Factor Analysis*

Fit Index	Values	Threshold
Absolute Fit		
X /DF	1.568*	<2; <3 OR 5
RMR	0.069**	<0.05 or 0.08
GFI	0.855**	>0.90; >0.8
Incremental Fit		
CFI	0.911**	>0.90
AGFI	0.825**	>0.90; >0.8
RMSEA	0.04**	<0.08

*Hypothesis Testing*

For the path validity of this model, the statistical implications of all essential parameter values are observed. As shown in table 3, the outcomes suggest that the relationship between work Place flexibility and employee performance (H1) ( $\beta = .299 < 0.05$ ), thus our H1 is accepted. H2 proposed that workplace flexibility has positive impact in employee wellbeing (H2) ( $\beta = .178 < 0.05$ ), this shows positive relationship between workplace flexibility and employee wellbeing and also significant, this H2 is also supported.

Table 4

*Direct Hypotheses Testing*

	Hypothesis	Beta Value	P value	Decision
H1	Work place flexibility → employee performance	0.299	0.024	Supported
H2	Work place flexibility → employee wellbeing	0.178	0.033	Supported

*Moderation Analysis*

It is established that workplace flexibility is inclined to employee performance of the organization and employee wellbeing; however, the research posited that Distributive justice

might have some influence on these relationships. To evaluate moderation impact, we create Distributive term for workplace flexibility and Distributive justice; to examine the impact on employee performance and employee wellbeing. After running analysis of Distributive term on dependents variables, the results of moderating relationships viewed in Table 00.

Hypothesis 3 of the current study predicts that the positive relationship between workplace flexibility and employee performance will be enhanced when Distributive justice is there. Results found an insignificant association of Distributive terms (workplace flexibility and Distributive justice) with employee performance (Beta = -0.357, P value < 0.001) hence hypothesis 3 is not supported as the beta value is negative.

Hypothesis 4 of the current study predicts that the positive relationship between workplace flexibility and employee wellbeing will be enhanced when Distributive justice is there. Results found a significant association of Distributive terms (workplace flexibility and Distributive justice) with employee wellbeing (Beta = 0.006, P value < 0.05) hence hypothesis is supported as the beta value is positive.

Table 5

*Moderation Analysis*

	Hypothesis	Beta Value	P value	Decision
H3	Work place flexibility X distributive justice → employee performance	-0.357	0.000	Not Supported
H4	Work place flexibility X distributive justice → employee wellbeing	0.006	0.042	Supported

**Discussion**

The purpose of the presents study is to analysis the impact of workplace flexibility employee performance and wellbeing with moderation role of distributive justice and the results of hypotheses testing regarding the impact of workplace flexibility on employee performance and employee well-being. Both hypotheses, H1 and H2, show statistically significant positive relationships.

The first objective of the study is to examine the impact of workplace flexibility on employee's performance. The beta value of 0.299 and a p-value of 0.024 indicate a significant positive relationship between workplace flexibility and employee performance. This result aligns with prior research. Studies have found that flexible work arrangements, such as remote working or flexible hours, enhance employee productivity and performance by allowing individuals to work in a way that suits their personal circumstances. Likewise, research by Bloom et al. (2015) & Davidescu, Apostu, Paul, & Casuneanu, (2020) highlighted that flexible work conditions can lead to higher efficiency, reduced commuting stress, and an increase in employees' ability to manage work-life balance, all of which contribute to performance improvements.

The second objective of the study is to examine the impact of workplace flexibility on employee wellbeing. The beta value of 0.178 and a p-value of 0.033 also show a significant positive relationship between workplace flexibility and employee well-being. This finding supports previous research emphasizing that workplace flexibility reduces stress and enhances job satisfaction, leading to better overall well-being. For instance, studies by Allen et al. (2013) demonstrate that flexible work policies help reduce burnout and improve mental health, as employees feel more in control of their work schedules and can accommodate personal responsibilities more effectively. Overall, the findings of direct hypothesis confirm the positive outcomes associated with workplace flexibility, supporting a growing body of literature advocating for the integration of such practices to boost both performance and well-being (Kim, Henly, Golden, & Lambert, 2020).

The third objective of the study is to examine the role of distributive justice between workplace flexibility on employee performance.

The beta value of -0.357 with a p-value of 0.000 indicates a significant negative moderation effect. This result suggests that distributive justice does not enhance the positive relationship between workplace flexibility and employee performance; rather, it weakens or even reverses it. Consequently, this hypothesis is not supported. These findings are surprising, given that previous research generally emphasizes the importance of fairness in distributing resources. Typically, distributive justice is considered a facilitator of better performance when combined with favorable workplace practices (Shifrin, & Michel, 2022). However, the negative moderation effect observed here might be explained by conflicting expectations or a potential perception of inequity among employees. For example, when flexible arrangements are perceived as unfairly distributed or when some employees receive perceived benefits that others do not, performance can decline due to resentment or feelings of injustice.

The fourth objective of the study is to examine the role of distributive justice between workplace flexibility on employee wellbeing. The beta value of 0.006 with a p-value of 0.042 indicates a significant but very small positive moderation effect. This result supports the hypothesis, suggesting that distributive justice slightly enhances the positive impact of workplace flexibility on employee well-being. This finding aligns with existing research indicating that employees' well-being improves when they perceive organizational practices as fair and equitable. When flexible work arrangements are accompanied by a sense of fairness in resource distribution, employees are likely to experience reduced stress and increased satisfaction, contributing to overall well-being (Keddie, 2023). Research by Colquitt et al. (2001) has similarly shown that perceptions of justice in the workplace are crucial for employee satisfaction and emotional well-being, as fair treatment fosters a supportive and trustful work environment.

### **Limitations and Future Research Direction**

Despite unique contribution of workplace flexibility examination in gen z, this study also has some limitation. The study is limited to Gen Z banking employees in Pakistan, which restricts the generalizability of the findings to other generational cohorts (e.g., Millennials, Gen X) or industries beyond banking. Gen Z may have unique work preferences and values that differ from other groups. The study uses a cross-sectional design, which prevents establishing causal relationships. A longitudinal study would be better suited to examine the long-term effects of

workplace flexibility and distributive justice. The study focuses solely on distributive justice, other dimensions of organizational justice such as procedural and interactional justice, which might also influence employee outcomes. Workplace flexibility might encompass multiple dimensions (e.g., flexible hours, remote work, job-sharing). If only a few aspects were considered, the study might not fully capture the concept's complexity.

Future studies could include Millennials, Gen X, or Baby Boomers to compare how workplace flexibility and distributive justice affect employee performance and well-being across generational cohorts. Other potential moderators such as procedural justice, leadership style, or organizational culture could be explored to understand their impact on the relationships studied. Future research should use longitudinal methods to better understand how workplace flexibility and justice perceptions evolve over time and impact long-term outcomes and conduct similar studies in other countries or regions to examine whether cultural differences influence the effects of workplace flexibility and distributive justice. Future studies could examine a wider range of workplace flexibility practices, including job redesign, compressed workweeks, or hybrid work models, to provide a holistic view.

### **Conclusion**

The study confirms that workplace flexibility has a positive impact on both employee performance and well-being. Managers should consider offering flexible work options, such as remote work, flexible hours, or compressed workweeks, to enhance job satisfaction and reduce burnout. The moderating role of distributive justice emphasizes the importance of fairness in distributing workplace benefits. Even if flexible work arrangements are in place, they will not be effective in improving performance or well-being unless employees perceive them as being equitably distributed. Managers should ensure that all employees have equal access to flexible work policies, and that decisions around flexibility are transparent, consistent, and based on clear criteria. Distributive justice can help reduce feelings of resentment or inequity, ensuring that employees feel valued and fairly treated.

To effectively manage Gen Z employees in the banking sector, organizations should tailor policies to prioritize flexibility and fairness, as this generation values autonomy and work-life balance. Ensuring distributive justice by transparently allocating flexible benefits can enhance trust and morale. Regularly gathering employee feedback on flexibility policies allows managers to make adjustments to meet evolving needs and maintain fairness. Additionally, investing in managerial training to manage flexible work arrangements effectively and considering the long-term impact on employee retention can foster a loyal, engaged workforce, reducing turnover and promoting organizational stability.

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