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THE IMPACT OF FLEXIBLE WORK ARRANGEMENTS ON ESTABLISHING WORK-LIFE BALANCE AMONG HIGHLY EDUCATED YOUNG EMPLOYEES IN THE SERVICE SECTOR

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Abstract

The increasing prevalence of flexible work arrangements (FWAs) has raised significant interest in their impact on work-life balance (WLB), particularly among young, highly educated employees. This study examines the effects of FWAs on WLB by analysing three key dimensions: work interference with personal life (WIPL), personal life interference with work (PLIW), and work/personal life enhancement (WPLE). Previous research has confirmed that FWAs promote better WLB in line with Social Exchange Theory (SET). The study was conducted on a sample of 448 highly educated young employees who utilize FWAs. Data were analysed using PLS-SEM to assess the relationships between FWAs and WLB dimensions. According to the obtained results, it was determined that FWAs reduce WIPL and PLIW, while positively affecting WPLE, which tells us that FWAs cause positive effects on WLB. SET confirms the fact that organizations that use FWAs for their employees have a positive effect on role integration, reducing stress and increasing support. By offering empirical data on the efficacy of FWAs and WLB in a developing economy, this study adds to the body of knowledge already available on these topics. It also provides organizations with useful implications, highlighting the significance of using FWAs as a tactical instrument to improve worker productivity and well-being.

Keywords: flexible work arrangements, work-life balance, highly educated employees, young employees, service sector

1. INTRODUCTION

Flexible work arrangements (FWAs) can significantly contribute to improving the work-life balance (WLB) of employees in the service sector (Chung & Van der Lippe, 2020). However, available information on the implementation of FWAs and their

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impact on WLB in Serbia is limited. Research on WLB policies in Serbia indicates that FWAs, commonly present in EU countries, are not widely implemented in Serbia. After returning from sick leave, the parent, most often the mother, resumes work, which may indicate a lack of flexibility in work arrangements that support the WLB (Tanasijević, 2016). Applying FWAs in the service sector in Serbia would contribute to a higher level of employee satisfaction and reduce stress. Additional research is necessary with the aim of assessing the current level of application of FWAs and the impact on employees in Serbia, which would facilitate the development of policies aimed at better working conditions and quality of life. FWAs represent a key element in the modern digital environment, within which companies around the world are forced to adopt changes in their strategy to not only survive in the market but also be business leaders. The mentioned changes mainly involve the integration of different types of FWAs such as flexi-time, job share, telework, etc. which offer employees a higher level of autonomy, a better WLB, etc. (Gašić, 2023). Although the benefits of applying various forms of FWAs have been established, research in terms of highly educated young employees working in the labour sector remains limited, and accordingly this research would represent a major contribution. Some of the challenges related to the application of FWAs refer to the inadequate legal framework, which lacks clear guidelines and instructions for the application of FWAs, which further complicates compliance with existing legislation (Vlajković, 2022). Due to pressures caused by globalization and increasing market competition, organizations in Serbia are experimenting with alternative types of work such as FWAs, as well as strategies for attracting and retaining talented employees, improving adaptability to market dynamics, and reducing operating costs. Accordingly, it is necessary to further investigate the effects of the application of FWAs on WLB with the aim of providing practical recommendations for improving policy and practice in this area.

Social exchange theory (SET) emphasize that interpersonal relationships are formed based on reciprocal exchanges, wherein individuals assess costs and benefits (Ahmad et al., 2023). In the context of FWAs, this theory provides a useful framework for understanding the interactions between employers and employees, wherein both parties engage in mutually beneficial exchanges. Employers offer FWAs, such as remote work, flexi-time, and job share, aiming to increase employee satisfaction, engagement, and productivity. In return, they expect enhanced employee loyalty, reduced turnover intention, and higher performance levels. Employees, in turn, value the flexibility offered, as it helps them reduce work-related stress and achieve a better WLB, thereby contributing to overall job satisfaction and engagement (Berber et al., 2022; Gašić et al., 2023). Following SET, the provision of FWAs allows employees to have more control over their work tasks and schedules, facilitating the achievement of a better balance between their professional and personal lives (Gašić et al., 2024b; Gašić et al., 2025a). In return for this flexibility, employees often perceive it as an expression of care for their well-being, which fosters a positive reciprocal dynamic (Moen et al., 2016). This reciprocal exchange leads to higher employee engagement, loyalty, and improved performance, contributing to the establishment of a healthier WLB.

The primary objective of this study is to investigate the impact of FWAs on the establishment of WLB among highly educated young employees in the Serbian service sector. This group faces challenges, as the rapidly evolving labour market in Serbia often entails high professional demands that can negatively affect their WLB. Nevertheless, the increasing adoption of FWAs may provide potential solutions to these challenges. The scientific contribution of this research lies in its focus on the specific context of highly educated young employees in Serbia, whose work performance and WLB have been insufficiently explored. While global research acknowledges the benefits of FWAs, there is a dearth of studies specifically examining their impact within the Serbian context, particularly in the service sector. This study aims to offer new insights into how FWAs can positively influence WLB, reduce job stress, and enhance job satisfaction, thereby contributing to greater organizational effectiveness. The expected outcomes of this research are expected to yield both theoretical and practical implications for employers and policymakers in Serbia. Understanding the needs of young, highly educated employees in balancing work and personal life will enable organizations to tailor their policies and practices more effectively, fostering a healthier and more productive work environment.

The paper is structured as follows: the first section provides the theoretical background, explaining key concepts related to FWAs and WLB in detail. The second section formulates the research hypothesis and reviews the existing theoretical and empirical evidence on the effects of FWAs on WLB, while also presenting the schematic contextual framework of the study. The third section outlines the research methods, detailing the research design, sampling procedure, and sample characteristics. The hypothesis is then tested in the subsequent section, where the results are discussed and compared with prior studies. The fourth section presents the conclusions, summarizing the key findings and offering practical recommendations for employers and employees on improving WLB through the implementation of FWAs. Additionally, suggestions for future research and study limitations are provided. Finally, the section on literature presents the sources utilized in the research.

2. THEORETICAL BACKGROUND

2.1. Flexible work arrangements

Flexible work arrangements have emerged in response to economic, technological, and societal changes. Kelliher and Anderson (2010) trace the origins of FWAs back to the 1970s, when companies in developed economies introduced various forms of flexibility to enhance productivity and reduce costs. Kossek and Lautsch (2018) emphasizes that teleworking and part-time work were among the earliest forms of FWAs, later evolving into diverse models that allow employees and employers to adjust work schedules and locations based on their specific needs. However, shift work has a much longer history, having developed in parallel with industrial, technological, and social transformations. Its earliest recorded instances date back to ancient Egypt, Rome, and Mesopotamia, where certain trades, commerce, and military watch duties required work at different time intervals to

ensure security and economic stability (Landes, 2000). Despite its historical roots, shift work became widespread during the Industrial Revolution, adapting to the demands of modern economies. These types of FWAs are not exhaustive. Stavrou (2005), through the Cranet international research methodology, identified 12 distinct forms of flexible work arrangements. Building on this framework, Berber and Slavić (2019) conducted a factor analysis of these 12 types, leading to their systematic categorization.

Table 1. Categorization of FWAs based on factor analysis by Berber & Slavić (2019)

Group	Type of flexible work arrangements
1.	**Weekend work** involves performing job-related activities on Saturdays and/or Sundays. While weekends are traditionally considered rest days for personal and family activities, certain industries, such as hospitality, retail, healthcare, and public services, require weekend work due to operational demands (Knauth, 2007). Although it can enhance productivity and service availability, it may also negatively impact employees' work-life balance
	Shift work refers to work schedules outside the traditional 9-5 working hours, including night shifts, rotating shifts, and split shifts. It is commonly found in industries such as manufacturing, transportation, healthcare, and security (Costa, 2010). While ensuring continuous operations, shift work may adversely affect employees' physical and mental health, leading to sleep disturbances and increased stress levels (Åkerstedt, 2003).
	Overtime involves additional working hours beyond the standard schedule. Typically compensated at a higher rate, overtime can lead to employee exhaustion and decreased productivity (Beckers et al., 2008). Labor regulations aim to prevent excessive overtime and ensure fair compensation (Junaidi et al., 2020).
2.	**Flexi-time** allows employees to determine their starting and finishing times within a predefined framework. This model enhances employee autonomy and facilitates better integration of personal and professional commitments (Vanajan et al., 2020). Research suggests that flexi-time contributes to increased productivity and job satisfaction (Chung & Van der Lippe, 2020).
	Home-based work enables employees to perform job-related tasks from their homes rather than from the company's office, often utilizing digital technologies (Afrianty et al., 2022). This model gained prominence during the COVID-19 pandemic, as it allowed businesses to maintain operations while reducing health risks (Felstead & Henseke, 2017).
	Telework refers to a work arrangement where employees perform their tasks primarily from locations outside the traditional office environment, such as their homes or coworking spaces (Saragih et al., 2021; Beckel & Fisher, 2022). Čudanov et al. (2022) emphasizes that remote work has gained increasing importance following the COVID-19 pandemic, improving productivity, and reducing operational costs.
3.	A **compressed working week** is an alternative schedule that allows employees to complete their weekly work hours in fewer days. For example, instead of working eight hours a day over five days, employees may work longer hours over four days (Moen & Kelly, 2016). While this arrangement can enhance productivity, it may also lead to increased fatigue.
	Job share is a work arrangement where two or more employees share the responsibilities and working hours of a single full-time position (Bhalla, 2016). This model is particularly beneficial for parents, older employees, and those seeking a reduced workload.
	Part-time involves employment with fewer working hours than a full-time position. It is common among students, parents, and older workers seeking greater flexibility (O'Reilly, 1991).
4.	A **fixed-term contract** is an employment agreement that specifies a predefined end date. Unlike indefinite contracts, which do not have a fixed termination date, fixed-term contracts are used to meet temporary or specific organizational needs (Wilthagen & Tros, 2004).
	Temporary/casual work refers to short-term employment or irregular job assignments. Organizations often use temporary workers to meet fluctuating labour demands, particularly in sectors such as hospitality and agriculture (Kalleberg, 2009).
	An **annual hours contract** defines the total number of working hours an employee must complete over a year rather than on a weekly or monthly basis. This approach provides greater flexibility in scheduling work hours to align with business demand fluctuations (Rubery & Grimshaw, 2003).

Source: Author's research

Jevtić & Gašić (2025a) highlight that over the past decade, FWAs have become increasingly significant in Serbia, particularly in the IT sector and service industries. The COVID-19 pandemic has significantly accelerated the adoption of these work models, especially remote work and hybrid arrangements. Bloom et al. (2015) highlight that FWAs are key to modern business practices for improving productivity, employee satisfaction, and organizational sustainability (Gašić et al., 2025b). FWAs also enable companies to attract and retain talented employees, reduce operational costs, and enhance adaptability to market changes. In Serbia, research shows that FWAs positively affect employee engagement and reduce stress, particularly in the IT sector and professional services (Vukelić et al., 2024). One of the main challenges to the wider implementation of FWAs in Serbia is inadequate legal regulations and employer resistance to change. However, growing competition and globalization encourage companies to experiment more with these work models (Jevtić & Gašić, 2025a). Gašić (2024) in his doctoral dissertation identified positive effects of FWAs on employee attitudes and behaviours in Serbia, as well as the mediating role of attitudes between FWAs and employee behaviour, based on a sample of 582 employees. However, the study did not examine the impact of FWAs on WLB, which makes this research a significant scientific contribution not only in Serbia but globally as well.

2.1.1. Work-life balance

Work-life balance (WLB) represents a state where employees successfully manage and balance their professional obligations with personal interests, such as time spent with family, friends, hobbies, and other non-work-related activities. WLB allows employees to alleviate stress, reducing the risk of burnout and fatigue (Viswanathan, 2022). Greenhaus and Allen (2011) highlight that WLB is crucial for employees' overall well-being, as it enables them to maintain a positive outlook on their life and health. Additionally, WLB is linked to higher job satisfaction and the long-term sustainability of employees' careers, benefiting organizations as well (Kossek & Ozeki, 1998). Organizations today recognize the importance of WLB as it directly influences job satisfaction, performance, and engagement. By offering FWAs and other strategies to support WLB, employers can increase productivity, reduce turnover intention, and attract top talent. Beauregard & Henry (2009) emphasizes when employees perceive that their organization supports their WLB, they feel more valued, which leads to higher job satisfaction and engagement.

Researching WLB plays a vital role in understanding the various factors influencing employees' attitudes, such as job satisfaction, organizational commitment, turnover intention, and employee engagement, as well as behaviours such as innovative work behaviour and job performance. Understanding how work conditions affect WLB enables organizations to optimize their strategies and improve the work environment. Additionally, WLB research helps organizations identify potential issues arising from high levels of work-life conflict, such as burnout or decreased productivity (Tavassoli & Sunyer, 2020). In today’s rapidly evolving work environment, research into WLB helps organizations adapt to new work models and establish optimal work-life

balance for their employees.

WLB can be analysed through three key concepts that address different aspects of the interaction between work and personal life. These concepts provide a clear framework for understanding how employers and employees can address challenges related to balancing work and personal obligations. First, work interference with personal life (WIPL) refers to situations where professional responsibilities interfere with or negatively affect an employee's personal life. For example, work overload, constant demands outside of working hours, or unrealistic expectations from employers can make it difficult for employees to separate time for family or personal interests (Kelliher & Anderson, 2010). This form of interference is often associated with stress and burnout, as employees are unable to relax or regenerate outside of work (Maslach & Leiter, 2016). Second, personal life interference with work (PLIW) occurs when personal life disrupts or interferes with work responsibilities. Issues such as health problems or family matters can prevent employees from focusing on their professional tasks (Greenhaus & Beutell, 1985). This type of interference can reduce productivity and engagement, as employees are unable to fully devote their attention to work while dealing with personal concerns. And third, work/personal life enhancement (WPLE) refers to situations where there is a positive synergy between work and personal life. In this case, successfully balancing work and personal life enables employees to perform better in both domains. For example, work flexibility can allow employees to complete their professional tasks while having sufficient time for family activities, thereby positively influencing their overall motivation and satisfaction (Wayne et al., 2007). This concept enables employees to feel a greater sense of accomplishment as they balance professional and personal goals.

WLB is a critical factor for employees' well-being and the long-term success of organizations. Understanding how FWAs influence dimensions such as WIPL, PLIW, and WPLE helps organizations design work conditions that enhance productivity, reduce stress, and increase employee satisfaction. Researching WLB provides deeper insights into the challenges employees face and opportunities for improving organizational culture and work policies. By managing work conditions effectively, organizations can achieve a better balance between work and personal life, leading to higher employee engagement and loyalty (McNall et al., 2010).

2.2. Hypothesis development

Research suggests that FWAs can significantly improve WLB by providing employees with greater autonomy and control over their work schedules, thereby reducing stress and enhancing overall life satisfaction. This chapter will explore the key factors influencing the relationship between FWAs and WLB, drawing on both domestic and international studies. The aim of this research is to understand the potential benefits and challenges in implementing FWAs, as well as their broader implications for employee well-being and organizational success.

A review of previous theoretical and empirical knowledge has determined FWAs have become key factors in improving WLB and enhancing overall employee performance across various industries. Research shows that FWAs, such as flexible

work hours, telecommuting, and job sharing, can have a positive impact on WLB by enabling employees to better balance their professional and personal responsibilities, reducing stress, and increasing job satisfaction. Hayman (2009) establishes that flexi-time improve WLB, while telecommuting and job sharing did not show significant differences compared to flexi-time, highlighting the importance of the perceived usability of FWAs. Fung et al. (2021) and Gašić et al. (2025c) emphasize that managerial support and organizational culture play a critical role in the implementation of policies that support WLB, while high organizational time demands can negatively affect employees' balance in the Chinese IT industry. Similarly, Subramaniam et al. (2020) note that FWAs reduce stress among academic staff in Malaysia, although universities often fail to provide adequate support, suggesting the need for continuous development and implementation of policies that offer employees greater flexibility and support. Bertram et al. (2018) highlights that operational arrangements that facilitate WLB have a positive impact on the economic aspects of organizations, as they increase employee productivity and satisfaction, while Wong et al. (2017) show that supervisor and colleague support can significantly contribute to WLB in the Malaysian service sector. In the context of the Indian IT/ITES industry, Shah et al. (2024) emphasizes the importance of telecommuting and organizational support for achieving better WLB and increasing employee engagement, suggesting that organizations can leverage telecommuting as a competitive advantage to drive innovation and productivity. Mattarelli et al. (2022) confirm that FWAs improve WLB, but do not impact creativity, which suggests that balancing work and life may take precedence in organizations that implement FWAs. On the other hand, Elhinnawy et al. (2025) explore how hybrid work impacts women during the COVID-19 pandemic, highlighting changes in the perception of workspaces and the need for long-term adoption of flexible work arrangements to allow employees to better manage their professional and personal obligations. Eshun and Segbenya (2024) argue that WLB mediates the relationship between FWAs and employee performance in higher education, providing evidence that flexible work arrangements positively influence employee performance through improving work-life balance. Furthermore, Ferdous et al. (2023) suggests that WLB partially mediates the relationships between FWAs and employee outcomes, with employee age having a moderating effect on the relationship between WLB and turnover intentions. These studies provide a comprehensive insight into how FWAs can be beneficial for improving WLB, as well as for achieving better employee outcomes, contributing to the development of a competitive advantage for organizations and enhancing the overall business environment Dizaho et al. (2017). Based on the theoretical and empirical findings, a conceptual framework (Figure 1) for the research has been developed, and research hypotheses have been formulated.

H1: Flexible work arrangements have a negative effect on work interference with personal life (WIPL).

H2: Flexible work arrangements have a negative effect on personal life interference with work (PLIW).

H3: Flexible work arrangements have a positive effect on the enhancement of work/personal life integration (WPLE).

3. RESEARCH METHODS

3.1. Survey design

To test the research hypothesis, an electronic questionnaire was created, consisting of three parts. The first part covered sociodemographic characteristics, including gender, age structure, and education level. The second part included 11 statements related to the independent variable "Flexible Work Arrangements", according to Albion (2004). The statements FWAs1, FWAs5, FWAs6, and FWAs7 were focused on flexible work arrangements in the context of family, while the statements FWAs2R, FWAs3R, FWAs4R, FWAs8R, FWAs9R, FWAs10R, and FWAs11 were directed at flexible work arrangements in the context of personal life. The third part of the questionnaire assessed "Work-Life Balance" (WLB), adapted from Fisher-McAuley et al. (2003) through Hayman (2005), and consisted of 15 statements divided into three groups: seven questions related to "work interference with personal life" (WIPL), four questions related to "personal life interference with work" (PLIW), and the last four questions focused on "work/personal life enhancement" (WPLE). A five-point Likert scale was used for all statements (Jebb et al., 2021), where 1 means "strongly disagree" and 5 means "strongly agree." The "R" label next to certain statements in the questionnaire indicates that a reversed scoring method is applied for these items. To test the research hypotheses, the authors used Partial least squares structural equation modeling (PLS-SEM).

3.2. Sampling procedure

The target sample of this study consists of highly educated young employees in the Serbian service sector who use FWAs. A

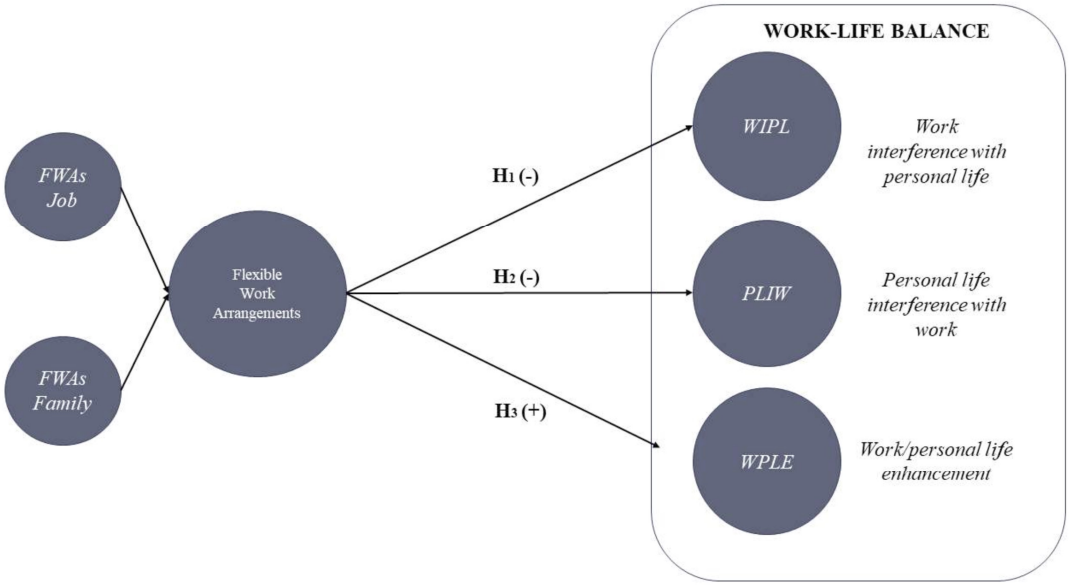

Figure 1. Contextual framework (Source: Authors research)

random sampling method was employed, ensuring that each member of the target sample had an equal probability of being selected for the sample. Data were collected through a series of surveys conducted in multiple waves: the first wave in May 2023, the second in February 2024, and the third in July 2024. This approach was chosen for its advantages, including easier distribution and data collection, higher accuracy of the data, simplicity in design, and the provision of anonymity and privacy, which generally encourages respondents to provide more honest answers. The sample size was determined using the formula developed by Cochran (1977), with a sample of 448 employees considered sufficient for further analysis, assuming a 5% significance level and a 95% confidence interval. According to data from the Statistical Office of the Republic of Serbia (2024), the total number of employees in the second quarter of 2024 was 2,367,170. A total of 1,000 surveys were sent to potential respondents via email, and after data collection, 523 responses were received. After collecting the sample, the authors separated the sample referring to highly educated young employees in the service sector. A data cleaning process revealed that 75 responses had to be excluded due to incomplete or inaccurate data (unanswered questions and outliers). The final sample consisted of 448 valid responses, resulting in a response rate of 44.8%.

3.3. The sample

Based on the conducted survey and after data cleaning, which involved removing duplicates and responses indicating insincerity or illogicality, a total of 488 valid responses were included in the analysis. The presence of duplicates was identified during the data cleaning phase by detecting completely identical questionnaires, while illogical and insincere responses were identified using objective criteria such as extremely short completion time, straight-lining, and inconsistencies in oppositely formulated items. Analysing the sociodemographic characteristics of the sample, it was found that most employees are female (56%), while males account for 44%. Regarding the age structure, the largest group of employees falls within the age range of 25 to 34 years (43%), followed by those aged 35 to 44 years (39%), and those under 25 years (18%). In terms of educational level, the sample consists predominantly of highly educated employees, with the majority BSc (56%), followed by MSc (35%) and a PhD (9%). The younger workforce constitutes a significant portion of the contemporary labour market (Nabawanuka & Ekmekcioglu, 2022), and their work patterns, including a preference for FWAs, make them a key group for analysing the impact of managerial support on job stress, satisfaction, and turnover intentions. Focusing on younger employees enables a better understanding of their specific needs, providing a foundation for developing strategies that can contribute to better WLB, employee engagement, job satisfaction, and reduced job stress etc.

4. RESULTS AND DISCUSSION

Using PLS-SEM in SmartPLS 3 software for data processing, the effects of FWAs on the establishment of WLB. The independent variable "Flexible Work Arrangements" represents a second-order formative

construct, consisting of two first-order reflective constructs: FWAs in the context of family and FWAs in the context of job. On the other hand, the model includes first-order reflective constructs related to work interference with personal life (WIPL), personal life interference with work (PLIW), and work/personal life enhancement (WPLE). To test the hypotheses, the first step was focused on analysing the formative construct of FWAs, with the external weights, standard deviations, *t*-statistics, *p*-values, and variance inflation factors (VIF) estimated and presented in the following Table 2.

Based on the results obtained, the formative construct FWAs was successfully tested, as all criteria were met. The results of the analyses presented in Table 3 show that all indicators were within acceptable limits, which confirms the validity and significance of the formative construct. The weights were statistically significant, with *p*-values below 0.05, indicating that the relationships

Table 2. Analysis of formative constructs in the outer model and values of the VIF

	Outer weights	**Standard dev.**	**t stat.**	***p* values**
FWAs - Family -> Flexible Work Arrangements	0.560	0.025	21.984	0.000
FWAs - Job -> Flexible Work Arrangements	0.550	0.025	21.630	0.000
Variance inflation factor of formative construct				
FWAs - Family FWAs - Job	1.63		Criterion < 5 Hair et al. (2010)	

Source: Author's research

Table 3. Results of outer loadings, assessment of measurement model reliability and VIF values

Items	**FWAs Job**	**FWAs Family**	**PLIW**	**WIPL**	**WPLE**	**Cronbach's alpha**	**Composite Reliability**	**AVE**	**VIF**
	Outer loadings								
FWAs3R	0.787					0.710	0.821	0.535	1.930
FWAs4R	0.706								1.391
FWAs9R	0.711								1.384
FWAs10R	0.718								1.459
FWAs1		0.596				0.774	0.857	0.605	1.302
FWAs5		0.870							3.224
FWAs6		0.839							3.109
FWAs7		0.780							1.449
PLIW2			0.855			0.801	0.880	0.711	1.495
PLIW3			0.831						1.951
PLIW4			0.844						1.992
WIPL1				0.916		0.940	0.952	0.770	4.147
WIPL2				0.899					3.494
WIPL3				0.878					3.301
WIPL4				0.900					4.235
WIPL5				0.872					3.566
WIPL6				0.798					2.229
WPLE1					0.754	0.770	0.851	0.590	1.544
WPLE2					0.768				1.912
WPLE3					0.797				1.549
WPLE4					0.753				1.808

Source: Author's research

between the dimensions of flexible work arrangements and their indicators were strongly supported. Additionally, the VIF values were below the critical threshold (VIF<5), indicating no issues with multicollinearity among the indicators. All these results suggest the successful testing of the formative construct and the satisfaction of all necessary criteria for further analysis.

The next part of the analysis focuses on the obtained results for the outer loadings, assessment of the measurement model reliability, and VIF values. According to Hair et al. (2021), and Jevtić and Gašić, 2025b, all outer loadings above 0.708 should be retained in the model, as they indicate that the construct explains more than 50% of the variance in the indicators. Loadings between 0.4 and 0.708 should be retained if they don't jeopardize further analysis, while values below 0.4 should be removed from the measurement model. Accordingly, the items FWAs2R, FWAs8R, and FWAs11 were removed from further analysis as their loadings were below the acceptable threshold.

Dakduk et al. (2019) emphasize that Cronbach's alpha values range from 0 to 1, with values above 0.6 considered acceptable, although values above 0.8 are preferable. Based on the lower limit of acceptable values, it can be concluded that the defined criterion is met, as Cronbach's alpha values range from 0.710 (FWAs - Job) to 0.940 (WIPL). According to Hair et al. (2017), the lower threshold for acceptable composite reliability is 0.7, and based on this criterion, it can be concluded that the composite reliability criterion is met, as all indicators have composite reliability values greater than 0.7, ranging from 0.821 (FWAs - Job) to 0.952 (WIPL). Dash & Paul (2021) highlight that the lower limit for the acceptable Average Variance Extracted (AVE) is 0.5, and based on the obtained results, it can be concluded that the AVE criterion is met for all observed values, with values ranging from 0.535 (FWAs–Job) to 0.770 (WIPL). The Variance Inflation Factor (VIF) values below 5 are considered acceptable according to Hair et al. (2010), and based on the obtained results, this criterion is also met, as all observed indicators have VIF values lower than 5. The next analysis focuses on the procedure for assessing discriminant validity using the stringent Heterotrait-Monotrait (HTMT) criterion.

HTMT is used to assess discriminant validity by comparing the average correlations between indicators of different constructs (heterotrait) with the average correlations between indicators of the same construct (monotrait) (Voorhees et al., 2016). Hair et al. (2021) highlights a threshold value of 0.9 for HTMT, and based on the obtained results, it can be concluded that discriminant validity has been satisfied. The next analysis focuses on testing the structural model to evaluate the effects that FWAs have on WLB.

The results presented in the table indicate statistically significant relationships between FWAs and three key factors related to WLB: Personal Life Interference with Work (PLIW), Work Interference with Personal Life (WIPL), and Work/Personal Life Enhancement (WPLE). FWAs have a negative impact on PLIW (β=-0.189, T=4.547; p=0.000) and WIPL (β=-0.137, T=3.000; p=0.003), meaning they enable employees to better balance their professional and personal responsibilities. Workplace flexibility reduces the interference of personal life on work tasks and vice versa, thereby decreasing stress and improving overall well-being (Kelliher &

Anderson, 2010). This is particularly important for young, highly educated employees who face high professional demands (Nabawanuka & Ekmekcioglu, 2022). On the other hand, FWAs have a positive impact on WPLE (β=0.243, T=5.435; p=0.000), indicating that flexible work arrangements contribute to a more harmonious integration of work and personal life. This aligns with Social Exchange Theory (SET), which posits that employees perceive FWAs as a form of organizational support, leading to increased engagement, loyalty, and performance (Ahmad et al., 2023). When employees feel that their organization supports their WLB, they are more likely to experience a sense of accomplishment and satisfaction, thereby enhancing their overall well-being (Beauregard & Henry, 2009). These findings are consistent with previous research, such as Hayman (2009), who demonstrated that flexible working hours improve WLB, and Fung et al. (2021), who emphasized the importance of managerial support and organizational culture in reducing work-life conflict. In line with the above, all research hypotheses have been confirmed. The numbers represent t-values obtained through the bootstrapping analysis in SmartPLS, indicating the statistical significance of the paths between latent variables and the indicator loadings, with all values exceeding the threshold of 1.96, thus confirming the significance of the relationships and indicators in the model, as presented in the Figure 2.

5. CONCLUSIONS

Flexible work arrangements have become a key element in modern work environments, particularly in the service sector, where organizations increasingly strive to attract and retain talent. However, the implementation of FWAs in Serbia remains limited, primarily due to the lack of clear legal frameworks and employer resistance to adopting new work practices (Vlajković, 2022). This research has shown that FWAs can significantly contribute to improving work-life balance (WLB), reducing stress, and increasing employee satisfaction, which

Table 4. HTMT criterion (discriminant validity)

	FWAs - Family	FWAs - Job	PLIW	WIPL	WPLE
FWAs - Family					
FWAs - Job	0.818				
PLIW	0.155	0.341			
WIPL	0.108	0.284	0.373		
WPLE	0.241	0.321	0.365	0.489	

Source: Author's research

Table 5. Results of direct effect of FWAs on WLB

Relationship	β	St. Dev.	t statistics	*p* values
Flexible Work Arrangements -> PLIW	-0.189	0.042	4.547	0.000
Flexible Work Arrangements -> WIPL	-0.137	0.046	3.000	0.003
Flexible Work Arrangements -> WPLE	0.243	0.045	5.435	0.000

Source: Author's research

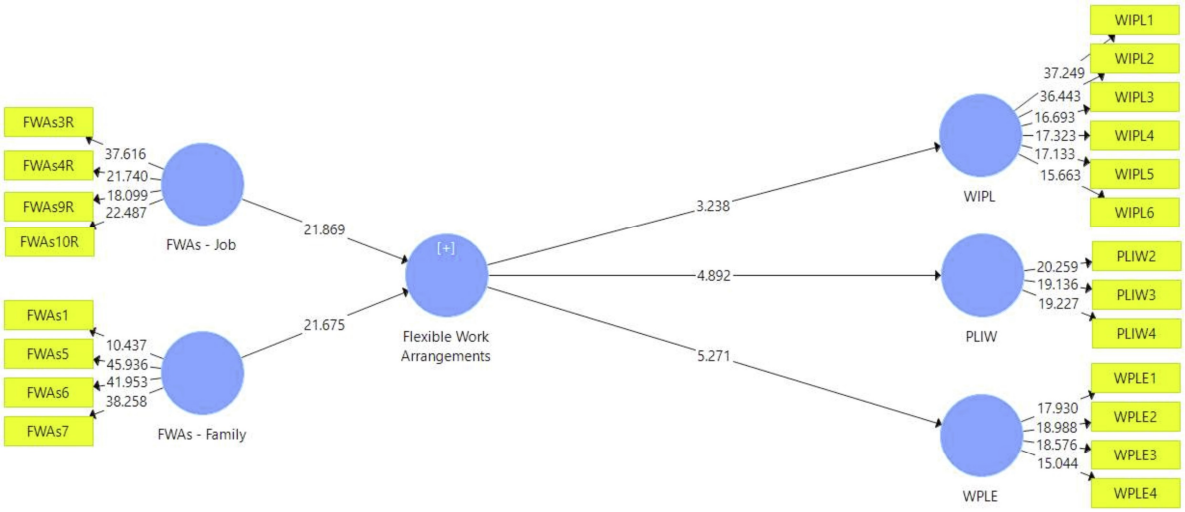

Figure 2. Results of bootstrapping analysis (Source: Author's research)

is especially important for young, highly educated employees who often face high professional demands. As highlighted in the introduction, FWAs enable employees to have greater autonomy in managing their work and personal responsibilities, which is a key factor in maintaining a healthy WLB (Chung & Van der Lippe, 2020; Gašić, 2023).

All hypotheses were confirmed, meaning that flexible work arrangements positively influence the establishment of WLB among highly educated young employees in the service sector. This finding supports key aspects of Social Exchange Theory, which focuses on reciprocal exchanges between employers and employees, where both parties derive mutual benefit. In the context of FWAs, employers offer flexibility in working conditions, such as remote work, flexi-time, and job sharing, to increase employee satisfaction, engagement, and productivity. In return, they expect higher employee loyalty, reduced turnover, and improved performance. Employees, on the other hand, value this flexibility because it allows them to reduce work-related stress and achieve a better balance between professional and personal life, thereby contributing to their overall satisfaction and engagement (Gašić et al., 2023). Specifically, H1 demonstrated that FWAs have a negative effect on the impact of work on personal life (WIPL), which aligns with the findings of Hayman (2009), who showed that flexi-time enable employees to better integrate their professional and personal obligations. H2 confirmed that FWAs have a negative effect on the impact of personal life on work (PLIW), in line with the research of Fung et al. (2021), who emphasized the importance of managerial support in reducing the conflict between work and personal life. Finally, H3 showed that FWAs have a positive effect on improving the connection between work and personal life (WPLE), which aligns with Social Exchange Theory, suggesting that employees perceive FWAs as organizational support, leading to higher satisfaction and engagement (Ahmad et al., 2023). The results of this research have important practical implications for organizations in Serbia, particularly in the service sector. Implementing FWAs can

contribute to improving employee well-being by reducing stress and increasing employee satisfaction, which can lead to greater productivity and reduced turnover. Additionally, FWAs can help organizations attract and retain young, highly educated employees, as this demographic group increasingly seeks flexible working conditions. Furthermore, supporting work-life balance through FWAs can create a positive organizational culture, leading to higher employee engagement and loyalty. This research provides valuable insights into how FWAs can contribute to improving WLB among young, highly educated employees in Serbia. The results of the study can serve as a foundation for developing policies and practices that support employees in achieving better work-life balance, which in turn will contribute to increased productivity and organizational efficiency.

Although the findings of this research are promising, there are certain limitations. First, the cross-sectional design of the study prevents the establishment of causal relationships between FWAs and WLB. Longitudinal studies would provide deeper insights into the long-term effects of FWAs. Second, the research was conducted solely in the service sector, which limits the generalizability of the findings to other industries. Lastly, while the sample was adequate, the focus on young, highly educated employees may limit the applicability of the findings to other demographic groups.

To build on this research, future studies should focus on several areas. Longitudinal studies are recommended to better understand the long-term impact of FWAs on WLB. Furthermore, expanding research to other sectors, such as manufacturing, healthcare, and education, would provide a more comprehensive view of the impact of FWAs across different industries. Future research should also examine how cultural and societal factors affect the effectiveness of FWAs in different contexts. Finally, while FWAs have shown a positive impact on WLB, future studies could investigate their impact on creativity and innovation within organizations.

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УТИЦАЈ ФЛЕКСИБИЛНИХ ОБЛИКА РАДА НА УСПОСТАВЉАЊЕ РАВНОТЕЖЕ ИЗМЕЂУ ПОСЛОВНОГ И ПРИВАТНОГ ЖИВОТА МЛАДИХ ВИСОКООБРАЗОВАНИХ ЗАПОСЛЕНИХ У УСЛУЖНОМ СЕКТОРУ

Димитрије Гашић и Немања Бербер

Извод

Све већа заступљеност флексибилних облика рада (*Flexible Work Arrangements*, FWA) подстакла је значајно интересовање за њихов утицај на равнотежу између пословног и приватног живота (*Work–Life Balance*, WLB), посебно међу младим, високообразованим запосленима. Ово истраживање испитује утицај FWA на WLB анализом три кључне димензије: ометања приватног живота пословним обавезама (*Work Interference with Personal Life*, WIPL), ометања пословног живота приватним обавезама (*Personal Life Interference with Work*, PLIW) и међусобног позитивног утицаја пословног и приватног живота (*Work/Personal Life Enhancement,* WPLE). Претходна истраживања потврдила су да FWA доприносе бољој WLB, у складу са теоријом друштвене размене (*Social Exchange Theory,* SET).Истраживање је спроведено на узорку од 448 младих, високообразованих запослених који користе FWA. Подаци су анализирани применом моделовања структурним једначинама методом парцијалних најмањих квадрата (PLS-SEM), како би се испитали односи између FWA и димензија WLB. Резултати показују да FWA смањују WIPL и PLIW, док позитивно утичу на WPLE, што указује на позитивне ефекте FWA на WLB. SET потврђује да организације које примењују FWA позитивно утичу на интеграцију улога, смањење стреса и повећање подршке.Пружањем емпиријских података о делотворности FWA и WLB у економији у развоју, ово истраживање доприноси постојећим сазнањима у овој области. Такође, пружа корисне практичне импликације за организације, наглашавајући значај примене FWA као тактичког инструмента за унапређење продуктивности и добробити запослених.

Кључне речи: флексибилни облици рада, равнотежа између пословног и приватног живота, високообразовани запослени, млади запослени, услужни сектор.

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