Tec Empresarial
P-ISSN: 1659-2395; E-ISSN: 1659-3359

Factors Influencing Work System Preferences: A Study of Generation X, Y, and Z Employees

Angeline Felicia Wu[A], Jeryan Gintir[B], Ira Setyawati[C], Maria Grace Herlina[D]

Abstract

The COVID-19 pandemic has introduced three main work models: Work from Office (WFO), Work from Home (WFH), and hybrid. This shift has created a critical need to understand the factors that influence work system preferences among Generations X, Y, and Z in the labor market. This study examines how generational characteristics, work-life balance, flexibility, and digital literacy shape work system preferences among 413 employees in Indonesia using PLS-SEM with WarpPLS. Results show that generational characteristics and flexibility significantly influence work preferences, while work-life balance and digital literacy do not significantly affect preferences in the Indonesian context. These findings reveal how cultural norms favoring physical presence and limited remote work infrastructure create different dynamics than developed markets. Gen X and Y predominantly prefer WFO for stability and direct interaction, while Gen Z leans toward WFH for flexibility. This study contributes empirical evidence from an emerging economy perspective and highlights the importance of designing adaptive work policies that account for generational differences, organizational culture, and infrastructure readiness rather than simply adopting Western-based flexible work models.

Keywords: *Work System Preferences, Generational Differences, Work-Life Balance, Flexibility, Digital Literacy, Work Arrangements, Hybrid Work, Indonesia, Emerging Economy.*

INTRODUCTION

The COVID-19 pandemic has introduced new aspects to the workplace life, such as remote working systems, in response to the need for flexibility and efficiency (Langovska & Rozentale, 2021). This situation has given rise to three main work systems: Work from Office (WFO), Work from Home (WFH), and hybrid. After the COVID-19 pandemic subsided, this trend did not fully return to the WFO system. The U.S. Bureau of Labor Statistics (Hill et al., 2025) reported that during 2024, 51.82 million workers chose to work WFH and hybrid. This shift in work system

[A]*Bina Nusantara University, Jakarta, Indonesia, Email: angeline.felicia@binus.ac.id*
[B]*Bina Nusantara University, Jakarta, Indonesia*
[C]*Bina Nusantara University, Jakarta, Indonesia*
[D]*Bina Nusantara University, Jakarta, Indonesia*

models raises important questions about other factors that influence a person's work system preferences (Patil et al., 2024). Work system preferences refer to the personal approach an individual takes to their work and the aspects they prioritize and value in the workplace, which are often considered relatively stable over time (Stamate & Denis, 2025). Several factors, such as generational characteristics, work-life balance, flexibility, and digital literacy, can influence work system preferences. There are several types of work systems, including WFO, WFH, and hybrid.

WFO is a work model where employees work in an office environment to support work efficiency (Suzana & Siagian, 2022). Meanwhile, WFH can be seen as a flexible work arrangement that provides employees the freedom to complete their tasks and responsibilities at home using technology as a bridge (Febriani et al., 2023). Meanwhile, a hybrid work model is one where employees are given the freedom to choose a workplace that best suits their needs (Saritha et al., 2023).

Three generational cohorts currently dominate the Indonesian labor market: Generation X (1965–1980), Generation Y (1981–1996), and Generation Z (1997–2012). Each generation, shaped by distinct historical periods and socio-cultural events (Hill et al., 2025), brings different values and work expectations. While evidence suggests these preferences differ, with older workers showing stronger preference for traditional office arrangements (Mujahid et al., 2023), we still lack comprehensive understanding of what drives work system choices across all three generations. Factors like generational characteristics, work-life balance, flexibility, and digital literacy likely play important roles, yet their relative influence in the Indonesian context remains unclear, particularly as the country's workplace culture and infrastructure differ significantly from Western markets where most remote work research has been conducted.

Most existing research on remote work has focused on productivity and job satisfaction, primarily among Generation Y in Western contexts (Eng et al., 2024; Allen et al., 2024). What's missing is a comprehensive comparison of how all three generations (X, Y, Z) perceive and choose among the three work arrangements (WFO, WFH, hybrid) in an emerging economy setting. This gap is particularly important for Indonesia, where rapid digital adoption coexists with traditional workplace norms that emphasize physical presence and face-to-face collaboration. Addressing this gap can help Indonesian organizations design work policies that balance employee expectations with operational needs and talent retention goals.

This study makes three contributions to the existing literature. First, we apply the Theory of Reasoned Action to understand how generational characteristics and flexibility shape employee attitudes toward WFO, WFH, and hybrid work. Second,

we provide empirical evidence from Indonesia, an emerging economy where infrastructure gaps and traditional office culture create very different conditions than the developed markets that dominate current research. What predicts remote work preferences in Western contexts may not hold when organizational readiness and cultural norms favor physical presence. Third, rather than comparing just two work models or studying a single generation, we examine all three generational cohorts (X, Y, Z) across all three work arrangements simultaneously, giving us a fuller picture of how post-pandemic work preferences actually vary.

LITERATURE REVIEW

Theory of Reasoned Action

The Theory of Reasoned Action (TRA) defines attitude as an evaluation of behavior, making the predictive effect of attitude on behavior an empirical question (Trafimow, 2009). This model argues that a person's behavior is driven by behavioral intention, which is shaped by attitude toward the behavior and subjective norm (Ajzen & Fishbein, 1975 in Rachmadana et al., 2024). As a basic foundation, intention is triggered by two main factors: behavioral beliefs and normative beliefs (Nickerson, 2025). TRA in this context is applied to measure the extent to which attitudes and subjective norms predict the intentions of Generations X, Y, and Z towards work system preferences (WFO, hybrid, or WFH).

Work system preferences are viewed through TRA as the result of simultaneous interactions between Generational Characteristics, Work-Life Balance, Work Flexibility, and Digital Literacy that shape individuals' Behavioral Beliefs and Normative Beliefs. These then influence attitudes (attitude toward behavior) and subjective norms. For example, Behavioral Beliefs are influenced by generational differences. (e.g., Generation X believes in WFO productivity compared to Generation Y/Z who believes in technology-based collaboration), the need for Work-Life Balance, and the level of Digital Literacy where high digital skills create positive beliefs about the effectiveness of hybrid work (Nickerson, 2025; Trafimow, 2009). At the same time, Normative Beliefs (such as social norms that recognize flexibility and digital competence as modern work standards) reinforce Subjective Norms. It is this combination of comprehensive attitudes and subjective norms that generates Behavioral Intention, strongly predicting employees' preferences for work systems that offer high flexibility, such as remote and hybrid models (Jingyi & Ali, 2025).

Work System Preferences

According to Stamate & Denis (2025), work system preferences are specific conditions that each individual seeks in the work environment. Work preferences cover various aspects of work, such as working conditions, tasks, and the overall work environment that are in line with their personal values and lifestyle choices. The Work Preference Questionnaire (WPQ) proposed by Stamate & Denis, (2025), identifies a nine-factor structure that captures different dimensions of work system preferences, including Autonomy, Performance valuation, Organizational prestige, Colleagues support, Job Security, Openness to Innovation, Commission compensation, Teleworking, and Work-family balance. Each dimension reflects a unique aspect of what individuals value in a work setting. Stamate & Denis, (2025) also emphasize that preferences may change as individuals progress through different stages of life, but remain consistent across gender and education levels.

Characteristics

According to Lelak (2024), characteristics are a set of environmental variables that are considered to be important causes of an employee's effects and behavior. In addition, characteristics can be viewed as the main features inherent in a job that are bound by the expertise of the person holding that job (Yahya et al., 2024). The dimensions used are Autonomy, Social Support, Work Conditions, and Feedback from Others and Job (Plakhotnik et al., 2024). Generation X characteristics tend to be loyal, value structure and stability, and are accustomed to direct communication (H, 2023). Generation Y emphasizes independence, cooperation, adaptability, and meaning in work. As “digital natives,” Generation Z is very familiar with technology and multitasking, and they enjoy autonomy and digital-based learning (Osorio & Madero, 2025).

Work Life Balance

Work-life balance (WLB) is the equilibrium between professional responsibilities and personal life, where the importance of each component in this balance is determined from the individual's perspective (Falestiana et al., 2024). According to Oteng & Eyono, (2024) Generation Y prioritizes WLB more than Generation X because they define success by having WLB, control over work schedules, and good integration of personal and professional responsibilities. In addition, Generation Z also considers WLB important because it is believed to improve their physical and mental well-being without reducing their contribution to the company (Anhar et al., 2024). According to (Fisher et al., 2009), there are two

dimensions of WLB, namely the demands dimension and the resources dimension. The demands dimension is further divided into two indicators, namely Work Interference with Personal Life (WIPL) and Personal Life Interference with Work (PLIW). The resources dimension is also divided into two indicators, namely Work Enhancement of Personal Life (WEPL) and Personal Life Enhancement of Work (PLEW).

Flexibility

According to (Idowu et al., 2019), employee-oriented flexibility is an arrangement where the company does not make demands on its employees but allows them to make their own choices regarding their work. This is also stated by (Oktorada & Soediantono, 2022), who divide the dimension of flexibility into those defined internally and considered as flexible competencies and those perceived by customers so that they can be considered flexible capabilities. Yadav et al., (2016) identify three sub-dimensions of workplace flexibility: employee skill flexibility, behavioral flexibility, and human resource practice flexibility. Generation Y grew up amid technological breakthroughs, so they actively use media and take full advantage of the flexibility of these tools (Dixon, 2022). The work flexibility of Generation X allows them to balance responsibilities outside of work, and can reduce work-non-work conflict (Widyanti & Dewi, 2023). Meanwhile, Generation Z prefers jobs that offer flexibility and independent work opportunities (Rosita et al., 2024).

Digital Literacy

Digital literacy refers to the capacity to utilize information and communication technology for accessing, assessing, creating, and sharing information or content and includes cognitive, ethical, social, emotional, and technical aspects (Giroth et al., 2024). This is also supported by Suryansyah & Hasanah (2024), who contend that digital literacy is an important soft skill for using and understanding the wide range of information that is readily available and easily accessible via the internet. Improved digital literacy enables companies and employees to utilize technology more effectively to increase efficiency and quality of decision-making, thereby supporting the implementation of technology-based work systems such as WFH and hybrid (Sudarsono & Ruhayu, 2024). Varying levels of digital literacy greatly influence each generation's preference for technology-based work models (WFH/Hybrid). Generation Z has the highest digital literacy, followed by Generation Y, who utilize their familiarity with technology to work effectively from home and enjoy flexibility, despite feeling an increased workload (Nunes & Barradas,

2025; Setyani, 2023). Conversely, Generation X often struggles to adapt to technology due to issues of obsolescence and age discrimination. In addition to being technologically adaptive and innovative, Millennials also demonstrate higher environmental awareness and a greater spirit of collaboration than Generation X (Kaur et al., 2024). Rahmat et al. (2024) describe the dimensions of digital literacy as knowledge, skills, and attitude & values.

Research Model

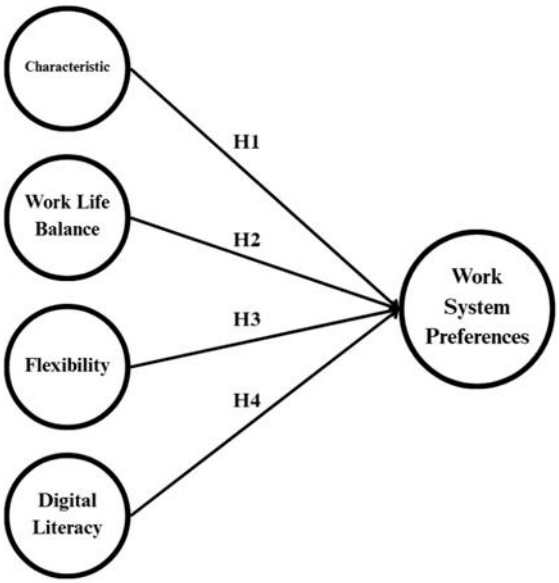

Figure 1. Research Model

H1: Generational Characteristics Influence Work System Preferences

Generational characteristics play a fundamental role in shaping individual work preferences because each generation has different values, preferences, and work behaviors based on the historical, cultural, political, and social periods that shaped them (Hill et al., 2025). Research by Muniz et al., (2024) found significant differences in work arrangement preferences between Generation X and Generations Y and Z, with generational characteristics shaping these preferences. Osorio and Madero found that the unique characteristics of Generation Z, as digital natives who prioritize flexibility and work-life balance, drive their strong preference for hybrid work models; therefore, organizations need to adjust their work practices to accommodate these generational differences to fully leverage the potential of each generation.

H2: Work-Life Balance influences Work System Preferences

Work-life balance, as defined by Fisher, Bulger, and Smith (2009) in Falestiana et al. (2024), is an important factor

influencing work system preferences because it is directly related to employees' quality of life and well-being. Research by Eng et al. (2024), Allen et al. (2024), and Appel-Meulenbroek et al. (2022) shows that better work-life balance, through flexible work locations and reduced commuting time, is a key factor driving employee preference for hybrid work models over full-time office work models.

H3: Flexibility influences Work System Preferences

Flexibility, as the ability to adapt to work practices that appeal to individuals, especially in terms of working hours and location (Desalegn et al., 2024), influences work system preferences because it gives employees autonomy and personal control in completing their tasks. Research by Krajčík et al. (2023) and Mustajab (2024) consistently shows that the flexibility (time and localization) offered by remote and hybrid work models has become a major preference for employees, which not only increases job satisfaction but is also an important determinant in employee retention and reducing turnover rates. Flexibility not only increases job satisfaction but also becomes a determining factor in employees' decisions to stay or join an organization.

H4: Digital literacy influences work system preferences

Digital literacy, defined as the comprehensive ability (cognitive, ethical, social, emotional, and technological) to use ICT to manage content, influences work system preferences because it determines an individual's comfort and effectiveness in technology-based work models (Giroth et al., 2024). Individuals with high digital literacy tend to be more confident in working remotely because they are accustomed to and feel less challenged in using digital tools and platforms (Nikou et al., 2022). Research by Deschênes (2024), Nikou et al. (2022), and Hussain & Phulpoto (2024) confirms that digital and information literacy has a significant impact on careers in the digital age, influencing work preferences and abilities. Individuals with high literacy are more likely to choose and succeed in adopting technology and remote and hybrid work models (Nikou et al., 2022). Specifically, the technical dimension of digital literacy facilitates the use of collaborative technology, which encourages a preference for hybrid work (Deschênes, 2024). Furthermore, digital literacy is a crucial factor that directly increases access to remote work opportunities and facilitates participation in virtual work communities, positively impacting economic and social opportunities (Hussain & Phulpoto, 2024).

METHOD

This study uses a quantitative approach to examine factors influencing work preferences among employees based on Generation X, Y, and Z groups in Indonesia. The data source uses primary data obtained from questionnaires distributed via Google Forms. The questionnaire was evaluated using a Likert scale and random sampling techniques. Respondents in this study were Generation X (1965-1980), Generation Y (1981-1996), and Generation Z (1997-2012) employees working in Indonesia. The sample size was determined using Hair's formula (Ferdiansyah, 2019). This resulted in a minimum of 230 respondents. Data analysis was performed using the Partial Least Squares - Structural Equation Modeling (PLS-SEM) method with the assistance of WARP-PLS software. This research questionnaire is adapted from a previous study, Stamate & Denis (2025) for Work System Preferences, Plakhotnik et al. (2024) for Characteristic, Chaniago (2020) for Work Life Balance, Shaw et al. (2023) for flexibility, and Rahmat et al. (2024) for Digital Literacy. The data and results can be assessed through the following link: https://doi.org/10.5281/zenodo.18146577.

RESULTS AND DISCUSSION

Data Collection

The research data was collected from respondents from Generations X, Y, and Z who are currently working in Indonesia. The data collection process was carried out over a period of one month, starting on October 13, 2025, to November 19, 2025. Of the total 413 respondents, the most dominant age group was <20–25 years old with a percentage of 25.2%, most of whom were from Generation Z (41.2%). Based on the work system chosen, the majority of respondents chose WFO at 67.1%.

Table 1. Respondent Profile

Category	Group	Total	Percentage
Age	< 20 - 25 Years	104	25.2%
	26 - 30 Years	100	24.2%
	31 - 35 Years	61	14.8%
	36 - 40 Years	35	8.5%
	41 - 45 Years	31	7.5%
	45 - 50 Years	57	13.8%
	> 50 Years	25	6.1%
Generation	X (1965 – 1980)	108	26.2%
	Y (1981 – 1996)	135	32.7%
	Z (1997 – 2012)	170	41.2%
Occupation	Full Time	326	78.9%
	Self-Employee	34	8.2%
	Intern	23	5.6%
	Contract Employee	22	5.3%
	Other occupations	8	2%
Position Level	Officer	66	16%

Category	Group	Total	Percentage
	Section Head/Supervisor	66	16%
	Senior Staff	66	16%
	Staff	65	15.7%
	Owner	31	7.5%
	Assistant Manager	29	7%
	Other position level	90	37.8%
Years of Service	0 – 1 Years	53	12.8%
	1 – 3 Years	167	40.4%
	3 – 6 Years	87	21.1%
	6 – 9 Years	50	12.1%
	> 9 Years	56	13.6%
Selected Work System	Work From Office	280	67.8%
	Work From Home	106	25.7%
	Hybrid	27	6.5%

Figure 1 shows a significant difference in work system preferences between Gen X, Y, and Z. The majority of Gen X and Y show a strong preference for the WFO system, with 97 and 125 respondents respectively. In contrast, a different phenomenon is seen in Generation Z, where preference for WFH dominates with a total of 97 respondents, far exceeding the use of the WFO system, which only amounts to 58 people. Meanwhile, the Hybrid work system recorded the lowest participation rate across all generations, with the highest participation only found in Generation Z at 15 people.

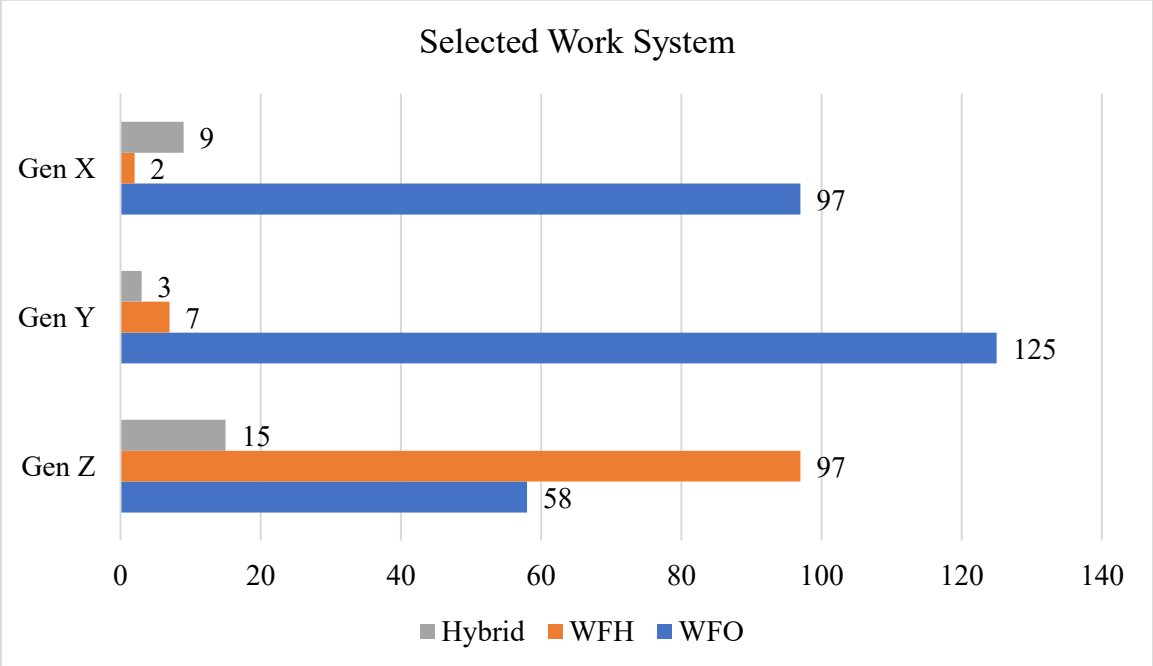

Figure 2. Results of the Selected Work System

Outer Model Test Results

Outer loading is a coefficient that shows how strongly an observed indicator is related to the latent construct it represents (Subhaktiyasa, 2024). The minimum outer loading value considered valid is 0.70. Based on the preliminary test results,

several indicators had values <0.70, so indicators that did not meet the criteria were eliminated. After elimination, the results in Table 2 show that all indicators have loading factors > 0.70, and the Average Variance Extracted (AVE) for each variable surpasses 0.50. Therefore, it can be concluded that all constructs in this model demonstrate good convergent validity.

Table 2. Convergent Validity Test Result

Variable	Item Statement	Loading Factor	AVE	Remarks
Work System Preferences	WSP3	0.736	0.549	Acceptable
	WSP4	0.746		Acceptable
	WSP6	0.741		Acceptable
Characteristic	C6	0.806	0.650	Acceptable
	C7	0.806		Acceptable
Work Life Balance	WLB13	0.720	0.525	Acceptable
	WLB14	0.719		Acceptable
	WLB17	0.712		Acceptable
	WLB18	0.729		Acceptable
	WLB19	0.726		Acceptable
	WLB20	0.743		Acceptable
Flexibility	F2	0.809	0.615	Acceptable
	F3	0.809		Acceptable
	F4	0.832		Acceptable
	F5	0.771		Acceptable
	F6	0.739		Acceptable
	F7	0.739		Acceptable
Digital Literacy	DL7	0.743	0.563	Acceptable
	DL10	0.758		Acceptable
	DL11	0.749		Acceptable

Discriminant Validity Test Results

Table 3 shows the results of the discriminant validity test, which describes the AVE square root values (diagonal values) for each variable: WSP at 0.811, C at 0.806, WLB at 0.731, F at 0.784, and DL at 0.750. All of these diagonal values are higher than the correlations between constructs in other columns and rows, so it can be concluded that each variable has good discriminant validity and can distinguish its respective construct from other constructs in the model.

Table 3. Discriminant Validity Test Results

Variable	WSP	C	WLB	F	DL
WSP	(0.811)	0.023	-0.039	0.011	0.002
C	0.023	(0.806)	0.317	0.317	0.160
WLB	-0.039	0.317	(0.731)	0.440	0.314
F	0.011	0.317	0.440	(0.784)	0.401
DL	0.002	0.160	0.314	0.401	(0.750)

Based on the results of the Heterotrait-Monotrait Ratio (HTMT) test in Table 4, all correlation values between variables scored below the maximum limit of 0.90 and even below 0.85, indicating an excellent level of discriminant validity. The highest HTMT value is between the F and DL variables at 0.550, while the other values range from 0.090 to 0.550. Thus, it can be concluded

that all constructs meet the discriminant validity criteria based on the HTMT test.

Table 4. HTMT Ratios Results

Variables	WSP	C	WLB	F
C	0.159			
WLB	0.148	0.495		
F	0.090	0.499	0.486	
DL	0.177	0.302	0.481	0.550

Reliability Test Results

Table 5 shows that the Composite Reliability values for the variables WSP (0.785), C (0.788), WLB (0.869), F (0.905), and DL (0.794) exceed the minimum threshold of 0.70. According to (Hair Jr. et al., 2021), a Composite Reliability value greater than 0.70 indicates good construct reliability. Therefore, it can be said that every variable in this study satisfies the dependability requirements and is deemed dependable.

Table 5. Reliability Test Results

Variables	Composite Reliability	Remarks
WSP	0.785	Reliable
C	0.788	Reliable
WLB	0.869	Reliable
F	0.905	Reliable
DL	0.794	Reliable

Inner Model Structural Model

The Inner Variance Inflation Factor (VIF) is used to identify multicollinearity between variables. Referring to (J. F. Hair et al., 2019), a VIF value > 5 indicates a tendency for multicollinearity, a VIF value between 3–5 has the potential for multicollinearity, while a VIF value < 3 indicates no multicollinearity or a low level of collinearity. Based on Table 6, the VIF values for the WSP (1.009), K (1.162), WLB (1.315), F (1.389), and LD (1.250) variables are all below 3. Thus, it can be concluded that there is no multicollinearity in this research model.

Table 6. Collinearity

Variables	Variance Inflation Factor (VIF)
WSP	1.009
C	1.162
WLB	1.315
F	1.389
DL	1.250

Hypothesis Testing

Based on the hypothesis testing results presented in Table 7, several findings were obtained regarding the effects of the independent variables on work system preferences. H1 shows a positive and significant impact, indicating that characteristics (C) influence work system preferences (WSP) with a path coefficient

of 0.11 and a p-value of 0.01 (< 0.05), the hypothesis is accepted. H2 shows no significant effect, indicating that work-life balance (WLB) does not affect work system preferences, with a path coefficient of 0.07 and a p-value of 0.09 (> 0.05), leading to the rejection of the hypothesis. H3 shows a positive and significant effect, meaning that flexibility (F) affects work system preference with a path coefficient of 0.08 and a p-value of 0.05 (≤ 0.05), so the hypothesis is accepted. Meanwhile, H4 does not show a significant effect, indicating that digital literacy (DL) does not affect work system preferences, with a path coefficient of 0.07 and a p-value of 0.07 (> 0.05), the hypothesis is rejected.

Table 7. Hypothesis Test Results

Hypothesis	Path Coefficient	p-value	Criteria	Remarks
H1. C → WSP	0.11	0.01	<0.05	Accepted
H2. WLB → WSP	0.07	0.09	<0.05	Rejected
H3. F → WSP	0.08	0.05	<0.05	Accepted
H4. DL → WSP	0.07	0.07	<0.05	Rejected

R-Square (R^2) Testing

According to the R-square criteria of (Hair Jr. et al., 2021), a value of 0.75 is considered high, 0.50 moderate, and 0.25 weak. The R-Square (R^2) results presented in Table 8 show that the coefficient of determination (R^2) value for the work system preference (WSP) variable is 0.032. This value indicates that the independent variable's ability to explain WSP variation is very weak. Furthermore, the Adjusted R^2 value of 0.023 supports the model's explanatory power across a number of predictors.

Table 8. R-Square (R^2) Results

Variable	R^2	R^2 Adjusted
WSP	0.032	0.023

Q-Square (Q^2) Testing

Table 9 shows the Q^2 Predictive Relevance results for the work system preference (WSP) variable with a value of 0.042 (> 0). Referring to the predictive relevance criteria, a Q^2 value above zero signifies that the model has predictive capabilities. Thus, it can be concluded that the characteristics (C), work-life balance (WLB), flexibility (F), and digital literacy (DL) variables are predictive of work system preferences (WSP). However, the predictive ability is relatively weak.

Table 9. Q^2 Predictive Relevance Results

Variable	Q^2	Variable
WSP	0.042	WSP

Effect Size (F2) Testing

Effect Size (F^2) is calculated to assess the contribution of each predictor variable to WSP. Based on the practical rules proposed by (J. Hair et al., 2022), an F^2 value of 0.02 indicates a

small effect, 0.15 indicates a moderate effect, and 0.35 indicates a large effect. All F^2 values in Table 10 are below the threshold of 0.02, so it can be concluded that each predictor variable has a small effect on WSP.

Table 10. Effect Size (F^2) Results

		C	WLB	F	DL
WSP		0.013	0.005	0.009	0.006

Multigroup Analysis

The results of testing the differences in influence between generations through Multigroup Analysis (MGA) are shown in Table 11, which indicates that the effect of independent variables (C, WLB, F, and DL) on the dependent variable (WSP) are not the same. When comparing Gen X with Gen Y, only one is significant: LD □ WSP with a p-value < 0.001, while the variables C, WLB, and DL do not show significant differences. For Gen X and Gen Z, there are two significant effects, namely F □ WSP with a p-value of 0.019 and DL □ WSP with a p-value < 0.001, while C and WLB do not show significant differences. The comparison between Gen Y and Gen Z shows one significant difference: F □ WSP with a p-value of 0.044, while the other variables do not show significant differences.

Table 11. Multigroup Analysis (MGA)

Generational Comparison	Path	Absolute Difference	T-ratios	p-value (Two-tailed)	Conclusion
Gen X vs Gen Y	C → WSP	0.073	0.585	0.559	Not significant
	WLB → WSP	0.040	0.329	0.742	Not significant
	F → WSP	0.053	0.417	0.677	Not significant
	DL → WSP	0.525	4.358	< 0.001	Significant
Gen X vs Gen Z	C → WSP	0.031	0.260	0.795	Not significant
	WLB → WSP	0.138	1.166	0.244	Not significant
	F → WSP	0.279	2.353	0.019	Significant
	DL → WSP	0.558	4.850	< 0.001	Significant
Gen Y vs Gen Z	C → WSP	0.042	0.376	0.707	Not significant
	WLB → WSP	0.098	0.878	0.380	Not significant
	F → WSP	0.226	2.018	0.044	Significant
	DL → WSP	0.032	0.299	0.765	Not significant

This study indicates that work system preferences in Indonesia are mainly shaped by generational characteristics and flexibility, while work-life balance and digital literacy do not have a significant effect. Generational characteristics significantly influence work system preferences (H1 supported), consistent with Muniz et al. (2024). Generations X and Y mostly choose WFO

(97 and 125 respondents), reflecting preferences for stability and direct communication, while Generation Z tends to choose WFH (97 respondents), emphasizing flexibility and autonomy. Although preferred work systems differ across generations, MGA results show a consistent influence mechanism: each generation's characteristics systematically shape its work system preferences.

Flexibility also significantly influences work system preferences (H3 supported), in line with Krajčík et al. (2023) and Mustajab (2024). The ability to adjust work time and location allows employees to align work arrangements with personal needs, increasing comfort and job satisfaction. This influence is strongest among Generation Z, who predominantly prefer WFH, whereas Generation X and Y remain more inclined toward WFO where flexibility is more limited. MGA results confirm significant differences between Gen X–Z and Gen Y–Z, indicating that flexibility plays a stronger role for younger cohorts.

In contrast, work-life balance does not significantly influence work system preferences in the Indonesian context (H2 not supported). Despite the availability of remote options, 67.1% of respondents still choose WFO. This suggests that collectivist workplace culture, expectations of physical presence, and organizational norms override individual work-life balance considerations. Working outside the office blurs temporal and spatial boundaries between professional and personal roles, making the separation between work and non-work activities less clear and limiting the optimal achievement of work–life balance (Patil et al., 2024). Practical constraints, including limited remote work infrastructure, unreliable home internet, lack of dedicated workspace, and insufficient IT support, further reduce the feasibility of WFH. MGA results indicate no generational differences, showing that this pattern applies consistently across Gen X, Y, and Z.

Digital literacy does not significantly influence work system preferences (H4 not supported). With 82.4% of respondents belonging to Millennials and Gen Z, digital literacy functions as a basic prerequisite rather than a differentiating factor. Brommeyer et al. (2024) explain that when basic digital competencies are already widespread, work system preferences are shaped more by organizational readiness than by individual digital skills. MGA results show differences between Gen X–Y and Gen X–Z, indicating that younger generations are more comfortable with digitally enabled WFH and hybrid systems. However, overall preferences remain constrained by organizational readiness, including limited infrastructure, outdated tools, paper-based workflows, and managerial discomfort with virtual supervision. The model explains only 3.2% of variance in work system preferences ($R^2 = 0.032$), indicating that individual factors play a

limited role compared to organizational and contextual constraints.

CONCLUSION

This study examined how generational characteristics, work-life balance, flexibility, and digital literacy shape work system preferences among Indonesian employees across three generations. We found that generational characteristics and flexibility significantly influence whether employees prefer WFO, WFH, or hybrid arrangements, while work-life balance and digital literacy, do not significantly affect these preferences in Indonesia. This divergence from existing literature highlights how cultural context and organizational infrastructure shape work choices differently across economies.

Our findings confirm generational differences exist, Gen X and Y predominantly choose WFO (valuing stability), while Gen Z leans toward WFH (prioritizing flexibility), though the mechanisms shaping these preferences operate similarly across cohorts. The low R^2 (0.032) indicates work choices are influenced by factors beyond our model: organizational mandates, commuting realities, career concerns, and infrastructure gaps. For practitioners, this means flexibility matters (especially for younger workers), but successful implementation requires addressing infrastructure, shifting to results-based evaluation, and adapting Western frameworks to local context. Organizations should invest in digital infrastructure, manager training for virtual supervision, and policies that balance employee preferences with cultural expectations and operational realities.

This study provides empirical evidence from an emerging economy, demonstrating that work preference predictors from Western contexts don't transfer directly when infrastructure and culture create different constraints. Future research should examine how contextual factors moderate relationships between preferences and actual arrangements, particularly in developing economies undergoing digital transformation.

REFERENCES

Allen, K. S., Grelle, D., Lazarus, E. M., Popp, E., & Gutierrez, S. L. (2024). Hybrid is here to stay: Critical behaviors for success in the new world of work. Personality and Individual Differences, 217, 112459. https://doi.org/https://doi.org/10.1016/j.paid.2023.112459

Anhar, R. A., Suryaningsih, A., & Fadillah, R. N. P. (2024). Pengaruh Fleksibilitas Jam Kerja dan Work Life Balance terhadap Peningkatan Produktivitas Karyawan Gen Z. JURNAL MANAJEMEN DAN BISNIS EKONOMI, 3(1), 233–243. https://doi.org/10.54066/jmbe-itb.v3i1.2760

Appel-Meulenbroek, R., Kemperman, A., Water, A. van de, Weijs-Perrée, M., & Verhaegh, J. (2022). How to attract employees back to the office? A stated choice study on hybrid working preferences.

Journal of Environmental Psychology, 81. https://doi.org/10.1016/j.jenvp.2022.101784

Brommeyer, M., Whittaker, M., & Liang, Z. (2024). Organizational Factors Driving the Realization of Digital Health Transformation Benefits from Health Service Managers: A Qualitative Study. Journal of Healthcare Leadership, 16, 455–472. https://doi.org/10.2147/JHL.S487589

Chaniago, R. (2020). Pengaruh Work Life Balance Terhadap Employee Engagement dan Dampaknya Terhadap Turn-Over Intentions dengan Job Characteristics sebagai Pemoderasi (Studi pada Karyawan Generasi Y di Indonesia). Universitas Kristen Satya Wacana.

Desalegn, E. G., Guedes, M. J. C., Gomes, J. F. D. S., & Tebeka, S. M. (2024). Disentangling organizational agility from flexibility, adaptability, and versatility: a systematic review. Future Business Journal, 10(1). https://doi.org/10.1186/s43093-024-00405-6

Deschênes, A. A. (2024). Digital literacy, the use of collaborative technologies, and perceived social proximity in a hybrid work environment: Technology as a social binder. Computers in Human Behavior Reports, 13. https://doi.org/10.1016/j.chbr.2023.100351

Dixon, L. (2022). The different perceptions of flexible work arrangements between Millennials and Generation X at work.

Eng, I., Tjernberg, M., & Champoux-Larsson, M. F. (2024). Hybrid workers describe aspects that promote effectiveness, work engagement, work-life balance, and health. Cogent Psychology, 11(1). https://doi.org/10.1080/23311908.2024.2362535

Falestiana, H., Febriantina, S., & Rachmadania, R. F. (2024). Analysis Work-Life Balance of PT X Employees.

Febriani, A. W., Soetjipto, B. E., & Churiyah, M. (2023). Systematic Literature Review Dan Analisis Bibliometrik Pengaruh Work From Home (WFH) Terhadap Produktivitas Kerja Karyawan. Jurnal Ilmu Sosial Dan Humaniora, 6. https://jayapanguspress.penerbit.org/index.php/ganaya539

Ferdiansyah, I. J. (2019). PENGARUH ABSORPTIVE CAPACITY DAN KOLABORASI JARINGAN INOVASI TERHADAP NEW PRODUCT PERFORMANCE PADA UMKM MINUMAN DI YOGYAKARTA.

Fisher, G. G., Bulger, C. A., & Smith, C. S. (2009). Beyond Work and Family: A Measure of Work/Nonwork Interference and Enhancement. Journal of Occupational Health Psychology, 14(4), 441–456. https://doi.org/10.1037/a0016737

Giroth, L. G. J., Purnomo, K. D. M., Dotulong, F., Mokoginta, D., & Pusung, P. H. (2024). Konsep, Urgensi dan Strategi Pembangunan Literasi Digital. Journal of Digital Literacy and Volunteering, 2(2), 83–90. https://doi.org/10.57119/litdig.v2i2.105

H. (2023). From Gen X to Gen Z: Features and main characteristics in the workplace. Регион и Мир / Region and the World, 176–180. https://doi.org/10.58587/18292437-2023.1-176

Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2019). MULTIVARIATE DATA ANALYSIS EIGHTH EDITION. www.cengage.com/highered

Hair, J., Hult, G. T. M., Ringle, C., & Sarstedt, M. (2022). A Primer on Partial Least Squares Structural Equation Modeling (PLS-SEM).

Hair Jr., J. F., Hult, G. T. M., Ringle, C. M., Sarstedt, M., Danks, N. P., & Ray, S. (2021). Partial least squares structural equation modeling (PLS-SEM) using R. Springer Cham. http://www.

Hill, C., Rice, J., & Bell, R. L. (2025). What Are the Best Leadership Styles for Managing Boomers, Generation X, Millennials, and Generation Z Who Work Remotely? Journal of Management Policy and Practice, 26(1). https://doi.org/10.33423/jmpp.v26i1.7624

Hussain, N., & Phulpoto, S. (2024). Digital Literacy: Empowering Individuals in the Digital Age. Assyfa Learning Journal, 2(2), 70–83. https://doi.org/10.61650/alj.v2i2.231

Idowu, T. A., Ilesanmi, A., & Oyetunde, K. (2019). Flexibility of Work in Employment Relations and Labour Deployment in the Nigeria Labour Market. 5(2), 104–114. http://ejournal.unida.gontor.ac.id/index.php/altijarah

Jingyi, W., & Ali, S. K. B. S. (2025). A Systematic Review of the Relationships Between Attitude, Subjective Norms, Perceived Behavioral Control, and Exercise Intention. The Open Public Health Journal, 18(1). https://doi.org/10.2174/0118749445394456250605043155

Kaur, Mandeep, Mittal, Shweta, & Kaur, Amarjeet. (2024). Are Millennials Spearheading SDG 12 in Sustainable Workplaces? Abhigyan, 42(3), 291–305. https://doi.org/10.1177/09702385241257772

Krajčík, M., Schmidt, D. A., & Baráth, M. (2023). Hybrid Work Model: An Approach to Work–Life Flexibility in a Changing Environment. Administrative Sciences, 13(6). https://doi.org/10.3390/admsci13060150

Langovska, L., & Rozentale, S. (2021). Remote work during the COVID-19 Pandemic: - Problems and Solutions on the example of Vidzeme region in Latvia. 333–344. https://doi.org/10.22616/ESRD.2021.55.033

Lelak, I. K. (2024). Pengaruh Karakteristik Pekerjaan dan Kompetensi terhadap Kinerja Pegawai Serta Peran Dukungan Organisasi yang Dirasakan Sebagai Variabel Moderasi. Lokawati : Jurnal Penelitian Manajemen Dan Inovasi Riset, 2(5), 126–143. https://doi.org/10.61132/lokawati.v2i5.1187

Mujahid, P. E., Meliala, J. Y. S., & Sembiring, A. P. (2023). Efektivitas Karyawan WFH, WFO dan Hybrid Pasca PPKM Pandemi Covid-19 Metode Analitycal Hierarchy Process. Media Online, 3(4), 377–383. https://djournals.com/klik

Muniz, C. J., Jones, J. S., & Murray, S. R. (2024). A Generational Preference for Preferred Work Arrangement and the Relationship With Employee Engagement and Turnover Intention. In Journal of Business Diversity (Vol. 24, Issue 3).

Mustajab, D. (2024). Exploring the Effectiveness of Remote and Hybrid Work Policies: A Literature Review on Workforce Management Practices.

Nickerson, C. (2025). Theory Of Reasoned Action. Simply Psychology.

Nikou, S., Reuver, M. De, & Kanafi, M. M. (2022). Workplace literacy skills—how information and digital literacy affect adoption of digital technology. Journal of Documentation, 78(7), 371–391. https://doi.org/10.1108/JD-12-2021-0241

Nunes, K. R., & Barradas, R. (2025). Generation X and the challenges of interactivity with Artificial Intelligence (AI) in the contemporary financial job market. OBSERVATÓRIO DE LA ECONOMÍA LATINOAMERICANA, 23(3), e9195. https://doi.org/10.55905/oelv23n3-027

Oktorada, A. L., & Soediantono, D. (2022). Pengaruh Fleksibilitas Rantai Pasokan Terhadap Kinerja Perusahaan Industri Pertahanan. Journal of Industrial Engineering & Management Research. https://doi.org/10.7777/jiemar

Osorio, M. L., & Madero, S. (2025). Explaining Gen Z's desire for hybrid work in corporate, family, and entrepreneurial settings. Business Horizons, 68(1), 83–93. https://doi.org/10.1016/j.bushor.2024.02.008

Oteng, P. A., & Eyono, E. P. N.-H. (2024). NAVIGATING WORK-LIFE BOUNDARIES: HOW IT INFLUENCES EMPLOYEE COMMITMENT AND CAREER SUCCESS AMONG MILLENNIALS, WITH WORK-LIFE BALANCE AS A MODERATING FACTOR. International Journal of Entrepreneurial Knowledge, 12(2), 133–150. https://doi.org/10.37335/ijek.v12i2.270

Patil, D. S., Narasuraman, J., Kumar, P., J, S., & Nagaprakash T, D. (2024). THE IMPACT OF REMOTE WORK ON WORK-LIFE BALANCE AND EMPLOYEE PRODUCTIVITY (Vol. 6, Issue 1).

Plakhotnik, M. S., Volkova, N. V., & Shahzad, M. B. (2024). Investigating job characteristics of generations Y and Z: A latent profile analysis. Global Business and Organizational Excellence, 44(2), 24–37. https://doi.org/10.1002/joe.22270

Rachmadana, S. L., Mufida, N., Rusdy, H., Agung, A., & Masiku, G. (2024). Theory of Reasoned Action as a Framework for Analyzing Investment Knowledge in Generation Z. Fundamental and Applied Management Journal, 2(1).

Rahmat, T., Ashshiddiqi, M. T., & Apriliani, D. (2024). Urgency of Digital Literacy to Improving Work Readiness in the Industrial Revolution 4.0. The Journal of Society and Media, 8(1), 307–326. https://doi.org/10.26740/jsm.v8n1.p307-326

Rosita, F., Noermijati, Setiawan, M., & Susilowati, C. (2024). The Role of Flexible Work Arrangement, Job Embeddedness, and Work-Life Balance in Reducing Turnover Intention: Study on Millennials and Generation Z Employees. Journal of the Community Development in Asia (JCDA), 7(2), 184–200. https://doi.org/10.32535/jcda.v7i2.29

Saritha, T., Divya, D., Ramana, T. V., Harshitha, U. M., & Srinivasulu, G. (2023). IMPACT OF HYBRID WORK MODEL ON THE EMPLOYEE PERFORMANCE AND ORGANIZATION DEVELOPMENT. International Research Journal of Modernization in Engineering Technology and Science. https://doi.org/10.56726/irjmets33687

Setyani, K. D. T. (2023). Effectiveness Work from Home to Completing the Work During Covid-19 for Millennial Workers. JENIUS, 6(3).

Shaw, W. S., Dugan, A. G., McGonagle, A. K., Nicholas, M. K., & Tveito, T. H. (2023). The Job Leeway Scale: Initial Evaluation of a Self-report Measure of Health-Related Flexibility and Latitude at Work. Journal of Occupational Rehabilitation, 33(3), 581–591. https://doi.org/10.1007/s10926-023-10095-6

Stamate, A. N., & Denis, P. L. (2025). Exploring the Validity of the Work Preferences Questionnaire A First Look. European Journal of Psychological Assessment, 41(4), 300–318. https://doi.org/10.1027/1015-5759/a000799

Subhaktiyasa, P. G. (2024). PLS-SEM for Multivariate Analysis: A Practical Guide to Educational Research using SmartPLS. EduLine: Journal of Education and Learning Innovation, 4(3), 353–365. https://doi.org/10.35877/454ri.eduline2861

Sudarsono, S., & Ruhayu, Y. Optimizing the Productivity of MSMEs through Digital Literacy in Kotamobagu, North Sulawesi, Indonesia. *Peninsulares International Journal of Innovations and Sustainability*, *2*(2), 610730.

Suryansyah, M. D., & Hasanah, S. M. R. (2024). Strategi penguatan literasi digital untuk meningkatkan mutu pembelajaran di MTSN 2 Kabupaten Kediri. *Kelola: Jurnal Manajemen Pendidikan*, *11*(2), 260-270.

Suzana, D., & Siagian, H. L. (2022). Dampak Work from Home, Work from Office dan Hybird Working terhadap Motivasi Kerja Karyawan. *Journal of Telenursing (JOTING)*, *4*(2), 546–553. https://doi.org/10.31539/joting.v4i2.4230

Trafimow, D. (2009). The Theory of Reasoned Action: A Case Study of Falsification in Psychology. *Theory & Psychology, 19*(4), 501–518. https://doi.org/10.1177/0959354309336319

Widyanti, P. R. K., & Dewi, D. N. A. R. (2023). Flexible work arrangement dan work-life balance pada generasi milenial. *Jurnal Psikologi Udayana*, *10*(2), 334-342. https://doi.org/10.24843/JPU/2023.v10.i02.p02

Yadav, M., Rangnekar, S., & Bamel, U. (2016). Workplace Flexibility Dimensions as Enablers of Organizational Citizenship Behavior. *Global Journal of Flexible Systems Management, 17*(1), 41–56. https://doi.org/10.1007/s40171-015-0117-x

Yahya, M. F., Bagus, W., & Romli, A. D. (2024). Pengaruh Karakteristik Individu Dan Karakteristik Pekerjaan Terhadap Komitmen Organisasi Pegawai Di PT Gokko Mirai Indonesia Tahun 2023. *Jurnal Ilmiah Wahana Pendidikan*, *10*(3), 365-375.