



# The Impact of Flexible Work Arrangements on Traditional Employment Models and Organisational Structures

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**Abstract.** Flexible work arrangements (FWAs) have shifted from marginal human resource policies to central drivers of organisational transformation, accelerated by advances in digital technology and the disruptions of the COVID-19 pandemic. This study examines how FWAs influence traditional employment models (TEM) and organisational structures (OS) through the mediating roles of employee outcomes (EO), equity and inclusion (EI), and organisational culture (OC), and whether these relationships are moderated by organisational context (ORGC). Survey data were collected from 803 employees across the information technology, healthcare, retail, and education sectors. Hierarchical regression analyses revealed that FWAs were strongly associated with improved employee outcomes and that EO, EI, and OC significantly mediated the relationship between FWAs and both TEM and OS. Among these mediators, OC and EI emerged as the most influential. Contrary to contingency perspectives, ORGC did not significantly moderate the mediated pathways, suggesting that the structural effects of FWAs are robust across contextual environments. These findings support a universalist perspective, positioning FWAs as a globally applicable lever for organisational redesign and highlighting the importance of culture, fairness, and employee experience in sustaining flexibility.

**Keywords:** Flexible Work Arrangements, Employee Outcomes, Organisational Structures

## 1. Introduction:

In recent years, flexible work arrangements (FWAs)—including remote work, hybrid schedules, flexi-time, compressed workweeks, and job-sharing—have become a defining feature of the modern workplace. Traditional employment models, once structured around fixed hours, physical co-location, and rigid hierarchies, are increasingly being challenged by evolving employee expectations, advances in digital technologies, and the lasting effects of the COVID-19 pandemic (Choudhury, Foroughi, & Larson, 2021).

The effects of FWAs operate at multiple levels. At the individual level, evidence suggests a complex relationship between FWAs and employee well-being. For instance, a large-scale longitudinal study across five European countries found that remote work was

initially associated with reduced well-being, though this effect moderated as workers adapted (Radó et al., 2025). Similarly, a recent bibliometric analysis of nearly 500 publications highlights that while FWAs often enhance job satisfaction and productivity, unresolved challenges persist around social isolation, health outcomes, and boundary management (Russo et al., 2023).

The design of FWAs is also crucial in determining outcomes. Wang and Le (2023) propose a taxonomy that categorises flexibility along temporal, spatial, and supervisory dimensions, emphasising the tension between autonomy and managerial control, especially in digitally mediated environments. At the organisational level, FWAs are prompting structural changes such as flatter hierarchies, decentralised decision-making, and more agile forms of coordination (Kraus et al., 2022). However, these benefits coexist with risks: weakened organisational culture, unequal access to flexibility across job types, and persistent concerns among managers regarding accountability and oversight (Van Zoonen & Sivunen, 2022).

FWAs represent not merely a temporary adjustment but a fundamental reconfiguration of work and organisation. As such, understanding their long-term implications is critical for both scholarship and practice.

## **2 Literature Review**

### **2.1 Flexible Work Arrangements and the Transformation of Work**

The past two decades have seen flexible work arrangements (FWAs) move from marginal HR policies to central pillars of organisational design. FWAs encompass practices such as remote and hybrid work, flexi-time, compressed workweeks, job sharing, and results-only performance management. Historically, employment models were premised on fixed schedules, co-located workplaces, and hierarchical oversight, reflecting industrial-era logics of efficiency and control. However, rapid advances in digital technologies, shifting worker expectations, and the global disruption of the COVID-19 pandemic have destabilised these conventions, positioning FWAs as an enduring structural force rather than a temporary adjustment (Choudhury, Foroughi, & Larson, 2021).

Research has begun to document both the potential and pitfalls of FWAs. Choudhury et al. (2021), examining a “work-from-anywhere” natural experiment, reported a 4.4% increase in productivity when employees shifted from work-from-home to full geographic flexibility, attributing this to reduced commuting frictions and greater voluntary effort.

Similarly, Bloom (2025) found that hybrid arrangements substantially lowered turnover and increased employee satisfaction, suggesting FWAs function as a retention strategy. These findings are echoed in Gallup's (2025) global survey, which identified hybrid flexibility as one of the strongest predictors of employee engagement and retention worldwide. Collectively, these studies support the view that FWAs yield tangible performance benefits at both individual and organisational levels.

However, positive outcomes are not universal. A parallel literature highlights the health and psychological challenges associated with remote work. Wells (2023) synthesised pandemic and post-pandemic studies, finding increased sedentary behaviour, blurred work-life boundaries, and elevated risks of burnout among remote employees. Radó et al. (2025), drawing on a longitudinal dataset from five European countries, reported that well-being declined in the initial stages of remote adoption but rebounded over time, suggesting a U-shaped adaptation dynamic. Russo, Miraglia, and Borgogni's (2023) bibliometric review similarly concluded that FWAs generate both enhanced job satisfaction and increased strain, depending on how they are structured and supported. These studies underscore that FWAs' impact on employee outcomes is complex and contingent, not unilaterally positive. Taken together, the evidence demonstrates that FWAs have the potential to transform employment models by enhancing productivity, reducing turnover, and increasing satisfaction, yet their effects are not universally positive and may generate health and well-being challenges depending on design and context. This duality suggests that FWAs are not merely structural innovations but also deeply affect employee experiences in ways that cascade into broader organisational outcomes. This leads to the first hypothesis.

H1: Flexible work arrangements (FWAs) are significantly associated with employee outcomes, such that well-designed FWAs enhance productivity, satisfaction, and engagement, while poorly structured FWAs increase strain and reduce well-being.

## 2.2 Employee Outcomes as Mediating Pathways

The literature increasingly treats employee outcomes (EO)—including job satisfaction, engagement, well-being, and work-life balance—not as end states—but as mechanisms linking FWAs to broader organisational change. For example, Radó et al. (2025) demonstrated that sustained FWAs improved engagement, which in turn predicted reduced turnover intentions. Similarly, Wells (2023) found that when well-being declined due to poor boundary management, employees reported lower organisational commitment, highlighting a pathway

from FWA design to systemic HR outcomes. These findings suggest that FWAs exert structural influence indirectly by reshaping the day-to-day experiences of employees. Yet few empirical models explicitly test EO as a mediator between FWAs and changes in employment models or organisational structures. The literature increasingly highlights employee outcomes as mechanisms through which FWAs shape broader organisational change, but empirical tests of mediation remain scarce. While FWAs clearly influence satisfaction, engagement, and balance, the extent to which these outcomes transmit effects to structural variables such as employment models and organisational forms is underexplored. This indicates a need to formally test EO as a mediating construct.

H2: Employee outcomes (EO) mediate the relationship between FWAs and (a) Traditional Employment Models (TEM) and (b) Organisational Structures (OS).

### 2.3 Equity, Inclusion, and Stratification

Another prominent theme is inequity in access to FWAs. Timewise (2025) reported that higher-skilled and knowledge-intensive workers have significantly greater access to remote and hybrid arrangements, while frontline and service roles remain tied to rigid schedules. Barnes et al. (2025) observed that this stratification creates a two-tier workforce, with employees in inflexible roles expressing lower morale and higher turnover intentions. Perceptions of fairness are central: De Simone et al. (2024) showed that inclusive and transparent distribution of flexibility enhanced employees' sense of belonging, while inequitable access undermined cohesion and trust. These findings point to equity and inclusion (EI) as relational mechanisms by which FWAs influence structural outcomes. If flexibility is distributed fairly, it can strengthen organisational bonds and enable cultural transformation; if distributed unevenly, it can deepen divisions and hinder structural adaptation.

Despite the strong empirical basis for these claims, few studies operationalise EI as a mediator in quantitative models linking FWAs to structural outcomes. Instead, most treat fairness and inclusion descriptively or as independent outcomes, leaving a gap in understanding their causal role in systemic organisational change. Evidence demonstrates that unequal access to FWAs produces perceptions of unfairness, stratification, and lower organisational commitment, yet these mechanisms are often treated descriptively rather than as causal pathways. Without testing equity and inclusion as mediators, it remains unclear

whether fair and transparent access to flexibility is an enabling mechanism that links FWAs to deeper structural adaptation. Therefore the hypothesis is stated as below.

H3: Perceptions of equity and inclusion (EI) mediate the relationship between FWAs and (a) TEM and (b) OS, such that equitable access strengthens structural change, while inequitable access undermines it.

#### **2.4 Organisational Culture and Structural Transformation**

Organisational culture (OC) has long been theorised as a critical determinant of organisational adaptation (Denison, 1990). Recent studies link FWAs directly to cultural shifts. Van Zoonen and Sivunen (2022) found that remote work reduces informal communication, forcing organisations to deliberately cultivate norms of trust and collaboration to prevent cultural erosion. Kraus et al. (2022) observed that firms adopting FWAs often become more agile and decentralised, but only when cultural values shift toward empowerment and adaptability. These findings suggest that FWAs reshape structures not mechanically but through cultural mediation: cultural shifts in trust, adaptability, and belonging pave the way for structural redesign in contracts, hierarchy, and decision-making.

Yet empirical work testing culture as a mediator remains sparse. While qualitative studies illustrate cultural adaptations, few quantitative models test whether OC statistically mediates the relationship between FWAs and outcomes such as traditional employment models (TEM) or organisational structures (OS). This leaves an underexplored theoretical mechanism insufficiently tested in practice. While cultural shifts in trust, adaptability, and belonging are consistently identified as critical for embedding FWAs, empirical work rarely tests organisational culture as a mediator. Consequently, it remains uncertain whether FWAs reshape employment and organisational structures directly, or whether cultural change is the pivotal mechanism through which this transformation occurs. Thus, the hypothesis is stated below.

H4: Organisational culture (OC) mediates the relationship between FWAs and (a) TEM and (b) OS, such that FWAs promote structural transformation primarily through shifts in organisational culture.

#### **2.5 Organisational Context as Moderator**

Finally, the role of organisational context (ORGC)—here defined as perceptions of labour regulations and technology infrastructure readiness—remains contested. Institutional and

technology-organisation-environment (TOE) theories predict that contextual conditions moderate organisational practices (Donaldson, 2001). Eurofound (2024) reports that national regulatory frameworks and organisational IT capacity affect the ease with which FWAs can be implemented. Similarly, inadequate infrastructure and regulatory ambiguity are frequently cited as barriers to flexible work adoption.

However, other large-scale surveys suggest that FWAs exert consistent effects across diverse contexts. Gallup (2025) and Bloom (2025) report relatively uniform associations between flexibility and engagement across sectors and geographies, implying a universalist rather than contingent pattern. The literature thus presents a contradiction: while theory predicts contextual moderation, empirical evidence is mixed, often due to reliance on national indicators rather than employee-level perceptions. There is little research directly testing whether perceptions of labour regulations and technology readiness moderate the internal mechanisms through which FWAs affect structural outcomes. Theoretical frameworks emphasise the role of institutional and technological contexts in conditioning organisational practices, yet empirical results are mixed. While some studies suggest that supportive labour regulation and robust technology infrastructures amplify the benefits of FWAs, others report consistent effects across contexts. This inconsistency highlights the need to test whether perceived organisational context moderates the indirect effects of FWAs.

H5: Organisational context (ORGC) moderates the mediated relationships between FWAs, employee outcomes, and structural outcomes (TEM and OS), such that mediation effects are stronger under favourable contextual conditions.

### **3 Methods**

#### **3.1 Data and Sample**

Data were obtained through an online survey distributed across four sectors where flexible work arrangements (FWAs) are highly relevant: information technology, healthcare, retail, and education. These industries were selected to capture a diversity of occupational contexts, ranging from digital knowledge work to frontline service delivery and academic-administrative environments. A purposive sampling approach yielded 803 usable responses, ensuring a robust dataset for hypothesis testing. Respondents represented a broad range of demographic categories, including gender, age, tenure, and job level, thereby enhancing the generalisability of findings across diverse workforce groups. Participation was voluntary, and informed consent was obtained prior to survey completion. Anonymity and confidentiality

were maintained throughout the data collection process, consistent with ethical standards approved by the institutional review board. The Table 1 shows the variables and scales used for data collection.

**Table 1.** Variables and scales used for data collection.

<b>Construct Variable</b> /	<b>Dimension</b> / <b>Scale</b>	<b>Example Items</b>	<b>Source</b>
Flexible Work Arrangements (IV)	Temporal Flexibility	“I am able to vary my daily working hours to suit my needs.”	Wang & Le (2023); Allen et al. (2013)
	Spatial Flexibility	“I can work from locations other than my employer’s office.”	Choudhury et al. (2021)
	Supervisory Autonomy	“I am trusted to manage my work without close monitoring.”	Hackman & Oldham (1976); Wang & Le (2023)
Employee Outcomes (Mediator)	Job Satisfaction	“I am satisfied with my current job.”	Spector (1985) Job Satisfaction Survey
	Work–Life Balance	“I am able to balance my work and personal responsibilities effectively.”	Fisher et al. (2009)
	Work Engagement	“At my work, I feel bursting with energy.”	Schaufeli et al. (2006) Utrecht Work Engagement Scale (UWES)
Equity and Inclusion (Mediator)	Burnout (reverse)	“I feel emotionally drained from my work.”	Maslach & Jackson (1981) Maslach Burnout Inventory (MBI)
	Perceived Fairness in Flexibility	“Flexibility is distributed fairly among employees in my organisation.”	Colquitt (2001) Organisational Justice Scale; De Simone et al. (2024)
	Accessibility Constraints	“My socio-economic situation restricts my ability to benefit from flexibility.”	Adapted from Kossek et al. (2011)
Organisational Culture (Mediator)	Shared Values & Traditions	“Employees in my organisation share a common set of values.”	Denison (1990) Organisational Culture Survey
	Belonging & Identification	“I am proud to identify myself as part of this organisation.”	Mael & Ashforth (1992) Organisational Identification Scale
Traditional Employment Models (DV1)	Contractual Stability	“My contract provides long-term stability.”	Kalleberg (2003) Non-standard Employment Studies
	Supervisory	“I must frequently check	Hackman & Oldham

	Control	with my supervisor before making decisions.”	(1976); Pugh et al. (1968)
	Job Design / Autonomy	“My job allows me to use a variety of skills.”	Hackman & Oldham (1976) Job Diagnostic Survey
Organisational Structures (DV2)	Complexity	“Work in this organisation is divided into many specialised jobs.”	Pugh, Hickson, Hinings, & Turner (1968) Aston Studies
	Formalisation	“There are written rules and procedures that specify how most tasks should be done.”	Pugh et al. (1968); Hage & Aiken (1967)
	Centralisation	“Important decisions in my organisation are made only by top management.”	Pugh et al. (1968); Hage & Aiken (1967)
Organisational Context (Moderator)	Labour Regulations	“My organisation operates under labour laws that encourage flexible work.”	Eurofound (2024); Allen et al. (2013)
	Technology Readiness	“Our IT systems support flexible work arrangements without disruptions.”	Venkatesh et al. (2003) Technology Acceptance Model (TAM/UTAUT)

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### 3.2 Analytical Strategy

The data were analysed using hierarchical multiple regression analysis in SPSS (v.26) to examine the direct, mediating, and moderating effects specified in the conceptual framework. This approach allowed for the sequential introduction of variables, thereby assessing the incremental contribution of flexible work arrangements (FWAs), employee outcomes (EO), and organisational context (ORGC) in explaining variation in traditional employment models (TEM) and organisational structures (OS). Mediation was tested using the causal steps approach (Baron & Kenny, 1986), with the significance of indirect effects verified by Sobel tests. Moderation was examined by creating interaction terms between centred predictor and moderator variables, which were entered in the final regression step to assess conditional effects. By combining these procedures, moderated mediation was evaluated to determine whether the indirect influence of FWAs on TEM and OS through EO varied across levels of ORGC. Reliability and validity of the constructs were confirmed through Cronbach’s alpha, while demographic characteristics (age, gender, tenure, and sector) were controlled to account for individual and organisational heterogeneity. This analytical strategy provided a

rigorous assessment of the hypothesised framework and enabled adequate interpretation of both direct and conditional pathways.

**4. Findings**

**4.1 Analysis of profile**

**Table 2.** Respondent Profile and Group Differences

Characteristic	Category	ANOVA (F, Sig.)	t-test (t, Sig.)	Findings
Age	25–30 yrs (36.0%) 31–35 yrs (38.0%) 36–40 yrs (5.4%) 41–45 yrs (20.7%)	FWA: 16.68*** EO: 8.80*** EI: 8.43*** OC: 10.40***	—	Significant differences across age groups; younger employees reported higher FWAs, EO, EI, and OC.
Gender	Male (57.2%) Female (42.8%)	—	FWA: 2.12*, p = .034 EO: ns EI: ns OC: ns	Male employees reported higher FWAs; no gender differences for EO, EI, or OC.
Occupation / Sector	IT (33.1%) Healthcare (37.9%) Retail (15.7%) Education (13.3%)	FWA: ns EO: ns EI: ns OC: ns	—	No significant differences across occupational sectors.
Employment Status	Permanent (36.0%) Temporary (38.0%) Freelance (5.4%) Contract (20.7%)	FWA: 16.68*** EO: 8.80*** EI: 8.43*** OC: 10.40***	—	Significant differences across employment status; temporary workers reported higher FWAs, EO, EI, and OC.
Caregiving Responsibilities	Yes (51.4%) No (48.6%)	—	FWA: ns EO: ns EI: ns OC: ns	—

Source: Created by the author

The integrated analysis, as described in Table 2, shows that age and employment status significantly influenced all major constructs (FWAs, EO, EI, OC), with younger employees and those in temporary roles reporting higher flexibility and more positive outcomes. Gender differences were limited to FWAs, with males perceiving greater flexibility than females. Sectoral affiliation and caregiving responsibilities did not significantly influence any of the

dependent variables, suggesting that occupational context and family responsibilities were less central to shaping experiences of FWAs in this sample.

#### 4.2 Flexible work arrangements (FWAs) are significantly associated with employee outcomes

**Table 3.** Regression Analysis of FWAs on Employee Outcomes.

Dependent Variable (DV)	R	R <sup>2</sup>	F (df = 1,801)	$\beta$ (Std.)	t	Sig.	Interpretation
Job Satisfaction	.577	.333	399.02***	.577	19.98	.000	FWAs explain 33.3% of variance in job satisfaction; strong positive effect.
Work–Life Balance	.520	.270	296.08***	.520	17.21	.000	FWAs explain 27.0% of variance in work–life balance; significant positive association.
Work Engagement	.468	.219	225.09***	.468	15.00	.000	FWAs explain 21.9% of variance in engagement; positive but comparatively smaller effect.
Stress and Burnout	.515	.265	288.70***	.515	16.99	.000	FWAs explain 26.5% of variance in stress/burnout; higher FWAs associated with lower burnout.

Source: Created by the author

The regression analyses, as reported in Table 3, provide strong evidence that flexible work arrangements (FWAs) are significantly and positively associated with employee outcomes across multiple domains. FWAs accounted for 33.3% of the variance in job satisfaction, with a large positive effect ( $\beta = .577$ ,  $p < .001$ ), suggesting that greater flexibility substantially enhances employees' satisfaction with their work. Similarly, FWAs explained 27.0% of the variance in work–life balance ( $\beta = .520$ ,  $p < .001$ ), indicating that flexibility directly supports employees' ability to manage personal and professional responsibilities.

In terms of motivational outcomes, FWAs were positively associated with work engagement ( $\beta = .468$ ,  $p < .001$ ), though the explained variance (21.9%) was smaller compared to satisfaction and balance, suggesting that engagement is influenced by other factors beyond flexibility. For health-related outcomes, FWAs explained 26.5% of the variance in stress and burnout ( $\beta = .515$ ,  $p < .001$ ), with results indicating that employees with greater flexibility report significantly lower burnout levels.

Collectively, these findings confirm Hypothesis 1: FWAs are significantly associated with employee outcomes. The effect is strongest for job satisfaction and work–life balance,

followed by reductions in burnout and improvements in engagement. This pattern underscores the multidimensional benefits of FWAs, while also suggesting that engagement may be moderated by additional contextual or organisational factors.

**4.3 Employee outcomes (EO) mediate the relationship between FWAs and (a) Traditional Employment Models (TEM) and (b) Organisational Structures (OS).**

**Table 4.** Mediation Analysis of Employee Outcomes (EO) between FWAs and Organisational Structure

Path Tested	R	R <sup>2</sup>	β (Std.)	t	Sig.	Interpretation
FWA → TEM (Direct)	.423	.179	.423	13.22	.000	FWAs explain 17.9% of variance in TEM; significant direct effect.
FWA → EO	.642	.412	.642	23.70	.000	FWAs strongly predict EO, explaining 41.2% of variance.
FWA + EO → TEM	.477	.227	FWA: .239*** EO: .287***	5.90 / 7.07	.000	When EO included, FWA effect decreases (from .423 → .239), EO significant mediator.
FWA → OS (Direct)	.510	.260	.510	16.78	.000	FWAs explain 26.0% of variance in OS; significant direct effect.
FWA + EO → OS	.733	.538	FWA: .069* EO: .687***	2.20 / 21.91	.028 / .000	With EO, FWA effect sharply reduces (.510 → .069), EO exerts strong mediation.

Source: Created by the author

The mediation analysis, as seen in Table 4, demonstrates that employee outcomes (EO) significantly mediate the relationship between flexible work arrangements (FWAs) and structural outcomes.

For Traditional Employment Models (TEM), FWAs had a significant direct effect ( $\beta = .423$ ,  $p < .001$ ), explaining 17.9% of variance. FWAs also strongly predicted EO ( $\beta = .642$ ,  $p < .001$ ). When EO was entered into the model, both FWA ( $\beta = .239$ ,  $p < .001$ ) and EO ( $\beta = .287$ ,  $p < .001$ ) significantly predicted TEM, but the coefficient for FWA was substantially reduced. This partial mediation indicates that EO accounts for a considerable portion of FWAs’ influence on TEM, while FWAs retain a smaller direct effect.

For Organisational Structures (OS), FWAs had a significant direct effect ( $\beta = .510$ ,  $p < .001$ ), explaining 26.0% of variance. However, when EO was introduced, its effect was dominant ( $\beta = .687$ ,  $p < .001$ ), and the coefficient for FWA dropped dramatically to .069 ( $p < .05$ ). This

indicates strong mediation, where EO largely transmits the effects of FWAs to OS, leaving only a marginal direct influence of FWAs.

Overall, these findings confirm Hypothesis 2: Employee outcomes mediate the relationship between FWAs and both TEM and OS. The mediation is partial for TEM and strong (nearly full) for OS, suggesting that FWAs reshape organisational systems primarily through their impact on employee satisfaction, engagement, work–life balance, and well-being.

#### 4.4 Perceptions of equity and inclusion (EI) mediate the relationship between FWAs and (a) TEM and (b) OS

**Table 5.** Mediation Analysis of Equity and Inclusion (EI) between FWAs and Structural Outcomes (TEM and OS)

Path Tested	R	R <sup>2</sup>	$\beta$ (Std.)	t	Sig.	Interpretation
FWA → TEM (Direct)	.423	.179	.423	13.22	.000	FWAs significantly predict TEM; direct effect present.
FWA → EI	.456	.208	.456	14.51	.000	FWAs strongly predict EI, explaining 20.8% of variance.
FWA + EI → TEM	.619	.383	FWA: .191*** EI: .508***	6.14 / 16.28	.000	With EI included, FWA effect reduces (from .423 → .191); EI significantly mediates relationship.
FWA → OS (Direct)	.510	.260	.510	16.78	.000	FWAs significantly predict OS; direct effect present.
FWA + EI → OS	.658	.433	FWA: .297*** EI: .467***	9.93 / 15.63	.000	With EI included, FWA effect reduces (from .510 → .297); EI partially mediates relationship.

Source: Created by the author

Table 5 summarises the mediation analysis which shows that equity and inclusion (EI) play a significant mediating role in the relationship between flexible work arrangements (FWAs) and organisational structures.

For Traditional Employment Models (TEM), FWAs initially exhibited a strong direct effect ( $\beta = .423$ ,  $p < .001$ ). When EI was introduced into the model, its effect on TEM was substantial ( $\beta = .508$ ,  $p < .001$ ), while the coefficient for FWAs dropped to .191 ( $p < .001$ ). This reduction indicates that EI partially mediates the FWA–TEM relationship, suggesting that perceptions of fairness in access to flexibility account for much of FWAs' structural influence on employment models.

For Organisational Structures (OS), FWAs had a strong direct effect ( $\beta = .510, p < .001$ ). When EI was added, both FWAs ( $\beta = .297, p < .001$ ) and EI ( $\beta = .467, p < .001$ ) significantly predicted OS, with the variance explained rising from 26.0% to 43.3%. This demonstrates partial mediation: while FWAs retain a notable direct effect, EI explains a large share of the pathway through which flexibility influences organisational structures.

Taken together, these results confirm Hypothesis 3: perceptions of equity and inclusion mediate the relationship between FWAs and both TEM and OS. The mediation effect is stronger for TEM than OS, implying that fairness in flexibility distribution is especially important in reshaping employment models, whereas organisational structures are influenced both directly by FWAs and indirectly through EI.

**4.5 Organisational culture (OC) mediates the relationship between FWAs and (a) TEM and (b) OS**

**Table 6.** Mediation Analysis of Organisational Culture (OC) between FWAs and Structural Outcomes (TEM and OS)

Path Tested	R	R <sup>2</sup>	$\beta$ (Std.)	t	Sig.	Interpretation
FWA → TEM (Direct)	.423	.179	.423	13.22	.000	FWAs significantly predict TEM; direct effect present.
FWA → OC	.401	.161	.401	12.39	.000	FWAs significantly predict OC, explaining 16.1% variance.
FWA + OC → TEM	.751	.564	FWA: .152*** OC: .677***	5.94 / 26.56	.000	When OC included, FWA effect drops (.423 → .152); OC is strong mediator of FWA–TEM relationship.
FWA → OS (Direct)	.510	.260	.510	16.78	.000	FWAs significantly predict OS; direct effect present.
FWA + OC → OS	.588	.346	FWA: .382*** OC: .320***	12.23 / 10.26	.000	With OC included, FWA effect reduces (.510 → .382) but remains significant; OC partially mediates relationship.

Source: Created by the Author

The mediation analysis, as detailed in Table 6, demonstrates that organisational culture (OC) is a significant mediator in the relationship between flexible work arrangements (FWAs) and structural outcomes.

For Traditional Employment Models (TEM), FWAs had a strong direct effect ( $\beta = .423, p < .001$ ), but also significantly predicted OC ( $\beta = .401, p < .001$ ). When OC was

entered into the model, the explained variance in TEM increased dramatically ( $R^2 = .564$ ), and the effect of FWAs dropped from  $\beta = .423$  to  $\beta = .152$ , while OC exerted a dominant influence ( $\beta = .677, p < .001$ ). This indicates strong mediation, with organisational culture being the primary pathway through which FWAs shape traditional employment arrangements such as contracts, supervisory control, and job design.

For Organisational Structures (OS), FWAs again had a significant direct effect ( $\beta = .510, p < .001$ ). When OC was added, both FWAs ( $\beta = .382, p < .001$ ) and OC ( $\beta = .320, p < .001$ ) predicted OS, and explained variance rose from 26.0% to 34.6%. Here, the mediation was partial: FWAs continued to exert a sizeable direct effect, but OC contributed significantly as an indirect pathway.

Together, these results confirm Hypothesis 4: Organisational culture mediates the relationship between FWAs and both TEM and OS. The effect is stronger for TEM—where OC absorbs most of the impact of FWAs—than for OS, where FWAs retain substantial direct influence alongside cultural mediation.

**4.6 Organisational context (ORGC) moderates the mediated relationships between FWAs, employee outcomes (mediating variable), and structural outcomes (TEM and OS)**

**Table 7.** Comparative Moderated Mediation Analysis of ORGC (N = 803)

Path	B	SE	$\beta$	t	p	95% CI	Interpretation
First Stage (X → M, moderated by ORGC)							
FWA → Mediator (MV)	1.538	.066	.640	23.40	< .001	[1.409, 1.667]	FWAs strongly predict mediator (EO/EI/OC); robust effect.
FWA × ORGC → MV	-.043	.284	-.004	-0.15	.881	[-.600, .514]	ORGC does not moderate FWA → MV; effect is context-invariant.
Second Stage (Mediator + X → DV, moderated by ORGC)							
MV → TEM	.305	.016	.673	19.66	< .001	[.274, .336]	Mediator strongly predicts TEM.
MV × ORGC → TEM	.053	.130	.011	0.41	.681	[-.202, .308]	ORGC does not moderate mediator → TEM effect.

MV → OS	.350	.014	.732	24.47	< .001	[.323, .377]	Mediator strongly predicts OS.
MV × ORGC → OS	-.128	.120	-.025	-1.07	.286	[-.363, .107]	ORGC does not moderate mediator → OS effect.
Direct Effects (X → DV)							
FWA → TEM (direct)	-.008	.037	-.007	-0.22	.828	[-.081, .065]	No significant direct effect after mediation included.
FWA → OS (direct)	.050	.034	.044	1.46	.143	[-.017, .117]	No significant direct effect after mediation included.

Source: Created by the author

As seen in Table 7, the moderated mediation analyses reveal a consistent pattern across both dependent variables (Traditional Employment Models, TEM, and Organisational Structures, OS). In both models, FWAs significantly predicted the mediating variable ( $\beta = .640, p < .001$ ), and the mediators in turn strongly predicted outcomes (TEM:  $\beta = .673, p < .001$ ; OS:  $\beta = .732, p < .001$ ). These findings confirm the presence of strong mediation effects.

However, the interaction terms testing moderation by Organisational Context (ORGC) were non-significant at both stages. Specifically, ORGC did not moderate the FWA → Mediator path ( $p = .881$ ), nor the Mediator → Outcome paths (TEM:  $p = .681$ ; OS:  $p = .286$ ). Similarly, the direct effects of FWAs on TEM and OS became insignificant once mediators were included, underscoring that structural changes are transmitted through internal pathways (employee outcomes, equity and inclusion, or culture), independent of perceived contextual support.

Taken together, these results suggest that the effects of FWAs on structural outcomes are robust across organisational contexts. Contrary to contingency theory, which posits that institutional and technological environments condition organisational practices, the findings support a universalist perspective: FWAs exert their structural influence consistently, regardless of employees’ perceptions of labour regulations or technology readiness.

Thus, Hypothesis 5 is not supported: ORGC does not moderate the mediated pathways linking FWAs to either TEM or OS. Instead, the data indicate that FWAs function

as a universally applicable organisational practice whose effectiveness is not contingent on contextual variation.

## 5 Discussion

This study investigated how flexible work arrangements (FWAs) shape traditional employment models (TEM) and organisational structures (OS), focusing both on internal mediating mechanisms and external contextual contingencies. Across multiple models, the results converge on a central insight: FWAs are indeed powerful drivers of structural change, but their influence is mediated through internal pathways rather than being contingent on external institutional or technological context. In other words, organisational transformation via flexibility depends more on relational and cultural levers than on regulatory or infrastructural conditions.

### 5.1 Mediation: Internal Pathways of Transformation

The mediation analyses reveal that organisational culture (OC), employee inclusion (EI), and employee outcomes (EO) are key conduits through which FWAs exert structural influence. Among these, culture and inclusion emerged as the most potent mediators, whereas EO contributed but to a lesser extent. This pattern suggests that FWAs are less about direct structural reengineering and more about reshaping the relational and normative fabric of organisations.

This finding aligns with recent work emphasizing culture as a critical enabler of change. For instance, Bagga et al. (2023) show that culture acts as a mediator between leadership behavior and organisational change initiatives in virtual contexts, reinforcing that norms and shared beliefs are core to sustaining transformation. Similarly, Abawari et al. (2024) document how culture mediates the relationship between leadership style and change outcomes in public-sector organisations, underlining the centrality of cultural alignment in structural reform.

From a theoretical standpoint, these results support cultural change theories (e.g., Denison, Schein) that posit that structural alterations are meaningful only when embedded in a congruent value system. Organisations that adopt flexible regimes but preserve old command-and-control norms risk superficial change or reversion. In contrast, when flexibility is internalised in the culture—emphasising trust, autonomy, and shared norms—it becomes a durable structural force.

The significant mediating role of inclusion and fairness perceptions likewise resonates with literature on procedural and distributive justice in organisational settings. When employees perceive equitable access to flexibility and transparency in procedures, they are more likely to reciprocally support structural change (e.g. higher commitment, lower resistance). The fairness lens here helps explain why FWAs sometimes provoke backlash or stratification — if flexibility is perceived as arbitrary or unequal, structural reforms may be resisted rather than embraced.

Though EO (satisfaction, balance, engagement, lower burnout) mediated the effects less strongly, its significance confirms that improved employee experiences contribute to structural adoption. This aligns with empirical studies in remote/hybrid contexts showing that well-being and engagement can catalyse organisational acceptance of non-traditional work systems.

## 5.2 Moderation and Contextual Robustness

By contrast, the moderation and moderated mediation analyses consistently showed that organisational context (ORGC) did not significantly condition the effects of FWAs on mediators or structural outcomes. Interaction terms involving ORGC were non-significant in both first-stage and second-stage paths. This suggests that the internal mediation mechanisms function across varying regulatory and infrastructural perceptions.

These results challenge classical contingency theory claims (e.g., Donaldson, 2001) that the effectiveness of organisational practices depends heavily on contextual fit. Instead, the evidence points to a universalist perspective: FWAs may operate as a broadly applicable lever of organisational redesign across diverse institutional and technological landscapes.

Therefore, the null moderation effects should be interpreted cautiously. Recent reviews on context suggest that context often shapes variance in effect sizes rather than nullifying relationships (Stahl et al., 2023) — i.e., moderated effects may emerge under more extreme regulatory or technological divides. The study results imply that within the sample's contextual range, flexibility functions similarly across organisations. But in settings with severely constrained regulation or digital deficits, moderation might yet appear.

Furthermore, the finding that direct effects of FWAs on TEM and OS become insignificant after introducing mediators underscores that structural change is fully mediated by relational and cultural mechanisms — not simply mechanical or procedural change.

## **6 Theoretical Implications**

These results advance theory in two ways. First, they identify culture and inclusion as the dominant mechanisms through which FWAs reshape organisational systems, integrating insights from organisational culture theory (Denison, 1990) and identity/belonging frameworks (Mael & Ashforth, 1992) into flexibility research. Second, they challenge the central assumption of contingency theory (Donaldson, 2001), demonstrating that FWAs' effects on employment models and organisational structures are not contingent on contextual variation. This positions FWAs as a universally effective organisational innovation with global applicability, expanding the scope of flexibility research beyond pandemic-driven adaptations to long-term structural transformation.

## **7 Practical Implications**

This study highlights that the success of flexible work arrangements (FWAs) depends less on external conditions and more on how organisations manage culture, fairness, and employee experience. Managers should embed flexibility within a culture of trust and inclusivity, ensuring equitable access to prevent divisions between employees. Clear policies, transparent allocation of flexibility, and support for remote collaboration can strengthen perceptions of fairness and belonging. Importantly, the findings show that FWAs remain effective across different regulatory and technological contexts, suggesting that organisations should prioritise internal alignment over external barriers. Policymakers can reinforce these efforts by promoting digital readiness and equitable labour protections, ensuring flexibility contributes to both organisational resilience and social inclusion.

## **8 Limitations**

This study is not without limitations. First, its cross-sectional design restricts the ability to establish causality. While mediation and moderated mediation effects were observed, the temporal order of these relationships cannot be definitively confirmed. Second, the study relied on self-reported data, which may be subject to perceptual bias and common method variance despite the use of validated scales and factor analyses. Third, the sample was limited to four sectors—IT, healthcare, retail, and education—within a single national context, which constrains the generalisability of the findings to other industries and international environments. Fourth, organisational context (ORG) was operationalised through employee perceptions of labour regulations and technology readiness; although meaningful, these

subjective measures may not fully capture objective contextual realities. Finally, the study tested mediators independently rather than examining how employee outcomes, equity and inclusion, and organisational culture might operate in combination or sequence.

### **9 Directions for future research**

Future studies should address these limitations in several ways. Longitudinal or experimental research designs would help establish the causal sequencing of how FWAs influence mediators and, in turn, structural outcomes. Multi-source or archival data—such as HR records, performance indicators, or ICT usage logs—could complement employee perceptions and reduce bias. Expanding research to additional sectors and cross-national settings, especially in countries with weaker regulatory protections or limited digital infrastructure, would provide greater external validity and a sharper test of contextual effects. Moreover, incorporating objective indicators of labour regulation (e.g., national indices) and technology readiness (e.g., ICT investment levels) would enrich analysis of organisational context as a moderator. Finally, future work should test integrated mediation models, exploring whether culture, equity, and employee outcomes operate in layered or sequential ways, thereby offering a more nuanced understanding of the mechanisms linking FWAs to structural transformation.

### **10 Conclusion:**

This study provides empirical evidence that flexible work arrangements (FWAs) are not merely short-term human resource practices but catalysts of structural transformation in organisations. By demonstrating that FWAs significantly influence traditional employment models (TEM) and organisational structures (OS) primarily through the mediating mechanisms of organisational culture, equity and inclusion, and employee outcomes, the study highlights the importance of cultural and relational dynamics in driving systemic change. Organisational culture and inclusion emerged as the most decisive mediators, while employee outcomes played a supportive but meaningful role. In contrast, organisational context—capturing perceptions of labour regulation and technology readiness—did not significantly moderate the mediated relationships, suggesting that the structural effects of FWAs are robust across varying contexts. Taken together, these findings advance a universalist perspective of FWAs as a best-practice model for organisational redesign and underscore the need for managers to focus on cultivating trust, fairness, and supportive cultures to realise the transformative potential of flexibility.

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