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The impact of flexi-time uptake on organizational outcomes and the moderating role of formal and informal institutions across 22 countries

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Synopsis

Viewing the acceptance of flexi-time as a social norm, and drawing on the notion of flexibility stigma, we theorize and test the effect of institutional context on the uptake of flexi-time and test its impact on employee turnover and absenteeism, using data from 22 countries. In doing so, we assess the explanatory power of formal institutional arrangements via the prevailing legislative framework governing flexi-time, as well as the impact of the informal institutional context via prevailing norms arising from the extent of cultural tightness or looseness on the uptake of flexi-time and its subsequent relationship with absenteeism and employee turnover.

Introduction and Background

Notwithstanding the documented benefits of flexi-time from an employee's perspective, the overall uptake of flexi-time has been slow, regardless of both the demand for such arrangements and the move towards legislating for them in many countries (Chung, 2018). This gap between the demand and the uptake of flexi-time could be attributed to flexibility stigma, which is described by Williams et al. (2013) as a discrimination towards workers using various types of flexible work arrangements (FWAs) for non-work commitments. Flexibility stigma can act as a negative sanction towards employees who avail of flexi-time, as they may be perceived by employers and co-workers as exhibiting lower levels of career commitment (Cech & Blair-Loy, 2014).

Furthermore, an organizations decision to adapt flexi-time in response to institutional expectations can also have an impact on flexi-time uptake based on social norms. Institutional theories of organizations claim that organizations adapt to what they believe society expects of them, giving rise to institutional isomorphism (Boxenbaum & Jonsson, 2017), creating the need for organizations to conform to "rationalized myths" in society. As a result organizations adapt practices to conform to their institutional environments (DiMaggio & Powell, 1983). Differentiating between formal institutional environments, which are governed by legislation, and informal institutional environments shaped by national culture, we draw on the intellectual utility of institutional ideas to explicate how organizations adapt flexi-time as part of their response to institutional expectations.

Issues and Questions Considered

Formal institutions "refer to rules that are observable through written documents, or rules that are determined and executed through formal positions, such as authority or ownership; they include juridical rules, explicit incentives, contractual terms and economic rules/property rights" (Garrone et al., 2019, p. 100,650). Therefore, flexi-time may be more beneficial to employees in some countries than others as their formal institutional context may predetermine, facilitate, or impede its use (Berkery et al., 2020). Consistent with the notion of the impact of formal institutional provisions on the adoption of practices, we propose that if

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flexi-time is legislated for at a national level, it should be seen as a norm rather than an exception, reducing levels of flexibility stigma around the uptake of flexi-time, thus increasing organizational outcomes. We therefore hypothesise:

Ha: In countries with formal institutional provisions for flexi-time there will be a negative relationship between the uptake of flexi-time and absenteeism and employee turnover.

Hb: In countries with no formal institutional provisions for flexi-time there will be a positive relationship between the uptake of flexi-time and absenteeism and employee turnover.

An informal institution is defined as “an enduring system of shared meanings and collective understandings that, while not codified into documented rules and standards, reflect a socially constructed reality that shapes cohesion and coordination among individuals in a society” (Kusumastuti et al., 2022, p. 1892). To aid our understanding of cultural values and norms as informal institutions, Gelfand et al. (2011) developed a Tightness - Looseness framework, according to which cultures differ around the strength of social norms, and the strength of sanctioning, which focuses on the degree of tolerance that exists for deviance from norms within the society. Tight cultures display strong norms and low tolerance of deviations in behaviour; loose cultures have weak norms and a high tolerance of deviation in behaviour (Gelfand et al., 2011). We therefore predict the relationship between the uptake of flexi-time and organizational outcomes will be negative in loose cultures as they have weak norms and a high tolerance of deviations in behaviour, reducing flexibility stigma associated with the uptake of flexi-time thus increasing organizational outcomes. We therefore propose:

Hc: In loose cultures there will be a negative relationship between the uptake of flexi-time and absenteeism and employee turnover.

Hd: In tight cultures there will be a positive relationship between the uptake of flexi-time and absenteeism and employee turnover.

Methodology and Data

To test our hypotheses, we draw upon comparative data provided by the 2019 round of the Cranet survey. Our overall sample consisted of 4620 organizations from 22 countries, across 5 continents: Australia, Austria, Brazil, China, Estonia, Finland, Germany, Greece, Hungary, Iceland, Indonesia, Israel, Italy, Latvia The Netherlands, Slovakia, Spain, Sweden, Russia, Turkey, the USA, and the UK.

As our data contained a hierarchical structure (each organization was located within a specific country), we utilized Hierarchical Linear Modelling. We specified the Level 1 (i.e. organizational level) flexi-time variable, absenteeism, employee turnover, and organizational characteristics slopes to be random. At Level 2 (i.e. country level), we specified tightness-looseness and labour legislation variables grand-mean centred.

Outcomes and Findings

In phase 1 of our analysis, we found curvilinear relationships between flexi-time uptake and absenteeism and employee turnover. Phase 2 of our analysis indicated that these relationships were moderated by country-level institutions, both formal (legislative provisions) and informal (extent of cultural tightness-looseness). Specifically, in culturally loose countries, and in those with legislative provisions related to flexi-time, the relationship between flexi-time uptake and organizational outcomes was linear whereby the higher the rate of uptake of flexi-time, the lower the absenteeism and employee turnover. In culturally tight countries, and in those with no labour legislation related to flexi-time, the relationship between flexi-time uptake and organizational outcomes was curvilinear (inverted U-shape).

Basic social exchange ideas may account for the linear relationship between flexi-time and absenteeism and employee turnover in countries with an overarching legal framework governing flexi-time provision (Ha) and within culturally loose countries (Hc). Social exchange theory implicitly underlies management's belief that workers are willing to engage in more discretionary performance when the organization is supportive of their non-work commitments (Lambert, 2000), and is built on the philosophy of mutual exchanges (Eisenberger et al., 1986).

Regarding Hb and Hd, we found curvilinear relationships between flexi-time uptake and absenteeism and employee turnover. In explaining the curvilinear relationship reported, we suggest that there may be a prevailing flexibility stigma when flexi-time uptake deviates from the social norm. Our findings indicate that in tight cultures, and in countries with no legal provision for flexi-time, if the social norm is not to use flexi-time, that is there are no employees availing of flexi-time, employee turnover and absenteeism will be low, and equally, if the social norm is to use flexi-time, that is in organizations with greater than 50% of the workforce availing of flexi-time, employee turnover and absenteeism will also be low.

From a theoretical perspective, this study deepens our understanding of the importance of context when examining the associated benefits of flexi-time and organizational outcomes.

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