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Part time work, productivity and institutional policies

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Abstract

Purpose – The purpose of this paper is to develop and empirically test a multilevel framework for examining the links between part time work, productivity and institutional context. The authors emphasize the importance of integrating different theoretical perspectives to enrich the understanding of nonstandard work arrangements such as part time and organizational effectiveness such as productivity.

Design/methodology/approach – The authors used data from 2,839 businesses in 21 OECD countries. At the firm level, primary data were collected from the 2008 to 2010 survey of the Cranet research network. At the national level, the authors used information from OECD and Botero *et al.* (2004). The authors analysed the data using hierarchical linear modelling.

Findings – Firm use of part time work relates negatively to employment legislation but positively to gender empowerment. The relationship between part time work and productivity at firm level is moderated by employment legislation.

Research limitations/implications – This study provides a basis for research in nonstandard work, firm outcomes and institutional policies to further advance.

Practical implications – Results indicate how managers should consider the relevant institutional context when deciding whether to promote the use of part time work. Results also show that policy-makers should be careful since employment policies may have adverse effects on use of part time in specific contexts.

Originality/value – The authors make theoretical and empirical contributions to the study of nonstandard arrangements by introducing a framework that better captures the complex interrelations between use of part time work, productivity and institutional context. Theoretically, the authors combine the resource based view with institutional theory into a multilevel framework that challenges the conventional model of the flexible firm.

Keywords Institutional theory, Productivity, Resource based view, Flexible firm, Nonstandard work arrangements, Part time work, Multilevel framework, Hierarchical linear modelling

Paper type Research paper

Introduction

Conventional management theories, such as the flexible firm and the resource based view (RBV), place nonstandard work arrangements in the periphery and not the core of the firm where resources are used strategically to gain competitive advantage (Atkinson, 1987; Lepak and Snell, 1999). We challenge these perspectives by enriching them with insights from institutional theory to develop an interdisciplinary framework on how, in specific contexts, nonstandard work arrangements may be used strategically to enhance organizational effectiveness.

At present, the study of nonstandard work arrangements and their strategic potential for organizations remains inconclusive. Chadwick and Flinchbaugh (2013) attributed this inconsistency partly to the profound differences between types of nonstandard work that are often disregarded or downplayed in studies that treat



nonstandard work as an unvarying set of practices. Kalleberg *et al.* (2003) also attributed variations in how researchers define and group nonstandard work arrangements as a contributing factor to inconclusive findings. In turn, Chadwick and Flinchbaugh (2013) emphasize the need to empirically examine distinct types of nonstandard employment.

In view of this suggestion, we focus on a specific type of nonstandard work, namely part time work. Part time work has become a common way for firms to respond to the changing needs of both their markets and their workforce (Ryan and Kossek, 2008; Stavrou, 2005). For example, approximately 20 per cent of the working population aged 15-64 in the European Union (Eurostat Yearbook, 2014) and 19 per cent in the USA (Bureau of Labor Statistics, 2014) work part time. Part time employees are usually employed directly by the organization to work on a reduced hours schedule (Houseman, 2001; Kalleberg, 2001; Kalleberg *et al.*, 2003) but their tasks, opportunities and rewards are often inferior to those of standard workers. In this sense, “part-time work is in an interesting hybrid position *vis-à-vis* standard work and other types of nonstandard work” such as temporary, seasonal or contract work (Chadwick and Flinchbaugh, 2013, p. 4). This hybrid nature makes it particularly interesting for exploring whether, how and when part time work may relate to organizational effectiveness.

A plethora of studies has explored the use of part time work in organizations and its link to different outcomes. However, the majority of those studies focused on individual-level outcomes and behaviours, such as job attitudes, satisfaction, turnover and absenteeism (i.e. Benschop *et al.*, 2013; Boon *et al.*, 2014; Broschak and Davis-Blake, 2006; Broschak *et al.*, 2008; Fagan and Walthery, 2011; Van Rijswijk *et al.*, 2004). Only few studies measured empirically associations between part time work and firm-level terminal outcomes, such as productivity, efficiency or financial performance (Chadwick and Flinchbaugh, 2013; Garnero *et al.*, 2013; Nelen *et al.*, 2013; Levine *et al.*, 2010) and those have produced mixed results. In this respect, further research is warranted to address not only the possible relation between part time work and organizational effectiveness (Kossek and Ozeki, 1999) but also the factors that may explain the “black box” in this relationship (Boxall, 2012).

We focus on the latter by adopting Oliver’s (1997) suggestion to enrich the RBV with institutional theory. Thus, we contribute to the literature on nonstandard work arrangements by focusing on part time work as a distinct work arrangement and examining the contingencies that may affect its links to organizational effectiveness. We locate such contingencies in the national-level institutional context of firms, which has been largely ignored, and use them to challenge and enrich dominant management perspectives concerning work, organizational boundaries and organizational effectiveness. The incorporation of institutional theory in our conceptual framework is key since a number of authors have pointed out that use of alternative work arrangements, such as part time, and their effects vary among organizational contexts across the world (Bardoel, 2003; den Dulk *et al.*, 2012; Lewis and den Dulk, 2008; Ollier-Malaterre *et al.*, 2013). Nonetheless, the majority of these studies focused on country differences in use of part time (Buddelmeyer *et al.*, 2005; Kalleberg, 2000; Wharton and Blair-Loy, 2002) and not on the effects of national institutional factors on part time work and its relationship with firm outcomes.

Through an interdisciplinary framework, we propose that national level institutional factors will: first, create direct normative pressures toward increased use of part time in firms; and second, indirectly affect the relationship between use of part time work and

firm productivity. In this respect, institutional factors will partly unveil the “black box” in the link between part time work and organizational effectiveness. Our proposed model is presented in Figure 1.

Before laying out our hypotheses, we briefly discuss the main perspectives that have influenced contemporary management thinking in regards to work arrangements and organizational effectiveness. We then discuss the application of these perspectives in the study of part time work in organizations followed by an examination on how insights from institutional theory are used to develop the hypotheses proposed.

Conventional management perspectives

Why organizations differ in the degree to which they use nonstandard work arrangements, such as part time, and how such arrangements affect organizational effectiveness remain issues of debate. Mainstream research on nonstandard work relies on perspectives such as the model of the flexible firm and the RBV, which relatedly emphasize organizational boundaries, cost reduction and efficiency maximization (Nesheim, 2003). The model of the flexible firm (Atkinson, 1987) posits a core-periphery duality in organizations. Core workers are developed internally and enjoy training opportunities, higher salaries, job security and inclusion in decision-making, while peripheral workers are assigned to low-importance tasks with limited decision-making, pay and security (Atkinson, 1987; Lepak and Snell, 1999; Nesheim, 2003). Given these boundaries, organizations apply different flexibility types to different groups of employees: functional flexibility at the core, where standard full-time employees are managed with high-performance work systems, and numerical flexibility at the periphery, where firms use externalized workforce to limit the duration of employment (Atkinson, 1987; Kalleberg, 2001).

A related lens of how to manage human capital in organizations is offered by the RBV. The RBV emphasizes that strategic resources that are valuable, rare, non-imitable and non-substitutable can be enhanced through internal mechanisms to offer sustainable competitive advantage (Barney, 1991). Consecutively, non-strategic competencies have peripheral value and do not merit significant corporate investment; instead, they can be externalized (Lepak and Snell, 1999; Nesheim, 2003). Drawing from both the model of the flexible firm and the RBV, alongside transaction cost economics

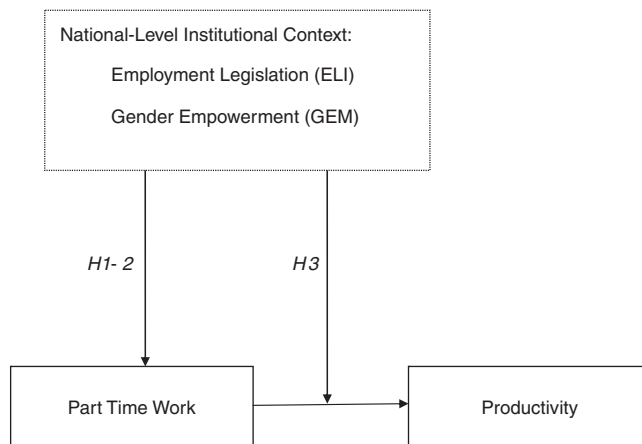


Figure 1.
Proposed framework
for part time work
and productivity

and human capital theory, Lepak and Snell (1999) developed a human resource architecture model. This model proposes four employment modes that require different employment relationships and HR configurations. The HR architecture in a sense retains the core-periphery/internalization-externalization duality of Atkinson's (1987) model, but assigns strategic importance to the value and uniqueness of employee skills to determine how to manage human capital for maximum performance.

Though distinct, these management perspectives relate explicitly to employment practices and their links to organizational effectiveness. Focusing on human capital, the RBV and related perspectives have been widely applied in the field of strategic human resource management to argue that a set of HR practices, commonly labelled as "high-performance work systems", can have positive effects on multiple organizational outcomes, therefore creating competitive advantage (Conway and Monks, 2009; Guthrie *et al.*, 2009; Huselid, 1995; Peteraf, 1993; Pfeffer, 1994; Wright *et al.*, 2001). Nonetheless, this literature strand tends to focus on standard full-time employees assigned to core activities and does not explicitly consider those working under nonstandard arrangements, who as a result are often in a disadvantaged position in comparison (Kalleberg, 2001). According to Boxall (2012, p. 175), it is usual especially in the service industry to use a "commitment system" to manage core employees but a "secondary system" for peripheral part time workers.

Part time work and organizational effectiveness

Considering that conventional management perspectives are based on assumptions related to the core-periphery duality, using them as frameworks to study the competitive potential of nonstandard work arrangements would be "irrational". Nonstandard work arrangements, such as part time, temporary and contract work, are typically used at the periphery to limit the duration of employment (Atkinson, 1987; Kalleberg *et al.*, 2003). In this sense, nonstandard workers are not seen as having skills and competences of competitive value, are considered external to the organization and are managed through transactional employment relationships (Lepak and Snell, 1999). These assumptions have been challenged, however. Kalleberg (2001) argued that one cannot equate the core with functional flexibility and the periphery with numerical flexibility because relationships are more complex. Along the same lines, Nesheim (2003) made a case that, contrary to conventional perspectives on work practices, firms can use nonstandard workers in core areas purposively to achieve strategic outcomes.

Nonstandard work options, however, include a wide array of arrangements that differ considerably in terms of employment mode and relationship, work schedule, benefits provided, tasks assigned and legally entitled rights of workers (Chadwick and Flinchbaugh, 2013; Houseman, 2001). In turn, nonstandard work arrangements differ in the degree to which they can generate positive outcomes for organizations. Such differences may explain why research on nonstandard work arrangements has been inconclusive: different studies define nonstandard work differently while most tend to examine nonstandard arrangements as one or few homogeneous groups *vis-à-vis* standard ones (Chadwick and Flinchbaugh, 2013; Kalleberg, 2000; Kalleberg *et al.*, 2003).

In relation to other standard and nonstandard work arrangements, part time work lies in a grey in-between area, sharing characteristics from both (Chadwick and Flinchbaugh, 2013). Similarly to standard employees, part timers are often employed by the organization with open-ended contracts (Houseman, 2001; Kalleberg, 2001). Nonetheless, they are typically treated as other external workers: placed at peripheral

jobs with limited leeway for decision-making and limited access to benefits, security, training and promotion opportunities (Garnero *et al.*, 2013; Houseman, 2001; Sandor, 2011; Tomlinson, 2006). The idiosyncratic nature of part time work merits further exploration on its own to understand how it fits within the core-periphery model of the flexible firm and how it may relate to organizational effectiveness.

Perhaps because of its hybrid nature, part time work has received attention from different strands of research attempting to explain and justify its use. A dominant literature stream examines how options for part time work are adopted by employees, mainly women seeking to better balance work and family responsibilities (i.e. Benschop *et al.*, 2013; Crompton and Lyonette, 2011; Edwards and Robinson, 2004; Fagan and Walthery, 2011; Gash, 2008; Tomlinson, 2006). Although the possible career drawbacks for those in part time work are often explicitly discussed, this line of research assumes part time work is, to some degree, voluntary on part of the employees and therefore beneficial for them and their employers, especially when not associated with lower quality jobs.

A smaller literature stream examines how part time work, usually as part of the firms' work-family balance policies, may affect organizational outcomes. Most of these studies typically focus on intermediate performance outcomes and behaviours, such as job attitudes, satisfaction, turnover and absenteeism (Bloom *et al.*, 2010; Boon *et al.*, 2014; Broschak and Davis-Blake, 2006; Broschak *et al.*, 2008; Martin and Sinclair, 2007; Van Rijswijk *et al.*, 2004). Although these outcomes are important to the achievement of firm strategic outcomes, they are nonetheless proximal (Sparrow and Cooper, 2014) and links to distal performance outcomes are often implied. Current research does not provide adequate evidence about the competitive potential of part time work. To challenge the core-periphery model, we need to empirically test whether RBV arguments would apply to nonstandard work arrangements such as part time. For instance, both Nesheim (2003) and Martinez-Sanchez *et al.* (2011) found that, in dynamic environments, using externals such as temporary and/or contract workers in core activities may enhance firm innovativeness. Similar empirical explorations on part time work however, are limited.

The findings of the few studies that explicitly model relationships between use of part time work and terminal measures of organizational effectiveness, such as innovation, financial performance or productivity, are inconclusive to assert that part time work may be used strategically. For example, Hevenstone (2010) found that patent rates, used as a measure of the entrepreneurial spirit, are negatively associated with part time work. Modelling the relationship between part time work and establishment financial performance, Valderde *et al.* (2000) did not find any associations between the two. Chadwick and Flinchbaugh (2013) found an inverted U-shaped relationship: a positive relationship exists up to a level and at higher proportions, the use of part time work relates negatively with financial performance.

In regards to productivity, the picture is even more unclear due to the smaller number of relevant studies and the different measures of productivity used (Garnero *et al.*, 2013). For example, Konrad and Mangel measured productivity in terms of sales per employee and found that work-life programmes, including part-time work, were positively related to firm productivity, especially when firms employed a higher percentage of women and professionals. Further, Nelen *et al.* (2011) examined associations between part time work and productivity in the Dutch pharmacy sector. They measured productivity in terms of weighted numbers of prescription lines to conclude that larger part time employment share led to greater firm productivity.

Finally, Levine *et al.* (2010) investigated part time work and productivity in academia using publications and funding as measures of productivity. Part time faculty reported fewer publications and grants, but relationships were not statistically confirmed.

In light of inconclusive findings, researchers often discuss the relationship between part time work and productivity using insights from different perspectives that could explain either a positive or a negative association between the two, reflecting the hybrid nature of part time work. On the one hand, part time workers may be more productive than full-timers because of reduced tiredness, stress and absenteeism. From the perspective of part time labour demand, part time work may be positively related to productivity because it enables firms to extend operating hours and manage demand fluctuations at lower wage costs. On the other hand, part time work may be negatively related to productivity because of increased administrative costs and other complexities entailed in coordinating different work arrangements. From a human capital perspective, part time workers are less productive than their full-time counterparts because firm investments on their human capital tend to be fewer and returns on these investments are usually lower (see Broschak and Davis-Blake, 2006; Chadwick and Flinchbaugh, 2013; Garnero *et al.*, 2013; Kalleberg *et al.*, 2003; Nelen *et al.*, 2011).

Overall, contradictory perspectives and mixed empirical results have deemed it difficult to ascertain the business case for part time work. Clearly, further research that explicitly focuses on this relationship is required. We argue that such research should take an interdisciplinary approach, enriching conventional management thinking on work arrangements with alternative insights. We apply such an approach in this paper by introducing institutional theory to the RBV (Oliver, 1997) to hypothesize and empirically test national level contingencies that may: first, affect firm use of part time work; and second, explain the “black box” between part time work and firm productivity.

Institutional theory, part time work and the RBV

Beyond the dominant perspectives in economics and management discussed earlier, sociologists tend to theorize nonstandard work through an emphasis on institutional factors and organizational legitimacy (Garnero *et al.*, 2013; Kalleberg *et al.*, 2003). In this respect, Oliver (1997) long since proposed incorporating institutional theory to the RBV perspective to capture effects from the institutional context on firm decisions about resource selection and competitive advantage. For Oliver (1997), the economic justification of such decisions by the firm’s economic context, emphasized through the RBV perspective, constitutes “economic rationality” and even though an important consideration, it cannot explain all firm decisions. Instead, firms need not only resource capital but also institutional capital for longer-run competitive advantage. In turn, she introduced the term “normative rationality” to capture institutional effects on these decisions. Normative rationality is based on institutional theory arguments that firms face several pressures to conform to institutional forces, whether these forces are internal or external to the firm (Dacin *et al.*, 2002; DiMaggio and Powell, 1983; Meyer and Rowan, 1977). Such pressures entail normative expectations, assumptions and behavioural constraints reflected in relevant laws, public opinions and institutional practices (Dacin *et al.*, 2002; Oliver, 1991). According to DiMaggio and Powell (1983), firms tend to respond to similar pressures in similar ways, leading to isomorphism. Specifically, when norms and practices become social facts, firms may adopt them, even if at the expense of their own interests (Oliver, 1991).

In the literature on nonstandard work arrangements and work-family balance, some researchers have incorporated institutional theory arguments in their frameworks to

explore both normative and economic effects on firm-level use of different “family-friendly” practices, including part time work (Bardoel, 2003; Bloom *et al.*, 2010). Typically, however, these studies consider internal institutional effects, suggesting among others, that internal stakeholders are powerful groups that can influence managerial decisions. One such stakeholder usually examined in extant research in relation to working time options is women (Bardoel, 2003; Bloom *et al.*, 2010; Lyness and Kropf, 2005; Poelmans *et al.*, 2003). In regards to the use of part time work, women appear as a particularly influential group that drives demand and exerts pressures on organizations for flexibility options that would enable the combination of paid work with family responsibilities (Kalleberg, 2000; Kalleberg *et al.*, 2003). Nonetheless, any positive associations between proportion of women employed and use of part time work should be interpreted with caution, since they could reflect not only individual preferences but also a number of constraints to varying degrees (Gash, 2008; Houseman, 2001; Solera, 2008; Tomlinson, 2006).

Examining the effects of internal stakeholders is important but insufficient: following institutional theory, both internal and external pressures affect firm decisions about resources (DiMaggio and Powell, 1983). Thus, an important gap remains in this stream of literature: external institutional pressures have not been adequately incorporated in relevant conceptualizations and explorations related to the RBV and part time work. Scholarly and other studies on work and family concur that external institutional pressures, such as the national policy and institutional environment, have significant influences on organizational practices and individual employment behaviour (Crompton and Lyonette, 2006; Lyness and Kropf, 2005). In regards to part time work, however, empirical studies on the effects of external national-level factors are scarce (Buddelmeyer *et al.*, 2005; den Dulk *et al.*, 2012; Gooderham and Nordhaug, 1997; Hevenstone, 2010). Although many researchers provide descriptive accounts of the role of institutional policies and cultural norms on part time work, either as a firm practice or as an individual employment choice (e.g. Crompton and Lyonette, 2006; Fagan and Walthery, 2011; Gash, 2008; Solera, 2008), these are rarely modelled, especially in conjunction with productivity outcomes. In turn, cross-national research is needed to explore, among others, the institutional factors that influence part time work and other nonstandard arrangements (Kalleberg, 2000).

Our model of part time work incorporates external institutional pressures, therefore advancing research in this respect. According to Buddelmeyer *et al.* (2005), use of part time is affected by both national differences in part time policies as well as country-level effects reflected in cultural norms. This is aligned with institutional theory arguments about the existence of institutional pressures that may be coercive or normative but nonetheless influence the adoption of different work arrangements and other policies at the organizational level (den Dulk *et al.*, 2012). Welfare state scholars would agree that institutions and ideologies are closely intertwined and significant to individual employment choices (Solera, 2008). In turn, we conceptualize both legal and cultural normative institutional forces as both directly relevant to the use of part time work and indirectly relevant to the relationship between part time work and firm productivity.

Legal pressures and part time work

The legislative context pertaining to different forms of employment can be conceptualized as a coercive institutional pressure originating from the external environment of organizations and affecting internal decisions on work arrangements. Although research that explicitly considers national context in relation to part time

work is limited, the importance of the legal context when studying nonstandard work arrangements has been acknowledged. To illustrate, both Kalleberg (2001) and Kelly and Kalev (2006) discussed that different laws at national level can encourage or discourage the diffusion of different working time options at the organizational level. Similarly, Gooderham and Nordhaug (1997) as well as Sandor (2011) identified differences in legislation as an explanatory factor of how companies use practices that offer numerical flexibility differently.

Employment legislation aims at protecting employees from unfair dismissal procedures and from becoming a source of cheap labour, while it often includes provisions for ensuring the equal treatment of employees who work part time (Botero *et al.*, 2004; Kalleberg, 2001). Thus we consider the strictness of employment legislation an important external institutional pressure and pivotal to the use of part time work in firms. Its effects may go either way: to illustrate the two sides of the coin, Sweden has very high employment protection and at the same time high use of part time work while in the UK, part-time jobs increased as employment protection legislation became looser (Holland *et al.*, 2011). Holland *et al.* (2011) note that while deregulated labour markets, such as the UK one, may offer greater opportunities for part time work, especially among people with restrictions in the number of hours they are able to work, they may also increase worker vulnerability to precarious treatment.

One of the main arguments for employment legislation is that those in part time work, if not protected, may easily incur a cost not only in terms of hours worked but also in employment quality (Sparreboom, 2014). Schott (2012) explains that generally when their job is protected by legislation, employees can negotiate more favourable terms with their employers. Therefore, in countries where the rights of part time workers are secured, employees may be more likely to negotiate a transfer from full time to part time employment, causing increases in voluntary part time work. In fact, evidence suggests that in countries with relatively strict employment protection, as in Sweden, firms tend to rely more on internal flexibility (i.e. via working hours) rather than on layoffs when in need for workforce restructuring (Eichhorst *et al.*, 2010). This could provide support for Addison and Teixeira's (2003) reported speculations that employers in highly regulated contexts in relation to employment make greater use of part time work. In turn, we propose that the strictness of employment protection may constitute an important policy level instrument for greater use of part time work in firms:

H1. Strictness of employment laws has a positive effect on the use of part time work in firms.

Cultural pressures and part time work

Beyond the immediate effects of legislation, we also need to consider the norms and expectations within a society regarding use of part time work (Buddelmeyer *et al.*, 2005; Fagan and Walthery, 2011; Lyonette *et al.*, 2011). The feminist welfare state literature points out that institutions and culture are interrelated: moral and social views on gender roles, motherhood and care provision are institutionalized and reflected in national policies, organizational practices and individual behaviours (Solera, 2008). In this respect, the availability of part time work and the degree to which it is perceived as an acceptable employment alternative varies among societies (Sayer and Gornick, 2012). Given that part time work is much more common among women (den Dulk *et al.*, 2011), such differences among societies are likely to be embedded in national norms about gender roles (Cheung and Halpern, 2010; Sayer and Gornick, 2012).

We account for these national norms about gender roles through a country level index, namely the gender empowerment measure (GEM) (OECD, 2008). Gender empowerment is typically used in cross national studies as a proximal measure of gender egalitarianism or equality in a society (Desai, 2010). In more gender empowered societies, employers and policy makers have historically supported and actively promoted part time work, among other policies, to meet employee needs for work-life balance (Figart and Mutari, 2000; OECD, 2008). Differently, in less gender empowered countries patriarchal beliefs and inflexible career practices predominate (Moreno and Crespo, 2005; OECD, 2008), thus part time may be less attractive as an employment option. Therefore, we propose the following:

H2. Gender empowerment has a positive effect on the use of part time work in firms.

Institutions, part time work and productivity

In addition to the direct effects of external institutional forces on part time work, which capture a “normative rationality” for using nonstandard work arrangements in organizations, one could also conceptualize indirect effects of such forces. Indirectly, the legal and cultural context may create such conditions that nonstandard work arrangements can strategically enhance productivity. Under these conditions, using part time work would also be an economically rational decision for firms. As Nyberg *et al.* (2012, p. 11) note: “human resources require unique systems to create a sustained competitive advantage.” So under what unique systems may the use of part time work lead to valuable firm competitive outcomes, therefore granting an economic rationality to their adoption?

As per Oliver’s (1997) model and the notion that the firm environment interacts with the national institutional environment not only in direct but also in indirect ways, we propose that research on the effects of part time on firm outcomes should integrate factors from the aforementioned national level institutional contexts as potential moderators to this relationship. de Menezes and Kelliher (2011) recommended that relevant studies adopt multilevel approaches using different moderators and mediators. Such a combination could possibly help us clarify, in part, the different findings in current research concerning the link between part time work and firm productivity.

According to Garnero *et al.* (2013), the institutional context may affect the relationship between productivity and part time work. Golden (2012), explaining that little has been done to understand such relationships, notes that organization level policies may be enabled, supported, reinforced or complemented by policies and (cultural) norms at the national level. He concludes that institutional structures that facilitate the expression of desired flexibility in working time options may be the strongest force behind the spread of more decent working time arrangements that are both productive and socially healthy. Thus, we propose that economic rationality concerning the use of part time work may be achieved through the moderation of national level institutional factors – legal and cultural – on the relationship between part time work and productivity in firms. Even though these moderations have not been examined before, it is reasonable to assume that a positive relationship between part time work and productivity will be more likely in institutional contexts that protect and support this kind of nonstandard work arrangement.

As discussed earlier, institutional contexts with strict employment protection and higher gender empowerment, are more likely to foster use of part time work (Addison and Teixeira, 2003; Figart and Mutari, 2000). We argue that in these contexts, part time work may be used strategically at the core of the firm, therefore linking to higher productivity levels. For example, when employment legislation extends to part time

workers, hiring, employing and firing them is as costly and difficult as full time workers (Botero *et al.*, 2004). Therefore, firms cannot easily use part time at the periphery as means to reduce costs. Instead, when part time work is offered as an employment option, it is purposively done to contribute to the firms' strategic goals. In a similar fashion, we argue that part time work will more likely be at the core of the firm in institutional environments that foster gender empowerment, as it will be considered a viable and acceptable employment option. Evidence suggests that where part time work has been traditionally supported and promoted by the government, political parties and trade unions and national norms (such as the Netherlands, Germany, Austria and Denmark), part time is commonly used for longer or shorter periods according to their needs (Fagan and Walthery, 2011; Solera, 2008). Under these conditions, part time work is less likely to be imposed on employees and more likely to be adopted as a mutually beneficial working arrangement.

If these lines of argumentation hold, then it is plausible to assume that the national institutional policy context will moderate the relationship between use of part time work and productivity in the following ways:

- H3a.* Employment legislation will moderate the relationship between use of part time work and productivity. In contexts where employment legislation is stricter, the relationship between use of part time and productivity will be positive and stronger compared to contexts with weak employment legislation.
- H3b.* Gender empowerment will moderate the relationship between use of part time work and productivity. In contexts where gender empowerment is higher, the relationship between use of part time and productivity will be positive and stronger compared to contexts with lower gender empowerment.

Methodology

We used data from 2,839 firms operating across 21 OECD countries[1]. National level data were collected from two different sources, OECD (2008) and Botero *et al.* (2004) as explained further below. Organizational level primary data came from 2008 to 2010 Cranet, an established research network that collects comparative information on organizational HRM policies and practices across the world (Parry *et al.*, 2011). We excluded all (semi)governmental organizations from the sample. The survey focused on factual questions about HRM practices, the unit of analysis was the firm and the respondent was the person responsible for HRM. The questionnaire was developed through literature reviews and subsequent meetings among HRM academics. It was developed in English, translated into each local language, back-translated and pilot tested. The survey was conducted to a stratified representative sample of organizations in each country using mainly postal questionnaires.

Part time work

Similarly to Chadwick and Flinchbaugh (2013), we measured the degree of employee usage of part time work on a regular basis in the organization (six-point scale). We purposively measure employee usage instead of the existence of formal firm policies because it is important to separate policy adoption from implementation (Yang and Zheng, 2011). Some firms may have formal policies on part time work that they do not practically support and implement, while other firms may not have such formal policies in place, but informally encourage the take up of part time work nonetheless.

Productivity

We used a self-reported, perceptual measure of productivity. Perceptual measures have been used extensively and successfully in the literature, especially when financial measures are not accessible or directly comparable (Dess and Robinson, 1984; Perry-Smith and Blum, 2000). Further, a number of authors provide support for the high degree of equivalence between objective and self-report measures of firm performance (Conway and Lance, 2010; Spector, 2006; Wall *et al.*, 2004). Respondents were asked on a scale from 1 to 5, to rate the productivity of their organization as compared to the competition within their sector of activity as poor or at the low end of the industry (1), below average (2), average or equal to the competition (3), better than average (4) or superior (5).

Employment laws

We used Botero *et al.*'s (2004) Employment Laws Index (ELI) available through their 2004 publication. The index is calculated as the average of four variables: alternative employment contracts, cost of increasing hours worked, cost of firing workers and dismissal procedures. Alternative employment contracts involve the presence and cost of alternatives to the standard employment contract (i.e. the mandatory benefits and cost of terminating part time versus full time workers, the normalized maximum duration of fixed term contracts, etc.). The cost of increasing hours worked is a measure of how strictly employment laws protect workers from being "forced" to work more. The cost of firing workers involves the notice period, severance pay, and any mandatory penalties established by law or mandatory collective agreements for a worker given their tenure with the firm. Finally, dismissal procedures involve worker protection granted by law or mandatory collective agreements against dismissal. Index values are normalized and range from zero to one, with higher values representing more extensive legal protection of employees in a given country[2].

Gender empowerment

As a proxy for the level of gender equality (or low patriarchy) in a country, we use OECD's GEM, which is a composite index developed to measure gender (in)equality in a given society based on women's relative income as well as their access and participation in high-paying and powerful positions. In short, GEM seeks to measure relative female representation in economic and political power and is frequently used in cross-country comparative studies to represent national norms on gender egalitarianism or equality (Desai, 2010). GEM's values range between zero and one; the higher the value, the more gender equality is assumed to exist between men and women in a country.

Control variables

We control for different factors at the organizational level that could systematically affect our dependent variables first, we control for potential effects from the firm's size measured in terms of number of employees. Research suggests that larger organizations may be more likely to offer part time than smaller ones, even though different size effects have also been reported (Chadwick and Flinchbaugh, 2013; Kalleberg *et al.*, 2003; Nelen *et al.*, 2013). We used a logarithmic transformation to reduce skewness and approximate normality of the variable. In addition, we control

for industry (1 = services, 0 = other) since in the service sectors of many countries the share of part time workers is high (OECD, 2004a). Further, we control for potential effects coming from labour force composition. We specifically control for the proportion of women employed at the establishment since the literature strongly associates part time work with female participation in the labour force (see den Dulk *et al.*, 2011). Proportion of women employed in the establishment is a typical measure of workforce composition in such studies and is used as a proxy for demand factors driving the use of part time work and other similar arrangements (Kalleberg *et al.*, 2003). We also control for age composition by considering the proportion of employees who are under 45 years old ($\% \geq 45$ years) and therefore at a childrearing and raising age where reduced hours work may be sought to accommodate family responsibilities (Gash, 2008; Solera, 2008). To capture possible effects from trade unions, we control for whether the firm recognizes trade unions for collective bargaining or not (Unions). Whether organizations recognize trade unions or not may play a key role in the use of nonstandard work arrangements in organizations (Ferner *et al.*, 2005) since unions may encourage some types of nonstandard work, such as fixed-term, but discourage others, such as part time (Hevenstone, 2010). We also control for whether the firm's markets are local or multinational, i.e. whether firms operate only locally or in other countries as well (Local). According to Ferner *et al.* (2005), the decision of multinationals to adjust to local practices rather than more "universal" ones will depend greatly on the type of practice and the local environment. Further, Mayne *et al.* (1996) report that high-flexibility organizations tend to be more global than local.

Analysis and results

We analysed the data using hierarchical linear modelling (HLM), a method appropriate when organizational level independent variables are nested within larger contexts, in our case within the relevant legislative context and sector of industry. Nelen *et al.* (2013) present substantial evidence that part time work is highly more prevalent in the services rather in the manufacturing sector. We tested our hypotheses using an incremental approach. We started with the null models that included only the intercept that captured both country and industry sector effects, where sector denotes whether the organization operates in the services sector or not. We then examined the effects of the control variables and then added all independent variables followed by the interaction terms. Before creating the interaction terms, variables were centred to minimize potential multicollinearity problems (Dearing and Hamilton, 2006). Organizational level variables were group-mean centred, whilst national-level variables were grand-mean centred (Hofmann and Gavin, 1998). Covariance parameters for the random effects were statistically significant ($p < 0.05$), suggesting that they contributed to the models' specification.

Table I shows descriptive statistics and correlations for the variables in our study. Given some relatively high correlations, we examined for possible effects of multicollinearity by inspecting the variance inflation factors (VIFs). We concluded that multicollinearity was not a concern since all VIF coefficients were lower than five (Berenson *et al.*, 2012).

First, we hypothesized that the degree to which part time work is used in firms relates with external institutional pressures (*H1-H2*). The results supported *H2* but were opposite to *H1*. Gender empowerment was positively, but employment laws were negatively related to the use of part time work (Table II).

Table I.
Descriptive statistics
and correlations

	Part time work	Productivity	Industry	Employment laws	Gender empowerment	Firm size	% women	% ≥45 years	Unions	Local firms
Part time work	1									
Productivity	-0.02	1								
Industry	0.29***	0.03	1							
Employment laws (ELI)	0.05*	-0.01	-0.09***	1						
Gender empowerment (GEM)	0.33***	0.12***	-0.00***	0.43***	1					
Firm size	0.16***	-0.01	0.02	-0.09***	-0.01	1				
% women	0.38***	0.03	0.34***	0.05*	0.04*	-0.02	1			
% ≥45 years	0.04	0.10***	0.18***	-0.06*	-0.12***	-0.04	0.11***	1		
Unions	0.06**	-0.07**	-0.12***	0.24***	0.11***	0.21***	-0.15***	-0.11***	1	
Local firms	0.03	-0.08***	0.00***	-0.07	-0.06**	0.08***	-0.04	-0.15***	0.03	1
Mean	1.69	3.58	1.51	0.53	0.77	2,264	36.27	66.22	0.77	0.68
SD	1.22	0.84	0.65	0.19	0.11	13,980	22.82	18.74	0.42	0.47

Notes: * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

	Model 1	Model 2	Model 3	Part time work
Intercept	-0.03***	0.12	0.25***	
<i>Control variables</i>				
Industry		0.33*	0.33**	
Firm size (log)		0.15***	0.14***	
% ≥45 years		-0.02	-0.01	
Unions		0.05	0.06	
Local firms		0.13**	0.13**	
% women		0.35***	0.36***	
<i>Independent variables</i>				
Employment laws (ELI)			-0.21**	
Gender empowerment (GEM)			0.36***	
Model fit				
σ_e^2	0.71***	0.53***	0.53***	
σ^2	0.32***	0.24***	0.11***	
-2Log(L)	5,794	3,031***	3,010**	
Notes: * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$				

Table II.
Results of HLM
estimation for part
time work

Next, we hypothesized that the relationship between use of part time work and productivity would be moderated by national institutional context (*H3a*, *H3b*). According to Models 3 and 4 of Table III, use of part time work in firms was negatively related to productivity. Further, the interaction term between part time work and

	Model 1	Model 2	Model 3	Model 4	Model 5
Intercept	0.06	0.02	0.06	0.08	0.07
<i>Control variables</i>					
Industry		0.07	0.10	0.08	0.08
Firm size (log)		0.08**	0.09**	0.09**	0.09**
% women		-0.03	-0.00	-0.00	-0.00
% ≥45 years		0.08**	0.08**	0.09**	0.08**
Unions		-0.07	-0.06	-0.06	-0.06
Local firms		-0.13*	-0.11	-0.11	-0.11
<i>Independent variables</i>					
Part time work			-0.07*	-0.07*	-0.05
Employment laws (ELI)				-0.40	-0.39
Gender empowerment (GEM)				1.98**	1.99**
<i>Interaction terms</i>					
ELI X Part time					0.30**
GEM X Part time					0.14
<i>Model fit</i>					
σ_e^2	0.84***	0.82***	0.82***	0.82***	0.81***
σ^2	0.15***	0.19***	0.2***	0.17***	0.17***
-2Log(L)	6,088	3,536***	3,469**	3,461*	3,456*
Notes: * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$					

Table III.
Results of HLM
estimation for
productivity

gender empowerment was not statistically significant. However, the interaction term between part time work and employment laws was statistically significant.

Graphing this significant interaction (Bauer and Curran, 2005), Figure 2 shows that in the cases where strictness of employment legislation is high, higher use of part time work increases productivity. However, when strictness of employment legislation is low, part time work is negatively related to productivity.

Discussion

In this paper we build on recent discussions concerning the need to enrich the study of nonstandard work options (Ashford *et al.*, 2007) theoretically by combining HRM perspectives with perspectives of other fields (Sparrow and Cooper, 2014) and empirically through applying a multilevel research methodology (Peterson *et al.*, 2012). We focus on the realization that while use of part time work in firms has been widely studied, its connection with a firm’s external environment has not. Further, the limited research on the relationship between part time work and organizational performance measures, such as productivity, has produced mixed results. Thus, we combined the RBV with institutional theory (Oliver, 1997) in order to empirically capture external institutional effects on use of part time and its relationship with productivity. By doing so, we challenge conventional management perspectives that consider part time work as mainly relevant to the periphery of the firm and argue that under specific national-level circumstances part time work may be used strategically to enhance productivity.

Our findings support the notion that national institutional factors should be incorporated in explorations on nonstandard work arrangements and their relation to firm outcomes (den Dulk *et al.*, 2011, 2012; Garnero *et al.*, 2013; Kassinis and Stavrou, 2013; Lyness and Kropf, 2005). This in turn supports Oliver’s (1997) argument for the need to extend the RBV using theories that capture institutional effects of firm level practices to enhance the competitive potential of human resources. Using insights from institutional theory, we argued for and found evidence of normative rationality in the use of part time work among firms. Given our results, it seems that, depending on the national institutional factors examined, the institutional environment may have a

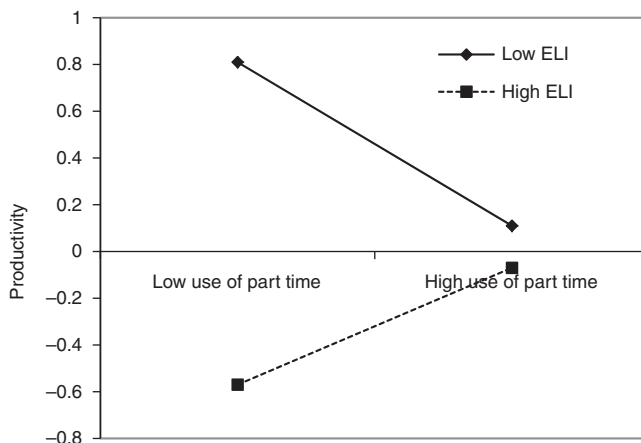


Figure 2.
The effect of employment protection legislation on the relationship between part time work and productivity

positive or negative bearing directly on employee working alternatives such as part time (den Dulk *et al.*, 2012; Schott, 2012).

Specifically, strictness of employment laws was, contrary to our expectations, negatively related to use of part time, suggesting that the stricter the national laws on employment, the lower the use of part time at firm level. Addison and Teixeira (2003) speculated that stricter employment laws would relate to increases in the use of part time work, possibly based on the assumption that nonstandard work arrangements are “easier” options than standard full time work for employers. Given that our measure of employment legislation included provisions for part time workers, employers cannot use this work arrangement as a substandard employment alternative. Botero *et al.* (2004) explain that the higher the employment protection, the more likely are part time workers to enjoy the mandatory benefits of full time workers. Further, for employers the cost of terminating part timers is at least as high as terminating full time workers. In such contexts, managers may be discouraged from promoting use of part time work and may also be more careful at hiring (and firing) since dismissals are more difficult and costly (Eichhorst *et al.*, 2010). According to Hevenstone (2010), when there are legal implications to pursuing external flexibility, typically through nonstandard work arrangements, firms are likely to emphasize internal flexibility through their core workforce. However, it is possible that firms operating in contexts with strict employment legislation that protects workers under nonstandard work arrangements, rather than increasing internal flexibility through part time, keep part time to the levels necessary for them or those vital for key employees and instead promote other full time arrangements to deal, for example, with possible cyclical workforce demands.

Contrary to employment legislation, the cultural aspect of gender empowerment we examined as part of the national-level institutional context was positively related to use of part time work. This suggests that in national contexts that are more gender egalitarian this type of nonstandard work arrangement is more likely to diffuse among firms. Our results support extant research in that greater flexibility is much more prevalent in contexts that promote gender equality. For example, Lyness and Judiesch (2008) report that in countries where women are empowered, employees and firms value flexibility in work hours more than those in their less-egalitarian ones. Further, Mutari and Figart (2001, p. 56) note that “policies to shorten the work week and challenge the norms of full-time employment [...] offer the best prospects for gender equity”. Finally, Rao (2009) explains that working time options such as compressed work week, part time jobs and individualized work schedules are more prevalent in MNCs whose origin is from higher gender-egalitarian cultures.

In addition to the direct effects of institutional factors on use of part time work at firm level, we argued that the institutional environment could have indirect effects that would help clarify the debatable relationship between part time work and firm productivity. Specifically, we argued that this relationship would be moderated by employment laws and gender empowerment: in specific institutional contexts, a positive relationship would suggest an economic rationality (Oliver, 1997) for the use of part time work in firms. Even though not hypothesized, the organizational level of analysis revealed that higher use of part time work was related to lower productivity. In turn, part time may be viewed as a work arrangement that is economically irrational, albeit normatively sanctioned. These findings add to the variation in existing research that, when explored at firm level, different work arrangements may have different effects on the strength of the business case argument (de Menezes and Kelliher, 2011). At the organizational level, these findings could be interpreted as reinforcing the core-periphery divide in organizations where part time work is used at the periphery of

the firm, which typically entails routine activities that do not contribute to firm performance and competitive advantage (Atkinson, 1987).

However, the addition of the moderating effects of the institutional context on the relationship between part time work and productivity has provided evidence to challenge and enrich the model of the flexible firm. After the moderation, this relationship remained negative in contexts where employment legislation is weak, but became positive in environments with high legal employment protection. In turn, we may argue that using part time work is an economically rational decision only for firms that operate in environments that legally protect all employees, including part timers. This is a very interesting outcome, especially given the negative direct relationship we found between employment legislation and part time work. Taken together, results show that strict employment legislation may discourage managers from promoting part time work, but when they do, firm productivity is enhanced. Consecutively, it seems that when part time workers are protected from dismissals and enjoy comparable employment status or quality as their full time counterparts, they become core workers with competitive potential. In these specific contexts, one could place part time workers in Lepak and Snell's (1999) "developing human capital" quadrant, where human resources with competitive potential are developed internally, managed through high commitment systems and used to perform essential tasks within the firm.

At the same time, gender empowerment was not a significant moderator to the relationship between part time work and productivity. Contrary to our expectations, and although the level of gender empowerment in a society has direct effects on use of part time in firms, it does not influence the relationship between part time work and productivity. Social norms alone therefore may exert pressures on managers to offer part time among their working arrangements, but do not appear to have the potency for placing part timers into the core where resources are used purposively for performance enhancement. When it comes to firm use of part time work, the specific aspect of culture examined here provides a normative rationality, but does not create conditions for an economic rationality as well. In highly gender egalitarian cultures, part time work may still be used as a substandard work arrangement if protective legislation is deficient. In fact, the more liberal welfare states in our sample, such as the USA, Australia and the UK, that have quite deregulated labour markets and therefore rank rather low in employment legislation, have relatively high scores of gender empowerment.

Implications and research avenues

This study enriches our understanding of nonstandard work arrangements and specifically part time work and its relation to productivity by: first, combining the RBV with institutional theory: and second, utilizing national level institutional variables. The study therefore builds on the suggestions of Sparrow and Cooper (2014) to combine HRM perspectives with perspectives of other fields, such as the RBV and institutional perspectives, by broadening our analyses to multiple levels. Our findings provide an important contribution to extant knowledge since scholars either examined the relationship between firm practices and outcomes without consideration of the broader context or investigated the relationship between firm practices and context without reference to firm outcomes. By bringing together these two perspectives, we reinforced the need for theorizations that are more inclusive and for multilevel empirical explorations that combine firm practices, firm outcomes and institutional context external to the firm.

In regards to the RBV, which has been a central theoretical perspective in the strategic management and HRM literatures (Nyberg *et al.*, 2012), our study indicates significant implications for its applicability to levels higher than the organizational. Findings suggest that economic rationality is contingent, at least in part, upon the broader institutional context. Therefore, the competitive potential of firm practices, and specifically part time work, depends on both economic and normative rationality. Consecutively, conventional management perspectives, such as the model of the flexible firm, should be critically evaluated and reconsidered. The assumption of the model is that “the core-periphery development is a product of strategic decisions made at the firm-level” (Gooderham and Nordhaug, 1997, p. 571). There is research, however, indicating that contextual sensitivity is required because firm use of different work arrangements that generate numerical or functional flexibility is driven not only by internal but also by external institutional factors (Gooderham and Nordhaug, 1997). Our study supports this research, confirming that the model of the flexible firm does not have universal applicability, and makes an important contribution in this literature stream: in highly regulated contexts, part time work may be discouraged, but it is in these contexts that part time could contribute to the firm’s core activities and effectiveness.

Building on this study, future research can further advance knowledge on these complex relationships. Scholars may enrich relationships tested here by using additional and/or more detailed information on firm practices and firm outcomes. For example, researchers can investigate whether and how national policies moderate the relationship between other nonstandard work arrangements and performance outcomes other than productivity (Sparrow and Cooper, 2014). Further, separating use of part time work by sex, age group and organizational status could reveal differential effects for different clusters of employees. Researches could also consider possible heterogeneity among part time workers depending on their hours of work, as well as their sector of employment. For example, Specchia and Vandenberghe (2013) found that the relationship between part time work and productivity depends on the duration of part time jobs and the industry considered. Adding to or changing the national-level variables and countries explored also could enrich our understanding and theorizations of the institutional context that affects nonstandard work arrangements. Finally, future studies may utilize organizational data that deal better with the time-lag required for HRM practices to have an effect on performance.

Beyond research, our study’s results have important implications for managers, especially among multinationals, interested in enhancing firm outcomes through nonstandard work options like part time. For example, use of part time work is less likely in contexts where employment laws are stricter and where gender empowerment is lower. However, in countries where employment protection legislation is generally strict, using part time work would be an economically rational decision leading to increased productivity. In countries low on employment protection, higher use of part time would be economically “irrational” and mere high gender empowerment does not seem helpful either. HRM practitioners should therefore take the relevant institutional environment into consideration, alongside firm-related characteristics and strategies, before deciding whether and to what extent to implement part time.

In this respect, Schuler and Rogovsky (1998) warn that multinationals often forget about the local context and promote the culture and practices of the parent company. Given our study’s results, firms entering or operating in multiple institutional contexts may need to make different kinds of adjustments in relation to the use of part time in these contexts. Potential incompatibilities can cause problems related to the firm’s

integration to the local context (i.e. not promote part time where they should and vice versa) as well as result in negative performance (i.e. low productivity). Per our results, firms will have a harder time promoting part time in contexts high in employment protection, but when they do, they will be more likely to achieve improved productivity. Thus, they need to figure out the requisite mechanisms through which they may achieve higher use of part time in higher employment protection contexts in order to reap the productivity gains. Is it by combining these contexts with those higher in gender empowerment? Are contexts that combine both high gender empowerment and stricter employment protection better candidates for both higher use of part time and improved productivity? Given our study results, this is viable option. Further, what are the organizational level institutional factors that may contribute to such gains? Given extant research, hiring more women could be such a factor as well (Stavrou *et al.*, 2014). All these need to be analysed from managers to provide their firms with the best possible results.

Finally, our findings have important implications for policy makers who should consider what they want to achieve through their policies before regulating specific aspects of employment. Given our findings, employment legislation that extends to part time workers may have adverse effects on use of part time work at firm-level, despite its potential for increasing firm productivity. Differently, lack of employment protection of part timers in contexts high in gender empowerment may not provide enough incentives for employers to promote part time if it will not help them achieve higher results.

Overall, this paper sheds light on how the institutional context may influence the use of nonstandard work arrangements in firms and their potential to enhance firm outcomes. Given our results, frameworks for researching working time should integrate multiple levels of analysis to capture both the strategic and institutional factors that affect firm working time practices. These relationships are complex but through further studies, they could offer valuable insight, informing research, practice and policy.

Notes

1. Countries and their scores (ELI: Employment Law Index, GEM: Gender Empowerment Measure) in sample: Austria (ELI: 0.50, GEM: 0.75), Australia (ELI: 0.35, GEM: 0.87), Belgium (ELI: 0.51, GEM: 0.84), Czech Republic (ELI: 0.52, GEM: 0.65), Denmark (ELI: 0.57, GEM: 0.89), Finland (ELI: 0.74, GEM: 0.89), France (ELI: 0.74, GEM: 0.78), Germany (ELI: 0.70, GEM: 0.85), Greece (ELI: 0.52, GEM: 0.69), Hungary (ELI: 0.38, GEM: 0.59), Ireland (ELI: 0.34, GEM: 0.73), Italy (ELI: 0.65, GEM: 0.73), Japan (ELI: 0.16, GEM: 0.57), the Netherlands (ELI: 0.73, GEM: 0.87), Norway (ELI: 0.69, GEM: 0.92), Slovakia (ELI: 0.66, GEM: 0.64), Slovenia (ELI: 0.74, GEM: 0.63), Sweden (ELI: 0.74, GEM: 0.93), Switzerland (ELI: 0.45, GEM: 0.83), UK (ELI: 0.28, GEM: 0.79) and USA (ELI: 0.22, GEM: 0.77).
2. In addition to their paper, Botero *et al.* (2004) refer the interested reader to <http://icg.som.yale.edu> for a more detailed description of the indices and the variables they include.

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