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**“Unlimited Vacation: A Dream or a Torment?
Testing the Short-term Effects of an Unlimited
Paid Time Off Policy”**

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Preface

This paper is written in collaboration with and on behalf of Schouten & Nelissen and Archipel Academy as part of the Master's double degree in International Management at Tilburg University and Luiss University. Both companies are active in the learning and development industry, located in the Netherlands, with Archipel Academy being a spin-off of Schouten & Nelissen. The request from both companies to investigate the effects of an unlimited PTO policy was the basis for this research paper. I would like to thank Nicole Niemeijer and Betty Kooijman, the HR managers of the companies, for giving me the opportunity to conduct the research within the two companies and giving me access to the desired information and data.

On top of that, I extend my gratitude to Prof. Jeroen Kuilman (Tilburg University) and Prof. Cinzia Calluso (Luiss University) for supervising me and providing valuable feedback during my research process. I also want to acknowledge the time and effort Prof. Dessy Rutten (Tilburg University) and Prof. Daniele Mascia (Luiss University) put into assessing this thesis as the second reader. Lastly, I would like to thank my family and friends for always supporting me during my studies and making it an unforgettable experience.

Abstract

Flexible working arrangements have become more popular and important over the last decades. As an ultimatum of this, some firms now start offering the freedom for employees to take as much Paid Time Off (PTO) as they want in the form of an unlimited PTO policy. This paper aims to partly fill the current lack of understanding about the effects of unlimited PTO policies since there are contradictory results in the limited available literature. This is done by testing the relationship between an unlimited PTO policy and job satisfaction, plus investigating possible moderators on the relationship. Participants in their natural settings are investigated to seek differences between participants with and participants without unlimited PTO. Even though the results suggest that an unlimited PTO policy does not contribute to overall job satisfaction, this paper still found support to argue that an unlimited PTO policy can contribute to lower stress levels and better well-being. On top of that, employees with unlimited PTO report higher satisfaction related to their PTO, with this relationship positively moderated by a low power distance orientation and high team autonomy. Support for such a moderating effect of one's job level was not found and seems, therefore, to not significantly affect the usefulness of an unlimited PTO policy. The positive results can be explained by people's innate need for autonomy and imply that firms can use unlimited PTO policies to improve employee well-being.

Keywords: Unlimited Paid Time Off (PTO) Policy, Job Satisfaction, Flexible Work Arrangements, Employee Well-being, Job Autonomy

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1. Introduction

Will employees become more satisfied with their job when they can take as much vacation as they want? On behalf of Schouten & Nelissen and Archipel Academy, this paper aims to provide an answer to this question. The following chapter introduces the research topic of this paper in more detail. This is done by first outlining the theoretical and practical problem indications. After that, the problem statement and research questions are formulated. Lastly, the overall structure of the paper is described.

1.1 Theoretical problem indication

Over the past decades, flexible working arrangements have become increasingly popular and important, both for employers and employees (Galea et al., 2013; Shagvaliyeva & Yazdanifard, 2014). Offering employees more flexible working arrangements improves the work-life balance and reduces stress. This positive effect on employees is, in turn, beneficial for employers since it leads to better employee well-being, productivity, and less turnover among employees (Galea et al., 2013; Shagvaliyeva & Yazdanifard, 2014). It also ensures that employees perceive more autonomy in their job, which is significantly related to job satisfaction and better performance (Alegre et al., 2016; Saragih, 2011).

Austin-Egole et al. (2020) argue that vacations and leaves are becoming increasingly crucial in flexible working arrangements rather than just offering flexible working hours. Employees also rate the possibility of choosing their moment and time of vacation as satisfying, according to Ciarniene and Vienazindiene (2018). However, Fakhri (2017) observed that, even though vacation is meant to contribute to better well-being, many vacation days remain unused in the current system with a fixed amount of vacation days. This can be caused by the fact that

employees could get (financially) compensated for unused vacation days or get penalised for taking much vacation in terms of career progression (Fakih, 2017). For that reason, Fakih (2017) suggests that management policies could be improved by offering more flexible vacation arrangements and facilitating vacation leave without any consequences.

An alternative system regarding vacations is the unlimited holiday policy, or unlimited Paid Time Off (PTO), which has been a very new trend in management over the last couple of years (De Bloom et al., 2022; Jaser & Roulet, 2022). The unlimited PTO system gives employees the autonomy and flexibility to schedule their vacations and work-life balance. The employees are no longer tied to fixed amounts of free days a year. This type of flexible working conditions and opportunities is nowadays expected by employees, according to Chiang and Lundgren (2017), and is no longer a differentiator anymore. This observation could explain why unlimited PTO policies are becoming more popular. However, the question arises if such flexible work arrangements and autonomy are beneficial, for example, in terms of job satisfaction.

According to Arevalo and De Jong (2015), unlimited PTO policies are beneficial for employees. They argue that it has a positive effect on job satisfaction and productivity. Röcklinger (2020) supports the positive relationship between unlimited PTO policies and job satisfaction. Röcklinger (2020) argues that work-life balance can be improved with the unlimited PTO policy, which leads to more job satisfaction and less stress. These benefits of the unlimited PTO policy are in line with the benefits of flexible working arrangements in its ordinary sense and could thus contribute to higher productivity and less turnover, as discussed earlier (Galea et al., 2013; Shagvaliyeva & Yazdanifard, 2014), suggesting that unlimited PTO policies can be beneficial for both employee and employer. However, both papers solely focused on IT companies in their sample and used a qualitative and exploratory approach. This leaves room for

testing the results in other settings and using other research methods to generate more generalisable results.

On the contrary, Röcklinger (2020) also highlights some downsides of the unlimited PTO policy. The policy often results in employees taking fewer days off, which results in higher stress levels and exhaustion. This downside claim is in line with research by De Bloom et al. (2022), who explain this by the blurred boundaries between work and leisure under the unlimited PTO policy. These claims are supported by Costa et al. (2004), who observed that employees that can schedule their working hours and vacations appeared to work longer and more irregularly, which is linked with worse well-being and satisfaction. Nevertheless, De Bloom et al. (2022) also explain the policy's potential benefits, as discussed earlier. This contradiction results in two competing processes: on the one hand, the benefits of autonomy and flexibility, and on the other hand, the downside of perceived stress and uncertainty.

The competing findings in the literature result in the suggestion of De Bloom et al. (2022) that more empirical research needs to be done about unlimited PTO policies and propose to compare employees with and without unlimited PTO to see if the policy contributes to favorable outcomes, such as satisfaction. Earlier mentioned research by Arevalo and De Jong (2015) supports the suggestion for future research in order to understand the effects of unlimited PTO policies.

On top of that, current research does not provide a complete understanding of which cultural factors affect the effectiveness of flexible working arrangements (Costa et al., 2004; Lambert et al., 2008; Masuda et al., 2011). This results in a lack of understanding for international operating firms, with employees from different cultural backgrounds, on whether to implement an unlimited PTO policy and, if so, how to be beneficial. It invites us to conduct more

research about which cultural factor(s) influence the perception of an unlimited PTO policy and its success. This paper aims to partly fill this gap by investigating if and how power distance affects the relationship between an unlimited PTO policy and job satisfaction since power distance is one of the most decisive cultural factors in organizations (Hofstede, 1983; Khatri, 2009) and one's perception on it significantly affect individual perceptions and reactions to HR practices (Chiaburu et al., 2015; House et al., 2004; Kirkman et al., 2009). Additionally, even though Röcklinger (2020) and De Bloom et al. (2022) highlight that a trusting and supportive environment with high team identity is needed to benefit from the policy, additional needed team characteristics or differences in success between job levels are not investigated yet. This paper aims to partly fill this gap by investigating the effects of job level and team autonomy on the relationship between unlimited PTO and job satisfaction since both variables are positively related to individual job autonomy (Mierlo et al., 2006; Sadler-Smith et al., 2003).

1.2 Practical problem indication

Even though there is a lack of understanding and competing results in the literature, Archipel Academy was convinced that unlimited PTO would positively affect job satisfaction and employee well-being and introduced the policy at the end of 2022 as a pilot. However, now that the policy has been implemented for half a year, the company is eager to measure its effects, primarily on job satisfaction, to determine if the pilot is successful and if they want to continue with the policy. For that reason, this paper focuses on measuring the short-term effects of the implementation of an unlimited PTO policy.

Besides, the most recent survey among the employees of Schouten & Nelissen about their overall satisfaction showed that they cannot break enough with their working responsibilities since this aspect scored very low. For that reason, it is of critical importance to

improve this score. However, there is a lack of understanding within the company on how to improve. Therefore, Schouten & Nelissen is looking for improvements and is considering implementing an unlimited PTO policy. This resulted in the request of both companies to investigate the effect of an unlimited PTO policy on job satisfaction, with a unique opportunity to research participants in their natural setting, which should contribute to an overall better understanding of the effects of an unlimited PTO policy.

1.3 Problem statement and research questions

The current existing gap in literature can, partly, be filled by investigating the following problem statement:

To what extent does an unlimited PTO policy contribute to job satisfaction?

Additionally, the following research questions are answered in this paper:

1. What is an unlimited PTO policy?
2. What is job satisfaction?
3. To what extent does power distance influence the relationship between an unlimited PTO policy and job satisfaction?
4. To what extent are job level and team autonomy influential on the usefulness of an unlimited PTO policy?

1.4 Structure

Now that the aim and relevance of this paper are explained, the following chapters contribute to answering the overall problem statement. In order to do so, chapter 2 describes the theoretical background and presents the hypotheses. Chapter 3 describes the data and methods used, after which the results of the analysis are presented in chapter 4. To finalize, chapter 5 presents the overall conclusions and implications.

2. Theoretical background

The following chapter describes the theoretical background of the concepts used in this paper and formulates the tested hypotheses. This is done by first describing an unlimited PTO policy, job satisfaction and the expected relationship. After that, the effect of power distance is explained. Lastly, the influence of job level and team autonomy is described.

2.1 Unlimited PTO policy and Job satisfaction

Subchapter 2.1 is determined to answer the first two research questions explaining an unlimited PTO policy and job satisfaction. In addition, the expected relationship between the two is described.

2.1.1 What is an unlimited PTO policy?

Most employees can take some days off a year without affecting their salary. The minimum number of days employees are allowed to take differs enormously worldwide, with no legal set minimum in, for example, the United States (De Bloom et al., 2022). In contrast, in, for example, the Netherlands, this amount is defined by the number of hours worked weekly. Dutch regulations state that employees can take off four times the number of hours one works per week without affecting their salary (Ministerie van Algemene Zaken, 2022). Employers can raise this amount to attract employees and promote employee well-being. Employers may also choose not to set a limit at all on the amount of paid time off, which can be described as an unlimited paid time off (PTO) policy and what is a very new trend in management over the last couple of years (Jaser & Roulet, 2022). As already indicated in the beginning, this type of flexibility in working arrangements has become more popular and important over the past decades (Chiang & Lundgren, 2017; Galea et al., 2013; Shagvaliyeva & Yazdanifard, 2014).

De Bloom et al. (2022) define unlimited PTO as “unlimited and sporadic paid time off from work during which an employee can be away from work and is not required to conduct any work-related tasks with negotiable boundary conditions such as timing, length, and requirements regarding coordination and performance” (pp. 3–4). Stated differently, employees’ responsibilities and contractual weekly working hours do not change, but employees get the opportunity to take PTO whenever desired while receiving their full wage. Archipel’s interpretation of the policy is the same as this definition. However, there is a maximum of three consecutive weeks off, and it should always be in agreement with direct colleagues to ensure continued operations. Nevertheless, the maximum number of consecutive days off can be overruled once every four years when employees have permanent contracts. Consequently, employees enjoy more flexibility under this policy on how to arrange days off and how many.

Companies can shift to an unlimited PTO policy to cut costs since companies do not have to pay out unused free days at the end of the year anymore because there is no minimum or maximum, and unused paid time off does, basically, not exist anymore. Other arguments for implementing an unlimited PTO policy are provided by Arevalo and De Jong (2015) and Röcklinger (2020). They argue that unlimited PTO policies can contribute to better employee well-being and, in turn, boost job satisfaction and productivity.

Besides the potential benefits, possible challenges of an unlimited PTO policy should be mentioned. Unlimited PTO could result in employees taking less time off and more exhaustion, causing more stress and worse well-being (De Bloom et al., 2022; Röcklinger, 2020). Costa et al. (2004) also observed longer and more irregular working hours for employees scheduling their working hours and vacations, causing worse well-being.

2.1.2 *What is job satisfaction?*

Even though job satisfaction is widely discussed in the literature, there is no general description of what it means, and multiple perceptions of it are available (Aziri, 2011). One of the oldest ways to describe job satisfaction is provided by Hoppock (1935). Under this approach, job satisfaction can be described as “any combination of psychological, physiological and environmental circumstances that cause a person truthfully to say I am satisfied with my job” (Hoppock, 1935, p. 47). Consequently, it is an internal description of employees about their feeling of satisfaction that is influenced by external factors.

A somewhat other description is provided by Statt (2004, p. 78), who explains job satisfaction as the degree to which employees are content with the rewards they receive from their job, especially in terms of intrinsic motivation. However, Mullins (2005, p. 700) stresses that even though job satisfaction and motivation are usually linked, the two concepts are not the same and cannot be used interchangeably.

More in line with Hoppock’s (1935) definition is Armstrong’s (2006) description of job satisfaction. According to Armstrong (2006, p. 264), job satisfaction is the attitudes and feelings that people have about their job, whereas positive attitudes and feelings, logically, indicate job satisfaction. George and Jones (2008, p. 78) agree with this type of description and highlight that employees can have various attitudes about different aspects of their job rather than just the job as a whole.

One of the factors influencing job satisfaction is job autonomy (Alegre et al., 2016; Saragih, 2011). Multiple researchers among different industries support this positive relationship between job autonomy and job satisfaction (Decarlo & Agarwal, 1999; Finn, 2001; Sadler-Smith et al., 2003; Taylor et al., 2003; Thompson & Prottas, 2006). In other words, employees

experiencing more autonomy in their jobs show higher satisfaction and better performance.

Based on the work of Breugh (1985) and supported by Sadler-Smith et al. (2003), autonomy in jobs can be divided into three facets: work method autonomy, work scheduling autonomy, and work criteria autonomy. These three facets describe the extent to which individuals are able to control the procedures, scheduling, and criteria of their work.

Besides, Saks (2006) found that some other factors in the working environment predict job satisfaction as well. For example, employee engagement predicts job satisfaction and can be positively influenced by employees' perceived support by the organization and supervisors. In other words, employees that feel that their organization and supervisor care about employee well-being, value employees' contributions and support them are more satisfied with their job. This relationship is supported by Rhoades and Eisenberger (2002) and in Rue and Byaes' (2003) framework of job satisfaction. Saks (2006) also found a positive relationship between procedural and distributive justice and engagement, suggesting that it predicts job satisfaction. This finding is, again, supported by Rue and Byaes' (2003) framework of job satisfaction in the sense that consistency of compensations (internal and external) contributes to satisfaction. Agho et al. (1993) support the above predictors of job satisfaction, as well as the positive effect of autonomy, and found negative relationships between routinization, overload, conflicts and ambiguity in roles with job satisfaction.

Besides the internal environment, external environmental factors and personality traits can have significant effects as well (Agho et al., 1993). For example, perceived job opportunities outside one's current job and negative affectivity as a personality trait can negatively affect job satisfaction. However, this paper focuses solely on the internal influencers and measuring the effects of external influencers is outside the scope of this paper.

2.1.3 Relationship unlimited PTO policy and job satisfaction

Referring back to Breugh's (1985) framework of job autonomy, job autonomy consists of the facets of work method autonomy, work scheduling autonomy, and work criteria autonomy. Work method autonomy refers to the degree of freedom/independence individuals have and feel to choose how they approach their work responsibilities. One's control over the scheduling and timing of work activities is called work scheduling autonomy. The last facet, work criteria autonomy, is linked to the ability of employees to choose or modify the evaluation criteria of their performance.

Following the above framework of job autonomy, it is reasonable to conclude that an unlimited PTO policy increases job autonomy in one's working environment, especially in terms of work scheduling autonomy. This can be concluded since an unlimited PTO policy gives employees the freedom to determine the total amount of vacation leaves themselves and does, theoretically, not tight time to a maximum amount. In other words, an unlimited PTO policy increases employees' control over the scheduling, timing and amount of time off and the balance with work activities.

The above-presented relationship between an unlimited PTO policy and job autonomy, together with the comprehensive and long-held agreement about the positive relationship between job autonomy and job satisfaction (Alegre et al., 2016; Decarlo & Agarwal, 1999; Finn, 2001; Sadler-Smith et al., 2003; Saragih, 2011; Taylor et al., 2003; Thompson & Prottas, 2006) results in the reasonable assumption that an unlimited PTO policy positively affects job satisfaction. This assumption can also be explained by the self-determination theory (Ryan & Deci, 2000). The theory argues that autonomy is an innate need for people to be satisfied, and meeting this innate need can be seen as an essential factor in living a fulfilled life with higher

well-being. The increase of job autonomy under an unlimited PTO policy, together with the positive relationship between job autonomy and job satisfaction, explained by the self-determination theory, results in the following hypothesis:

H1: An unlimited PTO policy is positively related to job satisfaction.

2.2 Power distance

The following subchapter aims to explain the cultural factor of power distance and its influence on the relationship between unlimited PTO policies and job satisfaction.

2.2.1 Definition and impact

Power distance is one of the most decisive cultural factors in organizations (Hofstede, 1983) and refers to the extent to which members of a society or group expect and accept unequal distribution of power. Specifically related to organisations, on which this paper is focused, Hofstede (1983, p. 81) describes power distance as the degree of centralised authority and autocratic leadership. In other words, high power distance between managers and subordinates means authority is mainly concentrated at the managerial level, and subordinates accept this unequal distribution. On the other hand, in low power distance environments, subordinates have a more significant say in decision-making and do not expect managers to take care of everything.

In line with Hofstede's (1983) claim about the crucial impact of power distance within organizations, Khatri (2009) found that differences in power distance orientation significantly impact the organizational environment. Besides the significant impacts, Khatri (2009) supports the view that individuals within national cultures may differ in their cultural value orientation, based on the work of Earley and Gibson (1998) and Triandis (1995). Especially an individual's power distance orientation, which can thus vary greatly, significantly affects an individual's

perception and reaction to HR practices and leadership style (Chiaburu et al., 2015; House et al., 2004; Kirkman et al., 2009). For that reason, and because of the current lack of understanding, it is worthwhile to investigate how power distance affects the relationship between unlimited PTO policies and job satisfaction.

2.2.2 Moderating effect

Multiple researchers specifically described the effect of power distance on empowerment and autonomy within organizations. A literature review by Hui et al. (2004) provides an overview of multiple research (Eylon & Au, 1999; Morris & Pavett, 1992; Nickols, 1998; Robert et al., 2000) about the influence of power distance on the relationship between empowerment and job satisfaction. Empowerment is, in this case, defined as the autonomy and discretion employees have regarding their work activities. A moderating effect of power distance on the relationship between empowerment and job satisfaction was found; higher power distance shows weaker relationships between empowerment and job satisfaction. Hui et al. (2004) explain this moderating effect by the fact that employees that perceive more power distance and accept this distribution may feel uncomfortable accepting and exercising autonomous power in performing their job duties since they are not used to it or expect their manager to decide.

A recent study by Guo et al. (2022) supports the moderating role of power distance between job autonomy and certain job outcomes (e.g. burnout) by using individual power distance orientation instead of general country data. The explanation of this moderating effect is in line with the previous one. Individuals with high power distance orientations may be able to make decisions but prefer not to do it themselves and expect more powerful figures in the organizations to do it. In contrast, individuals with low power distance orientations are less likely to face these difficulties.

Putting this in the context of vacation leave, it is reasonable to assume that employees with higher power distance orientations face more difficulties in deciding when and how much paid time off they need themselves, since they feel more uncomfortable exercising this autonomous power. Employees reporting low power distance orientations will be less likely to face these difficulties and uncomfortable feelings and do not expect their managers to decide on this. As a result, employees with low power distance orientations might report unlimited PTO policies, in which one has the freedom to decide for themselves, as more satisfactory compared to employees with high power distance orientations. This moderating effect results in the hypothesis that lower power distance orientations strengthen the relationship between an unlimited PTO policy and job satisfaction:

H2: Low power distance orientation strengthens the relationship between an unlimited PTO policy and job satisfaction.

2.3 Job level and team autonomy

The following subchapter is divided into two parts. Firstly, the effect of differentiation in job level is described. After that, the team characteristic autonomy is discussed.

2.3.1 Job level

As indicated in the problem indication, currently available research does not provide the knowledge if different levels of job function affect the outcomes of unlimited PTO policies. In other words, there is a lack of understanding if one's position within the company can affect the relationship between an unlimited PTO policy and job satisfaction. However, to better understand the studied phenomenon and for companies to manage an unlimited PTO policy, it might be helpful to understand this potential influence.

Sadler-Smith et al. (2003) found that seniority in job level is positively associated with job autonomy. This finding means that employees in more senior positions perceive more freedom to arrange their working activities and times since they do not justify all their actions to others. Employees or subordinates in more junior positions, on the other hand, naturally need to discuss their requests more regularly with higher hierarchy, compared to senior functions, irregular of the power distance orientations. In relationship with an unlimited PTO policy, employees in senior positions could experience this as more satisfactory than employees in junior positions since they are more experienced with autonomy and are more likely to know how to deal with the responsibilities. Subordinates might experience unlimited PTO policies less satisfactory since they probably need to justify their requests more to their manager or supervisor. This reasoning implies that the nature of the job level moderates the relationship between unlimited PTO policies and job satisfaction in the sense that higher hierarchies report it as more satisfactory.

2.3.2 Team autonomy

Apart from the suggestion that a trusting, supportive environment with high team identity is needed in order to benefit from an unlimited PTO policy (De Bloom et al., 2022; Röcklinger, 2020), additional needed team characteristics are not known yet. Up until now, autonomy and empowerment were described on an individual level, one's freedom and autonomy over their own working activities and timing, which is a strong predictor of job satisfaction, as stated earlier. However, autonomy can also be studied on a team level. This can be done since Mierlo et al. (2006, pp. 282–283) consider individual and team autonomy as a so-called isomorphic construct, meaning that team autonomy is the parallel of individual autonomy, but on a team level. High team autonomy means that the team 'owns' the tasks and thus is more responsible

themselves for arranging work, which is positively related to individual autonomy (Mierlo et al., 2006). Because of the positive relationship between team autonomy and individual autonomy, team autonomy could be a potentially important characteristic that influences the success of an unlimited PTO policy since the policy increases individual job autonomy, as argued earlier.

The positive relationship between team autonomy and individual autonomy holds that employees working in teams that experience more freedom to ‘own’ the tasks of the team also perceive more individual autonomy to arrange individual work activities and timing. Higher team autonomy should, therefore, make individual employees feel freer and more comfortable in arranging their time off. This suggests that an unlimited PTO policy is more satisfying for members of teams with high team autonomy compared to low team autonomy team members. On top of that, since more autonomous teams are more experienced in arranging and dividing work activities, they are likely better able to arrange vacation leave in mutual agreement without disturbing operations compared to low autonomous teams. This should result in fewer conflicts and less dissatisfaction and implies that team autonomy moderates the relationship between unlimited PTO policies and job satisfaction.

The above-presented expected moderating effects result in the following hypothesis:

H3: Job level (3a) and team autonomy (3b) strengthen the relationship between an unlimited PTO policy and job satisfaction.

2.4 Conceptual framework

The three presented hypotheses can be incorporated into a conceptual framework, which is presented below. All the moderating variables are tested individually and together in a full model.

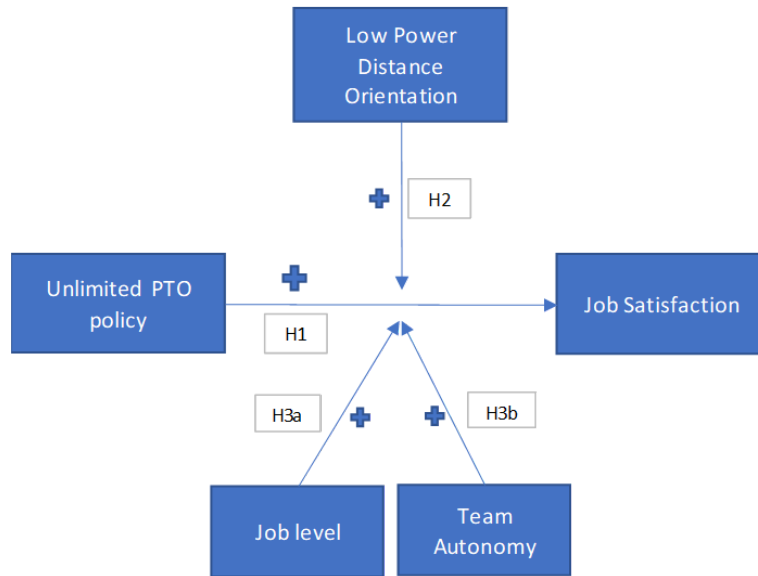


Figure 1: Conceptual framework

3. Data and methods

The following chapter describes the research design and methods used in this paper. This description enables future researchers to replicate the study. Firstly, the design of the study is explained. Secondly, a description of the participants and how the data is collected is given. Thirdly, all variables and how they are measured are presented.

3.1 Design

The research is of a quantitative nature. On top of that, the research can be defined as causal research. This research design is chosen because the paper aims to solve a cause-and-effect problem that needs to be solved by using a structured approach. The research will make use of observations in their natural settings in order to ensure external validity.

Besides, this research uses deductive reasoning, meaning that the formulated hypotheses, based on existing literature, are tested using empirical data to either accept or reject the hypotheses. The observations are of a cross-sectional nature. This design is chosen because the paper aims to draw conclusions from multiple different items at the same time, since it tries to test hypotheses and not to measure changes over time. The chosen design allows the research to deliver information about the prevalence of the studied problem and its outcomes (Setia, 2016).

3.2 Participants and data

Individual employees from two international operating firms (Schouten & Nelissen and Archipel Academy) are the unit of analysis. Purposeful sampling (Palinkas et al., 2013) is used to identify two different groups of participants. The research team distributed a survey among those two different groups of employees. One group is not yet used to an unlimited PTO policy

(Schouten & Nelissen), and another is used to an unlimited PTO policy (Archipel Academy). Initially, 183 employees participated in the study. However, 143 records were included in the final analysis. This reduction of used records resulted from data cleaning, which was done to delete incomplete or unreliable records. The reliability assessment of records is described further in this chapter. Among the 143 included participants, 69 had unlimited PTO at the time of participating, whereas 74 participants were tied to a fixed amount of PTO. The results of these two different groups are evaluated to determine if the unlimited PTO policy contributes to better job satisfaction while controlling for other possible influencers. Additional information about the used sample, such as gender and education level distributions, are presented in appendices 3 to 8.

Schouten & Nelissen was founded in 1974 (Ons Verhaal | Schouten & Nelissen, n.d.) and has always been active in the learning and development industry. Their portfolio ranges from courses for individual employees to customized programs for whole departments and from coaching projects to their own publisher. In 2014, Schouten & Nelissen launched a new department to create independent online learning platforms, which resulted in the spin-off of Archipel Academy as an independent company in 2019 (Ons Verhaal - NL, 2022). Since Archipel Academy was created by Schouten & Nelissen, has been a part of it for a long time and is active in the same industry, the companies are very comparable in terms of culture and activities. As of today, Schouten & Nelissen employs 243 people, and Archipel Academy employs 171 people, making them comparable in terms of company size under the Dutch accounting system based on the number of employees (Deloitte, 2021; PWC, 2020; Statistics Netherlands, 2023). On top of that, even though the companies shared their headquarters for a long time, they are now separated, which enhances the independence of the two companies.

Using the participants in their natural setting from those two companies allows for making valid claims about the studied phenomenon. Just comparing the reported job satisfaction of Archipel's employees before and after the implementation of the unlimited PTO policy would not succeed in making significant claims for multiple reasons. To begin with, even though Archipel Academy manages job satisfaction through frequent surveys about overall satisfaction, it is a fast-growing company; hence a lot has changed by nature since the unlimited PTO policy was implemented. For example, the company moved to another location, and eventual changes in job satisfaction can also be caused by such changes instead of the implementation of an unlimited PTO policy. On top of that, previous job satisfaction surveys within the company lack in specificity about the satisfaction about vacation leave and are rather focused on overall satisfaction, and can therefore not be used to make valid claims about the effects of the implementation of the unlimited PTO policy. By using a survey that explicitly tests the effect of vacation policies on satisfaction, this problem is solved. Besides, reported job satisfaction could also be affected by past deliberate career decisions, and relatively new employees in the company are more likely to report higher satisfaction since rational persons try to rectify their past decisions (Lévy-Garboua & Montmarquette, 2004). Keeping in mind that both companies employ relatively many new employees quarterly, it is likely that this affects average satisfaction. For these reasons, a specific survey about elements linked to vacation policies is used to collect data about the two groups simultaneously.

Participating in the survey was on a completely voluntary basis, and all data was recorded privately. This private data collection was done to attract intrinsically motivated participants who feel safe sharing their honest thoughts and answers. However, time spent on the survey was monitored to delete records that were finished within a minimal amount of time, which suggests

that it was not filled in seriously enough. On top of that, the way the questions were formulated in the survey allowed for filtering invalid records. This is because the questions were formulated either positively or negatively, and obvious contradictory answers or the same response on every question suggest that the participant did not pay attention or did not understand the question correctly. Lastly, the survey was initially made in English. This language was chosen since Schouten & Nelissen and Archipel Academy use English as the primary communication when non-Dutch speakers are involved. Since the survey was distributed via email to all employees, including the non-Dutch-speaking, English was the desired way of communication. However, below the English description and questions, a Dutch translation was provided in order to increase the response rate. The research team was responsible for the English-Dutch translation. After that, an independent translator, capable of speaking both languages professionally, was involved to provide the Dutch-English translation. Translation issues and biases are, with this, eliminated. The complete survey, including the instructions, is displayed in appendix 1, whereas the Dutch translation of the questions and instructions can be seen in appendix 2. The theories on which the survey is based are described in the following subchapter.

3.3 Variables

As can be derived from the overall problem statement, this paper mainly focuses on the variables job satisfaction and an unlimited PTO policy. In this case, job satisfaction is the dependent variable, and an unlimited PTO policy is the independent variable. Additional independent variables used to test certain relationships are power distance, job level and team autonomy. The way these variables are measured is explained below. On top of these variables, certain control variables are included to avoid the effects of these variables on the outcome of the results. These control variables are mentioned and explained in section 3.3.4.

3.3.1 Measuring job satisfaction

Job satisfaction represents employees' attitudes and feelings towards their work activities, as described in chapter 2.1.2. Lévy-Garboua and Montmarquette (2004) argue that self-reported and subjective measures about such attitudes and feelings, which can be collected via surveys, should be exploited in economic studies because of their richness and easy-to-collect features.

Measuring attitudes and feelings can be done via Likert scales, which is one of the most used methods in modern research (Baumeister et al., 2007; Clark & Watson, 2019). Van Saane et al. (2003) analyzed the performance of different job satisfaction measurement methods, especially in terms of reliability and validity. Among the best-performing instruments, out of the 29 tested models, most used Likert scales in their measurement. The Likert scales used in the best-performing instruments were either on a 5-point or 7-point basis. According to Taherdoost (2019), 7-point scales outperform 5-point scales and therefore suggest using 7-point scales if there is no need to have respondents located on one side. Joshi et al. (2015) explain this difference in performance by the fact that the more variety of options in the 7-point scale increases the probability of meeting the objective reality of people.

Because of the above reasoning, this paper uses the 7-point Likert scale to measure job satisfaction by collecting subjective reported data about attitudes and feelings towards work activities via a survey. The questions used in the survey are mainly formulated based on the work of Lloyd et al. (1994), Ng (1992), Spector (1985) and Traynor and Wade (1993) and are incorporated in the last part of the survey (see appendix 1). These measures are included because they have high reliability and validity (Van Saane et al., 2003). Even though these instruments were initially developed for other industries, this paper considers them as acceptable

measurements since only questions that logically can relate to vacation leave policies are used, and questions about, for example, pay are left out to eliminate this effect. This design, to focus on the satisfaction of a specific part of the job rather than overall satisfaction, is chosen because employees can have various attitudes about different aspects of their job rather than just the job as a whole (George & Jones, 2008, p. 78), as described earlier.

3.3.2 Individual measurement of power distance

As already indicated before, individuals within cultural groups or even within organizations can have different perceptions of cultural norms (Earley & Gibson, 1998; Khatri, 2009; Triandis, 1995). This claim is in line with research by Rinuastuti et al. (2014), which suggests that the generalization of cultural norms to explain behavior is an ecological fallacy and proposes to conduct more research with the measurement of cultural factors on an individual level to enhance cross-cultural research. Brewer and Venaik (2014) also stress the importance of avoiding ecological fallacy in research. In order to avoid this, data collection methods should be consistent with the level at which the research problem is investigated. Since this paper measures job satisfaction at an individual level, using national cultural data would be an ecological fallacy.

Especially in multicultural communities, created by globalization and development, a country (and its overall cultural norms) as a cultural unit of analysis may not be appropriate in research settings (Cleveland & Laroche, 2007; Laroche, 2007; Tse et al., 1988). Since Schouten & Nelissen and Archipel Academy both employ people with different nationalities and cultural backgrounds, both companies can be seen as multicultural mini-communities, suggesting that measurement on an individual level may be more appropriate in this setting.

For the above-presented reasons, data about the cultural factor of power distance is collected on an individual basis to measure one's power distance orientation. However, original

power distance scales were developed for measurements at the country level of analysis, which makes using them at the individual level unreliable (Taras et al., 2009). For that reason, Adamovic (2023) introduced a new approach to measure power distance at the individual level. This paper uses questions based on his construct to measure power and conflict with authority figures, which highly correlates with psychological power distance and is based on earlier constructs of Dorfman and Howell (1988), House et al. (2004), and Maznevski et al. (2002). However, Adamovic's (2023) approach uses a 5-point Likert scale, whereas this paper uses a 7-point Likert scale. This adaptation is made because of previous argumentation about the better performance of 7-point scales compared to 5-point scales and to ensure consistency within the survey and analysis. The questions are incorporated in the second part of the survey (see appendix 1).

3.3.3 Measuring team autonomy and job level

Besides providing the autonomy items and the descriptions, Breugh's (1985) paper about work autonomy provides specific questions to measure autonomy. Respondents can answer these questions on a 7-point continuum, ranging from strongly disagree to strongly agree. Considering the earlier claim about the isomorphic characteristic of individual and team autonomy (Mierlo et al., 2006), this paper uses the same way of measurement but on a team level. The questions are formulated in such a way that they clearly relate to overall team activities and autonomy instead of individual control over activities and are included in the third part of the survey (see appendix 1).

To measure the level of one's job, this paper used four different categories, similar to research by Sadler-Smith et al. (2003) about the effect of job level on autonomy. However, this paper reformulated the categories to staff, team lead, manager and director/member of the board

instead of the original senior, middle, junior and below junior categories. This adaptation is made to overcome the interpretative character of the original measurements. Changing this to more concrete names, which are also described in one's job function in most cases, should divide the participants into more reliable groups. The question related to this measurement was included in the first part of the survey (see appendix 1).

3.3.4 Control variables

To control for the influence of factors other than the studied variables, questions about age, years active in the company, workdays per week, gender and level of education were included in the first part of the survey (see appendix 1). The potential influence of these variables on the outcome is thereby eliminated in the analysis by including them as control variables. On top of that, the nature of the used sample controls for different influencers. First, company size is controlled since they are comparable, as explained before. Second, the two companies are active within the same industry, and industrial factors are therefore controlled. For example, perceived job opportunities outside one's current job negatively affect job satisfaction (Agho et al., 1993) but are highly likely to be the same for the two groups of participants. Third, as explained earlier about the origins of the two companies, the overall company culture can be considered comparable since they have been together for a long time and formed out of the same vision and passion. Fourth, the current amount of paid time off is constant among the two different groups of participants; all employees of Archipel Academy have unlimited PTO, whereas all employees of Schouten & Nelissen have the same terms and conditions. In other words, there is no differentiation within the two groups in this element.

4. Findings

The following chapter aims to present the findings of this paper. This is done by first guiding the reader through the descriptive statistics. After that, an analysis of the main relationship between unlimited PTO and job satisfaction is presented. In the end, the findings of all tested moderators are discussed.

4.1 Descriptive statistics

The descriptive statistics and correlations of the studied variables are presented in table 1. This table includes the dependent, independent and control variables. Paid time off was in the analysis coded as 0 for employees with fixed amounts and 1 for employees with unlimited PTO. Gender could range from 1 for male, 2 for female, 3 for third gender / non-binary, to 4 for employees that prefer not to say. Workdays per week was recorded as the number of workdays per one's contract. Years active within the company was categorized into seven categories, with 1 being 0-3 years active, 2 for 4-6 years, 3 for 7-9 years, 4 for 10-12 years, 5 for 13-15 years, 6 for 16-19 years and 7 for 20 years or longer. As described earlier, the function was divided into four categories, ranging from 1 for staff, 2 for team-lead, 3 for manager and 4 for director/member of the board. Additionally, education was divided into seven categories, with 1 for employees with less than high school, 2 for high school graduates, 3 for Secondary vocational education graduates, 4 for Higher professional education graduates, 5 for University Bachelor graduates, 6 for University Master graduates and 7 for doctorates. Power distance orientation, Team autonomy and job satisfaction are results of the questionnaire records and can range from 1 to 7. Power distance orientation can be interpreted in the sense that higher scores mean lower power distance orientation. Team autonomy and job satisfaction should be interpreted in the sense that

higher scores suggest high team autonomy and high job satisfaction, respectively. For the sake of straightforward interpretation, the direction in which power distance orientation and team autonomy should be interpreted is included in the variable description for the linear regressions.

Table 1: Descriptive statistics and correlations.

Variables	Mean	SD	Min	Max	1	2	3	4	5	6	7	8	9	10
1 Paid Time Off	0.483	0.501	0	1	1									
2 Gender	1.671	0.471	1	2	-0.129	1								
3 Age	38.168	11.000	18	64	-0.291	0.074	1							
4 Workdays per week	4.510	0.711	1	5	0.055	-0.042	0.008	1						
5 Years active within company	1.944	1.811	1	7	-0.203	-0.030	0.531	-0.076	1					
6 Function	1.469	0.902	1	4	-0.130	-0.182	0.255	0.239	0.042	1				
7 Education	4.182	1.196	1	7	-0.194	-0.068	0.164	0.304	0.008	0.299	1			
8 Power Distance Orientation	5.100	0.622	2.625	6.500	-0.028	-0.011	0.128	0.089	0.013	0.142	0.364	1		
9 Team Autonomy	5.573	0.697	2.400	7	-0.072	0.106	0.000	0.113	-0.001	0.258	0.244	0.333	1	
10 Job satisfaction	5.449	0.751	2.167	6.750	0.050	-0.104	0.032	0.038	0.051	0.235	0.181	0.245	0.529	1

As can be derived from table 1, no problematic high correlations can be found between any of the variables. Additional information about the distributions of the variables paid time off, gender, workdays per week, years active within the company, function and education level within the used sample can be found, as stated earlier, in appendices 3 to 8.

4.2 Positive effects of unlimited PTO

The effect of unlimited PTO on job satisfaction was tested using linear regression. Results of such regression with the overall job satisfaction score from the questionnaire, which is the average score of all satisfaction questions, are presented in table 2. Model 1 only includes the control variables, which do not influence the outcome significantly. Whether employees have a fixed amount or unlimited PTO is added in model 2. Even though the effect on job satisfaction is

positive, it is not statistically significant ($\beta = 0.139$, $p = 0.303$). Even when adding the other independent variables, in model 3, unlimited PTO does not affect job satisfaction statistically significantly ($\beta = 0.162$, $p = 0.163$). Only team autonomy significantly affects job satisfaction in this model ($\beta = 0.546$, $p = 0.000$), which aligns with previous claims about the positive effects of autonomy on job satisfaction.

Table 2: Linear regression with overall job satisfaction score as dependent variable.

Variables	Model 1			Model 2			Model 3		
	DV: Overall job satisfaction score			DV: Overall job satisfaction score			DV: Overall job satisfaction score		
	Coef.	SE	p	Coef.	SE	p	Coef.	SE	p
Gender	-0.141	0.134	0.295	-0.123	0.136	0.367	-0.201	0.120	0.097
Age	-0.001	0.007	0.834	0.000	0.007	0.98	0.001	0.006	0.933
Workdays	-0.018	0.093	0.847	-0.028	0.093	0.762	-0.068	0.081	0.401
Years active	0.024	0.041	0.569	0.027	0.041	0.515	0.023	0.036	0.515
Education	0.115	0.056	0.043	0.127	0.057	0.029	0.026	0.053	0.621
Unlimited PTO				0.139	0.135	0.303	0.162	0.115	0.163
Low power distance orientation							0.067	0.097	0.492
Function							0.072	0.068	0.298
High team autonomy							0.546	0.086	0.000
Constant	5.296	0.515	0.000	5.140	0.537	0.000	2.354	0.662	0.001
R-squared			0.044			0.051			0.328
Adj. R-squared			0.009			0.010			0.283
N = 143									

On top of that, table 3 presents the effects on the outcome of the direct question of whether one is satisfied with his/her job. Again, unlimited PTO seems not to influence this outcome significantly ($\beta = -0.048$, $p = 0.783$). Only the degree of team autonomy significantly predicts this self-reported satisfaction ($\beta = 0.540$, $p = 0.000$). The results of these regressions suggest that PTO policies do not influence one's job satisfaction. However, additional analysis was performed to test the influence of unlimited PTO on specific elements in

the questionnaire. It turns out that three elements were significantly influenced by an unlimited PTO policy.

Table 3: Linear regression with self-reported job satisfaction as dependent variable.

Variables	Model 1			Model 2			Model 3		
	DV: Self reported satisfaction			DV: Self reported satisfaction			DV: Self reported satisfaction		
	Coef.	SE	p	Coef.	SE	p	Coef.	SE	p
Gender	-0.193	0.184	0.296	-0.206	0.187	0.271	-0.242	0.180	0.18
Age	0.000	0.009	0.97	-0.001	0.010	0.957	-0.001	0.009	0.886
Workdays	0.057	0.128	0.658	0.064	0.129	0.621	-0.002	0.121	0.986
Years active	0.098	0.057	0.087	0.095	0.057	0.097	0.096	0.053	0.074
Education	0.070	0.077	0.364	0.062	0.079	0.433	-0.022	0.079	0.776
Unlimited PTO				-0.096	0.185	0.605	-0.048	0.172	0.783
Low power distance orientation							-0.081	0.144	0.574
Function							0.174	0.102	0.091
High team autonomy							0.540	0.128	0.000
Constant	5.466	0.707	0.000	5.574	0.739	0.000	3.442	0.989	0.001
R-squared			0.049			0.051			0.208
Adj. R-squared			0.015			0.009			0.154
<i>N</i> = 143									

To begin with, employees with unlimited PTO report that they can more easily relieve stress thanks to their PTO. The linear regression to test this, presented in table 4, shows that among the control variables, only education influences this score significantly ($\beta = 0.218$, $p = 0.020$). When adding unlimited PTO as an independent variable, it becomes clear that this also strongly influences whether employees can easily relieve stress in their PTO ($\beta = 0.552$, $p = 0.013$). When all independent and control variables are tested, in model 3, unlimited PTO becomes the only predictor of the dependent variable ($\beta = 0.530$, $p = 0.017$)

Table 4: Linear regression with the level of stress relief thanks to PTO as dependent variable.

Variables	Model 1			Model 2			Model 3		
	DV: Relieve of stress in PTO			DV: Relieve of stress in PTO			DV: Relieve of stress in PTO		
	Coef.	SE	p	Coef.	SE	p	Coef.	SE	p
Gender	-0.300	0.222	0.18	-0.226	0.871	0.306	-0.248	0.228	0.279
Age	0.004	0.011	0.751	0.009	0.011	0.446	0.007	0.012	0.537
Workdays	-0.076	0.154	0.622	-0.117	0.152	0.442	-0.114	0.154	0.46
Years active	-0.068	0.068	0.323	-0.054	0.067	0.424	-0.052	0.068	0.444
Education	0.218	0.093	0.02	0.264	0.093	0.005	0.193	0.100	0.056
Unlimited PTO				0.552	0.218	0.013	0.530	0.219	0.017
Low power distance orientation							0.299	0.183	0.105
Function							0.002	0.130	0.988
High team autonomy							0.093	0.163	0.568
Constant	5.498	0.852	0.000	4.879	0.871	0.000	3.210	1.257	0.012
R-squared			0.063			0.105			0.130
Adj. R-squared			0.028			0.065			0.071
N = 143									

Second, an unlimited PTO policy can contribute to the degree to which employees report that their PTO contributes to better well-being. Table 5 presents the results of the regression to test this relationship. As can be seen, the influence of the level of education stays positive and significant in all three models. However, when all variables are included in the regression model, both unlimited PTO ($\beta = 0.391$, $p = 0.023$) and a low power distance orientation ($\beta = 0.373$, $p = 0.000$) are positively and significantly related to the dependent variable as well.

The contribution of unlimited PTO on these two specific aspects of employee well-being could also explain why Archipel's average sick leave dropped since the implementation of the policy, compared to the same period in previous years*. These positive results on stress and well-being and Archipel's drop in sick leave are also aligned with previous claims about the positive effects of unlimited PTO and job autonomy on stress and turnover (Galea et al., 2013;

*The exact numbers about average sick leave cannot be presented because of company regulations.

Röcklinger, 2020; Shagvaliyeva & Yazdanifard, 2014). The observations also suggest that Archipel’s implementation of the policy is partly successful since their main goal was to stimulate job satisfaction and employee well-being, with the aspect of well-being considerably improved.

Table 5: Linear regression with reported contribution of PTO to well-being as dependent variable.

Variables	Model 1			Model 2			Model 3		
	DV: Contribution of PTO to well-being			DV: Contribution of PTO to well-being			DV: Contribution of PTO to well-being		
	Coef.	SE	p	Coef.	SE	p	Coef.	SE	p
Gender	-0.177	0.180	0.329	-0.134	0.181	0.460	-0.082	0.178	0.647
Age	-0.002	0.009	0.820	0.001	0.009	0.930	-0.006	0.009	0.501
Workdays	0.046	0.125	0.710	0.023	0.124	0.856	0.049	0.119	0.682
Years active	-0.024	0.055	0.672	-0.016	0.055	0.778	-0.007	0.052	0.888
Education	0.310	0.075	0.000	0.337	0.076	0.000	0.243	0.076	0.002
Unlimited PTO				0.319	0.179	0.077	0.391	0.170	0.023
Low power distance orientation							0.373	0.083	0.000
Function							-0.050	0.101	0.623
High team autonomy							0.006	0.124	0.962
Constant	4.992	0.691	0.000	4.634	0.715	0.000	2.900	0.914	0.002
R-squared			0.140			0.160			0.276
Adj. R-squared			0.109			0.123			0.227
N = 143									

Lastly, one’s satisfaction score about their PTO increases if they have unlimited PTO instead of fixed amounts. As can be derived from table 6, which presents the results of a linear regression, none of the control variables significantly influences this specific score. Unlimited PTO, however, does influence this score heavily, as can be seen in the second model ($\beta = 0.992$, $p = 0.000$). This positive relationship even increases somewhat when other variables are included in the third model ($\beta = 1.057$, $p = 0.000$), in which can be seen that also team autonomy is a predictor of the satisfaction with PTO score ($\beta = 0.886$, $p = 0.000$).

Table 6: Linear regression with satisfaction with PTO as dependent variable.

Variables	Model 1 DV: Satisfaction PTO			Model 2 DV: Satisfaction PTO			Model 3 DV: Satisfaction PTO		
	Coef.	SE	p	Coef.	SE	p	Coef.	SE	p
Gender	-0.415	0.266	0.121	-0.282	0.256	0.271	-0.408	0.243	0.095
Age	-0.004	0.014	0.767	0.005	0.013	0.703	0.008	0.013	0.505
Workdays	0.035	0.184	0.848	-0.038	0.176	0.828	-0.109	0.164	0.504
Years active	0.016	0.082	0.847	0.041	0.078	0.605	0.030	0.072	0.680
Education	-0.033	0.111	0.767	0.051	0.108	0.640	-0.045	0.107	0.673
Unlimited PTO				0.992	0.254	0.000	1.057	0.233	0.000
Low power distance orientation							-0.231	0.195	0.238
Function							0.104	0.138	0.455
High team autonomy							0.886	0.174	0.000
Constant	6.195	1.021	0.000	5.082	1.012	0.000	1.963	1.338	0.145
R-squared			0.020			0.119			0.283
Adj. R-squared			-0.016			0.080			0.235
N = 143									

To conclude, the results of the performed regressions result in the partial support of H1. As presented in tables 2 and 3, the overall job satisfaction score and self-reported satisfaction score are not statistically significantly influenced by whether employees have unlimited PTO. However, tables 4, 5 and 6 show that employees with unlimited PTO can better relieve stress due to PTO, report that PTO better contributes to their well-being and are overall more satisfied with their PTO. In other words, unlimited PTO policies do not directly influence one's general job satisfaction. However, they positively relate to certain aspects of one's job and can contribute to better well-being.

4.3 Moderating effects

To test the expected moderating effects, as stated in hypotheses 2, 3a and 3b, interaction terms for each of the three variables were created. These interactions were then added to the third model of table 6 since that model tests the influencers on one's satisfaction related to PTO. Using that model generates the most insightful results about which variables strengthen or weaken the (strong) relationship between unlimited PTO and one's satisfaction with the PTO. On top of that, the third model in table 6 shows a relatively high R-squared and adjusted R-squared, 0.283 and 0.234, respectively, suggesting that it is a relatively good model to predict the effects. Firstly, all three moderators were added separately to the model to test for their individual power. After that, all three moderators were added to one model to check if the moderating effects remained significant. The output of this complete analysis is presented in table 7.

Following model 4, where the moderator power distance is tested, it can be concluded that a low power distance orientation strengthens the relationship between unlimited PTO and one's satisfaction with PTO ($\beta = 0.337$, $p = 0.025$). Such a positive effect on the relationship was also found for high team autonomy in model 6 ($\beta = 0.473$, $p = 0.028$). However, one's function seems to have no statistically significant influence on the main relationship, as shown in model 5 ($\beta = -0.347$, $p = 0.175$). When all moderators are tested together, in model 7, the effect of the moderator team autonomy remains positive and significant ($\beta = 0.482$, $p = 0.026$). However, the significant impact of power distance as moderator is eliminated in model 7 ($\beta = 0.029$, $p = 0.646$). Function as moderator is also not significant in the full model ($\beta = -0.393$, $p = 0.155$), as well as it was not when individually tested.

Table 7: Tests for moderating effects

Variables	Model 1			Model 2			Model 3			Model 4 (H2)			Model 5 (H3a)			Model 6 (H3b)			Model 7 (Full)				
	Coef.	SE	P	Coef.	SE	P	Coef.	SE	P	Coef.	SE	P	Coef.	SE	P	Coef.	SE	P	Coef.	SE	P		
Gender	-0.415	0.266	0.121	-0.282	0.256	0.271	-0.408	0.243	0.095	0.132	-0.400	0.242	0.101	-0.235	0.257	0.362	-0.224	0.257	0.385				
Age	-0.004	0.014	0.767	0.005	0.013	0.703	0.008	0.013	0.505	0.012	0.586	0.007	0.013	0.003	0.014	0.840	0.002	0.014	0.867				
Workdays	0.035	0.184	0.848	-0.038	0.176	0.828	-0.109	0.164	0.504	0.162	0.400	-0.125	0.163	0.447	0.177	0.516	-0.133	0.177	0.454				
Years active	0.016	0.082	0.847	0.041	0.078	0.605	0.030	0.072	0.680	0.619	0.028	0.072	0.694	0.039	0.078	0.617	0.031	0.079	0.693				
Education	-0.033	0.111	0.767	0.051	0.108	0.640	-0.045	0.107	0.673	-0.045	0.108	0.677	-0.047	0.106	0.658	0.115	-0.004	0.117	0.973				
Unlimited PTO				0.992	0.254	0.000	1.057	0.233	0.000	-0.738	0.818	0.369	1.547	0.429	0.000	-1.668	1.240	-1.322	1.296	0.310			
Low power distance				-0.231	0.195	0.238	-0.557	0.237	0.020	-0.250	0.195	0.202	-0.030	0.205	0.883	-0.105	0.232	0.652					
Function orientation				0.104	0.138	0.455	0.123	0.137	0.372	0.372	0.581	0.376	0.125	0.252	0.144	0.082	0.797	0.405	0.051				
High team autonomy				0.886	0.174	0.000	0.871	0.167	0.000	0.890	0.173	0.000	-0.525	0.316	0.099	-0.530	0.317	0.097					
Unlimited PTO X Low power distance							0.337	0.148	0.025	-	-	-	-	-	-	0.029	0.063	0.646					
Unlimited PTO X Function orientation							-	-	-0.347	0.255	0.175	-	-	-	-	-0.393	0.275	0.155					
Unlimited PTO X High team autonomy							-	-	-	-	-	-	0.473	0.213	0.028	0.482	0.214	0.026					
Constant	6.195	1.021	0.000	5.082	1.012	0.000	1.963	1.338	0.145	2.121	1.247	0.091	1.943	1.333	0.147	5.682	1.417	0.000	5.801	1.437	0.000		
R-squared	0.020			0.119			0.283			0.305		0.293			0.182				0.196				
Adj. R-squared	-0.016			0.080			0.235			0.252		0.239			0.120				0.122				

N = 143

However, it should also be mentioned that the overall quality of the model drops when all moderators are added, especially compared to models 4 and 5. This can be concluded when looking at the R-squared and adjusted R-squared of the models. For the full model, this is 0.196 and 0.122, respectively. These values are highly comparable with model 6, with a R-squared of 0.182 and an adjusted R-squared of 0.120. However, models 4 and 5 show higher values with R-squared = 0.305 and adjusted R-squared = 0.252 for model 4 and R-squared = 0.293, adjusted R-squared = 0.239 for model 5. These scores suggest that models 4 and 5 better fit the data and predict the outcome more accurately than models 6 and 7.

Considering these differences in model performance, power distance orientation can still be considered a significant moderator. Even though this cannot be found in the full model, it can be found when tested individually in a better-performing model. On top of that, it can be concluded that team autonomy is a significant moderator since this effect can be found both when tested individually and in the full model. The results of the complete analysis lead to the support of H2 and H3b. However, H3a is not supported in these models and is, therefore, rejected.

The effects of power distance orientation and team autonomy on one's satisfaction with the PTO in the two tested groups can also be displayed in a graphical form, which is done in figures 2 and 3. These graphs are generated by first creating a scatter plot for both groups with satisfaction PTO on the Y-axis and power distance orientation or team autonomy on the X-axis. After that, a linear fit is generated that represents the linear regression of all dots.

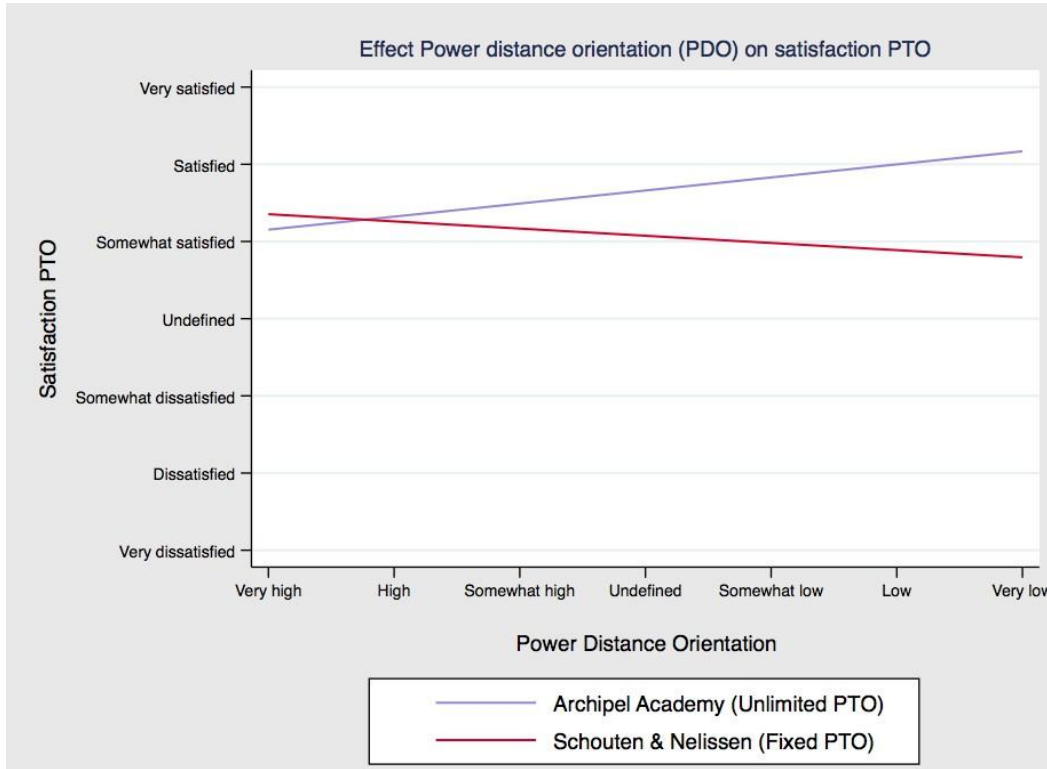


Figure 2: Effect of Power distance orientation on the satisfaction of PTO.

As can be derived from figure 2, if employees have unlimited PTO, their satisfaction with the PTO increases when power distance orientation lowers. However, this effect is the opposite for employees with a fixed amount of PTO, but somewhat less strong, with the two lines interacting around a high power distance orientation. This same pattern is observable for team autonomy (figure 3), with increased PTO satisfaction for employees working in highly autonomous teams in the Archipel sample and the other way around for the Schouten & Nelissen sample. The positive effect in the Archipel sample is quite strong. In contrast, it is a minimum negative effect for Schouten & Nelissen employees, and the two lines interact around the middle of the team autonomy scale.

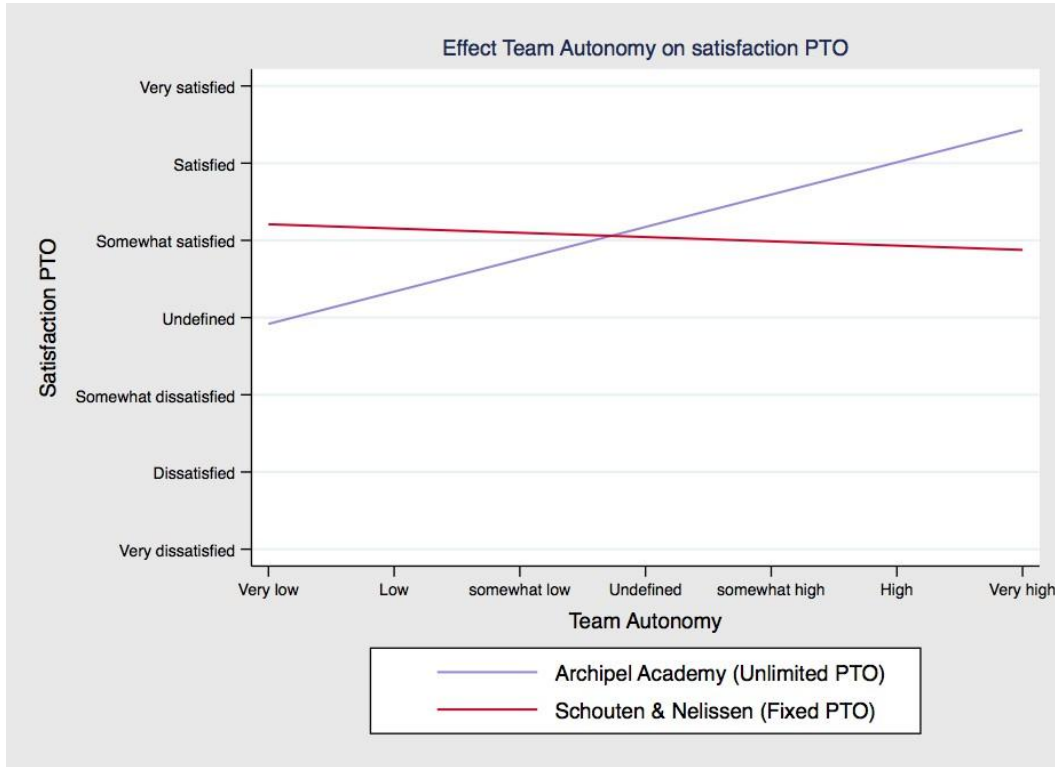


Figure 3: Effect of Team autonomy on the satisfaction of PTO

In other words, employees with low power distance orientations and working in highly autonomous teams are more likely to be satisfied with and profit from an unlimited PTO policy. Such an effect of the variable function was not found, and one's function seems, therefore, to not influence the outcome. However, the rejection of this moderating effect, and thus H3a, could also be caused by the quality of the data set. Most participants were namely classified as the 'lowest' included category, labelled as staff, and only a small proportion of participants could be classified to higher levels of function, as can be seen in appendix 7. On top of that, Archipel's HR manager explained that the company faced some resistance from managers to implement the policy. This resistance was mainly because most managers did not yet have experience with such a policy and expected challenges to manage it. This lack of experience with the policy and how to manage it could have affected the results.

5. Discussion and conclusion

The final chapter of this paper aims to provide an overall conclusion about the studied topic. This is done by describing the main findings and explanations in the discussion section. After that, the practical implications of these findings are discussed. The third section of this chapter discusses the limitations of this paper and provides recommendations for further research. In the end, a short conclusion is given to finalize the paper.

5.1 Discussion

The overall aim of this paper was to investigate to what extent an unlimited PTO policy contributes to job satisfaction. The rationale for investigating this was that minimal literature is available about the effects of unlimited PTO policies, and the small available portion shows contradictory results, as pointed out in the beginning. Beforehand, an unlimited PTO policy was expected to contribute to job satisfaction significantly. This contribution was hypothesized because unlimited PTO policies increase job autonomy in one's working environment, especially in terms of work scheduling autonomy (Breugh's, 1985) and the existence of a wide and long-held agreement about the positive relationship between job autonomy and job satisfaction (Alegre et al., 2016; Decarlo & Agarwal, 1999; Finn, 2001; Sadler-Smith et al., 2003; Saragih, 2011; Taylor et al., 2003; Thompson & Prottas, 2006), which can be explained by the self-determination theory (Ryan & Deci, 2000). However, this positive effect on job satisfaction was not directly found in the tested sample since overall job satisfaction and directly asked satisfaction were not significantly influenced by an unlimited PTO policy, while controlling for as many influencers as possible. Nevertheless, this does not lead to the complete rejection of H1. Employees with unlimited PTO reported a significantly higher degree of stress relief thanks to

their PTO and argued that their PTO contributes to a better well-being at a higher degree. These effects can, again, be explained using the self-determination theory (Ryan & Deci, 2000) since meeting people's innate need for autonomy contributes to better well-being. On top of that, direct satisfaction with one's PTO is significantly higher when it is unlimited instead of fixed.

Besides the main relationship between unlimited PTO policies and job satisfaction, the study's aim was to test three different moderators. To begin with, a cultural factor was included since current research does not explain the effects of cultural factors on flexible working arrangements (Costa et al., 2004; Lambert et al., 2008; Masuda et al., 2011). Power distance was investigated as being among the most crucial cultural influencers in organizations (Hofstede, 1983; Khatri, 2009) and also affects one's reaction to HR practices and leadership styles (Chiaburu et al., 2015; House et al., 2004; Kirkman et al., 2009). It was found that a low power distance orientation increases satisfaction with an unlimited PTO policy, in the sense that employees with a low power distance orientation report significantly higher satisfaction related to their PTO compared to employees with a high power distance orientation. This finding results in the support of H2 and can be explained by the fact that employees with high power distance orientations feel more uncomfortable exercising autonomous power (Eylon & Au, 1999; Guo et al., 2022; Hui et al., 2004; Morris & Pavett, 1992; Nickols, 1998; Robert et al., 2000), in this case deciding about one's own amount of PTO.

As a second moderator, it was expected that higher levels of job function report an unlimited PTO policy as more satisfactory than employees in lower hierarchical jobs. This difference was hypothesized because of the positive association between higher job levels and job autonomy (Sadler-Smith et al., 2003), creating fewer conflicts and less stress when requesting time off, compared to lower job levels which have to justify their leave requests more

often. However, the results of the performed analysis do not provide support for this hypothesis, resulting in the rejection of H3a. This rejection could be explained by the lack of experience of the managers in managing an unlimited PTO policy in the used sample.

Team autonomy was the last included moderator. The results provided support for H3b, in the sense that high autonomy team members reported significantly higher satisfaction related to their PTO when they have unlimited PTO, compared to low team autonomy employees with unlimited PTO. The explanation for this effect can be found in the positive relationship between team autonomy and individual autonomy (Mierlo et al., 2006). This relationship holds that members of high autonomy teams also feel more comfortable arranging individual work activities and timing, resulting in fewer conflicts with an unlimited PTO policy.

By researching two comparable groups of participants in their unique natural settings, this paper contributed to the literature in several ways. At first, the investigation of the main relationship between an unlimited PTO policy and job satisfaction contributes to a better understanding of the usefulness of such a policy. Besides, to the best of our knowledge, it is the first paper that tested the effects of power distance, function and team autonomy as moderators in the field of unlimited PTO research. Nevertheless, there are still many unknowns in this field of study, leaving room for further investigation. Specific suggestions for future research are presented in chapter 5.3.

5.2 Practical implications

By providing a better understanding of the effects of an unlimited PTO policy, the above-presented results can help firms and managers to better manage their employees' well-being. Firms can implement an unlimited PTO policy to better enable employees to relieve stress when they take time off. Employees' time off also contributes

to better well-being to a greater extent under an unlimited PTO policy. However, firms should not only use unlimited PTO when they recognize low levels of job satisfaction and want to boost this. On top of that, firms should understand the power distance orientation and degree of team autonomy among their departments in order to profit from an unlimited PTO policy. When high levels of power distance orientation and low team autonomy are incorporated into the company culture, the positive outcomes of an unlimited PTO policy will be less significant. Especially for high autonomy teams, managers should aim for a moderate degree of supervisor and co-worker support. This moderate degree of supervisor and co-worker support creates that individuals report higher individual autonomy than members experiencing low or very high support (Mierlo et al., 2006), suggesting that the payoff of an unlimited PTO policy can then be optimal.

Results about the effect of function and consultations with the HR managers of Archipel Academy also result in the suggestion for proper explanation and information providing about an unlimited PTO policy before implementation. Since unlimited PTO is a relatively new phenomenon, most managers will probably have little experience with the policy. Proper briefing about it before implementation could help overcome misunderstandings and resistance. On top of that, Archipel Academy experienced difficulties handling existing PTO balances. Employees with high built-up balances can experience it as unfair when they lose this balance when an unlimited PTO policy is implemented since no one has a balance then anymore, basically. Firms should take this issue into account when they choose to implement an unlimited PTO policy.

Lastly, firms should still keep active track of PTO and stimulate vacation leave when it is undesirable low. This should help to overcome the possible negative effects of unlimited PTO, that is, employees taking less time off, and the effectiveness of the policy is partly driven by the

degree to which employees perceive PTO to be available to them (De Bloom et al., 2022).

5.3 Limitations and directions for future research

Even though this research was set up in such a way as to generate the most valuable results possible, it also comes with some limitations, resulting in suggestions for further research.

First, this paper measures the short-term effects of implementing an unlimited PTO policy. This design was chosen to help firms understand whether an unlimited PTO policy implementation delivers the desired results in the first period after the implementation. This design also enabled Archipel Academy, as a cooperating firm in the research, to evaluate whether the pilot was successful and to decide whether they wanted to continue with the policy. However, it is worthwhile investigating whether the positive effects remain constant over time and if an unlimited PTO policy is still beneficial in the long run. For that reason, this paper invites future researchers to examine the long-term effects of an unlimited PTO policy and whether the effects change over time. By doing so, a more complete understanding of unlimited PTO policies can be gained.

Second, this paper included firms, and thus employees, active in one and the same industry. This design was chosen to eliminate industrial factors and make the two groups of participants as highly comparable as possible. However, this also limits the generalizability to other industries. As indicated before, certain industrial factors (e.g., career opportunities) influence job satisfaction (Agho et al., 1993). Further research should be conducted to test the effects of unlimited PTO policies in other industries. The results from other industries could help to understand if specific industry characteristics influence the success of unlimited PTO policies. On top of that, it contributes to more generalisable results for the overall population.

Third, even though the participating firms operate in many different countries and employ people of several nationalities, they are both headquartered in the Netherlands. This similarity implies that both companies face the same administrative regulations, with all participating employees enjoying the same working conditions. Because of this, the effects of administrative regulations could not be investigated in this paper. However, as stated earlier, legal standards for PTO differ from country to country and differences in, for example, tax regulations partly explain the differences in vacation policies and use between the United States and Europe (Parekh, 2022). On top of that, the Netherlands has strong trade unions, and employees are overall well protected. It might be interesting to investigate if such administrative differences impact the usefulness of an unlimited PTO policy. In fact, it is plausible that employees in countries with less protection perceive more difficulties under unlimited PTO policies because they could be more worried about being fired when they take more time off. Therefore, future researchers are invited to research whether administrative differences affect the usefulness of unlimited PTO policies.

Fourth, this paper focused on the effect of power distance as a cultural influencer since this factor is one of the most powerful cultural influencers in organizations (Hofstede, 1983; Khatri, 2009) and also has an impact on one's reaction to HR practices and leadership styles (Chiaburu et al., 2015; House et al., 2004; Kirkman et al., 2009). However, a complete understanding of the effect of culture on unlimited PTO policies cannot be gained when only investigating power distance. In order to gain that complete understanding, this paper proposes to conduct further research about the effect of other cultural factors on unlimited PTO policies and their effects. This extension could be done by including more of Hofstede's cultural dimensions or based on other acknowledged cultural frameworks.

Fifth, additional analysis was performed to deliver a more complete report to the participating companies. The description of this analysis is presented in appendix 9. Workdays per week and education were found to be positive moderators on the relationship between an unlimited PTO policy and satisfaction with one's PTO. On the other hand, age and years active within the company turned out to be negative moderating variables on that relationship within the tested sample. Even though these results could be valuable for the participating companies, proper literature research was not conducted because of time and resource constraints. Such literature research is, however, essential to understand and explain these effects. For that reason, this paper invites future researchers to investigate and explain these found relationships.

Sixth, ethnicity, and heritage were not included as a variable in this research because of company regulations and limitations in the freedom of the research. Instead, this paper proposes to include these variables in further research, especially in international research. It could contribute to a better understanding of potential differences in the perception and usefulness of unlimited PTO policies. In turn, this better understanding could contribute to a reduction of discrimination in working environments.

Seventh, although Arevalo and De Jong (2015) already found that PTO policies lead to more productive employees, there is still little support in the literature for this claim and testing the effects of unlimited PTO on productivity was outside the scope of this paper. Further research needs to be done to confirm this claim and to make more valid claims about the effects of unlimited PTO policies on employee and firm performance.

5.4 Conclusion

To finalize this paper, it can be concluded that an unlimited PTO policy can help employees to lower their stress levels and that it contributes to better well-being. On top of that, it was found that a low power distance orientation and high team autonomy strengthen the relationship between unlimited PTO and satisfaction with PTO, implicating that the positive effects of unlimited PTO are more significant for individuals with low power distance orientations and working in highly autonomous teams. Such a moderating effect was not found for the variable function, even though this was expected before analyzing the data. Therefore, the effectiveness of an unlimited PTO policy seems to be not influenced by one's function.

Additionally, with the suggestions to investigate the long-term effects, test the policy in other industries and countries, include additional variables in the analysis, and generate more reliable results about performance, this paper provides specific directions for further research about unlimited PTO policies.

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Appendices

Appendix 1: Distributed survey in English, including the questionnaire and instructions

Part 1

The first block of questions is for administrative purposes and enables to classify different types of employees and to control for possible influencers in the analysis.

Q1: I work at:

- Schouten & Nelissen
- Archipel Academy

Q2: I identify myself as:

- Male
- Female
- Non-binary / third gender
- Prefer not to say

Q3: I'm [...] years old (open question)

Q4: I work ... days per week (as per my contract):

- 1
- 2
- 3
- 4
- 5

Q5: I'm ... years active within Schouten & Nelissen and/or Archipel Academy:

- 0-3
- 4-6
- 7-9
- 10-12
- 13-15
- 16-19
- 20+

Q6: My function can be defined as:

- Staff
- Team lead
- Manager
- Director / Member of the board

Q7: What is your highest level of completed education?

- Less than high school
- High school graduate
- Secondary vocational education (MBO)
- Higher professional education (HBO)
- University - Bachelor
- University - Master
- Doctorate

Part 2

The following block contains statements about your perceived power distance with your manager / supervisor. Power distance, in this case, refers to your perception of the relationship with your manager / supervisor in terms of power distribution and decision-making, and the extent to which you expect / accept unequal distribution of power.

All statements can be answered on a 7-point Likert scale, ranging from strongly disagree to strongly agree. Please read all statements carefully before answering.*

Q1: I'm able to disagree with decisions made by my manager / supervisor.

Q2: I'm able to challenge proposals made by my manager / supervisor.

Q3: I have a feeling that diverging suggestions and opinions are not appreciated by my manager / supervisor.

Q4: I feel comfortable making decisions by myself regarding my work activities without consulting my manager / supervisor.

Q5: I easily accept decisions made by my manager / supervisor without explanation.

Q6: I expect my manager / supervisor to consult me and my colleagues about our opinion before making important decisions.

Q7: I feel comfortable with obeying to greater authority.

Q8: I perceive a low level of power distance between me and my manager / supervisor.

*The following response options were available to all statements that used a 7-point Likert scale.

- Strongly disagree
- Disagree
- Somewhat disagree
- Neither agree nor disagree
- Somewhat agree
- Agree
- Strongly agree

Part 3

The next statements are about how you and your colleagues work together as a team. All statements can be answered on a 7-point Likert scale, ranging from strongly disagree to strongly agree. Please read all statements carefully before answering.

Q1: My manager / supervisor lets the team manage and solve problems among ourselves without many interventions.

Q2: My team has a say in determining the goals and objectives.

Q3: My team is, to some extent, free to decide how work should be done.

Q4: My team has little control over the scheduling of work.

Q5: I perceive my team as an autonomous working team.

Part 4

The last statements are about your satisfaction and well-being and can be answered on a 7-point Likert scale, ranging from strongly disagree to strongly agree. 'Paid time off' refers to your annual holiday leave but does NOT refer to other forms of leave (such as sick or maternity leave, for example). Please read all statements carefully before answering.

Q1: I can easily detach from my work.

Q2: Paid leave helps me sufficiently to relieve stress.

Q3: My paid time off contributes to better well-being.

Q4: My work-life balance is NOT good.

Q5: Arranging vacation leave is easy for me.

Q6: I feel pressure / stress when requesting paid time off.

Q7: My requests for leave are fairly handled without personal bias.

Q8: I feel mentally exhausted because of my work.

Q9: My employer cares about my well-being.

Q10: I take insufficient paid time off.

Q11: Overall, I'm satisfied with my paid time off.

Q12: I am satisfied with my job in general.

Appendix 2: Dutch translation of the survey questions and instructions.

Part 1

Het eerste blok vragen is voor administratieve doeleinden en maken het mogelijk om verschillen in werknemers te classificeren.

Q1: Ik ben werkzaam bij:

Q2: Ik identificeer mij als:

Q3: Ik ben [...] jaar oud (open vraag).

Q4: Ik werk ... uur per week (volgens mijn contract).

Q5: Ik ben ... jaar werkzaam bij Schouten & Nelissen en/of Archipel Academy.

Q6: Mijn functie kan omschreven worden als ...

Q7: Wat is je hoogst afgeronde opleidingsniveau?

Part 2

Nu volgen er een aantal stellingen over de ervaren power distance met je manager / supervisor. Power distance is in dit geval je perceptie op de relatie met je manager / supervisor op het gebied van machtsverdeling en besluitvorming, en de mate waarin je een ongelijke machtsverdeling verwacht / accepteert. Alle statements kunnen beantwoord worden op een 7-point Likert scale, variërend van strongly disagree (sterk mee oneens) tot strongly agree (sterk mee eens). Lees alle statements zorgvuldig voordat je antwoordt.

Q1: Ik kan / mag het oneens zijn met beslissingen van mijn manager / supervisor.

Q2: Ik kan / mag voorstellen van mijn manager / supervisor ter discussie stellen.

Q3: Ik heb het gevoel dat afwijkende suggesties en meningen niet worden gewaardeerd door mijn manager / supervisor.

Q4: Ik voel me comfortabel om zelf beslissingen te nemen over mijn werkactiviteiten zonder te overleggen met mijn manager / supervisor.

Q5: Ik accepteer beslissingen van mijn manager / supervisor zonder uitleg gemakkelijk.

Q6: Ik verwacht dat mijn manager / supervisor mij en mijn collega's raadpleegt over onze mening alvorens belangrijke beslissingen te nemen.

Q7: Ik voel me comfortabel bij het gehoorzamen aan een hogere autoriteit.

Q8: Ik ervaar lage mate van 'power distance' tussen mij en mijn manager / supervisor.

Part 3

De volgende statements gaan over hoe jij samen met je collega's als team te werk gaat. Alle statements kunnen weer beantwoord worden op een 7-point Likert scale, variërend van strongly disagree (sterk mee oneens) tot strongly agree (sterk mee eens). Lees alle statements zorgvuldig voordat je antwoordt.

Q1: Mijn manager / supervisor laat het team zelf problemen oplossen zonder veel in te grijpen.

Q2: Mijn team heeft inspraak bij het bepalen van de doelstellingen.

Q3: Mijn team is, tot op zekere hoogte, vrij om te bepalen hoe het werk gedaan moet worden.

Q4: Mijn team heeft weinig controle over de planning van het werk.

Q5: Ik zie mijn team als een autonoom / zelfstandig werkend team.

Part 4

De laatste statements gaan over je tevredenheid en welzijn en kunnen ook weer beantwoord worden op een 7-point Likert scale, variërend van strongly disagree (sterk mee oneens) tot strongly agree (sterk mee eens). 'Paid time off' refereert aan vakantiedagen, maar heeft GEEN betrekking op andere vormen van verlof (zoals bijvoorbeeld ziekteverlof of zwangerschapsverlof). Lees alle statements zorgvuldig voordat je antwoordt.

Q1: Ik kan makkelijk loskomen van mijn werk.

Q2: Betaald verlof helpt me voldoende om stress te verlichten.

Q3: Mijn betaald verlof draagt bij tot een beter welzijn.

Q4: Mijn werk-privé balans is NIET goed.

Q5: Vakantieverlof regelen is gemakkelijk voor mij.

Q6: Ik voel druk / stress bij het aanvragen van betaald verlof.

Q7: Mijn verlofaanvragen worden eerlijk behandeld zonder persoonlijke vooroordelen.

Q8: Ik voel me mentaal uitgeput door mijn werk.

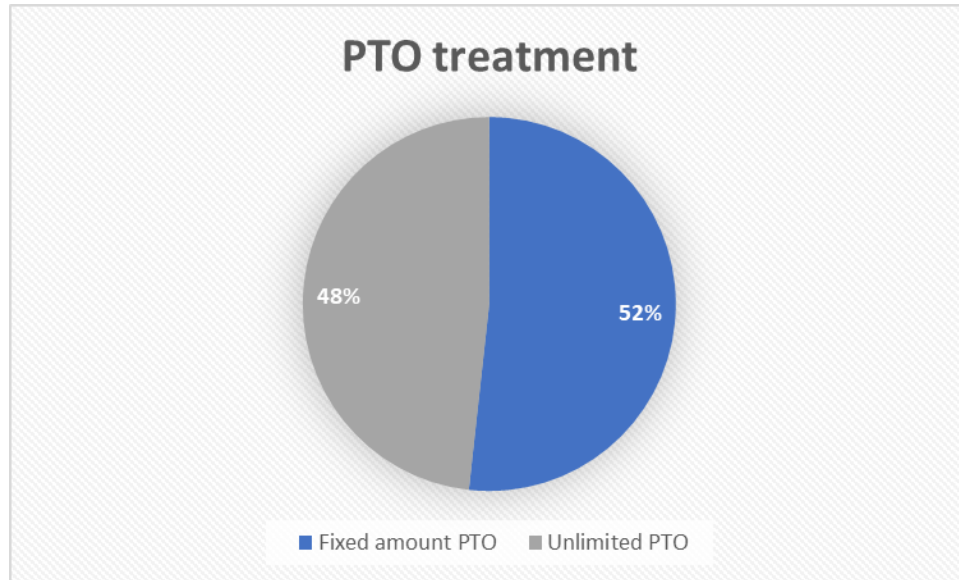
Q9: Mijn werkgever vindt mijn welzijn belangrijk.

Q10: Ik neem onvoldoende betaald verlof op.

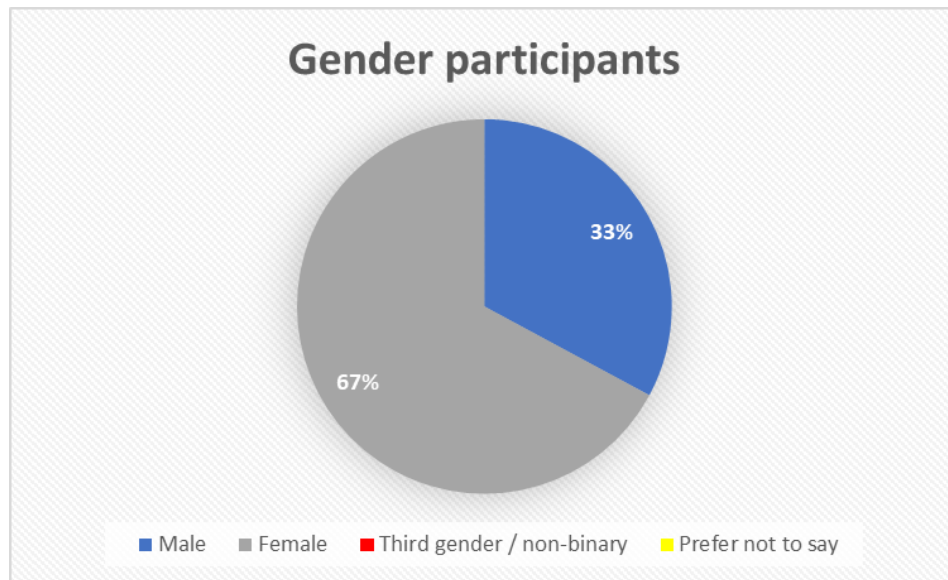
Q11: Over het algemeen ben ik tevreden met mijn betaald verlof.

Q12: Ik ben tevreden met mijn werk in het algemeen.

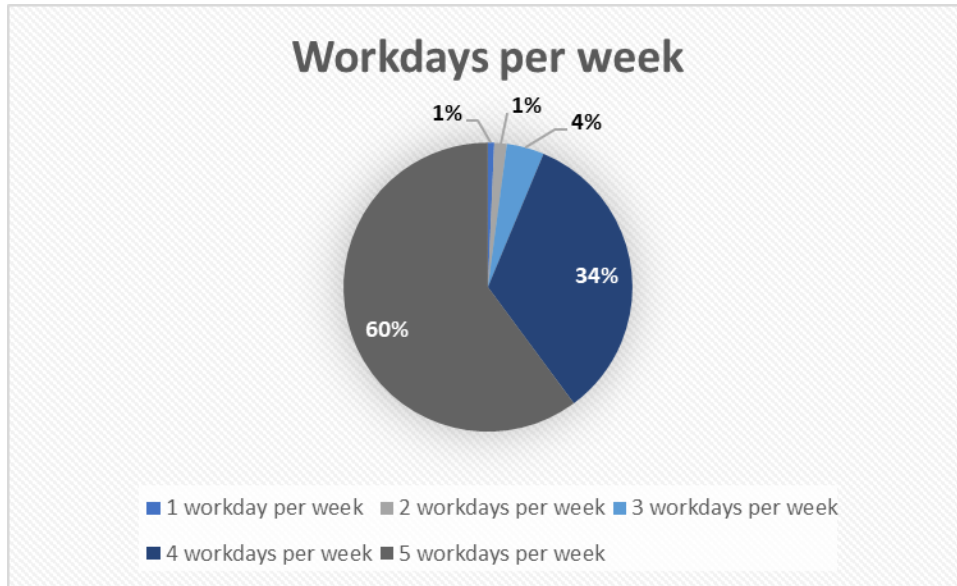
Appendix 3: Distribution of PTO policy within the used sample.



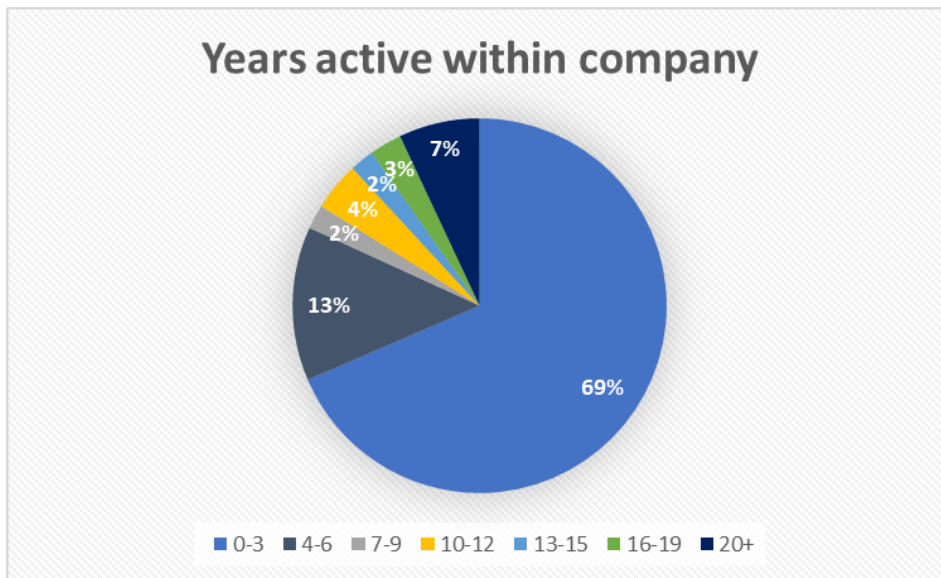
Appendix 4: Distribution of male/female within the used sample.



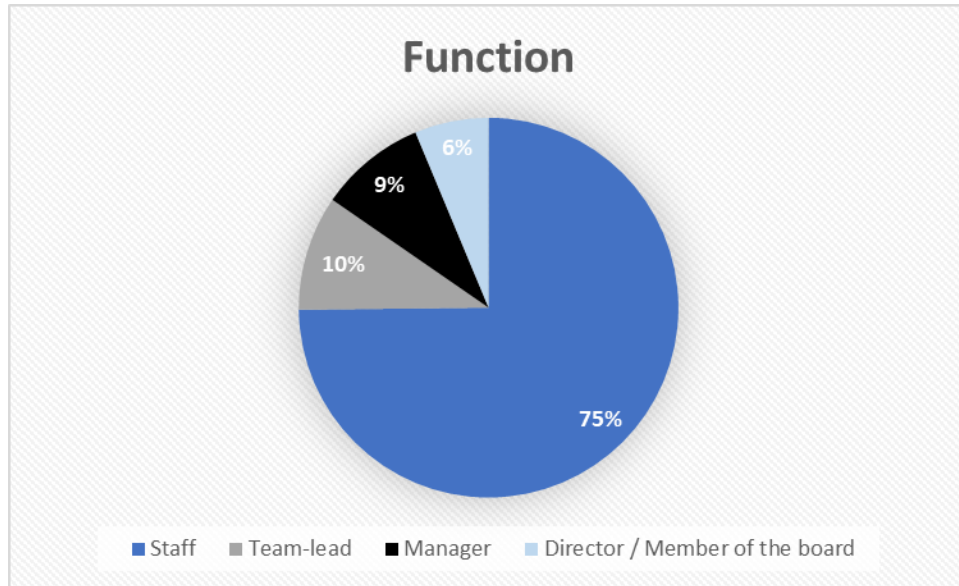
Appendix 5: Distribution of number of workdays within the used sample.



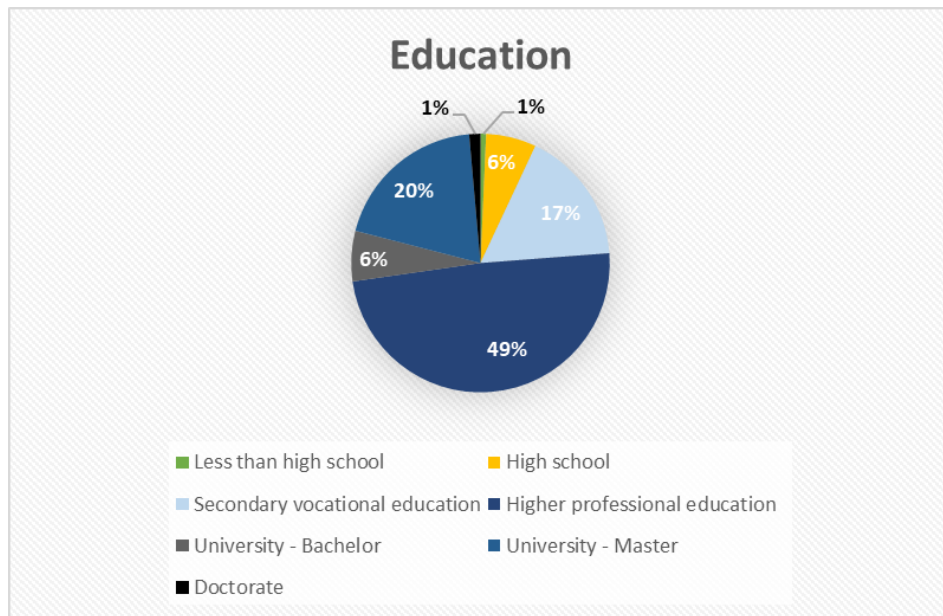
Appendix 6: Distribution of number of years active within the company within the used sample.



Appendix 7: Distribution of function within the used sample.



Appendix 8: Distribution of education level within the used sample.



Appendix 9: Additional analysis.

Even though gender, age, workdays per week, years active within the company and education were initially included as controlling variables, additional analysis was performed to test their effect on the relationship between unlimited PTO and one's satisfaction with the PTO. This additional analysis was purely done to deliver Archipel Academy and Schouten & Nelissen more insights into how their policies are experienced under different groups of employees and which variables influence the satisfaction with one's PTO within the sample. However, proper theoretical background research must be conducted to generalize these results to a broader population. Significant differences between males and females were not found ($\beta = -0.092$, $p = 0.846$). However, the workdays per week ($\beta = 0.669$, $p = 0.044$) and one's level of education ($\beta = 0.541$, $p = 0.004$) both strengthen the relationship between unlimited PTO and satisfaction with PTO. Conversely, age ($\beta = -0.082$, $p = 0.000$) and years active within the company ($\beta = -0.391$, $p = 0.002$) both weaken the relationship. All four models in which these significant effects were found also show a relatively high R-squared of >0.300 and an adjusted R-squared of >0.250 , making these models relatively good predictors. The complete output of the regression analysis to test for the moderating effects of all control variables is presented in appendices 10, 11 and 12. On top of that, appendices 13, 14, 15 and 16 present the graphs in which the significant effects are displayed. These graphs were formed by creating a linear fit to the scatter plot, in which the employees of the two companies are separated.

Appendix 10: Linear regression to test for a moderating effect of gender.

Variables	Model 1 DV: Satisfaction PTO			Model 2 DV: Satisfaction PTO			Model 3 DV: Satisfaction PTO			Model 4 (Moderation Gender) DV: Satisfaction PTO		
	Coef.	SE	p	Coef.	SE	p	Coef.	SE	p	Coef.	SE	p
Gender	-0.415	0.266	0.121	-0.282	0.256	0.271	-0.408	0.243	0.095	-0.266	0.772	0.731
Age	-0.004	0.014	0.767	0.005	0.013	0.703	0.008	0.013	0.505	0.008	0.013	0.506
Workdays	0.035	0.184	0.848	-0.038	0.176	0.828	-0.109	0.164	0.504	-0.107	0.165	0.516
Years active	0.016	0.082	0.847	0.041	0.078	0.605	0.030	0.072	0.680	0.029	0.072	0.686
Education	-0.033	0.111	0.767	0.051	0.108	0.640	-0.045	0.107	0.673	-0.043	0.108	0.691
Unlimited PTO				0.992	0.254	0.000	1.057	0.233	0.000	1.211	0.831	0.147
Low power distance orientation							-0.231	0.195	0.238	-0.236	0.197	0.234
Function							0.104	0.138	0.455	0.106	0.139	0.449
High team autonomy							0.886	0.174	0.000	0.884	0.175	0.000
Unlimited PTO X Gender										-0.092	0.474	0.846
Constant	6.195	1.021	0.000	5.082	1.012	0.000	1.963	1.338	0.145	1.885	1.401	0.181
R-squared			0.020			0.119			0.283			0.283
Adj. R-squared			-0.016			0.080			0.235			0.229
N = 143												

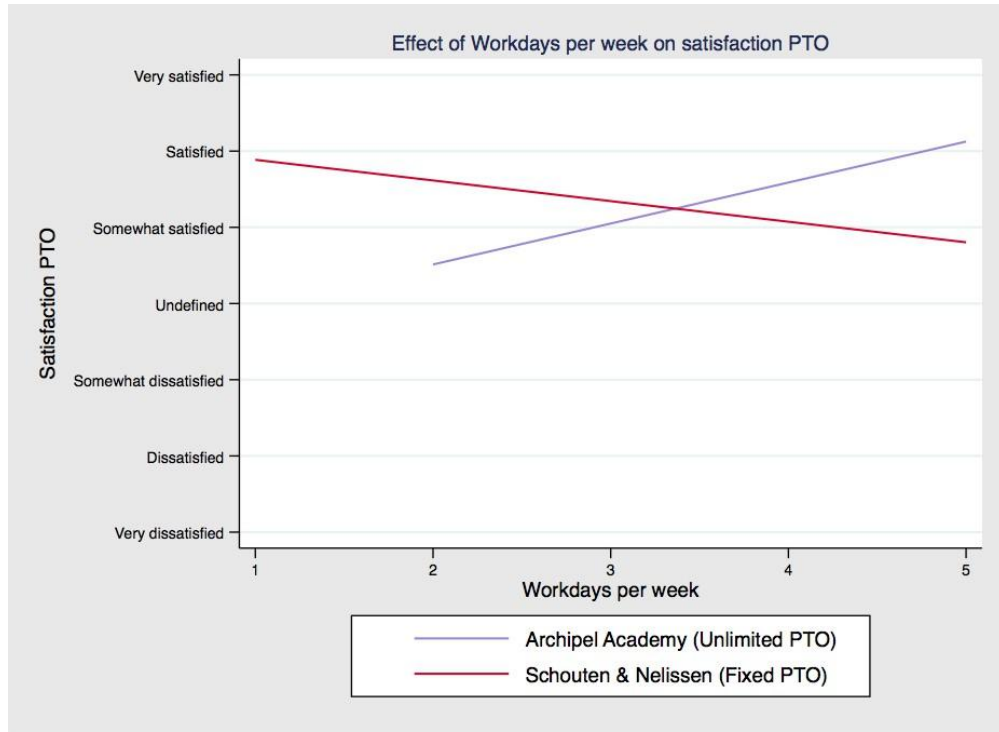
Appendix 11: Linear regression to test for moderating effects of workdays per week and education.

Variables	Model 1			Model 2			Model 3			Model 4 (Moderation Workdays)			Model 5 (Moderation Education)		
	Coef.	SE	p	Coef.	SE	p	Coef.	SE	p	Coef.	SE	p	Coef.	SE	p
Gender	-0.415	0.266	0.121	-0.282	0.256	0.271	-0.408	0.243	0.095	-0.449	0.241	0.065	-0.452	0.237	0.058
Age	-0.004	0.014	0.767	0.005	0.013	0.703	0.008	0.013	0.505	0.010	0.013	0.442	0.007	0.012	0.546
Workdays	0.035	0.184	0.848	-0.038	0.176	0.828	-0.109	0.164	0.504	-0.992	0.462	0.034	-0.094	0.159	0.557
Years active	0.016	0.082	0.847	0.041	0.078	0.605	0.030	0.072	0.680	0.027	0.071	0.701	0.034	0.070	0.633
Education	-0.033	0.111	0.767	0.051	0.108	0.640	-0.045	0.107	0.673	-0.057	0.106	0.591	-0.837	0.286	0.004
Unlimited PTO				0.992	0.254	0.000	1.057	0.233	0.000	-1.976	1.507	0.192	-1.194	0.790	0.133
Low power distance orientation				-0.231	0.195	0.238	-0.231	0.195	0.238	-0.206	0.193	0.290	-0.229	0.190	0.229
Function				0.104	0.138	0.455	0.104	0.138	0.455	0.122	0.137	0.374	0.148	0.135	0.276
High team autonomy				0.886	0.174	0.000	0.886	0.174	0.000	0.833	0.174	0.000	0.854	0.169	0.000
Unlimited PTO X Workdays										0.669	0.329	0.044			
Unlimited PTO X Education													0.541	0.182	0.004
Constant	6.195	1.021	0.000	5.082	1.012	0.000	1.963	1.338	0.145	3.129	1.441	0.032	3.205	1.365	0.020
R-squared	0.020			0.119			0.283			0.305			0.328		
Adj. R-squared	-0.016			0.080			0.235			0.252			0.277		
N = 143															

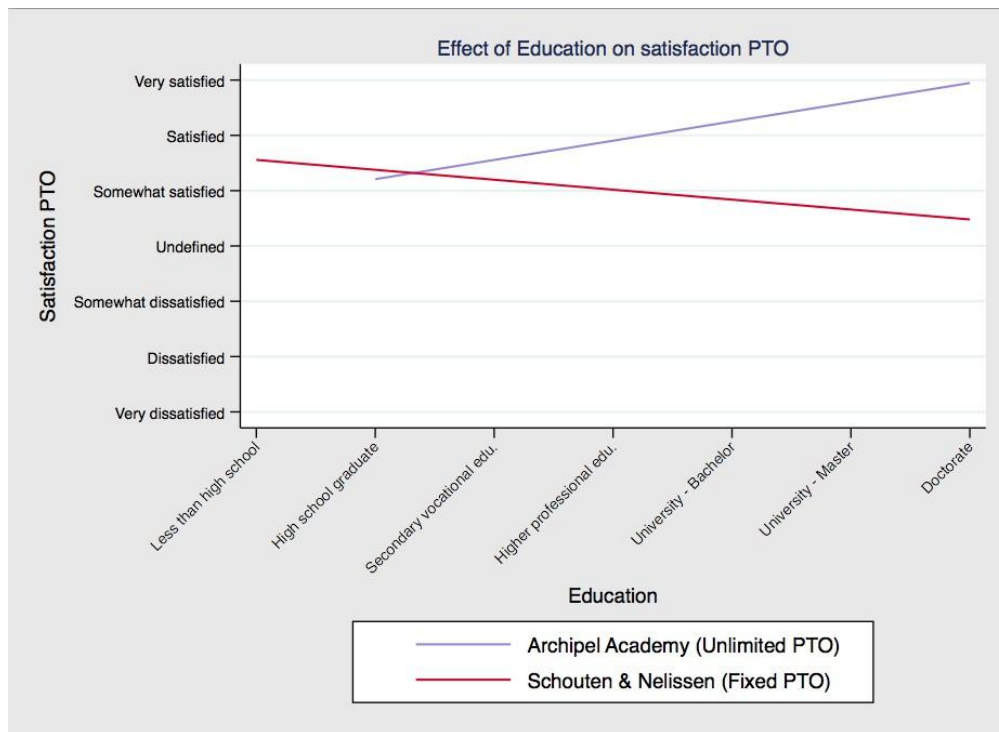
Appendix 12: Linear regression to test for moderating effects of age and years active within the company.

Variables	Model 1			Model 2			Model 3			Model 4 (Moderation Age)			Model 5 (Moderation Years active)		
	Coef.	SE	p	Coef.	SE	p	Coef.	SE	p	Coef.	SE	p	Coef.	SE	p
Gender	-0.415	0.266	0.121	-0.282	0.256	0.271	-0.408	0.243	0.095	-0.436	0.230	0.060	-0.484	0.237	0.043
Age	-0.004	0.014	0.767	0.005	0.013	0.703	0.008	0.013	0.505	0.128	0.031	0.000	0.009	0.012	0.457
Workdays	0.035	0.184	0.848	-0.038	0.176	0.828	-0.109	0.164	0.504	-0.144	0.155	0.354	-0.107	0.158	0.500
Years active	0.016	0.082	0.847	0.041	0.078	0.605	0.030	0.072	0.680	0.003	0.068	0.970	0.553	0.182	0.003
Education	-0.033	0.111	0.767	0.051	0.108	0.640	-0.045	0.107	0.673	-0.033	0.101	0.745	-0.062	0.103	0.550
Unlimited PTO				0.992	0.254	0.000	1.057	0.233	0.000	4.132	0.779	0.000	1.748	0.317	0.000
Low power distance orientation							-0.231	0.195	0.238	-0.207	0.185	0.264	-0.170	0.190	0.374
Function							0.104	0.138	0.455	0.036	0.132	0.785	0.069	0.135	0.608
High team autonomy							0.886	0.174	0.000	0.893	0.164	0.000	0.910	0.168	0.000
Unlimited PTO X Age										-0.082	0.020	0.000			
Unlimited PTO X Years active													-0.391	0.126	0.002
Constant	6.195	1.021	0.000	5.082	1.012	0.000	1.963	1.338	0.145	0.594	1.307	0.650	1.431	1.307	0.276
R-squared			0.020			0.119			0.283			0.365			
Adj. R-squared			-0.016			0.080			0.235			0.316			
N	143														

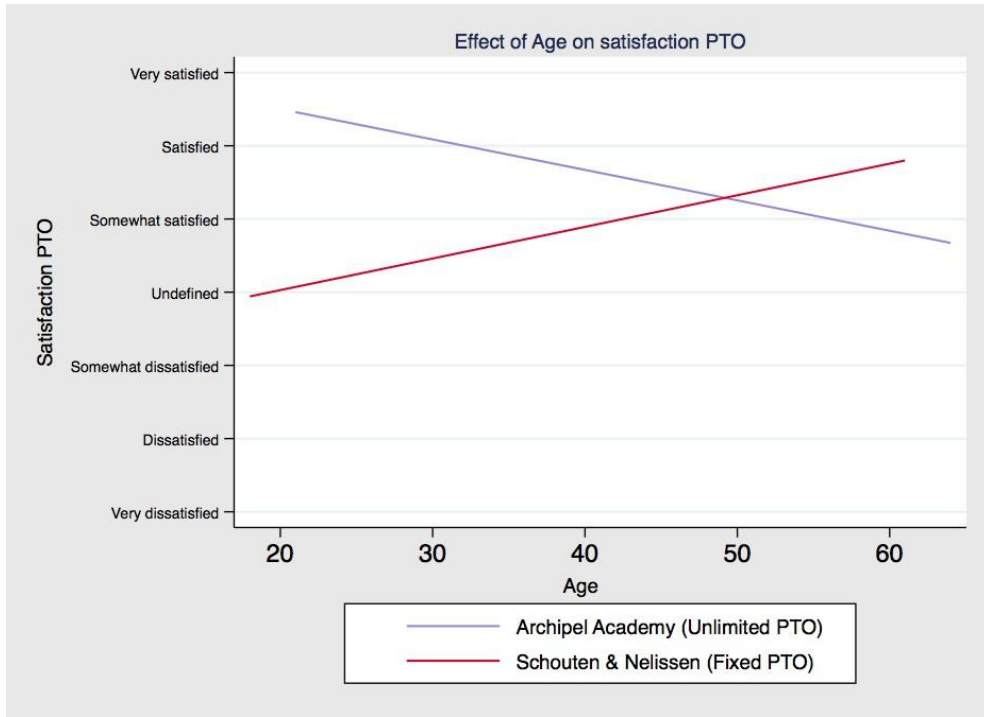
Appendix 13: Graph about the effect of workdays per week on the satisfaction of PTO.



Appendix 14: Graph about the effect of education on the satisfaction of PTO.



Appendix 15: Graph about the effect of age on the satisfaction of PTO.



Appendix 16: Graph about the effect of years active within the company on the satisfaction of PTO.

