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# Unlimited Vacation Policies: Their influence on employees

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# Abstract

Unlimited vacation policies are a rising trend, particularly among startup and tech companies. Giving employees total freedom to choose their vacation days may prove to be beneficial for both company and employees. Within this paper, a qualitative research is presented, with the objective of finding out how unlimited vacation policies (UVPs) influence job satisfaction among employees, and what implications they have on perceived productivity and work-life balance. This research is based on a phenomenological approach conducted among high tech companies in the US. Managers from different companies were interviewed and the empirical data was compared and analysed.

Our study revealed that successful implementation of UVPs is linked with increased job satisfaction, perceived productivity and work-life balance. These increased qualities are affected positively both in a direct and indirect manner. Additionally, some of the essential factors required for a successful implementation of an unlimited vacation policy were identified. The results of this study may prove to be useful for tech companies considering introducing an unlimited vacation policy, or for tech companies that have already introduced one but are struggling to make it work.

**Keywords:** unlimited vacation policy, job satisfaction, perceived productivity, freedom, work-life balance, trust, vacations, flexible work arrangements.

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# 1 Introduction

## 1.1 Background

Unlimited vacation policies allow employees to choose and manage their own leisure and vacation time, benefitting a company in multiple ways, such as increased engagement of personnel, decreased stress level (Leeds, E. mail communication, 20 April 2015) and HR-personnel can focus on higher priority work since they do not need to track and manage vacation days. More and more companies commit culturally to the importance of leisure time, for instance tech firms are offering bigger and better vacation packages to attract new employees. Companies, like IBM, Netflix and Evernote, have, for example, already adopted this unlimited vacation policy. Yet, unlimited vacation policies are still a rare perk among tech companies in the US, with only about 3% of businesses offering it (Belosic, n.d.).

A major factor for successful implementation of the unlimited vacation policy seems to be trust. In the words of ShortStack CEO, Jim Belosic, “when you treat employees like grown-ups, they act like grown-ups. When employees know they are trusted to take vacation when they need or want one, they’re more willing and excited to produce good work when they’re in the office” (Belosic, n.d.). Richard Branson (2014), CEO of Virgin, recently wrote on the company’s website with a similar opinion. He explains Virgin employees get total freedom to choose when to go on vacation, because the assumption is that they will do so only when they know they are up to date on their projects and that their absence will not harm business. This implies that companies start to trust their employees to do right by the company and themselves (Guinto, 2015).

Of course, there are some possible drawbacks to be aware of when implementing this type of policy. As Fairley (2015) mentions, “having an unlimited policy stated in a company handbook can make it difficult to fire a worker with cause”. Additionally, Belosic (n.d.) adds that unlimited vacation policies cannot work for every company, and that *covering* for someone who is on vacation might not always be an option, especially for smaller businesses. On the other hand, Christina Gomez, partner with the law firm Holland & Hart, noted that it was less about the company size and more about the company culture, among other things (Brooks, 2013).

The unlimited vacation policy can be regarded as a form of flexible work arrangement. Other policies that fall under these arrangements are, for example, telecommuting and flexible working hours. As is concluded from previous research (Butler, Aasheim & Williams, 2007; Schein, Maurer & Novak, 1977), flexible working hours have an effect on efficiency of employees and thus on the productivity of a company. In addition, research conducted by Bloom, Kretschmer and van Reenen (2006) has shown that flexible working hours can result

in a better work-life balance (WLB) for employees. Which, in turn, according to the same authors, affects job satisfaction and engagement towards the job and the company. For employers it may therefore be essential to offer a wide variety of flexible work arrangements (Kalev & Kelly, 2006).

## 1.2 Aim and Objectives

The purpose of this study is to explore the opportunities that lie around with another form of flexible work arrangements, namely unlimited vacation policies. In order to explore the issue, the following research question will be addressed:

*How does an unlimited vacation policy (UVP) influence job satisfaction within tech companies in the United States?*

To delve deeper into the issue, the following sub-questions will be explored:

*How does an unlimited vacation policy affect the perceived productivity within tech companies in the United States?*

*What effect does the unlimited vacation policy have on the work-life balance of employees within tech companies in the United States?*

*Which organizational features are essential to the success of an unlimited vacation policy within tech companies in the United States?*

A broad definition of an unlimited vacation policy, or unlimited PTO (paid time off), is one where employees are allowed and encouraged to take as many vacation days as they need, provided they still fulfil their responsibilities towards the company. Several high tech companies have started implementing unlimited vacation policies, and they will be used as research subjects. Employees of these companies will act as participants in this study to find out whether there is a correlation between these policies and job satisfaction. As previous research indicated (Fu & Deshpande, 2014; Orpen, 1981), there is a correlation between job satisfaction, productivity and work-life balance. Therefore, the study will seek to determine whether this type of policy influences perceived productivity. Given the nature of business conducted by tech companies, it is not always simple to have a clear and universal measurement of productivity, which is why we turn to their managers' insights on how employees' perceived productivity is affected by the UVP. Furthermore, the effect of unlimited vacation policies on employees' work-life balance will also be studied. Finally, this study will attempt to identify several of the factors, seen as essential by the managers, for the functioning of UVPs.

This study is motivated by the need to fill the lack of research that currently exists regarding this new policy. In practical terms, this study can be useful for tech companies, currently considering introducing an unlimited vacation policy. In addition, it may also prove to be useful for companies who are struggling to make their implementation of the UVP work to its full potential.

### 1.3 Outline of the Thesis

This research thesis is divided into five different chapters. Chapter 1 covers the introduction of the research topic and its motivations. Following, Chapter 2, the Literature Review, summarizes previous published research topics related to the subject of interest. The Design and Methodology, Chapter 3, describes the reasons of choice for the specific companies and the methods used to collect and analyse the data. Chapter 4, Analysis and Discussion, describes and discusses the results obtained from the research methods. The final chapter is Chapter 5, Conclusion, where the conclusion of this research will be given and options for future research regarding this topic.

## 2 Literature Review

There has been a great amount of research on the topics of flexible work arrangements and work-life balance and their interaction with each other, such as with the introduction of flexible work arrangements with which employees get a better work-life balance (Guest, 2002). However, a recently introduced flexible work arrangement, the unlimited vacation policy, has not been studied yet. Guinto (2015), explains that this policy implies that companies have to trust and empower their own employees to not abuse the policy and reach their goals and objectives.

Within this paper we will study the effects on job satisfaction, perceived productivity and work-life balance as a result of the unlimited vacation policy. It is important to point to the importance for companies to give vacations to their employees. Below we discuss research previously conducted on the effects of vacations, after which we will elaborate on existing literature regarding topics relevant for unlimited vacation policy research.

### 2.1 Effects of Vacations

Lounsbury and Hoopes (1986) regard the vacation policy as one of the most widespread organizational policies that have a direct implication for work and non-work concerns. Bloom, Kompier, Geurts, Weerth, Taris and Sonnentag (2009) define vacation as a relatively long period of rest that may help workers to detach psychologically from work and from other daily demands and routines. Furthermore, the same authors argue for vacation being a pre-eminent opportunity to spend time on valued non-work activities, such as family and hobbies.

There are many reasons for employers to give their employees vacation time, such as relieving the employees from job stress. As described by Fritz and Sonnentag (2006), there is not one specific activity per se that helps employees recover from job stress. The same authors further argue that, although the activities that employees do while on vacation are different, the underlying processes; for instance relaxation, are rather similar and relatively universal. Consequently, one positive effect of vacation time is relieving employees of job and emotional stress (Fritz and Sonnentag, 2006). On account of this, they conclude that vacations do lead to effects such as relaxation and psychological detachment from job-related issues. A parallel argument is given by Kuhnel and Sonnentag (2011), who describe the effects a vacation can have on the negative consequences of job demands, such as emotional exhaustion and stress. These negative effects can be mitigated during vacation due to the fact

that the employee does not need to confront the physical, affective, and cognitive strains of the job for a while (Kuhnel & Sonnentag, 2011).

A second effect is described by the research of Lounsbury and Hoopes (1986), who pointed out that, in general, a consistently positive relationship has been observed between job satisfaction and measures of non-work satisfaction and leisure satisfaction. Therefore, they argue that measures which can be regarded as *vacation time*, such as non-work and leisure satisfaction, are closely and positively linked to job satisfaction. Lounsbury and Hoopes (1986) add that there might be a carryover of positive experiences to post vacation job satisfaction, which may lead to a more positive work environment.

Another way vacations may affect job satisfaction is by arguing that job stress, or more precisely lack thereof, is a contributing factor. Westman and Etzion (2001) conducted a study on how vacations influence job stress and absenteeism. Their study measured job stress, burnout and absenteeism among employees in a food company both before and after taking vacations. Their research led them to conclude that vacations alleviated employees' perceived job stress and burnout, which can easily be linked to employee satisfaction. In addition, Westman and Etzion (2001) also found that absenteeism significantly decreased following a vacation. It is easy to see how absenteeism is directly linked to productivity, and as such it can be safely argued that vacations have an indirect positive effect on productivity.

It is worth noting, however, that while vacations had an immediate and positive effect on stress and burnout, this effect was gone four weeks after returning from vacation (Westman & Etzion, 2001). This effect is described by Kuhnel and Sonnentag (2011) as the fade-out effect, stating that the beneficial effects of vacation are predicted to fade-out after returning to work. Research by Bloom et al., (2009), supports this statement. They found evidence that vacation effects disappear two to four weeks after returning from vacation. However, it is crucial to note that this effect may not influence each factor in the same way. Absenteeism, for example, was found to still be significantly lower than its pre-vacation levels, even after six weeks after returning from vacation (Westman & Etzion, 2011).

Adding to the topic of vacations, and to illustrate the current situation, a recent Employment Confidence Survey performed by a company named Glassdoor (1Q 2014) is shown. Within it, participants were asked about their usage of earned PTO in the last twelve months. Results found that only 1 in 4 (25%) report taking all their eligible time off. Furthermore, out of all participants earning paid time off, a staggering 15% of them admitted to not taking any in the last twelve months (Glassdoor, 2014). The complete breakdown is shown in Table 1.

Table 1: Glassdoor Employment Confidence Survey (Q1 2014) (Glassdoor, 2014)

Breakdown: How Much Vacation/Paid Time Off Employees Really Take	
Percentage of Time Used	Percentage of Employees*
100%	25%
76%-99%	10%
51%-75%	10%
26%-50%	15%
1%-25%	25%
0%	15%

\*Percentage of employees signifies the percentage of employees who receive vacation/PTO who took that much time off in the past 12 months.

Additionally, of those employees who took vacation in the past twelve months, 11% reported they used this time to interview for a different job. This was particularly the case for workers in the age group of 18 to 34 years old. Even among those who actually decided to take vacation time, they were not all completely disconnected from work. A good number of them reported being contacted by either a co-worker or their boss about a work related matter, having difficulties forgetting about work while on vacation, or even had family members complain that they were working (Glassdoor, 2014). For companies to meet employees halfway, a particular policy may be introduced which emphasizes higher flexibility within working hours.

## 2.2 Introduction of Flexibility

For a long time, the traditional work week has been structured as rigid and clearly defined working hours, usually 9am-5pm for the US, from Monday to Friday. This work week convention went largely unchallenged until relatively recently. Largely in part as a response to Britain’s “long hours culture” (White, Hill, McGovern, Mills & Smeaton, 2003, pp. 175), where full-time employees work a significant amount of hours more per week than those in the second highest country, the concept of work-life balance emerged in the late 90’s as a notion seeking to help all employed people achieve a better fit between their professional and private lives.

Today, United States laws do not require employers to give any paid vacation time at all to their employees, although most get at least 10 days (Adams, 2014), while the European Union requires at least 20 paid vacation days a year. Even so, only 25% of American workers take all their paid time off (PTO). Now a new trend of unlimited vacation policies is rising, especially among American tech companies. This trend, which gives employees the freedom to take as many vacation days a year as they need, seems to parallel quite well the situation with Britain's demanding work schedules and the emergence of the work-life balance concept.

## 2.3 Work-life Balance

The concept of work-life balance has been established as an important core of workplace regulations (White et al., 2003). One of the reasons for this, according to Guest (2002), was a growing concern in the community that the quality of community and home life was disintegrating. In addition, since the 1960s more and more women entered the job market, creating an even higher need for an even work-life balance for families (Lewis, Gambles & Rapoport, 2007). Bloom et al., (2006) adds to this that the quality of life and social cohesion got under pressure as well due to the intensification of the competition due to the forces of globalization. A slightly opposing view is given by Lounsbury and Hoopes (1986), who believe that experiences in the professional domain may influence or be affected by experiences in other domains, such as family life. Thus, instead of stating that work-life balance was disintegrating, these authors believe that professional life and personal life may always be interconnected.

Lewis et al., (2007) describe two discourses of work-life balance in their research. The first discourse focuses on workers who seem to have a difficulty in finding time for personal life due to the encompassing nature of their work. This discourse is summarized by Lewis et al., (2007) as the "personal control of time WLB discourse" (pp. 361). The second mentioned discourse in the research of Lewis et al., (2007) is the "workplace flexibility WLB discourse" (pp. 361), which describes the flexibility in work arrangements as a characteristic of the specific workplace. The second discourse is portrayed by Bloom et al., (2006) as well, who describes organizations as companies with good or bad WLB and strong or weak WLB strategy.

Both discourses clearly include a choice dimension, which is further supported by Lewis et al., (2007) who identified a dimension of choice and structural and relational constraints as major flaws of the concept of work-life balance. These choices are different in the sense that, for the first discourse, it is the choice of the employee. While with the second discourse, it is the choice of strategy of the company. In the same article Lewis et al., (2007) give a critical view upon the oversimplification of the concept of work life balance. The authors identify a

danger that the language and actions used to increase the work-life balance are being oversimplified which may result in *quick fixes*, leaving the basic underpinnings of work-life balance issues untouched.

A different view is given by Blazovich, Smith and Smith (2014), who argue for the importance of a healthy work-life balance. In their research, they state that the importance of a healthy work-life balance lies with its positive influence on job satisfaction and job performance among employees. The organizational culture of a company may support work-life balance, and thus job satisfaction, through appropriate processes and policies, such as flextime, telecommuting and occasional time off, or it may strictly limit these (Guest, 2002). Possible solutions to increase work-life balance, such as the use of smartphones and the access to organizations' computer networks, can be carried out without threatening the economic success of the company (White et al., 2013). In a parallel argument, Guest (2002) argues that organizations can support their employees by giving them more freedom, in ways of flexible work arrangements.

For the introduction of work-life balance for a company one can look at the *hybrid theory* described by Bloom et al., (2006). This theory argues that competition may stimulate better management, which may lead to more managers who in turn introduce better work-life balance. However, the introduction of better work-life balance does not solely depend on the quality of the manager. This last point is supported by Bloom et al., (2006), who argue that the introduction of work-life balance by firms depend on the relative costs and benefits, as well as on the type of employee they seek to hire and the product the organization is producing.

## 2.4 Flexible Work Arrangements

Several methods of increasing work-life balance with flexible work arrangements by a company are studied by a wide variety of scholars. To be able to attract the best employees, companies are starting to offer their staff better and more attractive work arrangements, which improve employees' work-life balance, and thus the morale within the firm (Bloom et al., 2006). Kalev and Kelly (2006) provide, as examples of flexible work arrangements, flextime (set your own working hours), telecommuting (working from other locations), job-sharing and compressed work weeks. In addition to these work arrangements, voluntary reduced working hours and on-site day-care may be offered by companies as well.

Whether the productivity of employees is increasing or decreasing due to these flexible work arrangements is debatable. For example, research by Butler et al., (2007) points towards a positive correlation between telecommuting and increased productivity. In contrast, Westfall (2004) published a research study where he concluded that, at the level of a whole organization, telecommuting is not delivering any productivity gains. Nonetheless, flexible

work arrangements are an interesting topic for both companies and employees. It may be beneficial for both to look upon the specific employment conditions per individual employee, particularly for employees with family responsibilities. This is further supported by Hornung, Glaser and Rousseau (2008), who describe a phenomenon where individualization of employment conditions arises within an organization. Individual employees have the opportunity to negotiate with the employer about adapting work arrangement to better personal fit; such as more vacation days, less work days a week or flexible hours.

Danielson, Swatek, O’Laughlin, Olischefski, Geddert and Hutchinson (n.d.) describe some advantages and disadvantages to flexible working hours. Below (see Table 2) are some of these pros and cons listed that may also be present under unlimited vacation policies, and that are therefore important to keep in mind for both companies and employees.

*Table 2: Advantages and disadvantages of flexible work arrangements (Danielson et al., n.d.)*

<b>Advantages</b>	<b>Disadvantages</b>
<ul style="list-style-type: none"> <li>● Improved comfort and efficiency on the job</li> </ul>	<ul style="list-style-type: none"> <li>● Staff may be more difficult to supervise</li> </ul>
<ul style="list-style-type: none"> <li>● Ability to tailor workday schedule to family commitments</li> </ul>	<ul style="list-style-type: none"> <li>● Greater difficulty in coordinating group activities</li> </ul>
<ul style="list-style-type: none"> <li>● May accommodate non-routine commitments (family illness, health care appointments, special events)</li> </ul>	

Extensive research has been conducted on the effects of flexible work arrangements on the productivity of a company and job satisfaction among employees. There is no definitive conclusion whether flexible working hours increase productivity due to the small range of participants within the conducted studies. It is for certain, however, that productivity is not negatively affected by these policies (Schein et al., 1977). Nonetheless, previous research does indicate that job satisfaction among employees is increased due to the introduction of flexible working hours (Blazovich et al., 2014; Orpen, 1981).

The aforementioned work-life balance approach emerged in the late 90’s seeking to help workers better balance their work and private lives. Under this new lens, solutions were proposed aiming to achieve work-life balance without threatening the economic success of

neither employers nor employees. One of these proposed solutions was flexible working hours. A report by Danielson et al., (n.d.) concluded that the concept of flexible working hours challenged the previously mentioned traditional work week in favour of allowing employees a certain degree of flexibility to choose their own working hours. A typical way to do this is for the employer to define core hours during which all employees must be present, while having flex bands at the beginning and end of each day where employees can make up the necessary amount of hours (Danielson et al., n.d.). This means, for instance, that where an employee would typically have to be at the office from 9am-5pm, under this policy they might choose to come in to work at 7:30am and leave at 3:30pm. The same authors argue that this flexibility allows employees to better accommodate their work time around their personal and family life, and not the other way around.

Taking the concepts of flexibility and work-life balance even one step further, a new trend is emerging, particularly among tech companies (Guinto, 2015). Unlimited vacation policies, where employers give their employees full freedom to take as many vacation days as they want, when they want it, have already been adopted by companies such as Hubspot, Netflix, The Virgin Group, Groupon, and many others. This freedom to take vacations as employees see fit requires, of course, that they still manage to meet their deadlines and fulfil their responsibilities, and that they arrange for someone to cover for them while they are out of the office. This policy may seem radical at first, and seems to have the capacity to be easily abused. However, a good number of tech companies have already adopted this system, which may indicate that companies see the apparent advantages it brings.

It can be argued that some of the advantages of flexible working hours that lead to a healthier work-life balance might also be present with freedom to choose vacation days. Therefore, if these advantages can be proven to exist under unlimited vacations policies, it is logical to conclude that these policies will also lead to increased job satisfaction and performance.

## 2.5 Trust

A possibly important factor for the success of flexible work arrangements is trust. This entails trust from the company towards their employees, as well as trust among the employees themselves and from the employees towards the company. Rousseau, Sitkin, Burt and Camerer (1998) describe trust as something that enables a group of workers to cooperate, reduce conflicts, promote effective and efficient responses to crises and promotes network-based forms of organizations. Several studies on the manager-employee relationship have shown that trust is a predictor of job satisfaction (Matzler & Renzl, 2006). Within the same research, the authors pointed out that trust leads to a more positive workplace attitude and performance outcomes, which is exemplified in employee satisfaction, commitment to the company and higher individual and group performance. This is supported by Ferres, Connel

and Travaglione (2004), who state that an organisation's bottom line is impacted by effective relationships and attitudes due to a degree of interpersonal trust.

According to Whitener, Brodt, Korsgaard and Werner (1998), trust is a matter of three main facets. Firstly, trust in another person reflects a person's expectations or beliefs that the other person will act accordingly. Secondly, trust involves a person to be vulnerable and contains a certain risk that the exchange partner will not fulfil the expectations. And thirdly, dependency plays a major role in trust, which means that a person is always affected by the actions of other people. Resulting out of these three main facets, another research by Matzler and Renzl (2006), draws the conclusion that in workplace relationships, employees will feel safer and more positive when they believe that their managers and peers are trustworthy. The positive and safe feeling can, as a result, have a direct effect on employee satisfaction. Or to rephrase, there is a linkage between employee satisfaction and trust (Matzler & Renzl, 2006).

One of the most concrete studies on the subject of trust investigates its effect on employee satisfaction and commitment. In this study, Yoon Jik and Hanjun (2011) identify three types of trust within organizations: trust in management, trust in immediate supervisors, and trust in co-workers. Their research is relevant insofar as it empirically proves the effect of trust, in all its forms, on employee satisfaction and commitment. However, the authors go one step further and measure the relative effect that the three different types of trust have on these variables. According to them, the first type of trust, trust in management, is more institutional in nature, as it refers to the trust employees put in organizational policies, processes and programs. Finally, Yoon Jik and Hanjun (2011) state that trust in supervisors and in co-workers are interpersonal in nature, seeing as how they reflect employees' trust in the people they work with.

Regarding the effect these types of trust have on satisfaction, while all three types of trust proved to be positively correlated with employee satisfaction, trust in management and in supervisors show stronger associations than trust in co-workers (Yoon Jik & Hanjun, 2011). On the other hand, the authors found that trust in management showed a great deal of influence on employee commitment to the organization. In addition to this, they describe that trust in co-workers also proved to positively affect commitment, although to a lesser extent than trust in management. As for trust in supervisors, while the effect on satisfaction is strong, its effect on commitment was shown to be rather weak (Yoon Jik & Hanjun, 2011). The authors' research showed the importance of trust on an organization's employees, and more specifically the effect it has on their satisfaction and commitment, which is something that this study encountered as well and will be described in Chapter 4.

## 2.6 Job Satisfaction and Perceived Productivity

Comparative analyses between rigid work week schedules and flexible working hours are hard to come by. One good example, however, is Orpen's 1981 study among federal agency workers. By randomly separating workers into two groups, one with flextime and one with fixed working hours, the author was able to measure the effect of this flexibility on employee satisfaction and productivity. Results from this study are very clear, showing significant improvements in employee satisfaction. On the matter of productivity, however, the study found negligible effects on performance. Therefore, Orpen (1981) concluded that while flexible working hours can cause significant improvements in employee satisfaction, its actual effect on employee morale and performance has yet to be demonstrated.

Additionally, Bloom et al., (2006) conducted a study among 732 companies to find, among other things, if work-life balance causes increased productivity. They argue that there is no direct correlation between a higher work-life balance and an increased productivity. Furthermore, Bloom et al., (2006) conclude that well-managed firms tend to treat their employees better, which translates into higher work-life balance. Therefore, it can be inferred that firms with higher work-life balance may exhibit greater productivity, but that the latter is not a consequence of the former, rather they are both consequences of good management quality (Bloom et al., 2006). And so, the authors arrive at their *hybrid theory*, stating that "competition stimulates better management and productivity. Good managers may also be more likely to introduce better work-life balance, but work-life balance has no direct effect at all on productivity" (Bloom et al., 2006, pp. 7).

On the other hand, Chow and Chew (2006) found a positive relationship between flexible working hours (FWH) and productivity. The researchers conducted a study among workers with FWH while employees without FWH served as the control group. Their study yielded significant difference in results between the two groups in terms of productivity and organizational commitment. The authors conclude that there is enough evidence that employees with FWH have a higher level of productivity and organizational commitment than those without FWH. It is important to clarify, however, that although FWH contributes towards work-life balance, the two cannot be regarded as the same concept. Therefore, it cannot be concluded from Chow and Chew's (2006) research that work-life balance as a whole leads to increased productivity.

As for how job satisfaction itself influences other variables of interest, one could look at the research conducted by Fu and Deshpande (2014). At its core, their research evaluated the impact of what they call *caring climate*, a work environment where the major consideration is what is best for everyone in the organization, on several organizational outcomes, including job satisfaction, organizational commitment and job performance. In doing so, the researchers found that a caring climate has several direct and indirect effects on these variables. Most importantly to our research, however, is the relationship Fu and Deshpande (2014) found between these organizational outcomes themselves.

The authors found organizational commitment had a significant and direct impact on job performance. Furthermore, their study also confirmed that job satisfaction has a positive direct impact on employees' organizational commitment. Logically, what follows is that job satisfaction also has an indirect and positive effect on job performance, through organizational commitment. Based on this, they hint at how important it is for firms to develop strategies to improve job satisfaction (Fu & Deshpande, 2014), as this would also translate into gains in organizational commitment and job performance. Additionally, the authors suggest that "employees feel more committed to their firm and have a better performance if they feel a sense of shared values with an employer who shows concern for them" (Fu & Deshpande, 2014, pp. 346). This means that companies efforts to communicate their values to their employees and making sure they feel comfortable and cared for would pay off with increased performance and commitment (Fu & Deshpande, 2014).

Böckerman and Ilmakunnas (2012) conducted a different type of study with equally interesting aims. Their main point of interest was to find how job satisfaction affects a firm's productivity rather than individual performance. Through their observations and analysis, they were able to determine a clear correlation between average job satisfaction and firm productivity. Depending on the specification of the model used, their results showed that a one point increase in the average level of job satisfaction (on a scale of 1 to 6) resulted in increases from 3.5% to 20% in firm productivity. That said, the exact mechanisms by which job satisfaction affects a firm's productivity were not investigated (Böckerman & Ilmakunnas, 2012). Even so, Böckerman and Ilmakunnas (2012) mention that these mechanisms seem to be consistent with various arguments about the channels through which job satisfaction affects productivity; that is, absenteeism, turnover, and so on. The authors clarify that, at least based on their research, the exact magnitude of the impact job satisfaction has on productivity cannot be determined, due to possible biases in the methodology. Nevertheless, they stress that even though the magnitude may not be accurately determined, the overall impact is clearly positive (Böckerman & Ilmakunnas, 2012).

## 2.7 Potential Downsides of Unlimited Vacation Policies

Evidently, there may be downsides to policies like the unlimited vacation policy. As mentioned before, no academic research has been done on the subject of UVPs. However, some recent news articles mention the pros and cons of the UVP, as described from a first-hand perspective.

When a company is changing from a traditional PTO policy towards an unlimited vacation policy, the employees obviously need to adapt. One problem that employees may face is feeling uncomfortable with taking up the time off they need to become more focused on their work. This may result in employees not taking advantage of the policy, and in extreme cases

in employees not taking any vacation at all (Griswold, 2013). This is further supported by Sahadi (2014), who states that UVPs might result in employees taking less vacation time than they were used to because people might worry about losing their job or missing out on a promotion due to taking too many days off. In a parallel argument, Dahl (2014) describes that when employees are uncertain about how many days they can take, they will hesitate to take vacation since they do not want to be perceived as that person in the team who is taking the most time off. A same phenomenon is described by Milligan (2015), who believes that employees might be afraid and uncertain, resulting in them not taking time off. Eventually, this may result, according to Dahl (2014), in a race to the bottom instead of resulting in a rested, productive and happy team.

Furthermore, vacation days were being tracked with the traditional PTO policy, resulting in employees knowing exactly how many days they still had left to take up. However, with the UVP vacation days are not tracked, which may result in people forgetting to take up vacation days. Additionally, managers should ensure that all employees get equal opportunity to take time off, without compromising the fact that not all employees can be out of the office at the same time (Griswold, 2013).

To solve these issues, there is a clear need for managers and leaders to act as role models, according to Griswold (2013). Leaders and managers can be role models in multiple ways within a company. In this case, being a role model would mean taking up vacation themselves. Milligan (2015) believes that a solution for the uncertainty surrounding this policy might be leaders setting the example by taking personal days and vacation without an apology. Further, the author states that if the employees do not trust the management, then that is a reason to be sceptical towards this unlimited vacation policy.

## 2.8 Gap in Literature

This specific research study will mainly focus on how an unlimited vacation policy affects employee satisfaction, and whether it has any perceivable effect on productivity and work-life balance. There is a lack of empirical research investigating whether companies that offer their employees unlimited vacation days have a higher productivity and efficiency. This creates a big gap in the literature that can be filled in several areas.

It is important to note that the unlimited vacation policy will not work for each type of company and employee. As it can be expected, an unlimited vacation policy will not work for 24/7 operating industrial companies since people always have to be present, as is the case with assembly line workers. More successful in implementing this policy may, for example, be high tech and consultancy companies since on-site presence is not always required to get work done. In addition, a company should attract employees that fit the policy and are not likely to abuse the system.

It can be assumed that the unlimited vacation policy will have an effect on talent recruitment. Existing research establishes a correlation between flexible work arrangements and a company's attractiveness to potential employees (Rau & Hyland, 2002). In particular, subjects with high role conflict were found to be more attracted to companies offering flexible work arrangements (Rau & Hyland, 2002). The authors propose that companies would benefit from being aware of their target applicant's needs and adjusting their flexible work arrangements properly.

This may hold true as well when looking at unlimited vacation policies. Tech companies in particular are prone to be interested in young and talented professionals who may also have non-work related ambitions, such as traveling and starting a family, which can be linked towards the work-life balance. For that reason, the effect that unlimited vacations may have on a company's attractiveness to such talent is another interesting subject to explore in future research. That mentioned, our main focus lies with the effects of the unlimited vacation policy on job satisfaction, perceived productivity and work-life balance.

## 2.9 Chapter Summary

Clearly, a vast amount of research regarding flexible work arrangements and work-life balance has been done. Even though this research is conducted by a variety of scholars, most results point towards the same direction: the introduction of flexible work arrangements has improved the work-life balance of the employees. This may be essential for a company since, as stated by Blazovich et al., (2014), a healthy work-life balance positively influences job satisfaction and performance. However, an important feature necessary for the functioning of flexible work arrangements is bilateral trust within the company and teams. Thus, nowadays companies are more willing to offer employees flexible work arrangements, such as telecommuting and flexible working hours.

A new form of arrangement has recently emerged, the unlimited vacation policy or unlimited PTO. The importance of taking days off regularly is described in the research conducted by Westman and Etzion, (2011), which concludes that vacations have a positive effect on stress reduction, chance on burn-outs and the amount of absenteeism. Since the unlimited vacation policy is new, no research has been conducted to identify the positives and negatives regarding this policy, from neither company nor employees perspective. Due to this fact, themes and patterns are drawn upon the literature review regarding the topics of flexible work arrangements, work-life balance, trust, perceived productivity and job satisfaction. These themes and patterns are recurring throughout this paper since they are used as foundation of the analysis of this research, which has the eventual aim of discovering what effects a company that implemented an unlimited vacation policy has on employee job satisfaction.

## 3 Design and Methodology

As mentioned in the literature review, an abundance of research exists on the topics regarding job satisfaction, productivity and work-life balance under flexible work arrangements. However, no research has yet been conducted on the specific subject of unlimited vacation policies, which may be considered as a form of flexible work arrangement. Important to note is the fact that, since there is no previous research on this topic yet, it was complicated to define a methodological framework of the research study. Nonetheless, a discussion regarding the methodological choices will be provided in this chapter.

Our main research question asks whether the unlimited vacation policy influences job satisfaction. Secondary questions include how this type of policy affects perceived productivity, and what effect it has on the work-life balance of employees within the tech industry in the United States. Our last research question focuses on the organizational features that are essential for the success of the unlimited vacation policy for tech companies in the United States. Specifically, this research focuses on employees from tech companies in the US currently operating under this new type of vacation policy, and on their personal insight regarding how it affects job satisfaction, perceived productivity and work-life balance. This chapter will go into depth discussing the reasons for the choice of used methods.

### 3.1 Research Design

We decided to go with a qualitative phenomenological research approach, given that our focus is on the participants' perceptions. Our aim in this study is to analyse and comprehend how employees perceive the effects that the UVP has on their work environment, specifically in regards to job satisfaction, perceived productivity and work-life balance. In order to do so, a qualitative study is preferred since it allows us, as researchers, a deeper and more personal understanding of the phenomena it studies (Creswell, 2014). This fits with Jacob's and Furgerson's (2012) description that the goal for a qualitative research is to discover as much as possible about participants and their situations. Creswell (2014) also stated that the key idea behind qualitative research is to learn about an issue or problem faced by participants and to tailor the research to obtain that information. These authors' views support our choice to conduct a qualitative research based on our aims and objectives. Furthermore, and within the qualitative framework, we will be conducting a phenomenological research. This type of design is defined by Creswell (2007) as a "study that describes the meaning for several individuals of their lived experiences of a concept or phenomenon" (p.57). In this research,

we will describe the perception of participants about the phenomenon of the unlimited vacation policy, and especially focus on what the participants have in common (Creswell, 2007). Our research questions (see Table 4) were shaped by our choice to perform a qualitative research. Hence our decision to inquire about participants' perceptions on productivity as opposed to asking for hard numbers, which in fact would be a quantitative measure. That said, it is worth mentioning that by employing an inductive approach, we observe, or in this case listen to participants, identify patterns, analyse our findings and arrive at our conclusions (Trochim, 2006; Fereday & Muir-Cochrane, 2008).

As for whether our research is emic or etic in nature, we refer to Pirkey (2014), who states that the two are not mutually exclusive. As he explains, the emic approach gets at how people within one culture perceive and understand the world. This inside view was used when conducting the interviews, in order to obtain all relevant information from participants from their own points of view and from within their own organizational cultures. Pirkey (2014) also states, on the other hand, that the etic approach is based on generalizations and observations the researcher makes. We used this outside view while drawing our conclusions on the subject, carefully aiming to identify those factors that, although may be taken for granted in the participants environments or cultures, are nonetheless necessary in order for the unlimited vacation policy to succeed. What logically follows is that our analysis is based mainly on an etic approach, but that does not mean that emic perspectives were completely out of the frame. We attempted to use each when it would benefit the research most, though ultimately an etic based analysis was needed in order to arrive at conclusions that can be applied across-cultures (Pirkey, 2014).

## 3.2 Data Sources

When designing our research, one crucial factor was sampling. The companies used for data-collection purposes are all US-based tech companies that have implemented an unlimited vacation policy. The reasons for this particular sampling are the following.

We chose to narrow down our research to the United States for two reasons. First, US law does not currently require non-public employers to provide any PTO whatsoever to their employees. As such, most employees in US companies get significantly less vacation days per year compared to European countries (Adams, 2014). This means that employees of US companies that have implemented unlimited vacation policies experience stark contrast to the otherwise restrictive vacation policies. This contrast means that our research participants have an effective baseline with which to compare their perceptions on unlimited vacation policies, allowing us more perceivable results. The second reason is that despite, or perhaps because of, its limited vacation regulations, the US seems to be the cradle in which unlimited vacation policies are flourishing. A majority of the companies that make use of unlimited vacation

policies are from the US, which means it is the country where we are likely to find the most useful pool of prospective companies to include in this research.

As for the business sector, we decided to go with the tech industry due to similar reasons. Creswell (2007) mentions that phenomenological studies, such as this one, have a narrow range of sampling strategies. He argues that criterion sampling works well when all participants are people who have experienced the phenomenon. Most of the companies found to be using unlimited vacation policies, at present, belong to the technology industry. As such, we decided to narrow down our focus to this sector in particular, following a criterion sampling strategy that is useful for quality assurance (Creswell, 2007). By doing so, we can keep our focus on how this type of policy affects the research themes, without having the need to account for external influences that depend on the type of industry. As the unlimited vacation policy is still a very uncommon practice, only 3% of businesses in the US make use of it (Belosic, n.d.), variation between implementing companies is not great at present. Regardless, the study selects companies as similar as possible in order to minimize the number of variables that affect the outcome of the research.

In this research one type of data-collection source was used, namely interviews with managers of different US-based tech companies. This type of study enables researchers to explore similarities and differences between cases and draw conclusions based on their analysis. Managers of participating tech companies using this policy were interviewed, and their experiences and perceptions regarding job satisfaction and perceived productivity were reflected upon. The exact description of the participating companies and participants is provided in Table 3. To avoid compromising the identity of our participants, we chose to use generic job titles corresponding to our participant's rank within their respective companies.

Table 3: List of participants

Respondent	Company	Generic Title	Location	Date	Time
A	Glassdoor	High-Level Manager	San Francisco, CA.	May 4th 2015	19:00 CET
B	Glassdoor	High-Level Executive	San Francisco, CA.	May 4th 2015	21:00 CET
C	Sailthru	Mid-Level Manager	New York, NY	May 4th 2015	20:00 CET
D	SoFi	High-Level Manager	San Francisco, CA	May 8th 2015	22:00 CET
E	SoFi	High-Level Executive	San Francisco, CA	May 8th 2015	23:30 CET

### 3.3 Data Collection

As indicated previously, interviews were conducted with managers and employees of the participating US-based tech companies. The interview period ran from May 4th to May 22nd of 2015. Previous to this, we conducted an investigation to identify as many potential participant companies as possible within the established parameters. Having identified a number of these companies, we selected and contacted those we would later use for our research. These companies were contacted via email, or through their company webpage. After introducing ourselves and our research subject, we scheduled interviews with managers from those companies interested in participating in the research study. Due to time constraints, we had to choose between interviewing a small number of managers from different companies and interviewing many employees from a single company. We chose the former, since that way we could get insight on the experience and perceptions within multiple companies to better form a generalized theory of how the unlimited vacation policy affects

employees, as opposed to focusing on a single company which might have led to highly biased and incomplete conclusions (Eisenhardt, 1989).

As for the interviews themselves, they were short one-time interviews with each participating employee, lasting between 15 and 25 minutes each. Due to geographical limitations, interviews had to be conducted over phone or via Skype. We developed an interview protocol, as suggested by Creswell (2014), which we used to standardize the interview process across all participants. Jacob and Furgerson (2012) also emphasize the importance of an interview protocol, which is, according to the same authors, more than a list of questions. It extends towards a procedural guide for the qualitative researcher (Jacob & Furgerson, 2012). Interviews were conducted in a semi-structured way, leading to a guided interviewing process while allowing freedom to develop the interview as relevant topics came forward. All interviews were conducted by one of us, who acted as the interviewer, guiding the interviewee through the question guideline.

This guideline (see Table 4) included ice-breaker question at the beginning and continued with open-ended questions regarding the research topic (Creswell, 2014). At the start of the interview, the script prompted us to introduce ourselves and share critical details regarding the topic of study and its motivation. Following our introduction, we stimulated the participants to introduce themselves and provide a brief background story about themselves, which were used as the ice-breaker questions. The next step for the interview was the actual questioning. It is essential, according to Jacob and Furgerson (2012), that questions are guided by research, meaning that the researchers should perform a thorough review of the literature on the topic before commencing the interviews. This helps researchers to focus and to narrow down the questioning towards meaningful data (Jacob & Furgerson, 2012). In order to achieve this, we kept our research questions as our goal, and developed interview questions that would help us answer those research questions. The interview questions themselves are open ended since the goal, as outlined above, of the qualitative research is to uncover as much as possible about the participants, which is not possible with yes or no questions (Jacob & Furgerson, 2012). The phrase *tell me about* was often used, in order to invite the interviewee to share their story. All of this allowed for a method of questioning that leaves room for impressions, opinions and ideas that the researchers may not have thought of (Jacob & Furgerson, 2012).

As previously stated, the interviews were semi-structured. This means that *on spot* revisions did occur depending on the answers of the participant. This resulted in the addition of some new questions to the remainder of the interviews, since the information uncovered seemed valuable and useful. This is described by Creswell (2014) as an emergent design, a design that is considered as one of the hallmarks of qualitative research (Creswell, 2007). With an emergent design, the initial plan for research cannot be prescribed tightly, since all the phases of the process may shift or change later on. For this specific research, this type of design allowed us to let the research develop naturally since, during the interviews, researchers do not need to follow the interview protocol strictly (Creswell, 2007).

At the same time, the other researcher was present during all interviews focusing on an observative role, writing down important notes and impressions during the interview process,

and already identifying themes for coding. All interviews were recorded using a monitor recording program (DBS) to allow going back to them and capturing all possible information regarding the subject of interest.

Some of the advantages of using interviews as a data source are that they enabled us to gain insight on participants' perceptions that would have otherwise been impossible to obtain given that the geographic and space limitations meant participants could not be directly observed. In addition, we were able to get participants' historical information regarding the research subject, and its development over time, both of which provide some sort of context that helps understand each participant's background and perceptions better. Furthermore, the interviews allowed us to control the line of questioning (Creswell, 2014).

It is also necessary to point out some of the disadvantages this type of data source brings about. First and most noticeable, not all participants were equally articulate. While most were open and eager to provide elaborate answers, some others were shy and hard to get useful answers from. Additionally, participants had to make time for the interviews during their own office hours, which meant they were interviewed while sitting at the office. This fact could potentially prevent them from being completely honest or open about their perceptions, which might result in biased or incomplete answers in some cases.

Table 4: Interview questions

**Personal introduction questions (ice breakers)**

- Name, job description, time with the company

**Main focus questions of study**

- Why and when did (**company name**) decide to establish an unlimited vacation policy?
- In what ways has this affected the employees before and after implementation?
  - Satisfaction
  - Work-life balance
  - Commitment / engagement
- In what ways has this affected the company before and after implementation?
  - Productivity
  - Recruiting advantage
  - Policy abuse
- How does leadership play a role in this policy?
- Are there any other benefits that this policy has brought?
- What disadvantages has this policy brought?
- Do employees feel comfortable enough to actually take as much vacation as they need/want?
- Any last thoughts or remarks?

### 3.4 Analysis

As described above, the data was recorded while interviewing. While one of us conducted the interviews, the other performed careful observations and made notes of his impressions. The data from the transcriptions is combined with the notes, which resulted in interview summaries. In the analysis of interviews the data is *winnowed*, a process where researchers zoom into parts of the data while disregarding other parts of it (Guest, MacQueen & Namey, 2012). This is mainly done due to the amount of information, which cannot all be used in the qualitative study.

Following this, the data was coded (Creswell, 2014), a process in which the data is organized by bracketing text and writing a word in the margins that corresponds to it. These codes or patterns were drawn upon the literature review, regarding the topics of work-life balance, trust, flexible work arrangements, job satisfaction and so on. Consequently, most codes correlate to topics that were expected, however some codes were unexpected themes that came forward during the interviews, such as communication and commitment. The reason for using this coding system is to break down the information gradually and structuring it resulting in a coding process where descriptions and themes are generated (Creswell, 2014). These themes, or patterns, are the major findings of our study, and will be used as subheadings in our empirical data chapter. In addition, these themes are supported by quotes extracted from the interview transcriptions. A general description is shaped from each of the individual cases, and across cases. This process is defined by Creswell (2007, 2014) as phenomenology. The final step in the analysis involves making an interpretation based on the data.

### 3.5 Validity and Reliability

In order to ensure the validity of this research, we incorporated a number of validity strategies to the interviewing process and the research in general (Creswell, 2014). Earlier in Chapter 3.1 we mentioned that phenomenological studies especially focus on what participants have in common regarding the subject of interest (Creswell, 2007). So, all findings were subjected to data triangulation, thus one participant's interview results were compared and contrasted with the others. This allowed for the certainty to state that the final results of the research study are not only true for one particular company, but indeed all those that fit the research profile.

In addition, interviewees were also presented with negative or discrepant information that ran counter to the themes (Creswell, 2014), for instance interviewees were asked about cases of policy abuse, unwillingness to take vacation days, and so on. By doing so, we avoided turning a blind eye to information that could go against the theme of the study, and in the process ended with a more realistic and valid research. Peer debriefing was also used at different stages of the research process. By involving third parties, which were fellow master students who reviewed and criticized the work, the research avoided becoming biased by the authors' personal perceptions and dispositions (Creswell, 2014). Finally, an external auditor, the supervisor, was available throughout the entirety of the research process, looking over many aspects of the study and pointing out necessary corrections to ensure the validity of the research (Creswell, 2014).

Parallel to this, several reliability checks were realized during data collection and analysis to make sure the findings and eventual conclusions of the research were reliable (Creswell, 2014). As Creswell (2014) also suggests, transcripts were checked to ensure no mistakes were

made that would alter the findings. Also as per the author's advice, the coding process was done taking care not to develop a drift in the definition of the codes. To further ensure reliability, the coding process was done by a single researcher, in an effort to avoid coordination problems that might stem from a multiple researcher coding process, as stated by Creswell (2014). This also effectively eliminated the need to cross-check codes and results developed separately by different researchers, thus strengthening reliability (Creswell, 2014).

It is also worth clarifying the conditions under which these validity procedures were employed. Creswell and Miller (2000) refer to two concepts that shape the decision of which procedure to use: researcher lens and paradigm. Following the authors' categorization, we mostly studied and analysed the subject under the lens of us researchers, while following different approaches, systematic and constructivist paradigms, at different stages, leading us to employ triangulation and disconfirming evidence. Later in the analysis, we evaluated our findings through the lens of people external to the study while following systematic and critical approaches (Creswell & Miller, 2000), which translated into employing audits and peer debriefing to further validate our analysis.

### 3.6 Methodological Limitations

Although our research was carried out in a satisfactory manner, it was in some ways restricted by certain limitations. Most notably are the geographical limitations, the fact that no previous research has been conducted regarding our topic and getting companies to participate in this research.

As for the geographical limitation, it is important to note that all participants in this research were from the US, while we were conducting the study from Sweden. This results in limitations such as the time availability for the interviews given the considerable time difference between the two countries, the means of interviewing (Skype or phone versus face-to-face) and the impossibility to witness participants in their actual work environment.

In addition, the gathering of participants was a difficult task, especially since companies who have an unlimited vacation policy are in a minority. Furthermore, all of the participating companies are located in the US, which makes the initial contact less personal and direct. As a result, it is easier for companies and employees to reject a proposal. Moreover, since we had limited resources to conduct this research, such as money and time, it was hard to incentivise people to participate. For instance, when offering people a present for participating they are more likely to cooperate.

The fact that our topic was a relatively new one meant that no previous research on it had been conducted. This provides both advantages and disadvantages. First, since no previous research has been conducted on the subject, finding a gap in the literature was a

straightforward matter. Nevertheless, no previous literature on a subject also leaves researchers with a problem. For instance, it was complicated to define a methodological framework for the research.

Furthermore, since no previous research has been conducted on this topic, our research raised as many questions, hints for future research, as it did answers. To highlight this, we identified a number of research topics that need to be explored in the future before all answers regarding UVPs can be presented with outright certainty. For instance, to be able to provide a clear answer on whether the measurable productivity, and not just productivity as perceived by managers, sees an increase due to the UVP, we propose that future researchers use a mixed methods approach of qualitative and quantitative measures. In this manner, statements made by participants are supported by statistical data and hard numbers, which should result in bulletproof conclusions.

### 3.7 Chapter Summary

To summarize, we chose to perform a phenomenological qualitative research with the aim of discovering whether having an unlimited vacation policy in a company would result in increased job satisfaction, better work-life balance and higher perceived productivity for its employees. In addition, we wanted to find out which factors are perceived as essential for the success of the UVP. In order to do this, we will describe the meaning and/or perception of participating individuals regarding the influence of the unlimited vacation policy, and especially focus on what these different participants have in common regarding the previously mentioned subjects.

To get these research questions answered, we selected US based tech companies that have implemented the UVP and held interviews with managers of these companies. In this way our focus was narrowed down, which is useful for quality assurance. The interviews themselves were semi-structured, meaning that we used an interview protocol. However we did not strictly adhere to this protocol so that the interview could develop itself, meaning an emergent design was employed.

After the interview process, the interviews were transcribed and the findings were coded into several themes in order to analyse the findings. These themes are corresponding towards the topics discussed in Chapter 4.1. In addition, some other themes were included that came forward during the interviews with the participants. All the data was subjected to triangulation, meaning that one participant's interview results were contrasted and compared to the other interview results. The previous mentioned themes are the major findings of the study and were also the ones further analysed.

# 4 Analysis and Discussion

## 4.1 Empirical Data

Throughout the interviews several themes were mentioned by different interviewees. In addition of our main research themes, which were drawn upon previous research (see Chapter 2), the most recurring themes and patterns were: accountability, responsibility, flexibility, commitment, leadership and communication.

### 4.1.1 Job satisfaction

When asked about the influence of the unlimited vacation policy on job satisfaction, most participants agreed upon the fact that the UVP has a positive influence on their job satisfaction. For instance, a high-level executive of Glassdoor describes a slight positive effect on job satisfaction with regards to the introduction of the unlimited vacation policy. A slight positive effect, as explained, is due to the fact that this policy affects every employee in a different way. According to our participants, job satisfaction increased greatly among employees. However, the high-level executive of SoFi indicated that some employees were introduced to uncertainty due to this new policy. This uncertainty may have discomforting effects, such as not being sure of how many vacation days to take due to them not being tracked anymore.

In contrast, a high-level manager regards the job satisfaction within SoFi high due to the unlimited vacation policy. This is supported by another mid-level manager, who also sees a definite effect of the unlimited vacation policy on job satisfaction within their company: *“Huge. It’s a big part of job satisfaction.”*

An important factor for job satisfaction, according to the high-level manager of SoFi, is the opportunity for professional development. With this, the interviewee considers challenging their employees to reach their full potential as a way of increasing job satisfaction. *“So I think it is an important step in laying the ground for job satisfaction because people continue to grow.”*

### 4.1.2 Perceived productivity

The question whether the unlimited vacation policy has any influence on productivity is difficult to answer without having access to a company’s statistics. This is underlined by the previously mentioned high-level executive, who stated that: *“This has been a really hard*

*thing for me to define with data or statistics just yet, but what I've observationally seen is that it has impacted productivity in a positive way."*

As a result, the researchers asked participants whether they perceived any effect of the unlimited vacation policy on employee productivity. Regarding the topic of perceived productivity, almost all interviewees noted that the possibility of taking time off when needed results in more focused and creative employees. This in turn, can lead to increased productivity.

According to a mid-level manager of Sailthru employees are, as a result of this policy, productive even while out of the office. Within their company they call this approach a Result Only Working Environment, or in short ROWE. In contrast to interviewees of Glassdoor and Sailthru, the high-level manager of SoFi does only note a minor positive effect due to the unlimited vacation policy regarding perceived productivity. The participant explains this by saying that the perceived productivity still depends on the employees getting their work done. According to the same interviewee, employees within their company are incentivised by "getting time off" but they noticed only a slight increase in work pace.

#### 4.1.3 Work-life balance

One result of the introduction of the unlimited vacation policy, according to a mid-level manager, is that maintaining a good work-life balance has become easier for employees. The high-level executive of Glassdoor describes a similar positive influence of the unlimited vacation policy:

*"This policy definitely has a positive effect on work-life balance. Again the big message here is that it allows flexibility for employees to plan their work-life balance. Employees need to know that it can be a good thing, that you can take time off."*

This same flexibility advantage is described by the participant from Sailthru, who considers the fact that, employees who have family obligations regarding sickness can leave at any time, a big benefit for a better work-life balance. A survey held recently by Sailthru revealed that 83% of the 180 employees think they have a great work-life balance. Apparently, the obtained flexibility due to the unlimited vacation policy is creating a sense of freedom where employees do not have to feel worried or guilty when taking time off.

Another view on work life balance is given by a high-level executive of one of the participating companies. They state that, for employees to have a great work-life balance, the combination of trust and responsibility is essential.

Finally, the high-level manager of SoFi recognizes a similar considerable rise in work-life balance due to the flexibility and to the possibility to recharge and re-focus when employees feel it necessary: *"I think work-life balance is much better. I think it makes people much more*

*accountable because they know that they still have to get their work done, but they can do what they need to do to take time off and live a balanced life.”*

#### 4.1.4 Recharging batteries

One of SoFi’s high-level managers considers the unlimited vacation policy or, as it is called in their company, unlimited PTO, as a way of giving employees the possibility to recharge their batteries when needed. This effect, the benefit of being able to take time off when needed to recharge one’s batteries, is mentioned throughout several interviews.

*“The unlimited vacation policy allows more flexibility for employees to take vacation when they need it. And certainly when employees do take vacation they can come back refreshed to really think creatively again”* (High-level executive Glassdoor).

So it would seem this increased flexibility for employees to take vacation when needed results in employees coming back fresh, creative and focused to do their job. This is ratified by another interviewee, a high-level executive within SoFi, stating that resting when needed results in more focused, creative and productive employees.

Another high-level executive illustrated this very well when they said: *“It’s important that everyone takes at least some time off to refresh their batteries and come back with a new perspective and ready to hit it hard again.”*

#### 4.1.5 Accountability and responsibility

According to a mid-level manager, the unlimited vacation policy has resulted in their company, Glassdoor, giving employees the proper accountability and responsibility over their own work. Apparently, due to this policy, employees receive more freedom and autonomy over their own work, which can be seen as the company empowering their employees. This is further supported by the high-level executive of the same company, who stated that: *“Every employee has very data driven goals... It’s up to the employee to have the accountability, which is one of our values here, and to make sure that their goals are being met on time.”*

A way for a company to be holding the employees accountable for the success of objectives, according to the participant from Sailthru, is through managers empowering employees. The result of this approach may be that the organizational culture is becoming more mature. This is pointed out by the high-level manager of SoFi as well, who describes their company as a mature organization where employees are focused and productive.

When asked about productivity, a mid-level manager answered that they regard productivity as something that is the responsibility of the employees. Another responsibility of the employees, according to the same participant, is taking time off when needed, since this will result in a higher focus and thus productivity. This is in accordance with statements made by

the high-level manager of SoFi, who describes this responsibility as “*maturity*” and the employees as ‘adults’. The maturity of an organization is discussed by one of the high-level executives as well, who thinks that responsibility is exemplified by the fact that employees should be conscious of not abusing the unlimited vacation policy. Most participants agree upon the fact that accountability, responsibility and maturity are closely interrelated. An employee that is empowered, and thus receives more responsibility, will only work well if they act mature and accountable.

#### 4.1.6 Trust

For a company to be able to leave this responsibility up to its employees, trust is a necessary feature. The participant from Sailthru supports this by stating that: *“Trust plays a major role in the relationship between company and employees, especially with a company that uses the unlimited vacation policy.”*

This is further confirmed by one of the high-level managers, who recognizes trust as a feature that has to develop mutually, from both company and employees. Trust is a trait that can be closely linked with employee commitment. Glassdoor’s high-level executive discusses bilateral commitment when asked about the aspect of trust within the company: *“Employee commitment and employer commitment are very important. So what I mean by that is the employee being committed to the company and agreeing to the goals, but also meaning the employer is being proactive in saying ‘Hey, here are your goals you need to accomplish, make it happen however you see fit’.”*

The importance of trust, for Sailthru, became clear since trust and flexibility were made core values of their firm with the introduction of the unlimited vacation policy: *“It’s all about trust. If you can’t trust your co-workers to be there when you need them, then ROWE and unlimited vacations don’t work. If you can’t trust your manager to be there, if you can’t trust your direct reports to be there, then it all falls apart. That trust is one of the major pieces that need to be there in order for all to work.”*

Just like Sailthru, multiple other participating companies regard trust as an important issue or value for organizations. This is accentuated by the following quote: *“I think trust is an extremely important component of any relationship, and as a company we’re a collection of people working together towards the same mission.”* (High-level executive - SoFi)

The mid-level manager of Sailthru believes that a way of creating trust is by empowering employees, making them responsible and holding them accountable for their actions and objectives. For a smaller company, it is easier to trust people, especially compared to bigger companies, where it is harder to define trust. The importance of that, as stated by this participant, is *“if you cannot track a person, then that is a loss of productivity”*.

#### 4.1.7 Communication

Communication is an often mentioned and referred to feature with regards to the unlimited vacation policy. Glassdoor's high-level executive regards communication among employees and managers as an essential factor for the success of this policy.

Communication is often seen by the participants as a way of preventing or overcoming obstacles. For instance, the same executive stated that employees should remind each other to take up days off when necessary, in order to prevent burn-out and to create a more focused workforce. SoFi's high-level manager agrees with this opinion, stating that communication takes away the uncertainty among younger employees of "*am I allowed to leave?*".

One of the high-level executives works at a company that has a 24hr-availability department, namely customer support. This means, according to the executive, that communication among employees is essential to be able to take days off when needed without compromising the 24hr-availability. One of the managers sees a similar communication pattern within their team: "*We communicate very well about which team members are off, we are not usually off at the same time. We plan in advance, and that all comes down to being responsible, being accountable, and trusting each other.*"

As can be understood from the previous paragraph, collaboration and communication are closely related in this case. When communicating well but not collaborating, the UVP would still not work. So in order for the policy to function properly, a team has to be willing to collaborate and help each other on top of communicating well.

#### 4.1.8 Leadership

*"Leadership definitely makes a difference. Policies and company culture tend to come from the top. If you see your CEO and senior leaders and managers taking vacation, that's a great thing."* (High-level executive - Glassdoor)

As mentioned before, an important role of managers, according to the participant from Sailthru, is empowering their employees. All interviewees agree that managers and leaders are essential to set the example with this unlimited vacation policy. For instance, when a manager does not take any days off, neither will their employees. To illustrate this, a Glassdoor manager stated that: "*It comes down to how your leadership is operating. If you don't see your manager or CEO taking their vacation, you are not going to feel comfortable taking it.*"

Additionally, in the case of Sailthru, the unlimited vacation policy was a top down decision, leaving it up to the leaders and managers to set the example. When managers and/or leaders do not agree with a policy, then implementing it effectively will become a struggle. This view is supported by a high-level executive, who stated: "*It's really important that leaders understand that they're called leaders for a reason, they set the tone, they often act as examples. You got to have your leaders bought in to this idea.*"

Another required feature for leaders and managers, according to SoFi's high-level executive, is to play an influential role in employee engagement by communicating an inspirational and mission-driven message towards the employees.

#### 4.1.9 Essential factors for unlimited vacation policies

Throughout the interviews, several factors came forward that are perceived as essential for the functioning of the unlimited vacation policy according to the participants. Trust among employees and trust from company towards employees and vice versa were noted as indispensable. If one cannot trust a fellow employee to do right by himself and the company, then friction can arise when a person takes days off without finishing their objectives.

Another important factor is communication. All participants agree upon the fact that leaving without notifying team members is not an option. When communicating well, teams can plan in advance to ensure not everyone is out of the office at the same time. This can be regarded as collaboration, another feature that was mentioned by several interviewees. When collaborating well, a team is less dependent on the individual, resulting in the possibility for individuals to take time off.

According to several interviewees, this policy will not work for every organization and company. Both high-level executive participants describe the company's infrastructure and right corporate culture as important factors for their companies' success with unlimited vacation policies. One feature of the right corporate culture that came forward was maturity of the people working in the organization. When employees do not act maturely, they may abuse the policy, according to one of the managers of Glassdoor.

A seemingly obvious but perhaps harder to realize feature for companies to succeed in implementing the unlimited vacation policy is to provide challenges for the employees and give them incentives to develop professionally. For instance, one of the participating companies offers their full-time employees the option to purchase shares of equity, which obviously becomes an incentive to perform well for the company. Another way that that company incentivises their employees is described by one of the interviewed executives: *"I think here people are really inspired by the mission of what we want to accomplish, delivering this really unique and better experience in financial services. And so, because we are mission driven in that way, the challenges here excite and engage them."*

In addition of incentivising, employees should be committed and engaged toward their company in order for the unlimited vacation policy to function. However, as reported by one of the mid-level managers, the unlimited vacation policy has resulted in increased engagement of employees towards the company. Thus, engagement towards the company may be established as a result of this policy as well.

#### 4.1.10 Participants' perceived pros & cons

According to the participants, having the freedom to take vacations whenever they need means they do not need to worry about managing their personal and family obligations around their work schedule. As a result, a common perception among participants was that their job satisfaction and work-life balance had seen a definitive increase since the introduction of the unlimited vacation policy, which can then be seen as a significant benefit of the UVP.

An often mentioned benefit of the unlimited vacation policy is the recruitment advantage that the company gains with this type of policy. To be able to attract the best talent, especially in the San Francisco bay area, a company has to offer something extra. All participants regarded the unlimited vacation policy as this extra perk that their company has to offer prospective employees. *“It’s another lever that the company can use to retain really top talent.”* (High-level manager - SoFi)

Both interviewed executives mention that people forget to take up vacation days due to the change from traditional PTO to unlimited vacation policy. According to one of them, this is a result of people not being able to track their vacation days anymore, so employees are unsure about how many days they can take instead of the fixed amount of days with the traditional PTO. SoFi’s high-level executive mentions that, due to the unlimited vacation policy, there may be some uncertainty among younger employees: *“If there’s any disadvantage I would say that, if somebody is not really a mature employee, they could feel like there’s uncertainty, you know, not knowing when they can ask to take off and when they cannot ask to take off.”* Both executives argue that good communication among employees and good top-down communication, mainly in the form of leaders setting the example, are viable solutions to this potential downside.

Another disadvantage mentioned by the mid-level manager from Sailthru is that, due to the unlimited vacation policy, employees are seldom all together in the office anymore, resulting in less direct and personal communication.

## 4.2 Analysis

The interviews conducted for this research lead to opinions and answers on a number different kind of issues regarding unlimited vacation policies and their effects on employees. Some of these results were expected, some were unexpected, and others were just completely fortuitous. As stated in Chapter 3.4 these themes were drawn upon the literature review. Below our analysis of the results is presented, organized into these separate themes. However, it is important to clarify that most, if not all, of these concepts are interdependent and play a synergic role with one another. For a case in point, one need only look at the relationship

between work-life balance, job satisfaction and productivity, which will become apparent shortly.

#### 4.2.1 Job satisfaction

Participants in the research undoubtedly showed a strong belief in their opinions presented during their interviews. As for our main research question, the effect of unlimited vacation policies on job satisfaction, all participants pointed towards a positive correlation between the two. However, they differed on the magnitude of this effect. There is information that points to a direct correlation between unlimited vacation policies and job satisfaction. Throughout all interviewed companies, unlimited vacation policies were either perceived to influence job satisfaction, either greatly or in some small measure.

As mentioned in Chapter 2.6, Orpen's (1981) study showed clear and significant boosts to job satisfaction after the introduction of flexible working hours. It is worth mentioning that, even though unlimited vacation policies and flexible working hours are not the same concept, companies that practice the former usually also practice the latter. When exercising both policies as a company, the result is even more flexibility for workers to see their families, meet their friends, and live a more balanced life in general. This is further exemplified by Danielson et al., (n.d.), who describe that this flexibility results in employees being able to accommodate non-routine commitments and tailor family commitments to their work schedule (see Table 2).

When UVPs and flexible working hours are in place simultaneously, job satisfaction has exhibited very high-levels, which may explain the high-level of commitment from employees towards those companies as perceived by our interviewees. A similar phenomenon was found by Fu and Deshpande (2014), who concluded that job satisfaction influences organizational commitment directly.

Based on our analysis, we found that unlimited vacation policies have a perceivable and positive effect on job satisfaction; however, the exact extent of this effect cannot yet be fully determined. That said, it is interesting to evaluate the indirect effect that unlimited vacation policies have on job satisfaction through work-life balance.

#### 4.2.2 Work-life balance

It is important to note that most participants noticed a definite and clear increase in job satisfaction levels since the introduction of the unlimited vacation policies in their respective companies. It would seem, based on analysis of the conducted interviews, that this rise in job satisfaction is in no small part a result of increased work-life balance. This hypothesis seems to have good theoretical support, as shown in the Chapter 2. This is particularly true for the work conducted by Blazovich et al., (2014), where the authors mention both job satisfaction and job performance as positive consequences of a healthy work-life balance. Indeed, in his

1981 study, Orpen reaches a similar conclusion with regards to the relationship between flexible working hours, which build towards higher work-life balance as mentioned in the Chapter 2.6, and employee satisfaction.

Our findings regarding work-life balance resonate those same ideas. All participants agree that, since the introduction of unlimited vacation policies, work-life balance within their companies has seen a noticeable increase. A recent survey conducted by one of these companies among its employees revealed that a staggering 83% of them believe they have *a great work-life balance* (Glassdoor, 2014). Perhaps the most important takeaway here is that the sense of freedom that comes from not having to worry about time off, an effect that comes as a consequence of the unlimited vacation policy, greatly contributes to the high-levels of work-life balance exhibited by the participating companies. This ties in with the two discourses described by Lewis et al., (2007), as now it is the company who facilitates the flexibility required for a healthy work-life balance, and yet it is still the responsibility of the individual employee to make proper use of this policy in a way that benefits them without compromising the company.

This appears to support the theory that, under the right conditions; such as company culture and employee engagement, an unlimited vacation policy directly leads to an increase of work-life balance. The rise in the levels of work-life balance, in turn, has a positive and noticeable effect on job satisfaction. Thus, one of the notions we can draw from the analysis of our interviews is that, besides their direct effects, unlimited vacation policies also indirectly affect job satisfaction in a positive way. These indirect effects of unlimited vacation policies on job satisfaction are more noticeable than their direct counterparts.

Additionally, we must acknowledge the possibility that some of the other effects of vacations may also influence work-life balance, such as relaxation and psychological detachment from job-related issues (Fritz & Sonnentag, 2006). One could argue that being more relaxed and becoming detached from work every now and then might lead to increased work-life balance. However, we must clarify that this specific topic was not covered in our research and thus whether these effects influence work-life balance cannot be stated with certainty as of yet.

### 4.2.3 Perceived productivity

In addition to Orpen's (1981) conclusions on job satisfaction, Chow and Chew (2006) found a positive correlation between flexible working hours and productivity. This appears to be paralleled in our findings, since many participants mention increased productivity as a clear consequence of the unlimited vacation policy.

Unlike job satisfaction, which seems to be primarily influenced by unlimited vacation policies in an indirect manner, meaning the unlimited vacation policy affects work-life balance, which then in turn affects job satisfaction, we have found productivity to be primarily affected by unlimited vacation policies in a direct manner. This is not to say that unlimited vacation policies do not have an indirect effect on productivity as well. Indeed, much like job

satisfaction, the increased work-life balance that comes from unlimited vacation policies also positively influences productivity, as shown by Blazovich et al., (2014). This is also supported by Fu and Deshpande (2014) since they found that job satisfaction leads to increased organizational commitment, and in turn to increased productivity. Hence, the positive effect unlimited vacation policies have on job satisfaction cascades indirectly into increased productivity as well.

As for how unlimited vacation policies influence productivity directly, interviewees put a great deal of emphasis on the UVP's *battery-recharging effect* that leads employees to come back to work feeling more focused and creative, which ultimately results in them being more productive. The *battery-recharging effect* that kept coming up during the interviews is specific to the unlimited vacations perk, or more precisely the freedom to take vacations when needed. In this sense, it would appear that the most valuable aspect of the policy is not the unlimited number of days one can theoretically take, but the freedom to choose to take some days whenever one feels it is necessary. And we say *necessary* because that is how it is perceived by our participants. To paraphrase some of them, taking some days off every now and then is not only beneficial, but necessary to maintain optimum levels of focus and creativity, and thus productivity as well.

#### 4.2.4 Leadership

In contrast, Bloom et al., (2006) argue that productivity does not come as a consequence of higher work-life balance. What they do note, however, is that often where there are high-levels of work-life balance and productivity it is due to good management, thus they come up with their previously mentioned *hybrid theory*. Our own research also highlights the importance of good management. In particular, good leaders play a major role in unlimited vacation policies achieving their best possible results. Participants repeatedly noted that leaders must influence employee engagement, especially since disengaged employees are far more likely to misuse and abuse the unlimited vacation policy, ending up with the completely opposite effects from those desired. As Guinto (2015) already hinted at, leaders must also empower their employees, giving them the responsibility and accountability that comes from and further develops trust. All of these build towards committed, engaged and involved employees, who are then more likely to correctly use this unlimited vacation policy and thus reap the benefits.

Last, but certainly not least, leaders must lead by example in the proper use of this policy according to our participants. They must make use of this policy, take a vacation when they need to, and show employees the benefits that can come from a correct use of unlimited time off. This statement is further supported by Griswold (2013), who recognizes the importance of role-models for the functioning of the unlimited vacation policy as well. Based on our analysis, without this important detail, employees will not feel comfortable taking vacations when they really do need them.

Once more, trust and accountability prove to be major factors in the success of unlimited vacation policies. And so, just as Bloom et al., (2006) concluded that higher productivity comes from good management, so did we find that the participants perceive the success of an unlimited vacation policy to be highly dependent on the quality of leaders within the company.

#### 4.2.5 Accountability & responsibility

These two qualities were mentioned throughout every interview we conducted. In some cases, interviewees regarded them as factors needed in order to make unlimited vacation policies work well within a company. Surprisingly, other interviewees mentioned that as a result of the unlimited vacation policy, their companies have given increased accountability and responsibility to their employees.

It is understandable, and indeed expected, that in order for this extremely flexible system to work, employees must be responsible and also held accountable for getting their work done correctly and in a timely manner. It can even be considered a prerequisite, so to speak, within the company in order to successfully implement an unlimited vacation policy. The interesting discovery made during our analysis of the interviews is that it appears that responsibility and accountability are as much results of the unlimited vacation policy as they are factors for its success.

According to our interviewees, unlimited vacation policies lead to employees gaining increased freedom and autonomy over their own work. But this does not mean employees can choose whether to do or not to do their work. On the contrary, employees are trusted to be able to manage themselves successfully and efficiently when it comes to getting their jobs done if they are to make use of the unlimited vacation policy. They are empowered to make their own decisions regarding when to do what, and they are trusted to live up to that expectation. This empowerment eventually results in more focused and productive workers, based on analysis of our interviews.

But what is important to realize is that all these conclusions hold true only as long as the employees are the correct fit for the company. This means that, in order for a company to successfully implement an unlimited vacation policy, it must first ensure it has the right corporate culture to support it, most notably belief in the company's mission and values and, equally important, that its employees reflect that culture sincerely. As we have gathered from our interviews, there is a powerful feedback loop between unlimited vacation policies and accountability and responsibility, but it will only take place as long as the conditions mentioned earlier are met.

#### 4.2.6 Trust & commitment

Among these conditions are, of course, trust among employees and also trust between employees and company. All of our interviews eventually touched the subject of how important trust is to the success of an unlimited vacation policy within a company, supporting Guinto's (2015) claims on trust. This was to be expected, but what came as a surprise was how most participants specifically mention the importance of what we have come to refer to as *bilateral trust*. Bilateral trust is a term we coined to mean employees trusting the company and the company trusting its employees at the same time.

Some of our interviewees even went as far as to say that trust developed commitment among employees. This is the exact same conclusion reached by Matzler and Renzl (2006), as they mention trust leads to more positive workplace attitudes and performance outcomes, among which they include commitment to the company and higher individual and group performance. Let us also not forget that Fu and Deshpande (2014) already established a positive correlation between commitment and performance. This means that if trust develops commitment, it indirectly increases productivity in turn. Our research thus supports the authors' conclusions regarding the effect of trust on commitment.

Another important effect of trust on employees is increased job satisfaction. Our research revealed that, upon successful implementation of unlimited vacation policies, team members relied more than ever before on each other to work efficiently and with proper communication. This last bit in particular is rather important, given that without proper scheduling of time off, knowledge of who will be off when would not always be available within teams, leading to missed meetings, postponed deadlines, and so on. Thus, unlimited vacation policies encourage trust to be strengthened among fellow employees. This in turn further increases job satisfaction, as stated by Matzler and Renzl (2006). Additionally, as Yoon Jik and Hanjun (2011) found that this type of trust among co-workers has strong effects on commitment as well. And this last statement itself finds further support in combining Matzler and Renzl's (2006) findings with Fu and Deshpande's (2014) conclusions, since then it can be argued that trust increases job satisfaction, which then in turn boosts employee commitment.

As previously mentioned, employees' trust in the company, and its mission and values is a necessary factor for the success of unlimited vacation policies according to our participants. However it has also been shown to have a strong correlation with job satisfaction (Yoon Jik & Hanjun, 2011). This is consistent with our research, which showed that, whether aware of the effect or not, participating companies, all of which exhibit high-levels of job satisfaction among employees, place special care in communicating their core values to employees and have them stand behind their mission.

#### 4.2.7 Potential downsides of unlimited vacation policies

One of the potential problems of implementing an unlimited vacation policy is employees feeling uncomfortable to take off the days they need (Griswold, 2013). This is a subject most participants addressed, and they agree that, although the risk is real, it can be effectively countered with good leaders and supportive co-workers. As mentioned before, good leaders will, in this case, led by example and take vacations when they need it and will let all employees see it. Participants argue that this may nullify some of the uneasy sensation of asking for days off. As participants mentioned, when employees see their managers and leaders taking vacation they realize it is ok to do so as well.

Sahadi (2014), however, states that the new policy might even result in employees taking less vacation time than they used to before. As Dahl (2014) explains, when employees feel uncertain as to how many days they can take they will hesitate to make use of this policy to avoid being perceived as the one who takes too much vacation. In this regard, supportive co-workers that remind one another to take vacation time when necessary are also a good way to prevent this negative effect from occurring, according to our participants. It is important to realize that this is an actual effect that could happen so as to not take it lightly and prepare accordingly for it.

A different problem may also occur, in which employees simply forget to take up vacations. Participants explained that this could happen due to the fact that, after implementing the unlimited vacation policy, vacation days are not tracked anymore. This may leave some employees taking too little or no vacations at all, not because of them being uncomfortable to take them but because they relied on a vacation day tracking system that is simply not in place anymore. To prevent this potential problem from materializing, co-worker communication and support is of high importance. Some participants even mentioned that, when they see a co-worker stressed, tired, or simply not having taken vacations in a while, other employees usually remind them that some rest and relaxation time is due. Ultimately, participants argue, it is in everyone's interest to keep people focused, and one way of achieving that is taking vacations when needed. An example of a company taking it a step further is Evernote. This company incentivizes their employees to take days off by offering a bonus when they at least take one straight week a year off from working (Mochari, 2014).

Another situation that might occur is having a near empty office due to several people being away on vacation simultaneously. In general, participants noticed that it is now somewhat uncommon to have all employees at the office at the same time. This finding is further supported by Danielson et al. (n.d.), as it was identified as a possible disadvantage of flexible work arrangements (see Table 2), a label which encompasses unlimited vacation policies. Our interviewees mention that this results in less direct and personal communication, which ultimately may result in lower productivity. It is therefore important to have effective communication among employees, and especially among team members, to ensure that everyone needed will be available when needed. People have to be aware of when their physical presence is necessary at the office, and when it is not, so as to better plan their vacation time without compromising meetings and other work activities and operations. This

translates into proper vacation scheduling without necessarily meaning less vacation time overall.

Last, but perhaps most obvious, is the risk of people abusing the policy. Interestingly, all of our participants agree that it is a very rare occurrence. Nevertheless, it has happened. They identify the cause of this as the transgressing employee not being the correct fit for the company, meaning they had not the right attitude, maturity, commitment, or engagement necessary for using the policy responsibly. Abuse is a very real possibility with a policy as pro-freedom as this one. The course of action taken in our participants' experience has been to first have a chat with the employee and explain the problem. If the transgression persisted, however, they would be terminated, as by then it would be clear without a doubt that they do not fit well with the company culture. However, actively preventing this problem from occurring may prove more difficult, and the responsibility might land first on recruitment processes which must ensure that the risk of this happening is minimized.

## 4.3 Discussion

Within this discussion, we will point out the discrepancies that exist between our findings on this research study and the findings from prior research studies conducted on themes linked to our subject; these are topics that may merit further study. It is important to mention that our analysis was based upon the empirical data collected from the responses of our interview participants, all of whom work in the tech industry in the United States. As such, our analysis yielded results that may not and should not be accepted as true for contexts outside the parameters of this study without previously conducting further research. In other words, the extent of these findings can only be assumed to hold true for tech companies. We will begin by taking a look at job satisfaction.

As mentioned in Chapter 2.6, Orpen's (1981) study showed clear and significant boosts to job satisfaction after the introduction of flexible working hours. A rather similar effect is noted within this study. According to our participants, the unlimited vacation policy increases flexibility within their work, which in turn may result in more job satisfaction among employees. Similarities may be found in the research topic and results between Orpen's (1981) study and ours. However, it is important that a clear distinction is made between flexible working hours and the unlimited vacation policy, although they both may be regarded as types of flexible work arrangements. Even though both policies are not the same concept, our research did point towards the fact that by the time companies do apply unlimited vacation policies, they quite often have already introduced flexible working hours. This may prompt the question of whether the effects of the UVP on job satisfaction are actually effects of the UVP alone, or rather a joint effect of both policies. To counter this, we carefully developed an interview protocol, ensuring that we ask about the difference that participants

noticed before and after the implementation of the UVP (see Table 4). In this way, we made sure that complementary effects, like the one flexible working hours might have with job satisfaction, could be left out of this research safely.

The previously stated increase in job satisfaction is a direct effect of the introduction of the unlimited vacation policy. However, it is important to keep in mind that there may be some indirect effects influencing job satisfaction as well. For instance, the participants mentioned that, due to the introduction of the UVP, they feel more trusted by their companies. A sense of trust may, in turn, result in higher job satisfaction. Thus, when drawing conclusion upon the results, it is important to mind the difference between the direct and indirect effects. The necessity of making this distinction is so that researchers can account for the different factors that exercise influence on job satisfaction when introducing UVPs. This is not only essential for our research, but may also prove to be helpful for future research regarding these topics.

Job satisfaction is also linked to productivity, as Böckerman and Ilmakunnas (2012) found a clear correlation between job satisfaction and the productivity of a firm. A similar conclusion is reached by Chow and Chew (2006), who observed that employees with flexible working hours do exhibit a higher level of productivity. In the case of our research, it is difficult to draw a similar conclusion without facing a discussion. The main reason for this is that this specific research is focused upon the perceptions of individual employees instead of looking at companies as a whole. Another reason is that, in order to draw exact conclusions about a firm's productivity one must observe quantitative measures as well. Only this will enable one to correctly predict a clear linkage between the unlimited vacation policy and actual productivity. Finally, it is essential to note that productivity in knowledge intensive work is harder to measure than in manual labour. Hence the reason for choosing to analyse perceived productivity, since we are studying a population within the tech industry, which means knowledge workers.

As stated in the Chapter 4.2.3, participants do perceive productivity to be higher due to the unlimited vacation policy. The possibility of *recharging the batteries* leads to more focused and creative employees. Nevertheless, without using quantitative measures this is difficult to determine with complete certainty. For future research to reach consensus on the effect of UVPs on productivity, we propose a more comprehensive study approach, one which would include a mixed method of qualitative and quantitative research. In this way, the researchers are able to underpin their qualitative findings with quantitative data and thus should come up with an unambiguous conclusion.

As for work-life balance, Blazovich et al., (2014) found that it positively influences both job satisfaction and productivity. Within our research, interviewees brought to our attention the fact that they perceive a notable increase in their work-life balance because of the increased flexibility that comes with the UVP. Although this may be true, one should take notice of the fact that other flexible work arrangements may affect work-life balance as well. Hence the previously mentioned careful line of questioning, to ensure that participants only take the UVP effect into account in their answers.

As came forward in Chapter 2.3, the mere implementation of an unlimited vacation policy alone is not enough to create a good work-life balance. For instance, Bloom et al., (2006) signal good managers as a significant factor for the introduction of a good work-life balance. Good managers can be regarded as part of the second discourse described by Lewis et al., (2007), the “workplace flexibility WLB discourse” (pp. 361). Moreover, Bloom et al., (2006) also signal that the introduction of a good work-life balance depends on the product and type of employee as well. This argument indicates that good work-life balance may depend on the type of industry, which would imply that findings may not be taken and implemented across different cases and industries.

Another factor that influences work-life balance, according to participants, is the option to *recharge the batteries*. Again, this is not a direct effect of the UVP on work-life balance, however it is a significant indirect effect that may influence work-life balance of employees. As was the case for job satisfaction, it is crucial to make the distinction between the direct and indirect effects. The reason for this distinction is that it allows the researchers to fully account for the different factors influencing the topic of study.

Having said all this, it is important to stress that all of the above will only hold true if a certain set of essential factors for the success of UVPs are present. After asking which factors the participants perceived as essential for the successful implementation of the unlimited vacation policy, we found that many of their responses matched our expected themes. However, some additional themes came forward during the interviews which were then included in the study since participants deemed them significant. A recurring feature was organizational culture, which was identified by participants as essential. However, due to the span of this research, it is not a topic we could elaborate on. Nonetheless, we note the importance of this subject, and future research may be necessary to define the specific qualities of an organization and its culture, needed for the successful implementation of UVPs.

Another theme that was mentioned throughout this study was trust. Trust can be observed and viewed upon in two ways with regards to the UVP. One may ask whether trust is a prerequisite for implementing an unlimited vacation policy or if it grows within a company when implementing one. This same question may also be asked regarding some of the other essential factors, such as accountability and commitment. Within the span of this research, however, it is difficult to answer such questions. Nevertheless, it must be noted that most participants identified trust as a core value of their companies, which implies that trust was already a feature present within their companies prior to implementation of the UVP. The importance of trust in order for UVPs to work is hinted at by Milligan (2015) as well, who is sceptical towards the UVP when employees do not trust the management.

This brings us to the leadership theme, which is a factor of great importance. As already stated, good leaders are called upon to ensure that the UVP does not end up being just a theoretical idea, but an actual practice. However, one may ask to what point are leaders expected to be responsible for the success of the policy. The extent of this responsibility, in the eyes of our participants, lies in being able to exemplify a good use of the policy so that employees do not feel uncomfortable making use of it, but also refrain from abusing it. The

exact *sweet spot* these leaders need to reach is thus a very subjective matter, one which cannot be defined within the limits of this study.

Furthermore, participants stressed the importance of communication and collaboration. Even though this may hold true, it might be questioned whether these two factors are not always regarded as important for teams and organizations anyway. With that in mind, instead of drawing the conclusion that communication and collaboration are essential for the UVP, one might say that these are pillars of any successful organization.

The aforementioned factors for the successful implementation of UVPs may safeguard a company from their potential downsides. A seldom occurring potential downside, but yet mentioned by the participants nonetheless, was the factor of uncertainty that comes with the introduction of UVPs, according to some of the interviewed managers. Even though this uncertainty may occur, several features of a company exist that should solve, if not prevent, this problem. To recap, the focus of this study was not the prevention of potential downsides of the UVP. Nevertheless, we did find that qualities such as communication and good leadership are effective tools to prevent several downsides from occurring.

Another potential problem that may arise is that employees may rarely be all together in the office anymore. In extreme cases, this could even mean that a team's office is completely empty at times. As can be easily realized, this could become a threat to productivity, especially if employees are missing important meetings, or go out of the office during important stages of a project. In order to combat this potential downside, our participants mentioned that good communication and coordination among team members is key. However, providing a clear and certain solutions to this problem calls again for a more in-depth and focused research study, one that can delve deeper into the causes behind the issue, and identify and test different possible fixes.

## 5 Conclusion

In this chapter, we will present our final conclusions regarding the subject of our research study. In order to do so, we first present a quick recap of the aim of this study, and the research questions we set out to answer. The aim was to explore the most recent form of flexible work arrangements, namely the unlimited vacation policy, and to identify the opportunities that it presents. In particular, our research revolved around answering how this new policy affects job satisfaction, perceived productivity and work-life balance. Finally, an effort was made to identify the essential organizational features needed for the successful implementation of the UVP.

Regarding job satisfaction, the focus of our primary research question, we managed to explore how it is influenced by the UVP and identify the factors that link one another. Based on our findings, job satisfaction was shown to be influenced positively due to the introduction of the UVP for employees within individual tech companies. This influence is exercised through direct and indirect ways. As we gathered from our interviews, job satisfaction increased as a direct consequence of having an unlimited vacation policy in place. However, the magnitude of this direct effect has shown to fluctuate. This study has shown that job satisfaction is further affected as a spill over effect of work-life balance, meaning this is an indirect effect of UVP on job satisfaction.

As for perceived productivity, this research has shown that it is likewise influenced by UVPs in both direct and indirect ways. One of the key takeaways of unlimited vacation policies, at least when discussing their effect on perceived productivity, is the *battery recharging effect*. Through it, employees find that after taking days off they return to work more focused and creative, which ultimately results in them being more productive. Furthermore, this study also found some spill over effects of UVPs that translated into increased perceived productivity. These indirect effects occur mainly through work-life balance and commitment. The latter itself is also an indirect effect of the UVP, since it increases along with job satisfaction. However, in order to reach full certainty on the topic of measurable productivity, we would invite a new research using a methodological approach combining qualitative and quantitative data.

By this point it is evident that UVPs are closely linked to work-life balance. It has already been mentioned that a better work-life balance leads to increased job satisfaction and perceived productivity. Our research has revealed that unlimited vacation policies provide flexibility for employees to fulfil other non-work related obligations. It is this freedom that comes from having options available that leads employees to have a greater work-life balance.

It is important to stress, however, that none of the aforementioned effects will hold true unless the essential factors necessary for the success of the UVP are present within a company. Our

research allowed us to identify some of these factors. First, the company needs an appropriate organizational culture in order to reap the benefits of this type of policy. Second, employees need to exhibit a particular set of qualities in order for this policy to be effective, but not abused. These qualities are maturity, responsibility, commitment, good communication, collaboration and trust in both fellow employees and in the company. Third, the company also requires certain qualities, some of which are good leadership and role models, accountability and trust in its employees. Given the limitations mentioned in previous sections, it is possible that this research has fallen short of identifying all variables regarding UVPs. For instance, it may be that not all essential factors for the implementation of an unlimited vacation policy are identified. Additionally, the specifics of the organizational culture necessary for the functioning of UVPs have not been thoroughly studied. Further research upon these topics may be necessary to draw complete conclusion upon them.

Since no previous studies have been conducted regarding unlimited vacation policies, this leaves a wide area available for future research, even after this particular study has been finalized. Since unlimited vacation policies were introduced recently, no long-term effects from employees' nor company's perspective have been studied. This research is valuable and applicable only for the specific industry in which it was conducted. Therefore, the results of this study may prove to be useful for tech companies that are currently considering changing their vacation policy. Furthermore, this research may also prove to be helpful to companies that are currently struggling to benefit from their implementation of the UVP.

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