

Family friendly work practices, organizational climate, and firm performance: A study of multinational corporations in Hong Kong

HANG-YUE NGO^{1*}, SHARON FOLEY² AND RAYMOND LOI³

¹*Department of Management, The Chinese University of Hong Kong, Shatin, N.T., Hong Kong*

²*CEU Business School, Central European University, Budapest, Hungary*

³*Department of Management and Marketing, University of Macau, Taipa, Macau*

Summary

We developed and tested a conceptual model to examine the impact of family friendly work practices (FFWPs) at the organizational level. In our model, top management support for equal opportunities is considered an antecedent of FFWPs and positive organizational climate, and firm performance and employee turnover are considered outcome variables. Structural equation modeling (SEM) was used to analyze the data collected from a sample of HR managers in multinational corporations (MNCs) in Hong Kong. The results showed that top management support for equal opportunities was positively related to a firm's level of FFWPs and organizational climate. In addition, FFWPs were positively related to organizational climate. We further found that organizational climate acted as a mediator between FFWPs and firm-level outcomes. Copyright © 2009 John Wiley & Sons, Ltd.

Introduction

The work–family interface has been an issue for both employers and employees in the modern workplace. In Western countries, various family friendly work practices (FFWPs) have been introduced to help employees to achieve a good balance between their work and family lives (Davis & Kalleberg, 2006). Researchers have shown that such practices are able to attract and retain employees (Casper & Buffardi, 2004; Honeycutt & Rosen, 1997; Rau & Hyland, 2002), as well as improve employees' job attitudes and work efficiency (Gannon, Norlan, & Robeson, 1983; Lobel, 1999; Rothausen, Gonzalez, Clarke, & O'Dell, 1998). However, mixed findings were reported regarding their effects on organizational performance (Batt & Valcour, 2003; Gottlieb, Kelloway, & Barham, 1998; Konrad & Mangel, 2000; Perry-Smith & Blum, 2000). More studies are needed to clarify the relationship between FFWPs and firm-level outcomes.

* Correspondence to: Hang-yue Ngo, Department of Management, The Chinese University of Hong Kong, Shatin, N.T., Hong Kong. E-mail: hyngo@baf.mssmail.cuhk.edu.hk

Several gaps in existing research led us to the design of the present study. First, while previous works have investigated a number of predictors of the adoption of FFWPs by firms (e.g., industry, firm size, and proportion of female employees), the role of top management has not been fully explored. Since the commitment and support of top management is crucial to the successful implementation of organizational initiatives, it should be included in the study of FFWPs. Second, as mentioned above, the relationship between FFWPs and organizational performance remains unclear in the current literature. Past studies focused mainly on the direct relationship between FFWPs and organizational performance, but not the means through which this relationship occurs, thus producing some inconsistent results. Put another way, a possible reason for inconsistent results is that the mediating mechanism has been neglected (Demerouti, 2006). To shed new light on this issue, it is important to theorize and identify the mediating mechanisms by which FFWPs affect firm-level outcomes. We suggest that organizational climate may act as a mediator such that the use of FFWPs would generate a positive organizational climate, which in turn enhances firm performance. This mediating argument will be subject to empirical testing in our paper. Third, most of the previous studies on work–family balance were carried out in Western countries (Lobel, 1999). Owing to unique cultural and institutional characteristics, the impact of FFWPs may be different in non-Western settings (Poelmans & Sahibzada, 2004). Given the scant information available, it is desirable to conduct more cross-cultural research to advance our understanding of this topic (Demerouti, 2006; Konrad & Linnehan, 1999).

This study was conducted in Hong Kong, an international city with a large number of MNCs. The majority of them come from developed countries in North America, Europe, and Asia. These MNCs differ from local firms in organizational culture and HR practices such as training and development, compensation, and diversity management (Lau & Ngo, 1996; Ngo, Turban, Lau, & Lui, 1998).

In Hong Kong, anti-discrimination legislation has been introduced since 1995 to ensure equality of opportunities in different domains. The anti-discrimination laws applied to all companies in Hong Kong prohibit employment discrimination against concern groups including women. Since most of these MNCs have equal opportunities laws in their home country, they are likely to transfer HR policies and practices from their headquarters that comply with local anti-discrimination laws. The top management in these firms also favors the adoption of FFWPs as a way to attract and retain local talent.

Under the influence of traditional Chinese culture, working women in Hong Kong are mainly responsible for domestic duties (Lee, 2002; Leung, 2002; Lo, 2003; Ngo, 1992), thus offering FFWPs can help level the playing field and facilitate women's career advancement. Local studies indicated that female employees reported more work–family conflict (Ngo & Lui, 1999), and they used FFWPs more often than men (Chiu & Ng, 1999). During the past decade, there has been an increasing number of firms in Hong Kong introducing FFWPs in response to their employees' need for balancing work and family responsibilities (China Staff, 2006).

In this paper, we developed a conceptual model (shown in Figure 1) to examine the impact of FFWPs on some important organizational outcomes. By empirically testing the relationships in our model, we further develop and contribute to this body of knowledge. The model suggests top management support for equal opportunities affects FFWPs and organizational climate, which subsequently contributes to firm performance and lower employee turnover. In addition, positive organizational climate is considered a mediator between FFWPs and the outcome variables. By identifying and testing an organization-level mediator, our findings add to a growing body of research supporting a mediating hypothesis (Bowen & Ostoff, 2004; Demerouti, 2006). A number of hypotheses were derived and tested with a dataset collected from human resource managers working in multinational corporations (MNCs) in Hong Kong. As far as we are aware, very little research has focused on FFWPs in the Asian context, thus our findings advance our knowledge of work–family balance in organizations in a non-Western context.

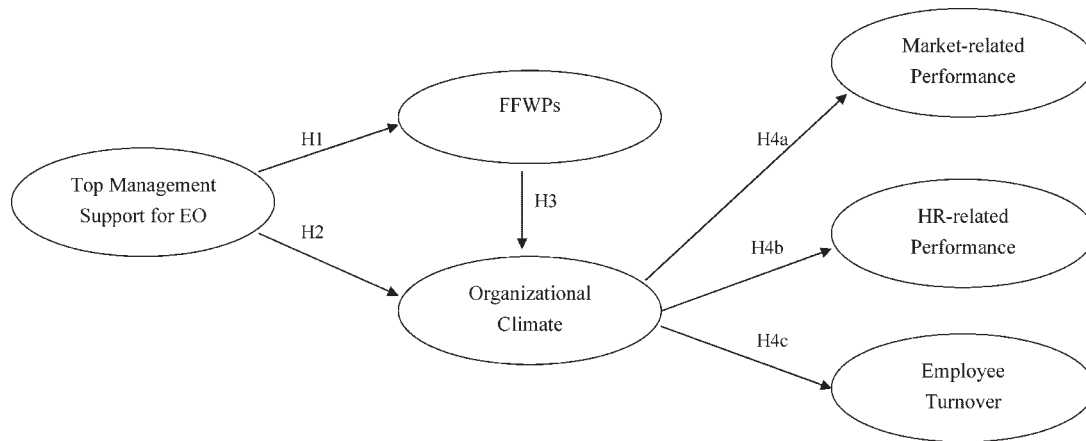


Figure 1. Conceptual model

Literature Review

Top management support

The salient role of top management leadership and vision for all sorts of organizational initiatives is well known (Forrester, 2000; Nadler, 1998). It has been suggested that sincere support from top management is crucial for the successful implementation of diversity-related initiatives (Powell & Graves, 2003) and work–family programs (Bardoel, 2003; Poelmans & Sahibzada, 2004; Thompson, Beauvais, & Lyness, 1999). The backing from top management is necessary for symbolic reasons and the provision of resources, which enhance the effectiveness of organizational programs (Karsten, 2006; Koh & Boo, 2001). In a study of 350 American firms, Konrad and Linnehan (1995) reported that top management support for equal employment opportunities was positively related to formalized HR structures, a subset of which consisted of FFWPs. These formalized HR structures were found to improve the employment status of women and people of color in the firm.

Furthermore, top management upholds ethical values, establishes the reward and control system, and facilitates the employment relationship (Valentine, Greller, & Richtermeyer, 2006). In doing so, it sets the work climate for employees and shapes their behaviors at work (Koh & Boo, 2001). When top management emphasizes certain values such as fairness and equal employment opportunities and puts these values into practice, it helps the firm to gain employees' commitment and to establish its reputation as a socially responsible employer.

Family friendly work practices

FFWPs are employer-sponsored programs and policies that are designed to help employees manage work and personal life demands (Glass & Finley, 2002; Lobel, 1999). They generally include flexible work schedules, dependent care assistance, leave arrangements, counseling and referral services. Organizational provision of FFWPs is likely to vary from organization to organization, as affected by various factors such as industry, firm size, firm age, proportion of women, and human resource system (Davis & Kelleberg, 2006; Ingram & Simons, 1995; Wood, de Menezes, & Lasaosa, 2003). Many

employers have come to view FFWPs as an effective attraction and retention strategy (Batt & Valcour, 2003), or as a way to create a supportive culture and promote workplace equality (Wise & Bond, 2003). Wood et al. (2003) pointed out that the adoption of FFWPs is determined by managerial values, knowledge, and perceptions regarding work–family programs. A firm is more likely to implement FFWPs if its senior executives believe that such practices can achieve certain organizational goals such as retention of talent.

In Lobel's (1999) review of the FFWPs research, she found mostly positive effects of FFWPs on (i) employee attitudes, such as organizational commitment and job satisfaction, (ii) individual and team performance, and (iii) human resource management indicators such as reduced absenteeism, sick days, tardiness, turnover, and enhanced recruitment. At the individual level, a great deal of research has demonstrated that the availability of formal FFWPs is associated with low work–family conflict, less stress at work, more favorable job attitudes, and low absenteeism and turnover intentions (Allen, 2001; Anderson, Coffey, & Byerly, 2002; Glass & Finley 2002; Grover & Crooker, 1995).

In recent firm-level studies, researchers found that work–family initiatives have been associated with increased perceived market share, profit-sales growth, organizational performance (Perry-Smith & Blum, 2000), firm productivity (Glass & Finley, 2002), shareholder returns (Arthur, 2003), and share price (Arthur & Cook, 2004). However, Meyer, Mukerjee, and Sestero (2001) noted that not all work–family programs have the same impact on profits. Konrad and Mangel (2000) reported that work–family programs were associated with firm productivity only when organizations employed high percentages of women and professional employees. Based on an extensive review of empirical literature, Gottlieb et al. (1998) concluded that flexible work arrangements have negligible effects on organizational productivity. The above mixed findings highlight the need to develop and test theoretical models of work–family initiatives at the organizational level (Bardoel, Tharenou, & Moss, 1998).

Perry-Smith and Blum (2000) argued that various types of FFWPs are complementary and interrelated, and thus they should be considered as bundles. According to them, work–family bundles not only provide strategic advantage for firms, but also serve as positive symbols that signal to employees that their organizations care about them and value their contributions. The provision of FFWPs affects the perception of employees toward their organizations, which subsequently improves their work motivation and job performance. It is worth noting that these individual-level outcomes are conducive to organizational effectiveness.

Since the relationship between FFWPs and firm performance may not be simple and straightforward, it is important to theorize the means through which this relationship occurs. In other words, one should explore the mechanisms (e.g., organizational processes) by which FFWPs might impact organizational outcomes. By doing so, a more complete picture of the various effects of FFWPs at different levels can be provided.

Organizational climate

Organizational climate generally refers to how employees perceive their work environment, which influences their work-related attitudes and behaviors. It provides a frame of reference through which individuals make sense of organizational life (Joyce & Slocum, 1984). Based on an extensive review of the literature, Burton, Lauridsen, and Obel (2004, p. 69) defined organizational climate as “an individual's attitude concerning the organization, comprised of its degree of trust, morale, conflict, rewards equity, leader credibility, resistance to change, and scapegoating.” They also developed a measure of organizational climate that includes these major dimensions. This type of measure reflects a generalized approach to organizational climate, which is in contrast to the approach that considers specific facets of climate such as climate for service or innovation (Dawson, Gonzalez-Roma, Davis, & West, 2008).

Previous studies have consistently demonstrated positive relationships between organizational climate and individual work outcomes such as job performance, satisfaction, commitment, and involvement (Brown & Leigh, 1996; Ostroff, Kinicki, & Tamkins, 2003). When employees are satisfied and perform up to their potential, increased organizational productivity will follow (Schulte, Ostroff, & Kinicki, 2006). Bowen and Ostroff (2004) argued that a strong organizational climate affects how employees share a common interpretation of what behaviors are expected and rewarded, and hence a situation is created for better organizational performance. Empirical evidence revealed that organizational climate is positively related to some favorable organizational outcomes, including productivity, financial performance, turnover rate, and workforce morale (Ostroff & Schmitt, 1993; Riordan, Vandenberg, & Richardson, 2005).

To a certain extent, organizational climate is created by the beliefs and actions of the top management. In particular, a positive climate will be developed if the company leaders adopt certain ethical principles such as fairness and equal opportunities in treating their employees (Beu & Buckley, 2004). Organizational climate is also influenced by human resource policy and practices, which provide information about the managerial view of employees and hence affect employees' work behaviors and experiences (Schneider, 2000; Schwartz & Davis, 1981). For example, the implementation of FFWPs may reflect an organization's attempt to build a climate of caring and commitment to employees (Grover & Crooker, 1995).

Hypotheses Development

There is ample evidence in the literature of a relationship between equal opportunities and FFWPs. In order to create equal opportunities and promote non-discrimination in the workplace, organizations tend to offer FFWPs (Konrad & Linnehan, 1995; Powell & Graves, 2003). FFWPs are often viewed as a way of achieving equal opportunities by opening up employment and career opportunities to those unable to work traditional hours (Wise & Bond, 2003). Additionally, FFWPs may enhance employees' flexibility in managing work and family demands (Davis & Kalleberg, 2006). In recent years, the work–family literature has moved beyond the notion that work–family issues are a women's issue, and has recognized that both men and women have work–family needs (Anderson et al., 2002; Grandey, Cordeiro, & Michael, 2007). In Hong Kong, however, women are still expected to carry out or supervise housework and childcare (Lee, 2002), and unlike Western men, Hong Kong men generally have not assumed household tasks or childcare duties (Lo, 2003).

Wood et al. (2003) found strong support in Great Britain for the positive linkage between equal opportunities practices and FFWPs, what they refer to as the “equal opportunity perspective” that describes the use of FFWPs to remove discrimination based on gender. Employing this perspective, top management may view FFWPs as part of a broad program to reduce barriers and constraints faced by women that are generated from traditional gender ideology.

The research on the importance of top management support for the effectiveness of organizational programs provides the base for the linkage between top management support for equal opportunities and the adoption of FFWPs (Bardoel, 2003; Konrad & Linnehan, 1995; Poelmans & Sahibzada, 2004). Organizations may vary widely in the attentiveness to employees' work–life needs as reflected in their level of FFWPs (Ingram & Simons, 1995; Powell & Graves, 2003), and we argue this variation can be explained by the degree of top management support for equal opportunities. Milliken, Martins, and Morgan (1998) found that organizations whose senior executives viewed work–family issues to be salient were more likely to adopt FFWPs than those who did not. Arguably, these senior executives

would also endorse the notion of equal opportunities and implement FFWPs in their organizations to achieve it. Thus, we put forward the following hypothesis:

Hypothesis 1: Top management support for equal opportunities is positively related to the adoption of family friendly work practices.

Top management support for equal opportunities implies that the organization is committed to creating and nurturing a discrimination-free environment. We contend that such support and commitment from top management will lead to a positive organizational climate. Individuals who perceive that top management endorses ethical values and supports ethical behaviors (including those related to equal opportunities and workplace justice) are likely to view their organizations as being fair and trustworthy (Parker, Baltes, & Christiansen, 1997; Viswesvaran, Deshpande, & Joseph, 1998), and trust is regarded as a critical component of an organization's climate (Burton et al., 2004). As a result, employees would develop a favorable perception of their work environment, and have a positive assessment of the company leaders as well.

Reese (1996) makes the case for equal opportunities as an area of interest to all employees in the organization. When the top management tries to create an organizational environment by promoting equal opportunities with the goal of maximizing employees' career potential and opportunities, employees tend to raise their overall perceptions of fairness, morale, and trust in management. Their views toward organizational politics and changes will also become positive. Hence, a positive climate will be developed within the organization. Based on the above argument, it is hypothesized that:

Hypothesis 2: Top management support for equal opportunities is positively related to organizational climate.

An organization that provides FFWPs is likely to be the type of firm that pays well, offers job security, vacations, and health care benefits to the employees, that is, a firm that values a high quality of work life (Grover & Crooker, 1995). Offering FFWPs signals the care and concern of the organization for its employees, which in turn enhances employees' attachment and commitment to the organization (Casper & Buffardi, 2004; Casper & Harris, 2008; Chiu & Ng, 1999; Grover & Crooker, 1995; Lambert, 2000). It also positively affects the perceptions of employees regarding their organizations. For example, these employees are likely to view their organizations as supportive of their needs, and hence they develop trust, cooperation, and morale at work. We thus predict the adoption of FFWPs in the organization helps to generate a positive organizational climate.

Hypothesis 3: The adoption of family friendly work practices is positively related to positive organizational climate.

Adoption of FFWPs often requires that managers believe that there are bottom line outcomes of FFWPs (Arthur & Cook, 2003). Researchers have found that work-family programs positively affect perceived firm performance (Perry-Smith & Blum, 2000), and other outcomes such as staff retention and productivity (Glass & Finley, 2002). In addition, the level of FFWPs has been positively associated with shareholder returns and share price (Arthur, 2003; Arthur & Cook, 2004).

Social exchange theory (Blau, 1964) provides the theoretical base for the linkage between FFWPs and these favorable outcomes. The theory suggests that individuals who are able to use FFWPs (i.e., obtain a benefit from the organization) would feel obligated to reciprocate with positive work attitudes and behaviors, such as affective commitment and organizational citizenship behavior (Grover & Crooker, 1995; Kossek, Lautsch, & Eaton, 2006; Lambert, 2000). These favorable attitudes and

behaviors of employees, in turn, bring about a better work atmosphere and higher organizational productivity. Moreover, when employees view FFWPs as an important support from employers, they tend to have less intention to leave the organization (Poelmans & Sahibzada, 2004; Thompson et al., 1999).

Some researchers have proposed that organizational climate acts as a mediating link between HRM and firm performance that allows individuals to attribute meaning to organizational events and determine that actions that will lead to desired outcomes (Burton et al., 2004; Parker et al., 2003). Following this line of argument, organizational climate could be a potential mediator between FFWPs and organizational effectiveness. In other words, the successful implementation of FFWPs may change the perceptions of employees regarding their work environment, which in turn enhances both individual and organizational performance. In previous studies, organizational climate was found to be positively associated with such firm-level outcomes as organizational productivity, financial performance, and employee turnover (Ostroff & Schmitt, 1993; Riordan et al., 2005). Based on the above reasoning, we hypothesize that the effects of FFWPs on organizational outcomes are mediated by organizational climate.

Hypothesis 4a: Organizational climate mediates the relationship between the adoption of family friendly work practices and market-related firm performance.

Hypothesis 4b: Organizational climate mediates the relationship between the adoption of family friendly work practices and human resource-related firm performance.

Hypothesis 4c: Organizational climate mediates the relationship between the adoption of family friendly work practices and employee turnover.

Data and Method

Respondents

The data for this study come from a survey administered to HR directors/managers of multinational firms (MNCs) operating in Hong Kong in early 2006. Dun & Bradstreet (2006) provided the names and addresses of the target respondents. A self-administered questionnaire in English was mailed to 1400 potential respondents, together with a cover letter that explained the purpose of the survey and assured the anonymity and confidentiality of their responses. Respondents were asked to return the completed questionnaire to the researchers in a postage-paid return addressed envelope. Two weeks after the initial mailing, a follow-up mailing was done in which respondents received another copy of the survey. A total of 182 completed questionnaires were finally returned, representing a response rate of 13.0 per cent. Although we desired a higher response rate, the response rate for company surveys in Hong Kong is typically lower than in the West (Harzing, 1997; Ngo et al., 1998). In fact, some recent HRM studies conducted in Hong Kong using a similar research design had a similar response rate (e.g., Chan, Shaffer, & Snape, 2004; Lui, Lau, & Ngo, 2004).

A major concern of mail surveys is the possible non-response bias that may affect the generalizability of the findings to the whole population (Fowler, 1993). To handle this issue, we employed two procedures (Dooley & Lindner, 2003). First, we compared our sample to the population on some characteristics known *a priori* (based on the information in Dun & Bradstreet's Directory of Foreign Firms in Hong Kong, 2005/2006). No significant differences were found between them

regarding the distribution of industry and country of origin. Second, we also compared early and late respondents on some organizational-level variables, since late respondents are expected to be similar to non-respondents (Armstrong & Overton, 1977). Early respondents (i.e., those who returned the questionnaires to us within 2 weeks) comprised 56.4 per cent of our sample. Using χ^2 tests and *t*-tests, we found no significant differences between the two groups with respect to employee size, industry, location of headquarters, and firm age, evidencing that non-response bias should not pose a serious threat in our study.

In our sample, 5.9 per cent of respondents are expatriates and the rest (94.4 per cent) are local Hong Kong Chinese; 21.7 per cent are male and 78.3 per cent are female.

Of our sample firms, 59 (32.4 per cent) are from North America, 53 (29.1 per cent) are from the European Union, and 49 (26.9 per cent) are from Asian countries. By industry, these firms split into 16.0 per cent in manufacturing, 11.0 per cent in transportation and logistics, 21.0 per cent in trading, 16.6 per cent in marketing and sales, 12.7 per cent in financial services, and 13.3 per cent in professional services. The average employee size is 316.9 and the average years in business is 24.8 among them.

Measures

Except for the outcome variables, respondents used a six-point Likert-type scale (1 = “strongly disagree”; 6 = “strongly agree”) to respond to the items in the following measures:

Top management support for equal opportunities

We modified the scale developed by Konrad and Linnehan (1995). The scale consists of the following three items: “Top management considers our company’s reputation as an equal opportunities (EO) employer to be extremely important,” “Top management is proactive in their attitude toward EO,” and “Top management embraces the spirit and the letter of the EO law.” In this study, the α coefficient for this scale was 0.92.

Family friendly work practices

Based on an extensive review of literature as well as HR practices adopted by local firms, we developed an index consisting of seven items to measure this variable. The items cover maternity leave, child-care support, work-at-home programs, flexible working time, cafeteria-style benefits plan, and employee assistance programs that in one way or the other help employees to balance work and family life.

Organizational climate

This variable is measured by a seven-item scale developed by Burton et al. (2004). The scale, which takes a generalized approach to climate, tries to capture various aspects of employees’ perceptions about their organizations, including trust, morale, rewards equitability, leader credibility, conflict, scapegoating, and resistance to change. This scale had an α coefficient of 0.82 in our study.

Perceived market-related performance

Respondents were asked to evaluate their perceptions of the organization’s performance over the last 2 years as compared with the Hong Kong industry’s average in the areas of (1) sales/turnover, (2) net profit, and (3) new product development. Responses were scored on a five-point Likert-type scale, ranging from 1 (very poor) to 5 (very good). A scale was then calculated by averaging the three items, which had an α coefficient of 0.73.

Perceived human resource-related performance

Similar to perceived market-related performance, respondents were asked to assess the perceived performance of their organization over the last 2 years as compared with the Hong Kong industry's average in the areas of (1) morale of employees, (2) retention of employees, (3) employment relations, and (4) employee grievances. The same five-point Likert-type scale was used to measure these HR-related items. The α coefficient for this four-item scale was 0.82.

Employee turnover

This variable is measured by the overall employee turnover rate of the firm in 2005 as reported by the respondents. Unlike the above perceptual measures of firm performance, it represents an objective measure of an organizational outcome.

Results

We employed structural equation modeling (SEM) in the data analysis. LISREL 8.53 was used to evaluate the fit of both the measurement and the structural models. Following the usual practice, overall model fit was examined by various fit indices such as root-mean-square error of approximation (RMSEA), non-normed index (TLI), incremental fit index (IFI), and comparative fit index (CFI). A reasonable model fit is shown when RMSEA is below 0.08, and TLI, IFI, and CFI values are above 0.90.

We first performed confirmatory factor analyses (CFAs) to evaluate the distinctiveness of the scales used in this study. The model fit of the five-factor measurement model (i.e., top management support for equal opportunities, FFWPs, organizational climate, and the two performance measures) was assessed. The χ^2 value for the model was 545.89 with 242 df ($p < 0.001$), with RMSEA = 0.077, TLI = 0.92, IFI = 0.93, and CFI = 0.93. All fit indices were within the recommended range, indicating an acceptable model fit. We then pooled all items of the five constructs to one single factor and performed the Harman's one-factor test. The results of this one-factor model were as follows: χ^2 (df: 252) = 1168.34, ($p < 0.001$), RMSEA = 0.15, TLI = 0.78, IFI = 0.80, and CFI = 0.80, which displayed a poor model fit. When comparing this one-factor model with the five-factor model, the significant change in χ^2 value ($\chi^2(10) = 622.45, p < 0.001$) indicated that the respondents could clearly distinguish the five constructs.

Table 1. Descriptive statistics and correlation coefficients

| Variables | Mean | SD | (1) | (2) | (3) | (4) | (5) |
|------------------------------------|-------|-------|---------|--------|--------|--------|---------|
| (1) Top management support for EO | 4.51 | 1.00 | (0.92) | | | | |
| (2) Family friendly work practices | 2.94 | 0.83 | 0.40** | | | | |
| (3) Organizational climate | 4.07 | 0.67 | 0.53** | 0.35** | (0.82) | | |
| (4) Market-related performance | 3.49 | 0.65 | 0.35** | 0.23** | 0.38** | (0.73) | |
| (5) HR-related performance | 3.39 | 0.57 | 0.45** | 0.28** | 0.61** | 0.55** | (0.82) |
| (6) Employee turnover | 12.63 | 10.17 | -0.22** | -0.05 | -0.18* | -0.16* | -0.26** |

Notes: N ranges from 161 to 182. α coefficients shown in parenthesis on the diagonal.

* $p < 0.05$; ** $p < 0.01$.

Means, standard deviations, and correlations among study variables are shown in Table 1. The mean value of FFWPs was relatively low ($\bar{x} = 2.94$ on a six-point scale), suggesting that these practices are not widely adopted among our sample firms. As expected, top management support for equal opportunities, FFWPs, and organizational climate were positively correlated with each other. These three variables also had significant and positive correlations with the two measures of firm performance.

To evidence a mediating effect, several conditions must be fulfilled (Baron & Kenny, 1986). First, the independent variable must predict the dependent variable. Second, the independent variable must affect the mediator. Third, the mediator must affect the dependent variable. Fourth, the effect of the independent variable on the dependent variable becomes less when the mediator is controlled. To check whether our mediating hypotheses (i.e., Hypotheses 4a–4c) fulfilled the above conditions, we estimated three nested structural models (Kelloway, 1998): (i) a fully mediated model, (ii) a partially mediated model in which the paths showing the direct effects from FFWPs to the three outcome variables were included, and (iii) a non-mediated model that consisted of the paths of the partially mediated model, while the paths from organizational climate to the three outcome variables were removed. The model fit of these three nested models was then evaluated and compared to test the mediating effect of organizational climate between FFWPs and the outcome variables. After determining the accepted model, the parameter estimates in that model were used to test the other hypotheses (i.e., Hypotheses 1–3).

Table 2 presents the results of the SEM analysis. The fully mediated model provided a good model fit: $\chi^2 = 612.97$ with 270 df ($p < 0.001$); RMSEA = 0.075, TLI = 0.92, IFI = 0.93, and CFI = 0.93. The estimated structural paths from top management support for equal opportunities to organizational climate and from organizational climate to the three outcome variables were all significant, thus fulfilling the second and the third conditions of a mediating effect. The partially mediated model provided a similar fit to the data: $\chi^2 = 612.12$ with 267 df ($p < 0.001$); RMSEA = 0.076, TLI = 0.92, IFI = 0.93, and CFI = 0.93. Compared with the above two models, the non-mediated model provided a worse fit with the following statistics: $\chi^2 = 687.29$ with 270 df ($p < 0.001$); RMSEA = 0.088, TLI = 0.90, IFI = 0.91, and CFI = 0.91. It is worth noting that all the direct paths from FFWPs to the three outcome variables were significant in that model, thus fulfilling the first condition of mediation. We further compared the fully mediated model with the partially mediated model using the χ^2 difference test. The result demonstrated that the partially mediated model did not provide a better fit than the fully mediated model ($\Delta\chi^2 = 0.85$ with $\Delta df = 3$, ns). In particular, the three direct effect paths from FFWPs to the outcome variables were insignificant, suggesting that their inclusion did not improve much the overall model fit. Taken the above results together, the fully mediated model as shown in Figure 2 seems to be the best model among the three. As these findings also evidenced the fourth condition of a mediating effect, Hypotheses 4a–4c gained empirical support.

As indicated in Figure 2, top management support for equal opportunities was positively related to the adoption of FFWPs ($\gamma = 0.44$, $p < 0.001$) and organizational climate ($\gamma = 0.47$, $p < 0.001$). Therefore, both Hypotheses 1 and 2 were supported by the data. The adoption of FFWPs was also positively related to organizational climate ($\beta = 0.31$, $p < 0.01$), and this lends support to Hypothesis 3.

Table 2. Results of SEM analysis

| Models | χ^2 | df | $\Delta\chi^2$ | Δdf | RMSEA | TLI | IFI | CFI |
|------------------------------|-----------|-----|----------------|-------------|-------|------|------|------|
| (1) Fully mediated model | 612.97*** | 270 | | | 0.075 | 0.92 | 0.93 | 0.93 |
| (2) Partially mediated model | 612.12*** | 267 | | | 0.076 | 0.92 | 0.93 | 0.93 |
| (3) Non-mediated model | 687.29*** | 270 | | | 0.088 | 0.90 | 0.91 | 0.91 |
| Compared models (1) and (2) | | | 0.85 | 3 | | | | |

*** $p < 0.001$.

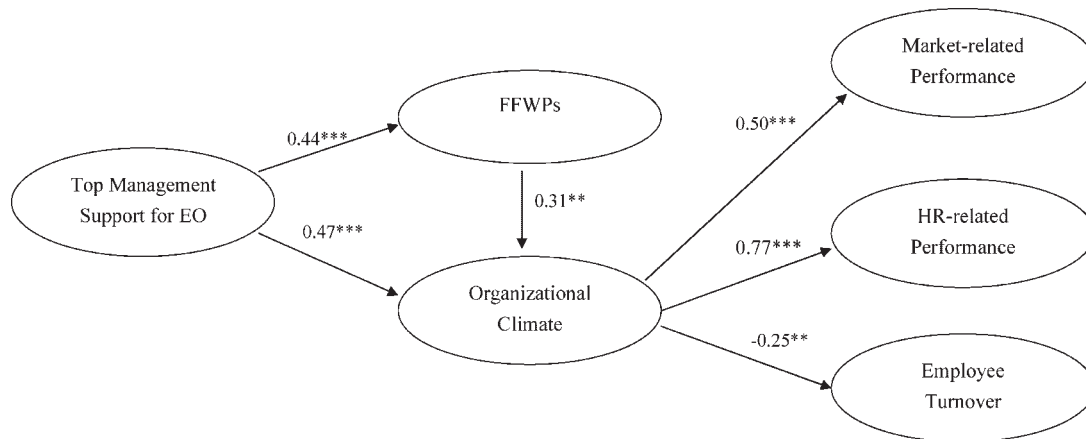


Figure 2. Results of SEM analysis for fully mediated model. Notes: ** $p < 0.01$; *** $p < 0.001$. Standardized β s are reported

Furthermore, it was found that organizational climate had a positive effect on perceived market-related performance ($\beta = 0.50$, $p < 0.001$) and perceived human resource-related performance ($\beta = 0.77$, $p < 0.001$), and a negative effect on employee turnover ($\beta = -0.25$, $p < 0.01$). In summary, our findings indicate that organizational climate acts as a significant mediator in the model that links FFWPs to the three outcome variables.

Discussion and Conclusion

In this study, we developed and tested a conceptual model of antecedents and outcomes of FFWPs in the context of MNCs in Hong Kong, a non-Western context deserving of more research attention. Several new findings were obtained that contribute to the current body of literature on FFWPs. First, we found that top management support for equal opportunities was a salient factor affecting the adoption of FFWPs and positive organizational climate, thus providing evidence for Hypotheses 1 and 2. The construct of top management support for equal opportunities was originally developed by Konrad and Linnehan (1995). We extended their work in a unique way by showing that this construct was predictive of the provision of FFWPs and organizational climate. The linkage between supportiveness of equal employment opportunities and the adoption of FFWPs in organizations has been confirmed for the first time in our study. Second, we also found support for Hypothesis 3 that FFWPs were positively related to organizational climate. This endorses Grover and Crooker's (1995) conclusions that organizations with FFWPs are likely to be supportive and innovative workplaces in which FFWPs are part of a cooperative and caring management style. A positive organizational climate can result from implementing FFWPs in the organization.

Perhaps the most important result of our study relative to past literature is the mediating effect of organizational climate between FFWPs and the outcome variables. We employed the technique of nested model testing in LISREL and found that the impact of FFWPs on organizational performance and employee turnover were not direct ones, but indirect through organizational climate. As shown in Figure 2, the adoption of FFWPs results in a positive climate in the organization, which in turn contributes to both market-related and human resource-related performance and reduces employee

turnover. By identifying a key mechanism through which FFWPs lead to firm performance, our study adds to a body of research supporting this mechanism. We answer the call for research to address how FFWPs impact organization-level outcomes (Bowen & Ostroff, 2004; Parker et al., 2003), an under-researched area of interest to both academics and practitioners.

Practically speaking, top management needs to pay attention to its perceived supportiveness of equal opportunities, and use it as a strategy to develop positive organizational climate, low employee turnover, and a healthy bottom line. Our results indicate that organizations can build employees' positive perceptions of the firm by emphasizing equal opportunities and offering FFWPs to their employees. When these conditions are in place, some favorable organizational outcomes will result. HR managers should consider encouraging and nurturing top management's support for equal opportunities in order to improve the likelihood of adoption of FFWPs. Moreover, in designing and implementing FFWPs, HR managers need to make sure that these practices are aligned with the firm's equal opportunities policy.

While our study provides some theoretical and practical implications, it also has a number of limitations. One limitation is that the data were cross-sectional, making causality difficult to determine. We assume that FFWPs and organizational climate are stable over time and expect them to influence recent firm performance and level of employee turnover. Second, we assessed all of the variables by self-report measures, thus raising the possibility of common method bias. To alleviate this issue, we conducted Harman's one-factor test (Podsakoff & Organ, 1986) and employed employee turnover rate as an objective measure of organizational outcome. Third, our modest response rate of 13 per cent is lower than desired. However, the response rate of mailed surveys conducted in Hong Kong is generally lower than that in other countries (Harzing, 2000). Finally, since we collected our data from MNCs in Hong Kong, the generalizability of our findings is restricted to Hong Kong. Nevertheless, Hong Kong, an international city in Asia with a large number of MNCs, provides an ideal research site to test our hypotheses. Hong Kong is more collectivistic than Western societies, and as a result, employees tend to expect their companies to take care of their work–family needs and provide more substantive support such as compassionate leave and childcare facilities. However, as influenced by Western culture, younger employees in Hong Kong have become more individualistic. They tend to consider the provision of individual autonomy and flexibility at work as equally important as the availability of company-sponsored childcare.

To conclude, our study demonstrated the salient role of managerial attitudes and support on the provision of FFWPs in organizations. We further found that the effects of FFWPs on some major organizational outcomes were mediated by organizational climate. When implementing FFWPs, a positive organizational climate may result, enhancing firm performance and reducing employee turnover. Future studies may explore other mechanisms that link FFWPs to organizational effectiveness, as well as some contextual factors that may moderate the relationship. Cross-level investigations that include antecedents and outcome variables at both individual and organizational levels should also be conducted (Poelmans & Sahibzada, 2004). Lastly, more cross-cultural studies on a variety of organizations are needed to evaluate the generalizability of our findings and to extend our model.

Author biographies

Hang-Yue Ngo is a professor in the Department of Management, The Chinese University of Hong Kong. He received his PhD in Sociology from the University of Chicago. His research is concerned with gender and employment, human resource management, and organizational studies.

Sharon Foley is an associate professor in the CEU Business School, Central European University in Budapest. She received her PhD in Management from the University of Connecticut. Her research interests include gender and diversity in the workplace, and international human resource management. **Raymond Loi** is an assistant professor in the Department of Management and Marketing, University of Macau. He received his PhD in Management from The Chinese University of Hong Kong. His research interests include international human resource management, organizational justice, career studies, and social exchange relationships.

References

- Allen, T. D. (2001). Family-supportive work environments: The role of organizational perceptions. *Journal of Vocational Behavior*, 58, 414–435.
- Anderson, S., Coffey, B. S., & Byerly, R. T. (2002). Formal organizational initiatives and informal workplace practices: Links to work-family conflict and job-related outcomes. *Journal of Management*, 28, 787–810.
- Armstrong, J. S., & Overton, T. S. (1977). Estimating non-response bias in mail surveys. *Journal of Marketing Research*, 14, 396–402.
- Arthur, M. M. (2003). Share price reactions to work-family human resource decisions: An institutional perspective. *Academy of Management Journal*, 46, 497–505.
- Arthur, M. M., & Cook, A. (2003). The relationship between work-family human resource practices and firm profitability: A multi-theoretical perspective. *Research in Personnel and Human Resources Management Review*, 22, 219–252.
- Arthur, M. M., & Cook, A. (2004). Taking stock of work-family initiatives: How announcements of 'family-friendly' human resource decisions affect shareholder value. *Industrial and Labor Relations Review*, 57, 599–613.
- Bardoel, E. A. (2003). The provision of formal and informal work-family practices: The relative importance of institutional and resource dependent explanations versus managerial explanations. *Women in Management Review*, 18, 7–19.
- Bardoel, E. A., Tharenou, P., & Moss, S. A. (1998). Organisational predictors of work-family practices. *Asia Pacific Journal of Human Resources*, 36, 31–49.
- Baron, R. M., & Kenny, D. A. (1986). The moderator-mediator variable distinction in social psychological research: Conceptual, strategic, and statistical considerations. *Journal of Personality and Social Psychology*, 51, 1173–1182.
- Batt, R., & Valcour, M. (2003). Human resource practices as predictors of work-family outcomes and employee turnover. *Industrial Relations*, 42, 189–220.
- Beu, B. S., & Buckley, M. R. (2004). Using accountability to create a more ethical climate. *Human Resource Management Review*, 14, 67–83.
- Blau, P. M. (1964). *Exchange and power in social life*. New York: John Wiley and Sons.
- Bowen, D. E., & Ostroff, C. (2004). Understanding HRM-firm performance linkages: The role of the 'strength' of the HRM system. *Academy of Management Review*, 29, 203–221.
- Brown, S., & Leigh, T. W. (1996). A new look at psychological climate and its relationship to job involvement, effort, and performance. *Journal of Applied Psychology*, 81, 358–368.
- Burton, R. M., Lauridsen, J., & Obel, B., (2004). Impact of organizational climate and strategic fit on firm performance. *Human Resource Management*, 43, 67–82.
- Casper, W. J., & Buffardi, L. C. (2004). Work-life benefits and job pursuit intentions: The role of anticipated organizational support. *Journal of Vocational Behavior*, 65, 391–410.
- Casper, W. J., & Harris, C. (2008). Work-life benefits and organizational attachment: Self-interest utility and signaling theory models. *Journal of Vocational Behavior*, 72, 95–109.
- Chan, L., Shaffer, M., & Snape, E. (2004). In search of sustained competitive advantage: The impact of organizational culture, competitive strategy and human resource management practices on firm performance. *International Journal of Human Resource Management*, 15, 17–35.
- China Staff. (2006). Putting the "life" back into employees, 22–24 October.
- Chiu, W., & Ng, C. W. (1999). Women-friendly HRM and organizational commitment: A study among women and men of organizations in Hong Kong. *Journal of Occupational and Organizational Psychology*, 72, 485–502.

- Davis, A. E., & Kalleberg, A. L. (2006). Family-friendly organizations? Work and family programs in the 1990s. *Work and Occupations*, 33, 191–223.
- Dawson, J. F., Gonzalez-Roma, V., Davis, A., & West, M. A. (2008). Organisational climate and climate strength in UK hospitals. *European Journal of Work and Organizational Psychology*, 17, 89–111.
- Demerouti, E. (2006). Human resource policies for work-personal life integration. In Burke, R. J. & Cooper C. L. (Eds.), *The human resources revolution: Why putting people first matters* (pp. 147–169). Amsterdam: Elsevier.
- Dooley, L. M., & Lindner, J. R. (2003). The handling of nonresponse error. *Human Resource Development Quarterly*, 14, 99–110.
- Dun & Bradstreet. (2006). *D&B top 2000 foreign enterprises in Hong Kong 2005/06 Edition*. Hong Kong: Dun & Bradstreet (HK) Limited.
- Forrester, R. (2000). Empowerment: Rejuvenating a potent idea. *Academy of Management Executive*, 14, 67–80.
- Fowler, F. J. (1993). *Survey research methods*. Newbury Park: Sage Publications.
- Gannon, M. J., Norlan, D. L., & Robeson, F. E. (1983). Shift work has complex effects on lifestyles and work habits. *Personnel Administration*, 28, 93–97.
- Glass, J., & Finley, A. (2002). Coverage and effectiveness of family-responsive workplace policies. *Human Resource Management Review*, 12, 313–337.
- Gottlieb, B. H., Kelloway, E. K., & Barham, E. J. (1998). *Flexible work arrangements: Managing the work-family boundary*. Chichester: John Wiley & Sons.
- Grandey, A. A., Cordeiro, B. L., & Michael, J. H. (2007). Work-family supportiveness organizational perceptions: Important for the well-being of male blue-collar hourly workers? *Journal of Vocational Behavior*, 71, 460–478.
- Grover, S. L., & Crooker, K. J. (1995). Who appreciates family-responsive human resource policies: The impact of family-friendly policies on the organizational attachment of parents and non-parents. *Personnel Psychology*, 48, 271–288.
- Harzing, A. W. (1997). Response rates in international mail surveys: Results of a 22 country study. *International Business Review*, 6, 641–665.
- Harzing, A. W. (2000). Cross-national industrial mail surveys: Why do response rates differ between countries? *Industrial Marketing Management*, 29, 243–254.
- Honeycutt, T. L., & Rosen, B. (1997). Family friendly human resource policies, salary levels, and salient identity as predictors of organizational attraction. *Journal of Vocational Behavior*, 50, 271–290.
- Ingram, P., & Simons, T. (1995). Institutional and resource dependence determinants of responsiveness to work-family issues. *Academy of Management Journal*, 38, 1466–1482.
- Joyce, W., & Slocum, J. (1984). Collective climate: Agreement as a basis for defining aggregate climates in organizations. *Academy of Management Journal*, 27, 721–742.
- Karsten, M. F. (2006). *Management, gender, and race in the 21st century*. Lamham: University Press of America.
- Kelloway, E. K. (1998). *Using LISREL for structural equation modeling*. Thousand Oaks, CA: Sage.
- Koh, H. C., & Boo, E. H. Y. (2001). The link between organizational ethics and job satisfaction: A study of managers in Singapore. *Journal of Business Ethics*, 29, 309–324.
- Konrad, A. M., & Linnehan, F. (1995). Formalized HRM structures: Coordinating equal employment opportunity or concealing organizational practices? *Academy of Management Journal*, 18, 787–820.
- Konrad, A. M., & Linnehan, F. (1999). Affirmative action: History, effects and attitudes. In Powell G. N. (Ed.), *Handbook of gender and work* (pp. 429–452). Thousand Oaks, CA: Sage.
- Konrad, A. M., & Mangel, R. (2000). The impact of work-life programs on firm productivity. *Strategic Management Journal*, 21, 1225–1237.
- Kossek, E. E., Lautsch, B. A., & Eaton, S. C. (2006). Telecommuting, control, and boundary management: Correlates of policy use and practice, job control, and work-family effectiveness. *Journal of Vocational Behavior*, 68, 347–367.
- Lambert, S. J. (2000). Added benefits: The link between work-life benefits and organizational citizenship behavior. *Academy of Management Journal*, 43, 801–815.
- Lau, C. M., & Ngo, H. Y. (1996). One country many cultures: Organizational cultures of firms of different country origins. *International Business Review*, 5, 469–486.
- Lee, W. K. M. (2002). Gender ideology and domestic division of labour in middle-class Chinese families in Hong Kong. *Gender, Place and Culture—A Journal of Feminist Geography*, 9, 245–260.
- Leung, A. S. M. (2002). Sexuality at work: Female secretaries' experiences in the context of Chinese culture. *Journal of Managerial Psychology*, 17, 506–522.

- Lo, S. (2003). Perceptions of work-family conflict among married female professionals in Hong Kong. *Personnel Review*, 32, 376–391.
- Lobel, S. A. (1999). Impacts of diversity and work-life initiatives in organizations. In G. N. Powell (Ed.), *Handbook of gender and work* (pp. 453–476). Newbury Park, CA: Sage.
- Lui, S., Lau, C. M., & Ngo, H. Y. (2004). Global convergence, human resources best practices, and firm performance: A paradox. *Management International Review*, 44, 67–86.
- Meyer, C., Mukerjee, S., & Sestero, A. (2001). Work-family benefits: Which ones maximize profits? *Journal of Managerial Issues*, 13, 28–44.
- Milliken, D. J., Martins, L. L., & Morgan, H. (1998). Explaining organizational responsiveness to work-family issues: The role of human resource executives as issue interpreters. *Academy of Management Journal*, 41, 580–592.
- Nadler, D. (1998). *Champions of change*. San Francisco, CA: Jossey Bass.
- Ngo, H. Y. (1992). Employment status of married women in Hong Kong. *Sociological Perspectives*, 35, 475–488.
- Ngo, H. Y., & Lui, S. Y. (1999). Gender differences in outcomes of work-family conflict: The case of Hong Kong managers. *Sociological Focus*, 32, 303–316.
- Ngo, H. Y., Turban, D., Lau, C. M., & Lui, S. Y. (1998). Human resource practices and firm performance of multinational corporations: Influences of country origin. *International Journal of Human Resource Management*, 9, 632–652.
- Ostroff, C., Kinicki, A. J., & Tamkins, M. M. (2003). Organizational culture and climate. In W. C. Borman, & D. R. Ilgen (Eds.), *Handbook of psychology: Industrial and organizational psychology* (Vol. 12, pp. 565–593). New York: Wiley.
- Ostroff, C., & Schmitt, N. (1993). Configurations of organizational effectiveness and efficiency. *Academy of Management Journal*, 36, 1345–1361.
- Parker, C. P., Baltes, B. B., & Christiansen, N. (1997). Support for affirmative action, justice perceptions, and work attitudes: An analysis of gender and racial/ethnic group differences. *Journal of Applied Psychology*, 82, 376–389.
- Parker, C. P., Baltes, B. B., Young, S. A., Huff, J. W., Altmann, R. A., LaCost, H. A., et al. (2003). Relationships between psychological climate perceptions and work outcomes: A meta-analytic review. *Journal of Organizational Behavior*, 24, 389–416.
- Perry-Smith, J. E., & Blum, T. C. (2000). Work-family human resource bundles and perceived organizational performance. *Academy of Management Journal*, 43, 1107–1117.
- Podsakoff, P. M., & Organ, D. W. (1986). Self-reports in organizational research: Problems and prospects. *Journal of Management*, 12, 531–544.
- Poelmans, S., & Sahibzada, K. (2004). A multi-level model for studying the context and impact of work-family policies and culture in organizations. *Human Resource Management Review*, 14, 409–431.
- Powell, G. N., & Graves, L. M. (2003). *Women and men in management* (3rd ed.). Thousand Oaks, CA: Sage.
- Rau, B. L., & Hyland, M. M. (2002). Role conflict and flexible work arrangements: the effects on applicant attraction. *Personnel Psychology*, 55, 111–136.
- Reese, K. (1996). Implementing an equal opportunities audit, gaining support, and implementing the findings. *European Journal of Work and Organizational Psychology*, 5, 555–558.
- Riordan, C. M., Vandenberg, R. J., & Richardson, H. A. (2005). Employee involvement climate and organizational effectiveness. *Human Resource Management*, 44, 471–488.
- Rothausen, T. J., Gonzalez, J. A., Clarke, N. E., & O'Dell, L. L. (1998). Family friendly backlash—fact or fiction? The case of organizations' on-site childcare centers. *Personnel Psychology*, 51, 685–706.
- Schneider, B. (2000). The psychological life of organizations. In N. M. Ashkanasy, C. P. Wilderon, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate* (pp. XVII–XXI). Thousand Oaks, CA: Sage.
- Schulte, M., Ostroff, C., & Kinicki, A. J. (2006). Organizational climate systems and psychological climate perceptions: A cross-level study of climate-satisfaction relationship. *Journal of Occupational and Organizational Psychology*, 79, 645–671.
- Schwartz, H., & Davis, S. (1981). Matching corporation culture and business strategy. *Organizational Dynamics*, 10, 30–48.
- Thompson, C. A., Beauvais, L. L., & Lyness, K. S. (1999). When work-family benefits are not enough: The influence of work-family culture on benefit utilization, organizational attachment, and work-family conflict. *Journal of Vocational Behavior*, 54, 392–415.
- Valentine, S., Greller, M. M., & Richtermeyer, S. B. (2006). Employee job response as a function of ethical context and perceived organization support. *Journal of Business Research*, 59, 582–588.

- Viswesvaran, C., Deshpande, S. P., & Joseph, J. (1998). Job satisfaction as a function of top management support for ethical behavior: A study of Indian managers. *Journal of Business Ethics*, *17*, 365–371.
- Wise, S., & Bond, S. (2003). Work-life policy: Does it do exactly what it says on the tin? *Women in Management Review*, *18*, 20–31.
- Wood, S. J., de Menezes, L. M., & Lasaosa, A. (2003). Family-friendly management in Great Britain: Testing various perspectives. *Industrial Relations*, *42*, 221–250.