

## **Work-Life Balance at Small and Medium-Sized Enterprises**

### **Authors**

Ryoji NAKAMURA

Senior Research Fellow, the Japan Institute for Labour Policy and Training

Kazufumi SAKAI

Assistant Fellow, the Japan Institute for Labour Policy and Training

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### **Research Objectives**

In this research human resource management(HRM) and support measure for work-life balance(WLB) at small and medium-sized enterprises(SMEs) are focused, and this paper attempts to clarify to what extent HRM measures are organized and maintained and how WLB measures are actually utilized in the system.

#### **1. Problem identification**

In late years, since the environment surrounding enterprises continues changing rapidly, they need to respond promptly to intensifying competition in global business climate and continue promoting efficiency. On the other hand, "balance between work and life outside work ", so-called WLB has attracted attention for a long time. WLB has many implications along with HRM systems; however, the most important meaning of the term in recent days is that when an employee wants to or has to take time off for life except work, a system should always be available for such an employee so that he/she can make his/her own decision. WLB of an employee, which is often incompatible with the pursuit of effectiveness by an enterprise, needs to be examined continuously in HRM systems.

WLB has long been discussed as one of the most crucial issues for women's work, there has not been, however, so much accumulation via viewpoint of HRM. So many results of research in this field have been announced recently, large enterprises, however, have been targeted, in regard to such issues as "family-friendly enterprises." The main focus of discussion here has been how to "coordinate or adjust" matters in personnel management, such as arrangement of replacement staff and personnel evaluations.

On the other hand, the situation of WLB in small or medium-sized enterprises, which comprise the majority of enterprises in Japan, has rarely been discussed. At the same time, however, as can be seen in revisions to the Act on Advancement of Measures to Support Raising Next-Generation Children (hereinafter referred to the "Next Generation Act"), there is an increasing number of cases where enterprises are legally required to respond. As the 2006 White Paper on Small and Medium Enterprises in Japan stated, if

SMEs are successfully responding to the issue of WLB through flexible “operation,” without establishing proper systems, then further systemization may not be immediately necessary. Nevertheless, in reality, even these actual situation have still not been sufficiently clarified. In developing future policy, it is required to first grasp the current status as detailed as possible, and this is the reason why we planned this research project focusing on SMEs.

## 2. Findings

### Chapter 1

The phrase “work-life balance” has come to be used quite commonly nowadays, but the scope of its definition is rather broad and vague. The main focus of WLB is “the balance between work and life outside work,” not so many studies have been announced from the viewpoint of HRM. Little is known in regard to SMEs, and the White Paper on SMEs has created and diffused the image of “SMEs responding to the issue via flexible “operation,” even though the systematization has not proceeded well. Addressing the issue through flexible ‘operation’ means that, however, there is ‘no adequate and concrete system established’.

We conducted both an enterprise survey and an employee survey. The results especially in terms of the existence or non-existence of systems showed that the smaller the size of an enterprise, the less likely it is that basic HRM systems will be put in place, and the lower the probability that there will be WLB support systems such as childcare leave. The results also showed that smaller enterprises tend to have lower acquisition rate of paid leaves, and that the rate of enterprises responding “not implementing any particular measures” towards establishing WLB support policies is high among them. Nevertheless both employers and employees shared the view that benefits and effects they expected from WLB policies were “a sense of security or solid comfort.”

### Chapter 2

Based on the fundamental awareness that WLB policies, especially WLB support systems, are a part of HRM, in order to further understand the current situation of WLB support system by enterprise size, we also examined the situation from other perspectives, that is, the extent to which basic HRM systems are introduced in enterprises and their policies in hiring employees. Enterprises that have a policy to hire employees for longer periods of time appear to be promoting shorter working hours and making efforts to improve the way of working. They also appear to have more progressive support measures for WLB, particularly systems of childcare leave. When introducing new HRM strategies, in general, there should be a need among employees and the capacity within the enterprise to further develop its systems. While three-quarters of all enterprises currently respond that they have “a passive attitude toward WLB,” enterprises responding that they are “positive” in this regard state that they have been “engaged in at least one measure of some kind to promote WLB” as a reason for such a response, and their positive attitude is closely related to the fact that they “have female regular employees with children of pre-school age.”

### Chapter 3

Measures that have been principally promoted to date as WLB policies are support in balancing work and childrearing. Only a small proportion of SMEs have childcare leave systems. Where there are no such systems, relatively speaking, there is a tendency that the practice of taking childcare leave is not promoted, and a high proportion of women leave the workplace when they get married. In these enterprises, rate of implementing other WLB-related systems such as short-time working is also low.

In order to examine the image that the absence of these systems is actually covered by “operational application” in small and medium enterprises, we explored the characteristics of enterprises that “have no system but actually implement policies through operational application” with regard to various measures. Many of these are comparatively small enterprises and have no choice but to provide WLB support, such as those having female regular employees who have the need to use such systems. These enterprises also demonstrated a tendency to be less positive about other measures such as compliance and equal opportunities than those with systems in place. Regular employees in these enterprises tend to perceive their enterprise as being relatively flexible for working style, but in fact their level of satisfaction is low in regard to the balance between their jobs and family life — housework, childcare, and nursing care especially for elders. Considering these points comprehensively, it is all the more important to promote implementation of childcare leave and other systems even in SMEs.

### Chapter 4

Realization of WLB largely depends not only upon the situation or degree of implementation of systems, but also on the employee’s perception of WLB. This chapter focuses on employee’s sense of obligation to work and do the housework, and discusses the current status of WLB from employee’s viewpoint. We focused on whether employees had a sense that their work was restricting their life outside work (sense of work obligation) or a sense that their home lives were restricting their ability to work (sense of home life obligation), and classified them into four types according to whether they had both, either, or neither of these senses. Then, we examined each situation.

More women than men sensed that both their work and family lives were restricted, and this tendency is strong especially among married women with preschool children and single parents, who both bear significant burdens. The sense of obligation was closely related, among both women and men, to the fact that they have little discretion over taking work home, and particularly among women, to the fact that there is a gap in awareness between enterprises and employees regarding the stance for WLB measures. On the whole, while among men, the sense of obligation they felt and the level of satisfaction with their work were closely related, women did not demonstrate such a tendency.

There was a strong sense of obligation particularly among women in their childrearing years. In order to cope with the situation, further reconsidering of work style, such as working hour system and allowing them to take work home, appear to be

required. These problems also need to be reconsidered as problems for the whole workplace, not only for those currently feeling a sense of obligation or restriction.

## Chapter 5

Among WLB policies, attention is most often paid to the balance between work and childrearing, but in the future, the issue of caring for family members (nursing care for the elderly) will become more significant. Here we examined WLB for nursing care, including the state of implementation of family-care leave systems, the actual situation of employees taking family-care leaves, future projections and support measures in such cases.

As with WLB policies for childrearing, it is clear that the smaller the enterprise, the less likely it is that they will have WLB policies for nursing care for the elderly. It should also be noted, however, that the rate of putting in place such systems is lower in enterprises where the average age of the employees is higher. At present, very few employees actually take family-care leaves, and this is consistent with the statistical trends reflected at the macro level. Around 10% of both women and men expect that they will “need to take care of family members in the near future,” while around 60% expect that they will “need to do so in the future.” When asked whether they intend to continue their current work at that point, a large majority of men respond that they will “continue,” but among women, this figure falls to below half. They are more likely to “change to another job in which it is easier to achieve WLB,” or “leave work to look after the family member full-time.” Situation surrounding family-care support systems is almost entirely the same as those to support childrearing, and smaller-scale enterprises, where basic HRM measures are not put in place, tend to have a low implementation rate for such systems.

At present, only a small proportion of employees are actually engaged in nursing care for the elderly. With the advent of the aging society, however, the fact that enterprises with higher average age of employees are less likely to have proper systems will become a much bigger problem in the very near future.

### 3. Implications and forthcoming issues

Based on the findings gained in this way, basic structures of problems emerging from the overall survey results are discussed here in order to identify issues and perspectives for future considerations.

#### (1) Basic human resources policies – foundation for WLB

WLB policies, as is generally known, are not only for the benefits of large enterprises and their employees. It is also important for SMEs, which account for the majority in Japan, to introduce further WLB measures in the future. Compared to the relationship between HRM and WLB within large enterprises, in SMEs where even the foundation is not yet sufficiently established, efforts are being made to put in place WLB support measures, despite the fact that human resources strategies are not yet sufficiently established. In the future, it will be also important for SMEs to develop a basic structure of HRM, which is the foundation of WLB, in order to further promote their WLB

measures. As has been clarified by this research, enterprises that have a “foundation” of basic HRM structures and have long-term employment policies also have made efforts introducing WLB policies.

While we categorize SMEs as one unity, there is in fact a great diversity inside. It is not too much to say that the situation of each of these enterprises is different. Within extremely small enterprises, there may be “no particular problem or necessity even if there is no HRM system.” We have no intention, therefore, of insisting that such enterprises “must” do one thing or another, but what has been made clear by this survey is that there are greater benefits and ripple effects to be achieved by starting with preparation of basic systems. It should be stressed that in the current state, the most basic policies of each enterprise, including hiring policies, are developed in a way that is closely linked to WLB policies.

Furthermore, WLB policies, especially the issue of supporting balance between work and childrearing or nursing care for the elderly, may be an important element that could change the “foundations” of HRM as well as the assumptions and concept of such management. Even male employees, who have never considered stopping their career even temporarily, are facing the increasing possibility that they may unavoidably have to take a career break at some point, to look after a family member or a child. In other words, conditions that have been the basis of HRM to date are changing swiftly. For this reason, consideration of HRM from the perspective of WLB policies is becoming more and more important.

## (2) The reason why WLB policies have not become prevalent

According to the results of our surveys, around three quarters of SMEs currently consider themselves “passive” in relation to WLB issues, while around half state that they are “not implementing any particular measures” in regard to establishing or promoting the use of WLB policies.

One reason why policies for supporting a balance between work and childcare have not widely spread may be that in many SMEs, there have been only a few employees who actually had need of such measures (regular female employees currently rearing children). In other words, the level of need for such measures has not been great, and this is one of the most significant reasons why they have not been implemented. In enterprises without such employees, the level of adoption of such measures is obviously low.

Despite this, however, as seen in revisions to the Next Generation Act, policies to promote WLB measures will certainly be applied also to smaller enterprises. From April this year, at enterprises with 101 or more employees will be subject to certain legally binding requirements in this area. The name of the Act itself makes it clear that the law will be based on supporting work-life balance for people rearing children, but the contents of the law as a whole are not restricted to such aspects. In consideration of further promotion of WLB in the future, it will be more important to reaffirm and emphasize that the direction the law pursues is not only “support systems for employees working while rearing children,” but rather “ensuring that the enterprises provide an efficient and pleasant workplace.” Repeating these announcements should encourage

adoption of these WLB measures across a wider range also by enterprises “not adopting these measures because they do not have any female employees who are rearing children.”

At the same time, measures to allow a balance with nursing care for the elderly will be more important. This is an area in which employee needs will only increase but never decrease in the future. Considering the fact that even family-care leave systems are not adopted in enterprises with higher average age of employees, there is a pressing need of further promotion of WLB measures with more emphasis on the aspect of nursing care for the elderly.

### (3) Benefits and expectations of WLB policies

Both enterprises and employees were asked about the benefits, impact and effects of WLB policies. Enterprises’ awareness of benefits included “keeping women employees from leaving the enterprise—raising the job retention rate among women employees, and improving the sense of being both assured and encouraged in the workplace.” On the other hand, employees answered that WLB policies lead to “improving the sense of being both assured and encouraged in the workplace and reconsidering work and duties by the presence of colleagues who take childcare leave.” At the same time, however, they also felt “increase in work load they share with colleagues who take childcare leave.”

Both employers and employees were united only in expressing an expectation of “an improved sense of being both assured and encouraged in the workplace.” WLB measures are certainly beneficial in this respect, but this cannot be the purpose of enterprise management in itself. The purpose must be to improve working efficiency and thereby to achieve better results, and WLB measures cannot be more than support strategies for this. As emphasized by Morishima (2010) that we considered in Chapter 1, WLB measures are close to Herzberg’s “hygiene factor.” In fact, if a hygiene factor is missing, there is a good possibility that the original function of the enterprise may not be achieved. For this reason, in the future, if enterprises are able to move forward with improving their policies even gradually, WLB measures will be “something enterprises will not function well without,” rather than “something it is better to put in place, if possible”.

We must consider carefully, however, that merely promoting the introduction of systems in this way will not lead to immediate improvements in business results. At present, it is not necessarily the case that only enterprises with good business results are introducing WLB measures. It is the work of individual employees that improves business performance, and this is dependent on the HRM systems that control such work. If the focus is on business performance, it is natural that the question is not whether WLB measures should be introduced, but rather whether or not the HRM system as a whole (including WLB measures) is contributing to an improvement in business performance. When introducing a new system, it is necessary to consider conditions such as “employee needs” and “benefits to the enterprise” and ensure that “benefit wins out in a cost-benefit analysis.” From the standpoint of the enterprise, even if the introduction of a system is accompanied by a range of costs, the issue of whether or not benefits outweigh those costs depends upon whether or not increased efficiency is achieved in the enterprise’s work as a whole as a result of its introduction. Way of doing each of the work

on a day to day basis is important, since if staff numbers are reduced at times by people taking childcare leave or family-care leave, there will be a need to adjust for the work that would otherwise be done by those people. Considering all these factors together, is it still advantageous to the enterprise for such employees to continue to work? This will become an increasingly important question for both employers and employees.

(4) Advantages and disadvantages of not having a system, but covering the need through “operation” instead

Overviewing all the surveys conducted in this research, this is one of the central discussion topics, from the point of view that such situations are thought to be the characteristics of present WLB measures in SMEs. As has been clarified in this survey, however, the proportion of enterprises that “have no system, but cover the need through ‘operation’ ” is still small. It is certainly not the case that SMEs are always taking such responses. Enterprises providing “alternative cover through operation” are those that “do not have systems”. As has been seen up to now, the smaller the enterprise, the more likely it is not to have any systems actually.

The advantages of using “operation” are, obviously, that such enterprises can correspond to employee needs without introducing special new systems or measures. Considered positively, this means that the enterprise can respond flexibly as required. On the other hand however, it can lead to an ongoing “ad-hoc” or temporary response. Even so, from the point of view that no costs are required for system design or implementation, it is likely that enterprises will consider this sort of response advantageous. Also, from the employee, it is true that such enterprises are viewed by employees as providing a flexible and pleasant working environment.

On the other hand, there are almost no obvious disadvantages to this method, and really nothing that is definitively negative. This is in part because it is based on communication between employer and employees. This could be seen, however, as only possible in rather smaller enterprises. More worrying is the fact that these enterprises also tend to be passive in regard to issues such as compliance, which will become decisively important in the consideration of future corporate activities. In addition, despite the fact that they are able to make flexible responses, the level of satisfaction among employees is relatively not so high.

Since there are no critical threats to corporate activities at this time, enterprises tend not to be promoting the introduction of systems (including but not exclusively WLB), but rather to be dealing with individual needs as they arise, through their operations. There is a high possibility that this situation will continue among certain types of enterprises into the future. It still remains unknown, however, whether this “ad-hoc and temporary response through operation” will be sufficient in responding to emerging issues such as nursing care for elders.

Moreover, enterprises implementing WLB measures also tend to have systems for HRM and policies to ensure long-term employment. Taking all these aspects together, it could be said that adopting systems that allow both childcare and family-care support would bring long-term benefits to the enterprise. It is thought that these points must be emphasized if further promotion of systems is to be aimed for.

(5) The possibility of different systems from those modeled on large enterprises

As is clearly shown in revisions to the Next-Generation Act, WLB policies to date have promoted systems being introduced within large enterprises, and as the next step, these systems were supposed to be applied also to smaller enterprises. These policies, on the one hand, regardless of the scale of the enterprise, had the benefit of ensuring that more equal measures were implemented in enterprises of all sizes. If the system changes in ways that are legally enforceable, enterprises will be required to respond to it. It will, of course, be necessary to review how the situation changes in small enterprises after a certain period of time as a result of these revisions.

At the same time, however, this survey has clarified the fact that, from the perspective of promoting WLB measures, there are significant differences between small and large enterprises about circumstances and problems they have both in and out of the enterprises. There are in fact many small enterprises with almost no women employees who are engaged in rearing children, as is clearly demonstrated within employee structures. Even in such cases, enterprises with 101 or more employees will be required to implement regulations relating to childcare leave. Even in enterprises with almost no such women employees, if they have a large number of older employees, it will become far more of a pressing issue to organize a system to support nursing care for the elderly. In this regard, while the reason behind it differs, as considered in Chapter 1, it may be important to look at the “concept of WLB from the perspective of SMEs” discussed in the 2006 White Paper on Small and Medium Enterprises in Japan.

In order for SMEs to adopt and establish WLB measures more broadly, there will be a need to remove the difficulties and obstacles perceived by enterprises at the present time. Due to various circumstances, we could not examine procedural matters this time, but as has been described by the National Federation of Small Business Associations (2007), there is a need for further consideration of what problems enterprises are aware of at the level of specific procedures, or what benefits can be expected from incurring certain costs. In any case, the issue of nursing care for the elderly will become the most pressing problem in the near future.

This is almost the very first research implemented in regard to SMEs from the viewpoint of WLB based on HRM systems. Of course, the results gained thereby have not completely clarified all the situations concerning WLB among SMEs. While not made any detailed discussion in this report, we analyzed WLB measures dividing the nation into several regional blocks from certain points of view, which produced the unexpected result that there was almost no disparity between regional categories or regional blocks in relation to WLB measures. Normally, the issue of why there is so little regional disparity would have been an important issue for consideration in itself. However, since this research did not extend as far as analysis of this issue, it will have to be left for next time.

As has been re-emphasized by the Japan Institute of Labour Policy and Training (2009), in order to draw a whole picture of WLB among enterprises, there is a need to look at the relationship or cooperation between enterprises, households and local community. Even in order to view this based mainly on enterprises, a number of



additional aspects should be considered, including a more detailed HRM dimension as well as the relationship to business results, which were not analyzed in this research. To that end, it is required to gather data on a cumulative basis, and to make considerations over the long term. If this can be done, it will be possible to consider appropriate systems for SMEs. This research is just the first step in this process.