
Work-Life Balance Strategies for Advanced Companies

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I. Introduction

One of the major issues related to countermeasures for low fertility, is reevaluating the way of working. However, the number of companies who are actually promoting work-life balance by encouraging fathers to participate in raising children or by cutting overtime is still rather small. The attitude that supporting childrearing yields little return is still prevalent in the business world, meaning that any ideas about changing the way people work have been put on the back burner.

I conducted interviews at 300 companies in Japan and 70 western companies who are known as supporting work-life balance. I also did a survey of 3,000 companies in Japan and 500 companies overseas. I identified the top 120 Japanese companies in terms of work-life balance, based on their financial status and did an analysis of this.

In this paper I will point out some work-life balance strategies for overcoming the problem of fewer children, based on research conducted both in Japan and abroad. Firstly, I will comment on the current situation of companies supporting work-life balance in Japan. Secondly, I will explain the situation of work-life balance in companies overseas. Thirdly, I will mention things we can learn about work-life balance in the workplace from small and mid-sized companies.

II. What We Can Learn from Companies Promoting Work-Life Balance in Japan

Although I have had more and more opportunities to give lectures about work-life balance, I have noticed many people still do not realize that promoting work-life balance can be good for business. Even in Japan, however, many companies who have tackled this as part of their business strategies have found that their businesses have grown. Top business managers are beginning to realize that promoting work-life balance has good results. With this in mind, I will comment on the current situation of companies supporting work-life

balance in Japan by considering the following questions:

- (i) What were the circumstances leading to the introduction of work-life balance policies in Japanese companies?
- (ii) How can Japan's work-life balance policies be classified?
- (iii) What are the benefits of Japan's work-life balance policies?

1. Circumstances Surrounding the Introduction of Work-Life Balance Support in Japanese Companies

Various factors prompted Japanese companies to begin to address the issue of work-life balance. Interestingly, a downturn in business was one such factor. As businesses floundered under conventional means of personnel management, they began to think of innovative ways to change their systems. One issue they tackled was support for work-life balance. This met with great success, improving business performance. Three such companies were Matsushita Electric Industrial Corporation, Nichirei and Benesse. They experienced extremely poor business results and were forced to completely reevaluate their management policies. Inclusion of support for work-life balance and working women in the important pillars of reform led to a dramatic improvement in business results.

There are more cases of working mothers in managerial positions, particularly in firms who trade with foreign companies or are foreign owned. By industry, the companies in Japan who are most advanced in terms of work-life balance are those in the electrical and automotive industries. One explanation for this trend could be that top managers in these fields tend to have a global outlook. Companies who deal in goods related to women and children are more likely to promote work-life balance from a sense of CSR. They also tend to consider the viewpoints of consumers and users when developing products. Public utility companies such as gas, electric and telephone tend to promote work-life balance because of their vested interest in the public.

2. Growth of Business as a Result of Tackling Work-Life Balance

Companies who began to promote work-life balance in earnest in the 90s saw a rise in sales of nearly 30% compared to other companies who saw a drop of nearly 20% in sales. The same trend can be seen in current profits. Thus, it can be said there is a correlation between the introduction of work-life balance

policies and business results. However, there are two ways of thinking as to the cause and effect of this relationship. Some say, “Business improved because work-life balance support,” while others say, “Because business was good, support was given for work-life balance.”

Most managers at ordinary companies tend to have the view that, “Because business was good, support was given for work-life balance.” However, interviews conducted by Fujitsu Research Institute (FRI) at companies promoting work-life balance both in Japan and abroad revealed that managers at these companies believe their growth in business was a direct result of tackling work-life balance.

3. Three Steps in Tackling Work-Life Balance

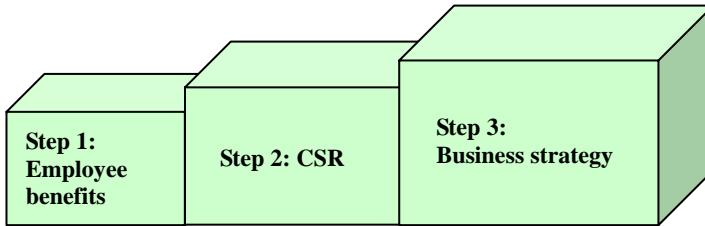
According to a report published by the German government, the results of a financial analysis of companies supporting work-life balance show that when investment in work-life balance support is converted to interest, it has a high annual return of 25%.

Within the past few years, research has been done in Japan, too, to find out if support for work-life balance can be beneficial to business performance. There are many who have concluded that there is no clear relationship between the two. In meetings I have attended, some members say, “There are many variables involved in the relationship between work-life balance and improved business performance and even the results of research abroad have not shown a correlation. It really can’t be said that if you give support to work-life balance, business performance will improve. It can be said, however, that if support is not given, it can hurt business performance.”

Some of the analyses of research, both in Japan and abroad, to draw a simple correlation between support of work-life balance and improved business performance have been rather crude. For example, a company who extended child care leave to three years was recognized as a company supporting work-life balance. However, how many employees take child care leave does not relate to the company’s business performance.

I believe tackling work-life balance involves three steps (Figure 1). The first step is including it in employee benefits. The second step is making it a part of a company’s CSR. The third step is looking at it as a kind of business strategy. Although step one may not contribute to an improvement in business performance, as a company moves through steps two and three, its contribution

Figure 1. Three steps of work-life balance support



will become evident.

4. Short-term Benefits of Work-Life Balance Support: Recruiting the Best and the Brightest and Keeping Them

Interviews at 260 companies promoting work-life balance both in Japan and abroad revealed that there is a three-part timeframe involved in tackling work-life balance to improve business performance (Table 1). The first stage, which lasts for two to three years, is the time of attracting and hiring the best workers, fresh out of university. Lately, many company handbooks have been published, including information about everything from companies' child care leave systems to the number of females in managerial positions. These books are like bibles, not only to female students, but also to male students who are looking for companies that are easy to work for. There is a tendency for young people today to place a higher priority on how much free time they have after work than on salary when looking for a job. The rather free atmosphere of many companies who support work-life balance is attractive to young people as employees at these companies tend to be appreciated as individuals, and there are few with the old-fashioned attitude of "giving up everything for the company."

Keeping workers is also beneficial to companies. Since most people have children in their late 20s or early 30s, it is a great loss to companies if these workers quit after investing so much in their education and training. Some big advantages of adopting work-life balance policies are that companies can hang on to workers or even attract well-qualified workers from other companies.

Table 1. Effect of work-life balance support on business performance

Three stages	
1. Short-term effects (2-3 years)	- Recruiting and keeping good workers
2. Mid-term effects (4-6 years)	- Using CSR to boost image - Quality of work improves as workers share experiences of raising children. a. Better time management b. Increased loyalty to company c. Assessment from viewpoint of consumer
3. Long-term effects (10 years)	- Good opportunity to review systems and structures when there are employee openings.

5. Medium-term Benefits of Work-Life Balance Support: Raising Corporate Image and Quality of Employees

Over the mid-term (5-6 years), work-life balance support acts as a kind of good publicity, drawing attention to a company's fulfillment of CSR, raising stock value and increasing consumer satisfaction. As employees share experiences of raising children, the quality of their work improves. One worker said, "One is always conscious of time when working while raising children. It has made me manage my time much better." Increased productivity is a big merit.

Raising children can also improve one's ability to multi-task and can even improve risk management techniques. By this I mean that toddlers are often, "disasters waiting to happen" and adults around them are always concerned about what they will do next. This can be great training for avoiding risks and is useful in business as well. Raising children serves as a kind of managerial training, especially for women. A comment I often hear is, "Women do very well from the time they enter the company until they become managers. After becoming managers, however, they tend not to excel." For example, some women who were once admired for their ability to pay close attention to detail become nit-pickers, causing those around them to stay out of their way. Since children are by their very nature irrational, looking after them develops patience, while love for the child makes one kinder and more tolerant of everyone. These qualities can also be seen in men. I often hear the comment, "He's really changed since his child was born, in his attitude to work as well."

Those working while raising children cannot help but be a burden to the

company. When a worker receives special treatment or support, he or she will probably feel a sense of obligation and may say, “I really appreciate this support. When my children are bigger, I’d like to be able to repay this debt.” This is a way to build loyalty to the company and also to increase work productivity.

Unfortunately, exactly the opposite is happening in the average company in Japan. In other words, many businesses have a cool attitude to those who want to work while raising children so employees lose their passion for work and end up quitting. Others may stay on just for the sake of a job.

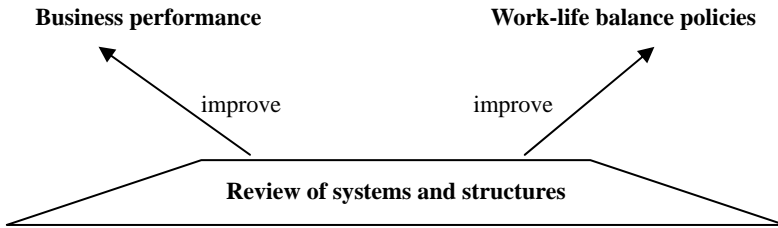
An important medium-term benefit of work-life balance support for manufacturers is being able to reevaluate products from the eyes of the consumer. Presently, it is said that women hold 80% of purchasing power for services and products. Child care leave provides a great opportunity for workers to reevaluate products. One manufacturer of kitchen and bathroom fixtures invited those on child care leave to voluntarily write an assessment report. One female employee wrote a report outlining ways to improve a company product. Because of her suggestions, the newly improved product became a bestseller. The company was so pleased, it made her one of the core members of its product development team when she returned to work.

6. Long-term Benefits of Work-Life Balance Support: Changing the Corporate Culture, Reassessing the Organization and Structure of Operations

The biggest long-term benefit of work-life balance support is transformation of the corporate culture through a complete review of the organization and structure of operations. Implementation of work-life balance support should not be seen as a hindrance, but should be seen as a chance for businesses to reevaluate all areas of operation. The time of child care leave or shorter working hours is not a period of unemployment. It is a time when workers can calmly and objectively reassess their work. Allowing workers to “think outside the box” is a way for them to gain valuable knowledge, and the corporate culture will be changed greatly as a result.

This does not mean we should only show appreciation for workers on child care leave. The same care should be shown to new recruits, part-timers or retirees who have been rehired. Rather than viewing these workers as back-ups or subordinates, we should see them as multi-faceted human resources. By drawing on the various attributes and knowledge of all employees, not only

Figure 2. Improving business performance by reviewing systems and structures



those with children, the company will grow and thrive in a vibrant work environment.

Reviewing the organization and structure of operations will help to improve business performance (Figure 2). Work-life balance support is not the sole responsibility of management but is something all members of a company should think about. A well balanced work environment is a barometer to a company’s efficiency.

FRI did a survey of 3,000 companies to find out to what extent review of operations affected their work-life balance policies or whether there was a correlation between companies who carried out assessment and those who did not and their increase or decrease in sales (Table 2). Results of the survey showed that when there is a review of overlapping of business within departments and authority is delegated, the effectiveness of work-life balance

Table 2. Use of work-life balance policies and review of systems and structures

The Improvement Top 10
1. Review of overlapping between departments
2. Review of power of management
3. Division of decision making
4. Dlegation of work
5. Review of work of management and ordinary employees
6. Integration of departments
7. Flat hierarchical structure
8. Intranet and IT systems
9. Promotion of cost efficiency
10. Outsourcing of business

policies increases. Companies who get rid of unnecessary operations and limit the authority of management, improve their business performance. In other words, if reviews are carried out across the board, work-life balance and business performance improve, an example of the proverbial “killing two birds with one stone”

Companies who still believe they cannot justify the cost of supporting work-life balance should change their way of thinking. When the business environment is tough is the time to implement work-life balance policies. As the workforce decreases, how well a company can recruit and keep good workers will be the key as to whether they will sink or float. Providing support for raising children will be common sense from now on. A company’s business performance will be directly affected by how quickly it realizes this.

III. Things We Can Learn from Companies Abroad about Promoting Work-Life Balance

1. British - American and Continental European Work-Life Balance Styles

There are two major divisions in the way of tackling work-life balance. One is the British-American style and the other is the Continental European style. In the United States and Britain, the government does not play an active role in work-life balance support. Instead, companies who realize the merit of such policies actively promote them by establishing child care facilities, child care leave systems and by giving financial aid.

In Continental Europe, the central and local governments are at the core of implementing work-life balance support. The government is especially responsible for development of the infrastructure for child care and nursing care services. Companies introduce work-life balance programs in accordance with the law and as a part of their CSR.

2. Japan Follows the British-American Style of Work-Life Balance Support

According to business owners and personnel managers interviewed by FRI, the central and local governments in Japan are not particularly active in promoting work-life balance so that the present situation resembles that of Britain and the United States. There are three ways of thinking as to whether the government or businesses should be responsible for tackling work-life balance. The first is since the government cannot be counted on where this is

concerned, individual companies should make their own policies. In other words, companies supporting work-life balance who know the merits of such policies, including attracting better workers, will continue to promote it even if the government does not act.

The second way of thinking is that the government should take the lead in establishing work-life balance policies. If not, there is a concern that only large corporations will set up such programs. If companies are obligated by law, under the leadership of the government to do so, it will be one way for work-life balance to permeate society. The Ministry of Health, Labour and Welfare strongly supports this view.

The third way of thinking is for businesses, the government and the community to join hands in a cooperative effort to tackle work-life balance. This is a departure from the idea that either businesses or the government should be in charge, but emphasizes the role of the community. The Cabinet Office and the Ministry of Economy, Trade and Industry support this view.

I believe that there are limits to having either businesses or the government take the leading role in tackling work-life balance. From now on, businesses, the government and communities should cooperate with the synergetic effect of promoting a Continental European style of work-life balance support. At the same time, we can learn from the British-American style, led by the private sector with its system of public commendations.

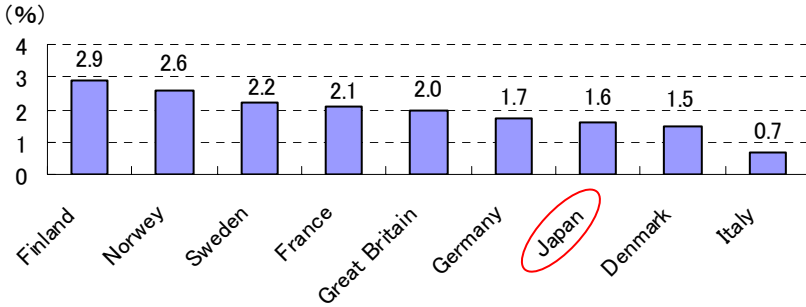
As an example of the Continental-European style, I will describe some things we can learn from companies in Sweden. As an example of the British-American style, I will mention some things we can learn from British companies.

3. Japan and Sweden at Opposite Ends of the Spectrum in Ease of Raising Children

In 2003 and 2004, Sweden was number one in the “Mother Index Ranking” of countries where it is easiest for mothers to raise children. This is a ranking done by the NGO, “Save the Children” based on how countries score in terms of benefits to mothers and children. In 2002, Japan ranked 25th among developed countries, below Kazakhstan and South Korea, in the same ranking.

In another ranking done by the OECD, the “Index of Work-Life Balance,” Japan placed second to the bottom, just above Greece. Greece, by the way, is known as a country where many men spend months at sea while women are

Figure 3. Work productivity levels of Japan and European countries (1990-2002)



Source: OECD Council of Europe, *Recent demographic developments in Europe 2003* (2004).

often in charge of the home and old-fashioned values are deeply instilled.

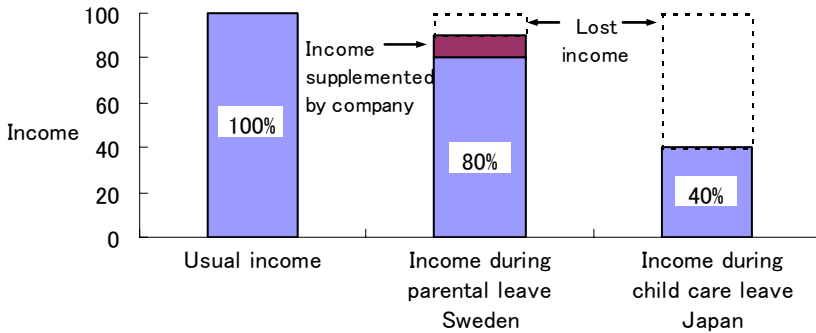
Sweden, which ranks higher than Japan in terms of how easy it is for women to work, also has a high rate of work productivity (Figure 3). Many people in Japan find it hard to believe that many European countries, including Sweden, have a higher rate of productivity than Japan.

4. Companies Realize Work-Life Balance Is an Investment with High Returns

Why do Northern European countries have higher work productivity rates than Japan? To find the answer to this question I went to Sweden and other North European countries in 2004 and 2005 and interviewed workers at 20 companies. Before visiting Sweden I thought that because Sweden is known for having good welfare benefits and high taxes, I hypothesized that individual companies would not provide extra benefits for work-life balance. My guess turned out to be completely wrong. In Sweden, workers receive 80% of their salary from the government during parental leave. This is much higher than the 40% workers presently receive in Japan (from now on it may be raised to 50%) (Figure 4). Results of a labor union survey show that 80% of workers in Sweden are not satisfied with this amount and many large corporations are increasing this amount. When asked why they are increasing benefits, a company official said, "If good employees lose income during parental leave, they may be tempted to go to another company. Increasing benefits is necessary to prevent this from happening. It is also a way to attract better workers."

Figure 4. Income during parental/child care leave of employees in Japan and Sweden

	Income during parental/ child care leave	Source of income
Japan	40% (365 days)	Labor and management split cost of unemployment insurance (2% of wages, out of this, 25% goes to child care leave).
Sweden	80% (390 days), after that approx. 180 Swedish kronor (2,700 yen)day	Business contributes to social security (2.2% of wages)



Taking parental leave is par for the course in Sweden and all companies have parental leave plans. Nearly 90% of women and 80% of men take parental leave. By contrast, the number taking child care leave in Japan is low. Only 60% of companies in Japan have child care leave plans and 0.5% of male employees take child care leave. The latest figures show that even this number is dropping.

Even more surprising is how many workers in higher level positions in Sweden take parental leave. Before I went to Sweden, although I knew the rate of those taking parental leave was high, I assumed this meant that it was high for civil servants, but that it was lower for those, particularly in management positions, at private companies. I was wrong about this, too. There is no difference between the public and private sector in the number of those taking parental leave. Since parental leave systems were established 30 years ago, workers who are now in management positions have benefited from these plans, so the rate of those taking parental leave among both male and female managers is higher than that of ordinary workers. Even though they take

parental leave, they still advance in their careers. When asked to explain this phenomenon company officials said, “Balancing work and family life raises the quality of employees. They must be able to manage their time so that their work productivity rises.” In a survey of Swedish employees, the number who said their work productivity rose was four times higher than those who said it had dropped.

Many business owners in Japan still believe child-raising support is costly, and 70% of working women quit when they become pregnant or have children because of lack of support. When Swedish company officials were asked if they worried about the cost of supporting child-raising, they said, “It’s not about the cost. It’s an investment with guaranteed high returns. If many well-qualified women quit, isn’t the cost to the company even higher? Why don’t clever Japanese business owners realize this?”

Belief that work-life balance support improves business performance is shared by business owners in western companies. Whether the company is well known internationally like Volvo or Eriksson, or a small or mid-sized company with only a few employees, they are always thinking of ways to raise productivity rates and get the most out of their employees. Since the 1990s, average productivity growth rates in Northern European countries have been much higher than Japan’s.

I believe Japan can learn many things from the various approaches Sweden has taken, both in the public and private sector. In the following passages I will carefully examine some of these ideas, based on the results of a survey taken at 500 Swedish companies and on the findings of interviews conducted at 50 British, American and French companies.

5. Little Loss of Promotion at Western Companies

There are three major losses to consider concerning child care leave. These are: loss of income, loss of promotion, and loss of knowledge of business operations. Since 40% of income is covered during child care leave in Japan, there is a 60% income loss. As I said earlier, Sweden’s benefits are much more generous. Next is the problem of loss of promotion upon returning to work from child care leave. There are basically three types of assessment for employees on child care leave. The first type is a “performance-based grading system” based on seniority, where promotion and pay raises during child care leave are delayed. The second type is “result-based.” Promotion and pay raises

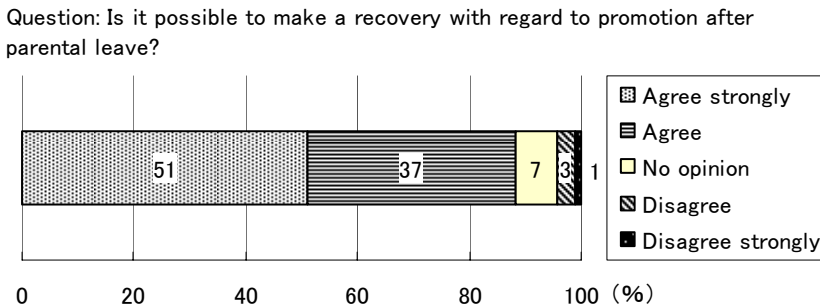
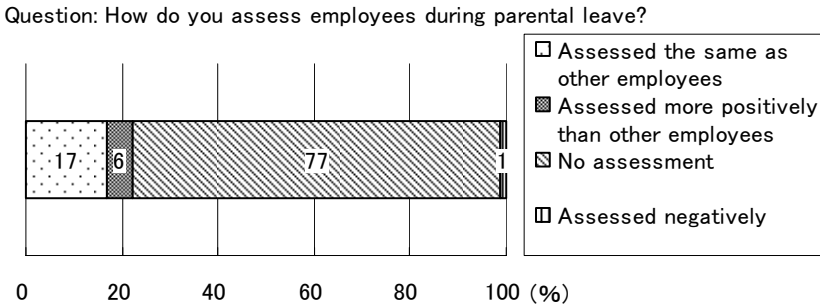
are delayed when there are no results, but it is possible to catch up. The third type is “ability-based” and since it is unlikely that ability drops during child care leave, promotion and pay raises are not delayed.

Most companies supporting work-life balance in Japan use the first two types of assessment, “performance-based” and “result-based,” so promotion and pay raises are delayed during child care leave.

The third loss, loss of knowledge of operations, happens because the work situation at companies changes daily, leaving those on child care leave, “out of the loop.”

Employees at Swedish companies do not suffer the same loss of promotion as workers in Japan. Even if they do, they can catch up when they return to work (Figure 5). Ten percent of Swedish companies even raise the grades of employees on parental leave. For example, it is possible for an employee who was given a “C” before parental leave to be given a “B” during leave. I found this surprising. Company officials explained this by saying, “Child-raising

Figure 5. Little loss of promotion during parental leave at Swedish companies



shows a kind of social awareness and we give higher grades for this just as we do for volunteer work. Employees become better workers by raising children so they are given better grades.”

Swedish companies have very good communication with workers on parental leave (Figure 6). Although Japanese companies tend to leave employees who are on child care leave alone so they can devote themselves to child-raising, this practice may, in fact, be detrimental to their needs. Employees may feel isolated or anxious about returning to work if there is absolutely no communication with the company. Having a system where employees are kept informed about what is happening in the company may be one way to limit the loss of knowledge of operations.

Flexibility of time and place of work is also important. According to the survey, more than 50% of Swedish companies use computers and mobile phones for employees to access company information or have flexible times for meetings (Figure 7). Telework is what makes flexibility of time and place of work possible. There is a correlation between countries using telework and higher birthrates (Figure 8). Since Japan’s level of broadband technology is equal to that of Northern European countries, flexibility of place and time of work should be possible and may help lead to a recovery in the birthrate.

Figure 6. Communication between employer and coworkers is important during parental leave

Question: Does your company have its own support systems for employees with children? If so, what are they and how are they used?

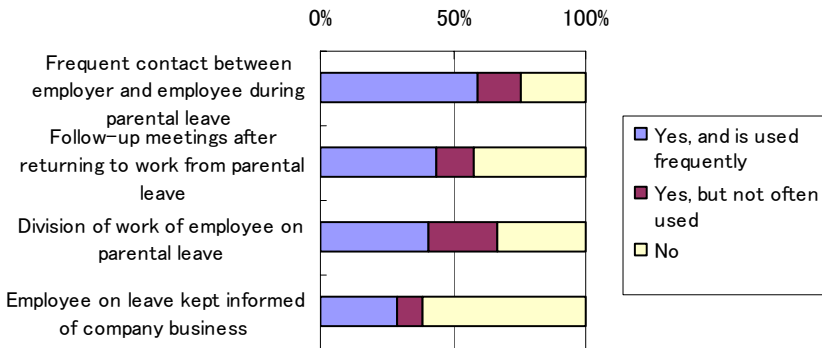


Figure 7. Importance of flexibility of place and time

Question: Does your company have its own support systems for employees with children? If so, what are they and how are they used?

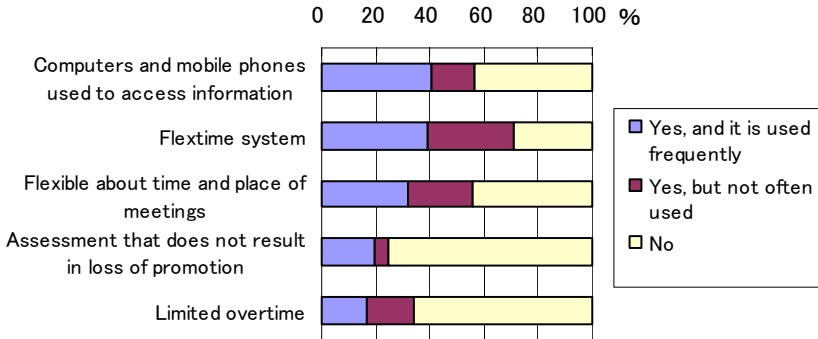
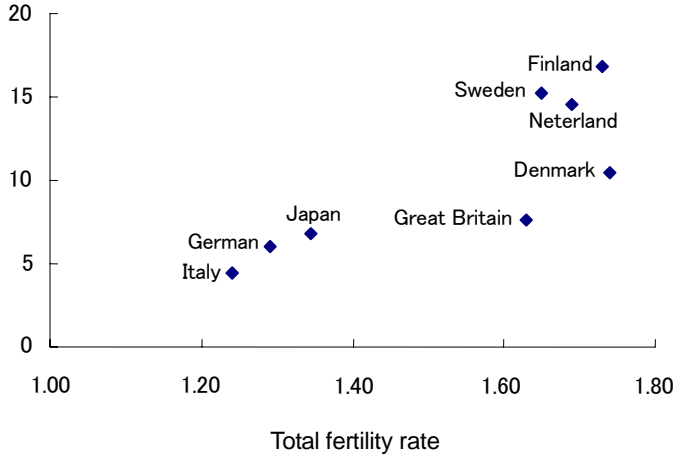


Figure 8. Rate of use of telework and correlation to the fertility rates

Number per 1,000 using telework



6. American Companies Tackle Work-Life Balance as a Business Strategy

As I said earlier, American and British companies consider their employees' home lives when thinking about the work environment. American companies especially, seeing the merits of such efforts, including increased productivity, have actively played a role in setting up onsite child care facilities, child care

leave plans and various means of financial support. The recession of the 1980s triggered this response. At that time, American companies hoping to win in the fierce competition against other companies looked at ways to attract well-qualified workers, regardless of race, sex or marital status. The better qualified the employees were, the more they considered the importance of work-life balance when looking for or changing jobs. As a result, companies began to hammer out “family-friendly” policies to attract better workers.

Corporate downsizing in the 1990s undermined employees’ loyalty to the company as they could no longer count on lifetime employment and instead worried about whether or not they would be the next targets of restructuring. Employees lost their motivation and productivity decreased, causing business performance to drop. Cutting costs through downsizing was not as effective as expected. American companies realized they needed to do something to encourage the precious remaining employees and to increase productivity. They changed their “family-friendly” policies which affected only those with children, to “work-life balance” policies to meet the needs of all employees.

7. British Companies Compete in a Ranking in the Private Sector

In the fall of 2006, I went to England to visit 40 companies supporting work-life balance and acquired some very useful information. As I said before, in the British-American style of family policy, the government, as a rule, does not intervene in peoples’ personal lives. However, companies in Britain compete with each other in tackling work-life balance. Why is this? Two of the driving forces behind this competition are rankings by the Sunday Times and the Financial Times of the “100 Best Companies to Work for” and the “50 Best Workplaces.” Although many countries have similar rankings, England’s is different because it is not based entirely on information provided by companies, but is based on a survey of employees whose anonymity is guaranteed. Since it is a much more honest survey, it reflects the true situation and placing high in this ranking has become a kind of status symbol. Companies who place high in this ranking are flooded with job applications, and there are cases where companies have saved several hundred thousand pounds in advertising by being included in it. Every year, the competition gets stiffer as more and more companies try to place, while companies who place high one year may not make it in the following year.

8. Reflecting the Voices of Employees Is Crucial

Although the Sunday Times and the Financial Times preside over the ranking of British companies, the actual survey is carried out by independent think tanks or NPOs. Companies who want to be considered, present essential data, usually a few pages, along with the names and contact information of all employees. The survey agency picks employees at random from the list and sends them a survey. Their answers are compiled on the Web and go directly to the survey agency. The presiding body sets up an assessment committee who meets with company officials and personnel staff and asks them to do a presentation about what they are doing to make their companies easy to work for. This is followed by a question and answer session. In one assessment, 80% of the grade was based on the answers given in the employees' survey and 20% was based on the companies' presentations. Because the survey is extremely detailed, it is very costly. The Department of Trade and Industry pays for part of the cost as do companies who want to be evaluated and the presiding body pays the remainder. Every year, the publications containing the rankings sell like hotcakes which no doubt covers the cost involved. I really hope Japan will start this kind of system.

IV. Things We Can Learn from Small and Mid-size Companies

Is it really true that small and mid-size companies are behind the times in their working conditions? It is often said that working conditions at small and mid-sized companies make it difficult to work while raising children.

The Next Generation Act requires companies with over 300 employees to make efforts to tackle work-life balance in their plans of action. However, this law is not very effective for small and mid-size companies. It is true that small and mid-size companies are not as advanced as large corporations as far as having child care leave systems or systems to improve work-life balance. However, it is premature to conclude that these companies are behind the times in their working conditions. In some ways, work-life balance is made even easier just because the companies are smaller.

FRI visited 50 small and mid-size companies in England and 100 companies in Japan to study the various ways small and mid-size companies are tackling work-life balance. We held interviews and did surveys, both of the companies (2,500 samples) and of employees (4,500 samples). An analysis of the results

of the surveys showed that the commonly-held belief that small and mid-size companies are lagging in terms of work-life balance is one-sided and misconstrued.

1. Small and Mid-size Companies Suited for Work-Life Balance

The following features related to work-life balance stood out in the results of the surveys:

- (i) A large number of respondents said work-life balance was easier at smaller companies.
- (ii) The number of female employees going back to work after giving birth was high.
- (iii) Serve as a place of reemployment for women who quit their jobs to raise children.
- (iv) Although they may not have work-life balance systems, as such, they do have flexibility.
- (v) Female employees of small and mid-size companies have more children.

The data regarding the number of children is interesting. Because women at small and mid-size companies tend to be older than those at large corporations, they tend to have more children. To get rid of the effect of age of employees, it is useful to consider the total fertility rate, that is, how many children a woman employed at a company from the age of 15 to 49 would give birth to. I was able to calculate the total fertility rates at several companies and found that these rates were much higher at small and mid-size companies than at large corporations. There was also a tendency for total fertility rates to be remarkably higher at small and mid-size companies supporting work-life balance. Actually, there is no big difference in total fertility rates at large corporations supporting work-life balance and ordinary large corporations. This is because many employees at large corporations supporting work-life balance have one child, but few have two or more children. At small and mid-size companies, however, there were several with total fertility rates of 2.0.

2. Factors That Contribute to Making Work-Life Balance Easier at Small and Mid-size Companies

The following five factors contribute to making work-life balance easier at small and mid-size companies:

- (i) Assessment based on ability with little loss of promotion
- (ii) Flattened corporate hierarchy
- (iii) Proximity of workplace
- (iv) Workplace atmosphere accommodating of children
- (v) Diverse approaches to utilization of women

(i) Employees at small and mid-size companies are not as concerned about loss of promotion when taking child care leave or working shorter hours. This is because personnel managers at these companies assess employees by ability, based on long-term personal relationships. Also, by nature, small and mid-size companies have fewer job transfers so workers stay at the same job for a longer period of time. The presence of co-workers who know the employee's ability is a big plus, especially when a worker returns to the job after child care leave. Knowing workers' abilities allows managers to assess them accurately and helps to make work-life balance easier.

(ii) Large corporations tend to have a pyramid-style structure with positions finely defined. Workers are promoted quickly so that a two- or three-year absence from the job affects promotion. Most small and mid-size companies' structure is flat so that a short period of leave does not greatly affect promotion.

(iii) Employees of small and mid-size companies have shorter commuting time than those at large corporations.

(iv) Because the atmosphere at small and mid-size companies tends to be family-friendly, workers feel more comfortable bringing their children to work.

(v) There are both traditionally male-dominated companies and companies with mainly female workers. Smaller companies tend to have more diverse approaches to the utilization of women than do large companies. The more women employees, the more work-life balance is addressed.

3. Flexible Thinking at Small and Mid-size Companies

When one machine parts maker with 40 employees found out an employee was planning to take child care leave, the whole company took a complete inventory. The purpose was eliminating waste rather than replacing the employee. As a result, the company was able to cut waste significantly, improving its business performance.

When one top researcher at another company announced she was taking

child care leave, it created a very difficult situation. However, she ranked tasks in her work by level of difficulty, assigning the easier tasks to a temp worker and training her co-workers to take over the more difficult tasks. When she returned from child care leave, another worker continued to do her easier tasks and she did the more difficult ones. This resulted in increased productivity of the top researcher, as well as improving business performance as this way of working spread to other areas in the company.

We can see from these two examples that work-life balance support does not have to be detrimental or costly, but can be a chance for companies to change for the better.

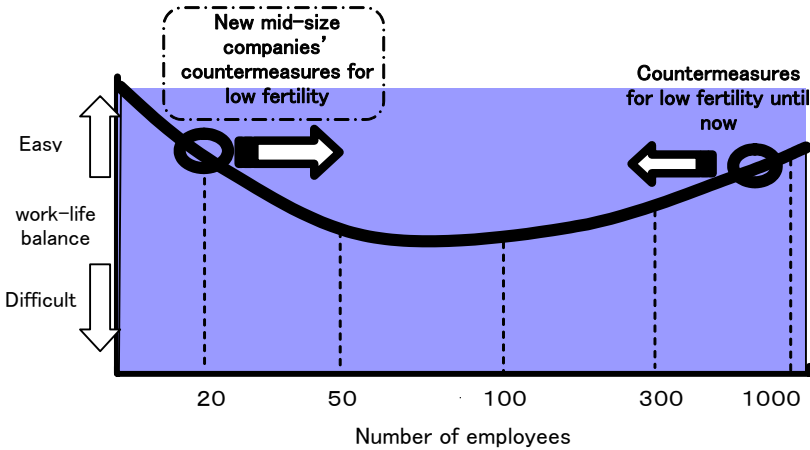
4. New Countermeasures for Low Fertility Modeled after Small and Mid-size Companies

Until now, countermeasures for low fertility at large corporations have centered on setting up child care leave systems. The Ministry of Health, Labour and Welfare seems to believe that support for work-life balance can be secured by promoting these systems and by having companies put their plans of action on paper. However, work-life balance cannot be put into practice just by submitting documents. Small and mid-size companies are more likely to have innovative and dynamic approaches with more flexibility than “plans of action.” Submitting documents is not the way to get a grasp on the situation. We can learn a lot by visiting small and mid-size companies, talking to their managers and feeling the atmosphere of the workplace.

With this in mind, I vigorously continued the interviews. I soon realized the futility of pushing the large corporations’ style of countermeasures for low fertility on small and mid-size companies. I have heard that the Ministry of Health, Labour and Welfare is thinking of changing the criteria that companies with over 300 employees submit plans of action for work-life balance support to include companies with fewer employees. I have serious doubts about the effectiveness of this. From now on, what we really need are new countermeasures for low fertility modeled after small and mid-size companies (Figure 9). These measures should include:

- (i) Assessment based on ability
- (ii) Flattened corporate hierarchy
- (iii) Close proximity of workplace
- (iv) Workplace atmosphere accommodating children

Figure 9. Relationship between size of company and ease of work-life balance



- (v) Set number of women in management positions
- (vi) Delegation of work and reexamination of cases of overlapping between departments

If we look at large corporations as made up of different business parts, they are not that different from small or mid-size companies in terms of numbers of employees. It follows that large corporations can model their countermeasures for low fertility after small and mid-size companies' policies.

Large corporations should not force their branch offices to have the same policies as the head office, but should delegate authority to branch managers so that branches will compete in implementing work-life balance. New countermeasures, on a smaller scale, should be sought from now on.

V. Conclusion

To reiterate a point made earlier, companies who have reviewed their systems and structures have made progress in work-life balance, as well as seen an improvement in business performance. This is because reassessment has resulted in increased productivity of individual workers as well as increased effectiveness of entire systems. That is to say, the essence of work-life balance

is reassessing operational systems while motivating employees leading to increases in productivity of both individuals and entire teams.