

Work-life balance called into question

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Providing employees with a good work-life balance does not lead to higher productivity, according to research published today.

The study by three academics at the Centre for Economic Performance at the London School of Economics finds that the evidence for "the win-win view, espoused by the government, that better work-life balance will improve productivity is rejected" and that "there is no relationship between productivity and work-life balance once good management is accounted for".

Nick Bloom, one of the authors, said previous work claiming that a good work-life balance increased productivity was a case of spurious correlation. "Well-managed firms provide a much better work-life balance for their employees. And, of course, well-managed firms are also much more productive. So productive firms tend to have good work-life balance. But this simply occurs because they are well managed, not because work-life balance increases productivity."

The study of 732 medium-sized manufacturing companies in the US, France, Germany and the UK also found no evidence for what it characterised as the pessimistic view espoused by President Jacques Chirac of France. This holds that Anglo-Saxon neo-liberalism achieves high productivity at the expense of employees working long hours in miserable, insecure jobs. "It is simply not true that globalisation is such a disaster for employees," the report said. "The view that competition and globalisation are bad for work-life balance is not supported: there is no relationship between tougher competition and work-life balance. And larger firms - which are typically more globalised - also have better work-life balance practices."

In well-managed companies, the hours worked were not significantly higher than in badly run companies. However, the share of women in management was significantly higher in companies with a better work-life balance.

Professor John Van Reenen, another author, said: "If they do introduce [family-friendly policies], this neither penalises them in terms of productivity nor does it significantly reward them. Good work-life balance seems to be something that well-run firms in competitive markets do naturally. They need to treat their employees well to keep them - if not, their competitors will hire them away."

This suggested improving work-life balance was socially desirable as workers liked it and productivity did not suffer. But the authors said work-life balance measures were costly to implement and maintain and could erode profitability.

Plans to extend paternity leave were given a hostile reception by business, which complained of higher costs. "Our results do not give a green light for policymakers to regulate more work-life balance," the study concluded. "Any proposed changes to work-life balance policies need to weigh up these financial burdens."