

# BOSTON COLLEGE

## CENTER FOR WORK & FAMILY

### EXECUTIVE BRIEFING SERIES

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## Work-Life in China

China continues to be a major focus of the global economy. Global companies operating in China need to understand the economic, employment, social, and cultural contexts of China and, in order to meet the needs of their workforce, the impact they have on the dynamics between work and personal lives. This briefing, condensed from the policy paper *Work and Life in China* (Center for Work & Family, 2008), explores these contexts. A strong conclusion from this research is that discussions about work-life in China are framed more in terms of harmony and integration, and there is little evidence of “western” frameworks being used.

### EMPLOYMENT IN CHINA

#### *SOEs and MNEs*

Historically, most companies in China were state owned enterprises (SOEs). In 1978, SOEs produced 77.6% of the gross value of China’s industrial output, whereas in 2001 this figure dropped to 18%. From 2001 to 2005, the percentage of people employed by SOEs dropped from 68.6% to 57.4%, with dramatic increases in employees joining private or quasi-private enterprises (19.8% to 35.5%).

Traditionally SOEs provided lifetime employment as well as housing, child-care, schooling, medical care and retirement income. As described by one person: “You worked in one yard, walked 5 minutes to another yard where you lived, and your children went to school in another yard.”

Government reforms have been directed at SOEs to enable their transformation to modern, market-oriented corporate entities. As a result of the reforms, few SOEs still provide the social supports they once did. The reforms have also resulted in an increase in unemployment and job insecurity. These structural and cultural changes have forced employees to alter their expectations of the role of the employer. Many Chinese workers have recently been attracted to private sector organizations and multinational enterprises (MNEs) where the employment contracts are perhaps no more stable, but alternative benefits, such as higher salaries, exist.

The labor markets and employment propositions for SOEs and MNEs are very different. Those who are attracted to SOEs tend to have a greater focus on security and the capacity to have harmony in work and family/life. SOEs have traditionally provided more benefits and are perceived to have lower work demands (e.g., hours of work and expectations for relocation and travel) (Fernandez & Underwood, 2007). In contrast, MNEs provide higher levels of remuneration, and therefore employees have increased capacity to save for their retirement, and significantly higher learning and development opportunities that are necessary for career advancement.

### *The ideology of the employment relationship*

Fernandez & Underwood (2007) found that the Chinese employment relationship is strongly influenced both by employer-employee relationships and the view that the workplace is “like a family” (see also Chen, 2001). They argue that Chinese employees tend to form closer relationships with their immediate supervisors than is the case in western countries. It is based on an assumption of reciprocity: “I am committed to the organization, and in turn I expect that the organization – and especially my immediate supervisor – will look after me.” The assumption of reciprocity also implies that the organization will care about the person’s well-being in relation to their job, their family, and their personal life.

### *Labor Laws*

The Employment Contract Law effective in January 2008 requires that an employer negotiate company rules/ codes of conduct/employee handbooks with a union or an employee representative congress elected by all employees. A Workers’ Congress operates at the level of the organization and is intended to meet every six months. It functions to ensure that employees have a process for the democratic participation in the organization’s management and to protect employees’ economic interests. See sidebar for specific provisions of the law.

### *Retirement and Pensions*

The legal retirement age varies depending on the position held. Retirement is expected by the age of 60 for men and 55 for women for “officials, engineers and professionals with special expertise.” For factory workers, men are expected to retire by 55 and women by 50. In some SOEs, employees are able to retire earlier (in their 40s and 50s) in order to provide employment for the younger generation. In 2000, the average retirement age was reported to be 51.2 years.

Despite the fact that there is now a mandatory pension system in place for certain enterprises (with employees contributing 8% of their wages and employers 3%), Hu (2006) reports that only 4 in 10 workers are covered. Frazer (2006) also reports that there is a high level of anxiety about the capacity of these programs to deliver the financial security expected (over 90% of people surveyed believed receiving an adequate pension was their right). Confidence in the current program was lower for those employed in non-State Owned Enterprises and for those younger than 40.

### **Employment Contract Law Provisions (2008)**

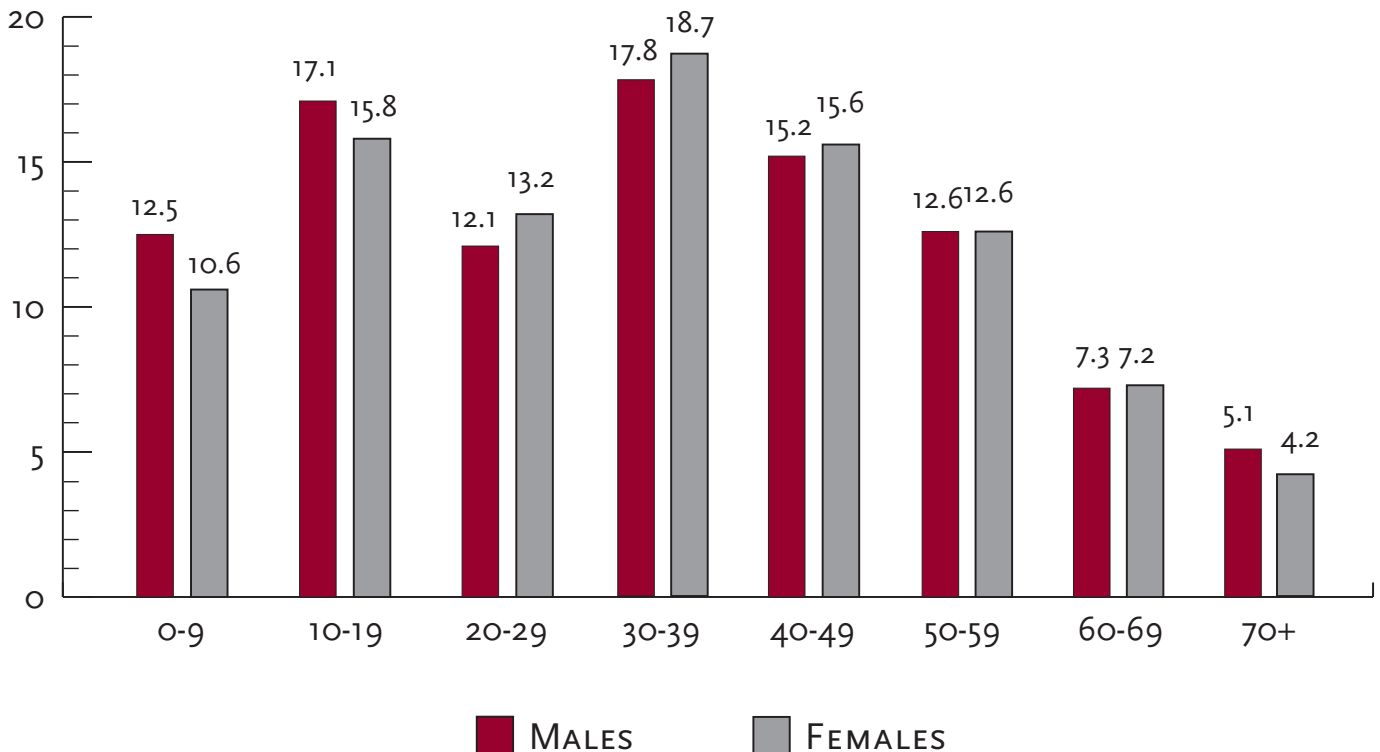
As specified by the Labor Laws, all permanent workers have the following entitlements.

- **Annual leave:** 5 days in first 10 years; 10 days in the next 11-20 years; 15 days when employed for over 20 years.
- **Public holidays:** Total of 11 days in each year. New Year’s Day (1 day), Spring Festival (3 days), Tomb-sweeping Day (1 day), Labor Day (1 day), Dragon Boat Festival (1 day), Moon Festival (1 day), National Day (3 days).
- **Marriage leave:** Men married at age 25 or younger and women married at age 23 or younger receive 3 days. Above those ages leave is 10-15 days depending on local laws and regulations.
- **Maternity and Nursing leave:** 90 days with full pay for a normal delivery. Leave differs by location and whether there are any complications with the delivery. Beginning at 28 weeks of pregnancy, employees can take 1 hour leave per day until maternity leave starts. After returning to work, employees may take two 30-minute breastfeeding breaks, which may be combined into one 1-hour break. These breaks are permitted for the first 12 months of the child’s life. For multiple births, there are 30 additional minutes for each additional child.
- **Paternity leave:** 3-7 days, depending on local laws.
- **Bereavement leave:** 3 days for the loss of a spouse or child; 1 day for the loss of a parent or sibling.
- **Home leave:** All local employees with at least 1 year of service are eligible. Annual leave is not provided in the year that the employee takes home leave. Eligible days:
  - 30 days annually granted to the employee who is in a different location than his/her spouse and cannot get together with spouse on public holidays/weekends.
  - 20 days annually granted to the employee who is not married and is in a different location than his/her parent, and cannot get together with parent on public holidays/weekends.
  - 20 days granted every 4 years to the married employee who is in a different location than his/her parent and cannot get together with parent on public holidays/weekends.
  - Extra 1 day journey leave for those who cannot reach home within 1 day.

## DEMOGRAPHIC TRENDS

The complete age distribution for the Chinese population in 2005 is shown in the next graph, including the breakdown for males and females. The differences between males and females in the age brackets 0 to 9 and 10 to 19 are very evident and reflect the preference to have male children.

### AGE DISTRIBUTION FOR MALES AND FEMALES (2005)



#### *One-child policy*

The one-child policy is aimed at reducing the number of children and the size of the overall population of China. Families in urban areas are permitted to have only one child (although some allow two children if spaced more than five years apart) and those in rural areas may be permitted to have two children. Associated with family planning regulations, China has facilitated access to abortion and made compulsory the use of long-term birth control methods. Not complying with these policies results in a fine and reduction in access to social benefits. Given the cultural pressure associated with having a son, there has been an increased abortion rate for females, resulting in a problematic sex ratio equal to 116.9 males per 100 females. There is an argument that this situation will lead to even greater gender differences and to the discrimination of women, particularly in relation to employment. Such outcomes will occur because the available labor pool will be dominated by men and therefore employers

will be less likely to employ women (especially given that women are more likely to take leave from their employment to have a child).

#### *Marriage*

Traditional laws about the age of marriage stipulate that men have to be over 22 and women have to be over 20. The intention is to encourage people to have children when they are older. In 2001, the average age of marriage for men was reported to be 23.8 years and for women, 22.1 years. The number of couples who register their marriage, however, has been declining. In 1989, 93.7 million couples registered their marriage, in 2004 it was 86.7 million and in 2005 it was 82.3 million. Of the total population (aged 15 years and over) in 2005, 73% of men and 75% of women were married.

Marriage practices have implications for the work-life approaches of organizations. In contrast to other countries,

organizations in China could experience greater certainty about the demographics of their workforces and the work-life needs of their employees over their life-span.

### *Education*

Significant shifts have occurred in the past 20 years in terms of education. Education is now an extremely high priority in China, both for the government and for parents. In addition to nine years of compulsory education, there has also been a significant increase in the number of people completing senior secondary school and college. Being able to provide for the education of their children, therefore, has become a salient work-life issue for parents.

The school year in China begins on September 1 and ends in mid-July, and is divided into two semesters. For primary

years there are 38 weeks of school and 13 weeks of holidays; for the junior secondary years school is in session for 39 weeks, with 12 weeks holidays; and for senior secondary years, school is in session for 40 weeks with 10 to 11 weeks of holidays. Secondary school hours are usually from 7:30 a.m. to 5 p.m. Primary school hours are commonly between 7:30 a.m. and 3:30 p.m. There has, however, been a shift in primary school hours in some areas. In Shanghai's Pudong area, primary school hours are now between 8:15 a.m. and 4:30 p.m. This shift was prompted by a change in policies related to after-school care (which usually went until 4:30). When schools were not able to charge fees for after-school care, many cancelled this service. The lack of childcare resulted in increased difficulties for working parents – a problem that has now been solved by changing the overall hours for primary schools in this area.

## **CULTURAL VALUES**

### *Confucianism and Daoism*

The teachings of Confucius still have a major influence today, particularly in relation to an emphasis on virtue – loyalty to one's true nature, reciprocity in human relations, righteousness and filial piety (to parents and ancestors). The family metaphor is often applied to communities and to the workplace. The essence of Confucianism is harmony. Some argue that collectivism does not pervade all of Chinese society and behavior; rather that it is better viewed as in-group collectivism or family collectivism.

Daoism focuses on strategies and tactics for survival by cultivating vital powers in harmony with nature. It also focuses on the flexibility of the individual, non-interference in the "natural" course of things and strategic behavior (de Man & Yang, 2005). "Confucianism and Daoism belong together in Chinese culture as yin and yang, one representing the ritual order, society, planning and stability and the other nature, the individual, flexibility and non-intervention." (de Man & Yang, 2005).

### *Guanxi*

*Guanxi* is a defining characteristic in Chinese society that influences social relationships and approaches to work and family. Chen (2001) describes the essential components of *guanxi* as being: a focus on social connections defined by reciprocity, mutual obligation, a sense of goodwill and personal affection. *Guanxi* also emphasizes family ties and shared experiences. "Since the Chinese in general prefer to do business with people they know, or friends of friends, they

devote a substantial amount of time and energy to establishing relationships with people they find respectable. It is this commitment of time to building relationships with others that truly defines *guanxi*" (Chen, 2001).

### *Filial piety*

Filial piety, a love and respect for one's parents and ancestors and a responsibility to care for them, has been common to almost all of China's diverse religious traditions. In Confucian thought, filial piety is one of the virtues to be cultivated. In a study (Fuligni & Zhang, 2004) conducted of 700 10th and 12th grade students in China, it was found that despite the social and economic transformation occurring, both urban and rural adolescents still espouse a "strong sense of obligation to support, assist and respect the authority of their families." Hu (2006) points out that the Family Support Law (1981) gives the younger generations the legal obligation to support their parents if their parents are not able to support themselves.

### *The hukou (household registration) system*

The *hukou* categorizes Chinese citizens on the basis of their place of residence and eligibility for local socio-economic benefits (e.g., employment opportunities, subsidized housing, free education, medical care, and retirement benefits). *Hukou* identification is obtained via a registration process administered by local authorities. The impact that the *hukou* has on opportunities and access to services presents a considerable challenge for workers who must move from one location to another.

## Gender

The goal of gender equity can be traced back to Mao Zedong and the establishment of the Peoples Republic of China (1949). Mao introduced a legal framework for women to have equal status to men and rights in political, economic, cultural, social and family life. This approach has been affirmed in the more recent initiative: “Gender Equality and Women’s Development in China” (2005). The principles in the current marriage law are based on gender equity (e.g., retaining names, equal access to employment, equal property rights etc). Nevertheless, it can be argued that Confucianism continues to have some impact on gender perceptions and roles. According to Confucian principles there are three authorities that women are expected to obey: (1) the father and the elder brothers when a woman is young; (2) the husband when the woman is married; and (3) the son when a woman is widowed.

*“Integration of women in development of the economic growth of the nation is undoubted. It is important for businesses to establish unbiased recruitment and promotion procedures in order to attract and retain skilled professional women, and to better utilize the diversity of skills and talents available within the business.”*

– ALISON WONG, PARTNER - SPECIALIST ADVISORY SERVICES,  
GRANT THORNTON HONG KONG MARCH 2009

The role of women and mothers changed after family planning and economic reforms started in 1978. Most women are employed full-time, are much more independent than their mothers were, and are seeking satisfaction both from paid work and from their marriages (some argue that these changes in gender roles have led to an increase in divorce rates particularly in urban areas). In 2004, women comprised 43.6% of professionals and technicians in SOEs, 30.5% of those in senior positions in this group and 42% of those in intermediate levels within this group (Gender Equality and Women’s Development in China, 2005).

Research conducted by Grant Thornton (2007) indicates that 91% of businesses in China have a woman in senior management. This is higher than the global average of 59% and higher than the US at 69%. Further, 32% of senior managers in businesses in China are reported to be women, which again is higher than the global average of 22% and the figure for the US (23%). Mainland China is one of the top five economies where women are holding the highest proportion of senior management positions in privately held businesses.

## Progression of Work-Life in China

There are four phases in the history of work-life in China, including one phase that is likely to emerge in the near future:

### Phase 1:

#### **Planned economy and state controlled enterprises: Government and enterprise support for work-life**

Enterprises guaranteed security of employment and provided support for child care, schooling and elder care. Health care was provided by the state and government policies mandated parental leave.



### Phase 2:

#### **Planned market economy with private and public owned enterprises: Mixed support for work-life needs**

The drive for economic growth and efficiency, and the introduction of multinational enterprises (MNEs) created job insecurity and led to a greater emphasis on individual responsibility. MNEs become more attractive employers because they could provide higher salaries and greater career opportunities.



### Phase 3:

#### **Private sector emerging: Greater emphasis on work-life**

MNEs are currently in this phase. For many, the greater emphasis on work-life relates to greater attention to the health and well-being of employees, to workplace flexibility (based more on limiting overtime), and to a process of adapting policies and practices developed within another culture.



### Phase 4:

#### **The future: Increasing demand for work-life support**

As China moves from a “made in China” to a “made by China” environment, there will be an increasing emphasis on innovation and a greater demand for work-life. Work-life will be an asset in the recruitment of talent, as competition for talent increases between MNEs and State Owned Enterprises. In addition, as the single employees hired in recent years have children, more emphasis will be placed on the work-life needs of this group, such as child care and flexibility. The aging population will drive a focus on work-life as well, as employees face greater demands to care for their elderly parents. Workplace flexibility is likely to become a key differentiator between organizations, and a potential source of competitive advantage for MNEs.

## SALIENT WORK-LIFE ISSUES IN CHINA

### *Views of Employees*

Work-life balance is becoming more of an issue of concern in MNEs, especially within the professional and managerial levels. For many, the work-life domain is defined by the integration (and not the separation) of: work, life, family, relationships, self and health (including a person's mental condition). These dimensions of life are considered to be all part of an integrated whole. Work and life, it was argued, should enhance each other. Work is about fun, enjoyment and a sense of accomplishment. People are happy when work is in synergy with life. Careers are seen as providing meaning to life. Work and life are not seen to be in conflict with each other, rather they are seen as different layers of life.

Because many MNE employees in China are single (15% in Beijing and 16% in Shanghai), they stay later in the office in order to interact socially with colleagues. Recognizing this social element to work, strategic employers facilitate social interactions between employees outside of work. A person's focus changes after marriage when they are more likely to go home to spend time with a spouse.

### *Flexibility*

Many organizations have an interest in flexibility and are promoting the concepts in an informal way; however, relatively few have a sophisticated set of policies at this stage (e.g., "It is a topic of interest for the women's network"). Flexibility is seen as being much more common in IT firms, where it is possible to vary start and end times within a range of core hours. Working from home is available in some IT firms, and it is possible to work extended hours to compensate for taking time off to care for a sick child or an elderly parent.

At **Dow**, flexible working hours are widespread. Working hours are from 9 to 5:30 with 10 to 2 being defined as core. Working from home is also possible. Flexibility is seen as a two-way street, based on give and take with mutual responsibility to make flexibility work.

**Kraft** does not have a formal flexibility policy but does offer flexibility with working hours and empowers and encourages managers in the corporate office to be flexible.

At **Shell**, core work hours are 10 to 4:30 with flexibility on either side. But core hours are not a hard rule and vary by team – the critical factors are that employees attend essential team meetings and meet their deadlines. Working from home and teleworking are also available, especially for sales staff.

**IBM** has a flexibility approach with five major components: mobile, work at home, individualized work schedule, regular part-time, and leave of absence.

At **Merck**, flexible beginning and ending hours can generally be requested from one's immediate manager. Many employees, especially in Sales and Marketing, also have informal flexibility to enable them to meet customer needs.

**Hewlett Packard** gives employees in China the option to work at home 1-2 days a week, subject to business needs. Approximately 50% of employees take advantage of this option.

### *Parenthood and Child Care*

Both men and women are expected to be employed full-time, but when a woman has a baby, it is accepted that she will have more focus on the family and not as much on her career. Juggling career aspirations and family life, however, is seen as a current and likely future issue for women and for organizations. There was some evidence from employee focus groups of a shift to men being expected to participate more actively in domestic life, including in care giving to children.

At **Dow**, formal gender-based networking systems focus on career progression and how to balance work and family.

At **Merck** and **IBM**, employees can take advantage of a generous leave of absence, up to 1 or 2 years respectively, to take care of a child.

In urban areas, child care is readily available, either in centers or by employing nannies – who are usually migrant workers and live in. Nanny-care is generally considered highly affordable – ranging from 1000 to 2500 RMB per month (approximately US\$140-350 per month). There is some concern about the quality of care provided by nannies and about having children cared for by nannies for long periods of time, e.g., after school and during school vacations. Grandparents, when located nearby, are also a source of child care for many. Concerns were also expressed about grandparents "spoiling" their grandchildren. For those employed in MNEs, care by nannies or grandparents is more common than center-based care.

**Shell** is very flexible about employees taking time off for short-term caring responsibilities and attending commit-

ments for school-aged children, such as parent-teacher meetings.

### *Stress, Health and Wellness*

In terms of frequency, stress (associated with hours worked and job demands) is a common work-life issue. There is an underlying social debate about work stress in China and about young entrepreneurs who have died prematurely, recognized by the term *Guo Lao Si* (death by work).

In contrast, Xie (2006) who has conducted a three-year longitudinal study of 498 employees in China, reports that:

- The Chinese culture has characteristics which are not adequately captured by the Western conceptualizations of cultural values.
- Unlike reports in the western literature where the job is the important source of stress, in China, because changes in the social environment have been rapid and dramatic, social factors are the most important source of stress.
- In China there are few gender differences in terms of exposure to social, organizational, and family stressors.
- Differing from North Americans, Chinese men and women share many of the same coping mechanisms.

**Shell** has an Employee Assistance Program as well as a company doctor and nurse. It also provides a social club for employees.

**State Street's** approach is that "doing good" for their employees' health and enabling employees to relax after work results in a more energized workforce. There is a recreational committee for social activities and a health club (community based) that is free to employees. Also, 10% of work time can be allocated to self-development.

**IBM** provides an EAP and well-being seminars conducted by a company doctor. There is a company club that arranges sports days, outings, and interest classes, as well as a global fund to support a summer camp for children to learn English in an immersion environment.

### *Talent Management*

Recruitment and retention of experienced workers, especially women, was also identified as an issue in one organization. The view was that changes are occurring, with women over 40 being more laid back and not as strongly focused on long hours and career advancement. More women are now willing to take 6 months off and come back to a different job – a tactic previously seen as negative. The view was that it is harder now to attract women to highly demanding jobs as they are not as focused on money.

At **Kraft**, retention is a high priority and the number of women in management is tracked, though not explicitly linked to work-life issues.

Overall, organizations indicated that there is a gap in talent in the 45-55 age group due to educational and experiential lapses caused by historical events, including the Cultural Revolution. Moreover employers interviewed indicated that it is harder to recruit women in the 40 to 45 age group, though they would be capable and desirable employees, because they are more willing to consider life and personal factors. It was also argued by one HR Manager that more men are also recognizing the importance of a balanced life, although they are more likely to be attracted by a 30-40% pay increase than women are.

At **Dow**, there is a strong emphasis on career progression within the organization, so job openings are heavily publicized internally.

### *Relocation/Separation Issues*

It is very common for families to be separated by work. A worker may be separated from his/her immediate family, such as when a male worker travels to another region for work and his spouse and child/ren remain at home. Separation also pertains to families and singles moving away from their extended families/parents. It is still accepted that it is the younger generation's responsibility to take care of the older generation, both financially and physically. Some organizations have recognized this issue and provide paid leave to visit parents. Some also provide financial assistance for travel.

Relocation to another area or city is complicated by the issue of education for children. For example, people in Shanghai are reluctant to move because they believe the free education system is better there. In addition, the *hukou* system means that free education may not be available to children of employees who leave their registered district. This is an important work-life consideration. The US Congressional-Executive Commission on China (2005) reports that for those without local *hukou*, government established fees that are charged for education can be several thousand yuan per semester. This Commission also reports that many public schools charge additional unauthorized fees (ranging up to several thousand yuan a year).

**Shell** provides support for school fees for employees who are required to relocate for business reasons. Some categories of these employees also receive travel tickets and time to visit family in other regions.

## CONCLUSION: STRIVING FOR WORK-LIFE BEST PRACTICES IN CHINA

Based on the current analysis, there are a number of work-life initiatives that organizations might consider best practices in the Chinese context. These initiatives would indicate the organization's responsiveness to the special needs of the family/life responsibilities and culture of their Chinese employees. As recruitment and retention remain major issues in China, strategic organizations would become employers of choice in this competitive market if they considered programs which:

1. Enable employees (both in terms of providing leave and contributing to travel expenses) to care for and maintain contact with extended family members (e.g., older parents).
2. Assist with educational costs for children, especially for employees who work at a location that is different from where their household is registered.
3. Provide flexibility in when and where work is conducted, as well as flexibility in leave policies. The demand for part-time work may increase, especially with changes in government policies.
4. Develop initiatives that contribute to the health and well-being of employees, both in terms of physical (personal health) and social well-being (social clubs, sporting activities).
5. Ensure more financial security through supplemental retirement benefits.
6. Define clearly the development and promotional opportunities available.
7. Continue to provide work-life policies and programs equally to men and women.

## A Publication of the Boston College Center for Work & Family

### About this Series

Written for an executive level audience, the Boston College Center for Work & Family Executive Briefing Series addresses topical and strategic issues of particular relevance to the current business climate. The series highlights research findings, data trends and best practices in a concise format, aiming to foster action-oriented dialogue within organizations. Each issue features an accompanying PowerPoint presentation that captures key points and includes a section for practitioners to customize and add organization-specific data.

### About the Center

Since its founding in 1990, The Boston College Center for Work & Family has been a national leader in helping organizations create effective workplaces that support and develop healthy and productive employees. The Center provides a bridge linking the academic community to the applied world of the work/life practitioner and has three main focus areas: research, membership, and education. The Center is committed to enhancing the quality of life of today's workforce by providing leadership for the integration of work and life, an essential for business and community success.

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