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**Working  
Families**

# **Small to Medium Enterprises (SMEs)**

**The opportunities and  
challenges of family-  
friendly and “life-friendly”  
employment practices**

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# Introduction

**Small and medium sized enterprises are the lifeblood of the UK economy, accounting for over 60% of private sector businesses.**



**Jane van Zyl**  
CEO | Working Families

And yet, we have very little understanding of the practices which impact parents and carers, in particular what motivates SMEs' ways of working and the barriers they face when putting effective family-friendly practices in place. That is, until now. We need to make sense of the methods and mindsets of this hugely diverse group; it is crucial that they can receive the right support and are given a seat at the table in future policy debate.

This research, by the Work and Equalities Institute, University of Manchester, and Working Families, highlights these needs. SMEs' size is their strength. Not only does it enable them to foster a family-feel, it also allows them to evolve at speed. The pandemic proved their ability to shapeshift, even with limited

resources. However, as the study shows, their size comes with its own challenges, both financial and operational, to scaling changes and meeting the needs of employees whilst maintaining the familiarity that is their USP.

As an SME ourselves, we know that people are our greatest asset and are worth investing in, and that striving to look after employees is borne out by this research. What it also highlights is the work to be done so that SMEs can strengthen their employment offer. This research is a valuable resource for anyone wanting to better understand and navigate how SMEs can support parents and carers, as well as how to innovate and implement practices that work for all employees.

## Executive summary

**This paper reports on the findings from a collaboration between the Work and Equalities Institute, University of Manchester and Working Families which focuses on UK-based small-to-medium-enterprises and family-friendly work practices.**

Drawing on survey and interview data collected in 2021 and a roundtable held in 2022, we have developed knowledge and understanding of the challenges faced by SMEs in supporting employees, in particular with respect to families and other caring responsibilities. We have also addressed the ways that SMEs have adapted in the context of Covid-19, what established practices proved effective, what practices have emerged and the associated implications. Further information regarding the methods and detailed findings is provided in the following sections.

## In summary the research found that:

### SMEs are well-placed for family-friendly working

- There were **plenty of good family-friendly practices** in the SMEs who participated in the research – many of them tailored to SMEs' particular needs and challenges.
- While some SMEs enhanced their payments of parental leave beyond the statutory minimum, a range of other policies and practices tended to be used to help support employees and **accentuate SMEs' unique brand**, these formed a key part of their recruitment and retention strategies.
- Many SMEs' family-feel and close connections with their employees meant they were well-placed to adopt a caring approach. This often reflected a **desire to “do the right thing”** that involved tailoring employment practices to the individual employee – an advantage of their informal yet flexible approach to life-friendly working, a key aspect of their retention strategy.
- While informal and evolving practices were valued by SMEs for retention purposes, these must be weighed against the **desire to attract new recruits** who may prefer the certainty of more formalised policies.

### Many SMEs adopted family-friendly working practices during the pandemic

- SMEs' size, family-feel and caring approach proved effective during the pandemic. They were often able to offer a 'flexibility by default' approach or a more general focus on employee well-being. The SMEs interviewed felt they were **well-placed to adapt to the overnight switch to remote working** and had improved their employee offering.
- Adaptations and improvements included: enhancing sick leave and bereavement leave beyond the statutory minimum; **allowing all employees more flexible working opportunities**, and these were coupled with other improvements to their well-being offer.
- Post-pandemic, SMEs felt they now offered better support for employees who are parents and carers. However, their **practices were often introduced with all employees in mind** (a more life-friendly approach) rather than specifically aimed at those with caring responsibilities.

### The widespread shift to 'flexibility by default' presents challenges for SMEs

- SMEs who operated a maximum flexibility approach before the Covid-19 pandemic may **struggle to compete with larger organisations** who have now improved their flexible work offerings as a result of the pandemic – as larger organisations are better placed to offer high salaries and enhanced family leave provisions.
- SMEs who find it **difficult to offer certain types of flexible working due to operational reasons** may struggle to recruit and retain employees, given the increase in employee expectations in this regard.
- Increases in **remote working may lead to a loss of SMEs' family-feel**, which may negatively affect their caring and employee-centred approach, potentially leading to a loss of employee loyalty and accompanied increase in employee transience.

### The future is uncertain and further support for SMEs in life-friendly working is needed

- Operating a caring/life-friendly approach is likely to continue to provide a key recruitment and retention strategy, helping **maintain SME uniqueness and support**. In particular SMEs should highlight their holistic employment offer and embed this in the development of their brand.
- SME-specific tools and case studies can **facilitate and support learning**, sharing and inspiration within the SME community.
- In the final section of this report, we offer **tips and advice for SMEs** looking to boost their family-friendly working practices and thinking ahead to future challenges and opportunities.

# Background

**UK SMEs (defined here as organisations with fewer than 250 employees<sup>1</sup>) account for 61% of the employment in the private sector and just over half its turnover<sup>2</sup>.**

Yet, until now, much of the research on family-friendly working has focused on larger organisations, and there has been relatively little research into the challenges SMEs face in supporting their employees with family and caring responsibilities<sup>3</sup>.

SMEs are often informal and offer a “family feel” that can be of huge benefit in supporting their employees who are parents and carers. SMEs’ size is often heralded as an advantage, making them more agile and responsive: able to make changes to their business more quickly and easily than larger organisations. At the same time, SMEs may also face challenges relating to limited HR resource, or perceptions that family-friendly provisions such as enhanced pay for parental leave are unaffordable for smaller organisations.

SMEs are a diverse group that warrant further attention so that we can better understand the varied needs and challenges SMEs may face. We know, for instance, that medium-sized SMEs (50-249 employees) are more likely to use formal flexible working arrangements for their employees than smaller organisations<sup>4</sup>. Organisational strategy, too, may determine the flexible working arrangements available to staff; SMEs employing those with professional, managerial and trade skills may be more likely to provide flexible working arrangements than those with mostly unskilled employees<sup>5</sup>.

In the wake of the Covid-19 pandemic, and the general shift towards flexible working brought about by the pandemic, it is more important than ever that we consider the specific needs, challenges and opportunities for SMEs in supporting family-friendly and flexible working.



# Our research

**In this report, we highlight new findings from a collaboration between the University of Manchester and Working Families which focused on UK-based SMEs and family-friendly work practices.**

## **The research this report is based on included:**

- A survey of 36 SMEs conducted in February-May 2021
- Interviews with 17 SMEs conducted in June-December 2021
- A roundtable with 6 SMEs in December 2022

More details about the SMEs who participated in our research can be found in the Methodology section of this report.

## **Our research had the following broad aims:**

- Generate knowledge and understanding of the challenges faced by SMEs in supporting employees with families and other caring responsibilities.
- Understand how SMEs have adapted in the context of Covid-19, what established practices have proved effective and what practices have emerged/developed in response to new circumstances.

Overall, we sought to deepen knowledge and understanding of both the challenges faced by SMEs in supporting employees with families and other caring responsibilities, and the best practice already in place in many SMEs.

With the rapid shift towards flexible working engendered by the Covid-19 pandemic, we looked at how SMEs adapted to the changes demanded of them at short notice from March 2020 onwards.

We also explore “life-friendly” employment practices in SMEs more widely, beyond the challenges associated with parenting, in recognition of the fact that flexible working and other support from employers is important for employees at all stages of life. Indeed, it became clear that support for working parents and carers often cannot be separated from this wider context of support for employees.





# Findings

## Creating family-friendly workplaces: proactive versus reactive policies

We found that the SMEs who participated in our research adopted broadly two categories of family-friendly working policies: proactive and reactive.

### Proactive family-friendly policy

The SMEs who adopted a proactive approach to family-friendly working described wanting to “do the right thing” when deciding how to treat employees, very much seeing family-friendly policy as an investment rather than cost.

This proactive approach was driven by the attitudes of business leaders and the ethos and values of the organisation, as well as the individual HR manager’s attitudes and personal experiences.

We found examples of this proactive approach across the full range of SMEs who participated in our research, regardless of their size or whether they were public, private or third sector.

These organisations tended to lead by example. Rather than benchmarking themselves against other organisations, they strived to be trailblazers in their family-friendly offering.

**“We have some very strong principles in our leadership team about what is right when it comes to how we treat our employees”**

**(Jennifer, HR, private sector, R&D, 50-60 employees, 34% female)**

**“And we also have a responsible business approach too...so looking at the organisation as a whole and saying, okay, obviously we want our employees to be engaged, we want them to enjoy where they work and have a positive experience, but we also know that we have responsibility as an employer to wider society”**

**(Lynn, HR, third sector, finance, 230-250 employees, 40% female).**

While enhancing pay for parental leave beyond the statutory minimum is often an important part of family-friendly policy, this was by no means the only aspect of family-friendly working emphasised by SMEs who adopted a proactive approach. Some organisations in this category enhanced pay in a small way but a number felt unable to enhance pay at all. These organisations focused on other ways to enhance their employee experience through well-being initiatives and flexible working policies that were well-established before the start of the pandemic.

### Reactive family-friendly policy

The SMEs who took a more reactive approach to family-friendly working tended to benchmark themselves against other organisations of a similar size and sector. They generally positioned themselves to be comparable as opposed to “the best”.

Private sector organisations were most likely to take this more reactive, cost-focused approach, although some third sector organisations also tended towards this approach.

Senior managers at these SMEs appeared more sceptical of flexible working, or the organisations had less developed family-friendly policies. While the individual HR representatives of these organisations were sometimes proactive regarding particular elements, such as the development of family leave policies, they suggested the organisation’s leaders needed convincing:

**“If I were to find that a lot of smaller businesses started introducing those policies then I would start thinking well actually we need to be competitive, we need to introduce them.”**

**(Alice, HR, private sector, IT, 70-80 employees, 28% female).**

**“To be honest, we’re aware that our wages and our salaries are pretty low in terms of other market sectors but, yeah, I think we would [enhance] if we could, but we don’t feel like we can. Because it would have that big impact anyway when somebody’s on maternity leave...I think it’s [the range of family friendly policies] probably getting a little bit more important, I think, especially now, there’s an expectation of flexible working. I think it’s one of those things where I personally feel a bit tied, that I would love it if we could be even more flexible and a bit more accommodating. But we can’t.”**

**(Kim, HR, third sector, charity, 10-20 employees, 72% female)**

The importance attached by this group of SMEs to family-friendly policies also varied depending on their employee demographic. Some SMEs had young workforces with few parents and felt that their paid leave policy offering was not key when recruiting new employees (although expectations of flexibility for new recruits had changed since the pandemic, which is discussed further below). And for a number of SMEs their attention was not on employees with caring responsibilities, but instead on improving their all-employee offering. For example, one organisation had recently developed their all-employee policies, which included becoming a living wage employer and enhancing their sick leave policies.

## The “family feel” – SMEs’ advantages for family-friendly working

Many of the SMEs participating in the study emphasised the uniqueness of what they were able to offer employees as smaller organisations, compared to their larger competitors. This included highlighting their well-being offering or their focus on working with a particular set of clients (e.g., emphasising an ethics-driven approach of working primarily with charity or public sector clients).

The “family feel” of organisations was also felt to be important and could be reflected in flatter hierarchical structures. This included being approachable and supportive to employees. In this respect, an SME’s small size was seen as an advantage as it meant they “knew everyone in the business” (Kay, HR, third sector, finance, 100-120 employees, 58% female) and were aware of the personal circumstances of their employees.

This “family feel” was connected to SMEs wanting to provide support that went beyond formal policy guidelines, particularly in those SMEs that took a more proactive approach to family-friendly working. One SME gave an example of funding a flight for an employee who was working overseas to return to the UK to visit a terminally ill relative (“so that’s the kind of stuff we do...we’re very family focused...because as a business you reap so much back”; Jennifer, HR, private sector, R&D, 50-60 employees, 34% female).

For these organisations, family-friendly working was part of a bigger picture of supporting their employees; their focus was on supporting all employees when they needed it, rather than just those with families. A number referred to “life-friendly” (Anne, Head of Business Services, public sector, 50-60 employees, 74% female) and “family and life event” (Nicola, Director, private sector, research, 60-70 employees, 50% female) policies rather than “family-friendly”, to recognise the diversity of their employees and their needs.

## The challenges of tailored flexibility

Yet, tailoring flexibility to the individual was not without its challenges. One theme from our SME roundtable was that SMEs felt their policies were running behind practice. Some participants remained resistant to formal policies, preferring the term “principles”. While SMEs were conscious of the need to formalise their policies (e.g. for employment law purposes), they wanted flexible frameworks which enabled them to make personalised decisions for an individual employee and respond to future change.

They also grappled with the advantages and disadvantages of this more tailored approach. On the one hand, being able to tailor their flexible working provision to the individual employee was a useful retention strategy for existing employees, with whom they had built a relationship on trust. However, the lack of a formal or stable flexible working policy presented a challenge in attracting potential recruits, who may prefer the certainty of a larger organisation with more formalised and well-advertised policies.



## Challenges for SMEs

### Challenges of recruitment– how family-friendly working can help SMEs can attract new employees

Challenges with recruitment were a key issue for the SMEs we spoke to, both for the more proactive and the more reactive organisations, and before and after the Covid-19 pandemic. SMEs often found it difficult to compete with larger organisations in the same sector given their salary offerings for certain types of employee, particularly in a tight labour market. For example, a number of the SMEs we spoke with were experiencing problems recruiting for technology roles.

SMEs also felt that they had limited resources with which to compete with larger organisations in terms of paid family-leave policies. While a number of SMEs said they enhanced pay beyond the statutory minimum for parental leave (e.g., maternity, paternity, shared parental, adoption), they felt that this did not go as far as larger organisations. Some of these SMEs referenced the “gold standard” of six months’ full pay that they perceived was offered by such organisations, and with which they struggled to compete.

#### *Highlighting SMEs’ holistic offering to potential employees*

With their more limited financial resources, SMEs often focused instead on highlighting their holistic offering to potential employees, showcasing what they felt were their unique selling points as smaller organisations.

Some SMEs used what they called a “maximum flexibility” or “flexibility by default” approach which built on the establishment of trust within a small organisation, and a focus on outputs rather than hours.

One SME had a fully-remote workforce which had been in place for several years before the pandemic: employees worked part-time and full-time, compressing their hours and informally changing their hours when needed. This flexibility was felt to have attracted certain employees who were not able to get the same level of flexibility elsewhere:

**“It makes us a very attractive employer to people who have got other responsibilities. So, we’ve got people with young children, we’ve got people with elderly parents, we’ve got people with dogs. X [employee], who came to us a few years ago now, one of the main things for her was that, she needed to walk her dog every afternoon at the same time, and that really meant that, you know, there’s lots of jobs that she couldn’t do because there wasn’t the flexibility there” (Maddie, CEO, third sector, charity, 10-20 employees, 81% female).**

It is therefore crucial to consider the impact of the pandemic on SMEs should it become the norm for organisations to offer a very flexible approach, particularly in the case of remote working. Arguably, the competitive edge that some SMEs now have will be diminished if potential recruits can also work remotely for other larger organisations while benefitting from the higher salary and enhanced benefits that larger organisations can typically offer.

### Challenges of flexible working and parental leave in small teams

Operational aspects of delivering flexible working and family leave policies were often perceived to be trickier for SMEs than in larger organisations. Although SMEs tend to know their employees well, which informed the potential to find more creative ways of working to suit them, the reality is that options may be limited.

SMEs provided examples of difficulties faced when securing cover for employees who were on parental leave or long-term sick leave due to smaller skill pools within the organisation. Some also felt that certain ways of flexible working, particularly those involving reduced hours (job share, term-time only and part-time work) were particularly difficult.

**“I would say because you have a much smaller skill pool, like I was mentioning, it can be more difficult in that sense... being in manufacturing and being a small business means you are often firefighting. And you don’t get to look at the bigger picture, and then so sharing those skills or someone then wants to drop to part time, it’s much harder to find a direct backfill or do a job share or that side of things, because you have got a much smaller pool. But on the flip side, you know the person well and it can sometimes make it easier because you know their restrictions, what they can do and you can try and work around them. So it has its plusses and minuses but I would say that’s the kind of biggest thing, and I’ve worked in bigger businesses before which feels a lot easier....in a bigger business you have got more options because you have got bigger teams and a bigger share of skills. Whereas for us, that can be more difficult and is purely sometimes cost and skills, balancing that with employee needs can be a bit more difficult” Marie, HR, private sector, manufacturing, 70-80 employees, 32% female).**

These are operational issues that existed pre-pandemic but that may become more of an issue post-pandemic if flexibility becomes more what employees expect and see as the norm.



## The Covid-19 pandemic – how SMEs adapted and thrived

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Reflecting on their experiences of the Covid-19 pandemic, all the SMEs provided examples of how they had quickly adapted to new working conditions while ensuring continuation of their service.

Some SMEs already had people working remotely and had the infrastructure in place to support remote working, while others (such as those who were tech-focused) indicated it had not taken them long to set up, given their size and knowledge.

The improvements that SMEs had made during the Covid-19 pandemic included:

- removing core hours
- more flexibility for parents and carers
- better IT support
- investment in home office equipment.

### Normalising flexible and family-friendly working

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All the SMEs who participated in the research agreed that their response to the pandemic had challenged any existing reservations about remote working. The rapid shift to remote working had changed the attitudes of not only employees but also organisational leaders (although issues of trust and control had not gone away for all).

There was also evidence that SMEs' response to the pandemic had expedited and helped embed certain initiatives which may not have happened quite so quickly otherwise. For example, one HR representative had championed the implementation of regular 1:1 meetings between line managers and employees. Another had been able to obtain agreement to enhance the organisation's sick leave policy (something she had been attempting for a while before March 2020).

In the post-pandemic period, many of the SMEs we interviewed felt that they now offered better support for employees who are parents and carers than they had done before the pandemic. Just over a third of our survey respondents rated their post-pandemic support to parents and carers more highly than their pre-pandemic support:

**"There has been a greater acknowledgement of the additional strains associated with parenting alongside working. We are much more aware of the team member's whole self rather than just their working part."**

**(Survey response, private sector SME)**

**"We've always put wellbeing, and my colleagues before I arrived, put wellbeing at heart for we do for staff. So it's always been on the agenda. It's always on staff meetings, offering like Pilates classes, making sure people get breaks, flexible working. So, when the pandemic hit, I think we were in a very strong position to cope with that"**  
**(Laura, HR Director, third sector, charity, 40-50 employees, 76% female).**

Alongside this support for parents and carers, many initiatives established by SMEs during and after the pandemic had an all-employee focus. These included a focus on wellbeing and mental health: for example, the introduction of mental health first aiders, employee assistance programmes, financial education, and "time to talk" initiatives.

There were also enhancements to policies, such as improved sick and bereavement leave policies. Smaller, lower cost initiatives (referred to as "quick wins" by one participant) were also valued, such as all employees being given a day's holiday on their birthday.

## Looking to the future for SMEs

Future concerns for SMEs centred on the challenges of keeping a remote workforce connected (as is also the case for many larger organisations in the wake of the pandemic).

### A need for more support with flexible working

Of the 31 HR representatives and business leaders who answered our survey question about areas they'd like more support with, the vast majority indicated that flexible working was a key area for support. They wanted support in the following aspects of flexible working:

- how to manage remote teams, including dealing with performance issues
- building relationships with, and developing, new employees
- ensuring that remote employees remained motivated and that their well-being was prioritised

### Recruitment and flexible working

Supporting flexible working was a particular concern for SMEs who were continuing to expand and anticipated recruiting new employees into their business in the near future.

While there was a desire to continue with the flexibility afforded by the pandemic, SMEs were weighing this against a need to maintain organisational culture and develop less experienced employees.

Those who were casting their geographical recruitment net wider talked about the challenges of on-boarding employees and building relationships remotely.

### Ensuring fairness while maintaining the “family feel”

Ensuring that employees felt that organisations supported employees fairly was another challenge for SMEs, who were concerned about the potential for conflict within organisations where the nature of roles restricts the flexible working options available to some employees.

For example, one SME had factory and office-based employees who had been working in one location before the pandemic. During the pandemic, the office employees

had been working remotely while those employed on the production line in the factory had been present on site. This had led to perceptions of a “them and us” attitude, which were particularly obvious given the small size of the organisation. Before the pandemic, the factory staff were used to seeing the office employees and being able to speak to management and HR in person, which had contributed to the overall family feel of the organisation.

This SME was currently facing some conflict as it sought to work out the best result for both groups of employees; those office-based employees who had worked remotely during the pandemic wished to continue to do so much more than previously, whereas the factory-based employees felt this was unfair:

**“However, when you are, you know, packing on the end of a line, you can’t take that home. And to be honest that has caused us some issues in the post-Covid world. Because whilst the office staff were able to have that flexibility, we can’t offer it to everybody. And unfortunately, there has been a bit of, sort of divide, or unfairness feeling for that, which is fair enough. And you know we have done it with the best of intentions to try and keep the people that had to be on site safe. However, I can totally see it from their point of view, because there was nobody else here, that would normally be here and they didn’t have the contact and the visibility that they normally would. So we are now reviewing that to try and find a better balance” (Marie, HR, private sector, manufacturing, 70-80 employees, 32% female).**

Other SMEs were planning to adopt a hybrid approach that involved time in the office and time working remotely, where an employee’s job allowed. However, again there were conflicts around implementing such an approach when some employees’ individual circumstances (e.g. they were still shielding) meant a tailored approach was necessary.

Further, while some SMEs planned to implement hybrid models with a minimum number of days in the office for existing employees, potential employees were wanting to negotiate beyond this (again potentially undermining SMEs’ values of fairness and equity).

While these challenges in enabling fair access to flexible working are likely to be an issue for larger organisations too, it may be more of an issue in an SME where employees are fewer and differences in treatment are more visible.

# Summary

Overall, the above findings demonstrate a promising range of family-friendly practices in many SMEs and an awareness and desire to improve their family-friendly offerings where possible.

The Covid-19 pandemic appears to have acted as a catalyst for SMEs to improve their working practices—both their all-employee offerings and specific family-friendly practices— as a result of having a better awareness of an employee’s “whole self”. This provides evidence counter to assumptions that family-friendly provisions are not always expected of SMEs and perceptions that SMEs are not able to do much in this area due to limited resources.

A key theme of these findings is the desire of SMEs to tailor practices to the individual employee; for them, it was often less about family-friendly and more life-friendly working. This approach of offering different level of support based on individual needs aligns to a principle of equity rather than equality (i.e. providing the same resources to everyone) and may affect how fair employees perceive employer policies/practices to be.<sup>6</sup> These findings also resonate with recent calls for organisational policies to focus on a wider definition of life beyond that of parenting, a focus that promotes the importance of work-life balance for all employees and is better placed to incorporate the needs of an increasingly diverse workforce<sup>7</sup>.

SMEs’ small size and knowledge of employees contributed to a family feel which was one of their unique selling points and a key advantage when it came to family-friendly working. While they had to work hard to attract employees, they felt they offered an alternative experience to larger organisations.

The Covid-19 pandemic, however, raises questions about SMEs’ ability to maintain this uniqueness. For example, if larger organisations offer a maximum-flexibility approach, will SMEs find it hard to differentiate themselves? Is there a potential loss of family-feel due to increased remote working? Also, for those SMEs who experience operational challenges in delivering certain types of flexible working, will they come under additional pressure to improve their flexible working provision as employee expectations of such offerings increase?

The challenges SMEs face in family-friendly or life-friendly working cannot be ignored. Even those SMEs striving to do the right thing were restricted by their limited resources, and the cost of enhancement of policies beyond the statutory minimum remained a barrier for many. SMEs would benefit from tailored support to ensure that they are able to maximise their ability to support all their employees and attract new recruits.



# Recommendations

## For policy

- SMEs need tailored guidance on family-friendly and flexible working to ensure that they can support all their employees and attract new recruits.
- Working Families offers a range of [guidance tailored to SMEs](#), including an SME Support Package as well as free resources for SMEs. This should be continually reviewed in response to research and feedback from SMEs, to ensure that this support is tailored to their needs.
- HR and professional organisations offering advice in these areas should ensure they are aware of the particular needs and challenges faced by SMEs and offer advice tailored to their needs.
- **This guidance should include:**
  - > flexible working - making it work and the practical ways to involve all staff in the conversation.
  - > how to manage remote and hybrid teams, including dealing with performance issues.
  - > building relationships with, and developing, new employees.
  - > ensuring that remote employees remain motivated and that their well-being is prioritised.
  - > recruitment - how to integrate flexibility throughout the job design process for a more inclusive workforce and how to identify the flexibility in every role, bearing in mind that flexible working encompasses a lot more than working remotely.
- Ultimately, shared parental leave should be more accessible for parents regardless of their employer, and fathers and partners should be able to take longer periods of leave. The current scheme relies on employers' abilities to enhance leave; Working Families and the report's authors call for statutory pay to be increased, together with longer periods of non-transferable leave for fathers and partners, so that more parents are able to access longer periods of parental leave even when employers aren't able to enhance leave for the whole period.
- The government should also consider conducting a review to establish what would enable and incentivise SMEs to offer longer periods of enhanced leave for new parents; this could include looking at the viability of options, such as an insurance scheme SMEs could use to make enhanced leave more financially viable for them.

## For SMEs

- Highlight their family feel, 'life-friendly' and individualised approach as key aspects of their family-friendly offering when looking to recruit new staff.
- Consider using the '[Happy to Talk Flexible Working](#)' logo and strapline on job advertisements.
- Access Working Families' [support package which is specifically tailored to the needs of SMEs](#), as well as [best practice case studies](#) which showcase SMEs leading the way in family-friendly and flexible working and are freely available to all.

## For Government

- The government should consider providing further targeted support to SMEs given their importance to the UK economy.
- Existing policy around leave for new parents demands considerable employer expertise given the complexity around leave entitlement and the need for parents to coordinate Shared Parental Leave between employers. This complexity is particularly challenging for smaller organisations without dedicated HR professionals.
- While challenges around the ability to offer enhanced pay for leave for new parents are the most pressing challenge for SMEs, simplifying entitlement and access could help to encourage awareness and normalise conversations around leave between employers and employees.

### Let us know your thoughts and suggestions!

As we continue to work on research and practice in this area, we are always keen to hear from you. If you would like to let us know more about how this report sits with your experiences, or contribute to ongoing work in this area please **complete this short survey:** [SME feedback on the report](#)



# About this research – methods

## Survey

An online questionnaire was distributed to HR/similar representatives of UK SMEs via various networks. The questions asked for background details relating to the organisations (e.g., size, sector and the gender split of employees), details of their policies, changes to practices and policies that had been made since March 2020 and their future plans.

The survey had two main functions. First, it provided an overall picture of SMEs' approaches to workplace flexibility and family-friendly working. Second, it provided respondents with the opportunity to signal their interest in participating in a research interview.

Usable survey responses totalled 36. A range of HR representatives and business leaders from UK SMEs answered the survey during the period February to May 2021. These included five micro (under 10 employees), ten small (10-49 employees) and 21 medium-sized (50-249 employees) organisations from the public, private and third sectors.

## Interviews

Interview participants from 17 different SMEs participated in the research interviews. These included HR representatives and business leaders sourced from the survey responses and from Working Families' and the University of Manchester's wider networks. Some participants had previous experience of working with Working Families and others had little (e.g. attending a recent webinar) or no previous contact. The interview sample includes a range of different sizes of SMEs from the private, public and third sectors. Due to the way in which participants were approached, it is likely the sample is skewed towards SMEs who had experience of, or were open to, 'family-friendly' working (and of course SMEs who had survived the pandemic), although a range of experiences and attitudes were evident during the interviews.

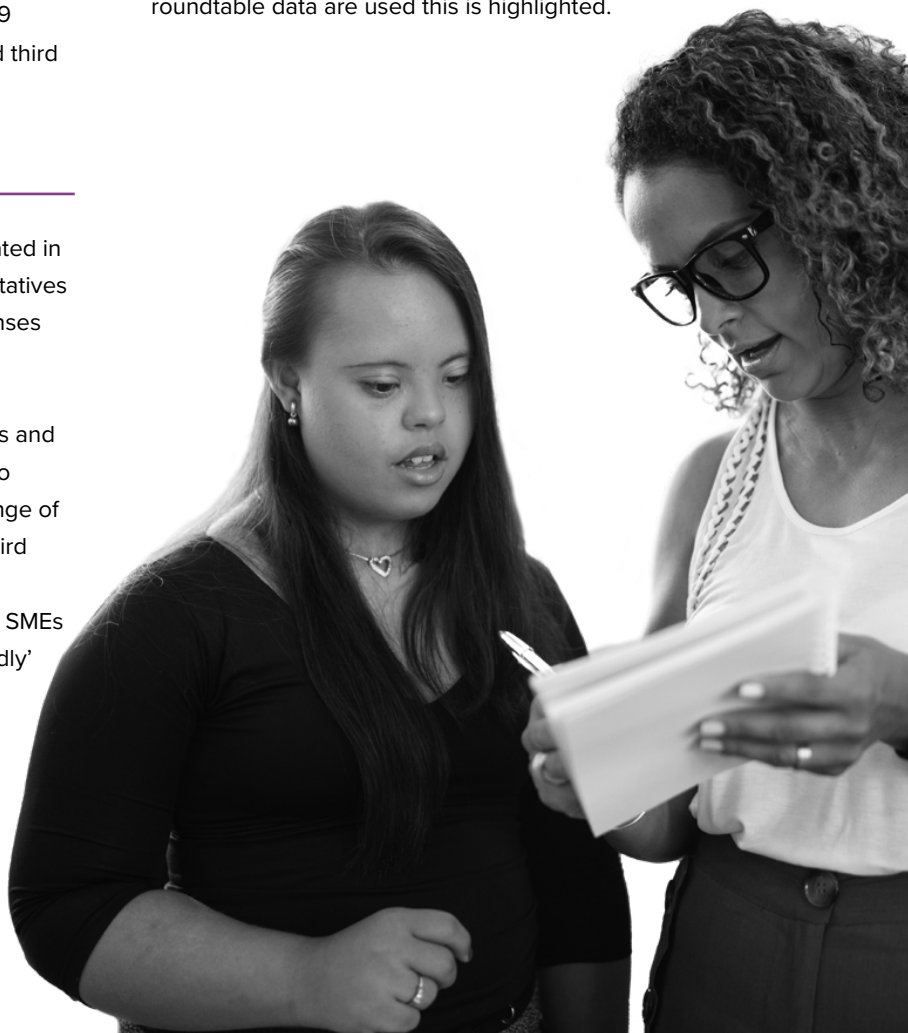
*Interviews took place via Zoom over the period June to November 2021.*

The interview schedule was informed by the survey findings, yet was sufficiently flexible in order to be responsive to the rich variety of SMEs participating. Data was fully transcribed and analysed using Nvivo software; a picture of each SME's approach was built on an individual basis followed by the identification of common themes.

## Roundtable

A roundtable with six SME representatives took place via Zoom in December 2022 at which we shared and discussed the findings from the survey and interviews. Given the uncertainty during 2021 due to the ongoing pandemic, this final stage was designed with the aim of seeking further SME input as to whether our findings still resonated one year on and to gather further data regarding their current concerns.

The findings refer predominantly to the analysis of the interview data however where the survey data and roundtable data are used this is highlighted.



## About the Work and Equalities Institute, University of Manchester

The [Work and Equalities Institute, University of Manchester](#) works to identify and promote conditions for more inclusive and fair work and employment arrangements, developing new interdisciplinary approaches to address core policy and intellectual challenges.

The Institutes's research ranges from the local to the global, building on our strong connections with important national and international policy bodies. The research is used in knowledge exchange, dialogue and debate with key stakeholders and policymakers, making informed contributions to policy formation and the development of practice. To achieve this, we draw on advice from an advisory board of policymakers and practitioners with local, national and international expertise.

## About Working Families

Working Families is the UK's national charity for working parents and carers. Our mission is to remove the barriers that people with caring responsibilities face in the workplace. We provide free [legal advice](#) to parents and carers on their [rights at work](#). We give employers [the tools they need](#) to support their people while creating a flexible, high-performing workforce. And we advocate on behalf of the UK's 17.5 million working parents and carers, influencing policy through campaigns informed by [ground-breaking research](#).

## About the researchers

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<sup>1</sup> The UK definition of SMEs was extended on 3 October 2022 to include organisations with fewer than 500 employees; however in this research we define SMEs as those with fewer than 250 employees. See <https://www.gov.uk/government/news/red-tape-cut-for-thousands-of-growing-businesses>

<sup>2</sup> Department for Business, Energy & Industrial Strategy (2022) "Business population estimates for the UK and regions 2022: statistical release". Available at: <https://www.gov.uk/government/statistics/business-population-estimates-2022/business-population-estimates-for-the-uk-and-regions-2022-statistical-release-html> (Accessed: 11 September 2023).

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