

Work-Life Balance Policies and Human Resource Sustainability: Public Statistical Evidence from Malaysia's MSMEs

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ABSTRACT

Work-life balance (WLB) policies are increasingly discussed as a lever for human resource sustainability, but evidence is often fragmented for small and medium enterprises (SMEs) in emerging markets. This paper synthesizes publicly available official statistics to situate the workforce sustainability challenge in Malaysia's MSME sector. MSMEs accounted for 37.4%–39.1% of Malaysia's GDP and 47.8%–48.5% of total employment during 2021–2023, indicating that retention and well-being risks in MSMEs have macro-level consequences (DOSM, 2024a; DOSM, 2023). Complementary official releases show that average weekly hours worked remain high in key sectors, reaching around 44.5–47.6 hours per week in late 2023 and early 2024 (DOSM, 2024b).

Together with industry reporting on the difficulty of retaining talent, these patterns support the policy relevance of practical WLB bundles (flexibility, predictable scheduling, leave clarity, and workload safeguards) as part of sustainable HRM in resource-constrained SMEs.

Keywords: Work-life balance, human resource sustainability, SMEs, emerging markets, flexible work, retention, employee well-being

INTRODUCTION

The modern business landscape in emerging economies like Malaysia is defined by an intensifying 'war for talent'. In the wake of post-pandemic workforce shifts, SMEs face a disadvantage compared to large firms that can offer stronger financial compensation. To bridge this gap, SMEs increasingly rely on non-monetary practices, including WLB policies, to support retention and employee well-being. However, resource constraints mean that WLB must be designed as a feasible bundle rather than an extensive and administratively heavy program. This paper therefore focuses on what official statistics imply about the salience of WLB for Malaysian MSMEs and the sectors in which working-time pressures are most visible.

Bloom et al. (2011) show that family-friendly workplace practices can function as a valuable organizational resource. In MSMEs, the managerial challenge is to implement credible, usable practices within limited administrative capacity and enforcement constraints.

The economic logic is clear. Reducing work-family conflict can lower turnover and absence while boosting engagement and preserving human capital. However, SMEs often underinvest in WLB due to intangible benefits or perceived costs. In emerging markets, weak labor enforcement and informality add barriers. This motivates the need for a transparent baseline using official statistics and motivates future micro-level research on firm practices.

This study contributes by (i) developing an explicit analytical pathway linking working-time intensity to work-family strain and downstream human resource sustainability risks in MSMEs, grounded in Social Exchange

Theory and Border Theory; (ii) operationalizing MSME macro-context and working-time intensity using transparent DOSM indicators to provide a reproducible policy baseline; and (iii) applying a comparative sectoral lens to interpret heterogeneity in working-time exposure and discuss feasible WLB bundles under MSME resource constraints.

A central gap in the evidence is that most work-life balance research is drawn from large firms in advanced economies, where formal HR systems and enforcement are stronger. In emerging-market SMEs, informality, cash-flow volatility, and managerial discretion can change both the feasibility and the credibility of WLB bundles. This paper therefore asks what publicly available official statistics imply about the salience of WLB for Malaysian MSMEs and which sectors show higher working-time intensity. The paper proceeds by reviewing key mechanisms, describing data sources and indicators, presenting descriptive patterns, and translating them into actionable implications for SME managers and policymakers.

Policy bundles are crucial for SMEs. Isolated benefits (e.g., flexibility) may fail if work intensity is high. A coherent bundle—flexibility, predictable scheduling, clear leave rules, and support—reduces uncertainty and improves fairness. This aids retention and learning as employees invest in skills when they expect stability.

LITERATURE REVIEW

Research defines work-family conflict as role incompatibility based on time, strain, or behavior. It is linked to lower satisfaction, stress, and turnover. WLB policies (flexibility, leave, support) are promoted for welfare and productivity, but success depends on access, norms, and credible implementation.

Focus has shifted from policy existence to effectiveness. 'Paper policies' exist where employees fear using them due to penalties or resistance. Supervisor behavior and culture shape whether flexibility aids well-being or intensifies work. Gender and job type also influence usage, highlighting social context.

Sustainable HRM evaluates practices on long-term human capability preservation and harm avoidance, not just short-term efficiency. Firms should maintain employee health and skills while meeting economic goals. WLB policies act as regeneration mechanisms, mitigating negative effects of high-pressure work.

SMEs in emerging economies are key employers but often lack formal HR. Institutional contexts shape their practices. SMEs may use informal flexibility, which can be responsive but also arbitrary. Resource limits hinder comprehensive benefits, but low-cost bundles (scheduling, support) are feasible. Family-friendly practices can be competitive resources for retaining skills.

Theoretical Underpinnings

Social Exchange Theory (SET) serves as a primary theoretical lens for understanding the relationship between WLB policies and HR sustainability. According to Blau (1964), social exchange involves unspecified obligations where one party's favorable treatment of another creates an expectation of future return. In the context of SMEs, when organizations provide WLB practices—such as flexible working hours or family support—employees interpret these actions as a signal of organizational care and support. Consequently, employees reciprocate with positive attitudes and behaviors, such as higher commitment, lower turnover intention, and sustained performance (Gould-Williams, 2007). This reciprocity is crucial for HR sustainability, which relies on the long-term retention and engagement of the workforce.

Furthermore, Border Theory (Clark, 2000) offers insight into how individuals manage the lines between work and family domains. The theory posits that people are daily border-crossers who move between the worlds of work and home. WLB policies act as border-keepers or bridges that facilitate these transitions. For instance, flexible scheduling allows employees to adjust the temporal borders of work to accommodate family needs, thereby reducing inter-role conflict. By minimizing the friction between domains, organizations help preserve the employee's energy and psychological resources, directly contributing to the 'regeneration' aspect of human resource sustainability.

Work-Life Balance Policies in SMEs

Work-Life Balance (WLB) is a multidimensional construct. Greenhaus et al. (2003) defined it as the extent to which an individual is equally engaged in and equally satisfied with his or her work role and family role. It consists of three main components: time balance (equal time devoted to both roles), involvement balance (equal psychological effort), and satisfaction balance (equal satisfaction). In this study, WLB is operationalized not only as an individual state but as an organizational capability facilitated by specific policies.

Prior reviews emphasize that WLB initiatives can improve employee well-being and commitment when aligned with organizational context (Beauregard & Henry, 2009).

Key dimensions of WLB policies relevant to SMEs include:

1. Flexible Work Arrangements (FWA): These allow employees control over when and where they work, such as flextime or telecommuting. In emerging markets, formal telecommuting may be rare in smaller firms, but informal flexibility is common (Kelliher & Anderson, 2010).
2. Leave Policies: Beyond statutory requirements, paid parental leave or emergency leave demonstrates a firm's commitment to employee welfare.
3. Family-Supportive Supervisor Behaviors (FSSB): This refers to supervisors who empathize with employees' family desires and support their efforts to balance work and family responsibilities (Hammer et al., 2009).

Family-supportive supervisor behaviors have been shown to strengthen work engagement and performance, reinforcing the sustainability pathway (Rofcanin et al., 2017).

Human Resource Sustainability

Human Resource Sustainability is defined as the long-term, socially responsible, and economically effective management of human resources (Ehnert, 2009). Unlike traditional Strategic HRM, which often focuses on maximizing immediate performance—sometimes at the cost of employee burnout—Sustainable HRM emphasizes the regeneration of human resources. It acknowledges that human resources are not infinite; they can be depleted through stress, fatigue, and work-family conflict.

Kramar (2014) argues that sustainable HRM practices are those that minimize the negative impact of work on employees (social sustainability) while maintaining organizational viability (economic sustainability). In this study, HR sustainability is conceptualized as sustained retention, employee well-being, and skill preservation, which are particularly critical for SMEs because replacing skilled staff is disproportionately costly and disruptive compared to larger firms.

Theoretical Arguments

Based on Social Exchange Theory and a capability perspective, WLB policies can be treated as an organizational resource: by providing practical supports that help employees manage non-work demands, SMEs may reduce work-family strain and strengthen retention and attendance. In Malaysia's MSME-dominated labour market, this logic is most relevant when situated in the macro context of MSMEs' economic footprint and sectoral working-time patterns.

This study therefore addresses two descriptive questions: (1) What is the contribution of Malaysian MSMEs to GDP, employment and exports in recent years? (2) What do official working-time indicators imply for the salience of WLB policies in key sectors?

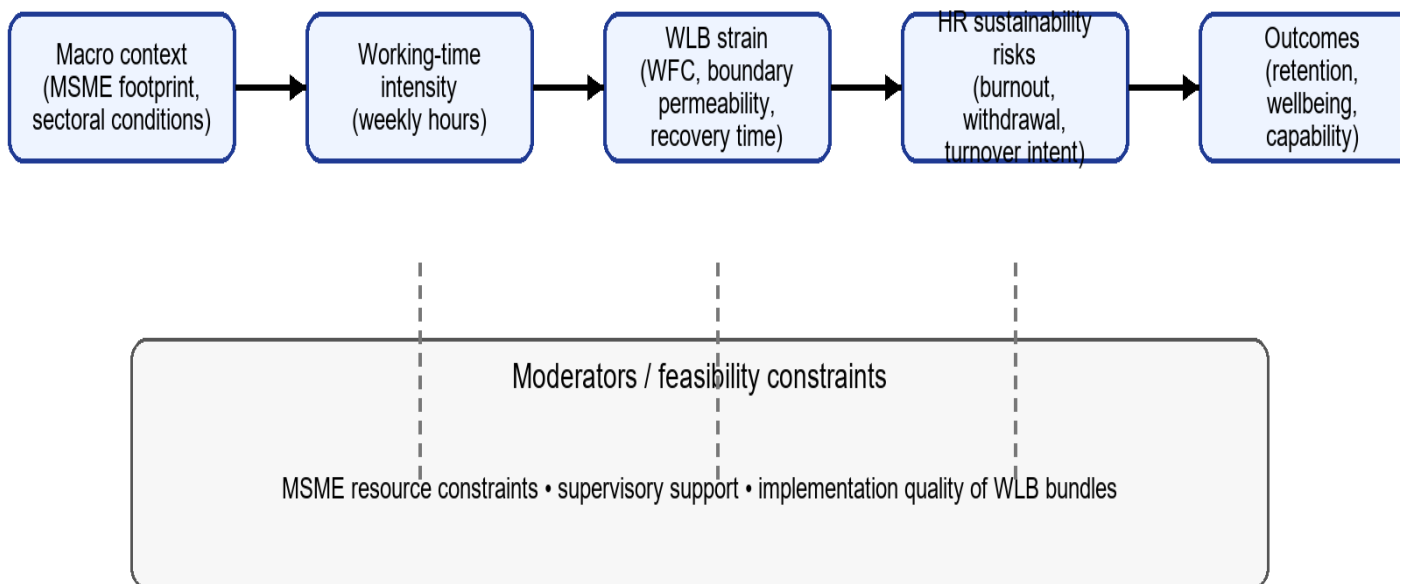
Conceptual Framework

The conceptual framework specifies an analytical pathway linking MSMEs' macroeconomic footprint and sectoral working-time intensity to HR sustainability risks. Drawing on Border Theory, higher working-time

intensity reduces boundary control and recovery time, increasing work–family conflict. Drawing on Social Exchange Theory, sustained strain weakens perceived reciprocity and support, increasing withdrawal and turnover intentions. These mechanisms translate into human resource sustainability risks (capability depletion, wellbeing loss, and retention challenges), while the feasibility and effectiveness of WLB bundles are moderated by MSME resource constraints, supervisory support, and implementation quality (Figure 1).

Fig 1 Proposed conceptual pathway from working-time intensity to HR sustainability in MSMEs

Proposed conceptual pathway from working-time intensity to HR sustainability in MSMEs



Note: Author elaboration for analytical pathway clarity.

Source: Author elaboration.

RESEARCH METHODOLOGY

This section specifies the research design, data sources, operational indicators, and analytical procedures used to develop macro-level evidence on WLB relevance for Malaysian MSMEs. Using DOSM statistics, the study provides a transparent baseline and applies descriptive-comparative analysis (e.g., sectoral patterns in working-time intensity) to support the conceptual pathway and policy discussion.

Research Design

This study adopts a secondary-data (desk research) design using publicly available official statistics. The approach is appropriate for establishing a transparent baseline on MSMEs’ economic importance and working-time conditions that frame WLB and HR sustainability discussions.

Data Sources and Coverage

MSMEs’ macro indicators are extracted from DOSM MSMEs Performance releases for 2021–2023, including shares of GDP, employment and exports. Working-time indicators are extracted from DOSM Labour Productivity releases, using average hours worked per week by sector for Q4 2023 and Q1 2024.

Indicators

Key indicators include MSMEs’ macro-level shares (GDP, employment, exports) and average weekly hours worked by sector as a proxy for working-time intensity. These indicators do not measure firm-level WLB policy adoption; instead, they provide contextual evidence to motivate practical WLB bundles for MSMEs.

Data Analysis Methods

We present the official indicators in two tables and six figures (including a conceptual diagram and a sectoral productivity comparison figure). The analysis is primarily descriptive and comparative, focusing on sectoral variation and macro-level interpretation rather than firm-level causal estimation.

The analysis relies on publicly available official statistics and releases. We compile MSMEs’ GDP, employment and exports indicators from the Department of Statistics Malaysia (DOSM) MSMEs Performance releases, and working-time indicators (average hours worked per week) by sector from DOSM Labour Productivity releases. Results are presented as descriptive tables and figures to connect MSMEs’ economic weight and working-time intensity with the need for WLB-oriented HR sustainability policies.

Data Quality and Limitations

As the evidence is derived from published official statistics, concerns associated with self-reported survey instruments are not applicable. However, published indicators may be revised in later releases and may differ in coverage across years or quarters. The main limitation is aggregation: the indicators cannot directly measure firm-level WLB policy adoption or identify causal effects on HR sustainability outcomes.

FINDINGS AND DISCUSSION

This section reports official statistical evidence and examines comparative patterns in working-time intensity across sectors to interpret HR sustainability risks for MSMEs through the proposed conceptual pathway. The discussion emphasizes macro-level context and mechanisms, while reserving causal claims for future firm-level validation.

Descriptive Statistics

We begin with official indicators on MSMEs’ shares of GDP, employment and exports in Malaysia.

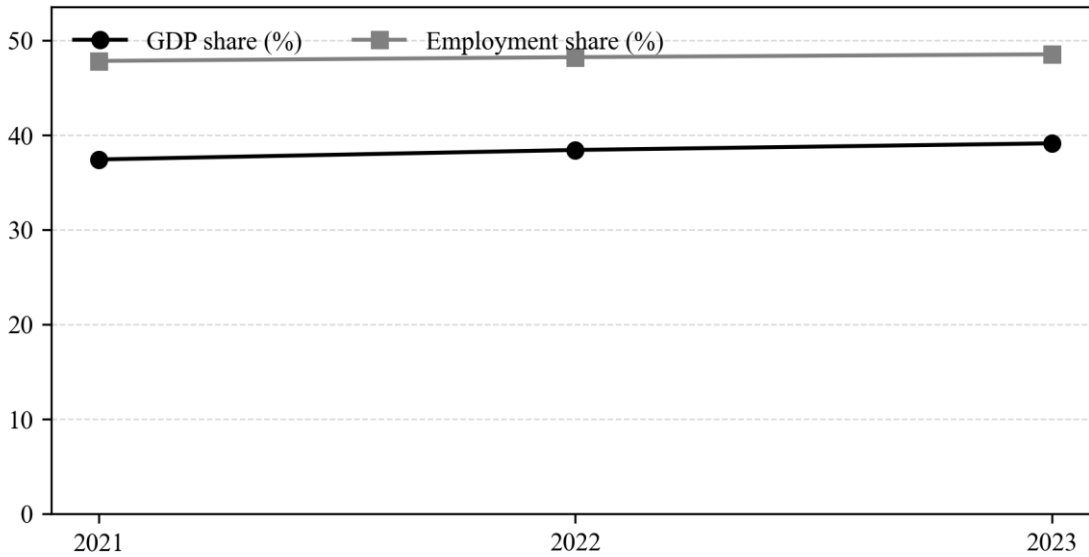
Table 1 Malaysia MSMEs’ share of GDP, employment and exports (2021–2023)

Year	MSMEs’ share of GDP (%)	MSMEs’ share of employment (%)	MSMEs’ share of exports (%)
2021	37.4	47.8	11.7
2022	38.4	48.2	10.5
2023	39.1	48.5	12.2

Source: Department of Statistics Malaysia (DOSM), Micro, Small & Medium Enterprises (MSMEs) Performance 2022 and Performance 2023 (DOSM, 2023; DOSM, 2024a).

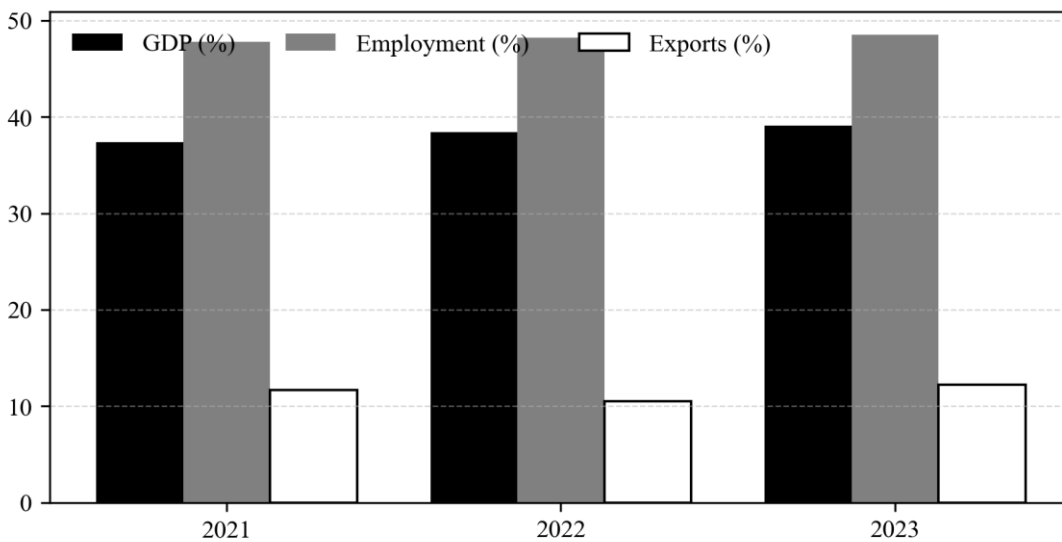
Table 1 summarizes the macro-level importance of Malaysia’s MSMEs. Across 2021–2023, MSMEs accounted for 37.4%–39.1% of GDP and 47.8%–48.5% of national employment, alongside 10.5%–12.2% of exports (DOSM, 2024a; DOSM, 2023). Given this economic footprint, working-time pressures and WLB feasibility in MSMEs have broad implications for workforce stability and capability preservation.

Fig 2 Malaysia MSMEs' share of GDP and employment (2021–2023)



Source: Department of Statistics Malaysia (DOSM), Micro, Small & Medium Enterprises (MSMEs) Performance 2022 and Performance 2023 (DOSM, 2023; DOSM, 2024a).

Fig 3 Malaysia MSMEs' share of GDP, employment and exports (2021–2023)



Source: Department of Statistics Malaysia (DOSM), Micro, Small & Medium Enterprises (MSMEs) Performance 2022 and Performance 2023 (DOSM, 2023; DOSM, 2024a).

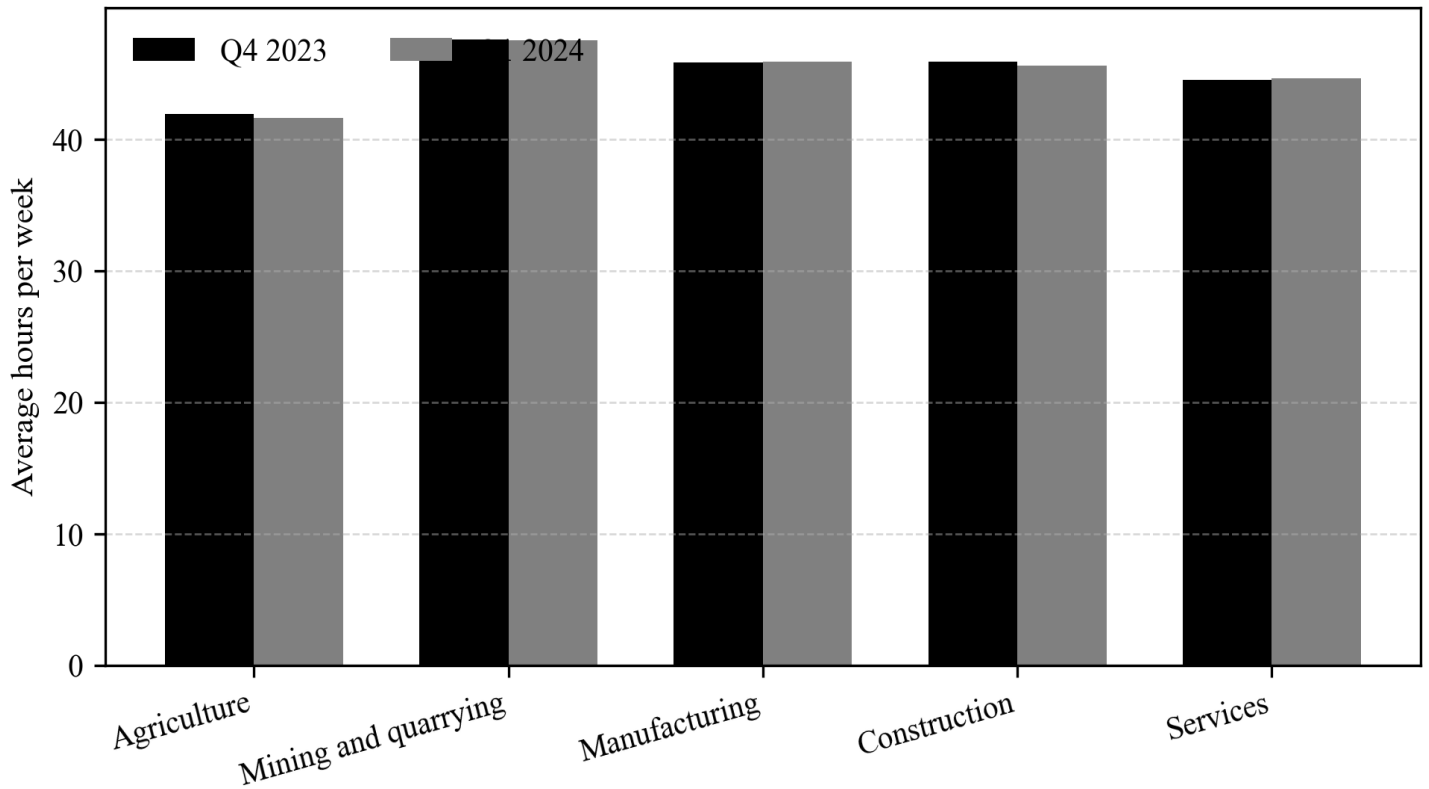
Public Statistical Evidence

Table 2 Average hours worked per week by sector in Malaysia (Q4 2023 vs Q1 2024)

Source: Department of Statistics Malaysia (DOSM), Labour Productivity, First Quarter 2024 (DOSM, 2024b).

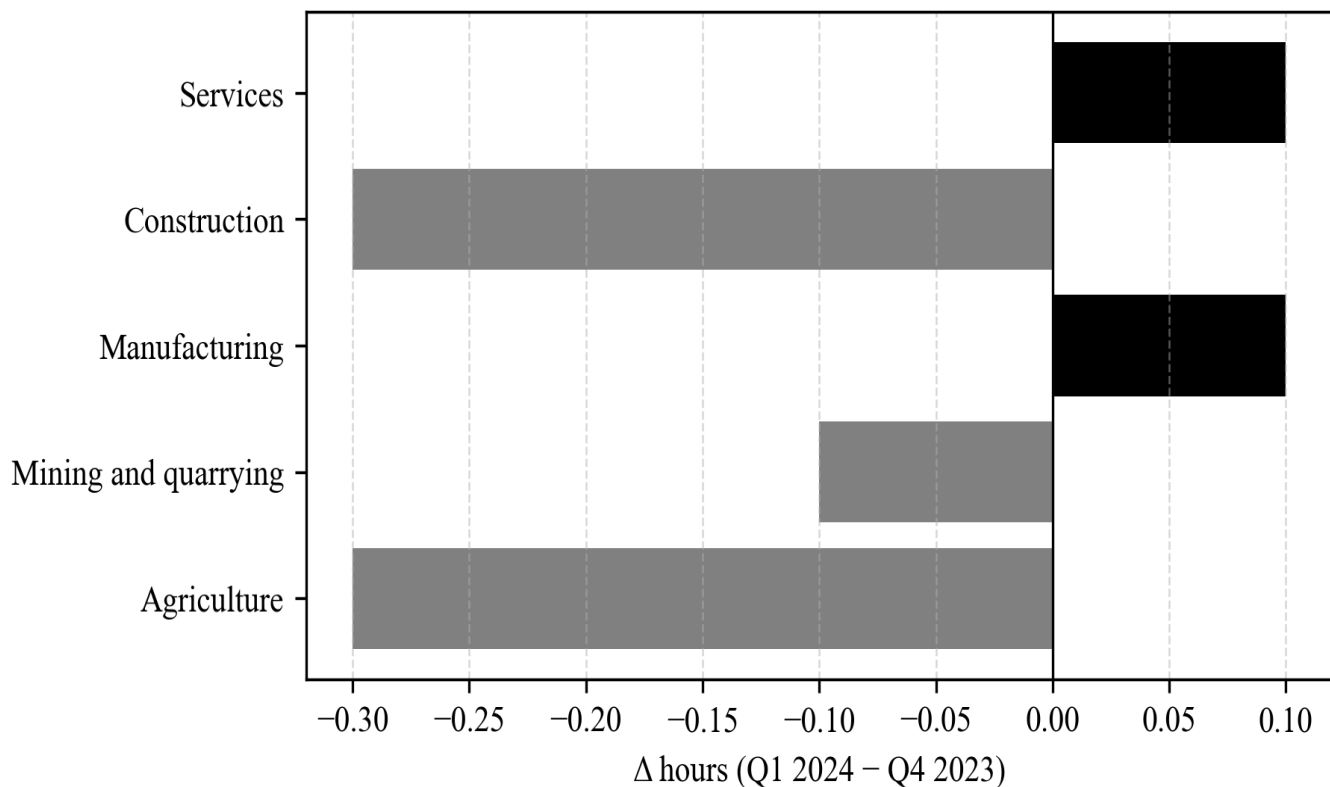
Sector	Avg hours/week (Q4 2023)	Avg hours/week (Q1 2024)	Δ (Q1 – Q4)
Agriculture	41.9	41.6	-0.3
Mining and quarrying	47.6	47.5	-0.1
Manufacturing	45.8	45.9	+0.1
Construction	45.9	45.6	-0.3
Services	44.5	44.6	+0.1

Fig 4 Average hours worked per week by sector (Q4 2023 vs Q1 2024)



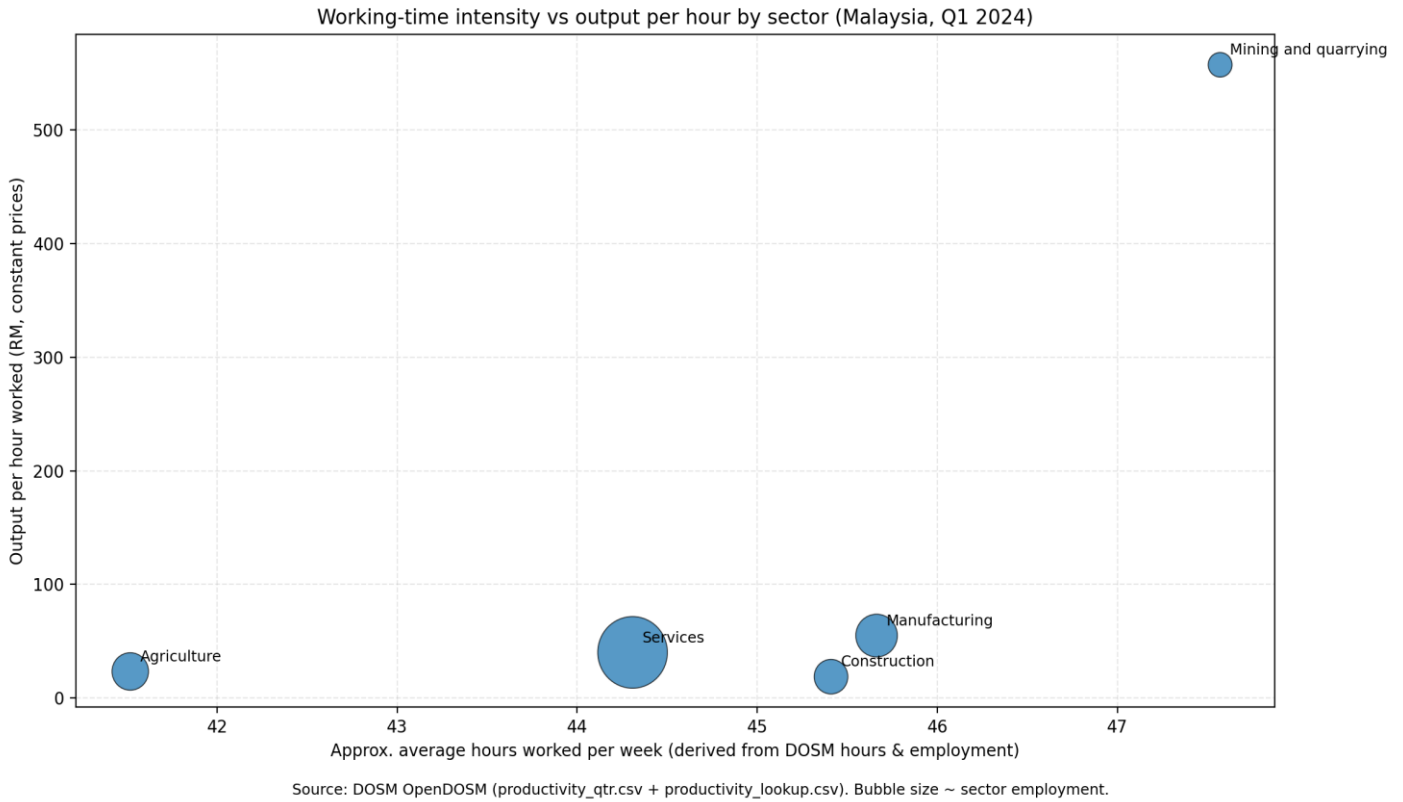
Source: Department of Statistics Malaysia (DOSM), Labour Productivity, First Quarter 2024 (DOSM, 2024b).

Fig 5 Change in average hours worked by sector (Q1 2024 – Q4 2023)



Source: Department of Statistics Malaysia (DOSM), Labour Productivity, First Quarter 2024 (DOSM, 2024b).

Fig 6 Working-time intensity vs output per hour by sector (Q1 2024)



Source: Department of Statistics Malaysia (DOSM), Quarterly Productivity by Economic Sector (OpenDOSM), Q1 2024; https://open.dosm.gov.my/data-catalogue/productivity_qtr (accessed 22 Feb 2026).

Table 2 provides sectoral working-time indicators that are directly relevant to WLB in Malaysia. In Q4 2023 and Q1 2024, average weekly hours worked were in the mid-40s across major sectors, with Mining and quarrying near 47.5–47.6 hours. Figure 6 adds a productivity lens by juxtaposing approximate weekly hours with output per hour: sectors with higher working-time intensity do not necessarily display higher productivity, reinforcing the HR sustainability argument that capability-preserving WLB bundles are not merely a welfare add-on but a practical risk-mitigation approach for MSMEs.

DISCUSSION

The public evidence highlights why WLB policies matter for HR sustainability in Malaysian MSMEs. MSMEs consistently account for close to half of national employment, so sustained turnover and absenteeism risks can translate into macro-level productivity losses and operational disruption (DOSM, 2024a; DOSM, 2023).

Working-time indicators show that average weekly hours remain elevated across major sectors, which raises the likelihood of work–family conflict and fatigue. In this context, WLB interventions should prioritize feasible bundles—predictable scheduling, clear leave rules, flexibility that is safe to use, and workload safeguards—rather than a long list of policies that MSMEs cannot implement credibly (DOSM, 2024b).

The implication is that WLB is not only a welfare topic but also a sustainability issue for firms’ human capabilities. When employers struggle to retain talent, practical WLB arrangements can support continuity by reducing avoidable exits and stabilizing attendance.

Limitations

Limitations stem from the use of secondary published statistics. Aggregated indicators cannot directly measure firm-level WLB policy intensity, distinguish MSMEs’ exposure from large firms with precision, or quantify causal effects on HR sustainability outcomes. Accordingly, the results are positioned as macro-context and

plausibility evidence that motivates WLB-relevant mechanisms and policy design, rather than as definitive firm-level impact estimates.

POLICY IMPLICATIONS AND CONCLUSIONS

Implications for SMEs

For SME owners and managers, the findings suggest that WLB policies are not merely ‘soft’ benefits; they can be part of a sustainable people strategy that stabilizes the workforce and protects capability accumulation. A practical starting bundle includes predictable scheduling, transparent leave rules, and supervisor guidance on workload planning. When remote work is feasible, SMEs should define boundaries (availability windows, response-time norms) to prevent work intensification (Kelliher & Anderson, 2010).

Implications for Policymakers

A pragmatic implementation path is to sequence WLB investments. SMEs can start with a small, enforceable bundle (predictable scheduling horizons, transparent leave approval, and basic workload planning routines), then strengthen supervisor training and communication to reduce stigma, and only later add more complex options such as remote work. Progress should be monitored with indicators aligned with HR sustainability, such as monthly turnover and absenteeism, employee-reported work-family conflict, training participation, and overtime hours. Tracking these metrics helps managers adjust policies based on evidence and keep WLB compatible with operational constraints.

To avoid unintended consequences, SMEs should also specify simple governance rules for WLB: who is eligible, what counts as an emergency request, and how workload will be redistributed when leave is taken. Lightweight documentation (one-page policy sheets, shared calendars, and clear escalation contacts) can increase transparency without creating heavy bureaucracy. When constraints are tight, managers can prioritize high-friction moments—peak seasons, overtime spikes, and caregiving-intensive periods—and pilot adjustments before scaling firm-wide. Over time, tracking the same indicators enables benchmarking and learning; for example, comparing turnover or absenteeism before and after predictable scheduling or supervisor coaching. This learning-by-doing approach fits SMEs because it treats WLB as an evolving operating system rather than a fixed list of perks.

For policymakers in emerging markets, two implications stand out. First, policy design should consider SME constraints by offering simplified compliance tools, templates, and advisory services that lower implementation costs. Second, enforcement credibility matters: employees must trust that leave and flexibility are legitimate and non-punitive, which requires consistent labor inspection and dispute resolution channels. Public programs can also incentivize HR sustainability investments through training subsidies, recognition schemes, and SME-focused guidance on family-friendly practices.

CONCLUSIONS AND FUTURE RESEARCH

In conclusion, publicly available statistics show that Malaysian MSMEs account for a large share of national employment and a substantial share of GDP, while working-time indicators remain elevated across major sectors. These conditions strengthen the practical case for WLB policy bundles as part of sustainable HRM in resource-constrained SMEs.

Future research can extend this macro-context evidence by combining firm surveys or administrative microdata to measure (a) WLB policy bundles (flexibility, predictable scheduling, leave access, workload planning), (b) mechanism variables (work–family conflict, boundary control, perceived organizational support/reciprocity), and (c) HR sustainability outcomes (turnover intention and actual turnover, absenteeism, wellbeing, training participation, tenure stability). A stratified MSME sample by sector and region would enable heterogeneity tests and more credible pathway validation at the firm level.

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Declaration Of Interests

The author declares no competing financial interests or personal relationships that could have appeared to influence this work.

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