

STUDY ON THE IMPACT OF WORKING TIME: EXECUTIVE SUMMARY (VT/2005/052)

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The study

Working hours have been falling across Europe over a long period of time. Initially, the campaign to reduce long hours working was based around fatigue: tired workers are less productive ones. More recently the focus has extended beyond the productivity of workers to look at how the organisation of working time might result in a more equitable distribution of work and, then, at how it might improve the quality of working life.

At the Spring European Council in 2005, EU leaders established jobs and growth as one of Europe's main political priorities. In the light of the Lisbon Agenda this study looks at the relationship between the duration and organisation of working time and its impact upon:

- job creation and preservation;
- productivity and competitiveness; and
- employment quality.

The study was conducted through:

- a comparative literature study reviewing social scientific theory related to working time, employment, productivity and job quality;
- an overview of the documented impact of national legislative reforms on working time;
- 25 case studies on working time practice at the workplace, taking account of any relevant regulation and agreements,

Countries in scope of the study are:

- Denmark;
- Estonia;
- France;
- Germany;
- Greece;
- Netherlands;
- Poland;
- Romania;
- Spain;
- Sweden;
- the United Kingdom.

Table A provides some stylised facts about working time in each of the eleven countries.

Conceptualising working time

The study is concerned with:

- i. the duration of working time; and
- ii. the organisation of working time.

The duration of working time simply refers to how long people work. The organisation of working time refers to when people work, how often they work, the flexibility they have with respect to start and finish times, and the reference period over which average hours are calculated.

Drivers of change

The hours worked by employees are shaped by a number of factors including:

- the extent to which the macro-economic climate creates a sufficient demand for labour;
- employers' needs to match labour supply to the demands of production and the requirements of consumers;
- regulations introduced by governments and/or the social partners (e.g. health and safety, work-life balance, equitable distribution of work);
- employees' preferences.

Table A Summary statistics on working time, employment, and productivity in selected countries

	Usual full-time hours	% working part-time	Employment rate	Employment rate – women*	Unemployment Rate*	Productivity per person employed (EU-25=100)*	Productivity per hour worked (EU 15 = 100)**
Denmark	40.5	23.6	75.9	71.9	4.8	106.5	101.6
Estonia	41.5	8.1	64.4	62.1	7.9	58.6	40.2
France	41.0	17.3	63.1	57.6	9.9	119.0	117.7 ^(f)
Germany	41.7	25.9	65.4	59.6	9.5	101.4	105.2
Greece	44.1	5.9	60.1	46.1	9.8	98.4 ^(e)	71.0
Netherlands	40.8	46.3	73.1	66.4	4.7	107.8	116.8
Poland	42.9	9.9	52.8	46.8	17.7	63.3	47.7 ^(e)
Romania	41.3	9.7	57.6	51.5	7.9	39.2	-
Spain	42.2	12.2	63.3	51.2	9.2	97.3	83.3 ^(f)
Sweden	41.1	25.1	72.5	70.4	7.8	104.3	101.8
UK	43.1	25.5	71.7	65.9	4.8	106.6	97.7
EU-25	41.9	18.9	63.8	56.3	8.8	100.0	-
EU-15	41.9	20.9	65.9	57.4	7.9	106.0	100.0

Source: European Labour Force Survey; Eurostat Annual Report

Notes: All data Spring 2006 except * 2005, ** 2004

(e) – estimated; (f) forecast

The concept of “flexible security” (or flexicurity) has achieved prominence over recent years. There has been an attempt to embrace change as being the only way by which employment opportunities can be preserved but to mitigate the potential negative effects of change upon individuals by ensuring that employment conditions are not abusive or likely to exclude people wishing to contribute from doing so.

With respect to working time policy, this has meant a recognition that new patterns of working time might be necessary and indeed might be desirable, but also that these patterns should not be damaging to health, disruptive to social life, or place burdens intolerable burdens upon those who have domestic demands as well as a need to generate income from paid work.

Recent trends

Looking across last decade and a half, the European Working Conditions Survey (EWCS) shows, from the employee’s perspective, that:

- working hours have been in decline mainly due to the decline in long hours working amongst men and the increase in part-time working;
- the decrease in working hours has slowed over the past five years mainly due to the accession of new member states;
- the percentage of the workforce working atypical work schedules has remained stable over the past five years;
- the pace of work has intensified over recent years.

From the employers’ perspective, the European Establishment Survey shows that by 2004/5:

- around half of employers report some form of flexible hours working;
- they provide flexible patterns of work to both meet the needs of staff and the production process;
- flexible working time arrangements largely fulfilled management’s expectations by raising job satisfaction, achieving a better fit between hours and workload, lowering both absenteeism and overtime;
- where part-time work was in place, it had been introduced to meet the needs of the establishment and employees.

Current policy developments

There is a mix of processes for negotiating working time in Member States based around:

- collective agreements, increasingly reached at the level of the workplace though typically co-ordinated at higher levels: (e.g. Spain, Germany, Denmark, Sweden, the Netherlands);
- the strong hand of the state in regulating working time: in France the state has intervened to strengthen the hand of collective bargaining in the workplace, but in countries such as Greece, Estonia, Romania, Poland the state effectively establishes many of the rules);
- leaving it to the market subject to the establishment of minimum standards by the state (e.g. the UK).

There are substantive differences too which can be divided between:

- the northern European countries where the discussion about working time is mainly about the organisation rather than duration of working time (*i.e.* the introduction of flexible working time arrangements);
- the southern and eastern countries where the debate is still very much about reducing working hours and / or the creation of part-time employment opportunities.

The case study evidence

From the 25 employer case studies a number of points can be made:

The impetus for change:

- in the traded sector of the economy, where international competition was strong, employers were under pressure to obtain efficiency gains. Implicit in negotiations was a threat that production could be moved elsewhere if efficiency savings were not forthcoming;
- in an effort to stave off potential job losses the emphasis was upon obtaining a better fit between hours of work and the demands of the production process.

But employers also recognised that:

- to either retain workers and / or obtain a good supply of recruits they needed to offer working time arrangements that allowed people to balance their work and non-work existences.

Negotiating change:

- the types of change being introduced tended not be affected by national statutes regulating maximum working hours – rather it was about reorganising existing hours;
- negotiations about the introduction of flexible working time arrangements took place at an establishment level;
- the nature of the negotiating process varied but, in general, there was high degree of employer initiative to which employees, at best, acquiesced.

The outcomes:

- making adjustments to working time schedules is an on-going process not a series of one-off developments;
- wages were not to the fore in negotiations, but changes sometimes had implications for pay levels;
- although employers often reported positive outcomes from working time changes there were some suggestions that gains were impermanent;
- flexibility worked best where it was two-way with the employers and employees finding an accommodation that met both sides' needs.

Conclusion

Job creation or protection: there is some evidence that, under certain conditions, shorter working time can lead to jobs being saved or even created, but it is questionable whether reducing working time alone is a sustainable approach – for there to be any such benefits substantial complementary measures are necessary.

Efficiency gains: changing working hours can assist in the realisation of lower costs and better matches with customer requirements, and more imaginative working time schedules that involve shorter working time and working time patterns that fit employees' needs and wishes better, do not have to be costly or reduce competitiveness.

Quality of work: where two-way flexibility has been negotiated with the workforce, this not only brings about an improvement in the quality of work because employees are better able to balance work and non-work activities, it also increases the quality of labour an individual employer can hire or retain, and it increases labour supply in general by making it easier for people with more constraints to participate in paid work.

Employee rights: although most of the more radical initiatives involving a restructuring of working time takes place at a workplace level, the manner of their introduction does not undermine existing negotiation structures, but rather reflects existing strengths and weaknesses of collective and individual co-determination.