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Working time in the economy of OECD countries at the beginning of the 21st century

Tomasz Budnikowski



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Table of contents

1. Introduction.....	7
2. Working week	8
3. Overtime	12
4. Part-time work	16
5. Short-time work.....	20
6. Annual leave	27
7. Shortening of working time and production volume.....	30
8. Conclusions	39

1. Introduction

The rapid technological advancement we have been observing for several decades now has brought with it a lively debate on the role of the labour factor in the process of economic growth. The growing importance of labour-saving technologies, with the simultaneous popularisation of information technology on the one hand, and the increase in the cost of labour on the other, lead to a certain decline in labour demand. This process has been accompanied by a continuous increase in the importance of free time, which is most noticeable in highly developed countries. Another factor that significantly affects working time is the constant striving to balance work life against family life. Consequently, in the long run, we are witnessing an unprecedented drop in the time that one devotes to professional work. On the other hand, however, we can often see a tendency to extend the working hours.

While trying to analyse these processes one should not forget that the reduction of the working time can take different forms. Basically, the methods of its limitation can be divided into two types. The first one would include actions falling within the competence of the partners of collective labour agreements. The most important in this category are:

- limiting the working week,
- reducing the work shift coefficient and lowering the number of overtime hours,
- increasing the importance of part-time work,
- extending the annual leave.

The second type of actions falls within the remit of the state and includes:

- extending the period of compulsory education and granting a holiday leave,
- lowering the retirement age.

These trends reflect an increase in the importance of free time and various types of non-job-related human activities which are observed in developed societies. It is worth examining the impact of the different ways of reducing working time on the actual working time. Particularly noteworthy are: shortening the working week, the role of overtime, the progressive extension of holiday leave and part-time work.

The differences between men and women with regard to the pace and manner of the working time changes are an important aspect of the issue under examination. In this context, preferences expressed with reference to the working time gain significance.

2. Working week

The most spectacular way to shorten working time is undoubtedly the reduction in the number of weekly working hours. Almost from the very beginning of the nineteenth-century capitalism, activities aimed at reaching this goal have been one of the most important courses of action taken by the working class.

A breakthrough in the fight for workers' rights was the foundation of the International Labour Organisation (ILO) in 1919. In the same year, it adopted a convention which dealt with working time. This document, later numbered 1, required the signatory states to adopt regulations limiting the hours of work to eight a day and forty-eight a week. The convention applied to industrial undertakings, specifying in some detail what kind of activity it pertained to. It should be noted that this document did not meet with an enthusiastic response from the member states. Greece was the first country to sign the convention in 1920 but it has not been signed by Japan, China, the United States or Australia, to name just a few. At the end of 2013, the first ILO Convention was formally in force in only 47 of the 185 member states.

Another step taken by the ILO and aimed at regulating hours of work was Convention no. 30 of 1930. Unlike the first document adopted eleven years earlier, it regulated the issue with regard to workers employed in commerce and offices.

Similarly to Convention no. 1, Convention no. 30 also provided that the hours of work should not exceed forty-eight hours a week and eight hours a day. Mass unemployment in the aftermath of the Great Depression of the first half of the 1930s led to the preparation of another convention aimed at limiting the hours of work. This document was expected to prevent the recurrence of such an incident on such a huge scale in the future. Convention no. 47 adopted in 1935 by the International Labour Organisation has been known as the *Forty-Hour Week Convention*. Only New Zealand adopted it before World War II. By the end of 2013, only fourteen other countries did so. Among the most developed countries, the signatories are: Australia, South Korea, Finland, Norway and Sweden. Poland has not signed the agreement.

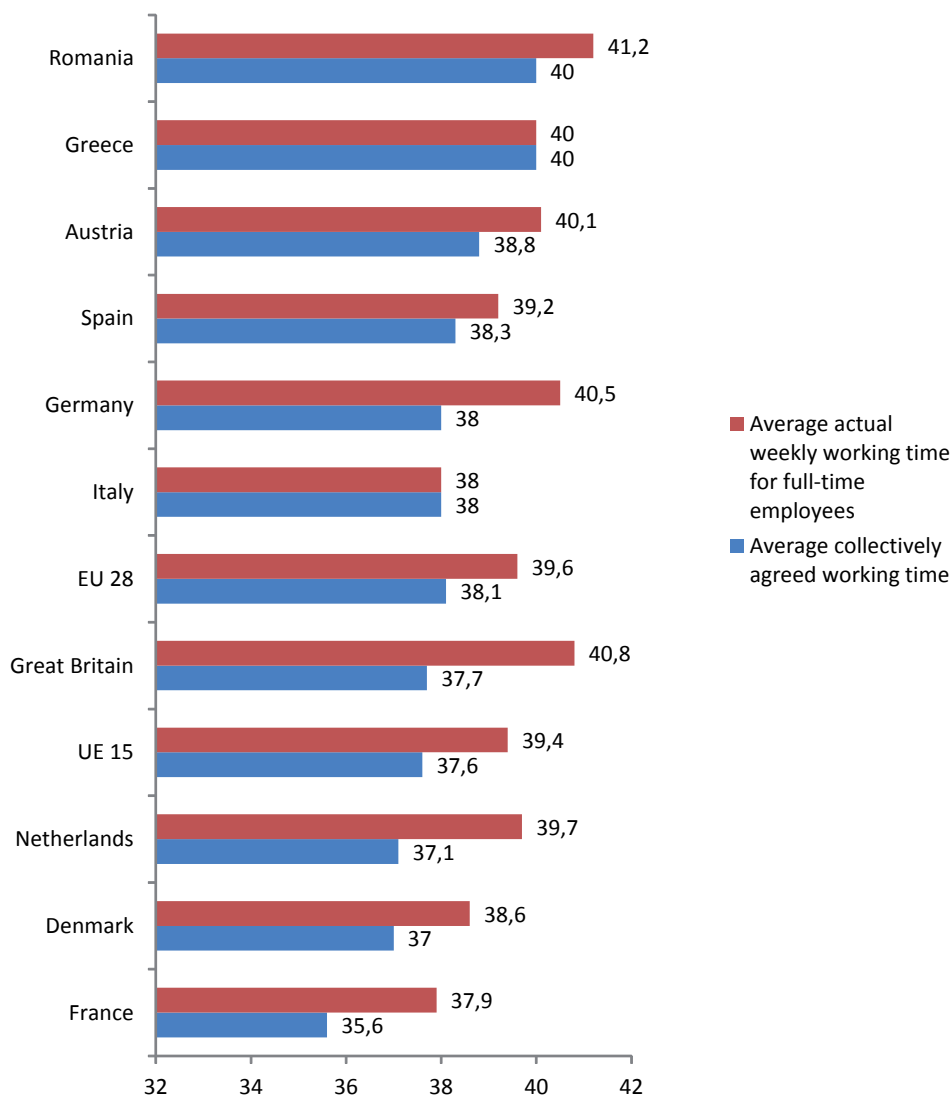
Even though that a significant number of the International Labour Organisation member states have not decided to accede to these conventions, and some have not ratified them, the fact remains that almost a hundred years after the first of these documents was issued and eighty years after the adoption of the

next two, the eight-hour working day has become the norm at least in highly developed countries.

It should be noted that the changes of a weekly working time limit are the result of both legal regulations and the decisions made during collective bargaining. Employers' partners in this type of negotiations are representatives of employee organisations. This happens in a context of a gradual decline in their popularity. Recent decades have revealed a clear drop in the number of the above mentioned organisations. In the years 1990-2010, this trend could be noticed in almost all OECD countries. The only exception was Spain. Of note is the traditionally high degree of „unionisation” in the Scandinavian countries. At the other extreme are the United States, France and Eastern European countries.

It is also worth mentioning that the working time limit set during the tariff negotiations should be regarded as a kind of absolute limit since the actual working time is generally noticeably shorter (see Figure 1).

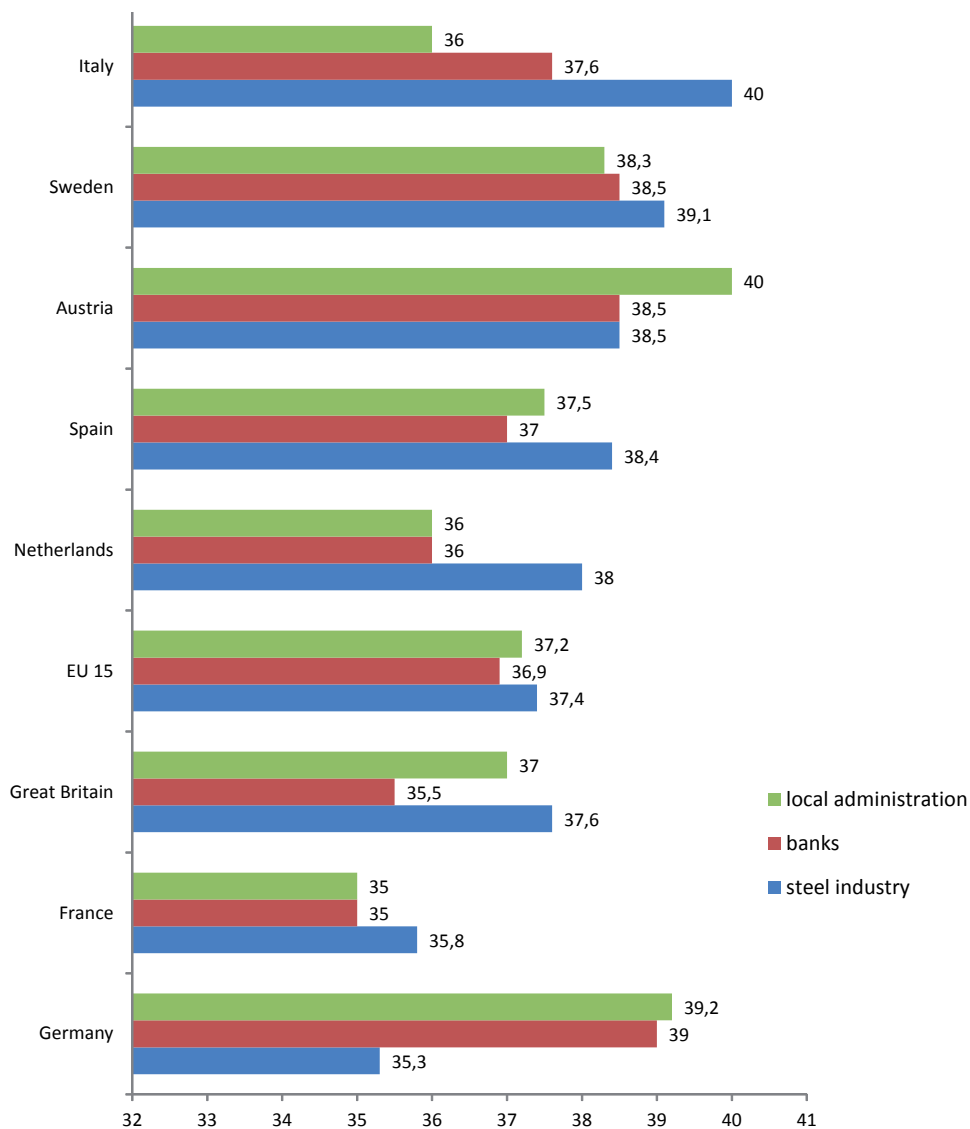
Figure 1
The collectively agreed weekly working time and actual working time in selected EU countries in 2012 (in hours)



Source: Developments in collectively agreed working time 2012, Eiroline, European industrial relations observatory on-line, pp. 3 and 12, www.eurofound.europa.eu

This analysis can not, of course, ignore the differences observed in different sectors of the economy. There is no unambiguous regularity here (Figure 2).

Figure 2
The comparison of weekly working hours as set by collective agreements in selected EU countries in 2012



Source: Developments in collectively agreed working time 2012, Eiroline, European industrial relations observatory on-line, pp.5, 6 and 8, www.eurofound.europa.eu

The negotiated number of working hours in the steel industry, banks and local administration does not show any major differences among EU countries.

3. Overtime

In order to identify the trends in working time, it is not sufficient to limit oneself to analysing the aggravated values. It is necessary to compare the hours of work for women and men and to examine the role of overtime work hours, at least in some OECD countries.

It is also essential to study the relationship between the popularity of this type of employment and the level of education and professional status. As was already mentioned in the introduction, both the first International Labour Organisation Convention of 1919 and a similar document from 1930 (No. 30) limited the hours of work to eight in the day and forty-eight in the week. At the same time, the first of these acts, referring to industrial workers, allowed for the extension of the daily limit by one hour and the second one, regulating office work, by two hours. In both cases, the maximum weekly working time remained in force.

The EU decisions regarding working time are heading in a similar direction. These issues are regulated by the provisions laid down in Directive 93/104 of 23 November 1993 with further modifications introduced by Directive 34/2000 of 22 June 2000 and the following ones of 4 November 2003 (88/2003). Their key principles can be summarised as follows:

- the weekly working time, including overtime, can not exceed 48 hours,
- every worker is entitled to a rest break if the working day is longer than six hours,
- every worker is entitled to a daily rest period after each seven-day period and a paid annual leave of at least four weeks,
- every worker is entitled to a minimum rest period of 11 consecutive hours after 24 hours of work.¹

Since its publication, the European Union directive of 2003 has received a rather cold reception from the labour market participants. A considerable controversy arose over the provision limiting the working week to 48 hours and, which is perhaps even more important, reducing the reference period to one, and only in very exceptional cases, to four months.

Some amendments were introduced as a result of the agreement reached by EU Ministers of Labour and Social Affairs at their meeting in Luxembourg in 2003. While retaining a 48-hour working week, it was decided that two exceptions to the normal scheme of working should be made. The first one consists

¹ See also: R. Winiger, *Preishandbuch flexible Arbeitszeitmodelle*, Zurich 2011, pp. 242-246.

in applying the so-called “Opt-Out” principle, which regards the employee’s consent to an extension of their working time beyond this limit.

However, taking into account a longer period of time, there has been a downward trend in the proportion of people working longer, i.e. more than 48 hours a week, in Europe. In 2000, this index stood at 15% on average in the 27 countries of the European Union and dropped by three percentage points ten years later².

The research conducted by the European Foundation for the Improvement of Living and Working Conditions reveals many negative consequences of longer working hours. On the one hand, they are mainly related to the health aspect but on the other hand, they are linked to private life (see Table 1).

Table 1
Selected aspects of the extended working time in European Union countries

Content	Working less than 48 hrs	Working 48 hrs or more
	%	
Good fit between working hours and social commitments	85	62
Health and safety at risk because of work	22	37
Work affects health negatively	23	37
Working at high speed at east half the time	44	54
Feeling well paid for the job	41	40
Job involves learning new things	68	69
Feeling at home in the organisation you work for	69	74
Able to do job at 60	59	57

Source: Fifth European Working Conditions Survey, European Foundation for the Improvement of Living and Working Conditions, Dublin, 2012, p.37

² Zmiany... p. 4.

According to the provisions of the ILO convention, overtime work involves a specific method of compensation. It usually takes the form of a financial bonus. Yet, country-specific regulations permit different ways of overtime work compensation (see Table 2).

Table 2
Methods of compensation for overtime work in selected European countries

Country	Compensation for overtime work
Austria	50% pay rate or 50% time off in lieu
Belgium	50% pay rate (100% at weekends and public holidays) - may be converted into time off in lieu if provided for by collective agreement
Finland	50% pay rate for the first 2 hours per day, 100% above that. May be converted into time off in lieu by agreement
France	Between 35th and 43rd weekly hour - minimum pay rate of 10% (25% without agreement) or time off in lieu by agreement. From 44th hour - 50% pay rate
Greece	From the 40th to the 43rd weekly hour - 50% pay rate. From 44th hour - 150% pay rate
Ireland	25% pay rate (agreements often lay down higher rates)
Luxembourg	25% pay rate for blue-collar workers, 50% for white-collar workers. May be converted into time off in lieu at 50% for all workers
Norway	40% pay rate and 100% after 21.00
Portugal	50% pay rate for 1st hour, 75% thereafter that, 100% on rest days and holidays. Plus time off in lieu at 25% of the hours worked
Italy	10% rate (in absence of agreement on higher rate)

Source: Überstunden in Euro, www.eurofound.europa.eu/eiro of 21 May, 2014, pp. 3-7

In general, when analysing the situation in the European Union, it can be noticed that a whole range of solutions have been adopted to compensate for overtime work. In one third of companies, a person working overtime receives

additional remuneration for the extra hours they put in and in one quarter overtime work is compensated for with time off in lieu. 37% of the surveyed companies employ a combination of the two systems. It is worth emphasising here that occasionally overtime work is not compensated for in any way. However, this applies to a very small number of companies (only 4%), and the people who are affected by this „inconvenience” are representatives of senior management who are paid very high salaries anyway³.

³ *Working time...*, p. 44.

4. Part-time work

Part-time employment is another sign of departing from the traditional eight-hour working scheme. This is becoming increasingly popular in highly developed countries (see Table 3).

Table 3
Part-time employment as a proportion of total employment in selected OECD countries in the years 1990, 2000 and 2012

Country	1990	2000	2012
Netherlands	28,2	32,1	37,8
Switzerland	22,1	24,4	26,0
Ireland	9,8	18,1	25,0
Great Britain	20,1	23,0	24,9
Australia	22,6	26,2	24,6
New Zealand	19,6	22,2	22,2
FRG	13,4	17,6	22,1
Norway	21,8	20,2	19,8
Denmark	19,2	16,1	19,4
Canada	17,0	18,1	18,8
Belgium	14,2	19,0	18,7
Italy	8,8	12,2	17,8
France	12,2	14,2	13,8
Spain	4,6	7,7	13,8
USA	13,8	12,6	13,4
Finland	7,5	10,4	13,0
Portugal	6,8	9,4	12,2
Poland	-	12,8	8,0

Source: OECD Employment Outlook 2001, p. 224 and OECD Employment Outlook 2013, p. 251

An analysis of the situation on the labour market of highly developed countries indicates that there are very significant differences in the approach to part-time work. In most cases we are dealing with a fixed number of working hours from Monday to Friday. This model prevails in a large number of companies in the European Union. However, other solutions, for example, working twice or three times a week following the regular eight-hour scheme are also possible. There are also situations where a part-time employee works on days which are usually free from work (see Table 4).

Table 4
Organisation of part-time work in selected countries in 2010 (%)

Country	Fixed daily working hours	Other fixe cycles	Flexible working hours on demand	Other forms
Austria	83	36	33	10
Belgium	65	73	29	18
Denmark	81	57	35	15
Finland	45	54	45	36
France	76	52	25	13
Spain	87	20	34	9
Netherlands	67	87	30	14
Ireland	73	69	53	18
Poland	81	32	21	9
Portugal	74	15	26	5
FRG	80	47	47	17
Sweden	72	60	34	18
Hungary	79	29	23	9
Great Britain	76	56	48	16
Italy	88	23	17	3
European Union	78	45	35	13

Source: Working time in the twenty-first century, Geneva 2011, p.47

Part-time work, by its very nature, should be voluntary. However, the practice in highly developed countries shows that people working part-time very often do so because they have failed to find a „normal” job. At the same time, it should be surprising that there are no significant differences in the OECD ranking between women, and men, in terms of being interested in this form of employment. One would expect, part-time work to be more often desirable in the case of the former group. Yet, it turns out that in 2012, 19% of men worked part-time against their will, and the corresponding index for women was only 2 percentage points lower (see Table 5).

Table 5
Incidence of involuntary part-time workers in selected OECD countries in 2000 and 2014 (proportion of part-time workers willing to work on „normal terms” in the total number of part-timers)

Country	women		men	
	2000	2012	2000	2012
Austria	7,9	7,4	19,9	10,4
Belgium	17,4	8,8	16,9	14,1
Denmark	12,2	14,6	8,2	9,8
Finland	41,2	28,7	21,8	18,1
France	20,0	28,8	24,0	27,9
Greece	27,5	41,8	30,0	46,7
Spain	22,2	60,7	22,0	75,0
Netherlands	3,3	6,1	4,9	7,7
Ireland	8,4	25,9	18,6	42,2
Germany	9,3	12,6	15,3	19,9
Norway	5,7	5,5	7,5	6,5
Sweden	24,8	23,2	23,5	22,1
USA	4,1	10,2	5,6	14,0
Great Britain	6,2	12,3	15,6	28,3

Italy	18,0	43,5	16,4	49,7
OECD	12,0	17,1	13,8	19,2

Source: stats.oecd.org of 3 July 2014.

It is also worth noting that the dominant trend in the first twelve years of the new century proved to be towards an increase in the number of people who decided to work part-time, to some extent due to an unfavourable situation on the labour market. What seems remarkable in this respect is the situation we are witnessing in southern European countries. In Spain, more than half of the women and one in three men take this type of job only because they have been unable to find a full-time one. The situation does not seem to be much better in Greece or Italy. In both Spain and Greece, this situation can be explained by a high unemployment rate that was recorded in these countries at the beginning of the second decade of the twenty-first century. While the average unemployment rate stood at 8% in all the OECD countries, it hit 25.1% in Spain and 23.4% in Greece⁴. This means that there was an exceptionally low demand for labour in these countries. On the other hand, the lack of tradition or certain imperfections of legal solutions can be blamed for the unfavorable distribution of figures pertaining to part-time work in Italy. In 2012, the unemployment level in this country was only two percentage points higher than the average in OECD countries. It should also be noted that somehow contrary to the prevailing trend, a decline in the proportion of part-time workers has been reported in some countries. At the same time, it should be stressed that such processes could be observed in the countries which occupied leading positions in this regard at the beginning of the century. What is also important, this applied not only to women but to men as well. An analysis of the German situation shows how significant an impact on the forced part-time work is. In the eastern part of the country, the inability to find „normal” employment is a determining factor influencing the decision to take a part-time job. On the other hand, the respondents in what used to be West Germany point to the commitments to a family member as a decisive factor. It is worth emphasising here that the German law of 2001 grants part-time employees the right to return to the previously held position⁵.

⁴ OECD Employment Outlook 2013, Paris, p. 238.

⁵ H. Schäfer, J. Schmidt, O. Stettes, *Moderne Arbeitsmarktverfassung, Positionen, Beiträge zur Ordnungspolitik* aus dem Institut der deutschen Wirtschaft Köln, no. 66, p.22.

5. Short-time work

Another factor in the decrease of annual working time per employee is the implementation, to various extents, of so-called short-time work. This instrument has been known in Europe for decades (Fr. *chomage partiel*, Ger. *Kurzarbeit*, It. *cassa integrazione guadagni*). This type of employment was used for the first time in Germany in the years 1909-1911⁶.

Its key concept is the temporary reduction of the working hours for some staff members. In many countries, this instrument has been used with varying degrees of intensity, especially at times of economic downturn or temporary sales difficulties. The working time of a certain group of employees is reduced so as to avoid lay-offs. Regulations introduced by individual countries vary considerably. Fifteen of the 24 surveyed OECD countries have adopted a minimum hours reduction limit ranging from 7% in Korea, 10% in Austria, Germany and Switzerland, 20% in the Netherlands, Canada and the USA, and up to 40% in Denmark, Ireland and Norway. There is also quite a large group of countries where there are no limits in this respect. On the other hand, the vast majority of the OECD countries do not specify a maximum reduction of the upper working time limit. This implies that sometimes the right to being considered a short-time worker is granted to people who remain employees of a particular company without actually doing any work. Very large disproportions can be observed among countries that have decided to introduce maximum hours reduction limits. While such a reduction can reach up to 90% in Austria, 60% in Canada, 50% in the Netherlands, it was set at a very low level of 12.5% in New Zealand. There is no need for any further in-depth analyses to conclude

⁶ The first regulation of this type was adopted in the context of wage subsidies, which had to be introduced due to amendments to the act on tobacco taxation. The act on support for the unemployed, adopted in 1924, introduced benefits for shortened work, which with some amendments are still valid today. Other countries introduced similar regulations much later, for example, Italy in 1954, Norway in 1957 or Austria in 1968. The implementation of a short-time work scheme in other countries was most often triggered by the deterioration of the labour market situation that occurred as a consequence of the so-called first oil crisis and subsequent recessions in the following years. The Netherlands and New Zealand were the last among the "old" OECD member states to introduce work sharing. They did so in 2008 and 2009, respectively. This must be particularly surprising in the case of the Netherlands, which has been known for years for its labour market flexibility and where part-time work has been particularly popular. (see also: T. Boeri, H. Bruecker, *Short-time work benefits revisited: Some lessons from the Great Recession*, „Economic Policy” 2011/October. p. 762 and K. W. Brautzsch, *Wichtige Stütze des Arbeitsmarktes in der Krise, aber keine Dauerlösung*. „Wirtschaft im Wandel” 2010/8, p. 376).

that the effectiveness of short-time work schemes with regard to the reduction of the unemployment rate is quite limited⁷.

Table 6

The increase in the popularity of short-time work in the years 2008-2009

Country	Increase in the number of short-time workers (in percentages)	Percentage of short-time workers in the total number of employees
Germany	760	1,76
Czech Republic	743	1,45
France	296	0,69
Slovenia	285	1,12
Ireland	189	1,28
Great Britain	188	0,38
Belgium	170	1,08
Greece	162	0,37
Hungary	166	0,38
Finland	153	1,44
Poland	107	0,49
European Union	206	1,06

Source: I. Mandl, M. Mascherini, Potenziale der Kurzarbeit, WSI Mitteilungen 7/2011, p. 363.

The unworked hours must be compensated for with a wage-replacement subsidy, which is usually proportional to the amount of the unemployment benefit in the first period of its duration. The longer such a specific employment contract, the lower its amount. When examining the situation within the OECD, it can be seen that there are two countries, i.e. Hungary and Korea, where people employed as short-time workers receive full remuneration as if they continued to work their regular hours. In Italy, for example, the compensation for unworked hours varies between 60% and 80% of the base salary,

⁷ A. Hijzen, D. Vann, *The Role of Short-Time Work Schemes during the 2008-09 Recession*, "OECD Social. Employment and Migration Working Papers" 2011 no. 115. p. 8.

depending on the form of work sharing⁸. In contrast, in Germany, a country with a long tradition of using this instrument of the labour market policy, the amount of the benefit depends on the family situation of the person concerned. If someone has no dependants to care for, they can count on compensation of 60% of their base salary for the hours not worked. If, however, there are other people in the household, the benefit reaches 67%.

This system has some significant advantages both for the employers and the employees. The implementation of this scheme aims at retaining experienced workers during a period when they can be offered no full-time work. This way companies can avoid problems related to the need for increasing employment during economic recovery. Also noteworthy is the lack of costs which are usually associated with the training of new entrants. Work sharing also has many advantages for the employees who are forced to temporarily reduce their working time. First of all, their salary is much higher than the one they would be paid if they had been made redundant. Besides, in the long run it often allows them to retain the status of being in employment. Loss of employment – as can be demonstrated by the experience of highly developed countries – may bring about a certain devaluation of the education and skills acquired and lessen the chances of being employed again.

The serious economic recession we experienced in the years 2008-2009 made 25 out of 33 OECD member states use this instrument of reducing unemployment. This led to a significant increase in its popularity (see Table 6). Some countries implemented work sharing for the first time, while others, such as Poland for example, adopted new legal regulations. Countries where work sharing has been a well-trying instrument of the labour market policy for many years include Austria, Belgium, Germany and Italy. In the United States, it is used to a relatively limited extent. However, the magnitude of the recent crisis meant that even there it began to grow in importance. The low popularity of this instrument in the United States stems from the good economic climate over many years and the reluctance towards any intervention in the labour market on the one hand, and a set of institutional regulations on the other. American legislation provides, among other things, that an employee becomes eligible for an unemployment benefit only in the case of job loss. Thus, many American researchers suggest that the existing system is conducive to layoffs instead of encouraging companies to adopt a work sharing scheme.

⁸ F. R. Arico, U. Stein, *Was Short-Time Work a Miracle Cure During the Great Recession? The Case of Germany and Italy*, „Comparative Economic Studies” 2012, vol. 54/2, p. 287.

It should also be noted that there are quite significant differences in the way work sharing is implemented. For instance, German legislation provides for some important incentives aimed at encouraging (but not forcing) companies to take advantage of this instrument. A similar method has also proved successful in Korea. However, the situation in the United States looks a bit different. Only 17 states declare their willingness to cooperate with the companies that intend to take advantage of the opportunity to reduce working time in the case of a market downturn. In Japan, on the other hand, this process, in accordance with state regulations, was implemented as part of tripartite agreements. They were concluded in March 2009 and apart from the Prime Minister, their signatories were: the Japan Business Federation, the Japan Chamber of Commerce and Industry, the National Federation of Small Business Associations and the Japanese Trade Union Confederation⁹.

The increase in the popularity of short-time work went hand in hand with the introduction of various tools facilitating the implementation of such a labour market policy instrument. The legislators in various countries have done a lot in recent years to make work sharing appealing to both the employer and the employee.

Thus, studies carried out among the OECD member states have revealed that at least one modification of the existing rules pertaining to short-time work scheme has been made in 15 of them. Its maximum permissible duration has been extended in as many as eight countries whereas six countries have decided to subsidise costs incurred by the employer with regard to continuing employment on these special terms. The vast majority of countries have introduced a far-reaching simplification of the procedure assisting the implementation of the short-time work scheme. This has been particularly noticeable in those countries where this instrument was previously not very popular, such as France. The prolonged recession meant that all firms, regardless of their size or sector, could benefit from implementing the short-time work arrangements. Still, however, firms wishing to take advantage of them must apply for an authorisation with the French administration at the department level. Applications for short-time work arrangements were deemed justifiable only if they had been made for the following reasons:

- downturns in the economic cycle,
- difficulties in the acquisition of raw materials or energy,
- transformation,

⁹ L. Messenger, *Work sharing: A strategy to preserve jobs during the global crisis*, „Travail Policy Brief“ 2009/3, p. 3.

- restructuring or modernization of the firm,
- disasters; exceptional bad weather.

The facilitations do not apply only to employers. It should be stressed that all employees are now eligible for short-time work arrangements, irrespective of their level of seniority or contract type. This implies that the beneficiaries of such a solution can be employees with one of the following contracts: open-ended contract, fixed-term contract, full-time work or part-time work¹⁰.

In all countries where the short-time work scheme played an important role during the crisis of the first decade of the new millennium, it was mainly used by the manufacturing industry (see Table 7). For instance, in France, over the 2007-2010 period, as many as 84% of the hours covered by this scheme were in the manufacturing sector (see Table 8), despite the fact that this sector represented only 14% of the total number of employee hours worked in the French economy. Over 35 000 firms benefitted from short-time work arrangements between 2007 and 2010¹¹.

Table 7
Take-up rates of work sharing programmes in selected countries in 2007 and 2009

Country	All employees		Manufacturing	
	2007	2009	2007	2009
Austria	0,00	0,65	0,00	3,41
Belgium	3,22	5,60	6,44	16,99
Finland	0,36	1,67	(.)	2,69
France	0,34	0,83	(.)	3,61
Netherlands	(.)	0,75	(.)	5,01
Germany	0,08	3,17	0,17	12,06
Italy	0,64	3,29	1,75	9,95

Source: K. G. Abaraham, S. Houseman, *Short-Time Compensation as a Tool to Mitigate Job Loss? Evidence on the U.S. Experience during the Recent Recession*, Upjohn Institute Working Paper 2012/ No 12-181, p. 25.

¹⁰ O. Calavrezo, F. Lodin., *Short-Time Working Arrangements in France during the Crisis: An Empirical Analysis of Firms and Employees*, „Comparative Economic Studies” 2012/54, p. 301.

¹¹ *Ibidem* pp. 307 and 310.

It was no different in Germany. It is worth emphasising that while, in the period preceding the crisis, a relatively large proportion of beneficiaries of the system in question were employed in the construction industry, the dominance of the manufacturing industry in the subsequent years was unquestionable. Already in mid-2009, the share of this sector amounted to 80%¹².

Table 8

The scope of short-time work in France by sector and firm size in the years 1995-2010

Content	2007-2010	2007-2010	1995-2005
Sector	Short-time work compensated hours	Short-time work authorised days	Working days
Agriculture	0,5	0,3	1,2
Manufacturing:	83,9	83,2	76,8
textile, clothing, leather industry	3,7	4,1	20,3
machinery and equipment industry	11,8	11,1	10,9
metalworking industry	7,0	7,7	8,9
automotive sector	26,6	19,3	10,3
Construction	2,4	3,5	10,0
Services	13,1	12,9	12,0
Total	100,0	100,0	100,0
Establishment size			
fewer than 20 employees	13,6	12,8	18,8
20 – 49 employees	11,2	15,0	18,1
50 – 499 employees	39,8	46,5	45,5
at least 500 employees	35,5	25,7	17,6

Source: O. Calavrezo, F. Lodin, *Short-Time Working Arrangements in France during the Crisis: An Empirical Analysis of Firms and Employees*, „Comparative Economic Studies” 2012/54, p.308

¹² K. Brenke, U. Rinne, K. Zimmermann, *Kurzarbeit. Nützlich in der Krise, aber nun den Ausstieg einleiten*, „DIW Wochenbericht“ 2010/16, p. 7.

Despite many problems already discussed and associated with the implementation of the short-time work scheme, it is safe to say that it was successful at the time of the last crisis that engulfed almost all highly developed countries. Although it is impossible to quantify the impact of this instrument on the reduction of unemployment, the available analyses indicate that it was quite substantial. It contributed to a drop in unemployment rate primarily in those countries where the tool has been known for many decades. Owing to the implementation of the short-time work scheme, the number of unemployed in Japan dropped by 400,000 and in Germany by 200,000¹³.

¹³ See also: A. Deeke, *Kurzarbeit – ein bislang erfolgreiches Instrument zur Abfederung der Krisenfolgen*, „ifo Schnelldienst“ 2009/17, pp. 10-11; M. Dietz, M. Stops, U. Walwei, *Safeguarding Jobs through Labor Hoarding in Germany*, „Applied Economics Quarterly Supplement“ 2010, Issue 61, pp.126-129 and W. Eichhorst, M. Feil, P. Marx, *Crisis, What Crisis? Patterns of Adaptation in European Labor Markets*, „IZA Discussion Papers Series“ 2010/5045, pp. 30-34.

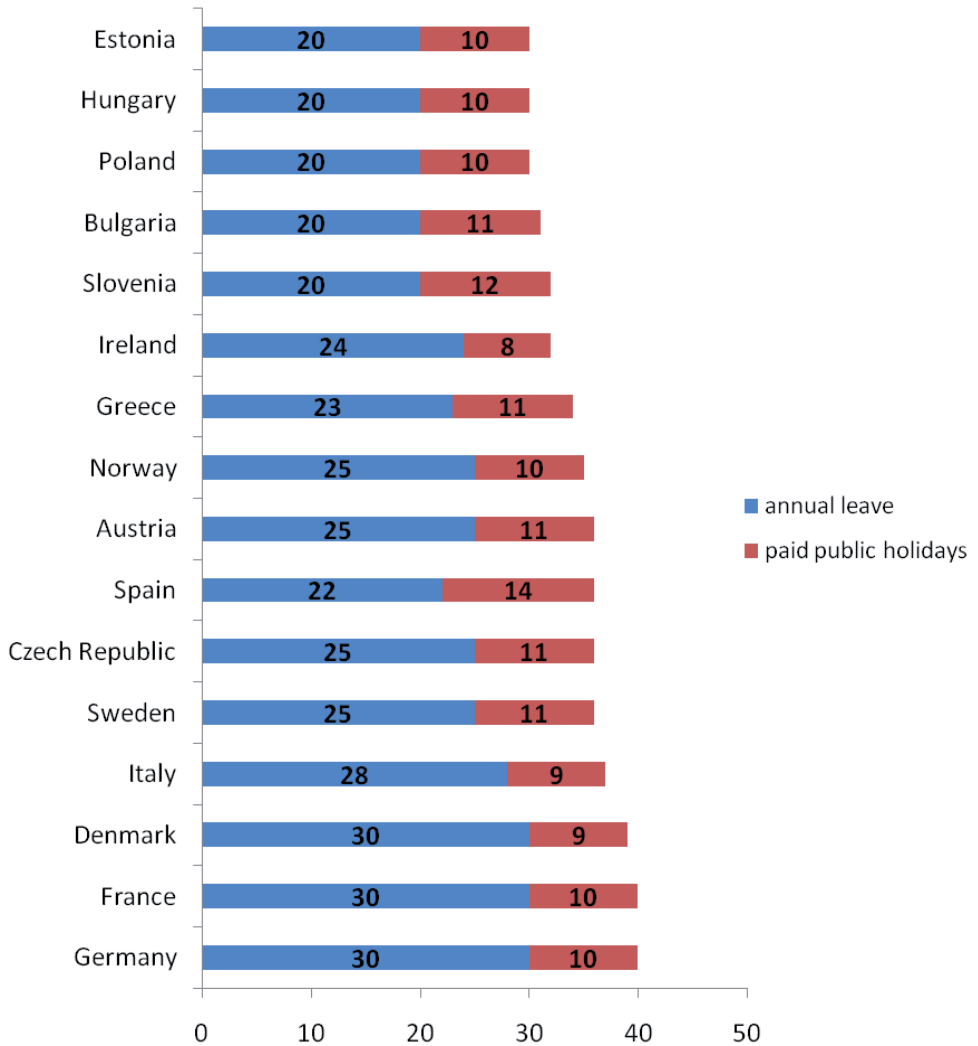
6. Annual leave

Work-free days, i.e. paid annual leave and statutory public holidays, are the factors that should be taken into consideration while analysing working time. These issues are regulated by the ILO Convention 132 of 1970, which became effective on 30 June 1973. Its Article 2 states that it applies to all employed persons. The convention stipulates that every employee shall be entitled to an annual paid holiday which shall not be shorter than three working weeks for one year of service. It is prohibited to relinquish the right to the minimum annual holiday for financial compensation or otherwise. The length of the work period qualifying for an annual holiday with pay shall be determined by the competent authority in the country concerned but it should not, however, exceed six months. Another article worth considering is Article 6, which states that public or customary holidays shall not be counted as part of the minimum annual holiday with pay. By the end of 2012, the Convention in question had been ratified by 36 member states of the International Labour Organisation, of which 14 are also members of the OECD.

An analysis of the situation in particular countries with respect to an annual paid holiday points to significant differences between the Old Continent on the one hand and the major non-European countries on the other. In the latter, the differences are quite negligible (see Figure 3). The residents of the new member states are entitled to the shortest annual holiday whereas, which may be astonishing, workers in Germany can enjoy the longest holidays. The Swiss can take holiday that lasts no more than 20 days. The United Kingdom has adopted quite an unusual solution in this respect as employers are allowed to combine the eight UK bank holidays with the statutory holiday entitlement. All workers are entitled to 20 days' paid holiday per year. This number is supplemented by 8 to 10 days which are statutory or customary holidays. As a result, a worker employed in England can take as many as 28 days off a year, a Scot 29, and a resident of Northern Ireland 30.

Residents of highly developed OECD countries, except Australia and New Zealand, can envy the Europeans their relatively long annual holiday as, for instance, in the United States, there are no federal regulations whatsoever specifying the minimum length of annual leave. This issue has been left to the employer and the employee to settle in a form of a bilateral agreement. In practice, it means that rarely is the paid leave longer than two weeks. Likewise, the Japanese and Canadians are entitled to only a short leave.

Figure 3
**Paid annual leave (in days) and statutory public holidays
 in selected EU countries in 2013**



Source: Developments in collectively agreed working time 2013, eiroline.europe an industrial relations observatory on-line, p. 19, www.eurofound.europa.eu.

The majority of countries have adopted the regulations laid down in Convention 132 stating, among other things, that an annual leave can not be replaced by an allowance in lieu. However, it has been a common practice that a compensation for the untaken leave must be paid upon termination of employment. This is the rule followed not only by France or Germany but even the United States. In Great Britain, the worker is entitled to a legal claim in this case. Generally, the highly developed countries allow, although most often under certain conditions, the untaken annual leave to be carried over to next year. This is a standard practice in, for example, France, Germany or Great Britain. Such a possibility has also been provided for in the regulations of the vast majority of the US states. Yet, the most „worker-friendly” approach in this respect can be observed in Switzerland. The days off that the workers are entitled to can be taken over a period of five years. In France, the employees are required to do so by the end of the following year, providing that four weeks have been taken in the main year. Thus, only a week can be carried over to next year.

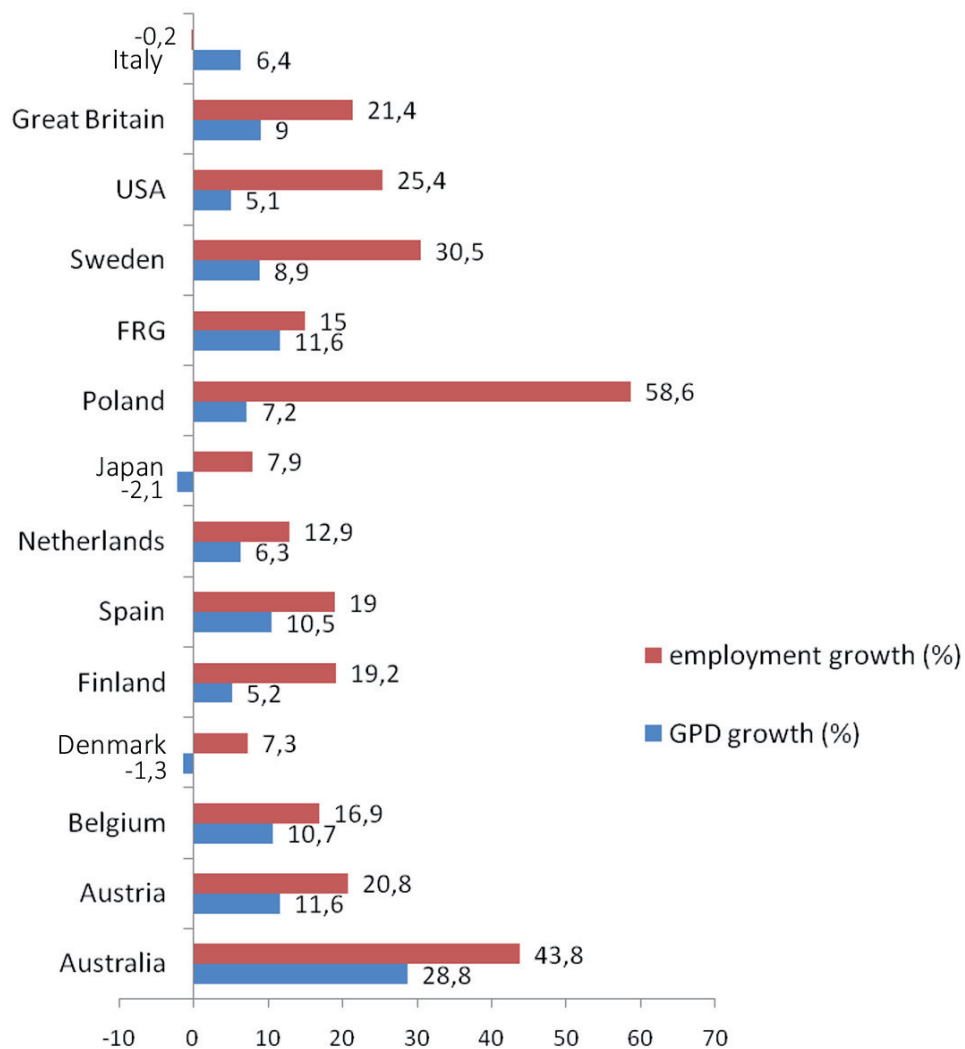
7. Shortening of working time and production volume

The ongoing and multifaceted process of shortening the working hours does not seem to have led to a decline in production. An analysis that was carried out in 13 OECD countries in the years 2000-2013 indicates that Italy was the only country where production volume slightly dropped. The vast majority of countries saw a two-digit increase in production volume at that time. It was particularly noticeable over the long term and ranged between 13% up to even 121% in the years 1994-2013 (see Figure 5)¹⁴.

A high growth in the gross domestic product, which clearly surpassed employment growth, was the result of a rapid and significant increase in labour productivity. Although at the beginning of the twenty-first century, the increase in production per hour of work is significantly lower than at the end of the previous century, it does show positive values in most OECD countries (see Table 9). In the years 2000-2013, its growth was noticeable throughout the group, except Belgium and Italy (see Table 10).

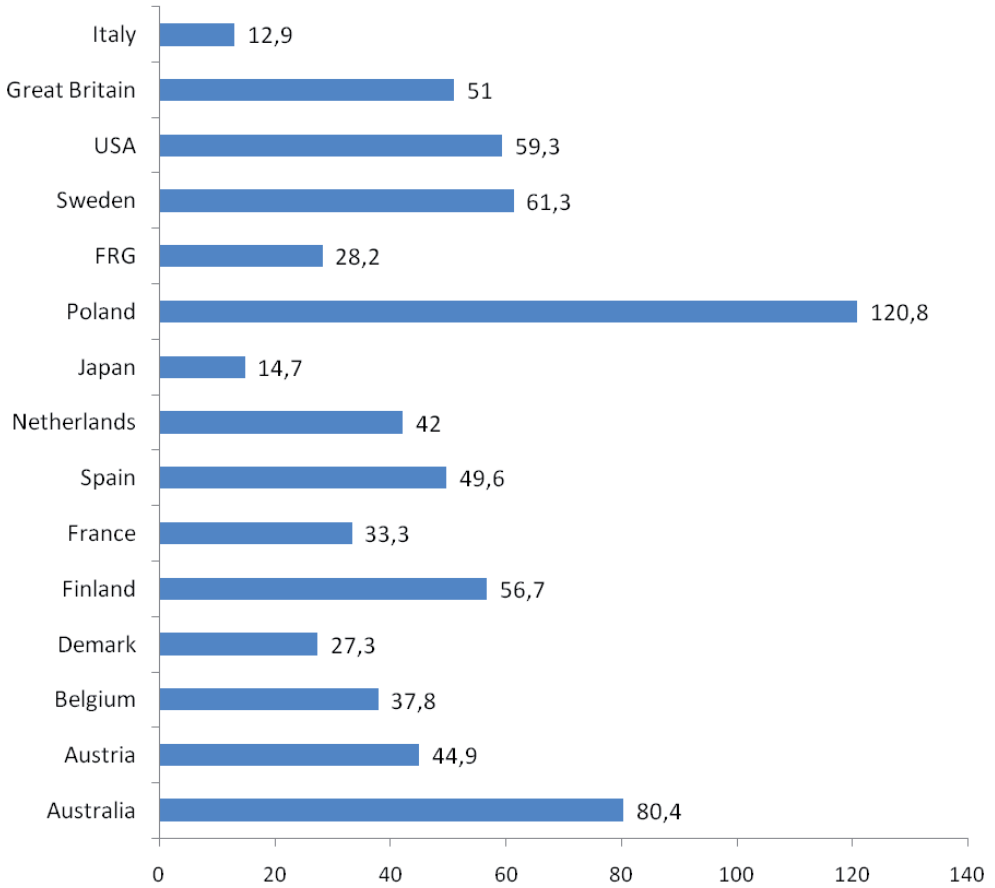
¹⁴ Due to the lack of reliable comparable statistical data while comparing the growth in the gross domestic product and employment size, Figure 4 shows the situation in only 14 countries.

Figure 4
**GPD growth and employment growth in selected OECD countries
 in the years 2000-2013 (in percentages)**



Source: Own calculations based on stats.oecd.org.

Figure 5
GDP growth in selected OECD countries in the years 1994-2013 (in percentages)



Source: Own calculations based on stats.oecd.org.

Table 9
GPD per hour worked (constant prices) in selected OECD countries in the years 1980-2013 (average annual growth in percentages)

Country	Years			
	1980/1990	1990/2000	2001/2007	2007/2013
Australia	1,3	2,2	1,0	1,5
Austria	1,6	2,8	2,0	- 0,7
Belgium	2,1	1,9	1,4	- 0,1
Denmark	2,6	2,0	1,4	0,2
Finland	3,0	3,0	2,5	- 0,4
France	2,9	2,0	1,5	0,2
Spain	2,8	1,1	0,7	2,0
Japan	4,1	2,1	1,6	0,8
Poland	.	.	3,4	3,1
FRG	2,3	2,2	1,6	0,3
Sweden	1,2	2,4	2,9	0,5
USA	1,6	1,8	2,0	1,4
Great Britain	2,0	3,2	2,5	- 0,6
Italy	1,8	1,5	0,2	- 0,2

Source: stats.oecd.org.

Table 10
Purchasing Power Parities for GDP per hour worked (constant prices) in selected OECD countries in 1990-2013 (in US dollars)

Country	Years			Growth in the years	
	1990	2000	2013	1990-2000	2000-2013
				in percentages	
Australia	31,1	38,4	46,4	23,5	20,8
Austria	28,8	37,8	44,8	31,3	18,5
Belgium	39,1	47,4	51,0	21,2	7,6
Denmark	34,3	41,7	45,9	21,6	10,1
Finland	26,3	35,2	40,7	33,8	15,6
France	36,2	44,1	49,3	21,8	11,8
Spain	32,0	35,7	42,0	11,6	17,6
Japan	24,9	30,6	36,0	22,9	17,6
Poland	.	15,0	22,7	.	51,3
FRG	34,8	43,0	49,3	32,2	14,7
Sweden	29,0	36,6	44,9	26,2	22,7
USA	38,2	45,8	57,5	19,9	25,6
Great Britain	27,2	37,1	42,1	36,4	13,5
Italy	31,9	37,0	37,2	16,0	0,5
OECD	.	33,6	39,9	.	18,8

Source: Own calculations based on stats.oecd.org.

An increase in production per employee or per unit of work time is accompanied by a constant increase in personnel costs. Although growth rate has been declining in recent years (see Table 11), this does not alter the trend towards „prudent” involvement of the human factor observed among employers. This is hardly surprising if we consider that only in the years 2007-2012 the cost of

a man-hour clearly increased in almost all highly developed countries, the only exceptions being Greece and Great Britain. Over those five years, the growth rate reached 15% in the USA, 17% in Belgium, 42% in Switzerland, 44% in Norway and as much as 61% in Japan (see Table 12).

Table 11

Increase in personnel costs in selected OECD countries

Average annual growth in personnel costs per hour worked in processing industry in the years 1991-2012 (in percentages)

Country	YEARS			
Japan	1,2	2,1	0,6	0,4
Switzerland	1,6	1,8	1,8	1,2
Canada	2,4	2,2	3,2	2,0
USA	2,8	2,8	4,1	1,9
FRG	3,0	3,9	2,0	2,4
France	3,1	2,6	3,8	3,2
Netherlands	3,2	3,2	3,8	2,6
Austria	3,2	3,8	2,3	3,0
Italy	3,2	2,8	3,7	3,7
Denmark	3,3	3,4	3,6	2,9
Sweden	3,8	4,2	3,7	3,5
Finland	3,9	3,8	4,5	3,6
Great Britain	4,2	5,0	4,7	2,8
Spain	4,3	4,8	4,5	3,3
Norway	4,9	4,1	5,6	5,4
Greece	5,7	9,7	6,4	0,2

Source: Ch. Schröder, *Industrielle Arbeitskosten im internationalen Vergleich*, IW-Trends 3/2013, p. 91.

Tabela 12

Personnel costs in selected OECD countries in the years 2007-2012
(One man-hour cost in processing industry in euro)

Country	2012			2007	Change in 2007-2012 in percent- ages
	Man-hour cost	Pay	Associated costs	Man-hour cost	
Norway	57,85	37,2	20,64	40,19	44
Switzerland	46,55	29,72	16,83	32,70	42
Sweden	43,99	24,21	19,78	34,53	27
Belgium	41,91	21,01	20,90	35,84	17
FRG (western part)	38,88	22,12	16,76	34,39	13
Denmark	38,13	28,17	9,96	32,81	16
France	36,77	18,61	18,16	32,26	14
Netherlands	33,69	18,67	15,02	31,34	7
Japan	29,56	16,40	13,16	18,39	61
Italy	27,48	15,46	12,02	24,26	13
USA	25,87	17,16	8,70	22,57	15
Great Britain	25,14	17,97	7,17	27,19	-8
Spain	22,41	12,11	10,30	19,57	15
Greece	14,61	8,57	6,03	15,75	-7
Poland	6,65	4,54	2,11	5,90	13

Source: Ch. Schröder, *Industrielle Arbeitskosten im internationalen Vergleich*, IW-Trends 3/2013, p. 88 and ibidem, *Industrielle Arbeitskosten im internationalen Vergleich*, IW-Trends 3/2018. p. 79.

Therefore, it is no wonder that employers striving to reduce production costs will make efforts to increase labour productivity per work unit. Bearing in mind growing personnel costs presented above, employers will endeavour to increase the use of the human factor rather than reduce working time. This means that in a sense, which may seem quite paradoxical, companies are also striving to reduce working time. The difference is, however, essential, because unlike wage earners, employers try to minimise „nonproductive” working time.

The processes outlined in this study run contribute to continuous shortening of working time in the long. The synthetic measure of these changes is the decrease in the average annual working time (see Table 13). It is the quotient of the total hours worked per year and the average number of people in employment¹⁵.

Table 13

Average annual hours worked in selected OECD countries in the years 1983-2012

Country	YEARS					Change in the years 1983-2012
	1983	1990	2000	2010	2012	in percentages
Netherlands	1524	1451	1435	1381	1381	- 9,4
FRG	1685	.	1523	1478	1475*	- 12,5
Norway	1553	1503	1455	1414	1420	- 8,6
France	1685	1644	1523	1478	1479	- 12,2
Denmark	1638	1539	1581	1560	1546	- 5,6
Belgium	1670	1658	1545	1551	1574	- 5,7
Sweden	1532	1561	1642	1643	1621	5,8
Great Britain	1711	1765	1700	1652	1654	- 3,3
Finland	1823	1769	1751	1684	1672	- 8,3
Spain	1825	1741	1731	1674	1686	- 7,6
Canada	1779	1786	1777	1702	1710	- 3,9
Australia	1785	1778	1776	1687	1728	- 3,2
Japan	2095	2031	1821	1733	1745	- 16,7
USA	1828	1831	1836	1778	1790	- 2,1
Turkey	1935	1886	1937	1877	1855	- 4,1
Greece	2208	2105	2130	2017	2034	- 7,9
Korea	2911	2677	2512	2193	2090*	- 28,2

*2011

Source: OECD Employment Outlook 2012, Paris 2012 p. 242; OECD Employment Outlook 2013, Paris 2013, p. 256 and own calculations.

¹⁵ More on the topic: M. Bornwasser, G. Zülch, Arbeitszeit – Zeitarbeit. Flexibilisierung der Arbeit als Antwort auf die Globalisierung, Wiesbaden 2013, pp. 187-202.

The reduction of working time could be observed in almost all highly developed countries over the past decades. This process was really fast in Asian countries. In the years 1983-2012, a reverse trend was recorded only in Sweden. It should be emphasised that since the beginning of the 1990s, the process of reducing the number of working hours has been continuing in this country. Moreover, it is worth noting that it is difficult to identify the predominant trend in the period 2010-2012. An increase in the average annual worked hours occurred in the majority (10) of the countries discussed whereas a change in a reverse direction has been recorded only in six countries.

8. Conclusions

Summing up the analysis presented above, it should be noted that the multifaceted process of shortening the working hours in highly developed countries is of a structural nature. Naturally, the pace of such changes can not and is not identical because, in addition to the regularities observed in all countries, we also have to deal with specific factors that most often result from different historical developments or traditions regarding legal regulations. Also, cultural factors are not without significance.

With the benefit of hindsight, it may be easily noticed that the most spectacular way of limiting working time was to shorten the working week. The efforts made in this matter by workers' organizations and supported by Catholic social teaching resulted in the adoption of relevant conventions by the International Labour Organisation. At the beginning of the 21st century, the standard solution adopted not only by OECD countries has been an eight-hour working day with the upper limit of 48 hours a week. However, the last decades marked by the rapid technical progress on the one hand and the determination of the trade union organisations on the other, mean that the upper limit of working time usually does not exceed 40 hours per week. It so happens despite a significant drop in the number of trade unions which can be observed almost in all highly developed countries at the same time. It should also be noted that the working time limit agreed upon during the tariff talks is a kind of limit that can not be exceeded. In fact, a real working week is often clearly shorter.

Regardless of a fairly common trend to shorten the working week, we can also see increasing efforts to extend working time. After analysing the situation in terms of overtime work in OECD countries one can distinguish two ways in which this issue has been dealt with. In addition to countries where decisions in this respect remain the prerogative of the government and its specialised agencies, there are also those in which decisions are left to the partners of tariff agreements, who most often are employer associations on the one hand and representatives of the trade unions on the other. Overtime work is the domain of men but not necessarily, as one might suppose, blue-collar workers. In the United Kingdom, overtime has been particularly popular with its top-paid employees in the specialised services sector. Generally, however, the number of people in Europe working longer than 48 hours a week has been decreasing. As many as 65% of such employees expressed a desire to shorten the weekly working time. Another regularity observed in all labour markets of highly

developed countries has been an increase in the percentage of people working on weekends. This specific extension of working time applies mainly to self-employed people. Every second person in this group works on Saturdays and every fourth one also on Sundays. In the case of the wage earners, every fourth and every eighth, respectively. The degree of weekend work popularity varies depending on the sector. While in the case of agriculture, and very often in the case of industry, it is technologically conditioned, the increase in the popularity of weekend work in the services sector is largely the result of extending the free time in the economies of highly developed countries.

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