European Foundation for the Improvement of Living and Working Conditions

Working time in the EU and other global economie – Industrial relations in the EU and other global economies 2006-2007

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Part 1: Overview of industrial relations in the EU and other global economies

Part 2: A global comparison of working time

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Globalisation is having a profound impact on economies and industrial relations systems all around the world. In the context of global competition, it is increasingly relevant to look at Europe's economic development in a wider perspective. This report explores the main industrial relations developments in the European Union, Japan and the US in the period 2006-2007. It charts the similarities and trends in industrial relations as well as the differences in basic structures and developments between these three major economies. At the same time, it allows for a degree of benchmarking of the EU against its main trading competitors. The second part of the review presents an overview of working time regulation and management in the EU, Japan and the US. It reviews the most recent trends in working time, including standard weekly working hours, overtime and long working hours, flexible work schedules, shift work and weekend work. It also looks at provisions for maternity and parental leave. While the report mainly covers the EU Member States, Japan and the US, it also includes references to emerging economies such as Brazil and China.

Part 1: Overview of industrial relations in the EU and other global economies

Introduction

The European social policy agenda plays a key role in promoting the social dimension of economic growth (European Commission, 2005): it supports the harmonious operation of the single market, while ensuring respect for fundamental rights and common values. The European Commission proposes measures that will engender a new dynamic for industrial relations, attributing a key role to social dialogue.

Against this background, the report begins by comparing some of the key aspects of industrial relations systems and recent developments in the EU, Japan and the US, along with the two emerging economies of Brazil and China. It then goes on to examine how the various systems deal with the important issue of working time.

Economic and employment context

In an increasingly heterogeneous world, policymakers are facing enormous financial challenges and are being forced to take into account cross-border interactions, which have become more frequent than ever.

For the second year in a row, the EU managed to reach an economic growth rate of almost 3% in 2007 (Table 1). However, growth rates continue to vary across the individual EU Member States. This is attributed to the ongoing catching-up process underway in the newest Member States. Nonetheless, significant differences still persist among the eurozone countries. Globally, economic growth reached 4.9% in 2007, although it slowed down markedly in the final quarter of that year (International Monetary Fund, 2008).

Despite some stagnation in export growth, emerging markets and developing economies have continued to expand strongly thus far – led by China, whose gross domestic product (GDP) growth rate reached 11.4% in 2007 (data taken from the Global Edge website, Michigan State University) – along with India. In particular, these economies have benefited from the strong momentum of domestic demand and the more disciplined macroeconomic policy frameworks, while commodity exporters have profited from high food, minerals and energy prices.

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Meanwhile, Brazil experienced an increase in its annual GDP growth, from 3.8% in 2006 to 5.4% in 2007.

Table 1: Economic growth in EU, Japan, US, China and Brazil, 2006 and 2007 (%)

Region	Year	Growth rate
EU	2006	3.1
	2007	2.9
Japan	2006	2.4
	2007	1.9
US	2006	2.9
	2007	2.2
China	2006	11.1
	2007	11.4
Brazil	2006	3.8
	2007	5.4

Source: Source: Eurostat for the EU; IMF for other countries (April 2007)

The economic context for all three major economies – the EU, Japan and the US – was very favourable since 2005; however, since the last quarter of 2007, the annual growth rate has slowed down to 1.9% in Japan and 2.2% in the US.

Headline inflation has increased around the world due to increased food and energy prices. It remained constant in the EU, at an average of 2.3% and at 2.1% in the eurozone countries (Eurostat). In Japan, despite four years of robust economic growth, the economy continues to experience deflation. In the US, meanwhile, the weakening economy has led to a drop in inflation to below 2%.

Economic outlook

While the global economic outlook remained positive up until the end of 2007, it has become less favourable in 2008 due to the turbulence in financial markets caused by the US sub-prime mortgage crisis and the slowdown in its economy. The Eurozone saw its first ever negative growth in the second quarter of 2008. As a result, it is expected that global GDP growth will slow down. Moreover, the recent financial malaise that has affected many economies – at a faster pace than ever due to globalisation and technological development – is predicted to worsen in 2008.

Thus, in the face of the recent financial crisis, the economic outlook for 2008 in terms of global growth is not promising. More specifically, global growth is projected to slow down to 3.7% in 2008 and not to increase in 2009. While the US will feel the adverse effects in its housing market and financial sectors, Europe's economic activity could decline to 2% in the EU and to 1.8% in the eurozone, according to Eurostat. However, emerging and developing countries such as Brazil, China and India will remain robust in terms of growth. Although slow growth might be seen in Japan, its exports will remain supported by strong regional (Asian) demand.

Employment and unemployment

Turning to the labour market, employment growth increased to 1.5% in the eurozone, while it remained the same at 1.5% in the EU as a whole. The European Commission equated this to 3.6 million jobs, some 2.3 million of which are in the eurozone. Employment growth seems to be balanced across the EU, with the exception of Hungary. Nevertheless, a deceleration in employment growth is expected in both the eurozone and the 27 EU Member States (EU27) as a whole as the business cycle matures. According to statistics for the early autumn of 2007, unemployment fell to its lowest level in more than 15 years in the EU, at 7.1% of the workforce (Table 2). Moreover, it is expected to decline further, albeit at a slower pace. Economists argue that the cyclical upswing has led to improved results in the labour market. In particular, a decrease in structural unemployment is thought to have contributed to lower unemployment figures overall (European Economy – Economic forecast autumn 2007).

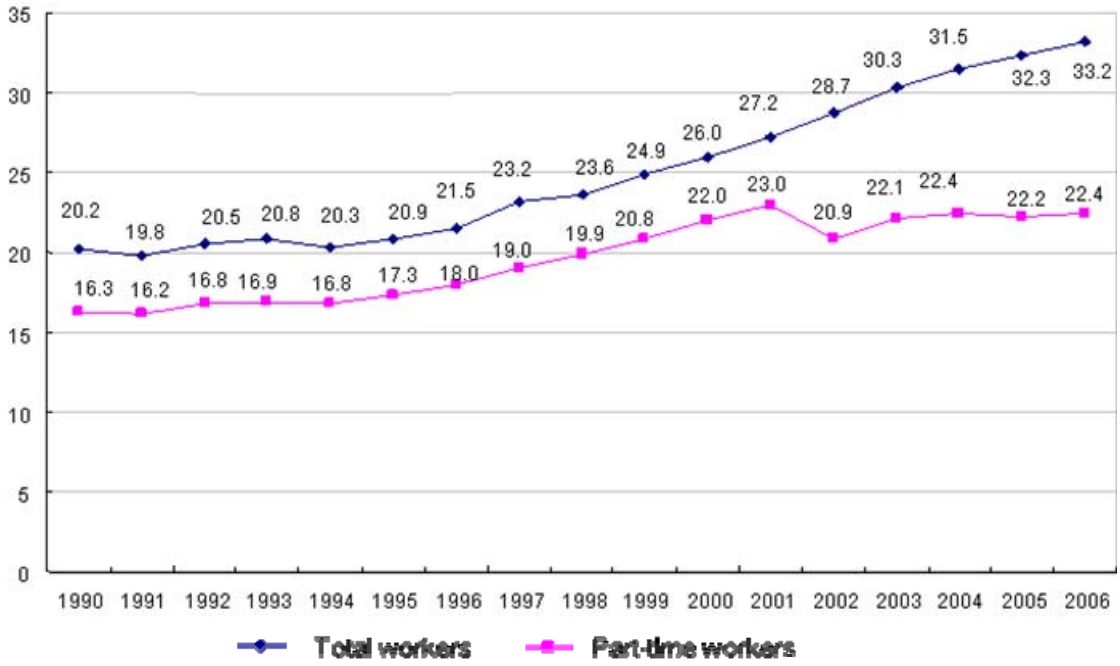
Table 2: Average unemployment rate, EU27, eurozone, US and Japan, 2005–2007 (%)

	2005	2006	2007
EU27	8.9	8.1	7.1
Eurozone	8.9	8.3	7.4
US	5.1	4.6	4.6
Japan	4.4	4.1	3.9

Source: Eurostat, 2005–2007

More recently, Japan has seen an improvement in its economy and labour market, as its unemployment rate has continued to drop for four consecutive years, standing at 3.9% in 2007 (Table 2). However, young people aged 15–24 years have been particularly affected by unemployment, with levels reaching 8.8% among men in this age group and 7.2% among their female counterparts in 2006. A distinctive feature of the Japanese labour market is the high proportion of non-regular workers, who tend to have lower wages – in particular, part-time workers (Figure 1).

Figure 1: Part-time workers as a proportion of total number of workers in Japan, 1990–2006 (%)



Part-time workers as a proportion of total number of workers, 1990–2006 (%)

Source: Ministry of Internal Affairs and Communications, Labour Force Survey, Japan, 1990–2006

Poor job creation figures in the US indicate that the turmoil being experienced in the financial markets has begun to seep down to the job market. By mid-2007, the US economy was creating 44,000 jobs a month, which is well below the target of 150,000 jobs a month generally cited as the ideal by economists. Early reports from the Bureau of Labor Statistics (BLS), in August 2007, showed the first signs of a monthly decline in new jobs in four years, with job losses concentrated in the areas of manufacturing, construction and temporary work. Conversely, job growth continued in healthcare and the food services industry. Recent data show that unemployment in 2007 remained at the same level as that in 2006, at 4.6% (Table 2).

Meanwhile, China's recent economic reforms have brought about significant economic results: between 1978 and 2005, its economy more than quadrupled in size and has attracted sizeable foreign investment. Nevertheless, unemployment in urban areas was estimated to be at 9% in 2004 and a significant degree of inequality continues to persist between urban and rural areas, as well as income levels.

Similarly, Brazil's economy is expanding, making it the fifth preferred country in terms of investment, according to the United Nations (UN), while both price stability and the generally favourable economic conditions have had a positive effect on the labour market. This is reflected by the fact that labour demand for both skilled and unskilled workers is increasing, while unemployment is decreasing: the latter dropped from almost 13% in January 2003 to 8.7% in October 2007. In fact, official sources indicate that in specific industries, such as the construction

and information technology (IT) sectors, Brazilian employers are facing shortages of skilled and unskilled workers.

Legislative developments

In 2007, European legislative activity focused on the issues of **migration**, **flexicurity** and labour law reform, while Member States have been dealing with a wide range of labour market issues.

Substantial activity has occurred in the EU in relation to migration issues, which are very important in many of the Member States: the European Commission published two communications on circular migration and mobility partnership, which involves partnerships between sending and receiving states. Along with its 'comprehensive European migration policy' in May 2007 (European Commission, 2007c), the Commission published a draft directive on sanctions. In June 2007, the Commission published its Communication on the common principles of flexicurity, which outlined possible pathways for enhancing flexicurity (European Commission, 2007a). The eight areas referred to as flexicurity 'components' were formulated in the context of recognition of continued trade union concern over the relationship between flexible working arrangements and security (**EU0707069I**). This communication laid the foundations for the social partners to draw up a joint paper later in 2007 – entitled Key challenges facing European labour markets. Furthermore, in December of the same year, at a meeting of the employment ministers across the EU, it was agreed to postpone decisions on a revised version of the working time directive (Directive 2003/88/EC) and on the proposed directive on temporary agency workers, which appear to be controversial issues for some of the Member States (**EU0802019I**). The Commission has initiated a public consultation on adapting labour law to the present world of work, the results of which were presented last year. Despite differing views, the results highlighted that labour law was central to managing the EU's workforce and providing workers with a sense of security. Five areas for cooperation were highlighted, namely:

- preventing and combating **undeclared work**, particularly in cross-border situations;
- promoting, developing and implementing training and **lifelong learning**;
- encouraging interaction between labour law and social protection rules;
- clarifying the nature of the employment relationship;
- promoting the rights and obligations of the parties involved in sub-contracting chains.

Many of the Member States have passed legislation, or implemented recently introduced legislation, on employment and industrial relations issues. Some legislative activity has been linked to the implementation of EU directives – such as Directive 2002/14/EC on informing and consulting employees in the European Community and the EU gender equality directives.

Apart from EU-led legislation, interventions in the Member States have addressed a number of issues, such as: **atypical work**, including **part-time work** and **telework**; social security and unemployment insurance, encompassing reform of unemployment and sickness and/or healthcare insurance schemes; and equality, particularly **gender equality** and **work–life balance**. Other areas that saw significant levels of regulation included pay, contract termination and **collective bargaining** rules.

In Japan, **equal opportunities** between men and women have emerged as an important issue. At the same time, legislative measures seeking to improve the position of part-time workers in the labour market were approved in early 2007, while labour contract and labour standard Acts, along with the issue of minimum wages, were discussed by the Japanese parliament (the 'Diet').

In the US, migration, healthcare, trade union affiliation and pensions were among the issues heavily discussed. The subject of migration is one area where legislation is pending, with implications for industrial relations. Of the estimated 16 million illegal immigrants in the country, roughly 11 million are thought to be working. In some occupations, undocumented immigrants make up a substantial percentage of the workforce. Proposals presented to the US Senate in 2006 to introduce a 'guest worker programme' included recommendations for stricter enforcement procedures involving the threat of more rapid deportation, indefinite detention and the 'criminalisation' of immigrants. However, a 'no' vote by the Senate in June 2007 prevented the Bill from moving to a final stage.

A further legislative development concerned an attempt to (re)introduce the Employee Free Choice Act (EFCA or HR 800) in the US – a proposed piece of legislation which aims to make it easier for workers to join a trade union and which imposes stricter penalties on employers who refuse to bargain in good faith and/or who dismiss trade union activists for attempting to organise their fellow workers. As the Bill failed to generate enough support in the Senate, it did not go through.

The US healthcare system and proposals for its reform are also controversial topics and are pending legislation. In recent years, the US employment-based healthcare system has been exposed to considerable scrutiny as the number of uninsured Americans has reached 47 million people, while costs for those who are insured continue to soar. The impact of rising health costs and the 'cost shifting' towards employees has been a major collective bargaining issue and source of industrial action in recent years. Meanwhile, the Congress Representative, John Conyers, recommended legislation (HR 676) to create a 'single payer' healthcare system. The proposed legislation would cover every person in the US for all necessary medical care, including prescription drugs, hospital, surgical and outpatient services, primary and preventive care, and emergency services, along with services relating to dental, mental health, home health, physical therapy, rehabilitation (including for substance abuse), vision care, chiropractic and long-term care. The Bill, which had 79 sponsors by September 2007, was referred to the House subcommittee on health in February 2007. Along the same lines as the Conyers Bill, the Executive Council of the trade union organisation the American Federation of Labor – Congress of Industrial Organizations (AFL-CIO) passed a resolution calling for universal healthcare in March 2007. Trade unions in the US have never been united regarding the need for government-administered universal healthcare. More recently, however, as the present healthcare system appears to be increasingly unsustainable, the trade unions are becoming more committed to the idea of a universal healthcare system (see, for instance, the AFL-CIO Executive Council statement on health care).

In China, since economic restructuring began in the late 1970s, the country has introduced a number of laws covering all economic entities, private enterprises and foreign-owned enterprises. Recent developments include the new Labour Contract Law, which was enacted on 30 June 2007 and due to come into effect on 1 January 2008. This law seeks to create a 'harmonious society' and to be more inclusive in its coverage. Accordingly, employers will now need to provide written contracts to all workers, thus restricting the use of temporary work and making it harder for them to dismiss employees.

In Brazil, the country's National Congress (Congresso Nacional) has passed legislation on occupational diseases, the so-called 'epidemiologic technical nexus', which shifts the burden of proof regarding work-related health problems to the employer. In addition, a tax has been introduced affecting companies with a high incidence of work-related diseases. In terms of trade union activity, the Congress has discussed two important Bills: one concerning the recognition and funding of peak trade union organisations and the other relating to the transformation of trade union tax into a voluntary trade union fee. At the time of writing, divisions arose on this issue in

the Senate between the opposition parties, on the one hand, and trade unions and the Government, on the other. The outcome of this debate is expected to shape the future of Brazil's labour movement. Attempts have also been made to update the provisions of the country's Labour Code.

Development of social partner organisations

Trade union mergers

While trade unions in Europe and Brazil have been busy implementing or discussing the possibility of mergers, no major changes have been observed in Japan or the US.

In the EU, significant talks and trade union mergers have occurred over the last three years. In Lithuania and Romania, trade union confederations have initiated moves towards mergers. Below the confederation level, 2007 was a relatively quiet year compared with previous years in terms of trade union mergers; however, plans are underway for a number of mergers. The most prominent mergers have taken place in Denmark, Sweden and the United Kingdom (UK).

In the UK, Amicus and the Transport and General Workers' Union (T&G) merged to form Unite, which is now the country's largest trade union organisation, counting almost two million members (**UK0612019I**). The merger also affected Ireland, where Unite has some 50,000 members (**IE0704059I**).

Another major merger took place in Sweden, involving two trade unions affiliated to the white-collar Swedish Confederation of Professional Employees (Tjänstemännens Centralorganisation, TCO). On 1 January 2008, the Swedish Union for Technical and Clerical Employees in Industry (Svenska Industritjänstemannaförbundet, SIF) and the Salaried Employees' Union (Tjänstemannaförbundet HTF, HTF) merged to form Unionen, which currently has 520,000 members, making it the country's largest white-collar union. Also in Sweden, two engineers' unions affiliated to the Swedish Confederation of Professional Associations (Sveriges Akademikers Centralorganisation, SACO) merged to form the Swedish Association of Graduate Engineers (Sveriges Ingenjörer, SI), the country's largest network of graduate engineers, representing 120,000 members.

In Denmark, two public sector bargaining cartels, the Association of Danish State Employees' Organisations (Statsansattes Kartel, StK) and the Danish Confederation of Municipal Employees (Det Kommunale Kartel, DKK) merged to form the Organisation of Public Employees in Denmark (Offentligt Ansattes Organisationer, OAO), representing 32 trade unions with 434,000 members (**DK0706029I**).

In April 2008, in response to a decline in trade union membership within the EU, two of Europe's largest trade unions – the German Metalworkers' Union (Industriegewerkschaft Metall, IG Metall) and Amicus (now Unite) in the UK – announced their intention to develop a global 'super union', together with the US trade union organisations United Steelworkers (USW) and the International Association of Machinists (IAM). IG Metall and Amicus have made a commitment to develop this new structure within the next decade. The proposal arose after all four trade unions signed solidarity pacts committed to assuring minimum **labour standards** (**EU0702019I**).

In Japan, as mentioned in previous EIRO reports, trade unions are organised at company level (EIRO, 2002a). Issues beyond the workplace level are dealt with at industry level, with relevant company-level trade unions uniting to form the industry-level trade union confederations. At the same time, national issues can be dealt with by central or peak organisations, which comprise industry-wide organisations.

In the US, after the split in 2005 within AFL-CIO – the principal trade union confederation since the merger of the previously separate American Federation of Labour and the Congress of Industrial Organizations in 1955 – no major development has taken place among existing trade unions. Several trade unions have proposed mergers which have not yet materialised. Therefore, the scene remains characterised by the presence of small and fragmented trade unions. It is likely that due to the recent economic crisis, the manufacturing sector will suffer reduced membership.

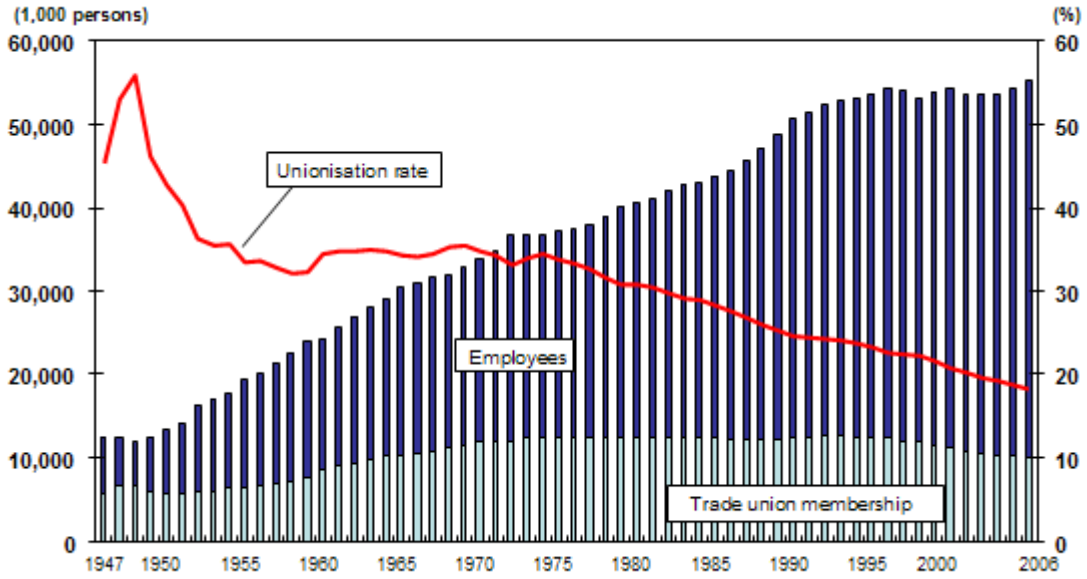
In China, trade unions have organisationally and traditionally been run along company-level lines, although in essence they are organised and governed from the top-down and not by rank-and-file members. The All-China Federation of Trade Unions (ACFTU) has a matrix organisational structure, whereby its organisation extends vertically and horizontally into provinces, cities, counties, districts, streets, communes, industries and enterprises. Altogether, 10 national industrial trade unions and 31 trade union federations operate in China's provinces, autonomous regions and municipalities – all under the umbrella of ACFTU. The trade unions are mainly present in urban cities or towns and do not cover the rural areas. Under the provisions of the ACFTU constitution, membership of trade unions should be open to all manual and other workers in enterprises, undertakings and offices in China whose wages constitute their principal means of livelihood and who accept the organisation's constitution, irrespective of their nationality, race, sex, occupation, religious belief or educational background.

In Brazil, the government made a second attempt to reorganise, on this occasion partially, the country's trade union structure in an effort to reduce the number of peak organisations. In response, a new trade union was formed – namely, the General Workers' Union (União Geral dos Trabalhadores, UGT). This was established following a merger between the three unions – the Social Democratic Union (Social-Democracia Sindical, SDS), the General Confederation of Workers (Confederação Geral dos Trabalhadores, CGT) and the Autonomous Workers' Central (Central Autonoma de Trabalhadores, CAT), all of which are affiliated to the second largest peak organisation, Union Power (Força Sindical, FS). At the same time, a division within the Unique Workers' Centre (Central Única dos Trabalhadores, CUT) resulted in the establishment of another organisation, after unions with a Communist ideology left CUT to form the National Coordination of Struggles (Coordenação Nacional de Lutas, Conlutas).

Trade union membership

Emerging concerns regarding trade union density were confirmed in 2006 in Japan and the US, both of which experienced a continuous decline in density: in Japan, the rate dropped to 18.2% as of June 2006 (Figure 2), while in the US it declined to 12%, down from 12.5% in the previous year. In China, it is estimated that some 459,000 unions are operating in the private sector, representing a unionisation rate of 25.5%.

Figure 2: Average rate of unionisation in Japan, 1947–2006

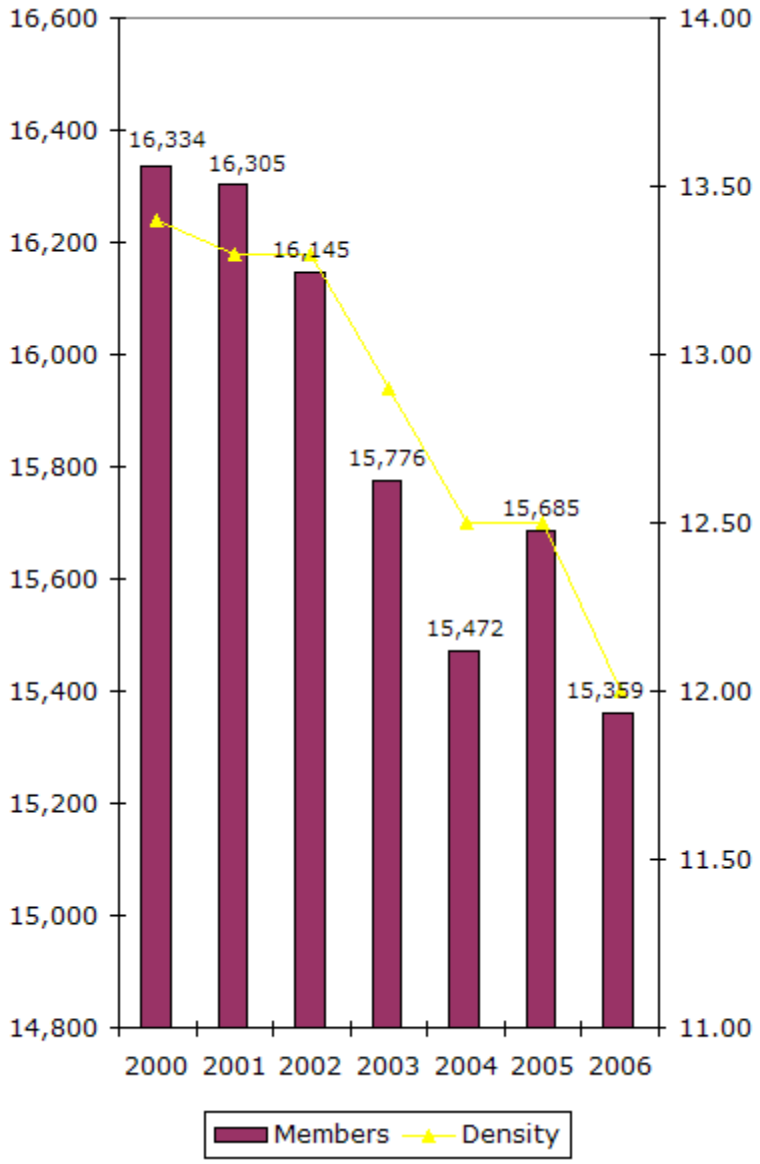


Average rate of unionisation in Japan, 1947–2006

Source: Ministry of Health, Labour and Welfare, Basic Survey on Labour Unions, Japan, 2007

In the US, it is estimated that there are almost 15.4 million trade union members (Figure 3). The decline in trade union membership has been particularly severe in the manufacturing sector, where unionisation rates fell to 11.7% by the end of 2006, which is 0.3% lower than the trade union density level for the economy as a whole. Trade union membership in the private sector fell to just 7.4% in the same year. Among public sector workers, membership fell by 0.3 of a percentage point, but at 36.2% still remained consistent with the levels recorded over the last two decades. Public sector trade union jobs accounted for almost half of trade union members in 2006, even though public sector employment comprised less than one-fifth of the economy's employment.

Figure 3: Trade union membership (thousands) and density (%) in US, 2000–2006



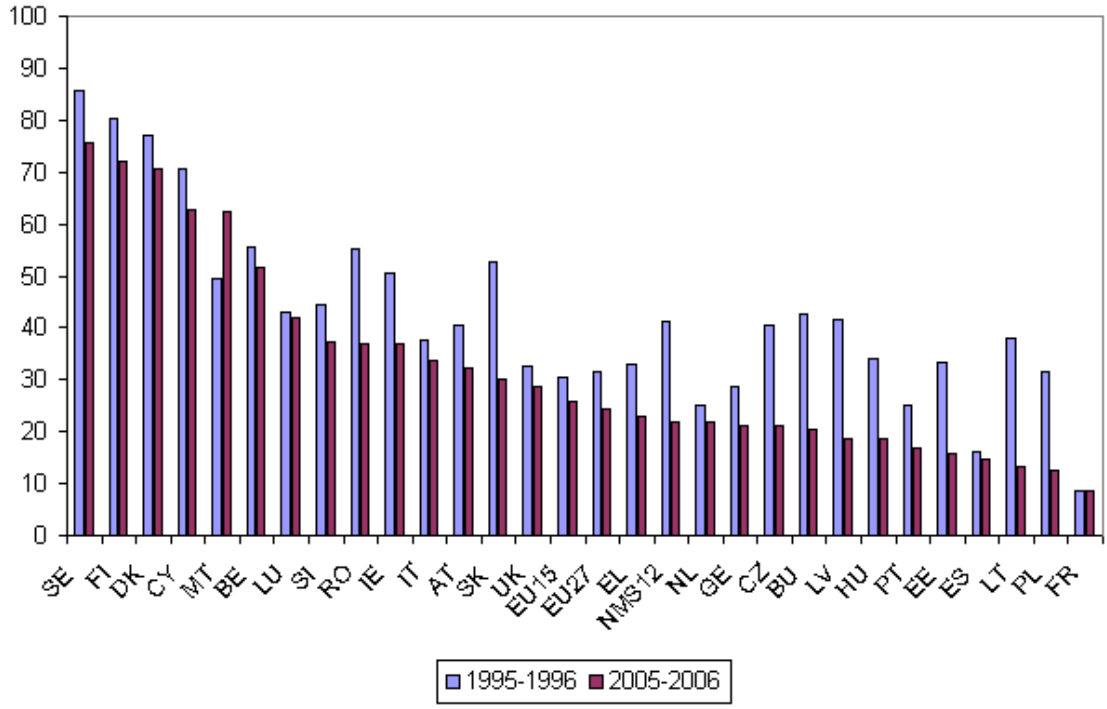
Trade union membership (thousands) and density (%) in US, 2000–2006

Source: US Department of Labor, Bureau of Labor Statistics, 2000–2006

In the EU, newly published data point to a continuing fall in trade union membership (Figure 4). In Sweden, membership of trade unions fell from 77% in 2006 to 72% in 2007, although the latter figure is still relatively high. In Germany, membership of the Confederation of German Trade Unions (Deutscher Gewerkschaftsbund, DGB) fell by 2.8% in 2006 (**DE0703019I**), although the rate of decline appears to be slowing down. UK survey data indicate that trade union density among employees in the UK fell from 29% in 2005 to 28.4% in 2006. In Estonia, trade union density dropped from 14% in 2001 to 8.4% in 2006, with the main confederations registering small declines in 2007. An opinion poll in Poland found that only 14% of respondents were trade union members, a larger proportion of whom worked in the public sector, while one-third reported that trade unions were active in the company for which they worked. One exception to

this trend in the EU is Malta, where trade union membership actually increased by nearly 6% in 2007, albeit with mixed consequences for the country's two largest trade union organisations.

Figure 4: Average trade union density by country, 1995–1996 and 2005–2006 (%)



Average trade union density by country, 1995–1996 and 2005–2006 (%)

Notes: Averages for the EU15, NMS12 and EU27 are weighted by the size of the dependent employed workforce. NMS12 refers to the 10 new Member States that joined the EU in May 2004 in addition to Bulgaria and Romania, which joined the EU in January 2007.
Source: Visser, 2008

Employer organisations

In the EU, there is continuing activity in terms of the reorganisation of employer organisations and a number of mergers have already been announced. Conversely, in Brazil, Japan and the US, no significant developments appear to have emerged in this respect. Within the EU, a significant development occurred at confederation level in Romania, where 11 nationally representative organisations decided to form the Union of Employer Confederations of Romania (Uniunea Confederațiilor Patronale din România, UCPR) (**RO0705019I**). In Malta, the Malta Federation of Industry (FOI), one of the country's main employer organisations, announced a planned merger with the Malta Chamber of Commerce and Enterprise in an effort to pool resources and avoid duplication of work. In addition, two new employer organisations affiliated to the Confederation of German Employers' Associations (Bundesvereinigung der Deutschen Arbeitgeberverbände, BDA) were formed in 2007. A major new employer organisation was also formed in Slovenia, namely the Slovenian Chamber of Commerce (Trgovinska Zbornica Slovenije, TZS), which organises wholesale and retail companies.

In Japan, the Japanese Business Federation (Nippon Keidanren) consists of 1,662 companies or organisations overall, including 1,343 member companies, 130 national organisations established by major industries such as manufacturing and services, and 47 regional economic organisations (as of June 2007).

In the US, there is little evidence of any employer organisation playing an active role in industrial relations.

In China, the Chinese Employers' Management Association (CEMA) was established in 1979 and subsequently renamed the China Enterprise Confederation (CEC). CEC was the first major representative of Chinese employers. Another employer group, the China Enterprise Directors' Association (CEDA) was established in 1983 and merged with CEC in 1988 to become a major non-governmental employer body. Membership of CEC–CEDA is voluntary. In 2006, CEC–CEDA had 545,000 members from a wide variety of employers, including individual enterprises and companies, entrepreneurs, provincial and municipal associations, and industry and trade associations. Both CEC–CEDA and the trade union federation ACFTU participate in the legislative process concerning industrial relations and promote cooperation between management and workers. In recent years, the two organisations have been major participants in tripartite consultation and in implementing the collective bargaining system.

Collective bargaining

Turning to the subject of collective bargaining, among the main issues negotiated in most of the economies examined in this report are wage increases, **working time**, pensions and benefits.

In terms of agreements at European level, the European social partner organisations signed the Framework agreement on harassment and violence at work on 26 April 2007. This was the sixth framework agreement to be signed by the social partners since the beginning of European social dialogue 20 years ago. It was also the third voluntary and autonomous agreement to be concluded, following the framework agreement on telework in July 2002 by CEEP, ETUC, UEAPME and UNICE (**EU0611029I**) and on work-related stress in October 2004 (**EU0705019I**).

Activities in this area have also taken place beyond the European level: for example, two international framework agreements were signed in 2007, addressing issues such as human rights, terms and conditions of employment, equality and diversity, labour relations and profit sharing. One of these agreements was signed by the water, waste and energy company Suez, French trade unions and the European Trade Union Confederation (ETUC), represented through the European Federation of Public Service Unions (EPSU) (**EU0709049I**). The second agreement was signed by the International Federation of Journalists (IFJ), the European Federation of Journalists (EFJ) and the German-based Westdeutsche Allgemeine Zeitung (WAZ) Media Group (WAZ Mediengruppe) (**EU0710039I**) – representing the first-ever such agreement to be signed in the media sector.

Regarding collective bargaining at national level, countries can be grouped according to a number of different categories, as follows:

- countries where intersectoral collective bargaining plays an important role in setting overall pay and conditions of employment;
- countries where intersectoral bargaining regulates specific issues rather than playing a general role;

- countries with general intersectoral agreements – in most of these countries, subsequent sectoral bargaining plays a significant role in implementing and/or building on the national agreements;
- countries where the sector is the key bargaining level, without an intersectoral framework;
- countries where the most important bargaining level is that of the individual company.

Practice also shows that variations of these categories can be found in some countries, while in others bargaining cycles take place over a number of years.

More recently, a tendency towards the decentralisation of collective bargaining has been quite noticeable in many European countries. This trend, together with a decline in trade union density, has forced trade unions to be more active at European level. However, sectoral-level collective bargaining remains extremely important for trade unions in many EU countries. At the same time, a considerable number of trade unions have been active in setting up employee representation structures for **information and consultation** at workplace level, following the implementation of EU Directive 2002/14/EC on informing and consulting employees (see p. 7).

With trade union density continually falling both in Japan and the US, the collective bargaining agenda has become more specific. For example, the Japanese Trade Union Confederation (Rengo) committed itself to achieving better pay increases and raising the wage level of lower income groups, such as small business workers and part-time workers, in the country's annual wage negotiations (Shuntō) in the spring of 2007. Another priority for Rengo was to conclude agreements on work–life balance that seek to reduce working time, increase equality and reverse the labour distribution rate.

On the other hand, Nippon Keidanren in Japan announced in its 'Position Paper 2007 by the Committee on Management and Labor Policy' that 'wages should be determined in accordance with the companies' ability to pay depending on the individual company's situation'. The federation added that 'workers should basically be rewarded for strong, short-term results in the form of bonuses'. Agreements on wage levels and lump-sum payments have been concluded in the manufacturing sector and particularly the automobile industry, with some positive results for the workers involved.

In the US, almost half (49%) of the agreements negotiated through collective bargaining involved changes to health insurance and pension benefits. As collective bargaining coverage and trade union membership are virtually synonymous, just one in eight US workers is covered by a collective agreement. Divisions between US employers and trade unions over health insurance benefits has clearly been a prominent feature of the collective bargaining landscape for a number of years; this trend continued through 2006 and 2007 as health costs have risen dramatically. The Bureau of National Affairs (BNA) revealed that more than six in 10 surveyed employers planned to bargain for new cost-sharing provisions in 2007 or lobby for increases in existing provisions that require employees to pay a proportion of their health insurance costs. Another significant issue is working time, as US workers continue to work longer hours than their counterparts in other advanced economies.

In Brazil, the country's growing economy has resulted in favourable collective bargaining results in terms of wage increases. In an effort to generate wider support from their members, trade unions have sought to diversify the bargaining agenda, adding issues such as working time, health and safety, training and the protection of women. An emerging issue of interest may also be productivity, as indicated by a recent technical note by the trade union-led Inter-Union Department of Statistics and Socioeconomic Studies (Departamento Intersindical de Estatística e Estudos Socioeconômicos, DIEESE).

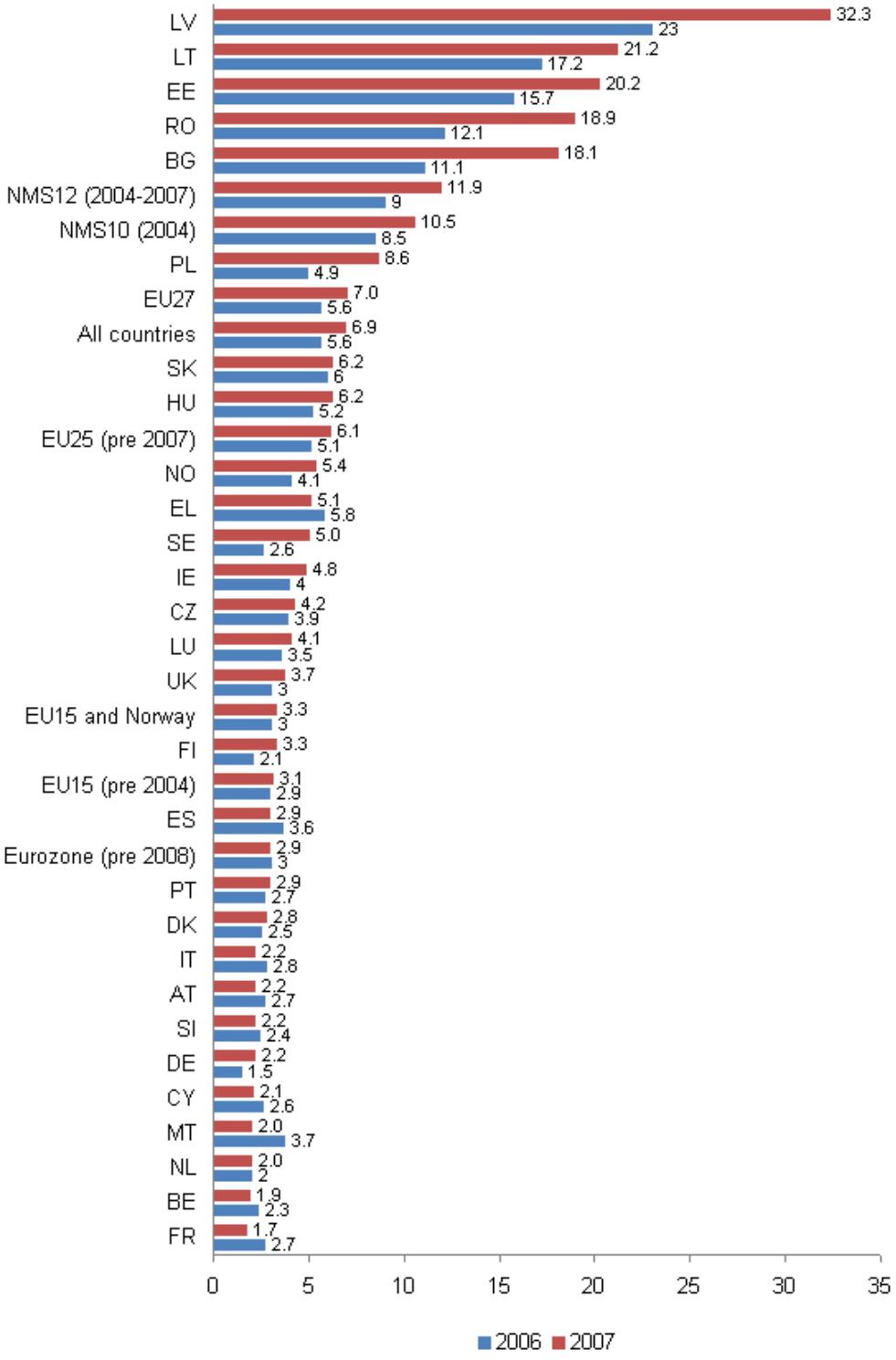
In China, according to regulations issued by the country's Ministry of Labour and Social Security (MOLSS) in 1994, collective bargaining is defined as a legitimate activity of trade unions in line with both the 1992 and 2001 Trade Union Law. The underlying principle of the Regulations on Collective Contracts is the need for management and trade unions to work together for the common good of the state, although the regulations also recognise the potential for conflict in negotiating collective agreements. Nevertheless, trade unions are not autonomous bargaining agents for workers and do not have the right to stage industrial action. As a result, although trade unions are the major driving force behind the implementation of the collective agreement system, they have generally been unable to challenge company management or negotiate labour terms and benefits above the statutory minimum requirements. The 1995 Labour Law specifies five issues that may be included in collective agreements between companies and their employees, namely: wages, working hours, rest and holidays, occupational health and safety, and insurance and welfare. Any such agreement will go into effect immediately if no objections are raised by the local labour department. Overall, collective agreements in China remain largely formal documents, which tend to mirror the existing legal obligations of management and employees and reflect statutory minimum requirements. Collective agreements are normally signed at company level or small regional level, such as for companies in a particular industrial park or street, covering all enterprises in that area. In 2004, China's Regulations on Collective Contracts were updated to allow for collective negotiations on employment conditions above the statutory minimum requirements. Under these provisions, employers are now prohibited from refusing to enter collective negotiations without 'proper reason'. However, only practice will show how collective bargaining will evolve in China.

Pay

On the issue of **pay**, recent EIRO data for Europe show that the average collectively agreed nominal pay increase rose from 5.6% in 2006 to 7% in 2007 (Figure 5). However, among the EU27 countries, major differences persist in terms of both trends and the level of pay increases, although moderation in wage bargaining is continuing in the 'older' 15 EU Member States, albeit with a slight upward trend. An upward trend in wage bargaining from a comparatively high base was also evident in the new Member States (NMS) of the EU. Moreover, the differential between the two country groups is growing: average pay rises in the NMS were 3.1 times higher than those in the EU15 in 2006 and 3.8 times higher in 2007.

However, the picture is not as clear-cut when looking at individual countries. In Greece and Ireland, for example, pay rises were substantially higher than the EU15 average in both 2006 and 2007. In the NMS, countries such as Cyprus, Malta and Slovenia had low pay increases, which were similar to or lower than the EU15 average. Furthermore, the overall average for the NMS countries has been pushed up significantly by the double-digit pay increases recorded in the Baltic States, Bulgaria and Romania in both 2006 and 2007.

Figure 5: Average collectively-agreed pay increases in Europe, 2006 and 2007 (%)



Average collectively-agreed pay increases in Europe, 2006 and 2007 (%)

Note: NMS12 refers to the 10 new Member States that joined the EU in May 2004 in addition to Bulgaria and Romania, which joined the EU in January 2007.
Source: EIRO, 2007

In Japan, the 2007 spring wage negotiations took place at a time when the economy showed clear signs of improvement. As mentioned, the trade union federation Rengo called for 'pay increases higher than the previous year', particularly for lower income groups such as small business workers and part-time workers. The agreed pay increase amounted to 1.85% overall (weighted average), while the highest individual pay increases were recorded in the automobile industry (2.06%), followed by the textiles (2.03%) and food (1.99%) industries.

In the US, data on negotiated pay increases show no sign of substantial change. The BNA reported that, by 10 September 2007, the average first-year pay increase amounted to 3.6%, compared with 3.2% for the same period in 2006 (BNA, 2007– BNA Daily Labor Report). Overall, the median first-year increase for settlements reported to date in 2007 was 3.2%, compared with 3% in 2006, while the weighted average amounted to 3% compared with 3.5%.

In Brazil, 93% of the negotiated pay increases for the first half of 2007 were the same as or just above the country's inflation rate. Nevertheless, according to DIEESE, collective bargaining outcomes indicate that trade unions are successful in achieving real wage increases. In the first half of 2007, some 87.5% of wage negotiations resulted in real pay increases, while 9.6% resulted in pay increases that only adjusted workers' income to the price variation in the previous year. Only 2.9% of the negotiations resulted in pay increases that were marginally below the inflation rate.

Industrial action

Levels of industrial action in the EU, Japan and the US seem to be relatively low, and extremely low in Brazil. In China, although workers constitutionally have a great deal of freedom to protect their employment rights, in practice the state neither condones nor prohibits the right to strike. Nonetheless, there are signs that the number of labour disputes has risen sharply in that country.

Within the EU, significant differences emerge between the various countries, with many western European countries experiencing low levels of strike action in 2007, while many central European NMS countries have witnessed a rise in levels of action, albeit from previously low levels. Among the countries that reported incidents of industrial action in 2007, the majority cited a comparatively low level of strike activity. In countries such as Cyprus, Ireland, Italy and Spain, the level of industrial action is reportedly falling. Among the countries for which no official statistical information was available, industrial action during 2007 was either absent or at very low levels in Austria, the Czech Republic, Luxembourg and Slovakia. Levels were also reportedly low in countries such as Estonia, France, Norway, Portugal and Slovenia.

However, the picture was significantly different in a number of the central and eastern European countries. Overall, the key factor attributed to the mounting wave of strike action in these countries was generally the issue of pay, in the context of rapid economic growth, falling unemployment, skill shortages and rising inflation. Across Europe and in the private sector, a number of high-profile company-level disputes also arose in relation to **restructuring**, closures and job losses, albeit probably fewer than in recent years.

In Japan, the downward trend in industrial action continued, with a total of 129 strikes taking place in 2005, involving 27,295 workers. This represents a decrease from 2004, during which 173 strikes took place, involving 55,174 workers. The downward trend is also reflected in the number

of days lost – 5,629 days lost in 2005, as against 9,755 in 2004. The number of days lost reflects only strikes lasting half a day or longer; 50 such strikes took place in 2005, involving 4,119 workers in total. (In Japan the majority of strikes usually last less than half a day.) While the country's unionisation rate is dropping and the number of strikes is declining, greater emphasis is being placed on the importance of individual relations between workers and management. More than half of the individual disputes recorded arose in small companies with less than 50 employees and in establishments without trade union representation.

In the US, in 2006, some 2.7 million lost working days due to strike action were recorded, according to BLS data. Nevertheless, although the number of workers involved in strikes declined since 2005, the number of lost working days increased by one million compared with the 2005 figure. Of the 20 major work stoppages that began in 2006, 12 took place in the private sector and eight in state and local government institutions. In the private sector, five of the work stoppages occurred in both the manufacturing and construction sectors, while one stoppage each took place in janitorial services and the automotive dealership industry. The largest work stoppage in terms of days lost occurred between Northwest Airlines (NWA) and the independent aviation union Aircraft Mechanics Fraternal Association (AMFA National)), resulting in 812,100 lost working days in 2006 and an overall 1,183,800 lost working days since the work stoppage began on 20 August 2005. The second largest work stoppage in the US in terms of lost working days – and the largest in terms of worker participation, involving 12,600 employees – took place between the Goodyear Tire and Rubber Company (Goodyear) and United Steelworkers of America (USWA), resulting in 718,000 lost working days in 2006.

In China, data from the MOLSS indicate that the number of registered labour disputes increased to 53,000 disputes in 2005, which represents an increase of 20.6% compared with 2004 data. This amounted to 2.3 and 9.5 times more labour disputes than in 2000 and 1995 respectively. However, it should be noted that considerable regional variations emerge in the occurrence of labour disputes in China. Collective labour disputes tend to be unorganised, largely localised and sporadic in nature due to a lack of collective power; most incidents have remained isolated and short-lived due to the lack of strong leadership. In recent years, nevertheless, workers appear to be better organised and industrial action more coordinated.

In Brazil, most of the industrial action seems to be taking place in the country's public sector, while private sector employees have not been mobilised: overall, 59% of the strikes occurred in the public sector, which accounts for only 8% of the Brazilian labour force. Moreover, about 1,662 working days were lost in the public sector, which accounts for 87.4% of the total time lost due to industrial action in the country.

Part 2: A global comparison of working time

Introduction

Working time has long been a central issue in the regulation of employment relationships, both in terms of legislative intervention and industrial relations. It has been a key target for interventions aiming to protect workers' rights.

For the trade union movement, the reduction of working time – first daily and then weekly working hours – has been a symbol of the battle to increase influence over the employment relationship and reduce unilateral action by employers.

A clear sign of the significance of working time regulation is the early interventions of the various public powers to limit daily working hours in the first half of the eighteenth century, especially for children and women. Such interventions have highlighted the connection between **working time** and **health and safety** issues. This link has remained at the centre of statutory regulation and, for instance, characterises EU interventions on working time. Equally significant is the fact that the first convention of the International Labour Organization (ILO) – namely the Hours of Work (Industry) Convention issued in 1919 – concerns working hours in industrial undertakings and sets the standard of an eight-hour working day and a 48-hour working week (ILO, 1919).

For a long time, the progressive regulation and reduction of the number of hours worked by employees had seemed an inevitable and continuous trend. The reduction in hours worked was implemented through the introduction and extension of work breaks and of different forms of leave and time off work. At the same time, working hours were reduced through the negotiation of specific organisational agreements, such as the duration of working tasks, often in connection with the introduction of Tayloristic organisational settings (Taylorism refers to a theory of management that analyses and synthesises workflow processes, distinguishing between blue-collar and white-collar workers, in order to improve labour productivity). Increased productivity allowed for a reduction of working time and increase in wages at the same time.

The vision of an ever shorter working week had, for some time, been taken for granted and occasionally led to views of a progressive liberation from work – most notably, in the well-known 1930 Keynes' forecast of a 15-hour working week in a century's time, included in his essay 'Economic possibilities for our grandchildren'. In Europe, the shortening of the working week was still a prominent issue of public debate in the 1980s, as evidenced for instance by the dispute over the 35-hour working week in the German metalworking sector, and in the late 1990s, with the introduction of the French law on the 35-hour working week. More recently, however, the focus of the debate has shifted. A fundamental component of this change has been a growing demand by companies operating in a global market to preserve and improve their competitiveness. This remains a significant task for employers within a more dynamic, uncertain and challenging economic environment, often characterised by growing international markets and strong foreign competition.

Working time management has become an important element of businesses' competitive strategies. The two main objectives of such strategies have been, on the one hand, to extend production times, with a view to reducing average production costs in manufacturing or prolonging business 'opening hours' in the services sector; on the other, such strategies have sought to adapt production times in accordance with variations in customer demand. Both objectives have been pursued by two different forms of working time **flexibility**. First, this may concern the structural organisation of working time – involving the general organisation of rosters

and shifts to implement organisational flexibility – for which no substantial flexibility on the part of workers is necessarily needed, apart from their willingness to work non-standard hours. Secondly, workers may be required to adopt extensive flexible work schedules – involving the de-standardisation of individual working time to realise working time flexibility. In practice, a combination of the two forms of flexibility has become common in most workplaces, as they are usually integrated or required to foster company adaptability.

Besides a move to increased flexibility in terms of both the organisation of working time and individual work schedules, demands for an actual increase in working time have seemingly emerged in recent years. In countries where the length of the working week had been significantly reduced, such as France and Germany, the increase in working time has been put forward as a means to improve competitiveness and avoid threats of companies relocating to countries with low labour costs. For instance, the well-known cases in 2004 of the German-based electronics company Siemens and the car components manufacturer Bosch in France highlight this approach (see the European Industrial Relations Observatory (EIRO) report on Relocation of production and industrial relations and the articles on Siemens deal launches debate on longer working hours and Controversial deal to save jobs at Bosch plant.

In parallel with these transformations led by the requirements of companies and employers, there has been a growing awareness that working time flexibility can help workers to reconcile their work obligations and personal life. In the presence of a more diversified workforce, which includes young and older workers, women and migrants, flexible work rosters may provide workers with some room for manoeuvre in order to adapt working time to individual needs. Moreover, if certain conditions are met, flexibility may also enhance equal opportunities for employment and career development.

Therefore, the regulation and management of working time has increasingly emerged as an area that can accommodate the convergence of the traditional demands for worker protection with the more recent requests of employers for competitiveness-enhancing measures, as well as the growing expectations for effective conciliation and equal opportunities in the workplace. The interplay of these demands can lead to different models and solutions, with a varying degree of emphasis on the different interests at stake.

The possibility to find mutually beneficial solutions is pointed out in many EU documents and initiatives – for example, the 1997 European Commission Green Paper on a Partnership for a new organisation of work and the Commission's 2007 communication Towards common principles of flexicurity. The European social partners (CEEP, ETUC, UEAPME and UNICE) openly recognise this opportunity, as is evident in their progress report in view of the Tripartite Social Summit on 13 March 2008 on Reconciliation of professional, private and family life (CEEP et al, 2008). This report was jointly drafted by the European Trade Union Confederation (ETUC), BusinessEurope (formerly UNICE), the European Association of Craft, Small and Medium-Sized Enterprises (Union Européenne de l'artisanat et des petites et moyennes enterprises, UEAPME) and the European Centre of Enterprises with Public Participation and of Enterprises of General Economic Interest (CEEP). In this regard, the 2006 ETUC report Challenging times – Innovative ways of organising working time: the role of trade unions is also significant.

This study will address the issue of working time developments and regulation, paying particular attention to the role of industrial relations in the EU, Japan, the US and emerging economies of Brazil and China. The study aims to provide an account of the main aspects of working time regulation and management in these economic areas and their implications for companies, competitiveness and worker protection. The main objective is to highlight differences and similarities between the various regions under review and identify the possible patterns of regulation and management. The research aims to fuel the debate between public authorities,

social partners, researchers and practitioners on the prospects of working time as a crucial lever of partnership on work organisation and **work–life balance**.

Institutional framework

As already highlighted, working time lies at the centre of a dense web of regulations, which derive from legislative intervention, **collective bargaining** and bilateral relations between the employer and the individual employee. In this study, a general outline of the basic features of such institutional frameworks in the different economies under review will be presented. As an in-depth analysis of working time regulation in the EU Member States is beyond the objectives of this report, reference to the common EU rules will be made, including EU directives on working time. If relevant, however, reference to specific national situations will be given, thus highlighting particular cases or experiences.

Elements affecting regulatory framework

In general, in order to analyse the specific characteristics of each institutional setting and enable comparisons across economic areas, it is useful to identify a set of basic elements, such as the following:

- the scope of mandatory regulations which define a reference framework of minimum protections and constrain the scope for the collective or individual regulation of working time. The basic elements of mandatory provisions include rules on daily and weekly working time, breaks and rest periods, annual leave, as well as **maternity leave** and **parental leave**;
- the presence of **flexibility** tools in administering working time and whether they derive from legislative provisions, collective bargaining or employers' initiatives. Such flexibility options would comprise overtime, shift work, night and weekend work, part-time options and job sharing, as well as working time accounts;
- the activation of flexibility tools, taking into consideration whether implementation depends on a unilateral decision made by the employer, collective bargaining or the individual request of the employee.

These three elements of the regulatory framework will be analysed in the following sections of the report. In general, the latter aspect, which considers how flexibility tools are activated in practice, is particularly crucial to appreciate the nature of the regulatory equilibrium on working time as far as the balance between competitiveness and conciliation is concerned.

However, it is important to clarify two fundamental dimensions of working time regulation and management, which interplay in different and important ways and are significantly influenced by organisational aspects. These include the length of individual working time and the articulation and distribution of working time at the workplace.

Length of individual working time

First, the length or volume of individual working time will be considered, possibly 'weighted' in order to take into consideration the allocation of working time to certain hours or days which make it more onerous for the workers involved. In this case, legislative intervention is normally effective by setting mandatory rules and protections on, for example, maximum working hours, rest breaks and annual leave periods, so that particular attention can be given to health and safety issues. This 'individual and quantitative' point of view is also highly relevant for employees, including for reasons other than health and safety – for example, the possibility to reconcile working times with other personal responsibilities or aspirations, such as maternity and paternity,

the care of relatives, further education and vocational training, and also a phased-out transition to retirement. It is worth noting that, in addition to the abovementioned aspects of the regulation of working time, part-time work could well be included in the means used to accommodate such individual demands, but it will not be analysed directly in this report. These concerns relating to work–life balance can contribute to the demand for shorter working hours, whether daily, weekly, annually or even over the entire life course, but they are not strictly related to the effects of working time as such on employee health and safety – even if, in the case of maternity leave, health and safety implications may be important. Nevertheless, such concerns may find protection in mandatory regulations if public authorities consider that they warrant safeguarding and promotion.

It is important to underline that these two types of working time regulation – health and safety protection and work–life balance promotion – constrain (or guide) working time management at the workplace. However, employers may actively contribute to the definition of these regulations, even unilaterally, if they consider that they can positively affect workers' commitment, quality of work or help to retain workers in the company; therefore, these aspects represent a set of 'positive constraints' in the view of employers. Collective bargaining is another possible and often significant source of these kinds of rules, traditionally pursued by trade unions with a view to improving mandatory protections for workers and to help workers to gain some control over their own working time. The body of rules that make up these two domains could be regarded as individual or 'standalone' protections and entitlements. It is usually the case that mandatory protection clauses are introduced for health and safety reasons and can neither be challenged by employers nor disposed of by workers. On the other hand, workers can avail of various entitlements to promote work–life balance, but some workers may decide not to take advantage of such options.

Articulation and distribution of working time

The second dimension refers to the articulation and distribution of working time at the workplace, within the limits defined by mandatory rules and higher-level collective bargaining, if relevant. It is possible to distinguish between the total daily and weekly hours during which the company operates – for instance, from single shifts to 24-hour operations, from Monday to Friday schedules to seven-day schedules – and the specification of the individual schedules. However, the latter should accommodate the former collective arrangement. In this case, concrete demands of the employers can emerge for a more effective and efficient organisation of working time, with the aim of improving competitiveness and the capacity to meet market requirements. Rather than considering the limitation of individual working time as a direct expression of worker protection, the extension of global working time to the benefit of the company is crucial in this case. This dimension emphasises the managerial prerogatives for choosing how to organise the production process. An example of potential conflict with worker protection is the extension of the boundaries of working time. This clearly requires some forms of flexibility. But to tap into the time bands – such as night shifts and weekends may be considered, as worthy of protection.

This second dimension of working time regulation – originally company-oriented – can nevertheless extend the possibilities for accommodating diverse employee demands and expectations regarding work–like balance. The latter may be possible provided workers can have a collective or individual voice – or both – in the organisation of working time and their personal work schedules. Moreover, mandatory rules of the first (protective) kind may require or promote the involvement of trade unions and collective bargaining when a company expresses a preference for introducing and administering such 'extended' or 'flexible' working time practices. For these reasons, this part of the regulatory framework may be considered as a set of rules on dynamic – and possibly mutual – adaptation. It implies the effectiveness of managerial decisions,

but both the presence of industrial relations and the involvement of employees can substantially change the overall picture and lead to different forms of compromise.

Effects of both dimensions

In summary, in relation to the first dimension, it could be said that the reduction and limitation of working time benefits workers because it aims to protect workers' health and improve their safety, as well as increasing the amount of working time in their direct control. However, it can also serve employers' interests by providing for a healthier, more motivated and possibly more committed – and stable – workforce. On the contrary, in terms of the second dimension, extended and flexible collective working time benefits employers directly due to lower average costs and higher output. However, under certain conditions, this dimension can also provide employees with opportunities to better reconcile work with their personal lives.

Characteristics of regulatory strategies

In the following sections, this study highlights how different institutional frameworks emphasise these two dimensions. The general character of individual regulatory frameworks will be determined by how mandatory rules, worker entitlements and employer preferences on working time are defined. The relative weight of these three elements, and the ways in which they operate, can be crucial to understanding how the regulatory framework is conducive to balancing the various interests at stake, rather than primarily supporting business interests or worker protection, or even leaving the balance of interests unregulated or 'self-regulated'. As shown in Table 1, regulatory frameworks that specify strong worker protections but also endow managers with significant preferences require mutual adaptation between the various interests, whereas other combinations either promote partial interests or renounce intervention altogether.

However, trying to combine broad mandatory rules and workers' entitlements with strong managerial preferences should not be regarded as an easy task. This would require finding a balance between a set of basic protections, which are imposed on the parties to the employment relationship, as well as a number of entitlements which can be exercised individually by employees, and a significant series of managerial tools which can be activated. Such a complex regulatory framework would include basic mandatory rules to protect (public) health and safety, which cannot be deviated from – either through collective or individual agreements. It would also include individual entitlements to enhance work–life balance, for care, education and training purposes, in consideration of their contribution to personal welfare and collective goals, in terms of worker qualifications and employability.

As already mentioned, employers may also find these rules useful since they introduce some form of 'beneficial constraints', which could foster commitment on the part of employees and support personnel retention. Employers introduce unilateral work–life balance policies for these reasons, but they often do so only for some core employees. Instead, mandatory rules would make such policies available to all employees and extend the possible positive impacts of such initiatives to the entire workforce. Finally, framework rules would include the possibility to introduce working time flexibility in order to respond to a company's economic and competitive needs, with a view to reducing costs, increasing productivity and meeting demand more effectively. This could be done both unilaterally and through collective agreements, as the latter may represent a way of reconciling the possibly different interests of employees and employers.

This is a very complex mix of different regulatory strategies (imperative rules, unilateral decision, negotiation) and of 'rigidities' and 'flexibilities', which should integrate smoothly and, in addition, should not hinder, but rather foster, economic effectiveness. Since such a combination is difficult to obtain, this analysis, rather than indicating specific and clear institutional solutions,

could serve as a general reference to assess the possible emerging solutions – in terms of interest conciliation – within existing regulatory frameworks. For instance, if the regulatory framework is highly restrictive and privileges worker protection, adaptive strategies can be expected on the part of economic actors to try to avoid such rules by resorting to irregular activities or practices. Similarly, where mainly business interests are protected, social and industrial conflict may arise.

Table 1: Regulatory frameworks and emerging interest balance

		Formal managerial preferences	
		Broad	*Limited*
Mandatory rules and worker entitlements (including through collective bargaining)	*Broad*	Mutual adaptation	Worker protection
	Limited	Business interests	Unregulated power relations

Source: EIRO

Mandatory regulations

In the following pages, the scope and content of mandatory regulations in the different economies under review (EU, Japan, US, Brazil and China) will be presented.

Weekly working time, rest periods and annual leave

European Union

In the EU, a series of Council directives provide the fundamental framework for the organisation of working time and set a number of basic common principles in this area. Of primary importance is Directive 2003/88/EC concerning certain aspects of the organisation of working time, which 'lays down minimum safety and health requirements for the organisation of working time' (Article 1.1). It also covers maximum weekly working time, daily and weekly rest periods, work breaks and annual leave, as well as night work and reference periods for calculating weekly rest and maximum weekly working time, thereby allowing for some degree of flexibility in the actual organisation of working time at the workplace. Therefore, according to the definitions used above, while it mainly sets mandatory protections, the directive also allows company managers some room for manoeuvre in adapting the organisation of working time to meet business objectives.

The basic EU-wide standards introduced by Directive 2003/88/EC include a daily rest period of at least 11 consecutive hours over a 24-hour period (Article 3) and a rest break if the working day is longer than six hours (Article 4). Moreover, for each seven-day period, every worker is entitled to a minimum uninterrupted rest period of 24 hours plus the 11 hours' daily rest referred to in Article 3 (Article 5). As for weekly working time, Article 6 of the directive provides that the average working time for each seven-day period cannot exceed 48 hours, including overtime. A period of paid annual leave of at least four weeks must be granted to all workers, in accordance with the conditions for entitlement to and granting of such leave set in the national legislation and/or practices (Article 7). This leave period cannot be replaced by an allowance in lieu, except when the employment relationship is terminated. Reference periods for weekly rest cannot exceed 14 days, while average weekly working time can be calculated for periods of up to four months (Article 16).

These framework rules need to be transposed into national legislation and each Member State can regulate working time with some degree of autonomy, within certain limits. For instance, maximum weekly working time is clearly set at 48 hours in 15 EU countries – Cyprus, the Czech Republic, Denmark, France, Greece, Hungary, Ireland, Italy, Lithuania, Luxembourg, Malta, the Netherlands, Romania, Slovenia and the UK. However, Germany provides for the same threshold through the combined specification of maximum daily working time and compulsory weekly rest periods. Other Member States indicate a lower upper limit for weekly working time, which is usually 40 hours –Austria, Bulgaria, Estonia, Finland, Latvia, Poland, Portugal, Slovakia, Spain and Sweden. An exception in this case is Belgium, where the upper weekly working time is set at 38 hours. For France, the maximum weekly working time of 48 hours should be considered alongside the definition of the normal working week of 35 hours, which applies by law in all companies since 1 January 2002, with some exemptions for enterprises with fewer than 10 employees. With regard to daily working time, only five countries – Cyprus, Denmark, Ireland, Italy and the UK – do not have a statutory limit and maximum daily working hours can therefore be derived from the EU minimum rest period rules. All of the other Member States have set a statutory maximum working day, which varies from eight hours (e.g. in Belgium, Bulgaria, Estonia, Finland, Germany, Latvia, Lithuania, Poland, Portugal, Romania and Sweden) to 12.5 hours in Malta. These weekly and daily limits may be exceeded in certain cases in the framework of flexible work schedules (for further details, see the EIRO studies on Working time developments – 2006 and Annualised hours in Europe.

Of particular importance are a number of derogations and specifications that integrate the general provisions. First, Member States may derogate from the basic rules mentioned above – except those relating to annual leave – when 'the duration of the working time is not measured and/or predetermined or can be determined by the workers themselves'. This specifically applies to 'managing executives or other persons with autonomous decision-taking powers' (Article 17). Secondly, a substantial scope for derogations is possible 'by means of collective agreements or agreements concluded between the two sides of industry at national or regional level or, in conformity with the rules laid down by them, by means of collective agreements or agreements concluded between the two sides of industry at a lower level' (Article 18). Such a possibility concerns daily and weekly rest periods, work breaks, the length of night work and the definition of reference periods, which, only by means of collective agreements, may be extended up to 12 months. This latter provision, in particular, appears to be important in terms of implementing multi-period working time schedules to adapt to the fluctuation in customer demand throughout the year. Something which is often referred to as 'annualised hours' can, in certain circumstances, respond to the request for more flexible working time by employers. This opportunity is widely used across Europe and represents an important element in the adaptability of working time schedules in workplaces.

Thirdly, a much debated provision allows Member States to introduce the possibility of an 'individual opt-out' from the protection granted by maximum weekly working hours. In this regard, employers may require employees to work longer weekly hours 'over a seven-day period, calculated as an average for the reference period' if they have 'first obtained the worker's agreement to perform such work and provided the worker is not subject to any detriment by the employer for refusing to agree to perform such work' (Article 22). This provision had been introduced exclusively by the UK when transposing Directive 93/104/EC concerning certain aspects of the organisation of working time. It was subsequently included in the legislation of other Members States, especially for the health sector, with a view to avoiding the problems connected with the computation of on-call duty served at an employer's premises as working time, as indicated in a judgment by the **European Court of Justice** (ECJ) rulings in the SIMAP case (C-303/98) on 3 October 2000.

It should be noted that the directive preserves any national-level provision that grants more favourable protections in terms of the protection of the health and safety of workers (Article 15). In general, it is possible to say that Directive 2003/88/EC is fairly detailed, in line with its basic purpose of introducing minimum health and safety protections for workers. However, it also provides substantial scope for the role of collective bargaining, promoting the involvement of industrial relations in the introduction of flexible working arrangements, particularly as far as the 'annualisation' of working time is concerned.

In 2004, the **European Commission** put forward a proposal for a Directive amending the existing rules. At present, the co-decision procedure is continuing and the first reading by the **Council of the European Union** is pending, but there seems to be margins for a final decision in 2008. Among the modifications proposed by the Commission and those agreed during the co-decision procedure, especially after the first reading by the **European Parliament**, are some adjustments to the concept of working time. Such adjustments take into account on-call work, a more clearly defined connection to work–life balance issues and stricter rules on the individual opt-out system. The latter, in particular, is the aspect on which agreement has proved particularly difficult and has so far prevented the release of the new rules.

Japan

In Japan, the Labour Standards Act (LSA) includes a comprehensive regulation of working hours, rest periods, days off and paid annual leave. Article 32 provides that an employer shall not require an employee to work more than 40 hours a week or eight hours a day, excluding rest periods. Following a collective agreement, these thresholds may apply to average working hours calculated in relation to reference periods not exceeding one year. As far as overtime is concerned, a labour–management agreement is needed in order for workers to work extra hours. Moreover, following specific regulations introduced by the Japanese Minister of Health, Labour and Welfare, overtime should not exceed specific weekly, monthly and yearly limits (usually 15, 45 and 360 hours, respectively). According to the LSA, overtime must be remunerated in the form of a bonus of between 25% and 50% of normal pay. The law also provides for work breaks of 45 minutes if working time exceeds six hours and one hour if working time exceeds eight hours. Moreover, a weekly rest period of one full day shall be given to all workers, as well as paid annual leave of at least 10 days annually. An additional 10 days of paid annual leave are progressively accumulated as seniority increases, counting up to a maximum of six years' job tenure. According to the LSA, 'persons in positions of supervision or management or persons handling confidential matters' are excluded from the application of the rules on working hours.

United States

In contrast with the situations in the EU and Japan, the US has quite limited regulations in place with regard to working hours. Working time issues are regulated by the Fair Labor Standards Act (FLSA), which stipulates that, in general, no employee shall work more than 40 hours a week unless the employee receives compensation for additional hours worked at a rate not less than one-and-a-half times the regular rate of pay. In practice, the law establishes a normal weekly working time threshold, but does not set any maximum level: as a result, no limit has been set for overtime, provided that the workers who take on extra work are compensated appropriately.

Moreover, the FLSA coverage is limited by a broad list of exemptions, which relate to 'employees employed as bona fide executive, administrative, professional and outside sales employees, certain computer employees, contractors, vendors and external consultants. To qualify for exemption, employees generally must meet certain tests regarding their job duties and be paid on a salary basis at not less than USD 455 (about €295 as at 17 June 2008) a week' (EIRO,

2007e). Despite the Fair Pay Overtime Initiative of 2004, which, according to the US Department of Labor, was meant to 'strengthen overtime rights for 6.7 million American workers, including 1.3 million low-wage workers who were denied overtime under the old rules', about 27% of US workers remain outside the reach of the FLSA provisions; as a result, their working time is practically unregulated.

It is interesting to note that the mandatory payment of overtime has an important effect on the availability of a specific working time management and flexibility tool that is already quite widespread and still growing in both the EU and Japan – the hour bank. In fact, due to this provision, it is impossible to provide time off in lieu of compensation for the employees of US private sector companies who are covered by the FLSA. As a consequence, this kind of arrangement is only available in the public sector and for white-collar workers who are exempt from regulations on working time.

The FLSA does not make reference to work breaks and no federal regulation exists that mandates coffee or meal breaks at the workplace. Some state-level legislation does provide for work breaks after a certain amount of working hours. This is the case in the State of Colorado, for instance, where employers must guarantee a break of 10 minutes every four hours of work and a half-hour meal break after five consecutive hours of work.

Besides the weak regulation of working time, no mandatory annual leave has been provided for in the US (Table 2).

Table 2: Mandatory rules on some basic elements of working time

	EU*	Japan	US	Brazil	China
Daily working time/overtime	No Specific industries, like road haulage, are subject to specific working time provisions	Eight hours	No Specific industries, like trucking and aviation, are subject to maximum daily working time provisions for safety purposes	Eight hours, no more than two hours of overtime	Eight hours, no more than one hour of overtime (or three hours in special circumstances) a day and 36 hours a week
Weekly working time	Maximum 48 hours on average for each seven-day period including overtime	40 hours, overtime premium must be paid (at least 25% of the hourly wage) and overtime cannot exceed 10 hours a week, 45 a	40 hours, unless an overtime premium of at least 50% the hourly wage is paid	44 hours	40 hours

		month and 360 a year			
Daily rest	11 hours	No	No	No	No
Weekly rest period	24 uninterrupted hours and the daily 11 consecutive rest hours	One day a week	No	One day a week, preferably on Sundays	Saturdays and Sundays are the normal days off
Breaks	If working day is longer than six hours	If working time exceeds six hours (45-minute break) or eight hours (one-hour break)	No (some state legislation)	No	No
Annual leave	At least four weeks of paid annual leave, which may not be replaced by an allowance in lieu	At least 10 days of paid leave, which can reach 20 based on a worker's seniority	No	30 days	Yes

*Note: * The information included in the table refers exclusively to EU-level rules set by Directive 2003/88/EC. National legislation may introduce further rules; for instance, many Member States provide for rules on daily working time and overtime. For further details, see the EIRO studies on Working time developments – 2006 and Overtime in Europe.*

Source: EIRO, 2007

Brazil and China

In Brazil, the Federal Constitution establishes many workers' rights and protections, including in the field of working time. In particular, Article 7 of the 1988 Constitution concerns the rights of urban and rural workers and sets the normal duration of work at no more than eight hours a day and 44 hours a week (7.XIII), with remuneration for overtime of at least 50% of normal pay (7.XVI). It also stipulates a weekly rest period, to be taken preferably on Sundays (7.XV), and provides for paid annual leave (7.XVII). These provisions are supplemented and specified by the Labour Law Consolidated Text, which establishes, for instance, that daily overtime cannot exceed two hours and must be agreed in writing between the employer and the individual employee or by collective agreement. Collective agreements can also allow for the setting of the average working time over a maximum reference period of one year. Under these circumstances, a paid annual leave of 30 days is envisaged for all workers.

In China, the 1994 Labour Act provides for maximum working time of eight hours a day and 44 hours a week (Article 36). It should be noted, however, that poor enforcement of the law and regulations often results in actual working hours exceeding these statutory limits. Article 38 of

the Act mandates at least one day off in a week for workers, while Article 45 sets out the provisions for paid annual leave. However, the amendment to the regulations on working hours of employees issued in February 1995 reduced weekly working time to 40 hours and established Saturdays and Sundays as the normal weekly days of rest. In terms of overtime, the Labour Act states that it should not exceed one hour a day and 36 hours a month (Article 41). Specific overtime premiums in addition to the normal rate of pay are defined in the Act, depending on when the overtime is worked – for instance, on normal working days, overtime is paid at a rate of 1.5 times the normal pay, while it is compensated at twice the normal pay on weekly rest days or three times the normal pay on public holidays (Article 44). The Act provides that overtime worked on weekly rest days may be converted to compensatory leave.

Maternity and parental leave

Another important dimension of the regulation of working time refers to the possible adjustment of individual schedules to personal commitments or duties, which could be connected to the life cycle or rather to short-term situations. The main examples in this respect are maternity and parental leave. While the former is mostly related to health and safety issues, the latter is particularly important for work–life balance.

European Union

EU intervention to harmonise national provisions has been particularly evident in the case of maternity and parental leave, while it has not been used in other areas of working life. EU-wide common principles on maternity leave have been introduced by Directive 92/85/EEC on the introduction of measures to encourage improvements in the safety and health at work of pregnant workers and workers who have recently given birth or are breastfeeding. In particular, this directive provides for women's entitlement to a continuous period of maternity leave of at least 14 weeks, of which two weeks are compulsory (Article 8). Other provisions concerning working time include the possibility of not having to carry out night work if it involves health risks (Article 7) and the entitlement to paid time off in order to attend ante-natal examinations where they must occur during work hours (Article 9).

The regulation of parental leave has marked a crucial achievement in the EU since it was the first main outcome of the **European social dialogue**. In fact, the **European social partners** – ETUC, UNICE (now BusinessEurope) and CEEP – reached an agreement on this issue in 1995, which was later transposed into a Council Directive in June 1996. Directive 96/34/EC on the framework agreement on parental leave concluded by the then UNICE, CEEP and ETUC 'lays down minimum requirements designed to facilitate the reconciliation of parental and professional responsibilities for working parents'. More specifically, it introduces an individual non-transferable right to parental leave of at least three months until a child reaches eight years of age, which can be specified by Member States or through collective bargaining (Clause 2 of the agreement). Moreover, the directive allows for time off from work in the case of force majeure for urgent family reasons (Clause 3).

The implementation of such rules are quite diverse across the EU and some generous arrangements, in terms of additional time off and financial support, coexist with far less generous schemes. For instance, Sweden offers workers a long (480 days), flexible and well-supported parental leave scheme, whereas other EU Member States (such as Cyprus, Greece, Ireland, the Netherlands, Portugal, Spain and the UK), although adhering to EU legislation, grant unpaid parental leave (see the Eurofound report Parental leave in European companies).

Japan

The Japanese Labour Standard Act grants pregnant women the possibility to ask for maternity leave of up to six weeks before the birth of a child. Maternity leave is not compulsory, but the employer cannot refuse to grant such leave if a worker applies for it. After the birth of the child, an obligatory period of maternity leave of at least eight weeks must be taken, which can be reduced to six weeks at the worker's request and subject to the approval of a physician. Moreover, until the newborn child is 12 months old, the mother can take additional work breaks to nurse her baby – two breaks of at least 30 minutes each – and can demand childcare leave periods. Childcare leave can be also be requested by the father of a newborn child.

United States

In the US, the Family and Medical Leave Act (FMLA) of 1993, passed during the Clinton administration, grants workers of companies with at least 50 employees and which meet certain state service requirements – 12 months of non-consecutive work with the employer and at least 1,250 hours worked in the preceding 12 months – up to 12 weeks a year of unpaid leave to care for a newborn baby, a sick relative or due to personal health problems. Entitlement to such maternity leave expires when the newborn baby reaches the age of 12 months (Section 102 of the Act). In addition, however, the same provisions allow for parental leave to care for a son or daughter with 'a serious health condition'. According to estimates of the US Department of Labor, the combination of the coverage limits – employers with at least 50 employees – and the eligibility requirements in terms of service means that more than 50% of private sector employees have no access to such protections. Moreover, the lack of mandatory compensation often results in eligible workers not taking the full 12-week leave entitlement since they cannot afford to remain without pay for so long.

Brazil and China

In Brazil, the Federal Constitution includes protective clauses in relation to maternity, providing for paid maternity leave of 120 days. In China, legislation stipulates paid maternity leave of 90 days. However, some evidence suggests that, in foreign-owned companies, a high number of working mothers do not take up their maternity leave benefits (Benson, 2007).

Role of collective bargaining

The role of collective bargaining in the regulation of working time depends on the following two basic elements:

- the possibility of the legislative framework to recognise and actively promote its regulatory role. This means that mandatory rules are not so pervasive and rigid to crowd out the autonomous and joint regulation of working time by the social partners. Moreover, it suggests that some scope remains for the intervention of collective bargaining, often as a means to introduce more flexible working time arrangements. Therefore, employers have a clear incentive to resort to industrial relations and joint regulation to achieve business objectives.
- the strength and the scope of industrial relations. This refers to the capacity to effectively regulate the employment relationship, as demonstrated by key indicators such as trade union density and collective bargaining coverage.

European Union and Japan

These two dimensions appear to be mostly favourable to collective bargaining in the case of EU countries where high trade union density and bargaining coverage rates are often present – a few exceptions exist in this regard, particularly in some eastern and central European countries (see the EIRO study on Industrial relations in the EU Member States and candidate countries and the European Commission report on Industrial relations in Europe 2006, and in Japan, where, despite the relatively low trade union density of below 20%, existing legislation on working time still allows for the substantial role of joint regulation, which is almost invariably present in the largest companies. A clear example of this important role is the reduction in working time below mandatory limits, which has been achieved in almost all EU countries through collective agreements, particularly at sectoral level. In Japan, the relevance of collective bargaining becomes evident, for instance, when the diffusion of flexible work schedules is taken into account, since the introduction of such schemes almost invariably requires the conclusion of a labour–management agreement.

United States

A totally different picture emerges for the US, where the role of collective bargaining remains marginal. This does not mean that collective bargaining on working time is completely ineffective. Rather, the lack of any promotional role played by legislation and the weakness of industrial relations have remarkably reduced the influence of collective bargaining on working time. However, where present, collective bargaining can still have an impact, for instance, in terms of days of paid annual leave or compensation during maternity leave. Since trade unions, in recent years, have been facing a much broader challenge in the field of social protection systems, they have few resources to campaign on working time, which has become a relatively low priority issue.

Brazil and China

In Brazil, collective bargaining, especially at company level, significantly influences working time. Research carried out by the Inter-Union Department of Statistics and Socio-economic Studies (Departamento Intersindical de Estatística e Estudos Socioeconômicos, DIEESE) found that almost half of company-level agreements covered working time, compared with only 8% of industry-wide agreements. The main demands put forward by collective bargaining on working time are reductions of working hours and compensation for overtime work. For instance, collective bargaining was often successful in obtaining a weekly working time of 40 hours – or even less, like in the case of nurses, who benefit from a 36-hour working week – and a level of compensation for overtime higher than the statutory 50% of the normal wage. However, in recent years, such compensation above the constitutionally protected allowance has decreased and showed a tendency to align with the statutory 50%.

In China, the limited development and role of collective bargaining is confirmed in the case of working time. Where present, collective bargaining mostly ratifies statutory rules set by legislation or administrative acts at the various levels of government. The irrelevance of collective bargaining is particularly evident in the case of multi-employer agreements, at national, industry and provincial levels, whereas company-level negotiations can have some impact on the regulation of the various aspects of working time.

Collective bargaining and working time flexibility

As already highlighted, the institutional framework on working time can leave significant scope for flexibility and can provide different conditions for interest conciliation. In fact, the implementation of working time flexibility can take quite different routes. In the EU and Japan, the legislative frameworks allow for important possibilities to introduce working time flexibility through collective bargaining – and, in Japan, through labour–management agreements. On the contrary, in the US, the fairly limited regulation of working time and the declining scope of collective bargaining in the private sector leave substantial room for employer initiatives. In Brazil and China, a relatively rigid institutional framework is 'counterbalanced' by problems of enforcement and, especially in Brazil, by the presence of a sizeable informal sector.

It is now necessary to analyse the basic trends in working time in order to gain a better understanding of the situations in the various economic areas under examination.

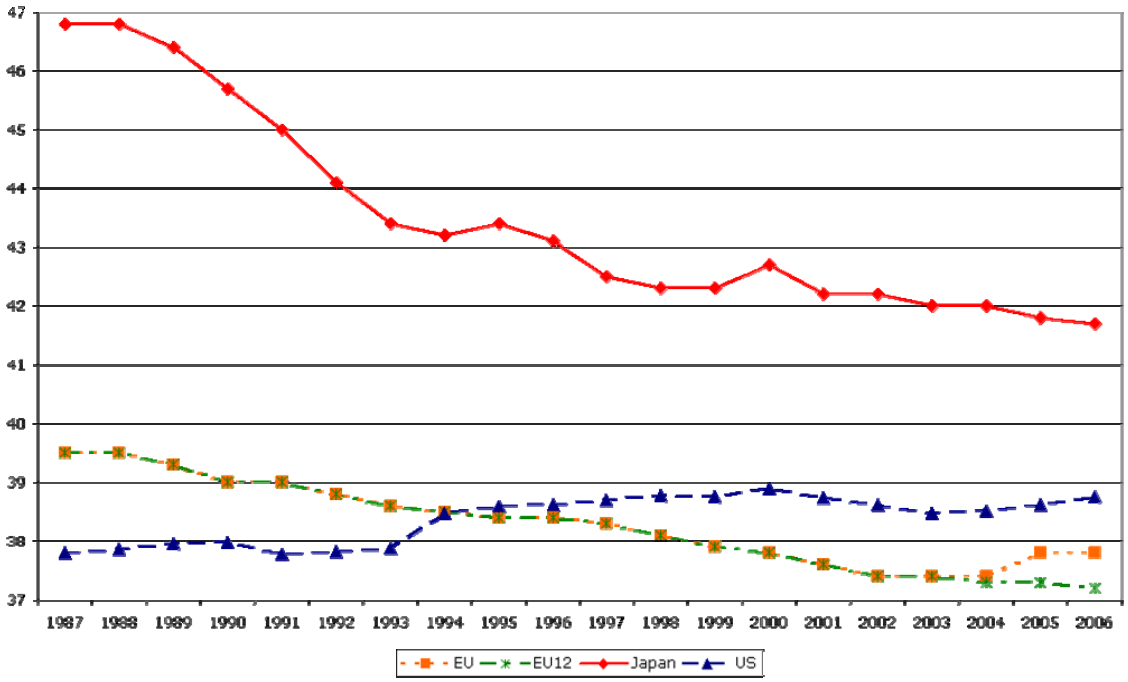
Recent trends and developments in working time

Usual weekly working hours

The usual length of working time must first be considered in order to appreciate differences between the economies under consideration in terms of the most direct indicator of the possibility to strike a balance between work and personal life. In this regard, it is possible to distinguish some quite different patterns between the most economically advanced regions of the global economy. An analysis of the average usual weekly hours worked in the main job in the case of total employment since the mid-1980s in the EU, Japan and the US highlights quite interesting and different trends across the three economies (Figure 1).

While Japan shows a dramatic downward trend from quite high levels of weekly working hours since the mid-1980s and maintains a significantly longer average working week, the US has moved from having the shortest working week of the three economic areas in the mid-1980s to having surpassed the EU regarding the number of weekly working hours in the mid-1990s. Indeed, average usual weekly working hours in the EU have decreased progressively from the late 1980s until the early 2000s to a low of 37.4 hours a week in 2003, when the average usual weekly working time amounted to 42 hours in Japan and 38.4 hours in the US. After 2003, weekly working time continued to decrease in Japan and increase in the US. Following EU enlargement on 1 May 2004, with the accession of the Czech Republic, Cyprus, Estonia, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia, weekly working hours in the EU increased slightly, while working hours in 12 EU countries – Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain and the UK – continued to decline. In 2006, average usual weekly hours worked in the main job according to total employment figures amounted to 37.2 hours in the 12 abovementioned EU countries (1.6% less than the average of the EU25 – 25 Member States post-enlargement in May 2004), 37.8 hours in the EU25, 41.7 hours in Japan (10.3% more than in the EU25) and 38.8 hours in the US (2.6% higher than the EU25 average).

Figure 1 Average usual weekly hours worked in the main job, EU, Japan and US (total employment), 1987–2006



Average usual weekly hours worked in the main job, EU, Japan and US (total employment), 1987–2006

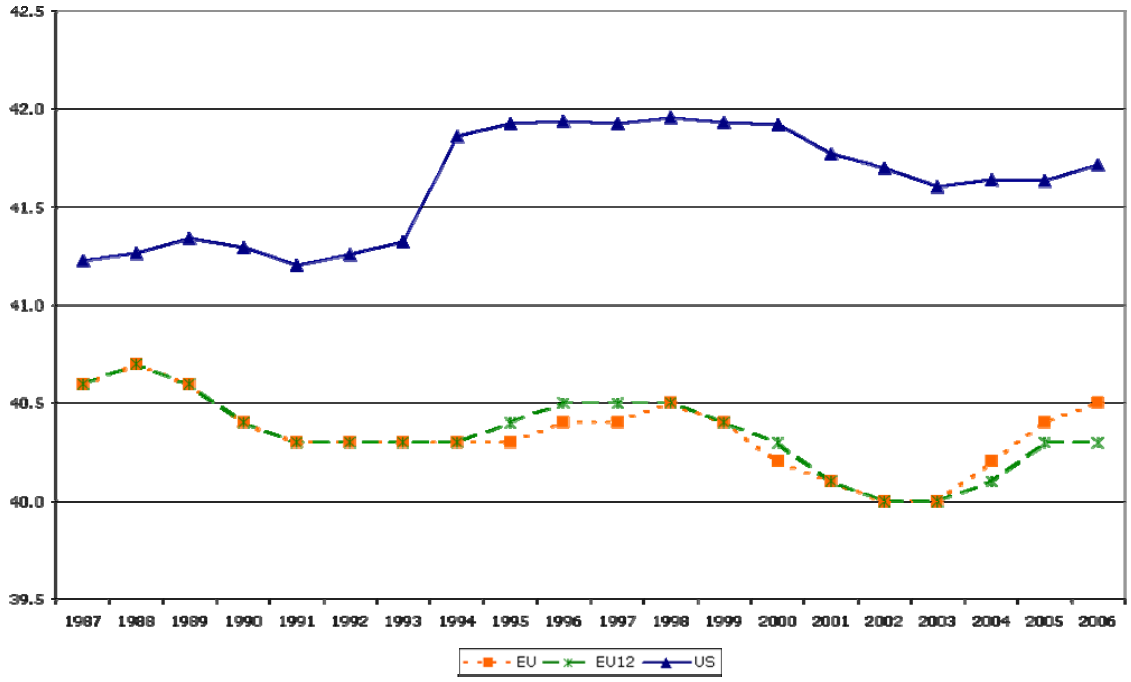
Notes: EU refers to the 25 EU Member States after enlargement in 2004, and EU12 refers to the 12 EU Member States before the enlargement in 1995 when Austria, Finland and Sweden joined the EU.
Source: Eurostat data for EU25 and EU12, 2007; ILO for Japan, 2007; and Organization for Economic Co-operation and Development (OECD) for US (data refer to employees only), 2007

Taking into account the average usual weekly working time for all full-time employees in the EU and US (Figure 2), a divergent trend can still be identified between the two economies over the past 20 years. However, working time for employees in the US was already higher than in the EU in the mid-1980s. Therefore, the gap has widened as usual weekly working time has increased in the US, whereas it has shown a slight downward tendency in the EU despite the influence of the economic cycle. As a result, the total number of hours usually worked on a weekly basis in the US remained higher than those worked in the EU and the gap has widened in recent years. In 2006, usual weekly hours worked in the main job by full-time employees were significantly longer in the US (41.7 hours) than in the EU (40.5 hours), which represents a difference of almost 3%.

As shown by the difference between the overall EU (as defined according to its actual membership in each reference period) and the EU12 countries (EU membership as for 1986, including the ex-German Democratic Republic), the EU enlargement process has led to a decrease in the total EU average working time in the mid-1990s. This is mainly due to the accession of the Nordic countries to the EU, while in the mid-2000s, the entry of the central and eastern European countries, as well as Malta and Cyprus, has pushed the average working time

upwards. In the case of the EU12, the average weekly working time has been increasing since 2003, but it is not possible to determine whether this is only a temporary and cyclical upturn, linked to improvement in the economic situation, or a more stable new trend.

Figure 2 Average usual weekly hours worked in the main job, EU and US (full-time employees), 1987–2006

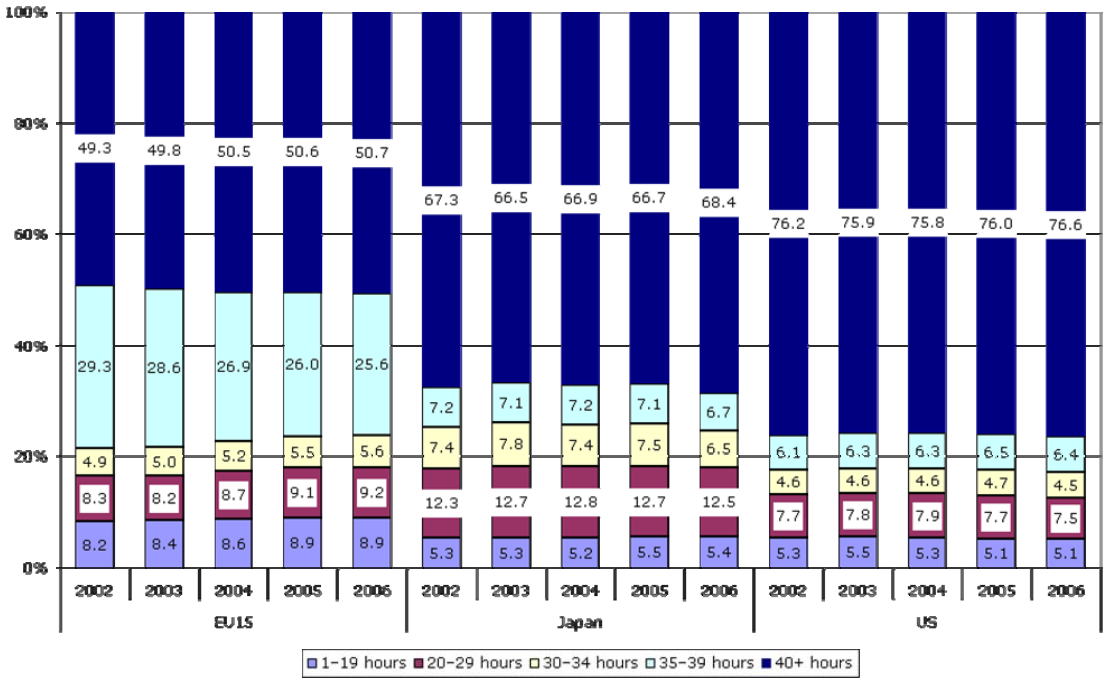


Average usual weekly hours worked in the main job, EU and US (full-time employees), 1987–2006

Source: Eurostat for EU25 and EU12, 2007; and OECD for US, 2007

Particularly interesting is the analysis of the distribution of working time within the working population. As shown in Figure 3, in the former EU15 countries prior to enlargement of the EU in 2004, the incidence of persons working 40 hours or more on a weekly basis is significantly lower than in Japan and the US. While some 50% of the overall working population in the EU15 work at least 40 hours a week, this is the case for more than 75% of US workers and for slightly less than 70% in Japan. The number of persons working such hours in the US is relatively stable, while it is increasing in the EU and Japan. In particular, in the EU, a parallel increase of both long and short hours is evident, since the moderate increase of persons working 40 hours or more a week (+1.4 percentage points over the period 2002–2006) is accompanied by a growth in the number of those working fewer than 34 hours a week (+2.3 percentage points). In practice, the traditional option of 'reduced full-time' working hours, which lies between 35 and 39 hours, has been significantly less prominent since 2002 and fell from 29.3% in 2002 to 25.6% in 2006 of the total number in employment, which represents a decline of more than 12%.

Figure 3 Incidence of employment by usual weekly working hours, EU15, Japan and US (total employment), 2002–2006 (%)*



Incidence of employment by usual weekly working hours, EU15*, Japan and US (total employment), 2002–2006 (%)

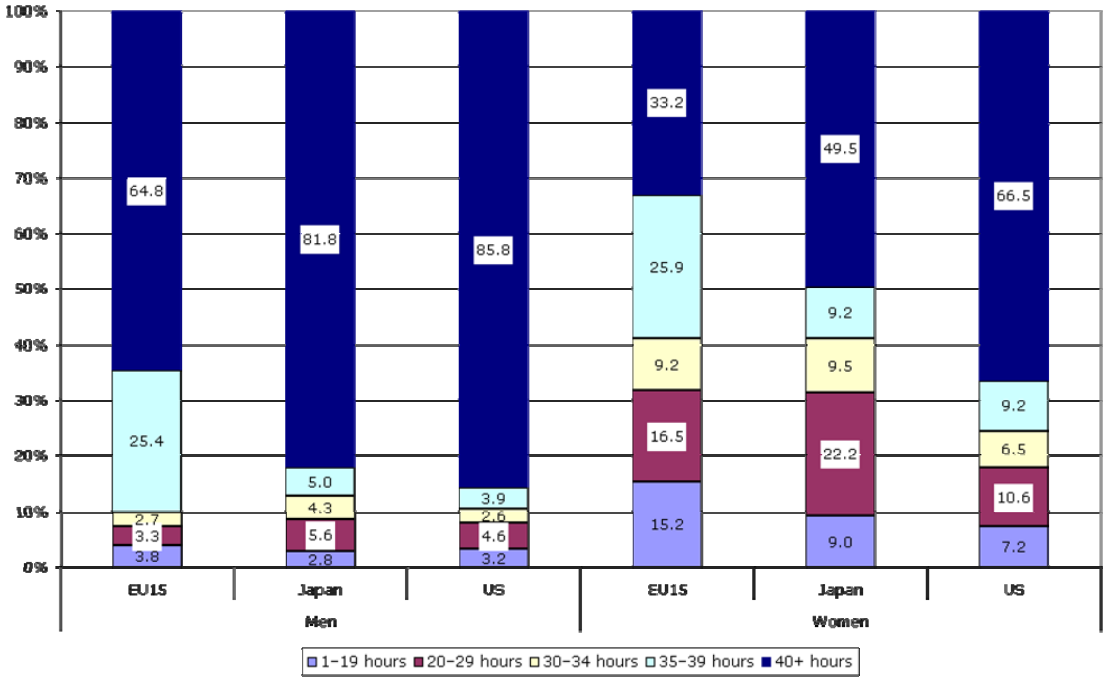
Note: EU15 countries include those prior to EU enlargement in May 2004: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the UK.

Source: OECD, 2007

Looking at the data for 2006 according to gender and age group (Figures 4 and 5 respectively), a substantial proportion of people work usually between 35 and 39 hours a week, particularly in European countries, regardless of the impact of these two important 'structural' variables – this is a distinct characteristic of employment in EU countries due to collective bargaining and, in certain cases and notably in France, legislative provisions. On the contrary, in the US and especially in Japan, a usual weekly working time of below 40 hours is mostly the case in relation to the labour market participation of women. When considering age groups, the European pattern persists and, while fewer weekly working hours are typical of both younger and older workers, the gap between European levels and those of Japan and the US remains significant.

In terms of the emerging economies of Brazil and China, considerably different pictures emerge. While the average weekly working hours in China appear to grow and are remarkably higher than those recorded in recent years in the EU, Japan and the US, in Brazil they show a declining trend and presently lie between those of Japan and those of the EU and the US. In particular, in China, the most recent data on working time in urban areas show an average working time of 45.5 hours in 2004, up from 44.9 hours in 2001. In Brazil, average weekly working time amounted to 40.6 hours in 2004, down from 41.5 hours in 2001 (Zylberstajn, 2007).

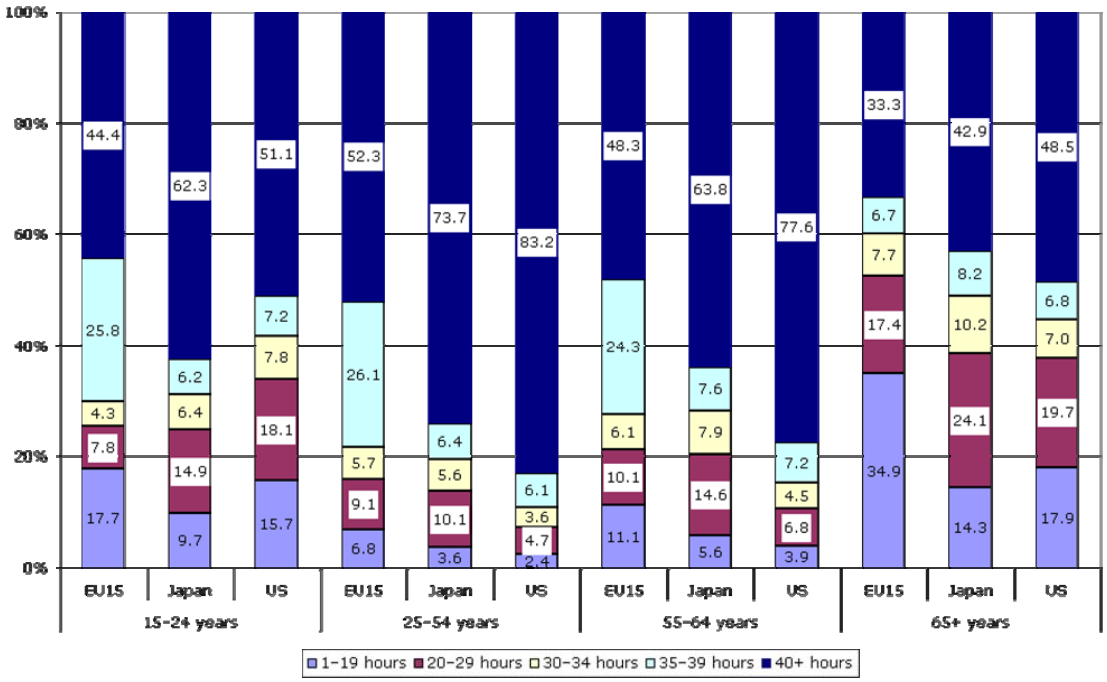
Figure 4 *Incidence of employment by usual weekly working hours, by gender, EU15, Japan and US (total employment), 2006 (%)*



Incidence of employment by usual weekly working hours, by gender, EU15, Japan and US (total employment), 2006 (%)

Source: OECD, 2007

Figure 5 Incidence of employment by usual weekly working hours, by age group, EU15, Japan and US (total employment), 2006 (%)



Incidence of employment by usual weekly working hours, by age group, EU15, Japan and US (total employment), 2006 (%)

Source: OECD, 2007

Overtime and long working hours

European Union

Data on overtime in EU countries are not regularly available and refer only to a limited number of countries. The 2003 EIRO comparative study on Overtime in Europe found, for instance, that across the few countries for which data were available annual overtime hours ranged between 5.9 hours for full-time workers in Spain (2001) to more than 200 hours in Portugal (i.e. 4.6 hours a week in 1999), with France recording 55 hours (2001, full-time workers in companies with over 20 employees), Germany showing 61.5 hours (2001) and the UK around 100 hours (2001, 1.9 hours a week). As far as long working hours are concerned, data from the fourth European Working Conditions Survey show that some 18% of all employees work 48 hours or more a week.

Japan

As already highlighted and despite the significant decrease in total weekly working hours in recent decades, Japan remains the country of the three economies under review with the longest weekly working hours. This is reflected in the number of average overtime hours worked and in the incidence of long working hours. In fact, in Japan, the incidence of overtime and long working hours is considered a source of social and political concern, not least because of the widespread awareness of the higher incidence of cases of *karoshi* – the Japanese term for 'death'–

or permanent disability from 'overwork' than in any other advanced economy (JILPT, 2006, p. 49; Iwasaki et al, 2006).

In relation to overtime, non-scheduled working hours in Japan have been on the rise in recent years. For instance, in 2007, such working time reached 132 hours, up from 114 hours in 2002 in establishments with at least five employees. In manufacturing, 199 hours of overtime were recorded in 2006, compared with 162 hours in 2002 – an increase of 23%. A survey carried out by the Japan Institute for Labour Policy and Training (JILPT) in 2005 casts more light on overtime and particularly on the phenomenon of unpaid overtime. This survey shows that almost half (47%) of all interviewed employees had worked at least one hour of unpaid overtime in the previous month. For those who had worked unpaid overtime hours, the average over the surveyed month amounted to some 32 hours for men and 22 hours for women. However, as many as 5% of men and 2% of women had worked at least 80 hours of unpaid overtime, and 3.9% of all respondents worked 100 hours or more. The survey shows other interesting trends for those who had worked at least one hour of unpaid overtime. The amount of average unpaid overtime work slightly decreased with age between workers aged in their 20s and 40s, from slightly more to slightly less than 30 hours, while overtime fell to some 22 hours among workers aged in their 50s. Types of jobs where unpaid overtime was more significant include 'business and sales' (40.7 hours), 'medical and educational professions' (30.9 hours), 'workplace management or supervision' (29.4 hours) and 'transportation or vehicle operation' (29.3 hours). In relation to economic sectors, 'industries with long hours of unpaid overtime [included] the construction industry (34.8 hours), wholesale and retail industries (34.1 hours), finance, insurance and real estate industries (32.8 hours) and the service industry (36.0 hours)' (see paper in previous hyperlink).

An interesting result of this survey is the impact of working hour systems on the amount of unpaid overtime. Not surprisingly, those who work on 'discretionary work' contracts – i.e. those whose actual working hours are not recorded and their pay may include a flat-rate overtime bonus – were working the longest unpaid overtime hours (38.4 hours). Performance-related pay schemes, which are widely present among this group of workers, may also play a role in the distribution of long working hours. Conversely, those who work under flexitime arrangements or do shift work showed both shorter unpaid overtime hours (27.2 and 15.4 hours, respectively) and a higher proportion of zero hours of unpaid overtime (almost 69.8% and 60.7%, respectively). This suggests that both more flexible and stricter work schedules can effectively reduce unpaid overtime work, whereas the distribution of discretionary work and the related use of performance-related pay schemes have a strong positive impact on overtime, which, in these cases, is unpaid almost by definition. It seems that the main reason behind long unpaid working hours is dealing with a high workload.

Moreover, in 2007, a quite extreme definition of long working hours – 60 hours or more a week – involved as many as 5.8 million workers in Japan, or 10.8% of the total workforce, and the proportion of those working such long hours appears to be growing (JILPT, 2007). This is particularly the case among younger male workers aged between their late 20s and early 40s: in 1994, the proportion of individuals working 60 hours or more a week was already 17%–19%, increasing to 20%–24% in 2004 (see Working hours and Japanese employment practices).

United States

In the US manufacturing sector, average weekly overtime worked by production workers was 4.2 hours in 2002 and 4.4 hours in 2006, returning once again to 4.2 hours in 2007 (Table 3) (US Bureau of Labor Statistics) – a level that roughly corresponds to overtime in the Japanese manufacturing sector. The latest data available on working time in the US show that, in 2007, some 18% of the workforce had a weekly working time of more than 48 hours and 7% of workers worked 60 hours or more each week (US Bureau of Labor Statistics).

Table 3: Average annual overtime hours and long hours in EU, Japan and US, 2007

Country	Average overtime hours (manufacturing sector)	Long hours (above 60 per week)
EU	-	8.1%*
Japan	16.6 hours monthly	10.8%
US	4.2 hours weekly	7.0%

*Note: * 2005 figure.*

Source: European Working Conditions Survey 2005; Japan Institute for Labour Policy and Training; US Bureau of Labor Statistics

China

In China, an ILO survey carried out in 2004 found that, in the three important urban areas of Beijing, Changsha and Guangzhou, a substantial proportion of workers had worked overtime in the previous month and for a significant amount of hours (as reported by Zeng et al). Overall, 41.4% of the interviewees had worked overtime during normal working days for an average of 7.9 hours, and 38.1% had worked on rest days for an average of 15.7 hours – this is almost equivalent to two normal working days out of about eight days of rest, according to work rules. Moreover, 34.5% of respondents had worked overtime on public holidays in the previous year for an average of 4.7 hours.

Unpaid household work

Some further reflections on the issue of long working hours could derive from unpaid family work on household tasks or caring for children and dependent adults. In fact, while men usually work longer hours on paid employment, the opposite is true for women. Some interesting data on this topic can be drawn from the Fourth European Working Conditions Survey (Parent-Thirion et al, 2007), which underlines the gender difference with regard to this type of unpaid work. For instance, unpaid household work performed by women is more than three times the work carried out by men at all ages. For example, the amount of unpaid household work is particularly high among those aged between 25 and 54 years, reaching 31.8 hours for the 25–39 age group and 26.9 hours for the 40–54 age group, which compare to a respective amount of 9.2 hours and 8.6 hours performed by men in the same age brackets (ibid, p. 73). When taking into account the composite working hour indicators – i.e. the sum of the hours worked in the main job and in secondary jobs, plus the time spent on commuting and on household work – the research finds that women in employment systematically work longer hours than men. This points to a quite clear illustration of the 'double role' increasingly played by women in the labour market and in the household. Interestingly, referring to composite working hours, on average, women in part-

time jobs work more hours than men in full-time jobs (56 hours for women compared with 54 hours for men), while women in full-time jobs work the longest hours, reaching more than 65 hours a week (ibid, pp. 26–27). Even if it is not possible to further examine these findings in this report, it is worth noting that similar differences in household workloads between men and women are often referred to in the available literature and occur almost everywhere. A recent analysis of housework in 34 countries finds, on average, almost the same three-to-one proportion between weekly housework performed by women and men respectively, with the most asymmetrical situation in Japan, where women perform an average of 90% of all housework (see National context and spouses' housework in 35 countries by Knudsen and Wærness).

Flexitime, working time accounts and annualised hours

European Union

Flexibility of working time has been the subject of much attention in the EU in recent years in light of the combined objectives of supporting business adaptability and work–life balance. Two of the main types of flexible work schedules are 'flexitime', which allows employees to vary their entry and exit times at work within certain limits which can be more or less restrictive, and 'working time accounts', whereby individual overtime can be accumulated in a personal 'hour account' and later used to take time off. A crucial aspect of flexitime is whether employees need to compensate variations in entry times on the same day or are allowed to accumulate debit or credit hours to balance out hours over a reference period. Moreover, it is also important to assess whether employees can use credit hours to take full days off or even longer periods of leave.

In the Establishment Survey on Working Time (ESWT), carried out by the European Foundation for the Improvement of Living and Working Conditions in 2005, the existence of these kinds of flexible arrangements were reported in 48% of establishments with 10 or more employees. More specifically, 'working time accounts' of the most advanced type, whereby employees can use credit hours to take periods of leave, were present in 13% of establishments. In addition, quite restrictive flexitime arrangements were available to employees in 16% of establishments since their daily working hours were fixed, but entry and exit times could vary. In the remainder of the establishments examined, employees could vary daily working hours and use credit hours to claim time off, but in some cases they could not take an entire day off (7% of establishments), while in the majority of cases they could do so (12%).

A third type of flexible working time schedule relates to annualised hours, whereby collective weekly working time can vary depending on the fluctuations in demand and to meet the related production needs – it is then averaged out over a reference period of one year or shorter. The introduction and regulation of annualised working hours was initiated by EU Directive 93/104/EC concerning certain aspects of the organisation of working time and can require the conclusion of a collective agreement. At national level, legislation usually provides for a general framework agreement, in accordance with the previously mentioned EU Working Time Directive (see p. 27), allowing for the computation of daily and/or weekly working time over a reference period (which is often as long as one year, but can be shorter in certain cases). In the majority of cases, the directive requires or promotes the role of collective bargaining. Depending on the national bargaining structure, annualised hours may be further regulated by sectoral agreements, while the implementation of specific schemes is generally left to company agreements. Little information is available on the coverage of annualised hours. However, existing data point to a quite diversified incidence of annualised hours across EU Member States and between the various economic sectors within countries. For instance, in 2001, some 30% of German workers were covered by annualised hours, while only about 5% of UK employees were working under this kind of working time arrangement. In Italy, annualised hours affected around 75% of workers in the

chemicals sector, while in Denmark about two-thirds of the workers employed by the member companies of the major private employer organisation – the Danish Employers' Confederation (Dansk Arbejdsgiverforening, DA) – had their working time calculated over one year (for additional information, see the EIRO study on Annualised hours in Europe.

Japan

In Japan, flexibility is increasingly becoming a distinctive feature of working time management at the workplace. This working time arrangement is generally implemented through collective agreements or labour–management agreements. As already illustrated, in general, the first way to make working hours more flexible is to extend the reference period for the calculation of the weekly working time, which can be as long as one year. In this case, it is possible to distinguish between flexible work schedules which average out working hours over one month and those which have a reference period longer than one month. The first type of flexible working arrangement can be implemented directly by the employer and may suppress even the weekly day off, provided employers grant their workers four days off over the four-week period covered by the scheduling system. This kind of scheme is implemented in 15.2% of Japanese workplaces. The second type of flexible schedule – known as the 'annual flexible schedule' – requires the conclusion of a collective agreement or labour–management agreement. A number of conditions must be observed in the implementation of such a system: it can involve a maximum of 10 hours of work a day, no more than 52 hours' work a week, no more than six working days in a row or 12 in specific periods, as well as a maximum of 320 hours of flexibility a year; finally, annual working days cannot amount to more than 280 days in one year. This working time flexibility mechanism is present in 39.5% of Japanese workplaces. In the retail trade sector, as well as in hotels and restaurants, it is possible for companies with less than 30 employees to have recourse to 'atypical' weekly flexible work schedules, whereby the actual working hours can be modified each week, respecting the limit of 10 hours a day. In order to be able to use these schemes, a collective agreement between employees and management is necessary. A further flexible working hour system is the so-called 'flexitime' option, whereby workers can decide autonomously, but within limits, when to clock into and out of work. Workers in this position have to guarantee the provision of a certain amount of working hours each month. Flexitime arrangements are present in 6.3% of Japanese workplaces and need to be regulated by labour–management agreements.

United States

Flexible working hours, or working time that can be adapted at least partially to personal needs, were available to almost one third of US workers in 2004, the latest year for which data are available. This was more than double the level in 1985, but almost the same rate as in 1997. The sectors where flexible working options were more prevalent included, in particular, financial activities and professional business services (around 40%), whereas they were less apparent in manufacturing (24.8%). It is interesting to note that this type of working time flexibility is generally linked to managerial and professional occupations and is strongly linked to individual educational attainment: only 15.1% of workers with less than a secondary-school diploma can benefit from this kind of flexibility, whereas it is available to as many as 43.6% of third-level graduates.

European Union

In the EU, according to the fourth European Working Conditions Survey, some 19% of employees worked shifts – a form of organisational flexibility of working time usually introduced to accommodate the company needs and objectives in terms of utilisation of equipment (in manufacturing) and coordination between supply and demand (in services) (Table 4). Of these workers, almost half of them worked rotating shifts, while some 40% always maintained the same working hours – morning, afternoon or night. The remainder had different work schedules, such as daily split shifts (some 6% of workers), with a break of at least four hours in between each shift, or possibly irregular shifts, with no fixed working schedules.

It is interesting to note that shift work only provides for limited leeway to influence personal working time. In this regard, while shift work can require that workers work permanently or periodically during 'unsocial' hours – with the rates of evening, night, Saturday and Sunday work being substantially higher for shift workers – it allows limited, if any, individual flexibility within each shift. In the case of shift work, some 72% of employees have their working time entirely determined by the company, with no possibilities for changes, while this is true for about 63% of employees not working shifts. However, perhaps more significantly, the flexibility granted to shift workers is often constrained since they can choose between several fixed working schedules (15% compared with 8% among non-shift workers), whereas they can individually adapt or determine their working time to a much smaller extent (12% compared with 28% of non-shift workers).

Moreover, shift work does not seem to protect workers from long daily or weekly working hours, nor does it appear to improve predictability with regard to changes in working hours: more than 50% of shift workers report that changes to their work schedules occur regularly, whereas this happens only for some 25% of employees not working shifts. Short-term variations in work schedules are also frequent, as some 40% of shift workers whose schedules are changed are informed of such variations on the same day or the day before the changes are implemented. However, such variations to work schedules are more common for employees not working shifts: more than half of them know about the changes to their schedule on the same day or the day before the changes take effect.

Shift work has a sector-specific character and is mostly widespread among employees in the hotels, restaurants and catering sector, where it involves more than one-third of the whole dependent workforce. Manufacturing (28%), transport and communications (25%), as well as health and education (21%) are examples of other sectors where the presence of shift work is significant.

United States

In the US, according to the 'Work schedules and work at home' survey, a special supplement to the Current Population Survey (CPS) conducted in May 2004 by the US Bureau of Labor Statistics, as reported by McMenamin in 2007, more than 21 million wage and salary workers, or about 18% of the total workforce, worked shifts that fell at least partially outside the regular daytime shift hours (06.00–18.00). The evening shift, with usual hours between 14.00 and midnight, was the most common of these alternate shifts and involved some 7% of all wage and salary workers. On the other hand, the night shift, with hours between 21.00 and 08.00, affected around 3% of employees. Some 3% of employees were involved in rotating shifts and almost 4% worked on employer-arranged irregular work schedules, whereby employers can vary the time of the shift to accommodate changes in demand.

Despite the different definition of shift work used in the US – work schedules outside the normal day shift of 06.00–18.00 – shift work is particularly present in the same economic sectors as in the EU. For instance, in the leisure and hospitality industry, almost half of all employees work 'alternate' schedules, which is also the case for one-third of employees in the arts, entertainment and recreation sector, while slightly fewer workers work such shifts in mining, transportation and warehousing. It is interesting to note that no substantial difference emerges in the EU in relation to the involvement in shift work of part-time and full-time workers, with the latter group of workers working shifts slightly more often (19.7% of workers) than the former (16.5%). However, in the US, alternate shifts are remarkably more widespread among those working part time. In fact, whereas some 30% of all part-time workers work alternate shifts, this is the case for only about 15% of full-time workers.

This difference is not linked to female employment, as men work shifts more frequently than women (19.1% of men compared with 16.1% among women). Indeed, the gap in alternate shifts between part-time and full-time workers is even wider among men (37.5% for part-time workers compared with 16.7% for full-time workers) than women (26% compared with 12.4%). This difference can be explained by the large proportion of young (male) part-time workers who take up alternate shifts to combine work with their studies: of the employees aged between 16 and 24 years, 35.2% work alternate shifts, while this is true for only 14.5% of those aged 25 years or older. At the same time, up to 40.2% of part-time workers working alternate shifts do so because it allows 'time for school'. In the EU, though shift work is more common among younger workers, the differences are far less significant: the proportion of employees up to the age of 24 years who do shift work is 21.2%, which is slightly more than among workers aged 25–39 years (20.5%) and significantly more than those aged 40–54 years (18.7%). As a result, the incidence of young part-time employees working alternate shifts seems to be a specific feature of working hour patterns in the US, probably due to the different organisation of the education system there and possibly to the different level and distribution of costs.

Japan

In Japan, only rotating shifts are regarded as 'shift work'. In this case, it is not possible to make meaningful comparisons. Only some indications of the incidence of shift work can be taken from the results of the fourth European Working Conditions Survey, which is the latest data available concerning night work (work performed between 22.00 and 05.00). According to this survey, 32% of companies had night work schedules, which were part of a shift work scheme in 23% of cases. When looking only at companies where night work was present, 44.4% of companies were operating during the night on the basis of a two-shift system, 24% had a three-shift system in place, 22.6% had a shift system administered by the workers, and 9% were working on the 'one day and one night shift' system, whereby day and night work are alternated (JILPT, 2007).

Table 4: Shift work in EU and US, mid 2000s (%)

Country	Total	Permanent shifts	Rotating shifts	Daily split shifts	Other
EU	19.2	7.5*	9.6	1.2	0.9
US	17.7	9.9	2.7	0.6	4.5

*Note: * Includes permanent daytime shifts. Data refer to 2005 for EU and May 2004 for US.*

Source: European Working Conditions Survey (2005) for EU; McMenamin (2007) for US

China and Brazil

Shift work is apparently much more common in China than in the other economies under review in this study: the abovementioned ILO survey found that some 36% of workers in China were doing shift work in 2004. The most persistent type of shift work was the two-shift scheme, but in manufacturing three-shift schemes were popular among almost half of all employees working shifts. For Brazil, no data are available on the incidence of shift work. However, it could be interesting to note that shift work is regulated by the Brazilian Constitution, which stipulates that, in the case of rotating shifts, each shift cannot be longer than six hours.

Weekend work

European Union

In general, work is usually performed during weekdays. However, a substantial proportion of workers work on Saturdays and a significant share also work on Sundays. In the EU, data from the Fourth European Working Conditions Survey show that only about half of all employees never work on Saturdays or Sundays, while up to 50% of employees work at least one Saturday a month and some 25% work at least one Sunday a month. More specifically, about 25% of employees work on Saturdays but never on Sundays, while 2% work on Sundays but never on Saturdays, and as many as 23% work at least one Saturday and one Sunday a month. The percentage of employees who normally work weekends – i.e. four times a month – is of course much smaller, but still not insignificant: 15% of workers are usually at the workplace on Saturdays, some 5% report working regularly on Sundays, and 4% usually work on both Saturdays and Sundays.

Japan

For Japan, it is not possible to present specific data on weekend work. However, some considerations can be drawn from the distribution of employees among different systems of weekly days off used by companies. According to the General Survey on Working Conditions, some 60% of employees of companies with 30 workers or more were employed under 'perfect' systems, giving them two days off a week, which usually meant weekends. However, 8% of workers could not benefit from two days off a week and 32% had access to different types of schemes allowing two days off, which involved variations in working days and required at least some work to be performed on weekends.

United States

In the US, the share of employees who do not work on weekends is higher than in the EU: almost two-thirds of all wage and salary workers only usually work on weekdays. Saturday and Sunday working involves some 8% and 2% of employees, respectively, while 5% work at least one Saturday and one Sunday a month. The remainder – some 17% of employees – have irregular work schedules that may include both weekdays and weekends. It may be worth noting that part-time workers in the US show both the highest percentage of working on weekends (21%) and of irregular work schedules (33%), whereas in the EU no significant differences emerge between part-time and full-time workers with regard to weekend working.

China

As for the other emerging economies under review, only limited data for China are available on weekend work. According to the ILO survey carried out in 2004, in the three urban areas of Beijing, Changsha and Guangzhou, 22.5% of respondents were working on weekends.

Not surprisingly, weekend work has a clear sectoral characterisation. In the EU, it is mostly common in hotels and restaurants, where employees who work on Saturdays represent 80% of the total workforce (65% on Sundays), wholesale and retail trade, as well as transport and communication, where the share of the workforce working on Saturdays is 60% (20% and 35% on Sundays, respectively). Similarly, in China, the sector for which the highest incidence of weekend work is reported is wholesale and retail trade (36% of workers). Conversely, the lowest incidence of weekend work is found in the financial intermediation sector: less than 20% in the EU and 12% in China.

Maternity and parental leave

Unfortunately, no homogeneous data are available on the issue of maternity and parental leave across the economies under review. Existing evidence points to some specific features of the various economies: these relate to the persistently wide variations within the EU in relation to such leave, the efforts in Japan to support childcare leave take-up rates and the debate over the impact and effectiveness of the recently introduced Family and Medical Leave Act (FMLA) in the US.

European Union

In the EU, analysis of data on parental leave from the Establishment Survey on Working Time (2004–2005) has found that about half of European establishments with 10 or more employees had some experience of workers taking parental leave during the previous three years. In most of the 21 countries included in the survey, this percentage ranged between 45% and 60%, but some countries had a significantly higher or lower incidence – in Sweden, 89% of workers took parental leave, while this was the case among 25% of workers in Spain. These differences partly reflect the variations in the institutional frameworks as mentioned earlier in the report, with the countries with more favourable and generous working conditions presenting a higher incidence of establishments with employees availing of parental leave (see p. 31 of the report). However, this factor certainly did not account for all variations. Other important elements also influence the take-up of parental leave: the size of the establishment, with larger establishments having a higher incidence; the sector, with the public sector showing a higher take-up of parental leave than the private sector; and the gender balance in employment, which especially contributes to explaining the differences between sectors because of the gender-segregated character of sectoral employment.

Japan

In Japan, the take-up rate of maternity and parental leave has been growing in recent years. According to the 'Basic survey on female employment' of the Ministry of Health, Labour and Welfare (cited in JILPT, 2007), in 2006 the percentage of eligible employees who benefited from voluntary childcare leave was 88.5% for mothers and 0.57% for their spouses, compared with 73.1% and 0.44%, respectively, in 2003. It is interesting to note that company-level policies that support parents have been increasing in Japan. For instance, in 2006, 52% of companies had special working time arrangements to allow for childcare options, such as the possibility for parents to require shorter working hours – this represents an increase in such arrangements from 45.3% in 2003. Moreover, among these companies, 34.8% (22.5% in 2003) had schemes in place that were available to parents until their children reach school age.

United States

In its report on the its own request for information, the US Department of Labor estimates the take-up rate of family and medical leave to be relatively low (see pp. 129–131). In 2005, the upper-bound estimate of employees who availed of family and medical leave was 17% of those covered and eligible to take such leave, which corresponds to 13 million employees. Of course, the US Family and Medical Leave Act (FMLA), besides covering maternity and parental leave, also allows for the take-up of unpaid leave to care for an immediate relative with serious health problems or to take individual medical leave if the worker is unable to work due to a serious health condition. Therefore, on the basis of these data, it is not possible to clearly identify which workers took maternity or parental leave. However, as mentioned earlier, evidence suggests that a high number of eligible workers do not avail of the full 12 weeks of unpaid leave allowed under the FMLA in the case of maternity because they cannot afford to remain without income for so long, (Sweeney, 2007).

Conclusions

Working time is an essential component of the employment relationship between workers and employers. Moreover, it is a powerful element in the structuring of 'social time'. For a long time, in advanced Western economies, there has been a move towards the limitation and delimitation of working time in favour of 'free' personal time, which allows for more time to be devoted to leisure and social relationships. Social time has been defined and organised around working time, so that less of the latter would have resulted in more of the former, thereby enhancing personal well-being – provided that people also had access to working time, which could allow them to earn a decent living. The balance between working and personal time was regarded as a landmark of modern times, as was the distinction between the workplace and home.

In recent years, this view has changed in precisely the same place where it first originated – in the advanced Western economies. This is mainly due to the pressure of changing social and economic conditions. In this regard, the increased labour market participation of women, the prevalence of services and the growth of international competition – together with other elements, such as the development of new information and communication technologies (ICT) – have increased the need to review the boundaries between working and personal time. Dual-earner households demand more possibilities to reconcile work and family life, such that family members can adapt work and personal obligations. Furthermore, services usually require the co-existence of providers and customers, so that the working time of the former must correspond to the personal time of the latter. In terms of international competition, this has emphasised the role of working time management as a competitive tool in reducing production costs, increasing productivity and improving the synchronisation of supply and demand. Moreover, international

markets have brought together different institutional and cultural approaches to the regulation of working time and the definition of social time, with possible consequences in terms of 'regime competition'.

Common trends

Within such a general framework, two of the main common trends regarding the organisation of working time that can be identified in recent years across different economic areas are as follows: on the one hand, the flexibilisation of working schedules can be observed; on the other hand, there had been a blurring of the boundaries between working and social time.

Flexible schedules

The flexibilisation of work schedules may be partly connected to the shift in the sectoral composition of employment to services. Indeed, it is apparent that some of the non-standard work schedules, and notably shift work and weekend work, are linked to specific service sectors of the economy, such as hotels, restaurants and catering, transport and healthcare. However, the adoption of flexible work schedules has increased to a significant extent in recent decades, which is clearly the case in Japan and the US. This increase in the prevalence of such work arrangements is most likely associated with more fundamental and structural changes, which affect all industries, although to different degrees.

Erosion of work–life boundaries

The less clear-cut separation of working time and personal time is partly a result of the same flexibilisation of schedules. As long as this development is connected to the incidence of flexitime arrangements, whereby workers have more control over their working time, it could be considered alongside the 'traditional' perspective of employee protection. It is the employee who adapts working time to personal needs. However, even if this is significant, some new features of contemporary working time organisation point effectively in the opposite direction: as can be seen clearly in the cases of the US and Japan, flexitime arrangements are particularly evident in the sectors and occupations where the exemptions from working hours and overtime regulations are possible and 'comprehensive working time' contracts are more widespread. Under such circumstances, working time is not recorded and a flat-rate compensation for overtime may be included in workers' basic pay. Since these are also the economic sectors where performance-related pay schemes are particularly present, the outcomes of such systems are often associated with work intensification, long working hours, unpaid overtime and the overlap between working time and personal time.

Similar tendencies among workers having to work 'unsocial' and long hours were recorded in low-skilled and low-paid occupations, with a significant presence of ethnic minority groups working such hours. This is an important indication of the presence of links between working time and wages, which adds to the previously mentioned connection between working time and employment contracts for the high-skilled and high-paid jobs. In fact, low pay is often quite a strong incentive for workers to take on overtime work; therefore, it is not surprising that the longest working hours are often found at the two ends of the organisational and pay scales.

Persistent features regarding working time

Despite these trends, the economic areas under investigation in this report have retained some of their most significant characteristics with regard to the organisation of working time (Table 5). For instance, the efforts put in place by the Japanese government in recent decades to reduce working time, particularly for health and safety reasons, has had a remarkable effect on annual working time. A reduction in working time was mainly pursued through the implementation of stricter rules on weekly rest periods, overtime and annual leave. However, Japan remains by far the country with the longest working hours, compared with the US and EU Member States. Moreover, the use of overtime continues to be quite widespread in Japan. In fact, overtime has been increasing in recent years, adding a substantial amount of working time beyond the usual average weekly working hours. In the EU, weekly working time has up to now shown a declining trend, although this is beginning to slow somewhat. Moreover, a relatively stable and significant share of the EU workforce works 'reduced full-time hours' of 35–39 hours a week. This could be regarded as a possibly distinctive feature of the **European social model**. In the US, working time has been increasing since the mid-1980s and the proportion of the workforce excluded by the already limited rules on working time is substantial.

In practice, when considering the current approach to the regulation of working time, it could be argued that the public and collective protection of employees still predominates in the EU. Nonetheless, the emphasis on health and safety issues varies across the EU Member States, as well as the scope for employers to take unilateral decisions; these aspects are either regulated through legislation or collective bargaining. In Japan, the importance of company work ethos persists and working time flexibility is mainly tailored to accommodate the needs of companies. However, this usually occurs within a relatively detailed legislative framework, which often requires the involvement and participation of the trade unions. Finally, the US appears to be the one economy where individual employment contracts and the regulation of the market prevail, with quite limited legal constraints and limited collective bargaining.

Table 5: Emerging features of working time regulation and management

Common trends
Flexible schedules, including shift work, are generally increasing. This is partly because of the growth of employment in service sectors of the economy, where flexibility is crucial to synchronise supply and demand. However, this increase is also due to more fundamental changes in the organisational models adopted by companies, which tend to extend operating hours, with a view to optimising the use of equipment (in manufacturing) and be more responsive to customer needs (in services). To some extent, such flexibilisation of work schedules can provide more room for the autonomous adaptation of individual working time to personal needs, thereby improving work–life balance. The erosion of work–life boundaries through the extension of working hours is an emerging aspect which mostly affects workers in middle to upper managerial positions and low-skilled, low-paid jobs alike. In terms of management positions, the overlap of work–life boundaries appears to take place in connection with the use of employment contracts which exclude the calculation and compensation of overtime – possibly through flat-rate clauses – as well as in relation to performance-related pay schemes. With regard to low-skilled and low-paid jobs, it is usually the low hourly pay rates which force workers to work overtime.
Persistent features
In the EU, weekly working time is still decreasing, although at a slower pace than in the past.

Moreover, a relatively stable and significant proportion of employees (about 25%) work on a full-time basis, with weekly working time below 40 hours. This represents one of the most relevant achievements of the labour movement with regard to working time regulation. In Japan, working hours and overtime remain significantly high in comparison with the US, and particularly the EU; this is despite a substantial reduction in recent years and significant efforts on the part of the government and social partners to keep extremely long working hours under control. In the US, working time has been showing a rising trend since the mid 1980s and mandatory regulation has remained comparatively low.
Institutional frameworks and role of the social partners
In the EU, the approach to the regulation of working time emphasises worker protection and assigns an important role to industrial relations. The significance of worker protection in the institutional framework and the demands for working time flexibility by employers have led to extensive joint regulation and a commitment by the social partners to take work–life balance issues into consideration. In Japan, working time regulation is extensive and the role of collective bargaining and industrial relations is significant. However, due to the importance of company work ethos, working time regulation and flexibility seem to be mainly tailored to company needs. In any case, the social partners have shown the capacity to share common goals, as seen in the efforts to reduce excessively long working hours. In the US, the role of market regulation is prevalent and collective bargaining has a limited influence over working time issues, particularly because of the very low bargaining coverage rates. In recent times, the strong support of the trade unions for the introduction of (state) legislation in the domain of family and medical leave, notably in order to ensure entitlement to paid leave, highlights the crucial role played by mandatory rules in industrial relations systems. This is not only because legislation can introduce protections, but especially because of its promotional role, as collective bargaining and further joint regulation may develop on the grounds of such protections.

Source: EIRO

Regulatory frameworks and social partner influence

The persistent and distinctive features of the different economic areas outlined above clearly show how the regulatory framework and the actions of the social partners can still make a difference in terms of work organisation – even in a global economy which diffuses similar competitive pressures. In this regard, in both the EU and Japan, with all the national differences and characteristics, the institutional settings seem to be more conducive to mutual adaptation between employer and employee interests. This is due to the significant regulation of working time, which nevertheless provides employers with access to some important flexibility tools, and the recognition of the relevant role of industrial relations, which requires the input of the social partners.

This situation is particularly evident in the EU, where the importance of working time regulation for trade unions and the demand for working time flexibility by employers have led to extensive joint regulation. Moreover, the social partners have shown a common commitment to promoting – while at the same time possibly devising a 'win-win' situation for both sides – company adaptability, collective protections and individual work–life balance. Although different points of

view remain on many specific aspects of working time regulation, the existing regulatory framework mostly channels them into joint decision-making processes.

Similarly, in Japan, the government's efforts to reduce excessive working hours have been supported by trade unions and employers, regardless of the differences in opinion on specific elements of the regulation of working time – such as those that recently emerged in the debate over the reform and proposed extension of the exemption of white-collar workers from aspects of working time regulation. The Japanese Trade Union Confederation (Rengo) fears that this reform measure could lead to longer working hours and more unpaid overtime. On the other hand, employers believe that it could lead to better company performance results and improved work–life balance through the increase of discretionary working time systems.

In the US, legislative rules provide more leeway for company policies and individual bargaining, where the contractual power of the employees allow for it. Collective bargaining, on the other hand, plays a very limited role, given the low bargaining coverage rates, but also because of the lower priority of working time issues on the agenda of US trade unions. However, instances occur where collective bargaining proves to be quite effective in other domains of working life and especially in securing pay increases, basic benefits and job security: for example, this is evident in relation to the 'Justice for janitors' movement initiated by the Service Employees International Union (SEIU). Indeed, the recent campaigns to secure paid sick days and paid family and medical leave – certainly an aspect of working time regulation – through legislative intervention, particularly at state level, emphasise both the importance of mobilisation and the crucial role of legislation in setting a framework that could possibly promote further regulation through collective bargaining processes.

Due to the limited data available in relation to work organisation in Brazil and China, only a few conclusions can be drawn with regard to these two economies. However, the overall consensus is that both of these economies underline how strict legal regulations are not necessarily linked to the effective control of working hours and protection of workers' health and safety, not to mention their broader interests. Issues associated with the informal economy and enforcement of legislation are crucial in these cases. China, for instance, records the longest working week of all of the economies under review; this is in spite of its relatively strict rules on weekly working time and rest periods, as well as the overtime premiums and working hour limitations. Moreover, China is showing a growing trend in this case, as well as a high incidence of unpaid overtime.

These findings most likely support the idea that, in order to achieve socially and economically sustainable working time, a complex balance is needed, which ideally combines the participation and empowerment of all the actors and levels involved. Finding a balance in this regard should include clear general rules that leave room for flexibility and adaptation at the workplace, some form of joint control and regulation of working time management at the workplace, and some degree of employee autonomy in adjusting individual working time. While such a complex and ever-changing balance may never perhaps be achieved in full, it still requires the continuous efforts and commitment of political actors and social partners.

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