



Paid annual leave

What is paid leave?

Paid leave is the annual period during which workers take time away from their work while continuing to receive an income and to be entitled to social protection. Workers can take a specified number of working days or weeks of leave, with the aim of allowing them the opportunity for extended rest and recreation. Paid leave is available in addition to public holidays, sick leave, weekly rest, maternity and parental leave, etc.

How is paid leave regulated?

The ILO Holidays with Pay Convention (Revised), 1970 (No. 132), entitles workers to a right to take three weeks' paid leave each year. Those who have been employed with an employer for less than one year, but longer than six months, are to have a right to a proportional period of paid leave. In addition, the Convention specifies that it should be possible for an employee to take two weeks of the annual leave in one block without interruption. The Convention also provides that the timing of the leave period should in principle be determined by the employer, in consultation with the employee or his or her representatives.

Legislation in many countries provides for a longer period of paid annual leave than is prescribed by the ILO Convention (see chart below). The European Union Member States adopted four weeks of paid leave per year as a minimum European-wide standard in 1993 in the Working Time Directive. In many countries, leave entitlements increase in line with duration of service with a firm. In some countries (e.g. France, Sweden, Czech Republic), the minimum duration

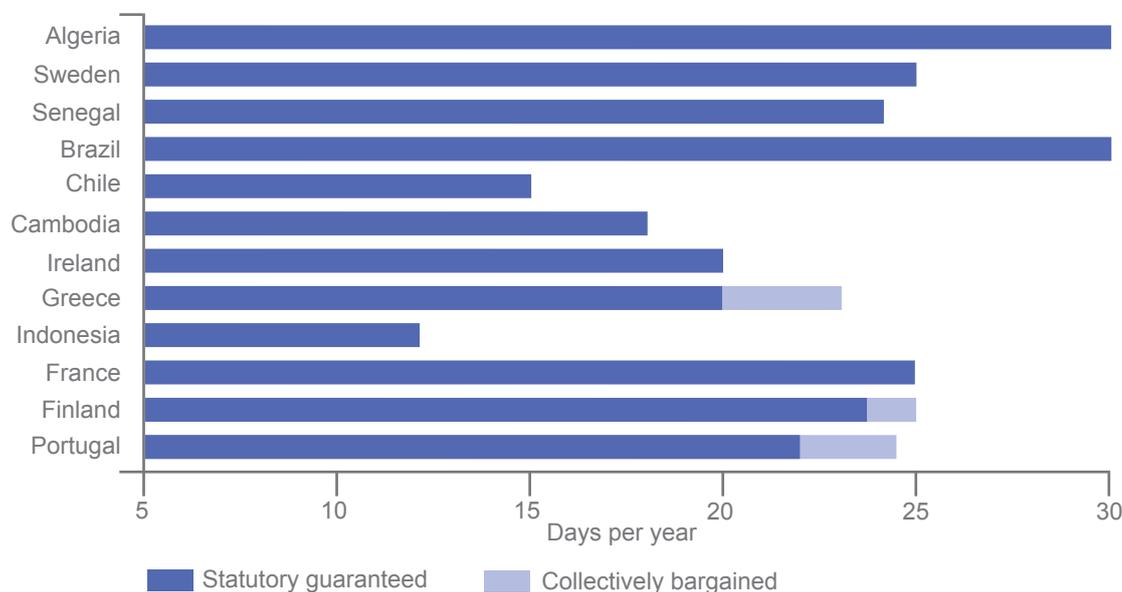
of service to obtain leave entitlements is shorter than the six months identified as the maximum in the ILO Convention. Generally, the regulations on paid leave laid down in collective agreements are more beneficial than statutory entitlements.

Countries differ in the degree to which workers can influence the timing of their leave. Although the employer generally has the ultimate power to decide on when paid leave is taken, in some countries intensive consultation or even bargaining with the employees or their representatives is required (for example, in Germany, Sweden, Hungary and the Czech Republic). In Japan and the Republic of Korea, an employer can refuse an employee's choice of vacation days only if the normal operation of the enterprise would be disturbed.

Entitlement to vacation pay higher than the employee's normal wage is not common, although it is mandated in Sweden, Germany and the Netherlands. Generally, it is prohibited for paid annual leave to be exchanged for financial compensation.

To how much paid leave are workers entitled?

In the European Union and Norway, workers are on average entitled to 25.3 days of paid leave per year, of which 21.9 days are guaranteed by law. The pattern for selected countries around the world is shown in the chart below.



Source: European Industrial Relations Observatory (EIRO): *Entwicklungen im Bereich der Arbeitszeit 2002* (2003).

Advantages and disadvantages of paid annual leave

For employers, paid annual leave preserves workers' human capital because it provides a period of rest and recovery that enables them to remain healthy. It can therefore contribute towards reducing absenteeism. Moreover, providing leave can enhance workers' motivation. For workers, paid leave is more than just a means to regenerate their own human resources: it promotes their well-being in general.

The organization of paid annual leave may be complicated if a large number of workers want to take leave during the same period. In any event, it is important that workers are entitled to decide when they would like to take their paid leave so that the variety of individuals' life-styles (both their obligations and their preferences) can be recognized.

Case example

A ground-breaking agreement for cleaners working at a company in the Canary Wharf area of London was concluded in 2004. The East London Communities Organisation (Telco) helped broker a deal for contract cleaners at Barclays Bank's headquarters on the Wharf, allowing them increased pay and better benefits, including paid leave. Telco has conducted a London "Living Wage" campaign to tackle the very low pay and poor conditions offered to contract workers both in the public and private sectors. Cleaners at Barclays' Canary Wharf offices will now receive £6 per hour, a pension with a 4.5 per cent employer contribution, and 15 days of paid sick leave and eight paid bank holidays, in addition to 20 days of paid annual leave.

Source: N. Magnusson: "Banking on a living wage", at <http://www.towerhamlets.gov.uk/templates/news/detail.cfm?newsid=2438>, 2 February 2004.

This factsheet was prepared by the ILO
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