International Labour Office Geneva

Conditions of Work and Employment Programme

Social Protection Sector

Negotiating working time

What does it mean to negotiate working time?

Decisions on working time have wide-ranging economic and social impacts. They can have consequences for the health of the economy, the competitiveness of industry, the levels of employment and unemployment, the need for transport and other facilities, and the organization of public services. For these reasons, working time matters constitute a major issue not only for governments, but also for employers, trade unions and, indeed, for groups of workers at the national and international level. Within the overall legal structure on hours of work established by governments, employers and trade unions are enabled to deal with questions related to working time within the collective bargaining process at both the sectoral and enterprise levels, and thus find compromises between their often diverging needs and interests. In many countries, collective bargaining concerns many aspects related to working time, such as the length of hours of work, working conditions for shiftworkers, overtime or shift/night work premia, and the amount of paid annual leave.

Within what legal framework do negotiations on working time take place?

Negotiations on working time have to take place as far as working hours are not regulated by legislation and are not set solely by employers' prerogative. Typically, legislation sets some fundamental limits, especially those that are necessary to protect workers' basic rights, and are designed to achieve goals in the broader interest of society. Employers' unilateral prerogatives for determining working time are constrained both by national labour laws and regulations, and also by the risk of lowering productivity and motivation among their workforce. However, most issues concerning working time, especially its distribution, are typically regulated by means of negotiations between employers' and employees' representatives at the national, industry and/or enterprise levels. More and more often these issues are negotiated in individual enterprises. The introduction of flexible working time arrangements, for example, often requires an agreement with an employees' organization, another kind of staff representative, or at least with the individual worker. In some countries, it is also necessary to inform the Labour Inspectorate of such arrangements.

How does this framework vary around the world?

The scope for working time negotiations and their structure is determined by the industrial relations system of a country.

- In countries with a market-oriented tradition (e.g. Australia, Canada, New Zealand, the United Kingdom and the United States), there are few legal regulations on working time, since the state plays no active role in industrial relations. Collective bargaining is highly decentralized, and industry-wide or national agreements are the exception. Working time is regulated primarily at the enterprise level or individually at the workplace.

- Countries in continental Europe and Ireland generally have a "corporatist" tradition. Here, the role of the state is an active one. It provides workers with legal protection rights, encourages collective bargaining and sometimes establishes tripartite negotiations. With some notable exceptions (e.g. Denmark), collective agreements at the national and/or the sectoral levels typically only set the framework for negotiations at the firm level.

- Most Asian countries are characterized by a weaker trade union tradition compared to the European ones. Trade unions are mostly limited to single enterprises. Accordingly, with the exception of India, few negotiations take place at the sectoral and national levels. However, the state often plays an active role in the regulation of working conditions.

- Countries in Latin America and Africa feature a high flexibilization of labour. In the case of Latin America, this is the result of significant deregulation of the labour market, carried out predominantly by modifications of the legal framework, which in previous times had entailed many rights for workers' protection.

Across the world, negotiations regarding working time have a important common feature, which is that they have generally undergone a process of decentralization in recent decades.

Advantages and disadvantages

Advantages for employers

- Leads to increased worker motivation and ultimately firm productivity.
- Promotes industrial peace and thus avoids costly work stoppages.
- Strengthens public perceptions of firms' social responsibility.

Disadvantages for employers

- It places some restrictions on firms' freedom of manoeuvre.
- The decision-making process is often longer than unilateral decisions by management.

Advantages for employees

- Considers workers' needs and interests.
- Strengthens workers' influence over working time matters.
- Results in improved working conditions.
- Improves reconciliation between working, private and family life.

Disadvantages for employees

- Collective interests might diverge from individual workers' needs and preferences.

Case example

The first nationwide collective agreement for the private social and health services sector was signed in Austria in November 2003. This sector is expected to grow significantly in the coming years, as the population over the age of 80 is projected to double by the year 2030. The aim of the negotiations was to establish a "level playing field" for competition among firms by establishing minimum quality service standards, and also to establish minimum standards for pay and working conditions in the sector. This landmark agreement, covering 130 establishments and 35,000 employees, was the result of a five-year process of negotiations among the Austrian Association of Employers for Professions in Health and Social Services and three trade unions representing employees in this sector: the Union of Salaried Employees; the Hotel, Restaurant and Personal Services Union; and the Commerce, Transport and Traffic Workers' Union. The agreement, which became effective on 1 July 2004, provides for a number of innovative provisions regarding working time, including:

- a reduction of working hours to 38 per week with the introduction of a five-day workweek;
- "framework" rules on working time flexibility which allow for hours averaging and also provide for an extension of annual leave; and
- a 25 per cent pay premium for part-time workers who work more than five hours above their normal weekly hours over a specified reference period (the period over which hours are averaged).

Source: European Industrial Relations Observatory (EIRO) Online, at http://www.eiro.eurofound.eu.int/2003/12/feature/at0312202f.html, 2003.

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