

**CONTESTING TIME:  
International Comparisons Of Employee Control Of Working Time**

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Working time arrangements that reflect employers' desire for greater flexibility and the desire of employees for job security and a better balance between work and life responsibilities are changing today's workplaces. The use of flexible working time arrangements, such as part-time work, telecommuting, compressed workweeks, annualized hours contracts, and time banks, has grown across developed countries. While the use of these flexible working time arrangements is often seen as a way of increasing flexibility for employers as well as employees, the extent to which they benefit workers depends on the degree to which employees have control over their working time. In the United States, it is primarily employers who control whether jobs are full-time or part-time, the duration of hours, and the time when those hours are worked. With low levels of unionization, the power of employees to obtain flexible working time arrangements depends primarily on the demand for their skills in the labor market.

Other countries, in contrast, have been more active in using public policy to give workers rights to reduce or, in some cases, increase their working hours, and to encourage more flexibility in scheduling work. In addition, labor unions have been particularly active in Europe and Australia in negotiating shorter workweeks and more flexibility in working time across a variety of industries.

In this paper, we examine the conditions that affect the degree to which employees are able to control their working time. We begin by briefly discussing what is driving changes in working time across countries. We then outline a framework that identifies various factors that affect employees' control of working time arrangements across countries. Next, we draw upon the results of our study of seven countries to

illustrate how these factors actually affect working time arrangements and employee control over working time.

## **INTERNATIONAL DEVELOPMENTS IN WORKING TIME**

Working time has been a central focus of policy initiatives and collective bargaining in the EU, Australia, and Japan during the 1990s. In the EU countries and Australia, changes in working time are largely driven by two considerations – employers' demands for flexibility in scheduling work to better match work schedules to variations in demand for labor and employees' interest in protecting or creating jobs. Collective bargaining agreements in Germany, Italy and Australia have frequently reduced employees' work hours at the enterprise level while providing employers with greater flexibility through innovations such as annualized hours of work, time banking schemes, individual working time contracts, flexible starting and finishing times (Bettio, Del Bono, & Smith, 1998). In the Netherlands, expanded opportunities for a new type of part-time work began with a 1982 agreement between the employers' federation and the leading unions (Nickell & van Ours, 2000), and culminated in passage of the Adjustment of Hours Act that, since July 2000, has facilitated individual reductions in weekly working time. In France, the government enacted a reduction of the standard workweek from 39 to 35 hour in June 1998, with an effective date of January 1, 2000 for companies with more than 20 employees and January 1, 2002 for those with 20 or fewer (Freyssinet, 1998).<sup>1</sup> The goal of the legislation was to increase employment through a substantial, widespread, and immediate reduction in employees' hours and to promote a trade-off of fewer hours for greater flexibility for employers in scheduling work.

It is only recently that working time arrangements such as limited and temporary reductions in weekly hours, flexible starting and finishing times, job sharing, and opportunities to work from home have emerged in these countries as a means of enabling individual employees to navigate their work lives and personal lives. Partly as a response to the demands of female employees and union members, company policies with respect to flexible work arrangements are being reshaped to accommodate individual employees' needs for flexibility.

In Japan, in contrast, the discussion of more flexible working time arrangements has since the beginning of the 1990s been framed in terms of what constitutes a comfortable life style (Imada, 1997; Japan Labor Bulletin, 2000). The Japanese do not feel rich, Imada (1997) argues, because the overemphasis on work and long hours have made it difficult for many Japanese to enjoy family life. The balance between work and family has been a focus of public policy because of Japan's low birth rate and aging population and the government's desire to encourage further increases in women's participation in paid employment.<sup>2</sup> More recently, the persistence of unemployment and a sluggish economy has led Japanese companies and policy makers to embrace greater flexibility in enterprises, including more flexible work schedules, as a means of revitalizing the workplace and the economy (Japan Labor Bulletin, 2000).

In the United States, the hours of prime-age workers have increased in the 1980s and 1990s to the point that U.S. workers now work more hours per year than any other industrialized country, averaging 1,978 hours per year (ILO, 1999, 2001). Middle class parents in dual earner households worked a total of 3,932 hours in 2000, equivalent to more than two full time jobs in most European countries (Mishel, Bernstein, & Boushey,

2003, Table 1.27). As a result of employers' pursuit of greater workplace flexibility and employees' interest in balancing work and family responsibilities, the way work is accomplished and scheduled is changing. The standard 40-hour workweek is disappearing in many occupations: professionals regularly put in extra hours to meet deadlines and many hourly employees are required to work overtime or evening hours (Golden, 2001; Golden & Figart, 2000). Often, the trade-off for managers and professionals is greater control over when and where work takes place, reflected in the growth of flexible starting and finishing times and telecommuting for these employees (Appelbaum & Golden, 2002). For many U.S. workers, the need for flexibility and control over work time means accepting a part-time or contingent working time arrangements.

### **EXPLAINING VARIATIONS IN EMPLOYEES' CONTROL OVER WORKING TIME**

There is clearly a large variety of flexible working time arrangements. In the United States, these include flextime, job sharing, telecommuting, part-time work, and compressed workweeks. Flexible arrangements in other countries include employment contracts that specify an annual sum of hours, and that permit variable weekly working time or the averaging of weekly working time over short periods, typically three months but ranging up to one year. Some flexible arrangements, such as part-time work are structured differently among countries, depending on how much control employees have in negotiating part-time arrangements with their employer. Working time consists of two main dimensions – duration of work and timing of work. Control over the duration of work hours concerns the established maximum daily, weekly, or annual hours of work, and whether one has the ability to increase or decrease working hours. This type of

control is often reflected in the availability of part-time jobs or in the ability to reduce hours of work in a full-time job. Control over the timing of work refers to when, during the workday or workweek, work is performed. These two dimensions of control define a working time arrangement. Employees enter into an employment relationship with employers and agree to work within a certain arrangement or day and hour combination. Employee control over working time is defined as the ability of **individual** workers to alter their working time arrangement. Total control would be the situation where the employee works whatever arrangement he/she would like and can change it at will. Total lack of control is where the employer can unilaterally change the day – hour combination. Employee control is in essence a relative term: an employee generally has more or less control over the working time arrangement relative to the extremes.

Employee control over working time can be discerned by examining the structures or details of working time arrangements. When employees are given the choice of choosing money or time by banking additional hours worked and later taking those hours as paid time off or additional pay, they are exercising a degree of control over working time. In addition, where employees have a powerful collective or individual voice in setting the terms of flexible working time arrangements, they are more likely to have their interests considered and exercise some control over working time. Collectively setting working time arrangements through collective bargaining may force employees into schedules that don't meet individual needs. For example, labor unions might negotiate a shorter workweek in response to the desires of a majority of employees, but this may alienate employees who would prefer to increase hours and earn more money. Individual control over working time will be increased to the extent collective agreements

allow employees to select a variety of working time arrangements that fit their individual needs. In contrast, when flexible working time arrangements give employers the sole right to determine when employees can take time off or when to work overtime, employee control over working time is severely restricted.

In addition to working time arrangements within individual organizations, there is a distribution of working time arrangements within the domestic labor market. The greater the variety of flexible working time arrangements within the labor market, the more choice employees have of finding a working time arrangement that fits their needs. However, the distribution of flexible working time arrangements may be skewed toward one end or the other. For example, a wide variety of flexible working time arrangements that provide employees with little input into structure of the arrangement or are controlled exclusively by management will not enhance employee control over working time.

Three broad factors affect the degree of control individuals have over working time arrangements: (1) the institutional environment within the country, (2) labor market conditions, and (3) management and labor union strategy. Figure 1 outlines the relationship between these factors and employee control over working time.

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Institutions governing employment relations play a key role in influencing the relative bargaining power of employers and employees over the control of working time. The strength of unions and their position within the employment relations system influences their ability to negotiate working time arrangements that benefit employees.

Strong unions or works councils can be instrumental in monitoring working time arrangements at the establishment level and in ensuring that workers are able to take paid time off that they have accrued when they need it. In addition, government regulations can directly influence the control workers have over working time by limiting evening and weekend work and by mandating maximum daily, weekly, or annual work hours as well as particular working time arrangements and procedures. Moreover, laws regulating shop closing hours, particularly in Europe, indirectly impact the employee control over working time by restricting the scheduling options available to certain workers, particularly women, who would like to increase their hours.

Labor market conditions vary across countries and directly affect the relative bargaining power of employers and employees. Excess demand for labor and high demand for certain skills increases the bargaining power of employees to request and obtain more individual control over work time by reducing hours or altering schedules. This applies particularly to white-collar professionals, where there is less standardization of working time arrangements. In addition, increased wage inequality within the labor market may increase the preference of those at the low end of the labor market for working time arrangements that increase hours in order to gain income. Birth rates also affect the labor market dynamics of countries and can influence public policy toward working time arrangements. In countries with low birth rates and slow labor force growth, governments have often used public policy to support increased leave and flexible working hours to encourage women to enter the labor force and to help in balancing work and family responsibilities so they are not discouraged from having children.

Management strategies as well as union strategies also affect working time arrangements and the extent of employee control over working time. In response to competitive conditions, firms may use working time arrangements as a strategic resource to lower cost or increase efficiency. For example, some work schedules allow firms to closely match labor input to demand. In addition, management and unions may negotiate certain types of working time arrangements as part of work reorganization that gives workers greater autonomy. For example, organizing workers into groups or teams with increased autonomy and decision making power is sometimes linked with the ability of the group or individual to schedule their own working time arrangements (Lehndorff, 2000). Also, efforts by management to integrate digital technologies into the work process can lead to more flexible work arrangements and affect employee control. Technologies such as cellular phones, pagers, hand-held devices, email, and personal computer Internet access can provide workers greater control over the location and timing of work. In addition, technology that runs or monitors production processes, tracks inventory and supplies, and communicates with customers promotes the growth of facilities that operate 24 hours a day, seven days a week, and encourages work schedules that match this production or service schedule.

These three factors -- institutional environment, labor market conditions, and management and labor union strategy -- combine differently across countries to shape working time arrangements and the extent of employee control over working time. In countries characterized by less government regulation of the labor market and weak collective bargaining institutions, competitive conditions in the labor market have a greater influence on the extent of employee control of working time as well as give

management more power to shape working time arrangements. In this case, we would expect to see those workers with skills in high demand or in tight labor markets to be more successful in negotiating working time arrangements that meet their needs. At the same time, we would expect to observe relatively low overall levels of employee control over working time across all occupational groups.

On the other hand, more government regulation of the labor market and strong collective bargaining institutions in countries mute the effect of competitive labor market conditions that would increase the power of employees in certain occupations to negotiate particular working time arrangements. Thus, in this case, we would expect to observe more uniform, collectively negotiated working time arrangements that affect all workers within a firm or industry rather than a small group of individual workers who were able to negotiate flexible working time arrangements through their labor market position. This collective negotiation of working time arrangements increases *collective control* over working time, which may or may not diminish *individual control* over working time. In addition, government regulation in the area of working time may grant individuals certain rights to demand from firms reduced hours or alternative work schedules. To the extent this is the case, we would expect to see employees exercising more control over their working time arrangements.

These factors may also combine differently across industries or regions within countries. Management strategy may have a particularly strong effect in one industry but not another. Similarly, regional labor market conditions may have a particularly strong influence in one country but not another.

We illustrate how these three factors affect employees' control over working time by drawing upon our study of seven countries. We gathered information on working time arrangements in Germany, Sweden, the Netherlands, Italy, Japan, Australia, and the United States during the summer and fall of 2000. We visited these countries and spoke with government officials, experts, unions, employers' associations, managers, and worker representatives about work and family policies and practices, including working time. In all, we conducted 208 interviews, 184 of them outside the U.S. Our interviews were recorded and transcribed and analyzed using QSR Nud\*ist. We developed coding schemes in QSR Nud\*ist that sorted interview information along many categories including working time, flexible working time arrangements, and employee control over working time. We analyzed the information on working time within and across countries to ensure that we were covering a wide range of working time arrangements and to identify patterns.

Our goal in structuring the interviews was to be able to discuss the same set of issues with several individuals representing different perspectives and interests. This allows us to triangulate their responses and check their accuracy. When possible, we also sought to validate information collected in the interviews by comparing that information to published legislation, data, and reports. The countries selected vary in terms of their institutional settings, and capture a range of work/life and working time policies and practices. The country specific information used in our comparisons for this paper comes from our interviews and published sources.

## **CROSS-NATIONAL DIFFERENCES IN EMPLOYEES' CONTROL OVER WORKING TIME**

In this section, we examine how the institutional environment, labor market conditions, and management and labor union strategies increase or decrease employees' power to determine the type and structure of flexible working time arrangements and thereby exercise control over their working time.

### **Institutional Environment**

Some general distinctions can be drawn between European Union (EU) and non-EU countries in our sample. Through the use of directives, the EU has set standards for working time that guide the development of national laws, which govern work arrangements in EU countries. The 1993 EU Directive on working time has encouraged greater flexibility of working time in Europe and established standards for annual paid leave and for averaging weekly working time. In addition, the 1997 EU Directive on part-time work sets a standard of equal treatment for full- and part-time workers within Europe. Moreover, in contrast to the other countries examined in this paper, these EU countries share a set of values that respect the role of labor as a stakeholder in the business enterprise. This is reflected in the high union density and coverage within most EU countries and the important role collective bargaining plays at the workplace. This is also evident in the European Works Council Directive as well as the presence of works councils and rights to employee participation in countries such as Germany, Sweden, and the Netherlands. As a result of the institutional environment in the EU, the distribution of flexible working time arrangements is characterized by a variety of practices that are structured with employee input either through legal rights awarded to individuals or through strong collective bargaining institutions such as labor unions and works councils.

This situation contrasts with the U.S. where the property rights of individuals and corporations are given much greater weight in corporate law and governance. The collective control of labor unions over working time is much weaker. Individuals have the right to form a labor union or collective body to represent them at the workplace. But labor unions have no standing apart from the desires of individuals, who vote to form or disband them, and no legal status apart from that given to them by individuals. Relative to EU countries, labor union density in the United States is low, hovering around 13.5 percent of the workforce. Moreover, employees have no legal rights to participation in workplace decisions in the United States, Australia, or Japan. Any participation at the workplace is granted at the discretion of the employer or won in collective bargaining. Moreover, the bargaining structure in the United States, Australia, and Japan is also more decentralized leading to great variation in human resource practices across workplaces. In the United States, the distribution of flexible working time arrangements and their structures vary greatly across employers. Whereas some employers retain tight control over scheduling and engage in limited flexibility, other employers are more open to employee desires for control and work/family balance. Employers willing to provide employees with a degree of control over working time are usually responding to labor market conditions where certain employees are in high demand. Thus, 59% of math and computer scientists and 47% of computer technicians have flexible schedules that allow them to vary the time they begin or end work, compared with just 29% of workers overall (United States, 2002).

Given these differences, we would expect organizations in EU countries to create flexible working time arrangements that balance employer and employee interests. We

would expect employees to have relatively more collective control over working time in EU than non-EU countries because of the rights of participation and collective representation at the workplace enjoyed by most EU workers. We would also expect certain workers in high demand occupations to have some control over their working time as employers structure working time arrangements to recruit and retain these workers.

### *Sweden*

Government regulations and collective agreements are the primary factors that affect working time in Sweden. Laws set standard and maximum working hours, while collective agreements, at the industry or local level, establish the structure and rules of working time arrangements. In Sweden, the Working Hours Act sets the standard workweek at 40 hours. Maximum annual overtime is limited to 200 hours, and there is a general prohibition of night work. In addition, another law mandates five weeks of annual vacation to be paid by the employer. In Sweden nearly 90 percent of the workforce is unionized and 95 percent of establishments are covered by a union contract. Centralized bargaining structures and high union coverage reduce the effect of labor market conditions on employee control over working time and diminish individual choice and control, but can also increase collective control over working time.

The important role played by the collective bargaining parties in establishing working time arrangements allows them to structure these arrangements to the specific needs of their particular industry. This results in variation in the structure of working time arrangements across sectors, contrary to what one might expect in a highly unionized country.

In the engineering sector, workers are able to save hours worked over the standard workweek in their working time accounts and use them later as paid time off or as additional contributions to their pension. Overall, the working time reductions in the 1998 engineering collective agreement total 1.5 percent of wage costs. In exchange for this reduction in working time, employers obtained the right to freely allocate six weeks of working time a year (European Industrial Relations Observatory, 1998). Thus, employee's gave up control over six weeks a year in exchange for working time accounts and greater flexibility with paid time off. The paper industry negotiated similar working time accounts in 1998.

In addition to the engineering sector, the textile and apparel sector agreed in 1998 to a three-step reduction in weekly working time of 36 minutes. The agreement, however, allows workers at the local level to trade all or part of this working time reduction for additional pay increases. The retail trade sector also reduced working time in 1998. Employers and unions agreed to reduce the average weekly working time from 40 hours, averaged over a reference period of one year, to 38.25 hours over a period of 10 weeks. In addition, overtime can be compensated either in the form of time off (between 1.5 and 2 hours for each hour of overtime) or in the form of monetary compensation (Anxo & Nyman, 2001).

These negotiated collective agreements regarding working time accounts illustrate how employer and individual employee interests can be reconciled. Employers gain some flexibility in allocating working time to meet variations in labor demand, while employees are able to choose their compensation for overtime work in the form of paid time off or monetary compensation.

The Swedish government has also granted workers the right to reduce hours around the birth or adoption of a child and then later increase hours. This provides workers across the Swedish labor force with options that might only be available to a select group of highly skilled employees in other countries. This type of government regulation combined with consultation rights through labor unions gives workers a significant degree of control over their working time.

### ***The Netherlands***

Working with labor unions and employers, the national government of the Netherlands has passed several laws to increase the flexibility of working time and give individuals more choice with regard to their working time arrangements. One of the key objectives of the Working Time Act of 1996 was to increase the role of labor unions and employers in matters of working time. The Act sets standard norms with regard to working time issues, but allows firms to deviate from these norms by collective agreement. The decentralization of working time has encouraged innovation in working time arrangements in what are, or were previously, full-time jobs. Working time practices within the Netherlands include working time accounts, annual hours of work contracts, sabbatical leaves, part-time work, job sharing, and 35- or 36-hour workweeks.

For example, in 1997, the chemical firm AKZO-Nobel and its various unions negotiated an agreement that provides employees eight extra days off a year to be taken at the employee's discretion. Workers are then free to "sell" these days back to AKZO-Nobel in exchange for a wage increase of 3.2%. Alternatively, workers can allow AKZO-Nobel to decide on the timing of their extra eight days off. These workers are granted an

extra four days off (12 in total), and end up working a 36-hour week on average (European Industrial Relations Observatory, 1997).

In 1999, the Dutch social partners reached an agreement establishing a framework for further individualization of the terms of employment. This agreement allows unions and employers to designate a series of benefits that can be exchanged for each other. For example, the retail firm KBB allows employees to exchange holidays and bonus pay for various leaves, additional money, or further subsidies for child care expenses (van het Kaar, 1999). These types of agreements demonstrate that it is possible through collective bargaining to deal with some of the difficult trade-offs that occur when making working time more flexible. Those workers that prefer to work more and earn more are able to do so, and those workers who prefer to work less are able to benefit from working time reductions. These agreements provide individuals with more options and control over their working time, but also require employers to administer many different work schedules.

Perhaps the primary and best-known flexible working time arrangement in the Netherlands is the mainstreaming and expansion of part-time work opportunities. There exists a stronger preference for part-time work on the part of both men and women in the Netherlands than in other countries. In 1998, 18% of employed males worked part-time, compared with 6% in the EU-15 countries. However, it is still mainly women who hold part-time jobs. Among employed females, 68% work part-time in the Netherlands compared with 33% in the EU-15 (Eurostat, Labour Force Surveys, cited in Nickell and Van Ours, 2000). A high social value is placed on the time that young children spend with their parents, and mothers with children still at home in the Netherlands rarely work

full time. Not only is part-time employment of women higher than in other industrialized countries, women quite often are employed for only a few hours a week.

The promotion of part-time work originated as a measure to create jobs and reduce unemployment in the 1980s. In the tight Dutch labor markets of the 1990s, however, it functions to match labor demand and labor supply – to give employers flexibility, to expand the pool of workers from which employers recruit, and to help employees meet their goals for work and family balance.

Two laws regulate part-time work in the Netherlands. The Equal Treatment Act of 1993 specifies that part-time work must be treated the same as full-time work. It reflected the treatment of part-time work in many collective bargaining agreements prior to its passage, and foreshadowed the 1997 European Union Directive on the equal treatment of part-time and full-time workers.

In addition to the concept of equal treatment, the recently passed Adjustment of Hours Act (also referred to as the Part-time Employment Act), which went into effect in July 2000, provides workers with the legal right to periodically request reductions or increases in weekly working time. It is an option that mainly benefits workers with full-time jobs (rarely mothers) who want to reduce their hours on their current job. Unless the employer can show a business reason why this is not possible, the employer is required to honor the request. The law passed despite the objection of employers, who were able to win some concessions. Employers can refuse to provide part-time jobs if they can demonstrate that honoring the request will create a large problem for the company, but the burden of proof is on the employer to make this case. In addition, employers with 10 or fewer employees are exempt from the law.

The Equal Treatment Act provides part-time workers with some protection against low quality and low wage jobs while the Part-time Employment Act provides workers, primarily those previously in full-time jobs, with an opportunity to exercise control over the duration of their working hours. However, it does not address the timing of work, which employers, in principle, still control. Employment relations institutions in the Netherlands will play a key role in whether employees are able to use these new rights granted by the Part-time employment Act, as will cultural attitudes about part-time work for men at particular stages of the life cycle. The presence of works councils at the establishment level and the key role played by the social partners in negotiating flexible working time arrangements provide a mechanism for expressing workers' interests. This institutional voice for employees is tempered by the fact that works councils do not exist in many small enterprises, that employers, in some cases, fail to adequately involve works councils, and that works councils may not be adequately equipped or have sufficient knowledge to bargain over working time issues (van het Kaar 2001).

### *Australia*

In Australia, the expansion of casual employment and the variance in working time arrangements across companies reflects an increase in the power of employers in the employment relationship and the decentralization of collective bargaining throughout the 1990s. Prior to the 1990s, the Australian collective bargaining system functioned primarily as a compulsory arbitration system that operated at the federal and state levels. Wages and employment conditions were established in national and industry "awards" set by industrial tribunals, which received input from employers and labor unions.

Bargaining was fairly centralized under this system with uniform standards across industries and occupations (Davis & Lansbury, 1998).

In the 1990s, Australia passed several laws encouraging enterprise level agreements and weakening the power and reach of the national award system. The result has been a greater decentralization of bargaining and more variation in working conditions across companies. The intended purpose of these changes was to promote the transformation of workplaces into “best practice” or “cutting edge” organizations. An examination of more than 4,700 enterprise agreements negotiated in the mid-1990s found, however, that the major issue actually addressed in these contracts was changes to working time that gave employers more control over hours and schedules in exchange for wage increases (ACIRRT, 1999).

For example, the awards previously set the number of casual or part-time workers a company could employ or the maximum number of hours worked. Following reform legislation, this is no longer considered one of the 20 topics included in awards. Part-time and casual work limits are now negotiated on an enterprise basis. According to the Australian Bureau of Statistics, “between 1988 and 1998, both the proportion of people working part-time hours and the proportion working at least 45 hours per week increased. As a result, the proportion working 35-44 hours fell from 42% to 36%” (ABS, 1999). In addition, the proportion of the workforce working very short hours increased over this time period (ABS, 1999). Much of this growth in short hours of work has been among casual workers, defined as employees who have no annual leave or sick leave benefits, who now represent about 27 percent of the Australian workforce (ABS, 2000a).

Increased employment of casual workers, nearly two-thirds of whom work part-time (ABS, 2000a), is one way that Australian employers have gained flexibility in matching working time to service or product demand. Casuals work variable hours and are scheduled to work when employers need them most. For employers, they are an inexpensive option compared to regular part-time workers, who enjoy annual leave, sick leave and other benefits on a pro-rated basis. In contrast to Europe, where the European Union is promoting non-discrimination between part-time and full-time workers, casual employment in Australia is an arrangement geared more toward flexibility for employers than toward employee control over working time.

Despite the prevalence of casual work, many companies use regular part-time work arrangements, in which pay and benefits are pro-rated and training and promotion opportunities are available, to retain and attract valuable employees. Leading Australian companies support part-time careers for professionals in law, nursing, consulting, and construction engineering. For example, Blake Dawson Waldron is one of Australia's largest law firms. Since the late 1980s, flexible work arrangements have been a key part of their strategy to recruit and retain staff. As of March 2001, 58 secretarial staff participated in job-share arrangements nationally. Four senior partners and 22 senior associates at the firm work part-time (eowa, 2001).

In many Australian workplaces, the enterprise collective agreement specifies a standard workweek for full-time employees of 38 hours. Full-time employees typically work 40 hours a week and accrue a rostered day off (RDO) every four weeks. The RDO is a form of compensatory time-off that can provide employees 12 extra paid days off a year. Although RDO's are prevalent in enterprise agreements in many sectors, the

number of employees in the economy as a whole that have access to them has been shrinking. In 1995, 28 percent of all employees were entitled to an RDO. This number dropped to 20 percent in 2000 (ABS, 2000b). This has had the effect of reducing the flexibility and control workers have over their working time.

Despite the gains in control over work time made by some groups of employees, mainly professional women with skills in high demand, workers generally have less control than in the past. As a result of the changes in the employment relations system in the 1990s, Australian unions have lost power. Under the awards system, unions concentrated their power at the national and state levels to influence industrial tribunals, rather than at the enterprise level. The lack of organization, sophistication, and experience at the enterprise level is a serious problem for unions since this is where much, if not most, of the collective bargaining now takes place. In addition, the decentralization of bargaining has moved Australia closer to the U.S. employment relations model and away from the European model. Working conditions and working time arrangements vary a great deal across employers. Some workers have access to generous leave policies, RDOs, and the ability to reduce their working hours, while others have access only to minimal benefits and little or no control over working time arrangements.

Labor unions have focused on coping with the recent decentralization of bargaining structures and the loss of bargaining power and have not made working time a priority issue. In spite of this, some Australian workers still enjoy more control over working time than U.S. workers. Permanent part-time workers have pro-rated benefits and leave arrangements, shorter average work weeks are resulting in additional paid leave

for some workers, and vacation and leave policies surpass those offered in the United States. In contrast, the growth in casual work illustrates how some employers are gaining hours flexibility without increasing employee control over working time.

### *United States*

In the United States, the Fair Labor Standards Act, employer discretion, and collective bargaining shape the structure of working time arrangements. The 40-hour workweek with overtime premiums calculated on a weekly basis is entrenched in the federal Fair Labor Standards Act, and there has been no movement by either employers or unions to reduce weekly working hours. Control over working time rests largely with employers who decide whether to offer flextime or part-time work and under what conditions. Efforts by employees to reduce or increase working hours or increase the flexibility of working time arrangements depend for their success primarily on the willingness of employers. Unions potentially could provide a means to increase worker control over working hours and scheduling, but a relatively small portion of the workforce is organized and working time has not been a high bargaining priority.<sup>3</sup>

As a result, these institutional forces have led to fairly modest flexible working time arrangements in the United States. The proportion of the U.S. workforce that reports having the ability to alter their daily starting and ending times of work through some type of flextime arrangement increased from 15% to 28% between 1991 and 1997. Little further progress has been made. In 2001, 29% of workers had this type of flexibility (U.S. Bureau of Labor Statistics 2002). Most of the workers with access to flextime tend to be managerial and professional staff who obtain this benefit at the discretion of their employer on a case-by-case basis (Golden, 2001). Compensatory time that allows

employees to accumulate time off for hours worked above the daily or weekly standard is available to public sector employees. However, there is often no time frame in which managers must permit these hours to be used, and employees often cannot take time off when they need it.

### **Labor Market Conditions**

Labor market conditions such as excess supply and demand for labor, birth rates, and female labor force participation rates affect the type and structure of flexible working time arrangements and the control workers have over working time. These labor market effects are likely to be strongest in institutional environments with weak collective bargaining institutions, low government intervention, and relatively high employer discretion over staffing and scheduling.

### ***United States***

As described above, the institutional environment in the United States provides workers with limited options to reduce their work hours and gain flexibility in their working time arrangements. For the vast majority of workers, the most common means of obtaining flexibility and control over work time is by accepting part-time or temporary jobs with reduced hours. The quality of these jobs is suspect. There are no restrictions against the unequal treatment of part-time and full-time workers in the U.S., and these jobs tend to be low paid and to offer few benefits. Half of all part-time jobs in the U.S. are found in just a handful of industries, most of which pay relatively low wages (Wenger 2001). In addition to part-time or temporary jobs, workers might seek out companies that offer more flexible schedules that fit their needs. However, in organizations where flexible work arrangements exist as company policy, employees' ability to use them

usually depends on the willingness of supervisors to grant flextime, reduced hours, or telework options to employees (Rapoport & Bailyn, 1996). In the absence of employment laws governing rights to reduced hours or flexible schedules in the United States, the power employees have to obtain flexible working arrangements is largely dependent on the demand for their individual skills in the labor market or their particular value to the employer. Thus, perhaps the best option available to U.S. workers is to pursue occupations in high demand where their bargaining power to obtain desirable working time arrangements is increased.

This was made clear at a U.S. financial services company, where we conducted a series of interviews with managers and employees. This non-union company employs 560 people, mostly professionals, including programmers, data analysts, and sales associates. The company offers a benefit package to attract young people and create a high commitment work environment. Benefits include 4 weeks paid maternity/paternity leave, flex-time, discount on health club membership, stock options, and a paid sabbatical leave of six months every four years. The average employee works a 45 hour work week. Although employees can reduce their weekly hours to 30 and still retain benefits, less than 1 percent of employees work less than full-time or as temporaries, or telecommute. Because there is no formal company policy governing access to flexibility practices, the ability of employees to work a reduced hour schedule or telecommute depends on the willingness of individual supervisors to approve such an arrangement. Our interviews with employees show that only senior employees (over five years) who have established their ability to be productive are likely to get approval for part-time work or telecommuting. The women in our focus group who were working less than full-time or

telecommuting felt a strong need to impress on their managers that they could get work accomplished. The company prefers all full-time workers, but is open to these flexible arrangements in order to retain an experienced employee.

### *Italy*

In Italy, labor market conditions play a particularly important role in structuring flexible working time arrangements across the country. Overall unemployment in Italy rose steadily between 1970 and 1998, peaking at 12.3 percent of the labor force (Gori & Simoni, 2000). However, the north and south of Italy experienced two very different types of labor market conditions in the latter half of the nineties -- full employment in the north and an unemployment rate in the south of about 20 percent. As a result, in areas of high unemployment workers are more interested in securing full-time work and increasing earnings and place less priority on negotiating favorable flexible work arrangements that would give them more control over working time. Thus, despite strong unions, in areas of high unemployment employers have more control over the work schedule. The result has been an extensive de-standardization of work schedules, although average weekly hours have remained remarkable constant (Gori et al., 2000).

For example, in the early 1990s an automobile company located a new assembly plant in an area of southern Italy with 30 percent unemployment. The company negotiated a work schedule with the union that includes weekly rotating shifts and a standard average workweek of 40 hours. The workweek is averaged over a three week period. The standard schedule is 6 days the first week (48 hours), 6 days the second week (48 hours) and 3 days the third week (24 hours). There is no work on Sundays. Whereas

this schedule provides workers with 4 days off every third week, they must work two long weeks, while rotating shifts, to obtain the time off.

This schedule requires management to overstaff the plant by hiring 6 people for each work team rather than the typical 5 in order to run the plant 48 hours a week while employees work, on average, 40 hours a week. This increased staffing was important for the union during negotiations and illustrates the priority of employment and income over working time flexibility in regions with high unemployment. The company benefits from the schedule because they can operate the plant on Saturdays as part of the regular schedule without paying overtime, and they can depreciate the equipment more quickly.

In northern Italy, where it is difficult to find available workers, companies have implemented flexible work arrangements as a recruiting tool. A recent agreement at the metalworking firm, Sierra SpA, in northern Italy introduced a form of part-time shift work aimed at helping workers reconcile work and family responsibilities. The 2001 agreement launched a one-year experimental project that has so far been successful. Under the plan, part-time work of 30 hours a week is distributed over five days from Monday to Friday in three shifts. These shifts are 6:00 am to 12:00 pm, 12:00 pm to 6:00 pm, and 6:00 pm to 12:00 am. With this shift schedule, the company was able to recruit women over the age of 40 who were not previously in paid employment (Paparella, 2001).

Contracts negotiated by the metalworkers union typically permit flexible work schedules within the framework of a specified annual number of hours of work. Firms with more than 200 workers are permitted a total of 200 hours per year of overtime for each worker. Of these hours, 32 must be paid at a premium rate. The remainder are

banked and can be used for free time, or paid out at the end of the year (Gori et al., 2000). In the tourism sector, hours are averaged over 16 weeks. Overtime hours worked in a 4-week period have to be recovered in the following 12 weeks (Gori et al., 2000).

### **Japan**

Japan has an aging society and declining birth rates and, therefore, a strong interest in increasing female labor force participation (Goto, 2001). These developments have been the driving forces prompting governmental policy to encourage flexible working time arrangements that would enable women to more easily combine motherhood and employment. Amendments to the Labor Standards Law in Japan in the first half of the 1990s have made working time more flexible. These amendments have focused on two innovations for full-time employees: the discretionary work scheme and the averaging of weekly working hours.

The discretionary work scheme modifies the method of calculating hours worked for specific white-collar professionals engaged in “discretionary work” (Araki, 1996). Implementing a discretionary work scheme requires the consent of individual workers and the support of a joint worker/management committee.

A publishing and educational resource company in Tokyo provides an example of how the discretionary work scheme is used in practice. The “super-flexitime” scheme at this company was introduced in 1994. It provides workers with some control and flexibility in setting their schedule. Employees are free to set their own daily working hours between 7 am and 10 pm as long as they work the required number of hours per month. In general, however, the discretionary work scheme is not widely used among companies. In 1997 (the most recent data), only 1.4 percent of enterprises used a

discretionary work scheme (Japanese Institute of Labour, 2001). More generally, a 1996 Ministry of Labour survey found that 8.7% of workplaces have introduced one or more measures for shortening the workweek (7.1%), super-flexitime schemes (1.4%), or arranging starting or finishing times (3.2%) (JIWE, 1999), p. 27.

Averaging weekly working hours was permitted through amendments to the Labor Standards Law in 1994 that allowed employers to average working hours to a maximum of 52 hours a week and 10 hours a day over a period no longer than one year. The employer is required to formalize this working time arrangement under a worker-management agreement with a union or other worker representative group. (Yamakawa, 1998). Employees also have to give their individual consent (and have the right to refuse) to averaging their weekly work hours. However, they may be unwilling to resist employer demands, particularly during times of high unemployment. In 1997, about 36 percent of all enterprises were averaging weekly working hours, affecting 21 percent of Japanese workers (Japanese Institute of Labour, 2001).

From management's perspective, the discretionary work scheme has both positive and negative attributes. It allows employers to reduce overtime payments by easing restrictions on weekly working hours. However, the scheme requires them to give up some control over employees' time and schedules and to establish the terms and conditions of working time jointly with employee representatives. Given the cooperation between employers and enterprise unions that defines Japanese employment relations, it is not clear how much control employers actually give up. The lack of strong bargaining power by enterprise unions and their focus on employment security and enterprise

viability limits the ability of enterprise unions to shape working time schemes (Brown, Nakata, Reich, & Ulman, 1997).

In contrast, the averaging of the workweek gives employers more control over working time. This may account for its greater use among companies. Employees can be made to work up to 52-hour weeks without overtime premium pay. Moreover, the length of time over which the workweek is averaged has a critical effect on control of working hours. The longer the averaging period, the longer employees can be worked at maximum weekly hours and the longer employees will have to wait to use their paid time off. Larger companies where enterprise unions are more prevalent and powerful tend to have shorter averaging periods, whereas smaller companies have longer averaging periods (Japanese Institute of Labour, 2001).

In addition to super flextime and averaging weekly working hours, which provide flexibility for full-time employees, nonstandard forms of employment have increased in Japan. The proportion of part-time and dispatched (temporary) workers increased from 21 percent in 1995 to 26 percent in 2000 (Sato, 2001). Some workers choose to work part-time or as regular dispatched employees for the convenience and the shorter hours. This is especially true of young, unmarried male part-timers, about half of which are students, and of married, female or elderly part-timers. However, for other workers, primarily female dispatched workers, and young unmarried, female part-timers, nonstandard employment is a second best option because they cannot secure regular employment (Sato, 2001). Unlike in the EU, part-time and dispatched workers in Japan do not have legal guarantees for the same promotion and training opportunities as regular employees.

## **Management and Labor Union Strategies**

### ***Germany***

In the early 1980s, the German metalworkers union (IG Metall) fought for and, in 1984, negotiated a reduction in the standard workweek with employers. IG Metall viewed a shorter workweek as a job creation strategy. By reducing the time worked by individual workers, the union reasoned that companies would be forced to increase employment to maintain production. However, the effectiveness of reduced working time as a job creation strategy is subject to debate. Some economists have argued on theoretical grounds that a reduction in the full-time workweek will lead to higher average hourly wage costs and, hence, to a reduction in the demand for labor, an increase in overtime, and a decline, in equilibrium, in aggregate hours of work (Calmfors, 1987; Calmfors & Driffill, 1988). Others have marshaled evidence to show that the effect of average weekly hours on wages and, thus, on equilibrium hours of work, is insignificant (Layard, Nickell, & Jackman, 1991). In a review of the rather thin empirical literature on the effects of a reduction in contractual working hours, Hartog (Hartog, 1999) concludes that “the results are mostly dominated by an absence of significant effects” on wages, employment or unemployment (p. 20), a conclusion echoed elsewhere as well (Kapetyn, Kalwij, & Zaidi, 2000). The Dutch case, in which aggregate hours of work have increased since 1985 while part-time employment has increased rapidly and average annual hours of work of full-time employees have decreased (Nickell et al., 2000), suggests that reducing working time can have a positive effect on employment growth, especially when it is combined with longer plant operating hours and greater flexibility for employers (Plantenga & Dur, 1998). The employment rate in the Netherlands rose faster than the volume of hours

during this period, resulting in a significant redistribution of work (Lehndorff, 1998). Several studies of the effects of collectively negotiated reductions in working time in Germany have found large positive employment effects (Seifert, 1993; Stille & Zwiener, 1997), although skeptics remain (Hunt, 1996).

Following the 1984 agreement between IG Metall and the Metalworking employer association (Gesamtmetall) negotiations on working time reduction spread to other industries. By putting the issue of working time on the table, German unions, in effect, encouraged employers to examine working time as a means of gaining workplace flexibility in exchange for job growth or, in most cases, safeguarding employment (Seifert 2000). Throughout the late 1980s and 1990s, working time has been a source of flexibility to employers and more recently a means of balancing work and life responsibilities for employees.

One of the most widespread flexible working time arrangements in Germany is the working time account. In 2000, 78 percent of all private sector establishments offered some form of working time accounts to their employees. These accounts allow employees to accrue paid time off. Thirty-four percent of private sector establishments offer a combination of working time accounts and variable working hours linked to fluctuations in demand. Moreover, in the metalworking sector, 23 percent of all establishments negotiated plant agreements that provide for medium and long-term working time accounts. Since the mid 1990s, flexible working time in the metalworking industry has become the norm (Promberger, 2001).

Perhaps the most visible working time arrangement in Germany is the flexible workweek. The most famous example is Volkswagen where, in 1993, IG Metall

negotiated a standard workweek of 28.8 hours in a successful effort to save jobs. When demand is weak, workers may work a schedule of four 8-hour days for 9 weeks, with workers having the 10<sup>th</sup> week off. This distribution of working time results in an average of 28.8 hours a week over the 10-week period, and workers are paid each week for 28.8 hours. When demand is strong, the company can require workers to work five days a week. The schedule of nine 40-hour weeks on the job and one week off then results in an average 36-hour week. During 2000, workers averaged 33 hours a week. Hours above 28.8 are credited to the employee's "working time account," and hours above 35 hours, are banked at a premium rate. During slack periods, employees can draw down these working time accounts and take time off. With the agreement of the supervisor, employees are able to use hours accrued in these accounts to take time off for personal reasons. Alternatively, they can collect additional pay at the end of the year for the hours in their working time account. They also have the option of transferring hours in this "short-term" working time account to a "medium-term" or "long-term" account that can be used to take various types of leave.<sup>4</sup>

The process of negotiating flexible workweeks by sector and through plant agreements has led to great variation in the structure of these arrangements. For example, the period over which the workweek is averaged is set anywhere from 3 months to a year. The extent to which employees have control over the use of their working time accounts also varies within contracts. Some contracts explicitly say that workers have "the right" to take the time, whereas other contracts say that "employees' wishes for time off will be considered" (Bispinck, 1998). There is evidence that some employees make extensive use

of their working time accounts to alter their weekly working schedules or take time off to deal with personal or family issues (Promberger, 2001).

As working time and the workweek in Germany have become more flexible and responsive to changes in demand, Bosch (Bosch, 2000) argues that work groups within companies have taken on more responsibilities in managing working time. The need to adjust to changing workloads, to respond to specific customer requests, and to meet tight deadlines for on-time delivery have encouraged management to push decision making down within organizations to work groups where skilled workers are able to exercise some discretion over working time. The German vocational training system and the high degree of skilled workers in work groups contributes to the autonomy of these groups regarding working time. Bosch (Bosch, 2000) provides some evidence that time autonomy within work groups is also prevalent in Sweden and the Netherlands.

### *United States*

In the United States, employers often use flexible work arrangements to signal to the labor market that they care about employee needs for flexibility and work/family balance. In the mid 1990s, a U.S. financial services company began an initiative to increase the diversity of their workforce. An important component of that initiative focused on work/family balance. A task force established a process for implementing telecommuting in the technology division of the company. The technology division includes technology support, system development, programming, and network administration. The process begins with a request to telecommute from either the employee or manager. If accepted, the employee receives training on setting up an ergonomically safe home office, how to manage time effectively, and how to access

resources and accomplish tasks from home. Managers also receive training in how to manage workers remotely. At this company telecommuting means that employees will work a 40-hour workweek, spending two to three days working from home.

The managers that we interviewed at this company made clear that every employee has the right to ask their managers to telecommute, but any manager can turn down the request. Being able to telecommute depends on the employees' work ethic and the characteristics of their job. This example illustrates that even when employers in the U.S. want to signal the current and future employees their openness to flexible work arrangements, they are reluctant to give up control over who can adjust their work arrangement.

## **CONCLUSION**

Our comparative analysis shows that while control over the duration and timing of work remains largely in the domain of management, employees in certain countries have gained some control over working time. Gains have come where employees have increased their bargaining power through collective bargaining, government legislation, or labor market conditions. These factors, as well as labor union and management strategies, contribute to country differences in the degree to which employees control their working time.

In countries with extensive collective bargaining, high labor union density or coverage, and with labor representatives focused on working time issues, employees have increased collective control over working time. This collective control is evident in Germany, Sweden, and the Netherlands, where unions and works councils have

participated in negotiating reductions in working time and in the type and structure of flexible working time arrangements. In some cases, collective bargaining has also increased the power of individuals to make choices between reduced hours or more income, e.g. Sweden. However, even in countries with strong involvement by labor representatives, employers have been successful in negotiating flexible working time arrangements to their benefit, which allow them to effectively match labor supply to demand and reduce or eliminate overtime premium pay. While employees may have input into scheduling through union and works council representatives, supervisors and department managers must still approve schedules and the use of paid time off. In short, employment relations institutions in EU countries, such as Germany, play a key role in increasing the flexibility of working time arrangements, giving workers a voice in working time arrangements, and in monitoring the administration of working time accounts by employers; however, employers still retain much of the control over the structure of working time arrangements and use of paid time off by employees.

In countries such as the United States, where collective bargaining is not widespread and labor institutions are weaker, employees have to rely largely on their position within the labor market or their value to a particular employer to gain bargaining power and control over working time. This power, however, is unequally distributed across occupations and is very temporal since labor market conditions change. Professionals with valuable skill sets obtain relatively more control over working time arrangements and more flexibility than other less skilled occupational groups.

In addition, where labor institutions are weak, employers tend to set the type and structure of flexible working time arrangements with little negotiating power or control

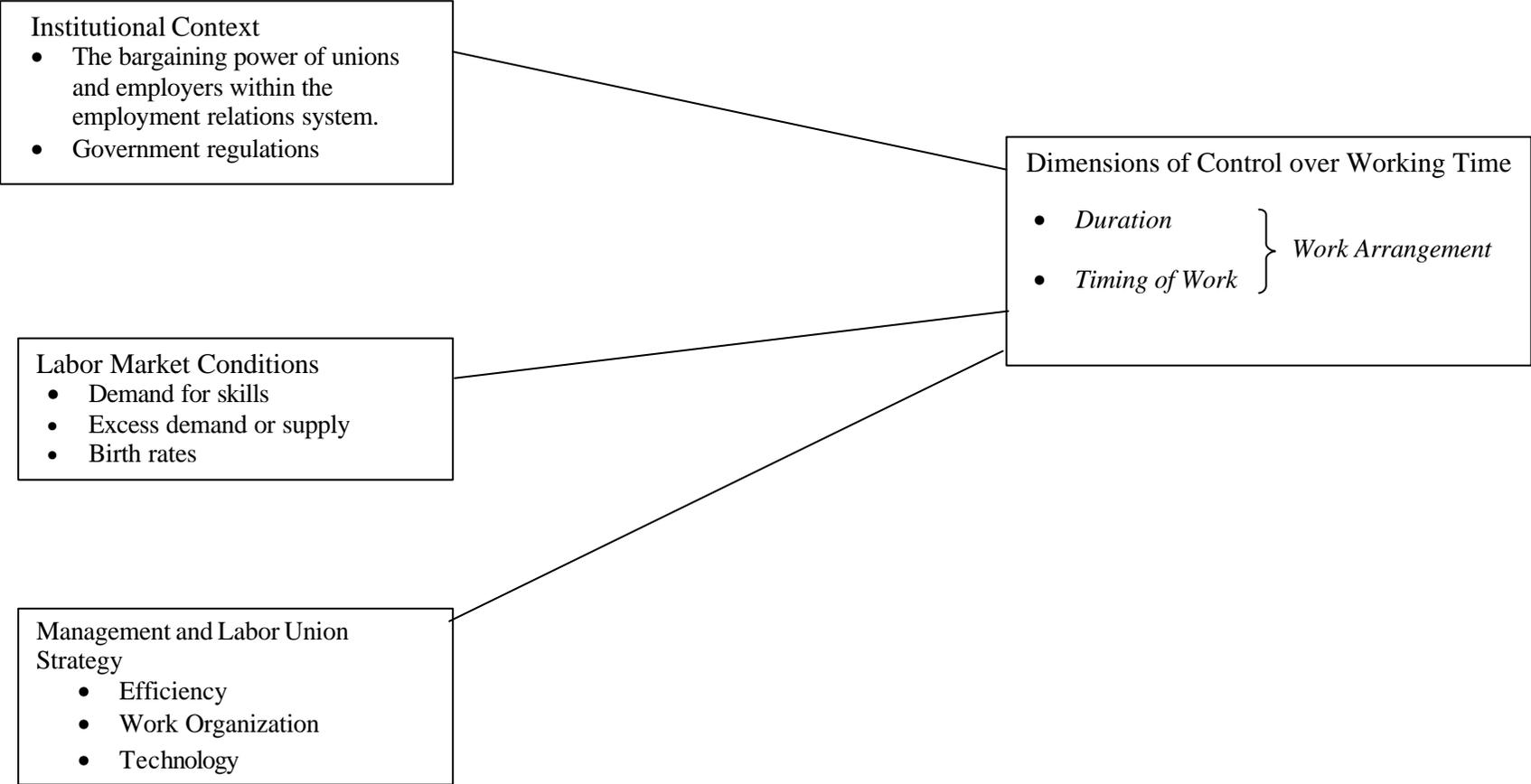
placed in the hands of employees. Moreover, where employers drive the choices of working time arrangements, the distribution of flexible working time arrangements tends to be narrow reflecting employer interests. This serves to restrict employee choice of working time arrangements and control over working time.

Employees have also gained some control over working time through government legislation and EU directives that give employees the legal right to demand schedule changes have increased employee control over working time. These rights provide legal backing to employee request for alternative working time arrangements. In addition, they shift the burden to the employer to demonstrate that alternative working arrangements that may benefit the employee cannot be accomplished. Although employers can make a case to deny a flexible working time arrangement, this right when combined with factors such as strong labor representation and/or valuable skills can be a powerful force for achieving a working time arrangement that fits one's needs.

If flexible working time arrangements are going to benefit both employers and employees, more attention must be paid to the issue of control over working time. While other countries around the world have taken steps that increase employee control over working time, the United States has relied primarily on market forces to provide workers with some control over their work time. This has resulted in a relatively low level of control, limited flexible working time arrangements, and an uneven distribution of control over working time across the labor market. If employees in the United States are to obtain more choice and control over their working time arrangements, public policy that encourages more flexible work arrangements and empowers workers and their representatives will be necessary.

**Figure 1**  
**Framework for Examining Control Over Working Time Across Countries**

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## ENDNOTES

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<sup>1</sup> Some changes in the law, providing greater flexibility for smaller companies, were introduced in September 2002 (Personal correspondence from Professor Jeanne Fagnani, University of Paris).

<sup>2</sup> Women make up 40 percent of the workforce in Japan, and 57 percent of female employees are married (JIWE. 1999. Working Women in Japan: 1-137. Chiyoda-ku, Tokyo: Japan Institute of Workers' Evolution.) The proportion of dual earner households and single-parent families is increasing in Japan as elsewhere and workers need more flexible schedules and greater control over work time in order to manage work and care of children and the elderly (Sato, H. 2000. The Current Situation of "Family-friendly" Policies in Japan: 5-10. Tokyo: Japan Institute of Labour.).

<sup>3</sup> The Communications workers of America are an exception. Their contract with Bell South in 2000 limited involuntary overtime assignments for any individual to no more than 10 hours per week during 7 months of the year and to no more than 15 hours overtime during the other 5 months. The contract also prevents managers from forcing workers to work consecutive six-day weeks CWA; Strike at Bell Atlantic Wins Pact that Creates 'Good American Jobs'; September 9, 2002, 2002..

<sup>4</sup> Volkswagen recently negotiated a set of company agreements with IG Metall, the German metalworkers union, for a new VW subsidiary, Auto 5000 GmbH. The workers at this new company will work under a different set of conditions and receive lower pay than other workers in Volkswagen. The annual average working time for all employees will be 35 hours a week, which is the collectively agreed weekly working time in the metalworking sector. The maximum weekly working time will be 42 hours and individual working time accounts will be set up for each employee. Work will be organized in teams within the facility. Performance targets and the personnel needed to fulfill them will be jointly determined by management, the works council, and the work team. If certain shifts are not able to meet their product and quality targets, the employees will be obliged to work overtime. This will be paid only if the performance shortfall is the responsibility of the employer. This agreement essentially creates a two-tier employment system within Volkswagen and introduces greater working time flexibility to automobile production. Schulten, T.; Agreements signed on Volkswagen's 5000 x 5000 project; <http://www.eurofound.ie/print/2001/feature/DE0109201F.html>; February 12, 2002.