

7 September 2023

Managing working time flexibility: national collective bargaining and company practices

Introduction

The idea of a 4-day work week is gaining momentum in a number of EU Member States. There are different approaches to this way of work organisation: introducing a compressed work week, reducing working hours while maintaining the salary unchanged and reducing working hours followed by reduction in salary. All these approaches create challenges from the work organisation or the HR point of view. Additionally, in the current context of widespread labour and skills shortages, any reduction of working hours is particularly problematic as it implies worsening the EU competitiveness in general.

Our initial assumption - and a starting point for the analysis - is that social partners are best placed to define effective solutions for working time flexibility in ways that both sides of industry agree to. This note includes concrete examples of the diverse solutions agreed by social partners at different levels of collective bargaining across Europe.

Policy context: EU approach to regulating working time

On 24 March 2023 the European Commission published a working time package including an updated version of the implementation report¹ on the working time directive as well as a new interpretative communication² taking into account the recent ECJ case law.

BusinessEurope believes that the working time directive and that potential issues deriving from ECJ rulings are best addressed at the national level in cooperation between the national governments and national social partners.

National approaches to regulating working time

Many Member States regulate working time flexibility through **national legislation**³, usually through Labour Code or relevant laws (Austria, Belgium, Bulgaria, Greece, Hungary, Italy, Luxembourg, Norway, Poland⁴, Portugal and Romania). At the same time quite a number of Member States report lack of national level legislation relevant for working time flexibility (Cyprus⁵, Czechia, Denmark, Germany, Estonia and Spain). An interesting case is Lithuania where “partial” regulations relevant for working time exist: only parents of children under 3 years old and working for a public sector are eligible for the reduced working hours⁶.

¹ The implementation report can be found [here](#)

² The interpretative communication can be found [here](#)

³ Based on member’s contributions received from 18 Member States.

⁴ In Poland working time flexibility is regulated as a part of a general legislation on working time.

⁵ In case of Cyprus regulation relevant for working time corresponds to the Working Time Directive.

⁶ The devil is in details, but at least two questions arise from the equal treatment point of view: potential discrimination towards employees from private sector as well as towards parents with children older than 3 years old or finally childless employees.



Working time can be regulated at different levels. Cross-sectoral collective agreements are rare: they can be found only in Belgium and Portugal. Sector-level agreements exist in Belgium⁷, Denmark⁸, Germany, Greece⁹, Italy¹⁰, Luxembourg, Portugal, Norway, France and Sweden¹¹. Company-level collective agreements are equally popular; they can be found in Austria, Belgium, Bulgaria, Cyprus, France, Germany, Italy, Luxembourg, Norway and Portugal. There is a lack of specific regulations related to working time flexibility in Czechia, Estonia, Latvia, Poland and Romania; in these countries working time is usually regulated in the Labour Code.

In majority of cases national **social partners were involved** in designing legal measures relevant for working time flexibility¹². In some Member States it was done through dedicated channels for a tripartite coordination, for example the framework of the National Council for Tripartite Cooperation in Bulgaria or the National Tripartite Council in Lithuania. **Lack of social partners involvement** has been reported in Belgium, Denmark and Estonia.

In some Member States there are **discussions about introducing a 4-day work week**. Such discussions are held, for example, in Austria, Belgium, Denmark and Estonia.

Relevant national developments

- In **Poland** a 4-day work week has become one of the topics of the parliamentary electoral campaign (parliamentary elections are planned for October 2023). In September 2022 a draft of an act on reducing working hours from 40 to 35 hours per week (the salary is to remain unchanged) was submitted to the Polish parliament by the left-wing party. According to Lewiatan, the Polish member of BusinessEurope, a generally binding regulation is not likely. It is expected that introducing a 4-day work week could become a practice in specific sectors, e.g. IT or financial sector.
- In **Bulgaria** the topic of a 4-day work week is only present in media, without any serious discussions held by social partners or in a tripartite setting.
- Quite interestingly, a discussion on reducing working hours in **Luxembourg** has been initiated by the relevant developments in Belgium. The Ministry of Labour and Employment plans to launch a study of possibility of implementing a reduction of working time; trade unions and companies are to be included in the discussion based on the findings.
- In **Italy** the discussion on a 4-day work week has been triggered by announcements by two companies about introducing a shorter work week. This discussion takes place mainly in the media.
- The same situation is in **Estonia** where two well-known companies have started to use a 4-day work week and communicate the results. Discussion takes place mainly in the media.

⁷ In Belgium the EU working time directive has been transposed by means of collective agreements between the cross-industry Belgian social partners and, in certain respects, by updating of the Labour Act.

⁸ In case of Denmark deviation from sectoral level collective agreement is possible by concluding company-level agreement.

⁹ In Greece sector-level collective agreements in the HORECA sector allow for more flexibility towards more weekly hours to cover seasonal needs in peak periods.

¹⁰ In Italy the transposition of the EU working time directive has resulted in a joint statement by the cross-industry Italian social partners.

¹¹ In Sweden working time is regulated in the Working Time Act. The legislation is usually supplemented by additional regulations in sector-level agreements. Many of those agreements contain various rules which imply that the working time is reduced compared to the legislation.

¹² This is the case in Austria, Bulgaria, Hungary, France, Italy, Lithuania, Luxembourg, Poland, Portugal, Romania and Norway.



- In **Romania** the discussions on working time flexibility are mainly linked to new forms of work organisation, including job sharing, employee sharing etc. There is also a draft law in the Parliament introducing a 4-day work week; it was not discussed with social partners nor in a tripartite setting.
- A 4-day work week has become a discussion topic in **Cyprus** when the media reported on introducing a 4-day work by some companies in the services sector during the summer months. It is a seasonal arrangement and can be introduced in two ways: either as a compressed work week (the same number of hours worked in fewer days) or as a reduction of working time. It is important to note that in the second case fewer working hours imply reduction of salary; the cost of this arrangement is split between worker and employer. The Cypriot public sector has initiated a study under the Resilience and Recovery Plan which focuses, among others, on a 4-day work week. The study is to examine how a 4-day work week can be applied in case of public services.
- In **Greece** the discussion is only present in media, although since summer 2022 a few (4-5) companies in the services and consultancy sector experimented with adopting a 4 day -work week during the summer season period.

By contrast, there are **no such discussions** in Czechia, France, Hungary, Latvia, the Netherlands, Norway and Sweden.

Is there a business-case for a 4-day work week?

With significant labour force shortages, shrinking working age population and the candidates more and more often looking to strike a work-life balance, offering flexible working time becomes one of the important factors that helps to attract talent. This is especially true in case of recruiting highly skilled individuals with competence profiles needed by employers, i.e. IT specialists or sustainability and risk officers as well as the candidates from “Generation Z”¹³ who “work to live” and are not interested to “live to work”. These individuals often place flexibility high on their list of expectations as well as see the value, also financial one, in the free time. The table below presents chosen opportunities and challenges both for employees and employers related to introducing a 4-day work week.

Table 1. A 4-day work week: opportunities and challenges

<i>Opportunities</i>	<i>Challenges</i>
<i>For employers</i>	
<ul style="list-style-type: none"> • Attracting a bigger pool of candidates, usually with skills in demand, i.e. ICT specialists • Retaining skilled workers and talents • Improving image: employer is perceived as modern and “employee-friendly” • Reducing commuting time and carbon emissions and promoting the image of an “eco-friendly” employer 	<ul style="list-style-type: none"> • Need to re-organise work processes and, possibly, to hire more staff in case of a reduction of working hours • Raise in the labour cost in case of reducing the number of working hours while keeping the salary level unchanged, particularly in companies that operate 7/7 • Additional and more complex work for HR people, including challenges related to training organisation

¹³ “Generation Z” is the generation born in the late 1990s or the early 21st century, perceived as being familiar with the use of digital technology, the internet, and social media from a very young age.

<ul style="list-style-type: none"> • Rethinking work organisation: increasing productivity by introducing improved work processes and appropriate technological solutions 	<ul style="list-style-type: none"> • Additional work for managers: need to define “core time” when all employees are available to maintain team dynamic and creativity • Potentially the need to inform clients about change in company operations, i.e. different organisation of customer service due to shared jobs • Risk of relocating some of Europe’s industrial base to other regions due to difficulties in hiring
<p><i>For employees</i></p>	
<ul style="list-style-type: none"> • In general, better work-life balance • Increased job satisfaction as work organisation allows to pursue private objectives • Reduced commuting time 	<ul style="list-style-type: none"> • In case of a longer workday (e.g. in the case of a compressed work week replacing an 8-hour workday with a 10-hour work one), workers may have a difficulty remaining productive and also maintain their daily work-life balance • More effort needed to schedule the necessary meetings during a shorter work week • More effort needed to be an active and well-informed member of the team • More effort and time needed to incorporate organizational values and culture as well as working methods

Source: own compilation based on members’ contributions (2023).

Provided that the terms are fair for employers and workers and between workers, working time flexibility measures agreed between the social partners can be an interesting way for companies to attract and retain people with required skills. However, the consequences, also financial, can be significant, especially in case of moving towards a 4-day work week with a reduced number of working hours.

There are **three main options** for organising a shorter work week:

- Compressed work week
- Reducing working hours while maintaining the salary unchanged
- Reducing working hours followed by a reduction in salary



Compressed work week means the same number of working hours performed during a 4-day period with the salary unchanged. This will mainly imply more organisational work to HR and managerial people. From employers' perspective this is the most acceptable option, although requires additional work to implement the system¹⁴.

Relevant national developments

- An important **Italian** banking group has recently announced in the public media its intention to implement a 4-day work week by increasing the daily working hours (from 7,5 to 9). It means maintaining the same total number of working hours per week performed in a form of a compressed work week.
- A description of "Jobsdeal", a new compressed work week scheme in **Belgium**, can be found in Annex 1. Employers are not obliged to organise compressed work week, but if they want to introduce it, the 2022 Act sets out a series of administrative requirements.
- Since June 2021 the **Greek** labour working time legislation guarantees the right of employees to ask to compress their work week in 4 days (instead of 5 days where the 5 day work week applies) by working 10 hours per day. This option has not been much used in practice.

Reducing working hours with the unchanged salary means that fewer working hours are performed during a 4-day period. This is a clearly less favourable development from the employers' point of view as it increases labour cost and may result in a need to hire additional staff.

Relevant national developments

- In **Belgium** it is possible to collectively reduce working time to 80% with maintaining the same salary and with the social security reduction. This has been in place for the last 20 years; evaluation of this provision is planned for 2023 and may result in necessary adaptations.
- In **Spain** there is currently a study on a feasibility of a 32-hour work week. The pilot project started in December 2022 by opening a call for tender for SMEs in the industrial sector to apply for grants of up to 2 000 000 EUR, if they decided to implement a minimum 10% reduction in working hours and maintained this reduction for at least two years, without reducing employers' salaries.
- In November 2022 the **Portuguese** government announced a pilot project called "Four-day week". The project implies a 6-month trial during which private sector companies can reduce working hours to 32, 34 or 36 hours/week. Reduction of working time must concern a significant number of workers; all measures are voluntary and reversible. The state provides technical support to companies to ensure effective organisation of a shorter work week and maintaining productivity. The results of the pilot are to be presented to social partners.
- In **Ireland**, KPMG were selected in March 2023 to undertake research for the Government on a reduced working week, including a 4-day week. The research is to focus on impacts such as labour market participation, work-life balance, gender equality and the transition to a low carbon economy and will inform any future policy development in the area.

¹⁴ It has to be noted that there are employers who have made a different calculation: for them the use of a 4-day work week and/or other working time flexibility measures is an important tool to attract and retain talent. However, it is clear that business prefers to have the possibility to define working time in a way that suits best their operational needs and not to be forced by government to implement a defined solution.



Reducing working hours followed by reduction in salary means that fewer hours performed by employee are paid at the same rate. This development does not lead to an increase of the labour cost. However, it is likely to create additional work for HR people and managers: the need to hire more staff and organise work, respectively.

Relevant national developments

- Reduced working hours are a topic discussed in **Denmark**, however, only among social partners representing highly educated groups (the Danish Association of Lawyers and Economists, DJØF) and general office workers (the Danish trade union representing clerical workers, workers in retail and related industries, HK). In each case reduction of working hours would lead to reduction of salary.

By contrast, in some countries, the available evidence shows that that economic impact of such measures is mostly negative or not discussed at all.

Relevant national developments

- In **Austria**, ECO-Austria, an independent research institute, has analysed different effects on the economy in case of the reduction of working hours. It was concluded that the effects of reducing working hours would be damaging to the Austrian economy. The reduction of working hours would not lead to an increase in employment (only in one scenario employment would have increased by 1,1%, which was reducing payment equal to reducing working hours), but it would instead reduce the GDP by up to 8,9%. Furthermore, when reducing the working hours the additional organisational expenditures would increase, because certain obligations would need to be assigned among more employees.
- In **Norway**, the discussion focusses on how to attract more workers into the labour force and how employees working part-time can contribute with more hours. This discussion is especially important in the context of demographic change and further pressure on the labour market due to shrinking workforce. The number of working hours per employee in Norway is low compared to the majority of the other OECD countries. A 4-day work week is not on the agenda in Norway and would not be in accordance with the Norwegian Working Environment Act or the collective agreements in force.

In the current context of labour force shortages, **introduction of a 4-day work week by means of national legislative measures should be avoided**. The main discussion subject of relevance in today's shrinking labour markets is how to increase employment rate and how to encourage employees working part time to work more hours. It is worth noting that in majority of Member States **current legislation on working time allows for working time flexibility**, therefore introducing specific laws on a 4-day work week is not necessary.

- ➔ In 2017 **Italy** introduced a law regulating smart work (Law n. 81/2017). It is a good example of a law enabling flexibility: "smart work" is carried out without any constraints on the time (and place) of work.
- ➔ In **Germany** there are no statutory regulations on the introduction of flexible working time. However, section 7(1a) sentence 2 of the German Social Code IV (SGB IV) provides for extensive social security protection for employees who use working time accounts or credit balances. This positively supports the flexibilization of working time.
- ➔ In **France**, a 4-day work week can be introduced by a unilateral employer's decision on working hours within the limits of compliance with applicable legislation (respecting daily rest periods) or through collective bargaining at appropriate level. Nothing



prevents companies - by means of collective agreement or changes in employment contract - to introduce the 4-day week and reduce full-time to less than 35 hours per week.

- Flexible working arrangements are often foreseen in the legislation on working time; this is the case, for example, in **Belgium, Hungary, Poland and Romania**.

Introduction of a **4-day work week has recently become a political statement** and is often included in the agenda of the left-wing parties.

- This is the case in **Germany**: the topic of a 4-day work week is brought up by young social democrats.
- The draft law reducing working time are currently in the parliament in **Poland and Romania**.
- In **Greece** the left-wing opposition has been campaigning since 2020 for a 35 hour- and a 4 day- work week with unchanged salary without much success – the topic faded away after the last elections in May and June 2023.

However, **social partners at the appropriate levels in the Member States are best placed to negotiate and introduce working time flexibility arrangements** that suit the needs of employers and workers:

- In **Denmark** it is possible to agree locally to a 4-day compressed work week with an unchanged salary or a 4-day work week with reduced number of hours and reduced salary.
- In **Belgium**, working time is mainly regulated by legislation. One of the most important regulations is Labour law concerning working time of 16 March 1971 which defines general principles /standards /limits of working time in Belgium. The legislation provides possibility to introduce more flexibility, which in general must be implemented by intersectoral, (sub-)sectoral or company agreements or by work regulation (*règlement de travail*) and thus needs the consent (mostly unanimous) of all unions. This complicates the effective implementation of working schemes and increases their cost for employers.
- The **German [2018 Wage Agreement in the Metal and Electrical Engineering Industries](#)** enables reducing working time to a minimum of 28 hours for up to two years. Additionally, the sectoral social partners also agreed that no more than 10% of the workforce may take reduced full-time working.
- In the **chemical sector**¹⁵ collective bargaining seems to play a significant role: for almost half of the EU Member States, sectoral agreements – defined and concluded within the boundaries of statutory legislation – establish the main regulatory provisions

¹⁵ Sectoral examples are taken from Eurofound (2016), *Working time developments in the 21st century: Work duration and its regulation in the EU*, Publications Office of the European Union, Luxembourg, pp. 23-29. Additionally, they have been updated and enriched with information from members of the European Chemical Employers Group (ECEG) for the chemical sector, CEEMET for the metalworking sector, the European Banking Federation (EBF) for the banking sector and the Eurocommerce for the retail sector.



for working time. In most of these countries, the sectoral agreements are further adjusted by company level bargaining.

- There is only one sectoral agreement in **Spain**, the Chemical Collective Bargaining Agreement, which establishes a maximum annual working time of 1,752 hours. Companies may reduce that annual working time but can never increase it. Companies then must assign the annual working time, in their working time schedule or calendar, which may result in different working hours for each day (always respecting the minimum breaks established by law). Regarding the flexibility, the Spanish agreement provides several measures. One of this is the “flexitime pool”: this measure allows companies to have, within their working time schedule, up to 150 hours to be assigned irregularly.
- In **France** duration of working time is set by legislation, while working time organisation is defined by sectoral or company-level agreements.
- In **Denmark** the Industry Agreement is the starting point for the definition of working time duration and organisation in the chemical sector as it establishes the conditions under which management and employees can agree on different conditions. According to the survey of the ECEG Danish member 14,5% of the companies have concluded local agreements about working time under the Industry Agreement. These can be about flexitime, varied weekly working time, time in *lieu*, piecework, work shifts, staggered hours, additional or shorter hours and work-sharing.
- In **Finland** sectoral-level collective agreements are still the most important instrument in setting standard working time in the chemical sector and allowing flexibility at the company level as regards working time. Through company level bargaining it is possible to agree on flexible working time arrangements on multiple issues. Sectoral social partners jointly actively encourage company level negotiating parties e.g. to create and try new types of working time arrangements.
- In **Germany** the standard working time in the chemical industry (defined as weekly working time without breaks) is regulated by the industry’s framework collective agreement. The weekly working time is currently 37,5 hours. However, it is possible, with an agreement between the employer and the works council and the consent of the collective bargaining parties BAVC and IG BCE, to agree on a deviating working time for the company between 32 and 40 hours with a corresponding change in pay. The distribution of working time and breaks is decided at the company level.
- In **Portugal** the sectoral collective agreement between the Federation of Service Workers’ and Technicians’ Unions (Fetese) and the Portuguese Association of Chemical Companies (APEQ) is the most important regulatory instrument. Fetese and APEQ cover around 600 companies and 22 500 workers, which amounts to around 48% of total employment in the sector. This sectoral agreement defines the maximum duration of working time and the regime of adaptability for a reference period of 6 months at company level.



- In the **metalworking industry**¹⁶ the main way of regulating working time is through collective agreements. The practices of negotiating collective agreements are very diverse throughout Europe and correspond to relevant national social dialogue models.
- In **France** sectoral level collective bargaining plays an important role in helping companies adapt to the 35-hour work week legislation. The relevant collective agreements are signed both at the sectoral and company levels.
 - In **Slovakia** working time duration is set by legislation and working time organisation is defined by either sectoral or company-level agreements.
 - In **Czechia and Greece** statutory legislation is complemented by company-level agreements, which specify work schedules and work organisation or sometimes derogate from legal standards towards more favourable arrangements.
 - In **Germany** working time duration is defined at sectoral level, whereas the distribution of working time and breaks is set at company level.
 - In the metalworking sector in **Ireland, Luxembourg and Malta** working time is mainly regulated by company agreements. In the case of Luxembourg and Malta this is mainly due to the small scale of the metalworking industry.
 - **Spain and Italy** also have their own system of regulating working time.
- In the **banking sector**, in nearly half of the EU Member States, working time is defined and regulated through agreements at sectoral level within the (more or less flexible) boundaries of statutory legislation. An apparent trend in the banking sector in recent years is that the establishment of certain working time aspects (mostly working time organisation) is moving downwards from sectoral-level negotiations to collective bargaining procedures or negotiations at company level.
- In **Cyprus and Luxembourg** the main working time standards in banking are defined in sectoral collective agreements within the framework established by legislation.
 - In **Denmark and Germany** the sectoral agreement allows for a flexible working time scheme and leaves it open to both the company and the individual level to decide on the working time organisation and scheduling.
 - In **Ireland and Malta** working time in banking tends to be governed by single employer agreements, within the parameters of national legislation.
 - In **the Netherlands**, collective bargaining at company level has become the decisive regulatory mechanism. Although there is a sector agreement for a few smaller banks, it was losing importance compared with company-level agreements.

¹⁶ Please, note that above national examples for the metalworking industries cannot be treated as giving a comprehensive picture of the sector's approaches to regulating working time.



- In **Croatia** and **Slovenia** adjustments regarding work organisation are also made at sectoral level, though the agreements there tend to mostly replicate the main standards in statutory legislation.
- ➔ In the **retail sector** collective bargaining plays a major role in a considerable number of Member States. In 11 EU Member States (plus Norway) working time in the retail sector is mainly defined by sectoral agreements, within the boundaries of the “minimum standards” set by statutory legislation.
 - In the case of **Italy** and **Slovenia** the industry agreements allow deviation from the standard working time of statutory legislation in both directions (for specific occupations in Italy and special situations in Slovenia).
 - In **Portugal** there is a co-existence between several Collective Bargaining Conventions (CCT) of a regional base and several CCT of sectoral level. The several existing sectoral CCTs are applicable at the national level. There are also CCTs applicable at the regional level. The application of CCTs always depends on the principle of affiliation: the Collective Convention is compulsory for the employer that has been a signatory party or that is affiliated with an association of employers that has negotiated and signed that CCT. The CCT is equally applicable to the members of the trade unions that have signed the Convention. The content of the regional CCTs may not correspond to the content of sectoral CCTs as such: the regional conventions are applicable for wide variety of sub-sectors of the commerce sector, while the sectoral CCTs are applied to a more concrete situation.
 - In **Spain** working time is mainly regulated by different regional, sub-sectoral and even occupational agreements.

It is worth noting that employers recognise the **importance of working time flexibility** both for employers and workers. This flexibility is also wished for in case of full-time contracts, not only in case of a reduced working time, and implies changing fixed working time schedules to flexible ones. The most often introduced solution is defining a “core time” of the day when all employees must be available and allowing for a flexible starting and finishing time (usually within a defined bracket, for example starting time between 7h00 and 9h00 and finishing time between 16h00 and 18h00). Some companies go even further: they allow for asynchronous work schedules (i.e. early starting time combined with long lunch breaks to deal with children’s lunch breaks and evening work versus classic “9-5” schedule). Additionally, flexible working time arrangements are especially important in sectors operating 7 days a week as well as for multinational companies operating in different time zones. At the same time in certain sectors, for example in healthcare sector, reducing everyone to a 4-day work week would be extremely expensive and even impossible given the already tight labour market.

In general, a more nuanced flexible arrangements are more common and desirable than wholesale changes to work week. In this regard, combining day to day flexibility with a 4- day work week is particularly challenging as it could result in reduced flexibility within the 4-day work week given the pressure of having one fewer day to perform the assigned tasks.



➔ The Adecco Group research (35 000 workers interviewed across 25 countries) titled “[Global Workforce of the Future](#)” (2022) has shown that flexible working time is important for workers independent of their age. It is worth noting that working time flexibility is an important factor for older workers as it enables organising work around care duties or simply reducing the workload. The table below presents relevant findings.

Good work/life balance, financial aspects and happiness at work are what defines a successful working life for all workers across generations

☉ All Workers % Who say this is what describes a successful working life

Top 10	Gen Z	Millennials	Top 10	Gen X	Baby boomers
Having a good work / life balance	30%	30%	Having a good work / life balance	32%	30%
Having a job that you are passionate about	29%	28%	Being happy at work, enjoying the day -to day work you do	35%	33%
*NET Flexibility (over working schedule and remote working)	28%	31%	Having a sense of job security	33%	31%
Earning a lot of money	28%	25%	Having a job that you are passionate about	30%	31%
Being happy at work, enjoying the day -to day work you do	26%	29%	*NET Flexibility (over working schedule and remote working)	29%	26%
*NET Progression (frequent promotions and acquiring new skills)	26%	27%	*NET Progression (frequent promotions and acquiring new skills)	23%	19%
*NET Relationships (building strong relationships with colleagues and managers)	25%	23%	*NET Relationships (building strong relationships with colleagues and managers)	23%	23%
Having a sense of job security	22%	27%	Earning a lot of money	21%	16%
Feeling trusted by your manager / company	18%	18%	Achieving financial security before standard retirement age	20%	23%
Becoming an expert in your field	17%	17%	Feeling trusted by your manager / company	20%	25%

Q106: Which of the following best describe a successful working life for you? Weighted Base: All Workers (n=30,000)

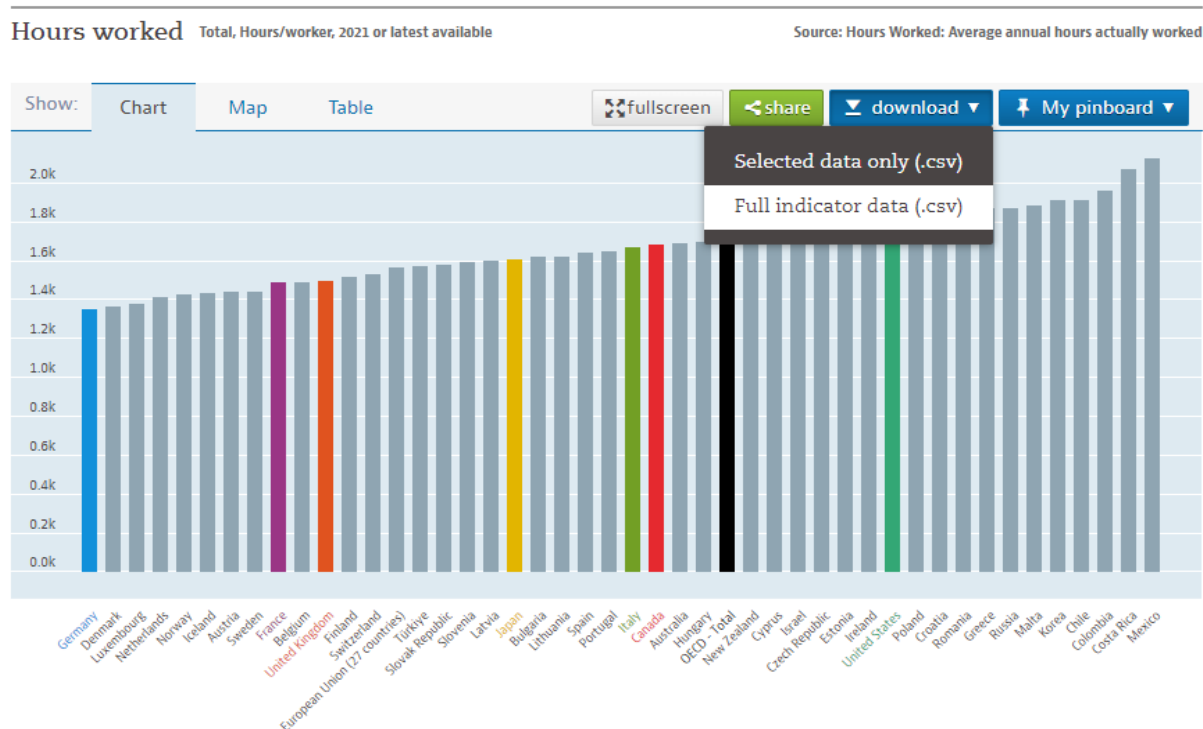
Way forward: focus on increasing employment and productivity

The EU working age population decreased by 3.5 million between 2015 and 2020. It is expected to shrink further over the next years and decades, with the loss of an additional 35 million persons by 2050. In this context, more attention must be given to employment and productivity growth to prevent the EU economy from shrinking. At the same time, as is shown in Figure 1 below, drawing on OECD hours of work indicator, working hours are much lower in the EU Member States compared to other advanced economies.

OECD: definition of hours worked

Average annual hours worked is defined as the total number of hours actually worked per year divided by the average number of people in employment per year. Actual hours worked include regular work hours of full-time, part-time and part-year workers, paid and unpaid overtime, hours worked in additional jobs, and exclude time not worked because of public holidays, annual paid leave, own illness, injury and temporary disability, maternity leave, parental leave, schooling or training, slack work for technical or economic reasons, strike or labour dispute, bad weather, compensation leave and other reasons. The data cover employees and self-employed workers. This indicator is measured in terms of hours per worker per year. The data are published with the following health warning: The data are intended for comparisons of trends over time; they are unsuitable for comparisons of the level of average annual hours of work for a given year, because of differences in their sources and method of calculation.

Figure 1.



Source: OECD 2023 (can be accessed [here](#))

In this context, EU and national discussions on working time flexibility should better respect the role of social partners to balance the needs of employers and workers in realistic ways to secure economic and social development.

While introducing **flexible working time arrangements** employers need to carefully consider feasibility of this solution **in relation to different types of jobs**. It is likely that blue-collar workers in an industry operating in shifts will prefer predictable working hours and perceive flexible schedules as a threat to their work-life balance and well-being. The same is true for low-wage employees in HORECA sector or call centres: for these groups predictability is much more important than flexibility. The recent research at the Massachusetts Institute of Technology (MIT)¹⁷ have found that predictable schedules had a positive effect of retention of blue-collar employees, while had no effect on white-collar ones.

¹⁷ D. Sull, Ch. Sull, B. Zweig, *Toxic Culture Is Driving The Great Resignation*, MIT Sloan Management Review, 11 January 2022 (the full text can be found [here](#)).



Conclusions

Working time flexibility is an important factor contributing to companies attracting and retaining talents. The research has shown that offering schedule flexibility on job advertisements increases the likelihood that people will apply. Properly designed working-time arrangements can be mutually beneficial both for workers and employers as they can improve working conditions and allow workers to have a better balance between paid work and their personal lives.

At the same time, it is employers' prerogative to organise work. They can better adapt their workforce to fluctuations in the workload. Appropriate working-time arrangements have the potential to make businesses more sustainable by, for example, decreasing absenteeism, lowering employee turnover, improving employee morale and attitudes as well as operational efficiency. This in turn improves productivity, quality and company performance¹⁸.

Nevertheless, to manage the impact of demographic challenges ahead of us, we must increase simultaneously employment and productivity to secure the conditions for prosperous societies in the future. That is why, as a general rule, employers do not want their employees to work fewer hours, especially in the current context of acute labour and skills shortages, which are becoming a structural labour market phenomenon in Europe. Moreover, a reduction of working hours would mean a competitive disadvantage in relation to non-EU countries. As a result, certain multinational companies may transfer their business out of the EU and/or be hesitant to invest in EU countries due to high labour costs.

In this context, employers need to manage working time flexibility in a smart way. It means adapting it not only to the needs of a company and its way of operating, but also to workers' expectations, whenever possible. That is why collective agreements at the appropriate levels and company level arrangements in the Member States are the most appropriate tool for managing working time flexibility. This is about designing solutions that are of an added value and feasible for employers and, to the extent possible, in line with workers' aspirations.

At the workplace level, a mixed approach is appropriate to think about flexible schedules. Some boundaries need to be defined to ensure that the work is done, teams function effectively and customers receive timely good quality service. For flexibility to be genuinely useful, it requires a firm skeleton that is best defined at the company level, and in fact possibly in line with the various working realities of different teams / professions.

Last but not least, working time flexibility shall not be "hijacked" by politicians and become the topic of election campaigns: it is too important for effective work organisation and productivity.

¹⁸ International Labour Office (ILO), *Working Time and Work-Life Balance Around the World*, Geneva, 2022, p. 147.



Annex 1.

Belgium: Jobsdeal (law 26/12/2022): summary of a new “compressed 4-day work week”

To be noted: employers are not obliged to organise a compressed work week, but if they want to introduce it, the 2022 Act sets out a series of administrative requirements.

1. Four-day working week

Four-day working week	Possibility to perform the same working time on 4 days (instead of 5)
Formalities	<ul style="list-style-type: none"> - Introduction via work rules (38h → maximum of 9.5h per day) or company collective labour agreement (between 38h and 40h → maximum of 10h per day) - Initiative lies with the employee: written request and for max. 6 months (renewable). - Employer can refuse, subject to written justification within 1 month. - Written agreement, containing certain mandatory mentions (start and end of workday; time and duration of the rest periods; days of regular interruption of work; start and end of period of application). - Request and agreement must be kept for 5 years after period of application (sanction: level 2). - Evaluation by National Labour Council (<i>NLC</i>) after two years.
Consequences	<ul style="list-style-type: none"> - No voluntary overtime on “5th” day of the week. - No dismissal because of the request, but no specific sanction.
Entry into force	10 th day after publication in the Belgian Official Gazette.
To do’s	<ul style="list-style-type: none"> - Check whether you wish to introduce a four-day working week. - If yes, negotiate with the trade unions. - Enter into a CBA or amend the work rules + template individual agreement. - Consider arguments to refuse a request.

Source: LYDIAN (2022), [Labour deal transposed into legislation: to do’s for HR](#)

**Annex 2.***HOTREC : hospitality sector's opinion on flexible working time arrangements*

- Working time is quite diverse from country to country, in respect of Working Time Directive (2003/88/EC)
- The hospitality sector is open 365 days a year, 24 hrs per day, therefore, flexibility of working hours is key.
- When shaping working time schedules, companies in the hospitality sector usually take into account **work-life balance**, as well as **pick seasons/periods** where companies face more demand (e.g. weekend; summer season), or **specific occasions/moments**, where occasionally more staff is needed (e.g. organisation of a wedding; birthday event; special catering).
- There are plenty of examples at national level, **where flexible working hours are possible**. This would also mean, that working 4 days a week is possible in some countries, under certain circumstances.
- There are other countries, where national legislation is strict, and flexible working hours are not possible.
- HOTREC agrees with the possibility for employer and employee to agree on flexitime. However, the employee **should not, in a unilateral manner, demand a 4-day work week or demand or exercise any unilateral working hours autonomy** under the collective agreement or the law.
- The arrangements of working hours and shift planning are a prerogative of the employer.

Source: HOTREC internal materials.