

# ACHIEVING A SHORTER WORKING WEEK IN THE UK

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# THE CASE FOR A SHORTER WORKING WEEK

Working time is once again becoming a salient political issue. The looming threat of technological unemployment, low wages, stalled UK productivity growth, an ageing society and growing care demands are all driving the debate. The New Economics Foundation has long informed the shorter working week agenda, leading research that has underpinned recent support from the Trades Union Congress<sup>1</sup> and a spectrum of politicians and media outlets.<sup>2</sup>

This briefing summarises the case for shortening people's working hours without a loss in pay and puts forward an initial policy framework for getting there. It also marks the beginning of a new stream of work supporting those in trade unions, industry and government seeking to pursue this cause in the UK and across Europe.

Work can be remunerated in time, as well as money. Winning demands for shorter working hours with incomes protected offers a way of tackling both individual and societal symptoms of overwork and underpay, providing people with more time to recuperate, participate in democratic process and fulfil caring responsibilities.

Reducing the amount of time we all spend in work yields potential benefits for some of the major economic and societal challenges faced today such as an ageing population, ailing social care and pension provision. We argue that firms can benefit too through higher levels of per employee productivity and, though a reduction of working time is not a silver bullet, the potential benefits are significant. Here we draw out six:

## 1. FUTURE-PROOF THE ECONOMY

30% of existing UK jobs could be impacted by automation by the early 2030s, for example through the use of new AI technologies to replace clerical and administrative functions, and eventually the use of machines to replace manual tasks.<sup>3</sup> The highest levels of future automation are predicted in Britain's former industrial heartlands in the north of England, as well as the Midlands and the industrial centres of Scotland – thereby risking a worsening of the north–south economic divide, as whole communities face unemployment, or (more likely) a future of insecure, low paid work.<sup>4</sup> Rather than allowing automation to lead to more precarity and increased regional inequality, its benefits could be harnessed to reduce working hours in the UK with no loss of pay, thus

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helping workers receive a greater share of the productivity benefits robots and machine learning can bring.

### **2. BOOST PRODUCTIVITY**

While for workers, shorter working weeks should come with the promise of no loss of salary, for their employers, there may also be a productivity gain. According to the OECD, countries in which people work fewer hours on average, productivity is higher.<sup>5</sup> Some firm or sectoral studies have also shown that either productivity increases if people work shorter hours or, more definitively, that working long hours reduces productivity.<sup>6</sup> There is also growing anecdotal evidence from individual firms that shortening the working week while maintaining pay levels boosts productivity, staff retention, and reduces time lost through sick leave.<sup>7</sup>

### **3. HELP SUPPORT INDUSTRIAL TRANSITION**

This approach could also be used as a strategy for industries in transition, whether due to technological changes, declining high-carbon industries or changes in international markets. Reductions in working hours, accompanied by the offer of skills retraining and significant levels of support for local, regional and national industrial strategy, could be a central part of an agreed ‘just transition’ deal between Government, industry and trade unions to support workers in declining high-carbon industry.<sup>8</sup>

### **4. IMPROVE GENDER EQUALITY**

On average, women currently do 60% more unpaid work than men.<sup>9</sup> Moving towards a shorter working week as the ‘norm’ would help change attitudes about gender roles, promote more equal shares of paid and unpaid work, and help revalue jobs traditionally associated with women’s work. It would provide men with more time outside paid employment to be active parents and carers; it would also change expectations as ‘part-time’ becomes the new ‘full-time’, enabling more women to take up secure and well-paid employment.

### **5. PUT WELLBEING FIRST**

Our current model of work-time is causing harm to workers; a reduced working week could help cut levels of overwork and stress, and increase the wellbeing of workers.<sup>10</sup> The latest HSE statistics show that the total number of days lost to work-related stress, depression or anxiety stands at 15.4 million, an increase of nearly 3 million on last year’s

statistics, and the third year in a row it has increased.<sup>11</sup> One in four of all sick days lost in the UK are as a direct result of workload.<sup>12</sup>

## 6. DEMOCRATIC ENGAGEMENT

Though not the business of the state to determine what people would do with additional free time, one possible benefit could be a boost to people's engagement in democratic engagement and participation, either in their workplace, neighbourhood or community. NEF has found that a lack of resources and time are a barrier to residents collectively taking action and influencing decisions in their local area.<sup>13</sup> We also know that boosting levels of economic democracy, including levels of public participation and workplace democracy, can contribute to a reduction in economic inequality overall.<sup>14</sup>

## HOW TO GET THERE?

**Gradually.** Any move towards a shorter working week would need to be implemented gradually, alongside efforts to strengthen wage levels across the economy. For some sectors facing medium-term challenges, such as high-carbon industry in a decarbonising UK or technological unemployment, the opportunity presented by the shorter working week may add a particular urgency.

**Collectively.** For this reason, trade unions should be at the heart of this transition, negotiating and collectively winning reductions to working hours workplace by workplace and in some instances, sector by sector. The successful implementation of a collective bargaining agenda would see all workers given the opportunity to shorten their working time without reducing their material quality of life.

**Bottom-up and top-down.** As we make the case for action from below, there are ways in which dynamic government policy can work in conjunction with union efforts, ensuring that the principle of working-time reduction is baked in to a range of legislative tools. The mutually reinforcing use of top-down and bottom-up approaches can ensure that gains in working time reduction are institutionalised.

**As part of broader reforms.** To realise this vision it will be necessary to tackle a range of issues in tandem, including low pay, inequalities, employers' incentives, and prevailing assumptions about what is 'normal' and possible. We recognise that reducing the working week is not a silver bullet solution to work and pay issues, and cannot be

seen in isolation from broader issues – in particular from the reversal of policies that have curbed the influence of unions, as well as bolstering the welfare state.

### **UNIONS ARE LEADING THE WAY**

Trade unions are at the core of movements for working time reduction historically and today. Earlier this year IG Metall in Germany won the right to move to a 28-hour working week;<sup>15</sup> the FNV union in the Netherlands has negotiated a series of ‘generational pacts’<sup>16</sup> (where older workers shorten their hours to open up opportunities for younger workers); and the CGT Union in France have begun to campaign for a 32-hour week.<sup>17</sup>

Here in the UK there are important cases of unionised employees pushing for a protection of their incomes and reduction of their working hours as some of their tasks become mechanised:

- The Confederation of Shipbuilding and Engineering Unions (CSEU)’s 1989/91 campaign – inspired by the successful tactics of the German IG Metall union – won a 37-hour week for workers in shipbuilding and engineering roles after adopting a strategy of mass campaigning, followed by selective, indefinite strike action.
- More recently the Communication Workers Union (CWU) – who represent 134,000 postal workers – have agreed with Royal Mail to shorten their working week in a direct response to the impact of automation.<sup>18</sup> They argue that alongside the business owners, their members should benefit from the mechanisation of the parcel packaging process – in the form of shorter hours.

### **A POLICY FRAMEWORK**

Forecasts for automation have injected the working time debate with a new urgency. There is a risk that the returns from improved productivity are captured by the owners of capital to the disadvantage of workers. To date, as the IMF and others have argued, much of the gains from technology have gone to the owners of the firms and capital in the form of a reduced wage bill and increased profits.<sup>19</sup> A major reason for this decline in the labour share in the face of technological change has been decades of anti-union legislation, and the decline in union density.<sup>20</sup>

Given the scale of the task a policy framework enabling all workers to benefit from a reorganisation of work and reduction of working hours is required. This might include:

**Public sector vanguards:** Use the public sector as an innovator in adopting a shorter working week without a reduction of pay, setting a benchmark for future legislation, demonstrating the impact on productivity and improving collective wellbeing. This follows past policy examples where the public sector has acted as the primary adopter of better working conditions (such as equal pay and job security), eventually benefiting workers in the private sector. Potential benefits:

- A shorter working week in the public sector could bolster staff wellbeing, job satisfaction and productivity, while helping to attract a wider range of job applicants. This could begin with running controlled shorter working week trials in the public sector as experiments designed to improve wellbeing and productivity per job.
- Public servants can act as positive examples for other sectors of the economy where these improvements can be perceived and analysed effectively. The City of Reykjavík and the BSRB union reached an agreement to launch a trial in 2015 with over 300 employees reducing their work by 4 or 5 hours a week. They report that sick days have reduced and employee satisfaction is up among individuals who participated in the trial, and there has been no loss in overall productivity.<sup>21</sup> The trial has been such a success that they have made the change permanent and have extended it to 2,200 out of the city's 8,500 employees.

**Generational agreements:** This proposal mimics and adapts a form of trade union agreement used in Holland and elsewhere, whereby older workers have the right to move towards shorter paid working hours, but don't lose the equivalent in pay. The more days workers give up, the less they lose in money (i.e. 80% of time for 90% of pay; 60% time for 80% of pay). Potential benefits:

- Opening up opportunities for younger workers to enter stable and steady professions.
- Provide older workers with alternative working arrangements and the ability to have a 'slow retirement' – thus avoiding the 'cliff-edge retirement' issues and the associated impact on wellbeing.

**Creation of new bank holidays to share economic gains with workers:** This proposal requires the creation of an independent public body to recommend new bank holidays as a function of measurable change in the economy. Since bank holidays (for those in full time employment) are paid, the economic effects would be to increase annual pay per hour worked in a year. It would create a 'policy lock', ensuring the gains from increased productivity is automatically passed onto workers. Potential benefits:

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- Creating positive feedback loops. Paid leisure time makes labour more expensive without reducing overall demand, employers will likely need to either take on more workers or else invest in higher productivity to maintain output and profits.
- A gradual route to a 4-day week, which would be reached once every week in the year had a bank holiday. Crucially, the rate of change would naturally reflect the economy's ability to absorb the effects via investment and increased productivity.

**Rethinking and redistributing pension payments:** Most of our time off work is distributed towards the end of our lives in the form of retirement. Pension schemes should be re-imagined to suit the individual – drawing down on that pension to take sabbaticals for times of increased caring responsibilities, to retrain and re-educate, or simply to have time to relax and enjoy life. This could be combined with the introduction of new rights to time off work, including the contractual right to take a sabbatical or time off for care work.

**Enforcing and extending existing rights to free time:** It is important to note that changes in working time are not always positive; liberal economic policies and exposure and the globalisation of work (primarily through the outsourcing of production) has led to the erosion of the free time of workers under the guise of 'increased flexibility'. Two recent examples include the Austrian government passing a bill to raise the maximum working week to 60 hours,<sup>22</sup> and France's celebrated 35-hour week coming under attack.<sup>23</sup> An important step in the effort to reduce working time is to actively protect the limits of working time we already have. This includes enforcing employment rights such as a minimum wage, maximum working hours, and holiday and sick pay for all workers, including gig economy and other precarious workers. It also includes ensuring that businesses can't opt out of the European Working Time Directive and supporting improvements to the Directive such as the inclusion of commuting time to and from work for certain jobs. Beyond this, the right to free time could be extended to include improved parental leave, a right to switch off and not be contacted digitally or otherwise outside of working hours, and the right for workers to take a sabbatical to take up lifelong learning or other opportunities.

**Embedding shorter working week as part of an agenda for transformative change:** Importantly, there are parallel changes that will need to be implemented to ensure that a shorter working week is universally accessible and its benefits are maximised – for example:

- Without a strong and active trade union movement to inform, shape and fight for such agendas, they risk misuse or dilution. Reinstating trade union power is a critical

step towards successfully implementing policies aimed at rebalancing power at work and in the economy more broadly. Repealing anti-union law is a central part of this, but a genuinely transformative policy agenda needs to go beyond this demand to include a new agenda for collective bargaining. This will be focus for NEF over the next 12 months, in conjunction with unions.

- Bolstering the welfare state – an expansion of the welfare state, reversing damaging welfare cuts and ensuring public services are adequately funded. The economic security of a strong and universally accessible system of welfare effectively creates a ‘social wage’ which could allow for the voluntary reduction of working time on the part of individuals. This safety net would particularly benefit those on lower incomes and those who provide or receive care.<sup>24</sup>
- The dominant ideology of patriarchy that shapes workplaces and society more broadly will not dissolve because everyone is working a little less. In order to increase gender equality there will need to be strong incentives for men to use their new disposable time to take a greater share of childcare and other domestic responsibilities.
- While a shorter working week can play a part in the inevitable transition our economies need to make out of carbon intensive industries, it is not an environmental panacea. This is primarily because the aim of most endeavours to reduce working time should be to maintain existing levels of pay, thus shifting some of the benefits of productivity growth from firms to workers. This will therefore not lead to lower levels of consumption per se, but alongside potential efficiency gains in production, evidence has shown that behaviour changes in types of consumption and travel as a result of shorter working hours does reduce carbon emissions. This holds true even when controlling for income.<sup>25</sup>

NEF will be developing this policy area over the coming months and welcomes feedback. It comes as part of a wider policy framework we are producing in conjunction with unions and others to address some of the interlinked challenges shaping people’s lives today such as overwork and stagnating pay.

## **A GROWING MOVEMENT FOR CHANGE**

NEF has long called for shorter and more flexible hours of paid work, for example in our 2010 report *21 Hours* and 2013 book *Time on Our Side*. Today NEF is an active member of the [European Network for the Fair Sharing of Working Time](#) that includes political parties, sister organisations and unions such as Die Linke, European Trade Union Confederation, European Trade Union Institute, Autonomy, and IG Metall, and holds

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the explicit aim of creating “a permanent and open forum between structured initiatives for the sharing of working time”. NEF also supports the [4 Day Week Campaign](#) here in the UK.

If you would like to be kept up to date on our work in this area please sign up to the NEF newsletter [here](#) or contact Aidan Harper [aidan.harper@neweconomics.org](mailto:aidan.harper@neweconomics.org). We are particularly interested in hearing from private sector employees, trade unionists, campaigners and businesses looking to implement a shorter working week.

# ENDNOTES

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<sup>3</sup> PwC (2017), 'Will robots steal our jobs? The potential impact of automation on the UK and other major economies'. Available at: <https://www.pwc.co.uk/economic-services/assets/international-impact-of-automation-feb-2018.pdf>.

<sup>4</sup> Future Advocacy (2017), 'The impact of AI in UK constituencies: where will automation hit hardest?'. Available at: <http://futureadvocacy.com/wp-content/uploads/2018/04/FutureAdvocacy-GeographicalAI.pdf>.

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<sup>6</sup> Pencavel, J. (2014) 'The Productivity of Working Hours'. IZA Discussion Paper No. 8129, Institute for the Study of Labor; Collewet, M., and Sauermann, J., (2017) 'Working hours and productivity', No. 9 Research Memorandum, Maastricht University, *Graduate School of Business and Economics (GSBE)*.

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<sup>13</sup> New Economics Foundation, Interim findings on collective control study. Forthcoming (2019)

<sup>14</sup> New Economics Foundation (2018), 'Why workers' rights are good for the economy A new index shows how greater economic democracy leads to more prosperity'. Available at: <https://neweconomics.org/2018/01/workers-rights-good-economy>

<sup>15</sup> <https://www.ft.com/content/e7f0490e-0b1c-11e8-8eb7-42f857ea9f09>

<sup>16</sup> Tros, Frank and Maarten Keune (2018). 'Intergenerational bargaining in the EU Comparative report'. Amsterdam Institute for Advanced labour Studies (AIAS). Available at: [http://intergenerationalbargaining.eu/uploads/backbone/upload/asset/91/Final\\_comparative\\_report\\_iNGe\\_nBar\\_Tros\\_and\\_Keune.pdf](http://intergenerationalbargaining.eu/uploads/backbone/upload/asset/91/Final_comparative_report_iNGe_nBar_Tros_and_Keune.pdf)

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