



**EMPLOYMENT RELATIONS
RESEARCH SERIES NO.23**

The business context to long
hours working

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Foreword

The Department of Trade and Industry's aim is to realise prosperity for all. We want a dynamic labour market that provides full employment, flexibility and choice. We want to create workplaces of high productivity and skill, where people can flourish and maintain a healthy work-life balance.

The Department has an ongoing research programme on employment relations and labour market issues, managed by the Employment Market Analysis and Research branch (EMAR). Details of our research programme appear regularly in the ONS journal *Labour Market Trends*, and can also be found on our website: <http://www.dti.gov.uk/er/emar>

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Grant Fitzner
Director, Employment Market Analysis and Research

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The study was undertaken jointly by the University of Warwick Institute for Employment Research (IER) and IFF Research Ltd. At IER, the project was led by Terence Hogarth, with the assistance of Andy Dickerson, as part of a wider programme of research on the structure, dynamics and performance of labour markets in Britain. W. W. Daniel (CBE) assisted with the overall design of the study, the questionnaire design, and case study fieldwork as well as being one of the principal authors of the report. David Campbell undertook the computer analysis as well as being one of the authors. At IFF, Mark Winterbotham led the survey fieldwork, with the able assistance of David Vivian, and both provided help throughout the research. Jan Shury at IFF provided much support with the initial design of the study. Stephen Hicks at DTI guided the research through its various stages for which much thanks are due.

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Executive summary

The extent of long hours working in Britain remains substantial, particularly for certain types of employees. In some instances sustained long hours working is potentially avoidable, although there can be considerable barriers to be overcome in doing so. There has been a reduction in long hours working over recent years, with the Working Time Regulations contributing to this decline. The working time opt-out is often used by employers as a precautionary measure.

The current study is concerned with understanding the relationship between business context and long hours working. By business context we mean the nature of the production process and the form demand takes including, amongst others, production lead times for a good or service, the extent to which demand is predictable, and so on. Where this leads to a demand for long hours working, the Working Time Regulations (WTR) potentially impose limits on hours worked, although employees can choose to opt-out from the weekly working time limits in the WTR.

Evidence collected in the current study – based on a representative survey of employers with five or more employees coupled with intensive follow-up case studies of a small number of survey respondents – provided the following findings:

- employers estimated one million people were working sustained long hours, that is over 48 hours a week on average for a 17-week period (the limit specified in the WTR);
- a business need for long hours working was manifest in some cases but there was also evidence that it in some cases it arose from custom and practice unrelated to the production process;
- employers had found innovative alternatives to a dependence upon long hours working but changing working time arrangements where they were linked directly to payment systems could prove both difficult and protracted;
- employers estimated around 3.8 million employees had signed the opt-out even though most were working fewer hours than the upper limit specified in the WTR.

Long hours working

Employers reported that around one quarter of employees regularly worked longer than stipulated in their contracts of employment and 19 per cent worked 48 hours a week at least on an occasional basis. Employers reported that approximately four per cent of employees worked sustained long hours, that is on average more than 48 hours a week over a continuous 17-week period. This is broadly equivalent to approximately one

million employees. Where sustained long working hours were reported it was most likely in relation to (a) senior managers and professionals and (b) manual workers (seven per cent of both groups worked sustained long hours). There were also differences in relation to industry with around 20 per cent of manual workers in the *transport/communication* industry working sustained long hours. Employers' perceptions of hours of work may be based on partial evidence perhaps influenced by the working time of those employees they are closest to, or those most numerous in the workplace, or their knowledge of the length of hours specified in employment contracts. For this reason the estimates in this study may underestimate the extent of long hours working in the economy.

Business reasons for long hours working

Given that the incidence of long hours working - of either an occasional or sustained type - is sizeable, what are the reasons underlying its occurrence? When employers were prompted why they used long hours working, the main reason was because the business demanded it. This is a rather obvious answer. What is of interest is the extent to which the demand was real in that it stemmed from some pressing external demand that could only be met through staff working long hours. There was undoubtedly evidence of this. To give an illustration, a case study from the food and drink industry revealed how orders from retailers could be increased at short notice resulting in an immediate demand for an increase in working hours.

But there was also evidence that long hours working stemmed from custom and practice, especially where overtime was paid. Employers frequently explained manual workers' long hours working with respect to a desire to give them paid overtime. This is a rather curious response insofar as one might expect managers' explanations for long hours working to be framed solely with reference to business need.

Explaining the business reasons for the long hours working of senior managers and professionals also proves difficult to decipher. For this group in particular, for whom long hours working was fairly common, there is a complex interplay of factors (*e.g.* interesting work, high salary) which result in long hours working being less onerous and more voluntary than it might otherwise be. That said, the case study evidence also points to long hours working for this group, in some instances, stemming from custom and practice, especially so where there was a culture of 'presenteeism' in the workplace.

Alternatives to long hours working

Around 35 per cent of establishments had sought to reduce working hours over the previous two to three years. In general, it was the larger workplaces with relatively long working hours that had sought to do so. Where hours had been reduced, the main explanations given (in order of frequency) related to the following reasons: improving staff morale; lowering labour costs; improving quality; and reducing the amount of re-work.

In general, where working hours had been reduced management reported that the workforce and their representatives welcomed this change. Reducing working hours often took innovative forms. Examples are cited in the report of annualised hours being introduced or more root and branch reforms of the organisation that sought to eradicate

the underlying business reasons for long hours working, such as the amount of re-work necessary.

But the weight of evidence reveals that reducing working hours can be a protracted and difficult process, especially so where hours worked are directly related to earnings. It is notable that lowering labour costs was one of the main reasons why some employers sought to reduce working time. This usually meant substantially reducing the amount of overtime pay or removing pay supplements such as those for working unsociable hours. In these instances worker resistance to reducing working time can come to the fore.

In workplaces where additional hours were worked the main barriers to reducing working time cited by management were the level of workload, business needs, and need to meet deadlines.

The opt-out

The opt-out allows employees to agree in writing to exempt themselves from the weekly working time limits in the WTR. The use of the opt-out was common across all industries and types of establishment and at all levels of employment. Approximately 22 per cent of establishments had at least one person sign the opt-out. On average, 19 per cent of all employees had signed an opt-out.

Employers reported that it was largely senior managers and manual workers who had signed the opt-out. The opt-out was most common in the private sector, especially in *manufacturing/construction*. Larger workplaces were also most likely to report signing the opt-out.

There was evidence from the survey that where employees signed the opt-out they were working more than 48 hours a week on average over the 17-week reference period. So there was a need for the opt-out to be signed if these working time arrangements were to be maintained. But there was also substantial evidence from the survey and case studies that the opt-out was often sought from employees as a precautionary measure by their employers. For example, around 81 per cent of establishments that had secured the opt-out reported no sustained long hours working. In the case studies, employers indicated that they wanted protection from the Regulations lest staff strayed over the working time limits into sustained long hours working even though all employees were working well within the limits set by the WTR and were expected to continue to do so in the immediate future.

About this project

This research was carried out as part of the Department of Trade and Industry's Employment Relations research programme. It was undertaken by the University of Warwick Institute of Employment Research with IFF Research, an independent research company. The report was authored by: Terence Hogarth, W.W. Daniel, Andrew Dickerson, and David Campbell (the IER team) and David Vivian and Mark Winterbotham (at IFF).

The research consisted of a representative survey of 1,000 workplaces with five or more employees in Great Britain, conducted by telephone during October and November 2002. This was followed by intensive case studies of 12 organisations. The case studies were split into two groups: those that had recently attempted to reduce working

hours and those had not done so. The case studies allowed a more in-depth understanding of the reasons underlying long hours working to be obtained.

1

Introduction and background

The Business Context to Long Hours Working Study 2002

The overall aims of the study were to explore:

- the business reasons given by employers for their use of sustained long hours working in their organisations (defined as working more than 48 hours on average over 17 weeks in the Working Time Regulations, WTR);
- employers' perceived benefits and costs of using sustained long hours;
- whether employers have considered other ways of working;
- perceived benefits and costs of changing their working time practices and the barriers that hinder them making these changes;
- employers' perceptions of the likely reaction of the workforce to any curtailment of sustained long hours working including their view on the effects on worker commitment, productivity, overtime earnings, and the employee relations climate.

Reasons/rationale for long hours working

Long hours working may arise for a number of reasons, separately or in combination. These include the following:

- external labour and product market conditions:
 - labour shortages or skill shortages;
 - cyclical and/or seasonal demand for goods or services;
- factors internal to the workplace:
 - institutionalised overtime work;
 - barriers to eradicating long hours working (*e.g.* workforce resistance);
 - custom and practice (*e.g.* in relation to overtime pay);
 - lack of adequate human resource planning by management;
 - recruitment and retention practices;
 - costs of hiring resulting in a reluctance to recruit staff;
- product market position:
 - levels of value-added and sensitivity to labour cost issues.

The reasons underlying long hours working are likely to be a combination of factors both external and internal to the workplace. For example, difficulties recruiting staff because of shortages of labour in the external labour market are likely to be conditioned by the recruitment and retention practices internal to the workplace in that low labour turnover may result in a requirement for recruitment lower than it might otherwise have been. Nevertheless, classifying the reasons for long hours working between external market conditions, factors internal to the workplace, and product market position proves to be a useful heuristic device in that it separates factors over which the workplace has a greater or lesser degree of control.

External labour and product market conditions will influence the extent of long hours working insofar as it creates a demand for work within the workplace. Problems recruiting staff resulting in the workplace being short of labour might be resolved, for instance, in employees being requested to work additional hours. Research from the DfES's 'Extent, Causes, and Implications of Skill Deficiencies' research programme highlighted this phenomenon.¹ There is also a need to address the reasons for recruitment and whether this stems from a cyclical peak in demand (which is important in some sectors), or is a more permanent phenomenon arising from changes in the nature of external demand or human resource issues internal to the workplace.

If labour shortages are addressed by existing employees working longer than standard hours – however these are defined – and this becomes a regular occurrence rewarded through overtime pay rather than time off in-lieu, then this can result in overtime becoming institutionalised within the workplace. As such it becomes an important element in an employee's expected or target earnings. Thus custom and practice in the workplace is that of regularly working overtime and, consequently, the workforce is resistant to its elimination because it has become an important element in their overall pay. The idea that long hours might become an established (or institutionalised) means of inflating employees' earnings was prominent during the productivity bargaining and incomes policy debates of the 1960s and 1970s. Under a system of overtime payment workers are paid at a premium rate for hours additional to their normal contracted hours. When work cannot be completed in standard hours, employees are paid extra to work additional hours. The employer has an immediate supply of additional labour and the employee is content to exchange leisure time for working time in return for a higher hourly rate. But there are a number of widely recognised dangers in the arrangement. First there is the danger that employees will grow accustomed to the additional payments and will grow to depend upon them. Secondly, productivity during normal working hours is reduced in order to manufacture hours at premium rates. Thirdly, first line and intermediate managers use overtime working to reward workers for a variety of different informal purposes.

As the foregoing suggests employers, too, can become dependent on overtime work. A stipulation that the employee must work a specified number of additional paid hours, if required, may be made in the employee's contract of employment (within the terms of the existing legislation). This has been identified in industries where the demand for goods (or services) is subject to sharp peaks. Purcell *et al.*² drew attention to the food manufacturing sector in this respect, where the employer's frequent demand for overtime was further exacerbated by high labour turnover.

'Overtime' tends to refer to the practices of manual workers or routine non-manual workers who are expected to work a specified number of hours over and above which

¹ Hogarth and Wilson, 2001.

² Purcell *et al.*, 1999.

they are rewarded with either overtime pay and/or time off in-lieu. For managers and professionals working additional hours may be also established practice but one that is neither regarded as overtime nor rewarded with extra pay or time off in-lieu. Long hours working can be part of 'workplace culture', however defined, especially where there is culture of 'presenteeism' with employees, typically managers and professionals, competing with one another for preferment and promotion, through the amount of additional time and effort they are willing to supply. Typically this is realised by working sustained long hours³.

Whilst it is possible to view overtime work and working long hours as a response to the external environment, there is also a question about the extent to which human resource policy exacerbates or ameliorates the situation. The way in which overtime work can become institutionalised is important in this respect as outlined above, but there is also a need to gauge the extent to which, for example, efforts are made to schedule labour requirements against anticipated future workloads or plans introduced to ensure sufficient labour is available when needed. Related to this is the attention paid to workforce retention to offset potential labour shortages and recruitment problems. High levels of labour turnover, for example, stemming from relatively poor terms and conditions of employment are an important source of employers enduring persistent recruitment problems⁴.

For some employers the costs accruing from long hours working and any attendant issues relating to overtime pay and fatigue may be less than those perceived to arise from hiring staff. Where the costs of recruitment, in the face of labour shortages, are high either because advertising vacancies is expensive and/or there are substantial bureaucratic and administrative hurdles to be negotiated, long hours working may be regarded as the least worst option. Where overtime pay is heavily institutionalised the tendency towards long hours working may be reinforced.

A separate set of factors relates to an organisation's product market position. In many respects this is the resolution of external product market pressures and internal policies designed to protect the long-term sustainability of the business. Whilst it has implications for working practices this tends to be one or two steps removed from decision-making concerned mainly with product specification, price considerations, and market opportunities⁵. It is apparent that workplaces operating in the same industry may differ with respect to the extent to which they compete on, say, quality or price, or the extent to which they provide customised or standard products. Indeed, whole industries are often positioned in low value-added, low wage segments of the market. Case study analysis of the engineering sector's skill needs has indicated that workplaces operating in low cost, low quality, low wage segments of the market experience a relatively high incidence of recruitment problems⁶. Typically, shortages of labour have been resolved through existing staff working longer hours and a much greater burden placed on managers to meet production targets.

Historical context challenging the value of long hours working

Victorian reforms

Given the subject matter – long hours working – it is worthwhile considering how current thinking has been arrived at by considering some of the previous, often classic, research evidence. Long working hours and efforts to reduce working hours have been

³ Purcell, *et al.*, 1999.

⁴ Hogarth and Wilson, 2001.

⁵ Coleman and Keep, 2001.

⁶ Davis, *et al.*, 2001.

a central and recurring theme in social history since the establishment of industrial society. In parallel, working hours have often been the subject of pioneering enquiries in the study of industrial behaviour. This may be illustrated by four main eras. First, from an early stage, Victorian social reformers campaigned against long factory hours. When their efforts were successful and legislation was introduced to reduce the length of hours, they were able to demonstrate that reductions often had no adverse effect upon levels of output⁷.

Experience of the munitions industry

The second era relates to the ground-breaking studies undertaken on the effects of changing working hours in munitions factories during the First World War⁸. Their approach broke away from simple mechanistic views of the relationship between time, work and production. They adopted rigorous industrial psychological approaches which included both strict scientific methodology and more sophisticated models of occupational behaviour. These took account of the importance of motivation and morale, fatigue, concentration and attention. In retrospect, they can be criticised on the grounds that they sought to generalise from studies of particular groups of worker, doing particular types of work under particular circumstances. But the studies, nevertheless, clearly demonstrated the following conclusions of enduring and general value:

- the relationship between time spent at work and level of output was not a simple one;
- there were conditions under which a reduction in working time led to increased production; and
- there were optimum arrangements for the length of working time and intervals for rest pauses, in particular circumstances.

Joint regulation and productivity bargaining in the 1960s

The third major contribution to thinking about working time also demonstrated that long working hours were often unnecessary. The approach identified the extent to which paid overtime was *manufactured*⁹. The analysis focussed upon informal work group organisation and the joint regulation of working practices, within a framework of collective bargaining. The approach was at the heart of the report of the Royal Commission on Trades Unions and Employers Associations in the late 1960s¹⁰. The analysis built on the productivity bargaining experiences of the previous decade. Productivity bargaining recognised that groups of manual workers often exercised unilateral informal control over many aspects of their working practices. Case after case revealed that the control included the regulation of working hours where overtime was paid at premium rates. Long overtime hours were often not necessary but manufactured to boost earnings. The consequence was a low productivity culture associated with low hourly rates of pay. The answer was to negotiate new productivity packages which included major changes in work organisation and working practices at the same time as increases in basic rates of pay and an end to overtime working. Again, a major general lesson of the productivity bargaining experience was that the long overtime hours and payments then common were often not necessary to complete the work to be done.

⁷ Cole, 1925.

⁸ Myers, 1924; Rose, 1975.

⁹ Whybrew, 1968.

¹⁰ Donovan, 1968.

The influence of gender and social inequality and work-life balance

Traditionally, movements to reduce working hours have tended to appeal principally to the enlightened self-interest of employers and legislators. Reformers have argued that shorter working hours would contribute to improved occupational performance in one way or another and hence become self-financing. In the most recent, fourth phase of interest in long hours working, issues relating to social equity and justice have multiplied and become more prominent and explicit. Impetus has been given to the movement for reducing the length of working hours by the implications of long hours working for:

- gender inequalities;
- the inequitable distribution of working opportunities; and
- employees' quality of life.

Firstly, it is argued that long working hours among men in the child rearing years have disadvantaged women in two ways. They have made it less possible for men to share in childcare and home building, leaving the onus upon women to carry those responsibilities. And they have made it less possible for women to compete for more senior jobs if a major criterion for promotion is commitment to the job demonstrated by long hours at work. Secondly, higher levels of unemployment over the 1980s led to a growing interest in work sharing. The argument has been that it is inequitable and inappropriate for those in employment to work long hours, including many hours overtime, while others have no paid work at all¹¹. Thirdly, growing concern about issues surrounding people's overall quality of life has included particular concern about *work-life balance*; the critical balance between people's work and the rest of their lives¹². IER's study of issues relating to work-life balance has contributed to the present project in a number of different ways, especially the thinking and approach that was brought to the enquiry¹³. Concurrent with public policy concerns about the work-life balance has been the regulation of working time following the European Commission's Working Time Directive (WTD).

Working Time Regulations¹⁴

The UK Government introduced the Working Time Regulations in October 1998 which implemented the European Working Time Directive and parts of the Young Workers Directive which relate to the working time of adolescent workers (workers above the minimum school leaving age but below 18 years of age). A central provision of the regulations was to set a maximum 48-hour working week, averaged over a 17-week period, though other basic rights and protections provided for in the Regulations include:

- a limit of an average of eight hours work in 24 which night workers can be required to work;
- a right for night workers to receive free health assessments;
- a right to 11 hours rest a day;
- a right to a day off each week;

¹¹ White, 1987.

¹² Hogarth *et al.*, 2000.

¹³ In addition, there were practical contributions. The sample of employers used for the previous study has served as the starting point for the present survey - as outlined below - with many employers who agreed to be re-contacted being re-interviewed.

¹⁴ See <http://www.dti.gov.uk/er/hours.htm> for further information.

- a right to an in-work rest break if the working day is longer than six hours at one stretch;
- a right to four weeks paid leave a year.

Road, rail, air, sea, inland waterway and lake transport, sea fishing, 'other work at sea' (essentially offshore oil and gas exploitation) and the activities of doctors in training were excluded from Working Time Directive when it came into force in October 1998, because the Commission and member states agreed that these sectors would require their own special rules. Staff who are responsible for setting their own working time are also exempt from the WTR.

Other exemptions relate to the opt-out and workplace agreements. Provision is made for employees to voluntarily opt-out from the weekly working time limit by signing a written agreement. Similarly, a workplace agreement can be reached for the entire workforce or a section of it – as agreed by a recognised representative of the workforce – to allow changes to night work limits, rest breaks and the reference period over which the weekly working time limits are averaged. The employer is obliged to provide the workforce with a copy of the agreement and guidance notes as necessary.

Enforcement of the Regulations is split between two bodies: (i) entitlements (*e.g.* rest periods and breaks and paid annual leave) are enforced through Employment Tribunals; and (ii) working time limits are enforced by the Health and Safety Executive and Local Authorities.

Research methods

For this study a mixed survey and case study approach was adopted to provide both statistically robust data (the survey) and detailed insights into the workplaces policies and practices relating to working hours (the case studies). Data from the case studies are used to illuminate and expand upon findings from the survey analysis.

The Business Context to Long Hours Working (BCLHW) telephone survey of 1,000 workplaces inquired about:

- the extent of long hours working;
- the reasons for long hours working and sustained long hours working;
- attempts to move away from long hours working and any barriers encountered;
- use of the opt-out.

The sample for the survey – The Business Context to Long Hours Working (BCLHW) survey - came initially from re-contacting those who had taken part in the Work-Life Balance (WLB1) Baseline Survey conducted in 2000 and who had agreed to be re-contacted for further research (a total of 1,994 establishments). Of the 1,000 interviews conducted, 781 were sourced from the WLB1 sample and 219 from the Yell database. This allowed case study examples to be drawn that revealed some change in working hours between WLB1 and the new survey. Technical details about the survey are contained in *Appendix 2* and the questionnaire is reproduced in *Appendix 3*.

Telephone interviewing took place between 23 October and 22 November 2002.

Survey respondents were asked if they would be willing to participate in further research (case studies). From those that agreed, 12 organisations were selected according to whether they recorded:

- i. additional hours working in WLB1 and were no longer working additional long hours;
- ii. additional working in both WLB1 and the new survey (BCLHW survey);
- iii. no additional hours in WLB1 but sustained hours in BCLHW.

Table 1.1, below, classifies the 12 case study organisations. In practice it was not possible to include any workplaces satisfying condition (iii).

Two further case studies were arranged but one of these was cancelled at short notice due to pressures of work at the site. Another case study was postponed, whilst the researcher was on site, and could not be rearranged within the timescale for the study.

The case studies sought to obtain views from a range of personnel in establishments including personnel managers, line managers, and employees. The intention was to interview union or staff representatives in each of the case studies but this was not achieved due to the lack of such a representative in most case study establishments.

The semi-structured interview schedule used in the case studies is reproduced in *Appendix 4*. A short summary of each case study is included in *Appendix 5*.

1.1 Selection of case study establishments

	Additional hours recorded in WLB1 but no longer working long hours	Additional hours working recorded in both WLB1 and the new survey (BCLHW survey)
Building services company		√
Textile manufacturer		√
Retailer	√	
Manufacturer of furniture	√	
Hotel	√	
Hospital		√
Refrigeration service engineers	√	
Solicitors	√	
Further education college	√	
Egg packing plant/farm		√
Consumer goods manufacturer	√	
Civil engineering consultancy		√

Source: Business Context to Long Hours Working case studies (IER/IFF)

Reporting of survey data

All data have been weighted to correct for sample selection and non-response. Technical details are reported in *Appendix 2*. Survey data are reported in two ways using:

- an **establishment weighted base** that provides data on the number or proportion of workplaces; and
- an **employment weighted base** that provides data weighted by the number of employees working at an establishment to give an estimate of the total number of employees affected in an establishment reporting a given answer.

The benefit of the second measure is that it attaches greater importance to those workplaces that employ many people. The establishment weighted base attaches equal importance to the responses of all workplaces regardless of their size.

Structure of report

The structure of the report is as follows. *Chapter 2* provides an overview of hours worked and the extent of sustained long hours (defined working more than 48 hours on average over a 17-week period). *Chapter 3* goes on to address the reasons provided by employers for sustained long hours working specifically and additional hours more generally. *Chapter 4* looks at the extent to which employees have voluntarily opted-out of the WTR. *Chapter 5* describes how employers have attempted to reduce working hours over the past two to three years and the extent of employee and union/staff association support for such moves. Finally, *Chapter 6* provides a conclusion and overview of the research.

2

Distribution of hours worked

Introduction

The Work-Life Balance 2000 (WLB1) survey of individuals drew attention to the 11 per cent of full-time employees who were regularly working 'very long hours'; 60 or more hours a week on average^{15,16}. Whilst employers in WLB1 gave the reason for long hours working as 'demands of the business' there was little indication as to what that demand might be. Moreover, if employees were regularly working 'very long hours' why had this not been eliminated through, say, hiring additional staff? This chapter provides, from the employer's perspective, an analysis of the hours worked by employees. The distribution of average weekly hours inclusive of any additional hours is provided in relation to a number of characteristics of establishments such as *size* (the number of employees), *industry*, *public/private sector*, *union status*, and *occupation*. A distinction is made throughout the chapter between:

- additional hours;
- occasional long hours working;
- sustained long hours working.

Additional hours refers to any hours worked over and above those either stipulated in the contract of employment or, where that was not specified, over and above some accepted norm. Occasional hours working refers to long hours working above 48 hours a week on at least an occasional basis but not necessarily on a sustained basis. Sustained long hours working is defined with reference to the Working Time Regulations (WTR) which sets a limit, of 48 hours a week worked on average over a continuous period of 17 weeks unless the employee has signed a written agreement with their employer (the opt-out) or is an autonomous worker (one who has control of their own working time).

Evidence of long hours working from the Labour Force Survey

The principal objective of the current study is to assess the extent of long hours working, and the reasons for it, from the employer's perspective. Employers' perceptions of long hours working in their own workplaces are important in that they are likely to influence their own human resource policies and practices. But their perceptions may be based on partial evidence perhaps influenced by the working time

¹⁵ Hogarth *et al.*, 2000.

¹⁶ The Work-Life Balance Survey of Employees 2000 reports higher working hours than the Labour Force Survey. Data drawn from the Labour Force Survey on usual hours worked, spring 2002 reveals that four per cent of all employees worked 60 hours a week or more, although men (seven per cent) were more likely to do so than women (two per cent).

of those employees they are closest to, or those most numerous in the workplace, or their knowledge of the length of hours specified in employment contracts. To provide a context against which to gauge employers' views about working time in their own workplaces it is necessary to balance this against the long hours working recorded by employees themselves.

The most reliable and timely source of data on employees' hours of work is the Labour Force Survey (LFS). *Figure 2.1* presents estimates derived from successive spring quarter LFS surveys from spring 1995 to spring 2002 on the proportion of employees usually working more than 48 hours a week. Separate statistics are reported for the proportion of all employees (part-time and full-time) and the proportion of full-time employees reporting that they usually work more than 48 hours¹⁷. As can be seen from *Figure 2.1a*, over 20 per cent of full-time employees usually worked more than 48 hours a week in spring 2002, but this proportion has fallen away between spring 1998 and spring 1999; a period which coincides with the time at which the WTR came into force.

Figures 2.1b and 2.1c report the same statistics separately by gender. Men are considerably more likely to work more than 48 hours a week than women, even once part-time workers have been excluded. Moreover, the overall reduction in the proportion working more than 48 hours a week, and particularly the decrease between spring 1998 and spring 1999, is almost entirely driven by a reduction in the proportion of men working long hours.

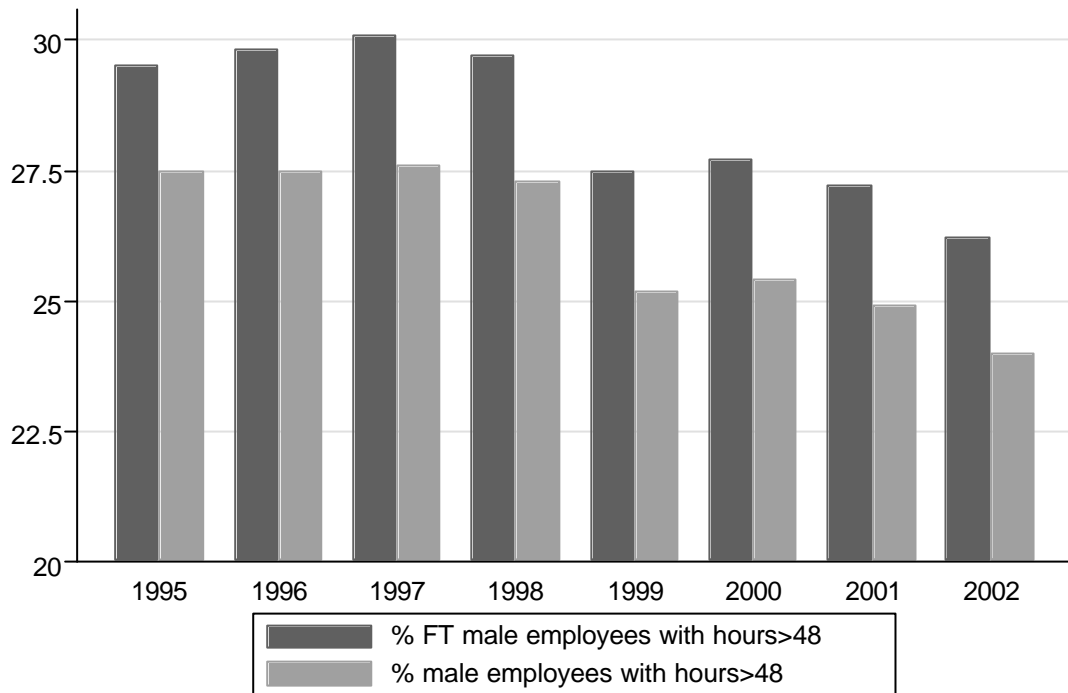
Figure 2.1: Proportion of employees working more than 48 hours a week



Source: LFS, spring quarters

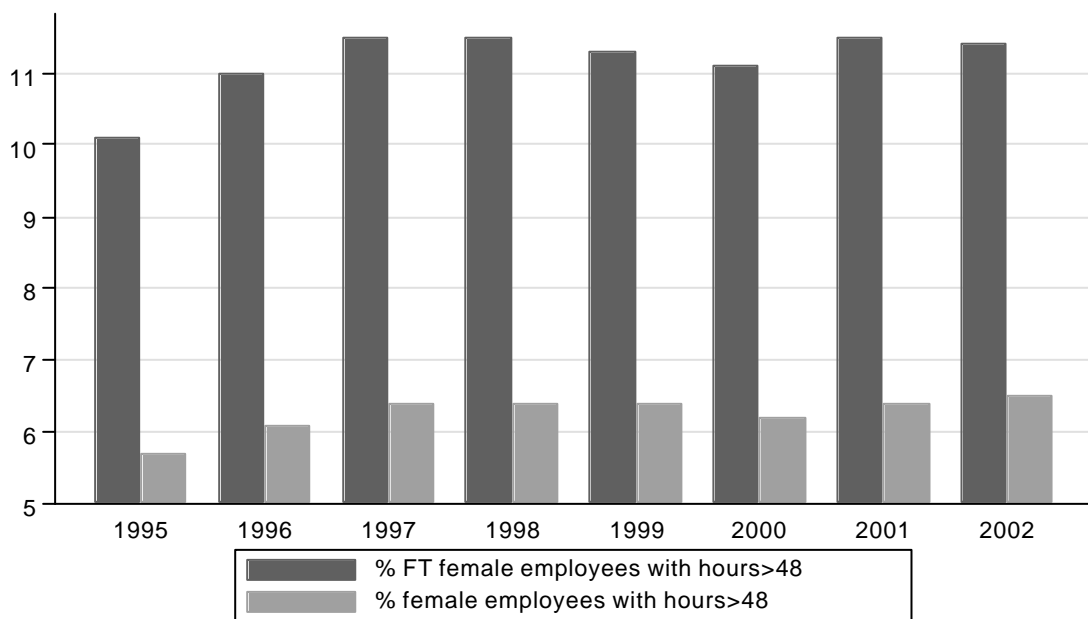
¹⁷ Part-time status is self-reported in LFS.

(b) male employees



Source: LFS, spring quarters

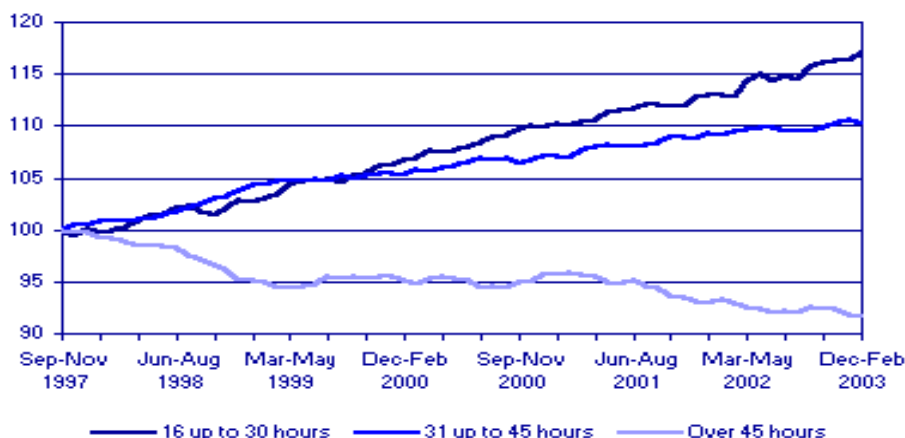
(c) female employees



Source: LFS, spring quarters

The trend in long hours working can be seen more clearly from *Figure 2.2* based on three-month averages from LFS data). The trend reveals that the proportion of people working long hours (in this case over 45 hours) is continuing to fall even if the trend was fairly static from early 1999 to mid-2001. The evidence is that while employment is increasing, total aggregate hours worked is fairly flat, which implies that average weekly hours are falling. The trend in falling average hours is driven by the fall in longer hours working as shown in *Figure 2.2*.

Figure 2.2: Usual Hours Worked in UK (Index Sep-Nov 1997 = 100)



Source: <http://www.statistics.gov.uk/CCI/nugget.asp?ID=341&Pos=&ColRank=2&Rank=448>

Against the trend in falling long hours working reported by the LFS, the rest of this chapter considers the information provided by employers in the BCLHW survey and case studies.

Actual hours worked

Working time by occupation

The number of actual hours worked by employees is calculated from the information contained within the BCLHW survey relating to the number of contract hours worked and whether any workers do additional hours beyond these contracted hours. For each occupational group employed by the establishment, the number of standard hours was recorded if the establishment required that group to work a fixed number of hours. For example, in *Table 2.1* it can be seen that 91 per cent of senior managers were employed within an establishment where the typical contract for a senior manager involved a fixed number of weekly hours. Around nine per cent of senior managers were employed in establishments where the number of hours to be worked was not specified, and for the other occupational groups, this percentage was smaller still. Across all four occupational groups, almost 95 per cent of employees worked in establishments that required that they work a fixed number of weekly hours. This indicates that for the vast majority of employers there was a benchmark against which additional hours working could be gauged.

Where an occupational group was required to work a fixed number of hours, information was collected about the extent of additional hours working. When employees undertook additional hours, establishments reported the number of extra

hours worked. For the minority of establishments where no fixed hours were specified, the employer reported the average actual number of hours worked for the group¹⁸.

Table 2.2 presents statistics relating to actual hours worked each week. Senior managers had the longest working week (*see panel A*) at around 44 hours on average, while other non-manual workers, who formed the largest group of employees, had the shortest week of 38 hours. The mean number of actual working hours across the workforce as a whole was 40 hours a week.

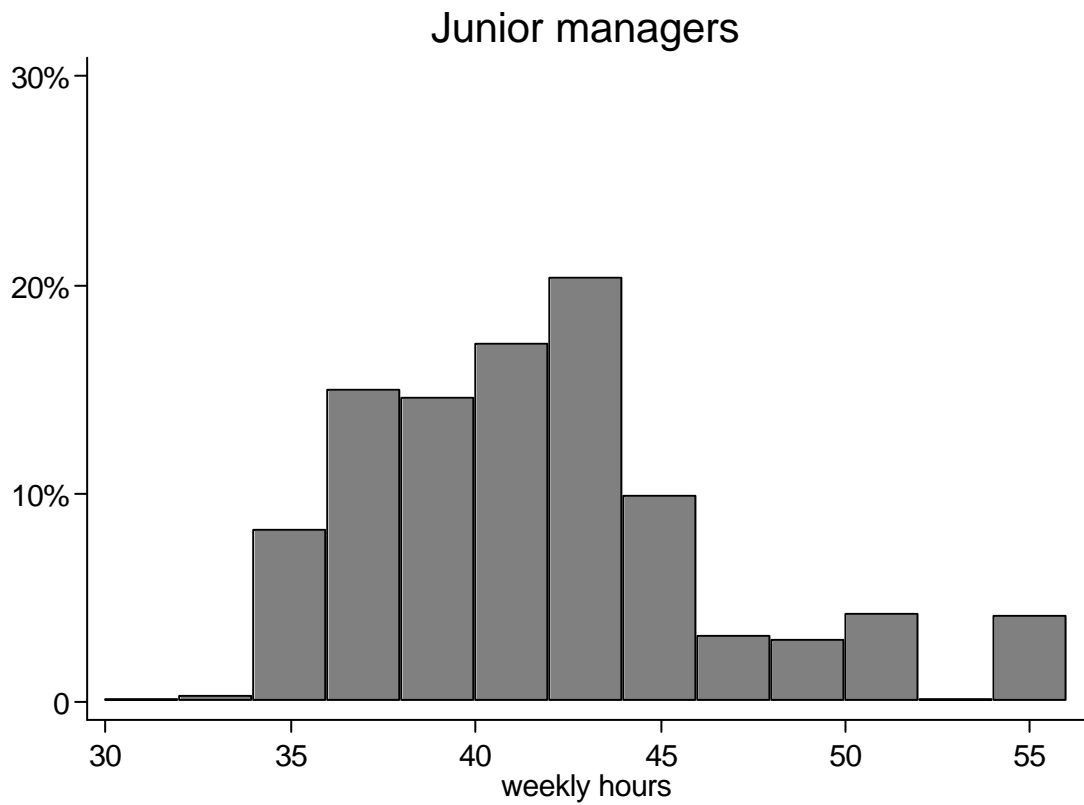
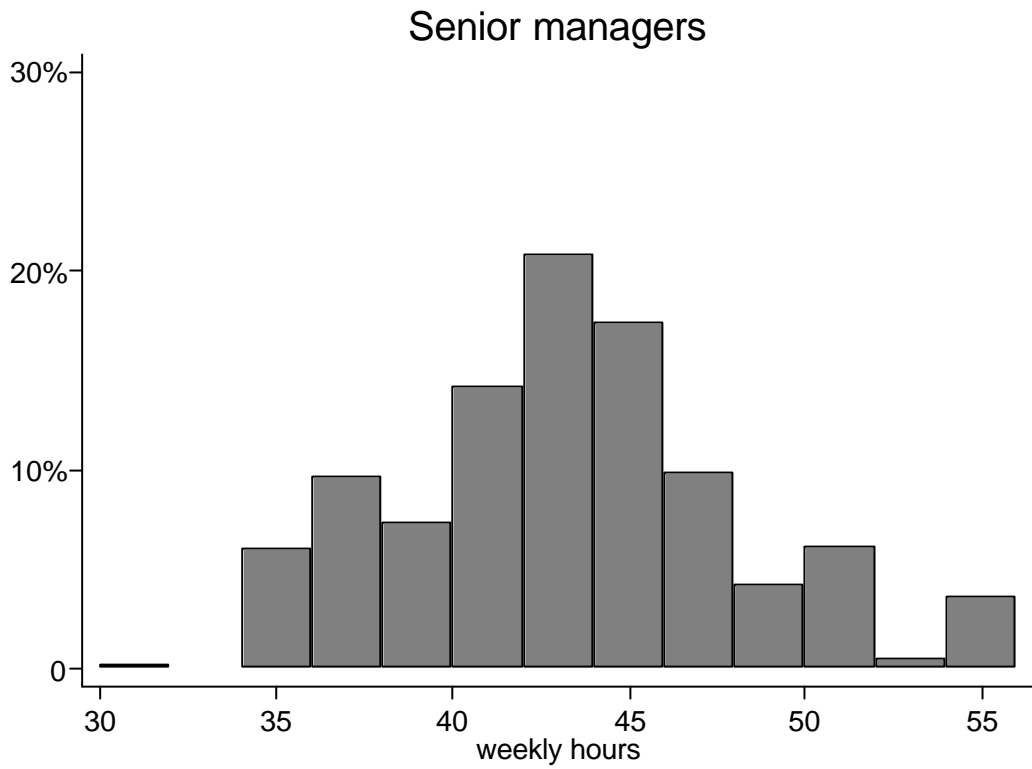
The case studies revealed that whilst the working time of manual and non-manual workers was strictly monitored – usually by timesheets signed by a line manager or some form of electronic clocking-in – the working time of management at all grades was not generally recorded or, if it was, not fully recorded. The case study of a law firm revealed that timesheets were completed on a 15-minute basis by all solicitors, but these tended to record only billable time which did not equate with the actual hours worked. In case after case study, respondents reported that the working time of senior managers was felt to lie outside of the responsibility or remit of the human resource or personnel function. So, even in the law firm where solicitors recorded their time every 15 minutes it was recognised that senior partners spent much time that was not recorded such as, for example, attending functions on the firm’s behalf that provided valuable business/professional connections. In summary, the case study evidence suggests that survey responses relating to the working time of senior managers and professionals are at best approximations.

The average number of hours worked for each occupational group conceals considerable variation in hours within each occupation, and differences in the *range* of hours worked between occupations. *Figure 2.3* presents the distribution of hours for those working between 30 and 56 hours a week, separately for each occupational group¹⁹. The bars in the graphs are two-hourly band-widths. It can be seen that there is rather greater central clustering of hours for other non-manual employees than for the other three occupational groups – they have a tendency to be clustered between 35 and 45 hours a week, with only a few working longer than this upper limit. Middle/junior managers also tended to be working more similar hours, although there were notable numbers working longer than 45 hours a week. This is confirmed by examining the standard deviation in hours – these are 7.4 hours for senior managers and 8.2 hours for manual workers, but fall to 5.4 hours and 5.5 hours for middle/junior managers and non-manual workers respectively.

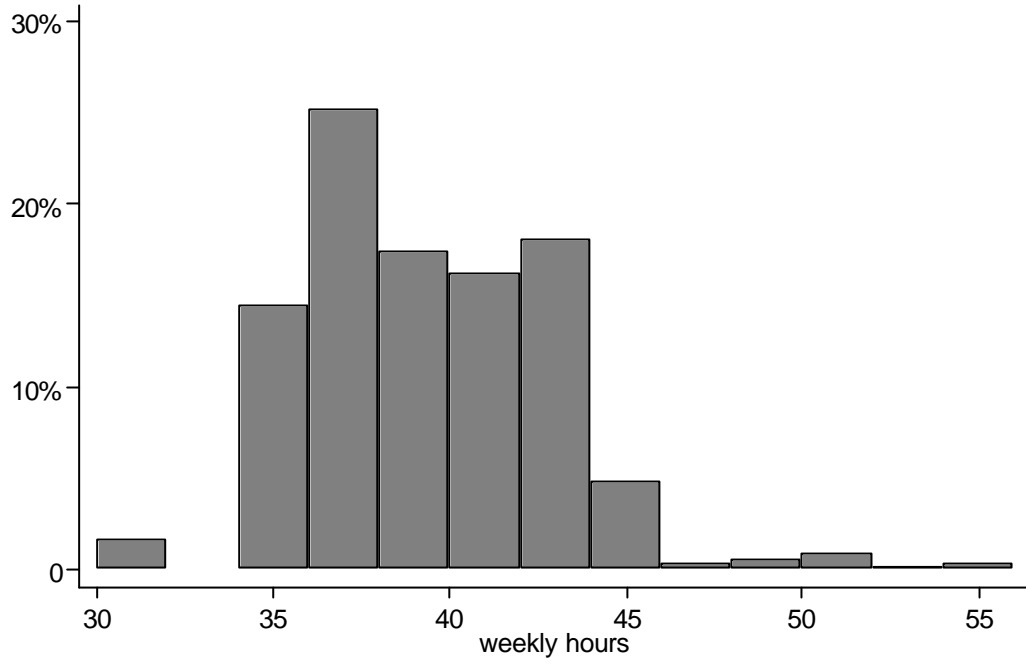
¹⁸ Those with no fixed hours, therefore, cannot be observed as working additional hours since additional hours is defined as those hours undertaken beyond the number specified in the contract.

¹⁹ The distributions display approximately 98 per cent of the observations for each occupation, with the extreme one per cent of observations in the sample (at both low hours and high hours) truncated.

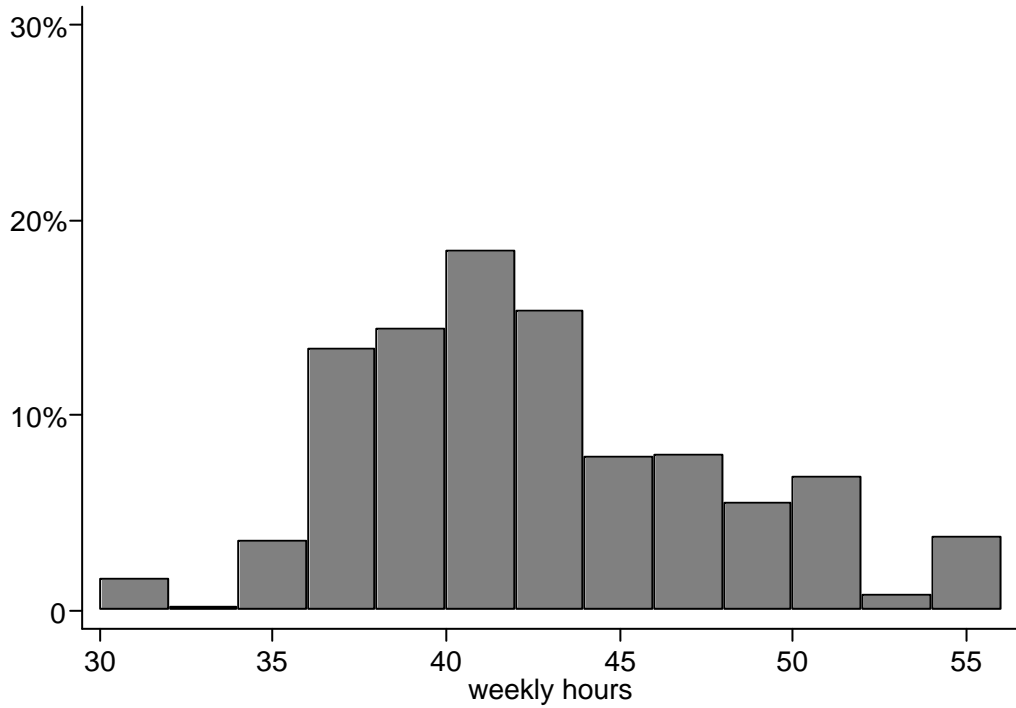
Figure 2.3: Distribution of hours worked by occupational group



Other non-manuals



Manuals



Notes:

Medians and means in *Figure 2.3* are as follows:

	weekly hours	
	mean	median
Senior managers	43.7	43
Middle/junior managers	41.3	40
Other non-manuals	38.1	39
Manuals	42.0	40

Source: Business Context to Long Hours Working Survey (IER/IFF)

Exemptions from the Working Time Regulations

Some employees in selected sectors and occupations were excluded from the WTR at the time this work was conducted and thus were not affected by the legislation. These are road, rail, air, sea, inland waterway and lake transport, sea fishing, 'other work at sea' (essentially offshore oil and gas exploitation) and the activities of doctors in training. In addition, those responsible for setting their own working hours are also exempt. Unfortunately, it is difficult to identify or separate out such workers in the BCLHW survey since, as a survey of establishments, separate questions were not asked about individual employees' hours. For example, in a hospital, while junior doctors²⁰ are exempt from the WTR, the other employees are not, and the figures reported by the respondent are likely to reflect the average across all workers in each occupational group. The extent to which working hours subject to the WTR are biased upwards by the inclusion of those exempted from the WTR is clearly of interest.

The average hours figure in *Table 2.2* was recalculated excluding all those establishments which potentially employed individuals who were covered by the WTR exemptions. Within the BCLHW sample, these were workplaces mainly in the transport sector but included others too where they could be readily identified²¹. Approximately five per cent of the sample was comprised of employers whose employees were potentially exempt from the WTR. In the remaining workplaces, average working hours were 40.0 – little different from the average across all establishments reported in *Table 2.2* – but in those workplaces which potentially employed exempted employees, average hours were 47.0 hours a week, reflecting the long hours worked in the transport sector noted in *Table 2.2*.

Characteristics of organisations and their hours of work

Table 2.2 also reveals that there was relatively little difference in hours worked in relation to *establishment size* for each of the occupational groups, although senior managers in smaller establishments (5-49 employees) had a relatively long working week at nearly 45 hours (*see panel B*). In contrast, there were large differences in hours worked across industries (*see panel C*). Employees in *manufacturing/construction* and *transport/communication* had average working weeks of around 43 hours, while those in the remaining industrial sectors worked approximately 39 hours. Those employed in the *retail/wholesale* industry had the shortest working week at around 38.6 hours, which reflects the high percentage of part-time employees in this sector. Both senior and junior managers had long hours in *manufacturing/construction*, *retail/wholesale*, and *transport/communication* compared with those in *finance/business services* and *public administration etc.* The variation in hours across industries was greatest for manual workers, ranging from almost 47 hours in *transport/communication* to 38 hours in *retail/wholesale*.

There were also marked differences in hours worked between the public and private sectors (*see panel D, Table 2.2*). Other evidence indicates that work-life balance – as defined in the WLB Campaign – was much more firmly established in the public sector²². This is clearly reflected in the average hours of work management respondents recorded for their industry, which was substantially lower in the public

²⁰ Classified as middle/junior managers and professionals in the survey and, accordingly, will include hospital managers as well as doctors.

²¹ The survey allows workplaces to be classified at three-digit Standard Industrial Classification (SIC). Exempted sectors were classified using SIC as follows: divisions 60 (land transport), 61 (water transport), and 62 (air transport) and class 851 (human health activities) (although the latter includes dentists and all hospital workers not just junior doctors and hours were not different for this class than for the average).

²² Hogarth *et al.*, 2000.

sector. Union density is also much higher in the public sector. *Table 2.2 (see panel E)* shows that it was generally the case that weekly hours were higher in establishments where unions or staff associations were absent. As arbiters of working time in those establishments where they are present, unions and staff associations are potentially able to both bargain down hours worked and monitor those agreements on working time that have been secured. The case study evidence from an example where the unions were negotiating a reduction in working time to abolish a call-out system reveals how complex and drawn out negotiations can become when working time is closely allied to wage levels. Details of this are provided in *Chapter 5*.

Overall, the average picture points to specific industrial sectors and groups of employees working additional hours. There appears to be substantial variation in average hours with additional hours working more established in certain sections of the economy than in others. Consistent with the rest of the research was the finding that managers in the private sector appeared to be working longer hours than other groups of employees. But relatively long hours working was not limited to this group of employees. The evidence also points to manual workers recording relatively high average weekly hours.

Establishments with additional hours, occasional, and sustained long hours working

Figure 2.4 indicates the extent of additional hours, occasional long hours working, and sustained long hours working on an establishment base. Around 66 per cent of establishments reported that their staff worked additional hours of some kind, that is hours worked in addition to those stipulated in the contract of employment or accepted as some kind of norm in the workplace. Establishments were much more likely to report that senior managers worked additional hours (61 per cent of all establishments with senior managers) whereas only 23 per cent of establishments employing other non-manual workers reported that any of them worked additional hours.

Occasional long hours working refers to where some staff worked over 48 hours a week at least occasionally but not necessarily so on average over 17 weeks or longer. Just over half of all establishments reported that at least one employee worked over 48 hours a week at least occasionally (52 per cent). Again, establishments reported that it was senior managers who were most likely to work occasional long hours (47 per cent of establishments with senior managers and professionals). Sustained long hours working – an average of 48 hours or longer over 17 weeks or longer – was reported by 16 per cent of establishments. Establishments were most likely to report that senior managers worked sustained long hours.

The data presented in *Figure 2.4* is based on the percentage of establishments that reported each type of working time arrangement. In fact, only one employee had to work, say, sustained long hours for that establishment to be recorded as one with sustained long hours working. Whereas an indication of the percentage of establishments reporting this form of working is of interest, there is also a need to provide information about the overall percentage of employees working additional, occasional sustained long hours, and sustained long hours. This is provided in *Figure 2.5*.

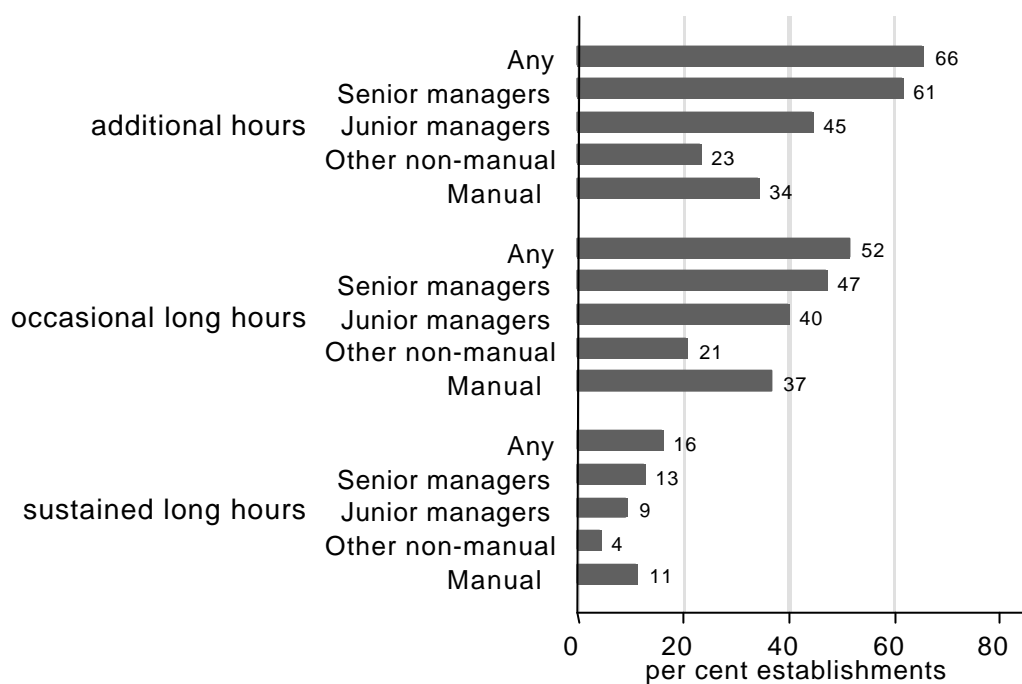
A similar pattern emerges in relation to the establishment based estimates insofar as it was senior managers and professionals who were most likely to be recorded as working additional, occasional long hours, or sustained long hours working. Whereas 25 per cent of all employees worked additional hours, over twice this percentage of

senior managers (54 per cent) worked them. A similar pattern also emerges in relation to occasional long hours working where 19 per cent of all employees worked occasional long hours but 36 per cent of senior managers and professionals did so (see *Figure 2.5*).

Employers reported that four per cent of employees worked sustained long hours. Whilst long hours working appears to be a phenomenon most closely associated with senior managers and professionals, it must be recognised that sustained long hours working is just as much associated with manual workers as senior managers and professionals. Seven per cent of both manual workers and senior managers and professionals worked sustained long hours.

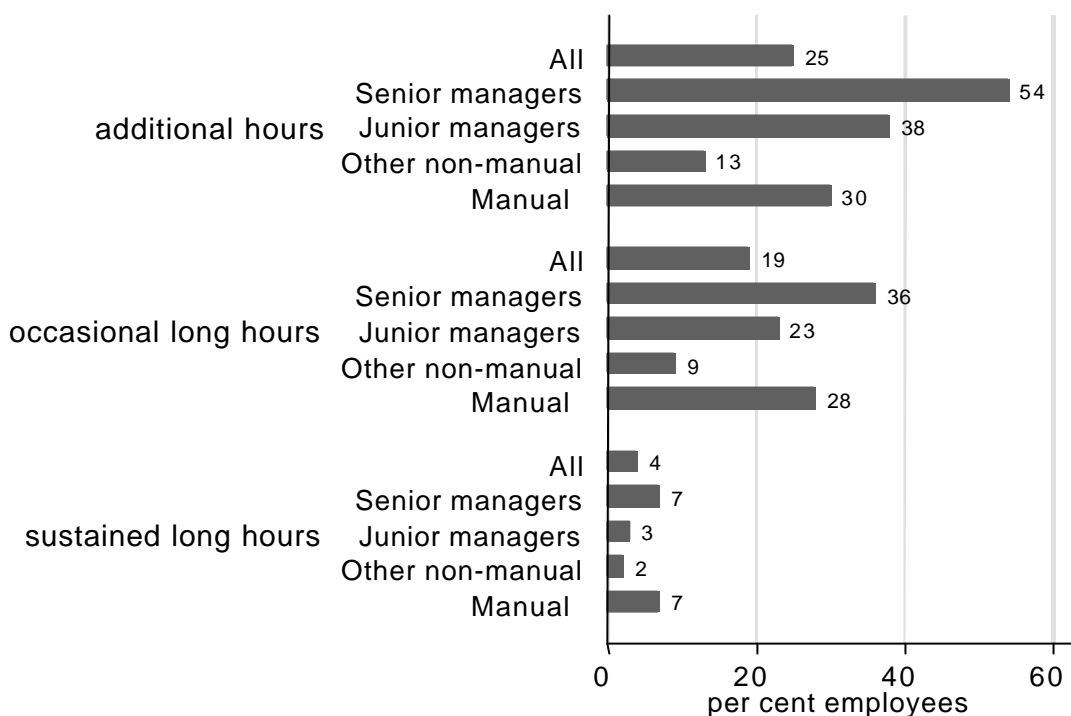
Each type of long hours working is discussed in greater detail below.

Figure 2.4 Extent of additional, occasional, and sustained long hours working



Source: Business Context to Long Hours Working Survey (IER/IFF)
 Base: Establishment weighted

Figure 2.5 Percentage of employees working additional, occasional, and sustained long hours



Source: Business Context to Long Hours Working Survey (IER/IFF)
 Base: Employment weighted

Additional hours working

Table 2.1 demonstrates that almost 95 per cent of employees worked in establishments that specified a fixed number of weekly working hours. Employees, however, were defined as working additional hours when they ‘regularly worked longer than their standard hours’. Within each occupational group, establishments reported the number of employees working such additional hours. It is therefore possible to determine the percentage of employees within each group that worked additional hours, along with the proportion of all employees in the establishment working additional hours.

Table 2.3a (final column) shows that one-quarter of all employees regularly worked more hours than required in their contract. Senior managers most commonly worked additional hours, with 54 per cent working extra hours, while for other non-manual workers the comparable figure was 13 per cent. For both senior managers and junior managers, working additional hours were more likely to occur in larger establishments, with 67 per cent of senior managers undertaking such hours in establishments employing more than 500 workers. For non-manual and manual workers, there appears to be relatively little difference in the proportions doing additional hours across establishments of differing sizes.

Tables 2.3b-2.3d show the extent of additional hours working according to industry, sector, and unionisation. *Table 2.3b* shows little variation in the percentages within each occupational group working additional hours across industrial sectors. The only exceptions were found amongst manual workers where 44 per cent and 39 per cent of

employees worked additional hours in *transport/communication* and *manufacturing/construction* respectively, compared with just 15 per cent in *public administration*. *Tables 2.3c and 2.3d* suggest that the extent of additional hours working varied little between public and private sectors or according to sector or the presence of a union or staff association within the establishment.

Occasional long hours working

Respondents were also asked about occasional long hours working; that is, employees working more than 48 hours a week 'anytime in the last 12 months' for each of the four occupational groups. *Tables 2.4a-2.4d* provide the responses. The key findings show:

- that almost one in five workers had worked occasional long hours, with this practice being especially common amongst senior managers and manual employees; around one in three employees in these groups had worked occasional long hours;
- in contrast, fewer than one in ten non-manual (non-management) workers had worked more than 48 hours a week in the previous year;
- occasional long hours working was not evenly distributed across industry, with those in *manufacturing/construction* and *transport/communication* being much more likely to be affected;
- employees in the private sector were much more likely to occasionally work long hours in every occupational group with the exception of non-manual employees;
- occasional long hours working was less prevalent in unionised establishments.

Sustained long hours working

Working additional hours may simply reflect an increased amount of flexibility in the organisation of working time. Employees, for instance, may work a few extra hours from time-to-time in return for time off in-lieu at a later date. Case study data indicates that employers sometimes operate an informal system that allows employees to arrive late or leave early for whatever reason in return for which they expect employees to work additional hours in response to a specific business need.²³ Indeed for many organisations it is this type of informal arrangement that constitutes a flexible working environment. Sustained long working hours, in comparison, suggests little organisational flexibility with employees working long hours for a long period of time to meet perceived organisational demands.

Tables 2.5a-2.5d provides estimates of the percentage of employees working sustained long hours, that is more than an average of 48 hours a week over a continuous four – month period.²⁴ Each establishment reported the number of employees within each occupational group who work sustained long hours. *Table 2.5a* shows that:

- across all of the four occupational groups, employers estimated that four per cent of employees worked sustained long hours;
- sustained long hours working was most common among senior managers and manual workers;

²³ Purcell *et al.*, 1999.

²⁴ Though the WTR defines sustained long hours working as working 48 hours a week on average over a 17-week reference period, to make the questionnaire user friendly for telephone interviewing this was phrased as 48 hours a week on average over a four-month reference period.

- for each occupational group, long hours working was more prevalent in the smallest workplaces (5-49 employees) than the largest ones (500+ employees);
- just over nine per cent of manual workers worked sustained long hours in the smallest establishments, compared to two per cent in the largest establishments.

Tables 2.5b to 2.5d show the extent of sustained long hours working by industry, public and private sector, and union recognition respectively to reveal that:

- 20 per cent of manual workers worked sustained long hours in the *transport/communication* sector. If this is combined with the fact that 12 per cent of senior managers worked sustained long hours in *transport/communication*, then it marks out the industry as one where sustained long hours are relatively frequent compared with the rest of the economy²⁵;
- *Finance/business* and *public administration* were generally industries with a low prevalence of long hours working;
- higher proportions of employees worked long hours in the private sector in all occupational groups except other non-manual;
- in unionised establishments, sustained long hours working was less common than in non-unionised ones.

Flexible working hours

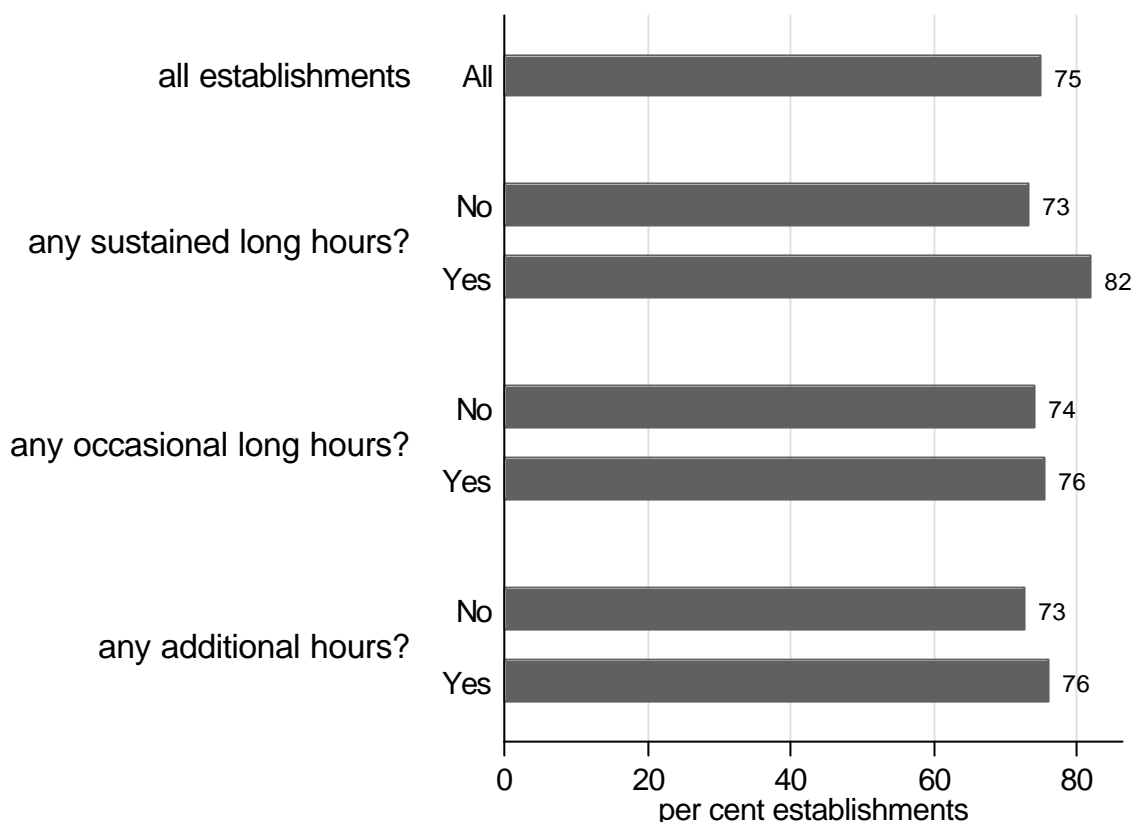
A further feature of working time to consider is the extent to which employees are able to vary their hours of work, such as starting or finishing work early and using their lunch break to make up hours. This is often an important source of flexibility for both employers and employees leading to reciprocal arrangements where the employee is willing to work late on occasion provided the employer is willing to allow the employee to take time off as necessary. This is often an informal arrangement different from taking time off in-lieu insofar as there may be little accounting of working time with the system working in a fairly informal manner²⁶.

Overall, around three quarters of establishments reported that they allowed at least some staff to vary their hours as necessary (75 per cent). Interestingly, this percentage is more or less constant across establishments where additional hours, occasional or sustained long hours were worked (*see Figure 2.6*). For example, around three quarters (76 per cent) of establishments with additional hours working reported that they allowed employees to vary hours, compared to 73 per cent in workplaces that did not work additional hours. A similarly balanced picture emerges for establishments with and without occasional and sustained long hours. The WLB1 study revealed that arrangements to vary hours were generally applicable to all grades of staff. Now whilst it is impossible from the BCLHW survey to show that those working additional or sustained long hours also had a degree of flexibility with respect to their working time, it is likely on the basis of findings from the WLB1 study that they did so. This suggests that long hours working, of an occasional or sustained type, was also linked to a degree of flexibility as to when hours were worked. In other words, staff might be expected to work long hours but the employer was willing to be flexible about start and finish times when this proved necessary.

²⁵ Parts of the transport industry are currently exempt from the WTR.

²⁶ See Purcell *et al.*, 1999 for examples of this type of arrangement.

Figure 2.6 Whether employees are allowed to vary hours worked



Key
 Yes/No refers to whether there are any additional, occasional or sustained long hours at the establishment.
 For example, employees are allowed to vary their hours of work in 73% of establishments with no sustained long hours. This compares to 82% of establishments where there are sustained long hours working for at least some workers

Source: Business Context to Long Hours Working Survey (IER/IFF)
 Base: Establishment weighted

Whilst flexibility was prominent it also needs to be borne in mind that in around a third of establishments where at least one person worked additional hours, some staff were obliged to work additional hours if requested.

Conclusions

Patterns in the distribution of hours worked largely accord with expectations and are similar to those presented elsewhere. The major finding is that employers reported that approximately four per cent of employees worked more than 48 hours a week on a sustained basis which equates to around one million employees. But, this does vary by industry and occupation and the proportion rises to 20 per cent among manual employees in *transport/communication*.

According to the LFS the proportion of employees working long hours has fallen in recent years, with the largest fall occurring around the time that the WTR came into force. The evidence from the LFS time-series data is indicative of a number of employers adjusting hours downwards at the top end in order to meet the WTR requirement. Several of the BCLHW case studies reported that they had adjusted hours downwards for at least one occupational group in response to the introduction of the

regulations. An egg packing plant, for example had reduced standard working hours from 50 hours a week to just under 48 for its production staff and a hospital was in the process of rearranging shift arrangements in its laboratories so that they complied with the interpretation of the regulations within the health service. The general consensus, however, was that employers were seldom affected by the new regulations.

The next chapter focuses on the business rationale for long hours working in greater detail and sheds further light on the necessity and importance of sustained long hours working.

3

The business reasons for long hours working

Introduction

The pattern of working additional hours and of sustained long hours work was clearly established by the analysis in *Chapter 2*. The practice was concentrated amongst:

- manual workers and senior managers;
- smaller workplaces;
- the private sector generally; and
- *transport and communication* and *manufacturing and construction*, in particular.

This chapter looks at the business reasons underlying the use of long hours working. In particular the analysis looks at the extent to which long hours working was institutionalised or a response to real business demand. Where it is a response to business demand attention is drawn, as far as possible, to the extent to which a resort to long hours working was an unavoidable necessity or could have been offset through better human resource management. Long hours working, in some instances, may well be a response to business demand but one which could have been avoided through, for instance, greater attention to staff recruitment, labour scheduling and so on.

By 'institutionalised' is meant the degree to which long hours working (either sustained or additional hours working) has become a norm but one divorced from any pressing business need. In such circumstances manual and routine grades of non-manual workers will have come to expect overtime pay as a regular element of their take home pay, and managers will have come to accept their own long hours at work as a business necessity even though it may amount to little more than 'presenteeism'²⁷. This harks back to the productivity debates of the 1960s and 1970s mentioned in the introductory chapter. But, given the context of the present study, there is no reason to suppose that all of the industrial relations problems from that period have been resolved such that long hours working now is simply a response to business demand.

The analysis of the survey to explore the extent to which long hours working is a response to business demand is carried out through two means. Firstly, an analysis is made of the extent to which actual reported hours of the different occupational groups varied in relation to different measures of the financial and market circumstances of workplaces. Secondly, the analysis looks at management respondents' accounts of the reasons for regular additional hours, and their views of the advantages and disadvantages of such hours. The commentary explores how far those accounts suggest

²⁷ Purcell *et al.*, 1999.

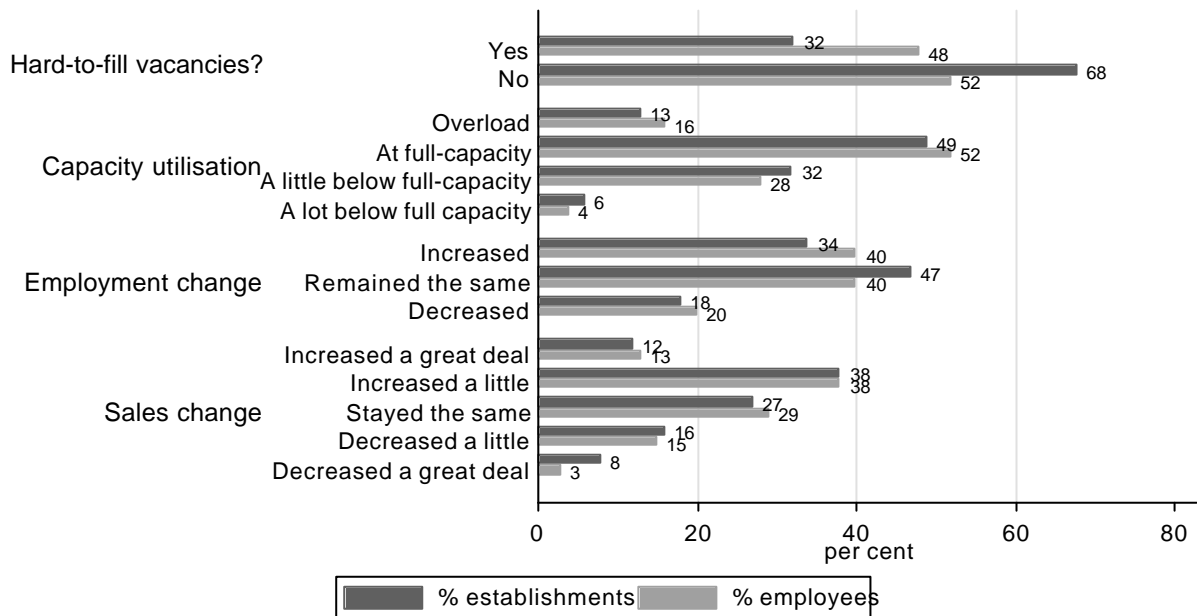
that long hours arose from business need or from custom and practice as the institutionalised argument might suggest.

Initially, then the analysis considers the overall business environment and the extent to which the hours of all occupational groups varied in relation to the business needs of workplaces.

The business environment

Business context will be, in large part, determined by business performance as indicated by measures such as employment growth, sales growth, and the extent to which the organisation is operating at or beyond its capacity. By way of context, *Figure 3.1* provides summary evidence of the business environment reported by employers. Whilst the data points to fairly buoyant business conditions, a substantial proportion of establishments and thereby employment was concentrated in organisations that were experiencing contraction in sales and employment. The extent to which the business environment affects the take up of long hours working is considered in the remainder of this chapter.

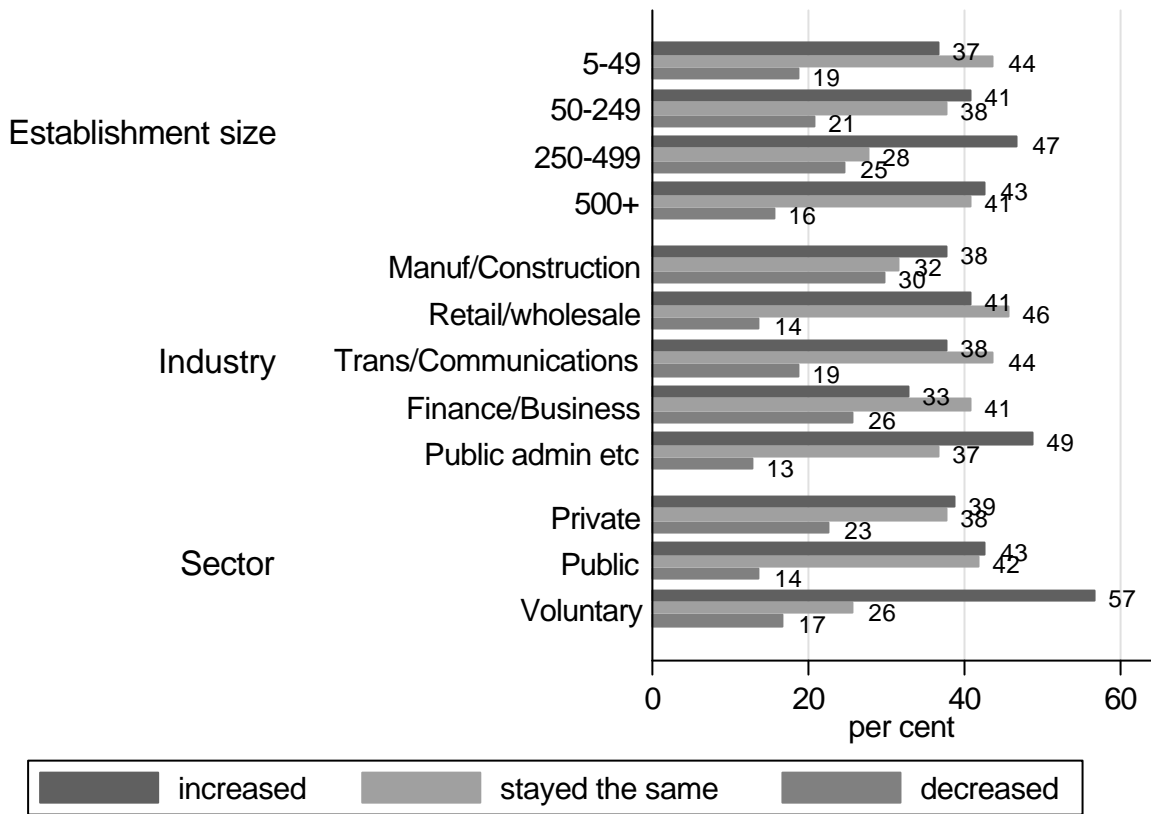
Figure 3.1: Business conditions reported by employers



Source: Business Context to Long Hours Working Survey (IER/IFF)
 Base: Establishment and employment weighted

To give an indication of how the business context varied between different types of establishment, *Figure 3.2* shows how employment change varied by size of establishment, industry, and public/private sector status.

Figure 3.2: Employment change by establishment size, industry, and sector



Source: Business Context to Long Hours Working Survey (IER/IFF)
 Base: Employment weighted

The key findings to emerge from *Figure 3.2* indicate:

- there was little difference by employment size, except that employees in the largest establishments (500 or more employees) were less likely to have been employed in workplaces that had experienced employment decline;
- more people worked in establishments in manufacturing and construction that experienced employment decline, although a substantial proportion of employment in finance and business services was also located in establishments with employment decline;
- in public administration, health, and education, employees were more likely to be in workplaces that had experienced employment increase. Interestingly, it was also this industry that was most likely to report that it was working at overload;
- employees in the private sector were more likely to be employed in establishments that had experienced employment decline.

Broadly similar findings emerged in relation to the other indicators of organisational performance mentioned above.

Evidence from the case studies, with a few exceptions, tended to confirm that trading conditions were becoming tighter, although many of them reported that, despite this, conditions were still relatively buoyant. It was only in the furniture manufacturer and the

hotel case study that trading conditions were considered especially difficult. In the former case it was because office furniture was thought to be one of the first items of investment that companies cut when faced with a downturn in their business. In this sense it was an industry that felt the downturn in the economy first. In the hotel, business had fallen away sharply after the events of September 11th in the USA.

Long hours working in relation to organisational performance

The relationship between the extent of sustained long hours working (and additional hours working more generally) and organisational performance was addressed using the measures of organisational performance mentioned above. Generally a similar pattern emerged in relation to all the indicators of performance so results are limited to a discussion of change in sales and a change in employment.

The results are provided in *Tables 3.1a to 3.1d* below for each occupational group employed at the workplace. *Table 3.1a* shows that, overall, employers reported that four per cent of all employees, on average, worked sustained long hours. In workplaces where sales had increased greatly, three per cent of the workforce was located there, five per cent where it had increased a little, six per cent where it had remained the same, two per cent where it had decreased a little, and eight per cent where it had decreased a great deal. Though the differences in percentage are small there is an indication that a slightly greater proportion of the workforce worked sustained long hours where sales had decreased. There is resonance here with research on recruitment problems which indicates that recruitment problems tend to be greater where employers experience either rapid sales growth or rapid sales decline.²⁸ This type of pattern was more evident in relation to senior managers and professionals where a slightly higher percentage of managers were employed in workplaces (where managers worked sustained long hours) where sales had either decreased or increased greatly. For manual workers, a higher percentage of manual employers were located in workplaces (where manual workers worked sustained long hours) that reported sales had decreased greatly. This implies that manual workers were being called on to work long hours where the market for sales was weak, possibly as a result of the number of staff decreasing as sales fell.

Table 3.1b replicates *Table 3.1a* for additional hours working, that is any hours of work over those stipulated as standard and/or contained in the contract of employment. Here there is little systematic relationship between changes in sales (or budget in the public sector) and the percentage of employees in workplaces where additional hours were worked. This is also true of the other indicators listed above. The results of the analysis, other than that in relation to sales, showed little sign that the extent to which regular additional hours or sustained long hours were worked at any level was associated with any of the other measures of business need.

Insofar as it is possible to identify any pattern in the whole analysis – which addressed sales and employment growth, hard-to-fill vacancies, the capacity at which the establishment was working, use of temporary staff - it was as follows. First, there was the slightest of indications that regular additional hours were occasionally associated with some measure of business need (*i.e.* sales decline). Similarly, there was an indication that long hours working among senior managers was associated with change, and that additional hours and sustained long hours were less common under conditions of stability. That is to say, for instance, hours increased when business circumstances became less favourable. In that way, there was an indication that the hours of senior managers were more responsive to business requirements, although, as might be

²⁸ Bosworth *et al.*, 2000.

reasonably expected, unfavourable market and financial circumstances made as much, or more demands upon their time, as rising demand and a growing volume of work for the establishment.

Management accounts of reasons for additional and long hours working

Where long hours were worked – either sustained long hours or additional hours more generally – the reasons provided by management were explored. The analysis begins by looking at the reasons for sustained long hours working before going on to address the use of additional hours more generally. As far as possible, on the basis of the survey data, responses have been grouped as follows:

- **demand requirements:** meeting deadlines, backlog of work;
- **personnel reasons:** staff shortages, cover for sickness or absence;
- **institutionalised reasons:** to provide overtime work, workplace culture;
- **miscellaneous reasons:** employee desire to get the job done, nature of job, *etc.*

Overall, it was apparent that respondents' accounts of reasons for working sustained long hours across the different occupational groups were similar. The most common reason given for all groups, as would be expected, was the pressure of work: *having to meet a deadline or cope with a backlog of work (see Table 3.2)*. For example, where sustained long hours working was reported for manual workers, 32 per cent of manual workers were employed in workplaces where management reported this as a consequence of needing to meet a deadline. The corresponding figure for senior managers was 31 per cent, for junior managers 43 per cent, and for other manual staff 56 per cent.

Whilst factors relating to business demand were the most commonly cited reasons for working sustained long hours across all occupations, it is also apparent that what have been termed 'institutional reasons' were also reported quite commonly for other non-manual and manual workers. For example, *because the relevant group wants to get the overtime*, was the second most common reason given for manual workers and the explanation was not mentioned at all in relation to senior or junior managers.

An example of institutionalised paid overtime work was provided by a hospital in that it illustrates how changes in the regulation of working time in the industry had resulted in a prolonged period of negotiation as unions and technicians sought to protect paid overtime practices that had been established through custom and practice and a reluctance by management – in an overall environment experiencing a great deal of change – to alter an existing arrangement without an external stimulus to do so (*see panel*).

Case study: Hospital

The hospital employed 4,500 people. The area which was causing HR problems related to the health service's 'generous interpretation' of the WTR in relation to those who were 'on-call'. Under the new regulations staff were entitled to a compensatory rest for the period when they were called out. The problem faced by the hospital was that the demand to provide a full service, often 24 hours a day, seven days a week, meant that it was difficult to accommodate compensatory rest periods with current staffing levels.

In the laboratories it was proving difficult to push through a removal of the on-call system. Typically, laboratory staff on-call would stay in the hospital overnight. Staff could earn up to a maximum of £360 a night when on-call. Hence staff and their representatives were reluctant to move away from the system. What was being proposed in its stead was a long working day

arrangement – as permitted with the WTR and not requiring an opt-out. But because of the salary implications from removal of the on-call element of regular pay the changes were proving difficult to achieve.

Source: Business Context to Long Hours Working Case Studies (IER/IFF)

The barriers faced by employers in changing working time arrangements are considered in more detail in *Chapter 5*.

Apart from the question of institutionalised overtime, the main difference between reasons for working long hours between the different groups was that senior managers were most likely to be attributed with a *personal desire to get the job done*. In that context, it was interesting that the influence of the *culture of the workplace* was attributed with similar frequency to all occupational groups. But the case studies would suggest that the *culture of the workplace* had a substantially different meaning for the different occupational groups. For manual workers, it was more likely to mean a culture of dependence upon overtime payments; while, for managers it was more likely to mean a culture of visible commitment to the organisation and its goals through arriving at work early and leaving late.

The example below from the case studies, a furniture manufacturer, indicates both the impact of job cuts on additional hours working and the desire for overtime work from at least part of the workforce (*see panel*). It is worth noting that manual workers cannot always be regarded as a homogenous group at least in relation to their demand for overtime insofar as amongst a relatively middle aged workforce at the office furniture manufacturer it was the younger staff who most desired paid overtime.

Case study: Furniture Manufacturer

The decrease in sales and staff since the late 1980s was a result of the economic slowdown in the national economy – where office furniture is one of first items struck an organisation's shopping list - and increased competition.

Long hours were worked occasionally as overtime by factory floor employees. This was not always available and depended upon the time of year. Manual staff occasionally worked overtime the main reason being that the reduction in staff over the last few years had left the company understaffed on occasion, particularly when employees were away on holiday. It cost less to pay overtime than to recruit new staff. Overtime was paid at time and a third for first two hours, time and two-thirds for next two hours, and double time for the remainder. Most staff did not expect (or want) overtime as there has not been much over recent years and it could be difficult to persuade some staff to work overtime when it was required. But there was a demand for overtime from younger members of the workforce; around one third of staff tended to do any overtime that was available and these were usually younger employees with families who needed the extra money. As such, given current trading conditions, the company could meet all of its overtime requirements from this group.

Source: Business Context to Long Hours Working Case Studies (IER/IFF)

Evidence from a building services company also drew attention to hourly paid staff on-site who, although contracted to work 37.5 hours a week, were generally looking to work around 40 to 50 hours a week so as to increase their earnings through overtime pay. Hourly paid manual workers, it was reported, wanted and expected overtime work and if they did not obtain it, they would look for employment elsewhere that could guarantee paid overtime.

From the case studies the response in relation to senior managers and professionals was that additional or sustained long hours working was not an issue of concern for the human resource or personnel function in that they chose voluntarily to work long hours. For example, at the law firm where attempts had been made to create a working environment for solicitors and support staff more in keeping with accepted notions of work-life balance, senior partners were thought to possess sufficient control over their own workloads to decide whether or not they worked sustained long hours. In other words it was a private matter rather than one subject to corporate control. Similar findings were reported at the further education college and civil engineering consultancy where there was a prevailing view that the professional cadre of staff were in some way driven by a personal commitment to their profession and interest in their subject area that took them outside any practicable controls that an employer might bring to bear over working time. Other case study examples suggested that senior managers could be similarly driven with a commonly held view that whatever strictures over working time might be introduced, they somehow did not apply to senior managers in practice.

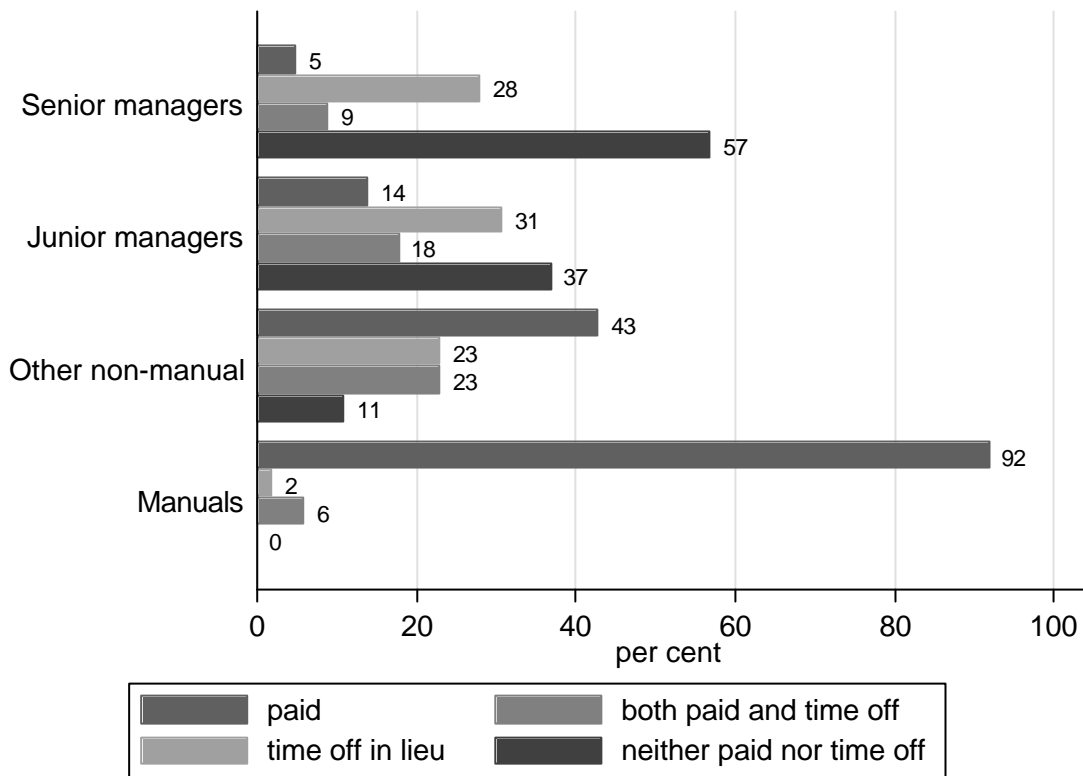
From the survey the reasons given by management for the existence of additional or sustained long hours working are intriguing. In principle, management accounts of the reasons for additional hours would not be expected to include overtime payments at all. From a management perspective the reason for additional hours, occasional or sustained, should arise from the needs of the business: additional work needs to be undertaken for some reason and additional labour needs to be found. The fact that management respondents themselves cited *the demand for overtime* so frequently, freely and spontaneously among the reasons for employees working sustained long hours is in itself an indication of the extent of institutionalised overtime.

Further evidence of institutionalised overtime

Plausibly one of the factors that limits the working of additional hours (or sustained working hours) is whether it is rewarded in some manner such as paid overtime or giving time off in-lieu. To a large extent this will be determined by occupation; typically managers and professionals have tended to work long hours without immediate, additional, financial reward because they consider it their duty to complete tasks or are more bound up in workplace cultures that demand long hours²⁹. *Figure 3.3* shows the extent to which additional hours was paid and demonstrates clearly that establishments were much more likely to pay overtime to routine non-manual and manual workers. In contrast, both senior and junior managers and professionals were neither paid nor given time off in-lieu. There were some differences by industry with managers and professionals in *retail/wholesale* reporting that they were quite often paid overtime but the overwhelming evidence points to managers and professionals seldom receiving time off in-lieu or paid overtime for the additional hours they worked.

²⁹ Purcell *et al.*, 1999.

Figure 3.3: Paid overtime and time off in-lieu

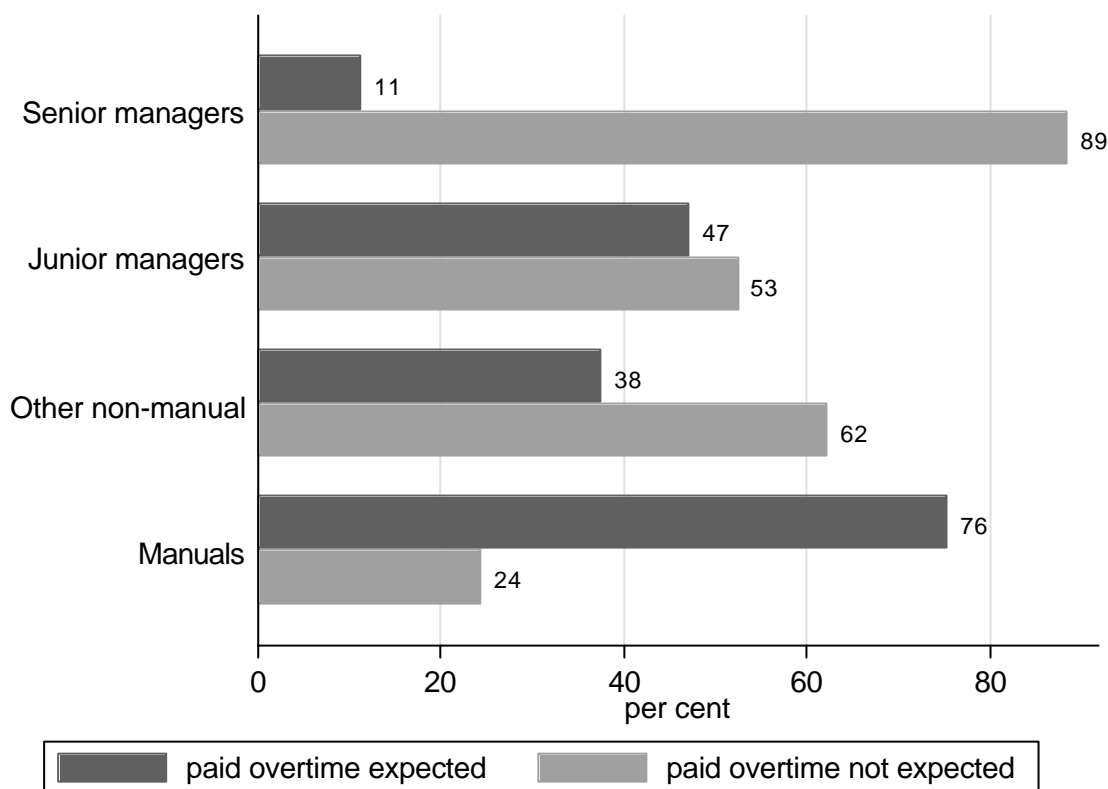


Source: Business Context to Long Hours Working Survey (IER/IFF)
 Base: Employment weighted

There was little indication in the data overall that overtime was more likely to be paid if unions were in existence at the workplace. But where unions were present middle/junior managers and routine non-manual workers were more likely to receive time off in-lieu.

Figure 3.4 indicates where overtime was paid the extent to which management thought that the workforce had come to expect overtime pay as part of their regular earnings. With respect to the additional hours worked by manual workers, around 75 per cent of this group were employed in workplaces where manual workers expected overtime pay. In fact, the shares of each occupational group that had come to expect overtime pay was quite large with the exception of senior managers.

Figure 3.4: Whether overtime pay expected element of earnings



Source: Business Context to Long Hours Working Survey (IER/IFF)
 Base: Employment weighted

Management accounts of reasons for long hours working by size of establishment and industry³⁰

The frequency with which managers cited the *demand for overtime* as a reason for sustained long hours was remarkably high in larger workplaces. In places with 500 or more employees, where manual grades worked sustained long hours, managers cited the *demand for overtime* as a reason in just over one half of all cases³¹. It is true that sustained long hours were less common in such establishments than in smaller ones, but combined with the findings below on the disadvantages of long hours, the pattern strongly suggests that the control of overtime working tends to present special difficulties in larger workplaces (see Table 3.3).

Meeting deadlines was mentioned more often in the *manufacturing/construction* sector, and a backlog of work was mentioned most often in *public administration* (see Table 3.4). Institutional reasons also varied by industry. Workplace culture was mentioned much more often in *finance/business services*, and the *employee's desire to get the job done* was most often mentioned in *retail/wholesale*.

³⁰ The information here is based on small sample sizes and as such should be treated as indicative rather than definitive.

³¹ Using establishment weighted data.

Reasons given for additional hours and sustained long hours working compared

Further strong evidence of the extent of institutionalised overtime embedded in sustained long hours working is provided by contrasting managers' accounts of the reasons for sustained long hours with those for working regular additional hours (see *Tables 3.2 to 3.5*). Generally, there was a strong overlap in the reasons given for working additional hours on a regular basis (*Table 3.5*) and for working more than an average of 48 hours a week over a 17 week period (*Table 3.2*). But there was a substantial shift in the balance between the two sets of reasons as regular additional hours became sustained long hours, particularly for manual workers. The shift is striking and revealing.

In places where manual workers regularly worked additional hours, managers chiefly cited demand requirements (*meeting a deadline or backlog of work*) as the reasons in the large majority of cases (see *Table 3.5*). But in places where manual workers were employed on sustained long hours, institutional reasons - *for overtime* or the *workplace culture* - were also mentioned frequently. Indeed, *for overtime* was cited as a reason for a greater proportion of manual workers working sustained long hours than *backlog of work*. Moreover, this is likely to be very much a minimum estimate as it is based on the reasons for long hours working spontaneously volunteered by managers themselves.

The second most striking feature of the comparison between *Table 3.2* and *Table 3.5* is the lack of any growth in the references to staff or labour shortages between the reasons given for additional hours working and those given for sustained long hours working. For manual workers, management apologists for the need for sustained long hours working tend to cite the lack of key workers as a reason that makes the practice regrettably unavoidable. But, as *Table 3.4*, shows *staff shortage* — outside of the *manufacturing and construction* sector — did not form a large part of management respondents' accounts of the needs for regular additional hours or sustained long hours working for manual workers. More importantly, there was no substantial increase in the proportion as regular additional hours became sustained long hours.

Advantages and disadvantages of sustained long hours working

The overwhelming finding that came through from the interviews with managers in the case studies was that long hours working was at best a necessary evil. Managers generally viewed long hours working as undesirable, and sustained long hours working as especially so. They particularly felt that it was not possible for employees to maintain high levels of commitment, motivation and performance under such circumstances. Many also expressed concern about the social costs and consequences of long hours. Evidence from an egg packing plant illustrates this point (see *panel*).

Case study: Egg packing plant/farm

A company supplying eggs to the retail industry, where long hours working was common, reported that beyond a certain limit long hours working was disadvantageous. Long hours were needed to meet the demands of retailers, but there was a critical limit after which employees, both managers, supervisors, and packing line staff were either unproductive or resulted in them leaving the business.

Contracted hours for packing line staff were just under 48 a week. There was a feeling amongst managers that 48 hours was the maximum working week that could be expected from production staff; if they were asked to work too many hours quality control became a problem. Moreover, it was exceedingly difficult to recruit and retain staff such that increasing hours of work through the introduction of overtime would exacerbate this

problem. Long hours were reported by management at the plant as being endemic in the food industry. Over recent years the company had attempted to attract senior management from other industries but most had not stayed long with the company because of the long hours environment. Hours were now shorter than they had been in the past, but they are still long compared to other industries it was explained.

Source: Business Context to Long Hours Working Case Studies (IER/IFF).

The survey enabled a wide exploration but at a more superficial level of the views held by management respondents about regular additional hours and sustained long hours. Respondents to the survey were asked: what they thought were the advantages of additional hours; what the disadvantages were; and whether the advantages outweighed the disadvantages.

Managers in the survey accounts of the advantages of additional hours working did little but confirm the managerial rationale for overtime working (*see Tables 3.6 and 3.7*). The overwhelming most common benefit attributed to working additional hours was that the practice enabled the organisation to produce work on time. That was the case for all sizes of workplace and all sectors, although slightly less so for the *retail/wholesale* industry. It is noteworthy that both *higher productivity* and *lower wage costs* featured among management respondents' views of the benefits of overtime working, while, at the same time, *higher wages costs* and *lower performance* were frequently mentioned among the disadvantages. The contrast highlights the way in which any assessment of the extent to which overtime working contributes to higher or lower productivity and higher or lower wage costs will be a highly complex one, depending heavily upon time perspectives and priorities and whether overtime is paid.

It is also noteworthy that many management respondents regarded the provision of overtime (and by implication, overtime payments) to employees as an *advantage*, most notably in *retail/wholesale*. This may well indicate that management grant overtime in an effort to increase the wage rates of their employees. Although around 14 per cent of those establishments that recognised additional hours working as a means of granting overtime, they also recognised that it increased absenteeism.

Managers' accounts of the disadvantages of long hours working revealed three main findings (*see Tables 3.8 and 3.9*). Firstly, managers in larger workplaces were consistently more likely to see disadvantages in overtime. Establishments covering 36 per cent of respondents in workplaces employing fewer than 50 people saw no disadvantage compared with 14 per cent of their counterparts in workplaces employing 500 or more. It is likely that the control of additional hours is more manageable the smaller the workplace with managers more likely to have personal knowledge of the characteristics of individual workers and of the work to be done. There is also likely to be less scope for abuse in the allocation of additional hours and hence of creeping institutionalisation.

Secondly, managers in *public administration*, and in public sector establishments generally, were substantially more likely to report disadvantages than their counterparts in the private sector. This is consistent with a general pattern throughout the analysis reflecting the extent to which the pattern of long hours is more established and accepted in the private sector.

Thirdly, and independently of the other sources of variation, managers were more likely to see disadvantages in long hours working where manual workers were paid for their overtime. There was no such tendency in relation to middle/junior managers and non-manual workers. The indications throughout were that it was management respondents'

experience of manual workers who were paid overtime that largely shaped their views of additional hours working.

The principal disadvantage of additional hours working identified by managers in the survey was that the practice reduced employees' *satisfaction with their jobs* (see *Tables 3.8 and 3.9*). That was most common in larger workplaces, in *public administration*, and, outside the public sector, in the *retail/wholesale* industry. There followed a batch of disadvantages suggesting that long hours reduced occupational effectiveness, including *fatigue, lower performance, and de-motivation*. *Absenteeism* was mentioned as a disadvantage much more commonly in the public sector and in large workplaces. Finally, under this heading, it was noteworthy that the unfavourable impact of long hours on the balance between work, home and leisure was spontaneously singled out by a substantial number of management respondents. That tendency was most common in *private services*.

Advantages and disadvantages of additional hours and payment systems for additional hours

As will be illustrated in *Chapter 5* the costs attached to additional hours working are both an important management rationale for trying to change working time arrangements and an issue of contention for employees where it affects their take home pay. This section outlines employer perceptions of the advantages and disadvantages of additional hours working in relation to how those additional hours are paid. *Table 3.10* sets the scene. Where senior managers received paid overtime their average hours tended to be longer (51 hours a week compared to 45 where additional hours were neither paid nor rewarded with time off in-lieu). In fact, senior managers working paid overtime was a relatively rare occurrence. It was more common in relation to manual workers for whom there was no obvious pattern in relation average hours and payment systems. In fact, average weekly hours were longer where it was neither paid nor rewarded with overtime (just under 60 hours a week). This may well be a reflection of the relative frequency of sustained long hours working in industries such as transport where the predictability of long hours working is such that it is compensated through regular payment and shift systems rather than paid overtime.

In relation to how employers saw the advantages and disadvantages of additional hours working in relation to payment systems, the following point can be made in relation to manual workers for whom paid overtime was most common. Where an advantage was 'staff pleased to get overtime' a lower percentage of manual workers were in receipt of overtime pay compared to where no advantages of overtime working was mentioned (see *Tables 3.11 and 3.12*).

Do advantages outweigh disadvantages?

After asking managers in the survey about the advantages and disadvantages of working additional hours, they were asked whether they felt that the advantages outweighed the disadvantages or *vice versa*³².

Overall, managers representing around two-thirds of employees in establishments where additional hours were worked, judged that the advantages outweighed the disadvantages (see *Tables 3.13*). In larger workplaces employing 250 or more people, the proportion of management respondents reporting that the advantages outweighed the disadvantages

³²

In order to evaluate the responses it is necessary to put them into context. In a sense management respondents were being asked to evaluate themselves, or at least their own corporate management practice. There is always a tendency, in response to such survey questions, for respondents to endorse the *status quo*. Furthermore the question referred to *additional working hours* rather than *sustained long hours*.

fell to one half. In a substantial minority of instances, management respondents took the view that their establishment was following a practice whose disadvantages outweighed its advantages.

The pattern of variation in responses tended to mirror those identified in relation to the analysis of the disadvantages of additional hours working. Support was most lukewarm in larger workplaces, in the public sector and, outside the public sector, in *private services* (see Table 3.14). In the case study of a hospital employing several thousand people a human resource manager pointed out that long hours working was considered a poor working practice which they were addressing as best they could.

The most important finding, however, is the evidence that many management respondents had reservations about their own practices in relation to additional working hours or thought they were undesirable. Again, the evidence was consistent with the results of the case studies, from which, as already reported, it was apparent that many managers judged that sustained long hours working was undesirable, and, often, unnecessary.

Conclusions

The reasons underlying long hours working are complex. On the one hand there is sometimes a real business need related to specific demands of the business. On the other, there is evidence that it has become institutionalised. That is to say, long hours often appeared to be less a consequence of the need for the work to be done, and more a result of other influences such as habit, the culture of the workplace, or the need to enhance levels of pay through overtime. In relation to manual workers three points need to be made:

- sustained long hours working was concentrated in particular types of workplace. For instance, in *transport and communication*, manual workers in workplaces employing 20 per cent of the national workforce were engaged in sustained long hours working. That proportion compared with four per cent overall. Given that the long hours were sustained, they were predictable. In principle, the main legitimate grounds for long hours working over a predictably sustained period would be the unavailability of suitable staff. But that did not feature high among management reasons for sustained long hours;
- more generally and more importantly, the extent of long hours working varied in relation to the structural and organisational characteristics of workplaces, but not in the relation to the different measures of business need built into the survey interview schedule. That is to say, as shown by the analysis in *Chapter 2*, different measures tended to vary in relation to job level, sector; activity; size of workplace; whether establishments were privately or publicly owned; and systems of pay (for instance, apart from senior managers, the group which worked the longest weekly hours was manual workers and they also formed the group by far the most likely to receive payment for overtime). But levels varied little in relation to the extent to which the sales or budget of the workplace had increased or decreased over the previous 12 months; the level at which the workplace had been working relative to its capacity; whether employment at the workplace had been increasing or decreasing in the previous year; and whether the workplace had had vacancies that were hard-to-fill;
- managers in the survey accounts of the reasons for working regular additional hours and sustained long hours among manual workers strongly featured providing overtime for workers and the culture of the workplace. As explained in the body of the report,

a strictly 'management perspective' on additional hours working would focus exclusively upon the work to be done in relation to the people available to do it. It was particularly notable that the provision of overtime and the culture of the workplace featured so strongly among management reasons for sustained long hours. It was also striking that shortages of staff were mentioned so rarely among reasons for sustained long hours, compared with reasons that could be taken to represent institutional overtime.

The implication of this last point is that avoiding long hours in practice might be difficult to achieve insofar as there are strong vested interests to their maintenance within the workplace. This is addressed more fully in *Chapter 5*.

Many management respondents judged that there were strong disadvantages in working regular additional hours and sustained long hours and a substantial minority saw no advantage. Those with strong reservations about long hours working were concentrated in larger workplaces, the private sector, and distribution. The principal disadvantages of long hours working identified by managers were that they reduced job satisfaction and occupational effectiveness for reasons including de-motivation and fatigue. Overall, the extent to which managers were inclined to judge that the advantages of regular additional hours outweighed the disadvantages was modest. Generally the results of the survey were consistent with those of the case studies which revealed that managers regarded long hours working as at best a necessary evil. They recognised that the practice often had undesirable consequences for the workplace and for employees. And they recognised that the practice was often avoidable through improved organisation or more effective working.

4

The opt-out

Introduction

Employees may voluntarily decide to opt-out of the weekly working time limits in the WTR. Employees might decide to do this for a variety of reasons including the desire to work overtime to increase their wages. The evidence of institutionalised overtime in the previous chapter points to one incentive to sign the opt-out. Perhaps most importantly the right to sign the opt-out can be seen in the context of individual employment rights and the right of the employee to exercise their own judgement regarding the hours they work. Clearly this is something of a fine balancing act with the possibility of tacit pressure being brought to bear by employers such that employees feel they ought to sign the opt-out. Empirically this is near impossible to demonstrate but through the use of survey and case study evidence, information can be provided about the extent to which the opt-out has been signed and employer attitudes towards its use. As will be seen the use of the opt-out was fairly widespread (around a fifth of establishments reported that the opt-out had been signed), but employers reported that employees signed it to ensure that their working practices were compliant with the regulations in any eventuality. Even where the opt-out was signed employers sometimes reported that it was not necessary since employees' working time was less than that specified in the regulations. This needs to be seen in the light of four per cent of employees reported by management as working sustained long working hours.

The extent of the opt-out

Approximately 78 per cent of establishments had not had any employees sign the opt-out (*see Figure 4.1a*). Around 22 per cent of establishments had at least one employee who had signed the opt-out with around 19 per cent of all employees having signed it. Those establishments that employed at least one person who had signed the opt-out accounted for 38 per cent of employment. This figure gives an indication of the importance of those organisations making use of the opt-out in the labour market.

The distribution of organisations where at least one person had signed the opt-out is compared in *Figures 4.1b and 4.1c*. If a trade union or staff representative was present this might conceivably influence the signing of the opt-out by individual employees. In fact, there is little difference in the two distributions.

Figure 4.1a: Establishments/employees signing opt-out

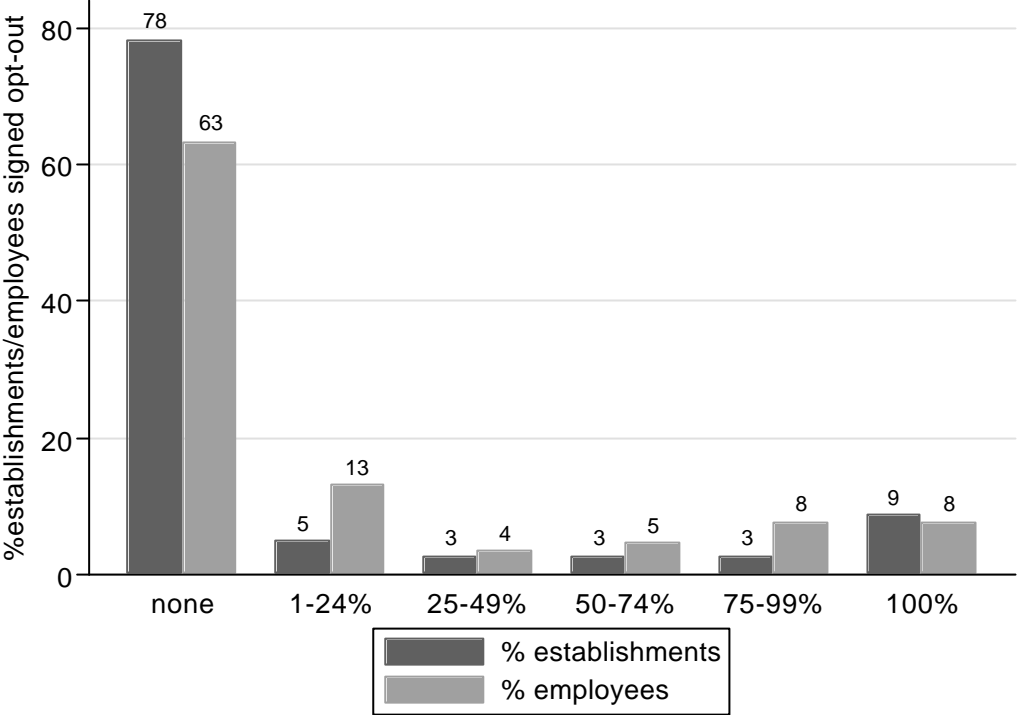


Figure 4.1b: Establishments/employees signing opt-out – union/staff association present

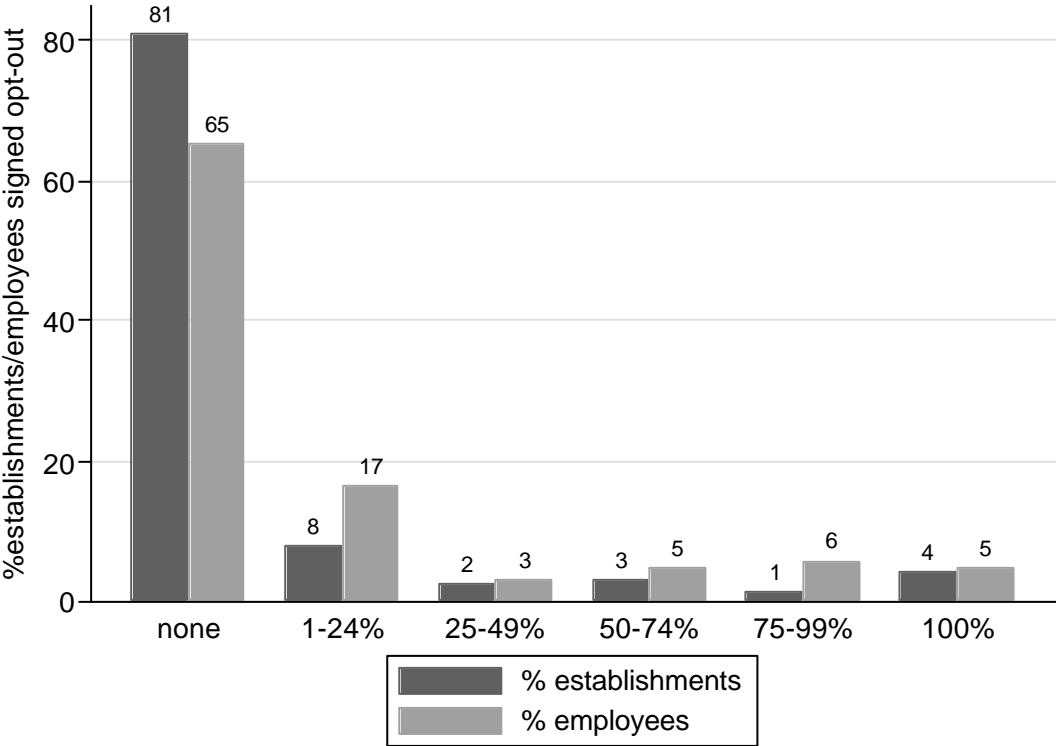
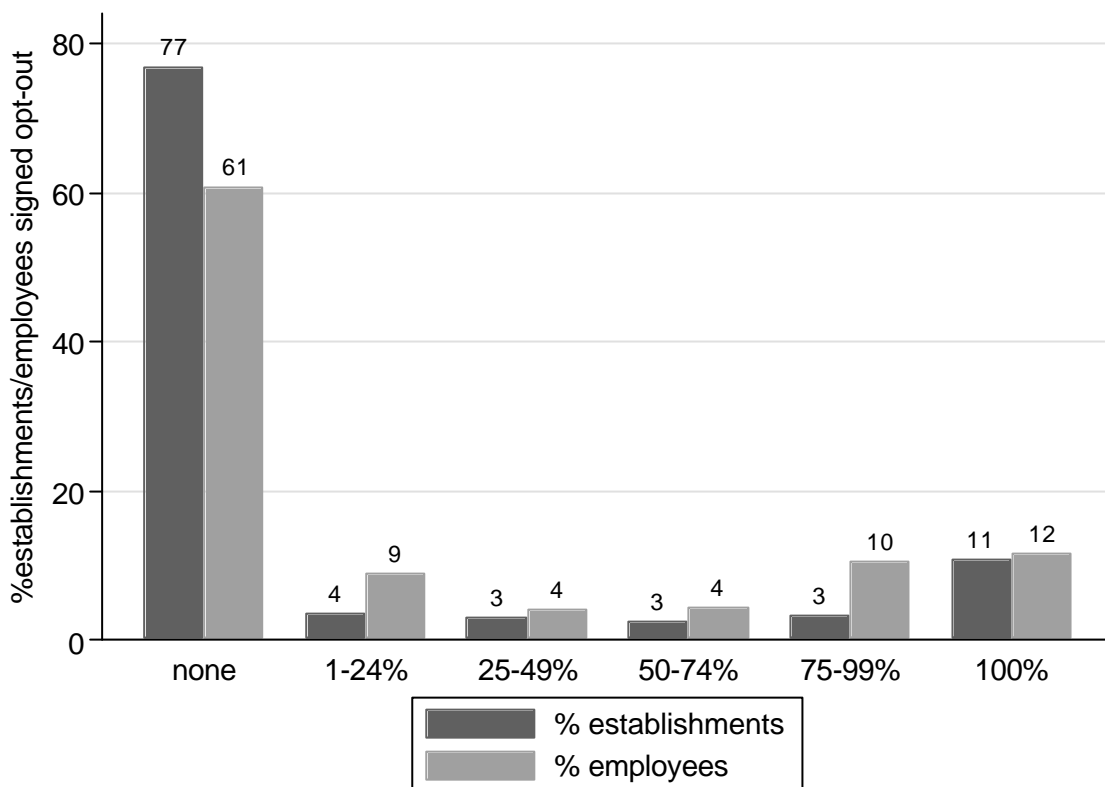


Figure 4.1c: Establishments/employees signing opt-out – union/staff association not present



Source: Business Context to Long Hours Working Survey (IER/IFF)
 Base: Employment/establishment weighted bases

Averages hide a marked distribution in the percentage of employees who had signed the opt-out. In some organisations it was only one or two employees who had signed it, in other cases a majority of the workforce had signed the opt-out. Where a majority of the workforce had signed the opt-out, the case study evidence points to this being carried out as a precautionary activity to ensure compliance with the law in any eventuality. The case study of the hotel in central London illustrates this point where despite staff working less than the statutory limit they had still been requested to sign the opt-out. A civil engineering consultancy had its senior managers sign the opt-out even though they were sufficiently senior that the working time limits in the WTR might not apply to them. Both these cases are presented in greater detail below.

The evidence also points to employers sometimes taking the lead in bringing the opt-out to employees' notice. Around 40 per cent of those establishments that had employees sign the opt-out had all their employees sign it (*see Figure 4.1/Table 4.1*). Generally, it was larger establishments, those engaged in manufacturing and construction, private sector organisations, and those without union representation that had the largest percentages of employees signing the opt-out. This is addressed in greater detail below.

Who signed the opt-out?

Establishments that reported staff signing the opt-out were most likely to report senior managers and manual workers as being those who had signed³³ (see *Table 4.1*). The results for managers were intriguing insofar as one interpretation of the weekly working time limits in the WTR is that they do not apply to employees who are responsible for setting their own workloads. This might well reflect the precautionary approach some employers took to ensuring that employees were compliant with the regulations. Around one quarter of establishments with manual employees reported that at least one manual worker had signed the opt-out. It was this group that was most likely to be working on an hourly rate and for whom overtime pay can make a substantial contribution to overall earnings. Although a relatively small proportion of employees overall worked sustained long hours, a large minority of manual workers in some industries were working in this manner.

The case studies revealed that employers were most concerned about routine non-manual and manual employees signing the opt-out. In nearly all of the cases it was thought that managers and professional staff were responsible for setting their own hours of work (see *Chapter 2*). In nearly all cases, as well, the personnel function had briefed line managers on the need to obtain an opt-out from employees should they work beyond the given threshold. But the indications were that these briefings were aimed primarily at routine grades of worker rather than management.

The hotel included in the case study phase of the research illustrates how the opt-out was employed with reference to routine grades of workers and provides an illustration, following the discussion above, of the opt-out as a precautionary measure (see *panel*).

Case study: Hotel

The hotel employed 254 people in central London. When the WTR was introduced the hotel drew up an opt-out and sent it to all staff. This appeared to have been drawn up as a precautionary measure as no one, at the time of the case study, worked sustained long hours. The opt-out that staff were asked to sign lasted for five years; the hotel will review the opt-out in 2003. Employees could choose to opt back in, the personnel manager reported, provided they gave management three months notice. As already noted the opt-out was a precautionary measure in case a need for sustained long hours working arose. The personnel manager commented: *'Well we just got a solicitor to draw it up. There was no pressure, it was up to them [the employees]. I just said if they asked, if it did happen that you worked 48 hours I'd have to say stop. But we've never had 48 hours plus over a 17 week period since 1998.'* In the housekeeping department it was confirmed that staff never worked sustained long hours; the hotel had a range of measures including altering its rota system, using an agency, and casual staff to meet peaks in demand. A majority of staff signed the opt-out but some staff were concerned at the time that having signed the opt-out they then would be forced to work more than 48 hours a week.

Source: Business Context to Long Hours Working Case Studies (IER/IFF)

A company providing engineering and management services to the construction industry across the world illustrates the application of the opt-out to management (see *panel*).

³³ The limits of questionnaire design made it impossible to collect information about the percentage of each occupational group signing the opt-out. Whilst the question is easy to ask there must be doubts about the reliability of such detailed data provided by respondents over the telephone. For this reason these data were not collected in the questionnaire.

Case study: Civil engineering company

Twenty or so senior managers had signed the opt-out because the company required them do so in order to protect itself reported a management respondent. Top people in the company may be visiting projects in three different countries in one week resulting in short periods of intensive work. There was little recognition from the company that senior people might not need to sign the opt-out as they might be regarded as being responsible for managing their own working time.

It was reported that becoming a civil engineer was like joining the army, if you signed up to being a civil engineer you signed up to going to wherever you needed to go. It was part of the job – ‘part of the buzz’ – and one of the attractions. It was like joining the army because you accept it as being part of the job when you sign up.

A key management respondent felt there was no real need for senior managers to work such long hours because so much of their work was unnecessary and/or represented duplication of effort that could be eradicated if systems were integrated but recognised that there was an element of voluntarism especially for senior staff. If people, in general, wanted to work long hours that was fine and up to them, but if they were pressured into doing so then that was totally wrong.

Source: Business Context to Long Hours Working Case Studies (IER/IFF)

Characteristics of establishments where opt-out signed

Large workplaces were more likely to report that an employee had opted-out (*see Table 4.2*). This is likely to reflect both the greater probability associated with employing a large number of people and the likelihood that there is a personnel function aware of the regulations and ensuring that those who need or want to sign the opt-out do so. Amongst the smallest establishments (5-49 employees), 19 per cent recorded some employees as having opted out, while in establishments employing 250-499 workers, the figure was 54 per cent. Though larger workplaces were more likely to have at least one employee who had signed the opt-out this was not necessarily reflected in a greater percentage of employees having done so. Establishments with 5-49 employees reported only a slightly lower percentage of their employees signing the opt-out (16 per cent) compared to their larger counterparts – 19 per cent amongst those with 250-499 employees (*see Table 4.2*).

Manufacturing and construction recorded both the highest percentage of establishments that reported an opt-out being signed and the highest percentage of employees who had signed it (36 per cent in both instances). This reflects the earlier finding that long hours working and sustained long hours working was relatively common in this sector. Compared with the *manufacturing and construction* sector other industries reported a relatively small percentage of opt-outs being signed (*see Table 4.3*). *Public administration* recorded both the lowest percentage of establishments reporting an opt-out (17 per cent) and the lowest percentage of employees who had signed one (five per cent). Again, this is consistent with other evidence that reveals practices to maintain work-life balance being more firmly established in the public sector; if sustained long hours working is thought to be contrary to the achievement of work-life balance, other things being equal, it would have been curious to discover such a working practice being condoned by management through the signing of opt-outs³⁴.

³⁴ Hogarth *et al.*, 2000.

A much greater percentage of employees in the private sector had signed the opt-out (25 per cent) compared with the public sector (seven per cent) (*see Table 4.4*). In a hospital, contacted as part of the case study phase, the HR respondent reported that the opt-out was seen as supporting an unacceptable working practice and flew in the face of good human resource policy. *Tables 4.2a and 4.2b* repeat *Table 4.2* for private and public sector respectively. The differences are marked across all size bands with the private sector reporting a higher percentage of establishments where the opt-out had been signed and a higher percentage of employees who had signed it regardless of the number of people employed at the establishment.

Table 4.5 shows that 25 per cent of employees in establishments where no union or staff association existed had opted out, compared to 14 per cent in establishments with representation. On the one hand, this is consistent with the findings on the incidence of sustained long hours working in *Chapter 3*, but on the other, the existence of a union or staff association might be expected, other things being equal, to increase the incidence of the opt-out being signed where sustained long hours were being worked. In other words union representation might in the first instance reduce sustained long hours working, but where it occurs it increases the signing of opt-outs by making both employers and employees aware of the need to do so³⁵. It should also be noted that trade unions/staff associations might well have a degree of expertise as to who should sign the opt-out and therefore reduce the blanket approach to signing the opt-out.

Those industries where the regulations exempted certain employees from working long hours were only slightly less likely to have signed the opt-out (18 per cent compared to 23 per cent where the regulations applied in full). Those industries with exemptions reported 14 per cent of their employees signing an opt-out compared to 19 per cent with those where no exemptions existed.

The opt-out and sustained long hours working

Central to understanding the use of the opt-out by employers is their use of, first, long hours working and secondly, sustained long hours working. Is the opt-out signed as a consequence of sustained long hours being worked or in anticipation that they might be, given the incidence of occasional long hours working? *Table 4.6* indicates that establishments characterised by some degree of sustained long hours working employed approximately 3.8 million workers and it is estimated that 1.2 million of these workers had signed the opt-out, suggesting that almost 32 per cent of employees working in establishments where long hours working existed had signed the opt-out. Those establishments with no long hours working employed around 17 million workers of which nearly 3 million, or 16 per cent, had signed the opt-out. As in *Tables 4.2 to 4.5*, 19 per cent of employees across all establishments had opted-out³⁶.

Has the opt-out been signed in establishments where there was no sustained long hours working and, conversely, has the opt-out not been signed in establishments with sustained long hours working? *Tables 4.7a and 4.7b* present an analysis for the proportion of establishments containing at least one worker who had opted out according to whether any sustained long hours working existed in the establishment. Amongst those establishments where sustained long working hours was present, 27 per cent had employees who had signed the opt-out. In establishments that had sustained long hours working, 73 per cent had had no employees sign the opt-out. This figure

³⁵ Due to small sample sizes this finding should be regarded as indicative.

³⁶ The base used in the construction of *Table 4.6* differs slightly to that in *Tables 4.2 - 4.5* since it excludes those establishments where it was unknown whether any employees work sustained long hours. As a consequence, total employment in *Table 4.6* is lower than in *Tables 4.2 - 4.5*.

needs to be viewed with some caution in view of the small cell sizes. Where establishments had no sustained long hours working, 22 per cent had nevertheless opted-out reflecting the points made earlier about the often precautionary nature of the opt-out.

Extending the reference period

Securing an opt-out from employees provides only one means of legitimately engaging those in scope of the regulations to work sustained long hours. Through collective agreement with the workforce the reference period for the calculation of weekly working hours can be extended to 26 or 52 weeks. This can be useful where demand is seasonal. Generally, establishments had not sought to extend the reference period with only three per cent of respondents reporting that this had taken place (*see Table 4.8*). Just under a half of one per cent of establishments had extended the reference period to 26 weeks, with around one and a half per cent extending the reference period to 52 weeks. In general, extension of the reference period has not been sought by employers as a means of introducing more flexibility into the constraints imposed by the WTR. This may mean that the flexibility provided by the 17-week period is sufficient for employers' purposes. Alternatively, it may also reflect the decline of collective bargaining as a means of workplace regulation. Though a workforce agreement is not dependent upon the recognition of a trade union, one is more likely to exist where unions are recognised³⁷.

Findings from the more detailed statistical analysis

The various characteristics of establishments where the opt-out has been signed presented in *Tables 4.2-4.5* are clearly correlated and thus in order to disentangle their separate influences, this section presents some multivariate analyses of the determinants of the opt-out³⁸. In *Table 4.9*, column (1) reveals that, relative to the smallest size category, larger establishments were significantly more likely to have used the opt-out, other things being equal, confirming the general pattern in *Table 4.2*. The magnitude of the differences in probability are substantial for the largest two size bands. Establishments in the *transport and communication* sector were significantly less likely to have signed the opt-out, and this may be related to the fact that those in the transport sector comprised a significant proportion of the employees that were exempted from the WTR at the time of the study. Establishments in public services were also less likely to sign. Establishments with any groups working sustained long hours were more likely to have signed the opt-out once the other factors had been taken into account.

Any attempted reductions in hours in recent years, and the success of these attempts appear to have little effect on whether establishments had signed the opt-out as shown at the base of column (1) and column (2). Finally, whether recent increases in sales/budget, or decreases in employment resulted in establishments being more likely to sign the opt-out is shown in column (3). There would appear to be little systematic relationship between business needs – defined in this way – and whether any employees at establishments had signed the opt-out. This is consistent with findings in the previous chapter that sustained long hours working was, at most, only weakly related to indicators of organisational performance.

³⁷ Cully *et al.*, 2000.

³⁸ Given the binary nature of the dependent variable (either the establishment has signed the opt-out (= 1) or it has not (= 0)), the empirical specification employs a probit model which takes into account the dichotomous nature of the dependent variable. *Table 4.9* presents the results of estimating a number of models for the determinants of the opt-out. The coefficients reported are the marginal effects on the probability of an establishment signing the opt-out. Standard errors robust to heteroskedasticity are given in parentheses.

The estimates in *Table 4.9* are for the determinants of the probability that an establishment had any workers who had signed the opt-out. Additionally, the determinants of the proportion of employees at the establishment who had signed the opt-out are of interest³⁹. The results demonstrate that larger establishments had a greater proportion of workers who had signed the opt-out, although, other things being equal, there was little difference in these proportions above the smallest (5-49 employees) size category. Relative to *manufacturing/construction*, all other industries had a lower proportion who had signed. This is consistent with the evidence presented in *Table 4.3* above which revealed the distribution of the opt-out across industry. Unionised establishments had a slightly lower proportion of workers who had signed, as did those in the public and voluntary sectors relative to the private sector. As expected, establishments with any employees who worked sustained long hours had a greater proportion of employees who had signed the opt-out. Similar to the results in *Table 4.9* for whether any workers had signed the opt-out, there was no evidence that the proportion who had signed was related to the business needs of the establishment (as measured by either changing employment or sales/budget in the last year).

Conclusions

An intriguing picture has emerged of the extent and incidence of sustained long hours working in relation to the opt-out. Compared with the extent of sustained long working hours the use of the opt-out was widespread. Overall around 22 per cent of all establishments with five or more employees had at least one employee who had signed the opt-out; in the region of 3.8 million employees had done so. This estimate needs to be treated with a degree of caution given the sample size and associated sampling errors, but even taking this into account the evidence demonstrates that substantial use has been made of the opt-out.

In many, if not most cases, the opt-out was being signed as a precautionary measure. The bulk of employees who had signed the opt-out were not, according to the survey, working sustained long hours, rather they were in an environment where, typically, additional working hours were the norm so the opt-out had been signed in case employees strayed over the working time boundary. In this sense, signing the opt-out has been a precautionary response to the regulations rather than the actuality of sustained long hours working. It suggests that the withdrawal of the opt-out would have an impact on the comfort zone in which employers operated where long hours were worked.

Some managers in the case studies reported that they were reluctant to use the opt-out because it signalled management's acceptance and justification of long hours working when, in fact, they thought that working over an average of 48 hours a week over a continuous 17-week period was not good human resource practice. This view is also supported by evidence from the survey that revealed a high percentage of employers with regular additional hours working felt that the disadvantages outweighed the advantages.

³⁹ Given that this proportion must lie between 0 per cent and 100 per cent simple linear regression techniques are inappropriate. A number of estimating strategies are possible, although the results obtained are not sensitive to which method is chosen. Two empirical specifications are presented in *Table 4.10* for the same set of variables included in column (3) of *Table 4.9*. In column (1), a (two-limit) Tobit model is used. This takes account of the fact that there are a disproportionate number of establishments where no employees (0 per cent) had signed the opt-out, and also a relatively large number where all (100 per cent) employees had signed. Column (2) presents the estimates from a regression using a logistic transformation of the proportion who had signed the opt-out, with the upper and lower bounds being assigned values -5 and +5 respectively.

5

Barriers to change

Introduction

Sustained long hours working, and long hours working more generally, as the evidence in the previous chapters indicates, were seen by a substantial minority of employers as more likely, on balance, to be disadvantageous and were often regarded as a necessary evil. This was certainly reinforced by the case studies. If long hours working is undesirable, as management sometimes indicate, how can it be changed? Introducing any form of change, as the employee relations literature demonstrates, is not without its problems, especially so in relation to working hours which, for hourly paid staff, has a direct and obvious link to their wages. Even amongst salaried staff additional hours working may be a source of much desired overtime earnings which make a substantial contribution to their take home pay, especially when it is paid at a premium rate. So what barriers have employers encountered or perceive they would encounter if they attempted to reduce working hours? This chapter examines the evidence in relation to employers' attempts to reduce working hours; why they did so; and the barriers they encountered in the process.

As will be seen, where employers attempted to reduce working hours the changes were welcomed by the workforce generally and, where they were present, by union or staff association representatives. In fact, the evidence indicates that although the management of change might be difficult for managers to plan and execute, resistance from unions and workforce were encountered only in a minority of cases.⁴⁰

Reducing the number of hours worked

Employers in the survey were asked if they had attempted over the last 2-3 years to reduce the total number of hours worked by employees within each of the occupational categories that it employed.⁴¹ Overall, 35 per cent of establishments representing 44 per cent of total employment had attempted to reduce working hours. Of these, establishments that had attempted to reduce working hours 63 per cent (representing 68 per cent of total employment) reported that their attempts were successful, with 13 per cent reporting that it was too early to tell, and 24 per cent reporting that their attempts had been unsuccessful.⁴²

Obtaining management support for the reduction of their own working hours can be difficult. Case study evidence in Purcell *et al.* reported the incidence of 'presenteeism' amongst managers and the difficulties of breaking down this culture.⁴³ Examples of this were also reported in the case studies undertaken in the BCLHW study. The civil engineering consultancy, for instance, had a workplace culture based on managers working exceedingly long hours yet it had proved difficult for the human resource

⁴⁰ Daniel, 1987.

⁴¹ See *Table 5.2* for employment weighted data.

⁴² See *Table 5.4* for employment weighted data.

⁴³ Purcell *et al.*, 1999.

function to persuade engineers of more time efficient ways of working. Arguably, where senior personnel fail to see the costs of long hours working difficulties may be encountered in dealing with the issue across the workforce as a whole.

Respondents were asked whether they had attempted to reduce the working hours of employees in each of the occupational groups they employed (see *Table 5.1*). Approximately 26 per cent of all establishments employing senior managers had attempted to reduce the total number of hours worked by senior managers with the remaining 74 per cent having not done so. Overall, there was variation in the percentage of establishments reducing hours of work across the four occupational groups. For instance, in establishments employing junior managers, 27 per cent had attempted to reduce hours, while for establishments employing manual workers, the figure was 16 per cent for that occupation.

Table 5.1 also considers the extent to which establishments sought to lower hours according to whether there were any employees working either additional hours or sustained long hours. Amongst those establishments employing senior managers where at least one senior manager worked either additional hours or sustained long hours, 33 per cent had tried to reduce the number of hours worked by their senior managers. In establishments where no senior managers worked additional hours or sustained long hours the corresponding percentage fell to 11 per cent. A similar pattern is apparent for the three remaining occupational groups where a higher percentage of establishments had sought to reduce hours if they employed individuals within the occupational group who worked either additional hours or long hours. The differential is particularly notable for other non-manual employees where the percentage of establishments that had tried to lower hours was 37 per cent when some non-manual employees worked either additional hours or sustained long hours, and only 13 per cent when no extra hours occurred. Overall, the evidence would point to attempts to reduce working hours being linked to the existence of long hours working – whether or not it was over the 48-hour/17-week threshold – rather than attempts to reduce further the hours worked in establishments that reported average, fixed hours worked by their employees. In establishments where at least one employee from any occupational group had worked additional hours, 43 per cent had sought to reduce the hours of their employees compared to only 17 per cent of establishments where no additional hours occurred.

Characteristics of establishments reducing working hours

Tables 5.2 and 5.3 reveal the size and industry characteristics of establishments that had sought to reduce working hours for each occupational group. The data in these tables are presented using an employee weighted base to indicate the percentage of employment affected by attempts to reduce working hours. With reference to size, employees were more likely to be affected by attempts to reduce working hours if they were employed in larger workplaces. This pattern is apparent for all occupational groups - except non-manual employees - and is particularly marked amongst manual employees. Around 16 per cent of manual employees were in workplaces with 5-49 employees where at least one manual worker had their hours reduced, compared with 44 per cent in workplaces with 500 or more employees.

The pattern with regard to industrial sector is much more mixed than that apparent in relation to size. With regard to senior management and professionals, it was in *public administration etc.*, where employees were much more likely to be affected by their employers' attempts to reduce working hours, and with respect to junior managers and professionals it was in *retail/wholesale*. In relation to non-manual employees, those in the *transport/communication* sector were less likely to have witnessed attempts to

reduce their hours of work compared with their counterparts in other industries. In contrast, manual workers in this industry along with their counterparts in *finance/business services*, were more likely to have been subject to attempts to reduce their hours of work. Clearly, there has been an industry specific approach to attempts to change working hours.

Union recognition appears related to attempts to reduce working hours. Fifty per cent of employees in establishments where unions were recognised had seen attempts to reduce their hours of work compared with 37 per cent where they were not recognised. This will be, in part, a function of, firstly, the size of establishments that had sought to reduce working hours and, secondly, the prevalence of long hours working in establishments. But since one of the principal functions of unions and staff associations is to negotiate hours of work the evidence does suggest that they have an influential role in reducing working hours.

Success in reducing hours worked

For those establishments that had attempted to reduce hours over the last two to three years, information was also collected on whether the establishment was successful at reducing hours. Within the sample, there were 264 establishments that had tried to lower the hours worked by senior managers, which gives a population estimate of 136,157 establishments⁴⁴. In 44 per cent of establishments, success was reported in reducing the total number of hours worked by senior managers. A further 38 per cent of establishments reported no success, while the remaining 18 per cent reported that it was too early to determine if hours had been reduced. The success rates for establishments employing junior managers, other non-manual employees, and manual workers were 63 per cent, 78 per cent, and 81 per cent respectively. It should be noted, however, that there were considerably fewer establishments employing manual workers than, for example, senior managers.

The establishment weighted data reported above does not reflect the number of employees affected by attempts to change their working hours. *Table 5.4* provides employee weighted data to reflect this facet. It is most striking that a much lower percentage of senior managers were affected by the successful introduction of changes to reduce their working hours. Where employers had sought to reduce the working hours of senior managers, success affected 43 per cent of this occupational group whereas the respective data for the other occupational groups was: middle/junior managers, 61 per cent; non-manual workers, 72 per cent; and manual workers, 74 per cent. Case study evidence indicates that where employers sought to reduce working hours they had much greater control over those employees whose hours of work were strictly monitored. Managers, in contrast, seldom had their hours monitored in the case study examples and were thought, by and large, to be responsible for setting their own working time. In some respects, human resource managers felt powerless and reluctant to instruct the cadre of middle and senior managers about their working time and thereby, implicitly, about how they should organise their work.

The reduction of working hours and reasons for doing so

The introduction alluded to the type of working time being reduced. Was it the additional, overtime hours worked by employees or their basic, fixed or standard weekly hours? In general, it was overtime hours that were being reduced (*see Table 5.5*). This was especially so with respect to senior managers where 68 per cent of senior managers experienced attempts to reduce the additional hours they worked, but as noted earlier

⁴⁴ From *Table 5.1*, approximately 25.6 per cent of 532,113 is 136,157.

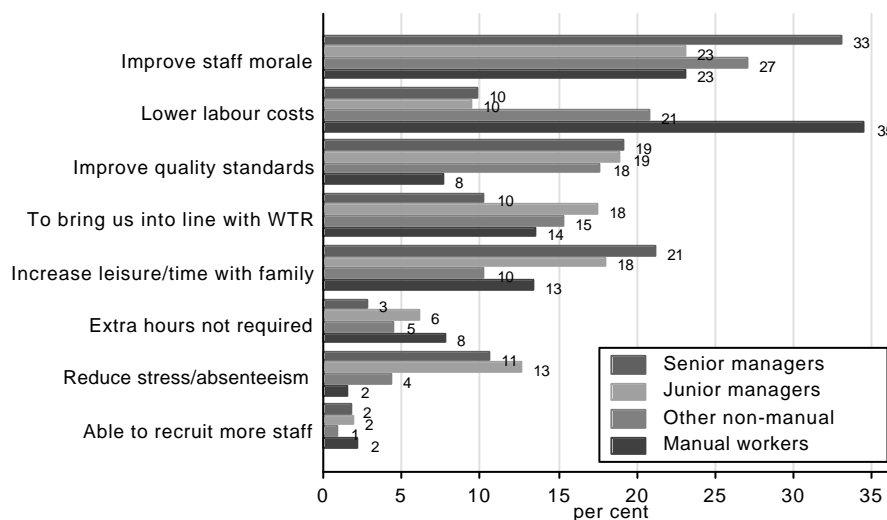
this group was particularly difficult to influence. Non-manual workers were the most likely to experience reductions in their basic, fixed weekly working time where just under a quarter (23 per cent) were affected by this. Even this group, however, was mainly affected by attempts to reduce their overtime often in an effort to reduce labour costs. This is consistent with the views about institutionalised overtime in *Chapter 4*.

Amongst those establishments that were successful at reducing the hours of a particular occupational group, data were collected on the reasons for lowering the hours of that group (see *Figure 5.1*). Improving staff morale was the most commonly cited reason for reducing working hours for each occupational group. But there are a number of occupation specific reasons. For senior managers, *increasing the amount of leisure time* they had with their family was especially important. But for manual workers, often hourly paid, *lowering labour costs* was much more important while *improving the quality of work produced* was much less important. Bringing working time within the WTR was relatively frequently mentioned, especially so in relation to middle/junior managers and professionals.

Again, the case studies provide some insight into why employers had sought to reduce working time. Most Personnel Managers in the case studies simply thought it was bad practice to have staff working excessively long hours and the consensus of opinion was that 48 hours worked on average over a period of 17 weeks was a ‘bad practice’. Business needs could give rise to occasional demand for long hours – indeed many of the cases reported that they depended upon employees to work additional hours at critical periods – but long hours worked consistently was not good for the business or the individual employee. Again, the qualification was added that managers and professionals were exceedingly difficult to influence in this respect.

It was also apparent from the case study evidence that the WTR could act as an incentive to reduce working time. In the example of the hospital, the need to provide 24-hour, seven day service in the laboratories led to some staff working at least occasionally, for more than 48 hours a week. The WTR, and its implementation across the health service, had required new working arrangements to be agreed with the workforce. But, as will be expanded on below, this proved difficult to achieve.

Figure 5.1: Reasons for reducing hours (when successful) (employment weighted)



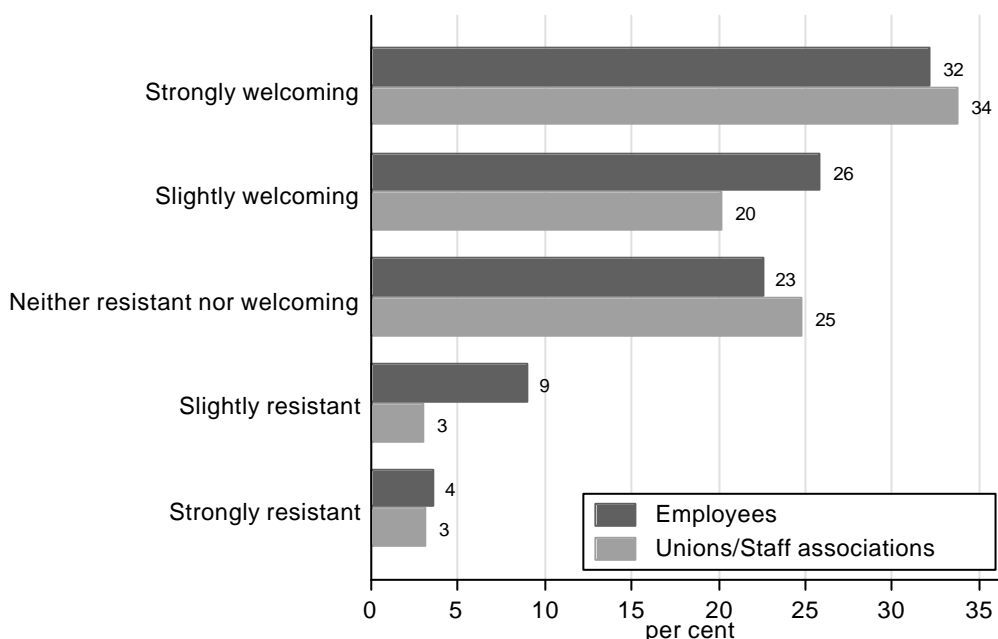
Source: Business Context to Long Hours Working Survey (IER/IFF)
 Base: Employment weighted

Employee and union support for reductions in working time

Attempts to introduce changes to working time were slightly more common in workplaces where unions or staff associations existed (see Table 5.6). Generally, the workforce and their union/staff association welcomed attempts to reduce working time, and where they did not welcome it, they tended to be neutral, neither welcoming nor resistant (see Figure 5.2). In fact, the percentage of the workforce accounted for by establishments that were resistant to the introduction of reductions in working time was small. Approximately 12 per cent of employees were employed in workplaces where either strong or slight resistance had been displayed to the employer's willingness to cut working time. Indicative evidence⁴⁵ from the survey suggests that where sustained long hours working was more prevalent in an establishment, support for reductions in working time was stronger.

Traditionally, reductions in working time might have been such that employees, or at least hourly paid workers, would have been resistant to the reductions that might have consequently reduced their overtime pay. This was one of the issues Donovan⁴⁶ dealt with over 30 years ago: institutionalised overtime unrelated to demand and contributing to Britain's low productivity. There was evidence from the current survey that employers wanted to cut working time in an effort to reduce labour costs. Of course, this is likely to reflect the economic position of the organisation – those in decline may be much more likely to be looking for labour cost reductions. Interviews in the case studies suggested that employees, including manual grades, were often unwilling to work long hours and take advantage of overtime paid at premium rates.

Figure 5.2: Employee and union/staff association support for reductions in working time



Source: Business Context to Long Hours Working Survey (IER/IFF)
Base: Employment weighted

⁴⁵ The data are indicative because of small sample sizes.

⁴⁶ Royal Commission on Trade Unions and Staff Associations (1968).

A large volume of research literature has been produced over the years which reveals that employees are much more likely to accept changes to working practices if they are consulted about them and have an opportunity to be involved in their introduction⁴⁷. The BCLHW survey reveals that reductions in working time were seldom negotiated with the workforce through either consultative committees or through their union representation. Overall, 15 per cent of employees subject to changes in working time were in establishments where this was negotiated through consultative committees; 24 per cent where it was negotiated with the unions or staff associations; and 24 per cent where consultation took place through some other forum. Approximately 37 per cent of employment was in workplaces where no consultation took place at all over the introduction of reductions in working time. Union negotiation was most common in large workplaces. But even where unions were recognised, only 37 per cent of employees were employed in establishments where changes were negotiated with the unions.

Tables 5.7 and 5.8 show that unions and staff associations were thought, on balance, to welcome changes designed to reduce working time regardless of the number of employees at the workplace or industry.

Barriers to reducing hours

Despite workforce support for reductions in working time there may still be a number of obstacles to achieving the goal of reduced working time. Shortages of staff or a sudden pick-up in orders may well place pressure on staff to work additional hours. Respondents were asked about the most common barriers they faced in reducing working hours (*see Table 5.9*). The most common barrier to reducing hours worked centred on the needs of the business and workload. In establishments employing senior managers that worked either additional hours or long hours, a majority of this group worked in establishments where management reported that the needs of the business were a barrier to reducing the hours of that occupational group. But as some of the case study material suggests – such as the example of the civil engineering consultancy – business need could be used a rationalisation for what was, from the perspective of the human resource function, essentially custom and practice rather than a necessity arising from production demands. Similar proportions reported needs of the business as a barrier to reducing the hours of the three remaining occupational groups. Amongst establishments where at least one employee from any occupational group undertook additional hours or long hours, nearly two-thirds of employees were in establishments that reported business needs as a barrier to reducing the hours of any of the occupational groups that it employed.

After business needs/workload, the most commonly suggested barriers to reducing hours related to a lack of staff and the reaction of workers. Establishments may not have a sufficient number of appropriately skilled workers in order to reduce the hours of its existing workforce. Alternatively, the existing workforce may resist a reduction in hours if it leads to a reduction in overtime pay. As may be seen, the existence of a long working hours culture was not commonly viewed by establishments as presenting a barrier to reducing working hours.

The importance of overtime pay is provided by the case study of a hospital (*see panel*).

⁴⁷ See Daniel and McIntosh, 1972 for a review of the evidence.

Case study: Hospital

The hospital required laboratory staff to be available 24 hours a day, seven days a week to carry out tests for medical staff, often on an emergency basis. Core hours in the workplace were approximately 9am to 5:30pm with a more limited number of staff working from 6am to 3pm and another group working from 2pm to 9pm. Night work, when one member of the laboratory staff would work, was met through paid overtime. This shift ran from 8pm until 7am the next day, thereby providing one hour overlap with staff coming off duty in the evening and those coming on duty in the early morning.

Overtime was voluntary but the laboratories had never had any difficulty finding staff willing to work night shifts, weekends, or bank holidays. The reason for this was that the night shift was well paid at up to £360 a night, resulting in those working this shift regularly earning between £7,000 and £11,000 a year extra on top of their average basic salary of £25,000 a year.

With the introduction of the WTR, management at the hospital felt that existing working time arrangements were unacceptable. It recognised the danger of staff working long hours, especially in a laboratory setting, and set about devising new working time arrangements. Laboratory staff were asked to design their own system – the only stipulation from management was that it had to be cost-neutral, *i.e.* cost no more in salary than the existing overtime arrangements.

The hospital thought it had an agreement based on new shift working arrangements that would reduce average working time for staff. Initially the arrangements agreed between management and the laboratory staff were warmly welcomed by both sides. But after two years agreement still had not been reached. Management thought that this was due to staff being unwilling to relinquish a voluntary system: those that regularly worked overtime were concerned that they would not receive as much pay, and those that avoided working non-core hours were concerned that they might have to.

This left the hospital with a problem insofar as it had to change the existing arrangements to comply with the interpretation of the WTR in the health service.

Source: Business Context to Long Hours Working Case Studies (IER/IFF)

Alternatives to long hours working

Several of the case study establishments had developed working practices which avoided long hours working even though they reported that long hours working was the norm in their industry. The types of approach adopted fell into three groups:

- adopting new forms of work organisation to avoid overtime and additional hours work;
- using training to even out demand for additional hours; and
- tailoring work practices more effectively to product market position.

These examples are not necessarily representative but they indicate how organisations responded to the challenge of arranging working time in industries where long working hours were thought to be customary.

First, examples were obtained from a range of industries (engineering maintenance, hospitality, manufacturing, and retail) of how working time had been organised so as to avoid overtime working. For example, a manufacturing plant with a highly seasonal demand for its products had introduced annualised hours to meet the summer peak in production (*see panel*).

Case study: Manufacturing Plant

The plant produced tumble dryers for domestic and export markets. The main problem it faced was the cyclical demand for its goods: demand was high during cold, wet months, and low during those months when clothes could be dried outside. The cost of storing the dryers was considered to be prohibitively expensive, and it was difficult to recruit reliable temporary staff to cover the period when demand was at a peak. Accordingly the site had shifted to annualised hours. Employees were paid for a standard 37-hour week all year round but worked shorter or longer hours depending upon the time of year. It was reported that initially employees, tended to dislike the additional hours worked – typically around 41 hours a week – but soon forgot about this when a four-day week arrived.

Operating the annualised hours system was not without its problems. Demand for tumble dryers tended to fluctuate, in part because of the weather and in part because of economic factors, such that the hours specified in any one week were subject to change. In order to retain flexibility in meeting fluctuations in demand, the company had an agreement with the unions whereby a minimum of 14 days notice would be given for changing hours. Although labour turnover was low, if people left at a certain time of year they had to pay back some of their wages since the company paid in excess of the work undertaken at the beginning of the annualised hours year.

Notwithstanding these problems, HR and production managers thought that the annualised hours system had delivered both the output required and had helped stabilise the numbers employed at the site.

Source: Business Context to Long Hours Working Case Studies (IER/IFF)

In other industries labour scheduling was to the fore. In the hospitality case, although employees welcomed overtime, the hotel was trying to limit its use and cost because of a drop-off in the number of tourists to London. To this end, management was committed to understanding why a given employee was unable to complete tasks in an allotted time and re-arranging work accordingly. Peaks in demand were met through the use of temporary staff; a well established pattern in the hotel industry, rather than increasing hours of existing staff.

Second, is the example of the engineering maintenance company, service engineers had been bought out of their overtime and call-out pay (*see panel*).

Case study: Refrigeration Services

The company provided around the clock cover to companies requiring refrigeration and it was typical in this industry to pay staff call-out payments for work outside of usual working hours. Long hours working was reported as common in the industry; the on-call element of the job requiring staff to visit industrial plants at unsociable hours led to long weekly hours of work. This company, however, had decided to move away from this model because it was considered to be neither cost-effective nor in the interests of the workforce. At a senior level in the company a two-pronged approach had been adopted: (i) to buy-out engineers from part of the on-call element of their job; and (ii) ensure that the number of call-outs was minimised.

All engineers were paid for a 46-hour week although the records showed that for the past 17-weeks the average had been between around 44 hours. Hours of work were formally recorded with customers who were asked to sign job sheets that were then sent to head office for data processing. As a result, the local office was able to provide a detailed breakdown of the hours worked by each engineer to the nearest minute.

The second element of the strategy was to reduce the number of call-outs. Analysis of the business indicated that many of these call-outs related to re-work, so a high priority was to ensure that work was carried out correctly on the first call-out. The company had invested

in training its engineers (and other staff as well) spending an average of £1,000 a year on each engineer. This has included a mix of in-house courses and those provided externally. The content of the courses related to the technical aspects of refrigeration.

It was thought that training had significantly reduced the number of second call-outs relating to work unsatisfactorily completed on the first call-out.

Source: Business Context to Long Hours Working Case Studies (IER/IFF)

The third type of approach was found in a law firm. The company reported that very long hours working was a common practice in large law firms, especially those operating at the top end of the market. The company felt that it could not operate in the same market as these companies without adopting comparable working practices which, it was reported, the senior partners wanted to avoid. Accordingly, the company operated in a more locally oriented market compared to the major national players but was able to attract recruits of a high calibre because of its commitment to both training and development (career progression) and providing a better work-life balance to employees than in competitor organisations. Technology was also important in allowing staff to work from home on occasion. All this had also had the effect, management reported, of making it easier for women to progress in the company.

The examples cited above are not necessarily typical, and the example of the law firm was almost certainly atypical, but they provide an indication of how working time can be arranged to avoid the long hours working considered to be the norm in the respective industries.

Conclusions

The history of industrial relations is littered with examples of conflict stemming from attempts to reduce working time, mainly in relation to management's attempts to curb the amount of overtime worked and thereby lower labour costs. Since the time of Donovan when the issue was a pressing one, management has introduced a range of innovations that seek to circumvent the often vexed question of overtime. The introduction of annualised hours, and contracts that essentially buy-out hourly paid workers' entitlement to paid overtime in return for a degree of flexibility has made the issue of overtime much less a source of controversy than it once was. Employers in the BCLHW survey, and in WLB1, tended to report that flexible working practices were in place. The evidence presented above demonstrates that management attempts to reduce working time was aimed predominantly at reducing additional and overtime hours. Whilst this occurred in response to seeking reductions in labour costs, it was also an attempt to improve staff morale coupled with recognition that tired and over-worked staff were unproductive and prone to error, as illustrated by the case studies. The principal barrier reported by management to lowering working time was the demands of the business and whilst this affected all grades of staff it was most acute with respect to management themselves. But, as at least one case study demonstrates, changing working time arrangements often means changing payment systems and this, in an environment of regular paid overtime, can prove to be a formidable barrier.

6

Conclusion

The study has produced three main sets of conclusion:

- firstly the extent of long hours working in Britain remains substantial, particularly for certain categories of employee;
- secondly, long hours working, and especially sustained long hours working, is potentially avoidable in some instances although there are sometimes formidable barriers to be overcome in doing so;
- thirdly, there has been some reduction in long hours working over recent years and the Regulations have made some contribution to that reduction. But the most prominent feature of WTR is the opt-out, which is widely used by employers as a precautionary measure.

Each of these areas is now discussed in greater detail.

The extent of long hours working

The evidence from the BCLHW 2002 study is that long hours working, even if on an occasional basis, is fairly widespread. Employers reported that around 19 per cent of employees were recorded as working 48 hours or more a week at least on an occasional basis, and around four per cent of employees were working sustained long hours. As noted in the main body of the report these figures are not easy to evaluate, since there are few if any benchmarks against which they may be readily compared. But there are a number of concluding observations that may be made with confidence about the figures.

Firstly, employers reported that there are around one million employees who remain subject to working sustained long hours. Secondly, there are wide variations in the practice between different occupational groups. The groups most likely to work sustained long hours are senior managers and professionals, and manual workers. In many ways senior managers and professionals tend to be a special case. The case studies confirmed that that they are generally regarded as having a high degree of autonomy over the hours they work, and over *when* and *where* those hours are worked. Partly in consequence of their autonomy they were also the most intractable group when it came to reductions in hours. Moreover, senior managers and professionals enjoy the highest levels of remuneration for their efforts and, in addition, their investment in work carries the promise of increased future rewards. All this stands in marked contrast with manual workers, at the other end of the occupational scale. They are also likely to work sustained long hours but with relatively much lower levels of autonomy, intrinsic reward and remuneration. Moreover, there were also wide

variations in levels of sustained long hours working between manual workers in different industrial sectors.

In consequence, thirdly, there was at least one sub-group of manual workers where sustained long hours working rose to substantial levels: 20 per cent of manual workers in the transport and communication sector worked sustained long hours.

Moreover, fourthly, whilst these did not emerge quantitatively from the survey, the case studies revealed sub-groups subject to long hours working. A prime example was some categories of supervisory and junior management. It was apparent that, in some instances, they were expected to demonstrate the same level of visible commitment, and work similarly long hours as senior management. At the egg packing plant for example, where additional hours needed to be worked to meet a production order, it was supervisors who were called upon to work them, in part because they would work the additional hours without question, but also because as a tier of management they would not expect to be remunerated. But whereas high intrinsic and deferred rewards were a reality for senior managers they were much less so where more junior staff were concerned.

Is sustained long hours working avoidable?

The statistical analysis of levels of long hours working in relation to the business circumstances of workplaces suggested long hours working is sometimes part of the culture of the workplace, and, in the case of manual workers, frequently reflected institutionalised overtime. There was no sign that the extent of sustained long hours working was systematically associated with the business or financial needs of workplaces, including movements in the sales or budget of the workplace; the level at which the workplace had been working relative to capacity; whether employment at the workplace had been increasing or decreasing over the previous year; and whether or not there were hard-to-fill vacancies. At the same time, the incidence of long hours working was strongly associated with the organisational and structural characteristics of workplaces; such as the division of labour; occupational level; type of activity; industrial sector; system of pay; and whether workplaces were publicly or privately owned. The extent of institutionalisation suggested by that pattern was supported by the frequency with which management respondents volunteered *the demand for overtime* as the reason for sustained long hours working. The fact that employees want the institutionalised overtime means that employers will face problems removing it. Thus, while this type of overtime may be avoidable in that it is not necessary for business reasons, it may nevertheless be difficult to remove it from employees.

There was evidence that sustained long hours working could be reduced. Management in the present study reported steps they had taken to reduce hours. Where they had done so, initiatives had generally been welcomed by employees and their representatives and had been successful.

As revealed in *Chapter 5*, some of the case studies illustrated how some workplaces have organisational choice and are able to organise themselves to reduce the need for sustained long hours if they choose to do so. Examples are quoted in the body of the report of how, for example, an electrical appliance manufacturer which had introduced *annualised working hours*, critically examined the origins of sustained long hours (such as the amount of re-work), and had directly addressed the cause by improving training and development to reduce levels of faulty working.

All this does not mean that workplaces are never faced with a real need for long hours working. Undoubtedly, some employers faced sharp peaks in demand for their products often related to a high degree of uncertainty. For example, at the egg packing plant the uncertainty attached to a daily order for a perishable good received at 7.00am each day that could be double or half that received the previous day, was met through staff working long hours. Staff would work as long as possible until the order was despatched, usually sometime between 9.00pm and midnight, the length of shift depending upon the size of order. This example from the case studies was exceptional in the volume of activity, uncertainty, and short lead times. But it illustrates the way that long hours may be occasionally required.

It also needs to be recognised that in workplaces with regular paid overtime attempts to reduce working time often means bringing in changes to payment systems. Even where assurances are given that earnings levels will remain more or less unchanged, the workforce can be resistant to the changes because there is always a degree of uncertainty or unpredictability attached to such changes. It should be noted that attempts to reduce working time by employers have the reduction of labour costs as one of their causes. This implies that for those paid hourly and/or overtime that their take home pay will be reduced and/or there will be a reduction in the number of staff. This further implies that attempts to reduce working hours, as the case study evidence illustrates, will be less than straightforward and subject to formidable obstacles in some establishments.

Impact of the Working Time Regulations

As already emphasised, there has been a reduction in long hours working in recent years, apparent in surveys over time and in initiatives reported by managers in the present study. The Working Time Regulations were introduced in 1998. From the accounts of management respondents it was apparent that the introduction of the regulations had played a part in that reduction, though not necessarily the dominant part. That is to be expected. Managers are always inclined to take the view that they take action for their own reasons rather than in response to external influence or pressure⁴⁸. The results of the present study, survey and case studies combined, demonstrated that there was a strong management consensus that sustained long hours working were undesirable and should be avoided or reduced, wherever possible. That was apparent from the survey, where a high proportion of management respondents, in places that worked long hours, clearly had strong reservations about their own practices; and many had worked to reduce the length of additional hours. It was even more apparent in the case studies from which long hours working consistently emerged as, at best, a necessary evil. At the same time, although the direction of the Working Time Regulations has clearly been working with the grain of that management consensus, it had also made some independent contribution to the trend.

Overall, however, the impression created by the programme of research is that the Working Time Regulations have not been a matter of central concern for managers. The general position may be illustrated by the Group Operations Manager in a food processing plant who said that he thought the regulations were going to be a nightmare when he first heard about them, but they had not proved to be a problem in practice.

⁴⁸ Daniel and Stilgoe, 1978.

He was now vaguely aware that there were some opt-out agreements around somewhere, but he could not be certain for what categories of employee.

It is apparent that the opt-out has been widely used. The BCLHW survey indicates that 19 per cent of the workforce or 3.8 million employees had signed it. It needs reiterating that business demand does occasionally result in a necessity for sustained long hours working and where it does so the opt-out, in non-exempted sectors, is therefore a legal requirement. But it is equally clear that the opt-out has been used mainly as a precautionary measure by employers. The proportion signing the opt-out was five times the number who worked sustained long hours. The case studies, in conjunction with the survey findings, demonstrated that the opt-out provided a comfort zone for employers who had staff regularly working additional working hours, lest that practice should stray into becoming sustained long hours above the weekly working time limits in the WTR.

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