

AUSTRALIAN INDUSTRIAL RELATIONS COMMISSION

REASONABLE HOURS TEST CASE

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**QUEENSLAND GOVERNMENT SUPPLEMENTARY
SUBMISSION**

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1.0 INTRODUCTION – THE QUEENSLAND GOVERNMENT POSITION

Extended working hours has emerged as a significant issue in recent years. In Queensland alone, there are now 450 000 people (27% of all employed persons) working over 45 hours a week, more than double the 220 000 people (23%) working those hours in 1981. Of full-time employed persons in Queensland, almost half (46%) are working more than 45 hours a week, compared with only 33% in 1981. Moreover, the biggest increase is in those working the upper end of long hours, from 50 to 59 hours a week.

At the same time, there is growing evidence of the negative impact that longer working hours are having on the health and safety of employees and their productivity in the workplace. Research studies show that longer hours reduce the quality and quantity of sleep that employees need, increase fatigue levels, and reduce alertness. This in turn reduces workplace performance and productivity, and increases the risk of accident and injury. The Bureau of Transport Economics has estimated the costs attributable to fatigue alone to cost the Australian taxpayer over \$3billion annually.

The weight of evidence also suggests long working hours create negative consequences for families and the broader community. Both overseas and Australian studies suggest that long hours restrict the quantity and quality of time that parents want and need to spend with their children. Social and community life is being undermined with less time being devoted to voluntary work that supports sporting clubs and community organisations and maintains the social fabric of our community.

Working hours is an issue that needs to be addressed, touching as it does on so many areas of both work and life in modern society– the quality of our working lives, our safety and productivity performance in the workplace, our health both at work and at home, and on the way employees and employers balance their working lives with the rest of their daily lives.

This case provides an appropriate and important opportunity for these issues to be examined. Historically, the AIRC has played a key role as a forum for determining working hours arrangements and it should continue to play that role.

The ACTU application in this matter is seeking an award clause that outlines the factors to be considered in determining what are unreasonable hours of work, and compensates employees with extra paid leave after certain hours have been exceeded. The details of the claim are outlined in the ACTU submission.

The Queensland Government supports in-principle the application of the ACTU. The basis for this position of in-principle support is outlined in the Joint States Submission. The Queensland Government does not seek to address the details of the ACTU claim.

In support of this position and to assist the Commission in its deliberations, this supplementary submission will examine:

- The Queensland Government approach to industrial relations;
- The nature and dimension of working time changes, particularly the extent and growth of longer working hours;

- The international experience with working hours; and
- The impact of longer hours on family and community life, productivity and health and safety.

2.0 QUEENSLAND GOVERNMENT APPROACH TO INDUSTRIAL RELATIONS

It is useful first to consider the Queensland Government position in this test case in a broader policy and legislative context.

The Queensland Government view of industrial relations is shaped by a number of key themes and objectives. These include the need to:

- balance economic and social objectives for employers and employees;
- reflect community standards and values;
- respond to emerging labour market and work patterns; and
- help employees and employers balance work and the rest of their daily lives.

The challenge is to provide a system of industrial relations that best achieves these objectives – to find the right mix of policies to help achieve both a competitive economy and a fair and cohesive society. To do this, policy-makers, legislators, and practitioners need to understand what is actually happening in the labour market and look for appropriate responses.

Much has changed since industrial relations legislation was first introduced in the early 1900s to regulate standard types of working arrangements. Over the past decade in particular there have been significant changes to how we live and work. For instance, by the late 1990s, only 37% of the workforce were still employed in a ‘typical’ 9 to 5, Monday to Friday style job.

The nature of employment and work has changed in such a way that familiar notions of standard-time employment are no longer the reality for large sections of the workforce. As standard time employment has declined, there has been a growth in more precarious forms of non-standard employment. These include higher levels of casualisation and part-time employment, and the growth of contract employment. Female employment has increased dramatically with women comprising more than 45% of the Queensland workforce. New industries have emerged in areas such as information technology, telecommunications and bio-technology. Alongside these developments are broader community shifts such as changes in family structures and the ageing of the population.

The challenges posed by these developments require responses in a number of areas, but industrial relations is one area that can make a difference with policies and legislation that reflect and respond to developments in the labour market.

This Commission itself has played a key role in dealing with these challenges, evidenced for example by key test case decisions over recent years to provide award entitlements to carer’s leave, unpaid maternity leave for casual employees with 12 months service, and its ongoing role in setting a living wage for low-paid employees.

With the *Industrial Relations Act 1999*, the Queensland Government too has put in place a number of proactive measures to address these emerging labour market patterns. These include:

- community standards of employment such as annual leave, sick leave, parental and carer's leave, and bereavement leave for all employees, whether or not they are covered by an award or agreement;
- ensuring outworkers are defined and protected as employees;
- providing long-term casual employees with unpaid maternity leave (an Australian first at the time); and
- empowering the Queensland Industrial Relations Commission to declare a class of contractors to be employees.

The Queensland Government is building on this platform by implementing key election commitments to improve pay equity between women and men workers and to introduce a work and family package for casual employees.

The Government has also established a Work and Family Unit within the Department of Industrial Relations to help promote a more positive balance between work and family in the Queensland community and is establishing a Ministerial Taskforce to progress these initiatives.

In a rapidly changing labour market, one of the key trends and developments has been the increase in working hours. The Queensland Government has responded to these trends and has been active in promoting research on these issues in recent years.

When it first came to office in 1998, the Queensland Government established an independent and representative Industrial Relations Taskforce to review industrial relations legislation in Queensland in light of developments over the previous decade.

Working hours was just one of many issues considered by the Taskforce during its extensive review process. In its report to the Queensland Government in December 1998, the Taskforce found evidence of increasing hours of work and stress associated with work intensification, and recommended the Government conduct further research into the changes in working time arrangements and standards and examine the impact on work, employment, health and safety, and the balance between work and life. The Government adopted this recommendation.

The Queensland Government submission to the 1999 Senate inquiry into the federal Government's failed 'second wave' industrial relations legislation also highlighted the decline of the standard working week as working hours and work intensification have increased for many in the workforce.

Consistent with the Taskforce recommendation above and with the Government's own first term election commitment to progress research into these issues, the Queensland Government, through the Department of Industrial Relations, has joined with various research centres to conduct the following working time related projects:

- research into current working time arrangements in Queensland conducted by the Australian Centre for Industrial Relations Research and Training (ACIRRT). This project was finalised with the release of a report in April 2001;
- research into the impact of extended hours on safety at work conducted by the Centre for Sleep Research at the University of South Australia;
- research into the impact of extended hours on family life conducted by the Centre for Labour Research at the University of Adelaide; and

- research into the impact of working time practices on organisations, employees and their households, conducted by Griffith University in partnership with the Department of Industrial Relations and funded in part by an Australian Research Council grant. The project is due to be completed in 2002.

To further discussion on these issues, the Queensland Department of Industrial Relations organised a working hours conference held in Brisbane in April this year and attended by over 100 people from government, unions, employer organisations, employers and community groups.

As part of its second term election commitments, the Queensland Government will be addressing working time arrangements through the development of industry codes of practice, building upon the successful workplace health and safety model for establishing industry and occupational standards. The codes will outline achievable standards of reasonable working hours that take account of industry and employee needs, health and safety factors and fair community standards.

The Queensland Government will assess the outcome of this case as a basis for proceeding with this election commitment for industry codes of practice.

3.0 THE EXTENT OF WORKING TIME CHANGES AND LONGER WORKING HOURS

Any case for changes to current regulatory arrangements for working hours must be based first around an understanding of the hours that are actually being worked in Australian workplaces and how these have changed over time, as well as who is working these hours and why.

To develop a Queensland perspective on these working time issues, the Queensland Government commissioned ACIRRT to conduct research into current working time arrangements in Queensland. The key findings from the ACIRRT research are presented below.

For purposes of comparison, the submission then provides an overview of the international experience with working hours.

3.1 What hours are being worked?

The growth in extended hours of work is part of a wider shift away from the traditional 35-40 hour week. The ACIRRT report illustrated the diversity in working time arrangements with three distinct working time regimes having emerged: those working standard hours (between 35-44 hours a week); those working part-time hours (less than 35 hours a week) and those working extended hours (more than 44 hours a week). The report showed Queensland is at the forefront of these changes with a higher proportion of both part-time and extended hours workers than the national average.

The ACIRRT report identifies a clear trend toward longer hours over the last 20 years. From 1981 to 2000, the total number of people in Queensland working more than 45 hours a week has increased by 105%, compared with a 73% increase in the total workforce over that time. In Queensland, 450 000 people (27% of all employed persons) are now working over 45 hours a week, more than double the 220 000 people (23%) working those hours in 1981.

Examining the spread of hours of full-time workers separately can draw an even more telling picture. Of full-time employed persons in Queensland, almost half (46%) are working more than 45 hours a week, compared with only 33% in 1981. Furthermore, of those working long hours (ie. more than 45 hours), the biggest increase is in those working the upper end of long hours, at 50 to 59 hours. There are now 162 000 employed persons in Queensland working these hours, compared to 69 000 in 1981. The relative growth in the number of people working these hours has been far greater in Queensland (136% increase) than it has been nationally (94% increase).

Another dimension to hours being worked is unpaid overtime. Approximately one-fifth of Queensland wage and salary earners work unpaid overtime in a usual week. The majority of these people (61.1%) were not compensated by either an allowance or 'time off in lieu'. Those working paid overtime accounted for 11.8 per cent of Queensland workers.

3.2 Who is working longer hours?

The majority of these persons working extended hours are wage and salary earners (60%). The ACIRRT Report highlights the typical characteristics of the Queensland worker undertaking extended hours of work. Overwhelmingly the employee is likely to be male (80%) and is most likely a manager or administrator (27%), or else falls into the category of tradesperson (19%) or a professional (15%).

While the mining industry has the highest average hours of work per employee (54 hours) in Queensland, it employs a relatively small number of workers and an extended hours worker is more likely to work in either wholesale and retail trade (21%), community services (13%), or manufacturing (13%).

These findings indicate that working hours is an issue that impacts a wide cross-section section of the workforce across both blue-collar and white-collar occupations and industries.

Although only a small percentage of the total workforce, employers (both self-employed and managers) are also frequently undertaking extended hours of work.

As might be expected, many extended hours workers are situated in the upper end of the income scale with 45% earning more than \$41 600 per annum. However, well over a quarter of employed persons working long hours (28.6%) earn less than \$30 000 per annum.

3.3 Why are people working longer hours?

There is considerable evidence that in many cases workers are not voluntarily working extended hours. Using ABS survey material, the ACIRRT report showed that of those working long hours most are doing so based on 'expectations' of the job, rather than through choice.

In a 1999 survey of wage and salary earners, no one doing 49 hours or more responded that it was because of their own choice. Income did not appear very often as the reason for employees working these hours either (7%). The major reasons cited were the expectations of the job (33%) and the need to get the job done (39%) (p. 54).

These results are reflected in the fact that a sizeable majority (61%) of those working more than 49 hours a week indicated they would prefer fewer hours and one in five of those workers would be prepared to work fewer hours for less pay. Equivalent results are evident for those working 41-48 hours a week. Another telling result is that no one in the survey working 35 or more hours a week would prefer more hours than they were currently working.

The clear pattern from the survey results is that the more hours that people work, the greater the likelihood that their expressed preference will be for fewer hours.

4.0 AN OVERVIEW OF THE INTERNATIONAL EXPERIENCE

4.1 Trends in working hours

In most OECD countries the length of the working week has re-entered public debate. Australia and the United States have the highest proportion of men working 50 or more hours a week of any OECD country¹. The long-term trend of declining average annual hours has slowed in almost all OECD countries and in some cases has reversed². During the 1980s, overtime was averaging between 3 and 4 percent of total hours in Europe but was over 8 per cent in the United States (US), United Kingdom (UK) and Japan³. However, the majority of the last decade (i.e. 1990s) saw hours of work steadily increase in countries such as Hungary, Sweden and the US. Japan and Korea⁴ are the only countries in recent years to have experienced a downward shift in trend, while France, Germany, Italy, the Netherlands and Norway have all experienced declining working hours but at a slower rate. These changes in annual hours in Europe to some degree reflect the increased proportion of part-time workers.

Amongst European Union countries the UK has the highest proportion of full-time employees working more than 46 hours per week⁵. Whereas 12 per cent of employees across European Union countries on average are working more than 46 hours per week, in the UK the proportion is close to a third. Long working hours are also particularly prevalent in Greece, Ireland, Italy and Portugal.

TABLE 1: Average proportion of full-time employees usually working more than 46 hours and above per week, by industrial sector (per cent) in the European Union.

Industrial sector	Proportion of full-time employees
Mining and quarrying	21.4
Manufacturing	14.8
Electricity, gas and water	10.4
Construction	7.2
Wholesale and retail trade, repairs	14.6
Hotels and restaurants	25.1
Transport and communication	16.9
Financial intermediation	9.6
Real estate and business activities	14.2
Public administration	7.3
Other services	10.1

Source: Eurostat, 1997. *Labour Force Survey Results 1996*, Office for Official Publications for European Communities, Luxembourg.

As expected, in every country in the European Union a higher proportion of male employees work longer hours than women⁶. This overall trend disguises differences by occupation but is consistent with statistics in the Australian labour market. In terms of industry sectors associated with long working hours, similar to Australia, the mining sector has a high proportion of employees working long working hours in European countries. The hotels and restaurants sector of Europe has the highest

¹ Jacobs J.A. and Gerson K., 2000.

² Evans J.M., Lippoldt D.C. and Marianna P., 2001.

³ Golden, 1998.

⁴ Korea has since exhibited an increase in annual hours worked in the most recent period.

⁵ Kodz, Kersley, Strebler and O'Regan, 1998.

⁶ Kodz et. al., 1998.

proportion of employees working long hours, while in Australia this sector is typically coupled with part-time positions and casuals.

The figures in Table 1 are averages and therefore do not indicate the high degree of variation across individual European countries. For instance in the UK just over 45 per cent of full-time employees in the mining and quarrying sector usually work more than 46 hours, compared to the average of 21.4 per cent across the EU⁷. Examination of the distribution of workers undertaking long hours by occupational mix revealed a similar pattern to that in Australia, with managers and professionals being among the most likely to be working long hours. However one-third of machine and plant operators in the European Union are also working over 48 hours a week⁸, indicating that the occupational mix included both white collar and traditional blue-collar jobs.

There are a variety of likely reasons for the pervasiveness of long working hours. These include workload and work pressures; the growing expectations of customers (for example 24-hour service); restructuring, downsizing and lean staffing; the introduction of new technology (for example technology which has allowed the introduction of 24 hour operations in manufacturing); an increase in project and contract-based work linked to short lead-in times and tight deadlines; and an increased need for travel as a result of a greater geographic span of area in work. Flexible forms of working time, which have been adopted by companies to meet the evolving needs of business, are increasing in the European Union as evidenced by Table 2.

TABLE 2: Percentage of companies that have changed their use of flexible forms of working time over the last three years.

Country	Increased flexibility	Unchanged	Reduced flexibility	Not used
Denmark	16	53	1	23
Finland	62	24	0	12
France	19	46	1	24
Germany (W)	55	27	1	14
Ireland	25	27	1	31
Italy	32	22	0	36
Netherlands	43	38	0	14
Norway	23	59	1	10
Sweden	35	52	1	10
United Kingdom	30	31	1	32

Source: Cranfield School of Management, 1995. *Price Waterhouse Cranfield Project 1995 Survey Results*, Centre for European Human Resource Management, Cranfield School of Management.

While flexible forms of working time have been explored in relation to balancing the commitments of work and family, some view the increased flexibility as evidence of a shift in the balance of industrial power. It has been argued that the driving force behind a flexibility approach to working time has been the pressure of companies seeking to lower costs and extend opening hours rather than being promoted by employee needs (Lehndorff, 2001).

Indications of the emergence of a long hours culture amongst workers has surfaced with the OECD (1998) seeing signs that unpaid overtime is also on the rise in European countries. A culture of long hours could be driven by expectations of

⁷ Kodz et. al, 1998.

⁸ Kodz et. al, 1998.

management, peer pressure from colleagues, the desire to demonstrate commitment or seek recognition, a sense of job insecurity, and a wish to increase their incomes through paid overtime.

In the European Union working-time policy explicitly links average hours, variability of hours and wages. The policy discussion in many ways can be seen as having shifted from one that originally sought to improve worker conditions with minimal harm to industry competitiveness to the reverse situation, of seeking to enhance competitiveness with minimal harm to worker conditions⁹.

4.2 Regulation and legislation

In all the OECD countries hours of work are determined by a blend of regulations and collective bargaining. Three groups of countries emerge where each of these is particularly dominant¹⁰. Countries where the influence of legislation is particularly strong include; France, Portugal and Spain. While in Denmark, Germany, Italy and the UK¹¹ collective bargaining is more influential. Working arrangements are a combination of the two in Belgium, Greece, Ireland and the Netherlands. However, the US relies on monetary rather than statutory deterrents to excessive work hours¹², a situation that contrasts starkly with the legislated statutory limits on weekly and overtime hours in Canada and most countries of Europe. The OECD (1998) found “a tendency for those countries where collective bargaining is more developed to have shown a faster decline in working hours”.

Policy initiatives around the organisation of working time have been explored in a number of countries to varying degrees, with France being the most notable given their 1982 legislation reducing hours and their more recent introduction of the 35-hour week¹³. The law on negotiated workweek reduction in France has three objectives; (1) job creation, (2) competitiveness and (3) improved working conditions and a better balance between work and personal life.

It is too early to comprehensively evaluate the workweek reduction, however the French Government have undertaken initial surveys that highlight the benefits to employees and employers¹⁴. Among their survey outcomes were the following results for employees:

- 85 per cent believe the 35-hour week is good for them personally;
- 86 per cent felt the shorter week improved their personal and family life;
- 74 per cent believed it allowed them more time for personal growth and development;
- 68 per cent thought it helped them better organise their schedules; and
- 50 per cent thought it created better morale at work.

⁹ Golden, 1998.

¹⁰ Evans et al, 2001.

¹¹ The *Working Time Directive* represented the first general regulations regarding working time to be introduced in the UK.

¹² Golden, 1998.

¹³ Minister for Employment, French Government, 2001.

¹⁴ Minister for Employment, France.

Chief Executive Officers (CEOs) were also surveyed in relation to their perception of the impact of the changes in the workweek to their companies. The key findings included:

- 84 per cent of CEOs who signed a work hour reduction agreement under the first law¹⁵ are satisfied with the results;
- 81 per cent found that it had led to better labour relations in their company; and
- 65 per cent thought it improved the way they organise their work.

Europe's Conciliation Committee¹⁶ in April this year agreed to extend the *Working Time Directive* to cover workers in the sectors and activities currently not included in the *Directive* (for example, doctors in training and offshore workers). The European Union's *Working Time Directive*, passed by the European Parliament, includes provisions such as; a minimum daily rest period of eleven consecutive hours; a break if the working day is longer than six hours; a minimum rest period of one day a week; a maximum average working week of 48 hours (including overtime); four weeks of paid annual leave and; no more than eight hours night work during a 24-hour period.

The OECD (1998) noted that across OECD countries the reduction in hours of work tended to be associated with countries with well-developed systems of collective bargaining. The modal value for usual hours worked tends to be higher in those countries where arrangements are set by law, France being a notable exception. The modal value for usual hours of work reported by men in most European countries is 40 hours a week.

4.3 Trends in hours constraints

Two questions arise from the examination of changes to working hours and these are the extent to which employed people have a preference for reduced hours of work (or part-time work) and the extent to which they would be prepared to trade off part of their earnings (or increases to earnings) in exchange for reduced hours. Hours constraints, meaning the desire of individuals to work more or less hours than they actually work, has been analysed by a number of researchers¹⁷.

Table 3 below, is a summary of a literature survey on international hours constraints. The studies reviewed here indicate a mixed response to the question of whether employed people prefer a reduction in their hours of work. Underemployment appeared to be a characteristic in the labour markets of at least several countries; with a couple of studies concluding underemployment (people wishing to increase their hours) was more common than overemployment (people wishing to reduce their hours). Some studies specifically explored people's preferences for hours given specified consequences for their incomes. The impact of working hours on income appears to weigh heavily on people's preferences for hours.

¹⁵ This law was introduced 13 June, 1998.

¹⁶ Its members consist of representatives from the European Parliament and the Council of Ministers.

¹⁷ Four theories essentially explain the hours constraints faced by workers and these can be summarised as; (1) long-term contracting, (2) mismatching in hedonic models of the wage/hour locus, (3) models with rigid wages and (4) hours as a screening device (Sousa-Poza and Henneberger, 2000).

TABLE 3: An Empirical Review of Hours Constraints in countries of Europe and the United States.

Author	Data	Country	Results
Kahn & Lang (1992)	Panel Study of Income Dynamics (1981-82)	USA	Close to half of sample wanted to work either more or less, constraints were more likely to be underemployment
Kahn & Lang (1995)	Canadian Survey of Work Reduction	Canada	Similar results to above, underemployment being more common than overemployment
Bell & Freeman (1995)	International Social Survey Programme	USA & Germany	Underemployment is more common than overemployment
Klauder (1998)	Sozioökonomische Panel (1993)	Germany (East & West)	Three quarters of the male population would like longer working hours.
Dathe (1998)	EC ad hoc Labour Market Survey (1989 & 1994)	European countries	Large proportion of German workers prefer increase in earnings at current workload, than reduction in working time at current wages. In other European countries, overemployment was more common
Euwals & van Soest (1999)	Dutch Socio-economic Panel (1988)	Netherlands (Unmarried workers only)	Overemployment is more common than underemployment
Ilmakunnas & Pudney (1990)	Finnish Labour Force Survey & Housing and Population Census (1980)	Finland	Marginal difference between overemployment and underemployment, the former slightly larger.
Stewart & Swaffield (1997)	British household Panel (1991)	Great Britain	A large proportion of overemployed workers
Ramirez (1998) & Sousa-Poza & Henneberger (2000)	Swiss labour Force Survey (1995 & 1998)	Switzerland	The portion of workers wanting to work less is greater than the portion wanting to work more.
Sousa-Poza & Henneberger (2000)	International Survey (1989)	W. Germany, UK, USA, Austria, Hungary, The Netherlands, Italy, Northern Ireland, Norway	In all countries the proportion of individuals wanting to work more (and earn more) was larger than those wanting to work less and earn less). With the exception of W Germany, a larger proportion of men than women would like to work more and earn more. In most countries, a larger proportion of women than men would like to work less and earn less (especially in the UK).
European Commission (1995)	International Survey (1994)	The then 12 member countries of the European Community	38% of workers said they would prefer a reduction in working hours to an increase in pay, 56% indicated a preference for more pay and 6% gave no opinion.
Atkinson (1999)	Employment Options of the Future (1998)	EEC member countries	Substantial interest both in shorter hours of work and in increased levels of part-time working.

5.0 THE IMPACT OF LONGER HOURS

The previous sections have examined the factual material to present a picture of what hours are actually being worked in Queensland and Australia, who is working them, and also why these hours are being worked. International trends were also examined.

To understand the full extent of the issue, it is necessary to examine what impact these hours are having.

To do this, the Queensland Government commissioned two further research projects, as referred to previously in the submission. One project has been undertaken by the Centre for Sleep Research at the University of South Australia to look at the impact of extended hours on workplace performance, productivity and health and safety. The other project conducted by the Centre for Labour Research at the University of Adelaide focused on the impact of extended hours on family and community life.

5.1 Impact of long hours on workplace performance, health and safety, and productivity

The research paper from the Centre for Sleep Research, *Counting the Costs*, presents compelling evidence of the negative impact that longer working hours are having on the health and safety of employees and their productivity in the workplace, and the need to re-assess the true cost of present working hours arrangements.

In quite simple terms, *Counting the Costs* makes the point that longer hours reduce the quality and quantity of sleep that employees need, increase fatigue levels, and reduce alertness. This in turn reduces workplace performance and productivity, and increases the risk of accident and injury.

The effect of reduced sleep can arise from either the length of working hours – once employees work more than 48 hours per week the increased competition between sleep and other activities of daily living results in significant reductions in sleep - or the timing of the work and sleep periods. Research shows that shiftworkers as a group obtain significantly less sleep than those working equivalent hours that do not intrude on the typical sleep period (p. 14).

Problems with health and safety, fatigue and loss of productivity can be caused not just by long hours. They can also be caused by hours that are unpredictable and irregular.

5.1.1 Performance and productivity

The impact of fatigue on performance and productivity is now well-established. As *Counting the Costs* explains, up until the late twentieth century, much work was relatively unskilled and increased hours of work did not necessarily impact negatively on work performance. Much of the research indicated that many typical workplace skills were not unduly affected by fatigue and there was little performance impairment provided an employee could stay awake.

This is no longer the case. The research shows that fatigue related errors are common well before the point at which an individual can no longer maintain wakefulness. This

reflects the increasing cognitive demands placed on employees with jobs/tasks in the contemporary labour market requiring much higher levels of alertness.

As identified in research on this subject, there are numerous dimensions of workplace performance that are susceptible to the effects of fatigue. *Counting the Costs* cites a review by Harrison and Horne (2000) that highlights the following areas where fatigue has deleterious effects on performance:

- the ability to comprehend complex situations without distraction;
- monitoring events and improving strategies;
- risk assessment and accurate prediction of consequences;
- thinking laterally and being innovative;
- personal interest in the outcome;
- controlling mood and behaviour;
- monitoring personal performance;
- recollection of timing of events; and
- effective communication (p. 16).

These skills are widely applicable across many if not all occupations, and the research results cited in *Counting the Costs*, using simulated studies, indicate both specific and general effects of fatigue on these key elements of workplace performance.

A key point the report makes about productivity is that workers do not maintain the same level of productivity regardless of the number of hours worked, particularly as jobs become more skilled and require higher levels of alertness. There is a point where the value of extra time spent at work becomes questionable both for the employer and employee.

Studies cited in *Counting the Costs* report employee productivity per hour for 10 to 12 hour shifts is significantly lower than for an 8 hour shift. One study found workers on 10 hour shifts reported significant performance impairment for alertness, memory and attention compared to 8 hour shifts.

Further analysis of the relationship between working hours and productivity is outlined in section 5.2 below.

5.1.2 Safety at work

High fatigue levels have also been shown to increase accident risk. One particular study indicated that an exponential increase of accident risk occurred beyond the eighth hour at work. Another study has found a significant increase in fatal accidents in workplaces after the ninth hour of work.

The report contains numerous examples of fatigue related risks and accidents in the workplace, including several major industrial accidents. *Counting the Costs* cites research conducted by MMI Insurance that indicates that approximately 30% of their long haul road transport accidents are fatigue related and these accidents constitute nearly 80% of their overall cost claims in this sector (p. 30).

As the report notes, accidents are not only a risk at work but in transit between work and home as employees working long hours drive home after having accrued a significant sleep debt (p. 21).

As a point of reference, the effects of fatigue on performance are compared to the effects of alcohol intoxication. Research shows fatigue is 4 times more likely to be a cause of workplace impairment than drugs and alcohol.

Counting the Costs emphasises the significance of fatigue as a safety issue associated with long working hours:

'In humans, fatigue delays response and reaction times, negatively impacts on logical reasoning and decision-making and impairs hand-eye co-ordination – all critical safety issues in the workplace. A significant body of research has concluded that fatigue is rapidly emerging as one of the greatest single safety issues now facing industry... It is our belief that extended hours of work are one of the principal contributory causes of sleep loss and subsequent fatigue related accidents and injuries' (p. 22).

5.1.3 Health

The negative health outcomes associated with long working hours are also well-documented, with clear evidence that employees working more than 48 hours per week are at significantly greater risk of poor health, safety and social outcomes.

Generally speaking, it is considered desirable for an individual's health and well being to achieve a balance between sleep, social activities, and work, and the evidence outlined above suggests that long working hours are preventing this from being achieved.

While there is no specific disease or condition associated with long hours, they are linked with various lifestyle diseases. In one study of 203 Japanese workers who had died from cardiovascular attacks, it was revealed that over two thirds of the workers worked in excess of 60 hours a week; 50 overtime hours a month; or more than half of their fixed holiday breaks before the attacks (p. 24).

The report provides evidence from a substantial body of literature that has indirectly linked long working hours with negative health outcomes such as:

- heart problems and high blood pressure;
- negative effects for pregnant women and fertility rates;
- gastrointestinal disorders;
- psychological wellbeing;
- circadian disruption, including effects on eating and sleep; and
- weight gain from unbalanced nutrition and irregular meals and poor physical exercise (pp. 23 and 24).

Counting the Costs also draws out evidence on the inappropriate coping strategies used by workers to deal with the stress associated with extended hours of work, including increased alcohol consumption, smoking, and caffeine intake. Many of the short-term coping strategies, while providing short-term relief, become

counterproductive in the long term. That is they are increasingly unsustainable from a health perspective.

The point made throughout in *Counting the Costs* is that while extended hours of work may provide a limited short-term benefit to employers – in the short-term it is cheaper to have existing employees working longer hours on paid or unpaid overtime rather than employing more people – it is not a sustainable work practice when the longer term costs associated with absenteeism, staff turnover, reduced safety, accidents and injury, and disability claims related to stress and burnout are taken into account (p. 21). These consequences need to be considered when deciding the appropriateness of current patterns of long working hours.

5.2 Working hours and productivity: an economic analysis

The impact of longer hours on productivity has been a traditionally complex and controversial question in economics. Much of the conflict arising from this debate has stemmed from the difficulty in determining a time frame around which to measure productivity changes. For instance, a short-term view may yield vastly different conclusions in terms of the impact of extended hours on productivity than a long-term view, when the fuller consequences of working extended hours have begun to materialise.

5.2.1 Theoretical review

The study of the relationship between work intensity and fatigue owes much to S.J Chapman's¹⁸ theory of the hours of labour, where in 1909 Chapman demonstrated market failure in the determination of working time¹⁹. This argument initially involves the establishment of a concept of 'optimal hours'. The main points of this argument can be summarised as follows:

- a mass of evidence indicating that reductions in hours of work had not led to proportionate declines in output;
- modern industry fatigue was increasingly less physical in nature and more a combination of psychological and physiological as a result of specialisation and increased need for mental concentration;
- the reduction of hours allowed better-rested workers to produce as much or more in the shorter hours;
- the total value of the output would initially rise as the working day increased but eventually the total output as well as the output per hour would decline as the working day became so long that it prevented adequate recovery from fatigue for workers;
- this is the case because, beyond a certain point, each additional hour of work would be contributing to the output of the current day's total output but at the expense of the following day's output capacity; and
- the intensity of the work involved would dictate the point at which total output begins to fall and thus the length of the 'optimal' working day.

The second half of this argument explores whether the free market can arrive at the 'optimal' length of day, and can be summarised as follows:

¹⁸ Chapman, 1909.

¹⁹ Walker, 2001.

- the maintenance of a long-term optimum by employers would require short-term restraint;
- each individual employer could never be certain of reaping the benefit of their restraint as another firm could potentially entice the employer's well-rested workers away with a wage premium;
- therefore the optimal output work time is a form of investment without equity;
- simultaneously, Chapman (1909) assumed that workers would choose a longer working day than was prudent (although not as long as the working day preferred by employers), primarily because of a general short-sightedness that would mean workers would consider their immediate earning capacity more than their long-term earning capacity²⁰; and
- the outcome in a free market situation would therefore be one where employers and employees acting in self-interest would each tend to select a working day that was longer than the 'optimal' hours.

Curiously, since this early work by Chapman, economics has frequently assumed that market forces alone will deliver the optimal length of work time despite never having discredited Chapman's arguments. Economists have attempted to estimate the optimum output week, using analysis of long-term productivity trends. For example, Denison (1962) estimated the optimum output week to be close to 48.6 hours; suggesting that moderate reductions in work time below this amount could be offset by gains in productivity up until the point of maximum hourly productivity, which he predicted to be 33.9 hours²¹. Reductions in work time below this point, he projected, would result in a more than proportionate fall in output.

Since the 1960s the exploration of reduced working hours has concentrated on the prohibitive nature of fixed labour costs, which imply an increase in average hourly labour costs with the reduction of hours of work and therefore negative employment effects²². However Walker (2001) argues that the cost per unit of output is vastly more relevant than the average hourly cost of labour. He contends, "If hourly productivity increases more than hourly labour costs, the net result is a decrease in unit labour costs". The difficulty with this in practice is that employers would incur hourly cost increases immediately, whereas the productivity adjustment would only be realised over an extended period of time. Returning to Chapman's theory of hours, given the high fixed costs of labour, the investment by employers in reducing working hours is even greater with the time it will take to achieve productivity gains²³. Walker (2001) concludes that fixed labour costs do indeed impose a formidable barrier to reducing working hours but that contrary to popular thought, this is not because of the increased unit labour costs but rather the intrinsic risk in investing in potentially mobile workers.

5.2.2 Studies on productivity and hours

²⁰ Chapman (1909) considered three elements in gauging the optimal day for the worker; 1) the wage, 2) the marginal value of leisure and 3) the disutility of work.

²¹ Walker, 2001.

²² Hart, 1987.

²³ The time taken for a return on this investment would be dependent upon four factors; (1) the ratio of fixed costs to variable costs, (2) the size and timing of wage hikes, (3) the size of the productivity gains and (4) the time it takes to achieve them.

The bulk of literature that discusses the detrimental impact of longer workweeks on productivity is based on case studies and anecdotal evidence. For example Schor (1991)'s *Overworked American* relied on data collected through workers self-estimating the number of hours they had worked. Criticism centred on the opportunity in her methodology for recall bias. Schor's results, which indicated that American workers were working 163 hours more in 1990 than in 1970, attracted much discussion. However recent work by Bluestone and Rose (2000), using United States Panel Data on Income Dynamics and Current Population Surveys, confirms increasing trends in long hours in the United States. Their analysis particularly highlighted the long hours worked by families, with their findings lending support to the idea that "working wives increased their time in the paid labour force to maintain rather than improve the family's standard of living"²⁴. Among Schor's other conclusions were that reduced working hours improve productivity through the following mechanisms:

- improved commitment and motivation,
- reduced absenteeism and turnover,
- reduced stress and fatigue,
- diminishing returns from additional hours, and
- reductions in unproductive or idle work time.

These arguments are similar in nature to those of the efficiency wage theorists. For instance, a firm that offers more attractive working hours would compete better against other firms in drawing the more productive and therefore more desirable employees to work in their firm. If the firm is able to select better workers then theoretically, supervisory costs will be lower and management efficiency should be improved.

The United Kingdom's (UK) Department of Trade and Industry commissioned a study by the University of Warwick²⁵ to assess the initial impact of the *Working Time Regulations*²⁶ (Neathey and Arrowsmith, 2001). Their research project is an example of a case-study approach to exploring issues around working time. The research project involved a two-stage process; detailed case studies were undertaken of 20 organisations roughly six months after the implementation of the *Regulations*; followed by interviews with 15 of these organisations where particular concerns had been identified. The *Regulations* covered a range of matters including the setting of a limit for a 48-hour week average (however workers could voluntarily agree to remove this limit), rest, recuperation and holiday entitlements, night work measures, and working time records.

The research project found that some firms experienced an increase in efficiency by moving from a seven-day working period to a six-day working period as a result of the implementation of the *Regulations* (however it is not clear if in all cases this also involved a reduction in working hours rather than a compressed working week). In addition to this, a number of firms were reported to have said that the need to comply with the *Regulations* had "encouraged them to take a more flexible and/or strategic approach to the organisation of working time" and had also raised the profile for the importance of working time in terms of worker health and safety (Neathey et al,

²⁴ Bluestone and Rose, 2000.

²⁵ The Industrial Relations Research Unit.

²⁶ The *Regulations* represented the UK response to the *European Union Working Time Directive*.

2001). However, the most common response to the *Regulations*, reported by organisations in this survey, was to persuade employees to sign forms opting-out of the 48-hour limit. The concern that the *Regulations* would introduce inflexibility and become an administrative burden for employers has not borne out in practice. The *Regulations* have had little impact on costs for employers and nor have they broken the pattern of long working hours, as the 48-hour week is effectively circumvented by employers through their use of employee opt-out provisions²⁷. Full-time employees (both male and female) in the UK work substantially longer hours on average than their counterparts in other European Union countries.

These studies contribute insight to the potential disadvantages of extended working hours, while an econometric approach provides statistical strength to the examination of these issues. The most recent econometric study located that investigates the impact of longer hours on productivity is the paper by Shepard and Clifton (1999)²⁸, provides statistical evidence of the effects of overtime hours on worker productivity based on data from 18 American manufacturing industries²⁹. For the vast majority of industries examined, the results of the study indicated that the use of overtime hours in fact lowered average productivity³⁰.

The estimates for the effect of overtime hours on productivity varied across the different specifications and estimation techniques. The results of this study suggested a negative impact on productivity of between 2 and 15 per cent for a 10 per cent increase in overtime, across industries³¹. However, the majority of statistically significant results (using the varying approaches) indicated that industries experience a productivity decline of 2 to 4 per cent for a 10 per cent increase in overtime.

Certain industries' productivity was found to be more affected by the increase in overtime than others (across the different approaches), particularly petroleum and the chemical industry. Others like, paper products and transportation equipment appeared to be virtually impervious to the effect. The regression results in this study are not

²⁷ EIROOnline, May 2001.

²⁸ Shepard et al.'s most recognized study is their *Drug testing and productivity (1998)* which also applies a production function model in order to estimate the impact of drug testing programs on productivity in organisations.

²⁹ This study uses estimates of factor-augmented production functions. A production function estimation examines data on inputs and outputs. Previous use of such functions have included studies estimating the effect of factors such as unions, employee ownership, profit sharing and worker participation on productivity. Productivity is notoriously difficult to measure from an economic point of view and particularly difficult to capture in the services sector where input and output data is not readily identified. This is most likely the reason behind the use of data from the manufacturing sector for this study. In specifying the model Shepard et al controlled for factors such as changes in technology and varying rates of capacity utilisation that may have led to correlation problems and which would effect productivity. Several alternative specifications and estimation techniques were used including corrections for:

- autocorrelation,
- heteroskedacity,
- rates of capacity utilisation, and

possible endogeneity of the constructed variable representing use of overtime hours.

³⁰ This was measured as output per worker hour.

³¹ The study used a regression that assumes constant returns to scale the coefficients on the log of overtime

such that they could be used to predict which industry will experience a decline in productivity with increased working hours.

5.3 Impact on families and communities

Employees have a life outside work, whether that involves their family responsibilities, social and community activities, study commitments or just personal relaxation. They are likely to be happier and more productive at work, and in their lives, if they have time to balance these various activities, and society as a whole is likely to be the better for it.

Evidence, both anecdotal and research-based, suggests it has become increasingly difficult for workers to achieve this balance in an environment of longer working hours that has developed over recent years.

To examine these issues further, the Queensland Government commissioned Dr Barbara Pocock of the Centre for Labour Research at Adelaide University to conduct research into the effect of long hours on family and community life. The weight of evidence brought together in this report by Dr Pocock suggests long working hours are creating negative consequences for families, relationships, and the broader community. The key findings in her report are discussed below.

5.3.1 The importance of time for children

The Pocock report identifies time as a critical factor in enabling people to balance their work and family commitments. It follows logically from this that long working hours present a major problem for employees in finding the time they need to nurture relationships with their children.

Pocock reports on the results of a US study by Galinsky which includes a comprehensive look at the views of children and a comparison of their views with those of their parents. The study illustrates the importance of parents and children sharing time together, but not just ‘quality time’ - quantity of time also matters.

“This finding undermines the quality time argument that some use to rationalise limited family time. It suggests that parents who work long hours face a major difficulty in giving children what they need (and what parents also want to give): time together. Galinsky’s study suggests that children also need ‘quality time’ – which she calls focussed time, when the parent has good attention for children. But a first and necessary condition is time itself, the thing that parents working long hours have least to offer....

These results suggest that hang around time that is not rushed is very important. When children have less rushed time with their parents they tend to see them more positively. Spending focused time with children also emerges as very important. This focus means ‘being attuned to the child’s cues and clues. It means paying attention...being responsive’.

The results have particular implications for parents who work long or unreasonable hours. These parents are more likely than most to be rushed, to

be time pressured and to be less likely to have good focused attention for their children. They are also more likely to be stressed and tired. Each of these factors stands out as an issue affecting the quality of life for children” (pp. 17-18).

These observations highlight the pervasive impact of longer working hours on family life as the hours impact initially on the wellbeing of the parent who is working the hours, but then the effects are felt by their children as well.

As Pocock notes, recent Australian research into the effects of long hours on children and parent/child relationships supports the findings from the US, especially the significance of time spent together to both parents and children. The research involved interviews with parents and children from 47 families in Melbourne. While this study found time was only one of the critical factors that influence quality of family life, it was a major and recurring theme in the interviews and nearly all children referred to the impact of work on the time that parents spent with children (p. 20).

It is clear from the research that while work generally has an impact on family life and the time that families spend together, problems become more apparent when longer hours are worked.

For example, a 1999 Australian survey of over 2000 respondents by Glezer and Wolcott found that about half of employed men and women working 41 or more hours a week felt work interfered with home life. Less than a quarter of women and the small proportion of men who worked less than 30 hours a week felt that was the case (p. 7). Clearly, those who are working longer hours are more likely to feel the time squeeze interfering with home life.

These results are reflected in evidence cited above that many working long hours would prefer to work fewer hours.

Stress and tiredness are key problems identified in the research which affect those who are working longer hours, particularly in demanding, high-pressure jobs. Pocock quotes Galinsky:

“employees who work fewer hours, who work fewer days per week, who travel less frequently, who do less work at home before or after their workdays, and who experience less job pressure typically experience less stress at work. Some of these numbers are very dramatic: only 15 percent of employed parents who work fewer than 35 hours a week report a large amount of stress at work compared with 36.5 per cent of parents who work more than 50 hours a week ” (p. 18).

Again, the impact of long hours on working parents, in turn, impacts adversely on the relationships between parents and their children:

“This stress has a very significant impact on views of children who are very alert to the stress and tiredness of their parents and name these issues most frequently as the downside of their parents’ working lives. [So much so that] children of parents who work longer hours don’t want to follow in their

footsteps: they plan to work fewer hours and they do not like what they see of the effect on their parents. Work demands, including long hours and travel, affect our moods, and that the moods experience while we are working seem more durable and more likely to spill over into our moods at home” (pp. 16-18).

The state or feeling often described in the Pocock report is one of employees feeling overwhelmed: a combination of both long hours and a feeling of job overload or being overworked. Pocock refers to a US study of 1003 employees that found '45 per cent of those working 50 or more hours a week experience high levels of feeling overworked versus only 6 per cent of those working fewer than 20 hours per week (p. 9).

“ This study finds that feeling overworked is associated with significant personal and work effects. The more overworked people feel, the more work-life conflict they experience; the less successful they feel in relationships with their spouse or partner, children and friends; the more likely they are to be neglecting themselves; and the more likely they are to lose sleep because of their work. Those feeling overworked experience worse health and a lesser ability to cope with everyday life events” (p. 10).

“ [This can have a] potentially lethal effect especially when these hours are in combination with long hours of family care: Vernarec (2000) for example sets out instances of nurses, who having spent the day with children are then asked to work extended long hours in paid work with risks to the health and welfare of patients as a result” (p. 12).

The feeling of being stressed and overworked is linked also to lack of control over working hours, with employees working more hours than they would prefer. As noted in the Pocock report

“In general, higher levels of job-related stress were associated with employees working more hours than were preferred, and having no influence over start and finish times of work. Conversely, higher levels of job satisfaction were linked with working the weekly hours employees preferred” (p. 10).

Providing some control of working hours would also give parents greater capacity to be there for their children at special events and special occasions. This is identified as a crucial issue in the literature surveyed in the Pocock paper (p. 17/18). A similar issue is identified in the Dawson paper, with the concept of the 'psychosocial value of time' (p. 30).

This recognises that the value of time is not constant. For each individual certain times of the day, week or year have inherently more or less psychosocial value than others. Dawson gives the example of an employee who has football practice on a Tuesday night and nothing planned on Wednesday. For that individual, having Tuesday night off work will be of more value to them than having Wednesday night off. Similarly, for a parent, it is particularly valuable to have time off when their child is participating, say, in a sporting event, or a musical, or receiving an award at a presentation ceremony.

Pocock brings these findings together, highlighting the importance of time and the dangers of stress and tiredness, as follows:

“In sum, this research raises significant concerns about the effect of long/unreasonable hours upon the quality of relationships between children and their working parents. The key thing that children need from their parents is time – both hang around time and focused time. This is exactly what parents working long hours lack: enough time and enough fresh attention to be fully focused upon children. Further, children are very concerned and alert to the stress and tiredness of their parents. They rate these effects very highly in terms of the negative outcomes of their parents’ work. This study shows that work arrangements that create stressed and tired parents – and long hours are clear contributors – create serious consequences for children. They make the crucial task of having ‘warm and responsive’ relationships between parents and children more difficult” (p. 19).

Just as time, or the lack of it, has a major impact on family relationships between parents and children, it can also have a profound impact on relationships between couples, particularly those with children. Long working hours and the effects of overwork described above decrease the time, and the quality of time, that couples spend together. In one US study reported in the Pocock paper, the effects were reported as follows:

“...partners felt less loving, saw themselves as less able to take the spouse’s perspective, saw the spouse as less able to take their perspective, and reported more conflict (p. 21)”.

Another dimension of the problem is that long hours often adds to the continuing imbalance in domestic work falling to women, an issue identified as a major factor in marital dissatisfaction. Long hours for either women or men are likely to exacerbate the pressures that this issue create in families and relationships.

5.3.2 Impact of changing family structures

The issue from the evidence above is that parents working long hours are less able to offer the children the quality and quantity of time they need. This does not suggest of course that time pressures are a completely new phenomenon. However, it is clear that working time issues have become more widespread and more pronounced, a primary reason for this being the changing structure of Australian families, particularly the growing number of sole parent and dual earner households.

In Australia today, there are 2.5 million families in Australia with dependents. ABS figures cited by Pocock show that about 11 per cent of families are headed by a single parent, 90 per cent of whom are women. The traditional male breadwinner family structure characterises less than a third of households with dependents in Australia, down from 53% in 1981. The dominant model is now the dual earner household model: in 64 per cent of couple households with dependents both parents were in the labour force in June 2001 (p. 6)

This change in household structure, when combined with the increase in hours of work that has occurred, has highlighted working hours as a major issue across the community. This shift has come through in the US where the growth in two-income households has amplified the sense of 'time poverty by generalising this effect across the workforce so that more people experience the pressures that arise from devoting more joint time to work' (p.13).

Again, such pressures for families are not entirely new. Time demands are placed on every parent and, as Pocock notes, dual income households in particular may well have always experienced these problems and been pushed for time. However, the spread of dual earner households means that a far greater proportion of families are in this position, thereby contributing to the widespread perception of a time squeeze for families. It is not likely that the move towards dual income earner households will be reversed and therefore while working hours continue to increase, these problems and time pressures are likely to remain.

5.3.3 A critical aspect of the work and family balance

As Pocock states, hours issues are a critical aspect of work/family life. Where the fit between family life and the demands of paid work can be happily accommodated, real benefits arise for both households and workplaces (p. 4).

In recent years, there has been a growing recognition of the need to find this balance with the development of family friendly changes in Australian workplaces. However, as Pocock discusses, there is a debate over how effective these workplace level initiatives have been. Perhaps more significantly, the existence and success of some good policies on family friendly matters may have overshadowed the family unfriendliness of other changes, like the extent and impact of intensification of work, the spread of unsociable hours, job precariousness, and the growth in long hours of work which occur at the core of the employment contract.

These arguments are borne out in a study cited by Pocock of around 3000 working parents and 1700 non-parents in the US that found that:

“of greatest importance in predicting conflict between work life and family/personal life were job characteristics....specifically employed parents experienced less conflict and less stress when they had greater job autonomy, less demanding and hectic jobs and more job security” (Galinsky, Bond and Friedman 1996). Compared to the fundamental characteristics of jobs (including job demands and control over work schedules) factors like special family policies or fringe benefits made little difference to work/family conflict.

This suggests that factors like long or unreasonable hours are likely to be associated with greater stress, conflict and poor coping among those work them and that – further – the effects of these job characteristics outweigh family friendly programs and policies which do not address the fundamental characteristics of jobs like how hectic and demanding they are and how the hours are scheduled ” (p.12).

These conclusions are consistent with findings reported earlier in the submission that show that problems for employees of feeling overworked, feeling stressed, or seeing work interfere with home life become more and more apparent as their hours of work increase.

5.3.4 A public or private issue?

The fact that the basic problems with long and unreasonable hours have been overlooked while flexible initiatives to promote family friendliness have proliferated leads to another key dimension of the working time issue explored in the Pocock paper. This is the tendency for working time and working hours issues to be treated as whole series of individual private issues, rather than a major public issue.

This submission argues that for progress to be made in addressing long and unreasonable working hours it needs to be recognised as a community issue. The impact of long hours is not just confined to the individual employee who works those hours. As demonstrated above, it extends to the family and friends of the employee, and ultimately unreasonable hours of work impacts on the ability of employees and their families to contribute to society. This argument recognises that the impact of long working hours occurs on a number of different levels, all of which, ultimately, are felt by the community as a whole.

At one level, the impact of long working hours is felt by individuals who experience the damage to their personal health and well-being, their performance and motivation at work, and the lack of time for personal interests outside of work. When these issues affect as many individuals as they do in Australia today, this becomes a major community issue.

As shown above, the impact of long hours flows through to family life. Again, this is felt in various ways. It is felt privately by the families that have one or more parents working long hours, particularly as relationships between parents and children suffer under the strain of not having enough time to spend together.

However, this strain on families also has wider implications. The paper by Pocock identifies the importance of families as a social institution supporting the social fabric of the community and the economy by reproducing, raising and socialising children to become active members of society, providing labour for the workforce, and providing a basic unit of consumption. The role played by the family in providing these basic building blocks of society can be undermined by the growth of longer working hours.

The impact of longer working hours is then felt more widely again when one considers the capacity of individuals and families to participate in society.

Our society draws much of its vitality and cohesion from the participation of individual and families in wider community life – such as voluntary work in schools, community organisations, membership of sporting clubs, and caring for extended family (this is particularly significant in light of an ageing population, where many workers also have the additional responsibility of caring for elderly family members).

This argument is developed in the Pocock paper. It rests on an understanding of the importance of social capital and social cohesion, concepts which encapsulate the mix of social relationships, institutions, networks and activities that sustain our communities and bind them together.

Central to ideas of social capital, civil society and community is the question of the level of participation by citizens and community members. A number of factors may contribute to participation levels in voluntary and community work, but again time is a factor and long working hours reduces the time and energy people have outside of work for other activities.

Pocock observes:

“ For parents and especially and especially women, increasing hours of work hinders the production of human and social capital. The web of social relationships with extended family members, members of clubs, churches and community organisations that form social fabric become increasingly difficult to maintain for both women and men working long hours”(p. 25).

5.4 Why are these hours still being worked?

Having looked at the research available on the negative impact that longer hours are having, a question worth examining is why, in the face of this evidence, are these types of hours are still being worked. *Counting the Costs* looks at the possible reasons. One involves the psychology of risk (p. 27). Simply this means that for an employer or employee to make a decision about working longer hours the benefits such as more pay and more production are immediate, while the potential cost or risk, such as an accident, may not happen at all or not for some time.

“Because an individual has a low probability of an accident or injury, the correctness of the decision to work the additional hours is frequently reinforced. It is only on the relatively few occasions when a catastrophic event occurs that one individual or organisation realises the total cost for which many others may have received the benefit” (p. 27).

This short-term outlook is exemplified by an interesting finding from research into the impact of 12 hour shifts in regional mining communities. The research found that workers will support longer hours and 12 hour shifts, at least at first, but they may change their views 12 or 18 months later for reasons as simple as the fact that no local sporting teams are being filled, and as the impact on the social fabric of the community starts to be felt.

As observed in *Counting the Costs*, in some cases employers are starting to take into account the cost of long working hours on their own operations in terms of productivity and health and safety. However, the true costs of longer working hours are still being overlooked because many of the costs can be passed on the community or taxpayer – the organisation can reap the short-term benefits of longer hours, while families and the community bear the costs.

Therefore, it could be argued that at present many organisations are profiting directly from the short-term benefits of longer working hours, while the costs have been passed on to the families and communities that support those workers. This ability to transfer costs to the community creates a significant disincentive to recognise and manage the problem.

The argument also is that the costs of longer working hours, while considerable in both economic and social terms, are not easily captured or quantified. However, the Bureau of Transport Economics have estimated the costs attributable to fatigue alone to cost the Australian taxpayer over \$3billion annually, while the potential benefits of reasonable hours of work include:

- increased unit productivity per employee per hour;
- reduced stress, improved morale and commitment;
- reduced costs through improved occupational health and safety record;
- increased ability to attract and retain staff; and
- improved corporate citizenship and enhanced corporate image (p. 35).

In effect, what this says is that these costs need to be taken into account when looking at what are unreasonable hours of work. The true costs of longer working hours need to be assessed and if longer hours are having this impact across the workplace and the wider community then there is a clear imperative for all parties to examine and consider appropriate responses and solutions to provide a better balance for all concerned.

6.0 CONCLUSION

This submission has shown that long hours are being worked by a significant number of Australians and this is having an identifiable impact on health and safety, performance and productivity, and family and community life.

Obviously there are a range of factors that influence the quality of family life and relationships, productivity, and health and safety matters. However, the research suggests long hours are a major contributing factor.

Based on this evidence, long working hours is a significant community issue that needs to be addressed.

When the true costs of extreme or unreasonable hours are taken into account, it is clear that extreme or unreasonable hours are neither healthy nor sustainable.

The balance between work and life needs to be returned to our workplaces and our community. Working time arrangements must take account of work, families and the community. They must also ensure safer and healthier workplaces.

Working time arrangements now vary from industry to industry and occupation to occupation and it is clear that a one size fits all approach to working conditions is not feasible. Working time arrangements need to take account of industry and employee needs, health and safety, and fair community standards.

To this end, the Queensland Government provides in-principle support for the broad direction of the ACTU claim, as outlined in the Joint States Submission.

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