

Institute for Public Policy Research



CHANGING TIMES

THE FUTURE OF WORKING TIME
IN SCOTLAND

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SUMMARY

How we work is changing. The Covid-19 pandemic has caused acute disruption to workplaces across Scotland – but in response, we have seen workforces and employers come together to carve out new ways of organising work, from changing shift patterns to new forms of flexibility. The sheer speed and scale of these innovations have been huge, as they've occurred in almost every corner of Scotland's economy: across social care settings and school classrooms, offices and the factory floor. These changes have reset what is considered possible in the workplace: sparking new levels of trust between management and employees, and reimagining how work is done, and from where.

Now, as we look towards recovery from Covid-19, we have an opportunity to choose which innovations we want to make permanent features of our working lives, and where we want to challenge established practices. Governments at Holyrood and Westminster have promised a different economy on the other side of the pandemic. In Scotland, commitments to build a wellbeing economy have gained momentum inside and outside government. Combined with the Scottish government's continued commitments to 'fair work' and shared prosperity, there is a clear opportunity to set Scotland's economy on a course towards a new economic model through recovery.

The new Scottish government has committed to exploring a shorter working week as a step towards a 'wellbeing economy', opening up a new conversation about how we organise work.

There is a clear case for exploring working time reductions. Shorter working time, with no loss of pay, stands to improve individual wellbeing, narrow the gap in how we 'part time' and 'full time' work, and rebalance how unpaid work is shared by freeing up time away from work. Evidence from international case studies suggests that, if managed effectively, the transition to shorter working time can also support workplace innovation that maintains or even boosts productivity.

Reductions in working time are overwhelmingly popular – enjoying support across a majority of MSPs at Holyrood, and across the Scottish public. We find that 83 per cent of working-age people in Scotland support the introduction of a four-day working week, with no loss of pay. Levels of support vary across workers in different types of workplaces. Almost nine in 10 people in Scotland in office-based work support shorter working time. While levels of support are similar among those in customer-facing work (at 87 per cent), they fall to 7 in 10 among those in manual work. In addition:

- 85 per cent of respondents think introducing a shorter working week in Scotland would have a positive effect on their own wellbeing
- two in three people think shorter working time would have a positive overall effect on Scotland's productivity.

Among working people surveyed, 88 per cent agreed that they would be willing to participate in a four-day week trial in their workplace. Support was consistently high across different types of work, but highest amongst office-based workers: 93 per cent of those in office-based work were willing to participate in a workplace trial, compared to 86 per cent of those in manual

work, and 87 per cent of those in customer-facing work.¹ Workers in manual or customer-facing roles were also more likely to be willing to take part in a trial if their entire workplace would be participating.

However, we also find that any progressive vision for how we work in the future must also prioritise the twin challenges of over-employment and under-employment. Across Scotland's workforce, too many people struggle to make ends meet due to a lack of available hours or are pushed towards working excessively long hours due to low pay and a lack of security.

So far, a wellbeing economy remains a high-level vision for a future economic model – and the Scottish government is under growing pressure to close the gap between rhetoric and reality. We propose a roadmap towards shorter working time in Scotland.

We propose the following.

 **The Scottish government's 'four-day week' pilot should be expanded to trial shorter working time across a range of sectors, including non-office workplaces**

To maximise opportunity for learning, however, trials should be more ambitious in terms of scale and design. Trials should be extended to span a **range of sectors**, including physical (non-office) workplaces, shift-workers, and settings such as social care, the NHS and hospitality. An **expanded trial fund** should support firms to manage a 20 per cent reduction in average hours for around 20,000 workers (full-time equivalent (FTE)) over a three-year period, across a wide range of workplaces. Workplace trials should include parts of the **public sector**, which could see Scotland's public sector lead the way on working time reductions.

 **The Scottish government should create a new Working Time Commission**

The Scottish government should establish an independent Working Time Commission, based on the model of the Low Pay Commission, which would make recommendations on fair work on a sector-by-sector basis, and across Scotland's economy. This should include advice on recommended reductions in working time, to understand what reductions in average hours-worked could be delivered as the economy strengthens; and recommended new minimum and maximum floors on hours worked by sector and across the economy.

 **The Scottish government should work with employers and workers to develop new sectoral fair work agreements as the foundation of sector renewal deals, delivering investment into sectors in return for trade union bargained minimum terms and conditions**

It is likely that sectors such as hospitality, tourism and retail, alongside sectors such as social care and childcare will need ongoing support and reform to rebuild following the pandemic. This ongoing investment should be made contingent on agreeing new sectoral minimum terms and conditions, around pay, minimum and maximum hours, and wider measures of job quality. These fair work agreements would be similar, though wider, than New Zealand's new fair pay agreements.

¹ Office-based work includes science in technology, manual work includes mechanics, agriculture and delivery, and customer-facing work includes retail, hospitality, and social care.



The Scottish government should prioritise 'living hours' as a key part of existing business schemes

The Scottish government should commit to adopting 'living hours' as a key element of its business pledge and adopt it as part of its fair-work first criteria. In addition, government should explore potential routes for the public sector in Scotland to become 'living hours employers'. This should include action to implement minimum hours conditions on employers through procurement processes and at the sub-contractor level. Trialling a living hours employment strategy within social care should be an initial priority, given the role of the public sector across care provision, and the prevalence of low pay across the sector.

INTRODUCTION

How we work is changing. The Covid-19 pandemic has caused acute disruption to workplaces across Scotland – but in response, we have seen workforces and employers come together to carve out new ways of organising work, from changing shift patterns to new forms of flexibility. The sheer speed and scale of these innovations have been huge, as they've occurred in almost every corner of Scotland's economy: across social care settings and school classrooms, offices and the factory floor. These changes have reset what is considered possible in the workplace, sparking new levels of trust between management and employees, and reimagining how work is done, and from where. As we look towards recovery, we should be looking to seize this pivotal moment to examine how we work now, and how we can set a course towards better work in the future.

From the disruption and devastation of the Covid-19 pandemic comes an opportunity to rethink how work is organised. Working time across our economy is skewed towards long, full-time hours, harming our work-life balance and wellbeing. Work often offers little flexibility, so workers have to make their own, leading to a forced choice between long, full-time hours and part-time work with significantly shorter hours, and (typically) lower rates of pay (Statham et al 2021). Shorter working time has emerged as an ambition for Scotland's recovery that could drive innovation, increase productivity, and improve wellbeing.

Governments at Holyrood and Westminster have promised a different economy on the other side of the pandemic. In Scotland, commitments to build a 'wellbeing economy' have gained momentum. The Scottish government's National Performance Framework has embedded a wider range of social indicators as the measures against which national performance is assessed, in place of traditional measures of economic success. Ambitious targets to respond to climate change and reduce child poverty were introduced in the last parliament, and 2020 saw the introduction of a 'wellbeing budget' focussed on benefiting the wellbeing of people across the country (Scottish government 2020a). This momentum has been carried into planning for Covid-19 recovery through the Scottish government's Advisory Group on Economic Recovery, which has called for a recovery focussed on realising a "robust, resilient wellbeing economy" (Scottish government 2020b). Meanwhile, the final report of Scotland's Citizens' Assembly emphasised the wellbeing of the whole population as a key policy objective to shape Scotland's future (Citizens' Assembly 2021). Visions for a wellbeing economy have focussed on how our economic model can be reorientated to prioritise the wellbeing of people, communities, and the planet.

How we work is integral to our wellbeing. Evidence shows that even a small number of working hours has a significant impact on wellbeing as compared to being out of work (Kamerāde et al. 2019). We also know that better quality work supports improvements in individual wellbeing (What Works Wellbeing 2017). The Scottish government have acknowledged this relationship through their focus on 'fair work' over the last parliament, which it has described as a 'hallmark' of a wellbeing economy (Scottish government 2021a). The Fair Work Convention, established as an independent advisory board to the Scottish government has also placed a focus on wellbeing at work as an objective that sits across its five areas of focus: effective 'voice' in the workplace; opportunities for advancement; security of income; fulfilment in workplace relationships; and respect at work

(Fair Work Convention 2021). How work is done is central to delivering against each of these dimensions.

In Scotland, a newly established political commitment to reducing working time presents an opportunity to progress the working time debate beyond high-level aspirations to achieve a four-day working week. In 2020, the SNP passed a motion at their autumn conference to support a four-day working week, which calls on the Scottish government to “undertake a review into how working practices should be adapted to meet the needs of the future economy, including the possibility of a four-day working week and more support for people to work from home or closer to home, with a view to reform when Scotland gains full control of employment rights”. In January 2021, a resolution to explore the feasibility of a four-day working week was also passed by Scotland’s citizens assembly in their final report to government as a means of overcoming challenges in relation to a healthy work-life balance (Citizens’ Assembly 2021).

Following the outcome of the 2021 Holyrood elections, the SNP were re-elected to government with a refreshed mandate to explore routes to shorter working time. As part of the SNP’s 2021 manifesto, the party recommended a four-day work week pilot scheme, formally committing a £10 million fund “to allow companies to pilot and measure its benefits” in the new parliament. This ambition is supported by the Scottish Greens, whose manifesto included a pledge to “transition to a four-day week with no loss of pay”. Taken together, these commitments translate into a substantial majority in the Scottish parliament in support of working time reductions.

While the crisis triggered by the pandemic has prompted reflection on the prospect of reduced working hours, it has also shone a spotlight on the very different working conditions across Scotland and the UK economy. While a minority of workers have transitioned to working from home, others whose jobs cannot be done remotely, but rely on a physical workplace, have had a radically different experience. This gulf in experience between those workers who have been most- and least-well protected through the pandemic also provides lessons for the working time debate on the realities of the UK labour market. Across Scotland and the rest of the UK, we have seen front-line workers in the NHS, social care, education, and other essential roles like front-line transport workers face a disproportionate risk from Covid-19. Essential workers from black and minority ethnic groups faced an even higher risk of severe illness (Mutambudzi et al. 2021). Where ambitions to realise a four-day week have focussed on the world of work as experienced by a nine-to-five, full-time office worker, there is an urgent need to consider ambitions for working time from the perspective of shift workers, those working excessive hours to make ends meet, or those who currently have fewer hours than they would like to have.

As we look towards the green shoots of recovery from Covid-19 and a new economic settlement, aspirations to reorganise our economies to prioritise wellbeing over GDP, and to protect and promote the needs of citizens above the demand for relentless growth, have been widely welcomed. Tangible action, however, has so far been lacking. Shorter working time offers an opportunity to translate these ambitions into reality for workplaces across the country. This report explores the opportunities and challenges of shorter working time, and routes towards a future in which more people work fewer hours, with no loss of pay.

Through this research, we heard from workers, organisers and union officials about their perspectives on shorter working time, and how we might organise work in the future. They are included throughout this report.

1. WHERE NEXT FOR WORKING TIME?

THE LONG HISTORY OF WORKING TIME REDUCTIONS

Reductions in working time have a long history in the UK economy, as in other advanced economies. Over time, productivity gains heralded by the industrial revolution and advancing technology have enabled workers to work fewer hours, with no loss of output or reductions in pay. Over the course of the last four decades, however, there has been an untethering of the traditional relationship between productivity gains and leisure time. Before 1980 there was a consistent and enduring trend in which increases in the rate of productivity were translated, through the collective action and hard efforts of workers, into reduced working hours for employees across the UK (CEJ 2018). In recent years this has ceased to be the case. Research by the New Economics Foundation (NEF) suggest that had this relationship been sustained, UK workers could expect to work 13 per cent less than they currently work today (Stirling 2019). This departure has renewed calls for shorter working time as a demand made by workers and others across the progressive movement, who point to shorter working time as a means of improving wellbeing, supporting better work-life balance, and giving people greater control over their lives.

Under our current economic model, Scotland is failing to make progress on either productivity or working time. Scotland and the UK as whole continue to lag behind their European neighbours on productivity performance despite long working hours (Scottish government 2021b). Simply put, the more productive an economy is, the fewer working hours will be required to produce or deliver a comparable product or service. In 2015, GDP per hour worked in the UK was 22.7 per cent lower than France and 26.7 per cent lower than Germany (ONS 2017). Meanwhile, France and Germany have seen working time reductions since the 1960s and 70s, when workers in those countries worked similar hours to those in the UK. Since then, average working hours in France and Germany have been successfully reduced, as union movements have effectively organised for working time reductions, and France has introduced regulation to incentivise shorter working time. The OECD estimate that in 2019, French workers worked 1,511 hours per year on average, compared to 1,383 hours in Germany, and 1,537 hours in the UK (OECD 2021). Working time in Scotland has fallen gradually from over the last 20 years among full-time workers, but has remained relatively constant in recent years (Scottish Government 2019). With just 38.1 per cent of employees in Scotland covered by a collective agreement affecting their pay and conditions, worker unionisation will need to be strengthened in order to drive a working time transformation across the economy (Scottish Government 2021b).

As we look at how work fits into our lives, a modern day 'crisis of time' is shaping Scotland and the UK. Even coming into the Covid-19 pandemic, the challenge of reconciling paid work and the demands of unpaid domestic and care work was intensifying. A combination of an ageing population, rising childcare costs, and long working hours mean that how we organise work presents increasingly acute challenges in the rest of our lives. These challenges, however, look different across the labour market. We see low-paid workers struggling to get the hours

they need to achieve basic financial security, or working excessively long hours to secure the income they need to make ends meet. Meanwhile, workers across the economy lack the flexibility they need to balance paid work and caring responsibilities. There is growing evidence of discontent across the UK workforce at the state of working time. As of 2014, more people want to see a reduction in their paid working hours than have them increased (CEJ 2018). Indeed, a recent survey of workers in Scotland commissioned by IPPR Scotland finds that almost 1 in 4 of working people in Scotland reported that they were unhappy with how much control they have over when they work, while almost 1 in 5 reported being unhappy with their work-life balance (Statham et al. 2021).

TWIN CHALLENGES: UNDEREMPLOYMENT AND LONG WORKING HOURS

Inequalities across the labour market mean workers in different types of work, and in different parts of the workforce, have very different demands of working time. Those struggling in low paid work often face the acute challenges of having too few hours to make ends meet, or of having to work excessively long hours to earn a living. Any progressive vision for how we might organise work in the future will have to grapple with these realities and offer solutions that can support a good life for people across a wide range of jobs – not just those who already enjoy relative economic security.

At the heart of both these challenges is decent pay. While work fails to provide a sufficient and reliable income, those in low-paid work will be exposed to acute financial hardship where they have too few hours of work, or be vulnerable to exploitation through excessive working hours.

Underemployment

While many workers would prefer to work fewer hours, a significant minority of workers across the UK are experiencing ‘underemployment’, meaning they are working fewer hours than they would like. Recent research from the Fraser of Allander Institute found that, in 2019, 8.5 per cent of women and 7.5 per cent of men in the UK workforce were underemployed (Eiser et al 2021). Underemployment is inherently linked to pay, as (in most cases) workers seek more hours in order to secure a decent income. This means that underemployment can be read as a proxy for dissatisfaction with pay and security of hours, rather than a desire to spend more time at work.

This was all too evident when speaking with union officials organising on behalf of women workers in low-paid sectors. As a participant described: “our workers want us to fight for more hours for them, not less”. As we explore later in this paper, in these contexts, securing decent pay remains the priority, and demands for shorter working time are irrelevant.

Long working hours

At the other end of the spectrum, long working hours can be symptomatic of low pay, where workers are struggling to make ends meet and take on more work to secure the income they need. An estimated 11 per cent of the total UK workforce were working more hours than they would like to prior to the pandemic, and the TUC estimate that unpaid overtime worked in 2019 was equivalent to £35 billion in wages (Eiser et al 2021; TUC 2020). In the last few decades, as the workforce has polarised between the over- and underemployed, we have also seen a reversal of who is likely to be exposed to over- and underemployment. This trend has shown a steady decline in the share of ‘blue collar’ workers in manual or routine work with excessively long working hours, while the highly-paid, ‘white collar’ office worker is increasingly likely to be working more hours than they would like (Eiser et al 2021). Meanwhile, those in low-paid work are increasingly likely to be underemployed and

seeking additional hours of work, as steady jobs in manufacturing have been shed for precarious service sector work and the rise of the gig economy (ibid; CEJ 2018).

These shifts have been hastened by labour market trends since the Great Recession, and the disproportionate effect the European working time directive had on reducing hours for the lowest paid workers (Eiser et al 2021). For white collar workers, a culture of overworking in some sectors and workplaces encourages workers who otherwise earn decent wages to work long hours and what is often unpaid overtime. This is neither good for the employee's personal wellbeing or productivity rates, as we later explore.

MULTIPLE LOW-PAID EMPLOYMENT

Another important trend to consider is multiple low-paid employment (MLPE), where low-paid workers take on multiple jobs to make ends meet. Recent research suggests that this trend affects women and men differently, with MLPE affecting an estimated one in 20 women in the UK, and is increasing in prevalence (Nuffield Foundation 2020). While having multiple jobs is found to be a route out of poverty for men, the poverty rate among women working multiple jobs is found not to fall (ibid). Through this research, we heard examples of women in low-paid sectors taking on multiple work contracts at the same time to 'compensate' for low wages. Since these are separate contracts, taken together many women's working hours are considerably above the legal ceiling, oftentimes in excess of 50 hours a week. Workers in this position are simultaneously victims of underemployment and overemployment: lacking the security of sufficient hours through one primary contract, and working excessive hours to make ends meet, likely to the detriment of their work-life balance, and their health.

2. THE CASE FOR SHORTER WORKING TIME IN SCOTLAND

It's clear that our current economic model is not working. In Scotland, as across the UK, we work longer hours, less productively, for lower real wage growth than most other advanced economies (CEJ 2018). As we look to recover from the Covid-19 crisis, it will be imperative that we look not just to strengthen our economy, but to re-wire our economic model towards a fairer distribution of power and reward. Ambitions to remodel Scotland's economy to prioritise the wellbeing of people and planet, meanwhile, have reignited ambitions to reduce working time across the economy (SNP 2020). Next, we explore the case for shorter working time as a policy goal.

THE PRODUCTIVITY PUZZLE

Arguments for shorter working time are frequently linked to ambitions to boost productivity. Indeed, working time reductions have long been afforded by productivity gains across the economy. As productivity improvements support increased output and greater profits, these gains can be cycled into pay increases, or shorter working hours with no loss of pay (Stirling and Lawrence 2017). Previous IPPR research has estimated that a future 2 per cent real increase in productivity, for instance, could be sufficient for an additional week of leave for workers, assuming economic output remains constant (CEJ 2018). Who shares in the gains afforded by productivity improvements will depend on who holds power in the workplace and the wider economy. Ensuring that workers can enjoy their fair share, through increased pay or shorter working hours, will rely on partnership between employers and worker representatives. As productivity growth has stalled, however, so has real-terms pay growth and reductions in working hours. This poses a clear challenge for policymakers charting a course towards a fair and sustainable recovery.

What is less clear is how shorter working time might affect productivity at the firm level – or across different types of workplaces. For some firms in the knowledge economy, a move to a shorter working week might spur new ways of organising work that result in improved employee wellbeing and little to no loss of output. The path to working time reductions in physical workplaces, such as social care settings, is less clear. Some argue that, for employees, spending more time outside the workplace, resting and enjoying life surrounded by friends and family will have an indirect positive effect on productivity in the workplace (Harper et al 2020). Meanwhile, polling by Henley Business School suggests that some two-thirds of UK businesses operating on a four-day week reported improvements in staff productivity (Fontinha and Walker 2019). There is a clear need for more robust evidence on the impact of working time reductions at the firm level – for workers and businesses.

WHAT DOES SHORTER WORKING TIME LOOK LIKE?

Shorter working time can take different forms. While the vision of a four-day week as the 'new normal' for how we work has enjoyed attention from policymakers and governments in recent times, it is not the only route to reduced hours. Not least because the five-day, 9-to-5 work pattern is not 'normal' for a significant portion of workers in the UK including, for example, those in shift work, flexible work, those working condensed hours, and those who work part-time. How we organise work, and working time in particular, varies – and so therefore do routes to shorter working time.

Alongside reducing typical weekly working hours, there are a range of mechanisms that can give workers more time away from work, with no loss of pay. One such route is **increasing annual leave entitlement**, which could be achieved through increasing statutory leave entitlements across the economy, or increasing leave at the firm level. This gives workers the opportunity to enjoy longer or more regular periods of respite away from the workplace and with the economic security of paid leave. What's more, the universal nature of increasing statutory annual leave entitlements means that all workers benefit equally.

Another route is **shortened daily shifts** – where people work fewer hours each day, and work is re-organised across the week in a way that offers more time away from work. By working the same number of days but shorter hours you minimise the impact on workplace operations and provide employees with more regular leisure time to spend with family, to manage caring responsibilities, to learn a skill, or to rest and recuperate.

There are further routes that could lead to shorter working time by **increasing entitlement to other forms of leave**. This could include new bank holidays shared across the workforce, or expanded **parental leave**, which could support more parents to take time away from work to care for young children, helping to rebalance how care work is shared, reducing pressures on parents, and supporting children's early development. Expanding or introducing **sabbatical rights** is another possibility. Sabbaticals provide employees with the right to take time from work to develop their own skills (work-related or otherwise) or volunteer within their local community, with particular benefits to individuals, workplaces, and wider communities (Ryan and Deci 2000).

PUBLIC ATTITUDES TO SHORTER WORKING TIME

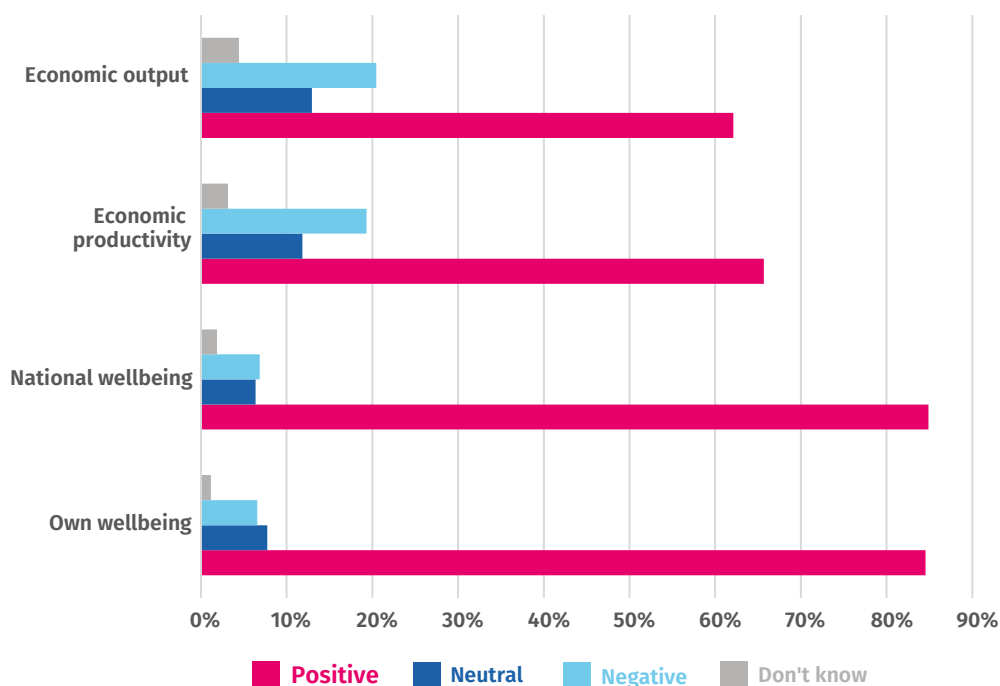
Changing attitudes will be key to shifting norms about how we work. For this research, we carried out public opinion polling in Scotland.² We find high levels of public support for shorter working time, and for shorter working time trials, across Scotland.

We find a broadly-held view that shorter working time would be good for both wellbeing and prosperity. 85 per cent of respondents surveyed agree that introducing a shorter working week in Scotland with no loss of pay would be good for their own wellbeing – with the same proportion agreeing it would be positive for national wellbeing (see figure 2.1).

² Polling was carried out by Mark Duffley Consultancy and research on a panel of 2200 working-age respondents across Scotland in July 2021. Results have been weighted to the Scottish population by age and gender.

FIGURE 2.1: THE VAST MAJORITY OF PEOPLE IN SCOTLAND BELIEVE A SHORTER WORKING WEEK WITH NO LOSS OF PAY WOULD HAVE A POSITIVE EFFECT ON WELLBEING

Do you believe that the introduction in Scotland of a shorter working week with no loss of pay would be a positive or negative impact on the following?



Source: IPPR polling for this report

We find that support is strongest among younger people, with 89 per cent of respondents aged 16–34 or 35–44 expressing belief that shorter working time would be better for their wellbeing. We also find that women are more likely than men to perceive that shorter working time would have a positive effect on their own wellbeing.

We also asked respondents how they thought a shorter working week with no loss of pay would affect economic productivity³ and overall economic output.⁴ We find that some two-thirds of respondents think a shorter working week with no loss of pay would have a positive effect on workplace productivity, whereas 62 per cent perceive a positive impact on economic output overall. Public opinion polling commissioned by Autonomy in 2020 found higher levels of support for a four-day week in Scotland than other parts of the UK (Survation 2020).

When we asked people how they would plan to spend their extra time away from work, a majority (68 per cent) of respondents said they would spend more time with friends and family. This was followed by developing hobbies and interests (40 per cent), resting and recuperating (36 per cent), and playing sport or exercising (32 per cent). While just five per cent of people said they would use the time to take on more paid work, this rose to 14 per cent of people in manual work – likely reflecting

3 Respondents were asked: “Do you believe that the introduction in Scotland of a shorter working week with no loss of pay would be a positive or negative impact on economic productivity (ie the amount a person gets done in a given time period at work)?”.

4 Respondents were asked: “Do you believe that the introduction in Scotland of a shorter working week with no loss of pay would be a positive or negative impact on economic output (ie the amount a person gets done in a given time period at work)?”.

the relationship between lower paid work and underemployment in Scotland's labour market (Statham et al 2021).

Perhaps unsurprisingly, these views translated into very strong public support for shorter working time. We find that 83 per cent of respondents in Scotland would support the introduction of a four-day week, with no loss of pay – while just 8 per cent oppose. While support is strong across our sample, it is notably higher among those in work than those who are not in paid work (by a gap of 8 percentage points). Levels of support vary across workers in different types of workplaces. Almost nine in 10 people in Scotland in office-based work supporting shorter working time (at 89 per cent). While levels of support are similar among those in customer-facing work (at 87 per cent), they fall to seven in 10 among those in manual work (at 71 per cent).

Finally, we find markedly high support for participation in workplace trials. Among working people surveyed, 88 per cent agreed that they would be willing to participate in a four-day week trial in their workplace. Among these respondents, one in three would prefer that their whole workplace participates in the trial together. Support was consistently high across different types of work, but highest amongst office-based workers: 93 per cent of those in office based were willing to participate in a workplace trial, compared to 86 per cent of those in manual work, and 87 per cent of those in customer-facing work.⁵ Workers in manual or customer-facing roles were also more likely to be willing to take part in a trial if their entire workplace would be participating. Recent research from Autonomy has investigated public sector support for shorter working time by consulting with staff at the Scottish government. The report indicated there are very high levels of support for a four day week trial among staff (87 per cent) as well as an overwhelming preference for a 'big bang approach' which would involve the trial going live across the entire Scottish government at once (Lewis and Stronge 2021).

ICELAND

Iceland has recently experimented with shorter working hours to considerable success. As of 2015 and 2017, two major shorter working time trials were conducted across different sectors, involving employees across a range of working patterns (lasting until 2019 and 2021 respectively). Both aimed to reduce the work week to 35 or 36 hours, equivalent to cutting one day of full-time work by around half, with no loss of pay (Lufkin 2018). Trials were designed to assess whether reducing Iceland's high number of working hours could help alleviate their poor work-life balance and low productivity, while maintaining identical service provision (Knoema 2021). Together these trials involved more than 2,500 workers, or more than 1 per cent of Iceland's working-age population (Haraldsson and Kellam 2021).

In 2015, the first of the major trials involved a collaboration between Reykjavik City Council and the BSRB trade union federation (the Confederation of State and Municipal Employees of Iceland). Two municipal offices: a service centre and Reykjavik's Child Protection Service, were selected citing 'high levels of stress' present in each workplace (ibid). The trial was later expanded to a wider range of workplaces, including schools, city maintenance teams and care homes. The second major trial, which began in 2017, was organised

⁵ Office-based work includes science in technology, manual work includes mechanics, agriculture and delivery, and customer-facing work includes retail, hospitality, and social care.

by Iceland's national government in collaboration with BSRB. The trial was conducted across Iceland and involved those working irregular shifts alongside those working traditional working hours, covering three government directorates, a police station comprised of office and shift workers, and departmental hospital staff who work irregular hours.

These trials have been found to offer overwhelmingly positive results. Productivity rates were either sustained or increased, while service provision was maintained across a range of core public services (ibid). Participants reported greater wellbeing, improved work-life balance, lower rates of stress and 'burnout', and a range of prolonged benefits to physical and psychological health (ibid). These successes have led to a permanent shift towards shorter working time, with all public sector workers offered new contracts with four fewer hours work per week, while full pay has been maintained (NEF 2020). Full-time shift workers' weekly hours have been reduced to 32 hours (with no loss in pay) while ensuring any and all hours worked on night shift are worth more in working-hour calculations (ibid). Newly negotiated contracts by unions spanning Iceland's public sector and a significant portion of the private sector mean that today 86 per cent of Iceland's population have had their working hours reduced or "gained the right to shorten their working hours" (Haraldsson & Kellam 2021). These concrete steps are evidence of Iceland embracing shorter working time as a daily reality.

WORKING TIME AND WELLBEING

Overworking is making us ill. An estimated 17.9 million working days are lost each year due to work-related stress, depression or anxiety in the UK, and rates have been increasing in recent years (Health and Safety Executive 2020). The main work factor cited by respondents as causing workload stress is workload pressures. This is echoed in 2018 workplace survey conducted by the TUC, that found some one in three UK workers cite "working longer hours/work overload" as a workplace concern, second only to pay and stress (TUC 2018). The Mental Health Foundation cite concerns that the effect of increased working hours on people's lifestyles is making us less resilient to mental health problems and damaging mental wellbeing (Mental Health Foundation 2021). It's clear that long working hours and overworking is a workplace safety concern.

Shorter working time stands to improve our wellbeing, and our experiences of work. Reducing excessive working hours directly reduces the number of occupational accidents within workplaces, as well as the 'psychosocial risks' workers are exposed to, such a work-related stress and mental illness (ILO 2019). As we open up a conversation about how we might work in a future wellbeing economy, we should look to design new ways or organising work that offer greater agency to workers, and flexibility by default.

WORKPLACE BENEFITS

Ambitions to reduce working time can spur workplace innovation that improves productivity, and hence makes working time reductions more viable. We have seen this in workplace success stories, including a range of private businesses; for example, Microsoft Japan and Unilever in New Zealand have already begun experimenting with a four-day week. These shifts have been motivated by a desire to drive innovation in how work is organised, and to "measure performance on output not time" (BBC 2020).

They are underpinned by a strong business sense, with tangible benefits for the employers as well as employees: supporting new ways of working that can unlock greater productivity, and improving staff wellbeing to support creativity and reduce staff turnover.

Through the Covid-19 pandemic, workplaces across the country have undertaken large-scale adaptations to how they organise work, often at an unprecedented pace (see, for example, Jung et al 2020). This experience can help to shape future innovations. We have learned that the most effective workplace transformation is led by workers and employers in partnership, bringing together expertise from across an enterprise to identify opportunities and navigate obstacles.

A ROUTE TOWARDS GENDER EQUALITY?

Across the workforce, women's experience of the labour market remains conditioned by the distribution of unpaid work. Women in Scotland's workforce are far more likely to work part-time hours due to the demands of domestic work, childcare and other caring responsibilities that women shoulder disproportionately (Statham et al 2021; Engender 2020). Women's work also remains chronically undervalued: women are still considerably more likely than men to experience low pay and underemployment across Scotland (Statham et al 2021). Taken together, the undervaluation of women's unpaid work and their paid work in the labour market shapes how women spend their time. It perpetuates gendered divisions of unpaid work, and inequalities in power and reward in the labour market. Part-time work is typically paid at a lower hourly rate than equivalent full-time work, and women who take time out of work to have children typically experience a pay penalty that stretches far into their futures (Joseph Rowntree Foundation 2016; TUC 2016).

How our societies manage the demands of paid and unpaid work is a chronic challenge that has been made more visible through the Covid-19 pandemic, when formal care services were withdrawn, and divisions between paid and unpaid work have, for some, been blurred. Some argue, however, that a move to shorter working time could support a re-evaluation of unpaid work, by giving people more time to contribute to vital activities that are not usually monetised (Coote et al 2021). Achieving shorter working time as the norm across the economy has potential to support transformative progress in terms of gender parity in paid and unpaid work. Shorter working time offers the opportunity to re-balance the distribution of unpaid work. It can do this firstly by reducing men's working hours (and hence enabling them to take on a greater share of unpaid work). Secondly, by re-balancing the labour market to make shorter working hours the norm, shorter working time can begin to close the gap in how part-time and full-time work is valued (Roberts et al 2019).

Ambitions to reduce working time across the workforce, however, are also complicated by the reality of many women's experiences of work. As a result of their disproportionate exposure to low pay, women can experience pressure to take on multiple jobs in order to achieve the income they need to make ends meet, where their work does not provide adequate pay, sufficient hours, or the flexibility they need to earn a living income.

We heard particular concerns that conversations about a 'four-day week' were detached from the reality of work in low-paid sectors – and particularly those characterised by the prevalence of women workers. These feminised workplaces, in which women make up the majority of the workforce, include the 'three c's': caring, catering, and cleaning. Often, these professions are taken together because they are typically low paid and undervalued occupations in which workers are likely to be organising for more working hours, not less.

In these workplaces, the combination of low hourly pay and the prevalence of part-time or short-hours working patterns sees workers seeking out more hours to make ends meet. Work is often organised across multiple contracts that cover short shifts across different times of day (for example, working a breakfast and lunch shift in school catering), with large unpaid periods in between. In these contexts, talk of shorter working time “falls on deaf ears”. Workers in these sectors are underpaid, undervalued, and underappreciated – and organisers are pushing for women’s work to be better valued through decent pay and conditions. As one organiser described:

“If we do not pay people more, then the conversation about a shorter working week is totally moot, because people can’t afford to take a shorter working week... it’s kind of nonsense... it feels a little bit ‘boardroomy’ [sic]... totally irrelevant for the shop floor caterers, cleaners, carers.”

As a result, recent organising successes in feminised work tended to be centred around achieving equal pay with men and addressing the undervaluation of women’s work through better pay, and greater contractual security.

Beyond pushing up pay and conditions in feminised sectors, there are a range of policy levers that can support greater gender equality through long-term shifts in how work is organised. IPPR and others have called for the UK government to follow in the footsteps of Canada and Sweden by implementing ‘use it or lose it’ paternity leave with the explicit aim to “encourage gender equality in working time” (Skidelsky 2019; Roberts et al 2019). A feminist vision for how work is organised in the future will also rely on realising flexible working by default, and in better valuing part-time work. In offering greater flexibility and control over how and when employees work, employers can expect to attract a wider talent pool of candidates from all walks of life, but especially women (Roberts et al 2019).

AN OPPORTUNITY TO REDUCE CARBON EMISSIONS?

Some argue that the benefits of shorter working time may also extend to the physical environment. This argument follows that traditional work patterns are carbon intensive – and alternative ways of organising work offer opportunities to reduce carbon consumption. A two-way daily commute, often made in a personal car at the height of rush hour in order to clock in and out of physical workplace, which consumes high amounts of energy to heat, light, and power daily operations, supports a carbon-intensive economy. The carbon impact of each individual daily commute, so the argument goes, is substantial – and hence shorter working time (and particularly a move from a five-day to a four-day week) presents us with the opportunity to drastically cut emissions. Businesses in Scotland that are already experimenting with a shorter working week, such as construction contractor Orocco, have cited a smaller carbon footprint as motivation for a move to a four-day week (Walker 2021). Robust evidence for the argument that shorter working time would reliably reduce emissions, however, is somewhat limited by its reliance on the assumption that increased leisure time would be spent on low- or zero-carbon activities: that is, that a regular motor commuter would choose not to use their car on a non-working day, and that workplace energy consumption would be significantly reduced, rather than transferred through leisure activities.

On this assumption, research by Autonomy suggests that a 25 per cent reduction in working time could deliver a 20 per cent reduction in UK greenhouse gas emissions (Frey & Schneider 2019). The relationship between shorter working hours and carbon emissions, however, remains

largely untested, and this modelling could be complicated by a range of wider factors. Beyond the energy saved in workplaces that open for fewer hours, there is a wider context to consider. How far might carbon-intensive leisure activities displace reductions? Does a move towards working shorter shifts, for example, translate into reduced emissions? What is clear is that transformative progress will rely on wider changes to decarbonise how we live, and how our societies are organised: from how we travel, to how we heat our homes, to how we spend our time away from work.

Some argue that shorter working time could support these shifts. Long working hours contribute to a 'crisis of time', whereby families lack the time necessary to prepare their own homemade meals; cycle, walk, or use public transport; or repair faulty equipment, and default to more carbon intensive 'fast-lane' solutions as an alternative (Coote et al 2021). Freeing up time for outside of work could offer benefits to nature and the climate. These opportunities should be explored in greater depth through future research, and through trials of working time reductions.

SHORTER WORKING TIME IN RESPONSE TO ECONOMIC DISRUPTION

Through the course of the Covid-19 pandemic, we have seen unprecedented state intervention to subsidise shorter working hours through the roll-out of the coronavirus job retention scheme (CJRS). At its height, the scheme has subsidised the wages of around 30 per cent of the UK workforce (Pope et al 2020). The scheme has provided employers with subsidies to cover up to 80 per cent of salary costs, up to a cap of £2,500 per month. Since July 2020, the scheme has offered flexible furlough: permitting employees to be furloughed for some of their hours (such as part time), which has supported changes to working time across the UK economy.

In 2020, IPPR recommended that the UK government extend the flexible furlough scheme to facilitate subsidised short-time working while the economy remains subdued, with the scheme ending when economic conditions allow, rather than at an arbitrary cut-off date (Jung et al 2021). This would protect against job losses and share available work, keeping a greater number of people out of unemployment. This reformed scheme could then form the basis of a more permanent offer to firms struggling from economic shocks, similar to Germany's Kurzarbeit scheme.

Later in 2020 the UK government announced plans to implement a job support scheme, which would see the Treasury provide a direct partial subsidy to support working hours reductions across the economy once the CJRS scheme ended. However, as the CJRS was suspended the scheme was scrapped, and there are no confirmed plans at the time of writing to introduce a shorter working time scheme to support firms through recovery.

In Germany, the Kurzarbeit model works by reducing the hours worked by employees by 30 per cent, while reducing pay by only 10 per cent. This is paid for through a co-financing arrangement between an employer and the state, in which the employer pays a portion of an employee's wages (and social security contributions) while the government provides an income 'replacement rate' of 60 per cent (and more for workers with children) – so workers receive 60 per cent of their usual pay rate for hours not worked (IMF 2020). The result is employment rates are sustained through a reduction in working hours, with minimal impact on earnings.

Autonomy have proposed financing a shift towards shorter working time through a model similar to the Kurzarbeit scheme. Their proposed shorter working time subsidy scheme (SWTSS) maintains wages while reducing working hours by 20 per cent (Frey et al 2020). The proposal would see employers pay 80 per cent of the

employee's wages while working hours are reduced by 20 per cent, with the state subsidising the 20 per cent difference in pay. They propose a gradual tapering off of the state subsidy through economic recovery, so that by the fifth year of the scheme employers are paying 100 per cent of wages while employees work 20 per cent fewer hours – a shift from a five-day to a four-day week for a full-time employee working standard hours. The SWTSS, Autonomy argue, could provide the impetus to transform work culture and support a transition towards a four-day work week (ibid).

NEW ZEALAND

While New Zealand has attracted recent attention for policy commitments to reducing working time through pandemic recovery, this ambition is not altogether new. In the spring of 2018 Perpetual Guardian, an estate management firm, drew international attention when it trialled a four-day week over the course of two months. Workers were offered a full wage for working four eight-hour days. Throughout the duration of the trial, academics at the Auckland University of Technology noted improvements in employee wellbeing and performance at work. They found that the proportion of staff who felt they could effectively manage their work-life balance jumped 24 percentage points (from 54 per cent to 78 per cent), while stress levels fell 7 percentage points and overall life satisfaction improved by 5 percentage points (Roy 2018). The review also observed a 20 per cent improvement in productivity (Harris 2018). As a result, Perpetual Guardian adopted the measures permanently.

Since then, New Zealand, like the rest of the world, has had to deal with the adverse effects of a global pandemic. While New Zealand's response to Covid-19 has been credited as the "best in the world" and has been subject of international acclaim, the country still faces a significant post-Covid-19 economic challenge (Farrer 2020; Hong et al 2021). A significant portion of New Zealand's economy is derived from the tourism industry, which accounted for 5.8 per cent of GDP in 2018/19, with an additional 4.0 per cent of GDP stemming from industries which support the tourism sector (Whiting 2020). This is similar in scale to Scotland's economy, in which 5 per cent of Scotland's GDP stemmed from tourism in 2017 (Tourism Leadership Group 2018). The ongoing restrictions on international travel through the pandemic has therefore had serious adverse effects on this key sector. It is within this context that a four-day work week has received renewed attention from New Zealand's government.

In an effort to resuscitate the tourism industry Prime Minister Jacinda Ardern encouraged businesses "in a position to do so" to adopt a four-day week (Whiting 2020). It is hoped that providing workers with an additional day off per week, with no loss in pay, will incentivise people to use their additional leisure time to bolster the domestic tourism industry. This push for a four-day week coincides with a USD \$244 million Tourism Recovery Fund which advises businesses on 'how to pivot' to domestic and Australian customers (ibid). In combination this will provide the impetus to meet the tourism sectors immediate economic troubles and chart a course towards long term post-Covid-19 recovery.

As well as taking steps to boost New Zealand's tourism sector, the wider ambition of shorter working time dovetails with the incumbent government's pursuit of a wellbeing economy. In 2019, Ardern unveiled a 'world-first' Wellbeing Budget (Roy 2019). The philosophy behind

the Wellbeing Budget, in Ardern's own words, addresses "the societal wellbeing of our nation, not just the economic wellbeing" (Parker 2019). This means greater focus placed on improving mental health outcomes or reaching child poverty targets versus a sole desire to drive annual increases in GDP. Given prior successes of shorter working time, in New Zealand and abroad, it is likely we will see greater emphasis on reducing working hours as part of New Zealand's 'wellbeing' future.

3.

ROUTES TO REDUCING WORKING TIME

When considering the implementation of shorter working time there are several lessons to be learned from past experiences and the different routes to success. In this chapter, we explore three major routes to implement reductions in working time: partnership between the state and employers, new labour market institutions, and workplace innovation. These are not siloes – rather, each has an important role to play in making shorter working time a reality across the economy. Businesses, the state, and newly established institutions will need to work together to make shorter working time a reality.

We also explore perspectives from workers and unions to assess the challenges and opportunities for working time in Scotland through Covid-19 recovery.

STATE-EMPLOYER PARTNERSHIPS TO NAVIGATE TRANSITION

Partnership between the state and employers will be critical in navigating a transition towards a shorter work week across the economy. Setting a new normal for how we organise work will rely on partnership between the state and businesses to drive innovation in workplaces, and across sectors of the economy.

The state has an important role to play in paving a route towards shorter working time. A key first step should be to ensure greater enforcement of existing employment laws – particularly when it comes to unpaid overtime (TUC 2018). Ensuring effective regulation across Scotland and the UK’s labour markets will also rely on the urgent introduction of new legislation to replace the European Working Time Directive (EWTD). Since it was implemented almost two decades ago, the EWTD appears to have had an impact on keeping a ceiling on the working hours of low-income workers in particular (Eiser et al 2021). It is also important that the state leads by example on reduced working hours. On this issue the public sector can set a “positive benchmark for the private sector to follow” (Frey et al 2020). In Scotland, a recent report by Autonomy has made the case for the public sector to lead the way. The research, which assesses public sector support for a shorter working week, finds strong appetite among staff at the Scottish government to move forward with reductions in working time” (Lewis and Stronge 2021).

But realising a ‘new normal’ for working time across the economy – from tackling underemployment to realising a shorter working week – will rely on partnership between employers and the state. We’ve seen this come to life through the Scottish government’s pledge to support trials of a ‘four-day week’ in workplaces across Scotland, which will effectively insure businesses against losses through transition, and offers the opportunity to share learning and tackle common challenges

JAPAN

Japan attracted global media attention earlier this year following the announcement of the Japanese government's Annual Economic Policy Guidelines, which included the promotion of a strictly optional four-day week (Nakamura 2021). In an effort to enhance the nation's work-life balance (and with it boost national fertility rates), new guidelines stipulated that employers should permit employees to move toward a four-day week if they request to do so (Ryall 2021). While the Japanese government has not committed to a universal subsidy scheme to support all employees who opt in favour of a four-day week, prime minister Yoshihide Suga has insisted that government will consider making support available for workers who adopt a four-day week specifically to utilise their additional day off to develop their work skills through 'recurrent education' (Nakamura 2021). This action comes in the aftermath of the Covid-19 pandemic and the resulting shift to remote working and greater reliance on flexible shift patterns. Prior to the pandemic, Microsoft Japan's high-profile experiment with a four-day work week had gained attention as a success story for shorter working time. All 2,300 employees were granted every Friday off, without a decrease in weekly pay. An internal review found that workers were happier, consumed less electricity in the workplace (a reduction of 23 per cent) and productivity increased by a substantial 40 per cent (Japan News Center 2019).

Shorter working time has been framed as a solution to two of the country's most pressing issues: a rapidly ageing population, and notoriously poor work-life balance. On current trends, Japan's population is set to fall dramatically from around 134 million today to 83 million by 2100 (Hutt 2016). It's clear the country will need to increase its birth rate to compensate for the burgeoning cost of elderly care in the coming decades. Shorter working time offers a route to ensuring young people in Japan spend less time at work and more time pursuing relationships and establishing young families. This will require a significant shift in working culture. Excessive working is such a pervasive source of ill-health in Japan due to the prevalence of heart attacks, strokes, and suicides linked to overwork that the phenomenon has received its own diagnosis: 'Karoshi', literally 'death by overwork' (Ryall 2021).

NEW LABOUR MARKET INSTITUTIONS

Labour market institutions have an important role to play in shaping new ways of working across the economy. As independent bodies, these institutions could play an important role in advising governments of opportunities to support reductions in working time on the basis of economic conditions (such a productivity growth), exploring ways of spreading successful innovation across sectors, and enforcing regulatory standards. Their role is to examine evidence and drive forward changes at scale: looking at how to direct the economy towards more effective ways of organising work in the future. The Low Pay Commission (LPC) is a clear example of how such an independent body can play a key role in shaping economic policy – in the case of the LPC, through advising and holding the UK government to account on the living wage and minimum wage. Research from NEF on routes towards working time reductions has cited the LPC as a model on which to base a Working Time Commission (WTC) which would make official recommendations to the government on "regular increases to statutory paid leave" (NEF 2019). Like the LPC, a new commission to look at working time reduction should be statutory, with a remit

set out in legislation to best hold government to account and to signal long-term intention and direction.

In a similar vein, the TUC has led calls for the establishment of a Future of Work Commission (FWC) comprised of trade unionists, employers, and independent experts (TUC 2018). The commission would have the stated aim to ensure any productivity gains supported through technological advances ‘are shared with workers’ and there should be a move towards shorter hours and higher pay, with the eventual goal of achieving a four-day week across the economy (ibid). As we experience accelerating automation in some parts of the economy this will be critical to sharing the benefits broadly.

As we look towards economic recovery, sectors of the economy that have been hardest hit through the pandemic will also continue to rely on government support. To shape a sustainable path towards economic renewal, employers will have to come together with unions and government to tackle shared challenges and establish a common vision for the industry’s future. Establishing social partnership as a foundation of recovery will also pave the way towards collective bargaining for minimum terms and conditions across sectors, which would establish the conditions for tackling under- and over-employment, and support shorter working hours as the norm across sectors.

WORKPLACE INNOVATION

Realising shorter working time will fundamentally rely on innovation in workplaces across Scotland – and who leads workplace transformation will be critical in determining who they benefit. Workers have a leading role to play in shaping workplace innovation that can push up productivity and support working time reductions. Empirical research has demonstrated that giving workers a leading role in shaping workplace innovation can boost productivity and pave the way to reduced working hours (Bell 2020; Bosworth and Warhurst 2020). After all, workers on the ground are best equipped to identify problems and implement refinements that drive improvements in overall productivity. For instance, workers in the UK manufacturing sector have been found to be the catalyst for innovations in workplace practices (Harper et al 2020).

Any attempt at a workplace transformation should recognise that the trade union movement has a vital role to play. Unions have been central to winning past working time reductions, having secured the very notion of the ‘weekend’ for working people in the last century (NEF 2020). Unions provide workers with the bargaining tools necessary to shape their own workplaces, and public policy outcomes across the economy through campaigning, setting up working time committees, and carrying out workforce surveys (ibid). In providing a collective voice for workers, they also play a critical role in identifying how working time could be better organised, and through negotiating, they shape transitions towards healthier workplaces.

ORGANISING FOR WORKING TIME REDUCTIONS: PERSPECTIVES FROM WORKERS AND ORGANISERS ACROSS SCOTLAND

As part of this research, we heard from workers, organisers and union officials in Scotland about their experiences of organising for changes to working time. The Covid-19 pandemic has shifted the boundaries of how we organise work in workplaces across Scotland. These changes have affected workplaces across every sector of the economy, but the changes workers have experienced look very different on the ground. Earlier IPPR research conducted during the pandemic found that in manufacturing workplaces in Scotland shift work

had been re-organised and greater flexibility had paved the way towards permanent shifts in how work is organised (Jung et al 2020). Through this project, we heard that disruption caused by the Covid-19 pandemic had opened up discussions about shorter working time. Now that some workers have witnessed greater flexibility in workplace operations or first-hand experience of remote working, some unions had begun to reimagine how work is organised and build momentum behind demands for shorter working time. We heard concerns, however, that opening up from lockdown meant that particular industries ‘risk missing the moment’ to embed progress or drive further innovation.

When we look across the whole workforce, a mixed picture emerged: while some workplaces had experienced new ways of working that benefited workers, these were not shared across the labour market. Workers and organisers we spoke with recognised a range of opinion across workforces, with some workers keen to return to the structure of pre-pandemic working, while many are keen to maintain some of workplace adaptation and greater flexibility introduced through the pandemic. Participants emphasised that this should come down to employee choice – with a view to opening up options and realising greater control for workers across a range of contexts.

For some workers, ambitions for shorter working time felt far removed from their experiences. This was particularly clear in low-paid, feminised sectors such as caring, catering and cleaning. Alongside calls for an overall increase in paid working hours (between short shifts), workers in these sectors were also organising to limit the extent to which they were compelled to work ‘anti-social hours’, such as backshifts or nightshifts. Control over shift patterns was a particularly pressing concern for women workers, who are likely to be balancing paid work with caring for children and other caring responsibilities that fall disproportionately on women. As a result, union efforts in these sectors were focussed on ‘more family-friendly hours’, alongside better pay to better value women’s work in these sectors.

There was, however, considerable appetite among some sections of the public sector to be involved in workplace trials. Workers at Skills Development Scotland (SDS), the Scottish government’s skills quango, have been organising for a shorter working week in pay negotiations and have led a public-facing campaign to trial a four-day week. They argue that by introducing shorter working time as standard across their office-based staff, as well as staff working across schools, colleges and Job Centre Plus sites, they are a strong candidate for trialling a public sector transition.


Among those organising for shorter working time, it was recognised that achieving a four-day week is a long term project that’s success would rely on transformative change across the economy. Worker representatives and union officials felt that for change to be realised, there needs to be a breakthrough at a ‘sectoral’ level and would require a particular approach to negotiations. As one official described, “this is not something we will introduce by trade union might or going on strike”. Instead, working closely with employers to persuade them “that it works” was seen to be key. Transitions in a range of workplaces could then support a ‘domino effect’ across different sectors of the economy towards shorter working time.

4.

RECOMMENDATIONS: NEW AMBITIONS FOR WORKING TIME

Our proposal is for a package of measures to deliver a new future for working time across Scotland, which aim to drive reductions in average working hours across the economy, while tackling underemployment and delivering living hours for all. Over the short-term this could be crucial to sharing good jobs and fair work broadly across the economy through the recovery. Over the long term, this could be crucial to reshaping Scotland's economic model towards a wellbeing economy.

We make the following recommendations.

 **The Scottish government's 'four-day week' pilot should be expanded to trial shorter working time across a range of sectors, including non-office workplaces**

The Scottish government's recent announcement of plans to fund a £10 million trial of a 'four-day week' in workplaces across Scotland is a welcome commitment. To maximise opportunity for learning, however, trials should be more ambitious in terms of scale and design.

In particular, the spread of work-place trials across a **range of sectors** – including non-office workplaces – will be critical in securing learning that workplaces across Scotland can benefit from. This means shaping trials to include not just office-based sectors in the knowledge economy, but a range of workplaces and types of work. Workplace trials should look to include shift workers, part-time workers, and a range of workplaces settings – including workplaces with large workforces and non-typical ways of organising work, such as social care, the NHS, and hospitality.

We recommend that the Scottish government take forward this commitment by piloting shorter working weeks with willing businesses, providing funding over three years to companies that meet fair work criteria willing to test reductions in working weeks. The size of the current trial fund may, however, be too small to assess impacts across a range of sectors on a sufficient scale. An **expanded fund** should insure firms to manage a 20 per cent reduction in average hours for around 20,000 workers (FTE) over a three-year period. The fund would link businesses to wider business development support through the enterprise agencies and to the skills system to help support businesses to drive productivity improvements over the three-year period.

Monitoring and evaluation will also be key to capturing and sharing learning across Scotland and beyond. A full evaluation would be carried out and used to test and prove (or disprove) how shorter working hours could work to drive improvements in wellbeing for workers, without risking profitability, while driving productivity improvements across the economy as a whole.

Workplace trials should include parts of the **public sector**, which could see Scotland's public sector lead the way on working-time reductions and drive forward workplace innovation to organise work more effectively, with learning shared across the economy. Public sector trials should be funded through existing budgets rather than the pilot fund.



The Scottish government should create a new Working Time Commission

The Working Time Commission (FWC) would be based on the model of the Low Pay Commission which is set up on a statutory basis to make recommendations on setting the minimum wage. The FWC should be established as a statutory body which reports to parliament and should bring together representatives from across the economy, including trade unions, business, academics, the voluntary sector and representative bodies. The FWC's role would be to consider and make recommendations on fair work on a sector-by-sector basis, and across Scotland's economy, including on the following.

- Recommended reductions in working time, taking economic conditions into account (such as productivity increases, unemployment and under/overemployment rates) to understand what reductions in average hours-worked could be delivered as the economy strengthens.
- Recommended new minimum floors on hours worked by sector and across the economy to help drive progress towards living hours for all, taking into account any risks of increased unemployment for lowest income groups and those population groups with lower employer rates.
- Recommended new maximum ceilings on work to limit maximum working hours per week based on economic conditions, wellbeing and likely compliance.

The recommendations of the FWC should be fed into procurement processes, and supported through sector renewal deals and fair pay agreements



The Scottish government should work with employers and workers to develop new sectoral fair work agreement' as the foundation of sector renewal deals that deliver investment into sectors in return for trade union bargained minimum terms and conditions.

The sectors hardest hit by Covid-19 are also some of Scotland's lower paid sectors. It is likely that sectors such as hospitality, tourism, and retail, alongside sectors such as social care and childcare will need ongoing support and reform to rebuild following the pandemic. However, this ongoing investment should be made contingent on agreeing new sectoral minimum terms and conditions – around pay, minimum and maximum hours, and wider measures of job quality. These fair pay agreements would be similar, though wider, than New Zealand's new fair pay agreements. This would allow these sectors to renew rather than simply rebuild as they were before, and ensure that over time sectors deliver living wages, living hours, wellbeing at work, and ultimately contribute to delivering a living income in Scotland.



The Scottish government should prioritise living hours as a key part of existing business schemes

In this report we have outlined the twin challenges of overworking and underworking which must be addressed in any progressive vision for how we organise work in the future. The Scottish government should commit to adopting living hours as a key element of its business pledge and as part of its fair work first criteria. In addition, the Scottish government should explore potential routes for the public sector in Scotland to become living hours employers, including at sub-contractor level, and to implement minimum hours conditions on employers through procurement processes – within social care, for example – as an initial priority.

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