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The Global Crisis, Flexicurity and Working Shorter Hours in European Countries and Turkey

By

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For the

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Abstract:

By globalisation we understand the rapid process of transformation that is intensifying mutual interaction among all parts of the earth. The current global crisis, which we consider to have begun in the second half of 2007 and which has left its imprint on the last three years, has thrust the world into a chaotic environment. The labour market is, without a doubt, the area in which the severity and devastation of the crisis have been felt most intensely. Most of those who have thought about and studied the subject agree that the only sound way out of the crisis lies in real, job-creating growth. Stable growth of this kind is seen as dependent on developing the capacity for creating jobs while largely preserving the flexibility of economies.

Turkey was relatively little affected by the crisis and is continuing to grow following an inevitable one-year interruption. But Turkey has unfortunately not made progress in the area of labour market flexibility. There is no doubt that Turkey's labour market has a different structure and different dynamics from those of the labour markets of all other countries in the world. In this study, the concept of Working Time Reduction (WTR) in such a flexicurity is examined in connection with labour market reform, also taking into account the evolving definition of employment. First, the increasing importance of the concept of flexicurity is considered. Then, the actual situation with regard to flexicurity in Turkey, ie, practice and implementation, is examined. Third, WTR policies are analyzed in terms of implementation on an OECD and EU basis. In the light of these trends, the situation in Turkey is examined in the fourth and final section and alternative ways of reducing working hours and their impact on employment are investigated.

Keywords: Flexicurity, Global Crisis, Labour Market Reform, Short-Time Working Schemes, Working Time Reduction

1. Introduction

By globalisation we understand the rapid process of transformation that is intensifying mutual interaction among all parts of the earth. The current global crisis, which we consider to have begun in the second half of 2007 and which has left its imprint on the last three years, has thrust the world into a chaotic environment.

The crisis began as a financial crisis that soon engulfed the real economy and is continuing now as a debt crisis that affects many countries. This is a crisis that is leaving behind permanent, transformative effects, the results of which are as yet unknown.

The labour market is, without a doubt, the area in which the severity and devastation of the crisis have been felt most intensely. Most of those who have thought about and studied the subject agree that the only sound way out of the crisis lies in real, job-creating growth. Stable growth of this kind is seen as dependent on developing the capacity for creating jobs while largely preserving the flexibility of economies.

Turkey was relatively little affected by the crisis and is continuing to grow following an inevitable one-year interruption. But Turkey has unfortunately not made progress in the area of labour market flexibility. There is no doubt that Turkey's labour market has a different structure and different dynamics from those of the labour markets of all other countries in the world. But Turkey needs to complete its labour market reform in order for its growth performance to be lasting. Implementing the reform by completing the National Employment Strategy that is its road map is therefore crucial during this period. And the question of reducing work time while maintaining a flexicurity therefore confronts us as an alternative that needs to be assessed.

In this study, the concept of Working Time Reduction (WTR) in such a flexicurity is examined in connection with labour market reform, also taking into account the evolving definition of employment. First, the increasing importance of the concept of flexicurity is considered. Then, the actual situation with regard to flexicurity in Turkey, ie, practice and implementation, is examined. Third, WTR policies are analyzed in terms of implementation on an OECD and EU basis. In the light of these trends, the situation in Turkey is examined in the fourth and final section and alternative ways of reducing working hours and their impact on employment are investigated.

2. The Increasing Importance of Flexicurity

Flexibility first appeared on the agenda in the 1980's when the transition from the industrial society to the information society was already under way. A labour law system based on workers who were engaged in mass production in factories, who started and finished work at the same time and worked at the same job all their lives, and in which all regulations were determined by this framework down to the finest detail, had become obsolete.

Competition increased with globalisation as businesses were forced to look for ways of getting the highest quality for the lowest price in order to stay afloat. As competition gradually became more fierce, enterprises started using the workforce as effectively and efficiently as possible, thereby reducing costs to a minimum.

The idea of making use of the workforce 'when needed' and 'as necessary' emerged in order to produce in the best and cheapest way. To put it briefly, flexibility is a strategy that was rendered essential by the changes taking place in the economy and production today.

At the same time, however, flexibility by itself is not enough; the security element also has to be factored in. The concept of flexibility includes not only the issues of organization, numbers and function but is also related to job structure, working hours, wage systems and workforce mobility (Standing, 2002:33). Security too breaks down into different types, of which some of the most widely accepted are job, income/social, employment and so-called 'combination security', which represents the most advanced type of security. In this type of security, which combines both income and job

security, a fine balance is established between work and private life (Wilthagen & Tros 2004:166-186). The OECD uses the term ‘integrated security’ in place of ‘combination security’ (İpek Köstekli, 2009:19). The International Labour Organisation (ILO) meanwhile has used the term socio-economic security, which it breaks down into seven categories: labour market security, employment security, job security, renewal of skills security, on-the-job health security, representation security and income/social security (Anker, 2002:309-329).

Peter Auer, an ILO expert, stipulates that job security, employment security and labour market security are what should be meant by the term security. Auer says that job security has been transformed into employment security and that employment security is rapidly evolving into labour market security. According to Auer, what is needed is workforce security, because, as Auer points out, well-functioning, secure and competitive labour markets are an indispensable pre-condition for prosperity and sustainable development. According to forecasts for the future of the working world, it is societies with this type of workforce that are going to leave a mark (Auer, 2007:5). The OECD, too, emphasizes the importance of competitive labour markets and flexibility.

A concept much talked about of late is that of ‘competence security’, which means that workers equip themselves with the competencies that will enable them to advance in their working life. We understand now that only workers who develop their abilities are going to be able to compete in the labour market, ie, find jobs (Biagi, 2003:22).

It is apparent that ‘flexibility’ and ‘security’ are not mutually exclusive concepts but rather concepts that complement each other like the two sides of a coin. And the flexicurity can be defined as flexibility and security coming together in such a way as to have a mutually positive effect on each other. To put it another way, flexible labour markets require advanced security nets, while secure labour markets also cannot be sustained without certain types of flexibility. Boosting the competitiveness of enterprises and alleviating their employment problems, indeed reducing poverty and social alienation in this way, are the elements of the flexibility-security balance. More and more, therefore, ‘flexicurity’ ie, the flexibility-security balance, is becoming the answer to the question of whether to emphasize security or flexibility in many OECD countries of the EU.

The EU has not adopted a single flexicurity model as its target. Instead, every country is developing a combination appropriate to itself based on common EU principles. Those common principles were laid down by the Commission in 2007 as the elements necessary for a flexicurity at every level. They are listed under four headings: drafting of flexible and secure agreements, comprehensive lifelong learning strategies, effective active labour market policies, and modern social security systems (European Commission, 2007:2-13).

New momentum was added to the flexibility-security balance in a ‘New Skills for New Jobs Agenda’ through the ‘Europe 2020 Strategy’ published by the European Commission in November 2010. A second aspect of the flexicurity agenda is going to be defined and implemented with the EU social partners (European Commission, 2010a:17) for the purpose of better managing economic transitions, combating unemployment and finding ways of increasing the ratio of the active population. For this second phase, the 2007 Commission’s common principles have been further strengthened and formulated as ten new priorities: focusing on reducing fragmentation of the labour market, increasing the role of internal flexibility in periods of economic crisis, developing the lifelong learning initiative, harmonizing target approaches for defenseless groups, developing social dialogue and the attitudes of the social partners, creating effective, cost-share agreements, harmonizing institutional arrangements aimed at reducing long-range unemployment through active labour market policies, reforming unemployment insurance systems in line with the business cycle, and restructuring retirement systems (European Commission, 2010b:3-6).

Wiltshagen points out that the New Skills for New Jobs Agenda shows what was learned from the crisis, namely, that member countries that introduced well thought out STWS* as a form of internal flexibility came out ahead despite the fact that internal and external flexibility have been

* STWS stands for Short-Time Working Schemes and STW for Short-Time Working. We use both terms in this paper.

acknowledged to be equally important. Wiltshagen draws attention to the fact that the right combination of flexicurity varies depending on country economies and labour markets (Wiltshagen, 2011:26).

We should emphatically underscore here that negotiations and social dialogue are the sine qua non's of flexicurity. In the EU, the social partners has taken an active part in regulation as well as in policy. A high-level and sound flexicurity can be built on negotiations and reconciliation between the social partners. Only by means of this methodology can the arrangements be translated into reality and make a contribution to labour peace. There is no doubt that achieving a balance between different interests and positions like flexibility and security is not easy. In particular, countries in which flexibility is a subject of serious disagreement between the social parties are compelled to make a special effort. In countries that fall into this category it is observed that progress is achieved when the social parties approach the issues with patience and advance toward a conclusion in small steps.

3. Flexicurity and Short-Time Working Schemes in Turkey

3.1. The Legal Infrastructure and Actual Practice

As the EU moves into the third phase of flexicurity since 2006 (Tangian, 2010:8), Turkey presents a somewhat different picture. The need for flexibility was acknowledged in the drafting of the country's new Labour Law (no. 4857), and provisions ensuring flexibility are one of the most salient differences that distinguish Law no. 4857 from its predecessor.

In contrast with the old Labour Law, Law no. 4857 amends the rule about dividing weekly work hours equally among the days of the week, embodying the principle that this could be decided differently by the parties concerned. Governing compensatory work and STWS for the first time in Turkish legislation, the new Labour Law is aimed at introducing solutions for both employer and employed in times of economic crisis and similar situations.

Among the innovations introduced by the law are certain forms of flexibility such as Short-Time Working (STW), temporary employment relationships, on-call employment, and use of free time, which were previously not included in Turkey's legislation despite being used in actual practice.

EU implementation shows that flexibility in the EU takes the form more of numerical flexibility, and external numerical flexibility in particular, while functional flexibility exhibits a more limited area of implementation. It is, without a doubt, very important that flexibility, which is widely practiced in the EU and the rest of the world, be included in labour legislation. Nevertheless, it is unfortunately very difficult to say that such flexibility and the new forms of working introduced by the Labour Law are as yet widely implemented in Turkey today.

One reason that flexibility is not sufficiently widespread is a dearth of knowledge and awareness of the meaning of the concept and its advantages and benefits. Reservations about implementing it, old established habits and routine resistance are some of the other obstacles that need to be overcome. However, restrictions and limitations beyond those required by law also emerge as a major obstacle to the further spread of flexibility. As a case in point, according to the OECD index of employment protection, Turkey was the country with the most rigid labour legislation in the OECD in 2008 (OECD, 2009:7, 11). In 2003 as well, Turkey shared the top spot with Portugal. What this means is that despite labour law reform Turkey has still made very little progress on the road to flexibility.

The scale of enterprises is another key factor that affects the implementation of flexibility. Large, institutionalized businesses are far more successful when it comes to flexibility. While large enterprises that are better integrated with the global economy try to derive maximum benefit from flexibility, the Small and Medium Scale Enterprises (SMSE) that make up the majority of businesses in Turkey are far less committed to implementing flexible working hours and forms of employment. While large-scale enterprises, for example, regard the maximum four-month balancing period stipulated in the law inadequate and are asking for it to be extended, the small and medium scale enterprises are able to consider the existing limitations reasonable. When we consider however that 99% of the enterprises in Turkey are small or medium in size and have difficulty institutionalizing, it

is no wonder that scale in an important issue.

Other reasons flexibility has failed to become sufficiently widespread can be summed up as follows: a rigid and negative attitude on the part of workers, indeed the complete rejection of flexibility by some labour unions; a failure to establish a healthy flexicurity, and a lack of incentive instruments to encourage flexible employment.

3.2. Implementation of Short-Time Working Schemes

STW is, in essence, employment in which the period worked is reduced. As such it is a form of internal numerical flexibility. Through STW, existing jobs are shared among employees by shortening the work period when the need arises for businesses to make workers redundant due to economic crisis or similar reasons, thereby eliminating the need to lay off workers, mass lay-offs in particular.

While important to employers as a way of ensuring numerical flexibility, STW is also an implementation that protects job and income security. STW is therefore a combination of internal numerical flexibility and job and income security. From this angle, economically motivated STWS has become an important instrument in many countries of the world, including the EU and the OECD, especially in periods of crisis and fluctuation in demand.

STWS was reviewed and implemented in several countries during the 2008-2009 global crisis when employment problems were further exacerbated. New and improved STWS, which represent an important opportunity in terms of preventing mass layoffs and providing relief to businesses, were implemented in Belgium, England, France, Germany, Italy and Sweden throughout the crisis. The purpose of the improvements was to increase the period, scope and benefit levels of such schemes. Some European countries, such as Hungary, Portugal, Slovakia and Slovenia, got their first taste of new and temporary state-subsidized STWS during this period (Wilthagen, 2010:11; OECD, 2010:50, 52).

A report published in 2010 by the European Foundation of Living and Working Conditions (EFLWC) stresses that STWS was not as important previously as they have become in the last two years and points out that the number of employees in the EU working short-time for economic reasons rose to two million between 2008 and 2009 (EFLWC, 2010:v, 7). In another report published in 2011, OECD DELSA points out that the most far-reaching impact of STW was observed in Germany and Japan (OECD, 2011:38).

STWS first entered legislation in Turkey through Labour Law no. 4857. Turkish lawmakers introduced STWS as an emergency measure, the purposes of which are: to enable businesses to stay afloat during temporary periods of economic crisis or other exigencies; to prevent workers from losing their jobs, especially in mass layoffs; to prevent employers from losing skilled and experienced labour; and to eliminate costs arising from worker turnover. Whenever a STWS is approved by the Ministry, the worker's wages for his temporary period of unemployment are paid out of the Unemployment Insurance Fund. In other words, the state and the worker also share the employer's operating risk under short-time work schemes.

STW as defined in Turkish labour law consists of three elements as outlined below:

- STW is by definition a temporary measure.
- STW is a unilateral decision by the employer that can be implemented with the approval of the Ministry. There is no need to seek the worker's consent. This is an important point that distinguishes STW from other forms of flexible employment. Working partial hours on the other hand requires the approval of the employee in forms of flexible employment such as unpaid leave and equalization periods. Turkish lawmakers have left STW to the discretion of the employer. And there is no limitation regarding the number of workers or branch of economic activity that can take advantage of it.

At the start of the severe crisis that was felt around the world, many businesses that needed to failed to take sufficient advantage of flexible employment due to unnecessarily rigid regulations and

restrictions. However, following a simplification in the procedure for implementing STW and an increase in the STW period from three to six months, as well as an increase in the amount of payment allotted for it, STW became an important opportunity for businesses during this difficult period.

The results of the implementation since 2003 when STW first entered the system are shown in Table 1.

Table 1. Yearly Based Short-Time Working Schemes Data Between 2005-2011

	Payment Made	Payment Made	Payment Made	Payment Made
	Number of People	Number of Firms	Amount of Payments(TL)	Amount of Payments (\$)
2005	21	10	10.566,00	7.840
2006	217	27	64.398,01	44.699
2007	40	5	22.051,13	16.965
2008	650	181	70.639,73	55.149
2009	190.223	3.247	162.473.091,19	105.187.810
2010	27.147	266	38.993.287,39	25.964
2011	5.826	249	4.244.000,00	

Source: İŞKUR, Bulletins of Unemployment Insurance (2005-2010).

In 2009, a year marked by the global crisis, STWS ensured that approximately 3.247 firms stayed in business and also prevented 190.000 people from losing their jobs. Had STWS not been implemented, unemployment in 2009 would have been 14,8% instead of 14% by our calculations (İpek Köstekli, 2011:81). The number of firms taking advantage of STWS fell to 266 in 2010, the year of exit and recovery from the crisis.

I should immediately point out that, apart from the STW procedure, improvements aimed at increasing the period of and payment for STW have been temporary in nature. Simplification and streamlining of the procedure on the other hand is a permanent improvement. The situations in which STW is to be implemented have been expanded to include sectoral and regional crises through ‘omnibus’ Law No. 6111, the “Law Governing the Restructuring of Certain Receivables and Amendments to the Law on Social Security and Public Health Insurance and Certain Other Laws and Decree Laws”. This in turn is an important and positive step in the nature of a second lasting improvement in the institution of STW (Law no. 6111, published in the Official Gazette on February 25, 2011, page 27857).

The upshot is that STW is a both an indicator and a successful example of how useful a legal amendment can be in the case of unnecessarily rigid flexibility arrangements. Taking this example and experience into account will ensure that the model of flexicurity developed by the social partners in Turkey will make important contributions to employment and working life. The point to be noted here is that improvements made in both the flexibility and the security dimensions of the system contributed to ensuring that a mechanism that was idle at the start of the crisis acquired functionality.

Another key distinguishing aspect of STW is that it offers the possibility of short-time employment in the name of protecting jobs during periods of emergency. What this means is that working short-time is possible under flexicurity, and that STWS act as a buffer in such periods.

In some studies of STW it is emphasized that this type of employment does not yield the desired or expected results, that most of the time it transforms open unemployment into disguised unemployment, laying the ground for a world of short-term and irregular employment in place of regular, full-time employment (Biçerli, 2004:67). In the case of Turkey, however, such a tendency to irregular or black employment and such segmentation of businesses have not been identified/confirmed.

4. Comparative Look at Trends in Working Time Reduction

WTR has long been a widespread area of implementation in all the world's developed countries although the pace has slowed of late. By a simple definition, WTR means shortening work periods and having existing jobs done by newly hired workers, thereby creating the possibility of new jobs for the unemployed on the one hand while preserving, even increasing, the production levels of enterprises on the other (Biçerli, 2004:59-60, 64).

While resembling STW, working time reduction is nevertheless different. First of all, STW is aimed at 'protecting jobs' in periods of crisis whereas working time reduction is intended to boost employment. Second, STW is a temporary measure, cyclical and specific to fluctuations in the economy or extraordinary circumstances. WRT on the other hand is an area of lasting, long-term general policy. Third, in STWS, the periods of time worked are shared among the existing workers. In TTR in contrast there is no sharing, and deficits created by the shortening of work hours are filled by hiring new workers.

According to Maddison, the number of working hours is a key factor in how people experience the distribution of their lives into yearly, monthly and weekly cycles and whether they either are happy or suffer. Drawing attention to the fact that the work week and the different levels of development in different countries at different periods of history reflect economic organization, the state of technology and the intensity of social struggles as well as the outcomes of social contracts and institutional reforms, Maddison points out that per capita working hours in the industrialized countries have dropped in the last century (Castells, 2005:82).

According to Gorz, working hours exhibited a 24% drop in the period from 1.875 to 1925 (from 3,400 to 2.620 hours a week). Per capita income in the same fifty-year period rose by 40%. In contrast, despite a 23% drop in working hours between 1950 and 1975, per capita income increased 3,4-fold (Gorz, 1986:150).

Trends in the average number of hours actually worked were examined period by period in a study of eleven selected OECD countries between 1975 and 1999 (Table 2). According to the study, while hours actually worked decreased by 3,9% between 1975 and 1982 in the US, for example, they increased by 8,2% between 1982 and 1991 only to decrease again by 3,7% between 2000 and 2009. In France, while hours actually worked decreased by 17,5% between 1975 and 1985, the decrease between 1985 and 1993 was 5,4%, slowing to 2,3% between 2000 and 2009. In other words, the sharpest drop in working hours in France was between 1975 and 1985.

Table 2. Trends in Working Time Reduction by Period

	Period	Average Annual Change	Period	Average Annual Change	Period	Average Annual Change	Period	Average Annual Change*
Canada	1975-82	-12,1	1982-91	-1,8	1991-97	1,2	2000-09	-3,9
France	1975-85	-17,5	1985-93	-5,4	1993-98	-7,6	2000-09	-2,3
Italy	1975-83	-9,3	1983-93	-3,7	1993-99	..	2000-09	-4,7
Japan	1975-83	-2,1	1983-94	-17,9	1994-98	-14,0	2000-09	-5,9
Netherland	1975-83	-12,1	1983-94	-12,9	1994-99	-9,0	2000-09	0,3
Norway	1978-83	-10,4	1983-91	-7,2	1991-99	-4,0	2000-09	-3,3
Spain	1975-84	..	1984-93	-5,6	1993-90	1,9	2000-09	-4,4
Sweden	1978-83	-1,9	1983-93	5,0	1993-99	11,0	2000-09	-1,9
United Kingdom	1975-82	-21,8	1982-92	0,2	1992-99	-1,3	2000-09	-3,9
United States	1975-82	-3,9	1982-91	8,2	1991-99	5,0	2000-09	-3,7
West Germany		-10,0	1975-83	-13,9	1993-99	-3,9	2000-09	-4,9

*Annual average changes for the 2000-2009 period were figured by the writer using OECD data

Source: John M. Evans, Douglas C. Lippoldt, Pasca Marianna, Trends in Working Hours in OECD Countries. OECD Labour Market and Social Policy Occasional Papers No: 45, DELSA/ELSA/WD (2000) 6, March 2001, p. 30; OECD, Employment Outlook 2010, Paris 2010, p. 290.

A look at the OECD study of eleven selected OECD countries between 1975 and 2009 shows that the biggest reduction in annual hours actually worked occurred during the period 1975-1982/83/84/85. In the eleven countries studied, the biggest reduction during the period was in England at 21,7%. France was in second place with a 17,5% reduction followed by Canada and the Netherlands in third, both with 12,1 percent.

In the period 1982-1991/93/94, reductions in annual working time in all countries preserved their importance if not at the same level as in the previous period. During the period in question, Japan had the biggest reduction in working time at 17,9%, followed by West Germany with 13,9% and the Netherlands in third place with 12,9%.

Then, in the period 1991-1997/98/99, while Japan was again in first place with a 14,0 % reduction in working time, the Netherlands and France were in second and third with reductions of 9,0% and 7,6% respectively. It is noteworthy that annual working time actually increased by 11% in Sweden between 1993 and 1999, followed by the US with an increase of 5,0% (1991-1999).

A look at the OECD in general in the period 2000-2009 shows that annual hours actually worked fell by 4% (Table 3). Per capita income on the other hand rose by 35,5% in the OECD in general.

Table 3. Average Annual Hours Worked per Person in Employment

	Period	2.000	2.001	2.002	2.003	2.004	2.005	2.006	2.007	2.008	2.009	2000/ 2009 (% Change)
Australia	2000-2009	1.772	1.738	1.733	1.738	1.732	1.726	1.719	1.713	1.718	1.690	-4,6
Austria	2000-2009	1.658	1.657	1.652	1.658	1.663	1.652	1.644	1.630	1.631	1.621	-2,2
Belgium	2000-2009	1.545	1.577	1.580	1.575	1.549	1.565	1.566	1.560	1.568	1.550	0,3
Canada	2000-2009	1.768	1.762	1.744	1.734	1.752	1.738	1.738	1.736	1.727	1.699	-3,9
Czech Republic	2000-2009	2.092	2.000	1.980	1.972	1.986	2.002	1.997	1.985	1.992	1.942	-7,2
Denmark	2000-2009	1.581	1.587	1.579	1.577	1.579	1.579	1.586	1.571	1.570	1.563	-1,1
Finland	2000-2009	1.751	1.733	1.726	1.719	1.723	1.716	1.709	1.706	1.704	1.652	-5,7
Franca	2000-2009	1.591	1.579	1.537	1.533	1.561	1.557	1.536	1.556	1.560	1.554	-2,3
Germany	2000-2009	1.473	1.458	1.445	1.439	1.442	1.434	1.430	1.431	1.430	1.390	-5,6
Western Germany	2000-2009	1.451	1.439	1.428	1.422	1.426	1.419	1.416	1.421	1.421	1.380	-4,9
Greece	2000-2009	2.121	2.121	2.109	2.103	2.082	2.086	2.148	2.116	2.116	2.119	-0,1
Hungary	2000-2009	2.057	2.011	2.019	1.990	1.994	1.994	1.990	1.986	1.986	1.989	-3,3
Iceland	2000-2009	1.885	1.847	1.812	1.807	1.810	1.794	1.795	1.807	1.807	1.716	-9,0
Ireland	2000-2009	1.719	1.713	1.698	1.671	1.668	1.654	1.642	1.631	1.601	1.549	-9,9
Italy	2000-2009	1.861	1.843	1.831	1.826	1.826	1.819	1.815	1.816	1.807	1.773	-4,7
Japan	2000-2009	1.821	1.809	1.798	1.799	1.787	1.775	1.784	1.785	1.772	1.714	-5,9
Korea	2000-2008	2.520	2.506	2.465	2.434	2.404	2.364	2.357	2.316	2.256	..	
Luxembourg	2000-2009	1.662	1.646	1.635	1.630	1.586	1.570	1.580	1.515	1.555	1.601	-3,7
Mexico	2000-2009	1.888	1.864	1.888	1.857	1.849	1.909	1.883	1.871	1.893	1.857	-1,6
New Zealand	2000-2009	1.830	1.818	1.817	1.813	1.827	1.810	1.787	1.763	1.746	1.729	-5,5
Norway	2000-2009	1.455	1.429	1.414	1.399	1.417	1.420	1.414	1.419	1.423	1.407	-3,3
Netherland	2000-2009	1.374	1.373	1.348	1.363	1.363	1.375	1.389	1.390	1.389	1.378	0,3
Poland	2000-2009	1.988	1.974	1.979	1.984	1.983	1.994	1.985	1.976	1.969	1.966	-1,1
Portugal	2000-2009	1.765	1.769	1.767	1.742	1.763	1.752	1.757	1.727	1.745	1.719	-2,6
Slovak Republic	2000-2009	1.815	1.790	1.733	1.678	1.733	1.768	1.755	1.753	1.769	1.693	-6,7
Sweden	2000-2009	1.642	1.618	1.595	1.582	1.605	1.605	1.599	1.615	1.625	1.610	-1,9
Spain	2000-2009	1.731	1.727	1.721	1.706	1.690	1.668	1.656	1.637	1.647	1.654	-4,4
Spain	2000-2009	1.731	1.727	1.721	1.706	1.690	1.668	1.656	1.637	1.647	1.654	-4,4
Switzerland	2000-2008	1.688	1.650	1.630	1.643	1.673	1.667	1.652	1.643	1.640	..	
Turkey	2000-2004	1.937	1.942	1.943	1.943	1.918	..	..	..	..	..
United Kingdom	2000-2009	1.712	1.715	1.696	1.677	1.672	1.676	1.671	1.673	1.652	1.646	-3,9
United States	2000-2009	1.836	1.814	1.810	1.800	1.802	1.800	1.801	1.798	1.796	1.768	-3,7
Estonia	2000-2008	1.987	1.978	1.983	1.985	1.996	2.010	2.001	1.999	1.969	..	
Israel	2004-2008	..	..	..	..	1.952	1.942	1.930	1.945	1.943	..	
Russian Federation	2000-2008	1.982	1.980	1.982	1.994	1.994	1.990	1.999	2.000	1.997	..	
Slovenia	2005-2008	..	..	..	..	..	1.698	1.669	1.655	1.687	..	-0,6
OECD	2000-2009	1.812	1.796	1.788	1.778	1.776	1.776	1.773	1.769	1.764	1.739	-4,0

Source: OECD, Employment Outlook 2010, Paris 2010, p.290.

It is a well-known fact that some of most typical examples of WTR have been in France, where the standard legal work week was first reduced from 40 to 39 hours in 1982. Eight years later in 2000 the work week was reduced to 35 hours. In 2002 the 35-hour work week was also introduced for small firms employing less than 20 workers (Estavão&Sá: 2006, 4).

Among the OECD countries, the biggest reduction in annual hours actually worked was in Ireland at

9,9%. This was followed by Iceland with a fall of 9%, Finland a fall of 5,7%, Germany a fall of 5,6% and New Zealand a fall of 5,5%. Annual actual hours worked were reduced in all 35 OECD countries in the study during the 2000-2009 period.

Insofar as employment rates are the most important performance indicator of labour markets, a look at changes in employment rates corresponding to recent (2000-2009) trends in work time shows increases in all countries with the exception of the US, the UK and Norway. There are, however, several different factors that affect developments in this rate. It is very difficult--indeed it would appear impossible--to determine how much any one factor contributes to a rise or fall in employment. It has proved impossible to measure the effect of such policies on employment despite the existence of studies of employment numbers. Nevertheless, looking at their results, we can say that reductions in working time have in general boosted employment rates.

The biggest drop in employment in the period studied (2000-2009) was in the US, the biggest rise in Germany. At the same time employment also rose in the Netherlands, which reported an increase, albeit small, in working time (Table 4).

Developments in average annual hours actually worked in the OECD countries in the period 2000-2009 are shown in Table 4.

Table 4. Average Annual Hours Actually Worked in 2000-2009 and Average Annual Change in Employment

	Period	Average Annual Change	Change in Employment Rate
Canada	2000-09	-3,9	0,4
France	2000-09	-2,3	2,8
Italy	2000-09	-4,7	3,6
Japan	2000-09	-5,9	1,1
Netherland	2000-09	0,3	2,9
Norway	2000-09	-3,3	-1,4
Spain	2000-09	-4,4	3,2
Sweden	2000-09	-1,9	-2,0
United Kingdom	2000-09	-3,9	-1,8
United States	2000-09	-3,7	-6,5
West Germany	2000-09	-4,9	4,8

Source: OECD, Employment Outlook 2010, Paris 2010, p.290, 271; OECD, Employment Outlook 2004, Paris 2004, p.295.

If we look again at the period 2000-2009, with the exception of Iceland and Ireland, employment rose in the first five OECD countries showing the biggest reduction in hours actually worked. Interesting here is the fact that employment rates fell in Ireland and Iceland, which led the pack in working time reductions (Table 5). I should stress here that I am unable to clarify to what extent the reduction in working hours contributed to this fall. There is therefore a need for more in-depth analyses. Germany meanwhile is the country that experienced the biggest rise in employment during the 2000-2009 period.

Table 5. Change in Employment Rates in the Five OECD Countries with the Largest Reductions in Hours Actually Worked in the 2000-2009 Period

	Change in Hours Actually Worked	Change in Employment Rate
Ireland	-9,9	-2,0
Iceland	-9,0	-5,7
Slovak Republic	-6,7	3,4
Japan	-5,9	1,1
Finland	-5,7	1,4
Germany	-5,6	4,8

Source: OECD, Employment Outlook 2010, Paris 2010, p.290, 271; OECD, Employment Outlook 2004, Paris 2004, p.295.

5. Working Hours in Turkey and Reduction Alternatives in General

There has been a trend to reduce working hours in all the countries of the world since 1975. These reductions were at their highest between 1975 and 1980 and have continued since, despite slowing somewhat in 1980-1990 and 2000-2009. In this sense, reductions in working hours can be said to be a reality.

So where does Turkey stand in the comparison? Generally speaking, the legal work week in Turkey is 45 hours. Considered in terms of hours actually worked, these gradually got longer in Turkey between 1988 and 2009. The percentage of people working 40 hours or less a week fell from 41,7% in 1988 to 33,4% in 2009. When these percentages are considered in terms of those who work 41 or more hours per week, this rate is observed to have risen from 58,3% in 1988 to 66,6% in 2009. 71,7% in 2005 and 2006 being the years with the highest percentage of people working 41 or more hours (Table 6).

Table 6. Distribution of Employed Persons by Hours Actually Worked Per Week (1998-2009, %)

	0-40 hours	41+ hours	Total
1988	41,7	58,3	100,0
1989	41,4	58,6	100,0
1990	38,5	61,5	100,0
1991	38,2	61,8	100,0
1992	41,3	58,7	100,0
1993	40,9	59,1	100,0
1994	39,8	60,2	100,0
1995	33,5	66,5	100,0
1996	36,7	63,3	100,0
1997	40,0	60,0	100,0
1998	34,7	65,3	100,0
1999	41,4	58,6	100,0
2000	37,1	62,9	100,0
2001	32,1	67,9	100,0
2002	32,4	67,6	100,0
2003	31,7	68,3	100,0
2004	31,9	68,1	100,0
2005	28,3	71,7	100,0
2006	28,3	71,7	100,0
2007	31,9	68,2	100,0
2008	29,5	70,5	100,0
2009	33,4	66,6	100,0

Source: Simple yearly averages were calculated using the TurkStat Household Labour Force Survey data base.

Trends in hours actually worked in Turkey in general can be figured from the databases of the Turkish Statistical Institute and the Household Labour Force Survey. The calculation shows that hours actually worked per week rose from 46,1 in 1988 to 48,0 in 2009, which means an increase in hours actually worked per year from 2.397 to 2.496 for the period (Table 7).

Table 7. The Employed by Hours Actually Worked (1988-2009)

	Persons not at Work:	1-16	17-35	36-39	40	41-49	50-59	60-71	72+	Total	Weighted Average
1988	465	630	2.732	87	3.761	3.445	2.628	2.903	1.103	17.289	46,1
1989	476	837	2.792	97	3.612	3.280	2.831	3.137	1.160	17.746	46,1
1990	307	584	2.923	228	3.278	3.559	3.067	3.402	1.191	18.232	47,0
1991	265	1.212	3.704	464	1.890	4.055	2.822	3.626	1.250	19.023	45,4
1992	176	1.106	4.174	544	2.137	4.218	2.705	3.117	1.282	19.283	44,4
1993	185	610	4.223	556	2.101	4.404	2.626	2.889	904	18.314	44,5
1994	146	845	3.668	879	2.507	4.575	2.861	3.162	1.362	19.860	45,4
1995	124	845	2.988	349	2.674	4.948	3.385	3.684	1.590	20.462	47,3
1996	122	918	3.984	521	2.307	4.820	3.410	3.687	1.425	21.072	46,0
1997	237	1.722	3.631	619	2.415	4.691	3.185	3.500	1.205	20.967	44,3
1998	124	987	3.700	460	2.370	5.243	3.399	3.935	1.561	21.654	46,5
1999	294	1.067	5.527	817	1.606	4.542	2.937	3.830	1.429	21.754	44,4
2000	501	1.444	3.179	369	2.822	4.698	2.829	4.264	1.475	21.080	46,1
2001	689	703	2.948	335	2.703	4.732	3.232	4.727	1.456	20.835	48,3
2002	598	879	2.715	300	2.835	4.610	3.251	4.426	1.740	20.756	48,3
2003	700	822	2.563	250	2.849	4.618	3.360	4.607	1.377	20.447	48,3
2004	577	746	2.651	244	2.441	3.514	3.047	4.625	1.785	19.055	49,2
2005	588	621	2.275	217	2.399	3.790	3.120	4.498	2.557	19.478	50,7
2006	628	696	2.216	196	2.494	3.895	3.034	4.593	2.671	19.795	50,7
2007	682	900	2.667	258	2.563	4.235	3.145	4.213	2.076	20.056	48,7
2008	679	827	2.278	269	2.668	4.636	3.535	4.176	2.126	20.515	49,3
2009	776	1.042	2.707	326	2.775	4.417	3.118	4.232	1.885	20.501	48,0

Source: Calculated as weighted averages using the Turkish Statistical Institute-Household Labour Force Survey database.

It is a well-known fact that employment and unemployment constitute a multi-dimensional issue with a long and complex past. A lasting solution to this problem lies essentially in completing reform of the labour market. Recently, important steps were taken in connection with active labour policies, incentives and tax (social security) reductions. But the measures taken are more short and medium term in nature, while the mid to long and long-term areas were not touched. No progress was made in the sensitive areas (flexibility, for example) that require reconciliation between the social parties. More precisely, the government chose not to take the initiative.

An examination of recent trends shows that unemployment rates have settled not at low but, quite the contrary, at very high levels. It should not be forgotten that Turkey has been successful in reducing the cyclical dimension of unemployment (from 14,0% in 2009 to 11,9% in 2010). But reducing by half structural unemployment that has become fixed at around 10% requires structural policies. And working time reductions are such a structural measure. Keeping in mind the gravity of Turkey's employment problem, the length of working times and the STWS experience, reductions in working time in the flexicurity should be brought to the agenda as an alternative.

I should point out here the necessity of taking advantage of the STWS experience, because although STW is an instrument peculiar to times of crisis and aimed at protecting jobs, it has been implemented in the flexicurity, making it possible for both employers and employed to weather a

difficult period. The desired ‘win-win’ situation could be created again this time to boost employment through working time reductions in a flexicurity.

Reductions in working time have the potential to make a significant contribution to lowering unemployment especially by increasing the participation of women in the work force.

When reductions of 1, 2, 3, 4, and 5 hours in the existing legal work period are undertaken in 5 different alternatives, the following picture emerges, assuming new workers are hired proportionate with the reductions:

A one-hour reduction in legal working time means a reduction of 2,2% in the work week, a two-hour reduction a reduction of 4,4%, a three-hour reduction a reduction of 6,7%, a four-hour reduction a reduction of 8,9% and a five-hour reduction a reduction of 11,1%. The increase in new jobs created on the assumption that these hours will be made up by hiring new workers is shown in Table 8.

Table 8. Correlation between Reductions in Working Time and New Jobs

Reduction Alternative	Reduction in Working Time (%)	New Jobs Created* (000 persons)
45 to 44 hrs/wk	2,2	497
45 to 43 hrs/wk	4,4	994
45 to 42 hrs/wk	6,7	1.514
45 to 41 hrs/wk	8,9	2.011
45 to 40 hrs/wk	11,1	2.508

* The number of new jobs created was calculated based on the number of employed persons as reported by TurkStat in 2010.

Accordingly, if workers in Turkey had worked from one to five fewer hours per week there would have been a need for some five hundred to two and half million workers as follows:

44 hours instead of 45	497.000 new workers
43 hours instead of 45	994.000 new workers
42 hours instead of 45	1.514,000 new workers
41 hours instead of 45	2.011,000 new workers
40 hours instead of 45	2.508,000 new workers

This means that reductions in working time are extremely important for alleviating the fossilized structural dimension of unemployment in Turkey.

As the figures indicate, parallel with the numbers of hours by which work time is reduced, there is a corresponding rise in jobs created. Less production or output however is not what is meant by reduced working time. Production is of the same quality but is carried out in a shorter time, and the remainder of the reduced work time is made up by hiring new workers. It is recommend the reduction in working time be general across the board.

A reduction in working time constitutes the flexibility dimension, but security also has to be included in order for such a recommendation to gain acceptance and implementation. In such an arrangement, the full wage is no longer unique only to persons who work full-time. There will, for example, be no reduction in the wages of workers whose working time is shortened. Or, if there is a reduction in wages, compensatory measures must definitely be taken. In other words, as working times are reduced, the worker must be guaranteed income security just as the employer must also be guaranteed cost security. And the way to do this lies in government financing of any reductions to be made in wages (ie, subsidized wages, as in France).

Another key issue when it comes to being able to implement the alternative of WTR is the introduction of incentives or supporting instruments. In the case of employers who employ workers whose work times have been reduced, for example, a social security premium may not be collected. Similarly, special incentives could be considered for new workers, especially women and young

people, who are hired as a result of working time reductions. As you will remember, the incentive of employing personnel with documented professional training was a key issue in Law no. 6111, popularly known as the omnibus bill. Although this implementation is still in its early stage, expectations from this sort of incentives run high. ‘Employment of personnel whose working time has been reduced’ could also be considered within this framework. Monetary support of this kind is crucial for widespread implementation.

6. Conclusion

Today as in the past the world is undergoing radical changes. And the most important change is in the areas and centers of production as the developed countries of the world rapidly move away from old styles of production. We are therefore compelled to think long-term and to engage in planning.

Turkey is one of a handful of countries that have demonstrated noteworthy success in exiting the global crisis. Another key issue is Turkey’s ability to create more jobs in parallel with its growth performance.

This time, therefore, on the subject of employment, which topped the list of our most pressing problems even before the crisis, we must take the measures necessary for demonstrating the desired success in a timely fashion and finally break down some of the existing taboos, such as flexibility.

Turkey has been successful in reducing the cyclical dimension of unemployment as evidenced by a 2010 unemployment rate of 11,9% among its program targets (2011, 9,8%). But Turkey could do even better, so we need to define how to translate the possible into reality. Flexibility is one of the main props of the National Employment Strategy, the drafting of which is under way and slated to be completed by the end of 2011. A blank slate has been created and a ground laid for flexibility in Turkey through STWS, an implementation peculiar to the crisis period. Undertaking a reduction in working time within the flexicurity offers an important opportunity for taking advantage of this groundwork. This alternative is important especially from the standpoint of lowering structural unemployment, which is around ten percent.

When undertaking a reduction in working time, it is essential that the security dimension not be overlooked. More precisely, reductions in working time should be made within a context of security. As the level of the reductions rise, the number of jobs created should also be increased. Working shorter hours is the only way in a world in which competition continues to become fiercer by the day, and in which the center of production is soon going to shift from the West to the East.

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