

TAILORING THE WORK AND LEISURE TRADE-OFF



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This report was prepared by the Lithuanian Free Market Institute in cooperation with the Institute of Market Economics (Bulgaria), the Center for Economic and Market Analyses (the Czech Republic), the Center for Free Economic Thought at the Estonian Business School (Estonia), the Civil Development Forum (Poland) and the Institute of Economic and Social Studies (Slovakia).



This publication was made possible through the support of a grant from the Rising Tide Foundation. The opinions expressed in this publication are those of the author(s) and do not necessarily reflect the views of the Rising Tide Foundation.



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INTRODUCTION

As the saying goes “Choose a job you love, and you will never have to work a day in your life”. Well, it’s not only what you do, but how you do it that may bring satisfaction. Emerging flexible employment forms entail a variety of working time modes that are both employer- and employee-oriented. Working time patterns have significantly evolved as a result of the combined influence of technological changes, globalization, business restructuring and work organization, increased importance of services, increased diversity of the workforce and more individualised lifestyles and attitudes towards careers.

Surveys show that employees tend to prefer employers that offer flexible working time options which is of no surprise since flexible working time arrangements offer a good deal of benefits. In the constant challenge of individual trade-offs between work time and leisure, flexible working-time arrangements provide the possibility to no longer deem work as an interference in one’s life, but to incorporate it to best meet individual preferences and lifestyles.

Policymakers are urged to help foster the adaptation to evolving ways of production and trade. Recent studies show that there is a growing need for tailoring working-time regimes both from the employee and employer part. Regardless the assumed benefits, policymakers still tend to interfere with employee and employer relations particularly in the domain of working hours. Current EU legislation determines the maximum number of working hours per day and week, minimum rest periods between working-time, impose restrictions on unusual working hours, etc. The aim of such regulations is to ensure a minimum level of protection for workers, but this does not necessarily correspond to the actual needs of the market and can reduce the stability of the employment relationship.

Although EU regulation needs to be incorporated into national legal systems, this does not mean that working time is regulated equally in all countries. EU law does not cover all aspects of working time regulation, such as the concept of working time, the duration of payment for overtime, and so on. This study analyzes aspects of working time definition, legal regulation of on-call time, rest and working time, annual leave arrangements and other working time-related legal regulations that are not regulated by EU law. The comparative analysis of the rigidity of legal regulation creates

preconditions for assessing the competitiveness of states and for defining the directions of improvement of legal regulation, because strict regulation of working time is related to the level of employment, general level of consumption and productivity, as well as state competitiveness at regional and global level.

It might seem that policymakers are balancing between transplanting precarious “better practices” disguised as employee protection and actually corresponding to the needs of the market. In this sense labour market flexibility suggests that certain aspects do not need to be regulated – instead they should be left for the employer and employee to decide on.

The report provides an overview of the economic implications of the regulation of working hours and a cross-country legislative and policy analysis¹ on the regulation of working hours in Bulgaria, the Czech Republic, Estonia, Lithuania, Poland, and Slovakia². The scope of the research is limited to analysing the regulation of working hours that covers general requirements of working time, non-standard work schedules and annual leave regulations.

The study shows that the effective functioning of the labor market, the ability of the employees and employers to adapt effectively to market changes and to meet their interests is determined by the level of flexibility of working time regulation. The regulation of aspects not regulated by EU law differs significantly between countries. For example, the differences are due to statutory overtime, night work, and pay arrangements. Regulating these aspects affects not only the functioning of the labor markets, but also the state economy and its competitiveness in the region and at EU level. The analysis also shows that stringent legal regulation forbidding work on certain days, by providing for paid leave days does not correspond to the trends in the functioning of the modern labor market.

- 1 The research methods include descriptive and comparative analysis methods, and statistical data analysis methods are applied to highlight the key differences and similarities of the regulation of the observed countries. Labor regulations of Denmark and Switzerland are analyzed as case studies.
- 2 Bulgaria, the Czech Republic, Estonia, Lithuania, Poland, and Slovakia as competitors for investment in the region. For comparative analysis Denmark and Switzerland are included as highly productive European countries. Denmark is also investigated as a case study due to its flexible labor regulation and *flexicurity* model.

I. ASSUMPTIONS FOR FLEXIBLE REGULATION OF WORKING TIME

Labour laws may be seen as external interferences with the operation of markets, it is also to assume that legal institutions are exogenous to the processes of market formation and operation [26]. However intervention into the regulation of the labour market seems inevitable. Employment regulations are motivated by the assumption that free labour markets are

imperfect and might cause a creation of rents which would at the theoretical level motivate employers “to abuse” workers, leading to both unfairness and inefficiency in the labour market. Due to this perceived unfairness and inefficiency of the free market employment relations nearly every state intervenes to protect the workers in this relationship [17].

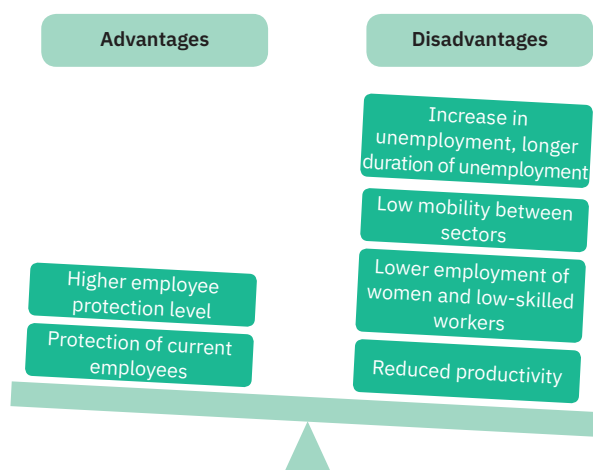
Table 1. Characteristics of Employment Protection extremes

Rigid or protective	Flexible or unregulated
Hiring standards	No hiring standards
Substantive administrative requirements for layoff	Simple administrative procedures
Substantial requirements on employment terms	Negotiable employment terms
Fixed term contracting restricted	Unrestricted fixed term

Source: World Bank Employment Protection Regulations: Rules for Hiring and Terminations, 2002.

Legal interventions in hiring and firing practices are often referred to as employment protection legislation (EPL) [13] that include working hours, health and safety requirements [32]. The extent of legislative intervention and its quality significantly affects the functioning of the labour market.

Fig. 1. Advantages and disadvantages of rigid regulations



Source: Saint-Paul (1997), Bertola (2007), Gregg and Manning (1997), Botero, Djankov, La Porta, Lopez-de-Silanes and Schleifer (2004), Domadenik (2007), DeFreitas (ed.) (2008).

Studies show that rigid EPL may result in higher unemployment because firms are deterred from hiring, also a reduction in productivity because of decreased labor mobility between sectors [89] and it increases the duration of unemployment [12]. More rigid employment protection reduces labour flows and labour turnover with tenures in both jobs and unemployment lasting longer [48]. Empirical literature finds that more flexible EPL raises productivity [3]. By raising productivity and ultimately wages, more flexible employment protection legislation could encourage more people to seek work in the long run and thus raise employment rates [3].

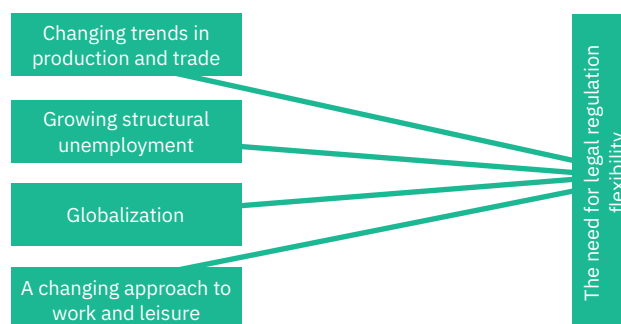
The World Bank reports that laws created to protect workers often hurt them and that more flexible labour regulations boost job creation [97]. Due to rigid regulations female workers and low-skilled workers often lose out being denied job opportunities [17]. Rigid employment protec-

tion generally tends to protect incumbent workers rather than providing incentives for new employees to enter the labour market [27]. Nor does rigidity promote job creation or neither incentivizes reducing unemployment [31]. Where barriers to hiring are high, labour stays in unproductive sectors resulting in less job creation and a loss of competitiveness [98]. Moreover, rigid employment regulations tend to force the labour force into the informal sector [43].

Therefore, the negative impact of rigid regulations becomes particularly evident in cases where employers lack labor force. In this case, not only is it difficult for new employees to enter the labor market, but also the employer's productivity is reduced, the incentives for job creation are reduced, which may harm the state's economy and the employees themselves. In cases of labor force shortage, employers tend to compete with each other for the employees, creating better conditions for employees to make the workplace more attractive. Therefore, the individual interests of the employees are secured best when the employers compete between themselves, and legal restrictions mean untapped opportunities for both sides of the employment relationship.

In order to make markets more efficient as a strategy labour market flexibility was proposed by the OECD in 1994. OECD recommended to remove obstacles in labour legislation which impede the emergence of flexible working-time arrangements, and encourage employer-employee negotiations on flexible working hours and part-time work.

Fig. 2. Assumptions for flexible employment regulation



Sources: EBPO (1994), Rubery and Grimshaw (2003), Eamets and Masso (2004), EC (2010).

Increasing production on demand, globalization, decentralization and geographic dispersion of production requires enterprises to quickly adjust the size, composition and operational specifics of their work force thus resulting in a need for flexibility.

Flexibility entails internal or functional flexibility that concerns the ability of firms to organise and reorganise internal processes of production and labour use in the interests of productive and dynamic efficiency, e.g. through the flexibility of working time [92]. However, policymakers should not only formally declare the possibility of entering flexible time arrangements, but should also include means for attaining the goals of employment flexibility. For example, imperatively requesting unproportionally long notice

periods for altering work schedules reduces the possibilities in engaging in the formal labour market, also makes it difficult to adhere the workforce to the changing working environment.

Economic implications of working hours flexibility to the economy, the employees and employers

Labour market flexibility shows the market's ability to adapt and respond to change [23], to adjust to the external shocks and changing macroeconomic conditions [32]. Flexible market conditions provide its participants the possibility to promptly respond to market fluctuations, increase the responsiveness of wages to changing economic conditions and provide the right incentive mechanisms for both employers and employees [58], [72]. Labour market liberalization calls for less interference in labour market regulation by governments and trade unions thus flexibilization is viewed as a political-economic strategy of capital to gain increasing control over labour market regulation in order to maximize profit [60]. Reforms that make economies more flexible generally boost long-term economic prosperity [34] and flexible employment regulation increases the benefits of trade liberalization [14]. Part-time work and flexible working hours would also increase employment and participation in the labour market [37]. Research has demonstrated that flexible working hours lead to an increase in productivity [91], profit-sales growth and organizational performance [83]. Increasing short-term and lifetime flexibility of working time in contracts voluntarily entered into by employers and employees would lead to lower costs and higher employment [81].

For the **employees**, more flexibility provides workers with the freedom to adapt their working hours and schedule to meet personal and family needs [36], [21]. Employee control over working time allows you to avoid the negative impact of job functions on personal life planning, and employees can choose how and when to perform their job functions (such as working at the highest daily productivity level). Flexible working time regulation facilitates access to the labor market for low-skilled people and people from socially vulnerable groups. Employees' ability to choose their working time and working time regime have a positive impact on their individual productivity [55], [59], [64], [75], [46]. The possibility of agreeing on working time in the long term may reduce the risk of illnesses associated with health and work-related stress [84].

For the **employers**, flexible working time regulation ensures greater productivity, higher and better results for the company, and increases productivity. By introducing company-oriented working time flexibility, a company will be able to better adjust the number of hours worked to market demands, thus avoiding underutilisation of their (internal) workforce [36], [16], [45]. The use of flexible working patterns also reduces the costs associated with absenteeism or delays in work [65], [67], [19]. Applying flexible working patterns and long-term reductions in employers' costs of absenteeism because of increased job satisfaction among employees [84]. Employee-friendly benefit packages may also improve the

corporate image as perceived by potential customers and the general public, which may lead to greater sales and improved stock prices of the company [29]. Employers who offer the opportunity to combine working time with personal needs are more in demand [21]. The ability to choose their working time arrangements has a positive impact on job performance and productivity which turns out to be a powerful factor in determining an increase in productivity resulting results in a more satisfied workforce who are more committed and productive. Implementing flexible working time arrangements help to improve employees' work-life balance, thus contributing to the retention of employees. Conversely, ignoring this issue may lead to a situation in which employees act contrary to the organisation's interests, through increased absenteeism, lateness, reduced focus on the job tasks, attention being diverted to personal matters, and ultimately searching for alternative jobs and resigning.

Examples of implementing flexible working time regulations

Table 2. Theoretical classification of flexibility options

		Employee-oriented flexibility	
		YES	NO
Company-oriented flexibility	YES	Flexible working time	Unusual working hours (night work, work during day of rest or a holiday)
		Part-time work	Overtime
	NO	Long-term leave	

Source: Chung, H., Kerkhofs, M. And Ester, P. (2007), Working time flexibility in European companies, Establishment Survey on Working Time 2004–2005, Eurofound, Dublin. Available at: <http://www.eurofound.europa.eu/publications/htmlfiles/ef0739.htm>

As provided in Table 2, overtime and unusual working hours³ [15] might be considered as harmful to employees. However research suggests that more intense work may go together with working more hours and working harder rather than leaving the employees less satisfied [64]. Especially if employees are compensated for working more intensely by a bigger premium or other benefits. While health-related problems arising from night and shift work continue to be reflected in employee surveys, they do not necessarily imply low levels of satisfaction given the extra pay traditionally (if not always) provided as a compensation for unusual working hours [79]. For example, reduced working time or additional free time for unusual working hours has been one of the standard practices in many European countries in recent decades [69]. However, researchers suggest the importance of traditional monetary compensation for working unusual hours will not diminish [30]. It must also

3 Working hours that are regarded as 'unusual' – work on Saturdays or Sundays, and work at night from 22.00 to 06.00, and as well to the partly related phenomenon of changing work hours such as shift work.

be kept in mind that new measures of compensating for unusual hours apart from extra pay are emerging [82], [28]. However, employee-friendly working time flexibility may also have negative effects on productivity. Arrangements that only take the employees stance in consideration may be disadvantageous for business and compulsory forms of working time that only favour employees would be seen as being rigid, not flexible.

One of the most common strategies designed to enhance both working time and wage flexibility is that of performance-related pay. This strategy is also referred to as performance-based pay and is most strongly associated with efforts to improve worker productivity by utilizing individual or team-based incentives for increased performance. Thus flexible working time arrangements and the leeway to decide incentivise more productive and intense work during factually worked hours. A global study showed that the majority of respondents believe that productivity should not be measured by the number of hours worked at the office, but by the output of the work performed [85]. A case study investigated the turnover effects of an organizational innovation (ROWE, Results Only Work Environment) aimed at moving away from standard time practices to focus on results rather than time spent at work. It found that the turnover odds are indeed lower for employees participating in the ROWE initiative, which offers employees greater work-time control and flexibility [78].

Thus the key characteristic of working time flexibility is the ability of both employers and employees to modify working hours. In terms of labour market regulation, flexibility generally implies lessening of control of employees over their employment by law. Thus working conditions including working time are the result of the interaction between the work, the company and an individual [47] rather than strictly imposed by regulatory instruments. In such sense it may only matter whether the working-time arrangements are implemented with the consent of the employee and whether he or she is adequately compensated.

Table 3. Examples of employer-oriented flexible working hours arrangements

Precondition	Working time arrangement	Outcome
Business fluctuations, variations in workload	Staggered working time On-call (standby) duty “Key-time staffing” Compressed workweeks Work during unusual working hours	Increased efficiency Efficient labour allocation Reduction of costs
Fluctuating levels of customer service or production demand	On-call (standby) duty “Key-time staffing” Work during unusual working hours	Increased efficiency Efficient labour allocation Reduction of costs
Absenteeism	Individualized working schedules Teleworking Workplace flexibility Compressed workweek	Increased efficiency Reduction of costs

Summarizing the scientific literature, the following benefits of employer-oriented working time flexibility may be distinguished:

- Applying staggered working hours makes it possible to effectively adapt to short-term and long-term changes in production, the need for service provision, and the flow of customers [69].
- On-call duty provides the possibility for employers to seek quick replacements for employees who become ill during the course of the day [93].
- The ability to combine working hours with individual needs is one of the most motivating measures when choosing an employer [20].
- In order to maximize the ability to adjust to fluctuating demands for labour, even within the course of a business day, employers may utilize “key-time staffing” which allows enterprises to make hourly adjustments in staffing according to fluctuating levels of customer service or production demand. Such working time arrangements called on-call work are generally implemented in service industries such as fast food restaurants, supermarkets, and banks [93].
- Flexible working schedules benefit employers by lowering costs related to lower rates of absenteeism [65], [67].
- Workers may also work harder to avoid losing a job that offers them the flexibility they desire [91].

Summarizing the scientific literature, the following benefits of employee-oriented working time flexibility may be distinguished:

- Flexible working schedules reduce commute time, ensure a better work-life balance minimizing negative work to life and *vice versa* spillovers. Flexible work schedules help employees to better coordinate their daily work and life responsibilities and boost their on-the-job performance [95], [10], [71] thus increasing average labour productivity.
- Employees may choose to work when their personal productivity is at its peak [91] or work extra hours during the organization’s peak times in exchange for flexibility at other times [8], [74].
- The potential benefits of flexible working hours regulations for workers improve individual productivity indirectly, via health [18], [50], [51], [54], [62].
- And in contrast schedule flexibility is a key motivator for pursuing a different job or employer rather than the one offering a fixed and rigid working-time schedule [20].
- The highest level of productivity gain is associated with workers who enjoy *de facto* flexible work schedules that are not formally legally established [41].
- The perception of flexibility is what really makes the difference: control over time, flexibility, and pace of work were positively related to job commitment and job productivity [33].
- Establishing flexible working schedules and focusing more on the job done rather than the officially worked

Table 4. Examples of employee-oriented flexible working hours arrangements

Precondition	Flexible working time arrangement	Outcome
Personal productivity is at peak other than during standard working hours	Individualized working schedules Flexible working hours not predetermined by law Work location flexibility Teleworking Staggered working time	Increased personal productivity Increased work efficiency
<i>Ad hoc</i> personal appointments or engagements during standard working hours	<i>Ad hoc</i> working time arrangements Flexible working hours not predetermined by law Individual negotiation on time-off Work location flexibility	Minimized negative work to life and <i>vice versa</i> spillovers Efficient work and private life coordination
Scheduled private engagements during standard working hours	Flexible working hours Work location flexibility Staggered working time	Minimized negative work to life and <i>vice versa</i> spillovers Increased productivity
Long commute time, higher traffic concentration during certain hours	Concentrated workweek Flexible working hours not predetermined by law Individualized working schedules Work location flexibility Teleworking	Minimized negative work to life and <i>vice versa</i> spillovers Increased personal productivity

hours is assumed to increase productivity by tackling time-based conflicts of the working hour mismatch (anytime employers require longer (or shorter) hours than employees might prefer) [68], [57].

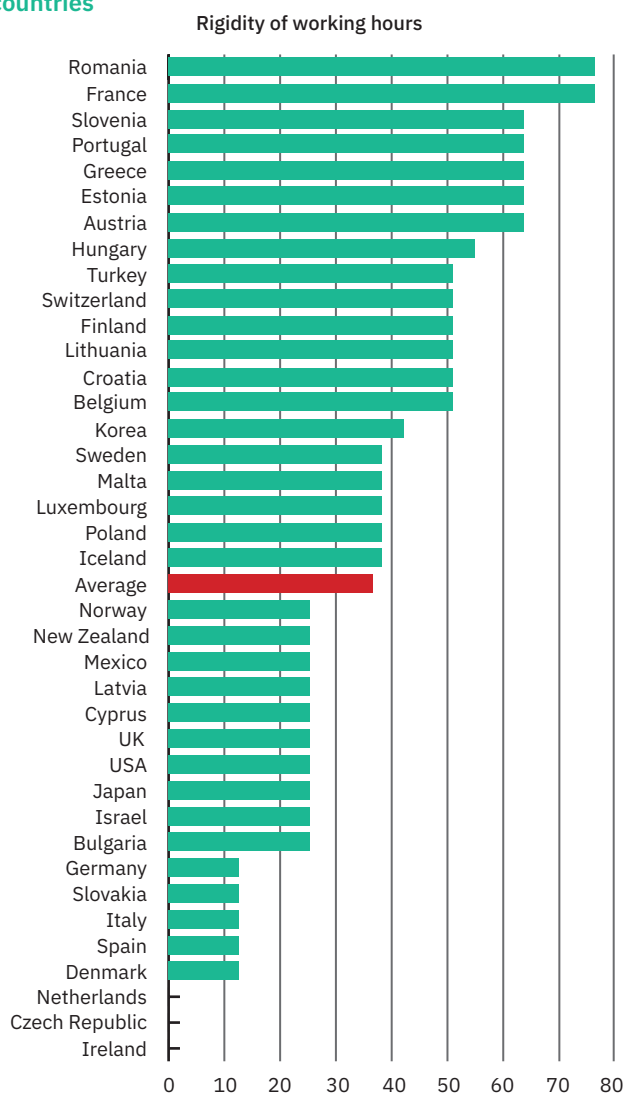
- Recent surveys confirm that flexible working schedules are more preferred by the employees of the younger generation. A global comprehensive study found that 64% of “Millennials” would like to occasionally work from home, and 66% of Millennials would like to shift their work hours, whereas a significant number would be willing to give up some of their pay or postpone a career advancement in exchange for less hours or more accommodating schedules [85].

General overview of the regulation of working time at the EU level

The majority of issues relating to working time regulations are determined at the EU level, in particular the Working Time Directive (hereinafter – the Directive). The following areas are covered under the Directive: average working time, breaks, minimum daily and weekly rest periods, paid annual leave and extra protection in case of night work in terms of work and rest periods. Regardless, EU Member States enjoy a certain margin of appreciation given that countries must develop own laws to determine how to apply the rules under the Directives leaving the national authorities the competence as to form and means. It must be kept in mind that EU regulations provide the minimal requirements of employee protection, meaning that countries may impose more employee-oriented practices. Such include more rest time, less working time and more paid annual leave days.

The lower score on working hours rigidity, the more flexible the regulations are. Based on Fig. 3 the lowest scores are those of countries that have the most rigid regulations of work for unusual hours by requesting the highest premium rates for working unusual hours. In terms of regulating working hours, the Czech Republic has the lowest rate among all OECD countries meaning that it establishes the

Fig. 3. Rigidity of working hours among EU and OECD countries



Source: *Employment Flexibility Index 2019*, based on the data of the World Bank. The legal regulations of the highlighted countries are further analysed in the policy brief.

most flexible regulation. Based on the data, flexibility does not imply the complete abandonment of legal regulation. On the contrary, the laws of the Czech Republic regulate the minimum level of, for example, premium for unusual hours leaving room for negotiations for the private parties. The regulation in the Netherlands is also considered to be the most flexible because the premiums are not limited by law.

The countries with the most rigid employment regulations are those which prescribe the highest premiums and differentiate paid annual leave the most. France is among the most rigid ones, because mandatory paid annual leave is 30 working days which is on an average 10 days more

than the EU and OECD average (Lithuania, for example, has 20 working days of annual leave). Romania also ranks the highest in terms of rigidity of working hours because of the highest mandatory premiums for unusual working hours which are significantly above the average.

Comparative analysis of the rigidity of legal regulation creates preconditions for assessing the competitiveness of states and for defining the directions for improvement of legal regulation. However, this assessment does not include specific provisions that may have an impact on labor market regulation, such as what is considered as working time, under what circumstances work at atypical hours, annual leave and so on.

II. CROSS-COUNTRY COMPARATIVE ANALYSIS OF THE REGULATION OF WORKING HOURS AND ITS RIGIDITY

EU law lays down the minimum requirements for the protection of employees that must be incorporated into the national legal systems of Member States. The States may set a higher standard of protection of employees, lay down more favorable regulations, however this is not required by EU law.

ry requirement in particular that working time is the time that an employee remains at employer’s disposal in a work establishment or another place designated to work. An overview of the labour regulations of the observed countries suggests that the key determinant is whether the employee

Table 5. Imperatives under EU law and the scope of the discretion of Member States

Criterion	EU law	Member State discretion
Working time	<ul style="list-style-type: none"> - Definition (employee is at the disposal of the employer, is carrying out one’s work functions) - Maximum work time per week (including overtime) 	<ul style="list-style-type: none"> - To set a more favourable regulation, higher protection standard for the employees (e. g. longer rest time periods) - To set the maximal duration of a work day - Determine the definition of work time in more detail (e.g. list defining elements) - To set the remuneration requirements
Rest time	<ul style="list-style-type: none"> - Definition (time which is not working time) - Minimum rest periods per day, week - Rest breaks 	<ul style="list-style-type: none"> - To set a more favourable regulation, higher protection standard for the employees (e. g. longer rest time periods, day-offs)
Night work	<ul style="list-style-type: none"> - Minimum duration of the night time period - Additional safety requirement for night workers 	<ul style="list-style-type: none"> - Particular time period which is night time (in hours) - To set a more favourable regulation, higher protection standard for the employees (e. g., longer night time period) - Set the remuneration requirements
Annual leave	<ul style="list-style-type: none"> - Minimum duration of annual leave - Prohibition to replace annual leave by an allowance in lieu 	<ul style="list-style-type: none"> - Arrangements for granting annual leave - To set a more favourable regulation, higher protection standard for the employees (e. g. longer duration of annual leave)

EU law does not cover, for example, what is determined (and remunerated) as working hours, what are the conditions of working unusual hours and the conditions for granting annual leave. The further sections focus on the latter aspects of the regulations of the observed countries and certain case study countries for comparative analysis.

Working time definition and its scope

The Working Time Directive defines working time as *any period during which the worker is working, at the employer’s disposal and carrying out his activity or duties* (Art. 2.1). The majority of national labour laws duplicate this definition (Lithuania, Slovakia, Estonia). The labour regulations of Poland provide a more detailed definition encompassing the location of the employee’s performance as a mandato-

is at the disposal of the employer whilst working time is not particularly linked to the location of the employee, however some legal systems require that the workplace is a key determinant for defining working time (Poland).

Keeping in mind that any period which is not working time is considered as “rest time” (Art. 2.2, Working Time Directive), the question of on-call working (or stand-by time) must be raised. The Directive does not define on-call working thus the interpretation is left to the European Court of Justice (ECJ). Regardless, EU member states must make sure their national regulations are in line with both explicit notions of the Directive and the ECJ interpretation.

Eurofund suggests that on-call working as a continuous employment relationship maintained between an employer and an employee, but the employer does not continuously provide work for the employee. Rather, the employer has

the option of calling the employee in as and when needed (Eurofund, 2015). However this interpretation does not cover the distinction between active and passive on-call duty. The debates on defining on-call working are still in debates at the EU legislation level thus there is no explicit regulation of on-call time.

Under the practice of the ECJ depending on the intensity of requirements for on-call active time, the period may be considered as either active or passive. Under recent ECJ practice, stand-by time of a worker at home who is obliged to respond to calls from the employer within a short period must be regarded as “working time”⁴. The obligation to remain physically present at the place determined by the employer and the requirement to reach the place of work within a short period very significantly restrict a worker’s opportunities for other activities thus such stand-by duty is to be considered as “being at the disposal of the employer” under the working time definition. Whereas passive standby is not considered working time thus is not to be remunerated. This calls into question what are the main elements of working time under national laws and how is on-call duty defined.

Lithuania’s labour code distinguishes between active and passive on-call time, also separates passive on-call duty depending on whether the employee is at a specified place or at home. When being on call is considered to be one of the forms of how the employee performs his or her job function it is considered active on-call duty and thus included into working time. Passive on-call time when an employee is required to be present at a place specified by the employer and ready to perform his or her functions as necessary is considered working time. However in cases of passive on-call duty when the employee can be at the place of his or her own choosing outside of the workplace but prepared to perform certain actions or come to the workplace (supposedly given a reasonable period of time) shall not be considered working time except for the time actually taken for action. However certain protection requirements apply, for example, this type of on-call duty may not last longer than a continuous one-week period over four weeks and the employee is to be paid an allowance of at least at least 20 per cent of his or her average monthly remuneration, whereas actual work is paid as usual.

Under Slovak labour laws, stand-by time is divided to on site time (at the workplace) and off-site stand-by time. On site stand-by time, without performing work, is considered as working time, whereas off-site is not. Off-site time is remunerated at 20 per cent minimum wage for each hour.

Under the Estonian Employment Contracts Act the on-call duty is determined as the employee’s availability to the employer for performance of duties outside of working time, and part of the on-call time during which the employee is in subordination to the management and control of the employer is considered working time (Art. 48). Thus the location of the stand-by time is not a legally defining question as long as subordination is established. In contrast to the Lithuanian regulations, the Estonian laws exclude on-call duty from

working time, whereas the Lithuanian Labour Code provides that on-call duty may be included into working time.

Under the labour laws of the Czech Republic on-call duty is defined as a period when employee is prepared to perform work on the basis of an employment contract, which must be done in the event of an urgent need beyond his schedule of shifts. On-call time may only be at another location, different from the employer’s workplace.

Standby or on-call duty can be determined by the employees availability - this interpretation is applied in Denmark. Qualifying standby work depends on the location of the employee, accordingly if an employee is obliged to be available for an employer, the deciding factor is whether the employee must be available at or outside the workplace, so if for example the employee is available outside the workplace it is deemed as rest time when work is not being carried out.

In all of the established cases minimum rest period requirements apply to on-call duty. Rather peculiarly the Polish national labour laws and the laws of Bulgaria do not regulate on-call duty thus general work and rest time restrictions apply regardless of the peculiarities of standby duty.

Table 6. Hypothetical model of regulating working time and on-call duty

	Relation with the employer	Activity	Location	Qualification
Working time	Continuous relation Subordination Being at the employer’s disposal	Carrying out work functions	Workplace Location determined by the employer	Working time
Active on-call duty	Availability Continuous relation	The work function is not carried out continuously Being prepared to carry out work duties	Decided by the worker Particular distance from the workplace	Working time
Passive on-call duty	Availability	Decided by the worker	Decided by the worker	Rest time Not working time except actual work if carried out

Prepared based on literature review and research data

Working hours and rest time

The Working Time Directive provides for an explicit frame of regulating working time and rest time. It provides for the average working time per week (48 hours including overtime) per reference period. The Directive also provides for a minimum daily rest period of 11 consecutive hours every 24 hours and 24 uninterrupted hours of rest per every 7-day period in addition to the 11 hours’ daily rest.

In all of the observed countries the average working day consists of an average of 8 hours, excluding lunch breaks, accordingly the average workweek consists of 40 hours or 48 hours including overtime. Under the Directive, countries

⁴ European Court of Justice. Judgement in case C-518/15.

may introduce longer rest periods and shorten the working hours, yet none of the countries establish significant derogations. To compare, in Denmark as a general rule, working hours are fixed by collective agreements and in many cases standard working hours are 37 hours weekly. In sectors which have not entered collective agreements the limits set in the Directive apply.

The Lithuanian Labour Code distinguishes between overtime and work done under an agreement for additional work thus affecting the maximum duration of the workweek. The average workweek including overtime is no more than 48 hours, yet working time, including overtime and work done according to an agreement on additional work, may not exceed 12 hours, excluding lunch breaks, per workday/shift and 60 hours over each period of seven days. In any case, no more than six days can be worked over seven consecutive days under Lithuania's Labour Code.

The Directive establishes the minimum duration of rest time, thus countries may establish longer rest periods subsequently affecting the maximum working hour limits however an overview of the national labour laws suggests that all of the countries follow the regulation established under the Directive. The minimum daily rest time is 11 consecutive hours. In Lithuania, Estonia, slight deviations are observed in Slovakia and Bulgaria (12 hours of uninterrupted rest within 24 hours).

Both EU law and national laws allow exceptions from the maximum working time and minimum rest period standards. For example, shorter workweeks are provided for employees of certain professions (e.g. mine workers or employees under two-shift mode under the laws of the Czech Republic). Whereas rest periods may be reduced to 8 hours for an employee older than 18 years of age in continuous operations and with work batches when performing urgent work and in case of extraordinary events under Slovak regulations.

The maximum duration of working days per week in the OECD member states is most flexibly regulated by New Zealand (all 7 days are allowed). The most strictly regulated maximum weekly working hours are those of the countries with the shortest working week (e.g. Estonia, Hungary, Romania, where 5 days are allowed). Most countries provide for a maximum of 6 working days.

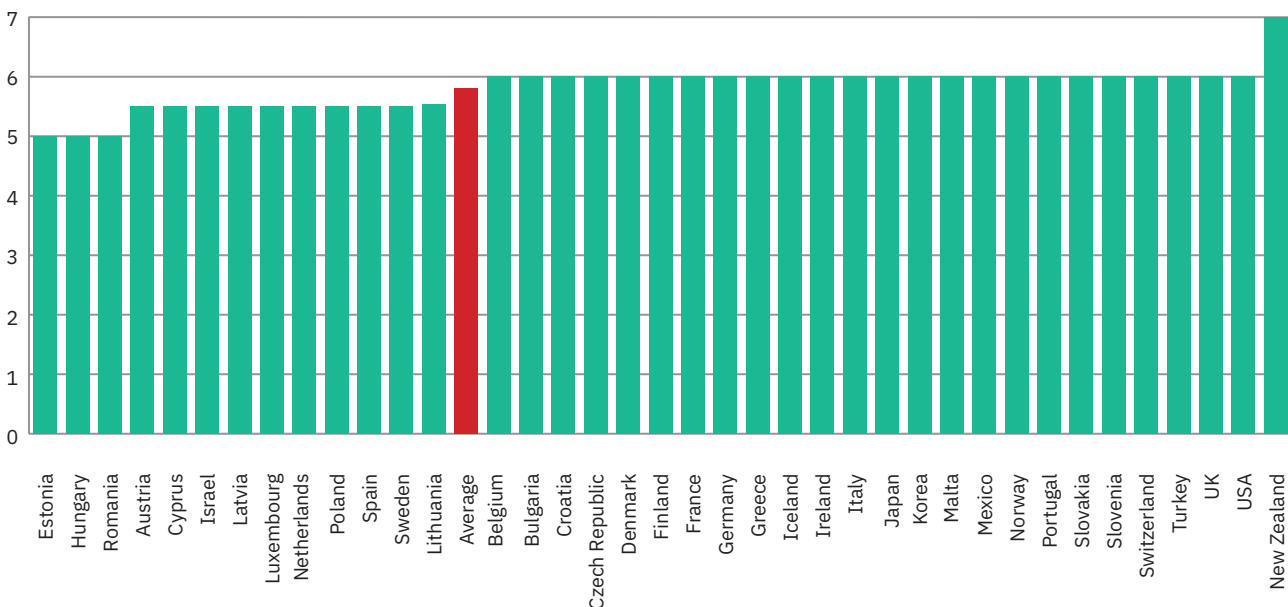
Generally there is no statutory day of rest established by the observed countries. This is quite a different case in Switzerland where work on Sundays is prohibited and working must be justified and authorized by the competent authorities.

Working-Time Arrangements

A determinant dimension of the flexibility of working hours is the possibility to deviate from standard working-time arrangements and to apply such an arrangement that would best suit the needs of the parties and would be in line with work specifics. This implies that it would be most beneficial to leave the discretion on the possible working-time arrangements to be agreed upon the parties as any other working conditions. The laws of the observed countries allow for a certain degree of flexibility in terms of work time arrangements. The arrangement of fixed duration work days or shift is quite the standard form of working-time as is permitted by all countries.

Yet fixed duration working-time arrangements may be deemed as the least flexible ones given that there are limited possibilities of flexibility. For example, in cases of fluctuations in the operations of the company under fixed work time arrangements any additional necessary work would be deemed as overtime and subject to restrictions and additional cost. Thus a variety of working-time arrangements allows to better adjust to work specifics, to

Fig. 4. Maximum work days per week among EU and OECD countries



Based on the data of the World Bank (2018)

better accommodate the needs of employees. It must be noted that in line with applicable EU regulations, in all of the cases working-time arrangements must be applied in accordance with the minimum rest and maximum working hours requirements.

The Lithuanian Labour Code provides an exhaustive list of possible working-time arrangements to be selected by the employer if the individual employment contract does not establish a particular arrangement. Even though restricted, the variety of possible working-time arrangements is wide, it includes fixed duration, annualised hours, a flexible work schedule, split shift, and individualised working-time arrangements. For example, a flexible work schedule allows the employee to carry out duties during other than office hours, however he or she may still be required to be at the workplace for a certain time; while working under a split-shift arrangement the employee engages in continuous work and completes work in one day or shift, while being entitled to adequate time for rest and eating. Working-time annualisation or annualised hours refers to an arrangement under which the standard working hours for the entire reference period are fulfilled during the reference period.

Under Bulgaria's labour code flexible working time schedules may be agreed upon only in cases where the operational specifics of the employer enable such practices making the requirement excess. Split-shift work and individualized work schedules are permitted yet the laws yet the laws do not specify peculiar regulations. Similarly under Poland's labour law flexible working schedules, shift work is also permitted yet not specifically regulated by law leaving room for the parties to negotiate. In comparison with Lithuania's laws, neither split-shift working nor work time annualization is regulated by law.

Under Slovak labour laws flexible working time is a method for the even or uneven distribution of working time that an employer may introduce. However non-standard working time arrangements may only be applied under an agreement with employee representatives, or, if there are no employee representatives in the workplace, after agreement with the employee. Thus non-standard working-time arrangements may be considered more of an exception.

The Slovak labour code provides for even and uneven distribution of working time for individual weeks. The average weekly working time over a defined period, of four-week duration as a rule, may not exceed the limit set for the determined weekly working time for a five-day working week. Uneven distribution of time may also be implemented, however only following an agreement with employee representatives or the particular employee, thus the possibility of applying more flexible working-time arrangements is restricted and may be complicated. Even more, the assignment of uneven time distribution may be justified, i.e. it may be assigned only if the character of work does not permit distributing work time evenly. The Slovak laws also allow implementing a working-time account (similar to working-time annualisation under the Lithuanian Code). In such cases the employer may schedule working time so that when there is a greater need for work an employee works

more hours than his or her stipulated weekly working time and where there is less need for work the employee works fewer hours than his or her stipulated weekly working time or may not work at all.

In the even distribution of working time for individual weeks, the difference in the lengths of working time pertaining to individual weeks shall not exceed three hours, and the working time for individual days shall not exceed nine hours. The average weekly working time over a defined period, of four-week duration as a rule, may not exceed the limit set for the determined weekly working time. In the even distribution of working time, an employer shall arrange weekly working time in general for a five-day working week. Under Slovak laws employer may, after agreement with employee representatives or, if there are no employee representatives in the workplace, after agreement with the employee, distribute working time for individual weeks for a period longer than four months, utmost for a period of 12 months.

Thus it may be stated that the labour regulations applicable in the Slovak Republic establish a high level of employment protection in the sphere of working time, establishing rather rigid rules on applying flexible working time arrangements. The law provides, for example, that Working time account and its conditions and flexible working time may only be implemented via collective agreements.

In all of the observed countries employers and employees are allowed to negotiate particular individualized working schedules, it is also to be assumed, that employees may also request additional time off to take care of personal matters. However only the Lithuanian Labour Code establishes this as a legally protected right of the employee. The Labour Code provides that unpaid time off may be granted at the employee's request and with the employer's consent for the employee to take care of personal matters. However the law also provides that the parties **may** agree to move working time to another workday/shift, as long as the maximum working time and minimum rest period requirements are not infringed upon.

Work during non-standard working hours

Due to particulars of the employer's operations employees may be required to provide additional work or work beyond standard hours. Non-standard work schedules include overtime, night work, work during a rest day.

Restrictions on work on unusual hours are provided by the Working Time Directive. These include the maximum duration of the workweek, including overtime (max. 48 hours), the restrictions on night work (must not exceed 8 hours per day), it also sets out rest time requirements. These restrictions are incorporated into the legal systems of the Member States.

Overtime regulations

Generally overtime is regarded as any time that exceeds the provided work norm, whereas the assignment of overtime may be voluntary and involuntary, however these are too strict of expressions. In some instances due to operational

reasons the employer may request working overtime, in other instances overtime may only be assigned with the employees consent. The cases when the employer has the eligibility to request overtime include unplanned work critical to society that require prompt actions, it is necessary to complete a job or eliminate a failure due to which a large number of employees would have to cease work or materials, products or equipment would be damaged or other grounds stipulated in a collective agreement. In any case, rest periods must be respected. Such regulation seems to be in line with labour flexibility as the employers are given the possibility to adjust their operations when necessary whilst the employee is adequately compensated. Even though the law provides for the maximum number of overtime hours (8 hours per week), there is a possibility of assigning more (up to 12 hours) with the employees consent meaning that one may not be forced to work overtime but may be offered the possibility to increase one's earnings in the short-term.

Aside from overtime some legal systems provide the possibility to agree on working additional hours. This additional time falls out of the scope of overtime. Under Lithuania's Labor Code the parties may enter an agreement for additional work for the same employer. The remuneration for such work is agreed upon individually and not particular rates are established by law however the statutory maximum length of the workweek (60 hours) must be respected. Such a possibility reconciles the adjustment of working additional hours to operational changes with the employee's consent.

Regulating work at night time

Taking due consideration of the health hazards that working during night time may impose (Preamble of the Directive) EU law establishes extensive limitations on night work. Under the Directive night time is any period of not less than 7 hours which must include the period between midnight and 5 a.m., whereas normal hours of work for night workers can not exceed an average of 8 hours in any 24-hour period. Thus a

distinction may be drawn between what is considered to be night time and what is night work (or the particular duration of it). Night workers are such that, on the one hand, during night time work at least three hours of his daily working time as a normal course; on the other hand, any worker who is likely during night time to work a certain proportion of his annual working time, as defined at the choice of the Member State. Thus the proportion is up for the Member States to determine. In the majority of the observed countries a worker that works $\frac{1}{4}$ of one's working time during night is considered to be a night worker (e.g., Bulgaria, Lithuania, Poland). In comparison, under Estonia's labour laws the proportion is $\frac{1}{3}$ allowing for greater labour flexibility.

Compensation for unusual working hours

EU law is aimed at regulating the distribution of a workday's duration and it does not cover remuneration. Hence member states enjoy a rather wide margin of appreciation in this regard. Typically statutory minimum premium rates are applied yet no distinct tendency may be observed and the premiums rates vary.

Higher premiums generally imply more restrictions on the ability to reallocate human resources, whereas low mandatory premium rates encourage employers to utilize available workforce. Yet it may also be assumed that lower premium rates do not incentivize job creation, however this is a mere speculation given that legal safeguards limit the maximum working hours and require minimum rest periods during a week.

However, details in limiting flexibility go beyond the premium rates. Some premiums are calculated either based on the average earnings of the employee or the minimum wage that, accordingly the premium rates may differ significantly. For example, in Slovakia, premiums for weekend and night work are calculated based on the minimum wage, and overtime and public holiday premium is calculated based on the average wage of an employee. Whereas under Lithuanian, Polish, Estonian laws all premiums are calculated based on the employees general earnings.

Table 7. Mandatory minimum premium⁵ rates for unusual working hours

Criterion	Premium for night work (%)	Premium for overtime (%)	Premium for work a rest day (%)
Bulgaria	Typically agreed among the parties	50 (workday) 75 (weekend) 100 (holidays)	n/a
The Czech Republic	10	25 50 (for overtime on a day of rest)	10
Estonia	25	General rule – time off 50	Not regulated
Lithuania	50	50 150 (overtime on a day off, at night)	100
Poland	20	50 100 (overtime for work at night, on a Sunday, holiday)	100
Slovakia	40 (min)	25 (ave)	50 (ave, Saturday) 100 (ave, Sunday)

⁵ Premiums are the regarded as the amount in percentage of the wage of the employee that is paid additionally to the wage for certain working time, for example, in Lithuania employees are paid a 100 per cent premium of their average earnings for work on a rest day, that means that for working on a rest day the employee is entitled to a payment twice his/her average income.

The remuneration rates vary significantly among countries. Among other Lithuania and Poland establish the highest premiums for all types of unusual working hours. Given that premium rates vary so significantly, it may be assumed that proper remuneration may not be determined beforehand thus it should be left for the parties to decide. Moreover, scientific literature outlines not the premium rates, but the possibility to provide adequate compensation. Apart from financial benefits, alternative compensation means are emerging. All of the observed countries offer the possibility of entering an agreement of granting additional time off instead of remuneration. The general rule is monetary compensation, but for example, under Estonian labour law an employee usually is compensated with additional time off for overtime, unless the parties explicitly agree on monetary compensation. Slovak laws provide for additional flexibility measures as employers who regularly employ people on Saturdays or Sundays, can pay lower premium if agreed in collective agreement or in an agreement with representatives of employees. In all of the countries, financial compensation or compensation in time off are alternative means of compensating the employee, none of the countries offer both monetary compensation and time off.

With regard to financial compensation for unusual working patterns, all of the observed legal systems impose a monetary compensation or compensation in time off. Generally the laws state the minimum payable premium rates which may be exchanged into rest time.

The peculiarities of employment regulations relating to Public holidays

Countries tend to restrict work on public holidays to some extent, yet the level of intervention varies. All of the observed countries regulate work on holidays by law, working of public holidays is not prohibited *per se*, yet certain restrictions apply. And some of these restrictions may cause significant complications in determining obligations.

For example, under Slovak regulations, the employer can order work during holidays only under specific conditions established by law, that include urgent repair work, loading and unloading work, work performed in continuous operations, imperative work with regard to satisfying the living, health and cultural needs of the population, *etc.* In Slovakia exceptions apply as retail shops (except of gasoline stations, pharmacies, souvenir shops, transportation shops, hospitals) have to be closed during public holidays as regulated by law. Under the laws of Poland, work on public holidays is only allowed in cases when it is necessary to protect human life, to rescue humans health, property, environment, to guard property, to carry out the work necessary due to their social utility and daily needs of the population. Under Poland's labour laws, employees of the trade sector are not allowed to work on all public holidays.

Generally work on a public holiday has to be justified. The same justification for work on a holiday is required under the laws of the Czech Republic as working is allowed only when it is necessary for operational reasons and if the

required scope of work cannot be done in any other working day. In contrast to the Slovak law, Lithuania's Labour Code does not provide any particular grounds for justification, the sole requirement is a consent of the employee implying the most reasonable regulation in terms of flexibility.

In all of the observed countries remuneration for work on holidays is determined by law. It requires to pay the employee no less than a 100 per cent wage premium. The Lithuanian labor code additionally provides if overtime is assigned during a public holiday the employee is entitled to request no less than a 150 per cent premium.

Under Lithuania's Labour Code, at the employee's request, working time on days off, holidays or during overtime, multiplied by the established rates of remuneration, may be added to annual leave time. Under the laws of Slovakia, the Czech Republic it is possible to agree on working unpaid overtime in exchange of unpaid free day. The Polish labour laws provide that it is possible to take a day off instead of additional salary. It applies to overtime work and work on Sundays and public holidays. Such alternative compensation models enable a more flexible labor environment.

Working time deviations based on non-operational circumstances

Deviations (reductions) from the workday duration are excluded from the scope of the Working Time Directive thus the countries enjoy wide discretion. The analysis does not show any general tendencies.

In Estonia and Lithuania working time is reduced at the eve of holidays. Under the Estonian Employment Contracts Act, the employer has the obligation to shorten the working day preceding 6 public holidays by 3 hours. In contrast under the Lithuanian Labour Code, the length of the workday is shortened by 1 hour, but on the eve of all 15 public holidays. In contrast, no deviations are established by law in Bulgaria, Slovakia, the Czech Republic, Denmark or Switzerland. In Denmark there are no mandatory requirements to provide yet the companies themselves can choose to give extra time off, for example on Christmas Eve or New Year's Eve, which may seem as the most reasonable solution.

The Polish laws provide for quite the unorthodox regulation. The labour laws of Poland provide the most rigid regulation as employees are entitled to a "compensation" if a public holiday falls on a usual rest day by shortening the duration of the next workday by 8 hours. For example, if a holiday falls on a Saturday, an employee working Monday to Friday will have the right to request one free day during one of the working weeks. However, the regulations are incoherent - if a public holiday falls on a Sunday, the employee is not entitled to a "compensation". In 2017 the Bulgarian government adopted similar legislation under which every Monday that follows an official holiday on Saturday or Sunday is a de-facto rest day.

"Zero-hour" employment agreements

The original draft of the Lithuanian Labor Code proposed to establish "zero-hour" employment contracts. When considering the legalization of these contracts in Lithuania, it

was decided that they were unsafe because the employee could not plan his/her income and the income-related volatile social insurance contributions had a negative impact on the amount of social guarantees of such employees. Therefore, the legalization of “zero-hour” contracts was refused. However, the benefits of such contracts and the relevance of their legalization remains.

Under “zero-hour” contracts the employer would commit to provide a minimum amount of work per month, and the employee would work at the employer’s invitation provided in advance. The employee could work without interference with other employers, as well as with no negative consequences for refusing to work on the invitation.

According to the OECD, Lithuania has one of the lowest rates of part-time employees. “Zero-hour” employment contracts are attractive to young workers who wish to combine their studies with gaining work experience. Likewise, allowing “zero-hour” work contracts would make it easier for potential workers to enter the labor market, for example for those with low qualifications or for long-term unemployed workers. The possibility of entering “zero-hour” contracts would allow employers to distribute the workforce efficiently according to the specifics of their activities, and would provide employees with the opportunity to earn additional income and to better balance work and leisure.

Duly taking into account the peculiarities of “zero-hour” contracts the employee can rationally plan his/her time: engage in other activities, work with other employers. If the employee does not have other means of subsistence and is not satisfied with this form, one should simply not accept such a proposal. The responsibility of planning income should be left to the employees themselves, and the protection of employees should not hinder the ability of employees and employers to choose the right employment contract.

Annual leave

The Working Time directive provides that paid annual leave must be of at least 4 weeks per year that must be granted under the rules established by law. The minimum period of paid annual leave may not be replaced by an allowance in lieu, except where the employment relationship is terminated.

EU regulations do not cover the peculiarities of granting annual leave thus countries enjoy a wide margin of appreciation. The regulation as to when the employee has the right to request annual leave is different. For example, in Lithuania the employee may ask to leave on annual leave not depending on the tenure duration, but since the day that the employee is entitled to at least one working day’s leave. However the employer only has the obligation to grant the employees request after working 60 days. Under the Slovak Labour Code, an employee can ask for paid annual leave whenever, but the employer has the obligation to grant this request only after 21 days worked, under the laws of the Czech Republic, an employee has the right to request paid annual leave after working at least 60 days for the employer, under Bulgarian laws working 8 months

is required. Even though Danish laws provide the longest duration of paid annual leave (5 weeks), the employees must “earn” those weeks, meaning that a full year has to be worked so that the employer would have the obligation to grant 5 weeks paid leave.

In some cases, the employers do not have the right to decline requests, accordingly they have the obligation to grant annual leave immediately, for example, to women who just got back from maternity leave (the Czech Republic), to pregnant employees before or after pregnancy and childbirth leave, during the summer break at the workplace (Lithuania).

The laws may also provide the grounds on granting the employees request for annual leave. In all of the cases the beginning of the leave have to be negotiated between the employer and employee. Under Slovak laws the employer has the right to refuse specific dates preferred by employee when it is an obstacle to the employer’s production plan. Under Lithuania’s Labour Code the schedule of annual leave has to be confirmed by the employer and the employee is granted such leave in line with the schedule. The employer has the obligation to grant paid annual leave for at least 10 days. Thus the general rule in all of the countries is that annual leave dates are negotiated between the parties.

Mandatory annual leave implies that the employers have the obligation to grant the employees’ request for paid annual leave for certain minimum periods during the year. However this does not mean that the employer has to force out the employee to take some time off. There may be cases where the employee does not take annual leave. What should be done with the “earned” annual leave days?

Generally unused annual leave days accumulate accordingly. EU regulations provide that the employee has the right to compensation of unused annual leave days when terminating the employment contract. This would make sense given that rest periods are oriented at the employee regaining one’s working capacity, however unlimited compensation practices provide the employees with the possibility to abuse the system by being entitled to an additional pay-out when terminating the contract as compensation for unused annual leave days.

In some countries the amount of compensation is not limited. For example, Slovak regulations seem to impose a disproportionate obligation for the employer to compensate all of the unused days in case of termination of contract. The laws of Denmark provide that when changing jobs, the holiday pay is connected not to the workplace, but to the worker, i.e. a person takes the right to holiday pay with oneself when changing jobs. The previous employer calculates the holiday allowance and then the amount is transferred the amount to ‘FerieKonto’ or issues a holiday card to the employee.

Other countries apply limitations on the compensation. For example, under Lithuania’s Labour Code, the right to request accumulated annual leave days or compensation for them shall be lost three years after the end of the calendar year during which the right to full annual leave was

acquired. Such a requirement acts as a safeguard protecting the employer since upon the termination of the contract employees are entitled to a monetary compensation for unused annual leave days.

Differentiation of paid annual leave

EU regulations provide the minimum annual leave durations thus the countries may provide for a longer leave. Typically countries do not differentiate the duration of paid annual leave based on the duration of tenure. Thus an additional dimension of possible rigidities is the differentiation of paid annual leave based on the duration of tenure. Although this is an uncommon practice among EU and OECD countries, some countries obliged to give more paid annual leave days based on how long the employee is working. For example, under Poland's laws, employees with more than 10 years of tenure are entitled to additional 6 days of paid annual leave. Under Lithuanian laws the annual leave duration may be extended if an employee requests to get compensated for working overtime by transferring additional time to paid annual leave. The same applies in Greece, Hungary, Lithuania, thus increasing the overall level of rigidity of working hours.

Additional time-off

Apart from general rest time regulations, some countries provide the possibility to request additional time-off. It may seem that taking care of personal issues during the workday are completely up for the employers and employees to negotiate, yet, for example, Lithuanian policy makers established this possibility legally. Lithuania's Labor Code provides that the employee and employer may agree on the employee taking some time off during the workday to take care of personal matters. The working time may accordingly be transferred to another working day. Although obviously trying to tend to the needs of the employee, such a notion has no or insignificant legal significance since it is not an obligation, but rather only the possibility, thus creating no practical outputs.

Alongside additional days off for such issues as marriage, exams, funerals and so on, Lithuania's case is rather outstanding as it offers "mom" and "dad" days. The Labour Code provides that each of the parents of more than two children aged under 12 years are entitled to an additional day off during the month. Accordingly the employer has an obligation to grant such a request which may seem completely out of line with the essence of employment regulations.

CONCLUSIONS AND RECOMMENDATIONS

1. Assumptions for flexible regulation of working time

- 1.1. The need for flexibility is based on technological change, globalization, business restructuring, changes in the organisation of business, increased demand for services, a large variety of workforce, an increasingly diverse lifestyle and a career approach. The flexibility of working time regulation thus responds to the trends of the modern labor market and creates the conditions for market development.
- 1.2. Rigid regulation of labor relations does not encourage employment, restricts mobility among market sectors. The employers are not encouraged to change their workforce and hire new employees. Legislation aimed at protecting existing workers does so at the expense of new potential employees. In cases of labor force shortages, employers tend to compete with each other to create better conditions for the employees to make the workplace more attractive. Therefore, the most effective means of securing the individual interests of employees is the competition of employers. Rigid legal restrictions lead to unutilised opportunities for both parties of the employment relationship.

2. The concept of working time

- 2.1. Working time is defined by the employee being at the employer's disposal and carrying out work duties. When legislation does not strictly define the elements that determine working time, for example, it does not indicate that working time depends

on the employee's presence at a particular address, the parties to the employment relationship are provided with the possibility to negotiate on the basis of individual interests.

- 2.2. The definition of on-call duty varies between countries and there is no harmonized regulation at the EU level. It is therefore important that the interpretation of the concept of on-call duty and its regulation should avoid a centralized, too detailed definition of on-call duty. According to the analysis, the regulation must be such as to enable employees and employers to decide in cooperation on the conditions for the performance of work functions, respectively on-call duty related aspects.

3. Remuneration for non-standard working hours

- 3.1. Rigid regulations of overtime, work during a rest day or night work create complications in determining the adequate workload and remuneration of an employee. Consequently this leads to ineffective labour regulations. Centralized working time regulations limit the ability of the market participants to secure their interests and to adapt to change. Thus legal regulations should create the proper precondition for labor market parties to negotiate such conditions that best meet their interests, including the number of overtime hours per week (because general minimum rest requirements apply to overtime).
- 3.2. In most of the countries, an employee is considered to be a night worker if he/se works at least one quarter of his/her time at night. Estonian law establishes

the requirement of one third of the total working time, thus Estonia's regulation in this context is considered more flexible. There are special restrictions on night work, so a longer period of time when the employee is not regarded as a night worker (compared to 1/3 in Estonia and 1/4 in Lithuania) ensures more opportunities for negotiation and less restricts on the functioning of the labor market.

4. Restrictions regarding working days and days-off

4.1. A tendency to ban work on certain days is becoming more evident. Prohibiting work, for example, on holidays, Sundays, would affect consumers, workers, businesses, public finances and overall economic development. This would reduce the number of jobs and salaries in the trade sector, which would limit the ability of companies to use their existing resources properly, so restrictions on working on certain days should be discouraged because such restrictions would adversely affect the functioning of the labor market.

5. Suggestions for improving the regulation of working time arrangements for holidays and paid days-off

5.1. Shortening the working day on the eve of holidays increases the employer's costs, as he has to compensate for the time during which work functions are not actually performed and then he may also have to compensate by paying for overtime (if the work cannot be completed on the shortened working day). Such regulations also limit the employee's ability to choose

how to effectively distribute their working hours, and they may need to compensate by working more hours on the next business day. As production and operational specifics change, for some entities the shortening of the working day on the eve of the holidays may be meaningless, because the amount of time spent at the workplace may not be in line with the actual work performed if work is evaluated by the results produced. In order to achieve flexibility of labor relations, and that the Labor Code would ensure the ability of the labor market to promptly adapt to changes, the ability to negotiate working time at the individual level would best suit the interests of the employment parties.

- 5.2. "Zero-hour" employment contracts suit the interests of young workers, low-skilled workers and those in long-term unemployment. Allowing "zero-hour" contracts would make it easier for potential workers to enter the labor market. The possibility of entering such contracts would allow employers to distribute the workforce efficiently according to the specifics of their operations, would provide the employees with the opportunity to earn additional income and to balance work and leisure.
- 5.3. Prohibition to work on public holidays does not correspond to the multiculturalism of the society, the peculiarities of the changing work functions due to the application of technologies, the peculiarities of production. Such restrictions unduly limit the ability of employers and employees to personalise their activities in order to secure their interests. Therefore the regulatory framework should create conditions to individually agree on days-off.

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