

2.2.1. Decoupling of Production Time and Working Time

Positive effects on employment by a national decoupling of production time and working time are to be expected, if the demand for a product is relatively price elastic. When costs and prices decrease, demand rises. If such measures are taken not only on national but on international level, the positive effects on employment will be lower. Demand will react less elastically if all producers reduce prices simultaneously than if individual suppliers gain market shares through price reductions.

Yet, from a dynamic point of view, a general non-sector-specific decoupling of production and working times, the increasing output-capital ratio and the pressure for „capital deepening“ will temporarily promote the propensity to invest. If the positive demand-effect of these investments outweigh the capacity-effect (and the potential subsequent rationalization effects), a positive net-effect on employment may be the result in the medium-term. Moreover, a higher level of employment could be achieved even with the same capital stock (with given investments).

Longer production times, as a competitive measure, in certain enterprises or branches are particularly necessary, when international companies are offered a considerably higher output-capital ratio through the decoupling of production and working times in other countries with similar production conditions as Austria. From the employment point of view the Advisory Council therefore recommends the decoupling of production and working times particularly for branches with capital-intensive production so as to make possible cost and price reductions, while preserving the legitimate interests of the employed.

2.2.2. Adjustment of Working Hours to Production Fluctuations

In those fields where flexibility represents a decisive competition-related quality dimension for the demand by consumers or enterprises, the adjustment of the working time to production fluctuations can constitute a useful measure.

The Advisory Council therefore recommends to take into account employment effects when implementing the new possibilities of compensating fluctuations of the order volume through adjustment of the working time to production fluctuations. Positive employment effects can be expected in particular when overtime and extratime are being reduced and when the leave can be taken in blocks. The practical implementation must be decided upon by the social partners at enterprise or supra-enterprise level.

2.2.3. Reduction of Working Time

A reduction of the regular working hours theoretically allows for a distribution of the available amount of work amongst more people. Particularly in view of the increasing output-capital ratio due to constant technical progress this possibility will continue to be part of the repertory of working time policy.

Counterproductive side effects may, however, exert a negative employment effect: These result mainly from the deterioration of international competitiveness of businesses and the ensuing – depending on the individual economic fields – shift of the costs onto prices. A further general prerequisite for a positive employment effect is a relative homogeneity of the labour market segment; in case of a segregated labour market (e.g. scarcity of skilled labour), no positive employment effect can be expected due to a lack of labour supply.

The problem of a reduction of working time is consequently best left in the competency of the collective bargaining partners and no general proceeding is to be taken for the time being. This does not, however, preclude a reduction of working hours on branch and company level. Thus in certain cases shorter working hours on company level in combination with flexible working hours may help to prevent a reduction of personnel („VW model“) or even create additional employment.

The reduction of regular overtime would constitute another aspect in the reduction of working hours. If overtime is not used to cover occasional extra workload but is performed on a permanent basis, from an employment perspective this overtime should be reduced and replaced by new hirings, provided this is a viable commercial proposition.

New variants of the distribution of labour are discussed in the next chapter.

2.2.4. Models of Distributing Labour to Create More Employment

The Advisory Council mainly concentrated on two concrete models of a „redistribution“ of labour: Job rotation – temporary replacement of an employee on leave by an unemployed person – and part-time work.

Models aiming at a reduction of working hours in favour of increased leisure time for the individual may positively affect motivation, sick leave, productivity and finally the length of working life. Possible counterproductive effects such as an increase of illicit work in the acquired leisure time would have to be investigated and appropriate countermeasures would have to be taken if necessary. Possible savings in the unemployment insurance could be used, through a re-allocation of the resources, for active measures like further training, promotion of employment or possibly also contribution reductions.

The Advisory Council recommends to intensify and test the following possibilities in limited model studies and pilot projects and to study their effects in consultation with the social partners.

2.2.4.1. Job Rotation Models – Educational Leave

Sabbaticals and other forms of job rotation become increasingly important instruments of labour market policy throughout Europe and can be used in the placement of labour to secure a well functioning labour market. In this connection, the needs of employees, the unemployed and employers must be equally taken into account.