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SHARING THE WORK

by David Stern

One persistent proposal for reducing unemployment is to share the work by creating more part-time jobs. A 1978 Harris poll for the U.S. Department of Labor estimated that 59 percent of American workers would be willing to give up some fraction of their current income in order to reduce their work time by the same fraction. When individual workers' desired reductions in work time are all added together, they amount to 10.7 percent of total time worked, in the Harris poll sample. If this is an accurate estimate for the whole American work force of about 100 million people, then satisfying these expressed desires for reducing total work time by 10.7 percent would theoretically create the equivalent of roughly 10 million full-time job openings. Creating more part-time jobs than are presently available could, in theory, make room for all eight million or more Americans who are currently looking for work! In practice it would not be that simple, but the impact on unemployment could still be substantial.

Mechanisms—In Western Europe, sharply rising unemployment in the early 1980s has renewed interest in work-sharing ideas. National unions and employers' associations in the Netherlands agreed in 1981 to reduce the basic work week from 40 to 39 hours. In West Germany, metal workers went on strike last spring, demanding a reduction in the work week from 40 to 35 hours (they settled for 38½ hours, starting in 1985—but with a 3.3 percent pay raise now and an additional two percent raise in 1985). Creating jobs was an important motive in both countries.

In the U.S., employers sometimes use temporary reductions in the work week as a quick way to cut payrolls when demand falls off. But if demand stays down for more than a week or two, the Unemployment Insurance system in most states makes it more advantageous to put some workers on full-time layoff and keep the rest on full-time pay. Several states, starting with California in 1978 (see LCR No. 89), have now added a temporary work-sharing option to their UI laws. This may encourage more sharing of work during recessions.

In addition to shorter weeks, other ways to share work include longer annual vacations, and extended sabbatical leaves every few years. For example in 1963 the United Steel Workers won a 13-week sabbatical every five years for the senior half of their membership, and about 40,000 workers a year take advantage of it, according to a 1977 study by Robert Clark, *Adjusting Hours to Increase Jobs*. The 1978 Harris poll that asked about workers' willingness to accept reduced pay for more time off found that, for most workers, longer vacations and sabbaticals were worth more than shorter work days or weeks—but for some workers the opposite was true.

Obstacles for Unions—Unions and employers have both resisted work sharing. For unions, one problem is that a majority of members may oppose any particular form of reduced work time if they have to pay for it out of current income. The 1978 Harris poll found that **most** workers did **not** want to give up any of their current income to get a shorter work day. Most would not give up current income to get a shorter work week. Likewise for longer annual vacation, sabbatical leave, and early retirement. If the options are considered one at a time, none would win approval by a majority—in spite of the fact that 59 percent did want at least one of the options on the list. Majority rule, therefore, prevents most unions from demanding any particular form of across-the-board reduction in work time and pay.

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Creating a range of options is also difficult for unions, which have traditionally opposed letting individuals make their own agreements with employers about time and pay, since this could undermine the whole collective bargaining process. However, some unions have found ways to let individuals choose to reduce their work time and pay, by means of job-sharing or phased retirement. Providing options such as these spreads the work without undermining the union's role as collective bargaining agent.

Furthermore, the 1978 Harris poll did find majorities in favor of giving up part or all of a pay increase in order to get a longer annual vacation, a sabbatical leave plan, or earlier retirement.

Obstacles for Employers—On the employers' side, the objection to spreading work is that it raises hourly labor cost. The employer's contribution for health and life insurance may be the same for a part-time as for a full-time worker. Also, Social Security and UI taxes apply to each employee's earnings up to a ceiling, so the employer's tax payment per hour worked is less for full-time workers because they are more likely to earn more than the ceiling. The fact that these and other costs are less per hour for full-time than for part-time workers explains why automobile companies are currently paying overtime wages to thousands of workers while thousands of others are still on layoff.

However, employers may underestimate the potential gain in productivity from finding ways to make employees happier with their work schedules. A recent study by Staines and Pleck finds that resolving the time conflicts between work and family life can make a big difference in workers' well-being, particularly in two-earner families. And a 1979 study of job-sharing by Gretl Meier found that job-sharers felt they had more energy to put into their work, and had less absenteeism because job partners could cover for each other in case of sickness. If employers and unions can accommodate the diverse desires of individual workers, productivity could go up while unemployment goes down.

--David Stern