

FIVE DAY WORKWEEK DEBATE

Ju-Hong Min
(jhmin@hri.co.kr)

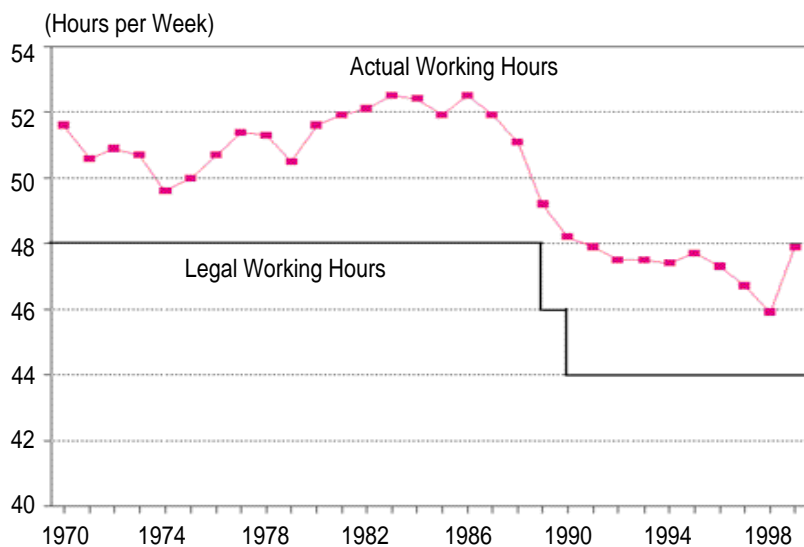
Five day workweek, a new issue

Even before the IMF crisis, a persistent demand of labor groups has been the reduction of legal working hours. As a result, the tripartite labor-management-government committee created a working group dealing with working hours and decided to reform the working hour system. Recently, with the continued economic recovery, the “five day workweek” has become a hot topic.

Recently, with the continued economic recovery, the “five day workweek” has become a hot topic.

While labor, management, and government all agree on the need for reduced working hours there has been little convergence on issues such as wage adjustment, timing of the new system, and what topics are relevant to the debate.

Figure 1. Average Working Hours per Week



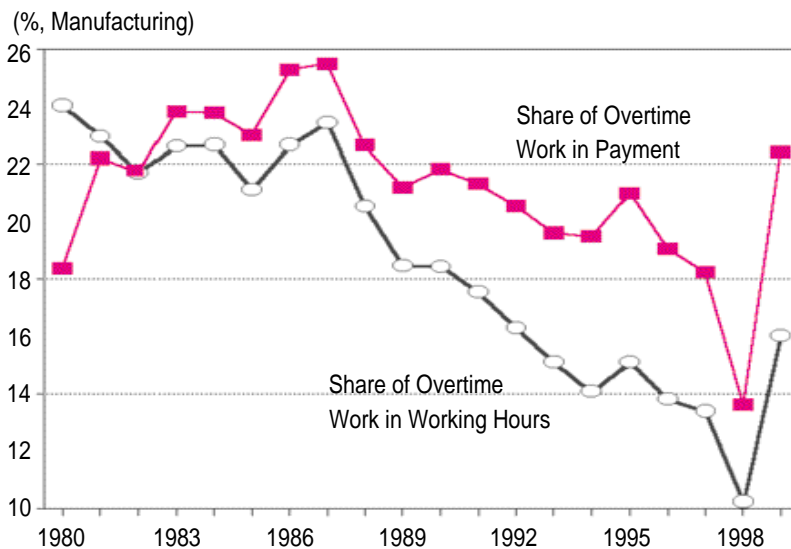
Working hours and wage adjustment

Labor is consistently arguing for a reduction in working hours without wage cuts. Employers, however, contend that wage cuts should be a part of the changes, along with reductions in paid absences and holidays, and an expansion of the shift hours system.

Labor is consistently arguing for a reduction in working hours without wage cuts.

Asserting that the purpose of the shorter workweek is to improve the quality of life, and that wage cuts would be contrary to this purpose, labor is set against cuts in pay. Management counters that because of the high proportion of overtime payment and the monthly wage system, labor costs will go up, and employment may actually decrease after the enactment of shorter working hours.

Figure 2. Share of Overtime Work in Working Hours and Payment



When should it be implemented?

While labor contends that the working hours law should be revised quickly, employers argue that a revision in the present situation would be premature.

While labor contends that the working hours law should be revised quickly, employers argue that a revision in the present situation would be premature. The discrepancy stems from the fact that actual working hours far exceed legal working hours. According to labor, a reduction of legal working hours is needed to reduce actual working hours. Employers state that legal working hours should be unchanged, and that both sides should negotiate to reduce actual working hours. In addition, they propose that reduction in legal working hours should be accompanied by reconfiguration of the working hour system, adjustment of vacations, and the reduction of overtime.

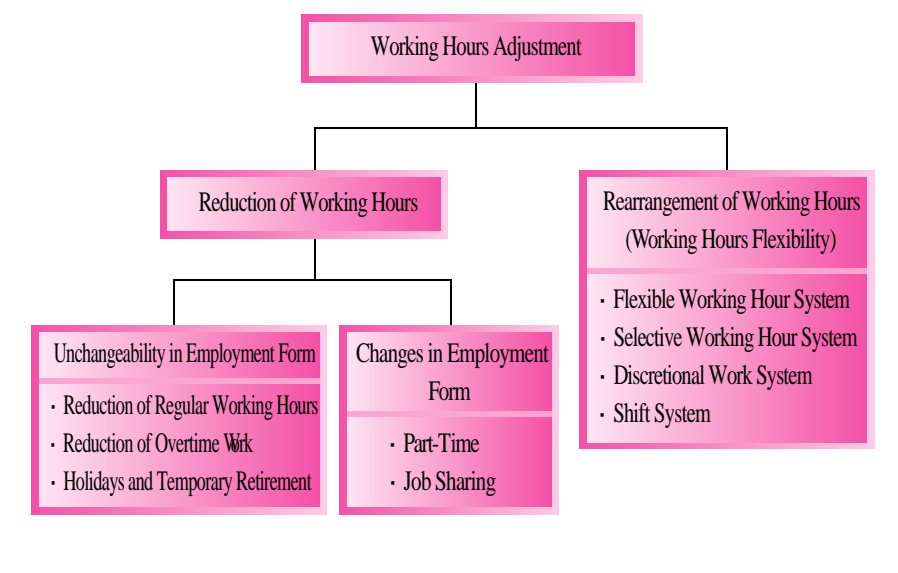
What topics should be discussed?

Depending on the scope of the working hours debate, the respective burdens of labor and management will vary. Labor states that working hour reduction should be the main topic for discussion and handled separately from other issues. Meanwhile,

employers argue for a broader scope of discussion including wage hikes, holidays and vacations, as well as the introduction of a salary system.

Employers argue for a broader scope of discussion including wage hikes, holidays and vacations, as well as the introduction of a salary system.

— **Figure 3. Comprehensive Concept of Working Hours Adjustment** —



Consideration of broad employment system is necessary

The debate on working hour reduction should be within the broad context of the employment system, and should analyze issues such as quality of life, job creation, and effects on industry. In addition, any changes should be pursued on a gradual basis.

Most importantly, the problem should be tackled along with changes in overall working conditions, including the working hour system and the work environment. There is also a need to reexamine the labor standard law, which was created on the assumption of a six day workweek. The issue should not be restricted to labor-management relations, but should be approached from the overall view of the country's social and economic system.

The problem should be tackled along with changes in overall working conditions, including the working hour system and the work environment.

In addition to increased leisure time and improved quality of life for workers, the reduction of working hours should be done in a way to improve worker productivity through higher morale and improved skills. The new measures should reflect the characteristics of different industries and firms, and both labor and management should explore ways to rationally deal with the changes. **VIP**