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# How do shorter working hours affect employee wellbeing?

Shortening working time in Finland

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Helsinki Metropolia University of Applied Sciences

Double Degree

European Management

Bachelor's thesis

5 May 2017

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Title	How shorter working hours affect employee wellbeing? Shortening working time in Finland
Number of Pages	50 pages + 3 appendices
Date	5 May 2017
Degree	Bachelor of Business Administration
Degree Programme	European Management
Specialisation option	Marketing and Sales
Instructor	Daryl Chapman, Senior Lecturer

The way work is done is dramatically changing due to digital breakthroughs. Generation Y is entering the workforce with a changed attitude towards work as organizations are increasing their focus towards employee wellbeing. Organizations who adopt the new model of work and understand the importance of the wellbeing of their staff are leading the transition to a more efficient business, better working life and a healthier planet.

The thesis explores the numerous effects of shorter working time to occupational health and seeks to establish a connection between these two elements. The topic is widely discussed and argued over different individuals, companies, organizations and governments and is a current, trending topic. The results obtained from the literature based research suggest that since the topic is argued, naturally there are differing views on the effects of shortening working time. However, researchers have not been able to completely exclude the benefits of shorter working time on employee health. The issue is that the nature of the topic is relatively new in Finland, which explains why there is little supporting evidence, therefore, further exploring and piloting of the new model of work is suggested. Thus, the relationship between shorter working times and the effects on employee wellbeing require further research and studies that report their conclusive long-term effects.

Keywords	Employee wellbeing, occupational health, future work
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## 1 Introduction

Many organizations' model of employment and managerial practises are more of a representation of past centuries. Employees are expected to be present at the workplace for a given time and are paid hourly or monthly. Long working hours is a requirement and employees are compensated accordingly, without measurements of productivity involved.

Evidence show that employees tend to be more productive when they have autonomy over where, when and how they work. Employees feel motivated to pursue greater efficiency and productivity when they are trusted to manage their work patterns. Empowering employees is not a new concept- it has been discussed among progressive thinkers since the middle of last century. (Maitland A, Thomson P, 2011: 2) From that on, employee wellbeing as a concept has widened and stabilized ever since the 1990's. It has developed from occupational health and safety to individual's health and taken many individualistic features. Nowadays, employee wellbeing is considered as an interdisciplinary and pervasive area of study. (Ministry of Social Affairs and Health, Finland)

According to Europe's Occupational Safety and Health Organization, three of the latest years' changes are changes in population such as ageing people, increased number of working women and the increased number of refugees. The second feature is economic globalization that includes insecurity of work, pressure at work and high demands. The third is rapid change in technology and increased competition which involves untypical working contracts, constant need for change and innovativeness. (EU-OSHA 2012).

The change in work models and patterns is inevitable in a globalized world where technology is growing exponentially. The researchers Michael Huberman and Chris Minns published estimates of weekly work hours tracing back to the late 19<sup>th</sup> century. This data (Appendix 1) indicates that over this time working hours have steeply declined. Full-time workers in these countries work 20 to 30 hours less weekly, than in the 19th century. (Huberman M, Minns C, 2007)



Scandinavian countries score high in happiness and job satisfaction surveys compared to other countries, hence this topic will be constructed by using Finland as a country example by examining the effects to employee wellbeing in Finland. Literature review serves as a basis for all the research required for conducting this thesis. The major references and arguments are presented in the literature review section. Theoretical framework of employee wellbeing is presented and the elements are carefully further analysed. The research part consists of analysis of Finland's current labour market, working conditions and trends. The role of technology is significant in shaping the future work and will be discussed accordingly. Robotics and artificial intelligence are closer than ever before and will be immersed in the future scenario's section. Finally, recommendations based on the findings are given and lastly, the conclusion.

## 2 Methodology

This thesis is a literature review based study and relies heavily on existing literature and electronic sources, studies and information by national institutes, organizations, public and private sector employees, professors, researchers and journalists. The purpose of the literature review is to provide an overview of the current state of a particular topic by analysing the existing information from multiple sources. It also addresses how successful the prior studies have been and what methods were used in conducting the studies. The aim of the research is to establish a connection between working hours and employee wellbeing and assay how future will shape these elements. The scope of research and the analysis limits to Finland. In addition, the research aims to contrast the existing gaps in research, and the topic was chosen accordingly. There are multiple studies and literature around the topic, but mostly focusing on either employee wellbeing, future work or working time, but seldom addressing the effects on one another.

Literature review was conducted by first gathering academic resources and reliable information, choosing the most relevant literature and other sources, followed by critical evaluation of the sources and a synthesis based on existing material and finally an analysis, where the topic is addressed from a country specific perspective. As the scope of the research limits to Finland, the recommendations are given accordingly.

Literature serves as academic resource and usually offers a sufficient amount of reliable information to conduct a coherent thesis. A qualitative study would have brought employee insight, but the sample size would probably have been rather limited as there are only few organizations or employee's that have adopted shorter working time and followed the pattern for a long enough time to report the effects. Moreover, as the health effects are usually self-reported, rather than studied and measured by doctors or other professionals, the data would have had to be carefully analysed and the scope size would anyway have been rather limited. Furthermore, overall wellbeing is a subjective matter and experience and hence difficult to measure. Prior studies also have similar limitations, but most of the studies have been successful and serve as a basis for future studies and researches.



### 3 Literature review

Literature review is the status of the material published or available about certain subject. Literature review summarizes the sources and references used in conducting this thesis.

#### 3.1 Current status of relevant literature

From a historical perspective, not for a long time ago companies switched to shorter working days after the industrial revolution. The era of digitalization and the digital revolution brings a massive change to the way we work, similar than the industrial revolution back in the 1970's. Demographic shifts, globalization, increasing amount of part-time jobs and cutting costs have led to notable changes in the contractual models between employer and employee.

Majority of the existing literature on employee wellbeing is focusing on the facts that result in bad health or the negative affects to employees' overall state of health. These areas of research are stress, burnout, sick leaves and absence. There is extensive amount of existing literature on employee wellbeing as it is a risen universal concern, especially in modern societies. Sick leaves and increasing number of people with mental illnesses result in increased costs for employer and for the government, and indicate the population's general state of health.

The common notion is to highlight the benefits of shorter working days for employees' health. Wellbeing at work increases productivity and commitment to the job, and reduces incidents of sick leave. New generations are questioning the old ways of working and aging societies pose both a huge opportunity and challenge for future work. Baby boomers expect more flexibility and structure to their working days and are not necessary willing to live up to the "live to work" philosophy. These cross-generational shifts are significant as workers want to make a difference in the world and find a balance between their work and external life. (Maitland A, Thomson P, 2011: 3)



Young professionals don't want to be dependent on the time and place they work and this changed attitude requires massive organizational and managerial changes.

In modern societies, the predominant form of employment is still fixed time and place, and this model of work stems from the time of industrial revolution when the factory clock dictated the rhythms of the day. The model is heavily based on time and so forth employees are rewarded hourly of their performed work or for example per rata. Some organizations are offering flexi-time solutions, allowing the employee more flexibility as they can vary the start and end time of their working day around a set of core hours. This model is also a time-based model, as the actual output inside the worked hours is secondary. Only a few organizations have adopted new model of work where employees are offered autonomy over when, where and how they work and are therefore compensated based on the output. Many sources argue that this will be the way work is done in the future and will lead to a more engaged, productive and satisfied workforce.

The aspects of employee wellbeing are part of the modern discussion in the western societies', but as the topic is relatively new in discussion, there are limitations in relevant literature. Most of the studies fail to give insight or results on the effects in a long-run, as stated in the methodology section, some results are self-reported and therefore need to be addressed accordingly.

## 3.2 Major references

### 3.2.1 *Future Work, How businesses can adapt and thrive in the new world of work*, Maitland A, Thomson P, 2011

The book covers extensively the world of work in the future. Historical evolvement is pictured to demonstrate how work has changed over time and what have been the major causes of this. The theoretical framework serves as a basis for developing the model of future work. The book addresses the role of management in change and argues that organizational and national culture are critical to success.



Finally, all the areas covered are put into practise with an explanation of how this all makes sense to a business. Lastly, the horizon lying ahead is painted by presenting how careers change shape and how this will all become sustainable.

The author's aim to challenge old habits and explain why companies need to keep up with the change in order to compete in the networked world. New ways of working will mostly affect the first world countries, yet without excluding developing countries. The authors believe that flexibility will rise into a bigger role and Generation Y will be expecting it when joining the workforce. There are supporting evidence stating that employees are more satisfied with their work when they are given a greater autonomy over when, where and how they work. (Maitland A, Thomson P, 2011: 4)

The authors consider themselves as advocates of revolutionizing the way work is done in the future. The authors have conducted an excessive research to support the arguments represented in the book. This source is trustworthy and serves as a major reference throughout the thesis. There are experiences of several executives presented to enrich the text and to offer perspective. The foreword of the book is written by James S. Turley, the Chairman and CEO of Ernst & Young, which is one of the largest professional services firm in the world. The book was published in 2011 and therefore most of the information is still valid and can be used as a base for this thesis.

### 3.2.2 *Work Psychology, Understanding Human Behaviour in the Workplace*, Arnold J, Silvester J, Patterson F, Robertson I, Cooper C, Burnes B, Pearson, 2005

The fourth edition of the book widely covers how human behaviour affects workplace. It presents a theoretical framework, research and practise. For this thesis, the most relevant sections are notified to support the overall research. The most important sections address Stress in workplace and Understanding organizational change and culture. These fields are not directly correlated with how shortening working hours can affect employee wellbeing, but serve as an important base for the study by presenting areas of employee wellbeing and changing ways to work.



As employee wellbeing as a definition has become a trending key issue in many workplaces, employers can't exclude the effects of risen stress levels of employees. Stress is one of the major causes of sick leaves and a cause of employee turnover, loss of production and increased costs that stem from recruitment, selection and for example medical costs. (Arnold J, 2005: 389) In the book, stress is defined as followed: "Stress is any force that pushes a psychological or physical factor beyond its range of stability, producing a strain within the individual." (Cooper 1996 cited Arnold J 2005: 390) As the pace of life only increases and the nature of work and family changes, stress is implicated in a range of illnesses. In the developed world, stress is directly implicated in heart diseases, strokes, injuries, suicide and homicide, and indirectly implicated in cancer, chronic liver disease and bronchial complaints.

(Cooper, Quick, 1999 cited Arnold J, 2005: 390)

The required long working hours appear to take a toll on employee health. The book presents a study, that made a link between long working hours and deaths due coronary heart disease. (Breslow and Buell, 1960 cited Arnold J 2005: 398) Long working hours are correlated with health issues and decreased quality of work and therefore in the western world, the number of working hours is reducing- at least in some countries. The role of technology is also enhanced and discussed. Adopting new technology requires adaptation of new equipment, systems and ways of working. Technology makes many areas of business easier when adopted correctly, but can also cause stress for older employees who prefer to stick to their old patterns. Even though technology usually supports and eases everyday activities, it has made it possible for the workers to be connected and reached all day, every day. (Arnold J, 2005: 399)

The book is also used for teaching purposes and many professors refer to this book in their work. It is a comprehensive piece of work in its entirety. Academic source is reliable and written by six individuals which means it is not a unanimous representation.



### 3.2.3 *Organizational Behaviour*, Second edition, Robbins S, Judge T, Cambell T, 2017

As the previously presented literature, *Organizational Behaviour* contains a wide range of information addressing different areas of work. The book presents various case studies, that help to outline the matters in practise to define and build the theoretical framework and further discuss the elements from which OB consists of. The elements most relevant to this thesis are enhancing employee wellbeing, job satisfaction, re-designing jobs and managing work-life conflicts.

The book briefly covers employee wellbeing at work and how it can be enhanced. Employees nowadays feel that the line between work and leisure has become blurred and this causes personal conflicts and stress. In the 1960's, employees would work from Monday to Friday, 8-9 hours a day, whereas today, workplaces offer increased flexibility over structuring the workday's. With increased flexibility, challenges arise relating to employee wellbeing. Studies show how employees feel more satisfied and engaged to their work when having flexibility, but companies' biggest challenge is to maintain employee wellbeing in the new virtual workplace. (Robbins S, Judge T, Cambell T, 2017: 19) Per a recent study, one out of four employees show signs of burnout, partially because of long working hours, and two out of three report high level of stress and fatigue. (Hirst J, 2012)

Job satisfaction is a positive feeling about a job that results from the job's characteristics. Job satisfaction can be hard to measure and there are many elements that affect employees level of satisfaction. In developed countries, clear majority of people are satisfied with their jobs, especially in Scandinavian countries. Organizations should pay attention to their employees' attitudes, as satisfied workforce usually correlates to a higher productivity and effectiveness.

As do the other literature references, also this book highlights the changing attitude of generation Y towards work. Balance between work and personal life is a primarily career goal and organizations will face difficulties on the future to attract and retain talent, if excluding this fact.

Employees seek for varying tasks, challenges and autonomy. Autonomy can be achieved by offering alternative working arrangements, such as flexitime or complete freedom over when, how and where the work is done, if it gets done. The role of technology is growing and essential in bulging a more flexible working community. (Robbind S, Judge T, Cambell T, 2017: 185)

The newest edition of the book is published this year, which means the information is up to date. Organizational behaviour books are relevant to many fields of studies and can be applied to a work environment. The authors are respected researchers and therefore it can be stated that this is a trustworthy academic source.

#### 3.2.4 *Voitko hyvin työssäsi? Opas alaiselle ja esimiehelle*, Jabe M, 2010

The book is written by a Finnish author and goes into more detail about Finnish organizations and Finnish labour market. This book gives a more detailed insight for the research about how employees feel at their work, and could shortening the working hours be a solution to some arising issues, or would the new arrangements make matters even worse. The book serves as a guide to feeling better at work and pursuing happiness and overall wellbeing.

Even though it is claimed that in Scandinavia, people are satisfied with their jobs and score the highest levels in happiness surveys, the author pinpoints the problematic points in the Finnish society. Mental illnesses in Finland are increasing rapidly and due to some cultural characteristics, people do not complain or highlight their worsen level of stress or any other harmful matters. This creates an image that employees are in good health, even though that is not always the case. (Jabe M, 2010: 17)

The line between work and leisure is blurred, as has been stated in the previous section by other authors. This seems to be a universal matter. Economic challenges in Finland create uncertainty, as fixed term contracts are more of a rule than an exception and employees need to be alert all the time.

As technology is such a big part of people's life, customers expect to get service 24/7, which creates pressure for the employees and many employees work from home or extend their working hours. Stress is a serious issue, especially when the symptoms caused by high level of stress to one's health arise later, and when they do, the damage to one's health might have already been done. (Jabe M, 2010: 41) The author argues that one of the most disruptive matter that decreases employee wellbeing is limited degree of freedom. This includes not having flexibility over working hours, holidays or even breaks and pressure to multitask. Kari Lindström, a professor from the Finnish Institute of Occupational Health states that the financial benefits received from cutting personnel during the recession, was completely lost due to increased number of sick leaves. Extending working hours is harmful for employee wellbeing and decreases the level of employee engagement and satisfaction.

For this work, the author has interviewed 97 different people from different countries including executives, consultants, managers and personnel. Apart from being a writer, she is also Master of Science in Technology and has specialized in organizational communications.

### 3.2.5 Study on flexible working conditions, 2010, a meta-analysis

A study about Flexible working conditions and the effects on employee health and wellbeing by Joyce K, Pabayoy R, Critchley Ba, Bambra C, can be found from the US National Library of Medicine, National Institutes of Health. The study was conducted on the basis on the popularity of flexible working conditions in the developed countries, but points out that the health effects are still widely unknown. The objective of the study was "To evaluate the effects (benefits and harms) of flexible working interventions on the physical, mental and general health and wellbeing of employees and their families."

The main findings of the study show that "partial retirement reported statistically significant improvements in either primary outcomes (including systolic blood pressure and heart rate; tiredness; mental health, sleep duration, sleep quality and alertness; self-rated health status) or secondary health outcomes (co-workers social support and



sense of community) and no ill health effects were reported.” However, it must be noted that there was no notable difference between those individuals working overtime to those who did not. The health effects reported during the follow-up were not significantly higher in the intervention group.

The authors’ conclusion suggests that

Flexible working interventions that increase worker control and choice (such as self-scheduling or gradual/partial retirement) are likely to have a positive effect on health outcomes. In contrast, interventions that were motivated or dictated by organizational interests, such as fixed-term contract and involuntary part-time employment, found equivocal or negative health effects. Given the partial and methodologically limited evidence base these findings should be interpreted with caution. Moreover, there is a clear need for well-designed intervention studies to delineate the impact of flexible working conditions on health, wellbeing and health inequalities. (Joyce K, Pabayo R, Critchley Ba, Bambra C, 2010)

The limitations of the studies included short follow-up periods, risk of selection bias and reliance on largely self-reported outcome data.

### 3.3 Online references

There are multiple articles about this topic online. As shortening working hours and the future of work is a trending topic, recent online articles can be found to support the analysis. In fact, the most recent references about this particular topic are the online articles. Majority of the articles and blog posts agree on how shorter working days or weeks are beneficial for employees for multiple reasons and are backed up with a study. However, the original sources or studies are hard to trace or not accessible. Since sources that are not peer reviewed are utilized, the arguments and information is critically interpreted.

A six-hour working day results a happier and healthier employee and overall more sustainable working life. Most of the recent articles rely on the piloting made in Gothenburg, Sweden, where an elderly care home workers adopted 6 hour working days.





The results were clear; the employees were more satisfied with their work, sick leaves lowered by 10% and perceived health of the care workers increased considerably in relation to stress and alertness.

Even though most of the articles and online sources root for the positive effects of shortening the working time, some disagree heavily. It is good to consider the fact that who has written the article, as different parties have differing opinions, usually supporting the facts that are in favour to them and have the lowest costs from their perspective. The articles disagreeing with the positive health effects pinpoint how expensive the new model will be for the government and for private employers. The piloting in Sweden cost over a million euros since they had to hire 17 extra employees during the duration of the project. However, it excludes the long-term effects on decreased costs of employee turnover, early retirement, medical fees and increased productivity. (Rodionova Z, 2017)

According to the leaders in the Finnish labour market, there are at least five ways to lengthen working hours in the public sector. The public-sector employees approximately 534 000 people, which accounts around 25% of wage earners. The writers believe that by adopting longer working hours it would be possible to produce services with the same or less amount of staff than now. The government's labour leader Juha Sarkio and the municipal sector labour leader Markku Jalonen state that working time could be increased by stretching daily working hours, shortening holidays or by changing some of the midweek holidays into working days. Another option is to change the processes in a way that productivity would increase. Both believe that this would ease the pressure, that arises from costs and reducing staff. In addition, one way how working time would increase would be to strengthen working conditions and actions that would support decreasing sick leaves. The savings would be worth hundreds of millions in the whole public sector, when increased productivity is in correlation with increased working hours. (Oksanen J, 2015) However, the Federal Public Administration of Finland has a differing view. The productivity and working time will not rise in the same proportion, since lengthening working time can increase the amount of sick leaves. The working time is already used rather effectively and flexible working time arrangements seem to be more efficient. (Eloranta J, 2015)



## **4 Relevant laws and regulations concerning working hours in Finland**

### **4.1 Working hours**

The Working Hours Act lays down provisions on working hours. The act applies to matters such as additional work, overtime, work schedules and rest periods. Working hours are defined as followed: "The time spent on work and the time an employee is required to be present at a place of work at the employer's disposal are considered working hours."

In Finland, regular working hours total a maximum of eight hours a day and 40 hours a week. Generally, a five-day working week is in use. Exceptions to the regular working hours can be made by collective agreements or by an agreement between the employer and the employee. The specific consent of the employee is required each time overtime is required by the employer. The maximum amounts of overtime have been determined specifically and may not be exceeded. increased wage for overtime must be paid by the employer. (Ministry of Employment and the Economy, 2011, Working Hours Act (605/1996))

### **4.2 Holidays and holiday pay**

Employees earn annual holiday in accordance with full holiday credit months. A full holiday credit month is a calendar month during which the employee has acquired at least 14 days or 35 hours at work. According to the Annual Holidays Act,

An employee is entitled to two weekdays of holiday for each full holiday credit month if the duration of the employment relationship has been an uninterrupted period of less than one year. If the employment relationship has continued for over a year, an employee is entitled to two and a half weekdays of holiday for each full holiday credit month. If an employee, in accordance with his/her employment contract, works for less than 35 hours a month, you have the right to be given leave equivalent to the annual holiday.



An employee has a right to receive at least his/her regular or average pay for the time of his/her annual holiday and the holiday pay must be paid before the start of the holiday. A holiday bonus to be paid either before the holiday or after it has also been agreed on in collective agreements. (Ministry of Employment and the Economy, 2011, Working Hours Act (605/1996))

#### 4.3 Competitiveness agreement

The extension of working hours by 24 hours per year entered into force on January 1<sup>st</sup> 2017, in the facilities services sector. In a weekly level this means 30 minutes and daily, 6 minutes longer working days. The details on complying the model is up to the organization. Details at a local level can be negotiated and in the commerce sector, for example, the extension will mostly be implemented as part of a new annual leave system. The models for different agreement sectors were created in negotiations between PAM and employer organizations. (PAM, Ritala T, 2016)

Per contra, working hours are not extended in all work places. About in one out of three workplaces it has been agreed that the extended hours can be done through charity work or by exercising, and about 30% of the work places will not extend their working hours since working long hours is a norm anyway. Employees do not feel comfortable with the change, as the pay will not rise accordingly, liability for some employer contributions are transferred to the employee, and the holiday bonuses of public sector employees will be temporarily reduced. (Vuorio J, 2016)

The aim of the Competitiveness Pact is to create new jobs, improve the competitiveness of labour and businesses in Finland, boost economic growth, support fiscal adjustment and promote local collective bargaining via national collective agreements. Employee purchasing power will fall as overall purchasing power rises. (SAK, 2016)

## 5 Employee wellbeing

### 5.1 Definition

The Chartered Institute of Personnel and Development (CIPD) has defined employee wellbeing as followed: "Creating an environment to promote a state of contentment which allows an employee to flourish and achieve their full potential for the benefit of themselves and their organization." The CIPD believes that "employee well-being at work initiatives need to balance the needs of the employee with those of the organization." Comprehensive wellbeing consists of physical, social and mental wellbeing and the aspects are strongly linked to each other. For example, mental issues such as stress can cause physical symptoms and vice versa. (Virolainen H, 2012 : 12)



Employee wellbeing has grown to become a key issue as companies strive to make sure their employees remain happy and motivated in their work as happier employees tend to be more productive. In every work, there are characteristics in employee wellbeing and acknowledging these characteristics in every work, industry and company is crucial in developing and increasing overall employee wellbeing. Wellbeing should be considered as a totality, that constructs from several aspects of life, including life outside workplace. There is a consistency on employee well-being including different elements such as advancement, managerial and physical workplace considerations, and employee's physical and mental health.

## 5.2 Physical wellbeing

American Association of Nurse Anaesthetists defines physical wellbeing as “A state of physical well-being is not just the absence of disease. It includes lifestyle behaviour choices to ensure health, avoid preventable diseases and conditions, and to live in a balanced state of body, mind, and spirit.” (AANA, 2017)

Physical wellbeing can include areas such as maintaining a healthy body by exercising and having a clean, healthy diet. Healthy and fit employees are an essential asset to a company as they ensure the profitability and efficiency of the company. Moreover, well-being is more than an avoidance of becoming physically sick. It represents a broader bio-psycho-social construct that includes physical, mental and social health. Employees who feel well are physically and mentally able, will more likely contribute in the workplace and are likely to be more engaged at work. However, well-being is a subjective matter and experience. It can involve practical measures such as introducing healthy food or a gym at work, or less tangible initiatives such as matching values and beliefs between the employees and the organization. It could be argued that a change in the way employees are engaged in discussions about how their work should be organized could have a greater impact on an individual’s well-being than a free gym card. (Chartered Institute of Personnel and Development, 2007)

## 5.3 Mental wellbeing

“Mental health is defined as a state of wellbeing in which every individual realizes his or her own potential, can cope with the normal stresses of life, can work productively and fruitfully, and is able to contribute to her or his community.” (WHO, 2014)

Mental wellbeing includes areas such as work–life balance targets, conflict resolution training, relaxation techniques “The health effects of mental strains appear in long time delay. When the symptoms arise, it can be too late to prevent, let alone to cure them. Often mental strains turn into physical pain or can lead to severe illness or for example burn out. (Jabe M, 2011)



“Stress and other mental health conditions are now among the main causes of employee absence, per the CIPD absence management survey (2006). The Health and Safety Executive (HSE) estimates that stress costs business £3.8 billion a year.” (CIPD, 2007)

#### 5.4 Employee engagement

There is no general definition for employee engagement, but many different definitions with a similar consensus can be found. Here are a few of them:

A business management concept that describes the level of enthusiasm and dedication a worker feels toward his/her job. Engaged employee cares their work and about the performance of the company, and feels that their efforts make a difference. An engaged employee is in it for more than a pay check. (Investopedia, 2017)

Emotional connection an employee feels toward his or her employment organization, which tends to influence his or her behaviors and level of effort in work related activities. The more engagement an employee has with his or her company, the more effort they put forth. Employee engagement also involves the nature of the job itself - if the employee feels mentally stimulated; the trust and communication between employees and management; ability of an employee to see how their own work contributes to the overall company performance; the opportunity of growth within the organization; and the level of pride an employee has about working or being associated with the company. (BusinessDictionary, 2017)

What motivates employees and keeps the employees engaged to their work is a complicated matter. A research made in Sweden in 2003 indicates that having control over one’s work is a crucial factor in keeping employees motivated and engaged. Highly demanding jobs and very little latitude over how the work is carried out also resulted an increased risk of long term illness. (Maitland A, Thomson P, 2011: 60)

Large number of employees around the world feel disengaged from their work. Fewer than one out of ten employees looked forward on going to work all the time and just over quarter rarely or never looked forward to go to work according to a report by Institute of Personnel and Development (UK).



People with flexible contract felt more positive about their managers than workers with non-flexible working conditions or hours. (Maitland A, Thomson P, 2011) Employee engagement can deliver major benefits for organizations. For example, the top 25 per cent of companies with the most engaged people produced twice as much profit and 22 per cent higher shareholder returns than companies with the least engaged people. (Mogienlicky R, 2016)

## 5.5 Work-life balance

Work and personal life are still seen as competing priorities in the eyes of some companies and conflicting professional and personal demands have always been present. Employers are more aware of the work-life issues, partly due to increasing number of women in the workforce. In recent years, however, some managers have adopted a win-win philosophy, highlighting the fact that work and personal life are complementary priorities rather than competing ones. Acknowledging the work-life balance, some managers are now seeking approaches to enhance the organization's performance the time spend in workplace is enhanced and ensuring time for employees' personal pursuits. And when managers support in this change, the employees feel more committed and motivated to work. Performance improves and therefore these employees are a benefit for the organization. (Friedman S.S, Christensen P, Degroot J, 2000: 2)

Long working hours becomes a stressor for employees because they exhaust people's limited energy. When a person has insufficient time to accomplish his/her life activities, time may become a very valuable resource, and the situation is perceived as very stressful (Clarkberg & Moen, 2001). Furthermore, the working conditions are connected to work and family role conflict because preoccupation with one's role at work prevents participation in family roles, which negatively affects health. (Carlson & Frone, 2003; Hughes & Parkes, 2007). Accordingly, long working hours acerbate individuals' well-being because they inevitably yield work and family role conflict as well as energy loss. (Geunbil R, 2016)



## 5.6 Retirement

Retirement starts when a person stops employment. The general retirement age is defined in law and varies depending on the country. Semi-retiring or pre-retiring is also possible, and can be done by reducing working hours or days or retiring earlier. There are industry expectations, for example in Finland the general retirement age is 65, but soldiers for example retire around the age of 50. Pension is a fund where a certain percentage of earnings accumulated during the years of employment is added. The purpose of the pension fund is to support one's living when retired. In Finland, KELA issues national pension if earnings-related pension is small or if one receives no earnings-related pension. Otherwise, earnings-related pensions are paid by authorised pension providers. (KELA, The Social Insurance Institution of Finland)

Working conditions can reversely also decrease the risk of unemployment retirement or early retirement. It's been noticed that possibilities to control work and good atmosphere in teams decrease the risk of early retirement. Employees who could affect the length of their work day, breaks, holidays and working shifts were less likely to retire before the actual retirement age. (Vaheara, 2010)



## 6 Introducing shorter working time to Finland

High unemployment levels are undoubtedly Europe's biggest social problem. Official unemployment is 18 million, but 30 million is closer to the truth. Although policy makers take great pains to explain how seriously they take the problem, neither the European Commission nor the European Central Bank (ECB) expects a reduction in the coming years. (Went R, 2000)

In recent decades, in Finland, the major shifts in working time have caused matters such as decreasing number of employees, new arrangements of organizational structures, redistributing work, information flow and the recession. (Virolainen H, 2012: 56) The insecurity of having a job is a major concern in Finland. Organizational changes such as outsourcing, rebuilding organizations and bankruptcies have led to layoffs and high unemployment rate, and the number of fixed-term contracts is alarming.

The average working hours in Finland are relatively short compared to other countries. (Appendix 2) The economic structure and the fact that half of the working population are women, have an impact on the measured working hours. The working time has shortened from 1960's to all the way to the end of the 1990's. Major changes affecting the change has been the adaptation of 5-day workweek in the end of the 1960's, the increase of annual leaves and the collective agreements by the labour market organizations. (Savela, 2004) Significant changes have also been the change of the economic structure; the notable decrease of agriculture and the increasing number of women in the work life. Compared to other countries, Finnish employees have quite many paid days off and for example a right for temporary absence in case of a sick child or other family reasons. Furthermore, staying home due sickness requires only little effort in Finland. (Tilastokeskus, Larja L, 2012)

Per a prior survey, 83% of Finnish people consider themselves happy and in 2015, Finland was the fifth happiest country in the world. (Statistics Finland, 2017) Furthermore, people say they like their jobs. Finland is therefore supposed to be the country of happy people, but something seems to be off, when in a country like Finland, there is still so many people who feel far from being well. The increasing number of mental diseases such as depression and anxiety indicate that the wellbeing of people is not necessary increasing.



Elements of a happy life in Finland are the following:

1. Family life
2. Good health
3. Good relationships
4. Feeling of being loved
5. Secured income
6. Interesting job
7. Enjoying nature
8. Learning and experiencing new
9. Leisure and hobbies

(Jabe M, 2010: 19)

The Finnish Institute of Occupational Health estimates that the fact that employees do not feel well, costs around 41 billion euros a year and the sum could cover several fiscal sustainability's if the working conditions were taken seriously. Some claim, that as the Finnish Parliament advertises a culture of experiments, it should consider piloting the 6-hour working day. Especially for employees working in shifts or care workers, it is not only about leisure but moreover about health and upcoming retirement years.

The Ministry of Economic Affairs and Employment and the Ministry of Education and Culture together with labour market parties and other operators in the labour market have drawn together a goal, that is Finland to have the best working life in Europe by 2020. Heiskanen considers the sustainability of working life and highlights the importance of having a balance over profit and employee wellbeing. Kousa believes that raising working time would not increase productivity, and he sees no basis for the argument in a situation where there is anyway a lack of jobs and high unemployment rate.

As stated in the previous chapter, in Finland, the rate of unemployment<sup>1</sup> is relatively high. (Appendix 3) Some argue that a country that suffers from mass unemployment could benefit from distributing work for more people by shortening the workday's. This would create more jobs and therefore decrease the level of unemployment. The piloting has been done in Sweden, a country similar to Finland in many ways. However, distributing work can become expensive for the government since new employees needs to be hired. In a long run, massive savings will yield from decreased sick leaves, absences and early retirements and the work will become more efficient meaning more output in a shorter period. Roland Paulsen, a researcher from the University of Lund, Sweden has noticed a shift in working habits. He argues that working hours are actually, gradually increasing, but it is not an indicator that people are necessary working harder, or smarter.

For a long time, politicians have been competing to say we must create more jobs with longer hours – work has become an end in itself, but productivity has doubled since the 1970s, so technically we even have the potential for a four-hour working day. It is a question of how these productivity gains are distributed. It did not used to be utopian to cut working hours – we have done this before. (Paulsen R, 2015)

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<sup>1</sup> Employment rates are defined as a measure of the extent to which available labour resources are being used. They are calculated as the ratio of the employed to the working age population. Employment rates are sensitive to the economic cycle, but in the longer term they are significantly affected by governments' higher education and income support policies and by policies that facilitate employment of women and disadvantaged groups. The working age population refers to people aged 15 to 64. (Organization for Economic Co-operation and Development, 2016)



## 6.1 Sweden introduces 6-hour working days

Sweden has been piloting 6-hour working days in a care home for elderly people in Gothenburg. The trial has been widely discussed in news all over the world. The aim was to find out how would shortening working hours impact the health and quality of life of the assistant nurses and further examine broader socioeconomic benefits and the possibility of creating new jobs.

Monica Axhede, the Director of the Svartedalens Nursing Home comments that;

The atmosphere is more relaxed. We have many people here who suffer from dementia. Before when there was too much stress around, it made them very nervous. Now they are clearly more peaceful. In addition, we hired more staff, we created jobs. And we have a lot less sick leave.

The preliminary results show that a shorter working day lowered sick leave by 10%. Also, the perceived health of the care workers increased considerably in relation to stress and alertness. Having longer to recuperate and spend time with family is evidently an important factor in creating a sustainable work-life balance. Residents in the care home also reported receiving better care and enjoyed having more time with the nurses. When interviewed, the staff was described as more alert and happier. Furthermore, social activities increased dramatically, meaning that the staff was putting the higher level of alertness to good use. (Bernmar D, 2017)

Costs deriving from employing more care workers amounts to approximately a 20% increase, but unemployment, poor working conditions, early retirement and sick leave take up a lot of expenses in the society. Therefore, the cost of employing the new care workers is offset by lower payments from the social security system, and the net increase in cost drops to approximately to 10%. The calculation does not take the long-term effects and costs into account, but they are sure to lower the total even further. (Bernmar D, 2017)

Another example of a company that has adopted the 6-hour days is a Stockholm-based app developing company Filimundus. The CEO Linus Feldt commented that after switching to the new model, they have not looked back.



"We want to spend more time with our families, we want to learn new things or exercise more. I wanted to see if there could be a way to mix these things" The CEO reported that productivity had stayed the same, while having less conflicts due to happier workers who feel more rested. (Crouch D, 2015)

The private sector employers are also aware of the switches to 6-hour working days and it is reported to improve quality and productivity. A Toyota Center in Gothenburg has switched to the 6-hour working days over 20 years ago and haven't felt the need to go back to the old model. Before, the customers were unsatisfied to wait for long time and the staff was stressed and regularly made mistakes, says Martin Banck, the manager of the Toyota Center. "The employees are in better health, employee turnover has decreased and hiring new employees is easier. Profit has increased by 25%, which makes everyone happy." The pay has remained the same, even though the mechanics now work three hours less in a daily basis, but accordingly, the breaks are shorter and there is less of them. (Crouch D, 2015)



## **7 The effects of shortening working time in Finland**

### **7.1 Employee turnover**

In Finland, it has been common for employees to work for the same company for decades. Many employees seek for secured stream of income and environment, and prefer to rotate inside the company performing various tasks rather than seek for a new job. However, if employees are not taken care of properly and employee wellbeing is neglected, the employees are more likely to leave the company. Vice versa, when a company invests in employee wellbeing, the employees are less likely to leave. (Virolainen H, 2012: 53)

The motives for changing the company can be bad pay or other insufficient benefits, inadequate chances to develop or get promoted, bad atmosphere or underperforming manager. It is vital to understand the motives for the job or work of each employee to increase their satisfaction over work and therefore they tend to be less likely to leave the company. (Jabe M, 2010: 199)

Generation Y is revolutionizing the pattern as they seek for variety and flexibility. Security is no longer such a desire but challenges and new opportunities are more attracting. Organizations will have hard time retaining and attracting skilled workforce, if managerial practises, flexibility, employee wellbeing and organizational structure is not changing in relation to new attitudes and technology evolvment.

### **7.2 Unemployment**

The costs of unemployment are as high as the Finnish government's deficit. Unemployment is the biggest problem for the Finnish economy and therefore it is argued that distributing work should be piloted in Finland as work distribution is commonly presented as a solution for unemployment. The idea is, that when each employee works less, there is more work to be distributed.



The direction of the evolution should be moving towards 6 to 7-hours working days as automatization, digitalization and increased productivity challenges securing employment even in case of high economic growth. Questions and arguments on wage brings more complexity to the issue. Some argue that the pay should remain same, as otherwise shortened hours are not enough incentive. (Sarkkinen H, 2015)

Shorter workweek or shorter working days would result in happier and healthier people and more sustainable and equal society. Shortening working time potentially enhances job creation even in some cases where it is not possible to enforce complete compensatory hiring. Depending on how many hours the workweek is reduced and on the level of compensatory hiring, an estimation by French research institutes estimate that the number of newly created jobs could even go up to 2,450,000 (Chanteau and Clerc, 1997: 31). In Finland, the number of new jobs created would be smaller, but rather significant since there is a great need for jobs and employing people. Reducing working hours per employee correlates with hiring new staff, which can create jobs for all levels. Therefore there would be less downward pressure for the victims of unemployment who usually are the least educated and trained people in the society. More people in the work life means more earned income, less issued social benefits and more paid taxes. Therefore, the purchasing power would increase and that would boost the economy.

Mikko Härmä from the Finnish Institute of Occupational Health states that shorter working time does not necessary yield in increasing employment. (Simonen M, 2017) The impact of reducing working time depends on if employing new employees is profitable. Shortening working time will increase employment if it decreases the costs of labour or increases level of productivity. The amount of labour needed is a variable and changes per demand and supply and how the economy evolves over time. In addition, the overall labour in the Finnish market is not qualified to perform in all the jobs where the need would increase after reducing working hours.

### 7.3 Productivity

Labour productivity growth is a key dimension of economic performance and an essential driver of changes in living standards. Growth in gross domestic product (GDP) per capita can be broken down into growth in labour productivity, measured as growth in GDP per hour worked, and changes in the extent of labour utilisation, measured as changes in hours worked per capita. High labour productivity growth can reflect greater use of capital, and/or a decrease in the employment of low-productivity workers, or general efficiency gains and innovation. (OECD, 2016)

In most organizations, employees are compensated based on time invested to perform certain tasks. If one is slow to perform the given task, he/she will be paid more than the one working quickly. This model does not encourage efficiency, vice versa. When fixed number of hours worked per week is paid for the people as in most of the organizations, working efficiently and completing tasks fast results in more work given for the employee to fill up the hours. (Maitland A, Thomson P, 2011: 8)

Lengthening working time does not automatically result in increased productivity. It may have a positive effect to the economic state of a country, as in theory, it would improve competitiveness through lower hourly salaries and by increasing the offering of jobs in the market. By contrast, per multiple estimates, longer working time would actually lower productivity, not increase it. Increased working time will enhance productivity only if the productivity of manpower per employee stays constant. However, in many organizations there is no direct correlation between working hours and productivity, and the effectiveness can suffer when increasing the working time. There is no certainty on if employees would have the energy to work as hard as before by adopting longer working days. Shortening the annual holiday most likely would not at least increase employee motivation and engagement, but vice versa. (Häkkinen J, 2015)

As argued above, there are studies supporting both sides of the matter. Many studies show how productivity would stay at a same level or increase when reducing working hours and others claim that productivity would decrease in relation to decreased hours.





Productivity and the measurement practises greatly vary depending on the organization and the nature of the job. It is a relatively subjective matter and therefore hard to define and compare in the first place. Industry differences place complexity to the question of efficiency and therefore each organization should pilot the model of reduced working hours. When the overall costs, including long-term savings would be considered, the organization could measure the effects to employee wellbeing and determine whether it would be a sustainable and profitable solution in a long-run.

#### 7.4 Sick leaves and absenteeism

The number of sick leaves has been increasing since the 1998. 66,9% of employees' report experiencing fatigue and 7,3% report serious burnout. (Virolainen H, 2012: 65) Overstretched employees are more prone to illness and unhappiness over their work, whereas those with greater autonomy over their work are more committed, productive and healthier. A study of 10 research projects show that flexible working interventions that increase worker control are likely to have a positive effect on health. (Maitland A, Thomson P, 2011: 59) Moreover, there is existing evidence stating that longer working hours have a negative effect on employees' wellbeing. A longitudinal study of 25 703 fulltime public sector employees in Finland found that excessive total working hours had a positive association with higher rates of medically certified absences. (Ala-Mursula, 2006)

In Finland, a normal biological morbidity is around 4% of the whole staff. If the absences are way below, people might be too afraid to stay home and will come to work even being sick. Correspondingly, if the number is considerably bigger, something is wrong. (Jabe M, 2010: 183) Over a half of the employees in Finland experience pressure at work due to tight schedules and hurry. (Virolainen H, 2012: 54) and furthermore mental illnesses are the most common reason for sick leaves or absence. (Jabe M, 2010: 183)



The fact that employee wellbeing is not properly addressed in many organizations results in high expenses for the employer and for the government. Estimates are that in Finland, illnesses cost 20 billion euros a year and bring about 5% of the employers' overall wage expenses. However, the costs are both direct and indirect. For example, an employee may call him/herself sick, if there is a sick child at home, even in a case where major investments for increasing employee wellbeing is made and therefore this adds complexity in weighing the actualized costs. (Virolainen H, 2012: 121)

Direct costs	Indirect costs
<ul style="list-style-type: none"> <li>- Sick leaves</li> <li>- Accidents</li> <li>- Early and disability retirements</li> </ul>	<ul style="list-style-type: none"> <li>- Decreased productivity</li> <li>- Decreased level of innovation and reformation</li> <li>- Increased resistance for change</li> </ul>

## 7.5 Employee satisfaction

Job satisfaction is "a positive feeling about a job resulting from an evaluation of its characteristics." (Robbins S, Judge A, Cambell T, 2017: 67) The definition is very broad but so is the concept.

The most satisfied employees report to have interesting jobs that provide training, independence, safety, variety and control. Most people prefer to work in challenging and stimulating environment. In addition, social support and interaction are essential and strongly related to job satisfaction. (Robbins S, Judge T, Cambell T, 2017: 68)

Long working hours have a negative impact on job and life satisfaction. Job satisfaction results from the comparison between what the job provides and what the employee needs, wants, or desires from the job (Edwards, 2008; Locke, 1976). When these needs, wants and desires are not met, it results in unsatisfied workforce. Job satisfaction and job performance are strongly correlated to each other.



Satisfied employees are prone for being more effective at work and happier on their free time. From a governmental perspective, it is a win-win situation as it correlates with less sick leaves, more productivity and motivation and a happier individual.

Research indicates that particularly in advanced economies like in the Nordics, both baby boomers and the young workers place at least as much importance on having flexible work, high-quality colleges, recognition and access to new challenges as they do on financial gains. (Maitland A, Thomson P, 2011:4)

## 7.6 Work-life balance

Between 1996 and 1998, the Finnish state experimented with a 30-hour work week. Workers who participated said they enjoyed more time for other activities: 80% said they had more time for rest and relaxation; 75%, for spending with family and children; 72%, for fitness and exercise; and 68%, for housework. Overall, employees who worked fewer hours reported less conflict between work and family responsibilities. (Mutari E, Figard M, 2001)

56 percent of men and women in a recent study reported that work-life balance was their definition of career success, overruling money, recognition and autonomy. (Mithel M, 2013) Survey conducted by Corporate Voices for Working Families found that 60 percent of workers would likely leave the company if not having the opportunity for flexible work. (Maitland A, Thomson P, 2011: 21)

The studies indicate that retaining skilled workforce requires emphasis to family life from the employer. When the challenges of balancing personal and professional life are acknowledged, it facilitates the wellbeing of the employee and therefore leads to a higher job satisfaction.



## 7.7 Retirement

In Finland, as in the EU15 states, the general retirement age is 65. For most of the member states, changes in retirement age will occur in 2020. In Finland, Cyprus, Denmark, Greece, Italy, the Netherlands, Portugal and Slovakia, the retirement age is linked to the development of the expected life expectancy. With this established connection between retirement age and life expectancy, the retirement age in Finland will be somewhat over 67 in the year 2050 according to current projections. (Finnish Centre for Pensions, 2017)

Disability retirements caused by mental illnesses have decreased a third since 2008. However, they are still the biggest sporadic reason for early or disability retirements in Finland. In 2015, 18 600 people from the employee pension system resigned due to disability pension. The most common reasons beside mental illnesses and behavioural disorders were musculoskeletal diseases. The reasons for disability pension vary per age groups; mental illnesses are most common among 18-34 year olds, whereas most of the people over 50 years old, who retire early suffer from musculoskeletal diseases. Disability pensions have decreased 25% since 2008 and the biggest change has been in decreasing number of early or disability pensions that are caused by mental disorders. (Finnish Centre for Pensions, 2017)

Guy Ahonen from the Finnish Institute of Occupational Health estimates that 2 billion euros was used for developing employee wellbeing in several organizations in 2008, and in contrary, 28 billion euros of expenses from solely disability retirement was paid by organizations and work communities in the same year. (Finnish Institute of Occupational Health, 2008) Early retirements are costly for the society and not only do the government issue monthly pension, they lose a skilled employee and the taxes that would derive from the issued pay. If companies would put more focus on developing employee wellbeing, retaining employees would be easier and the costs would decrease over time.



## 8 The role of technology

Technology has evolved greatly in the past 20 years. There are numerous new technologies to support the new ways of working. Personal computer was invented in the 1980s and the World Wide Web opened the possibility for actual personal computing in the 1990s. Change being so rapid, yet recent, the innovative working practises that technology enables are still in their infancy and far from being reached their full potential.

Technology can be used to liberate individuals and allow them to have more balanced lives. It can be used to extend work into times and places that people prefer to reserve for their free time. It can be a catalyst for the new working styles that empower employees, but it can also be an instrument for the employer to monitor and control them more closely. It allows people to work more effectively but it can also distract them from their jobs. It improves communications, speeds up business processes and increases efficiency but can also turn jobs into boring repetitive tasks. (Maitland A, Thomson P, 2011: 19)

Wellbeing technologies are a way to monitor, further and control wellbeing. The amount of different wellbeing technologies is widely increasing. Typical wellbeing technologies are different kinds of internet based sites, portals and tools, mobile applications and different combinations of these. People can monitor their diet by entering the food they have consumed to a website for example, and get a precise synopsis on what the food consists of. Monitoring pulse through different devices helps advancement in sports and monitoring the amount and the quality of sleep can help one to question his/her lifestyle and identify symptoms of stress in time. The usage of technology is based on a thought, that observing one's actions and receiving feedback, people can better manage and develop their wellbeing.

It can be assumed that almost everyone in the Nordics have access to internet and have availability of technology to support a great variety of jobs. For many, life does not revolve around work anymore.



It is even argued, that if the work is not a rigid pattern nor requires physical presence, employees expect offered flexibility. (Maitland A, Thomson P, 2011) Tools help employees to stay connected without dependence on the place and time. However, people in the Nordics are still far from mastering the technology in terms of workplace innovation or personal life integration with work life. (Maitland A, Thomson P, 2011: 20)

## 9 Future scenarios

While more flexible working solutions are a step towards a more sensible approach to work, it misses a fundamental point on who supervises that the work gets done. If it is up to management to divide work into jobs and allocate these people in return for hours of their labour, it resembles the Industrial Age model of work. However, new approach should be adopted, where ideas are a basis of competitive advantage and management is about creating connections and seizing opportunities without waiting for direction. The change would result in reward by ideas and output, rather than time invested. Some organizations are already in the process of a change this kind. (Maitland A, Thomson P, 2011: 8)

Futurologist Ilkka Halava believes, that in 2030 we have adopted a 20-hour workweek, and that to be for people working fulltime. The evolution of technology especially the development of robotics will result increase of work in the world. The futurologist has an optimistic view for change. Shorter workweek employees have more flexibility over when, where and how they choose to work and pace it with other interests of their life, such as hobbies and family. A work that will get diminished due to technology evolution or robots, will be the kind of work that will not be missed. He believes there is no one out there this day, who would be happy to go back to the drains to prevent or remove clogs. When dull, dangerous and dirty work can be digitalized or done by robots, they are supposed to evaporate. (Jaulimo J, 2016)



Artificial Intelligence is defined as "The capacity of a computer to perform operations analogous to learning and decision making in humans, as by an expert system, a program for CAD or CAM, or a program for the perception and recognition of shapes in computer vision systems." (Dictionary.com) Artificial Intelligence can demolish jobs, as robots will replace work done by humans. The change is comparable to industrial revolution and can have a bigger impact on work than the Internet. (Kaplan J, 2015)

Research by McKinsey&Company estimates that by 2025, robots may jeopardize up to 40 million jobs in developed countries and from even 35 million in developing ones. (Milov G, 2013) Another comprehensive study conducted by scientists and published in a IPSoft company website indicates that "more than 80% of the deterministic, repetitive tasks making up much of our daily work will be done by machines. The probabilistic, efficiency management and simple problem solving tasks will be done by approximately 50% human and 50% machine, while humans will continue to do more than 80% of the mainly human domain of cross-functional reasoning." (Van Bommel E, 2016) Accordingly, the required skillsets of this time to succeed will soon change dramatically. A recently presented report by the World Economic Forum indicates that "five years from now, over one-third of skills (35%) that are considered important in today's workforce will have changed." (World Economic Forum, 2015)



## 10 Recommendations

Investing in employee wellbeing is and should be understood as a preventive measure. Investing into employees' wellbeing can considerably reduce the number of sick leaves and absenteeism and therefore lower future costs. As stated before, employees who feel engaged to their work, are more satisfied and tend to be more productive and are therefore a benefit for the organization. Employee control over daily working hours may protect health and help workers successfully combine a full-time job with the demands of domestic work. And as the study on flexible working conditions suggests, there is a clear need for well-designed intervention studies to delineate the impact of flexible working conditions on health, wellbeing and health inequalities

A big part of human capital goes into waste because organizations do not always utilize the information and know-how the staff already has. Developing wellbeing in organizations needs constant attention and resources. Brainstorming, discussions with employees the working processes can positively impact on developing the wellbeing and at the same time are part of increasing the level of employee wellbeing. An essential factor in monitoring employee wellbeing is measuring it via different ways. Especially in Finland, the monitoring process concentrates on monitoring the negative incidents such as occupational accidents, but rarely focuses on monitoring the amount of work done or employee engagement and excitement. (Jabe M, 2010: 201) Moreover, the purpose is not to only monitor, but to gain valuable information of the state of the organization. Measurement features can include technology, different fitness programs, conversations or even doctoral evaluation. It is important to discuss the findings with the staff and to think of other ways to support wellbeing. These measurements are essential in preventing arising occupational health and safety issues.

The managers of organizations know the costs of an employee for the company, but seldom are aware of the relationship between the costs and the produced value by the employee. The common way is to view the employee as a source of expenses rather than a source of increased value or profit.





Changing this view would prominently affect in the way employees are viewed. Instead of paying for inputs regardless of their usefulness, organizations should pay for output since producing the right quality output on time matters. However, there are still many of jobs that must be done at a fixed time at a fixed place and therefore the new model cannot replace conventional employment contracts in all areas of business.

Changes and investments are required if the goal of Finland having the best working life by 2020 is to actualize. The goal is drawn by the Ministry of Economic Affairs and Employment and the Ministry of Education and Culture together with labour market parties and other operators in the labour market. In addition, as the Finnish Parliament advertises a culture of experiments, the piloting of shorter working days or week could be taken into consideration as it is the only way the effects are seen and can be monitored. Essential in the piloting would be the long-run effects, as there is only little evidence in regards to the effects to employee wellbeing. The social effects should be considered as important as the economic effect while testing the new model of work since only that way the overall effects can be evaluated and analysed.

Social support and interaction with co-workers is important for many and increases job satisfaction. Studies have shown that the best ideas are born through interdependence, not independence. (Robbins S, Judge T, Cambell T, 2017: 198) While the work is performed outside physical workplace, the needs to socialize may not fulfil and it can stifle the organization's creative potential. Therefore, the importance of social interferences cannot be excluded and meetings should be arranged often or offer the employees' the possibility to work from the office as well. On the other hand, the number and quality of social interactions in people's life can increase due to increased free time to spend with friends and family. So instead of encouraging people to be seen at the workplace at defined time, why not encourage people to work when and where they are most productive?

Maitland & Thomson address both tangible and intangible gains to help better understand the range of performance gains resulting from adopting the future work model.

**Tangible gains:**

- Higher productivity
- Improved customer service
- Resources better matched to customer demand
- Faster response to market changes
- Faster access to new markets
- Cost savings on real estate, utilities and services
- Cost savings on business travel
- Reduction in CO2 emissions
- Lower staff sickness and absenteeism
- Lower staff turnover

**Intangible gains:**

- Reduced risk of business disruption
- Greater customer loyalty
- Improved access to key contracts
- More creative output from employees
- Stronger management skills
- Higher employee morale and loyalty
- Lower management overheads due to employee self-management
- Healthier workforce, less prone to burnout
- Retention of knowledge and skills
- More transparent sources planning
- Access to wider sources of talent
- More women in senior management
- Enhanced employer reputation
- Contribution to environmental sustainability

(Maitland A, Thomson P, 2011: 52)



## 11 Conclusion

The model of work is now on the cusp of the next big transformation. Today technology allows work to be done differently than before. Since many economies have become reliant on people working beyond their general retirement age, it is essential to address the causes of work-related physical and mental illness. Moreover, demographic and social trends require a fresh approach to work as new generations enter the workforce and challenge the way work can be done, for example by not being dependant on the place or time while performing the job. The society is being poised for a revolution in working practises hence modernizing the work practices is essential for running a successful and effective organization in the future.

Employee wellbeing is widely recognised and understood as vital part of the corporate culture in order to attract and retain skilled workforce. Work itself is usually considered good for people's health, but repeatedly long hours of work can lead to health problems. Studies and researches presented earlier show the multiple negative health effects caused by excessive amount of work.

Reducing working hours brings multiple benefits for the company if understood as a long-term solution. Scientists argue that shortening working time would result in better health and increased productivity. In Finland, the only way to adopt shorter working days is to first prove that the actualized costs are lower than the yield savings. This would be worth piloting in the near future, and discussed from a sustainable perspective. Government help is essential and collective agreements must be structured to support the change. Thus, time will tell whether it notably affects unemployment, reduces actualized costs by lowering sick leaves and employee turnover and resulting in happier and healthier workforce.



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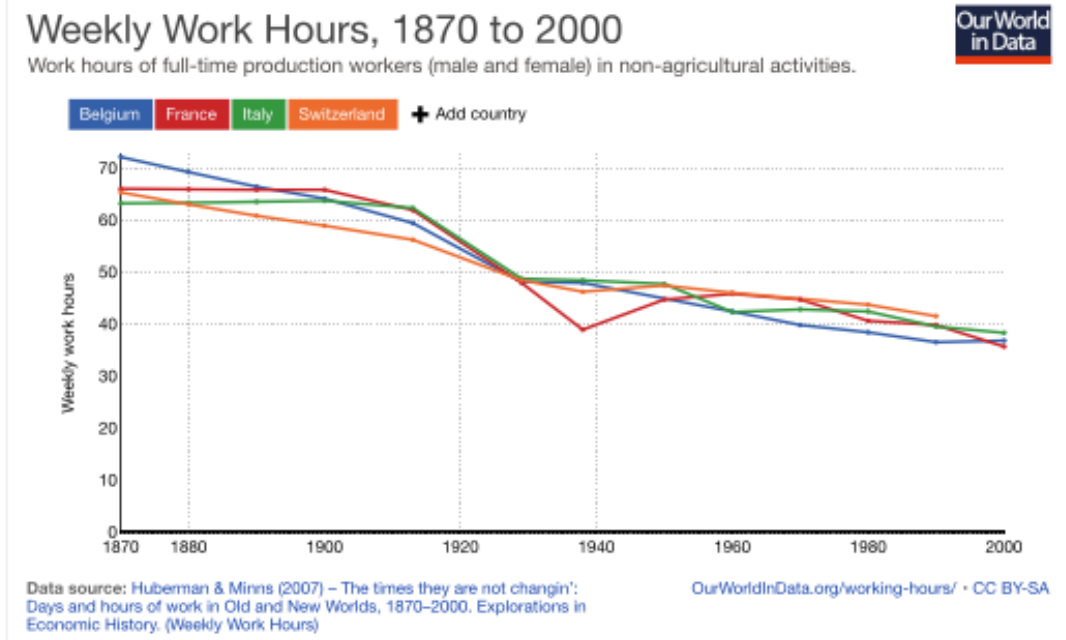
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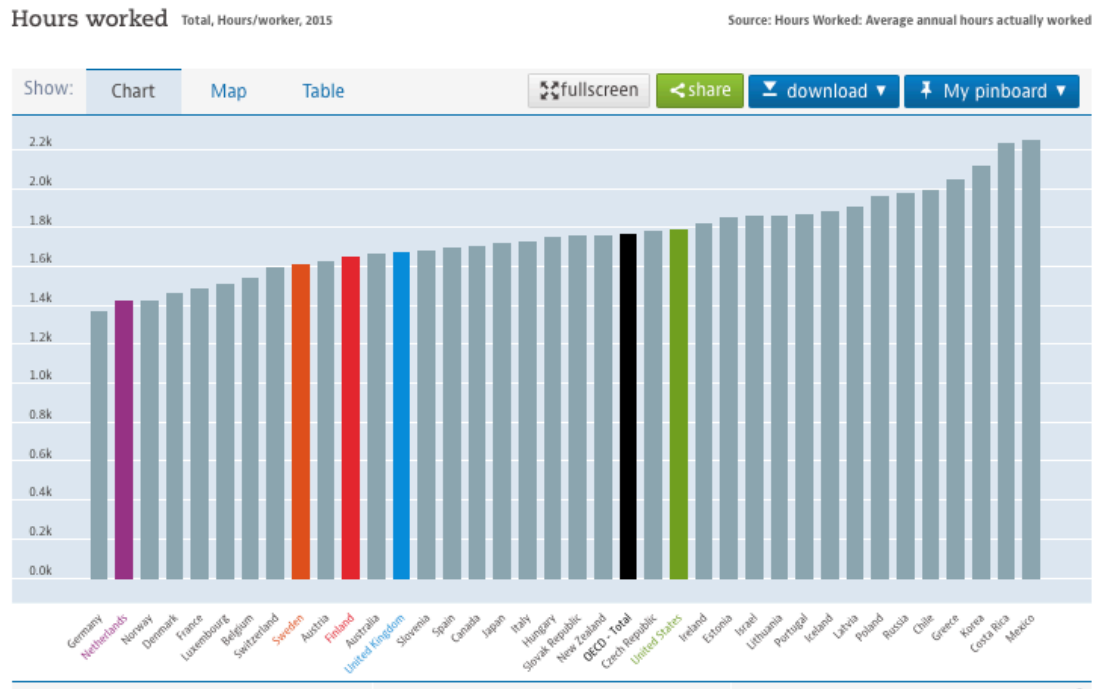
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## Weekly work hours, 1870 to 2000



## Hours worked



## Employment rate

Employment rate Total, % of working age population, 2016

Source: Labour: Labour market statistics

