

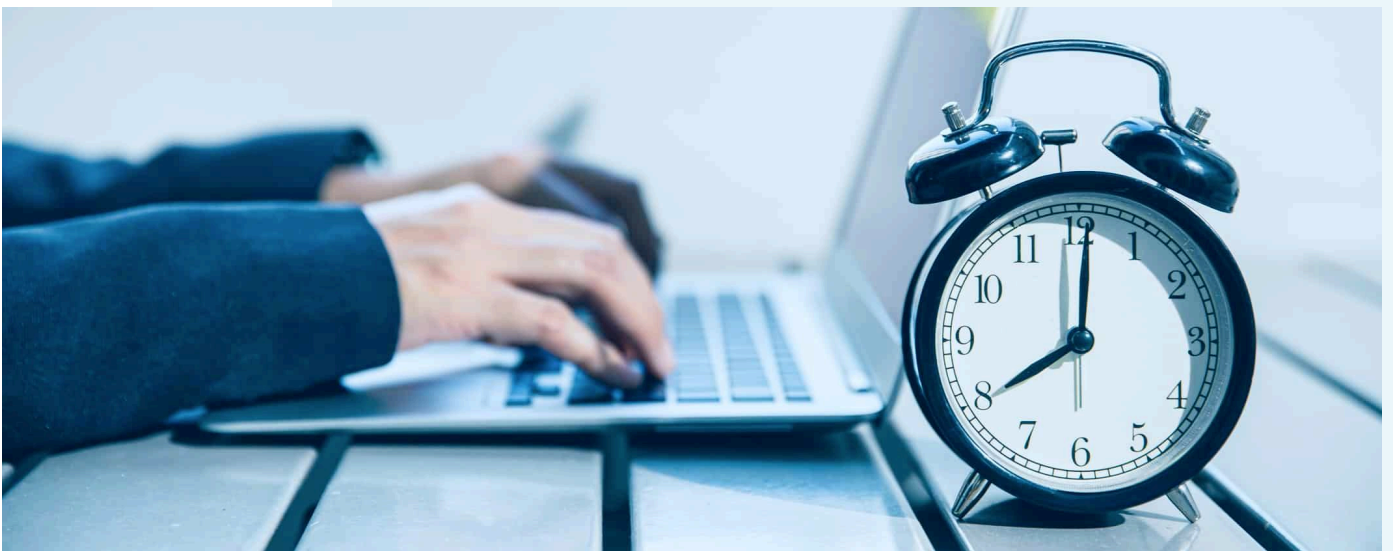
POLICY BRIEF

January 2025 | N° 3

Should Armenia Reduce Standard Working Hours?

At the end of 2024, the Ministry of Labor and Social Affairs (MLSA) introduced a [package](#) of legislative amendments proposing to reduce standard working hours from 8 to 7 hours per day and from 40 to 35 hours per week, without reducing wages. The justification for this initiative highlights that technological advancements and the automation of numerous business processes have enabled similar practices in several countries, including France, Germany, Sweden, Belgium, and Iceland. At the same, international studies indicate that reducing weekly working hours does not harm economic performance; on the contrary, it can enhance productivity while improving quality of life by fostering a better work-life balance. Furthermore, the ministry cites findings from a joint [study](#) conducted by the World Health Organization (WHO) and the International Labor Organization (ILO), which highlight the risks of long working hours, linking them to an increased likelihood of cardiovascular diseases, depression, stress, and other negative impacts on mental and physical health.

However, the question remains: **is Armenia's economy prepared for a 35-hour workweek?**



How Many Hours Do Armenians Work?

According to the RA Statistical Committee, in 2023, the average weekly hours usually worked by paid employees aged 15 and over in Armenia amounted to 42.1 hours, an increase of 1.2 hours compared to 2018 (see Appendix 1 for age group details). Notably, a significant gender disparity exists in the average weekly working hours:

in 2023, men usually worked an average of 45.1 hours per week, while women usually worked 38.5 hours. Additionally, during the observed period, the weekly working hours for women increased at a faster rate than those for men.

In 2023, the average weekly hours usually worked in Armenia by paid employees aged 15 and over in Armenia amounted to 42.1 hours, an increase of 1.2 hours compared to 2018.

How is working time calculated in Armenia?

The Statistical Committee has been conducting an annual labor force survey in recent years. The sampling units are households, which are selected using a two-stage stratified random probability sampling method. Primary sampling unit is the Census Enumeration area and ultimate sampling unit is the private households/dwelling.

In 2023, the sample size was 7,788, representing around 1% of the general population. Sixty-one percent of the sample units were located in urban areas, while 39% were in rural areas, ensuring geographically proportional representation. The sample weights of the survey have been adjusted according to the current projection (estimates) of the resident population of the RA.

Given the size of the general population of employed people and their size in the sample, national data on working hours have a 95% confidence level with a margin of error of less than +/- 2 percentage points. For instance, if the survey results indicate an average of 42.1 hours worked per week, we can be 95% confident that the true value falls between 41.26 and 42.94 hours.

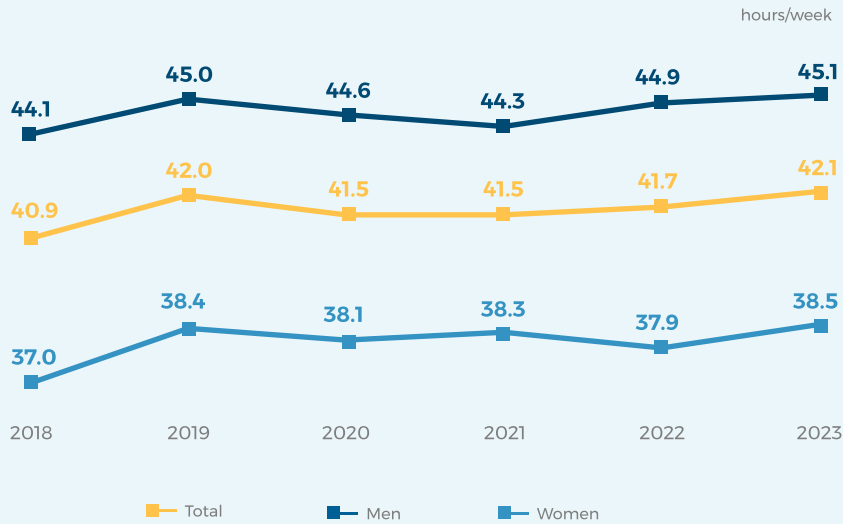
For smaller groups, the statistical error may be larger.

Hours usually worked refer to the typical situation associated with working hours, that is worked hours during the typical week of the last month, excluding temporary overtime work or part-time work.

Hours actually worked include actual time spent by employed population on production of goods and services during the reference week that can be over or less working time defined by the legislation (normal duration) as well as hours usually worked. Hours actually worked during the reference week can be equal to 0 in case of not working temporarily for various reasons (eg, illness, holidays, shift work, etc.).

The normal duration of working hours can not be more than 40 hours per week.

Figure 1. Average Weekly Hours Usually Worked in Paid Employment in Armenia by Sex, 2018-2023



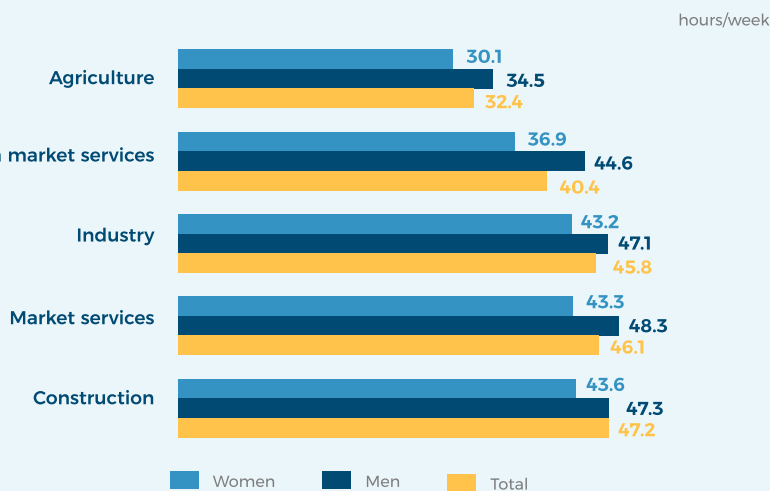
Source: Armstat

A more detailed analysis shows that the average weekly hours actually worked differ somewhat by type of economic activity, major groups of occupations, and employment status. For example, in the market services sector (e.g., trade, accommodation and food services activities, transportation, etc.), the mean weekly hours

actually worked were 48.3, and in the agriculture 34.5 hours (see Appendix 2 for more details), while the highly skilled work less than the low skilled, 39.3 hours and 45.2 hours, respectively, and similarly, employees work less (42.7 hours) than employers (51.4 hours).

In Armenia, the number of hours actually worked per week in the mining industry, construction, accommodation and food services activities is on average 47 hours or more.

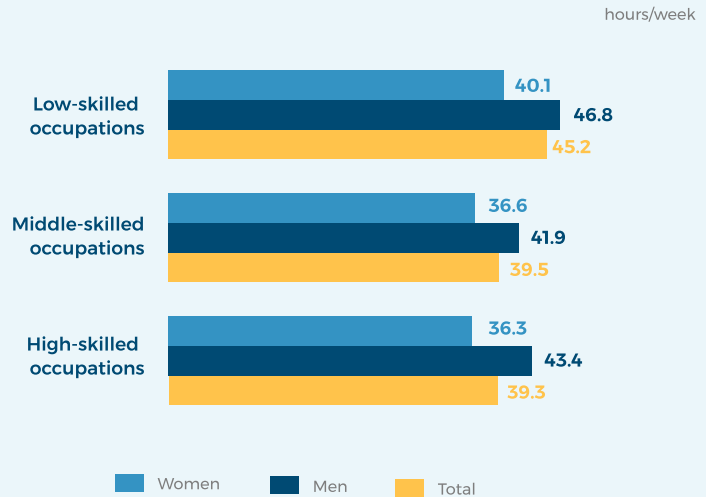
Figure 2. Average Weekly Hours Actually Worked in Armenia by Major Groups of Economic Activity, 2023



Source: Armstat

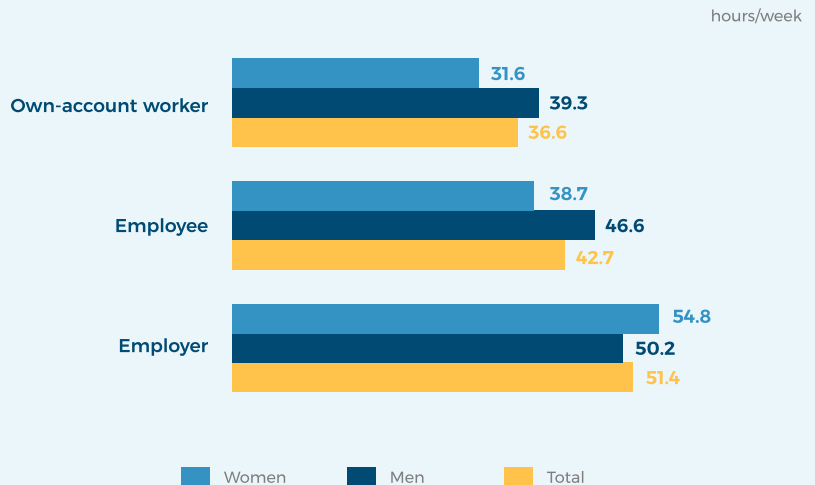
In 2023, individuals working full (standard) hours in Armenia averaged 44.4 hours per week: men actually worked 46.5 hours, while women actually worked 41.4 hours.

Figure 3. Average Weekly Hours Actually Worked in Armenia by Occupations, 2023



Source: Armstat

Figure 4. Average Weekly Hours Actually Worked in Armenia By Status in Employment, 2023



Source: Armstat

Overall, the study reveals that in 2023, individuals working full (standard) hours averaged 44.4 hours per week: men actually worked 46.5 hours, while women actually worked 41.4 hours, **which may indirectly indicate that some employers do not fully uphold employees' rights concerning**

working hours (in some cases, probably without additional pay). Several reports on similar issues have been published in the media, including those produced by the [HETQ media factory](#).

International Practices in Reforms to Reduce Working Hours

Short-time work is typically implemented in two ways: by reducing either the number of working days or the number of hours worked per day, or in some cases, both. Additionally, short-time work can be introduced through

Reduction in the number of working days



Before discussing the 4-day workweek, it is important to note that **no country currently has such a model legally mandated.** [For instance](#), between 2015 and 2019, Reykjavik Municipality, and later the Icelandic government and the Federation of Public Worker Unions (BSRB) implemented a pilot project aimed at reducing working hours while maintaining wages. The trial initially involved 66 public servants, a number that later expanded to 2,500 participants.

Reduction of hours worked per day

Back in 1998, France passed a law establishing a 35-hour workweek for salaried employees (with the exception of high-ranking managers). The law was implemented in two stages: first, on February 1, 2000, for employers with 20 or more employees, and then on January 1, 2002, for all employers. Recognizing that this could impose additional costs on businesses, the government introduced subsidies and reduced social contributions for certain categories of employers. In [2002](#), a Toyota service center in Gothenburg, [Sweden](#), adopted a

different approaches, including experimental trials (such as agreements between trade unions and employers), voluntary arrangements, or legal mandates.

Due to the positive feedback from both employees and employers, the option to work shorter hours (including a 4-day workweek) became widespread in Iceland, with [51%](#) of all employees now having the opportunity to participate voluntarily. The four-day workweek is also voluntarily implemented in many [companies](#) across developed countries, such as Microsoft Japan (since 2019), Bolt (Estonia, since 2022), and Kickstarter (USA, since 2022). In [Lithuania](#), starting January 1, 2023, public servants with three or more children gained the right to work 32 hours a week, including the option for a 4-day workweek. [Belgium's](#) experience is particularly noteworthy: in 2022, the law granted employees the choice to work either a 38-hour or 40-hour week, with the option to select a 5-day or 4-day schedule. The third non-working day can be taken at the beginning or end of the week, or in the middle.

6-hour work schedule, which contributed positively to both profit growth and employee satisfaction. [In 2015](#), a medical center in the same city piloted a 6-hour work schedule for two years. While the results were promising—showing increased patient and employee satisfaction, as well as reduced absenteeism—the model was not economically sustainable. The experiment cost local authorities an additional 12 million kronor and faced significant criticism from opponents.

According to ILO, in 2021, only 9.5% of paid workers in Armenia actually worked 49 or more hours per week.

In **Germany**, the standard working week is legally set at **40 hours**. However, in 2018, the IG Metall union advocated for a **28-hour workweek** for approximately 900,000 workers over a two-year period. In 2020, during the economic crisis, the union and employers agreed to maintain the reduced working hours to prevent job losses and this provision remained in the IG Metall collective



bargaining agreement in subsequent years.

Does Reducing Working Hours Improve Mental and Physical Health?



A joint study by the WHO and ILO, which analyzed data from 194 countries between 2000 and 2016, shows that the risk of cardiovascular disease is higher among individuals working 55 or more hours per week compared to those working 35-40 hours.

In 2016, approximately 488 million people worldwide worked 55 or more hours per week, resulting in an estimated 745,194 deaths and 23.3 million disability-adjusted life years (DALYs) attributed to long working hours. Notably, the study did not include a comparative analysis between those working 35 hours and 40 hours. According to ILO [data](#), in 2021, only 9.5% of paid workers in Armenia actually worked 49 or more hours per week. Therefore, using this research as a supporting argument for this draft law is highly debatable from a methodological perspective.

Economic Effects of the Working Time Reduction

The number of hours worked per week is closely linked to economic indicators such as employment, output, and productivity.

Many countries are seeking to increase **employment** by reducing working hours. This is particularly relevant in countries with high unemployment. Policymakers in

these countries anticipate that reducing the working hours of salaried employees will compel employers to hire additional workers to cover the reduced workload (a practice known as work-sharing). However, studies indicate that the impact of legally mandated reductions in working hours on employment levels is not straightforward or universally consistent. For example, a [study](#) of reforms implemented in France, Italy, Belgium, Portugal and



Slovenia between 1995 and 2007 shows that reducing working hours did not have any positive effect on the redistribution of work among the population and on the increase in the overall employment rate. Moreover, in [Portugal](#), even the reduction of working hours (from 44 hours to 40 hours) had the opposite effect on the employment rate. According to the law, employers were not allowed to reduce the wages of employees in parallel with the reduction of working hours, as a result of which an employee's hourly work actually became more expensive for the employer, which probably forced employers to hire fewer employees or even reduce the number of employees.

The impact of reduced working hours on **productivity** presents a different picture. For example, in Portugal, the experience of selected companies showed that employee productivity actually increased, as employers were compelled to reorganize work processes to make better use of the reduced hours. Some companies even began adopting or intensifying the use of new technologies to boost efficiency.

Overall, international experience suggests that reducing working hours in specific companies or sectors can lead to increased labor productivity. However, there is no comprehensive study or conclusive evidence on the effects of reduced working hours at the national level (at least not to the best of our knowledge).

We also studied the relationship between **hours usually worked and labor productivity using a regression analysis across 95 countries worldwide**. The results show that there is a statistically significant weak inverse relationship between hours usually worked and labor productivity (Spearman Coefficient= -0.295), but the effect of working hours on labor productivity is very weak ($R^2=0.0858$). In other words, only 8.58% of the 1-point difference in labor productivity across countries can be attributed to the amount of hours usually worked, the rest can be attributed to other factors, such as technological development, economic structure, etc. It should be noted that we are not talking about a causal relationship.

Reducing working hours in specific companies or sectors can lead to increased labor productivity. However, there is no comprehensive study or conclusive evidence on the effects of reduced working hours at the national level.

Only 8.58% of the 1-point difference in labor productivity across considered countries can be attributed to the amount of hours usually worked, the rest can be attributed to other factors, such as technological development, economic structure, etc.

Figure 5. The Connection Between Labor Productivity and Usually Worked Hours Per Week Across 95 Countries in 2023



Note: GDP data is for 2023, the working hours data is the most recent available figures from 2019 to 2023.
Source: ILO, Armstat

The impact of legally mandated reductions in working hours on **production volumes** can vary across different sectors. For instance, a study of South Korea's experience in the early 2000s [revealed](#) that reducing working

hours had a negative short-term effect on all industries, with the manufacturing and mining sectors experiencing particularly significant impacts.

Conclusions and Recommendations

Our analysis shows that:

- ✓ In 2023, workers in paid jobs in Armenia usually worked an average of 42.1 hours per week, which is 1.2 hours more than in 2018.
- ✓ During the survey week, employees with standard working hours (40 hours per week) actually worked an average of 44.4 hours, about 11% more than legally required. In many cases, this additional work was likely performed without extra pay, highlighting a potential issue with labor rights violations in the country.
- ✓ The justifications presented in the draft law regarding its impact on human health are controversial, as they focus on individuals working 55 hours or more per week, whereas the draft specifically addresses reducing the standard 40-hour workweek to 35 hours.
- ✓ The claim that reducing working hours will lead to an increase in labor productivity, while supported by examples from individual companies, has not been confirmed by a comprehensive study at the national level, particularly one that accounts for differences in development levels across countries.

Considering the results of our analysis, it is recommended to:

- ✓ Refrain from reducing working hours for now.
- ✓ Implement effective mechanisms to protect workers' rights, including eliminating or reducing instances of unpaid overtime work.
- ✓ To evaluate the effectiveness of short-time work in Armenia, design a multi-year, large-scale experiment involving voluntary participation from employers across various sectors.

Appendix 1. Usually Worked Mean Hours Per Week in Armenia by Age Groups, 2023

Age group	Total	By sex		Geographic location	
		Men	Women	Urban	Rural
15-24	40.5	43.0	36.6	42.0	38.0
25-34	42.9	45.9	37.7	42.4	43.7
35-44	43.0	46.3	39.2	42.5	44.0
45-54	43.1	45.7	40.4	43.5	42.4
55-64	41.1	44.1	37.9	41.4	40.7
65-74	39.3	42.0	36.3	40.0	38.4
75-84	35.9	39.4	30.5	38.4	31.9
85 >	20.7	20.7	-	17.2	23.6

Source: Armstat

Appendix 2. Mean Weekly Hours Actually Worked in Armenia by Economic Activity, 2023

Economic activity	Total	By sex		Geographic location	
		Men	Women	Urban	Rural
Agriculture, forestry and fishing	32.4	34.5	30.1	28.0	32.7
Mining and quarrying	47.0	47.1	45.0	45.6	49.2
Manufacturing	45.7	47.3	43.3	45.0	48.2
Electricity, gas, steam and air conditioning supply	45.6	46.3	41.7	42.6	53.6
Water supply; sewage, waste management and remediation activities	46.0	47.0	43.2	43.9	51.1
Construction	47.2	47.3	43.6	45.3	50.5
Wholesale and retail trade; repair of motor vehicles and motorcycles	46.1	48.3	43.3	45.5	48.6
Transportation and storage	44.5	44.9	41.6	42.8	49.6

Accommodation and food service activities	47.4	49.4	45.7	46.9	49.3
Information and communication	39.4	41.0	37.1	39.1	42.2
Financial and insurance activities	40.8	41.1	40.7	40.6	42.1
Real estate activities	34.2	34.6	33.7	33.5	46.7
Professional, scientific and technical activities	40.9	44.1	37.9	40.5	45.4
Administrative and support service activities	42.4	43.3	41.4	41.6	46.9
Public administration and defence; compulsory social security	46.0	48.4	39.9	43.3	51.4
Education	32.3	38.2	30.9	31.2	34.4
Human health and social work activities	41.7	44.1	41.2	40.6	46.2
Arts, entertainment and recreation	38.3	42.1	35.0	39.1	33.9
Other service activities	39.7	43.3	38.5	38.7	44.4
IT activities, as employer	41.2	46.1	37.4	42.0	38.3
Activities of extraterritorial organizations and bodies	43.8	49.2	39.9	43.8	40.0

Source: Armstat