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# Long Working Hours and Their Impact on Employee Productivity in the UAE Service Sector

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Every company has guidelines on the number of hours employees are expected to work in a day, a week, or a month. However, companies in most parts of the world use week-based guidelines. While examining the relationship between the length of working hours and productivity, the pertinent question that arises is on the definition of 'long hours,' which has often been subjected to endless debates. Different people have their own view of the meaning of this term based on their personal experiences (Ali et al., 2017). Therefore, to most people, their working period is considered long working hours if it deviates from their work schedule within a certain period of time, such as a week. Some nations have defined their own normal working period within a week. For example, in the United Kingdom, an individual is said to have worked for 'long working hours' if he/she works for more than 48 hours in a week as outlined in the Working Time Regulations 1988.

Over the years, companies have insisted on the need for their employees to work for long hours in an effort to increase their productivity and

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maintain a competitive advantage in their respective industries. This was done without any consideration of the possible negative effects of long working hours on the productivity of individual employees and eventually on the company's productivity (ILO, 2004). During last twenty years, an increase in the scientific studies on the possible negative effects of long working hours on employee and company productivity have been noticed. Simultaneously, there has been a considerable increase in the number of company owners' and stakeholders' appreciation of such studies. There is increasing evidence that policies of long working hours are maintained at the expense of personal sanity, sleep, friendships, and families, factors believed to influence the level to which an employee is motivated (Delsen, Bosworth, Groß, & Muñoz de Bustillo y Llorente, 2007).

There is a great need to appreciate that some factors predispose some individuals to long working hours. Studies have revealed clear gender differences, with men being more likely to work for longer periods than women. Among the men, those with children are more likely to work for longer periods than their counterparts without children. Regarding life cycle factor, individuals between the ages of 30 and 49 are most likely to work for long periods (Jehring, 1967). People in some professions are more likely to work for long periods within a week, such as managers and assembly workers.

Companies in the UAE's service industry are forced to enforce long working hours in an effort to remain competitive in the market. There is little evidence available regarding the specific impacts of this move on the employees' productivity. Previous researchers have primarily concentrated on other aspects of human resources, such as the link between motivated employees and productivity or the relationship between employees' skills and productivity. Therefore, there is a significant research gap regarding the correlation between the length of working hours and productivity, particularly in the UAE service sector context. Most of the previous scholars explored the relationship between these two variables in the context of developed nations such as the United Kingdom and the United States (Delsen et al., 2007). Among the available studies on the relationship between long working hours and productivity in the UAE, only a few have explored this relationship in the service industry (Delmas

& Pekovic, 2013). Another gap in the research is the availability of studies that performed identification of the variables impacting productivity besides the working hour variable and establishing the interlinkage among all variables in order to have a holistic view or model that helps managers and companies in understanding the variables of productivity.

Despite the increase in the labor supply during the recent years, the UAE labor market still suffers from a host of problems in comparison to developed countries and other developing counterparts. The country greatly relies on its expatriate population as the source of human resource expertise to sustain its service industry (Delmas & Pekovic, 2013). About 90% of the workforce in the private sector in the UAE is made up of expatriates. In the past and before the relatively recent "formulation of labour friendly measures" foreign expatriates were not willing to actually work in the UAE due to what was being treated as a case of poor labor practice (Alshehhi, 2017). Also, recently and after the drop in the oil price, the government has been focusing on creating diversification in the economy, and this has accentuated the issue of shortage in the talent needed to meet the demand of the diversified industries. According to Hays Global Skill Index, "the overall wage Pressure" score for UAE is 6.8/10 (Hays GSI, 2016). This relatively high score suggests skill shortage. The increasing cost of living in the UAE presents an obstacle in attracting and retaining low-paid employees in the service sector, especially those possessing specific skills and experiences such as Arabic language, collaboration, and customer service skills.

In the financial services field, there is a shortage of institutional sales specialists and wealth or private banking sales professionals and brokers (Mecada, 2016). Due to the 24/7 operating culture, service sector companies in the UAE are forced to execute policies of long working hours to remain competitive in the market. The implementation of such policies is thought to have affected the productivity of the employees in one way or another, in addition to the prevailing attitudes of managers of low-end service jobs; managers cascade the added pressure of cost optimization onto their staff, which results in compromising staff well-being and staff being treated like machines. These attitudes and thought processes are reminiscent of Taylorism, which promotes hiring undercapacity and extending working hours. This consequently results in reduced productivity and decline in service levels.

Based on the identified problem, there is no doubt that the current research comes in handy in filling the research gap in this area of study. The results of the study are expected to have good value to players in the service sector, both in the UAE and GCC (Gulf Cooperation Council countries). A better understanding of how productivity is impacted by the length of working hours in the service sector is expected to improve policy formulation and implementation. The study can inform the policy makers to increase or decrease the number of hours their employees are required to work. Furthermore, the study has the potential to benefit the UAE government as it may guide the labor law legislators on how to adjust the working hours such that it can contribute to the success of the Happiness Initiatives of the UAE's Ministry of Happiness. Another major significance of this study is that it provides a comprehensive view of the factors that influence productivity and demonstrates the linkages among them so employers and managers can place emphasis on these variables in order to improve their firms' and employees' productivity.

The aim of this chapter is to facilitate a better understanding for companies and managers as to the important factors that impact their productivity by establishing the relationship between the length of working hours and productivity and providing a full view of the factors that aid better productivity and improved performance.

The following are the two specific objectives of this chapter:

- To identify the variables that impact productivity.
- To establish if there are interlinkages among these variables.

## Dominant Performance and Productivity Theorizations and Models

There is an abundance of management theories and models that deal with productivity, performance, and motivation such as the AMO model, High Performance and High Involvement Work Systems, Expectancy Theory, the Hawthorne Effect, and Herzberg's Two-Factor Theory. Some of these theories are more relevant than the others to the topic of research.

The High Involvement Work System (HIWS) stands at the other end of the spectrum as a response to the Taylorism model of working. HIWS is based on empowering employees at lower levels of hierarchy, delegating responsibility, and giving them a voice. This is contrary to the scientific management principles where employees are trained to be machine-like in certain aspects of their jobs for improved efficiency and profitability (Bell & Martin, 2012). HIWS lays emphasis on redesigning the work to involve employees more fully in the decision-making process. The High Performance Work System (HPWS) forms an integral part of the reforms made to the work models in response to the Taylorism view of managing employees and approach to human resources systems. It is done through the following three steps:

- Creating the right environment and opportunities for employees to perform.
- Motivating employees by making them involved and committed to the business goals and company mission.
- Providing opportunities for training and development.

These three elements are in fact the basis of the AMO framework, where A refers to the ability to perform through knowledge, skills, and aptitude, M is the motivation to perform when the job is interesting and there are incentives in place, and O is the opportunity to perform when the environment is support-conducive. Therefore, the performance of an individual is impacted by these three factors. The mathematical shorthand of the model is:

$$\mathbf{P} = \mathbf{f}\left(\mathbf{A},\mathbf{M},\mathbf{O}\right)$$

This is an indicator that there is no specific value or predetermined relationship between the three factors, namely, ability, motivation, and opportunity. However, it is known that all three factors are involved in determining employee performance. Good ability alone will not bring about better performance; similarly motivated workers with good abilities cannot achieve much if critical resources and organizational support are lacking (Boxall & Purcell, 2011).

## Relationship of Long Working Hours to Employee Productivity

It has been commonly believed among advocates of work–life balance that the reduction of working hours generally leads to increase of productivity, based on the numerous studies that have been conducted on the subject. Indeed, many organizations seem to have grasped this either implicitly or explicitly in their allocation of working time to their employees. However, there are numerous debates on the exact nature of the relationship between duty hours and employee productivity. Economists have suspected for some time that longer work hours could adversely impact productivity. John Hicks, a British economist, argued that "probably it has never entered the heads of most employers … that hours could be shortened and output maintained." Hicks reasoned that with longer hours output per hour would fall. As workers slaved away for longer and longer, they would lose energy, which would make them less productive (The Economist, 2017).

However, according to Pencavel (2015), shortening the working hours may not affect the output; "reducing hours, say, from 55 to 50 hours a week, would have had only small effects on output. The results are even starker when we are talking about very long working hours. Output at 70 hours of work differed little from the output at 56 hours. That extra 14 hours was a waste of time."

A reduction in working hours would have had small or no damaging effects on output. The weeks without a day of rest from work had about 10% lower output than the weeks when there was no work on Sunday, holding weekly hours constant. At the same time, night work was not less productive than day work and, indeed, may have been slightly more productive (Pencavel, 2015).

Since poor working arrangements will lead to loss of employee productivity, it is imperative for firms to seek avenues to improve these arrangements, of which time is a crucial factor. The changes that can be expected to trigger improvements in productivity are not only those that pertain to time but also those regarding the organization of work. Silvestro (2002)

suggests the reduction of working hours to a level that will result in the optimal engagement of employees and lead to higher productivity.

Silvestro states that 48 hours per week is the average number of hours that most employees can optimally perform. The employers have also been advised by Russell, O'Connell, and McGinnity (2009) to ensure that they give their employees appropriate breaks and rest period and introduce work arrangements that are employee-friendly. To achieve this, the authors have proposed that there should be a proper consideration of the needs and preferences of the workers by consulting with them. When these are taken into account during the shifts, their productivity can be expected to improve considerably.

In the early 2000s, the International Labor Organization assessed both the practical and theoretical effects of reduced working hours on productivity (Caruso & Waters, 2008). Research has also been conducted to investigate how labor efficiency can be increased through reduction of hours by Messenger, Lee, and McCann (2007). This led to the observation that while indeed reduction of working hours improves productivity, there are some underlying conditions and responses that will determine the rate at which improvements in working hour arrangements will yield positive results. The research identified four main forms of working hour reductions that are relevant to today's working conditions. Each form of reduction has the potential to bring about productivity improvements that are likely to offset most if not all the costs associated with implementing the working arrangement. These forms of reduction are the gradual standard hour reductions, reductions in excessive working hours, accelerated working hour reductions, and personalized options for working hour reductions. When instituting the flexible scheduling implied in the personalized working hour reductions, Johnson and Lipscomb (2006) found that most workers, especially those in the United States and Europe, favored part-time options and shorter weekly hours.

Based on the above, it can be concluded that the reduction of duty hours by companies improves worker productivity in two ways. These are the psychological adaptation to the shortened work period by increasing the pace of work and the minimization of unnecessary breaks or engagements that workers indulge in while on duty.

The study found that the circumstances that are most likely to increase labor productivity were those that involved variable or cyclical workload. When the workload thinned, the workers' flexibility allowed them to effectively change the time they reported to work to match the time they are allocated work. While the boost in productivity brought about by working hour reduction may offset the rise in labor costs, it may also lead to the undermining of future job creation endeavors. Instead, the boost in productivity can lead to overall growth in demand for the kind of labor that becomes more productive per hour (Deery, Iverson, & Walsh, 2002). The standard theory for labor demand suggests that the increase in marginal labor productivity in terms of revenue products is more attractive and a valuable input in relation to capital equipment.

The resulting improvement in productivity can come about as a result of one of a number of reasons. These include utilization of time during production, the psychological benefits associated with short hours such as reduction in physical and mental stress levels, and the flexible work time that reduces wait time and slack time. This has been interpreted by Holtom, Lee, and Tidd (2002) to imply that since an increase in working time will yield less than proportionate increase in productivity, a decrease of working hours can be expected to give rise to more than proportionate increase in the output produced. This can be realized especially if the working arrangements are done in such a way that the reductions target individuals with jobs that have a diminishing marginal productivity of labor. The risk of diminishing marginal productivity can be expected to increase as the hours pass, but this is not always the case. Dearden, Reed, and Van Reenen (2006) suggest that resourcefulness and alertness can be compromised for some workers even before the work hours can be deemed excessively long. This situation could apply to workers who have other responsibilities to undertake outside the work environments, such as care giving and schooling.

## Potential Productivity Effects of Working Hours Reduction

The evidence available indicates that when a business enterprise implements the above-mentioned changes in the work time arrangement, productivity will increase just as it does as a result of wage increment. Such improvements enable workers to improve their physical and mental health, which results in employees being alert at work (Silvestro, 2002). The overall effect of this is to improve labor productivity and to minimize errors that can occur as a result of employees being overworked. Further gains in productivity may be realized if the organization implements a reduction in working hours, such as improvements in retention, motivation, recruitment, and commitment. Among the various effects of implementing improvements in work arrangements, three areas that are most crucial to increasing productivity are psychological, motivational, and organizational.

### Psychological Effects

Productivity and working time have a fundamental connection that exists in the psychological realm. For example, Baptiste (2008) established that implementation of long working hours would result in low work intensity, which implies that the employee has more time to complete the tasks, with the possibility of longer and more frequent breaks while doing so. The effect of this is that the work that the employee will be able to accomplish within the working shift could be accomplished in much less time if the employee was more focused. The reverse can be expected in case the working hours are reduced. Due to the thrill of completing the shift early, the employee will be more driven to work faster, with fewer breaks between tasks, which will yield more output in less time.

## Motivational Effects

By introducing improvements to the working hours policies, employees' motivation will be triggered as it will promote psychological willingness to utilize their energy in a more productive manner. However, these gains can be negated if the management does not identify and take measures to organize the working day in such a way that the gains in productivity will be secured. The overall effect of proper working arrangements can only be realized if there is cooperation and good working relationships between the workers and the management in an organization. Good working relationships are essential since they create an environment that facilitates a positive reciprocal of obligations between the managers and the workers, which is an essential ingredient of productivity of labor (Delsen et al., 2007).

## Organizational Effects

Improvements in work arrangements also enhance employee productivity. This would involve management identifying and reducing the non-productive time that comes about as a result of inefficiencies in supervision and scheduling. The conclusion has been arrived at from an extensive review of studies that have been conducted to examine the effect of working time on productivity. Boselie (2010), for example, observed that flexibility and productivity are increased by shortening the number of hours worked. However, the same study observed that production gradually decreased when time worked is reduced beyond a certain point. This implies that reduction of working hours should be done in a prudent manner that recognizes that allocation of too little time to any task will result in sub-optimal production.

Delmas and Pekovic (2013) observed in their study that most gains in productivity occur when the duty time is reduced from very long hours (more than 48 hours per week). Two distinct classes of flexible work time arrangements have been conceived because of their potential to impact on the employee performance in the workplace: those that restrain labor costs of production by increasing individual and organizational

productivity and those that improve the well-being of the employee, hence saving the firm more money in terms of human capital investment and turnover costs. There is, however, a gap in the literature on the theoretical mechanisms that drive the productivity of labor. For instance, a study conducted by Konrad and Mangel (2000) that examined 19 work arrangements, including part-time arrangements, flextime, reduced hours, and part-year arrangements, showed that such arrangements had positive impacts on employee productivity. However, the results were not uniform in all employees as most gains in productivity were observed to be realized in companies that dealt with professional and female employees.

When these observations are analyzed with the help of efficiency exchange or wage theory to explain the increase in productivity due to the arrangements, it implies that the employees will reward the management for giving them friendly working arrangements by putting more efforts in their work. Reports from personnel directors, when examined by Perry-Smith and Blum (2000), indicated that the firms that had instituted more flexibility in work time arrangements reported higher performance when compared to those that did not have such flexibility. However, the study also observed that one policy alone was inadequate as the firms with more employee-friendly policies performed better than those with only one policy. This implies that the arrangements have synergetic effects to improve productivity.

## Variables Impacting Productivity

The strongest drivers of the recent arrangements in the workplace have been full employment economy and the implementation of new institutional structures aimed at facilitating the expression of the desire to have flexibility in duty time options. These arrangements are socially healthy and result in increased labor productivity (Holtom et al., 2002). Different organizations pay attention to varying approaches to the analysis of the framework seeking to relate working hours with labor productivity. According to Paauwe, Guest, and Wright (2013), some of the significant variables that are associated with the length of working hours are wages,

job content, work arrangement, and job satisfaction. These variables contribute toward the development of a conceptual framework that defines the effect of length of working hours in relation to productivity (Patel & Cardon, 2010).

Working arrangements significantly contribute to the productivity and success of organizations. This means that poor time management may cause reduced productivity or losses and organizations can benefit from improved working hours arrangement. O & M and Productivity Panel of LAMSAC (1975) state that changes in the working time within organizations have the potential to help improve their performance and productivity. Organizations may implement different working hours arrangements in addition to other changes to achieve improvements in the productivity of the staff (Nuruzzaman, 2012). The length of working time may be regulated by reducing working hours as defined by the International Labor Organization (2004).

An enterprise-level study conducted by Savery and Luks (2001) shows that the adoption of flexible working arrangements that allow employees to have healthy work–life balance results in higher productivity. In this study, more than 80% of managers and 70% of workers reported that there was a positive impact on productivity in cases where the work schedules were arranged in a way that allowed the employees to respond to their private needs, such as telecommuting and flextime.

According to Needham (2008) the reduced productivity caused by the onset of mental and physical fatigue can be managed considerably by the allocation and organization of breaks; that is, breaks help re-energize employees. Although the energy used for production has its limits, there is a possibility that some spare energy is available and could be used in the job if the workers were to be motivated, indicating the vital role that motivation plays in productivity.

Paauwe et al. (2013) assert that organizations must focus their energies on regulating their working time, which is achievable by reducing the unsocial working hours. These hours include weekend hours, night hours, and evening hours. Delsen et al. (2007) suggest that the provision of appropriate rest breaks is also critical in optimizing performance in organizations. It is essential that organizations take special consideration of the needs of the workers while introducing changes to working hours.

Wages are considered the most critical factor influencing the number of working hours of an organization. The fact that employees are usually eager to earn higher incomes is a leading motivational element for employees to work for longer hours (Jehring, 1967). They would readily agree to increase their length of working hours to improve their standard of living. Essentially, fair wages are an important issue that employees consider when deciding to work beyond the required hours (Mann, 1992). Organizations need to enhance the wages to improve the productivity of various functions performed by employees (Paauwe et al., 2013). This is in agreement with the equilibrium price theory of pay, according to which pay is dependent on the marginal productivity of the employee concerned, as per the arguments made by (Liu & Sakamoto, 2005). This means that improving wages to levels that are acceptable is likely to lead to benefits since an organization may also enhance competitiveness.

Flexible working hour arrangements help improve labor productivity. Collewet and Sauermann (2017a) explained that applying a work–life balance helps organizations improve the manner in which their employees execute their duties. Organizations must define their working hours to accommodate the employees to arrange their working hours in the most convenient manner. Paauwe (2004) emphasizes that policies prohibiting employees working on weekends should be implemented unless the task is deemed crucial and approved by senior management and HR under exceptional circumstances. This is a strategy that has proven successful in helping organizations achieve success in their operations, as established by Collewet and Sauermann (2017b). According to a study done by Durdyeva, Ihtiyarb, Ismailc, Ahmadd, and Bakare (2014) on the variables influencing employee performance and productivity in the Turkish home improvement industry, management-specific factors such as skills and experiences of the workforce as well as communication have greater impact than the financial management and logistics-related factors.

The aspect of job content also influences working length and productivity. This applies to the theory of traditional personnel, where every situation has a distinct and unique interpretation. According to Cierniak-Emerych and Gableta (2007), several jobs have different requirements which require employees of diverse qualifications to handle them. Certain

skills such as information technology competency may influence the ability of an employee to execute certain tasks within the organization, as established by Paauwe (2004). A mismatch in the skills of the employee is also likely to hamper an organization's productivity and may harm the institution in the long term (Luthans, Hodgetts, & Luthans, 1998). Therefore, employees need to acquire relevant technologies or skills to perform their duties accordingly.

The aspect of work environment also influences organizations in a big way because it defines the ability of employees to deliver productivity while maintaining their personal health. Åberg (1987) established that an employee's productivity might be affected by their failure to go to work because of situations such as illness. A poor working environment would lead to a decline in the performance of the employees. Boeri, Burda, Kramarz, Cahuc, and Fondazione Rodolfo Debenedetti (2008) asserted that providing a safe working environment assures workers of their well-being and motivates them to execute their duties as required. This is also likely to influence the relationship between the length of working and productivity.

## Black Box Theory

Considering the nature of the research question, the black box theory is utilized as a framework to answer the question and to establish a link while studying other variables. As argued by Purcell (2003), a black box is understood as the unclear processes that take place when some inputs need to be transformed into useful outputs.

## Comparison of Service Sector Productivity in the UAE, GCC, Germany, and India

The concept of productivity has been refined, and in the twentieth century, economists defined it as the relationship between the output and the inputs necessary to produce it (Antle & Capalbo, 1988). This definition remains valid regardless of the production system or political framework to be considered (Prokopenko, 1997) and seems to denote the efficiency in the use of productive factors (Samuelson & Nordhaus,

1995). Data about weekly working hours and service sector productivity ratio and the sector's contribution to the GDP in the UAE, GCC countries, Germany, and India were collected. The aim of collecting these data was to conduct a comparison between these countries in terms of input (working hours) and output (productivity ratio) in order to examine whether the findings from the above literature review also applies to the UAE service sector.

The countries for this comparison were chosen such that there are a developing economy (India) and a developed economy (Germany) to provide a benchmark for the UAE. The rationale for choosing these countries was to eliminate or minimize as many variables as possible. The decision for using India over Brazil, Russia, China, and South Africa was based on the similarity in the culture with the UAE in comparison to the other BRICS countries as well as due to the large representation of Indian nationals in the UAE workforce. Germany was chosen over Japan due to the vast difference in the cultural makeup of Japanese workers. For instance, on Hofstede's Masculinity dimension, which is concerned with the value of ambition and the need for achievement, Japan scores 95/100 whereas Germany's score is 65/100, which is higher than both the UAE and India but only by 10 points. Another reason for not selecting Japan is the difference in motivation for working long hours for the workers in Germany and Japan. According to White, Hill, McGovern, Mills, and Smeaton (2003), there are significant differences in the reasons why individuals from different countries work for long hours, mainly due to the differences in the working hours' regulations. Some individuals work for long hours to increase their earnings while others do it just to meet the job's requirement. For example, paid overtime has been found to be one of the reasons why Japanese employees work for long hours, whereas the desire to meet the requirement of a particular job was found to be one of the reasons why German employees preferred working for long hours (Åberg, 1987).

Working for longer hours does not necessarily mean an increase in productivity in the service sector. For example, although UAE employees work for significantly more hours per week than employees in Germany, the latter has a higher service sector productivity ratio and a better GDP. Further analysis on German working hours shows that labor laws

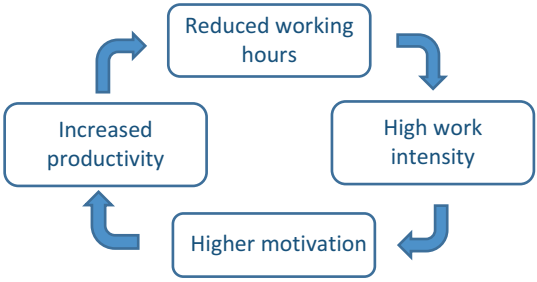


**Fig. 6.1** Relationship of working hours and productivity model (Source: Author)

and collective agreements are the main policies embraced by the country in its efforts to regulate working hours. Germany relies on a combination of labor laws and collective bargaining. To tie the findings of the literature review to the conclusions of the above data analysis, the model shown in Fig. 6.1 was developed.

## Discussion and Analysis

After critically reviewing and analyzing the information presented in the journal articles and the findings from the data analysis, the author developed a deep understanding of the topic and was able to generate meaningful patterns and theme in order to address the research questions. The articles with similar aspects or themes were grouped together. This was followed by a review of the identified themes to determine whether there is a need to split, discard, refine, or separate some themes. The categorization was done to ensure that ideas are grouped into themes that covered specific aspects of the study. The discussion of the themes and sub-themes that were deducted from the above two groups of literature reviews are presented below.

### Reasons for Working Long Hours in the UAE

As previously mentioned, reasons for working long hours vary among countries. The motive of the Japanese employees for working extra hours is different from that of their German counterparts. In the UAE, a

significant reason for long working hours is the volume of work, especially when those additional hours are unpaid. An increase in the work volume in the UAE's organizations may happen due to multiple reasons, which include but are not limited to email overload, staff shortages, and new organizational initiatives such as a need to increase customer focus (Boeri et al., 2008). The 24/7 operating culture for most businesses operating in the service sector is another contributing factor. The expectations and attitudes of managers in the UAE's service industry companies have also been found to compel employees to work for long hours; these managers presume that employees who are always present at their work stations are very committed to their work, thereby encouraging the employees to work for longer hours.

Variations in output are proportional to variations in the hours worked. But when people worked more than about 50 hours, output rose at a decreasing rate. In other words, output per hour started to fall (in the jargon, "the marginal product of hours is a constant until the knot at [about 50] hours after which it declines").

The analysis of the secondary data collected revealed that different nations have some unique aspects in their labor laws, especially the laws regulating the number of hours employees are expected to work in a week. As far as the working hours in GCC countries are concerned, Article 98 of the Saudi Labor Law states that employees should not be required to work for more than 48 hours a week or 8 hours a day. Therefore, employers who require their employees to work for more than 48 hours per week should pay them for overtime work to avoid violating the labor laws. The UAE Labor Law Article 65 specifies the working hours to be 48 or 8 hours a day and these hours can be 9 hours a day in "commercial establishments" such as hotels and restaurants (for low-end service jobs this amounts to 54 hours a week). Although employees in Oman work for an average of 43.5 hours a week, the average working hours in GCC countries remain at 48 hours. However, it is essential to understand that the major drawback with these countries is that they lack appropriate policies to facilitate flexible working schedules, such as temporary work or part-time. This is unlike in Germany, where employees on hourly wage/part-time are entitled to at least 20 days of paid vacation.

During the global economic downturn, Germany encouraged employers to reduce the number of hours worked rather than reducing the number of employees. Through the Kurzarbeit policy, Germany also specified that partial reimbursement for wages lost would be paid by the government. As a result of this policy, employees in Germany work for 35 hours a week on average and were subject to an average of 24 days of paid vacation. In comparison, as per India's Factories Act, 1948, employees should not be required to work for more than 48 hours a week or more than 8 hours a day. Like Germany, the UAE's Labor Law regulates the maximum number of working hours for individuals working in different sectors of the economy. According to this law, people should work for a maximum 48 hours a week or 8 hours in a day. However, some industries are free to require their employees to work for 9 hours per day, such as companies operating in the hospitality industry.

## Productivity

Variations in the level of productivity among India, GCC countries, Germany, and the UAE were identified. These variations can be linked to differences in the working hours' regulations. Changes in these regulations in Germany and Japan in 2002 meant that GDP per hour worked in Germany (96.3) was higher than that in Japan (92.0) despite a continued decrease in the number of hours worked in Japan around this period. As argued by Boeri et al. (2008), this can be because the reduction in the number of working hours may have some negative consequences. For example, regulations requiring the number of working hours to be reduced and employees to receive payments for some holidays and overtime may lead to irregular schedules. However, the reduction in the working hours in Japan produced better results over time, such that from 2007 Japan experienced better output per hour worked than Germany. Such a relationship reveals that, in most cases, productivity increases with a decrease in the number of hours worked.

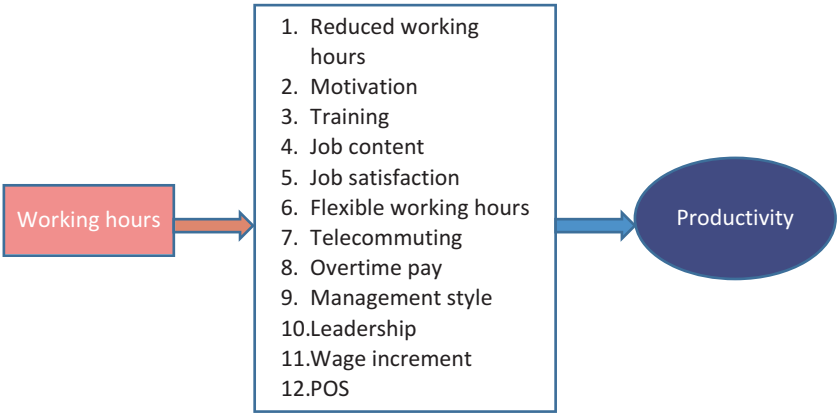


**Fig. 6.2** The black box of productivity (Source: Author)

## Variables That Impact Productivity

From the literature review above, we were able to identify a number of variables that impact productivity besides working hours. Prior to this process of identification of these variables, the relationship between working hours and productivity looked like the 'black box.' In the context of this study, the input being the working hours and the output the productivity, all the other identified variables and their relationship is presented in Fig. 6.2.

## Model Development

Although the study has concluded that long working hours do not necessarily yield increase in productivity, the need for further exploration of the components and factors that contribute to productivity is evident. The second part of the literature review was dedicated to finding those elements inside the black box, as demonstrated in Fig. 6.2.

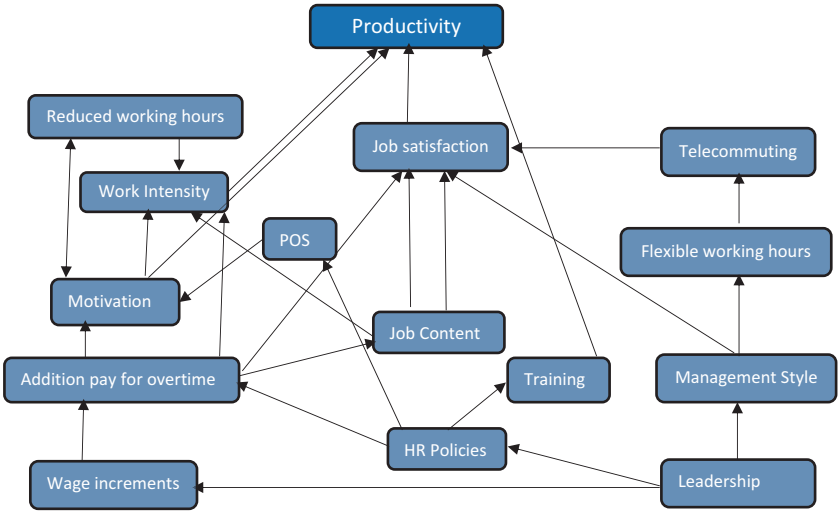


**Fig. 6.3** Interlinkages between the variables (Source: Author)

The next step was analyzing the variables presented in the black box to understand the relationship between them. Figure 6.3 demonstrates the interlinkages between these different factors.

Besides the working hours variable, the actual interactions between the other variables that can result in improvement in productivity are depicted in Fig. 6.3. However, it should be noted that a decrease in the number of working hours to a certain level can be coupled with 'other factors' specified above to achieve improved performance and productivity in the UAE.

The elements within the black box have been unbundled and interlinkages have been established. As a result, the model shown in Fig. 6.4 has been developed. This model can be used as a framework for assessing and studying the factors that directly impact productivity. These factors are grouped under three main clusters: (1) factors related to the employee, (2) factors related to the supervisor, and (3) factors related to human resources department or systems. These are detailed in Fig. 6.4.

There are other variables that influence performance, such as company processes, systems, factors related to equipment and machines, logistics, and employee travel time; however, the three clusters identified above have maximum impact on employee productivity and are all within the control of HR managers and functional managers.

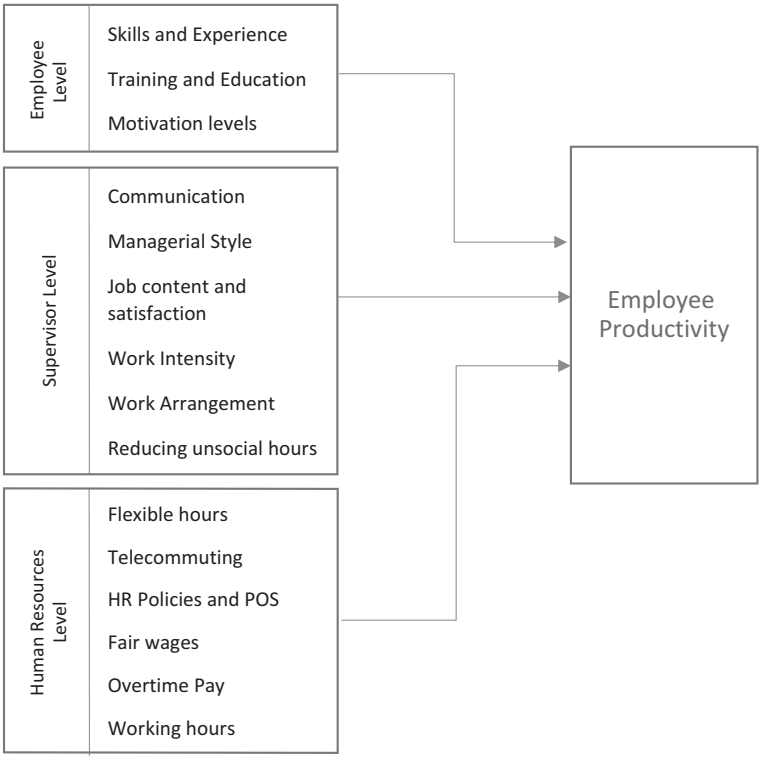


**Fig. 6.4** Productivity variables model (Source: Author)

## Conclusion

The black box presents the ideal theory for explaining the relationship between the hours worked and productivity. Figure 6.2 clearly depicts that the stimulus in this context is the length of working hours, which is generally dependent on the regulations developed by various countries to regulate labor, while the response is the improved employee productivity and organizational performance. The interaction can, therefore, be predicted by relating the inputs in the form of working hours and output in the form of productivity. The study concluded the relationship to be negative; that is, long working long hours is not equal to increased productivity. However, this alone was not sufficient for establishing a

framework for managers and HR to help improve productivity. Since the black box theory represents the perfect analogy to this relationship, the search for the unknown variables sitting within the box impacting productivity resulted in finding over 13 variables, as demonstrated in Fig. 6.4.

While the interlinkages among these variables (Fig. 6.3) show a close relationship between some of them, some of these relationships have to be carefully considered. For example, overtime pay has a positive impact on productivity as it motivates some employees to increase their input; however, those employees who wish to work long hours to earn additional income may end up being ineffective and adversely affect the quality of the service or product. Moreover, the managerial attitude toward the 'ever-present' employees may motivate employees to remain in the organization for long hours without being involved in activities that positively affect productivity, and thus if this is not balanced it can lead to drop in productivity. This also applies to job requirements, which is another reason why individuals may work for long hours.

This study has found that though most studies have associated long working hours with reduced productivity, others have warned that working for fewer hours (under 30 hours per week) does not necessarily lead to improved productivity. Additionally, the study has revealed factors that may cause reduced performance where an individual works for long hours. These factors may include medical conditions or poor family relationships. The study has made it clear that most people do not work for long hours for one reason alone but do it for diverse reasons. These factors cannot be separated, particularly if an organization embraces a culture of long working hours.

The study concluded that in order to improve employee productivity, a comprehensive approach is needed; that is, all variables identified and categorized in the 'productivity variable model' (Fig. 6.4) should be carefully considered for improving employee productivity. This model is a novel approach and a contribution to the research on the topic of studying productivity.

Among the limitations of the study is the limited availability of industry-specific data in the UAE and GCC; as an alternative the overall service sector data were utilized for the analysis in the UAE and the other countries to ensure equal footing. There was no opportunity for the author to verify if the approaches stipulated in the methodologies were

followed. Although using secondary source data comes with certain advantages, its use subjected the study to some of the limitations. This is an aspect that is likely to have affected the reliability of the findings. However, to address the problem of reliability and validity, multiple sources were utilized, and standardization and consistency of information were prime factors for analysis purposes.

There are some valuable interlinkages between the variables which can help improve the work environment through making small changes; for example, telecommuting was found to enhance job satisfaction, which in turn had positive ripple effects on other aspects related to people management.

It is recommended that the UAE borrow ideas from Germany and other developed nations to improve regulations to ensure that the number of working hours leads to optimal productivity. Additionally, companies operating in the UAE's service industry must make sure that their employees have a reasonable work–life balance since there is evidence that pressure in life negatively affects employee performance.

If the UAE government and companies operating in the service sector are serious about having a happier, healthier, and more engaged workforce, it is advised that they develop and implement changes to the laws and policies.

It is recommended that HR and managers take serious steps toward ensuring that all productivity factors as presented in the model in Fig. 6.4 are taken care of. This could be achieved by introducing initiatives, programs, and policy changes which can be greatly influenced by HR directors and department heads.

It is also recommended that managers in the UAE reduce their focus on extending working hours and place heavy emphasis on the variables that have greater impact on productivity.

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