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# Introduction

This report presents the *Employment Flexibility Index 2018* for the member states of the European Union (EU) and the Organisation for Economic Co-operation and Development (OECD). It is based on the World Bank's data on labour regulation<sup>1</sup> and methodology used to compile the *Rigidity of Employment Index*. The *Employment Flexibility Index* embraces indicators on hiring, working hours, redundancy rules and redundancy costs. Country profiles for the EU member states are provided.

The *Employment Flexibility Index* was developed by six think tanks from Lithuania, Estonia, Poland, Slovakia, Bulgaria and the Czech Republic with the aim of promoting broader debates on labour market regulation and the importance of flexible conditions of employing people.

Labour regulation is a controversial issue. It is widely debated across countries and the main focus is on finding a balance between labour market efficiency and an adequate protection of workers. Labour market policy does not only affect the level of employment but generally shapes a coun-

try's economic performance. The degree of employment protection and employment flexibility varies significantly across countries.

Labour regulation is one of the issues addressed in the World Bank's annual *Doing Business* report that offers a global assessment of regulation. The *Doing Business* report focuses on topic-specific rules and a case assumption to reflect regulatory aspects that enable or prevent private companies from starting, operating and expanding. Labour market regulation is one of the additional topics. It covers indicators on hiring, working hours, redundancy rules, redundancy costs and job quality which, despite their narrow focus, still allow a quantitative comparison of different economies in terms of labour regulation flexibility. The World Bank had ranked countries by labour regulation in the *Doing Business* report until 2012. While the *Rigidity of Employment Index* was eliminated from measuring overall business conditions, data on labour regulation have been announced on an annual basis.

## Employment flexibility index. What is measured and why is it important?

Countries face diverse policy challenges as they seek labour protection while promoting job creation.<sup>2</sup> Even though labour regulation is designed to reflect national circumstances,<sup>3</sup> general principles of flexibility should apply. Rules on hiring, employment contracts, minimum wages, working hours or dismissal procedures affect labour force participation and earnings.<sup>4</sup> Excessively rigid regulation reduces the level of labour force participation, increases unemployment and displaces workers to the informal economy.<sup>5</sup> Flexible legislation facilitates job creation and is a key prerequisite for growth and starting new businesses. Flexible economies can also adjust to economic shocks, business cycles and long-term structural shifts in the economy more easily.<sup>6</sup> In contrast, economies with a high level of employment protection cannot respond to shocks quickly.<sup>7</sup>

Labour markets and employment regulation influence productivity and employment dynamics and therefore present one of the essential dimensions for economic growth and efficient allocation of resources. Rigid regulation may result in a two-tier labour market<sup>8</sup> with long-term negative implications for productivity and competitiveness.<sup>9</sup> Productivity growth tends to be slower in economies with a high level of employment protection as overregulation discourages the creation of jobs and prevents workers from shifting from low to high productivity jobs. Moreover, excessive labour regulation is associated with labour market

segmentation and reduced employment opportunities or higher unemployment,<sup>10</sup> particularly among young workers and women. Employment protection also impacts market entry and exit costs and the costs associated with workforce adjustments, thus affecting corporate decisions on entering and leaving markets<sup>11</sup> and contributing to the dualism of the labour market.<sup>12</sup> Segmentation or labour market duality is perceived as a suboptimal way of attaining some degree of flexibility as it entitles workers to different employment protection depending on the contract they hold and might be a serious impediment to more innovation-driven productivity growth.<sup>13</sup> Despite these considerations, reforms aimed at higher flexibility of traditional labour markets tend to confront a great deal of resistance.

The World Bank data on hiring cover:

- ▶ regulation of fixed-term contracts,
- ▶ the minimum wage and its ratio to value added per worker, and
- ▶ the length of the maximum probationary period for permanent employees.

Fixed-term contracts allow businesses to cope with unexpected fluctuations of demand, replace employees on holiday, maternity or sick leave, and hire workers with specialized skills to carry out specific projects. The World Bank stresses the importance of fixed-term contracts for work of permanent nature which provide flexibility in meeting the demand for seasonal labour, temporary replacement of

employees on maternity leave, as well as lowering the risk associated with starting innovative activities with uncertain returns on investment. Such contracts encourage employers to hire inexperienced workers, especially young people, and ease the entry for new employees, allowing them to gain experience and giving access to professional networks that will eventually help them to find permanent jobs.<sup>14</sup>

Though aimed at protecting workers, minimum wage laws can bring adverse outcomes,<sup>15</sup> including a reduction in the overall employment, particularly among young workers. Other consequences might evolve in a long run during periods of economic recession. Empirical evidence suggests that minimum wage regulation might affect employment levels and lead to an increase in the number of part-time employees and a shift from formal to informal employment. Increases in minimum wage have a particularly negative impact on restaurants<sup>16</sup> and other services that employ many minimum wage earners. Higher labour costs make it difficult for young people, low-skilled workers and inexperienced individuals to enter the labour market. According to the World Bank, a high minimum wage to average wage ratio discourages companies from hiring young people and women returning from maternity leave, i.e. less experienced individuals.<sup>17</sup> Besides, an increase in minimum wage decreases employment in jobs where employers may find it easier to substitute machines for people, primarily low-skilled workers.<sup>18</sup>

The World Bank data on the working hours cover:

- ▶ the maximum number of working days per week,
- ▶ premiums for night work, overtime work or work on a weekly rest day as well as restrictions on such working time, and
- ▶ the duration of paid annual leave for workers with different years of tenure.

Many industries are subject to seasonal and other fluctuations. Businesses need flexible working hours to adjust labour inputs to fluctuations, for example, to reorganise work to meet the demand of a particular product or service. If permitted by law, businesses can adjust to fluctuations by expanding or contracting the number of working hours. Working hours reflects actual economic costs.

The World Bank data on redundancy rules reflect:

- ▶ the basis for the termination of an employment contract,
- ▶ the obligation to notify a third party in order to terminate a single redundant worker or a group of workers as well as the need for its approval,
- ▶ the obligation to reassign or to retrain a redundant worker, and
- ▶ priority rules in cases of redundancies and reemployment.

In general, the data show how difficult and costly it is for the employer to terminate a permanent employment contract due to business-related natural causes, e.g. shrinking markets or failure to meet competition. Empirical evidence suggests that rigid redundancy regulations have a negative impact on productivity growth, especially in industries where layoff rules are more likely to be restrictive.<sup>19</sup> Overregulation creates obstacles to labour reallocation to

more productive activities, which is an important driver of trade factor productivity growth.<sup>20</sup> Furthermore, it raises the cost of job loss. Dismissed workers are negatively affected not only by the loss of income but, more importantly, by deterioration of professional skills in cases of prolonged search for a new job. This might reduce new employment opportunities. Flexible regulation allows companies to meet their operational needs by adjusting to changing economic conditions and technological developments and managing human resources accordingly.

The World Bank takes into account the average costs of notice periods and severance pay for workers with a year, five years and ten years of tenure. It is assumed that a month consists of 4 and 1/3 weeks.

These factors allow the assessment of termination costs, including the costs of notice periods and severance pay calculated in weeks of salary. Moreover, redundancy costs reflect the actual economic costs of firing employees.

The higher redundancy costs are, the more careful employers are when hiring new workers. Increases in firing costs may reduce access to jobs for socially vulnerable groups and contribute to the dualism of the labour market where workforce is divided between permanently employed insiders and outsiders who are unemployed or employed informally.<sup>21</sup> High redundancy costs may be damaging for small and medium-sized companies that are trying to overcome economic difficulties. Arguably, redundancy costs reduce the extent to which employment may be adjusted to economic shocks: during a downturn, redundancy costs reduce the number of layoffs, while during an upturn, hiring is curbed because companies might be forced to lay off workers in the future.<sup>22</sup> In addition, high redundancy costs slow the pace of structural changes by reducing incentives to introduce new technologies or to invest in activities that require frequent changes in the workforce. Also, given that severance payments usually depend on the years of tenure, redundancies might turn against young workers with the least or no years of tenure.

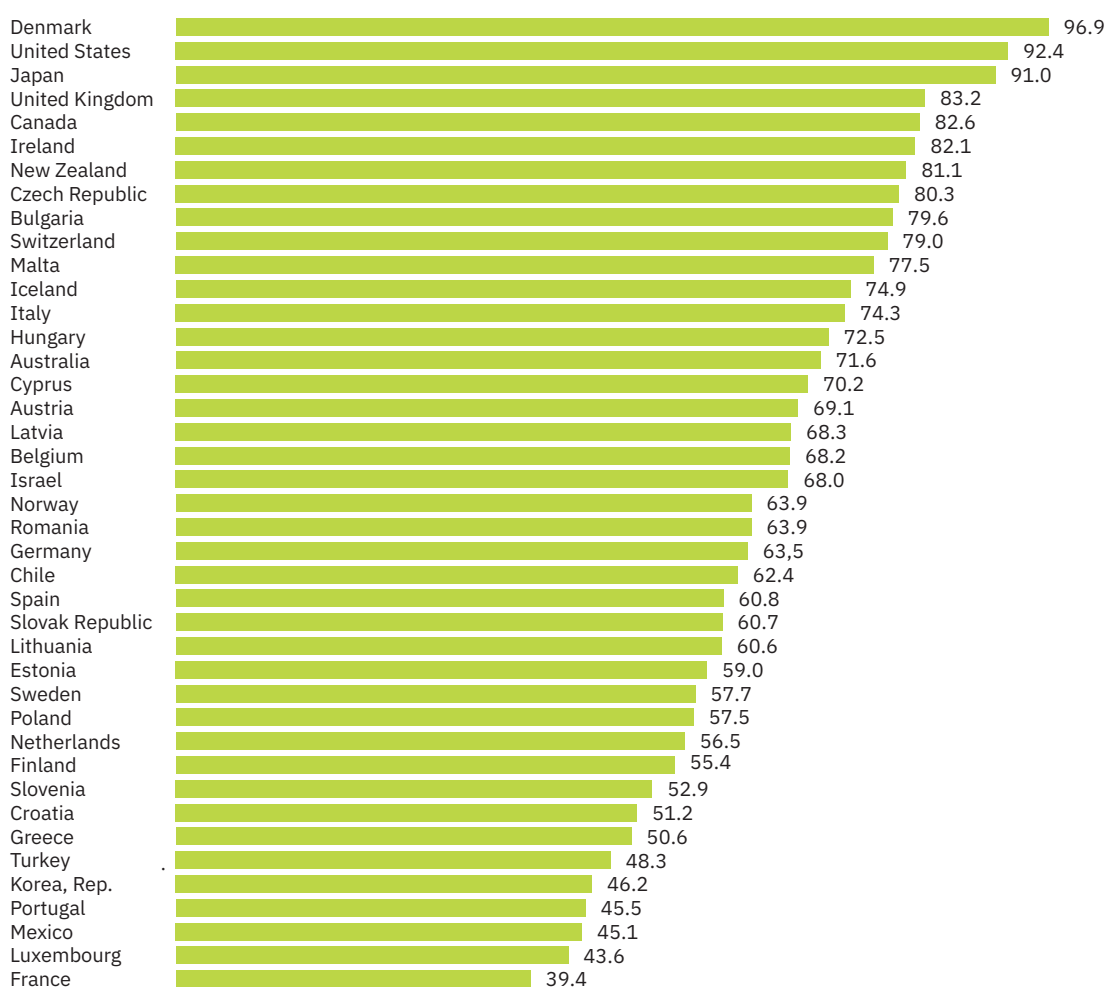
Severance pay increases redundancy costs and thus reduces the probability of a transition from employment to unemployment. However, additional costs on employers create obstacles for job creation. According to the World Bank, although many countries apply severance pay to provide income protection for workers, it is an inappropriate measure and a weak substitute for unemployment insurance.<sup>23</sup>

# Employment flexibility in EU and OECD countries

The *Employment Flexibility Index* reflects the indicators on hiring, working hours, redundancy rules and redundancy costs and allows a quantitative comparison of labour regulation across countries. The Index is based on a particular case assumption on business and

the employee that is reflected in the questionnaire that the World Bank uses to collect data on labor regulation (see Annex 1). Higher values of the Employment Flexibility Index represent a higher degree of labour regulation flexibility.

Figure 1. Employment Flexibility Index 2018



NOTE: Data are based on a specific case assumption and do not reflect a comprehensive measurement of labour regulation. The higher the score (from 0 to 100), the more flexible labour regulation is in a particular country. For more see the World Bank methodology and questionnaire for measuring labour regulation.

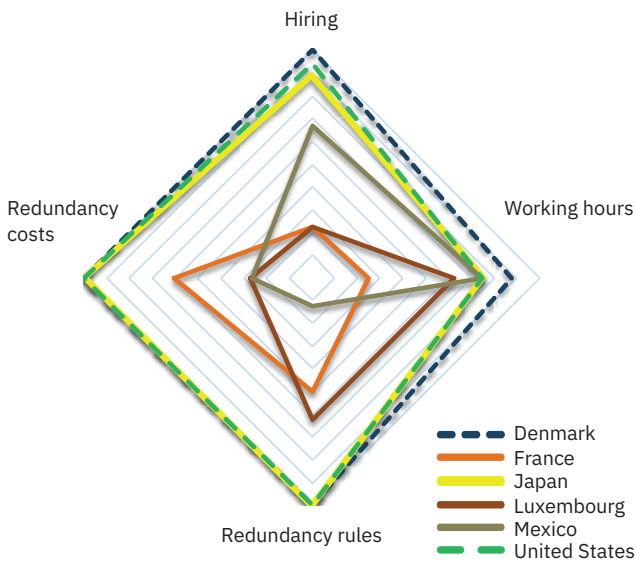
The *Employment Flexibility Index 2018* shows that the degree of employment protection varies across countries. Labour legislation provides the highest degree of flexibility in Denmark, Japan and the United States, largely because:

- ▶ no redundancy restrictions and costs are imposed;
- ▶ employers do not have to notify or get an approval from a third party if they dismiss one to nine employees, there is no obligation to retrain or reassign employees before redundancies, no priority rules apply in case of redundancies or lay-offs, and no

rules apply to reemployment;

- ▶ fixed-term contracts are allowed for permanent tasks and there are no limits for the maximum length of fixed-term contracts, including renewals;
- ▶ there is no mandatory minimum wage;
- ▶ no restrictions apply to night work, overtime and work on a weekly holiday (except for Japan where overtime work is restricted);
- ▶ paid annual leave varies from 25 working days in Denmark to zero in the United States.

**Figure 2.** EU and OECD countries with the most and the least flexible labour regulation



It is worth noting that countries with flexible labour regulation, such as Denmark, provide leeway for agreement on working conditions in individual and collective agreements.

The least flexible employment regulation in terms of hiring and redundancy is recorded in France, Luxembourg and Mexico:

- ▶ France and Luxembourg have rigid legal rules on hiring (fixed-term contracts for permanent tasks are not allowed) and working hours. The maximum length of fixed-term contracts including all renewals cannot exceed 18 months in France and 24 months in Luxembourg. In addition, Luxembourg has high redundancy costs and one of the highest minimum monthly wages for full-time work;
- ▶ Mexico has both strict redundancy regulation and high costs. Severance payments for dismissing a worker (measured in weeks of salary payments) are among the highest, especially if the worker has ten years of tenure in a company.

## Employment flexibility in the European Union

The *Employment Flexibility Index* shows that labour regulation in the European Union is the most flexible in Denmark, the United Kingdom and Ireland and the most restrictive in France, Luxembourg and Portugal.

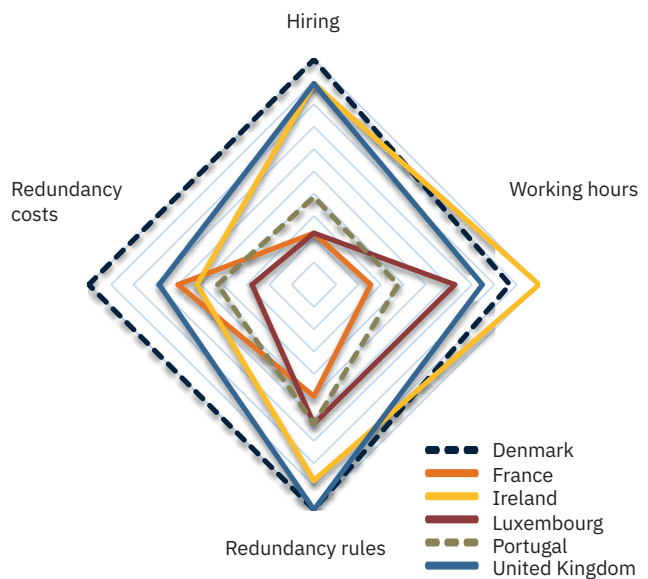
The top three EU countries – Denmark, United Kingdom and Ireland – have the highest scores for employment flexibility mainly because:

- ▶ they allow fixed-term contracts for permanent tasks and there are no limits on the maximum length of fixed-term contracts, including renewals;
- ▶ they apply no restrictions on night work, overtime work and work on a weekly holiday;
- ▶ they apply no restrictions on redundancy rules (except Ireland where an employer has an obligation to notify a third-party in case of dismissal of nine workers).

The most restrictive countries among EU-28 – France, Luxembourg and Portugal – have the lowest scores mainly because:

- ▶ they prohibit fixed-term contracts for permanent tasks and cap the maximum length of such contracts at 18 months in France and 24 months in Luxembourg and 36 months in Portugal;
- ▶ they apply restrictions on work on a weekly holiday and paid annual leave (from 22 working days in Portugal and 25 working days in Luxembourg to 30.3 working days in France);
- ▶ they require a third-party notification in case of dismissal of one (except France) or a group of nine redundant workers;

**Figure 3.** EU countries with the most and the least flexible labour regulation



- ▶ they require retraining or reassignment of an employee before redundancy (except Luxembourg);
- ▶ they apply priority rules to reemployment (except Portugal).



The following presents EU country profiles by position in the overall EU and OECD ranking.

### DENMARK: position – 1; overall score – 96.9

Sub index	Score (0-100)	Highlights
Hiring	100	No restrictions or limits on the duration of fixed-term contracts; no mandatory minimum wage.
Working hours	87.5	No restrictions and no premiums for night work, overtime and work on a weekly holiday. 25 working days of mandatory paid annual leave.
Redundancy rules	100	Redundancy dismissals allowed by law. No restrictions on redundancies.
Redundancy costs	100	No statutory notice period or statutory severance pay in case of redundancies.

### THE UNITED KINGDOM: position – 4; overall score – 83.2

Sub index	Score (0-100)	Highlights
Hiring	89.0	No restrictions or limits on the duration of fixed-term contracts except for mandatory minimum wage.
Working hours	75.0	No restrictions on overtime, night work and work on a weekly holiday. 28 working days of mandatory paid annual leave.
Redundancy rules	100	Redundancy dismissals allowed by law. No restrictions on redundancies.
Redundancy costs	68.7	Average notice period of 5.3 salary weeks (5 salary weeks for employees with 5 years of tenure, and 13 salary weeks for employees with 10 years of tenure). Average severance pay equivalent to 4 salary weeks (8.5 salary weeks for employees with 10 years of tenure, and 3.5 salary weeks for employees with 5 years of tenure).

### IRELAND: position – 6; overall score – 82.1

Sub index	Score (0-100)	Highlights
Hiring	89.0	No restrictions or limits on the duration of fixed-term contracts except for mandatory minimum wage.
Working hours	100	No restrictions on overtime, night work and work on a weekly holiday. 20 working days of mandatory paid annual leave.
Redundancy rules	87.5	Redundancy dismissal allowed by law. Requirement to notify and consult a third party before dismissing a group of nine redundant employees.
Redundancy costs	51.9	Average notice period of 3.7 salary weeks (6 salary weeks for a worker with 10 years of tenure). Severance pay equivalent to 10.7 salary weeks (21 salary weeks of severance pay for a worker with 10 years of tenure).

### THE CZECH REPUBLIC: position – 8; overall score – 80.3

Sub index	Score (0-100)	Highlights
Hiring	89.0	No restrictions on fixed-term contracts for permanent tasks. A maximum duration of fixed-term contracts of 108 months.
Working hours	100	No restrictions on overtime, night work and work on a weekly holiday. 20 working days of mandatory paid annual leave.
Redundancy rules	100	Redundancy dismissal allowed by law. No restrictions on redundancies.
Redundancy costs	32.1	Notice period of 8.7 salary weeks. Average severance pay equivalent to 11.6 salary weeks (8.7 salary weeks for workers with 1 year of tenure, and 13 salary weeks for workers with 5 or 10 years of tenure).

**Note:** Doing Business 2018 reflects data on labour regulation in the Czech Republic for the period until the coming into effect of the revised Labour Code of 1st January 2012.



## BULGARIA: position – 9; overall score – 79.6

Sub index	Score (0-100)	Highlights
Hiring	72.3	No restrictions on fixed-term contracts for permanent tasks.* A maximum duration of fixed-term contracts – 36 months.
Working hours	75.0	A maximum of 6 working days per week. Restrictions on night and overtime work.** A 50 percent premium for overtime work and 8 percent premium for night work.*** 20 working days of paid annual leave.****
Redundancy rules	100	Redundancy dismissals allowed by law. No restrictions on redundancies.*****
Redundancy costs	71.1	Notice period and severance pay of 4.3 salary weeks.

**Note:** According to Bulgaria's Labour Code,

\* Fixed-term workers cannot be in a less favourable position than permanent workers, “in principle” short-term contracts should apply to temporary, seasonal or short-term activities. A 3 year “fixed-term” contract is allowed for non-temporary, non-seasonal or long-term activities, but with at least 1 year in duration (unless the employee agrees otherwise) and it can be renewed once for no less than 1 year.

\*\* If work on a weekly holiday is not “scheduled”, a maximum of 48 hours per week applies. Every worker must have at least 36 hours of uninterrupted weekly break.

\*\*\* Every 7 hours of night work are considered as 8 hours of regular work.

\*\*\*\* A minimum.

\*\*\*\*\* Companies have to comply with a wide array of criteria.

## MALTA: position – 11; overall score – 77.5

Sub index	Score (0-100)	Highlights
Hiring	72.3	No restrictions on fixed-term contracts for permanent tasks. A maximum duration of fixed-term contracts of 48 months.
Working hours	62.5	No restrictions on overtime, night work and work on a weekly holiday. A 50 percent premium for overtime and a 100 percent premium for work on a weekly rest day. 24 working days of paid annual leave.
Redundancy rules	75.0	No requirement to notify a third party before dismissing one or a group of nine redundant employees. Priority rules in cases of redundancy dismissals and reemployment.
Redundancy costs	100	Average notice period of 7.3 salary weeks (12 salary weeks for a worker with 10 years of tenure). No statutory severance pay.

## ITALY: position – 13; overall score – 74.3

Sub index	Score (0-100)	Highlights
Hiring	72.3	No restrictions on fixed-term contracts for permanent tasks. A maximum duration of fixed-term contracts of 36 months.
Working hours	87.5	No restrictions on overtime, night work and work on a weekly holiday. A 15 percent premium for overtime and for night work, a 30 percent premium for work on a weekly holiday. 26 working days of paid annual leave.
Redundancy rules	37.5	Requirement to notify and consult a third party before dismissing one or a group of nine redundant employees. An obligation to retrain or reassign an employee before redundancies. Priority rules apply to redundancies and reemployment.
Redundancy costs	100	Average notice period of 4.5 salary weeks (6.4 salary weeks for a worker with 10 years of tenure). No statutory severance pay.

## HUNGARY: position – 14; overall score – 72.5

Sub index	Score (0-100)	Highlights
Hiring	89.0	No restrictions on fixed-term contracts for permanent tasks. A maximum duration of fixed-term contracts of 60 months.
Working hours	46.0	A maximum of 5 working days per week. Restrictions on overtime apply. A 50 percent premium for overtime. 21.3 working days of paid annual leave.
Redundancy rules	100	Redundancy dismissal allowed by law. No restrictions on redundancies.
Redundancy costs	55.0	Average notice period of 6.2 salary weeks (7.9 weeks for a worker with 10 years of tenure). Average severance pay equivalent to 7.2 salary weeks (13 salary weeks for a worker with 10 years of tenure).

**CYPRUS: position – 16; overall score – 70.2**

Sub index	Score (0-100)	Highlights
Hiring	55.7	No restrictions on fixed-term contracts for permanent tasks. A maximum duration of fixed-term contracts of 30 months.
Working hours	75.0	No restrictions on overtime work, night work and work on a weekly holiday. A 100 percent premium for overtime and work on a weekly rest day. 20 working days of mandatory paid annual leave.
Redundancy rules	50.0	A requirement to notify a third party before dismissing one or a group of nine redundant employees. An obligation to retrain or reassign employees before dismissal. Priority rules apply in cases of reemployment (before offering a position to a wider pool of applicants, an employer must offer it to the previously dismissed workers).
Redundancy costs	100	Average notice period of 5.7 salary weeks (8.0 salary weeks of severance pay for a worker with 10 years of tenure). No statutory severance pay.

**AUSTRIA: position – 17; overall score – 69.1**

Sub index	Score (0-100)	Highlights
Hiring	89.0	No restrictions or limits on the duration of fixed-term contracts except for mandatory minimum wage.
Working hours	37.5	Restrictions apply to night work and work on a weekly holiday. 25 working days of mandatory paid annual leave.
Redundancy rules	50.0	Redundancy dismissals allowed. Obligation to notify a third party before dismissing one or a group of nine redundant employees. No obligation to retrain or reassign employees, though priority rules apply in cases of redundancy dismissals and reemployment (before offering a position to a wider pool of applicants, an employer must offer it to the previously dismissed workers).
Redundancy costs	100	Notice period of 2 salary weeks. No statutory severance pay.

**LATVIA: position – 18; overall score – 68.3**

Sub index	Score (0-100)	Highlights
Hiring	66.7	Fixed-term contracts are prohibited for permanent tasks. A maximum duration of fixed-term contracts of 60 months.
Working hours	75.0	No restrictions on overtime, night work and work on a weekly holiday. A 100 percent premium for overtime and a 50 percent premium for night work.
Redundancy rules	75.0	No requirement to notify a third party before dismissing one or a group of nine redundant employees. An obligation to retrain or reassign employees. Priority rules apply in cases of redundancies and lay-offs.
Redundancy costs	56.3	Notice period of 4.3 salary weeks. Average severance pay equivalent to 8.7 salary weeks (13 salary weeks for a worker with 10 years of tenure).

**BELGIUM: position – 19; overall score – 68.2**

Sub index	Score (0-100)	Highlights
Hiring	89.0	No restrictions or limits on the duration of fixed-term contracts except for mandatory minimum wage.
Working hours	50.0	Restrictions apply to night work and work on a weekly holiday. 20 working days of mandatory paid annual leave.
Redundancy rules	100	Redundancy dismissal allowed by law. No restrictions on redundancies.
Redundancy costs	34.0	Average notice period of 19.7 weeks (8 salary weeks for a worker with 1 year of continuous tenure, 18 salary weeks for a worker with 5 years of tenure, and 33 salary weeks for a worker with 10 years of tenure). No statutory severance pay.

**ROMANIA: position – 22; overall score – 63.9**

Sub index	Score (0-100)	Highlights
Hiring	55.7	Fixed-term contracts are prohibited for permanent tasks. A maximum duration of a fixed-term contract of 36 months. A maximum cumulative duration of fixed-term contracts of 60 months.
Working hours	25.0	A maximum of 5 working days per week. No restrictions on overtime, night work and work on a weekly holiday. A 100 percent premium for work on a weekly holiday, a 25 percent premium for night work and a 75 percent premium for overtime.
Redundancy rules	75.0	Redundancy dismissal allowed. No requirement to notify a third party before dismissing one or a group of nine redundant employees. Priority rules apply to redundancies and reemployment.
Redundancy costs	100	Notice period of 4 salary weeks. No statutory severance pay.

**GERMANY: position – 23; overall score – 63.5**

Sub index	Score (0-100)	Highlights
Hiring	89.0	No restrictions or limits on the duration of fixed-term contracts except for mandatory minimum wage.
Working hours	87.5	No restrictions on overtime, night work and work on a weekly holiday. 24 working days of mandatory paid annual leave.
Redundancy rules	50.0	A requirement to notify a third party before dismissing one or a group of nine redundant employees. An obligation to retrain or reassign employees. Priority rules apply in cases of redundancies and layoffs.
Redundancy costs	27.6	Average notice period of 10 salary weeks (17.3 weeks for a worker with 10 years of tenure). Average severance pay equivalent to 11.6 salary weeks (21.7 salary weeks for a worker with 10 years of tenure).

**SPAIN: position – 25; overall score – 60.8**

Sub index	Score (0-100)	Highlights
Hiring	39.0	Fixed-term contracts are prohibited for permanent tasks. A maximum duration of a fixed-term contract of 36 months. A maximum cumulative duration of fixed-term contracts of 48 months.
Working hours	87.5	No restrictions on overtime, night work and work on a weekly holiday. 22 working days of mandatory paid annual leave.
Redundancy rules	75.0	No restrictions except for a mandatory notification or consultation with a third party before dismissing one or a group of nine redundant employees.
Redundancy costs	41.6	Notice period of 2.1 salary weeks. Average severance pay equivalent to 15.2 salary weeks (28.6 salary weeks for a worker with 10 years of tenure).

**SLOVAKIA: position – 26; overall score – 60.7**

Sub index	Score (0-100)	Highlights
Hiring	55.7	No restrictions on fixed-term contracts for permanent tasks. A maximum duration of fixed-term contracts of 24 months.
Working hours	87.5	No restrictions on overtime, night work and work on a weekly holiday. A 20 percent premium for night work and a 25 percent premium for overtime. 25 working days of paid annual leave.
Redundancy rules	62.5	A requirement to notify a third party before dismissing one or a group of nine redundant employees. An obligation to retrain or reassign employees.
Redundancy costs	36.9	Average notice period of 11.6 salary weeks (13 salary weeks for workers with 5 and 10 years of tenure). Average severance pay equivalent to 7.2 salary weeks (8.7 salary weeks for a worker 5 years of tenure and 13 salary weeks for a worker with 10 years of tenure).

## LITHUANIA: position – 27; overall score – 60.6

Sub index	Score (0-100)	Highlights
Hiring	100	No restrictions on fixed-term contracts for permanent tasks. A maximum duration of fixed-term contracts of 60 months.
Working hours	50.0	No restrictions on overtime, night work and work on a weekly holiday. A 50 percent premium for overtime and night work and a 100 percent premium for work on a weekly rest day. 20.7 working days of mandatory paid annual leave.
Redundancy rules	75.0	Redundancy dismissal allowed by law. An obligation to retrain or reassign employees. Priority rules apply in case of redundancies.
Redundancy costs	17.5	Notice period of 8.7 salary weeks. Average severance pay equivalent to 15.9 salary weeks (17.3 salary weeks for a worker with 5 years of tenure and 21.7 salary weeks for a worker with 10 years of tenure).

**Note:** *Doing Business 2018* reflects data on labour regulation in Lithuania for the period until the coming into effect of a new Labour Code on 1 July 2017 (adopted on 14 September 2016). The new Labour Code:

- ▶ established new types of employment contracts (project work, job-sharing, work for several employers, and apprenticeship),
- ▶ introduced the following changes to fixed-term contracts:
  - allowed fixed-term contracts for permanent tasks provided that such contracts do not exceed 20 percent of all employment contracts at the company,
  - allowed fixed-term contracts for a two-year term, with several exceptions allowing a five-year term,
  - introduced notice periods and severance pay for employees working under fixed-term employment contracts,
- ▶ introduced changes related to working time:
  - established that the working time of a specific working week may not exceed 52 hours when summary recording of the working time is used (with some exceptions),
  - reduced the duration of working time for night-workers,
  - increased the maximum permitted weekly working time to 60 hours, including extra jobs and overtime hours,
  - increased the annual overtime limit from 120 to 180 hours with a possibility to agree on a higher limit in a collective agreement,
- ▶ limited the payment of minimum wage only for unqualified work that does not require any specific or professional skills,
- ▶ reduced notice periods for dismissals without the employee's fault but due to an important reason (e.g. redundancies and layoffs),
- ▶ reduced severance payments,
- ▶ allowed dismissals without substantial justification on condition of a higher severance compensation,
- ▶ established rules for non-competition including a minimum non-competition compensation,
- ▶ imposed an obligation on companies with 20 or more employees to establish a works council,
- ▶ distinguished between the roles of works councils and trade unions.

Although not perfect in every respect due to some restrictive provisions, such as on fixed-term contracts or working time, the new Labour Code is a step forward allowing new types of employment contracts, shorter notice periods and lower severance payments.

## ESTONIA: position – 28; overall score – 59.0

Sub index	Score (0-100)	Highlights
Hiring	66.7	Fixed-term contracts are prohibited for permanent tasks. A maximum duration of a fixed-term contract of 60 months. A maximum cumulative duration of fixed-term contracts of 120 months.
Working hours	37.5	A maximum of 5 working days per week. Restrictions on night work. A 25 percent premium for night work. 24 working days of paid annual leave.
Redundancy rules	75.0	Redundancy dismissal allowed. An obligation to retrain or reassign employees. Priority rules apply in case of reemployment.
Redundancy costs	56.7	Average notice period of 8.6 salary weeks (12.9 salary weeks for a worker with 10 years of tenure). Severance pay equivalent to 4.3 salary weeks.

**SWEDEN: position – 29; overall score – 57.7**

Sub index	Score (0-100)	Highlights
Hiring	66.7	No restrictions on fixed-term contracts for permanent tasks. A maximum duration of fixed-term contracts of 24 months. No mandatory minimum wage.
Working hours	62.5	Restrictions on work on a weekly holiday. 25 working days of mandatory paid annual leave.
Redundancy rules	50.0	A requirement to notify or consult a third party before dismissing a group of nine redundant employees. An obligation to retrain or reassign employees. Priority rules apply in cases of redundancies and reemployment.
Redundancy costs	51.5	Average notice period of 14.4 salary weeks (13 weeks for a worker with 5 years of tenure and 26 weeks for a worker with 10 years of tenure). No statutory severance pay.

**POLAND: position – 30; overall score – 57.5**

Sub index	Score (0-100)	Highlights
Hiring	55.7	No restrictions on fixed-term contracts for permanent tasks. A maximum duration of fixed-term contracts of 33 months.
Working hours	62.5	No restrictions on overtime, night work and work on a weekly holiday. A 100 percent premium for work on a weekly rest day, a 20 percent premium for night work and a 50 percent premium for overtime. 22 working days of mandatory paid annual leave.
Redundancy rules	75.0	No requirement to notify or consult a third party before dismissing one or a group of nine redundant employees. Priority rules apply in cases of redundancies and reemployment.
Redundancy costs	36.9	Average notice period of 10.1 salary weeks (13 salary weeks for a worker with 5 years and 10 years of tenure). Average severance pay equivalent to 8.7 salary weeks (13 salary weeks for a worker with 10 years of tenure).

**NETHERLANDS: position – 31; overall score – 56.5**

Sub index	Score (0-100)	Highlights
Hiring	66.7	No restrictions on fixed-term contracts for permanent tasks. A maximum duration of fixed-term contracts of 24 months.
Working hours	100	No restrictions and no premiums apply to night work, overtime and work on a weekly holiday. 20 working days of mandatory paid annual leave.
Redundancy rules	12.5	A requirement to notify and get an approval of a third party before dismissing one or a group of nine redundant employees. An obligation to retrain or reassign employees. Priority rules apply in case of redundancies.
Redundancy costs	46.8	Average notice period of 8.7 salary weeks (13 salary weeks for a worker with 10 years of tenure). Average severance pay equivalent to 7.2 salary weeks (14.3 salary weeks for a worker with 10 years of tenure).

**FINLAND: position – 32; overall score – 55.4**

Sub index	Score (0-100)	Highlights
Hiring	55.7	Fixed-term contracts are prohibited for permanent tasks. A maximum duration of fixed-term contracts of 60 months.
Working hours	50.0	No restrictions on overtime, night work and work on a weekly holiday. A 100 percent premium for work on a weekly rest day, a 16 percent premium for night work and a 50 percent premium for overtime. 30 working days of mandatory paid annual leave.
Redundancy rules	50.0	A requirement to notify a third party before dismissing one or a group of nine redundant employees. An obligation to retrain or reassign employees. Priority rules apply in case of reemployment.
Redundancy costs	66.0	Average notice period of 10.1 salary weeks (17.3 salary weeks for a worker with 10 years of tenure). No statutory severance pay.

**SLOVENIA: position – 33; overall score – 52.9**

Sub index	Score (0-100)	Highlights
Hiring	22.3	Fixed-term contracts are prohibited for permanent tasks. A maximum duration of fixed-term contracts of 24 months.
Working hours	37.5	No restrictions on overtime, night work and work on a weekly holiday. A 100 percent premium for work on a weekly rest day, a 75 percent premium for night work and a 30 percent premium for overtime. 22 working days of mandatory paid annual leave.
Redundancy rules	87.5	No requirement to notify or get an approval from a third party before dismissing one or a group of nine redundant employees. Priority rules apply in case of redundancies.
Redundancy costs	64.1	Average notice period of 5.3 salary weeks (6.6 salary weeks for a worker with 10 years of tenure). Average severance pay equivalent to 5.3 salary weeks (10.8 weeks for a worker with 10 years of tenure).

**CROATIA: position – 34; overall score – 51.2**

Sub index	Score (0-100)	Highlights
Hiring	55.7	Fixed-term contracts are prohibited for permanent tasks. No maximum duration of fixed-term contracts.
Working hours	50.0	Restrictions on night work and work on a weekly holiday. 20 days of mandatory paid annual leave.
Redundancy rules	50.0	Redundancy dismissal allowed. A requirement to notify a third party before dismissing one or a group of nine redundant employees. Priority rules apply in cases of redundancies and reemployment.
Redundancy costs	49.3	Average notice period of 10.7 salary weeks (8.7 salary weeks for a worker with 10 years of tenure). Average severance pay equivalent to 7.2 salary weeks (14.4 salary weeks for a worker with 10 years of tenure).

**GREECE: position – 35; overall score – 50.6**

Sub index	Score (0-100)	Highlights
Hiring	55.7	No restrictions on fixed-term contracts for permanent tasks. A maximum duration of a fixed-term contract of 36 months (no maximum cumulative duration).
Working hours	37.5	Restrictions on work on a weekly holiday. A 75 percent premium for work on a weekly rest day, a 25 percent premium for night work and a 28 percent premium for overtime. 22.3 days of mandatory paid annual leave.
Redundancy rules	62.5	Redundancy dismissal allowed. A requirement to notify and get an approval from a third party before dismissing a group of nine redundant employees. Priority rules apply in case of redundancy.
Redundancy costs	46.6	No statutory notice periods. Average severance pay equivalent to 15.9 salary weeks (13 salary weeks for workers with 5 years of tenure and 26 weeks for workers with 10 years of tenure).

**PORTUGAL: position – 38; overall score – 45.5**

Sub index	Score (0-100)	Highlights
Hiring	39.0	Fixed-term contracts are prohibited for permanent tasks. A maximum duration of fixed-term contracts of 36 months.
Working hours	37.5	Restrictions on work on a weekly holiday. A 50 percent premium for work on a weekly rest day, a 31 percent premium for overtime and a 25 percent premium for night work. 22 days of mandatory paid annual leave.
Redundancy rules	62.5	A requirement to notify a third party before dismissing one or a group of nine redundant employees. An obligation to retrain or reassign employees.
Redundancy costs	42.9	Average notice period of 7.9 salary weeks (8.6 salary weeks for workers with 5 years of tenure and 10.7 salary weeks for workers with 10 years of tenure). Average severance pay equivalent to 9.1 salary weeks (8.6 salary weeks for workers with 5 years of tenure and 17.1 weeks for workers with 10 years of tenure).

## LUXEMBOURG: position – 40; overall score – 43.6

Sub index	Score (0-100)	Highlights
Hiring	22.3	Fixed-term contracts are prohibited for permanent tasks. A maximum duration of fixed-term contracts of 24 months. One of the highest minimum wages.
Working hours	62.5	Restrictions on work on a weekly holiday. A 70 percent premium for work on a weekly rest day, a 40 percent premium for overtime. 25 days of paid annual leave.
Redundancy rules	62.5	A requirement to notify or consult a third party before dismissing one or a group of nine redundant employees. Priority rules apply for reemployment.
Redundancy costs	27.2	Average notice period of 17.3 salary weeks (17.3 salary weeks for workers with 5 years of tenure and 26 weeks for workers with 10 years of tenure). Average severance pay equivalent to 4.3 salary weeks (8.7 weeks for workers with 10 years of tenure).

## FRANCE: position – 41; overall score – 39.4

Sub index	Score (0-100)	Highlights
Hiring	22.3	Fixed-term contracts are prohibited for permanent tasks. A maximum duration of fixed-term contracts of 18 months.
Working hours	25.0	Restrictions on night work and work on a weekly holiday. A 20 percent premium for work on a weekly rest day, a 25 percent premium for overtime and a 8 percent premium for night work. 30.3 days of mandatory paid annual leave.
Redundancy rules	50.0	A requirement to notify or consult a third party before dismissing a group of nine redundant employees. An obligation to retrain or reassign employees before dismissal. Priority rules apply in cases of redundancies and reemployment.
Redundancy costs	60.2	Average notice period of 7.2 salary weeks (8.7 salary weeks for workers with 5 or 10 years of tenure). Average severance pay equivalent to 4.6 salary weeks (8.7 weeks for workers with 10 years of tenure).

## Methodological notes

The *Employment Flexibility Index* is based on the *Doing Business* data on labour regulation which the World Bank collects in a standardized way through a survey and data verification, i.e. the data are based on a detailed questionnaire on employment regulation completed by lawyers and public officials in respective countries.<sup>24</sup> To ensure comparability across economies over time, the questionnaire uses an assumption-based business case.<sup>25</sup>

Consequently, the *Employment Flexibility Index* does not provide a detailed measurement of many issues pertaining to labour regulation. Its narrow scope is a deliberate consideration and should be taken into account when interpreting the data.

The flexibility of employment regulation is measured against the following assumptions<sup>26</sup>:

### The worker:

- ▶ is a cashier in a supermarket or a grocery store, aged 19, with one year of work experience;
- ▶ is a full-time employee with a permanent contract;
- ▶ is not a member of the labour union unless membership is mandatory.

### The business:

- ▶ is a limited liability company (or its equivalent in the economy);
- ▶ operates a supermarket or a grocery store in the economy's largest business city<sup>27</sup>;
- ▶ has 60 employees;
- ▶ is subject to collective bargaining agreements if such agreements cover more than 50 percent of the food retail sector and even apply to companies that are not party to them;
- ▶ abides by every law and regulation but does not grant workers more benefits than those mandated by law, regulation or (if applicable) collective bargaining agreements.

The *Employment Flexibility Index* provides a country ranking where a higher score is given for flexible labour regulation. In assessing the sets of indicators for the index a score from 0 to 1 is added and graded on a scale from 0 to 100 for the final score. The index is a simple average of the following sub-indices:

1. *the regulation of hiring* covers fixed-term contracts and



minimum wage regulations (see questions 4.1.1-4.1.3 in Annex 1);

2. *the working hours* covers nonstandard work schedules and a number of days of paid vacation (see questions 4.2.1-4.2.3);
3. *the regulation of redundancy rules* covers mandatory legal requirements on dismissals for economic reasons (see question 4.3.1);
4. *redundancy costs* covers notification requirements, severance payments and penalties due when terminating a redundant worker, expressed in weeks of salary, and includes unemployment protection after a year of employment (see questions 4.3.2-4.4. in Annex 1).

It is worth noting that the World Bank's employing workers indicators are also used by other institutions for measuring labour market regulation, such the World Economic Forum (the *Global Competitiveness Index*), the Institute for Management Development (the *Government Efficiency and its Labour Regulation Components*), by the Fraser Institute (the *Labour Market Regulation Index*), and the Heritage Foundation (the *Index of Economic Freedom, Labour Freedom*). Those indices contain overlapping components and, more importantly, systematically rely on the datasets of the World Bank's labour market regulation indicators as one of their main sources.<sup>28</sup>

The World Bank's previously compiled *Rigidity of Employment Index*<sup>29</sup> was criticized by the academia, trade unions and the International Labour Organization. The criticism focused on the following issues:<sup>30</sup>

- ▶ *the approach to the labour regulation*, because the World Bank views regulations as mere costs to businesses and does not attempt to recognize the social objectives of labour regulations or some potential benefits; legal systems are seen as a burden and expense for businesses, i.e. the more rigid labour regulation is, the more costs and potentially the greater negative economic consequences are inflicted;
- ▶ *the scope of the World Bank Index*, because it measures the flexibility of labour regulation but excludes such dimensions as worker protection;
- ▶ *the premises of the index*, questioning whether it represents most of the private sector and captures the employment frame best suited to business (models of the company and the worker);
- ▶ *the absence of outcome measurement*, because the World Bank measures the level of deregulation rather than capturing the relationship between legal measures and economic outcomes.

*As regards the approach*, we argue that despite the fact that regulation and legislation have various goals (for example, balancing of the protection of the worker or his bargaining power), this does not negate the costs and unforeseen consequences of such regulations. Costs should be estimated when evaluating the efficiency of regulation (i.e. achieved goals versus costs).

*As regards the scope of the index and the protection of the employees*, the purpose of the index is not to measure

all the dimensions of labour regulation. It measures the flexibility of regulation that determines the efficiency of the labour market. Its indicators are used for the assessment of the impact of a legal system on economic outcomes. We think that employment security must be ensured in line with the flexibility of the employment regulation. Otherwise, employment protection adversely affects the workers, e.g. by reducing job opportunities due to potential effects on the rates of job destruction.<sup>31</sup> In addition, strict regulation reduces employment opportunities for women and young and unskilled workers: "they end up in the informal economy. Women are three times as likely as men to be hired informally. In these jobs they receive no social benefits. And if they are abused by their employer, they have fewer protections."<sup>32</sup> This is measured by the World Bank's *Employing Workers Index*.

*As regards the premises of the index*, they are not intended to reflect the regulation of different businesses or employment models. Rather, they reflect a more illustrative aspect of the regulatory environment for businesses. The World Bank focuses on a specific size and form of companies with particular nature of operations. It is not a statistical survey. Information is gathered by means of a questionnaire, taking representative samples across different economies and ensuring comparability of labour regulations.

*As regards the measurement of economic outcomes*, two types of indices can be used: indices that reflect assumptions (such as tax and regulation levels) and indices that address the consequences (such as the level of unemployment, etc.). This is the input-output split. Both types of indices are important and valuable. The impact of regulation on the efficiency of the labour market is based on an empirical analysis of the regulatory effects and labour market outcomes.

Despite the criticism of labour regulation indices, they are useful tools for the comparison of labour laws and regulatory obstacles across countries.

# Annex 1

## DOING BUSINESS 2018. LABOUR MARKET REGULATION QUESTIONNAIRE

### 1. CASE STUDY ASSUMPTIONS

The Doing Business indicators on labor market regulation measure the flexibility of employment regulation as well as important elements of job quality in light of the following assumptions:

#### The employee:

- ▶ Is a cashier who works in a supermarket or grocery store.
- ▶ Is a full-time employee, with a permanent contract.
- ▶ Has the pay period that is most common for workers in «Survey\_Economy\_FullName».
- ▶ Is not a member of a labor union, unless membership is mandatory.

#### The employer:

- ▶ Is a limited liability company (or the equivalent in «Survey\_Economy\_FullName»).
- ▶ Operates a supermarket or a grocery store in «Survey\_City».
- ▶ Has 60 employees.
- ▶ Is subject to collective bargaining agreements if (a) collective bargaining agreements cover more than 50% of the food retail sector and (b) such agreements apply even to firms which are not party to them.
- ▶ Abides by every law and regulation but does not grant workers more benefits than those mandated by law, regulation or (if applicable) collective bargaining agreements.

#### Definitions:

- ▶ Fixed-term contract for permanent tasks: an employment contract that has a specified end date and is used for a task relating to the permanent activity of the firm.
- ▶ Probationary period: a fixed-length monitoring period allowed by law for new employees to determine whether they have the skills and abilities needed to perform the assignment in their employment contract.
- ▶ Sick leave: paid or unpaid time off from work that employees take due to personal illness, disability, medical appointment with advanced approval, and/or, for illness of an employee's parent, spouse, children, sibling, or any other person who is residing in the employee's household.
- ▶ Redundancy termination (also expressed as "making an employee redundant"): dismissal allowed by law that is justified by economic, operational or structural reasons (not by other causes, such as personal grounds or faulty behavior of the worker).
- ▶ Priority rules for redundancies: rules on the order of priority for redundancy (in order to terminate redundant employees, the employer must follow a specific order of seniority, marital status, number of dependents, or other specific priority criteria).

In responding to the questionnaire, please take into account the case study assumptions as well as the definitions provided above.

### 2. REFORM UPDATE

Has there been any reform related to labour market regulation since **June 1, 2016** (e.g. amendments to the relevant labour laws, changes to the statutory minimum wage, etc.)?

-Click to Select-

If yes, please describe the reform and include information on the date of adoption, publication and enforcement of the new law or regulation.

### 3. APPLICABLE LEGISLATION

#### 3.1. CURRENT LABOR MARKET REGULATION

	Last year	This year
Please provide the name of the main labor law applicable to the standardized case study.	«DB_ew_MainLaborLaw_s»	

#### 3.2. COLLECTIVE BARGAINING AGREEMENTS

	Last year	This year
Do collective bargaining agreements at a national level apply to more than 50 % of the food retail industry?	«DB_ew_CBAsApplyMore50Text_s»	
Do these collective bargaining agreements apply to firms that are not party to the agreements?	«DB_ew_CBAsApplytoNonSignText_s»	
Please provide the name of the collective bargaining agreement that applies to most workers in the food retail industry.	«DB_ew_CBAsNameText_s»	

**IMPORTANT:** If collective bargaining agreements apply (i) to more than 50% of the food retail sector, and (ii) to firms that are not party to the agreements, please respond to the rest of the questionnaire in light of the applicable collective bargaining agreement(s).

### 4. EMPLOYMENT CONDITIONS

For your convenience, last year's answers are included in this questionnaire, when available. Please note that they represent a unified answer based on **all the answers** we received from **various contributors**. Please update the preexisting data taking into account the assumptions of the case study. Please describe in detail any change to the data and indicate when the change took effect. Please also specify whether the change is due to a **correction** (the data presented is erroneous) or a **reform** (amendment or enactment of legislation **after June 1, 2016**).

#### 4.1. HIRING FRAMEWORK

##### 4.1.1. Hiring of workers through fixed-term contracts

	Last year	This year
Are fixed-term contracts prohibited for permanent tasks?	«DB_ew_FixedtermContractsProhibitedText_s»	
What is the maximum duration of a single fixed-term contract (in months), <b>not</b> including any renewals?	«DB_ew_FixedtermContractsDurationText_s»	
What is the maximum cumulative duration of a fixed-term contract (in months), including all renewals?	«DB_ew_FixedTermContractsMaxDurationText_s»	
What is the legal basis for the answers to the questions above?	«DB_ew_FixedTermContractsLegalBasis_s»	

##### 4.1.2. Probationary periods

	Last year	This year
What is the maximum probationary period allowed by law (in months) for a cashier holding a <b>permanent contract</b> in the food retail industry?	«DB_ew_ProbationaryPeriodText_s»	
What is the legal basis for the answer to the question above?	«DB_ew_ProbationPeriodLegalBasis_s»	

##### 4.1.3. Wages

	Last year	This year
What is the minimum wage for an adult cashier (age 19, with one year of work experience) in the food retail industry?	«DB_ew_MinWageRegularWorker_s»	
What is the legal basis for this minimum wage?	«DB_ew_MinWageLegalBasis_s»	

#### 4.1.4. Equal treatment and gender

**4.1.4. A.** Does the law mandate that women and men be given equal remuneration for work of equal value (in compliance with ILO standards)?

*Equal remuneration* refers to rates of all remuneration (including but not limited to overtime, cash value benefits, work materials, family allowances, scholarships, incentives) established without discrimination based on sex. *Work of equal value* refers not only to the same or similar work, but also to different work of the same value. For more information, see ILO Equal Remuneration Convention (No 100) and “Equal Pay: An Introductory Guide”.

Answer and Legal Basis (please cite law and article)			
Last year	This year	Last year	This year
«DB_ew_Law-NonDiscrim in Hiring»	-Click to Select-	«DB_ew_Law-NonDiscrim in Hiring_LegalBasis»	

**4.1.4. B.** Are there laws mandating nondiscrimination in hiring on the basis of gender?

Answer and Legal Basis (please cite law and article)			
Last year	This year	Last year	This year
«DB_ew_Law-NonDiscrim in Hiring»	-Click to Select-	«DB_ew_Law-NonDiscrim in Hiring_LegalBasis»	

## 4.2. WORKING FRAMEWORK

### 4.2.1. Working hours

	Last year	This year
How many hours are there in a standard workday in the food retail industry (excluding overtime)?	«DB_ew_LengthWorkdayText_s»	
What is the maximum number of hours (including overtime) allowed in a workweek in the food retail industry?	«DB_ew_MaxHoursIncOvertimeT ext_s»	
What is the maximum number of working days allowed in a workweek in the food retail industry?	«DB_ew_MaxDaysWeekText_s»	
How many weekly rest days are required by law?	«DB_ew_RestDaysText_s»	
Is there a legally designated weekly day of rest (i.e. a customary weekly holiday)?	«DB_ew_SpecifiedDayHolidayT ext_s»	
What is the legal basis for the answers to the questions above?	«DB_ew_WorkSchedulingLegalB asis_s»	

### 4.2.2. Overtime, weekly holiday and night work

For each of the following questions, please assume that the cashier usually works 40 hours per week, from 9 AM to 6 PM, 5 days a week.

**4.2.2. A.** Assuming that, as an exception, the employer is requesting the employee to work **overtime** (8 additional hours, from 6 PM to 8 PM on 4 working days).

	Last year	This year
What are, if any, the restrictions on <b>overtime work</b> in the food retail industry? (i.e. limitation in the number of hours of overtime, restrictions applying to certain categories of workers, etc.)	«DB_ew_OvertimeWorkRestrictio nText_s»	
What is the wage premium for <b>overtime work</b> in the food retail industry? Please specify if the compensation for overtime work can be provided in the form of an additional (compensatory) leave.	«DB_ew_OvertimeWorkPremium Text_s»	

**4.2.2. B.** Assuming that, as an exception, the employer is requesting the employee to perform some of his/her 40 hours during the employee's weekly rest day (**NOT overtime**).

	Last year	This year
What are, if any, the restrictions on <b>weekly holiday work</b> in the food retail industry? (i.e. limitation in the number of hours worked on weekly holiday, restrictions applying to certain categories of workers).	«DB_ew_RestrictionsWeeklyHolidayText_s»	
What is the wage premium for <b>weekly holiday work</b> in the food retail industry? (assuming this is NOT overtime work)	«DB_ew_PremiumWeeklyHolidayWorkText_s»	

**4.2.2. C.** Assuming that, as an exception, the employer is requesting the employee to change his/her schedule and work at night from 6 PM to midnight (**NOT overtime**).

	Last year	This year
What are, if any, the restrictions on <b>night work</b> in the food retail industry? (i.e. limitation in the number of hours worked at night, restrictions applying to certain categories of workers)	«DB_ew_RestrictionsNightWorkText_s»	
What is the wage premium for <b>night work</b> in the food retail industry? (assuming this is NOT overtime work)	«DB_ew_PremiumNightWorkText_s»	

**4.2.2. D.** What is the legal basis for the answers to the questions above?

Last year	This year
«DB_ew_IrregularHoursLegalBasis_s»	

**4.2.2. E.** Can women work the same night hours as men in the food retail industry? *This question only refers to non-pregnant women and non-nursing mothers.*

Answer and Legal Basis (please cite law and article)			
Last year	This year	Last year	This year
«DB_ew_NightHours_SameWomen»	-Click to Select-	«DB_ew_NightHours_SameWomen_LegalBasis»	

### 4.2.3. Paid annual leave

What is the mandatory paid annual leave for an employee in each of the following cases?

	Last year	This year
i. After <b>1 year</b> of continuous employment	«DB_ew_PaidVacation1yText_s»	
ii. After <b>5 years</b>	«DB_ew_PaidVacation5yText_s»	
iii. After <b>10 years</b>	«DB_ew_PaidVacation10yText_s»	
What is the formula for calculating the mandatory paid annual leave?	«DB_ew_VacationFormulaText_s»	
What is the legal basis for the answers to the questions above?	«DB_ew_PaidAnnualLeaveLegalBasis_s»	

### 4.2.4. Maternity leave

**4.2.4. A.** Does the law mandate paid or unpaid maternity leave?

*Here the leave can be paid or unpaid, as long as the government explicitly mandates some form of leave.*

Answer and Legal Basis (please cite law and article)			
Last year	This year	Last year	This year
«DB_ew_MaternityLeave»	-Click to Select-	«DB_ew_MaternityLeaveLegalBasis_s»	

**4.2.4. B.** What is the mandatory minimum length of **paid** maternity leave (in calendar days)? *This is the minimum number of days of leave that legally have to be paid for by the government, the employer or both.*

Answer and Legal Basis (please cite law and article)			
Last year	This year	Last year	This year
«DB_ew_Flipped_paid maternity»		«DB_ew_Flipped_paid maternity_LegalBasis»	

**4.2.4. C.** Would an employee on maternity leave receive 100 percent of her wages?

Answer and Legal Basis (please cite law and article)			
Last year	This year	Last year	This year
«DB_ew_MaternityFullWagesText_s»	-Click to Select-	«DB_ew_MaternityLeaveLegalBasis_s»	

**4.2.4. D.** If no, please specify the percent of wages paid during maternity leave.

Answer and Legal Basis (please cite law and article)			
Last year	This year	Last year	This year
«DB_ew_MaternityWagesSpecifiedText_s»		«DB_ew_MaternityLeaveLegalBasis_s»	

**4.2.5. Sick leave**

	Last year	This year
Assuming that the employee has been sick for 5 working days in a row, how many of those days off will be <b>paid</b> (regardless of the entity paying for the salary: health insurance, State or the employer)?	«DB_ew_FiveSickDaysPaidUnpaidText_s»	
What is the legal basis for the answer to the question above?	«DB_ew_FiveSickDaysPaidLegalBasis»	

**4.3. REDUNDANCY FRAMEWORK**

**4.3.1. If applicable, for questions relating to requirements for notifying, consulting or obtaining the approval of a third party, please describe the requirement and specify the third party involved (e.g., labor inspector, labor union, labor department).**

	Last year	This year
Is it legal for an employer to terminate the contract of an employee on the basis of redundancy only?	«DB_ew_RedundancyAllowedText_s»	
Must the employer <b>notify or consult</b> a third party before dismissing <b>one redundant employee</b> ?	«DB_ew_NotificationThirdPartyDismissalOneWorkerText_s»	
Must the employer <b>notify or consult</b> a third party before dismissing a <b>group of 9 redundant employees</b> ?	«DB_ew_NotificationThirdPartyDismiss9WorkersText_s»	
Must the employer obtain the <b>approval</b> of a third party in order to dismiss <b>one redundant employee</b> ?	«DB_ew_ApprovalThirdPartyDismissOneWorkerText_s»	
Must the employer obtain the <b>approval</b> of a third party in order to dismiss a <b>group of 9 redundant employees</b> ?	«DB_ew_ApprovalThirdPartyDismiss9WorkersText_s»	
Are employers obliged to retrain or reassign an employee before making the employee redundant?	«DB_ew_RetrainReassignBeforeDismissText_s»	
Are there priority rules that apply in case of redundancy dismissals or lay-offs (i.e. specific order based on seniority, marital status, number of dependents)?	«DB_ew_PriorityDismissText_s»	
Are there priority rules that apply to reemployment ( <i>before opening a new position to a wider pool of applicants, an employer must first offer any position that becomes available to workers previously dismissed for redundancy</i> )?	«DB_ew_PriorityReemployText_s»	
What is the legal basis for the answers to the questions above?	«DB_ew_RedundancyRulesLegalBasis_s»	

### 4.3.2. Length of notice period

What is the length of the notice period (in weeks) that an employer must provide before making an employee redundant in each of the following cases?

	Last year	This year
i. After <b>1 year</b> of continuous employment	«DB_ew_NoticeOneYearOfContinuousEmployText_s»	
ii. After <b>5 years</b>	«DB_ew_Notice5YearsOfContinuousEmployText_s»	
iii. After <b>10 years</b>	«DB_ew_Notice10YearsOfContinuousEmployText_s»	
What is the formula for calculating the notice period?	«DB_ew_NoticeFormula_s»	
What is the legal basis for the answers to the questions above?	«DB_ew_NoticePeriodLegalBasis_s»	

### 4.3.3. Amount of severance pay

What severance pay must an employer provide when making an employee redundant in each of the following cases?

	Last year	This year
i. After <b>1 year</b> of continuous employment	«DB_ew_SeverancePayOneYearOfContinuousEmployText_s»	
ii. After <b>5 years</b>	«DB_ew_SeverancePay5YearsOfContinuousEmployText_s»	
iii. After <b>10 years</b>	«DB_ew_SeverancePay10YearsOfContinuousEmployText_s»	
What is the formula for calculating the severance pay?	«DB_ew_SeverancePayFormula_s»	
What is the legal basis for the answers to the questions above?	«DB_ew_SeverancePayLegalBasis_s»	

## 4.4. AVAILABILITY OF UNEMPLOYMENT PROTECTION

	Last year	This year
Assuming that the cashier is made redundant <b>after one year of employment</b> , would he/she automatically be eligible for unemployment protection and receive unemployment benefits?	«DB_ew_UnemploySchemeAvailableText_s»	
What duration of contribution period (months of employment, consecutive or not) is required before an employee can become eligible for unemployment protection?	«DB_ew_TimeForUnemployProtectionText_s»	
What is the legal basis for the answers to the questions above?	«DB_ew_SocialPFLegalBasis_s»	

**Thank you very much for completing this questionnaire!**

We sincerely appreciate your contribution to the *Doing Business* project.

The results will be published in the *Doing Business 2018* report and on our website.



# Annex 2

## DOING BUSINESS 2018. LABOUR MARKET REGULATION DATA

	Hiring					
	Fixed-term contracts prohibited for permanent tasks?	Maximum length of a single fixed-term contract (months)	Maximum length of fixed-term contracts (months) <sup>a</sup>	Minimum wage for a full-time worker (US\$/month) <sup>b</sup>	Ratio of minimum wage to value added per worker	Maximum length of probationary period (months) <sup>d</sup>
Australia	No	No limit	No limit	2068,29	0,30	6
Austria	No	No limit	No limit	1590,55	0,28	1
Belgium	No	No limit	No limit	2280,11	0,42	0
Bulgaria	No	36	36	266,83	0,28	6
Canada	No	No limit	No limit	1565,67	0,29	3
Chile	No	12	12	393,87	0,24	n.a.
Croatia	Yes	No limit	No limit	497,13	0,32	6
Cyprus	No	No limit	30	1076,22	0,38	24
Czech Republic	No	36	108	559,61	0,25	3
Denmark	No	No limit	No limit	0,00	0,00	3
Estonia	Yes	60	120	533,17	0,23	4
Finland	Yes	No limit	60	2026,09	0,34	6
France	Yes	18	18	1765,10	0,34	2
Germany	No	No limit	No limit	1736,05	0,31	6
Greece	Yes	36	No limit	687,55	0,28	12
Hungary	No	60	60	467,74	0,30	3
Iceland	No	24	24	2079,27	0,29	3
Ireland	No	No limit	No limit	1832,82	0,27	12
Israel	No	No limit	No limit	1280,38	0,26	n.a.
Italy	No	36	36	1973,67	0,48	2
Japan	No	36	No limit	1403,31	0,27	n.a.
Korea, Rep.	No	24	24	967,75	0,31	3
Latvia	Yes	60	60	434,63	0,23	3
Lithuania	No	60	60	433,54	0,23	3
Luxembourg	Yes	24	24	2764,41	0,30	6
Malta	No	48	48	837,38	0,28	6
Mexico	Yes	No limit	No limit	151,68	0,13	1
Netherlands	No	24	24	931,80	0,16	2
New Zealand	No	No limit	No limit	1942,81	0,39	3
Norway	No	48	48	3286,31	0,31	6
Poland	No	33	33	540,19	0,35	3
Portugal	Yes	36	36	735,24	0,29	3
Romania	Yes	36	60	365,65	0,31	3
Slovak Republic	No	24	24	502,05	0,25	3
Slovenia	Yes	24	24	919,77	0,34	6
Spain	Yes	36	48	1005,87	0,29	6
Sweden	No	24	24	0,00	0,00	6
Switzerland	No	120	120	0,00	0,00	3
Turkey	Yes	No limit	No limit	616,33	0,44	2
United Kingdom	No	No limit	No limit	1409,19	0,26	6
United States	No	No limit	No limit	1804,08	0,25	n.a.

.. No Doing Business data available.

\* Data were collected jointly with the World Bank Group's Women, Business and the Law team.

<sup>a</sup> Including renewals.

<sup>b</sup> Refers to the worker in the Doing Business case study: a cashier, age 19, with one year of work experience. Economies for which 0.00 is shown have no minimum wage in the private sector.

<sup>c</sup> Average for workers with 1, 5 and 10 years of tenure.

<sup>d</sup> Not applicable (n.a.) for economies with no statutory provision for a probationary period.

<sup>e</sup> Whether compulsory before redundancy.

<sup>f</sup> If no maternity leave is mandated by law, parental leave is measured if applicable.

<sup>g</sup> The minimum number of days that legally have to be paid by the government, the employer or both.

<sup>h</sup> Not applicable (n.a.) for economies with no unemployment protection scheme.

<sup>i</sup> Some answers are not applicable (n.a.) for economies where dismissal due to redundancy is disallowed.

## Working hours

	Standard workday	Maximum working days per week	Premium for night work (% of hourly pay)	Premium for work on weekly rest day (% of hourly pay)	Premium for overtime work (% of hourly pay)	Restrictions on night work?	Restrictions on weekly holiday work?	Restrictions on overtime work?	Paid annual leave for a worker with 1 year of tenure (in working days)	Paid annual leave for a worker with 5 years of tenure (in working days)	Paid annual leave for a worker with 10 years of tenure (in working days)	Paid annual leave (working days)? <sup>c</sup>
Australia	7,6	6	25	100	50	No	No	No	20	20	20	20,0
Austria	8	5,5	67	100	50	Yes	No	No	25	25	25	25,0
Belgium	7,6	6	0	0	50	Yes	Yes	No	20	20	20	20,0
Bulgaria	8	6	8	0	50	Yes	No	Yes	20	20	20	20,0
Canada	8	6	0	0	50	No	No	Yes	10	10	10	10,0
Chile	9	6	0	30	50	No	No	No	15	15	15	15,0
Croatia	8	6	0	0	0	Yes	Yes	No	20	20	20	20,0
Cyprus	8	5,5	0	100	100	No	No	No	20	20	20	20,0
Czech Republic	8	6	10	10	25	No	No	No	20	20	20	20,0
Denmark	7,4	6	0	0	0	No	No	No	25	25	25	25,0
Estonia	8	5	25	0	50	Yes	No	No	24	24	24	24,0
Finland	8	6	16	100	50	No	No	No	30	30	30	30,0
France	7	6	8	20	25	Yes	Yes	No	30	30	31	30,3
Germany	8	6	0	0	0	No	No	No	24	24	24	24,0
Greece	8	6	25	75	28	No	Yes	No	20	22	25	22,3
Hungary	8	5	15	50	50	No	No	Yes	20	21	23	21,3
Iceland	8	6	1	1	1	No	No	No	24	24	24	24,0
Ireland	8	6	0	0	0	No	No	No	20	20	20	20,0
Israel	9	5,5	0	50	25	No	Yes	No	14	16	24	18,0
Italy	6,6	6	15	30	15	No	No	No	26	26	26	26,0
Japan	8	6	25	35	25	No	No	Yes	10	16	20	15,3
Korea, Rep.	8	6	50	50	50	No	No	No	15	17	19	17,0
Latvia	8	5,5	50	0	100	No	No	No	20	20	20	20,0
Lithuania	8	5,54	50	100	50	No	No	No	20	20	22	20,7
Luxembourg	8	5,5	0	70	40	No	Yes	No	25	25	25	25,0
Malta	8	6	0	100	50	No	No	No	24	24	24	24,0
Mexico	8	6	0	25	100	No	No	Yes	6	14	16	12,0
Netherlands	8	5,5	0	0	0	No	No	No	20	20	20	20,0
New Zealand	8	7	0	0	0	No	No	No	20	20	20	20,0
Norway	9	6	0	0	40	Yes	Yes	No	21	21	21	21,0
Poland	8	5,5	20	100	50	No	No	No	20	20	26	22,0
Portugal	8	6	25	50	31	No	Yes	No	22	22	22	22,0
Romania	8	5	25	100	75	No	No	No	20	20	20	20,0
Slovak Republic	8	6	20	0	25	No	No	No	25	25	25	25,0
Slovenia	8	6	75	100	30	No	No	No	20	22	24	22,0
Spain	8	5,5	7	0	0	No	No	No	22	22	22	22,0
Sweden	8	5,5	0	0	0	No	Yes	No	25	25	25	25,0
Switzerland	9	6	25	50	25	Yes	Yes	No	20	20	20	20,0
Turkey	7,5	6	0	100	50	Yes	No	No	14	20	20	18,0
United Kingdom	8	6	0	0	0	No	No	No	28	28	28	28,0
United States	8	6	0	0	50	No	No	No	0	0	0	0,0

## Redundancy rules

	Dismissal due to redundancy allowed by law?	Third-party notification if one worker is dismissed?	Third-party approval if one worker is dismissed?	Third-party notification if nine workers are dismissed?	Third-party approval if nine workers are dismissed?	Retraining or reassignment? <sup>a</sup>	Priority rules for redundancies?	Priority rules for reemployment?
Australia	Yes	No	No	No	No	Yes	No	No
Austria	Yes	Yes	No	Yes	No	No	Yes	Yes
Belgium	Yes	No	No	No	No	No	No	No
Bulgaria	Yes	No	No	No	No	No	No	No
Canada	Yes	No	No	No	No	No	No	No
Chile	Yes	Yes	No	Yes	No	No	No	No
Croatia	Yes	Yes	No	Yes	No	No	Yes	Yes
Cyprus	Yes	Yes	No	Yes	No	Yes	No	Yes
Czech Republic	Yes	No	No	No	No	No	No	No
Denmark	Yes	No	No	No	No	No	No	No
Estonia	Yes	No	No	No	No	Yes	Yes	No
Finland	Yes	Yes	No	Yes	No	Yes	No	Yes
France	Yes	No	No	Yes	No	Yes	Yes	Yes
Germany	Yes	Yes	No	Yes	No	Yes	Yes	No
Greece	Yes	No	No	Yes	Yes	No	Yes	No
Hungary	Yes	No	No	No	No	No	No	No
Iceland	Yes	No	No	No	No	No	No	No
Ireland	Yes	No	No	Yes	No	No	No	No
Israel	Yes	No	No	No	No	No	No	No
Italy	Yes	Yes	No	Yes	No	Yes	Yes	Yes
Japan	Yes	No	No	No	No	No	No	No
Korea, Rep.	Yes	Yes	No	Yes	No	No	No	Yes
Latvia	Yes	No	No	No	No	Yes	Yes	No
Lithuania	Yes	No	No	No	No	Yes	Yes	No
Luxembourg	Yes	Yes	No	Yes	No	No	No	Yes
Malta	Yes	No	No	No	No	No	Yes	Yes
Mexico	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
Netherlands	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
New Zealand	Yes	No	No	No	No	Yes	No	No
Norway	Yes	No	No	No	No	Yes	Yes	Yes
Poland	Yes	No	No	No	No	No	Yes	Yes
Portugal	Yes	Yes	No	Yes	No	Yes	No	No
Romania	Yes	No	No	No	No	No	Yes	Yes
Slovak Republic	Yes	Yes	No	Yes	No	Yes	No	No
Slovenia	Yes	No	No	No	No	No	Yes	No
Spain	Yes	Yes	No	Yes	No	No	No	No
Sweden	Yes	No	No	Yes	No	Yes	Yes	Yes
Switzerland	Yes	No	No	No	No	No	No	No
Turkey	Yes	No	No	No	No	No	No	Yes
United Kingdom	Yes	No	No	No	No	No	No	No
United States	Yes	No	No	No	No	No	No	No

## Redundancy cost

	Notice period for redundancy dismissal (for a worker with 1 year of tenure, in salary weeks)	Notice period for redundancy dismissal (for a worker with 5 years of tenure, in salary weeks)	Notice period for redundancy dismissal (for a worker with 10 years of tenure, in salary weeks)	Notice period for redundancy dismissal (weeks of salary) <sup>e</sup>	Severance pay for redundancy dismissal (for a worker with 1 year of tenure, in salary weeks)	Severance pay for redundancy dismissal (for a worker with 5 years of tenure, in salary weeks)	Severance pay for redundancy dismissal (for a worker with 10 years of tenure, in salary weeks)	Severance pay for redundancy dismissal (weeks of salary) <sup>e</sup>
Australia	2,0	4,0	4,0	3,3	4,0	10,0	12,0	8,7
Austria	2,0	2,0	2,0	2,0	0,0	0,0	0,0	0,0
Belgium	8,0	18,0	33,0	19,7	0,0	0,0	0,0	0,0
Bulgaria	4,3	4,3	4,3	4,3	4,3	4,3	4,3	4,3
Canada	2,0	5,0	8,0	5,0	0,0	5,0	10,0	5,0
Chile	4,3	4,3	4,3	4,3	4,3	21,7	43,3	23,1
Croatia	4,3	8,7	10,7	7,9	0,0	7,2	14,4	7,2
Cyprus	2,0	7,0	8,0	5,7	0,0	0,0	0,0	0,0
Czech Republic	8,7	8,7	8,7	8,7	8,7	13,0	13,0	11,6
Denmark	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Estonia	4,3	8,6	12,9	8,6	4,3	4,3	4,3	4,3
Finland	4,3	8,7	17,3	10,1	0,0	0,0	0,0	0,0
France	4,3	8,7	8,7	7,2	0,9	4,3	8,7	4,6
Germany	4,0	8,7	17,3	10,0	2,2	10,8	21,7	11,6
Greece	0,0	0,0	0,0	0,0	8,7	13,0	26,0	15,9
Hungary	4,3	6,4	7,9	6,2	0,0	8,7	13,0	7,2
Iceland	13,0	13,0	13,0	13,0	0,0	0,0	0,0	0,0
Ireland	1,0	4,0	6,0	3,7	0,0	11,0	21,0	10,7
Israel	4,3	4,3	4,3	4,3	4,3	21,7	43,3	23,1
Italy	2,9	4,3	6,4	4,5	0,0	0,0	0,0	0,0
Japan	4,3	4,3	4,3	4,3	0,0	0,0	0,0	0,0
Korea, Rep.	4,3	4,3	4,3	4,3	4,3	21,7	43,3	23,1
Latvia	4,3	4,3	4,3	4,3	4,3	8,7	13,0	8,7
Lithuania	8,7	8,7	8,7	8,7	8,7	17,3	21,7	15,9
Luxembourg	8,7	17,3	26,0	17,3	0,0	4,3	8,7	4,3
Malta	2,0	8,0	12,0	7,3	0,0	0,0	0,0	0,0
Mexico	0,0	0,0	0,0	0,0	14,6	21,4	30,0	22,0
Netherlands	4,3	8,7	13,0	8,7	0,0	7,2	14,3	7,2
New Zealand	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Norway	4,3	8,7	13,0	8,7	0,0	0,0	0,0	0,0
Poland	4,3	13,0	13,0	10,1	4,3	8,7	13,0	8,7
Portugal	4,3	8,6	10,7	7,9	1,7	8,6	17,1	9,1
Romania	4,0	4,0	4,0	4,0	0,0	0,0	0,0	0,0
Slovak Republic	8,7	13,0	13,0	11,6	0,0	8,7	13,0	7,2
Slovenia	4,3	5,1	6,6	5,3	0,9	4,3	10,8	5,3
Spain	2,1	2,1	2,1	2,1	2,9	14,3	28,6	15,2
Sweden	4,3	13,0	26,0	14,4	0,0	0,0	0,0	0,0
Switzerland	8,7	8,7	13,0	10,1	0,0	0,0	0,0	0,0
Turkey	4,0	8,0	8,0	6,7	4,3	21,7	43,3	23,1
United Kingdom	1,0	5,0	10,0	5,3	0,0	3,5	8,5	4,0
United States	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0

## Job quality

	Equal remuneration for work of equal value?*	Gender nondiscrimination in hiring?*	Paid or unpaid maternity leave mandated by law?*	Minimum length of maternity leave (calendar days)?**	Receive 100% of wages on maternity leave?*	Five fully paid days of sick leave a year?	Unemployment protection after one year of employment?	Minimum contribution period for unemployment protection (months)?*
Australia	Yes	Yes	Yes	126	No	Yes	Yes	0
Austria	Yes	No	Yes	112	Yes	Yes	Yes	12
Belgium	Yes	Yes	Yes	105	No	Yes	No	14,4
Bulgaria	Yes	Yes	Yes	410	No	Yes	Yes	9
Canada	Yes	No	Yes	105	No	No	Yes	3,2
Chile	No	No	Yes	126	Yes	No	Yes	12
Croatia	Yes	Yes	Yes	208	Yes	Yes	Yes	9
Cyprus	Yes	Yes	Yes	126	No	No	Yes	6
Czech Republic	Yes	Yes	Yes	196	No	No	Yes	12
Denmark	Yes	Yes	Yes	126	No	Yes	Yes	12
Estonia	Yes	Yes	Yes	140	Yes	No	Yes	12
Finland	Yes	Yes	Yes	105	No	Yes	Yes	6
France	Yes	Yes	Yes	112	Yes	No	Yes	4
Germany	No	Yes	Yes	98	Yes	Yes	Yes	12
Greece	Yes	Yes	Yes	119	Yes	No	Yes	4
Hungary	No	Yes	Yes	168	No	Yes	Yes	12
Iceland	Yes	Yes	Yes	90	No	Yes	Yes	3
Ireland	Yes	Yes	Yes	182	No	No	No	24
Israel	Yes	Yes	Yes	98	Yes	No	Yes	12
Italy	Yes	No	Yes	150	No	No	Yes	3
Japan	No	Yes	Yes	98	No	No	Yes	12
Korea, Rep.	No	Yes	Yes	90	Yes	No	Yes	6
Latvia	Yes	Yes	Yes	112	No	No	Yes	12
Lithuania	Yes	Yes	Yes	126	Yes	Yes	No	18
Luxembourg	Yes	Yes	Yes	112	Yes	Yes	Yes	6
Malta	Yes	Yes	Yes	126	No	Yes	Yes	6
Mexico	No	Yes	Yes	84	Yes	No	No	n.a.
Netherlands	Yes	Yes	Yes	112	Yes	No	Yes	6
New Zealand	No	Yes	No	n.a.	No	Yes	No	n.a.
Norway	Yes	Yes	Yes	343	No	Yes	Yes	0
Poland	No	Yes	Yes	140	Yes	No	Yes	12
Portugal	Yes	Yes	Yes	120	Yes	No	Yes	12
Romania	Yes	Yes	Yes	126	No	Yes	Yes	12
Slovak Republic	Yes	Yes	Yes	238	No	No	No	24
Slovenia	Yes	Yes	Yes	105	Yes	Yes	Yes	9
Spain	Yes	No	Yes	112	Yes	No	Yes	12
Sweden	Yes	Yes	Yes	480	No	No	Yes	6
Switzerland	Yes	Yes	Yes	98	No	Yes	Yes	12
Turkey	Yes	Yes	Yes	112	No	Yes	Yes	6
United Kingdom	Yes	Yes	Yes	14	No	No	Yes	0
United States	No	Yes	Yes	0	n.a.	Yes	Yes	9

- <sup>1</sup> Doing Business 2018, p.116.
- <sup>2</sup> Kuddo, A., Robalino, D., Weber, M. (2015). Balancing regulations to promote jobs: from employment contracts to unemployment benefits. <http://www.worldbank.org/en/news/press-release/2015/12/09/the-right-mix-of-labor-regulations-can-protect-workers-while-maintaining-incentives-to-create-jobs-says-new-wbgilo-report>
- <sup>3</sup> Doing Business 2017. Equal opportunity for all. Comparing business regulation for domestic firms in 190 economies. A World Bank Group Flagship Report, p.95
- <sup>4</sup> <http://www.worldbank.org/en/news/infographic/2015/12/08/infographic-balancing-labor-regulations-to-promote-jobs>  
Doing Business in 2004. Understanding regulation. A copublication of the World Bank, the International Finance Corporation, and Oxford University Press. p.37.
- <sup>5</sup> Doing Business 2018. Reforming to create jobs. Comparing business regulation for domestic firms in 190 economies. A World Bank Group Flagship Report.  
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Botero, J., Djankov, S., La Porta, R., Lopez-de-Silanes, F., Shleifer, A. (May 2003). The Regulation of Labour.  
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- <sup>8</sup> Di Battista, A. (January 2015). The trouble with two-tier labour markets, World Economic Forum, <https://www.weforum.org/agenda/2015/01/the-trouble-with-two-tier-labour-markets/>;
- <sup>9</sup> Gatti, R. V. (December 2014). Poland's Junk Contracts - Or A Tale of Labor Market Duality, The World Bank's Voices Blog, <http://blogs.worldbank.org/voices/poland-s-junk-contracts-or-tale-labor-market-duality>;  
Employment Outlook, Paris, <https://www.oecd.org/employment/emp/2079974.pdf>
- <sup>10</sup> World Bank. Doing Business in 2004. Understanding regulation, p. 37.
- <sup>11</sup> Scarpetta, S. (May 2011). Setting It Right: Employment Protection, Labour Reallocation and Productivity (May 2011) IZA Policy Paper No. 27. p.16-17
- <sup>12</sup> A dual labour market divides workers into insiders and outsiders, where insiders are typically prime age male employees, often open-ended employment, while outsiders – youth, women, the unemployed – would enter the labour market through a series of short-term contracts, with a slow transition towards open-ended employment. Duality reflects a situation where the workforce is divided between permanently employed insiders and outsiders, who are informally employed as well as the unemployed. (Kuddo, A., Robalino, D., Weber, M., 2015).
- <sup>13</sup> Bogumil, P. (2015). Securing Poland's economic success II: labour market and product specialisation – is there a link?, ECFIN Country Focus 12(4), Brussels, [http://ec.europa.eu/economy\\_finance/publications/country\\_focus/2015/pdf/cf\\_vol12\\_issue4\\_en.pdf](http://ec.europa.eu/economy_finance/publications/country_focus/2015/pdf/cf_vol12_issue4_en.pdf);
- <sup>14</sup> Dolado, J. (2017). European Union Dual Labour Markets: Consequences and Potential Reforms. In Matyas, L., Blundell, R., Cantillon, E., Chizzolini, B., Ivaldi, M., Leininger, W., et al. (Eds.), *Economics without Borders: Economic Research for European Policy Challenges* (p. 73-112). Cambridge: Cambridge University Press
- <sup>15</sup> Doing Business 2017
- <sup>16</sup> Jardim, E., Long M.C., Plotnick, R., van Inwegen, E., Vigdor, J., Wething, H. (2017). Minimum Wage Increases, Wages, and Low-Wage Employment: Evidence from Seattle, NBER Working Paper No. 23532, <https://www.nber.org/papers/w23532>  
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- <sup>18</sup> Doing Business in 2004, p.32.
- <sup>19</sup> Lordan, G. and Neumark, D. (2017 August). People versus machines: the impact of minimum wages on automatable jobs. <http://www.nber.org/papers/w23667>.
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- <sup>22</sup> Doing Business 2017, p.93
- <sup>23</sup> Adhvaryu, A. Chari, V., Sharma, S. (2009) Firing Costs and Flexibility: Evidence from Firms' Employment Responses to Shocks in India. <https://economics.yale.edu/sites/default/files/files/Workshops-Seminars/Development/adhvaryu-091207.pdf>
- <sup>24</sup> Doing Business 2017, p.93
- <sup>25</sup> Texts of relevant laws and regulations are collected and answers checked for accuracy.
- <sup>26</sup> Doing Business does not measure the full range of factors and policies that affect the business environment. It does not capture aspects of macroeconomic stability, market size or the quality of the labour force and others. It is designed to be an easily replicable tool to benchmark specific aspects of business regulation. Data refer to a business in the largest city and not to other parts of the country and focus on a specific business form of a particular size. When sources indicate different estimates, the indicators reported in Doing Business represent the median values of several responses. (Doing Business 2017, p.15-16).
- <sup>27</sup> Definitions: (1) *Fixed-term contract for permanent tasks*: an employment contract that has a specified end date and is used for a task relating to the permanent of the firm; (2) *Probationary period*: a fixed-length monitoring period allowed by law for new employees to determine whether they have skills and abilities needed to perform the assignment in their employment contract; (3) *Sick leave*: paid or unpaid time off from work that employees take due to personal illness, disability, medical appointment with advance approval, and/or, for illness of an employee's parent, spouse, children, sibling, or any other person who is residing in the employee's household; (4) *Redundancy termination (making employee redundant)* – dismissal allowed by law that is justified by economic, operational or structural reasons (not by other causes, such as personal grounds or faulty behaviour of the worker); (5) *Priority rules for redundancies*: rules on the order of priority for redundancy (in order to terminate redundant employees, the employer must follow a specific order of seniority, marital status, number of dependents, or other specific priority criteria).
- <sup>28</sup> For eleven economies data are also collected for the second largest business city. Doing Business 2018, p. 118
- <sup>29</sup> Aleksynska, M. and Cazes, S. (2016). IZA journal of Labour Economics. Composite indicators of labour market regulations in a comparative perspective.
- <sup>30</sup> <http://www.doingbusiness.org/Methodology/Changes-to-the-Methodology>
- <sup>31</sup> Aleksynska, M. (2014). Deregulating labour markets: How robust is the analysis of recent IMF working papers. International Labour Office, Conditions of Work and Employment Branch. – Geneva: ILO.  
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- <sup>32</sup> The World Bank Employment Policy Primer. December 2002 No.1. Employment Regulation Rules for Hiring and Termination.
- <sup>33</sup> Doing Business 2008, Comparing Regulation in 178 Economies, p. 19-20.





