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VACATION TIME IN EUROPE AND AMERICA:
AN INQUIRY INTO VARYING BENEFIT SYSTEMS ACROSS
CULTURES

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Introduction

During the summer of after my sophomore year of college, I was able to be an intern at a consulting company called Informa Telecoms and Media in London, England. It was a very exciting experience because it not only was the first time that I had been out of the country for an extended period of time, but it was also the first time that I would be working in a business setting, let alone in a large multinational company that was based in one of the world's largest cities. After I began and became acclimated to the financial analysis that I was doing, I quickly caught on to the fact that the workplace environment and culture was very different than what I had seen in United States. It was at this time that I began to formulate the idea that this phenomenon could be the subject of my thesis. After looking at some of the major differences between the two environments, I picked a subject that I thought would be most fitting for my research: vacation time.

While I was working at Informa in late July, many of the employees who had been working around me were preparing to take off nearly the entire month of August. I learned that this was a fairly common occurrence all over Europe, and that people used this time to enjoy a "holiday" which often included travel and time spent with friends and family.

I began to investigate the difference in vacation time and learned that the British, on average, are able to take off 28 days per year, whereas Americans only take off 13 (Timesizing Wire 2003). It is fairly commonly known by Americans that our friends on the other side of the pond receive more (and more extensive) benefits than we enjoy. In addition to the UK, I also began to look at the entire continent of Europe, which mostly has

similar vacation policies. Although most are quick to dismiss this difference as a product of the more liberal governments of European countries or a reflection of their lack of a strong work ethic, I believe there are deeper causes.

There is much to learn from this topic. To start, it is important to look at why the United States and European countries arrived at such strikingly different systems of paid time off. At some point in recent history, the evolution of the modern workplace in each culture diverged to become what is today. If this is fully understood, it could be important in determining whether what we have today is calculated based on societal values, or merely an accident created by tradition and legislation (or a lack thereof). It is also important to look at this subject because of our ever-increasing work overload in the United States. Hard work is assuredly a part of the American identity, but overwork and stress is a different issue. Hopefully by looking into the variances in benefits between cultures I can find some practices that could be adopted in the United States that not only could lead to employees having greater enjoyment in their occupations, but also to not decreasing productivity and impacting the bottom line. Along with this, it is important to understand what truly motivates people to do their jobs. Is money alone the most critical driving factor, or are people also motivated by having enough time to spend with family, friends, and participate in non-work activities? By asking some basic questions, I have been able to dig into the subject matter and bring out some thoughtful and pragmatic ideas that could contribute to a deeper understanding of why these differences exist, and what they say about our values.

This being said, my research questions are as follows:

1. What are the standards for vacation time in Europe and the United States?

2. In the last century, what legislation or lack of legislation led to the current benefits in the respective countries and regions?
3. What consequences do the number of days received for vacation has on employee happiness and satisfaction, as well as company performance?
4. What motivates employees in the USA today?
5. Could American companies benefit from giving their employees more time off?

Literature Review

Implications and Consequences

The article “The Shrinking American Vacation,” from Braun Consulting, does a very good job of summing up this phenomenon and begins to give some of the implications of Americans taking less time off than their European counterparts. American workers are taking less time off every year voluntarily with nearly half of those surveyed not using all the days that they had been allotted by their companies. Surveys revealed that this was due to workplace competition and an increasingly heavy workload. The article also claims that this is contributing to increased absenteeism that causes a sort of vicious cycle. When the employee feels overworked, they decide to call out of work at the last minute or take unscheduled vacation days. When they return to work, they are forced to work overtime to make up for time lost, which in turn leads to them missing more days and eventually can lead to a personal crisis (Braun 2009).

Another article, “The American Vacation” from The Gilroy Dispatch, points to similar consequences of Americans not taking enough time off. It adds that not only are Americans taking off less time year after year, but they are also taking vacations of shorter duration. Employees often feel that they cannot be away from work for more than a few days at a time or, they will get to far behind on their work. This can make vacations less effective at relieving employee stress levels, as they do not have enough time to fully get away from their day-to-day strains and hit a “reset” button.

Laws and Standards

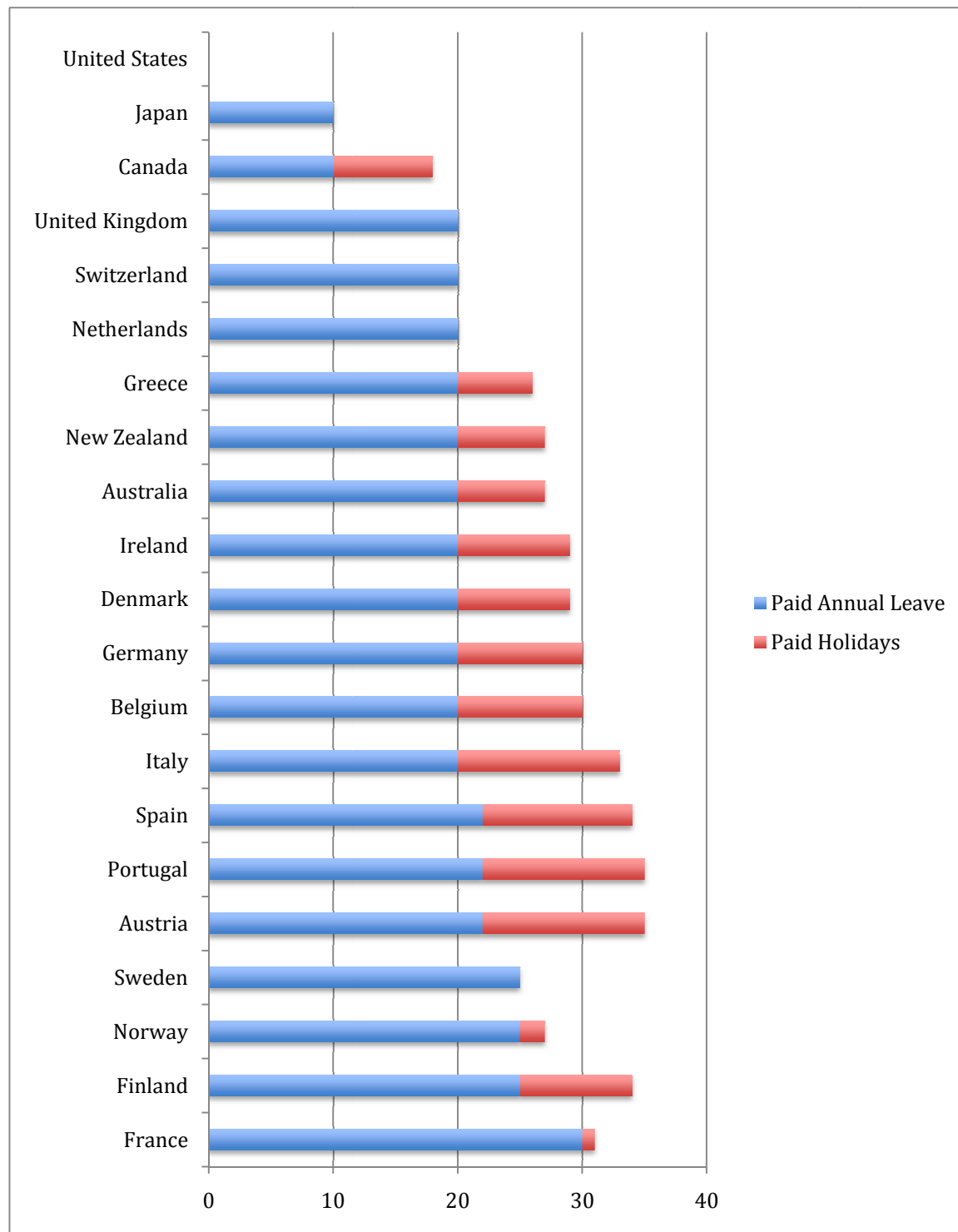
The article “The Shrinking American Vacation” also points out a very obvious difference between the United States and Europe: the US does not have a mandatory minimum number of days of employee vacation. In many European countries employees receive four to five weeks of paid vacation. European Union countries require four weeks by law (Ray and Schmitt 2007). In the United States employees usually have to work an entire year at a position before receiving an average of approximately two weeks vacation. The history of these differences is also insightful. In the article “Vacation Laws and Annual Work Hours,” the evolution of paid vacation is described. It begins in the 1920s when employers saw paid vacation time as a way to increase productivity and reduce turnover. In the beginning only the top positions and highly skilled and knowledgeable workers received this benefit, but slowly it began to spread down the workplace hierarchy. By 1935, 80% of salaried workers received paid vacation, although it was still a low priority benefit to unions and most employees. In the wake of World War II, paid vacation became

to be a standard employee benefit to be received, and a growing number of employers across industries began to see it as a threat to productivity.

In the decades that followed, the diversion of vacation time in America and Europe occurred. The comparatively conservative US government never mandated minimum vacation time, as more liberal European countries increasingly mandated about an additional week of leave per decade starting in the 1960s. As of 1993, the European Union legislated under the Working Time Directive that all of its member states must provide for a minimum of 4 weeks paid vacation annually (Ray and Schmitt). The United States continues to have no minimum paid leave requirements, with the only exception being for certain government contractors.

In addition to paid vacation times, most European countries include a certain number of paid holidays. These are discussed in detail in the article “No-Vacation Nation USA – a comparison of leave and holiday in OECD countries.” While the United States does not require employers to pay employees for holidays, most organizations provide certain days off each year, and if the employee does have to work it is usually reciprocated with a higher rate of pay for the hours worked (Ray and Schmitt). Despite the lack of a legal requirement, most full time salaried workers in the United States receive around 10 days off for holidays each year (Mercer 2009). The table on the following page shows the current legislated paid annual leave and holidays for OECD (Organization for Economic Co-operation and Development) countries.

Paid Annual Leave and Paid Working Holidays Required by Legislation



From “No-Vacation Nation USA – a comparison of leave and holiday in OECD countries”

Societal Values

Another aspect of American's relatively few vacation days could be explained by materialism. In the article "Materialistic Values: Their Causes and Consequences," there are some insights into why Americans may value their paycheck than other benefits. The authors argue that in a capitalistic society, like the one we have in the United States, there is assuredly going to be a disparity between classes, with a tiny minority of people holding a great amount of individual wealth. A similar argument is made in the article, "What Vacation Days" which explains how United States gap really began to grow rapidly when they did not adopt nearly as many labor laws as European countries did in the mid to late 20th century. What then happens is that money becomes an individual's judgment of worth in society. Lower and middle class people look to the super wealthy as what they should aspire to, and in turn seek to gain materialistic items. Essentially our free market has led Americans to the current situation of a lack of substantial vacation time. The "American Dream" has evolved from a promise of a comfortable life through hard work to a lavish existence made possible by overworking. Once people have reached their financial goals and have houses filled with material possessions, the result is not satisfaction. The article contends that although people who live in a society based on monetary status may have everything they need, it is a hollow existence without any real fulfillment.

There has also been extensive research conducted on the subject of cultural identity by Dutch social psychologist Geert Hofstede. In the late 1960s and early 1970s, he surveyed over 100,000 employees from the IBM corporation from subsidiary locations throughout the globe. After the completion of this research, he created a system of analyzing national

cultures by four different dimensions: power distance, uncertainty avoidance, individualism, and masculinity. This cultural dimension theory was published in 1980, titled *Cultures Consequences*.

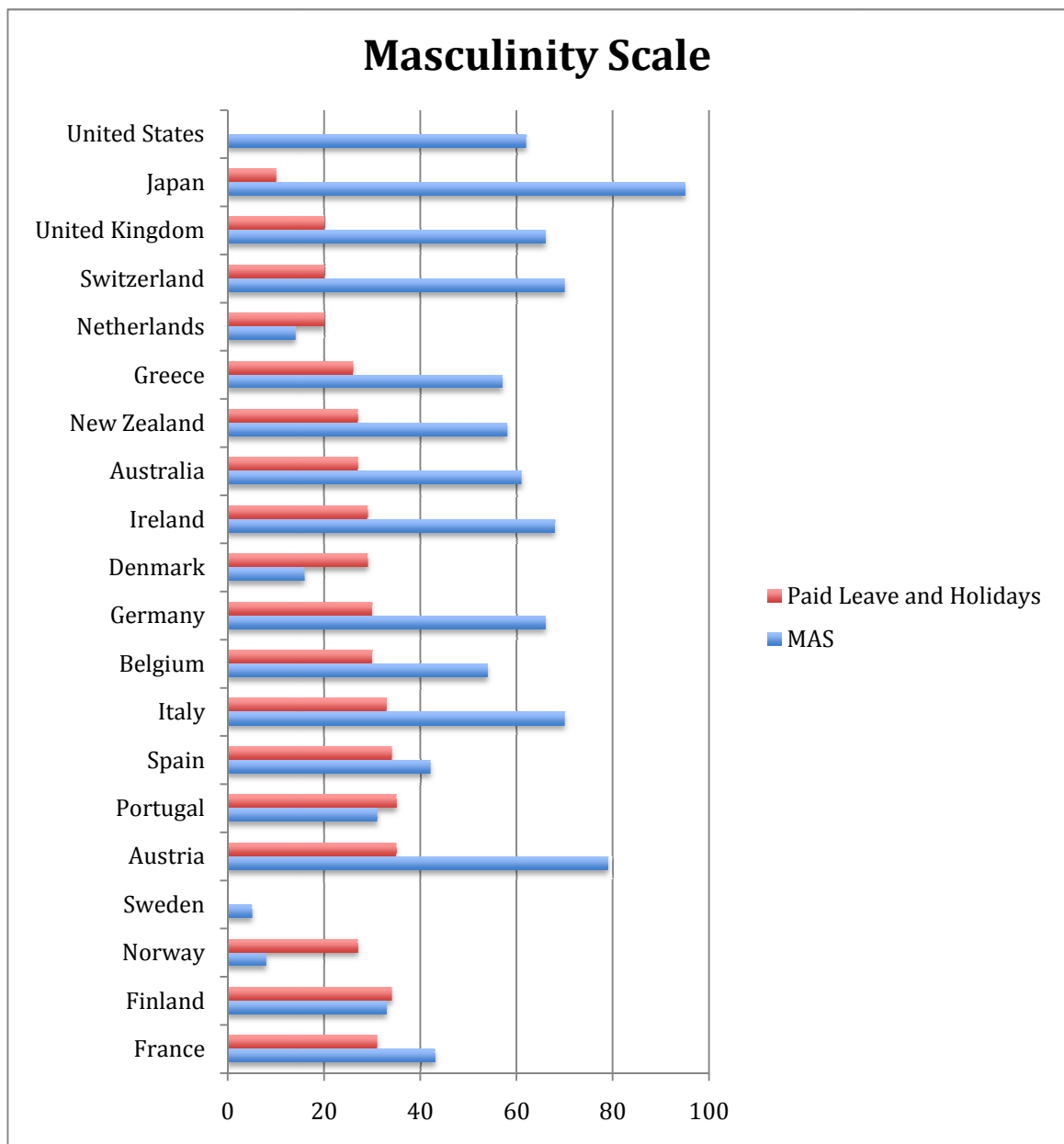
Power distance relates to hierarchy and social status. In countries with high power distance, lower level employees do not have much input and high level managers control most decisions. In contrast, a low power distance society is more egalitarian with subordinates being empowered.

Uncertainty avoidance ranks societies on their tolerance for risk and the future. High uncertainty avoidance is marked by careful planning and regulation to avoid any unforeseen problems. Low uncertainty avoidance is marked by a general tolerance to risk and a mindset that the future cannot be known, therefore problems will be dealt with as they arrive.

Individualism takes a look at how a society forms bonds within groups. On one end of the scale are societies in which people feel that they have the right and need to associate with whatever groups they please and put a strong emphasis on what on their own merits and achievements. On the other end are collectivist societies that are marked by group unity and often times a strong emphasis on large immediate families. Personal identity is often found through these close-knit groups.

Masculinity is the most important to look at in the context of vacation time benefits. On one end of the scale are masculine societies that are marked by ambition, power, freedom of actions, competition, wealth, and materialism. These societies can be said to have the attitude of "living to work." On the other end of the scale are feminine

societies in which the emphasis is on building relationships, modesty, and having a good quality of life. Feminine countries can be described as to having the attitude of “working to live.” The chart below depicts the masculinity scores calculated by Hofstede from the same OECD countries mentioned previously*.



*MAS score for Canada was unavailable

After looking at the numbers, the European countries did lean towards the feminine side, especially the Nordic countries and southern Europe (with the exception of Italy). There was not as much evidence of feminity being an indicator of vacation time length, but I still believe that the Hofstede dimensions could help explain some of why of the vacation gap between Europe and the United states is so large. It appears that the legislative history explains more than any unique cultural aspect, although their cultural atmosphere could have shaped the countries' legal histories.

Changes and Solutions

There have been many proposed changes to increase the amount of time that American workers receive annually. The most basic is the argument made in the article "What Vacation Days?" is to adopt European style legislation and to have a legislated annual vacation for employees of three weeks. However, this solution is highly improbable in the United States due to the fact the current laws in Europe evolved over half a century. Less substantial mandated vacation would likely have a better chance of being adopted, such as beginning with a smaller amount of time. Another proposed change would be for the private sector to realize the benefits of giving their employees more flexibility and time off. An idea proposed in the article "The Shrinking American Vacation" is to offer more widespread use of flexible paid time off programs. These take all personal, sick, and vacation days and put them into one "bank" for the employee to use at their discretion. Companies who already do this find that there are less unscheduled absences since the

employees are empowered to balance their work and personal lives more effectively (Braun 2009).

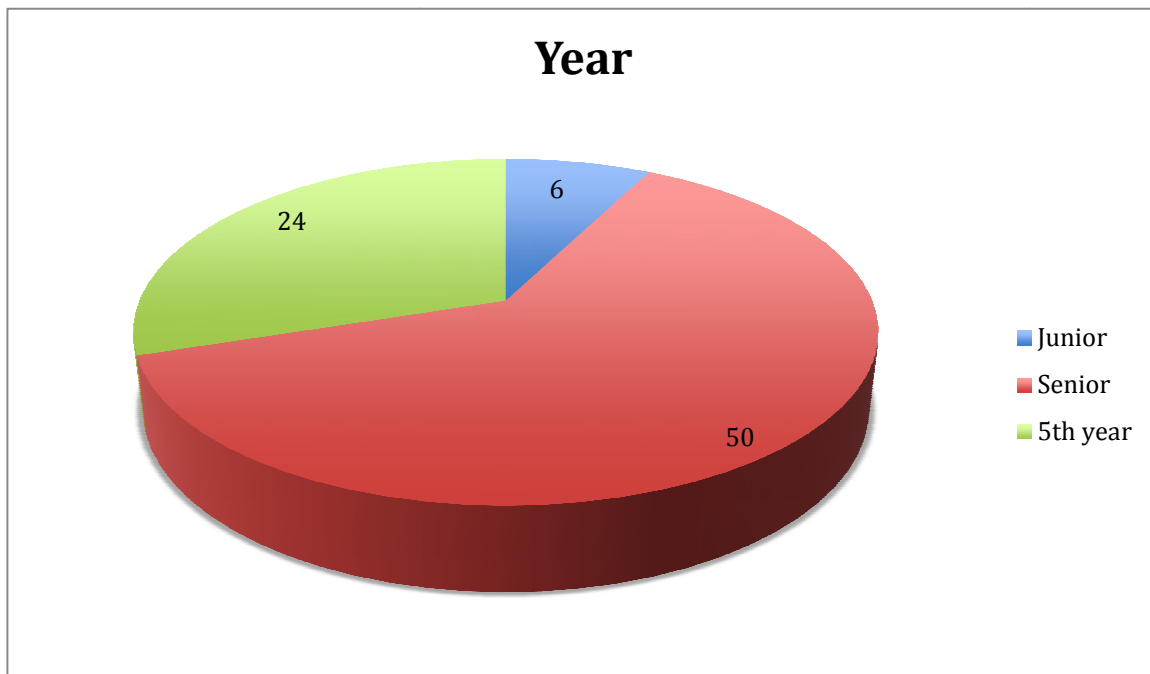
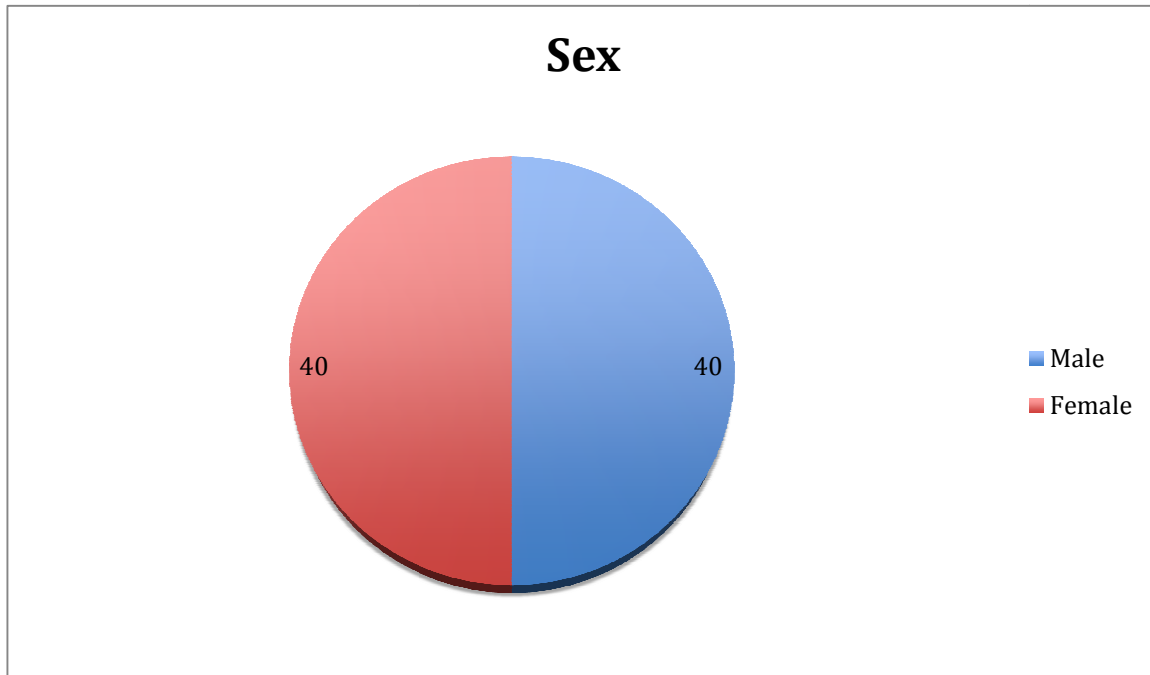
Methods

Survey

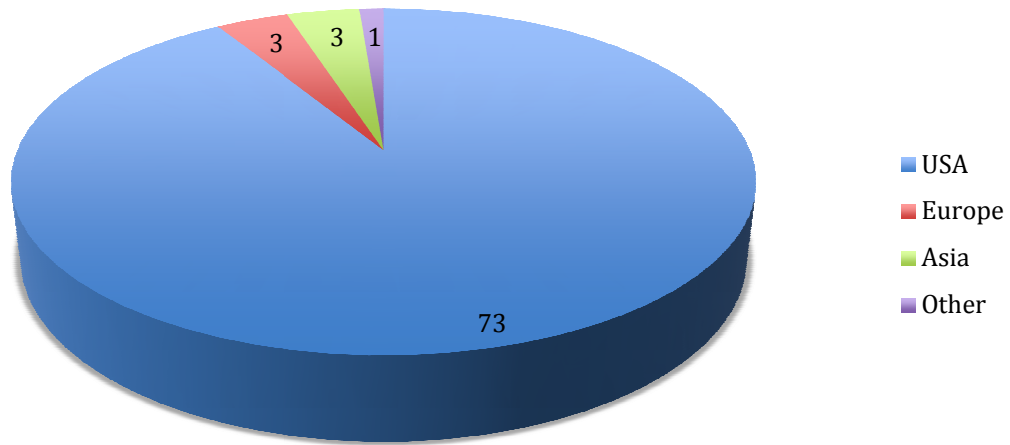
To better understand how Americans view vacation time and their sources for motivation at work, I decided to conduct a survey. After considering a design, I came to the conclusion that the most feasible way of gathering respondents would be to hand out the survey physically in several international business classes. This way, there would be some international students included. After I had collected all of the surveys, I had 80 responses to analyze. The design of the survey was to first gather some basic demographic information about the participants in order to see if there were any trends along those lines. The students were asked to indicate their sex, academic major, what area of the world they grew up in, and whether or not they intended to be working full time upon graduation. After the demographic questions, I designed the survey to ask what the students' perceptions were on salary as a motivator, how important vacation time is to them, how important having a good work/life balance is, and if they are worried about this balance in their future. These questions were designed on a five point scale with how the respondents agreed with a series of statement, with 1 being strongly disagree, 3 being neutral, and 5 being strongly agree. To conclude the survey, the students were asked to give the number of days that they expected to receive in paid vacation at the first job and

then to give an ideal number of days. These surveys were then compiled and I entered the data into a spreadsheet to analyze the results.

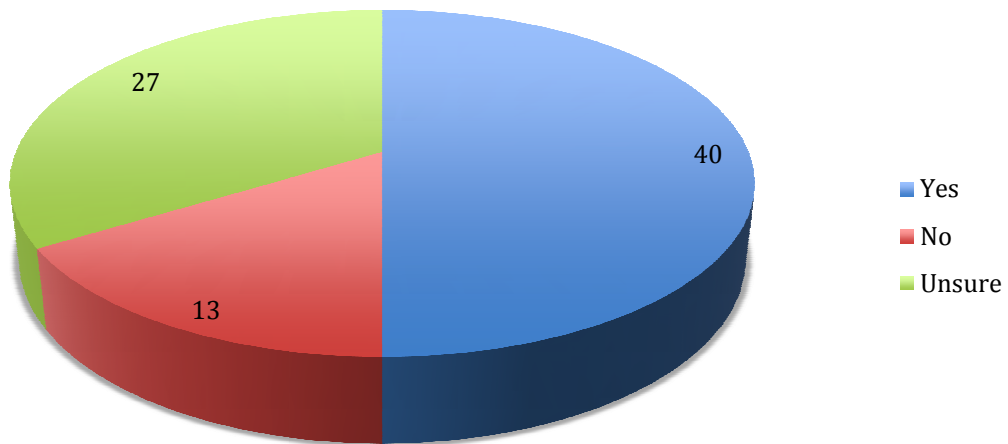
Results

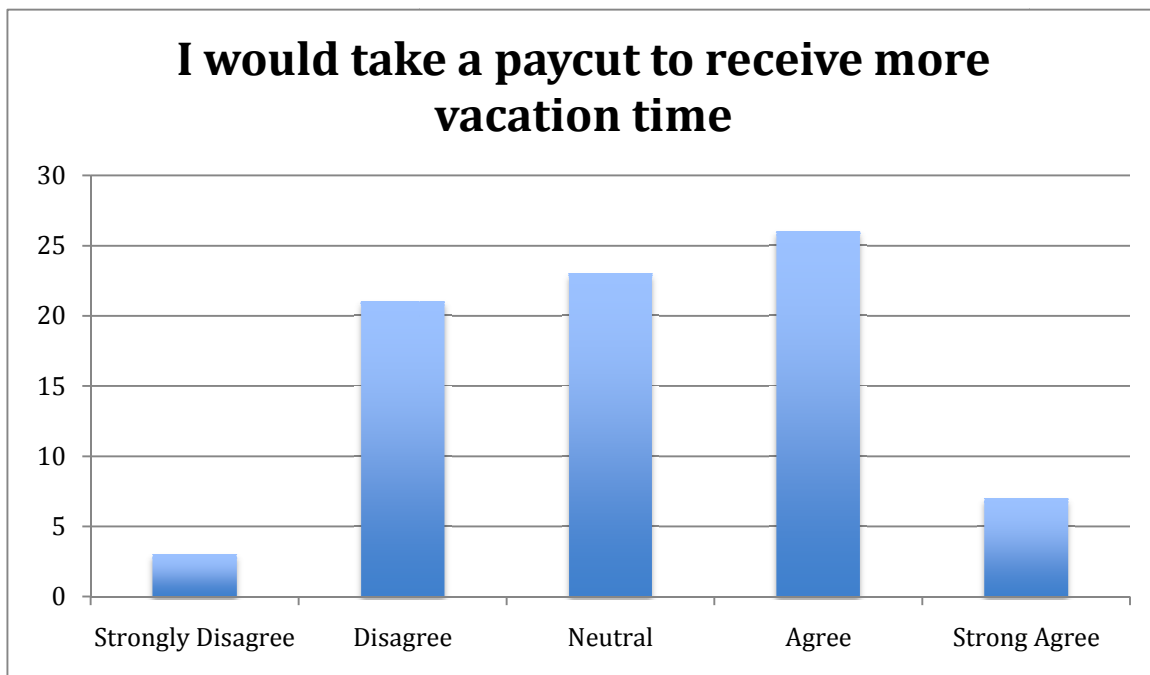
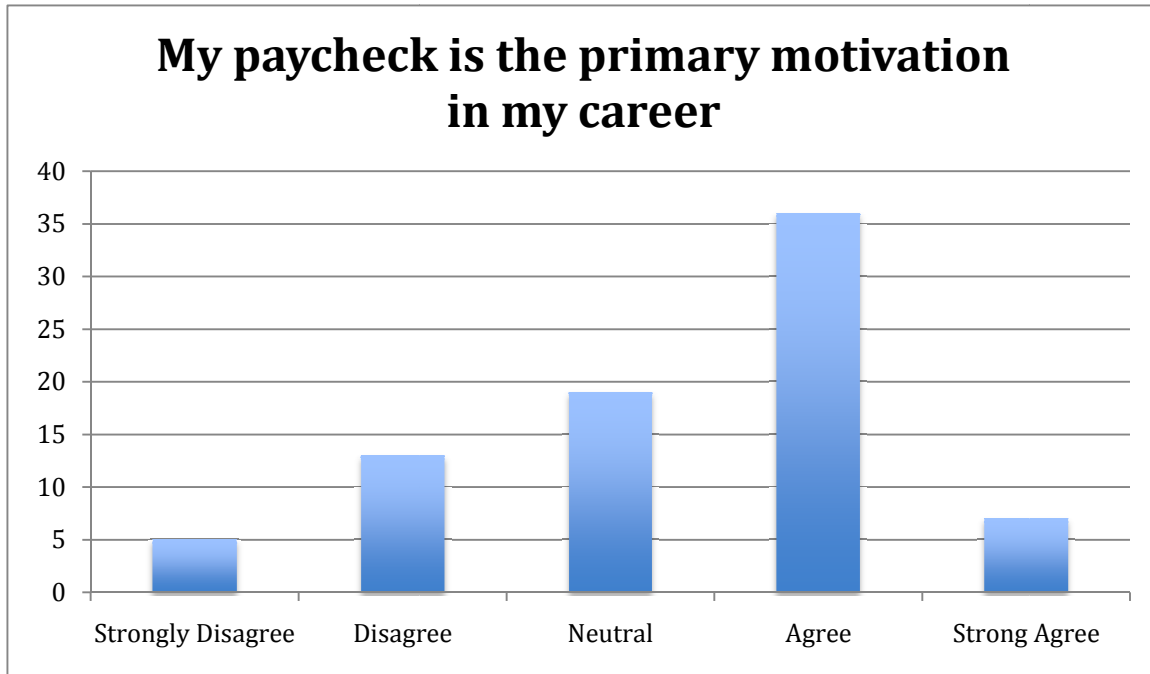


Origin

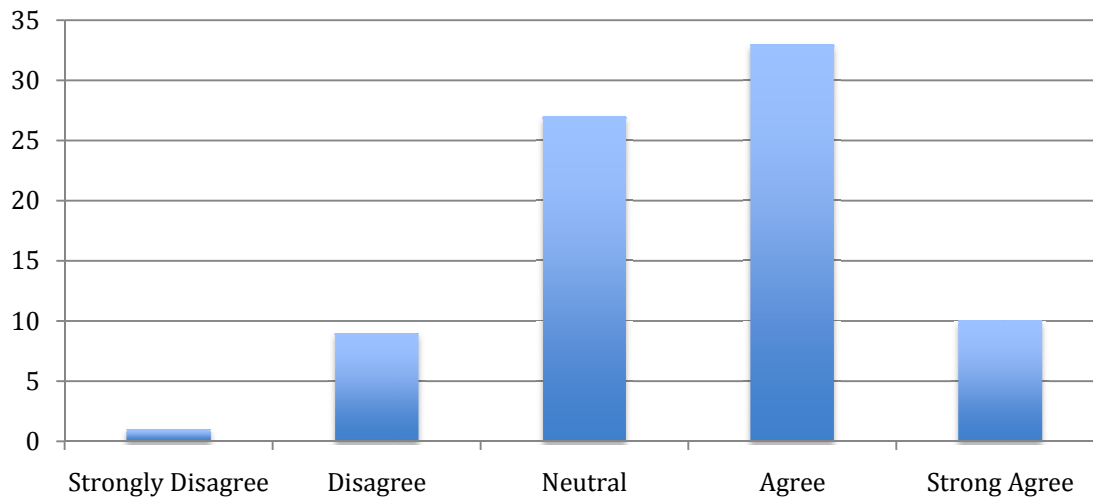


Working After Graduation

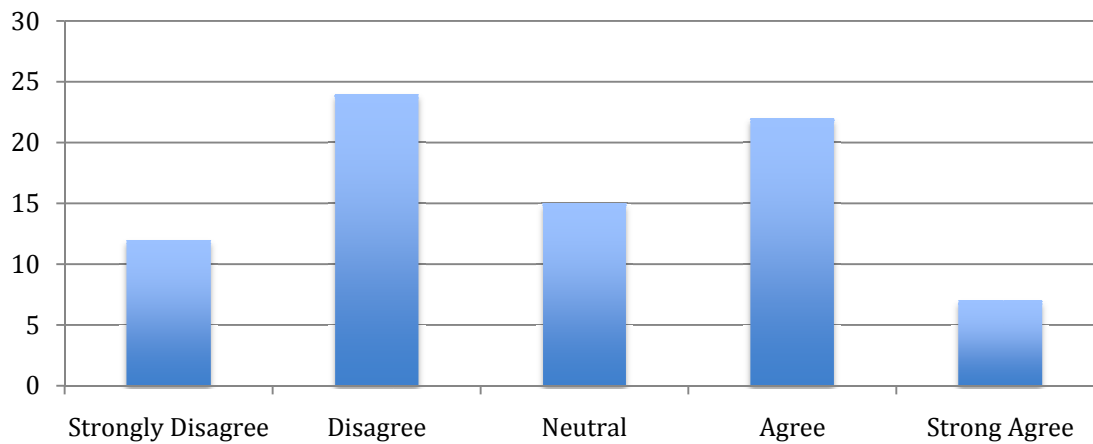




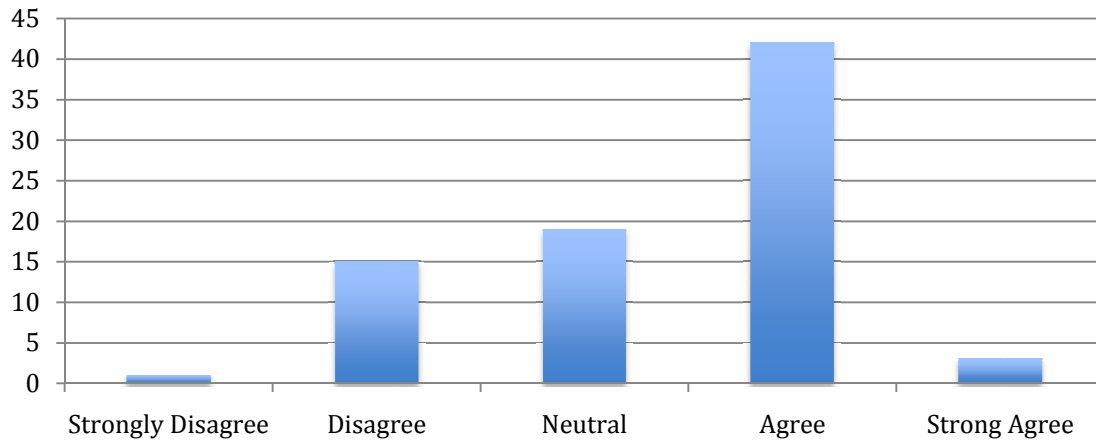
I believe I would be more productive if I had more time off



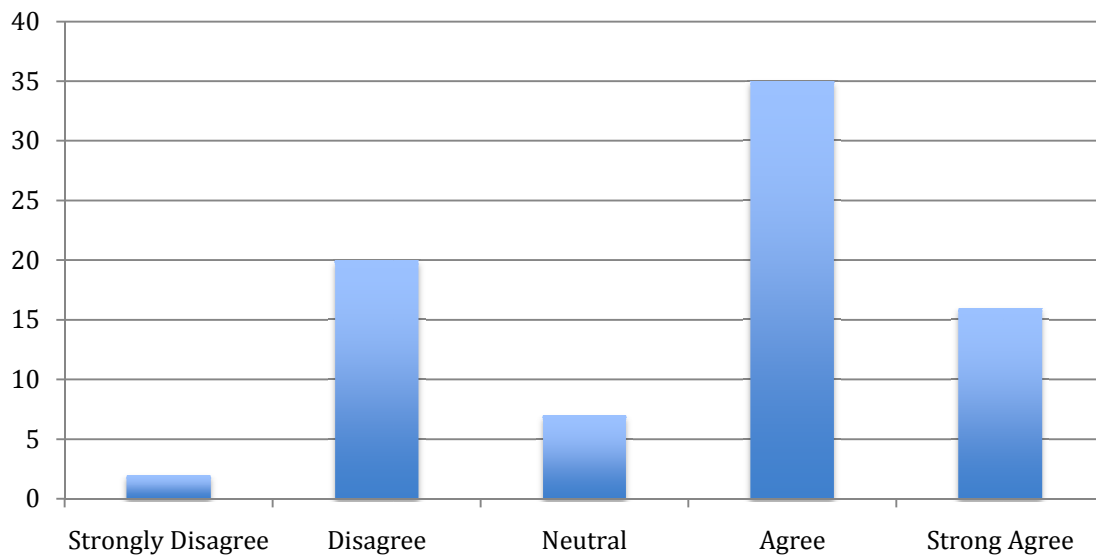
I believe I would be more productive if given the choice to work at home part time



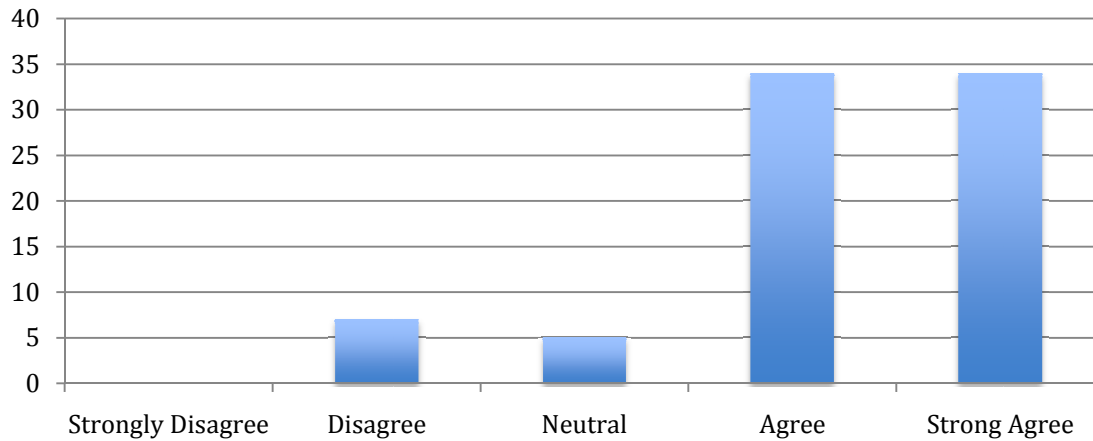
**I feel like my career will allow me
enough time to spend with my friends
and family**



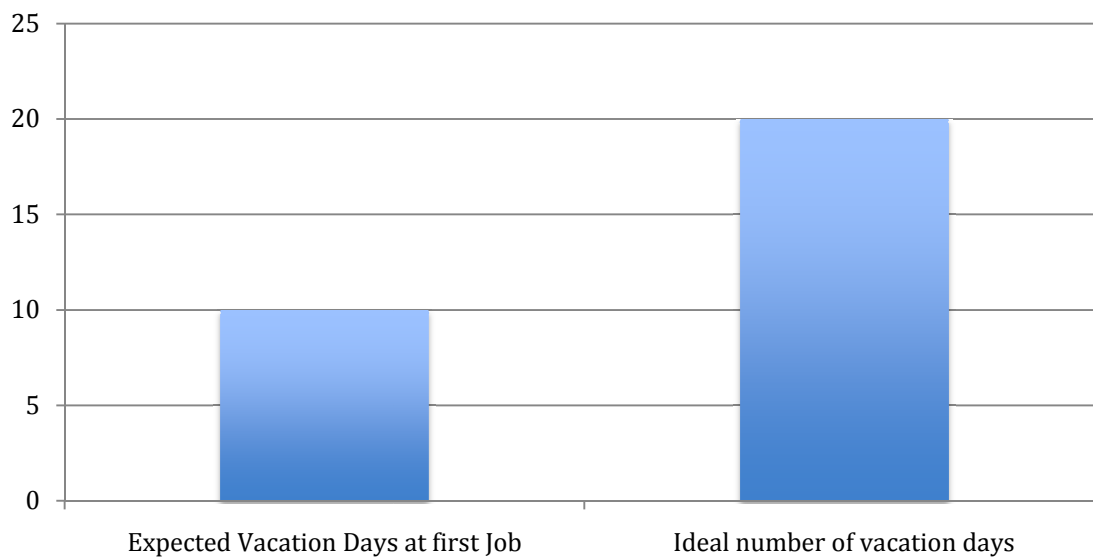
I worry about my work/life balance



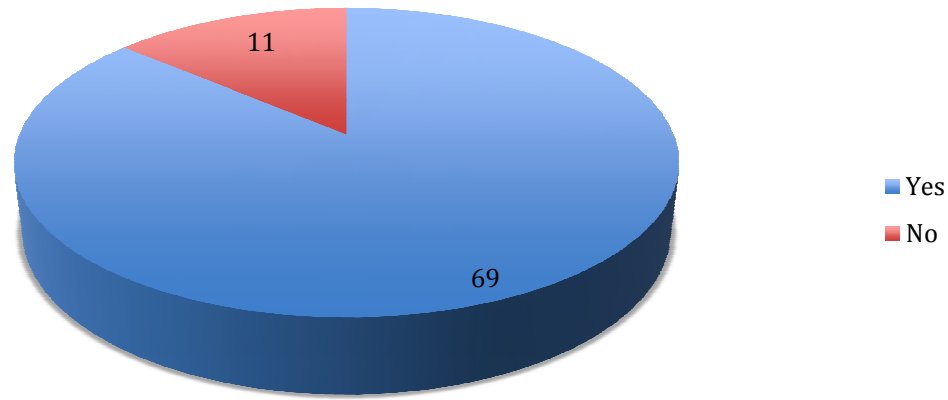
Having a good work/life balance is something I considered when choosing a career



Median Number of Days from Responses



Do you plan on using all of your vacation time?



Discussion

Interestingly enough, the surveyed group ended up being exactly 50% men and 50% women. The majority of the respondents were seniors, and the youngest grade level of respondents were juniors. I believe that this will lend more accurate results due to the fact that these students are nearing graduation and beginning to look for jobs. Only 13 of the respondents said that they were not working after graduation. I believe if underclassmen would have been surveyed the results could be much less realistic because they would have less of an understanding of benefit systems and compensation. One disappointing aspect of the results was that I was unable to survey many international students. Only seven of the students were not from the United States, so I did not have a sufficient sample to make comparisons on an international perspective.

Looking at the career questions, it did not surprise me that most of the students agreed with the statement that salary is the most important motivator at work. However, it was a slim majority with 54% of the students either agreeing or strongly agreeing. This shows me that although salary is obviously a huge part of these students future careers, that they may be looking for other benefits or job aspects. 74% of the students agreed or strongly agreed that they worry about their work life balance in the future. It appears that college students today are worried about their quality of life. Lending credence to this fact is that 85% of the students responded that work/life balance is something that they considered when choosing a career field.

One result that I did not expect was the number of respondents who said that they would take a paycut to receive more vacation time with more people agreeing than disagreeing. Although this may change when the students actually get into the working world, I think that it does show that vacation time is important to the younger generation. 86% of the respondents said that they would use all of their allotted vacation time when they do begin work. When asked how many days they expected to receive at their first job, the median response was 10 days, which is actually the current average number of vacation days in the US. When asked how many days they would like to receive, the median number of days was 20, double the actual figure. This shows me that there is a large gap between the current state of vacation time in the United States and where upcoming college graduates would like it to be.

Conclusion

This research benefit human resources departments at businesses in the United States. With my generation preparing to enter the workforce, managers need to realize that what motivates employees now might be different for the entering college graduates. Companies who realize that they can take advantage of giving employees more lucrative vacation packages could attract better talent and improve productivity. Although this varies greatly by the nature of the industry and the specific business, vacation time should not be ignored and greater emphasis should be put on it when designing compensation packages. Although laws could be put in place that would create a minimum number of paid vacation days like the countries in the European Union, this is very unlikely to occur in the foreseeable future. The United States is still recovering from the financial crisis with high unemployment. The issue simply is not a priority right now, and the idea of regulating anything in the private sector such as this would meet immense opposition. Although I do not believe that legislation will create increased vacation time, I do believe that it can still increase by independent companies making a change voluntarily.

Although the research did yield some interesting results, there were some limitation. Primarily, the number of survey respondents was not nearly large enough. To obtain more accurate data, the survey could be distributed to the entire university, and perhaps other universities in the USA. Also, I would have liked to survey more people from other countries, primarily Europe. If this would have been achievable, it would have been very interesting to compare Americans to Europeans and see where they differed in their values.

In the future, I think more research needs to be done on the disparity in vacation time between Europe and the United States. If a group or institution was able to study how vacation time impacts productivity or health, I think that the results would be very interesting. I also think that further research could be conducted to better understand how the upcoming generation of workers differs from their elders and how the workplace can be changed to better fit their expectations and desires. Although many people are quick to dismiss the idea a European system of vacation in the United States, I think that further research and more hard data could lead to further debate.

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Appendices

Appendix A – Survey

Basic Information

1. What is your gender?

M

F

2. What is your college year?

Freshman

Sophomore

Junior

Senior

5th year +

Graduate Student

3. What is your major?

Architecture and Design

Arts and Sciences

Business Administration

Communications

Education

Engineering

Medicine

Other

4. Where are you from? (Where you spent most of your life)

United States of America

Europe

Asia

Other

5. Will you be working full-time upon graduating?

Yes

No

Unsure

Career Information

	Strongly Disagree	Disagree	Neutral	Agree	Highly Agree
6. My paycheck is the primary motivation in my career	1	2	3	4	5
7. I would take a pay cut to receive more vacation time	1	2	3	4	5
8. I believe I would be more productive if I had more time off	1	2	3	4	5
9. I believe I would be more productive if given the choice to work at home part time	1	2	3	4	5
	Strongly Disagree	Disagree	Neutral	Agree	Highly Agree
10. I feel like my career will allow me enough time to spend with my friends and family	1	2	3	4	5
11. I worry about my work/ life balance	1	2	3	4	5
12. Having a good work/ life balance is something I considered when choosing a career	1	2	3	4	5

13. How many vacation days to expect to receive at your first/ current job? _____

14. What is an ideal number of vacation days per year to you? _____

15. Do you expect to use all of your allotted vacation days? Yes No