

TABLE 1. VARIABLE DESCRIPTION

Variable	Description	Database name
Employment laws		
Part-time workers are not exempt from mandatory benefits of full-time workers	Equals one if a part-time worker working half the time of a full-time worker enjoys at least half of the benefits enjoyed by the full-time worker. The variable is also equal to one if part-time employment is prohibited by the labor laws. The variable equals zero if part-time workers are not entitled to: (1) at least half of the maximum hours of work, leaves, and overtime premiums; (2) social security coverage (pensions, health, unemployment); or (3) if there are entitlement thresholds of more than half the legally mandated regular work week for premiums, leaves, or social security coverage. In countries where there are minimum-earnings thresholds to obtain benefits (rather than time-based thresholds), the analysis is done considering a salary equal to half of the country's GNP per worker.	part_time_ben2
It is not easier or less costly to terminate part-time workers than full-time workers	Equals one if part-time workers working half time enjoy at least half of the legal rights to advance notice and separation fees for the termination of the employment contract of full time workers. Equals zero otherwise.	part_time_term2
Fixed-term contracts are only allowed for fixed-term tasks	The term 'fixed-term contract' refers to workers employed for fixed periods of weeks, months, or years. In many countries a person working for two or three days per week is considered a fixed-term, rather than a part-time, worker. This variable equals one if fixed-term contracts are allowed only: (1) for jobs that are temporary by nature; (2) for temporary vacancies to replace a permanent worker in maternity or sickness leave; (3) for training contracts; (4) for seasonal work; and/or (5) if the law expressly states that the will of the parties involved in the contract is not a good enough reason for entering into a fixed-term contract. Equals zero otherwise.	fixed_term2
Maximum duration of fixed-term contracts.	Measures the maximum cumulative duration of fixed-term contracts. The variable is normalized from 0 to 1, where higher values mean a lower allowed duration of fixed-term contracts (higher protection). If there is no legally mandated ceiling or if fixed-term contracts can be renewed without limit, the variable equals zero. The highest observation in our sample is 96 months and the lowest observation is 0.	fixed_term_durn2
Days of annual leave with pay in manufacturing	Measures the length of the annual paid leave in manufacturing after twenty years of employment. If annual leave entails less than full pay, the number of days are discounted proportionally. The highest observation in our sample is 30 days and the lowest is 0.	days_leave_pay

Paid mandatory holidays	Measures the number of mandatory paid holidays in a year. If only half a day is granted for particular holidays, we count each as 0.5 days and round off to the nearest whole. The highest observation in our sample is 18 and the lowest is 0.	paid_holidays
Premium for overtime	This variable measures the ratio of the overtime wage over the normal wage. The overtime premium is often two tiered which means it pays a certain premium for the first set of overtime hours a week (coded as “x1_hrs_ot”) and a higher premium for each hour thereafter (coded as “x2_hrs_ot”). The threshold between both rates is given by “x_hrs_ot” which is the maximum number of overtime hours per week that can be worked under the lower premium. If the overtime structure has a single tier, we code “x_hrs_ot” and “x2_hrs_ot” as “na”.	x1_hrs_ot; x2_hrs_ot; x_hrs_ot
Premium for work on the primary rest day	Measures the ratio of wages paid for work on the primary rest day over the normal wage rate. The primary rest day is usually Sunday, but for some countries it may be Saturday or Friday. If there is nothing in the law regarding premiums for work on the primary rest day we code this variable as “na”.	premium_1restday
Maximum number of hours per week.	Measures the maximum duration of the regular work week (excluding overtime). The highest observation in our sample is 52 hours and the lowest observation is 37 hours.	max_hours_w_a
Maximum days of work per week.	Measures the maximum number of work days per week. Legal limits may be defined either as a number of mandatory rest days per week or as a mandatory minimum of consecutive hours of rest. If nothing is specified, we assume the maximum is seven days. For limits expressed as a number of consecutive hours of rest, we code 36 or more as 2 days off, less than 36 hours but more than 12 as 1 day off and less than 12 hours as 0 days off.	max_days_w_a
Maximum hours of work in a day.	Measures the maximum number of hours of work per day. Legal limits may be defined either as a mandatory maximum regular and overtime working hours per day or as mandatory minimum rest hours per day. If nothing is specified in the law, we use 24 hours. If restrictions are expressed as a number of consecutive hours of rest, we subtract this number from 24 hours. The highest observation in our sample is 24 hours and the lowest is 10 hours.	max_hours_d_a
Weeks worked in a year	This variable measures the number of weeks worked in a year. It is calculated as 52 minus the number of weeks off; where the latter is calculated as the sum of “Days of annual leave with pay in manufacturing” and the number of “Paid mandatory holidays” divided by the “Maximum days of work per week”.	weeks_year
Maximum number of hours of work in a year before overtime	This variable measures the maximum number of regular (no overtime) hours of work allowed over the course of a year. It is calculated as the “Maximum hours of work per week” multiplied by the number of “weeks worked in a year”.	hours_year_over

Is it possible to do everything with overtime	Equals one if it is not possible to increase production for the “Cost of increasing hours worked” scenario without violating some restrictions. Equals zero otherwise. This variable includes restrictions on "maximum overtime (weekly)"; "maximum overtime (yearly)"; “maximum days of work per week”; and “Maximum hours of work in a day”.	poss_overtime_a
Cost of increasing hours worked	Measures the cost of increasing the number of hours worked. We start by calculating the "maximum number of hours of work in a year before overtime" per year in each country (excluding overtime, vacations, holidays, etc.). Normal hours range from 1,758 in Denmark to 2,418 in Kenya. Then we assume that firms need to increase the hours worked by their employees from 1,758 to 2,418 hours during one year. A firm first increases the number of hours worked until it reaches the country’s maximum normal hours of work, and then uses overtime. If existing employees are not allowed to increase the hours worked to 2,418 hours in a year, perhaps because overtime is capped, we assume the firm doubles its workforce and each worker is paid 1,758 hours, doubling the wage bill of the firm. The cost of increasing hours worked is computed as the ratio of the final wage bill to the initial one.	cost_overtimen_a
Legally mandated notice period (Redundancy dismissal)	Measures the length of the mandatory notice period for the dismissal of one redundant worker in manufacturing after three years of employment. The variable is expressed in weeks. For countries that code their legally mandated notice period in days or months, we transform to weeks assuming 7 days per week and 4.3 weeks per month.	red_noti_b
Legally mandated severance payment (Redundancy dismissal)	Measures the amount of mandatory severance payment for the dismissal of one redundant worker in manufacturing after three years of employment. The variable is expressed in weeks of pay. For countries that code their legally mandated severance pay in days or months of pay, we transform it to weeks assuming 7 days per week and 4.3 weeks per month.	red_sev_b
Legally mandated penalty (Redundancy dismissal)	Measures the amount of mandatory penalty payment for the dismissal of one redundant worker in manufacturing after three years of employment. The variable is expressed in weeks of pay. For countries that code their legally mandated penalty in days or months of pay, we transform them to weeks assuming 7 days per week and 4.3 weeks per month.	red_pen_b
Cost of firing workers	Measures the cost of firing 20 percent of the firm’s workers (10% are fired for redundancy and 10% without cause). The cost of firing a worker is calculated as the sum of the notice period, severance pay, and any mandatory penalties established by law or mandatory collective agreements for a worker with three years of tenure with the firm. If dismissal is illegal, we set the cost of firing equal to the annual wage. The new wage bill incorporates the normal wage of the remaining workers and the cost of firing workers. The cost of firing workers is computed as the ratio of the new wage bill to the old one.	firing_cost_3years_n

<p>The employer must notify a third party prior to a collective council, government agency) before dismissing more than one worker without notifying a third party, or if the employer may contract out of the prohibition.</p>	<p>Equals one if, by law or mandatory collective agreement, the employer must notify a third party (labor union, workers' council, government agency) before dismissing more than one worker. Equals zero if the employer may dismiss more than one worker without notifying a third party, or if the employer may contract out of the prohibition.</p> <p>dism_not_col2</p>
<p>The employer needs the approval of a third party prior to a workers' council or government agency) prior to a collective (more than one worker) dismissal.</p>	<p>Equals one if, by law or mandatory collective agreement, the employer needs the approval of a third party (labor union, workers' council or government agency) prior to a collective (more than one worker) dismissal. Equals zero if the employer may dismiss more than one worker without third party approval, or if the employer may contract out of the prohibition.</p> <p>dism_appr_col2b</p>
<p>The employer must notify a third party before dismissing one council or government agency) before dismissing a redundant worker without notifying a third party, or if the employer may contract out of the prohibition.</p>	<p>Equals one if, by law or mandatory collective agreement, the employer must notify a third party (labor union, workers' party before dismissing one council or government agency) before dismissing a redundant worker. Equals zero if the employer may dismiss a worker without notifying a third party, or if the employer may contract out of the prohibition.</p> <p>dism_notify2</p>
<p>The employer needs the approval of a third party to dismiss one workers' council or government agency) to dismiss a redundant worker without the approval of a third party, or if the employer may contract out of the prohibition.</p>	<p>Equals one if, by law or mandatory collective agreement, the employer needs the approval of a third party (labor union, of a third party to dismiss one workers' council or government agency) to dismiss a redundant worker. Equals zero if the employer may dismiss a worker without the approval of a third party, or if the employer may contract out of the prohibition.</p> <p>dism_appr2b</p>
<p>The law mandates retraining or replacement prior to dismissal of redundant employees prior to dismissal.</p>	<p>Equals one if, by law or mandatory collective agreement, the employer must provide relocation or retraining alternatives for redundant employees prior to dismissal. Equals zero otherwise.</p> <p>dism_law2</p>
<p>There are priority rules applying to dismissals or lay-offs</p>	<p>Equals one if, by law or mandatory collective agreement, there are priority rules applying to dismissals or lay-offs, i.e., in order to fire redundant employees, the employer must follow a specific order of seniority, marital status, number of dependants or other objective priority criteria. Equals zero otherwise.</p> <p>dism_priority2</p>
<p>There are priority rules applying to re-employment</p>	<p>Equals one if, by law or mandatory collective agreement, there are priority rules applying to re-employment. Equals zero if former redundant employees need not be considered for new positions (i.e. there are no priority rules for re-employment).</p> <p>dism_reemp2</p>

Collective relations laws

Labor union power

Right to unionization	Measures the protection of the right to form labor unions in the country's constitution. Equals one if a right to form labor unions is expressly granted by the constitution. Equals 0.67 if labor unions are described as a matter of public policy or public interest (or mentioned within the chapter on rights). Equals 0.33 if labor unions are otherwise mentioned in the constitution. Equals zero otherwise.	union_c
Right to collective bargaining	Measures the protection of the right to collective bargaining or the right to enter into collective labor contracts in the country's constitution. Equals one if a right to collective bargaining is expressly granted by the constitution. Equals 0.67 if collective bargaining is described as a matter of public policy or public interest (or mentioned within the chapter on rights). Equals 0.33 if collective bargaining is otherwise mentioned in the constitution. Equals zero otherwise.	bargain_c
Employers have the legal duty to bargain with unions	Equals one if employers have the legal duty to bargain and/or to reach an agreement with unions, workers councils or other organizations of workers. Equals zero if employers may lawfully refuse to bargain with workers. The variable only measures the duty to bargain, as opposed to the duty to bargain in good faith.	lab_un_dutyemp2
Collective contracts are extended to third parties by law	Equals one if the law extends collective contracts to third parties at the national or sectoral level. Extensions may be automatic or subject to governmental approval. Equals zero if collective contracts may not be extended to non-signatory workers or unions, or if collective contracts may be extended only at the plant level. Mandatory administrative extensions of collective contracts are coded as equivalent to mandatory extensions by law.	lab_un_third2
Law allows closed shops	Equals one if the law allows closed shops, and zero otherwise. Closed shops are agreements providing for mandatory union membership, which are binding on non-signatory and new employees. Union security legislation in general includes the following measures: (1) pre-entry closed shops, where workers have to belong to a union prior to taking up a job; (2) post-entry closed shops (or union shops), where workers are forced to join a union after taking up a job; and (3) absolute preferences, where an employer has to give a job to a union member if equally qualified to another non-union candidate. We do not consider post-entry closed shops.	lab_un_closed2
Workers and/or unions have a right to appoint members to the boards of directors	Equals one if the law gives workers and/or unions the right to appoint members to the Boards of Directors of individual companies, and zero otherwise. This arrangement is usually associated with the "German" model of co-determination.	work_man_board2

Workers councils are mandated by law	Equals one if workers councils, committees or equivalent bodies are mandated by law. Equals zero if workers councils are not regulated by law or if their creation is voluntary for the employer. Workers councils are institutions of employers and workers created for the discussion of company's policies affecting workers at the company level. This arrangement is sometimes called the "Swedish" model. The employer still has the sole right to decide on the operations of the company, but must negotiate and decide all matters affecting workers within the framework of workers councils.	work_man_con2
Collective disputes		
Employer lockouts are not allowed	Equals one if employers' lockouts (strikes by employers) are not allowed, and zero otherwise. Lockouts may be offensive (when they are not provoked by workers) or defensive.	emp_def_lock2
Right to industrial action	Measures the protection of the right to industrial action (i.e. strike, go-slow or work-to-rule) in the country's constitution. It equals one if a right to industrial action is expressly granted by the constitution. Equals 0.67 if strikes are described as a matter of public policy or public interest (or mentioned within the chapter on rights). Equals 0.33 if strikes are otherwise mentioned in the constitution. Equals zero otherwise.	col_disp_c
Wildcat strikes are legal	Equals one if wildcat strikes are legal, and zero otherwise. Wildcat strikes are strikes not authorized by the labor union or the assembly of workers.	strike_wild2
Political strikes are legal	Equals one if political strikes are legal, and zero otherwise. Political strikes are defined as strikes for political reasons or to protest government's policy, i.e., non work-related issues.	strike_political2
Sympathy / solidarity / secondary strikes are legal	Equals one if the law allows sympathy, solidarity or secondary strikes used to force decisions affecting workers other than those joining the strike, and zero otherwise. Sympathy or solidarity strikes are strikes by union members or workers who have no grievances against their employer, but who want to show solidarity with another union or workers. Secondary strikes are those against another employer who has business dealings with the employer involved in a dispute with the union or workers.	strike_sec2
There is no mandatory waiting period or notification requirement before strikes can occur	Equals one if by law there is no mandatory waiting period or notification requirement before strikes can occur, and zero otherwise.	rest_str_wait2

A strike is not illegal even if there is a collective agreement in force	Equals one if a strike is not illegal even if there is a collective agreement in force, and zero otherwise.	rest_str_col2
Laws do not mandate conciliation procedures before a strike	Equals one if laws do not mandate conciliation procedures or other alternative-dispute-resolution mechanisms (other than binding arbitration) before the strike, and zero otherwise.	rest_str_concil2
Compulsory third party arbitration during a labor dispute is mandated by law	Equals one if the parties to a labor dispute are legally required to seek third party arbitration or the government is always entitled to impose compulsory arbitration on them. Equals zero otherwise. The term ‘compulsory arbitration’ refers to arbitration of private disputes against the will of the parties. It may protect workers by granting them an alternative to costly strikes in case of deadlocks in the negotiation process, but it may also limit the workers’ right to strike.	rest_str_arbitr
Employers are not allowed to fire or replace striking workers	Equals one if the law prohibits employers to fire striking workers or to hire replacement labor to maintain the plant in operation during a non-violent and non-political strike. Equals zero otherwise.	emp_def_strwk2

Social security laws
Old age, disability and death benefits

The Social Security system covers the risk of old age, disability and death	Equals one if the social security system covers the risk of old age, disability and death, and zero otherwise.	dummy_old
Months of contributions or employment required for normal retirement by law	Measures the number of months of contributions or employment legally required for normal retirement. The variable is normalized from 0 to 1, where higher values mean less contribution (higher protection). The highest observation in our sample is 540 months and the lowest is 0. Normal retirement is the legally defined age for retirement with standard pension, and it excludes voluntary early or late retirement schemes. If the law requires the worker to have a combination of certain number of months of work and a different number of months of contributions, we use the higher of the two figures since this is the one that is binding. Lump-sum and private pension systems do not define the number of months of contributions for normal retirement by law. In such cases, the amount of the pension solely depends on the number of months of contributions, thus we assume twenty years of contributions for normal retirement.	old_cont_n

Sickness and health benefits

The Social Security system covers the risk of sickness	Equals one if the social security system covers the risk of sickness, and zero otherwise.	dummy_sick
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Months of contributions or employment required for sickness benefits by law	Measures the number of months of contributions or employment legally required to qualify for sickness benefits. The variable is normalized from 0 to 1, where higher values mean less contribution (higher protection). The highest observation in our sample is 12 months and the lowest is 0. If the law requires the worker to have a combination of certain number of months of work and a different number of months of contributions, we use the higher of the two figures since this is the one that is binding.	sick_cont_n
Unemployment benefits		
The Social Security system covers the risk of unemployment	Equals one if the social security system covers the risk of sickness, and zero otherwise.	dummy_unem
Months of contributions or employment required for sick unemployment benefits by law	Measures the number of months of contributions or employment legally required to qualify for unemployment benefits. The variable is normalized from 0 to 1, where higher values mean less contribution (higher protection). The highest observation in our sample is 120 months and the lowest is 0. If the law requires the worker to have a combination of certain number of months of work and a different number of months of contributions, we use the higher of the two figures since this is the one that is binding.	unem_cont_n
Civil rights		
Mandatory minimum wage	Equals one if: (1) there is a mandatory minimum wage defined by statute; or (2) there is a minimum wage established by mandatory (administratively extended) collective agreement, which is legally binding for most sectors of the economy. We ignore variations in the minimum wage laws stemming from: (1) reduced or sub minimum rates for youth, apprentices, students and disabled employees; (2) adjustments for regional cost of living; (3) exemptions for public employees and those serving in the armed forces; (4) the experience and marital status of the employee and; (5) specific exemptions for certain groups. The variable equals 0 otherwise. The coding of this variable follows the principles laid down in the classification of minimum wages by the OECD's Employment Outlook for 1998.	wage_min2
Political variable		
Union density	Measures the percentage of the total work force affiliated to labor unions in 1997. Source: ILO, Laborsta: < http://laborsta.ilo.org >, and The World Bank [2001].	union_dens

Source: Botero et al. (2003)

TABLE 2. SCORES FOR ASIAN COUNTRIES

Variable	PRC	Hong Kong, PRC	India	Indonesia	Kazakstan	Korea	Kyrgyz Rep.	Malaysia
Employment laws								
Part-time workers are not exempt from mandatory benefits of full-time workers	1	1	1	1	1	1	1	1
It is not easier or less costly to terminate part-time workers than full-time workers	1	1	1	0	1	1	1	1
Fixed-term contracts are only allowed for fixed-term tasks	0	0	0	0	0	0	0	0
Maximum duration of fixed-term contracts.	0	0	1	0	0	1	1	1
Days of annual leave with pay in manufacturing	6.00	10.00	15.00	10.00	15.00	28.00	20.00	16.00
Paid mandatory holidays	7.00	11.00	5.00	12.00	8.00	12.00	10.00	10.00
Premium for overtime	1.50	1.00	2.00	1.50	1.50	1.50	1.50	1.50
Premium for work on the primary rest day	2.00	n.a.	n.a.	2.00	2.00	1.50	2.00	n.a.
Maximum number of hours per week.	40.00	48.00	48.00	40.00	41.00	44.00	40.00	48.00
Maximum days of work per week.	5.00	6.00	6.00	6.00	5.00	6.00	5.00	6.00
Maximum hours of work in a day.	11.00	24.00	24.00	24.00	24.00	24.00	12.00	12.00
Weeks worked in a year	49.40	48.50	48.67	48.33	47.40	45.33	46.00	47.67
Maximum number of hours of work in a year before overtime	1976.00	2328.00	2336.00	1933.33	1943.40	1994.67	1840.00	2288.00
Is it possible to do everything with overtime	0	0	0	0	1	0	1	0
Cost of increasing hours worked	0.20	0.00	0.07	0.42	1.00	0.19	1.00	0.06
Legally mandated notice period (Redundancy dismissal)	4.30	1.00	12.90	0.00	8.60	4.30	8.60	6.00
Legally mandated severance payment (Redundancy dismissal)	12.90	8.60	6.43	25.80	8.60	12.80	4.30	2.14
Legally mandated penalty (Redundancy dismissal)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cost of firing workers	0.60	0.18	0.62	0.68	0.61	0.62	0.57	0.19

Variable	PRC	Hong Kong, PRC	India	Indonesia	Kazakstan	Korea	Kyrgyz Rep.	Malaysia
The employer must notify a third party prior to a collective dismissal	1	0	1	1	1	0	1	0
The employer needs the approval of a third party prior to a collective dismissal	0	0	1	1	1	0	0	0
The employer must notify a third party before dismissing one redundant employee	0	0	1	1	1	0	1	0
The employer needs the approval of a third party to dismiss one redundant worker	0	0	1	1	1	0	0	0
The law mandates retraining or replacement prior to dismissal	1	0	0	0	1	0	1	0
There are priority rules applying to dismissals or lay-offs	0	0	1	0	1	1	1	0
There are priority rules applying to re-employment	1	0	1	1	0	1	0	0
Collective relations laws								
Labor union power								
Right to unionization	0	1	0	0	1	1	1	0
Right to collective bargaining	0	0	0	0	1	1	0	0
Employers have the legal duty to bargain with unions	0	0	0	1	1	1	1	0
Collective contracts are extended to third parties by law	0	0	0	1	0	0	0	0
Law allows closed shops	0	1	0	0	0	1	0	0
Workers and/or unions have a right to appoint members to the boards of directors	1	0	0	0	0	0	0	0
Workers councils are mandated by law	1	0	1	0	1	1	1	0
There is no mandatory waiting period or notification requirement before strikes can occur	0	1	1	0	1	0	0	0

Variable	PRC	Hong Kong, PRC	India	Indonesia	Kazakstan	Korea	Kyrgyz Rep.	Malaysia
Collective disputes								
Employer lockouts are not allowed	1	0	0	0	1	0	1	0
Right to industrial action	0	1	0	0	1	1	1	0
Wildcat strikes are legal	0	1	1	1	0	0	0	0
Political strikes are legal	0	1	1	1	0	0	0	0
Sympathy / solidarity / secondary strikes are legal	0	1	1	1	1	0	1	0
There is no mandatory waiting period or notification requirement before strikes can occur	0	1	1	0	1	0	0	0
A strike is not illegal even if there is a collective agreement in force	0	1	1	1	1	0	1	1
Laws do not mandate conciliation procedures before a strike	0	1	1	0	0	0	0	0
Compulsory third party arbitration during a labor dispute is mandated by law	1	0	0	1	1	1	0	1
Employers are not allowed to fire or replace striking workers	1	0	1	1	1	1	1	1
Social security laws								
Old age, disability and death benefits								
The Social Security system covers the risk of old age, disability and death	1	1	1	1	1	1	1	1
Months of contributions or employment required for normal retirement by law	0.56	1.00	0.78	0.56	0.44	0.56	0.44	0.56
Sickness and health benefits								
The Social Security system covers the risk of sickness	1	1	1	0	0	1	1	0
Months of contributions or employment required for sickness benefits by law	1.00	0.92	0.78	0.00	0.00	1.00	1.00	0.00
Unemployment benefits								

Variable	PRC	Hong Kong, PRC	India	Indonesia	Kazakstan	Korea	Kyrgyz Rep.	Malaysia
The Social Security system covers the risk of unemployment	1	1	0	0	0	1	1	0
Months of contributions or employment required for sick unemployment benefits by law	0.90	1.00	n.a.	n.a.	n.a.	0.90	1.00	n.a.
Civil rights								
Mandatory minimum wage	1	0	1	1	1	1	1	0
Political variable								
Union density	0.14	0.22	0.03	0.01	n.a.	0.14	n.a.	0.10

Variable	Mongolia	Pakistan	Philippines	Singapore	Sri Lanka	Taipei, PRC	Thailand	Vietnam
Employment laws								
Part-time workers are not exempt from mandatory benefits of full-time workers	1	1	1	1	0	1	1	1
It is not easier or less costly to terminate part-time workers than full-time workers	1	1	1	1	0	1	1	1
Fixed-term contracts are only allowed for fixed-term tasks	1	1	0	1	0	0	0	1
Maximum duration of fixed-term contracts.	1	0	0	1	0	0	0	0
Days of annual leave with pay in manufacturing	22.00	14.00	5.00	14.00	10.00	24.00	6.00	12.00
Paid mandatory holidays	8.00	13.00	12.00	11.00	13.00	10.00	13.00	5.00
Premium for overtime	2.00	2.00	1.25	1.50	1.13	1.33	1.50	1.50
Premium for work on the primary rest day	2.00	n.a.	1.30	2.00	2.00	2.00	2.00	2.00
Maximum number of hours per week.	46.00	48.00	48.00	44.00	45.00	48.00	48.00	48.00
Maximum days of work per week.	5.00	6.00	7.00	6.00	5.00	6.00	6.00	6.00
Maximum hours of work in a day.	12.00	24.00	24.00	24.00	12.00	10.00	24.00	12.00
Weeks worked in a year	46.00	47.50	49.57	47.83	47.40	46.33	48.83	49.17
Maximum number of hours of work in a year before overtime	2116.00	2280.00	2379.43	2104.67	2133.00	2224.00	2344.00	2360.00
Is it possible to do everything with overtime	0	0	0	0	0	0	0	0
Cost of increasing hours worked	0.28	0.13	0.01	0.14	0.03	0.09	0.03	0.03
Legally mandated notice period (Redundancy dismissal)	4.30	4.30	1.40	2.00	4.30	4.30	8.60	6.42
Legally mandated severance payment (Redundancy dismissal)	4.30	0.00	12.90	12.90	0.00	12.90	25.70	12.90
Legally mandated penalty (Redundancy dismissal)	0.00	0.00	0.00	2.00	0.00	0.00	0.00	0.00
Cost of firing workers	0.53	0.49	0.57	0.60	0.48	0.61	0.63	0.62

Variable	Mongolia	Pakistan	Philippines	Singapore	Sri Lanka	Taipei, PRC	Thailand	Vietnam
The employer must notify a third party prior to a collective dismissal	0	0	1	0	1	0	1	1
The employer needs the approval of a third party prior to a collective dismissal	0	0	1	0	1	0	0	1
The employer must notify a third party before dismissing one redundant employee	0	0	1	0	1	0	1	1
The employer needs the approval of a third party to dismiss one redundant worker	0	0	1	0	1	0	0	1
The law mandates retraining or replacement prior to dismissal	0	0	0	0	0	1	0	1
There are priority rules applying to dismissals or lay-offs	0	1	0	0	1	0	0	1
There are priority rules applying to re-employment	0	1	0	0	1	0	0	0
Collective relations laws								
Labor union power								
Right to unionization	0	0	1	0	1	0	1	1
Right to collective bargaining	0	0	1	0	0	1	1	0
Employers have the legal duty to bargain with unions	1	1	1	1	0	0	1	1
Collective contracts are extended to third parties by law	0	0	0	0	1	0	0	0
Law allows closed shops	0	0	1	0	0	1	0	0
Workers and/or unions have a right to appoint members to the boards of directors	0	0	0	0	0	0	0	0
Workers councils are mandated by law	0	1	0	0	1	1	0	1
There is no mandatory waiting period or notification requirement before strikes can occur	0	0	0	1	1	0	0	0

Variable	Mongolia	Pakistan	Philippines	Singapore	Sri Lanka	Taipei, PRC	Thailand	Vietnam
Collective disputes								
Employer lockouts are not allowed	0	0	0	0	0	0	0	1
Right to industrial action	0	0	1	0	0	0	0	0
Wildcat strikes are legal	0	0	1	1	1	0	0	1
Political strikes are legal	1	1	1	0	1	0	1	0
Sympathy / solidarity / secondary strikes are legal	0	1	0	0	0	0	1	1
There is no mandatory waiting period or notification requirement before strikes can occur	0	0	0	1	1	0	0	0
A strike is not illegal even if there is a collective agreement in force	0	0	0	1	0	0	1	1
Laws do not mandate conciliation procedures before a strike	0	0	0	0	1	0	0	0
Compulsory third party arbitration during a labor dispute is mandated by law	1	1	1	1	1	1	0	1
Employers are not allowed to fire or replace striking workers	1	1	1	1	1	1	1	1
Social security laws								
Old age, disability and death benefits								
The Social Security system covers the risk of old age, disability and death	1	1	1	1	1	1	1	1
Months of contributions or employment required for normal retirement by law	0.56	0.67	0.78	0.89	0.56	0.98	0.67	0.56
Sickness and health benefits								
The Social Security system covers the risk of sickness	1	1	1	1	0	1	1	1
Months of contributions or employment required for sickness benefits by law	0.75	0.75	0.75	0.50	0.00	1.00	0.75	1.00

Variable	Mongolia	Pakistan	Philippines	Singapore	Sri Lanka	Taipei, PRC	Thailand	Vietnam
Unemployment benefits								
The Social Security system covers the risk of unemployment	1	0	0	0	0	1	0	0
Months of contributions or employment required for sick unemployment benefits by law	0.80	n.a.	n.a.	n.a.	n.a.	0.80	n.a.	n.a.
Civil rights								
Mandatory minimum wage	1	1	1	0	1	1	1	1
Political variable								
Union density	n.a.	0.10	0.12	0.24	0.70	0.35	0.10	0.50
Source: Botero et al. (2003)								

TABLE 3. REGIONAL SCORES

Variable ^{1/}	Asia ^{2/}	Developed ^{3/}	Latin America ^{4/}	Africa ^{5/}
Employment laws				
Part-time workers are not exempt from mandatory benefits of full-time workers	1	1	1	1
It is not easier or less costly to terminate part-time workers than full-time workers	1	1	1	1
Fixed-term contracts are only allowed for fixed-term tasks	0	0	0	0
Maximum duration of fixed-term contracts.	0	0	0	0
Days of annual leave with pay in manufacturing	14.19	19.10	21.46	19.13
Paid mandatory holidays	10.00	7.43	10.23	8.87
Premium for overtime	1.51	1.34	1.51	1.32
Premium for work on the primary rest day	1.90	1.76	2.06	1.80
Maximum number of hours per week.	45.25	40.81	46.15	44.47
Maximum days of work per week.	5.75	6.10	6.15	5.93
Maximum hours of work in a day.	18.56	19.57	16.08	20.93
Weeks worked in a year	47.75	47.77	46.82	47.27
Maximum number of hours of work in a year before overtime	2,161.28	1,941.35	2,160.17	2,102.38
Is it possible to do everything with overtime	0	1	0	0
Cost of increasing hours worked	0.23	0.67	0.24	0.32
Legally mandated notice period (Redundancy dismissal)	5.08	5.25	3.77	5.04
Legally mandated severance payment (Redundancy dismissal)	10.20	3.71	11.29	4.20
Legally mandated penalty (Redundancy dismissal)	0.13	0.00	3.73	0.59
Cost of firing workers	0.54	0.38	0.50	0.42
The employer must notify a third party prior to a collective dismissal	1	1	1	1
The employer needs the approval of a third party prior to a collective dismissal	0	0	0	0
The employer must notify a third party before dismissing one redundant employee	0	0	0	1
The employer needs the approval of a third party to dismiss one redundant worker	0	0	0	0
The law mandates retraining or replacement prior to dismissal	0	0	0	0
There are priority rules applying to dismissals or lay-offs	0	0	0	1
There are priority rules applying to re-employment	0	0	0	0

Variable ^{1/}	Asia ^{2/}	Developed ^{3/}	Latin America ^{4/}	Africa ^{5/}
Collective relations laws				
Labor union power				
Right to unionization	0	0	1	1
Right to collective bargaining	0	0	1	0
Employers have the legal duty to bargain with unions	1	1	1	1
Collective contracts are extended to third parties by law	0	1	0	0
Law allows closed shops	0	0	0	0
Workers and/or unions have a right to appoint members to the boards of directors	0	0	0	0
Workers councils are mandated by law	1	1	0	0
There is no mandatory waiting period or notification requirement before strikes can occur	0	1	0	0
Collective disputes				
Employer lockouts are not allowed	0	0	0	0
Right to industrial action	0	0	1	0
Wildcat strikes are legal	0	0	1	0
Political strikes are legal	0	0	1	1
Sympathy / solidarity / secondary strikes are legal	0	1	1	1
There is no mandatory waiting period or notification requirement before strikes can occur	0	1	0	0
A strike is not illegal even if there is a collective agreement in force	1	0	0	0
Laws do not mandate conciliation procedures before a strike	0	1	0	0
Compulsory third party arbitration during a labor dispute is mandated by law	1	0	1	1
Employers are not allowed to fire or replace striking workers	1	1	1	1
Social security laws				
Old age, disability and death benefits				
The Social Security system covers the risk of old age, disability and death	1	1	1	1
Months of contributions or employment required for normal retirement by law	0.66	0.75	0.51	0.68
Sickness and health benefits				
The Social Security system covers the risk of sickness	1	1	1	0
Months of contributions or employment required for sickness benefits by law	0.64	0.80	0.67	0.20
Unemployment benefits				
The Social Security system covers the risk of unemployment	0	1	1	0

Variable ^{1/}	Asia ^{2/}	Developed ^{3/}	Latin America ^{4/}	Africa ^{5/}
Months of contributions or employment required for sick unemployment benefits by law	0.90	0.93	0.80	0.84
Civil rights				
Mandatory minimum wage	1	0	1	1
Political variable				
Union density	0.21	0.42	0.21	0.20

^{1/} Values of 1 or 0 represents the mode; otherwise, the value represents the average.

^{2/} Includes the PRC, Hongkong, India, Indonesia, Kazastan, Korea, Kyrgyz Rep., Malaysia, Pakistan Philippines, Singapore, Sri Lanka, Taipei, Thailand, and Vietnam

^{3/} Includes Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom, and the United States

^{4/} Includes Argentina, Bolivia, Brazil, Chile, Columbia, Dominican Rep., Ecuador, Jamaica, Mexico, Panama, Peru, Uruguay, and Venezuela

^{5/} Includes Burkina Faso, Ghana, Kenya, Madagascar, Malawi, Mali, Mozambique, Nigeria, Senegal, South Africa, Tanzania, Tunisia, Uganda, Zambia, and Zimbabwe

Source: Author's computations based on Botero et al. (2003)

TABLE 4. SCORES FOR DEVELOPED COUNTRIES

Variable	Australia	Austria	Belgium	Canada	Denmark	Finland	France
Employment laws							
Part-time workers are not exempt from mandatory benefits of full-time workers	0	1	1	1	1	1	0
It is not easier or less costly to terminate part-time workers than full-time workers	1	1	1	1	1	1	0
Fixed-term contracts are only allowed for fixed-term tasks	1	0	0	0	1	0	0
Maximum duration of fixed-term contracts.	1	0	0	0	0	1	1
Days of annual leave with pay in manufacturing	20.00	30.00	20.00	10.00	27.00	30.00	25.00
Paid mandatory holidays	10.00	15.00	10.00	5.00	0.00	11.00	1.00
Premium for overtime	1.50	1.50	1.50	1.50	1.50	1.50	1.25
Premium for work on the primary rest day	2.00	2.00	2.00	n.a.	n.a.	2.00	n.a.
Maximum number of hours per week.	40.00	40.00	40.00	40.00	37.00	40.00	39.00
Maximum days of work per week.	7.00	6.00	6.00	5.00	6.00	6.00	6.00
Maximum hours of work in a day.	24.00	13.00	24.00	24.00	13.00	15.00	24.00
Weeks worked in a year	44.50	47.00	49.00	47.50	45.17	47.67	47.83
Maximum number of hours of work in a year before overtime	1908.57	1780.00	1880.00	1960.00	1757.50	1806.67	1859.00
Is it possible to do everything with overtime	0	1	1	0	1	1	1
Cost of increasing hours worked	0.23	1.00	1.00	0.21	1.00	1.00	1.00
Legally mandated notice period (Redundancy dismissal)	2.00	2.00	4.00	2.00	6.40	8.60	8.60
Legally mandated severance payment (Redundancy dismissal)	7.00	8.60	8.60	0.85	0.00	0.00	1.29

Variable	Australia	Austria	Belgium	Canada	Denmark	Finland	France
Legally mandated penalty (Redundancy dismissal)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cost of firing workers	0.53	0.22	0.16	0.05	0.51	0.53	0.43
The employer must notify a third party prior to a collective dismissal	1	1	1	1	1	1	1
The employer needs the approval of a third party prior to a collective dismissal	0	0	0	0	0	0	1
The employer must notify a third party before dismissing one redundant employee	0	1	0	0	0	1	1
The employer needs the approval of a third party to dismiss one redundant worker	0	0	0	0	0	0	0
The law mandates retraining or replacement prior to dismissal	0	0	0	1	1	1	1
There are priority rules applying to dismissals or lay-offs	0	0	0	0	0	0	1
There are priority rules applying to re-employment	0	0	0	0	0	1	1
Collective relations laws							
Labor union power							
Right to unionization	0	0	0	0	0	1	1
Right to collective bargaining	0	0	1	0	0	0	1
Employers have the legal duty to bargain with unions	1	0	0	1	1	0	1
Collective contracts are extended to third parties by law	1	1	1	0	1	1	1
Law allows closed shops	0	0	0	0	1	0	0

Variable	Australia	Austria	Belgium	Canada	Denmark	Finland	France
Workers and/or unions have a right to appoint members to the boards of directors	0	1	0	0	1	0	0
Workers councils are mandated by law	0	1	1	0	1	1	1
There is no mandatory waiting period or notification requirement before strikes can occur	1	1	1	0	0	0	1
Collective disputes							
Employer lockouts are not allowed	0	0	0	0	0	0	0
Right to industrial action	0	0	0	0	0	0	1
Wildcat strikes are legal	1	1	0	0	1	0	1
Political strikes are legal	0	0	0	0	1	1	0
Sympathy / solidarity / secondary strikes are legal	1	0	1	0	1	1	0
There is no mandatory waiting period or notification requirement before strikes can occur	1	1	1	0	0	0	1
A strike is not illegal even if there is a collective agreement in force	0	0	0	0	0	0	1
Laws do not mandate conciliation procedures before a strike	0	1	1	1	0	0	1
Compulsory third party arbitration during a labor dispute is mandated by law	1	0	0	0	0	0	0
Employers are not allowed to fire or replace striking workers	1	0	1	1	0	1	1

Variable	Australia	Austria	Belgium	Canada	Denmark	Finland	France
Social security laws							
Old age, disability and death benefits							
The Social Security system covers the risk of old age, disability and death	1	1	1	1	1	1	1
Months of contributions or employment required for normal retirement by law	0.56	0.67	0.00	0.98	1.00	1.00	0.99
Sickness and health benefits							
The Social Security system covers the risk of sickness	1	1	1	1	1	1	1
Months of contributions or employment required for sickness benefits by law	1.00	0.92	0.50	1.00	0.95	0.92	0.75
Unemployment benefits							
The Social Security system covers the risk of unemployment	1	1	1	1	1	1	1
Months of contributions or employment required for sick unemployment benefits by law	1.00	0.95	0.91	0.91	0.90	0.91	1.00
Civil rights							
Mandatory minimum wage	0	0	1	1	0	0	1
Political variable							
Union density	0.26	0.52	0.60	0.30	0.80	0.84	0.09

Variable	Germany	Greece	Ireland	Italy	Japan	Netherlands	New Zealand
Employment laws							
Part-time workers are not exempt from mandatory benefits of full-time workers	1	1	0	1	1	1	1
It is not easier or less costly to terminate part-time workers than full-time workers	1	1	0	1	0	1	1
Fixed-term contracts are only allowed for fixed-term tasks	1	0	1	1	0	0	1
Maximum duration of fixed-term contracts.	0	1	1	0	1	1	0
Days of annual leave with pay in manufacturing	15.00	22.00	15.00	20.00	20.00	20.00	15.00
Paid mandatory holidays	10.00	4.00	9.00	11.00	0.00	7.00	11.00
Premium for overtime	1.25	1.25	1.50	1.10	1.25	1.25	1.00
Premium for work on the primary rest day	2.00	1.75	2.00	n.a.	1.35	2.00	n.a.
Maximum number of hours per week.	48.00	40.00	48.00	40.00	40.00	40.00	40.00
Maximum days of work per week.	6.00	6.00	7.00	6.00	6.00	6.00	5.00
Maximum hours of work in a day.	13.00	12.00	24.00	24.00	24.00	12.00	24.00
Weeks worked in a year	47.67	48.57	46.83	48.67	47.50	46.80	47.00
Maximum number of hours of work in a year before overtime	2296.00	1906.67	2331.43	1873.33	1946.67	1900.00	1872.00
Is it possible to do everything with overtime	1	0	0	1	0	1	0
Cost of increasing hours worked	1.00	0.32	0.04	1.00	0.11	1.00	0.00
Legally mandated notice period (Redundancy dismissal)	4.30	8.60	8.30	0.86	4.30	4.30	0.00
Legally mandated severance payment (Redundancy dismissal)	0.00	4.30	2.50	0.00	0.00	21.30	0.00
Legally mandated penalty (Redundancy dismissal)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cost of firing workers	0.48	0.57	0.55	0.45	0.08	0.69	0.00

Variable	Germany	Greece	Ireland	Italy	Japan	Netherlands	New Zealand
The employer must notify a third party prior to a collective dismissal	1	1	1	1	0	1	1
The employer needs the approval of a third party prior to a collective dismissal	0	1	0	0	0	1	0
The employer must notify a third party before dismissing one redundant employee	1	0	0	0	0	1	0
The employer needs the approval of a third party to dismiss one redundant worker	0	0	0	0	0	1	0
The law mandates retraining or replacement prior to dismissal	1	0	0	0	0	0	0
There are priority rules applying to dismissals or lay-offs	1	0	1	1	0	1	0
There are priority rules applying to re-employment	0	0	0	1	0	0	0
Collective relations laws							
Labor union power							
Right to unionization	1	1	1	1	1	0	0
Right to collective bargaining	1	0	0	1	1	0	0
Employers have the legal duty to bargain with unions	0	0	0	0	1	0	0
Collective contracts are extended to third parties by law	1	1	1	1	1	1	0
Law allows closed shops	0	0	1	0	1	1	0
Workers and/or unions have a right to appoint members to the boards of directors	1	0	0	0	0	0	0
Workers councils are mandated by law	1	1	0	0	0	1	0
There is no mandatory waiting period or notification requirement before strikes can occur	1	0	0	1	1	0	1

Variable	Germany	Greece	Ireland	Italy	Japan	Netherlands	New Zealand
Collective disputes							
Employer lockouts are not allowed	0	1	0	1	0	1	0
Right to industrial action	1	1	0	1	1	0	0
Wildcat strikes are legal	0	0	1	1	0	1	1
Political strikes are legal	0	0	1	0	0	1	1
Sympathy / solidarity / secondary strikes are legal	0	1	1	1	1	1	1
There is no mandatory waiting period or notification requirement before strikes can occur	1	0	0	1	1	0	1
A strike is not illegal even if there is a collective agreement in force	0	0	1	1	0	1	0
Laws do not mandate conciliation procedures before a strike	1	1	1	1	1	0	1
Compulsory third party arbitration during a labor dispute is mandated by law	0	0	0	0	0	0	0
Employers are not allowed to fire or replace striking workers	1	1	1	1	1	1	1
Social security laws							
Old age, disability and death benefits							
The Social Security system covers the risk of old age, disability and death	1	1	1	1	1	1	1
Months of contributions or employment required for normal retirement by law	0.89	0.72	0.93	0.58	0.44	0.56	1.00
Sickness and health benefits							
The Social Security system covers the risk of sickness	1	1	1	1	1	1	1
Months of contributions or employment required for sickness benefits by law	1.00	0.72	0.19	1.00	0.00	1.00	1.00
Unemployment benefits							

Variable	Germany	Greece	Ireland	Italy	Japan	Netherlands	New Zealand
The Social Security system covers the risk of unemployment	1	1	1	1	1	1	1
Months of contributions or employment required for sick unemployment benefits by law	0.90	0.97	0.92	0.90	0.95	0.95	1.00
Civil rights							
Mandatory minimum wage	0	1	0	0	1	1	1
Political variable							
Union density	0.38	0.35	0.65	0.40	0.24	0.28	0.24

Variable	Norway	Portugal	Spain	Sweden	Switzerland	United Kingdom	United States
Employment laws							
Part-time workers are not exempt from mandatory benefits of full-time workers	1	0	1	1	1	1	1
It is not easier or less costly to terminate part-time workers than full-time workers	1	1	1	1	1	1	1
Fixed-term contracts are only allowed for fixed-term tasks	0	1	0	0	1	0	1
Maximum duration of fixed-term contracts.	0	0	0	0	0	0	0
Days of annual leave with pay in manufacturing	21.00	24.00	22.00	25.00	20.00	0.00	0.00
Paid mandatory holidays	9.00	12.00	12.00	10.00	9.00	0.00	0.00
Premium for overtime	1.50	1.50	1.00	1.50	1.25	1.00	1.50
Premium for work on the primary rest day	2.00	2.00	0.00	2.00	1.50	n.a.	n.a.
Maximum number of hours per week.	40.00	40.00	40.00	40.00	45.00	40.00	40.00
Maximum days of work per week.	6.00	6.00	5.00	7.00	6.00	7.00	7.00
Maximum hours of work in a day.	14.00	24.00	12.00	19.00	24.00	24.00	24.00
Weeks worked in a year	46.00	45.20	47.00	47.17	52.00	52.00	52.00
Maximum number of hours of work in a year before overtime	1880.00	1840.00	1808.00	1880.00	2122.50	2080.00	2080.00
Is it possible to do everything with overtime	1	1	1	1	1	0	0
Cost of increasing hours worked	1.00	1.00	1.00	1.00	1.00	0.00	0.15
Legally mandated notice period (Redundancy dismissal)	8.60	4.30	4.30	8.60	8.60	3.00	8.60
Legally mandated severance payment (Redundancy dismissal)	0.00	12.90	8.57	0.00	0.00	2.00	0.00
Legally mandated penalty (Redundancy dismissal)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cost of firing workers	0.53	0.61	0.36	0.53	0.17	0.49	0.07

Variable	Norway	Portugal	Spain	Sweden	Switzerland	United Kingdom	United States
The employer must notify a third party prior to a collective dismissal	1	1	1	1	1	1	1
The employer needs the approval of a third party prior to a collective dismissal	0	1	1	0	0	0	0
The employer must notify a third party before dismissing one redundant employee	1	1	1	1	0	0	0
The employer needs the approval of a third party to dismiss one redundant worker	0	0	0	0	0	0	0
The law mandates retraining or replacement prior to dismissal	1	0	1	1	0	0	0
There are priority rules applying to dismissals or lay-offs	1	1	1	1	0	0	0
There are priority rules applying to re-employment	1	1	0	1	0	0	0
Collective relations laws							
Labor union power							
Right to unionization	1	1	1	1	0	0	0
Right to collective bargaining	0	1	1	1	0	0	0
Employers have the legal duty to bargain with unions	1	1	1	1	1	0	1
Collective contracts are extended to third parties by law	1	1	1	0	1	0	0
Law allows closed shops	0	0	0	1	0	0	0
Workers and/or unions have a right to appoint members to the boards of directors	1	0	0	1	0	0	0
Workers councils are mandated by law	1	1	1	0	0	0	0
There is no mandatory waiting period or notification requirement before strikes can occur	1	0	0	0	1	1	1

Variable	Norway	Portugal	Spain	Sweden	Switzerland	United Kingdom	United States
Collective disputes							
Employer lockouts are not allowed	0	1	0	0	0	0	0
Right to industrial action	0	1	1	1	0	0	0
Wildcat strikes are legal	0	0	1	0	1	0	0
Political strikes are legal	1	1	1	1	1	0	0
Sympathy / solidarity / secondary strikes are legal	1	1	0	1	1	0	0
There is no mandatory waiting period or notification requirement before strikes can occur	1	0	0	0	1	1	1
A strike is not illegal even if there is a collective agreement in force	0	0	0	0	0	1	1
Laws do not mandate conciliation procedures before a strike	1	1	0	1	1	1	1
Compulsory third party arbitration during a labor dispute is mandated by law	1	0	1	0	0	0	0
Employers are not allowed to fire or replace striking workers	1	1	1	1	1	0	0
Social security laws							
Old age, disability and death benefits							
The Social Security system covers the risk of old age, disability and death	1	1	1	1	1	1	1
Months of contributions or employment required for normal retirement by law	0.93	0.67	0.67	0.93	0.98	0.78	0.56
Sickness and health benefits							
The Social Security system covers the risk of sickness	1	1	1	1	1	1	1
Months of contributions or employment required for sickness benefits by law	0.96	0.50	0.50	0.96	1.00	0.92	1.00

Variable	Norway	Portugal	Spain	Sweden	Switzerland	United Kingdom	United States
Unemployment benefits							
The Social Security system covers the risk of unemployment	1	1	1	1	1	1	1
Months of contributions or employment required for sick unemployment benefits by law	0.90	0.85	0.90	0.95	0.95	0.95	0.80
Civil rights							
Mandatory minimum wage	0	1	1	0	0	0	1
Political variable							
Union density	0.80	0.35	0.13	0.90	0.25	0.30	0.14

Source: Botero et al. (2003)

TABLE 5. SCORES FOR LATIN AMERICAN COUNTRIES

Variable	Argentina	Bolivia	Brazil	Chile	Colombia	Dominican Rep.	Ecuador
Employment laws							
Part-time workers are not exempt from mandatory benefits of full-time workers	1	1	0	1	1	1	1
It is not easier or less costly to terminate part-time workers than full-time workers	1	1	0	1	1	1	1
Fixed-term contracts are only allowed for fixed-term tasks	0	0	1	1	1	0	0
Maximum duration of fixed-term contracts.	0	0	0	1	1	0	0
Days of annual leave with pay in manufacturing	25.00	30.00	22.00	18.00	15.00	18.00	22.00
Paid mandatory holidays	8.00	10.00	6.00	13.00	18.00	11.00	12.00
Premium for overtime	1.50	2.00	1.50	1.50	1.25	1.35	1.50
Premium for work on the primary rest day	2.00	3.00	n.a.	n.a.	2.00	n.a.	2.00
Maximum number of hours per week.	48.00	48.00	44.00	48.00	48.00	44.00	40.00
Maximum days of work per week.	7.00	6.00	6.00	6.00	6.00	6.00	6.00
Maximum hours of work in a day.	12.00	10.00	13.00	10.00	10.00	10.00	12.00
Weeks worked in a year	47.29	45.33	47.33	46.83	46.50	47.17	46.33
Maximum number of hours of work in a year before overtime	2269.71	2176.00	2082.67	2248.00	2232.00	2075.33	1853.33
Is it possible to do everything with overtime	0	0	0	0	0	1	0
Cost of increasing hours worked	0.07	0.22	0.15	0.08	0.04	1.00	0.26
Legally mandated notice period (Redundancy dismissal)	4.30	12.90	4.30	4.30	0.00	4.00	4.30
Legally mandated severance payment (Redundancy dismissal)	6.45	12.90	12.90	12.86	0.00	9.00	0.00

Variable	Argentina	Bolivia	Brazil	Chile	Colombia	Dominican Rep.	Ecuador
Legally mandated penalty (Redundancy dismissal)	0.00	0.00	0.00	0.00	10.71	25.80	12.00
Cost of firing workers	0.27	0.52	0.61	0.81	0.55	0.75	0.32
The employer must notify a third party prior to a collective dismissal	1	0	1	1	1	0	1
The employer needs the approval of a third party prior to a collective dismissal	0	0	1	0	1	0	1
The employer must notify a third party before dismissing one redundant employee	0	0	1	1	0	0	1
The employer needs the approval of a third party to dismiss one redundant worker	0	0	1	0	0	0	1
The law mandates retraining or replacement prior to dismissal	0	0	0	0	0	0	0
There are priority rules applying to dismissals or lay-offs	1	0	0	0	0	1	0
There are priority rules applying to re-employment	0	0	0	0	0	0	0
Collective relations laws							
Labor union power							
Right to unionization	1	1	1	1	1	1	1
Right to collective bargaining	1	0	1	1	1	1	1
Employers have the legal duty to bargain with unions	1	1	0	1	1	1	1
Collective contracts are extended to third parties by law	1	0	0	0	0	0	0

Variable	Argentina	Bolivia	Brazil	Chile	Colombia	Dominican Rep.	Ecuador
Law allows closed shops	0	1	0	0	0	0	1
Workers and/or unions have a right to appoint members to the boards of directors	0	0	0	0	0	0	0
Workers councils are mandated by law	0	0	1	0	0	0	0
There is no mandatory waiting period or notification requirement before strikes can occur	1	0	0	0	0	0	0
Collective disputes							
Employer lockouts are not allowed	0	0	0	0	1	0	0
Right to industrial action	1	1	1	1	1	1	1
Wildcat strikes are legal	1	1	0	1	0	0	1
Political strikes are legal	0	0	0	1	0	0	1
Sympathy / solidarity / secondary strikes are legal	1	0	0	1	1	0	1
There is no mandatory waiting period or notification requirement before strikes can occur	1	0	0	0	0	0	0
A strike is not illegal even if there is a collective agreement in force	0	1	0	0	0	0	1
Laws do not mandate conciliation procedures before a strike	0	0	0	1	0	0	1
Compulsory third party arbitration during a labor dispute is mandated by law	1	1	1	0	1	1	1
Employers are not allowed to fire or replace striking workers	1	1	1	0	1	0	1

Variable	Argentina	Bolivia	Brazil	Chile	Colombia	Dominican Rep.	Ecuador
Social security laws							
Old age, disability and death benefits							
The Social Security system covers the risk of old age, disability and death	1	1	1	1	1	1	1
Months of contributions or employment required for normal retirement by law	0.33	0.56	0.22	0.56	0.57	0.65	0.33
Sickness and health benefits							
The Social Security system covers the risk of sickness	1	1	1	1	1	1	1
Months of contributions or employment required for sickness benefits by law	1.00	0.83	0.00	0.75	0.92	0.88	0.50
Unemployment benefits							
The Social Security system covers the risk of unemployment	1	0	1	1	1	0	1
Months of contributions or employment required for sick unemployment benefits by law	0.90	n.a.	0.95	0.90	0.99	n.a.	0.80
Civil rights							
Mandatory minimum wage	1	1	1	1	1	1	1
Political variable							
Union density	0.30	0.50	0.25	0.12	0.08	-	0.12

Variable	Jamaica	Mexico	Panama	Peru	Uruguay	Venezuela
Employment laws						
Part-time workers are not exempt from mandatory benefits of full-time workers	1	0	1	1	1	1
It is not easier or less costly to terminate part-time workers than full-time workers	1	1	1	1	1	1
Fixed-term contracts are only allowed for fixed-term tasks	0	0	0	0	1	1
Maximum duration of fixed-term contracts.	0	0	0	1	0	1
Days of annual leave with pay in manufacturing	15.00	20.00	22.00	22.00	20.00	30.00
Paid mandatory holidays	10.00	7.00	10.00	13.00	5.00	10.00
Premium for overtime	1.00	2.00	1.25	1.25	2.00	1.50
Premium for work on the primary rest day	n.a.	1.50	n.a.	2.00	2.50	1.50
Maximum number of hours per week.	40.00	48.00	48.00	48.00	48.00	48.00
Maximum days of work per week.	7.00	6.00	6.00	6.00	6.00	6.00
Maximum hours of work in a day.	24.00	24.00	12.00	24.00	24.00	24.00
Weeks worked in a year	48.43	47.50	46.67	46.17	47.83	45.33
Maximum number of hours of work in a year before overtime	1937.14	2280.00	2240.00	2216.00	2296.00	2176.00
Is it possible to do everything with overtime	0	0	0	0	0	1
Cost of increasing hours worked	0.00	0.13	0.04	0.05	0.11	1.00
Legally mandated notice period (Redundancy dismissal)	2.00	0.00	4.30	4.30	0.00	4.30
Legally mandated severance payment (Redundancy dismissal)	6.00	18.04	15.00	12.00	12.90	28.71
Legally mandated penalty (Redundancy dismissal)	0.00	0.00	0.00	0.00	0.00	0.00
Cost of firing workers	0.15	0.43	0.63	0.60	0.24	0.67

Variable	Jamaica	Mexico	Panama	Peru	Uruguay	Venezuela
The employer must notify a third party prior to a collective dismissal	0	1	1	1	0	0
The employer needs the approval of a third party prior to a collective dismissal	0	1	1	1	0	0
The employer must notify a third party before dismissing one redundant employee	0	1	1	1	0	0
The employer needs the approval of a third party to dismiss one redundant worker	0	1	1	0	0	0
The law mandates retraining or replacement prior to dismissal	0	0	0	1	0	0
There are priority rules applying to dismissals or lay-offs	0	1	1	1	0	0
There are priority rules applying to re-employment	0	1	1	1	0	0
Collective relations laws						
Labor union power						
Right to unionization	1	1	1	1	1	1
Right to collective bargaining	0	1	0	1	1	1
Employers have the legal duty to bargain with unions	1	1	1	1	0	1
Collective contracts are extended to third parties by law	0	0	0	0	1	1
Law allows closed shops	0	1	0	1	0	0
Workers and/or unions have a right to appoint members to the boards of directors	0	0	0	0	0	0
Workers councils are mandated by law	0	0	0	1	0	0
There is no mandatory waiting period or notification requirement before strikes can occur	0	0	0	0	0	0

Variable	Jamaica	Mexico	Panama	Peru	Uruguay	Venezuela
Collective disputes						
Employer lockouts are not allowed	0	0	1	1	0	0
Right to industrial action	0	1	1	1	1	1
Wildcat strikes are legal	0	1	1	0	1	1
Political strikes are legal	1	0	1	1	1	1
Sympathy / solidarity / secondary strikes are legal	0	1	1	1	1	1
There is no mandatory waiting period or notification requirement before strikes can occur	0	0	0	0	0	0
A strike is not illegal even if there is a collective agreement in force	0	1	0	1	1	1
Laws do not mandate conciliation procedures before a strike	0	0	0	0	0	0
Compulsory third party arbitration during a labor dispute is mandated by law	0	1	1	1	0	0
Employers are not allowed to fire or replace striking workers	1	1	1	1	0	1
Social security laws						
Old age, disability and death benefits						
The Social Security system covers the risk of old age, disability and death	1	1	1	1	1	1
Months of contributions or employment required for normal retirement by law	0.46	0.78	0.67	0.56	0.22	0.68
Sickness and health benefits						
The Social Security system covers the risk of sickness	0	1	1	1	1	1
Months of contributions or employment required for sickness benefits by law	0.00	0.92	0.50	0.75	0.75	0.92

Variable	Jamaica	Mexico	Panama	Peru	Uruguay	Venezuela
Unemployment benefits						
The Social Security system covers the risk of unemployment	0	0	1	0	1	1
Months of contributions or employment required for sick unemployment benefits by law	n.a.	n.a.	0.00	n.a.	0.95	0.90
Civil rights						
Mandatory minimum wage	1	1	1	1	1	1
Political variable						
Union density	-	0.40	0.12	0.05	0.12	0.28

Source: Botero et al. (2003)

TABLE 6. SCORES FOR AFRICAN COUNTRIES

Variable	Burkina Faso	Ghana	Kenya	Madagascar	Malawi	Mali	Mozambique	Nigeria
Employment laws								
Part-time workers are not exempt from mandatory benefits of full-time workers	1	1	1	1	1	1	1	0
It is not easier or less costly to terminate part-time workers than full-time workers	1	1	1	1	1	0	1	0
Fixed-term contracts are only allowed for fixed-term tasks	0	0	0	0	0	0	1	1
Maximum duration of fixed-term contracts.	0	0	0	0	0	1	1	1
Days of annual leave with pay in manufacturing	30.00	14.00	21.00	22.00	15.00	24.00	30.00	6.00
Paid mandatory holidays	3.00	10.00	12.00	2.00	0.00	9.00	9.00	9.00
Premium for overtime	1.00	1.00	1.50	1.30	1.50	1.10	1.50	1.50
Premium for work on the primary rest day	n.a.	n.a.	n.a.	1.40	n.a.	1.50	2.00	2.00
Maximum number of hours per week.	40.00	45.00	52.00	40.00	48.00	40.00	48.00	40.00
Maximum days of work per week.	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Maximum hours of work in a day.	24.00	12.00	24.00	24.00	24.00	24.00	24.00	24.00
Weeks worked in a year	46.50	48.00	46.50	48.00	49.50	46.50	45.50	49.50
Maximum number of hours of work in a year before overtime	1860.00	2160.00	2418.00	1920.00	2376.00	1860.00	2184.00	1980.00
Is it possible to do everything with overtime	0	0	0	0	0	1	1	0
Cost of increasing hours worked	0.00	0.00	0.00	0.16	0.02	1.00	1.00	0.20
Legally mandated notice period (Redundancy dismissal)	n.a.	4.30	4.00	5.00	4.30	4.30	12.87	2.00

Variable	Burkina Faso	Ghana	Kenya	Madagascar	Malawi	Mali	Mozambique	Nigeria
Legally mandated severance payment (Redundancy dismissal)	n.a.	0.00	6.43	4.20	0.00	2.58	25.80	0.00
Legally mandated penalty (Redundancy dismissal)	n.a.	0.00	0.00	0.00	0.00	4.30	0.00	0.00
Cost of firing workers	0.50	0.08	0.55	0.48	0.21	0.55	1.00	0.04
The employer must notify a third party prior to a collective dismissal	1	1	1	1	0	1	1	1
The employer needs the approval of a third party prior to a collective dismissal	0	1	1	1	0	0	0	0
The employer must notify a third party before dismissing one redundant employee	1	1	0	0	0	1	1	0
The employer needs the approval of a third party to dismiss one redundant worker	0	1	0	0	0	0	0	0
The law mandates retraining or replacement prior to dismissal	1	0	0	0	0	0	0	0
There are priority rules applying to dismissals or lay-offs	1	0	1	1	0	1	0	1
There are priority rules applying to re-employment	0	0	0	1	0	0	1	0
Collective relations laws								
Labor union power								
Right to unionization	1	1	1	1	1	1	1	0
Right to collective bargaining	0	1	0	1	0	0	0	0
Employers have the legal duty to bargain with unions	1	1	1	1	1	1	1	1

Variable	Burkina Faso	Ghana	Kenya	Madagascar	Malawi	Mali	Mozambique	Nigeria
Collective contracts are extended to third parties by law	1	1	0	0	0	0	0	1
Law allows closed shops	0	0	0	0	0	0	0	0
Workers and/or unions have a right to appoint members to the boards of directors	0	0	0	0	0	0	0	0
Workers councils are mandated by law	0	1	0	0	0	0	0	0
There is no mandatory waiting period or notification requirement before strikes can occur	0	0	0	1	0	0	1	0
Collective disputes								
Employer lockouts are not allowed	0	0	0	0	0	0	1	0
Right to industrial action	1	0	0	1	0	1	1	0
Wildcat strikes are legal	1	0	0	0	0	1	1	0
Political strikes are legal	1	0	1	0	1	1	1	0
Sympathy / solidarity / secondary strikes are legal	1	0	0	0	1	1	1	0
There is no mandatory waiting period or notification requirement before strikes can occur	0	0	0	1	0	0	1	0
A strike is not illegal even if there is a collective agreement in force	1	0	0	0	0	0	1	0
Laws do not mandate conciliation procedures before a strike	0	0	0	0	0	0	1	0
Compulsory third party arbitration during a labor dispute is mandated by law	1	1	1	1	0	1	0	1

Variable	Burkina Faso	Ghana	Kenya	Madagascar	Malawi	Mali	Mozambique	Nigeria
Employers are not allowed to fire or replace striking workers	1	1	0	1	1	1	1	0
Social security laws								
Old age, disability and death benefits								
The Social Security system covers the risk of old age, disability and death	1	1	1	1	1	1	1	1
Months of contributions or employment required for normal retirement by law	0.67	0.56	0.56	0.67	n.a.	0.78	0.78	0.78
Sickness and health benefits								
The Social Security system covers the risk of sickness	0	0	1	0	1	0	1	1
Months of contributions or employment required for sickness benefits by law	0.00	0.00	0.00	0.00	0.00	0.00	0.50	0.00
Unemployment benefits								
The Social Security system covers the risk of unemployment	0	0	0	0	0	0	0	0
Months of contributions or employment required for sick unemployment benefits by law	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Civil rights								
Mandatory minimum wage	1	1	1	1	1	1	1	1
Political variable								
Union density	0.01	0.09	0.20	n.a.	n.a.	n.a.	n.a.	0.20

Variable	Senegal	S. Africa	Tanzania	Tunisia	Uganda	Zambia	Zimbabwe
Employment laws							
Part-time workers are not exempt from mandatory benefits of full-time workers	1	0	0	1	1	1	1
It is not easier or less costly to terminate part-time workers than full-time workers	1	1	1	1	1	1	1
Fixed-term contracts are only allowed for fixed-term tasks	0	0	1	1	1	1	0
Maximum duration of fixed-term contracts.	0	1	1	0	1	0	1
Days of annual leave with pay in manufacturing	24.00	15.00	20.00	24.00	18.00	24.00	0.00
Paid mandatory holidays	14.00	12.00	15.00	4.00	12.00	11.00	11.00
Premium for overtime	1.10	1.50	1.50	1.25	1.50	1.50	1.00
Premium for work on the primary rest day	1.50	2.00	2.00	n.a.	n.a.	2.00	n.a.
Maximum number of hours per week.	40.00	45.00	45.00	40.00	48.00	48.00	48.00
Maximum days of work per week.	6.00	6.00	6.00	5.00	6.00	6.00	6.00
Maximum hours of work in a day.	24.00	12.00	24.00	14.00	12.00	24.00	24.00
Weeks worked in a year	45.67	47.50	46.17	46.40	47.00	46.17	50.17
Maximum number of hours of work in a year before overtime	1826.67	2137.50	2077.50	1856.00	2256.00	2216.00	2408.00
Is it possible to do everything with overtime	0	0	1	1	0	0	0
Cost of increasing hours worked	0.14	0.13	1.00	1.00	0.10	0.09	0.00
Legally mandated notice period (Redundancy dismissal)	4.00	4.00	12.90	4.30	4.30	0.00	4.30
Legally mandated severance payment (Redundancy dismissal)	4.00	3.00	7.74	5.10	0.00	0.00	0.00

Variable	Senegal	S. Africa	Tanzania	Tunisia	Uganda	Zambia	Zimbabwe
Legally mandated penalty (Redundancy dismissal)	4.00	0.00	0.00	0.00	0.00	0.00	0.00
Cost of firing workers	0.56	0.51	0.65	0.67	0.49	0.00	0.08
The employer must notify a third party prior to a collective dismissal	1	1	1	1	1	0	1
The employer needs the approval of a third party prior to a collective dismissal	0	0	1	0	1	0	0
The employer must notify a third party before dismissing one redundant employee	1	0	1	1	1	0	1
The employer needs the approval of a third party to dismiss one redundant worker	0	0	1	0	1	0	0
The law mandates retraining or replacement prior to dismissal	1	0	0	1	0	0	1
There are priority rules applying to dismissals or lay-offs	1	0	1	1	0	0	0
There are priority rules applying to re-employment	1	0	0	1	0	0	0
Collective relations laws							
Labor union power							
Right to unionization	1	1	0	1	1	0	1
Right to collective bargaining	1	1	0	0	1	0	0
Employers have the legal duty to bargain with unions	1	1	0	0	1	1	1
Collective contracts are extended to third parties by law	1	1	0	1	0	0	0
Law allows closed shops	0	0	0	0	0	0	0

Variable	Senegal	S. Africa	Tanzania	Tunisia	Uganda	Zambia	Zimbabwe
Workers and/or unions have a right to appoint members to the boards of directors	0	0	0	0	0	0	0
Workers councils are mandated by law	0	1	1	1	0	1	1
There is no mandatory waiting period or notification requirement before strikes can occur	0	0	1	0	0	0	0
Collective disputes							
Employer lockouts are not allowed	0	0	1	0	0	0	0
Right to industrial action	1	1	0	0	0	0	0
Wildcat strikes are legal	1	1	0	0	1	0	0
Political strikes are legal	1	1	1	1	0	0	1
Sympathy / solidarity / secondary strikes are legal	1	1	1	1	1	0	1
There is no mandatory waiting period or notification requirement before strikes can occur	0	0	1	0	0	0	0
A strike is not illegal even if there is a collective agreement in force	1	0	1	1	0	1	0
Laws do not mandate conciliation procedures before a strike	1	0	0	0	1	0	1
Compulsory third party arbitration during a labor dispute is mandated by law	0	1	0	0	0	0	1
Employers are not allowed to fire or replace striking workers	1	0	0	1	1	1	1

Variable	Senegal	S. Africa	Tanzania	Tunisia	Uganda	Zambia	Zimbabwe
Social security laws							
Old age, disability and death benefits							
The Social Security system covers the risk of old age, disability and death	1	1	1	1	1	1	1
Months of contributions or employment required for normal retirement by law	0.98	0.56	0.56	0.78	0.56	0.56	0.78
Sickness and health benefits							
The Social Security system covers the risk of sickness	1	1	0	1	0	0	0
Months of contributions or employment required for sickness benefits by law	0.83	0.75	0.00	0.86	0.00	0.00	0.00
Unemployment benefits							
The Social Security system covers the risk of unemployment	0	1	0	1	0	0	0
Months of contributions or employment required for sick unemployment benefits by law	n.a.	0.97	n.a.	0.70	n.a.	n.a.	n.a.
Civil rights							
Mandatory minimum wage	1	0	1	1	1	1	0
Political variable							
Union density	0.55	0.30	0.13	0.15	n.a.	n.a.	0.20

Source: Botero et al. (2003)