



## Analysis

# More Leisure or Higher Pay? A Mixed-methods Study on Reducing Working Time in Austria



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## ARTICLE INFO

## Article history:

Received 25 November 2016

Received in revised form 12 June 2017

Accepted 13 June 2017

Available online xxxx

## JEL Classification:

J08

J22

J3

## Keywords:

Working-time reduction

Working-time policy

Preferences

Overemployment

Mixed methods

Labour supply

## ABSTRACT

Working-time reduction has become a central topic in the debate on social-ecological transformation, as it has the potential to mitigate unemployment, improve well-being, and reduce environmental pressures. This article analyses which groups of employees want to reduce their working time, and for which reasons. A novel working-time policy in Austria, the leisure option, provides a unique possibility to examine this question. This policy enables employees to choose between a wage increase and more leisure time. We use a mixed-methods approach to analyse employees' preferences and the decision to reduce working time with two empirical parts run in parallel. A binary logit regression based on Austrian Microcensus 2012 data investigates factors associated with a preference for reduced working time. Qualitative interviews are conducted among employees at a firm in the electronics industry that offers the leisure option. Our results suggest that working-time preferences are to a large extent shaped by social norms, such as the full-time working norm and gender roles. We also find that the desire to work less is strongly moulded by personal values placed either on leisure and family time, or on financial security.

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## 1. Introduction

The topic of working-time reduction (WTR) has been attracting considerable interest in the debate on a social-ecological transformation. First, WTR might ease unemployment and reduce growth pressures, as relatively high levels of employment are facilitated even in times of low or zero growth (Antal, 2014; Jackson and Victor, 2011; Victor, 2012; Zwickl et al., 2016). Second, shorter working hours are expected to enhance life quality by improving individual health and well-being while reducing stress levels (Buhl and Acosta, 2016a; Coote et al., 2010). Third, WTR is discussed as a strategy to reduce environmental pressures. On a macroeconomic level, shorter working hours can result in less economic output, which in turn lowers income, consumption and resource use (Hayden and Shandra, 2009; Knight et al., 2013; Rosnick and Weisbrot, 2007; Schor, 2005). On the microeconomic level, a reduction in disposable income could lower consumption and thus ecological impacts (income effect). Moreover, an increase in leisure time might

enable people to engage in time-intensive and more sustainable consumption patterns (time effect). Druckman et al. (2012) show that leisure activities generally produce lower carbon emissions than non-leisure activities. However, time effects can also be negative, resulting in higher resource consumption. Such time-use rebound effects are revealed by Buhl and Acosta (2016b) and Nässén and Larsson (2015), indicating that overall positive environmental effects of WTR are partly offset by the increase in leisure time. Thus environmental relief largely hinges on income reductions (Shao and Shen, 2017). To achieve both environmental and well-being benefits, Pullinger (2014) suggests voluntary, flexible working-time reductions over the life course, accompanied by proportional income cuts.

While the debate in Ecological Economics suggests potential favourable effects to WTR, the question remains whether WTR can be realized on a broader scale. In particular, it is unclear which groups of employees would be willing to forego an income loss in return for more leisure, and for which reasons. This issue is related to the notion of sufficiency, i.e. reducing consumption on an individual level due to ecological motives (Alcott, 2008). Ecological awareness can indeed be an important driver for reducing labour supply (Iosifidi, 2016). However, large fractions of the population are overemployed, i.e. they want to reduce working hours at their current pay rate – regardless of ecological

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motives (Golden and Gebreselassie, 2007). To assess the full potential for individual, voluntary working-time reductions, it is thus worth considering the concept of overemployment as discussed in the literature on labour supply preferences. So far, overemployment has mostly been studied based on quantitative preference data, providing evidence on the socioeconomic factors associated with a desire to work less. However, quantitative data has some limitations. For example, it cannot provide information on underlying motives for working-time preferences. Moreover, most of this data only refers to weekly working time, although WTR can also be realised on an annual or lifelong level. Therefore, complementing quantitative survey data with qualitative interviews has been proposed by some authors to examine working-time preferences in a more comprehensive manner (Campbell and van Wanrooy, 2013; Fagan, 2001).

In this paper, we examine the preferences and decisions of individuals to reduce their working time and income. For this purpose, we take advantage of an innovative working-time policy in Austria, the so-called leisure option (*Freizeitoption*). It allows employees to choose between a wage increase and additional leisure time. The leisure option thus enables us to examine the actual decision for or against shorter working hours and explore the underlying motives. The focus of this paper is thus not to examine possible effects of WTR in terms of a social-ecological transformation. Assuming that WTR plays a crucial role for such a process, we investigate the potential for realising WTR by analysing employees' preferences and decisions for shorter working hours.

The research question of this study is which socio-economic groups of employees prefer shorter working hours and what are the possible motives for and barriers to such a choice. To answer this question, we follow a triangulation approach combining quantitative and qualitative research techniques in parallel. The quantitative analysis comprises a binary logit regression model for explaining whether a person wants to reduce weekly hours or not. The aim is to reveal socio-demographic groups that are inclined to work less, compared to those who prefer the same number of hours. The model draws on data from the Austrian Microcensus 2012, covering the all employees in Austria. The qualitative analysis is based on 17 problem-centred interviews with employees who were able to choose the leisure option. The interviews aim to explore the decisive motives and barriers to choosing either more leisure, or a wage increase.

The underlying assumption of this research is that the group of overemployed can be described by certain characteristics. The quantitative part scrutinises these socio-economic characteristics, and thus provides valuable information on the potential for voluntary working-time reduction on a broader scale. The qualitative part investigates the actual decision for shorter hours and reveals motives, barriers and supporting factors for WTR. Given the potentially positive effects of WTR, having a clear understanding of the socio-economic groups inclined to reduce working time, as well as possible promoting and impeding factors for WTR, is essential for a social-ecological transformation.

This article is organised as follows. Section 2 reviews previous research regarding overemployment and working-time preferences. Section 3 introduces the main features of the leisure option. Section 4 is concerned with the data and methods applied in both empirical parts. Section 5 presents selected findings on both the quantitative and the qualitative analysis. Section 6 offers a discussion and synthesis of the results, and Section 7 concludes.

## 2. Previous Studies on Overemployment

Several studies reveal substantial shares of overemployment, meaning that actual work hours exceed preferred hours (e.g. Bielski et al., 2002). Rates of overemployment vary cross-nationally, depending on macroeconomic factors such as unemployment rates, GDP per capita, and income inequality (Otterbach, 2010). Overemployment is also interrelated with socio-demographic factors and employment conditions on the individual level (e.g. Anxo et al., 2013; Reynolds, 2003). In these

studies, long weekly working hours are commonly identified as the most salient factor for overemployment. The preference for fewer hours also tends to rise with higher education and occupational levels, as well as with age. Based on these findings, we expect overemployment to be positively correlated with longer weekly working hours, higher educational attainment, higher occupational levels, and rising age.

Regarding income, the findings are more ambivalent. Overemployment appears to be inversely related to the hourly wage rate (Böheim and Taylor, 2003; Grözingen et al., 2008), which can be explained by greater opportunity costs for higher wage earners. In contrast, the likelihood of overemployment increases with household income (Clarkberg and Moen, 2001; Wielers et al., 2013). Studies drawing on subjective assessments of the income situation found that employees who perceive their income as high are more likely to be overemployed (Otterbach, 2010 for 21 countries), or content with their hours (Reynolds, 2003 for the US). An analysis of 16 European countries shows that a good household financial situation increases the desire of women to reduce their working hours, whereas no similar effect is found for men (Bielski et al., 2002). As we use the hourly wage rate as income variable, we expect a negative relation between overemployment and the wage rate.

In general, the desire to reduce working time appears to be more prevalent among women compared to men (Golden and Gebreselassie, 2007 for the US; Grözingen et al., 2008 for Germany). However, gender differences in working-time preferences are most salient when it comes to household and family characteristics. A series of studies covering European countries and the US show that the presence of children, especially young children, increases women's preference for shorter hours, whereas men's preferences seem to be largely unaffected by these factors (Anxo et al., 2013; Böheim and Taylor, 2003; Clarkberg and Moen, 2001). Also, being married (Sousa-Poza and Henneberger, 2002) or living in a dual-earner household (Bloch and Taylor, 2012; Reynolds, 2003) increases the likelihood for women to be overemployed, but not for men. These differences can be explained by the prevalence of gender norms. We expect our results on gender as well as household and family characteristics to be in line with the 'male breadwinner and part-time' model, which has been found to be present in Austria (Fagan et al., 2001). This means that women are expected to be overemployed when the need for care rises, e.g. in the presence of young children, especially when material standards are guaranteed.

The results discussed above are based on quantitative preference data. However, survey data on preferred hours have several limitations. First, stated working-time preferences vary according to the wording of the question (Golden and Gebreselassie, 2007). In Austria, for example, 30% of employees and self-employed people are overemployed according to EWCS data (Eurofound, 2012). A more recent study applying Microcensus data reveals an overemployment rate of 17.5% for employees, and 32.7% for self-employed persons (Schwendinger, 2015a). Second, survey data on preferred working hours suffer from instability over time. Even if actual hours remain constant, changes in stated working-time preferences are not unusual, as Reynolds and Aletraris (2006) show for the US. This can be the result of either changes in social and economic conditions, or because of preference adaptation (Golden and Altman, 2008). This suggests that preferences cannot be seen as innate desires of individuals. Instead, they are shaped by external factors, as conceptualised by the notion of preference endogeneity. In this sense, working-time preferences are moulded by personal circumstances, employment and welfare state conditions, the perception about feasible alternatives, as well as social norms (Fagan, 2001).

An example of such a norm is the ideal worker norm, describing the expectation towards employees to demonstrate commitment by working long hours. During the last decades, the ideal worker norm has become increasingly prevalent among the middle class, as Drago (2007, 94) shows for the US. One possible explanation for this spreading is the shift towards post-Fordist working structures. This form of work

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