

# Reduction of Working Time in Austria

A Mixed-Methods Study Relating a New Work Time Policy to Employee Preferences

**Theme:** 1.3 Work and employment beyond growth

## Summary

This mixed-methods study examines factors determining employees' desire to reduce worktime. The results of a binary logit regression model, based on data from the Austrian Microcensus 2012, suggest that employees who prefer shorter weekly working hours are older, higher educated and work longer hours in white-collar positions, compared to those who do not wish to change their hours. Gender differences are greatest in terms of household and family characteristics, supporting the 'male breadwinner & part-time' model.

Qualitative interviews have been conducted among employees who had the possibility to choose between a pay increase and equivalent leisure time via a new worktime policy ("Freizeitoption") implemented in 2013. The results suggest that employees with higher education tend to reduce worktime. The fact that money is valued from a long-term, security perspective, as well as the tendency of assessing work performances by output indicators can be regarded as major obstacles for worktime reductions.

## Extended Abstract

Work time reduction might have advantageous effects in several respects and is a major issue in the discourse of sustainability. Concerning economic aspects, reducing work time has the potential to mitigate unemployment and to diminish pressures on growth, as relatively high levels of employment are enabled even in times of weak growth (Marterbauer, 2011). Regarding ecological impacts, shorter work hours might reduce environmental pressures (e.g. Nässén and Larsson, 2010; Rosnick and Weisbrot, 2007). The rationale behind this is, first, the reduction in production, income and consumption as a consequence of shorter work hours (Schor, 2005). Second, the additional time available might induce more sustainable lifestyles as many time-saving consumer decisions are environmentally harmful (New Economics Foundation, 2010). Apart from possible economic and ecological advantages, a reduction in work hours might increase quality of life (Alesina et al., 2005; Kasser and Brown, 2003), enhance a fair distribution of work (Kopatz, 2012), and enable people to participate and engage more in society (New Economics Foundation, 2010).

However, it is important to note that the actual effects of work time reductions are highly uncertain, depending on accompanying policy measures and the prevailing institutional circumstances (Kallis et al., 2013). Apart from that, the question arises if employees actually wish to decrease their working time, as this might result into income cuts, hence restricting consumption possibilities. It is thus highly important to take into consideration people's work time preferences when discussing the issue of shorter work hours.

This project examines current prohibiting and supporting factors determining employees' desire to reduce working time. It draws on theoretical concepts based on the notion of endogenous preferences, meaning that they are subject to adaptations in response to external factors.

Following a mixed-methods approach, we combine quantitative and qualitative research techniques. The quantitative part contains a binary logit regression model that applies several factors for explaining whether a person wants to reduce weekly working hours or not by using data from the Austrian Microcensus 2012. In the qualitative part, we have conducted 17 problem-centered interviews among employees of the electrics/electronics industry in Austria, who had the possibility to opt for the leisure option ("Freizeitoption"). This novel work time policy, first implemented via the collective agreement 2013, enables workers and salaried employees to individually choose between a wage increase of about 3% and additional leisure time of around 5 hours per week (FEEI, 2013a, 2013b).

This research project comprises two innovative elements. First, the mixed-methods approach allows for a comprehensive study of preferences for work time reduction. Whereas the quantitative analysis generates an understanding of the factors associated with a preference for work time reduction, the qualitative approach provides insights into the perceptions of individuals regarding their preferences to reduce work hours. Moreover, it allows us to contextualize the regression results and to explain unexpected quantitative findings. Second, the leisure option was introduced only in May 2013, and by now, no study exists about individuals' perceptions on this new policy instrument.

Quantitative results suggest that employees' preference for reducing working time are most strongly related to their actual weekly working hours, as this variable accounts for almost all the explanatory power in the models for both women and men. Working eight hours more per week doubles the odds of preferring shorter weekly working hours. Apart from that, people who want to reduce working hours, compared to those who do not want to change their working hours, are older, higher educated, have no or fewer children and they work predominantly in salaried employee positions in bigger business premises. Gender differences are greatest in terms of household and family characteristics. Women living in multiple earner households and mothers of young children prefer to work less, while men are unaffected by these variables, which is in line with the 'male breadwinner & part time' model. Finally, it can be concluded that the reasons of wanting to reduce working hours or not are manifold and of high complexity as only a maximum of 18.5% of the existing variation is explained by our models depending on the measurement.

Qualitative results indicate that the leisure option has mainly been chosen in order to gain more free time, mostly for family/children or for oneself (hobbies, travelling or sports). Moreover, work related issues (pressure at work, possibility of consuming leisure option, balancing out workload fluctuations) and the characteristics of the leisure option (no expiration over time, more flexibility in work time organization, extra free days with all-inclusive contract) also influenced the respondents' decision. Financial aspects were the major reason for choosing the pay increase instead of the leisure option. Another cause that has been mentioned frequently is that it would not have been possible to consume the additional time credits due to the high workload or outstanding holidays, respectively.

Based on an in-depth analysis of the interviews, we have formulated three theses: First, employees with higher educational levels tend to reduce working time, as leisure time and family time constitute intrinsic values for them. Second, money is valued from a long-term, security perspective, which implies that some employees prefer not to decrease their working hours although they are living in a

good financial situation. Third, the shift in assessing work performances by output indicators instead of time measures can be regarded as a major obstacle for work time reductions.

Synthesizing the results of the two empirical parts, it becomes obvious that the reasons for work time preferences are diverse and subject to high complexity. This is reflected by the fact that the regression model is able to explain a maximum of 18.5% of the existing variation. The qualitative interviews reveal that the two groups of interviewees – those with the leisure option and those with the wage increase – are quite heterogeneous in their socio-demographic characteristics and the motives that were decisive for their choice. In fact, it turns out that the specific life situation is crucial for a respondent's decision. Moreover, both parts show that educational attainment is crucial regarding work time preferences; employees with higher educational levels tend to prefer a reduction of work hours. With respect to income, in neither of our empirical parts we could notice an influence of the income level on preferences, or respectively, the actual decision to reduce working time. Qualitative results suggest that the leisure option is not perceived as a tool to reduce weekly work hours, rather as additional holidays, resulting into shorter annual working hours. This shows that not only weekly work hours, as commonly observed in surveys, but also concepts such as annual or lifelong working time should be considered.

The insights gained by this innovative project contribute to policy debates by providing a better understanding of the circumstances inducing employees to reduce working hours, an issue increasingly discussed in the context of various aspects of sustainability.

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