EXTREME WORKING HOURS IN WESTERN EUROPE AND NORTH AMERICA:
A NEW ASPECT OF POLARIZATION

By Anna S. Burger
PhD Candidate in Political Economy
July 2015
OUTLINE OF THE PRESENTATION

1. Introduction
2. Main results
3. Policy considerations
4. Data and Methods
5. Motivations
6. Further research direction
INTRODUCTION

• Since the 1970s, structural changes occurred in the labor markets of advanced capitalist societies. My research examines the impact of these changes on inequality in working hour outcomes.

• In particular, I focus on trends in extreme working hours.

• Extreme working hours (EWHs) conceptualized as 50+ per week

• 1991: Schor: The Overworked Americans: increasing average and extreme working hours in the US since the 1980s.

• Are Europeans overworked?

• Previous research focused on average working hours in Europe: Europeans on average work less than they did 30 years ago.
INTRODUCTION

• The issue of EWHs has largely remained unexplored in the European context.

• My research demonstrates that since the 1990s, EWHs have become highly prevalent in continental European labor markets as well. (Refutation of Jacobs & Gerson 1998; 2004)

• The working hour profile of many European full time workers, particularly those with high-skills, has been converging towards the US-American pattern.

• At the same time, the Scandinavian countries and France maintained remarkably low ratios of extreme working hours.

• What are the structural reasons behind the apparent diverging patterns? Labor regulation / Welfare reform
OVERALL TRENDS IN EXTREME WORKING HOURS

Great variation around the increasing trend illustrates that work patterns are not inherent in post-industrial development.
TRENDS IN SUBPOPULATIONS

→ Increasing trends in all 3 educational categories
→ Most radical increase in the high-skilled category

→ Long work weeks remained uncommon among high-skilled women
→ The two-to-threefold gender difference remained about the same.
Countries with strong labor regulation exhibit lower levels of EWHs

Two stylized trends:

- Countries with flexible labor regimes cluster in the top right corner and this clustering remained relatively stable since the 1970s, implying the existence and persistence of different labor regimes.
- With the exception of the Scandinavian countries and France, all countries moved towards the up-right corner → 2 diverging trajectories.
## THE ROOT CAUSES OF DIVERGING PATTERNS - HYPOTHESES

<table>
<thead>
<tr>
<th>Variable</th>
<th>Predicted effect</th>
<th>Rationale</th>
<th>Predicted coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor market regulation</td>
<td>-</td>
<td>Looser working hour regulation allows employees to lower their total compensation costs by pressuring their full-time employees to put in unpaid overwork. Therefore less rigid regulatory constraints are expected to lead to higher levels in the prevalence of extreme hours. As lower scores indicate stronger labor regulation, the predicted coefficient is positive. (Jacobs and Gerson 2004; Häusermann and Palier 2008)</td>
<td>+</td>
</tr>
<tr>
<td>Part time employment</td>
<td>-</td>
<td>This variable is a proxy for the extent to which the welfare state has been successfully adapted to the needs of post-industrial labor markets in an employment and family friendly way. Strong welfare states have created institutions that encourage gender equality in terms of working hours both at paid work and at home therefore countries with higher ratios of part-time employment are expected to exhibit lower ratios of extreme workers. (Esping-Andersen 2009; Gerson 2009)</td>
<td>-</td>
</tr>
<tr>
<td>Controls of the movement of capital and people</td>
<td>-</td>
<td>Countries where a higher ratio of the production is organized at the global level are expected to exhibit higher ratios of extreme workers. This is because the continuous restructuring of global value chains calls for an increased flexibility in terms of contract types, assignments, and working hours. As lower scores indicate stronger regulation of controls, the predicted coefficient is positive. (Castel, 1995; Krings et al. 2009)</td>
<td>+</td>
</tr>
<tr>
<td>Openness of the economy</td>
<td>+</td>
<td>Trade opening and globalized competition creates an inequality in bargaining power between employers and employees: production can easily be shifted to other locations while employees are less mobile. As a result, the more open an economy is, the more likely it is that its workers will accept compromises on employment practices, such as the working hour norms. (Rodrik 1997)</td>
<td>+</td>
</tr>
<tr>
<td>Services (% of GDP)</td>
<td>+</td>
<td>Extreme working hours have become common in service-oriented economies, in which high-skilled employees provide internationally traded services and low skilled workers provide non-traded private services, such as child care and services food. The high incidence of extreme working hours among high-skilled workers in high-end services is a consequence of these sectors’ exposure to international competition. The high incidence of extreme working hours among low-skilled workers in sheltered professions is a consequence of increasing income inequalities. (Wren, 2013)</td>
<td>+</td>
</tr>
</tbody>
</table>
THE ROOT CAUSES OF DIVERGING PATTERNS – REGRESSION ANALYSIS

Table 1: Determinants of the share of extreme workers in 18 developed capitalist countries, OLS regressions with Country Clustered Std. Errors, Unbalanced Panel Data 1970 to 2010

<table>
<thead>
<tr>
<th>Dependent variable</th>
<th>Extreme workers</th>
<th>Extreme workers</th>
<th>Extreme workers</th>
<th>High-skilled extreme workers</th>
<th>High-skilled extreme workers</th>
<th>High-skilled extreme workers</th>
<th>High-skilled male extreme workers</th>
<th>High-skilled male extreme workers</th>
<th>High-skilled male extreme workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor market regulation</td>
<td>1.416***</td>
<td>0.952***</td>
<td>0.877**</td>
<td>1.444**</td>
<td>1.275**</td>
<td>1.093***</td>
<td>1.705**</td>
<td>1.564**</td>
<td>1.378***</td>
</tr>
<tr>
<td>Part time employment (% of total employment)</td>
<td>-0.198**</td>
<td>-0.201**</td>
<td>-0.198**</td>
<td>-0.210**</td>
<td>-0.214**</td>
<td>-0.241***</td>
<td>-0.297***</td>
<td>-0.308***</td>
<td>-0.332***</td>
</tr>
<tr>
<td>Controls of the movement of capital and people</td>
<td>0.651*</td>
<td>0.473</td>
<td>0.580*</td>
<td>1.169**</td>
<td>0.886*</td>
<td>1.200**</td>
<td>1.423**</td>
<td>1.109*</td>
<td>1.447**</td>
</tr>
<tr>
<td>Openness of the economy, measured as total trade</td>
<td>0.026*</td>
<td>0.013</td>
<td>0.037***</td>
<td>0.035***</td>
<td>0.032***</td>
<td>0.038***</td>
<td>0.039**</td>
<td>0.035**</td>
<td></td>
</tr>
<tr>
<td>Services (% of GDP)</td>
<td>-0.216</td>
<td>-0.116</td>
<td>-0.153</td>
<td>(0.014)</td>
<td>(0.013)</td>
<td>(0.011)</td>
<td>(0.011)</td>
<td>(0.012)</td>
<td>(0.013)</td>
</tr>
<tr>
<td>Real GDP growth</td>
<td>-0.400</td>
<td>0.045</td>
<td>0.151</td>
<td>(0.022)</td>
<td>(0.320)</td>
<td>(0.364)</td>
<td>(0.364)</td>
<td>(0.364)</td>
<td>(0.364)</td>
</tr>
<tr>
<td>Year</td>
<td>-0.037</td>
<td>-0.071</td>
<td>-0.006</td>
<td>(0.070)</td>
<td>(0.133)</td>
<td>(0.149)</td>
<td>(0.149)</td>
<td>(0.149)</td>
<td>(0.149)</td>
</tr>
<tr>
<td>Dummy for the decade of the 1990s</td>
<td>3.139***</td>
<td>4.833***</td>
<td>5.549***</td>
<td>(0.943)</td>
<td>(1.590)</td>
<td>(1.826)</td>
<td>(1.826)</td>
<td>(1.826)</td>
<td>(1.826)</td>
</tr>
<tr>
<td>Dummy for the years 2000 to 2007</td>
<td>0.441</td>
<td>2.074</td>
<td>3.283</td>
<td>(1.663)</td>
<td>(2.331)</td>
<td>(2.689)</td>
<td>(2.689)</td>
<td>(2.689)</td>
<td>(2.689)</td>
</tr>
<tr>
<td>Dummy for the crisis years 2008-2010</td>
<td>1.814</td>
<td>0.304</td>
<td>0.999</td>
<td>(1.894)</td>
<td>(1.911)</td>
<td>(2.363)</td>
<td>(2.363)</td>
<td>(2.363)</td>
<td>(2.363)</td>
</tr>
<tr>
<td>Number of observations</td>
<td>85</td>
<td>80</td>
<td>90</td>
<td>90</td>
<td>83</td>
<td>87</td>
<td>87</td>
<td>87</td>
<td>87</td>
</tr>
</tbody>
</table>

Notes: *** p<0.01, ** p<0.05, * p<0.1. Country clustered robust standard errors in parentheses. Country clustered robust standard errors were used to correct for heteroskedasticity and within-cluster correlation in the errors. Heteroskedasticity was tested by Breusch-Pagan test. Dummy for the decade of the 1980s is omitted because of collinearity. OLS: Ordinary Least Squares. In the variables 'Labor market regulation' and 'Controls of the movement of capital and people', lower scores indicate stronger regulation and controls, respectively.
POLICY CONSIDERATIONS

International comparison suggests that high level of economic efficiency and standards of living can be maintained by less polarized working hour profiles than it is evident in the US, Canada, and, as shown here, in continental Europe.

Public policy should identify that

- the existence of EWHs is not a marginal social phenomenon
- the existence and high prevalence of extreme jobs are not inherent characteristics of post-industrial development.

\[\Rightarrow\] Regulators can counteract the structural effects of economic globalization by introducing strong labor regulation and adequate welfare reforms.
DATA AND METHODS

Sources:
Two harmonized cross-national micro-databases for the calculation of EWHs:
• MTUS: Multinational Time Use Study
• LIS: Luxembourg Income Study

A list of macro level indicators as explanatory variables, sourced from World Bank’s World Development Indicators dataset, OECD labor statistics, Armingeon dataset, Fraser Institute’s Economic Freedom indicators dataset

Methods:
• Macro-level aggregates were calculated from each micro-level survey
  → Result: A meta-database of EWHs which
    – Contains 104 country-year macro-level observations
    – For 24 socio-economic subgroups (3 educ, 2 gender, 2 employment intensity categories)
WHAT MOTIVATES MY RESEARCH?

• Impacts of long working hours: negative repercussions on individuals’ family life, health status, as well as on long term social cohesion:

• 1. A 50-hour workweek is difficult to reconcile with the daily schedule of children and community activities (Jacobs & Gerson 2004)
• 2. Burn-out → health problems (Spurgeon et al. 1997)
• 3. Unproductive ‘face time’→ efficiency problems (Landers et al. 1996)
• 4. ‘Rat race’ for long working hours creates an environment in which women are less able to compete than men → gender issue (Burke et al. 2009)
• 5. A further aspect of labor market polarization and possibly the harbinger of new inequalities and greater social polarization (Esping-Andersen 2009)
FURTHER RESEARCH DIRECTION

• At the micro level: an in-depth investigation into the socio-economic background of individuals with long working hours
• At the meso level: identification of industries and occupations in which EWHs are prevalent
• Data source and methods:
  – EU-LFS and EU-SILC
  – Multilevel regression analysis
THANK YOU VERY MUCH FOR YOUR ATTENTION.

I AM LOOKING FORWARD TO YOUR COMMENTS AND QUESTIONS.