

NERI Labour Market Conference

Labour Supply and Working Hours: Evidence From Europe

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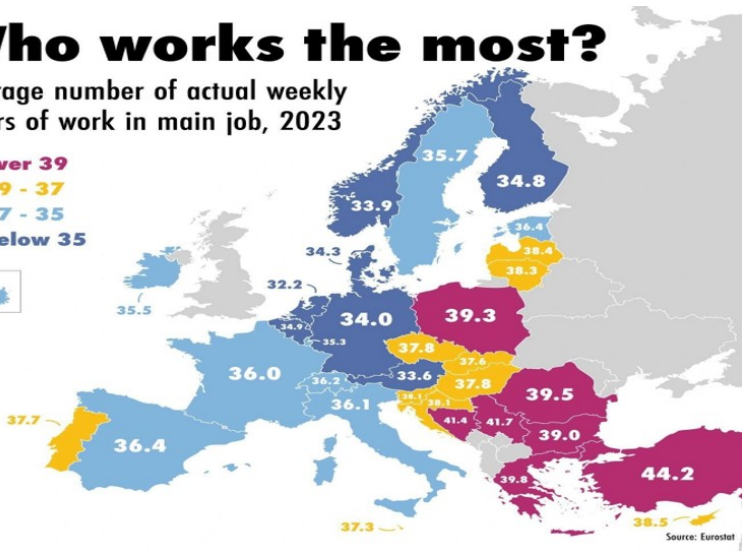


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Who works the most?

Average number of actual weekly hours of work in main job, 2023



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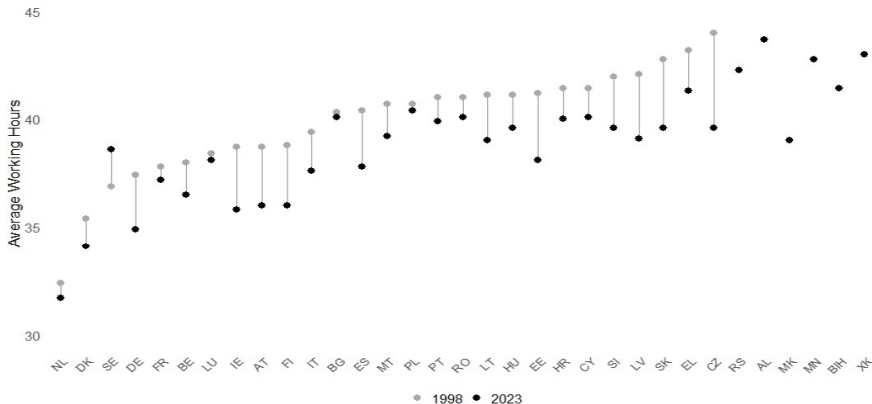
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- While average working hours in Europe have declined, large differences remain across and within countries.
- These are shaped by individual traits and country-level economic, institutional, and social factors.
- This study explores the determinants of usual working hours using both micro and macro-level data, comparing the WB with the EU

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Average working hours have fallen across Europe, yet there are significant differences between the East and West

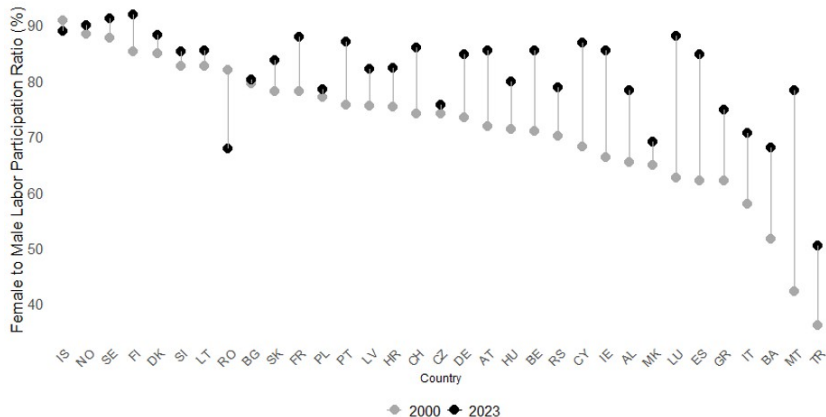


Source: Eurostat

Literature Review Summary

- **HoursEmployment Trade-Off:** Firms adjust hours rather than jobs due to rigidities and cost; over-hiring can reduce both wages and hours (Hoel, 1986; Booth Schiantarelli, 1987; Dossche et al., 2019).
- **Employer Control Over Schedules:** Working hours are mostly employer-determined, especially for low-wage and early-career workers (Golden, 2001; Schneider Harknett, 2019; Lambert et al., 2014).
- **Household and Gender Effects:** More female labour force participation shifts household time use, lowering others working hours (Browning Chiappori, 1998; Donni Matteazzi, 2018). Cross-country evidence is limited.

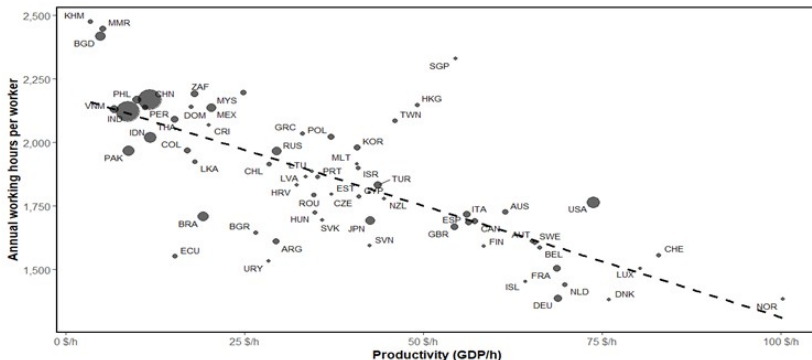
The female-to-male labour force participation ratio in the WB lag behind



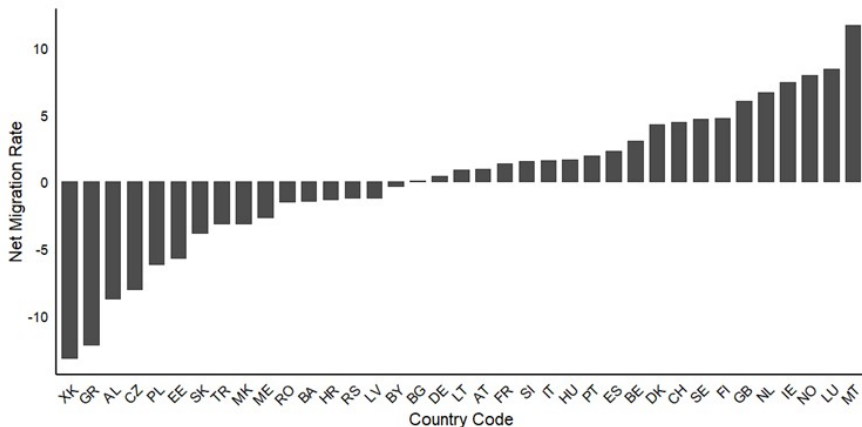
Other Drivers of Working Hours

- Two key explanations: higher income levels (income effect) and disincentives from taxes and social transfers.
- Keynes (1930) linked rising income to declining hours; Bick et al. (2020) confirm income as the dominant factor.
- Rich countries also have higher taxes and more generous transfers, reducing incentives to work more (Prescott, 2004; McDaniel, 2011; Jensen, 2019).
- Technology, labour policies, and unemployment affect hours (Acemoglu Autor, 2011; Rogerson, 2006; Finnigan, 2018).
- Cultural values matter too individualistic societies tend to work fewer hours (Tatliyer Gur, 2022).

Workers in countries with higher levels of labour productivity usually tend to work fewer hours



Net migration per 1000 people in Europe, 2024



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Methodology and Data Overview

- **Outcome variable:** Usual weekly working hours.
- Working hours are influenced by both *individual* and *country-level* characteristics.
- Method: Multilevel regression model to account for nested structure (Snijder & Bosker, 2012).
- **Data sources:**
 - European Working Conditions Survey 36 European countries.
 - Eurostat (NUTS2 level):
 - Female-to-male labour force participation
 - GDP per hour worked
 - Social benefits
 - Net migration per 1000 people
 - Tourism demand
- Sample: 100,000 individuals, balanced by gender; average weekly hours 38.

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Macro-Level Determinants of Working Hours

- **Female Workforce Participation:** A 10 p.p. increase reduces weekly hours by 0.57 on average. Strongest impact at 75th percentile (1.75 hours). More pronounced among males, low-educated workers, and in retail, manufacturing, and food services.
- **Labour Productivity:** Negatively associated with working hours (0.026 avg.), especially at lower percentiles.
- **Net Migration:** Modest negative effect on hours (0.039 avg.), especially at lower percentiles.
- **Social Benefits:** One of the most persistent drivers; higher impact on those working more than the median WH
- **Tourism Dependency:** Positively associated with working hours (0.059 avg.), especially at the 75th percentile.

Individual-Level Determinants of Working Hours

- **Age and Tenure:** Both are positively related to hours worked. Peak labour supply occurs around age 40. Tenure follows a similar inverted-U pattern (Dias Da Silva et al., 2019; Chang et al., 2024).
- **Gender Differences:** Males work 3.6 hours more weekly on average. Gaps are wider at the extremes but minimal at the median (+0.4 hours for males).
- **Family Size:** Affects men and women differently positive for men, negative for women. Stronger male effect in low-welfare systems (Glauber, 2008; Dribe Stanfors, 2009).
- **Workplace Size:** More coworkers = fewer hours worked. Workers in small firms (1049 employees) work 1.4 hours less than those in micro-firms (14 employees).
- **Contract Type:** Permanent contracts show no average effect, but quantile results reveal a positive impact up to the 50th percentile, then negativesuggesting protection from long hours.

EastWest Differences in Working Hours

- **Education & Occupation:** Tertiary/postgrad workers and managers work more in the West; lower-educated and elementary workers work more in the East.
- **Sectors:** Longer hours in Eastern retail, accommodation, and food. Opposing effects in sectors like fishing and mining.
- **Migration & Tourism:** Migration increases hours for high-skilled workers in the West but reduces hours in health, hotels, and retail. Tourism impacts are stronger in Eastern Europe.
- **Policy Context:** Social benefits reduce hours more in the West.

Conclusion

- Both individual and macro-level factors shape working hours in Europe.
- Female labour force participation, social benefits, and productivity significantly reduce average hours worked.
- Age, tenure, gender, family structure, and workplace size show consistent individual-level patterns.
- Significant EastWest differences: lower-paid workers work more in the East; high-skilled work longer in the West.
- Migration and tourism effects are sector- and region-specific, reflecting labour market structures and policy differences.

Thank You!