

# Does temporal and locational flexibility of work increase the labour supply of part-timers?

Daniel Possenriede\*   Wolter Hassink   Janneke Platenga

Discussion by Lorenzo Burlon (Bank of Italy)

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## THE PAPER IN BRIEF

Interesting paper, with nice data and high policy relevance.

**Main question:** Do flexi-time and telework actually increase the (individual) labor supply?

**Two potential channels:**

- ▶ decrease in commuting time;
- ▶ better match of work and private schedules.

→ **Policy relevance:** Given an already high participation rate, a way to increase labor supply in the intensive margin.

# CONTRIBUTIONS

## Methodology:

1. measurement of hours worked (actual, contracted, preferred), flexi-time, and telework;
2. unconditional and conditional correlations between hours worked, flexi-time, and telework;
3. regress hours worked on flexi-time and telework, conditional on controls.

## Results:

- ▶ unconditional linear dependence is high, conditional is low (not significant or even negative in some cases);
- ▶ telework positively associated with hours worked;
- ▶ flexi-time asymmetrically associated between men (+) and women (−), overall negative.

(No causality.)

# MEASUREMENT

**Flexi-time** conservative but **convincing**:

*“Do you determine start- and end-time by yourself?”*

**Telework** **ambiguous**:

*“Do you work at home every now and then in your current job?”*

→ Seems more like extra work time, so results with actual hours may be mechanical.

What is the correlation between the actual-contracted hours gap and telework?

## MEASUREMENT

An example: the education sector.

Table 2: Flexi-time and telehomework by sector

Sector	Flexi-time		Telehomework		N
	%	S.E.	%	S.E.	
Agriculture	32.61	(4.01)	6.52	(2.11)	138
Industry	37.98	(1.24)	10.69	(0.79)	1543
Construction	29.93	(1.91)	10.03	(1.25)	578
Trade, gastronomy, repair	24.65	(0.99)	8.31	(0.64)	1878
Transport	31.26	(1.61)	6.47	(0.85)	835
Business services	54.84	(1.05)	18.25	(0.82)	2241
Care, Welfare	30.68	(0.89)	13.95	(0.67)	2689
Other services	43.16	(1.99)	18.52	(1.56)	621
Government	66.87	(1.30)	15.57	(1.00)	1304
Education	28.95	(1.17)	53.17	(1.29)	1499
Total	38.69	(0.42)	17.57	(0.33)	13326

*Note:* Share of employees with flexi-time and telehomework by sector. S.E. is the standard error of the mean.

## CONDITIONAL CORRELATIONS

	Actual hours	Contracted hours	Preferred hours	Flexi-time
Total (N = 13326)				
Flexi-time	0.015	-0.015*	-0.0041	1
Telehomework	0.047***	0.017**	0.017**	0.036***

Is a small negative correlation between flexi-time and contracted hours surprising (given frequent renegotiation)?

→ **Shocks to preference for “leisure”**: e.g., child birth or parental care.

	<u>Contracted hours</u>	<u>Flexi-time</u>
	Total	Total
Child(ren)	-1.140*** (0.254)	0.0381** (0.0190)

## REGRESSION

	Actual hours			Contracted hours		
	Total	Male	Female	Total	Male	Female
Flexi-time	0.198 (0.231)	0.381 (0.294)	-0.0821 (0.357)	-0.193 (0.168)	0.0701 (0.201)	-0.547** (0.270)
Telehomework	0.829*** (0.247)	0.580* (0.334)	0.934*** (0.357)	0.262 (0.168)	0.0132 (0.201)	0.346 (0.275)

### Are flexi-time and telework complementary or substitutable?

- ▶ From the positive unconditional and conditional correlations they seem complementary.
- ▶ Interaction term at least?
- ▶ Simultaneous Equations Model: Contracted hours, flexi-time, and telework (and self-scheduling and working-time accounts) as part of the same contract.

# INTERPRETATION AND POLICY RELEVANCE

## Theory:

Does individual TLF increase match quality in presence of asymmetric information?

- ▶ Non-flexible schedules as coordination devices.
- ▶ What about externalities on other workers?

## Policy:

- ▶ **Lack of causality** unfortunate for policy implications.
- ▶ Should we care about labor supply (at the intensive margin) for long-term economic growth? **Hourly productivity** seems more relevant.  
→ Bloom, Liang, Roberts, Ying (QJE, 2015).