

Preferred hours of work and corresponding earnings

Most workers are satisfied with the number of hours they currently work, although about 1 of 4—especially young people and low earners—would prefer more hours and more money; very few would trade income for leisure time

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If given a choice of working the same, fewer, or more hours at the same rate of pay, most employees would prefer the same number of hours. An additional one-fourth would prefer to work more hours and earn more money, while 8 percent would choose to work fewer hours and earn proportionately less money. This finding that well over half of all workers are satisfied with their present hours and pay is based on information obtained from a new question on the May 1985 supplement to the Current Population Survey (CPS), and is consistent with results obtained from similar questions asked by Katona and others in 1966 and by Louis Harris and Associates in 1978.¹

The degree of satisfaction with current hours and pay rises steadily with age. It is also positively related to the number of hours worked and the weekly earnings level. The "more hours and more money" option appeals especially to young people, many of whom are working only part time, and its popularity declines steadily with age. A large proportion of minority workers, especially men, would also prefer to work more hours and earn more money.

Very few employed persons wanted to work fewer hours and earn correspondingly less money. However, women were more likely than men to prefer reduced hours, even

though it meant lower earnings. Also, the proportion choosing this alternative increased with age to a peak in the 35- to 44-age group.

The new CPS question asked for employee preferences on hours of work and corresponding earnings—given the same rate of pay. This question was last on the supplement because it differs significantly from other labor force questions, which focus on a person's activity and emphasize much more objective behavior. The question asked:

- If you had a choice, would you prefer to work:
- The same number of hours and earn the same money?
 - Fewer hours at the same rate of pay and earn less money?
 - More hours at the same rate of pay and earn more money?

Interviewers asked this question directly of the respondent—unlike other questions where a responsible person in the household could respond for all other household members. Self-response was required because preference is inherently individual and subjective. As a result, information was not obtained for approximately 22 percent of all employed persons. Nonresponse was higher for men than for women, and was substantially higher for teenagers and young adults than for persons age 25 and over. These were

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the persons less apt to be at home during the day and early evening hours when most interviews are conducted.

In spite of the difficulty in contacting individual respondents, answers were obtained from 8 of 10 wage and salary workers age 25 and over. In this article, distributions of persons wanting the same, fewer, or more hours and corresponding pay are based on the total who reported such preferences. Also, the data pertain only to wage and salary workers (excluding incorporated self-employed persons).

Although the following sections analyze workweek preferences separately by various demographic and job characteristics, it is important to note that many of these characteristics tend to occur simultaneously. For example, young people often work relatively few hours at low rates of pay and express a strong preference for more hours and more money. It should also be noted that preferences about work hours are already reflected, to some degree, in the jobs workers currently hold. This is particularly true for experienced adult workers who presumably have more control over their work schedules than do young people. The analysis of preferences by actual hours at work and by earnings focuses on the 25- to 54-age group in order to exclude those age categories where transition into and out of the labor market have a major impact on hours.

Effect of worker and job characteristics

Preferences about hours and pay differed by age and gender, as well as by present earnings level and actual hours worked. Correlations between workweek preferences and various worker and job characteristics were generally in the expected direction, although some of the magnitudes were surprising. For example, as weekly earnings rose, so did both the proportion of workers expressing satisfaction with their current schedules and the proportion opting for fewer hours and less money. However, it is noteworthy that relatively few men expressed a preference for fewer hours and less pay. Even among those who earned \$1,000 or more per week, only 10 percent selected this alternative.

Age and gender. Almost two-thirds of all workers expressed satisfaction with their present hours and pay. This proportion rose steadily with age—from about 40 percent in the teen years to 80 percent for workers 55 and over. (See table 1.) Many older workers, especially those age 65 and over, voluntarily work part time, which contributes to the high degree of satisfaction with their present workweek.

While the proportion wanting to work the same hours increased with age, the percentage desiring more hours moved in the opposite direction. Slightly more than half of

Table 1. Workweek and pay preference of employed persons by selected characteristics, May 1985

[Numbers in thousands]

Characteristics	Total	Reported preference			Did not report preference	
		Total	Same hours, same money (percent)	Fewer hours, less money (percent)		More hours, more money (percent)
Total, 16 years and over	106,878	83,699	64.9	7.6	27.5	23,180
Wage and salary workers	97,110	76,195	64.8	7.5	27.7	20,915
Incorporated self-employed	2,831	1,963	75.0	11.4	13.7	868
All other wage and salary workers	94,280	74,232	64.6	7.3	28.1	20,048
Men, 16 years and over	51,106	37,400	63.5	5.9	30.6	13,706
16 to 19	3,208	1,950	39.7	2.6	57.8	1,257
20 to 24	6,980	4,883	48.5	3.9	47.7	2,097
25 to 34	15,583	11,957	60.4	6.0	33.6	3,625
35 to 44	11,387	8,376	66.8	6.7	26.5	3,012
45 to 54	7,684	5,521	72.6	6.7	20.6	2,163
55 to 64	5,236	3,932	79.5	6.8	13.7	1,304
65 and over	1,029	780	81.9	7.4	10.7	249
Women, 16 years and over	43,173	36,832	65.7	8.8	25.5	6,341
16 to 19	2,875	1,867	42.8	3.4	53.8	1,008
20 to 24	6,363	5,079	57.4	6.1	36.6	1,284
25 to 34	12,704	11,153	65.5	9.7	24.8	1,551
35 to 44	9,642	8,528	65.6	10.7	23.6	1,114
45 to 54	6,362	5,574	71.2	9.4	19.4	778
55 to 64	4,300	3,802	77.3	7.5	15.2	498
65 and over	927	829	81.3	6.9	11.8	98
White	81,699	64,419	65.5	7.7	26.8	17,280
Men	44,808	32,806	64.5	6.2	29.3	12,002
Women	36,891	31,613	66.5	9.4	24.2	5,278
Black	9,991	7,744	56.6	4.4	39.0	2,247
Men	4,934	3,537	54.0	3.8	42.2	1,398
Women	5,057	4,207	58.8	4.9	36.3	850
Hispanic origin	6,040	4,782	60.4	3.8	35.8	1,258
Men	3,663	2,816	58.0	2.6	39.3	848
Women	2,376	1,966	63.7	5.6	30.7	410
All other workers ¹	9,768	7,504	66.1	8.9	25.0	2,264

¹Includes the self-employed (unincorporated) and unpaid family workers.

NOTE: Detail for the above race/Hispanic-origin groups will not sum to totals because data for the "other races" group are not shown and Hispanics are included in both the white and black groups.

the teenagers—many of whom work part time at low wages—said they wanted more hours and pay, but relatively few older workers wanted more hours. These differences reflect factors such as older persons' greater control over their work schedules, their higher earnings, and less desire for change.

The proportion preferring fewer hours and less pay was small in all age groups. Of the minority who wanted to change their schedules, more hours were preferred 4 to 1 over fewer hours. Only 4 percent of all workers under age 25 would like the fewer hours alternative. Even in the central age groups, where this option was most popular, fewer than 10 percent preferred it.

Women were more likely than men to prefer fewer hours and less pay. In the 25- to 54-age group, where child care and other household responsibilities are greatest, about 10 percent of the women and 6 percent of the men wanted fewer hours. The proportion of women preferring this option then declined to about 7 percent in the 55 and over age group. In contrast, the proportion of men wishing to work fewer hours rose with age until the mid-thirties, but then held steady at about 7 percent for subsequent age groups.

Men preferred to work longer hours somewhat more frequently than women. This difference was most evident in the young adult years, when household formation and spending for consumer goods is high. However, the proportions preferring to work more hours declined with age, and in the 45 and over age groups were virtually the same for women and men. In fact, for older workers there was little difference between the preferences of men and women. Approximately 80 percent of all workers 55 years and over were satisfied with their hours; about 13 percent preferred longer workweeks, while 7 percent opted for fewer hours.

Whites, blacks and Hispanics. Satisfaction with current hours and pay was greater for whites than minorities, with this difference most apparent among men. (See table 1.) The relatively low satisfaction level for both blacks and Hispanics is associated with high proportions wanting more hours and more money. Approximately 4 of 10 black and Hispanic

Table 3. Workweek and pay preference of wage and salary workers, by occupation and industry, May 1985
[Percent distribution]

Occupation or industry	Same hours, same money	Fewer hours, less money	More hours, more money
Occupation			
Managerial and professional specialty	72.3	9.7	18.0
Technical, sales, and administrative support	66.1	8.3	25.6
Service occupations	56.6	4.5	38.9
Precision production, craft, and repair	63.5	6.4	30.1
Operators, fabricators, and laborers	59.4	5.6	35.0
Farming, forestry, and fishing	49.4	5.0	45.6
Industry			
Agriculture	49.4	7.3	43.3
Nonagriculture	64.8	7.3	27.8
Mining	66.3	8.0	25.6
Construction	58.6	5.3	36.1
Manufacturing	66.7	7.5	25.8
Transportation and public utilities ..	68.7	7.8	23.5
Wholesale trade	66.3	7.4	26.3
Retail trade	56.3	6.4	37.3
Finance, insurance, and real estate	68.6	8.0	23.5
Services	65.6	7.8	26.5
Public administration	72.3	7.2	20.5

NOTE: Data exclude incorporated self employed workers.

men said they would prefer more hours, compared with about 3 of 10 white men. The fewer hours and related paycut option was selected by only 4 percent of all black and Hispanic workers, whereas about 8 percent of whites made this choice.

Hours worked. The proportion preferring the same hours and the same money increased steadily with hours actually worked up through 40 hours; it then turned downward. (See table 2.) As would be expected, the fraction wanting more hours and more money fell as hours worked rose—but again only through 40 hours. The changes in preference patterns at the 40-hour and 41- to 48-hours categories are somewhat surprising. The peak in satisfaction at 40 hours may reflect widespread acceptance of the traditional 40-hour workweek, while the monetary influence of the initial hours paid at premium rates, which many workers receive after 40 hours, may explain the small increase in the more hours response. In any case, the proportion wanting more hours declined again when actual hours reached 49 to 59 per week, and fell further (to about 20 percent) for those working 60 hours and over. In contrast, the fraction preferring fewer hours rose with actual worktime up to 35 to 39 hours; it then dipped at 40 hours before resuming its uptrend. However, even when the workweek was 60 hours or more, the proportion preferring more hours was larger than that preferring fewer hours.

Occupation and industry. The pattern of workweek preferences differed sharply across occupations, but variations were smaller among industry groups. (See table 3.) As would be expected, satisfaction was greatest among highly educated

Table 2. Workweek and pay preference of 25- to 54-year-old wage and salary workers, by actual hours at work, May 1985
[Percent distribution]

Hours at work	Reported preference		
	Same hours, same money	Fewer hours, less money	More hours, more money
1 to 14	50.9	4.6	44.5
15 to 29	57.3	5.6	37.1
30 to 34	58.6	8.0	33.4
35 to 39	65.0	8.1	26.9
40	70.5	7.1	22.5
41 to 48	65.3	8.1	26.6
49 to 59	66.5	10.8	22.7
60 and over	63.9	16.3	19.8

NOTE: Data exclude incorporated self-employed workers.

and well paid managerial and professional workers. These occupations also scored relatively high on the fewer hours choice and low on the more hours option.

Satisfaction with the current workweek and pay was less common among semi- and low-skilled manual workers and in the service occupations. Only about half of the helpers and laborers, and farming, forestry, and fishing workers wanted to keep the same hours. Here again, low satisfaction with the status quo correlated with a high preference for more hours. The latter alternative was picked by between 40 and 45 percent of the service workers, helpers and laborers, and those in farming, forestry, and fishing occupations.

Public administration was the industry with the highest proportion of workers preferring their current hours, and agriculture was the lowest. Satisfaction was also relatively low in retail trade, where the average workweek is short, and in construction, where hours of work are often irregular. Approximately 4 of 10 workers in retail trade, construction, and agriculture wanted more hours. However, in public administration only 2 of 10 preferred a longer workweek.

Work-leisure tradeoffs

The data on preferred hours of work may be used to examine the effect of income on tradeoffs people make between work and leisure.² According to labor supply theory, individuals decide how many hours to work based on their preferences for leisure versus all other goods and services. The wage rate represents the amount of consumption goods that can be obtained per hour worked. As the wage rate rises, two opposing effects are brought to bear on the hours decision.³ *The substitution effect* leads to a decrease in leisure consumed and an increase in hours worked because leisure time costs more in terms of earnings forgone. In

contrast, *the income effect* causes hours of work to fall because at the higher income associated with the higher wage rate, individuals will want to purchase more goods generally, including leisure.

The interaction of these two effects determines whether more or fewer hours of labor will be supplied when the wage rate rises. Both the substitution and income effects are evident in the backward-bending labor supply curve illustrated below:

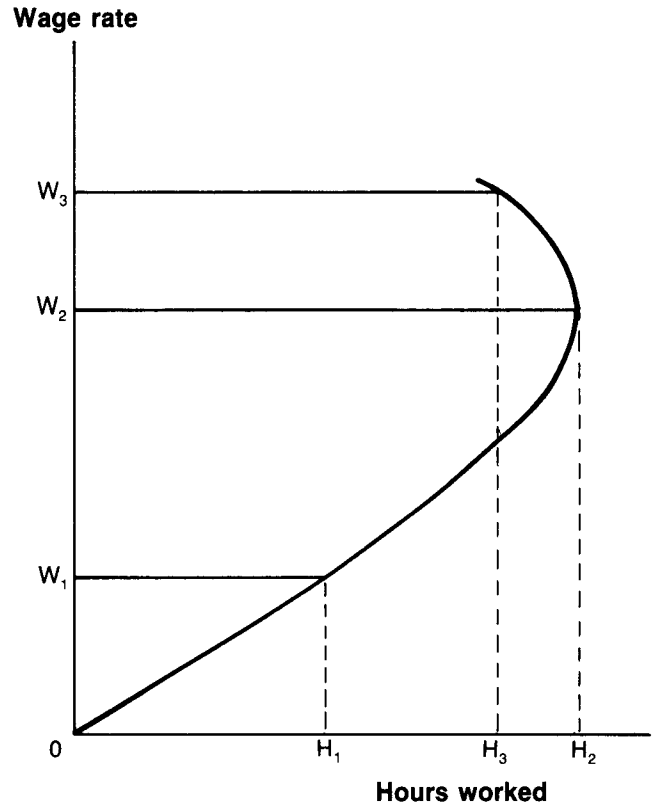


Table 4. Workweek and pay preference of 25- to 54-year-old wage and salary workers, by sex and earnings, May 1985
[Percent distribution]

Weekly earnings	Same hours, same money	Fewer hours, less money	More hours, more money
Men, total	65.5	6.5	28.0
Less than \$150	39.3	3.9	56.7
\$150 to \$199	43.9	3.4	52.7
200 to 249	55.6	4.2	40.2
250 to 299	60.8	2.9	36.3
300 to 399	62.6	7.0	30.5
400 to 499	66.6	6.5	26.9
500 to 599	71.9	7.9	20.3
600 to 749	73.0	7.8	19.1
750 and over	76.6	8.9	14.5
Women, total	67.2	10.9	21.9
Less than \$150	55.6	5.0	39.4
\$150 to \$199	66.6	7.4	25.9
200 to 249	66.6	12.2	21.2
250 to 299	66.2	14.1	19.7
300 to 399	72.6	11.9	15.5
400 to 499	75.7	12.4	11.9
500 to 599	72.0	15.2	12.8
600 to 749	73.2	13.9	12.9
750 and over	63.6	22.0	14.6

NOTE: Data exclude incorporated self-employed workers.

The lower part of the curve is positively sloped, meaning that at lower wages, labor hours supplied increase as the wage rises. However, above a certain wage rate (W_2), the curve may begin to bend backward, as the income effect dominates.

May 1985 data on preferred hours by earnings suggest some indirect support for the backward-bending supply curve theory.⁴ As earnings rise to high levels for prime working-age adults, smaller proportions want to increase their workweeks and larger fractions prefer to decrease their hours of work.⁵ (See table 4.) This finding could reflect a strong income effect—causing workers with the highest earnings to want to reduce their work hours—as occurs on the negatively sloped part of the backward-bending supply curve. It could also indicate that workers with lower weekly earnings also have shorter workweeks and are more likely to want to increase, rather than decrease, their hours. Moreover, it is important to note that for men—even men earning \$750 or more per week—the proportion wanting more hours of work exceeded that wanting fewer hours.

Women are more willing than men to forgo income for leisure. This was evident at virtually all earnings levels—especially in the prime working-age groups. (See table 4.) About 1 of 8 women earning \$200–\$499 per week would prefer to work fewer hours. Moreover, when weekly earnings reached \$500 or more, the proportion preferring fewer hours was greater than that wanting more hours. No other worker group studied displayed this preference pattern. In the highest earnings category, about one-fifth of the women expressed a preference for shorter hours (more leisure), while only one-seventh wanted longer workweeks (more income). It is also interesting to note that women’s satisfaction with their current hours increased as earnings rose only up to a point. Once earnings reached \$300 or more per week, the proportion satisfied leveled off, and it then fell in the highest earnings category.

The preference pattern for prime working-age men differed sharply from that for women. At all earnings levels, the proportion of men wanting more hours was substantially larger than the proportion preferring more leisure. In the \$300 to \$499 earnings range, men preferred more hours 4 to 1 over fewer hours. Even at weekly earnings of \$500 and over, only about 8 percent of prime working-age men were

willing to trade income for leisure, whereas 15 to 20 percent wanted more hours and more money. Also, the proportion of men satisfied with the length of their workweek continued to rise as earnings increased. The substitution effect seems to outweigh the income effect for prime working-age men—even when earnings are extremely high.

IN SUM, two of three employed persons in May 1985 said they would prefer to work the number of hours they currently work and earn the same money. An additional one-fourth wanted to work more hours and earn more money. Only 8 percent would choose a shorter workweek and less money. As might be expected, the degree of satisfaction with present hours rose with age and with weekly earnings. In contrast, the proportion wanting to work more hours and earn more money, which was high for young people and low earners, fell sharply as age and earnings increased. Women were more likely than men to prefer fewer hours and a proportionate reduction in pay. Although the proportion of men and women willing to forgo income for leisure time was generally small, it rose steadily as weekly earnings increased. This suggests that at very high earnings, the labor supply curve may bend backward. □

—FOOTNOTES—

¹ See G. Katona, B. Strumpel and E. Zahn, *Aspirations and Affluence* (New York, McGraw-Hill, 1971), pp. 128–33; and Fred Best, “Exchanging Earnings for Leisure: Findings of an Exploratory National Survey on Work Time Preferences” (U.S. Department of Labor, Employment and Training Administration), R&D Monograph 79. The Katona and others questions were asked of a nationally representative sample of household heads. The Harris survey was based on a national sample of employed civilians 17 years of age and over. These two surveys obtained the following results:

	Percent preferring:		
	Same	Fewer	More
Katona and others, 1966	56	10	34
Louis Harris and Associates, 1978	61	11	28

² Leisure in this context represents all time except paid worktime. In other words, it includes time spent on housework, child care, school attendance and numerous other activities that are not commonly defined as leisure.

³ Economists have argued about the relationship between the wage rate

and the quantity of labor supplied since the English mercantilists in the 1600’s. The landmark twentieth century work in this field is Lionel Robbins’ “On the Elasticity of Demand for Income in Terms of Effort,” *Economica*, June 1930, pp. 123–29. After pointing out that the demand for income can also be viewed as the supply of effort, Robbins says there is no *a priori* way to predict how a change in the wage rate will affect hours of work. Rather, one must observe how individuals vary the amount of work done when the wage rate changes. The same point is addressed in terms of income versus substitution effects by Paul A. Samuelson in *Economics*, 3d ed. (New York, McGraw-Hill, 1955), pp. 535–36.

⁴ Cross-sectional data on preferences for more and fewer hours of work by weekly earnings are used as proxies for substitution and income effects. Data on hours that individuals chose to work at different pay rates are not available.

⁵ Because only one-quarter of the wage and salary workers in the sample are asked the earnings questions, the standard errors of earnings estimates are relatively large. For this reason, percentages are not shown where the base is less than 100,000.