

Overtime and Trade Unions

Laszlo Goerke*

IAAEU Trier – Trier University, IZA Bonn and CESifo Munich

Gabriel Schultze†

IAAEU Trier – Trier University

February 15, 2018

Abstract

not to be cited

Keywords: overtime, working time, trade union membership, German Socio-Economic Panel

JEL Classification: J2, J51

The large number of overtime hours may be the cause of the substantial degree of working hours mismatch in Germany. If, due to collective agreements, contractual hours are basically fixed from an individual's and from a firm's point of view, overtime can help to align actual working time to the preferences of firms and employees. Whether employees work overtime, and if doing so, how much overtime they actually work both depend on employees' abilities to implement their working time preferences and resist possibly conflicting demands by their employers. In this paper, we investigate empirically the impact of individual trade union membership on overtime in Germany.

Since unions can support their members in conflicts with employers and also in legal disputes, we expect that union members are better able to realize their working time preferences than non-members. The direction of such union membership effect on overtime is, however, basically ambivalent. Still, the empirical evidence

*Institute for Labour Law and Industrial Relations in the European Union (IAAEU), Trier University, Behringstr. 21, D-54296 Trier, Germany; Email: goerke@iaaeu.de

†Institute for Labour Law and Industrial Relations in the European Union (IAAEU), Trier University, Behringstr. 21, D-54296 Trier, Germany; Email: schultze@iaaeu.de

on working hours mismatch suggests that, in the large majority of cases, employees would like to reduce actual working time. Therefore, trade union members are likely to work overtime less often and with a lower total number of overtime hours.

For the empirical investigation we use SOEP data and focus on the time span from 1998 until 2015 and utilize those six waves in which information on individual trade membership is available. Our results indicate that there is no effect of trade union membership on the incidence of overtime in Germany, but throughout the whole analysis a negative and statistically significant effect on the amount of overtime hours prevails. Controlling for time invariant unobserved heterogeneity confirms the finding of a negative effect on overtime hours. With regard to economic significance, our estimates correspond to half an hour less overtime per week for trade union members. Since our analysis may suffer from an endogeneity problem of our main variable of interest – trade union membership – we employ an IV approach as a further robustness check, which confirms our results.