

# **Does Extending Workers' Freedom of Choice Contribute to Balancing Work-Life over the Life Cycle?**

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## **Structure of the proposed paper**

1. Introduction
2. Theoretical background and ingredients of the Dutch life course savings scheme
3. Data set and method
4. Role industrial relations in work-life balance
5. Bivariate relationships
6. Multivariate regression analysis
7. Conclusions and recommendations
8. References

## **Extended abstract**

In Europe creating diversity and extending workers' freedom of choice is a policy argument of increasing importance. Surveys in EU countries indicate a clear interest of employees in greater flexibility and control over their working hours (see Bettio *et al.* 1998; Hogarth *et al.* 2000; Latta and O'Conghaille 2000; Webster 2001; Berg *et al.* 2004). Recent legislation in the EU and at the national level, together with initiatives developed by employers, unions and governments, offer employees more choice over their working time (see Bettio *et al.* 1998; Bielenski *et al.* 2002; European Foundation 2003, 2005; Anxo and Boulin 2006). More "time sovereignty" allows employees to organise their working time more in line with their individual needs and interests.

On January 1, 2006 the Dutch government introduced a new and for Europe unique individual voluntary life course plan: the Life Course Savings Scheme (LCSS). The aim of this individualised voluntary scheme is twofold: to improve work-life balances over the life cycle and to increase employment participation. The social partners are free to adapt the LCSS to the specific circumstances of an industry or enterprise. The system is fiscally facilitated. The Dutch LCSS is based on the holistic life cycle approach (Heinz and Marshall, 2003) and lends shape to

individualisation and tailor-made employment conditions. The scheme also fits the transitional labour markets approach (Schmid, 2006). Does the scheme live up to its aims and expectations? To answer this question in this paper the choices in 2008 of employees in the Dutch government and educational sectors are analysed. Both bivariate cross tabulations and logistic regression are applied.

The data used in the paper were collected for this purpose by a representative survey among Dutch civil servants in Spring 2008. Over 110,000 questionnaires were sent out. Valid information on employee choices concerning the LCSS is available for 45,000 employees. The dataset contains information on background characteristics of employees in all 16 branches of the Dutch government sector and the educational sector. Of these employees we know whether they choose to participate in the LCSS and the reason(s) for participation. Moreover, information was collected on participation in the competing Salary Savings Scheme, the reasons why employees do not participate in the LCSS, and their plans to take part in the LCSS in 2008. The available background characteristics of the employees include gender, age, educational attainment, occupation, job duration, number of hours worked, salary, and detailed information on household composition.

The proposed paper build on and extends our earlier research. Do the results still hold in 2008? In 2006, the first year of operation, the LCSS was not very popular among the Dutch male and female employees. Actual participation was lower than expected by the government for various theoretical and practical reasons, including bounded rationality, the design and fiscal facilitation, the fact that LCSS is a recent innovation and the more favourable competing scheme, the Salary Savings Scheme (Simon, 1957; Iyengar and Lepper, 2000; Schwartz, 2004; Delsen, 2007). Offering more choices may improve efficiency for differences in individual preferences can be better satisfied and thus average individual satisfaction may be higher. Introducing choices concerning employment conditions may also result in adverse selection, for due to budgetary constraints only certain categories of employees can afford to materialise their working time preferences. Earlier research (Delsen, 2007; Delsen and Smits, 2007) using 2006 data indeed showed purchasing power to be the core explaining factor. The LCSS mainly offers financial benefits for employees with a higher salary and explains why certain groups of employees (still) have limited opportunity to participate in the LCSS. However, our multivariate analysis showed that controlled for other characteristics young people participate more than older employees, females participate more than males, part-timers more than full-timers and employees with a partner participate more than singles. It was concluded that the LCSS has a potential to contribute to balancing the work-life balance over the life cycle. Has this potential materialised in 2008?

## Selected references

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