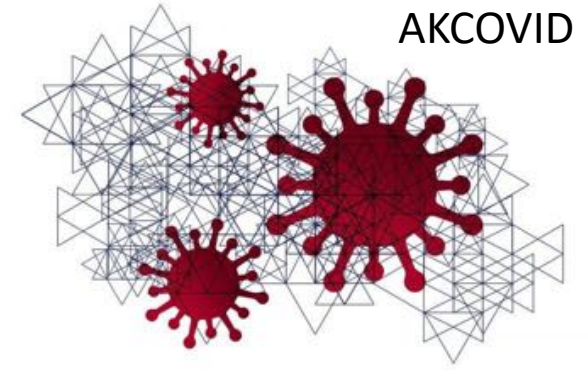


The impact of the COVID-19 pandemic on working conditions and job quality in Austria

Nadia Steiber

Research Seminar Series, Surrey Business School, University of Surrey, 3 March 2021

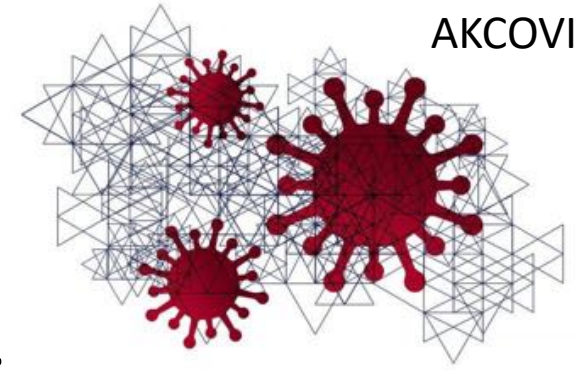


Outline

- The pandemic and labour market crisis in Austria
- Short-time work (STW): regulations and take-up
- Impact of the pandemic and in particular of STW on
 - Working conditions (hours worked, wages, job loss anxiety)
 - Job quality (autonomy, work pressure, participation, skill use/training)
 - Perceptions of fairness/injustice

The pandemic in Austria

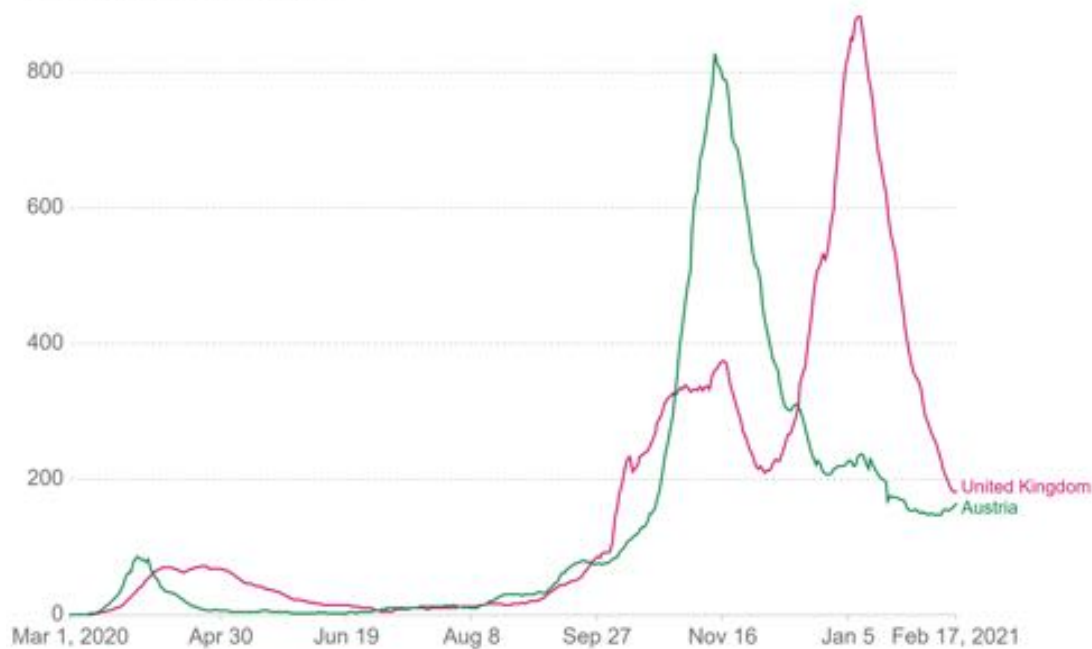
Small first wave, huge second one – about 8,000 deaths until mid-Feb.



Daily new confirmed COVID-19 cases per million people

Shown is the rolling 7-day average. The number of confirmed cases is lower than the number of actual cases; the main reason for that is limited testing.

Our World
in Data



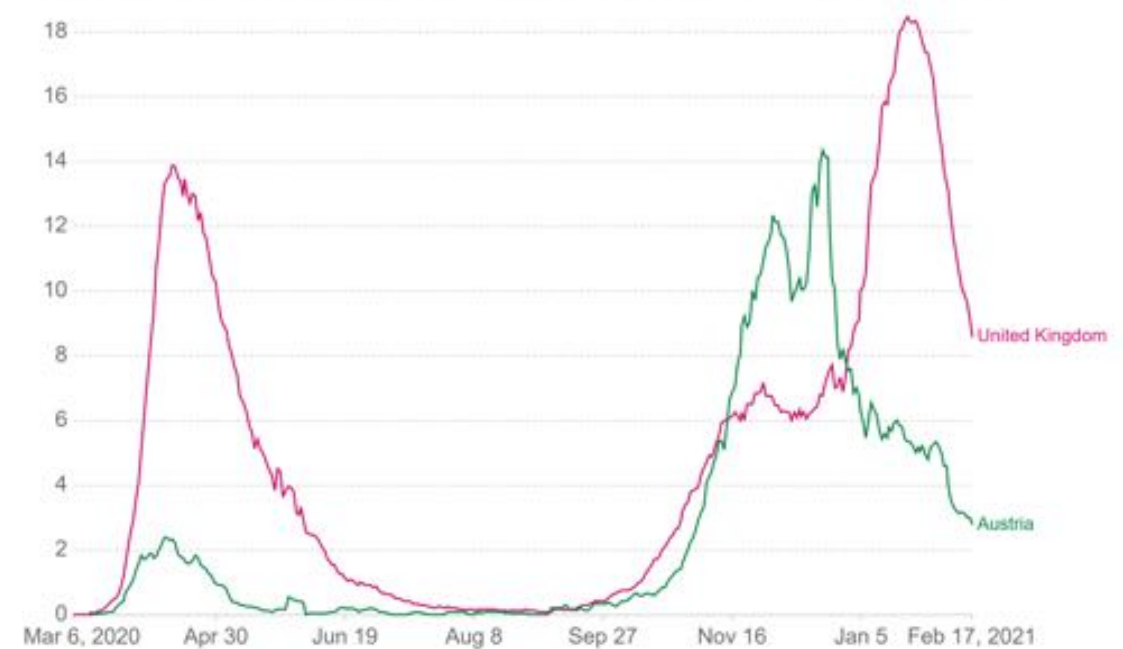
Source: Johns Hopkins University CSSE COVID-19 Data – Last updated 18 February, 15:03 (London time)

CC BY

Daily new confirmed COVID-19 deaths per million people

Shown is the rolling 7-day average. Limited testing and challenges in the attribution of the cause of death means that the number of confirmed deaths may not be an accurate count of the true number of deaths from COVID-19.

Our World
in Data

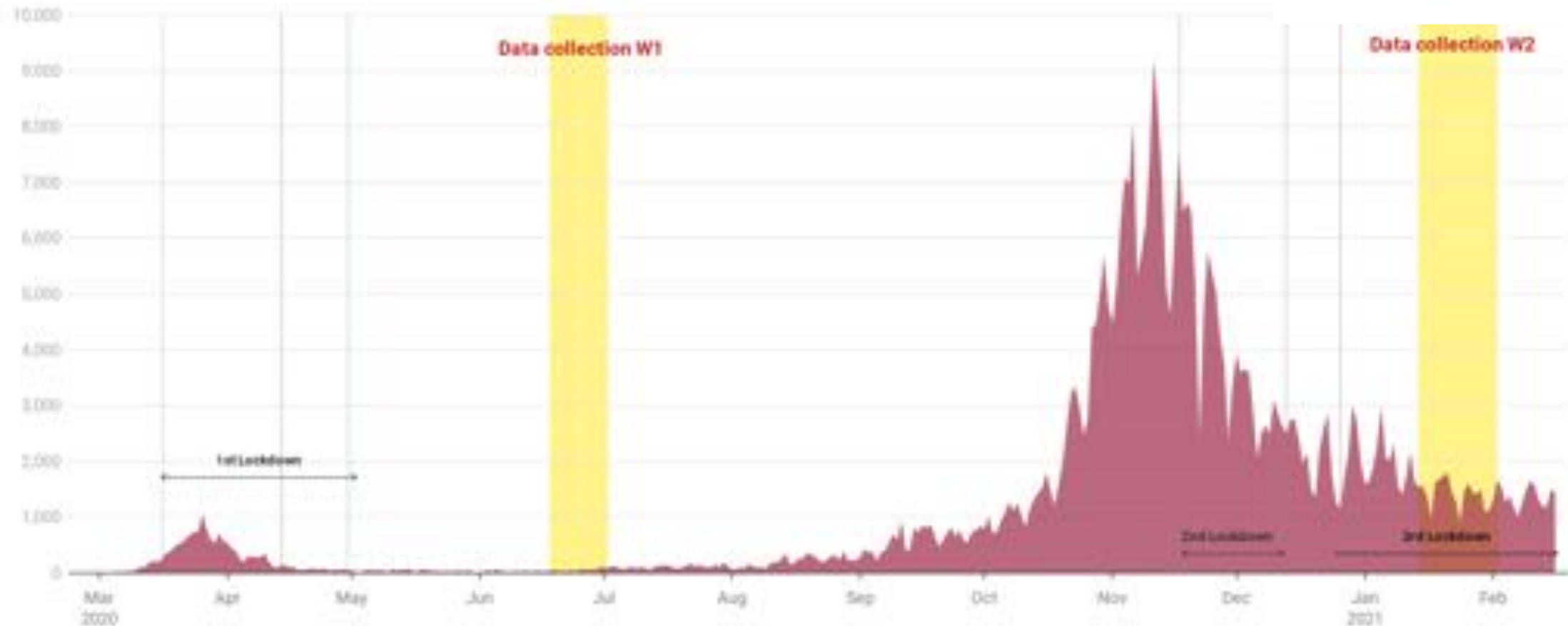


Source: Johns Hopkins University CSSE COVID-19 Data – Last updated 18 February, 15:03 (London time)

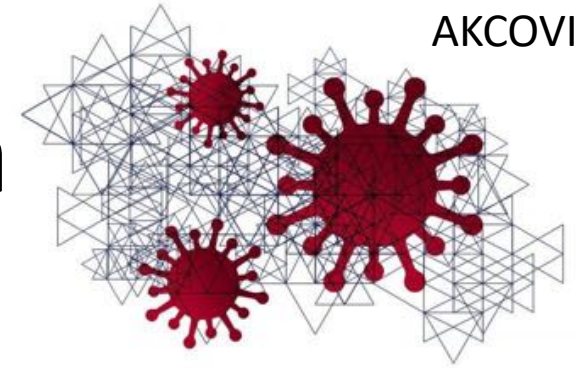
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The pandemic in Austria

COVID-19 infections recorded in Austria



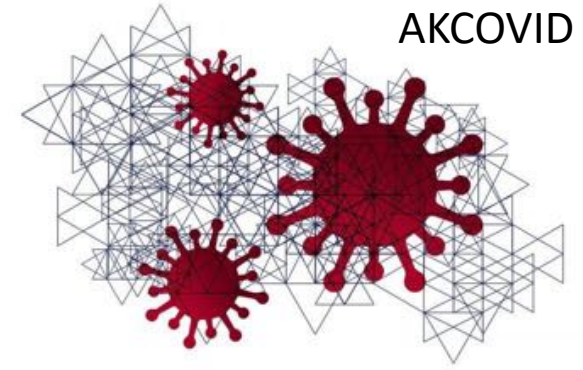
The pandemic labour market in Austria



Daily number of registered unemployed, 1 March 2020 until 8 February 2021

Daily number of persons registered as unemployed or in training at the public employment office





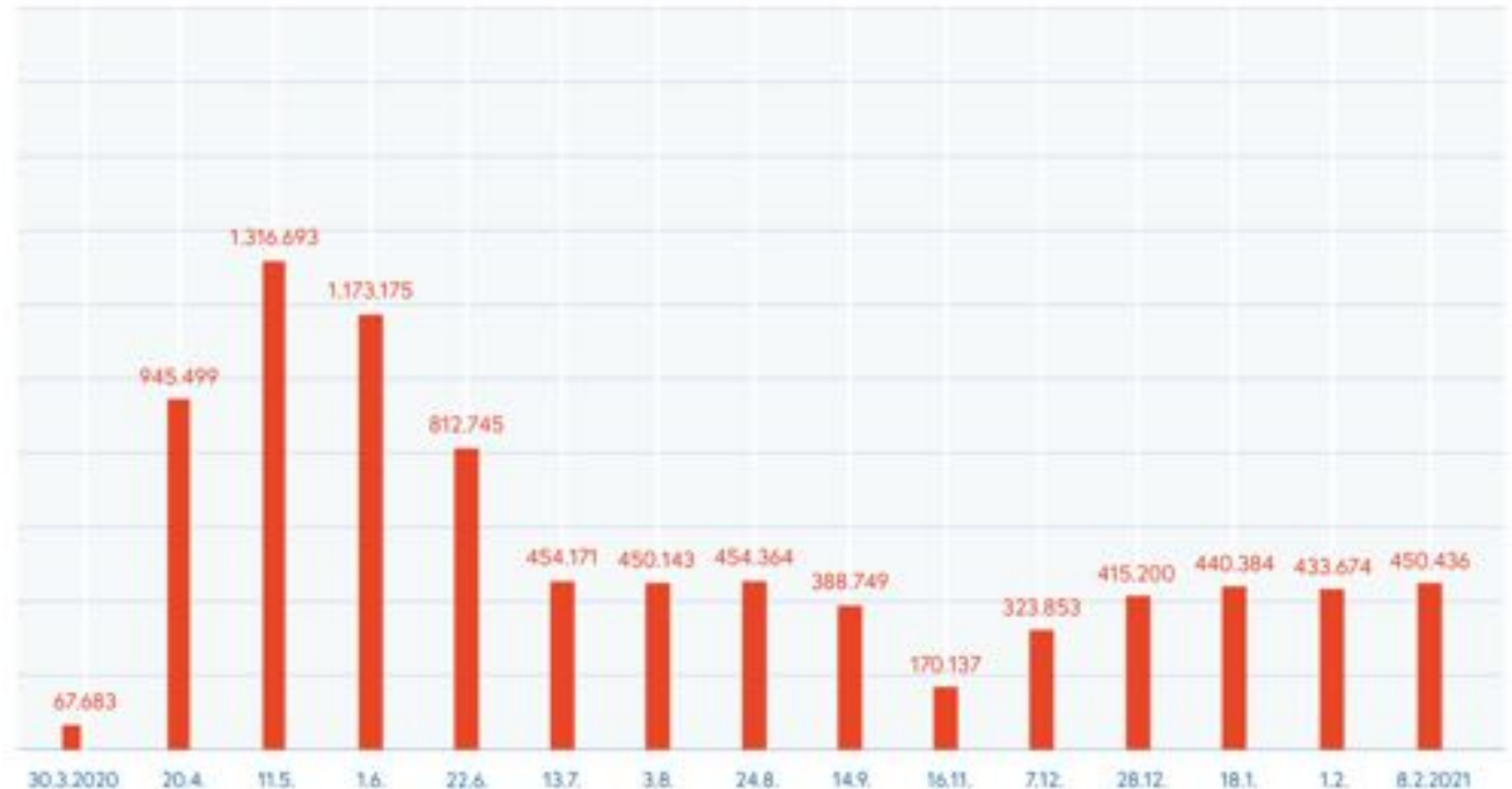
Short-time work in Austria

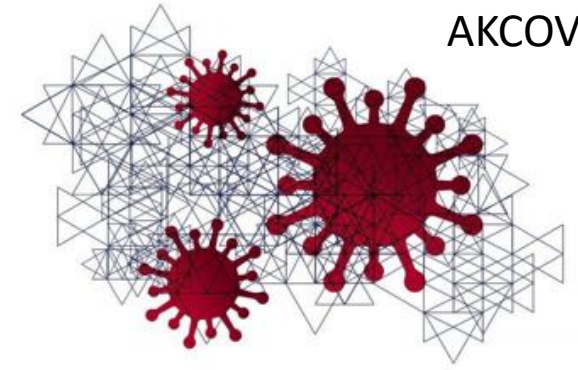
Uptake...

1.3 Mio. short-time workers at the peak in May (**1/3 of employees**).

Currently about 450,000 (**12% of employees**)

plus about half a Mio. unemployed (11% UR).





Short-time work in Austria

- Corona-Kurzarbeit, Phases 1-3
 - Allows for a reduction in working hours while maintaining the employment relationship (protection of jobs)
 - Minimum working time: 10% in phases 1-2 and 30% in Phase 3 (since Oct 2020)
 - Maximum working time: 80%
 - Costs to employers: none
 - Hours lost can be claimed from the Public Employment Service in Austria
 - Net compensation rate for employees between 80% and 90%
 - Retention period: one month after expiry of short-time work
 - Training: no requirement in Phases 1-2, since Oct in Phase 3 willingness to attend further training is required from short-time workers during the 'idle times'.

Short-time work in Austria

Why it is widely used:

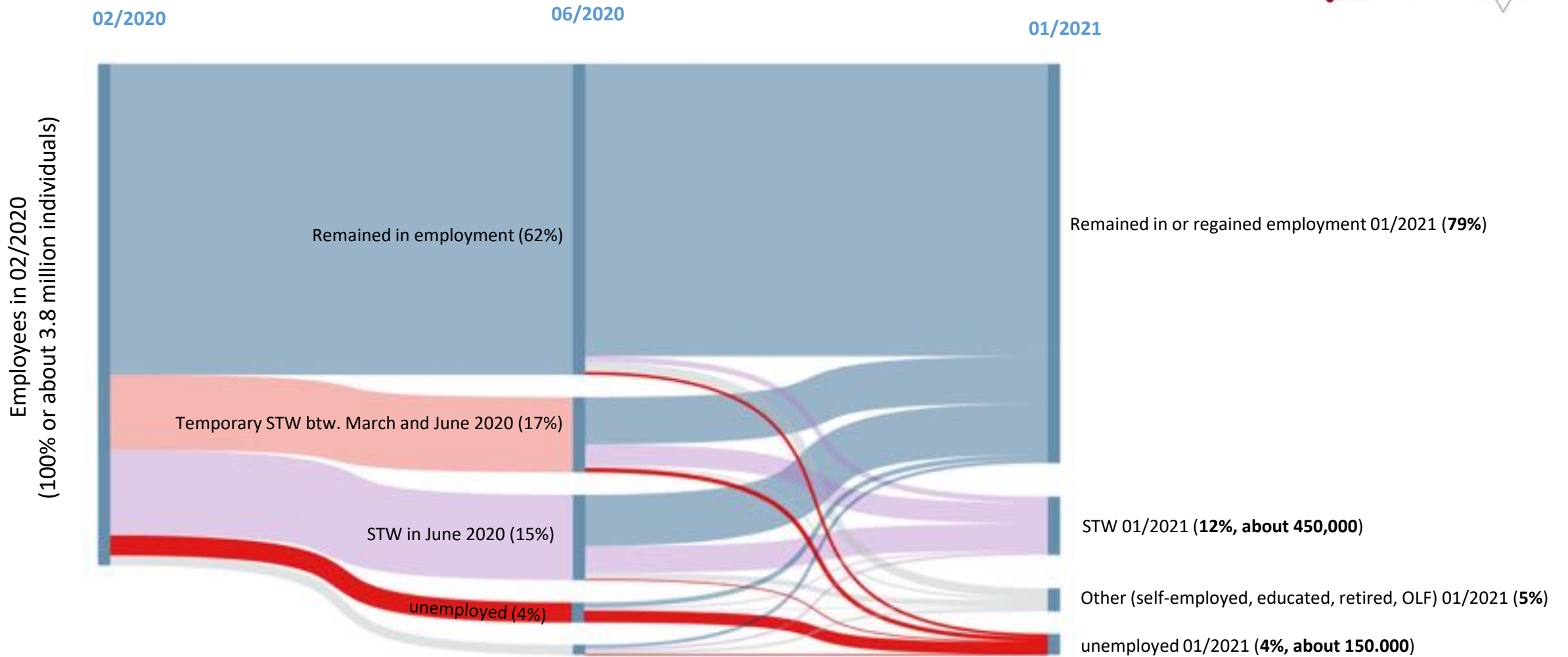
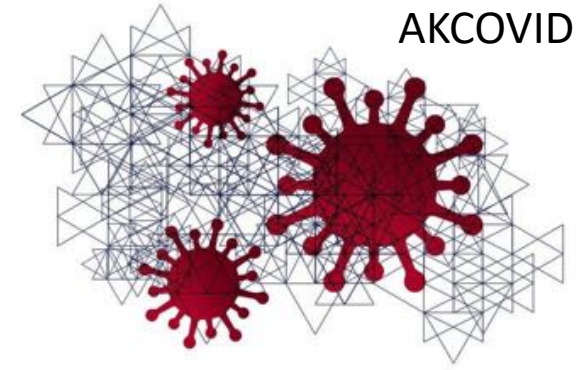
It costs less than redundancy...

...both for the firms and the state

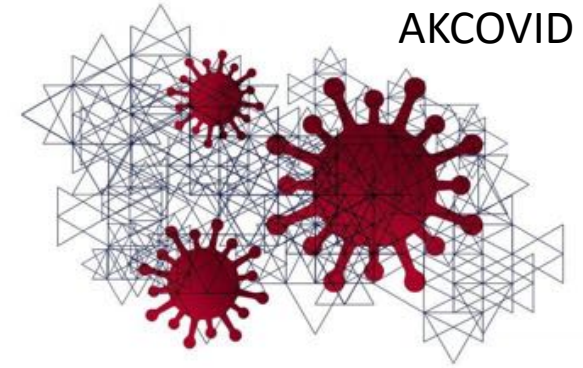
		Net monthly salary before COVID-19 short-time work: €1,829			Net monthly salary before COVID-19 short-time work: €1,368		
		April	May	June	April	May	June
		reducing working time to			reducing working time to		
		0%	10%	20%	0%	10%	20%
What does the employee earn during STW?	Minimum net salary	€1,555	€1,555	€1,555	€1,163	€1,163	€1,163
Comparison with unemployment benefits in the event of dismissal		€1,200	€1,240	€1,200	€946	€977	€946
What does the employer pay during STW?	Labour cost	€3,482	€3,482	€3,482	€2,306	€2,306	€2,306
	STW subsidy from the AMS	€3,482	€3,134	€2,786	€2,306	€2,075	€1,845
	Effective labour cost	€0	€348	€696	€0	€231	€461
Comparison with labour cost in the event of dismissal: assumed notice period of four and two weeks respectively		€3,715			€1,227		
Additional cost of dismissal		€2,671			€535		

Source: Schnetzer et al. 2020: <https://voxeu.org/article/mitigating-mass-layoffs-covid-19-crisis-austrian-short-time-model>

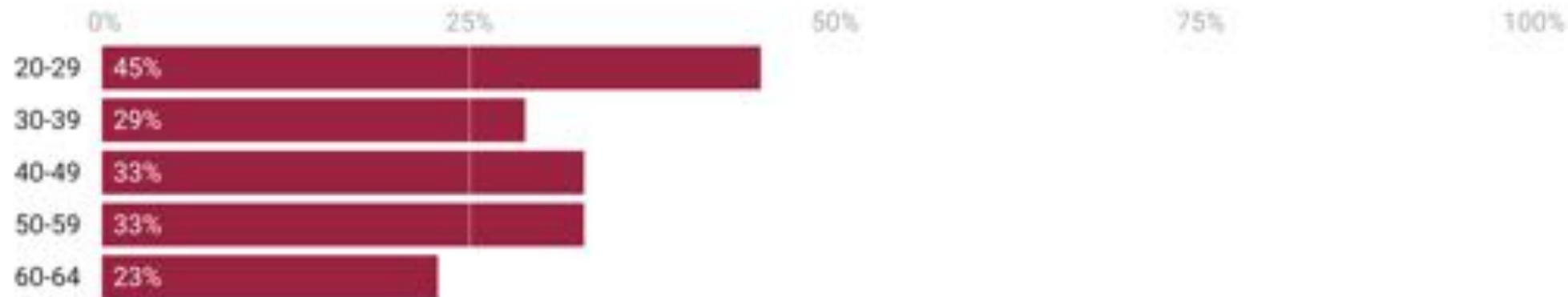
Trajectories of employees: How many of the 3.8 million people who were employed in 02/2020 were sent into short-time work (STW) or became unemployed due to the Corona crisis? Since 03/2020 about **33% experienced STW; 6% unemployment**.



Results: who was/is in STW?



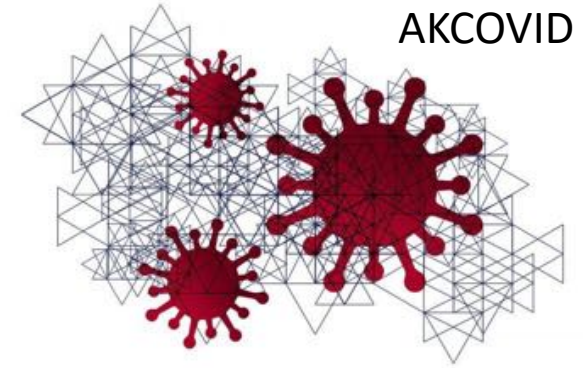
Shares of employees in STW during the pandemic, by age group



Sample: Employees in February 2020. Predicted probabilities based on a logistic regression model controlling for gender, education, Austrian citizenship and sector of activity.

Similar shares of women and men and across education groups (no significant effects, no clear-cut education effect). Relevant factor besides age is sector of activity: highest shares in tourism, catering, retail, manufacturing, technical and professional services, real estate and art. Low shares in public service, education, health/care, finance, energy/water.

Results: Working conditions in STW



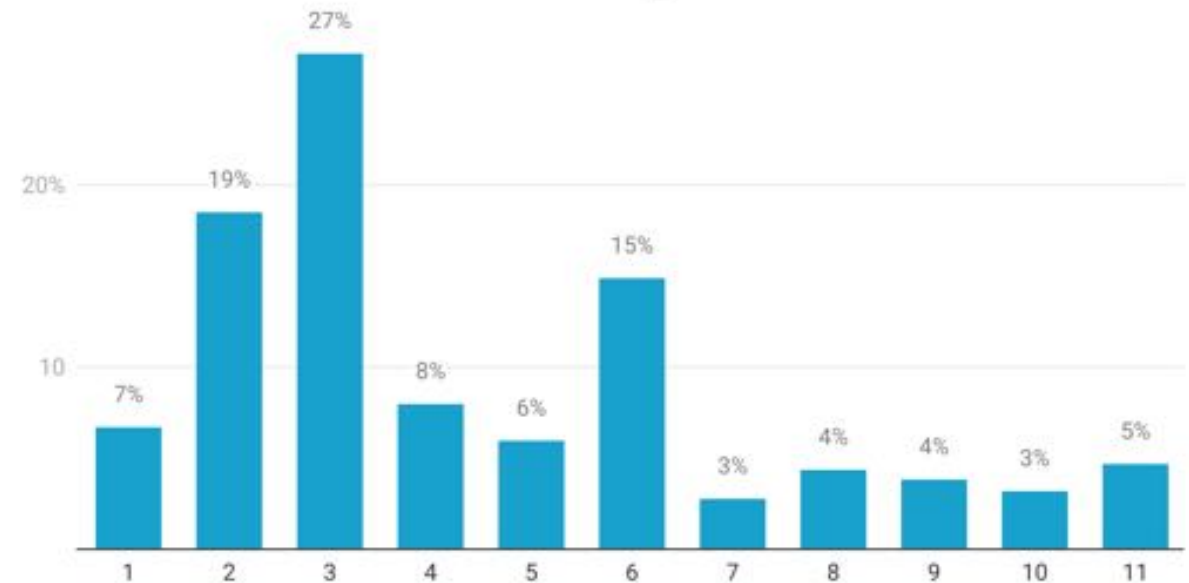
Hours change during STW

- 19% hardly worked
- 59% worked less than usual
- 17% worked similar hours

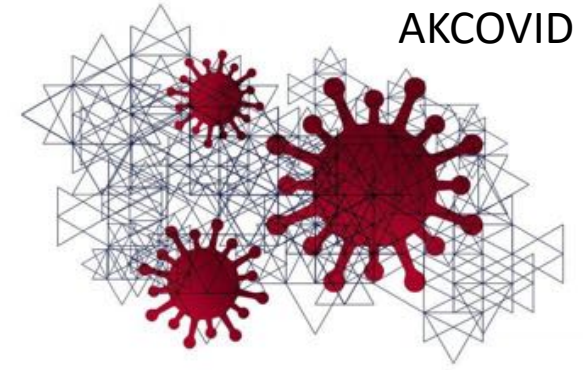
Average working hours during STW

- 22% said that working hours were difficult to report due to strong variation
- The remaining 78% worked 36 hrs on average before STW and 24 hrs on average in STW
 - Women 32 hrs before and 19 hrs in STW (~60%)
 - Men 40 hrs before and 28 hrs in STW (~70%)

Number of months in STW among employees ever in STW between March 2020 and January 2021



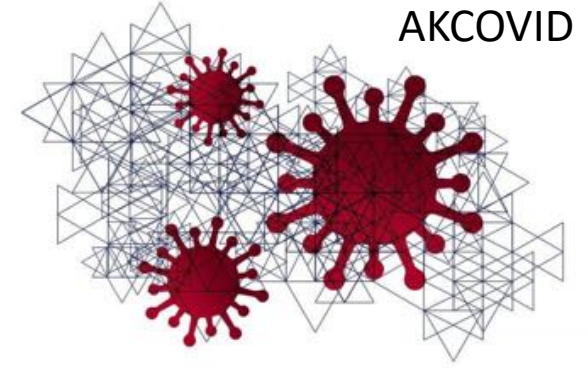
53% up to three months; 80% up to six months



Aim of this (part of the) study

Impact of the pandemic (of STW in particular) on working conditions and job quality

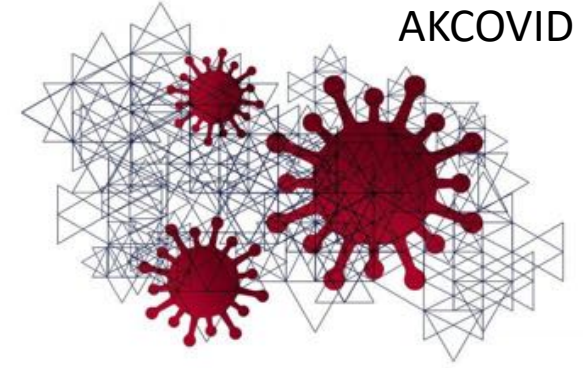
- Working hours and pay
- Home office
- Work pressure
- Work autonomy
- Recognition
- Perceptions of fairness
- Etc.



Recessions and job quality

Theory and scarce evidence:

- Implications of economic downturns for those who still have jobs...
 - **Hypothesis 1:** in times of recession job quality decreases (e.g., increase in job insecurity and therefore work pressure, cf. Green 2004; Gallie 2005; Russell/McGinnity 2013)
 - **Hypothesis 2:** in times of recession the jobs with the lowest quality disappear, hence average job quality among those who still have jobs increases (~ research design)
 - **Hypothesis 3:** in times of recession, we observe a polarisation in terms of job quality (Gallie/Zhou 2013) to the disadvantage of e.g., the young and the lower skilled
- **Variation across countries** (Gallie/Zhou 2013): The effect of recessions on job quality may differ across countries depending whether governments and employers pursue a strategy of labour hoarding (short-time work schemes) or labour shedding (surge in unemployment).

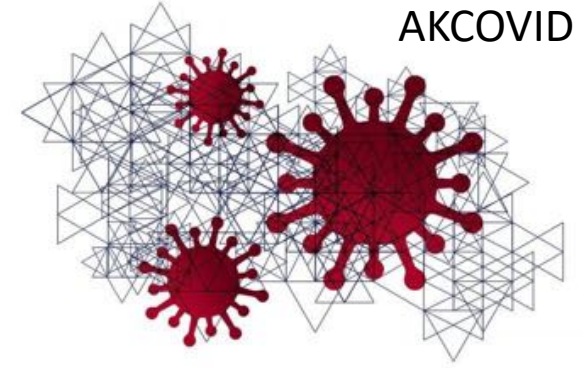


Short-time work (STW) and job quality

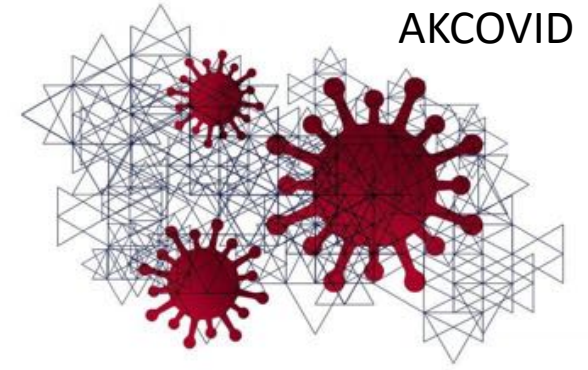
Theory and scarce evidence:

- STW schemes can protect jobs (quantity of work), there is plenty of evidence from the last economic recession (e.g., Gehrke and Hochmuth 2017, 2020; Mandl 2011).
 - But this time the extent to which this instrument is used is much higher!
- STW changes jobs in terms of hours (zero up to 80% of usual hours) and pay
 - But also in terms of content, skill use or intrinsic quality?
 - Lack of research
 - Möhring et al. (2020) find lower **work satisfaction** among STW in Germany, but pay reduction larger in Germany (between 60% and 67% compensation) compared to Austria (80%-90%). There is lack of knowledge about **which aspects of jobs** are responsible for lower work satisfaction and if we can generalize across different groups of STW.

Short-time work (STW) and job quality



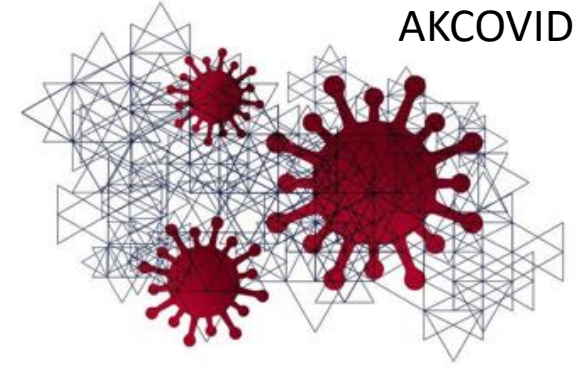
- **Mechanism 1:** Since **pay** is reduced, **job satisfaction** may be expected to decrease as well as **perceptions of fairness** at the workplace and **recognition** of own work.
- **Mechanism 2:** Among STW whose **hours** are strongly reduced for an extended period of time, skills become obsolete (equivalent to unemployment effects, cf. De Grip and Van Loo 2002). We may observe decreased **skill utilization**.
- **Mechanism 3:** When employers face a lack of demand for their services or goods, the kind of work carried out during STW may differ from the one carried out before. This may have changed the **skill content** and **variety** of tasks (de-qualification?).
- **Mechanism 4:** **Work pressure and job insecurity** but also facets such as **job autonomy** and **task variety** may increase when part of the workforce was made redundant; the remaining workforce (‘survivors’) covering a wider variety of job tasks.
- **Mechanism 5:** Employer-funded **training** typically declines during economic downturns (but mixed findings across countries, Dieckhoff 2013), we may expect that esp. for STW.
- **Hypothesis 4:** The extent to which job quality (in all these regards save mechanism 4) changes with the move to STW will depend on the extent to which hours are reduced (more reduction -> greater change) and on the type of industry.



Home office and job quality

Theory and scarce evidence

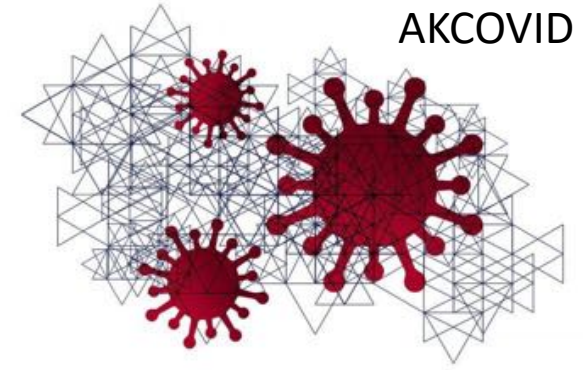
- For many countries, evidence that the more highly educated were more likely to work from home, whereas the less highly educated were registered for STW.
- For many countries, evidence that working from home made work-family reconciliation more difficult, especially for parents (school closures, etc).
- But how has job quality changed for those working from home?
 - Lack of research
 - **Hypothesis 5: Job autonomy** increased for those who have started working from home on a regular basis (several times a week), but ambiguous effect on extent of monitoring.
 - **Hypothesis 6:** If employees have the feeling that employers do not trust their work motivation, **performance pressure** may have increased for those who have started working from home.



Survey data

AKCOVID-Survey

- representative panel survey of 2,000 persons living in Austria
 - Sample of analysis: 1,522 employed persons aged 20-64
 - This includes 500 persons with experience of short-time work
 - 905 families with children aged <18, among which 421 with children <6
- fieldwork: June 2020 (CATI & CAWI) and January 2021
- Topics: COVID-risk perception at the workplace, social and economic consequences of the pandemic for families, changes in working conditions and job quality, mental health, unmet health care needs, etc.



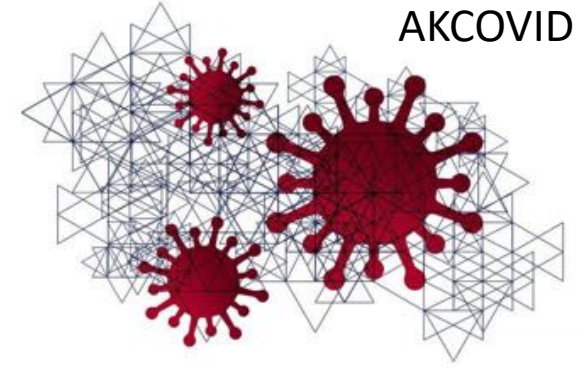
Survey data: central items

Change in employment status and working conditions

- Employment status in February 2020, June 2020 and January 2021
- Home office use (*daily, several times a week, several times a month, less often, never*)
- Working hours (number of hours and change therein compared to February 2020)
- Insecurity: Fear of job loss due to corona crisis (*0-no fear to 10-strong fear*)

Change in job quality

- *Have the following aspects of your job changes since the start of the corona crisis? (decreased at lot, decrease somewhat, stable, increased somewhat, increased at lot)*
 - “How much I earn”
 - “The time pressure or performance pressure at work”
 - “The extent to which I can plan/organize my own work”
 - “The extent to which my work is monitored”
 - “The extent to which I can influence decisions that are important for my work”
 - “The societal recognition of my job”



Survey data: central items

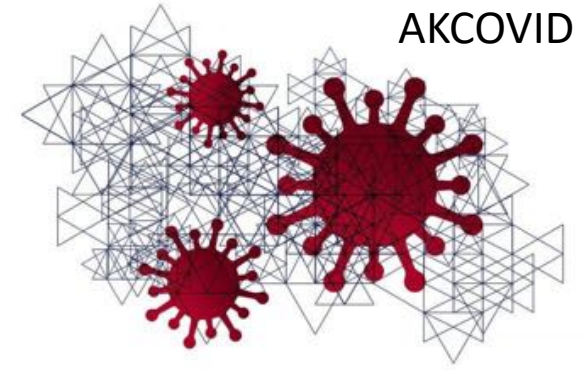
Change in perceptions of fairness

- *“Considering all my efforts and achievements in my job, I feel I get paid appropriately”*
- *“I am treated fairly at my place of work”*

Jobs tasks in STW

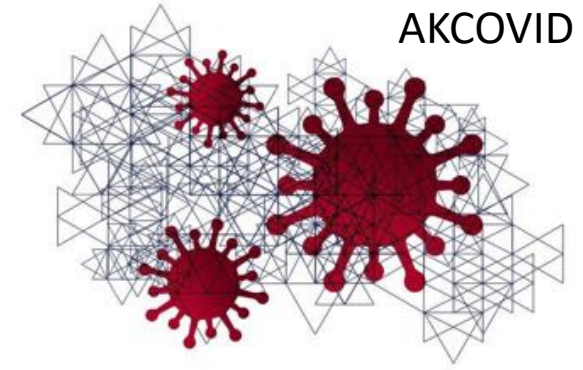
- *% of usual hours worked during STW*
- *The skill level of job tasks during STW: “During short-time work, I have carried out...”*
 - *“more interesting or skilled tasks than before”*
 - *“the same or similar tasks”*
 - *“less interesting or skilled tasks than before”*
- *The skill level of job tasks in the job after STW: similar answer categories*

Results: change in working conditions



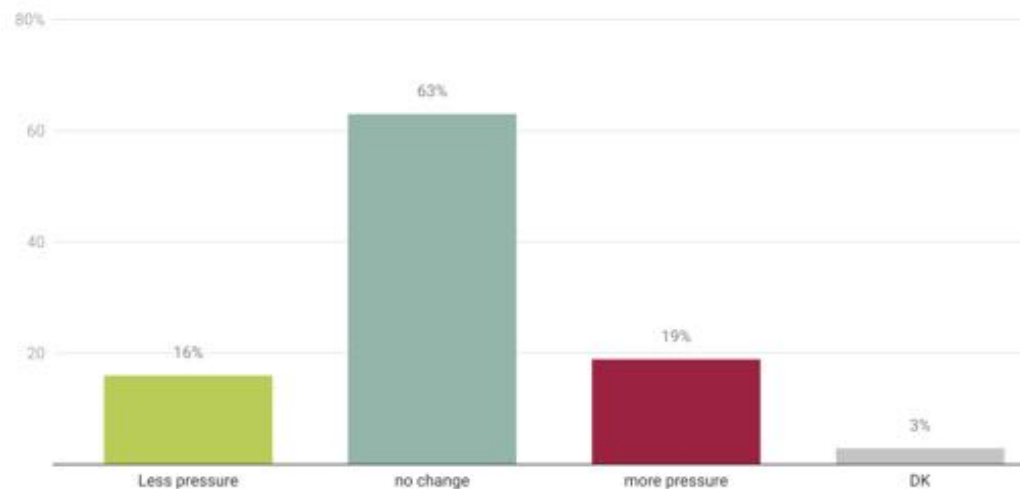
- **HOURS:** About **30%** of employees **reduced their working hours** since the start of the pandemic, whereas about 13% increased working hours (no gender difference).
- **HOME OFFICE:** About **27% worked from home more often** compared to February 2020, especially those with higher education (no gender difference)
 - January 2021: about 34% either daily or at least several times per week
- **PAY:** About **27% had a pay cut**, mostly associated with short-time-work (STW), only about 5% higher pay
 - Among those in short-time work: 76% report a strong or some reduction in pay (not 100%, because some are registered for STW even though they do not reduce hours eventually).
 - Among employees without a STW episode, wage cuts only in about 10% of cases
 - **Pay cuts most likely among young employees** aged 20-29 (share of **36%**)
 - Pay cuts more likely among manual workers than salaried employees (almost no cuts in public sector).

Results: changes for employees



WORK PRESSURE: About 16% of employees report reduced work pressure, 19% an increase – on average pressure did thus not change, but it has more strongly increased for some groups of employees.

Change in time or performance pressure since start of crisis, June 2020



Sample: Employees aged 20-64, weighted analysis

Chart: Nadia Steiber • Source: AKCOVID Survey 2020, Daten erhoben im Juni 2020 • Created with Datawrapper

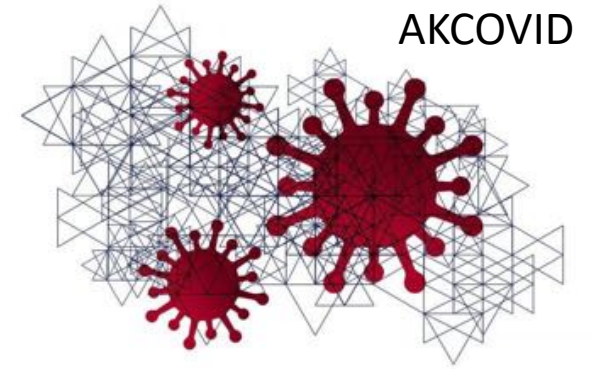
Limited support to **Hypothesis 1** (“work pressure increases in recessions”), rather support to **Hypothesis 3** (“polarization in job quality”)

Increased and decreased most for those in STW!
(**polarization within the group of short-time workers**)

Those regularly working from home (at least several times per week) most likely to report reduction of work pressure (no support to **Hypothesis 6**)

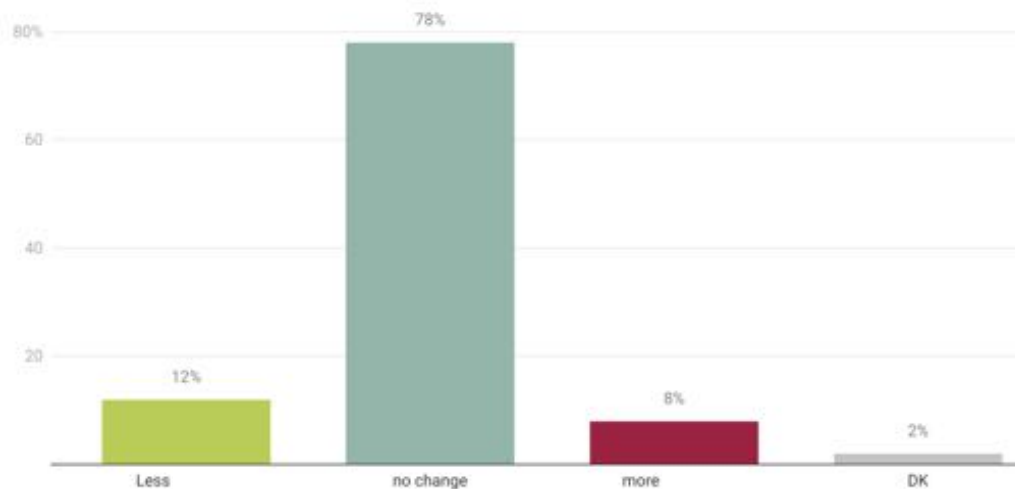
Strongest predictor: sector of activity (more pressure in retail, health/social services, professional services)

Results



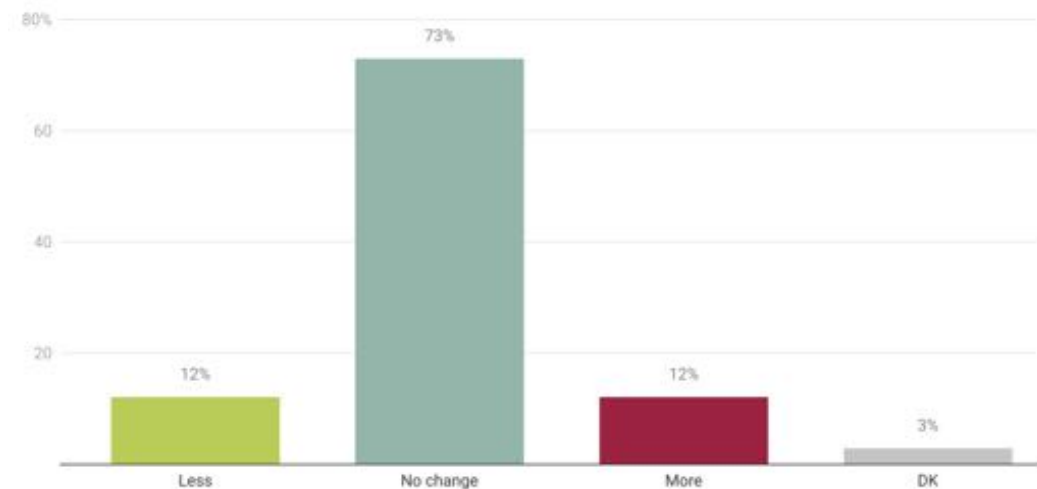
WORK AUTONOMY & MONITORING: Small shares of employees reporting change – on average no change. Some support to **Hypothesis 3**: **polarization in job quality within the group of short-timers**. No support to **Hypothesis 5**: Those regularly working from home do not report increase in autonomy (no effect).

Change in work autonomy since start of crisis, June 2020



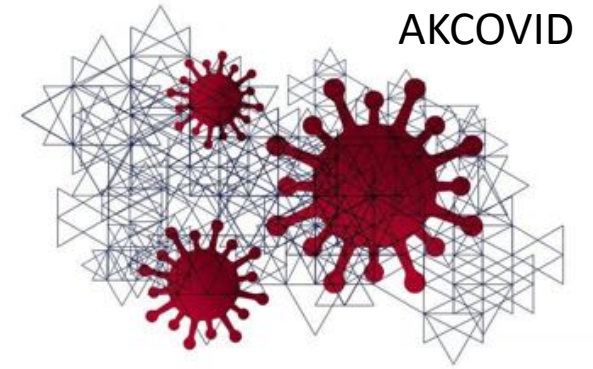
Sample: Employees aged 20-64, weighted analysis
Chart: Nadia Steiber • Source: AKCOVID Survey 2020, Daten erhoben im Juni 2020 • Created with Datawrapper

Change in work monitoring since start of crisis, June 2020



Sample: Employees aged 20-64, weighted analysis
Chart: Nadia Steiber • Source: AKCOVID Survey 2020, Daten erhoben im Juni 2020 • Created with Datawrapper

Results

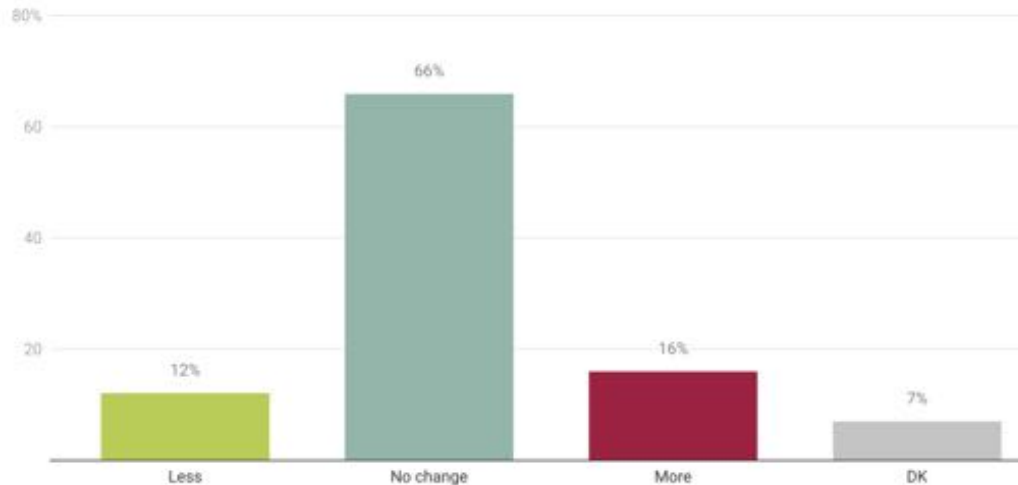


RECOGNITION: About 12% of employees feel that their professional activities receive less recognition, about 16% perceive an increase – the latter mostly among part-time working women working in essential industries (health and social services, education and retail). Significant gender difference to the advantage of women.

Decreased most for those in STW!

-> see below

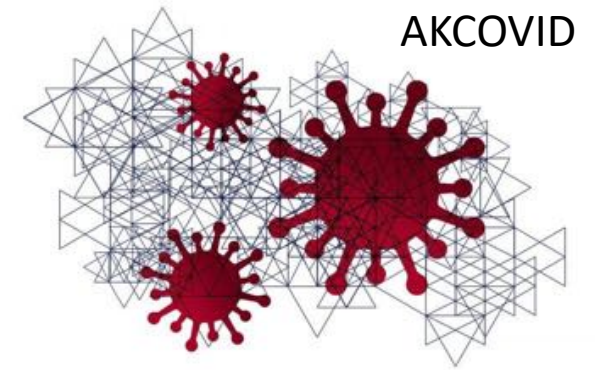
Change in recognition since start of crisis, June 2020



Sample: Employees aged 20-64, weighted analysis

Chart: Nadia Steiber • Source: AKCOVID Survey 2020, Daten erhoben im Juni 2020 • Created with Datawrapper

Results

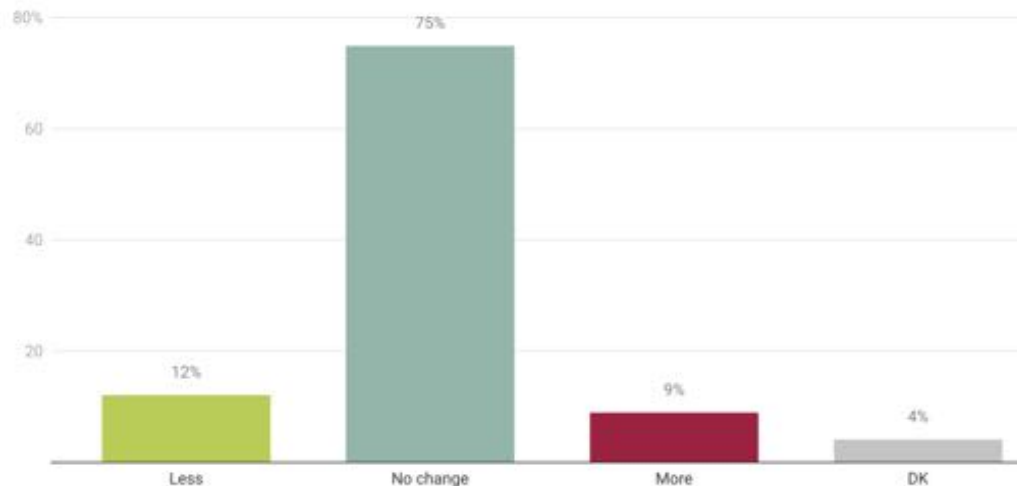


PARTICIPATION: About 12% of employees feel that their opportunities for participation decreased, about 9% perceive an increase – no gender difference.

Participation decreased most for those in STW!

-> see below

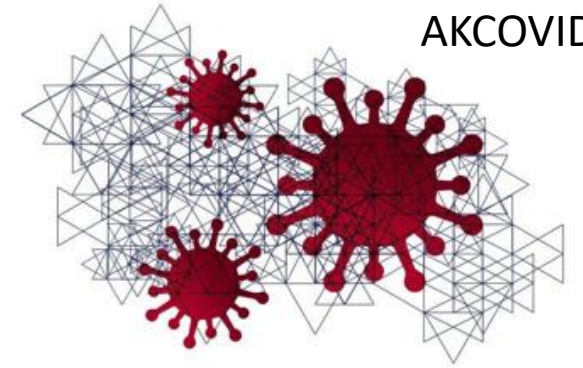
Change in participation since start of crisis, June 2020



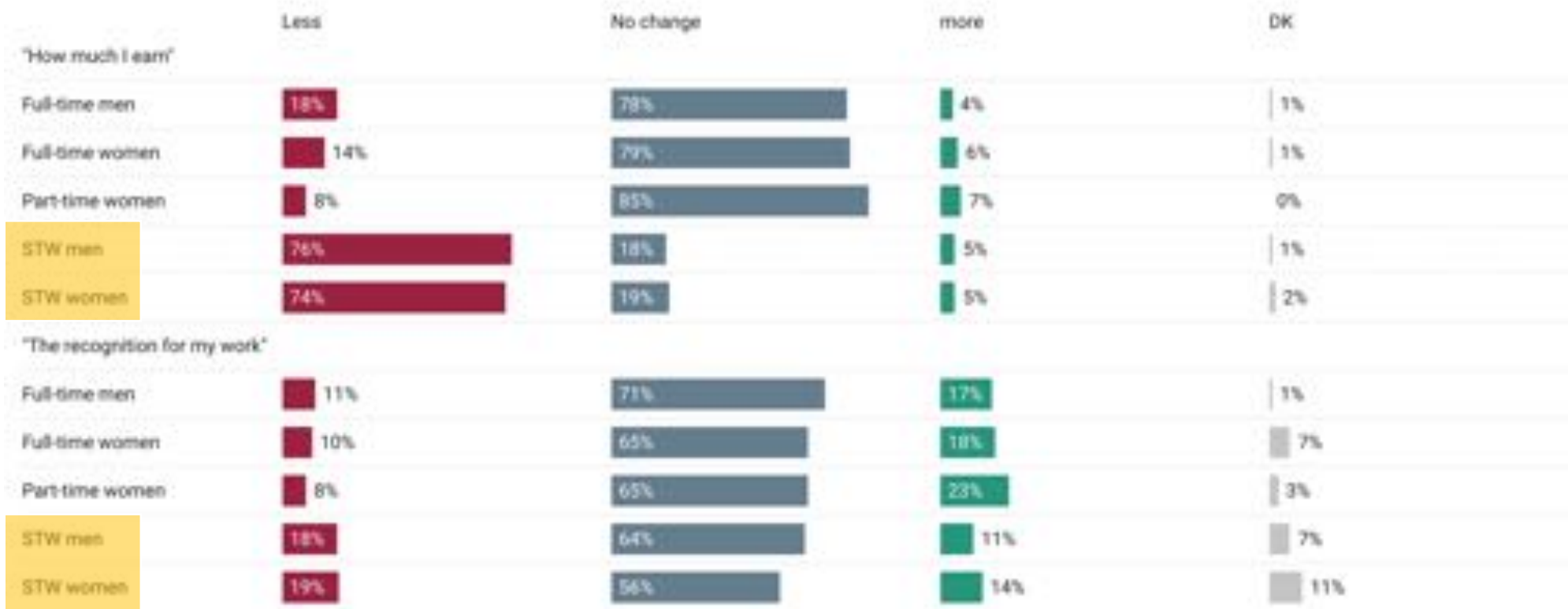
Sample: Employees aged 20-64, weighted analysis

Chart: Nadia Steiber • Source: AKCOVID Survey 2020, Daten erhoben im Juni 2020 • Created with Datawrapper

Results: STW versus regular employment



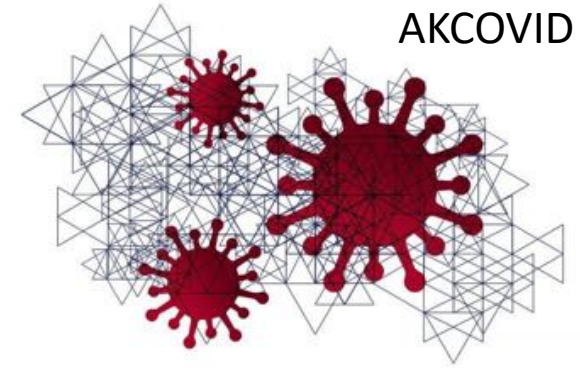
Change in working conditions since the start of the Corona crisis



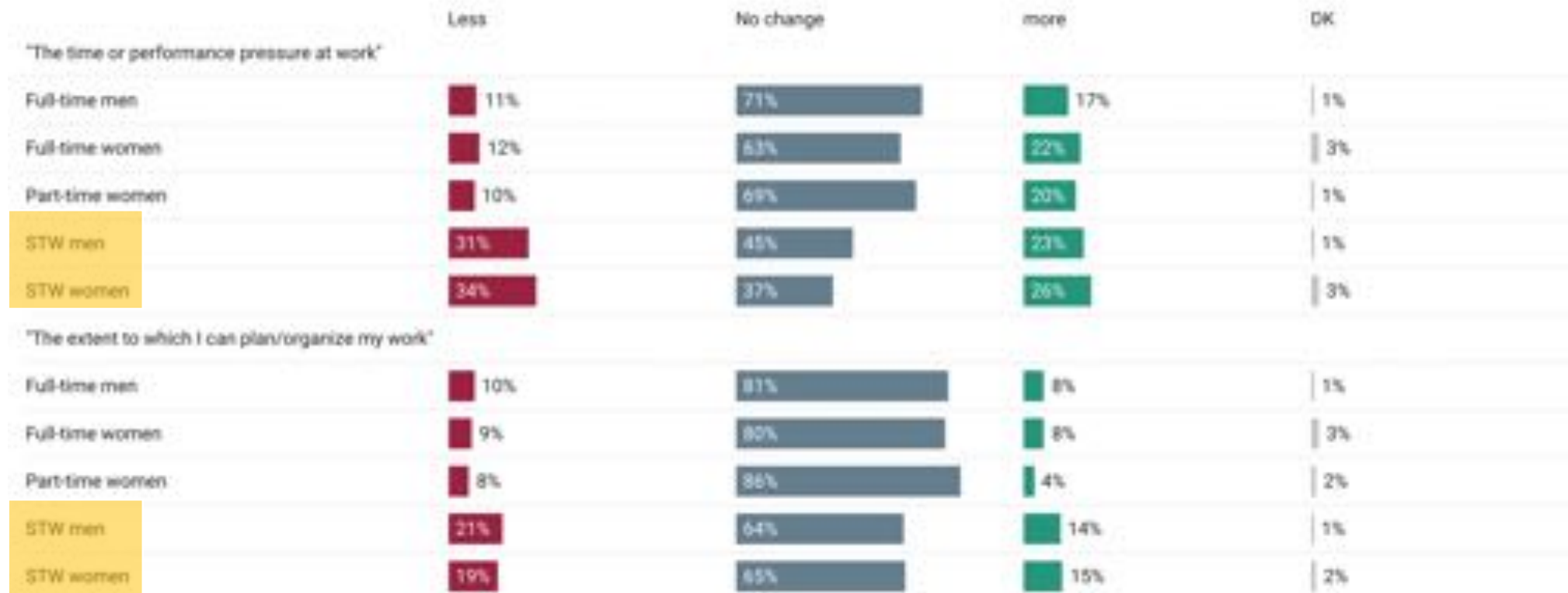
Sample: 1,254 employees aged 20-64 (Wave 7 data from June 2020). Shown are predicted probabilities based on a multinomial logistic regression that controls for gender, age, education, citizenship, household composition, size of firm, occupational group, and region.

Created with Datawrapper

Results: STW versus regular employment



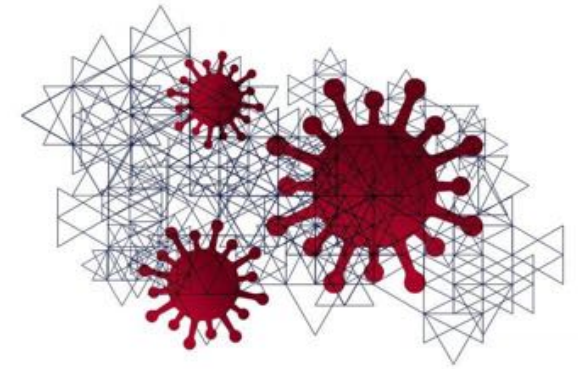
Change in job quality since the start of the Corona crisis



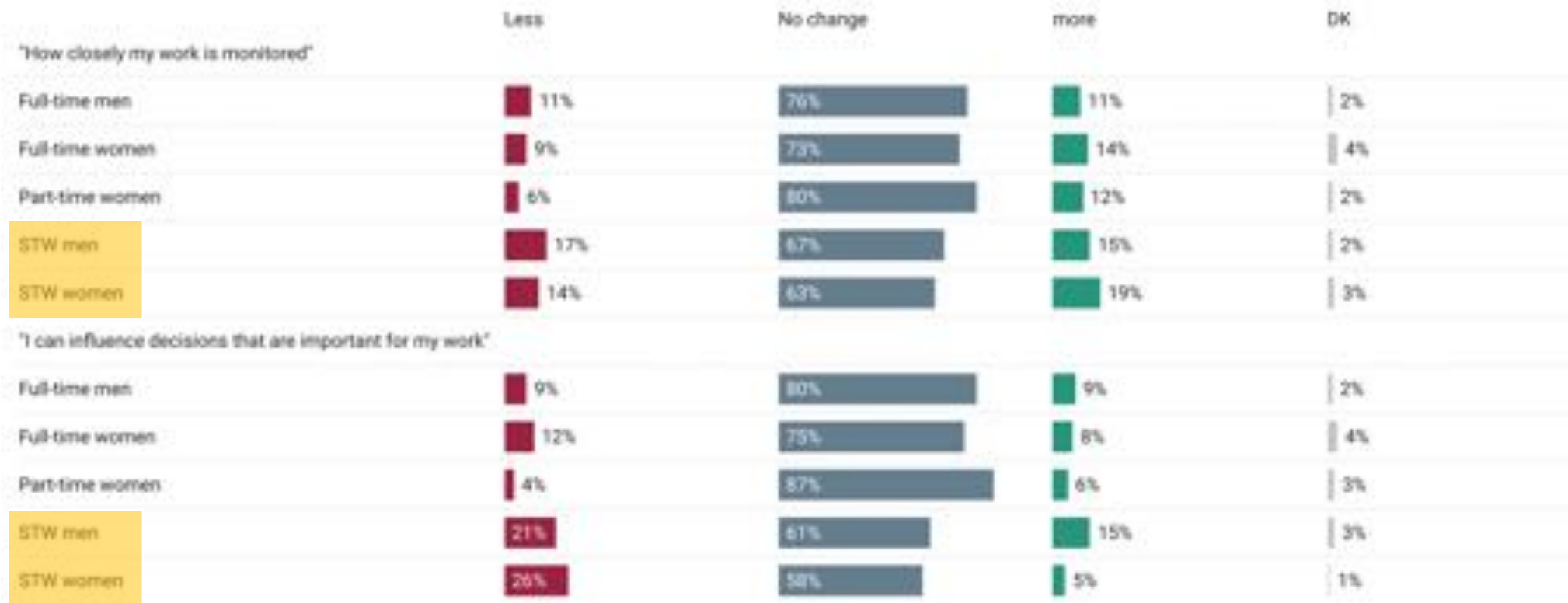
Sample: 1,254 employees aged 20-64 (Wave 1 data from June 2020). Shown are predicted probabilities based on a multinomial logistic regression that controls for gender, age, education, citizenship, household composition, size of firm, occupational group, and region.

Created with Datawrapper

Results: STW versus regular employment



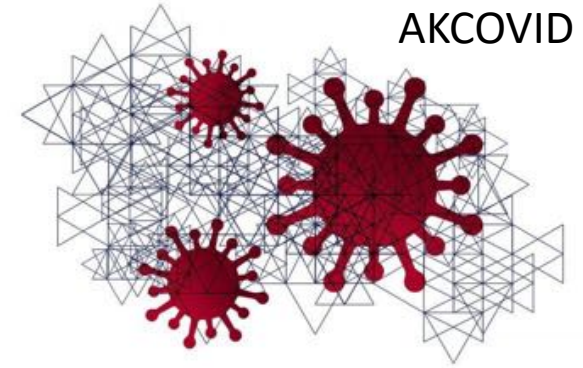
Change in job quality since the start of the Corona crisis



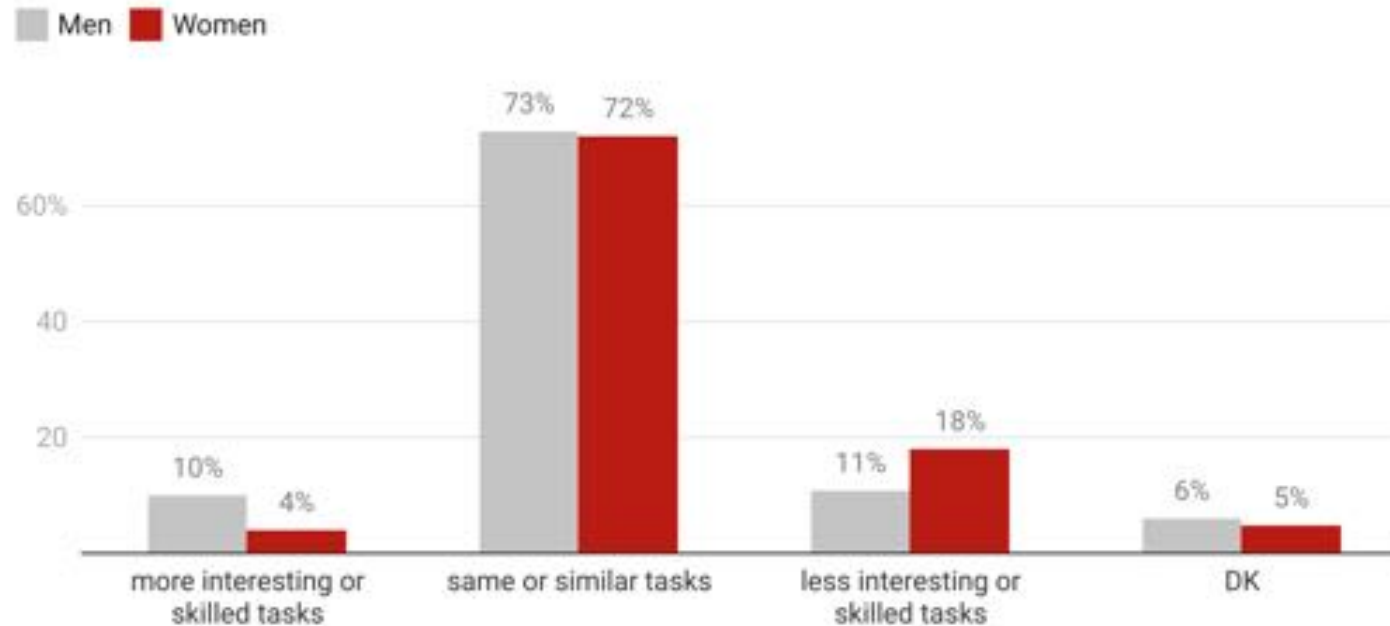
Sample: 1,254 employees aged 20-64 (Wave 1 data from June 2020). Shown are predicted probabilities based on a multinomial logistic regression that controls for gender, age, education, citizenship, household composition, size of firm, occupational group, and region.

Created with Datawrapper

Results: Working conditions in STW



During short-time work I have carried out...

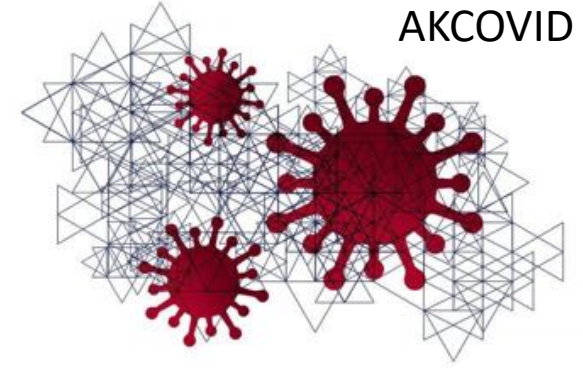


Sample: employees who have worked short-time during March and June 2020, N=481

Created with Datawrapper

Some evidence for de-qualification?

- Especially among women (18%) and young employees aged 20-29 (24%) and for those with primary education.
- STW may interrupt learning on-the-job for the young (e.g. apprentices)
- De-qualification in tourism/catering

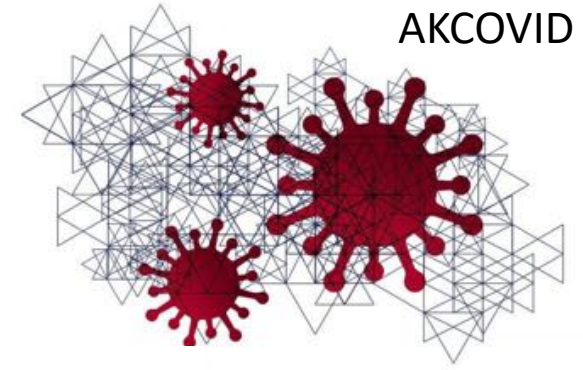


Results: Working conditions in STW

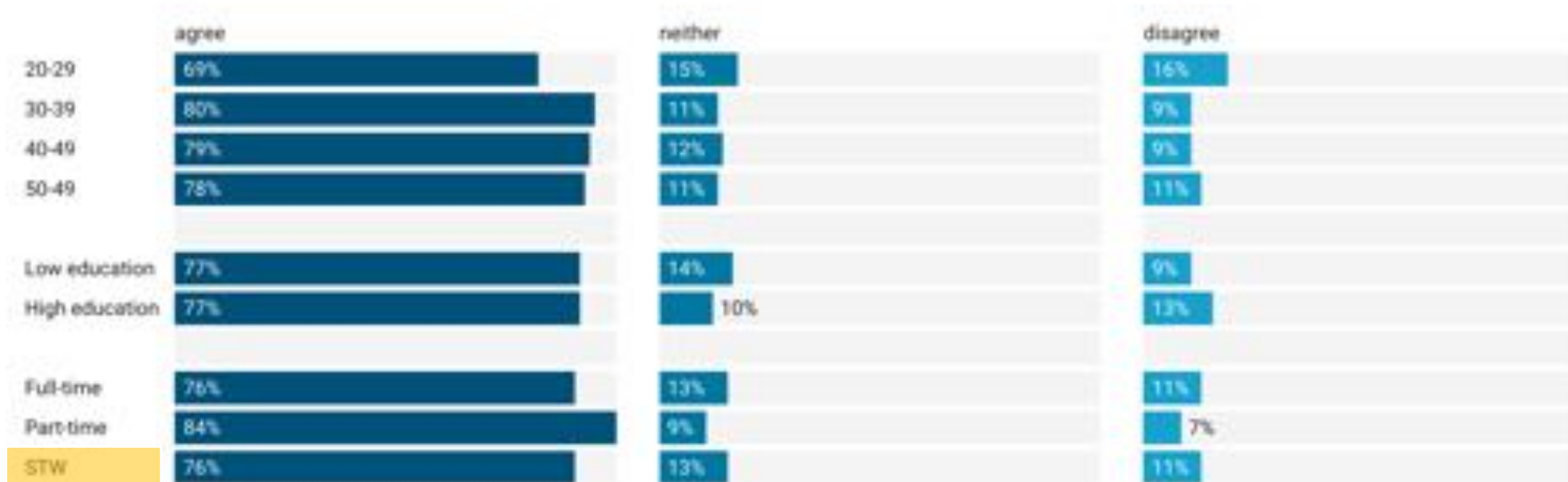
Some evidence for de-qualification through STW?

- Among those in STW until January 2020 **more than 80% reported not to train** / not having received training during STW.
- Among those with STW spells who are back in their old jobs, about 81% report doing the same job and tasks as before the STW spell, but **13% report that their original job (pre STW) was more interesting or skilled**, i.e. STW lead to a downgrading. Around 5% reported an upgrading to more interesting/skilled tasks.
 - Again the share of those reporting a downgrading was highest among the youngest (19% among those aged 20-29).

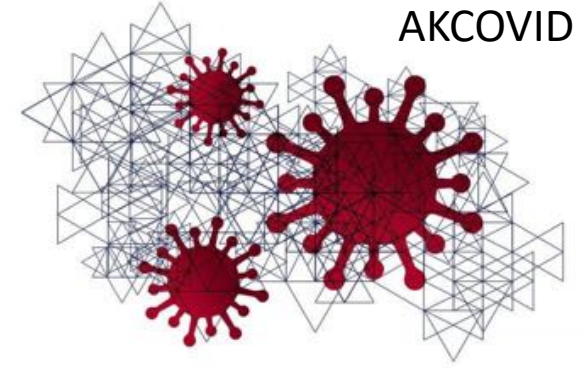
Results: Fairness perceptions



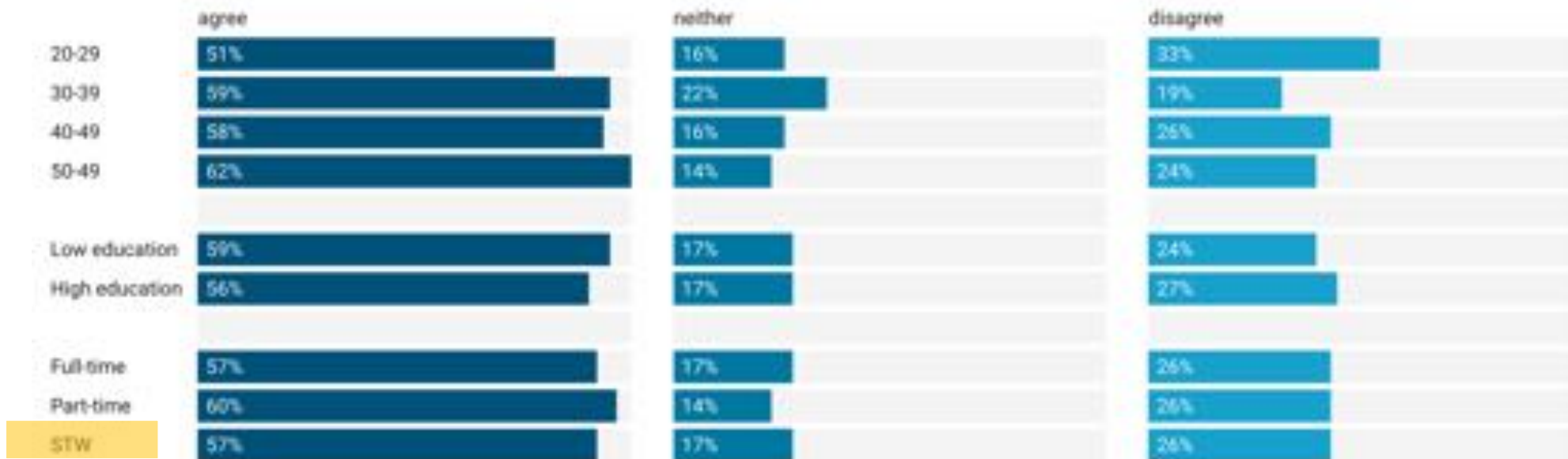
"I am treated fairly at the workplace"



Results: Fairness perceptions



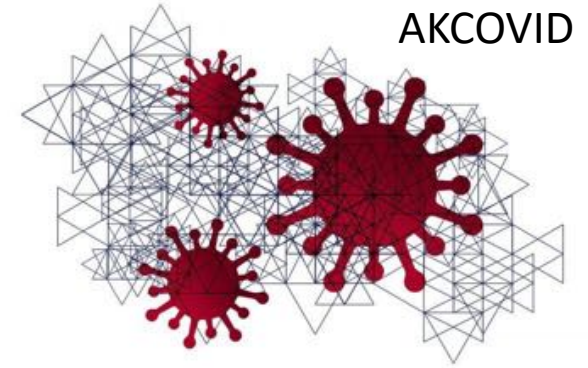
"Considering all my efforts and achievements in my job, I feel I get paid appropriately"

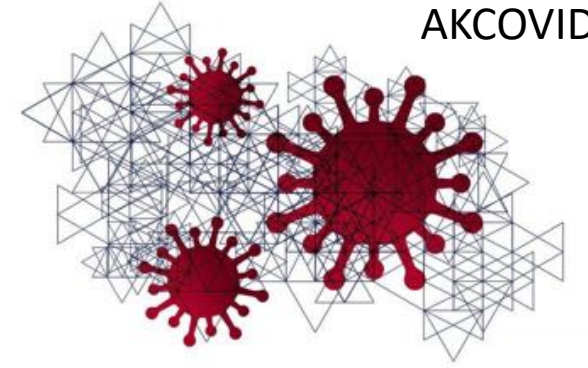


Results: Job loss anxiety

To what extent to you worry about losing your job due to the Corona crisis? (from 0-not at all to 10-very much)

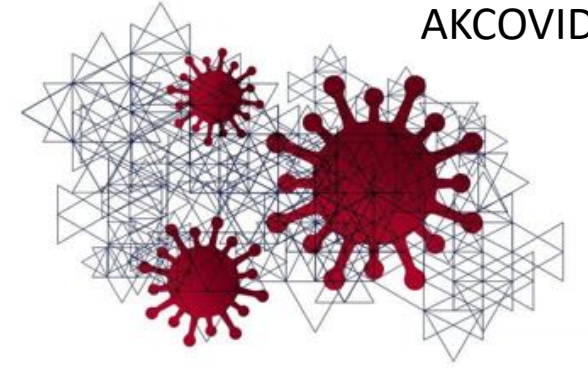
Share of employees with values of 8+





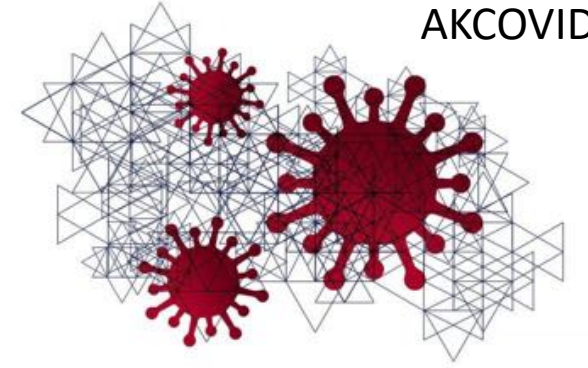
Summary

- STW is an attractive model in Austria, about one third of those employed in Feb 2020 have been STWorkers at some point during 2020.
 - The risk of STW is highest for the youngest employees (45% of 20-29 year olds).
- Aim: look at impact of pandemic and in particular of the Austrian STW scheme as a policy to prevent mass layoffs on job quality.
- Limited theory and evidence from prior research/recessions, esp. on STW.



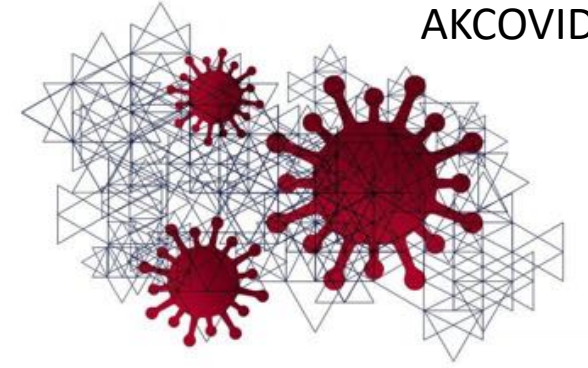
Summary

- **Hypothesis 1: Did work pressure increase during this recession?**
 - We find no change in the average, but an increase in some groups of employees, especially those working in essential industries.
- **Hypothesis 2: Did job quality increase among ‘survivors’?**
 - Not applicable, as we focused on within-changes among employees
- **Hypothesis 3: Did job quality polarize during this recession?**
 - We find no change in the average in most indicators of job quality, little change for most employees, BUT quite some change among short-time workers and in particular a polarization *within* the short-time workforce (e.g. work pressure)



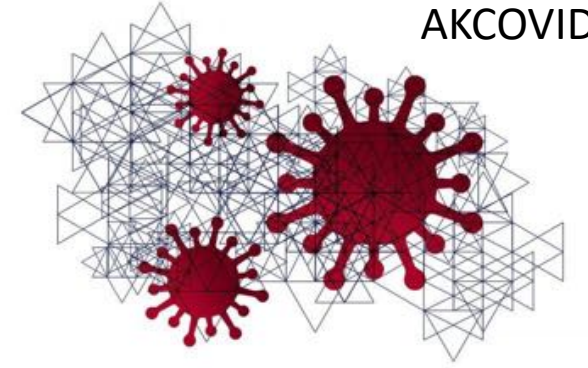
Summary

- **Test of mechanisms for impact of STW**
 - M1: pay reductions undermine perceptions of fairness (no)
 - M2: reduced hours for months decrease skill utilization (yes)
 - M3: lack of demand for work -> tasks change (yes, even after expiry of STW)
 - M5: decline in training due to uncertainty (yes)
 - M4: survivors in STW feel job insecurity (yes, but not all) and thus more work pressure (some -> polarization) and greater autonomy (some -> polarization)
- **Hypothesis 4:** Mechanisms most relevant for those strongly reducing their working time in STW. Yes, in part, but even among those reducing hours to less than 50% report more work pressure in 23% of cases as compared to 27% of those working more than 50% of usual hours. Difficult to generalize driving factors for polarization: branch of activity, specific situation in firm/enterprise.



Summary

- Hypothesis 5: Did work autonomy increase in home offices?
 - No difference
- Hypothesis 6: Did work pressure increase in home office?
 - No, if anything it decreased



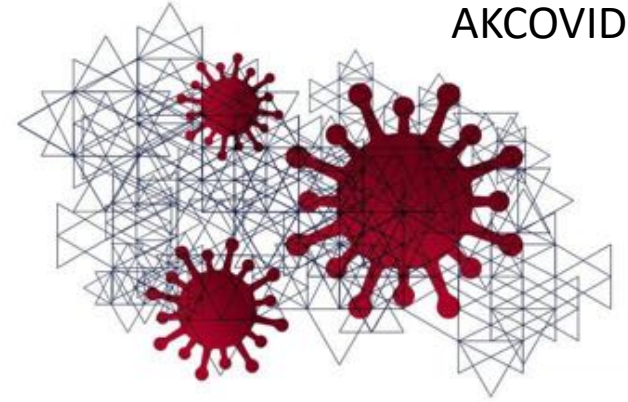
Conclusions

- Working conditions and job quality changed for large parts of the workforce – mostly in the context of short-time work (STW)
 - Pay cuts
 - Reduction in hours to about 60-70% of usual hours on average, but huge differences across firms
 - During ‘idle hours’ no training for most
 - During hours worked, often change in work tasks, and often not for the better
 - Young employees most likely to be sent in STW & loss in job quality in STW especially among young employees (skill erosion?) – long-term implications for skill development still unknown, but certainly cause for concern.



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