

The Effects of the Legal Minimum Working Time on Workers, Firms and the Labor Market

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Institutions and working hours

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 - E.g. legal definition of the full-time workweek
- Changes in working time regulations are used as a policy tool
 - These policies assume some flexibility in the allocation of hours
 - Unclear: technology, timing of consumption, labor supply
 - Allocating hours differently may impact inequality

How do working time regulations affect the allocation of workers and hours?

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1. At the firm level
 - Are workers and hours substitutable within the firm?
2. At the aggregate level
 - Do working time regulations reallocate workers between firms?
3. Do 1. and 2. differ between men and women?

The paper

1. Reform introducing a **minimum workweek of 24h** in France in 2014
 - Large shock: first introduction + affecting 15% of jobs
2. **Administrative data** on workers and firms
3. **Reduced form:** intensive & extensive margins, total hours within-firm
 - Event study design exploiting differences in share of affected jobs
 - Market-level analysis of reallocation between firms
4. **Structural:** general equilibrium effects & welfare analysis
 - Search and matching model with two-sided heterogeneity
 - New method identifying labor supply and demand parameters

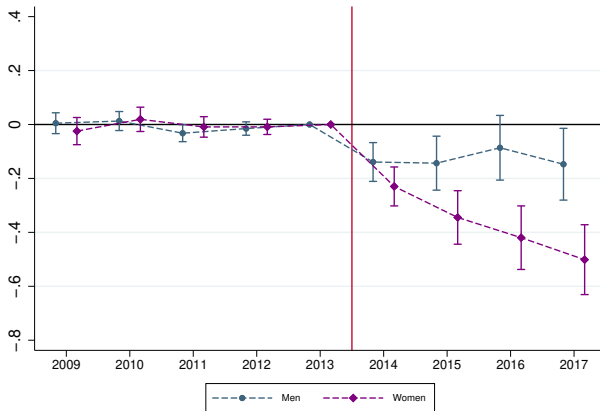
The effects of the French minimum workweek

- **Firm-level effects**

- Fewer workers employed but more hours per job
- Part-time female workers are replaced by full-time male workers
- Total hours worked decrease
 - Imperfect substitutability between hours and workers

Firm-level effect on total hours

Change in total hours in firms relatively more exposed to the reform



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- **Between-firm effects**

- Reallocation of workers to firms relying on jobs with more hours
- Stronger reallocation for men
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- **Aggregate impact**

- 2% rise in unemployment rate
- Increase in total hours worked by 1%
- Larger gender gap in welfare
 - More hours worked, concentrated among fewer (male) workers