Abstract for “Conspicuous Work: Peer Working Time, Happiness and Labour Supply”

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This paper sheds light on the background of social interactions in labour supply, by analysing how peer working time relates to both happiness and labour supply for Dutch men. Using a unique measure of peer weekly working time, we find that men are happier if they work more than their male peers, also when controlling for relative income. This evidence is consistent with what we call a 'conspicuous work' model, in which individuals derive status from both consumption and working time. We interpret this as an explanation for the positive relationship we find between male peers' working time and men's own working time. However, we find no evidence that social factors can explain the link we find between a man's working time and his well-being. We use individual fixed-effects to control for characteristics which individuals might share with their peers, and additional robustness checks suggest that the relationships identified here may be interpreted as causal.