



“Work”? On utility in the market and in the unpaid sphere

Stefan Mann*

Agroscope, Tänikon 1, 8356 Ettenhausen, Switzerland

ARTICLE INFO

Article history:

Received 14 November 2012
Received in revised form 29 April 2013
Accepted 4 May 2013

D13
J22
J81
Z1

Keywords:

Labor economics
Socio-economics
Neoclassical economics

ABSTRACT

The argument put forward in this paper is that distinguishing between the social and the unpaid sphere has become much more critical as far as societal analysis is concerned than the increasingly blurred distinction between labor and leisure. It proposes a new household model in this respect to provide explanations for phenomena like the high degree of unhappiness experienced by the unemployed and the prevalence of workaholism. The model illustrates that ‘working’ can be as much a source of utility as ‘leisure activities’. The dependency of the budget situation on choices is outlined and the issue of the crowding out of activities in the unpaid sphere is formalized in the model. Policy implications such as decreased pressure on citizens to work and the introduction of a basic income are postulated.

© 2013 Elsevier Inc. All rights reserved.

1. Introduction

This paper attempts to close the gap between a broad consensus among social scientists that the utility of working matters strongly and the neglect of this consensus in neoclassical economics. The discourse about the high importance of working and the quality of work has gained substance over the previous decades. [Spencer \(2009a\)](#), however, remarks that work has always been regarded as an “unloved necessity” (p. 39) by the economic mainstream so that the utility generated by work cannot be understood on the grounds of economic theory, a fact that [Lane \(1992\)](#) traces back to old cultural and religious roots. In an earlier publication, [Spencer \(2004\)](#) shows how modern economics concentrates on the sheer opportunity cost of labor. In any case, utility is rather considered to plainly be a function of consumption ([Klaassen, 1991](#); [Kimhi, 1997](#); [Bernard et al., 2007](#)).

The furthest which has been accomplished by mainstream economics is the acknowledgment that utility for households is generated both through income from work and through leisure ([Becker, 1965](#)). “Households will be assumed to combine time and market goods to produce more basic commodities that directly enter their utility functions.” (p. 495). Different from Becker’s approach – and drawing on [Rosen’s \(1986\)](#) theory of wage differentials – this paper claims that utility is not only generated by income and leisure, but also from the process of working itself. Therefore, Becker’s distinction between leisure and labor is converted into

a distinction between the market sphere and an unpaid sphere, both producing utility. In Section 2, the theoretical ground is laid by introducing the broad literature on the utility and the social context of work. A simple, theoretical model is then introduced in Section 3 that helps to integrate the different ways in which activities in the market and the unpaid sphere contribute to utility into economic thinking. Comparisons with conventional models are made in Section 4, before “crowding out” (a phenomenon which is increasingly being discussed among socio-economists) is put into the model framework as a case in point in Section 5. Section 6 draws policy implications from our model and Section 7 concludes.

2. Theoretical background

2.1. The nature of work in social sciences

The issue of utility generated by labor can be divided into a number of different discourses being developed by social scientists, of which two are of particular relevance in our context. A first point is the general notion that working can generate utility. The second issue is the large heterogeneity of this utility, being strongly dependent on the nature of the respective work.

[Schumacher \(1973\)](#) was among the first Western economists who explicitly stated “that people have a chance to enjoy themselves while they are working” (p. 9). Several years later, [Pagano \(1985; 173\)](#) confronted economic theorists with the following simple claim:

“Conservative priests used to prescribe the status quo by saying that life itself was a means to a superior end existing somewhere

* Tel.: +41 52 368 32 38; fax: +41 52 365 11 90.
E-mail address: stefan.mann@agroscope.admin.ch

in the sky; economists would assume a similar role by maintaining that working life is simply a means to a superior end, existing somewhere on earth, called consumption goods and leisure. But our working life affects our welfare as much as our non-working life and the availability of consumption goods.”

An objective proof of this claim has meanwhile provided by the science of happiness research during the last 20 years. It is by now empirically well proven that unemployment has a vastly detrimental effect on people’s happiness (Clark and Oswald, 1994; Gerlach and Stephan, 1996), and that less than a quarter of this is due to the decreased income connected with unemployment (Winkelmann and Winkelmann, 1995). Psychological research (Jahoda, 1982; Feather, 1990) shows that unemployment leads to feelings of uselessness and a lack of appreciation. More and more people are being diagnosed with burnout due to overwork (Keinan and Malach-Pines, 2007; Schaufeli et al., 2008 who have shown that workaholicism and burnout are positively correlated). It is questionable whether this is merely the result of external pressures or also the outcome of too many decisions in favor of additional work and against more leisure time. The fact that “many of us fear, rather than relish, the prospect of retirement” (Couser, 2008; p. 115) strongly militates in favor of the latter.

While we know the general remark by Marshall (1890) about the responsiveness of our character to the nature of our work, it is again Schumacher (1973) who stands on the beginning of the explicit debate about relevant differences in work quality, first citing Huxley’s demand for “doing profitable and intrinsically significant work” (p. 21) and then by confronting this statement with the “soul-destroying, meaningless, mechanical, monotonous, moronic work [being] an insult to human nature which must necessarily and inevitably produce either escapism or aggression” (p. 24). Since Schumacher’s time, many such monotonous activities in the industrial sector have been replaced by machines. Other problems have become more visible instead, such as the prevalence of overwork (Golden and Figart, 2000), or emotional pressures: For the rising service sector, a positive mood (be it real or pretended) is often a prerequisite for a good performance (Hochschild, 1983; Steinberg and Figart, 1999). Employers therefore have an additional incentive to create a reasonably high level of employer satisfaction, while, on the other hand, the need of pretending positive emotions may also produce disutilities by itself. It has become clear that many relational goods are pursued during work time (Lopes, 2011), and the utility generated by them can be extremely different.

2.2. The embeddedness of the unpaid and the market sphere

The relation between market and society is a frequently debated issue (for a review see Dolfsma et al., 2005). More than 60 years ago, it was Polanyi (1947; 110) who made us aware that society always has an economical and a social side whereas one would be able to dominate the other. “Man’s economy is, as a rule, submerged in his social relations. The change from this to a society which was, on the contrary, submerged in the economic system was an entirely novel development.”, a very explicit claim from a more general remark made in his earlier book “The Great Transformation” (1944; p. 60). If his words were true then, they are certainly more so in today’s society. Indeed, many scholars have recently come forward to criticize the erosion of the social sphere and the pressing dominance of market relations, both in the tradition of Polanyi (Adamann et al., 2007) and from other backgrounds (Evers, 1995; Sandel, 2012).

But although activities that used to be governed by social mechanisms are increasingly governed by the market mechanisms of monetary exchanges (Mann, 2008; Sandel, 2012), it is probably

Table 1
Comparing the categories work-leisure and market-unpaid sphere.

	Work	Leisure
Market sphere	Paid work	Consumption
Unpaid sphere	“Volunteer” work	Friend and family life

one-sided to claim that the social dimensions of life are nowadays all just embedded in the market sphere. It is true that economic sub-disciplines like relational marketing (Styles and Ambler, 2003) try to subsume social relations under an economic perspective. On the other hand, socioeconomists have shown impressively how many economic relations are entirely embedded in a social context (Bar Nir and Smith, 2002).

It is probably fair to describe the relation between the economic and the social sphere as a mutual embeddedness. The only clear distinction to be drawn in this field is whether a monetary exchange takes place in connection with our social activities. While some scholars (Sandel, 2012) term the sphere of life without monetary exchanges as “social sphere”, this is probably one-sided, as there is a strong social dimension in work and consumption as well. It appears more realistic to acknowledge that activities with monetary exchanges belong to the market sphere, whereas all other activities merely belong to an unpaid sphere. This applies as well for the allocation of time: Every person has to allocate 24 h on each of her days, and each hour, theoretically, can be spent entirely in a market environment (e.g. trading stocks on a computer) or in an unpaid environment (e.g. having a walk with a friend). What everybody always has to take to more or less implicit degree is the decision in favor of one sphere and against the other (or for a combination).

2.3. Category comparison

As we have first looked at the distinction between work and leisure and then at the distinction between the market and the unpaid sphere, the question should be raised how these two dimensions interrelate to each other. The relation between the labor-leisure dichotomy on the one hand and the dichotomy between the unpaid and the market sphere on the other has to be explored.

Table 1 shows that both categories stand independently of each other. The border between the market and the unpaid sphere is obviously to be set where money becomes part of the transactions. However, it can be claimed that the line between labor and leisure is becoming more difficult to draw. More and more activities today (from teaching dancing to cooking for somebody else) are carried out both in the unpaid and in the market sphere and the lines of distinction as regards what among these activities qualifies as labor are becoming increasingly blurred (Mann and Wüstemann, 2012). It may well be that the distinction between the unpaid and the market sphere, considering the financial transfers connected with the latter, has become a clearer and more fruitful level of analysis by comparison to the distinction between labor and leisure.

It is an important observation by economists that “people regularly sort into and out of economic environments” (Lazear et al., 2012; p. 157). The model in the subsequent section focuses on the question when people sort into the unpaid and when they sort into the market sphere and what influences their choices between and within the spheres.

3. The model

The model’s starting point is the time unit, say, an hour, as described above. For the moment, we shall ignore the possibility of

Download English Version:

<https://daneshyari.com/en/article/970619>

Download Persian Version:

<https://daneshyari.com/article/970619>

[Daneshyari.com](https://daneshyari.com)