

Use it Too Much and Lose Everything? The Effects of Hours of Work on Health

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ABSTRACT

Using data from Wave 1 to Wave 12 of the Household Income and Labour Dynamics in Australia (HILDA) Survey, we examine the causal impact of working hours on various health outcomes of people living in Australia aged 40 years and older. Eight measures of self-assessed health status in SF-36 are employed: physical functioning; role physical; bodily pain; general health; vitality; social functioning; role emotional and mental health. In order to capture the potential non-linear dependence of health status on working hours, the models for health outcome include working hours and its square. We deal with the potential endogeneity of the decision of how many hours to work by using the instrumental variable estimation technique. Our findings show that there is non-linearity in the effect of working hours on health. For working relatively moderate hours (up to 18–23 hours for a week for men and up to 16–17 hours for women), an increase in working hours has a positive impact on health. However, when working hours exceed these thresholds, an increase in working hours has a negative impact on health. These results suggest that compared to not working at all the elderly could maintain or improve their health status by working in a part-time job which requires around 20 hours of work per week.

Keywords: health, working hours, endogeneity, retirement.

JEL Classification Nos: I10, J2

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