

# Reducing working hours in small enterprises as a post-growth practice?

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In 2018 the online marketing company 'eMagnetix' in Upper Austria switched to a 30-hour week, while continuing to pay its 22 employees the same full-time wage. The CEO, Klaus Hochreiner, justifies the reduction of working hours by citing advantages for three parties. Thanks to the increased free time, the employees are more even-tempered, more satisfied and more productive. Output is improved, which then benefits the employer and, especially, the customers (Hausersteiner 2019). The entrepreneur Lasse Rheingans has gone a step further with his IT agency in Bielefeld, Germany. In 2017, he and his 15 employees introduced a five-hour day, or 25-hour week, while continuing with full-pay, initially as an experiment. They claim to be the first company in Germany to take such a step (Hausersteiner 2019).<sup>1</sup>

How do the increasing number of enterprises that are reducing working hours without reducing pay fit into post-growth or degrowth discourses calling for the abandonment of economic growth (e.g. Kallis/Kalush/Flynn et al. 2013; Knight/Rosa/Schor 2013; Nässén/Larsson 2015)? Are concrete examples of reduced working hours evidence that post-growth positions are not just theoretical, largely macro-economic models, but are rather increasingly disseminated in the realities of the business world (Gebauer 2018; Schmid 2018)? Or is it only justified to speak of post-growth in this context if there is a move away from commercial objectives like profit, productivity or size (volume of employment) – and correspondingly from growth? Does it even make sense to apply post-growth concepts to the business level? Or is this a pointless undertaking? Even given the need for economic shrinkage on the

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<sup>1</sup> Also see: <https://www.zeit.de/zeit-spezial/2018/01/25-stunden-woche-lasse-rheingans-agentur-bielefeld/komplettansicht> (28.01.2020)

macro-scale, in future not all businesses will need to be persuaded to shrink no matter what their field of activities or structural organisation. On the contrary, from a post-growth perspective, it may be better to promote businesses that excel in terms of conserving resources or focusing on the common good (Sommer 2018; Wiefek/Heinitz 2018), as far as possible in combination with employee-friendly or even democratically constituted working conditions. In brief: does it make sense to speak of post-growth on the meso-level of the enterprise or would it be more appropriate to restrict attention to concepts like the 'transformative company' (Pfriem/Antoni-Komar/Lautermann 2015; Antoni-Komar/Kropp/Paech et al. 2019), because this approach is more conceptually open to diverse desirable paths?<sup>2</sup>

One of those arguing in favour of the latter approach is Bernd Sommer, who wishes to avoid misunderstandings by emphasising that the transition to a society which is not dependent on growth does not require every company to shrink or not to grow: 'On the contrary, in the context of such structural transformation it can be the case that certain industries and enterprises grow or multiply while others disappear. What is crucial is just that in the long-term the continued existence of individual enterprises and the stability of societies overall do not depend on endlessly sustained growth' (Sommer 2018: 20).

Representative of relevant findings are those of a research project on growth-neutral enterprises and post-growth pioneers by Jana Gebauer and Julian Sagebiel, in the course of which a broad survey of about ca. 700 SME in Germany was also carried out. The enterprises were asked about their growth orientation and it emerged that the majority, circa 60 %, had either no (34 %) or only limited (25 %) growth ambitions (Gebauer/Sagebiel 2015; Gebauer 2019). This will not surprise people who are themselves active in or research the world of small and micro enterprises and thereby tend to encounter growth aversion rather than growth ambitions. The criticism of business management principles like maximisation of profits, productivity and turnover is misguided, at least when it is applied generally without taking into consideration the fact that large companies usually (can or must) act quite differently from small ones. On the other hand, just because small

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<sup>2</sup> With 'impact dimensions' like self-empowerment, collaborative empowerment, self-sufficiency, economic self-limitation, deceleration, regionalisation/localisation, renaturation (Pfriem/Antoni-Komar/Lautermann 2015).

companies are not focused on growth does not mean that it is possible to assume a transformation is at work.

## **Reductions in working hours of one-person enterprises (OPEs) with or without a transformative agenda**

This paper draws on material gathered in qualitative interviews in small and micro enterprises from the creative industry in Vienna, especially from the graphics and internet business. The image of freelancers working long and unlimited hours around the clock automatically springs to mind. However, this notion needs to be overhauled, if only because the lack of supervisory instances means that autonomous working rhythms are more heterogeneous (see Bührmann/Hansen 2012; Muckenthaler 2014). Furthermore, individual strategies can or must be adapted more quickly, e.g. because the self-employed are not subject to working time regulations or because adaptation is necessary when there is a drop in orders. Examples of reduced or shorter working hours (in relation to daily, weekly, seasonal or other rhythms) include part-time self-employment, for instance because of childcare duties;<sup>3</sup> a reduction in the time invested due to increases in efficiency (or, on the other hand, a lack of orders); and e.g. the realisation of a long-cherished wish to slow down after many years of professional life. Socio-ecological goals or collectively managed constellations with distinct company democracy also often correspond to preferences for reducing working hours.

Nonetheless, organisations that reduce working hours as the result of an explicitly transformative approach, for instance as part of an overall strategy to conserve resources or a democratic charter, probably remain something of a niche phenomenon. On the other hand, it is argued here that many one-person enterprises or micro enterprises follow a risk-averse 'no growth' path or tend to strive to reduce their own input, e.g. measured in working hours. This occurs, however, in diverse ways, without an ecological imperative of action or the motivation of a post-growth principle. Rather, in the middle of their professional lives (when many career goals and advancement ambitions have been realised or abandoned), actors socialised in micro enterprises rec-

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<sup>3</sup> 20 % of male and 45 % of female OPEs and 8 % of male and 18 % of female 'employers' (i.e. entrepreneurs with employees) work part-time in Austria (Statistik Austria 2016: 91 ff.)

ognise that (further) growth would involve a great deal of effort. They therefore focus on stabilising their economic prospects, for instance aiming to work less but without a reduction in income.

The following sections use empirical cases drawn from two research projects as a basis for discussion of working time practices that involve fewer working hours than the full-time jobs of non-self-employed persons. The first section presents no-growth paths that lead to a reduction in working hours where the actors involved do not suggest that their course of action is motivated by socio-ecological or other related factors. The examples are drawn from interview-based research conducted in 2016 with 14 self-employed persons. Working hours were a side issue here and interviewees were therefore not selected according to the number of hours they worked. It is nonetheless interesting that about half of those interviewed categorised themselves as working less than full time (four women, three men; a total of seven men and seven women were interviewed). The subsequent section presents the results of a company case study from 2019 which was conducted in the course of an investigation into alternative business models. This example demonstrates a transformative approach where a group of people with a history of working as OPEs formed an occupational association aimed at professionalising and reducing their hours of paid work.

## **Reducing working hours without a transformative agenda**

Of the 14 self-employed persons from the design and internet verticals who were interviewed in 2016, only two are employers in a literal sense, i.e. they employ staff in their own businesses. The others are legally 'independent self-employed' and most do not define themselves as having an explicit focus on expansion. Becoming an employer is thought to be extremely risky because of the associated costs. Nevertheless, it is usually important for freelancers to avoid a go-it-alone existence, because this means that only a very small range of services can be offered and also, for instance, makes it difficult to bridge long absences resulting from illness or holidays. The *modus operandi* for those who do not work in a joint company with a partner (thus for almost all of those interviewed) is therefore a sustainable network of colleagues active in the same professional field, or at least in complementary lines of business. Little seems to remain of grand artistic ambitions after

a professional career in the project world, or only in the form of subsidiary projects that are not intended for the market. Such ambitions are outweighed by an eye for the necessities: providing professional services, sustaining cost-income ratios, ensuring capacity utilisation and maintaining market reputation – all while preserving a balance between creative work and (the moderately popular) commercial management.

The survey analysis revealed the heterogeneous nature of working time strategies among self-employed individuals from the Viennese creative industry. Looking first at those who estimated that they worked more than an average of 40 hours a week (about half of those interviewed), few proved to be true 'workhorses'. Long working hours were explained by particularly intensive phases of work, e.g. filming sessions for filmmakers which often include idle periods, but also by artistic lifestyles with some of the creatives rejecting the notion of a divide between the spheres of paid and unpaid work. The interviewees who suggested that they did not work more than 40 hours a week on average over the year can be divided into two groups. Firstly, successful and somewhat older self-employed individuals, who are now slowing down and improving their quality of life after a work-intensive past of mixed success. The motto here is that professional success is no longer everything, the next generation should rather be the ones to hold the front line.

For example, after the bankruptcy of his company in the financial crisis of 2008/2009, the owner of an internet agency changed his field of business and today works as a self-employed photographer. The bankruptcy did not leave him untouched: as well as losing his assets he now has a significantly lower income. At the same time, he recognises advantages in his present professional situation as he suffers from much less stress than when he managed his company with 20 employees.

I: If you now sum up, the years 2005 and 2015: income, working hours and satisfaction with what you do ...

M: Less, less, exorbitantly more.

I: So in terms of expenditure of time sort of reasonable?

M: It is reasonable. Naturally, there are phases where a lot is going on.' (Photographer, aged 50)

Somewhat different reasons for restricting working hours to not more than 40 hours are given by the second group of younger self-employed persons

who have many years of working life in front of them but nonetheless do not want to dedicate their lives just to paid work. Their argument for working shorter hours is based largely on the fact that they began their working lives as employees and only entered self-employment later. The professional socialisation of this group occurred through providing more or less creative services in the world of advertising agencies. In many sequences of dialogue, such biographies serve as an apparent paradox to desired working hours and practices: several of the interviewees chose to switch to self-employment because they realised that they did not want to end up as workaholics in the agency rat race. They hoped that being self-employed would allow them more sovereignty over daily and weekly working hours. At the same time, starting with a job as an employee provided experience about standard working hours and their meaningfulness. In contrast, limiting working hours is often of minor importance for those who start their working lives in self-employment and do not know anything else.

Rather than unlimited self-exploitation, in the course of gathering professional experience many people become concerned not with maximising output but rather with achieving a sustainable balance between external demands and their own resources. A frequently mentioned objective is to achieve as stable an income as possible while continuing to establish a market position with limited inputs of work(ing time). In some cases, restricting the working hours invested in profane creative services is also intended to free resources for their own artistic interests. It should be noted that those interviewed from the younger group (i.e. aged +/- 40) with shorter working hours tend not to be among the low earners in this sample, on the contrary a number of them are commercially well established.

One example of this is an entrepreneur who for five years has filmed advertising slots for the PR department of a large company, for instance for jubilees or regular quarterly reports. This major customer is profitable enough for the commercial filmmaker to earn a good income – while not working more than an annual average of 15 to 20 hours a week. He seems to spend the time thus gained on his own interests. For instance, in the year before the interview he used the network that he had developed in his previous job with a film production company to gain an assistant's job on the Austrian location of an international blockbuster action film. Being part of this high-end production was a great learning experience for him. He rea-

lises that he would have to reorganise his whole strategy if he lost his major customer.

I: If you average it all out, working very intensively for a few weeks a year and then often less: approximately how many working hours a week do you have?

L: Well, perhaps 20 hours, if you spread it all out and add everything in. I mean, other things always come up too... In the last year I've really worked a lot. If I now look at the hours again... actually, I would rather say 15 hours a week, so on average. If I leave out the last year.' (Commercial filmmaker, aged 42)

In comparison we consider a graphic designer who set up her own company with a colleague about five years before the interview, after working for years in a large advertising agency. The young company was able to quickly gain a good reputation despite the difficult market – in part through ex-colleagues who had moved to the PR departments of advertising purchasers. Now that her partner has left the business, the interviewee works as an OPE and coordinates a considerable network of freelancers with whom she can tackle relatively large projects. As the acquisition and care of customers has become her core competence, she maintains a central position in the network and earns correspondingly well. She has reduced the amount of creative work she undertakes in favour of project management and outsources a great deal to the freelancers.

I: Do you actually plan to expand?

Z: No, it's better to do less and demand more for it. So generally I always want to do less than I'm doing. And I think that after ten years you can say, yes, people come to me for a certain reason. Because they think it's good...

[...]

I: How about your working times, overall, if you count hours in the week: more or less than 40 hours?

Z: Well certainly not more, I can't imagine that. [...] No, the aim is simple: better paid hours.

I: Yes, okay. But better paid hours may mean that I work the same amount and earn more or I earn the same amount and then have less work.

Z: No, I work less because I ... because it's so well paid, I can much better afford someone else to do the work ... so that I can have it pretty cushy.'

(Graphic designer, aged 38)

## Founding an association and reducing working hours as a transformative approach

So, what is different about certain organisations that justifies labelling them 'transformative'? I analyse this using the example of a company that is also in the internet industry, which facilitates comparison. This case is part of a series of case studies scrutinising diverse 'alternative' organisational models, ranging from co-operatives to fab labs to the peer-to-peer economy and barter exchanges.

The company in question is a fusion of (so far) five one-person enterprises (three men and two women aged between 35 and 60). The individuals concerned have known each other for a long time through various networks and project constellations but only decided a year ago to legally amalgamate as a joint graphics agency, not in the usual legal form of a limited company but as a co-operative. In addition to fulfilling their desire for greater interaction and community, the decision to form an association was motivated, firstly, by the fact that this allows the entrepreneurs to hold employment contracts (with unemployment insurance benefits). None of the five founding members escapes the need to find customers, but the revenue is now generated in the name of the co-operative, is administered by the co-operative and is then paid to the members according to their employment contracts or working hours. In the initial years, profits are reinvested, e.g. in office infrastructure. It should be mentioned that the five members of this co-operative do not all contribute their entire turnover to the new association, several continue to serve some of their existing customers on a self-employed basis. The association approach is clearly intended to reduce individual business risk. Furthermore, personal liability is limited to a reasonable sum, namely double the amount of the individual investment of circa 2000 euros. As entrepreneurs but simultaneously also neo-employees, there is also the option of drawing unemployment benefit if necessary.

Secondly, the foundation of the co-operative was motivated by a wish for solidarity. For instance, those involved hoped for more democracy than is generally found in a joint-stock company, because in the articles of association it was agreed that each member should have one vote rather than the number of votes being governed by the amount of an individual's investment. There is undoubtedly a transformative aspect to this resolution, which should also help to encourage moderate corporate growth. Contrary to post-

growth or shrinkage paradigms, the co-operative is interested in recruiting new members, up to 10-12 in the medium term, in order to extend and safeguard the portfolio. Self-employed acquaintances with complementary competences are therefore offered an opportunity to join the association and thus a chance of escaping the typical insecurity of freelancers.

'I: Why a co-operative actually?

G: Actually it is, for me at least, the greater amount of solidarity. And a different focus now, not so much profit optimisation, which is of course rather the case in a limited company. [...] Till now, we've had a year, it has gone very well. Also we went into this affair on an equal footing, that's already a different understanding.' (Graphic designer, aged 49)

Thirdly, during the interviews several members of the co-operative made clear that they were particularly concerned with restricting their working hours, initially through professional cooperation or project organisation. The desire for more (working-time) efficiency in everyday procedures is naturally not in itself a transformative approach, for instance in socio-ecological terms. However, the additional reasons given are of interest. The focus is not primarily on reducing the number of weekly working hours – for instance, by introducing a binding 30-hour week or something similar, like in other enterprises. That would apparently be relatively difficult for those interviewed during this case study. After the years they have spent organising their own working rhythms, it requires a great deal of effort to even discover how many hours a week they work on average (strictly speaking vs. broadly speaking, etc.). The desire to reduce working hours seems more connected to two specific objectives.

Firstly, the aim is to have more time for creative work, volunteering or alternative pursuits other than their primary professional activities. Four of the five interviewees mentioned diverse non-commercial activities that require a relevant amount of time (1x artistic activity, 2x volunteer work, 1x academic thesis). Those involved do not want to give up such pursuits. Indeed, the intention is that the association should facilitate their non-professional interests by stabilising business operations and the understanding that professional commitments should generally not exceed a 40-hour week.

Secondly, the topic of reducing working hours reflects a desire to take longer breaks but with a right to return to work ensured by membership of

the association. As 'habitualised' self-employed service providers, several of the interviewees are all too aware of the problem of being absent for a longer period of time without running the risk of losing customers (e.g. longer holidays abroad), not to mention extended periods of recuperation from illness or burnout conditions. Hence there was a desire to leave the self-employment-past behind and finally enjoy the chance of a break – safeguarded by the vehicle of participation in the co-operative.

'B: And the next thing is that there is also a wish to be replaceable. That it is positive if you are replaceable, because then you get breaks for other business and generally.

I: Have I understood it properly: I can finally be away for longer and then have no problem coming back?

B: That is a really strong argument for me, namely also that the culture is that it is not just okay but rather that it is even to a degree welcomed. I know that from other organisations, that it is often extremely problematic if people want to back off even just a bit, take leave or educational leave or do voluntary work or something like that.' (Graphic designer, aged 44)

## Conclusion

In discourses on post-growth economies, arguments focus on whether and to what extent entire economies can be brought to pursue a no-growth path, particularly for ecological reasons. Discussion considers the policy agendas that should be established – and why it is difficult to identify significant transformation movements on the enterprise level, apart from pioneers in rather narrowly defined sustainability niches or in diverse non-profit worlds. In contrast, this paper argues that a significant proportion of one-person enterprises already implicitly follow a no-growth path and thus actually want to reduce their input, e.g. measured in working hours, rather than expand. This manifests itself in diverse ways and is likely to be far removed from post-growth imperatives.

Using interviews with self-employed creatives in Vienna, it has been demonstrated that many actors develop aspirations that result in the stabilisation of their own output. Their working hours then vary with peaks and troughs in capacity utilisation but average less than 40 hours a week. Many

actors perceive the limits of their own resources by the time they are in the middle third of their professional biographies. In light of these limits, it is then about achieving a reasonable balance between input and output. In line with this aim, many entrepreneurs tend to proactively restrict and reduce their working hours. And of course, there are numerous pioneering companies from which much can be learnt.

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