

HUMAN RESOURCES

## Give Employees More Leisure to Boost Productivity

by Timo Vogelsang



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*Offering leisure time as a bonus boosts productivity by reducing workplace distractions and improving focus*

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# Introduction

Sometimes, we find ourselves distracted at work: a phone notification interrupts us to answer a personal message, we multitask by doing Christmas shopping online, or we take a quick glance at the daily news to postpone an annoying task. During home office, we might start sorting and doing laundry or vacuuming the house. Meetings get delayed because the weekend activities are of more interest than the topic of the meeting, which might also increase the length of the lunch break. These activities, though perceived differently by individuals, are examples of on-the-job leisure. Such situations are familiar to everyone and serve as brief “switch-off” moments. However, these minutes can accumulate into significant periods, causing companies to unknowingly pay large sums for working hours spent on private matters. The difficulty for employees to reorient themselves back to their tasks makes this even more severe.

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The solution? Surprisingly, it may involve offering employees more leisure time.

## The Cost of On-the-job Leisure

In 2015, research indicated that 31% of survey respondents wasted roughly one hour daily during work (Connor 2015). This amount has likely increased since then due to the rise of social platforms and the increased accessibility of smartphones. Consequently, companies are potentially overall paying billions of dollars for working time during which no work occurs. While quick breaks or networking over coffee can have benefits, the costs of

disruptions are significant. It is not solely the disruption itself, it is also the time needed to refocus after an interruption, exacerbating the problem. As monitoring such activities is difficult prevention becomes a challenge for organizations

## Solution: Give More to Get Less

A recent study by Vogelsang (2024) developed and tested a model where performance bonuses are granted as additional leisure time at home instead of money. The study, conducted at the University of Cologne, involved 125 students performing repetitive computer tasks. They were divided into three groups:

1. **Control Group:** No bonus.
2. **Money Bonus Group:** Additional monetary bonus.
3. **Leisure Bonus Group:** Additional time off, allowing participants to leave early.

The results were striking. Leisure time as a bonus had a positive impact on the performance of the study participants. Performance was higher than in both the money and control groups. Most interestingly, the performance increase stemmed from the fact that participants surfed the internet less for personal reasons during working hours. In short, leisure time at home as a bonus reduced leisure time at work and with this increased work performance.

## More Evidence: A Market Trend Toward Leisure

The growing popularity of the four-day workweek signals a broader recognition that not all hours are equally productive. Workers increasingly value flexibility and leisure, a preference that aligns with Vogelsang's findings.

The HR managers surveyed in the mentioned study, also found leisure time as a bonus interesting. Disadvantages such as a compromised team structure, increased stress for employees taking advantage of the leisure bonus, or fewer completed projects do not seem

to be expected. Instead, many see tax advantages, and the operational implementation seems easier compared to a financial bonus. Nevertheless, only about 20 percent of HR managers consider leisure time as a component in their compensation system.

But there is a popular exception. The U.S. Office of Personnel Management has long made use of time-off awards, potentially without realizing their full benefits. As they describe, “A time-off award is time off from duty, without loss of pay or charge to leave, granted to a federal employee as a form of incentive or recognition.” (U.S. Office of Personnel Management, n.d.).

While not mentioning the potential performance effect they see further advantages such as the fact that bonuses in the form of leisure time are more comparable among employees, leading to less envy. Moreover, they can immediately be reinforced and may even have a higher perceived value than money.

## Going Forward: Rethinking Workplace Incentives

The general idea of the theory behind the mentioned study is simple yet powerful: When a manager provides workers with more leisure time at home, leisure time on-the-job becomes less attractive. If, additionally, consuming on-the-job leisure bears some risk due to, for instance, potential demotions when getting caught, employees will reduce such activities.

This theoretical idea well explains the studies' results. But even more importantly it might have some interesting (albeit controversial) implications beyond time bonuses: Give something to reduce the incentive to do it.

You do not want your board members to browse the news during the presentation? Allow them to do it before you start! You don't want your employees to take frequent coffee breaks? Make some coffee before the working day and organize a brief gathering. You don't want remote workers to get distracted by household duties? Encourage a scheduled break for these activities or implement flexible lunch hours.

These strategies acknowledge employees' needs, reducing the temptation for non-work-related activities during critical hours.

## Conclusion

Leisure bonuses create a win-win situation. They are well-received by employees and reduce non-productive leisure time at work, benefiting the company. However, the applicability of this model should be evaluated on a case-by-case basis. It is crucial not to eliminate short leisure activities entirely, as informal exchanges and brief personal activities can enhance recovery, improve the work atmosphere, and foster focused work.

Given the rise in home office days post-pandemic and the increased potential for mixing work with personal tasks, this topic is more relevant than ever and even expands beyond the simple use of internet for private reasons as described in the mentioned study. The new work life consists of multiple challenges that are related to leisure time activities during the work day. Importantly, many of them can be potentially solved by the mentioned mechanism through which leisure time bonuses work: Give something to reduce the incentive to do it.

So, next time you want your employees to stop a certain non-work-related activity, consider giving them the opportunity to engage in it beforehand to prevent it from interrupting their working time. This approach increases both their satisfaction and yours.

## References

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Timo Vogelsang is an Associate Professor of Managerial Accounting at Frankfurt School. His research explores the impact of different incentives on employee behavior and performance. Using field and lab experiments, Timo's work is published in leading journals and frequently discussed in major media.