

Are part-time workers less productive and underpaid?

The impact of part-time workers on firms' productivity is unclear, and lower wages depend mainly on occupation and sector

Keywords: part-time workers, productivity, wage gap, labor market segregation, labor market flexibility, work-life balance

ELEVATOR PITCH

About one in five workers across OECD countries is employed part-time, and the share has been steadily increasing since the beginning of the economic and financial crisis in 2007. Part-time options play an important economic role by providing more flexible working arrangements for both workers and firms. Part-time employment has also contributed substantially to increasing the employment rate, especially among women. However, part-time work comes at a cost of lower wages for workers, mainly because part-time jobs are concentrated in lower paying occupations and sectors, while the impact on firms' productivity is still not very clear.

KEY FINDINGS

Pros

- ⊕ Part-time employment enables more flexible work arrangements for firms and a better work-life balance for workers.
- ⊕ Part-time work may increase firms' productivity by lowering employee stress and health risk and by allowing employers to better adapt to variations in demand.
- ⊕ Part-time work may provide a means to enter or re-enter the labor market for many workers who might otherwise simply drop out of the labor force.
- ⊕ In particular, part-time work has contributed to higher employment rates for women in many countries.

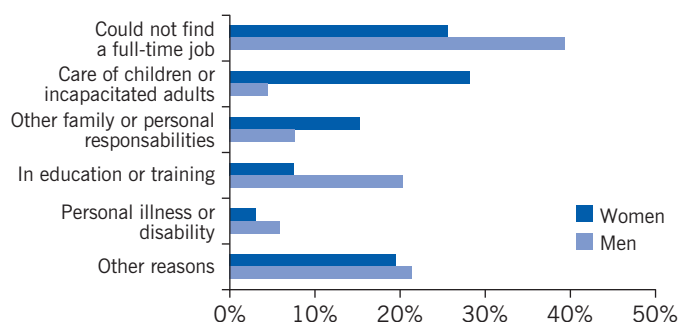
Cons

- ⊖ Part-time employment goes together with lower hourly wages, mainly because part-time jobs are concentrated in lower paying occupations and sectors.
- ⊖ Segregation of part-time jobs may reflect personal choices but also discrimination if part-time workers are offered only low-paying jobs and lower career opportunities.
- ⊖ Part-time workers increase management costs for firms, which in turn tend to invest less in their part-time workers.
- ⊖ If associated with low pay and temporary contracts, part-time employment raises important concerns about living standards for current workers and future pensioners.

AUTHOR'S MAIN MESSAGE

Part-time work substantially increases the flexibility of workers and firms, and has contributed to higher participation of women in the labor market in many countries. While the impact on firm productivity is not yet clear, part-time work is often accompanied by a wage penalty, a result largely of the concentration of part-time jobs in lower-paying occupations and sectors. Carefully designed family policies and a cultural shift in attitudes are needed to fight more effectively against discriminatory forms of segregation, provide effectively equal treatment for full- and part-time workers, and make the option of part-time employment useful and convenient for all occupational levels.

The main reason for part-time employment in the EU varies by gender, 2014



Source: Calculations based on European Union Labor Force Survey.
Online at: <http://ec.europa.eu/eurostat/web/microdata/european-union-labour-force-survey>