

## Recent developments in part-time employment

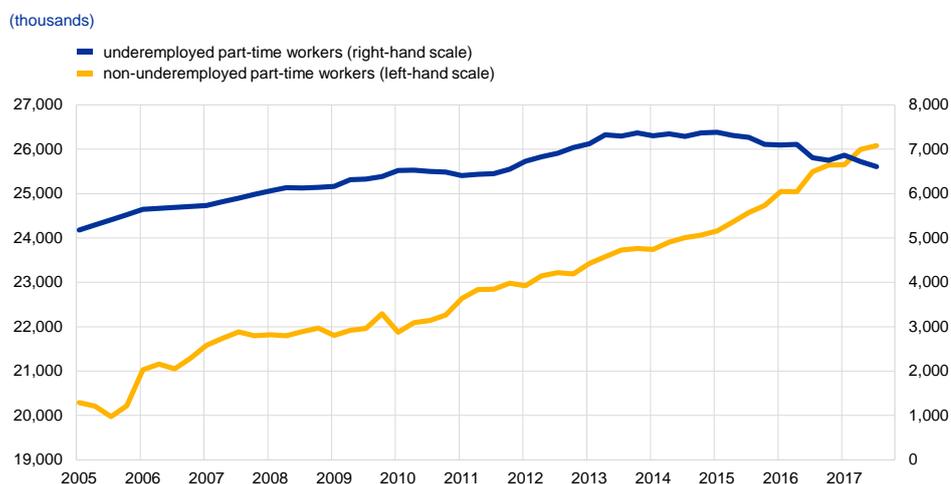
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**In the euro area, there has been an increasing reliance on part-time work.** The share of part-time workers is now about 22% of total employment, and part-time work has accounted for about one quarter of net employment growth over the euro area labour market recovery (starting in the second quarter of 2013). This box examines the latest developments and the characteristics of the two main groups of part-time workers: underemployed and non-underemployed part-time workers.

**The number of underemployed part-time workers increased during the crisis, but has declined recently.** In the European Union Labour Force Survey, it is possible to distinguish between part-time workers who are seeking to work more hours and those who are not. The first group are called “underemployed”.<sup>13</sup> Although those included in this group are employed, they are usually regarded as partly unemployed or underutilised, meaning that the number of hours that they would like to work exceeds the number of hours demanded by their employers. Underemployment in the euro area increased both in the first phase of the Great Recession and in the wake of the sovereign debt crisis. It has been declining recently, but still remains above its pre-crisis levels (Chart A). This cyclical pattern is similar to that of unemployment.

### Chart A

Number of underemployed and non-underemployed part-time workers in the euro area



Sources: Eurostat and ECB staff calculations.

Notes: Corrected for the estimated impact of methodological changes in the time series. Data for 2005-2008 are based on ECB staff estimates.

<sup>13</sup> See the Eurostat Statistics Explained page on “[Underemployment and potential additional labour force statistics](#)”. Involuntary part-time employment refers to a concept similar to underemployment, with some differences: involuntary part-time workers are those who work part-time because they are unable to find full-time work. See also the Eurostat page entitled “[EU labour force survey – methodology](#)”.

**Non-underemployed part-time work increased both during the crisis and during the recovery.**

The second group, those part-timers who are not seeking to work more hours, typically work in part-time positions for family, health or other reasons (e.g. because they are students). This group makes up the largest share of part-time workers: four in five part-time workers in the euro area are satisfied with the hours they work. This category of part-time employment has displayed no cyclical pattern in recent years; instead it has increased steadily over both the crisis and the recovery (Chart A). This pattern suggests that this category of part-time work is influenced primarily by structural factors.

**The number of non-underemployed part-time workers has been increasing mainly in Germany, while the largest contributions to the changes in underemployment in the euro area are accounted for by Spain (Chart B).**

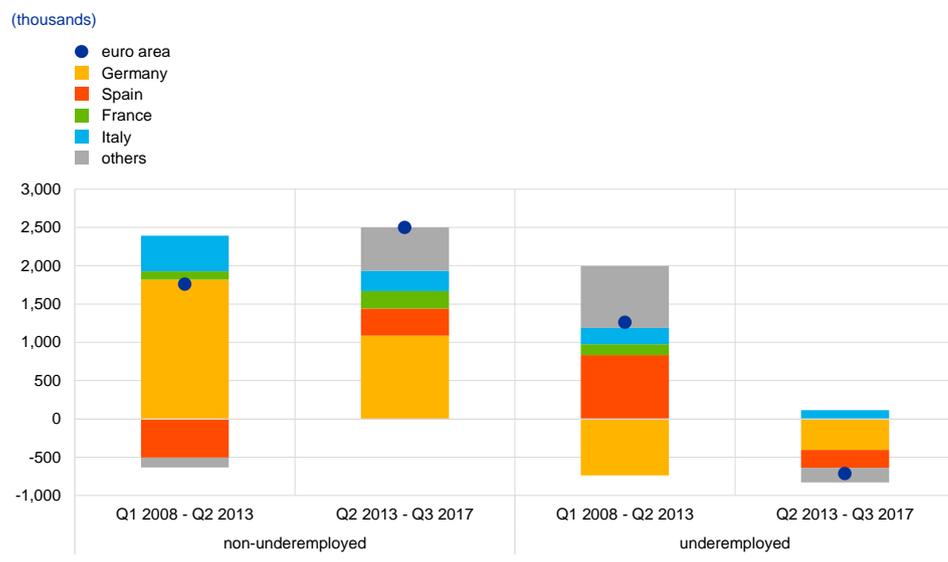
Among the four largest euro area countries, the share of part-time work in total employment is highest in Germany. This is also the country where the highest share of part-time workers are satisfied with the hours they work and where the recent increases in part-time working have not been associated with underemployment. In contrast, underemployment increased particularly strongly in Spain and Italy during the crisis. In Spain, there has been an inflow into underemployment from unemployment, full-time employment and non-underemployed part-time employment.<sup>14</sup> The considerable increase in underemployment during the crisis probably reflects changes in the regulation of part-time work as well as the impact of the crisis on income and wealth during the downturn, resulting in an increase in labour supply in terms of hours. In Italy, underemployment may have been influenced by the Government's measures to support a reduction in hours. Despite having declined recently, underemployment remains above pre-crisis levels in both Italy and Spain, while it is well below pre-crisis levels in Germany.

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<sup>14</sup> See also the box entitled "Alternative measures of unemployment for the Spanish Economy", *Economic Bulletin*, Issue 2, Banco de España, 2017.

## Chart B

Change in number of underemployed and non-underemployed part-time workers in the euro area during the crisis and the recovery by country



Sources: Eurostat and ECB staff calculations.

Note: Corrected for the estimated impact of methodological changes in the time series.

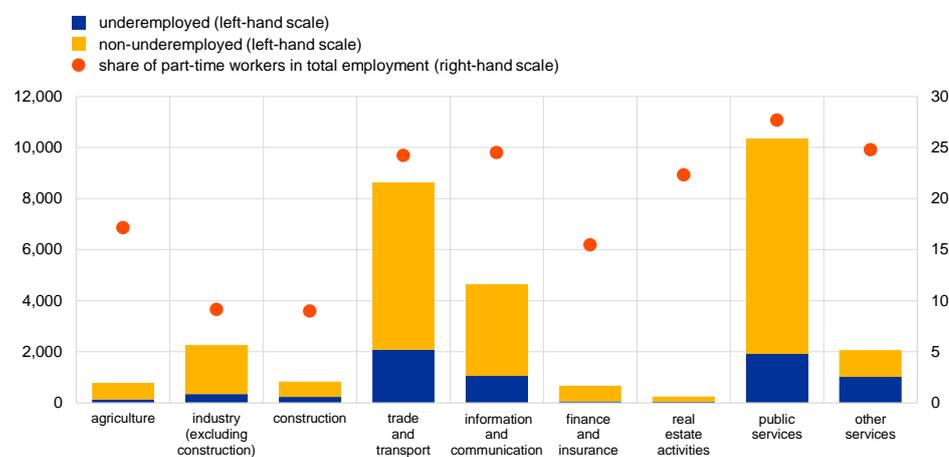
### Both categories of part-time work are more prevalent in the services sectors and among women.

Part-time workers in the euro area are concentrated in three sectors: 1) the public services sector; 2) the trade, transport, accommodation and food sector; and 3) the information and communication sector. As a consequence, both categories of part-time work are also concentrated in these sectors (Chart C). In terms of personal characteristics, prime age and older women make up the vast majority of part-time workers (Chart D). The distribution of part-time work between underemployed and non-underemployed part-time work is somewhat different across sectors and personal characteristics. Underemployed part-time workers account for the highest share of total part-time employment in other services (including arts, entertainment and recreation, other service activities and activities of household and extra-territorial organisations and bodies), followed by the construction, trade and transport and information and communication sectors. Underemployed part-time work is also high among prime-age males and the young. Finally, underemployed part-time workers tend to work somewhat fewer hours than non-underemployed part-time workers.

### Chart C

#### Number of underemployed and non-underemployed part-time workers and share of part-time workers in total employment by sector in the euro area in 2016

(left-hand scale: thousands; right-hand scale: percentages)

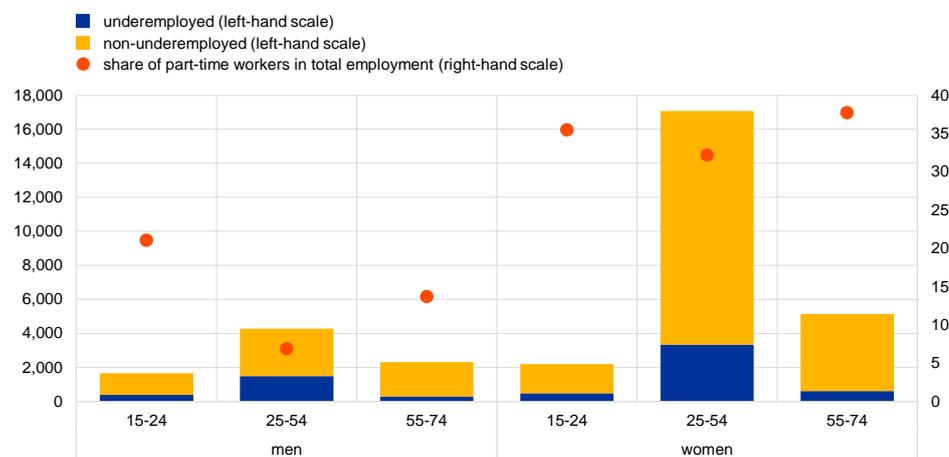


Sources: Eurostat and ECB staff calculations.

### Chart D

#### Number of underemployed and non-underemployed part-time workers and share of part-time workers in total employment by gender and age in the euro area in the third quarter of 2017

(left-hand scale: thousands; right-hand scale: percentages)



Sources: Eurostat and ECB staff calculations.

#### The extent to which underemployed part-time workers represent precarious work and/or spare capacity in the economy remains an important question.

The empirical literature finds that underemployed part-time workers tend to have less job security, lower job satisfaction<sup>15</sup> and lower wages<sup>16</sup> than non-underemployed

<sup>15</sup> See, for example, Vaalavuo, M., "Part-time work: A divided Europe", *Evidence in focus*, European Commission, 2016; and Kauhanen, M. and Nätti, J., "Involuntary temporary and part-time work, job quality and well-being at work", *Working Papers*, No 272, Labour Institute for Economic Research, Helsinki, 2011.

ones. Underemployed part-time work may thus be regarded as precarious in some cases. However, the extent to which underemployed part-time workers are actually available to work more hours and can thus be regarded as underutilised labour is also an open question.<sup>17</sup> At the same time, non-underemployed part-time work may be regarded as an opportunity for many to enter or stay in the labour market, and may frequently result in job satisfaction.<sup>18</sup> Part-time workers in this category seem less likely to represent spare capacity or precarious work. All of this suggests that the recent declines in underemployed part-time work and the continuing increase in non-underemployed part-time work may be regarded as enhancing overall welfare.

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<sup>16</sup> Veliziotis, M., Matsaganis, M. and Karakitsios, A., "Involuntary part-time employment: perspectives from two European labour markets", *Working Papers*, No 15/02, ImPRovE, January 2015.

<sup>17</sup> See, for example, Weale, M., "[Slack and the labour market](#)", speech at the Thames Valley Chamber of Commerce, 20 March 2014.

<sup>18</sup> Gallie, D. et al., "Quality of work and job satisfaction: comparing female part-time work in four European countries", *International Review of Sociology*, Vol. 26, No 3, 2016, pp. 457-481.