
OVERVIEW

Key points

- Part time work has become an important form of employment growing from 10 per cent of total employment in 1966 to 29 per cent in 2007. The prevalence of part time work has increased for both men and women and for all age groups.
- Both supply-side and demand-side factors have driven the growth in part time employment.
 - A key supply side factor includes the entry into the workforce of people combining employment and other activities such as education and raising a family.
 - An important demand side factor is employers using part time employment to increase operational flexibility.
- The high level of casual work among part time workers means that they have less access to many conditions of full time employment.
- The part time workforce is a diverse group in terms of their characteristics and attitudes to work. The household circumstances of part time workers vary, as does the contribution of their labour income to the household budget — from being the only source of labour income to a negligible source.
- Part time workers are not a static group. There is considerable movement into and out of part time work both as labour market conditions change and as workers move through their life cycle and their work/life priorities change.
- At the aggregate level there appears little compelling evidence for a dual labour market between part time and full time work. Nonetheless, many workers find it difficult to change the number of hours that they work, suggesting that there may be some obstacles to mobility even in the current strong labour market.
- Since the early 1990s, 20–25 per cent of female part time workers and 30–35 per cent of male part time workers have indicated a preference to work more hours. At the same time, there is evidence to suggest that two full time workers want to move to part time work for every part time worker who wants to move to full time work.
 - It is not clear what the impact on aggregate hours worked would be from any changes to working arrangements which allow a better matching of desired and actual working hours. That said, the well being of workers would be improved.

Overview

The rise of part time employment over the past forty years represents a fundamental change in the Australian labour market. Part time employment has become an important component of the range of working arrangements and represents an example of the labour market's response to economic and social changes. It has been associated with increased diversity of the workforce and contributed to changes in workplace culture and attitudes towards work.

There has been considerable debate about the reasons underlying the growth in part time work and whether it has been beneficial for individuals and the community as a whole. Indeed, some part time work is seen as a stop gap where full time employment is desired but cannot be achieved — these are the involuntary part time employed. But part time work also enables individuals to combine work with other activities such as undertaking studies or raising a family. More recently, it is being used increasingly to enable workers to transition more slowly to retirement.

This paper identifies who are part time workers; explores some suggested reasons why part time work has grown rapidly; examines the role it plays in response to changes in labour market conditions and individuals' lives; identifies the nature and conditions of part time work and the contribution it makes to household income.

Who works part time?

Prime working aged individuals (those aged 25–54 years) accounted for just over half of the total part time workforce in 2007 (table 1). This result is largely due to the considerable number of prime age women, especially women who are married or in a de facto relationship, working part time (44 per cent of part time workers). The next most important demographic group, accounting for nearly 28 per cent of the part time workforce, comprised those aged 15–24 years.

Part time workers are more likely to work in low skilled occupations compared to full time workers. For instance, less than one-quarter of all part time workers were employed in the high skilled occupation category of professionals and associate professionals in 2006, compared to around 35 per cent of full time workers. On the other hand, 21 per cent of part time and only 5 per cent of full time workers were employed in the low skilled occupations of elementary clerical and service workers.

Table 1 **Composition of the part time workforce by age and gender, 2007**

Per cent

<i>Age range</i>	<i>Men</i>	<i>Women</i>	<i>Total</i>
15–24 years	11.6	16.0	27.6
25–54 years	10.6	44.1	54.7
55–64 years	4.4	9.0	13.4
64 years and over	2.5	1.8	4.3
Total	29.1	70.9	100.0

How fast has part time employment grown?

In 1966, part time employment accounted for 4 per cent of men's employment, 24 per cent of women's employment and 10 per cent of employment overall (figure 1). By 2007 part time employment accounted for 15 per cent of men's employment, 45 per cent of women's employment, and 29 per cent of employment overall.

This growth of part time work occurred despite industrial and institutional arrangements in Australia that attempted to control or limit the amount of part time work during the 1970s and 1980s. For example, some industrial awards placed limits on the proportion of an enterprises' workforce that could be employed part time and the hours that its part time employees could work.

Removal of those impediments, during the 1990s, is likely to have facilitated the further expansion of part time employment. Overall, however, it is unlikely that institutional arrangements had a dominating effect on the level and growth of part time employment. Rather, this growth seems to be a response to major economic and social changes.

Australia has a relatively high level of part time employment compared to other countries (figure 2). Of the OECD countries, (see table A.2 for country abbreviations) only the Netherlands has a higher percentage of employment accounted for by part time workers.

Figure 1 Growth in part time employment in Australia, 1966–2007
Per cent of employment of persons aged over 15 years by gender

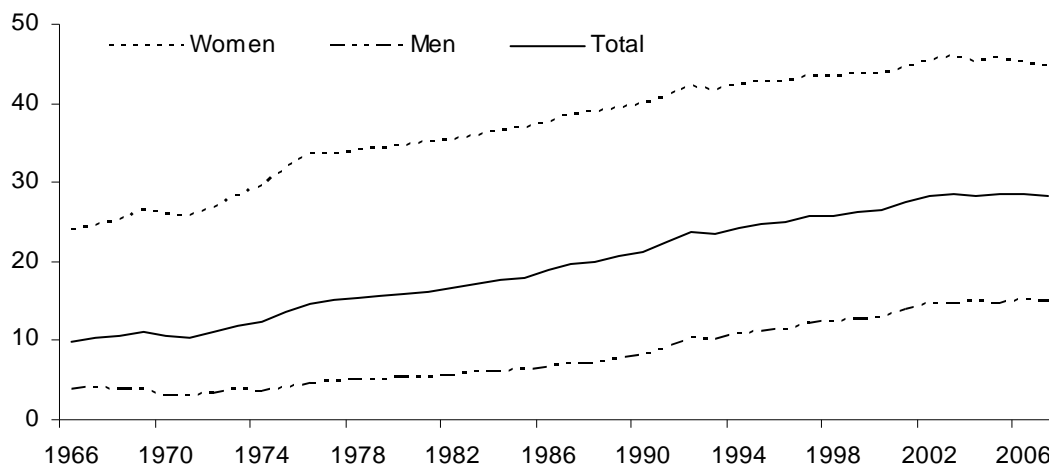
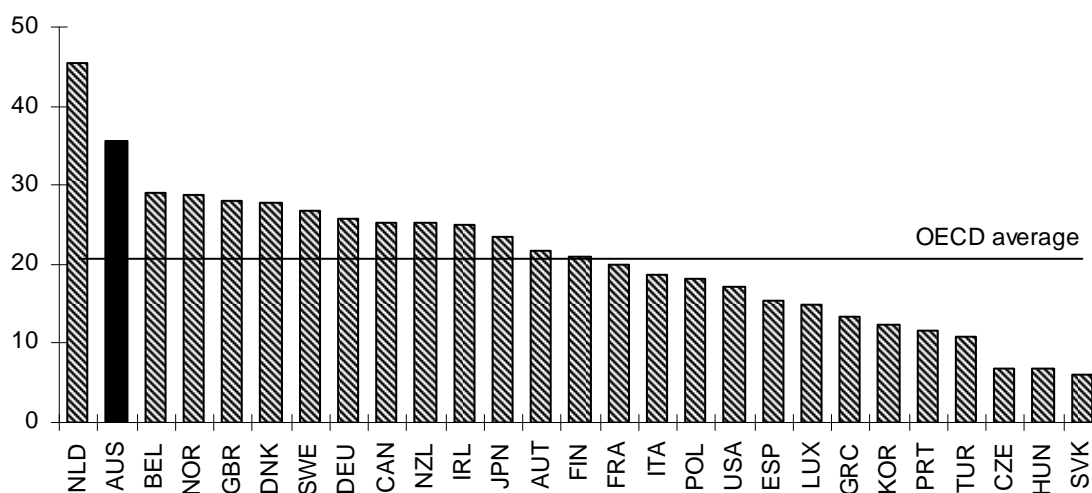


Figure 2 Part time workers as a percentage of workforce, 2006
Less than 35 weekly hours



Why has part time employment grown so fast?

There has been a diversity of experience with part time work across the labour market. Different demographic groups and different industries display markedly varied levels and growth of part time employment. Accordingly, the drivers of the increase in part time employment opportunities are varied and complex.

The growth reflects both supply and demand factors in the labour market — that is, factors relating to both job seekers and employers.

On the supply side, the demographic characteristics of the workforce have changed with greater entry of women into the labour market, increased levels of employment of young people still engaged in education and, more recently and the greater numbers of older workers in the workforce. These groups have typically preferred to work part time, reflecting in part changing attitudes within the workforce to combining work with non-work activities.

On the demand side, employers have offered part time jobs primarily because of the flexibility in such working arrangements. From the mid 1990s, part time employment has been increasingly used as a swing workforce mechanism to respond to changes in labour demand. This mechanism is most marked during economic downturns. Part time employment typically rises during cyclical downturns, as the labour market adjustment is shared between reductions in the number of employed persons and reductions in the hours of full time workers. However, this process has not been symmetric, with part time employment continuing to grow in subsequent recoveries.

Longer term changes have also shaped the demand for labour. Deregulation of shopping hours and business responses to consumer demand for extended shopping hours have increased the use of part time workers. This has been facilitated by technological changes which have allowed a better matching of workplace operations with consumer requirements. Employers have been better able to match labour needs with peak periods of demand. Part time workers can be employed to fill those needs.

The significance of part time employment varies considerably across industries. Its share of employment is highest in the service industries such as retail, accommodation, cafes and restaurants, health and community services. But the growth in part time employment has not been driven by the expansion of employment in these industries. Most of the increase in the aggregate share of part time work resulted from the rising shares of part time work within industries rather than the change in employment shares between industries. That said, it has been those industries with already high shares of part time employment, in the service sector, that have increased the shares of part time workers in their workforces the most.

The geographic distribution of part time jobs appears to be linked to the concentration of different industries in different locations. In particular, part time employment tends to be most significant in coastal areas away from the capital cities – regions where industries involved in hospitality and tourism are major employers.

Other explanations have been offered for the growth of part time employment although they are not as compelling as those canvassed above. Simple labour cost reduction strategies cannot be ruled out in all cases but are unlikely to offer a general explanation for the growth in part time employment. There is little, if any, difference in hourly labour costs between part time and full time labour in general. Indeed, taking all costs into account, including those such as the fixed costs of training and staff administration, it is unclear whether part time workers are less costly to employ per hour than full time workers.

The international evidence does not support a simple cost reduction explanation for the level of part time employment in Australia. In Australia, the share of part time employment is among the highest in the OECD, and the hourly remuneration for part time workers in comparable jobs seems to be similar to that for full time workers. Compare this with most other OECD countries where part time workers earn considerably less than full time workers but their share of the workforce is also lower.

Segmented labour market theories posit that the workforce is divided into various sub-markets, chiefly the high skilled, stable primary labour markets and the low skilled, unstable secondary labour market. Under these theories, secondary part time jobs are considered ‘bad jobs’ in terms of low pay, high turnover and poor career paths.

Part time employees are seen as concentrated in the secondary labour market where they bear the brunt of workplace change through insecure employment. But in Australia, part time jobs are not confined to particular occupations, industries or skill levels and the distinction between ‘good’ and ‘bad’ jobs breaks down to a range of jobs of varying characteristics. Further, there is a considerable flow of workers between part time and full time employment over time, which undermines the notion of segmented labour markets. Indeed, part time employment is often a stepping stone to full time employment.

Moreover, the number of part time employed persons increases during economic downturns. This is not consistent with part time workers bearing a disproportionate share of the response to falls in labour demand. But there is a strong link between part time work and casual work, as two thirds of all casual employees worked part time hours in 2005. Casual workers offer employers the most flexibility and are those that are most likely to be considered as secondary labour market workers. But casualisation of employment cannot be seen as the driver of the growth of part time employment — indeed, the share of casual part time employees in part time employment has declined over the last decade and a half.

In the Australian context, the segmented labour market theories do not provide a strong or compelling explanation for the level and growth in part time work overall. This is not to suggest, however, that there are not areas of part time employment where there are concerns regarding the potential mobility of some workers to move into full time employment. The level of involuntary part time employment remains high among certain demographic groups such as mature age males and younger males and females.

There also appear to be restrictions on mobility from full time to part time work. Many older full time workers need to change jobs to work part time if they want to use part time employment as a strategy towards eventual retirement from the workforce. This suggests that while the quantitative flows between part time and full time employment are high, such movements are not always seamless and involve more than simply reducing the hours of work with the existing employer.

Why do people work part time?

There are a variety of reasons why people work part time. Based on Household Income and Labour Dynamics (HILDA) survey data, the four most frequent reasons for working part time are (figure 3):

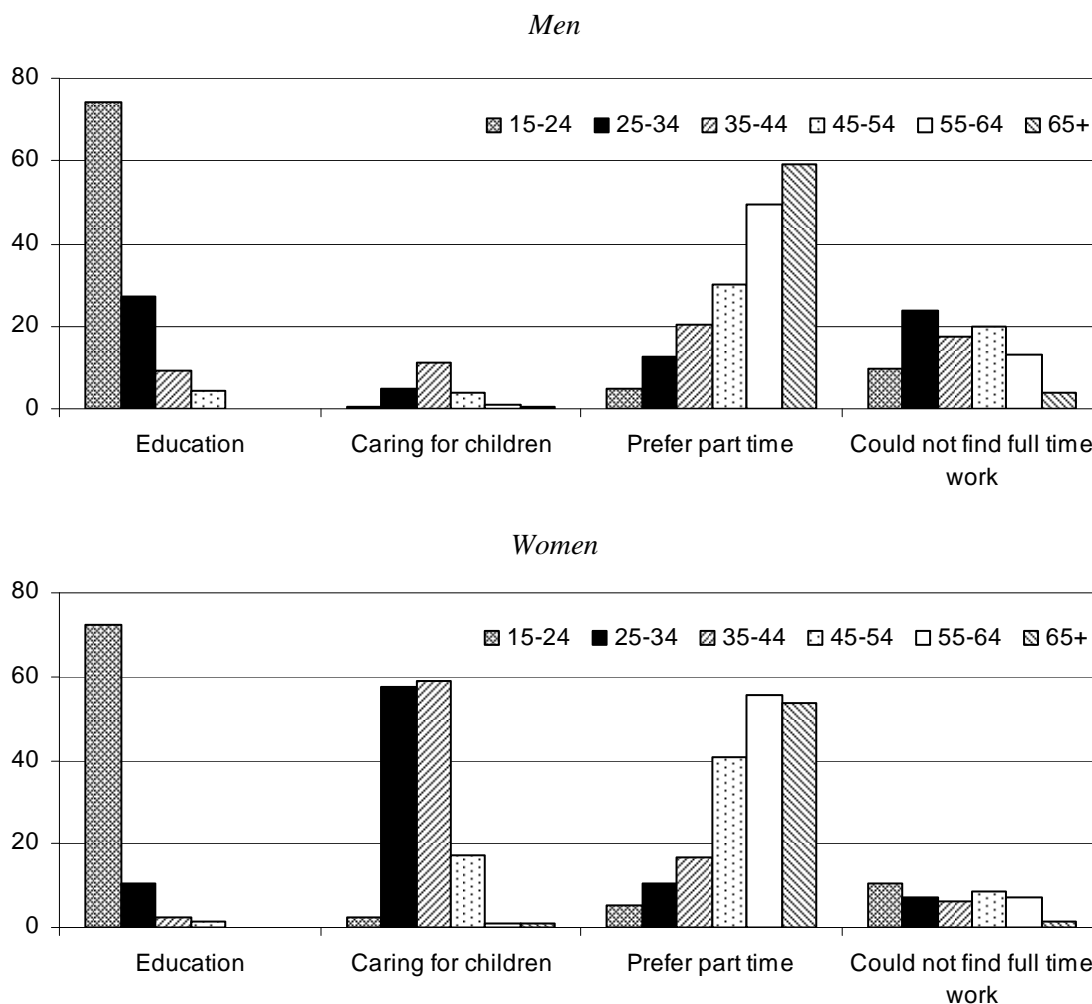
- to combine work and education;
- to care for children;
- because part time work is preferred, and
- because full time work could not be found.

The frequency of these survey responses varied by age group. Combining work and education was most common for people under the age of 25 years (74 per cent for men, and 72 per cent for women). Caring for children was most common among women aged 25–34 years (58 per cent) and 35–44 years (59 per cent). The age groups where people most frequently indicated that they were working part time because they wanted to were in the 55 years and over age groups.

The grouping of these responses around specific age groups is consistent with life cycle events determining the willingness to work part time. Life cycle events are those that are age related and can affect a significant proportion of the population.

Social and economic changes influence common events for these age groups, for example the strong growth in tertiary education in the 15–24 year age group. These supply side explanations provide a strong foundation for the different levels of part time employment found across the different demographic groups.

Figure 3 Main reason for working part time, 2005
Per cent of part time workers by age and sex



A non life cycle reason for working part time is not being able to find full time employment. This was an important reason particularly among prime age males where around 20 per cent indicated that this was the main reason for working part time.

What effect does part time work have on labour force participation?

Under the National Reform Agenda, Australian and state/territory governments have identified increased workforce participation, particularly among those groups that currently have low participation rates such as the mature aged, women with child raising responsibilities and people on welfare, as one strategy to help meet the challenges of an ageing population (COAG 2006). Flexible working time arrangements, particularly access to part time employment, is one approach to lifting workforce participation levels.

The impact of part time work on labour force participation is particularly relevant to these policy discussions. This paper identifies issues concerning involuntary part time employment, part time employment as a transition strategy to retirement and part time employment as a means of facilitating labour force participation for carers and people with a disability.

Involuntary part time employment

While most part time employees indicate that they want to work part time, over the last thirty years there has been an increase in involuntary part time employment. Involuntary part time employment increased strongly during the economic recessions in the early 1980s and 1990s, as well as the economic slowdown in 2001. During the subsequent economic expansions, the level of involuntary part time employment has remained elevated.

There has been no sustained or substantial decrease in the level of involuntary part time employment among women since it increased during the recession of the early 1990s. Around 20–25 per cent of women who are working part time would prefer to work more hours. Around 30–35 per cent of male part time workers would prefer to work more hours. In a period of low unemployment, investigating the possibility of fully engaging such workers assumes some importance.

Will greater labour market flexibility result in higher workforce participation?

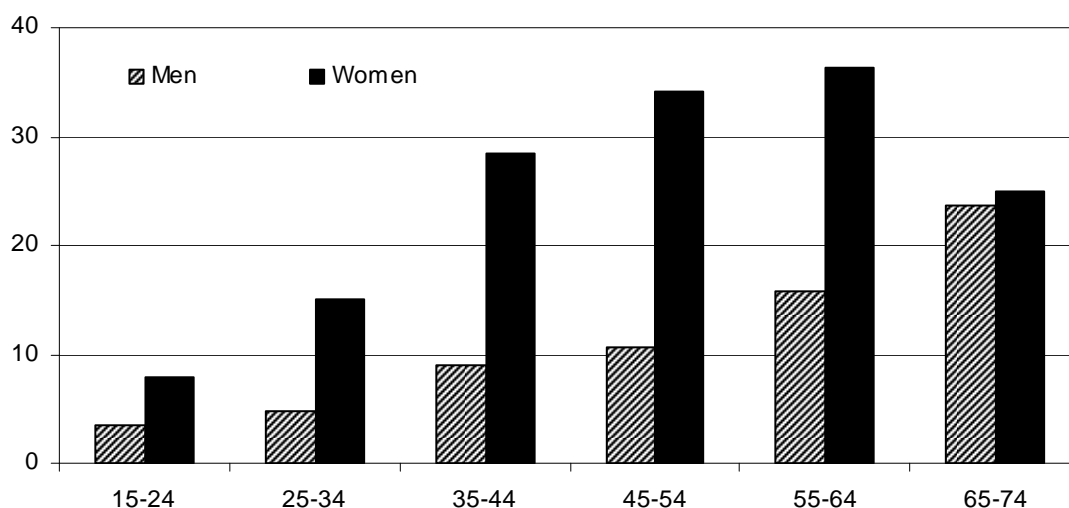
Much of the focus of labour market analysis in recent years has been on factors that influence workforce participation. While participation is traditionally measured as the share of the working age population in work, in this context a more useful measure might be in working hours per head of population of working age. This would highlight the issue of underemployment and involuntary part time employment.

There is also a considerable number of full time workers who wish to work part time and, reduce their involvement in work, taking into account the effect on their income. Indeed, data from the HILDA survey suggest that there were more than two workers who wanted to move from full time work to part time work for every part time worker who wanted full time working hours.

A greater share of female full time workers wish to work part time than male full time workers (figure 4). For both men and women, this share gradually increases as workers age, although for women there is some moderation among the oldest age group 65 – 74 years.

Figure 4 **Full time workers who want to work part time work among men and women, 2005**

Per cent of full time workers by age group



It is uncertain what the effect on aggregate hours worked would be if all workers were able to work their preferred hours. While the working hours of involuntary part time workers would increase, there is a greater number of full time workers who would prefer to reduce their working hours.

The presence of full time workers who have indicated a desire to work part time suggests that the labour market is not currently providing the flexibility desired by all workers. However, just because people are unsatisfied with their hours of work does not mean they are unsatisfied with their jobs or looking for another job. Factors including pay, location and the work environment are also relevant for overall job satisfaction.

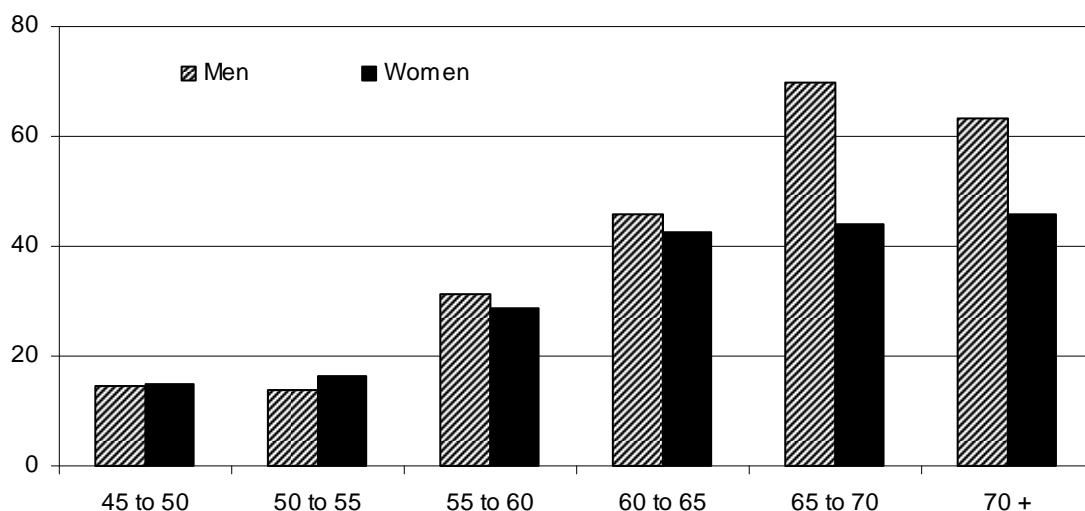
Part time work and the transition to retirement

Unlike other age groups, the main reason people 55 years and over are working part time is because they prefer part time to full time work. In particular, it is common for older workers to use part time work as a means of transitioning to retirement.

There is already a substantial share of part time work that is being used as a transition strategy to retirement (figure 5). With an ageing population, the proportion of the working age population in the labour force is expected to decline. However, wider availability of part time work could encourage older workers to stay in the workforce or to return to the workforce.

Figure 5 **Share of part time employment reflecting a transition to retirement strategy, 2003**

Per cent of part time workers by age group



A special supplementary to the HILDA survey examined retirement intentions and strategies that people are using to transition to retirement. Slightly over 40 per cent of the people, who changed from full time work to part time work as a means of transitioning to retirement, indicated that they would not be working if they were obliged to work full time.

This finding indicates that changes in working arrangements enabling people to work part time may encourage greater workforce participation among older Australians. But there is also a prospect that policies designed to facilitate people to delay retirement may have unintended impacts. Nearly 60 per cent of older workers using part time work as a retirement transition indicated that they would have continued working if part time work were not available. That is, they would have remained in their pre-transition to retirement (full time) job. As such, it is unclear if removing any barriers to older workers working part time will result in an overall increase or decrease in aggregate hours worked. The effect on aggregate output will be also unclear.

But as discussed in PC (2007) raising labour force participation is not an end in itself. Rather providing flexible working arrangements, including the option of part time employment, which enable workers to vary their working hours more in accord with their underlying preferences will improve the community's wellbeing.

Part time work as a bridge to the workforce

Part time work also serves as a bridge for those who would find it difficult to participate full time in the workforce. Carers and people with a disability are less likely to be in the workforce than is the general population. If they are working, they are more likely to be in part time employment than is the general population. For instance, in 2003, 76 per cent of individuals aged 15–64 years without a reported disability were employed, of which 29 per cent of those who were employed worked on a part time basis. In comparison, around half (49 per cent) of all individuals with a reported disability were employed and 37 per cent of those employed worked part time.

For people with a disability, the probability of being in the workforce varies depending on how restrictive their condition is — people with the most severe conditions are the least likely to work and, if they are in work, are most likely to work part time. As such, access to part time work may improve the chances of people with a disability participating in the workforce — particularly for people with more restrictive conditions.

Are part time jobs ‘good’ jobs?

The increase in part time employment has generated debate about the nature of part time jobs. Employers have offered part time employment to improve flexibility and productivity in workplaces and, in some cases, to attract workers. Unions, in the early years, had concerns that the increase of part time employment threatened the continued growth of full time employment.

The early strong growth of part time employment was associated with a period of high unemployment, during the 1980s and early 1990s. For some commentators, part time employment came to be seen as underemployment and a form of employment available to jobseekers who would have preferred to be employed full time.

In more recent years, some of these concerns have abated, particularly where part time work is seen to be initiated by the worker for reasons of work-life balance. The traditional view of full time employment being the only ‘real’ employment has also been challenged. The last four decades have seen the entry into the workforce of groups who had a preference to combine employment with other activities.

Part time jobs have been criticised by some on the grounds that they are ‘poorer quality’ jobs providing limited skills development and career paths. This paper presents a detailed description of the characteristics of both part time workers and

part time jobs. And while there is evidence that examples of the most common stereotypes exist, no pervasive stereotype can be used to generalise the varied nature of part time employment.

Part time workers are less likely to receive training than full time staff. But on-the-job training is not always the only relevant factor for future employment outcomes. The growth of part time employment has assisted students by effectively lowering the opportunity costs of undertaking tertiary education and training. This can be more relevant to their long term career prospects than training offered by part time jobs. In addition, for part time workers transitioning to retirement, there may be only limited benefit in on-the-job training.

A key aspect of part time work that has been the subject of a great deal of research are wage levels relative to full time jobs. A simple comparison of part time and full time jobs reveals that, on average, male part time workers earn less per hour than full time workers and females earn similar wages. However, when factors including age, education, job tenure, industry of employment and occupation are taken into account, any difference is eliminated and in some studies even reversed.

There are, however, some differences in the ‘quality’ of part time jobs.

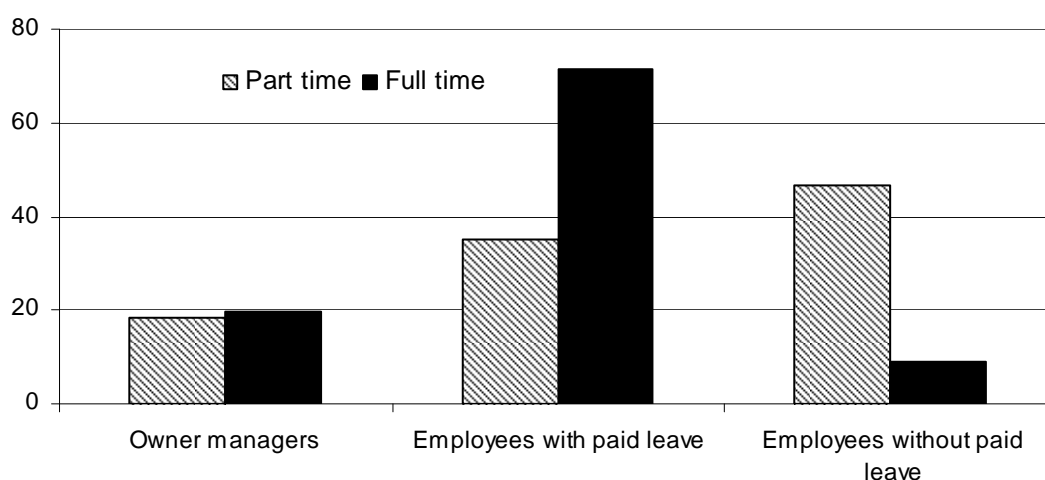
- Part time jobs generally involve less responsibility than full time jobs, and part time workers are less likely to consider their jobs as challenging.
- Part time workers are less likely to be promoted in any given year than full time workers of a similar age (figure 6).
- Part time workers are less likely to have access to some entitlements. For example, 37 per cent of part time employees have access to paid holiday and sick leave, compared to 89 per cent of full time employees. The breakdown of full time and part time workers into employees with paid leave, employees without paid leave, and owner managers is shown in figure 7.
- Part time workers are marginally more likely to have access to some other entitlements, including home based work and flexible start and finish times.

Notwithstanding these quality differences, data from the HILDA survey indicate that part time workers are as satisfied with their jobs as full time workers, although there are aspects of job satisfaction that differ. For example, part time workers are slightly less satisfied with job security and the nature of their work than full time workers. However, they have a higher level of satisfaction with their work hours and flexibility than full time workers and are equally satisfied with their pay.

Figure 6 Promotion among full time and part time workers, 1996–2002
Per cent of workers who were promoted in the previous year



Figure 7 Entitlements to paid leave for full time and part time workers, 2006
Percentages of the full time and part time workforces



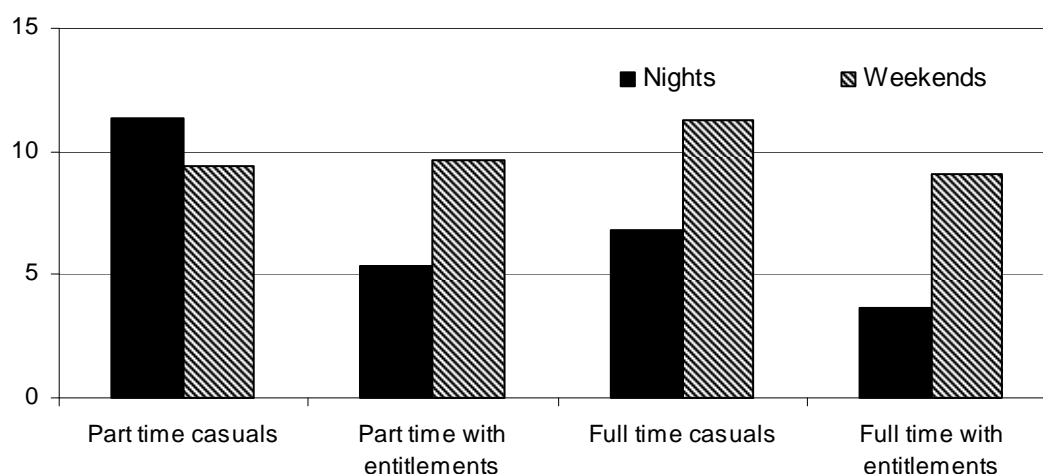
Part time work: flexibility for whom?

Over the past three decades, there has been an increasing requirement for businesses to become more flexible to respond to competitive pressures and consumer demands. The introduction of new technology to monitor sales and stock levels has allowed businesses to more accurately schedule their labour requirements, including using part time workers to better accommodate peaks in demand. The growth in the part time workforce has also helped industry respond to changing consumer

demands for service during non-standard hours. While it is difficult to predict future changes, it is likely that there will be an ongoing need for such workplace flexibility. It is important, therefore, to understand the role of part time work in providing this flexibility.

One dimension of flexibility facilitated by part time employment concerns days on which employees work. For example, part time workers are twice as likely as full time workers not to have regular days of the week for work (20 and 10 per cent respectively). Part time employees who are employed on a casual basis are more likely to work night shifts (figure 8).

Figure 8 Prevalence of weekend and night work, 2005
Per cent of workforce by employment type



From the individual's point of view, part time work can enable work to be combined with non-work activities, thereby achieving a better balance between work and family life. In this regard, part time workers in the HILDA survey indicated that they were more satisfied with their home lives in a range of indicators compared to full time workers. And part time workers were slightly less likely to report that their jobs had a negative impact on their parenting, or on the quality or quantity of their family time.

How much does part time work contribute to household budgets?

For many households, the contribution to the household budget from part time work is reasonably modest. However, for some households, and during specific times of the life cycle, part time work can play a major role in household finances.

Where single parents work part time, income from part time employment makes a significant contribution to household budgets. While part time work is typically the only source of wages for these households, households with children also obtain significant income from government transfers. In prime age, two parent households with at least one parent working part time, around 20–30 per cent of household income is derived from part time work.

The three household types most reliant on part time income are dependent students, lone adults, and older workers. For example, for lone workers aged 55–64 years, over half of the household income on average is sourced from part time work.

