DOCUMENT RESUME

ED 317 696 CE 054 112

AUTHOR Blank, Rebecca M.
TITLE Part-Time and Temporary Work. Background Paper No. 29a.
SPONS AGENCY Department of Labor, Washington, DC. Commission on Workforce Quality and Labor Market Efficiency.
PUB DATE Sep 89
CONTRACT 99-9-4770-75-023-04
NOTE 39p.; In "Investing in People: A Strategy to Address America's Workforce Crisis" (CE 054 080).
PUB TYPE Information Analyses (070)

EDRS PRICE MF01/PC02 Plus Postage.
DESCRIPTORS Adolescents; Adults; Employed Parents; *Employed Women; *Employment Patterns; *Fringe Benefits; Older Adults; *Part Time Employment; *Personnel Policy; Promotion (Occupational); Research Needs
IDENTIFIERS *Temporary Employment

ABSTRACT

Part-time work is a significant aspect of the U.S. labor market, and the number of part-time jobs has increased from 6 million in 1955 to 19 million in 1987. Part-time work is done by a very diverse range of workers, particularly teenagers, older workers, and women with children. Consequently, it is probably not useful to think about the part-time labor market as a single group of workers. The available evidence indicates that most employers think of part-time workers as nonpromotable workers who solve particular scheduling and peak-demand problems within the firm. However, there is increasing evidence of a growing awareness that there may be other types of part-time workers and other types of part-time jobs. Part-time workers in professional and managerial occupations appear to be at least as well paid as their full-time fellow workers. The growing number of women who seek part-time work on a temporary basis during their child-rearing years may lead to a growing number of professional part-time jobs and some reconceptualization of part-time work and part-time workers. Ongoing growth is forecast in the service, retail, and financial industries, which are areas with a lot of part-time slots. Most of the part-time jobs opening up will be the more traditional lower-skill, noncareer-path type. Useful research projects would include those on (1) the relationship between part-time jobs and fringe benefit programs; (2) the reasons people seek part-time work; (3) the impact of part-time work on the well-being of households; and (5) the labor market implications resulting from the demands of women who are predominantly full-time and long-time workers for part-time jobs at certain points in their life. (The document contains 57 references and 2 figures.) (CML)

29a. PART-TIME AND TEMPORARY WORK

Rebecca M. Blank

Princeton University

This project was funded under Purchase Order No. 99-9-4770-75-023-04 from the U.S. Department of Labor, Commission on Workforce Quality and Labor Market Efficiency. Opinions stated in this document do not necessarily represent the official position or policy of the U.S. Department of Labor, Commission on Workforce Quality and Labor Market Efficiency.

29a. PART-TIME AND TEMPORARY WORK

Rebecca M. Blank
Princeton University

In 1987, over 18 percent of all workers worked part-time, including 27 percent of all female workers and 11 percent of all male workers. Furthermore, the percent of part-time workers has been increasing over time, growing from 11.5 percent of the labor force in 1955. Of course, given the overall growth in employment in this country, increases in the percent working part-time imply very large increases in the number of part-time jobs -- from 6 million in 1955 to 19 million in 1987.[1] These changes indicate the importance of understanding the role of part-time work in the U.S. labor market, both for employers as well as for workers.

This paper is designed to analyze what we do and do not know about part-time work. The first section reviews the trends in part-time work, and discusses who works part-time and in which jobs. The second section discusses the decision to use part-time workers from the employer's perspective. The third section discusses differences in compensation between full-time and part-time workers. The fourth section discusses the well-being and income levels of households with part-time workers. The fifth section focuses on three major policy issues relating to the current nature of part-time work in the U.S. labor market. The sixth section summarizes and highlights four research areas where our knowledge regarding part-time work and its impact is inadequate.

I. DESCRIBING THE PART-TIME LABOR MARKET

a. Defining Part-time Work

Part-time work is officially defined by the Department of Labor as regular employment involving less than 35 hours of work per week. Individuals who indicate they work part-time are asked to identify their reasons for part-time work. Some indicate they are only looking for part-time work, categorized as "voluntary part-time workers." Others indicate that they are working part-time for economic reasons, because they could only find a part-time job or because of slack work or material shortages. These workers are considered "involuntary part-time workers."[2] At times it is also useful to distinguish between part-time workers (those currently employed on a part-time job), and the part-time labor force, including the unemployed who seek part-time work (Nardone, 1986).

The cutoff at 35 hours for part-time workers has been used since the mid-1940s and there is at present little indication that this cutoff is inappropriate. The number of individuals who consider themselves working full-time, but whose hours are less than 35, is small. Analysis of the jobs held by workers who work 30-34 hours indicates that they are more similar to the jobs held by 25-29 hour workers than to the jobs held by 35-39 hour workers (Hedges and Gallogly, 1977). There has also been little change in the average hours per week worked by full-time workers, which has remained at around 43 for the past two decades.[3]

An additional question often arises as to how part-time work relates to part-year work, usually defined as working less than 50 weeks per year. Research has indicated that there are significant differences

between the part-time and the part-year workforces (Blank, 1988). In addition, it has been noted that while part-time work has increased, part-year work has decreased in recent years. However, it is true that part-time workers are more likely than full-time workers to work only part-year (Mellor and Parks, 1988).

b. Trends in Part-time Work

The number of part-time workers in the 1950s and 1960s grew faster than the number of full-time workers, expanding the share of part-timers in the labor force. Part of this shift was due to expansions in the supply of part-time workers, as a growing number of teenagers and married women entered the labor market, both groups that were more likely to seek part-time jobs. There has also been a growing propensity for workers over 65 to work part-time. At the same time, the demand for part-time workers has also expanded as the retail and service sectors have grown, both of which rely more heavily on part-time jobs (Stein and Meredith, 1960; Holland, 1966; Deutermann and Brown, 1978). It is virtually impossible to separate the impact of increased supply versus increased demand in the growth of part-time work. Both have occurred simultaneously and each has almost surely stimulated further change in the other.

The growth in part-time work slowed down somewhat in the 1970s and 1980s. Figures 1 and 2 plot the percent of part-time workers among all female and male non-agricultural workers between 1968 and 1987.[4] The percent of female workers in part-time jobs is virtually constant over this time period, varying around 27 percent. The percent of the male workers in part-time jobs is rising.[5]

Figures 1 and 2 also plot the percent of all non-agricultural workers who are voluntary part-time workers. The distance between this line and the total percent part-time is the percent of involuntary part-time workers. As the figures make clear, the percent of involuntary part-time workers has been rising among both men and women, and is far more cyclical than the percent of voluntary part-timers. Increases in involuntary part-time work tend to lead movements in the unemployment rate, as firms cut back on hours before they lay off workers (Bednarzik, 1975).

If one regresses the percent of workers in voluntary and involuntary part-time employment against the unemployment rate, a time trend, and a constant, both the percent of voluntary and involuntary part-time work increases with the unemployment rate, although the impact of unemployment on involuntary part-time work is much larger. In addition, even after changes in unemployment are controlled for, there remains an underlying positive time trend in the percent of workers in involuntary part-time work over the past two decades. Essentially, the share of involuntary part-time workers has increased in each recession, and then declined, but each time does not quite return to its pre-recession level. While this trend has been much discussed, the reasons behind it have not been seriously investigated and are not understood. Among men, voluntary part-time work also shows a positive time trend. Among women, once the unemployment rate is controlled for, voluntary part-time work shows a declining trend (Bednarzik, 1975; Ichniowski and Preston, 1986; Blank, 1989a).

While the percent of teenagers in the labor market has declined during the past two decades, the percent of teens working part-time has risen. These two effects have almost completely offset each other over the past two decades, so there is little net change in the percent of jobs filled by part-time teenage workers.

In short, the continuing overall increase in the number of part-time workers over the past two decades is due to a combination of two factors, the increase in part-time work among men and the increase in the percent of the labor force composed of women, who have a higher propensity to work part-time. Much of the increase in men's part-time work is the result of an increase in involuntary part-time employment. The percentage of workers in part-time jobs varies over the business cycle, but has an underlying upward trend. In recent years, the percentage of workers in part-time jobs has actually declined slightly as we have recovered from the deep recession of the early 1980s.

c. Who Are the Current Part-time Workers?

Part-time workers are disproportionately likely to be teenagers, women with younger children, and workers over the age of 65. In fact, among teens and elderly workers, over half are employed part-time. This results in a very heterogeneous group of part-time workers; the labor market issues of concern to teenagers are likely to be quite different from those of concern to elderly part-timers, and also different from those facing women with children.

Part-time workers are disproportionately in retail and service occupations. They are less likely to be in professional and managerial positions, and they are also less likely to be in blue collar positions

(Leon and Bednarzik, 1978; Blank, 1989a). Part-time workers are also more likely to be in sex-segregated jobs (Holden and Hansen, 1987).

Compared to voluntary part-time workers, involuntary part-time workers are more likely to be male, teens, black, and lower-skilled (Bednarzik, 1975; Bednarzik, 1983; Shank, 1986). There are also differences among involuntary part-time workers, depending on the reason for such work (Terry, 1981; Bednarzik, 1983).

Part-time workers are much more likely to work non-daytime, non-weekday schedules than are full-time workers. While only 16 percent of full-time workers regularly work outside a weekday day shift, fully 49 percent of part-timers do so (Mellor, 1986). Teens are more likely than other part-time workers to work nonstandard shifts (Smith, 1986). Women with children are more likely to be off work in the late afternoons (Owen, 1978).

Part-time workers also have generally shorter job tenure. The propensity to leave part-time work is high, either to move out of the labor market, or to move into full-time work (Long and Jones, 1981; Moen, 1985). There is very little research on the dynamics of part-time work over a worker's lifetime. Preliminary current work indicates that part-time work among adult women is only rarely used as a stepping stone between non-employment and full-time employment, but is instead used as either an alternative to full-time employment, or as an alternative to non-employment (Blank, 1989b).

A growing research literature in economics is concerned with estimating labor supply choices that include a part-time work option. These papers use multi-variable regression techniques to estimate the

effect of a range of variables on the probability of choosing part-time versus full-time jobs (Morgenstern and Hamovitch, 1976; Nakamura and Nakamura, 1983; Simpson, 1986.) These estimates have also been extended to include a third labor market choice, namely non-employment. Simple statistical procedures can estimate the probability of having desired hours that are below zero (non-employed), between zero and 34 (part-time) and greater than 34 (full-time) (Long and Jones, 1980). More recent work indicates that the determinants of labor force participation differ from the determinants of part-time versus full-time work and thus these two equations should be separately estimated (Blank, 1989a).

Most of this work produces similar results, although the data and the time periods differ. Among workers, women with younger children and more children are more likely to work part-time, while non-whites are more likely to work full-time. Women whose spouse earns more, or who have larger amounts of non-earned household income are more likely to work part-time.

Only one study has separated voluntary part-time workers from involuntary part-time workers. Sundt (1988) estimates a joint model of desired and actual hours of work, allowing the actual hours of unemployed and involuntary part-timers to differ from their desired hours. She finds, consistent with raw data tabulations, that younger, lower educated and non-white workers are more likely to be involuntarily working part-time. The determinants of involuntary part-time work are very similar to the determinants of unemployment.

Overall, these estimated labor supply equations reinforce the conclusions from less statistically sophisticated studies. Part-time

workers are a clearly distinguishable group of workers, whose personal and household characteristics provide explicit reasons for working fewer hours. In addition, the potential importance of differentiating involuntary from voluntary part-timers is underscored.

II. EMPLOYERS' USE OF PART-TIME WORKERS

a. How Do Firms Decide Whether to Use Part-time Workers?

Firms can hire a given number of person-hours in a variety of ways, using combinations of part-time and full-time workers. The choice of employment patterns must depend upon the technological demands of firm production, the availability of workers willing to work certain hours, and the relative costs of employing workers on different hourly schedules.

Very little research is available that investigates part-time work from an establishment perspective. The most comprehensive survey was conducted by Nollen, Eddy, and Martin (1978) in 1976 and interviewed 68 firms about their use (or nonuse) of part-time workers. The Bureau of National Affairs (BNA) has also conducted a survey of 223 of its members (BNA, 1988). Other firm surveys with information on part-time workers exist (Daski, 1974; Montgomery, 1988b; Tilly, 1988). Both Nollen et al., and the BNA conclude that the primary reason firms hire part-time workers is to resolve scheduling problems. Firms with high weekly and daily variance in workload were most likely to employ part-time workers. With far less frequency, firms also indicated they occasionally hired part-time workers because of an inability to recruit full-time, to avoid fringe benefit payments, to avoid layoffs, or to retain valued

employees. Both studies conclude that firms appear to do little analysis of the overall economic benefits and costs of part-time versus full-time workers; their strategy is to hire full-time, unless there are scheduling problems that part-time workers appear to solve. These surveys also indicate that it is larger, less unionized firms, in retail trade, finance, and service industries, with high percentages of clerical and service workers who are most likely to employ part-time workers.

The use of part-time work is also highly correlated with the growing use of contingent workers over the past decade. Part-time workers are typically considered one subgroup in the more broadly defined category of contingent workers, which also includes temporary workers (who may be part-time or full-time.) The movement toward greater contingent employment is clearly related to underlying trends in the macroeconomy, as well as to technological changes in the workplace (U.S. Department of Labor, 1988b).

In contrast to research which focuses on direct survey questions asking firms to identify why they hire part-time workers, the economics literature contains a variety of studies that attempt to estimate the determinants of part-time employment within a firm. Theories of employment demand emphasize the role of quasi-fixed labor costs (such as hiring and training costs) in determining the number of workers hired (Oi, 1962). Several papers have extended these models to encompass part-time and full-time employment choices (Owen, 1979; Montgomery, 1988b). Both the quasi-fixed costs associated with hiring a worker, as well as the hourly compensation differential between part-time and full-

time workers will affect the part-time/full-time mix in the firm. Regression analysis estimating the determinants of the share of part-time employment within firms finds that it is sensitive to the part-time/full-time wage differential (Owen, 1979; Ehrenberg et al., 1988), as well as to measures of training and hiring costs (Montgomery, 1988b). These estimates also confirm the survey results indicating that firms which use more part-timers are more likely to be in service industries and to be less capital intensive.

More recent work has also recognized that when the relative price of labor changes there may be both employment and hours effects; i.e., firms can employ a different mix of part-time and full-time workers and they can also employ existing part-time and full-time workers for longer or shorter hours. Increases in fixed costs per worker, for instance, should decrease the number of part-time workers as well as increase the hours worked by existing part-timers (Fitzroy and Hart, 1986). Montgomery (1988a) finds that hours among part-timers are responsive to training costs, size of firm, and relative wage differentials.

Fringe benefit differences between part-time and full-time workers may also significantly affect their relative costs. This is an increasingly important issue as the share of fringe benefits in total compensation has been rising in the United States (Woodbury, 1983). Statutory fringe benefits, such as Social Security, Unemployment Compensation, Disability Insurance, and Workers' Compensation payments typically require a firm to make contributions based on a share of each worker's salary up to a maximum salary level. This increases the relative cost of part-time workers since their entire salary is usually

subject to such taxes (Nollen et al., 1978). Other forms of fringe benefits, such as vacation pay, pensions, and health insurance, may or may not affect relative part-time/full-time costs. If part-timers are excluded from major fringe benefits, then they may have lower fringe costs than full-time workers. If fringes are pro-rated to hours and wages, there may be no part-time/full-time differential. If part-time workers are provided with the same fringes as full-time workers, they will have higher relative costs.

We have virtually no information on the extent to which fringe benefit costs affect the use of part-time workers. The only available estimates indicate that greater fringe benefit coverage for part-time workers is positively correlated with greater use of part-time workers, a seemingly perverse effect (Ehrenberg et al., 1988). However, the information available on fringe benefits is extremely limited in this study.

b. What Are the Advantages and Disadvantages of Using Part-time Workers?

Given a firm has decided to hire part-time workers (probably because of scheduling needs), how is the performance of those workers evaluated? While the standard image of a part-time worker may be that he or she is less stable and less reliable, this does not appear to be the experience of firms who employ these workers. Firms that use part-time workers tend to indicate that there is less absenteeism and less turnover among them than among full-time workers (Nollen et al., 1978; Ronen, 1984; Barnett, 1984). The suggestion is often made that part-time workers take fewer breaks and less personal time while on the job,

and there is some evidence to support this (Mintz, 1978). Firms using part-time workers provide much more positive evaluations of their job performance than firms which don't use them, although this may merely reflect underlying differences in these firms' technology.

Firms which use part-time workers list their disadvantages as additional administrative record keeping, training and supervision problems (especially when part-timers do not work standard hours), and lack of promotability. Part-timers are also considered particularly unsuitable for jobs involving coordinational or managerial tasks. Overall, employers generally indicate part-time workers are best suited for jobs involving discrete tasks that are necessary to meet peak demand problems (Nollen et al., 1978; Owen, 1979; BNA, 1988).

This perspective on part-time work is in conflict with the efforts of groups like the Association of Part-time Professionals to expand the image of part-time work. "Permanent, professional part-timer" is still a contradiction in terms for many employers. Efforts to promote a more expanded image of the role of part-time employees include Kahne's work on "new concept" part-time jobs (Kahne, 1985) and Applebaum's call for a restructuring of part-time work (Applebaum, 1986). A recent survey of 31 firms by Tilly (1988) identified a few employers who used selected part-timers in an expanded role. He distinguishes between "secondary" part-timers, members of the secondary labor force in low-wage jobs with few career opportunities, and "retention" part-timers, typically highly skilled and committed workers once employed full-time who are switched into part-time work in order to prevent them from leaving the firm (often women with young children). However, while some firms may treat

certain part-time workers as skilled and permanent employees, the vast majority of employers do not appear to view their part-time workers in this way.

III. COMPENSATION FOR PART-TIME WORK

While the evidence indicates that it is scheduling and not compensation issues that determine whether employers hire part-time workers, nonetheless a great deal of attention has been paid in the economics literature to part-time and full-time compensation differentials. There are a number of reasons for this. First, from the worker's point of view, the attractiveness of part-time work may be heavily influenced by the compensation involved. Second, by trying to understand how and why part-time compensation differs from full-time compensation, we may better understand the nature of part-time jobs.

The standard wisdom is that part-time jobs pay less than full-time jobs, and virtually all of the evidence supports this conclusion. Every comparison of average part-time and full-time wages shows negative part-time differentials. It is clear that part-time jobs are disproportionately lower-wage jobs; among all individuals working at the minimum wage, 65 percent of them were part-time workers in 1986 (Mellor, 1987; Levitan and Conway, 1988). However, these simple comparisons ignore several issues. First, on average, part-time workers are typically younger, less skilled and less experienced than full-time workers. This implies that some of the part-time/full-time differential has nothing to do with part-time work per se, but relates to the human capital characteristics of the workers. For instance, because teenagers compose

such a large percentage of the part-time labor force, the average part-time/full-time wage differential for all workers is much larger than it is among adult workers only. Second, part-time jobs are often concentrated in low-wage industries and occupations. Full-time workers in these areas typically receive lower wages as well. While these lower wages may be a concern, they are again not the result of part-time work, per se.

Because of these concerns, researchers have attempted to estimate the effect of part-time work on wages using multi-variable regressions that control for individual skills and (in some cases) job characteristics. Some researchers assume the effect of part-time work is simply to shift the average level of wages downward, equivalent to including a dummy variable in a wage regression (Ehrenberg et al., 1988); others estimate entirely separate wage regressions for part-time and full-time workers, allowing all the determinants of wages to vary (Owen, 1979; Long and Jones, 1981). Ehrenberg et al. estimate wage equations for workers in 44 separate industries and find significant negative part-time effects in 40 of them. Owen finds that almost half of the raw part-time/full-time differential is due to individual human capital differences among workers; Long and Jones estimate 30 percent of the raw differential is due to individual differences among workers, and another 55 percent is due to the industry and occupational location of the workers. All of these studies find significant negative part-time differentials even after accounting for individual and job characteristics.

More recent work has included an adjustment for individual selection into part-time or full-time work as part of the wage estimates. If there are particular characteristics of workers which both make them more likely to work part-time and which also lower their wage rate, then estimating wages without taking account of the fact that certain workers have explicitly chosen part-time work will overestimate the part-time/full-time wage differential[6] (Nakamura and Nakamura, 1983; Simpson, 1986, Gordon, 1987; Main, 1987). The effect of this correction differs across the samples. Nakamura and Nakamura and Gordon both find this correction is important, while Simpson (using Canadian data) and Main (using British data) find that it is not. Results as to the importance of individual characteristics are similar to those cited above. For instance, Main finds that half of the part-time/full-time difference in his British data is due to human capital differences among the workers. Simpson finds that as much as two-thirds of the differential in his 1981 Canadian data is due to individual differences between workers.

Blank (1989a) has attempted to account even more fully for the self-selection of women into particular labor market slots. She estimates wages on part-time and full-time jobs, conditional upon both choosing to be in the labor market at all, as well as choosing to work part-time or full-time. With this fuller selectivity adjustment, her results are notably different from earlier studies: the impact of part-time work on wages becomes insignificant or positive (especially in professional and managerial jobs). These estimates, based on 1987 Current Population Survey (CPS) data on women, have been duplicated on

similar data for 1983. In this earlier year, part-time wages are lower in a few occupations (primarily service and sales), but are again higher for professional and managerial workers. These results indicate the important role that selection into part-time work (heavily determined by household demographics, particularly children) has on the wages these women receive. In addition, Blank's study of wages explicitly includes information on involuntary part-time workers in the wage regressions. She finds that involuntary part-timers receive lower wages than voluntary part-timers even after personal and job-related characteristics are accounted for.

Separate estimation of part-time/full-time wage equations allows the wage effects of such characteristics as education and experience to differ between the two groups of workers. It is often assumed that part-time work offers lower returns to human capital investments. Interestingly, most of the research cited above shows no difference in the returns to education between part-time and full-time workers[7]. However, virtually all of the studies find that worker age (a proxy for experience in much of this research) or actual worker experience (when available) has a lower return for part-time workers. Several researchers have gone beyond investigating the effect of total past experience on current wages, and utilized data sources that allow them to include information on past involvement in part-time versus full-time work (Jones and Long, 1979; Corcoran et al., 1983; Sundt, 1987). All of these studies uniformly conclude that past spells of part-time work have no positive effect on current wages (for part-time or full-time workers), while past spells of full-time work clearly increase current

wages. In a similar manner, part-time workers receive little "rebound" effect on their wages when re-entering the work force after a period of absence, while full-time workers' wages will recover quite rapidly from the effects of a period of non-employment (Sundt, 1987).

Total compensation includes fringe benefits as well as wages. As noted above, fringes are an increasing share of the compensation package of most firms. All evidence indicates that part-time workers unambiguously receive lower fringes. This evidence ranges from employer survey data (BNA, 1988), to tabulations of worker-reported data (Conway, 1988; Blank, 1989a), to multivariate regressions estimating the likelihood of receiving particular fringe benefits (Ichniowski and Preston, 1985; Ehrenberg et al., 1988), to full selectivity-corrected models (Blank, 1989a)[8]. It should be noted that much of this research focuses on very limited and poorly defined fringe benefit measures (the Current Population Survey only asks if workers are covered by a pension plan and if they are covered by a health plan on their primary job). However, it appears that employers are far more likely to completely exclude part-time workers from fringe benefit plans than to include them in some pro-rated fashion. In general, most fringe benefits are received by only about half as many part-time workers as full-time workers.[9]

While the evidence seems overwhelming that part-time workers are paid less in terms of total wage and fringe compensation than full-time workers, realize that this evidence ignores a large number of non-wage issues regarding the potential advantages of part-time work. There is virtually no information on the extent to which part-time workers value

the shorter hours, more flexible hours, or simpler set of work tasks that part-time work often involves. The heavy use of part-time work among individuals who have important non-labor market commitments (teenagers in school, women with children) may well indicate that these non-wage advantages compensate for the wage differentials.

IV. HOUSEHOLD WELL-BEING AMONG PART-TIME WORKERS

There is an ongoing concern among many observers of the labor market that part-time work is a policy problem, and that part-time jobs create hardship for those in them (Nine to Five, 1986; Conway, 1988). The low compensation received by part-time workers and their lack of protection through fringe benefits is consistent with this perspective. However, whether part-time work represents a problem or a positive labor market choice depends largely on the household situation of part-time workers. Many teenage and married female part-time workers are in households in which there are other household members working full-time. This does not imply that the labor market situation of these part-time workers is unimportant, since some of these workers may provide an important supplement to household income with their earnings. However, many part-time workers may focus more on the non-wage advantages of part-time jobs rather than on their financial implications.

In contrast, the evidence indicating particularly low compensation among involuntary part-time employees, whose hours of work are clearly constrained, may be a serious concern indeed. And even among those workers who indicate that they were only seeking part-time work, there may be some individuals who face serious hours constraints. For

instance, lack of adequate child care, transportation difficulties, or health problems on the part of the household head can lead to "voluntary" part-time work that results in inadequate household income. Particularly among women heading households with young children, the lack of health insurance, life insurance, or pension coverage in part-time work may create long-term problems. While there is no research that explicitly addresses the question of "when does part-time work cause household distress?", there are bits of evidence that can be brought to bear upon this issue.

In the mid-1980s 20 percent of all part-time workers were household heads. These were primarily single women with young children, young single individuals, and elderly workers. Part-time workers were disproportionately likely to be poor, especially involuntary part-timers. More than 1/3 of all households containing an involuntary part-time worker also received some type of government transfer assistance (Nine to Five, 1986; Levitan and Conway, 1988).

One of the main determinants of part-time work for women with children is the availability of child-care arrangements. Evidence indicates that this is a serious constraint for many. In a survey from the late 1970s, fully 23.5 percent of all part-time working women with children indicated that they would work more if they could find child care (Presser and Baldwin, 1980). In part, this is a statement about low part-time wages (at a high enough price, child care can almost always be purchased.)

Another indicator of "problem" part-time work is the extent of multiple job-holding among part-time workers. People holding multiple

part-time jobs are typically women. (Men who hold multiple jobs tend to have one full-time and one part-time job). Multiple part-time job holders are likely to include at least one job which is involuntarily part-time (Applebaum, 1986; Levitan and Conway, 1988).

All of these facts do not fit together neatly. But there is evidence here that at least some sub-group of part-time workers are experiencing serious household income shortfalls, although the exact size and significance of this problem is not known. A disproportionate number of these workers are surely working part-time because of inadequate labor market demand. But even among the voluntary part-timers, there may be exogenous constraints that prevent greater work effort and which result in family hardship. Our understanding of the advantages and disadvantages of part-time work would benefit by closer research attention to the correlations between part-time work and household income adequacy.

V. POLICY ISSUES FOR PART-TIME WORKERS

This section identifies three explicit policy concerns which arise out of the previous discussion of the nature of part-time work. However, before turning to these issues, it may be useful to make some prefatory remarks on the difficulty of focusing any policy discussion on the compensation differentials between part-time and full-time jobs, per se.

A great deal of the public discussion on part-time jobs focuses on the differences in average compensation between part-time and full-time work. Lower part-time wages and fringes are generally decried by many

observers of part-time work (Nine to Five, 1986; Applebaum, 1986). However, of all the policy issues relating to part-time work, focus on compensation differences alone may not effectively characterize the underlying policy issues.

First, as noted above, some large amount of the part-time/full-time wage differential is clearly due to the different skills and experience levels of part-time workers and to the occupational location of part-time jobs. Thus, the simple comparisons of part-time/full-time wages often made in public discussions tend to overstate the differentials. However, continuing differences occur even after these issues are accounted for.

Second, as noted above, it seems that certain part-time workers may not be seriously disadvantaged in terms of wages. Among professional and managerial employees who select part-time work, there is evidence they may earn even more than their full-time co-workers. Many of these workers are likely to be previous full-time employees who have switched to a part-time job during a period when other family or personal involvements limit their labor market commitment. Yet, instead of leaving the labor market entirely, they choose to remain as part-timers, indicating their strong career orientation as well as the desire of firms to retain their skills and experience.

Third, even for those workers who are earning less than equally trained full-time colleagues, we have few good measures of the value of the non-wage advantages they may be receiving from their jobs which may partially compensate them for their lower hourly wages or fringes. Given the commitment many part-time workers have to non-market

activities such as family and school, and given that many part-timers are in households with full-time earners, part-time work -- even at lower wages -- may represent an optimal choice.

Fourth, appropriate wage payments require not only an understanding of the skills of the worker, but also the demands of the job. As long as employers primarily use part-timers in narrowly defined jobs that require little training and have few promotion opportunities, the productivity of part-time workers may well remain below that of full-time workers. In this case, the policy concern is not with the wages of the available jobs, but with the set of jobs which are offered to potential part-time workers.

For these reasons, observed differences in compensation between part-time and full-time workers may or may not signal real policy concerns. However, there are policy issues which are strongly correlated with certain aspects of the part-time/full-time compensation differential but which focus more clearly on well-defined problems.

a. Encouraging Employers to Explore a Broader Set of Part-Time Options

The heterogeneity of the part-time labor force implies that current part-time work options are surely very appropriate for some group of part-time workers. A teenager seeking to earn extra income may find a part-time job at a local fast-food chain completely acceptable. However, certain groups of part-time workers are more limited by low-wage, non-career-oriented part-time jobs.

Women's education levels and labor market experience have increased steadily during this century. Increasingly, women have labor market talents that firms want, and many women have strong work

commitments. Yet, at the same time, many married women face times when their commitments to family and children make full-time employment difficult. Employers will face a growing challenge to provide job options for these women during years when they seek to be committed and loyal, but part-time, workers. This may require reconceptualizing the organizational structure and task assignments within jobs, to allow for easier coordination between workers on different hours schedules. It may lead to a variety of alternative job arrangements such as job sharing and flexible schedules for full-time workers as well.

Some initial steps in this direction have been taken. The Federal Employees Part-time Career Employment Act of 1978 lays out guidelines for part-time compensation and encourages Federal employers to offer part-time jobs to interested workers (Ronen, 1984). A number of states have similar legislation (Olmsted, 1983). Further work in this area should involve education of employers regarding more flexible hour arrangements, and research into the ways in which current employers are successfully dealing with the coordination and use of permanent part-time employees.

b. Encouraging Part-time Employers to Design Flexible Fringe Benefit Plans

One of the biggest stumbling blocks to providing career-oriented part-time jobs is the demand that such jobs include fringe benefits, which many firms fear will create unacceptably large fixed costs for part-time workers. However, from the worker's perspective, the lack of fringe benefits in part-time jobs may cause serious hardship, and clearly decreases the compensation associated with such jobs.

However, there are ways to make fringe benefits available to part-time workers without raising their cost relative to full-time workers. Some fringes can easily be pro-rated to the hours of the part-time worker. But other fringes may be more "lumpy" and not easily divisible. One option is to provide "cafeteria" benefit plans, in which workers can choose the mix of fringe benefits they want to receive, with the total value pro-rated to their work hours (Chollett, 1984).

The changes in tax provisions governing pensions have increased the popularity of defined-contribution plans relative to defined-benefit plans. The former are easier to pro-rate, as they base pension payments on the amount paid into the fund, while the later establishes a guaranteed future pension payment, and then adjusts payments accordingly.

With regard to health insurance, often a very difficult fringe benefit to pro-rate, firms may experiment with higher co-payments for part-time workers. In addition, the concern about lack of health insurance coverage for many households is prompting increasing government interest in incentive schemes (tax incentives are suggested most frequently) that encourage employers to provide health coverage for more employees. The 1986 Tax Reform Act included a clause (to be implemented in 1989) requiring employers to be non-discriminatory in health benefits for all employees who work more than 17.5 hours/week. However, the exact way in which this clause will be interpreted is still extremely unclear (Conway, 1988; BNA, 1988).

In addition, there is a clear role for public education of firms regarding potential fringe benefit arrangements for part-time workers, as

well as further research on the effectiveness of various fringe/wage compensation packages.

c. Assisting Involuntary Part-time Workers

The one group of part-time workers who appear to face the greatest problems are involuntary part-timers. The growing share of involuntary part-time work in the labor force over the past two decades makes this a very current concern. The relatively large number of involuntary part-time workers is particularly surprising in the late 1980s, a period of sustained growth and falling unemployment.

The many similarities between involuntary part-time workers and the unemployed implies that the solutions for unemployment are also the solutions for involuntary part-time employment. Strong macro-economic growth that results in rising labor demand is clearly the best way to shrink the size of the involuntary part-time work force.

However, given the regular occurrence of economic cycles, involuntary part-time employment is unlikely to disappear in the near future. One concern is that Unemployment Insurance (UI), which is available to partially replace wages of those who are completely unemployed, is not available to replace the wage losses of involuntary part-timers who have been put on shortened hours. In some circumstances, being placed on shortened hours involuntarily may leave a worker in a worse situation than he or she would face if completely unemployed and eligible for UI.[10] One possibility is a revision of the Unemployment Insurance system that allows it to partially replace the earnings of those constrained to low levels of employment due to slack labor market demand.

In fact, a few states do have some provision for this in their UI system (Zalusky, 1984).

VI. CONCLUSIONS AND RESEARCH SUGGESTIONS

The most important conclusion in this paper is that part-time work is a significant aspect of the U.S. labor market, and has been increasing in importance over the past decades. Part-time work is used by a very diverse range of workers, particularly teens, older workers, and women with children. As a result, thinking about the part-time labor market as a single group of workers is probably not useful; different part-time workers may have very different concerns and needs.

The evidence we have available indicates that most employers think of part-time workers in a single context: as non-promotable workers who solve particular scheduling and peak-demand problems within the firm. However, there is increasing evidence of a growing awareness that there may be other types of part-time workers and other types of part-time jobs. Part-time workers in professional and managerial occupations appear to be at least as well-paid as their full-time fellow workers. The growing number of skilled women who seek part-time work on a temporary basis during their child-rearing years may lead to a growing number of "professional part-time" jobs, and some reconceptualization of part-time work and part-time workers.

Ongoing growth is forecast in the service, retail, and financial industries, all areas with a lot of part-time slots. This will surely continue to open up part-time jobs to workers interested in taking them. Most of these jobs will be of the more traditional lower-skill, non-

career-path type, although for many workers this may be an appropriate choice. The steady increase expected in the percent of women with young children entering the labor market will also continue to provide an ongoing stream of part-time workers, many of them potentially interested in more challenging jobs than part-time work has typically provided. While teenagers are currently a shrinking percentage of the labor force, the coming decade will see the maturing of the "baby boom children's children", increasing the number of teenagers. The current macroeconomic conditions, with steady growth and a low unemployment rate, suggest that involuntary part-time employment will continue to fall over the next few years. However, any future economic slowdown may turn this around quickly.

Some of the policy implications of these trends were discussed above. However, to understand the part-time labor market, and to make intelligent public policy choices, there are several areas about which we currently know too little. Useful future research and data projects might include the following:

1. The lack of fringe benefits in part-time jobs is an ongoing point of concern among part-time workers -- both voluntary and involuntary alike. For some households it clearly causes severe problems. Yet we know very little about the relationship between part-time jobs and fringe benefit programs. A significant number of part-time jobs are covered by a wide range of fringes, while other part-time jobs have almost no fringes. One useful research project is an employer survey which inquires into fringe benefit policies among employers with part-time employees, both identifying which employers offer fringes to part-time workers, why they

offer them, and the type of fringe benefits programs they operate. A second possibility is to actually generate pilot studies of potential schemes designed to encourage pro-rated fringe benefit coverage among employers of part-time workers, such as "cafeteria plans", or health plans with pro-rated cost sharing.

2. We have tended to treat all part-time workers who say they were only looking for part-time work as identical, without inquiring into their reasons for seeking part-time work. This leaves a great deal of uncertainty about the nature of labor market constraints and household constraints faced by those who choose part-time work. It would be an extremely useful project to fund research (perhaps a supplement to the CPS) that inquires more closely into the child care, transportation, health, and work options of those who are classified as voluntary part-time workers. This will provide information on the extent to which the part-time employment of these workers is a sign of a positive labor market choice, or a second-best alternative chosen because of other serious household constraints. Understanding the nature of the constraints on voluntary part-time workers will also help in the planning of government programs designed to address labor market problems, such as child care assistance.

3. There is a need to better understand the impact of part-time work on the household well-being of households which contain part-time workers. There is no serious cohesive piece of research that studies the correlation between part-time work and household financial responsibilities, or the causality between part-time work and household

poverty, government transfer usage, or other measures of household economic security and well-being.

4. We need to better understand the labor market implications resulting from the demands of women who are predominantly full-time and long-term workers for part-time jobs at certain points in their life. First, we need to understand how women workers manage this transition. What part-time jobs do they find? Do they change jobs or make arrangements with current employers? What is the career cost of taking some time as a part-time worker? How does their part-time work affect the structure of household work? How do these workers re-enter full-time work? Second, we need to understand the effect of these labor market choices on employers. How many employers retain former full-time employees as current part-time employees? Under what circumstances do they make these arrangements? What are the effects on the operation, organization, and productivity of the workplace? The phenomenon of women who marry, raise children, and also pursue life-long labor market involvements is an increasingly important one in our society, and one that is only poorly understood. Similar questions can also be asked regarding elderly workers who may seek to move from full-time into part-time work rather than retiring completely.

FIGURE 1
PART-TIME WORK AMONG WOMEN
1968-1987

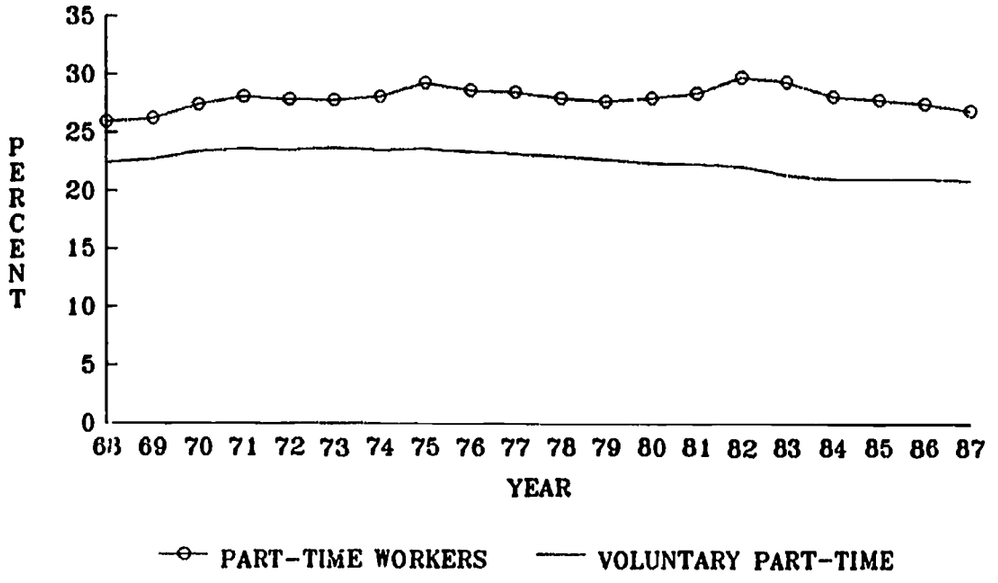
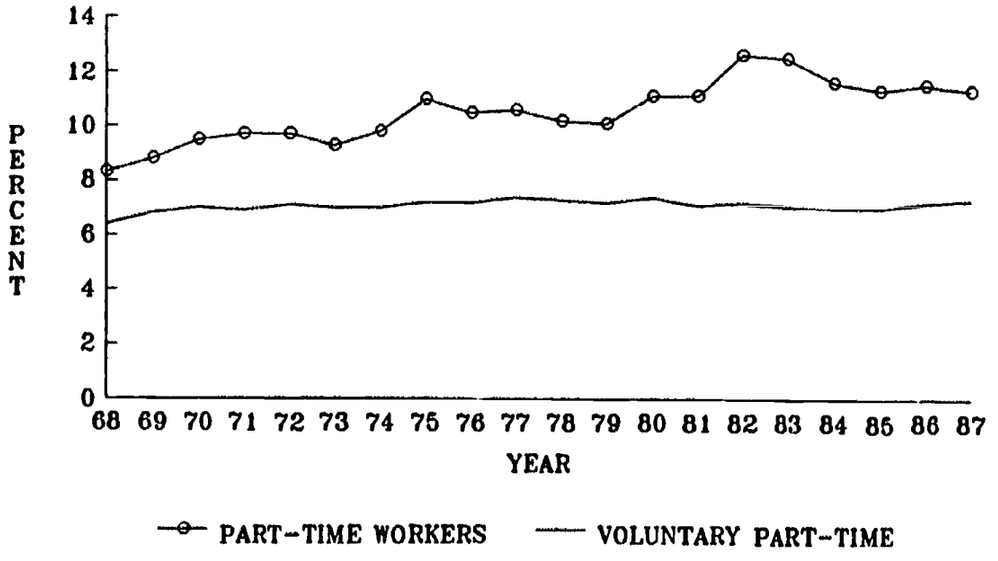


FIGURE 2
PART-TIME WORK AMONG MEN
1968-1987



Note: Both figures refer to persons at work in nonagricultural industries.

NOTES

1. 1955 numbers from Deutermann and Brown (1978), Table 1. 1987 numbers from U.S. Department of Labor (1988a), Table B-19. The 1955 numbers include all workers age 14 and up; the 1987 numbers include workers age 16 and up. For comparability with 1987, those usually on full-time schedules temporarily working part-time for noneconomic reasons are not counted as part-time in 1955.

2. There is also a category for individuals who typically work full-time, but are working part-time for non-economic reasons (sickness, vacation, holiday, etc.) In most calculations, these individuals are counted as full-time workers.

3. In contrast to the U.S., Canada in 1976 redefined part-time work as less than 30 hours per week. A number of European countries also use lower definitions (Hedges and Gallogly, 1977).

4. Data in Figures 1 and 2 from U.S. Department of Labor (1988a), Table B-19.

5. In comparison to European economies, the U.S. has generated far fewer part-time jobs in recent decades. Between 1973 and 1981 half of all new jobs in Europe were part-time, while in the U.S. the number was one-fifth (Plewes, 1984). Cross-country comparisons of part-time work are often difficult because of widely varying definitions.

6. The standard statistical technique is to estimate a probit equation on part-time versus full-time work among workers and use these results to calculate the so-called Heckman selectivity term which is included as a variable in separate part-time and full-time wage regressions.

7. The Long and Jones (1981) study is an exception.

8. In a similar manner to wages, Blank finds that involuntary part-timers receive fewer fringes than other part-timers.

9. Provision of some fringe benefits is regulated by law. For instance, if a firm offers a pension plan, ERISA requires that all workers who are employed for more than 1000 hours over the year must be included in it.

10. Even voluntary part-time employees may be losers with regard to Unemployment Insurance, since many states set minimum earnings requirements. Unemployed workers with prior annual earnings below this level are ineligible for UI. Of course, part-time workers--voluntary or involuntary--who have not held a previous full-time job, would be unable to benefit from any expansion of UI coverage. The percent of involuntary part-timers who are on shortened hours and would benefit from a revision of UI laws is typically higher in recessionary times. In boom times, a higher fraction of involuntary part-timers are new labor market entrants who have not yet found full-time work.

REFERENCES

Applebaum, Eileen. "Restructuring Work: Temporary, Part-time and At-Home Employment." In Heide I. Hartmann, Robert E. Kraut, and Louise A. Tilly (eds.), Computer Chips and Paper Clips: Technology and Women's Employment, Volume 2. Washington, D.C.: National Academy Press, 1986.

Barnett, Nancy. "Part-time: Workers' Mandate?" In Part-time Employment in America. First National Conference on Part-time Employment, 1983, National Association of Part-time Professionals, April 1984.

Bednarzik, Robert W. "Involuntary Part-time Work: A Cyclical Analysis." Monthly Labor Review 98 (September 1975): 12-18.

Bednarzik, Robert W. "Short Workweeks During Economic Downturns." Monthly Labor Review 106 (June 1983): 3-11.

Blank, Rebecca M. "Are Part-time Jobs Bad Jobs?" Brookings Institution Discussion Paper, prepared for the Brookings Institution conference Future Job Prospects, February 1989a.

Blank, Rebecca M. "The Role of Part-time Work in Women's Labor Market Choices Over Time." American Economic Review 79 (May 1989b): Forthcoming.

Blank, Rebecca M. "Simultaneously Modelling the Supply of Weeks and Hours of Work Among Female Household Heads." Journal of Labor Economics 6 (April 1988): 177-204.

Bureau of National Affairs. "Special PPF Report: Part-time and Other Alternative Staffing Practices." Bulletin to Management 39 (June 23, 1988).

Chollett, Deborah. "Setting Up Employee Benefit Packages: Issues and Trends." In Part-time Employment in America. First National Conference on Part-time Employment, 1983, National Association of Part-time Professionals, April 1984.

Conway, Elizabeth. "Working Along the Edge." Business and Health 6 (October 1988): 12-15.

Corcoran, Mary, Greg J. Duncan, and Michael Ponza. "A Longitudinal Analysis of White Women's Wages." Journal of Human Resources 18 (Fall 1983): 497-519.

Daski, Robert S. "Area Wage Survey Test Focuses on Part-timers." Monthly Labor Review 97 (April 1974): 60-62.

Deutermann, William V., Jr., and Scott Campbell Brown. "Voluntary Part-time Workers: A Growing Part of the Labor Force." Monthly Labor Review 101 (June 1978): 3-10

Ehrenberg, Ronald G, Pamela Rosenberg, and Jeanne Li. "Part-Time Employment in the United States." In Robert A. Hart (ed.), Employment, Unemployment, and Labor Utilization. London: George Allen and Unwin, 1988.

Fitzroy, Felix R. and Robert A. Hart. "Part-time and Full-time Employment: The Demand for Workers and Hours." Unpublished paper, University of Sterling, May 1986.

Gordon, Anne R. "The Full-time/Part-time Wage Differential and the Choice to Work Part-time for Young Married Women." Unpublished paper, University of Wisconsin, February 1987.

Hedges, Janice N. and Stephen J. Gallogly. "Full and Part-time: A Review of Definitions." Monthly Labor Review 100 (March 1977): 21-28.

Holden, Karen C. and W. Lee Hansen. "Occupational Segregation among Part-timers and Full-timers." In Claire Brown and Joseph A. Peckman (eds.), Gender in the Workplace. Washington D.C.: The Brookings Institute, 1987.

Holland, Susan S. "Trends in Full- and Part-time Employment." Employment and Earnings 12 (June 1966): 6-22.

Ichniowski, Bernard E. and Anne E. Preston. "New Trends in Part-time Employment." Industrial Relations Research Association, 38th Annual Proceedings, December 28-30, 1985, (1986): 60-71.

Jones, Ethel B. and James E. Long. "Part-week Work and Human Capital Investment by Married Women." Journal of Human Resources 14 (Fall 1979): 563-578.

Kahne, Hilde. Reconceiving Part-time Work. Totawa, NJ: Rowman and Allenheld, 1985.

Levitan, Sar A. and Elizabeth A. Conway. "Part-timers: Living on Half Rations." Challenge 31 (May-June 1988): 9-16.

Leon, Carol and Robert W. Bednarzik. "A Profile of Women on Part-time Schedules." Monthly Labor Review 101 (October 1978): 3-12.

Long, James E. and Ethel B. Jones. "Married Women in Part-time Employment." Industrial and Labor Relations Review 34 (April 1981): 413-425.

Long, James E. and Ethel B. Jones. "Part-week Work by Married Women." Southern Economic Journal 46 (January 1980): 716-725.

Main, Brian G. "Hourly Earnings of Female Part-time Versus Full-time Employees." Unpublished paper, University of St. Andrews, August 1987.

Mellor, Earl F. "Shift Work and Flexitime: How Prevalent Are They?" Monthly Labor Review 109 (November 1986): 14-21.

Mellor, Earl F. "Workers at the Minimum Wage or Less: Who They Are and the Jobs They Hold." Monthly Labor Review 110 (July 1987): 34-38.

Mellor, Earl F. and William Parks II. "A Year's Work: Labor Force Activity From a Different Perspective." Monthly Labor Review 111 (September 1988): 13-18.

Mintz, Judith. "Part-time Work: The Effect of Fragmentation on Employees." Report to the Manpower Administration, U.S. Department of Labor, October 1978.

Moen, Phillis. "Continuities and Discontinuities in Women's Labor Force Activity." In Glen H. Elder, Jr. (ed.), Life Course Dynamics: Trajectories and Transitions, 1968-1980. Ithaca, NY: Cornell University Press, 1985.

Montgomery, Mark. "Hours of Part-time and Full-time Workers at the Same Firm." Industrial Relations 27 (Fall 1988a): 394-406.

Montgomery, Mark. "On the Determinants of Employer Demand for Part-time Workers." Review of Economics and Statistics 70 (February 1988b): 112-117.

Morgenstern, Richard D. and Hamovitch, William. "Labor Supply of Married Women in Part-time and Full-time Occupations." Industrial and Labor Relations Review 30 (October 1976): 59-67.

Nakamura, Alice and Masao Nakamura. "Part-time and Full-time Work Behavior of Married Women." Canadian Journal of Economics 16 (May 1983): 229-257.

Nardone, Thomas J. "Part-time Workers: Who Are They?" Monthly Labor Review 109 (February 1986): 13-19.

Nine to Five. Working at the Margins: Part-time and Temporary Workers in the United States. National Association of Working Women, September 1986.

Nollen, Stanley D., Brenda B. Eddy, and Virginia H. Martin. Permanent Part-time Employment. New York: Praeger, 1978.

Oi, Walter. "Labor as a Quasi-Fixed Factor." Journal of Political Economy 70 (December 1962): 538-555).

Olmsted, Barney. "Changing Times: The Use of Reduced Work Time Options in the United States." International Labour Review 122 (July-August 1983): 479-492.

Owen, John. "Why Part-time Workers Tend to be in Low-Wage Jobs." Monthly Labor Review 101 (June 1978): 11-14.

Owen, John. Working Hours. Lexington, MA: D.C. Heath, 1979.

Plewes, Thomas "Profile of the Part-time Worker" In Part-time Employment in America. First National Conference on Part-time Employment, 1983, Association of Part-time Professionals, April 1984.

Presser, Harriet B. and Wendy Baldwin. "Child Care As a Constraint on Employment." American Journal of Sociology 85 (March 1980): 1202-1213.

Ronen, Simcha. Alternative Work Schedules. Homewood, IL: Dow Jones-Irwin, 1984.

Shank, Susan E. "Preferred Hours of Work and Corresponding Earnings." Monthly Labor Review 109 (November 1986): 40-44.

Simpson, Wayne. "Analysis of Part-time Pay in Canada." Canadian Journal of Economics 19 (November 1986): 798-807.

Smith, Shirley J. "The Growing Diversity of Work Schedules." Monthly Labor Review 109 (November 1986): 7-13.

Stein, Robert L. and Jane L. Meredith. "Growth and Characteristics of the Part-time Work Force." Monthly Labor Review 83 (November 1960): 1166-1175.

Sundt, Leslie A. "The Effect of Work Interruption on Subsequent Earnings." Unpublished paper, University of Arizona, April 1987.

Sundt, Leslie A. " 'Involuntary' Employment and Labor Market Constraints upon Women." Unpublished paper, University of Arizona, October 1988.

Terry, Sylvia L. "Involuntary Part-time Work: New Information from the CPS." Monthly Labor Review 104 (February 1981): 70-74.

Tilly, Chris. "Highs and Lows of Part-time Employment." Unpublished paper, University of Lowell, November 1988.

United States Department of Labor, Bureau of Labor Statistics. Labor Force Statistics Derived from the Current Population Survey, 1948-1987. Washington, D.C.: Government Printing Office, August 1988a.

United States Department of Labor, Women's Bureau. Flexible Workstyles: A Look at Contingent Labor. Washington D.C.: Government Printing Office, 1988b

Woodbury, Stephen A. "Substitution Between Wage and Nonwage Benefits." American Economic Review 73 (March 1983): 166-182.

Zalusky, John, "Part-time Work: Workers' Mandate?" In Part-time Employment in America. First National Conference on Part-Time Employment, 1983, National Association of Part-time Professionals, April 1984.