

## Is involuntary part-time work here to stay?

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New research suggests that the share of workers who want to work more but can't find full-time jobs may remain elevated even as the economy improves. In "[Involuntary part-time work: here to stay?](#)" (Federal Reserve Bank of San Francisco, *Economic Letter*, 2015-19, June 8, 2015), economists Rob Valletta and Catherine van der List wrote that the number of involuntary part-timers (those working part time for economic reasons rather than by choice) rose sharply after the Great Recession, and in the years since has stayed relatively large even as the unemployment rate itself has dropped. Currently about 1 out of 4 part-time workers is an involuntary part-time worker.

Rob Valletta and Catherine van der List's analysis indicates that a substantial part of the increase is related to the business cycle; however, structural components such as changes in industry composition, general wage levels, and population demographics have also contributed to the increase. The economists identify specific changes in labor market characteristics, such as more service-industry employment, higher wages for hourly employees, and an aging workforce.

Valletta and van der List emphasize that both structural change and cyclical unemployment have led to an increase of demand for part-time workers in certain industries. This increase helps explain the uptick in involuntary part-time workers. A substantial share of part-time employment tends to come from service industries. In particular, certain service industries, such as wholesale trade and leisure and hospitality, tend to have more people working part time for economic reasons. High wages may increase the number of involuntary part-time workers as employers aim to trim labor costs. Additionally, demographics play a role. With fewer young people working, part-time jobs are going to workers who want more hours. These factors have raised the proportion of total employment composed of involuntary part-time work by around 1-to-1.25 percentage points since 2006.

The authors point out that during the recoveries from the previous two recessions when the unemployment rate dropped to the May 2015 level of 5.5 percent in mid-1996 and late 2004, part-time work for economic reasons was at 3.2 percent of total employment, well below the May 2015 reading of 4.2 percent. This suggests that there have been structural shifts—not just cyclical ones—that are keeping involuntary part-time employment high.

How permanent the structural factors will prove to be is unclear, the authors write. If persistent, these factors "may keep the level of involuntary part-time work associated with the Federal Reserve's maximum employment goal above the levels observed before the Great Recession."