Part-time work has a positive impact on productivity

Letting your employees work part-time can bring a 2% increase in firm-level labor productivity and see fewer sick days per year.

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With a greater focus on work-life balance, the evolving nature of work and stagnating growth

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in the eurozone, the relationship between part-time work and firm productivity is highly relevant across sectors and industries today.

My recent research shows that, contrary to what you might think, productivity is generally higher when a company has more part-time workers. Moreover, sick leave tends to be lower.

This is based on data from over 800,000 employees at some 7,500 private-sector organizations in Belgium (between 2016 and 2022) and on financial data from the Belgian Crossroads Bank for Enterprises.

A 10-percentage-point increase in the proportion of part-time workers — say, going from 20% to 30% of employees — leads, on average, to a 2% increase in productivity (measured as firm-level gross added value per hour worked), which is considerable. To put things into perspective, the average annual productivity growth in the European Union over the 2010-2021 period was only 0.9%.

The effect is most positive for firms with less than 30% of a company's workforce on part-time contracts, beyond which the effect is not as substantial.

Age doesn't appear to have any meaningful effect, while the number of years worked in the organization (tenure) does, with the effect being stronger among those with more seniority.

Different sectors experience different productivity gains, with real estate, construction, hospitality, ICT, and professional, scientific and technical service sectors benefiting most. Part-time work was also found to be more common among workers in companies with more than 500 employees (around 30%) than in smaller companies with less than 10 employees (20%).

There are also substantial gender differences. In the OECD as a whole, the gender difference (% of women who work part-time vs. % of men who work part-time) was 15 percentage points in 2022: 24.7% of women work part-time vs. 9.8% of men. In the United States, part-time work was less common (16% for women vs. 8% for men). In Nordic countries, the differences between women and men were smaller (e.g., Finland and Denmark, both 21% vs. 13%) than in countries such as Austria (36% vs. 9%), Australia (37% vs. 15%), Germany (36% vs. 10%) or the United Kingdom (35% vs. 11%). These differences have remained surprisingly stable over the past 10 years. Gender equity is most pronounced in the Nordic countries, the U.K. and Germany, although the differences for part-time work remain higher in the latter two.

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Although employers are often skeptical about part-time work, the research suggests there are untapped productivity gains to be achieved by offering employees the chance to adapt the number of working hours to their needs.

About the research

This study was based on data on over 800,000 Belgian employees, gathered by SD Worx, a leading European provider of people solutions, and on financial data from the Belgian Crossroads Bank for Enterprises. Belgium was used as a reference, given it has among the highest numbers of part-time workers in the EU. Part-time is defined as working a minimum of 12 hours per week and not more than the 38-40 hours per week which is generally considered full-time. In the study, many worked half-time (20 hours/week) or 30-32 hours/week (80% time) with the average working around 60% of full-time hours.

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