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Is Part-Time Employment Beneficial for Firm Productivity?

by Annemarie Nelen, Andries de Grip, Didier Fouarge
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Abstract:

This paper analyzes whether part-time employment is beneficial for firm productivity in the service sector. Using a unique dataset on the Dutch pharmacy sector that includes the work hours of all employees and a "hard" physical measure of firm productivity, we estimate a production function including heterogeneous employment shares based on work hours. We find that a larger part-time employment share leads to greater firm productivity. Additional data on the timing of labor demand show that part-time employment enables firms to allocate labor more efficiently. First, firms with part-time workers can bridge the gap between opening hours and a full-time work week. Second, we find that during opening hours part-time workers are scheduled differently than full-timers. For example, we find that part-time workers enable their full-time colleagues to take lunch breaks so that the firm can remain open during these times.

Text: See [Discussion Paper No. 5423](#)



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