People in Work Wanting More Hours Increases by 1 million Since 2008

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Theme: Labour Market

Animated YouTube video

A podcast explaining this story using audio commentary and graphical animations is available on the ONS YouTube channel at the ONS Youtube channel.

The key points are:

• Between 2008 and 2012 the number of workers who wanted to work more hours increased by 1 million.

In 2012:

• 1 in every 10 workers wanted to work more hours.
• Around 1 in 4 part-time workers wanted to work more hours.
• School midday/crossing assistants and bar staff were jobs with high underemployment rates.
• The top three areas for underemployment were the East Midlands, Yorkshire and The Humber and the North East.

People in work wanting more hours increases by 1 million since 2008

The number of underemployed workers i.e. those who want to work more hours, has risen by an estimated 1 million (or 47.3%) since the start of the economic downturn in 2008 to stand at 3.05 million in 2012. Nearly two thirds of the 1 million increase took place in the 12 months between 2008 and 2009, when the economy was in recession.

From 2000 to just before the 2008/09 recession the number of people underemployed was relatively steady and since 2009 the number has been rising, although at a much slower rate than during the recession.
Underemployment levels and rates, April–June 2000 to 2012, UK

The 3.05 million underemployed workers in 2012 represented around 1 in 10 of the 29.41 million people in work, giving an underemployment rate of 10.5%.

There are many possible factors behind why a worker is underemployed, for example:

- An employer may only be able to offer limited hours.
- A worker may be in a job that only lends itself to certain hours of the day, e.g. bar staff can only work when the bar is open.
- Self-employed workers may have low hours of work as a result of low demand for their skills or services.
- Economic or personal conditions may change, increasing the desire for hours in work.
- Poor economic conditions may result in more people looking for jobs but fewer jobs being created. This may cause people to settle for “second-choice jobs” as an alternative to unemployment and a route into getting more hours in the future. For example a worker may settle for a part-time role even though they actually want a full-time one.

The sharp rise in the number of underemployed workers between 2008 and 2012 may be explained by a combination of these factors. The changes to economic conditions over this period include a fall in real earnings (earnings corrected for inflation) and a rise in unemployment. Both of these may have resulted in increased pressure on personal budgets and therefore increased desire for hours.
Information on underemployment is only available since 2000 but as illustrated with the changes over the recent economic downturn it is likely to be related to the economic cycle, rising when the economy is weak and falling when the economy is strong.

Focusing on those underemployed in 2012, the majority (76.3%) stated a desire to increase their hours in their current job. This will include a range of people, from those who actively asked their employer for more hours to those who would merely prefer longer hours if given the opportunity. A further 15.0% wished to increase hours by finding a replacement post, leaving only 8.7% who wanted an additional role.

Underemployed workers, April–June 2012, UK

Source: Labour Force Survey - Office for National Statistics

Download chart

Part-time workers four times more likely to be underemployed than full-time workers

Of the 3.05 million underemployed workers, the majority, 1.88 million (61.7%) were in part-time roles. However in the UK most people in employment work full-time, in fact for every person working part-time there are just under three working full-time. Therefore, when comparing how full- and part-time workers are affected by underemployment it is better to look at the percentage underemployed in each category.

In 2012, 24.0% of part-time workers wanted more hours, compared with just 5.5% of full time workers, meaning that part-time workers were over four times more likely to be underemployed than those in full time posts. This is not surprising though, as part-time workers have fewer hours of work to begin with.

Between 2008 and 2012 the underemployment rate for full time workers rose from 4.2% to 5.5% and for part time workers from 15.9% to 24.0%. This reflects the fact that during this period many workers moved from full-time to part-time roles and many of those returning to work after a period of unemployment could only find part-time jobs. Of the extra 1 million underemployed workers in 2012 compared with 2008, three quarters were in part-time posts.
Underemployment rates for full-time and part-time workers, April–June 2000 to 2012, UK

Underemployment high for the lowest paid and youngest workers

Another key factor influencing underemployment is the level of earnings. Looking at median hourly pay, the point at which 50% earn more and 50% earn less, in 2012 underemployed employees earned £7.49 per hour while non-underemployed employees earned £10.81. This indicates that employees who desire more hours are likely to be on low wages.

Workers aged between 16 and 24 tend to be on low wages because higher pay is usually acquired as people get older and because young workers tend to be in low-skilled roles. This may therefore partly explain why young workers face higher underemployment rates than older workers. In 2012 21.7% of workers aged 16 to 24 wanted to work more hours compared with only 9.7% of those aged 25 to 34, 9.6% of those aged 35 to 49, 8.0% of those aged 50 to 64 and 4.2% of those aged 65 and over.

However, despite the high underemployment rate for young workers this age group contributed a roughly equal amount to the extra million underemployed since 2012 as all other age groups (even when correcting for differently sized age boundaries).

Other key factors behind high underemployment rates for young workers are part-time work and temporary contracts. A relatively high percentage of 16–24 year olds are on temporary contracts (15.0%) and work part-time (42.4%). This is likely to be due to limited workplace experience making it difficult for them to find full-time, permanent work (45.8% of young underemployed part-time workers in 2012 settled for part-time roles because they could not find a full-time one).
Furthermore, as a consequence of still being in education, many young workers are unable to commit to permanent roles and they also lack flexibility in their working hours, in fact 46.1% of young, underemployed part-time workers in 2012 gave study as their reason for working part-time.

**Percentage working part-time, underemployment rates and hourly wage rates by age group, April–June 2012, UK**

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Underemployment Rates</th>
<th>Median Gross Hourly Wage</th>
</tr>
</thead>
<tbody>
<tr>
<td>16-24</td>
<td>21.7</td>
<td>£6.25 £6.73</td>
</tr>
<tr>
<td>25-34</td>
<td>8.7</td>
<td>£7.97 £11.00</td>
</tr>
<tr>
<td>35-49</td>
<td>9.6</td>
<td>£7.69 £12.66</td>
</tr>
<tr>
<td>50-64</td>
<td>6.0</td>
<td>£8.33 £11.13</td>
</tr>
<tr>
<td>65+</td>
<td>4.2</td>
<td>£9.00 £9.84</td>
</tr>
<tr>
<td>All 16+</td>
<td>10.5</td>
<td>£7.49 £10.81</td>
</tr>
</tbody>
</table>

Source: Labour Force Survey - Office for National Statistics

Other employees that are likely to have low wages are those in low skilled occupations. This may be one reason why the occupation category that consistently has the highest rate of underemployment is “elementary occupations” (e.g. labourers, cleaners and catering staff).

Other factors common to these roles that could be driving the high rate of underemployment are temporary and part-time contracts (49.7% of workers in elementary occupations are working part-time).
Focusing on specific roles within the category, those with some of the highest underemployment rates in 2012 are school crossing/midday assistants (39.4%), bar staff (32.9%) and cleaners (30.9%).

**Sharp rise in underemployment for the self employed**

**Underemployment rates for employees and the self employed, April–June 2000 to 2012, UK**

From 2000, the underemployment rate for the self employed was below that for employees until the economic downturn in 2008, it then rose sharply and in 2012 both rates were similar at over 10%. For those self-employed, 10.8% wanted to work more hours while for those working as employees, 10.5% wanted more hours. Of the one million increase in underemployment since 2008 around one in every five were working for themselves.

**Yorkshire & The Humber have largest percentage point rise in underemployment since downturn**
Average underemployment rates for April-June 2005 to 2008 and April-June 2009 to 2012 by area of Great Britain

Underemployment rates vary across the English regions and devolved countries of the UK. Taking a four-year average from 2009 to 2012, the highest underemployment rate was in the East Midlands where 10.7% of workers wanted more hours in work. This was followed by Yorkshire and The Humber (10.6%), the North East (10.5%) and the South West (10.4%). The lowest underemployment rate was in the South East at 9.2%.

Comparing the four year average before the onset of the recent economic downturn (2005 to 2008) to the latter period, the biggest percentage point increase in underemployment was in Yorkshire and The Humber rising by 3.9 percentage points to 10.6%. In the earlier period the North East had the highest underemployment rate at 7.7% and the East of England the lowest, 6.3%.

Some of the shared characteristics among those regions/countries with high average underemployment rates are above average proportions of part time workers, workers aged between 16 and 24 and workers in low-skilled elementary occupations. All these characteristics increase a worker’s chance of being underemployed.

Notes
Background notes

1. Underemployed workers are those people in employment who are willing to work more hours, either by working in an additional job, by working more hours in their current job, or by switching to a replacement job. They must also be available to start working longer hours within 2 weeks and their current weekly hours must be below 40 hours if they are between 16 and 18 and below 48 hours if they are over 18.

2. The figures for each year are from the LFS datasets for April - June.

3. Average gross hourly pay including overtime is used when calculating hourly pay for underemployed and non-underemployed workers. The average used is the median.

4. Standard Occupation Classification (SOC 2010) is used when reporting occupations and only those occupations with a sufficient sample size were included.

5. Northern Ireland has been excluded from the regional analysis due to small sample sizes.

6. Details of the policy governing the release of new data are available by visiting www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html or from the Media Relations Office email: media.relations@ons.gsi.gov.uk

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