

Current Issues Note 12

## **Why are there so few part-time jobs in London?**

By **Andrew Harker**



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## **Contents**

Introduction .....	2
Industry.....	2
Occupation.....	3
Sizeband .....	3
Differences across London and the Outer Metropolitan Area.....	4
Conclusion .....	6
Appendix.....	7

## Current Issues Note 12:

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# Introduction

London has a lower proportion of employees in part-time work than the UK. This could be one of the reasons for the low employment rate among mothers in London and thus contribute to London's high child-poverty rate. Thirty-nine per cent of London's children live in poverty. This figure rises to 52 per cent for Inner London and compares to 27 per cent nationally<sup>1</sup>. Understanding why part-time work is less plentiful in London is thus a key issue. This note attempts to assess the extent to which this is because of differences in industrial structure, occupational structure or sizeband structure between London and Great Britain as a whole.

# Industry

In order to assess differences in industrial structure we used 2004 Annual Business Inquiry (ABI) data for Great Britain and London broken down into 225 industries<sup>2</sup>. As some of the sample sizes were very small (particularly in manufacturing) some of the industries were grouped together e.g. manufacture of rubber products and manufacture of plastic products. In Great Britain the proportion of workers that are part-time is 32 per cent (over 8.25 million out of around 26 million). Industries with an especially high proportion of part-time workers include Retail sale in non-specialised stores (e.g. supermarkets), Bars and Industrial cleaning. In London the share of work that is part-time is lower at 26.3 per cent (just over one million out of almost four million). The same industries make up the top three in terms of highest share but in a slightly different order and with a lower proportion (see Table 1).

**Table 1: Highest part-time share industries**

UK	%	London	%
Retail sale in non-specialised stores	63.8	Retail sale in non-specialised stores	57.6
Bars	63.7	Industrial cleaning	54.5
Industrial Cleaning	62.2	Bars	52.7

Source: ABI 2004

Overall 92 of the three-digit industries have a higher share of part-time work in Great Britain than in London with just 37 having a higher share in London. (See Appendix)

We performed a shift-share analysis, which looks at what the part-time share would be if London had the same industrial structure as Great Britain, to see whether the difference between Great Britain and London could be explained by the differences in industrial structure between the two. Our results show that if London had the same industrial structure as Great Britain then the proportion of work that is part-time would be 27.1 per cent. Thus, differences in industrial structure explain just 0.8 percentage points of the 5.7 percentage point gap between London and the UK (see Table 4). Clearly London's low share of part-time work is not down to its particular industrial structure.

<sup>1</sup> Poverty here is defined as less than 60 per cent of median household income in line with the Government's usual definition of poverty. Figures for three-year average 2002-05 from Households Below Average Income, DWP.

<sup>2</sup> Broken down to the three-digit standard industrial classification.

## Occupation

For occupation we used Annual Survey of Hours and Earnings (ASHE) 2006 data for the UK and London, split into nine different occupational categories<sup>3</sup>. Using this data, in the UK the part-time share is 26 per cent (6.25 million out of 24 million). The leading occupational categories are Sales and Customer services, Personal services, which include hairdressers, and Elementary (e.g. cleaners). In London the part-time share of work is lower at 19 per cent (629,000 out of 3.25 million). The same occupations make up the top three in terms of highest share but with lower percentages (see Table 2).

**Table 2: Highest part-time share occupation**

UK	%	London	%
Sales and Customer services	57.5	Sales and Customer services	53.9
Personal services	50.4	Personal services	39.1
Elementary	46.3	Elementary	37.9

Source: ASHE 2006

Seven of the nine occupational categories have a higher share of part-time work in the UK than in London. The two categories that have a higher part-time share in London are Skilled trades, and Process, Plant and Machine operatives.

Again, we performed a shift-share analysis to see how much of the difference is explained by different occupational structures between the UK and London. As with industry, the differences in occupational structure seem to have only a small effect with the share rising from 19.3 per cent to 21.4 per cent if London had the same structure as the UK. Occupational differences appear more important than industrial differences but explain only 2.1 percentage points of the 7.0 percentage point gap between London and the UK – between a quarter and a third of the gap.

## Sizeband

We have been unable to readily find data that gives employment broken down by both sizeband and part-time/full-time status.

We have obtained Small Business Service data from 2003, which provides data on the number of employees by sizeband for both London and the UK (see Table 3). The data shows that there is very little difference between London and the UK in terms of the proportion of employment in each sizeband. This would suggest that differences in sizeband are probably not responsible for the lower share of part-time work in London.

<sup>3</sup> Managers and Senior Officials; Professional occupations; Associate Professional and Technical; Administrative and Secretarial occupations; Skilled-trade occupations; Personal service occupations; Sales and Customer service occupations; Process, Plant and Machine operatives; Elementary occupations

**Current Issues Note 12:**

Why are there so few part-time jobs in London?

**Table 3: Number of employees by Sizeband**

Size	UK Employment	UK share of total	London Employment	London share of total
no employees	3,158,620	11.3%	497,000	12.5%
1-4	2,311,110	8.3%	301,000	7.6%
5-9	1,517,040	5.4%	208,000	5.2%
10-19	1,575,125	5.6%	206,000	5.2%
20-49	1,822,000	6.5%	208,000	5.2%
50-99	1,240,800	4.4%	156,000	3.9%
100-199	1,273,705	4.6%	166,000	4.2%
200-249	413,705	1.5%	66,000	1.7%
250-499	1,317,000	4.7%	187,000	4.7%
500 or more	13,329,835	47.7%	1,991,000	50.0%
<b>Total</b>	<b>27,958,940</b>	<b>100.0%</b>	<b>3,986,000</b>	<b>100.0%</b>

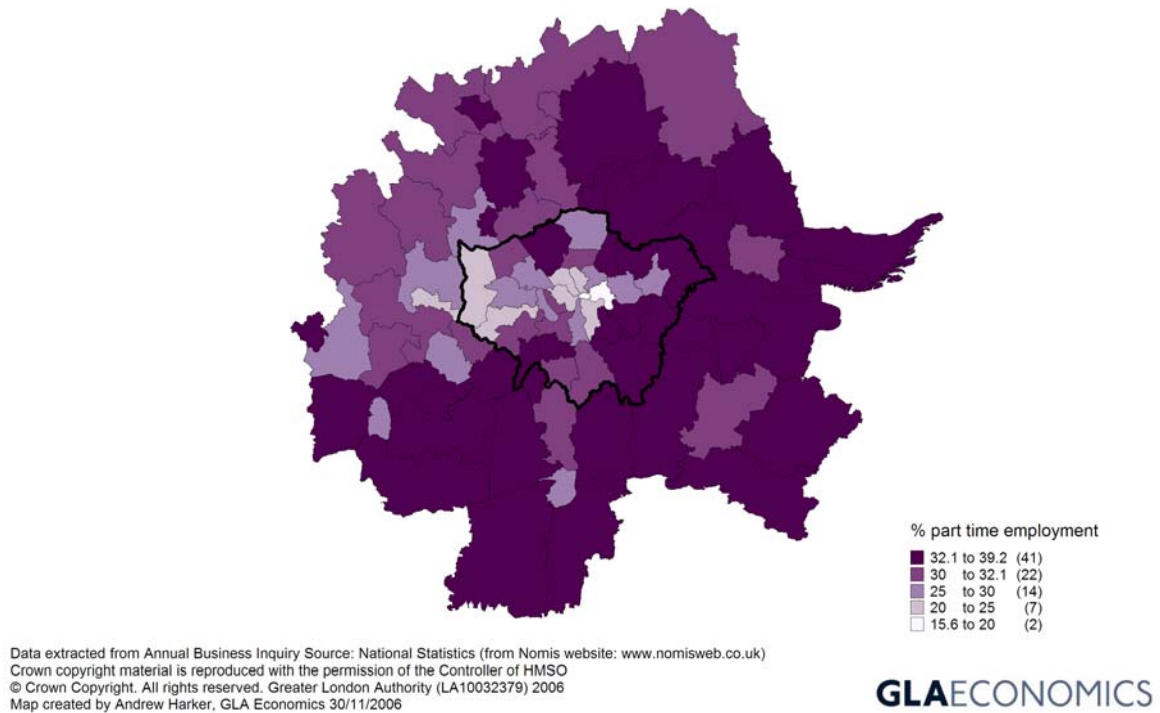
Note: 'no employees' comprises sole proprietorships and partnerships comprising only the self-employed owner-manager(s), and companies comprising only an employee director.

Source: Small Business Service Analytical Unit, 2003

## Differences across London and the Outer Metropolitan Area

We have mapped the share of part-time work in London and the surrounding Outer Metropolitan Area (OMA – see appendix for the definition of this area) again using 2004 ABI data but with no industrial breakdown. As you move out from central London, the proportion of part-time workers tends to rise with the lowest share being in the City of London and the highest in Tunbridge Wells, south east of London. There also seems to be a split between east and west with eastern areas generally having a greater share of part-time employment than western areas.

## Percentage of employment that is part-time for London and surrounding area



We also looked at an industrial breakdown of the borough data using 2004 ABI data, this time with a broader industrial sector breakdown due to practical data availability constraints. We combined Agriculture and Fishing, and Energy and Water, which left us with an eight-sector breakdown<sup>4</sup>. The OMA has the highest proportion in part-time work (33 per cent) followed by Outer London (30 per cent) and Inner London (24 per cent). Both parts of London are lower than the Great Britain average of 32 per cent while the OMA is higher.

We performed a shift-share analysis to assess the extent to which these differences reflect differences in industrial structure. Our results showed that if Inner London had the same industrial structure as Great Britain then the proportion of work that is part-time would be 24.7 per cent, which explains just 0.8 percentage points of the 8.2 percentage point difference. For Outer London the part-time share actually falls by 0.7 percentage points from 29.8 per cent to 29.1 per cent. For the Outer Metropolitan Area, the proportion would be 33.0 per cent, which increases the gap with Great Britain by 0.3 percentage points (see Table 4). These results show that the differences in part-time employment between London and its surrounding areas and Great Britain are not down to their particular industrial structures.

<sup>4</sup> Agriculture and Fishing, and Energy and Water; Manufacturing; Construction; Distribution, Hotels and Restaurants; Transport and Communications; Banking, Finance and Insurance etc; Public Administration, Education and Health; Other services

**Current Issues Note 12:**

Why are there so few part-time jobs in London?

**Table 4: Summary**

	<b>Part-time share (%)</b>	<b>Part-time share if industrial breakdown equals that of GB (%)</b>	<b>Change (%)</b>
<b>GB</b>	<b>32.1</b>	<b>32.1</b>	<b>-</b>
<b>London</b>	<b>26.3</b>	<b>27.1</b>	<b>0.8</b>
<b>Inner London</b>	<b>23.9</b>	<b>24.7</b>	<b>0.8</b>
<b>Outer London</b>	<b>29.8</b>	<b>29.1</b>	<b>-0.7</b>
<b>OMA</b>	<b>32.7</b>	<b>33.0</b>	<b>0.3</b>

*Source: ABI 2004*

**Conclusion**

London has a low incidence of part-time work. One possible explanation is that this is due to London's different industrial, occupational or firm size structure compared to the national picture. This paper, however, suggests that these differences can only explain a small part of the observed difference between London and the UK as a whole.



## Appendix

### Industries where GB has a higher part-time share than London.

Agriculture, hunting and forestry  
 Mining and quarrying  
 Manufacturing of food products, beverages and tobacco  
 Publishing  
 Printing and services activities related to printing  
 Reproduction of recorded media  
 Manufacture of jewellery and related articles  
 Manufacture of sports goods  
 Manufacture of games and toys  
 Miscellaneous manufacturing not elsewhere classified  
 Recycling of metal waste and scrap  
 Recycling of non-metal waste and scrap  
 Sale of motor vehicles  
 Maintenance and repair of motor vehicles  
 Sale of motor vehicle parts and accessories  
 Sale, maintenance and repair of motorcycles and related parts and accessories  
 Retail sale of automotive fuel  
 Wholesale of food, beverages and tobacco  
 Wholesale of household goods  
 Wholesale of machinery, equipment and supplies  
 Other wholesale  
 Retail sale in non-specialised stores  
 Retail sale of food, beverages and tobacco in specialised stores  
 Retail sale of pharmaceutical and medical goods, cosmetic and toilet articles  
 Other retail sale of new goods in specialised stores  
 Retail sale of second-hand goods in stores  
 Retail sale of not in stores  
 Repair of personal and household goods  
 Hotels  
 Camping sites and other provision of short-stay accommodation  
 Restaurants  
 Bars  
 Canteens and catering  
 Land transport; transport via pipelines  
 Inland water transport  
 Non-scheduled air transport  
 Cargo handling and storage  
 Other supporting transport activities  
 Activities of travel agencies and tour operators; tourist assistance activities not elsewhere classified  
 Activities of other transport agencies  
 Post and courier activities  
 Telecommunications  
 Monetary intermediation  
 Other financial intermediation  
 Insurance and pension funding, except compulsory social security  
 Activities auxiliary to financial intermediation, except insurance and pension funding  
 Activities auxiliary to insurance and pension funding

**Current Issues Note 12:**

Why are there so few part-time jobs in London?

Real estate activities with own property  
Letting of own property  
Real estate activities on a fee or contract basis  
Renting of automobiles  
Renting of other transport equipment  
Renting of other machinery and equipment  
Renting of personal and household goods not elsewhere classified  
Hardware consultancy  
Software consultancy and supply  
Data processing  
Data base activities  
Maintenance and repair of office, accounting and computing machinery  
Other computer-related activities  
Research and experimental development on natural sciences and engineering  
Research and experimental development on social sciences and humanities  
Legal, accounting, book-keeping and auditing activities; tax consultancy; market research and public opinion polling; business and management consultancy; holdings  
Architectural and engineering activities and related technical consultancy  
Technical testing and analysis  
Advertising  
Labour recruitment and provision of personnel  
Investigation and security activities  
Industrial cleaning  
Miscellaneous business activities not elsewhere classified  
Administration of the State and the economic and social policy of the community  
Provision of services to the community as a whole  
Compulsory social security activities  
Primary education  
Secondary Education  
Higher education  
Adult and other education  
Human health activities  
Veterinary activities  
Social work activities  
Sewage and refuse disposal, sanitation and similar activities  
Activities of business, employers and professional organisation  
Activities of trade unions  
Activities of other membership organisations  
Motion picture and video activities  
Radio and television activities  
Other entertainment activities  
News agency activities  
Library, archives, museums and other cultural activities  
Sporting activities  
Other recreational activities  
Other service activities

**Industries where London has a higher part-time share than GB.**

Manufacture of textiles  
Manufacture of wearing apparel and leather products  
Manufacture of wood and wood products  
Manufacture of pulp, paper and paperboard  
Manufacture of articles of paper and paperboard  
Manufacture of coke, refined petroleum products and nuclear fuel  
Manufacture of chemicals and chemical products  
Manufacture of rubber and plastic products  
Manufacture of other non-metallic mineral products  
Manufacture of basic metals  
Manufacture of fabricated metal products, except machinery and equipment  
Manufacture of machinery for the production and use of mechanical power, except aircraft, vehicle and cycle engines  
Manufacture of other general purpose machinery  
Manufacture of special purpose machinery  
Manufacture of domestic appliances not elsewhere classified  
Manufacture of office machinery and computers  
Manufacture of electrical machinery and apparatus not elsewhere classified  
Manufacture of electronic valves and tubes and other electronic components  
Manufacture of television and radio transmitters and apparatus for line telephony and line telegraph  
Manufacture of television and radio receivers, sound or video recording or reproducing apparatus and associated goods  
Manufacture of medical, precision and optical instruments, watches and clocks  
Manufacture of motor vehicles  
Manufacture of parts and accessories for motor vehicles and their engines  
Manufacture of other transport equipment  
Manufacture of furniture  
Manufacture of musical instruments  
Electricity, gas and water supply  
Site preparation  
Building of complete construction or parts thereof; civil engineering  
Building installation  
Building completion  
Renting of construction or demolition equipment with operator  
Wholesale on a fee or contract basis  
Wholesale of agricultural raw materials and live animals  
Wholesale of non-agricultural intermediate products, waste and scrap  
Sea and coastal water transport  
Scheduled air transport

**Current Issues Note 12:**

Why are there so few part-time jobs in London?

**Definition of the Outer Metropolitan Area in terms of Local Authority Districts.**

Basildon  
Bracknell Forest  
Brentwood  
Broxbourne  
Castle Point  
Chelmsford  
Chiltern  
Crawley  
Dacorum  
Dartford  
East Hertfordshire  
Elmbridge  
Epping Forest  
Epsom and Ewell  
Gravesham  
Guildford  
Harlow  
Hart  
Hertsmere  
Horsham  
Luton  
Maidstone  
Medway Towns  
Mid Sussex  
Mole Valley  
North Hertfordshire  
Reading  
Reigate and Banstead  
Rochford  
Runnymede  
Rushmoor  
Sevenoaks  
Slough  
South Bedfordshire  
South Buckinghamshire  
Southend-on-Sea  
Spelthorne  
St Albans  
Stevenage  
Surrey Heath  
Tandridge  
Three Rivers  
Thurrock  
Tonbridge and Malling  
Tonbridge Wells  
Uttlesford  
Watford  
Waverley  
Welwyn Hatfield  
Windsor and Maidenhead

**Current Issues Note 12:**

Why are there so few part-time jobs in London?

Woking  
Wokingham  
Wycombe

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