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Multiple Jobholding: Knowing the Facts to Draw Proper Policy Conclusions

Etienne Lalé

Universite du Quebec a Montreal

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POLICY BRIEF

Multiple Jobholding

Knowing the Facts to Draw Proper Policy Conclusions

Etienne Lalé, Université du Québec à Montréal

BRIEF HIGHLIGHTS

- *Holding several jobs at once is not becoming the new norm. If anything, multiple jobholding has been stable or even declining over the past few decades.*
- *Contrary to popular view, the typical multiple jobholder is a higher-educated worker who is employed full-time on her primary job and makes some extra money by holding a second job.*
- *Policies most likely to affect multiple jobholding are those that foster high turnover to facilitate good primary-job matches.*
- *On the other hand, welfare policies targeted to workers in lower-paying occupations are expected to have little impact on multiple jobholding.*

For additional details, see the full working paper at https://research.upjohn.org/up_workingpapers/305/.

There is a popular view that nonstandard work arrangements—alternatives to the traditional Monday through Friday 9 a.m. to 5 p.m. work week—are becoming the new norm in modern labor markets. An oft-cited example is multiple jobholding. According to this view, individuals, especially workers with lower educational attainment, would be increasingly likely to combine several part-time jobs to make ends meet (da Costa 2017; Davidson 2016). However, the data show otherwise and defy several other popular notions about multiple jobs. In this brief, I point out several empirical facts that partly explain our misunderstanding of this phenomenon. These facts are relevant to draw proper policy implications related to multiple jobholding.

Contrary to popular view, the typical multiple jobholder is an individual who combines a full-time primary job with a part-time second job. That person is, on average, a higher-educated worker employed in the professional, service, arts-and-entertainment, or education occupations. Most of the time, the main motivation for holding a second job is to earn some extra money in addition to the full-time income coming from the primary job. Over one's working lifetime, it is likely that a worker will hold a second job at some point. But these second jobs often last for only a short period of time (typically less than 3 months), so that at any given time, multiple jobholders make up "only" 5 to 6 percent of employment. This proportion remains roughly stable over time. If anything, its changes are chiefly explained by shifts in the propensity of full-time single jobholders to take on a second job. A key factor affecting that decision is the quality of the match between the worker and her primary job. When the quality of the match is higher, a worker has fewer economic reasons to take on a second job. Nonpecuniary factors are also important. A second job brings in little additional utility if the quality of the match between the worker and the primary job is high, making multiple jobholding less likely to happen.

It is unclear whether the levels of multiple jobholding that we see in the data are inefficiently high or low and whether, as a consequence, some policy intervention is needed. Also, multiple jobholding is unlikely to create large income or welfare disparities across individuals. Because of the salient facts highlighted previously, policies that are most likely to affect multiple jobholding are policies that foster high turnover to facilitate good primary-job matches.

Top 10 Facts About Multiple Jobholding

Presented below are several key facts about multiple jobholding, some of which may appear unexpected or surprising. Prior to presenting these facts, I must explain how multiple jobholding is defined and measured empirically. According to the U.S. Bureau of Labor Statistics, multiple jobholders are those individuals who hold more than one job at once and who usually receive a wage or salary from the primary job. The vast majority of these workers (over 90 percent) hold only two jobs.

Multiple Jobholding

Multiple jobholders account for 5–6 percent of total employment. Most hold a second job for only a short period of time—typically less than three months.

Figure 1 shows how the proportion of employed workers who hold more than one job (a figure I call the *multiple jobholding share*) have evolved over the past 45 years in the United States and Canada. Several patterns stand out. In the United States, the multiple jobholding share has decreased since the mid-1990s. This change took place following an increase in the 1980s. Multiple jobholding has been on the rise in Canada over the same 45-year period. There were few multiple jobholders in the 1970s, so the share of Canadians holding multiple jobs could only go up. This share has grown less rapidly since the 1990s. By and large, the picture conveyed by Figure 1 is that multiple jobholding has not escalated since the turn of the century. The convergence between the two lines suggests the existence of a stable phenomenon. Multiple jobholding shares in other countries for which similar data are available are close to the levels reported in Figure 1.

I now lay out a set of key facts, starting with those related to the allocation of time to marketing activities and to workers' main stated reasons for holding more than one job:

1. Multiple jobholders account for 5–6 percent of total employment. The reason this number is not higher is that most workers hold a second job for only a short period of time (typically less than three months).
2. The probability of taking on a second job is high. As a result, when following an individual over her whole working lifetime, there is close to a 50 percent chance that she becomes a multiple jobholder at some point.
3. The typical multiple jobholder works full-time on her primary job and part-time on her second job. Workers who combine two part-time jobs to make a full-time income represent at most 25 percent of all multiple jobholders.
4. The main stated reason for taking on a second job is “earn extra money” (almost 40 percent), followed by “meeting expenses or paying off debt” (about 25 percent).

Next, I present a set of facts that pertain to the characteristics of multiple jobholders:

5. The multiple jobholding shares are similar across male and female workers, across married and single individuals, and across young, prime-age, and older individuals.
6. Multiple jobholding shares vary mainly with education; they are much higher among more-educated individuals. In related fashion, multiple jobholding shares are higher among individuals whose primary job is in the professional, service, arts-and-entertainment, or education occupations.
7. The share of multiple jobholding decreases with market size. It is higher in middle-size cities than in more populous cities.

The final set of facts characterize the behavior of the multiple jobholding share over time:

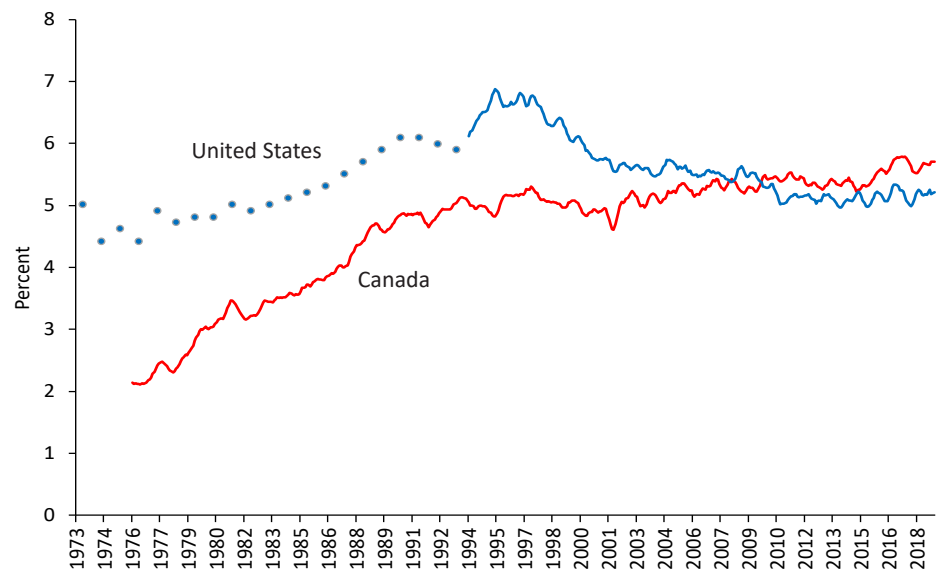
8. There is little change in multiple jobholding shares between economic expansions and recessions. Multiple jobholding is mostly acyclical.
9. There are changes in multiple jobholding that occur at a lower frequency. For instance, in the United States, the multiple jobholding share has been slowly declining since the mid-1990s (see Figure 1). These changes are broad based.
10. The primary factor explaining the decline of multiple jobholding is the change in the probability of *taking* on a second job. There is little change in the probability that multiple jobholders *give up* their second job.

What The Underlying Determinants Might Be

Having laid out these key facts, I now explain why uncovering the determinants of multiple jobholding can be challenging. First, data on workers' stated reasons for holding multiple jobs are scarce, and these data exist mostly as discrete snapshots. Second, and

Multiple jobholding shares are similar for males and females, married persons and singles, young and old. They vary mainly with education: they are much higher among more-educated individuals.

Figure 1 Proportion of Employed Workers Who Hold More Than One Job At Once



NOTE: The monthly data are seasonally adjusted.

SOURCE: In this figure, the dotted U.S. data denote annual estimates from Frazis and Stewart (2010) calculated for the years 1973 to 1993. The solid line of U.S. data denotes the author's own calculations of monthly estimates based on the 1994–2018 Current Population Survey. The solid line of Canadian data denotes Kostyshyna and Lalé's (2019) calculations of monthly estimates based on the 1976–2018 Labour Force Survey.

related, panel data that track individuals over time and that cover multiple spells of jobholding are lacking. As a result, it is difficult to control for unobserved characteristics of the individual when studying the determinants of multiple jobholding. Third, employment data gathered from firms does not distinguish whether the jobs they provide are held by single or multiple jobholders. This makes it difficult to separate demand from supply factors. Fourth, the lack of short-run cyclical variation (see Fact 8 above) could be due to the weak cyclical nature of the factors that push individuals either toward or away from working multiple jobs. Alternatively, it could be that these factors are strongly cyclical but are of similar magnitude and balance each other out.

Because of these data limitations, in Lalé (2019) I develop a theoretical model to complement the empirical study of multiple jobholding. The model describes the behavior of individuals who incur some costs from working, search both off- and on-the-job, and occasionally choose to piece together two jobs. The model highlights the role of two key factors driving the dynamics of the multiple jobholding share. First, on-the-job search has a small impact on the probability of an individual taking on a second job but a large effect on the duration of multiple jobholding. Second, the cost (or disutility) of working a second job comes in addition to the cost of working on the primary job. This is the main determinant of workers' propensity for taking on a second job.

Implications for Policies

The cost (or disutility) of working a second job highlighted by the model teaches us something about policies that are likely to interfere with multiple jobholding. Indeed, this cost primarily captures the quality of the match between the worker and her primary job. When the quality of this match is higher, a worker has fewer economic reasons to take on a second job. Therefore, policies most likely to affect multiple jobholding foster high turnover to facilitate good primary-job matches (or end bad ones). The cost of working

Multiple Jobholding

Contrary to popular belief, economic expansions and recessions have little impact on the share of people working multiple jobs. Multiple jobholding is mostly acyclical.

a second job also captures several nonpecuniary factors, such as additional commute times, stress, and fatigue effects from the second job. Altering these factors could have a significant impact on multiple jobholding shares.

Policy intervention is primarily called for when there is an inefficient allocation of market resources. According to my model, multiple jobholding could contribute to such an inefficiency. The reason is that single jobholders who take on a second job manage to extract a higher surplus—through greater scope for bargaining—from their secondary employer. As a result, they deter firms from posting more vacancies. The levels of multiple jobholding that we see in the data thus could be too high. At the same time, the model abstracts from diminishing marginal productivity of labor (the last hour worked is not as productive as the one before it), which could make it desirable to combine several jobs. This implies that multiple jobholding as seen in the data could be too low. In all likelihood, these effects are not large. They suggest that policies related to multiple jobholding are hard to justify based on efficiency grounds. Another key lesson is that redistribution issues related to multiple jobholding are of secondary importance, as second jobs generally create only minor income or welfare disparities across individuals.

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