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Productivity Commission

Part Time Employment: the Australian experience

Productivity Commission
Staff Working Paper

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*Joanna Abhayaratna
Les Andrews
Hudan Nuch
Troy Podbury*

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Publications Inquiries:

Media and Publications
Productivity Commission
Locked Bag 2 Collins Street East
Melbourne VIC 8003

Tel: (03) 9653 2244
Fax: (03) 9653 2303
Email: maps@pc.gov.au

General Inquiries:

Tel: (03) 9653 2100 or (02) 6240 3200

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Preface

This staff working paper examines the extent and nature of part time work in Australia and how it has changed over time. It examines factors influencing decisions of firms and individuals to offer and accept part time work. It adds to the growing body of labour market research undertaken in the Productivity Commission.

Helpful comments were received from Professor Jeff Borland from the University of Melbourne, officers from the Department of Education, Employment and Workplace Relations, as well as Rosalie McLachlan from the Productivity Commission. Jared Greenville and Daniel McDonald also from the Productivity Commission provided assistance with the analysis and Tracey Horsfall assisted in the preparation of the paper.

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The views expressed in this paper are those of the authors and are not necessarily those of the Productivity Commission, or of the external organisations or people who provided assistance.

Abbreviations

ABS	Australian Bureau of Statistics
ACCI	Australian Chamber of Commerce and Industry
AIRC	Australian Industrial Relations Commission
ASCO	Australian Standard Classification of Occupations
AWIRS	Australian Workplace Industrial Relations Survey
BLS	Bureau of Labour Statistics (United States)
FACS	Department of Families and Community Services (former)
HILDA	Household Income and Labour Dynamics in Australia survey
ILO	International Labour Organization
LSAY	Longitudinal Surveys of Australian Youth
OECD	Organisation for Economic Co-operation and Development
PC	Productivity Commission
SDAC	Survey of Disability Ageing and Carers
WR ACT	<i>The Workplace Relations Act 1996</i>

OVERVIEW

Key points

- Part time work has become an important form of employment growing from 10 per cent of total employment in 1966 to 29 per cent in 2007. The prevalence of part time work has increased for both men and women and for all age groups.
- Both supply-side and demand-side factors have driven the growth in part time employment.
 - A key supply side factor includes the entry into the workforce of people combining employment and other activities such as education and raising a family.
 - An important demand side factor is employers using part time employment to increase operational flexibility.
- The high level of casual work among part time workers means that they have less access to many conditions of full time employment.
- The part time workforce is a diverse group in terms of their characteristics and attitudes to work. The household circumstances of part time workers vary, as does the contribution of their labour income to the household budget — from being the only source of labour income to a negligible source.
- Part time workers are not a static group. There is considerable movement into and out of part time work both as labour market conditions change and as workers move through their life cycle and their work/life priorities change.
- At the aggregate level there appears little compelling evidence for a dual labour market between part time and full time work. Nonetheless, many workers find it difficult to change the number of hours that they work, suggesting that there may be some obstacles to mobility even in the current strong labour market.
- Since the early 1990s, 20–25 per cent of female part time workers and 30–35 per cent of male part time workers have indicated a preference to work more hours. At the same time, there is evidence to suggest that two full time workers want to move to part time work for every part time worker who wants to move to full time work.
 - It is not clear what the impact on aggregate hours worked would be from any changes to working arrangements which allow a better matching of desired and actual working hours. That said, the well being of workers would be improved.

Overview

The rise of part time employment over the past forty years represents a fundamental change in the Australian labour market. Part time employment has become an important component of the range of working arrangements and represents an example of the labour market's response to economic and social changes. It has been associated with increased diversity of the workforce and contributed to changes in workplace culture and attitudes towards work.

There has been considerable debate about the reasons underlying the growth in part time work and whether it has been beneficial for individuals and the community as a whole. Indeed, some part time work is seen as a stop gap where full time employment is desired but cannot be achieved — these are the involuntary part time employed. But part time work also enables individuals to combine work with other activities such as undertaking studies or raising a family. More recently, it is being used increasingly to enable workers to transition more slowly to retirement.

This paper identifies who are part time workers; explores some suggested reasons why part time work has grown rapidly; examines the role it plays in response to changes in labour market conditions and individuals' lives; identifies the nature and conditions of part time work and the contribution it makes to household income.

Who works part time?

Prime working aged individuals (those aged 25–54 years) accounted for just over half of the total part time workforce in 2007 (table 1). This result is largely due to the considerable number of prime age women, especially women who are married or in a de facto relationship, working part time (44 per cent of part time workers). The next most important demographic group, accounting for nearly 28 per cent of the part time workforce, comprised those aged 15–24 years.

Part time workers are more likely to work in low skilled occupations compared to full time workers. For instance, less than one-quarter of all part time workers were employed in the high skilled occupation category of professionals and associate professionals in 2006, compared to around 35 per cent of full time workers. On the other hand, 21 per cent of part time and only 5 per cent of full time workers were employed in the low skilled occupations of elementary clerical and service workers.

Table 1 **Composition of the part time workforce by age and gender, 2007**

Per cent

<i>Age range</i>	<i>Men</i>	<i>Women</i>	<i>Total</i>
15–24 years	11.6	16.0	27.6
25–54 years	10.6	44.1	54.7
55–64 years	4.4	9.0	13.4
64 years and over	2.5	1.8	4.3
Total	29.1	70.9	100.0

How fast has part time employment grown?

In 1966, part time employment accounted for 4 per cent of men’s employment, 24 per cent of women’s employment and 10 per cent of employment overall (figure 1). By 2007 part time employment accounted for 15 per cent of men’s employment, 45 per cent of women’s employment, and 29 per cent of employment overall.

This growth of part time work occurred despite industrial and institutional arrangements in Australia that attempted to control or limit the amount of part time work during the 1970s and 1980s. For example, some industrial awards placed limits on the proportion of an enterprises’ workforce that could be employed part time and the hours that its part time employees could work.

Removal of those impediments, during the 1990s, is likely to have facilitated the further expansion of part time employment. Overall, however, it is unlikely that institutional arrangements had a dominating effect on the level and growth of part time employment. Rather, this growth seems to be a response to major economic and social changes.

Australia has a relatively high level of part time employment compared to other countries (figure 2). Of the OECD countries, (see table A.2 for country abbreviations) only the Netherlands has a higher percentage of employment accounted for by part time workers.

Figure 1 Growth in part time employment in Australia, 1966–2007
Per cent of employment of persons aged over 15 years by gender

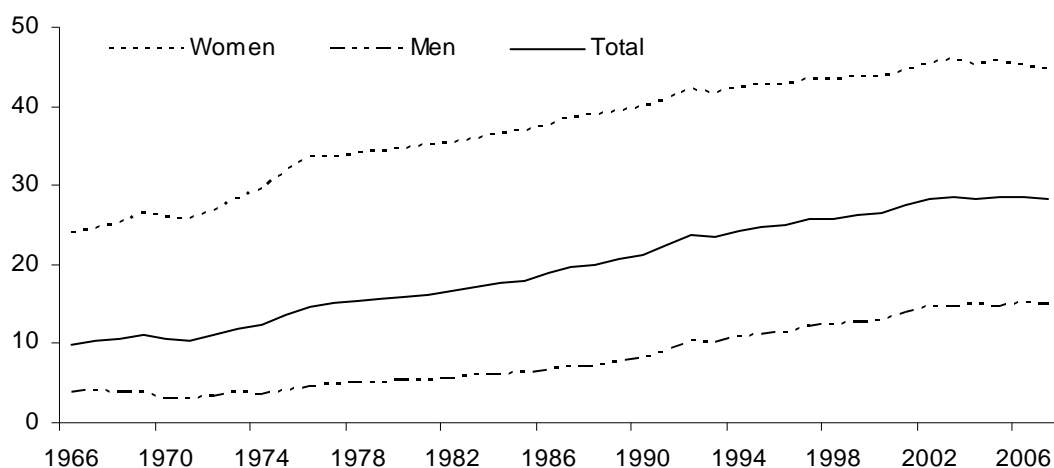
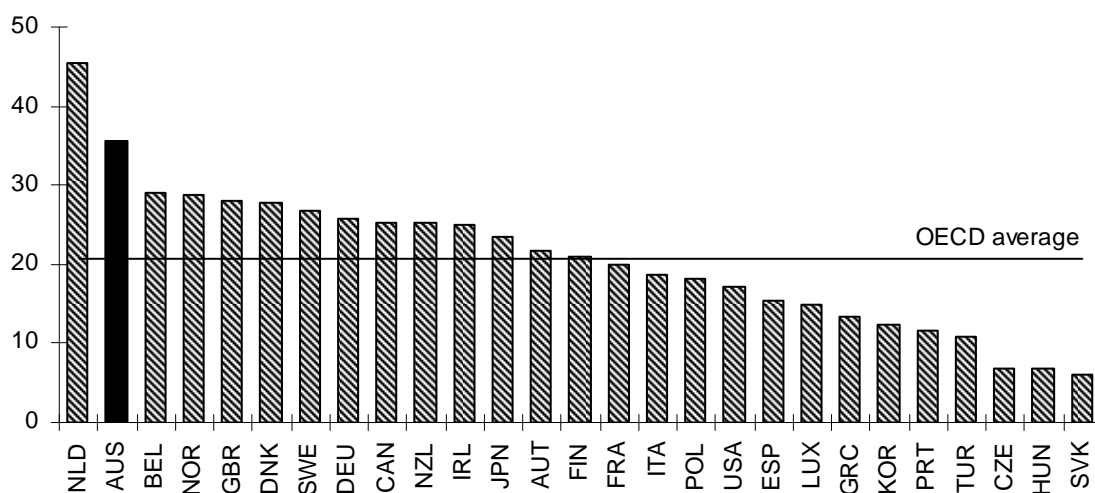


Figure 2 Part time workers as a percentage of workforce, 2006
Less than 35 weekly hours



Why has part time employment grown so fast?

There has been a diversity of experience with part time work across the labour market. Different demographic groups and different industries display markedly varied levels and growth of part time employment. Accordingly, the drivers of the increase in part time employment opportunities are varied and complex.

The growth reflects both supply and demand factors in the labour market — that is, factors relating to both job seekers and employers.

On the supply side, the demographic characteristics of the workforce have changed with greater entry of women into the labour market, increased levels of employment of young people still engaged in education and, more recently and the greater numbers of older workers in the workforce. These groups have typically preferred to work part time, reflecting in part changing attitudes within the workforce to combining work with non-work activities.

On the demand side, employers have offered part time jobs primarily because of the flexibility in such working arrangements. From the mid 1990s, part time employment has been increasingly used as a swing workforce mechanism to respond to changes in labour demand. This mechanism is most marked during economic downturns. Part time employment typically rises during cyclical downturns, as the labour market adjustment is shared between reductions in the number of employed persons and reductions in the hours of full time workers. However, this process has not been symmetric, with part time employment continuing to grow in subsequent recoveries.

Longer term changes have also shaped the demand for labour. Deregulation of shopping hours and business responses to consumer demand for extended shopping hours have increased the use of part time workers. This has been facilitated by technological changes which have allowed a better matching of workplace operations with consumer requirements. Employers have been better able to match labour needs with peak periods of demand. Part time workers can be employed to fill those needs.

The significance of part time employment varies considerably across industries. Its share of employment is highest in the service industries such as retail, accommodation, cafes and restaurants, health and community services. But the growth in part time employment has not been driven by the expansion of employment in these industries. Most of the increase in the aggregate share of part time work resulted from the rising shares of part time work within industries rather than the change in employment shares between industries. That said, it has been those industries with already high shares of part time employment, in the service sector, that have increased the shares of part time workers in their workforces the most.

The geographic distribution of part time jobs appears to be linked to the concentration of different industries in different locations. In particular, part time employment tends to be most significant in coastal areas away from the capital cities – regions where industries involved in hospitality and tourism are major employers.

Other explanations have been offered for the growth of part time employment although they are not as compelling as those canvassed above. Simple labour cost reduction strategies cannot be ruled out in all cases but are unlikely to offer a general explanation for the growth in part time employment. There is little, if any, difference in hourly labour costs between part time and full time labour in general. Indeed, taking all costs into account, including those such as the fixed costs of training and staff administration, it is unclear whether part time workers are less costly to employ per hour than full time workers.

The international evidence does not support a simple cost reduction explanation for the level of part time employment in Australia. In Australia, the share of part time employment is among the highest in the OECD, and the hourly remuneration for part time workers in comparable jobs seems to be similar to that for full time workers. Compare this with most other OECD countries where part time workers earn considerably less than full time workers but their share of the workforce is also lower.

Segmented labour market theories posit that the workforce is divided into various sub-markets, chiefly the high skilled, stable primary labour markets and the low skilled, unstable secondary labour market. Under these theories, secondary part time jobs are considered ‘bad jobs’ in terms of low pay, high turnover and poor career paths.

Part time employees are seen as concentrated in the secondary labour market where they bear the brunt of workplace change through insecure employment. But in Australia, part time jobs are not confined to particular occupations, industries or skill levels and the distinction between ‘good’ and ‘bad’ jobs breaks down to a range of jobs of varying characteristics. Further, there is a considerable flow of workers between part time and full time employment over time, which undermines the notion of segmented labour markets. Indeed, part time employment is often a stepping stone to full time employment.

Moreover, the number of part time employed persons increases during economic downturns. This is not consistent with part time workers bearing a disproportionate share of the response to falls in labour demand. But there is a strong link between part time work and casual work, as two thirds of all casual employees worked part time hours in 2005. Casual workers offer employers the most flexibility and are those that are most likely to be considered as secondary labour market workers. But casualisation of employment cannot be seen as the driver of the growth of part time employment — indeed, the share of casual part time employees in part time employment has declined over the last decade and a half.

In the Australian context, the segmented labour market theories do not provide a strong or compelling explanation for the level and growth in part time work overall. This is not to suggest, however, that there are not areas of part time employment where there are concerns regarding the potential mobility of some workers to move into full time employment. The level of involuntary part time employment remains high among certain demographic groups such as mature age males and younger males and females.

There also appear to be restrictions on mobility from full time to part time work. Many older full time workers need to change jobs to work part time if they want to use part time employment as a strategy towards eventual retirement from the workforce. This suggests that while the quantitative flows between part time and full time employment are high, such movements are not always seamless and involve more than simply reducing the hours of work with the existing employer.

Why do people work part time?

There are a variety of reasons why people work part time. Based on Household Income and Labour Dynamics (HILDA) survey data, the four most frequent reasons for working part time are (figure 3):

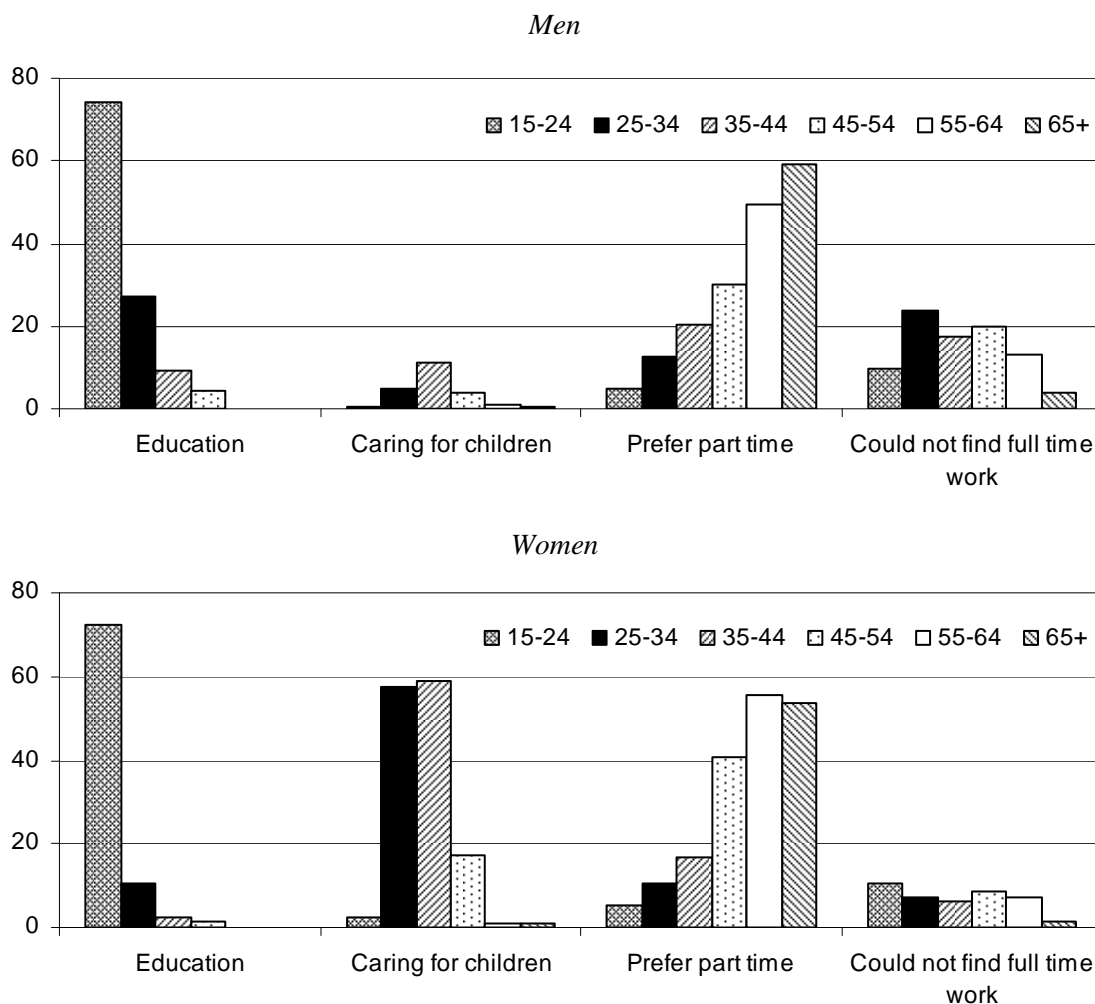
- to combine work and education;
- to care for children;
- because part time work is preferred, and
- because full time work could not be found.

The frequency of these survey responses varied by age group. Combining work and education was most common for people under the age of 25 years (74 per cent for men, and 72 per cent for women). Caring for children was most common among women aged 25–34 years (58 per cent) and 35–44 years (59 per cent). The age groups where people most frequently indicated that they were working part time because they wanted to were in the 55 years and over age groups.

The grouping of these responses around specific age groups is consistent with life cycle events determining the willingness to work part time. Life cycle events are those that are age related and can affect a significant proportion of the population.

Social and economic changes influence common events for these age groups, for example the strong growth in tertiary education in the 15–24 year age group. These supply side explanations provide a strong foundation for the different levels of part time employment found across the different demographic groups.

Figure 3 Main reason for working part time, 2005
Per cent of part time workers by age and sex



A non life cycle reason for working part time is not being able to find full time employment. This was an important reason particularly among prime age males where around 20 per cent indicated that this was the main reason for working part time.

What effect does part time work have on labour force participation?

Under the National Reform Agenda, Australian and state/territory governments have identified increased workforce participation, particularly among those groups that currently have low participation rates such as the mature aged, women with child raising responsibilities and people on welfare, as one strategy to help meet the challenges of an ageing population (COAG 2006). Flexible working time arrangements, particularly access to part time employment, is one approach to lifting workforce participation levels.

The impact of part time work on labour force participation is particularly relevant to these policy discussions. This paper identifies issues concerning involuntary part time employment, part time employment as a transition strategy to retirement and part time employment as a means of facilitating labour force participation for carers and people with a disability.

Involuntary part time employment

While most part time employees indicate that they want to work part time, over the last thirty years there has been an increase in involuntary part time employment. Involuntary part time employment increased strongly during the economic recessions in the early 1980s and 1990s, as well as the economic slowdown in 2001. During the subsequent economic expansions, the level of involuntary part time employment has remained elevated.

There has been no sustained or substantial decrease in the level of involuntary part time employment among women since it increased during the recession of the early 1990s. Around 20–25 per cent of women who are working part time would prefer to work more hours. Around 30–35 per cent of male part time workers would prefer to work more hours. In a period of low unemployment, investigating the possibility of fully engaging such workers assumes some importance.

Will greater labour market flexibility result in higher workforce participation?

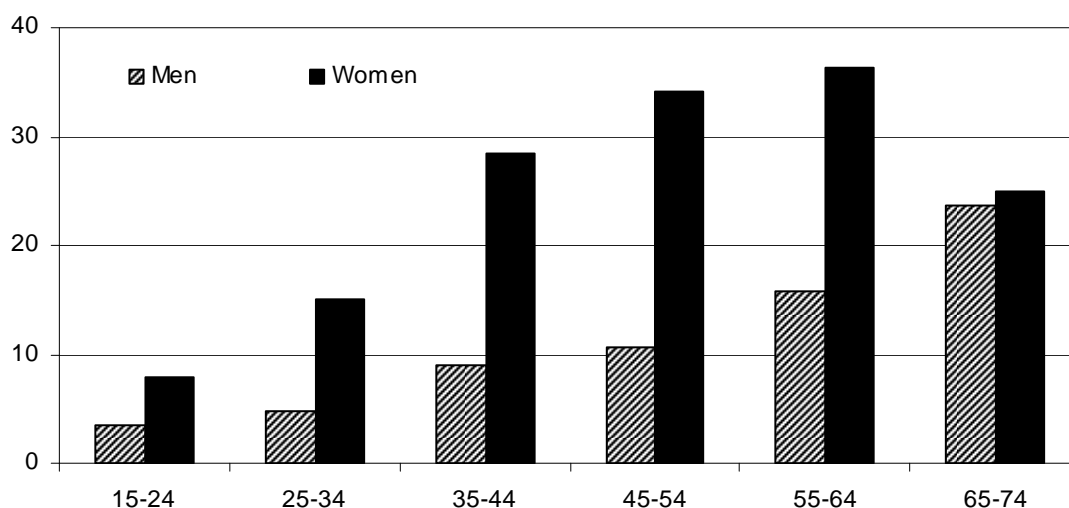
Much of the focus of labour market analysis in recent years has been on factors that influence workforce participation. While participation is traditionally measured as the share of the working age population in work, in this context a more useful measure might be in working hours per head of population of working age. This would highlight the issue of underemployment and involuntary part time employment.

There is also a considerable number of full time workers who wish to work part time and, reduce their involvement in work, taking into account the effect on their income. Indeed, data from the HILDA survey suggest that there were more than two workers who wanted to move from full time work to part time work for every part time worker who wanted full time working hours.

A greater share of female full time workers wish to work part time than male full time workers (figure 4). For both men and women, this share gradually increases as workers age, although for women there is some moderation among the oldest age group 65 – 74 years.

Figure 4 **Full time workers who want to work part time work among men and women, 2005**

Per cent of full time workers by age group



It is uncertain what the effect on aggregate hours worked would be if all workers were able to work their preferred hours. While the working hours of involuntary part time workers would increase, there is a greater number of full time workers who would prefer to reduce their working hours.

The presence of full time workers who have indicated a desire to work part time suggests that the labour market is not currently providing the flexibility desired by all workers. However, just because people are unsatisfied with their hours of work does not mean they are unsatisfied with their jobs or looking for another job. Factors including pay, location and the work environment are also relevant for overall job satisfaction.

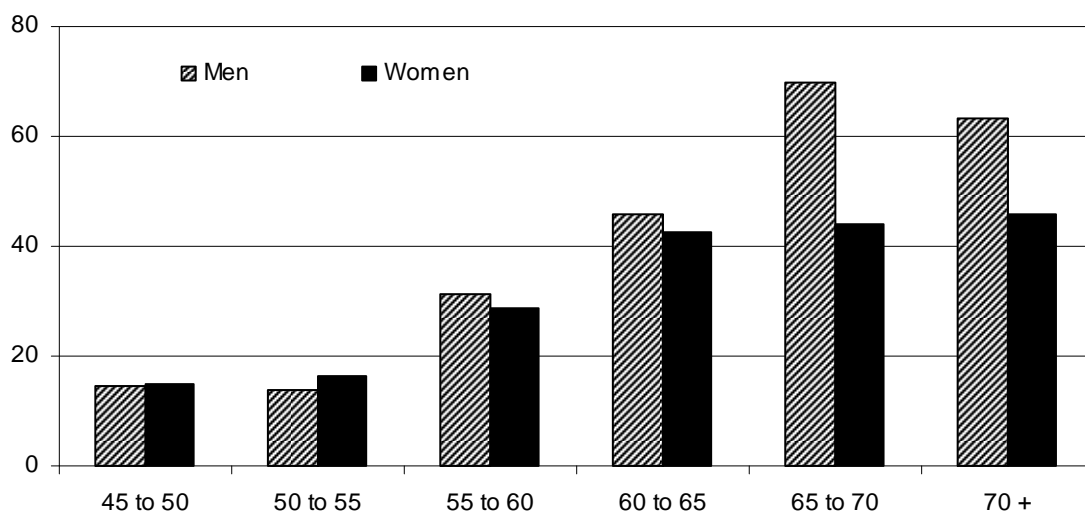
Part time work and the transition to retirement

Unlike other age groups, the main reason people 55 years and over are working part time is because they prefer part time to full time work. In particular, it is common for older workers to use part time work as a means of transitioning to retirement.

There is already a substantial share of part time work that is being used as a transition strategy to retirement (figure 5). With an ageing population, the proportion of the working age population in the labour force is expected to decline. However, wider availability of part time work could encourage older workers to stay in the workforce or to return to the workforce.

Figure 5 **Share of part time employment reflecting a transition to retirement strategy, 2003**

Per cent of part time workers by age group



A special supplementary to the HILDA survey examined retirement intentions and strategies that people are using to transition to retirement. Slightly over 40 per cent of the people, who changed from full time work to part time work as a means of transitioning to retirement, indicated that they would not be working if they were obliged to work full time.

This finding indicates that changes in working arrangements enabling people to work part time may encourage greater workforce participation among older Australians. But there is also a prospect that policies designed to facilitate people to delay retirement may have unintended impacts. Nearly 60 per cent of older workers using part time work as a retirement transition indicated that they would have continued working if part time work were not available. That is, they would have remained in their pre-transition to retirement (full time) job. As such, it is unclear if removing any barriers to older workers working part time will result in an overall increase or decrease in aggregate hours worked. The effect on aggregate output will be also unclear.

But as discussed in PC (2007) raising labour force participation is not an end in itself. Rather providing flexible working arrangements, including the option of part time employment, which enable workers to vary their working hours more in accord with their underlying preferences will improve the community's wellbeing.

Part time work as a bridge to the workforce

Part time work also serves as a bridge for those who would find it difficult to participate full time in the workforce. Carers and people with a disability are less likely to be in the workforce than is the general population. If they are working, they are more likely to be in part time employment than is the general population. For instance, in 2003, 76 per cent of individuals aged 15–64 years without a reported disability were employed, of which 29 per cent of those who were employed worked on a part time basis. In comparison, around half (49 per cent) of all individuals with a reported disability were employed and 37 per cent of those employed worked part time.

For people with a disability, the probability of being in the workforce varies depending on how restrictive their condition is — people with the most severe conditions are the least likely to work and, if they are in work, are most likely to work part time. As such, access to part time work may improve the chances of people with a disability participating in the workforce — particularly for people with more restrictive conditions.

Are part time jobs ‘good’ jobs?

The increase in part time employment has generated debate about the nature of part time jobs. Employers have offered part time employment to improve flexibility and productivity in workplaces and, in some cases, to attract workers. Unions, in the early years, had concerns that the increase of part time employment threatened the continued growth of full time employment.

The early strong growth of part time employment was associated with a period of high unemployment, during the 1980s and early 1990s. For some commentators, part time employment came to be seen as underemployment and a form of employment available to jobseekers who would have preferred to be employed full time.

In more recent years, some of these concerns have abated, particularly where part time work is seen to be initiated by the worker for reasons of work-life balance. The traditional view of full time employment being the only ‘real’ employment has also been challenged. The last four decades have seen the entry into the workforce of groups who had a preference to combine employment with other activities.

Part time jobs have been criticised by some on the grounds that they are ‘poorer quality’ jobs providing limited skills development and career paths. This paper presents a detailed description of the characteristics of both part time workers and

part time jobs. And while there is evidence that examples of the most common stereotypes exist, no pervasive stereotype can be used to generalise the varied nature of part time employment.

Part time workers are less likely to receive training than full time staff. But on-the-job training is not always the only relevant factor for future employment outcomes. The growth of part time employment has assisted students by effectively lowering the opportunity costs of undertaking tertiary education and training. This can be more relevant to their long term career prospects than training offered by part time jobs. In addition, for part time workers transitioning to retirement, there may be only limited benefit in on-the-job training.

A key aspect of part time work that has been the subject of a great deal of research are wage levels relative to full time jobs. A simple comparison of part time and full time jobs reveals that, on average, male part time workers earn less per hour than full time workers and females earn similar wages. However, when factors including age, education, job tenure, industry of employment and occupation are taken into account, any difference is eliminated and in some studies even reversed.

There are, however, some differences in the ‘quality’ of part time jobs.

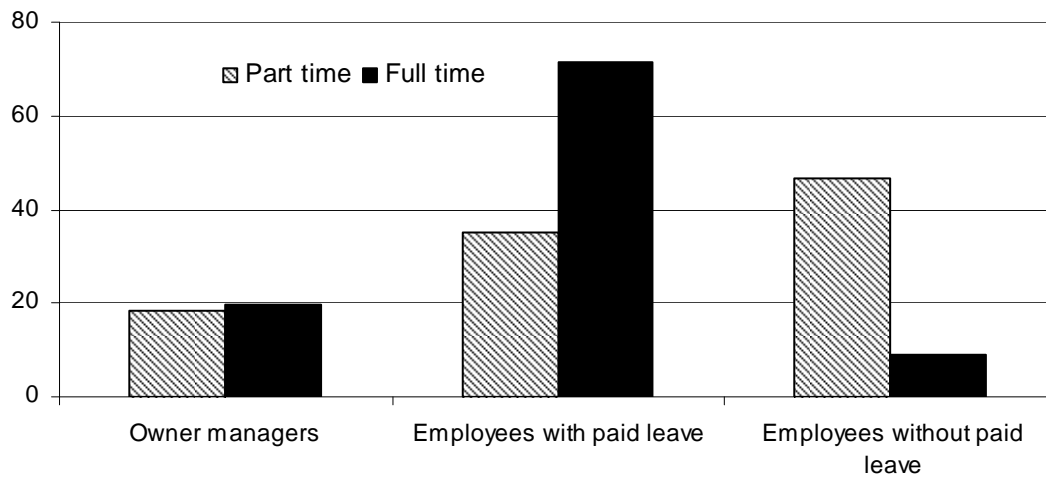
- Part time jobs generally involve less responsibility than full time jobs, and part time workers are less likely to consider their jobs as challenging.
- Part time workers are less likely to be promoted in any given year than full time workers of a similar age (figure 6).
- Part time workers are less likely to have access to some entitlements. For example, 37 per cent of part time employees have access to paid holiday and sick leave, compared to 89 per cent of full time employees. The breakdown of full time and part time workers into employees with paid leave, employees without paid leave, and owner managers is shown in figure 7.
- Part time workers are marginally more likely to have access to some other entitlements, including home based work and flexible start and finish times.

Notwithstanding these quality differences, data from the HILDA survey indicate that part time workers are as satisfied with their jobs as full time workers, although there are aspects of job satisfaction that differ. For example, part time workers are slightly less satisfied with job security and the nature of their work than full time workers. However, they have a higher level of satisfaction with their work hours and flexibility than full time workers and are equally satisfied with their pay.

Figure 6 Promotion among full time and part time workers, 1996–2002
Per cent of workers who were promoted in the previous year



Figure 7 Entitlements to paid leave for full time and part time workers, 2006
Percentages of the full time and part time workforces



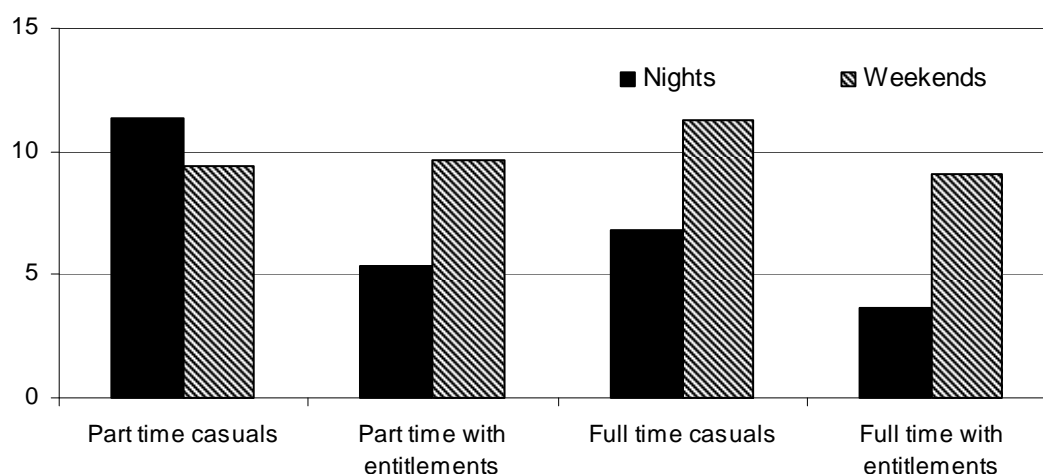
Part time work: flexibility for whom?

Over the past three decades, there has been an increasing requirement for businesses to become more flexible to respond to competitive pressures and consumer demands. The introduction of new technology to monitor sales and stock levels has allowed businesses to more accurately schedule their labour requirements, including using part time workers to better accommodate peaks in demand. The growth in the part time workforce has also helped industry respond to changing consumer

demands for service during non-standard hours. While it is difficult to predict future changes, it is likely that there will be an ongoing need for such workplace flexibility. It is important, therefore, to understand the role of part time work in providing this flexibility.

One dimension of flexibility facilitated by part time employment concerns days on which employees work. For example, part time workers are twice as likely as full time workers not to have regular days of the week for work (20 and 10 per cent respectively). Part time employees who are employed on a casual basis are more likely to work night shifts (figure 8).

Figure 8 Prevalence of weekend and night work, 2005
Per cent of workforce by employment type



From the individual's point of view, part time work can enable work to be combined with non-work activities, thereby achieving a better balance between work and family life. In this regard, part time workers in the HILDA survey indicated that they were more satisfied with their home lives in a range of indicators compared to full time workers. And part time workers were slightly less likely to report that their jobs had a negative impact on their parenting, or on the quality or quantity of their family time.

How much does part time work contribute to household budgets?

For many households, the contribution to the household budget from part time work is reasonably modest. However, for some households, and during specific times of the life cycle, part time work can play a major role in household finances.

Where single parents work part time, income from part time employment makes a significant contribution to household budgets. While part time work is typically the only source of wages for these households, households with children also obtain significant income from government transfers. In prime age, two parent households with at least one parent working part time, around 20–30 per cent of household income is derived from part time work.

The three household types most reliant on part time income are dependent students, lone adults, and older workers. For example, for lone workers aged 55–64 years, over half of the household income on average is sourced from part time work.

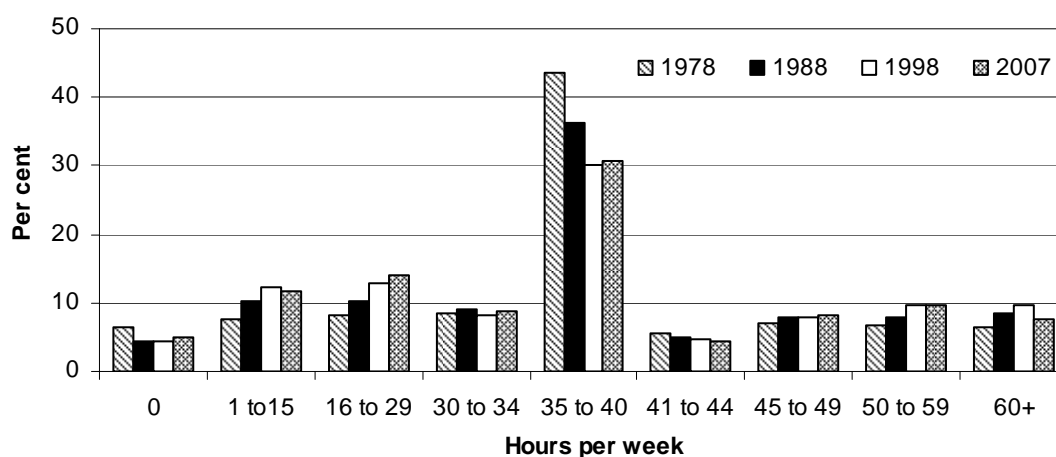
1 Introduction

One of the most significant changes to the Australian workforce over the last forty years has been a shift away from the ‘standard working week’ (35–40 hours per week). While around 45 per cent of the workforce worked the standard working week in 1978, the proportion had dropped to 30 per cent by 2007 (figure 1.1).

Almost all of this shift is explained by a large increase in part time work¹ — from about 15 to 29 per cent of the workforce over the last forty years. Although such increases have been a feature of many developed economies, the rate of part time work in Australia is high relative to most other OECD countries.

This has generated debate about the reasons underlying the growth in part time employment and about the ‘quality’ of part time jobs. The debate includes those that focus on the capacity of the labour market to respond to and accommodate changing preferences for work allowing a better match of employer and worker needs and preferences (see, for example, Wooden 2001, Wooden and Drago 2007).

Figure 1.1 **Changes in the distribution of working hours, 1978–2007**
Per cent of workers



Data source: ABS (*Labour Force, Australia detailed — electronic delivery*, Cat. no. 6291.0.55.001, table 9).

¹ Under the definition used by the ABS labour force survey, a worker must usually work less than 35 hours a week and actually work less than 35 hours in the week before the survey to be classified as part time. If the worker usually works 35 or more hours a week they are classified as full time regardless of the hours they actually worked.

Others (see, for example, Pocock, Buchanan and Campbell 2004) see part time jobs as often providing inferior wages and conditions such as training, career paths and employment security. Moreover, during the 1990s more than half of part time employees were employed on a casual basis. Concerns raised regarding the working conditions associated with the casualisation of the workplace (Buchanan 2004; Watson 2004), therefore, had relevance for a large share of part time workers.

In addition, unions and employers had quite different views of part time employment during the 1970s and 1980s. Unions generally opposed the growth of part time employment, which they saw as a threat to full time employment (Romeyn 1992). Employers have generally welcomed the increase in part time employment — seeing it as providing greater scope for improved flexibility and productivity in workplaces as well as meeting the changing preferences of workers (ACCI 2003).

Concerns about part time work resulted in the introduction of measures intended to restrict the growth of part time employment. This included award restrictions on the number of part time employees and the establishment of industrial relations processes to be observed by employers when introducing part time working arrangements.

In recent years, these concerns have moderated, particularly where part time work is seen to be initiated by workers — for example, to facilitate returning to work following maternity leave or to provide a transition to retirement. But part time work remains an ambiguous labour market state for some observers — better than being unemployed but not as good as being in full time employment. To be able to assess the validity of these views, up to date information on part time work is required.

The next section provides a snapshot of the characteristics of part time workers, where they work and what they do and earn.

1.1 A snapshot of part time employment

The rise of part time employment among men and women

In 1966, there were 125 000 men and 350 000 women working part time. Just over forty years later in 2007, the number of men working part time had increased to 845 000 and the number of women working part time increased to just over 2 million. While the gender composition of part time employment has fluctuated over the period, it has not changed substantially. In the late 1960s, women accounted for around 75 per cent of part time workers, this increased to 80 per cent in the 1980s before falling back to around 72 per cent after 2000.

In 2007, women (aged 25–54 years) made up the largest share (44 per cent) of the part time workforce (table 1.1). Younger workers (aged 15–24 years), both male and female, accounted for the next largest share of the part time workforce. Over 10 per cent of the part time workforce was aged 55–64 years.

Table 1.1 Composition of the part time workforce by age and gender, 2007

Per cent of male and female workers by age group

<i>Age range</i>	<i>Men</i>	<i>Women</i>	<i>Total</i>
15–24 years	11.6	16.0	27.6
25–54 years	10.6	44.1	54.7
55–64 years	4.4	9.0	13.4
64 years and over	2.5	1.8	4.3
Total	29.1	70.9	100.0

Source: ABS (*Labour Force, Australia detailed — electronic delivery*, Cat. no. 6291.0.55.001, January 2008, table LM1.).

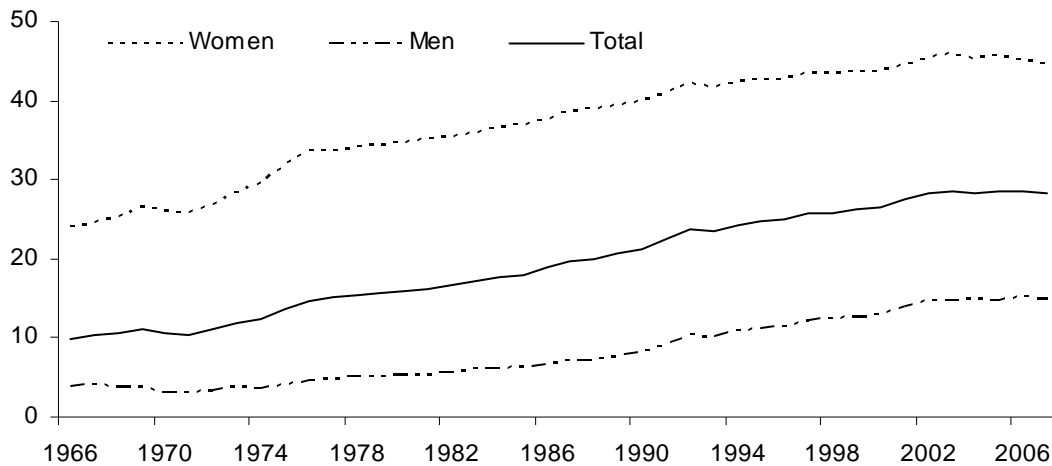
While strong growth has been a feature of part time employment for both men and women, the share of part time employment among women remains far higher than that for men (figure 1.2). In 1966, 24 per cent of women’s employment was part time; by 2007 this had increased to 45 per cent. In 1966, 4 per cent of men’s employment was part time, compared to 15 per cent today. Since 2003, the growth in the share of part time employment has plateaued for both men and women. The reasons for the growth in the part time share of employment and the recent flattening of growth are discussed in Chapter 4.

While both men and women experienced a large rise in part time employment, this increase has been associated with markedly different movements in other labour market aggregates (figure 1.3). The growth of male part time employment as a share of the male working age population, from 3 per cent in 1966 to 10 per cent in 2007, has been associated with a fall in the share of the male working age population in full time employment, from 80 to 59 per cent over the same period.² At the aggregate level there appears to have been a partial substitution of part time for full time employment among men.

² Employment to population ratios are used to take account of the growth in the working age population over such a long period. If shorter periods of up to several years were considered, the underlying growth of the population could be ignored. Using employment to population ratios means that the percentage increase in employment needs to be as fast as the increase in the relevant population to ensure that the ratio does not fall.

Figure 1.2 Share of those employed over 15 years working part time, 1966–2007

Per cent of employment

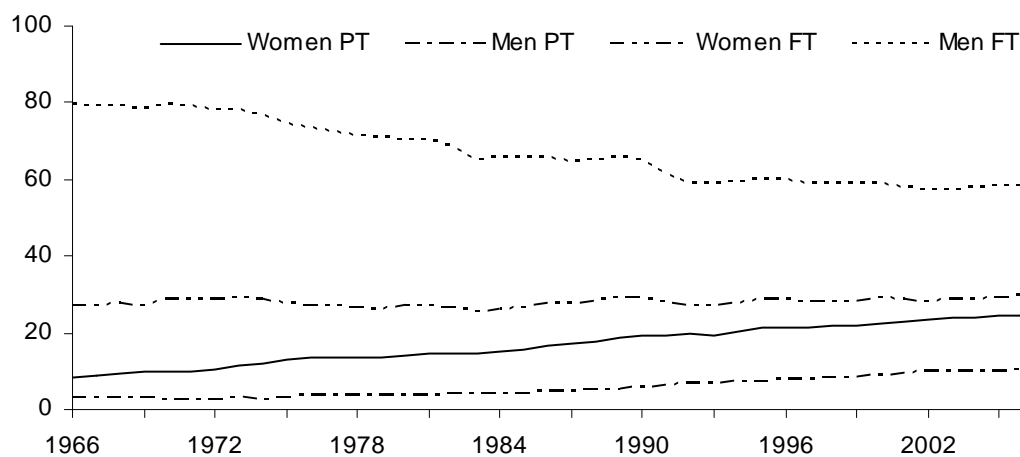


Note: There are no data for 1978. Data for that year has been interpolated from 1977 and 1979 data.

Data sources: ABS (*Labour Force, Australia detailed — electronic delivery*, Cat. no. 6291.0.55.001, table LM8); ABS (*Labour Force Historical Timeseries, Australia 1966–84*, Cat. no. 6204.0.55.001, table 4).

Figure 1.3 Share of the population over 15 years working part and full time, 1966–2007

Per cent of persons



Data sources: ABS (*Labour Force, Australia detailed — electronic delivery*, Cat. no. 6291.0.55.001, table LM8); ABS (*Labour Force Historical Timeseries, Australia, 1966–84*, Cat. no. 6204.0.55.001, table 4).

Female part time employment as a share of the female working age population has also grown, from 8 per cent in 1966 to 25 per cent in 2007 (figure 1.3). This is in the context of a small increase in the share of the female working age population in full time employment, from 27 per cent in 1966 to 30 per cent in 2007. Thus, the growth of part time employment has been a key reason underpinning the expansion of women’s labour market activity over the past forty years. This key difference in the experience of men and women is discussed in subsequent chapters.

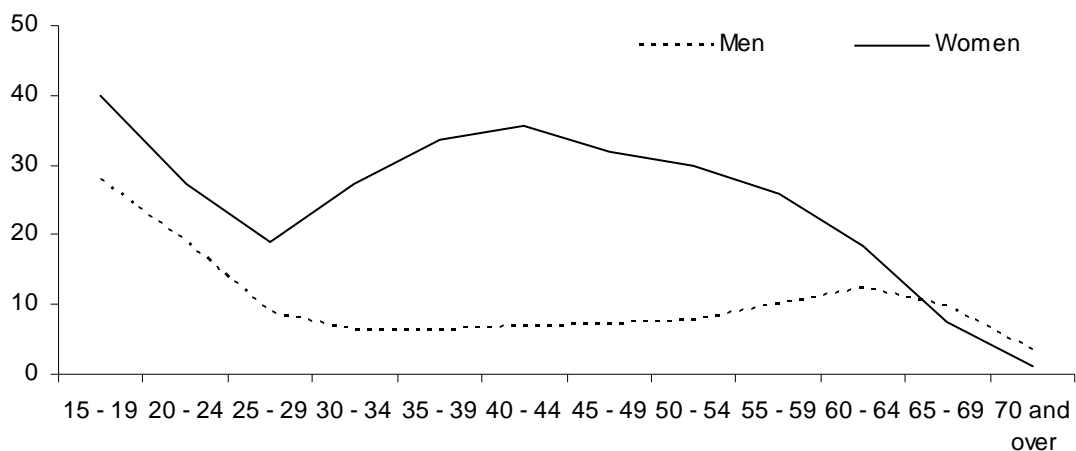
The age profile of part time employment

Part time employment is more common among younger workers and older male workers (figure 1.4). It is also more common among women who are of an age to have child rearing responsibilities.

The differing experiences of demographic groups with regard to part time employment are key features for understanding the level of part time employment. Consequently, their experiences with part time employment serves as basic themes in the following chapters.

It is worth noting that figure 1.4 only shows the levels of part time employment for age groups in 2006. It is a snapshot in time and does not show what the levels were for older workers in their younger years. Nor is it likely that future levels of part time employment for today’s younger workers will be the same as those for today’s older age groups. The issue of the changing age profile of part time employment for differing generations of workers is taken up in Chapter 3.

Figure 1.4 Share of population aged over 15 years working part time, 2006
Per cent of persons



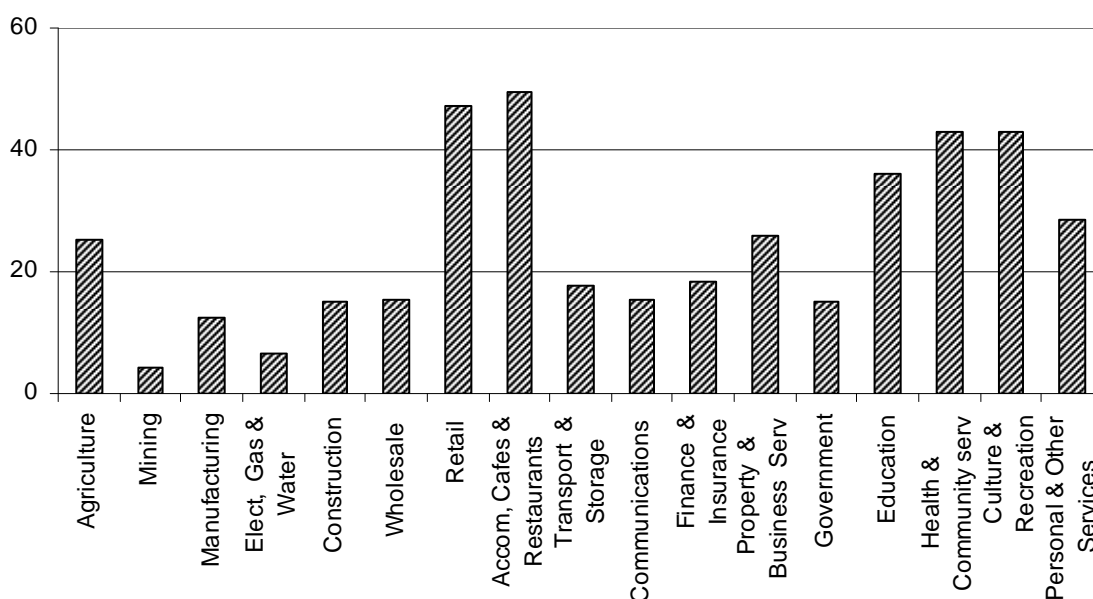
Data sources: ABS (*Labour Force, Australia detailed — electronic delivery*, Cat. no. 6291.0.55.001, table LM8); ABS (*Labour Force Historical Timeseries, Australia, 1966–84*, Cat. no. 6204.0.55.001, table 4).

The industry composition of part time employment

The service sector³ has the largest share of part time workers (figure 1.5). Part time employment represents more than 40 per cent of employment in retail, accommodation, cafes and restaurants, health and community services, and culture and recreation. Conversely part time employment is lowest in industries such as mining, electricity, gas and water, manufacturing, and communications.

The service sector, in particular, has made extensive use of part time workers to provide the workplace flexibility required to meet its competitive requirements — for example, the adoption of extended shopping hours. Industries such as mining, manufacturing, electricity, gas and water and communications may have more limited opportunities for part time employment where production schedules are geared towards full time shift work in order to maximise the use of the large amounts of capital employed.

Figure 1.5 Part time employment as a share of industry employment, 2006
Per cent of workers by industry

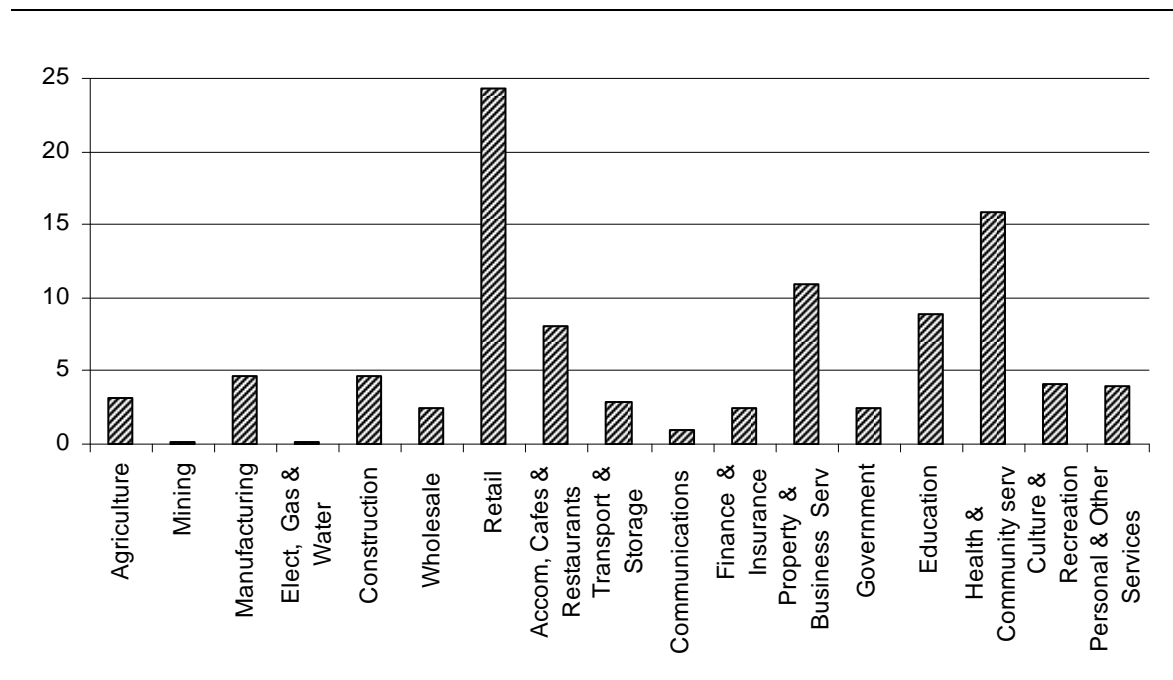


Data source: ABS, (*Labour Force, Australia detailed, Quarterly*, Cat. no. 6291.0.55.003, Datacubes EO5_nov84 and E06_aug94).

³ The service sector includes retail trade, health and community services, culture and recreation, accommodation, cafes and restaurants, education and property and business services.

The level of aggregate part time employment is not only affected by the levels of part time employment within industries, but also the share of overall employment in industries. For example, while the share of part time employment is low in mining, this will have little affect on the overall aggregate share of part time work because mining employs relatively few workers, either part time or full time. Figure 1.6 below presents the distribution of part time employment across industries.

Figure 1.6 Industry shares of aggregate part time employment, 2006
Per cent of part time workers



Data source: ABS, (*Labour Force, Australia detailed, Quarterly*, Cat. no. 6291.0.55.003, Datacubes E05_nov84 and E06_aug94).

Occupations, skill levels and contract types among the part time employed

The occupational spread of part time jobs differs from that of full time jobs. The Australian Standard Classification of Occupations (ASCO) classifies jobs into nine occupational groups and five different skill levels. Occupational groups are ordered from the highest skill requirements in ASCO skill level one to those with the lowest skill requirements in ASCO skill level five. Table 1.2 shows the distribution of part time and full time workers across ASCO occupational groups in skill levels one to five.

Table 1.2 **Distribution of workers by ASCO occupation and skill level, 2006**

Per cent of workers

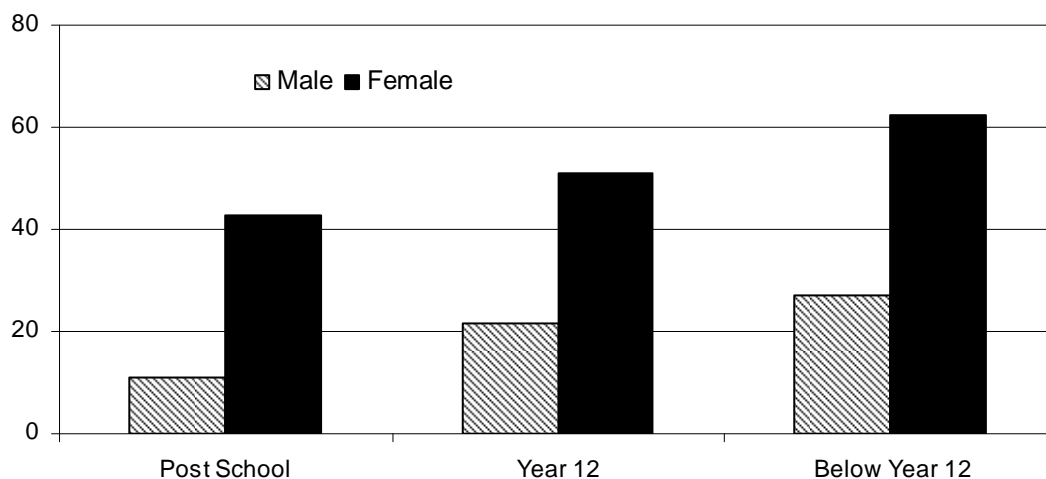
<i>ASCO occupational groups and skill levels</i>	<i>Part time</i>	<i>Full time</i>
<i>Skill level 1</i>		
Managers and administrators	2.8	10.6
Professionals	16.3	20.6
<i>Skill level 2</i>		
Associate professionals	7.7	14.6
<i>Skill level 3</i>		
Tradespersons and related workers	4.8	16.0
Advanced clerical and service workers	6.2	2.9
<i>Skill level 4</i>		
Intermediate clerical and service workers	23.1	13.9
Intermediate production and transport workers	5.6	9.6
<i>Skill level 5</i>		
Elementary clerical and service workers	21.0	4.8
Labourers and related workers	12.6	7.1
Total	100.0	100.0

Source: ABS (*Australian Labour Market Statistics*, Cat. no. 6105.0, table 2.4).

In broad terms, part time workers are underrepresented in higher skill levels (one, two and three), and generally overrepresented in lower skill levels (four and five) relative to full time workers. But this is not consistent across all occupational groups. Professionals make up a high share of part time workers (16.1 per cent). And at lower skill levels, intermediate production and transport workers comprise a larger share of full time workers than part time workers.

Part time work is also more common among people with only a high school education than people with post school qualifications (figure 1.7). While 11 per cent of men with post school qualifications worked part time, over 20 per cent of men with no post school qualifications worked on a part time basis. While women with less education are more likely to work part time than those with additional qualifications, women with post school qualifications are much more likely to be working part time than men who have not completed high school.

Figure 1.7 Part time work by highest level of education completed
Per cent of workers by highest level of education who are working part time



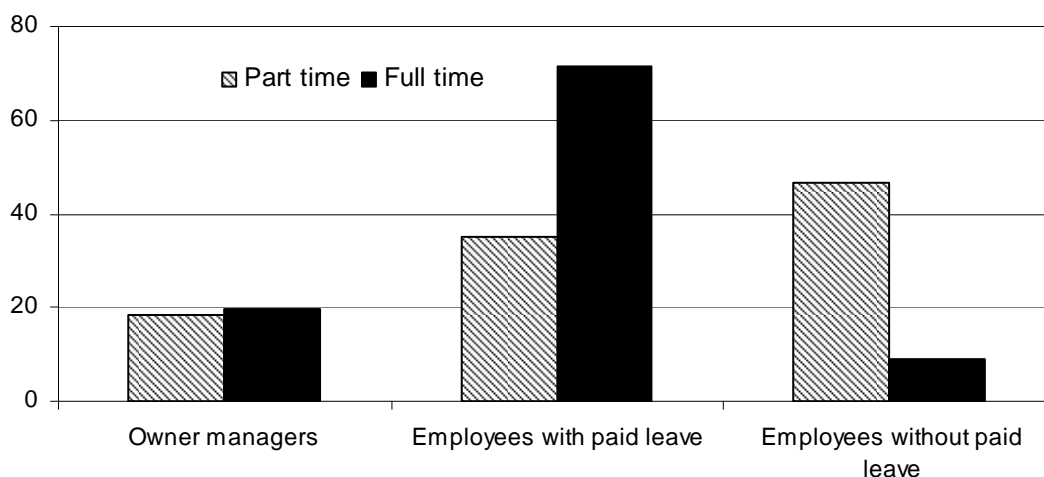
Data source: HILDA 2007 Release 5.1 (weighted data).

Part time employees are more likely to be employed on a casual basis compared to full time employees. ABS statistics show that 57 per cent of all part time employees are casually employed, in the sense that they do not have access to paid holiday and sick leave (ABS 2008a). This group comprises 46 per cent of all part time workers including owner managers of businesses. By contrast, employees without paid leave entitlements make up 11 per cent of full time employees, or 9 per cent of full time workers including owner managers. Figure 1.8 shows the breakdown of part time and full time workforces into employees with paid leave, employees without paid leave, and owner managers.

There appears to be a strong link between part time work and casual work, as two thirds of all casual employees worked part time hours (ABS 2008a). Accordingly, the factors affecting casual employment should be considered when analysing the level and growth of part time work. However, as a recent Productivity Commission study examined changes to different forms of employment (PC 2006) — including casual employment — this study focuses on aspects of casual employment that are directly relevant to changes in part time work.

Figure 1.8 Entitlements to paid leave for full time and part time workers, 2006

Percentages of the full time and part time workers



Data source: ABS (Australian Labour Market Statistics, Cat. no. 6105.0, table 1).

The wages and household income of part time workers

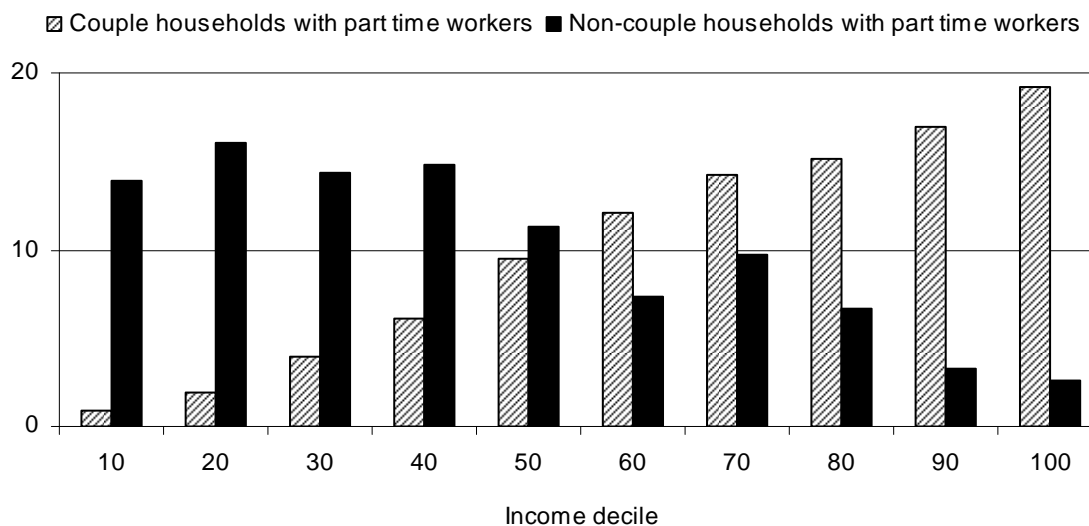
In 2006, part time workers were paid around 93 per cent of the hourly wage of full time workers (ABS 2007a; 2007j). This outcome is primarily due to the gap between the mean hourly pay of male part time workers compared to male full time workers (around 88 per cent in 2006). In contrast, female part time and full time workers received a similar wage rate in 2006 (around 99 per cent of the full time wage rate).

Couple households⁴ with one or more part time workers generally earn above the median household income (figure 1.9). Nearly two-thirds of couple households with one or more part time workers belonged to the top four income deciles in 2006.

In contrast, non-couple households with one or more part time workers are more likely to earn less than the median household income. Only one in five non-couple households with part time workers were found in the top four income deciles. Therefore, while only a small share of part time workers live in low income households, these part time workers are more likely to be in non-couple households than in couple households.

⁴ Couple households are households where there is a couple (either in a registered marriage or a de facto relationship) living in the household. All other households are classified as non-couple households and include, for example, households with only one individual, lone parent households and group households where no couple is present.

Figure 1.9 **Distribution of disposable income of households with part time workers, 2005^a**



^a Income deciles for all households are calculated by ranking households from lowest to the highest on the basis of household income and then dividing them into ten equal sized groups. The percentage of each type of household that is in each income decile is calculated. Observations above 10 per cent indicate a household group is over-represented in the income decile and observations below 10 per cent indicate a household is under-represented in an income decile.

Data source: HILDA 2007 Release 5.1 (weighted data).

1.2 Why part time employment is of policy interest

Many aspects of part time employment have implications for government policy settings. Some have been highlighted by debate about the ageing of the population and the development by the Council of Australian Governments of a National Reform Agenda. Debate on these issues has identified a need for Australia to sustain economic growth in order to maintain living standards in the face of a decline in the proportion of the population of working age and an increase in government expenditure on health and aged care.

Increased workforce participation — particularly among those groups that currently have lower participation such as prime age women, the mature aged, and people on welfare — has been identified as one way of meeting these challenges. These groups tend to have high rates of part time employment. In turn, flexible working arrangements, particularly part time employment, has been identified as a way of increasing workforce participation.

An understanding of part time employment is also relevant to other policy objectives, for example:

- part time employment is often the point of interaction between the income support system and the labour market. It provides an important contribution to many household budgets. It is useful, therefore, to consider the overall welfare of households that contain part time workers; and
- the growth in the part-time workforce has helped industry to respond to changing consumer demand for service during non-standard hours, and to better cope with peaks in demand. It seems unlikely that there will be a reduced requirement for such flexibility in the foreseeable future. It is important, therefore, to understand the role of part time work in providing this flexibility.

This paper seeks to help policy formulation in these areas by providing information and analysis on a range of issues relating to part time employment in Australia.

More specifically, this paper:

- describes the characteristics of part time workers and part time jobs;
- provides a comparison of part time work in Australia and overseas;
- provides an assessment of the prevalence of part-time employment and reasons for its growth over the past three decades, in particular the relative contributions of demand and supply factors;
- identifies those groups in the community that tend to work part time and the industries where part time employment is relatively common; and
- describes the importance of part time work as a source of household income.

1.3 Structure of the paper

Chapter 2 provides an international overview of part time employment, so as to place the Australian experience in a broader context. Chapter 3 describes and isolates the nature of the changes in part time employment over the past forty years. The growth in part time employment can be explained by demand and supply side factors operating in the labour market. Chapter 4 provides an account of demand side explanations while Chapter 5 describes the supply side explanations.

Chapters 6, 7 and 8 describe the interplay of factors underpinning the growth in part time employment among young workers, prime age workers and older workers respectively. Chapter 9 examines the association of part time employment with non life cycle factors such as people with disabilities and people caring for those with health problems or disabilities.

While most workers achieve their desired number of working hours, there are some who do not. Of particular relevance are part time workers who want to work more hours or full time workers who want to work fewer hours. In Chapter 10, the reasons behind the disjunction between desired and actual work hours and the implications for part time employment levels are examined.

The detailed characteristics of part time workers and their motivations for working part time are examined in Chapter 11. Chapter 12 provides an account of the wages associated with part time jobs and describes the extent and manner by which they may differ from full time jobs. The paper's findings and suggestions for future research are outlined in the final Chapter.

2 International comparisons of part time work

How does part time work in Australia compare with part time work in other countries? This Chapter outlines Australia's experience of part time work within an international context. Specifically, it compares the level of part time work in Australia to that of other OECD countries. It also investigates other aspects of part time work across OECD countries such as the working hours of part time workers, and the incidence of part time work by different demographic groups.

Comparing the levels of part time work across countries is confounded by the different definitions and measurements used by countries. Several researchers have drawn attention to the various differences in what constitutes part time work in different countries (see, for example, de Neubourg 1985; OECD 1997).

Among OECD countries, the main areas in which definitions differ include:

- whether working hours are measured as 'actual hours' in the survey week, or 'usual hours' averaged over a longer period;
- whether the working hours from multiple jobs are acknowledged, or whether working hours refer only to a person's main job;
- the final classification rule for part time work, for example, fewer than 30 hours per week, fewer than 35 hours per week, or based on self assessment.

The ABS defines part time employment in Australia as working fewer than 35 hours per week. Workers are considered part time if their usual and actual weekly hours are both less than 35 hours.

The diversity of definitions of part time work and its impact on international comparisons are discussed further in section A.1 of Appendix A. This Chapter attempts to employ common definitions and measurements of part time employment where possible, or if this is not possible, those definitions and measurements which minimise any distortions in the international comparisons. Still, care should be taken in interpreting cross-national comparisons of part time work.

Data and method

This study uses the OECD data for work hours contained in Usual Hours Worked by Weekly Hour Bands (OECD 2007a). In order to make international data more comparable with Australia, the Chapter measures part time work in each country as consisting of fewer than 35 hours per week.

In order to account for the variety of definitions used internationally, the analysis includes alternative definitions of part time work as in Lemaitre, Marianna and van Bastelaer (1997). Additional comparisons are made using the national definitions of part time work (OECD 2007b) and a common definition of fewer than 30 weekly hours (OECD 2007c). The full results from these additional comparisons are contained in Appendix A.

Most of the data regarding work hours in OECD countries is based on usual hours worked in the main job. However, none of the measures available from the ABS for Australia is directly comparable to this measure. This Chapter uses the measure of actual hours in all jobs from the ABS as it is the measure used for Australian data by the OECD.¹ To make the analysis more complete, comparisons are also made using the ABS data referring to actual hours in the main job and usual hours in all jobs (ABS 2007b), and results from these comparisons are in Appendix A.

This Chapter also adjusts the part time rates of countries by taking into account the differences of age and gender structures in the workforces of countries. This aids the interpretation of international comparisons by accounting for many of the demographic factors affecting part time rates while leaving those differences that may be the result of behavioural and institutional differences between countries.

2.1 The prevalence and growth of part time work

In Australia, 35.5 per cent of the workforce worked less than 35 hours per week in 2006.² While Australia's ranking differs according to the measure used, it appears

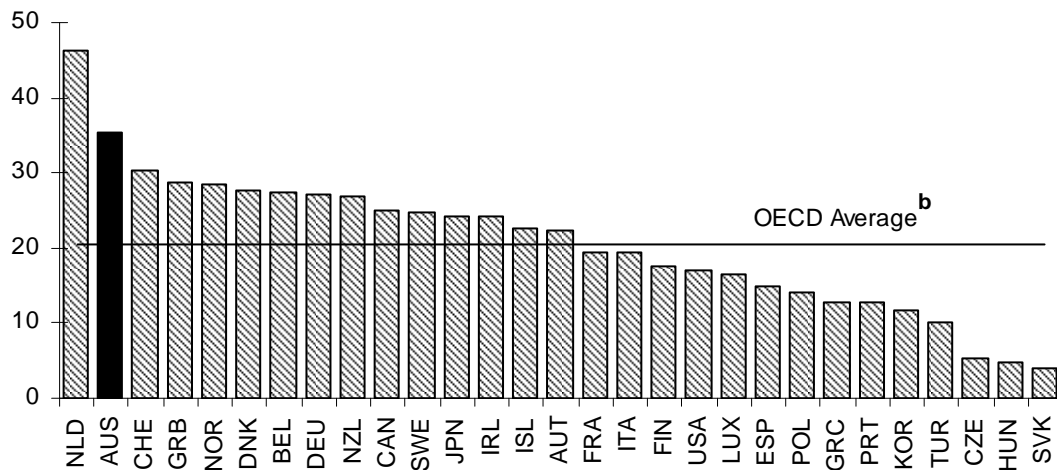
¹ In the OECD datasets for individuals working fewer than 30 hours per week and for individuals separated into discrete hour bands, the Australian data are presented as referring to usual working hours after 2000, and actual hours until that date. It was found by the authors of this paper and confirmed by the ABS that the data are consistent with actual working hours in all jobs as presented in *ABS Labour Force, Australia, Detailed — Electronic Delivery, February 2007 6291.0.55.001*.

² According to Australia's national definition, people who usually work less than 35 hours per week and actually worked less than 35 hours in the reference week, 28.6 per cent of Australia's workforce worked part time. A further dissection of the workforce shows that 29.6 per cent usually work part time hours, 35.5 per cent had actually worked part time hours during the survey week, and 36.6 per cent actually worked part time hours in their main job.

that part time work as a percentage of the workforce is higher in Australia than in most other OECD countries, regardless of the measure used. The rankings of countries are also shown to differ only slightly under different definitions of part time work (table A.1 in Appendix A).

Figure 2.1 shows the level of part time work in 2006, where part time work refers to persons working fewer than 35 hours per week. Countries vary in their use of part time work, ranging from less than five per cent to over forty-five per cent. Australia ranks behind only the Netherlands in terms of the part time work rate, although it has a much lower rate of part time work than the Netherlands.

Figure 2.1 Part time workers as a per cent of all workers, 2006
Less than 35 weekly hours



^a Rate of part time work in Australia is calculated using actual hours in all jobs, and is taken from the OECD dataset. ^b OECD average is based on 29 countries for which data were available in 2006, weighted by workforce size.

Data source: OECD (*Usual Hours Worked by Weekly Hour Bands*, 2007).

The use of alternate definitions of part time work clarifies some cross-national comparisons. For example, previous comparisons by the OECD (1997 and 2003) placed Japan in the top five users of part time work, in a similar range as Australia. Yet, when comparisons are made on the basis of common 30 and 35 hour cut-offs as opposed to national definitions, Japan is shown to rank 14th and 12th respectively (table A.2).

In summary, by any measure, Australia currently has a relatively high level of part time work compared to other OECD countries. And while changing definitions leads to considerable changes in the size of the part time work rates for some OECD countries, Australia's rank alters only slightly.

Part time hours

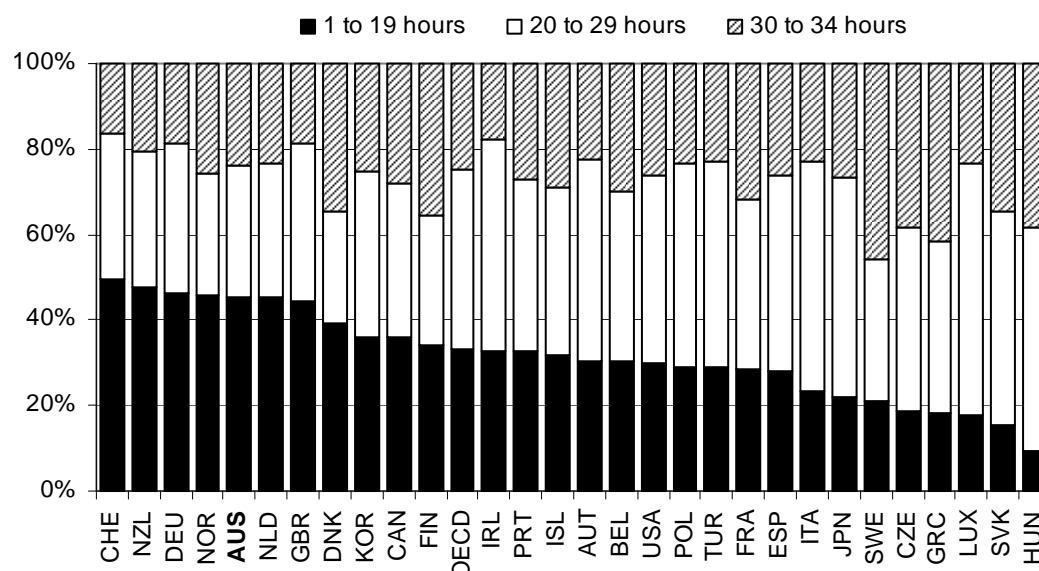
While part time employment involves fewer hours than full time employment, there remains a wide range of weekly hours within part time employment. Indeed, the distribution of weekly working hours within the part time workforce differs considerably between countries. By comparing these distributions, it is possible to see how the use of part time employment varies in intensity between countries. This indicates how the experiences of part time employment may be different between countries even when their overall levels of part time employment are similar.

Figure 2.2 shows the proportions of the part time workforce divided according to the number of hours worked per week in 2006. Almost half of Australia's part time workforce works fewer than 20 hours per week, and less than one quarter works 30–35 hours per week. The distribution in Australia appears to be similar to that of the Netherlands, Switzerland, the United Kingdom, New Zealand and Norway.

It appears to be more likely for countries with higher part time work rates to have more part time workers working less than 20 hours per week. Countries such as Japan and the United States have almost half of their part time workforces working 20–29 hours, and close to one quarter working less than 20 hours.

Figure 2.2 **Part time workforce by weekly hours^a, 2006**

Per cent of part time workers



^a Data for Australia, Korea and Poland refer to actual hours. For other countries, data refer to usual hours. OECD average is based on 29 countries for which data were available in 2006, weighted by workforce size.

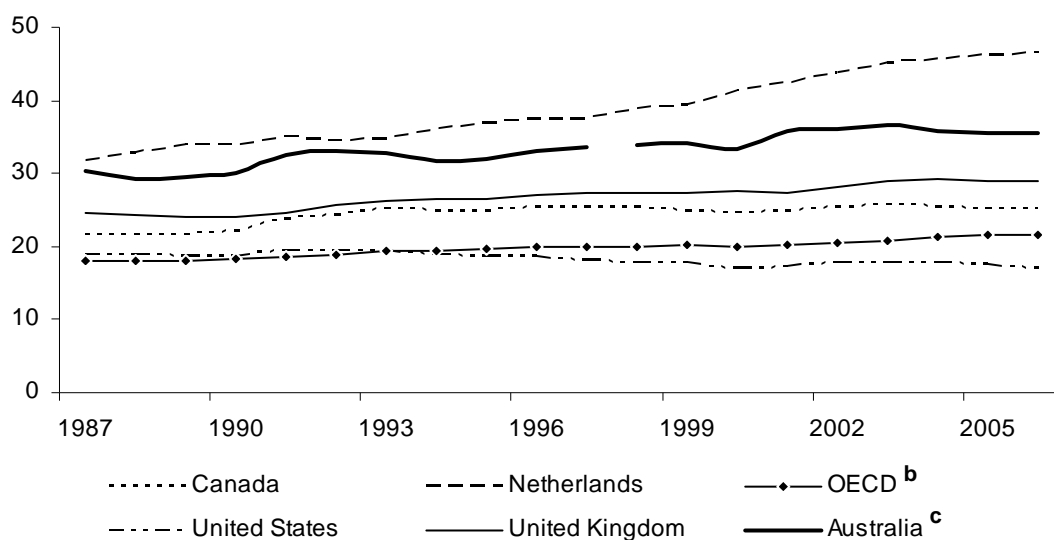
Data source: OECD (*Usual Hours Worked by Weekly Hour Bands*, 2007).

Historical trends in part time rates

The measured growth of part time work in Australia is heavily influenced by the choice of definition. Under the national definition, Australia's part time employment as a share of total employment has grown from 19.7 per cent in 1987 to 28.6 per cent in 2006. By contrast, persons who worked fewer than 35 hours in the survey week comprised 30.3 per cent of the workforce in 1987, compared to 35.5 per cent in 2006.

Over the same period, countries such as Ireland, Spain, and Germany have doubled the part time proportions of their respective workforces. In contrast, the United States, Sweden, and Denmark all experienced slight decreases in part time work. Figure 2.3 shows comparisons of part time work between Australia and several OECD countries.

Figure 2.3 **Part time work^a as a per cent of all workers, 1987–2006**
Common 35 hour cut-off, per cent



^a Part time work refers to work with fewer than 35 hours per week. ^b OECD average is based on countries for which data were available in from 1987–2006, and is weighted by workforce size. Countries include Australia; the Netherlands; the United Kingdom; Denmark; New Zealand; Sweden; Canada; Japan; the United States; France; Belgium; Germany; Ireland; Italy; Luxembourg; Portugal; Greece; Spain. ^c Australia experiences a series break at 1997–98 in the OECD data, due to the inclusion of persons older than 65.

Data source: OECD (*Usual Hours Worked by Weekly Hour Bands*, 2007).

Using the 35 hour cut-off and actual working hours, Australia's part time employment annual growth rate varied between -3 per cent in 1994 to 8 per cent in 1992, averaging 0.9 per cent per annum over the period 1987–2006. The OECD average for annual growth for this period of the part time rate was also 0.9 per cent.³

2.2 Comparisons based on gender

Across OECD countries, part time work is dominated by women. Over 60 per cent of part time workers in Australia are female. Nonetheless, Australia is ranked towards the bottom of the OECD in terms of female concentration of part time work. Table 2.1 shows the proportion of the part time workforce in Australia that is female, and Australia's ranking against other OECD countries (table A.3 contains full results). This relatively low concentration of female part time work can occur either because of a low rate of female part time work or a relatively high rate of male part time work.

Table 2.1 also shows that women dominate each of the three discrete hour bands of part time employment. In Australia, twice as many women than men work part time hours, except in the 30–34 hour band where women comprise around 58 per cent of the relevant part time workforce.

Table 2.1 **Gender share of part time work, 2006**

<i>Definitions</i>	<i>Per cent of part time workers who are female</i>	<i>Rank^a</i>
	%	No.
Less than 35 weekly hours	62.2	26 th
1–19 weekly hours	67.3	21 st
20–29 weekly hours	67.3	24 th
30–34 weekly hours	57.6	27 th

^a Rank is calculated using 29 OECD countries for which data were available in 2006.

Source: OECD (*Usual Hours Worked by Weekly Hour Bands*, 2007).

³ The OECD average is a weighted average of the proportions for Australia; the Netherlands; the United Kingdom; Denmark; New Zealand; Sweden; Canada; Japan; the United States; France; Belgium; Germany; Ireland; Italy; Luxembourg; Portugal; Greece; Spain — these countries where OECD members over the entire period.

Part time work in the male and female workforces

Australia has a high proportion of its working women in part time work compared to most other OECD countries — 51.5 per cent of the female workforce by the 35 hours cut-off, which is well above the OECD average (33 per cent). Australia ranks behind the Netherlands and Switzerland, and at a similar level to Germany and the United Kingdom. Table A.4 shows the prevalence of part time work as proportions of the male and female workforces in 2006.

Australia has also one of the highest male shares of part time employment in the workforce by the 35 hours cut-off at 22.5 per cent, whereas the OECD average is 10.4 per cent. The closest ranking countries are the Netherlands (23.2 per cent) and Canada (15.3 per cent).

Australia also differs from other OECD countries with regard to discrete weekly hour bands. For women, Australia ranks 3rd and 7th in the 1–19 and 30–34 hour bands respectively. In the 20–29 hour band, Australia ranks 11th. This suggests that Australia's relatively high rate of part time work among women may be largely due to the number working 1–19 and 30–34 hours per week.

For men, Australia ranks 2nd to the Netherlands within the 1–19 and 30–34 hour bands. Australia ranks 1st ahead of Japan in the 20–29 hour band, while the Netherlands drops to 4th. This suggests that relative to other countries, Australia's high rate of part time work among men is relatively constant across each weekly hour group.

Overall, Australia and the Netherlands rank highly among OECD countries in terms of the prevalence of part time work among both men and women. For other countries, part time work rates are more likely to be highly ranked for one gender of workers and not the other. For example, Canada and Denmark rank much higher for men than for women, while Switzerland and Ireland rank much higher for women than for men.

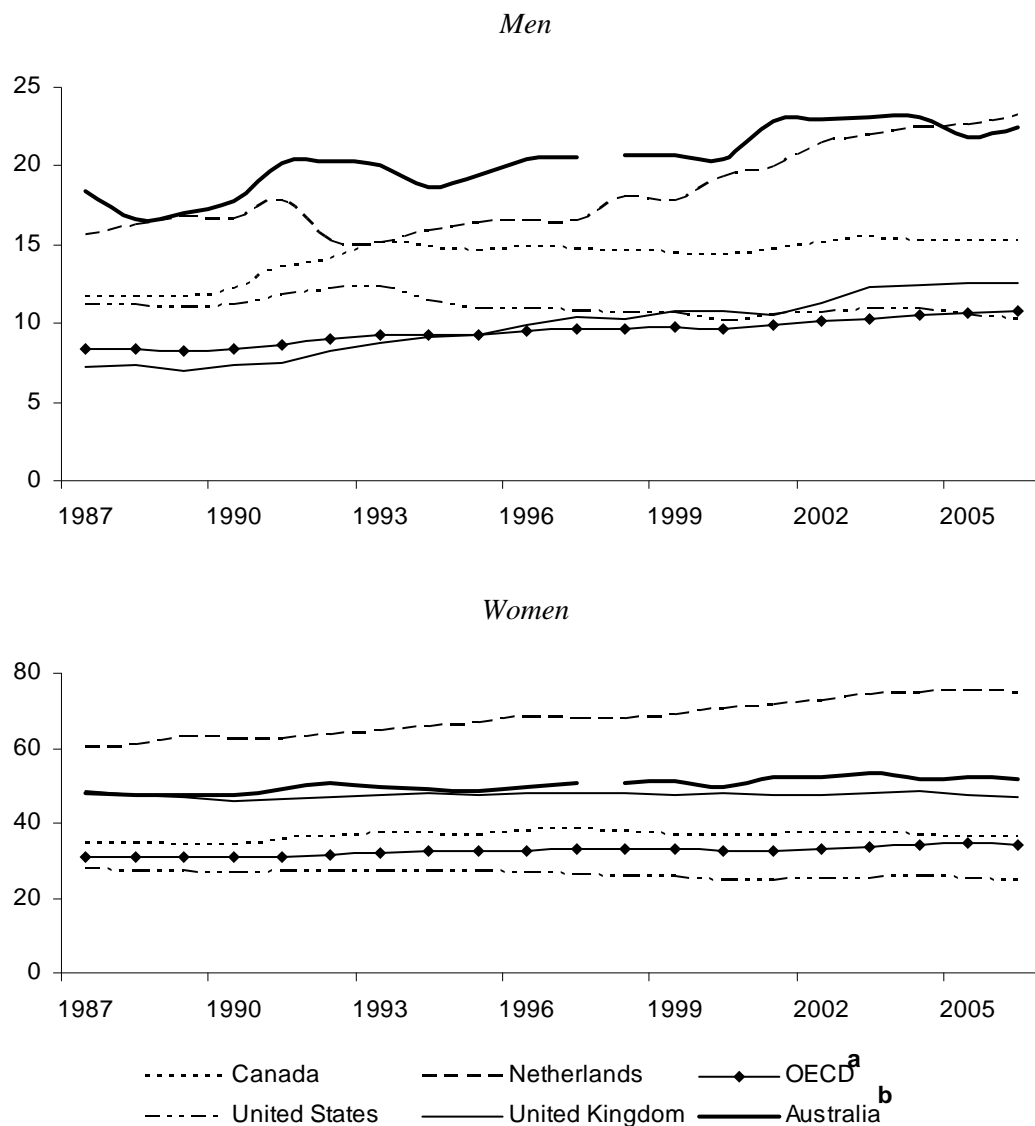
Historical trends in part time work for men and women

Since the 1980s, Australia has shown trend growth in the male part time employment share of the workforce (figure 2.4). Australia's national part time employment share for men was the third highest among OECD countries in 2006.

Throughout the period 1987–2006, Australia has also had a high but stable share of part time employment among employed women compared to other OECD countries. It has yet to reach the levels found in the Netherlands, and is in a similar range as the United Kingdom.

Figure 2.4 Part time work as a percentages of male and female workers, 1987–2006

Common 35 hour cut-off, per cent of the total workforce



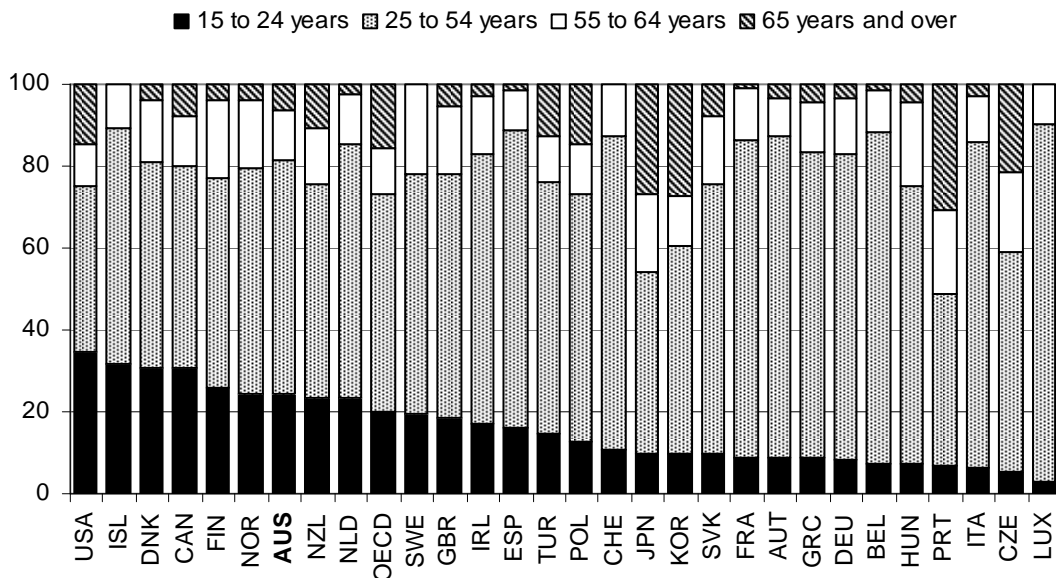
^a OECD average is based on countries for which data were available in from 1987–2006, and is weighted by workforce size. Countries include Australia; the Netherlands; the United Kingdom; Denmark; New Zealand; Sweden; Canada; Japan; the United States; France; Belgium; Germany; Ireland; Italy; Luxembourg; Portugal; Greece; Spain. ^b Data for Australia refers to the national definition of part time work. Australia experiences a series break at 1997–98 in the OECD data, due to the inclusion of persons older than 65.

Data source: OECD (*Usual Hours Worked by Weekly Hour Bands*, 2007).

2.3 Comparisons based on age

OECD countries differ in the age composition of their part time workforce. Figure 2.5 shows the breakdown of the part time workforce with respect to four age groups in 2006, with full results presented in table A.5. The United States ranks highest in terms of the percentage of its part time workforce aged 15–25 years, while Portugal and Japan have the highest proportion of their part time workforce aged over 55 years. Australia is above the OECD average for all age groups except for those aged 65 years and over.

Figure 2.5 **Age composition of part time^a workforces, 2006**
Per cent of part time workers



^a Part time work based on a common 35 hour cut-off. OECD average is based on 29 countries for which data were available in 2006, weighted by workforce size.

Data source: OECD (*Usual Hours Worked by Weekly Hour Bands*, 2007).

Age specific part time work rates

For each of the OECD countries, part time employment shares of the workforce differ considerably between different age groups. OECD rankings for part time employment shares also differ between age groups. This suggests that part of the cross-national variation in the use of part time work is explained by forces that are age-specific.

For workers aged 15–24 years in Australia, the rate of part time work was 52.5 per cent in 2006. This ranked Australia 4th among OECD countries, with the Netherlands (68.9 per cent) and Denmark (61.3 per cent) being the highest users of youth part time work. Full results are presented in table A.6.

Australia ranks fairly highly among OECD countries in terms of part time work for ‘prime age’ workers aged 25–54 years. In 2006, 34.1 per cent of the Australian prime age workforce worked fewer than 35 hours per week. This represents a larger proportion than in both Switzerland (24.2 per cent) and the Netherlands (29.6 per cent). Across the OECD, part time work rates tended to be lower in this age group than in others.

Australia shows different trends and rankings for the prevalence of part time work for people aged 55 years and over. Australia ranks 3rd in regard to part time work for people aged 55–64 years, behind the Netherlands and Switzerland. Australia ranks 11th for workers over 65 years.

Age and hour bands

Age does not uniformly influence the number of part time hours worked. Figure 2.6 shows for each age group the share of the workforce working a particular range of hours. In Australia, a U-shape is evident in the 1–19 hour band — that is, higher shares of younger and older workers working short hours compared to prime age workers. Australia shows a relatively flat pattern for the 20–29 hour band, and the 30–34 hour band.

This outcome is also apparent in such countries as the Netherlands, United Kingdom, New Zealand, Norway and Denmark. In contrast, both the United States and Canada exhibit U-shaped patterns for each weekly hour band. Japan shows very similar U-shapes for the 1–19 and 20–29 hour bands but not for the 30–34 hour band.

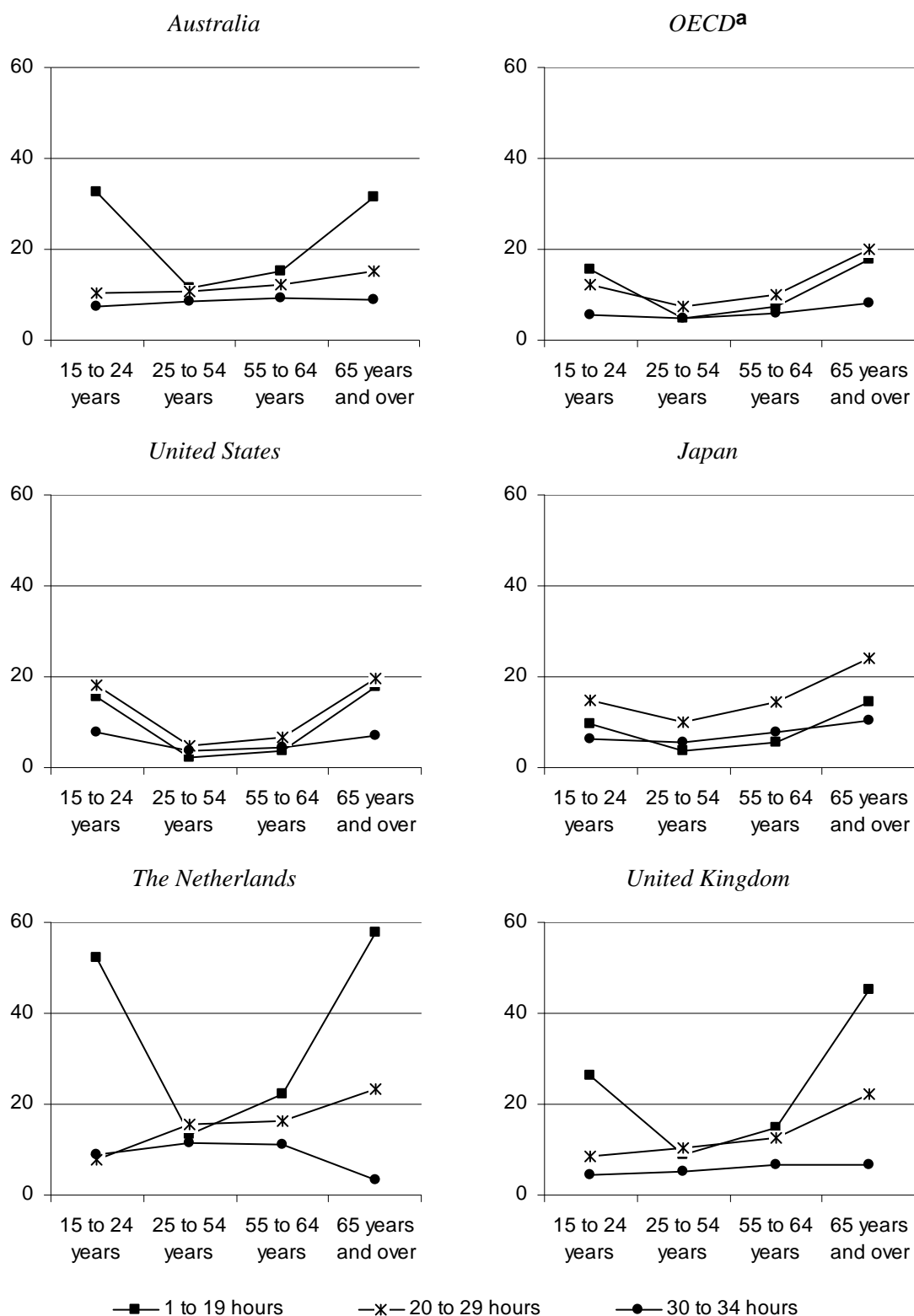
For Australia, this means that the differential effect of age on part time work is of the greatest magnitude in the 1–19 weekly hours band. This effect is essentially unobserved for the 20–29 and the 30–34 hour bands. As such, the internationally high proportions of part time work among younger and older Australians occur largely in the 1–19 hour band.

Further, Australians of all ages are more likely to work 1–19 hours per week than to work 20–29 or 30–34 hours. This contrasts with the United States and the average of the OECD, where persons aged 25–64 years are more likely to work 20–29 weekly hours than 1–19 hours (figure 2.6).

Figure 2.6 also shows that Australia, the United Kingdom and the Netherlands rank furthest above the OECD average for two particular groups: persons working 1–19 hours and who are aged between 15–24 years; and persons working 1–19 hours aged above 65 years.

Figure 2.6 **Weekly hour bands and age groups, 2006**

Per cent of workers in each age group that falls into each hour band



^a OECD average is based on 29 countries for which data were available in 2006, weighted by workforce size.

Data source: OECD (*Usual Hours Worked by Weekly Hour Bands*, 2007).

Age, gender and part time work

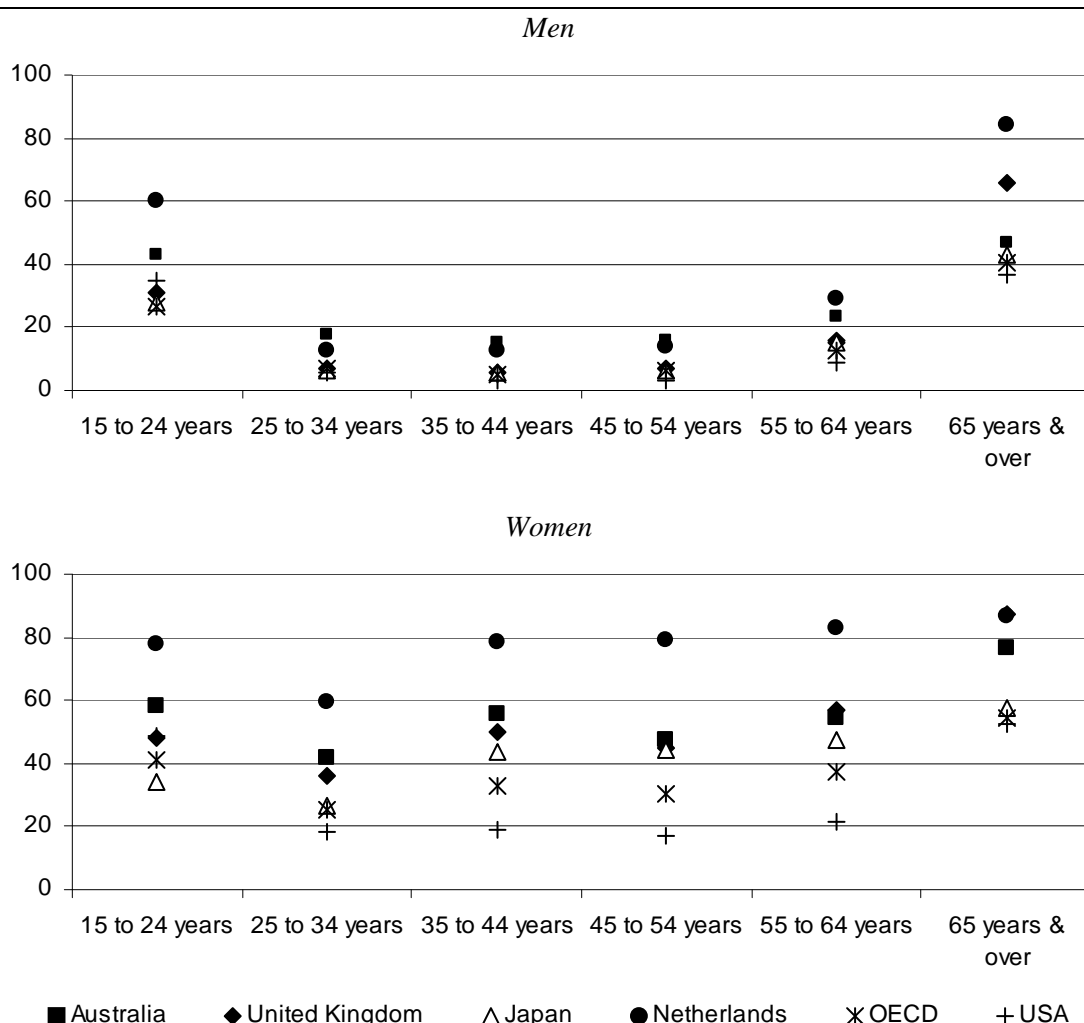
An analysis of OECD data indicates that, for the majority of OECD countries including Australia, part time work is most common among younger workers (aged 15–24 years) and older workers (aged above 55 years). Figure 2.7 shows that the relationship between part time work and age is U-shaped for men. This is consistent with the theory that a person’s desired hours of work may change according to the stage of their life.⁴

In some countries, part time work rates for women are also high during years that are likely to involve child rearing — for Australia, that is the 35–44 year group. Figure 2.7 shows that for countries including Australia and for the OECD average, the relationship between age and part time work rates is W-shaped. This pattern is not evident for women in the United States.

⁴ For countries that measure part time work based on all jobs held, the observed U-shaped pattern reflects the trade-off between work and leisure at different ages. For the majority of OECD countries who measure part time work based on the main job, the U-shape may also reflect a movement away from full time jobs and towards a reliance on at least one part time job at different ages. Since the percentage of multiple job holders is generally low in each of the OECD countries, the two measures are likely to reflect broadly similar phenomena.

Figure 2.7 **Part time work^a by age groups, 2006**

Per cent of workers by age



^a Part time work based on a common 35 hour cut-off. OECD average is based on 29 countries for which data were available in 2006 and is weighted by workforce size.

Data source: OECD (*Usual Hours Worked by Weekly Hour Bands*, 2007).

2.4 Adjusted comparisons

Across OECD countries, part time employment shares of the workforce tend to differ by age and gender. Specifically, part time work appears to be relatively more common among younger persons, among older persons, and among women in general. As such, cross-national comparisons of overall part time work shares will also reflect the differences in age and gender structures between workforces.

It would be useful to account for differences in age and gender structures when conducting international comparisons of part time employment shares. The analysis in this section employs a methodology based on Abhayaratna and Lattimore (2006),

and discussed fully in section A.2 of Appendix A. Essentially, the data for all OECD countries are adjusted to reflect the same underlying age and gender structures that exist in Australia. At the same time, each country retains its own gender-specific and age-specific part time employment shares.

As in Abhayaratna and Lattimore (2006), this analysis improves the comparability of data by accounting, at least in part, for different data collection methodologies used across the OECD. Where applicable, this analysis imputes data for some age groups, for defence personnel, and for women on paid maternity leave. This is also outlined in Appendix A.

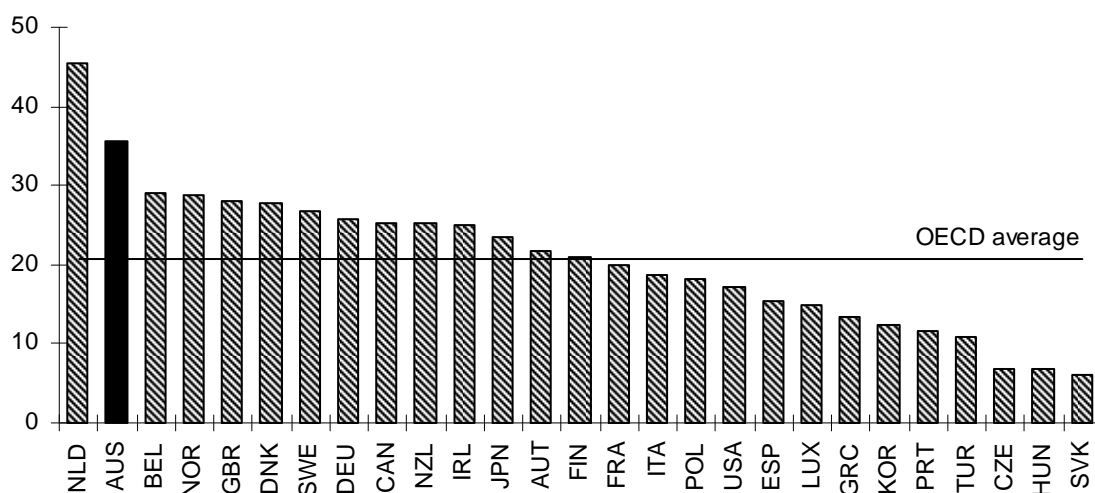
It is important to note that while this analysis may improve the comparisons of part time work, the adjustments do not provide more accurate estimates of part time work rates for the individual countries. Furthermore, the analysis does not consider any indirect effects of changing the age and gender structures of the workforce, nor any effects across time.

The adjusted comparisons result in slight changes to the unadjusted comparisons of OECD countries. These results are presented in figure 2.8, and in more detail in table A.7 in Appendix A. Australia's ranking is not changed by the adjustment process — its part time work rate is higher than all other OECD countries except for the Netherlands. Some countries experience marginal shifts in ranking, and in their part time work rate. This suggests that differences in age and gender structures between workforces do not explain a large part of the cross-national variation in part time work rates, nor Australia's ranking among OECD countries.

With the exception of Finland, countries that were above (below) the OECD average remained so. The part time rates of Finland and Poland were the most heavily affected by the adjustment process, rising by 3.4 and 4 percentage points respectively.

Figure 2.8 **Adjusted comparison of part time work rates^a, 2006**

Per cent of the workers



^a Part time work is defined as fewer than 35 weekly hours. For Poland and Korea, the data refer to actual hours. For all other countries, the data refer to usual hours. OECD average is calculated using all countries listed above, weighted by workforce size.

Data sources: Based on ABS (2006a, 2006b, 2006c, 2008a); OECD (2007a, 2007b, 2008a); Eurostat (2008a and 2008b); Statistics Canada (2008); US Census Bureau (2004); Statistics New Zealand (2008); EOWA 1998); UN (2005a, 2005b) and Department of Defense (2005).

2.5 Linking the present analysis and past evidence

The analysis of data in this Chapter has shown that the prevalence of part time work differs significantly between OECD countries. Part of this difference may be due to differences in the measurement of part time work, or due to differences in age and gender structures within each workforce. However, these aspects do not appear to account for the majority of the cross-national variation in part time work rates.

Moreover, cross-national differences in part time work rates are not found to change dramatically in the short term. In other words, many of the rankings are consistent over time, with the prevalence of part time work being historically higher in some countries than others. This suggests that part time work cultures are largely country-specific, and are determined to a significant extent by factors which are slow to change. These slow changing factors may be of an institutional, attitudinal or regulatory nature.

The following section outlines a group of studies that are representative of the current cross-national research on part time work. It is by no means exhaustive, but it highlights the complexities involved in explaining the cross-national variation in part time work usage.

Explaining cross-national differences in part time work rates

A range of micro and macroeconomic factors can influence the desirability of part time work for individuals or firms. As such, differences in policy settings, institutions and economic activity between countries may help to explain the relative rates of part time work.

Macroeconomic factors

Macroeconomic factors are potentially important determinants of the observed cross-national differences in part time work rates. Buddelmeyer, Mourre, and Ward (2004) examined several macroeconomic factors as potential determinants of part time work. They used a macro panel dataset covering 20 OECD countries, including Australia, for the years 1993–98. They specifically investigated the effect of the business cycle and structural characteristics on part time work.

Buddelmeyer, Mourre, and Ward (2004) found that, across the group of countries, the shares of part time work tended to be negatively affected by the business cycle. That is, part time work rates tended to rise during or shortly after recessions, and decrease during recoveries. The effect of the business cycle on part time work rates was particularly pronounced for young and male prime age workers. And, although business cycles had a significant effect on part time work rates, this effect was fairly limited in magnitude.

Further, Buddelmeyer, Mourre, and Ward (2004) found the cross-national differences in part time work rates to be related to structural and institutional characteristics. For instance, they found that part time work rates are significantly higher in countries where employment protection legislation is particularly stringent for workers on permanent contracts. They maintained that where the recruitment or dismissal of employees is made more difficult by such legislation, employers tend to hire part time workers to achieve greater flexibility of production.

Microeconomic factors

Bardasi and Gornick (2000) investigated the effects of several microeconomic factors on part time work. They used the Luxembourg Income Study to identify potential determinants of part time work for women in the United States, Canada, the United Kingdom, Italy and Germany. A multinomial logit model was used, which considered the probabilities of three employment states: working part time; working full time; and being economically inactive. The potential determinants included age, education, the presence and age of children, the presence of adult dependents, and the amount of other income in the household. Each of these determinants was found to be relevant in some degree.

Bardasi and Gornick (2000) found that in each country, women were increasingly likely to work part time or to be economically inactive after having a child. The child's age was found to influence whether a mother works full time or part time. This age effect was strongest in Germany and the United Kingdom, significant in the United States and Canada, and very weak in Italy. And while the presence of inactive adult dependents generally decreases the probability of working at all, it sometimes has the opposite effect when the dependent is aged 65 years or over. Bardasi and Gornick attributed this to the use of elderly dependents as babysitters.

Bardasi and Gornick (2000) also considered the effect of other household income on employment decisions. They found that for Italy, Canada, the United States and the United Kingdom, women's employment habits were not significantly affected by the levels of other income in their households. Only in Germany did part time work among women become more common with increases in other household income.

Bielenski, Bosch and Wagner (2002) investigated the determinants of working hours in 16 European countries.⁵ In a cross-national regression of men and women combined, they considered such determinants as age, household income, family structure, job characteristics and work attitudes. Working hours were found to be positively related to age, male gender and household income. People tended to work longer hours in manual jobs, or jobs with managerial duties. The presence of children in the household had relatively little effect on adult working hours, which was attributed to the fact that the sample contained both men and women.

Bielenski, Bosch and Wagner (2002) also conducted similar analysis for individual countries. They found working hours to be significantly lower for older and younger people than for those in the 'middle years'. This pattern was most significant for Denmark, Germany, the United Kingdom, the Netherlands, Sweden and Norway.

The single-country regressions of Bielenski, Bosch and Wagner (2002) also showed that dependent children had little effect on working hours for Belgium, Denmark, Finland, France, Spain, Sweden and Norway. This was attributed to childcare provision either in the private market or by the family unit itself. In several other countries, the effect of dependent children on working hours differed between mothers and fathers and by the age of the child.

⁵ The countries included: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden, the United Kingdom, and Norway.

While Australia was not included as a sample country by either Bardasi and Gornick (2000) or Bielenski, Bosch and Wagner (2002), their studies showed that cross-national differences in part time work rates are likely to be associated with a combination of microeconomic factors. These include motherhood, the age and number of other household dependents, job characteristics and the level of household income.

Drawing on these studies, the differences in part time work rates between countries appear to be related to both micro and macroeconomic factors. Such factors relate to the economic climate, institutional arrangements, family structures and individual responsibilities. And while they are found to influence the rate of part time work within each country, these factors cannot fully explain the extent of variation between countries.

2.6 Summary

This Chapter compared the prevalence of part time work in Australia to that of other OECD countries. Because the available data are often not directly comparable, it can be difficult to make accurate comparisons. However, as far as Australia is concerned, the different measures of part time work are suggestive of broadly similar patterns. Australia has a relatively high prevalence of part time work in proportion to overall employment for both men and women. Indeed, the data indicates that Australia has one of the highest rates of male part time work in the OECD. Part time workers in Australia are also more likely than in other countries to work either 1–19 hours per week or 30–34 hours per week.

Part time work in Australia is dominated by women but, because of unusually high male part time employment, to a lesser extent than in most other OECD countries. OECD countries generally had female majorities in their part time workforces, regardless of the overall prevalence of part time work. The literature shows women tend to rely more part time work, often due to family commitments. And, while many countries have experienced large increases in female participation and employment in recent years, the impact on part time work rates has varied.

Like most OECD countries, the prevalence of part time work in Australia is higher for younger people (aged 15–24 years) and older people (aged 55 years and over). Similar to the Netherlands, this age effect in Australia is strongest among people working fewer than 20 hours. In most countries, age effects also differ for men and women. For Australia and the OECD on average, women have a higher rate of part time work around the ages 30–34 years.

Although part time rates for each country differed with age and gender, the overall comparisons were similar when age and gender structures of the workforce were accounted for. This suggests that most of the cross-national variation in part time work rates is explained by other factors.

A number of other factors are likely to be important in determining the prevalence of part time work in each country, as evidenced in the literature. Factors such as family structure, the level of household income, and the sharing of family responsibilities are likely to affect people's ability or need to work part time. The availability of part time jobs is likely to be affected by macroeconomic conditions, as well as institutional and industrial arrangements. The role of these factors in the Australian context are explored in following Chapters.

3 The nature of changes in part time employment

Social commentators and market researchers point to long term generational changes by identifying how the characteristics and behaviours of (say) the ‘baby boom’ generation are different from those of other generations (say) those of ‘generation X’ or the ‘depression generation’. It is pertinent to see how the rising level of part time employment identified in Chapter 1 reflects the changing behaviours of successive generations. This provides not only a historical view of the forces underlying the change in part time employment, but also provides a start in ascertaining whether or not this trend is likely to persist in the future.

Popular discussion of the differences between generations often mixes up a number of relevant factors. Simple comparisons of the characteristics and behaviours of groups at a point in time can provide misleading views of social change. These comparisons mix up what demographers and other social researchers call year, age and cohort (or ‘generational’) effects.

The aggregate growth in part time employment over the past four decades reflects a mix of these three effects. These are:

- the short term annual variations in part time employment affecting all demographic groups (called year effects);
- different age groups experience different levels of part time employment. Therefore, changes in the population distribution among demographic groups can affect aggregate levels of part time employment (called age effects); and
- longer term changes in the levels of part time employment for groups who were born at a given time (called cohort effects) will affect aggregate part time employment levels.

It is necessary to disentangle these effects as a first step to understanding the factors behind the increase in part time work.

3.1 Model of year, age and cohort effects

There is a well developed methodology in the social sciences to isolate and investigate the range of factors affecting social behaviour by decomposing the overall changes into these year, age and cohort effects.

More specifically, the year effect captures the impact of factors occurring commonly across all cohorts and age groups in a given year. The main year related effect with respect to changes in part time employment is the change in the economic environment, particularly the labour market. Other factors which affect the decision or ability to work part time across all age groups and cohorts in the short term can also be considered as part of the year effect.

The age effect captures the recurring pattern of individuals' participation in part time employment as they move through the work life cycle. For example, as noted above, part time employment rates for both genders are currently at their highest during the teenage years. The age effect influences the overall level of part time participation as population cohorts are of different size. For example, an ageing population would be expected to lower part time population rates as the share of teenagers in the population falls, other things remaining unchanged. Whether or not the aggregate part time participation rate changes over time also depends on the interaction of the age effect with the cohort effect.

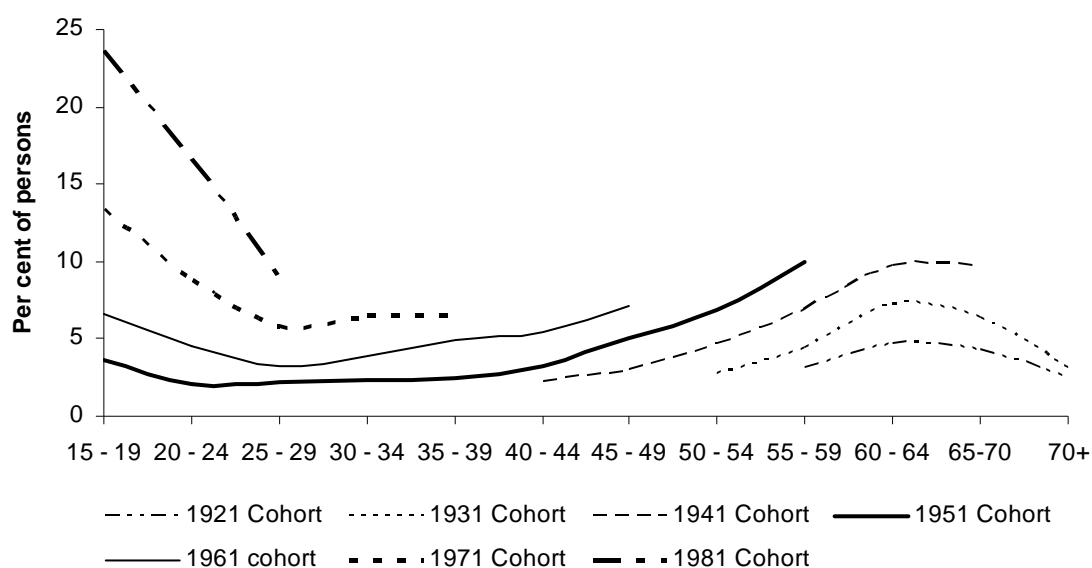
The cohort effect arises from the common cultural and economic environment and similar experiences of individuals born around the same time. These common environments and experiences are different from those of other individuals born at different times and can produce different group behaviour. For example, in general women in younger age cohorts are better educated and have lower fertility rates than older cohorts. This, in turn, may affect their participation in part time employment. This will have an effect on aggregate part time employment as these groups enter and leave the workforce over time.

The econometric model used to disentangle the roles played by the year, age and cohort effects on part time employment is based upon an approach developed by Beaudry and Lemieux (1999) in their work using Canadian labour market data. Details of the model specification can be found in Appendix B.

Decomposing the movement in part time participation

Figure 3.1 shows the changes in the part time employment to population ratio for men over the 1966–2006 period for selected cohorts whose members were born between 1917–21 (the 1921 cohort) and 1977–81 (the 1981 cohort). These selected cohorts graphically capture the changes that have occurred over the last forty years.

Figure 3.1 **Part time employment to population ratio for men, 1966–2006**
For selected cohorts

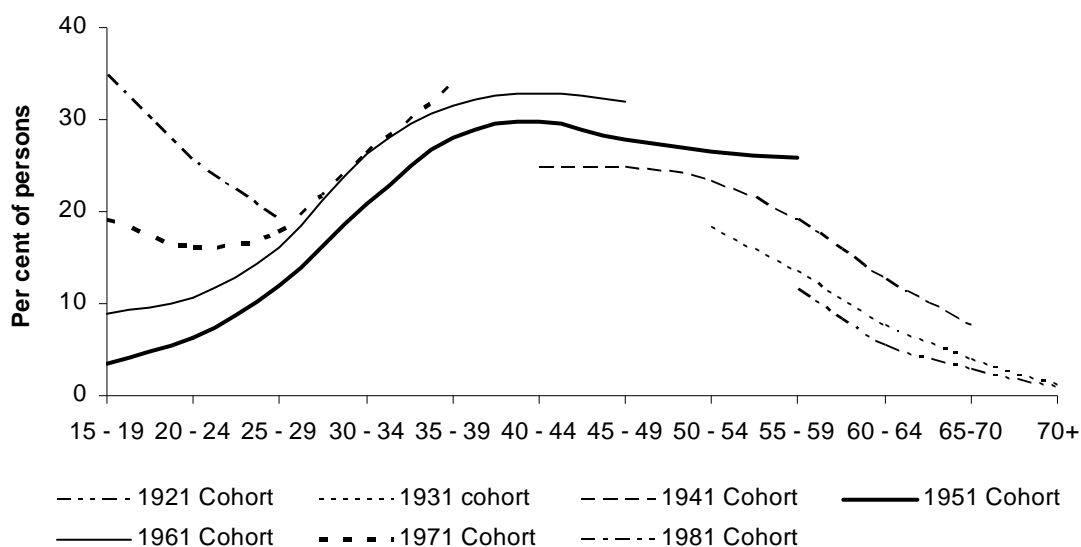


Data sources: ABS (*Labour Force, Australia detailed — electronic delivery*, Cat. no. 6291.0.55.001, table LM8); ABS (*Labour Force Historical Timeseries, Australia 1966–84*, Cat. no. 6204.0.55.001, table 4).

The figure shows both the relationship between age and part time employment as well as how the cohort effects have operated over the period. These are reflected in the generally higher part time employment ratios for successively more recent cohorts. The figure also indicates that the life cycle or age association with part time employment has varied between cohorts throughout the period. For example, the rate of part time employment for successive cohorts has grown fastest for teenagers.

Figure 3.2 shows the age associated levels of the part time employment to population ratio among women. For earlier cohorts, the ratio of part time employment to population rose consistently from the teenage years until peaking around 35–45 years. In later cohorts there has been a marked increase in part time employment among teenagers.

Figure 3.2 Part time employment to population ratio for women, 1966–2006
For selected cohorts



Data sources: ABS (*Labour Force, Australia Detailed — Electronic Delivery*, Cat. no. 6291.0.55.001, table LM8); ABS (*Labour Force Historical Timeseries, Australia 1966–84*, Cat. no. 6204.0.55.001, table 4).

Importance of year, age and cohort effects

A number of alternative model specifications were tested to ascertain the importance of the year, age and cohort effects. They produced broadly consistent findings for both men and women and can be found at Appendix B. The estimated coefficients do not change substantially under most model specifications.

The results indicate that the age and cohort effects explain around 90 per cent of the variation of part time employment among individual age/cohorts over the past four decades. Other model specifications are presented to show the independent effects of the year, age and cohort effects.

Figure B.1 in Appendix B describes the estimated aggregate part time employment to population ratios over the 1981–2006 period for men and women based upon the estimated relationship as described in the preferred models. The figure demonstrates that longer term upward movement in the level of part time employment for men and women can be almost entirely explained by the age and cohort effects.

The year (or macroeconomic) effect had little impact on this long term upward trend in part time employment. This is unsurprising as macroeconomic conditions (as measured by the unemployment rate for prime age men in this analysis) have varied widely over the period, though with no sustained trend towards tighter or weaker

labour markets. Macroeconomic conditions were found, however, to affect short term movements in the part time employment level for men. The specification of the model is unlikely to capture all the macroeconomic effects. Indeed, it cannot capture whether the economy affected cohorts and age groups differently. The impact of the broader economy on part time employment is investigated more fully in Chapter 4.

The results of the model confirm that for men the cohort effect results in increases in the part time employment ratios for all age groups. For ease of understanding, the results are presented graphically, rather than as a discussion of the estimated equations (as in Appendix B). Figure 3.3 below presents the cohort effect for men at three age groups in the life cycle — 20–24 years, 35–39 years and 50–54 years. No cohort can be tracked throughout its working life — the length of a 40 year data base is clearly too short to capture any cohort’s entire working life. The darker sections of the curves represent the estimates for the cohorts for whom there are data for the age groups being considered. The lighter sections of the curves represent the model’s estimate of the part time employment rate for cohorts for whom data were not available for the ages represented. For example, there were no data available for the 50–54 years age group for cohorts born before 1931 and those cohorts born after 1956 are still to reach that age.

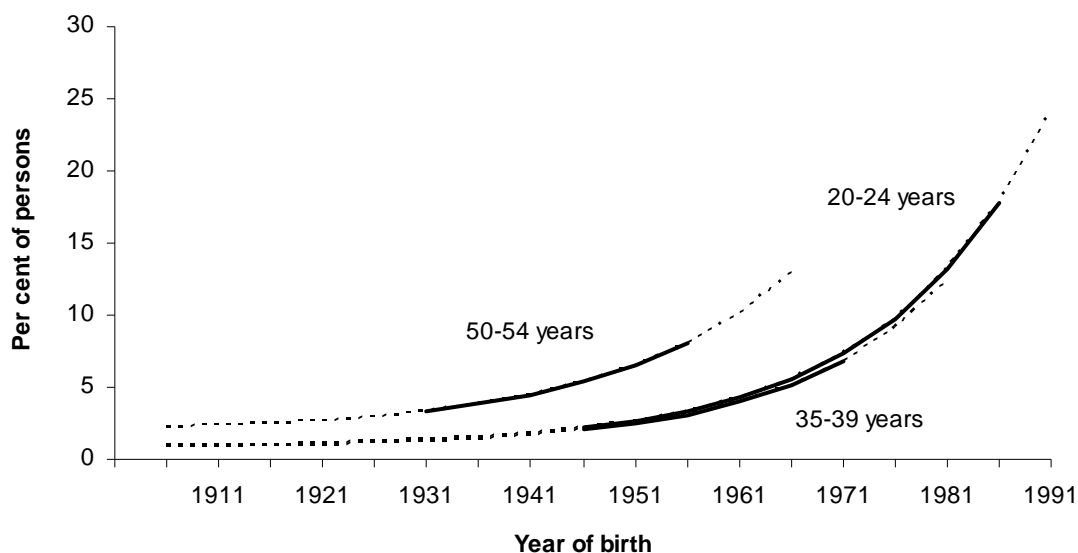
The part time employment rate for 20–24 year olds increased by around 11 percentage points between the 1946 cohort and the 1981 cohort. The cohort effects were broadly similar for older age groups, 50–54 years and 35–39 years. The model estimates that, based on historical patterns, part time employment will continue to grow in the future as younger cohorts who already have higher rates of part time employment enter these older age groups. As this modelling approach essentially represents an extrapolation of past trends, this upward trend is not, of course, assured.

The age effect through the life cycle of three male cohorts is shown in figure 3.4. These cohorts include the 1936 cohort, the 1956 cohort and the 1976 cohort. Again as with the previous figure, the darker section of the curves represent the estimated relationship between age and part time employment for age groups that these cohorts can be actually tracked through, given the database only covers the period 1966–2006.¹

¹ Data for all age groups are not available between the years 1966–1981.

Figure 3.3 Changes in male part time employment ratios across different cohorts, 1906–1991

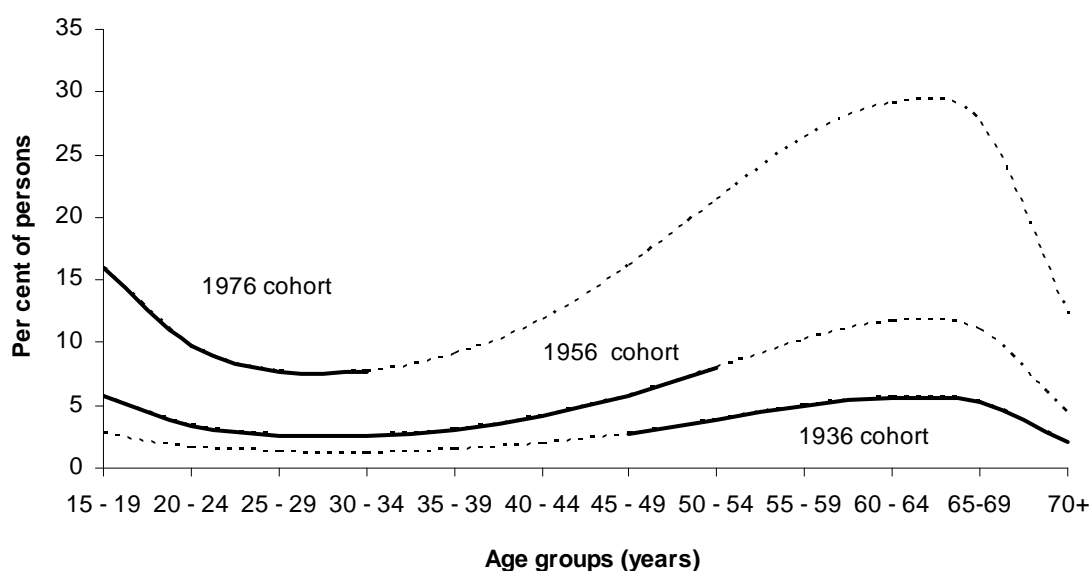
For selected age groups



Data sources: ABS (*Labour Force, Australia detailed — electronic delivery*, Cat. no. 6291.0.55.001, table LM8); ABS (*Labour Force Historical Timeseries, Australia 1966–84*, Cat. no. 6204.0.55.001, table 4).

Figure 3.4 Changes in male part time employment by age group

For selected cohorts born between 1936–1940, 1956–1960 and 1976–1980

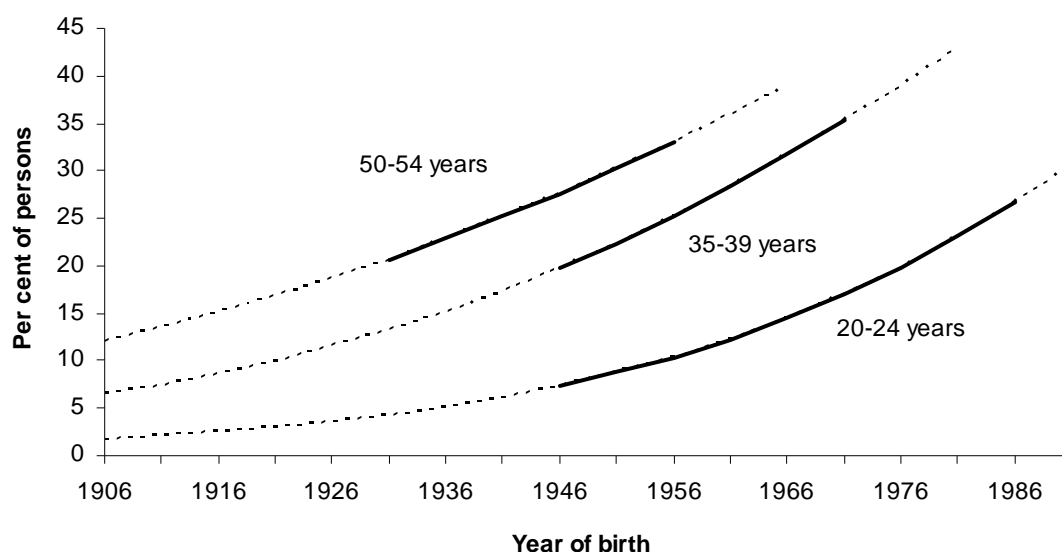


Data sources: ABS (*Labour Force, Australia detailed — electronic delivery*, Cat. no. 6291.0.55.001, table LM8); ABS (*Labour Force Historical Timeseries, Australia 1966–84*, Cat. no. 6204.0.55.001, table 4).

As expected, the curve peaks at the teenage years and the middle 60s for each of these cohorts. The age profile reflects the typical pattern of high initial part time employment, decreasing to middle age, and again increasing in the latter years of working life. These can be characterised as transition periods entering and leaving the labour force. Also the broad pattern of the curve has shifted up for each successive cohort. If past cohort effects are repeated, then future levels of part time employment among older age groups will continue to increase.

The cohort effects for women for three age groups in the life cycle is presented in figure 3.5. Those age groups are 20–24 years, 35–39 years and 50–54 years. Again the cohort effects have operated to increase part time employment ratios across the age groups. The part time employment rate for 20–24 year olds increased by 22 percentage points between the 1946 and 1986 cohorts. The cohort effects were again similar for older age groups.

Figure 3.5 Changes in female part time employment ratios across different cohorts, 1906–1991
For selected age groups

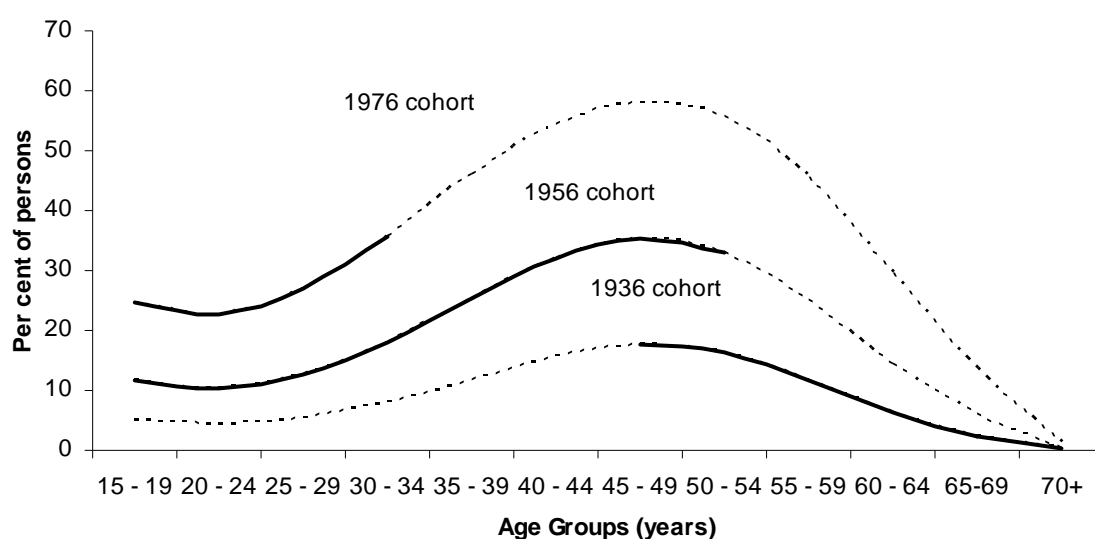


Data sources: ABS (*Labour Force, Australia detailed — electronic delivery*, Cat. no. 6291.0.55.001, table LM8); ABS (*Labour Force Historical Timeseries, Australia 1966–84*, Cat. no. 6204.0.55.001, table 4).

Figure 3.6 shows the age effect through the life cycle of three female cohorts. The curve peaks at the middle years of working life for each cohort. This reflects the combination of work and child raising duties. Also evident is the marked increase in part time employment in the early years of working life and among 45–49 year old women. The decline in part time employment in older age groups tends to be the common experience of women and men and reflects the transition to leaving the labour force.

Figure 3.6 Changes in female part time employment by age group

For selected cohorts born between 1936–1940, 1956–1960 and 1976–1980



Data sources: ABS (*Labour Force, Australia detailed — electronic delivery*, Cat. no. 6291.0.55.001, table LM8); ABS (*Labour Force Historical Timeseries, Australia 1966–84*, Cat. no. 6204.0.55.001, table 4).

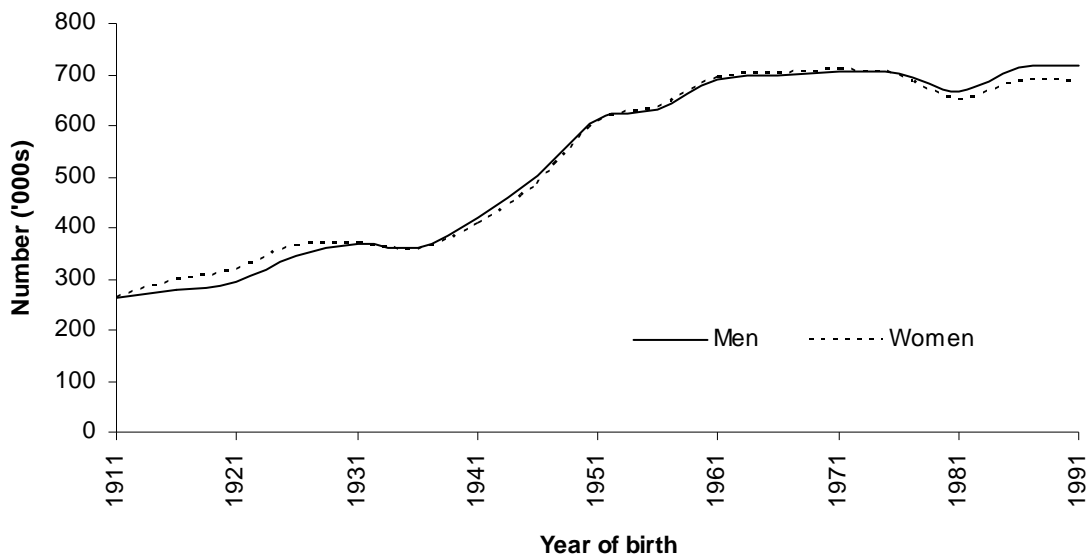
If the working age population was uniformly distributed across all age groups then the age effect would have no impact on the aggregate level of part time employment over time. However, this is not the situation. Figure 3.7 presents the number of men and women by 5 year cohort for the period covered by the data base — 1966–2006. For example, there were on average 265 000 men from the cohort born between 1911–1915.² This compares to an average of 720 000 men who were born between 1987–1991.³

² As a result of deaths and net migration, the number of people from a given cohort will change over time.

³ The cohort born between 1987 and 1991 is only present in the analysis for the year 2006 — the first year of the analysis where all members of that cohort are aged 15 years or over.

It is to be expected that, other things remaining unchanged, the relative sizes of the cohorts will have an effect on the movement in aggregate part time employment over time. As shown in figure 3.7, there was a marked increase in the size of the cohorts after 1941 associated with the ‘post-war baby boom’ which would have considerably rejuvenated the working age population during the 1960s. This would have tended to increase the proportion of the male working age population who worked part time during the 1960s, given younger aged persons have a higher rate of part time employment. Later, as they entered middle age, this would have had a dampening effect on levels of part time employment as part time employment rates are low among the middle age men.

Figure 3.7 **Cohort sizes — men and women, 1966–2006**
Average size for the period



Data sources: ABS (*Labour Force, Australia detailed — electronic delivery*, Cat. no. 6291.0.55.001, table LM8); ABS (*Labour Force Historical Timeseries, Australia 1966–84*, Cat. no. 6204.0.55.001, table 4).

3.2 Decomposing the changes in part time employment

The previous section identified age and cohort effects as the prime reasons underpinning the growth in part time employment over the past four decades. This section decomposes the growth in part time employment into those arising from shifts in the age distribution of the population and those arising from changes in part time employment within age groups. The latter effect represents the influence of the cohort effects identified above.

Table 3.1 presents the aggregate change in the part time employment to population ratios for men and women. This change is decomposed into its two broad components — that arising from the changing age distribution of the working age population (the demographic effect) and that attributed to changes in the part time employment to population ratio within age groups (the within age participation effect).

The estimates show that the changing age distribution has had a negligible effect on the aggregate male and female part time employment to population ratios over the last two and half decades. As noted above, part time employment is unequally distributed across age groups and demographic changes could be expected to have an impact. But changes in demographic shares have largely had offsetting effects on the level of aggregate part time employment. The falling share of the population in the younger age groups who have relatively high part time employment ratios has worked to lower aggregate part time employment ratios. But this has been largely offset by the rising share of the population in older age groups, particularly among men, who also experience relatively high part time employment ratios.

The analysis shows that the strong changes in part time employment ratios within age groups — the cohort effects — have driven the aggregate changes in the part time employment ratio. The table also shows the effect of projected demographic changes up to 2020 on the part time employment population ratio. As indicated, the aggregate demographic effect will maintain a mild depressing effect on aggregate part time employment ratios. This arises largely from the projected decline in the relative size of the younger age groups that currently exhibit high rates of part time employment. Further growth in the level of part time employment will need to rely on the continuation of behavioural changes identified by the cohort analysis.

Table 3.1 Decomposition of demographic and age part time employment effects on the overall part time employment ratio

Change in percentage points 1979–2006 and projected 1997–2020

	<i>Men</i>	<i>Women</i>	<i>Total</i>
Demographic effect	-0.6	-0.1	-0.5
Within age participation effect	7.2	11.0	9.3
Total change in part time employment rate	6.5	10.9	8.7
Projected demographic effect 1997-2020	-0.5	-1.8	-1.1

Sources: ABS (*Labour Force, Australia detailed — electronic delivery*, Cat. no. 6291.0.55.001, table LM8); ABS (*Labour Force Historical Timeseries, Australia 1966–84*, Cat. no. 6204.0.55.001, table 4); ABS (*Population Projections By Age and Sex, Australia – Series B*, Cat. no. 3222.0, table B9).

3.3 Summary

Both men and women have experienced major changes in their levels of part time employment over the past forty years. This Chapter has identified and described the major trends underlying the increase in part time employment, particularly the large changes across the age groups and cohorts. While different age groups participate in part time employment to varying extents, the changing demographic structure of the working age population has not been the major force underlying the growing rate of part time employment. Rather, this growth has been driven largely by increases in participation within all age groups.

The effect of the ageing population on part time employment is expected to be largely neutral due to broadly offsetting factors. Firstly, the reduction in the share of younger age groups in the working age population will see decreases in the share of the working age population undertaking part time employment. Offsetting this are the increasing shares of older workers, those aged 50 years or more. These older groups tend to experience relatively higher rates of part time employment. Further growth in part time employment may come from the continuation of the strong cohort effects experienced in the past.

4 Demand side factors influencing part time work

The previous Chapter identified cohort effects (or changes in part time employment within age groups) as the main factor explaining the longer term increase in part time employment. That is, it has been longer term generational changes that have been the primary reason for the increasing level of aggregate part time employment. This Chapter explores some of the reasons used to explain these changes. These reasons fall into two broad categories — those that focus on the decisions of workers to work part time (supply side theories) and those that focus on the creation of part time jobs by employers (demand side theories).

Labour supply and demand considerations interact and are difficult to disentangle. Labour supply can respond to changes in labour demand, for example, through the ‘discouraged worker’ effect — some unemployed persons may give up the search for part time employment and thereby leave the labour force when demand for labour declines and employment prospects deteriorate. Conversely, demand can respond to supply. The increased supply of women and young people willing to work part time has enabled employers to redesign workplace arrangements to accommodate the increased supply of these workers.

While any discussion of ‘demand side’ or ‘supply side’ theories is, therefore, likely to be partial and incomplete it does provide a convenient classificatory device towards understanding the forces underlying the growth in part time employment. The theories need to explain not only the growth in part time employment over time but also the relative levels of such employment across the labour market at any point in time. That is, age has been identified, in Chapter 3, as having a strong influence on the level of part time work. Part time employment was also shown, in Chapter 1, as varying considerably across industries, suggesting industry specific factors are important.

When discussing these theories, it is important to acknowledge that while today’s workplaces are able to respond freely to supply and demand requirements with respect to part time work, in the past this was not always the case. The industrial relations systems across federal and state jurisdictions have influenced the level and conditions of part time work.

Most workers, including part time workers, were covered by state or federal award systems. In the past, these systems placed restrictions on the level of part time work in terms of individual hours of work, the aggregate share of part time workers employed in enterprises, as well as the processes required to establish part time positions. These restrictions have been gradually lifted with the move away from the centralised awards system towards more decentralised bargaining arrangements.

When discussing the historical growth of part time employment it is appropriate, therefore, to understand the role of changes in workplace relations systems in this regard.

4.1 The gradual lifting of institutional constraints

Employment in Australia occurs within legal and institutional frameworks determined by state and federal workplace relations systems. Workplace relations systems have been the main mechanism by which the parties to the system such as employers, governments and unions, as well as, industrial tribunals have sought to influence the level and nature of part time employment.

In the early 1990s, around four-fifths of the workforce was covered by awards (Wooden et al. 1994). Awards are legal instruments established by the various industrial tribunals covering workers' pay and conditions in industries, occupations or sectors of the economy. Even where actual pay and conditions were the outcome of collective or individual bargaining, minimum pay and conditions were set under each award.

The industrial parties had quite different views of part time work during the 1970s and 1980s. Unions generally opposed the introduction of part time employment, which they saw as a threat to full time employment. Employers during this time attempted to increase the flexibility of working hours by applying to the tribunals to liberalise access to part time employment arrangements. In response, industrial tribunals allowed part time employment provisions in awards where they were seen as meeting the needs of industries and not undermining full time employment (Romeyn 1992).

The awards system in the 1970s and 1980s was quite prescriptive with regard to part time employment. For example, awards could include (Romeyn 1992):

- setting allowable ratios of part time workers to full time workers in the workplace;
- upper and lower limits on hours worked by part timers;

-
- requirements for employer and union consent to the creation of part time positions; and
 - employment benefits such as recreation leave, sick leave to be received by part time workers.

Other clauses operated to explicitly discourage the growth of part time employment, including requirements that:

- part time employment must have union agreement; and
- part time employees only to be engaged when full time employees could not be found or if there were no unemployed union members available to work full time.

Part time work and casual employment

Another issue impacting on the expansion of part time employment is its association with casual employment. Indeed, it is often perceived that part time workers are casual workers. The term ‘casual’ employment, however, has no precise or fixed meaning in law. At common law, casual employees, unlike permanent employees, do not have an ongoing contract of employment of unspecified duration (Romeyn 1992). That is, casuals have only an occasional or irregular connection with the workplace and there is no formal expectation of an ongoing working relationship. They can be engaged on an hourly or daily basis.

Awards provide little guidance on this matter as there are no standard clauses defining casual work. Many awards simply define casual workers as those that are employed on that basis. Casual employees are often defined by reference to their lack of some work entitlements associated with the continuity of employment such as paid recreation and sick leave. A complication blurring the distinction between permanent and casual employment is that some awards provide casual employees with a paid annual leave entitlement.

Casual workers receive a wage premium or loading which varies for most awards between 15–25 per cent of the wage, but there are some awards where the loading is 50 per cent or more (Award Review Taskforce 2006). The range of casual loadings reflects their award by award establishment and historic rationale. The loading was established to compensate for non-entitlement to annual leave and sick leave, but some of the higher loadings also reflected penalties to discourage casualisation of the workforce.

As noted above, permanent and casual employment do not display a rigid dichotomy. One of the usual approaches is to utilise a distinction made by the ABS with its surveys of forms of employment, which focuses on whether or not there is an entitlement to paid leave. On this basis, in 2006, 57 per cent of part time employees were employed as casuals, compared with 11 per cent of full time employees. Overall, two-thirds of casual employees worked part time (ABS 2008a, table 2). Thus, while there is substantial overlap between casual and part time work, they should not be seen as synonymous.

Awards prescribed casual employment levels and arrangements as well as part time employment which, given their association, is likely to have also influenced the growth of part time employment. As well as the casual loading, some of the more notable provisions included:

- conversion of casual to permanent status after a period of time;
- maximum days per year that a worker could be employed on a casual basis; and
- ratios of casual to permanent workers (Romeyn 1992).

The approach taken in this paper is to concentrate primarily on part time employment (including both casual and permanent workers). The increased importance of casualisation of the workforce, of course, is relevant to the growth of part time employment given their strong association. Where relevant this connection is examined in this paper, but to keep the analysis manageable the discussion of part time employment together with these other forms of employment is kept to a minimum.¹

Gradual liberalisation of workplace relations laws

Over the last two decades, a number of changes have been made to the workplace relations systems with the common theme of freeing up the process and ability of employers to create part time and casual positions. Some of the more significant changes commenced with the introduction of the Two Tier Wage system in 1987 following the National Wage Case decision of that year. The first tier provided for a general wage increase and the second tier provided for additional increases if productivity enhancing arrangements were made. Many second tier wage agreements included the use of part time and casual employment as a means of improving productivity.

¹ Casual and other forms of employment are discussed in detail in the Productivity Commission Research Paper, *The Role of Non-Traditional Work in the Australian Labour Market* (PC 2006).

This was followed by the 1988 National Wage Case decision in which the Australian Industrial Relations Commission (AIRC) decided to build upon these initial steps. The AIRC introduced the process of award restructuring in the form of the Structural Efficiency Principle in 1988. This addressed elements of the workplace relations system that had operated to reduce potential productivity and efficiency. Examples of restructuring changes of relevance to part time employment were:

- insertion of the provision for part time and casual employment that did not previously exist in awards;
- the removal or relaxation of restrictions on part time and causal work; and
- the introduction of permanent part time provisions in some awards (Romeyn 1992).

Further liberalisation of awards came with the 1996 amendments to the *Federal Workplace Relations Act 1996* (the *WR Act*) designed to simplify awards. These amendments limited the AIRC's powers to deal with part time employment. The *WR Act* no longer privileged one form of employment over another and sought to have such matters determined at the workplace level. Similarly, under state jurisdictions workers and employers increasingly became able to determine such part time working arrangements.

It is difficult to determine the impact of the past restrictions and their subsequent liberalisation on the level and growth of part time employment. Indeed, it is not possible to estimate the extent of compliance with these award restrictions. This is especially the case with small firms where knowledge of awards could be limited (Pocock, Buchanan and Campbell 2004). Award restrictions limiting casual and part time employment were more likely to be breached than other conditions of awards, such as actual rates of pay (Wooden et al. 1994).

The changes in these institutional arrangements, moreover, should not be seen as representing a completely exogenous impact on the level and growth of part time employment. The workplace relations legal frameworks may rather be seen as responding, albeit with considerable lags, to the demographic and competitive pressures for greater workplace flexibility in the form of ease of availability of part time employment.

A number of conclusions can be drawn when considering the impact of workplace relations arrangements on the level and increase in the numbers of part time workers. Past workplace relations arrangements have operated, to some extent, to reduce the level of part time employment. The liberalisation of these working arrangements during the 1990s operated to encourage or, at least, facilitate the growth in part time employment. But it has not been possible to estimate the likely magnitude of these effects. Indeed, the high level of part time employment in Australia and the expansion of part time employment during the period of workplace restrictions suggest that institutional impediments were not strictly binding.

4.2 Demand side theories used to explain the level and rise in part time employment

A number of demand side theories have been used to explain the level and growth of part time employment. These theories attempt to explain the increasing share of workers employed part time as a consequence of the increased attractiveness of part time workers to employers. This increased attractiveness can arise from a number of sources such as the lower cost of employing part time workers compared to full time workers, and the flexibility offered by part time workers in arranging the operations of the business. This can be either in the short run in response to downturns in demand or the longer run in response to developments in consumer markets or technological change.

Reducing labour costs

Over the past three decades, Australian businesses have faced increased competition from reductions in border protection (tariffs and import quotas), financial and capital market liberalisation and growth in international trade associated with the growing globalisation of the world economy. These pressures have provided employers with strong incentives to reduce costs, including labour costs.

Profit maximising employers will hire part time or full time workers on the basis of a comparison of their relative productivity/cost ratios. That is, how much output each type of worker generates per dollar spent on their employment (this includes wage costs and non-wage costs such as sick leave, annual leave, staff administration, training, etc).

Whether part time workers have higher or lower effective cost per hour worked depends upon their terms and conditions, fixed costs per employee (such as

training) and their level of productivity. In some other countries, such as the United States, employers can treat part time workers differently from full time workers. In the United States, employers can provide their part time workers with less favourable non-wage benefits lowering their overall employment costs (see, for example, Euwals and Hoyerbrugge 2004). However, the long term shift to part time workers in Australia is difficult to attribute simply to cost savings strategies. Awards provided permanent part time workers with pro-rata wages and conditions.

That said, the casualisation of the workforce over the past three decades is sometimes seen as contributing to the growth in part time work with over half of the part time employees employed on a casual basis. Casual employees are not entitled to the same non-wage benefits (such as annual and sick leave) as permanent workers which reduces labour costs. But they do receive a casual loading as compensation for loss of such benefits. As noted above, most casual loadings range between 15–25 per cent.

Whether or not the casual loading fully compensates for the loss of entitlements is a matter for debate. For example, Watson (2005) has found that female part time casuals earn around 10 per cent less than female part time permanents, after controlling for the differing characteristics of casual and permanent workers and taking into account the relevant loadings.

It is generally easier to change a casual employee's hours of work. This can reduce labour costs for a business by maximising the utilisation of staff (see below). But any cost advantage in the employment of casual part time employees does not appear to have been associated with the relative increase in their employment. Casual part time employees have been a declining share of part time employees — dropping from 66 per cent of part time employment in 1992 to 57 per cent in 2006 (ABS 2008a).²

Also, part time workers can have the same fixed costs as full time workers, (for example, recruitment and training costs and staff administrative costs) but work fewer hours to enable the employer to recover those fixed costs. They may also require more supervision than full time workers given their less intensive contact with the businesses operations.

In general, a simple cost reduction strategy does not appear to have been the major driver of the growth of part time employment over the past two decades.

² The ABS does not use the terms 'casual' and 'permanent' employees but reports on 'employees without/with paid leave entitlements' respectively. In this paper, 'permanent' employees are deemed to be those 'with paid leave entitlements' and 'casual' employees are those 'without paid leave entitlements'.

Short term business flexibility

Other demand side explanations for the growth in part time work are based on the desire of employers to offer part time work as way of increasing the flexibility of their business operations. These changes can be either short term in response to upswings and downturns in the business cycle, or a longer term strategy in response to growing competition and changing service requirements, notably peak periods of demand.

As noted above, profit maximising employers will seek to employ labour up to the point where the new worker can produce enough output to cover the additional costs of employment. That is, where the marginal revenue generated by the worker equates to the worker's marginal cost to the business. When demand for labour changes, employers would be indifferent between varying the hours worked per worker or varying the number of workers if the cost of employing workers was only the wage rate. For, example, if demand for the firm's output fell then employers could reduce the hours worked per person or the number of workers to achieve the same reduction of the firm's output. That is, changing the number of hours worked per person or the number of workers are perfectly substitutable strategies for varying the productive size of the workforce.

However, the wage rate is not the only cost of employing labour and changing the number of hours worked per person may have implications for productivity. That is, changing the number of hours worked per person or the number of workers are not perfectly substitutable strategies for the employer.

There are costs of varying the number of workers — there can be redundancy payments associated with laying-off workers and recruitment and training costs associated with engaging additional workers when business conditions improve. There may be time delays in laying off workers which leads to unproductive down time. Delays in recruitment mean that profitable business opportunities may be lost because of the inability to quickly increase production in the face of an expansion of demand. The use of part time workers can enable working hours to be more quickly tailored to business activity levels reducing these time related costs.

There may also be productivity differences between full and part time workers. A reduction in working hours may increase productivity due to reduction in fatigue and boredom. Alternatively, a reduction in hours may lower productivity as non-productive activities such as meal breaks, setting up and shutting down times will represent a larger proportion of the overall working day. Also, part time employees may be subject to the same cost overheads, such as staff administration and ongoing training, as full time employees but with fewer hours to spread those costs. Profit maximising employers will decide to employ part time or full time

workers taking into account these and other factors and ascertaining the effect upon their relative productivity to labour costs.

The relationship between the growth in part time employment and business conditions was examined by looking at the quarterly movements in the share of part time employment in total employment and quarterly changes in the demand for labour as measured by changes in the aggregate hours of employment over 1984–2007. Details of the bivariate analysis are at table C.1 in Appendix C. Over the entire period there is a negative but statistically insignificant relationship between movements in the part time share and aggregate hours. But there appears to be a structural break in the relationship around the mid to late 1990s.³ The data for the mid 1980s to mid 1990s show a positive relationship between movements in aggregate demand and the share of part time employment — but this is statistically insignificant (figure C.1). From the mid 1990s, however, there does appear to be a significant inverse relationship between the changes in demand and the share of part time employment. This suggests that part time employment has been increasingly used as a swing workforce mechanism to respond to changes in aggregate demand.

In the short term, this strategy of employing part time workers can be a way of spreading the employment adjustment in response to an economic downturn in terms of hours worked rather than reductions in the number of employees. Such a strategy may be adopted when employers expect a downturn to be of a short but unpredictable length, and they wish to maintain contact with their current staff to enable a quick response to the subsequent increase in demand.

If this explanation is to be confirmed, it would be expected that part time employment would be relatively less responsive to the business cycle than full time employment (it may even be countercyclical). Also, that there would be an increase in the share of part time workers wanting to work more hours during economic downturns.

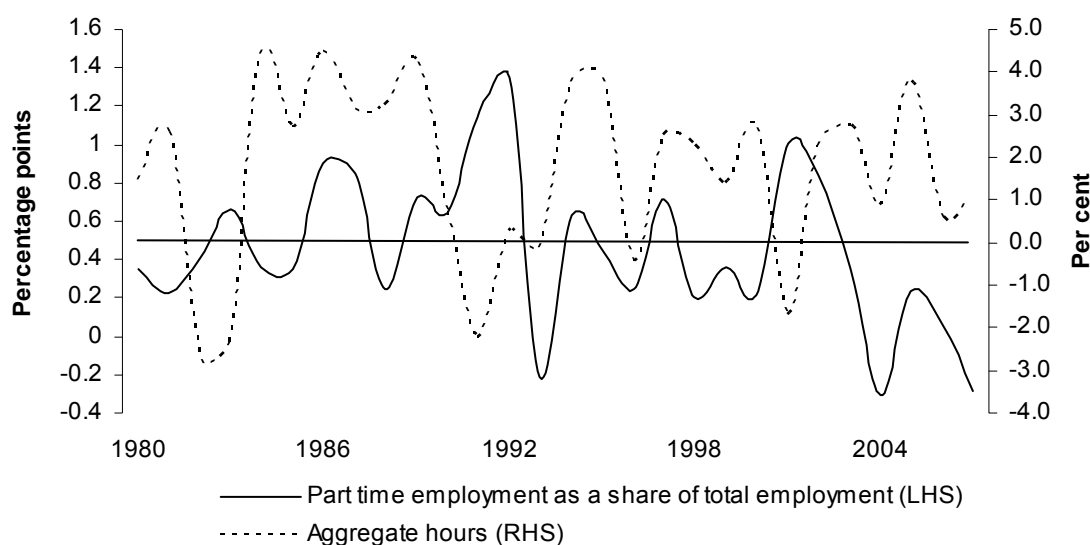
The OECD (1995) found that the institutional arrangements and policies that businesses and workers can use are the main determinants of whether it is employment or hours that bears the main response to the fall in demand for labour. For example, temporary layoffs are more common in the United States than in Europe where partial unemployment benefits exist and reductions in working hours are the more common adjustment mechanism.

³ The Chow breakpoint test indicates a structural break in the relationship around the mid to late 1990s (table C.2).

Lester (1999) found that, in Australia, the main response to a change in labour demand occurs through changes in the number of persons employed. However, around one-quarter of the cyclical change in labour demand occurs through changes in average hours. Lester found that the change in hours of full timers and part timers varied less than that for average hours as a whole. Therefore, much of the change in average hours came about from changes in the share of part time and full time workers.

The share of part time employed in total employment increases during downturns. As can be seen from figure 4.1, growth in the share of workers in part time employment since the 1980s has fluctuated considerably from year to year. Labour demand is measured by aggregate hours worked and varies with changes in output or economic activity through changes in the number of persons employed and the average hours worked.⁴

Figure 4.1 **Changes in aggregate demand for labour and composition of employment, 1980–2007**



Data source: ABS, (*Labour Force, Australia detailed — electronic delivery*, Cat. no. 6291.0.55.001 table 1 and table 9).

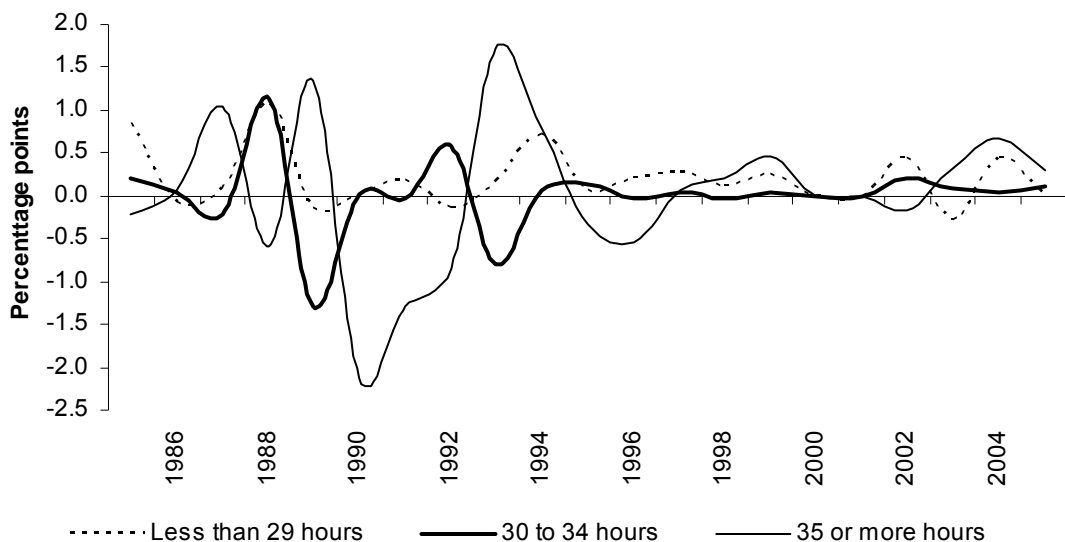
⁴ Labour demand is more completely represented by employment plus unfilled job vacancies. For ease of exposition unfilled vacancies have not been included. This should not materially affect the analysis as unfilled vacancies are very small compared to employment numbers and vary procyclically thereby reinforcing movements in aggregate hours as a measure of aggregate demand.

Growth in part time employment in terms of shares of total employment quickened during periods of weak labour demand in the early 1990s and 2000s. The number of part time employed as a share of the working age population also continued to increase during these periods — that is, there was an expansion in the absolute number of part time employed persons. During the year prior to recoveries in labour demand following the downturns, the share of part time employed fell significantly. The part time employment to population share also fell during these periods. That is, there is a movement back to full time employment immediately prior to strong growth in aggregate labour demand.

The nature of the adjustment process can be explored by looking at the changes in the hours worked by part time workers during economic downturns. Growth in the number of workers working longer part time hours would be consistent with a downshift in the hours worked by previously full time workers.

This labour market adjustment process is confirmed when the pattern of working hours within part time employment is examined (figure 4.2). Full time employment for men and women fluctuates markedly more than part time employment of either short duration (less than 30 hours per week) or longer duration (30–34 hours per week).

Figure 4.2 Movement in hours worked per week — change in employment population ratio, 1986–2006



Data source: ABS Data source: ABS, (*Labour Force, Australia detailed, Quarterly*, Cat. no. 6291.0.55.003, Table 13).

Bivariate regression analysis was undertaken on the relationship between movements in hours worked per week. It was found that movements in the percentage of the working age population employed varied inversely between full time and part time employment (30–34 hours). A one-percentage point fall in the full time employment to population ratio was associated with a 0.3 percentage point rise in the part time employment (30–34 hours) to population ratio (table C.3 in Appendix C). This implies that full time and part time employment are in part substitutes.

No relationship was found between full time employment and shorter durations of part time employment. The relationship between part time employment of differing durations was found to be positive, that is part time employment, 30–34 hours per week and less than 29 hours per week, moved broadly together. Thus, part time employment of varying intensities are similarly affected by labour market conditions.

In summary, the findings are consistent with some loss of full time employment and increased part time employment during downturns in demand as a result of working hours being reduced. This is unwound during subsequent periods of recovery in demand.

Industry use of part time employment

The previous section indicated that the aggregate share of part time employment tended to rise during periods of downturn in labour demand. It is unclear whether this change in part time employment is the result of employers across a range of industries reducing their workers' hours or demand changes falling disproportionately on those employers employing full time employees. This section examines these issues at the industry level to gain a fuller appreciation of the factors underlying the changes in part time employment.

The relative contributions of growth in part time employment within industries and the changing employment mix across industries can be isolated by decomposing changes in part time employment. Details of the methodology employed for this task are at box 4.1.

Box 4.1 Decomposing the aggregate change in part time employment

The aggregate change in the part time share of employment is given as:

$$PT / E = \sum_{i=1}^n \left(\frac{PT_i}{E_i} \times \frac{E_i}{E} \right)$$

$$\Delta \left(\frac{PT}{E} \right) = \sum_{i=1}^n \left(\left(\Delta \left(\frac{PT_i}{E_i} \right) \times \frac{E_i}{E} \right) + \left(\frac{PT_i}{E_i} \times \Delta \left(\frac{E_i}{E} \right) \right) \right)$$

Where, PT/E is the aggregate share of part time employment, PT_i / E_i is the share of part time employment in industry i and E_i / E is the share of aggregate employment (E) in industry i . The aggregate share of part time employment is thus the weighted average of the industry shares.

The term, $\Delta(PT/E)$ is the change in aggregate share of part time employment, the second term $\Delta(PT_i / E_i) \cdot E_i / E$ is the change in the aggregate part time share due to changes occurring within industry i with its share of employment held constant and the last term $PT_i / E_i \cdot \Delta(E_i / E)$ is the change in share due to the changing industry i share of aggregate employment with the part time share of employment in industry i held constant — called the change in industry structure.

The estimated effects are presented in figure 4.3. For example, in 1991, the aggregate part time employment share increased by just over 1.2 percentage points. One percentage point of this increase arose from industries generally increasing the share of part time employment in their workforces. The remainder arose because the employment gain was disproportionately experienced by those industries with workforces with higher shares of part time employment.

The figure shows that it has been the change in part time employment shares within industries that has been the main determinant of changes in aggregate part time employment shares particularly, in relation to the short term variations. Over the longer term, the differential growth in employment across industries (change in industry structure) has added little to the growth in the share of part time employment. Indeed this contribution has been slowly declining over time.

The figure also sheds light on the reason for growth in part time employment during periods of reduced labour demand particularly in 1991 and 2001. While the downturn in demand was biased slightly against those industries that employed more full time workers, the main reason was the expansion of part time employment across industries in general.

Figure 4.3 **Contributions to the aggregate change in part time employment shares, 1986–2007**



Data source: ABS, (*Labour Force, Australia detailed, Quarterly*, Cat. no. 6291.0.55.003, Datacubes EO5_nov84 and E06_aug94).

The flattening of the growth in the share of part time employment in total employment since 2004 has been largely due to the reduction in part time employment share within industries. The changing industry structure has also operated to reduce the aggregate part time share in recent years but has been a minor factor.

Table 4.1 presents the components of the change in part time employment over the period 1986–2007 for both men and women. Over this period, the share of men working part time increased by 8.6 percentage points with most of this change (7.3 percentage points) arising from industries generally employing more men on a part time basis. Only 1.3 percentage points of the increase resulted from the stronger employment growth of those industries which have a relatively large share of their male workforces employed part time, that is from the industry structure change.

The overall growth of the share of part time employment for women and the broad components of this growth were very similar to that for men. Two industries with already relatively high shares of part time employment, retail and health and community services, contributed almost half of the increase of the within industry effect.

Table 4.1 Change in the share of part time employment 1986–2006
Percentage point change

	<i>Men</i>	<i>Women</i>	<i>Total</i>
Change within industries	7.3	6.5	7.7
Change in industry structure	1.3	1.0	2.4
Total change^a	8.6	7.3	10.1

^a The average of the effects for men and women are less than the total effect because, over this period, the share of women in the workforce has increased. As a higher proportion of employed women work part time than men, this shift in the gender balance of the workforce also contributed to the rise in part time employment both within each industry and, in particular, the effect of the changing industry share of employment. Those industries that employ more women that have generally grown the fastest.

Data source: ABS (*Labour Force, Australia detailed, Quarterly*, Cat. no. 6291.0.55.003, Datacubes E05_nov84 and E06_aug94).

In general, the change in industry structure contributed 24 per cent (2.4/10.1) of the change in the share of part time employment since 1986. Dawkins and Norris (1995) came to a similar conclusion when examining the growth in the incidence or share of part time employment over an earlier period 1978–93. They found that only about 20 per cent of the growth of the share of part time employment was explained by the change in industry structure.

Thus, the long term growth in the share of part time employment has been mostly associated with broad changes in the manner by which employers manage their workforces across all industries. That is, the growth of service industries that employ large numbers of part time workers explains little of the growth in part time employment. But the service sector industries are the largest employers of part time workers and the working arrangements in these industries may explain the high level of part time employment in those industries. It is useful, therefore, to examine the factors which have caused the part time share to grow within industries as well as the demand side reasons for the relatively high levels of part time employment in the service sector.

Longer term business flexibility

Over the past three decades, there has been an increasing requirement for businesses to become more flexible to respond to consumer demands. The introduction of new technology to monitor sales and stock levels has allowed businesses to more accurately schedule their labour requirements (Johnston et al. 2000). For example, the use of scanners and computers in retailing has produced greater knowledge of the ebb and flow of sales enabling the more accurate alignment of labour needs. Part time workers can then be recruited to meet identified peak periods in demand. The requirement for increased organisational flexibility has been identified as a factor

underpinning increased part time employment by Euwals and Hogerbrugge (2004) using Dutch data.

Importantly, the liberalisation of retail shopping hours has resulted in opening hours no longer conforming to the standard working week. In response, various service industries, especially retailers and the hospitality sector more generally, have restructured their operations and increased the number of workers employed on weekends and non-standard hours (Johnston et al. 2000). This has increased the demand for part time workers — a case study of a major supermarket chain in Australia by Price (2004) confirms that a key aspect of their organisational flexibility has been the employment of part time workers. Dawkins and Norris (1995) note that increased working hours flexibility has increased the productivity of part time workers compared to full time workers in some service industries.

Dawkins and Norris (1995) also note that part time employment has been encouraged by technological change in the Australian and United Kingdom finance and banking industries. Firms are able to undertake ‘back office’ work in central locations, and at different times of the day. For example, most routine data entry work is undertaken in the evenings, usually by female part time workers.

These changes represent examples of increased workplace flexibility. Workplace flexibility can be conceptualised as the capacity to quickly move staff resources to match operational requirements. But it is difficult to measure directly. It is possible to develop proxy measures by looking at the changes in the nature of work and the shift away from standard working arrangements. Contained in table 4.2 below are several measures of workplace flexibility related to working arrangements other than the standard working day and week. The table also separates permanent from casual employees to isolate this confounding effect when comparing full time and part time employment.

Working part time independently of whether the work is permanent or casual is associated with increased likelihood of non-standard working arrangements, that is working other than only Monday to Friday. It is also associated with working arrangements which vary in terms of the days worked. As shown in the table, an increase of non-standard working arrangements — less Mondays to Fridays worked and more variation in the days worked — from permanent full time to casual full time, to permanent part time and finally to casual part time.

Table 4.2 **Types of flexible working arrangements, 2003**

Per cent of workers

	<i>Full time permanent</i>	<i>Full time casual^a</i>	<i>Part time permanent</i>	<i>Part time casual^a</i>
Working day flexibility:				
Worked usually Monday to Friday	74.3	55.9	28.2	16.6
Days worked vary on a weekly or monthly basis	10.0	12.5	17.3	27.6
Other ^b	15.7	31.6	54.5	55.8
Hours flexibility:				
Start and finish times are fixed	67.3	54.0	75.9	61.8
Start and finish times vary daily	22.7	30.6	15.8	20.6
Start and finish times vary but not on a daily basis	10.0	15.4	8.3	17.6

^a Defined as those not entitled to paid holiday and paid sick leave. ^b 'Other' is 'usually works weekdays only', 'usually works weekends only', and 'works some weekdays and some weekends'.

Source: ABS (*Working Arrangements Australia*, Nov 2003, Cat. no. 6342.0).

However, working part time is not associated with greater flexibility with regard to daily working arrangements, that is, start and finish times. Thus, it appears that part time work provides the opportunity of a limited type of flexibility involving 'programmable responses' to predictable labour requirements regarding days of the week to work. Full time positions provide the daily flexibility to working arrangements in response to more short term contingencies. Casual jobs whether full or part time provide greater hours flexibility than their permanent equivalents.

This differentiation of the nature of flexibility offered by full time and part time workers is consistent with the characteristics of the persons working under these respective arrangements. For instance, many part time workers combine work with other activities, such as education or child raising and may not have the flexibility to change their daily hours of work on a short term basis. These workers are more able to work weekends or vary the days of the week that they work.

Segmented labour markets and labour force gross flows

The theories discussed above point to part time work being used strategically within firms or industries as a means to meet changing business requirements. Under this approach it was implied that, the characteristics of full time and part time jobs are essentially the same, except the hours worked by individual workers vary.

Another set of demand side theories views the labour market as segmented. This set of theories can be traced back as far as the classical economists of the 19th century, such as John Stuart Mill, who saw the labour market as composed of non-competing groups on account of barriers to mobility (these can be educational, social or geographic) operating to make it difficult for workers in one part of the labour market to move to another (de Marchi 2008).

The literature regarding segmented labour markets theories is extensive, with many variations on broad themes. It is not proposed here to comprehensively cover this literature, but rather to simply provide an outline of the key common arguments and relate these to possible explanations for the level and growth of part time employment. Under this broad group of theories, part time jobs and workers are seen as largely existing in different labour markets from full time jobs and workers.

The various labour market segmentation theories address different areas of interest (for example, pay or job mobility/stability) and different types of labour market segmentation (for example, job, race, age, gender) (McNabb and Ryan 1990). A common theme is that of a hierarchy of work organisation with little mobility across levels of work. Dual labour market theories can be seen as restricted versions of the segmented theories in that the labour market is only divided into two segments — the primary (core) and secondary (periphery) labour market.

A key feature of these theories is that conditions in the product market influence the nature of business' relationships with their workforces. These theories posit a division between businesses and industries which cater for stable markets and those that service unpredictable markets. Larger businesses, or certain industries, are seen as generally facing more stable goods and service markets which allows them to develop strategies to face the competition on non-price grounds. This, combined with the increased labour specialisation within businesses, leads to the valuing of firm specific skills and the development of internal labour markets to generate greater worker commitment to the business.

Moreover, the performance of workers in the primary segment can be difficult to monitor and such workers are paid higher than the market clearing wage to encourage loyalty and reduce shirking by increasing the potential costs of dismissal. These jobs are high paying, permanent, highly skilled and career oriented. The resultant excess supply of workers to the primary labour market leads to job rationing.

Smaller businesses or industries in the secondary labour market have less influence over competitive pressures, with their workers having fewer firm specific skills or indeed even general skills. The secondary or periphery labour market is characterised by low paying, low skilled and insecure jobs. Workers' performance

in this market is more easily monitored with less emphasis on dismissal threats to maintain performance. Therefore, wages tend to be set at the market clearing level.

Even within businesses, there may be a core and secondary labour market operating. This can occur within the firm as some activities are seen as not requiring skill or commitment to the firm. Jobs are created to attract individuals who will be willing to work under those terms.

A key proposition of the dual labour market approach is that there is a separation between the labour sub-markets with little flow of workers between them. In that theory, productivity is seen as a function of job characteristics rather than worker characteristics, comparable workers can receive different levels of remuneration. Many secondary workers are seen as capable of performing in the primary labour market, but rationing of access to good jobs denies them this opportunity. Without this separation, differences in wages and conditions would normally be competed away. The theories of labour market segmentation underpin (even if only implicitly) the view that part time employment provides inferior wages and conditions.

Such labour market duality is seen as the result of the characteristics of the job not the workers. But there can be a parallel duality in the characteristics and attributes of many of the workers who may be attracted to or offered these jobs. Workers who may be expected to have lower commitment to the firm and lower skill levels tend to make up workers in the secondary labour market. These workers may include younger workers, married women with family responsibilities and members of disadvantaged groups. Thus, the supply side of the labour market can play a role in explaining the creation of secondary jobs but it is less important than the demand side in explaining the instability of such jobs.

In the Australian context, dual labour market theories do not provide a strong or persuasive explanation for the level and growth in permanent part time work. Rodgers (2004), using Wave 1 HILDA data and controlling for the different worker and job characteristics, found no difference between full and part time hourly wages. Booth and Wood (2004), using Wave 1 and 2 HILDA data, found an hourly wage premium in favour of part time workers.

Nonetheless, concerns remain that, in particular, casual part time jobs are inferior in terms of training, conditions, mobility and security (Pocock, Buchanan and Campbell 2004). These problems are seen as spilling over from casual to permanent part time jobs. Indeed, permanent part time workers are seen as vulnerable to hours and earnings that vary at short notice.

Tilly (1991), looking at the US labour market expanded the segmentation theories. He suggested that there are three kinds of part time employment, differentiated according to whether supply or demand forces are the prime motivators:

- Short time part time work occurs simply where there is a temporary downturn in demand and employers reduce workers' hours;
- Retention part time jobs are those which have the characteristics of 'good jobs' in terms of pay, career development and conditions and are provided by employers to retain or attract valuable employees who may wish to work part time; and
- Secondary part time jobs are considered 'bad jobs' in terms of low pay, high turnover and poor career paths. They are provided to attract employees who will accept such working arrangements and created in parts of the organisation where workplace flexibility is most important.

Thus part time jobs are not confined to the secondary labour market and the distinction between 'good' and 'bad jobs' breaks down to a range of jobs of varying characteristics. Indeed the distinction between full time and part time casual and permanent jobs fits within Tilley's classificatory structure.

Tilly's segmentation of the labour force into different types of part time workers appears to be consistent with the Australian case study on a supermarket chain carried out by Price (2003) and a survey of retailers by Scully and Brosnan (2002). Price found that permanent workers, whether full time or part time, were treated as core workers while casual part time workers were largely peripheral. However, the development of internal career paths within the business, whereby, workers recruited as casual part time workers can become permanent and then full time workers is not consistent with rigidly segmented working arrangements.

Scully and Brosnan found that part time workers were employed for a variety of reasons ranging from those related to peripheral aspects of employment, such as to replace permanent staff on leave and to meet daily fluctuations in demand to keeping valued employees who wanted to work part time.

Trends in employment transitions

The previous section raised the question of whether workers move between part time and full time employment. Such movements would suggest that labour markets are not segmented — at least between aggregate part time and full time employment.

The ABS Monthly Labour Force Survey collects data on the gross labour force flows. These data describe the monthly movements of people between full time employment, part time employment, unemployment and not in the labour force status.

The gross labour force flows reflect decisions of individual persons and employers responding to idiosyncratic factors. As a consequence of these individual decisions there are ‘high baseline’ or background flows between labour market states which are relatively stable through time. But the labour force gross flows also respond to broad economic and social changes. The flows are relatively large compared to labour force stocks and demonstrate that only small changes in gross flows can underpin the sometimes large shifts in the labour force stocks of employment and unemployment.

The changes in the gross flows over the past three decades were investigated to see whether any changing patterns have emerged regarding the flows into and out of part time employment. This helps to address questions about the mobility between part and full time employment, as well as the process of workforce adjustment to economic downturns and the stability of part time employment.⁵

The trends in monthly transition probabilities between 1980–2007 are shown in figure 4.4. These transition probabilities show the likelihood of a shift in employment status in any given month, for example, how likely it is for a woman to move from part time to full time employment each month, or for a man to move from non-employment to full time employment. The time series are adjusted to remove seasonal and irregular factors.

Figure 4.4 shows trends between 1980–2007:

- Men and women employed part time were less likely to change their employment status than those employed full time. In 2007, around 83 per cent of women and 72 per cent of men remained in part time employment each month. This compares with 90 per cent of women and 95 per cent of men remaining in full time employment each month.

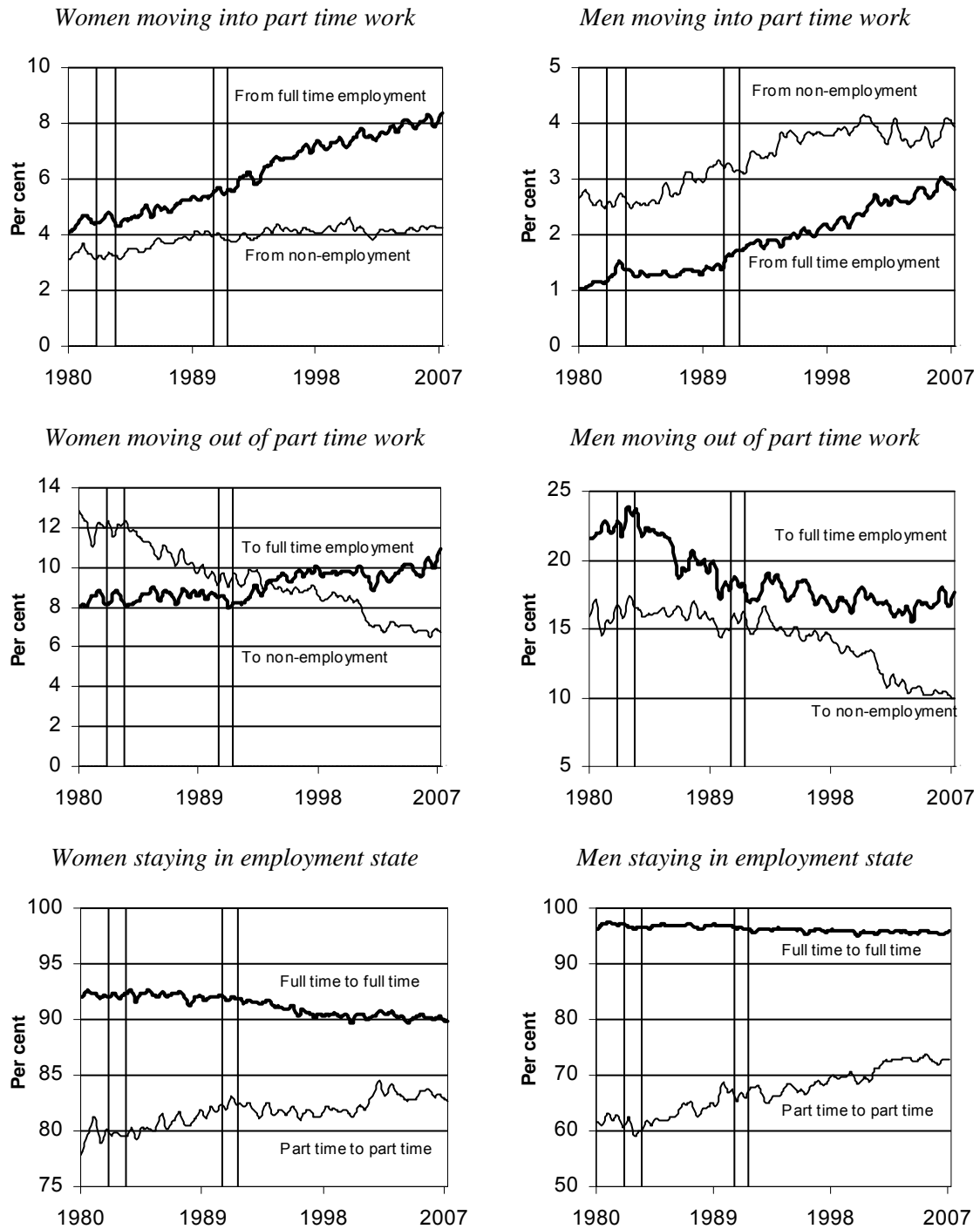
⁵ The gross flows data and the associated probabilities will overstate the movement between full time and part time jobs. In addition to people actually moving from a part time job to a full time job, some of the gross flows between part time work and full time work include people working part time jobs who have worked enough overtime in the reference week to be counted as full time workers. In addition, when these workers return to their normal hours of work, they will also be included in the flows from full time work to part time work. These issues only affect flows between part time and full time work rather than flows to or from unemployed and not in the labour force.

-
- The stability of part time employment increased, particularly for men. Conversely, the probability of remaining employed full time fell slightly for both men and women. There are two reasons for this increased stability of male part time employment. First, during the 1980s, men became less likely to increase their hours and move into full time work (down from around 20 per cent in the 1980s to 16 per cent per in 2007 per month); and from the early 1990's onwards, men became less likely to move from part time to non-employment (down from 15 to 10 per cent per month).
 - Part time work has also become more stable for women, but for different reasons. Part time employment has become more stable for women mainly because they are less likely to leave part time employment for non-employment (down from 12 to 6 per cent per month). Indeed, women employed part time are marginally more likely to move into full time employment at the end of the period compared to the early 1980s (up from 8 to 10 per cent per month).
 - Part time work has become a more common destination for men and women leaving full time work. Non-employed men are more likely to enter part time employment. This latter trend has plateaued in recent years.

These trends suggest that there is considerable dynamism in the labour market with large numbers of men and women changing their employment status over the course of a year. That is, the full time and part time labour markets, at the aggregate level, do not display segmentation.

But while part time employment remains an important transition state or stepping stone between non-employment and full time employment, this role has diminished over the period for men. Part time employment has increasingly become a more stable employment state with less monthly movement either to non-employment or full time employment.

Figure 4.4 Trends in transition probabilities^a of gross employment flows
 Per cent of men or women in employment category monthly flows, 1980–2007



^a Each transition probability is calculated as the flow in a month divided by the stock of its initial labour force state in the previous month. The trends are estimated using a method developed by the US Bureau of the Census, the X11 method, which involves applying moving averages to seasonally adjust the data. The vertical columns indicate periods of recession. In April 2001, there is a series break due to changes in survey questionnaire, although definitions of labour market states remained consistent.

Data sources: ABS (*Labour Force Australia detailed — electronic delivery*, Cat. no. 6291.0.55.001); ABS (*Labour Force, Australia*, Cat. no. 6203.0).

Sensitivity of employment transitions to macroeconomic changes

Labour force gross flows data provide information on the manner by which the labour market adjusts to macroeconomic changes. This can test whether a large share of the flows between the full time and part time labour markets responds to reversible short term changes and are not determined by longer term structural factors of the type identified by the segmented labour market school of theories. The dependent variables to be tested are the transition probabilities associated with part time work, full time work and non-employment. Cyclical labour demand is represented by the total hours worked in the labour market divided by the total working age population.⁶

The estimated transitional probabilities indicate that for women, a fall in labour demand reduces the probability that women will move from part to full time employment. Also flows from part time employment to non employment increase. When labour demand improves these flows are reversed and there are increased flows from non-employment to both part time and full time employment. However, the flows from full time to part time employment are not affected by the changes in labour demand.

For men the story is quite different. A fall in labour demand sees more full time employed men moving to part time employment. Also, there is increased flow from both part time and full time employment to non-employment. By contrast, a rise in labour demand sees an increase in the flow from non employed to full time employed but not an increased flow from part to full time employment. Nor is there an increase in the flow from non employment to part time employment.

Both men's and women's gross labour flows show that the labour market adjusts both in terms of numbers of workers and average hours worked per worker in response to macroeconomic shocks. The labour adjustment process is generally stronger for men's gross flows compared to those for women.

⁶ This removes the confounding effect of the overall growth of the labour force over the period. An ordinary least squares (OLS) regression approach was used initially. Where regressions showed significant evidence of autocorrelation, a Prais Winsten model was used. Complete results are included in table C.4 at Appendix C.

4.3 Summary

There are a large number of competing explanations for the level and growth of part time employment. None appear to fully explain or describe the varied and complex historical experience of part time employment. Indeed, the failure of any demand side theory to fully explain the growth of part time employment implies that the story of part time employment is likely to be a product of supply as well as demand factors.

Institutional factors, such as workplace arrangements, operating mostly through industrial awards, have acted to reduce the level of part time employment below the level it would have otherwise been, especially during the period prior to liberalisation of those arrangements in the 1990s.

But it is likely that their influence was secondary to broader market forces given the high and growing level of part time employment during this period. In any case, it is as likely that this liberalisation was a response to the market pressures to free up the workplace. Over the longer term, such institutional arrangements appear to have been more shaped by, than to have shaped, the nature of the workplace in the face of broader market forces.

Where institutional factors really come into play is the reduction on restrictions on business operations, particularly in the services sector. This opened up new opportunities for businesses with attendant demand for part time labour.

The segmented labour force school of theories do not explain the overall growth of part time employment in Australia well. Both the evidence from case studies and aggregate labour force gross flows data do not support the view that the labour force is segmented into part time and full time employment. The labour market demonstrates a high degree of integration at the aggregate level with many workers moving freely between part time and full time employment. This is not to suggest that there are not groups of part time workers for whom such mobility is much more restricted. Indeed, the issue of part time workers unable to obtain desired work of longer hours is discussed in Chapter 10.

Neither does the growth in part time employment appear to be primarily driven by simple labour cost cutting strategies as part time workers receive pro rata earnings of full time workers (if permanently employed) or a loading (if casually employed) which compensates for loss of non-wage entitlements such as sick and holiday leave. If anything part time employees appear to have a slightly higher effective costs per hour compared to their equivalent full time employee when fixed costs of employment are included.

Part time employment has been traditionally high in the service sector where the flexibility offered by such workers improves labour utilisation rates as labour supply can be matched to work loads. But the growth in the service sector does not explain the growth in part time employment. Part time employment has expanded across all industries. It has been increasingly used as part of a strategy by employers to improve workplace flexibility in response to short term movements in economic conditions. During downturns some full time employees are placed on shorter hours. This was most marked during the two periods of generalised downturn in the labour market — in the early 1990s and 2000. Without these changes, the outright loss of employment may have been greater than actually experienced.

Over the longer term, part time employment has been part of a strategy of matching employment to uneven operational requirements. The increased need for organisational flexibility has placed greater value on the role of part time employment across a range of industries.

5 Supply side factors explaining part time employment

Why do people want to work part time? This question underpins the supply-side approach to explaining the pattern of part time employment across demographic groups and the strong growth of part time employment over the last four decades. The first part of the Chapter outlines a theoretical model of time use to explain the decision making process in forming preferences for working particular hours. This model is then tested against the reasons for working part time reported by a survey of part time workers. Finally, the changes in part time employment across demographic groups are analysed in order to isolate the broad factors underpinning the growth in part time work.

5.1 Supply side explanation — the time allocation model

In 2006, 70 per cent of male workers and 78 per cent of female workers who worked part time did so voluntarily and did not want to work more hours (ABS 2007b). Therefore, a relevant question is why people want to supply their labour on a part time basis.

A supply oriented explanation for part time work relates to the fundamental constraint facing everybody — there are only 24 hours in a day to undertake a wide array of activities. An individual considering entering the workforce faces a number of decisions arising from the competing priorities on their time. While the time spent working provides an income, other possibilities exist in the way that time can be used — education and training can be undertaken, families can be cared for and/or leisure activities can be pursued. Individuals have different values for the different uses of their time. Only work has an explicit pecuniary value reflected in the income stream it generates. But can also provide non-pecuniary benefits such as social contact, prestige and intrinsic interest.

Neoclassical economic theory of time allocation posits that an individual seeking to maximise the utility or satisfaction that they derive will seek to equalise the marginal utility of employing their time across various work and non-work options (box 5.1). This will affect their decision of whether to work and,

Box 5.1 Simple model of time allocation

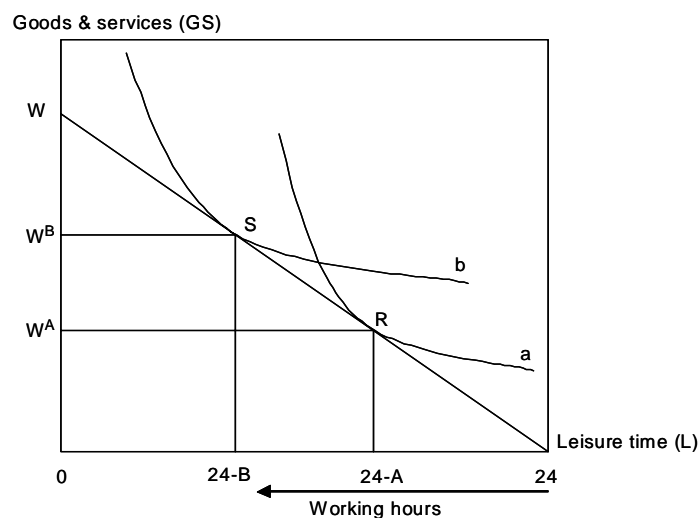
In its simplest form, the theory of time allocation posits that an individual faces a tradeoff in the consumption of two things they value — goods and services (*GS*) and leisure time (*L*). Goods and services can only be purchased out of earned income, but working reduces available leisure time. An individual earns a wage (*w*) for each *H* hours a day worked. But there are only 24 hours in a day to be allocated between work and leisure time. Leisure time is given by subtracting work hours from the hours in the day ($L = 24 - H$ hours). An individual faces a choice between trading off leisure time against income, where income is wage per hour times hours of work (wH). This income can be used to buy goods and services.

The decision for the individual is to select the combination of *L* and *GS* which provides them with the most satisfaction given that they have only 24 hours a day and earn *w* per hour. Combinations of *GS* and *L* that would provide the same level of satisfaction are given by the indifference curve (*a*). There are a series of indifference curves (not drawn) above and below this curve which represent combinations of *GS* and *L* that provide higher and lower levels of satisfaction respectively.

An individual's income depends upon the hours worked. These various combinations of income and hours worked are given by the straight line *W24*. If no work is undertaken, income is zero; if they work 24 hours, income is *W*. The slope of this line depends on the wage rate relative to the prices of the goods and services.

Indifference curve *a* (point *R*), is the highest curve that can be reached given the constraint represented by *W24*. For this individual this reflects the highest satisfaction they can achieve. This individual will work *A* hours earning wA and leaving $24 - A$ hours as leisure time.

For another individual who values goods and services more and values leisure less, their optimal combinations of *GS* and *L* will be given by indifference curve (*b*). Given the same income constraint, this individual will work more hours (*B*) in a day, earn a greater amount (wB) to spend on goods and services, but leaving lesser leisure time ($24 - B$).



if they decide to work, the level of work intensity in terms of hours per week and the expected duration of their working life. Individuals will decide to work up to the point where the marginal utility of their work equals the marginal utility they place on using their time for other purposes.

The wage rate that an individual earns will influence their choice of balance between paid work and leisure. More broadly, this balance is between paid work and non-work activities such as child-minding or caring for a disabled dependent or parent, as well as simple leisure time activities. A higher wage rate increases the opportunity cost of non-work activities. That is, if an individual is not working they are forgoing more income (the ‘substitution effect’) and will be inclined to work longer hours.

But having a higher wage rate also means an individual has greater financial capacity to work less hours (the ‘income effect’) and is able to ‘buy’ more time for non-work activities. The effect of a higher wage rate or an increase in the wage rate on the choice of the number of hours to work depends on the net outcome of these two effects and will vary among individuals. Non wage sources of income and wealth — including savings, income from investments — will also influence an individual’s financial capacity to work less (see, for example, Belkar, Cockerell and Edwards 2007).

While wages are a critical component of the marginal utility of working, other factors also play a part. The marginal utility of wages to an individual corresponds to the post tax wage and will therefore be influenced by the marginal tax rate. In addition, some individuals and families are eligible for government payments and services — some of which are means tested on the basis of personal or family income. The decision to work will be affected by the take home wage and any loss or reduction of means tested government payments and services.

As there are many and varied dimensions to individuals’ lives, the decisions to work and the intensity of work will be different for different people. But it would be expected that some demographic groups will exhibit common patterns of part time employment where they share dominant factors influencing their supply of labour. Some dominant factors include gender, presence of young children and health status. For example, even among families, the age of children and the number of children are likely to influence the preference between income and non work time. However, not all family members are influenced in the same way.

Booth and van Ours (2005), using the HILDA survey, investigated the nature of social customs and conditioning affecting gender identity and preference for part time work. They have found that, for couples, men are happier in full time work and women in part time work. Moreover, women’s life satisfaction increased if their

partners worked full time. Thus, some of the difference between the levels of part time employment between the genders can be seen as reflecting different gender preferences or values.

Work by Glezer and Wolcott (1997), using the Australian Family Life Course Study, also found differing gender preferences. Overall, six in ten couples said the male partner took more responsibility for being the economic provider, while three in ten couples said the responsibility was shared equally and one in ten said the woman was the main breadwinner. At the aggregate level, the pattern of part time and full time employment broadly reflects these preferences.

The supply side explanation for the level and growth in part time employment assumes that individuals are able to choose the number of hours they want to work. But the actual hours worked are the outcome of not just such supply decisions, but also employers' decisions to offer part time jobs. Nevertheless, a labour supply oriented analysis is useful in isolating the set of factors explaining the different levels of part time employment across different demographic groups and changes in those levels over time.

5.2 The experience of men and women in part time employment

People in different age groups tend to have different priorities and commitments that influence their desired involvement in the labour market. These life cycle effects may include education, parenting responsibilities and transitioning to retirement (Venn and Wakefield 2005). In addition to impacting on general labour market availability, these life cycle effects also impact on the preference for part time employment.

Life cycle factors are not events that occur for all individuals, nor are they events that always occur at the same age. However, a combination of social and physiological factors results in a clustering of these events around similar demographic groups. Thus the impact of life cycle events on the rate of part time work are likely to exhibit age specific patterns.

Reasons for working part time

The reasons people have for working part time provide insight into the role of part time work in meeting their needs and preferences. The different reasons also indicate that people will bring different attitudes and expectations to the workplace. This will influence a range of workplace experiences such as career paths, training undertaken, satisfaction levels and employers' attitudes to part time workers.

It is likely that men and women of varying ages will have different reasons for working part time given their differing life cycle events. The HILDA survey asks respondents why they are working part time. The data show that younger and older men and women have very similar reasons for working part time. It is only in the prime age working groups (25–54 years) that reasons differ significantly between genders.¹

The reasons for working part time are presented in figure 5.1 and in tables D.1 and D.2 in Appendix D. The figure indicates that young men and women (15–24 years) overwhelmingly undertake part time employment in combination with study at school or tertiary educational institutions. This accounts for over 70 per cent of young people working part time. The next main reason, which applies to 10 per cent of men and women aged 15–24 years, is the failure to find full time work.

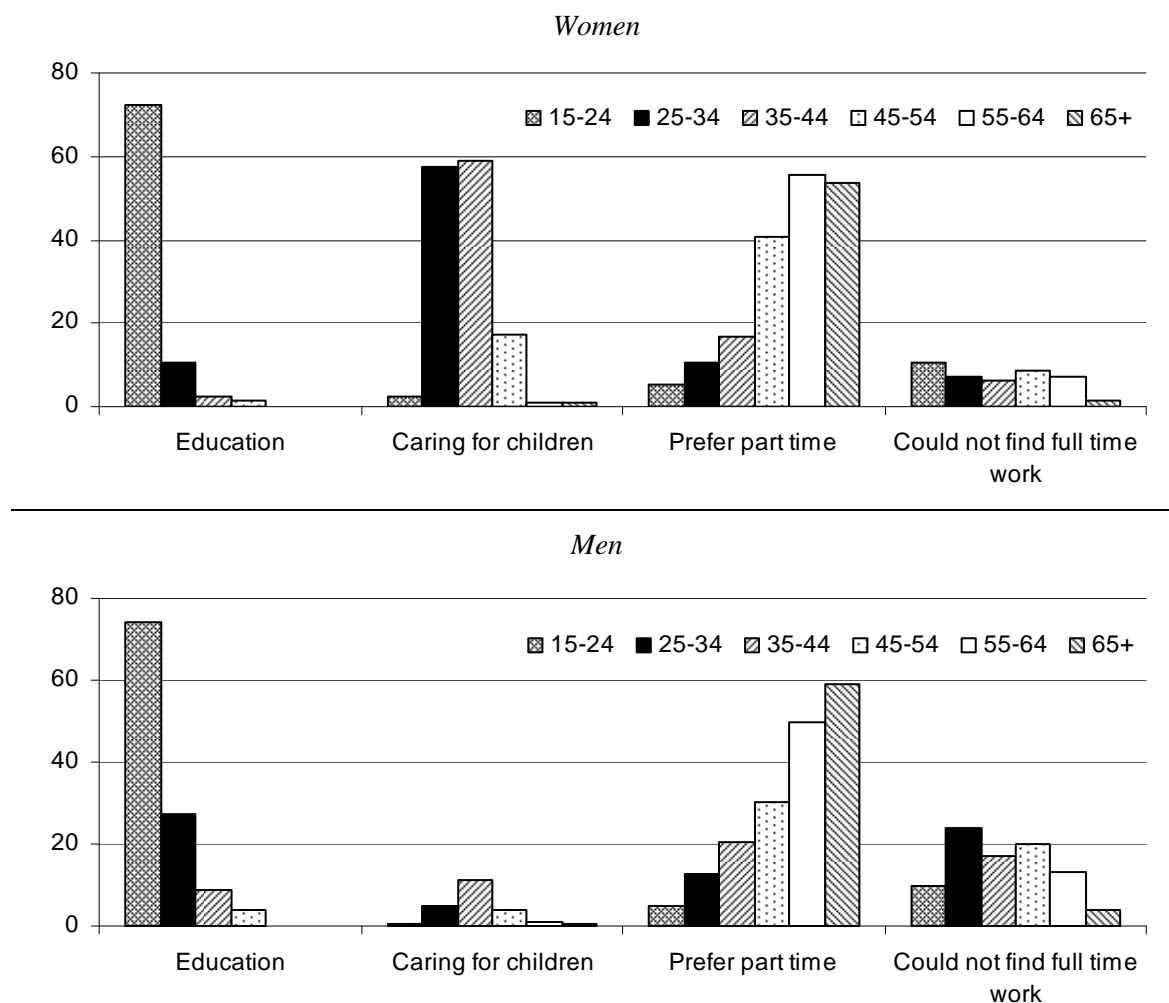
In the prime age group 25–44 years, 60 per cent of women working part time give the care for children as the main reason, followed by a preference for part time work (10–20 per cent).² Just under 10 per cent of the 25–44 year old women working part time list attending an educational institution, which demonstrates that life cycle associations with part time employment do not neatly fall into broad age categories.

Another characteristic that may influence part time work rates among prime age women is debt levels, particularly the size of any outstanding mortgage. Kalb (1999) found that the larger the outstanding mortgage, the higher was the estimated supply of work time — particularly for women. While Kalb did not address the link between mortgage levels and part time work, her results indicate that women are more likely to be seeking more hours of work when the household has a larger mortgage. Similarly, Belkar, Cockerell and Edwards (2007), using the HILDA survey, estimated that households with prime age workers that had higher debt levels or debt servicing ratios tended to increase their labour force participation compared to those with lower debt levels. They found that the effect was larger for women than men.

¹ The HILDA data presented in this paper have been weighted using the sample weights. These weights ‘... are designed to correct for the unequal probability of selection of individuals with different characteristics into the sample,’ (PC 2006, p. 168).

² Unfortunately, when the response was that people had a preference for working part time, no follow up question is asked in the HILDA survey to identify the reason for the preference.

Figure 5.1 Reasons for working part time, 2005
Per cent of part time workers



Data source: HILDA 2007 Release 5.1 (weighted data).

Given the link between higher mortgages and increased labour supply by women, it may be expected that mortgage debt would reduce the probability of women to work part time. However, women with mortgages may also be more likely to work part time than to not work at all. Thus, the overall probability of being a part time worker will depend on the relative importance of these two factors. While a link between debt levels and labour supply has been identified, it is not clear what the direction of causality is. For instance, people are likely to consider their expected future labour supply when taking out a mortgage (Kalb 1999 and Birch 2005).

The reasons for working part time among prime age men also differ according to their age. For younger prime age men (25–34 years), the main reasons are combining work with study and inability to obtain full time employment (each accounts for just under 25 per cent of part time working men). Another 10 per cent are working part time as they prefer the job, and part time work is a job requirement. Finally, around 10 per cent of men have a preference for part time employment.

For older prime age men (35–44 years), the main reason for working part time is a preference for part time work (21 per cent), followed by an inability to find full time work (17 per cent). Personal illness is also a significant reason for this age group (15 per cent) along with caring for children (11 per cent).

The 45–54 years age group appears to be a time of transition for both men and women regarding reasons for working part time. The main reason for working part time is a growing preference for part time work (30 per cent of men and 40 per cent of women). The significance of child care responsibilities as a reason for women begins to decline — to just under 20 per cent. Also there is an increase in non life cycle reasons for working part time — a failure to find full time employment is a reason for 20 per cent of men and 8 per cent of women. A further 5–10 per cent of men and women are working part time because it is a requirement of the job.

By 55 years, most part time workers (50–60 per cent) simply prefer to work part time. Another 10 per cent of 55–64 year olds could not obtain full time employment or their current job required part time hours.

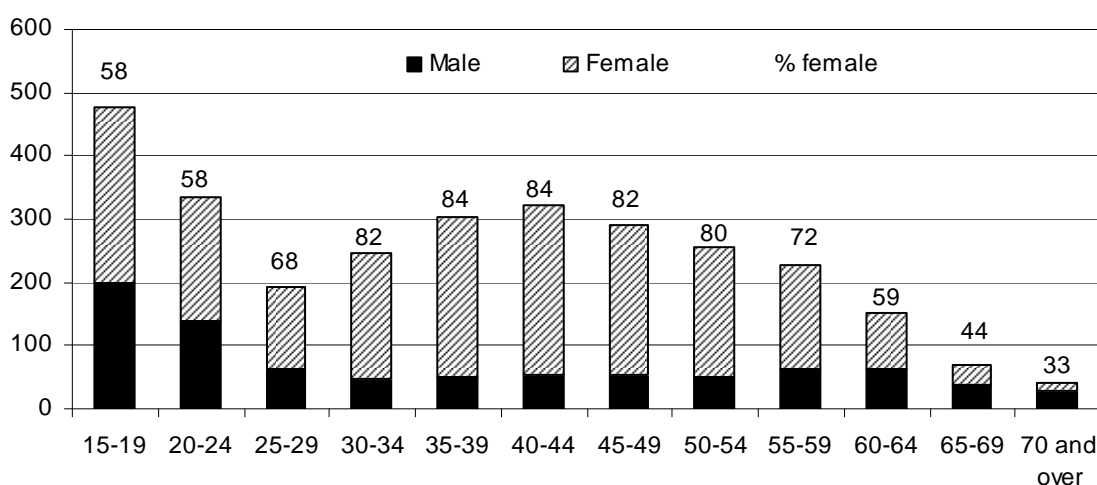
Numbers of part time employed

Figure 5.2 highlights the distribution of part time workers by age and gender group in 2006. Not only do men and women have different reasons for working part time, but they also have different patterns of part time work across the age groups.

The majority of part time workers are women, and most of the difference in the number of part time workers between men and women occurs between the ages of 25–59 years. There are three female part time workers for every male part time worker in this age category. In contrast, male part time workers comprised over 40 per cent of part time workers under 25 and male part time workers nearly equal females in the 60 years and over grouping.

Figure 5.2 Part time workers by age and gender, 2006

Thousands of persons



Data source: ABS (*Labour Force Australia detailed — electronic delivery*, Cat. no. 6291.0.55.001, April 2007 Table LM8).

Change in part time employment among men and women

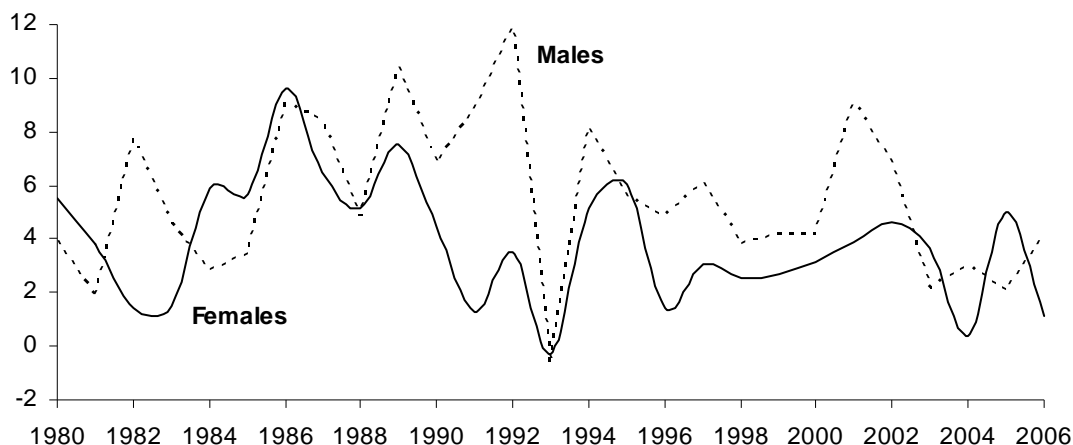
Not only are the levels of part time employment between men and women different, but the changes in part time employment over time have also differed. There has been larger growth in male part time workers since 1980 — 5.5 per cent per year compared to 3.8 per cent per year for women. Moreover, there have been large variations in the rate of growth of part time employment from year to year (figure 5.3).

As discussed in Chapter 4, economic conditions influence the overall growth rate of part time work, but the pattern of growth rates for men and women has been very different. For example, of the nine years with the highest growth in male part time work, only four of those years corresponded to the nine highest growth years for female part time work (figure 5.3). The degree of correlation between the growth in male and female part time work is only 0.37.³ This is not a close correlation and suggests that there are different influences underlying the growth of part time work for each gender. These differences are explored more fully in the following sections.

³ This degree of correlation refers to a correlation coefficient of 0.37. Correlation coefficients measure the degree of linear relationship between two variables. If a variable is an exact multiple of the other variable in every period, they are said to be perfectly linearly correlated and would have a correlation coefficient of 1 if the multiple is positive or -1 if the multiple is negative. A coefficient of 0 indicates no linear relationship exists between the variables.

Figure 5.3 Annual change in part time workers, 1980–2006

Per cent change from previous year



Data source: ABS (*Labour Force Australia detailed — electronic delivery*, Cat. no. 6291.0.55.001, April 2007, table LM8).

5.3 Decomposing the broad influences on part time employment

The reasons that different groups provide for working part time given above helps to explain the differing levels of part time employment across demographic groups but does not explain why part time work has grown. It is useful, therefore, to examine the sources of the growth in part time employment and how these may have changed. The growth in part time employment among the various age groups can be considered to be the result of the following three effects.

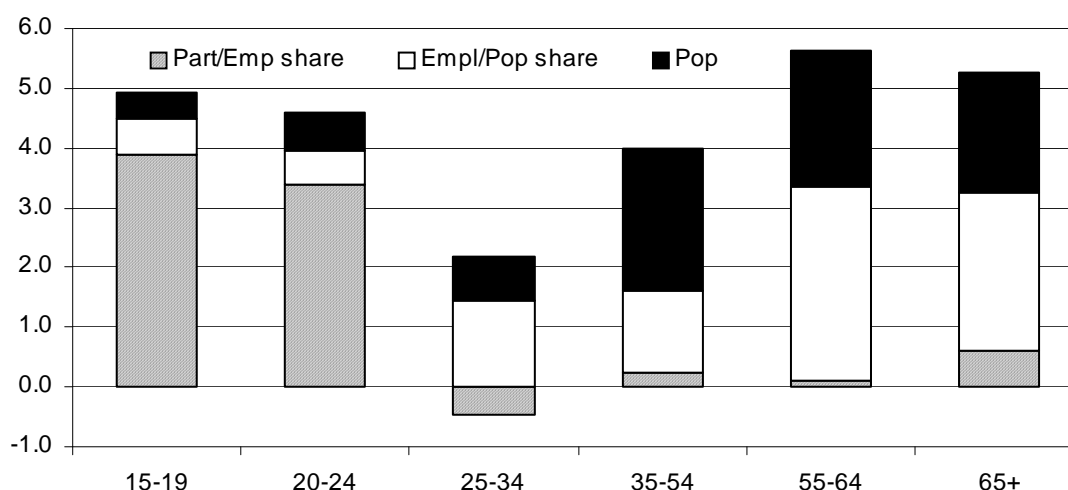
1. The part time share effect — this represents the shift between full time and part time jobs. It can reflect the changing preferences for part time employment and/or the likelihood of obtaining part time work.
2. The employment share effect — this measures the extent to which part time employment is associated with the overall change in employment. It therefore captures jobseekers' changing preferences for employment and success in obtaining employment rather than changing preference for part time work.
3. The population effect — this measures the extent to which the number of part time workers rises simply because of demographic change affecting the working age population.

It is possible to highlight the relative importance of social, demographic and economic changes to the overall change in part time employment, by decomposing the change in part time work into the part time share, employment and population effects for specific groups.⁴

Women

The relative influence of the effects varies across age groups for women (figure 5.4). For women under 25, changes in the rate of part time work have been the most dominant factor (accounting for 80 per cent of the change), while for women 25 and older, population growth (49 per cent) and the degree of involvement in the workforce (23 per cent) are more important factors.

Figure 5.4 **Decomposing growth in female part time work, 1980–2006**
Average percentage annual growth



Data source: ABS (*Labour Force Australia detailed — electronic delivery*, Cat. no. 6291.0.55.001, April 2007, Table LM8).

The strong shift to part time employment among young women has been associated with the growth in participation in post-compulsory secondary education and tertiary education and training. Thus, there may be a supply side explanation for the

⁴ The per cent change in part time employment for a given group (ΔPTE) can be calculated from the change in civilian population (ΔP), the change in the employment to population ratio (ΔE^r), and the change in the part time to total employment ratio (ΔPTE^r) and i is the year, as per the following formula:

$$\Delta PTE_{ii} = \Delta PTE_i^r + \Delta E_i^r + \Delta P_i$$

The relative contribution of each element can then be approximated by using the approach to decomposition detailed in PC (2005).

shift in preferences towards part time employment as young women invest in more human capital than previous generations. But there is an alternative demand side explanation — more specifically, the youth full time labour market declined over this period which may have encouraged young women to take up educational opportunities as the opportunity cost of more study — foregone wages — had been reduced.

Among older women, the growth in part time employment has less to do with changing preferences towards part time employment. There has been greater overall preference to engage in work, both full time and part time. Indeed for women aged between 25–34 years, there has been a shift away from part time employment as revealed by the small negative part time rate effect. This is consistent with a decline in child raising responsibilities associated with the reduced births and the increase in the average age of mothers at the birth of their children that has occurred in recent decades. For women, aged more than 35 years, a major determinant of the growth in part time employment has simply been demographic growth.

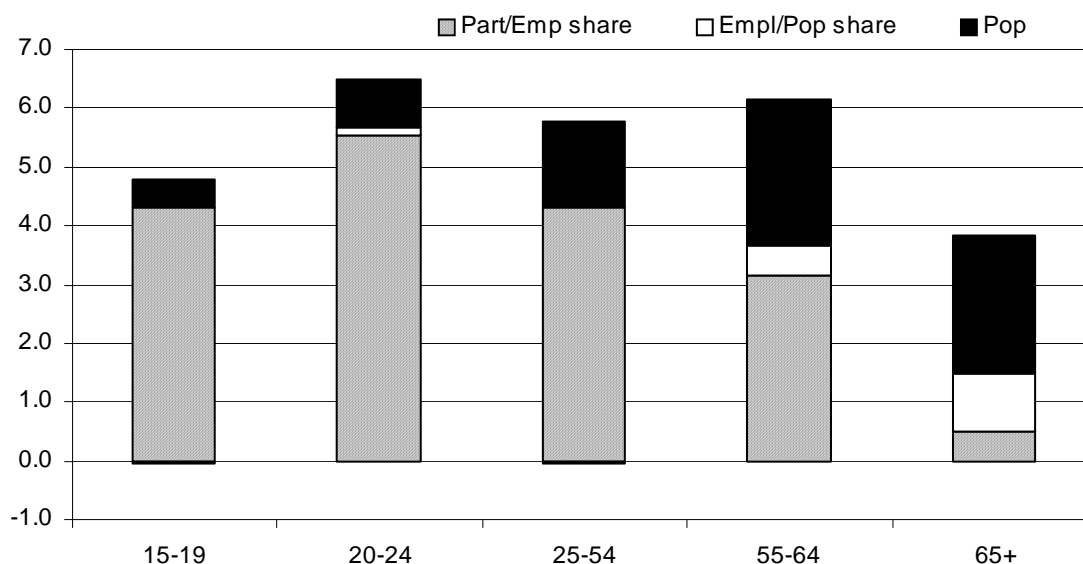
Therefore, while older women have a strong baseline preference for part time work, the growth in part time employment for women older than 25 years has little to do with changing preferences for part time employment. It has more to do with broader forces which affect the choice to work or not. These include increasing education levels and changing social values and attitudes to working women. Declining fertility levels, increased childcare availability and the introduction of labour saving devices in the home are likely to have encouraged entry to the workforce by reducing the marginal utility of home-based activities.

Men

The main driver of higher levels of part time work for men has been the rate of part time work among employed men (figure 5.5). Indeed, except for men aged more than 54 years, the employment share effect has had a small or even negative impact on the growth of part time employment. Population growth has contributed to growing levels of men working part time across all age groups, particularly for those over 25 years.

For men under 25 years, it is likely that the shift to part time employment has been influenced by similar factors to those affecting young women, that is a desire to combine part time employment with education and training. It is unclear what may be the underlying factors driving the shift to part time employment for men aged between 25–64 years.

Figure 5.5 Decomposing growth in male part time work, 1980–2006
Average percentage annual growth



Data source: ABS (*Labour Force Australia Detailed Electronic Delivery*, Cat. no. 6291.0.55.001, April 2007 Table LM8).

There may have been a shift in preferences among men towards reduced working hours over this period. However, it is also possible that, given the overall fall in the employment rate, demand side factors have played an important role. That is, employers may be offering part time jobs, where in previous periods, full time employment was available. Indeed, a common reason given by these men as to why they are working part time is the failure to find a full time job.

5.4 Summary

Supply oriented analysis is a useful approach to examine the levels and growth of part time employment. It links the clustering of reasons for working part time to key life cycle events for men and women. These include a preference for young people to combine part time employment with education, prime age women caring for children and a preference for part time employment for older age groups. However, for prime age men, a non life cycle event — the failure to find a full time job — is a significant reason for working part time.

Over the past 25 years, the sources of the growth of the number of part time workers have varied depending upon age group and gender. For younger men and women, the growth in part time employment has been the result of a strong shift in employment towards part time employment. This is associated with the expansion

of participation in tertiary education and training. Overall, employment levels for these men and women changed relatively little, and full time positions have even declined for young men. Thus, there are likely to be both demand and supply considerations involved in the increase in part time employment among younger age groups.

In contrast, it has been the overall growth in employment that has driven increased part time employment by prime age women. That is, there has not been a shift in preferences away from full time to part time employment, but rather a more general shift from non-employment to employment. That said, the baseline preference of women in this age group is strongly biased to part time work. This appears to be slowly eroding. This is consistent with a general reduction in the marginal utility of home based activities relative to market based activities. The growth in the population becomes an increasingly important driver of part time employment for women in older age groups.

For prime age men, the employment effect involving a shift to part time employment has been the major driver. Indeed, overall employment growth has been marginally negative for such men. The shift of employment towards part time employment can be partly explained by changes in the preferences among men, and reflect changes in the economy and relative decline in the creation of full time jobs. Again, as for older women, the growth in the population becomes an increasingly important source of growth of part time employment for older men.

6 Factors affecting part time employment of young workers

For many Australians, part time employment is their first experience of the world of work. This is particularly the case with younger workers. For instance, those under the age of 25 years account for 28 per cent of part time workers, but only represent 18 per cent of the overall workforce (ABS 2007a). Moreover, part time employment among young people has grown strongly over the past three decades. This Chapter examines the key trends in part time work among young people, focussing on the interaction between part time work and education and how important part time work is to their future careers.

6.1 Women aged under 25 years

While education attendance is the main factor linked to part time work among people under the age of 25, the changes in educational attendance and workforce participation have differed between the sexes. For young women (both those aged 15–19 and 20–24 years of age), there has been a steady increase in the overall proportion of those employed in part time work (figures 6.1 and 6.2). This is in contrast to the proportion of teenage women who are working, which has fluctuated over time broadly in line with changes in aggregate demand.

The two largest reductions in the share of the population in employment for women under 25 years of age since 1978 occurred shortly after 1981 and 1989. These reductions coincided with the last two significant economic downturns.

For women aged 15–24 years, the main factor associated with part time work is participation in full time study. Additionally, child rearing is a factor influencing labour force participation, but for a decreasing proportion of women in this group — 16.9 per cent of women in this age group were mothers in 2006 compared to 18.8 per cent in 1996 (ABS 2007c).¹

¹ Data on number of children ever had is sourced from Census data. Detailed information by age groups has only been compiled for the 1996 and 2006 Censuses.

Figure 6.1 Involvement of women aged 15–19 in employment and part time employment, 1979–2006

Per cent of persons working and per cent of part time work among workers



Data source: ABS (*Labour Force Australia detailed — electronic delivery*, Cat. no. 6291.0.55.001, April 2007 table LM8).

Figure 6.2 Involvement of women aged 20–24 in employment and part time employment, 1979–2006

Per cent of persons working and per cent of part time work among workers

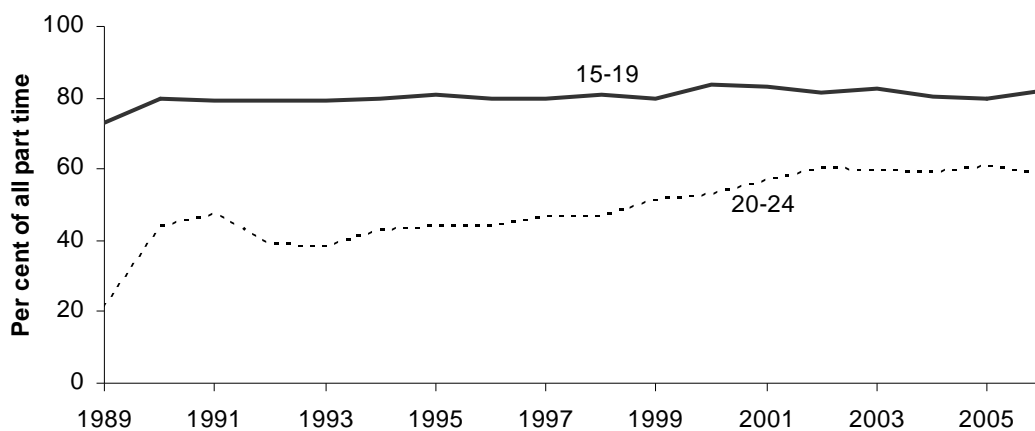


Data source: ABS (*Labour Force Australia detailed — electronic delivery*, Cat. no. 6291.0.55.001, April 2007 table LM8).

The link between education and part time employment by worker can be identified by examining the proportion of part time jobs filled by full time students. Figure 6.3 indicates that between 70–85 per cent of all women employed on a part time basis in the 15–19 year age group were full time students. The student share of part time work among 20–24 year old women exhibited strong growth up to the early 2000s and now represents just over 60 per cent of part time workers.

Figure 6.3 Share of part time work undertaken by female students, 1989–2006

Female part time workers in age group who are studying as a per cent of all female part time workers in age group



Data source: ABS, (*Survey of Education and Work*), [data available on request].

Over 80 per cent of the growth in part time work among these women since 1990 has come from the increase in students working part time.² The increase in women attending both TAFE and higher education in this period, as well as the increasing propensity of students to work part time, has contributed both to the growth in part time work and to the higher rate of participation in employment by this group.

However, around 40 per cent of part time work by women in the 20–24 year age group is undertaken by women who are not combining it with study activities. Preferences for part time employment are not the only reasons driving these decisions to work part time. Over a quarter of women aged 20–24 who were working part time in 2006 wanted extra hours of work (ABS 2007a, table LM8). This mismatch between preferences and actual hours is the highest for any age group for women and, on average, this age group seeks the largest increase in hours. This mismatch only exists for a minority of young part time workers. The issue of involuntary part time employment is taken up in Chapter 10.

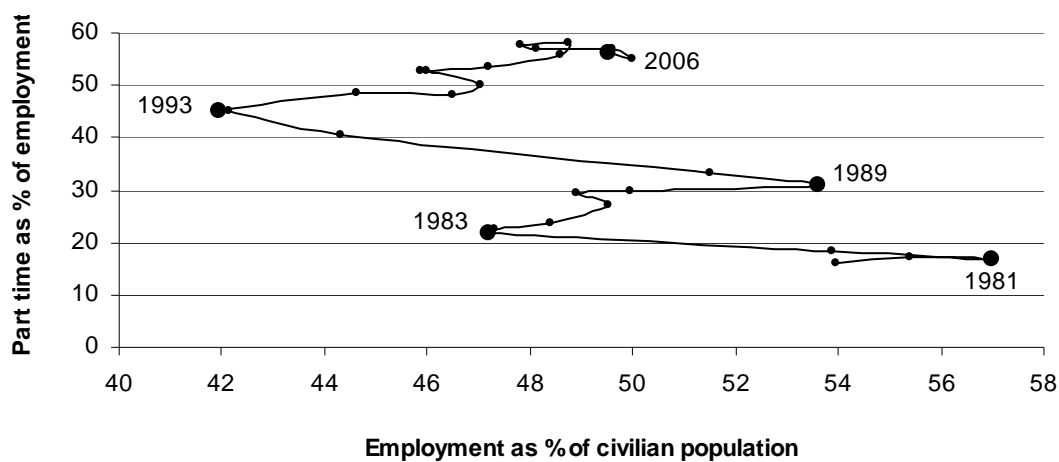
² Unpublished data from ABS *Survey of Education and Work*.

6.2 Men aged under 25 years

The dramatic decline in male teenage full time employment has been documented by Wooden (1998). This is reflected in figure 6.4 where the proportion of male teenage employment has fallen, however, the share of part time work among those employed has risen substantially.

Figure 6.4 **Involvement of men aged 15–19 in employment and part time employment, 1979–2006**

Per cent of persons working and per cent of part time work among workers



Data source: ABS (*Labour Force Australia detailed — electronic delivery*, Cat. no. 6291.0.55.001, April 2007 Table LM8).

The trends in the proportion working and the share of part time work for men aged between 20 and 24 years are similar to those for male teenagers (figure 6.5). Both groups exhibit an overall decline in the share of the age group that is employed, but for those in employment, an increasing share are working part time.

Wooden (1998), Karmel (1996) and Gregory (1995) report that a fall in employment opportunities fuelled the increases in school retention and participation in higher education from the 1970s to the early 1990s. Wooden notes that the decline in full time employment for teenagers occurred before the expansion of participation in education, suggesting that labour market conditions may have contributed to the rise in educational participation.

Figure 6.5 Involvement of men aged 20–24 in employment and part time employment, 1979–2006

Per cent of persons working and per cent of part time work among workers



Data source: ABS (*Labour Force Australia detailed — electronic delivery*, Cat. no. 6291.0.55.001, April 2007 able LM8).

However, examining the change in the rate of part time employment during the 1980s and 1990s indicates that change in educational attendance was only part of the story, as highlighted in figure 6.6. By the mid 1990s, the proportion of men aged 15–19 years attending school or university had stabilised, but the proportion of men in this age group working part time continued to increase. A major reason for young men to work part time was the failure to obtain full time employment, with 32 per cent of part time workers in this age group preferring to work more hours. Demand side factors and changing preferences have each played a substantial role in the increase in part time employment of young men.

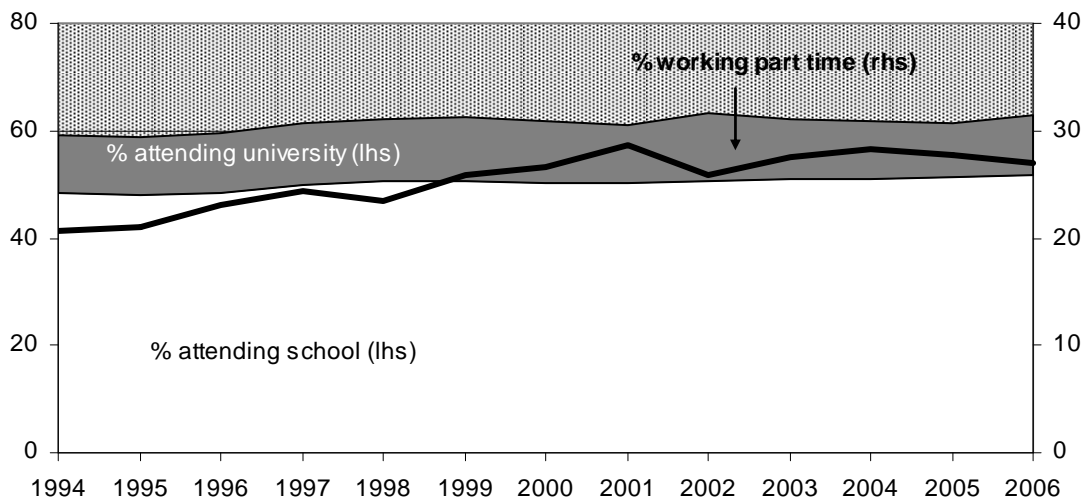
6.3 Study and part time work

As explained in the previous section, the main factor associated with part time workers under 25 years is participation in full time education. Nearly one fifth of all part time workers in 2006 were students aged 15–24 years attending full time education and nearly two fifths of students aged 15–24 years worked part time (ABS *Survey of Education and Work*, data available on request).

Most people combining study and work fall into two main groups: full time students who undertake part time work, and full time workers who undertake part time study (ABS 2005). Figure 6.7 shows that combining part time work with part time study is atypical. It is also evident from figure 6.7, that there has been an increase in the number of people combining study with work throughout the 1990s.

Figure 6.6 Share of men 15–19 working part time, attending school or university, 1994–2006

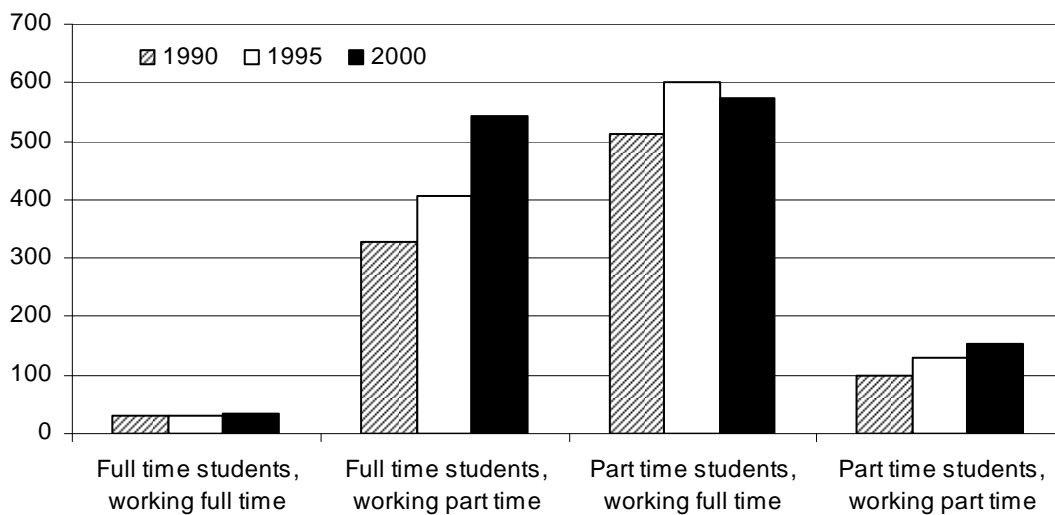
Per cent of men aged 15-19



Data sources: ABS (*Schools, Australia*, Cat. no. 4221.0, super table 26); DEST, Higher education students time series; ABS (*Survey of Education and Work*, [data available on request]).

Figure 6.7 People combining study and work, 1990 to 2000

'000 persons



Data source: ABS (*Combining work and study*, Year Book Australia, 2002, Cat. no. 1301.0. 2002).

Why do students work part time while studying?

Further information regarding the combination of part time work and study is contained in the Longitudinal Surveys of Australian Youth (LSAY). The LSAY provides information on the education and labour market experiences of groups of young Australians, from their middle years of secondary schooling until they are around 25 years old. Specifically, the LSAY is used to examine the reasons for students working part time and the impact of working part time while studying.³

In 2003, around half of older secondary students in the LSAY (2007) were working, and almost all worked part time in their main job (95 per cent). So why do such a large proportion of students work part time? The motivations for working can be examined using the LSAY 2003 cohort of 15 year old students.⁴

In 2003, nearly all (98 per cent) secondary students surveyed who worked part time stated that they worked because they want 'spending money of their own' (figure 6.8). However, fewer than 9 per cent of students reported working because their 'family needs the money'.⁵ Therefore, it appears that students generally use their income from part time work for discretionary spending and not to supplement family income. Part time employment was also seen as providing other benefits — over 80 per cent stated that they enjoyed the work and over 90 per cent stated that it provided a sense of independence.

Over 80 per cent of secondary students who worked part time in 2003 felt that their work would assist them in obtaining a job after they finish studying (figure 6.8). But fewer than 20 per cent indicated that they wanted similar work for their post education career. This indicates that, rather than providing relevant on the job training, future employment benefits of part time work for secondary students come from signalling general work aptitude to prospective employers (Robinson 2001). In contrast, students working full time — a group more wholly reliant on their own-income — are more likely to see future career prospects in their current work, with 64 per cent expecting their future career to be in a related field.

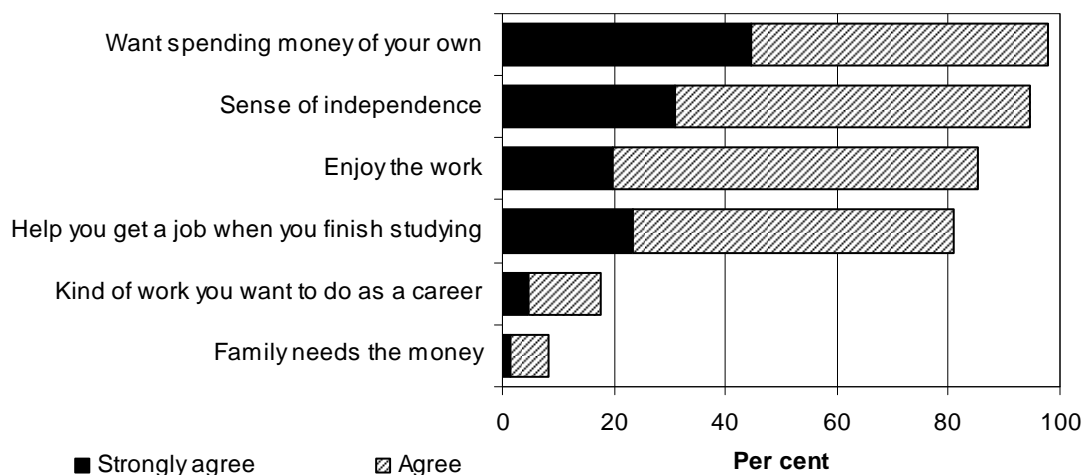
Part time employment undertaken by students tends to be low skilled. For example, around 87 per cent of part time workers aged 15–24 years in 2006 worked in low skilled occupations such as elementary clerical, sales and service workers (ABS 2007b).

³ The LSAY data presented in this paper has been weighted using the sample weights.

⁴ The LSAY 2003 cohort consists of students who were 15 years old in 2003 (LSAY 2007). These students will be tracked and re-interviewed annually for 10 years, that is until they are 25 years old.

⁵ A higher proportion (12 per cent) of students working full time worked because their 'family needs the money'.

Figure 6.8 Reason for working part time, 2003
Per cent of secondary school students working in their main job



Data source: LSAY 2007, wave 1 (weighted).

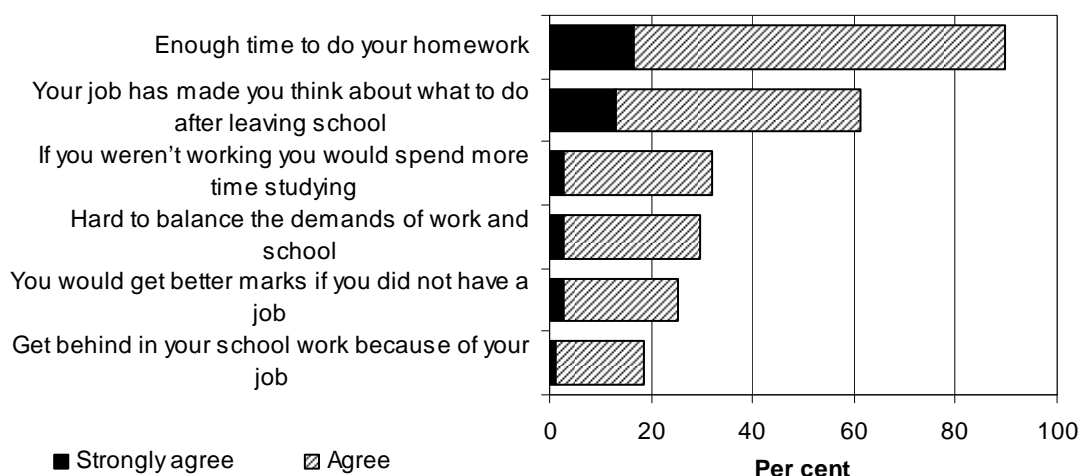
Effects of teenagers working part time

While part time employment provides students with broad work and life experience that can assist their future employment prospects, it may also take up time that could be spent studying. In that way, there may be a trade off between the skills provided at school and the experience acquired at work. The LSAY (2007) asked employed secondary students about the impact of work on their studies and on their plans once they leave school.

Generally, students who work part time do not feel that their job adversely impacts on their school work. For instance, the clear majority (90 per cent) of students who worked part time agreed that they had enough time to do their homework (figure 6.9). Nevertheless, around one third of students reported that if they were not working they would spend more time studying and a further 25 per cent thought they would get better marks.

Students working full time were 40 per cent more likely to report that they would get better marks if they did not have a job compared to students working part time. Students working full time were also 34 per cent more likely to agree that their current job has made them think about what they would like to do after leaving school.

Figure 6.9 Effects of working part time, 2003
Per cent of secondary school students working in their main job



Data source: LSAY 2007, wave 1 (weighted).

Therefore, while some students who work while attending secondary school feel that their job has a negative impact on their performance at school, a large share also feel working will help them obtain a job when they finish studying. This perception has been tested by Robinson (2001) who found that students who worked 'moderate' part time hours (that is, less than 10 hours a week) in Years 11 or 12 did not have significantly lower test scores than those who did not work. However, as LSAY data indicates that in 2003, almost half of employed secondary students (48 per cent) worked more than 10 hours a week, it is possible for part time work to be having an adverse effect on the school performance of a large number of students.

In addition, Robinson found that employers had a similar perception of part time work, with the majority indicating that previous part time work makes graduates more attractive employment prospects.

Does part time work increase drop out rates?

An alternative way to consider the impact of working part time while studying on future employment outcomes is to examine its impact on the likelihood of completing Year 12. Lamb (2001) found that people who fail to complete school have difficulties gaining secure employment and face a greater risk of exclusion in a society that requires active learning well beyond the school years. This implies that any factor associated with higher secondary school drop out rates could be a contributing cause to long term employment difficulties.

Robinson (1999) found that Year 11 students who worked for more than 10 hours per week were slightly less likely to finish Year 12 than students without a job. More recently, Vickers, Lamb and Hinkley (2003) concluded that the ‘... more hours per week students work, the more likely they are to drop out ...’ (p. v). They found that part time work while in Year 9 impacted on the likelihood of completing Year 12 when students worked over five hours per week.

However, both studies remarked that the observed adverse effect of part time work on Year 12 completion may not be due to long hours of work affecting school achievement. Instead, it may be that students who work long hours may have already decided to leave school and are trying to gain experience in the labour market.

Vickers, Lamb and Hinkley (2003) found that even though most tertiary students hold part time jobs during the academic term, participation in part time work does not increase the likelihood of dropping out of the course unless students work 20 hours or more per week.⁶ For full time tertiary students, in their first two years of study, the observed drop out rate was 8 per cent for students who did not work and between 11 and 14 per cent for students working 20 or more hours a week. When Vickers, Lamb and Hinkley control for gender, socioeconomic status, academic achievement, language background, youth allowance, type of qualification and field of study, the estimated impact of working 20 or more hours per week on drop out rates actually increases compared to students who do not work.⁷ Further analysis attempting to identify the direction of causality is needed to assess the role part time work plays in decisions to drop out of education.

Pathways to work

As indicated previously, a work history may prove beneficial to school leavers’ post education job search experience by providing useful skills or knowledge, or by signalling their work aptitude to employers. Studies including Robinson (1999) and Vickers, Lamb and Hinkley (2003) have found evidence that working part time while at school has a positive impact on initial labour market outcomes. Vickers, Lamb and Hinkley concluded that for secondary students whose immediate future is in the workforce rather than in tertiary study, participation in part time work has benefits. Specifically, they found that in comparison with students who did not

⁶ Vickers, Lamb and Hinkley (2003) defined tertiary studies to include TAFE and university courses.

⁷ While the drop out rate accounting for student characteristics is 74–114 per cent higher for students who work 20 or more hours a week compared to students who do not work, the authors did not estimate the characteristics adjusted drop out rate for students not working.

work during secondary school, participating in part time work increases the odds of gaining an apprenticeship or a full time job by more than 45 per cent.

Marks (2006) reported on the transition to full time work among young people who did not attend university in the initial years after leaving school using the LSAY 1995 Year 9 cohort. Marks linked part time work at school to higher levels of full time employment and substantially lower levels of unemployment in the first few years after leaving school. Marks found that in the fourth year after leaving high school 84 per cent of those who worked part time in Year 11 or 12 were either working or studying full time, compared to 72 per cent of those who did not work part time while in high school. Of course, part of this difference could reflect that students with more work aptitude had a higher probability of obtaining part time work while studying.

6.4 Groups not included in the labour force data

There are two main groups of workers under 25 years of age that are not included in official labour force statistics — children under 15 and people in Australia on working holiday visas. Two recent studies provide information on the number of workers in these groups and their use of part time work.

Children under 15

Children under the age of 15 can be involved in part time work, but ABS labour force statistics are only collected for those aged 15 years and over. However, a special study focusing on work undertaken by children found that around six per cent of those under the age of 15 worked at some point in 2006 (ABS 2007f).⁸ As would be expected, most, if not all workers under 15 years of age worked part time — 75 per cent worked less than 10 hours a week.⁹ Child workers thus represent a small group of part time workers, equivalent to five per cent of part time workers aged 15 years and older in 2006. As the ABS study was the first time that childhood employment had been investigated in Australia, it is impossible to tell if the rate of work among children has changed over time.

The nature of work undertaken by children varied greatly, with 54 per cent working for an employer and 33 per cent working in a family business. For boys, the main activities were delivering pamphlets or newspapers (24 per cent of jobs during school terms) or farm, forestry or garden work (26 per cent of jobs during holidays),

⁸ Actual estimate provided in ABS publication.

⁹ For the remaining 25 per cent of children the data indicated that they worked 10 or more hours per week, but does not indicate if any worked full time.

while the main activity for girls was sales work (17 per cent during school terms and 20 per cent during holidays) (ABS 2007f).

Working holiday makers

Another substantial group of part time workers excluded from official statistics are working holiday makers. Australia has bilateral arrangements with a number of countries to permit young workers (generally 18–30 year olds) to visit Australia and work on a ‘casual basis’ (Harding and Webster 2002). Just over half of those arriving on working holiday visas are under 25 years of age. As the ABS labour force survey does not cover overseas residents in Australia (ABS 2004b), working holiday makers have not been included in labour force statistics.

Based on a survey undertaken in 2000, approximately 40 per cent of working holiday makers were working part time, (Harding and Webster 2002). The main types of work undertaken included fruit picking, hospitality work, labouring and office work. With over 110 thousand working holiday visas issued in 2005–06 (Department of Immigration and Citizenship 2007) and, assuming the same share of part time employment among working holiday makers that prevailed in 2000, around 40 thousand working holiday makers could have worked in Australia as part time workers during 2006.

6.5 Summary

Workers under 25 years of age make up a large proportion of part time workers. A major factor associated with part time work by young workers is the combination of education and part time work. In the case of young men it appears that the expansion in post compulsory secondary and tertiary education occurred after the fall in full time job opportunities. This implies that changes in labour supply had in part responded to the reduced demand for labour.

For most students, part time work is primarily to improve their personal financial position, with the work also seen as assisting their future employment prospects. Existing research supports the contention that combining work and study can improve future employment outcomes for most people. But this comes with the caveat that it depends on the number of hours of work.

More specifically, some studies have found a negative link between combining long hours of work and study on educational outcomes. However, for people with poorer education outcomes, it is unclear if the work has adversely impacted on their educational performance or if the poorer educational performance was a factor in their decision to work.

7 Factors affecting part time employment of prime age workers

Prime age workers, those aged 25–54 years, formed nearly 80 per cent of the labour force in 2006, with around one quarter of these workers in part time employment. This group also displays the largest differences between the rate of part time employment for men and women. Clearly, understanding their reasons for working part time is important for understanding the level and growth of aggregate part time employment.

This Chapter explores in more detail the reasons why prime age women and men work part time. It also examines how and why the prevalence of part time work has changed over the past three decades for prime age men and women. There is a particular emphasis on the role part time work plays in balancing work and family life.

7.1 Women aged 25–54 years

Motherhood and family responsibilities are a major factor influencing the part time employment of prime age women. The nature of family responsibilities changes with the birth of each child and as children age, and as such, women's preferences of work life balance also change. Given these changing preferences, there are several different trends underlying the changes in part time employment within the age groups that comprise prime age women. Accordingly these age groups are considered separately.

Women aged 25–34 years

There has been strong growth in the rate of employment for women in this age group over the period 1979–2006 (figure 7.1). But the proportion of women employed part time among all women in this age group has declined. Indeed, there appears to be a strong shift away from home based activities and into the labour market, as well as a shift to increased hours of work. Both these trends point to a reduction in the marginal utility of home based activities relative to labour income.

Caring for children was identified in Chapter 5 as the most important reason for working part time in this age group. The use of part time work by mothers is often a means of transitioning into and out of the workforce for reasons related to the birth and care of children. In addition, part time work assists mothers to continue their workforce attachment during the early years of their children's lives (Venn and Wakefield 2005). This aspect is looked at in more detail later in this Chapter.

Figure 7.1 Involvement of women aged 25–29 and 30–34 in employment and part time employment, 1979–2006

Per cent of persons working and per cent of part time work among workers



Data source: ABS (*Labour Force Australia detailed — electronic delivery*, April 2007, Cat. no. 6291.0.55.001, table LM8.).

Women aged 35–44 years

There has been a large increase in the proportion of women aged 35–44 years who are working, but a smaller increase in the proportion working part time (figure 7.2). That is, there has been a general shift out of home based activities towards labour market activities but only a relatively small shift in preferences towards part time employment. Moreover, the share of part time employment has tended to increase during periods of subdued labour demand, such as after 1979 and 1990, indicating that demand factors may have a role to play in the increasing share of part time employment for this age group.

Figure 7.2 **Involvement of women aged 35–44 in employment and part time employment, 1979–2006**

Per cent of persons working and per cent of part time work among workers



Data source: ABS (*Labour Force Australia detailed — electronic delivery*, April 2007, Cat. no. 6291.0.55.001, table LM8).

Women aged 45–54 years

For women aged 45–54 years, it is expected that most of their children would have reached high school age or even completed school. As such, family responsibilities are less likely to influence preferences for hours of work of these women. As outlined in Chapter 5, the main reason women in this age group gave for working part time was that they preferred part time hours, compared to women aged 25–44 years who indicated caring for children as the main reason for working part time. This change in family responsibility is consistent with the higher levels of employment by women aged 45–54 years and their slightly lower rate of part time work compared to 35–44 year old women (figures 7.2 and 7.3).

As for all age groups, the proportion of women working has increased substantially for 45–54 year old women since the early 1980s. This increase has continued during periods of strong economic growth and economic contraction. There has been little change in the share of part time employment, indicating little change in part time work preferences over this period.

Figure 7.3 Involvement of women aged 45–54 in employment and part time employment, 1979–2006

Per cent of persons working and per cent of part time work among workers



Data source: ABS (*Labour Force Australia detailed — electronic delivery*, April 2007, Cat. no. 6291.0.55.001, table LM8).

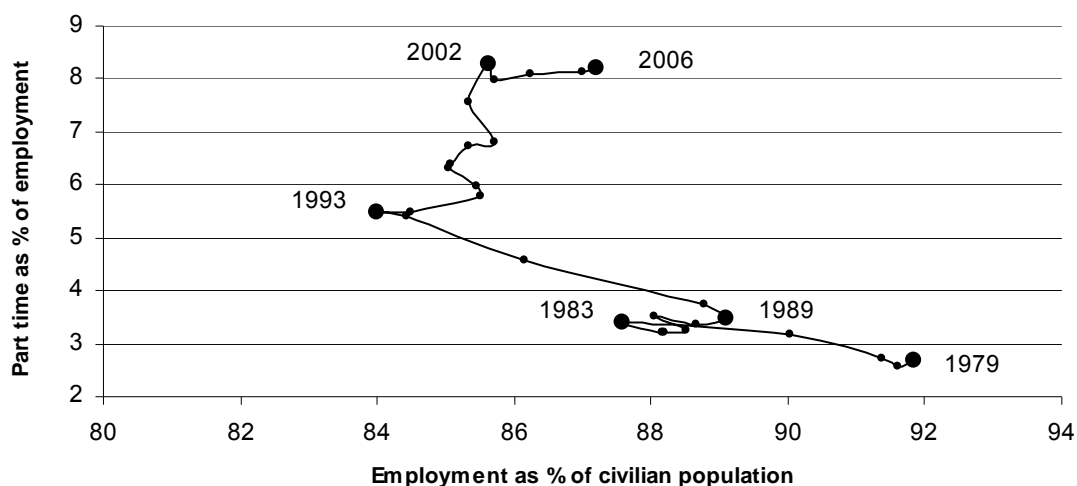
7.2 Men aged 25–54 years

Since 1978, the proportion of male workers aged between 25–54 years who are working part time has more than tripled, but from a very low base (figure 7.4). The main employment trend for these prime aged men has been a large decrease in employment rates generally, but particularly for full time employment. Lattimore (2007) found that supply side effects contributed to falling participation by prime aged men including disability, poor health and injury. These are identified in Chapter 5 as important reasons why older men aged 35–54 years are working part time.

However, given the overall fall in employment among prime aged men, a substantial part of the increase in part time work is likely to be driven by demand side factors. Indeed, a large share of men in this age group identified a failure to find full time work as the reason that they worked part time (Chapter 5). The issue of involuntary part time work is discussed more fully in Chapter 10.

Figure 7.4 Involvement of men aged 25–54 in employment and part time employment, 1979–2006

Per cent of persons working and per cent of part time work among workers



Data source: ABS (*Labour Force Australia detailed — electronic delivery*, April 2007, Cat. no. 6291.0.55.001, table LM8).

7.3 Family formation and part time work

The role of caring for children is a major reason given by prime age women for their preference to work part time. Reduced hours of paid work, through part time employment, is used to balance paid work with family responsibilities (Campbell and Charlesworth 2004; Quality Part-Time Work Project 2005; Weston et al. 2003). In order to consider the question of work–life balance, this section will further examine the impact of parenthood and marital status on the likelihood of working part time and the impact of changes in fertility and availability of child care on part time work.¹

¹ The following analysis employs the social definition of marital status used in the ABS labour force survey. Using this definition, individuals may be classified as married (registered or de facto) if they usually live with their partner, or not-married if they have no partner or do not usually live with their partner (ABS 2007e). Furthermore, couple families are those in which there are two married persons (and these persons are husband and wife) and a lone parent is the head of a one parent family.

Parenthood and part time work

Workers with children generally have more family responsibilities than those without children. For instance, Craig (2005) noted that ‘depending on the number and age of children, time in unpaid work (housework, shopping, and childcare) can be up to six and a half hours a day higher in families with children than in childless households’ (p. 1).

In order to care for their children, some parents will leave work, while others will choose to work reduced hours. As such, the presence of children is likely to alter the desired hours of work. Indeed, Pocock (2003) argued that part time work is one of the three main ways of combining care and paid work, in addition to intermittent work and extended absence or withdrawal from the labour force.

A larger share of mothers with children under 15 years work part time compared to women with no children. This holds for both coupled (39 per cent) and lone mothers (32 per cent), who had much higher rates of part time work in 2006, than women without children (coupled 20 per cent and lone women 13 per cent) (ABS 2007i).

Between 1994 and 2006, the rate of part time employment grew for all women, but the most dramatic increase was for lone mothers — with growth of nearly 57 per cent (or 65 000) over the period. Despite this, coupled mothers maintained a higher rate of part time work over the period.²

Around 16 per cent of lone fathers with children under 15 years worked part time in 2006, possibly reflecting the trade off between hours of work and caring responsibilities. This rate is much higher than for men with no children (4 per cent for lone men and 9 per cent for coupled men). For coupled men, the presence of children under 15 years was associated with an even lower rate of part time work (6 per cent). Craig (2005) argued that this might reflect the usual roles and responsibilities in families where ‘... most households retain a “traditional” approach to childrearing, in which it is mothers who contribute the opportunity cost of forgoing wages in order to spend time with children’ (p. 3).

² Data from the ABS collection for *Labour Force Australia: Labour Force Status and Other Characteristics of Families* is available from 1994.

There was a large increase in the number of men in part time work between 1994 and 2006. Coupled men with no children contributed the most additional part time workers, increasing by 126 000 between 1994–2006. Yet, the largest growth rate was for lone fathers, with the number in part time work growing by around 11 percentage points over the period (compared to less than 4 percentage points for coupled men with no children).

Age of youngest child

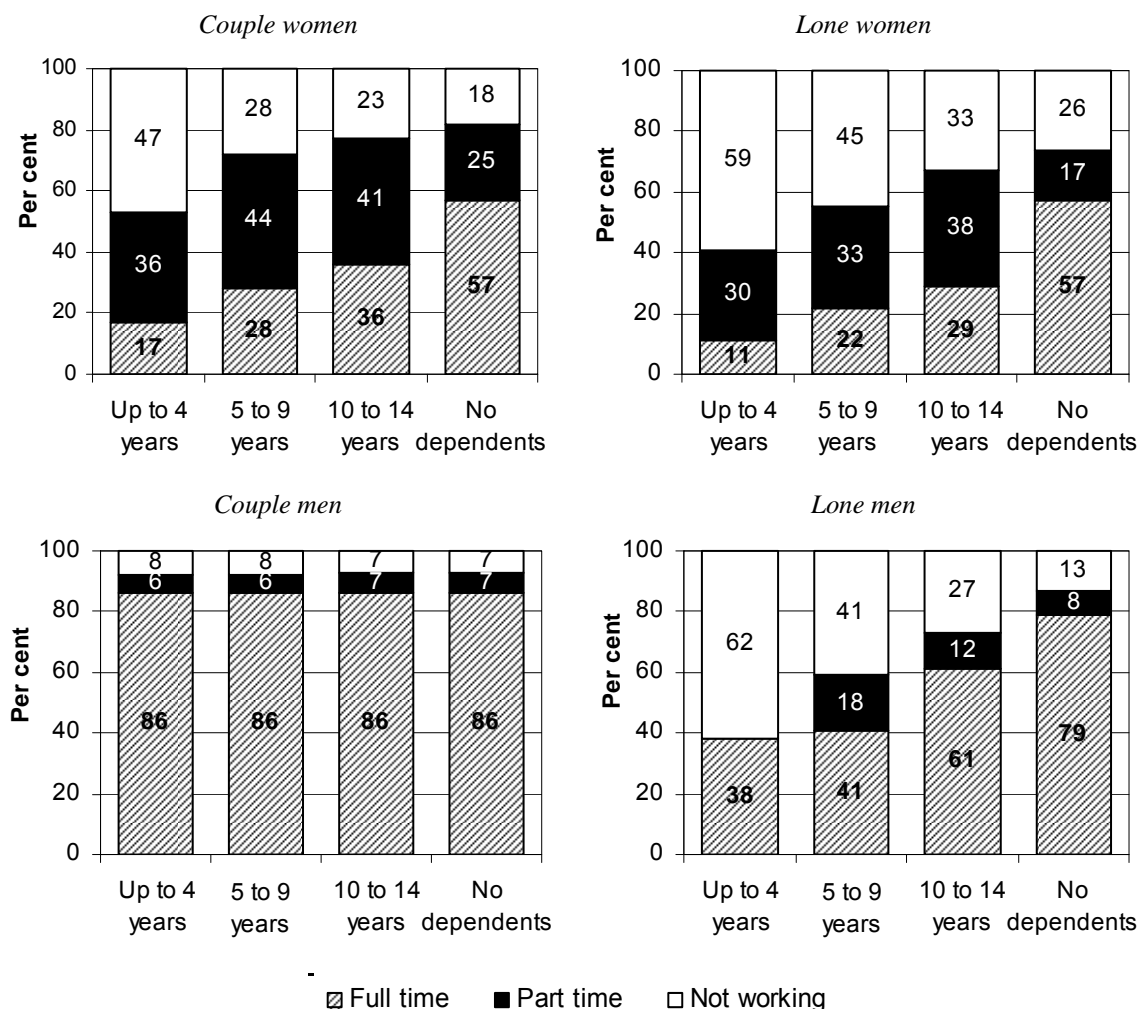
As children mature, parents often increase their labour force activity, reflecting the lower level of required care and supervision (ABS 1999). For prime age coupled and lone mothers, the labour force participation rate and incidence of part time work increases as their youngest child ages (figure 7.5). In 2006, the rate of part time work was around 8 percentage points higher for coupled mothers whose youngest child was aged between five and nine years, compared to coupled mothers whose youngest child was under five years old. Similarly, the rate of part time work was around 7 percentage points higher for lone mothers whose youngest child was aged between five and nine years, compared to lone mothers whose youngest child was under five years old.

This finding is consistent with work by Pocock (2003). Pocock studied 2001 census data on employment rates of lone and coupled mothers where the youngest child was under five years old. She found that the lowest employment rates and the heaviest bias in employment towards very short hours occurs when the child is under one year old. As the youngest child moves beyond the earliest stages of infancy, there is a rapid increase in employment rates and the take-up of longer part time work and even full time work.

The participation rate of prime age lone fathers also increases with the age of their youngest child. In 2006, the incidence of part time work was highest (around 22 per cent) for lone fathers whose youngest child was five to nine years old. The rate of part time work was lower (around 14 per cent) and the rate of full time work higher for lone fathers with their youngest child aged 10–14 years. Unlike mothers and lone fathers, the labour force status of prime age coupled fathers did not change significantly with the age of their youngest child, remaining below 10 per cent — and barely differed from the coupled men without children.

Figure 7.5 Labour force status of 25–54 year olds by family type and age of youngest child,^a June 2006

Persons aged 15 years and over



^a Children (dependents) include all family members under 15 years of age; family members aged 15-19 attending school and those aged 15-24 attending a tertiary educational institution full time (except those who are married or have children themselves).

Data source: ABS (*Labour Force, Australia: Labour Force Status and Other Characteristics of Families — electronic delivery, 2007, Cat. no. 6224.0.55.001*).

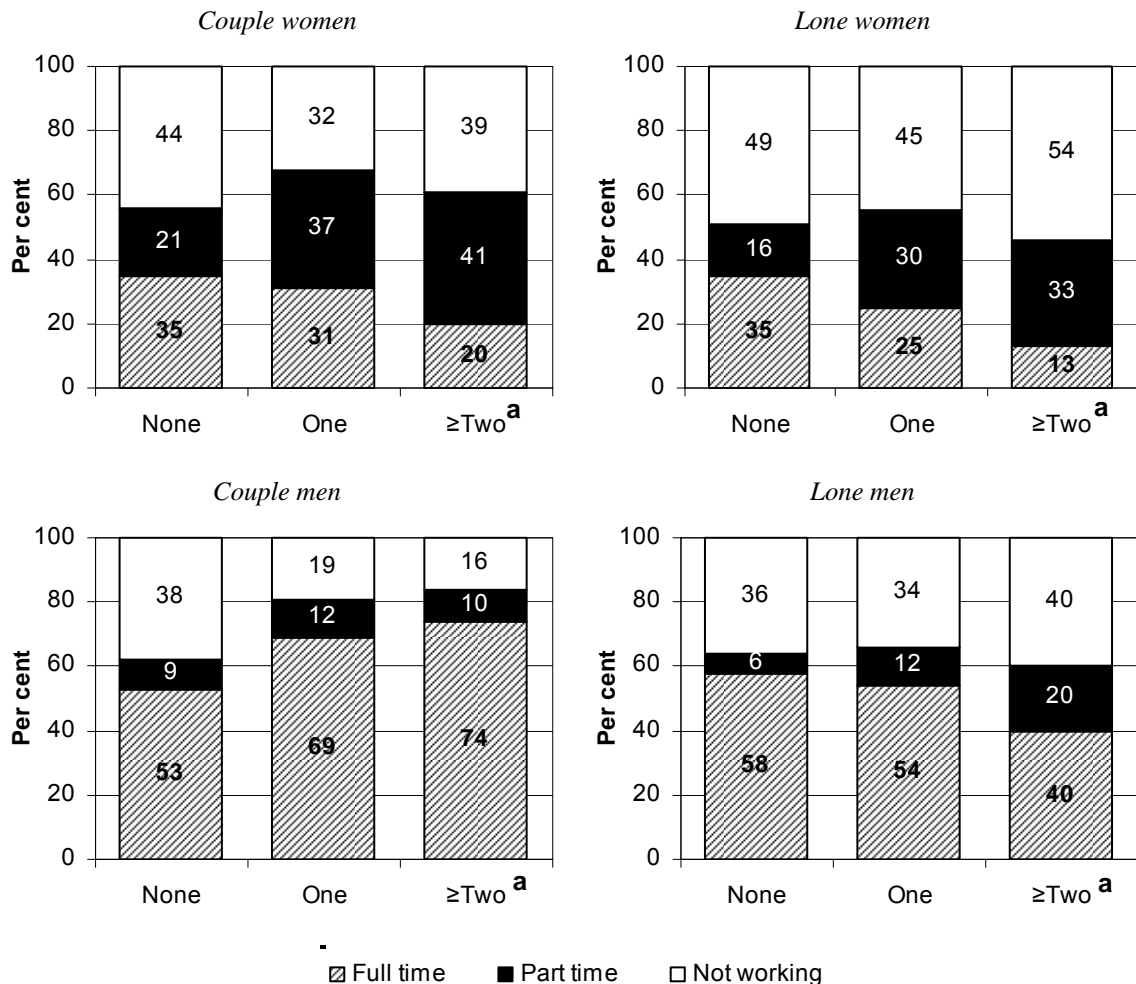
Number of children

The number of children in a family also alters the likelihood of working part time. The more children there are in a family, the more time parents typically need to devote to care and supervision. Therefore, the cost of substituting the home production of some goods for market income — such as, substituting caring for children at home for formal child care or substituting home cooked meals for pre-prepared meals — will rise. Therefore, parents with several children may be

expected to participate less actively in the labour force compared to parents with fewer children.

In 2006, coupled and lone mothers with two or more children were less likely to work compared to mothers with one child, but if mothers with several children did work they were more likely to work part time (figure 7.6). The difference between the rate of part time work for mothers with two or more children compared to mothers with only one child was 3.5 percentage points for both coupled and lone mothers.

Figure 7.6 Labour force status by family type and number of children aged under 15 years, June 2006
Persons aged 15 years and over



^a The number of children under 15 years old in each family is only published as none, one or two or more in this data set.

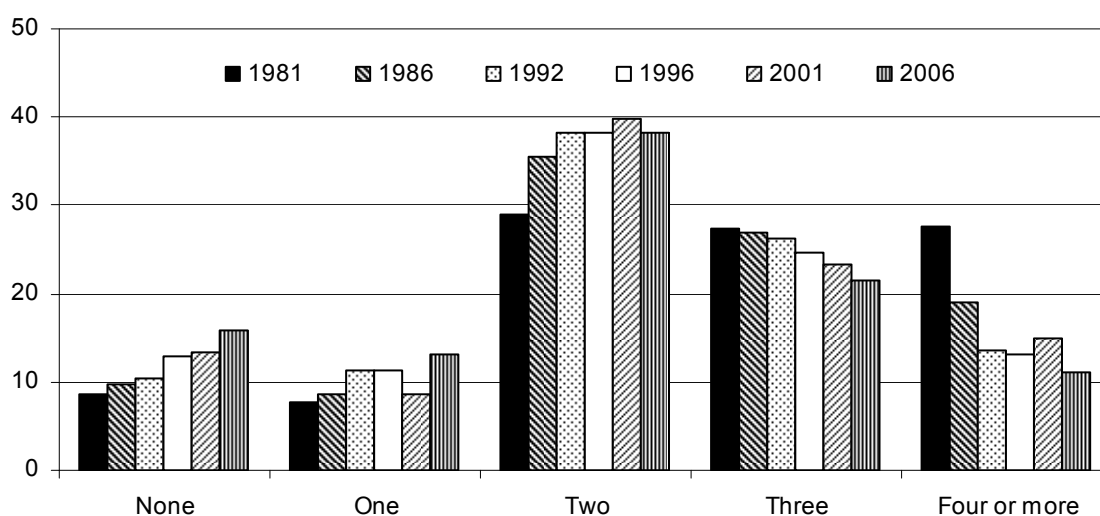
Data source: ABS (*Labour Force, Australia: Labour Force Status and Other Characteristics of Families — electronic delivery*, 2007, Cat. no. 6224.0.55.001).

The labour market activity of lone fathers followed a similar pattern to mothers. Lone fathers were more likely to work part time if they had two or more children — the share of lone fathers with two or more children working part time was around 9 percentage points higher than lone fathers with only one child. Coupled fathers with two or more children, on the other hand, were more likely to participate in the labour force (by around 4 per cent) and work full time (by around 7 per cent) compared to coupled fathers with one child. This possibly reflects the ‘traditional’ approach to childrearing in couple families discussed in Craig (2005).

Over the past few decades, there has been a reduction in the number of Australian families with three or more children (figure 7.7). Since the likelihood of working part time increases with the number of children, the reduction in family size since the early 1980’s will have operated to reduce the number of parents that, otherwise would have been working part time in 2006.

The identified differences in part time work by family status, including the number and age of children, is consistent with the view that mothers and lone fathers use part time work to help balance work and family responsibilities. In the case of coupled men, the additional income requirements associated with the raising of children appears to intensify their labour market activity. In particular, there is a greater division of labour between men and women within the household between home-based and market production as the number of children increases.

Figure 7.7 Number of children ever had by women, selected years
Per cent of 40–44 year old women in selected years by number of children ever born



Data source: ABS (*Australian Births 2006, 2007*, Cat. no. 3301.0).

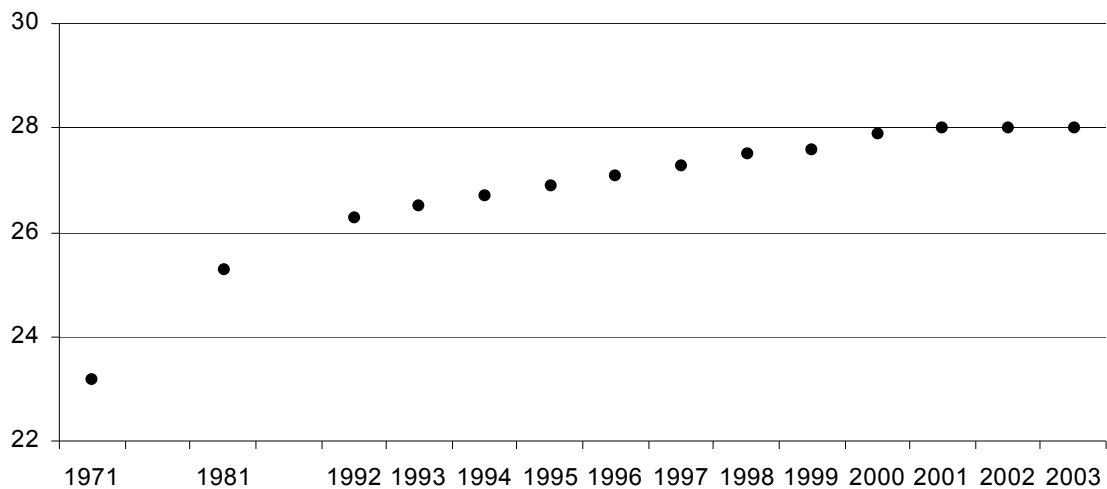
Fertility impacts

Just under 70 per cent of working mothers with children under 5 years worked part time in 2005 (ABS 2007i). Changes to the proportion of women having children, the number of children they have and the age mothers give birth will all affect the preference for part time work by prime age women.

First time mothers in 2003 were more than a year older, on average, than those in 1995 and five years older than the average for 1971 (figure 7.8). In addition, the age specific fertility data (figure 7.9) demonstrates that the number of children born to mothers under 30 years has fallen dramatically since 1971. However, for mothers over 30 years, the rates are higher than in 1971 and are even approaching the levels observed in 1951. Such changes would be expected to lead to reduced rates of part time work by women under 30 years and substantially increased rates of part time work by women over 30 years, assuming no other changes had occurred.

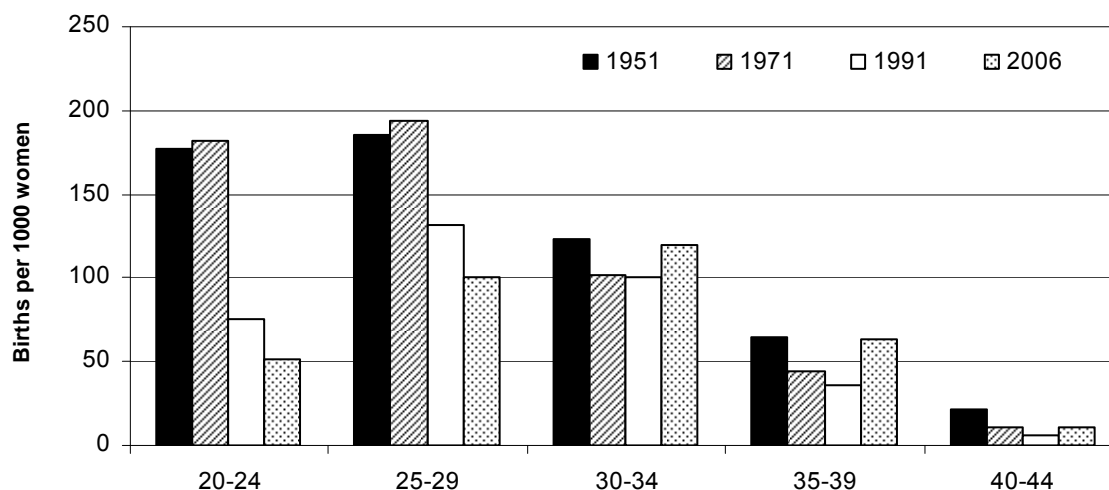
Figure 7.8 Mothers average age at birth of first child, 1971–2003

Age in years



Data sources: ABS (Australian Social Trends, Cat. no. 4102.0); OECD 2005 (A caring new world; the new social policy agenda).

Figure 7.9 Change in birth rates by age group, selected years
Births per 1000 women in each age group

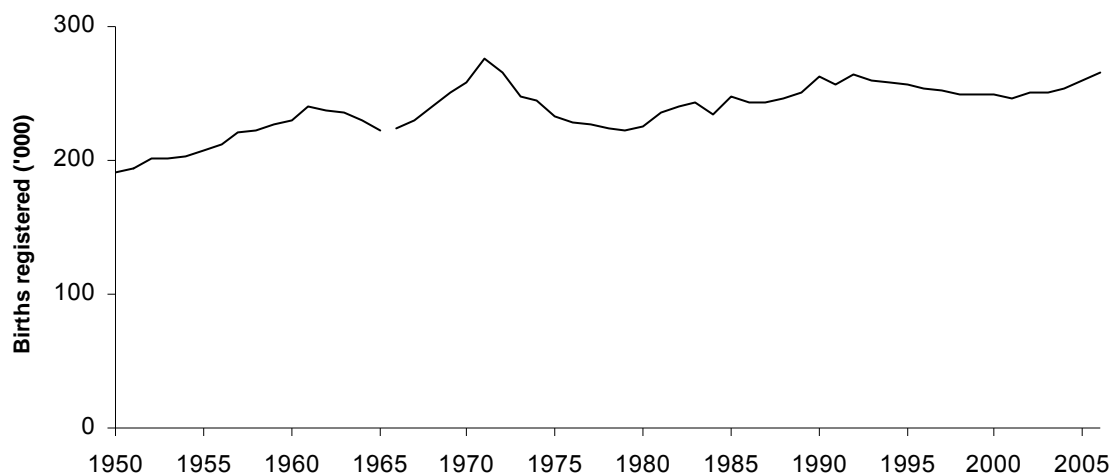


Data sources: ABS (*Australian Historical Population Statistics*, 2007 Cat. no. 3105.0.65.001); ABS (*Australian Births 2006, 2007*, Cat. no. 3301.0).

But there has also been a shift in how quickly mothers return to work. The percentage of partnered women whose youngest child is under 3 years old who are in work has increased from 28 per cent in 1981 to 45 per cent in 2001 (Baxter, 2004). More recent data indicate that in 2004 nearly 40 per cent of women with children under the age of 5 years had returned to work before the youngest child's first birthday (Baxter et al. 2007). As just under 70 per cent of working mothers with children under 5 years are working part time, this trend towards an earlier return to work is contributing to an increased pool of workers who want to work part time.

While most measures of fertility are decreasing over the long term, Australia has recently experienced an increase in births, with the second and third highest number of births ever being recorded in 2006 and 2005 respectively (figure 7.10). The highest number of births in Australia occurred in 1971, and is linked to births among women born during the post war baby boom. Given the current surge in births, it is likely that there will be an associated reduction in labour force participation by some of these mothers, and a subsequent increase in part time work when they return to work.

Figure 7.10 **Registered births in Australia,^a 1950–2006**
Thousands of births registered each year



^a The series break in 1966 indicates the first year all indigenous children were included in the births data.

Data sources: ABS (*Australian Historical Population Statistics*, 2007, Cat. no. 3105.0.65.001); ABS (*Australian Births 2006, 2007*, Cat. no. 3301.0).

Childcare

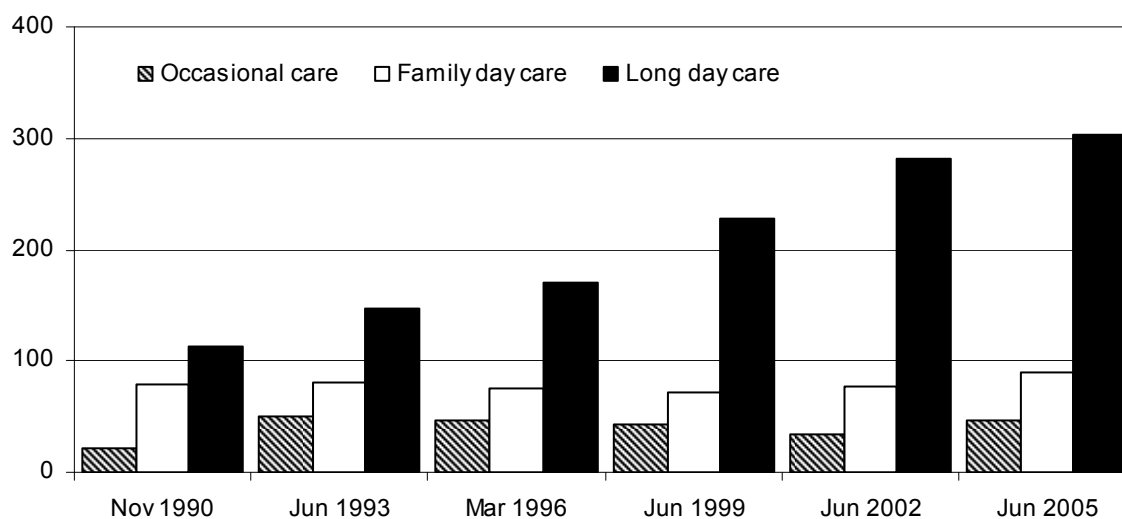
Another change that may have facilitated an earlier return to the workforce among mothers is the increased availability of childcare. As most mothers returning to work do so on a part time basis, changes in childcare availability may also influence the demand for part time work.

While the main factor expected to influence the use of childcare would be cost, parents need to have available childcare services in convenient locations to make that option viable (Kalb 2007). If there was unmet demand for childcare at the going price, then an expansion of childcare places would lead to an expansion of children in care. Australia has experienced a dramatic expansion in the number of childcare centres, of staff working in childcare and of childcare places since 1990 (FACS 1999, 2005).

Between 1990–2005, the number of children under 5 years that attend formal care arrangements increased by 100 per cent, with long day care attendance increasing by more than 160 per cent — nearly an extra 190 000 places (figure 7.11). The proportion of work related care in centres has barely changed over the last 15 years — around 90 per cent (FACS 1999, 2005). This indicates that most of this increase in formal childcare is associated with care provided while a parent is working. As most mothers with pre-school aged children work part time, the labour force expansion is likely to be concentrated among part time workers.

Figure 7.11 Children under 5 years attending formal child care, selected years

Thousands of places^a



^a Children may have attended more than one form of care in each period.

Data source: ABS (*Child Care*, Cat. no. 4402.0).

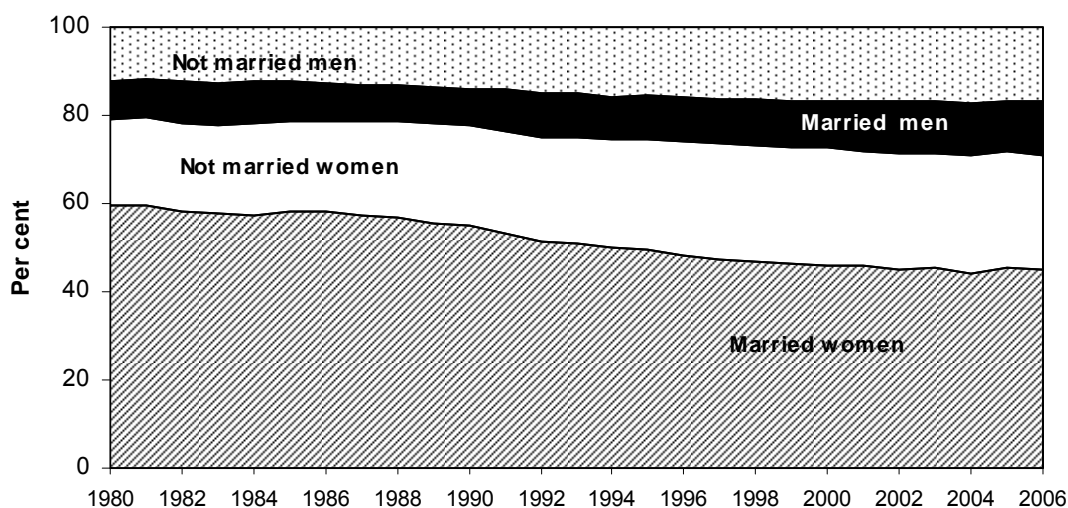
The changing importance of marital status

Marital status also has an impact on the likelihood of working part time, although the impact differs between men and women. Around 47 per cent of all employed married women worked part time in 2006 compared to 43 per cent for women who were not married (ABS 2007a). Men, on the other hand, were far less likely to work part time, and married men were substantially less likely to work part time (10 per cent) than men who were not married (25 per cent).

The social and institutional changes over the past few decades (including the increase in the availability of childcare) is reflected in the changing composition of part time workers. Since the 1980s, the proportion of part time workers who are married women has declined substantially with a corresponding increase in all other groups, especially not married men and women (figure 7.12).

Comparisons of the levels of part time employment between people who are married and not married are affected by the differing age structures of the two groups. Not surprisingly, the average age of workers who are not married is younger than that for married workers. As explained in previous Chapters, the level of part time employment varies across differing age groups and is higher among younger age groups, particularly for men.

Figure 7.12 **Composition of the part time workforce,^a 1980–2006**
Persons aged 15 years and over by marital status and sex.



^a Based on the social definition of marital status used in the ABS labour force survey. Average for calendar year.

Data source: ABS (*Labour Force, Australia detailed — electronic delivery*, 2007, Cat. no. 6291.0.55.001, table LM1).

The discussion that follows focuses on the age-standardised rate of part time work which adjusts for these different age structures. The age-standardised rate of part time work measures the proportion of part time work that would prevail if workers who are married and those who are not married were to share the same age structure as the population of workers as a whole, but retain their current age-specific rates of part time work.³

Using the age-standardised rates, the incidence of part time work among women is highest for married women — around 45 per cent for married women compared to 37 per cent for women who were not married in 2006 (figure 7.13). The prevalence of part time work for married women has grown slowly over the past twenty-five years (increasing by around 5 percentage points between 1980 and 2006). For women who are not married, however, part time work has become increasingly common, increasing by around 17 percentage points between 1980 and 2006.

³ The age-standardised rate of part time work (PTR^S) for married and not-married workers can be calculated as the weighted average of all age groups of workers using the following formula:

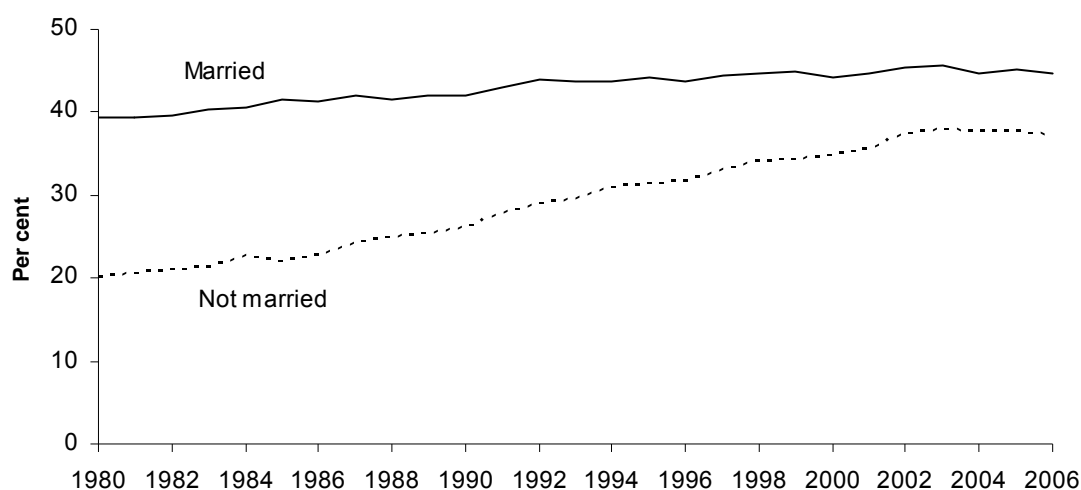
$$PTR_j^S = \sum_{i=1}^n \left(\frac{PT_{ij}}{Emp_{ij}} \times \frac{Emp_i}{Emp} \right) * 100$$

where, PT_{ij} / Emp_{ij} is the age-specific rate of part time employment for age group i and marital status j , and Emp_i / Emp is the share of age group i in aggregate employment.

The gap between the rates of part time work for married women and women who are not married has narrowed over this period (from around 19 to 7 percentage points). This is largely due to the increasing rate of part time work among young women who are not married — an increasing number of young, typically single women are studying, and a higher proportion of students are working part time (Chapter 6). Consistent with this explanation, excluding women under 25 years increases the gap between married and not married women to 15 percentage points in 2006.

Figure 7.13 Age-standardised rate of female part time work by marital status,^a 1980–2006

Persons aged 15 years and over.



^a Based on the social definition of marital status used in the ABS labour force survey. Average for calendar year.

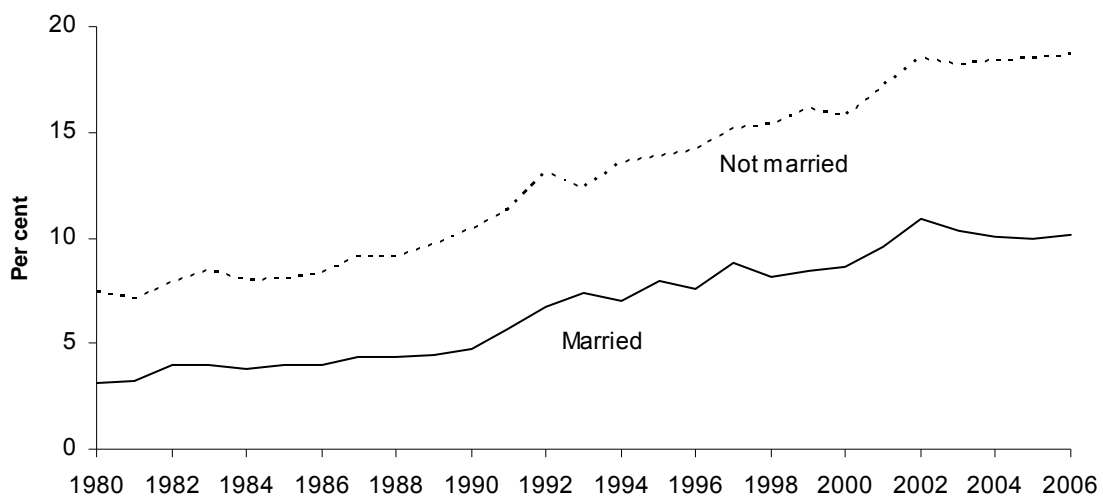
Data source: ABS (*Labour Force, Australia, detailed — electronic delivery*, 2007, Cat. no. 6291.0.55.001, table LM1).

In contrast to women, men who are not married are more likely to work part time (figure 7.14). In 2006, only 10 per cent of employed married men worked part time compared to around 19 per cent of employed men who were not married. From 1980–2006, the share of men working part time grew substantially from a small base, increasing by 7 percentage points for married men and around 11 percentage points for men who were not married. Similar to women, much of the increase in part time work for men may be attributed to increasing rates of part time work by men under 25 years, due to the growing number of not married men combining study with part time work.

Over the past few decades, the rate of part time work for men who are not married increased faster than the rate for married men. As a result, the part time work gap between married men and men who are not married increased from around 4 to 9 percentage points between 1980 and 2006. However, if men under 25 years are excluded, the gap reduces to 5 percentage points in 2006 — the increase in part time work is then similar for both married men and men who are not married.

The relatively high rate of part time employment for men who are not married may also be due to lower labour force attachment of single men. Lattimore (2007) found that for men, marriage is associated with much better labour force prospects (especially for prime aged men), most likely reflecting the underlying characteristics of married men rather than the impact of marriage on participation.

Figure 7.14 Age-standardised rate of male part time work by marital status,^a 1980–2006
Persons aged 15 years and over.



^a Based on the social definition of marital status used in the ABS labour force survey (see footnote 1 on page 101). Average for calendar year.

Data source: ABS (*Labour Force, Australia, detailed — electronic delivery*, 2007, Cat. no. 6291.0.55.001, table LM1).

7.4 Summary

There are distinctly different trends and reasons for prime age women and men working part time. An important trend for women over the past three decades has been the change in fertility patterns — namely, women are generally having fewer children and having them later in life. Furthermore, some women are re-entering the

labour force earlier after having children and are working part time while their children are young. The increased availability of childcare has helped mothers with their return to work.

The past few decades have seen a decline in employment rates for prime age men in addition to a considerable uptake of part time work. Several supply side effects have been linked to the share of prime age men working part time, including the importance of ill health or disability. There has been a fall in overall employment of prime age men, suggesting that demand side effects also play a role in explaining the growth in the share of men working part time. Support for the deficient demand argument is provided by prime age men indicating that the main reason they work part time is because they cannot find full time work.

A key theme emerging from the discussion in this Chapter is the role of part time employment in balancing the responsibilities of work and family life for prime age workers, especially for mothers and lone fathers. There is evidence to suggest that women are more likely to work part time if they are married and/or have children under 5 years old or have several children. Men, on the other hand, are more likely to work part time if they are not married or are a lone parent.

8 Factors affecting the part time employment of older workers

A common social theme in recent years has been the ageing of the population. Changing demographics in Australia have meant that an increasing proportion of the population is aged 55 years or older, and this proportion is set to continue to grow for decades (Jackson 2001). In addition, because of the longer life expectancy of this group compared to previous cohorts, they will be faced with different opportunities and decisions regarding their working future.

This has implications for the policy responses to the ageing of the population and the associated increase in the retired person dependency ratio, that is the number of retired persons compared to the number of persons working. Given a large share of retired persons will remain, at least in part, dependent on age pensions over the coming decades then there are implications for government finances flowing from their retirement decisions.

Understanding the employment patterns of older workers and, in particular, how retirement decisions are made is important in appreciating the environment facing the labour market in coming decades. It is also important to appreciate the role of part time employment in maintaining labour market participation among older persons.

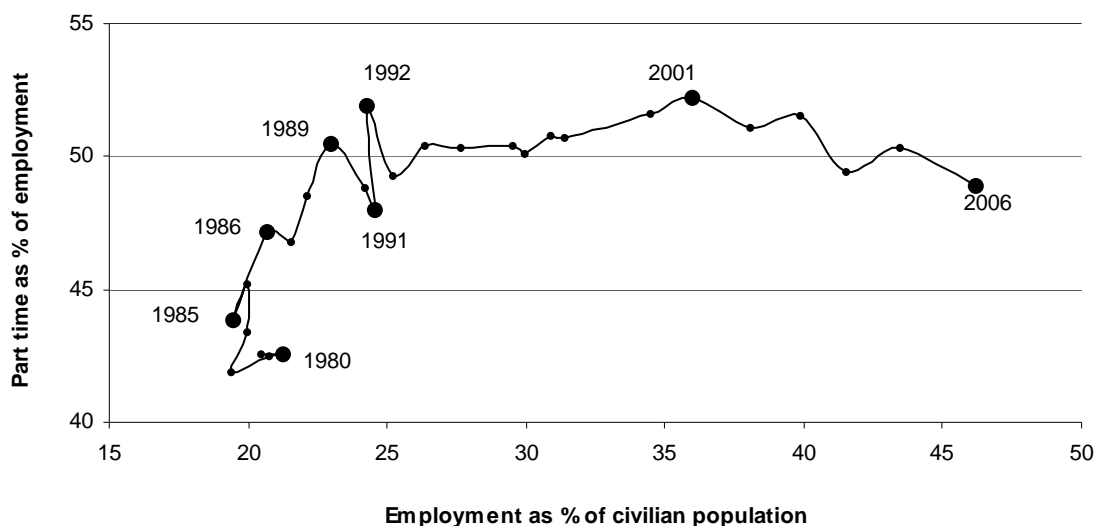
8.1 Women aged 55–64 years

As can be seen from figure 8.1, the share of employed women aged 55–64 years working part time increased rapidly during the 1980s, a period of only moderate increase in employment overall. This is clearly consistent with a shift of preferences towards part time employment.

Since, the late 1980s, the proportion of employed women who work part time has remained largely unchanged in the face of very strong growth in the employment of women overall. That is, there has been a shift away from home based activities and towards the labour market, while preferences regarding the mix of part time and full time employment have remained much the same.

Figure 8.1 Involvement in employment and part time employment of women aged 55–64 years, 1979–2006

Per cent of persons working and per cent of part time work among workers



Data source: ABS (*Labour Force Australia detailed — electronic delivery*, April 2007, Cat. no. 6291.0.55.001, table LM8).

In Australia, the age at which women can receive an age pension is being progressively raised from 60 years to 65 years. This change is being implemented gradually over the period 1993–2013. It is difficult to forecast the impact of this change on women who may be financially reliant on the age pension, but the change would be expected to result in a gradually increasing rate of employment among women just below pension age. But, women over the pension age may reduce their hours of work. Lim-Applegate et al. (2005) propose that some people who have reached the pension age may reduce their work hours or not work at all to ensure they maintain a full pension.

Another factor that will play an increasing role is the value of superannuation assets. After the introduction of compulsory superannuation in July 1992, there has been a marked decline in the proportion of retirees obtaining an age pension and a decline in the proportion of retirees accessing a full age pension (Lim-Applegate et al. 2005). This decrease in the proportion of retirees receiving the age pension has coincided with a rise in the real value of assets (excluding the family home) held by new retirees.

There are reasons other than changes to the age women plan to retire that could be influencing the rate of employment and the rate of part time work for women 55 years and over. As shown in Chapter 9, the physical ability to work and family responsibilities are also factors that influence people’s decisions on work hours.

Some family responsibilities that have been identified as associated with working part time or not working at all include caring responsibilities and child minding. In addition, there are also some women in this age group who have a preference for either not working or working only limited hours and who have the financial flexibility to make such a choice. To the extent that any of these factors are operating they appear to be having a greater impact on the decision whether or not to work than on the hours worked.

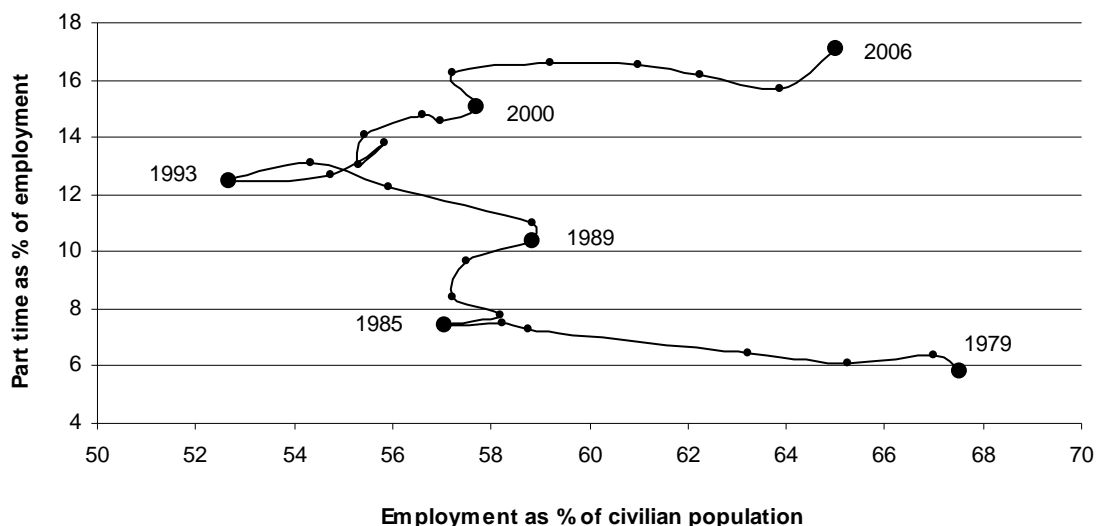
8.2 Men aged 55–64 years

One of the groups experiencing strong growth in part time work in recent years is men aged 55–64 years (figure 8.2). When the overall employment of men of this age declined significantly between 1978–1992, the proportion of those employed who worked part time increased from 6 to 12 per cent. During the 1990s, both the share of part time employment and the proportion of this age group who are employed increased. Since 2000, the proportion employed has increased substantially whereas the share of employment that is part time has only increased modestly. It appears that for this age group, part time employment growth has been stronger when employment opportunities overall are limited or even in decline.

Kennedy and de Costa (2006) are of the view that the recent high rate of employment participation by men in this age group may be associated with the specific cohort of men that are currently in this age group. In fact, this cohort has had higher participation rates than previous cohorts in this age group and higher participation than the successive cohorts throughout their working lives. This would normally indicate that the labour force changes associated with this age group are a short run phenomenon. When combined with the current tight labour market which will tend to maintain the employment levels of these men, it is not clear if any longer term trends can be drawn from recent changes in part time work among men aged 55–64 years in recent years.

Figure 8.2 Involvement in employment and part time employment of men aged 55–64 years, 1979–2006

Per cent of persons working and per cent of part time work among workers



Data source: ABS (*Labour Force Australia detailed — electronic delivery*, April 2007, Cat. no. 6291.0.55.001, table LM8).

8.3 People aged 65 years and over

There has been a recent trend to increased workforce participation by men and women aged 65–69 years. Both the proportion of this age group working and the proportion working part time has increased since the early 1980s (figure 8.3). In 2006, this age group accounted for four per cent of part time workers and two per cent of all workers. There is a clear indication that a sizeable proportion of this age group is delaying full retirement, with over 18 per cent of 65–69 year olds still in employment in 2006.

There has been no change in the employment rates for people aged 70 years and over from 1999 to 2006 (figure 8.3), which remain below 5 per cent. However, the share of part time employment has almost doubled with most employed people in this age group now working part time.

Figure 8.3 Involvement of those aged 65–69 years and 70 years and over in employment and part time employment, 1979–2006

Per cent of persons working and per cent of part time work among workers



Data source: ABS (*Labour Force Australia detailed — electronic delivery*, April 2007, Cat. no. 6291.0.55.001, table LM8).

8.4 Part time employment and retirement intentions among older workers

Part time work is seen as a transition to retirement by older full time workers. In 2006–07, one-third of full time workers, aged 45 years or more, intended to move from full time to part time employment and eventually retire from the labour force (31 per cent for men and 37 per cent for women). These intentions are often realised with almost one quarter of the last jobs of older workers prior to retirement being part time.¹

Wave 3 HILDA data can be used to explore more fully the motivations and circumstances of older workers working part time. But it is important to note that these data were collected in 2003, and therefore the responses do not reflect the impact of changes to tax and superannuation arrangements announced in the 2006 budget on the retirement intentions of Australians.

¹ ABS (2008b, tables 2 and 4).

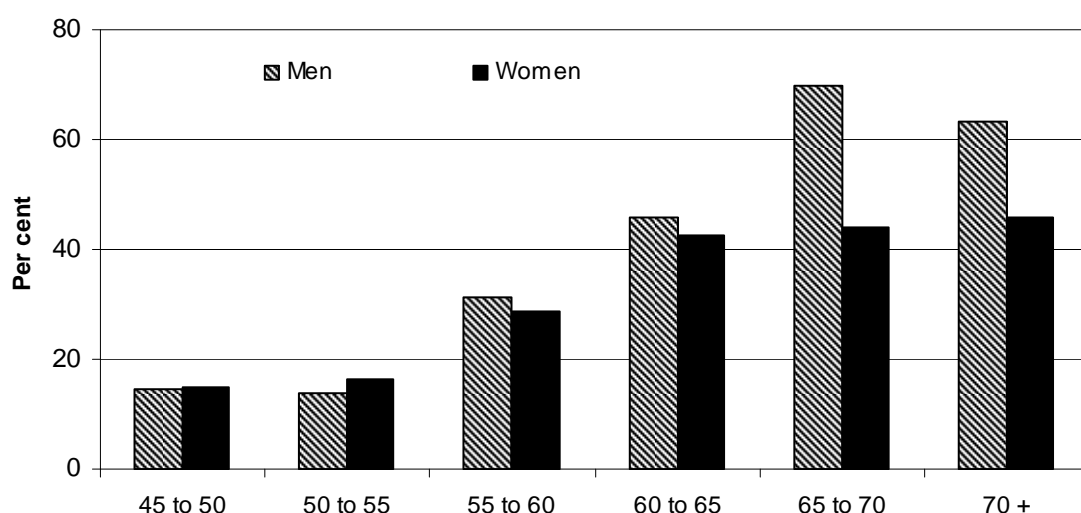
From the HILDA survey data, it was found that 30 per cent of those employed part time, 45 years of age and over, had changed from full time to part time employment as a strategy of transition to retirement from the workforce. This rate was higher for men (41 per cent) than women (25 per cent). This difference between men and women may be partly explained by the higher rate of female part time work among people over 45 years. Therefore, less women have an opportunity to move from full time to part time employment. Unfortunately the HILDA survey did not question people who remained in part time employment when querying the use of part time work as a strategy for transition to retirement.

As expected, the proportion of part time workers who are transitioning to retirement increases with age (figure 8.4). In 2003, just under 15 per cent of 45–50 year olds working part time were doing so for this reason, compared to over 40 per cent of female part time workers and nearly two thirds of male part time workers who were 65 years or older.

The occupational distribution of such transitional part time workers is shown in table 8.1. Those persons employed in occupations who could be expected to have greater discretion over their working hours — such as managers and tradespersons — have a higher share of transitional part time workers. However, the differences between most occupations are not large.

Figure 8.4 Share of part time employment that is a transition to retirement strategy, 2003

Per cent of part time workers in age group



Data source: HILDA 2007 Release 5.1, Wave 3 (weighted data).

Table 8.1 Share of part time employment that is a transition to retirement strategy — by occupation^a, 2003

Per cent of part time workers 45 years and over

	<i>Total</i>
Managers and administrators	34
Professionals	34
Associate professionals	25
Tradespersons and related workers	41
Advanced clerical and service workers	33
Intermediate clerical, sales and service workers	27
Intermediate production and transport workers	24
Elementary clerical, sales and service workers	30
Labourers and related workers	24
All occupations	30

^a Data for men and women have not been presented separately because some of the occupations contained low numbers (that is, less than 20 part time workers). Little confidence can be placed in such gender comparisons. There were in total 858 part time employed persons 45 years and over in the HILDA database.

Source: HILDA 2007 Release 5.1, Wave 3 (weighted data).

Reasons for working part time as a retirement strategy

The reasons given for using part time employment as a retirement strategy are broadly similar for men and women (table 8.2). However, there were areas of difference between men and women which may reflect differing circumstances and work preferences. For instance, fewer women gave financial reasons for their change to part time work (14 per cent of women compared to 23 per cent of men).

The main reasons given by women for using part time employment as a transition strategy were that they could afford to retire/had enough income, and that their partner's income enabled retirement. The main reasons for men were that they could afford to retire/had enough income and the superannuation rules made it financially advantageous to retire. Women were more likely to use part time employment as a transition strategy for retirement for family and lifestyle reasons (32 per cent of women compared to 25 per cent of men).

A similar proportion of men and women cited their own ill health or that of their partner as reasons for undertaking part time work as a means of transitioning to retirement. Also similar shares undertook part time work because of job related reasons. For men, the main job related reason was that they were made redundant or dismissed. While this was a major job related reason for women, they also indicated that they were fed up with work, work stresses and demands.

Table 8.2 Reasons for using part time employment as a transition to retirement, 2003

Per cent of workers using part time as a retirement transition strategy

	<i>Men</i>	<i>Women</i>	<i>Total</i>
Financial	23	14	18
Job related	26	28	28
Health	18	18	18
Family and lifestyle	25	32	29
Other	7	7	7

Source: HILDA 2007 Release 5.1, Wave 3 (weighted data).

The opportunity to work part time is an important factor in maintaining attachment to the workforce for many older workers. Forty three per cent of such workers indicated that they would not be working if they had not been able to move into a transitional part time job. There was no major difference between men and women in this regard. The figure was lower for younger workers (38 per cent for people under 60 years) than older workers (53 per cent for those older than 60 years).

It is difficult to ascertain the net impact on overall workforce participation of transitional part time employment. Those workers described above used part time employment to maintain their workforce attachment. However, 57 per cent indicated that they would still be working if they had not been able to move into a transitional part time job.

The HILDA data relate to workers who have moved from full time to part time employment. The opportunity to take up transitional part time employment has, therefore, possibly reduced participation in full time employment while it has expanded the number of people working in part time employment. Therefore, the net effect on aggregate workforce participation in terms of working hours per person is unclear. In addition, just under a quarter of full time workers aged 55 years and over in the HILDA survey indicated that they would prefer part time work. This suggests that the intensity of work may further decline if more people wanting part time work could obtain their desired hours.

An important feature of workplace flexibility is the extent to which working arrangements match workers' preferences. The data suggest, for the vast majority of the transitional part time employed (84 per cent), the move to such work has been generally welcome. Only 16 per cent wanted to go back to the full time job they occupied before their current transitional part time job. There was little difference between men and women.

The process of arranging transitional part time employment does not appear smooth for many workers. Some 65 per cent of men and women changed their employer when they started their transitional part time job. The main reasons given for leaving their employer related to the unsuitability or difficulty of undertaking such work with their previous employer. Reasons cited include long working hours (20 per cent), unsocial and unsuitable working hours (8 per cent) or their employer would have dismissed them (18 per cent) (table 8.3). Accordingly, it appears that while the labour market is flexible enough to meet the working hour preferences of many older workers a large share of such workers have needed to change their workplace to achieve their preferred hours.

Table 8.3 Reasons why employees left their former employer to work part time^a, 2003
Per cent of persons giving reason

Working hours were too long	20
Working hours were unsociable/unsuitable	8
Didn't like the work offered	6
Work unsuitable because of ill health/disability	14
Employer would have dismissed/retrrenched me	18
Offered an attractive early retirement package/financially advantageous to leave	12
Wanted to start own business/work in family business	11
Moved location	5
Other ^b	23

^a The total of the reasons exceeds 100 per cent as multiple reasons could be given. ^b Other includes people who didn't know why they had left and those who had sold their business.

Source: HILDA 2007 Release 5.1, Wave 3 (weighted data).

8.5 Summary

The workforce participation of older Australians is likely to be an increasingly important source of part time workers, as the share of the population aged 55 years and older increases. Continued growth in workforce participation has been the main determinant of changes to part time work levels for older women. The proportion of employed persons in part time employment in this age group has not changed in over a decade and half. Changes to female workforce participation appear to be linked to the gradual increase in pension age and broader social and economic forces such as the increased availability of labour saving devices which has reduced the utility of home based activities..

The story is quite different for older men. Overall employment levels for this group have fallen slightly over most of the last 30 years. As well there has been a shift from full to part time employment. The growth in the part time share of employment was particularly strong when overall employment growth was low or even negative. This points to non life style changes driving the growth in part time employment and indicates that demand side considerations have likely played an important role.

While the majority of part time work undertaken by older workers is not seen as a transition to retirement, an increasing number of older Australians are utilising part time work as a mechanism to transition to retirement. The availability of part time employment has played a role in maintaining the participation of the number of older workers in the labour market. But the net impact on aggregate hours of participation of older workers is problematic. There appears to be an unmet demand for part time work by many full time older workers. Aggregate hours of employment among these workers would fall if a substantial share of those workers were to work their desired reduced hours.

While the labour market appears to display flexibility in responding to this changed desire for part time employment, this flexibility is limited. Many older workers are working longer hours than they desire and many others who have reduced their hours have had to change employers to take up part time work. That is, the aggregate labour market displays more flexibility than individual workplaces in accommodating the preferred working hours of older workers.

9 Non life cycle related factors affecting part time employment

Factors not directly related to the life cycle (or any particular age group) can impact on an individual's labour force status. These factors, such as the onset of a disability or the need to become a carer, may restrict the amount of time an individual can (or desires to) work or their ability to work at all. For this reason, the availability of suitable part time employment may allow some workers who are unable or reluctant to work full time to actively participate in the labour market.

This Chapter examines the relationship between hours of work and groups of the population including individuals with a disability or poor health and individuals with caring responsibilities.

9.1 Probability of working part time for people with a disability

Some segments of the population face specific barriers to employment. In February 2008, the Government foreshadowed the development of a National Mental Health and Disability Employment Strategy to be released by the end of 2008. The strategy '...would help to identify why people with a disability and mental illness find participation difficult and put in place strategies to address these challenges' (O'Connor and Shorten 2008, p. 1). This section examines the current pattern of work for people with a disability. It focuses on the role part time work can play in assisting people with a disability to participate in the workforce.

For people with a disability, the nature or severity of the disability could influence their ability to participate in the workforce or may limit their involvement. The ABS Survey of Disability, Ageing and Carers (SDAC) can be used to examine the relationship between hours of work and disability status. The SDAC classifies a person as having a disability if they report that they have a limitation, restriction or impairment, which has either lasted or is likely to last for at least six months and which restricts everyday activities.

In 2003, there were an estimated 4 million individuals aged 15–64 years (or 20 per cent of the population) with a reported disability in Australia. Only 53 per cent of individuals with a reported disability were participating in the labour force, compared to around 80 per cent of individuals without a disability. For those with a core-activity limitation (box 9.1), individuals who reported more severe limitations were more likely to be outside the labour force (figure 9.1).

Box 9.1 **Disabilities with specific limitations or restrictions**

The SDAC defines a person as having a *specific limitation or restriction* if they are limited in one or more of the *core activities* (*self care, mobility and communication*) or have an employment or schooling restriction. Individuals with a core-activity limitation may also have a schooling or employment restriction.

Core-activity limitation

There are *four levels of core-activity limitation* which are determined based on whether a person needs help, has difficulty, or uses aids or equipment with any of the core activities. A person's overall level of core-activity limitation is determined by their highest level of limitation in these activities.

- *Profound* — the person is unable to do, or always needs help with, a core-activity task.
- *Severe* — the person sometimes needs help with a core-activity task, has difficulty understanding or being understood by family or friends, can communicate more easily using sign language or other non-spoken forms of communication.
- *Moderate* — the person needs no help but has difficulty with a core-activity task.
- *Mild* — the person needs no help and has no difficulty with any of the core-activity tasks, but: uses aids and equipment; cannot easily walk 200 metres; cannot walk up and down stairs without a handrail; cannot easily bend to pick up an object from the floor; cannot use public transport; can use public transport but needs help or supervision; needs no help or supervision but has difficulty using public transport.

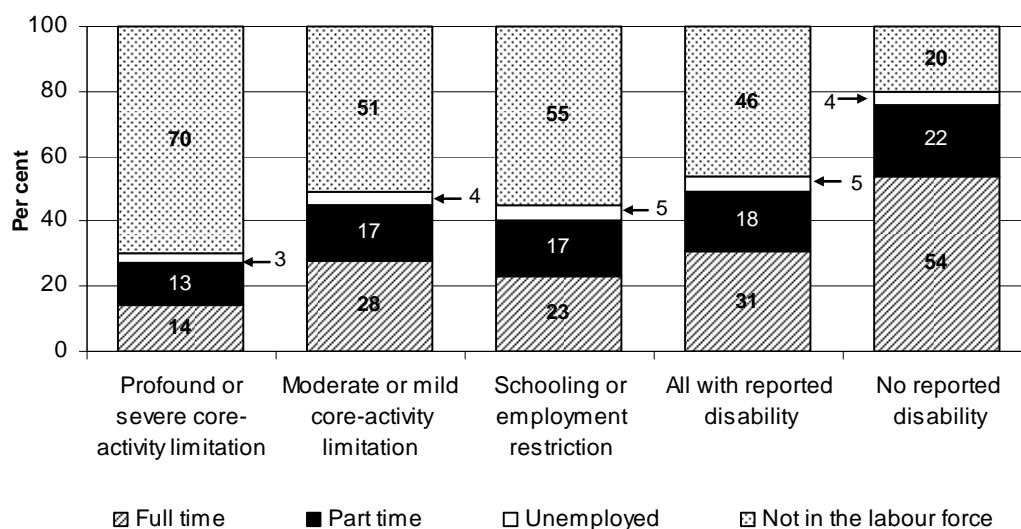
Employment or schooling restriction

A person with one or more disabilities has an *employment restriction* if, because of their disability, they are restricted in type of work or number of hours they can work, need a modified working environment or special equipment, or are not able to work at all.

A person aged 5–20 years with one or more disabilities has a *schooling restriction* if, because of their disability, they are unable to: attend school; attend a special school; attend special classes at an ordinary school; need at least one day a week off school on average; or have difficulty at school.

Source: ABS (2003c).

Figure 9.1 Labour force status by disability status, 2003
Persons aged 15–64 years



Data source: ABS (*Disability, Ageing and Carers: Summary of Findings, 2003, Cat. no. 4430.0*).

Not only are individuals with a disability less likely to be in the labour force, but they are also less likely to be working full time (figure 9.1). In 2003, while more than half of all individuals with no disability worked full time, only 31 per cent of individuals with a disability worked full time (a difference of 23 percentage points). In addition, a higher share of employed individuals reporting a disability worked part time (37 per cent), compared to employed individuals with no disability (29 per cent) (ABS 2003c).

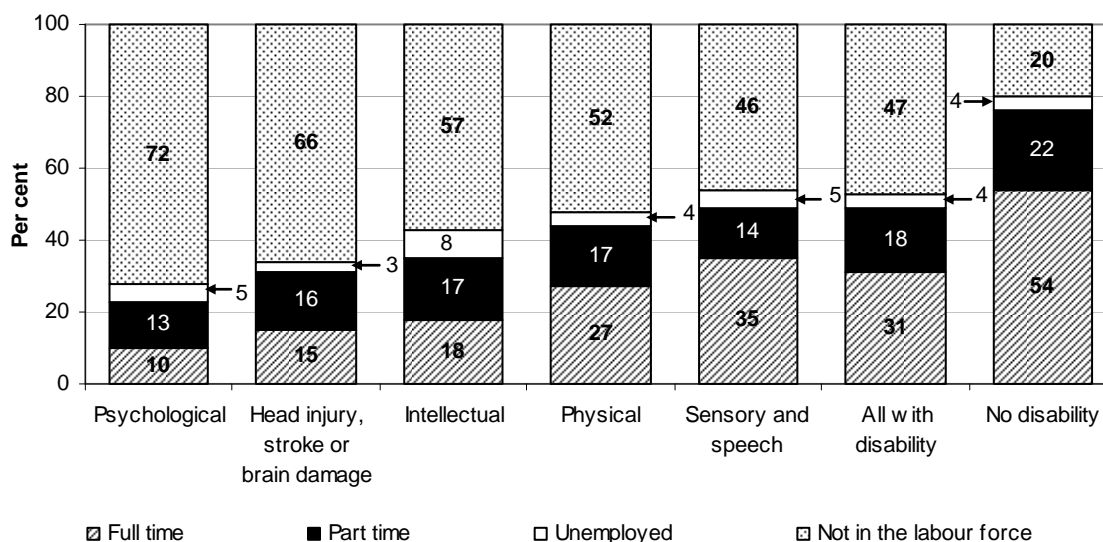
As the severity of disability increases, part time employment becomes a more significant means of maintaining attachment to the workforce. Full time employment among workers with moderate or mild limitation was 11 percentage points higher than part time employment. By contrast almost equal percentages of workers with profound or severe core-activity limitations worked part time and full time.

While some individuals with a disability in the SDAC do not have a core-activity limitation, they may be classified by the ABS as having a disability that restricts their ability to participate in schooling or work, including restricting the type or the hours of work or study they can do (box 9.1). In 2003, around 17 per cent of individuals with a schooling or employment restriction worked part time (compared to 22 per cent of employed individuals with no disability).

The nature of the disability can also limit hours of work (figure 9.2). In 2003, those with psychological disabilities had the lowest employment rate (around 23 per cent)

with more than half of those employed working part time. In comparison, 54 per cent of those with sensory or speech disabilities were employed, with a quarter of those employed part time.

Figure 9.2 Labour force status by disability type, 2003
Persons aged 15–64 years



Data source: ABS (*Disability, Ageing and Carers, Disability and Long Term Health Conditions*, 2003, Cat. no. 4430.0.55.002).

The analysis suggests that people with a disability are less likely to be working and, if they are working, are more likely to be working part time than are people without a disability. Furthermore, the likelihood of restricted involvement in the labour market increases with the severity of an individual’s disability and varies by the nature of the disability. The high rate of part time work may be a reflection of the work limitations placed on individuals by their disability, or it may reflect employer attitudes (ABS 1999).

For some people with a disability, part time employment provides an important opportunity to remain in contact with the world of work and the financial independence and broader social contact that this involves. Such social contact may be especially important to people with more limiting disabilities. Indeed, in a study of the employment outcomes of persons with a disability in the United States, Hotchkiss (2004) commented that:

... for some workers, part-time jobs, or jobs with flexible hours, are the difference between being out of the labor market and being gainfully employed. Workers with disabilities, for example, may view the prospect of part-time employment more enthusiastically than nondisabled workers do. (p. 1).

9.2 Part time work and health status

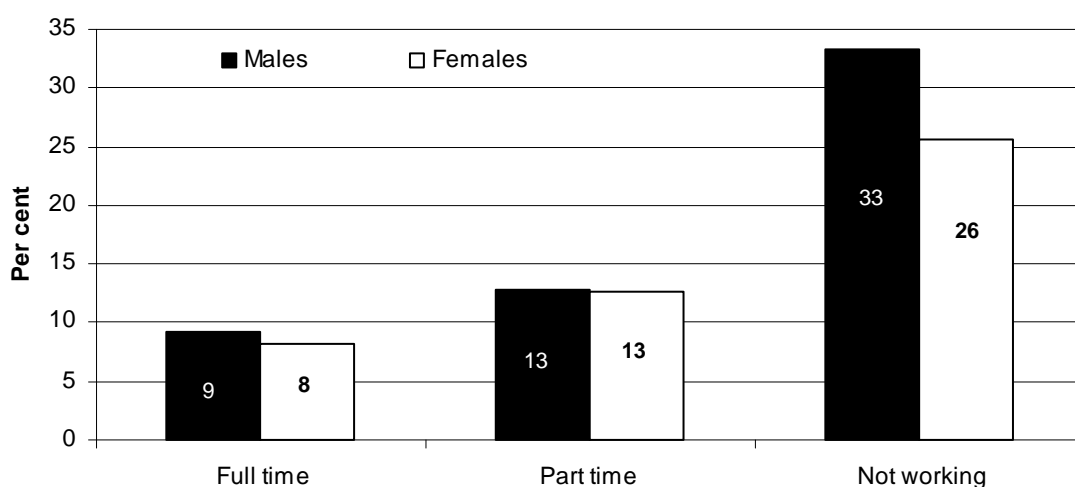
For some people, poor health may limit the extent to which they are actively involved in the labour market. By reducing an individual's productivity, poor health may lead to reduced returns from work and to increased difficulty in achieving preferred hours of work. For some people with poor health, their condition may be such that they are not capable of working full time or of working at all. Therefore, it may be expected that poor health will increase an individual's likelihood of being outside the labour force and, if they are working, increase their likelihood of working part time.

In the HILDA survey, respondents are asked to subjectively assess their general health condition. In 2005, for men aged 15–64 years, around 33 per cent of those not working rated their health as 'fair' or 'poor', whereas only 13 per cent of part time workers and 9 per cent of full time workers rated their health as 'fair' or 'poor' (figure 9.3). For women aged 15–64 years, those who were not employed had a lower share, around 26 per cent, with 'poor' or 'fair' health compared to that for men. Women who were working reported very similar levels of 'poor' or 'fair' health as those reported by men.

Respondents to the HILDA survey who worked part time were also asked about their main reasons for working part time rather than full time hours. In 2005, around 7 per cent of male part time workers and less than 3 per cent of female part time workers reported their 'own health or disability' as the main reason for working part time (HILDA release 5.1).

Figure 9.3 **Share of persons with 'poor' or 'fair' health by labour force status, 2005**

Persons aged 15–64 years



Data source: HILDA 2007 Release 5.1 (weighted data).

This evidence suggests that poor health is associated with an increased likelihood of being out of the labour force, and slightly more likely to be in part time compared to full time employment.

9.3 Do carers work part time?

In 2003, there were an estimated 2.6 million informal carers in Australia — 13 per cent of people living in households — who provided some assistance to those who needed help because of age or a disability (box 9.2).¹ Primary carers, as defined in box 9.2, comprised around 19 per cent of all carers in 2003. Women make up over half of all carers (54 per cent) and the clear majority of primary carers (around 71 per cent).

Box 9.2 Who are carers?

A *carer* is defined in the SDAC as a person of any age who provides any informal assistance, in terms of help or supervision, to persons with disabilities or long-term conditions, or older persons (those aged 60 years and over). This definition also includes providing care to children. This assistance has to be ongoing, or likely to be ongoing, for at least six months.

There are two classifications of carers:

- *Primary carers* — persons who provide the majority of informal assistance, in terms of help or supervision, to a person with one or more disabilities. The assistance has to be ongoing, or likely to be ongoing, for at least six months and be provided for one or more of the core activities (communication, mobility and self care).
- *Other carers* — persons who provide informal assistance, but who are not the main (or primary) source of assistance.

Source: ABS (2003c).

The caregiving role can be a time demanding role. As noted by Lee (2001, p. 150):

Caregivers have to deal with stress and restrictions on employment, social and leisure choices ... Many of them are combining family caregiving with paid work and running a household, and their ability to cope comes at considerable personal cost.

Balancing caring responsibilities and paid work may be particularly difficult for primary carers. In 2003, 18 per cent of primary carers spent between 20–39 hours per week providing care and a further 37 per cent spent 40 hours or more per week providing care (ABS 2003c). The need for flexible and/or shorter working hours to manage caring responsibilities may limit the employment choices for some carers.

¹ Data used in this section draws on the ABS 1998 and 2003 SDAC.

A lower proportion of carers are employed compared to individuals who did not have a caring role — 63 per cent of all carers compared to 73 per cent respectively in 2003 (figure 9.4). The reduction in employment falls entirely on full time employment. Indeed, a greater proportion of carers work part time compared to non-carers. This proportion is increased when the carer is a primary carer and providing the majority of assistance.

Figure 9.4 Labour force status of carers, 2003^a
Persons aged 15–64 years



^a In the SDAC, primary carers only include persons aged 15 years and over for whom a personal interview was conducted. Persons aged 15–17 years were only interviewed personally if parental permission was granted.

Data source: ABS (*Disability, Ageing and Carers, Australia: Caring in the Community, 2003*, Cat. no. 4430.0.55.003).

This supports the view that carers, and particularly primary carers, use part time work to help meet caring responsibilities while undertaking paid work. For some 70 per cent of employed primary carers, taking on a caring role did not change their weekly hours of work (ABS 2003a). Yet, a large minority (23 per cent in 2003) of employed primary carers reduced their weekly working hours after taking on caring responsibilities. This provides additional evidence of a link between caring responsibilities and the likelihood of part time work.

9.4 Summary

This analysis indicates that for certain groups in the population, part time employment is a means of maintaining their involvement in the workforce commensurate with their capacity. People with a disability and carers are more likely to work part time if they are in the workforce. Moreover, the significance of part time employment increases as disabilities become more severe or the caring role more onerous, suggesting at the broad level that part time work is being used in a graduated manner to fit with capacity to work.

In contrast, the main impact that an individuals' health status appears to influence whether a person is in work or not. If a person is working, their health status appears to have only a small influence on the probability of being in full or part time work.

10 Aspirational and reluctant part time workers

Labour supply and demand considerations interact to affect the level of part time work, as explained in previous Chapters. But does the labour market allow workers to achieve their preference for the hours they work or is there a mismatch between supply and demand with regard to working hours? Wooden and Drago (2007) used the HILDA survey to investigate the mismatch between usual and preferred hours of work. They found that over the 2001–05 period, just over half (56 per cent) of workers were working their preferred hours.

This Chapter examines the circumstances where workers do not achieve their preferred working hours. In particular, it focuses on part time workers who want to work longer hours or even to work full time (reluctant or involuntary part time workers) and full time workers who want to work part time hours (aspirational part time workers).

The presence of workers wanting to change their working hours has implications for the efficient operation of the labour market. As well, there may be an impact on overall workforce participation levels from the better matching of actual hours with preferred hours. Nonetheless, regardless of the outcome on aggregate labour supply the better matching of actual to preferred working hours will raise the welfare of the Australian community.

10.1 Involuntary and reluctant part time workers

The ABS defines part time workers who preferred to work more hours as involuntary part time workers (ABS 2007e).¹ Involuntary part time work can arise in three ways: persons who usually work full time are working part time because there are no full time jobs around; persons working part time because they cannot find full time employment; and persons who normally work part time but are working fewer hours than they desire.

¹ The ABS does not ask respondents to consider the income implication of increasing work hours when providing an indication of their preferred hours (ABS 2004b.)

All three situations reflect labour demand deficiency as workers are willing to supply more of their labour than is purchased by employers. Indeed, involuntary part time workers represent an element of labour market slack along with the unemployed and discouraged jobseekers. However, there may also be supply considerations involved if, for example, people do not have skills relevant to vacant full time positions, or if people with the relevant skills are geographically removed from the appropriate full time jobs.

While the working hours offered by their part time employment are not those preferred for involuntary part time workers, nonetheless, there are a number of reasons why they may accept such work.

- The jobseeker may prefer working those hours to not having any work. This could include jobseekers that have no alternative in terms of earning income in the short term.
- Part time employment may be a stepping stone to full time employment. It may open up the opportunities of eventual full time employment, with the current employer if such jobs are filled internally. Also, a part time job may help a worker obtain full time employment in other businesses because of the work experience and on-the-job-training that may be gained.

Another group who would identify themselves as involuntary part time workers are those who had been working their desired hours but, because of a change in their circumstances or preferences, would like to work more hours. For some people in this group, it will be necessary to find alternative employment in order to reach their newly desired hours of work. A form of frictional involuntary part time employment may result from the time taken in the job search and recruitment process.

Thus the other dimension of involuntary part time employment is the length of time it takes for the worker to achieve their desired hours of work. Wooden and Drago (2007) investigated this issue following workers over five waves of the HILDA survey. Those workers in the HILDA survey preferring more hours of work are not strictly the same group as the involuntary part time employed surveyed by the ABS and will be called reluctant part time workers. Around one-fifth of those preferring more hours were already full time employed. Nonetheless, their findings provide an indication of the length of time taken to resolve the mismatch between preferred and actual hours of work. For this group, less than half (44 per cent) of workers still desired more hours within a year.

In 2006, one in three male part time employees and one in five female part time employees were involuntary part time workers. That is, there were 260 000 men and 446 000 women part time workers who wanted to work more hours (ABS 2007e). However, not all of these workers are able to work more hours within a short period.

There were 186 500 men and 297 400 women employed part time and available to start work with more hours. Together they represented 4.7 per cent of the workforce and wanted to work an average of an extra 14.4 hours per week (ABS 2007d). That is, if all the involuntary part time workers were to work their desired hours, it would be equivalent to expanding employment by around 1.9 per cent (in full time equivalent employees). Such workers represent a potential small addition to aggregate labour resources.

The proportion of part time workers preferring to work more hours varies with the hours they already work. Wooden and Drago (2007) found that among part time employees working less than 20 hours per week around 40 per cent preferred more hours and for those working 21–34 hours 30 per cent preferred more hours.

However, care must be taken when analysing this issue. Just because someone has said they want to work more hours, it does not necessarily follow that they would actually increase their work hours if given the chance. A survey carried out by the ABS in 2006–07 found that of the 28 per cent of people working 15 hours a week or less who said they wanted to work more hours, just over half could either not work the extra hours or did not look for a job with more hours. In fact, one of the main reasons for not looking for work was that women had child care responsibilities. Of those, the most common reason for not looking for more work was that they preferred to look after children — accounting for 22 per cent of the people who wanted more hours (ABS 2007h).

Reasons for involuntary part time work

Around 36 per cent of part time workers who were unsuccessful in obtaining more hours of work thought that they failed to obtain their desired hours because of a lack of vacancies, or because there were too many other applicants. These may be considered demand-deficiency reasons. Conversely, 45 per cent of part time workers believed that they failed to achieve their goal of more working hours because of supply-side reasons. These included having a lack of work experience or necessary skills or education, own ill health, being considered too old by employers, unsuitable hours, transport difficulties, child care difficulties and family responsibilities (ABS 2007d).

The distinction between supply side and demand side constraints should not be overdrawn, however, as it is likely that some of the supply side constraints (such as required education and skill levels, age considerations and work experience) could be used as screening instruments by employers in the recruitment process. These requirements can be expected to be loosened during periods of strong labour demand and emerging labour shortages.

Given the demand-constrained nature of involuntary part work, there should be a correlation between the demand for labour, as reflected in the unemployment rate or employment growth, and involuntary part time employment. Figures 10.1 and 10.2 present involuntary part time employment as a proportion of part time employment with another measure of labour market slack — the unemployment rate — for men and women respectively.

The share of involuntary part time employment has grown substantially over the past three decades and does not appear to be wholly related to short term downturns in labour demand. While the level of involuntary part time employment is generally higher for men than women, both genders have experienced a similar pattern of growth in the share of involuntary part time employment.

There is a marked asymmetry in the response of involuntary part time employment to the economic cycle, as represented by the unemployment rate. Involuntary part time employment increased strongly during the periods of economic downturn in the early 1980s and 1990s as well as the economic slowdown in 2001. During the subsequent economic expansions, the level of involuntary part time employment has remained stubbornly elevated.

Therefore, a large part of involuntary part time work appears to be structural and has remained high during improved labour market conditions. It is only after long and sustained improvements in the labour market that male involuntary part-time employment has begun to fall. For women there appears to be little sustained change in the level of involuntary part time employment since it increased during the recession of the early 1990s, although the level has declined slightly since 2004 as the labour market continued to improve.

Figure 10.1 Male involuntary part time employment as a share of part time employment and the male unemployment rate, 1978–2007^a

Per cent of male part time workers and unemployed men

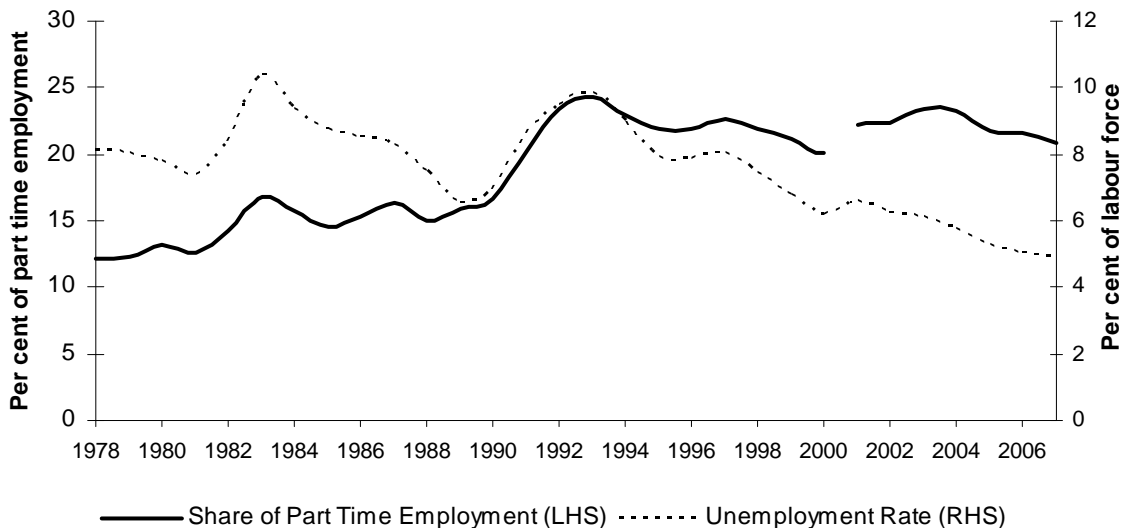


^a A break in the data series occurred in the May quarter 2001. This had the effect of increasing the proportion of part time employed who preferred additional hours.

Data sources: ABS, (*Labour Force, Australia, detailed, Quarterly*, Cat. no. 6291.0.55.003, Datacube EO1); ABS (*Labour Force, Australia, detailed — electronic delivery*, Cat. no. 6291.0.55.001, table 1).

Figure 10.2 Female involuntary part time employment as a share of part time employment and female unemployment rate, 1978–2007^a

Per cent of female part time workers and unemployed women



^a A break in the data series occurred in the May quarter 2001. This had the effect of increasing the proportion of part time employed who preferred additional hours.

Data sources: ABS, (*Labour Force, Australia, detailed, Quarterly*, Cat. no. 6291.0.55.003, Datacube EO1); ABS (*Labour Force, Australia, detailed — electronic delivery*, Cat. no. 6291.0.55.001, table 1).

Gross flows of involuntary part time workers

Given that involuntary part time work represents an undesirable (disequilibrium) workforce state for individuals, questions arise regarding how workers come to be in this situation, and to what extent they remain in such work. The growth in involuntary part time work is an aspect of a larger labour market issue — the failure to provide sufficient full time jobs over the last thirty years.

Gregory (1993, 2000 and 2005), Gregory and Sheehan (1998), Black, Tseng and Wilkins (2008) among others have written extensively on the failure of the Australian labour market to provide sufficient full time employment. The growth in involuntary part-time employment for men and women is consistent with this concern and highlights that past changes in part time employment should not be thought separate from the history of full time employment.

The rise in involuntary part time employment is consistent with the gross flows analysis in Chapter 4 where it was shown that for men, in particular, the response of the flows to labour demand was asymmetrical. That is, while full time workers became part time during downturns, the movement of part time workers into full time work was at much lower rates when conditions improved.

Monthly gross flows data can also be used to estimate the mobility of involuntary part time workers. That data shows that inflows to involuntary part time employment in 2006 came broadly equally from full time employment and non-employment. Throughout 2006, 12 per cent of involuntary part time workers were employed full time in the previous month compared to 5.1 per cent who were previously unemployed and 6 per cent who were previously not in the labour force. Thus involuntary part time workers generally have a heterogeneous work history which is likely to influence their subsequent labour market experience.

Flows from full time employment account for around half of the flows into involuntary part time employment. This may be seen as an adjustment mechanism by employers to a downturn in demand involving the reduction in hours per worker rather than the number of workers. This is consistent with employers preferring to keep their workforces relatively stable rather than engaging in costly actions of dismissal and subsequent recruitment. But during periods of expanding demand, the movement from involuntary part time work to full time work is slow. The large flows into involuntary part time employment from those not employed demonstrate that many of the new jobs being created have fewer hours than wanted by jobseekers.

While an average of 10.5 per cent of the unemployed found full-time employment each month in 2006, some 13.3 per cent obtained part time employment. Just over half of this part time employment was involuntary. People who were not in the labour force appeared to have more choice in the type of job they were willing to take, as only one-quarter of those who obtained part time employment were involuntarily part time employed.

This divergent labour force history of involuntary part time workers is consistent with the wide range of reasons given by these workers regarding their inability to obtain their desired hours of work. The varied nature of the workers undertaking involuntary part time employment also helps to explain the sluggishness of the decline in involuntary part time employment during periods of employment growth. The flows into involuntary part time employment from unemployment demonstrate that part time jobs are important employment opportunities for the unemployed even if they do not provide the desired hours of work.

Involuntary part time employment is not a permanent state of affairs for most workers. From tables E.1 to E.4 in Appendix E, it is apparent that a large proportion of the involuntary part time jobs turnover each month. In 2006, 14.6 per cent of involuntary part time workers obtained full time work each month. This compares with 11.6 per cent of the unemployed — another group wanting to change their labour market state — who move to full time employment each month.

This higher transition rate for involuntary part time workers compared to the unemployed suggests that such work may provide necessary work experience to improve the prospects for some workers to obtain full time employment. This is consistent with the case study undertaken by Price (2004), where new recruits into a major retailer were initially required to accept casual employment and limited hours. Further promotion occurred through an internal labour market to potentially permanent full-time employment.

Further support for involuntary part time work predominantly being a short term phenomenon is found in a study on hours mismatch (Wooden and Drago 2007). That study found that just under half of workers who desire additional hours of work have achieved their desired hours within a year.

However, involuntary part time employment is also a more precarious form of employment and may represent for some workers a transition to unemployment. The gross flows data reveal that during 2006, some 3.4 per cent of involuntary part time employed workers became unemployed each month compared to 0.8 per cent of voluntary part time workers and 0.4 per cent of the full time employed.

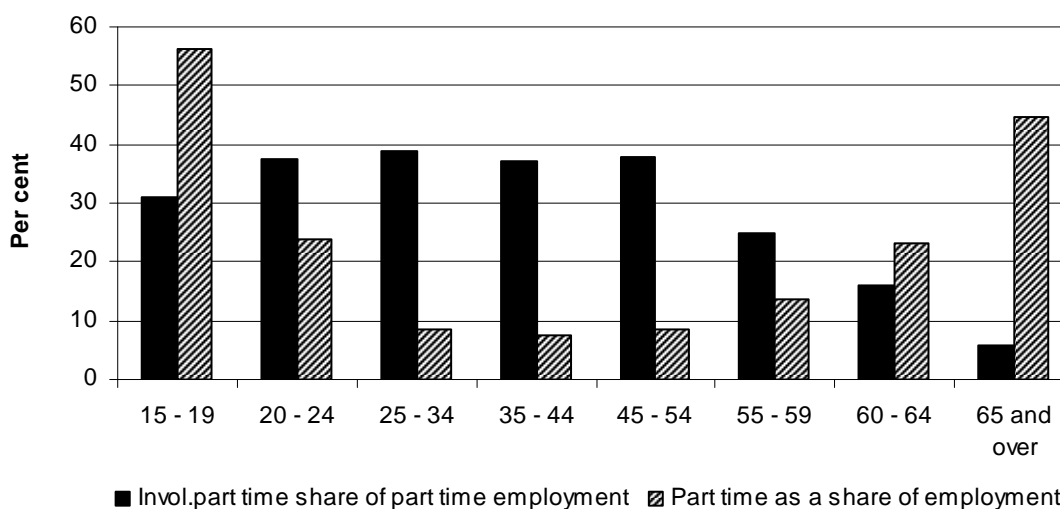
Involuntary part time employment by age

It is clear when looking at involuntary part time employment by age group that the involuntary component is inversely related to the level of part time employment (figures 10.3 and 10.4). That is, those demographic groups who are more inclined to work part time experience lower levels of involuntary part time employment. The exception to this is among teenagers where both the level of part time employment and share of involuntary part time employment are high.

The relative contribution of supply and demand factors affecting the age distribution of part time employment can be estimated by comparing the variation across the age groups in the significance of involuntary part time employment with the variation in the share of part time employment in overall employment. The share of involuntary part time employment can be seen as a broad indication of the relative share of part time jobs provided by employers in excess of those desired by workers working part time.

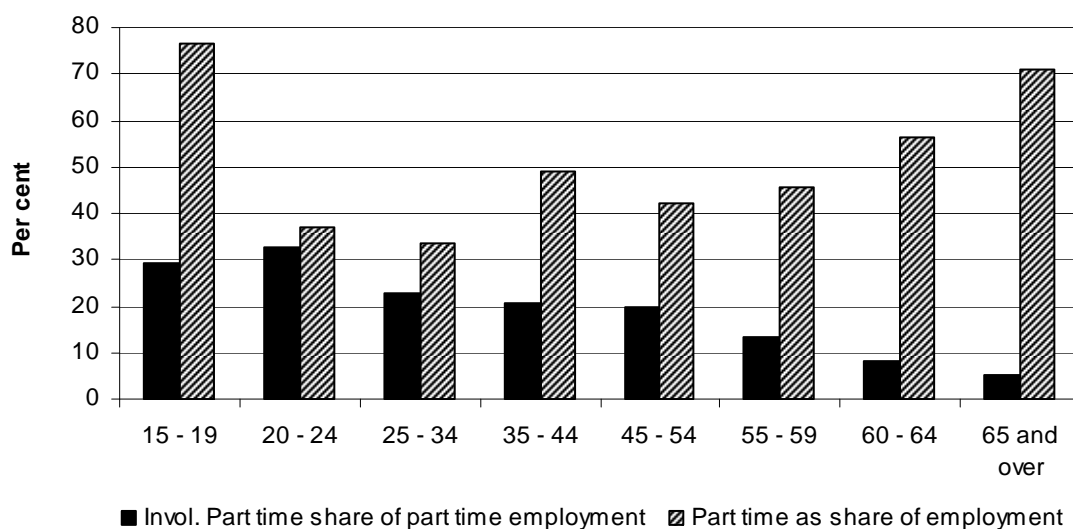
Figure 10.3 **Involuntary part time employment by age — men, 2006**

Per cent of male workers and male part time workers by age group



Data sources: ABS, (*Labour Force, Australia, detailed, Quarterly*, Cat. no. 6291.0.55.003, Datacube EO1); ABS (*Labour Force, Australia, detailed — electronic delivery*, Cat. no. 6291.0.55.001, table 1).

Figure 10.4 Involuntary part time employment by age — women, 2006
Per cent of female workers and female part time workers by age group



Data sources: ABS, (*Labour Force, Australia, detailed, Quarterly*, Cat. no. 6291.0.55.003, Datacube EO1); ABS (*Labour Force, Australia, detailed — electronic delivery*, Cat. no. 6291.0.55.001, table 1).

Except among older male workers (those aged 55 and over), the share of involuntary part time employment lies between 30–40 per cent of male part time employment. By contrast, the proportion of part time work in overall employment varies considerably for cohorts aged less than 55 years — from less than 10 to over 50 per cent. This suggests that the variation of supply of part time workers by age predominately drives the age pattern of part time employment among men. This is confirmed among older workers where the share of involuntary part time employment falls to low levels as the share of part time employment rises indicating that involuntary part time employment is not driving the variation in the level of part time employment shares among older groups.

A similar conclusion can be drawn with regard to the age pattern of part time employment among women. The share of involuntary part time employment varies between 20 and just over 30 per cent for most age groups, whereas, the share of part time employment among women varies considerably more — between 30 to just under 80 per cent. Also, as with men, the level of involuntary part time employment is very low among older women while the share of part time employment is high. Again this suggest that variations in the level of part time employment across women’s age groups are largely driven by the supply of part time workers and not the demand for workers.

How does Australia compare internationally?

The OECD has made comparisons of the shares of involuntary part time employment in different countries. However, these should be interpreted with caution as the data are based on national statistical collections which may use different collection methodologies. In particular, the international statistics are largely only available for people working part time who want to work full time. Thus, part time workers who want more hours of work, but do not want to work full time are not usually included in the international comparison.

As can be seen from table 10.1, the Australian level of involuntary part time employment is somewhat below the average for OECD countries. Australia and most other OECD countries have a higher rate of involuntary part time work among men than among women. However, there are some countries for whom the difference is negligible or even reversed with a larger proportion of women who are employed part time wanting full time employment. For example, in Greece, Hungary, France, Portugal, Spain and Denmark women are more likely than men to work part time while wanting to work full time.

Across countries there appears to be an inverse relationship between part time work rates and the rates of involuntary part time work. This inverse relationship is stronger among women than men (figures 10.5 and 10.6). This finding appears to mirror the age related levels of part time employment for Australian noted earlier. That is, where part time work is relatively uncommon it appears to consist of a relatively high proportion of involuntary part time work. In Australia this relationship is stronger for men than women.

Table 10.1 **Involuntary part time work as a proportion of the part time workforce,^a 2006**

Per cent of female, male and total part time workers

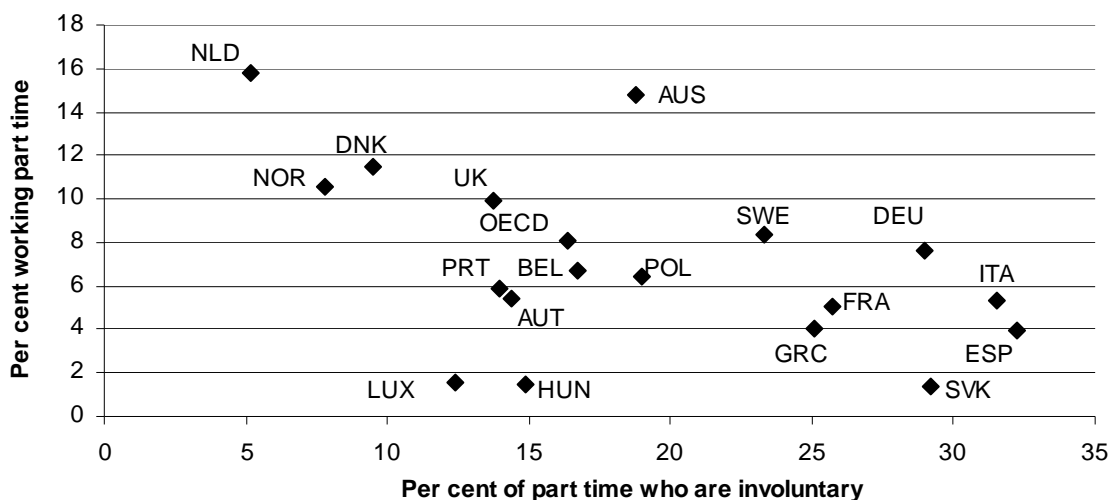
<i>Country</i>	<i>Women</i>	<i>Men</i>	<i>Total</i>
Australia ^b	8.3	18.8	11.3
Austria	9.6	14.4	10.4
Belgium	13.7	16.7	14.3
Canada	23.2	26.0	24.1
Denmark	14.3	9.5	12.7
France	29.0	25.7	28.3
Germany	16.9	28.9	19.2
Greece	30.7	25.1	28.9
Hungary	16.8	14.9	16.2
Italy	25.7	31.5	27.0
Luxembourg	9.7	12.4	9.9
Netherlands	4.3	5.1	4.5
Norway	6.7	7.8	7.0
Poland	15.8	19.0	16.8
Portugal	28.0	14.0	23.2
Spain	33.0	32.2	32.8
Sweden	12.3	23.3	15.9
Switzerland	6.3	8.0	6.6
United Kingdom	5.8	13.7	7.5
OECD	14.2	16.4	14.8

^a Involuntary refers to persons working part time who would prefer to work full time. Part time refers to persons working 1-30 hours per week. ^b Part time workers are defined by national standards.

Sources: Australian data is from ABS (*Underemployed Workers*, Cat. no. 6265.0, September 2006). Other data from OECD *FTPT Employment Based on National Definitions*, OECD *Involuntary Part Time Workers*.

Figure 10.5 Part time work rates and rates of involuntary part time work^{a,b} — men, 2006

Per cent of male workers and male part time workers

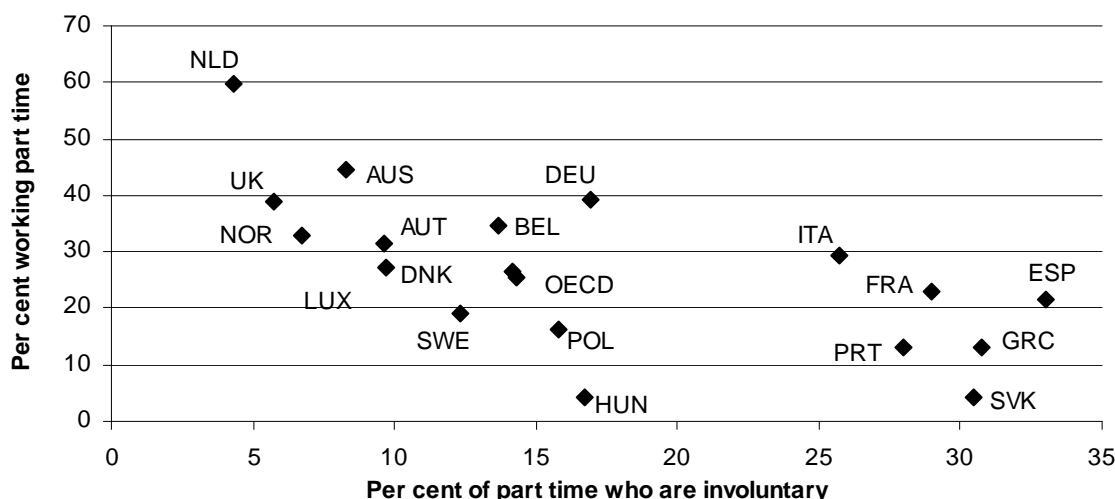


^a Involuntary refers to persons working part time who would prefer to work full time. Part time refers to persons working 1-30 hours per week. ^b For Australia, part time workers are defined by national standards.

Data sources: Australian data is from ABS (*Underemployed Workers*, Cat. no. 6265.0, September 2006). Other data from OECD datasets (*Involuntary Part Time Workers*; *FTPT Employment Based on a Common Definition*).

Figure 10.6 Part time work rates and rates of involuntary part time work^{a,b} — women, 2006

Per cent of female workers and female part time workers



^a Involuntary refers to persons working part time who would prefer to work full time. Part time refers to persons working 1-30 hours per week. ^b For Australia, part time workers are defined by national standards.

Data sources: Australian data is from ABS (*Underemployed Workers*, Cat. no. 6265.0, September 2006). Other data from OECD datasets (*Involuntary Part Time Workers*; *FTPT Employment Based on a Common Definition*).

10.2 Aspirational part time employment

Much of the focus in both labour economics and social policy research has been on underemployment, but there has also been a recent interest in over-employment (Drago, Wooden and Black 2007). Over-employment is defined as the presence of long working hours, whether on a voluntary or involuntary basis (ILO 2007).

A subset of these workers wish to work on a part time basis and therefore, represent a potential source of part time workers. In this report, they are referred to as aspirational part time workers.

Relative magnitude of aspirational part time work

The HILDA survey contains questions on whether or not full time workers are working their preferred number of hours and, if not, whether they would be willing to reduce their hours while taking into account the reduction in income that this may entail. Thus, it provides a measure of whether their current full time work matches their preferred balance of income and hours. This section utilises HILDA data both for aspirational and reluctant part time workers as data on full time workers who desire part time work are not available from ABS datasets.

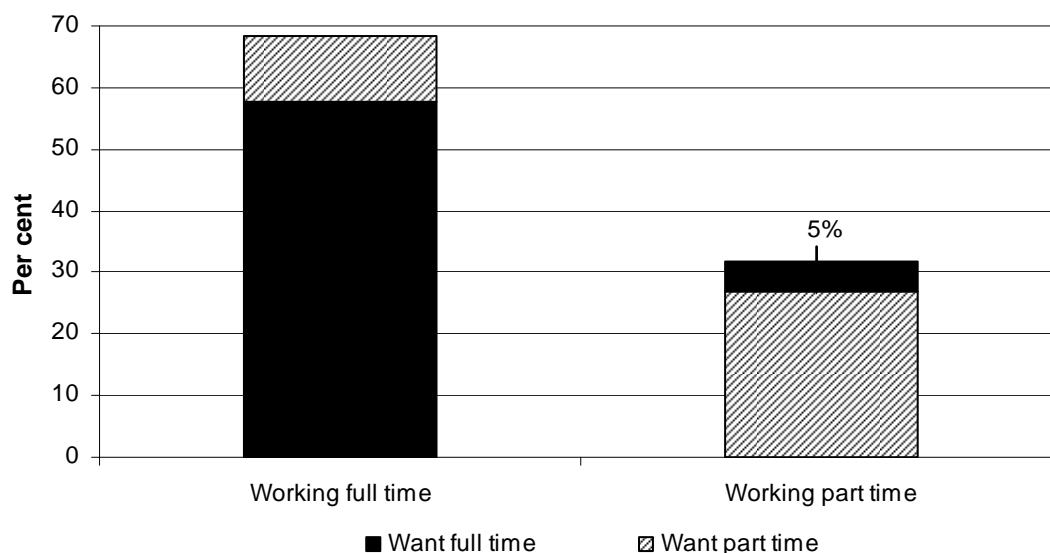
Based on the 2005 HILDA survey, approximately 16 per cent of full time workers would like to work part time hours and 14 per cent of part time workers wanted to work full time.² As there are more full time than part time workers, the number of aspirational part time workers (11 per cent of the estimated workforce) exceeds the number of part time workers who wanted to work full time (5 per cent of the workforce) (figure 10.7). For every part time worker who wanted full time hours, there were more than two workers who wanted to move from full time work to part time work.

The magnitude of aspirational part time employment is accordingly, larger than the level of reluctant part time employment. In each of the 5 years that HILDA data is available, the sum of the desired reduction in hours by full time workers who want to work part time is approximately equal to 10 per cent of the total hours worked by all people in the survey. This compares to a potential increase of under 4 per cent of total recorded work hours if all reluctant part time workers worked their desired hours. Thus, involuntary part time employment is not a matter of deficient

² The proportion of HILDA respondents working part time who want to work full time (that is, the reluctant part time worker) is not directly comparable to the ABS measure of involuntary part time work in figures and . The ABS definition includes people who want more hours but not necessarily full time.

aggregate hours of employment but rather its distribution among workers, assuming that workers skill levels, jobs, etc are substitutable.

Figure 10.7 Relative number of aspirational and reluctant part time workers
Per cent of full time and part time workers



Data source: HILDA 2007 Release 5.1 (weighted data).

It is also likely that aspirational part time workers on average will take longer to achieve their desired hours of work than reluctant part time workers. Wooden and Drago (2007) found that just under 50 per cent of people who desire less hours of work still want to work less hours four years later. Of the people who want to increase their hours, only 27 per cent of people still want to increase their hours after four years.

Aspirational part time work by age and gender

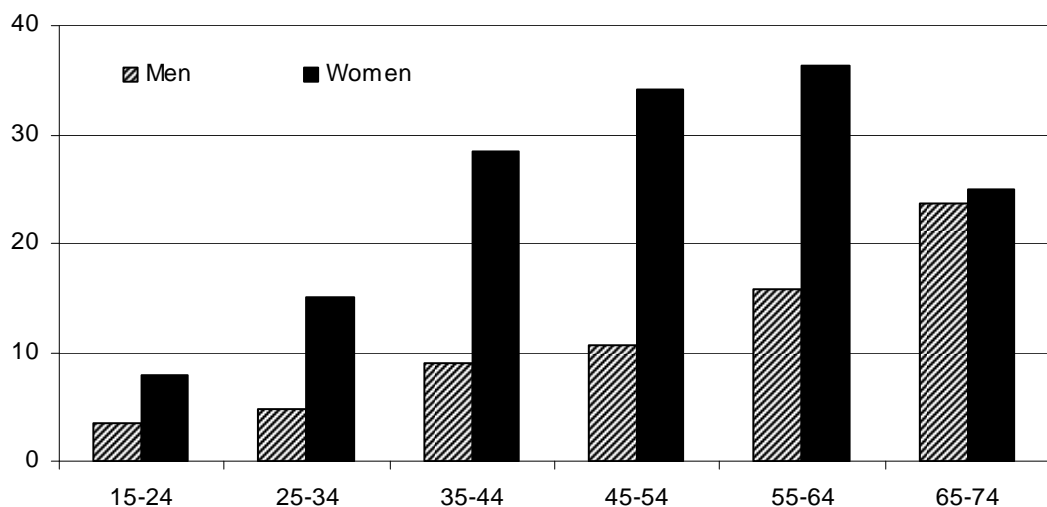
This paper has highlighted numerous factors that are more frequently associated with part time work. In particular, age and gender have been found to be strongly linked with differing rates of part time work. This section examines the age and gender distribution of aspirational part time work to see if this pool of people desiring part time work noticeably differs from those already in part time work.

In the 2005 HILDA survey, 10 per cent of male full time workers wanted to work part time. This is higher than the male level of part time work. Over 25 per cent of women working full time indicated that they wanted to work part time, which is lower than the part time share of working women. As such, the gender distribution of part time work would change if all workers could work their desired hours. This

change would only be small though, with the male share of part time work increasing, but only by two percentage points. One factor that would limit this rise is the relatively high rate of reluctant part time work among men who would obtain full time employment if their preferences were met.

The rate of aspirational part time work is higher among older age groups (figure 10.8). While Chapter 8 highlighted the issue of older workers wanting part time work, it is worth noting that the rate of part time work among workers 55 years and older is already higher than most other age groups. In terms of the number of potential part time workers, the rate of aspirational part time work among 35–44 year olds is most notable. Over 15 per cent of full time workers in that age group wanted to work part time. To place this in context, 35–54 year olds accounted for over 40 per cent of full and part time workers in 2006 compared to people 55 years and older who contributed less than 5 per cent of the work force (ABS 2007a).

Figure 10.8 Aspirational part time work among men and women, 2005
Per cent of full time workers by age group and gender



Data source: HILDA 2007 Release 5.1 (weighted data).

For women, those aged between 35–64 have the highest rate of full time workers aspiring to work part time. These ages are typically associated with returning to work as children grow and transition to retirement. For men, the rate of aspirational part time work increases through each successive age group. This would imply that working arrangements are yet to reflect fully the work life balance of older workers in particular.

The age distribution of aspirational part time work (figure 10.8) appears to be the inverse of the distribution of involuntary part time employment (figures 10.3 and 10.4). That is, generally when levels of involuntary part time employment are high

(low) the levels of aspirational part time employment are low (high). This is to be expected as this implies that more (less) part time jobs are being offered by employers than are reflected in the aggregate preferences of the demographic groups.

The gross flows analysis presented in Chapter 4 cannot directly track the movements of workers who have indicated that they prefer to work less hours. However, there are large flows between full time and part time employment. For each month in 2006, an average of 3 per cent of men and 8 per cent of women who were working full time changed to part time employment.

Another measure of persistence of mismatch between actual and preferred hours of work is provided by Wooden and Drago (2007). They found that of those who preferred fewer hours of work around 60 per cent still preferred to work fewer hours a year later (although it should be noted that this includes full time workers wanting to work less but not part time hours).

In summary, there appears to be a large pool of full time workers who would prefer to work part time. This group of aspirational part time workers is substantially larger than the part time workers who would prefer to work full time. As such, if more people could achieve their desired hours of work, it is likely that the rate of part time work would increase. Those nearing retirement age and prime age women have particularly high rates of aspirational part time workers.

10.3 Summary

There are two groups of workers who do not achieve their desired hours of work — the involuntary part time and the aspirational part time employed.

The level of involuntary part time employment appears to have both cyclical and structural components. It increases rapidly during downturns in labour demand. Chapter 4 found that some full time workers' hours are reduced in such circumstances and that the share of those working longer part time hours (between 30 and 35 hours per week) increases. However, the level of involuntary part time employment is slow to decline during the subsequent periods of economic recovery and expansion of employment. Thus, the level of involuntary part time employment has ratcheted up over the past three decades.

But involuntary part time employment should not be seen as a permanent state for most workers. Gross flows data indicate that the labour market remains dynamic with almost half of such workers moving out of involuntary part time employment within three months.

The level of aspirational part time employment affects more workers than reluctant part time employment. It tends to be highest in older age groups among both men and women. Given the large labour flows between full time and part time employment it is also likely that many will eventually achieve their preferred hours of work.

But it should be noted that these gross flows data are not able to reveal whether there are some groups of workers unable to shift easily between full-time and part-time labour market states. Indeed there appears to be significant shares of workers who are unable to change the number of hours they work within a year.

11 Characteristics of part time jobs

This Chapter considers what part time jobs are like and how workers view part time work in Australia. It focuses on non-wage characteristics of part time work such as the way work is arranged and whether part time jobs offer lesser conditions or are of a lower quality than full time jobs. Measures of quality include career prospects, conditions and benefits of jobs, the amount of training and measures of job satisfaction.

These research questions have been addressed by several studies of non-wage characteristics of part time jobs. The general findings suggest that part time jobs in general are different from full time jobs, both in Australia (see, for example, Harley and Whitehouse 2000) and in other countries (see, for example, Fagan and Burchell 2002). Fagan and Burchell noted that part time jobs ‘... are typically lower paid, more monotonous and with fewer opportunities for advancement’. However, they also noted that part time work had positive elements including being less demanding and better facilitating social and family commitments.

An exhaustive analysis of job characteristics is beyond the scope of this Chapter. Rather, the analysis here provides an overview of key aspects of part time job characteristics, and seeks to highlight relevant trends. The analysis also considers the influence of several factors which may confound simple comparisons of part time and full time job characteristics, such as the occupational distribution¹ of part time jobs and the influence of casual employment.²

The HILDA database provides information on the characteristics of a person’s main job. As such, the analysis does not address characteristics of secondary part time jobs. This omission may contribute some bias to the analysis, because part time secondary jobs are likely to be of fewer hours per week and may have their own

¹ Jobs are broken down by occupation and skill groups according to the Australian Standard Classification of Occupations (ASCO). Further details are summarised in box F.1 in Appendix F.

² In the HILDA survey, employed respondents are asked to classify their job according to whether it involves a temporary, casual or permanent contract. As this distinction is made by survey respondents, it may differ from concepts used by the ABS.

distinct job characteristics. However, since multiple job holders are a small minority in the HILDA sample³, the analysis in this Chapter will be representative of the vast majority of part time jobs in the data base.

11.1 What kinds of jobs are part time?

An outline of how part time jobs are distributed according to industry, occupation, and contract type in Australia was provided in section 1.1. Given that part time jobs tend to be located in the lower skilled occupations and involve casual contracts, it is useful to consider in more detail the duties of part time jobs. For instance, whether part time jobs also involve particular tasks and responsibilities, have particular occupations or requirements, or serve particular purposes for workers.

Roles, responsibilities and training

Fagan and Burchell (2002) address several aspects of job quality for part time workers across the European Union. They find that part time workers are less likely to have jobs that involve complex tasks, problem solving or planning responsibilities. They also find that part time workers were less likely to receive training from their employers. Similar trends were found for Australia with regard to training and responsibility at work (Harley and Whitehouse 2000, Whittard 2003).

The HILDA database provides further information regarding the particular roles and responsibilities of part time workers, as well as the skill requirements and training involved in part time jobs. Such information may help further illustrate the place that part time jobs tend to have within the labour market, and within the organisational structures of businesses.

In the HILDA database, differences are apparent between the responsibilities of part time and full time workers. More than half of the full time workers stated that they had at least some supervisory duties, compared to less than a third of part time workers (Appendix F, table F.1). Among part time workers, women were marginally more likely than men to have supervisory duties, while the reverse was true for full time workers.

³ In the HILDA database, approximately 9.2 per cent of the 2005 workforce held multiple jobs. This represents 11.3 per cent of part time respondents and 8.1 per cent of full time respondents.

Respondents to the HILDA survey also described their work responsibilities by either agreeing or disagreeing with descriptive statements regarding their jobs. That is, respondents gave ratings from 1, where they ‘strongly disagreed’ with the statement, up to 7, where they ‘strongly agreed’ with it. The average ratings for some of these variables are given in figure 11.1, with further results in table F.2 in Appendix F.

Figure 11.1 shows that full time employees were marginally more likely to feel that they had ‘a lot of say about what happens’ in their job. This supports the idea that part time employees are, on average, less influential in their jobs compared to full time employees. Other variables showed that on average, part time employees were less likely to feel that their job required the learning of ‘new skills’, or that it ‘used many of [their] current skills’. More generally, part time workers were less likely to say that their ‘job was difficult’.

These findings are consistent with the observation that part time workers are less likely to undertake training as part of their job. In the HILDA database, 31 per cent of part time employees had taken part in training or education as part of their jobs in 2005, compared to 46 per cent of full time employees. Among part time workers, around 33 per cent of women and 26 per cent of men had undertaken some training in the last 12 months.

Figure 11.1 Employees’ assessments of their own roles and responsibilities, 2005

Average rating, where one means ‘strongly disagree’ and seven means ‘strongly agree’



Data source: HILDA 2007 Release 5.1 (weighted data).

The HILDA data indicate that part time employees who receive training are more likely to receive basic training. That is, 18 per cent of training for part time workers was related to starting a new job, compared to 9 per cent for full time workers. Full time workers were more likely than part time workers to have training geared towards future jobs or promotion (31 per cent and 21 per cent respectively), or towards improving skills related to their current jobs (72 per cent and 67 per cent respectively).

11.2 Work scheduling

Part time and full time jobs necessarily differ in terms of the number of hours worked, but another important aspect is when that work occurs. The issue of work scheduling includes the number of days per week that are worked, the times of day at which work occurs, and the regularity of work shifts. There are considerable differences between full and part time workers concerning when and how their work is scheduled.

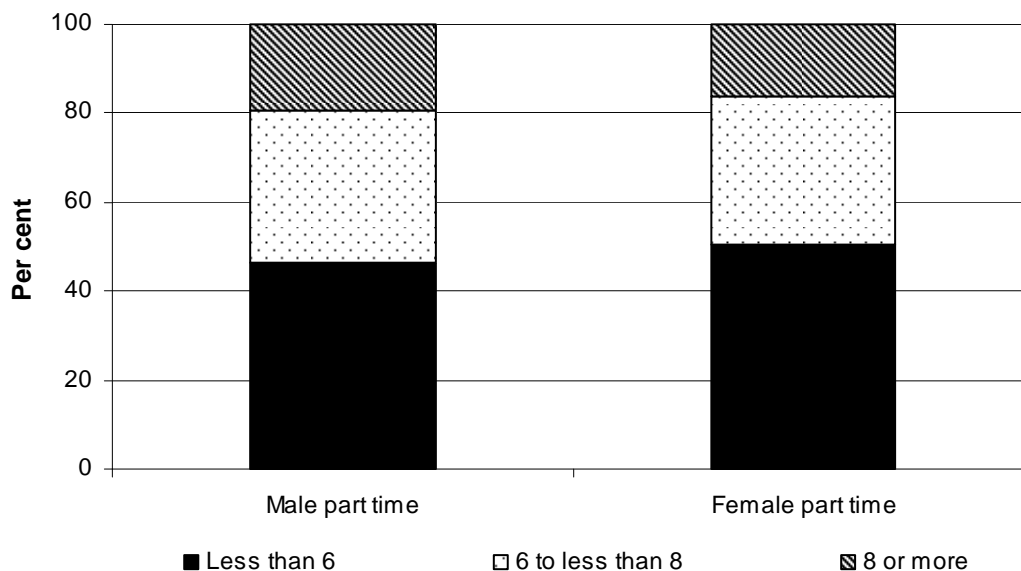
The importance of work scheduling again relates to the use of part time work as a means of achieving flexibility for both employees and employers. Section 5.2 outlines the most common reasons why people take up part time work. These included undertaking education and training and various caring responsibilities. An important question that follows is what kinds of work schedules are adopted by part time workers in order to undertake non-work activities and responsibilities.

Hours per day, days per week

Part time employment involves working fewer than 35 hours per week and, as such, people who are employed part time either work fewer days each week than full time workers, or fewer hours per day than full time workers, or both. It is possible to examine the use of work schedules in the HILDA dataset to review the nature of part time employment arrangements, but only for workers who work regular days each week.

Just under 50 per cent of part time workers worked less than 6 hours per day in their main job in 2005, with nearly 20 per cent working 8 or more hours per day (figure 11.2). There were only small differences in the distribution of hours being worked between the sexes, with men being slightly more likely to work longer hours.

Figure 11.2 Average hours a day worked, 2005
Per cent of workers working given range of hours^a



^a Average hours per day calculated by dividing hours per week worked in main job by days worked per week in main job for people working regular days each week.

Data source: HILDA 2007 Release 5.1 (weighted data).

Regular or irregular days of the week

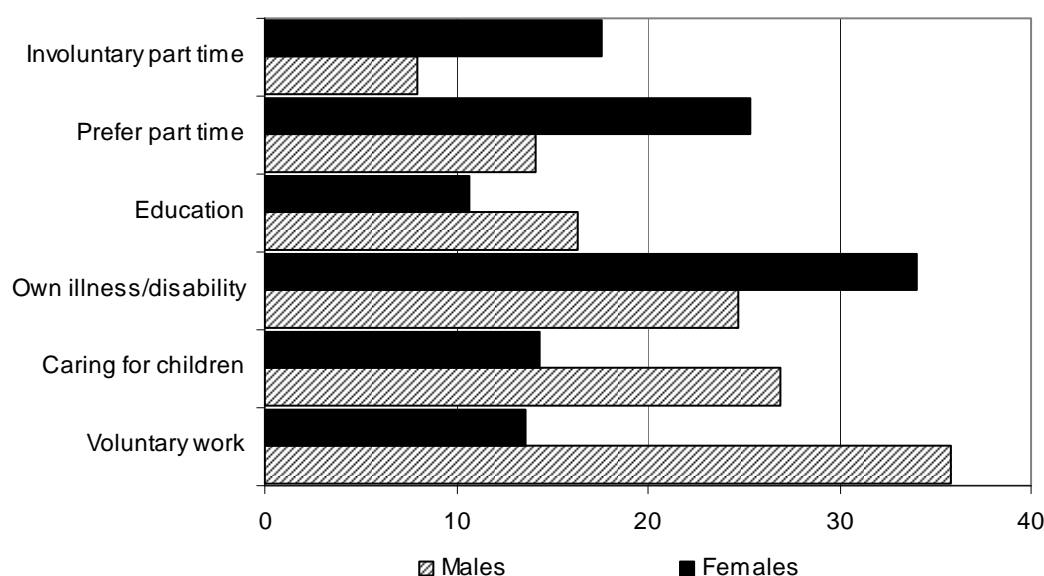
Based on 2005 HILDA data, 20 per cent of part time workers and 10 per cent of full time workers did not have a fixed set of days that they worked each week. There is no clear reason for this difference. For instance, the difference may be expected to reflect the high proportion of casual employees in part time work. However, a similar proportion of casual and permanent part time workers had days of the week which varied (21 and 20 per cent respectively).

The higher rate of irregular work among part time employees may also be expected to reflect the fact that the majority of regular full time work (64.1 per cent) was organised on the traditional Monday to Friday schedule. Therefore, it might seem that full time work tends to be subject to less variability. However, most part time workers do not differ greatly from the traditional work schedule in this sense. About 74 per cent of regular part time work was organised into daytime, weekday shifts, with either fewer days per week or fewer hours per day than full time schedules.

Among part time workers, the incidence of irregular work schedules does not appear to be influenced by some of the more obvious factors related to labour supply. That is, the issue of work scheduling is likely to be particularly important

for people with child caring responsibilities and people combining education and work. These are the groups that may be expected to have the lowest proportion of irregular work days. However, part time workers with family and education commitments are not more likely than people working part time for other reasons to work a standard set of days each week (figure 11.3).

Figure 11.3 Part time workers without set work days, 2005
Per cent of part time workers — main reason for working part time



Data source: HILDA 2007 Release 5.1 (weighted data).

With regard to the number of days worked per week, 97 per cent of the full time workers who had regular weekly rosters worked 5 to 7 days (table 11.1). Understandably, there is more variation in the number of days worked by part time workers. While the majority of part time workers worked less than 5 days a week, a sizeable proportion worked shorter hours across many days of the week. In fact, 35 per cent of part time workers with regular weekly rosters actually work 5 or more days a week.

Prevalence of weekend and weeknight shifts

Another aspect revealed in the HILDA work schedules data is the prevalence of weekend or night work. A slightly higher proportion of part time workers work on Saturday or Sunday than full time workers (figure 11.4), although most do not work on weekends. Also, even though a higher proportion of part timers work regular night shifts, this represents only a small proportion of part time workers (8 per cent in 2005). Night work appears to be associated with casual employment regardless of whether this is part or full time employment.

Table 11.1 Days worked per week, 2005

Per cent of full time and part time workers by number of days per week worked^a

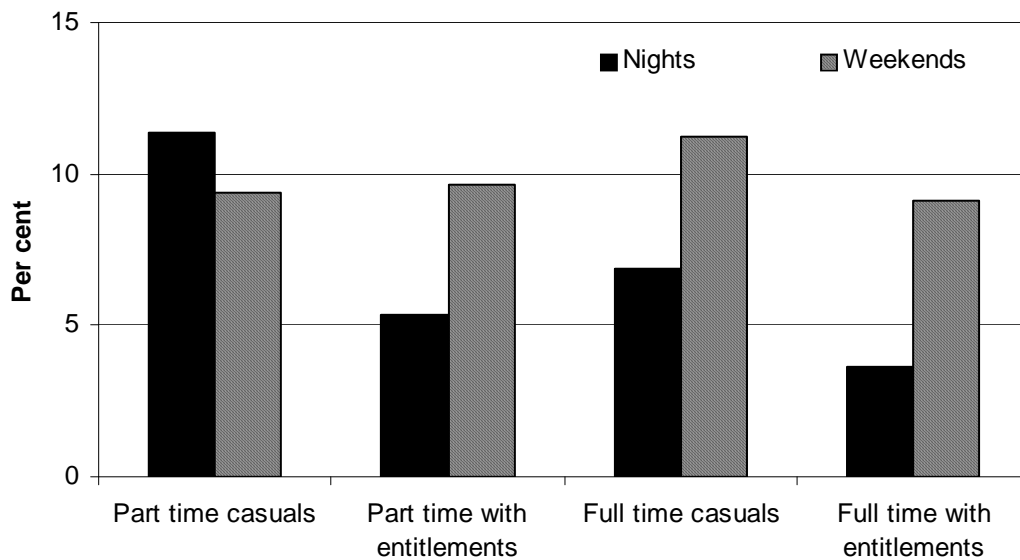
	<i>Days worked per week</i>			
	<i>1 to 3</i>	<i>4</i>	<i>5</i>	<i>6 or 7</i>
<i>Full time</i>				
Men	1	2	71	26
Women	2	4	82	12
Total	1	2	75	22
<i>Part time</i>				
Men	44	12	36	8
Women	48	20	28	4
Total	47	18	30	5

^a Days a week worked in main job by people who have set days a week for work.

Source: HILDA 2007 Release 5.1 (weighted data).

Figure 11.4 Proportion of full and part time staff working weekends or nights, 2005^a

Per cent of full time and part time workers by employment status



^a People who regularly work weekends or nights in their main job as a per cent of all employees.

Data source: HILDA 2007 Release 5.1 (weighted data).

Travel time

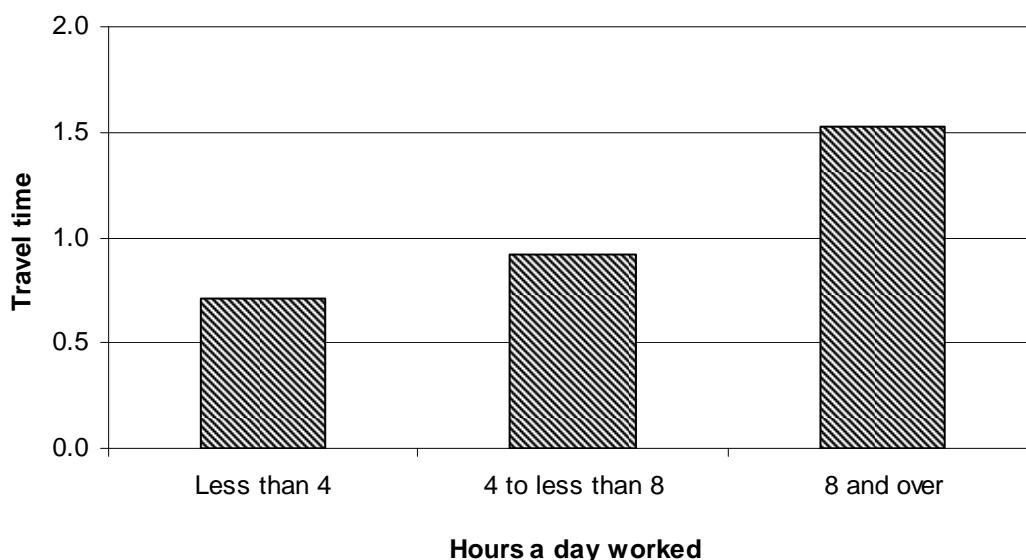
Travel time can be a particularly important aspect of the way work is scheduled in a worker's life. Cogan (1981) notes that the time taken to travel to and from work is akin to a fixed cost of labour force participation, as it does not vary by the number of hours worked per shift. In this way, it is likely to affect workers' preferences for particular jobs and for particular work arrangements.

In relation to part time workers, for a given wage rate, each shift will need to be of a sufficient length to offset the travel cost. As the distance travelled increases, travel costs rise both in terms of out of pocket expenses and the opportunity cost of travel time. Therefore, people with shorter commutes should be more willing to work shorter hours. The travel time to and from work is likely to influence both people's preference for part time work as well as their preference of work schedule.

For respondents to the HILDA survey who worked regular weekly rosters in 2005, it is possible to calculate the average travel time among part time workers and to compare it to the number of hours worked each day (figure 11.5). As expected, the average daily travel time for people working less than 4 hours a day is substantially lower than people working 8 or more hours per day.

Figure 11.5 Average daily travel time for part time workers by daily work hours,^a 2005

Hours per day spent travelling for persons working given hours per day



^a Average daily travel time calculated by dividing weekly travel time by days worked per week in main job for people working regular days each week.

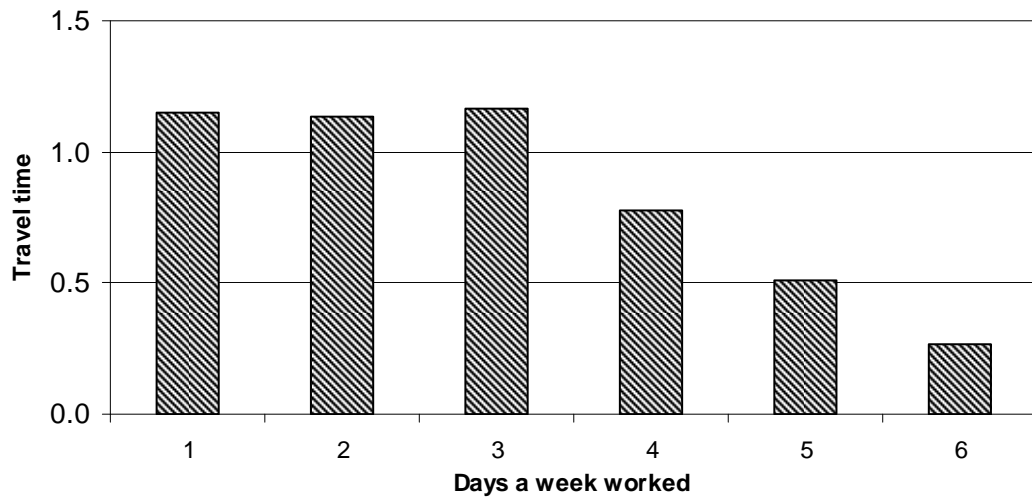
Data source: HILDA 2007 Release 5.1 (weighted data).

People working part time who work on average 8 or more hours per day must be working 4 or less days a week, or they would exceed the 35 hour classification threshold for part time work. As such, we would also expect to see the highest average travel times to be associated with part time workers who work the least days each week. Conversely, part time workers who work most days will typically only work a small number of hours each day — and this group would be expected to have the lowest average travel time. HILDA data confirm the expected distribution of travel times by average number of days worked a week (figure 11.6).

For people considering working part time, the pattern of hours and days per week available may influence their choice. In particular, part time workers will be more likely to accept short hours on multiple days if the location of the work is near their home, but are more likely to want longer hours on fewer days if the work entails longer travel times — provided that the hours allow them to fulfil their non-work commitments. Thus, the cost of the job commute should be seen as an important issue affecting potential workers willingness to take up part time work.

Figure 11.6 Average daily travel time for part time workers by days worked per week,^a 2005

Hours per day spent travelling for persons working a given number of days per week



^a Average daily travel time calculated by dividing weekly travel time by days worked per week in main job for people working regular days each week.

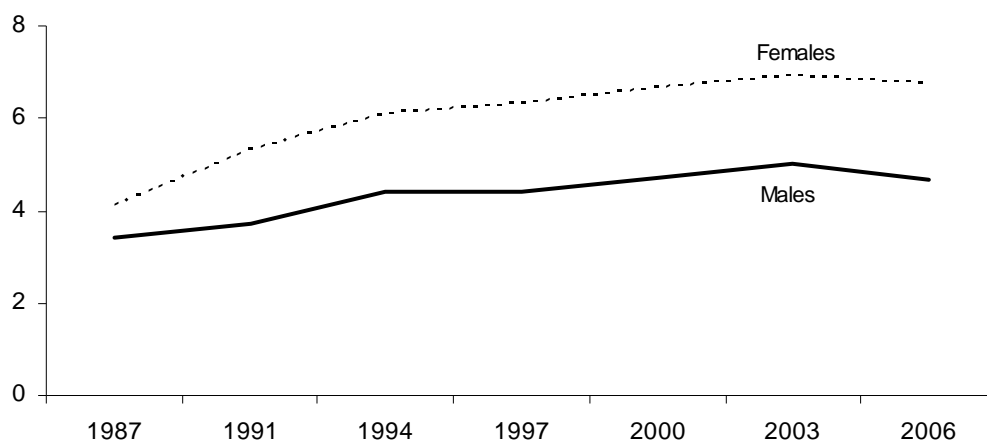
Data sources: HILDA 2007 Release 5.1 (weighted data).

Multiple job holding

A further extension of work scheduling relates to how some people may fit more than one job into their working week. Around 8 per cent of part time workers are working two or more jobs simultaneously (ABS 2007 unpublished data). In addition, around six per cent of the workforce hold more than one job, typically with at least one job on a part time basis (figure 11.7). As such, it is likely that over 20 per cent of part time jobs are worked in conjunction with another job.⁴

Figure 11.7 **Scale of multiple job holding, 1987–2006**

Per cent of workers who hold multiple jobs by gender

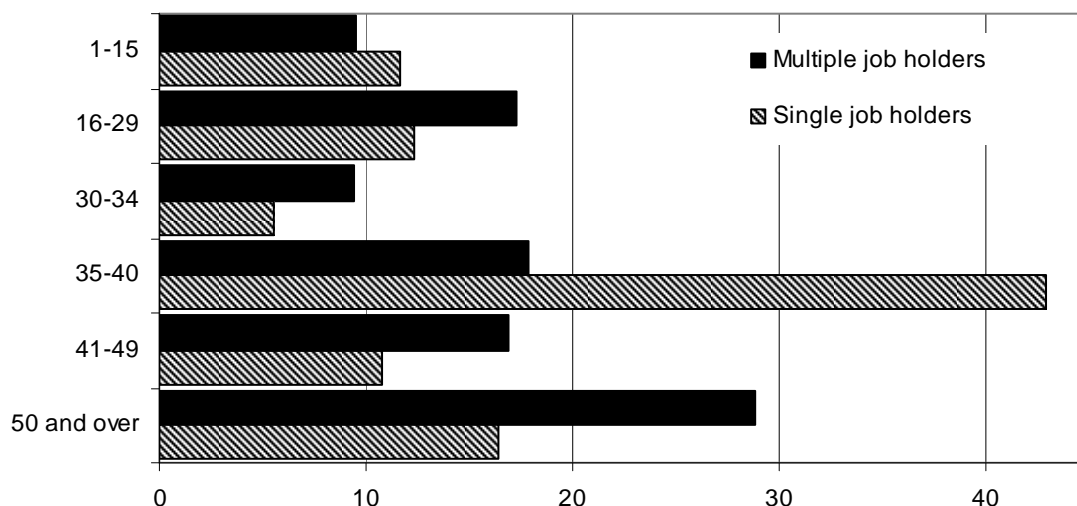


Data source: ABS (*Multiple jobholding Australia*, Cat. no. 6216.0); ABS (*2007 unpublished data [data available on request]*).

There is a gender disparity in multiple job holding. As with part time work, multiple job holding is more common among women, who account for 60 per cent of multiple job holders in 2006 (ABS 2007 unpublished data). Similarly, the hours of work also varies substantially for multiple job holders. While multiple job holders are more likely to be working part time than people who work one job, multiple job holders are almost twice as likely to work 50 or more hours a week (figure 11.8).

⁴ Unpublished data from the ABS (2007) shows that there were 2 858 000 part time workers with only one job and 360 000 full time workers and 206 000 part time workers holding multiple jobs in August 2006. Hypothetically, if the full time workers with multiple jobs held one part time job and one full time job, and the part time multiple job holders held two part time jobs, then there would be $360\,000 + 2 * 206\,000 = 772\,000$ part time jobs held by multiple job holders and $2\,858\,000 + 772\,000 = 3.6$ million part time jobs, that is 21.4 per cent ($772\,000/3.6$ million) of part time jobs that are worked in combination with another job. If multiple job holders held more than two jobs or if full time multiple job holders held multiple part time jobs, this percentage would be higher.

Figure 11.8 **Weekly hours of work by multiple and single job holders, 2006**
Per cent of job holders by total hours worked in a week



Data source: ABS 2007 unpublished data [data available on request].

11.3 Geographic distribution of part time jobs

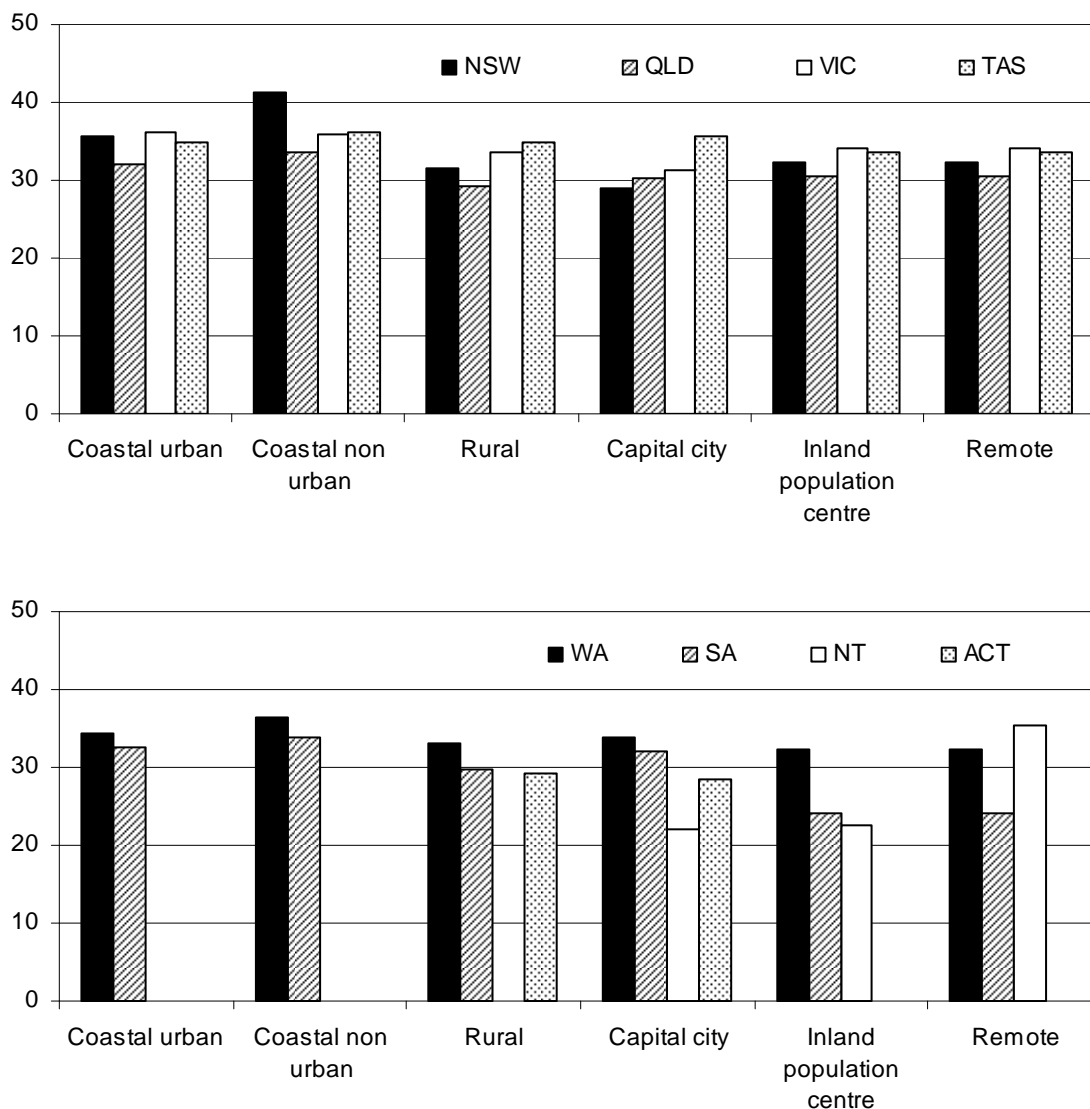
The location of part time jobs is likely to be influenced by the relative location of industries with high and low rates of part time work as well as the age distribution of people living in different regions.

The impact of the geographic distribution of industries on the spatial concentration of part time work depends on the share of part time work in different industries and the share of employment by industry in each region. Data recently released as part of the 2006 ABS census of population provides a basis for examining the prevalence of part time work based on where people live. As such, it does not directly identify the location of part time jobs, but by using broad geographic categories, it is likely that most people will live and work in the same region.

ABS Census data was aggregated into six geographic groups for each state and territory — capital city, coastal urban, inland population centre, coastal non urban, rural and remote. From figure 11.9, it is clear that most of these geographic areas have similar rates of part time work — between 30 and 35 per cent of those employed.

Figure 11.9 Rate of part time work by geographic category^a

Part time workers as per cent of workers in that area



^a Each ABS Statistical Local Area was allocated to a geographic category by the Productivity Commission⁵. Not all geographic categories are present for each jurisdiction.

Data source: ABS (2007 Basic Community Profile DataPack Release 2.1, Cat. no. 2069.0.30.001).

⁵ Coastal urban and inland population centres were selected from ABS statistical local areas that had the title 'City' or 'Rural City' in their name. In this case, 'City' or 'Rural City' typically is the type of local government authority. When the boundary of the local government area extends beyond a statistical local area, only the urban section (part A) was included. Urban areas with less than 12 000 people were not included in coastal urban or inland population centres. With the exception of remote parts of Tasmania, Western Australia, South Australia and the Northern Territory, any local government area adjoining the coastline will be defined as either coastal urban or coastal non urban. Remote areas include unincorporated areas, indigenous communities, offshore islands and some areas with population densities of 1 person per 10 square kilometres or less.

Across the country, the highest rates of part time work are in coastal urban centres – excluding capital cities – (34 per cent) and non urban coastal areas (32 per cent) with the lowest rates of part time work in remote areas (29 per cent).

Urban and non urban coastal areas tend to have a high share of hospitality and tourism activity which is a major employer of part time workers. The rate of part time work in non urban coastal areas is particularly high in New South Wales (41 per cent).

For remote areas, the rate of part time work in South Australia is very low (24 per cent) and very high in the Northern Territory (35 per cent). The predominance of mining and agriculture in remote parts of Australia and the relatively low rate of part time work would appear to be consistent. Two factors that may be contributing to the high rate of part time work in remote parts of the Northern Territory are the presence of a substantial tourism and hospitality industry and the relatively large contribution of young people to the regions age distribution. This very high rate of part time work in the remote part of the Northern Territory is in stark contrast to Darwin, where only 22 per cent of those in work are working part time.

11.4 Benefits and entitlements

Many work benefits in Australia are set out in Awards and other legislation. Chapter 4 gave an outline of the legislative framework regarding part time work and its evolution in recent years. According to most Awards a permanent part time worker in Australia receives similar (pro rata) benefits as a full time worker in the same job.

However, given the differing working arrangements with part time and full time workers there are differences in their access to benefits in aggregate. Casual working arrangements do not provide many of the benefits of permanent employment, for example paid sick and holiday leave. As casual working arrangements are more likely to apply to part time workers than full time workers, part time workers in aggregate will receive fewer non-wage benefits as full time employees.

Moreover, it has been possible since the mid 1990s under bargaining arrangements involving the ‘No Disadvantage Test’ in the Federal jurisdiction to forego some benefits as long as the global level of remuneration is not reduced. It is not clear whether market forces themselves tend to encourage different access to benefits for part time workers compared to full time workers. This would depend on how different employers and employees value flexibility and conditions, and whether or

not bargaining would be systematically different when involving part time and full time workers.

There are several factors that are likely to influence part time workers' benefits. For instance, employers' preferences for flexible employment are likely to differ with regard to different occupations. And workers who prefer part time hours may also be drawn to particular occupations, and may prioritise their benefits in a particular way (Hakim 2003). In order to control for these confounding influences, it is useful to ascertain whether part time workers' benefits differ from those of full time workers in specific occupation groups and contract types.

Part time work and benefits

Two of the most common benefits in Australia are paid holiday and sick leave. The HILDA database shows that the vast majority of full time workers received paid holiday and sick leave in 2005 (table 11.2). The HILDA data also show a stark difference in the access to holiday and sick pay of part time and full time workers.

In ABS labour force surveys, access to paid holiday and sick leave are used as a proxy for casual employment. The classification of casuals in the HILDA database relies on self assessment, although this method also finds very few casual workers with access to paid leave (table F.3 in Appendix F). The vast majority of people employed on ongoing or permanent contracts had access to these benefits. For casual workers, around 3 per cent of part time employees and 10 percent of full time employees had access to these benefits. And while part time employees are less likely to receive holiday or sick pay within each contract type, this does not fully explain the aggregate differences between part time and full time workers. Rather, these appear to reflect the differing significance of casual employment between full and part time employees.

The effect of part time work on the access to paid leave differs from its effect on the access to other benefits. The HILDA dataset provides information on several other work benefits for 2005 (table 11.2). Firstly, *home-based work*, *child care provisions*, and *flexible start and finish times* represent ongoing arrangements to provide flexibility in organising work time. Such arrangements would be likely to appeal to people who choose part time hours in order to balance other responsibilities. Table 11.2 shows that in 2005, part time workers were marginally more likely than full time workers to have access to *flexible start and finish times*, and almost as likely as full time employees to have access to *home-based work* or *child care provisions*.

Table 11.2 Work entitlements for part time and full time workers, 2005^a
Per cent of part time and full time workers

	<i>Part time</i>	<i>Full time</i>
	<i>Has access</i>	<i>Has access</i>
	%	%
Paid holiday leave ^b	37.4	89.2
Paid sick leave ^b	37.4	89.4
Maternity leave — paid ^c	42.9	67.1
Maternity leave — unpaid ^c	68.0	88.4
Parental leave	53.6	81.7
Special carer's leave	60.7	84.1
Home-based work	15.0	23.7
Flexible start and finish times	54.9	54.3
Child care facility or subsidy	9.6	10.9

^a Figures are calculated using cross-sectional weights. ^b Figures are for employees only. ^c Figures are for women only.

Data Source: HILDA 2007 Release 5.1 (weighted data).

Casual part time workers were the most likely to have flexible start and finish times (table F.3 in Appendix F). They were also just as likely as full time casuals to have access to home-based work. The access to these entitlements among part time compared to full time workers is mainly due to the high rate of casual employment among part time workers.

A complicating factor for comparisons of part time and full time workers is that they differ in their distributions across the occupational and skill groups. The Australian Standard Classification of Occupations (ASCO) classifies jobs into nine occupational groups and five different skill levels (box F.1 in Appendix F). The skill levels range from one (the highest) to five (the lowest), and are based on the average entry level qualifications to each occupation. Generally, non-wage benefits such as holiday and sick pay are more common among higher skill levels (table F.4 in Appendix F). Such benefits also tend to be more common among full time workers than part time workers at each skill level.⁶

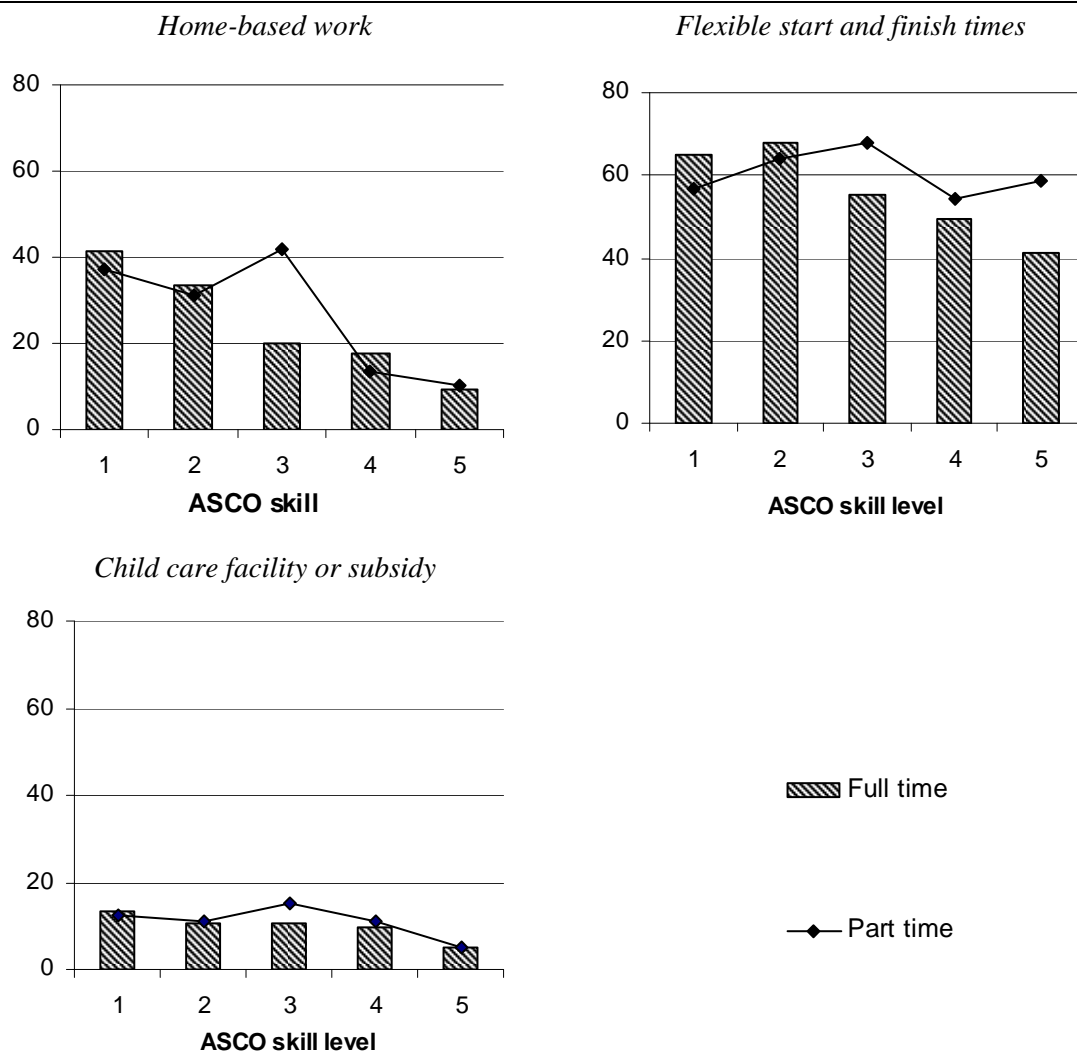
Access to home based work and flexible start and finish times appeared to be related to occupational groups. Figure 11.10 shows that full time workers at higher skill levels were more likely to have access to home-based work, child care provisions and flexible work times than other full time employees. Whereas for part time workers, these benefits were most common at the middle skill levels. Further,

⁶ With the exception of permanent part time work, which is more commonly available for part time workers than for full time.

the results show that for these benefits, comparisons between part time and full time workers varied according to the occupational group.

There is evidence that benefits and entitlements are specific to the occupational group or skill level. For instance, part time employees who work as tradespersons have a particularly low probability of receiving sick and holiday pay compared to other employees. And part time workers are more likely than full time workers to have flexible start and finish times only for occupations in the lower three skill levels.

Figure 11.10 Access to benefits by ASCO skill level, 2005^a
Per cent of full time and part time workers



^a The skill levels given by the Australian Standard Classification of Occupations (ASCO) are outlined in box F.1 in Appendix F. Skill level 1 includes *Managers and Administrators* and *Professionals*. Skill level 2 includes *Associate Professionals*. Skill level 3 includes *Tradespersons and Related Workers* and *Advanced Clerical and Service Workers*. Skill level 4 includes *Intermediate Clerical, Sales and Service Workers* and *Intermediate Production and Transport Workers*. Skill level 5 includes *Elementary Clerical, Sales and Service Workers* and *Labourers and Related Workers*.

Data source: HILDA 2007 Release 5.1 (weighted data).

11.5 Part time work and career prospects

The impact of part time jobs on career progression is often cited as an aspect of concern (Industrial Relations Victoria 2005). Most research agrees that promotion and career advancement are slower for part time workers than for full time workers (see, for example, Whittard 2003; Hakim 2003), although explanations for the differences vary. Hakim hypothesises that people without a career focus are more likely to choose occupations with limited responsibility and promotion prospects. Conversely, Whittard shows that in some workplaces, the employers treat part time and full time employees differently with regard to training and advancement. Also, if promotion and career progression depend at least in part on work experience, it would be expected that long term part time workers would have slower career progression and promotion as a result of fewer contact hours in employment.

Two surveys have been used in Australia to measure aspects of career progression. As part of the *Career Experience* publication, the ABS publishes information on people who have been with the same employer for at least 12 months and who have been promoted, or have been given increased responsibility or extra duties in the proceeding year — with the most recent data available for 2002. The HILDA database asks all employed people in the survey if they have been promoted in the last year, with data available each year from 2001-2005.

Part time work and promotions

The HILDA data (table 11.3) clearly demonstrates two key patterns. First, that the probability of being promoted is much lower for older workers than for younger workers — with promotions for workers aged 55 years and over being very infrequent. Second, within each age group, the rate of promotions among part time workers is much lower than among full time workers. While women in this survey tended to have a slightly higher rate of promotions than men, this difference is much smaller than either the distinction between full time and part time workers or between different age groups.

Table 11.3 Promotions among full time and part time workers, 2002–05

Per cent of workers in age, gender and work type group who were promoted in the previous 12 months

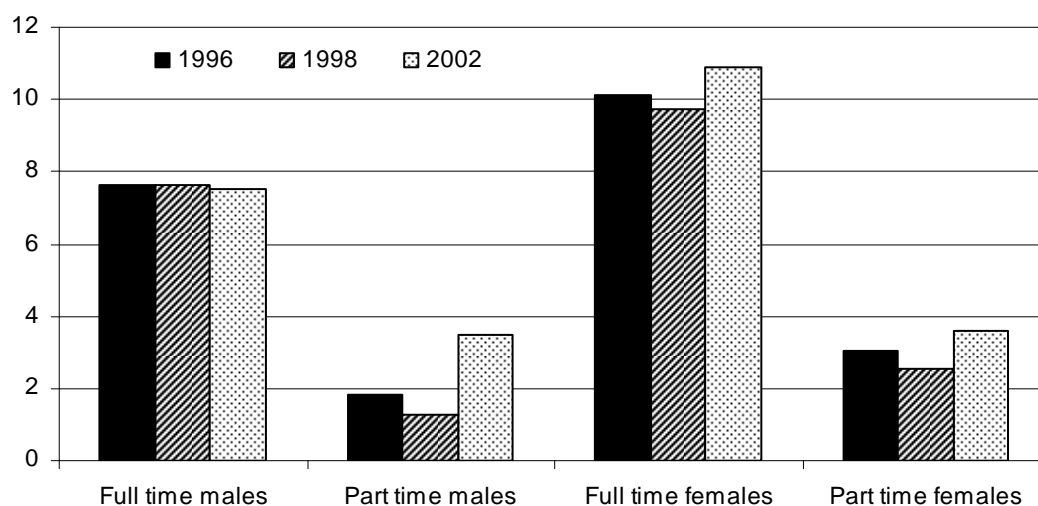
Sex	Status	Year	15–24	25–54	55+
Men					
	Part time	2002	7.8	3.4	1.2
	Part time	2003	7.8	1.6	1.4
	Part time	2004	7.0	2.8	1.1
	Part time	2005	8.5	4.6	1.4
	Full time	2002	14.0	12.0	2.8
	Full time	2003	18.0	11.0	3.6
	Full time	2004	16.0	11.0	3.8
	Full time	2005	23.0	12.0	2.2
Women					
	Part time	2002	6.5	3.6	1.8
	Part time	2003	7.2	3.8	2.4
	Part time	2004	7.4	3.9	0.0
	Part time	2005	7.0	2.7	0.3
	Full time	2002	18.0	13.0	6.4
	Full time	2003	17.0	13.0	3.2
	Full time	2004	19.0	15.0	2.1
	Full time	2005	23.0	12.0	7.0

Source: HILDA 2007 Release 5.1 (weighted data).

The survey collections by the ABS (figure 11.11) show a similar pattern to the HILDA data, with promotions among full time workers being much higher than part time workers, and with women having slightly higher rates of promotion than men. Generally, the rate of promotions observed by the ABS is much lower than identified in the HILDA analysis, but the difference in rate of promotion between full and part time workers is observable in each survey. The two main differences between the methodologies used in the two surveys are that:

- the ABS only asked workers who had been with the same employer for at least 12 months if they had been promoted, while the HILDA questionnaire asked all workers about promotions; and
- the HILDA questionnaire provided no guidance on what constituted a promotion, while the ABS survey defined a promotion as higher salary plus additional or more complex duties (ABS 2003b).

Figure 11.11 Promotion among full time and part time workers, 1996–2002^a
Per cent of workers who were promoted in the previous year



^a Only workers who have been working for the same employer for at least 12 months were included in this survey.

Data source: ABS (*Career Experience*, Cat. no. 6254.0).

The marked differences in the rates of promotion achieved by full time and part time workers clearly indicates that working part time has an impact on at least one aspect of career progression. However, questions remain as to whether episodes of part time work or the duration of part time work may have an on going impact on a person's promotion prospects over time, even if they subsequently work full time.

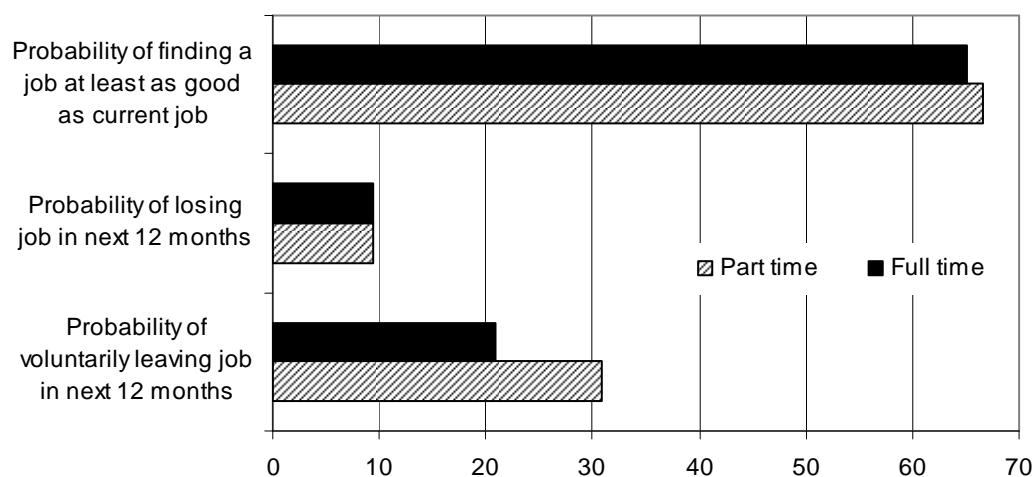
Immediate job prospects

Data on promotions give an indication of the career prospects that people may have in their current jobs. A separate aspect of career prospects relates to people leaving their jobs. In considering how permanent or transient part time work may be, Chapter 4 analysed gross employment flows data from the ABS, and outlined the likelihood of movements between part time and full time employment and non-employment. However, this data considered movements between different labour force states, and not necessarily between different jobs or whether the movements were voluntary or not. The HILDA survey allows a further investigation of this area, particularly regarding people's decisions and expectations regarding their jobs.

The HILDA survey provides information on employees' perceptions of whether they expect to leave their job within the next year, and whether they expect to lose their job within the next year. Figure 11.12 shows that part time and full time workers had similar views on the probability of losing their job in the next 12 months. However, part time employees had more of an expectation than full time employees that they would leave their job voluntarily within the next year.

The HILDA database also provides information on how employees describe their own prospects of finding a new job. Figure 11.12 shows that, on average, part time and full time employees had similar views of the likelihood that they could find another job at least as good as their current job.

Figure 11.12 Employees' own assessments of immediate job prospects, 2005
Average percentage probabilities



Data source: HILDA 2007 Release 5.1 (weighted data).

Further investigation of the data reveals that people's expectations of their immediate job prospects vary by age (table F.5 in Appendix F). Specifically, people between the ages of 15–35 years were more likely on average to expect that they would leave their job voluntarily in the next year. At these ages, part time workers were particularly more likely to leave their jobs. The highest average probabilities of resignation were between the ages 20–24 years, where 62 per cent of part time workers and 32 per cent of full time workers expected to leave their jobs in the next year. This is in line with the finding that part time workers aged between 15–30 years were marginally more optimistic about finding a new job that was as good as their current job.

11.6 Life impact and job satisfaction

The effect that jobs have on workers' lives has been a central issue to the study of part time work, given that access to part time work is often included in the suite of 'family friendly work practices' both in the literature (Gray and Tudball 2002) and in determinations (AIRC 2005). An improved understanding of labour supply decisions related to part time work can be obtained by measuring the impact that part time work has on workers. Such measurements provide an indication of whether part time workers' needs or expectations are being met.

The impact of a job on a worker's life may, for example, include whether the job is stressful, or how workers may perceive their own work/life balance. Similar aspects of job quality can also be measured in terms of job satisfaction, as expressed by the employees themselves. However, job satisfaction also carries the further meaning of whether employees are themselves happy with the quality of their jobs.

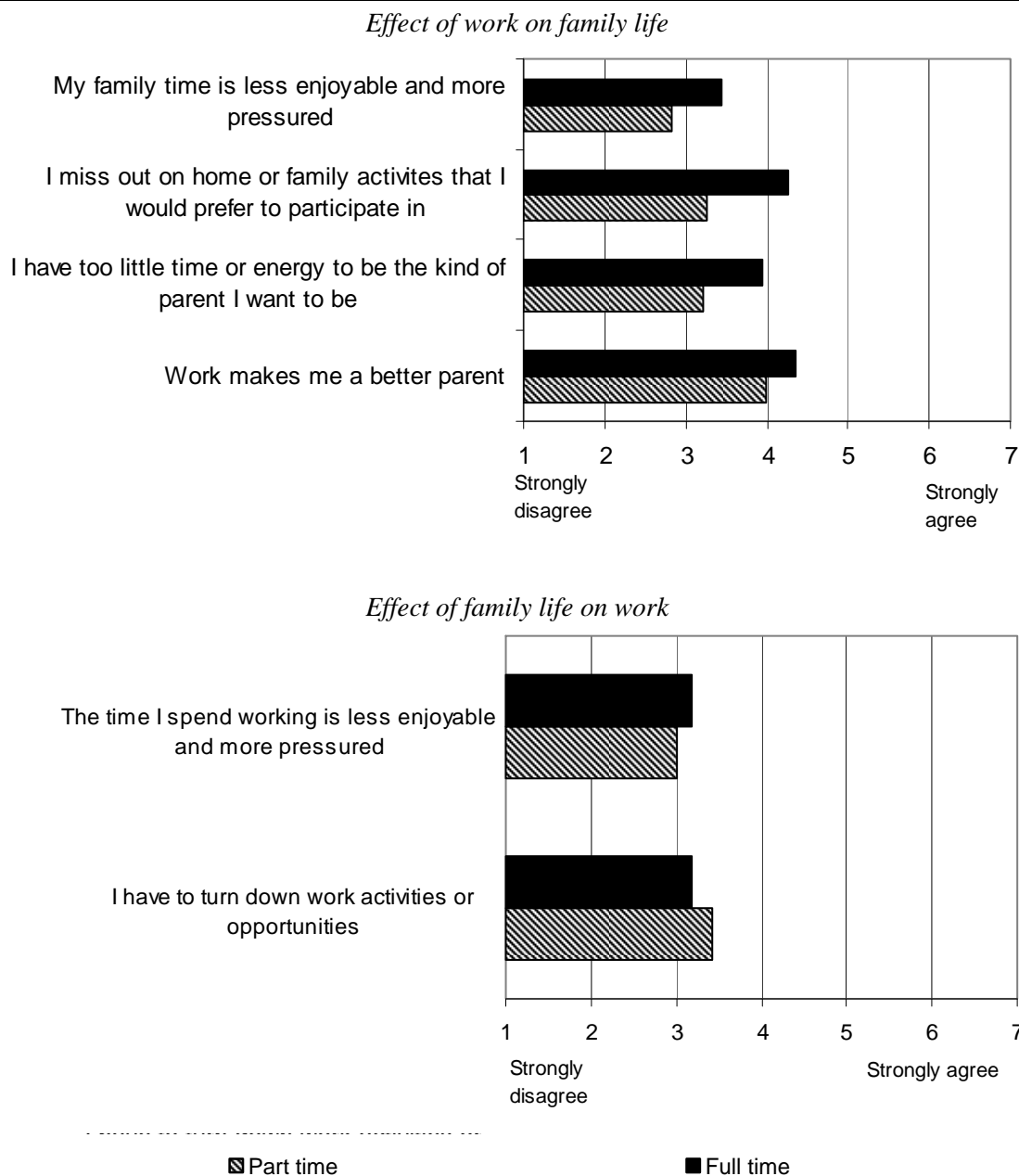
Work conditions as life impact

Chapter 5 outlined some of the main reasons why people worked part time. Some significant populations had cited non-work responsibilities, some of which involved family commitments. A further question relates to how well employees' needs or expectations are being met by part time jobs. The HILDA database provides information on the interaction between work and people's lives away from work, particularly regarding the interaction between part time work and family life.

The impact of a job on a worker's life comprises both the impact that occurs while the worker is at work, and the impact on the worker away from work. Firstly, respondents to the HILDA survey were asked to rate the stress involved in their jobs (table F.2 in Appendix F). The data indicates that stress levels were only marginally lower for part time employees. But both full time and part time employees felt it unlikely that the severity of their stress could 'cause physical illness'.

Secondly, the HILDA database also contains information regarding the relationship between work and family life. Respondents were asked to rate their agreement or disagreement with some descriptive statements on this topic. Figure 11.13 shows the average ratings from one to seven. The answers to all questions by part time and full time workers displayed only what can be considered mild disagreement to mild agreement, given the answers fell within the range 2.5 to 4.5. But full time workers were more likely to agree that their parenting was affected by the time and energy spent at work. They were also more likely to agree that they miss out on family activities due to work, or to agree that their family time was less enjoyable and more pressured because of work. Part time and full time employees both provided a neutral response, on average, regarding whether they were better parents because they worked.

Figure 11.13 Employees' own assessment of work life balance, 2005^a



^a Ratings are on a discrete scale where one means 'strongly disagree' and seven means 'strongly agree'. Only includes working parents.

Data source: HILDA 2007 Release 5.1 (weighted data).

Satisfaction and part time jobs

The issue of work satisfaction has been examined by various theoretical and empirical economic studies (see, for example, Long 2005). Long notes that two fundamental questions underlying such empirical analyses relate to whether satisfaction ratings are comparable across individuals, and whether the ratings can be meaningfully interpreted. These questions have not been answered definitively. However, Long notes several studies that have found satisfaction ratings to be consistent with personal attributes such as age and gender, and that satisfaction has been linked to behaviours such as absenteeism and resignations.

A further question relates to how satisfaction variables may be useful in the present analysis of part time jobs. Job satisfaction itself has been included as an indicator of job quality (Commission of the European Communities 2001), although some studies make the distinction between job quality and satisfaction (Watson 2004). For the purposes of this section, job satisfaction is treated as giving some subjective indication of job quality. This imperfect indicator reflects the extent to which workers' various needs and wants are fulfilled by their jobs. Put simply, people want different things from their jobs.

There has been some evidence that satisfaction ratings differ for part time and full time workers in Australia. Using data from the 1995 Australian Workplace Industrial Relations Survey (AWIRS), Morehead et al. (1997) found that part time workers were marginally more likely to be satisfied with their job. And using the HILDA survey, Booth and van Ours (2005) found that women who worked part time were happier with their work hours than women who worked full time.

Wooden, Warren and Drago (2007) also used HILDA data to investigate the effect of working hours on satisfaction, but they focused on the effect of working hours mismatches. That is, they found that job and life satisfaction were significantly related to mismatches between actual and preferred working hours. For instance, part time workers who preferred more hours had significantly lower ratings of overall job satisfaction than other part time workers. These effects were evident after accounting for age, gender, disability, family type and household income.

Are part time workers more satisfied?

The present analysis investigates worker satisfaction relating to various job characteristics. Respondents to the HILDA survey are asked to rate their satisfaction from zero (lowest satisfaction) to ten (highest satisfaction). Figure 11.14 shows the average satisfaction ratings given by part time and full time workers for various job aspects. On average, part time and full time employees rated their satisfaction with pay at just below seven out of ten, while their overall job satisfaction was between

seven and eight out of ten. Across each aspect, part time ratings of satisfaction were similar to those of full time workers. Only with regard to working hours and flexibility were there noticeable differences between the satisfaction levels of part time and full time workers — part time workers reporting marginally greater satisfaction in this regard.

The data shows few differences in job satisfaction between genders (table F.6 in Appendix F). Women were considerably more likely to express contentment with the working hours and flexibility associated with part time work.

Figure 11.14 Job satisfaction for part time and full time employees, 2005^a
Average satisfaction rating



^a Averages calculated using cross-sectional weights.

Data source: HILDA 2007 Release 5.1 (weighted data).

There was some variation of satisfaction with age (table F.7 in Appendix F). For age groups between 25–54, the average pay satisfaction of part time workers tended to be similar or slightly lower than that of full time workers. But for younger and older age groups, the pay satisfaction for part time workers was marginally higher than that of full time workers. A similar trend appears with job security, where satisfaction tended to be lower at prime ages for part time workers, and more similar between part time and full time workers for other age groups.

The effect of age on pay and security satisfaction may reflect different work priorities across the life cycle. That is, factors such as wealth and career building may be assigned different priorities according to different career stages or life stages. Alternatively, there may also be important interactions between age and other job characteristics.

Part time employees in all age groups above 30 years were more satisfied with their work hours than their full time counterparts. Generally, part time employees appeared to be increasingly satisfied with their work hours at older ages. This may also be evidence of changing priorities throughout the life-cycle.

Respondents' satisfaction with the nature of their work also differed between age groups. This may reflect differing attitudes towards work, or perhaps different career stages. Full time workers were relatively more satisfied with the work they did from ages 15–40 years. For ages 60 years and over, part time workers were more satisfied than full time workers.

Other factors influencing job satisfaction

The HILDA data for 2005 shows that contract type has some effect on some aspects of job satisfaction for both part time and full time workers (table F.8 in Appendix F). Among casual employees, for instance, those working part time were marginally more satisfied with job security than were those working full time. For other contract types, workers did not feel less secure in part time employment.

While part time workers were generally more satisfied with their hours than were full time workers, the gap was marginally smaller among casual workers. That is, the satisfaction with work hours of casual part time employees was less than that of other part time employees, and similar to full time employees.

The data also showed further influences of contract type on satisfaction. For both full time and part time workers, those on casual contracts were marginally less happy with the nature of their work than those on fixed term or permanent contracts. And among part timers, contract workers were considerably happier with their pay than were permanent workers.

Satisfaction levels were also affected by occupation and skill groups (table F.9 in Appendix F). Part time workers in the top three skill levels, particularly professionals, were more satisfied with their pay than their full time counterparts. Part time workers were also more satisfied with their work hours at these higher skill levels, in contrast to those in lower skill levels. These results are consistent with the idea that people at higher skill levels are better paid and tend to be relatively 'income rich' and 'time poor', and are happier to forego some earnings for more leisure time.

11.7 Summary

The data reinforces the view that the distribution of occupations and contract types is different for part time workers from full time workers. This difference explains much of the varying access to entitlements by part time and full time employees. Differences also exist in the scheduling of full time and part time work, in that part time workers are more likely than full time workers to hold multiple jobs, to work evenings or weekends, or to have irregular shifts. However, the majority of part time workers hold a single job with a regular weekday schedule of daytime shifts. In this way, most part time schedules are very similar to traditional full time schedules, but with fewer hours per day or fewer days per week.

The analysis also shows that dimensions of job quality differ between full time and part time jobs, but are affected by several factors. Job satisfaction tends to vary by the type of contract and occupation. Age and gender are also shown to be substantial influences at times. Together, these factors are sometimes more significant than working hours in their effect on perceptions of job quality. The implication is that there are different types of part time job and different motivations for working. This suggests that the analysis of job quality must go beyond the broad comparisons between part time and full time workers.

Some positive dimensions of part time work are noted. Part time workers are marginally more likely to have flexible start and finish times for work, and appear to have marginally more success in balancing work and family life. They appear to be marginally less stressed by their work. Furthermore, job satisfaction ratings suggests that overall, part time workers are no less satisfied with their jobs than are full time workers. Indeed, the reported levels of job satisfaction may reflect the degree of success of matching the job with the worker's requirements as much as the intrinsic qualities of the job.

However, a number of aspects of part time jobs are also noted that are typically considered as negative. In general, people working part time jobs have less access to benefits and training. They are also more likely to be in lower skilled and less challenging jobs, and are less likely to have supervisory duties. Consistent with these negative aspects of career progression, the rate of promotions among part time workers is slower than for full time workers.

Despite these aspects, part time workers still appear to be satisfied with their jobs. This may reflect that some part time workers are willing to forgo career progression and training to obtain the flexibility of part time jobs. In addition, some part time workers may actually prefer less challenging jobs or jobs with less responsibility.

12 Income and wages

This Chapter explores the issue of the remuneration of part time compared to full time jobs. This is an issue that has generated considerable debate both in Australia and overseas (Bardasi and Gornick 2000; Bolle 2001; Industrial Relations Victoria 2005). But it is one that is clouded by the difficulty of making comparisons which are not confounded by the other factors (such as job skill levels, age of workers, occupation and industry) which affect hourly wage rates. This Chapter reviews some of the literature associated with this debate and explores this issue both at the aggregate level and taking into account other factors that can affect the pay received by part time and full time workers.

Given the different motivations and different family circumstances of people working part time, it is useful to compare the total income (or budget) of households with part time workers to that of other households. It is also useful to investigate the contribution of part time work to the household budget. This allows a fuller understanding of how the growth of part time employment has affected the economic welfare of the Australian community.

The discussion on how part time labour income contributes to the household budget will focus on part time workers at the different stages of the life cycle that were identified in earlier Chapters as being relevant to explaining the level and growth of part time work. These stages are: young part time workers who are studying full time, men and women of prime working age, and workers nearing retirement.

12.1 Part time pay

Pay differentials in Australia

Australia's industrial relations system has impacted on the pay and conditions of part time work. Accordingly, it is important to consider the pay received by part time workers in the context of Australia's industrial relations laws.

Awards set minimum pay and conditions for workers in industries, occupations and sectors of the economy. Permanent part time workers receive pro rata pay and entitlement to conditions (such as sick leave and annual leave) of that received by

full time workers. Casual part time employees are entitled to pro rata pay and a casual loading to compensate for non-entitlement to annual leave or sick leave.

Consequently, it may be expected that the hourly earnings of part time workers paid according to the award would be broadly similar to that for full time workers doing the same job and paid according to the award. Indeed, the hourly earnings of such part time workers might be expected to be marginally higher as more part time workers than full time workers are engaged on a casual basis and receive the casual loading. Of course, most workers since the early 1990s have entered into individual or collective arrangements for higher wages which may have opened up differences between part time and full time wage rates.

The earnings data show that part time workers receive lower pay per hour than full time workers. Overall, part time workers received around 93 per cent of the mean hourly wage of a person who worked full time in 2006 (ABS 2007a; ABS 2007j). Most of this difference may be attributed to the gap between the part time and full time wages of men (table 12.1). Specifically, male part time workers earn less than 90 per cent of their full time counterparts. In comparison, female part time workers typically receive a similar wage rate to their full time counterparts.

Table 12.1 Mean wage per hour in main job, August 2006

	<i>Full time</i>	<i>Part time</i>	<i>Part time as a per cent of the full time wage rate</i>
	\$/hour	\$/hour	%
Men	26.3	23.1	87.6
Women	23.6	23.6	99.9
Total	25.4	23.5	92.7

Sources: ABS (*Employee Earnings, Benefits and Trade Union Membership, Australia, August 2006*, 2007 Cat. no. 6310.0, table 2); ABS (*Labour Force, Australia, detailed — electronic delivery*, 2007, Cat. no. 6291.0.55.001, table EM4).

Table 12.1 also shows that while women working full time are typically paid less than men working full time, the mean hourly rate of pay for female and male part time workers are relatively similar. Comparisons of mean wages may reflect a number of factors, including the attributes of part time and full time workers and jobs; employment type (that is, any casual loading), as well as, any wage compensation directly attributable to working part time or full time.

There are several theories that can be offered to explain pay differentials between part time and full time workers. These theories provide, at times, conflicting predictions on whether there will be a pay penalty or pay premium associated with part time work.¹

- The efficiency of hours hypothesis suggests that there is a hill-shaped relationship between hours of work and a worker's efficiency, with efficiency first rising with hours worked and then falling beyond some point. Part time workers will attract a wage premium if they work hours in the rising part of the hours-efficiency hill, and if their average productivity is higher than individuals working hours in the declining part of the hill.
- Firms may face fixed employment costs (including, for example, hiring costs) that do not vary with hours worked and that discourage firms from hiring part time employees. If, at a given wage rate, a person applying for a part time job is unwilling to work sufficient hours for the firm to recoup the fixed employment costs, then the firm will not hire that applicant. However, the firm may be willing to hire that part time worker at a lower wage rate or for more hours, so long as the firm is able to recoup the fixed employment cost. Consequently, fixed employment costs may result in a pay penalty for part time workers, particularly part time workers wanting to work relatively short hours.
- The high effective marginal tax rates on second income earners may discourage individuals from work or encourage them to work fewer hours (Apps 2006). More specifically, as the income of individuals receiving government assistance increases, certain means-tested government benefits may be withdrawn. In the context of labour income, the withdrawal of government assistance will mean that the return from working an additional hour will be lower than if the level of government assistance was not affected by the additional labour income. For example, if an individual not working and receiving government assistance accepts a job, part of their labour income will be offset by the loss of government benefits and by income tax. This disincentive to work may bid up part time wages when firms with strong demands for part time workers have to pay more to attract these workers.
- Some part time workers who combine work with other activities may have high opportunity costs associated with work. Therefore, they may demand a wage premium to be attracted into employment. This explanation may be more relevant for part time workers who are highly trained with skills and knowledge in short supply and can thereby command a wage premium in the market place.

¹ Booth and Wood (2006) provides a detailed discussion of these theories on part time/full time wage differentials.

The comparisons in table 12.1 present the aggregate gap between part time and full time wage rates. However, both part time and full time workers work a range of hours. It is therefore useful to explore the relationship between rates of pay and hours of work on a continuum to identify whether there are any underlying factors affecting hourly pay by the number of hours worked.

Figure 12.1 uses the HILDA dataset to plot the mean hourly wage against hours usually worked in a workers' main job. For both men and women, there is a spike in the wage rate for those working 1–5 hours per week. The mean wage rate for women working above 10 hours per week does not change significantly as the number of hours worked increases. This suggests that female part time workers working a wide range of hours receive similar wage rates to female full time workers. It should be noted that there is a slight increase in the wage rate for women working between 46–55 hours per week. However, the wage rate declines for permanent workers working over 55 hours per week. Two effects that may contribute to the drop in hourly wages are that some workers may be working unpaid overtime (Booth and Wood 2004) or on a fixed salary regardless of hours of work and that some respondents may be overestimating their usual hours worked.²

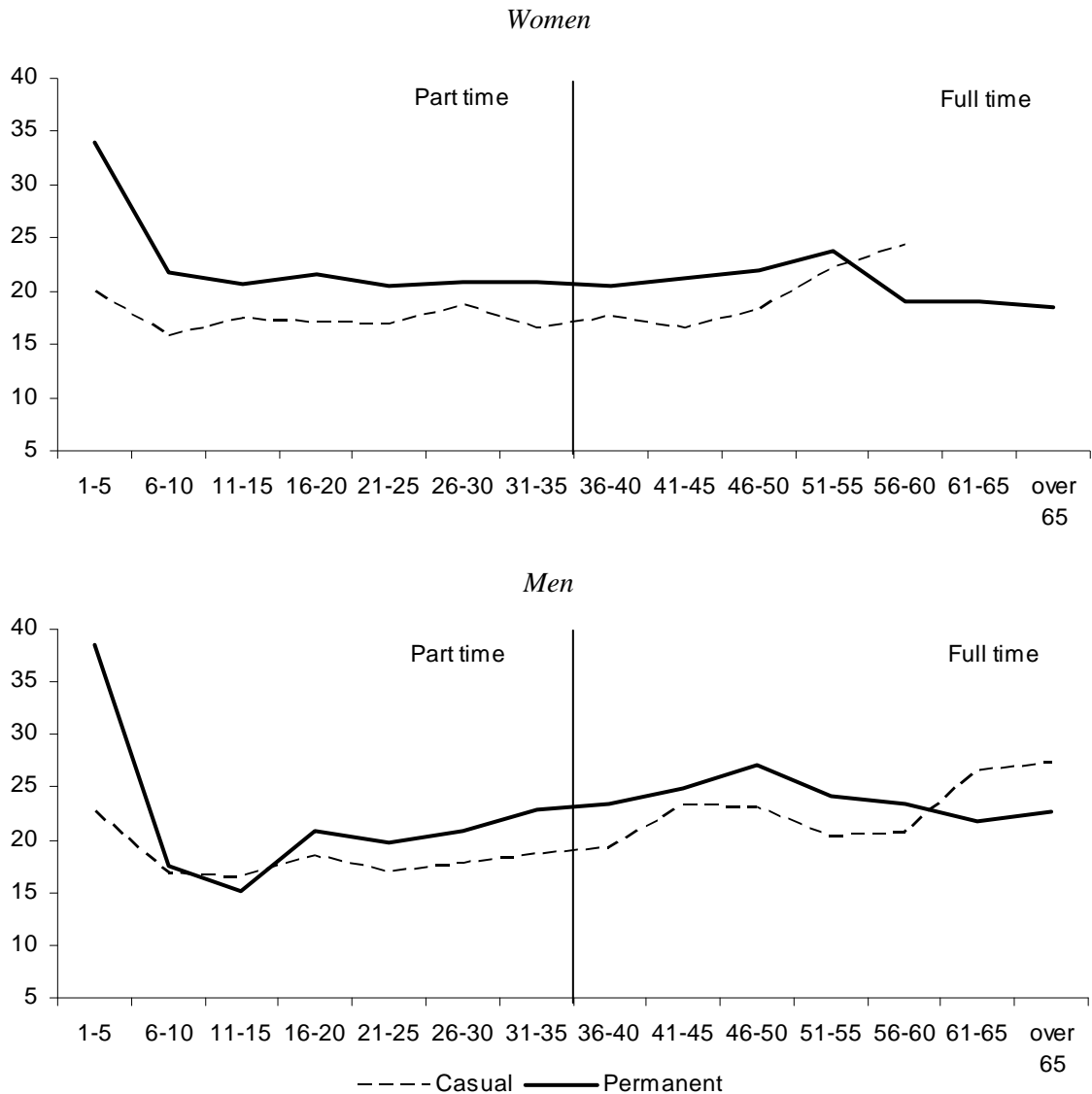
In contrast to the wage outcomes for women, the mean hourly wage rate for men working longer than 10 hours per week, generally increases as hours of work increase. Therefore, it appears that male part time workers receive lower rates of pay compared to their full time counterparts. However, the mean wage rate for men working full time declines after around 50 hours per week. Again, the drop in the hourly wage may reflect some of these workers not being paid for overtime hours, on a fixed salary or may be overestimating their weekly working hours.

Do these observed pay differences really exist?

In a perfectly functioning labour market without any wage rigidities and institutional constraints, the neoclassical view of the labour market suggests that wages are determined by the interaction of supply and demand. The neoclassical labour market model assumes that workers in each labour market are homogeneous (Mulvey 1999). Nevertheless, the discussion throughout this paper has shown that workers are not homogeneous, they have different skills and experience. Likewise, not all jobs are the same, instead different jobs have unique attributes such as the industry, safety considerations and the work environment.

² Mellow and Sider (1983) compared reported hours of work provided by individuals and their employers in a special supplement to the 1977 Current Population Survey in the United States. They found that workers responses tend to exceed employer responses by 3.9 per cent.

Figure 12.1 Mean hourly wage by hours usually worked in main job,^a 2005



^a Hourly wage rates are calculated as the current weekly gross wages and salary in the respondents main job divided by the hours usually worked in that job. The main job is the job in which the respondent usually receives the most pay from each week. Wage rates presented are the mean for each 5 hour bracket of hours worked. Hourly wage rates less than \$5 and greater than \$100 are excluded. Casual workers include those workers who identify themselves as being employed on a casual basis. Permanent workers include those workers who identify themselves as being employed on a permanent or ongoing basis or on a fixed-term contract.

Data source: HILDA 2007 Release 5.1 (weighted data).

The theory of equalising differences allows the traits of workers and jobs to differ and suggests that observed wage differentials act to equalise or compensate for positive or negative traits among jobs and workers (Rosen 1986). For example, a job with an undesirable work schedule is expected to pay a relatively higher wage compared to the same job with a standard work schedule in order to compensate workers for the associated inconvenience.

Some of the observed wage differentials between full time and part time workers therefore may, in part, reflect systematic differences between these workers and between part time and full time jobs.

Acquired skills (or human capital) are often necessary to perform certain jobs. There is an opportunity cost of acquiring these skills, such as formal education and on-the-job training which limits the number of people with those skills. Therefore, jobs that require workers to have certain acquired skills may attract a wage premium. Chapter 1 found that a larger proportion of part time workers worked in low skilled occupations compared to full time workers. Hence, the disproportionate number of part time workers in low skilled occupations may also help to explain the observed part time pay penalty for men. At very least it should serve to make the reader cautious about simple comparisons of part time and full time wage rates.

Chapter 6 noted that while workers aged 15–24 years represented 18 per cent of the overall workforce, they represented 28 per cent of the part time workforce (ABS 2007a). Large shares of young workers are full time students. These students, having not yet completed their studies, may be expected to have less acquired skills and work experience than other workers and, therefore may be expected to earn less than other workers.

The large number of young part time workers may therefore contribute to the lower average wage rate of part time workers compared to full time workers (at least with respect to men). In addition, junior wage rates for workers under the age of 21, will also reduce the average part time wage rate.³

Formal education is often used in empirical work as a proxy for such acquired skills. In 2005, part time workers reported having a lower level of education, on average, compared to full time workers. For instance, of workers who are not studying full time, around half of all part time workers only had a Year 12 certificate or lower. In contrast, only 39 per cent of full time workers reported having only a Year 12 certificate or lower (HILDA 2007 Release 5.1). The lower average level of education of part time workers compared to full time workers suggests that they may be in jobs requiring less skills, and therefore may help to explain some of the observed wage differential between part and full time workers.

³ Junior wages in Australia are:

... minimum rates of pay for people under the age of 21 that are based on the age of the employee. In awards, junior rates are usually set as a percentage of the wage that applies to an adult employee, with the actual percentage increasing in line with the employee's age. (Fair Pay Commission 2007, p. 6)

In addition to the skills required to perform certain jobs, other attributes of part time work compared to full time work may also be important. In this context, an important job characteristic is the industry in which the job is located.

Chapter 4 noted that the industries with the largest shares of part time employment were accommodation, cafes and restaurants as well as retail. These two industries also recorded the lowest mean hourly pay rate in 2006 (ABS 2007g).⁴ At the same time, mining recorded the lowest share of part time workers and the highest mean hourly pay rate — with the average wage rate being around 90 per cent more per hour than the average wage rate in the retail industry. The proportionately high number of part time workers in low paid industries will place downwards pressure on the aggregate part time wage rate compared to the full time wage rate.

The theory of equalising differences suggests that the differences between the characteristics of part and full time workers and jobs may help to explain the gap between observed wage rates. The overall lower average skill level, industry and occupation of part time workers and jobs compared to full time jobs supports this idea. Yet, there may be other characteristics that affect the pay differential between part and full time workers including, for example, job tenure and geographic location. Therefore, in order to make meaningful comparisons of pay rates, it is important to control for the characteristics of workers and jobs.

What is the actual pay difference?

Only a few Australian studies have estimated the pay differentials between full and part time workers after controlling for workers and job characteristics. In the 1990s, Miller and Mulvey (1994) investigated part time and full time wage differentials controlling for the level of human capital and industry. Miller and Mulvey estimated that part time employees earn a pay premium of 15 per cent over full time employees.

More recently, Rodgers (2004) performed a cross-sectional analysis using data from Wave 1 of the HILDA survey, and found that the observed part time pay penalty for employees did not exist after accounting for worker-specific and job-specific characteristics and for the type of employment. Rodgers found instead that part time workers received a pay premium of 3 per cent for men and 9 per cent for women, noting that neither the finding for men or women was statistically significant.

⁴ The mean hourly wage rates referred to here are based on 'hours paid' for full time non-managerial adult employees (ABS 2007g).

Booth and Wood (2006) also analysed part time wages in Australia using panel data from the first four waves of the HILDA dataset (2001–04). In their analysis, Booth and Wood accounted for the casual status of workers, as well as their individual characteristics, work experience, occupational tenure, firm attributes, industry and occupation.⁵ Booth and Wood found that part time workers have a significant wage advantage over full time workers of approximately 10 per cent for women and 15 per cent for men.

Casual pay rates

In 2006, 57 per cent of all part time employees were employed on a casual basis. By comparison, only 11 per cent of full time employees were employed as casuals (Chapter 4). It was noted earlier that under the current industrial relations system in Australia, casual employees generally receive a wage premium or loading (typically between 15–25 per cent) to compensate for non-entitlements to annual leave or sick leave. Therefore, it may be expected that, other things being equal, the wage rate of casual employees will be higher than that of permanent employees. However, figure 12.1 implies that in general, permanent part time and full time workers are paid more than their casual counterparts.

Watson (2005) examined the differences in pay rates between casual and permanent female part time workers using the HILDA dataset. He found that after controlling for workers' observed characteristics, casual female part time workers are paid around 10 per cent less than permanent female part time workers.

Watson (2005) argues that compared with permanents, '... casuals are rewarded well for their pre-existing attributes, such as their educational qualifications, but they are not rewarded well in occupational terms' (p. 29). He suggests that casual employment provides a way for employers to maintain a just-in-time workforce of 'disposable' workers. Furthermore, Watson suggests that the lack of obligation employers feel towards casual staff means that the skills of these staff are not developed to the same extent as permanent staff.

Booth and Wood (2006) focus on the part time and full time wage differential and found the wage advantage of part time workers over full time workers to be positive regardless of casual work status.⁶ Female part time workers who were employed on

⁵ Booth and Wood (2006) controlled for various worker characteristics using a fixed effects model. Fixed effects '... refers to a method for modelling unobserved heterogeneity using panel data, whereby it is assumed that some characteristics are individual specific and time invariant' (Laplagne, Glover and Shomos 2007, p. VIII).

⁶ Booth and Wood (2006) use a self-assessment measure of casual work.

a casual basis were found to enjoy a pay premium (including casual loading) of around 14–15 per cent above female full time permanent workers. In comparison, female permanent part time workers only enjoyed a pay premium of around 10 per cent above female full time permanent workers. Male part time workers, on the other hand, enjoyed a pay premium above full time permanent workers of 10 per cent if they were employed on a casual basis and 15 per cent if they were employed as a permanent employee. Booth and Wood concluded that this reflects, to some extent, a compensating wage differential paid to casuals for non-entitlements to leave.

What do international studies find?

Part time and full time pay differentials have been of international interest and the subject of considerable research. Watson (2005) reviewed the international literature of pay rates for part time workers. He pointed to evidence, that in 1993, part time workers in the United States earned 62 per cent of the hourly rate of a full time worker. In addition, Watson noted that research in the United Kingdom found that the ratio between the wage rate of part time and full time workers was 80 per cent, a wage-gap which was found to have worsened over time. Watson concluded that the ‘... international literature on wages suggest that in many countries part time workers fare poorly compared to their full time counterparts’ (p. 2).

More recently, Manning and Petrongolo (2006) studied wage differences for women in the United Kingdom. Their initial analysis indicated that, on average, part time workers earn 22 per cent less than full time workers. However, the part time wage gap reduced to 10 per cent after accounting for workers’ personal characteristics, such as age, education, number of children, job tenure and industry. This suggests that the observed lower wage rates for female part time workers may be in part related to their personal skills or attributes. Furthermore, when they also accounted for occupational characteristics, the part time wage gap reduced further to 3 per cent.

Hirsch (2004) conducted a similar analysis of part time and full time wages using panel data from the Current Population Survey in the United States. The wage penalty for part time workers was initially estimated to be around 20 per cent for women and 37 per cent for men. However, when personal characteristics were controlled for, the difference was reduced by approximately two-thirds for men and by half for women.

An international study of wage differences for women was carried out by Bardasi and Gornick (2000), using data from the Luxembourg Income Study.⁷ They note that part time pay penalties range between 8–12 per cent in Canada and Germany, to 15 per cent in the United Kingdom, to 22 per cent in the United States and Italy.

However, after adjusting for workers and job characteristics, Bardasi and Gornick (2000) find that the part time wage difference in the United Kingdom is explained largely by observed personal characteristics. The penalty in the United States, Italy and Canada was generally not explained by factors included in the model, instead they suggest that unobservable factors (such as aptitude and motivation) may drive pay differences. Bardasi and Gornick also argue that the pay penalty in Germany reflects ‘discrimination’ against part time workers, because similar workers are paid less per hour of part time work than full time work.

International studies, focusing on industrialised countries, tend to find a pay penalty for part time work. While some of the part time pay penalty is explained, to varying degrees, by the characteristics of part time workers and jobs, part time workers still appear to experience a pay disadvantage compared to full time workers.

The level of part time work in Australia is high compared to many other OECD countries. Furthermore, although there is evidence to suggest that part time workers in Australia are paid a broadly similar or even higher wage rate compared to full time workers, many overseas studies find a part time pay penalty. Therefore, the relationship between the level of part time work and the part time/full time wage differential amongst OECD countries may be an interesting area for future research.

12.2 Do part time workers live in low income households?

Research findings indicate that part time workers in Australia are paid at broadly similar or even higher rates per hour compared to their full time counterparts. But the difference between the number of hours worked means that the observed labour income of part time workers is typically much lower than that of full time workers. In 2006, mean weekly earnings the main job for full time workers was \$1045 per week compared to \$388 per week for part time workers (ABS 2007j).

⁷ Bardasi and Gornick (2000) estimate the wage differentials between part time and full time workers in the United States, the United Kingdom, Italy, Germany and Canada. They regressed the log of wages on a number of personal and job characteristics for part time and full time workers separately, using a two-stage Heckman procedure. They then computed the wage differential between part time and full time work using a procedure from Oxaca (1973).

The relatively low labour income of part time workers should be placed in the context that most of these workers are working the hours that they prefer. That is, they are balancing their need for income with their preferences for non-work activities. Moreover, income from part time work often only comprises part of the total income of a household. Rodgers (2003) argued that:

Although hours of work obviously affect earnings, an individual's material wellbeing depends not only upon his or her own earnings, but also upon the earnings of others with whom he or she lives and shares income. (p. 3)

Therefore, to obtain a picture of the living standards or wellbeing of part time workers it is useful to compare the income of households with part time workers to the population of households. Such a comparison may be performed by considering the distribution of households with part time workers over the income deciles for all households.⁸

In 2005, 65 per cent of households with one or more part time workers earned above the median household income (HILDA 2007 Release 5.1). However, there are distinct patterns of distribution across income deciles for couple and non-couple households with part time workers (figure 12.2).⁹

Non-couple households with one or more part time workers are concentrated in the four lowest income deciles for households. Moreover, three out of five non-couple households earning below the median household income are lone person households. In contrast, around half of all couple households with part time workers belong to the top three income deciles. One possible explanation for the high concentration of couple households with part time workers in the top income deciles is that the majority (73 per cent) of these households also include one or more household members working full time.

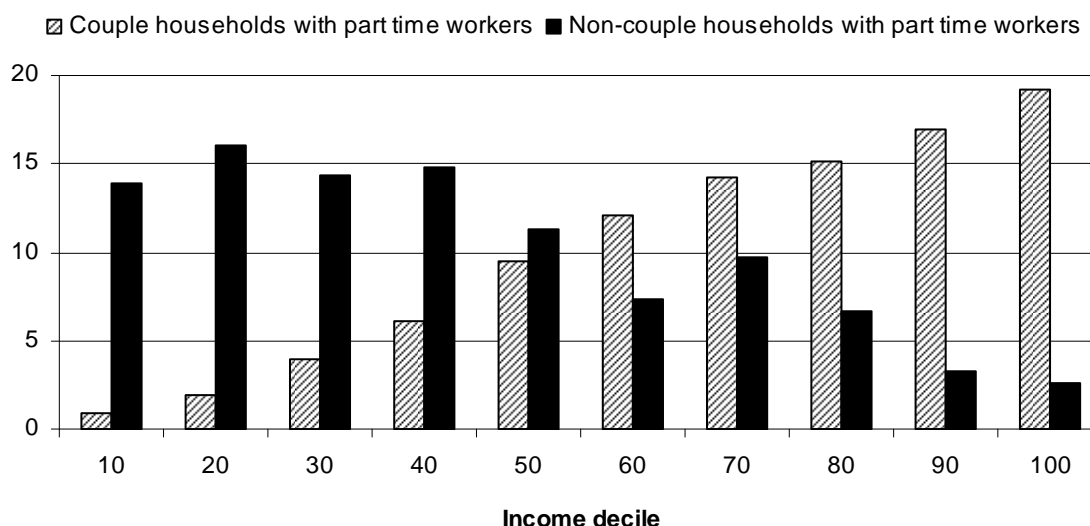
Rodgers (2003) examined the incidence of poverty among families with part time workers using data from the Australian 1997–98 Income and Housing Costs Survey. Using the Henderson Poverty Line, he found that the incidence of poverty among families with part time workers was slightly lower than that of the entire adult population. Rodgers attributed this result in part to the fact that a large share of part time workers lived in families with a full time worker.

⁸ Income deciles for all households are calculated by ranking households from lowest to the highest on the basis of household income and then dividing them into ten equal sized groups.

⁹ Non-couple households are those with no couple relationship in the household and include, for example, households with only one individual, lone parent households and group households where no couple is present.

Figure 12.2 Distribution of disposable income of households with part time workers,^a 2005

Per cent



^a Couple households are defined here to be households where there is a couple (either in a registered marriage or a de facto relationship) living in the household. All other households are classified as non-couple households.

Data source: HILDA 2007 Release 5.1 (weighted data).

In summary, only a small proportion of part time workers live in low income households, although these part time workers tend to live in non-couple households and particularly in lone person households. Furthermore, for couple households with part time workers (comprising nearly three quarters of all households with part time workers in 2005), income from part time work often forms the ‘secondary’ source of labour market income for the household. The composition of the total income for some lone and couple households with part time workers is discussed below.

12.3 The contribution of part time work to the household budget

A model of time allocation by which individuals allocate their time between work and leisure based on their budget and preferences was introduced in Chapter 5 (box 5.1). However, the allocation of the time of household members between work and leisure may be a joint decision based on the household budget and preferences (Ehrenberg and Smith 2005). In addition, the household labour supply decision may be influenced by the relationships within the household as well as by social norms and government policies.

This section investigates the role of part time work in contributing to household budgets. This has implications for the welfare impact of policies which affect the level of part time employment. The household budget is determined by, among other things, the labour income earned by individuals within the household as well as government assistance and income from other sources. The composition of the household budget will vary by household type and may depend on the households' stage in the life cycle. For example, a couple with young children and one partner working part time to care for the children will source some of the household income from government family payments (such as Family Tax Benefits A and B). In comparison, a couple without children will not have access to such government payments.

This section examines the contribution of part time labour income to the household budget for several different household types. The analysis focuses on several key groups of part time workers identified in Chapter 5: dependent students; prime age workers; and older workers. These groups represent the majority (84 per cent) of all part time workers in the HILDA database for 2005.

The contribution of part time labour income to the household budget is explored using the HILDA dataset. The household budget is defined here to be the disposable household income net of taxes. Furthermore, the analysis will decompose the household budget into several different income streams, namely:

- own labour income from part time work;
- partner's labour income for couple households;
- other part time income and other full time income of any other household members (but excluding partner's labour income);
- other market income (including business and investment income);
- private pensions (incorporating superannuation and workers compensation);
- government assistance (including pensions and benefits from the Australian Government such as the age pension and family tax benefits); and
- sundry income (comprising primarily of private transfers such as child support, and foreign pensions).

Dependent students

Around 20 per cent of all part time workers in 2006 were dependent students. A dependent student is defined as an individual aged 15–24 years '... who attends a secondary or tertiary educational institution as a full time student and who has no partner or child of his or her own, usually resident in the same household [as the dependent student]' (ABS 1995, p. 126).

Overall, dependent students working part time contributed around 8 per cent (\$6 800 per year) to their total household budget in 2005. This compares to non-dependent children aged between 15–24 years, who contributed 17 per cent on average to their household budget from their part time earnings (around \$13 300 per year). This finding that dependent students contribute less than 10 per cent to the household budget is consistent with the analysis in Chapter 6 which found that most secondary students who worked part time did so because they ‘want to spend money of their own’.¹⁰ Only a small proportion of secondary students working part time reported working because their ‘family needs the money’.

There is also a clear difference between the importance to the household budget of the part time income of dependent students who are attending secondary school and those undertaking post-secondary studies. Specifically, dependent students working part time and attending secondary school contributed just under 5 per cent to the total household budget and worked around 10 hours per week on average. In comparison, dependent students working part time and undertaking post-secondary studies made a more significant contribution to the household budget (around 11 per cent) and tended to work longer hours per week (16 hours per week).

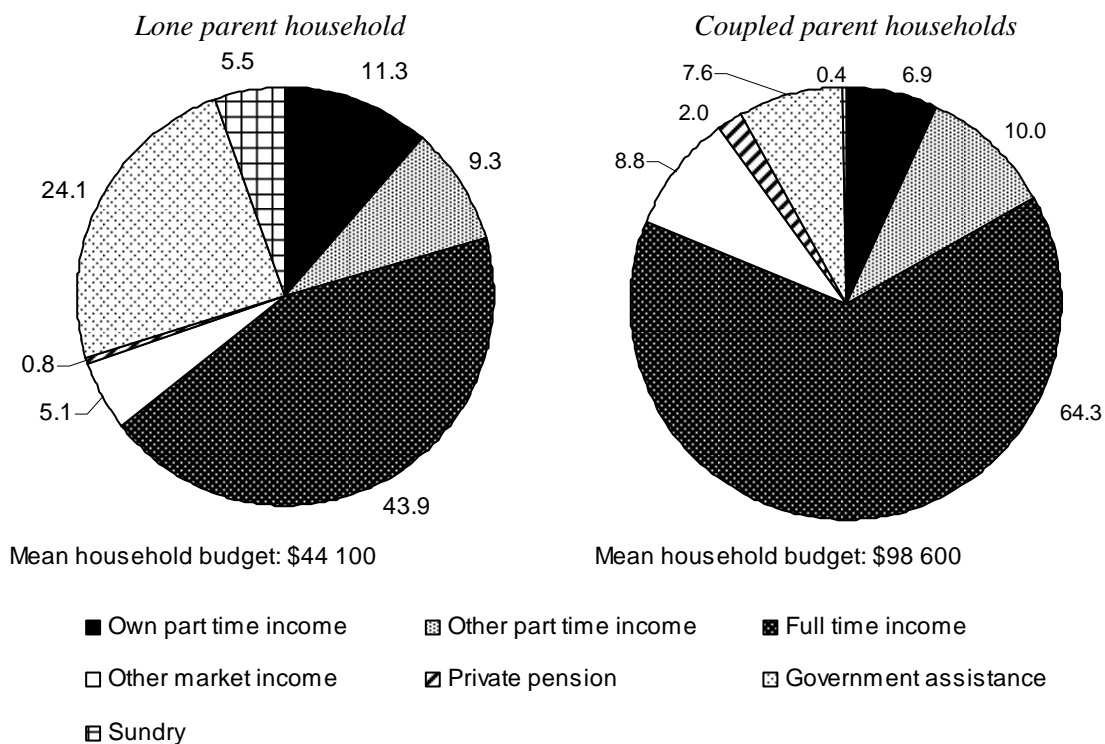
Of the groups of students examined, the largest gap between the post tax part time labour income was between dependent students who were attending secondary school and those who had finished. On average, dependent students working part time and attending secondary school earned considerably less per year (\$3 600) compared to those undertaking post-secondary studies (\$10 600).

In 2005, nearly one in five dependent students working part time lived in lone parent households (HILDA 2007 Release 5.1). Lone households were identified in the previous section as being more likely to belong to low income deciles. Therefore, students in lone parent households contributed more (in percentage terms) to the household budget on average compared to students living in coupled parent households — around 11 per cent (\$5 000 per year) compared to nearly 7 per cent (\$6 800 per year) respectively (figure 12.3).

¹⁰ Around 85 per cent of all young part time workers who were studying full time in 2005 were dependent students.

Figure 12.3 Composition of the household budget for dependent students working part time, 2004–2005

Per cent of contribution to average household budget for household group



Data source: HILDA 2007 Release 5.1 (weighted data).

The household budget for dependent students in coupled parent households benefits more from other market income (including the labour income of both parents in many instances and especially from full time labour income) compared to the household budget for dependent students in lone parent households.

Government assistance forms a larger share of the household budget of dependent students in lone parent households compared to those in coupled parent households. For students in lone parent households, a large part of this assistance is in the form of family benefits (9 per cent of household budget) and the Youth Allowance (around 3 per cent of the budget). In comparison, for dependent students in coupled parent households, family benefits account for less than 4 per cent of the household budget and the Youth Allowance less than 1 per cent.

While the number of hours worked per week varies somewhat, dependent students typically work less than 15 hours per week and do not make a substantial contribution to the household budget. Moreover, the part time labour income of students undertaking post-secondary studies tends to account for more than 10 per cent of the household budget and 56 per cent of the household post tax part time labour income. Students in lone parent households also contribute more than

10 per cent to the total household budget and around 55 per cent of the total household post tax part time labour income.

Prime age part time workers

In 2006, 55 per cent of all part time employees were of prime working age (aged 25–54 years) (ABS 2007a). Furthermore, 62 per cent of all female part time workers and 38 per cent of all male part time workers were aged 25–54 years.

The role of part time work in balancing work and family life for prime age workers was discussed in Chapter 7. Part time work is especially relevant for recent mothers who use it to maintain an attachment to the workforce and an income stream while their children are young. Prime age men working part time, on the other hand, often work part time because they are not able to obtain a full time job or because they want to work part time (Chapter 5). Part time work is also important for lone fathers (Chapter 7), with around 11 per cent of men aged 35–44 working part time to care for children (Chapter 5).

Given that prime age men and women tend to have different reasons for working part time, it is likely that the composition of the household budget for men working part time will be different from women working part time. For instance, while family benefits may be relevant for the household budget of mothers working part time and with young children, it may not be relevant to men working part time but without children. Therefore, the following discussion considers both female and male prime age part time workers and examines differences between lone and married households for both gender groups.¹¹

Prime age women

Married prime age women accounted for around 45 per cent of all part time workers in 2006 (ABS 2007a). The ABS data shows that their labour income from part time work contributed around 24 per cent (\$19 100 per year), on average, to the household budget in 2005. Of these women, other labour income (most notably their partner's labour income) accounted for over half of the total household budget. In contrast, lone prime age women accounted for around 9 per cent of the part time workforce and contributed, on average, around 47 per cent (\$17 000 per year) to their total household budget.

¹¹ The following analysis employs the social definition of marital status where individuals may be classified as married (registered or de facto) if they usually live with their partner or not married if they have no partner or do not usually live with their partner (ABS 2007e).

Not only does marital status impact on the importance of income from part time work to the household budget, but the presence of dependent children also has an effect.¹² In particular, lone women working part time with no dependent children tend to contribute more to the household budget compared to their counterpart with dependent children (figure 12.4).

Prime age women with dependent children working part time receive more government assistance compared to those with no dependent children. Family benefits was the most significant type of government income assistance provided to the households of prime age mothers — accounting for around 6 and 21 per cent of the total household budget for married and lone mothers respectively.

Government assistance was particularly relevant for lone mothers for whom government income support accounts for a larger share of their household budget than their own labour income (figure 12.4).

Headey, Warren, and Harding (2006) describe a welfare reliant household as a household who obtains 50 per cent or more of its gross income from government payments, including income support payments, family tax benefits and child care benefits. Under this definition, over 30 per cent of lone mothers who work part time lived in welfare reliant households in 2005. A further 12 per cent of lone women without dependent children who were working part time lived in welfare reliant households. In comparison, less than 5 per cent of married women, working part time, (both with and without dependent children) lived in welfare reliant households.

Prime age men

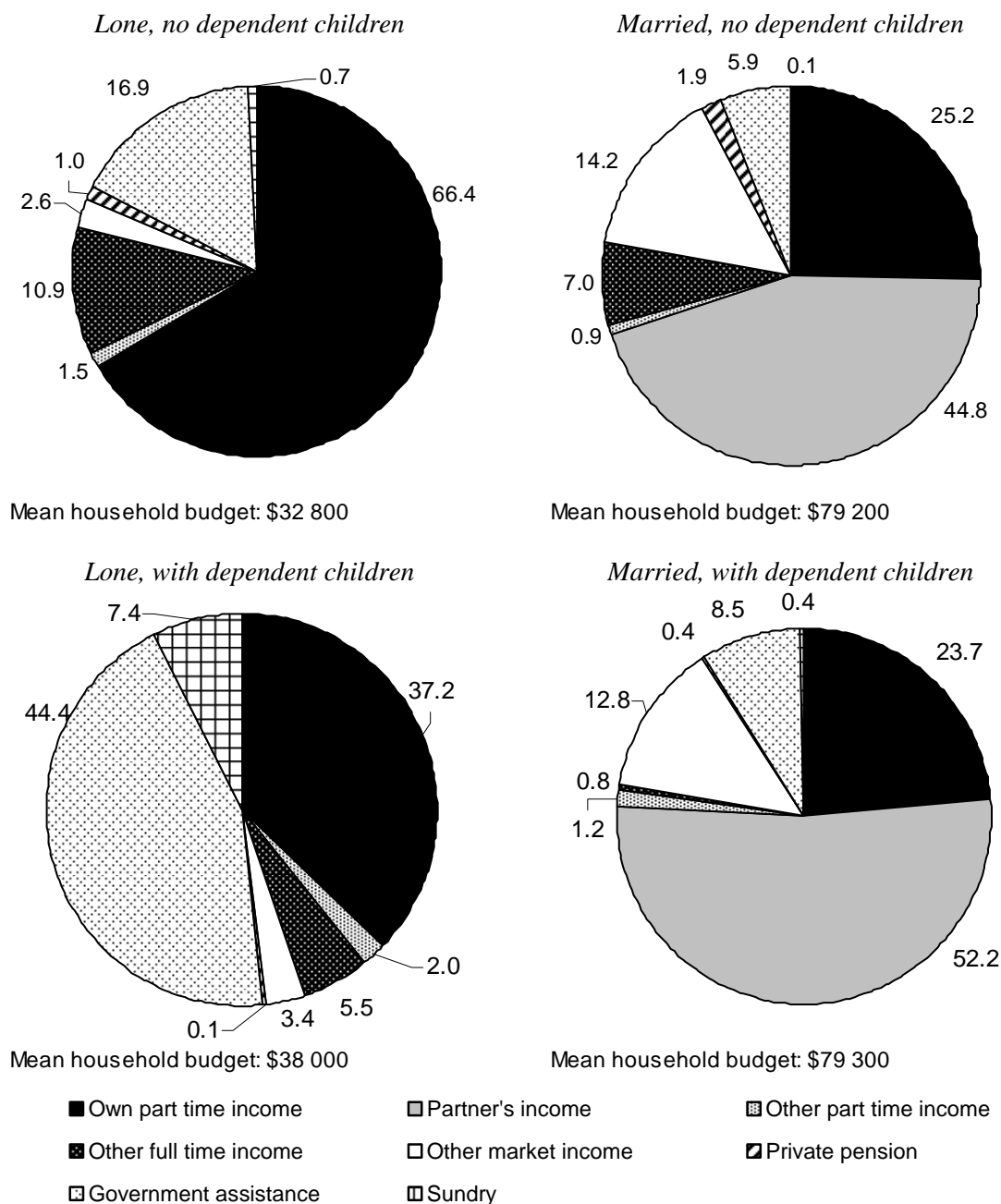
Prime age men working part time represent a small but growing group of the part time workforce — lone and married men working part time account for 4 per cent and 6 per cent of the total part time workforce in 2005 respectively (ABS 2007a).

The labour income of lone prime age men working part time accounted for around three fifths (\$15 800 per year) of the total household budget and almost the entire household labour income (figure 12.5).

¹² Dependent children are defined to include children under 15 years old as well as dependent students (aged 15 to 24 years and studying full time).

Figure 12.4 Composition of the household budget for prime age women working part time, 2004–05

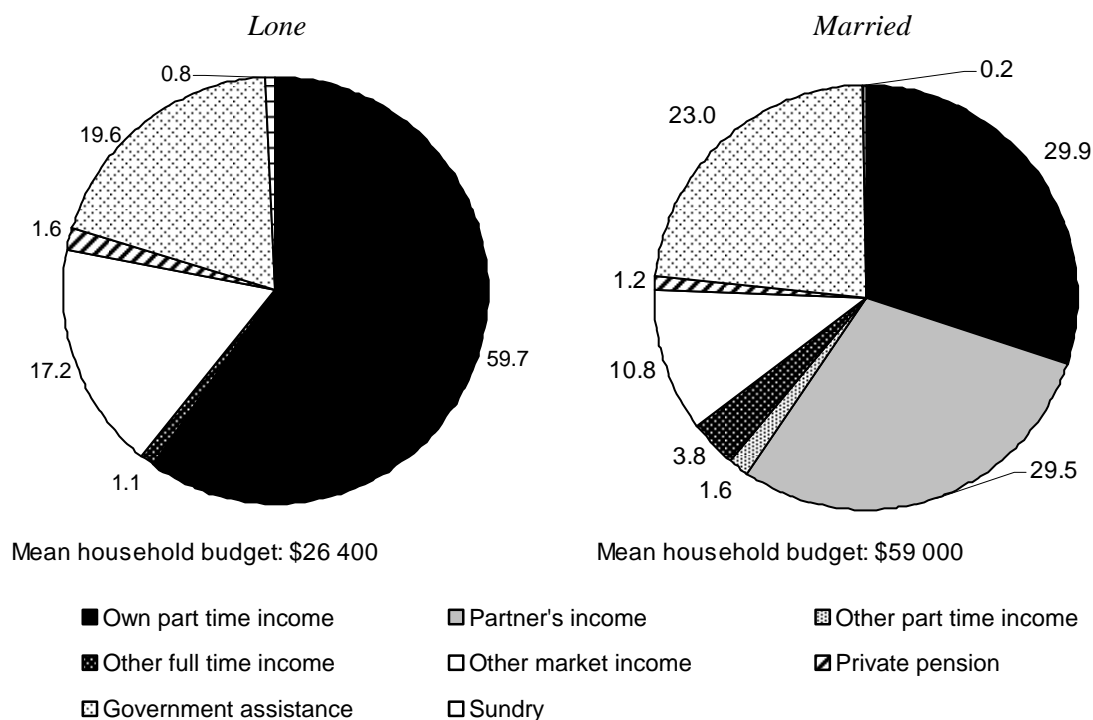
Per cent of contribution to average household budget for household group



Data source: HILDA 2007 Release 5.1 (weighted data).

Figure 12.5 Composition of the household budget for prime age men working part time, 2004–05

Per cent of contribution to average household budget for household group



Data source: HILDA 2007 Release 5.1 (weighted data).

In contrast, the part time labour income of married prime age men contributed around 30 per cent (\$17 600 per year) on average to the household budget and around 46 per cent of the total household labour income in 2005. In comparison to lone prime age men, the household budget of married prime age men working part time relied more heavily on the labour income from other household members, particularly their partner's labour income. Prime age married men working part time tend to work longer hours per week on average and contribute more to the household budget than married prime age women who work part time.

Government assistance is an important source of income for some households of prime age men working part time. In 2005, around 16 per cent of lone men working part time and 19 per cent of married men working part time lived in welfare reliant households (where 50 per cent or more of the household budget was accounted for by government payments). These men in welfare reliant households tend to work fewer hours per week compared to the average for all men working part time and a disproportionate number were in households with dependent children.

In general, government pensions and benefits other than family benefits had the most sizeable impact on the household budget of married (around 13 per cent) and

lone prime age men (around 17 per cent) working part time. Some of the relevant government pensions for prime age men were the Newstart Allowance and the Disability Support Pension.

Around 17 per cent of prime age men working part time reported being in households receiving the Newstart Allowance in 2005. A further 12 per cent reporting being in households receiving the Disability Support Pension (a slightly larger share of lone men than married men working part time reported being in households receiving either the Newstart Allowance or Disability Support Pension).

In summary, the labour income gained from part time work accounts for a larger share of the total household budget of lone prime age part time workers than of married prime age part time workers. This result is clearly related to the absolute size of the household budget for lone versus married prime age part time workers, but it may also be driven, in part, by the longer average working hours of lone prime age part time workers. On the other hand, prime age men and women with child caring responsibilities generally work less hours per week and draw more of their household income from government assistance compared to those with no dependent children.

Older part time workers

Part time work is an important mechanism for transitioning from full time work to retirement (Chapter 8). In 2006, 13 per cent of the part time workforce was aged between 55–64 years and a further 4 per cent were aged 65 years and over (ABS 2007a).

Different factors affect the labour supply decisions of those nearing retirement compared to those who have retired.¹³ These factors may include: access to certain forms of government support (namely the age pension); changing preferences for hours of work; and changing health status.

Part time workers aged 55–64 years

In 2006, around 10 per cent of the part time workforce were married and aged 55–64 years, a further 3 per cent were lone individuals aged 55–64 years (ABS 2007a). Part time labour income (\$20 000 per year) accounted for more than 60 per cent of the total household budget of lone workers aged 55–64 years (figure 12.6).

¹³ While there is no compulsory retirement age, the age individuals can qualify for the age pension (65 years for men and 63 years for women in 2005) can be used as an approximation for illustrative purposes.

In contrast, labour income of married part time workers aged 55–64 years comprised around one quarter (\$19 100 per year), on average, of the total household budget.

Similar to married prime age part time workers, the household budget for married part time workers aged 55–64 years relied heavily on income from other market activities including their partner’s labour income (who may also be working part time), business income and investment income.

It may be expected that private pensions, and in particular superannuation, would start to have a role in the household budget of older workers (where the preservation age for accessing superannuation is currently age 55 and will increase to 60 by 2024). Comparing the household budget of prime age part time workers with those aged 55–64 years, private pensions are found to play a greater role in the household budgets of older part time workers — generally increasing in share from around 1 per cent of the household budget of prime age part time workers to around 7 per cent of the household budget of older part time workers.

In general, the role of government benefits is reduced in the household budget of part time workers aged 55–64 years relative to prime age part time workers. This is due in part to the reduced role of government family benefits. However, a small group of part time workers between the ages of 55–64 years lived in welfare reliant households in 2005 — around 7 per cent of married part time workers and 17 per cent of lone part time workers.

Part time workers aged 65 years and over

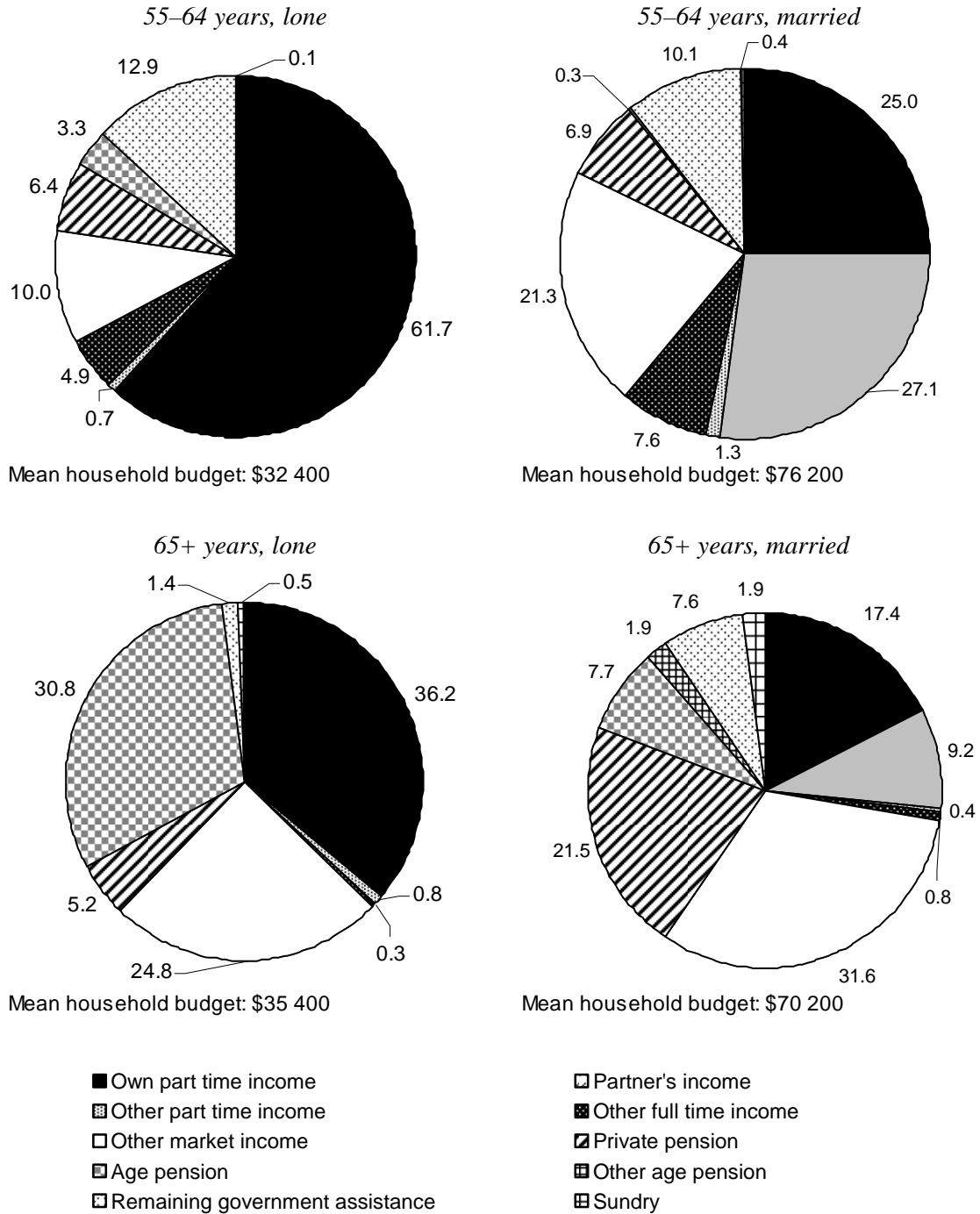
Married part time workers aged 65 years and over only accounted for 3 per cent of the total part time workforce in 2006 (ABS 2007a). Only 1 per cent of all those who worked part time in 2006 were lone persons aged 65 years and over.

Pensions, including private pensions and the age pension, play an important role in the household budget of part time workers aged over 65 years — accounting for between 29–36 per cent of the household budget in 2005 (figure 12.6). While the household budget of married part time workers aged 65 years and over derive most of their pensions from private pensions (including superannuation), lone part time workers relied mainly on the age pension.

A larger group of workers aged 65 years and over lived in welfare reliant households compared to those aged 55–64 years. Around 18 per cent of married part time workers and 24 per cent of lone part time workers lived in welfare reliant households in 2005. The age pension tended to comprise the bulk of government income assistance to these households.

Figure 12.6 Composition of the household budget for older part time workers, 2004–05

Per cent of contribution to average household budget for household group



Data source: HILDA 2007 Release 5.1 (weighted data).

12.4 Summary

Simple comparisons of the observed wage rates for part and full time workers suggest that, overall, the mean hourly wage of part time workers is less than that of their full time counterparts. However, once certain observable characteristics of part time workers and jobs are accounted for (such as age, educational qualifications, and occupation), this difference is substantially reduced and in some studies a part time pay premium is found. While it is difficult to come to a general conclusion on this issue the findings suggest that any gap that does exist may differ across occupations and industries but is likely to be small after the characteristics of workers are taken into account. The situation in Australia is in contrast to many overseas studies that often find a pay penalty for part time workers, even when adjusted for worker and job characteristics.

In 2005, less than half (45 per cent) of households with one or more part time workers earned an income less than the median household income of the population, although these part time workers tended to live in non-couple households. The household income of part time workers in couple households often benefits from the full time income of one or more other members of the household.

The composition of household budgets vary between household types. Therefore, the labour income from part time work is more important to some household budgets than others.

The majority of dependent students do not typically contribute a great deal to the household budget. However, part time employment provided such students with a post tax income of \$6 700 per year on average. Furthermore, dependent students undertaking post-secondary studies and those in lone parent households contributed just over 10 per cent of the household budget in 2005.

Female workers in the prime age group often work part time rather than full time to balance caring for children with paid work. Income from part time work was found to be an important source of income for households with young children, especially for households with a lone parent. In comparison, many male prime age workers work part time because they are unable to find full time work. Prime age men contributed more, on average, to the household budget than prime age women.

The household budget of prime age married men who work part time was found to be smaller in absolute size, less reliant on their partner's labour income, but more reliant on government income support compared to their female married counterparts. The smaller absolute size of the household budget of prime age married men who worked part time may mean that they are eligible for more government assistance (as many government assistance programs are means tested)

but also that the government assistance that the households receives will form a larger share of the total household budget.

Part time work is used by some older workers to transition to retirement. Older workers tend to work less hours per week compared to prime age workers and generally draw more of their household income from other income sources, including private pensions and the age pension. This result implies that part time work allows older workers with private pensions to reduce their hours of work and to continue to contribute to their household budget.

13 Summary and areas for further research

This paper examined the growth and changing nature of part time work in Australia. This concluding Chapter summarises the main findings and presents a brief discussion of possible areas for future research.

The causes underlying the growth in part time work are varied — growth in part time employment has come from both the demand and supply side of the labour market. For example on the demand side, one cause relates to businesses attempting to manage their workforce in a more flexible manner in response to short term fluctuations in demand, another is changes in technology and regulation that have raised the value of more flexible work arrangements. Other causes more on the supply side relate to the various influences on how workers combine work with non-work activities, such as how prime age women combine work with family responsibilities. Accordingly there are no broad generalisations that can be made about part time workers and part time jobs.

Indeed, many part time workers eventually become full time workers and similarly many full time workers move to part time work at some stage during their working life. Part time work provides an opportunity for many individuals at different points in their life to combine work with other non-work activities, that are of importance to them, such as furthering their education, raising a family, or providing informal care to family members. Part time work can also be a bridge to the workforce for many individuals such as carers and people with a disability who are unable to more fully participate in the workforce.

There has been much debate regarding the quality of part time jobs. These jobs tend to be lower skilled, with less ongoing training and display poorer career paths than full time jobs. However, much of this is a matter of degree. Assessments of the quality of part time jobs should reflect the differing motivations and interests of many of those who undertake part time employment. Some groups of part time workers obtain their education and training elsewhere off the job, such as younger part time workers combining work and tertiary education. Other part time workers, such as older workers, transiting to retirement can be expected to have limited interest in ongoing training and career paths.

Notwithstanding these differing motivations and interests, there are still others for whom part time employment does not provide all they want from employment. The most obvious of these groups are those who are involuntarily part time employed. These workers want to work more hours, although not all want to work full time. The growth and persistence of involuntary part time employment is associated with the failure of the labour market to provide sufficient hours of work for these workers in jobs consistent with their skill sets. This is a longer term feature of the labour market but worsens when full time employment declines during economic downturns. Nonetheless, part time employment should be seen as an important stepping stone to full time employment. Many of the involuntary part time employed achieve full time employment within several months.

Associated with the involuntary part time employed are those who may be trapped on the periphery of the workforce. The Australian workforce does not appear to have a strongly developed segmented structure along part time and full time employment lines. There are a range of part time jobs with widely differing characteristics but some part time jobs require only low skill levels, pay low wages, have less access to conditions of employment and are a precarious form of employment. While many of the workers in these jobs will move to other jobs due to the high level of labour market mobility, the challenge is to ensure that some workers are not trapped in such jobs. In this regard there does appear to be a significant share of part time workers who want full time work, but find it difficult to move to full time employment even in the current situation of a strong national labour market. There may also be part time workers who are unable to find jobs that better utilise their skills as these require a full time commitment, which is a more subtle form of underemployment.

There is also a substantial pool of full time workers who want to work part time. These workers tend to be concentrated in the older age groups. The existence of this group indicates that there may be less part time jobs than desired by people who want to work. Not only may the size of this group actually exceed the part time workers who want to work more hours, but people who desire less hours typically take longer to achieve their objective than people who want to increase their work hours.

Finally, simple comparisons of the wages of part time work with full time work indicates a small wage penalty associated with part time employment. This difference appears to be eliminated, or even reversed, when the differing characteristics of part time workers and the differing occupational/industrial and skill mix of part and full time work are taken into account.

The income derived from part time work is an important source of income for many households. Households that rely on part time employment as a significant source of income are often also welfare reliant. Part time employment should be seen as an important means for such groups to maintain or re-establish contact with the world of work and the benefits that can bring, both financially and with social contact. Conversely, a high share of households with a part time worker are in the higher income deciles. These are households which also include a full time worker where the part time worker is a dependent student or the partner. Again the differing motivations and characteristics of part time workers and the households within which they live undermine broad generalisations.

Areas for further research

It is possible to identify a number of areas for future research into part time employment which would help to inform areas of policy interest.

It would be of interest to investigate further the net impact from further expansion of part time employment opportunities on labour force participation, in terms of the average hours worked per person of working age. Increases in labour force participation, particularly among older workers, is seen as a means of easing the economic effects of an ageing population. An expansion of part time employment job opportunities may encourage more older workers to remain or enter the workforce as a means of transiting to full retirement. While this will tend to raise workforce participation, this may be offset to some extent by allowing more older workers who are currently employed full time to reduce the intensity of their involvement in work. A relevant issue in this regard is the interaction of the changes in 2007 to the treatment of superannuation by the taxation system and the incentive to undertake part time employment.

The effect of the availability of part time employment opportunities on the growth in the participation rate of prime age women with children is also of interest. The effects of policy such as parental leave on return to work decisions may be affected by the nature of the employment opportunities available to new parents, with part time options potentially increasing participation. Factors such as commuting requirements, home based work and flexibility of starting and finishing hours may restrict the employment options in a way that aligns better with demand for part time workers. Understanding the dominant forces in the labour supply decisions of women with children will inform policy development in this area.

Evidence was found to suggest that a mismatch between desired and actual hours of work exists for a substantial number of Australian workers — including both part time and full time workers. As such, it may be interesting to examine a

comprehensive measure of excess labour capacity that includes not only unemployed and marginally attached workers but assumes that those currently employed achieved their desired hours of work. Such a measure, may help to identify ways of increasing labour supply by reducing hours mismatch. This work could explore whether or not this hours mismatch was spread across or concentrated in certain industries or skill groups. This would shed light on whether the issue is barriers to labour mobility or more fundamental differences in the labour markets for higher or less skilled workers.

Further work could be undertaken in understanding the labour search and job matching process involving part time employment. It is useful to understand more fully what determines the worker flows between part time employment and the other labour market states. In particular what determines the transition rates between full time and part time employment? Is the mismatch mainly in hours or the type of job? How are wages determined in this context and what role does part time employment play in explaining the impact on the labour market of business cycles and economic growth.

Part time work was found to play an important role in providing flexibility for individuals to combine work with non-work activities at significant stages of their life. Specifically, full time study, raising a family and preparing for retirement were found to be significant life cycle events that impact on an individual's likelihood of working part time. Further analysis of the likelihood of an individual transitioning into and out of part time work at particular stages of their life cycle may provide a better understanding of who works part time and why. This would require the development of an extended longitudinal data base.

The present paper has observed a wide range of characteristics of part time workers and part time jobs. One reason for this may be that part time work covers a relatively large span of hours. This paper has had some success in describing different working hour groups within part time work. Other literature has also addressed this issue by using terms such as 'marginal part time' to describe part time jobs with relatively few hours (Fagan and Burchell 2002). However, the division of workers by hour bands is somewhat arbitrary. Should enough data be available, it would be useful to further empirically investigate how working trends change across the continuum of working hours.

Some studies have attempted to avoid arbitrary groupings of work hours. For instance, Hotchkiss (1991) empirically redefined part time work by determining the number of weekly work hours at which the US labour market splits into 'dual markets'. At this point, the wage determination mechanisms are significantly different for workers with relatively few hours and relatively many hours. It may be useful to replicate such research using Australian data, and by extension, to

empirically determine the number of separate labour markets that may exist on the continuum of working hours.

While the gross labour flows data indicate that at the aggregate level there is no compelling evidence for such dual labour markets, there also appear to be on-going difficulties in many workers wishing to vary the number of hours they work. This suggests that the difference between many part time and full time workers and their jobs can involve more than just the number of hours of work and could include other characteristics such as industry, skill levels, responsibility and location. It may be helpful to investigate ‘dual markets’ with regard to the determination of some non-wage conditions or job characteristics.

The impact of part time work on students’ work performance and future career prospects is another area that may warrant additional research. Two studies have found poorer academic outcomes for students working more than 10 hours a week compared to students who work less hours or not at all. This is an especially relevant issue as a survey in 2003 found that a quarter of 15 year old high school students worked more than 10 hours a week.

Australia’s relatively high rate of part time employment compared to other OECD countries also raises questions about the differences in the structure of the Australian economy, labour market policies, social policies or other factors that might contribute to this outcome. The availability of data similar to HILDA in some other countries may provide an opportunity to explore the reasons for this feature of the Australian labour market.

One aspect of part time work not examined in this paper is part time work among indigenous Australians. The data available in the HILDA database indicates a very high rate of involuntary part time work among the small number of indigenous respondents. The available data also indicate that the involuntary nature of the part time work persists for many years. While the number of indigenous involuntary part time workers in the HILDA study is too small to undertake in-depth analysis, the information that is available points to the possibility of a substantial divergence between the nature of part time work between indigenous and non indigenous workers. If additional data sources became available, more research in this area is likely to be worthwhile.

Decisions on desired hours of work are complex decisions in practice. They will typically depend on wage rates, partners income (where relevant), existing and desired household expenditures and the time required to meet other priorities. As such, there is scope to refine the analysis of desired hours of work to analyse some of these key interactions.

A recent study by Belkar, Cockerell and Edwards (2007) highlighted that people with higher mortgage debt are more likely to participate in the labour force. Given the similarities between mortgage and other consumer debt, consumer debt such as personal loans and credit card debt could also be expected to influence desired work hours. However, no explicit link between debt levels and the probability of working part time was examined in that study. Therefore, given the high level of household debt, an investigation into the impact of household debt on the likelihood of working part time would provide key additional information on why people work part time.

Another limitation for research is that the most relevant data are not available in every year of the HILDA survey to examine the interaction between personal circumstances and work intentions (Belkar, Cockerell and Edwards 2007). Most notably, when this paper was prepared, non-mortgage debt was only available for one year of the survey. Changing personal circumstances also play an important role in labour responses. The authors, however, could only examine the impact of non-mortgage debt without controlling for changes in personal circumstances. With a detailed household finances section included in HILDA wave 6 to be released this year, it will be possible to analyse the impact of debt on labour force participation — including the probability of working part time — while also controlling for changes in personal characteristics.

A International comparisons

A.1 A diversity of definitions and measures

International organisations have developed common definitions of part time work in such agreements as the International Labor Organization (ILO) Convention 175 on Part Time Work (1994) and the European Framework Agreement on Part Time Work (1997). These agreements define part time work in a broad sense, as work involving fewer hours than full time work (see box A.1). They recommend that a more detailed classification of part time work should be context-specific rather than universal.

A diversity of definitions and measurements of part time work are currently used by national statistical agencies. The definitions differ in three main areas: the decision rule used to classify full time and part time employment; the reference hours used in measurement; and the reference job used in measurement (OECD 1997). As such, while part time work has become increasingly important throughout the OECD, cross-national comparisons of part time work remain difficult.

Classification rules

The OECD (1997) identifies three common approaches to classifying part time work: the use of a weekly hours threshold; the use of self-assessment; or a combination of these two methods (see columns 2 and 3 of table A.1 for current practice). Combinations of these approaches differ greatly between countries. For example, the Netherlands use a 35 hour cut-off to overrule any classification of working hours made by work agreements or self-assessment. At the same time, Spain uses a 30 hour cut-off and reverts to self-assessment when weekly working hours are between 30 and 35. Measurements of part time work also differ in regard to the exemptions and special cases that are recognised by each country (see notes to table A.1).

The OECD (1997) recommends that when international comparisons are made, part time work should be defined as constituting fewer than 30 hours per week. However, the OECD (1997) also recognises that any strict hours cut-off ignores both cultural and legal contexts, as well as circumstantial information that might usually be used to separate full time from part time work.

Box A.1 Definitions of part time work in international agreements

Framework agreement on part-time work, clause 3:

For the purpose of this agreement:

- The term 'part-time worker' refers to an employee whose normal hours of work, calculated on a weekly basis or on average over a period of employment of up to one year, are less than the normal hours of work of a comparable full-time worker.
- The term 'comparable full-time worker' means a full-time worker in the same establishment having the same type of employment contract or relationship, who is engaged in the same or a similar work/occupation, due regard being given to other considerations which may include seniority and qualification/skills.
- Where there is no comparable full-time worker in the same establishment, the comparison shall be made by reference to the applicable collective agreement or, where there is no applicable collective agreement, in accordance with national law, collective agreements or practice.

C175 Part-Time Work Convention, article 1

For the purposes of this Convention:

- The term part-time worker means an employed person whose normal hours of work are less than those of comparable full-time workers.
- The normal hours of work may be calculated weekly or on average over a given period of employment.
- The term comparable full-time worker refers to a full-time worker who:
 - has the same type of employment relationship;
 - is engaged in the same or a similar type of work or occupation; and
 - is employed in the same establishment or, when there is no comparable full-time worker in that establishment, in the same enterprise or, when there is no comparable full-time worker in that enterprise, in the same branch of activity, as the part-time worker concerned.
- Full-time workers affected by partial unemployment, that is by a collective and temporary reduction in their normal hours of work for economic, technical or structural reasons, are not considered to be part-time workers.

Sources: Council Directive 97/81/EC of 15 December 1997 concerning the Framework Agreement on part-time work concluded by UNICE, CEEP and the ETUC; ILO C175 Part-Time Work Convention, 1994.

Table A.1 **Definitions of part time work in OECD countries**

<i>Country</i>	<i>Threshold of weekly hours</i>	<i>Self-assessment</i>	<i>Type of working hours</i>	<i>Main vs all jobs</i>
Australia ^a	35	N	Usual and Actual	All
Austria	35	N	Usual	Main
Belgium	—	Y	Usual	Main
Canada	30	N	Usual	Main
Czech Republic	—	Y	Usual	Main
Denmark	—	Y	Usual	Main
Finland	—	Y	Usual	Main
France	—	Y	Usual	Main
Germany	—	Y	Usual	Main
Greece ^b	—	Y	Usual	Main
Hungary	30	N	Usual	Main
Iceland	35	N	Usual	Main
Ireland	—	Y	Usual	Main
Italy ^b	—	Y	Usual	Main
Japan	35	N	Actual	All
Luxembourg	—	Y	Usual	Main
Mexico	35	N	Actual	Main
Netherlands ^c	35	N	Usual	Main
New Zealand	30	N	Usual	Main
Norway ^d	37	Y	Usual	Main
Poland ^e	40	Y	Usual	Main
Portugal ^f	—	Y	Usual	Main
Slovak Republic	—	Y	Usual	Main
Spain ^g	30	Y	Usual	Main
Sweden	—	Y	Usual	Main
Switzerland	—	N	Usual	Main
Turkey	36	N	Usual	Main
United Kingdom	—	Y	Usual	Main
United States ^h	35	N	Usual	All

^a Australia includes all unpaid family workers in employment statistics. To be counted as part time, both usual and actual hours must be below 35 hours per week. To be counted as full time, either usual hours or actual hours must be equal to or higher than 35 hours. ^b Greece and Italy define part time work according to the terms contained in the relevant workplace agreement. ^c The Netherlands includes self employed and unpaid family workers. People working between 1 and 11 hours per week are not counted as employed. The 35 hour cut-off is used to overrule self-assessment. ^d Norway defines full time work as 37 usual hours per week. Self assessment is used for persons working between 30 and 36 hours per week. ^e Poland defines part time work on the basis of self assessment, except when work hours total 40 or more. In such cases, workers are counted as full time regardless of their self-assessment. ^f Portugal defines part time work on the basis of self assessment, but this assessment may be overruled by the terms contained in the relevant workplace agreement. ^g Spain defines part time work based on a 30 hour cut-off. For people working between 30 and 35 hours, part time status is based on self-assessment. ^h The US does not include unpaid family workers who work 1–15 hours per week.

Source: OECD (1997).

Reference hours

Another difference between the measurements of part time work pertains to the nature of working hours data, as shown in column 3 of table A.1. The term ‘usual hours’ refers to the respondent’s estimated usual weekly hours of work, based on the previous few weeks or months. The term ‘actual hours’ refers to the number of hours actually worked in the week of the survey.

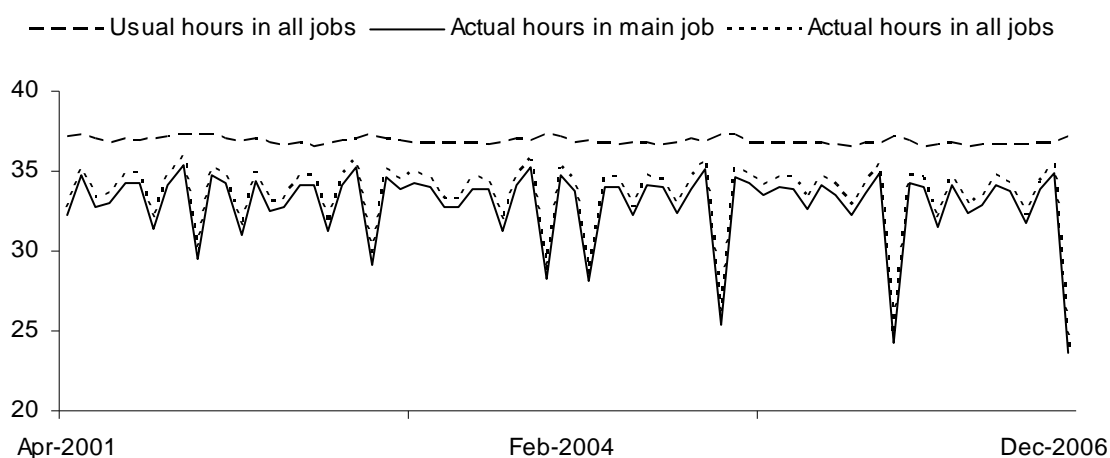
Both measures are used in yearly aggregates to estimate ongoing work patterns. At any one point in time, actual hours may give an inaccurate depiction of ongoing work patterns in cases where:

- working hours are generally volatile;
- people have rostered days off (usually one day every fortnight or month); and
- people have taken time off or have worked additional hours in the reference week.

However, actual hours may be more reliable in that respondents are required to describe their work patterns in the most recent week as opposed to making estimates based on a number of previous weeks.

Australia’s use of both usual and actual hours to measure part time work differs from the majority of OECD countries who use usual hours. In Australia, actual working hours per week tend to be lower than usual working hours on average (figure A.1). The approach based on actual hours alone would be expected to

Figure A.1 Different estimates of Australian working hours, 2001–06



Data source: ABS (*Labour Force, Australia, Detailed — Electronic Delivery*, February 2007, Cat. no. 6291.0.55.001).

provide a higher estimate of part time workers in Australia, compared with using usual hours. The relationship between actual and usual hours may be different in other countries, and so it is unclear what the impact of using a mix of usual and actual hours would have for international comparisons.

Reference jobs

Definitions of part time work also differ when accounting for people who hold more than one job (see column 4 of table A.1). Australia classifies full time and part time workers based on the total number of hours worked in all jobs held. However, most other OECD countries base their measurements of working hours on the job in which a person works the most hours, known as their ‘main job’. A person who works part time in their main job may actually have more than one job, and may work a full time week in all jobs combined. Consequently, measures that are based on the main job produce larger estimates of part time employment than those based on all jobs.

How comparable are the two measures? This depends on how many people hold multiple jobs, and how working hours are distributed among them. Around six per cent of the workforce hold more than one job, with an estimated 20 per cent¹ of part time jobs worked in conjunction with another job (ABS 2007 unpublished data). In the United States, approximately 5.2 per cent of the workforce had multiple jobs in 2006 (BLS 2007). Multiple job holders have been found to comprise less than 1.5 per cent of the workforce in some European countries, and up to 9 per cent of the workforce in other European countries (Rouault 2002). Thus, the difference between measures based on the main job and all jobs is likely to be small, but may impact on some international comparisons of working hours.

Cross-national comparisons of the general prevalence of part time work are most appropriately made between measures that are similar in regard to reference jobs. However, such information is not available for all countries.

A.2 Adjusted comparisons of part time work

The adjusted comparisons of part time work rates in section 2.4 used a methodology based on Abhayaratna and Lattimore (2006). The main objective was to limit the influence of age and gender structures on cross-national comparisons of part time work. Some adjustments were also made to account for differences in data collection.

¹ See section 11.2 on multiple job holding in chapter 11.

As the analysis in the present study focuses on part time work rates, some of the inherent challenges were somewhat different to those addressed in Abhayaratna and Lattimore (2006). First, many datasets on part time work (including those of the OECD) were found to have little information on the method and conditions under which the data was collected. Such information was sometimes found in other datasets provided by the OECD pertaining to population and labour force. However, it is often unclear how the part time work data may be properly matched against the population data. For the purposes of this study, several datasets were assumed to be compatible, based on the source notes to the OECD datasets.

Adjusting for data methodologies

Abhayaratna and Lattimore (2006) identified several areas that affected the cross-national comparisons of employment and the population. In the present study, these areas are used as a framework for improving the comparisons of part time work. The difference in focus between the present study and Abhayaratna and Lattimore (2006) has meant differences in the specific adjustments needed. The main adjustments made in this paper were to account for missing data for particular age groups, defence personnel and paid maternity leave. Other aspects were assumed to have a negligible impact on the analysis.

Imputations for younger and older workers

While most OECD countries have employment data available for persons aged 15 years and over, countries such as Spain, the United Kingdom and the United States had a lower age limit of 16 years. Furthermore, while most OECD countries collect employment data for persons aged 65 years and above, some countries use an upper age limit of 75 (Denmark, Luxembourg, Hungary, Finland, Iceland and Norway) or 65 (Sweden). As such, the unadjusted comparisons carry some bias due to differing age limits in each country's sample.

The present study imputes values for these missing data in order to correct for the cross-national differences. Imputations for the missing employment data are based on population data, which is generally available for each country for persons 15 years and over, and on employment data for the nearest available age groups.

For persons aged 15 years, employment data were estimated using available data for Australia. That is, an initial comparison of employment behaviours was made between Australians aged 15 years and those aged between 16-19 years. It was then assumed that the comparisons of the employment for the 15 year old group and the 16-19 year old group within each country were similar to the comparison made for

Australian data. This pertains to both the employment rate and the part time employment rate. For country X:

$$Emp_{X,15,gender} = Popn_{X,15,gender} \times \frac{Emp\%_{AUS,15,gender}}{Emp\%_{AUS,16-19,gender}} \times Emp\%_{X,16-19,gender}$$

$$PT_{X,15,gender} = Emp_{X,gender} \times \frac{PT\%_{AUS,15,gender}}{PT\%_{AUS,16-19,gender}} \times Emp\%_{X,16-19,gender}$$

$Emp_{X,Y,Z}$ = Employment for country X, age Y and gender Z.

$PT_{X,Y,Z}$ = Part time employment for country X, age Y and gender Z.

$Emp\%_{X,Y,Z}$ = Employment rate for country X, age Y and gender Z.

$PT\%_{X,Y,Z}$ = Part time employment rate for country X, age Y and gender Z.

$Popn_{X,Y,Z}$ = Population for country X, age Y and gender Z.

The behaviour of persons aged 75 years or more in Denmark, Luxembourg, Hungary, Finland, Sweden, Iceland, and Norway were approximated using data averages for the OECD. Data was sourced from the Eurostat (2008b), ABS (2006c, 2008a), and OECD (2008b). For country X:

$$Emp_{X,75+,gender} = Popn_{X,75+,gender} \times Emp\%_{OECD,75+,gender}$$

$$PT_{X,75+,gender} = Emp_{X,75+,gender} \times PT\%_{OECD,75+,gender}$$

Population data for older persons was sourced from Eurostat Labour Force Survey, while employment data was sourced from OECD *Usual Hours by Weekly Hour Bands* (OECD 2007a).

Adjustments for defence personnel

The majority of OECD countries included permanent defence personnel in their employment figures. Those who excluded defence personnel, as explicitly stated in the notes to the OECD (2007a), include: Australia; Canada; Hungary; New Zealand; South Korea; and the United States. For these countries, the numbers of permanent defence personnel for each age and gender group were imputed into the relevant employment figures.

These imputations involved several important assumptions.

- All permanent defence personnel in all countries are employed full time.
- All permanent defence personnel have a similar age distribution as the United States.
- Participation in a reserve defence force is not counted as employment.

This approach is taken due mainly to a lack of data, particularly with regard to part time soldiers and reservists. Data was sourced from the OECD (2008b), and age specific data from Department of Defense (2005).

The imputation for defence personnel was carried out as follows for each country X that did not include defence personnel in employment figures:

$$Def_{X,age,gender} = Def_{X,gender} \times \left(\frac{Def_{US,age,gender}}{Def_{US,gender}} \right)$$

where:

- $Def_{X,gender}$ = The number of defence personnel from OECD *Population and Labour Force*.
- $Def_{US,age,gender}$ = The number of defence personnel of a particular age and gender group in the US Defence Forces from Department of Defense (2005).
- $Def_{US,gender}$ = The number of defence personnel of a particular gender in the US Defence Forces from Department of Defense (2005).

The estimated number of defence personnel for each age and gender specific group is added to the total employment for that group.

Paid maternity leave

A further discrepancy between the methodologies used by different countries to collect employment data relates to paid maternity leave. While those on unpaid maternity leave are registered as being outside of the labour force, people on paid maternity leave are considered employed. This affects cross-national comparisons of employment because countries differ in their use of paid and unpaid maternity leave. Perhaps the largest potential influence this may have on comparisons of part time work relates to the number of women who are included in employment data.

In order to account for these differences, paid maternity leave is treated as being outside of employment, similar to unpaid leave. Estimates are made of the extent of paid maternity leave during a single year in each country, and the employment and

part time employment figures are reduced by this amount. Estimates are made using age-specific data on population, employment, fertility, and access to paid maternity leave for each country.

Implicit in this method are some important assumptions, including that:

- the probability of having a child is not affected by the mother's labour force status;
- women on paid maternity leave are not otherwise counted by surveys as being on unpaid maternity leave;
- the incidence of paternity leave is negligible; and
- part time workers have half the number of weeks of paid maternity leave as full time workers.

The latter assumption is due to a lack of data on the use of maternity leave by full time and part time workers. Fertility data was sourced from Eurostat (2008a), Statistics Canada (2008), US Census Bureau (2004), Statistics New Zealand (2008), EOWA 1998) and UN (2005a, 2005b). Access to paid maternity leave in Australia for full time and part time workers is estimated using ABS (2006d). The number of women on paid maternity leave was estimated for country X as follows:

$$WPM_{X,age} = \frac{(FR\%_{X,age} \times Emp_{X,age} \times Wks_X)}{52}$$

where:

- $WPM_{X,age}$ = Women on paid maternity leave for country X at any one time.
- $FR\%_{X,age}$ = The age specific fertility rate sourced.
- $Emp_{X,age}$ = Number of women employed in each age group.
- Wks_X = Weeks of paid maternity leave.

For Korea and Japan, total fertility rates are used instead of age specific rates, and the denominator is adjusted accordingly.

Age and gender standardisation

Once adjustments had been made to account for differences in data methodology, new adjusted estimates were derived for each country pertaining to:

- the age and gender specific employment;
- the age and gender specific part time employment rates;

-
- total employment.

From these estimates, the age and gender breakdown was calculated for the Australian workforce. This breakdown was then applied to the total employment figure for each other country, thereby creating new estimates for age and gender specific workforces for each country. For country X:

$$Emp_{X,age,gender}^{\wedge} = Emp_{X,gender}^{\#} \times \frac{Emp_{AUS,age,gender}^{\#}}{Emp_{AUS,gender}^{\#}}$$

$$PT_{X,age,gender}^{\wedge} = Emp_{X,age,gender}^{\wedge} \times PT\%_{X,age,gender}^{\#}$$

where:

- $PT_{X,age,gender}^{\wedge}$ = the final estimate of the number of part time workers in country X.
- $Emp_{X,age,gender}^{\wedge}$ = the final estimate of the number of workers in country X.
- $Emp_{AUS,age,gender}^{\#}$ = the estimate for employment in Australia by age and gender, adjusted for differences in data collection.
- $Emp_{AUS,gender}^{\#}$ = the estimate for employment in Australia by gender, adjusted for differences in data collection.
- $PT_{AUS,age,gender}^{\#}$ = the estimate for part time workers in Australia by age and gender, adjusted for differences in data collection.

The entire adjustment process, including adjustments made for data methodology and the age and gender standardisation, results in changes to the part time work rate of between -1.5 and 4.0 percentage points. The results of the adjustment process are presented in table A.7.

A.3 International comparisons data

This section of the appendix contains detailed results for the international comparisons discussed in chapter 2. Tables A.2 to A.6 present comparisons of unadjusted data with regard to levels of part time work and part time working hours. These tables use different definitions of part time work as explained in section A.1. Table A.7 contains comparisons of data that have been adjusted to account for differences between workforces regarding age and gender structures. The data in this table are adjusted using the process described in section A.2.

Table A.2 Part time workers as a percentage of workforce, 2006

Country ^a	National definitions ^b	<30 weekly hours	<35 weekly hours ^c
	%	%	%
Australia (actual, main)	–	28.8	39.7
Australia ^d (actual, all)	28.6	27.1	35.5
Australia ^e (usual, all) (AUS)	28.6	24.0	29.7
Austria (AUT)	16.1	17.3	22.3
Belgium (BEL)	21.9	19.3	27.5
Canada (CAN)	18.3	18.1	25.0
Czech Republic (CZE)	4.9	3.3	5.4
Denmark (DNK)	22.0	18.1	27.6
Finland (FIN)	13.7	11.4	17.6
France (FRA)	17.2	13.3	19.5
Germany (DEU)	24.2	21.9	27.0
Greece (GRC)	4.8	7.5	12.8
Hungary (HUN)	3.6	3.0	4.8
Iceland (ISL)	–	16.0	22.5
Ireland (IRL)	12.8	19.9	24.2
Italy (ITA)	13.0	14.9	19.4
Japan (JAP)	25.8	17.9	24.3
Korea (KOR)	–	8.8	11.8
Luxembourg (LUX)	17.4	12.7	16.5
Netherlands (NLD)	46.7	35.5	46.3
New Zealand (NZL)	22.9	21.3	26.9
Norway (NOR)	26.5	21.1	28.4
Poland (POL)	10.8	10.8	14.2
Portugal (PRT)	11.2	9.3	12.7
Slovak Republic (SVK)	2.5	2.5	3.9
Spain (ESP)	12.4	11.1	15.0
Sweden (SWE)	27.1	13.4	24.7
Switzerland (CHE)	31.7	25.5	30.4
Turkey (TUR)	5.9	7.9	10.2
United Kingdom (GBR)	25.7	23.4	28.8
United States (USA)	17.4	12.6	17.0
OECD	18.1	15.3	20.4

^a OECD countries not listed include Mexico. ^b National data is for 2005. National data for the Netherlands are calculated using the 35 hour cut-off. ^c Less than 35 hour cut-off for Australian actual hours across all jobs and for all other countries is based on estimates of part time work from *Usual Hours Worked by Weekly Hour Bands* and estimates of total workforce from *FTPT Employment Based on a Common Definition*. ^d Part time work rates and rankings are made using measures of actual working hours in all jobs for Australia. ^e Part time work rates and rankings are made using measures of usual working hours in all jobs for Australia.

Sources: Australian data pertaining to the main job and usual hours are yearly averages calculated from ABS (*Labour Force, Australia, Detailed – Electronic Delivery, February 2007*, Cat. no. 6291.0.55.001); US national data taken from BLS (*Current Population Survey 2007*); Swedish national data taken from Statistics Sweden (*Labour Force Survey 2007*); All other data is sourced from the OECD dataset (*Usual Hours Worked by Weekly Hour Bands*; *FTPT Employment Based on a Common Definition*; *FTPT Employment Based on National Definitions*).

Table A.3 Percentage of part time workers who are female, 2006

<i>Country</i>	<i><30 weekly hours</i>	<i><35 weekly hours</i>	<i>National^a</i>	<i>1–19 weekly hours</i>	<i>20–29 weekly hours</i>	<i>30–34 weekly hours</i>
Australia (actual main)	66.2	62.1	–	–	–	–
Australia (usual all)	72.0	70.9	71.1	–	–	–
Australia (actual all)	67.3	65.0	71.1	67.3	67.3	57.6
Austria	83.1	83.1	78.4	79.3	85.6	82.8
Belgium	81.1	79.2	88.0	83.2	79.5	74.5
Canada	68.1	67.7	71.2	66.0	70.2	66.6
Czech Republic	72.8	73.7	85.2	68.6	74.6	75.1
Denmark	66.2	71.8	62.9	59.3	76.7	82.6
Finland	62.9	65.8	89.7	63.3	62.6	71.1
France	79.4	78.6	47.8	78.6	80.0	76.8
Germany	81.1	80.0	89.6	78.5	84.4	75.4
Greece	67.0	64.8	87.5	70.5	65.5	61.7
Hungary	70.4	70.1	72.0	65.6	71.3	69.6
Iceland	74.2	76.0	–	67.4	79.8	80.3
Ireland	78.7	77.6	64.5	78.4	78.8	72.4
Italy	78.4	76.4	74.4	75.4	79.7	69.8
Japan	68.8	69.4	80.5	69.2	73.8	61.2
Korea	58.5	57.4	–	59.1	57.8	54.4
Luxembourg	93.1	91.5	76.2	96.4	92.1	86.2
Netherlands	75.5	72.4	–	71.6	81.3	62.1
New Zealand	74.4	73.6	77.8	73.1	76.3	70.8
Norway	73.5	73.0	78.3	69.9	79.3	71.7
Poland	67.0	65.1	66.3	65.0	68.2	59.0
Portugal	65.8	64.7	84.6	69.0	63.2	61.7
Slovak Republic	70.0	70.6	71.2	69.5	70.2	71.6
Spain	79.3	77.2	89.4	79.3	79.3	71.4
Sweden	67.3	73.3	70.4	62.5	70.2	80.6
Switzerland	81.2	80.1	65.9	81.0	81.6	74.4
Turkey	58.6	55.4	91.8	61.6	56.8	44.6
United Kingdom	77.6	76.8	58.8	76.2	79.2	73.5
United States	67.8	68.4	—	67.5	68.0	70.0
OECD	72.1	71.5	72.5	71.6	73.6	67.9

^a National data is for 2005.

Sources: Australian data pertaining to the main job and usual hours are from ABS (2007a). All other data is sourced from the OECD (2007a, 2007b and 2007c).

Table A.4 **Per cent of part time workers by gender, 2006^a**

<i>Country</i>	<i>National definitions^b</i>	<i><30 weekly hours</i>	<i><35 weekly hours^c</i>
Women			
Australia (actual, main)	–	42.8	55.4
Australia (actual, all)	45.2	40.7	51.5
Australia (usual, all)	45.2	38.4	46.9
Austria	29.7	31.4	40.4
Belgium	40.7	34.7	48.1
Canada	26.8	26.2	36.0
Czech Republic	8.6	5.6	9.2
Denmark	32.7	25.6	42.4
Finland	18.6	14.9	24.1
France	30.8	22.9	33.2
Germany	44.3	39.2	47.6
Greece	9.1	12.9	21.4
Hungary	5.3	4.4	7.2
Iceland	–	26.0	37.5
Ireland	24.4	34.9	41.8
Italy	25.6	29.4	37.2
Japan	42.3	31.2	40.7
Korea	–	12.3	16.2
Luxembourg	38.1	27.2	34.8
Netherlands	75.3	59.7	74.7
New Zealand	36.9	34.5	43.1
Norway	42.6	32.9	44.1
Poland	14.2	16.3	20.7
Portugal	16.2	13.2	17.8
Slovak Republic	4.1	4.1	6.3
Spain	24.2	21.4	28.2
Sweden ^d	38.7	19.0	38.1
Switzerland	56.7	45.7	53.8
Turkey	13.5	17.8	21.8
United Kingdom	43.1	38.8	47.2
United States	24.7	17.8	24.3
OECD	29.8	25.2	33.0

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Table A.4 (continued)

Country	National definitions ^b	<30 weekly hours	<35 weekly hours ^c
Men			
Australia (actual, main)	–	17.6	27.2
Australia (actual, all)	15.1	16.0	22.5
Australia (usual, all)	15.1	12.2	15.7
Austria	4.8	5.4	7.0
Belgium	7.1	6.7	10.5
Canada	10.8	10.9	15.3
Czech Republic	2.1	1.6	2.5
Denmark	12.8	11.4	14.5
Finland	9.2	8.1	11.6
France	5.7	5.1	7.8
Germany	7.7	7.6	9.9
Greece	2.1	4.0	7.3
Hungary	2.0	1.7	2.8
Iceland	–	7.6	10.0
Ireland	5.0	7.7	9.8
Italy	4.7	5.3	7.6
Japan	14.2	8.4	12.7
Korea	–	6.3	8.6
Luxembourg	2.5	1.5	2.5
Netherlands	22.6	15.8	23.2
New Zealand	10.9	10.1	13.1
Norway	12.3	10.6	14.5
Poland	8.0	6.5	8.9
Portugal	7.0	5.9	8.3
Slovak Republic	1.3	1.3	2.0
Spain	4.5	3.9	5.8
Sweden ^d	11.2	8.4	12.6
Switzerland	10.9	8.8	11.1
Turkey	3.2	4.4	6.2
United Kingdom	10.6	9.9	12.6
United States	10.6	7.8	10.3
OECD	8.9	7.5	10.4

^a OECD countries not listed are Iceland and Mexico. ^b National data is for 2005 except for US national data which is for 2006. National data for the Netherlands are calculated using the 35 hour cut-off. ^c For Australia, part time work under the 35 hour cut-off refers to actual hours across all jobs. For all other countries, it is based on estimates of part time work from *Usual Hours Worked by Weekly Hour Bands* and estimates of total workforce from *FTPT Employment Based on a Common Definition*. ^d National data for Sweden is taken from Eurostat, as the OECD data reported a part time rate of 74.3 per cent for Swedish men, and this is likely to be an error. The data for Swedish women is similar between the OECD and Eurostat.

Sources: Australian data pertaining to the main job and usual hours are from ABS (*Labour Force, Australia, Detailed – Electronic Delivery, February 2007 Cat. no. 6291.0.55.001*); US national data taken from BLS (*Current Population Survey 2007*); Swedish national data is taken from (*Eurostat Labour Force Survey Full-Time and Part-Time Employment by Sex, Age Groups and Economic Activity 2007*); All other data is sourced from the OECD datasets (*Usual Hours Worked by Weekly Hour Bands; FTPT Employment Based on a Common Definition; FTPT Employment Based on National Definitions*).

Table A.5 Age composition of part time workforce, 2006

Per cent of part time workers

<i>Country</i>	<i>15 to 24 years</i>	<i>25 to 54 years</i>	<i>55 to 64 years</i>	<i>65 years and over</i>	<i>Total</i>
Australia	24.3	57.2	12.4	6.2	100.0
Austria	8.7	78.4	9.5	3.4	100.0
Belgium	7.3	81.0	10.3	1.4	100.0
Canada	30.7	49.1	12.2	8.0	100.0
Switzerland	10.8	76.5	12.7	0.0	100.0
Czech Republic	5.4	53.8	19.2	21.6	100.0
Germany	8.5	74.7	13.6	3.3	100.0
Denmark	31.0	50.0	15.1	3.9	100.0
Spain	16.1	72.8	9.5	1.6	100.0
Finland	26.0	50.9	19.1	4.0	100.0
France	8.8	77.6	12.7	0.9	100.0
United Kingdom	18.3	59.5	16.8	5.4	100.0
Greece	8.6	74.7	12.4	4.3	100.0
Hungary	7.1	67.9	20.6	4.4	100.0
Ireland	17.3	65.9	13.9	3.0	100.0
Iceland	31.8	57.3	10.9	0.0	100.0
Italy	6.5	79.6	11.1	2.9	100.0
Japan	9.9	44.0	19.0	27.0	100.0
Korea	9.6	50.7	12.5	27.2	100.0
Luxembourg	3.1	86.9	9.9	0.1	100.0
Netherlands	23.3	62.1	12.3	2.3	100.0
Norway	24.4	55.1	16.5	4.0	100.0
New Zealand	23.3	52.3	13.6	10.8	100.0
OECD	20.2	52.9	11.2	15.6	100.0
Poland	12.9	60.2	12.2	14.7	100.0
Portugal	7.0	41.8	20.6	30.6	100.0
Slovak Republic	9.5	66.2	16.6	7.7	100.0
Sweden	19.5	58.4	22.1	0.0	100.0
Turkey	14.7	61.5	11.1	12.7	100.0
United States	34.5	40.5	10.4	14.6	100.0

^a Part time work based on a common 35 hour cut-off.

Source: OECD Usual Hours Worked by Weekly Hour Bands.

Table A.6 Part time work rates by age group, 2006

Per cent of the workers in each age group that is part time

Country	National definition of part time work ^a				1–19 weekly work hours			
	15–24 years	25–54 years	55–64 years	65 years and over	15–24 years	25–54 years	55–64 years	65 years and over
Australia ^b	43.3	24.1	29.5	49.2	53.5	35.3	40.7	58.3
Australia ^c	40.5	18.8	24.4	45.9	45.6	24.5	31.3	53.7
Australia ^d	42.4	22.3	27.2	46.6	52.5	34.1	39.5	57.2
Austria	11.8	17.2	21.5	54.9	14.4	22.6	25.7	64.5
Belgium	18.7	18.4	26.4	71.8	24.8	26.8	34.7	73.6
Canada	44.1	11.6	18.6	43.8	52.2	18.1	26.1	54.3
Czech Republic	3.0	2.2	6.1	43.2	4.3	4.2	8.8	53.7
Denmark	55.1	10.1	16.0	60.5	61.3	19.9	27.0	68.7
Finland	31.8	6.5	16.2	60.0	41.9	12.5	21.1	68.0
France	17.1	12.2	17.9	36.8	21.1	18.7	23.7	45.3
Germany	18.0	21.4	24.3	63.8	20.5	26.9	29.2	68.2
Greece	11.8	7.0	6.5	18.4	16.4	12.0	13.6	28.1
Hungary	2.8	2.1	6.3	24.5	4.9	4.0	9.8	42.7
Iceland	35.6	10.9	17.2	–	40.0	17.7	24.5	–
Ireland	23.1	17.8	26.9	40.4	26.1	22.0	33.0	47.1
Italy	14.9	14.4	17.3	25.6	18.4	18.8	22.1	35.2
Japan	31.1	19.4	28.2	48.8	31.0	19.3	28.1	48.6
Korea	14.9	6.5	11.8	24.6	18.5	9.2	15.3	29.8
Luxembourg	4.9	12.9	16.9	8.4	8.0	16.8	20.8	11.6
Netherlands	59.9	28.8	38.6	81.2	68.9	40.2	49.7	84.6
New Zealand	36.0	16.7	20.9	46.1	39.9	22.3	27.5	55.1
Norway	48.8	14.8	22.3	50.2	53.4	22.6	30.0	59.0
Poland	16.3	8.6	18.9	50.9	20.6	11.4	23.9	64.2
Portugal	7.1	5.0	16.6	49.3	9.9	7.3	22.8	62.2
Slovak Republic	3.2	1.9	6.5	38.0	3.9	3.3	8.1	46.5
Spain	19.6	10.0	9.8	27.4	23.3	13.9	14.1	35.0
Sweden	36.2	9.2	16.5	–	47.1	20.5	27.9	–
Switzerland	18.7	24.4	35.3	–	21.2	29.9	40.2	–
Turkey	7.9	6.7	16.2	22.7	9.6	9.0	19.6	26.9
United Kingdom	34.9	19.1	27.4	67.3	39.2	24.5	33.9	74.0
United States	33.8	7.1	10.6	37.6	41.7	10.8	15.2	44.6
OECD	28.3	12.6	19.1	41.7	33.4	16.6	23.3	46.1

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Table A.6 (continued)

Country	<i>National definition of part time work^a</i>				<i>1–19 weekly work hours</i>			
	<i>15–24 years</i>	<i>25–54 years</i>	<i>55–64 years</i>	<i>65 years and over</i>	<i>15–24 years</i>	<i>25–54 years</i>	<i>55–64 years</i>	<i>65 years and over</i>
Australia	44.4	23.4	30.1	52.2	32.6	11.6	15.0	31.6
Austria	12.7	15.9	20	44.8	7.7	5.7	11.4	33.5
Belgium	24	21.1	25.4	56.5	7.4	7.5	15.4	51.4
Canada	44.6	12.0	18.5	42.6	28.0	4.5	8.7	26.7
Czech Republic	3.3	3.8	8.3	51.8	1.0	0.5	2.2	20.3
Denmark	56.3	15.2	19.6	52.7	48.3	3.8	6.2	38.2
Finland	39.4	8.2	19.3	60.7	22.8	2.8	6.7	44.0
France	21.6	16.1	20.6	49.7	7.5	4.7	10.1	21.5
Germany	17.1	24.0	26.6	67.2	14.0	11.3	14.1	52.9
Greece	10.7	4.0	5.0	14.2	4.0	2.1	2.4	6.8
Hungary	3.4	2.7	8.9	40.6	0.5	0.2	1.4	16.3
Iceland	–	–	–	–	26.3	3.1	5.0	–
Ireland	21.7	10.6	13.6	20.5	14.8	5.7	11.2	21.7
Italy	16.2	12.8	10.5	23.9	4.9	4.1	7.0	11.3
Japan	25.4	14.2	20.6	38.5	9.7	3.6	5.6	14.3
Korea	–	–	–	–	9.2	3.0	5.3	12.5
Luxembourg	8.5	17.8	20.6	22.1	0.9	2.8	5.5	–
Netherlands	–	–	–	–	52.3	13.3	22.2	58.0
New Zealand	38.6	18.2	22.7	47.5	27.8	8.7	11.3	29.9
Norway	52.3	21.4	27.0	52.7	39.7	7.5	12.6	36.8
Poland	24.2	7.2	20.5	58.6	7.7	2.9	7.0	28.1
Portugal	8.6	6.4	18.8	57.3	2.8	2.0	7.6	25.7
Slovak Republic	2.8	2.0	6.8	37.3	0.8	0.3	2.3	16.9
Spain	20.9	11.2	10.7	35.2	8.8	3.5	4.5	16.6
Sweden	50.0	47.5	47.8	–	24.3	2.7	4.1	–
Switzerland	20.1	31.5	36.9	72.7	15.3	13.1	22.8	–
Turkey	5.9	5.1	10.7	13.7	3.2	2.4	6.2	9.0
United Kingdom	35.1	21.3	31.7	70.6	26.3	8.8	14.8	45.2
United States	–	–	–	–	15.7	2.4	3.9	17.9
OECD	24.5	15.3	21.6	40.1	15.6	4.7	7.5	17.8

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Table A.6 (continued)

Country	National definition of part time work ^a				1–19 weekly work hours			
	15–24 years	25–54 years	55–64 years	65 years and over	15–24 years	25–54 years	55–64 years	65 years and over
Australia	10.5	10.7	12.2	15.1	7.4	8.5	9.1	8.9
Austria	4.1	11.5	10.0	21.4	2.6	5.4	4.2	9.6
Belgium	11.3	10.9	11.0	20.4	6.1	8.4	8.3	1.8
Canada	16.2	7.1	9.9	17.1	8.1	6.5	7.5	10.5
Czech Republic	2.0	1.8	3.9	23.1	1.3	1.9	2.7	10.2
Denmark	6.8	6.3	9.8	22.3	6.2	9.9	11.0	8.3
Finland	9.0	3.8	9.5	16.0	10.1	5.9	4.9	8.0
France	9.6	7.5	7.8	15.3	4.0	6.5	5.8	8.6
Germany	4.0	10.1	10.1	10.9	2.5	5.4	4.9	4.5
Greece	7.8	4.9	4.0	11.5	4.6	5.0	7.1	9.7
Hungary	2.5	2.1	5.6	16.9	1.9	1.7	2.8	9.6
Iceland	9.3	7.8	12.2	–	4.5	6.8	7.4	–
Ireland	8.3	12.1	15.8	18.6	3.0	4.2	6.1	6.8
Italy	10.1	10.3	10.3	14.3	3.5	4.4	4.8	9.6
Japan	14.9	10.1	14.6	24.1	6.4	5.6	7.9	10.2
Korea	5.8	3.5	6.5	12.1	3.6	2.7	3.4	5.2
Luxembourg	4.1	10.0	11.3	8.4	3.0	3.9	3.9	3.2
Netherlands	7.6	15.5	16.4	23.2	9.0	11.3	11.1	3.4
New Zealand	8.2	8.0	9.6	16.2	3.9	5.6	6.6	9.0
Norway	9.1	7.4	9.8	13.4	4.5	7.7	7.6	8.8
Poland	8.6	5.6	11.9	22.8	4.3	2.8	5.0	13.3
Portugal	4.3	3.0	9.0	23.6	2.7	2.3	6.2	12.9
Slovak Republic	2.3	1.6	4.2	21.1	0.8	1.3	1.7	8.5
Spain	10.7	6.6	5.2	10.8	3.8	3.8	4.3	7.6
Sweden	12.0	6.6	12.4	–	10.9	11.3	11.4	–
Switzerland	3.4	11.4	12.5	–	2.4	5.4	4.9	–
Turkey	4.7	4.3	9.9	13.7	1.8	2.3	3.4	4.2
United Kingdom	8.6	10.3	12.6	22.2	4.4	5.3	6.5	6.7
United States	18.1	4.7	6.8	19.7	7.8	3.6	4.5	7.0
OECD	12.1	7.2	9.9	20.0	5.7	4.7	5.9	8.2

^a National data is for 2005. ^b Measure is based on actual hours in the main job. ^c Measure is based on usual hours in all jobs. ^d Measure is based on actual hours in all jobs.

Sources: Australian data pertaining to the main job and usual hours are from ABS (*Labour Force, Australia, Detailed — Electronic Delivery, February 2007* Cat. no. 6291.0.55.001). All other data is sourced from the OECD datasets (*Usual Hours Worked by Weekly Hour Bands; FTPT Employment Based on a Common Definition; FTPT Employment Based on National Definitions*).

Table A.7 Adjusted comparisons of part time work, 2006^a
per cent of workers working part time

	<i>Adjusted part time work rate^b</i>	<i>Original part time work rate</i>	<i>Difference</i>
Australia	35.7	35.5	0.2
Austria	21.7	22.3	-0.6
Belgium	28.9	27.5	1.4
Canada	25.3	25.0	0.3
Czech Republic	6.9	5.4	1.5
Germany	25.6	27.0	-1.4
Denmark	27.8	27.6	0.2
Spain	15.4	15.0	0.4
Finland	21.1	17.6	3.5
France	20.0	19.5	0.5
United Kingdom	27.9	28.8	-0.9
Greece	13.5	12.8	0.7
Hungary	6.9	4.8	2.1
Ireland	25.1	24.2	0.9
Italy	18.6	19.4	-0.8
Japan	23.5	24.3	-0.8
Korea	12.3	11.8	0.5
Luxembourg	15.0	16.5	-1.5
Netherlands	45.4	46.3	-0.9
Norway	28.8	28.4	0.4
New Zealand	25.1	26.9	-1.8
OECD	20.8	20.4	0.4
Poland	18.2	14.2	4.0
Portugal	11.6	12.7	-1.1
Slovak Republic	6.1	3.9	2.2
Sweden	26.7	24.7	2.0
Turkey	11.0	10.2	0.8
United States	17.2	17.0	0.2

^a Part time work is defined as fewer than 35 work hours per week. ^b Adjusted data are standardised to reflect the age and gender distribution of the Australian workforce. Adjusted data also include military personnel and exclude women on paid maternity leave from the workforce. Imputations are also made for missing data.

Sources: Based on ABS (2006a, 2006c, 2006d and 2008a); OECD (2007a, 2007b, 2008a); Eurostat (2008a and 2008b); Statistics Canada (2008); US Census Bureau (2004); Statistics New Zealand (2008); EOWA 1998); UN (2005a, 2005b); Department of Defense (2005).

B Changes to part time employment

Model specification

The econometric model used to examine the roles played by the year, age and cohort effects on part time employment is based on an approach developed by Beaudry and Lemieux (1999) in their work using Canadian labour market data. The decision to work part time is binary in nature (that is, an individual decides whether to work part time or not). For persons as a group, the proportion who work part time will lie between 0 and 1. This is equivalent to modelling the odds of a person working part time. Accordingly, the values of the dependent variable, the part time employment rate (PTE), as measured by the part time employment to population ratio, can be similarly constrained by the following logistic transformation:

$$\text{LnPTE} = \text{Ln}\left(\frac{\text{PTE}}{(1 - \text{PTE})}\right)$$

The dependent variable, the part time employment to population ratio, is for cohort j at time t expressed in the form:

$$\text{Ln}\left(\frac{\text{PTE}_{jt}}{(1 - \text{PTE}_{jt})}\right)$$

As noted in chapter 3, the year effect captures the effects of events that happen contemporaneously with participation in part time employment. In this study, in common with other approaches, only one macroeconomic variable is used, the unemployment rate among men 25-44 years. As the labour force participation rate for male prime age groups has remained largely stable in the longer run, this variable captures, as far as possible, the short term fluctuations in the labour market as reflected by changes in the macroeconomy.¹

¹ A common problem with cohort analysis surrounds the problem of collinearity between the year, age and cohort effects, *the identification problem*. The age of the cohort j in time t , $A_{jt} = t-j$. That is, the age is a simple combination of the year and birth year. This introduces the problem of perfect collinearity among the explanatory variables. This study assumes that the year effect is represented by the macroeconomic variable, UR_t , which varies over time according to economic conditions. It is therefore not a simple combination of age and cohort, and overcomes the collinearity problem.

A simple model would treat the cohort and age variables independently. That is, the cohort effect would have the same effect on every age group. This would be represented by a simple displacement of the intercept term for each of the part time employment lifecycle curves. However, researchers such as Beaudry and Lemieux (1999) have found both changes in the shape of the lifecycle curves as well as an upward displacement in those curves. This implies that the cohort effects operate differently on different age groups. Accordingly, it is appropriate that age-cohort interaction terms be introduced to allow the age effect to vary from one cohort to another.

The following specification of the model incorporates this interaction:

$$\text{Ln}\left(\frac{\text{PTE}_{jt}}{(1 - \text{PTE}_{jt})}\right) = \alpha + \lambda \text{UR}_t + \beta_1 A_{jt} + \gamma_1 C_j + \sigma_1 A_{jt} C_j$$

Where PTE_{jt} is the part time employment rate for cohort j in time t , UR_t is the unemployment rate for men 25–44 years at time t , A_{jt} is the set of age variables at time t , which captures the lifecycle changes in part time employment. C_j is the set of cohort variables which captures the social phenomenon that different groups share which sets them apart from other groups. $A_{jt}C_j$ represents the age and cohort interaction allowing for the possibility of different cohort effects across the age groups.

The data for this analysis are derived from the ABS Labour force survey which provides information on the age and employment status of the population over the period 1966 to 2006. The data are collected for twelve 5 year age groups, namely 15–19 years, 20–24 years,, 65–70 years and 70+ years. Men and women are modelled separately given the marked differences in their part time employment rates.

The oldest cohort members were born in the first decade of the 20th century, with the youngest cohort's members born in the last decade of the 20th century. There are eighteen 5 year cohorts born 1901–1906, 1907–1911,, 1987–1991. The older and younger cohorts have fewer observations than other cohorts but no cohort can be tracked throughout its working life — the length of a 40 year data base is clearly too short to capture any cohort's entire working life.

Tables B.1 and B.2 provide the results of various specifications for men's and women's part time employment respectively. The individual parameter values are stable for different model specifications. Model 1M for men and W1 for women have been selected as the preferred models. Figure B.1 presents the estimated and actual aggregate part time employment populations ratios based on models 1M and 1W. Both models describe a close fit between actual and estimated part time

employment to population shares for selected years that conform to the movements of cohorts through successive age groupings. The average absolute difference between aggregate actual and estimated shares is 0.6 percentage points for women and 0.4 percentage points for men.

Table B.1 Models of year, age and cohort effects on male part time work
Estimated models of $\ln(\text{PTE}/(1-\text{PTE}))^a$

	<i>Model 1M</i>	<i>Model 2M</i>	<i>Model 3M</i>	<i>Model 4M</i>
<i>Variables^b</i>				
CONSTANT	–	–	-3.17 (-17.83)	–
UNEMPLOYMENT	0.02 (1.84)	–	0.06 (1.82)	0.02 (1.74)
AGE	-4.34 (-43.67)	-4.32 (-43.09)	–	-4.34 (-42.47)
AGE ²	1.14 (34.16)	1.14 (33.64)	–	1.14 (31.18)
AGE ³	-0.09 (-29.04)	-0.09 (-28.62)	–	-0.09 (-25.78)
COHORT ²	0.04 (23.46)	0.04 (25.24)	–	0.04 (19.52)
AGE*COHORT	–	–	–	0.0003 (0.06)
<i>Diagnostic statistics</i>				
Adjusted R ²	0.92	0.92	0.03	0.92
SE Regression	0.18	0.19	0.65	0.19
N	84	84	84	84

^a The data used was yearly averages of monthly labour force data 1981, 1986, 1991, 1996, 2001 and 2006 and August labour force data for 1966, 1971, 1976. A dummy variable was used to account for any changes arising from the different basis of the earlier data. The coefficient on the variable was found not to be statistically significant. ^b UNEMPLOYMENT is the unemployment rate for men aged 25–44 years. AGE is calculated as the lower age of age group divided by 10. COHORT refers to the [(birth year-1900)/10].

Source: ABS (*Labour Force Historical Timeseries Australia*, Cat. no. 6291.0.55.001 LM8 Data Cubes and 6204055001ITS0002 Table 4).

Table B.2 Models of year, age and cohort effects on female part time work
 Estimated models of $\ln(\text{PTE}/(1-\text{PTE}))^{\text{a}}$

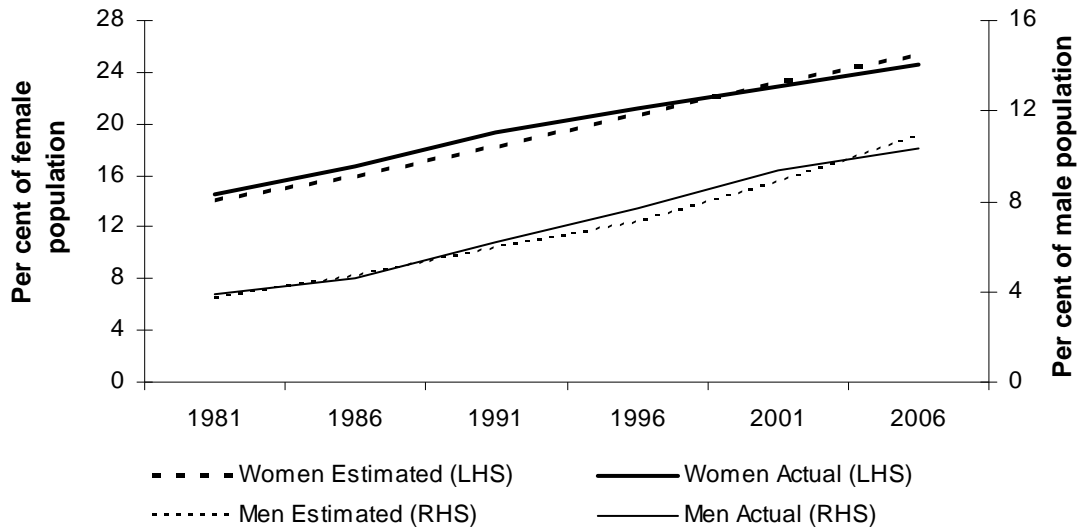
	<i>Model 1W</i>	<i>Model 2W</i>	<i>Model 3W</i>	<i>Model 4W</i>
<i>Variables^b</i>				
CONSTANT	–	–	–	-1.82 (-4.23)
UNEMPLOYMENT	–	0.002 (0.11)	–	0.02 (0.23)
AGE	-6.02 (-11.38)	-6.03 (-11.22)	-4.82 (-12.13)	–
AGE ²	2.67 (9.50)	2.67 (9.41)	2.02 (9.80)	–
AGE ³	-0.40 (-7.79)	-0.40 (-7.72)	-0.29 (-7.24)	–
Age ⁴	0.02 (5.76)	0.02 (5.72)	0.01 (4.55)	–
COHORT	0.46 (7.59)	0.46 (7.51)	0.29 (8.59)	–
AGE*COHORT	(-0.04) (-3.22)	-0.04 (-3.20)	–	–
DATA(1)	-0.29 (-2.55)	-0.28 (-2.15)	-0.30 (-2.53)	-0.79 (-1.75)
<i>Diagnostic statistics</i>				
Adjusted R ²	0.95	0.95	0.94	0.05
SE Regression	0.25	0.25	0.27	1.08
N	84	84	84	84

^a The data used was yearly averages of monthly labour force data 1981, 1986, 1991, 1996, 2001 and 2006 and August labour force data for 1966, 1971, 1976. A dummy variable, called DATA, was used to account for any changes arising from the different basis of the earlier data. ^b UNEMPLOYMENT is the unemployment rate for men aged 25–44 years. AGE is calculated as the lower age of age group divided by 10. COHORT refers to the [(birth year-1900)/10].

Source: ABS (*Labour Force Historical Timeseries, Australia*. Cat. no. 6291.0.55.001 LM8 Data Cubes and 6204055001ITS0002 Table 4).

Figure B.1 **Estimated and actual aggregate part time employment share of population, selected years — men and women**

Based on estimates derived from models 1M and 1W



C Demand side factors

In Chapter 4 demand side reasons for the growth of part time employment were investigated. This appendix contains the results of quantitative analysis used to investigate the reasons described in that chapter.

Table C.1 Changes in the part time share of employment in response to movements in aggregate hours of work, 1984–2007

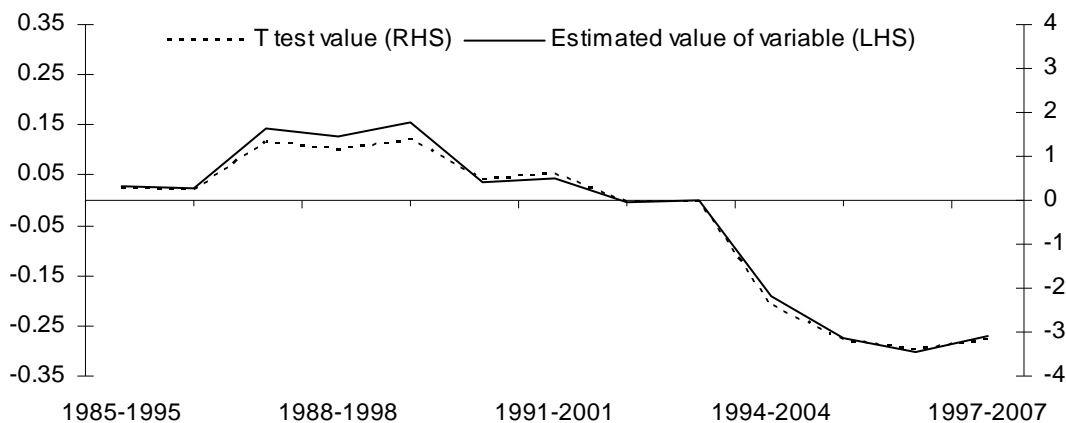
<i>Variable</i>	<i>Coefficient</i>	<i>Standard Error</i>	<i>t-statistic</i>	<i>Prob.</i>
Constant	0.15	0.08	1.97	0.05
Change aggregate hours	-0.07	0.05	-1.29	0.20
R ²	0.02	F statistic	1.67	
Adj R ²	0.0077	DW stat.	2.90	
SE Reg	0.68	N = 90		

Source: ABS (*Labour Force, Australia, Detailed, Quarterly*, Cat. no. 6291.0.55.003, Datacubes EO5_nov84 and E06_aug94).

Table C.2 Chow test of stability of coefficient for the period 1984–2007

<i>Break period</i>	<i>F statistic</i>	<i>Probability</i>
1986	1.83	0.17
1989	0.32	0.73
1992	0.63	0.54
1994	3.58	0.03
1996	3.28	0.04
1999	2.98	0.06
2002	2.41	0.10
2004	0.53	0.59

Figure C.1 Changes in the response of part time share of employment to changes of aggregate hours, 1984–2007^a



^a Sample size is equal to 40 quarters for each of the 10 year periods

Data source: ABS (*Labour Force, Australia, Detailed, Quarterly*, Cat. no. 6291.0.55.003, Datacubes E05_nov84 and E06_aug94).

Table C.3 Movement of weekly hours of employment for men and women, 1985–2006

	<i>Employment to population ratio of those working</i>	<i>Employment to population ratio of those working</i>	<i>Employment to population ratio of those working</i>
	< 29 hours	30-34 hours	<-34 hours
Constant	0.24 (0.08)	-0.2 (0.12)	-0.03 (0.08)
Employment to population ratio of those working greater than 35 hours	-0.03 (0.09)		-0.30 (0.10)
Employment to population ratio of those working less than 29 hours		0.66 (0.27)	
Diagnostics			
R ²	0.01	0.24	0.34
Adjusted R ²	-0.04	0.20	0.30
SE Reg	0.35	0.41	0.38
DW	2.38	2.88	2.10
F Statistic	0.14	5.85	9.62
N	21	21	21

Source: ABS (*Labour Force, Australia, Detailed, Quarterly*, Cat. no. 6291.0.55.003, table 13).

Table C.4 Regressions of gross flows data, 1980–2007^a

	<i>Hours worked^b</i>	<i>Trend^b</i>		DW Stat ^c	Rho	Adjusted R ²
<i>Full time to full time</i>						
Women	0.008	-9.5E-05	*	1.834	–	0.645
Men	0.028	* -5.5E-05	*	#1.822	0.089	0.423
<i>Full time to part time</i>						
Women	-0.164	0.002	*	#1.392	0.314	0.897
Men	-0.441	* 0.003	*	#1.342	0.376	0.889
<i>Full time to non-employment</i>						
Women	-0.280	0.002	*	#1.489	0.254	0.672
Men	-0.541	* -3.7E-04	*	#0.832	0.599	0.544
<i>Part time to full time</i>						
Women	0.213	** 6.5E-04	*	#1.254	0.376	0.566
Men	0.019	0.001	*	#1.142	0.458	0.457
<i>Part time to part time</i>						
Women	0.049	** 1.4E-04	*	#1.406	0.287	0.453
Men	0.101	* 6.0E-04	*	#1.235	0.433	0.747
<i>Part time to non-employment</i>						
Women	-0.559	* -0.002	*	#1.561	0.216	0.843
Men	-0.425	* -0.001	*	#0.841	0.580	0.497
<i>Non-employment to full time</i>						
Women	0.534	* 0.001	*	#1.436	0.307	0.439
Men	0.367	* 0.002	*	#1.276	0.384	0.661
<i>Non-employment to part time</i>						
Women	0.288	** 8.1E-04	*	#1.394	0.313	0.575
Men	-0.022	0.002	*	#1.159	0.432	0.654

^a Dependent variables are the transition probabilities associated with each employment flow. In April 2001, there is a series break due to changes in survey questionnaire, although definitions of labour market states remained consistent. The data is seasonally adjusted using a method developed by the US Bureau of the Census, the X11 method, which involves applying moving averages to estimate components of the time series. ^b Coefficients marked ‘*’ are statistically significant at the one per cent level. Those marked ‘**’ are significant at the five per cent level. ^c Durbin Watson statistics are for Ordinary Least Squares regression results. Those marked ‘#’ were found to exhibit autocorrelation, and the results reported for these regressions are from Prais-Winsten GLS estimations.

Source: ABS (*Labour Force Australia Detailed Electronic Delivery*, Cat. no. 6291.0.55.001) ABS (*Labour Force Australia*, 6203.0).

D Supply side factors

In Chapter 5, the reasons why people work part time was explored using HILDA data. This appendix provides more detailed information on the full range of responses, broken down by age group and gender.

Table D.1 Reasons for working part time for men, 2001–2005
Per cent of male part time workers by age group

<i>Reason</i>	<i>15–24 years</i>	<i>25–34 years</i>	<i>35–44 years</i>	<i>45–54 years</i>	<i>55–64 years</i>	<i>65+ years</i>
Own illness or disability	0.8	4.8	14.9	12.1	8.9	4.3
Caring for children	0.6	4.8	11.1	3.7	1.2	0.0
Caring for disabled or elderly relatives (not children)	0.0	0.7	0.2	1.1	2.2	0.0
Other personal or family responsibilities	0.7	1.3	2.7	1.1	0.9	3.0
Going to school, college, university etc	74.0	27.3	9.0	4.1	0.2	0.0
Could not find full time work	10.1	23.1	16.5	20.5	13.5	4.0
Prefer part-time work	4.8	12.3	18.3	30.7	48.3	58.6
Involved in voluntary work	0.2	0.8	0.2	0.2	0.7	0.5
Attracted to pay premium attached to part time/casual work	0.6	1.1	0.7	2.1	0.3	0.0
Welfare payment or pension may be affected by working full-time	0.1	0.5	1.3	0.8	1.0	6.8
Getting business established	0.4	2.0	2.7	4.6	1.3	0.3
Prefer job & part-time hours are a requirement of the job	3.8	11.8	10.0	7.1	8.8	9.8
Other (please specify)	3.6	7.7	9.7	9.5	11.0	11.7

Source: HILDA 2007 Release 5.1 (weighted data).

Table D.2 Reasons for working part time for women, 2001–2005

Per cent of female part time workers by age group

<i>Reason</i>	<i>15–24 years</i>	<i>25–34 years</i>	<i>35–44 years</i>	<i>45–54 years</i>	<i>55–64 years</i>	<i>65+ years</i>
Own illness or disability	0.5	1.6	2.0	4.9	4.4	3.0
Caring for children	2.6	57.5	59.0	17.4	1.1	1.0
Caring for disabled or elderly relatives (not children)	0.1	0.2	0.2	1.9	0.7	0.8
Other personal or family responsibilities	0.5	1.7	3.8	7.4	6.4	5.2
Going to school, college, university etc	72.3	10.5	2.3	1.4	0.2	0.0
Could not find full time work	10.5	7.1	6.1	8.7	7.2	1.5
Prefer part-time work	5.5	10.5	16.6	41.0	55.7	53.7
Involved in voluntary work	0.1	0.7	0.3	0.4	0.4	1.6
Attracted to pay premium attached to part time/casual work	0.7	0.4	0.4	0.4	0.5	0.0
Welfare payment or pension may be affected by working full-time	0.0	0.4	0.2	0.4	1.9	2.7
Getting business established	0.1	0.8	0.4	0.6	0.2	1.4
Prefer job & part-time hours are a requirement of the job	4.5	4.2	5.6	9.6	11.8	10.0
Other (please specify)	2.3	3.3	2.6	4.5	6.9	17.0

Source: HILDA 2007 Release 5.1 (weighted data).

E Aspirational and reluctant part time work

Part of the analysis of involuntary part time work in Chapter 10 involved analysis of ABS labour force data on gross employment flows. Tables E.1 to E.4 provide more detailed data on the movement into and out of various labour force states, including involuntary part time work.

Table E.1 Average monthly labour force gross flows *into* involuntary part time employment as a share of the *preceding* month's labour force state — persons, 1996^a
Per cent of worker by labour force status in previous month

<i>Labour force status in current month</i>	<i>Labour force status in previous month</i>			
	<i>Employed full time</i>	<i>Employed part time</i>	<i>Unemployed</i>	<i>Not in the labour force</i>
Employed full time	93.5	12.3	10.5	1.3
Employed part time but preferred more hours	1.2	7.2	7.2	0.8
Employed part time and did not prefer more hours	3.5	61.2	6.1	2.6
Unemployed	0.6	1.4	52.1	2.6
Not in the labour force	1.3	6.4	24.1	92.7
Total	100	100	100	100

^a The monthly Labour Force Survey conducted by the ABS collects data on whether or not part time workers preferred more hours in the four months of February, May, August and November each year. This allows the labour market state of such workers to be compared with those of their preceding month (to estimate flows into involuntary unemployment) and the subsequent months (to estimate flows out of involuntary unemployment). It does not enable an estimate of the proportion of involuntary part time workers who remain in that state to be estimated.

Sources: ABS, (*Labour Force Gross Flows*, unpublished data).

Table E.2 Average monthly labour force gross flows *into* involuntary part time employment as a share of the *current* month's labour force state — persons, 1996^a

Per cent of workers by labour force status in current month

<i>Labour force status in current month</i>	<i>Labour force status in previous month</i>				<i>Total</i>
	<i>Employed full time</i>	<i>Employed part time</i>	<i>Unemployed</i>	<i>Not in the labour force</i>	
Employed full time	93.3	5.0	0.7	1.0	100.0
Employed part time but preferred more hours	12.0	76.9	5.1	6.0	100.0
Employed part time and did not prefer more hours	11.3	80.6	1.4	6.6	100.0
Unemployed	8.3	8.1	54	29.6	100.0
Not in the labour force	1.7	3.3	2.2	92.8	100.0

^a The monthly Labour Force Survey conducted by the ABS collects data on whether or not part time workers preferred more hours in the four months of February, May, August and November each year. This allows the labour market state of such workers to be compared with those of their preceding month (to estimate flows into involuntary unemployment) and the subsequent months (to estimate flows out of involuntary unemployment). It does not enable an estimate of the proportion of involuntary part time workers who remain in that state to be estimated.

Sources: ABS, (*Labour Force Gross Flows*, unpublished data).

Table E.3 Average monthly labour force gross flows *out of* involuntary part time employment as a share of the *preceding* month's labour force — persons, 1996^a

Per cent of workers by labour force status in preceding month

<i>Labour force status in previous month</i>	<i>Labour force status in current month</i>				<i>Total</i>
	<i>Employed full time</i>	<i>Employed part time</i>	<i>Unemployed</i>	<i>Not in the labour force</i>	
Employed full time	94.0	4.6	0.4	1.0	100.0
Employed part time but preferred more hours	14.6	77.4	3.4	4.6	100.0
Employed part time and did not prefer more hours	11.8	82.1	0.8	5.3	100.0
Unemployed	11.6	14.4	51.4	22.7	100.0
Not in the labour force	1.5	3.6	2.6	92.3	100.0

^a The monthly Labour Force Survey conducted by the ABS collects data on whether or not part time workers preferred more hours in the four months of February, May, August and November each year. This allows the labour market state of such workers to be compared with those of their preceding month (to estimate flows into involuntary unemployment) and the subsequent months (to estimate flows out of involuntary unemployment). It does not enable an estimate of the proportion of involuntary part time workers who remain in that state to be estimated.

Sources: ABS, (*Labour Force Gross Flows*, unpublished data).

Table E.4 **Average monthly labour force gross flows *out of* involuntary part time employment as a share of the *current* month's labour force — persons, 1996^a**

Per cent of workers by labour force status in current month

<i>Labour force status in previous month</i>	<i>Labour force status in current month</i>			
	<i>Employed full time</i>	<i>Employed part time</i>	<i>Unemployed</i>	<i>Not in the labour force</i>
Employed full time	93.1	11.1	6.7	1.3
Employed part time but preferred more hours	1.4	18.5	5.1	0.6
Employed part time and did not prefer more hours	3.6	61.2	3.5	2.1
Unemployed	0.8	2.5	54.5	2.1
Not in the labour force	1.1	6.7	30.1	93.9
Total	100.0	100.0	100.0	100.0

^a The monthly Labour Force Survey conducted by the ABS collects data on whether or not part time workers preferred more hours in the four months of February, May, August and November each year. This allows the labour market state of such workers to be compared with those of their preceding month (to estimate flows into involuntary unemployment) and the subsequent months (to estimate flows out of involuntary unemployment). It does not enable an estimate of the proportion of involuntary part time workers who remain in that state to be estimated.

Source: ABS (*Labour Force Gross Flows*, unpublished data).

F Part time jobs characteristics

The characteristics of part time jobs differ from full time jobs in a number of ways. This includes differences in the nature of the work (responsibility — table F.1, job perception — table F.2, access to benefits – tables F.3 and F.4, career prospects — table F.5 and job satisfaction — tables F.6 to F.10). This appendix expands on the analysis contained in chapter 11 and provides more detailed statistics. It reinforces the message that there are differences in quality aspects of part and full time jobs in general, but that these differences vary based on age, skill level and whether the job is permanent, casual or fixed term. Box F.1 outlines the system used to classify occupations according to occupational groups and skill levels.

Table F.1 Proportion of workforce with supervisory duties, 2005

Per cent of workers by gender and labour force status

	<i>Part time</i>		<i>Full time</i>	
	%	No.	%	No.
Men	23.5	717	55.1	3586
Women	28.6	1973	50.2	1970
Total	27.1	2690	53.4	5556

Source: HILDA 2007 Release 5.1 (weighted data).

Table F.2 Workers describe their job, 2005

Average rating^a

	<i>Part time</i>	<i>Full time</i>
My job is more stressful than I had ever imagined	2.8	3.5
I fear that the amount of stress in my job will make me physically ill	2.1	2.7
I get paid fairly for the things I do in my jobs	4.8	4.5
I have a secure future in my job	4.7	5.1
The company I work for will still be in business 5 years from now	5.8	5.9
I worry about the future of my job	2.7	2.9
My job is difficult and complex	3.0	4.3
My job often requires me to learn new skills	3.9	4.8
I use many of my skills and abilities in my current job	4.7	5.5
I have a lot of freedom to decide how I do my own work	4.5	4.9
I have a lot of say about what happens on my job	3.9	4.6
I have a lot of freedom to decide when I do my work	3.7	3.7

^a Rating scale from one to seven, where one means 'strongly disagree' with the statement and seven means 'strongly agree'.

Source: HILDA 2007 Release 5.1 (weighted data).

Box F.1 Australian Standard Classification of Occupations (ASCO)

Skill level 1

Occupations that generally have a level of skill commensurate with a bachelor degree or higher or at least five years relevant experience:

- Managers and Administrators
- Professionals

Skill level 2

Occupations that generally have a level of skill commensurate with an Australian Qualifications Framework (AQF) Diploma or Advanced Diploma or at least three years relevant experience:

- Associate Professionals

Skill level 3

Occupations that generally have a level of skill commensurate with an AQF Certificate III or IV or at least three years relevant experience:

- Tradespersons and Related Workers
- Advanced Clerical and Service Workers

Skill level 4

Occupations that generally have a level of skill commensurate with an AQF Certificate II or at least one years relevant experience:

- Intermediate Clerical, Sales and Service Workers
- Intermediate Production and Transport Workers

Skill level 5

Occupations that generally have a level of skill commensurate with completion of compulsory secondary education or an AQF Certificate I qualification:

- Elementary Clerical
- Sales and Service Workers
- Labourers and Related Workers

Source: ABS (1997b).

Table F.3 Access to benefits by type of employment, 2005^a

	<i>Fixed term</i>	<i>Casual</i>	<i>Ongoing</i>
	%	%	%
<i>Part time</i>			
Paid sick leave ^b	70.3	2.6	82.7
Paid holiday leave ^b	70.0	2.5	82.7
Maternity leave paid ^c	62.3	22.2	59.0
Maternity leave unpaid ^c	74.1	53.9	79.8
Parental leave	70.8	33.0	74.2
Carer's leave	35.0	43.1	78.7
Home-based work	17.0	13.4	16.8
Flexible start/ finish times	47.8	57.0	53.4
Child care facility or subsidy	17.5	7.7	10.3
<i>Full time</i>			
Paid sick leave ^b	88.5	9.8	97.1
Paid holiday leave ^b	87.7	9.0	97.0
Maternity leave paid ^c	63.1	28.3	70.7
Maternity leave unpaid ^c	91.5	55.5	90.7
Parental leave	84.2	34.1	84.8
Carer's leave	87.9	41.6	86.7
Home-based work	70.3	58.6	75.0
Flexible start/ finish times	32.3	7.1	24.0
Child care facility or subsidy	65.1	50.7	53.3

^a Figures are calculated using cross-sectional weights. ^b Figures are for employees only. ^c Figures are for women only.

Source: HILDA 2007 Release 5.1 (weighted data).

Table F.4 Access to benefits by ASCO occupational group, 2005^a

	<i>Part time</i>	<i>Full time</i>
	%	%
Skill level 1		
<i>Managers and administrators</i>		
Paid holiday leave ^b	60.6	95.0
Paid sick leave ^b	60.6	96.0
Maternity leave paid ^c	32.8	62.2
Maternity leave unpaid ^c	73.7	84.0
Parental leave	52.7	75.7
Special carer's leave	80.4	79.5
Home-based work	67.9	48.2
Flexible start and finish times	93.4	77.2
Child care facility or subsidy	6.6	12.5
 <i>Professionals</i>		
Paid holiday leave ^b	56.6	94.9
Paid sick leave ^b	56.8	95.4
Maternity leave paid ^c	60.0	76.1
Maternity leave unpaid ^c	71.6	92.8
Parental leave	65.0	85.4
Special carer's leave	67.6	86.7
Home-based work	33.1	38.0
Flexible start and finish times	51.9	59.4
Child care facility or subsidy	13.1	13.8
 Skill level 2		
<i>Associate professionals</i>		
Paid holiday leave ^b	56.7	91.5
Paid sick leave ^b	55.7	91.5
Maternity leave paid ^c	37.6	54.0
Maternity leave unpaid ^c	62.8	81.4
Parental leave	55.5	78.9
Special carer's leave	66.1	81.4
Home-based work	31.1	33.4
Flexible start and finish times	64.1	67.7
Child care facility or subsidy	11.2	10.5
 Skill level 3		
<i>Tradespersons and related workers</i>		
Paid holiday leave ^b	21.4	88.7
Paid sick leave ^b	21.9	88.7
Maternity leave paid ^c	24.2	41.2
Maternity leave unpaid ^c	68.9	69.5

(continued next page)

Table F.4 (continued)

	<i>Part time</i>	<i>Full time</i>
Parental leave	40.4	59.7
Special carer's leave	50.9	66.7
Home-based work	28.1	16.7
Flexible start and finish times	55.7	52.4
Child care facility or subsidy	17.2	11.1
<i>Advanced clerical and service workers</i>		
Paid holiday leave ^b	46.7	91.3
Paid sick leave ^b	47.2	91.3
Maternity leave paid ^c	31.3	56.0
Maternity leave unpaid ^c	61.3	85.2
Parental leave	51.2	82.7
Special carer's leave	58.6	89.5
Home-based work	53.1	34.7
Flexible start and finish times	78.8	69.6
Child care facility or subsidy	13.3	8.4
Skill level 4		
<i>Intermediate clerical, sales and service workers</i>		
Paid holiday leave ^b	43.6	88.9
Paid sick leave ^b	44.4	89.5
Maternity leave paid ^c	39.0	58.5
Maternity leave unpaid ^c	67.7	84.0
Parental leave	57.5	80.0
Special carer's leave	61.5	84.1
Home-based work	14.5	21.5
Flexible start and finish times	56.1	55.3
Child care facility or subsidy	11.9	10.5
<i>Intermediate production and transport workers</i>		
Paid holiday leave ^b	28.5	83.8
Paid sick leave ^b	27.0	83.1
Maternity leave paid ^c	59.8	66.4
Maternity leave unpaid ^c	53.5	91.8
Parental leave	37.9	66.2
Special carer's leave	44.9	70.5
Home-based work	7.7	12.8
Flexible start and finish times	44.2	41.3
Child care facility or subsidy	5.1	8.4

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Table F.4 (continued)

	<i>Part time</i>	<i>Full time</i>
Skill level 5		
<i>Elementary clerical, sales and service workers</i>		
Paid holiday leave ^b	25.1	81.1
Paid sick leave ^b	25.5	82.0
Maternity leave paid ^c	29.9	61.1
Maternity leave unpaid ^c	56.9	78.3
Parental leave	40.0	69.1
Special carer's leave	52.0	71.0
Home-based work	10.4	6.1
Flexible start and finish times	60.0	39.9
Child care facility or subsidy	4.6	3.1
 <i>Labourers and related workers</i>		
Paid holiday leave ^b	23.5	73.0
Paid sick leave ^b	21.8	72.4
Maternity leave paid ^c	20.7	60.5
Maternity leave unpaid ^c	45.2	67.6
Parental leave	28.7	51.6
Special carer's leave	41.5	57.1
Home-based work	9.8	11.9
Flexible start and finish times	55.6	42.5
Child care facility or subsidy	6.5	7.0

^a Figures calculated using cross-sectional weights. Figures are for 2001 unless stated. ^b Figures are for employees only. ^c Figures are for women only.

Source: HILDA 2007 Release 5.1 (weighted data).

Table F.5 Immediate job prospects by age and work hours, 2005^a

Event	Age	<i>Part time</i>		<i>Full time</i>	
		Probability ^b	No.	Probability ^b	No.
Leave job voluntarily in the next 12 months	15 to 19	45.1	473	30.2	229
	20 to 24	61.8	283	32	593
	25 to 29	44.8	140	29.8	562
	30 to 34	44	192	24.9	588
	35 to 39	17.9	239	16.7	552
	40 to 44	16.2	251	17.3	600
	45 to 49	15.8	229	13.6	572
	50 to 54	19.6	166	9.2	449
	55 to 59	14.5	115	13.3	297
	60 to 64	21.3	93	21.6	95
	65 to 69	29.9	37	31.4	16
70 and over	10.8	21	13.4	8	
Leave job involuntarily in the next 12 months	15 to 19	8.8	471	8.7	229
	20 to 24	9.5	282	10	591
	25 to 29	12.6	140	10.7	562
	30 to 34	9.2	188	9.9	588
	35 to 39	10.6	239	9.4	552
	40 to 44	9.3	250	8.4	599
	45 to 49	10.9	229	8.7	571
	50 to 54	7	167	8.1	448
	55 to 59	6.5	115	11.4	297
	60 to 64	9.7	92	8.2	95
	65 to 69	11.8	37	12.6	16
70 and over	4.7	21	3.6	8	
Find a job at least as good as current job	15 to 19	72.2	472	69.5	228
	20 to 24	70.1	282	69.7	592
	25 to 29	71.6	139	73.3	560
	30 to 34	66.6	185	69.2	587
	35 to 39	66.2	232	67	551
	40 to 44	60.9	245	66.7	597
	45 to 49	66	224	60.4	569
	50 to 54	64.9	155	55	437
	55 to 59	61.8	95	49.8	274
	60 to 64	43.8	71	42	72
	65 to 69	60.8	23	68.2	9
70 and over	36.5	13	56	7	

^a Figures are calculated using cross-sectional weights. ^b Probability refers to the average of probabilities given by respondents. For example, part time workers between the ages 15–19 said, on average, that there was a 45.1 per cent probability that they would leave their job voluntarily within the next 12 months.

Source: HILDA 2007 Release 5.1 (weighted data).

Table F.6 Job satisfaction by gender and by work hours, 2005^a

<i>Job characteristic</i>	<i>Gender</i>	<i>Part time</i>	<i>Full time</i>
		Average rating ^b	Average rating ^b
Pay	Male	6.8	6.8
	Female	7.0	6.9
Job security	Male	7.6	7.9
	Female	7.9	8.0
Nature of work	Male	7.3	7.6
	Female	7.5	7.6
Hours	Male	7.2	7.1
	Female	7.6	7.0
Flexibility	Male	8.1	7.3
	Female	8.0	7.1
Overall	Male	7.5	7.5
	Female	7.8	7.6

^a Averages are calculated using cross-sectional weights. ^b Rating scale is from one to ten, where one refers to the lowest level of satisfaction and ten refers to the highest level of satisfaction. For example, men, on average, rated their overall job satisfaction at 7.5 out of 10.

Source: HILDA 2007 Release 5.1 (weighted data).

Table F.7 Job satisfaction by age and by work hours, 2005^a

<i>Job Characteristic</i>	<i>Age</i>	<i>Part time</i>		<i>Full time</i>	
		Average rating ^b	No.	Average rating ^b	No.
<i>Pay</i>	15 to 19	6.7	476	6.4	234
	20 to 24	7.2	291	6.6	615
	25 to 29	6.5	166	6.6	614
	30 to 34	6.6	230	6.9	674
	35 to 39	6.7	293	6.8	677
	40 to 44	6.9	307	6.9	774
	45 to 49	6.6	276	7.0	740
	50 to 54	7.0	211	7.0	586
	55 to 59	7.6	166	7.0	421
	60 to 64	7.6	141	7.2	152
	65 to 69	7.9	62	7.4	35
	70 and over	7.5	58	7.4	28
	<i>Job security</i>	15 to 19	7.8	479	8.2
20 to 24		7.9	291	8.1	616
25 to 29		7.3	167	7.9	615
30 to 34		7.7	230	7.8	675
35 to 39		7.6	294	7.9	677
40 to 44		7.9	307	7.9	769
45 to 49		7.5	276	7.8	738
50 to 54		7.7	211	7.9	586
55 to 59		8.3	163	7.8	421
60 to 64		8.1	139	8.2	152
65 to 69		8.8	63	8.6	36
70 and over		8.4	58	8.4	29
<i>Nature of work</i>		15 to 19	7.2	479	7.5
	20 to 24	7.1	291	7.5	616
	25 to 29	7.3	167	7.3	615
	30 to 34	7.1	231	7.5	675
	35 to 39	7.2	294	7.7	677
	40 to 44	7.5	307	7.6	774
	45 to 49	7.7	276	7.8	740
	50 to 54	7.7	212	7.7	587
	55 to 59	7.9	166	7.8	422
	60 to 64	8.4	141	7.9	152
	65 to 69	8.1	63	8.1	36
	70 and over	8.4	59	8.8	29

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Table F.7 (continued)

Job characteristic	Age	Part time		Full time	
		Average rating ^b	No.	Average rating ^b	No.
<i>Hours</i>	15 to 19	6.9	479	7.6	234
	20 to 24	6.9	291	7.3	616
	25 to 29	6.7	167	6.9	615
	30 to 34	7.8	230	7.1	675
	35 to 39	7.5	294	7.1	677
	40 to 44	7.7	307	6.9	774
	45 to 49	7.6	276	7.0	739
	50 to 54	7.6	212	7.0	587
	55 to 59	8.2	166	7.1	422
	60 to 64	8.2	141	7.3	152
	65 to 69	8.8	63	7.6	36
	70 and over	8.1	59	7.9	29
<i>Flexibility</i>	15 to 19	7.6	477	7.4	234
	20 to 24	7.8	291	7.4	616
	25 to 29	7.9	167	7.0	615
	30 to 34	8.0	231	7.2	673
	35 to 39	7.9	294	7.3	677
	40 to 44	8.1	308	7.0	774
	45 to 49	7.9	275	7.1	740
	50 to 54	8.3	212	7.1	586
	55 to 59	8.4	166	7.3	422
	60 to 64	8.5	141	7.9	152
	65 to 69	8.7	63	7.9	36
	70 and over	8.7	59	7.5	29
<i>Overall</i>	15 to 19	7.5	479	7.7	234
	20 to 24	7.5	291	7.5	616
	25 to 29	7.2	167	7.2	615
	30 to 34	7.5	231	7.5	675
	35 to 39	7.5	294	7.6	677
	40 to 44	7.8	308	7.5	774
	45 to 49	7.8	275	7.6	740
	50 to 54	7.9	212	7.7	587
	55 to 59	8.1	166	7.7	422
	60 to 64	8.5	141	8.0	152
	65 to 69	8.6	63	8.3	36
	70 and over	8.6	59	8.6	29

^a Averages calculated using cross-sectional weights. ^b Rating scale is from one to ten, where one refers to the lowest level of satisfaction and ten refers to the highest level of satisfaction. For example, part time workers aged 15–19, on average, rated their overall job satisfaction at 7.5 out of 10.

Source: HILDA 2007 Release 5.1 (weighted data).

Table F.8 Job satisfaction by contract type and work hours, 2005^a
Average rating^a

<i>Job characteristic</i>	<i>Fixed term</i>	<i>Casual</i>	<i>Ongoing</i>
<i>Part time</i>			
Pay	6.9	7.0	6.8
Job security	7.2	7.6	8.3
Nature of work	8.0	7.3	7.5
Hours	7.8	7.1	7.8
Flexibility	7.9	7.8	7.9
Overall	8.0	7.6	7.7
<i>Full time</i>			
Pay	6.9	6.8	6.9
Job security	7.3	6.6	8.2
Nature of work	7.6	7.3	7.6
Hours	7.1	7.3	7.2
Flexibility	7.0	6.9	7.2
Overall	7.5	7.3	7.6

^a Averages calculated using cross-sectional weights. ^b Rating scale is from one to ten, where one refers to the lowest level of satisfaction and ten refers to the highest level of satisfaction. For example, part time workers on fixed term contracts, on average, rated their overall job satisfaction at 8.0 out of 10.

Source: HILDA 2007 Release 5.1 (weighted data).

Table F.9 Job satisfaction by ASCO occupational group, 2005^a
Average rating for each occupation type^b

<i>Occupational group</i>	<i>Part time</i>		<i>Full time</i>	
	Average score	No.	Average Score	No.
Skill level 1				
<i>Managers and administrators</i>				
Pay	7.3	73	7.2	562
Job security	8.5	73	8.2	573
Nature of work	7.9	76	7.9	580
Hours	8.3	77	7.0	577
Flexibility	8.9	77	7.5	575
Overall	8.1	76	7.7	579
<i>Professionals</i>				
Pay	7.2	528	7.0	1319
Job security	7.7	524	8.0	1318
Nature of work	7.9	529	7.7	1325
Hours	7.7	528	7.1	1320
Flexibility	8.1	682	7.2	1313
Overall	7.8	529	7.5	1325
Skill level 2				
<i>Associate professionals</i>				
Pay	7.4	181	7.1	888
Job security	8.3	180	8.2	890
Nature of work	8.0	183	7.8	899
Hours	7.8	183	7.0	895
Flexibility	8.4	183	7.4	883
Overall	8.3	183	7.7	900
Skill level 3				
<i>Tradespersons and related workers</i>				
Pay	6.8	121	6.8	802
Job security	7.6	123	7.8	805
Nature of work	7.6	124	7.8	808
Hours	7.4	123	7.2	806
Flexibility	7.8	123	7.3	806
Overall	7.5	124	7.7	809

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Table F.9 (continued)

Occupational group	Part time		Full time	
	Average score	No.	Average score	No.
Skill level 3				
<i>Advanced clerical and service workers</i>				
Pay	7.5	132	7.4	139
Job security	8.1	134	8.5	138
Nature of work	7.7	134	7.9	139
Hours	8.3	134	7.3	139
Flexibility	8.8	134	8.0	138
Overall	8.1	134	8.2	139
Skill level 4				
<i>Intermediate clerical, sales and service workers</i>				
Pay	6.9	658	6.8	752
Job security	7.8	666	8.0	760
Nature of work	7.5	668	7.5	760
Hours	7.6	667	7.3	760
Flexibility	8.0	667	7.3	753
Overall	7.7	669	7.6	759
<i>Intermediate production and transport workers</i>				
Pay	6.8	117	6.8	499
Job security	7.3	116	7.8	503
Nature of work	7.3	117	7.5	506
Hours	7.1	117	7.1	504
Flexibility	7.6	117	6.9	495
Overall	7.0	118	7.4	506
Skill level 5				
<i>Elementary clerical and service workers</i>				
Pay	6.7	527	6.8	221
Job security	7.9	528	8.0	223
Nature of work	7.2	531	7.3	223
Hours	7.1	529	7.2	219
Flexibility	7.8	527	7.1	216
Overall	7.5	530	7.4	222
<i>Labourers and related workers</i>				
Pay	7.0	305	6.5	303
Job security	8.0	308	7.5	301
Nature of work	7.2	311	7.0	303
Hours	7.4	310	7.2	304
Flexibility	7.9	312	7.3	299
Overall	7.9	312	7.2	304

^a Averages calculated using cross-sectional weights.

Source: HILDA 2007 Release 5.1 (weighted data).

Table F.10 Job satisfaction part time workers by number of jobs, 2005^a

	<i>More than one job</i>		<i>Single job</i>	
	Average rating	No.	Average rating	No.
Pay	7.0	305	6.9	2372
Job security	7.8	303	7.8	2375
Nature of work	7.4	305	7.5	2381
Hours	7.5	305	7.5	2380
Flexibility	7.9	304	8.0	2380
Overall	7.5	304	7.7	2382

^a Averages calculated using cross-sectional weights. ^b Rating scale is from one to ten, where one refers to the lowest level of satisfaction and ten refers to the highest level of satisfaction. For example, part time workers on fixed term contracts, on average, rated their overall job satisfaction at 8.0 out of 10.

Source: HILDA 2007 Release 5.1 (weighted data).

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