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on Measurement of the Quality of Employment
(Geneva, 3-5 May 2000)

Topic 1

MEASURING THE DIVERSITY OF EMPLOYMENT ARRANGEMENTS IN THE AUSTRALIAN LABOUR MARKET

Supporting paper submitted by the Australian Bureau of Statistics

Introduction

1. The purpose of this paper is to describe some of the issues and statistical developments related to changing employment arrangements in the Australian labour market.

Background

2. In recent decades, major changes have occurred in the Australian labour market. Commentators have observed that a few decades ago, employed people typically worked in full-time jobs for a wage or salary, worked regular hours and could expect to remain in the same job for a long time. This situation has changed, with strong growth in casual employment, particularly over the last decade; changes in working patterns, with many people working flexible or irregular hours; changes from 'ongoing' employment arrangements to temporary work or fixed-term contract arrangements; and the emergence of more complex employment relationships such as employment through agencies or labour hire firms. These changes have coincided with labour market changes such as growth in the service industries, an increasing female labour force participation rate, a higher rate of unemployment, and changes in technology.

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3. In response to these changes, analysts have questioned the quality of different types of jobs and the economic and social implications of a move away from the traditional notion of the full-time, permanent wage and salary 'job for life'. Some of the terms used by analysts imply qualitative differences between different types of employment. For example, 'non-standard employment' is often used to describe any work other than full-time, permanent work for a wage or salary, and 'precarious employment' implies job insecurity, poor or variable remuneration, and few employment benefits.

4. Some labour market analysts have observed that existing labour force statistics do not measure emerging forms of employment in the labour market such as temporary or contract work. It has also been observed that there is insufficient information to distinguish between different forms of employment ranging from full-time, permanent work for a wage or salary through 'voluntary' permanent part-time work to irregular casual or temporary work for poor or variable remuneration.¹

5. The usefulness of standard classifications currently used to describe different categories in the workforce has also been called into question. For example, labour market commentators have questioned whether standard classifications are 'sufficiently comprehensive or descriptive to reflect the emergence of new work forms and the growth in non-standard forms of employment'². Such debates about the adequacy of existing classifications generally focus on the Status in Employment classification as applied to Australian labour force statistics and the classification of employees as either 'permanent' or 'casual'.

Data currently available and some of the issues

Status in employment

6. The Australian Bureau of Statistics regularly releases labour force statistics from the Labour Force Survey (LFS) classified according to the standard 'Status in Employment' classification, using the categories 'Employees', 'Employers', 'Own-account workers' and 'Contributing Family Workers'.

7. In these statistics, the category 'Employees' includes 'Owner-managers of incorporated enterprises'. A number of analysts have argued that the inclusion of these owner-managers in the 'Employees' category is inappropriate, because these workers may have more in common with other owner-managers. Those owner-managers of incorporated enterprises without leave entitlements are also currently counted as 'casual employees', which is also considered inappropriate and potentially misleading.

8. The separate identification of owner-managers of incorporated enterprises would also be in accordance with the ILO Resolution concerning the International Classification of Status in Employment (ICSE), which states that 'Countries should ... according to the needs of users of their statistics and their data collection possibilities, endeavour to identify this group separately.'³

Permanent/casual

9. Since 1988, the ABS has published estimates of 'permanent' and 'casual' employees annually, with permanent employees being those entitled to paid sick leave and/or paid holiday leave, and casual employees being those entitled to neither. This provides a straightforward, objective way of distinguishing between the two types of employees which is consistent over time, and captures a key element of casual employment, ie that casual employees are not entitled to standard employment benefits. However, it is recognised that there are some limitations with these definitions and that they may be becoming less relevant. For example, the term 'permanent' suggests 'secure' and 'long-term', and the term 'casual' suggests 'short-term' or 'contingent'. It has been pointed out that some people in short-term employment arrangements such as fixed-term contracts will be classified as 'permanent' if they receive paid holiday or sick leave⁴, while many of those classified as 'casuals' may have been in their current job for a long time⁵. The distinctive nature of casual employment in Australia, some difficulties with the approach traditionally taken by the ABS, and the difficulties of defining and measuring casual employment are discussed in some detail in various articles.⁶

Working arrangements

10. Other surveys conducted as supplements to the Labour Force Survey have yielded a range of information about different types of working arrangements. Supplementary topics include Working Arrangements; Persons Employed at Home; Multiple Jobholding; Employee Earnings, Benefits and Trade Union Membership; and Underemployed Workers.

Current developments

11. In the late 1990s the ABS started investigating some of the issues associated with measuring different categories of workers and describing the diversity of employment arrangements. These investigations became the basis for the development of two surveys related to these topics, called the Forms of Employment Survey and the Survey of Employment Arrangements and Superannuation.

12. The following information was regarded as important for describing the diversity of working arrangements:

- . employment relationship (wage and salary earner, in own business, contract work, casual)
- . access to benefits like paid leave
- . job duration
- . hours worked, including paid and unpaid overtime (ie in addition to standard hours)
- . regularity of work hours
- . preferred number of work hours
- . when hours are worked
- . working pattern

- . arrangements such as multiple jobholding, shiftwork, working from home
- . earnings
- . people's work preferences

Forms of Employment Survey

13. The first of the two new surveys, the Forms of Employment Survey (FOES) was conducted as a supplement to the August 1998 LFS. The main objectives of FOES were to examine LFS Status in Employment data (in particular the wage and salary earner subgroup), and to collect some data about alternative forms of employment. FOES was conducted on a sample of approximately 29,000 persons aged 15 and over. Any responsible adult in the household could respond on behalf of other members of the household.

14. Some of the key features of FOES were:

- . additional questions aimed at better determining status in employment;
- . development of a new set of categories for describing key groups of workers, called 'employment types'. In contrast to the 'Status in Employment' categories used in the regular LFS statistics, the new set of categories reported 'Owner-managers of incorporated enterprises' separately;
- . inclusion of a measure of casual employment based on self-identification;
- . inclusion of questions aimed at measuring the incidence of contract work, temporary or short-term work and agency employment;
- . questions about how much independence or control people have in their jobs, and how many hours they would prefer to work.

15. The following categories were used to classify employed persons in FOES:

Employees with leave entitlements (employees entitled to both paid sick leave and paid holiday leave)

Self-identified casuals

Other employed persons

Owner-managers of incorporated enterprises

Owner-managers of unincorporated enterprises

16. The separate identification of owner-managers of incorporated enterprises has generally met with the approval of Australian labour market analysts.

17. The 'self-identified casual' measure has generated more discussion. There has been much discussion of the concept of a casual and how the term should be defined. The self-identification measure was adopted because of the lack of a simple and objective definition of casual status that could be operationalised in FOES and SEAS (other than that based on paid leave entitlements).

18. Some analysts are concerned that such a measure may not be consistent over time. However, with the results of FOES now available, it is interesting to note that almost all 'self-identified casuals' in FOES (97%) meet the 'traditional' criterion of having neither paid sick leave nor paid holiday leave entitlements. On the other hand, a substantial proportion of those without these leave entitlements do not identify themselves as casual (nor are they owner-managers).

19. There has been some criticism of the 'Other employed persons' category as a heterogeneous residual category: it contains those employees (excluding owner-managers of incorporated enterprises) with either paid sick leave or paid holiday leave entitlements (but not both) who do not consider themselves to be casual, as well as those employees with no paid leave entitlements who do not consider themselves to be casual. It also includes those employed persons who report that they work in their own unincorporated enterprise, do not invoice or bill for their own payment, pay 'Pay as You Earn (PAYE)' tax, and are not entitled to both forms of paid leave.

Survey of Employment Arrangements and Superannuation

20. The Survey of Employment Arrangements and Superannuation (SEAS) covers much of the same ground as FOES, but is a longer survey, with more scope to include a wider range of questions. SEAS will be conducted from April to June 2000 on a sample of approximately 27,000 persons aged 15 to 69. For the SEAS, a personal interview will be sought with each person in the sample. One of the features of SEAS is that for survey respondents who have more than one job, the same information is collected for two jobs, allowing detailed comparisons of the two jobs.

21. The aim of SEAS is to collect a wide range of the information considered important in distinguishing among the various employment arrangements. Additional employment arrangements information obtained by SEAS includes:

- . working pattern (same number of days each week, each fortnight, 9 day fortnight, 19 day month, casual/relief work, roster/shift system)
- . preferred working pattern
- . whether hours are worked between 7 pm and 7 am, or on weekends
- . whether has some say in start/finish times, and whether this is a formal system of flexible hours
- . for casuals, whether works regular hours each week
- . for casuals, whether a minimum number of hours is guaranteed and whether this is a formal arrangement
- . preferred number of hours (including link to pay outcome, ie respondents are offered choices like 'Would prefer to work less hours for less pay')
- . main reason for wanting to work more/less hours
- . number of days per week/fortnight usually works on
- . additional hours
- . shiftworkers
- . whether on call/standby
- . whether does any work at home, number of hours and main reason

- . occupational health and safety questions
- . details of last job for those not currently working

22. The wide range of data available from SEAS will enable analysts to distinguish between different categories of employment according to various criteria of their choice. When SEAS results are presented in publication tables, it is likely that the 'employment types' groups will be similar to those used in FOES, but with some modifications based on user feedback.

Current and emerging issues

23. Many of the issues canvassed briefly in this paper continue to generate discussion and debate. Some of these issues or questions include:

What are the key groups that make up the Australian labour market? How should these groups be defined and measured?

What is a casual? How should this group be defined and measured?

Impact of changes in the system of wage determination - spread of enterprise bargaining, workplace and individual agreements.

Emergence of more complex arrangements such as employment through agencies or labour hire firms.

What is 'non-standard employment' and 'precarious employment'? What criteria determine the quality of employment, and how should they be measured?

Conclusion

24. There is a great deal of interest among Australian labour market analysts in the changing nature of employment arrangements in the Australian labour market, particularly in the so-called 'casualisation' of the workforce. This phenomenon highlights the need for continuing development of frameworks to describe the range of newer, non-traditional working arrangements. Changing working arrangements also raise questions about whether some of the newer 'non-standard' working arrangements are of the same quality as 'traditional' jobs, and how 'quality of work' should be measured.

More information

25. More information about the Forms of Employment Survey and the Survey of Employment Arrangements and Superannuation can be obtained by emailing:

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³ Annex One, Resolution Concerning the International Classification of Status in Employment (ICSE), January 1993.

⁴ Campbell and Burgess, National Key Centre in Industrial Relations, *National Patterns of Temporary Employment: The Distinctive Case of Casual Employment in Australia*, Working Paper No. 53, July 1997.

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