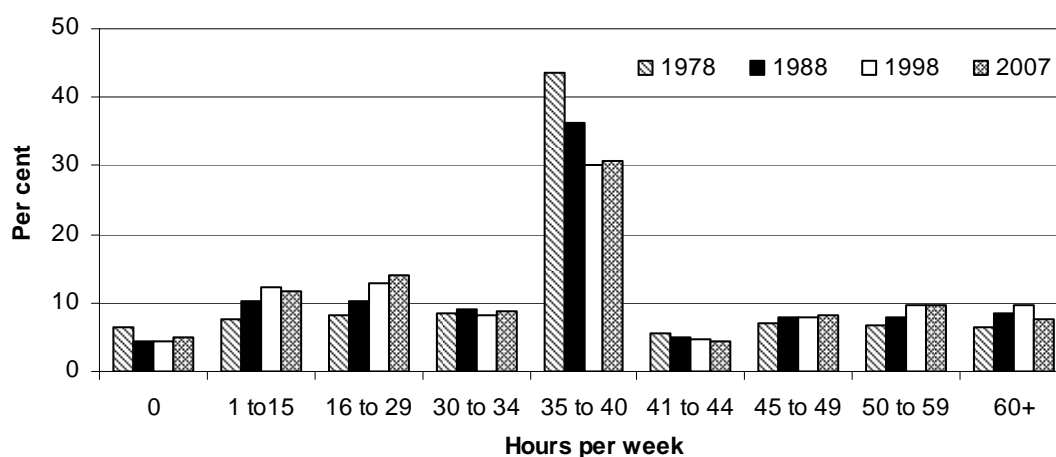

1 Introduction

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.).

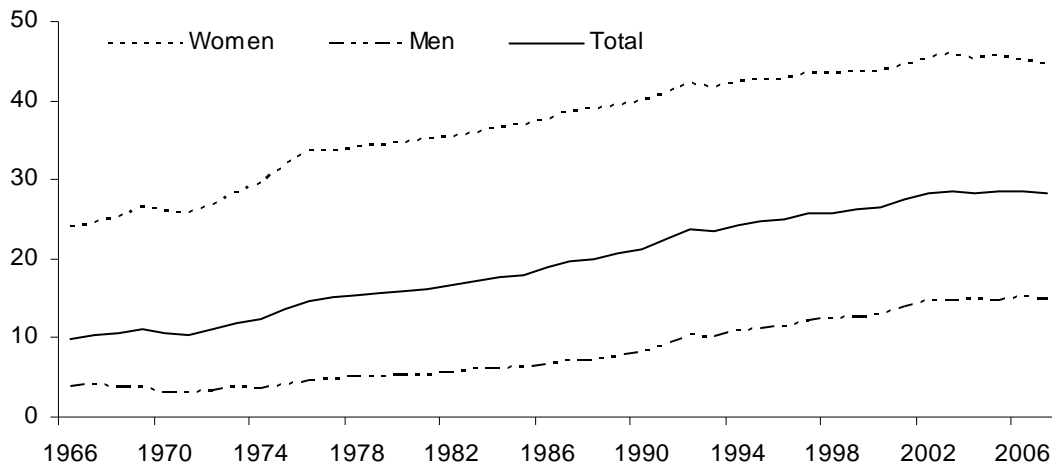
While strong growth has been a feature of part time employment for both men and women, the share of part time employment among women remains far higher than that for men (figure 1.2). In 1966, 24 per cent of women’s employment was part time; by 2007 this had increased to 45 per cent. In 1966, 4 per cent 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

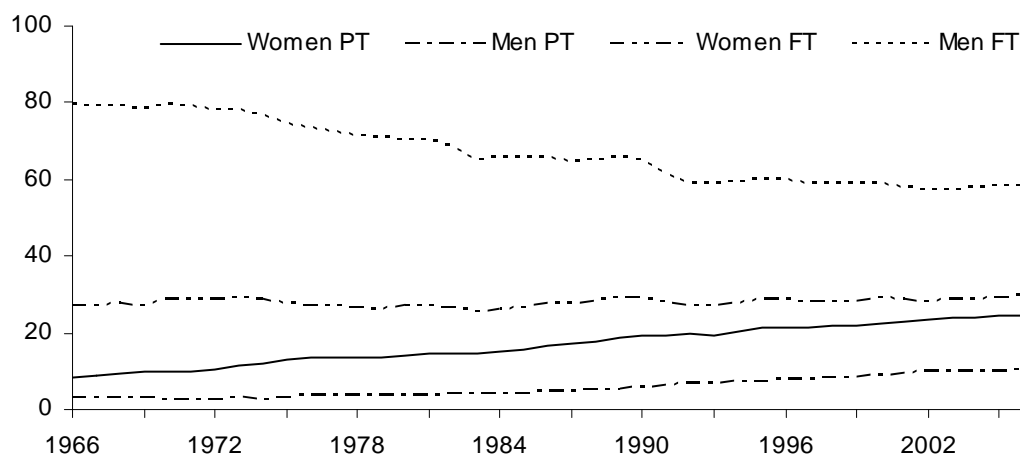


Note: There are no data for 1978. Data for that year has been interpolated from 1977 and 1979 data.

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.

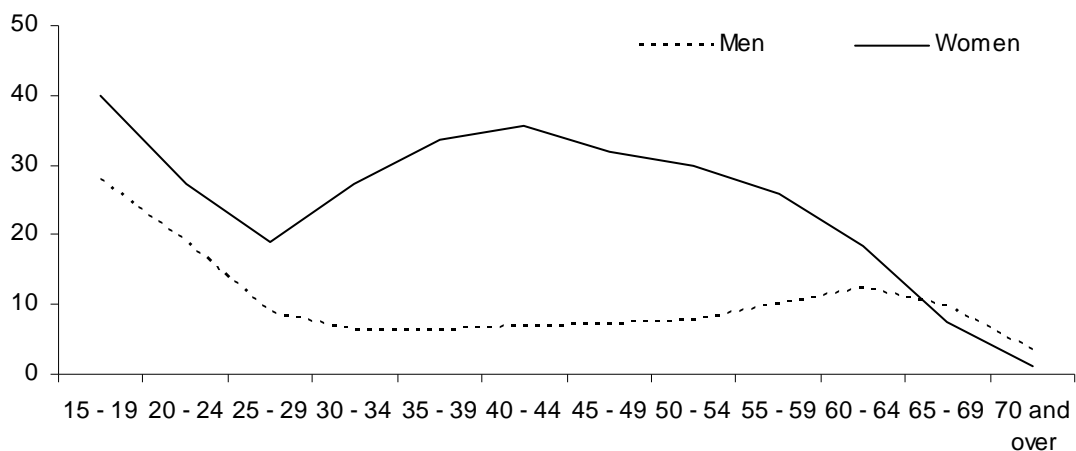
The age profile of part time employment

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



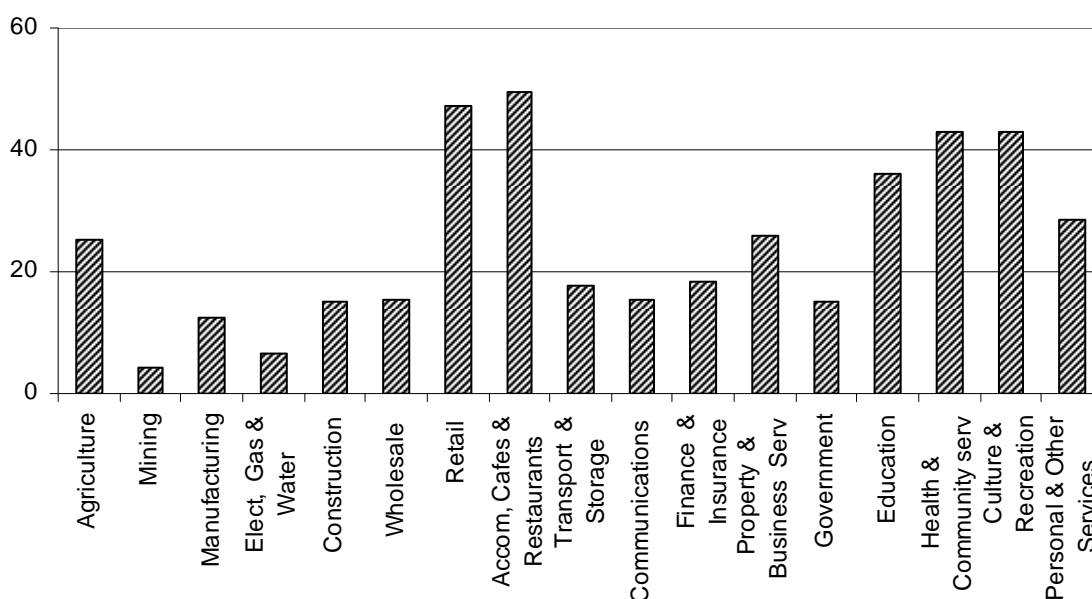
Data sources: ABS (*Labour Force, Australia detailed — electronic delivery*, Cat. no. 6291.0.55.001, table LM8); ABS (*Labour Force Historical Timeseries, Australia, 1966–84*, Cat. no. 6204.0.55.001, table 4).

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

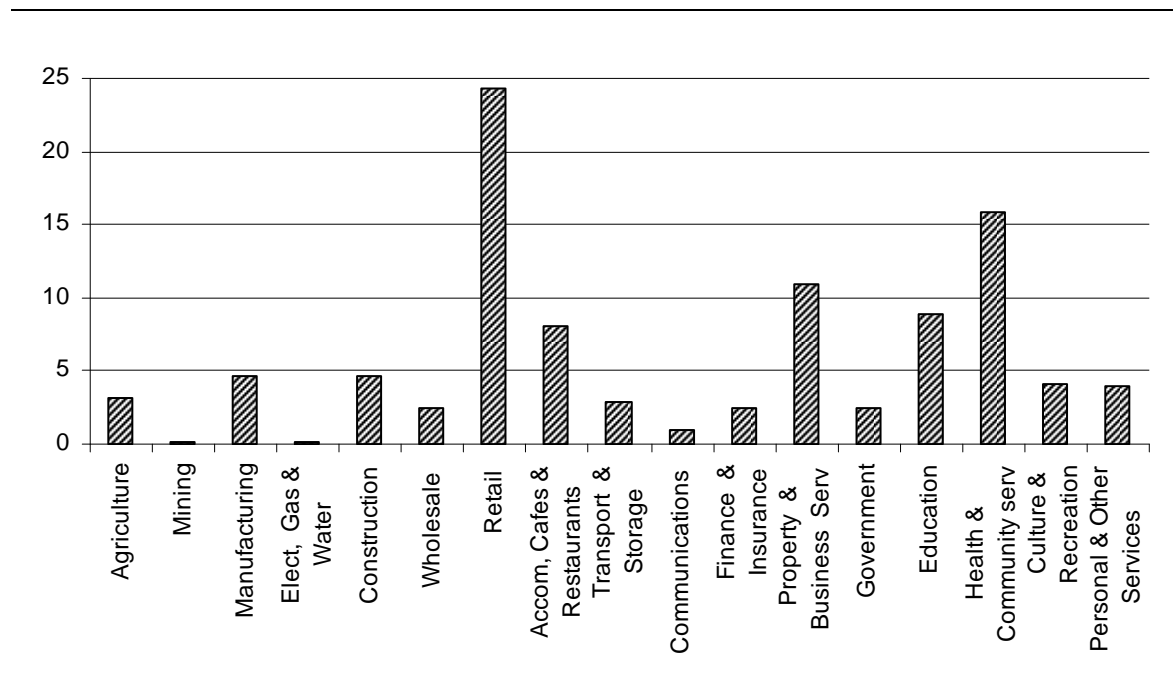


Data source: ABS, (*Labour Force, Australia detailed, Quarterly*, Cat. no. 6291.0.55.003, Datacubes EO5_nov84 and E06_aug94).

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

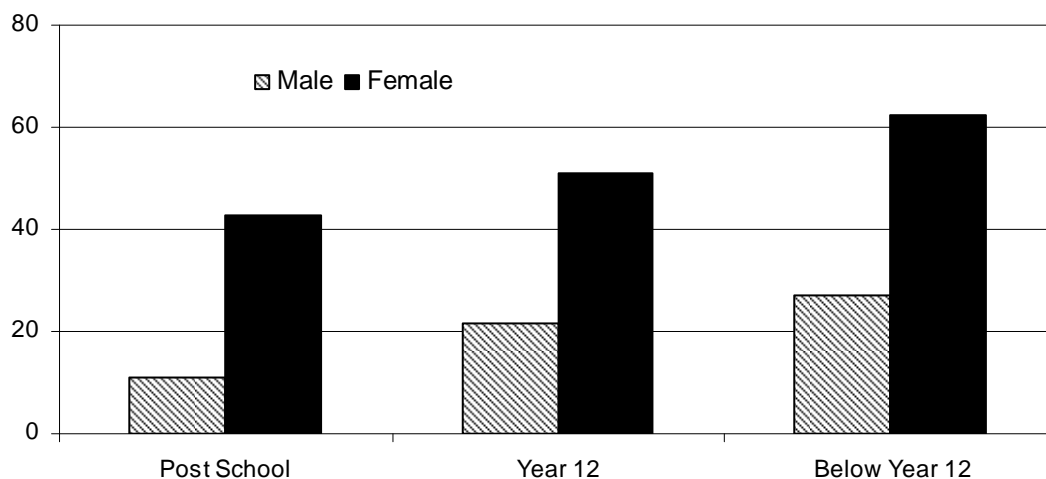
<i>ASCO occupational groups and skill levels</i>	<i>Part time</i>	<i>Full time</i>
<i>Skill level 1</i>		
Managers and administrators	2.8	10.6
Professionals	16.3	20.6
<i>Skill level 2</i>		
Associate professionals	7.7	14.6
<i>Skill level 3</i>		
Tradespersons and related workers	4.8	16.0
Advanced clerical 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



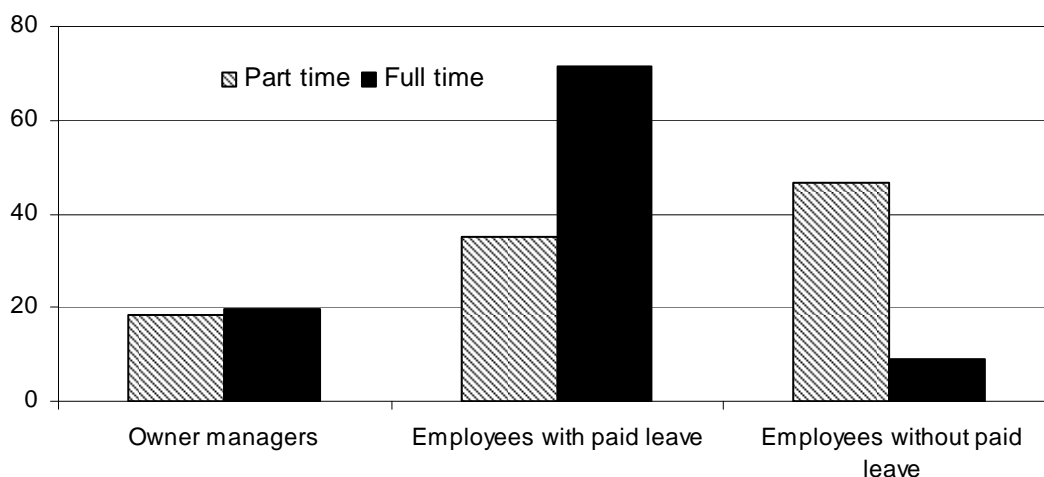
Data source: HILDA 2007 Release 5.1 (weighted data).

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

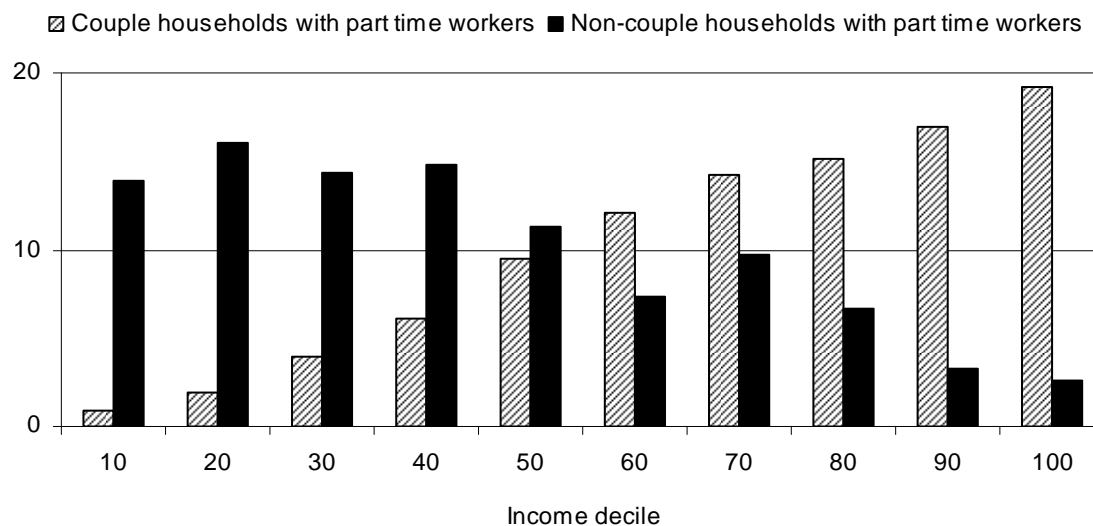
In 2006, part time workers were paid around 93 per cent of the hourly wage of full time workers (ABS 2007a; 2007j). This outcome is primarily due to the gap between the mean hourly pay of male part time workers compared to male full time workers (around 88 per cent in 2006). In contrast, female part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

