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# 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).<sup>1</sup> 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.

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<sup>1</sup> 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.)

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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.

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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.

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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<sup>a</sup>**

Per cent of male part time workers and unemployed men

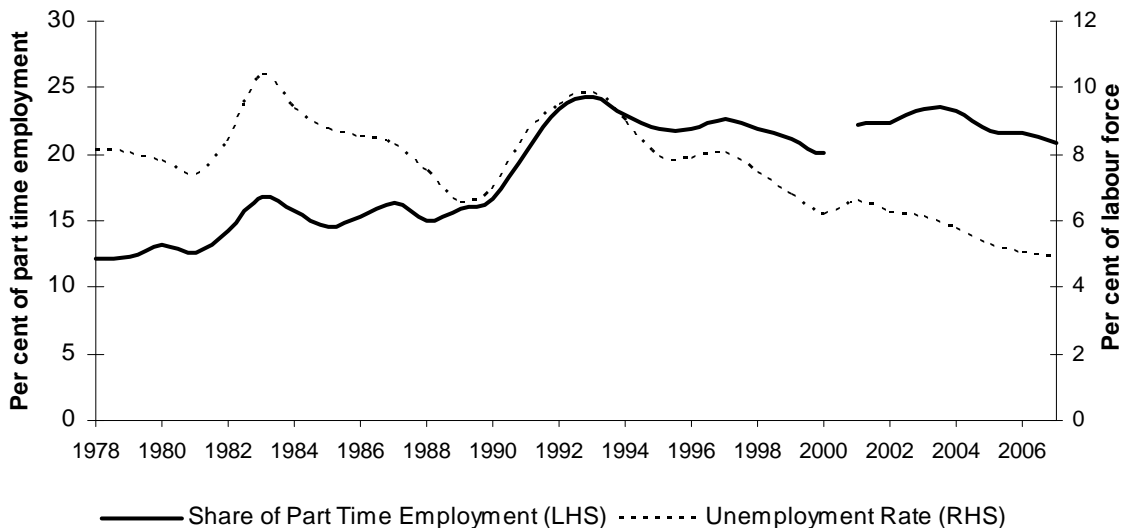


<sup>a</sup> A break in the data series occurred in the May quarter 2001. This had the effect of increasing the proportion of part time employed who preferred additional hours.

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<sup>a</sup>**

Per cent of female part time workers and unemployed women



<sup>a</sup> 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).

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### *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.

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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.

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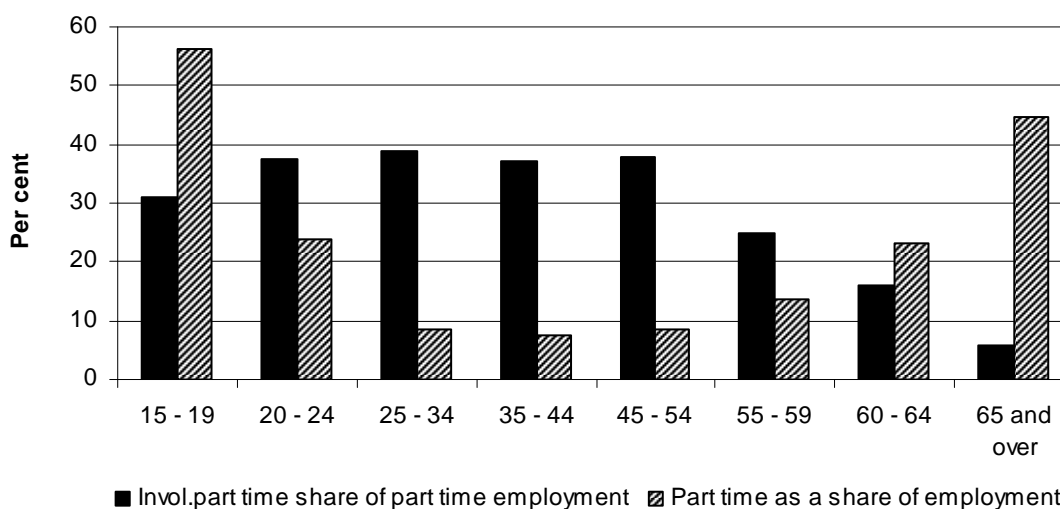
## Involuntary part time employment by age

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**

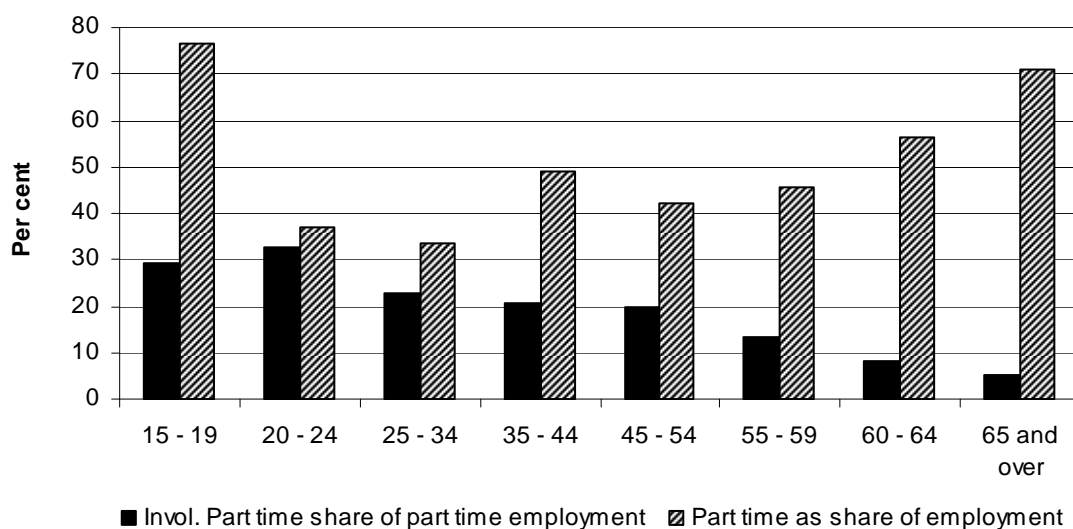
Per cent of male workers and male part time workers by age group



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.

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## 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,<sup>a</sup> 2006**

Per cent of female, male and total part time workers

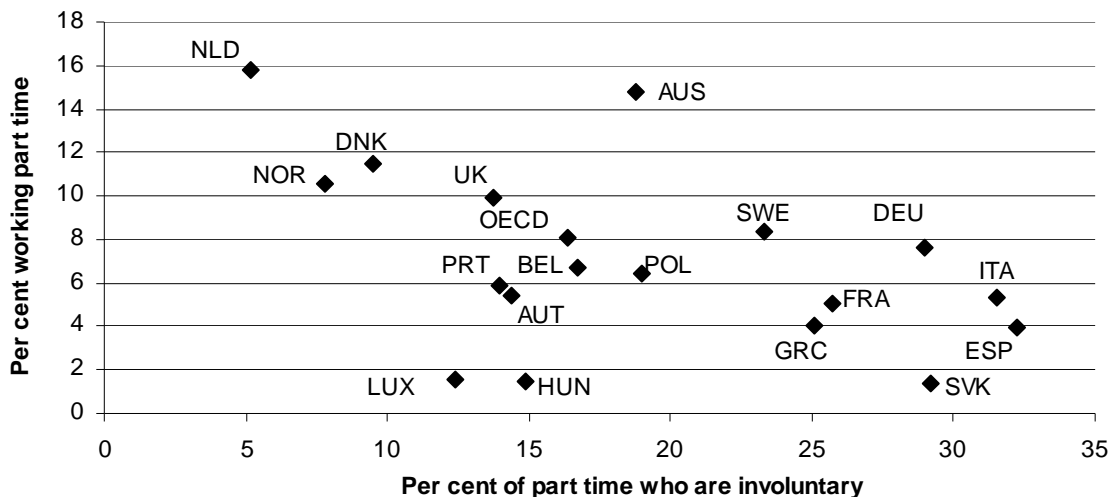
<i>Country</i>	<i>Women</i>	<i>Men</i>	<i>Total</i>
Australia <sup>b</sup>	8.3	18.8	11.3
Austria	9.6	14.4	10.4
Belgium	13.7	16.7	14.3
Canada	23.2	26.0	24.1
Denmark	14.3	9.5	12.7
France	29.0	25.7	28.3
Germany	16.9	28.9	19.2
Greece	30.7	25.1	28.9
Hungary	16.8	14.9	16.2
Italy	25.7	31.5	27.0
Luxembourg	9.7	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

<sup>a</sup> 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. <sup>b</sup> 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<sup>a,b</sup> — men, 2006**

Per cent of male workers and male part time workers

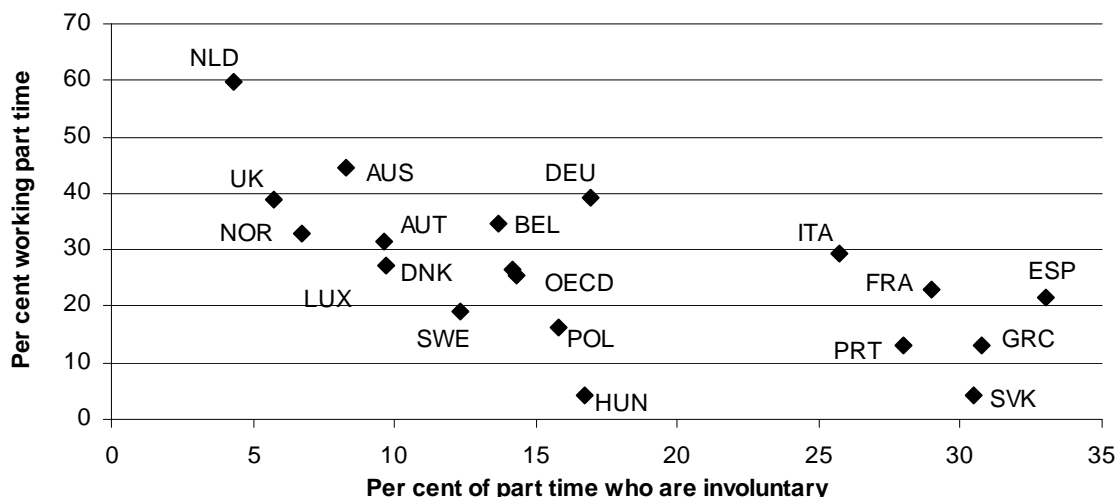


<sup>a</sup> Involuntary refers to persons working part time who would prefer to work full time. Part time refers to persons working 1-30 hours per week. <sup>b</sup> For Australia, part time workers are defined by national standards.

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<sup>a,b</sup> — women, 2006**

Per cent of female workers and female part time workers



<sup>a</sup> 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. <sup>b</sup> 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*).

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## 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.<sup>2</sup> 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.

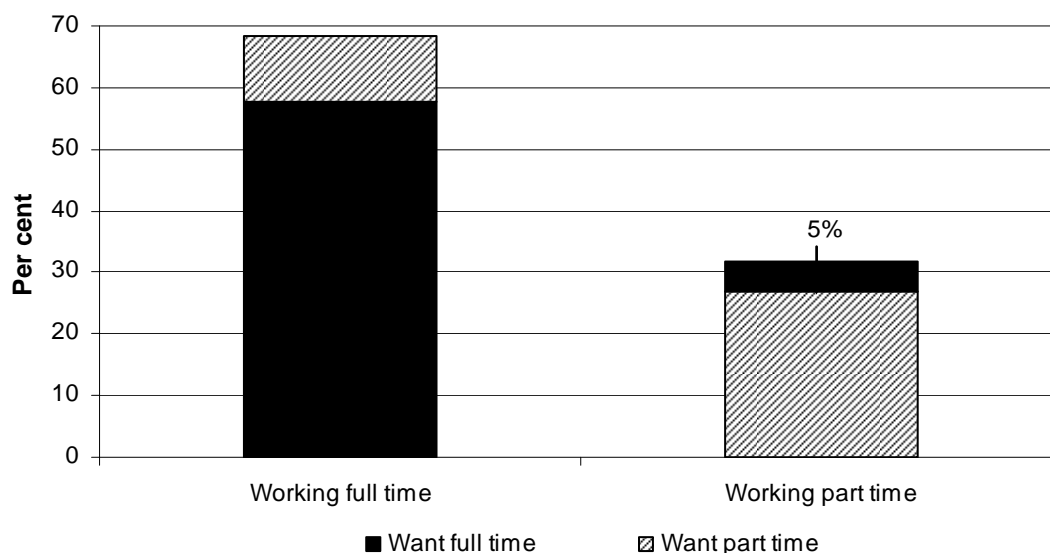
The magnitude of aspirational part time employment is accordingly, larger than the level of reluctant part time employment. In each of the 5 years that HILDA data is available, the sum of the desired reduction in hours by full time workers who want to work part time is approximately equal to 10 per cent 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

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<sup>2</sup> 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

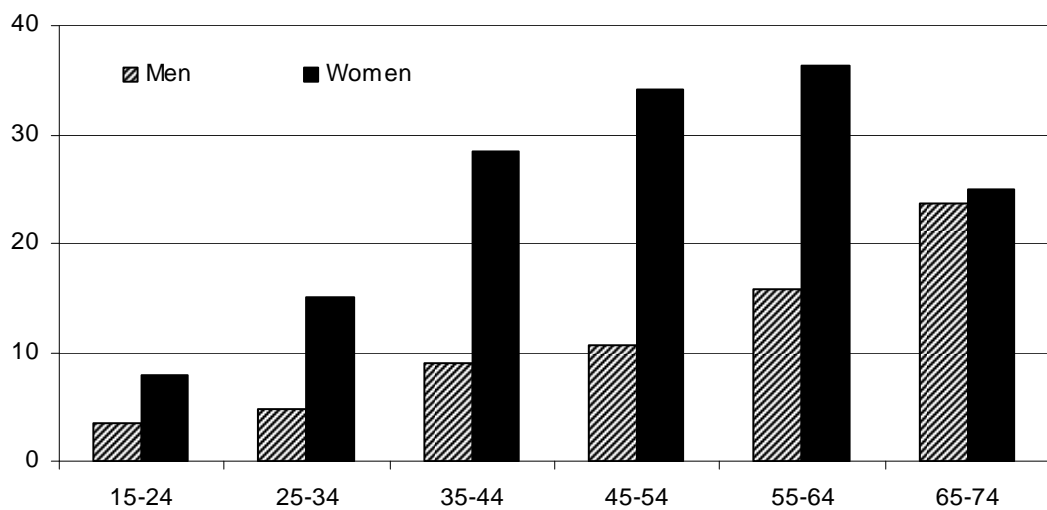
This paper has highlighted numerous factors that are more frequently associated with part time work. In particular, age and gender have been found to be strongly linked with differing rates of part time work. This section examines the age and gender distribution of aspirational part time work to see 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

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(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.

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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.

