
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.