The norm of permanent full-time terms of employment is under serious challenge. In Australia today more than one-third of employed people work on more variable terms – in particular, as casuals (19 per cent), independent contractors (9 per cent), other self-employed (9 per cent) and agency workers (about 3 per cent). In total, 30 per cent of people work part-time. While this shift to more varied terms of employment is an experience shared among many developed economies, in Australia it occurred mainly during the turbulent period from the early 1980s to the mid-1990s. During this period, casual employment rose from 15 per cent of all employees to 26 per cent and it has grown only slightly since then. Contract employment also rose, although agency employment has barely changed.

The causes of these changes are not well understood. In addition to the policy-induced structural change in the economy, technological change and a shift to a service economy are some of the causes. These explanations imply that the shift away from permanent and full-time forms of employment is driven by changing employer needs (the demand side of the labour market), rather than by changing worker preferences.

Whatever the causes, the growth in flexible ways of working is a major development and there is a serious concern that precarious, or flexible, types of employment are inferior and workers would not choose them if they had reasonable alternatives. The inferior dimensions of flexible work terms are argued to include job insecurity, variability in earnings, reduced on-the-job training, increased exposure to sexual harassment and workplace bullying, and a reduced capacity to exercise autonomy in how the work is done, which is damaging to health.

This view was neatly summarised by former Deputy Prime Minister, Brian Howe, in a speech to the National Press Club in 2012 in which he said:

If there is one story that cuts right across our economy and its changes in the last 20-30 years, it is the story of the growth of insecure work. Increasing numbers of workers are engaged in work that is unpredictable, uncertain and that undermines what ordinary Australians need to feel secure in their lives and communities. The rise in insecure work flows from the shift from standard full-time contracts to increasingly non-standard arrangements: whether casual work, irregular hours, short-term contracts or the use of labour hire companies.

Here I examine the presumption that most people want full-time and permanent work, and are forced by the lack of such jobs into less-preferred and harmful alternatives. I do so by taking a life course perspective on the ways in which people engage with paid work and how this has changed.
I also draw on direct evidence on the conditions and consequences of work on flexible terms as compared with permanent and full-time.

The changing character of the workforce

In a generation, the male breadwinner model of the Australian labour market has been replaced by something much more complex. In the old model, paid work is central to the lives of most adult men: men went to school, then sought full-time paid work until retirement or prior death/disability. Marriage and children were an accompaniment to this path but did not disturb it. For women, there was more complexity. As with men, school was followed by full-time paid work. But on marriage, and especially, motherhood, women largely withdrew from paid work. Widowhood or divorce would send them back into the workforce, and single women never left. It was uncommon for older women to be in paid employment and they could access the old age pension five years earlier than men. As reflected in the justification given for lower award wages for women, women in the workforce were mainly single, and they too wanted full-time work. This is the world that generated the norm that ‘good jobs’ were full-time and, preferably, reasonably secure.

The current reality is much more complex.

The male life course has not changed much, except that (i) young men have more years of formal education and many combine later years of study with employment, (ii) many fathers, through preference or encouragement, seek greater time with their children, and (iii) the real earnings of men are higher and they use this, *inter alia*, to reduce work effort in later life, including in response to ill health.

In contrast, the female life course has changed a great deal. It is no longer safe for a woman to assume that the (same) man will provide the income she needs over her adult life. For this and other reasons, women today are in the paid workforce at all ages and marital states, with and without children. Young women have greatly increased their levels of formal education, and combine later years of study with employment; marriage no longer reduces the paid work effort of women; motherhood causes reduced paid work but usually not complete withdrawal from the labour force; as children become less dependent, women increase their commitment to the workforce, but not necessarily full-time.

Both men and women have poorer health and substantially more disability (such as diabetes, asthma, mental illness, hypertension, obesity) in their 50s and 60s than did the previous generation. This development sits alongside a substantial extension of life expectancy at these ages, which in part explains the rising rates of employment (of both sexes) at older ages. These two developments mean more people with some form of health limitation are seeking employment.

The combination of extended full-time study with part-time employment, the sustained and substantial increase in women’s employment, the
In contrast with men, the employment life course has changed substantially for women, once they reach their mid-20s. They are now much more likely to remain in employment through the years of bearing and caring for children – indeed their profile in 2013 looks quite similar to that of men, although their absolute rates of employment are lower at most ages. The other major change for women has been the rise in employment for older women – those over age 50.

The evidence so far suggests that women of all ages, and both young (student) and older men would welcome opportunities for employment that did not require unrelenting full-time engagement, and that were compatible with study, caring for family members, and declining health and energy. These options could be provided by secure part-time work, and this has indeed been on the increase. But so have casual employment and other forms of more tenuous engagement. Figure 2 shows the changes in employment on casual terms that have extended lifespan combined with poorer health while still of working age, all combine to suggest that the standard offering of full-time permanent work is no longer the best fit for many people in the workforce today.

We can see the shifts over time in the relationship of men and women to paid work over their working life course in Figures 1 (a) and 1 (b) below. These show the proportion of each age group that was employed, in the years between 1978 and 2013.

The employment life course for men has not changed very much over the 35 years that are encompassed in the graph. Men still enter employment on completion of their education (or while still studying), work throughout their prime working years, then start to reduce their engagement with work once they reach their late 50s. The two main changes for men are that today, 10-15 per cent of men in the prime working ages from 30-50 are not employed and that employment rates for men in their 60s have risen.

Figure 1 (b): Employment to Population Ratio, female, by age, selected years

![Figure 1 (b): Employment to Population Ratio, female, by age, selected years](image1)

Figure 2: The proportion of each age group that worked on casual terms, 1992 and 2011, by sex

![Figure 2: The proportion of each age group that worked on casual terms, 1992 and 2011, by sex](image2)


occurred over the past 20 years, by age group and separately for each sex.

The figure shows that more men at every age are working on casual terms: this growth is not just confined to either end of the working life. At every age, almost half of male casuals are working full-time, and this is a growing category of employment. It is hard to argue that men aged 25-54 would choose to work on casual terms if a reasonable permanent option was available, especially since 37 per cent of them are married with dependent children. I note that casual employment for this group is concentrated among labourers and elementary sales persons, groups who are not likely to have a large set of job options. The concerns about insecurity of hours, employment and earnings arising from casual employment are especially pertinent for these men.

Again, the picture for women is different. Women have seen the same growth as men in casual employment among people under age 25 and over age 55. Many of both sexes are likely to be happy to work as casuals, as they study⁴, manage health limitations or transition to retirement. But in contrast to men, women aged 30-50 are less likely to be working on casual terms in 2011 than they were in 1992.

**Are flexible jobs worse jobs?**

The first point to make in answering this question is that Australia is quite unusual in the extent of protections it offers to people who are employed on flexible terms. The most notable of these is that wage setting rules require that if a job is done on casual terms, then there must be a loading of between 20-25 per cent on top of the permanent hourly rate. This loading compensates for the absence of paid leave (annual, sick, family) and, to an extent, for the insecurity. This casual loading is valued particularly by those who do not expect to get sick, or have family responsibilities, such as students. Casual workers
also have the same protection as other workers against unfair dismissal, discrimination, access to penalty rates and compulsory superannuation and (unpaid) compassionate and carer’s leave. In addition, unlike the United States and many European countries, access to health care and to unemployment benefits is not tied to current or prior work history. In Australia, therefore, it is very likely some workers will prefer to work on casual terms, even should a similar permanent job be available, if only for the higher hourly pay.

A valuable overview of whether casual employment causes hardship is to see whether it is concentrated among households that have the least options – those with the lower levels of socioeconomic advantage. If people who are employed on casual terms are located in high socioeconomic advantage households, we may conclude it is not because they have been forced by serious economic need to accept that form of employment. Figure 3 shows how men and women who are employed as casuals are distributed among households ranked by socioeconomic advantage. The sample is confined to those aged 25-54, in order to focus on those who have the fewest reasons to value casual terms.

We see from Figure 3 that there is some concentration of casual employment for men in the bottom four deciles of household socioeconomic advantage: if there was no association, the casual (and permanent) columns would all be equal to 10 per cent. But the concentration is not large: 33 per cent of male casuals are in the bottom 30 per cent of households and 25 per cent are in the top 30 per cent of households. For women the association is very weak, with the bottom and top 30 per cent of households providing 27 and 32 per cent of casual workers respectively. That is, more women casuals are in advantaged households than are in disadvantaged ones. The distributions shown in Figure 3 do not support the idea that people typically are forced to take casual jobs from a position of disadvantage.

To this point the analysis has relied on the presentation of selected national statistics. While this is quite insightful, there is a more analytical literature that uses advanced econometric

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**Figure 3: Distribution of casual and permanent employment by socioeconomic advantage of the employees: 2009**

![Figure 3: Distribution of casual and permanent employment by socioeconomic advantage of the employees: 2009](source: ABS Survey of Education and Training, 2009)
methods and panel data to, *inter alia*, see if employment on casual or part-time terms is disadvantageous. The question immediately arises: compared to what? One comparison is with similar people who are employed on permanent terms. The other comparison is with people who are unemployed. The former comparison implies that if opportunities to employ people on casual terms were restricted, then an equivalent number of permanent jobs would replace them. The latter implies that if people were prevented from working on casual terms, they would most likely not be able to find work at all.

The findings of this analytical literature are as follows:

- Both men and women have *higher wages* than otherwise if employed part-time (10 per cent) or on casual terms (5 per cent), once proper account is taken of individual productivity characteristics.
  - For women: the wages of part-time casuals exceed those of part-time permanent workers which in turn exceed those of full-time workers.
  - For men: the wages of part-time permanent workers exceed those of part-time casual workers which in turn exceed those of full-time workers.
- These findings for Australia are at odds with the findings for other like countries.
- Casual employment in the previous period greatly increases the probability of permanent employment in the current period for men, compared with being unemployed, but this is not true for women.
- Partnered Australian women have higher life satisfaction if they work part-time rather than full-time.
- Employment on casual or contract terms, compared with being employed in a permanent full-time job, does not harm mental health.

A more cautionary view is provided by Watson (2013, p.23), who concludes that:

‘It seems reasonable to conclude that casual jobs do indeed operate as labour market traps, and they are actually crafted to do so’.

If the alternative to casual and part-time employment is permanent and full-time, then we need to look more closely at how satisfied permanent full-time workers are. The main drawback of such jobs is the heightened risk of pressure to work long hours. Today, men in permanent full-time jobs work an average of 44 hours per week, a quarter work 50 hours or more and 30 per cent of men and 25 per cent of women say they would like to work fewer hours than they do (taking account of the effect on their pay). This is a much larger group than the numbers of part-time workers who say they want more hours of work. Econometric estimates find that working longer hours than is desired is both much more common and much more harmful to mental health and to job satisfaction than is under-employment. Drago et al (2009, p.593) conclude that ‘long hours, at least in Australia, may often represent a badge of masculinity.’

**Conclusion**

There is a time in the lives of many people when they want full-time permanent employment. This is especially true for men in their main earning years and women too, if they do not have young children. But there are also times in the lives of many people when they want less ‘consuming’ forms of employment, to accommodate study, family needs, health limitations and phased retirement. With a focus on family needs, the Sex Discrimination Commissioner, Elizabeth Broderick (2012, p.207) concluded that ‘it is now 2012 and in terms of the workplace, there is still a fundamental mismatch between unpaid caring work and workplace structures and cultures … significant cultural change will not occur unless, and until, men start working differently – more flexibly’.

The much greater diversity of the modern workforce is better suited by a variety of terms of employment, than by full-time (and long hours) permanent terms as the only option. Furthermore, workers who are employed on flexible terms on average receive higher hourly wages as a result.
There is no doubt many people who work on flexible terms do find the insecurity, lack of paid leave and other features of this type of work to be troublesome. Full-time permanent workers also have legitimate discontents. We should apply our wit to identifying how to improve the working experience for all types of workers, while retaining the essential degrees of freedom that are most valued by employers.

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2 Brian Howe led the Independent Inquiry into Insecure Work on behalf of the ACTU. They produced a substantial report entitled Lives on Hold in 2012.
4 48 per cent of higher education students aged 15-24 study full-time and work part-time; 80 per cent as casuals. Of all casuals, 29 per cent are full-time students. Data are derived from the ABS Labour Force Surveys.
5 Full citations to the articles on which I draw are provided in the bibliography.
6 Richardson et al, 2012; A Dockery, 2006, ‘Mental health and labour force status: panel estimates with four waves of HILDA’, Centre for Labour Market Research Discussion Paper 06/1, Curtin Business School, Curtin University of Technology.

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