Shifting Industrial Relations Jurisdiction from the Queensland Government to the Commonwealth Government: Some Potential Implications

John Mangan

The University of Queensland

June 2005

TABLE OF CONTENTS

Disclaimer:

This material was created by Professor John Mangan of the University of Queensland. The contents represent the opinion of the author and should not be construed as representing the opinion or policy of any other party or legal entity.

Executive Summary

- The proposal by the Commonwealth Government to assume major responsibility for the administration of Industrial Relations in Queensland will, if successful, create a segmented labour market in the State.
- If Queensland and other States choose not to refer their industrial relations powers, it is estimated that approximately 30% of employees will remain protected by the States' systems once the federal Government enforces a takeover via the corporations power.
- This result has the potential to further segregate private and public sector labour markets and retard the valuable flow of staff between the two sectors.
- The main motivation for the proposed changes appears to be to continue the path of deregulation in the belief that this will automatically have additional economic benefits in the form of increased productivity and higher wages.
- In the short run, this would appear a difficult task within a Queensland economy for any new system because Queensland has had the fastest employment growth in Australia over a number of years, unemployment rates below 5% and an industrial relations strike rate 3 to 4 times lower than the current rate in the more de-regulated State of Victoria.
- Central to the argument is the nature of the relationship between an industrial relations system and economic performance. This paper reviews some recent literature on this issue as well as undertaking some additional empirical research.
- This research confirms that the link between deregulation of industrial relations systems and economic performance is much more complex than is often put forward by supporters, and is subject to threshold effects, beyond which, further deregulation is likely to prove counter productive.
- A number of papers cited in the report highlight the link between workforce morale, driven by job satisfaction and perceptions of job security, and labour productivity. A case in point is the positive role that has been played by job protection legislation in raising workforce moral in a number of countries including France and Switzerland.
- The paper also cites empirical research that finds evidence of a positive and statistically significant relationship between union/management co-operation and managerial investment and innovation strategies. For example, Metcalf found a positive statistical relationship between active unionism and increased product and process innovation and investment activity. This was principally due to unions helping to deliver functional flexibility. On the negative side, he found that multi-unionism can lead to reduced profitability.
- The paper cites a number of examples where industrial relations systems provide the stable threshold levels of employee work conditions and pay

that produce positive effects on job satisfaction levels and workplace performance.

- In particular functional workforce flexibility is seen as a positive impact on workforce productivity, particularly where this is brought in with union agreement, but numerical flexibility strategies such increased workforce casualisation are shown as being associated with reduced job satisfaction and increased perceptions of job insecurity.
- The report seriously questions the benefits of shifting from a predominantly State-based to a predominantly Commonwealth based system. This is because some of the likely key planks of a Commonwealth based system, such as the removal of unfair dismissal legislation, downward pressure on minimum wages and the abolition of penalty rates and long service leave, are likely to damage the job satisfaction and job security elements of employment for many workers with no clear or well defined arguments to indicate potential benefits.
- While it is recognised that an industrial relations system by itself is not the major determinant of economic performance, the report argues that mixed IR systems that allow enterprise bargaining but retain a significant role for unions and worker protection legislation are best able to deliver the joint benefits of productivity growth and high workforce morale.

.

Shifting Industrial Relations Jurisdiction from the Queensland Government to the Commonwealth Government: Some Potential Implications

John Mangan[1]

The University of Queensland

Introduction:

Currently, approximately 55% of Queensland workers are officially covered by State awards, with another 17% relying upon the State System. The remaining 28% of workers are covered by the Commonwealth Government industrial relations legislation. The Commonwealth Government is proposing to significantly increase its role in industrial relations matters in Queensland by exercise of the Corporations power set out in the Australian Constitution. Were this to occur, about 70% of Queensland workers would be covered by Commonwealth arrangements with the remaining 30% being covered by the State system. This latter group would compose State public servants and employees of unincorporated small business, who fall outside the reach of the Corporations power.[2]

Therefore an immediate consequence of such changes would be to create a dichotomous IR structure in Queensland, with most private sector employees being covered by Commonwealth arrangements and the large bulk of public sector workers working under

[1] Thanks are due to Sebastian Brelin, Andrew Dugan, Gianna Shorney and Adam Stevenson of the Department of Industrial Relations for their assistance. Errors of omission or content remain the sole responsibility of the author.

[2] Information supplied by the Queensland Department of Industrial Relations

State awards. This may accelerate the already apparent divergence in employment outcomes and conditions between private and public sector labour markets in Queensland.[3]

The Commonwealth's changes will not be policy neutral. Currently, there are clear differences in emphasis and content, between IR provisions in Queensland as expressed in the *Industrial Relations Act 1999* and those favoured by the Commonwealth Government and as first expressed in the *Workplace Relations Act 1996.* These include fundamental differences over issues concerning minimum wages, the role of unions and industrial tribunals as well as specific issues relating to unfair dismissal legislation, third party involvement, penalty rates and over-award payments.

While there is considerable debate concerning the exact nature of the relationship between industrial relations and individual and collective economic performance, there is general agreement that the legislative framework under which employees are employed is influential in determining their degree of work satisfaction as well as their productivity and job security[4]. As a result, changes in IR legislation will inevitably impact upon the economic and social conditions of employees in Queensland. For example, each move towards deregulation further erodes the traditional employer/employee relationship, whereby employers sought to provide job continuity and employees acquired firm-specific skills.[5]

Somewhat surprisingly, the Commonwealth changes to industrial relations jurisdiction come at a time when the Queensland labour market and the Queensland industrial relations system are outperforming the rest of Australia. For example, over the decade 1991-2001, employment in Queensland increased by approximately 30 per cent compared with 16 per cent for the rest of Australia. Queensland has continued to out-perform the other Australian States in job creation into the current period. In terms of industrial disputes the Queensland

[3] See, Tunny, G and Mangan, J. (2004) "Stepping Stones to Permanent Employment in the Public Service", *LABOUR*, 18, 4 pp. 591-614

[4] See, Metcalf, D (1993) "Industrial Relations and Economic Performance," CEP Discussion Paper 129, Centre for Economic Performance, London School of Economics and Political Science.

[5] A related concept is that of labour hoarding, which produced greater labour market stability in recessions as employers, retained workers despite short-run reductions in output, in recognition of their long-term value.

strike rate has shown a long term trend decline from 1996 to 2004[6], to the point that by the December Quarter 2004 the Queensland strike rate has fallen to 2.5 days per thousand employees, well below the Australian average of 6.1.[7]

The one area of continuing concern within the contemporary Queensland labour market is the continued high (well above Australian average) representation of non-standard jobs[8], with the potential that has for future employment instability, low wages, disruption of workforce training and changes in the nature of employer/employee relations.[9]

This report investigates the impact of the introduction of the Commonwealth's changes upon economic performance and working conditions within Queensland. The report is organized in the following way. Section 1 sets out the scope of changes already announced and the effect of the majority of industrial relations management moving to the Commonwealth. Section 2 examines the broad relationship between industrial relations and economic performance. This section will draw on econometric evidence from overseas as well as undertaking some limited econometric modelling of Australian data gathered from wave 1 and 2 of the Household and Labour Market Dynamics in Australia survey (HILDA)[10]. Section 3 examines the potential economic and social consequences of the Commonwealth's changes to the IR system by drawing together the conclusions of sections 1 and 2. Section 4 contains the summary and conclusions.

---

[6] The downward trend was interrupted only during December 1999. The strike rate is defined as working days lost from industrial stoppages per thousand employees.

[7] The Australian average strike rate for this period was driven up by high results in Western Australia (20.1) and Victoria (8.7)

[8] See, Data Appendix, table A.4 details of the growth in casual employment in Queensland. See also Mangan, J and Williams, C, (1999) "Casual Employment in Australia; A Further Analysis: *Australian Economic Papers,* Vol. 26, 3, pp. 129-134 and Breslin, S. (2004) "Casual Employment in Queensland", Department of Industrial Relations, mimeo.

[9] This is particularly true in Queensland where the non-standard employment is heavily represented by casual employment. See, Mangan, J (2000) *Workers without Traditional Employment: an International Study of Non-Standard Employment*, Edward Elgar, London, for a discussion of this issue.

[10] For details see, http://www.melbourneinstitute.com/hilda/sinstruments.html

1.0 The Extent of the Commonwealth's Changes on Industrial Relations Coverage in Queensland

Currently, most employees in Queensland operate under the provisions of the Queensland Industrial Relations Act 1999. Under these provisions awards and agreements may be made concerning a wide variety of Industrial Relations issues. As well there is a significant role for the Queensland Industrial Relations Commission in minimum wage setting and helping parties to resolve disputes. The shift to the Commonwealth will significantly reduce the extent of award coverage and bring increased deregulation to the Queensland labour market.

The key elements of the Commonwealth Government's plans include:

- A new body, the Australian Fair Pay Commission, will be responsible for setting minimum wages and taking over the powers exercised by the Australian Industrial Relations Commission.
- The AIRC will continue but with greatly reduced powers, limited to dispute settlement and, perhaps, private mediation.
- The matters that can be included in awards will be stripped back from 20 to 16.The changes include removing jury service, notice on termination, long service leave and superannuation.
- The federal Government will legislate a set of basic minimum standards known as the Australian Fair Pay and Conditions Standard. The conditions covered in the basic set include annual leave, personal leave, parental leave and the maximum number of working hours.
- These minimum standards, together with the minimum wage set by the Fair Pay Commission, will form the benchmark for parties making collective or individual agreements, rather than the award. Provided they meet these minimum standards, agreements will be approved on lodgement with the Office of the Employment Advocate.
- The Office of Employment Advocate will take over the function previously performed by the independent tribunal, the AIRC
- Businesses with up to 100 employees are exempt from unfair dismissal laws[11].

- [11] Based on current figures this will mean employees in 98.9% of Australian businesses will have no recourse to unfair dismissal procedures.

- In business with more than 100 employees, the automatic probationary period during which employees are exempt from unfair dismissal laws has been increased from 3 to 6 months.

- Initially, the federal government is seeking a voluntary referral of powers from the states to create a national system of industrial relations. However, the Commonwealth has indicated that if the states reject this option, the federal Government will use the corporation's power in the constitution to expand their coverage.

The Federal Government also currently has bills before the federal Parliament which have significant implications for Queensland. They include bills to:

- Introduce right of entry provisions that would limit union access to workplaces and override existing state-based right of entry laws; and
- Introduce a national regulatory scheme for the building and construction industry and implement the recommendations of the Cole Royal Commission which will result in a significant federal incursion into areas that are currently within the state jurisdiction.

The main principles underlying the Commonwealth's changes are:

1. The encouragement of more extensive enterprise and individual bargaining, as opposed to industry wide awards and the belief that such arrangements allow for greater micro-management by the private sector. In other words, where possible industrial relations matters would become internalised into the cost structure of the individual firm rather than being used to provide universal level of minimum conditions.
2. Emphasis is placed upon determining an economic value of an employee's work. Social and cultural issues that were recognised in separate over-time or penalty rates are to be either ignored or bundled together in a fixed hourly wage designed to take into account all workplace benefits.
3. Within these types of changes deregulation is seen as a goal in itself because it is felt that deregulation in the labour market is closely related to, and in fact a necessary

> accompaniment of, overall competitive markets with the resultant economic benefits that market orientation is believed to bring.[12]

However these assumptions, although still widely held, are coming under increased scrutiny and attention. In particular a number of recent studies have shown the benefits on economic performance of certain threshold levels of industrial relations coverage and union involvement. Some of these studies and other literature examining the link between IR and economic performance are reviewed in section 2.

[12] See, 'Deregulation: An act of Faith' *The Economist*, May 1987 p. 43-47

2.0 Industrial Relations and Economic Performance

For the past 30 years or so, analysts have argued over the role played by institutional arrangements, particularly those relating to industrial relations, in the economic performance of western economies.[13] Over this period, the range of periodically preferred models has varied from neo-corporatist models of Scandinavia and the longer term "stability" models of Japan and Germany of the 1980's to the American model of limited regulation, increased enterprise bargaining and a micro-based approach to industrial relations, which Freeman claims had its heyday in the late 1990's and early 2000's.[14] The well documented decline in union membership throughout the world and the rise of management doctrines that stressed flexible labour force practices were additional pointers to a trend away from collectivist agreements in labour relations.[15]

However, as with most economic trends, there has recently been some re-thinking of the role of industrial relations in economic performance both at the micro and macro levels as well as a reconsideration of the sum total of benefits resulting from deregulation. For example, a worrying feature of contemporary workplace reforms has been the declines in levels of job satisfaction and the increased perceptions of job insecurity that have accompanied their introduction. So widespread have been these developments within many countries that analysts are concerned about their current and longer term impacts on labour force productivity, employee health and well being and overall levels of economic performance.[16]

---

[13] Particularly the link between economic efficiency and issues such as job protection legislation and penalty rates, see, Freeman, R. (2004) "Are European Labor Markets as Awful as All That?", CEP Discussion paper No. 644, London School of Economics and Political Science

[14] See, Freeman, R (2004), p 3

[15] Some evidence has emerged that the decline in union membership may not be purely a reflection of discontent by employees with unions. Detailed evidence of 'frustrated union members", those that are unable to join appropriate unions due to the rise in non-unionised worksites, See, Bryson, A. and Gomez. R. (2003) "Why have Workers Stopped Joining Unions?", Centre for Economic Performance, paper number 423 , London School of Economics and Political Science

[16] See, for example Blanchflower, D.G and Oswald, A.J (1999) "Well-being, Insecurity and the Decline in American Job Satisfaction", paper presented Cornell University, May

Studies across the world have reported increased perceptions (if not always the reality) of reduced employment security.[17] Coupled with this has been the steady rise in the percentage of the workforce employed in non-standard work and the emergence of a significant group of working poor. These factors have strengthened concerns that the gains from deregulation in the form of numerical and functional labour force productivity are being dissipated away by lower workforce morale and, ultimately, reduced labour productivity. There is also concern that the destruction of the traditional employer/employee relationship will bring increased instability to the labour market during periods of economic downturn.

In terms of income distribution, it is clear that deregulated labour markets have produced losers as well as winners, with the emergence of a sizeable minority of workers categorised by the UK Low Pay Unit as the "working poor". These are employees who, because of low bargaining power, have been ineffective in enterprise-level wage bargaining and who have come to rely upon institutionally set minimum or living wage legislation and other working conditions. A mark of the extent of disenfranchisement of these workers in the UK is shown by the fact that the Low Pay Unit in the UK has felt the need to increase wages for this group a number of times. For example, recommendations by the Low Pay Unit will have to deliver a 49% increase over the period 1999-October 2006.[18]

In modern economies, the industrial relations system provides the backdrop to economic performance. For example, a number of studies have shown that reductions in the level of legislative protection and union influence have impacted negatively upon perceptions of job security, average workplace health and safety standards and on–site training levels. As a consequence, individual worker productivity has been adversely affected. At the firm level,

[17] See, Givard and Maurin (2004), Changes in Job Security and their causes: An Empirical analysis for France, 1982-2002, *European Economic Review* 48 pp.595-615

[18] See, National Minimum Wage, UK Commission on Low Pay 2005, www.lowpay.gov.uk/lowpay

industrial legislation that stabilises or improves these issues has been shown to impact favourably upon innovation and investment.[19]

2.1 Empirical Studies of the Relationship between IR and Economic Performance

Michie and Sheehan (2003) drew on an original survey of UK manufacturing establishments to investigate the relationships between a firm's use of flexible work systems, human resource management techniques, and industrial relations practices (as control variables) and the likelihood of a firm being active in investment and innovation.

They use a generalised reduced form equation of the type:

$$Y^*_I = B'X_i + \psi' Flex_i + \omega' dIR_i + Є'dHRM_i + \mu_i \qquad (1)$$

Where Flex= variables reflecting flexible work practices, IR is a set of Industrial relations indicators and HRM refers to human resource practices at each plant. Two sets of equations were run; Equation (1) testing the impact of Flexible practices, controlling for IR differences and Equation (2) testing the impact of IR controlling for work practices.[20]

The industrial relations variables chosen were:

- dUnion - defined as 1 where 50% or more of employees were union members or 0 otherwise.[21]
- dGrieve – defined as 1 where < 5% of employees had filed a formal grievance in the past year, otherwise 0.

[19] See, Michie, J and Sheehan, M. (2003), Labour Market Deregulation, Flexibility and Innovation, *Cambridge Journal of Economics* 27, pp. 123-143.

[20] The full set of results is shown in the Data appendix in tables A1 and A2.

[21] The mean values of the three IR variables were, 0.19, 0.84 and 0.07 respectively

- dAction- defined as 1 where the worksite had experienced an industrial action in the last 5 years, otherwise=0.

Whereas the variables chosen to reflect workplace flexibility were:

- Flex- the existence of flexible hours working arrangements, a dichotomous variable with 1= the existence of such a scheme, otherwise 0.
- The percentage of workforce made up of permanent part-time employees.
- The percentage of workload undertaken by casual, fixed-term or seasonal workers.
- The rate of labour turnover.

The results provide insight into the importance of industrial relations coverage to economic performance, both separately and through their interaction with flexible work practices. For example, active unionism (defined where dUnion > 50%) was associated, in a statistically significant way, with increased innovation and investment activity and with product innovation. The sign on the dUnion variable, in terms of its impact on process innovation, was positive but not statistically significant. Similarly, industrial harmony (dGrieve) impacted positively upon all forms of innovation while aspects of IR conflict (dAction) impacted negatively upon both product and process innovation. These results confirm that which is already well known; that progressive unionism is a positive factor on workplace productivity while industrial conflict is harmful to economic performance.

In relation to those variables reflecting labour flexibility, the results indicate that increased functional flexibility is significantly positive with respect to all categories of innovation.[22] However, the reverse is the case for numerical flexibility (the ability of firms to change the number of people they employ by using part-time casual and short-term fixed contracts). The intensity of part-time employment has a negative sign in all cases and is significantly negative for process innovation. The temporary contracts and casual employment variable is

[22] Functional Flexibility is defined as " the ability of firms to vary the amount of labour they use without resorting to the external labour market and is achieved by having a workforce that is able to carry out a wide range of tasks"

significantly negative for the innovation process in general and for process innovation and high labour turnover has a strongly negative impact on all aspects of investment and innovation. Findings such as these have direct relevance to the proposed changes in the IR settings in Queensland because they actively encourage increased non-standard work.

2.2 Macro-Economic Effects

At the macro level, Metcalf investigated the impact of unions on productivity, financial performance and investment across six countries - USA, Canada, UK, Germany, Japan and Australia.[23] Metcalf's comparative research shows that, in contrast to more traditional arguments, IR impacts are significant to overall economic performance but are not monotonic, with universally good or bad results, but rather are variable across various types of performance criteria and the environmental context of the country in question.

In general, he found that the impact of unions on productivity, financial performance and investment is important but subject to variations in intensity across countries. For example, in the USA, firms with high performance work systems and union recognition have higher productivity than other workplaces.[24] The implication he drew from his results was that the specific recognition of union legitimacy and the incorporation of union leadership into corporate strategy produced positive economic performance results for participating firms.

In the UK and Australia, Metcalf found a shift in results away from the previous negative effects associated with unions on labour productivity. He argued these negative effects have been eroded away by greater competition and emphasis on partnership in industrial relations. The only remaining negative factor arising from unionism found by Metcalf, for both countries,

[23] Metcalf, D (1993) "Industrial Relations and Economic Performance," CEP Discussion Papers 4129, Centre for Economic Performance, London School of Economics and Political Science.

[24] High performance work systems are defined as those where close co-operation on functional flexibility take place between management and unions.

was the lingering presence of multi-unionism at the plant level which had adverse consequences on functional flexibility.

For Germany he found that information sharing, consultation and the voice role of labour unions significantly enhanced labour productivity, especially in larger firms. In Japan, the effect of unions was to raise productivity through longer job tenures (better for human-capital management) and the personnel management role played by union officials.

Metcalf found that union activity still had the capacity to reduce profits if this led to excessive wage claims but that evidence of this form of behaviour was declining. In contrast to anecdotal evidence portraying the interests of small business and unions as being diametrically opposed, Metcalf found that in the USA there was a positive association between the profit levels of smaller entrepreneurial firms and the degree of cooperation with labour unions.

In terms of the encouragement of investment, Metcalf found mixed results. While high levels of plant level unionism exerted a strong positive influence on investment in Japan, it was found to reduce investment in unionised plants by about 1/5 when compared to non-union shops, even at low levels of unionism. A determining factor in this disparity of results was the extent of union/employer cooperation, with the Japanese unions being much more likely to be incorporated into the decision making processes of the firm.

3.0 Job Stability and Job Security Issues

Recent studies, such as those listed above, are now consistently reporting that the appropriate IR structures are beneficial to economic performance. However, while a number of these studies show this result statistically, they are less specific about the exact mechanism by which these positive relationships may be achieved. Implicitly, the links appear to be driven by the positive impact that IR legislation may have upon the related

indices of job security and job satisfaction and its consequent effect on labour productivity. Other potential links include easing problems associated with the introduction of new technology and promoting information sharing at the plant level. However, the issues of job stability, job security and job satisfaction predominate.[25]

3.1 Measuring Job Stability and Job Security

Meltz defines job security as "where an individual remains employed with the same organization with no diminution of seniority or pay pension rights over a significant period".[26] Yet, this definition is limited and it is likely that perceptions of employment security is more complicated than this and takes on a number of dimensions including:

- Security of tenure.
- Earnings.
- Stability of hours.
- Tasks.

Moreover, a job may appear stable, in terms of completed duration of employment but be insecure in terms of future prospects, because the status of the job has changed from permanent employee to casual worker or contractor, or because previously existing job protection legislation has been altered or removed. A number of methods may be used to measure job stability and job security. As discussed earlier a number of ways of measuring job stability exist including:

- Average job duration.
- Level of involuntary job loss.

---

[25] See, Yousef D, A (1999) "Satisfaction with Job Security as a predictor of organizational commitment and job performance in a multicultural environment" International *Journal of Manpower*, Vol. 19 Number 3 pp. 184-194.

[26] Meltz, N.M (1989), "Job Security in Canada", *Industrial Relations*, 44 , 1 pp. 149-160

- Changes in the percentage contribution of jobs by status.
- Changes in the 5-year retention rate index.
- Average length of completed jobs.

In contrast, the measurement of job security is often survey based, because the notion of job security is inherently based on perception. While it might be expected that observed shifts in job stability would influence perceptions of job security, the two measures are not perfectly correlated. This has led, in recent years, to an apparent paradox where, while there appears to be no significant movement in some measure of job stability, perceptions of job security have fallen considerably.

3.2 Studies of Average Duration

As noted above, in recent years a number of attitudinal surveys have reported a significant growth in employee perception of increased job stability.[27] Yet many of these perception studies have not been supported by studies of aggregate data where observed trends in average job duration have been the unit of measurement. For example, the US Bureau of Labor Studies found that during the 1990's average job duration was only slightly lower than that for the 1980's. The result is repeated in the US with studies by Diebold, Neumark and Palsy.[28]

However, these results should not be taken to imply that changes in job duration were not taking place. These studies also report that the apparent stability of average job duration in the US resulted from countervailing movements in average job duration between males and

[27] For a comprehensive review of the growth in these perceptions across many countries, see, OECD (1997) "is job insecurity on the increase in OECD countries? *OECD Bulletin*, chapter 5.

[28] Diebold, F., Neumark, D and Polsky, D (1997) "Job Stability in the United States", *Journal of Labor Economics*. 2 pp. 206-223

females. In the US, average male duration fell by approximately 8% during the 1990's; this was offset by increases in female duration.[29]

3.3 Australian Results for Average Job Duration

A similar result was found in Australia, with studies undertaken by the Institute of Labour Studies reporting little difference in aggregate job duration between the 1980's and 1990's.[30] The results shown in the data appendix (table A6) appear to confirm the notion that jobs have remained stable over the two decades. However, Norris and McLean find that part of the discrepancy between employee perceptions of job security and published data on job stability arise from the type of data chosen to measure job stability, the groups of employees being considered and the methods used to interpret the data. They found, for example, that there were ways of interpreting currently available data which yield significantly different conclusions about the extent of job instability.

The data shown in table (A7) are derived from an ABS survey question administered to all persons aged 15 years to 69 years who held a job in the 12 months prior to the survey. One question asks "how long the person has been in their current job?" Data provided from this source show current duration and are best referred to as *interrupted job data* rather than *total job duration* data. From these data we find evidence of long job tenure, with about 30% of employees being in their current job for over 10 years. Yet, even in the interrupted job duration data it is possible to see indications of potential job instability. The median group have been in the same job for over 10 years but 20% have been in the current job less than 1 year and of those, more than half have been employed in the current job for less than 6 months. Overall, the interrupted job data is essentially stock data and the results obtained

[29] Schmidt, S and Svorny, S.V (1998), "Recent Trends in Job Security and Stability", *Journal of Labor Research*, No. 4 p.647-651

[30] Norris, K. and Mclean, B (2000), "How Long Do Jobs last in Australia?" Australian *Bulletin of Labour*, Vol. 26 No.2 pp. 97-106

are slanted towards those in Australia (the majority) who have been in stable employment for a long period.

However, it is possible from a comparison of the time series of interrupted data to calculate completed job duration data. In table (A8) these estimates are compared to interrupted job duration estimates. These latter data provide very different pictures of job stability in Australia.

The results show that new jobs that begin in any period, last for a relatively short period, which on average is approximately 2.8 years. It also shows that there is a reinforcing effect in which holders of short duration jobs are looked into a string of short-term jobs. Similarly, OECD data shows that almost half of those whose last job tenure was less than one year do not last more than one year in the next job.[31] In contrast the average person in the OECD already in a job at any point in time will hold that job for a long period of time, 15.6 years for males and 12.3 for females. The authors reach the conclusion that most newly commencing jobs are now of short duration but most employment is spent in jobs that last a long time. In other words in Australia, many short term jobs co-exist with jobs that last a long time.

In some sense this result is not surprising given the duality that exists in the economy among many economic variables. For example unemployment, even during severe economic recessions, is still contained to approximately only 10% of the workforce. This is because in stable economies, economic problems are not evenly distributed but tend to be concentrated on a relatively small percentage of the population. The duality on job duration is one more example of the segmented nature of modern economies. Those in secure employment, with long job tenure, dominate the data, disguising the fact that a large number of newly created jobs are now unstable because they last a relatively short period.

[31] Organisation of Economic Co-operation and Development (1997) " Is job insecurity on the increase in OECD countries" p. 149

Complementary evidence of the increased precarious nature of jobs in Australia comes from the OECD who report that, by international standards, current jobs in Australia are of relatively short duration. In their recent survey, average job duration in Australia ranked lowest among 23 member nations and was approximately 25% lower than the average for the OECD.

3.4 International Studies

Souza-Poza examined issues of job stability for Switzerland, a country where only job to job mobility increased during the 1990's and involuntary job turnover actually fell. Souza-Posa concluded that the labour Force in Switzerland appeared to be insulated from the destabilizing impact of globalization that impacted in the 1990's in other European and Western economies. He concluded that, within Switzerland: [32]

> "Consensus and stability-orientated IR and management practices exerted the greatest impact on job security and stability"

One manifestation of this stability is the fact that Switzerland has one of the lowest percentages of non-standard workers in its workforce among all European countries.

Yet a continuing problem with most empirical research into the economic impacts of IR structures is the difficulty in controlling for other factors that may impact upon economic performance, plus the fact that IR systems change only slowly, with the result that many studies are geared around examining a period pre and post a major shift in industrial relations practice. A recent paper using French data over the period 1982-2002 has the advantage of being able to segment the study into 3 specific periods which coincide with major shifts in IR policy in France. Specifically, period (1) 1982-1986 was a period of comprehensive and

[32] Sousa-Poza, A. (2001) "A Comparative Perspective on Switzerland's Experience in the 1990's", *European Journal of Industrial Relations*- Vol. 10 number 1 pp. 31-49

stringent collective IR policy in France.[33] Period (2) 1986-1990 coincided with significant relaxation in job security and other legislation and a major growth in non-standard employment, and period (3) 1990-2002 saw a partial return to the earlier period and the re-introduction of employment protection legislation.[34]

In this paper the authors investigate the risks of involuntary job loss in France between 1982 and 2002. They find that the risks of involuntary job loss in the 1990's were higher than the 1980's. The authors develop an econometric model to separate the effects of institutional changes from the effects of new technologies. Job loss is found to be significantly higher in industries with a large share of R&D workers and the largest rate of new technologies users. These findings suggest that technological changes contribute to decreasing the incentive to keep workers for a long period of time and to the observed increase in job insecurity. The relationship between job loss risks and IR legislation in place is shown in the data in table A5.

The results indicate that workers felt less secure during the (middle) period of deregulation. Secure. This is particularly true when the periods 1 and 2 are compared. For example low seniority workers felt they had 2.9% higher chance of retaining employment compared to the later period. In period 3, the period of a partial re-establishment of industry-wide IR legislation, workers also felt more secure than in period 2, but the difference between the periods is less pronounced than in the former case. One explanation for this is that the events of period 2, the period of deregulation, has produced a permanent decline in perceptions of job insecurity among French employees.

The data for Australia is mixed but the results derived by Norris and McLean indicate that for both males and females average completed job duration has fallen by approximately 10 per

[33] Referred to in the article as restrictive legislation but mainly relating to job protection legislation.

[34] See, Givord, P and Maurin, E. (2004), Changes in job security and their causes: An empirical analysis for France, 1982-2002, *European Economic Review* 48 pp. 595-615

cent between the years 1992-1998. Yet there are some indications that feelings of job insecurity are now going beyond the usual suspects, lower skilled males.[35]

Faber, for the US, used involuntary job loss data from the Displaced Worker Survey1984-2000 in preference to average duration data. He found that the rate of involuntary job loss, which previously had a strong counter-cyclical pattern, increased during the 1990's, despite it being a period of sustained economic growth.[36]

In other words, during this period the standard driver of involuntary job loss shifted from economic recession to managerial policy, perhaps influenced by considerations of job flexibility and the impact of technological change. He also found that educated male workers had the greatest proportional increase in involuntary job loss. That the demand for such high-skill workers is now exhibiting sharp pro-cyclical behaviour is another example of the changed employee/employer relationship and the demise of the previous practice of labour hoarding.

After controlling for the state of the economy, Faber also found evidence of increased job loss in the US in the mid-1990s. As well Boisjoly et.al (1998), using the Panel Study of Income Dynamics (PSID), showed a sharp increase in the rate of voluntary terminations in the US between 1968 and 1992. OECD data, while again arguing that aggregate job duration has remained relatively constant, also show that involuntary job loss, particularly among males, increased in member States in the 1990's.

3.5 Job Insecurity in Spite of Observed Job Stability

While the empirical debate over job stability continues, there is no doubt that perception of low job security has increased substantially among workers in most countries. Kelley, Evans

[35] Although Elementary clerical, sales and service workers and Labourers and related workers do have the shortest completed job duration statistics in Australia

[36] Faber, R, (1996) "Job Stability in the US 1981-1991, NBER, No. 239

and Dawkins found that for Australia the percentage of workers who felt that their job was secure fell from 73 per cent in 1989/90 to 56% by 1996/97. Similar results have been repeated in a number of studies for OECD countries.[37] This time period coincides with the first major shifts towards labour market deregulation in a number of countries.

The OECD argues job security is influenced not only by the *risk* of involuntary separation but also by its *expected adverse consequences*. Adverse consequences are inversely related to the level of unemployment benefits, and directly related to the prospect of having to accept a lower status or lower pay to get back into the workforce. In other words, feelings of insecurity are generated not only by the likelihood of losing the current job (which may be proxied by the involuntary separation rate) but also by the probability of getting a replacement job and the costs associated with the consequent job search procedures. For these reasons, workers aged over 45 are often observed to have the greatest sense of job insecurity not so much because obtaining an equivalent new position is difficult for mature workers but rather because they have (in aggregate) increased probability of job loss compared to other age groups.

3.6 Determinants of Feelings of Job Insecurity

As stated earlier, feelings of insecurity in a job are related not only to the current rate of involuntary job loss in the relevant industry or occupation but also to the potential costs to the individual from undesired job loss and difficulty of re-employment. For this latter reason, a number of predictors of feelings of job security have been identified, although as Borland argues:

> "Thus far the international literature on perceptions of job security is fairly limited" (Borland 1997, p1)

[37] Kelley, J., Evans M.D.R and Dawkins, P (1988) "Job Security in Australia", How much is job security worth to employees?" *Social Science Monitor* and OECD (1997) "Is job insecurity on the increase in OECD countries?

This notwithstanding, most studies highlight the overall level of economic activity is important because it determines both the likelihood of the current job loss, as well as the likelihood of gaining re-employment. Polsky and Neumark, using US data, showed the importance of the business cycle to the level of involuntary job loss to the extent that most studies that now investigate movements in employee perceptions of job security now control for the business cycle and concentrate on human resource and industrial relations issues.

Within Australia several studies have been carried out in recent years. Kelley et.al. Investigated the period 1989-1996 and found a decline in the percentage of Australian workers who believed their jobs were "very" or "fairly" secure.[38] Wooden examined responses to the question is your "current job safe". He found that perceptions of security fell to a low level in the early 1990's but remained stable afterwards.[39]

Borland used a quarterly survey that asks probabilistic questions on the likelihood of involuntary job loss and of finding a similar job if involuntary job loss occurs. He found that perceptions of job security in Australia have declined significantly post 2001 although the extent of decline varied by gender, age, education and recent job history. Given the similarities in the methodology used with US studies, he was able to conclude that perceptions of job risk were slightly lower in Australia than in the US but expectations of re-employment were similar (57 % in the US felt that they would find similar employment, compared with 55% in Australia).

[38] Kelley, J., Evans M.D.R and Dawkins. P (1998) " Job Security in Australia", How much is job security worth to employees" Social Science Monitor 1, 1-7

[39] Wooden, M (1999), "Job insecurity and job instability: Getting the facts straight": mimeo, National Institute of Labour Studies

Considered jointly, Australian and overseas studies have highlighted a number of variables that influence perceptions of job security. Specifically,

- The level of job protection (unfair dismissal legislation).
- The replacement ratio, which measures the ratio of social security payments to average wages in the industry.
- Current job status.
- Past job history.
- Age.
- Sex.
- Studies have reported an inverse relationship between job protection (unfair dismissal laws) and perceived perceptions of job insecurity.

3.7 Empirical Analysis of Job Security Perceptions in Australia using Hilda Data

Data on job security perceptions among Australian employees is limited. The best current source of data is obtained from the Household Labour Dynamics in Australia Survey (HILDA). Below is an empirical analysis of the factors that influence perceptions of job security perceptions in Australia are undertaken using HILDA data. The selection of variable used was influenced by those factors identified above as being likely to influence perceptions of job security. Table (A9) sets out the descriptive data of employee perceptions of job security taken from the Hilda survey wave, 1.

It is apparent that the majority of employees surveyed (68%) report as feeling secure or very secure in their jobs. However, over 30% were only moderately secure or insecure.

In comparison with other sources of job insecurity data, the HILDA data may have under-estimated the insecure category. For example, Borland reports that 12.2% of surveyed workers felt that involuntary job loss was likely in the year of survey and less than 60% felt

that their jobs were secure or very secure. Nevertheless, it is important to determine which factors are capable of changing the likelihood of an individual being assigned to the classifications of insecure, moderately secure and secure/very secure and in particular what role job status and industrial relations variables play in these issues.

Within the HILDA survey, respondents self-report on their perceptions of current job security along a scale of 1-10 (with 10 being very secure). They also use a similar scale to estimate their prospects of long term tenure with the current employer. The job security data were aggregated in the following way to form the *jobsec* variable.

- The “insecure” (responses 1-4) were given the value 0.
- The “moderately secure” (responses 5-7) were given a value of 1.
- The secure to very secure (responses 8-10) were given a value of 2.

The factors determining the likelihood of being in one of the three categories was examined by using multinomial logit. The value of this approach being that, by shifting the base case it is possible to examine what factors lead an individual to a shift between from being insecure to (1) moderately secure (2) very secure (where 0, insecure, is set as the base result) and those factors which distinguish between feeling moderately secure and feeling very secure (setting 1 as the base case).

The other test involves creating the jobsec2 variable by aggregating the expectations of length of job tenure with the current employer into two categories, low expectations (less than 2 years, given the value 0) and high expectations (expectations of job tenure greater than 2 years). The determinants of the Jobsec2 variable were then investigated by a binominal logit.

3.8 Empirical Results

In this section a multinomial logit model is estimated to examine those factors influencing the probability of being in one particular job security classification in comparison to the base case. For example we are interested in the probability of individual *i* being in perceived job security status *j* (μ_j^i) and how these probabilities depend upon a vector of χ_I covariates associated with the *i*th-individual or group. In the multinominal logit model we assume the log-odds of each response follows a linear model:

$$\eta_{ij} = \log \mu_{ij} / \mu_{iJ} = \alpha_j + \chi_I \beta_j \quad (1)$$

where, α_j is a constant and β_j is a vector of regression coefficients for j = 1, 2…..J-1.

The model is analogous to a binominal logistic regression model, used in the expectations of job tenure test, except that the probability distribution of the response is multinomial instead of binomial. The J-1 multinomial logit equations contrast each of the categories 1, 2….J-1 with the category J.

The model may also be written in terms of the original probabilities rather than the log odds. Adopting the convention that $\eta_{ij} = 0$ we can write:

$$\mu_{ij} = \frac{Exp\{\eta ij\}}{\sum_{K-1}^{J} \exp\{\eta ij\}} \quad \textbf{(2)}$$

The dependent variable Y_i is defined as:

- $Y_i = 0$ if the person perceives their job security as insecure (high probability of involuntary job loss)is in employment;
- $Y_i = 1$ if the person perceives their job security as moderate; and
- $Y_i = 2$ if the person perceives their job security as secure to very secure.

The determining variables for the risk ratios were:

- *Age* - measured in years, increasing from 16 years;
- *Sex* - coded males= 0, female = 1, it is hypothesied that females are more secure, all things being equal;
- *ATSI* - a dichotomous variable taking the value of 1 where the person was an Aboriginal or Torres Strait Islander and 0 where not;
- *Graduate* - a dichotomous variable taking the value of 1 where the person had a university degree or equivalent and 0 if otherwise;
- *Union* - a dichotomous variable taking the value of 1 where the person was a union member, otherwise 0;
- *Marital* - a dichotomous variable taking the value of 1 where the person was an married or de-facto and 0 otherwise;
- *Casual* - a dichotomous variable taking the value of 1 if the person self –identities as a casual, 0 otherwise;
- *Employer*- gives both paid holidays and paid sick leave, taking the value of 1 if both, 0 otherwise;
- *Capital* - a dichotomous variable taking the value of 1 where the person lives in a capital city, zero if otherwise;
- *Security of last job (SLJ) - takes* value of 1 if last job was non-standard, 0 if otherwise;
- *Jobstress* - a constructed dichotomous variable with 1 = above average stress and 0= below average stress;
- *Jobsat* - a job satisfaction variable where 0 = unsatisfied, 1= moderately satisfied and 2= satisfied/very satisfied.

The variables were designed, where possible, to duplicate those factors identified in previous studies as being influential in perceptions held of job security. The Age, Sex, ATSI, Graduate and Capital variables are self explanatory. Union is designed to examine whether or not union membership inspires greater feelings of security, but the impact of union membership is not clear cut.

A number of studies such as Borooah and Mangan[40] had found atypical results for union membership on such variables as job satisfaction, for a number of reasons: (1) union membership is a form of self selection, employees may join unions because they are feeling insecure; (2) unions predominate in blue collar industries in the private sector and lower echelons of the public sector, both areas of potential job instability; (3) union membership varies inversely with education; (4) union members are better informed both of wage relativities and problems in the labour market.[41]

For all these reasons, the impacts of union membership on any one group of employees are empirically rather than theoretically determined. The casual variable is designed to examine the impacts of non-standard employment on perceptions of job security. The casual variable is a self-reported variable and as Mangan and others report, employees are often confused about their real job status. For example, persons self-identifying as casuals often also receive sick leave and holiday pay.[42] Because of this potential for confusion, a back-up variable, *the employee benefits* variable, is included. Finally, the variable *SLJ,* which measures the impact of past experience in low tenure jobs on current security expectations, is included. The same variables are used in the binary logit test of job tenure expectations (jobsec2).

The natural method in all logit models is to express results as the ratio of the likelihood of the outcome and the likelihood of the base case, that is, to produce the risk ratio (RR). The risk ratio (RR) should be distinguished from the odds ratio (OR) where the former refers to the probability of outcome m to that of outcome k or [Pr (Y_i=m)/Pr (Y_i=k)] and the latter refers to the probability of an outcome m divided by 1 [Pr (Y*i*=m)/Pr (Y*i*=1)]. In the binary logit model the risk ratio is also equal to the odds ratio. However, in multinomial logit the presence of more than one alternative to the base case produces differences.

[40] Borooah, V.K. and Mangan, J (2004) "Success and Failure in the Australian Labour Market" paper presented to the Department of Employment and Training, May

[41] Bryson, A "Does Job Protection Legislation Guarantee Security?" CEP paper, no 667, London School of Economics and Political Science

[42] Refer, Mangan, J. (2000), Workers Without Traditional Employment: An International Study in Non-Standard Employment, Edward Elgar, 2000. pp. 23-45.

3.9 The Marginal Coefficients

The coefficients of logit model are estimated by the method of maximum likelihood estimation. The likelihood function L gives the joint probability density function, or likelihood, of observing the sample Y_1, Y_2… Y_n . The coefficient estimates are the values that maximize the value of the log likelihood function log L. The sign of an estimated coefficient gives the direction of the effect of a change in the explanatory variable on the probability of a success (normally an observation of 1). Average logit coefficients provide useful information on casual direction and are a good first step in discovering the casual relationships defining the occurrence of workplace injuries. However, on their own, average coefficients are difficult to interpret, principally because no real economic meaning can be assigned to the size of the coefficients as opposed to the sign on the coefficients.

As a result, the “Shazam” manual claims that average estimated coefficients have no direct economic interpretation and recommends the use of coefficients should be used. The obvious advantage of marginal coefficients is that they can be used to attest to the numerical strength of the relationship between the explanatory variable and the probability of success (a nominated result). As well, for the binary logit, the marginal coefficients represent the disaggregation of the full set of possibilities, with the sum of the marginal coefficients adding to 1. In other words, they are a true indicator of relative importance.

Table A10 show the marginal probabilities associated with the different variables. Results for both tests are shown together, bearing in mind that there are 3 choices for jobsec (0, 1, 2) and for two choices for jobsec2 (0, 1).

These probabilities, as discussed above, reflect the change in the likelihood of a particular type of job security perception consequent upon a small change in the value of the relevant variable. For example, age impacts differently in the shift between insecure to moderately secure and moderately secure and secure/very secure, marginally increasing the likelihood of the shift in the former case by (0.2 of a per cent) but decreasing the likelihood of being

reclassified from moderately secure to secure (by .3 of a per cent). The result reported in column (3) further confirms that perceptions of security, by and large, decline with age.

Of the other demographic variables, sex (being female coded as 1) doesn't help the movement from insecure to moderately secure (- 4 percent) but assists in the move from moderately secure to secure (+5.5%). Being female also increases the expectations of longer job tenure (by 2.4 %). Being married improves the likelihood of secure/very secure perceptions and expectations of longer job tenure. The ATSI variable behaves in a similar fashion, reducing the chances of becoming moderately secure (-2.4%) but increasing the chances of becoming secure/very secure (3.2%). It also increases expectations of long job tenure by .9 of a percent.

The IR/Flexibility variables are Employer benefits, union, casual and the job history of the employee, in particular, whether the last job they were employed in was non-standard (SLJ).

The IR variables behave in a pattern consistent with the belief that perceptions of job security are positively related to the traditional employment values of union coverage, permanency, and the receipt of employer benefits and a previous history of employment stability. Being employed by an employer that provides both sick pay and long service leave increases the likelihood that an employee will feel secure/very secure by 5% (compared to the base case) and the expectations of having long job tenure by 3 %.

The union variable is uniformly associated with higher perceptions of job security and longer job tenure, increasing the chance of (compared to the base case) moderate security by 1 per cent, high security by 1.5% and longer job tenure by 0.9 of a percent. The casual variable (impact of being a self-identified casual) strongly lowers the odds of being secure/very secure by 23 % and reduces the expectations of long job tenure by 17 %.

The previous job history variable is also identified as being important. Those with a previous history of non-standard employment are 11% less likely to have high job security perceptions

and 9% less expectant of enjoying long job tenure. Of the other variables used, living in a capital city doesn't help to gain moderate feelings of security but helps achieve higher expectations by 0.3% and longer job tenure (0.5 percent)

4.0 Costs of Job Insecurity and Instability

There is now a wealth of evidence that shows that the importance of job security stems from the fact that it is critical in influencing work related outcomes such as productivity, job satisfaction and stable industrial relations. Importantly, the crucial factor governing employer reactions is the perception of insecurity rather than its reality. For example, employee perceptions of job insecurity are a key determinant of employee health[43] and the physical and psychological well-being of employees.[44] Arnold and Freeman found that job stability among key staff greatly reduced the overall costs of labour turnover and improved organizational performance.[45]

Borland provides clear evidence of the potential economic costs of increased job insecurity in Australia. He finds that a strong inverse relationship exists between perceptions of job security and consumption expenditure. This is an important finding because it helps define the often illusive relationship between labour market conditions and employee perceptions and general macro economic conditions. He examines two scenarios, the impact of job security perceptions on consumption behaviour in general, particularly the decision to incur debt and on upon purchases of major household durables.[46]

---

[43] Kuthnert. K.W and Palmer, D.R. (1991) "Job security, health and the intrinsic and extrinsic characteristics of work, group and organisation studies", *Group and Organisation Studies*, Vol. 16, No.2 pp 178-192

[44] Burke, R.J (1991) Job insecurity among stockbrokers; effects on satisfaction and health, *Journal of Managerial Psychology*, Vol. 6 No.5, pp.10-16

[45] Arnold, H.J. and Feldman,D.C. (1982), " A multivariate analysis of the determinants of job turnover", *Journal of Applied Psychology*, Vol. 67 No.3 pp. 350-60

[46] Specifically there response to the question "whether it is a good time or bad times to buy a major household item".

The decision to embark on major debt, for example to purchase a car or house, is strongly inversely related to perceptions of job security. For example, those households that spend between 76% and 100% have a 60 per cent lower expectancy of job loss / higher expectation of subsequent re-employment than those that spend 0%-25% of household income on debt. In other words, perceptions of job security, now and into the future play a major role in consumer decisions relating to accumulating large debt. Similarly, it is well known that banks and other financial institutions take into consideration the employment history and stability of loan applicants.

This reluctance to consume carries on to other areas of consumption such as consumer durables, with the low security/low expectations of re-employment group reducing their consumption of these items by 20 percent compared to the default group.

The implications here are that the level of consumer demand is negatively influenced by perceptions of job insecurity and these expectations are in turn fuelled by lack of union coverage, having employers that do not grant basic employee benefits, self-identifying as a casual or having a previous history of non-standard employment or short-term employment.

In an era in Australia of high economic growth, these IR influences on economic activity have become subsumed by other factors, to the point that real impact is often down played. Consumer and household spending have been high in Australia in the last decade, at the same time as perceptions of job insecurity and average job completion times have been falling. However, the real test of their importance will be shown when the economy starts to slow and/or as interest rates rise. It is then that job security expectations begin to assert major importance upon economic activity.[47]

---

[47] Note the recent strong slow down in housing activity following the impact of a 0.25 percent increase in interest rates.

4.1 Revised Views on Deregulation and Economic Performance

It has been shown that the logic for industrial relations reform comes from a belief that further labour market deregulation will further improved economic performance. The IR changes, as suggested in the amendments proposed by the Federal Government, if introduced into Queensland would represent wide ranging deregulation to the point that even minimum levels of employee wage and job security protection would be threatened. The research undertaken in this report shows that such a move, based on a simplistic view of the benefits of deregulation, are likely to be counterproductive and are based upon increasingly dated views.

Deregulation of the labour market had its origins in the general movement towards market based solutions that re-emerged in popularity in most western economies in the 1980's. Its extension to industrial relations was fast tracked by the apparent success of the labour markets of the US, and to a lesser extent the UK, at producing jobs in contrast to the collective systems of Europe which produced few jobs and higher rates of unemployment. Other nations, such as Australia and New Zealand, were drawn to deregulation as a solution to apparently intractable levels of unemployment and slow economic growth. As well, problems with restrictive practices in many IR systems were widespread in many countries during the 1980's.

Most studies report that IR systems that promote enterprise bargaining but maintain minimum collective agreements and stable unionism are a benefit to economic growth rather than a barrier. Coinciding with these findings, an amount of rethinking of the value of deregulation has taken place; notwithstanding that labour force deregulation has often coincided with increased job numbers. This reconsideration has involved a number of factors:

1. The dismantling of employment protection legislation and living wage guarantees has produced a sizeable group of working poor. This has transferred costs away from employers to government agencies.

2. The growth of involuntary non-standard employment. Two decades ago almost all non-standard work was part-time and contract and essentially voluntary. Since deregulation, involuntary non-standard work has expanded considerably, especially among males. This has considerable implications for consumer spending and job security in economic downturns.
3. The growth of income inequality. This is not only a consequence but a stated aim of some policy makers who were concerned with the egalitarian nature of Australian wages.
4. The growing suspicion that economic performance gains through numerical and functional flexibility have been less counterbalanced by the costs of lower job morale and perceptions of job insecurity. These costs related both to impacts on productivity and upon consumer behaviour.

A number of studies cited above have outlined an emerging school of thought that puts forward the positive aspects of IR systems where industry and economy wide minimum working arrangements operating as a floor to enterprise bargaining. Economic benefits identified with modern trade unionism and related general IR agreements include improved technical progress, intervention and labour productivity.

Increased labour productivity is often put forward as a reason for industrial relations deregulation[48]. However, the mechanism by which these productivity benefits are to occur is less clear cut. Presumably the major factor leading to productivity increases is the direct relationship that is often created between employee and output, through such things as incentive payments and performance bonus. Many things affect productivity, including capital backing and increased capital labour ratios. Assigning causality to one factor, such as IR deregulation, is difficult. However, it might be expected that, given the considerable amount of labour market deregulation that has taken place that productivity in Australia would have noticeably improved. The empirical evidence is mixed. In absolute terms, productivity in

[48] See for example Econtech (2003) "Economic Analysis of the Building and Construction Sector"; report prepared for the Department of Employment and Workplace Relations (DEWR), Canberra.

Australia has risen in the 1990's to average 3 percent per year.[49]. At the same time, the position of Australia, relative to the United States (as the world standard) has worsened between 1994 and 2002. Specifically, the OECD report that Australia's per capita output gap to the USA is driven upwards by a productivity gap (which worsened from 17.8% in 1994 to 21.9% in 2002) but reduced by an improvement in the labour utilisation rate which is 2.15 better than Australia than in the USA[50]

In other words, during the period of active labour market deregulation, Australia became relatively less productive, in comparison to the USA, but its workforce worked harder, through increased average working hours and increased labour market participation by older workers[51]. Despite this increase in labour force utilisation, Australia's productivity gap of 21.9% is well above that for European Countries such as Denmark (productivity gap relative to the USA) and particularly, France, where per capita productivity is 12.4% greater than for to the USA. Both Denmark and France have more regulated labour markets than Australia.

The mechanism for these benefits is normally traced back to the positive impact that unions and minimum wage legislation have upon on job stability and perceptions of job security. Much of the changes in the contemporary workplace associated with labour market deregulation such as the dismantling of collectivism in industrial relations, the decline in trade union coverage and the growth in non-standard employment, while producing some cost savings in some areas have coincided with a general and significant decline in employee perceptions of job security and job satisfaction. This in turn has impacted upon labour productivity, consumer behaviour and worker morale. In recent years in Australia, these potential problems of excessive labour market deregulation have been reduced by the general atmosphere of economic growth, fuelled to a large part by rapidly appreciating land values. The real impacts of the past decade of change will come as the economy starts to slow down.

---

[49] Parham, D (2002) Productivity and Policy reform in Australia, Discussion paper no. 5. productivity Commission , Fall

[50] See, OECD (2005) , "Going for Growth" Structural Policy Indicators and Priorities in OECD Countries

[51] The comparison between the behaviour of trends in productivity between Australia and New Zealand is also illustrative. New Zealand de-regulated at a faster rate and to a greater extent to Australia but trailed Australia in terms of productivity growth.

It is known already that income distribution has become more unequal over the last decade and a deep segmentation exists in the labour market between the primary labour market, characterised by long-term secure jobs, and the secondary market characterised by non-standard jobs and jobs of short average duration.

Deregulated labour markets can produce short-term growth, both in employment and gross national income, but a major and unwelcome by product is the re-distribution of income between those that benefit from the system from those that lose the previously standard job and income protections that IR systems tend to produce. The experience of the US during the 1990's is a case in point.

The US economy, with its emphasis on deregulated labour markets, led the world in employment growth and low unemployment rates. However, the distinguished American economist Freeman examines the other side of the US story and the normal way in which the deregulated US system is compared to the regulated European economy.

> "The standard explanation why Europe has generated less work per adult than the US is that something is seriously amiss with EU labour markets. Labour institutions are inflexible and institutionalised wage interventions have reduced incentives, social benefits are too high, employment protection too strong and mobility is too low" (Freeman, p.1)

Freeman acknowledges the impressive job creation performance of the US economy during the 1990's[52] but highlights some of the downsides of deregulated markets in the US.

> "three decades of declining real wages for average workers, third world levels of inequality, a jobless recovery in the early 2000's, declining provision of health

[52] However, the recovery of the early 2000's in the US has been labelled "jobless growth "

> insurance for workers, short vacations and increasing hours worked full-time employment for mothers with children less than 1 year old." (Freeman, p.1)

Freeman concludes that both systems have deficiencies, the EU system fails in the job creation area and the US system fails on the price side (producing low wages/ working poor) and on failing to provide job security and stability. Under both systems, employees report an increasing level of dissatisfaction, insecurity and unhappiness[53] As often happens in economic debates, Freeman sees merit in a middle way approach, arguing for the introduction of acceptable standards of job and wage protection needed in the US and a revised attitude to labour mobility and functional flexibility need in the EU[54].

5.0 Conclusions and Implications of the Commonwealth's Changes to the Queensland Economy and Labour Market

While an efficient IR system is not the major determinant of economic performance, the research referred to in this paper does indicate that an IR system, through its impact on job security and perceptions of job security, can exert significant impacts upon labour productivity, consumer spending and ultimately, economic performance. For example, Borland found that employees faced with anxiety over job stability will refrain from incurring debt and substantially reduce purchases of consumer durables in comparison to those on the same income but with high perceptions of job security. Overseas, research has found that deregulation, where this is not accompanied by union participation or a framework of minimum guarantees, may impact on innovation and investment, labour productivity and profit. For reasons such as these it is important for decision makers to take considerable care before contemplating major changes to a stable industrial relations system.

---

[53] For a discussion of employee happiness, see Layard, R, "Good Jobs and Bad Jobs", Centre for Economic Performance, paper 19, London School of Economics and Political Economy.

[54] Such a system would see enterprise bargaining take place within acceptable minimum thresholds of wage determination and job security.

The anticipated shift to majority Commonwealth control of industrial relations in Queensland will bring increased deregulation to the Queensland labour market.

In particular, the most significant impacts will be:

1. The Commonwealth changes will reduce the current level of protections available to employees. For example:

- Employees with little or know no bargaining power will be left with just the minimum wage and the four minimum legislated conditions, and lose access to entitlements such as overtime, shift loadings, severance pay, and public holiday pay.
- Employees in over 95% of businesses in Queensland will lose the right to seek a remedy for unfair dismissal. This equates to approximately 75% of employees in Queensland.
- Award wage increases are likely to be lower under the new Fair Pay Commission than under the current system and the AIRC is to have its wage-fixing powers taken away. This is despite delivering a series of economically responsible wage increases over the past nine years that have coincided with a very strong period of economic growth and labour market performance. In particular, all persons, unemployment rate at 30 year lows, high productivity, and low inflation.

2. A significant reduction in the scope for union activity and enterprises and individuals are encouraged by new legislation to bargain independently. While unions are not explicitly excluded from the negotiation process, the limitations placed on the right of entry and access to workplaces that are now proposed in new legislation will inevitably lead to their further marginalisation. This is in spite of a significant body of empirical evidence that indicates that threshold levels of union coverage and participation in the business process has substantial economic benefits

3. The unilateral removal of parts of the state IR system will remove the choice for employers who prefer to remain in the state system.

4. The limitations of the corporation's power mean it can't create a single national system, and instead will only create more complexity. Our estimations are that 30% 0r more of employees in Queensland would remain covered by the state system, if the federal Government goes ahead with its proposals

5. In particular the new changes will further divide the employment environment between private and public sector workers in the State.

.

6. Confusion over coverage and rules has the potential to impact negatively on the ability of businesses to operate efficiently and productively, particularly small business that potentially face an enlarged human resource management requirement.

The following section discusses, in detail, the impacts of these changes and why they are important for maintaining stable economic and industrial relations conditions.

5.1 Unfair Dismissal Legislation

Unfair dismissal or job protection legislation is often opposed because it is seen as an unwelcome limitation on managerial action as it reduces management options for quickly varying the size of the labour force and forces them to choose between the possibility of incurring financial penalty and removing an unwanted employee. The costs of this legislation are often put forward as a major concern to small business because of the financial limitations of small firms and because small firms require more numerical labour flexibility than larger firms.

On the other hand, job protection legislation has been shown, in a number of studies to significantly and positively impact upon the perceptions of job security among employees as well as providing a barrier to employee victimisation and harassment.

In Queensland, the number of workers actively involved or likely to be involved, in matters pertaining to unfair dismissal is not large. The data in table (A3) show that the number of applications to the QIRC on matters relating to unfair dismissal is small in comparison the size of the Queensland workforce, peaking at 1959 cases in 1996-97 and declining to 1573 cases by 2003-04. In other words, less than one tenth of one percent of workers in Queensland was involved in an unfair dismissal application. Given these small numbers, some have argued that the main impact of unfair dismissal legislation in Queensland is its promotion of casual employment as a result of a clause that excludes short term casual employees with less than 12 months continuous employment from the legislation.

In light of these considerations, the argument for the retention or abolition of unfair dismissal legislation revolves around the relative importance of its positive impact of employee perceptions of job security and the protection of employees from harassment and victimisation as opposed to the negative impact on managerial autonomy and potential costs when the legislation is successfully used. Given the small numbers of workers actually involved in implementing the provisions of this law, it is arguable that the case for worker protection outweighs the case for abolition, because the potential cost savings to employers from avoiding the observed small risk of prosecution is far outweighed by the potential damage to the job security perceptions of the bulk of the Queensland workforce if unfair dismissal legislation were to be abolished.

5.2 Minimum Wage Legislation

In Queensland and other states, minimum wage legislation is used as a wage setting mechanism for those workers, approximately 17% of the total workforce (25% of private sector workers) that do not have access to enterprise bargaining. Minimum award standards are also in place with regard to loadings for casual workers, overtime hours and penalty rates. The standard argument for limiting these entitlements or abolishing them altogether is that they represent a cost impost on employers that are not responsive to fluctuations in market demand or the capacity to pay. In other words they represent a fixed cost on employment and a disincentive for employers to employ staff during non-standard hours.[55] The countervailing argument is that the failure to put in place minimum standards for wages and conditions will lead to exploitation of workers, particularly in economic downturns, and, more recently, that low wages act as a disincentive for the unemployed to accept paid employment because they do not meet a reservation wage which makes shifting from social security to

[55] See, Mangan, J and Johnston, J (1999) Youth Wages, Minimum wages and Unemployment, *International Journal of Social Economics*, vol. 12 pp 432-445, for a summary of these issues.

paid employment an economically justifiable decision[56]. The topic has resulted in widespread debate, particularly during periods when adjustments to minimum wages or penalty rates are being sort. A key point in the debate occurred in the US when Card and Kruger published their findings on the impact of minimum wage hikes on the employment prospects of youth in the United States[57]. The authors found that the increases in minimum wages actually increased the employment of young workers in US fast food outlets, because the supply effect, inducing young workers to accept jobs in fast food outlets outweighed any demand or substitution effects caused by the minimum wage rise.

However, it is likely that the results achieved by Card and Kruger were atypical and influenced by the nature of the fast food industry and the participation decisions of young workers. Apart from the Card and Kruger results, a broad consensus about minimum wages and their impact on employment and employer costs is starting to immerge.

- Minimum wage/employment elasticities are low and for the most part not significant. This flows from the fact that, for the most part, minimum wages impact only on the lower end, in terms of skill, of the labour market.
- Minimum wages are important for distribution and equity issues.
- Minimum wages and differential payments are particularly important to non-standard workers, in that they often trade-off the majority of standard employer funded benefits for these differentials when they accept non-standard work.
- Penalty rates are a major source of income for low paid workers and help redress income inequality.
- Employment is driven by product demand, for most cases wages are not a major factor.
- Adequate entry level wages are essential to induce welfare recipients to re-enter the labour market.

---

[56] See, Dawkins, P (2001) Letter to the Prime Minister, in Mangan, J. (Ed) Understanding Unemployment a National and State Perspective, Queensland Treasury, Brisbane.

[57] Card, D and Kruger, A.B. (1995*) Myth and Measurement: The New Economics of the Minimum Wage,* Princeton NJ, Princeton University Press.

For all these reasons, there appears to be little in favour of limiting the powers of the IRC to set minimum awards but significant dangers to the incomes of non-standard and low paid workers if such powers were taken away from the IRC.

5.3 Reduction in Scope for Union Activity

It is well known that trade union membership has declined significantly among private sector workers in most developed countries. The principal explanations for this are

- The reduction in the scope for collective agreements
- A decline in the relative importance of those industries that have strong union membership.
- A rise in the relative importance of employees who have never joined a union and work in non-unionised work places.
- An inability for union members to fully capture union effects, with a subsequent rise in the level of "free-riding".
- The inability of unions to effectively represent non-standard workers.
- Legislation outlawing "closed shop" arrangements.

To many commentators, the decline in union membership has been taken as an indication that unions have become irrelevant to the needs of employees. However recent evidence from the UK points to the increase in "frustrated" potential members, workers who are in worksites that do not allow union membership and are therefore unable to join. As well, this study has highlighted a number of areas where responsible unionism has proved positive to improved economic performance at the micro and macro areas.

The anticipated Commonwealth legislation would be another blow to the role of trade unions by specifically restricting their ability to intervene in a third party manner. This seems to be driven more by ideological reasons than economic. At a time where a number of studies are

reporting the positive economic benefits from responsible unionism at both the micro and macro levels, it appears unproductive to introduce legislation that reduces the positive role they can play.

5.4 Emphasis placed on Australian Workplace Agreements (AWAs)

The implementation of the proposed changes in IR jurisdiction will, by reducing union input, also act as a spur to the spread of AWAs. The ABS estimates that currently 1.4% of Queensland workers are covered by AWAs, while the Office of the Employment Advocate places the number at 2.2% of wage and salary earners. In either case, these numbers are much lower than the Commonwealth Government target of 10% by 2007. The Western Australian Office of Employment Advocate claims that there is already 10% of the WA workforce covered by WAWAs (Western Australian Workplace agreements).

AWAs have a number of features that deserve consideration. The first is they are associated with a considerable amount of transactions costs for the individuals and employers concerned. The low current incidence of these awards in Queensland is, in part, a result of these high transactions costs, especially in terms of time and effort required, as well as the need for considerable amounts of information on job conditions, comparative wages and comparative conditions. This type of transaction costs have traditionally been absorbed by unions as part of their overall workforce responsibilities and in fact are part of the rationale for the existence of unions; to minimises transaction costs of members.

These responsibilities, under AWAs will, most likely, be transferred to the individual.
Second, AWAs will be the mechanism by which minimum employment conditions such as minimum wages, annual leave, personal leave, parental leave and a maximum number of working hours will be will be enforced.

While AWAs normally have the proviso that signatories should not be disadvantaged in respect of previous work conditions, making accurate comparisons between different forms of working arrangements across time is difficult and mistakes are likely to be made considering the extent of choice to be made. In the past a test of 'no disadvantage' was required to be past where it had to be demonstrated that the employee was no worse off under the new agreement, taking into consideration payment of penalty rates, severance pay entitlements and other benefits. Under the new arrangements however, as long as the minimum conditions are met, the AWA will be approved by the Office of the Employment Advocate. This will effectively remove the previously established benefits such as requirement for payment under jury service, notice on termination, long service leave and superannuation. Unless these conditions, or their equivalent, can be negotiated a considerable number of employees will be made worse off under the new arrangements. In other words, the reference point for the no disadvantage test has changed from the previously established award to the newly defined minimum conditions and as such the no disadvantage test, as originally intended, is no longer valid.

Another potential consequence of the increase in the incidence of AWAs is to transfer permanent employees into dependent contractors and other forms of non-standard employees. If this is the case it would mean an increase in the current workforce problems associated with job insecurity and instability that have been highlighted in this report. As well, other issues open up such as the increased complexity of taxation arrangements for the newly deemed contractor and the almost inevitable decline in training and skill augmentation that has accompanied the non-standardisation of the workforce in other parts of the world.

While some workers, principally those with high skill or with significant discretionary power, will benefit from AWAs, there are a number of already vulnerable workers who will be made more vulnerable by a shift to AWAs.

Finally, negotiations of AWAs will tend to shift effective negotiation power to employers, because individual or small groups of workers will lack sufficient knowledge or expertise to

bargain equally. Supporters of AWAs, argue that individuals and small groups are served best by representing their own interests rather than transferring power to a third party (unions) to negotiate on their behalf. While this may be true of articulate and skilled workers with some market power it is almost certainly not true for lower skilled or more vulnerable workers. The logic of this also goes against the main reason for the formation of unions, to provide effective countervailing power for workers that were individually weak.

Overall, there does not appear to be a strong case for shifting industrial relations responsibility from the Queensland State Government system to that of the Commonwealth, where such a shift implies further deregulation. Normally, changes in IR systems are induced by non-performance of the existing system with the resultant poor economic performance consequences. However, in Queensland, industrial relations performance indicators show that Queensland IR system has performed above the Australian average and is far superior, in terms of strike rate, to Victoria, where much of the Commonwealth IR agenda has been introduced and operational since the 1990's . As well, the Queensland economy has outperformed the Rest of Australia in terms of employment growth, GDP growth and, recently, unemployment. In this environment it is hard to justify, on economic or efficiency grounds, the need to radically change the current IR system.

However, an area where questions over the performance of the Queensland IR system may come into question is on the continuing position of the state as having the highest percentage of casual workers and non-voluntary non-standard workers in Australia.[58]

The reason Queensland has such a high percentage is mainly driven by industry structure, but the link between non-standard employment, particularly the precarious and involuntary type, and job instability and perceptions of insecurity is well known and needs to be closely

[58] The optimum amount of non-standard employment is difficult to determine, as some groups in the economy such as students and carers, welcome this type of work and it can represent and efficient means of entry for youth or those coming back into the workforce. The concern comes where such employment is involuntary and imposed on workers. Such involuntary non-standard work has been shown to affect worker morale significantly and as well contributing to income inequality.

monitored in Queensland. A shift to the Commonwealth system is unlikely to reduce the level of unwanted non-standard employment. If anything, such changes would be an inducement to increased casualisation as employers pushed for more numerical flexibility and union input was further reduced. This is because unions have been identified as a major barrier to the spread of this form of involuntary non-standard employment.[59]

Overall, the desire to shift to Commonwealth control appears to be more ideologically driven than a rational reaction to perceived problems with the Queensland system. It also appears based on the belief that all deregulation is beneficial. This is an increasingly outdated view. While, there is no doubt that the removal of the worst abuses of centralist systems in the early days of deregulation helped boost employment, recent studies have shown that excessive deregulation is harmful to job satisfaction and perceptions of job security, and the economic consequences this brings. Economies such as New Zealand and France have moved back towards a regulated system after a period of deregulation failed to provide the strength of economic growth previously experienced under a regulated system. Other studies have shown that responsible unionism and minimum worker protection legislation is an important ingredient to economic performance at the micro and macro level.

In essence the strength of an IR system is, in part, determined by the economic outcomes that co-exist with it. Under any criteria, the performance of the Queensland economy has been strong, and in most areas, in advance of the rest of Australia. On that basis alone there would appear little reason for significant change. The present IR system in Queensland is a balanced system that allows for micro level bargaining but still preserves threshold levels of employment conditions for all workers. Disturbing that balance to significantly advantage individual and enterprise bargaining is both unnecessary and one that will have impacts well beyond the IR sphere through its effect on income distribution, social justice and ultimately economic performance.

[59] Refer, Mangan and Williams (1999) p 121.

DATA APPENDIX

Table A1 Industrial relations and Innovation

Dependent variable	Innovated (1)	Product innovation (2)	Process Innovation (3)
Constant	-0.366***	-0.379***	-0.395***
D 50-99	0.302**	0.244*	0.340***
D 100-199	0.151	0.140	0.125
D 200-499	0.226*	0.236*	-0.216*
D 500+	-0.287*	0.379**	-0.349*
Age	-0.278**	-0.341*	0.291**
D FOREIGN	0.224**	0.239*	0.208*
D MARKETRISE	0.270**	0.396***	0.222**
D MARKETFALL	-0.193*	-0.239**	0.187*
Pre-tax profit 1994-96	0.436***	0.477***	0.395*
D FOOD	0.153*	0.159*	0.142
D TEXT	-0.057	-0.180	-0.010
D WOOD	-0.069	-0.048	-0.096
D CHEM	0.161*	0.170*	0.149*
D METALS	0.152	0.132*	0.129
D MECHENG	0.144*	0.165*	0.117*
D ELEC	0.199*	0.193*	0.226**
D TRANS	-0.067	-0.025	-0.116
Industrial Relations			
D Union	0.191**	0.242**	0.152
D Grieve	0.145	0.143	0.127
D Action	-0.090	-0.100	-0.077
Number of observations	240	242	244
Psuedo R^2	0.067	0.060	0.056

Source: Mitchie and Sheehan (2003) p. 135

*= statistical significance at 10% level

**= statistical significance at 5% level

***= statistical significance at 1% level

Table A2 Labour Market Flexibility and Innovation

Dependent variable	Innovated	Product innovation	Process innovation
Constant	-0.263***	-0.294***	-0.344*
D50-99	0.319**	0.242*	-0.344***
D100-199	0.144	0.144	0.128
D200-499	0.237	0.228*	-0.203*
D500+	-0.249*	0.375**	-0.311**
Age	-0.271**	-0.347*	0.361**
D FOREIGN	0.220*	0.238*	0.211*
D MARKETRISE	0.302**	0.425*	0.213**
D MARKETFALL	-0.163*	-0.244*	0.195*
Pre-tax profit 1994-96	0.468***	0.532***	0.405**
D FOOD	0.150*	0.165*	0.139
D TEXT	-0.011	-0.025	-0.027
D WOOD	-0.090	-0.079	-0.113
D CHEM	0.148	0.141	0.129
D METALS	0.185*	0.194*	0.153
D MECHENG	0.141*	0.168*	0.105
D ELEC	0.191*	0.196*	0.201**
D TRANS	-0.057	-0.017	-0.102
Employment Flexibility			
Functional flexibility	0.231***	0.203**	0.282***
Part-time employees	-0.134 (1.661)	-0.111	-0.191*
Temporary Contracts	-0.185 *	-0.151	-0.234*
Fixed-term, casual, seasonal	-0.194*	-0.141	-0.238**
Labour turnover	-0.264**	-0.232*	-0.298***
N	240	242	244
Psuedo R^2	0.079	0.073	0.067

Source: Mitchie and Sheehan (2003) p. 134

Table A3 Applications to the Industrial Court Under the Unfair Dismissals Legislation

Financial year	Number of applications
1995-96	1849
1996-97	1960
1997-98	1928
1998-99	1682
1999-20	1594
2000-01	1832
2001-02	1730
2002-03	1669
2003-04	1573

Source: Data supplied by DIR

Table A4 Casual Employment in Queensland 1989-2004 As a percentage of employees

Year	Males	Females	Total
1989	16.6	36.2	24.7
1990	16.1	35.3	24.3
1991	17.5	37.1	26.0
1992	18.8	38.9	27.7
1993	19.9	38.0	27.8
1994	20.2	37.1	27.6
1995	21.0	37.4	28.3
1996	24.4	36.9	30.0
1997	24.5	38.3	30.7
1998	24.9	38.6	31.1
1999	25.4	38.2	31.2
2000	26.4	38.9	32.2
2001	29.2	36.1	32.4
2002	26.6	35.7	30.8
2003	28.3	36.7	32.2
2004	28.5	36.8	33.1

Table A5 Job Loss Risks by Level of Seniority*

Period	Seniority <1	Seniority = 1-2 years	Seniority >2 years
1982-1986 = 1	-2.9	-1.33	-0.69
1990-2002 = 1	-0.24	-0.12	-0.10

* USING THE LOW REGULATION PERIOD 1986-1990 AS THE COMPARISON PERIOD

Table A6 Average Completed Job Durations in Australia, 1984-2004

Year	Males	Females
1984	14.3	10.1
1986	14.0	9.8
1988	15.6	10.4
1990	14.9	10.1
1992	16.2	11.4
1994	16.0	12.0
1996	15.4	11.9
1998	15.6	12.3
2002	14.4	12.5
2004	14.3	12.8

Source: Norris and McLean (2000) and ABS Labour Mobility Cat, 6209.0

Table A7 Percentage Distribution of Current Job Tenures

Length of Current Tenure	Males	Females
Less than 3 months	8.1	8.8
2 to 6 months	5.2	5.8
6 to 12 months	7.5	8.5
1 to 2 years	11.5	13.4
2 to 3 years	9.8	11.4
3 to 5 years	13.8	14.2
5 to 10 years	16.3	17.9
10 to 20 years	16.8	14.6
Over 20 years	11.0	5.4

Source; Norris and Mclean (2000) p, 98

Table A8 Estimated Completed Job Durations (years) 1998

Type of Duration data	Males	Females
Duration of jobs starting in year prior	2.8	2.8
Duration of jobs held on survey date	15.6	12.3

Source: Estimated from ABS, Labour Mobility, Cat No. 6209.0

Table A9 Perceptions on Job Security from HILDA dataset

Perceptions	**Number**	**Percentage**
Insecure	399	7.60
Moderately secure	1287	24.50
Secure/very secure	3559	67.9

Source- derived from Hilda data wave-1

Table A10 Multinomial Logit Results- Perceptions of Job Security

	Jobsec		Jobsec2
Variable	Insecure-moderately secure	Insecure-secure/very secure	Low tenure outlook to– high outlook
Age	0.002	-0.003	-0.002
Sex	0-.041	0.055	.024
ATSI	0-.024	0.032	.009
Employer benefits	-0.038	0.051	.030
Union	0.01	-0.014	.002
Casual	0.15	-0.23	-0.173
Job satisfaction	-019	0.27	0.144
Capital city	-.002	.003	.005
Marital status	-.026	.036	.0157
Previous job history	.008	.118	.089

Source: Calculated from HILDA data, wave 1