



Fair Work
Commission

Labour mobility of award-reliant employees

Justin Strong and Jamie van Netten

Presented by

Jamie van Netten

What is the Annual Wage Review?

- The Fair Work Act mandates an annual review of modern award wages and the national minimum wage
 - A **legal proceeding**, not a government decision (unlike many countries)
 - Expert Panel of 7: President, 3 full-time Members, 3 Expert Panel Members
 - **Two decisions:** Vary modern award minimum wages, set the NMW order
 - Submissions open to the public, with most coming from unions, employer groups, and governments
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Who does the Annual Wage Review impact?

- **Employees affected**
 - 21.1% paid a modern award rate
 - 0.2% paid the NMW
 - 2.7% on enterprise agreements linked to the AWR
 - ~24% of all employees
- **But a smaller share of wages**
 - 11.2% of the national wage bill – fewer hours, lower rates
- **A distinct workforce**
 - Part-time 72%; Casual 55%; Female 61%; Low-paid 36%
 - Average age 34, vs 41 for other employees
 - Concentrated in health care, retail, accommodation and food services, admin support



Labour Mobility of award- reliant Employees

Motivation

- Past research has indicated that higher rates of job switching are associated with higher rates of wage growth, raising wages for both those who switch jobs and those who do not
 - It is therefore important to assess how job switching for award-reliant employees compares with other methods of setting pay, as well as the outcomes of these job switches
 - Our research is motivated by the *Fair Work Act 2009*, where under the Act the FWC must take into consideration
 - ‘promoting social inclusion through increased workforce participation’*
 - ‘the need to improve access to secure work across the economy’*
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Non-student analysis

- Job switching analysis is repeated
- Aim: Assess how the results differ for non-student employees

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Award reliance across a 10-year period

- Aim: Assess the proportion of time employees typically spend award-reliant over an extended period (10 years)

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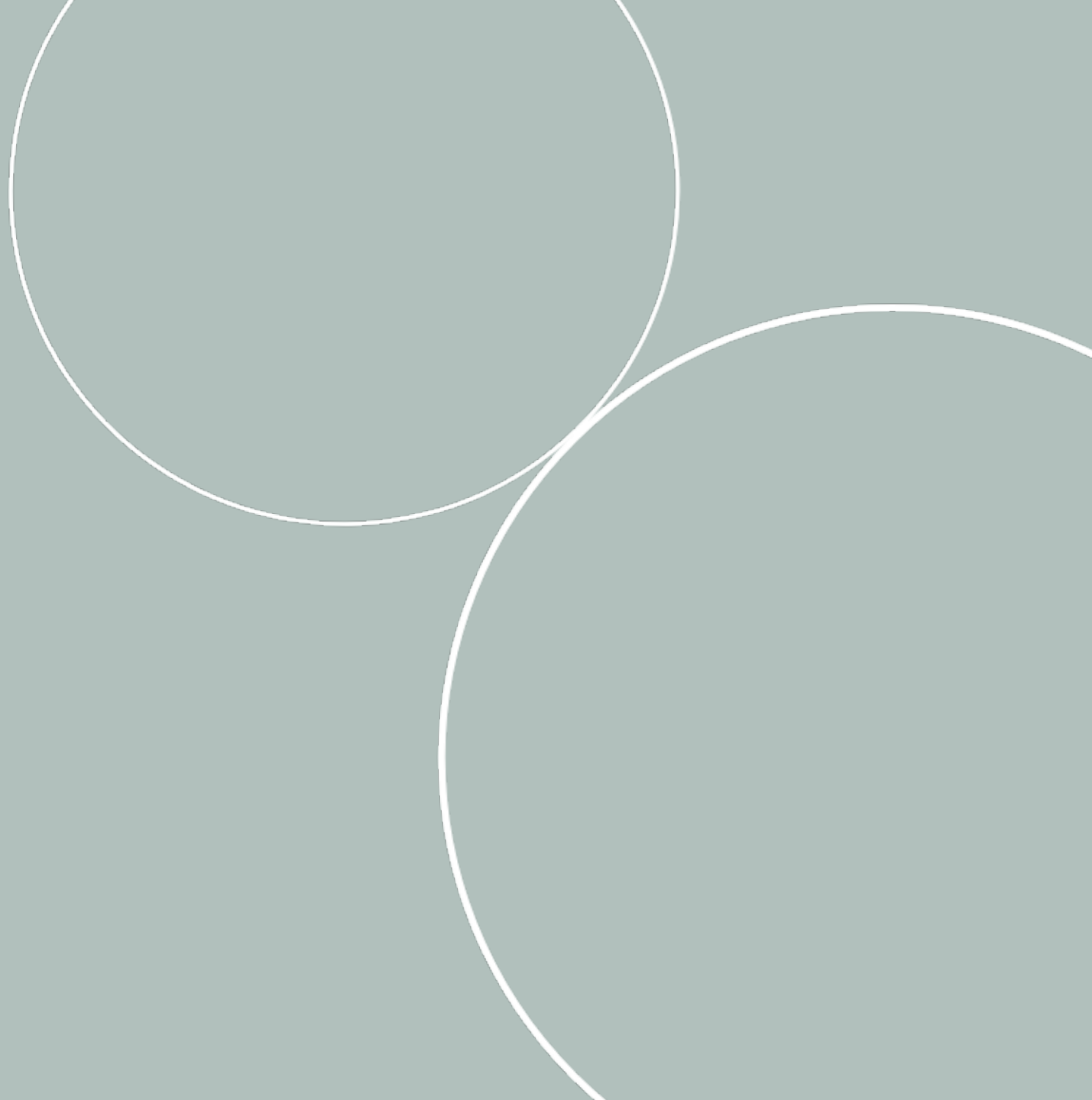
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Award reliance across a 10-year period

- Aim: Assess the proportion of time employees typically spend award-reliant over an extended period (10 years)

- This paper is a descriptive analysis and does not provide for any causal inference in the results.

Data



Data

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- Dataset: *Household, Income and Labour Dynamics in Australia Survey (HILDA)*
- The analysis uses a pooled sample of employees between 2008 and 2023

Job switching

- Defined as changing employers within the last year.

How pay is currently set for employees, 2008-2023

Method of setting pay	(No.)	(%)
Collective (enterprise) agreement	44 323	39.9
Individual agreement	45 965	41.4
Paid exactly the Award rate	20 318	18.3
Other	493	0.4
Total	111 099	100.0

Method of setting pay

Method of setting pay – self-reported in HILDA

1. Collective (enterprise) agreement
2. Individual agreement (or contract)
3. Combination of (1) and (2)
4. Paid exactly the Award rate
5. Other

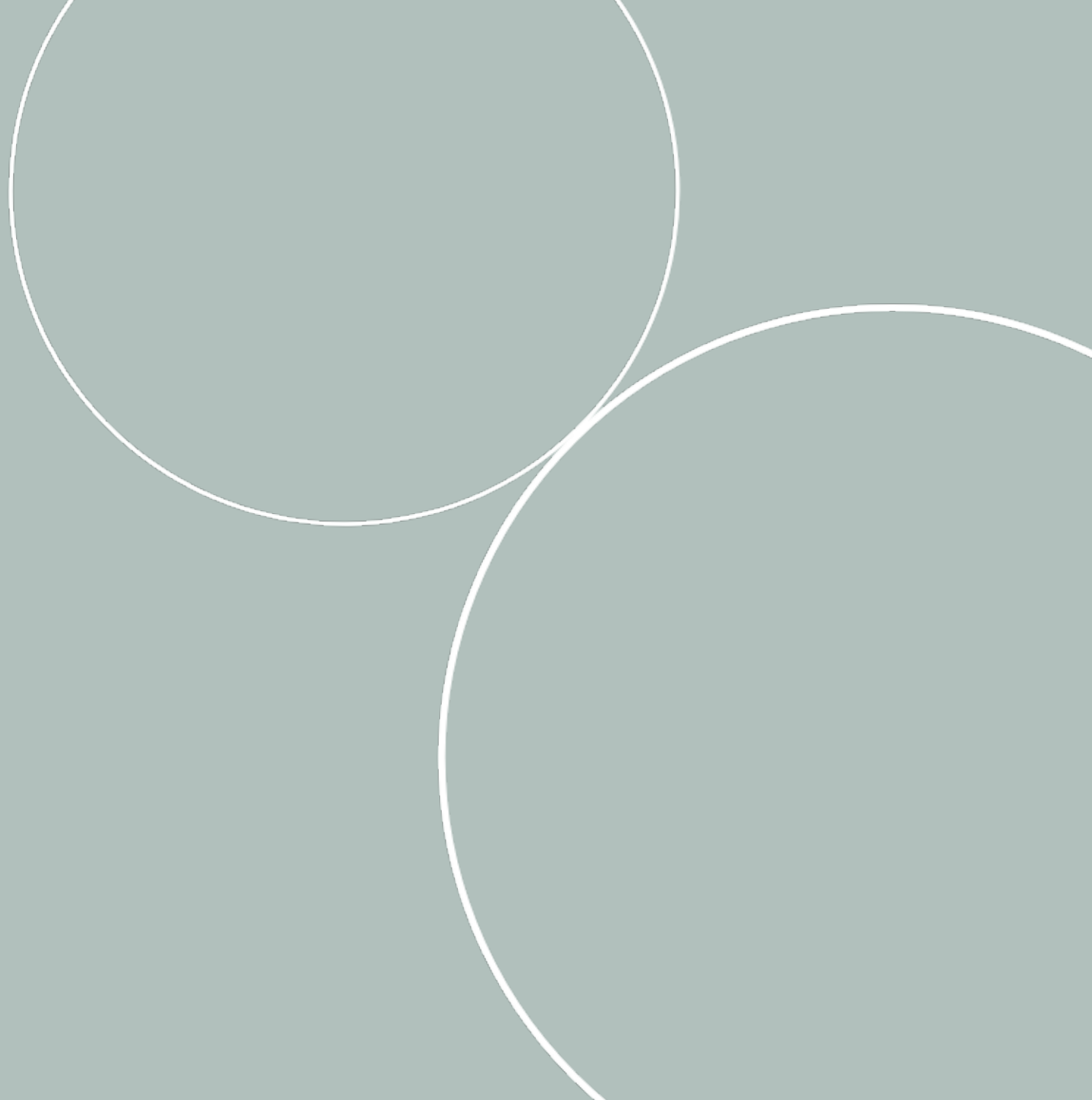
Two reclassifications

- Combination of collective and individual agreement → individual agreement
- Public sector reporting an award rate → collective agreement

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Results



Job switching and broader labour market transitions

- Job switching rates
 - Highest: Award-reliant employees
 - Lowest: Collective agreements.
- Award-reliant employees more likely to:
 - Move to unemployment
 - Exit the labour force

Job switching rates and labour market transitions by method of setting pay, 2008-2023

	Award (t)	Collective agreement (t)	Individual arrangement (t)	All employees (t)
	(%)	(%)	(%)	(%)
Changed employer since last interview (t+1)	21.7	9.6	17.0	15.2
Labour market state in the following year* (t+1)				
Remained employee	86.8	93.9	89.8	90.7
Became an employer/self-employed	1.6	0.9	3.5	2.2
Became unemployed	3.7	1.1	2.1	2.0
Exited the labour force	7.9	4.1	4.6	5.1
Total	100.0	100.0	100.0	100.0

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Why employees switch jobs?

- Main reason given by award-reliant employees is consistent with other employees
- Most common reason for all methods of setting pay is
 - *'to obtain a better job/Just wanted a change/To start a new business'*
- Second most common reason
 - *'Not satisfied with job (e.g. unhappy with hours, pay, working conditions, boss, other workers)'*

Main reason stopped working in previous job, employees who switched jobs, 2008-2023

Main reason stopped working previous job (t+1)	Award (t)	Collective agreement (t)	Individual arrangement (t)	All employees (t)
	(%)	(%)	(%)	(%)
To obtain a better job/Just wanted a change/To start a new business	33.0	38.4	34.2	34.9
Not satisfied with job (e.g. unhappy with hours, pay, working conditions, boss, other workers)	31.5	27.2	29.9	29.7
Got laid off/No work available/Retrenched/Made redundant/Employer went out of business/Dismissed	17.6	14.9	18.9	17.6
All other reasons	17.9	19.5	17.0	17.9
Total	100.0	100.0	100.0	100.0

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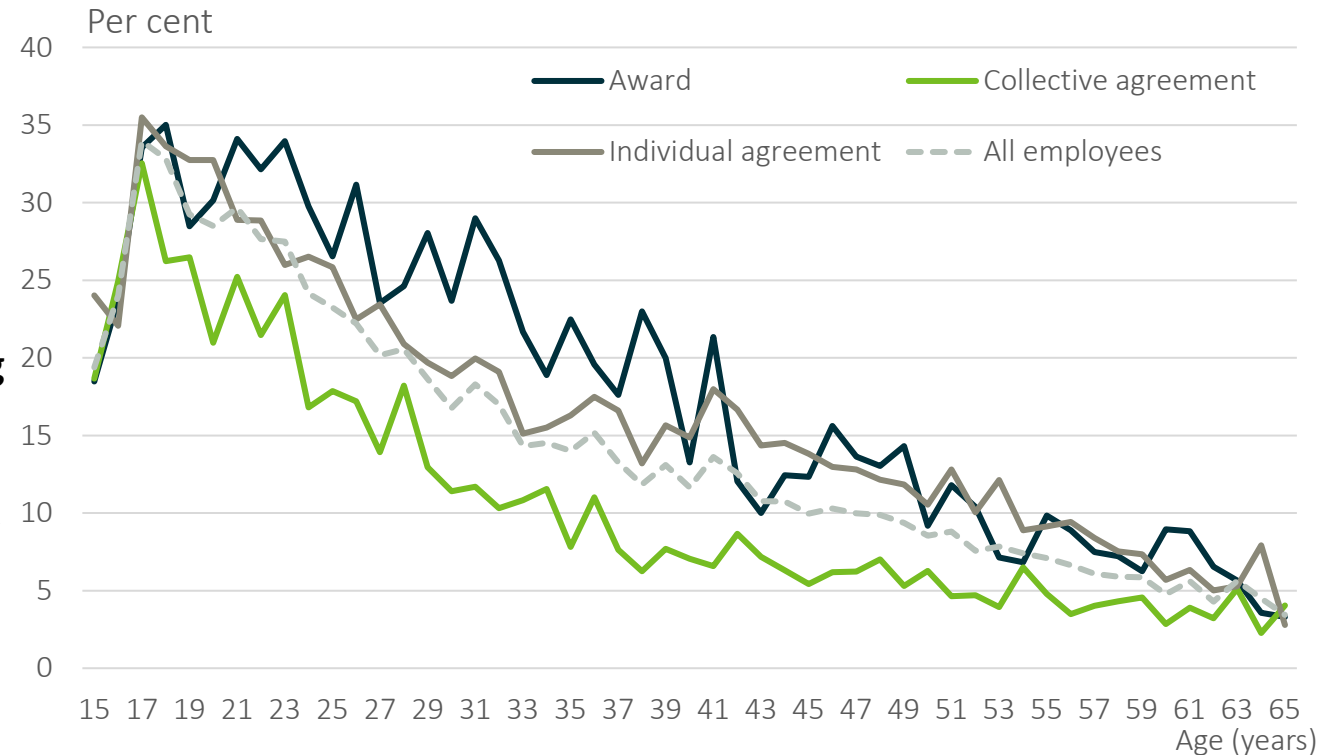
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Job switching by individual and job characteristics

Job switching by age

- Job switching for all MOSP is:
 - **highest for younger employees**
 - **declines with age**
- This is **consistent with other job switching research on Australia**
- Award-reliant employees have the highest rate of switching up until their 40s.
- Collective agreements have the lowest switching rates across all ages



Job switching for males and females

- Overall differences in job switching between males and females differ by method of setting pay
- Males switch jobs more often than females for those on awards and collective agreements
- Females switch more often than males for those on individual arrangements
- Job switching rates decline with age for both males and females, for all methods of setting pay

Sex (t)	Award (t)	Collective agreement (t)	Individual arrangement (t)	All employees (t)
	(%)	(%)	(%)	(%)
Female	21.0	9.2	17.4	14.7
Male	22.7	10.0	16.7	15.3
Total	21.7	9.6	17.0	15.2

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Other characteristics assessed in the paper

Individual characteristics



Educational attainment



Household/family type

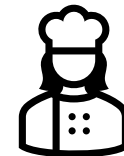
Job characteristics



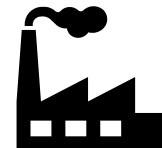
Employment type



Hours worked



Occupation



Industry



Outcomes of job switching

Changes in employment characteristics

- **Award-reliant employees who switch jobs** are more likely to receive a **higher increase in hourly earnings**, when compared with all other categories.
 - Award-reliant employees who switch receive almost double the increase in earnings of those who do not.
 - And receive higher increases than employees on other MOSP who switch jobs.
- They're also more likely to change occupation when compared with all other categories.

	Award (t)		Collective agreement (t)		Individual arrangement (t)	
	Switched	Did not switch	Switched	Did not switch	Switched	Did not switch
	(%)	(%)	(%)	(%)	(%)	(%)
Median growth in hourly earnings of main job (t to t+1)	10.7	5.5	7.3	4.1	9.3	4.2
Proportion that changed occupation (t+1)						
Changed occupation (t+1)	68.2	8.6	60.4	7.1	59.4	7.6
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Changes in hourly earnings

- Examining growth in hourly earnings of award-reliant employees by sex:
 - Of those who switch jobs, females have a higher median growth rate.
 - Of those who do not switch jobs, males have a higher median growth rate.

	Award		Collective agreement		Individual arrangement	
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Median growth in hourly earnings of main job (t to t+1)						
Females	11.1	5.0	8.3	4.1	9.3	4.3
Males	9.8	6.0	5.8	4.1	9.3	4.2

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Sample of non-student
employees

Proportion of employees who reported to be students

- **Award-reliant employees in our sample had a much higher proportion of students** when compared with those on collective agreements or individual arrangements, at more than double the proportion.
- **This higher proportion of students may be a large contributor to the higher rate of job switching** among award-reliant employees.

Studying (t)	Award (t)	Collective agreement (t)	Individual arrangement (t)	All employees (t)
	(%)	(%)	(%)	(%)
Proportion currently studying	31.0	14.2	13.6	17.3
Proportion not currently studying	69.0	85.8	86.4	82.7
Total	100.0	100.0	100.0	100.0

Job switching rates and labour market transitions, non-students

- Removing students lowered job switching rates across all methods of setting pay, with **award-reliant employees still recording the highest rate**.
- Labour market transitions remained similar.

	Award	Collective agreement	Individual arrangement	All employees
	(t) (%)	(t) (%)	(t) (%)	(t) (%)
Changed employer since last interview (t+1)	18.9	8.2	15.6	13.2
Labour market state the following year* (t+1)				
Remained employee	86.6	94.1	90.1	91.0
Became an employer/self-employed	2.0	0.9	3.6	2.3
Became unemployed	3.7	1.0	1.9	1.9
Exited the labour force	7.7	4.0	4.4	4.8
Total	100.0	100.0	100.0	100.0

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Changes in employment characteristics, non-students

- Removing students reduced the median growth rate in hourly earnings for award-reliant employees who switched jobs to below that of employees on individual arrangements who switched jobs.
- Similar median rates can be observed among employees who did not switch across all methods of setting pay.

	Award (t)		Collective agreement (t)		Individual arrangement (t)	
	Switched (t+1)	Did not switch (t+1)	Switched (t+1)	Did not switch (t+1)	Switched (t+1)	Did not switch (t+1)
	(%)	(%)	(%)	(%)	(%)	(%)
Median growth in hourly earnings of main job (t to t+1)	8.2	3.8	6.5	3.8	8.6	4.1
Proportion that changed occupation* (t+1)						
Changed occupation (t+1)	65.1	7.4	56.5	6.4	57.5	7.2
Did not change occupation (t+1)	34.9	92.6	43.5	93.6	42.5	92.8

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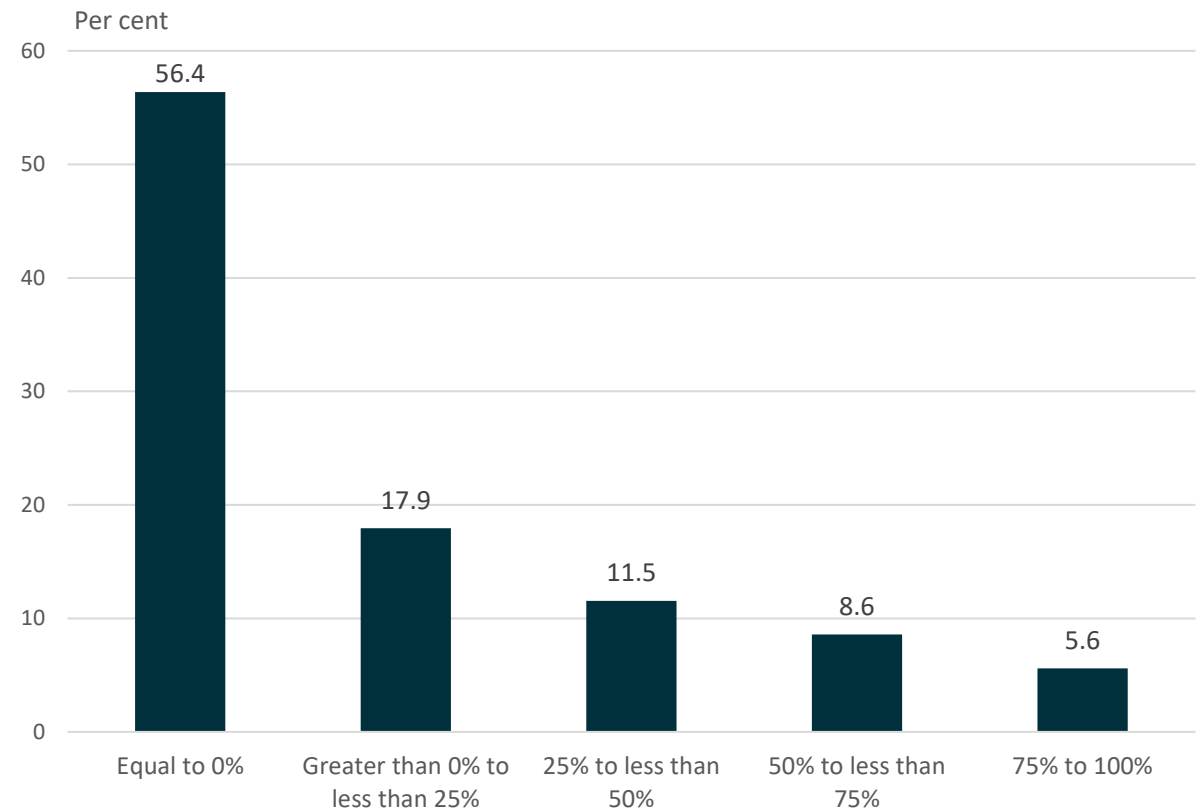
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Award reliance across a
10-year period

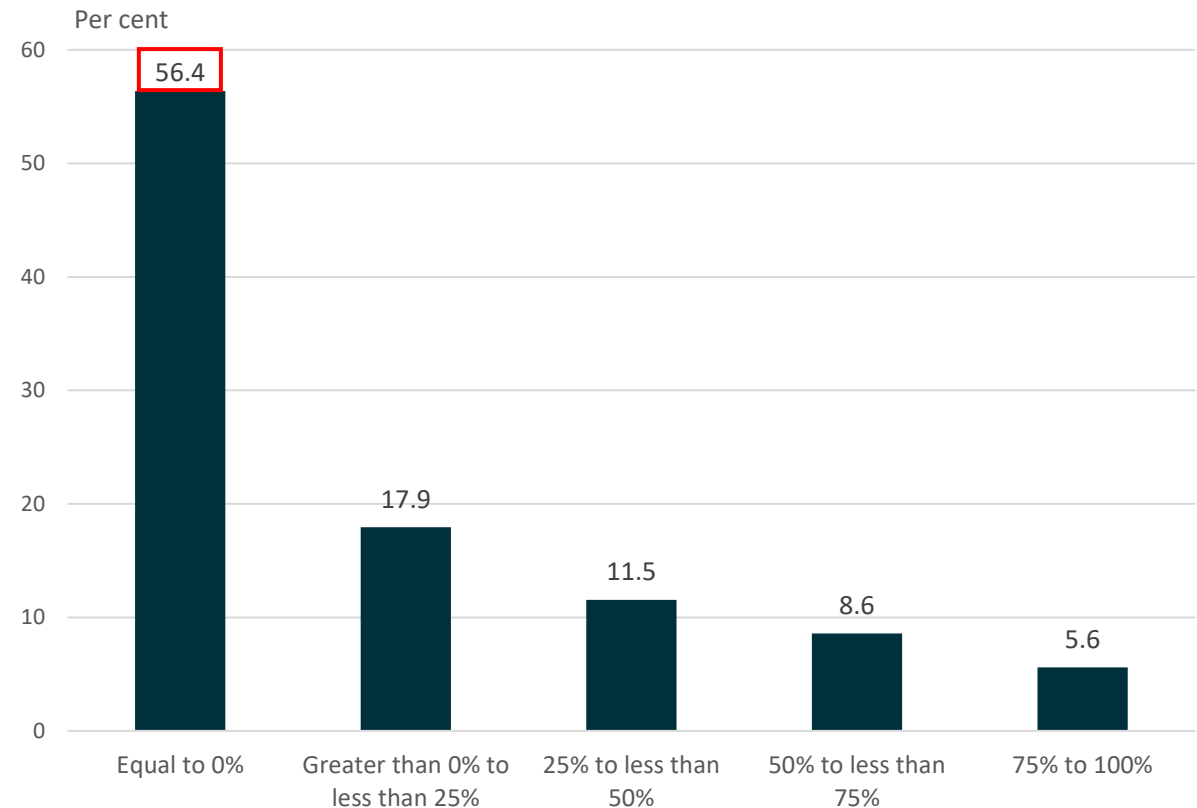
Number of years paid an award rate as a proportion of the number of years as an employee, 2014–2023

- Over half did not report being paid an award rate for any portion of that period.
- One in six reported being paid an award rate for less than 25 per cent of their time as an employee.
- Around one in 20 indicated being paid an award rate for 75%–100% of their time as an employee.



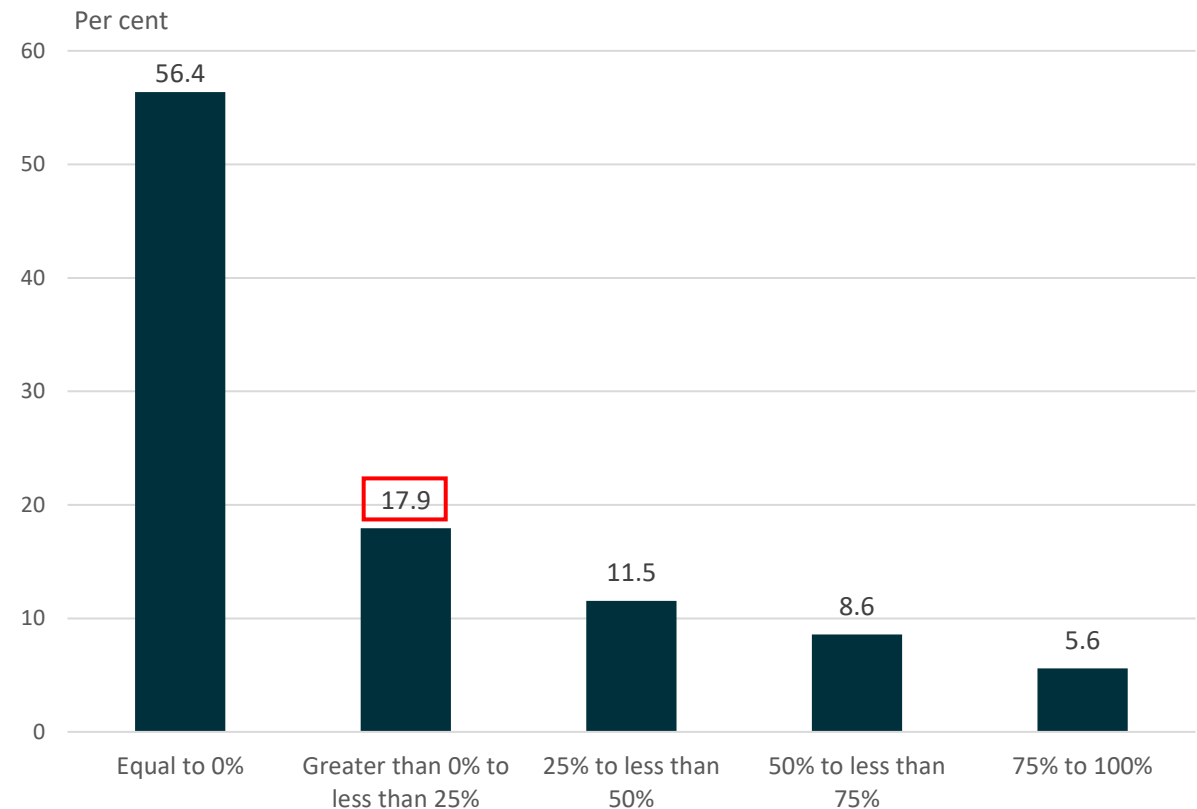
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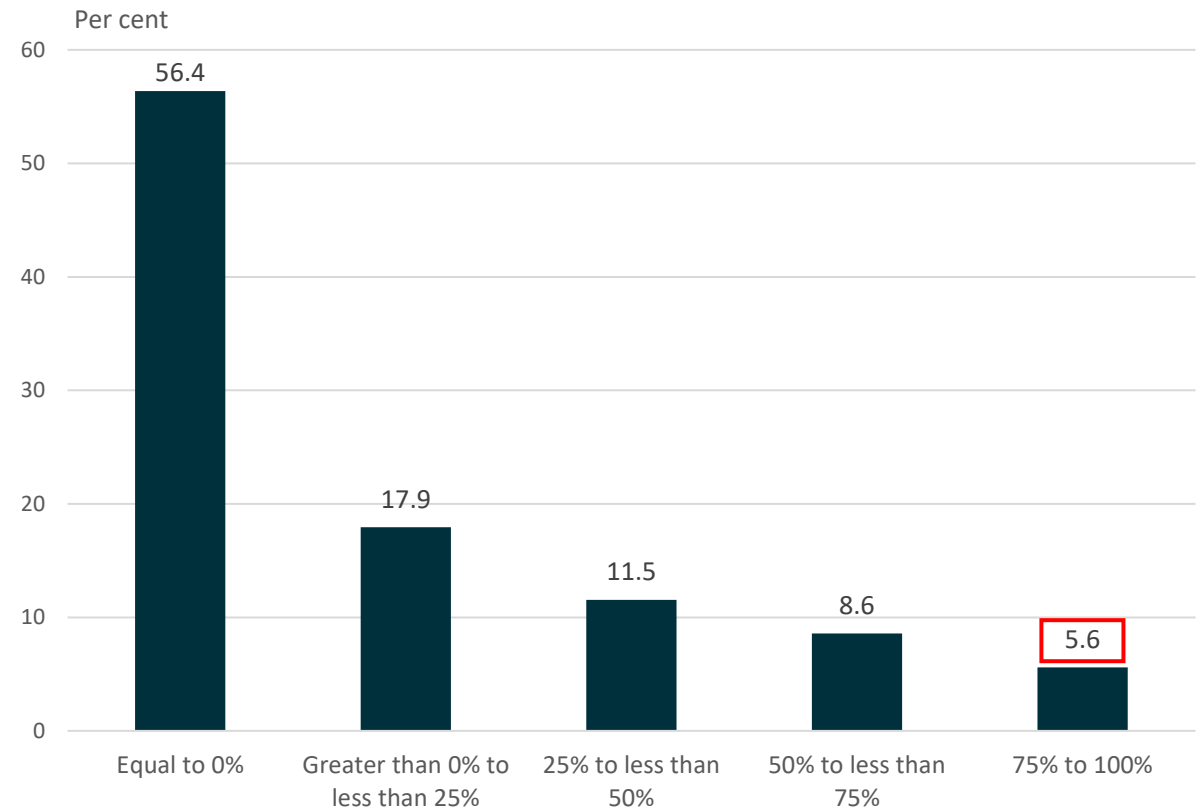
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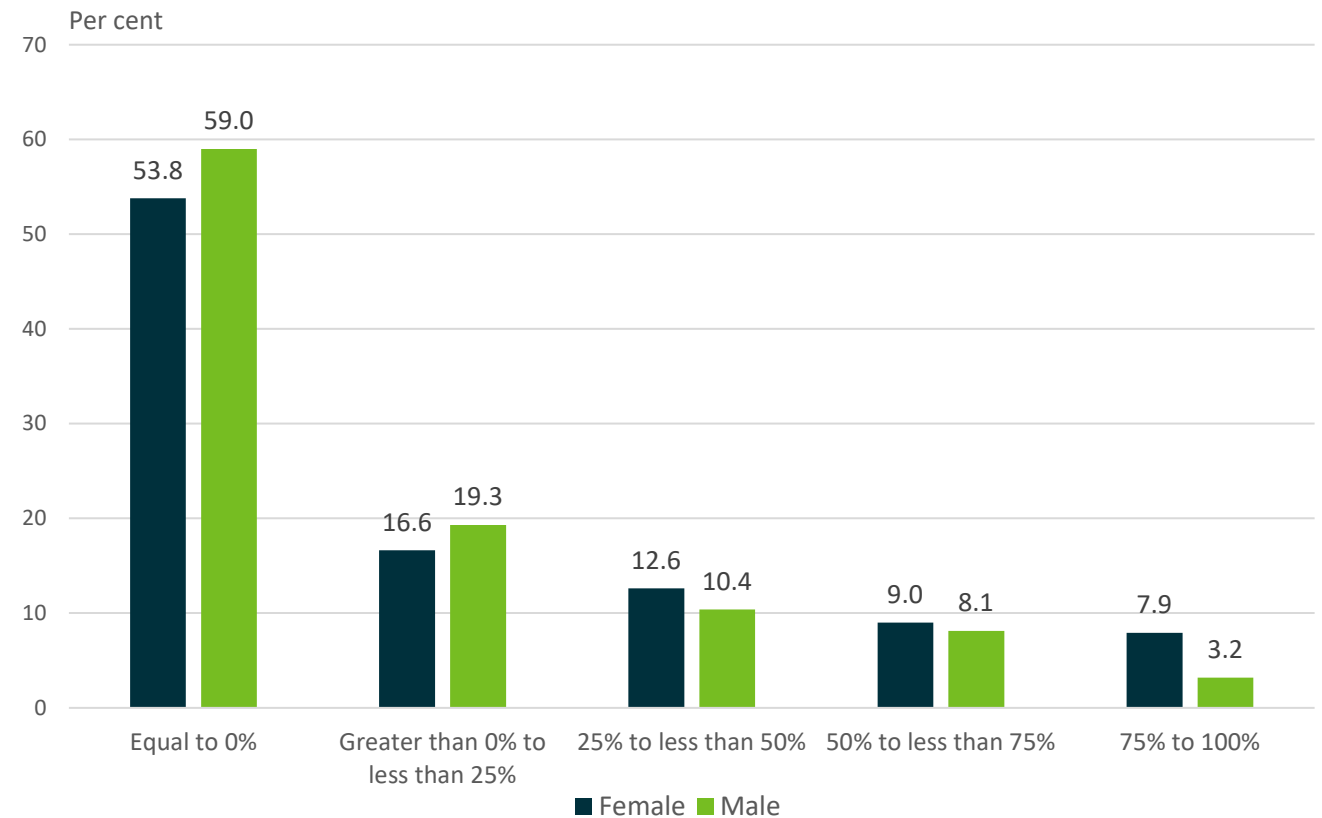
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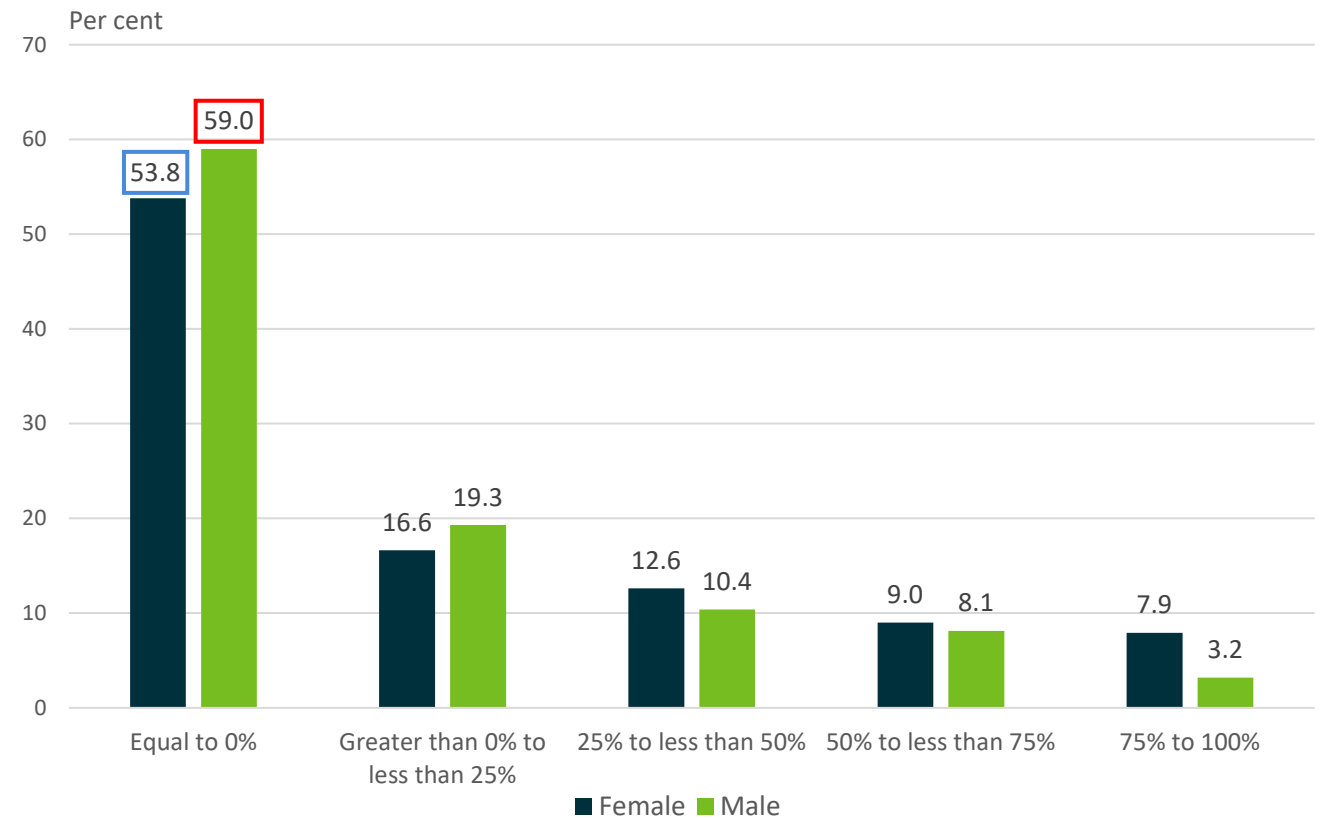
Number of years paid an award rate as a proportion of the number of years as an employee, 2014–2023, by sex

- Males were more likely to spend no time paid an award rate within the 10 years when compared with females.
- Females were more than twice as likely than males to be paid an award rate for 75%–100% of their time as employees.
- This indicates that females are more likely to be paid by an award for large proportions of their time as employees.



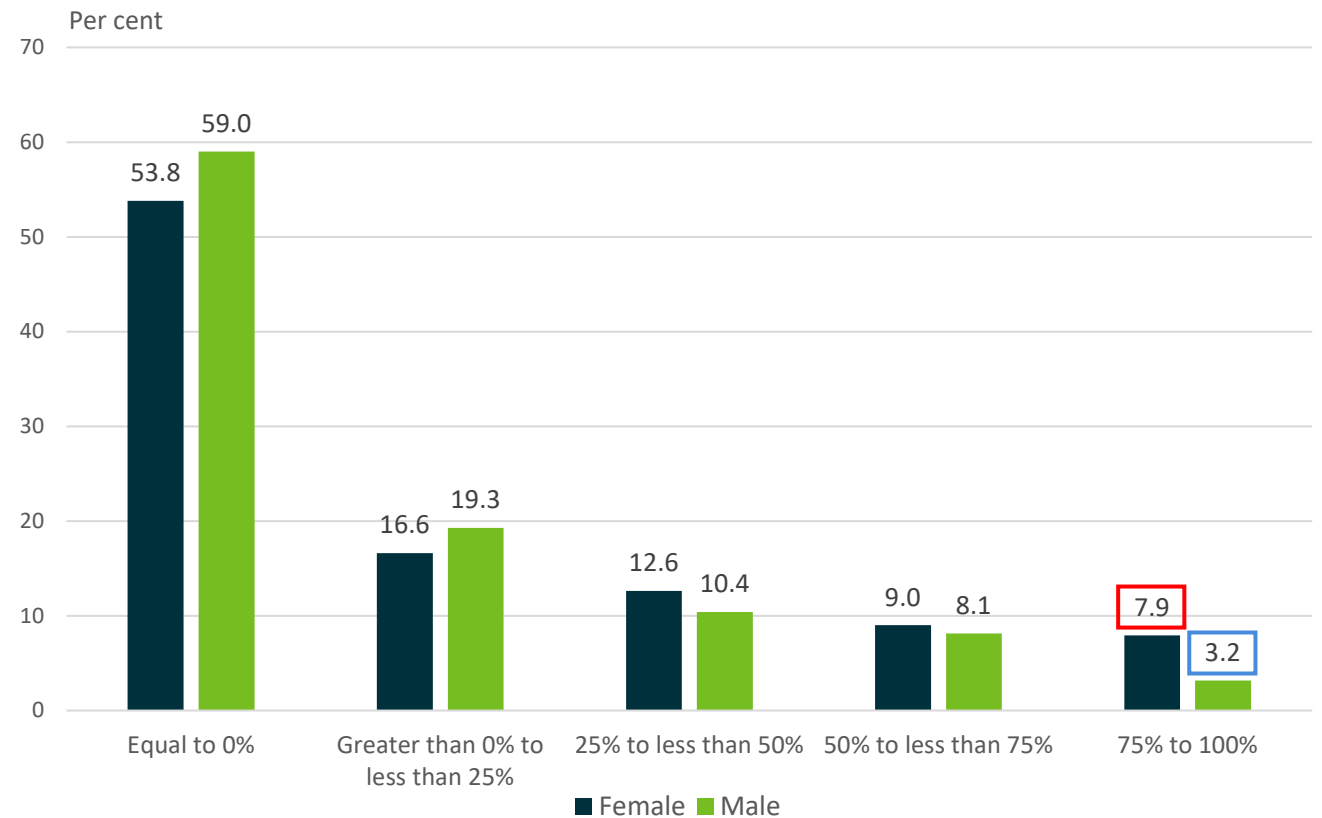
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Individual characteristics of employees by proportion of years spent as award-reliant, 2014–2023

- The age of those in the 75%-100% category was reasonably evenly spread across the various age groups.
- Those in the categories covering 25% to less than 75% were more concentrated in the youngest group.
- Females were more likely to be paid an award rate for a higher proportion, with those in the 75%–100% category reporting the largest differences between males and females.

	0%	Greater than 0% to less than 25%	25% to less than 50%	50% to less than 75%	75% to 100%
	(%)	(%)	(%)	(%)	(%)
Age in 2014					
15 to 24	12.4	37.7	39.2	40.1	24.6
25 to 34	27.8	20.6	18.0	17.9	22.9
35 to 44	27.0	19.6	19.3	17.7	19.2
45 to 54	22.1	15.5	15.6	14.3	19.9
55 to 64	9.6	6.3	7.6	9.1	10.6
65 and over	1.2	0.4*	0.3**	0.9**	2.7*
Total	100.0	100.0	100.0	100.0	100.0
Sex					
Female	48.3	46.9	55.4	53.1	71.9
Male	51.7	53.1	44.6	46.9	28.1
Total	100.0	100.0	100.0	100.0	100.0

Note: * Estimate has a relative standard error of between 25 per cent and 50 per cent and should be used with caution.

** Estimate has a relative standard error greater than 50% and is considered too unreliable for general use.

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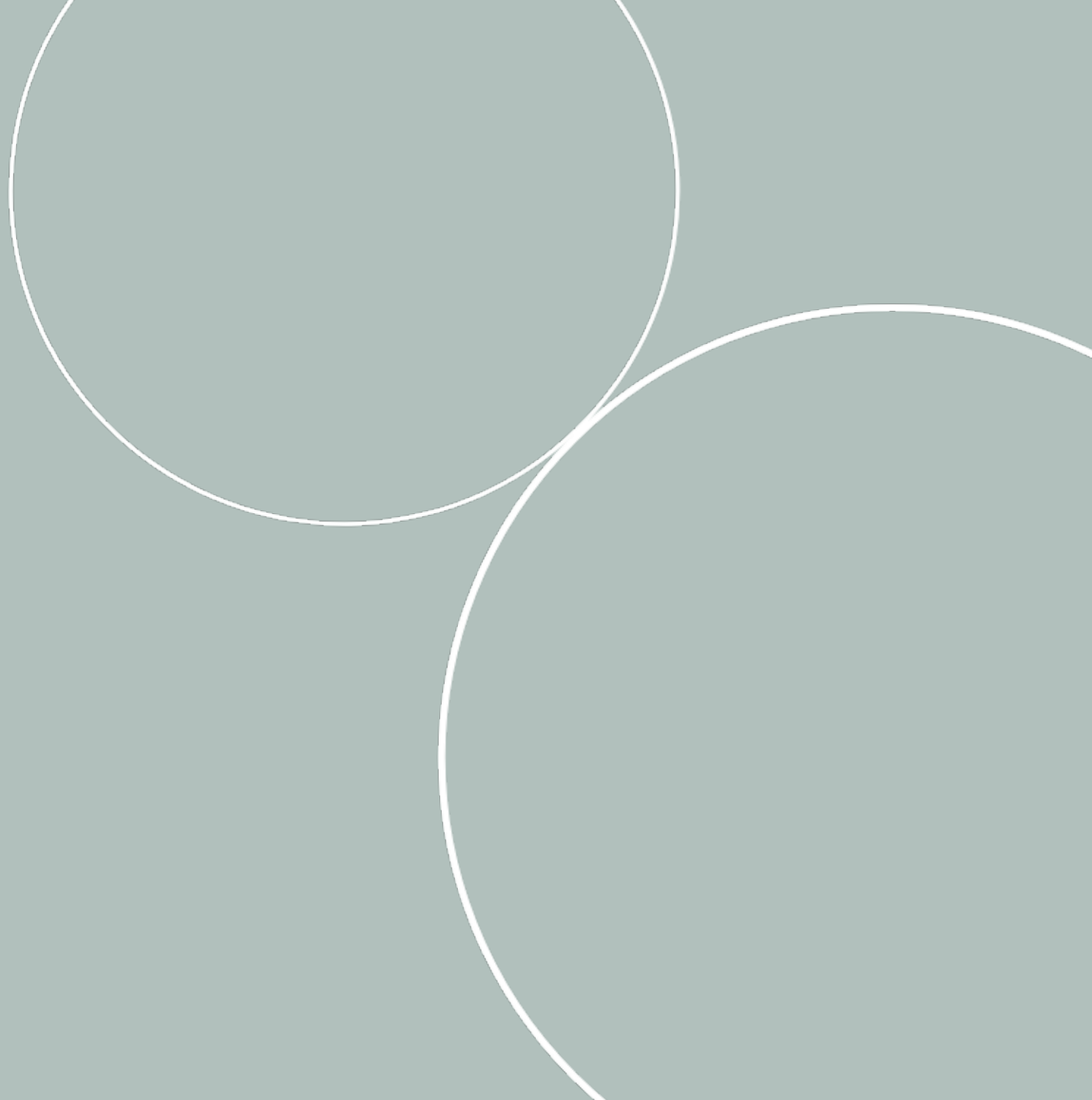
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Conclusion

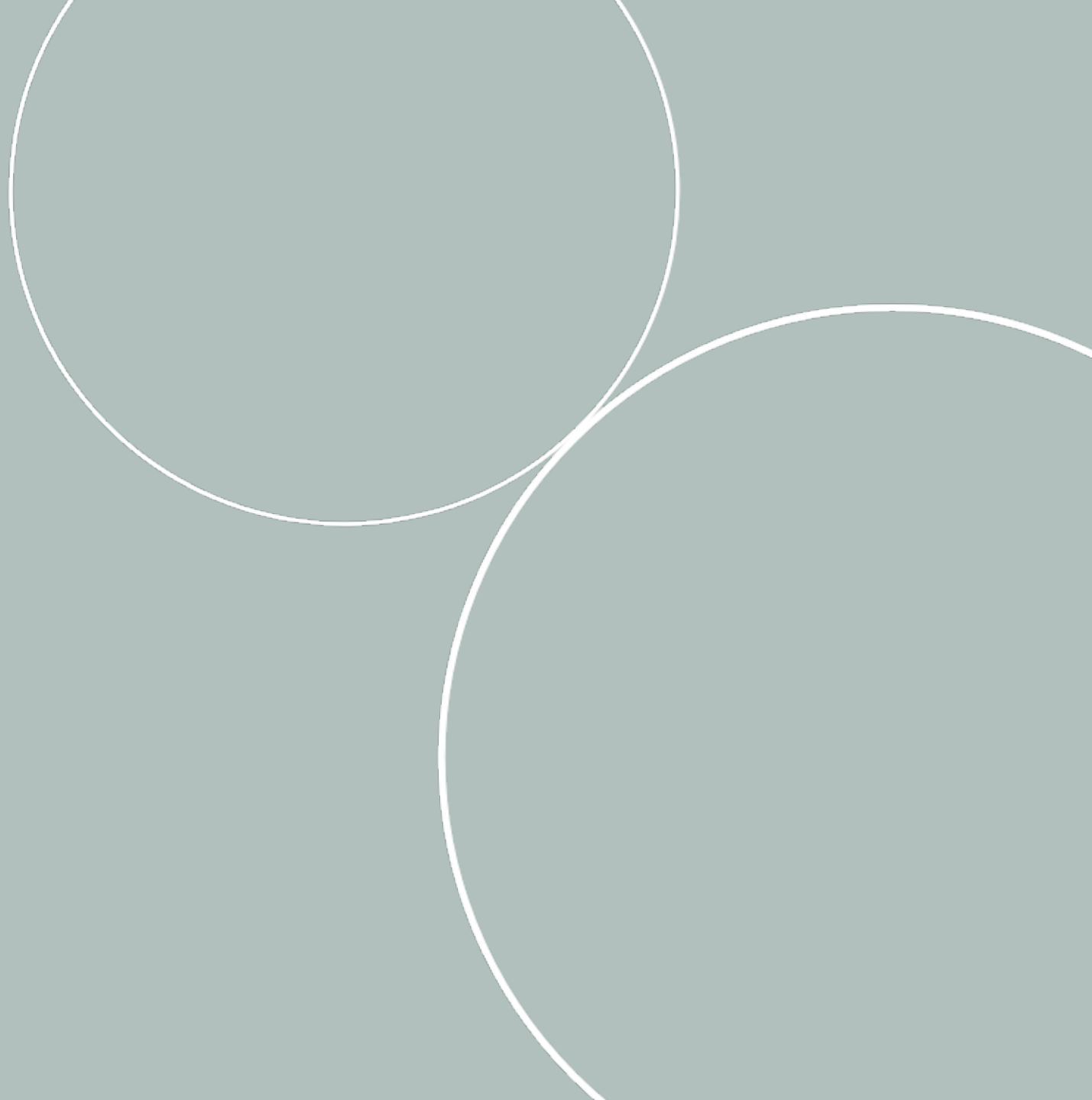




In conclusion

- Between 2008 and 2023, award-reliant employees switched jobs at a higher rate than employees on other methods of setting pay, especially those on collective agreements.
 - Main reason for leaving previous job given by award-reliant employees is consistent with other employees.
 - Job switching is highest for the youngest employees and declines with age for all methods of setting pay.
 - Removing students reduced the rate of job switching for all employees, though award-reliant employees still maintained the highest rate.
 - Those who were award reliant for 75 per cent or more of their employee tenure over the 10-year period 2014–2023 were:
 - 2.5 times more likely to be female than male
 - were spread across different age groups
-

Questions



How the paper was used in the Decision

‘This research showed that rates of job switching, and leaving employment, were highest amongst award-reliant employees compared to employees covered by enterprise agreements or individual arrangements’ (Paragraph 19).

‘The job switching data also shows that the median growth in hourly earnings resulting from job switching is higher for award-reliant employees (10.7 per cent) than for those under collective agreements (7.3 per cent) or individual arrangements (9.3 per cent)’ (Paragraph 20).

‘The job switching and job tenure data provides some support for the ‘stepping stone’ thesis — that is, that low-paid work has a role in providing an entry into the labour market and a transition point to higher-paid work. However, the data also demonstrates that a majority of those employees who were award-reliant at the time of the survey had been in their current employment for two years or more, and over 20 per cent had been for six years or more. Additionally, a separate analysis of the HILDA data undertaken by Strong and van Netten shows that, of all persons who had been employees for five or more years in the period 2014-2023, 14.2 per cent had been award-reliant for 50 per cent or more of the period of their employment, and 5.6 per cent had been award-reliant for 75 per cent or more of their employment. This points to the entrenchment of low-paid employment for a significant minority segment of the workforce’ (Paragraph 22).

Literature review

- In our review of the literature on job mobility we found that:

Wages and productivity

Higher job switching rates are associated with higher wages growth in Australia

Job switching allows workers to move from less-productive to more-productive firms

Age

Job switching is highest for teens and 20's and declines as employees age

Job switching is potentially used by younger employees to climb the job ladder

Research by the OECD refer to young people as the "the engine of labour market dynamism"

Other findings

Job switching used to resolve mismatches in actual vs desired hours worked

Job switching is higher for men than women- gender differences depend on age

The HILDA Survey

- Panel survey of individuals and households going back to 2001
- The only data source that can link award-reliance to job mobility
- Does not identify *modern* awards

One challenge:

Over-reporting of award reliance for public sector employees

Our strategy:

Re-classify all public sector employees as not award-reliant

This is consistent with previous research, see Wilkins and Wooden (2011), Jimenez and Rozenbes (2017), Wilkins and Zilio (2020), van Netten and Lipp (2025).

How do we define job switching?

- Job switching is defined as when an employee reports changing employers between one year (period t) and the next (period $t+1$).
- Based on two questions:

Question 1: For employees who have only one job/employer

When we last interviewed you on [the previous interview date], you were employed. Do you still work for the same employer/business?

Question 2: For employees who have multiple jobs/employers

Now thinking about the employer for the main job that you held on [the previous interview date]. Do you still work for that same employer/business?

- Employees in period t who become an employer, self-employed, or a contributing family member in period $t+1$ are also defined as having switched jobs
-

Employee sample

- Our sample uses a pooled sample of employees between 2008 and 2023
 - Method of setting pay variable is only available from 2008 onwards
- Our employee sample includes those who:
 1. Report a usual weekly gross wage or salary in their main job greater than zero;
 2. Report usual weekly hours worked in their main job as greater than zero and
 3. Report the method by which their pay was set

How pay is currently set for employees in the sample (all employee sample), 2008–2023

Method of setting pay	(No.)	(%)
Collective (enterprise) agreement	53 111	38.7
Individual agreement (or contract)	56 770	41.4
Paid exactly the Award (or APCS) rate	26 604	19.4
Other	673	0.5
Total	137 158	100

Employee sample for job switching

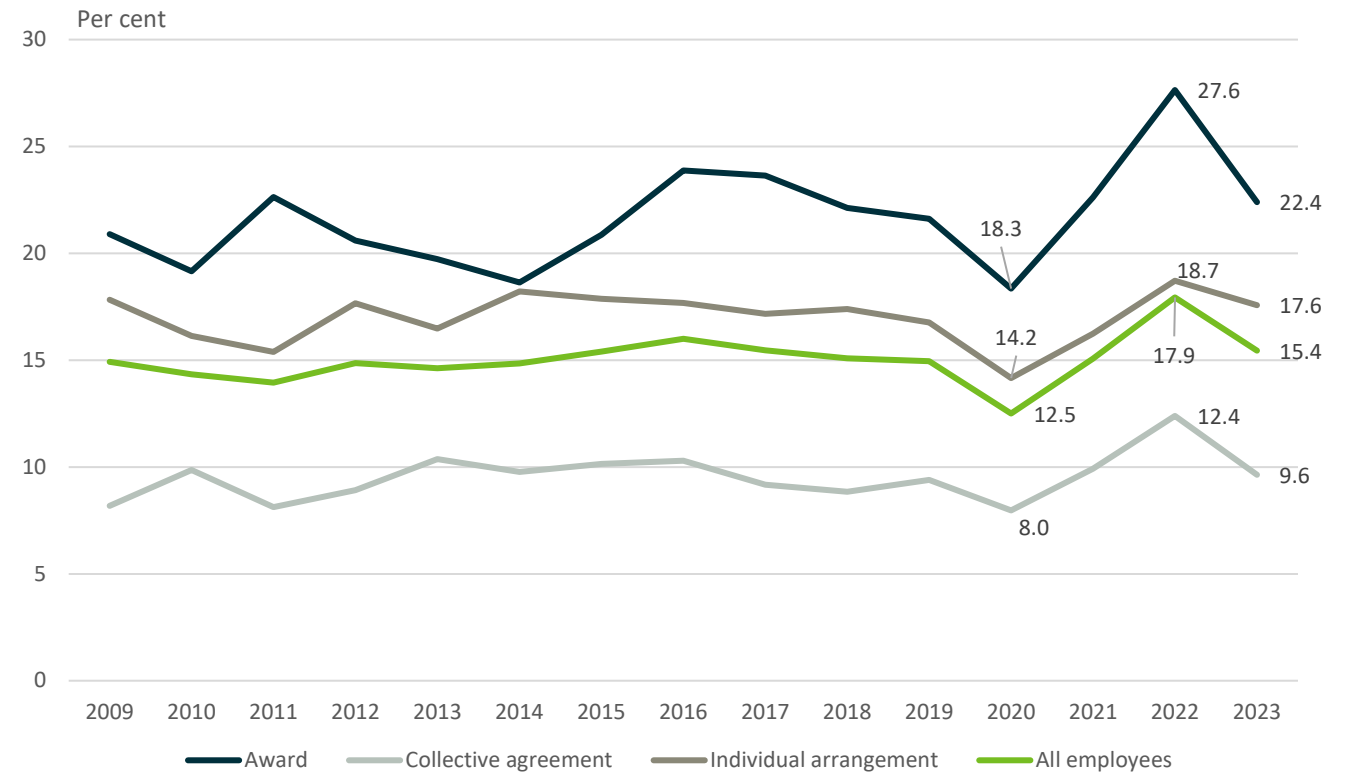
- The sample for the job switching analysis uses the employee sample though is further restricted by:
- Including only those with a known employment status in period t and period t+1.
- Have a response to a question about changing employers since the date of the last interview.
- Allows job switches (measured at period t+1) to be observed by method of setting pay, which is measured at period t.

How pay is currently set for employees in the sample for job switching analysis (job switching sample)

Method of setting pay	(No.)	(%)
Collective (enterprise) agreement	44 323	39.9
Individual agreement (or contract)	45 965	41.4
Paid exactly the Award (or APCS) rate	20 318	18.3
Other	493	0.4
Total	111 099	100.0

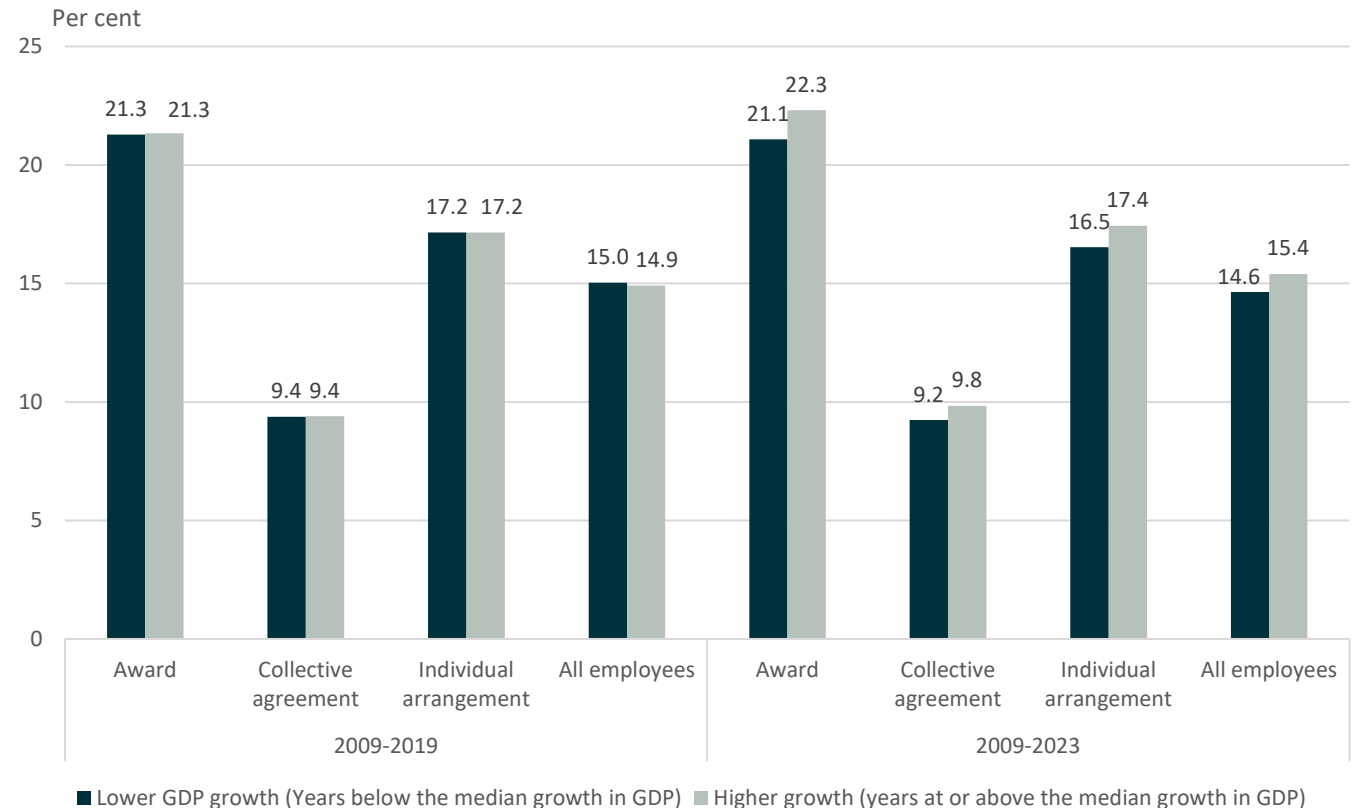
Job switching by year 2009-2023

- Not a great deal of variation over the period
- Award-reliant employees show the most year-on-year variation
- Peaked in 2022 for all MOP, lowest in 2020 for all MOSP



Job switching by GDP growth

- Switching rates are higher in higher growth years for all MOSP
- Removing the COVID years and onwards (2020+) removes the association between GDP growth and job switching
- Award-reliant employees still have the highest rates of job switching when considering GDP growth
- Collective agreements the lowest



Main reason employees reported moving to non-employment

- Non-employment refers to the unemployed and those who exited the labour force
- The most common reason across all MOSP was
 - Got laid off/No work available/Retrenched/ Made redundant/Employer went out of business/Dismissed
- Award-reliant employees selected this response at comparable rates to other MOSP
- Award-reliant employees more likely to select study and unsatisfied with job as reasons

Main reason stopped working previous job (t+1)	Award (t) (%)	Collective agreement (t) (%)	Individual arrangement (t) (%)	All employees (t) (%)
Got laid off/No work available/Retrenched/ Made redundant/Employer went out of business/Dismissed	21.3	18.2	23.7	21.3
Not satisfied with job (eg. unhappy with hours, pay, working conditions, boss, other workers)	15.2	7.5	12.0	11.8
Own sickness, disability or injury	12.1	13.5	10.0	11.7
Returned to study/Started study/Needed more time to study	10.7	6.8	7.4	8.3
Pregnancy/To have children	9.0	12.1	11.3	10.7
Job was temporary or seasonal	6.1	6.4	8.5	7.2
To stay at home to look after children/house/someone else	4.9	4.0	4.6	4.6
Retired/Did not want to work any longer	4.7	17.8	8.2	9.7
Other	4.4	3.5	3.4	3.8
All other reasons	11.6	10.2	10.9	10.9
Total	100	100	100	100

Job switching by educational attainment

- Switching rates are highest for those with Year 12 for all MOSP
- Award-reliant employees have the highest rates of switching across all education levels
- Collective agreements the lowest across all education levels

Highest education level achieved (t)	Award (t)	Collective agreement (t)	Individual arrangement (t)	All employees (t)
	(%)	(%)	(%)	(%)
Postgrad - masters or doctorate	20.2	9.7	17.8	14.1
Graduate diploma, grad certificate	18.6	6.6	13.9	10.3
Bachelor or honours	18.7	8.8	16.1	13.2
Advanced diploma, diploma	20.3	7.5	15.0	12.8
Certificate III & IV	19.9	9.2	17.1	14.6
Year 12	26.0	14.0	20.1	19.7
Year 11 and below	21.2	9.8	17.0	16.5
Total	21.7	9.6	17.0	15.2

Job switching by relationship in household

- Switching rates are highest for Dependent students and non-dependent children for all MOSP
- Award-reliant employees have the highest rates of switching across all relationship types except Dependent students and Lone parents with non dependents
- Collective agreements the lowest across all relationship in household types

Relationship in household (t)	Award (t)	Collective agreement (t)	Individual arrangement (t)	All employees (t)
	(%)	(%)	(%)	(%)
Couple with dependents	16.6	7.3	14.3	11.7
Couple with no dependents	17.4	8.5	15.3	12.8
Dependent student	29.0	28.6	32.5	29.7
Lone parent with dependents	18.1	8.6	17.6	13.9
Lone parent with no dependents	9.7	3.6*	10.9	7.1
Lone person	21.6	10.0	18.9	15.7
Non-dependent child	26.1	14.7	22.2	20.9
Other	27.0	12.4	22.7	20.3
Total	21.7	9.6	17.0	15.2

Note: * Estimate has a relative standard error of between 25 per cent and 50 per cent and should be used with caution.

Job switching by employment type

- Casual employees are defined as those who do not have access to paid holiday or sick leave.
- Job switching rates differ by employment type.
- Casuals have the highest switching rates across all methods of setting pay.
- Award-reliant employees still report higher rates of job switching across each employment type.

Employment type (t)	Award (t)	Collective agreement (t)	Individual arrangement (t)	All employees (t)
	(%)	(%)	(%)	(%)
Permanent, full-time	17.2	7.9	15.0	12.3
Permanent, part-time	14.3	7.3	12.7	10.4
Casual	27.8	22.2	26.7	26.2
All employment types	21.7	9.6	17.0	15.2

Job switching by occupation

- Occupations with a higher (lower) rate of award-reliance typically report higher (lower) job switching rates.
- This is true for all methods of setting pay
- Award-reliant employees report higher job switching rates in all occupations when compared to collective agreements and 6 of 8 when compared to individual arrangements.

Occupation (t)	Award (t)	Collective agreement (t)	Individual arrangement (t)	Proportion of award-reliant employees within occupation
	(%)	(%)	(%)	(%)
Sales workers	22.7	17.5	18.4	45.2
Labourers	24.5	12.1	22.7	41.8
Community and personal service workers	23.5	9.7	21.4	31.9
Machinery operators and drivers	18.6	9.5	18.9	26.9
Technicians and trades workers	22.3	12.8	18.4	20.3
Clerical and administrative workers	18.5	8.3	14.2	13.8
Managers	18.5	8.8	14.5	6.2
Professionals	16.1	7.5	16.8	5.1
All occupations	21.7	9.6	17.0	15.2

Job switching by industry

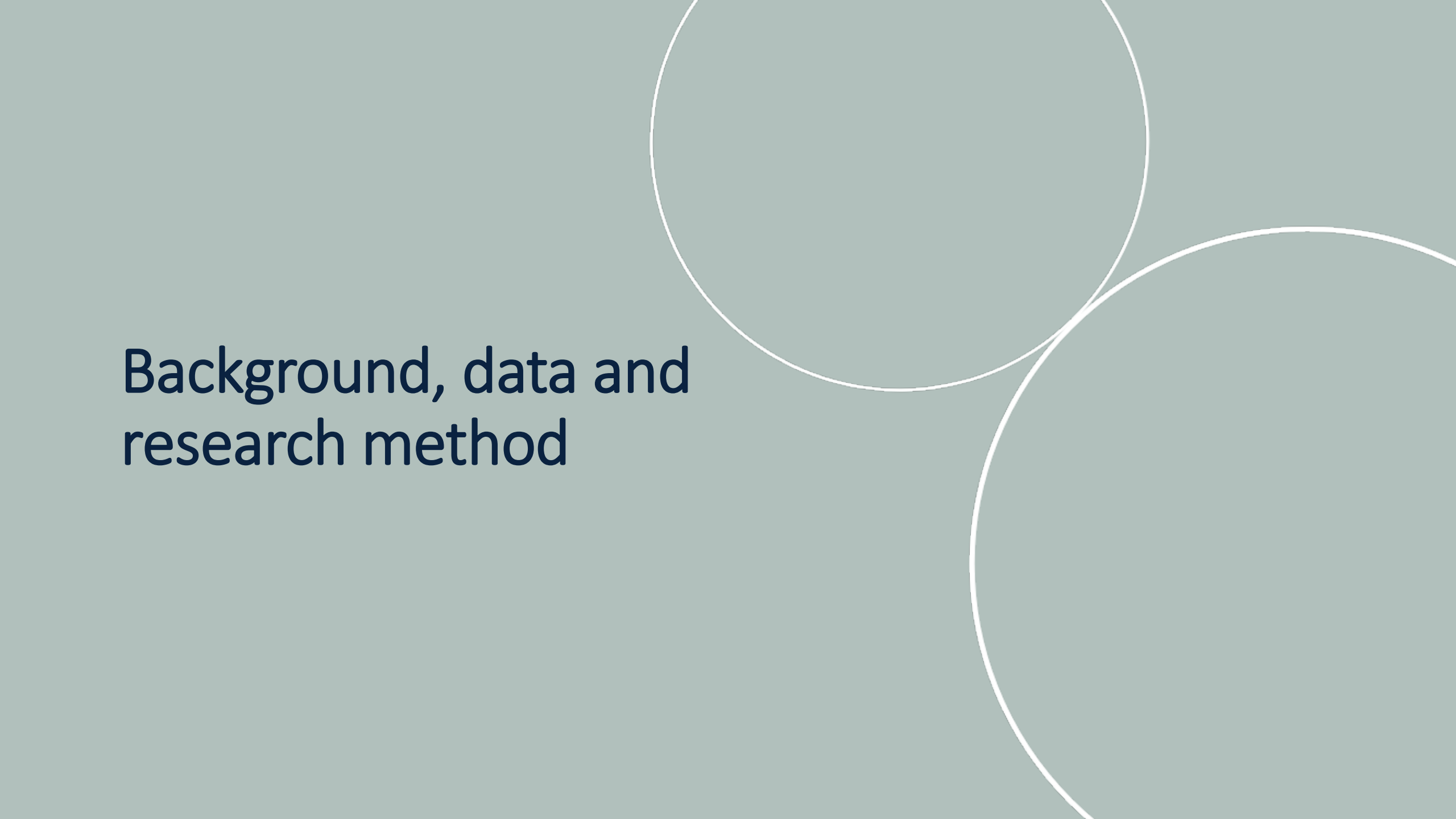
- Accommodation and food services, Administrative and support services and Construction have highest switching rates for all methods of setting pay.
- Award-reliant employees had higher switching rates in most industries (all industries for those on collective agreements)
- Only exception were employees on individual arrangements within the Health care and social assistance and Education and training industries.

Industry (t)	Award (t)	Collective agreement (t)	Individual arrangement (t)	Proportion of award-reliant employees within industry
	(%)	(%)	(%)	(%)
Accommodation and food services	32.5	31.8	29.7	55.2
Retail trade	20.0	15.2	16.9	40.8
Administrative and support services	30.7	18.6	23.1	27.6
Other services	20.3	11.2	18.5	25.2
Transport, postal and warehousing	17.7	7.1	16.9	21.5
Manufacturing	19.2	9.8	15.6	20.7
Health care and social assistance	14.9	7.5	15.4	19.7
Construction	26.8	18.2	19.9	17.5
Education and training	9.4	6.4	13.5	7.0
All industries	21.7	9.6	17.0	15.2

Changes in job satisfaction by method of setting pay

- Higher earnings may not be the only incentive for an employee to switch jobs. Employees may choose to switch jobs to match other preferences such as work hours or because they prefer the type of work the new role offers.
- The table shows the proportions of employees who decreased, maintained the same, or increased their reported job satisfaction from period t to period $t+1$.
- About half of award-reliant employees who switched jobs recorded an improvement in job satisfaction, compared with less than a third of those who did not switch. Employees on other methods of setting pay had comparable results.

Changes in job satisfaction (t to $t+1$)	Award		Collective agreement		Individual arrangement	
	(t)		(t)		(t)	
	Switched	Did not switch	Switched	Did not switch	Switched	Did not switch
Increase in job satisfaction	48.5	28.8	47.9	27.2	49.1	26.0
No change in satisfaction	22.5	35.9	24.6	41.7	24.9	41.2
Decline in job satisfaction	29.0	35.3	27.5	31.1	26.0	32.9
Total	100.0	100.0	100.0	100.0	100.0	100.0



Background, data and
research method