

**Casual Employment in Australia:
The Influence of Employment
Contract on Financial Wellbeing
and Job Satisfaction**

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Supervisor's Certificate of Approval

I certify that I have read the final draft of this thesis and it is ready for submission in accordance with the thesis requirements as set out in the School of Social Science policy documents.

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Professor Janeen Baxter

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List of Acronyms

Australian Bureau of Statistics	ABS
Australian Council of Trade Unions	ACTU
Australian Industrial Relations Commission	AIRC
Australian Standard Classification of Occupations	ASCO
Department of Family and Community Services and Indigenous Affairs	FaCSIA
Household Form	HF
Household Income and Labour Dynamics in Australia	HILDA
Household Questionnaire	HQ
Organisation for Economic Co-operation and Development	OECD
Person Questionnaire	PQ
Self-Complete Questionnaire	SCQ
Standard Error	SE
Technical and Further Education	TAFE

Abstract

Over the last twenty years the level of casual employment, a form of non-standard employment, has risen substantially from 15.8% of the Australian labour force in 1984 to 27.3% in 2002. This represents a vast increase in a form of peripheral employment that denies employees the majority of benefits associated with paid employment, other than the right to one hour of pay for one hour of work. Given the current industrial relations climate, and the introduction of the new Federal Workplace Relations Amendment, casual employment is likely to be an increasingly prominent feature of the Australian labour market, establishing this as an important area of enquiry. This thesis will examine differences between casual and permanent employees using both objective and subjective measures of financial strain, financial satisfaction and job satisfaction. The analysis is carried out on Wave 1 of the Household Income and Labour Dynamics in Australia (HILDA) survey conducted in 2001. Results show that casual employees are more likely to be in 'low status' groups, tend to be more disadvantaged in the labour market and have higher levels of financial strain and lower levels of financial and job satisfaction. These findings suggest that people who are already marginalized in the labour market are also more likely to be working under a casual contract, a form of employment that is associated with high levels of financial strain and low levels of financial and job satisfaction.

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Chapter 1

Introduction

Over the last two decades the level of non-standard employment in Australia has risen to one of the highest amongst OECD countries (Campbell 2004). While there are numerous forms of employment that come under the banner of ‘non-standard’, such as fixed term employment, temporary work and shift work, the recent increase is dominated by a substantial level of growth in the incidence and spread of casual employment, a specific form of non-standard employment. In essence, a casual employment contract entails an employee being paid one hours wage for one hour of work, with no other employment benefits, such as paid sick or holiday leave or notice of dismissal. The level of casual employment has increased from 15.8% of the labour force in 1984 to 27.3% in 2002 (Pocock, Buchanan and Campbell 2004:17). While it is problematic to compare countries with different labour frameworks, this does represent one of the highest rates of non-standard employment in the West (Campbell 2004:93). This thesis will focus solely on comparisons between casual employment and permanent employment, and will not take other forms of non-standard employment into consideration. It should, however, be noted that the increasing incidence in the forms of non-standard employment has occurred for a variety of reasons, and so the classification of non-standard employment should not be treated as a homogenous group (Murtough and Whaite 2000). The findings of this study relate solely to casual employment, and should not be related directly to other forms of non-standard employment.

Given the current industrial relations climate, and the introduction of the new Federal Workplace Relations Amendment, Work Choices, in 2006, casual employment is likely to be an increasingly prominent facet of the Australian labour market. Previous research has shown that casual employment is associated with a number of characteristics: it is generally of a low-pay, low-skill nature, it tends to be concentrated in the retail, service and manual labour sectors, it tends to be part-time and dominated by women (Campbell 2000; Smith and Ewer 1999; Burgess and Campbell 1998). Given the disadvantages associated with casual employment, a question arises: Are casual employees, who are to some extent already disadvantaged in relation to the labour market, further burdened by working under a casual contract? This thesis aims to explore this

question by examining differences in financial strain, financial satisfaction and job satisfaction between casual and permanent employees.

Existing research tends to use solely subjective measures, such as feelings of insecurity or satisfaction when examining the impact of casual employment on employees (Watson 2005:373; Heady, Warren and Harding 2005; Wooden and Warren 2004). This study, argues however, that it is problematic to use only subjective measures when investigating the experiences of permanent versus casual employees, as these two groups are not congruous in their characteristics nor in their expectations of paid employment, as will be shown later in the thesis. It is therefore imperative that objective measures also be used. For this reason, both an objective dependent variable, financial strain, and subjective dependent variables, financial satisfaction and job satisfaction have been used in this study. To investigate the impact of casual employment on these measures of strain and satisfaction, this study will analyse data from Wave 1 of the Household Income and Labour Dynamics in Australia (HILDA) survey conducted in 2001. This is a large nationally representative survey of Australian households that provides detailed information on levels of casual employment as well as measures of financial strain, financial satisfaction and job satisfaction.

The following section will consider the rise of casual employment in Australia. The political environment, the reasons for the increase in casual employment, characteristics of casual employees will be examined, as well as the negative impact of casual employment on strain and satisfaction, the normalisation of casual employment and the impact on women. A number of theoretical disagreements and limitations of previous research will also be considered. This will be followed by a discussion of the aims and theoretical underpinnings of this study. In the following chapter the methodology is detailed, including a discussion of data, variable creation and analytical strategy. The results of the preliminary, bivariate and regression model analyses will be presented in the results chapter. This will be followed by the discussion and conclusion which will summarise the primary findings, place them in context within the existing literature, and discuss the possible limitations and implications of the findings.

The Rise of Casual Employment In Australia

Over the last twenty years casual employment has become a prominent feature of the Australian labour market. Currently more than one in four people work under this form of employment contract in their primary job. This represents a substantial proportion of the labour force working in a form of employment that denies them virtually every benefit associated with paid employment, other than an hour's wage for an hour's work. The following section will explore debates about the effect of casual employment on the Australian population.

Political Environment

About twenty years ago people in many sectors of society noticed there was a marked increase in the number of non-standard jobs in Australia, and indeed, in many parts of the world. After the boom of the post World War Two era, many nations around the world moved towards economic deregulation, neo-liberal policies and reduced government intervention. Australia experienced similar trends. Beginning with the first Hawke government in 1983, and continued by both successive federal Labor and Liberal/National governments, radical changes took place in the economy and industrial relations system. These emphasised the privatisation of government enterprises and services, the increased role of markets in socioeconomic allocation processes, corporatisation of government agencies and increased economic deregulation (Castles, Gerritsen and Vowles 1996:9). This process was typified by the Federal Government reducing the powers of the Australian Industrial Relations Commission (AIRC), a central wage-fixing mechanism, towards the end of the 1980s. Nightingale (1995) argues that this major shift in the industrial relations terrain used the concepts of flexibility and individuality to justify the restructuring of Australian capitalism and to disguise the efforts of employers attempting to further their own interests (Nightingale 1995:122). Deery and Mahoney (1994:336) maintain that the movement towards the deregulation of working time arrangements was driven by retailers, in an effort to facilitate a greater use of casual employment. It was during this era that casual work, a form of non-standard employment, began to increase. Australian Bureau of Statistics (ABS) statistics show that this form of employment rose from 15.8% of the workforce in 1984 to 27.3% in 2002 (Pocock, Buchanan and Campbell 2004:17).

To understand how it is possible for casual work to flourish in Australia it must be viewed in relation to labour regulation. The wages and conditions of paid work in Australia are set out in awards, which have been laid down by independent quasi-judicial tribunals and are legally binding prescriptions. These awards were based on full-time permanent work, with most awards and agreements having special clauses to allow for exemptions, such as the classification of 'casual' employment. The function of a casual employment contract was originally to enable industries such as waterfront, construction, shearing, meat preserving and flour milling (O'Donnell 2004:12) to hire workers on an hourly basis without standard rights and benefits, however, in some cases, with a casual pay loading (Campbell 2004:90). These clauses have played a central role in shaping the practice of casual work, as the statutory regulation of wages is weak, and common law regulation offers limited assistance to casual workers (Campbell 2004:91). While casual clauses have provided some mechanism of control, these controls were usually poorly designed, and tended to be restricted to simple forms of proportional limits or quotas. Campbell (2004) argues that the shortfall in protection for casual employees is wide, and extends beyond employment insecurity to a range of employment relations. Essentially, casual work represents employment that offers limited rights and benefits, other than the right to an hour's pay for an hour worked (with a casual loading, which is considered compensation for forgone benefits, compensation for irregular employment and a deterrent for employers).

Reasons for Increase in Casual Employment

There is much debate in the literature as to why casual and non-traditional employment has increased so dramatically over the last two decades, and these include institutional, demand and supply explanations. While institutional changes such as the deregulation of the labour market and a reduction in union density are considered to have encouraged a rise in casual employment (Watts 2001:140), a number of other factors also come into play. These include a shift in economic activity to industries that use casual employees relatively intensively, such as the service sector, privatisation, and an increased propensity for new firms to hire casual rather than permanent staff, in addition to an increased tendency to use casuals in all industries (Wooden 2001). Employers are believed to face a cost trade-off between casual and permanent employees. Casuals are however not perfect substitutes, so wages and on-costs are unlikely to be the sole considerations (Murtough and Whaite 2001:27-28). Using casual employees is most attractive to employers when recruitment and training costs are low, demand is irregular, output cannot be

stored and where the repercussions of a poor match between employee and employer are particularly high (Murtough 2000:28).

Previous research indicates that demand side factors are more integral than supply side issues when explaining growth of casual employment (Simpson, Dawkins and Madden 1997; Wooden and Hawke 1998). In 1988-98 of the 1.15 million jobs that were created, two thirds were offered on a casual basis (the majority of these being part-time) (Watts 2001:138-9). From a supply side perspective, while there is an increased demand for part-time work, particularly amongst students and women attempting to balance paid work and family responsibilities, there is no evidence to suggest that there is a preference for casual work (Pocock et al. 2004:19). It is rather that the majority of part-time work is offered on a casual and not permanent basis. Watts (2001) argues that the current demand for casual employment is linked to a decline in worker's rights, especially given that the gender, age and occupation of casual employees is more widespread than ever.

Characteristics of Casual Employees

There are several characteristics associated with employees that enter into casual work. While the recent growth in the proportion of casual employees can primarily be attributed to an increase in the level of men in casual employment (increasing from 15% to 21% between 1993 and 2003), the rate of women working under a casual contract is still significantly higher (increasing from 30% to 31% in the same period)(ABS 2005). The growth in the number of men working as casuals is partly attributed to an increase in the level of male employees working in lower skilled occupations, such as 'elementary clerical, sales and service workers' and 'labourers and related workers', these two categories accounted for 48% of the growth between 1996 and 2003 (ABS 2005). The types of industries and occupations that casuals are primarily found in are jobs that are offered on a part-time basis and which have lower levels of skill (ABS 2005). As is evident in Table 1 below, there is clear distinction between the types of occupations and industries that have large clusters of casual employees and those that do not. The lowest skilled occupation and industry groups have the highest proportion of casuals, while the highest skilled groups have the lowest proportion.

Table 1: People Working Under Casual
Employment Contracts (%) in 2003

Occupation	
Elementary clerical, sales and service workers	56
Labourers and related workers	47
Managers and administrators	4
Associate professionals	12
Professionals	13
Industry	
Accommodation, cafes and restaurants industry	59
Agriculture, forestry and fishing industry	51
Retail trade	44
Cultural and recreational services	43
Finance and insurance industry	8
Government administration and defence industry	8
Electricity, gas and water supply	10
Communication services	12

Source: ABS Cat. No.4102.0, 2005

There is a relationship between employment contract and age. While in 2003 young people (aged between 15 and 24) made up 21% of employees, they made up 40% of casual employees (ABS 2005). Men work predominately in permanent, full-time employment for all age groups, except 15-19 years old. While this is also the general trend for women, women have lower proportions of permanent employment in each age group when compared to men (ABS 2005). This is seen as a reflection of women working part-time hours, which tend to be offered on a casual basis, to combine paid work with the care of children. In 2004, 69% of casual employees worked on a part-time basis (less than 35 hours per week), compared with 15% of permanent employees (ABS 2005). Furthermore, in 2003 the proportion of women aged 25-29 who were working on a full-time permanent basis was 42% compared to 25% for women in the 35-39 years category (ABS 2005).

In regard to earnings, despite casual employees theoretically receiving a casual loading in their hourly rate of pay to compensate for lack of paid leave entitlements, they have lower average hourly earnings when compared to permanent workers. For example, in 2003 within the occupation classification of elementary clerical sales and service workers, casual employees earned 93% of their permanent counterparts (ABS 2005). When compared across all occupations the average hourly earnings for a casual employee was \$17.09, in comparison with \$22.29 for a permanent employee (ABS 2005). These figures support Campbell's (2000:73) argument that only a minority of casuals actually receive a casual loading, and that this minority is decreasing. A study by Watson (2005:382) using the HILDA survey found that in relation to earnings, part-time casual employment was inferior compared to other forms of employment even when a number of factors were controlled for. In 2003, 27% of casual employees had earnings which varied on a weekly basis, the comparable figure for permanent workers being 9% (ABS 2005). Casual employees were also more likely than permanent employees to hold multiple jobs. In 2003, 8% of employees whose main job was casual had more than one job, compared to 4% of employees whose main job was permanent (ABS 2005). When looking at employees that work full-time hours (over 35 hours in all jobs), casual employees are more likely than permanent employees to hold multiple jobs, 11% and 4% respectively (ABS 2005). This shows that casual employees are more likely to need multiple jobs to reach full-time status.

Negative Impacts of Casual Employment

Numerous studies on the impact of non-traditional employment indicate that casual employment contracts are associated with a number of disadvantages. What distinguishes a casual from a permanent employee is that they are employed in such a way that employers effectively position them to forfeit the majority of benefits associated with paid work; first and foremost, they do not have access to paid sick or holiday leave. In addition to this, other key disadvantages are the insecure nature of the work, restricted possibilities for training or promotion, insecure tenure, unpredictable hours and rates of pay below a pro-rata full-time equivalent, and a higher chance of becoming unemployed (Sloan, Carson and Doube 1992:3). In addition to this, casual employees do not get paid leave for public holidays and do not receive notice of dismissal or redundancy pay (Campbell 2004:85). While there are some jurisdictions in Australia where casual employees are entitled to particular benefits under specific circumstances, such as the same protection from

unfair dismissal as permanent employees or paid sick leave, these are not federally standardised and vary considerably between states (Murtough and Whaite 2000:12; ACCI Review 2003:8).

A study by the ABS (2005) found that of part-time employees, 32% of casual workers would prefer to work more hours, compared to 20% of permanent employees. In 1999 an Australian Council of Trade Unions (ACTU) survey showed that 38% of all casual employees indicated that they would prefer to work more hours and 25% of casual employees believed that they could not get enough work to support themselves or their family (ACTU 1999 cited in Watts 2001:145). In addition to this, the survey also reported that 59% of casual employees would prefer their job to be permanent (Watts 2001:145).

The precarious nature of casual work, in addition to the fluctuating income that many casual employees experience, leads to significant financial difficulties. Not only does it become difficult to budget for daily costs, but casual employment severely restricts the ability of employees to take out personal and housing loans, leading to further financial hardship (Watts 2001:145). This indicates that casual work is likely to impact negatively on employees' financial well-being.

Normalisation of Casual Employment

One aspect that is particularly prominent in the literature is the propensity of employers to employ employees on casual contracts, even though the work that the employee does is not of a 'casual' nature, nor can it be related to any compelling need for the labour to meet short-term irregular needs. While it may have been the case previously, casual employment can no longer be classified or seen as a peripheral element of organisational strategy, rather, it has become a fundamental component of how many organisations in various industries organise their workforce (Smith and Ewer 1999:81). For example, in a study in 1998 by Murtough and Whaite, of self-identified casuals, 38% had no variation in earnings month to month, 26% had been with their current employer for at least 3 years, and 74% expected to be with the same employer in 12 months time. Indeed, the number of casual employees that have been working for the same employer for more than 12 months is increasing at a greater rate than those who have been working for less than 12 months (Campbell 2000:72). This shows that a reasonably large number of casual employees are implicitly working on a permanent basis. Pocock, Buchanan and

Campbell (2004) classify these employees as 'permanent casuals' and argue that they are the most disadvantaged group, because the conditions under which they work are undeniably peripheral.

Women and Casual Employment

It is widely recognised that people are employed under casual employment contracts because they seek reduced hours of paid work and not because they prefer casual to permanent part-time work (Pocock, Buchanan and Campbell 2004:20; Watts 2001:145). Women, particularly mothers, are the primary group that seek part-time work in an attempt to juggle work and family commitments (Wolcott and Glezer 1995). Indeed, 58% of casual employees are women (ABS 2005:Cat. No.4102.0). This has lead Smith and Ewer (1999:vi) to argue that in relation to casual employment, "while the pattern of conditions and entitlements is not directly gendered, the regulatory framework is indirectly discriminatory against women because it inadequately protects a form of employment in which women are disproportionately represented". Watson (2005) takes this notion one step further and puts it in context of federal government policy initiatives which aim to encourage recipients of welfare payments, particularly women on parenting payments, into paid employment. Using the HILDA survey data he found that the majority of these women will find themselves in casual employment (Watson 2005). Of the 3.4 million adult women outside of the workforce in 2001, half a million had moved into employment by 2003, of these, 54% became casual employees. He argues that whether these casual jobs are poorly paid or not has considerable importance for the large numbers of women who will enter the labour market in coming years (Watson 2005:374). However, to take this point further, it is not only the pay which is of considerable importance, but rather the overall quality of the job itself. In this case, financial strain, financial satisfaction and job satisfaction are seen as good indicators of overall job quality. Wolcott and Glezer (1995) argue that the lack of family friendly policies available to employees and the inability to obtain an appropriate income level and reduced job security have contributed to the decline of fertility rates in Australia. Between 1986 and 1996 the fertility for women of low education fell by a greater amount than for women of high educational levels (Watts 2001). This is seen to reflect the direct and opportunity cost of children as well as the greater probability of family friendly policies in higher income jobs (Watts 2001:147).

While a number of issues have been highlighted here, the specific situation of women will not be looked at in depth in this study, as the primary aim is to look at the overall relationship between casual employment and financial strain, financial satisfaction and job satisfaction. This is, however, an important area of inquiry and needs to be considered in greater depth in future studies.

Current Issues in the Literature

There are several assumptions that have been employed when looking at the impact of casual employment which theorists have identified as being considerable downfalls (Smith and Ewer 1999; Brooks 1985; Sloan, Carson and Doube 1992; Wooden and Hawke 1998). The primary one is the dispute over the exact level of casual employment in Australia, as differences exist in the definition of a 'casual' used by various sources. The ABS definition (no access to paid sick or annual leave), for example, leads to owner-managers of limited liability companies and the self-employed to be included in the classification of 'casual'. This presents a number of dilemmas as this definition is used extensively, as are ABS surveys and data, something which could possibly lead to a misrepresentation of the number of casuals in Australia (Wooden and Hawke 1998:85). Smith and Ewer (1999:12), however, maintain that this is simply a reflection of the absence of uniform conditions for casual employment within the Australian regulatory system. The primary method used to combat this issue is to exclude owner-managers of incorporated enterprises from the dataset (see Campbell and Burgess 2001; Murthogh and Waite 2001 for further information). The current study restricts the analysis to employees (excluding owner-managers of limited liability companies) and excludes people who are self-employed.

A study by Hall and Harly (2000:33) found that the characteristics of work associated with a particular job or industry are more prominent than contract of employment when looking at factors such as employee attitudes towards career opportunities, access to training and autonomy, negative attitudes and levels of insecurity. This leads them to argue that casual employees should not be considered a homogeneous group, as the use of contingent employment varies across occupations and industries. While this argument is acknowledged, the fact that employees are treated as a homogeneous group in this study is warranted because the primary area of inquiry is the impact of casual work contracts on financial strain and financial satisfaction, a factor which is

believed to be associated with casual work regardless of the industry or occupation in which it occurs.

A study using HILDA by Headey, Warren and Harding (2005:75) found that part-time workers with non-standard jobs feel no more dissatisfied and no more insecure than full-time workers with standard jobs. This leads them to infer that the concerns about casualisation lack substance and that there is little evidence in the HILDA survey to support the view that part-time non-standard jobs are seen as undesirable. They found that women in particular find casual, part-time jobs satisfying. Furthermore, another study using HILDA by Wooden and Warren (2004:293) found that any negative associations between casual employment and job satisfaction are solely restricted to those working 35 hours or more. These studies are discussed below.

Aims of this Study

Much of the recent research into casual employment using the HILDA survey employ subjective measures such as satisfaction and feelings of insecurity and tends to compare permanent work, which is expressed as full-time and standard, with casual work, which is expressed as part-time and non-standard (Headey, Warren and Harding 2005; Wooden and Warren 2004; Watson 2005:375). This study, however, takes a different perspective and argues that it is both problematic to compare part-time casual with full-time permanent work, and to look solely at subjective measures, when attempting to assess the impact of casual employment. Both these aspects are associated with differences in employee expectations. First, it is widely recognised that part-time work is not simply full-time work with fewer hours, rather, it is a different form of employment with different conditions and expectations (Hall and Harley 2000:19; Junor 2000). Second, the nature of casual work means that it is generally of a lower status than permanent work. Both of these factors suggest that casual and permanent employees are likely to have different expectations of paid work. Consequently, if subjective measures are used exclusively, the results will not be a true reflection of differences between casual and permanent employment, but rather a reflection of differing expectations. In view of this, this study will investigate the difference in financial strain between permanent and casual employees, which is seen as an objective measure, in addition to the subjective measures, financial satisfaction and job satisfaction.

It is hypothesised that levels of financial strain will be higher amongst casual employees, compared to permanent employees. This hypothesis is deduced because greater levels of financial strain are believed to reflect the reduced benefits associated with casual employment, primarily the lack of paid sick and holiday leave and the insecure nature of the work (both in regard to the work itself and the fluctuation of working hours per week). This measure is objective in that it measures the impact of the lack of benefits associated with casual work. The Statistical Report of the HILDA Survey (Headey, Warren and Harding 2005) reported that in Wave 1 28.5% of respondents had one or more financial problems, but that this was not highly correlated with income poverty or household type. This was unexpected and was identified as an area requiring further research (Headey, Warren and Harding 2005:48-50).

Hypothesis 1: Levels of financial strain will be higher amongst casual employees compared to permanent employees.

Second, it is hypothesised that the level of financial satisfaction and overall job satisfaction will be lower for casual relative to permanent employees. This is hypothesised because casual work is peripheral in nature and benefits, something which is expected to be reflected in subjective measures, in this case financial satisfaction and overall job satisfaction. This measure is subjective in that it looks at the impact of the peripheral nature of casual work on employees' perceptions. The HILDA Survey Annual Report (2002:17) investigated differences in means between casual, permanent full-time, permanent part-time and fixed-term contract employees on various measures of job satisfaction. For satisfaction with pay, means were very similar, however, casual and fixed-term contract employees had slightly higher means (6.8 for both, on a 10 point scale with 10 representing the highest level of satisfaction) than permanent full-time (6.73) and permanent part-time (6.65). It should, however, be noted that the 'satisfaction with pay' variable used above is different to the 'satisfaction with your financial situation' variable used in this thesis. For overall job satisfaction, casuals had the lowest satisfaction (7.47) followed by permanent full-time (7.54), permanent part-time (7.75) and fixed-term contract (7.82) (HILDA Survey Annual Report 2002:17). The fact that casual employees have a slightly higher mean for satisfaction with pay is believed to be a reflection of different expectations of paid work amongst casual employees in comparison to the other groups. This difference is expected to be moderated when controls are introduced.

Hypothesis 2: Levels of financial satisfaction will be lower amongst casual employees compared to permanent employees.

Hypothesis 3: Levels of job satisfaction will be lower amongst casual employees compared to permanent employees.

The following chapter discusses the data, variable creation and analytical strategy used in this thesis to test the three stated hypotheses.

Chapter 2

Methodology

This chapter will describe the methods used to achieve the primary research aims of this thesis. The research aims will be reiterated, followed by a description of the data, sample, variable construction and analytical strategy used in this study.

Research Aims

The aim of this study is to examine the relationship between casual employment and financial strain, financial satisfaction and job satisfaction. The literature has indicated that there are a number of negative outcomes associated with casual employment contracts, when compared to permanent contracts. To explore this, an objective measure, financial strain and subjective measures, financial and job satisfaction have been chosen. Given the rise of casual employment over the last few decades and the fact that at least 25% of Australians participating in the labour force currently receive their primary source of income from casual employment (Pocock, Buchanan and Campbell 2004:17), this is an important area of inquiry.

Data

This study uses data collected in Wave 1 of the HILDA Survey. The HILDA Survey was initiated and funded by the Australian Federal Government through the Department of Families, Community Services and Indigenous Affairs (FaCSIA) and is managed by The Melbourne Institute of Applied Economic and Social Research at the University of Melbourne. The HILDA sample has been found to bear a close resemblance to the wider population and has coverage broadly in line with that adopted by the ABS (HILDA Annual Report 2002:10-12). The sample was randomly drawn from all Australian households, with data collected on both the household and each individual over 15 years of age within the household. The survey was administered in late 2001, and was comprised of four survey instruments: the Household Form (HF), the Household Questionnaire (HQ), the Person Questionnaire (PQ) and the Self-Complete Questionnaire (SCQ). The final number of households to complete the survey was 7682,

representing a total of 19 910 people and a response rate of 66% (HILDA Annual Report 2002). The survey is considered representative of Australian households, but not necessarily representative of individuals (Goode and Watson 2006:82). For further information on HILDA go to <http://melbourneinstitute.com/hilda> or the Hilda User Manual (Goode and Watson 2006).

Sample

For the purpose of this study, the sample was constrained to all employees (employers, own account workers and contributing family members were excluded). As discussed previously, this is common practice when examining the impact of casual employment (see Campbell and Burgess 2001; Murthogh and Waite 2001). Additionally, respondents under the age of 25 and living at home were also excluded from the sample (total of 799 observations). This group was excluded because the negative outcomes of casual work that this study is primarily interested in, such as financial strain and financial satisfaction, are not believed to be experienced in the same way by youth living at home compared to older persons who are financially independent. The final number of respondents was 6, 020. There were 354 respondents from this reduced sample who did not return the SCQ, resulting in a reduced sample size for some of the analyses. It should be noted that the final proportion of casual employees (23.44%) in this sample is smaller than what the comparable figure for the entire labour force would be, as youth under 25 still living with their parents and self-employed persons are excluded. Including these groups would lead to a higher proportion of people classified as casual employees.

Variable Creation

Primary Independent Variable

The variable measuring contract of employment used in this study is derived from the ABS definition and defines a 'casual' employee as one who does not have access to paid holiday leave or paid sick leave. This variable was chosen over a comparable variable in which respondents self-reported their employment contract because the ABS definition is more widely used, therefore making this study more comparable with wider research. Moreover, of the total number of respondents (6,020) for the employment contract variable, 9.3% were classified as "employed on a fixed-term contract". It was decided not to include this group in the analyses because the aim of this thesis is to look at the impact of casual employment and including fixed-term employment as a separate employment contract would raise issues that are beyond the scope of

this thesis. For this reason, people who were working under a fixed-term contract were classified as either casual or permanent depending on whether they had access to paid sick and holiday leave.

It should also be noted that there is a slight discrepancy between the two definitions (see Table 2 below), with some respondents (5.1%) reporting a different contract of employment to which they were assigned according to the ABS definition. This is thought to be the result of non-standardized labour laws across Australia, as casual workers are entitled to various work related benefits in some jurisdictions (Murtough and Whaite 2000:12; ACCI Review 2003:8).

Employment contract	ABS Definition (No paid sick leave, no paid holiday leave)		Total
	Casual	Permanent	
Fixed-term contract	67	550	561
Casual contract	1,138	100	1,238
Permanent contract	206	4,015	4,221
Total	1,411	4,609	6,020

Source: HILDA Wave 1, 2001

Dependent Variables

The dependent variables have been divided into two primary areas of interest, the objective and the subjective measures with two variables measuring financial strain and two variables measuring financial satisfaction and overall job satisfaction. The first dependent variable, “ability to pay” measures the respondent’s ability to pay various bills on time and whether outside sources of financial aid have been sought (see Appendix 1a for a full list of variables). This variable is binary, with respondents scoring a ‘yes’ (1) if they answered ‘yes’ for *any* of the seven variables that went into the index and a ‘no’ (0) if they responded with ‘no’ for *every* variable. This results in a measure of whether respondents experience any of these problems. The total number of respondents for this measure is 5556, with 464 of the total 6020 (10.7%) missing. This is a result of the index being constructed in such a way that if a respondent had a

missing response for one of the items that went into the index, the entire observation was excluded. This, in combination with the 354 respondents who did not return the SCQ, results in variable sample sizes across all of the analyses.

The second dependent variable, the “financial strain index”, is a measure of the ‘difficulty in making ends meet’ and ‘difficulty in raising \$2000’. The scale ranges from two to eight with a higher number indicating less financial strain. One of the variables was reverse coded, and the other was collapsed from six to four response categories so that both were measured on the same scale. The Cronbach’s alpha statistic for the item was 0.57, which shows a low, but acceptable, level of reliability for a two variable index (see Appendix 1b for further details on the variables used in this index). The total number of respondents for this measure is 5611, with 6.7% (409) missing.

The third dependent variable, “financial satisfaction”, measures ‘satisfaction with your financial situation’. This is a likert type scale ranging from 0 - ‘total dissatisfaction’ to 10 - ‘totally satisfied’. The fourth dependent variable, “job satisfaction”, measures overall job satisfaction and is an index of eight variables that measure different aspects of job satisfaction, ranging from satisfaction with job security, to satisfaction with hours worked (for full list see Appendix 1c). The variables were recoded so that each had 7 response categories (five out of the eight originally had ten) and one was reverse coded so that a higher number represented a high level of job satisfaction. The Cronbach’s alpha for this index was 0.69 and the final scale ranges from 13 to 56, with a higher number indicating a higher degree of satisfaction. Correlations were also performed on all of the variables going into the respective indexes, with reasonable levels of internal consistency being reported in all cases.

Independent Variables (Control Variables)

In addition to the main independent variable measuring type of employment contract a number of control variables were included in the analysis. These were: gender, marital status, income, hours worked, occupation, age, education and number of children. Control variables similar to these have been used in other studies using HILDA (Wooden and Warren 2004; Watson 2005).

There are roughly equal numbers of males and females in the restricted sample (50.13% male and 49.87% female). In the regression models gender is coded as a dummy variable with male as the

reference category. Marital status was divided into three categories: married, comprising all people who were married or living in a de-facto relationship; separated, divorced or widowed; and never legally married. The reference category for the regression models is 'never legally married'. Income was derived from the "imputed financial year market income" divided by 52 to obtain the weekly income. The income variable was constructed in this manner to negate the possible influence of variable weekly earnings, which are common amongst casual employees (ABS 2005). Using the imputed income also reduced the impact of missing data, which was common in many of the income variables in HILDA (for information on the imputed variables see http://www.melbourneinstitute.com/hilda/manual/userman_dataqual.html or Watson and Wooden 2002). The "hours worked" variable was comprised of the 'combined hours per week usually worked in all jobs' and was treated as continuous. The occupational categories were combined into the following categories, based on the Australian Standard Classification of Occupations (ASCO) classifications: managers, professionals/admin, tradespersons, clerical, service/retail and manual workers/labourers (for a breakdown of all original categories see Appendix 2). The reference category is 'managers' in the regression models.

Age was left as a continuous variable. To test if the relationship between the dependent variables and age was curved rather than linear, an age squared variable was included in the analysis. Education was coded as four categories: 'completed high school', 'completed Technical and Further Education (TAFE) or equivalent', 'higher degree' with 'not completed high school' the reference category. The number of resident children, was coded as: '0-4 years', '5-14 years', '15-24 years' and 'aged over 25 years'. The reference category was 'no resident children'. This variable was divided into these categories because age, as well as the presence of children, is seen to be an important control factor for examining of financial strain and satisfaction. Initial tests did indeed find that these categories added more to the model than a variable that simply measured the presence of children.

While an industry variable was created and trialled in the initial analysis, it was not used in the final analysis, as it was found to be highly collinear with occupation. Income and hours worked were checked for extreme values (outliers). While there was one particularly high value for income (\$11, 819, 150), three respondents reported this income. It was not removed for this reason. Hours worked had numerous extreme values, gradually decreasing from 14 people working 80 hours (per week) to one working 120 hours. Because the number of respondents

reporting extreme work hours gradually decreased, rather than abruptly, these were seen as valid and were not excluded.

Analytical Strategy

The analytical strategy consisted of three stages. Initially, to gain a general understanding of the relationship between the primary independent variable, contract of employment, and each of the independent variables, some descriptive analyses were carried out. This first stage was designed to provide a basic description of the characteristics of casual employees. The second stage involved a number of bivariate analyses to investigate the relationship between the dependent variables and contract of employment. This was designed to provide an insight into whether there was a significant difference in financial strain, financial satisfaction and job satisfaction for casual and permanent employees. These analyses were also performed separately for gender as we know that men's and women's experience in the labour market is often quite different (Martin and Shehan 1989:186). The third stage involved estimating a number of regression models, which took each of the dependent variables, the primary independent and the control variables into consideration. Since most of the bi-variate analyses showed no unexpected gender differences, the regressions were carried out on the full sample.

Preliminary Analysis – Stage 1

A number of cross tabulations and two sample t-tests were performed to assess differences between casual and permanent employees for each of the control variables. T-tests were used for the continuous variables to test the difference in means between casual and permanent employees. For the categorical variables, cross-tabulations were used to test for associations with casual and permanent employees.

Bivariate Analysis– Stage 2

For the bi-variate analyses, each dependent variable was examined in relation to the employment contract variable. This was done by means of two sample t-tests and cross tabulations with Pearson's chi-squared test for independence, which tests for a significant relationship between two categorical variables organised in a contingency table. On a number of occasions these analyses were run separately for gender to investigate whether there were significant differences between men and women.

Multiple Linear and Logistic Regression – Stage 3

The primary method of analysis for the financial strain index, financial satisfaction and job satisfaction is multiple linear regression. Multiple linear regression estimates how much the mean of the dependent variable changes for each unit increase in the independent variable, when all other independent variables are held constant. Whether the model is statistically significant is measured by the F-statistic and the associated p-value, which tests whether any of the partial regression coefficients are significantly different from zero. The model also indicates, through the coefficient of determination, R^2 , how much of the total variation in the dependent variable is explained by the independent variables. A regression also performs a significance test for each of the independent variables being used in the model to determine if they are associated with the dependent variable. By using this method, it is possible to determine if casual employees have higher financial strain and lower financial and work satisfaction than permanent employees, when all the independent variables are held constant.

To ensure that the basic assumptions of the model were met, a number of diagnostic tests were performed to check the residuals for normality. Initially, the residuals were plotted in a histogram and a normal quantile plot, which allowed for a visual check. In addition to this, a skewness-kurtosis test was performed. While the residuals from the model were not always perfectly normal, each was close to normal and hence, suitable for multiple regression analyses. Since more than one individual per household was interviewed, this leads to a situation where observations within a household are not independent of one another, resulting in the violation of a basic assumption of regression. To combat this issue, a robust estimator of variance, which adjusts for household clustering, was employed.

The ability to pay measure is modelled using a logistic regression analysis, which describes the relationship between this dichotomous (binary) dependent variable and the independent variables in the form of odds. In this study the odds ratio as well as the coefficient will be presented. As for the multiple linear regression the logistic regression also provides a significance test of each independent variable and a pseudo coefficient of determination, R^2 . A robust estimator of variance was also used to adjust for clustering of individuals within households.

Chapter 3

Results

The results of the analysis will be presented in five sections. First, the preliminary analysis, Stage 1, will be presented. This will be followed by the results of Stage 2 and Stage 3, for each of the dependent variables in turn: ability to pay and the financial strain index, financial satisfaction and job satisfaction.

Preliminary Analysis

The aim of the preliminary analysis is to present the general structure of the data and to observe the broad demographic characteristics of casual workers. These summary statistics were obtained using cross tabulations and two sample t-tests and are displayed in Table 3. While 23.44% of the sample were working under a casual employment contract, 17.86% of men compared to 29.05% of women, were working under this form of contract. This accords with previous research that has found higher levels of women working in casual employment (Smith and Ewer 1999). In respect to marital status, the least likely to be working as a casual employee were those in the married category while those in the separated, divorced widowed and not married categories were much more likely to be employed as a casual employee. The occupational categories with the highest level of casuals are service/retail, at 44.68% and manual workers/labourers at 35.21%, in comparison with 3.27% of managers and 13.96% of professionals/admin being casual. Again, this fits with the findings of previous studies (Hall and Harley 2000; Pocock, Buchanan and Campbell 2004). A cross tabulation of contract of employment and education showed that as the level of education increased, the level of casual employment decreased. When a cross tabulation of employment contract and the presence of a child was performed, no significant association was found. However, when this was sorted according to gender, a significant association became apparent. For males, casual work decreased from 22.08%, with no child present, to 13.25% with a child present. For women the opposite trend became evident, with casual work increasing from 24.39%, without a child present, to 33.35%, with a child present. Clearly this indicates that having a child has a markedly different impact on the labour market involvement of men and women. As previous research has shown women tend to take primary responsibility for childcare

and are more likely than men to reduce labour market involvement after the birth of children (Evans and Kelley 2002).

Table 3: Summary Descriptive Statistics for the Preliminary Analysis

	Casual	Permanent	N
Casual employment contract (% of total sample)			
All	23.44	76.56	6,020
Men	17.86	82.14	3,018
Women	29.05	70.95	3,002
Marital Status (%)			
Married (or De facto)	21.45	78.55	4,304
Separated, Divorced, Widowed	27.36	72.64	614
Not Married	28.97	71.03	1,101
Occupation (%)			
Managers	3.27	96.73	397
Professionals	13.96	86.04	2,227
Tradespersons	21.39	78.61	589
Clerical	20.62	79.38	873
Service/Retail	44.68	55.32	1,052
Manual Workers/Labourers	35.21	64.79	872
Education (%)			
Incomplete High School	32.87	67.13	1,649
Completed High School	30.72	69.28	918
TAFE or Equivalent	19.63	80.37	1,834
Higher Degree	14.02	85.89	1,619
Children (living with you at least 50% of time) (%)			
No	23.19	76.81	3,019
Yes	23.69	76.31	3,001
Sorted According to Gender (%)			
Men No	22.08	77.92	1,576
Men Yes	13.25	86.75	1,442
Women No	24.39	75.61	1,443
Women Yes	33.35	66.65	1,559
Continuous Variables (Mean)			
Income (\$ per week)	404.66** (SE10.83)	848.79** (SE 8.74)	6,020
Hours Worked (per week)	26.51** (SE 0.43)	41.37** (SE 0.17)	6,016
Age	38.51* (SE 0.34)	39.328* (SE 0.15)	6,020

* p<0.05 ** p<0.01

SE = Standard Error

Source: HILDA Wave 1, 2001

The mean weekly income for casuals in 2001 is \$404 in comparison to \$848 for permanent workers. The mean hours worked per week for a casual is 26.5 hours, while for a permanent employee it is 41.4 hours. The mean age for a casual worker is 38.5 and 39.3 for a permanent

employee. T-tests showed that the difference in mean income and mean hours between permanent and casual employees were all significant at the 5% level. While the analyses presented here do not take the dependent variables into account, they are nonetheless important as they contribute to an improved understanding of what constitutes the casual workforce, which in turn allows the results of the preliminary and bi-variate analyses to be more effectively interpreted.

Objective Measures: Financial Strain

Financial strain is measured by two variables: A bivariate measure of ability to pay and a continuous measure of financial strain.

Ability to Pay

First, to identify if there is an association between ability to pay and contract of employment, a cross tabulation was produced and a chi squared test of association was performed.

Table 4: Cross tabulation of Ability to Pay* by Casual or Permanent Status

	Casual % (N)	Permanent % (N)	Total % (N)
Can Pay	59.47 (760)	74.54 (3,189)	71.08 (3,949)
Can't Pay	40.53 (518)	25.46 (1,089)	28.92 (1,607)
Total	100 (1,278)	100 (4,278)	100 (5,556)

Pearson χ^2 (1) = 108.8 Pr = 0.000

* Please see Appendix 1a for a clarification of the composition of this variable.

Source: HILDA Wave 1, 2001

As evidenced in Table 4, casuals have a higher rate of inability to pay. While 75% of permanent employees report that they can pay for the basic costs of living, only 59% of casual employees fall into this category. On the other hand, 41% of casuals report that they can't pay, as opposed to 25% of permanent workers, a difference of 16%. The Pearson chi-squared statistic for this table is highly significant and shows that we can reject the null hypothesis of independence for

these two variables. While this analysis does not have any controls that take aspects such as income, hours worked or education into account, it does show that overall casual workers, have a higher rate of inability to pay for the basic costs of living.

Table 5: Cross tabulation of Ability to Pay by Casual Permanent Status and Gender

	Casual			Permanent		
	Male	Female	Total	Male	Female	Total
Can Pay	56.26 (265)	61.34 (495)	59.47 (760)	75.43 (1,725)	73.53 (1,464)	74.54 (3,189)
Can't Pay	43.74 (206)	38.66 (312)	40.50 (518)	24.57 (562)	26.47 (527)	25.46 (1,089)
Total	100 (471)	100 (807)	100 (1,278)	100 (2,287)	100 (1,991)	100 (4,278)
Pearson chi2 (1) =	3.1780 Pr = 0.075			2.0152 Pr = 0.156		

Source: HILDA Wave 1, 2001

Table 5 shows the same analysis run separately by gender. As the Pearson chi-squared statistic shows there is no significant association between ability to pay and gender. This shows that while there is a difference between casual and permanent employees, within gender there is no significant difference in 'ability to pay'.

The primary analysis of the ability to pay measure is a logistic regression model. An odds ratio above one indicates a greater probability of answering 'yes' was unable to pay, and a ratio under one indicates a greater probability of answering 'no'. The regression model, see Table 6, shows that casual employees are 1.36 times more likely than permanent employees to report 'yes', that they have experienced inability to pay, when all of the other partial regression coefficients are held constant. As can be seen from Table 6, the Pseudo R-squared is 0.1244, the Wald chi2 is 617.51 (df = 20) with an associated p-value < 0.001. This suggests that this model shows a significant association between the dependent variable, the primary independent variable and a number of the control variables.

Table 6: Logistic Regression Model Predicting Determinants of Ability to Pay

Independent Variable	Odds ratio	Coefficient	Robust SE	P-value
Primary Independent Variable:				
Casual (1= Permanent)	1.356	0.305**	0.115	0.000
Control Variables:				
Female (1 = Male)	0.838	-0.176*	0.063	0.020
Never Married				
Married	0.654	-0.423**	0.065	0.000
Separated/divorced/widowed	2.307	0.836**	0.302	0.000
Managers				
Professional/admin	0.872	-0.136	0.134	0.375
Trades persons	0.957	-0.043	0.169	0.806
Clerical	0.853	-0.158	0.147	0.360
Service/retail	1.206	0.187	0.208	0.277
Manual/labourers	1.159	0.148	0.199	0.388
Incomplete high school				
Completed high school	0.994	-0.005	0.106	0.958
TAFE or equivalent	0.998	-0.001	0.087	0.982
Higher degree	0.788	-0.237*	0.085	0.028
No resident children				
Child 0-4	1.340	0.293**	0.137	0.004
Child 5-14	1.263	0.233**	0.111	0.008
Child 15-24	1.270	0.239*	0.133	0.022
Child 25+	1.020	0.019	0.252	0.936
Income	0.999	-0.001**	0.001	0.000
Hours worked	1.008	0.008**	0.002	0.004
Age	0.951	-0.049*	0.023	0.045
Age Squared	0.999	-0.001	0.001	0.805
Number of Observations:	5552			
Wald Chi2(20):	617.51			
Prob > Chi2:	<0.001			
Pseudo R2:	0.1244			
(Standard error adjusted for 4040 clusters in household identification)				

* p<0.05 ** p<0.01

Source: HILDA Wave 1, 2001

In addition to contract of employment, numerous other independent variables are significant in this model. The odds of being unable to pay is significantly higher for males relative to females, as well as being higher for separated people and lower for married people relative to those who have not married. The odds of being unable to pay are lower for an employee holding a higher degree relative to not having completed high school. Having a child living at home, between the ages of 0 and 24 years increases the odds of being unable to pay. Moreover, having a child between 0 and 4 leads to higher odds of being unable to pay than having a child between 5 and 14 or a child between 15 and 24. Having a child over 25 is not significant related to ability to pay.

The ability to pay goes up as: income increases and age increases, but goes down as hours worked increases.

Overall these results suggest that people working under a casual contract experience a greater level of difficulty paying various bills on time and are more likely to seek outside sources of financial aid. This shows that casual employees, when compared to permanent employees, have a higher level of financial strain.

The Financial Strain Index

To test the relationship between financial strain and the primary independent variable, a two sample t-test was performed. The hypothesis test presented a p-value < 0.001 , meaning that there is a significant difference in the mean level of financial strain for casual and permanent employees. The mean for casuals is 5.36 (standard error (SE) = 0.05) and 6.13 (SE = 0.02) for permanent employees. In this case, a lower mean indicates more financial strain. This is a difference of 0.77, on a scale of two to eight, representing a greater level of financial strain amongst casual employees. The two sample t-test was performed separately by gender, to determine if there is a difference between male and female employees. For both casual and permanent workers there is no significant difference between men and women.

To examine the relationship between the financial strain index and the primary independent variable, controlling for the remaining independent variables, a multiple linear regression was performed. As can be seen in Table 7 the F-statistic is 68.46, with an associated p-value < 0.001 , indicating that at least one of the partial regression coefficients is statistically significantly different from zero, which presents a statistically significant relationship between the dependent and independent variables. The coefficient of multiple determination, R^2 , is 0.2062, indicating that 20.63% of the variation in the dependent variable is explained by the model. A negative coefficient suggests greater financial strain. This regression shows that when all of the remaining partial regression coefficients are held constant, casual employees are more likely to report a higher level of financial strain than permanent employees. Similar to the results for the previous dependent variable, financial strain is significantly lower for females relative to males, and also lower for married people and higher for those who are separated, divorced or widowed relative to never married people. The coefficient for financial strain is highest for manual/labourers

indicating that they experience the most strain, followed by service/retail and trades persons; while managers had the lowest coefficient. Financial strain is lower for those with a higher degree and those who had completed high school education relative to those who had not completed high school. The results also suggest that those with older children have less financial strain than those with younger children. Not surprisingly, financial strain decreases as income increases and hours worked increase. In sum, both measures show that casual employees have a higher level of financial strain when compared to permanent employees.

Table 7: Multiple Linear Regression Model Predicting Determinants of Financial Strain

Independent Variable	Coefficient	Robust SE	P-value
Primary Independent Variable:			
Casual (0= Permanent)	-0.236**	0.059	0.000
Control Variables:			
Female (0= Male)	0.149 **	0.044	0.001
Never married			
Married	0.396**	0.067	0.000
Separated/divorced/widowed	-0.602**	0.093	0.000
Managers			
Professional/admin	-0.024	0.076	0.751
Trades persons	-0.360**	0.102	0.000
Clerical	-0.182	0.094	0.053
Service/retail	-0.571**	0.099	0.000
Manual/labourers	-0.658 **	0.098	0.000
Incomplete high school			
Completed high school	0.209**	0.071	0.003
TAFE or equivalent	0.055	0.058	0.344
Higher degree	0.345**	0.066	0.000
No resident children			
Child 0-4	-0.382 **	0.067	0.000
Child 5-14	-0.473 **	0.056	0.000
Child 15-24	-0.419 **	0.065	0.000
Child 25+	-0.270 *	0.133	0.043
Income	0.001**	0.001	0.000
Hours worked	0.005**	0.001	0.008
Age	0.001	0.014	0.933
Square age	0.001	0.001	0.190
Constant	5.107**	0.316	0.000
Number of Observations:	5067		
F (20, 4064):	68.46		
Prob > F:	0.000		
R-squared:	0.2062		
Number of clusters (household identification) = 4065			
* p<0.05 ** p<0.01			

Source: HILDA Wave 1, 2001

Subjective Measures: Financial Satisfaction and Job Satisfaction

Financial Satisfaction

The financial satisfaction variable measures satisfaction with financial situation. As with the previous dependent variable, the financial strain index, to gain an understanding of the relationship between this variable and the primary independent variable, contract of employment, a two-sample t-test was initially performed. The hypothesis test had a p-value < 0.001 , which shows that there is a statistically significant difference in the means for permanent and casual employees. The mean for casual is 5.56 (SE = 0.07) and 6.47 (SE = 0.03) for permanent, representing a difference of 0.91. A lower number indicates less financial satisfaction. This test shows that casual employees, on average, have a lower level of financial satisfaction. When sorted according to gender, a statistically significant difference in means for casual employees, but not for permanent employees, became evident. For casuals, the mean for males is 5.61 and for females it is 5.87, with p-value < 0.001 representing a statistically significant difference of 0.26. This shows that amongst casual employees the mean financial satisfaction for women is higher than that for men.

The results of the multiple regression model can be seen in Table 8. The F statistic here is 30.48, with a corresponding p-value < 0.001 , indicating that at least one partial regression coefficient is statistically significantly different from zero. The coefficient of multiple determination, R^2 , is 0.1061, indicating that 10.61% of the variation in the dependent variable is explained by the model. A negative coefficient indicates a lower level of financial satisfaction. This regression indicates that when all other partial regression coefficients are held constant, casual employees have, on average, a lower level of financial satisfaction than permanent employees. This fits with previous findings for objective measures for financial strain. Overall, both objective and subjective measure of financial situation indicate that casual employees fare worse than permanent employees.

The coefficients of the independent variables indicate that financial satisfaction is significantly higher for females relative to males. Married people have highest level of financial satisfaction, followed by never married, with separated, divorced or widowed having the lowest level of

Table 8: Multiple Linear Regression Model Predicting Determinants of Financial Satisfaction

Independent Variable	Coefficient	Robust SE	P-value
Primary Independent Variable:			
Casual (0= Permanent)	-0.563**	0.082	0.000
Control Variables:			
Female (0= Male)	0.331**	0.065	0.000
Never Married			
Married	0.458**	0.092	0.000
Separated/divorced/widowed	-0.748**	0.131	0.000
Occupation:			
Professional/admin	-0.044	0.111	0.690
Trades persons	-0.120	0.146	0.410
Clerical	-0.327*	0.138	0.018
Service/retail	-0.563**	0.142	0.000
Manual/labourers	-0.446**	0.143	0.002
Education:			
Completed high school	-0.188	0.099	0.058
TAFE or equivalent	-0.279**	0.080	0.001
Higher degree	-0.126	0.091	0.169
Number of resident children:			
Child 0-4	-0.284**	0.087	0.001
Child 5-14	-0.249**	0.075	0.001
Child 15-24	-0.023	0.087	0.788
Child 25+	-0.302	0.194	0.119
Income	0.001**	0.001	0.000
Hours worked	0.001	0.002	0.715
Age	-0.076**	0.020	0.000
Square age	0.001**	0.001	0.000
Constant	7.141**	0.431	0.000
Number of Observations: 6015			
F (20, 4064): 30.48			
Prob > F : 0.000			
R-squared: 0.1061			
Number of clusters (household identification) = 4336			

* p<0.05 ** p<0.01

Source: HILDA Wave 1, 2001

financial satisfaction. This is somewhat different to patterns shown earlier where never married were found to be least well off financially. In regard to occupation, those in service/retail occupations had the lowest level of financial satisfaction followed by manual/labourers and clerical, while managers had the highest level of financial satisfaction. Financial satisfaction is lower for those with TAFE or an equivalent form of education, relative to incomplete high school. Financial satisfaction is also lower for those who have children between the ages of zero and four, and five and fourteen, relative to those who have no children. The continuous variables

that were found to be significant are income, with financial satisfaction increasing as income increases, and age, with financial satisfaction decreasing as age increases to a certain point. Age squared was also significant, indicating that the relationship between financial satisfaction and age is curved rather than linear and in this case, that younger and older people tend to have higher levels of financial satisfaction.

Job Satisfaction

The job satisfaction variable measures overall job satisfaction. As with the analyses for the previous dependent variables, this analysis begins with a two sample t-test to determine the relationship between this and the primary independent variable. The hypothesis test presented a p-value < 0.001 , showing that there was a significant difference in the job satisfaction means for casual and permanent employees. The mean for casual is 42.07 (SE = 0.26) and 43.77 (SE = 0.12) for permanent, representing a difference of 1.70 (range= 13-56). A higher number indicates a higher level of overall job satisfaction. This shows that casual employees have a lower level of overall job satisfaction than permanent employees. When sorted according to gender a statistically significant difference between men and women became evident, for both casual and permanent employees. For casual employees, the mean for men is 40.37 (SE = 0.45), and 43.02 (SE = 0.31) for women (difference of 2.64). For permanent employees the mean for men is 43.47 (SE = 0.16) and 44.12 (SE = 0.17) for women (difference of 0.65). This shows that women have higher levels of job satisfaction than men, and that the gender gap in levels of satisfaction is highest for casual employees.

As with the previous dependent variables, the primary model to explore the relationship between the dependent and independent variables is multiple linear regression. As Table 9 indicates, the F statistic is 10.74, with a corresponding p-value < 0.001 , showing that at least one of the partial regression coefficients is statistically significantly different from zero. The coefficient of multiple determination, R^2 , is rather low at 0.0425. This shows that the independent variables used in this study are more powerful in explaining the variation in the first three variables, DV 1-3, than job satisfaction. Research on job satisfaction has found that 'situational' or structural explanations, such as organisational factors and experiences within the working environment, are influential on job satisfaction (Morris and Villemiz 1992). These are not considered in this analysis, possibly resulting in the low R^2 . While this is not a good predictive model, it does nonetheless present a statistically significant relationship between the dependent and independent

variables. A negative coefficient suggests a lower level of job satisfaction. As in the previous models, when all the partial regression coefficients are held constant, casual employees have a lower level of overall job satisfaction than permanent employees.

Table 9: Multiple Linear Regression Model Predicting Determinants of Job Satisfaction

Independent Variable	Coefficient	Robust SE	P-value
Primary Independent Variable:			
Casual (0= Permanent)	-2.199**	0.330	0.000
Control Variables:			
Female (0= Male)	0.890**	0.265	0.001
Never Married			
Married	1.595**	0.339	0.000
Separated/divorced/widowed	0.288	0.483	0.551
Managers			
Professional/admin	-0.324	0.436	0.457
Trades persons	-0.306	0.570	0.592
Clerical	-1.178*	0.520	0.024
Service/retail	-1.562**	0.543	0.004
Manual/labourers	-1.968**	0.542	0.000
Incomplete high school			
Completed high school	-0.757*	0.362	0.037
TAFE or equivalent	-1.117**	0.310	0.000
Higher degree	-1.749**	0.346	0.000
No resident children			
Child 0-4	0.169	0.345	0.623
Child 5-14	-0.1869	0.276	0.499
Child 15-24	0.117	0.322	0.716
Child 25+	-0.828	0.787	0.293
Income	0.001**	0.001	0.000
Hours worked	-0.059**	0.011	0.000
Age	-0.312**	0.078	0.000
Square age	0.004**	0.001	0.000
Constant	50.846**	1.645	0.000
Number of Observations	5495		
F (20, 4064)	10.74		
Prob > F	0.000		
R-squared	0.0425		
Number of clusters (household identification) = 4002			

* p<0.05 ** p<0.01

Source: HILDA Wave 1, 2001

The coefficients of the independent variables indicate that job satisfaction is significantly higher for females relative to males and higher for married people relative to those who have never married. In regard to occupation, job satisfaction is lowest for manual/labourers followed by

service/retail and clerical, while it is highest for managers. Job satisfaction is lower for those with a TAFE or equivalent level education and those with a higher degree, relative to those who did not complete high school. The presence of children was not found to be associated with job satisfaction. As income increases, so does job satisfaction, while as hours worked increases, job satisfaction decreases. Age and square age were both significant, suggesting that the relationship between financial satisfaction and age is curved rather than linear. Age had a negative coefficient and square age a positive, indicating that younger and older people tend to have higher levels of job satisfaction.

Summary of Results

These analyses show that those in casual employment are more likely to be in 'low status' groups (for example low status occupations, low level education etc.), and tend to have a more disadvantaged position in the labour market. They are more likely to be women, separated, divorced, widowed or not married, working in the service or retail sectors, as manual workers or labourers, have a lower level of education and to be mothers. They also have a lower level of income, work fewer hours (part-time) and are on average slightly younger. The results also show that in both the objective measures of financial strain and the subjective measures of financial and job satisfaction, casual employees fared worse than permanent employees. The results indicate that casual employees have higher levels of inability to pay and higher levels of financial strain. In regard to both satisfaction measures, the results show that casual employees have lower levels of financial and job satisfaction. The next chapter of this thesis will discuss the implications of these results.

Chapter 4

Discussion

The primary aim of this study was to investigate the relationships between casual employment and financial strain, financial satisfaction and job satisfaction. Taking into account the factors associated with casual employment and considering existing literature, it was hypothesised that casual employees will have higher levels of financial strain, and lower levels of financial and job satisfaction, in relation to permanent employees. The analyses conducted in this study show support for these hypotheses. This chapter will summarise the primary findings, relate these back to the literature, discuss the possible limitations and implications of these findings, as well as provide a conclusion situating this study in existing knowledge.

The analyses show that groups that are likely to be disadvantaged in the labour market, and of a lower status, are also more likely to be working on a casual basis. While 23% of all employees are on casual contracts, only 18% of men compared to 29% of women are casual employees, indicating a substantial gender difference within the sample of this study. People who are single, including both those who have never been married and those who are separated, divorced or widowed, are far more likely to be working in casual employment than those in de-facto or marital relationships. Those working in service, retail or as manual workers or labourers are also considerably more likely to be casual employees. This trend continues into education with low levels of education signifying substantially higher levels of casual employment. Fathers (whose child lives with them at least 50% of the time) are significantly less likely to be in casual employment than men who are not fathers, while mothers have substantially higher rates of casual employment than women without children. In addition to this, the level of income and hours worked is considerably lower for casual than for permanent employees, reflecting the correlation between casual employment and part-time work. All of these factors indicate that casual employment is most common amongst those who are predisposed to have a marginal status in the labour market. That is, women, with family responsibilities in low status occupations and those with lower levels of education are more likely to be in casual employment. On the other hand, married men with high levels of education and positions in managerial or professional occupations are least likely to be found in casual employment.

Analyses of the first dependent variable, 'ability to pay' showed that casual employees have substantially greater difficulty paying for the basic costs of life than permanent employees. The bi-variate analysis showed that 41% of casual employees could not pay for the basic costs of life on at least one occasion, while the comparable figure for permanent employees is 25%. This represents a considerable difference. While there are no controls implemented in this analysis, it does nonetheless show that casual employees have significantly higher amounts of financial strain than permanent employees. This finding is supported by the regression model, which shows that casual employees are 1.4 times more likely than permanent employees to report that they were unable to pay for the basic costs of life controlling for gender, marital status, occupation, education, number of children, income, hours worked and age.

The analysis of the financial strain index produced similar results. The analysis showed that the mean financial strain for casual employees is 0.8 higher than for permanent employees, on a scale of 2 – 8. When controls were included this difference decreased to 0.24, nevertheless representing a significantly higher level of financial strain for casual employees. These findings support the hypothesis that casual employees have greater levels of financial strain than permanent employees. Interestingly, there does not appear to be a gender difference in levels of financial strain with both men and women in casual employment experiencing significantly more financial strain than their counterparts in permanent employment.

The bi-variate analyses for financial satisfaction and job satisfaction showed that casual employees have lower levels of satisfaction relative to permanent employees, with the difference in means being 0.9 on a scale of 1 – 10 and 1.7 on a scale of 13 – 56, respectively. This significant difference remained for both variables in the regression models which included a number of controls. These findings support the hypothesis that casual employees have lower levels of financial satisfaction and job satisfaction. Furthermore, the bi-variate analyses focusing on gender showed significant differences between men and women for both satisfaction variables, with women having higher levels of satisfaction. This was not a surprising finding, as there is a wide range of literature reporting higher levels of job satisfaction for women (Baxter, Lynch-Blosse and Western 1996; Chiu 1998;). However, for financial satisfaction, there was a gender difference for casual, but not permanent employees, with women having higher levels of satisfaction. This indicates that whatever instigates the gender difference is more prominent in casual than permanent employment. It is likely that this discrepancy reflects varying

expectations between men and women regarding finances in casual compared to permanent employment. On the other hand, there was a gender difference in job satisfaction for both employment contracts, with women having greater levels of satisfaction and the difference between men and women being greater for casual than for permanent employees. This suggests that the drivers of job satisfaction for women are more prominent in casual than permanent work. While there are a number of possible explanations for this, it is plausible that factors associated with casual work, such as higher rates of part-time work, provide significantly more satisfaction for women than for men. These findings warrant future research on the impact of contract of employment on differing levels of satisfaction for men and women.

Furthermore, it should be noted that the objective and subjective measures show opposing trends for the education variable. For the objective measures, a higher level of education tends to be associated with favourable outcomes, in this case a lower level of financial strain. For the subjective measures a higher level of education tends to be associated with negative outcomes, in this case lower satisfaction. This shows that it is plausible, as argued in this study, that subjective measures are greatly affected by expectations. In this case, a higher level of education has possibly lead to higher expectations, which in turn has lead to lower satisfaction; the objective measure, however, has not been affected in the same way by expectations, as a higher level of education does indeed indicate a lower level of financial strain. The literature, however, yields mixed findings in regard to education and job satisfaction, with some studies finding a positive association and some studies a negative association (Ganzach 2003; Martin and Shehan 1989). Given that people of a low status tend to be in casual employment, which in turn could lead to lower expectations, using solely subjective measures when looking at issues such as casual employment could be problematic. It is for this reason objective measures were included in this analysis.

Clearly, these findings suggest that groups that are already marginalized in the labour market are further disadvantaged by the prominence of casual employment. Not only do casual employees have significantly higher levels of financial strain and lower levels of financial and job satisfaction in relation to permanent employees, but the increasing demand of casual labour could mean that low-status casual employees find it particularly difficult to break out of casual employment. These findings, together with previous research which emphasises the negative

impact of casual employment, provide a solid foundation for the assertion that casual employment impacts negatively on the Australian labour force.

Contradictory Findings

The findings of this study, however, are different to some other research on non-standard employment using HILDA. Research by Headey, Warren and Harding (2005) led them to conclude that concerns about casualisation lack substance and that there is little evidence in the HILDA survey to support the view that part-time non-standard jobs are seen as undesirable (in regard to overall work satisfaction and feelings of insecurity). Their study explored whether part-time non-standard employees were dissatisfied with their jobs, perceived their jobs as insecure and if they were working fewer hours than what they would like (Heady, Warren Harding 2005:73). Their analysis consisted primarily of bi-variate measures, only compared means and did not control for other possible important variables, such as educational level, occupation or income. They did not find any significant differences between part-time non-standard employees and full-time standard employees. A study by Wooden and Warren (2004), also using HILDA, led them to argue that their findings suggest that it is “extremely misleading to characterise non-standard jobs as sub-standard jobs” (Wooden and Warren 2004:295). They examined the differences between casual, permanent and fixed-term contract employees in five distinct aspects of job satisfaction (total pay, job security, the work itself, hours worked and flexibility). They found that negative associations between casual employment and job satisfaction were restricted to those working over 35 hours per week. This study however, has argued throughout that it is not adequate to solely use subjective measures when comparing casual and permanent employees. As can be seen in the findings of this study, when objective measures are included in the analysis, there is indeed a significant difference between casual and permanent employees. Demonstrating that the concerns about casualisation are indeed valid and that in regard to financial strain, financial satisfaction and overall job satisfaction, casual jobs are indeed sub-standard.

Limitations

Some limitations of this study should be noted. Some theorists have argued that fixed-term employment should be considered separately, as it can not accurately be categorized as casual or permanent. A study by Wooden and Warren (2004) found significantly different outcomes for fixed-term contract employees when compared to casual and permanent employees, the outcomes

generally being positive. Hall and Harley (2000:19) argue that while some short-term contract work may be tantamount to casual employment, other contract work, especially in high skilled occupations with tight labour markets, may in fact be highly rewarded. Given that only 9.3% of the sample for this study were working under a fixed-term contract, these employees were classified as either casual or permanent depending on whether they had access to paid sick and holiday leave. In future studies, the category of fixed-term contract should possibly be looked at as a separate category. Furthermore, it is possible that financial strain is more highly correlated to household factors than individual casual work, and that the income of the partner or household should be taken into account. While this analysis employed a robust estimator of variance to adjust for household clustering, it did not look at household factors in relation with financial strain, something which should be considered in future research. Also, the occupational classifications used in the analysis are reasonably broad (5 categories). Had they been divided into more detailed categories, the analyses may have presented different results.

Implications

Campbell describes a “dualistic employment structure” (Campbell 2004:105) in Australia with a particularly sharp difference between permanent waged work and non-permanent waged work due to the poor conditions associated with casual employment status. He argues that the existence of casual work is due to an officially-sanctioned gap in the Australian regulatory system, something which does not exist to the same extent in any other OECD country (Campbell 2004:105). While being considered unusual and possibly even extreme, the existence of casual work in Australia is in no way aberrant, with similar trends of accretion of rights and benefits existing in most countries (Pocock, Buchanan and Campbell 2004). As this study has shown, casual employees tend to be vulnerable in relation to the labour market to begin with and have higher levels of financial strain and lower levels of satisfaction than permanent employees. This clearly demonstrates that casual employment contracts do indeed lead those employees who work under them to be further disadvantaged.

This is an increasingly pertinent issue in Australia, with the Federal Government recently introducing the new Federal Workplace Relations Amendment (WorkChoices) Act 2006. Van Gellecum, Baxter and Western (2007) argue that this Amendment will restructure industrial relations institutions in such a way that vulnerable workers are likely to be further disadvantaged. Drawing on the trends identified in this study, one could argue that if casual workers are even

further disadvantaged, high of levels financial strain and low levels of satisfaction will not only persist but indeed intensify. While this assertion is based on retrospective data, it does nonetheless give a base-line indication of how the Amendment is likely to affect Australia's most vulnerable employees.

Given the current industrial relations climate, it is likely that the proportion of people working under casual employment contracts will continue to increase. This increase is likely to lead to a situation where the people who are already disadvantaged in relation to the labour force are increasingly likely to be in a form of employment that denies them the majority of benefits associated with paid employment. A further implication is that the labour force will be increasingly fragmented between those who have high-quality, high-paying employment, and those who are confined to forms of low-quality, peripheral employment.

Conclusion

This study used Wave 1 of the HILDA survey to investigate whether there is a difference in financial strain and financial and job satisfaction between casual and permanent employees. It did indeed find an association, showing that casual employees have greater levels of financial strain and lower levels of financial and job satisfaction. Past movement towards neo-liberal policies and changes in economic activity led to increased levels of casual employment, with this movement progressing further in the recent changes to the Australian industrial relation system. These changes represent an intensification of the processes that lead to high levels of casual employment, a peripheral form of employment with an employee's only right being an hour's wage in exchange for an hour of work performed, without any other employment benefits. This study has shown that this form of employment does have negative effects on the lives of employees, when compared to permanent work.

A statement by Dawkins and Norris (1990:156) describes the situation well: "Some of these phenomena may represent a positive evolution towards more flexible work patterns, preferred by both supply and demand sides; but they may also imply the undermining of rights and welfare of labour, and have essentially regressive effects". While this thesis does not argue that all non-standard employment is detrimental, it does suggest that casual employment contracts are a form

of substandard employment that is associated with numerous disadvantages, and as this study has shown, heightened levels of financial strain and lower levels of financial and job satisfaction. While these findings contradict some previous research using the HILDA survey, the use of both subjective and objective measures leads to an analysis that recognises the impact of differing expectations between casual and permanent employees. In conclusion, people who are marginalized in the labour market are more likely to be working under a casual contract, a form of employment that is associated with high levels of financial strain and low levels of financial and job satisfaction.

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Appendices

Appendix 1a

Full list of variables in the ‘ability to pay’ measure (binary, response categories: yes/no).

Since January 2001 did any of the following happen to you <u>because of a shortage of money?</u>	
a	Could not pay electricity, gas or telephone bills on time
b	Couldn't pay Mortgage/rent on time
c	Pawned or sold something
d	Went without meals
e	Was unable to heat home
f	Asked for financial help from friends or family
g	Asked for help from welfare/community organisations

Source: SCQ, HILDA Wave 1, 2001

Respondents scored a ‘yes’ (1) for the ‘ability to pay’ measure if they answered ‘yes’ for any of the seven variables that went into the index and a ‘no’ (0) if they responded with ‘no’ for every variable.

Appendix 1b

Full list of variables in the 'financial strain index'.

Suppose you had only one week to raise \$2000 for an emergency. Which of the following <u>best</u> describes how hard it would be for you to get that money? *		
1	Couldn't raise \$2000	
2	Would have to do something drastic to raise \$2000	
3	Could raise \$2000, but it would involve some sacrifices	
4	Could easily raise \$2000	
Thinking of your household's total monthly incomes, is your household able to make ends meet ...		
1	Can make ends meet with great difficulty	1
2	Can make ends meet with difficulty	
3	Can make ends meet with some difficulty	2
4	Can make ends meet fairly easily	3
5	Can make ends meet easily	
6	Can make ends meet very easily	4

* Note that this variable is reverse coded

Source: PQ and HQ, HILDA Wave 1, 2001

Appendix 1c

Full list of variables in the 'job satisfaction' measure.

Variable	Response categories
Total pay satisfaction	
Job security satisfaction	- The response categories range from 0 – 'Totally dissatisfied' to 10 – 'Totally satisfied'.
The work itself satisfaction	
The hours you work satisfaction	- The bottom three and top three response categories were collapsed into one, respectively.
The flexibility to balance work and non-work commitments satisfaction	
I get paid fairly for the things I do in my job	- The response categories ranged from 1 – 'Strongly disagree' to '7 - Strongly agree'.
I have a secure future in my job	
I worry about the future of my job	

* Variables were reverse coded where appropriate.

Source: PQ, HILDA Wave 1, 2001

Appendix 2

Division of categories for the 'occupation' variable.

Division of Occupational Categories:	
Managers	
11	Generalist Managers
12	Specialist Managers
13	Farmers and Farm Managers
Professionals	
21	Science, Building and Engineering Professionals
22	Business and Information Professionals
23	Health Professionals
24	Education Professionals
25	Social, Arts and Miscellaneous Professionals
31	Science, Engineering and Related Associate Professionals
32	Business and Administration Associate Professionals
33	Managing Supervisors (Sales and Service)
34	Health and Welfare Associate Professionals
39	Other Associate Professionals
Tradespersons	
41	Mechanical and Fabrication Engineering Tradespersons
42	Automotive Tradespersons
43	Electrical and Electronics Tradespersons
44	Construction Tradespersons
45	Food Tradespersons
46	Skilled Agricultural and Horticultural Workers
49	Other Tradespersons and Related Workers
Clerical	
51	Secretaries and Personal Assistants
59	Other Advanced Clerical and Service Workers
61	Intermediate Clerical Workers
81	Elementary Clerks
Service/Retail	
62	Intermediate Sales and Related Workers
63	Intermediate Service Workers
82	Elementary Sales Workers
83	Elementary Service Workers
91	Cleaners
Manual workers/labourers	
71	Intermediate Plant Operators
72	Intermediate Machine Operators
73	Road and Rail Transport Drivers
79	Other Intermediate Production and Transport Workers
92	Factory Labourers
99	Other Labourers and Related Workers

Source: Australian Bureau of Statistics (1997) Australian Standard Classification of Occupations
2nd edn. Cat. No. 1220.0.