

Changing forms of employment and their implications for the development of skills

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Program 3:
The changing nature of work organisation



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The views and opinions expressed in this document are those of the author/project team and do not necessarily reflect the views of the Australian Government, state and territory governments or NCVER

Publisher's note

Additional information relating to this research is available in *Changing forms of employment and their implications for the development of skills: Support document*. It can be accessed from NCVER's website <<http://www.ncver.edu.au/publications/1994.html>>.

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About the research



Changing forms of employment and their implications for the development of skills by Sue Richardson and Peng Liu

This report concentrates on changing employment patterns by examining the shift away from the standard of full-time permanent employment which occurred between 1992 and 2005. It describes the effects of changing employment modes on the amount and type of training received by employees and considers the implications for the vocational education and training (VET) sector. This research is part of a larger suite of research undertaken by the National Institute of Labour Studies, Flinders University, and the Centre for Post-compulsory Education and Lifelong Learning, University of Melbourne.

The focus of the study was on the ways in which people learn, particularly on the job, to be productive workers. It asked whether part-time, casual and labour hire forms of work have affected the development of vocational skills.

Key messages

- Since 1992, there have been substantial changes in men's employment patterns, with a decrease in the number of permanent full-time jobs (new and existing) and a large increase in casual jobs, both full- and part-time.
- Women have seen strong growth in permanent jobs, both full- and part-time.
- Growth in permanent jobs has been concentrated among both men and women aged 45–59 years, while the absolute number of permanent jobs for men aged 20–30 years has fallen.
- Growth in permanent jobs has been concentrated in occupations that mostly require higher education, rather than vocational education.
- From 2001 to 2005, the total hours of employer-sponsored training fell by 15% for permanent workers and by 27% for casual workers. In total, casual workers get about half the employer-provided internal training and a mere fraction of the employer support for external courses that permanent workers get.
- The shift away from full-time continuing employment is likely to put skill development on the job at risk, placing the onus on VET providers to offer courses that are accessible to full-time, part-time and casual workers.
- The reduced employer support for training means that skills development will increasingly need to be funded by the workers themselves and the taxpayer.

For a synthesis of the consortium's entire program of work, see *A well-skilled future* by Sue Richardson and Richard Teese.

Tom Karmel
Managing Director, NCVER

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Executive summary

This report is a component of the research program entitled *A well-skilled future: Tailoring VET to the emerging labour market*, in which the evolving labour market and changing work organisation and management in the context of the vocational education and training (VET) sector are examined. The research has been undertaken by a consortium of researchers from the National Institute of Labour Studies, Flinders University, and the Centre for Post-compulsory Education and Lifelong Learning, University of Melbourne.

Vocational skills comprise any ability that can be learned and that is valuable in the production of goods and services. Considered in this way, it is easy to see that they are not only learned from formal vocational education and training (VET) (or higher education) providers. They are also learned by formal and informal instruction on the job. People learn to be better, more efficient and more productive workers in the process of doing their jobs. They also learn new skills incrementally, thus keeping abreast of developments in technology. Some of this learning is gained from the advice and informal instruction of fellow workers. Some arises from more formal instruction on the employer's premises, organised and paid for by the employer but not leading to formal educational qualifications. Some is learned from formal instruction that does lead to a qualification, which may or may not be funded by the employer. The informal ways of learning add considerably more to the stock of worker skills than does formal instruction in accredited courses.

This study focuses on these work-based ways in which people learn how to be productive workers. It asks three questions.

- ✧ How does the way in which people are employed affect the level of skills development they acquire as a result of their employment?
- ✧ How have the ways in which people are employed changed over the past decade or so?
- ✧ How do the changing ways in which people are employed affect their opportunities for the development of vocational skills?

We contrast the 'non-standard forms of employment'—part-time, casual, labour hire and self-employed workers—with the 'standard' form of employment—full-time continuing jobs.

Changes in how people are employed

There have been major changes in the ways in which people are being employed. These changes are strongly *away from* the standard form of employment and towards all the alternatives and were especially pronounced for men. In 1992, 70% of all jobs were full-time and permanent, so it was appropriate to view such a form of employment as the norm, or standard. But since then, only 41% of the 1.9 million extra jobs created were full-time permanent jobs. Growth has been particularly strong in casual employment and a new trend has developed—the full-time casual. All the changes are more pronounced for men than they are for women.

In brief, since 1992:

- ✧ Only 20% of all new jobs were for men employed full-time on a permanent basis.
- ✧ Women have seen strong growth in permanent jobs, both full- and part-time.
- ✧ Men have seen a large *fall* in permanent full-time jobs and a large *rise* in casual jobs, both full- and part-time.
- ✧ Growth in permanent jobs has been concentrated among both men and women aged 45–59 years; the absolute number of permanent jobs for men aged 20–30 years has fallen.
- ✧ Growth in permanent jobs has been concentrated in occupations that mostly require higher education rather than vocational education.
- ✧ Up to 2005 the vocationally important trades occupations and advanced clerical occupations have seen particularly large shifts away from permanent full-time employment.
- ✧ Labour hire has been growing rapidly, from a small base, and now comprises over 3% of all employment.
- ✧ Most of the growth in the share of non-standard forms of employment occurred prior 2001.

Forms of employment and the acquisition of vocational skills

Do these changes in forms of employment matter for the acquisition of vocational skills? We show that:

- ✧ Most types of training acquired on the job are systematically and substantially less for casual employees compared with permanent employees. The one exception is training that is not supported by the employer. Casual workers are less likely to experience employer-provided training and the training they do get is more likely to be basic induction and safety training. The total hours that they spend in training is about two-thirds that of permanent workers.
- ✧ The total hours of employer-sponsored training have fallen over the four years to 2005, by 15% for permanent and 27% for casual workers. In total, casual workers get about half the employer-provided internal training and a mere fraction of the employer support for external courses that permanent workers get.
- ✧ It is very likely that the levels of job-related training received by labour hire and self-employed workers are also less than those experienced by full-time continuing workers, although evidence on this is scarce.

Overall, it is the expectation that the employee will have continuing employment with the firm, rather than the number of hours worked, that seems to be the powerful force influencing the extent of job-related training. This is what is to be expected. Firms recover the cost of the training they provide to workers only if the workers continue the job.

Is the low level of training for casual workers merely a consequence of the occupations, industries or personal characteristics associated with a casual contract? The limited evidence shows that, even when controlling for a wide range of personal and job characteristics, casual employees were still much less likely to have undertaken employer-supported training.

Men have been more adversely affected by the trend to casual and part-time employment than have women. The gender difference is amplified by the fact that, for men, casual employment, even if full-time, offers particularly low levels of job-related training. The category of employment growing fastest for men (casual, including full-time casual) is also the one that is least likely to offer opportunities for skills development on the job.

Implications for VET

The shift to casual employment for full-time (especially male) workers highlighted in this study is a new and substantial development. It has very significant implications for the ways in which vocational skills are acquired. In particular, the contribution made by employers, through the provision of training on the job, is almost certainly diminished by this development. The implications for training are reinforced by the fact that such growth in continuing jobs as there was for men was *not* in the key learning ages of 20–30 years, but in the established ages of 45–60 years. Employment growth for 20 to 30-year-olds, such as it was, was almost entirely in casual employment, especially for men. This is a very significant development. Earnings profiles show that the age group 20–30 years is when formal and informal learning on the job is especially strong.

The shift away from full-time continuing employment is likely to put the informal and semi-formal processes for vocational skill development seriously at risk. Learning on the job has always been a fundamental part of the way in which the less educated enhance their skills (and job opportunities and wages.) This group is likely to be particularly hard hit by the shift to casual, labour hire and labour-only contracting that is such a part of recent Australian labour market history.

If the trends we have identified persist, then Australia must look to other ways of ensuring the continuing enhancement, refreshment and adaptation of its stock of vocational skills. In particular, it is likely that the task of such skills enhancement will shift increasingly to the formal VET providers. There will need to be more VET courses, geographically accessible to the entire vocational workforce. These courses will need to cater for people at many points in their career, and from a wide variety of backgrounds. The reduced employer support for training means that, if it is not to fall, skills development will increasingly need to be funded by the workers themselves and the tax payer.

Introduction

Vocational skills comprise any ability that can be learned and that is valuable in the production of goods and services. Thought of this way, it is easy to see that they are not only learned from formal VET (or higher education) providers. They are learned also by formal and informal instruction on the job. People learn to be better, more efficient and more productive workers in the process of doing their jobs. They also learn new skills incrementally, thus keeping abreast of developments in technology. Some of this learning is gained from the advice and informal instruction of fellow workers. Some arises from more formal instruction on the employer's premises, organised and paid for by the employer but not leading to formal educational qualifications. Some is learned from formal instruction that does lead to a qualification, which may or may not be funded by the employer. These informal ways of learning add considerably more to the stock of worker skills than does formal instruction in accredited courses (Richardson 2004).

This study focuses on these work-based ways in which people learn how to be productive workers. It asks three questions.

- ✧ How does the way in which people are employed affect the level of skills development that they acquire as a result of their employment?
- ✧ How have the ways in which people are employed changed over the past decade or so?
- ✧ How do the changing ways in which people are employed affect the opportunities they have for the development of their vocational skills?

We contrast the 'non-standard forms of employment'—part-time, casual, labour hire and self-employed workers, with the 'standard' form of employment—full-time continuing jobs. The terms under which Australians are employed have shifted in recent decades, notably from permanent to casual employment, from full-time to part-time employment and from direct employment to arms' length employment with the rise of own account and contract labour. In 2004, around 3.3 million people were employed on 'non-standard' terms—around one-third of all workers. Of these, around 1.9 million were casuals, 0.8 million were self-employed contractors, 0.6 million were fixed-term and 0.3 million were labour hire (Productivity Commission 2006, p.XVIII). Growth in these forms of employment has slowed recently, and their share of total employment has not increased much since 2001. We expect that the employer is less likely to take responsibility for, and incur the costs of, instruction and skill development when workers are any or all of casual, part-time, contract, labour hire or self-employed contractors.

Strategies 9 and 1 of Australia's National Strategy for VET make clear that this trend is a matter of concern within the VET policy community. These strategies include 'increasing participation and achievement, particularly for existing workers, and ensuring that workers in part-time, casual, contract and occasional employment have equal opportunities for learning to those in full-time standard employment'.

As we show in the next section, non-standard forms of employment have been growing much more rapidly than the standard form although this shift has moderated in recent years. The important question that this raises for vocational education and training is whether there is a link between the terms under which people are employed and the extent of vocational training that they receive or undertake. If there is such a link, then the changing ways in which people are engaged to

work for an enterprise will have consequences for the level and types of vocational skills that are being developed.

In this study we first quantify the changing forms of employment, distinguishing the experience of women and men and by occupation, industry and age. We then examine how the way in which people are employed is related to the nature and extent of skills development that they obtain on the job. Finally, we draw conclusions about the implications of the changing forms of employment for the development of vocational skills. In our analysis we use Australian Bureau of Statistics labour market statistics and data from the Survey of Education and Training.

The changing forms of employment

Aggregate changes in forms of employment

In this section we provide the basic information on how the various ways in which people are employed have been changing in recent years. We focus mainly on the period from 1992 to 2005, a period long enough to pick up important trends, but recent enough to continue to be relevant to the future VET environment. We distinguish the terms on which people work as employees, as labour hire workers and as self-employed workers.

Employees

In 1992, 70% of all jobs were full-time and permanent, so it was appropriate to view such a form of employment as the norm, or standard. But in recent decades, non-standard forms of employment have been growing more rapidly than the standard form. For example, over the 13-year period 1992–2005, total employment rose by 32%, but full-time permanent employment rose at only just over half that rate—by 19% (793 600 jobs). The forms of employment that saw particularly rapid expansion were full-time-casual, and part-time-permanent.

Table 1 reports the increase in numbers of jobs between 1992 and 2005, according to whether they were full-time or part-time, permanent or casual, and taken by men or by women. The last column shows, of all the net new jobs, the percentage that went to each sub-set (for example, women employed full-time as casuals). It is a key resource for understanding the changes that have been occurring in the ways in which people are employed.

Table 1 Forms of employment as percentage of employment by full-time/part-time and sex, 1992–2005

Sex	Form of employment		1992	2005	Change from 1992–2005	
			('000)	('000)	('000)	% of increase
Male	Full-time	Permanent	2769.9	3159.7	389.8	20
		Casual	201.5	370.2	168.7	9
	Part-time	Permanent	68.7	152.3	83.6	4
		Casual	261.3	445.8	184.5	10
Female	Full-time	Permanent	1475.6	1879.5	403.9	21
		Casual	118.2	215.1	96.9	5
	Part-time	Permanent	424.0	811.5	387.5	20
		Casual	713.2	917.9	204.7	11
Total		6032.6	7952.1	1919.5	100	

Note: Excludes the self-employed.

Source: ABS Labour Market Statistics, cat.no.6105.0, various issues

The table documents a major change in the ways in which people are being employed. That change is strongly *away from* the standard form of employment (full-time and permanent) and towards all the alternatives. Growth has been particularly strong in casual employment and a new trend has developed—the full-time casual. The trend to casual, especially full-time casual, has affected men more than women. In 1992, 320 000 people were employed as full-time casuals. Over the next 13 years this number almost doubled, to 585 300. Almost half of all the new jobs were part-time. If,

as we expect, people who are employed in full-time permanent jobs obtain more skills development while doing their job than people employed as casuals and part-time, then this big shift in forms of employment will have a negative effect on the development of vocational skills.

Table 2 Levels and change in casual employment, 1992–2005: youth and all employees

Form of employment		1992	2005	Change from 1992–2005		
		('000)	('000)	('000)	% increase	% of increase
Full-time	15–24	101.9	152.0	50.1	49	8
	Total	319.8	585.3	265.5	83	41
Part-time	15–24	410.1	671.4	261.3	64	40
	Total	974.5	1363.7	389.2	40	59
Total	15–24	511.9	823.4	311.5	61	48
	Total	1294.3	1949.0	654.7	51	100

Note: Excludes the self-employed.

Source: ABS Labour Market Statistics, cat.no.6105.0, various issues.

Table 2 shows that, of the new casual jobs generated between 1992 and 2005, about half (48%) went to people aged 15–24 years old and half went to older workers. The young workers received one in five of the extra full-time casual jobs and two-thirds of the extra part-time casual jobs. Their dominance in part-time casual jobs is to be expected considering a large minority of this group is combining work with study: 46% of the age group were full-time students in 2005. But it also arises from the fact that young people have found it hard to obtain full-time jobs. Of those who had left full-time education, two-thirds (66%) found full-time work, while 18% were employed part-time, 12% were not in the labour force and 9% were unemployed.¹ Low-training casual jobs are not particularly troubling for the young people who are also full-time students: they are learning their employment skills from formal education. But they *are* troubling for the many young people—especially those in their 20s—who are not students, yet are not able to find steady employment in jobs where they can develop good skills.

Labour hire

The terms on which people are hired as employees are not the only forms of employment to have been changing and to have implications for the development of vocational capacities. There has also been a rapid growth in the use of labour hire as a way of meeting staff needs, though from a small base. A labour hire form of employment means that the employing firm has a contractual arrangement with another firm that supplies the number and types of skills that the employing firm wants. The worker has a contract with the labour hire firm, either as an employee of that firm or as a self-employed, labour-only contractor. The key distinguishing feature of the labour hire relationship is that there are three parties—the worker, the firm to which the worker's services are supplied, and the labour hire agency that brings the first two together. The worker is paid by the labour hire agency, and the agency is paid by the firm that requires the services. This form of employment has been around for a long time, and there are a number of reasons why it is attractive to both firms and workers. But there is a concern that, at least for some, one consequence is a reduced commitment to skills development by the firm that hires the labour (which is not offset by skills development provided by the agency) (Hall 2002).

It is not straightforward to identify even the number of labour hire workers. But the best information indicates that labour hire employees numbered around 270 000 in 2002, equivalent to about 2.9 % of all employed persons. Labour hire employment grew strongly between 1990 and 2002. In workplaces with 20 or more employees, the number of labour hire workers grew from 33 000 in 1990 to 190 000 in 2002, an increase of 15.7 % per annum. The proportion of labour hire workers among all employees grew almost fivefold, from 0.8% to 3.9% during 1990–2002 (Laplagne et al. 2005).

¹ Derived from the ABS Survey of Education and Work Confidentialised unit record file, 2005.

Self-employed

The third form of employment that has implications for skills development on the job is self-employment. Table 3 shows how this has changed over the past 13 years.

If labour hire workers are hard to measure, it is even harder to distinguish the genuine business owner from the person who is in effect an employee, but works under a business rather than an employment contract (sometimes known as labour-only contractors). Owner–managers of unincorporated enterprises are likely to be self-employed contractors, who mainly provide labour services to their clients. The confusion of definitions will be discussed in a later section. Nevertheless, of 464 800 self-employed jobs generated in the Australian labour market between 1992 and 2005, 35% of them (161 800) were unincorporated self-employed, including both full-time and part-time workers (See Table 3). An unknown proportion of these more closely resemble employees, rather than genuine self-employed enterprises.

Table 3 Types of self-employment as percentage of all self-employment by full-time/part-time, 1992–2005

		1992	2005	Change from 1992–2005	
		('000)	('000)	('000)	% of increase
Full-time	Incorporated ¹	307.6	535.3	227.7	49
	Unincorporated ²	859.1	909.8	50.7	11
	Total	1166.6	1445.1	278.5	60
Part-time	Incorporated	64.7	139.8	75.1	16
	Unincorporated	297.9	408.9	111.0	24
	Total	362.6	548.7	186.1	40
Total	Incorporated	372.2	675.2	303.0	65
	Unincorporated	1157.0	1318.8	161.8	35
	Total	1529.2	1994.0	464.8	100

Notes: 1 Persons who work in their own incorporated enterprise, that is, a business entity which is registered as a separate legal entity to its members or owners (also known as a limited liability company).

2 Persons who operate their own unincorporated economic enterprise or engage independently in a profession or trade.

Source: ABS Labour Market Statistics, cat.no.6105.0, various issues

In total, the number of people working as self-employed rose by 464 800, or 30% (over the period when the number of employees rose by 32%). Almost two-thirds of the extra employment was full-time and a slightly higher proportion was incorporated. It is the unincorporated businesses that are most likely to be a close substitute for employees, but receive no training from the firm to which they hire their services.

Implications

As the data we have provided show, there has been a rapid growth of all forms of non-standard jobs over the past 13 years, but especially among employees. This has raised real concern about the implications of these forms of employment for future skills development. On the one hand, proponents of non-standard employment argue that they have contributed to the greater productivity growth enjoyed by Australia in the 1990s as a result of deregulation of the labour market. It is seen to provide firms with a valuable degree of flexibility in the way in which they assemble the quantity and type of labour inputs that they need for their business. As a result of this greater flexibility, it is argued, firms increase their total employment, including of low skilled workers, and this in turn reduces unemployment. It is clear that non-traditional forms of employment are better for skills development than is unemployment. We are not in a position in this paper to evaluate the case that an expansion of non-standard forms of employment reduces unemployment. An alternative view argues that these trends erode labour market standards and the degree of structured and unstructured skills acquisition on the job. Non-standard work is generally treated as inferior to their permanent full-time counterparts. Indeed, research has shown that non-standard jobs are usually associated with low levels of training, poor career opportunities, job

insecurity, low pay and adverse occupational health and safety outcomes (VandenHeuvel & Wooden 1999; Hall et al. 2000; Campbell 2001; Watson 2004).

In the next section, we look in more detail how the various forms of employment have changed in the period since 1992.

A closer look at employees

In the 1990s Australia had one of the highest rates of productivity growth along with one of the fastest growth rates of part-time and casual employment among Organisation for Economic Co-operation and Development (OECD) countries. Does one indicate the other? The answer is not clear-cut due to the limitations of the existing data and the ambiguous definition of casual workers. The Australian Bureau of Statistics (ABS) defines casual workers as employees² who were entitled to neither paid holiday leave nor paid sick leave in their main job. However, much of the available data indicate that many casual workers have characteristics commonly associated with permanent employees (Murtough & Waite 2000). Indeed, Curtain (2004) found that casual workers have many of the rights and attributes of permanent employees.

In addition, casual employees are usually (if working under award conditions) paid a higher hourly wage than their permanent counterparts to offset the absence of paid leave and the casual nature of the contract. They are assumed to understand that the employer has no obligation to provide ongoing employment. In fact, 'casuals' often work long, stable and predictable hours. Many casuals are entitled to OHS rights, superannuation and training opportunities resembling those enjoyed by 'permanents' (see Buchanan 2004 for more details). Nonetheless, there must be a reason why employers choose to use a casual as distinct from continuing contract of employment. From the perspective of the development of vocational skills, the principal concern is that a casual contract is a signal that the employer does not anticipate that the employment relation will be enduring. If this is the case, then standard economic theory predicts that the employer will be reluctant to invest in the development of the employment skills of casual workers. The main intuition behind this prediction is that such investment in skills development is costly for the employer. The training cost will not be incurred unless the employer expects the worker to remain with the firm long enough for the firm to be able to recover its investment. It is reasonable to suppose that people who are employed on a casual contract are expected to stay with an employer for a shorter time than those employed on a permanent contract, thus reducing the employer willingness to pay for their training. A casual contract is also likely to reduce the extent to which the employee is willing to incur costs to improve their skills in their current job, for similar reasons.

In graphs presented in the support document (A1a to A1d), we trace the evolution of some of the key forms of employment, disaggregated by sex.

We show that the growth in casual full-time employment that we identified earlier, occurred mostly in the period 1992–98. The recent fall for men reflects, in part, the emerging impact on male employment of the resources boom. The growth in full-time casual jobs is mirrored and amplified by the loss of full-time permanent jobs (see Figure A1b in the support document). For both men and women, full-time permanent jobs have, however, continued to decline as a share of all jobs, to 75% of all male jobs and 50% of all female jobs in 2004. The decline has been particularly pronounced for men.

The other main feature to highlight is the steady rise in permanent part-time jobs for women. Many more women than men are engaged in permanent part-time positions (21% for women compared with 4% for men) and the difference between the sexes is increasing. Many women opt to take part-time jobs because of commitments to their children and other dependent family (although they pay a high price in terms of their current and future earnings in doing so). But whatever the reason,

²This excludes owner managers of incorporated and unincorporated enterprises.

working part-time and/or casual is likely to reduce the opportunities for the development of new and better skills.

There is much empirical evidence to support the theoretical expectation that on-the-job skills development is concentrated in the earlier years of a person's working life. For this reason, the ages at which people are being employed in casual or permanent positions or in part-time or full-time jobs, will affect the degree of impact that the different forms of employment have on skills development. Evidence on this matter is provided in Table 4.

Table 4 Increase in employed persons as percentage of all net new jobs by full-time/part-time, age group and sex, 1992–2005

Age	Male				Female				Total
	Permanent		Casual		Permanent		Casual		
	FT	PT	FT	PT	FT	PT	FT	PT	
15 – 19	0	1	0	3	-1	1	0	5	9
20 – 24	-2	1	1	3	-2	1	1	3	6
25 – 29	0	0	1	1	2	1	1	0	5
30 – 34	2	0	1	0	3	3	1	-1	9
35 – 39	1	0	1	0	1	2	0	0	6
40 – 44	3	0	1	1	2	2	1	0	10
45 – 49	4	0	1	0	4	3	0	1	14
50 – 54	5	0	1	0	6	3	1	1	18
55 – 59	5	0	1	0	4	3	0	1	15
60 – 64	1	0	1	0	2	1	0	1	7
65 +	1	0	0	0	0	0	0	0	3
Total	20	4	9	10	21	20	5	11	100

Source: ABS Labour Market Statistics, cat.no.6105.0, various issues

Table 4 shows that over the period 1992–2005 almost half of new jobs (47%) were occupied by those aged 45 to 59. The vast majority of the additional employment for this age group was permanent full-time and is equally split between men and women (each growing by 14%). Strikingly, for the key learning ages of 20–30, full-time permanent employment *fell*—by about 2%. Growth for this group, such as it was, was almost entirely in casual employment—especially for men. This is a very significant development. Earnings profiles show that the age 20–30 is when formal and informal learning on the job is especially strong (see, for example, Richardson 2004). If casual and part-time work is less effective in providing these learning opportunities (a matter that we examine later), then this shift in forms of employment for young adults will undermine the growth in their skills, and the growth in the economy's stock of human capital. As an aside, it may also help to explain the increase in the proportion of young adults who live at home with their parents, and who postpone marriage and parenthood. It is hard to set up house and family on the basis of a casual (and especially part-time) job.

Not all occupations have grown at the same rate, and some are more intensive users of VET qualifications than others. Among the nine major occupational groups, the most VET-intensive are 'Trades and related', 'Associate professionals', 'Managers and administrators', 'Intermediate' and 'Advanced' clerical and service workers.

In Table A1 in the support document, we present the growth in different forms of employment within the different occupations, between 1996 and 2005.³ The fastest growing occupations are Professional, Associate professional and Intermediate clerical and service workers. Most of the extra jobs for the first two of these occupations are permanent and full-time, especially for men.

³ In 1996 the ABS changed the way it classified occupations, so we cannot make comparisons with earlier periods.

But for Intermediate clerical, they are part-time and casual. The number of full-time permanent women's jobs in this occupation fell while the number for men rose by just 1%, despite the overall large increase in such jobs. There was little low growth in employment for tradespersons and a large decline in employment for advanced clerical and service workers—two key VET areas.

It is the lower skilled jobs that have seen the largest shift to casual employment. For both women and men this is concentrated among those employed in Intermediate and elementary clerical and service jobs. For men, it is also pronounced for Intermediate production, and Labourer jobs: indeed, in the latter the growth in casual jobs sits alongside a decline in the absolute number of permanent jobs. These are the entry level and early career jobs for the majority of people who do not complete a university qualification.

We conclude from this review of the changing forms of employment since 1992:

- ✧ There has been a strong growth in employment overall, but the expanding jobs are very different from the initial stock of jobs.
- ✧ The expanding jobs are much more likely to be part-time and/or casual, for both men and women.
- ✧ Only 20% of all new jobs were for men employed full-time on a permanent basis.
- ✧ Women have seen strong growth in permanent jobs, both full and part-time.
- ✧ Men have seen a large *fall* in permanent full-time jobs and a large rise in casual jobs, both full and part-time.
- ✧ Growth in permanent jobs has been concentrated among both men and women aged 45–59; the absolute number of such jobs has *fallen* for men aged 20–30.
- ✧ Growth in permanent jobs has been concentrated in occupations that mostly require higher education, rather than vocational education.
- ✧ Entry-level jobs for people who are not graduates have become increasingly casual.
- ✧ The exception is intermediate clerical and service jobs, requiring Certificate II or higher, which have grown for women.
- ✧ The vocationally important trades occupations and advanced clerical occupations have seen falls in total employment, especially in permanent full-time employment.

All these changes have implications for the vocational education system and for the likely employer commitment to enhancement of the vocational skills of their workers: nearly all the implications are negative.

In the next section we discuss why forms of employment have changed in the way that we have documented.

Reasons

Many researchers have documented the syndrome of 'atypical' employment and identified a number of reasons for its growth. The reasons can generally be classified into 'demand' factors (employer demands) and 'supply' factors (worker requirements).

Hall et al. (2000) argued that the primary source of demand for the rise of part-time and casual employment is structural changes to the industrial composition of the workforce, namely a declining primary and secondary industry workforce and rising services workforce due to technological change and the shifting of manufacturing to lesser developed economies. The table below appears to support their point of view.

Table 5 Change in employed persons as percentage of all jobs by industry, full-time/part-time, age group and sex, 1994–2005

Industry	Male				Female				Total
	Permanent		Casual		Permanent		Casual		
	FT	PT	FT	PT	FT	PT	FT	PT	
Property & business services	9	1	1	1	5	2	1	1	21
Retail trade	4	1	1	4	3	3	1	5	22
Health & community services	2	0	0	0	5	6	1	2	16
Construction	8	0	0	0	1	0	0	0	10
Education	0	1	0	1	3	3	0	0	8
Accommodation, cafes & restaurants	1	0	1	1	0	0	1	3	7
Government administration & defense	1	0	0	0	3	2	0	0	6
Personal & other services	1	0	0	0	1	1	0	1	4
Transport & storage	2	0	0	1	1	1	0	0	4
Cultural & recreational services	1	0	0	0	1	1	0	1	5
Communication services	0	0	0	0	0	0	0	0	1
Mining	1	0	0	0	0	0	0	0	2
Agriculture, forestry & fishing	0	0	0	0	0	0	0	0	0
Finance & insurance	2	0	0	0	0	1	0	0	2
Electricity, gas & water supply	-1	0	0	0	0	0	0	0	-1
Manufacturing	-5	0	1	0	-1	1	0	-1	-5
Wholesale trade	-3	0	1	0	-1	0	0	0	-2
Total	23	4	7	9	21	21	4	12	100

Source: ABS Labour Market Statistics, cat.no.6105.0, various issues

The property and business services, retail trade and health and community services industries comprised 59% of new positions, of which about half were permanent full-time. Most of the part-time and/or casual jobs in these industries went to women. For men, construction was a large source of growth for full-time permanent jobs, but its impact was more than offset by the loss of such jobs in manufacturing, electricity gas and water, and wholesale. For women, the big growth in permanent full-time jobs was in health and community services, education, retail trade, government administration and business and property services. Overall, most of the growth in casual jobs arose in retail trade, property and business services and hospitality industries. The biggest loser was the manufacturing industry where there was 5% *decline* in full-time permanent employment for men, combined with a 1% increase in full-time casual employment for men.

However, structural changes in industries are insufficient to explain fully the large growth in non-standard employment and parallel decline in permanent full-time work. Other demand factors are also identified to explain its growth. Early articles argued that the flexibility of casual employment has stimulated the increase in casual work (Dawkins & Norris 1990). Deery and Mahony (1994) gave a good example of this. In the retail sector, additional staff is required at Christmas and weekends, but fewer staff are required at other times. Casual employment suits this sort of pattern. But as we have seen, the growth of casual work appears in almost every occupation and industry. Other explanations are required, especially for the growth in full-time casual terms of employment.

We note that Australia has a higher proportion of workers who are employed part-time than any other OECD country. Table 6 shows the proportion of men and women employed part-time, in Australia, the OECD average, and selected other OECD countries. The fact that Australia has a share of part-time employment that is substantially higher than most other OECD countries (especially for men) makes it clear that it is not just the changing technologies of production, or even industry structure, that is driving this development in the Australian labour market. The other advanced countries do not use seriously different production technologies.

Table 6 Part-time employment as a proportion of total employment in OECD countries, 1990–2005, %

Selected countries	Men		Women	
	1990	2005	1990	2005
Australia	11	16	39	42
Canada	9	11	27	27
France	5	5	23	23
Germany	2	7	30	39
Ireland	4	7	21	35
United Kingdom	5	10	40	39
United States	9	8	20	18
OECD Europe	5	6	27	29
Total OECD	5	7	20	26

Source: OECD Employment Outlook, 2006, table E, p.253

Researchers have also considered whether employee demand for more ‘flexible’ working arrangements has played in the growth in casual work (Romeyn 1992; Simpson 1994; Mangan & Williams 1997). Romeyn (1992) argued that women with children, older workers and workers with disabilities require more flexibility and prefer part-time or casual employment across many occupations. Simpson (1994) claimed that casual employment makes entry to the labour force available to low skilled and poorly educated people who may not otherwise have access to job opportunities. Australian society is getting more diverse than ever, and migrants certainly constitute a sizeable portion of the labour force. Mangan and Williams (1997) observed that migrants might favour casual employment due to the anonymity associated with this employment arrangement. But we note that in recent years, as Australia has increased its emphasis on skills in selecting new migrants, that the new migrant pool is substantially more highly educated than is the Australian born population (Richardson et al. 2004). They are mostly *not* looking for low skilled, anonymous jobs.

On balance, researchers have concluded that supply-side factors were not the main drivers in determining employment outcomes. Rather, demand-side factors seem to be the more powerful force leading to casualisation (Dawkins & Norris 1995; Burgess & Campbell 1998; Wooden & Hawke 1998). However, there was no consensus on long-term outcomes for casual employees. Burgess and Campbell (1998) argued that casual employment is not a transitional point for most workers, and does not deliver opportunities to bridge to permanent employment. Alternatively, VandenHeuvel and Wooden (1999) argued that casuals are not necessarily ‘disadvantaged’ workers because many casual workers, in fact, were working longer hours, and casualisation could enhance workforce prospects for the unemployed.

Casual workers are of greatest concern due to the precarious nature of their employment. For the purposes of this study, we are concerned also about the impact that being employed on casual terms has on opportunities for development of vocational skills. But these are only two forms of non-standard employment where workers are generally considered in a vulnerable position. It leads our discussion to another form of non-standard work which has also grown significantly since 1980s—labour hire arrangements.

Labour hire

Labour hire arrangements are not novel phenomena. However, inadequate research has been done on this topic compared with casual employment. It has not attracted much attention from observers and researchers, perhaps because it is even now not a large-scale phenomenon. However, labour hire workers have grown rapidly since the early 1990s, from a small base. Hall (2002) argues that the growth in labour hire has been one of the most striking aspects of the more general explosion of non-standard employment in Australia over the past ten years.

But the significance of this growth is difficult to pin down in practice. First, it is difficult to distinguish labour hire from outsourcing, labour-only sub-contracting or some other forms of contracting-out. Second, there are no clear or consistent measures of the level and growth of labour hire employment available (Laplagne et al. 2005). Third, there are no recent and well-designed data that can be used to examine the nature of labour hire. For example, the Australian Workplace Industrial Relations Survey (AWIRS)—the most used source of data for analysing labour hire employment—was last conducted in 1995. It is confined to firms with 20 or more employees, and does not include data on organisations in agriculture. Vandenheuval and Wooden (1999) are also concerned that the questions on which these data rely were asked of managers who may not necessarily have an accurate picture of labour hire workers. Another data set is the Census. Unfortunately, since the Census uses self-completion, it severely understated the number of labour hire workers (Hall et al. 2002). A report by KPMG could be also inaccurate because it is based on a survey of labour hire firms, hence excludes organisations that use outsourcing. Besides, the sample has a low response rate of only 21%. It is also purposely biased to exclude those operators who ‘appeared to supply only clerical/administrative or professional services’ (KPMG 1998).

Both Laplagne et al. (2005) and Glover et al. (2005) utilised the 2002 HILDA data and AWIRS⁴ to examine labour hire workers. The HILDA dataset is more up to date and probably more accurate. Laplagne et al. (2005) found that labour hire employees totalled around 270 000 in 2002, around 2.9% of all employed persons. Labour hire employment grew strongly in Australia from 1990 to 2002. In workplaces with 20 or more employees, the number of labour hire workers has increased from 33 000 in 1990 to 190 000 in 2002, an increase of 15.7% per annum. The proportion of labour hire workers among all employees (as distinct from all employed persons) grew almost fivefold, from 0.8% in 1990 to 3.9% in 2002.

Table 7 shows that labour hire workers were most used among labourers and related workers, making up 7% of total employment in that occupation in 2002. They were least used among clerical, sales and service workers, where permanent and casual part-time employees, however, were widely used by employers to provide their desired flexibility.

Table 7 Rate of use and distribution of labour hire employment by occupation, 2002

Industry	Representation of labour hire workers	Distribution	
		Labour hire	Non-labour hire
Managers & administrators	1.9	3.2	5.8
Professionals	2.9	18.0	22.0
Associate professionals	3.0	10.7	12.6
Tradespersons & related workers	4.6	14.4	10.7
Advanced clerical & service workers	2.5	2.1	3.0
Intermediate clerical & service workers	3.4	18.0	18.3
Intermediate production & transport workers	4.8	11.9	8.5
Elementary clerical, sales & service workers	1.6	5.1	11.1
Labourers & related workers	7.0	16.7	8.0
Total	3.5	100	100

Source: Laplagne et al. (2005)

⁴ HILDA is the Household and Labour Dynamics in Australia survey, a longitudinal survey of the Australian population, conducted on behalf of the Commonwealth Department of Family and Community Services. AWIRS is the Australian Workplace Industrial Relations Survey, conducted in 1990 and 1995 by the Australian Bureau of Statistics.

Reasons

The fast growth of labour hire employment over the period can be attributed to structural factors (changes in the economy's structure; that is, its composition in terms of industry and firm size) and behavioural factors (how firms manage their workforce).

Table 8 Rate of use of labour hire employment, by industry, 2002 (bivariate analysis)

Industry	Rate of use of labour hire
Agriculture, forestry & fishing	5.4
Mining	3.4
Manufacturing	6.2
Electricity, gas & water supply	ns
Construction	3.9
Wholesale trade	4.1
Retail trade	1.4
Accommodation, cafes & restaurants	1.7
Transport & storage	3.6
Communication services	11.1
Finance & insurance	4.0
Property & business services	6.1
Government administration & defense	2.5
Education	1.1
Health & community services	2.7
Cultural & recreational services	2.1
Personal & other services	ns
Economy-wide average	3.5

Source: Laplagne et al. (2005), p.27.

These data show the strength of labour hire in communication services, manufacturing, property and business services, wholesale, transport and storage, and finance and insurance industries. Workplaces in the cultural, recreational, personal and other services industries are least likely to use labour hire. However, Laplagne et al. (2005) did not detect any industry effect on the rate of use of labour hire among labour-hire-using workplaces. Rather, they believed that a number of changes in operating environment prompted firms to alter their employment strategy in favour of labour hire workers. First was the industrial relations context: in the period there was a decline in the proportion of firms with 'closed union shops', a rise in enterprise bargaining, and an increase in the use of human resource managers. All three changes are likely to have contributed to an increase in the propensity of firms to use labour hire. Second, rising competitive pressures: trade liberalisation and globalisation put increasing pressure on firms to be competitive. One way for firms to increase competitiveness is to optimise their use of labour. Labour hire employment helped some firms to achieve that objective through cost reduction. In contrast, two changes occurring between 1990 and 2002 are likely to have slowed the growth of labour hire employment. One is the introduction of new technology: contrary to expectations, new technology is associated with a lower likelihood of using labour hire. The other one is changes in the economy's structure: the slower growth of manufacturing and other intensive users of labour hire employment, relative to other sectors of the economy, slowed the growth of labour hire employment.

Like casual employees, labour hire workers tend to be characterised by insecurity, the lack of career paths, low or below award pay and substandard conditions. These qualities imply low investment by employers in the skill development of such workers, and it is this aspect that is of concern here. In the following section, another form of non-standard employment—self-employment—will also be briefly examined.

Self-employment

The self-employed contractor is also a form of non-standard employment. Like other non-standard forms of employment, the share of self-employed contractors in total employment grew significantly, at least 15% over the two decades to 1998 (Waite & Will 2001).

Self-employed arrangements have a similar problem of definition as other non-standard employment. Firstly, the term contractor is used in connection with a number of different working arrangements. Second, the distinction between employers and independent contractors can be very difficult to make. Third, it can also be difficult to draw a distinction between employees and independent contractors (see Waite & Will 2001 for more details). VandenHeuvel and Wooden (1994) are among the first to adopt the term self-employed contractors for the group labelled independent contractors. Self-employed contractors are defined as those persons operating their own business, with no employees and predominantly providing labour services to their clients. They include: dependent contractors (self-employed contractors with working arrangements similar to those of employees) and independent contractors (self-employed contractors whose working arrangements with each client reflect a contractor-client relationship).

Waite and Will (2001) presented a good summary of the available literature on self-employed contractors' characteristics and incidence. In August 1998, 10% (or 844 000) of all employed people in Australia worked as self-employed contractors, of whom a quarter were dependent contractors. Compared with all self-employed contractors, dependent contractors are relatively young, work in lower skilled occupations and are much less likely to have earnings that vary from month to month. These differences support the view that they are more like employees than like genuine independent self-employed. Their putative self-employed status puts them at risk of receiving little employer support for their skills development. With the evidence to date, we cannot say more than that. But it is a dimension of vocational skills development that requires a better understanding.

Non-standard forms of employment bring the employers' flexibility and associated cost reduction. Our question is, to what extent are those savings achieved at the expense of adequate spending on skills development for the workforce? This question is investigated in the next section.

Vocational education and training

Employees

When tenure in a particular job is expected to be short, e.g. casual and labour hire workers, the reciprocal implicit training contract between employer and worker breaks down. Employers are concerned that they might lose their investment by training precarious employees, who then leave for another employer. This gives employers incentives to seek already trained employees in the labour market, rather than training their employees themselves (Cappelli 1999). In evidence provided below, we examine whether there is indeed a direct link between the form of employment and the level of training on the job, and formal study, that is received by employees. Most of the data are derived from the unit record files of the Survey of Education and Training Experience, conducted by the ABS.⁵

Table 9 shows the proportion of all employees on each type of employment contract who received some training in the 12-month period prior to the survey. (Employed people who were not employees are excluded from the table). The differences are small, when we include all forms of training (such as induction, OHS instruction and so on). The gap is largest between permanent and casuals and notably, this also widened between 1997 and 2001. In subsequent tables we look in more detail at the types of training provided to the different classes of workers.

Table 9 Employees who had received training in previous 12 months, by employment status, 1997–2001, %

Employment status	1997	2001
	% who received some training	% who received some training
All employees	81	82
Full-time	85	85
Part-time	82	81
Permanent	85	86
Casual	81	76

Source: Derived from ABS Education and Training Experience, cat.no.6278.0, 1997, 2001

Table 10 examines the pattern of formal study among employees. In constructing the table, we excluded all employees who are also enrolled full-time in a course of study. That is, we wanted to display the pattern of post-school courses taken by people who are primarily workers, but who are also studying. To do that, it is necessary to remove from the data the people who are primarily students, but who are also working. About one in ten workers is also studying part-time. Surprisingly, the proportion is a little higher for those working full-time and/or permanent. Casual workers are least likely to also be studying part-time.

⁵ At the time of writing, the only 2005 data available were companion data for the survey of Education and Training. The 2005 release of the ABS CURF, Survey of Education and Training was not yet available therefore few of the tables pertaining to training were able to be updated.

Table 10 Wage or salary earners^(a) who studied in 2001, level of 2001 non-school study, Australia, of each form of employment studying each type of qualification, %

Form of employment	Higher education	Undergrad. diploma	Assoc diploma	Skilled vocational qualification	Basic vocational qualification	% of each form of empl who studied
Full-time	36	13	9	21	21	10
Part-time	31	14	10	14	30	8
Permanent	37	13	9	20	21	10
Casual	31	15	8	16	30	7

Note: a. This excludes full-time students.

Source: ABS CURF, cat.no.6278.0 Survey of Education and Training 2001

The table shows that the types of study undertaken by employees do not vary a great deal according to their form of employment. About one-third of each employment type (of those who are studying) is doing some form of higher education course. Between 10 and 15% are doing diplomas. The main difference among the various forms of employment is that casual and part-time workers are more likely to be doing basic vocational qualifications, whereas permanent and full-time workers are more likely to be doing skilled vocational qualifications. Data that are not displayed in the table (from the same source) show that casual and part-time employees are also twice as likely as the others to be doing non-vocational courses (as about 11% of such employees are).

In Table 11 we restrict the data to those aged 25–64. This is in order to concentrate on workers who have largely completed their (initial) formal schooling. It enables us to highlight the workplace development of skills. The table is constructed to distinguish employer-based training from study towards a formal qualification. Even among these adults, about 10% were undertaking a formal course of study, external to their job. Of those who studied in 2005, fewer casual and part-time employees attended a training course in last the twelve months than did permanent and full-time workers. Of more interest for our purpose is those who did not study in 2005 (that is, whose skill development was entirely on the job). Here the pattern that we have seen in other data is again apparent. Full-time and permanent workers were *much* more likely than part-time and casual workers to attend a training course at work. Almost 60% of all casual workers were not studying and did not attend any training course in the previous 12 months. The comparable figure for permanent workers is 38%. Almost twice as many permanent as compared with casual workers attended a training course in their job (59% as compared with 35%). The differences between full- and part-time workers are not so strong, though again full-time workers who were not studying were much more likely to have attended a training course than were comparable part-time workers.

Table 11 Employed persons' aged 25–64 participation in education and training, 2005, %

Form of employment	Studied in 2005		Did not study in 2005		Total
	Attended a training course in last 12 months	Did not attend a training course in last 12 months	Attended a training course in last 12 months	Did not attend a training course in last 12 months	
Full-time	5	3	47	45	100
Part-time	5	5	38	51	100
Permanent	6	3	53	38	100
Casual	5	6	30	59	100

Source: ABS CURF, cat.no.6278.0 Survey of Education and Training 2005—companion data

Table 12 clearly shows that the higher-level management, professional and technical training is concentrated on permanent employees. Other data from the same source show that these trainees are most likely to be employed in managerial and professional jobs (not surprisingly) but also in associate professional, advanced clerical and, to a lesser extent, intermediate clerical jobs. For example, 44% of courses attended by permanent staff were management, professional and

technical, while this was true of only 15% of their casual counterparts. One-third of the (smaller number of) courses done by casual workers were induction and safety training. While essential for safe working, much of this type of firm-specific training cannot be transferred to other workplaces and is not very beneficial for employees' career development.

Table 12 Training courses completed by wage or salary earners, field of training, Australia (percentage of courses taken by those in each form of employment), 2001

Training courses completed	Permanent	Casual
Management & professional	31	15
Technical & para-professional	13	8
Trade & craft	6	7
Clerical & office	4	3
Sales & personal service	7	17
Transport, plant & machinery operation	3	2
Labouring & related	1	2
Induction	4	13
Supervision	3	2
Computing skills	11	7
Health & safety	16	22
Total	100	100

Source: ABS cat.no.6278.0 Survey of Education and Training 2001 – companion data

Training hours are a more important indicator of training outcomes than simply the training participation rate. Table 13 shows the total number of hours of formal training experienced by wage and salary earners in 2001 and 2005, distinguishing permanent from casual employees. The average hours column reports the average number of hours of training, across all employees, including those who did and those who did not undertake training. While permanent employees received 17.7 hours on average per person during 2001, casual employees only received 13.8 hours. The gap between average hours of training for permanent and casual employees grew between 2001 and 2005, while average hours per worker fell for both permanent and casual employees. Recall also that a higher proportion of training for casuals is basic induction and safety. This difference in average hours of training strongly supports the expectation that employers are less willing to invest in the skills development of workers whom they do not employ on a continuing basis.

Table 13 Training courses completed by wage or salary earners, training hours, Australia, 2001–05

Employment details	2001		2005	
	Total hours ('000)	Average hours	Total hours ('000)	Average hours course
Permanent	123 418.6	17.7	122 853.9	15.1
Casual	14 496.5	13.8	10 946.2	10.0
Status not determined	5 534.7	24.4	5 675.4	24.9
Total	143 449.8	17.4	139 475.6	14.7

Source: ABS cat.no.6278.0 Survey of Education and Training 2001 and 2005- companion data

This is clearly reinforced by the additional evidence provided in Table 14. Here, we have used the unit record file of the Survey of Education and Training Experience to identify participation in a variety of types of job-related training according to the form of employment.

To make sense of the table, it is necessary to understand clearly what is meant by each type of training. The ABS defines them as follows:⁶

- ✧ On-the-job training:
 - ◆ Asking questions of co-workers or colleagues;
 - ◆ Teaching yourself;
 - ◆ Being shown how to do your job; or
 - ◆ Watching others work.
- ✧ Internal training
 - ◆ Work-related training courses that were mainly attended by people working for the person's employer or business at the time of training.
- ✧ External training
 - ◆ Work-related training courses that were mainly attended by people not working for the person's employer or business at the time of training.

The data show that most types of training are systematically and substantially less for casual employees compared with permanent employees. The one exception is training that is not supported by the employer. The evidence of this table provides a powerful case that the growing role played by casual employment in the Australian workplace is putting vocational training in jeopardy. Note that the difference in training levels between full- and part-time workers is much less than that between casual and permanent workers (although casual part-time workers receive the lowest level of external training of all—especially for training that is supported by the employer). It is the expectation that the employee will have continuing employment with the firm, rather than the number of hours worked, that seems to be the powerful force influencing the extent of job-related training. This is what is to be expected. Firms recover the cost of the training they provide to workers only if the workers continue in the job.

Table 14 Percentage of employees who undertook various types of training by form of employment, 2001

Type of training	Permanent		Casual	
	FT	PT	FT	PT
On-the-job training	80	79	70	75
Internal training	44	44	18	22
External training	22	18	17	14
Employer-supported external training	17	12	6	3
Non-employer-supported external training	6	7	6	5

Source: Derived from ABS CURF cat.no.6278.0 Survey of Education and Training Experience, 2001

Although Table 14 suggests that having a casual form of employment *causes* employees to receive less training, in fact there may be other influences at work. It may be that the low level of training is a consequence of the occupations, industries or other characteristics associated with a casual contract. Almeida-Santos and Mumford (2004) provided a multivariate analysis of AWIRS95 data. It showed that part-time or fixed-term employment status was associated with a lower probability of recent training, holding other possible influences constant. VandenHeuvel and Wooden (1999) also used the AWIRS95⁷ to explore the factors that might be thought to contribute to whether an employee had undertaken employer-provided training. Even when controlling for a wide range of demographic, educational, personal, occupational, industrial and educational variables, casual employees were still much less likely to have undertaken employer-supported training over the past twelve months. These two studies support the view that it is the casual nature of the employment, and not just a range of other factors associated with being employed as a casual, that is driving the

⁶ ABS Education and Training Experience CURF, catalogue number 6278.0, 2001; Glossary

⁷ The Australian Workplace Industrial Relations Survey, conducted in 1995. It has not been repeated since then.

training differences that are reported in Table 14. We ran our own regressions, using the Survey of Education and Training, to further determine the relationship between casual status and amount of training undertaken. The results, however, explained little of the variation in training due to lack of availability of relevant control variables in the data.

When the training data are disaggregated by sex (see Table 15), it is clear that, in most of the employment categories, women were more likely to receive training than men. Women permanent full-time workers (at 48%) received more internal training than men (42%), and women full-time casuals (at 25%) also received more internal training courses than their male counterparts (15%). The same story applies to part-time workers: women are more likely to receive internal training than men, given their permanent or casual status. Indeed, women mostly undertake more external training as well. Only for casual workers is the female advantage in external training not apparent. Male full-time casual workers are particularly disadvantaged in their access to internal training. This is an important point, because for men this form of employment has been growing particularly rapidly. As we document in Table 4, for men casual jobs grew much more rapidly than did permanent jobs between 1992 and 2005: even for full-time employment, casual jobs outpaced permanent ones for men. So the evidence from Table 15 that these jobs provide little opportunity for skills development that is employment-based is particularly disturbing.

Table 15 Participation in training by employment status and sex, 2001, %

Sex	Work type	Entitlements	Internal training	External training
Male	Full-time	Permanent	42	21
		Casual	15	18
	Part-time	Permanent	38	15
		Casual	21	15
Female	Full-time	Permanent	48	24
		Casual	25	16
	Part-time	Permanent	46	19
		Casual	23	14

Source: ABS CURF cat.no.6278.0 Survey of Education and Training Experience, 2001

Curtain (1996) drew on specially designed surveys of both employers and employees and was able to examine more closely the constraints and circumstances relevant to different kinds of casual workers. Curtain's analysis also provided an alternative way of understanding casual arrangements, which highlights some important links with VET. Instead of limited job tenure (VandenHeuvel 1999) or contingency, or precariousness (Burgess & Campbell 1998), Curtain suggested that the essence of casual employment is the absence of a career path. Seventy seven per cent of employers of casuals in the Curtin data stated that they believed their casual employees were not oriented toward a career, whereas most casuals actually wanted a career. This suggests that the problems of casual employment and training are not solely about access to or the adequacy of training, they also concern the (mis) perceptions of employers and the very different aspirations of casual employees.

A further feature of casual employment that is inimical to the ability to further develop skills is the uncertainty about when hours will be worked. The absence of a clear schedule of work hours makes it more difficult for workers to commit to formal educational courses that require classroom instruction.

The Curtin study (1996, pp.18–22) usefully emphasises that casual workers are not a homogeneous group. Indeed, it suggests that they can be divided into groups according to their orientations to VET:

- ✧ Full-time students, who tend to have little interest in pursuing VET in the area of their casual employment because they have different aspirations

- ✧ casuals with few career aspirations, who tend to be apathetic and pessimistic about VET opportunities
- ✧ women with dependent children, who tend to feel that they *do* have reasonable training opportunities
- ✧ mature-aged men, who tend to be in insecure jobs and feel marginalised and isolated from training opportunities
- ✧ career-oriented casuals, who tend to want training (or more training) to help them develop skills for permanent work and a career path.

Labour hire

It seems reasonable to expect that labour hire workers also have lower levels of training for the same reasons as casual workers. VandenHeuvel and Wooden (1999) pointed out there are likely to be strong incentives working on individual labour-hire operators not to train their employees for fear of having well-trained staff lured by client firms. However, the qualitative evidence presents a mixed picture. On the one hand, the increased use of labour hire workers has given rise to diminished levels of training by the company. For example, the ACTU stated that:

Our experience is that for people who are caught up in labour hire employment on a long-term basis, ongoing skills training just is not there. I am not saying you cannot find examples where it is there, but in general terms it is not nearly at the level it would be in the permanent work force, so there is a problem there.

R Marles, ACTU 2004. Minutes of Evidence, 13 September, p.133.
Quoted by Economic Development Committee (2005)

On the other hand, the labour hire industry claimed that some labour hire agencies provide significant levels of training to their workers that go well beyond the basic induction or OHS training. For example, Skilled Engineering said:

We currently have about 550 apprentices and recently completed traineeships, and we are looking to expand on that. We have launched a program called Operation TECH, specifically to address the issues associated with skill shortages.

K Bieg, Skilled Engineering 2004. Minutes of Evidence, 28 July, p.81.
Quoted by Economic Development Committee (2005)

However, qualitative evidence on this issue could be biased and is not amenable to generalisation. The 1998 KPMG report is one of the few studies that specifically investigates the impact of labour hire arrangements on skills training in Australia. They found that the training provided by labour hire firms was usually either induction training or occupational health and safety and that they shift the burden for more general skills formation to the workers. Just over half of the labour hire agencies in the KPMG survey expected their employees to take private responsibility for skill development and maintenance. A majority of firms reported that they supplied workers with metal and electrical skills, but these were relatively higher skilled workers. Seventy-five per cent of respondents in the survey agreed that it was better to recruit already skilled staff.

In fact, many firms were aware of the importance of skills to an organisation. However, employers were also aware of the dangers of losing trained employees to other firms and the inability of labour hire firms to recoup the costs of training. Therefore, the temporary nature of most labour hire arrangements appears to be, as one would expect, the main factor that induces a relatively low investment in vocational skills development.

The KPMG report also found that labour hire firms were much less likely to fund skills maintenance or extension, and only a small number of firms had engaged an apprentice. Hall et al. (2000) suggested that if labour hire firms are below-average trainers, then the shift of a notable proportion of employment from conventional in-house employment to labour hire employment

will lead to lower levels of training overall, other things being equal. The circumstances in which labour hire workers are most likely to receive employer-funded training are where labour is skilled and in short supply; when the worker has a long-term relation with the labour hire firm; and where profit margins are above average. Alternatively, if relations between the parties are short-term, an institutional mechanism such as group training that spreads the risk can result in greater training.

In summary, the available data cannot provide a clear-cut picture of the relationship between labour hire arrangement and vocational training, although there are strong reasons to expect that labour hire workers receive below-average training from their employers. Such evidence as there is supports the theoretical expectation that labour hire arrangements are inimical to employer-supported skills development. However, there is not enough satisfactory evidence to enable us to come to a strong conclusion about the strength of the impact on training of labour hire arrangements.

Self-employed

The self-employed labour-only contractor is also a non-standard form of employment. While such contractors have experienced a significant growth over past two decades, very little research in Australia has been done on the link between this employment form and training, especially vocational training. By definition, self-employed contractors are those who operate their own business without employees and predominantly provide labour services to their clients. There are no data available that link labour-only contractors with training. However, ABS CURF 2001 Survey of Education and Training Experience provides data on self-employed persons working in own business without employees. They might not necessarily all provide just labour services to their client firms, so any analysis based on the data is an approximation of what we want. Nevertheless, it gives some insight into the self-employed training experience.

The self-employed have an entirely different relation with employer-supported training than do employees, for the obvious reason that they are both worker and employer. There are no agency problems, such as always arise in the employment relation, where the motivations and interests of the parties may diverge, and where one party will have more knowledge about aspects of the relation than does the other (such as intention to stay or to terminate the employee). There are no issues of trust or risk to the investment in skills development. At the same time, because labour-only contractors mostly have little capital behind them, they have little more capacity than employees to fund their own skills development. Other sole proprietors (that is, working in own business without employees) will be in a broadly similar position, though the extent to which their business has a capacity to support the costs of their own skills development will vary. We would expect that the self-employed use external training relatively more than employees, because they have no one else in the business to learn from.

With this in mind, we look in Table 16 at the differences reported between employees on the one hand and sole proprietor self-employed on the other hand in the extent to which they undertook various forms of skills development in 2001.

Table 16 Percentage of employed persons who undertook training by full-time/part-time and self-employment, 2001

Type of training	Wage salary earner		Self-employed ^(a)	
	FT	PT	FT	PT
On-the-job training	79	77	71	73
Internal training	43	33	19	19
External training	22	15	31	32
Employer-supported external training	17	7	10	3
Non-employer-supported external training	6	6	5	7

Note: (a) Persons working in own business without employees

Source: ABS CURF cat.no.6278.0 Survey of Education and Training Experience, 2001

In interpreting Table 16, we must be aware that self-employed people are likely to differ from employees in systematic ways, such as age, that affect their probability of seeking training. Nonetheless, as expected, the self-employed seek more external training—indeed, at twice the rate of employees if they are part-time. And they get less internal training. It is interesting to note that they report about the same rate of participation in on-the-job training as do employees. On-the-job training includes ‘asking questions of co-workers or colleagues’ and ‘teaching yourself’ (ABS Education and Training Experience CURF, catalogue number 6278.0, 2001; Glossary). There is some evidence in this table that these sole proprietor self-employed—not having co-workers to learn from or an employer to organise training—make more use of external training opportunities. It also suggests that employer-provided internal training is indeed a partial substitute for external training. Both conclusions mean that the formal VET system should pay close attention to developments in self-employment, in order to be able to respond to increasing needs from this source. Our earlier data show that self-employment has been growing at about the same rate as total employment.

We note that the bias against part-time workers in access to training, that is quite strong among employees, does not occur among the self-employed.

Conclusion

The pattern of labour market development in the past two decades has involved substantial growth in non-standard employment in Australia, at the expense of full-time permanent employment. The trend, however, is not uniform, with not much growth in the share of non-standard employment occurring after about 2001. We have documented the growth in casual employment, in part-time employment, in labour hire employment and in sole-proprietor self-employed. The most striking of all these changes has been the growth in full-time and part-time casual employment of men—in almost equal numbers. This shift to casual (and to part-time) employment for men is a big break from the past norms of the ways that men are employed. Of the two, it is the growth in casual employment that has the biggest consequences for vocational skills development. This is for two reasons. First, the absolute numbers of people involved is large (much larger, for example, than the growth in labour hire). Second, the evidence strongly suggests that being employed on casual terms leads to substantially less vocational skills development, compared with being employed on a continuing basis. Not only is a smaller proportion of casual workers involved in any employment-based training. For those who are, casuals receive many fewer hours of instruction, on average, than do permanent workers and a higher proportion is basic induction and safety training.

The story for women is different. Women are still more likely than men to be employed on a casual and/or part-time basis. But the gap with men is closing. This is partly because more men are being employed on these terms. And partly because a growing proportion of women are obtaining full-time and permanent jobs. The gender difference is amplified by the fact that for men, casual employment, even if full-time, offers particularly low levels of job-related training. For men, the category of employment that is growing fastest (casual, including full-time casual) is also the one that is least likely to offer opportunities for skills development.

The shift to casual employment for full-time (especially male) workers that is identified in this paper is a new and substantial development. It has very significant implications for the ways in which vocational skills are acquired. In particular, the contribution that is made by employers, through the provision of training on the job, is probably seriously diminished by this development. The concerns that this raises are reinforced by the fact that such growth in continuing jobs as there were for men were found not in the key learning ages of 20–30, but in the established ages of 45–60.

Other evidence that is presented in this paper reinforces the pessimistic conclusion about the development of skills on the job. The expansion of labour hire has the same direction of effect, and this form of employment is growing as a proportion of all employment. So too does sole-proprietor self-employment (including labour-only contractors).

People who already have high levels of skills are likely to be able to find opportunities to enhance those skills when they need to. Data, not reported here, from the Survey of Education and Training Experience show that people with higher levels of formal education also receive more job-related training. We have also shown that the growth in casual jobs has been especially concentrated at the lower skill levels, where on-the-job learning is most important. Low-skilled precarious workers thus face a much more bleak environment. Learning on the job has always been a fundamental part of the way in which the less-educated enhance their skills (and job opportunities and wages). This group is likely to be particularly hard hit by the shift to casual, labour hire and labour-only contracting that is such a part of recent Australian labour market history. The increasing competitive pressures on workplace can lead to short-term cost reduction strategies, including

budget cuts for training. But these strategies seem to be putting productivity growth at risk in the longer term as the stock of workforce skills fails to expand as it could and should.

The shift away from full-time continuing employment is likely to put the informal and semi-formal processes for such skill development seriously at risk. If it does so, then Australia must look to other ways of ensuring the continuing enhancement, refreshment and updating of its stock of vocational skills. In particular, it is likely that the burden of such skills enhancement will shift, at least to some extent, from the employer to the publicly funded VET providers and to workers themselves.

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Appendix 1:

Skills consortium publications

The following is the complete list of titles produced by the National Institute of Labour Studies, Flinders University and the Centre for Post-compulsory Education and Lifelong Learning, University of Melbourne, through the research project, A well-skilled future: Tailoring VET to the emerging labour market.

Forecasting future demands: What we can and cannot know

Sue Richardson and Yan Tan

Future skill needs: Projections and employers' views

Diannah Lowry, Simon Molloy and Samuel McGlennon

Demographic impacts on the future supply of vocational skills

Yan Tan and Sue Richardson

Skill acquisition and use across the life course: Current trends, future prospects

Bill Martin

What is a skill shortage?

Sue Richardson

Changing forms of employment and their implications for the development of skills

Sue Richardson and Peng Liu

Changing work organisation and skill requirements

Bill Martin and Josh Healy

Social area differences in vocational education and training participation

Richard Teese and Anne Walstab

Participation in vocational education and training across Australia: A regional analysis

Anne Walstab and Stephen Lamb

Current vocational education and training strategies and responsiveness to emerging skill shortages and surpluses

Jack Keating

Matching supply and demand: International perspectives

Jack Keating

Impact of TAFE inclusiveness strategies

Veronica Volkoff, Kira Clarke and Anne Walstab

A well-skilled future

Sue Richardson and Richard Teese

Support document details

Additional information relating to this research is available in *Changing forms of employment and their implications for the development of skills: Support document*. It can be accessed from NCVER's website <<http://www.ncver.edu.au/publications/1994.html>>. It contains supporting tables and figures.



The Consortium Research Program is part of the National Vocational Education and Training Research and Evaluation (NVETRE) Program, coordinated and managed by the National Centre for Vocational Education Research, on behalf of the Australian Government and state and territory governments, with funding provided through the Department of Education, Employment and Workplace Relations.

The consortium, *A well-skilled future: Tailoring vocational education and training to the emerging labour market*, comprises researchers from the National Institute of Labour Studies in South Australia and the Centre for Post-compulsory Education and Lifelong Learning in Victoria. Its program of research aims to investigate future work skill needs and work organisation arrangements, and their implications for vocational education and training.

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