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**RECENT TRENDS IN JOB STABILITY AND JOB
SECURITY IN AUSTRALIA**

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ABSTRACT

This paper reviews evidence on recent trends in job stability and job security, and in workers' perceptions of job security, in Australia. Rates of job stability and job security are found to have been relatively stable between the 1980s and mid-1990s. Over the long run some slight increase in job stability has occurred due to a greater proportion of female workers in long tenure jobs (10+ years). Job security - measured as the inverse of the rate of worker retrenchment - declined significantly in the early 1990s, but most of this effect appears to have dissipated by the mid-1990s. Workers' perceptions of the probability of job loss seem to correspond quite closely to time-series movements in actual retrenchment data. Significant change has, however, occurred between the 1980s and mid-1990s in workers' feelings about more broadly defined perceptions of job security, relating for example, to beliefs about predicability of what a job will entail in the future (for example, tasks to be performed or hours of work). In this dimension of workers' perceptions of job security there has been a significant decline evident in the mid-1990s. It is speculated that the source of that decline may be developments in the Australian labour market from the late 1980s onwards that have shifted bargaining power in the employment relationship towards employers.

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1. Introduction

At the centre of recent debate over developments in the labour market in Australia has been the concept of the 'lifetime job'. Some commentators have argued that the main impact of changes to workforce arrangements such as contracting out and increased casualisation of employment has been the decline of the lifetime job. For example, ACIRRT (1999, p.126) argue that "Profound changes in the labour market have rendered almost obsolete the conventional notion of a full-time permanent job carried out for most of one's working life". This claim has however been disputed. For example, Wooden (2000, p.131) argues that "...there is no evidence that the average duration of jobs has been shortening".

The objective of this chapter is to attempt to shed some light on the debate over lifetime jobs in Australia. Evidence on job stability, meaning job duration or the probability of leaving a job, and job security, defined as the probability of experiencing retrenchment from a job, is reviewed. (Retrenchment is just one reason why a worker might cease a job. Hence analysis of worker retrenchment or job security can be thought of as a 'subset' of analysis of job stability, which is about the overall probability that a worker will cease a job.)

The concept of a lifetime job is of course a catchall term that can have a range of meanings. Nevertheless, to the extent that it is intended to mean a job in which a worker spends most of his or her career, an evaluation of job stability and job security can be seen as relevant to understanding whether lifetime jobs are disappearing. For example, any reduction in the proportion of lifetime jobs in the economy would be expected to be reflected in a decline in average job duration; that is, to a reduction in job stability.

Two main tasks are undertaken – to describe recent trends in job stability and job security in Australia; and to analyse the main determinants of job stability and job security. In thinking about the determinants of job stability and job security a range of factors can be considered:

- i) Individual worker characteristics – for example, gender, age, and educational attainment;
- ii) Job-related characteristics – for example, sector of employment, and firm size;
- iii) Business cycle factors; and
- iv) Structural factors – for example, reductions in job security following a change in government legislation that lowers the opportunity cost to employers of retrenching workers.

With the debate over lifetime jobs in mind, a particular focus will be to examine whether – due to structural-type factors - there has been a decrease in job stability and job security between the 1980s and 1990s.

The review of evidence on job stability and job security presented in this chapter draws on research findings from a range of recent studies for Australia. Studies by Wooden (1998) and McDonald and Felmingham (1999) have addressed the topic of job stability using data from the ABS *Labour Mobility Survey* from the mid 1970s onwards. These

studies describe trends in job duration and in the overall rate of separation from jobs by workers. Several studies have examined job security - Borland (1998) reviews available aggregate level evidence on the incidence of worker retrenchment and case study evidence on the costs of retrenchment; Borland et al. (2000) examine costs of retrenchment for a sample of young workers between 1981 and 1993; and Borland and McDonald (2000) analyse the determinants of retrenchment using individual-level data from the ABS *Labour Mobility Survey* between 1984 and 1996. In addition, Kelley et al. (1998), Borland (1999) and Wooden (1999) analyse data on workers' perceptions of job security between the 1980s and 1990s in Australia.

There is also an extensive international literature on job stability and job security. An important recent focus of that literature has also been on the question of whether lifetime jobs are disappearing. For North America – where most research on these issues has been undertaken - a recent review of research on both job stability and job security is provided in Neumark (2000); Hamermesh (1989), Fallick (1996), and Kletzer (1998) provide detailed reviews of studies of the incidence of worker retrenchment and the costs of job loss for retrenched workers; and Schmidt (2000) describes recent trends on workers' perceptions of job security. Reviews of evidence on job stability and job security for other countries are presented in Gregg and Wadsworth (1995) and Kuhn (2000).

The rest of this chapter deals with each of the three main topic addressed in the existing Australian literature. The next section reviews evidence on job stability – specifically, on job duration and rates of job separation in Australia. Sections 3 and 4 consider job security in Australia. In section 3 evidence on the actual incidence of worker retrenchment is examined. In section 4 workers' perceptions of job security are examined; this involves analysis of data on workers' beliefs about the likelihood of retrenchment, but also on more general feelings of security about work.

2. Job stability

Job stability is a summary term to describe the duration of time for which workers remain in the same job. Two types of statistics can be reported to provide information on job stability – first, information on the average duration of current jobs or distribution of job durations for persons who are currently employed; and second, information on the proportion of workers who cease a job (out of the group of all workers who hold a job) over some time period. For example, increases in average job duration, a shift in the distribution of job tenure towards longer spells, or decreases in the probability of ceasing a job, would be interpreted as consistent with an increase in job stability.

Information on both these measures of job stability is available for Australia from the ABS *Labour Mobility Survey*. This is a supplementary survey to the monthly *Labour Force Survey* that has been undertaken on a biennial (and sometimes annual) basis from 1975 onwards. In this survey individuals who are currently employed are asked to report their current tenure in their main job at the survey date. From this question measures of the distribution of job duration for currently employed individuals can be constructed.

The survey also asks whether an individual held a job in the past 12 months, and whether an individual ceased a job in the last 12 months. The ratio of those two variables is a measure of the proportion of persons who held a job in the last 12 months who separated from that job (referred to as the rate of separation).

Table 1: Distribution of duration of current job, 1975 to 1998

	Current job duration					
	<1 year	1 to <2 years	2 to <5 years	5 to <10 years	10 to <20 years	20+ years
Survey date						
Dec. 1975	23.1	13.0	26.7	16.9	12.4	8.0
Dec. 1979	22.3	13.7	25.0	18.3	13.2	7.5
Feb. 1984	21.3	11.6	28.3	18.7	20.1	
Feb. 1988	26.0	11.8	22.7	15.8	15.6	8.1
Feb. 1992	19.6	10.8	28.1	17.8	15.5	8.2
Feb. 1996	23.5	12.2	21.6	19.5	15.1	8.2
Feb. 1998	21.8	12.3	24.5	17.0	15.9	8.6

Source: Wooden (1998, Table 2); from ABS, Labour Mobility Survey, catalogue no.6209.0 (various issues).

Table 2: Distribution of duration of current job by gender, 1975 to 1998

	Current job duration			
	Males		Females	
	< 1 year	10 years +	< 1 year	10+ years
Survey date				
Dec. 1975	20.9	25.2	27.3	10.8
Dec. 1979	20.5	25.5	25.3	12.3
Feb. 1984	19.4	24.1	24.5	13.4
Feb. 1988	24.3	29.0	28.5	15.8
Feb. 1992	18.4	28.7	21.2	16.8
Feb. 1996	22.4	27.1	24.8	18.3
Feb. 1998	20.8	27.8	23.1	20.0

Source: Wooden (1998, Table 3); from ABS, Labour Mobility Survey, catalogue no.6209.0 (various issues).

Tables 1 and 2 present information on the distribution of job tenure for current workers from 1975 onwards. At any point in time there is a great deal of diversity in workers' job durations. For example, relatively large proportions of workers have short spells of tenure, but as well, large proportions also have long spells (for example, generally over 20 per cent of the workforce have been in their current job for less than a year, and for more than 10 years). The distribution of job durations exhibits a cyclical pattern – for example, the proportion of short duration jobs falls during contractionary periods (such as between 1988 and 1992) due to a decline in the rate of new job creation; and increases during expansionary periods (such as from 1984 to 1988) where the rate of new job creation is rising.

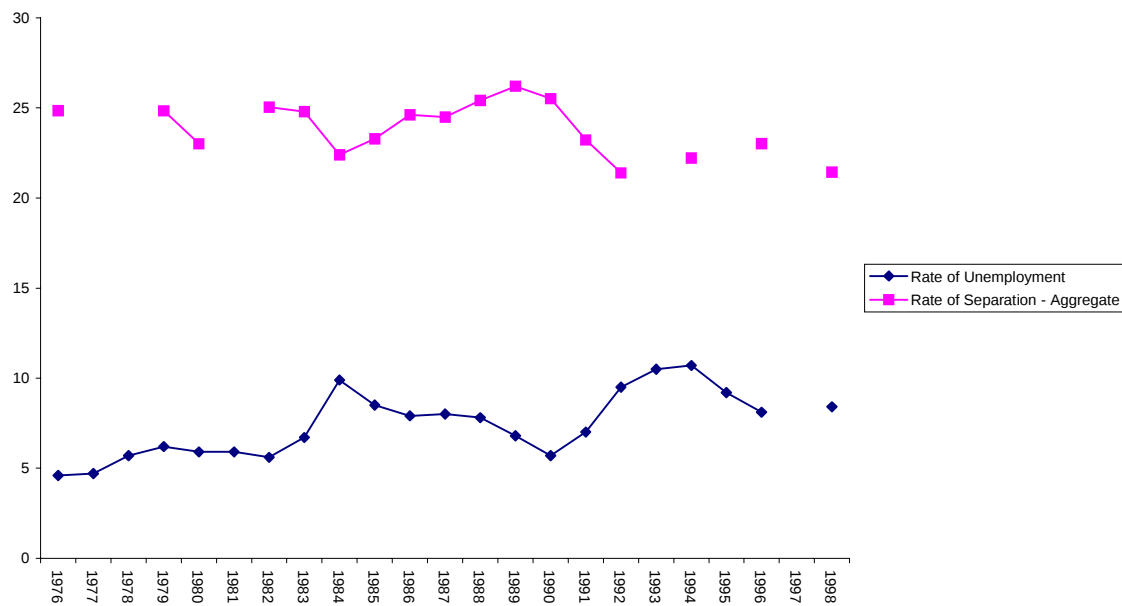
A further point to note about the time-series pattern is that there is no evidence of a long-term trend increase in the proportion of short duration jobs or decline in the proportion of long duration jobs. Although it is difficult to adjust for cyclical effects using the raw data in Tables 1 and 2, if anything the opposite appears to have occurred. That is, there has been an increase in the proportion of long duration jobs, and a decline in the proportions of short and medium duration jobs. This has been driven by changes for females (for example, the proportion in jobs of more than 10 years duration increases between each time period from 10.8 per cent in 1975 to 20.0 per cent in 1998), whereas for males no long-term trends are apparent.

Information on the overall annual rate of separation of workers from jobs is presented in Figure 1. Viewed from this perspective it is evident that in any year a considerable proportion of the workforce – about 20 to 25 per cent – cease their current job. It is also apparent that the rate of job separations follows a counter-cyclical pattern over time – for example, declining from about 26 per cent to 21 per cent between 1989 and 1992 over which period the rate of unemployment rose from 6.8 per cent to 9.5 per cent. Consistent with the data on job durations there is no evidence of an upward trend in the rate of job separation; if anything, when years that are at approximately similar points in the business cycle (such as 1984 and 1994, or 1988 and 1998) are compared, it appears that there may be a downward trend in the rate of job separation.

3. Job Security – Worker retrenchment

The concept of job security is most usually associated with the probability of a worker experiencing involuntary job loss for reasons related to deficient demand – otherwise known as retrenchment. In this section data from the *ABS Labour Mobility Survey* is used to describe patterns of worker retrenchment in Australia. From amongst the group of workers who identify themselves as having ceased a job in the previous 12 months, the *Labour Mobility Survey* also collects information on the reason for ceasing last job – one reason is 'retrenched'. (The group of workers who held a job sometime in the last 12 months but were not retrenched then constitutes the rest of the total pool of workers in that time period.)

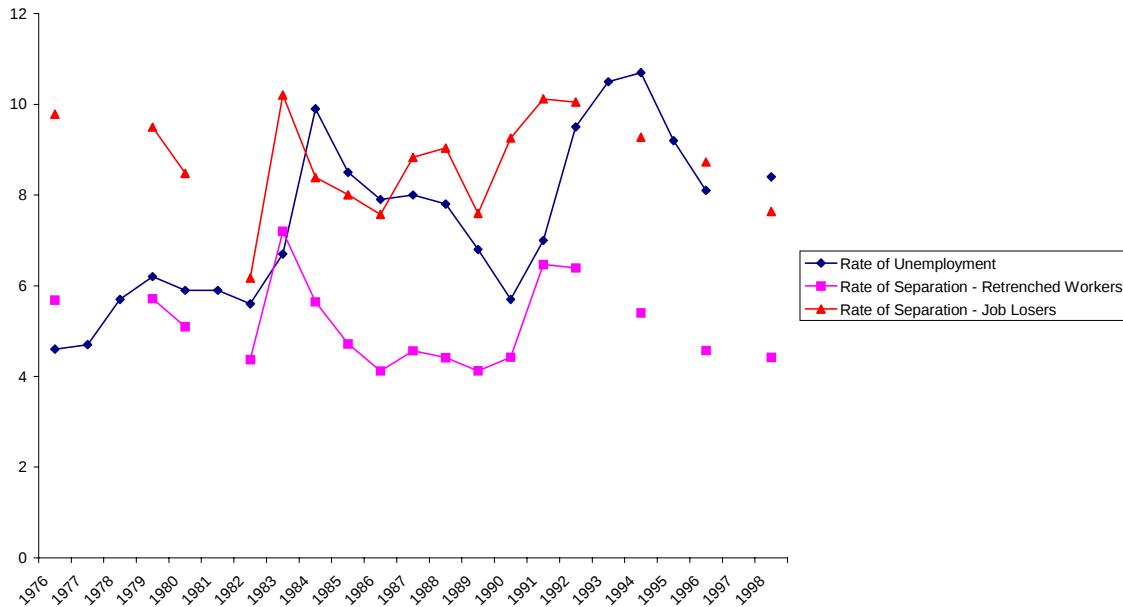
Figure 1: Aggregate rate of job separation and rate of unemployment, 1975 to 1998



Note & Source: a) Rate of job separation equals number of persons ceasing a job in previous 12 months divided by number of persons who held a job in previous 12 months. From ABS, *Labour Mobility Australia*, catalogue no.6209.0; and b) Rate of unemployment is average rate of unemployment (persons) for 12 months covered by *Labour Mobility Survey*. From ABS, *Labour Force Australia*, catalogue nos. 6203.0 and 6204.0.

Figure 2 presents information on the proportion of workers retrenched and proportion of workers who were job losers (includes all reasons for involuntary job loss such as retrenchment, seasonal work ending or ill-health) between 1975 and 1998. It is apparent from the figure that in any year a significant proportion of the workforce experiences retrenchment. Each year on average about 5 per cent of the workforce is retrenched. In the year to February 1998 this represented just over 400,000 persons. Some type of involuntary job loss is experienced by around 10 per cent of the workforce each year. Figure 2 also reveals that there is a strong counter-cyclical pattern in the proportion of workers who experienced involuntary job loss. However, it is hard to discern any upward or downward trend either in overall involuntary job loss or the probability of retrenchment.

Figure 2: Rates of involuntary job loss and worker retrenchment and rate of unemployment, 1975 to 1998



Note & Source: a) Rate of separation – retrenched workers equals number of persons ceasing a job in previous 12 months with reason for ceasing last job being retrenchment divided by number of persons who held a job in previous 12 months. From ABS, *Labour Mobility Australia*, catalogue no.6209.0; and b) Rate of unemployment is average rate of unemployment (persons) for 12 months covered by *Labour Mobility Survey*. From ABS, *Labour Force Australia*, catalogue nos. 6203.0 and 6204.0.

Figures 3a and 3b, and Table 3, present information on the probability of retrenchment for disaggregated workforce groups. From the figures it can be seen that rates of retrenchment are slightly higher for males than for females, and vary inversely with years of tenure in a job – for example, for workers with less than one year of job tenure the probability of retrenchment is always above 10 per cent, whereas for workers with more than 3 years of job tenure it is always below 5 per cent. The table also shows that not all types of workers face the same risk of retrenchment from their jobs. Workers with lower levels of educational attainment, who are aged under 25 or over 55 years, who work in blue-collar jobs or in manufacturing, construction or wholesale/retail industries, and who are immigrants, are more likely than other types of workers to be retrenched.

Regression analysis of the determinants of retrenchment using individual-level data from the ABS *Labour Mobility Survey* for time periods between 1984 and 1996 confirms these types of relations between the probability of retrenchment and worker and job characteristics (see Borland and McDonald, 2000). Moreover, using this data and regression approach it is possible to undertake a more detailed analysis of the effect of business cycle and structural factors on the probability of retrenchment (with proxy variables for business cycle effects and year dummy variables to capture structural change).

Figure 3a: Rate of worker retrenchment by gender, 1984 to 1998

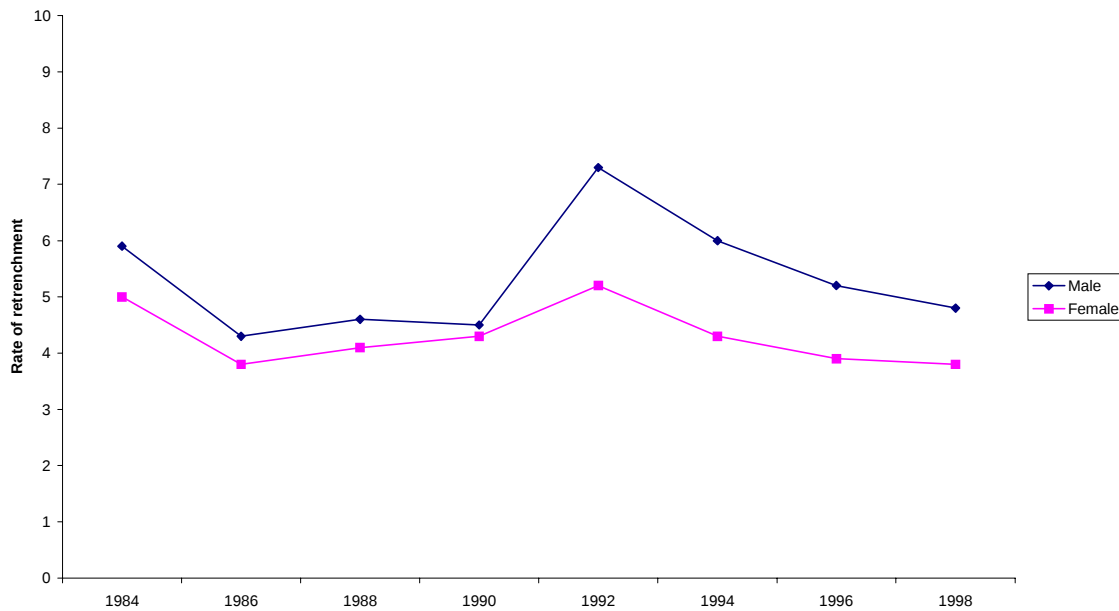
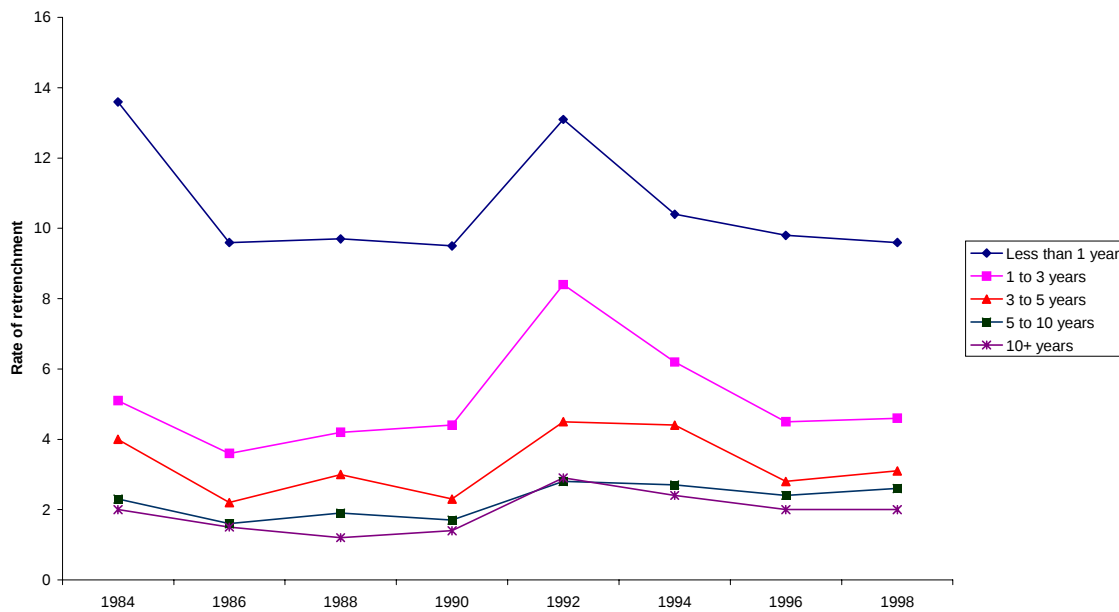


Figure 3b: Rate of worker retrenchment by years of tenure, 1984 to 1998



Note & Source: Figures 3a and 3b: Rate of worker retrenchment equals number of persons ceasing a job in previous 12 months with reason for ceasing last job being retrenchment divided by number of persons who held a job in previous 12 months. From ABS, *Labour Mobility Australia*, catalogue no.6209.0.

Table 3: Average probability of retrenchment by disaggregated workforce groups, 1984 to 1996

	Males	Females
Age		
20-24	0.058	0.032
25-34	0.037	0.026
35-44	0.031	0.025
45-54	0.031	0.025
55-64	0.040	0.027
Education		
Degree +	0.0178	0.013
Post-secondary qualification	0.0399	0.024
High School	0.0431	0.024
Less than High School	0.0347	0.033
Occupation of last job		
Manager	0.023	0.022
Professional	0.016	0.015
Para-professional	0.022	0.012
Tradesperson	0.052	0.034
Clerk	0.025	0.032
Salesperson	0.042	0.026
Plant and machine operators	0.039	0.052
Labourers	0.053	0.034
Industry of last job		
Manufacturing	0.048	0.046
Construction	0.070	0.033
Finance, property and business services	0.029	0.012
Government/Defence	0.010	0.012
Education/Health	0.012	0.030
Transport and storage	0.033	0.032
Wholesale and retail trade	0.045	0.034

Source: Borland and McDonald (2000, Table 2); from ABS, Labour Mobility Survey, unit record files for 1984, 1987, 1989, 1991, 1992, 1994 and 1996.

Table 4: Probability of retrenchment – Year effects and business cycle effects, 1984 to 1996

Effect on probability of retrenchment (Base year =1984):

	Male	Female
1987	0	0
1989	0	0
1991	+1.8	+1.1
1992	+1.1	+1.1
1994	+0.6	+0.3
1996	+0.6	0
Rate of UE	+0.2	+0.2
Vacancy rate	-0.5	0

Note: All effects reported are statistically significant at the 5% level.

Source: Borland and McDonald (2000, Table 3); from probit analysis of determinants of incidence of retrenchment for individual workers using data from ABS, Labour Mobility Survey, unit record files for 1984, 1987, 1989, 1991, 1992, 1994 and 1996.

Table 4 presents findings from this type of regression analysis on the role of business cycle and year effects as determinants of the incidence of retrenchment for individual workers. First, the incidence of retrenchment is found to be related to business cycle conditions; for example, a one percentage point increase in the (state-specific) male rate of unemployment will on average increase the probability of retrenchment by 0.2 percentage points. Second, it appears that rates of retrenchment were indeed higher in the early and mid-1990s than in the 1980s, but that the magnitude of the difference has become smaller or disappeared in later years. For a male worker the probability of retrenchment was 1.8 percentage points higher in 1991, 1.1 percentage points higher in 1992, and 0.5 percentage points higher in 1994 and 1996, than in the 1980s. For female workers the probability of retrenchment was 1.1 percentage points higher in 1991 and 1992, 0.3 percentage points higher in 1994, but not significantly different in 1996, compared to the 1980s.

These increases in the probability of retrenchment in the early and mid-1990s must be regarded as substantial given that the probability of retrenchment on average is only 5 per cent per annum. What might explain the higher probability of retrenchment? The results described above control for differences in the business cycle across years which means that there have been other factors – over and above changes in the rate of unemployment – that have caused the higher rates of retrenchment in the 1990s. Possible explanations that have been suggested are extra downsizing by some organisations (such as financial institutions), or government sector reform, in the early 1990s.

4. Job security – Workers' perceptions

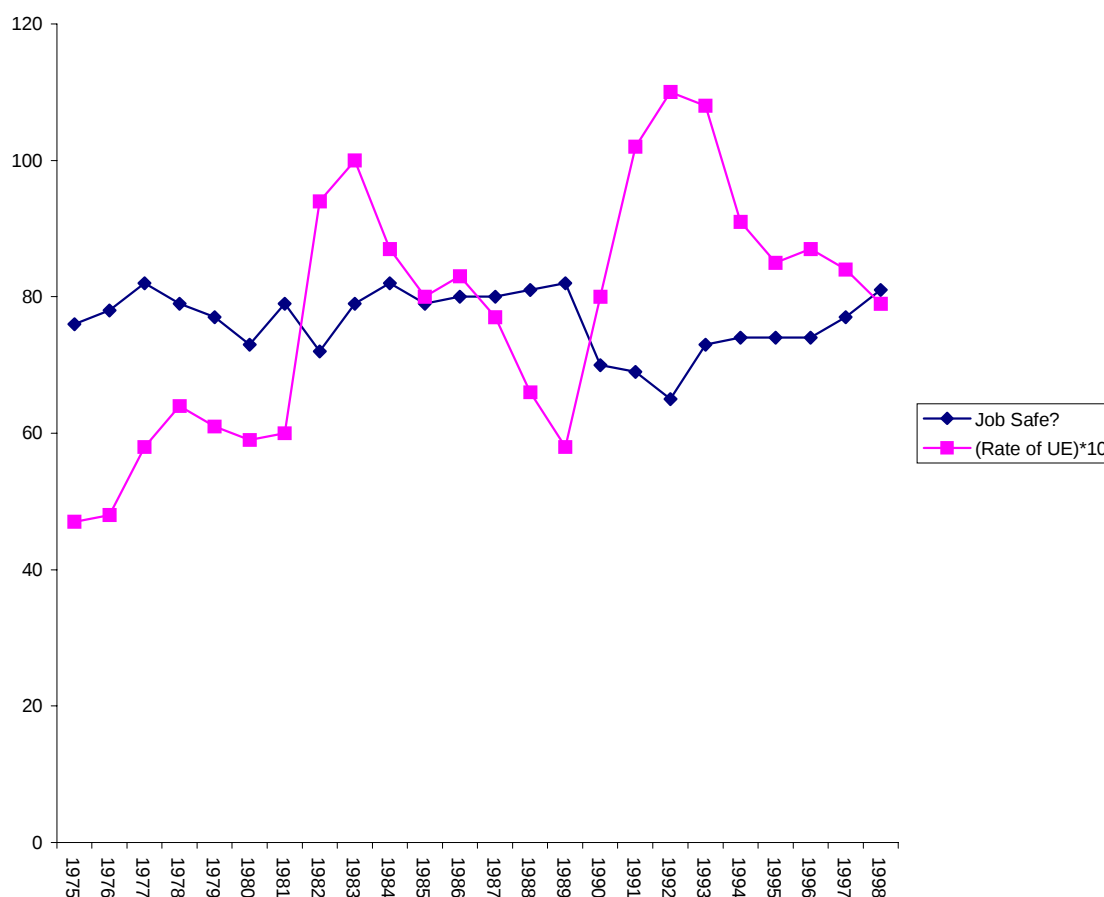
Workers' perceptions of job security refers to their subjective perceptions held about that characteristic of a job. Using the interpretation of job security that it is the probability of retrenchment, a perception of job security is a worker's belief about the likelihood of retrenchment. Most international research on perceptions of job security follows this approach of studying workers' perceptions of the probability of retrenchment (for example, OECD, 1997, and Schmidt, 2000).

It does seem important to note though that there are a variety of types of events that it might be reasonable to expect would affect a worker's feelings of security about work. For example, a worker's feelings of security might be affected by the prospect of a change in job or in a work environment even for a worker who does not expect to change employers.

Recognising that perceptions of job security may be multi-dimensional has important implications for interpretation of survey evidence on workers' perceptions of job security. Specifically, different questions may elicit responses that take into account alternative (or overlapping but not coincident) dimensions of job security. For this reason it should not necessarily be expected that different questions on job security would obtain similar responses.

In this section evidence from two main sources of data on workers' perceptions of job security in Australia are reviewed. One is Morgan Gallop Poll surveys undertaken between November 1975 and 1998. In this survey a question is asked – Do you think your present job is safe, or do you think there's a chance you will become unemployed? This question is interpreted as being about likelihood of involuntary job loss for a worker. The second data source is the International Social Science Survey - Australia (ISSS) (see for example, Kelley et al., 1987). The analysis reported here uses data from surveys undertaken in 1984, 1986-87 1987-88, 1989-90, 1993, 1994, 1995, and 1996. In each survey a question has been included on workers' feelings about security and predictability of their futures in work. (In 1984, 1986/87 and 1987/88 the question was - About work - how satisfied or dissatisfied are you with the security and predictability of your future? Answer from (1) Dissatisfied to (10) Satisfied. In 1993, 1994, 1995, and 1996 the question was - About your job - how satisfied or dissatisfied are you with the security and predictability of your future? Answer from (1) Delighted to (8) Terrible.) This question is interpreted as encompassing a broad range of considerations relating to job security; including for example whether workers feel that conditions of work in their current job are likely to change.

Figure 4: Perceptions of job security and rate of unemployment, Employed persons, 1975 to 1998 (November)

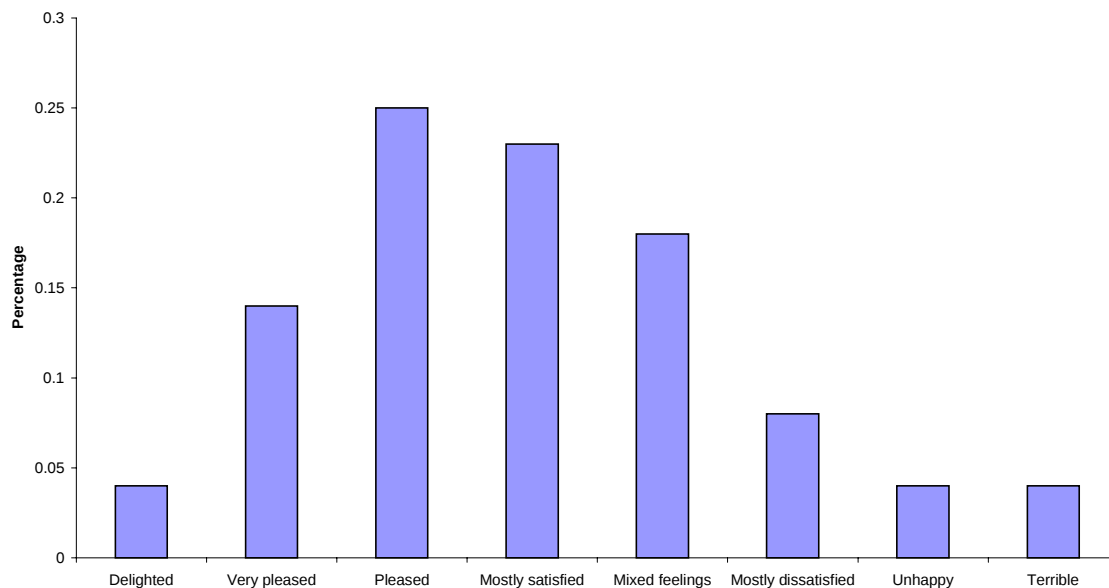


Note & Source: a) Proportion of persons who believe their job is safe from Morgan Gallop Poll data; and b) Rate of unemployment (persons) for November (month Gallop Poll Survey undertaken) from ABS, *Labour Force Australia*, catalogue nos. 6203.0 and 6204.0.

Figure 4 presents information from the Morgan Gallop Poll on the proportion of workers who responded 'yes' to the question on whether their present job was safe. In most time periods about 70 to 80 per cent of workers believe that their job is safe. It is interesting to compare this figure with the actual proportion of workers who are retrenched in any year, which is about 5 per cent. Even though the Morgan Gallop Poll question is open ended in that it does not specify a time frame for workers to consider whether their job is safe, the difference in the magnitudes suggests that workers may have a tendency to over-estimate the probability of involuntary job loss. Some cyclical variation in the series is evident, in particular, in the late 1980s and early 1990s where perceptions of job security decreased with the rise in the rate of unemployment, and from the early 1990s onwards where perceptions of job security have improved along with decreases in the rate of unemployment.

Figure 5 presents responses by workers to the ISSSP question on feelings about security and predictability of future at work for 1994 and 1995. Responses tend to be concentrated in the middle categories rather than at the extremes. About two-thirds of workers' responses are from 'mostly satisfied' to 'delighted', with about one-third responding from 'mixed feelings' to 'terrible'.

Figure 5: Workers' perceptions of job security - Satisfaction with security and predictability of future at work, 1994 and 1995



Source: International Social Science Survey Program – Australia, 1994 and 1995, unit record files.

In thinking about possible determinants of job security it is again useful to adopt a taxonomy that distinguishes individual characteristics, job-related characteristics, business cycle factors, and structural or trend influences. For the aggregate-level data from the Morgan Gallop Poll the focus is necessarily on the relative role of cyclical and structural influences. For the ISSS data the whole range of possible determinants can be considered.

Findings from regression analysis of the determinants of proportion of workers responding 'yes' to the Morgan Gallop Poll on whether they believed that their present job was safe are presented in Table 5. The main results are:

- Perceptions of job security show a strong relation to the business cycle (as proxied by the rate of unemployment). However the relation appears to exist between changes in the rate of unemployment and perceptions of job security rather than with the level of the rate of unemployment (columns (1)-(4)).
- There is no evidence of a downward trend in perceptions of job security in the period from the mid-1970s (after controlling for movements in the rate of

unemployment over the sample period) (column 2). There is some evidence of a downward structural break in perceptions of job security from 1990 onwards (column (3)); however, this effect appears to have been concentrated in the period between 1990 and 1993, and is not statistically significant in period from 1993-1998 (column (4)).

Table 5: Time-series variation in perceptions of job security, Morgan Gallop Poll, 1975 to 1998 (November)

	(1)	(2)	(3)	(4)
Variables				
Constant	86.90* (3.60)	85.71* (3.89)	82.32* (3.53)	80.86* (3.45)
Rate of UE	-1.284* (0.440)	-0.911 (0.599)	-0.495 (0.484)	-0.278 (0.474)
Δ Rate of UE	-1.520* (0.652)	-1.810* (0.723)	-1.669* (0.569)	-1.192* (0.601)
Time trend		-0.143 (0.152)		
1990-1998			-4.501* (1.648)	
1990-1993				-7.332* (2.223)
1994-1998				-3.177 (1.727)
Adjusted R-squared	0.417	0.414	0.560	0.605
Observations	23	23	23	23

Note: Asterisk denotes significant at 5% level.

Source: Borland (1999, Table 2).

**Table 6: Determinants of perceptions of job security – Security and predictability
of future - Probit analysis – Marginal effects - 1984-1996**

<u>Variable</u>	<u>(1)</u>	<u>(2)</u>
a. Individual		
Female	0.047 (0.027)	0.052 (0.027)
Age		
15-24	-0.007 (0.040)	-0.007 (0.040)
35-44	-0.013 (0.042)	-0.013 (0.042)
45-54	-0.027 (0.047)	-0.029 (0.047)
55-64	0.025 (0.054)	0.021 (0.054)
Years HS	0.005 (0.009)	0.005 (0.009)
Tertiary qualification.	0.010 (0.031)	0.010 (0.031)
Urbanicity		
Village (<1000)	0.041 (0.073)	0.046 (0.072)
Town (1000-19999)	0.074 (0.059)	0.077 (0.059)
City (20000-99999)	0.051 (0.061)	0.056 (0.061)
City (100000-499999)	0.027 (0.061)	0.023 (0.061)
Metro (>500000)	0.054 (0.056)	0.054 (0.056)
Home		
Own	0.061 (0.033)	0.064 (0.033)
Buying	0.029 (0.033)	0.031 (0.032)
Weeks UE	-0.007 (0.002)	-0.007 (0.002)
Married	0.043 (0.027)	0.042 (0.027)
TU member	-0.001 (0.026)	-0.001 (0.026)
b. Job		
Blue-collar job	-0.121 (0.029)	-0.121 (0.029)
Weekly hours	0.002 (0.001)	0.002 (0.001)

Has boss	-0.037 (0.033)	-0.037 (0.033)
Is boss	0.069 (0.024)	0.068 (0.024)
Employer type		
Government	0.008 (0.032)	0.007 (0.032)
Self-employment	-0.113 (0.048)	-0.113 (0.048)
Company size		
11-25	0.014 (0.044)	0.012 (0.044)
26-100	0.029 (0.039)	0.030 (0.039)
101-500	-0.016 (0.041)	-0.015 (0.041)
501-1000	0.035 (0.048)	0.037 (0.048)
1000+	0.077 (0.037)	0.079 (0.037)
Real annual earnings	4.3e-07 (3.5e-07)	4.0e-07 (3.5e-07)
c. Time-series		
Year		
1986/87-1987/88	0.050 (0.028)	0.036 (0.030)
1993-1994	-0.064 (0.037)	-0.049 (0.038)
1995-1996	-0.092 (0.044)	-0.101 (0.044)
Rate of UE		-0.016 (0.009)
Observations	2166	2166
Pseudo R-squared	0.054	0.055
Log likelihood	-1167.7	-1166.3

Notes:

a) Dependent variable is based on responses to question: About work - How satisfied are you with the security and predictability of your future?; b) Standard errors in parentheses; and c) Base case: Male; aged 25-34; 10.6/10.5 years of high school; no tertiary qualification; living on farm/property; renting home; white-collar job; weekly hours of work = 39.1/39.7; does not have direct supervisor; does not directly supervise other workers; private sector; year=1984; weeks of unemployment =1.1; company size = 1-10 employees; not married; real annual earnings = \$33638; and rate of unemployment =8.7.

Source:

Borland (1999, Table 5); using data from International Social Science Survey Program, 1984, 1986/87, 1987/88, 1993, 1994, 1995 and 1996, unit record files.

Results from regression analysis of the determinants of workers' feelings about the predictability and security of their future at work from the ISSS data are presented in Table 6. To undertake this analysis in each year a worker was classified as 'satisfied' if their response was in the top half of the response categories, and classified as 'dissatisfied' if their response was in the bottom half of the response categories (for example, in 1996 a worker is classified as 'satisfied' if their response was from (1) to (4), and dissatisfied if their response was from (5) to (8)). This two-category classification allows data from the 1980s and 1990s surveys (which included 10 and 8 possible response categories respectively) to be merged.

The main findings from the regression analysis are that:

- There is considerable heterogeneity amongst workers in their feelings about the security and predictability of their futures at work. Despite having a relatively rich set of explanatory variables the predictive power of the regression is fairly low.
- Feelings about security and predictability of future at work appear to be related to some individual and job-related characteristics. Feelings are positively related to home ownership, weekly hours of work, having a subordinate in the organisation where a worker is employed, and size of organisation; and inversely related to weeks unemployed in previous year, working in a blue-collar job, and self-employment.
- Feelings about security and predictability of future vary pro-cyclically (with the rate of unemployment as a proxy for the business cycle) although the relation is not highly significant.
- Feelings about security and predictability of future at work appear to have worsened between the 1980s and 1990s. Compared to the base year of 1984 there is no statistically significant difference in 1986/87-1987/88 or 1993-1994; however, in 1995-1996 workers were 10.1 percentage points more likely than in 1984 to classify themselves as dissatisfied and the effect is statistically significant. (Although the effects in earlier periods are not significant it is interesting that the sign of the year effects changes from positive to negative between the 1980s and 1990s, and that the magnitude of the negative year effect increases in absolute value between 1994-1994 and 1995-1996. This suggests that feelings about security and predictability of future at work may have been progressively worsening from the late 1980s onwards.)

To investigate the change over time in feelings about security and predictability of future at work in more detail Table 7 presents information on the proportion of workers responding that they were 'satisfied' in their feelings for the 1980s (1984, 1986/87 and 1987/88) and 1990s (1993, 1994, 1995, and 1996) for disaggregated workforce categories. The decrease in satisfaction between the 1980s and 1990s is fairly uniform within all categories (for example, by age, and sex), although it does seem that the effect has been more pronounced for workers employed in the private and public sectors (relative to self-employed), in larger-size organisations, and for trade union members.

Table 7: Changes in perceptions of job security, Security and predictability of future, 1980s to 1990s

<u>Variable</u>	<u>1980s</u>	<u>1990s</u>
Age		
15-24	0.730	0.595
24-34	0.739	0.679
35-44	0.746	0.647
45-54	0.780	0.625
55-64	0.762	0.652
Sex		
Male	0.741	0.631
Female	0.760	0.662
School Years		
0-9	0.717	0.611
10-11	0.724	0.614
12	0.805	0.675
Weeks Unemployed		
0	0.769	0.671
1-39	0.537	0.473
40-52	0.294	0.535
Employer type		
Private	0.731	0.629
Government	0.821	0.657
Self-employed	0.658	0.660
Company size		
1-10	0.675	0.656
11-100	0.748	0.639
100-999	0.758	0.621
1000+	0.804	0.675
Trade union member		
No	0.730	0.668
Yes	0.778	0.620

Source: Borland (1999, Table 6); using data from International Social Science Survey Program, 1984, 1986/87, 1987/88, 1993, 1994, 1995 and 1996, unit record files.

It may initially seem that analysis of the Morgan Gallop Poll and the ISSS provides conflicting findings on trends in job security between the 1980s and 1990s. The former study shows that there is not strong evidence of an upward trend in perceptions of the probability of job loss; whereas the latter study finds that perceptions of job security have declined between the mid 1980s and mid 1990s. In fact, it seems that the findings can be easily reconciled by recognising that the questions in the alternative data sources were asking workers to consider different aspects of job security – hence what might be concluded from the findings is that (not surprisingly) workers’ responses to questions on job security will vary across alternative concepts of job security. The Morgan Poll question is fairly specifically related to the probability of job loss, whereas the ISSS question invites a response drawing from a wider range of perspectives on job security.

Workers may not feel that they are more likely to be retrenched in the 1990s and 1980s, but more generally, feelings of security about work appear to have declined. One way of rationalising these results could be as follows. Changes to labour market conditions – such as a decline in union representation and increases in casualisation and contracting out – may mean that the capacity of an employer to retrench a worker is greater than before (or in other words, that the opportunity cost to the employer is lower – for example, a retrenched worker can be more easily replaced using a worker from a labour hire company). Understanding this change in the scope for retrenchment, workers must be more willing than previously to agree to employers’ requests to, for example, undertake a variety of jobs or to work variable hours. The outcome is that existing workers adapt to employers’ requests, so that they do not believe they will be retrenched, but they do feel considerably greater uncertainty and reduced security about the nature of their jobs.

5. Conclusion

A review of existing evidence does not reveal permanent changes to job stability or job security between the 1980s and 1990s. Job duration appears to have increased slightly due to a greater proportion of female workers with tenure of more than 10 years. The incidence of retrenchment did rise significantly in the early 1990s, but most of this effect appears to have dissipated by the mid 1990s. Where there does however appear to have been a more significant change between the 1980s and 1990s is in workers’ perceptions of job security. Not, it must be noted, perceptions of the probability of retrenchment, where workers’ beliefs seem to correspond quite closely to time-series movements in actual retrenchment data. (Both show an increase in the early 1990s that cannot be explained solely by adverse business cycle conditions at that time.) But where there does seem to have been a change is in more broadly defined perceptions of job security, relating for example, to beliefs about predicability about what a job will entail in the future (in terms of aspects such as tasks to be performed or hours of work). The decline in this dimension of job security appears consistent with developments in the labour market from the late 1980s onwards that have shifted bargaining power in employment relations towards employers – such as declining union representation, and greater scope for employers to contract out or to hire contract labour – that might be expected to have allowed employers greater scope to determine work conditions.

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