

# UNDEREMPLOYMENT

This report is based on the Australian Bureau of Statistics (ABS) publication Underemployed Workers (Catalogue No. 6265.0). It provides an overview of underemployment at a State and National level in September 2001. The number of underemployed workers supplements other information about the labour market such as the number of unemployed persons and discouraged jobseekers.

Underemployment can be considered in two forms. The first form reflects an insufficient volume of work (visible underemployment). The second form of underemployment reflects an insufficient use of skills and experience, or low productivity (invisible underemployment). The information presented in this publication relates only to the first type, or time-related, underemployment.

All data is for Western Australian (WA) unless otherwise stated.

## CONCEPTUAL FRAMEWORK

Employed persons may be divided into three mutually exclusive groups:

- fully employed workers;
- workers who are not full employed, comprising:
  - part-time workers who want more hours
  - full-time workers who worked part-time in the reference week for economic reasons (due to insufficient work being available or being stood down).

Employed workers who usually work part-time and want more hours can be split into two groups: those who want to work full-time hours; and those who want to work more part-time hours. Further classification of these workers is based on whether they were looking for work in the four weeks prior to the survey and were available to start extra work (either in the reference week or in the four weeks subsequent to the survey).

Persons who usually work full-time but worked part-time in the reference week for economic reasons, are separately identified in underemployment. It is assumed that these people wanted to work full-time in the reference week and would have been available to do so.

The ABS definition of the underemployed is consistent with the International Labour Organisation (ILO) definition of time-related underemployment. According to the ILO definition adopted in 1998, time-related underemployment exists when the hours of work of an employed person are below a threshold, and are insufficient in relation to an alternative employment situation in which the person is willing and available to engage. More specifically, persons in time-related underemployment comprise all employed persons (as defined) who satisfy the following three criteria:

- willingness to work additional hours – the ILO recommends that those who have actively sought to work additional hours should be distinguished from those who have not
- availability to work additional hours, within a specified subsequent period

- working less than a threshold (determined according to national circumstances) relating to working time – the ABS underemployment framework uses a threshold based on the boundary between full-time and part-time work. Only those persons working less than 35 hours in the reference week may be further classified as not fully employed.

## **SUMMARY OF FINDINGS**

There were 929,600 employed persons aged 15 years and over in WA in September 2001. The great majority (93.5%) of the WA employed labour force are fully employed. The remaining 59,300 were underemployed, and consisted of:

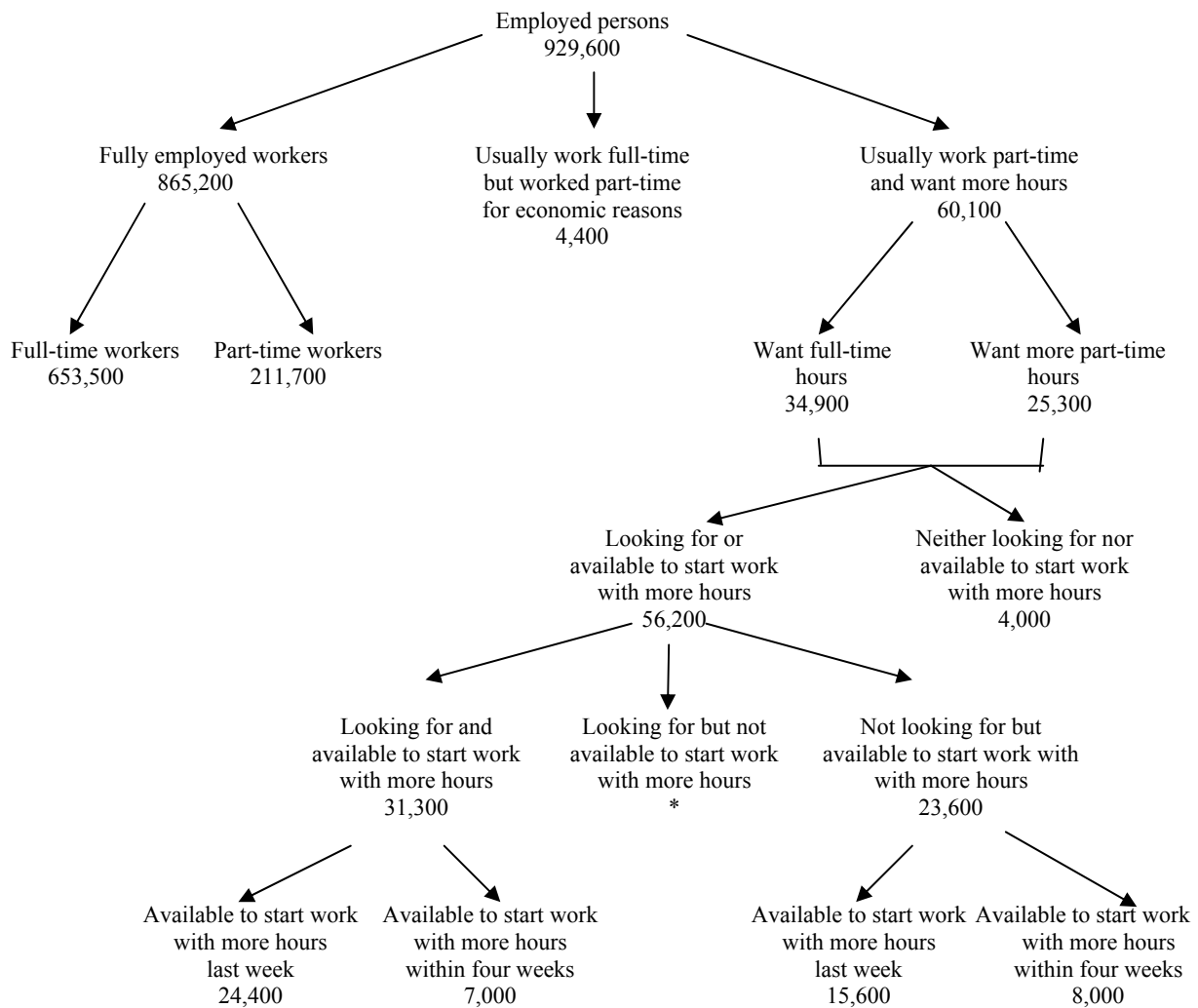
- 54,900 (or 5.9 per cent of all employed persons) who usually work part-time and wanted to work more hours and were available to start in the week of the survey or within four weeks (compared with 5.7% nationally); and
- 4,400 (or 0.5 per cent of all employed persons) who usually work full-time but worked part-time hours in the reference week due to economic reasons such as being stood down, short time or insufficient work (a similar proportion of employed persons was recorded nationally).

Those who usually work part-time and wanted to work more hours and were available to start such work with more hours in the week of the survey or within four weeks represented 20.2 per cent of all part-time workers. Of these workers, 64.3 per cent were females and 43.4 per cent were aged under 25 years.

Around 60,100 (or 6.6 per cent of all employed persons) usually work part-time and wanted to work more hours (compared with 6.5% nationally).

- 58.1 per cent of part-time workers wanting more hours wanted full-time work.

Chart 1 Status of Employed Persons, Western Australia, September 2001



\*Subject to sampling variability too high for most practical purposes

Source: Australian Bureau of Statistics (ABS) Underemployed Workers (Catalogue No. 6265.0)

## PART-TIME WORKERS WHO WANT MORE HOURS

In September 2001, there were 271,800 part-time workers. Of these, 22.1 per cent (60,100) were part-time workers who wanted to work more hours. This compares with 23.6 per cent nationally. The proportion of part-time workers wanting more hours of work fell by 1.9 percentage points in the 12 months to September 2001, while the number of persons working part-time and wanting more hours of work increased by 12.1 per cent. The proportion of part-time workers wanting more hours was higher for males (28.8%) than for females (19.8%). A similar pattern occurred in previous years.

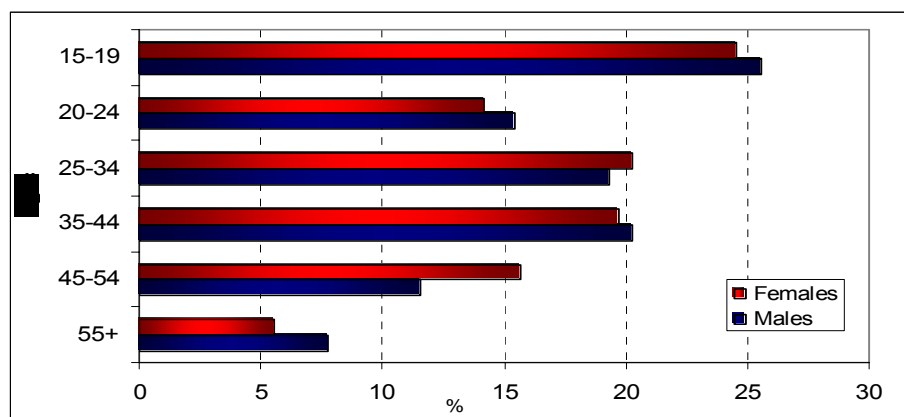
There were 24,400 part-time workers looking for work with more hours who were available to start work with more hours in the week before the survey. This is the group of underemployed workers that most closely aligns with criteria applied in the ABS definition of unemployment, i.e persons that are actively looking for work, and available for work in the reference week. Females comprise just over half of these workers (53.3%).

## Characteristics of part-time workers who want more hours

There were 60,100 persons in WA who worked part-time who wanted more hours in September 2001. As in previous years, the majority were female (65.9%) and the majority of persons wanted to work full-time (58.1%). Males were more likely to want full-time employment than females (67.0% compared with 53.3%).

Part-time workers wanting more hours also tend to be younger with nearly forty per cent (39.6%) of persons working part-time and wanting to work more hours being under 25 years of age.

Chart 2 Age Distribution of Part-time Workers Who Wanted More Hours, WA



Source: ABS Underemployed Workers (Catalogue No. 6265.0) Unpublished State data

Other characteristics of persons working part-time and wanting to work more hours were:

- 67.7% had no post-school qualifications;
- 51.6% would prefer not to change their employer; and
- 40.1% were the husband, wife or partner.

## Characteristics of part-time workers who want more hours and were available to start

Of those persons who were working part-time and wanted more hours and were available to start, 36.3 per cent reported that they usually worked 0-10 hours, 34.3 per cent worked 11-20 hours, 14.6 per cent worked 21-29 hours and 14.8 per cent worked 30-34 hours.

Around 18.9 per cent of persons who were working part-time and wanted more hours and were available to start would or may move interstate to find a suitable job.

## Duration of insufficient work

The mean or average duration of the current period of insufficient work for people who worked part-time and wanted to work more hours was 52.6 weeks - 37.0 weeks for males and 60.7 weeks for females.

### Available to start work with more hours last week

Of those persons working part-time who wanted to work more hours, 80.2 per cent (48,200) had looked for work with more hours in the four weeks prior to the survey, or were available to start work with more hours last week or within four weeks. The remaining 19.8 per cent (12,000) were either not looking or not available to start work with more hours within the reference week. Of these, 8,000 were available to start work with more hours within the next four weeks.

### LOOKING FOR OR AVAILABLE TO START WORK

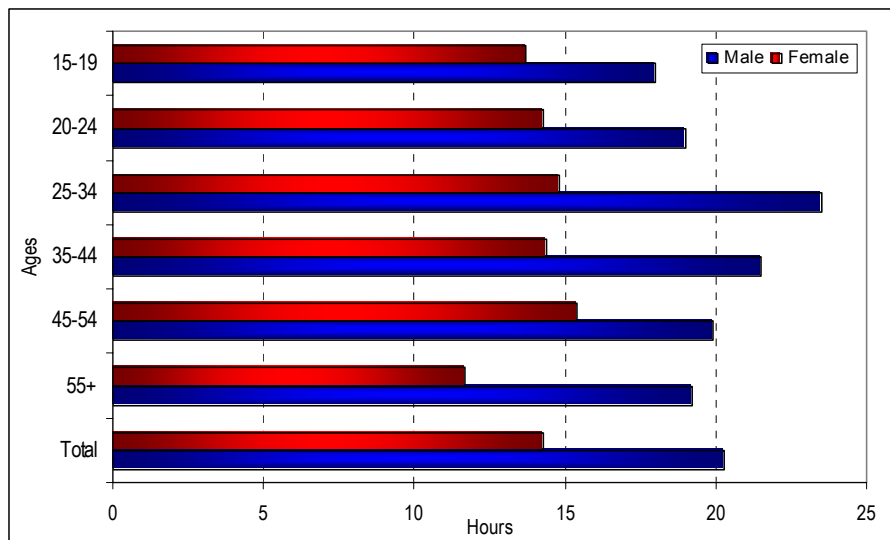
Over ninety per cent (93.3%) or 56,100 part-time workers wanting more hours were looking for or available to start work with more hours last week or within four weeks. This proportion has increased by about 3 percentage points since September 2000. Nearly two-thirds (65.2%) of these were female in September 2001.

### Extra hours wanted

Of those part-time workers who were looking for or available to start work with more hours in September 2001:

- 23.5% wanted to work less than 10 extra hours each week
- 42.5% wanted to work 10-19 extra hours
- 21.4% wanted to work 20-29 extra hours
- 12.5% wanted to work an additional 30 hours or more

Chart 3 Average Extra Hours Wanted by Age, Western Australia

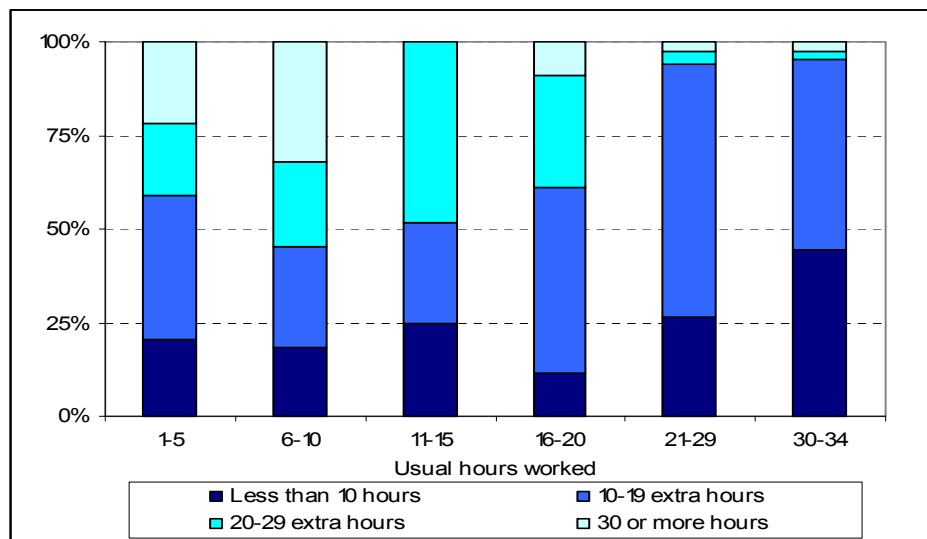


Source: ABS Underemployed Workers (Catalogue No. 6265.0) Unpublished State data

The mean preferred number of extra hours each week was 16.4 hours (up 0.1 hours from September 2000). On average, males would have liked to work more hours (20.3) than females (14.3 hours). The mean preferred number of hours was highest for persons aged 25 to 34 years (17.9 hours) and lowest for persons aged 55 and over (14.8 hours).

The desired number of extra hours was highest for people who usually worked 6-10 hours currently. These workers wanted an average of 20.5 extra hours. As indicated in Chart 4 below, the desired extra hours generally decreased as the usual number of hours increased.

Chart 4: Usual Hours Worked and Preferred Number of Extra Hours, Western Australia



Source: ABS Underemployed Workers (Catalogue No. 6265.0) Unpublished State data

## Job Search Experience

Information on job search experience is available for part-time workers who were looking for and available for work with more hours.

The main reasons people had not found work with additional hours were:

- ‘no vacancies in line of work’ (21.2%)
- ‘too many applicants for available jobs’ (12.0%)
- ‘considered too young or too old by employers’ (11.7%)
- ‘lacked necessary skills and education’ (11.3%)
- ‘no vacancies at all’ (7.7%)

The steps most frequently taken to find work with more hours were:

- ‘contacted prospective employers’ (71.2%)
- ‘looked in newspapers’ (63.2%)
- ‘asked current employer for more work’ (49.1%)
- ‘registered with Centrelink’ (28.8%)
- ‘searched internet sites’ (25.8%)
- ‘contacted friends or relatives’ (25.5%)
- ‘answered a newspaper advertisement for a job’ (24.8%)

Around 19.7 per cent were prepared to interstate and 30.4 per cent were prepared to move intrastate if offered a suitable job.

## **USUALLY WORK FULL-TIME**

There were 4,400 persons who usually work full-time but worked only part-time hours in the reference week due to economic reasons (ie being stood down, on short time or insufficient work). Males made up the great majority of these workers (86.4%).

The number of people who usually work full-time but worked part-time due to economic reasons decreased by 18.5 per cent in the 12 months to September 2001.