



## Part-time work and gender earnings

Relative to other OECD economies Australia has a high incidence of part-time employment. Since the early 1980s the incidence of part-time work has doubled, with nearly one third (29.2 per cent at August 2010) of all Australian employees now working part-time (less than 35 hours per week). Women have a much higher incidence of part-time work than men (equal to 45.5 per cent of women and 15.6 per cent for men), largely as a result of the significant caring responsibilities that women take on. While the Global Financial Crisis (GFC) helped fuel the incidence of part-time work, the underlying trend has been present for several years (Preston 2003; Jefferson & Preston 2010). The shift out of full-time work and into part-time work has brought with it a growing concern with the problems of underemployment (Campbell 2008) and low productivity growth (Abhayaratna & Lattimore 2006). Of related concern are the problems of earnings inequality, women's economic security and Australia's ability to meet basic community needs (Austen et al 2010).

Notwithstanding the growth and significance of part-time work within Australia there remains a dearth of data through which the labour market outcomes of part-time workers may be understood and monitored. Available data are both fragmented and what does exist is rarely disaggregated by gender. Few studies have focused on the gender dimension of part time wage gaps; Preston (2003) did find that the ratio of hourly earnings (female/male) had reversed from 92.8 percent to 103.1 percent between 1990 and 1998. One aspect of employment where the evidence appears to be particularly mixed is the premiums or penalties associated with part-time work. The Productivity Commission, for example, has recently concluded that "... engaging in part-time work does not necessarily mean lower pay on an hourly basis" (Gilfillian and Andrews 2010). The absence of any pay premium or penalty from part-time work is consistent with findings in Austen et al (2008) using 2006 HILDA data, although runs counter to the findings of Preston (2003) using data from the 1989/90 Income Distribution Survey. There the pay penalty was found to be large (8.9 per cent) and significant and in keeping with international studies on the topic.

Data from the fourth wave (2010) of the Australia at Work Study<sup>1</sup> are used to revisit the question of gender differences in earnings among part-time employees.  
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<sup>1</sup> The *Australia at Work* study is being conducted by the Workplace Research Centre at the University of Sydney. The project is funded by the Australian Research Council's Linkage Grant scheme and the industry partner is Unions NSW. Further financial support is provided by CFMEU Energy & Mining Division, CFMEU ACT Branch, NSW Nurses' Association, the Police Federation of Australia, the SDA, the CEPU, the QLD Nurses Federation and the Nurses Federation (Victorian Branch). *The study* is a five-year longitudinal telephone survey of people who were aged 16 to 58 years and in the Australian labour force in March 2006 (i.e. prior to the implementation of the *Work Choices* legislation

In keeping with numerous studies of the determinants of wages we employed a standard wage equation using the log of hourly earnings as a dependent variable.<sup>3</sup> The set of independent variables comprises controls for age, qualifications and other demographic characteristics such as sex, the presence of children and household characteristics. The model also controlled for a range of firm related variables such as workplace size, method of pay setting and industry. Regional variations in capacity to pay were captured via a regional dummy and a control for usual State of residence. When the 2010 sample is restricted to part-time employee observations with full information on variables in the models for estimation, the sample size is  $n=1,234$  employees. Unweighted data are used, where four-fifths (79 per cent) of the sample were females.

### What did we find?

Our restricted analysis of part-time employees only reveals a **raw (unadjusted) wage gap of 8.6 per cent in favour of women**. In other words, in the part-time labour market, before controlling for any observed differences between men and women, women are found to earn more than men. This isn't a particularly surprising finding given the relatively high proportion of professionally classified jobs held by women working part-time (e.g. nursing, teaching).

When we **control for gender differences, the observed gap is more than explained by differences in experience and tenure variables**. For example, amongst the part-time sample the average tenure is 6.9 years for women and 3.9 years for men. Similarly, 64 per cent of women in the part-time sample are aged between 35 and 64 while the corresponding share amongst men is 35 per cent. Contract type helps to narrow the gap for men, with a greater proportion of men employed casually (54%) compared to women. Women are more likely to be employed on a permanent part time basis. Contrary to findings on the gender pay gap among full-time employees, **industry is not a major determinant of the gender wage gap in the part-time labour market**. This in part reflects the limited set of industries within which part-time work tends to be found (e.g. Education & Training, Health & Social Assistance, Accommodation & Food Services industries). When these observed differences are taken into account the **adjusted gender wage gap in the part-time labour market is negligible**. These results are starkly **different** to the gender wage gap for full time workers.

### What do our findings suggest?

As already mentioned, there is a dearth of information on the outcomes of participants in the part-time labour market and there is a particular lack of understanding of their wage outcomes. This is particularly surprising given the growing appreciation of the link between participation and productivity growth. Relative to other OECD economies Australia has a very high incidence of part-time employment, particularly amongst women.

Our research findings lend further support for calls for a more systematic and detailed understanding of the part-time labour market. It also highlights the important role for unions to play, via collective bargaining, applications made under the safety net review process and other test cases, in negotiating improved

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on 27 March 2006). New entrants and re-entrants to the labour force after March 2006 were not 'in-scope' for the study.

<sup>2</sup> Information in this factsheet an extract from a research paper by Preston, Yu & Wright (forthcoming). The full paper is available from the authors upon request.

<sup>3</sup> The standard Blinder (1973) and Oaxaca (1973) decomposition approach was employed to understand the key contributors to the gender wage gap among part-time employees.

rights and conditions for those working part-time - including casuals - many of whom are women.