

Casual jobs can lead to a permanent wage cut

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Having a history of casual employment can lower your wages in the long run.
Credit: University of Melbourne

The real hourly wages of men who have a history of casual jobs are generally 10 per cent lower over the long-term than men who have mostly worked in permanent employment, according to new research from the University of Melbourne

This finding is particularly relevant to Australia where casual employment contracts can be used by employers with greater ease than in many other countries.

In a paper published in the journal *Human Relations*, Professor Mark Wooden from the Melbourne Institute of Applied Economic and Social Research and Dr Irma Mooi-Reci from the School of Social and Political Sciences write that this wage differential declines over time as employers adjust their views about the individual capabilities of [workers](#).

"While this learning process is very slow, it ultimately leads to higher wages for former casual employees," Professor Wooden said.

Using data from the Household, Income and Labour Dynamics in Australia (HILDA) survey that spans the period 2001-2014, the researchers also found that having a history of casual employment has lesser impact on the wages of women who are often expected to have fragmented careers.

"Among women, the average wage penalty associated with casual employment is less than half the size of that for men," Dr Mooi-Reci said.

The effect on wages of having a history of temporary work also varies with age. Men who are employed on a casual basis later in their working life, particularly during their prime employment years, continue to earn progressively less than permanent workers and stymies their career progression.

"In contrast, for male workers under 35 these wage gaps shrink as they gain more experience. Indeed, by the end of our 11-year observation period they have largely disappeared," Professor Wooden said.

Professor Wooden said in casual jobs that are predominantly done by women, men also incur a wage penalty. "Not all workers benefit from, or are harmed by, casual work in the same way. While its flexible nature offers opportunities for younger workers and women, for others, notably prime-age men, there can be large costs."

Provided by University of Melbourne

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