

## Introduction to the Special Issue

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This special edition of the Australian Journal of Labour Economics (AJLE) contains a number of articles on temporary employment. Many developed economies have undergone a surge in growth of temporary employment over the last two decades, and both the determinants and implications of this phenomenon are of interest to academics and policymakers. Past literature has often suggested that changes in temporary workforce utilisation are the result of progressive labour market deregulations and shifting preferences towards increased employment flexibility. The push for greater workplace flexibility and the loosening of employment protection legislation is usually heightened at times of high unemployment. For instance, Jahn and Bentzen (2012) contends that the demand for temporary workers is cyclical in nature. Furthermore, Standing (2011, p.11) argues that it is this drive for flexibility that "... has been the major direct cause of the growth of the global precariat". The implications of temporary employment for the productivity, job security and well-being of both temporary and permanent workers are important issues for economists to consider as the debate around further loosening of employment regulations sees no signs of abatement.

This special issue begins by examining two outcomes that are often associated with temporary employment – low job satisfaction and poor health. In the first paper, 'Don't Worry, be Flexible? – Job Satisfaction among Flexible Workers' by Elke Jahn employs longitudinal data to examine the relationship between employment type and job satisfaction. The data stem from the German Socio-Economic Panel and make it possible to distinguish between formal job security (as perceived by the type of employment contract – whether it be permanent or temporary) and perceived job security. The paper concludes that it is the latter form of job security that matters most for job satisfaction.

In the second paper, 'Temporary versus permanent employment: Does health matter?' by Don Webber, Gail Pacheco and Dominic Page make use of New Zealand data to investigate the relationship between health status and employment type. The key contribution of this study is the need to consider sample selection bias in understanding the nature of this relationship. This paper employs a bivariate probit regression and conditional marginal effects to control for the factors that influence employment propensity per se, before identifying the marginal effects of the covariates on employment type. The central covariates of interest are three physical health and three mental health indicators. The results suggest that the majority of health conditions (and mental health indicators in particular) are strongly negatively associated with the likelihood of an individual being employed in full-time work and

under permanent contracts. The role that poor health plays with respect to temporary work appears to be mixed (in terms of whether it is a positive or negative association) and is mostly small in magnitude in this paper.

The third paper, 'The Effect of Job Insecurity on Labour Supply' by H. Xavier Jara from the University of Essex examines the link between job insecurity and labour supply using the British Household Panel Survey. The paper makes use of discrete choice models of labour supply (via estimating a conditional logit model where the choice set is defined in terms of discrete hours alternatives), and then extends this analysis so that the choice set is characterized by bundles of income, hours of work, and job attributes (such as job insecurity). The key finding from this research is that job insecurity has a negative impact on individual's utility, and that using this measure improves the predictive power of the model when included in the analysis. Other findings in the paper point to different wage elasticities for women depending on where their job sits in the insecurity ladder – in particular, showing that those working under good security conditions respond less to wage changes, relative to those occupying insecure jobs.

The fourth and final paper, 'Isolating the Determinants of Temporary Agency Worker Use by Firms: An Analysis of Temporary Agency Workers in Australian Aged Care' of the special edition focusses on a particular type of temporary worker (temporary agency work) and a particular industry (aged care). The analysis is based on a unique Australian employer survey and provides a useful comprehensive portrait of agency workers in the aged care sector. Genevieve Knight and Zhang Wei (from Flinders University) provide results that are consistent with qualitative research in this space. More specifically that temporary agency workers are often used as a way of dealing with skill shortages, and are more likely employed in large firms and less likely employed where staff have to work alone late at night.

All of the articles show that there are a range of potential implications of a growing temporary workforce. They also indicate that there are a myriad of ways empirics can contribute to this debate – data used in the four papers includes both primary and secondary data, longitudinal and cross sectional data sources, and they stem from four distinct countries (Germany, NZ, UK and Australia). In all cases, the context is also important to understand in interpreting the findings as the relevant labour market institutions and openness of employment protection legislation may be key factors in influencing why temporary employment may be growing more so in one economy versus another, and why there are potentially different implications across the world. Future research on this front will not only be context specific, but will be more likely based on longitudinal linked data – so that the researcher may be able to slowly disentangle the causal pathways between temporary employment and the associated outcomes. Such research will then have clearer and more transparent policy implications.

Jahn, E.J. and Bentzen, J. (2012), 'What Drives the Demand for Temporary Agency Workers?', *Labour*, 26(3), 341-355.

Standing, G. (2011), *The Precariat: The New Dangerous Class*, London: Bloomsbury.