



**PLUS ÇA CHANGE ...:  
THE EMPLOYMENT CONTRACTS  
ACT AND NON-STANDARD  
EMPLOYMENT IN  
NEW ZEALAND, 1991 -1995**

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**Abstract**

*The aim of this paper is to discuss and analyse changes in the incidence and distribution of non-standard employment in New Zealand since the introduction of the Employment Contracts Act in May 1991. Non-standard employment is defined as employment that is not permanent and full-time. The analysis is based upon data from national surveys, one of 2000 workplaces in May 1991 and another of 5,200 workplaces in May 1995. One of the chief policy objectives of the Employment Contracts Act was to enhance labour market flexibility. Non-standard employment is one indicator of labour market flexibility. Accordingly, the degree of change in non-standard employment is one indicator of the Act's success or lack of it in achieving its policy objectives. The results show that the Act has not been associated with a substantial growth in non-standard employment. The 1995 New Zealand labour force looks a lot like the 1991 labour force. The proportion of permanent full-time employees has hardly changed since 1991, and remains at more than two-thirds of the workforce. The two areas of employment to show substantial change were casual employment, which has declined since 1991 and fixed term employment which has increased. The change in casual employment is in the reverse direction from that expected by both critics and supporters of the Act. The data also show, however, that while employers expect permanent full-time employment to remain predominant, they also expect non-standard employment to rise considerably in the next five years.*

The aim of this paper is to analyse changes in non-standard employment in New Zealand between 1991 and 1995 using data from workplace surveys conducted in May 1991 and May 1995.<sup>1</sup> Analysis of the data allows some assessment of competing claims about the impact of the Employment Contracts Act (ECA) 1991 on the size and composition of the non-standard labour force. The ECA came into effect in May 1991, the same month in which this survey was first applied.

In this study, non-standard employment is defined as employment that is not permanent and full-time. Thus, it includes all 'alternative' forms of employment such as part time, temporary and casual employment, the use of temporary help agencies, the engagement of consultants and sub-contractors, and feigned self employment.

The broader project from which this paper draws focuses on

- (a) employers' motivations and the reasons why they choose to restructure employment from standard to non-standard arrangements (and vice versa)
- (b) the extent to which non-standard employment differentially affects women and men
- (c) the attitude and preferences of women and men who are employed under non-standard conditions, and
- (d) the differential incidence of non-standard employment

across industries and between the public and private sectors.

There are several types of labour market flexibility. The most common categories are functional, financial and numerical flexibility although other taxonomies are used. Functional flexibility involves the dissolution of traditional skill boundaries between jobs, the disappearance of some occupations and the retraining of workers to fit the new environment. Financial flexibility refers to the development of new payment systems which move away from traditional systems based on skill and service to performance-based systems based on performance, productivity or profitability. In this paper, our focus is on numerical flexibility. Numerical flexibility refers to the degree to which employers are able to move away from the standard model of permanent full-time employment to other forms of employment, such as part-time, fixed-term, temporary or casual employment or the substitution of contractors or consultants for employees.

Until the 1960s, employment was offered predominantly as forty hours a week for 52 weeks of the year, performed in daylight hours, and with the possibility of continuous employment until retirement. This pattern suited male workers who comprised the overwhelming majority of the paid labour force up to that time. By the 1990s, this model of

'standard' employment was being challenged by fundamental socio-economic changes. On the one hand, new technologies, economic globalisation, economic recession, intensified product market competition and new forms of company ownership and structure created a demand for alternatives to 'typical' or 'standard' employment. On the other hand, the impacts of these new technologies, changing social attitudes, the extension of tertiary education, the increasing labour force participation of women, unemployment and changes in the bargaining position of organised labour made these alternative forms of work organisation possible.

Non-standard forms of employment create opportunities for employers, particularly in the new service industries. The strategic use of different employment forms allows labour deployment to be tailored to times of peak demand. Moreover, fluctuations in demand can be accommodated by the use of casual employees or by consultants and contractors. By abandoning the commitment to conventional work, employers gain flexibility, can avoid training costs, and transfer economic risk to the labour force. However, the benefits are consequently offset by the enhanced difficulty in managing a non-standard labour force. Thus managers are faced with a fundamental strategic choice between the 'hard' model of human resource management which would encourage the strategic use of non-standard employment forms and a reduction in overhead labour costs, and the 'soft' model which emphasises quality of work life and the development of mutual commitment between workers and their employers (Storey, 1995). The latter concept remains at the heart of most contemporary statements of human resource management philosophies even as management practice seems increasingly to depart from support for stable internal labour markets and lifelong careers for significant proportions of their workforce. As Elkin and Inkson observe, for employees in the contingent workforce, the traditional notion of career has shifted from a cruise on an ocean liner to whitewater rafting (1995, p. 172).

### **The Employment Contracts Act and labour market flexibility**

Labour market flexibility is a key policy objective of the Employment Contracts Act (ECA) 1992. The Act is defined in its long title as 'an Act to promote an efficient labour market'. In the policy debate leading up to the passage of the Act, labour market flexibility was identified as a key component of, and indeed a prerequisite for, an efficient labour market. As Brosnan and Rea (1991) observe, the dominant policy diagnosis behind the ECA was that the chief impediment to economic growth lay in the structure and operation of the labour market itself, and in particular its regulatory structure, rather than with the wider economic policies that had generated a no-growth outcome. The existing regulatory structure, embodied in the Labour Relations Act 1987, had been strongly criticised by its opponents, most notably the New Zealand Business Roundtable (1989) and the Employers Federation (Clark, 1990). The Labour Relations Act was collectivist in its orientation and sought 'the formation of effective and accountable unions and effective and ac-

countable employers organisations'. Opponents of the Act saw it as an obstacle to the development of a more flexible labour market. They argued that by preserving the award system with its blanket coverage of occupations and, more rarely, industries, the Labour Relations Act generated outcomes that applied uniformly across industries and firms, regardless of their suitability. Indeed, the provisions of the Act actually led to a reduction in enterprise-based bargaining and returned the focus of determining employment conditions even more decisively to the centre (Harbridge and McCaw, 1991).

Critics argued that the speed of change and the intensity of competition, both domestically and internationally, made it vital to develop an employment relations system which made possible individual and flexible responses by organisations to changing product market conditions, to the needs of new technology, and to new patterns of skill formation and new possibilities of labour deployment. If firms were to take a strategic approach to the management of their employees, they needed to be in charge of their own employment relations policies. This included the ability to construct a workforce tailored to the particular circumstances they faced. This would allow employers to employ workers as and when required, even to develop a just-in-time workforce, if circumstances required it.

By 1990, it was clear that the National Party had accepted this diagnosis. In a series of speeches and policy papers throughout 1990, National's labour spokesperson, Bill Birch, identified economic growth as the principal policy objective of National's industrial relations policy. He argued that economic growth would be delivered by labour market flexibility:

To provide dramatically improved productivity, income and employment, we must bring a far more flexible structure into industrial relation ... The common factor among the powerhouse economies of the world is flexibility in the labour market. International studies show that, on average, nations with such policies achieve growth rates that are significantly above those which are without them (National Party Policy on Industrial Relations, 8 May 1990).

Birch identified the existing industrial relations system as the source of this inflexibility:

Workers and employers alike are being inhibited by laws, regulations and restrictions. These restrictions frustrate agreements being reached on more flexible working hours, and terms and conditions of employment to best suit individual workplace, enterprise or industry circumstances (Birch, 1990).

This has come about because workers and employers have been disenfranchised. Restoring freedom of choice will allow them to dismantle cumbersome restrictions and to introduce flexible structures and practices. Although the parties would be free to make their own choices, there was a strong presumption by Birch that workplace structures are

the rational choice:

The closer the relationship between the parties in the workplace the better. Relationships built on respect and cooperation will produce agreements capable of increasing efficiency, higher productivity and better utilisation of equipment and technology. Equally, the day-to-day needs of employees including flexible working hours, part-time work, child-care facilities, family and wage pressures can be addressed ... Workplace bargaining, however that proceeds — whether it be on an enterprise or individual company basis — is the vehicle to achieve such (Birch, 1990).

Out of this policy diagnosis and the new coalition of the Business Roundtable, the Employers Federation, and the National Government, came the Employment Contracts Act.

The ECA has quickly established itself as one of the most studied pieces of legislation in New Zealand's recent history. An inspection of the *New Zealand Journal of Industrial Relations* alone reveals numerous articles on the Act's impact on a variety of issues including unions and union organisation (Boxall and Haynes, 1992, Harbridge, Hince and Honeybone, 1995, Cregan, Rudd, and Johnston, 1995), the structure and outcomes of collective bargaining (Whatman, Armitage and Dunbar, 1994, Harbridge, 1992), the process of collective bargaining (Oxenbridge, 1994, Powell, 1995, McAndrew and Ballard, 1995), legal issues (Kiely and Caisley, 1992, Grills, 1994, Churchman, 1993), the impact of the Act upon women (Harbridge and Street, 1995, Hammond and Harbridge, 1993, Hill and du Plessis, 1993, Hyman, 1993, Mulgan, 1993) and industrial stoppages (Henning, 1995). Although some of these studies have something to say about various aspects of labour market flexibility, especially wage flexibility, few contain any data or comment on the Act's impact on numerical flexibility. This paper attempts to remedy that gap by assessing the impact of the ECA on the development of a non-standard labour force. If the Act is achieving its objective of facilitating the development of a more flexible labour market, one indicator of that should be evidenced through the growth of non-standard employment.

## Method

The results presented here are based on two national workplace surveys conducted in 1991 and 1995. The surveys covered a range of questions relating to labour usage and employment forms within workplaces. The samples were drawn by Statistics New Zealand from their Business and Agricultural Directory. The sample size was 2000 in 1991 and 5,200 in 1995. The response rate was 33 percent in 1991 and 38 percent in 1995. In 1991, the workplaces were selected randomly from each 2 digit industrial classification and the number drawn from each 2 digit group was weighted proportionately for the number of workplaces in the classification. A pre-pilot survey was used to test and fine tune the questionnaires. A full pilot was then conducted using a sample of 100 workplaces drawn in a similar manner

to the main sample. After further revisions, the 2000 questionnaires were sent out. As far as the confidentiality requirement allowed us to determine, the profile of workplaces responding to the questionnaire appeared to be reasonably typical of the original sample, except that the response rate was much higher for larger workplaces. To ensure that the results reported were not biased towards large workplaces, we weighted the responses according to workplace size. The weights were computed from the statistics from our sample and the corresponding statistics from the Business and Agricultural Directory.

In 1995, the survey was applied in Australia and South Africa as well as in New Zealand. This paper presents results for New Zealand only. The questionnaire was revised for the 1995 application. A draft questionnaire was prepared in June 1994 and was tested in a pre-pilot survey of employers personally known to the researchers. After revisions, a full pilot was conducted using a sample of 200 workplaces. After further revisions, the questionnaire was finalised in April 1995. The final questionnaire was identical for each country except where different circumstances made different wording necessary. The questionnaires were sent out in all three countries during the middle weeks of May 1995. The total sample comprised 15,600 workplaces (5,200 in each country). The samples were drawn proportionately within each size group among the 17 ANZSIC Division.<sup>2</sup>

The response rate in 1995 increased with workplace size although the largest workplaces (50 or more employees) had a lower response rate than workplaces of 10-49 employees. The lower response rate from the largest firms was not expected given the response rates in the previous application of the survey. The response rates were also not uniform by industry. To compensate for the different sampling fractions and response rates, we weighted the responses according to industry and workplace size. Respondents were invited to indicate which of the 17 ANZSIC Divisions they belonged to. With 17 industry divisions and 4 size groups, 68 weights were computed for both data sets and applied to the responses so that the proportions in each of the 68 cells were the same as in the targeted population. It is these weighted proportions, which are representative of the population of workplaces and are the appropriate data for analysis. Once the data were coded, the industry data were aggregated to produce 8 broad industry sectors which both corresponded to the ANZSIC classification and had a reasonable proportion of respondents in each of the groups created.<sup>3</sup> In order to check on the sampling and weighting process, the overall workforce data collected from the survey were compared with corresponding official statistics. Despite our survey using different definitions, the different sampling procedures in the different surveys and the fact that our data were collected from employers rather than from the population, the weighted data for both applications of the survey correspond closely with official figures from the Household Labour Force Surveys for June 1991 and June 1995. The Household Labour Force Survey does not collect data on many of the employment categories used in our survey. The only possible comparisons are for full-time and part-time employees by gender as a proportion of the total labour

force, the male/female labour force and the full-time and part-time labour force. For each survey, 24 comparisons were possible. The difference between our survey and the Household Labour Force Survey did not exceed 2.1 percent for any of those 48 points of comparison and in each year only two points of comparison varied by more than 1.5 percent. This gives us added confidence in the quality of the data. This is particularly important as these data sets are the only such data on non-standard employment in New Zealand.

We provided our respondents with the following definitions of the different employment categories:

*Permanent workers* Employees who work all year and have an expectation of continuing employment.

*Fixed term workers* Employees on a contract with a specified expiry date or employed to complete a specific project.

*Apprentices* Indentured employees receiving craft training.

*Temporary workers* Employees taken on for a relatively short but unspecified period.

*Casual workers* Employees hired on a periodic basis as need arises.

*Contractors/consultants* Persons not your direct employees who contract to provide labour services to your organisation (whether or not they own their own tools or equipment).

Further detail on the method and response rates is in Brosnan and Walsh (1996).

## Results and discussion

In this paper, we present data on the overall distribution of the workforce in 1991 and 1995 and an analysis of the distribution of the workforce by gender and by size of workplace. The paper concludes with an analysis of employers' expectations about their future adoption of non-standard employment.

Table 1 compares the distribution of the workforce in New Zealand in 1991 and 1995 and shows that the 1995 New Zealand labour force looks a lot like the 1991 labour force. This result is, on the face of it, surprising. One of the principal policy objectives of the Employment Contracts Act was to enhance labour market flexibility and to liberate employers from alleged rigidities and restrictions which, it was argued, were limiting their ability to shape the composition of their workforce as they would wish. This, it was expected, would lead to a significant reshaping of the labour force. The relative lack of change in the structure of the

workforce creates a difficulty for both sides of the Employment Contracts Act debate.

It is evident from Table 1 that notwithstanding the level of interest in non-standard employment, the great majority of workers are still employed as permanent full-time employees, and this has scarcely changed between 1991 and 1995. More than two-thirds of the surveyed workforce were in this category in 1991 and 1995. By far the largest category of non-standard employment in both 1991 and 1995 was permanent part-time work, which also varied little between 1991 and 1995. The two forms of non-standard employment to show the largest change between 1991 and 1995 were fixed term and casual employment. Fixed term employment almost trebled from 1.1 percent to 3 percent of the workforce. In 1991, fixed term employment was almost entirely confined to the public sector, reflecting the dominance of the new public management model in New Zealand's radical public sector restructuring in the second half of the 1980s (Anderson, Brosnan and Walsh, 1996). By 1995, fixed term employment had risen to comprise 2 percent of the private sector workforce and had doubled again in the public sector. In addition to types of work which form a legal employment relationship, we also asked respondents about their use of contractors and consultants. These are not employees but data on their adoption serve as further evidence about the development of the flexible firm and a non-standard employment pattern. Table 1 shows that the proportion of the labour force falling into this category did not change between 1991 and 1995. Nonetheless, it is a larger category than fixed term and temporary employment.

Much of the policy debate about the impact of the ECA on the composition of the labour force has focussed on temporary and casual employment. These have often been identified as the two most precarious forms of non-standard employment and as the most likely to rise under the ECA with its conscious policy objective of a more flexible labour market. Indeed, common to both the advocates and opponents of the Act, at its enactment and since then, has been the belief that the Act has increased the casualisation of the workforce. The Act is variously applauded and denounced for its casualising impact. However, the large and statistically significant change in casual employment is in the reverse direction from that predicted by both supporters and opponents of the Employment Contracts Act. The survey data show that between 1991 and 1995, casual employment declined, falling from 8 percent of the workforce to 5 percent. The fact that casual employment has in fact declined under the Employment Contracts Act runs counter to

**Table 1: Workforce structure**

	1991		Total	1995		Total
	Full time	Part time		Full time	Part time	
Permanent	70.1	13.7	83.8	68.7	14.8	83.5
Fixed term	0.6	0.5	1.1	2.1	0.9	3.0
Apprentices	1.5	0.0	1.5	1.2	0.1	1.3
Temporary	1.0	0.7	1.7	1.3	1.3	2.6
Casual	1.6	6.7	8.4	1.4	4.0	5.4
Contractor/consultant	2.3	1.1	3.4	2.5	0.8	3.4

the taken for granted of current policy debate in New Zealand. In terms of this debate, it is especially noteworthy that most of this decline is accounted for by the fall in part-time casual employment; full-time casual employment has fallen only slightly. Temporary employment, on the other hand, rose from 1.7 percent of the workforce in 1991 to 2.6 percent in 1995. Most of that increase was in part-time temporary employment which virtually doubled in that period.

One possible explanation for the fall in casual employment is that the impact of the labour market's regulatory structure on the composition of the labour force has been overstated and that the economic cycle is the chief determinant of labour force composition. The period between 1991 and 1995 was one of job growth (about 10 percent) and in the later period anyway, economic recovery. This explanation would argue that it is not surprising that in an economic recovery, employers moved away from casual employment. An alternative explanation is that under the Employment Contracts Act, with the widespread elimination or substantial reduction in penal and overtime rates, it became cheaper to employ full-time permanent workers for longer hours and this was preferred to the employment of a just in time casualised workforce with its attendant management difficulties.

A possible difficulty with this explanation is that the fall in casual employment is entirely a public sector phenomenon. As Table 3 below shows, casual employment actually increased in the private sector but fell very considerably in the public sector. It might be expected that with a largely salaried workforce, public sector employers would have less opportunity to substitute non-premium paid overtime hours by permanent employees for casual employees. The alternative of course, is that salaried public sector employees are

**Table 3: Public/private sector workforce**

	Private Sector		Public Sector	
	1991	1995	1991	1995
Permanent full-time	75	70*	67	69
Permanent part-time	13	15	13	13
Fixed term workers	1	2	3	6
Temporary workers	2	3	2	2
Casual workers	4	6*	11	4*
Contractors/consultants	4	3	4	5

\* Difference between 1991 and 1995 significant at 5 percent level

working longer unpaid hours to do the work previously done by casual employees. Analysis of the results by industry (data not shown) also shows considerable variation across industries in the rise or fall in casual employment. Clearly, there are sector specific trends in the employment of casual workers and further analysis will be needed to reach firm conclusions about this.

### Gender

Table 2 shows the distribution of the workforce in 1991 and 1995 by gender. The data show that women were much more likely throughout this period to be in non-standard employment than men but that the period of the ECA is not associated with an increase in non-standard female employment. In particular, claims that the ECA has casualised the female labour force cannot be sustained by the data. Indeed, the size of the non-standard female labour force did not change between 1991 and 1995.

Women were employed in permanent jobs in similar proportions to men in both 1991 and 1995, but proportionately far

**Table 2: Structure of the labour force by gender**

	1991					
	Male			Female		
	Full time	Part time	Total	Full time	Part time	Total
Permanent workers	80.4	4.0	84.4	57.5	25.5	83.0
Fixed-term workers	0.8	0.4	1.2	0.4	0.7	1.1
Apprentices	2.1	0.0	2.1	0.6	0.0	0.6
Temporary workers	1.1	0.6	1.7	0.9	0.9	1.8
Casual workers	1.3	4.0	5.3	2.0	10.0	12.1
Contractors/consultants	3.8	1.3	5.1	0.5	0.8	1.3
	1995					
	Male			Female		
	Full time	Part time	Total	Full time	Part time	Total
Permanent workers	77.7	6.5*	84.2	57.5	25.3	82.7
Fixed-term workers	2.3*	0.4	2.7*	1.9*	1.5*	3.4*
Apprentices	1.7	0.1*	1.8	0.6	0.1	0.6
Temporary workers	1.3	0.9	2.3	1.3	1.7*	3.0*
Casual workers	1.2	2.2*	3.4*	1.6	6.3*	8.0*
Contractors/consultants	4.1	1.0	5.2	0.6	0.6	1.2

\* Difference between 1991 and 1995 significant at 5 percent level

more women were in part-time employment than men. Females were six times as likely as men to be in a permanent part-time job in 1991 and four times as likely in 1995. In contrast, 80.4 percent of males in 1991 and 77.7 percent in 1995 were in permanent full-time jobs compared with 57.7 percent of women in both years. Overall, almost 90 percent of males were full-time employees in 1991 and 1995 compared with just over 60 percent for females. The stability of the permanent female workforce is striking. Identical proportions of women were employed on a permanent full-time and permanent part-time basis in 1991 as in 1995. For men, on the other hand, the permanent full-time workforce fell slightly between 1991 and 1995 and the permanent part-time workforce rose by more than half, albeit from a low level from 4 percent to 6.5 percent.

There is no common gender-based trend across other non-standard employment categories. In 1991, males held a slight advantage over females in fixed-term employment. By 1995, however, even though male fixed-term employment had doubled to 2.7 percent of the male workforce, for women it had trebled to 3.4 percent of employed females. Most of the growth in fixed-term employment from both men and women has been in full-time employment. Males are about three times as likely to be apprentices than female, and this relationship varied hardly at all between 1991 and 1995, although apprentices fell slightly as a proportion of the male labour force from 2.1 percent to 1.7 percent.

Males and females were employed on a temporary basis in virtually the same proportions in 1991. By 1995, however, although male temporary employees had risen from 1.7 percent to 2.3 percent, female temporary employment had more than doubled from 1.8 percent to 3.0 percent of the female labour force. For women, most of this increase is in part-time temporary employment which has doubled, although full-time temporary employment has also risen by almost 50 percent. There are major gender differences in casual employment. Women were more than twice as likely as men to be casual workers in both 1991 and 1995, although the proportions declined markedly and at a similar rate between 1991 and 1995. For both men and women, casual employment is decisively a part-time phenomenon in both 1991 and 1995 and the decline is far greater in the part-time than in the full-time category for both men and women. In contrast to casual employment, men are more than four times as likely as women to be contractors or consultants. This relationship did not change significantly between 1991 and 1995.

### **Private/public sector**

Table 3 compares the distribution of the workforce by public and private sector. The results show a substantial change in the relative size of the non-standard workforce for each sector between 1991 and 1995. In 1991, non-standard workers comprised 33 percent of the public sector workforce compared with 25 percent in the private sector. By 1995, the two were almost identical with the public sector having declined to 31 percent and the private sector having advanced to 30 percent. A similar picture emerges from an

examination of the size of the permanent workforce in the public and private sectors. In 1991, 88 percent of workers in the private sector and 80 percent in the public sector were permanent employees. By 1995, the permanent workforce in the private sector had fallen to 85 percent while in the public sector it had risen to 82 percent.

These data reflect the remarkable pace and scope of public sector restructuring in New Zealand in the second half of the 1980s. The enthusiastic adoption of the new public management model by public sector managers and changes stemming from the State Sector Act 1988 led to a major reshaping of the public sector workforce (Anderson, Brosnan and Walsh, 1996). Ironically, many public sector managers were motivated in this process by a determination to remake the public sector in the image of the private sector. Because many were operating on the basis of an idealised view of the private sector, the end result was a public sector workforce with much higher levels of non-standard work than the private sector. Since 1991, the restructuring process has slowed in the public sector as the new structures established in the 1980s have been given a chance to operate. The private sector, on the other hand, whose capacity to reshape its workforce may have been constrained prior to the ECA, has accelerated its rate of adoption of non-standard employment since 1991. All non-standard employment categories have increased in the private sector since 1991 with the exception of contractors or consultants which is virtually unchanged. It is particularly noteworthy that casual employment which has declined considerably across the whole economy rose significantly in the private sector from 4 percent to 6 percent. The converse of that of course is a large significant fall in casual employment in the public sector from 11 percent to 4 percent. Both sectors show a very substantial increase in fixed-term employment but whereas temporary employment and part-time employment grew by a considerable amount in the private sector, they remained unchanged and increased only slightly in the public sector.

### **Workplace size**

Tables 4 compares the distribution of the workforce in 1991 and 1995 by workplace size. The choice by employers of particular employment forms is related to the number of persons employed in the workplace. The size of the non-standard workforce tends to decline with the increasing size of the workplace. In 1991 the smallest workplaces, those of 2-9 employees had the largest proportion of non-standard workers at 34 percent. Workplaces with 10-49 and more than 50 employees had similar proportions of non-standard workers - 27 and 28 percent respectively. By 1995 the pattern had changed somewhat; the smallest workplaces still had the largest proportion of non-standard workers at 36 percent, but workplaces of 10-49 employees had experienced a considerable rise in non-standard employment to 32 percent of their workforce. The proportion of non-standard employees for the largest workplaces was almost unchanged at 27 percent.

The size of the permanent workforce declined moderately with increasing workplace size in 1991, falling from 87 percent for workplaces of 2-9 and 10-49 employees to 81

**Table 4: Workforce structure by size of workplace, 1991 and 1995**

Employment Category	<10		10 to 49		50+	
	1991	1995	1991	1995	1991	1995
Full-time permanent	65	64	73	68*	72	72
Part-time permanent	21	20	14	16	9	11
Fixed-term	1	2*	1	4*	2	3
Apprentices	3	2*	1	2	1	1
Temporary workers	2	3	2	3	1	2
Casual workers	5	6	5	4	12	6
Contractors	3	3	4	4	3	3

\* Difference between 1991 and 1995 significant at 5 percent level

percent for workplaces of more than 50 employees. In 1995, however, there was no size effect on the level of the permanent workforce with all three categories recording 84 percent. However, although permanent employment is relatively constant as we move between workplaces of different sizes, there is a shift from full-time to part-time within the category as employment size changes. The data show how permanent part-time employment reduces as we move to larger workplaces. The tables also show that, while permanent part-time employment declines, permanent full-time employment tends to increase. In 1991, workplaces of 2-9 employees had 65 percent of their workforce in permanent full-time employment compared with 73 and 72 percent respectively of the two largest workplace size categories. By 1995, the pattern changed, reflecting the rise, noted above, in non-standard employment for workplaces of 10-49 employees. In workplaces of 2-9 employees, permanent full-time workers comprised 64 percent of the workforce but the proportion for 10-49 employees had fallen to 68 percent while that for workplaces of more than 50 employees was almost unchanged at 73 percent.

The biggest size effect in the other non-standard employment categories with the exception of permanent part-time work was in casual employment where 12 percent of the workforce in workplaces with more than 50 employees were in casual employment. This was more than twice the proportion of casual employees in workplaces of 2-9 and 10-49 employees. By 1991, however, the proportion of casual employees in the largest workplaces had halved and was now the same as the proportion in workplaces in 2-9 employees. It is interesting to note that casual employees increased, albeit only marginally, in the smallest workplaces between 1991 and 1995 at a time when casual employment was falling throughout the economy as a whole. The other major size effect is with fixed term employment where the biggest proportional increase was in smaller firms. Fixed term employment doubled, again albeit from a low level for workplaces with 2-9 employees and increased fourfold from 1 to 4 percent in workplaces of 10-49 employees. In workplaces of more than 50 employees fixed term employment grew from 2 to 3 percent of the workforce.

### Contracting out

Contracting out is one of the most important aspects of numerical flexibility. It has attracted a great deal of attention

in recent years as a potential source of cost savings and organisational efficiencies. We asked our respondents whether they had contracted out any activities previously undertaken by employees during the five years prior to the survey. As table 5 shows 12 percent of workplaces had contracted activities out during the five years prior to 1991. This increased a little to 17 percent by 1995. We also asked respondents whether they had contracted in activities previously undertaken by contractors during the 5 years prior to the survey. For 1991, 13 percent of workplaces had contracted activities in and this was virtually unchanged by 1995 at 15 percent. The data thus show that although a considerable number of organisations have adopted contracting out during the last decade, the level of contracting out has not risen substantially between 1991 and 1995. Indeed, in both years the level of contracting in is not greatly less than the level of contracting out. This would suggest that rather than workplaces adopting a general policy of contracting out they are making individual choices to contract activities in or out depending on their particular circumstances.

**Table 5: Contracting In and Out, 1991 and 1995**

	1991	1995
Contracting Out	15.8	17.3
Contracting In	14.8	15.0

\* Difference between 1991 and 1995 significant at 5 percent level

It is evident from the data that both contracting in and contracting out are considerably more common in the public sector than in the private sector. Table 6 shows that in 1991, 33 percent of public sector workplaces had contracted activities out compared with 11 percent in the private sector, while for contracting in the proportions were 23 and 12 percent respectively. By 1995 the level of contracting out in the public sector had fallen quite considerably to 26 percent of workplaces while the level of contracting in had increased to the same level. However, even though the proportion of private sector workplaces contracting in and contracting out rose between 1991 and 1995, it is still substantially below that of the public sector. This pattern is consistent with the earlier account of numerical flexibility in the public sector which attributed its high levels in the second half of the 1980s to the extraordinary programme of public sector restructuring undertaken during that period and to its slowing down in the 1990s.

**Table 6: Contracting In and Out**

	1991	
	Private Sector	Public Sector
Contracting In	12	23
Contracting Out	11	33
	1995	
	Private Sector	Public Sector
Contracting In	14	26
Contracting Out	17*	26

\* Difference between 1991 and 1995 significant at 5 percent level

One issue which has been the subject of much comment in recent years is the extent to which organisations engage former employees as contractors. In some popular accounts of organisational restructuring it is claimed that this practice is extremely common. Contrary to this claim, row 2 of table 7 shows that in 1991 and 1995, under one fifth of workplaces which had contracted activities out had used former employees as contractors. On the other hand, the employment of former contractors or consultants is almost as common and is increasing, in 1991, 11 percent of organisations had employed former contractors or consultants and by 1995, this had risen to 23.7 percent.

**Table 7: Contracting In - employing former consultants and contracting out to previous employees**

	1991	1995
Employed former contractors/consultants	10.9	23.7
Contracted out to former employees	14.1	19.5

\* Difference between 1991 and 1995 significant at 5 percent level

**Expected changes in the distribution of the workforce**

Both surveys asked employers how their workforce had changed over the five years prior to the survey and their expectations of how their workforce would change over the following five years. Respondents were asked to indicate whether each category of employment had increased, decreased or not changed over the past five years and what their expectations were for the next five years. We did not necessarily expect to find a close correspondence between employers' expectation of change in 1991 and what they reported had actually happened by 1995. The passage of time, the changes in the economic cycle and vagaries in the market place could all combine to frustrate employers' expectations. Our intention in asking these questions was to identify the degree to which employers had moved from a standard to a non-standard workforce (or the reverse) and the degree to which they had a conscious intention or strategy to do so in the future. To our surprise however, Table 8 shows a considerable correspondence between 1991's expectations and 1995's report on experience.

Employers' expectations about changes for the period 1995-2000 are presented in Table 9. The data show that the best predictor of tomorrow's workforce is today's workforce. Expectations of no change are higher for all categories of employment than expectations of an increase. Moreover, for most non-standard employment categories, the expectation of no change over the next five years is two to three times as high as those who expect an increase. These data do not support the image of a huge impending increase in all forms of non-standard employment. Notwithstanding that, considerable numbers of employers anticipate an increase in all forms of non-standard work and far more employers expect

**Table 8: Comparing expected changes in 1991 with past changes in 1995**

	<i>Full-time</i>		<i>Part-time</i>		
	1991 Increase	Decrease	1995 Increase	Decrease	No change
Permanent workers	27	11	12	5	45*
Apprentices	15	5	0	0	80
Fixed term	7	2	6	0	85
Temporary workers	11	2	9	1	77
Casual/occasional	19	1	16	4	60
Contractors/consultants	23	1	9	1	66
	1991 Increase	Decrease	1995 Increase	Decrease	No change
Permanent workers	32*	22*	15	7*	42*
Apprentices	15	13*	0	1	73
Fixed term	12	3	6	2	81
Temporary workers	20*	6	12	5	62
Casual/occasional	17*	5*	20	8	57
Contractors/consultants	17	4*	14	3	67

\* Difference between 1991 and 1995 significant at 5 percent level



**Table 9: Expected changes in the labour force**

Employment Category	Full time		Part Time		No Change
	Increase	Decrease	Increase	Decrease	
Permanent	39	8	14	2	50
Apprenticeship	21	6	1	0	73
Fixed Term	13	3	11	2	75
Temporary	19	3	11	3	69
Casual	23	4	20	2	57
Contractor/consultant	20	2	9	1	72

to increase their employment of non-standard workers than expect to decrease it. The biggest increase in non-standard work is expected to be in casual employment. This must be set against the fact that the biggest expectations of increase is in permanent full-time employment. Thus the expected growth in non-standard work, especially casual employment, must be tempered by the very large continuing attachment to the traditional standard model of employment. In most employment categories, very few employers expect to decrease their employees. This is suggestive of either or both confidence in the future or satisfaction with the present.

## Conclusion

The data presented in this paper show that claims that a pronounced shift to non-standard employment has taken place must be viewed with some scepticism. The bulk of employees remain in permanent full-time employment and employers report that by and large they expect this to continue. It cannot be said, therefore, that there is a conscious strategy by employers to pursue a non-standard employment model. On the other hand, there is a greater expectation of an increase rather than a decrease in the employment of non-standard workers, particularly in respect of casual employees. Despite the relative lack of change in the composition of the New Zealand workforce in the first four years of labour market deregulation, there is now a considerable expectation of a growth of non-standard employment. It may be that there is a process of learning involved for employers as they become aware over time of the opportunities afforded to them by deregulation to reshape the composition of their labour force. Further applications of the survey will allow some assessment of that.

## Future research

There are a number of directions which we intend to pursue in future work. The most urgent is to compare the 1995 results from this study with those from parallel studies in Australia and South Africa. Beyond that, there is a need to investigate particular topics within a national framework; issues such as homeworking, work intensification, casualisation, the differing strategies used in the public and private sectors, and the roles and involvement of trade unions in workplace changes. These will form the basis of papers we hope to write over the next year.

## Notes

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their research assistance in the preparation of this paper. We would also like to thank the Internal Grants Committee of Victoria University of Wellington and the Australian Research Council for their financial support for this project.

2. Australian and New Zealand Standard Industrial Classification

3. The result involved some minor departures from ANZSIC. Agriculture, forestry and fishing were combined with Mining to form a group we called "Primary" industry (A+B). Electricity, gas and water was combined with Government administration and defence, Education and Health and community services, to form a group we called "Public services" (D+M+N+O). Wholesale and Retail trade and Accommodation, cafes and restaurants were combined to form a group called "Trade and food" (F+G+H). Finance and Insurance and Property and Business finances were combined to form a group called "Property and Finance" (I+J). Cultural and recreational services was combined with Personal and other services to form a separate group we called "Cultural and Personal services" (P+Q).

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