

## Media Release – 31 March 2010

### **New research shows job fears increased at the onset of the GFC, but not by much**

New research showing the GFC had little impact on Australian perceptions of job security was released today by the Melbourne Institute in its Annual Report of the Household, Income and Labour Dynamics in Australia (HILDA) Survey.

The analysis, which comes from the latest release of HILDA data, identifies some initial changes in workers' perceptions of job security in the wake of the collapse of Lehmann Brothers and the Global Financial Crisis that followed. The data were mostly collected in the last quarter of 2008, before job losses and unemployment increased, but when most people would have been aware of the crisis.

The analysis identified only small increases in fears of job loss and inability to obtain a new job, and a small decrease in satisfaction with job security.

Every year, the HILDA Survey asks employees to provide an assessment of the percentage chance that they will be dismissed or retrenched from their job within the next 12 months. They are then asked for the chance they feel they would be able to find a job as good as their current job (should they lose their job within the next 12 months). They are also asked to rate their satisfaction with job security on a scale from 1 to 10.

Over the first seven years of the HILDA Survey to 2007, there was a steady – albeit marginal – upward trend in perceptions of likelihood of job retention and of job attainment. In 2008, there was a discernible dip in the averages of both of these measures. However, assessments of the likelihood of job loss were still on average more positive than they had been in 2004, and assessments of the likelihood of obtaining a new job as good as the current one were still on average more positive than in 2006.

Average satisfaction with job security similarly grew steadily between 2001 and 2007, before declining in 2008. Average satisfaction with job security was still quite high immediately after the onset of the GFC, having not even fallen back to its 2006 level.

Permanent employees had a mean decrease in satisfaction with their job security, but surprisingly there was virtually no change in mean satisfaction among casual employees. Average satisfaction for employees on fixed-term contracts actually increased slightly.

Roger Wilkins, Deputy Director of the HILDA Survey and the author of the article, said that overall the identified effects of the GFC on perceptions of job security were quite small. "One potential explanation for this is that when individuals were interviewed, which was in the early stages of the crisis, the dire predictions being made at that time had not yet registered with workers.

"Alternatively, it may be that these predictions did not resonate, seeming to be at odds with their own experiences. Indeed, in hindsight, changes in perceptions were, on average, quite proportionate to the actual increase in unemployment that followed — which was relatively small compared with previous economic downturns."

The HILDA Survey is Australia's only large-scale nationally representative longitudinal household panel survey which interviews the same households and individuals each year. The survey collects

data on how peoples' lives are changing over time, with a focus on issues relating to families, income, employment and well-being.

The HILDA Survey project was initiated and is funded by the Australian Government Department of Families, Housing, Community Services and Indigenous Affairs.

The 2009 HILDA Annual Report is available for free download at <http://www.melbourneinstitute.com/hilda/areport.html> and includes the article outlined above.

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