



Report commissioned  
by the Australian Fair  
Pay Commission, 2006.

**Characteristics of  
employers of the low  
paid**

Characteristics of employers of the  
low paid, Australian Centre for  
Research in Employment and  
Work.

## Table of Contents

Table of Contents .....	1
List of Tables and Figures .....	2
Executive Summary .....	3
Background .....	5
Introduction.....	6
Previous Research on Characteristics of Low Paid Workers.....	7
Low Paid Work – Survey Parameters.....	8
Research Method .....	9
Sample and Procedure .....	9
Measures .....	10
Pilot Survey.....	11
Reporting .....	11
Survey Results .....	12
Overview of Total Sample.....	12
Characteristics of Employers of Predominantly Low Paid Employees .....	17
Summary .....	24
Research Issues and Implications for Future Research .....	26
References .....	28
Appendix 1 .....	30

## List of Tables and Figures

Table 1. Position / Job Title of Survey Respondents .....	13
Table 2. Employer Sector .....	13
Table 3. Employer Years of Operation .....	13
Table 4. Industry .....	14
Table 5. Number of Employees .....	14
Table 6. Annual Turnover .....	15
Table 7. Location of Employers: State/Territory .....	16
Table 8. Location of Employers: Geographic Area .....	16
Table 9. Location of Employers: Number of Sites .....	16
Table 10. Distribution of Workforce .....	18
Table 11. Employers who Predominantly Engage Low Paid Employees: Sector .....	19
Table 12. Employers who Predominantly Engage Low Paid Employees: Years of Operation ...	19
Table 13. Employers who Predominantly Engage Low Paid Employees: Industries .....	20
Table 14. Employers who Predominantly Engage Low Paid Employees: Number of Employees .....	21
Table 15. Employers who Predominantly Engage Low Paid Employees: Annual Turnover .....	21
Table 16. Employers who Predominantly Engage Low Paid Employees: State/ Territory .....	22
Table 17. Employers who Predominantly Engage Low Paid Employees: Geographic Area .....	22
Table 18. Employers who Predominantly Engage Low Paid Employees: Number of Sites .....	22
Figure 1. Percentage of Adult Workforce Within Each Organisation Earning \$12 to \$16 Per Hour .....	19
Figure 2. Employers who Predominantly Engage Low Paid Employees: Occupational Groups .....	24

## Executive Summary

A substantial body of research conducted in Australia and elsewhere has investigated the characteristics of low paid workers. However, there has been less research effort focused on the characteristics of employers of those workers. This project, commissioned by the Australian Fair Pay Commission, aims to identify the characteristics of employers who predominantly employ low paid workers. The research was conducted by the Australian Centre for Research in Employment and Work in July-August 2006.

This research sought to identify issues associated with obtaining data through a survey instrument including:

- Quantify the number of employers who predominantly engage employees in the specified ranges; and
- Identify the characteristics of employers who predominantly engage employees in the specified ranges.

This is a preliminary study and should be viewed as pilot research. While the findings are not conclusive, the research team has identified several issues and implications for future research in this area.

A survey questionnaire was designed to gather information on employer characteristics including: sector, number of employees, industry, annual turnover, location(s) of business, and years of business operation.

The target population consisted of employers in Australia, including private and public sector, with no restrictions on industry, sector, or organisation size. The survey was distributed to five employers for piloting. For the main survey, the selected sampling frame was a national list of businesses provided by an Australian business mailing company. Of 5,000 questionnaires mailed out, 157 were 'returned to sender' and were excluded from the sampling frame, leaving 4,843 eligible businesses. A total of 1,303 questionnaires were returned, representing a 26.9% return rate. Telephone follow-up was conducted approximately 1 week after the initial mail out.

An interim presentation was conducted for the Australian Fair Pay Commission on September 5 2006. The findings of the survey are presented in this report.

Of the 1,303 employers who responded to the survey, 235 indicated that they predominantly engage low paid employees. The following characteristics were found to be associated with employers who predominantly engage low paid employees: sector, industry, geographic area, annual turnover, and occupational group. There was some tendency towards an association between state location and employment of low paid workers. Those characteristics that were not found to be associated with employers who predominantly engage low paid workers in this sample were: years of operation, number of employees, and number of sites.

## **Background**

The Australian Fair Pay Commission commissioned this research to provide analysis of employers who predominantly engage 'low paid' employees and the characteristics of those employers.

This research was undertaken by the Australian Centre for Research in Employment and Work (ACREW), Monash University. The research team comprises Professor Helen De Cieri, Professor Julian Teicher, Mr Brian Cooper, Dr Jeff Keddie and Ms Christina Costa.

ACREW has been established to promote research and scholarship in the broad area of work and employment, encompassing human resource management, industrial and employee relations and organisational behaviour. Its principal functions include the conduct of consultancy and research. It has conducted projects on a range of topics, including diversity management, global mobility management, worker well-being, remuneration policies and practices, low-paid work, and workplace bullying.

The ACREW research team was appointed in July 2006. The ACREW research team met and/or consulted with the Australian Fair Pay Commission Secretariat in July, August and September 2006.

The ACREW research team wish to acknowledge the assistance of Jo Edwards from the Australian Government Statistical Clearing House for her assistance in the development and approval of the questionnaire used in this research.

# Characteristics of Employers of the Low Paid

## Introduction

A substantial body of research conducted in Australia and elsewhere has investigated the characteristics of low paid workers and the significance of low paid work as an issue of social concern (Appelbaum, Bernhardt, Murnane & Weinberg, 2005; Austen, 2003; Dunlop, 2000; Lucifora, McKnight & Salverda, 2005; Masterman-Smith, Pocock & May, 2006). While previous research has focused on the characteristics and effects of low paid work, it is prudent also to identify the characteristics of those organisations predominantly employing low paid workers. In our view, such information will usefully inform the formulation of public policy.

We have attempted to identify studies of the characteristics of employers of the low paid. However, there appears to have been little by way of Australian research focused on the characteristics of employers of low paid workers.

Therefore, this research is a preliminary effort to identify the characteristics of employers who predominantly employ low paid workers. The aims of this research are to identify issues associated with obtaining the data through a survey instrument, including:

- Quantify the number of employers who predominantly engage employees in the specified ranges; and
- Identify the characteristics of employers who predominantly engage employees in the specified ranges.

A questionnaire was, therefore, designed to gather information on employer characteristics, which included: industry, sector, number of employees, industry, annual turnover, location(s) of business, and period of time in business. The target population consisted of employers in Australia, including private and public sector, with no restrictions on industry or organisation size.

This study should be viewed as pilot research. This survey is a first attempt to quantify the characteristics of employers who predominantly have low paid

employees. As such, it is a worthwhile and important step in the development of understanding the characteristics of these employers. While the findings are not conclusive, the research team has identified several issues and implications for future research in this area.

## **Previous Research on Characteristics of Low Paid Workers**

The issue of low paid employment has received substantial attention in Australia and internationally. This issue is of interest for scholars, policy-makers, employers, employees, and society in general.

Numerous scholars have expressed concerns about the prevalence of earnings inequality and low pay (e.g., Lucifora et al., 2005; Harding & Richardson, 1999) and about the effects and significance of low paid work (Masterman-Smith et al., 2006). Australian research on low paid employment has focused to some extent on identifying the personal and job characteristics of low paid workers and their position in the distribution of income. For example, studies have noted a higher incidence of low paid employment in female-dominated employment and amongst migrants, young workers, and workers with relatively low levels of education (see Austen, 2003; Harding & Richardson, 1999; Plowman & Preston, 2005). Studies have also explored potential industry, occupational and firm-size effects on the incidence of low paid employment (see Buchanan & Watson, 2000; Harding & Richardson, 1999).

While it is undeniably important to understand the personal and job characteristics related to low paid employment, it is also valuable to understand the characteristics of their employers. However, there appears to have been little by way of Australian research focused on the characteristics of employers of low paid workers. More specifically, we have found no previous research on employers of the low paid that has investigated those employers who *predominantly* employ low paid workers.

## Low Paid Work – Survey Parameters

It has been suggested that 'low paid work' is generally considered difficult to define, as there is no single definition of the constitution of low pay. As one report has expressed it:

Low pay is essentially a relative term – put simply it is those workers whose wages are at the bottom of the distribution of wages, or who are earning considerable less than the average earnings of the wider community. (The State of Victoria, 2003: 8)

Previous studies have endeavoured to develop a measure of low paid work, in order to make meaningful comparisons and observations in relation to the characteristics of low-paid workers and workplaces. For example, the measure of low paid work used in several studies is a gross hourly rate. In two studies, adults are defined as low-paid if their gross hourly rate of pay was \$10 or less at September 1994 (see Harding & Richardson, 1999; Watson & Buchanan, 2001). In some studies, (e.g., Brosnan, 2005) low paid work has been operationalised as a ratio of minimum wage to mean adult ordinary time earnings. A widely used definition of low pay is two-thirds of the median. For example, Masterman-Smith et al. (2006: 370-1) define workers as low paid if they "earn \$27,726 per annum, \$533 per week or \$14.03 per hour based on a standard 38-hour week".

In discussion with the Australian Fair Pay Commission Secretariat, it was decided to focus this research on adult employees paid between \$12 and \$16 per hour before tax. This reflected the aim to identify those earning at or just above the Federal Minimum Wage, and make some allowance for casual employees, whose loadings can increase their hourly rates by up to 30%. It was felt that trying to separately identify casuals would have added respondent burden and reduced the response rate. This range therefore assisted in simplifying the questionnaire and minimising the load on survey respondents in compiling information, and therefore in expediting completion of the questionnaire.

# Research Method

## Sample and Procedure

The target population consisted of employers in Australia, private and public sector with no restrictions on industry or organisation size.

The selected sampling frame was a national list of businesses produced by an Australian business mailing company. Self-employed persons were excluded from the frame. As this was a pilot study, a simple random sampling (equal probability) technique was used. A simple random sample of 5,000 businesses was drawn from the 51,132 units on the database as of August, 2006.

A response rate of 30-35% was envisaged (Baruch, 1999; Cycyota & Harrison, 2006). Assuming a minimum 30% response rate, a responding sample size of 1,500 units was planned, yielding a margin of error of approximately 2.5% at the 95% level of confidence (Smithson, 2005).

The main survey was conducted in July-August, 2006. Of the 5,000 questionnaires mailed out, 157 were 'returned to sender' and were excluded from the sampling frame, leaving 4,843 eligible businesses. A total of 1,303 questionnaires were returned, representing a 26.9% return rate. This response rate was considered acceptable, given the limited opportunities for intensive follow-up within the short timelines of the project.

Each questionnaire was mailed with a covering letter and reply-paid envelope. The covering letter outlined the aims of the project, and assured potential respondents of confidentiality, anonymity, and the voluntary nature of the survey.

Telephone follow-up was conducted approximately 1 week after initial mail out. Short project timelines and budget constraints prohibited use of other follow-up techniques (e.g., a reminder postcard after initial mail out). Up to 5-8 attempts at telephone contact (at different times of the day) were made before a non-respondent was identified as a non-contact.

## Measures

A questionnaire was developed with 11 items. The questionnaire included items on the following employer characteristics: industry, sector, number of employees, salary categories, occupational groups, period of time in business, postcode of main employment location, site(s) of business, annual turnover, and time taken to complete questionnaire.

A sample of the covering letter and questionnaire are attached at Appendix 1.

Item coding for industry, occupations and geographical location was based on standard classifications developed by the Australian Bureau of Statistics (ABS). Industries were classified according to the Australian and New Zealand Standard Industrial Classification (ANZSIC 1-Digit Division code) (Australian Bureau of Statistics, 1993). Occupations were classified according to the Australian Standard Classification of Occupations (Australian Bureau of Statistics, 1997). Geographical location (remoteness) was coded using the ABS 2001 postcode to remoteness classification (Australian Bureau of Statistics, 2001, 2003). The ABS remoteness structure contains the following categories:

- Major Cities of Australia (e.g. Melbourne, Geelong);
- Inner Regional Australia (e.g. Tamworth, Ballarat);
- Outer Regional Australia (e.g. Broken Hill, Horsham);
- Remote Australia (e.g. Alice Springs); and
- Very Remote Australia – (e.g. northern South Australia and Western Australia).

To maximize the response rate and minimize respondent load, the questionnaire was kept relatively short (no more than 2 double sided pages in length). Based on similar surveys, a 10 minute completion time was envisaged. The mean completion time was 7 minutes (standard deviation = 7.6).

As the survey was conducted on behalf of an Australian Government agency and involved more than 50 businesses, it required approval by the Australian Government's Statistical Clearing House (SCH) of the Australian Bureau of Statistics. The approval number is 01863-01.

## **Pilot Survey**

The survey was distributed to five organisations for piloting, including small, medium and large organisations in the private, public, and not-for-profit sectors. Feedback received from pilot respondents indicated that the survey was “pretty straightforward”; however, a small number of minor changes to the wording were suggested to improve the readability.

Following the pilot survey, the following questions were modified:

- Question 3: "< 20 employees" could read "under 20 employees"
- Question 4: wording was changed to “for a full-time worker this equates to \$ weekly figure”.

One respondent made the following comment regarding question 4: “May require a fair bit of effort from companies with many employees, particularly if each workplace locality keeps its own personnel/payroll records and records are not centralized”. The research team acknowledged this point and reviewed the wording of Question 4 in consultation with the Australian Fair Pay Commission Secretariat. The wording was retained for the main survey with the expectation that respondents would provide “best estimates” where possible.

## **Reporting**

An interim presentation was conducted for the Australian Fair Pay Commission on September 5 2006. The survey findings are presented in the following section of this final report.

## Survey Results

In this section, we first report the findings for the total sample and, second, report findings for the sub-sample of those employers who predominantly (at least 50%) employ those in the \$12 to \$16 per hour category.

### Overview of Total Sample

The following section provides background information on the total sample (N = 1303). As already noted, the sample was a simple random sample and not stratified. As shown in Table 1, the questionnaires were completed by individuals in positions likely to enable them to hold the required information. The majority of respondents were proprietor/owners (34.8%), chief executive officers (24.2%) or managers (21.1%).

Table 2 shows that the majority of responding employers (88.6%) were in the private sector. For ease of presentation, years of operation was recoded into three roughly equal groups. As shown in Table 3, a third of the employing organisations had been in operation 1-18 years. Table 4 shows the industry in which the employers operate. The largest industry category was manufacturing (23.6%), followed by retail trade (14.7%). While our sample is a fair representation overall, we note that manufacturing is over-represented when compared with 7.4% in the Australian Bureau of Statistics (2004a) data and the industry category of accommodation, cafes and restaurants is under-represented [1.7% of our sample; 4.7% in the Australian Bureau of Statistics (2004a) data]. Property and Business Services are also under-represented [8.0% in our sample; 20.5% in the Australian Bureau of Statistics (2004a) data]. Therefore care should be taken when attempting to generalise the findings of this pilot study to the Australian population of employers given under - and over representation of some industry categories.

**Table 1. Position / Job Title of Survey Respondents**

<b>Position Title</b>	<b>Frequency</b>	<b>%</b>
Proprietor/ owner	454	34.8
CEO	315	24.2
Manager	275	21.1
Payroll officer, administrator, finance personnel	185	14.2
Other	69	5.3
No response	5	0.4
Total	1,303	100

**Table 2. Employer Sector**

<b>Sector</b>	<b>Frequency</b>	<b>%</b>
Private sector	1,155	88.6
Public sector / Government department	46	3.5
Non profit organisation	76	5.8
Other	23	1.8
No response	3	0.2
Total	1,303	100

**Table 3. Employer Years of Operation**

<b>Employer Years of Operation</b>	<b>Frequency</b>	<b>%</b>
1 – 18	440	33.8
19 – 30	428	32.8
31 and over	423	32.5
No response	12	0.9
Total	1,303	100

**Table 4. Industry**

Industry	Frequency	%	ABS 2004 <sup>(a)</sup> %
Manufacturing	308	23.6	7.4
Retail Trade	191	14.7	15.1
Wholesale Trade	137	10.5	5.6
Construction	130	10.0	13.6
Property and Business Services	104	8.0	20.5
Health and Community Services	67	5.1	5.9
Finance and Insurance	49	3.8	6.2
Transport and Storage	42	3.2	4.5
Personal and Other Services	40	3.1	3.6
Agriculture, forestry and fishing	38	2.9	8.9
Government, Administration and Defence	38	2.9	NA
Communication Services	35	2.7	1.0
Education	31	2.4	0.8
Mining	23	1.8	0.3
Accommodation, Cafes and Restaurants	22	1.7	4.7
Not classified	18	1.4	NA
Electricity, Gas and Water Supply	17	1.3	0.1
Cultural and Recreational Services	10	0.8	2.1
No response	3	0.2	NA
Total	1,303	100	

<sup>(a)</sup> Source: Australian Bureau of Statistics, 2004. *Australian Bureau of Statistics Business Register, Counts of Businesses - Summary Tables*. June. Cat. No. 8161.0.55.001. Australian Bureau of Statistics: Canberra.

Employer size was investigated with regard to number of employees and annual turnover. Table 5 shows that the majority of employers participating in this survey have fewer than 20 employees (57.9%). National statistics show that 90% of private employers in Australia have fewer than 20 employees (Australian Bureau of Statistics, 2004a). As shown in Table 6, the majority (61.9%) of the respondents were employers in businesses of between \$1million and \$19 million annual turnover.

**Table 5. Number of Employees**

Number of employees	Frequency	%
Under 20 employees	755	57.9
20 – 49 employees	221	17.0
50 – 99 employees	111	8.5
100 – 499 employees	145	11.1
500 – 999 employees	34	2.6
1000 or more employees	36	2.8
No response	1	0.1
Total	1,303	100

**Table 6. Annual Turnover**

<b>Annual Turnover</b>	<b>Frequency</b>	<b>%</b>
Less than \$1 million	251	19.3
\$1 million - \$19 million	806	61.9
\$20 million - \$49 million	90	6.9
\$50 million - \$100 million	55	4.2
Over \$100 million	73	5.6
Not response	28	2.1
Total	1,303	100

Tables 7-9 show the location of employers was examined with regard to state/territory, geographic area and number of sites. The majority of employers participating in this survey are located in Victoria (35.6%) or New South Wales (28.5%), are located in major cities (72.3%), and have a single site for their operations (64.4%). These sample characteristics are broadly consistent with the Australian Bureau of Statistics (2004a) data.

**Table 7. Location of Employers: State/Territory**

<b>State/ Territory</b>	<b>Frequency</b>	<b>%</b>	<b>ABS 2004<sup>(a)</sup> %</b>
Victoria	464	35.6	25.7
New South Wales	372	28.5	35.6
Queensland	161	12.4	18.8
Western Australia	101	7.8	9.5
South Australia	97	7.4	6.6
Tasmania	40	3.1	1.9
Australian Capital Territory	36	2.8	1.3
Northern Territory	11	0.8	0.7
No response	21	1.6	N/A
<b>Total</b>	<b>1,303</b>	<b>100</b>	<b>100</b>

<sup>(a)</sup> Source: Australian Bureau of Statistics, 2004. *Australian Bureau of Statistics Business Register, Counts of Businesses - Summary Tables*. June. Cat. No. 8161.0.55.001. Australian Bureau of Statistics: Canberra.

**Table 8. Location of Employers: Geographic Area**

<b>Geographical area</b>	<b>Frequency</b>	<b>%</b>	<b>ABS 2004<sup>(a)</sup> %</b>
Major cities	942	72.3	65.9
Inner regional	246	18.9	20.6
Outer regional	76	5.8	10.5
Remote/ Very Remote	17	1.3	2.9
No response	22	1.7	N/A
<b>Total</b>	<b>1,303</b>	<b>100</b>	<b>100</b>

<sup>(a)</sup> Source: Australian Bureau of Statistics, 2001 Census of Population and Housing. Also see Australian Bureau of Statistics, 2003. *ASGC remoteness classification: Purpose and use*. Census paper no. 03/01. Australian Bureau of Statistics: Canberra.

**Table 9. Location of Employers: Number of Sites**

<b>Number of work sites</b>	<b>Frequency</b>	<b>%</b>
Single site	839	64.4
Multiple sites within one state/ territory	257	19.7
Multiple sites across states/ territories	192	14.7
Other	12	0.9
No response	3	0.2
<b>Total</b>	<b>1,303</b>	<b>100</b>

## **Characteristics of Employers of Predominantly Low Paid Employees**

This section focuses on employers who predominantly engage low-paid employees. As discussed earlier, 'low paid' work is defined for this research as between \$12 and \$16 per hour before tax. Employers who predominantly engage low-paid employees are defined as those employers with at least 50% of their adult employees paid between \$12 and \$16 per hour before tax.

We asked the survey respondents to indicate the proportion of adult workers in their organisation who were employed in the following three wage categories: (a) below \$12 per hour before tax, (b) \$12 to \$16 per hour before tax, and (c) more than \$16 per hour before tax. A small percentage of employers (10.2%) stated that they have employees paid less than \$12 per hour before tax. Another 51.6% reported that they have employees paid \$12 to \$16 per hour before tax, and 92% reported that they have employees paid over \$16 per hour before tax. These findings, however, provide no estimates of the total number of employees in each of the wage categories.

As shown in Table 10, 48.4% of employers indicated that they pay no adult workers between \$12 and \$16 per hour, and a further 16.4% indicated that 10 per cent of their workforce is paid between \$12-16 per hour. A total of 18%, or 235 employers, indicated that at least 50 per cent of their workforce is paid between \$12 and \$16 per hour (shown in bold font in Table 10). Of these, 2.5% reported that 100 per cent of their workforce is paid between \$12-16 per hour. These results are shown graphically in Figure 1.

For the purposes of our research into the characteristics of employers who predominantly employ workers paid between \$12 and \$16 per hour, the remaining results shown in this report focus on those 235 employers who indicated that at least 50 per cent of their adult workforce is paid between \$12 and \$16 per hour before tax.

Table 10. Distribution of Workforce

Percentage of adult workforce within each organisation paid between \$12-16 per hour	Frequency	%
0	631	48.4
10	214	16.4
20	97	7.4
30	88	6.8
40	38	2.9
<b>50</b>	<b>56</b>	<b>4.3</b>
<b>60</b>	<b>39</b>	<b>3.0</b>
<b>70</b>	<b>42</b>	<b>3.2</b>
<b>80</b>	<b>40</b>	<b>3.1</b>
<b>90</b>	<b>25</b>	<b>1.9</b>
<b>100</b>	<b>33</b>	<b>2.5</b>

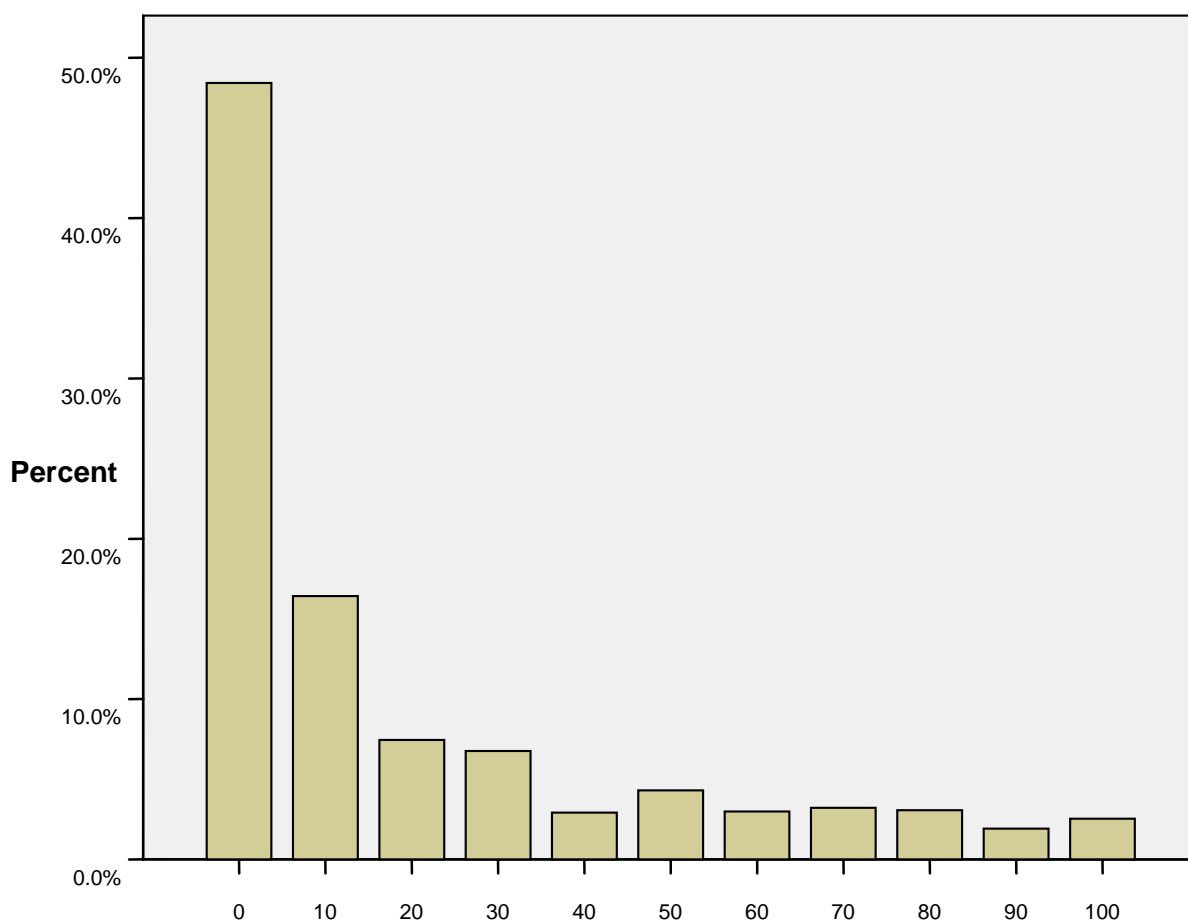


Figure 1. Percentage of adult workforce within each organisation earning \$12-16 per hour

As shown in Table 11, 19% of private sector employers predominantly engage low paid employees. We note that, although 88.6% of all responding employers were in the private sector, employers who predominantly engage low paid employees are most likely to be in the private sector (220 of the 235, or 93.6%). This is consistent with previous findings that rates of low pay are more prevalent in the private sector (Dunlop, 2000). Table 12 shows that employers who predominantly engage low paid employees are spread quite evenly with regard to years of operation.

**Table 11. Employers who Predominantly Engage Low Paid Employees: Sector**

<b>Sector</b>	<b>Frequency</b>	<b>%</b>
Private sector (n = 1,155)	220	19.0
Public sector / Government department (n = 46)	2	4.3
Non profit organisation (n = 76)	11	14.5
Other (n=23)	2	8.7

**Table 12. Employers who Predominantly Engage Low Paid Employees: Years of Operation**

<b>Years of Operation</b>	<b>Frequency</b>	<b>%</b>
1 – 18 (n=440)	75	17.0
19 – 30 (n=428)	86	20.1
31 and over (n=423)	73	17.3

The prevalence of employers who predominantly engage low paid employees varies by industry. However, our findings are tentative only, as it must be acknowledged that some industry groups are either under- or over-represented in our sample, as evidenced by the data in Tables 4 and 13.

Agriculture, forestry and fishing (36.8%), manufacturing (25.3%), retail trade (27.7%), accommodation, cafes and restaurants (22.7%), health and community services (22.4%) and wholesale trade (20.4%) were the industries where employers who predominantly engage low paid employees were more likely to be found. These findings are broadly consistent with national statistics and previous Australian research (Australian Bureau of Statistics, 2004b; Masterman-Smith, cited in Brosnan, 2005).

**Table 13. Employers who Predominantly Engage Low Paid Employees: Industries**

Industry	n	Frequency	%
Agriculture, forestry and fishing	38	14	36.8
Manufacturing	308	78	25.3
Retail Trade	191	53	27.7
Accommodation, Cafes and Restaurants	22	5	22.7
Health and Community Services	67	15	22.4
Wholesale Trade	137	28	20.4
Transport and Storage	42	8	19.0
Personal and Other Services	40	6	15
Communication Services	35	4	11.4
Education	31	2	6.5
Construction	130	8	6.2
Finance and Insurance	49	3	6.1
Electricity, Gas and Water Supply	17	1	5.9
Government, Administration and Defence	38	2	5.3
Property and Business Services	104	5	4.8
Cultural and Recreational Services	10	0	0
Mining	23	0	0

As shown in Table 14, the percentage of all employers within each size category who predominantly engage low paid employees is spread quite evenly with regard to size, measured by number of employees.

Most employers are in small businesses (57.9% of our total sample employs under 20 employees). The finding for employers who predominantly engage low paid employees shows the same representation: 57% per cent of employers who predominantly engage low paid employees have fewer than 20 employees.

Our findings are not consistent with previous research findings in Australia and overseas. Australian studies (e.g., Austen, 2002) have reported substantial differences in the incidence of low paid employment between small, medium and large firms. In the United Kingdom, Rainnie (1989) found that the low-paid were more likely to be found in small firms. However, this difference may be explained by the fact that the methodologies applied in those studies are different from our focus on employers who predominantly engage low paid employees.

**Table 14. Employers who Predominantly Engage Low Paid Employees: Number of Employees**

<b>Number of Employees</b>	<b>Frequency</b>	<b>%</b>
Under 20 employees (n = 755)	134	17.7
20 – 49 employees (n=221)	43	19.5
50 – 99 employees (n=111)	22	19.8
100 – 499 employees (n=145)	26	17.9
500 – 999 employees (n=34)	6	17.6
1000 or more employees (n=36)	4	11.1

Tables 15 to 18 provide further information on the characteristics of employers who predominantly engage low paid employees. Employers with turnover of less than \$1 million were slightly more likely to engage low paid employees. We note the finding shown in Table 15, that 16.4% of employers with annual turnover of over \$100 million reported that they predominantly engage low paid employees. Table 16 shows Tasmania (22.5%) as the state with the highest percentage reported of employers who predominantly engage low paid employees, followed by Victoria (21.3%). Table 17 shows that the highest percentage (26.8%) of employers who predominantly engage low paid employees was found in inner regional areas. Previous research has suggested that low paid work is more prevalent in the regional and rural areas (Dunlop, 2000; Australian Bureau of Statistics, 2004b). Table 18 shows that employers who predominantly engage low paid employees are spread quite evenly across number of sites.

**Table 15. Employers who Predominantly Engage Low Paid Employees: Annual Turnover**

<b>Annual Turnover</b>	<b>Frequency</b>	<b>%</b>
< \$1 million (n=251)	60	23.9
\$1 – 19 million (n=806)	139	17.2
\$20 – 49 million (n=90)	17	18.9
\$50 – 100 million (n=55)	4	7.3
>\$100 million (n=73)	12	16.4

**Table 16. Employers who Predominantly Engage Low Paid Employees: State/ Territory**

<b>State / Territory</b>	<b>Frequency</b>	<b>%</b>
NSW (n=372)	58	15.6
Victoria (n=464)	99	21.3
Queensland (n=161)	29	18.0
South Australia (n=97)	14	14.4
Western Australia (n=101)	17	16.8
Tasmania (n=40)	9	22.5
Northern Territory (n =11)	1	9.1
ACT (n=36)	5	13.9

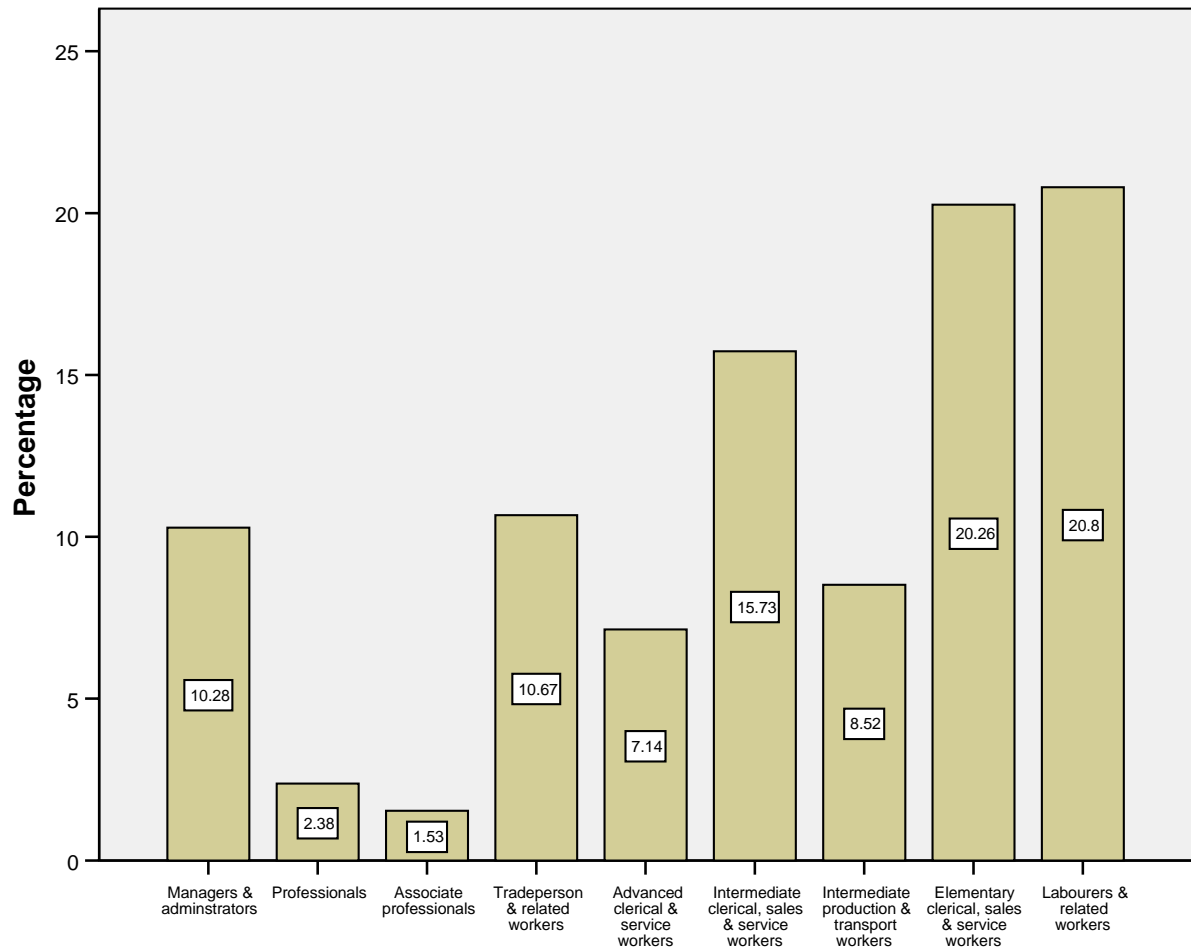
**Table 17. Employers who Predominantly Engage Low Paid Employees: Geographic Area**

<b>Geographical Area</b>	<b>Frequency</b>	<b>%</b>
Major cities (n=942)	149	15.8
Inner regional (n=246)	66	26.8
Outer regional (n=76)	14	18.4
Remote/ Very remote (n=17)	3	17.6

**Table 18. Employers who Predominantly Engage Low Paid Employees: Number of Sites**

<b>Number of Sites</b>	<b>Frequency</b>	<b>%</b>
Single Site (n= 839)	159	19.0
Multiple sites within one state/ territory (n=257)	46	17.9
Multiple sites across states/ territories (n=192)	30	15.6
Other (n=12)	0	0

As shown in Figure 2, amongst employers who predominantly engage low paid employees, those employees are most likely to be in the occupational categories of labourers and related workers (20.8%), elementary clerical, sales and service workers (20.3%) or intermediate clerical, sales and service workers (15.7%).



**Figure 2. Employers who Predominantly Engage Low Paid Employees: Occupational Groups**

## Summary

In this pilot study of 1,303 organisations, we investigated nine characteristics, with the aim of identifying the characteristics of employers who predominantly engage the low paid. Of the 1,303 employers who responded to the survey, 235 employers (18%) indicated that they predominantly engage low paid employees.

The following points can be made with regard to the characteristics that were found in this survey to be associated with employers who predominantly engage the low paid.

1. Employers who predominantly engage the low paid were most prevalent in the private sector.
2. Those industries where employers who predominantly engage the low paid were more prevalent were found to be:
  - Agriculture, forestry and fishing;
  - Manufacturing;
  - Retail trade;
  - Accommodation, cafes and restaurants;
  - Health and community services; and
  - Wholesale trade.
3. The employers who predominantly engage the low paid were more prevalent in inner regional areas of Australia.
4. Employers who predominantly engage low paid employees reported that those employees were most prevalent in the following occupational groups:
  - Labourers and related workers;
  - Elementary clerical, sales and service workers; and
  - Intermediate clerical, sales and service workers.

5. There was some tendency towards an association between employment of low paid workers and state location, and in organisations with an annual turnover less than \$1 million.

Those characteristics that were not found to be associated with employers who predominantly engage low paid workers in this sample were: years of operation, number of employees, or number of sites.

Overall, understanding the characteristics of employers of the low paid, and particularly employers who predominantly engage low paid workers, warrants further consideration in future studies. This research has identified a number of methodological challenges that should be considered in future research in this area.

## Research Issues and Implications for Future Research

Several methodological issues were identified in the conduct of this pilot study. We detail these here to provide some guidance for future research in this area. The following points should be considered for future research.

1. Recognising that this is a preliminary study into an under-researched area, we recommend that future research could further examine the characteristics of employers of the low paid, and particularly explore the characteristics of employers who predominantly employ low paid workers. Such research could provide a more comprehensive understanding of the economic, organisational and job factors associated with low paid work.
2. We recommend that samples for future surveys could be drawn from Australian Bureau of Statistics Business Register (ABSBR). The ABSBR is primarily based on registrations to the Australian Taxation Office's (ATO) Pay As You Go Withholding (PAYGW) scheme (and, prior to 1 June 2000, the Group Employer scheme). The population is updated quarterly to take account of: new businesses, businesses which have ceased employing, etc. The ABSBR is an ideal sampling frame for this type of survey. However, two major limitations are to be considered. First, the ABSBR is limited to private sector employers only. Second, as parliamentary approval is required for the use of the ABSBR, it is not feasible to use the ABSBR within a short-time frame. The sample for this study was unable to be drawn from the ABSBR for this reason. Using a sampling frame drawn from the ABSBR would help to address potential issues of over- and under-representation identified in this sample.
3. As this was a pilot study, a simple random sample of employers was used. Future research should use stratified random sampling by employer characteristics including industry, size and state/territory to ensure greater precision of estimates. Care should also be taken when attempting to generalise the findings of this sample survey to any population. The sampling frame used was not a complete list of businesses and could be subject to potential coverage biases, including

under -or over representation of industry categories. As noted above, use of the ABSBR would provide a more reliable sampling frame to address this. Use of the ABSBR would also enable the generation of estimates weighted by selected population benchmarks

4. The survey was conducted within a very tight time-frame. The intention was for respondents to return their completed questionnaires approximately one week after receiving it in the mail. However, lengthy mail delivery times (up to 5 or 6 days to remote areas) made it difficult for recipients in remote areas to meet the deadline. While we do not believe that this caused a bias in our respondent group, for future national surveys, we recommend allowance of a longer period for respondents to return their completed questionnaires.
5. As per the current study, we recommend that future research codes geographical location (remoteness) using the ABS 2001 postcode to remoteness classification (Australian Bureau of Statistics, 2001, 2003).
6. For future research, we recommend the use of alternative methods of data collection, including the conduct of face-to-face or telephone interviews to overcome the limitations of self-completed, written questionnaires and to provide the opportunity for probing of responses.
7. Recognising that estimates in this report are subject to sampling and non-sampling errors, we recommend that future studies seek to reduce sampling error and hence increase precision by using a larger sample size. (A rule of thumb is that, to halve the error rate, it is necessary to have four times the sample size).

## References

- Appelbaum, E. Bernhardt, A., Murnane, R.J. & Weinberg, J.A. 2005. Low-wage employment in America: results from a set of recent industry case studies. *Socio-Economic Review*, 3: 293-310.
- Austen, S. 2002. *Low paid employment amongst Australian women*. Discussion Paper 21 Women's Economic Policy Analysis Unit (WEPAU), Curtin University of Technology.
- Austen, S. 2003. Gender differences in the likelihood of low pay in Australia. *Australian Journal of Labour Economics*, 6 (1):153-76.
- Australian Bureau of Statistics, 1993. *ASCO. Australian Standard Classification of Occupations*. (2<sup>nd</sup> edn) Cat. No. 1220.0. Australian Bureau of Statistics: Canberra.
- Australian Bureau of Statistics, 1997. *Australian and New Zealand Standard Industrial Classification (ANZSIC)*. Cat. No. 1292.0. Australian Bureau of Statistics: Canberra.
- Australian Bureau of Statistics, 2001. *Postal area to remoteness area 2001 concordance*. Cat. No. 9921.0. Australian Bureau of Statistics: Canberra
- Australian Bureau of Statistics, 2003. *ASGC remoteness classification: Purpose and use*. Census paper no. 03/01. Australian Bureau of Statistics: Canberra.
- Australian Bureau of Statistics, 2004a. *Australian Bureau of Statistics Business Register, Counts of Businesses - Summary Tables*. June. Cat. No. 8161.0.55.001. Australian Bureau of Statistics: Canberra.
- Australian Bureau of Statistics, 2004b. *Employee earnings, benefits and trade union membership, Australia*. June. Cat. No. 6310.0. Australian Bureau of Statistics: Canberra.
- Baruch, Y. 1999. Response rate in academic studies: A comparative analysis. *Human Relations*, 52: 421-438.
- Brosnan, P. 2005. *Can Australia afford low pay?* Paper presented to workshop, Federal Government's Proposed Industrial Relations Policy, University of Sydney, 20-21 June.
- Buchanan, J. & Watson, I. 2000. Beyond the wage-earner model. *Growth*, 48 (November): 19-32.
- Cycyota, C.S. & Harrison, D.A. 2006. What (not) to expect when surveying executives: A meta-analysis of top manager response rates and techniques over time. *Organizational Research Methods*, 9 (2): 133-160.
- Dunlop, Y. 2000. *Labour market outcomes of low-paid adult workers. An application using the survey of employment and unemployment patterns*. Australian Bureau of Statistics Occasional Paper, Cat. No. 6293.0.00.005, Australian Bureau of Statistics: Canberra.
- Harding, A. & Richardson, S. 1999. The lowly paid, the unemployed and family incomes. *Australian Journal of Labour Economics*, 3 (1): 23-46.

- Lucifora, C., McKnight, A. & Salverda, W. 2005. Low-wage employment in Europe: a review of the evidence. *Socio-Economic Review*, 3: 259-292.
- Masterman-Smith, H., Pocock, B. & May, R. 2006. Low paid services employment in Australia: Dimensions, causes, effects and responses. In Pocock, B., Provis, C. & Willis, E. (eds), *21st century work: High road or low road?* 20th Conference of Association of Industrial Relations Academics of Australia and New Zealand (AIRAANZ), Vol. 1: Refereed Papers, Adelaide, 1-3 February, 369-379.
- Plowman, D. & Preston, A. 2005. The new industrial relations: Portents for the lowly paid. *Journal of Australian Political Economy*, 56: 224-242.
- Rainnie, A. 1989. *Industrial relations in small firms*. Routledge: London.
- Smithson, M. 2005. *Statistics with confidence*. London: Sage.
- Watson, I. & Buchanan, J. 2001. Beyond impoverished visions of the labour market. In Fincher, R. & Saunders, P. (eds). *Creating unequal futures*, Allen & Unwin: Sydney.
- The State of Victoria. 2003. *The low paid in Victoria. The state of working Victoria project*. 2003. Information Paper No. 2. Industrial Relations Victoria, The State of Victoria: Melbourne.

## Appendix 1

Appendix 1 includes:

- A sample cover letter that was attached to the survey. The cover letter was on Monash University Letter head and signed by the Director of ACREW.
- A copy of the questionnaire.

## Sample Cover Letter

<MONASH UNIVERSITY LETTERHEAD>

<NAME>

<ORGANISATION>

<ADDRESS>

<DATE>

Dear <NAME>,

I am writing to invite you to participate in a survey being conducted for the Australian Fair Pay Commission (AFPC) by the Australian Centre for Research in Employment and Work (ACREW) at Monash University. This survey should only take about 10 minutes to complete.

Your organisation has been selected randomly from a public list of employers across Australia.

This survey has been approved by the Australian Bureau of Statistics (Australian Government Statistical Clearing House Approval Number 01863-01) on the grounds that the information being collected is not currently available through any other source, so your participation is greatly valued. Results from this survey will be used to inform the AFPC in making its first determination, which is scheduled for spring of this year. Further details about the AFPC are available on its website at [www.fairpay.gov.au](http://www.fairpay.gov.au).

This questionnaire should be completed by a senior manager or a person with knowledge of the payroll services in this organisation. If you are not the appropriate person to complete this survey, could you please forward to a suitable person?

Survey responses will remain completely confidential. Results will be presented in aggregate and individual respondents will not be able to be identified. We appreciate you taking the time to fill out the questionnaire.

Please return your questionnaire in the attached reply paid envelope by Friday 11th of August.

If you have any questions about the survey, please contact the ACREW Office on (03) 9903 2581 or on [acrew@buseco.monash.edu.au](mailto:acrew@buseco.monash.edu.au)

Thank you for helping us in our research.

Yours sincerely,

<Signed>

Professor Helen De Cieri  
Director, Australian Centre for Research in Employment and Work  
Department of Management  
Monash University  
Victoria 3800 Australia  
Tel: (+613) 9903.4155 Fax: (+613) 9903.2718  
E-mail: [acrew@buseco.monash.edu.au](mailto:acrew@buseco.monash.edu.au)  
<http://www.buseco.monash.edu.au/mgt/research/acrew/>

# **MONASH UNIVERSITY**

## ***Australian Centre for Research in Employment and Work (ACREW)***

### ***Questionnaire***

#### ***for the***

### ***Australian Fair Pay Commission***

Please try to answer all questions.

Please provide your best estimates if you don't have exact data.

All information is strictly confidential.

For the purposes of this survey, we are interested in the activities of your organisation across all locations and work sites in Australia.

Thank you for your help

**Australian Government Statistical Clearing House Approval Number 01863-01**

		Please record your answers in this column	
<p><b>1. Which of the following best describes your position in this organisation?</b> <i>(Please tick one box only)</i></p>	<p>CEO <input type="checkbox"/></p> <p>Manager <input type="checkbox"/></p> <p>Proprietor/owner <input type="checkbox"/></p> <p>Personnel/payroll officer <input type="checkbox"/></p> <p>Other <i>(please specify)</i> <input type="checkbox"/></p> <p>.....</p>		
<p><b>2. Which of the following best describes this organisation's sector?</b> <i>(Please tick one box only)</i></p>	<p>Private sector company <input type="checkbox"/></p> <p>Public sector/government department <input type="checkbox"/></p> <p>Non profit organisation <input type="checkbox"/></p> <p>Other <i>(please specify)</i> <input type="checkbox"/></p> <p>.....</p>		
<p><b>3. How many adult employees do you currently have in this organisation?</b> <i>(Please include all full-time, part-time, casual, contract and agency workers)</i> <i>(Please tick one box only)</i></p>	<p>Under 20 employees <input type="checkbox"/></p> <p>20 – 49 employees <input type="checkbox"/></p> <p>50 – 99 employees <input type="checkbox"/></p> <p>100 – 499 employees <input type="checkbox"/></p> <p>500 – 999 employees <input type="checkbox"/></p> <p>1000 or more employees <input type="checkbox"/></p>		
<p><b>4. Approximately, what percentage of all adult employees in this organisation are currently paid (without loadings) in each of the following categories:</b> <i>(Please circle the appropriate number, for each category)</i></p> <p>Less than <b>\$12</b> per hour before tax. <i>(For a full-time worker this equates to less than \$456 per week)</i></p> <p><b>\$12</b> per hour or more, up to <b>\$16</b> per hour before tax. <i>(For a full-time worker this equates to between \$456 and \$608 per week)</i></p> <p>More than <b>\$16</b> per hour before tax. <i>(For a full-time worker this equates to more than \$608 per week)</i></p>	<p>0% 10 20 30 40 50 60 70 80 90 100%</p> <p>0% 10 20 30 40 50 60 70 80 90 100%</p> <p>0% 10 20 30 40 50 60 70 80 90 100%</p>		

If your organisation does not employ workers earning \$12 to \$16 per hour before tax, please go to Question 6.

<p><b>5. Please indicate, for each of the following occupational groups, whether you have adult employees earning \$12 to \$16 per hour before tax?</b></p> <p><i>(Please tick as many as apply)</i></p>	<p>Managers and administrators <input type="checkbox"/></p> <p>Professionals <input type="checkbox"/></p> <p>Associate professionals <input type="checkbox"/></p> <p>Tradesperson and related workers <input type="checkbox"/></p> <p>Advanced clerical and service workers <input type="checkbox"/></p> <p>Intermediate clerical, sales &amp; service workers <input type="checkbox"/></p> <p>Intermediate production and transport workers <input type="checkbox"/></p> <p>Elementary sales, clerical and service workers <input type="checkbox"/></p> <p>Labourers and related workers <input type="checkbox"/></p> <p>Other <i>(please specify)</i> <input type="checkbox"/></p> <p>.....</p>
<p><b>6. Which of the following best describes the main industry this organisation operates in?</b></p> <p><i>(Please tick one box only)</i></p>	<p>Agriculture, Forestry and Fishing <input type="checkbox"/></p> <p>Mining <input type="checkbox"/></p> <p>Manufacturing <input type="checkbox"/></p> <p>Electricity, Gas and Water Supply <input type="checkbox"/></p> <p>Construction <input type="checkbox"/></p> <p>Wholesale Trade <input type="checkbox"/></p> <p>Retail Trade <input type="checkbox"/></p> <p>Accommodation, Cafes and Restaurants <input type="checkbox"/></p> <p>Transport and Storage <input type="checkbox"/></p> <p>Communication Services <input type="checkbox"/></p> <p>Finance and Insurance <input type="checkbox"/></p> <p>Property and Business Services <input type="checkbox"/></p> <p>Government Administration and Defence <input type="checkbox"/></p> <p>Education <input type="checkbox"/></p> <p>Health and Community Services <input type="checkbox"/></p> <p>Cultural and Recreational Services <input type="checkbox"/></p> <p>Personal and Other Services <input type="checkbox"/></p> <p>Other <i>(please specify)</i> <input type="checkbox"/></p> <p>.....</p>
<p><b>7. For how many years has this organisation been in operation?</b></p>	<p>_____</p>
<p><b>8. What is the postcode of the location where the largest numbers of employees work in this organisation?</b></p>	<p>_____</p>

9.	<b>What best describes the locations of this organisation?</b> <i>(Please tick one box only)</i>	Single site <input type="checkbox"/> Multiple sites within one state/territory <input type="checkbox"/> Multiple sites across states/territories <input type="checkbox"/> Other ( <i>please specify</i> ) <input type="checkbox"/> .....
10.	<b>What is the estimated annual turnover (2005 - 2006) of this organisation (in AUD)?</b> <i>(Please tick one box only)</i> <b><i>This information is strictly confidential</i></b>	Less than \$1 million <input type="checkbox"/> \$1 million - \$19 million <input type="checkbox"/> \$20 million to \$49 million <input type="checkbox"/> \$50 million to \$100 million <input type="checkbox"/> > \$100 million <input type="checkbox"/> Not sure <input type="checkbox"/>
11.	<b>Please indicate how long it took to complete this questionnaire.</b>	_____ minutes

Thank you for taking the time to complete this questionnaire.

Please return your questionnaire in the attached reply paid envelope by

**Friday, 11 August 2006.**

© Commonwealth of Australia 2006

This work is copyright. Apart from any use as permitted under the Copyright Act 1968, no part may be reproduced by any process without prior written permission from the Commonwealth. Requests and inquiries concerning reproduction and rights should be addressed to the Commonwealth Copyright Administration, Attorney General's Department, Robert Garran Offices, National Circuit, Barton ACT 2600 or posted at <http://www.ag.gov.au/cca>.

The views expressed in this paper are those of the author(s) and do not necessarily represent the views of the Australian Fair Pay Commission.

**ISBN 0 9802979 1 5**