

Family and social factors labour force status

The importance of family, cultural and social environmental factors in determining the labour force outcomes of Indigenous people is highlighted in a recent study.

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The recent public debate over the impact of welfare dependency on Indigenous communities highlights the need for economic independence – for example, Indigenous leader Noel Pearson and others point to the need for a widespread Indigenous involvement with the “real economy”. However, the extent to which this can be easily achieved is circumscribed by circumstances that affect the willingness of Indigenous people to search for work and participate in the labour market. This paper seeks to identify the extent to which family and social factors either enhance or detract from Indigenous economic participation.

The headline statistics on labour market status generally focus on three categories: employment, unemployment and not-in-the labour force. Conventionally, anyone who is working one hour a week or more for pay, or who works in their own business, or who is on leave from a paid job, is categorised as “employed”. “Unemployed” is defined to include people who want to work, are available to start work, and are actively looking for work, but who are not employed. The remainder of the labour force are those “not-in-the-labour force”.

Of people “not-in-the labour force”, a key distinction is between those who want to work and those who do not. People who want a job but are not actively looking for work are often called “discouraged workers”, or alternatively, the “hidden unemployed” or “marginally attached”.

Indigenous people have lower employment rates and higher rates of unemployment and not participating in the labour force than Australians as a whole, and they are far more likely than other Australians to be discouraged workers (Taylor and Hunter 1998). It is thus important that the factors which lead to Indigenous people becoming discouraged workers are understood.

This article reports on the results of analysis of data from the 1994 National Aboriginal and Torres Strait

Islander Survey (NATSIS) which, with its unprecedented range of labour market, socio-economic and cultural data, provides a unique opportunity to examine the processes underlying Indigenous labour force status. (For more information on NATSIS see boxed inset 1.)

Definitional issues

The International Labour Organisation (ILO) defines “discouraged workers” as people who want a job and are available for work but who have given up actively searching for work because they believe they cannot find it (Hussmanns, Mehran and Verma 1990). The reason for a person not continuing to seek work may relate to the levels of labour demand. Or the reason may relate to personal factors, such as the belief that the qualifications required for employment are lacking, or that employers want younger employees. The ILO recognises that, while its own official definition attempts to exclude personal reasons, it may be difficult to draw a clear distinction as respondents may find it difficult to separate their personal circumstances from the level of labour demand they face.

In this article, “discouraged workers” are defined as those who want to work but are not actively looking for work. The Australian Bureau of Statistics definition also specifies that a discouraged worker must be available to start work within the next four weeks. Unfortunately, the publicly available NATSIS data do not contain direct information on the availability for work of discouraged workers.

Determinants of labour force status

According to standard economic theory, labour force status is determined in a two-stage process. In the first stage individuals decide whether or not they wish to supply their labour to the market. In the second stage a combination of factors determines whether or not individuals are employed, including labour demand conditions, incentives to search for work, and willingness to accept any job offers.

underlying the of Indigenous Australians

The decision to supply labour to the market will depend on a range of factors including the social and economic conditions facing individuals and their families, the level of unemployment benefits, macro-economic conditions, and the level of labour demand in the local labour market. Within this framework, individuals will become discouraged workers if they want to work but, because the costs of searching for work combined with the perceived poor chances of finding work, they do not search for work. (See Blundell, Ham and Meghir 1998 for a detailed discussion.)

Economic theory and the existing empirical literature have emphasised the role of the business cycle in determining aggregate labour demand, and therefore the costs and benefits of searching for work. Local labour market conditions will also affect the level of labour demand, and so have a role in explaining the labour market dynamics of discouraged workers. Personal characteristics will be important, especially if they affect the demand for an individual's labour.

The probability of a person becoming a discouraged worker will also be affected by other factors that influence their wellbeing when not participating in the labour force and the costs of job search. The costs of searching for employment may be quite considerable as they include both the time involved, and the monetary and psychological costs of the failure to find employment. Family factors, such as household composition, child care responsibilities, and difficulties with child care, are also likely to play an important role.

Any analysis of Indigenous labour force status needs to take account of Indigenous-specific cultural-social factors, the behaviour of potential employers, and the interaction between labour supply and demand factors. An important institutional feature of the Indigenous labour market is the *Community Development Employment Projects* (CDEP) scheme, which at the time of the 1996 Census accounted for around 25 per cent of Indigenous employment. Under the scheme, communities receive a grant of a similar size to their collective unemployment benefit entitlement to undertake community-defined work. The benefit recipients are then expected to work part-time for their entitlements.

Indigenous attachment to the labour force

The comparison of Indigenous and total Australian statistics for labour force attachment reveals both similarities and differences (Table 1). Given that Indigenous Australians comprise such a small component of the Australian population, the last two columns of the table can be taken to indicate the situation for non-Indigenous Australians.

Indigenous Australians have much lower employment rates than other Australians. According to the NATSIS data, in 1994, 45 per cent of Indigenous males aged 15 plus were employed, which is substantially lower than the 67 per cent of all Australian males (Table 1). When CDEP employment is excluded, the employment rate of Indigenous males fell to 32.1 per cent (ABS 1995: 51). The employment rate of Indigenous females was 27.1 per cent compared with 49 per cent for all Australian females.

1. The NATSIS 1994 data

The sample design for the 1994 National Aboriginal and Torres Strait Islander Survey data was a multi-stage stratified random sample based on Census Collection Districts. The survey covered a total of 4,205 households, which yielded 15,726 Indigenous respondents, 3,076 non-Indigenous people living in the

same household as an Indigenous person, and 158 prisoners (ABS 1996). Not all respondents are used in the analysis in this paper: first, only people aged 15 and over are included; second, non-Indigenous respondents are excluded because only a small portion of the necessary data is collected from them; and

third, because prisoners can not be employed, the analysis excludes this group. For the regression analysis, respondents were also excluded if they did not have valid data for all explanatory factors. With these restrictions, the number of respondents used in the estimates in this paper is 7,159.

The relatively low employment rates of Indigenous Australians does not appear to impinge upon their desire to work. Indeed, if the potential labour force is defined as those who either work or report wanting to work, then Indigenous Australians are more motivated to work than other Australians. For example, only 16.2 per cent of Indigenous males indicated they did not want to work as compared with 21.4 per cent of non-Indigenous males.¹

It is clear from Table 1 that the rate of discouraged workers is much higher among the Indigenous population than the Australian population as a whole. Indigenous males are almost four times more likely than other males to want work but to be not actively looking for work (15.8 compared with 4.2 per cent). While females are generally more likely than males to be discouraged from looking for work, Indigenous females are almost three times more likely than other females to be discouraged

workers (29.3 compared with 10.0 per cent). Of the respondents who are reported actively looking for work, almost all were also available to start work immediately.

Reasons for not looking for work

The high rates of discouraged workers among the Indigenous population, and the distinct gender patterns observed above, highlight the importance of analysing the reasons for not looking for work amongst people who report wanting to work (see Table 2). The figures in the Table are presented separately by broad age group (15–24 years, 25–44 years, more than 45 years) and gender.

Among females, the main reasons why discouraged workers do not look for work are child care and other family responsibilities (46.8 per cent), followed by studying (21.7 per cent). Demand side factors, including that there were no jobs at all and

Table 1 Labour force status and attachment to the labour force by Indigenous status and sex, 1994

	Indigenous		Total Australian	
	Male %	Female %	Male %	Female %
Employed	45.0	27.1	67.0	49.0
Not employed	54.9	72.9	33.0	51.0
Do not want to work (not-in-the-labour-force)	16.2	31.9	21.4	35.5
Want to work	38.8	41.0	11.6	15.4
Discouraged workers (not actively looking for work)	15.8	29.3	4.2	10.0
Actively looking for work	22.9	11.6	7.4	5.4
Marginally attached (not available to start working last week)	0.9	1.1	0.4	0.5
Unemployed (available to start working last week)	22.0	10.5	7.0	4.9
Total	100.0	100.0	100.0	100.0
Civilian population aged 15 and over	88,500	92,900	6,877,900	7,096,700

Source: Indigenous statistics are derived, based on Monthly Labour Force Survey (MLFS) definitions, from Tables A1.1 and A1.2 in ABS/CAEPR (1996). Total Australia statistics are derived from the September 1994 editions of *Persons Not in the Labour Force, Australia* (ABS various years) and *The Labour Force, Australia* (ABS 1994).

Table 2 Main reason why person is not looking for work by age group and sex, 1994 NATSIS

	Age							
	15-24		25-44		45-64	Total		
	Females %	Males %	Females %	Males %	Females %	Females %	Males %	
Child care and other family responsibilities	33.1	2.4	62.8	7.5	18.6	46.8	4.5	
No jobs at all	7.3	9.4	6.9	11.9	6.2	7.0	10.2	
No jobs in local area or line of work	3.4	7.0	6.3	13.1	17.2	6.4	9.0	
Studying/returning to studies	45.2	62.1	6.5	24.6	11.0	21.7	42.7	
Welfare payments/pension may be affected	1.2	3.0	3.2	8.5	8.3	3.0	6.7	
Other	5.1	6.7	11.0	27.6	28.5	10.6	19.0	
No reason	4.6	9.4	3.1	6.9	10.3	4.5	7.9	
Number of "discouraged" workers aged 15 years and over	6,281	4,094	8,436	2,576	1,761	16,478	7,451	

Notes: Discouraged workers are defined for the purposes of this table as those people who want work, but are not actively looking for it. The sample size for males aged 45 to 64 years is too small to allow accurate estimates and therefore excluded from this table.
Source: Hunter and Gray (2001: 120).

that there were no jobs in the local area or line of work, accounted for 13.4 per cent. Male discouraged workers tend to emphasise study as the major reason (42.7 per cent) for not looking for work. Demand-side factors are the second most important reasons for males (19.2 per cent) not seeking work.

There are also several patterns discernible between age groups. Child care and other family responsibilities is the primary reason given by females aged 25–44 years (62.8 per cent). For males aged 25–44 years the most common reason given was study. For both females and males in the youngest age group (15–24 years), studying is the main reason given for not looking for work (45.2 and 62.1 per cent respectively), and for females, child care and other family responsibilities were very common reasons (33.1 per cent). If the “other reasons” category is ignored, then the reasons given by discouraged workers aged 45 and over are dominated by demand-side factors (23.4 per cent for females and 15.3 per cent for males).

Concerns about the effect of paid employment on welfare payments do not feature strongly for any group examined, with the possible exception of older males (20.6 per cent). This observation is somewhat surprising given the high replacement rates (that is, the ratio of welfare payments to expected wages) for most Indigenous people (Daly and Hunter 1999). One explanation might be that the wages and working hours are so low that they do not affect welfare entitlements and hence the incentives to look for work.

The prevalence of child care and other family responsibilities as the main reason given by Indigenous females for not looking for work is a little higher than reported by all females who are discouraged workers. According to data from the Australian Bureau of Statistics, in 1994, 39.8 per cent of female discouraged workers reported child care and other family responsibilities as the main reason for not looking for work (ABS various years).

While there is not a great deal of evidence on the use of child care amongst the Indigenous population, it has been found that many Indigenous families prefer to make use of informal arrangements with family and friends when the need arises (ABS 2001). Much anthropological research has highlighted the interlinked nature of many Indigenous households and the use of shared child care arrangements (Finlayson 1991; Smith 2000).

Smith and Daly (1991: 2) write: “They [households] vary in size from small kindred groups living in close proximity, to larger groupings consisting of a number of households. Linked households are reported as being characterised by cooperative efforts for subsistence production, food purchases and capital accumulation, by overlapping ownership and use of consumer durables, by common histories and

residential proximity. Patterns of marriage and shared child care arrangements further reinforce the economic linkages across households.”

Given the widespread use of extensive family networks in providing child care, it may therefore be surprising that such a high proportion of Indigenous female discouraged workers report child care and family responsibilities as the main reason they are not seeking work. The explanation is likely to relate to the fact that while large extended family networks exist for the provision of child care, these arrangements are often not oriented to the demands of regular work hours. It is not always the

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case that other relations are available to assume child care responsibilities when needed on a regular basis. For example, a study of Indigenous child care arrangements in Kuranda, a township located north-west of Cairns, found that they operate on the basis of fluidity, flexibility and changing circumstance, rather than regularity (Henry and Daly 2001).

Modelling labour force status

The relative importance of various factors underlying labour force status can be estimated using statistical techniques (see Hunter and Gray 2001 for a detailed description of the multinomial logit regression analysis). Five labour force categories are considered in the statistical modelling. These are:

- CDEP scheme employment;
- non-CDEP employment;
- unemployment;
- discouraged worker; and
- not-in-the-labour-force (excluding discouraged workers).

Empirical studies of Indigenous labour force status have identified many factors associated with the various labour force states. Details of the variables included in the estimation are presented in accompanying boxed inset 2. The determinants of labour force status are estimated separately for males and females.

The results indicate that a number of factors are important determinants of labour force status. The following discussion provides an overview of those results with a focus on the role of family, cultural and social environmental factors. A detailed discussion of *all* the results can be found in Hunter and Gray (2001).

The relative importance of the explanatory variables is illustrated using marginal effects. The marginal

effect for an explanatory variable shows the effect of a change in the explanatory variable on the probability of being in each labour force state. Marginal effects must be interpreted relative to a hypothetical reference person. The hypothetical reference person is intended to characterise a representative member of the Indigenous population and hence was chosen using sample information on the most likely outcome for each explanatory variable. The marginal effects for selected family, cultural and social environmental factors are presented in Table 3.

There are clear age effects, with Indigenous youth being much less likely than older Indigenous groups to be in non-CDEP employment and more likely to be unemployed. Males are much more likely to be discouraged workers than are prime age males. Older males and females tend to be concentrated in the not-in-the-labour-force category. That is, they are less likely to want to work than their respective prime age populations.

Increases in educational attainment are associated with higher non-CDEP employment rates for both males and females. Corresponding decreases in

the probability of being in CDEP employment and not-in-the-labour-force categories. Interestingly, for males there is a relatively small effect from level of educational attainment on the probability of being a discouraged worker. In contrast, the level of education appears to substantially reduce the probability of being a discouraged worker for females. The overwhelming effect of education appears to be to increase the prospects of non-CDEP employment.

The experience of having been arrested is estimated to reduce the probability of a male being in non-CDEP employment by 20.7 percentage points, but increases the probability of unemployment by a similar amount. Among females, having been arrested significantly reduces employment prospects (outside the CDEP scheme), but has little impact on the probability of being a discouraged worker or not-in-the-labour-force. In other words there is little impact on the labour force participation rate.

Family factors were found to be important determinants of labour market outcomes. There were clear gender differences. For males, the presence of

2. Factors underlying Indigenous labour force status

Empirical studies of Indigenous labour force status have identified many factors associated with the various labour force states. These include age, marital status, number of dependents, educational attainment, and geography. Also found to be important are social environmental and cultural factors such as whether a person voted in a recent election, whether they have a long-term health condition, whether they were taken from their natural parents in youth, and whether they have been arrested in the five years prior to the survey (Daly 1995; Borland and Hunter 2000).

Thus the analysis incorporates several social, environmental and cultural factors related to the employment status of Indigenous people, including whether a person voted in a recent election, whether they have a long-term health condition, whether they were taken from their natural parents in youth, and whether they had been arrested in the previous five years.

Several variables that attempt to capture the role of Indigenous culture, and

the substitution between traditional lifestyles and market work are included. Variables include whether a respondent has engaged in hunter-gatherer activities or speaks an Indigenous language.

A variable capturing whether a respondent undertakes voluntary work is included. One hypothesis is that voluntary work augments social capital, which, in turn, can increase an individual's employment prospects.

Another set of variables measure the characteristics of other household members and whether a family has access to child care. The household is used as the basis for these factors because the immediate family may not be the sole social influence on people living in large Indigenous households.

Living with people who constructively engage with the wider society may provide "positive" role models to younger members of the household. Alternatively, "negative" role models may lead Indigenous people to reject the possibility of participating in the labour market. Several household

level variables are used to measure the influence of such peer group effects. The first captures whether anyone else in the house is employed, while a second measures whether anyone else is unemployed. Another variable measures whether another household member has been arrested. The final household variable indicates whether the average level of schooling of other householders is greater than Year 10.

Access to child care, which has obvious implications for labour supply, is proxied by a variable that indicates whether a respondent's house is within ten kilometres of the nearest preschool.

All due care was taken to ensure that these household-based variables are not related to labour force status by definition or through some behavioural mechanism (that is, they are not "endogenous"). For example, the social environmental variables are all constructed in terms of the characteristics of other household members and, therefore, exclude the characteristics of the person being analysed.

children in a family has a small positive effect, or no effect, on the probability of a male participating in the labour market, but has a large negative effect on female participation.

The presence of one child under 12 years of age reduces female participation rates by 12.1 percentage points, while the presence of more children reduces participation rates by more than 22 percentage points compared to Indigenous women without children. The reduction is due to an increase in the probability of being in the not-in-the-labour-force category as well as an increase in the probability of being a discouraged worker, particularly in families with two or more children. While access to a preschool was controlled for in the regression framework, it appears that family responsibilities remains a major factor behind the large numbers of discouraged females.

Marriage is associated with an increase in labour market participation (non-CDEP employment, CDEP employment and unemployment combined) among males. In contrast, it is associated with a fall in labour market participation among females of over 10 percentage points. These changes in labour supply arise from two very different sources. The increase in male participation rates arises primarily from a large increase in non-CDEP employment and reductions in the not-in-the-labour-force category and unemployment rates. In contrast, married females are less likely to participate because of a fall in the unemployment rates relative to unmarried females. Employment prospects are also worse if a female is married.

For females, sole parenthood results in a substantially lower probability of participation in the labour force, mostly as a result of a substitution between being unemployed and the discouraged worker and, more importantly, the not-in-the-labour-force categories, but also some fall in the probability of employment. Male sole parents are much less likely than female sole parents to be unemployed largely because of an increased probability of being in employment (either CDEP or non-CDEP). They are also significantly more likely to be a discouraged worker.

Living in a “racially mixed” family is associated with substantially better employment prospects outside the CDEP scheme. Indeed, CDEP employment has a negative association with this variable, presumably because “intermarriage” rates are highest in large urban areas where the opportunities for CDEP employment are very low. There is a small net increase (3.8– 4.6 percentage points) in participation rates associated with living in a mixed family.

Being taken from one’s natural family does not have any direct influence on labour supply for either males or females. However, as Borland and Hunter (2000) point out, it has a substantial influence on arrest and, therefore, is likely to affect labour market participation through this avenue.

Cultural factors and social environmental influences on labour supply are particularly interesting because they are rarely, if ever, examined in the detail presented here. Engaging in hunting and gathering activities appears to be a substitute for market-based activities, especially for females. ➤

Table 3 Selected marginal effects on the probability of being in various labour force states

	Non-CDEP scheme employed	CDEP scheme employed	Unemployed	Discouraged workers	Not-in-the labour-force (excluding discouraged workers)
	%	%	%	%	%
Male					
Arrested	-20.7	1.7	16.8	0.7	1.6
One child under 12*	-4.2	0.5	2.3	0.7	0.8
Two to three children	-5.7	1.2	0.0	2.0	2.6
Four or more children*	-13.5	1.8	10.5	1.2	0.0
Married	15.3	2.2	-8.8	-1.7	-7.1
Sole parents*	5.9	5.2	-16.0	3.3	1.6
Mixed family	17.5	-7.5	-6.3	-0.3	-3.5
Taken from natural family	5.1	-1.1	-6.6	0.0	2.7
Hunter-gatherer*	-7.4	2.1	2.3	-0.3	3.2
Indigenous language	-7.5	3.5	-1.7	1.9	3.8
Voluntary work	8.0	-0.2	-5.2	1.3	-4.0
Others employed	10.8	9.8	-14.7	-0.8	-5.1
Others unemployed	-15.4	-6.2	13.5	-0.4	8.5
Others arrested	-7.6	4.4	2.6	0.6	0.0
Others to Year 10	8.6	-0.2	-5.8	-0.6	-2.0
Close to preschool	-3.1	-2.4	8.7	-2.4	-0.8
Female					
Arrested	-13.1	0.6	9.7	1.9	1.0
One child under 12	-8.5	0.2	-3.8	7.2	4.9
Two to three children	-16.3	-0.9	-5.3	11.4	11.1
Four or more children	-20.5	-1.2	-4.9	14.9	11.7
Married	-3.1	0.2	-7.7	4.4	6.2
Sole parents	-4.8	-1.6	-8.0	7.3	7.1
Mixed family	9.5	-3.9	-1.0	-0.3	-4.3
Taken from natural family*	-2.0	2.2	-1.7	-0.8	2.3
Hunter-gatherer	-2.6	0.0	-5.7	0.6	7.7
Indigenous language	-2.3	0.4	-1.6	-3.4	6.9
Voluntary work	6.6	-0.7	3.9	-1.0	-8.8
Others employed	10.8	7.8	-5.6	-3.6	-9.4
Others unemployed	-8.4	-3.6	1.0	-1.6	12.7
Others arrested	-4.5	2.7	-0.5	1.7	0.6
Others to Year 10*	4.9	-1.1	2.7	-2.1	-4.4
Close to preschool	4.8	-0.6	0.0	-7.0	2.8

Notes: The marginal effects indicate the change in the probability of being in each labour force state resulting from a change in the respective explanatory variables. Since the reference person is still in one of the labour force states, the marginal effects must sum to zero in each row. Readers are referred to Hunter and Gray (1999) for details of the reference person, full estimation results and standard errors. An asterisk denotes that there was no significant coefficient for any of the labour force states at the conventional levels.

Females engaged in hunter-gatherer activities are 8.3 percentage points less likely to participate in the labour market than those who do not, almost entirely through the increase in the not-in-the-labour-force category. This resulted from a 2.6 percentage point decline in the probability of non-CDEP employment and a 5.7 percentage point decline in unemployment.

Males engaged in hunter-gatherer activities are 7.4 percentage points less likely to be in non-CDEP employment, but slightly more likely to be in CDEP employment, to be unemployed and in the not-in-the-labour-force category. Speaking an Indigenous language has some effect on the attachment to the labour force as revealed by the significantly reduced probability of being a discouraged worker, and a consequent increase in the chance of being in the not-in-the-labour-force category. Speaking an Indigenous language is associated with a small reduction in the labour market participation of males. The source of this reduction in the probability of supplying labour is a significant fall in the prospects of non-CDEP employment and a smaller fall in the probability of being unemployed.

Participating in voluntary work is associated with an increased labour supply for both males and females, but not with any substantial change in the proportion of discouraged workers. This increased labour supply results in better prospects of non-CDEP employment. This may indicate that voluntary work could be associated with improved attachment to the community, helps build work-related skills, and could even be helpful in developing useful employment contacts. Voluntary work is not a substitute for participating in the mainstream labour market; rather it appears to complement it.

The social environment is a particularly important determinant of labour supply. The presence of other employed adults in a household increases labour supply and reduces unemployment. Among males, if other people in the household are employed, the chance of unemployment falls by 14.7 percentage points. This is counterbalanced by a larger increase in the probability of employment. The net effect on labour supply is to increase the participation rates for the reference males and females by 5.9 and 13.0 percentage points, respectively.

In contrast, unemployment among other adults in a household is associated with a lower probability of supplying labour, higher unemployment probabilities and lower employment probabilities, both in non-CDEP and CDEP employment. Males in such households are 13.5 percentage points more likely to be unemployed and 21.6 percentage points less likely to be employed.

The effects of the social environment for females are similar. The effects on labour supply are very substantial for females, increasing the probability of being not-in-the-labour-force category by 12.7 per cent.

As indicated by other householders who have been arrested, the presence of poor adult role models is not substantially related to labour supply, but has some effect on employment prospects. The prospects of non-CDEP employment are reduced by 7.6 and 4.5 percentage points (for males and females respectively). Living in a household where the other adult residents have, on average, at least Year 10 level of education is associated with greater labour supply and more employment outside the CDEP scheme. It is also associated with significantly fewer female discouraged workers.

In general, the proportion of discouraged workers is not substantially affected by these social environmental variables. However, there are small but significant reductions in the number of discouraged workers when there are other adults in the house who are unemployed. The effect of living with other unemployed people on reducing labour supply is almost entirely through increases in the not-in-the-labour-force category. That is, many people in such households lose any *desire* to work as well as the impetus to *actively look* for work.

Finally, living in a household that is less than ten kilometres from the nearest preschool is not associated with large changes in male labour supply. However, for females, child care access is significantly associated with greater employment prospects outside the CDEP scheme and a reduction in the number of discouraged female workers. The net effect of access to child care/preschool is a small increase in participation rate of 4.2 percentage points.

Conclusion

The main contribution of the research described in this article is two-fold: first, it extends the range of factors examined in studies of Indigenous labour supply to include cultural and social environmental factors; and second, it focuses on what leads to Indigenous people becoming discouraged workers.

Indigenous-specific cultural factors are particularly important in determining labour force status. The variables that capture the access of an individual to traditional lifestyles, whether a respondent speaks an Indigenous language or engages in hunting and gathering, are associated with significant reductions in labour supply and declines in the desire to work in the mainstream labour market.

The role of voluntary work in increasing mainstream employment probabilities points to the importance of access to information about jobs and job search behaviour. Voluntary work may also complement participation in the mainstream labour market by cultivating a “culture of work”, hence increasing awareness of what it takes to secure and keep a job. This result appears to provide a validation for the inclusion of approved voluntary work under the auspices of the “mutual

obligation” policy that has been implemented for young unemployed since 1 July 1998.

Access to child care is also a significant factor, especially among females. Notwithstanding, providing access to child care only results in a small increase in labour supply, presumably because Indigenous females with children experience multiple disadvantages which discourages them from looking for work.

While cultural factors are important determinants of the standard definition of labour supply, they do not seem to be so important in underpinning the number of Indigenous discouraged workers. The exception to this observation is that females who speak an Indigenous language have a slightly lower probability of being a discouraged worker. However, such females are also less attached to the labour market as they are more likely to be entirely outside the labour force than others without access to traditional culture

The analysis of Indigenous discouraged workers points to a role for demand-side factors, although it is difficult to separate out supply and demand-side factors. For example, educational attainment is widely believed to increase individual productivity, but it may also increase the desire to work by, among other things, increasing the opportunity costs of not working. Notwithstanding these analytical difficulties, the long-term policies which augment the demand for Indigenous workers, such as effective education and regional development policies, are likely to substantially improve Indigenous labour force status.

Of particular importance from the perspective of family policy is the high proportion of Indigenous female discouraged workers who report child care and other family responsibilities as the major reason they are not looking for work. While this result may be surprising given the extensive family networks and the high rates of informal care typical of Indigenous families, there is evidence that these networks are often not well suited to providing reliable and predictable child care which is required for participation in paid employment.

Endnote

1. All figures are for 1994.

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