

Redundancy Monitor: Effects of Recession and Redundancy

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This paper will be updated regularly with further information on the continuing world-wide recession and its NZ effects. The paper has 3 sections:

- conceptualisations and literature
- identification of key data sources for monitoring
- presentation of selected information.

(1) Conceptual Frameworks and Literature

Underlying Paradigms embed assumptions which shape the way redundancy is looked at:

- *1980s*: Redundancy seen as organisational and community issue and programmes strengthen collective capacities to deal with it.
- *neo-liberalism period*: Individuals need to adjust to dynamic changing economy. Some less able to adapt. Programmes (e.g. education credentials to improve these)
- *currently*: hopefully some mix of these viewpoints will prevail.

There are several quite different mechanisms through which effects occur, and the effects of each may need to be kept separate:

- attitudes/behaviour in relation to recession
- perception of security of job
- involuntary job loss
- plant closures

Evidence-based Knowledge re Attitudes/Behaviour

Spending cutback in response to recession which then effects economic level itself

Perceived job security important (rated very highly as characteristic wanted in a job) and affects work performance.

Protracted unemployment after displacement leads to:

- loss of earnings in subsequent employment,
- failure to regain *steady* post-termination employment, and
- chronically low geographic mobility are some common economic hardshipse2

Effects are reported in the literature to be similar: whether shutdowns are in small communities or large industrial cities, in areas of low or high employment, in highly automated plants or in labour intensive plants.

Differences in the extent of effects tend to be the result of ethnicity, age, and skill level, with minority groups, older, and lower skilled employees suffering disproportionate economic hardship.

Blue-collar employees (and especially those in casual work) experience greater difficulties in their post-termination employment experiences than white-collar employees.

Less tangible changes include:

- anomie and dissatisfaction with life,
- reduced social interaction,
- political alienation,
- economic radicalism, and
- destruction of integrated, closely-knit patterns of life inside and outside of the plant
- higher uric acid levels, increased cholesterol levels, and elevations in blood pressure.

Available NZ Studies

See attachment below

(2) Available NZ Data Sources:

There are at several data-sets which pertain to redundancy and unemployment: apart from the official unemployment rate and other standard economic indicators. However, assembling the requisite information requires some ingenuity.

(1) Household Labour Force Survey - HLFS (SNZ). A quarterly survey. “Redundancy” is a category in the question ‘reason for leaving last job’. Unfortunately bundled with other reasons for leaving a job: viz. - Laid off / dismissed / made redundant. Presumably Laid off=made redundant but dismissed can cover a much wider range. From 1986 through 1990 these 3 reasons were recorded separately (It would be interesting to get disaggregated data for this period to see what the proportions amongst the 3 reasons are.)

Also a reason for not seeking employment is ‘discouraged’ (presumably, usually through not able to find jobs)

The HLFS also provides the measurement of the official unemployment rate.

<http://www.stats.govt.nz/economy/labour-market/unemployment.htm>

(2) LEED (SNZ): the linked employer employee database allows tracking for each quarter the remuneration of each of 16 or so industries together with no. of jobs, workers and then a worker turnover rate. A job turnover rate can be calculated.

- Total earnings \$(million)
- Mean earnings (Continuing, New hires)
- Total filled jobs
- Job flows (Creation, Destruction)
- Worker flows (Accessions, Separations, Turnover rate-%)

For methodology see <http://www.stats.govt.nz/products-and-services/table-builder/leed-table-builder.htm>

(3) WINZ: Information on unemployment benefits and schemes.

<http://www.workandincome.govt.nz/community/>

(4) Mortgage Sales: Recent information is available through the website:

www.zoodle.co.nz. See also-

http://www.goodreturns.co.nz/pics/Mortgagee_Sales_Report_aaMar09.pdf

(5) Bankruptcies: recent information is available through: Insolvency & Trustee Service, Min. Economic Development <http://www.insolvency.govt.nz/cms> **Statistical Data Report**

(6) The NZ Herald is compiling information reported to it on redundancies and shut-downs.

(7) **Roy Morgan Poll.** At the end of each year, as part of a world-wide Gallup international exercise, NZ respondents have been asked several questions about their employment expectations for the forthcoming year. The directly relevant questions are:

1. Unemployment: Respondents were first asked: “*In the **next 12 months**, do you expect the number of **unemployed** to increase a **lot**, to increase **slightly**, remain the **same**, fall **slightly**, or fall a **lot**?*”

2. Job Security: Those respondents surveyed who work full-time or part-time were then asked: “*Do you think your present job is **safe**, or do you think there's a chance you may become **unemployed**?*”

3. Finding A New Job If Unemployed: Full-time and part-time workers were also asked: “*If you became **unemployed**, do you think you'd be able to find a new job **fairly quickly** — or do you think it might take longer?*”

(8) UMR: <http://www.umar.co.nz/> Global Economic/Financial Crisis

(9) Research NZ: <http://www.researchnz.com/pdf/Media%20Releases/>

(10) NZ Business Council for Sustainable Development <http://www.nzbc.org.nz/>
Economic Survey

(11) Business Confidence Index and Consumer Confidence Index
www.treasury.govt.nz/economy/mei/archive/pdfs/mei-mar03.pdf
http://www.nzier.org.nz/Site/News/media_releases_list.aspx

(3) Selected NZ Data

(3.1) HLFS Time-series: Quarters 1986-2008: males and females

Note:

1st 2 cols: Nos in 000s

2nd 2 cols.: Laid off etc as % of total leaving jobs

last 2 cols.: Laid off etc as % of wage & salary workers

Quarter	Laid Off, Dismissed, Made Re-M		Laid Off, Dismissed, Made Re-F		Laid Off, Dismissed, Made Re-M		Laid Off, Dismissed, Made Re-F	
86-1	7.00	2.90	19.02	7.75	.93	.49		
86-2	6.00	3.10	17.24	9.01	.81	.52		
86-3	7.50	4.60	21.99	14.15	1.03	.78		
86-4	7.80	3.70	22.16	11.38	1.07	.62		
87-1	9.20	3.00	25.00	8.75	1.25	.50		
87-2	9.30	3.70	24.41	11.60	1.27	.61		
87-3	10.40	4.00	26.67	14.08	1.44	.66		
87-4	8.70	3.50	21.48	11.36	1.20	.57		
88-1	15.80	5.20	33.05	13.90	2.24	.87		
88-2	17.30	5.70	34.88	14.58	2.50	.96		
88-3	20.30	5.90	34.88	13.69	3.02	1.02		
88-4	20.50	5.90	33.94	14.60	3.02	.99		
89-1	24.00	7.40	34.29	14.45	3.57	1.30		
89-2	25.20	8.40	35.95	17.28	3.82	1.49		
89-3	22.20	9.60	32.36	20.43	3.45	1.68		
89-4	23.70	9.30	36.46	18.53	3.60	1.61		
90-1	23.30	7.90	33.43	15.28	3.56	1.36		
90-2	23.40	7.70	30.71	15.84	3.56	1.31		
90-3	24.10	8.10	31.63	15.49	3.75	1.39		
90-4	24.00	9.00	28.00	15.15	3.69	1.54		
91-1	32.70	11.80	33.99	16.21	5.06	2.05		
91-2	34.80	13.10	35.12	18.61	5.47	2.26		
91-3	43.40	15.00	39.56	21.25	7.02	2.66		
91-4	37.80	14.00	34.12	20.20	6.04	2.45		
92-1	39.00	15.60	35.07	19.75	6.22	2.76		
92-2	35.30	12.10	34.51	17.93	5.60	2.10		
92-3	36.40	12.50	35.24	19.08	5.93	2.20		
92-4	33.10	14.30	32.10	19.70	5.30	2.47		
93-1	33.40	12.70	32.08	17.84	5.28	2.21		
93-2	31.00	12.60	31.66	18.42	4.85	2.19		
93-3	32.30	10.20	34.88	16.83	5.10	1.74		
93-4	29.80	9.30	31.27	14.69	4.59	1.57		
94-1	28.20	10.50	29.68	14.69	4.31	1.78		
94-2	24.40	8.40	28.71	14.38	3.70	1.40		
94-3	23.00	7.40	29.00	14.10	3.45	1.20		
94-4	20.90	7.80	27.43	14.16	3.04	1.25		
95-2	15.80	6.80	22.90	12.43	2.26	1.08		
95-2	14.40	5.00	24.16	9.96	2.06	.80		
95-3	13.20	4.10	21.93	8.97	1.90	.64		
95-4	11.10	5.80	17.90	11.31	1.56	.90		
96-1	11.40	5.40	17.40	9.91	1.61	.83		
96-2	10.60	6.50	18.21	12.65	1.49	.98		
96-3	13.30	6.00	21.28	11.76	1.87	.90		
96-4	11.30	4.70	17.47	10.06	1.54	.70		
97-1	12.60	6.90	18.75	11.27	1.73	1.04		
97-2	12.20	6.10	17.97	11.19	1.67	.90		
97-3	13.40	6.00	19.76	10.83	1.85	.88		

97-4	14.40	4.50	20.08	8.41	1.96	.65
98-1	16.00	7.20	20.75	11.01	2.20	1.07
98-2	18.70	7.00	24.10	10.82	2.61	1.04
98-3	22.30	7.20	28.41	12.48	3.17	1.06
98-4	19.00	7.40	24.05	11.76	2.65	1.08
99-1	17.10	9.60	21.11	15.43	2.41	1.41
99-2	14.60	6.50	19.89	11.21	2.07	.95
99-3	16.30	5.20	22.64	9.77	2.31	.76
99-4	12.60	5.60	19.41	10.77	1.72	.80
00-1	11.00	6.20	15.92	10.58	1.51	.90
00-2	12.30	4.60	19.68	8.65	1.72	.67
00-3	12.20	4.20	19.52	9.07	1.70	.60
00-4	11.10	4.80	18.35	10.50	1.47	.66
01-1	10.30	4.80	17.31	9.47	1.37	.67
01-2	9.00	2.60	16.07	5.73	1.21	.36
01-3	9.10	4.20	17.14	9.25	1.21	.58
01-4	9.00	3.90	15.85	8.30	1.16	.52
02-1	8.60	3.80	14.68	7.16	1.10	.51
02-2	9.20	4.60	17.69	9.35	1.18	.62
02-3	8.60	3.40	15.11	7.02	1.11	.45
02-4	6.40	4.70	12.50	10.38	.80	.61
03-1	5.70	5.50	10.59	10.42	.72	.72
03-2	6.10	4.30	12.87	9.33	.77	.56
03-3	6.00	2.60	13.36	6.10	.75	.33
03-4	5.40	3.30	11.71	7.11	.67	.42
04-1	5.60	3.20	13.05	6.18	.68	.41
04-2	6.40	2.90	16.28	6.79	.78	.37
04-3	5.80	3.40	14.99	9.04	.70	.43
04-4	4.00	2.90	10.75	7.69	.47	.35
05-1	6.30	2.80	13.85	6.33	.74	.34
05-2	6.50	3.30	16.09	9.24	.76	.40
05-3	4.60	2.80	12.50	7.20	.54	.34
05-4	4.00	3.60	11.40	8.91	.45	.43
06-1	5.60	3.80	12.28	7.65	.64	.45
06-2	5.90	3.40	15.90	8.67	.66	.40
06-3	6.60	2.90	16.02	7.55	.75	.34
06-4	6.10	3.00	14.99	7.81	.67	.35
07-1	5.80	2.50	12.80	5.15	.64	.29
07-2	3.10	2.50	8.20	6.35	.34	.29
07-3	4.90	2.70	12.89	7.18	.54	.31
07-4	4.10	1.70	10.62	4.97	.44	.19
08-1	4.80	1.30	10.57	2.78	.54	.15
08-2	5.80	3.80	12.66	9.69	.64	.43
08-3	7.10	2.90	14.26	7.13	.78	.33

(3.2) Roy Morgan/Gallup International Data

Expect Unemployment to...

	Increase					Increase	Remain	Fall	Don't
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2009</u>	<u>2009</u>	<u>2009</u>
	%	%	%	%	%	%	%	%	%
New Zealand	35	29	44	37	31	74	10	15	1
Australia	39	36	41	40	26	70	8	20	2

Job Security...

	Present job safe					Present	Chance of	Don't
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2009</u>	<u>2009</u>
	%	%	%	%	%	%	%	%
Australia	78	79	83	81	80	81	17	2

New Zealand 84 85 84 85 83 79 18 3

Finding a new job if become unemployed...

	Find a new job quickly						Find a new job quickly	May take longer	Wouldn't look	Don't know
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2009</u>	<u>2009</u>	<u>2009</u>	
	%	%	%	%	%	%	%	%	%	
Australia	64	67	62	63	72	64	33	2	1	
New Zealand	66	69	71	70	72	55	39	3	3	

(3.3) Research NZ

Compared to your financial situation last year, would you say your current financial situation is...	March 2008	Sept 2008	October 08	Feb 09	April 2009
A lot worse	8	9	11	10	10
Somewhat worse	37	46	45	39	37
No Change	31	28	18	32	25
Somewhat better	18	12	19	13	21
A lot better	6	4	6	5	7
How much impact (if any)..					
A big impact	25	33	28	20	18
Somewhat of an impact	54	57	53	51	50
No Impact at all	20	10	19	28	32
DK	1	0	0	1	1
Expectation of Financial Situation in 12 months time					
A lot worse	5	3	4	4	4
Somewhat worse	29	17	28	28	24
No Change	29	37	16	34	24
Somewhat better	27	33	38	24	33
A lot better	9	7	10	8	11
DK	1	3	4	5	5
How much do you agree Disagree that the govt is					

taking the right steps to manage the impact of the recession					
Strongly Agree				14	15
Agree				47	48
Neither				9	7
Disagree				11	8
Strongly disagree				4	6
DK				15	14

(3.4) UMR

	Dec 08	Jan 09	Apr 09
Expectations of the Crisis			
Its as bad as it will get..	8	5	10
It will get a bit worse	60	51	53
It will get a lot worse	26	34	24
It will lead to a depression	4	7	9
When will Economy Pick up again?			
Within a Year	52	36	41
2 Years	27	17	33
3 or more	21	26	22
Most Important Problem Facing Country			
Economy			37
Unemployment, Jobs			19
Crime & Violence			9
Ethical, Moral & Family			2
Cost of Living			2
Concern about Impact of International Economic crisis on NZ economy			
Concerned	72	72	75
Not Concerned	8	8	7
Concern about Impact of International Economic crisis on Family's Standard of Living			
Concerned	54	56	54
Not Concerned	18	17	22
Concern about Impact of International Economic crisis on Family's Job			

Security			
Concerned	50		52
Not Concerned	26		26
Do You think NZ's Economic Slowdown has been mainly caused by..			
International Events	73	80	82
Domestic Factors	17	11	11
DK	10	9	7
Spending Expectations for Year Ahead			
Spend more	16	21	16
Spend same	48	39	41
Spend Less	35	39	42
Spending Cutbacks			
Consumer goods	54	54	56
Clothes/fashion	44	45	52
Eating at Restaurants	49	47	49
Entertainment	42	42	47
Holidays	39	40	46
Food/groceries	34	33	38
Driving car	35	33	30
Alcohol	27	24	29

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