# From the Managing Editor

Welcome to the first issue of the *Australian Journal of Labour Economics* (AJLE) for 2024. As usual we have articles of interest to our readers covering a range of labour market issues and using a variety of approaches to research. I am pleased to welcome New Zealand colleagues who have submitted papers for this issue.

The first paper, by Alexandra Ferguson of Stats NZ, discusses the use of longitudinal surveys to examine labour force stability using the New Zealand Household Labour Force Survey (HLFS) data as a case study. Stability relates to how long an individual remains in a certain labour market state, such as employment, unemployment, not in the labour force, over a period of time. Labour market instability can negatively impact people's wellbeing and incomes. It locks short-term employees out of employment protections like access to paid sick leave and can limit intermittently jobless people's access to social protection schemes. Alternatively, stability of unemployment would be expected to reduce wellbeing. The author demonstrates how to create and apply an alternative measure of the stability of individuals across longitudinal survey datasets, including a discussion of remaining limitations, in a way that complements pre-existing stability measures like duration of unemployment, job tenure, and Linked Employer-Employee Database (LEED) employment turnover. In the NZ data most people were completely stable, experiencing no changes to their labour market status during surveyed periods. A small minority of people, disproportionately Māori, Pacific, and female, experience high degrees of labour market instability. The paper does note some limitations of the analysis, but generally, the paper presents an interesting advance on current methods of measurement and scope for future research.

The paper by Lisa Meehan, Gail Pacheco and Thomas Schober from Auckland University of Technology, examines a number of outcomes over the lifetime of New Zealand (NZ) adults across different literacy and numeracy skill levels. The outcomes measured include rates of educational attainment, employment rates and average earnings, rates of hospitalisation, and rates of criminal offending and convictions. The study uses measures of literacy and numeracy proficiency of the working-age adult population using survey data for NZ from the Program for the International Assessment of Adult Competencies (PIAAC) which is an international study for measuring, analysing, and comparing adults' basic skills of literacy, numeracy, and digital problem solving. The outcome measures are then related, through very thorough and detailed analysis, to the literacy and numeracy measures. The results suggest low literacy and numeracy skills affect an individual's wellbeing, including via educational, labour market, health and justice outcomes. What's more, differences in outcomes between those with low literacy and numeracy skills and those with above-average skills may increase over time. This widening disparity gap is particularly evident for labour market outcomes, with earnings gaps between those with low and above-baseline skills increasing over the lifetime. The

paper obviously has significant implications for numeracy and literacy policy intervention, particularly among disadvantaged groups.

Claire M. Mason, Haohui Chen, Shanae M. Burns, Scott Philip, Louisa Warren, Taylor Bamin, Cassandra Diamond and Ian Watson, of the Commonwealth Scientific and Industrial Research Organisation (CSIRO), present an innovative approach to measuring changing demand for Indigenous workers in Australia. The authors apply artificial intelligence to identify Indigenous-focused job postings by subjecting an Australian national database of over 10 million job advertisements to a natural language processing algorithm. The algorithm classifies advertisements according to whether they encourage Indigenous applicants, require Indigenous cultural capability, prioritise Indigenous candidates or are not Indigenous-focused. Jobs advertisements are sub-classified according to a number of variables, such as industry, occupation and skill level. The results suggest policy programs to improve employability need to be better focused. The paper provides an interesting and innovative method of analysis which has many potential applications in labour market problems and policy.

The paper by Peter Lake, Samuel Shamiri, Kishor Sharma and Adam Bialowas, of Jobs and Skills Australia (JSA), seeks to estimate labour market matching (demand and supply) efficiency in Australia for occupations, regions and industries using disaggregated data from both the JSA and the Australian Bureau of Statistics (ABS). Labour market mismatch can result in many vacancies existing alongside high unemployment. If demand and supply imbalance due to frictions in the labour market, such as skills or regional mismatch, can be identified then this can provide the basis for labour market policy. The authors develop a model (MUVER) based initially on the traditional search and matching model to identify mismatch in different sectors of the labour market. The results in the paper are very promising with respect to using the model in policy analysis. Although the authors do note some limitations of the analysis these suggest fruitful areas for future research.

I would like to thank authors, the anonymous referees and co-editors for their contributions to the AJLE. Once again special thanks go to the AJLE's editorial assistant, Sandie Rawnsley, for doing an excellent job in making this issue possible.

**Phil Lewis**
Managing Editor