

# ***Reworking work: What are the issues for Australia?***

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## **ABSTRACT**

Australia has experienced two decades of dynamic economic reform that has included deregulation, privatisation, labour market and tax reforms. These policies have resulted in various societal inequalities with almost half of the workforce now employed in jobs that are casual, part-time and/or on fixed contracts. Consequently, the contemporary workforce is divided into two groups: those in high skilled, stressful jobs who would like to work less hours, and those who have to support themselves and their families with insecure incomes. The rewards from economic growth are also very unevenly distributed. As a result, there is a need to rethink and re-conceptualise work in Australia, which has been given a narrow meaning, largely connected to market activity for the purposes of welfare policy design. Outside of the market there is much work that is neither recognised nor rewarded. Hence, this paper discusses factors relating to the reworking of work in Australia making a number of suggestions as to how this could be approached.

## ***Introduction***

This paper outlines what has happened to work in Australia over the past two decades. It reviews recent developments concerning the workforce and the changing conditions and rewards from work, before considering the implications of these developments for the future of work in Australia.

Over the past decade or so Australia's workforce has undergone enormous change. Both large and small organisations in the profit and not for profit sectors have been subjected to enormous environmental pressures and forces of change that have led to major transformations in organisational work structures and contracts. In turn, the responses to these influences have led to change within the industries in which Australians work, the occupations they undertake and the employment contracts they hold. Consequently, this topic underpins a number of important theoretical and policy questions such as:

- the nature and availability of employment for current and future generations
- the characteristics of future jobs and workplaces, and
- the impact of the current trajectories regarding globalisation and technology on the sustainability of work

It is worthwhile defining what is meant by sustainable development in the context of employment, as so many different definitions exist. A widely used international definition is 'development which meets the needs of the present without compromising the ability of future generations to meet their own needs' (SWRA, 2003). Some choose to describe these principles as 'people, pounds and planet', reflecting that sustainable development is all about achieving a balance between social, economic and environmental considerations in any decision.

## ***Australia and the world of work – what has happened over the past 25 years?***

Australia has experienced some twenty years of dynamic economic reform that has included deregulation, privatisation, labour market and tax reforms. Many economic reforms have been focused on increasing shareholder value - translated into workplace actions such as downsizing, increased work intensity and unpaid overtime. The aim of creating an internationally competitive economy has worked well for business in terms of opening up markets, increasing productivity and the creation of a more 'flexible' workforce. For workers, however, there is evidence that such policies have resulted in greater societal inequalities, as almost half of the workforce is now employed in jobs that are casual, part-time and/or on fixed contracts. Statistics also indicate that over one million people are unemployed, underemployed or in 'hidden' unemployment, while others find that work itself has intensified in relation to working hours and unpaid overtime (Watson *et al.* 2003). So, this poses the question is economic progress and sustainable work a contradictory goal?

What we have seen is that growing richer, especially in an information era, is possible for companies without growing bigger. This means that increased national wealth does not guarantee more jobs. In fact, it can mean that a nation's corporations could grow smaller in combination with strategies such as downsizing and the drive for efficiency. Thus, changing market forces and work requirements present a new set of working conditions. Although speed and change are vital for the knowledge-based economy and work redesign is an essential component of the improvement to work processes, work has to be re-conceived and rebuilt to express human values and the kind of productive effort required by the knowledge economy (Spring, 2002; Taylor, 2000).

A seven-year study undertaken by Pusey (2003) investigated what 'middle Australia' (people who are neither rich nor poor) have experienced as a result of recent economic reforms and found that the vast majority believed that big business has too much power and should be more closely regulated. Corporations were perceived as the only winners from economic reform, especially their CEOs who have been rewarded with increasingly larger salary packages. Pusey concluded that Australia needs to consider international evidence showing that societies that seek to make the economy serve the people tend to be more effective (measured in terms of conventional economic indicators) than those that try to make the people serve the economy.

So in broad terms there have been both positive and negative perspectives on the future of work. Pessimists predict a divided society where jobs as such have disappeared for good (Bridges 1995) and there is mass unemployment, growing insecurity and widening social divisions. Capelli (1999) argues that the 'end of the career' will occur due to factors such as competitive pressures, volatile markets, more demanding shareholders, the ongoing need for flexibility (cost reductions), weaker trade unions and changing skill requirements. Conversely, Jacoby (1999) argues that this thesis is not supported by labour market evidence and the continuing experience of long term employment in many public and private sector industries indicates that the long-term career is far from over. On the positive side, it has also been claimed that the 'new' economy will liberate many employees from dull, dreary and degrading jobs. In general, there is a lack of systematic evidence to support many of the claims on either side although much of the data presented in this paper does tend to confirm the more pessimistic viewpoint concerning the future of work.

### ***Recent developments relating to the Australian workforce***

Although this paper primarily focuses on the future of paid work, unpaid work is recognised as an important contributor to the economy and will be referred to again later. In relation to paid work in Australia, it is suggested that the following factors are the most significant:

**increased female participation in the workforce:** There has been a significant rise in female participation in paid work. Conversely, the proportion of adult men in the paid workforce is slowly declining, in common with most OECD countries. In the 1960s almost all men of working age were employed. This proportion fell to approximately 76 percent in 2001 (OECD 2002) while the employment of women in OECD countries moved in the opposite direction. The employment rate in Australia for prime-age women (25–54 years) is now slightly higher than the OECD average for the total OECD, with women accounting for 45% of the Australian workforce (OECD, 2002: 313-315).

**persistently high rates of unemployment and underemployment:** Many thousands of service workers work short hours because their industry is organised through short shifts. This frequently leads to the undertaking of multiple jobs in order to survive. Currently, one in seven workers in Australia are underemployed. Moreover, Australia has one of the highest rates of underemployment and precarious employment in the OECD, in addition to significant numbers of long term unemployed (Watson *et al.*, 2003).

**work intensity and work life balance:** All occupations and industries report that workloads have increased and that work has become more intense, with 21 percent of people in the workforce working 50 or more hours per week. Fifty percent of those who work overtime do not get paid for it - understaffing and work intensity have become workplace fixtures in the early 21st century. Increased workloads make it increasingly difficult to achieve work/life balance with a large number of people in high-skilled, stressful jobs who would like to work less (Watson *et al.*, 2003).

**the dominance of the services sector in job creation:** In common with most developed countries the service sector accounts for more than three-quarters of the economy's output and for four out of every five jobs in Australia. Many of these jobs, however, are part time or casual and are of low quality in terms of pay, working conditions, job security and a lack of any career path (see last point). Table 1 illustrates the rise in service sector employment and the decline in manufacturing employment over the period 1996 – 2002.

**TABLE 1**  
Employment  
in services &  
manufacturing,  
Australia, 1966,  
1986 & 2002 (%)

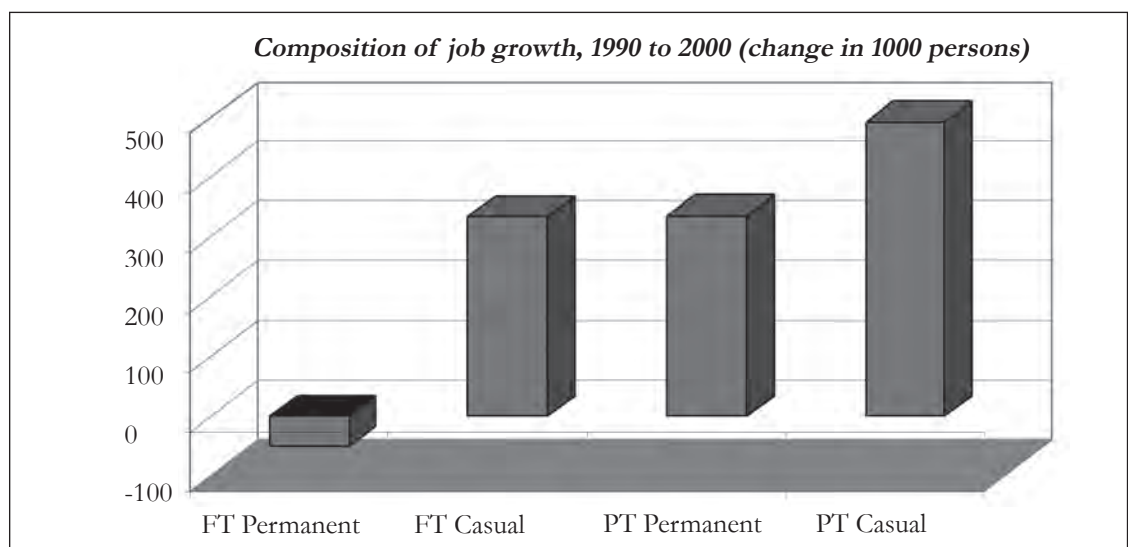
Industry	1966	1986	2002
Manufacturing	26	16	12
Services	65	76	83

Source: Adapted from Watson, I., Buchanan, J., Campbell, I., & Briggs, C. (2003), *Fragmented Futures, New Challenges in Working Life*, Sydney: The Federation Press & ABS (6203.0)

**the growth in non-standard employment arrangements:** This growth is particularly high in relation to part-time and casual work. New jobs created between 1985 and 2001 numbered 2.5 million but most were in industries that are characterised by low paid, part time and casual work – for example in the service sectors (such as the hospitality and caring professions). Figure one illustrates that the number of full time permanent jobs in Australia fell by 51,000 between 1990 and 2000. Three quarters of all additional jobs created in the 1990s were part time jobs and nearly one half were part time, casual jobs (Borland, Gregory and Sheehan, 2001). Predictions are that by 2010 one in three workers will be casually employed – we are coming close to that in 2003. Yet 68 percent of casual workers said in a recent survey that they would prefer permanent to casual work (Watson *et al.*, 2003).

Consequently, we suggest that the increase in casual work is the *major threat* to equality in the workforce and a sustainable future for Australia. These changes to employment contracts are important, as the average part time casual job attracted earnings that were only 30 percent of the average full time permanent job in 2000 (and this does not include the difference in employee benefits). Casual workers are not only ineligible for holiday and sick pay benefits, they are also more vulnerable with regard to irregular income, may have to work unpredictable hours, have a lack of access to education and training opportunities in the workplace and experience job insecurity among other things (Standing, 2002).

**FIGURE 1**  
Composition of  
job growth, 1990  
to 2000



Source: Borland, J, Gregory B, & Sheehan B Eds. *Work Rich, Work Poor: Inequality and Economic Change in Australia*, Centre for Strategic Economic Studies, Victoria University, Melbourne, based on cat no 6310.0

**earning inequities:** There has been a huge increase in earnings at the top end of the labour market (53 percent real income growth for those in the top decile) and no real income growth for the 60 percent of workers who are on middle and low incomes. The working poor are no longer confined to young or part time workers as 70 percent of low wage workers are of prime working age (25–54 years) and the majority of low waged women work full time (Watson *et al.*, 2003).

So what can we make of these changes? Structural change has always been present as the patterns of demand and trade change, new products emerge, consumer tastes alter and technology develops. What appears to be new about the current developments is the growing perception of employment insecurity, the collapse of large organisations (e.g. HIH Insurance, Ansett, OneTel), the disappearance of a job for life, the increasing ambiguity surrounding the legal status of many employment arrangements and the expectation that job content and hours are less predictable or controllable than in the past. Also, there are now many more workers who have to integrate work into other activities, especially education and caring activities. Workers appear to be confronted with uncertainty over jobs (tenure, content, control, hours etc), have less recourse to collective representation and collective action, and are under relentless pressure to adapt and be more productive (ACTU, 2003). Despite sustained growth in the economy over the past decade, unemployment and underemployment persist and the rewards from growth are very unevenly distributed across the workforce. Table 2 outlines some of the changes to the institutions associated with work and the rewards and conditions of work that have occurred over the past decade.

**TABLE 2**  
*Changes to the institutions, rewards and conditions associated with work*

<b><i>Changes to the institutions associated with work</i></b>
Shift away from centralised and industry wage determination towards enterprise and workplace wage determination
Diminished role of industrial tribunals in the Australian industrial relations system
Declining proportion of employees who belong to trade unions
Decline in direct industrial activity
Growth in ambiguous and unprotected forms of employment
Restructuring of employment/conditions across the public sector through privatisation & outsourcing
<b><i>Changes to the rewards/conditions of work</i></b>
Growth in real average full-time earnings (i.e. earnings adjusted for inflation and therefore reflecting “real” purchasing power)
Narrowing of the earnings differential between women and men
Expansion after 1990 in contributions to employment linked superannuation funds
Growth in number of employees who do not receive standard employment benefits
Systematic shift in functional income distribution from labour to capital (leading to growth in profits share from national income)
Ongoing effects of income tax bracket creep on take home pay
Growing inequality in the distribution of earnings across the workforce
Restructuring of the normal working week, especially since the early 1990s

Employers, institutional shareholders and government are clearly retreating from taking responsibility for work-related issues, resulting in the risks and costs associated with employment falling on the weakest party in a work situation (Watson *et al.* 2003). Gonos (1997) suggests that with regard to casual work, its advantage is that it offers user firms access to labour without obligation, allowing them to utilise labour while avoiding many of the specific social, legal and contractual obligations that are generally attached to employer status.

## ***Will these trajectories continue?***

Governments cannot and should not try to ‘wind the clock back’ on the economic change that has driven the transformation of the workforce. However, they can ensure that government policies and workplace laws provide employees with the rights, protection, information and opportunities required to succeed in the 21st century (ACTU, 2003). This requires employing organisations to focus on long term goals and on giving something back to the community. Ware (cited in Kistner, 2004) argues that this requires investment in educational, social and public service institutions in addition to renegotiated employee contracts that focus on work/life balance and co-investment in the future such as the development of ‘talent pool’s. Such initiatives are not overly evident in today’s workforce in Australia. Indeed, the focus at the corporate level appears to be on short-term profitability forecasts and short-term returns from investments. Longer term perspectives and policies need to be developed to address (for example) the issues of skill acquisition, the changing population demographics and the changing nature of work. We predict that key trajectories in the workforce will be as follows:

**gender composition:** the gender composition of the workforce is likely to continue to change in the face of growing female labour force participation and the expectation of many women to combine career and family responsibilities

**service sector jobs:** the majority of new jobs will be located in the service sector. Jobs *will* remain in the mining, rural, manufacturing, utility and construction sectors, but overall, their share will continue to decline. The post industrial economy will continue to expand where a range of caring, routine, professional, supporting and leisure based services will dominate employment. Job growth will remain strong in retailing, accommodation, community services, health, education, business services and personal services. These changes contribute to the expectation that employees use their ‘brains rather than their brawn’ and possess superior ‘soft/interpersonal skills’

**non-standard work contracts:** working arrangements will continue to be fragmented, ambiguous and in many cases not regulated (consider, for example, the position of contractors and temporary agency workers). Pressures for shareholder profit and improved corporate performance will continue to lead to more innovative and flexible employment arrangements and the rewards from work will continue to be unevenly distributed. It follows that contingent or non- standard employment arrangements will become the norm. These arrangements offer flexibility for employers and choice for those who wish to combine work with study or caring responsibilities. The numbers of people holding more than one job is likely to expand. Careers will no longer mean one job with one employer in one location. Over the course of a working life, individuals can expect a career to involve many jobs, many employers, many locations and a range of occupations and skills – portfolio working on a contract basis to a range of employing organisations will become more widespread (Handy, 1989).

**location of workplace setting:** work will continue to spread outside of the traditional boundaries imposed by time and space, such as a fixed location and set working hours. Advancing technology (such as cell phones, modems and laptop computers) support homeworking, telecommuting and 24 hour employment contact. As is already occurring in some instances, the workplace will shift from city centres and head offices to homes and into cyber space. Some work will be continuous and linked across countries and time zones. The notion of a standard working day and working week will be increasingly challenged.

**unemployment and underemployment:** unemployment and underemployment are unlikely to disappear for the fundamental reasons that full employment is no longer an outcome expected from our economic system. Curiously, in the present electoral climate, politicians are not prepared to tolerate inflation but they will tolerate unemployment. Economic management is no longer assigned the responsibility for reducing unemployment since unemployment is no longer presented as a collective responsibility but as an individual responsibility. Individuals are unemployed since they do not possess the ‘right’ skills, the ‘right’ employment record, the ‘right’ personal characteristics or the ‘right’ attitude. In addition, while work remains conceptualised and constructed around the market, then there will always be those who for various reasons will be excluded from the market sector

**pay inequities/work-life balance:** as Watson *et al.* (2003) comment the current system does not fairly reward effort; instead it unfairly rewards market power. This has been evident with the unrestrained earnings growth at the top end of the labour market. Unless the widening inequalities in wages are curtailed, social solidarity is unlikely to be achieved and, therefore, for those who are underemployed, receive low pay, or who have casual contracts it is implausible that they will achieve a reasonable work/life balance. This may be because they are trying to hold down two jobs to achieve a reasonable working wage or working very long hours in one job to try and retain their jobs.

### ***Implications for the future of work?***

Polarisation and workplace inequality is likely to intensify as employment regulations become more difficult to enforce and the diversity in rewards for highly skilled and low skilled workers increase. Those who are mobile, highly skilled and adaptable can take advantage of the opportunities offered by the global labour market. Those who are not will be tied to the limited opportunities offered by local labour markets. Table 2 illustrated that trade union activity is declining while unprotected forms of employment are growing. Accordingly trade unions will have to rethink their organising, mobilising and servicing strategies in the face of more fragmented and insecure work arrangements. As a British trade union official commented recently, unions need to represent the small groups, all the independents who are outside the organisation and who desperately need an association to provide a range of ancillary services, such as education, legal help, protection, and advice. In addition, businesses will have to consider how to arrange their operations and labour in the context of global production, extensive outsourcing and sub-contracting possibilities and the restructuring of work through time and space.

What are the fundamental challenges facing policy makers and the community regarding the future of work? We believe there is a need to re-think and re-conceptualise work. In Australia work has been given a narrow meaning, largely connected to market activity for the purposes of welfare policy design. Consequently, worth and status have been accorded too much weight while outside of the market there is an ongoing and significant amount of work occurring that is frequently not officially recognised nor rewarded. This needs to change, as without this type of work our communities and economy would not be able to function. Moreover, Broom (2003) argues that although these are supposedly post-feminist times, gender is still inadequately addressed in considerations of work. She contends that in the absence of gender, there is little interrogation of the relevance of market and non-market work on each other, the salience of unpaid work to men, or of the economic significance of market work to women.

For many people work gives meaning to their life. The social importance of charitable and household work reaches far beyond its economic importance as this type of work enriches family and community life, conserves cultural traditions and fosters human development (Greenwatch, 1997).

Careers of the future are likely to be fragmented, disjointed, unpredictable and associated with life long learning and training. Work will be increasingly global and take place across borders. In addition, governments have to think about taxation and welfare systems. Where employment status is ambiguous and more workers are located outside of traditional workplaces (even outside of the country), the sustainability of the traditional tax base becomes questionable. Moreover, if employment arrangements are fragmented and discontinuous, then it is difficult to develop any sustainable retirement income arrangements. One major problem for current superannuation arrangements, even without equity market bubbles, is that they are premised on a regular and sustainable full-time employment arrangement - something that is not universal in the current economy.

### ***Towards a sustainable future of work?***

Much of the economic change of the past 25 years has been driven by increased market competition. Whereas previously the quality of a firm's product or service, price and customer service were major factors influencing a firm's competitiveness in the national and international marketplace, contemporary firms are finding that their reputation for social responsibility may also influence investment decisions. The former Federal Minister for the Environment and Heritage, Hon Dr David Kemp (2002) gave an address to the Asia Society Forum where he stated that:

...the pursuit of sustainability is not about ending economic growth or returning to the practices of smaller and simpler societies. It is about mobilising our intellectual and technological resources to better understand the consequences of our actions, so that we can replace unsustainable practices with sustainable ones.

Strategies to support sustainable work practices are, however, unlikely to evolve at the individual firm level. Instead, we argue that co-ordinated government regulation is required to address the current inadequacies that are evident within the contemporary working population. Watson *et al.* (2003) argue that governments have over recent years promoted market regulation rather than institutional regulation and that it is this focus that has created many of the problems within the current labour market.

The Sustainable Europe Research Institute (SERI 2002) proposes that in order to influence political debate, principles and recommendations are needed explaining how environment and employment policies can be integrated so that they can lead to positive synergies. The emphasis on employment policies that are an integral part of sustainable development (and vice versa) works towards the achievement of joint employment and environment policy goals.

Commitment to sustainability is in the interests of not only current but also future generations. In order to look forward to a future where some form of work is an option for all, the government does have choices concerning the type of work being performed and how it is performed. Accordingly, we suggest that:

- funding and taxation arrangements affect the allocation of resources and the composition of jobs and should, therefore, be reconsidered in the light of how they can support more sustainable and equitable work provision than currently exists
- jobs can be generated in the non-market sector (such as volunteer work) to support the unemployed and the under-employed, particularly as service sector jobs are generally labour intensive and are not as resource or energy intensive
- more creative policies be explored for ways of supporting jobs through linking them to environmental sustainability. For example, taxes on polluting activities could generate revenue to assist in the financing of non-polluting activities
- long-term investments in education, training, research and public infrastructure (e.g. transport, health) be seen as capital, not current, expenditure
- qualifications in the 'eco-efficient' technologies could be encouraged
- employers be encouraged to investigate job-share arrangements and shorter working weeks
- the Australian Government look to directives such as the recently published directive from the *European Union on Working Conditions for Temporary Workers* (Storrie, 2002) to improve working conditions for casual workers in Australia. This directive intends that temporary workers will no longer be subject to discrimination due to their employment contract. Consequently temporary workers in EU member states will have the right not to be treated less favourably than comparable permanent employees.

These suggestions are just some of the ways that it may be possible to support both the economy and the labour force in relation to the multiple challenges of globalisation and sustainability. In summary, of course it is impossible to predict the future. However, as the UK study on the future of work suggests (TUC Congress 2000), if something has not happened over the past twenty years, either in the UK or overseas, then we need to ask why it should happen over the next twenty years. Although it is evident that we live in a post-industrial age where the nature of work and careers is rapidly changing, we argue that long term strategising is required because the social and economic consequences of changes in the world of work require careful, ongoing scrutiny by academics, employers and governments if more equitable and shared work options are to be available for the Australian majority of the future. While Australia may never see a situation where full employment is a prospect, the current state of affairs where there is growing inequality in the workplace is not sustainable either, and urgent attention is required to redress the issues discussed throughout this paper in relation to fairness, equity and choice. In other words, we need to epitomise the culture that Australia is famous for – giving a fair go to all.

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