

# Is any job better than the dole?

*Work is always better than welfare. While this might be the conventional view in policy circles but recent research suggests that poor quality jobs can leave the unemployed no better off than they were on income support.*

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Since the late-1990s ‘work first’ has become the new orthodoxy in welfare to work policy. The approach is based on the idea that any job is better than no job and income support recipients should be encouraged to move into work as quickly as possible rather than engaging in training or holding out for a higher quality job.

Advocacy of work first is often combined with calls for increased labour market flexibility to encourage employers to create additional job opportunities for disadvantaged job seekers. Many employers regard long-term unemployed and disadvantaged job seekers as risky hires and use casual or temporary work as a screening tool. According to this perspective, limiting employers ability to use casual and temporary employment arrangements will reduce their willingness to hire these job seekers.

The combination of work first with increased labour market flexibility is seen as a win-win-win option. Job seekers win by increasing their incomes, accessing the psychological benefits of work and getting a foothold in the labour market, employers win by being able to hire under more flexible arrangements, and taxpayers win through reductions in income support spending.

However, there is evidence that not all jobs benefit job seekers. According to a US study by Joseph Grzywacz and David Dooley:

policies that promote job growth without giving attention to the overall adequacy of the jobs may undermine health and well-being. Similarly, downward transitions from optimal jobs to barely adequate jobs might have comparable affects on health and well-being as transitions from employment to unemployment.<sup>1</sup>

Recent Australian research reinforces this point. According to a study by the Australian National University’s Peter Butterworth and colleagues

work of poor psychosocial quality, characterised by low job control, high job demands and complexity, job insecurity and the perception of unfair pay does not bestow the same mental health benefits as employment in jobs with high psychosocial quality. In fact, we found that moving from unemployment to a job with poor psychosocial quality was associated with a significant decline in mental health relative to remaining unemployed. This suggests that psychosocial job quality is a pivotal factor that needs to be considered in the design and delivery of employment and welfare policy.<sup>2</sup>

Advocates of labour market flexibility argue that ‘bad jobs’ that undermine wellbeing in the short term may provide long term benefits by providing a stepping stone to better quality employment. However not all jobs provide this opportunity.

According to research by William Mitchell and Riccardo Welters, highly casualised industries can have the effect of trapping workers in casual employment.<sup>3</sup> This is consistent with the idea of dual labour markets where some workers become stuck in a succession of jobs where they have little job security, few opportunities for advancement

within the firm and few opportunities to gain the skills and experience they need for better jobs elsewhere.

Increased labour market flexibility will not automatically benefit disadvantaged job seekers. There is a risk that a growing supply of ‘bad jobs’ will lead tougher more punitive treatment of job seekers. If the most readily available jobs leave people no better off than they would be if they remained on income support, then policy makers may resort to increasingly punitive mutual obligation requirements in order to encourage recipients into work.

Getting jobless Australians into good jobs should be a high priority for government. But the combination of deregulated labour markets and punitive welfare to work policies is not a short cut to better outcomes.

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<sup>1</sup> Grzywacza, Joseph G and Dooley, David “Good jobs” to “bad jobs”: replicated evidence of an employment continuum from two large surveys’ *Social Science & Medicine* 56 (2003) 1749–1760.

<sup>2</sup> Butterworth, P; Leach, L S; Strazdins, L; Olesen, S C; Rodgers, B; Broom, D H ‘The psychosocial quality of work determines whether employment has benefits for mental health: results from a longitudinal national household panel survey’. *Occupational and Environmental Medicine*, 2011; ;68(11):806-812.

<sup>3</sup> Mitchell, William and Welters, Riccardo ‘Does casual employment provide a “stepping stone” to better work prospects? Working Paper No. 08-11, Centre of Full Employment and Equity, November 2008.