



The Future of Work

source material on

Trends and Challenges in Australian Workplaces

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Preface

The future of work is a matter of growing concern to an increasing number of Australians.

Despite a prolonged period of economic prosperity, which has contributed to significant improvements in Australian society, many people feel under greater pressure at work and at home.

Inequality in Australia has widened. Almost nine out of every ten of the net new jobs created in the 1990's paid less than \$26,000 a year. Nearly half paid less than \$15,600 a year.

Not surprisingly, ACTU research shows that many union members and working people are concerned about where the world of work is heading in contemporary Australia.

The concern about these questions is not just about the immediate experiences of those currently in the workforce. It is also a concern about the types of jobs, workplaces and opportunities that will be there for future generations of Australians.

The origins of this report lie in the mutual interest of the authors and the ACTU in the changing nature of work. The primary aims of the report are to broaden understanding of these changes and open up debate about appropriate policy responses.

The authors raise unsettling issues for all Australians, not just unions and their members.

During 20 years of rapid change the Australian labour market has become much more diverse. While this diversity has had benefits for some individuals and the economy there is strong evidence that many basic workplace standards have also been allowed to slip. This is evident in growing disenchantment about hours of work, casual employment, wage inequality, the balance in work and family life and work intensification.

The distinguishing feature of labour market change is that key players, primarily employers, institutional shareholders and government, are retreating from taking responsibility for work related issues. This is resulting in many of the risks and costs associated with employment falling on the weakest party in a work situation.

Those with power and resources are able to exercise a greater number of choices. Those with limited or no bargaining power have increasingly fewer.

A situation of deepening inequality is not inevitable. Increased flexibility in the labour market and the workplace does not have to mean the abandonment of important workplace standards. Policies can be developed which effectively deal with the legitimate concerns of employees in the contemporary workplace and provide people with real choices at work and over the life cycle.

The pathway to this future not only involves an understanding of the issues, open debate and sensible policy development – it also requires a renewed commitment to the values of fairness and equality.

It is with this commitment in mind that the ACTU has supported the development of this report. The material that the authors have produced contains powerful facts and analytical insights that we hope will raise the quality of policy debate about the future of work.

Greg Combet

ACTU Secretary

Executive Summary

Overview

The past 20 years has been a period of enormous change in Australia, particularly in the workplace.

There is no longer a 'standard' model of work or employment in Australia. Only a little over half the Australian workforce is now engaged as permanent employees. More than a quarter of the workforce is now casual. Many others work on contract or are self employed.

There is also no longer a 'standard' model for the way Australians as individuals and as families interact with the workplace.

Single breadwinner households for example dropped from 51% of couples with children in 1981 to 31% in 2000. Dual, one-and-a-half and no breadwinner households with children all grew strongly during this period. For many people these changes have significantly increased the tensions and pressures between the competing responsibilities of work and family.

While new technologies and business practices have made many jobs more interesting and rewarding, economic and workplace change has also been associated with deepening inequality of income, opportunity and security.

Despite the current trends, this report argues that workplace diversity does not have to mean an absence of workplace standards or widening inequality.

New standards for flexibility are needed to combat widening inequality and allow workers to exercise genuine choices to manage their household circumstances, life transitions and aspirations in more, not less, successful ways than their parents did.

This report examines seven key trends that have emerged in the contemporary workplace and argues that action is needed in each to restore fairness, equity and balance.

1. employment trends and occupational change

Where are the jobs now?

Low quality jobs have been on the rise in Australia over the past two decades.

For all occupations other than managers and professionals, the net increase in jobs in the 1990s consisted entirely of part time and casual jobs. (Borland 2001)

The 1990s saw profound change in:

- the industries in which Australians work,
- the occupations in which Australians work, and
- the way Australians are employed by their employers.

Between 1985 and 2001 2.5 million new jobs were created in Australia. However, most of the job losses in the period came in industries and occupations with high levels of full time and permanent employment. Most of the job gains came in industries characterised by low paid, part time and casual work.

As a result, most of the net jobs growth in the 1990s was in part time and casual work, often in low paid and low skilled industries and occupations:

- casual employment increased from 16% of employees in 1984 to 27% in 2002
- part time employment increased from 18% of employees in 1984 to 29% in 2002
- permanent full time employment fell from 74% of employees in 1988 to 61% in 2002
- women accounted for three quarters of all the new jobs in low paying occupations in the period from 1985 to 2001

The industries in which Australians work have changed. From 1985 to 1999:

- the industries that experienced the largest net job losses were rail transport (58,000), electricity and gas supply (49,000), textiles, clothing and footwear (32,000) and finance (15,000).
- the industries that experienced the strongest net jobs growth were property and business services (537,000), retailing (373,000), hospitality (228,000), education (175,000) and construction trade services (173,000).

The occupations in which Australians work have changed. In the 1990s:

- the strongest growing occupational groupings were professionals and basic sales, clerical and service employees
- while the growth in professionals was significant in relative terms, sales assistants, secretaries and cleaners were still the top three jobs in 2001 - the first professional occupations on the list were nurses at number 6, computer professionals at number 8, and primary teachers at number 9
- the proportion of Australians employed in skilled middle income occupations fell

As a result of these changes, the Australian job market became more polarised between professional jobs at the top and low income, casual and part time jobs at the bottom. Middle income occupations were hollowed out.

2. the growth of casual and non-standard employment

What does non-standard employment really mean?

'My entire working life has been as a casual, and at this stage in my life I want a bit more security.'

Since the early 1990s employers have increased their use of casuals, contractors and labour hire forms of employment - often on a long-term basis.

These forms of labour have been used by employers to discard many of the conventional obligations of employers to employees.

For example, around one-half of all casual workers have been in the same job for more than 12 months, but have no access to sick leave, holidays or a day off to care for a sick child.

Casualisation increased for male and female employees of all age groups. While the fastest growth was among young people and men, the highest rate of casualisation is among women, with around one third of women employees working casually.

Between 1988 and 2001:

- casual employment for workers aged 15 to 19 grew from 38% to 66%
- casual employment for males almost doubled from 12% to 23%
- casual employment for females increased from 28% to 32%

The industries with the largest numbers of casuals and highest casualisation rates in 2002:

- retail trade – 550,000 casuals (45% of industry employees)
- property and business services – 250,000 casuals (28% of industry employees)
- accommodation, cafes, restaurants – 225,000 casuals (56% of industry employees)
- health and community services – 200,000 casuals (23% of industry employees)

The use of labour hire also increased significantly, especially in larger businesses. More than 160,000 employees worked for labour hire companies in 2001.

Between 1990 and 1995:

- the proportion of all workplaces using labour hire workers increased from 14% to 21%
- the proportion of large workplaces (more than 500 employees) using labour hire workers increased from 16% to 55%

The growth in casual employment has been driven by employer choice – 68% of casuals say they would prefer more predictable patterns of work. Disadvantages associated with casual/labour hire employment compared to permanent employment include:

- higher levels of job and income insecurity
- lower levels of satisfaction with income and work in general
- lower occupational health and safety standards
- poorer access to training - only 50% of casuals undertook training in 2000 compared to 70% of permanent employees.

3. increased workloads and work intensification

Are people now working longer and harder?

'Currently I'm doing 50–60 hours a week but in a previous rotation I was doing 70–80 hours...I basically work a 12-day fortnight... I won't get any weekends at all off for three months.' (Nurse)

Over the past decade there have been major changes in the way people experience and talk about work. A key issue of concern for workers and managers alike is the pressure and stress associated with work.

Workloads have increased and work is more intense. In all occupations and industries this has become a common theme.

Increased workloads mean many people are working harder within each hour spent at the workplace and working longer hours.

Many Australians are working longer hours:

- between 1982 and 2002 the proportion of employees working 50 hour per week or more increased from 22% to 29% for males and from 17% to 21% for all employees

- between 1982 and 2002, the proportion of employees working a standard 35 to 40 hour week fell from 50% to 33%.
- only 7% of employees now work all their weekday hours between 9am and 5pm
- less than half of the Australian workforce works a Monday to Friday schedule

Most overtime in Australia is unpaid:

- half of all employees work overtime and 60% of them are not paid for it
- only 37% of permanent employees who work more than 41 hours a week are explicitly paid for the extra overtime hours they work

Many Australians working longer hours would prefer to work less:

- 51% of employees working more than 45 hours a week would prefer fewer hours
- 47% of employees working more than 45 hours a week say that work leaves them with little time and energy to be the kind of parent they would like to be (compared to 36% for those working less than 45 hours)

For most Australians work has become more intense. Under-staffing, expanded workloads, increased responsibilities and the accelerated pace of work are associated with time scarcity and lifestyle stresses.

Workers compensation claims for stress have become the largest single cause of occupational disease in New South Wales, increasing from 5% of all claims in 1992 to 19% in 1998.

4. balancing work and life

How do people balance work and life?

'Dad, what's a holiday?'

Work intensification and a lack of quality, secure part time jobs increased the difficulty of balancing work and family life, especially for low income households.

Though this is not always the case, for many people the most pressing demands outside of their paid work are often caring responsibilities within the family.

Changes in the way families are relating to the workforce have significantly increased the stress and tension between work and family for many people.

The increase in female workforce participation means that most women with family responsibilities are employed:

- the employment rate for all women increased from 47% in 1980 to 62% in 2001
- the employment rate for prime age women (25 to 54 years) in 2001 was 68%.

For couples with children the prevalence of the single breadwinner family model has significantly diminished since the start of the 1980s, with the dual and one-and-a-half breadwinner model increasing in importance.

Between 1981 and 2000:

- the proportion of couples with children with a single full time earner decreased from 51% to 31%
- the proportion of couples with children with one-and-a-half breadwinners increased from 24% to 33%

The structure of the Australian labour market significantly increases the risks for workers (particularly women) associated with moving in and out of the labour market to fulfil caring responsibilities.

Most women with parenting responsibilities who want to return to work part time have little choice but casual employment:

- two-thirds of part time jobs are casual, ie lacking in security and entitlements like access to holidays or leave to care for a sick child
- 57% of women with children work part time, compared to 25% of women without children.

Work arrangements like paid parental leave, the availability of quality part time work, flexible work schedules, special leave and career breaks are poorly developed in Australia compared to other OECD countries.

Australia is characterised by both a large number of people in high skilled jobs who would like to work less hours and a lack of quality part time work.

5. Earnings and inequality

How is work rewarded, and is this fair?

Seventy-seven per cent of middle Australians believe that poverty in Australia has been increasing over the past 10 years (Pusey 2003, page 40)

Earnings inequality in Australia widened for both men and women in the 1990s.

This was driven by two distinct trends - an explosion of earnings at the top of the labour market, and the stagnation of earnings at the bottom and middle of the labour market. In the 1990s earnings for those at the very top of the labour market grew rapidly both in real terms and compared to those at the bottom and in the middle of the labour market:

- measured in 2001 dollars, real hourly earnings for males in the top 10% of income earners jumped from \$28 a hour in 1989 to \$43 an hour in 2001, a real increase of 53%
- at the start of the 1990s the top 10% of male income earners took home 1.6 times the medium income - by 2001 this has jumped to 1.9 times the medium income
- Only the top 40% of income earners experienced real wage increases throughout the 1990s, with only the top 20% receiving substantial income growth

The number of working poor increased in the 1990s with the proportion of the workforce in this low-paid category estimated at between 10% and 18%.

Low wage work is not confined to younger and part time employees:

- 70% of low wage employees are of prime age (25 to 54 years)
- the majority of low wage women are working full time.

6. unemployment and underemployment

Who gets the opportunity to work, and who doesn't?

'If I have a full-time job, I have a better life, better everything.'

Long-term unemployment, underemployment, job churning and discouraged job seekers have all become more entrenched problems during the 1990s.

Long term unemployment remains a significant problem:

- in 2002 the average duration of unemployment was 50 weeks
- for mature aged men (35 to 54) the average duration of unemployment was 86 weeks
- 22% of unemployed people have been out of work for more than 12 months

Downsizing, outsourcing, privatisation and the growth of short term, part time and casual employment have led to 'job churning' and underemployment where many people are cycled through phases of insecure, short-term employment, underemployment and unemployment:

- Australia's official unemployment rate of 6% would double if it took into account the 26% of part time employees who want full time jobs or more hours of work
- tracked over an 18 month period, 90% of jobs started by jobseekers were temporary jobs and two-thirds were casual
- the proportion of jobseekers starting full time work fell from 64% in 1990 to 55% in 2000
- the proportion of unemployed men aged in their mid-50s who were 'discouraged' job seekers and gave up looking for work altogether increased from 10% in the early 1980s to 30% in 2001.

7. skills, education and training

Whatever happened to life-long learning?

Employer investment in training stagnated in the 1990s, limiting opportunities for career development and creating the potential for skills shortage:

- employer investment in all training as a proportion of payroll stayed at 1.3% between 1996 and 2001/02, while investment in *structured training* fell from 1.7% to 1.5%
- in 2001/02 only 24% of employers provided structured training leading to nationally recognised qualifications and only 13% of employers employed apprentices or trainees
- between 1989 and 2001, median hours of training per year decreased from 32 to 22 hours for male employees and from 21 to 16 hours for female employees.