

Labour Market Restructuring in Industrialised Societies: An Overview

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Abstract

Over the past 20 years the labour markets of most industrialised countries have undergone a series of profound changes. These changes have been associated with significant changes in work processes, employment conditions, union density and industrial relations. This paper provides an overview of the labour market restructuring occurring in most industrialised societies. In addition to the growth in temporary, part-time work and self-employment, changes in the extent of agency labour, homework, telework, outsourcing, franchising and the timing of work are also considered. A series of complex interconnections are identified. It is argued that in many cases, the socio-economic consequences of these changes have been compounded by alterations to policies and laws dealing with industrial relations, labour markets, competitive tendering, privatisation and social security.

Introduction

Over the past 20 years the workplace and labour markets of industrialised societies have undergone a number of profound changes. Some of these changes have been under way for over 20 years while others are more recent. The changes, including the growth of contingent or precarious forms of employment, do not amount to a simple convergence of the labour markets

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of industrialised countries (Brewster et al, 1997). While the trends are largely uniform in direction there have been wide variations in the degree to which individual countries and regions experienced a specific shift and the baseline from which growth has occurred. For example, in the European Union (EU) the growth of part-time work since the 1980s was far more significant than changes to the level of self-employment (apart from the UK) and temporary work (De Grip et al, 1997: 49-71). Having said this, the changes still amount to a significant growth in fractured, volatile and contingent forms of employment in industrialised countries. The following sections will sketch the general parameters of this change, comparing and contrasting the experience of particular countries.

Decline in Permanent Full-time Employment and Growth in Casual/Temporary and Part-time Employment

One of the most significant changes to occur over the past two decades has been the decline in permanent full-time jobs and the growth of part-time, casual/temporary employment.

Decline in Permanent Full-time Employment and Labour Shedding

Since the early 1980s one of the most significant labour market changes within many industrialised societies has been a decline in the proportion of the workforce holding permanent full-time jobs. As Stanworth and Stanworth (1997: 43-4) observe, macro-statistics indicate a steady decline in the proportion of workers in full-time permanent employment and this decline has been linked to changes to employers' labour use strategies, giving rise to debates over the 'flexible firm'. In Britain for example the UK Labour Force Survey indicated that the number of workers holding permanent full-time jobs fell by 171,000 (to 15.719 million) or from 67 to 62% of total employment between 1984 and 1995. In the same period there was significant growth in part-time permanent employees (up 897,000 to 4.669 million or 18% of total employment), temporary employees (up 562,000 to 1.798 million or 7% of total employment) and self-employed workers (up 861,000 to 3.355 million or 13% of total employment, HSC 1996: 15). The decline of permanent full-time employment was apparent across all industries but was especially pronounced in those with traditionally high levels of permanent full-time employment (ie above 80%) such as energy and water supply, mineral extraction, metal manufacturing and transport communications. Similarly, the second Australian Workplace Industrial Relations Survey in

1995 (Moorehead, et al 1997) revealed a trend for firms to employ fewer full-time staff over the last five years. Australian Bureau of Statistics data indicated that in the decade to February 1997 the number of men working in full-time jobs declined from 70.4% to 67.7% while the proportion of women holding full-time jobs remained steady at 32% despite a significant expansion in the female workforce. In the USA almost 80% of those who worked at some point during 1995 were employed full-time, a share which has been trending down since the 1960s due to a decline in full-time employed males while the proportion of females with full-time work has remained stagnant. A considerable gap remains. Just over 86% of males held full-time jobs compared to only 70.3% of women. US women remained less likely to have worked year-round either full-time or part-time (67.6% compared with 76% for males) although the gap had narrowed (BLS, 1996b).

The decline in full-time permanent jobs has also affected Japan. So-called lifetime employment – always restricted to males in large corporations and underpinned by an extensive subcontracting system of small businesses employing women, older workers and casual labourers – has weakened over the last decade, in tandem with an increase in part-time work (Takahishi, 1997: 55-66). By 1993 average job tenure for males in Japan was comparable to a number of EU members, notably Germany. Average job tenure amongst women in Japan was higher than the US but below most EU countries (except the UK. Takahishi, 1997: 60). Japanese job tenure data masks important effects. Job changes, job transfers (between different firms within the corporation) and pressured early retirement had become the norm for lifetime employees over 50 years of age (Salmon, 1997: 10). Workers without lifetime jobs enjoyed little regulatory protection. Takahishi argued that employers' ability to reduce hours, especially in smaller firms should be restricted to '... protect women, older workers and young workers who are at greatest risk' (1997: 55). Like studies in a number of other countries, Takahishi points to the critical role of corporate employment practices in driving these changes.

Shifts in average or median job tenure raise issues not captured by the crude permanent/temporary divide. The growing volatility of the labour market means that even jobs that appear permanent may vanish overnight. Some labour economists have promoted the concept of precariousness to describe jobs combining low pay with high levels of insecurity (Campbell and Burgess, 1997: 29). In the USA between 1983 and 1996 overall median job tenure increased slightly from 3.1 to 3.2 years. But this was entirely due to a growth in tenure for women aged 35 to 54 years while median tenure

declined for all other female age groups. Hence, the significant growth of female labour force participation had little effect on job tenure for women. With regard to males, median job tenure with their current employer declined in almost all age cohorts but the impact was masked by aging of the workforce (given a positive association between tenure and age). The decline was pronounced in specific industries, notably motor vehicles and equipment, where tenure fell from 13 years in 1983 to 7.8 years in February 1996 (BLS, 1997a). In the UK median job tenure for males fell from 8 years and two months in 1975 to 6 years and four months in 1996 while median job tenure for women slightly increased in the same period (by two months to 4 years and 5 months. Robinson, 1997 Table 1). The Australian Bureau of Statistics (ABS) does not publish comparable data but its *Labour Mobility* survey indicates that between 1976 and 1996 there was a slight increase in the proportion of male workers who held a job less than one year (from 20.9% to 22.4%) or more than five years (from 42.8% to 45.7%). During the same period the proportion of women workers who had held a job less than one year fell from 27.3% to 24.8% while the number in a job over five years shot up from 26.2% to 39% (ABS, 1986, 1996).

The decline in full-time employment and job tenure is due, in part, to labour shedding, including mass lay-offs, plant closures and outsourcing by large corporations and state agencies, with the US auto industry being a case in point. In the USA BLS data reveal an ongoing level of mass lay-offs and worker displacement during the 1990s which cannot be ascribed to seasonal or business cycle factors. Between April 1995 and September 1996 the Bureau recorded a total of 7,893 mass lay-offs lasting more than 30 days and involving 1.56 million workers. In the July/September 1996 quarter slack work, contract re-organisation, contract completion and worksite closure accounted for 63% of lay-off events while seasonal work accounted for 27%. Manufacturing accounted for 41% of all lay-off events. Downsizing also followed reorganisation and budget cuts in the education sector (BLS, 1997b). Plant closures can entail geographic shifts in operations that undermine regulatory controls and union organisation. A report by the Commission for Labor Cooperation (1997) found that of 319 US National Labor Relations Board decisions in relation to actual/threatened closures between 1990 and 1995, 275 involved union organising campaigns and 283 involved employer violations. Even if weakening union influence is not a prime aim of plant closures, its effects are unequivocal.

The BLS has tried to measure worker displacement more generally. Between January 1993 and December 1995 it found that a total of 4.2 million workers were displaced from jobs they had held for at least three

years (1.833 million as a result of plant closures). This figure was only slightly lower than that for the preceding two years even though the earlier period included a major recession (1990-91). The greatest level of displacement occurred in manufacturing (29%). Of the 2.7 million displaced who found alternative employment by February 1996 about a third suffered a significant loss of earnings and 500,000 were unable to secure full-time jobs. Women and older men were significantly less likely to be re-employed (BLS, 1996a).

In the United Kingdom outsourcing/competitive tendering, corporatisation and privatisation in the public sector was associated with a 20% fall in total public sector employment (to 5.2 million) in the decade to 1995 (Hughes, 1996: 373). There is also evidence of an increasing level of redundancies across the economy (discounting peaks during the 1991-2 recession) with total redundancies rising from 144,00 in 1989 to 220,000 in 1995 (Potter, 1996: 42). In the USA downsizing under Federal Workforce Restructuring Act resulted in a 10.5% decline in non-Postal executive branch civilian employment between January 1993 and March 1996 (US GAO, 1996: 4). Major cuts in public sector employment also occurred at state and local level. In Australia and Canada too, there is evidence of significant cuts in public sector employment beginning in the 1980s and intensifying in the early to mid 1990s. Corporatisation and privatisation has been associated with both labour shedding and significant changes to employment conditions (Fairbrother et al, 1997). Labour shedding by large employers is but one factor in the high levels of unemployment experienced by most OECD countries over the past 20 years. Nevertheless, any increase in the pool of unemployed increases the vulnerability of workers in the contingent forms of employment.

There are problems using job tenure/retention and displacement data as a measure of job insecurity (see BLS, 1997a) and evidence is fragmentary. An OECD report (1997: 129) using retention/displacement data found no clear pattern of declining job security over the past decade except with regard to blue collar and less-educated workers. However, the report noted a sharp overall increase in perceived job insecurity that it attributed to the fact that insecurity was a product of both the risk of separation and its consequences. The OECD report also found that perceived insecurity was significantly lower in countries with higher unemployment benefit rates and a more comprehensive and centralised collective bargaining system (OECD, 1997: 130). Consistent with this, Gregg and Wadsworth (1997) argue that job insecurity consists of three elements – job protection, job stability and the cost of job loss. Using Labour Force Survey and British

Household Panel Survey data to compile evidence on each element they found small changes in aggregate patterns of stability masked 'more obvious declines for around half the workforce' (Gregg and Wadsworth, 1997: 24).

Casual/Temporary Work

The decline of permanent full-time employment has been accompanied by a growth of temporary waged work. A recent OECD study (1996. See also Campbell and Burgess, 1997: 6-7) using a grab-all category of temporary work (fixed-term contracts, agency labour, casual employment, seasonal work and government employment schemes) found growth had occurred in 11 of the 18 industrialised countries surveyed, and especially Spain, Ireland France, the Netherlands and Australia (see Table 1). There are definitional and comparability problems with the OECD data (Burgess and Campbell 1997: 9-10) but other data sets and interest amongst government agencies in tracking temporary workers are indicative of its growing importance. Between 1982 and 1995 the number employed in temporary help supply services in the USA grew by over 500% while total employment grew by 30% (Koster, 1997: 555-7). In this country the concept of contingent employment has been used to encapsulate various categories of insecure employment. A BLS (1995a) survey identified 8.3 million independent contractors, two million 'on call' employees, 1.2 million temporary help agency employees and 625,000 contract firm workers – a total of over 12 million workers or almost 10% of the workforce. The BLS defined half these workers as contingent but admitted its definitional categories were problematic. Bluestone and Rose (1997: 58-69) cite another estimate of 35 million or 28% of the workforce which included part-time workers. The BLS survey found that part-time workers made up a disproportionate share of contingent workers and that two thirds of contingent workers would have preferred a permanent job. Similarly, an Australian study found that 71% of contractors surveyed would have preferred to work directly for a company (Benson, 1996). This evidence suggests the expansion of less secure forms of employment is less a consequence of worker choice than changed corporate employment practices and labour market conditions.

Differences in economic structure and regulations governing minimum wages, part-time work and other matters (Dennard, 1996) appear to influence the extent and character of temporary work in specific countries. In most EU countries the majority of temporary jobs are full-time while in Australia as of August 1996 67.5% of casual jobs were part-time. In the EU temporary work was concentrated in agriculture, construction and some

Table 1 Incidence of Temporary Employment in Selected Countries by Age and Gender, 1983 and 1994 (Percentages)

	Total		Men		Women		16-19 yrs		20-24 yrs		25 years	
	1983	1994	1983	1994	1983	1994	1983	1994	1983	1994	1983	1994
Australia ^a	15.6	23.5	9.0	17.9	26.2	30.6	29.8	58.7	14.0	26.1	14.0	19.5
Belgium	5.4	5.1	3.8	3.5	8.5	7.5	29.2	38.6	12.9	16.0	3.2	3.6
Canada ^b	7.5	8.8	6.9	9.2	8.2	8.5	13.6	16.7	..	..	6.0	7.3
Denmark	12.5	12.0	12.2	11.1	12.7	12.9	40.1	28.6	25.7	33.1	6.6	7.6
Finland ^c	11.3	13.5	9.3	12.3	13.3	14.7	..	..	..	..	..	..
France	3.3	11.0	3.3	9.7	3.4	12.4	36.5	80.8	5.9	35.0	1.4	7.6
Germany ^d	10.0	10.3	9.0	9.8	11.5	11.0	62.3	74.0	16.9	23.2	3.5	5.9
Greece ^e	16.2	10.3	16.6	10.2	15.4	10.5	33.8	29.6	25.9	20.3	14.0	8.8
Ireland	6.1	9.4	4.7	7.4	8.8	12.1	18.4	32.8	7.2	14.3	3.9	6.8
Italy	6.6	7.3	5.2	6.1	9.4	9.3	15.1	24.0	10.2	14.5	5.6	5.9
Japan ^f	10.3	10.4	5.3	5.4	19.5	18.3	17.0	31.7	8.5	11.8	10.2	9.4
Luxembourg	3.2	2.9	2.2	2.0	5.5	4.4	17.1	28.5	3.5	7.0	1.6	1.7
Netherlands	5.8	10.9	4.1	7.9	9.3	15.0	19.0	40.5	9.9	20.7	4.3	7.4
Portugal ^g	14.4	9.4	13.5	8.5	15.9	10.5	39.8	27.2	28.3	22.7	9.3	6.4
Spain ^h	15.6	33.7	14.4	31.4	18.4	37.9	48.2	87.5	31.6	70.6	11.0	26.5
Sweden ^h	12.0	13.5	9.7	12.3	13.9	14.6	57.0	61.1	26.5	39.5	6.9	9.6
United Kingdom	5.5	6.5	4.2	5.5	7.3	7.5	20.4	15.7	5.7	10.1	3.9	5.4
United States ⁱ	..	2.2	..	2.0	..	2.4	..	8.1	..	5.1	..	1.4

a) 1984 and 1994. The age group is 15 to 19

b) 1989 and 1994. The age group is 15 to 24

c) 1982 and 1993

d) 1984 and 1994. Data refer to western Germany prior to 1992

e) Due to a definitional change in 1992 the data is not strictly comparable with 1983

f) The age group is 15 to 19. Data by age refer to non-agricultural industries only

g) 1986 and 1994

h) 1987 and 1994

i) February 1995

Source: OECD *Employment Outlook July 1996*: 8 based on secretariat calculations from the European Labour Force Survey data supplied by EUROSTAT, plus labour force survey data supplied by national authorities.

service industries but in those countries experiencing a significant growth it was spreading to all industry sectors (Campbell and Burgess, 1997: 22). In both Australia and the EU small firms and workplaces were more likely to employ temporary workers although in Europe some larger firms were also making increasing use of fixed-term contracts (Campbell and Burgess, 1997: 24). In all countries younger workers are far more likely to occupy temporary jobs and in a number of countries this tendency has become even more accentuated since 1984 (See Table 2 and OECD, 1996: 6). In France, Germany and Spain over 70% of employed teenagers held such jobs compared to 58.7% of 16-19 year olds in Australia (See Table 1 and Campbell and Burgess, 1997: 25). Workers aged 15 to 24 also constituted a disproportionate number (over 40%) of casual part-time workers, with the

majority of these being secondary or tertiary students (Campbell and Burgess, 1997: 26).

The ranks of young casual workers in Australia has been boosted by backpacker tourists (217,200 in 1994), mostly from Europe and North America. Although fewer than a quarter are granted a working visa, the overwhelming majority undertake some paid work during their stay (typically around 12 months. Commonwealth of Australia Joint Standing Committee on Migration, 1996). An Australian government inquiry found that 42.8% were employed in labouring jobs (mainly in fruit-picking, factory hands, kitchenhands, storepersons, cleaners and builders' labourers), almost 25% were employed in retailing/sales and another 20% in clerical work (Commonwealth of Australia Joint Standing Committee on Migration, 1997: 24). With the partial exception of the factory work, employment regulation and union presence is relatively weak in all these areas and available evidence indicates that backpackers have limited knowledge of their obligations and entitlements (Commonwealth of Australia Joint Standing Committee on Migration, 1997: 117). A number of submissions noted the tendency of backpackers to work at below award rates on a cash-in-the-hand basis which avoided tax and because they had no access to social security benefits (Commonwealth of Australia Joint Standing Committee on Migration, 1996: S382, 405-410, 414-7, 449).

Table 2 Australia: Unionisation Rates: Permanent and Casual Employees by Sex (%). August 1994

	Full-time permanent	Part-time permanent	Full-time casual	Part-time casual	All employees
Men	43.2	35.5	15.7	14.1	37.9
Women	38.5	39.8	9.9	15.3	31.3
Persons	41.6	39.1	14.0	14.9	35.0

Source: ABS Trade Union Members Australia, August 1994. Product no. 6325.0.40.001 compiled by Campbell, 1996.

In Australia there is a significant gap between the employment protection afforded to casual and permanent workers – a gap which has widened as a result of shift away from centrally determined awards to enterprise based agreements. The growth of casual employment has created strategic problems for unions, with a significantly lower level of union membership amongst this category of workers (see Campbell, 1996: 571-99 and Table 2). A similar if not more extreme situation applies in the USA although the

impact of contingent workers on unionisation varies across industries (Polivka, 1996b: 18-9). Dietz's (1996: 49) study of the temporary help supply industry found permanent workers generally earned more per hour in 13 comparable occupations. The only exceptions (engineers, nurses and computer programmers) reflected the bifurcation of the temporary workforce into a highly skilled group and those lacking qualifications. The gap in employment conditions widens when non-wage conditions are considered. A BLS survey (1995b) of temporary help supply firms found that although many offered package benefits (holidays, health insurance etc) few employees actually received these because they failed to meet entry requirements (in terms of length of service etc) or elected not to participate in insurance plans. In most northern European countries temporary employment is subject to extensive regulatory protection although in a number of instances these have been recently weakened in response to concerns over high unemployment. Research indicates that the level of protection implied is not achieved in practice.

Growth in Part-time Work

Since the 1970s there has been a significant expansion in part-time employment across OECD countries (Table 3). Only in Canada, Finland, Norway, Sweden and the USA did the growth of full-time jobs go close to matching the growth of part-time work (OECD, 1990: 22). By 1995 the proportion of part-time workers exceeded 20% in Australia, Denmark, Japan, the Netherlands, New Zealand, Norway, Sweden and the UK (Table 3). Women made up over 70% of part-time workers in all countries apart from France, Greece, Ireland, Italy and the USA. A survey undertaken by Brewster et al (1997a: 89) found that part-time work was the most widely used form of flexibility across Europe and was especially significant in northern Europe. In the USA and Australia there is a considerable overlap between part-time and casual work (in 1995 65.8% of 1.17 million part-time workers in Australia were casuals). In both countries most of the growth in male part-time work has been involuntary (Burgess, 1997: 97; Bluestone and Rose, 1997: 58-69).

One feature of the growth of part-time work has been a transformation of the youth labour market in most OECD countries over the past 20 to 25 years. Campbell and Burgess (1997: 27) point to an increasingly bifurcated youth labour market, characterised by a shrinking component of full-time permanent jobs and a rapid increase in mostly part-time casual jobs. This transformation is the result of increases in the period spent in formal

Table 3 OECD Countries: Size and Composition of Part-time Employment 1973-1995 (Percentages)

	Total employment				Women's share in part-time employment		
	1973	1983	1990	1995	1973	1983	1990
Australia	11.4	17.5	21.3	24.8	79.6	78.0	78.1
Austria	6.4	8.4	8.8 ^a	13.3	85.8	88.4	88.8 ^a
Belgium	2.8	8.1	10.2 ^a	15.4	89.8	84.0	89.6 ^a
Canada	10.6	15.4	15.4	18.6	69.5	71.3	71.0
Denmark	17.0	23.8	23.7 ^b	22.5	93.4	84.7	79.4 ^b
Finland	3.9	8.3	7.2 ^b	11.0	81.0	71.7	67.8
France	5.1	9.7	12.0 ^c	16.2	82.1	84.4	83.1
Germany	7.7	12.6	13.2 ^b	16.4	92.4	91.9	90.5 ^b
Greece	–	6.5	5.5 ^b	3.9	–	61.2	65.7 ^b
Ireland	4.0	6.6	8.1 ^b	13.3	67.5	71.6	68.2 ^b
Italy	3.9	4.6	5.7 ^a	6.1	55.4	64.8	64.7 ^a
Japan	7.9	16.2	17.6 ^a	20.1	60.9	72.9	73.0 ^a
Luxembourg	4.5	6.3	6.5 ^b	8.0	83.3	88.9	80.0 ^b
Netherlands	4.4	21.4	33.2	37.4	80.4	77.3	70.4
New Zealand	10.8	15.3	20.1	–	71.3	79.8	76.1
Norway	23.5	29.0	26.6	26.5 ^d	77.0	83.7	81.8
Portugal	–	–	5.9 ^a	4.4	–	–	69.8 ^a
Spain	–	–	4.8 ^a	7.1	–	–	77.2 ^a
Sweden	18.0	24.8	23.2	26.4	88.0	86.6	83.7
United Kingdom	15.3	19.4	21.8 ^a	24.5	92.1	89.8	87.0 ^a
United States	13.9	18.4	16.9	18.6	68.4	66.8	67.6

Source: Annex 1.B *OECD Employment Outlook 1989* and Annex 1.C *OECD Employment Outlook 1990*, *OECD Employment Outlook 1996*, Table E cited in Robinson, 1997, and Eurostat.

a) Data are for 1989

b) Data are for 1988

c) Contrary to earlier years, the 1990 data for male employment includes conscripts

d) Data are for 1994

education, changes to job types/entry ports and qualifications (including credentialing) and the shifting employment practices of large organisations in particular industries (for a study of these changes in Britain see Cregan, 1997). For example, large retailers have replaced full-time employees in supermarkets and department stores with young casual part-timers – a process aided by extended trading hours. The workforce needs of rapidly expanding fast food industry (including franchise chains operated by McDonalds, Pizza Hut etc) have been met by students, employed on a casual and part-time basis. In Australia and the USA fast food is now the single biggest employer of young workers. The 1995 BLS survey found that more than half contingent workers in the USA were employed in service industries compared to a third of non-contingent workers. Contingent workers

were twice as likely to be young and most those aged 16 to 24 years were enrolled in school (BLS, 1995a and Polivka, 1996b).

Research in Europe and Australia (Dølsen, 1995: 116-21; Campbell and Burgess, 1997: 36-9) indicates that, like casuals, part-time workers experience inferior employment conditions (leave entitlements and unfair dismissal protection) and, in some cases, social security entitlements (health, unemployment, pension and sickness benefits). Similarly, in the USA contingent workers, including part-timers, earn less and are far less likely to have health insurance cover (Hipple and Stewart, 1996a: 22). The formal entitlement gap varies considerably between countries. Regulations understate actual disparities because many part-time workers are either unaware of or unable to secure their full entitlements.

Outsourcing, Franchising and the Growth of Self-employment

Outsourcing of tasks is not a new phenomenon in industrialised societies. During the 19th century subcontracting was used extensively in manufacturing and it remained important in industries like road transport and building. A renewed shift towards this practice originated in the USA in the 1970s which has since spread to Europe, Australasia and Asia. Most government statistical agencies have undertaken little research into outsourcing but a study undertaken by the UK Department of Trade and Industry Small Firms Statistics Unit identified growth across a range of work activities (Table 4). In the USA surveys have uncovered a clear pattern of growth but one which varies between industries and is most pronounced amongst large and fast growing companies (Abraham and Taylor, 1996; Sharpe, 1996: 538-9). Similarly, Brewster et al (1997a: 93) found substantial and increasing use of subcontracting amongst large public and private organisations in all major Western European countries. In Australia, too, outsourcing is most pronounced amongst large organisations (see Table 5). A survey of public and private enterprises employing more than 100 employees by Wooden and VandenHeuvel (1996: 172-3) found 90.4% had used contractors in the past year (compared with 81.8% five years earlier) and they accounted for 10.3% of total employment. Almost 70% of enterprises used self-employed contractors while well over half made use of employees from contract firms (58.9%) and agency workers (57.6%). Wooden and VandenHeuvel, 1996: 170-1). Table 6 indicates that use of different types of contract workers varies according to occupation or activity they performed (though in industries like road transport and con-

struction employment status is often ambiguous and fluid). The second Australian Workplace Industrial Relations Survey (AWIRS) found the number of contractors, agency workers, outworkers and volunteers had increased by almost 40% in last five years and contracting out was more common in the public sector than the private sector (Moorehead et al, 1997).

In all the countries just mentioned the not unrelated practice of franchising has also experienced rapid growth over the last decade (Bennett, 1994).

Table 4 Percentage of establishments with 25 or more employees using sub-contractors, Great Britain 1983-87

Type of work subcontracted	Establishment used subcontracted		Change in use of sub-contractors between 1983 and 1987		
	1983	1987	More	Same	Less
None		26			
Cleaning	32	42	12	82	5
Maintenance	49	52	22	72	6
Catering	9	12	24	66	11
Security	12	21	16	75	9
Transportation	32	34	36	53	11
Manufacturing	14	15	36	45	19
Other	11	14	50	45	5

Source: UK Labour Force Survey. Reproduced from HSC (1996:16)

Outsourcing represents a major tool by which corporations have sought to increase competitiveness, bypass regulatory controls and achieve greater flexibility in employment practices (Harrison and Kelley, 1996 and Sharpe, 1997: 542-3. Abraham and Taylor (1996) found that growth was driven by a combination of savings in employee wages and benefits from using contractors, volatility in output demand, and the provision of specialised skills by outside contractors. Outsourcing has been promoted by international management consultants (including the big four accounting firms) and occupies a key role in government policies in many countries. In Australia, the USA and UK the rapid growth of outsourcing in the public sector is linked to the competitive tendering policies advocated by economic rationalist advisers and free-market think tanks. By 1995 it was estimated that the three levels of government in Australia spent almost \$A13 billion annually on outsourcing (excluding construction, Industry Commission, 1995: 58-9). Vandenheuvel and Wooden (1995: 276-7) found the public sector employed over 9% of independent non-farm contractors, with over 80% being dependent on a single agency for employment.

Table 5 Australia: Contracting out by firm size, 1994-95

Size of firm (employment)	Number of firms which undertake			Total number of firms
	No contracting out	Some contracting out	Proportion of firms engaging in some contracting out (%)	
1-4	228,899	9,909	4.1	242,863
5-9	81,449	3,815	4.4	86,940
10-19	33,926	1,981	5.4	36,612
20-49	14,982	1,492	8.9	16,778
50-99	4,645	382	7.2	5,275
100-199	1,734	215	10.3	2,085
200-499	1,063	200	14.6	1,366
500+	485	126	18.6	679
Total	367,183	18,121	4.6	392,598

Source: Industry Commission/Department of Industry, Science and Tourism, 1997: 85

Table 6 Australia: Contractor activities by type of contractor (all workplaces using contractors)

Activity	Self-employed contractors (%)	Employees of contractors (%)	Agency workers (%)
Engineering/drafting	25.3	20.1	8.8
Accounting services	11.0	8.2	19.6
Computer services	35.7	26.6	10.4
Other professional/ Business services	28.7	12.7	4.8
Clerical services (eg, secretary, data entry, receptionist)	5.0	8.2	70.4
Transport services	13.3	11.5	1.2
Equipment/building maintenance	21.7	29.5	2.4
Production/ Manufacturing	6.0	8.6	15.6
Construction	6.0	16.0	0.8
Cleaning services	17.0	46.3	2.0
Other	15.7	15.2	8.0
(N)	(300)	(244)	(250)

Note: Columns do not sum to 100% as some workplaces used contractors for more than one activity.

Source: Wooden and VandenHeuvel 1996: 181.

Outsourcing now has with its own specialists and newsletters. Outsourcing may be seen as another management fad, like downsizing. Indeed the two processes often go hand in glove because organisations can use outsourcing to reduce the scope of their activities and workforce. However, despite a growing awareness of problems associated with the practice, there is little sign that the outsourcing trend is abating. Outsourcing must be seen

as one of a number of developments (others include franchising and supplier networks) associated with a rapid rise in inter-organisational complexity since the 1980s (Ring and Van de Ven, 1994).

Outsourced workers are often employed under inferior conditions to those directly employed by large organisations. They are often in a weak bargaining position and, like other groups of contingent workers, experience other problems in terms of their entitlements. In their survey Wooden and Vandenhoevel (1996: 184-5) found most contracts were of short duration (36.9% for less than 3 months) and only 21% extended beyond a year, highlighting the employment insecurity associated with these arrangements. Organisations exercised a high degree of control over self-employed contractors in terms of hours and remuneration but only a minority paid workers' compensation premiums (15.5%) or superannuation contributions to cover these workers.

Agency Labour

Agency, temporary help supply or labour-hire firms provide temporary workers to clients who are under the direct supervision of the client but are on the payroll of the help supply firm (the latter does not apply in some forms of body-hire). While such arrangements have existed for many years the recent growth in labour agencies has clearly been an important mechanism facilitating the rapid expansion of temporary workers referred to earlier. In the USA a BLS (1995b) survey found the number of workers employed by temporary help supply firms with 20 or more employees had risen by 350,000 or 43% between 1989 and 1994 – growth that far outstripped the 5% increase in non-farm employment for the economy as a whole. By February 1995 total employment by such agencies reached 1.2 million or 1% of the employed labour force (BLS, 1995a). Agencies were increasingly being used to supply blue-collar workers to mainstream manufacturing operations. In 1989 white-collar jobs (clerical support etc) accounted for 58% of employment in these firms but by 1994 this had fallen to 30%. The growing importance of blue-collar workers for the largest 'temp' agencies was reflected in the average earnings of their employees. Average hourly earnings of 'temps' progressively declined as establishment size increased from \$US9.70 for agencies with fewer than 50 workers to \$US7.27 for those with 2500 or more employees. Again, this growth is linked to changed employment practices, especially amongst large corporations.

Self-employment

The level of self-employment provides a useful if partial indicator of the extent of subcontracting. With some exceptions (like farming, fishing and some areas of retailing), the majority of self-employed workers in many industries are subcontractors (especially road transport and construction). Available data indicates a growth in self-employment within a number of industrial countries although the trend is by no means universal. In Australia the number of self-employed workers grew rapidly to reach around 16% of the labour force by the mid 1990s. In Britain the number of self-employed grew from 2.023 million in 1978 to 3.351 million in 1995 or more than 70% while the total workforce remained almost static and the number of employees fell by 866,000 to 21.933 million (Hughes, 1996: 375). Data from the European Labour Force Survey indicates a trend to self-employment in the same period in the Netherlands and Finland but no clear pattern of growth in other countries (Meulders et al, 1996: 588). However, as Doring (1996: 688) has observed in at least some European countries the growth of self-employment in industry and service sectors has been disguised by a continued shrinking of the agricultural sector – a major area of self-employment. In the USA Bluestone and Rose (1997: 58-69) argue that there has been a rapid increase in the level of self-employment. A BLS survey (1995a) identified 8.3 million independent contractors (6.7% of the total employed labour force). Household data indicated that the number of self-employed workers in non-agricultural industries was 9.035 million in October 1996 (with another 1.597 million in agriculture. BLS, 1996c: 26).

In addition to aggregate data, research has identified the corporate underpinnings of the shift to self-employed subcontractors in specific industries like publishing (Stanworth and Stanworth 1997: 43-55). Bennett (1994: 171-7) argues the growth of self-employment and subcontracting in the USA, Australia and elsewhere reflected, in part, a conscious effort by employers to manipulate contractual forms to evade the requirements of collective labour law and other forms of regulation (notably workers' compensation). Recent court decisions broadening the definition of independent contractors, such as a Australian High Court case involving couriers, suggest the trend is continuing (Lampe, 1997). British and Australian research (Eardley and Corden, 1996; VandenHeuvel and Wooden, 1995) have found the self-employed often differ little from employees in terms of job autonomy/economic independence. Many self-employed workers are low paid and have little job security. Indeed, Jenkins (1995) argues the growth of self-employment has made a significant contribution to widening income inequality.

Homework and Telework

Homework is a form of outsourcing that involves both self-employed workers and employees. Homework, and the associated use of child labour, is an increasingly recognised feature in third world countries (such as carpet making in Pakistan and India). However, there is evidence that it is re-emerging within industrialised countries, both in traditional areas like garment making and in new areas such as clerical services (for a global perspective see Boris and Prugl, 1996). A new category of 'outside' work facilitated by telecommunications, is telework. At present most teleworkers operate from their home although telework may occur in other locations like local telecentres. A Canadian study (Menziez, 1997: 111) noted a rapid increase in call-centres whereby firms use remotely based workers to provide market research, sales and information services.

Ironically, while telework has aroused considerable public debate it is one area of externalised employment where growth has often been rather modest. In France there were estimated to be 185,000 teleworkers in 1985 (Meulders et al, 1996: 589). *Teleworker* magazine (Spring 1997) estimated the number of teleworkers in the UK at 987,000 or 4% of total employment (these figures should be treated cautiously) with one third in insurance, banking and finance. Pennings et al (1996: 7-8) estimated that there were 75,000 teleworkers in the Netherlands in 1996. Evidence of growth in home-based work generally is more compelling. In the USA the number of homeworkers fell from 4.7 million in 1960 to 2.2 million in 1980 before rising to 3.4 million in 1990 (Edwards and Field-Hendrey, 1996: 26). In Australia periodic surveys undertaken by the Australian Bureau of Statistics (ABS) indicate that the number of home-based workers grew by 29% to 343,000 or 4% of the employed workforce between 1989 and 1995 (Lafferty et al, 1997: 145). A recent British survey indicated that the number of homeworkers in that country tripled between 1981 and 1994 to reach 305,000 at the same time as overall employment in manufacturing – which traditionally provided many of these jobs – had shrunk (Felstead, 1996: 230). In all three countries the figures just cited should be regarded as conservative for reasons which will briefly alluded to below.

In Britain a significant part of the growth appears to have resulted from its increasing use in new areas. Most notably, the 1994 survey revealed a growing use of homework in the area of clerical and secretarial services. Female homeworkers performing these tasks accounted for 36.9% of the female workforce in this industry and 66.9% of all female homeworkers (Felstead, 1996: 235). In the USA, the 1990 population census (Edwards and Field-Hendrey, 1996: 28) revealed that about 8% of homeworkers were

engaged in manufacturing and the remainder (over 90%) were providing personal services (22.5% were engaged in sales, administrative and clerical support). The pattern appears to be similar in Australia. The 1995 ABS survey (Lafferty et al, 1997: 151) indicated that finance and business services employed most homeworkers (18.3% of women and 21.9% of all persons) followed by wholesale and retail (14.5% of women and 15.4% of persons) and manufacturing (11.7% of women and 12.6% of persons). However, in at least one manufacturing industry – garment making – evidence suggests the number of homeworkers at least doubled over the past 15 years in response to cost pressures from retailers and tariff policy changes (see Peck, 1996: 163-7; and Mayhew and Quinlan, 1998). Within the New World countries of north America and Australasia an ethnically diverse array of immigrants (including illegal immigrants) are heavily involved in specific areas of homework, such as garment-making although they are under-represented in most other areas (see Edwards and Field-Hendrey, 1996: 29).

Consistent with findings for other countries, British and US surveys reveal a strong gender dimension, with middle-aged married women with children constituting the typical homeworker (Felstead, 1996: 238 and Edwards and Field-Hendrey, 1996: 29). There is also a gender dimension in employment status. In Britain 70% of male homeworkers were self-employed as opposed to only 41.6% of female homeworkers (for the workforce as a whole 17.7% of males and 7.4% of females were self-employed Felstead, 1996: 234). Similarly, the US study found that male homeworkers were more likely to be self-employed and their average earnings were almost twice that of women (average earning of self employed homeworkers was lower for both men and women. Edwards and Field-Hendrey, 1996: 32-3). The growth of home-based work, self-employment and small business has been associated with the re-emergence of child-labour at least in activities like garment making where it involves children of 8 years or younger (Boris, 1995 and Mayhew and Quinlan, 1998).

Homework is often found within the informal sector of the economy and official data may understate its actual extent by a factor of two or more times. An 1988 ILO estimate on the number of homeworkers in France ranged from 600,000 to 1.2 million (Meulders et al, 1996: 589). The situation is further complicated because there is no simple and rigid divide between home-based work and non-home-based work. A Swedish survey identified only 44,000 workers (mainly professionals) that spent their working time entirely at home but another 136,000 who spent from a few hours to over a day a week working at home. In combination those doing

some home-based work accounted for around 5.5% of the total workforce (Westberg, 1997: 8).

Similar problems exist in relation to child labour. Even where child labour is not home-based it is generally concentrated in informal areas of the economy where official employment statistics are unreliable. In some countries like the USA child labour remains a conspicuous feature of family groups – often immigrants – involved in seasonal fruit-picking and vegetable harvesting in the southern states. Available data indicates that 4.1 million children aged 12 to 17 years were employed in the USA in 1996. Recent research has uncovered disturbing trends in relation to the level of illegal employment. A study by Kruse (1997) based on federal population census, employment and Department of Labor violations data found a long term decline in the number of illegal child workers from the 1970s had gone into reverse since 1994. He estimated that 292,200 children of 15 years or younger were employed unlawfully in 1996, including 4,900 in agriculture and 13,100 in garment sweatshops (no estimate was made of child employment in home-based garment production). Wages of children employed illegally averaged \$US5 per hour. Children employed in jobs prescribed as too hazardous for their age were paid on average \$US1.38 an hour below the applicable legal rate (Kruse, 1997). In Italy, the CGIL estimated there were almost 300,000 child workers, with the largest concentration around Naples earning about \$60 a week (an estimate not challenged by government or employers. Hooper, 1998: 23).

The growth of home-based work presents major regulatory difficulties – just as it did 100 years ago when it was a focus for debate over the sweating of labour – because of its invisibility to regulatory agencies and association with illegal practices including breaches of labour, tax and immigration laws. Many homeworkers operate in cramped conditions not designed for work, under tight production schedules and at low rates of pay (Felstead, 1996; Menzies, 1997; Boris and Prugl, 1996; Mayhew and Quinlan, 1998). Telework also gives rise to significant regulatory problems (Westberg, 1997: 10-11).

Franchising

Franchising can be seen as a legally distinct or contractually specific form of outsourcing where the major operator (franchiser) retains varying degrees of financial, product or service control over the franchisee. There are complex overlaps between franchising and labour market changes identified earlier. The growth of franchising has increased opportunities for

self-employment and the establishment of small businesses. In Australia, a government survey indicated that franchising was most common in retailing, property and business services (Industry Commission, 1997: 45). Although evidence is fragmentary, franchising seems to have grown rapidly in many industrialised countries over the past 10-15 years. McDonalds, for example, had 12,000 stores across 53 countries in 1990 and 18,000 stores across 82 countries just five years later.

According to Bennett (1994: 177-81), franchising is a commercial and legal arrangement with the capacity to evade regulatory requirements, including those pertaining to employment. In the retail sector, for example, the spread of franchising has compounded existing problems of minimum wage enforcement, poor conditions and low union density (Bennett (1994: 178). By splintering employment units, franchising makes union organisation more difficult even in large operations (especially those like fast food chains heavily reliant on young temporary workers).

The Growth of Small Business and Declining Workplace Size

In a number of countries labour shedding and outsourcing has facilitated growth in the number and employment share of small business (including self-employed/independent operators). In Australia by 1989/90 small business counted for 96% of non agricultural private enterprises, employed 48% of the employed labour force and accounted for a more than proportional share of employment growth (Burgess, 1992: 132-3). In 1992 US private sector firms with fewer than 50 employees constituted 95% of enterprises and employed 43% of the private sector workforce (firms with fewer than 20 workers employed 27% of the workforce. Wiatrowski, 1994: 30). In Europe, the 1988 Labour Force Survey (see Paoli, 1992: 13) indicated that companies with fewer than 50 workers employed over 60% of the total employed labour force (this figure appears to include agricultural activities). A survey undertaken in the UK in 1993 found firms with fewer than 50 workers employed 44% of the workforce (HSC, 1996: 16). In the province of Ontario, Canada firms with fewer than 50 employees increased their share of total employment (on a full-time equivalent basis) from 29% in 1980 to 33% in 1993 (Witmer, 1996: 11).

The shift of employment to the small business sector has a number of consequences. First, and most obviously, there is a much higher rate of volatility (formation, sale and closure) amongst small business (*Time for Business* 1996: xvi). On average, workers in small business have less job

security and on-the-job experience. Hence growth in the small business sector may increase insecurity and inexperience within the workforce. Second, unionisation rates and effective regulatory coverage are lower in relation to small business. Hence, an increasing number of employees are likely to operate in a non-union workplace where employment standards, if not formally lower (and they may well be depending on the regulatory system) will be of less practical effect. A longitudinal survey of 9,000 Australian businesses found that well over 80% of small businesses were union free compared to less than 12.5% of businesses with 500 or more employees (Industry Commission, 1997: 64). While awards still dominated employment regulation within large firms – despite the shift to enterprise agreements – individual contracts or agreements were the norm in small business (*Time for Business*, 1996: xvii). Third, the growth of small business may well have implications for the use of unpaid and child labour with the same survey indicating that 61% of firms employing 5 to 9 employees are family owned (*Time for Business*, 1996: xvi). Employment within the small business sector of many countries has a number of other distinguishing characteristics to employment within larger organisations. Small businesses employ proportionally more women and part-time workers (*Time for Business*, 1996: xvii).

Small business and small workplace are not synonymous since many large enterprises can operate a series of small workplaces. A shift in employment to the small business sector would almost certainly also entail a shift to smaller workplaces. However, a decline in workplace size may also result from other long-term or short-term changes. Drago (1997) found a substantial decline (around 40%) in employment per workplace between the 1930s and 1980s in the USA despite an equally significant increase in corporate size. Drago argued splintering workers into smaller workplaces enabled management to use collective job insecurity to achieve employee co-operation.

Changes to the Duration and Timing of Work

The conjunction of declining full-time job opportunities, increased job insecurity and regulatory changes (directly or indirectly affecting working hours) may explain why the long term decline in average working hours has stalled in many industrialised countries and in some cases even gone into reverse. A US study of average working hours between 1976 and 1993 (Jones et al, 1997: 3-14) found little change for most groups but a significant increase in the proportion of persons working very long work weeks (ie

over 40 hours per week). In Denmark a polarisation of working hours has been identified over the last decade, entailing simultaneous increases in the number of persons working fewer than 15 hours and those working more than 40 hours per week (Lind, 1997: 17). For some workers, the longer working day is a consequence of the increasing use of 12 hour shifts or the removal of overtime penalties and hour-limits in collective agreements. It has also occurred informally through the evasion/collapse of collective agreements and tacit practices of working unpaid overtime. In Australia and the USA for example there has been a significant increase in average (full-time) weekly working hours since the late 1980s combined with higher levels of unpaid overtime and moonlighting – the simultaneous holding of several jobs (see Moorehead et al, 1997 and Bluestone and Rose, 1997). Available data on working hours is unlikely to fully capture the impact of the growth in self-employment and homework – areas where long working hours are prevalent (Mayhew and Quinlan, 1998).

Changes in the timing of work, particularly the long-term increase of shift and night work in most industrialised countries, may be more important than changes to the length of the working day. It is difficult to obtain comparable international statistics but an organisational survey by Brewster et al (1997: 90) revealed widespread and increasing use of shiftwork (paid and unpaid) throughout Europe. The growth of shiftwork is connected to employer efforts to make greater use of plant and equipment, the spread of 'just-in-time' production techniques, the growth of some service industries (such as childcare, hospitality/tourism), and changes to employment/marketing practices in industries like banking and telecommunications. Changes to regulations dealing with trading hours and industrial relations, and the growth of more contingent forms of employment, has also facilitated the expansion in weekend, evening and night work. One outcome has been that, while young males remain the most likely to work shifts, the traditional gender imbalance is narrowing. In Australia women constitute 42% of the workforce and 41% of shiftworkers while in the USA just over 20% of male and 17% of female workers undertake shiftwork (Rogers et al, 1997: 431-2). Quite apart from a wide array of negative occupational health effects, US, Australian and European research indicates that shiftwork impacts adversely on families by disturbing social and domestic arrangements (see Reid, et al, 1997: 439-50).

The Gender Dimension of Labour Market Changes

Reference has already been made to gender-differentiation in labour market changes. Since the end of World War Two one of the most profound labour market changes within industrialised countries has been the growing labour force participation rate of women, matched in part by a declining participation rate amongst males. As a result, the proportion of females to total employees has risen. In Australia's case it rose from 39.5% in 1984 to 44.7% by 1996 (in the decade to February 1997 the female workforce participation rate grew from 63% to 70%). Unlike most EU countries, the female component of total casual employment in Australia fell during the same period (from 64.2% to 55%) due to the more rapid growth of male casual employment (McRae, 1995: 20 and Campbell and Burgess, 1997: 26). Nevertheless, as in most OECD countries, the proportion of female employees holding temporary jobs increased between 1983 and 1994 and a significant gender gap remains in terms of casual employment (Campbell and Burgess, 1997: 26). In some EU countries (notably Belgium, the Netherlands and the UK) part-time jobs constituted much of the growth in female employment during the 1980s but this was not the case in others, perhaps due to institutional and regulatory factors such as EEO laws and the availability of child-care (McRae, 1995: 20). Similarly, in Australia part-time jobs have dominated female employment growth over the last decade. As with home-based workers, Wooden and VandenHeuvel (1996: 172) identified important gender differences in relation to the employment status of contract workers.

Despite the general expansion of contingent forms of employment, women will continue to constitute the majority of contingent workers into the foreseeable future. The rhetoric that part-time work, temporary jobs, shiftwork, self-employment, home and telework enable women to better juggle work and family requirements must be treated with caution. Its validity depends on the circumstances of each job and family, the industrial relations context and institutional supports like childcare and carers leave. In Australia there is evidence that the combination of changing work patterns and the decentralisation of industrial relations regimes is worsening family/work trade-offs (Department of Industrial Relations, 1995: 376) and causing costly levels of labour turnover (Abbott, et al, 1997).

Drawing the Strands of Labour Market Change and their Implications Together

Many of the trends just discussed (and summarised in Table 7) are well known and some have been the subject of detailed research. However, much remains to be done if we are to understand the origins and implications of these shifts, especially when complex inter-linkages are taken into account. Changing employment practices amongst large employers might be seen to support Atkinson's 'flexible firm' hypothesis but Burgess (1997) warns this model is too simplistic to provide a credible explanation. Downsizing by large organisations is one factor in the growth of outsourcing and small business. It has also been associated with reduced job tenure and the increased use of casual or contingent workers (assisted by an increasing use of part-time young workers in industries like retailing, tourism and hospitality). To the extent that the growth in small business is driven by downsizing/outsourcing by larger firms predicated on cost-saving, the growth in employment within small business cannot be more than partially offsetting (unless large numbers are employed inefficiently or at much lower wages and conditions). Hence, the hope amongst some policy-makers that small business will provide a new engine for employment growth is based on a failure to understand why some of this growth is occurring.

Table 7 Labour Market Restructuring Trends within Industrialised Societies

- » Growth in female workforce participation rate
- » Growth in youth labour force participation rate (due to students undertaking part-time work)
- » Increasing use of shift/night work arrangements
- » Aging of population and labour force
- » Decline in male workforce participation rate
- » Growth of outsourcing, downsizing and work restructuring amongst large organisations
- » Growth of employment share of small business and franchise arrangements
- » Growth of self employment, casual, part-time and other contingent work forms
- » Decline in employed proportion of the workforce
- » Decline in proportion of employees employed on permanent full-time basis
- » Decline in average/median job tenure

In terms of implications, there is still a limited appreciation of the combined effects these changes could have on employment practices,

individual work histories, regulatory institutions and attitudes amongst workers. In general those scholars researching recent changes in management's labour practices and work re-organisation have focused their attention on the conventional terrain of shifting effort-bargains, payment systems, economic and productivity effects and the shifting locus of union/management power.

For governments the shift to contingent forms of labour is likely to entail significant externalities in the form of costs to the government and community. Reviewing international evidence on contracting out of government services, Hodges (1996) argues cost savings have frequently been exaggerated and may even be negative once employment impacts, additional social security and training costs are taken into account. Paddon (1997) argued outsourcing by local government in the UK saved this tier of government £125 million annually but cost the national government £250 million. Further, the growth in self-employment in the UK in the decade from 1983 was more than matched by an increasing call these workers (and their families) made on social security benefits (a consequence of both low incomes and income measurement difficulties). Similarly, Buchanan and Watson's (1997: 6) study found that low paid Australian workers liable to make calls on social security were concentrated in industries with a high level of contingent employment such as cleaning, textile, clothing, footwear, hospitality and retailing (Buchanan and Watson, 1997: 6). There is a strong association between some groups of contingent workers and the 'black economy'. An Australian Senate inquiry into garment outworkers heard evidence from government agencies that the practice was associated with both a significant level of tax evasion (\$80-100 million per annum) and social security fraud (Senate Economics References Committee, 11 June 1996: E595, 628-36). The Australian Taxation Office has been forced to devote considerable resources to pursuing problems in relation to contingent workers, modify tax-payment systems and fund research into the growing contractor workforce (Vandenheuval and Wooden, 1995). Similar problems arise from 'cash-in-hand' payments to casual workers – especially common in small business – and other clandestine or illegal forms of work arrangement. The growth in contingent employment is undercutting the tax base at the same time an increasing number of injured workers and their families will claim social security because, defacto or de jure, they now fall outside the net of workers' compensation. Without regulatory adjustment, increasing contingent employment has implications terms of the proportion of workers able to finance their own retirement through contribution-based

superannuation schemes (Doring, 1996: 686). It is also liable to affect retirement decisions and competition for jobs amongst these workers.

In many countries some externalities remain hidden because specific categories of contingent labour fall outside various legislative safety nets (Egger, 1997: 8 and Westberg, 1997: 11-13). The extent of the exclusion depends on coverage/entitlement provisions and if the social security system is insurance/contribution-based. In the USA, Japan, Canada and most European countries social security systems specify minimum requirements in terms of employment or contribution duration, hours worked or remuneration that effectively preclude some categories of contingent workers, especially those in low paid part-time or short term jobs (Delsen, 1995: 116-7). In practice formal exclusions understate the access gap. In Sweden, for example, homeworkers, face significant practical obstacles in securing sick pay entitlements (Westberg, 1997: 11-12). Most temporary and part-time employees in Sweden are not covered by collective private social security schemes – something that is likely to apply in many other countries. Given this, Delsen (1995: 120-1) argues the growth of precarious and low paid forms of employment require a re-configuration of social protection legislation. This is especially the case in countries using insurance/income loss systems (based on the notion of life-long full employment) or which concentrate on the elderly as a high-risk poverty group. These schemes fail to address the burgeoning ranks of young families dependent on contingent jobs (Esping-Andersen, 1996: 615-34). In countries like Sweden recent reforms to social security legislation designed to reduce costs have exacerbated the imbalances and increased the burden on women in particular (through changes to entitlements for children, childcare, parental leave, further education etc. Westberg, 1997: 13, 21-23). In the UK and New Zealand, existing legislative protections have been undermined by the pursuit of a low wage policy through weakening minimum wage and collective labour laws and the expansion of privatised/user-pays health care arrangements (Esping-Andersen, 1996: 628-9).

In sum, the labour market changes described in this paper have ramifications well beyond the sphere of industrial relations with its regulatory apparatuses for establishing minimum standards and shaping union/employer dealings. Rather the effects also flow through to the taxation system the social security system, the health care system and occupational health and safety regimes (Quinlan, 1997). The extent of the effects will vary according to the degree of labour market change and the nature of regulatory regimes within specific countries. Nevertheless, the fragmentary evidence available indicates that in many countries the effects will be significant.

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