

Declining Job Quality in Australia: Another Hidden Cost of Unemployment

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Abstract

The deterioration of the labour market associated with high and sustained rates of unemployment leads to forms of hidden unemployment and under-employment as well as a systematic decline in job quality. The ability of employers to reduce job quality is enhanced through conditions of persistent excess labour supply. In turn the State can challenge and erode conditions and standards that sustain job quality. Hence, falling job quality is another of the hidden costs of unemployment. This paper sets out the decline in job quality in Australia as manifested by the growth in non-standard employment arrangements and by the systematic erosion of the conditions associated with the standard employment model.

1. Introduction

Over the last decade there has been a long sustained period of economic growth in the USA and Australia that, in turn, has been associated with jobs growth and a decline in the unemployment rate. In turn this is seen as vindication for the prevailing economic orthodoxy of deregulated product

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and labour markets, free international trade, independent central banks, an inflation first macroeconomic policy program and a cyclically balanced budget program (Budget Statement no. 2, 2000). The so called US model, the foundation behind the OECD Jobs Study (1994) recommendations, appears to have offered the path towards a prosperous and fully employed economy despite the considerable weaknesses associated with the model (Mishel and Schmitt, 1995).

However, we would like to examine the new jobs, the new workforce and the workplace context in which these jobs are being generated. It is our contention that

- sustained and high rates of unemployment have created a context in which employer powers and prerogative have increased;
- the focus of labour regulations has shifted from facilitating minimum standards or employment conditions towards reducing collective standards;
- many of the new jobs created have minimum job security and tenure, are low paying and attract few, if any, non-wage employment benefits.

High and persistent rates of unemployment have created a legacy of many insecure, low paying and largely unregulated jobs. One of the hidden costs of unemployment has been the fundamental shift in labour market policy focus, with consequences for job quality and the labour process.

The structure of the paper is as follows. The following section argues that we need to consider the impact of high and persistent rates of unemployment as being more than the sum of explicit and implicit costs. The neo-liberal policy agenda for reducing unemployment in Australia is then briefly reviewed. We argue that the agenda wrongly assumes that job quality is not an issue to address. Section 3 demonstrates that the employment restructuring and employment generation process in Australia is generating predominantly non-standard jobs, many of which are insecure and low paying. Section 4 links many of these jobs to forms of disguised unemployment and underemployment. Section 5 questions the quality of the jobs being generated, suggesting that many are what can be termed as being “precarious”. Many of these jobs act as low income and high insecurity traps that do not lead on to a better quality job. Section 6 examines the bridges and traps debate – that is, whether non-standard employment acts as a bridge from unemployment to standard employment, as presumed by contemporary labour market policy. Section 7 considers the implications of what has been happening in Australia within a labour process context.

Finally, we review the discussion and suggest that the costs of unemployment have been considerable, not only for the unemployed, but also for those who are forced to accept precarious employment arrangements as an alternative to unemployment.

2. Beyond the Conventional Costs of Unemployment

While official unemployment estimates understate the extent of labour market under-utilisation (Watts, 2000), standard estimates of the costs of unemployment attempt to summarise a once off cost to the community. While such estimates are useful in demonstrating the magnitude of the opportunity costs they, in turn, only represent a snap shot of the extent of social loss associated with high and sustained rates of unemployment. High rates of unemployment increase employment insecurity (de Ruyter and Burgess, 2000), enhance employer prerogative, loosen the enforcement of employment regulations and indeed threaten the existence of employment regulations. In Australia we can observe a process of labour market deregulation being used as a pretext to weaken and reduce the application of employment regulations. This policy preference has been operating alongside an employment restructuring process that is generating many jobs that, in the past, have largely operated outside of employment regulatory framework.

High and persistent rates of unemployment have been used to justify a neoliberal policy regime that is based on individualism, market clearing and attitude modification. Within this context employment standards are a market imperfection. Employment regulations have been systematically eroded at the state and federal level through industrial relations reforms. The award system has been undermined through the shift towards enterprise bargaining together with the process of award simplification. Trade unions have come in for new and additional regulations under the pretext of deregulation. A variety of industrial relations arrangements have been developed, such as certified agreements and Australian Workplace Agreements, to strengthen employer prerogative and to exclude trade union representation at the workplace. The public has also become conditioned to an inflation first strategy where inflation reduction takes precedence over unemployment reduction and where high job growth is often seen as a threat to set inflation targets. In turn we have been conditioned to accept the desirability of a balanced budget together with the belief that in the short-term there is very little the government can do in order to reduce unemployment via the dominant NAIRU policy framework (Burgess,

Mitchell and Watts, 1999b). We have also witnessed wholesale changes to the unemployment benefit system (eg work for the dole) (Burgess, Mitchell, O'Brien and Watts, 1999) and the abolition of the Commonwealth Employment Service (Biddle and Burgess, 1999).

High unemployment rates offer the opportunity for conservative governments to reset the policy agenda, to reconstruct and destruct policy institutions and to fundamentally alter the labour process. The last twenty-five years, and especially the last five years, has seen a dramatic shift in policy and in policy institutions, together with a dramatic tilt towards employers in the labour process. Privatisation, corporatisation and deregulation have become the cornerstones of economic policy. The neo-liberal agenda has been explored and reviewed elsewhere (Bell, 2000; Burgess, Mitchell and Watts, 1999b). At the core of the agenda is the belief that flexible market adjustments will resolve conditions of excess supply or excess demand. As long as imperfections are removed then a market clearing process will remove disequilibria. The labour market is regarded as equivalent to product markets. Within the agenda there are two important assumptions that we wish to examine:

- a. job quality does not matter
- b. job and income progression naturally follows from job attainment

Job quality is important since it generates job attachment, investment in training and career progression and is a path towards removing working poverty. Also, quality jobs with living wages are behind the model of the high wage path towards growth via human capital accumulation and productivity advance. However, many of the new jobs being created in the economy involve some combination of low pay, insecurity, a lack of protection, limited access to training and few non-wage benefits. Moreover, the chances of progressing from such a job to a better paid, more secure and better protected job are slight, especially for those who were previously unemployed.

3. Employment Restructuring in Australia: the Demise of the Standard Employment Model

Standard employment is not a precise concept. It is associated with a normal employment contract involving continuity and regularity in employment and employment arrangements, employee status, full-time employment and standard non-wage employment benefits. A standard worker usually has

- a full-time (minimum 35 hours per week) job at a regulated workplace;
- the expectation of employment continuity;
- a living wage income;
- protection under common law and labour law;
- access to trade union membership and/or collective representation;
- the expectation of skill acquisition and career progression; and
- non-wage benefits such holiday and sickness benefits.

However, the norm or standard has a historical and a regulatory genesis, it is more than a collection of characteristics (Campbell and Mathews, 1998, 481). It represents the historical accumulation of collective action to achieve certain minimum standards in employment conditions. It also embodies an acceptance that should be established floors or minima in employment that are not subject to competitive erosion. At the same time, there are provisions for deviation from the minima, but through regulatory norms eg paid over-time hours.

Non-standard employment is associated with a number of departures from the standard employment model such as: part-time employment, non-employee status, casual and temporary employment arrangements, working outside of a regulated workplace, unpredictable employment, fixed term contact arrangements, no career progression and exclusion from standard non-wage benefits. This covers a wide range of employment types from self-employment to home working and temporary agency employment. These employment arrangements can differ significantly in terms of income, status, continuity and protection. We can locate these employment arrangements as being generally being outside of the collective norms and floor arrangements developed over the twentieth century. It would be a mistake to equate non-standard with sub-standard jobs since many professionals and well-paid independent contractors are non-standard workers.

The standard/non-standard workforce dichotomy is largely based on differences in their respective labour regulatory contexts. Standard workers have employee rights, including trade union representation, minimum entitlements and rights (eg unfair dismissal, non-discrimination in employment) and access to a living income. Non-standard workers are to differing degrees located outside of the framework of minimum rights, benefits, entitlements and protection. This means non-employee status, unregulated employment arrangements, no non-wage benefits and no minimum income.

Political and economic pressures in the 1980s and 1990s, including pressures associated with globalisation and persistent high unemployment rates across many OECD economies, have acted to challenge the histori-

cally inherited form of the standard employment model with its collective rights and minimum conditions. This challenge has proceeded through two routes. First are the pressures to erode some of the framework conditions supporting this form of employment and to redefine the specific rights and benefits associated with permanent employment. Second, this pressure in turn is reinforced through the expansion in traditional forms of unregulated waged work in combination with emerging new forms of unregulated work eg agency workers.

In Australia the employment transformation has been very extensive over the past fifteen years, involving alterations in the wages and conditions of many permanent employees as well as major increases in many forms of non-permanent waged work (Burgess and Strachan, 1999). The major source of change has been through casual employment – a form of employment that is exclusive of most standard benefits, rights and forms of protection and that is marked by substantial levels of precariousness (Campbell, 1996a, 1996b). The official statistics suggest that casual employment in Australia has expanded steadily and steeply since the early 1980s. While the official estimates for casual employment are debatable due to the inclusion of the owners of unincorporated business and casuals in long-term employment arrangements (Murtough and Waite, 2000), the data nevertheless is broadly indicative of the shift away from standard employment arrangements.

An approximation for non-standard employment is to sum part-time, casual and non-employee jobs. Part-time does overlap with both casual and non-employee arrangements. Casual employment is an ambiguous concept in Australia (Campbell and Burgess, 2001), but it is defined by the ABS as encompassing non-access to either sickness or holiday benefits. As such casual jobs do not equate with fixed-term jobs, plus they can involve many jobs that are in fact not casual in the sense of being temporary, but are in fact ongoing (Campbell and Burgess, 2000; Murtough and Waite, 2000). With these caveats in mind we can estimate non-standard employment as being the sum of part-time permanent jobs, all casual jobs and all non-employee jobs. This latter category includes employers, the self-employed, family workers and own account workers. Not surprisingly there is some ambiguity, especially with respect to independent contact workers who might be the surrogate employees of one employer (Vandenheuvall and Wooden, 1995).

Table 1. The Standard and Non Standard Workforce in Australia, 1982-1999 (percentage of total workforce)

Year	Std Workforce	Non-Std Workforce	P-T Perm	F-T Casual	P-T Casual	Non Employee
1982	67	33	-	-	-	16
1986	63	37	-	-	-	17
1988	64	36	5	4	11	16
1989	63	37	5	4	12	16
1990	62	38	5	4	12	17
1991	60	40	6	5	12	17
1992	59	41	7	5	12	17
1993	58	42	7	5	14	16
1994	56	44	7	6	14	17
1995	56	44	7	6	15	16
1996	55	45	7	7	15	16
1997	54	46	8	7	15	16
1998	54	46	8	7	15	17
1999	52	48	8	7	16	17

Source: Burgess and Strachan, 1999; ABS Catalogue 6310.0. (Data rounded)

Table 1 indicates the continuous expansion in the non-standard employment share since 1982. Over this period the main sources of non-standard employment growth are located in part-time and casual jobs. Table 2 decomposes the employment growth components into constituent components for the period 1988-1999 and demonstrates the important contributions of part-time and casual employment to total employment growth. Only one in twenty additional jobs over this period were a standard job. About one half of all jobs created were casual jobs. The standard employment model is rapidly being replaced with a cocktail of employment arrangements that deviate from the standard employment model in several different respects.

We can refine the above estimates through reference the ABS Forms of Employment Survey (Catalogue 6359.0, 2000). It provides more detail than the Labour Force Survey (Catalogue 6203.0) on employment arrangements for August 1998. While Murtough and Waite (2000) used this survey as a basis of a critique of casual employment estimates, the interesting part of the survey is its clarification of the increasingly murky divide between employees and non-employees, especially given the labour force convention of classifying owner-managers of incorporated business enterprises as employees (ABS Catalogue 6203.0, July 1997). The Forms of Employment Survey does not match the Labour Force survey since it excludes workers located in remote regions and contributing family workers. Nevertheless, it

is a close match. Table 2 represents the workforce breakdown in percentage terms for 1998 according to that presented in the Forms of Employment Survey.

Table 2. Employment Breakdown, Forms of Employment Survey August 1998 (%)

Employees with Leave Entitlements	Self-identified casuals	Other employed persons	Owner managers of incorporated enterprises	Owner managers of unincorporated enterprises	Total
59	18	3	7	13	100

Source: Forms of Employment Survey, Catalogue 6359.0

To reconcile Tables 1 and 2 for 1998 we first exclude part-time permanent workers from employees with leave entitlements. Once this is carried out the full-time permanent workforce share is 0.52 very close to the 0.54 in Table 1. What the Forms of Employment Survey does do is lift the veil on the employee and non-employee divide and boost the non-employee share to 0.2. The casual employee workforce share does decline because the re-classification of owner-managers of unincorporated enterprises. The other employee category is those casuals under the ABS classification who do not regard themselves as being in casual employment. Overall, the Forms of Employee Survey slightly increase the non-standard workforce share, increases the non-employee share and reduces the casual employment workforce share.

High and persistent unemployment rates are part of this process of employment transformation. Those seeking the shrinking core of standard jobs are being forced into involuntary employment arrangements. Coincidentally employers are restructuring labour use strategies towards more non-full time waged arrangements and towards external arrangements such as contracting out (ACIRRT, 1998, ch. 6). To some extent non-standard employment growth is also associated with some of the structural developments within the Australian economy. These include the growing female employment share, the growing share of service industry employment, the growing share of private sector employment and the growing share of small business employment (Burgess and Strachan, 1999, 126). However, the important point is that the incidence of non-standard employment is increasing across the workforce irrespective of gender, industry, sector or firm size

(Burgess and Campbell, 1998a; de Ruyter and Burgess, 1999). Everywhere there is a growing intensity of non-standard employment.

Tables 1 and 3 both demonstrate that non-standard employment arrangements are becoming the norm in Australia. Over the time in which politicians have proclaimed the need for labour market deregulation and labour market flexibility, especially through industrial relations reform (Burgess, Mitchell and Watts, 1999b, 190-191), the irony is that the majority of new jobs being generated in the economy are very flexible and subject to minimum employment regulations. These jobs have few regulatory requirements attached to them, and they are flexible to the extent that they are part-time, temporary or non-regulated. From Table 3 we can observe that standard jobs have accounted for only five per cent of the net job expansion since 1988. While the start and end dates are at similar points of the cycle, in between the recession of 1990-1993 was associated with large numbers of full-time employee job losses of 330 thousand and it has taken another 6 years for those jobs to be replenished.

Table 3. Employment Growth Composition, 1988-1999 ('000)

Year	Std Wforce	Non-Std Wforce	P-T Perm	F-T Casual	P-T Casual	Non Employee
1988	4538	2553	354	283	780	1134
1999	4631	4190	741	576	1355	1517
Change	93	1637	387	293	575	383
% share	5.4	94.6	22.3	16.9	33.2	22.1

Source: derived from Table 1 and Labour Force Survey, Catalogue 6203.0

4. Unemployment Persistence, Non Standard Employment Growth and Hidden Unemployment

For Australia the last two recessions in the early and late 1980s were associated with the loss of full-time (male) jobs (Burgess and Campbell, 1993, 100). In contrast recovery since the early 1990s has seen extensive generation of non-standard jobs. As a consequence many job seekers who would prefer standard employment arrangements are forced into non-standard jobs. This is especially the case for displaced full-time male workers. Evidence from US labour survey data (Kalleberg et al 1997) indicates that choice in the labour market is very much proscribed by age, gender and family care arrangements. Youth and older age groups in general prefer non-standard employment arrangements. For these age groups such ar-

rangements are often a bridge between full-time education and full-time employment (youth) or a bridge between full-time employment and retirement (older workers). Prime aged males are those most dissatisfied with non-standard employment arrangements, especially part-time and temporary jobs. This also applies to prime aged females without children. For females with children their labour market choice is constrained by the household division of labour, with part-time and temporary jobs the only option available given the time required for domestic and care activities. In general, temporary and at call jobs were the least preferred for all age groups (Kalleberg et al 1997).

In this context non-standard jobs offer job seekers a means of attaining employment, albeit low paid, insecure and unregulated. Job seekers can maintain their labour market attachment until the job vacancy situation improves and better paying jobs become available. Non-standard employment can form a shelter from unemployment and perhaps an eventual bridge to standard employment (Burgess and Campbell, 1998a). Alternatively, non-standard jobs may be a means whereby standard workers can avoid being laid off through working shorter hours and being employed on a casual basis. Finally, many non-standard jobs have minimal entry requirements and minimum reservation wages, such employment arrangements as an own account worker can offer the job seeker employment access where such access would be denied in the usual job queue process associated with excess labour supply (Thurow, 1989). Hence, it is not surprising that non-standard employment is a shelter from unemployment for those who cannot obtain standard jobs. Indeed, this has been taken up in labour market programs with the work for the dole program offers part-time and temporary jobs to the unemployed as part of their mutual obligation cocktail (Burgess, Mitchell, O'Brien and Watts, 1999).

Part-time employment is an important entry point into the workforce for many job seekers. As Table 1 demonstrates, Australia has experienced strong growth in part-time employment since 1982. Going back further, between 1964 and 1998 the part-time employment share increased from 8 to 25 per cent of the workforce. While structural factors have been important in explaining the part-time employment growth, the fact is that the part-time employment share has increased across all industries and occupations, often in concert with casual employment conditions (Burgess and Campbell, 1998a; de Ruyter and Burgess, 1999).

While part-time employment is often proclaimed as being flexible, offering employers and employees choice over hours, and more compatible with family care arrangements (Strachan and Burgess, 1999), the reality is

that many part-time workers either prefer additional hours of employment or full-time employment. Part-time employment has a number of limitations: a part-time income, non career path, limited access to training, pro-rata non-wage employment conditions, lack of choice over hours, and casual employment arrangements. Nevertheless, part-time employment arrangements are the preferred option for the majority of part-time workers, but for many part-time employment arrangements is the only option available in an economy generating proportionately fewer full-time jobs. As a consequence part-time employment has become a major source of underemployment within the economy. For the 1980s the OECD (1991) found that Australia ranked second across the OECD in terms of the percentage of part-time workers who desired additional hours of employment.

Table 4. Involuntary Part-time Employment, Australia: 1988-1999 (September)

Year	Males '000	Females '000	Total '000	As % of PT Work
1988	110.7	179.2	289.9	19.5
1989	132.6	212.1	344.6	21.2
1990	162.4	240.3	402.7	24.1
1991	223.9	285.4	509.3	29.5
1992	258.3	339.2	597.5	32.0
1993	250.5	351.7	602.2	33.0
1994	211.1	290.2	501.3	26.0
1995	240.1	327.7	567.8	27.8
1996	242.3	304.2	546.5	26.3
1997	230.2	323.3	553.4	25.6
1998	235.2	310.5	545.6	24.0
1999	170.2	296.1	466.2	19.8

Sources: Australian Bureau of Statistics. Catalogues 6203.0 & 6265.0

Involuntary part-time underemployment includes those who either desire additional hours of employment or a full-time job. On average, the number of hours desired in 1998 was 15 additional hours for females and 18 additional hours for males (ABS Catalogue 6265.0). Average part-time hours for males are 15 hours per week, and for females it is 16 hours per week (ABS Catalogue 6203.0). This means that on average, those who are underemployed would, if given their desired additional average hours of employment would work for 33 hours per week in the case of males and 31 hours per week in the case of females. This translates into a potential loss of 7456 thousands of hours of employment for 1999.

Table 4 demonstrates that up to 600 thousand part-time workers were underemployed over the past decade. From Table 3 it can be seen that there is a strong cyclical aspect associated with male part-time underemployment, during periods of recession (eg the early 1990s) there is an expansion in involuntary part-time employment. This gradually diminishes as the economy recovers from the recession. This is found in other economies such as New Zealand (Burgess, Gleisner and Rasmussen, 1996) and the USA (Kalleberg et al 1997). For women workers there has been a steady expansion in involuntary part-time employment. For 18 per cent of women part-time workers in 1999, existing part-time arrangements are not ideal. As with the USA (Kalleberg et al, 1997), in Australia this proportion is much higher (34 per cent) for single female part-time workers than for married part-time (16 per cent) women workers (ABS Catalogue 6203.0).

It is not only part-time employment that constitutes an important source of underemployment. Both casual employment and self-employment are also potentially important sources of both underemployment and disguised unemployment. In the case of casual employment it, like part-time employment, might not be the preferred option for job seekers since it can involve less hours, unpredictable hours and irregular hours of employment. Likewise, it has few, if any non-wage benefits and no employment protection. An ACTU survey suggests that around 60 per cent of casual employees would prefer regular or permanent employment arrangements (Toomey, 2000). An ABS survey of casual and temporary workers in NSW revealed that 18 per cent of such workers endured such conditions since it was the only type of work available, for males the share was 27 per cent. In terms of the type of employment arrangements, around 34 per cent of casual full-time workers and 23 per cent of irregular casual workers were in such positions since it was the only type of employment available (ABS Catalogue 6247.1). While casual employment arrangements confers considerable benefits to employers, many employees can be trapped into a pattern of irregular and unpredictable employment since there are few alternatives available to them (Burgess and Campbell, 1998a). Job experience surveys suggest that many casual employees are indeed in a long-term casual employment relationship. The casual employment arrangement has become permanent. For example, with respect to part-time casual employees, around 55 per cent were in their current position for over 12 months while around 25 per cent were in their current position for more than three years (ABS Catalogue 6254.0).

In turn self-employment and unpaid family business employment can become a shelter from unemployment in two respects. This is what Stricker

and Sheehan (1981, 31) termed as “refuge” self-employment. First, it occurs as a consequence of the absence of employee vacancies. This arises where job entry is constrained through a lack of vacancies: self-employment offers the appearance of employment and the hope of success through individual initiative. Second, as a form of disguised unemployment. Self employment can sustain zero or even negative returns as evidenced by the large turnover and closure of small business in Australia (Burgess, 1990). Many business start-ups are connected with the use of redundancy payments to seed a new business while UK evidence suggests that non-employee turnover is considerably higher than employee turnover and that there is a strong association between self-employment growth and unemployment rates (Hakim, 1990). Evidence in Australia and overseas suggests that self-employment is indeed cyclical, increasing absolutely and as a proportion of the workforce during recession and then diminishing as a proportion of the workforce during recovery when additional employee positions are generated (Burgess, 1990).

Non-standard employment has thus developed as an important shelter from unemployment and as an important entry point into the workforce from those in unemployment and from outside of the labour force. For the majority of non-standard workers such arrangements are preferred. However, there is a strong element of involuntary choice associated with non-standard employment arrangements, the extent of such behavior is strongly associated with the unemployment rate.

5. Job Quality: Precariousness in Employment

Job quality is a difficult concept to define and measure. Nevertheless, the decline in job quality is one of the important consequences of the persistence of high unemployment rates. One indicator of job quality decline is the emergence of a growing proportion of non-standard jobs. However, job quality embodies more than non-standard employment conditions. It refers to choice and control over employment conditions, predictability in hours of employment and income, and the ability to collectively organise. One useful framework for assessing job quality is that of “precariousness” which is a catch-all term for concern with the social conditions associated with employment. The basic reference is to the conditions attached to jobs, but this readily spills over into a discussion of persons and patterns of participation of persons in jobs/ employment. Rodgers (1989, 3) asks, what makes work precarious? In answering this question Rodgers notes that there are several dimensions to precariousness and different degrees of precari-

ousness. The characteristics of precarious jobs are as follows (Rodgers, 1989, 3):

- short time horizons, are of limited duration or have a high risk of termination;
- a lack of control over working conditions, the pace of work and wages;
- lack of protection in employment (legislative, collective agreement, custom or practice, social security); and
- low incomes at or near defined poverty lines.

The research interest in precarious employment has developed largely because of the coincidence of a number of developments including the decline in employment conditions and employment security across the OECD, the emergence of new forms of employment and the growth in “non-standard” working arrangements. Traditional labour force and employment typologies have not been able to capture the dramatic transformation in employment conditions together with the large variety of emerging and insecure employment arrangements (Burgess, 1994).

Over the past two decades the conditions and supporting assumptions behind standard employment have crumbled. The OECD (1991) employment survey reported an increase in non-standard employment across virtually all member countries. Precarious employment is a broader concept than non-standard employment. For some authors (eg Rodgers, 1989; Campbell, 1994) precarious employment provides a more complete framework for assessing the contemporary restructuring in employment across many OECD economies. Many non-standard employment arrangements are not precarious, some standard employment arrangements are precarious. There is a high degree of overlap between non-standard and precarious employment, indeed, the growth in non-standard employment arrangements is one path towards increasing employment precariousness. However, the standard/non-standard dichotomy is largely regulatory based. Precariousness goes beyond the regulatory regime. It incorporates other dimensions of employment such as income and working hours.

More detailed analysis and discussion on precarious employment in Australia can be found in Burgess and Campbell (1998b). They consider precariousness as being a starting point for assessing job quality that is built around aspects of insecurity according to the following dimensions.

a. employment: the tenure or continuity of employment is short or uncertain; dismissal is relatively easy

- b. functional: where job tasks can be easily changed, work easily redefined
- c. work: where the work environment is unregulated
- d. income: earnings are irregular and uncertain; close to or below established poverty lines; linked to transfer payments
- e. benefits: limited or nil access to non-wage benefits such as holiday and sickness leave
- f. working-time: irregular working hours, unsociable working hours and a lack of control over working hours
- g. labour representation: limited access to collective representation, where unions can be excluded from the workplace
- h. labour reproduction: limited access to skills, training and a career path
- i. labour market: being forced into involuntary employment arrangements, linking work to benefit access

Burgess and Campbell (1998b) suggest that many non-standard employment arrangements have different degrees of precariousness according to the above criteria. However, declining job quality is also an issue confronting standard workers. First, there are extended controls and restrictions over trade union activity that effectively increase labour representation insecurity. These in turn are supported by the encouragement of non-union and individual agreements (ACIRRT, 1998, ch. 3). Second, working-time arrangements have been systematically deregulated through enterprise bargaining. Longer and more unpredictable working hours, more unsociable working hours and the loss of penalty rates is a common feature associated with enterprise agreements (Watts and Burgess, 1999). Third, activities such as privatisation and contracting-out are undermining employment conditions and substituting non-standard jobs for standard jobs (Ranald, 1999).

However, we can be certain on four aspects of precarious employment in Australia. First, a majority of jobs in Australia are precarious, especially given recent developments in Australian employment legislation and in Australian workforce patterns. Second, the number and share of precarious jobs is rapidly expanding as a result of, for example, the documented growth in part-time and in casual employment (see Table 1). Third, labour market policy is actively directed towards increasing the precariousness of employment. Fourth, Australia has, relative to the OECD experience, a high proportion of the workforce located in precarious employment given the coincidence of a number of trends including a growing part-time and casual

employment share, a growing self-employment share, deregulatory labour legislation and a growing dispersion in full-time earnings (OECD, 1996). The discussion on precarious in employment should demonstrate the obvious: that not all jobs are homogenous, that job quality is an issue in any program to reduce unemployment and that high rates of unemployment force many job seekers into involuntary and precarious employment arrangements.

6. The Path to Real Jobs Through Non Standard Employment?

An important policy issue is the extent to which non-standard jobs, especially part-time and casual jobs lead to more secure and better paying jobs. We know that for many unemployed and those outside of the labour force that their workforce entry is into casual and/or part-time employment. This has been recently sanctioned through the “work for the dole” program for unemployed younger workers. The current thinking is that non-standard employment, largely part-time and casual jobs, is only a momentary stepping-stone to something much better. Yet, there remains the possibility that the unemployed can be trapped by a cycle of job insecurity and low pay, interspersed with spells of unemployment and outside of the labour force. In this context non-standard employment experience only enforces labour market exclusion and contributes to a cycle of deprivation (Brosnan, 1996).

The linkage between casual employment and subsequent work experienced was explored by Burgess and Campbell (1998a). It is difficult to conclusively answer the bridge or trap question in Australia for a number of reasons. First, there is heterogeneity across casual employment with respect to motivation, conditions and duration. For some casuals such as those participating in education, casual employment is regarded as a transitory arrangement until graduation. In this sense it is a bridge, generating income supplementation and providing work experience. However, for this group of workers the ultimate career destination is in general located within another occupation and another industry. For other casuals, especially job seekers there are fewer options, for them the expectation is a bridge. Second, longitudinal and preference data with respect to casual employment in Australia is very fragmentary, any analysis can only be largely speculative, however, it is possible to connect the available fragmentary data. For example, the youth longitudinal survey (NBEET, 1992) demonstrated a strong connection between unemployment and casual employment, and suggested that those in casual employment were more likely than those in

permanent employment to be to be unemployed or still in casual employment 12 months later. Indeed, a subsequent NBEET report suggested that the bulk of casual jobs were unlikely to constitute a stepping stone, but rather acted as a dead-end (NBEET, 1992, 67).

The NBEET findings are complemented by other fragmentary evidence and more recent, though limited, longitudinal data. First, casual employment is disproportionately important as a destination for flows in the labour force. Data on accumulated job tenure for February 1993 reveal that around one half (51.9 per cent) of all employees had been with their employer for less than 3 months and were classified as casual employees (Wooden, 1996). This suggests, in accordance with the static workforce estimates, that casual employment constitutes an important destination for flows into employment and that at any one time the majority of vacancies are likely to be casual. The inflow into casual employment is even more important for the unemployed. It seems that there is some dualism in employment destination, flows into permanent jobs are likely to be accounted for by those already with permanent jobs or by those graduating from educational courses. Other categories of job seekers, the unemployed in particular, are more likely to be funnelled into casual employment. The ABS SEUPDATE longitudinal survey indicates that over two thirds of job seekers who obtain work end up in casual jobs (ABS, 1997).

Second, and again using the SEUPDATE reports (ABS, 1997) there are many long-term casual jobs. About one third of those in casual jobs have been in them for over 12 months; with average hours of employment being 20.4. That is, there are many part-time jobs that persist over 12 months under casual conditions. This gives credence to the enormous gaps present in the Australian employment regulation system. In terms of the status of successful job seekers, of those who had permanent jobs, 55 per cent found a permanent job. Of those who previously held a casual job, 76 per cent acquired a casual job. That is, job seekers who were previously in casual employment are very likely to return to casual employment. For successive job spells, cessations because of temporary jobs are likely to lead to a subsequent cessation due to the termination of a temporary job. Of those whose previous job ceased because it was temporary or seasonal, 67 per cent are likely to exit their next job since it also is casual or temporary. For job seekers, the duration of jobs was typically short-term, around 90 per cent of the jobs from the SEUPDATE surveys lasted less than 12 months (ABS, 1997).

The flow data for job seekers is particularly revealing. Those who enter into casual and/or part-time employment are unlikely to graduate to perma-

ment employment. For job seekers, of those who entered into part-time employment after May 1995 only 26 000, or over six per cent were in full-time work in September 1996. For the general population of 2.285 million part-time starts, 337 thousand, or 13 per cent had progressed to a full time job. More revealing was the finding that of job seekers in part-time work, 44 per cent desired a full-time job and 18 per cent desired additional hours, only 38 per cent found the part-time status and working hours acceptable.

Overall the evidence suggests high inflows into and out of non-standard employment. However, sources of inflows and destinations of outflows are mainly located in unemployment and not in the labour force status. The cycle is not one that directly leads to a secure and full-time job. It is more likely to be one that leads to another non standard job, another spell of unemployment or labour force exit.

For job seekers then, casual employment is unlikely to serve as a bridge into a permanent job (De Ruyter, 1999). They are likely to remain in a (long-term) casual job, or if they move into another job, it is likely to be a casual job. The policy implication is clear, syphoning job seekers into temporary jobs is not in itself sufficient to break the unemployment cycle. Recent policy developments such as Work for the Dole, Landcare and the privatisation of employment placement services all place an emphasis on work experience and attitudinal conditioning of the unemployed (Biddle, 1998). The view is that a job will provide work experience, training and boost confidence, and allow job seekers to proceed into more secure and better paid employment. The Liberal Party's pre-election promise to create "real" jobs (Liberal Party, 1996) for the unemployed looks more and more rhetorical in the face of the characteristics of the new jobs that are being generated. The fragmentary flow evidence suggests otherwise. For job seekers, casual jobs are unlikely to lead to permanent jobs, indeed, casual employment is just another form of exclusion and precariousness that encompasses unemployment and income deprivation (Brosnan, 1996).

7. Reducing Employment Expectations and the Restructuring of the Labour Process

The continuation of high unemployment and attendant growth in precarious forms of employment suggests that a reshaping of the labour process is under way in Australia. The traditional tool for evaluating labour process in organisations was through the internal labour market; characterised by entry positions, job ladders, internalised training, and high protection

against dismissal. Recent developments suggest that the proportion of workers covered by internalised employment arrangements are diminishing (Capelli, 1995). The resultant change in labour process has occurred through the increased use of subcontracting, a greater use of managerial prerogative, and the de-layering of job ladders (e.g. removal of entry-level positions) through worker autonomy schemes such as 'empowerment' (ibid.). ACIRRT (1998, 150), suggests that workplace reorganisation and work changes go hand in hand with corporate downsizing. Job descriptions change and work intensification increases since there are fewer workers to perform the same tasks. In turn this has been associated with an extensive process of labour outsourcing as larger private firms and the public sector attempt to reduce labour overheads and total in-house employment (Ranald, 1999).

The decline of standard employment, the resurgence of various forms of non-standard employment, and the increasing precariousness in both standard and non-standard employment has also been described as a process of labour force *fragmentation* (Caire, 1989, 101; Standing, 1997, 23). Labour force fragmentation is a process whereby the labour force becomes divided into groups characterised by some degree of antagonism. In this schema, standard workers could display some degree of antagonism to non-standard workers (and vice-versa) in specific situations, e.g., full-time unionised employees hostile to the employment of part-time or casual workers.

Standing (1999) provides a useful taxonomy that demonstrates how the labour market can be seen as fragmented into a hierarchy of a number of groups, including the unemployed and 'inactive' individuals. At the apex of the hierarchy are a small group of extremely well-paid globe-trotters employed as senior managers and executives, often on fixed-term contract appointment, followed by the conventional standard employment *salariat*, concentrated in professional and clerical jobs. Below the salariat come a group referred to by Standing as *proficians*. Proficians are workers who have specific skills and are typically hired on a project/contract basis (fixed-term), more common in white-collar occupations. Below these come the traditional working class (standard employees), an ever-shrinking group prevalent in blue-collar occupations. Below these are a group referred to as *flexiworkers*, mainly service workers in precarious jobs, many of whom move between such jobs, and either unemployment or 'inactivity'. Finally come the unemployed and the inactive persons at the bottom of the hierarchy. In this schema, only the salariat and the traditional working class could reasonably be described as principally constituting standard employees.

The other groups by nature would be considered as part of the non-standard work force (employees and self-employed).

A consequence of fragmentation is that the ability of such divided groups of workers to act collectively is significantly diminished, posing major challenges for the industrial relations system as it currently exists. Indeed, the “multiplication of status’s departing from common law tends to call into question the general provisions of law governing the contract of employment as a normative reference point” (Caire, 1989, 102). This is because the principle features of the standard employment contract are gradually being “whittled away” (*ibid.*) under a torrent of labour market deregulation; the results of which appear to be increasing fragmentation in the standard work force itself. In a wider context then, fragmentation of the labour market represents a cause for increasing anxiety for an ever-growing percentage of the workforce. Thus the growth of precarious employment is the principle contributor to labour force fragmentation.

The growth in precarious employment however has not diminished the need for employers to have a stable, regular workforce, as borne out by case studies in the health sector for example (Allan, 1996; De Ruyter, 2000). On the contrary, in a climate of high unemployment and reduced job opportunities, workers in precarious (e.g., casual) employment can end up having sustained regular employment with one employer – they might prefer a permanent job but are unable to obtain it. Employers are able to offer casual employment, whereas in a climate of low unemployment they would offer permanent employment as an incentive to hang onto their workforce. We then have the situation the ‘regular casual’ alluded to earlier being a widespread phenomenon in the Australian workplace.

Precariousness in turn enables increased employer control. Casual employees are far less likely to join a union, complain about exploitation, or even identify with fellow employees in the workplace (De Ruyter, 2000). This immediately reduces the scope for employee actions that contravene an inappropriate use of management prerogative. A manager doesn’t even have to dismiss a casual employee: they can simply not be called in – a point not lost on casual employees themselves (*ibid.*). In the longer-term the effects of increased precariousness in employment will only serve to be counterproductive to the emergence of an equitable, high productivity economy.

8. Conclusions

The Australian workforce has been significantly restructured over the past two decades. The standard job model, for so long the basis of awards and social policy, has given way to a disparate collection of non standard employment arrangements. For many workers such arrangements suit their lifestyle choice, including family responsibilities, education and imminent retirement from the workforce. However, many occupants of non-standard jobs are seeking a shelter from unemployment. High and sustained rates of unemployment bring a reduction in workforce choice and involuntary employment arrangements. Non standard jobs are not necessarily sub-standard, with the rise in non-standard employment there has been a systematic rise in job quality. Various forms of insecurity associated with employment precariousness are spreading across the Australian workforce. Employment protection is being eroded, collective arrangements are diminishing and more and more workers do not have access to some minimum standard weekly income. The unemployment problem has allowed governments to identify labour deregulation strategies as a means for reducing unemployment rates. This in turn has provided justification for the legislative undermining of many collective employment arrangements. In turn, the discretionary power of employers and managers to erode employment conditions has been enhanced. The unemployed are being forced into non-standard jobs as part of their mutual obligation, despite the evidence that suggests that the probability of transition from non-standard to standard employment being extremely low. Overall, one of the legacies of the long unemployment experience in Australia is that it has directly and indirectly contributed to a decline in job quality.

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