

Ansett Airlines Employees: A Preliminary Survey of Post-Retrenchment Outcomes

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Abstract

The events following the collapse of Ansett Airlines in September 2001 provide an opportunity to explore the impact of internal labour markets on post-retrenchment labour market outcomes. This paper traces the labour market experiences of a sample of 649 former Ansett Airlines employees in the first eleven months after the airline's initial closure. It reveals that many workers spent long periods in an employment limbo – officially 'stood down' but not retrenched – while waiting for their Ansett jobs to be resurrected under new ownership. During that time, many accepted fragmented, short-term placements in 'bad' jobs. After this initial period of uncertainty, however, many former Ansett employees found their way back to 'good' jobs – either in the aviation sector or in firms offering secure primary segment employment conditions. The uneven outcomes experienced by different groups of workers reflect the interconnections between workers' perceptions of their options, their attachments to Ansett, their age and household circumstances in the context of weak demand for their skills. The paper illuminates the ways in which the personal loyalties, social networks and work expectations

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developed within Ansett's rigid internal labour market shaped re-trenched workers' job search, recruitment and re-employment outcomes.

Introduction

The retrenchments that resulted from the September 2001 collapse of Australia's second large airline, Ansett Airlines, provide an opportunity to examine the processes of labour adjustment in the case of a highly-skilled service industry labour force. The case of Ansett Airlines is especially significant because it enables examination of the interconnections between internal firm-level labour markets and the outcomes of retrenchment. This paper focuses on events in the first eleven after Ansett's failure. It reports the results of a mail survey posted to a stratified random sample of 2000 former Ansett Airlines employees in August 2002.¹ A series of depth interviews were conducted to complement the quantitative content.

The first part of the paper introduces the notion of internal labour markets and describes Ansett Airlines as a 'rigid' internal labour market. Section Two discusses how retrenched employees' depth of attachment to Ansett Airlines – their embeddedness in the culture of the 'Ansett family' – shaped their attitudes to post-retrenchment job search and influenced their desire to remain in the aviation sector. The third section discusses the tension between vocational aspirations and household circumstances. The fourth part of the paper contrasts post-retrenchment jobs to employment at Ansett and analyses employment status at August 2002 to show that personal attachments and aspirations had a tangible impact on workers' employment outcomes. The conclusion emphasises that the social networks of Ansett workers continued to exist after the firm had disappeared and were a significant determinant of subsequent labour market experiences. The influence of past work histories and experiences on the outcomes of retrenchment challenges the proposition that contemporary workers no longer experience or covet close associations with their employer, co-workers and workplace (Wooden 2000, Di Prete *et al* 2002).

Ansett's Internal Labour Market

In their dual labour market (DLM) theory, Doeringer and Poire (1971) view the labour market as comprising two segments. In the primary labour market employees enjoy the advantages of job security, relatively high wages, attractive working conditions and benefits for long service. Internal training and promotion combine with hierarchical job 'ladders'

to enable primary segment firms to manage the reproduction of skill to their long term advantage. Within internal labour markets, the allocation of jobs and benefits follows institutional rules and customs and is insulated from the forces of supply and demand in the external market. In contrast, the secondary labour market comprises a variety of less secure and less well remunerated jobs defined by the absence of primary segment benefits. Dual labour market theory makes a link between firms, jobs and the people employed in each segment. In a world in which 'good' primary segment and 'bad' secondary segment jobs are allocated competitively, the social characteristics of workers are highly correlated with types of jobs and employing firms.

In DLM theory, multiple barriers prohibit movement from the secondary into the primary employment segment. Conversely, the restructuring of manufacturing economies in high wage nations since the 1970s has demonstrated that primary segment workers frequently slip back into the secondary segment during economic crises (Braverman 1974). Previous studies of retrenchment outcomes in Australia, which have focused primarily on low-skill, mainly male blue collar cohorts, have tended to confirm that long-serving workers fall into marginal or inferior jobs after retrenchment (Wooden 1988, Weller and Webber 1999).

Dual labour market theories have been criticised for taking too simplistic a view of labour markets. They have not accounted for the range of employment types – including 'good' and 'bad' jobs – that can be found in primary segment firms. They too often assume that all disadvantaged individuals and groups (women, for example) are locked into secondary sector employment. They can be seen as deterministic. They exaggerate the boundary between internal, firm-level labour markets and the external labour market and ignore the interdependencies between internal and external markets. In the 1980s, segmented labour market theories extended the dual labour market concept to multiple segments and added an emphasis on issues of labour control (Gordon *et al* 1982). In the 1990s, the 'Cambridge School' further developed these ideas to identify differentiated labour markets comprising multiple segments. This extension emphasises demand conditions, especially the role of employers in constructing the labour market (Rubery and Wilkinson 1994).

Notwithstanding criticisms of the applicability of dual labour market concepts to contemporary labour markets, Ansett Airlines was clearly a primary segment firm offering primary segment employment. In Doeringer and Poire's (1971) typology, Ansett Airlines had created a 'rigid' and hierarchical internal labour market. Rigid internal labour markets are characterised by stable employment conditions, whole career em-

ployment and high levels of unionisation. As Table 1 demonstrates, more than half of the respondents to the post-retrenchment outcomes survey had worked at Ansett for more than 10 years, and average tenure was more than 12 years. The aim of internal markets, after all, is to maintain stability: few people quit.²

Table 1. Characteristics of the Ansett Workforce

	Occupational Group				
	Manager & Profess.	Trades & Tech.	Cabin Crew	Customer Service	Ramp Service
Median income at Ansett	\$74,000	\$55,000	\$56,000	\$45,000	\$52,000
Mean Tenure (years)	12	14	12	15	11
Experience (% ≥10 years)	52.3	67.7	64.4	45.9	53.1
Union Membership (%)	38.6	95.9	77.0	92.4	95.7
Gender (% women)	27.8	0.6	75.0	56.5	5.1
Age (% >45)	35.0	37.2	20.5	36.1	39.3
Mean Age	42.1	41.7	38.6	40.9	43.2
Only Household Breadwinner	42.9	54.7	38.7	32.8	43.9

Note: Sample Stratified by Occupation Group. Managers and Professionals defined as in the Australia and New Zealand Standard Classification of Occupations (ASCO). It includes pilots. Trades and Technical follow ANZCO definitions. Cabin Crew identify pursers and flight attendants. The Customer Services group included 'on the ground' 'white collar' occupations: reservations, ticketing and sales personnel as well as less skilled office workers. Included under 'Ramp Service' occupations are all those people involved in loading and unloading aircraft and passengers – baggage handlers, drivers, porters etc.

Source: Survey of former Ansett employees.

If access to secure internal labour markets is conceived as a queue, then the best workers are likely to be selected for employment in 'good' primary segment jobs (Fine 1998). Consistent with expectations, Ansett Airlines employed a mature and ethnically homogenous workforce. One third (33.4%) of retrenched employees in the survey sample were over 45 years of age at the time of the survey. Although just over ten per cent (11.7%) were born outside Australia, few reported any difficulty with English language literacy.

Table 1 also shows that wages and salaries at Ansett Airlines were high compared to national averages (employees also enjoyed non-salary benefits such as discounted air travel). This partly reflects the high rate of union membership (Table 1). In general, higher than average wage levels in internal labour markets reflect their isolation from external competition and the flow-on effects of the imperative to maintain internal wage relativities. High wages at Ansett also reflect the dangers in-

herent in aviation employment, the high skill demanded of aviation occupations and loadings for shift work. In the aviation industries, too, wages comprise a relatively small proportion of total operating costs, which means that labour costs are a less crucial management issue, at least compared to more labour-intensive contexts. Moreover, in the aviation industry labour cost savings are achieved commonly through more efficient deployment of fewer personnel (Bray 1996).

As Doeringer and Poire (1971) emphasise, training and promotion are important to maintaining and reproducing internal labour markets. Ansett employees had participated in many firm-specific training experiences which were linked to the firm's internal promotional structure. Sixty-one per cent (61.3%) of the sample of former Ansett employees held a post-secondary qualification, including 41.0% with specialised aviation industry qualifications and 30.6% with non-aviation-related qualifications.³ Fifty-two per cent (52.0%) of the sample worked in skilled occupations (trade level or higher).

Internal labour markets are characterised by an evolved organisational framework featuring explicit and implicit institutional rules that create a distinctive firm-level organisational culture. Ansett's internal labour market was not only a set of employment conditions and a formal job hierarchy: it was also a social network that produced a distinctive culture framed by a 'family' metaphor and anchored in the mythologised entrepreneurial achievements of the firm's founder, Sir Reginald Ansett (Easdown and Wilms 2002). The social relationships produced at Ansett reflect that long-serving workers operated with the expectation of long term social interactions with their co-workers and supervisors. In the close working relationships generated by the aviation industry's irregular work patterns, personal relationships inevitably develop among co-workers. For almost one in six (14%) of the survey sample, more than one family member worked for Ansett Airlines. That proportion reached one in five (20%) for Cabin Crew.

Through the combination of an inclusive culture and attractive pay and conditions, Ansett Airlines had created a stable and loyal workforce. Before the collapse, most workers in the sample (79%) had considered their job secure and only 10% perceived any danger to their ongoing employment. In general, employees were proud to work at Ansett and defended vehemently both the company and its ideals. Two-thirds of the former employees who participated in the study (66.1%) rated their Ansett job as 'Excellent', and almost all (90.4%) rated their Ansett job as either 'Good' or 'Excellent'. From the inside, the institution that was Ansett Airlines had appeared indestructible. Even after the Ansett fleet was grounded by the Civil Aviation Safety Authority (CASA) at Easter

2001, few Ansett staff had doubted their employer's long term viability. Many of the workers participating in the survey had expected to continue to work for Ansett until their retirement.

Attachment to Ansett Airlines

On 12th September 2001, Ansett Airlines was placed in voluntary administration by its owner, Air New Zealand.⁴ When the airline ceased passenger services two days later, the careers of Ansett's approximately 16,000 direct employees and 5,000 indirect employees were thrown into chaos. Initially, and despite the collapse being coincidental with the events of 9/11 in the United States, the majority of Ansett staff expected that the airline would be revived, possibly as a subsidiary of Singapore Airlines.

Over the summer of 2001-2002, in an effort to sell Ansett as a going concern, the airline's Administrators recommenced limited services under the banner 'Ansett Mark 11' while negotiating with a potential buyer, the Tesna consortium.⁵ During that period, many Ansett employees were 'stood down' rather than retrenched – a strategy that enabled the administrators to avoid counting worker entitlements as liabilities in their efforts to sell the airline. Many Ansett personnel worked on a part-time or intermittent basis for Ansett Mark 11 rather than pursuing new employment opportunities. While they waited to discover Ansett's fate, others declined offers of employment or accepted temporary and casual 'stop-gap' jobs in occupations unrelated to their usual (Ansett) careers and skills.

Despite the efforts of the Administrators, the Tesna bid eventually dissolved (see Easdown and Wilms 2002). No other potential buyers emerged. By the time Ansett's operating licence expired at the end of February 2002, many former Ansett workers had endured five uncertain months without regular work. After February 2002, as it became clear that Ansett would not be resurrected in the short term, the Administrators began winding up the company and retrenching its remaining workforce.

Not surprisingly, the first reactions to the events of September 12, 2001 were shock and disbelief. But after the initial blow, the Ansett family network rallied and was carried forward by former employees into their post retrenchment lives. In the months immediately following Ansett's fall, workers' attachments to Ansett had a considerable impact on the timing and nature of re-employment outcomes. The experience of working at Ansett influenced job readiness, job search, income support, skill recognition and social networks.

Job Readiness

The Tesna bid intervened to complicate retrenchments and re-employment. Only a third (29.9%) of the survey sample was formally retrenched at September 2001; the remainder of retrenchments occurred sporadically over the ensuing months. In this confusion, 28.5% of the survey sample began 'seriously' searching for a new job before they were formally retrenched, but many others did not begin to look for work for some months after their retrenchment. These circumstances make nonsense of the notion of 'length of notice given', which is a recognised determinant of the time to re-employment in retrenchment studies.

Despite their predicament, Ansett employees often directed their energies to political campaigning in support of Ansett's return to the air. In fact, few people participating in the survey began to search for a new job until March 2002 – that is, until after it was certain that Ansett Airlines would not fly again. Effectively, in the months after September 2001, Ansett employees had plenty of time for job search, but no clear knowledge that a new job would be needed. Workers could not move on until they were certain that returning to Ansett was not an option. Of course, workers also had little choice: the downturn in civil aviation after 9/11 had dampened demand for aviation-related skills, while the Ansett Mark 11 experiment was played out over the Christmas period, when few vacancies are advertised in any industry. Nonetheless, a rational maximiser might have been expected abandon Ansett and act quickly to position herself at the front of the queue for jobs with other airlines.

Income Support

Waiting to discover Ansett's fate increased the cost of retrenchment for workers. Because social security benefits are not available to workers who are stood down, many Ansett employees had no source of income in the months after September 2001. Even after they were formally retrenched, a high proportion of this workforce were for a variety of reasons ineligible for social security benefits – most commonly because they had a spouse who was employed (41% of ineligibles). Lack of income and lack of income support was a source of anxiety for workers who believed that their years of contributions to the nation as taxpayers had earned them the right to support in a time of crisis. That former employees were owed considerable sums of money by Ansett Airlines exacerbated their distress.⁶ People survived on the support of family members, casual work, savings and credit. The important point is that many of Ansett's loyal workers 'held out', despite lack of income, for the pos-

sibility of returning to their Ansett jobs.

Ansett-Specific Specialisations

Former Ansett employees' perceptions of the factors that shaped their employment outcomes are shown in Table 2. Workers perceived their main sources of labour market disadvantage as lack of jobs in their specialist occupations (42.1% 'very much' disadvantaged) and lack of jobs at their Ansett pay level (33.2% 'very much' disadvantaged). Both these responses reflect the highly specialised and well remunerated nature of work in Ansett's internal labour market. The impact of global changes in the aviation industry was also important (38.1% 'very much' disadvantaged).

Table 2. Perceptions of labour market disadvantage

Potential Labour Market Disadvantages	Mean Score	Standard Deviation	Median Score	'Very Much' (%)
Lack of up-to-date skills	2.49	1.46	2	13.6
Literacy problems	2.97	0.40	2	2.0
Lack of job search skills	2.25	1.35	3	8.4
Lack of jobs in occupation	3.55	1.55	4	42.1
Lack of jobs at pay level	3.25	1.56	3	33.2
Lack of jobs nearby	2.80	1.54	3	22.5
Global aviation changes	3.22	1.71	4	38.1
Age	2.67	1.64	2	23.2
Gender	1.43	0.91	1	1.9
Health	1.41	1.04	1	5.2
Ethnic Background	1.23	0.73	1	1.6
Domestic Responsibilities	1.45	0.97	1	3.0
Union membership	1.29	0.81	1	1.9
Union non-membership	1.20	0.71	1	2.1

Note: Ratings on a scale of 1 to 5, with 5 = 'Very Much' and 1 = 'Not at all'. Scores weighted to resemble population.

Source: Survey of former Ansett employees.

Despite the generally high level of skill among former Ansett workers, re-employment options were often inhibited by the Ansett-specific nature of skills. Through extensive on-the-job training, Ansett's workforce had developed specialised occupational skills that were specific to Ansett's procedures and equipment. From the firm's point of view, in-house training promotes actively the sets of abilities that it requires op-

rationally and also raises barriers to workers exiting the firm.⁷ In prosperous times, this ensures stability and enables the firm to retain its skill base. When the employing firm fails, however, firm-specific specialisations that are not backed by externally recognised qualifications create additional retrenchment costs to workers. Since internal training is not evaluated by comparison to any external performance standards, prospective employers (especially those outside the aviation sector) had no means to evaluate the standard or transferability of former Ansett workers' firm-specific skills.

For those with recognised aviation qualifications, too, the transferability of skills was constrained. The complex specialisations and stratified technical divisions of labour characteristic of the aviation industry often require specific accreditations to confirm expertise in the operation and/or maintenance of each type of aircraft or equipment. Many aviation qualifications are transportable only to jobs using the specific equipment to which each qualification refers. The re-employment opportunities of aviation specialised workers were also jeopardised by the rapid attrition of specialised aviation-related skills. Some qualifications expire if the skills they accredit are not practised: retrenched airline pilots, for example, were forced to rent practice time on flight simulators just to maintain their professional qualifications.

The impact of firm-specific training was amplified by conditions at Ansett Airlines. Because Ansett's fleet of aircraft had not been upgraded for some years, Ansett's technical staff were unfamiliar with some contemporary aircraft models (such as the A320 Airbus). Specialisation-related impediments to re-employment also affected customer service workers, who were expert at operating Ansett's ticketing and reservations system, but were unfamiliar with other systems. As in other industries, re-employment options were limited when workers' skills related to outdated machinery and equipment.

Another effect of internal training arose at recruitment interviews, where many former Ansett workers were confronted with a mismatch between their own (high) perceptions of their skills and abilities and prospective employers' lower evaluations. Some found that their confidence was undermined as job interview disappointments highlighted the limited market value of their 'Ansett' skills. People who had been promoted to higher responsibilities at Ansett but who lacked formal qualifications were especially disadvantaged by the lack of public recognition of their skills. In Table 2, a quarter (25.4%) of the sample thought that their re-employment options were affected by skill mismatch issues.

Public perceptions of Ansett's generous benefits and comfortable work culture spread into recruitment interviews, where former Ansett

workers encountered cautious employers wary that they would expect too much return for too little effort. In the public arena, the attributes of individual jobseekers were evaluated by reference to inaccurate perceptions of work practices and working conditions at Ansett. Brown *et al* (1986) reported a similar pattern of discrimination experienced by workers retrenched in the 1980s from the Williamstown Dockyard.

Social Networks

Through social interactions, attachments to Ansett shaped employment outcomes. Retrenched workers often find new jobs through information gleaned from the 'weak ties' of extended social networks (Granovetter 1985). The prospects of Ansett employees who socialised outside work hours with other Ansett employees were limited because they had restricted information about job opportunities. On the other hand, many former employees who maintained their Ansett-based social networks eventually found new jobs through ex-workmates' personal recommendations. Among large firms (such as Telstra), there was a snowballing effect as ex-Ansett recruits created spaces for their former workmates. This phenomenon reinforces the expectation that the queue for 'good' jobs is structured by social factors rather than human capital.

In conclusion, Ansett's internal labour market continued to function as a social framework and social support network after the firm that had created it disappeared. Its interpersonal networks had a considerable impact on the likelihood that retrenched workers would find their way back to primary segment employment.

Aspirations and Household Circumstances

While attachments to Ansett influenced the timing and nature of re-employment, the likelihood of returning to the aviation industry was governed by the interplay of gender, age and household circumstances with vocational aspirations and the geography of job search.

Gender

Gender is a recognised influence over the experience of retrenchment and the nature of post-retrenchment outcomes (Callender 1987, Curtain 1987, Wooden 1988, Davies and Esseveld 1989, Gonas and Weston 1993, Webber and Weller 2001). In the aviation industry, like many other industries, occupations are strongly segmented by gender (Table 1). Jobs such as pilots, skilled engineers, technical and trade occupations, and 'behind-the-scenes' ramp services workers were almost exclu-

sively held by men. Managerial and professional jobs were also held by men in most cases, while women dominated in jobs involving direct interaction with customers. In the sample, women held three quarters (75%) of cabin crew (purser and flight attendant) jobs, more than half (57%) of customer service and clerical jobs and about a quarter (28%) of managerial and professional jobs. After retrenchment, former Ansett workers entered a labour market in which employment opportunities are circumscribed by the gendering of jobs. This restricted the range of occupations in which men and women could realistically expect to find employment.⁸

Age

The Ansett workforce was a mature workforce. About a quarter of the survey sample (23.2%) reported being 'very much' disadvantaged by discriminations based on age. Discriminations that limit the re-employment chances of older workers have effect through employers' recruitment preferences (van der Heuvel 1999, Encel 2002). In some aviation occupations, age discrimination is compounded by gender issues. Customer service and cabin crew occupations in the aviation sector are associated with particular sets of personal characteristics: flight attendants and frontline customer service staff, for example, are expected to be physically attractive, personable, young and (mostly) female (Hoschchild 1983). Some mature Ansett staff did not fit the physical stereotype commonly associated with their occupation. This reduced the employability of flight attendants in particular. According to former Ansett employees, the recruitment processes at Australia's other airlines – Virgin and Qantas – were designed to select outgoing, young and physically attractive recruits (in preference to skilled and experienced recruits).

Household Structures

The post-retrenchment options of Ansett's workers were shaped their by domestic circumstances. In the sample, more than 70% of respondents lived in couple relationships, but only 38.6% had dependent children. Overall, a little less than half the people in the sample were their household's sole breadwinner at the time of the survey. That proportion ranged from 54.7% for male-dominated former trades employees to 32.8% for female-dominated customer service and clerical employees.

The number of dependents and the division of household roles and responsibilities influence both the urgency of job search and the range of

options that can be accessed (Morris 1995). A sole breadwinner with dependent children faces greater pressure to earn income quickly than a person whose spouse is employed full-time or who has no dependents (Davies *et al* 1995). Workers with no dependents can afford a longer search period. Women who bear the burden of domestic work in households often restrict the range of jobs they consider (Walby 1991, Hanson and Pratt 1991). Retrenched workers with more savings are able to afford a longer search period. The impact of retrenchment is likely to have been higher for households that relied entirely on Ansett Airlines for their income, and for households experiencing multiple Ansett retrenchments. For Ansett workers, life stage was an important consideration: those with children in their formative years of schooling were less amenable to permitting job search to disrupt their family life.

Vocational Aspirations

Ansett Airlines employees found it difficult to separate feelings of attachment to Ansett from their love of flying and commitment to a career in aviation. It is a testament to the strength of Ansett's internal labour market that workers could not make that distinction easily. Job search for this workforce was framed by a collective and strongly expressed desire to find new work in the aviation industry. Table 3 shows that workers from aviation-specific occupations had the strongest preference to remain in aviation, but that a high level of commitment to the aviation sector was also evident among non-aviation specialisations.

Table 3. Vocational aspirations of former Ansett employees

Occupation Groups	Stay in Aviation		Stay in Same Occupation	
	No.	% of Group	No.	% of Group
Aviation qualifications	191	74.9	177	70.0
Aviation occupations	231	68.1	222	65.9
Managers and Professionals	77	43.8	106	60.6
Trades and Technicians	105	69.1	104	69.3
Cabin Crew	72	59.0	69	56.6
Customer Service & Clerical	32	57.1	32	58.2
Ramp Service Occupations	53	47.7	50	45.0
Total	339	54.9	361	58.9

Note: Frequencies and percentages refer to cases that scored these preferences as '5 – Very Important' or '4 – Important'.

Note: See Table 1 for definition of occupations.

The desire to continue with a career in aviation is linked to social status. Aviation occupations attract a social value greater than might be expected from their technical skill demands. For example, the occupation of flight attendant has such a prestigious social construction among certain social groups that a single advertised vacancy might attract 800 applicants. Many Ansett employees saw their work as a vocation and framed their personal self-image around their occupational identity. For some groups of Ansett employees, therefore, the loss of social status that accompanied retrenchment represented a significant additional cost that cannot be quantified in monetary terms. The co-mingling of skill and social status complicates the assessment of the personal costs of retrenchment. Many former Ansett employees grieved for their lost career, their lost 'family' and their lost social position.

Workers' personal determination to retain an aviation career influenced outcomes by narrowing the range of acceptable jobs they would consider and at the same time extending the geographic scope of job search. For aviation-sector specialisations including pilots, senior managers with aviation-specialised skills, maintenance engineers and cabin crew, job search was often conducted at an international scale, in which case the likelihood of re-employment was directly linked to the willingness to relocate. In Australia, the likelihood that former Ansett employees would find work in the aviation industry depended on the recruitment preferences of the two remaining domestic carriers, Qantas and Virgin Airlines. In the small local industry where individual capacities were known, other airlines 'cherry-picked' Ansett's best people early, which, according to this study's informants, undermined the possibility of Ansett being sold as a going concern.⁹

Ansett's workforce had been distributed across the nation (Table 4). Managers and Professionals lived mainly in Melbourne (the location of Ansett's Head Office), while Flight crew and Customer Service workers were located in rough proportion to the number of flights in and out of different cities. Maintenance technicians were concentrated at Melbourne airport. Customer service occupations dominated in Launceston, Darwin and Cairns, where Ansett had located its call centres. Within each city, the residential locations of former employees reflect the socio-economic status of different sub-groups of the Ansett workforce. Less skilled, lower paid occupations tended to live close to the airport, while higher paid former professionals lived in affluent suburbs further away from their place of work. On retrenchment, Ansett's workforce entered a variety of local labour markets.

Previous research into redundancy in Australia has focused primarily at the local scale. These studies find that the impact of redundancies

within local labour markets depends on the number of redundancies relative to the size of the local labour force, the extent to which retrenched workers compete with one another for jobs, and the rate at which new jobs are being created locally. However, in the Ansett case, aviation-specialised workers seeking work in their specialist area operated in geographically extensive occupational labour markets rather than local markets. Non-aviation specialised workers had a narrower search area, usually the local (metropolitan) labour market.

Table 4. Ansett retrenchments by State

State of Workplace	No.	%
Victoria	4949	39.7
New South Wales	2872	23.0
Queensland	1831	14.7
Western Australia	1198	9.6
South Australia	787	6.3
Tasmania	400	3.2
Aust. Capital Territory.	246	2.0
Northern Territory	146	1.2
Not Stated	43	0.3
Total	12472	100.0

Source: Administrator's Redundancy Database.

In effect, former Ansett workers often had to choose between remaining in the aviation industry, which implied a broad geographical search and the likelihood of relocation, or continuing to live in a local community, which implied broadening the occupational scope of the search within a journey-to-work area and relinquishing aviation-related aspirations. These were contradictory desires. Between 10% and 20% of the sample were comfortable with the idea of moving house to find work, and about 50% would agree reluctantly to move. At the same time, just over half the sample (55%) regarded staying at the same address as either 'very important' or 'important', and almost a quarter (22.5%) of the sample felt that their options were 'very much' restricted by lack of jobs 'nearby' (Table 2). Because the capacity to relocate is related to household issues, retrenched Ansett employees' likelihood of remaining in the aviation industry was directly related to their household circumstances.

Re-employment and Post-Retrenchment Jobs

In the months after the airline's initial failure, former employees' emo-

tional attachments and loyalty to Ansett combined with the confusion about the airline's future to complicate the analysis of post-retrenchment outcomes and make it impossible to draw sensible conclusions about the time retrenched workers took to find a new job. As the Tesna bid raised hopes that Ansett would survive, many workers accepted 'fill-in' jobs while they waited for their real (Ansett) job to re-emerge. As a consequence, the first jobs after retrenchment were not jobs that would have appealed in different circumstances, and not jobs that could be viewed as part of an ongoing progression or as a 'stepping stone' to a better job. Rather, first jobs were distanced from the career flow, taken simply to mark time (and earn money). Given the peripheral nature of these jobs, the analyses of outcomes presented in this section compare the post-retrenchment jobs that had already ended in August 2002 ('completed spells') to jobs that were current at the time of the August 2002 survey ('continuing spells').

Time to find a new job

In retrenchment research, the time required to find a new job is taken to indicate the labour market's capacity to 'adjust' to the retrenchment event.¹⁰ But in this case, because so many first jobs were 'stop-gap' jobs, it would be unwise to view the first job after retrenchment as completing the adjustment process. Nonetheless, of those workers that sought to re-enter the labour force, 78% had commenced a first new paid job – of any sort or duration – before August 2002 while 17.5% had not yet commenced a first new job.¹¹ A quarter (25.6%) of those who ever found a post-Ansett job did so before they were officially retrenched, and nearly half (46.5%) of those who ever found work had found a first job by the month of their official retrenchment. Three-quarters (75%) of those who had found a new job commenced the job within two months of retrenchment, and 95% had commenced a first post-retrenchment job within six months of retrenchment. Consistent with queuing theory, this outcome suggests that Ansett retrenched workers had little difficulty winning 'bad' jobs from less able jobseekers.

The Quality of Post-Retrenchment Jobs

While Ansett workers found work quickly, the new jobs compared poorly to jobs at Ansett. The quality of jobs can be assessed in terms such as stability, wages, occupational status, the utilisation of skills, and personal satisfaction. In terms of stability, workers seldom made a simple transition from a secure, well paid job at Ansett to another job with

equivalent job security. Forty-four per cent (44%) of those who found new work after retrenchment had already held more than one job by August 2002, although only a minority (19 people) were thrown into patterns of intermittent work (Table 5).

Table 5. The number of post retrenchment jobs held

	Number with full details provided	Cumulative Number of Jobs
Job 1	502	502
Job 2	221	723
Job 3	35	760
Job 4	17	775
Job 5	2	777

Note: Data in this table records the number of jobs for which details were collected in telephone call-backs.

Table 6. Employment Type, Post-Ansett Jobs

Employment Type	Continuing Spells		Completed Spells	
	No.	%	No.	%
Permanent	48	10.8	10	3.1
Fixed term	44	9.9	31	9.5
Casual or temporary	135	30.3	185	56.6
Self-employed	28	6.3	8	2.4
Other	2	0.4	0	0.0
Missing	188	42.2	93	28.4
	445	100	327	100

Table 6 shows that more than half (56.6%) of the completed employment spells were casual or temporary jobs, as were one third (30.3%) of continuing spells at August 2002. In addition, 15.5% of continuing jobs were part-time. Even if every job in Table 6 with missing detail was a permanent job, the incidence of casual and temporary employment would still appear high.

Compared with their jobs at Ansett, post-retrenchment jobs were generally inferior in almost every other respect (Table 7). Completed spells – the short duration jobs taken immediately after retrenchment – were rated poorly in terms of pay in 82% of cases. Working hours, working conditions, use of skills, scope for initiative, job satisfaction, and social interaction were each rated poorer than Ansett in more than 60% of the completed post-retrenchment spells. Less than 20% of the completed spells were ‘better’ than Ansett in any respect at all. Continu-

ing jobs – the jobs former Ansett employees held in August 2002 – were rated more highly than completed spells, but still their pay was poorer than the pay at Ansett in 72.2% of cases. Other aspects of the jobs were also less appealing. The most positive aspect of continuing jobs was their scope for initiative, with a third of new jobs (34.4%) offering improved opportunities for displaying initiative.

Table 7. Job Quality compared to Ansett Airlines

Comparisons	Continuing Spells (Current job Aug. 2002)		Completed Spells	
	Better %	Worse %	Better %	Worse %
Pay Rates	16.7	72.2	11.7	82.6
Working Hours	26.0	47.7	20.0	63.0
Working Conditions	24.6	45.9	9.9	70.8
Use of Skills	26.3	37.9	11.2	62.7
Scope for Initiative	34.4	40.0	14.2	67.6
Job Satisfaction	24.6	49.7	11.4	76.3
Social Interaction	25.4	40.8	16.9	61.1
Overall Rating	15.5	41.1	4.4	71.5

Note: Jobs 'Better' if scored 4 or 5 on a five-point scale, 'Worse' for scores 1 or 2. Score 3, the 'Same' is not shown.

Table 8. Reasons for post-Ansett jobs ending

Reason	All Completed Spells	
	No.	%
Went to better position	94	34.9
Job discontinued	78	29.0
Dissatisfaction	67	24.9
Redundant/terminated	16	5.9
Withdrew from Labour Force	14	5.2
Total	269	100

While the data in Table 7 supports the hypothesis that on retrenchment from internal labour markets workers slip from the primary to the secondary segment of the labour force, the data in Table 8 indicates that Ansett employees were 'trading up' over time. In more than a third (34.9%) of job changes workers 'went to a better job', and quarter of completed job spells (24.9%) ended as a result of dissatisfaction with the job or workplace. This is a further indication of the high expectations of this workforce.

To reinforce this evidence of advancement, Table 9 lists the industry sector of completed and continuing post-retrenchment jobs to show that former Ansett employees were pushing their way back into the primary segment and the aviation sector in their second and third post-retrenchment jobs. By August 2002, a third (33.9%) of the retrenched sample was employed in the aviation sector. Former Ansett employees were also entering non-aviation industry sectors that offer secure, long term employment and comfortable working conditions (such as health and education services), and shrinking away from less secure employment sectors such as hospitality, entertainment and manufacturing.

Table 9. Post Ansett jobs by industry sector

Industries	Continuing Spells		Completed Spells	
	No.	%	No.	%
Aviation	151	33.9	57	17.4
Education	11	2.5	7	2.1
Health	29	6.5	10	3.1
Other public service	22	4.9	12	3.7
Retail	42	9.4	42	12.8
Mining	5	1.1	3	0.9
Finance & Admin	25	5.6	24	7.3
Transport	22	4.9	22	6.7
Construction	18	4.0	22	6.7
Hospitality	29	6.5	36	11.0
Entertainment	9	2.0	16	4.9
Manufacturing	15	3.4	28	8.6
Repair trades	8	1.8	7	2.1
Personal Services	8	1.8	4	1.2
Other/unclassifiable	9	2.0	11	3.4
Communications	2	0.4	5	1.5
Business Services	19	4.3	10	3.1
Real Estate	7	1.6	3	0.9
Travel	14	3.1	8	2.4
	445	100.0	327	100.0

Former Ansett employees with professional or aviation – specific qualifications generally aimed to find new jobs in the same occupation as their job at Ansett. Table 10 specifies outcomes in terms of the occupational status of continuing spells. By August 2002, more than half of the skilled employees (58.3% of managers and professionals and 52.9% of trades and technical workers) and close to three quarters of less skilled employees (77.9% of ramp services workers and 63.4% of customer services workers) had managed to return to their ‘Ansett’ occupation. Table 10 also highlights the relatively poorer outcomes for former cabin crew.

Table 10. Occupational change compared to Ansett – Continuing Spells

New occupation: Ansett occupation	Managers & Profess.	Trade & Technical	Cabin Crew	Customer Service	Ramp Service
	%	%	%	%	%
Managers & Profess.	58.3	24.3	21.0	9.8	5.8
Trade and Technical	3.3	52.9	1.1	2.4	5.8
Cabin Crew	2.5	0.0	12.1	2.4	0
Customer Service	26.7	8.7	56.1	63.4	8.2
Ramp Service	9.1	13.5	8.8	20.0	77.9
Total	100.0	100.0	100.0	100.0	100.0

Note: See Table 1 for occupational definitions

It appears that this workforce was attracted to and accepted into other internal labour markets that offered an approximation of Ansett's pay and conditions. The re-absorption of this workforce into the primary segment reflects the strength of Ansett's social networks as well as the skills of its workers. The expectations developed in an internal labour market such as Ansett's become ingrained in the work attitudes of workers and are carried into new contexts.

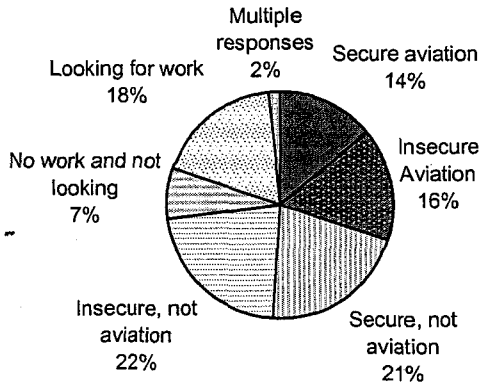
Employment Status in August 2002

In general, the impact of retrenchment is best assessed in terms of its impact on retrenched workers' career trajectories (Gonas and Westin 1993, Harris *et al* 1987, Webber and Campbell 1997). Assessing the long term effects of retrenchment on workers' career trajectories requires a longitudinal study that traces the patterns of employment outcomes over a number of years.¹² In a short term follow-up study, the number of retrenched workers that have found a job is a function of the time elapsed between job loss and the conduct of the follow-up survey. Nonetheless, analysis employment status at the time of the survey in August 2002 provides additional insight into the impact of retrenchment. Because the elapsed duration of new continuing jobs was usually less than six months, however, it is not possible the draw conclusions about job security.

With this caveat in mind, Figure 1 shows former Ansett workers' employment status at August 2002. At that time, 35% of the sample believed that they had found secure employment, although only 14% had found secure employment in the aviation industry. A further 16% had insecure work in the aviation sector (many of these jobs were working for the Ansett administrators). About one in five people (22%) had an insecure job in a non-aviation sector. The remainder were either looking

for work (17.5%, more than double the national unemployment rate) or were not in the labour force (7.1%).

Figure 1. Employment Status in August 2002



Note: See Table 1 for occupation definitions.

To better understand the determinants of post-retrenchment outcomes, logistic regression analyses were performed to provide an indication of the role of various predictors.¹³ These static analyses assist understanding which workers appeared to have made more successful transitions in the short term, but they are not designed to evaluate the impact of Ansett redundancies on long term career trajectories and do not take into account dynamic changes such as the influence of the time elapsed since retrenchment. The first analysis assessed the variables contributing to the outcome 'Secure Employment' and the second to the outcome 'Aviation Employment', both as reported at August 2002 (Figure 1). The analyses used the predictor variables listed in Table 11.

The results of the analysis for 'Secure Employment' are shown in Table 12. The parameters of the model (B) are interpreted as conditional probabilities; their values provide a measure of the magnitude of each parameter's effect. The second column (S.E.) gives the Standard Error of the parameter value. In this analysis, three parameters appear to most strongly influence the outcome: the time since retrenchment, workers' age and tenure at Ansett. The magnitude of the parameters (B) suggests

Table 11. Variables entered in logistic regression

Predictors	Variables	Levels
Skills	Ansett Occupations	Nine categories
	Aviation Occupations	Yes/No
	Aviation qualifications	Yes/No
	Educational Level	Six categories
Employment History	Tenure at Ansett	Four levels
	Search time	Months Sept. 2001-retrenchment
	Aviation Aspirations	Scores 1 through 5 (high)
	Rating of Ansett job	Scores 1 though 5 (high)
Personal & Household	Gender	Women/Men
	Age	Under/Over 45
	Household Structure	Seven categories
	Any Dependent Children	Yes/No
	Contrib. to House Budget	Four levels
Location	Location	Victoria/Not Victoria

Table 12. Logistic regression – secure employment

	Secure Employment	
	B	S.E.
Months Sept. 2001 to Retrenchment	-0.15	0.03 **
Age - 45 or under	0.65	0.24 **
Years Service at Ansett	0.03	0.01 *
Aviation Qualifications (No.)	0.45	0.27 *
<u>Occupation</u>		
Managers & Prof - General	0.76	0.64
Managers & Prof - Aviation	0.59	0.69
General Trades	0.59	1.09
Air Maintenance Trades	0.98	0.64
Cabin Crew	-0.28	0.67
Customer Service	0.86	0.62
Clerks	-0.49	0.82
Loaders/Baggage Handlers	0.08	0.59
Cleaners/Labourers (ref cat)		
Constant	-59.2	26.6 *

Note: * denotes the parameter is significant at 5%, ** significant at 1%.

that age is the most important factor in perceptions of job security, with older workers more likely to have found insecure jobs. Although the magnitude of the effect is small compared to age, people who had been working for Ansett for a longer time also had poorer post-retrenchment

job security. If tenure at Ansett is interpreted as a proxy for the combined effects of social attachment and skill specialisation, the 'Ansett factor' appears to have had an impact on outcomes. The statistically significant predictor 'months between September 2001 and actual retrenchment' can be interpreted equivalently as the time between retrenchment and the survey date. This indicates that Ansett employees who left Ansett early were more likely to have found secure work by the date of the survey. While not statistically significant, the analysis also suggests that people in higher skill and technical occupations were more likely to have found secure employment. The analysis confirms that former Ansett cabin crew had relatively poorer outcomes.

Table 13. Logistic regression parameters – aviation employment

	Aviation Employment	
	B	S.E.
Age - 45 or under	0.18	0.26
Years Service at Ansett	0.03	0.01 *
Aviation aspirations	0.42	0.15 **
<u>Occupation</u>		*
Managers & Prof - General	-0.91	0.68
Managers & Prof - Aviation	-0.29	0.69
General Trades	-0.67	1.36
Air Maintenance Trades	0.48	0.65
Cabin Crew	-1.55	0.72 *
Customer Service	-0.50	0.63
Clerks	-0.21	0.78
Loaders/Baggage Handlers	-0.28	0.59
Cleaners/Labourers (ref cat)		
<u>Household Structure</u>		
Sole Occupant	-0.43	0.70
Share House	-0.69	0.72
Parents or other Family	-1.41	0.77 *
Couple no dependents	-1.05	0.63
Couple any dependents	-0.53	0.62
Sole parent family	-0.39	0.81
Multi-or extended family (ref cat)		
<u>Household Finances</u>		**
Contribution less than 25%	2.56	0.62 **
Contribution 25% to 75%	0.71	0.27 **
Contribution 76% to 99%	0.47	0.37
Contribution 100% (ref cat)		
Constant	-56.7	28.19 **

Note: * denotes the parameter is significant at 5%, ** significant at 1%.

The second analysis considered employment in the aviation sector. Table 13 reveals that the likelihood of remaining in the aviation industry is associated with smaller contributions to the household budget, with living with parents or another family, and with strong aspirations to remain in the aviation industry. This effect is explained partly by the fact that aviation apprentices were placed in new employment. In addition, however, the link between finding a new job in aviation and 'aviation aspirations' can be interpreted in terms of a willingness to relocate to secure a new aviation job. This analysis again confirms that former Ansett cabin crew faced great difficulty in returning to the sky.

Conclusion

Former Ansett employees had a sliding scale of preferences. First, they wanted to keep their jobs at Ansett, and many put their livelihoods at risk as they fought for that aim in the months after September 2001. Failing a revitalised Ansett, they wanted secure jobs in the aviation sector, although many were more than willing to accept insecure jobs, too, just to continue doing the work that they loved. If it proved impossible to find a job in aviation, they wanted secure and satisfying jobs at a level commensurate with their skills and experience, and in a workplace that offered benefits at least approximating their Ansett-based expectations. Lastly, they accepted marginal, casual and low skilled work when no other option was available. Given Ansett employees' high aspirations, skills and work histories the actual outcomes described in this paper are poor indeed. Clearly, individual former Ansett employees have paid a high price for the airline's failure.

Former Ansett employees carried a particular set of skills, working habits, loyalties and expectations that were derived from their Ansett working histories. The social network that was Ansett continued to function after the airline's demise. The most striking aspect of this retrenchment event was the manner in which former Ansett employees' emotional attachment and loyalty to their former employer and workmates was carried into the labour market to shape their post-retrenchment experiences. Attributes formed in the internal labour market often impeded their recruitment into new workplaces. This highlights the powerful social influence of internal labour market processes over future job prospects. This case study shows too that the concept of internal labour markets continues to provide a useful tool to understanding labour market change. While the airline industry has experienced extensive technological change, there is no evidence in this study to suggest that technical skills have become more transferable – rather, increasing specialisation

has restricted skill transferability and reduced the post-retrenchment employability of specialised workers.

Notes

- ¹ The sample was drawn in August 2002 from the Ansett Airlines Administrator's retrenchment database, which contained the details of 12,742 former employees (about 3,000 people were still employed by the Administrators). The 649 useable responses represented a response rate of 33.7%. Respondents who provided contact information were telephoned subsequently to collect additional details of their post-Ansett employment histories.
- ² Internal labour markets have a limited number of entry points and often select recruits on grounds other than skill. Rare job vacancies tend to be filled by 'insiders' – people with social links to members of the existing workforce. This promotes nepotism.
- ³ Some individuals held both aviation and non-aviation qualifications.
- ⁴ In 1996, Ansett Airlines was Australia's second largest airline and the 30th largest airline in the world (measured in Revenue Passenger Kilometres). Its then 17,977 employees and 87 aircraft carried 11.69 million passengers, generating revenue of \$US 2,525 million (Airline Business 1997). Easdown and Wilms (2002) discuss the factors contributing to the Airline's failure.
- ⁵ This is play on words – the Administrators, Mark Mentha and Mark Korda, were known as the 'Two Marks'.
- ⁶ At the time of writing, former Ansett employees had still not obtained their full entitlements.
- ⁷ This was encouraged by the oligopolistic firms created by Australia's 'two airline' policy.
- ⁸ Gender issues also come into play through social processes that result in restrictive channelling of personal aspirations and gender-specific perceptions of vocational options (Hanson and Pratt 1991).
- ⁹ Detailed analysis of changes in the demand for aviation labour and the recruitment practices of remaining aviation firms were beyond the scope of the project.
- ¹⁰ The labour force retention rate for this workforce was high. Only 7% of sample withdrew from the labour force: they were either over 55 years of age and entering retirement, or were young women who took the opportunity to start a family.
- ¹¹ Some of the latter group had been retrenched quite recently, and so had been without work for only a short time.
- ¹² Second round interviews conducted in May 2002 will extend the data on Ansett post-retrenchment careers to a minimum of two years after retrenchment.
- ¹³ Logistic regression estimates the probability of an outcome given a set of predictor variables ($X_1, X_2, X_3\dots$), and parameters ($B_0, B_1, B_2, B_3\dots$) such that: $\text{Prob}(A) = 1 / (1 + e^{-z})$; where $z = B_0 + B_1X_1 + B_2X_2 + B_3X_3 \dots$

The analyses were performed using the 552 cases for which complete data was available. Data were weighted to population proportions, and the variables entered with backward conditional elimination.

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