

# Work as Paid Employment: What is Changing and why? - An Australian Perspective

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## ABSTRACT

In 1999 the Australian Centre for Industrial Relations Research and Training (ACIRRT) published a text that summarised their major research findings that dealt with the changing nature of paid employment for the workforce in Australia. The Centre argues against the neo-capitalist/neo-liberal stances that embrace free market principles. This paper presents a framework to guide peoples' thinking of changes to 'work' (as paid employment) using recent ideological concepts, such as managerialism, economic rationalism, human capital theory and neo-corporatism. Is there a shift away from the infusion of these concepts into VET/Life Long Learning policy and practice within Australia? A brief exploration of these concepts provides a means of raising some understanding of why work is changing and why in Australia. The paper concludes by posing issues that have implications for VET / Life long Learning policy and practice.

## SITUATING MYSELF

I am a lecturer in the newly established Centre for Human Resource Development and Training at the University of Melbourne, and a Ph. D. research student. The cohort I have the pleasure of working with are mature age learners who are searching for understanding about their corporate lives. After four and a half years of researching workplace change my findings and those posed by ACIRRT have not shifted my concerns about the changing nature of work, as paid employment.

## RATIONALE FOR CHANGE?

Commonly, a single explanation - 'globalisation' - is cited as the cause for workplace change in Australia. . However, change discourses that provide some insight into workplace change are many and complex, among these being:

- The introduction of new workplace cultures
- The introduction of new workplace methods
- Rapidly changing technologies
- The acceptance of global marketplaces
- The intensification of competition
- The intensification of workplace expectations
- The desire to increase productivity

Behind these discourses are others that could be framed as either economic and/or political. Surprisingly to many, the former Federal Labour government in the 1980's commenced micro-economic reform. Confusions reigned for the constituents in many electorates as organisations 'downsized' / 'right-sized'. The deregulation of financial institutions was supported in an attempt to free up the level of competition. Workplaces became environments for reform as new arrangements for the organisation of labour were established, the roles of management shifted from supervisor/controller to that of collaborator. Workplaces were to become team-based environments where a spirit of new found responsibility and flexibility was to be encouraged.

The role of government was to change. The idea of governments owning utilities and providing of a host of services to the community was under scrutiny. Neo-Corporatism / Federal Corporatism became a strategy to ensure governments could attest to reform that resulted in greater efficiency and public accountability. By the latter comments I mean Federal and State governments emulated the private sector and adopted the language of business as a means of changing the perceived image of services offered by government to the community forever. We now speak of the education business.

Our academies have clients; they are no longer students. Teachers and lecturers are also consultants that generate income for the academy.

The Australian community had to realise that this was . . .

. . . the end of certainty, society was now divided between the reformers and the traditionalists . . . Australia's record of poor productivity . . . over-reliance upon raw material exports . . . inadequate savings by the Australian community . . . the present standards of living / workplace practices being unsustainable . . . (Kelly. P, 1994, p.2).

Focusing upon productivity for a moment, Australia has been described as an economy with declining levels of productivity since the late 1970's. Australia is still subject to much criticism, (from government and employer groups in particular), in regard to its level of productivity and questionable ability to acquire a place in the emerging competitive global market place (ACIRRT, 1999). The declining productivity argument has also been used as a strategy to secure support from governments, organisations and the wider community for workplace restructuring and reform.

There is an inextricable relationship between productivity and consumption. Since the 1980's the level of consumption has been declining in Australia due to the market being saturated with consumables (ACIRRT, et al, p.18). Increasing the levels of productivity, through workplace reform, has resulted in workplace intensification and the displacement of approximately one million Australian workers. The Australian community now consists of people who wish to work far less, because they working longer than recorded ABS labour market statistics. People who are under-employed who wish to work longer hours because they cannot sustain an adequate standard of living, and the dispossessed unemployed that have stabilised at around 8% of the labour market. However, there are the consenting 'overworked' and those who are 'conscripted' into overworking. The former tend to be managerial people who thrive on workplace reform, the latter express discontent about an imbalance between working in paid employment and 'living' in general (AWIRS, 1995). These divides have resulted in a community that is unsettled and insecure.

...there is no great secret to solving unemployment...you simply lower the wages...Europe has unemployment running at around 12%...they have high wages and salaries...America has an unemployment figure of around 5% and declining...we have people who are paid \$5.00 (US) and hour... (Reich, 1995).<sup>1</sup>

## **CHARACTERISTICS OF THE AUSTRALIAN WORKFORCE**

Briefly, Australia's workforce is now characterised as casualised. Next to Spain, Australia has the greatest number of people who are employed in a temporary or casual manner - increasing dramatically between 1983 and 1994 (OECD, 1996, p.8 ). The number and gender of people who have been retrenched between the years 1986 and 1997 are in the hundreds of thousands:

- 1991, 400,000 white collar professional women and 280,000 white collar professional men. More than 350,000 blue-collar women and 249,000 blue-collar men were retrenched (Cleary, P. 1997, p.7).

Employment has grown most dramatically in the retail, property/business services, health and community services and hospitality industries. The sectors that experienced the greatest level of job loss were manufacturing, the utilities rail transport and insurance corporations (ABS, 1978-1998a).

Close to 65% of management workers have embraced work intensification and workplace reformation, whilst around 80% of non-management workers do not support many of the workplace reforms put in place since the 1980's. The same percentage (80%) of non-management workers are experiencing a dramatic increase in stress within their workplace, whilst around 57% of management workers commented on an increased level in workplace stress (AWIRS, 1995 p.36).

Between 1976 and 1997 the gap between profit and wage index / adjustments increased dramatically, with 1991 and 1997 stated as the years with the widest gaps. This trend is continuing (ABS, 1998b).

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<sup>1</sup> Reich was the former economic adviser to President Clinton. These words were extracted from an interview given / recorded in 1995. Title of videotape: 'Cuts That Work', broadcast on the ABC Late-line program.

From 1986 - 1996 real wages growth for low paid males has decreased by 5% whilst the median to highly paid has increased between 2.5% and 9% respectively.

For women real wages growth for the low paid has increased by around 15%, and for median to highly paid - increased between 10% and 12% respectively (OECD, 1996). For many women this increase meant a catch up in wages/salaries. However, overall the gap between the highly paid and the low paid is widening. Women are taking up employment at a faster rate than men are but the work obtained is usually casual or temporary and low in wages/salary.

The social costs to the community associated with some of these shifts are great. Uncertainty does not go well with high levels of morale in the workplace. Fear leads to higher levels of stress and workplace behaviours that demonstrate unhealthy levels of individualism and competition - the antithesis of collaboration and team-based cultures advocated by many contemporary workplace reformists.

## **A FRAMEWORK TO HELP EXPLAIN WHY**

Why are some of these changes occurring and how might some of these shifts be analysed and explained? The facilitation of vocational education in communities is shaped by political and economic imperatives. The communities I write of here are workplaces, schools, TAFE Institutes, Higher Educational facilities and private providers. Each of these micro-worlds are affected by 'systems' created at the macro level, systems that are shaped by interpretations of political and economic policy imperatives. For these reasons it would be prudent to include constructs that incorporate elements of political ideology and economics to guide our analysis of workplace change.

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**FIG. 1. FRAMEWORK TO GUIDE ANALYSIS**

Classical Economics/Neo-Liberalism

Keynesian perspectives

Economic Rationalism/Instrumentalism

Corporatism

Managerialism

Human Capital Theory/Life-Long Learning

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The framework depicted in Fig 1. will be used to provide one explanation as to why Australia's workforce is changing. What follows is a brief explanation of the constructs used in the framework interwoven with how these relate to some of the shifts in workplace practice.

### **Classical economics**

Classical economists broadly hold the view that significant government intervention would artificially alter the market forces at play in an economy and therefore perhaps prolong the effects of an economic adjustment. Their views highlight the importance of smaller government and less government intervention in communities - to ensure market forces drive the shaping of the workings of an economy. Market forces, they assert, settle things out and drive an economy in a more dynamic, responsive manner. For example, in general they would not support the use of industry tariffs and the use of a high proportion of government revenue for citizen welfare payments.

### **Keynesian perspectives**

Keynesian economics does not support the classical stance on free market imperatives. Governments may, at times, need to intervene in the workings of an economy to ensure equity and effectiveness. These 'times' may be during a period of economic malaise, when a nation's citizens may be suffering hardship, when industry requires a modicum of protection - for example, establishing a new industry in an economy through a taxation break/relief. The economist Keynes saw a need for governments to intervene in the workings of economies as a stabilising force, to moderate forces that may adversely affect a nation's citizens, and consequently a nation's wealth.

## **Neo-Liberalism/Neo-Capitalism**

The current trajectory underway in Australia is an enhanced form of classical economics often referred to as neo-liberalism or neo-capitalism. The 'neo' refers to an even greater reliance upon market forces to drive the economy and communities to ensure an acceleration in the dependence upon free market practices. These encompass free labour market practices including deregulation of the labour market.

Economic rationalism/instrumentalism is often associated with the notions of efficiency, higher levels of productivity, a concern for competition and less government intervention/regulation. The view is that society can be made to proceed according to a formula (Oakeshott, 1991). The word rational implies a sense of logic of scientific, instrumental accuracy. Pusey (1991), characterises economic rationalism in the following manner:

- Welfare spending is too great
- Higher levels of unemployment are acceptable
- Public Sectors should be deregulated
- Wages and salaries are too high
- National income should be re-distributed from wage earners to the wealthy
- Public spending should be cut
- The burden of taxation should be moved from business inputs to consumption goods (a GST ?)

The 'rationality' behind such statements is that business needs freedom to stimulate economies to create national wealth and employment. The 'rationality' is congruent with Classical / neo-liberalist models of economy associated with smaller government, less regulation and the use of market forces to shape economic endeavours. Market forces shape consumption via the user having to pay 'market rates' for services/goods. I.e. The costs of goods and services are determined by whatever the market can bear. The focus is upon the efficient delivery of those goods and services not the social value or social consequences of delivering the goods/services at 'market rates'

## **Economic Rationalism/Instrumentalism**

The notion of instrumentalism is linked with 'rational' actions perceived to deliver a particular set of outcomes. The desired ends (greater student throughput?) and the means (introduction of training packages?) are calculated in a 'rational', scientific logical manner. One problem is, what may seem 'rational' to some may seem totally 'irrational' to others! The emphasis of instrumentalism is upon the technical merits of the rationality not the social consequences.

Economic rationalism and instrumentalism are perceived to be a viable means of action when there are:

- High levels of unemployment
- Low economic activity
- Questions raised about the quality, outcomes and direction of education and;
- A change in government policy direction and role are warranted.

The shaping of educational policies began to be influenced by this concept in 1988 by John Dawkins Federal Australian Labour Party. In his document entitled 'Strengthening Australian Schools' we begin to see the emergence of another phenomenon - Corporatism

## **Corporatism**

Broadly speaking, corporatism may be defined as Co-operative arrangements between industry, governments, and staff associations/unions in the formulation of policy initiatives and policy directions. The Finn review (a review of Post-Compulsory education in Australia) was undertaken by a committee consisting of two representatives from the VET sector, a representative from business, another from the trade union movement, a Commonwealth nominee, two State and territory education representatives, and the Chair, Brian Finn, being selected by the then Australian Education Council committee. The intent was to ensure that decisions made about vocational education policy were in the Nation's interest and would be in keeping with Federal and State government initiatives. This intent was further enhanced by a desire by Federal governments to restructure processes (in this instance Vocational Education) - to again serve the nation's interest. This we could label Federal Corporatism. Economic rationalism/instrumentalism, classical economics and neo-liberalism underpin corporatism, as a construct and practice (Lingard, 1991).

## Managerialism/Human Capital Theory

This leaves us with the final two constructs from the framework depicted in Fig.1 on page four (4). Managerialism and human capital theory. Managerialism concerns itself with relationships of power and control in organisations. The views, styles and processes used by management are selectively chosen to realise results. Managerialism is focused upon results, which are of far greater importance than the means of 'getting the results'. Efficiency is paramount as is output of organisational efforts. Two key attributes one could ascribe to managerialism are:

Private sector practices may equally be applied to public service sectors of an economy and, any problem can be resolved through efficient management practices... (Rees, S. and Rodley, G. 1995).

Vocational Education and Training policies have become a major force that have aligned themselves with a number of Federal and State government's economic rationalist and social imperatives (OTFE 1998). Many of these policies have been implemented in a host of VET settings in a managerialist manner. Further to this, most VET initiatives are being implemented in a corporatist / managerialist manner. By this I mean the Federal government is encouraging the interpretation / implementation, and creation of VET policy initiatives through establishing decentralised groups consisting of industry, government, and other interested parties. Industry is the 'main driver' of policy initiatives (OTFE, 1998).

A major premise of Human Capital Theory is: "...each person as having a stock of human capital...the acquired skills, knowledge and experience which enable them to perform more less effectively in the workplace...education and training are seen as building an individual's stock of human capital..." (OTFE, 1998 p. 1).

## EDUCATION AND TRAINING?

The focus for education - especially vocational education - is the preparation of people for work (occupational paid employment). Therefore, major activities for vocational educational practitioners should centre on the acquisition of skills; knowledge and appropriate traits that prepare people to become productive workers. This is one assumption. A second consideration could be that learners experience few hurdles in accessing education and training. Another is that education is about preparing people for work and not life. Finally, that vocation is the same as job or occupation. I suggest that the word *vocation* is used in a very narrow sense. Vocation should be one's chosen direction in life - part of which is an occupation or a number of occupations over one's life. The word *vocation* is not the same as *occupation*. However, it is being used as such in many instances that align themselves with a newer interpretation of vocational education that advocates a form of human capital theory.

Human capital theory also asserts that a nation's wealth is realised through individual growth via continual education, training and the acquisition of skills / attributes in a life-long learning manner. The acquisition of these things enables people to 'onsell' their labour to others. This in turn means people acquire a level of social mobility. To explain a little further, by people adding to their level of human capital they may move socio-economically speaking or they may move across geographic boundaries (an issue of growing importance in a potentially global labour market place). This affords people a modicum of control over their lives - their chosen direction in life - their vocation. This idea is summarised concisely by Cohn and Geske, 1990, p.34 "...human capital approach makes an individual more valuable...more mobile...a highly capable worker will have a wider spectrum of potential employment opportunities..."

Many policy initiatives associated with VET are perhaps not 'vocational' in orientation they are 'occupationally' specific. Are 'Training Packages' an example of vocational education or are they form of *occupationalism*? By raising this question I am asserting that 'packages' focus upon particular forms of *deliverables*. These *deliverables* are generally specified by industry to serve particular industry definitions of occupation. Will vocational learners achieve a heightened standard of social mobility in line with human capital theory or will their skills be delimited to utilitarian applications relative to particular industry settings?

## CONCLUSION

The working lives of Australians have changed dramatically. The social costs are still being determined. The importance of vocational education cannot be underestimated in the pursuit of 'staying in the workforce' - or as I heard it being expressed once as '*skiing the avalanche and staying on top of the avalanche*'. Those that have been displaced from the nation's workforce have suffered, demonstrated resilience and have sought innovative ways of eking out a living. Their experiences have been a very rocky means of realising an entrance into the school of life-Long learning. The economic, political and ideological stances adopted by governments, (and outlined briefly in my framework), of many persuasions have witnessed the unprecedented adoption of economic rationalism / instrumentalism and neo-liberalist reform of workplace communities. Many of these practices being implemented in a highly managerialist manner.

...education is a human enterprise that cannot be brought under any economic laws of supply and demand and cannot be conducted on business principles... West, R *The Age*, p. 3. May 28th, 1998.

## A VET RESEARCH AGENDA?

May I suggest to those interested in researching vocational education and training (VET) that research is required to respond to:

- The effects of recent neo-liberalist policy initiatives upon the quality of vocational education?
- How one prepares people to enter a world of life-long learning?
- The incongruence between the rhetoric and the practice found in the new world of work
- Vocationalism or occupationalism? - As the trajectory for vocational education and training.
- Employability and the availability of work as paid employment for early leavers / non-tertiary education achievers.

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