The rise and rise of casual work in Australia: Who benefits, who loses?
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What is casualisation?

Casualisation has two main meanings. It is often used loosely in the international literature to refer to the spread of bad conditions of work such as employment insecurity, irregular hours, intermittent employment, low wages and an absence of standard employment benefits (eg Basso, 2003). In Australia, it has a slightly narrower but more solid meaning. Because our labour markets contain a prominent form of employment that has been given a label of ‘casual’, casualisation in the Australian literature usually refers to a process whereby more and more of the workforce is employed in these ‘casual’ jobs.

The term ‘casual’ is a very familiar one in Australia. It is widely used in different contexts such as everyday conversation, in the text of legislation and agreements, in judicial deliberations and in official statistics. The meanings can vary, but there is a broad area of overlap in the meanings found in different areas (O’Donnell, 2004). ‘Casual’ jobs are commonly understood as jobs that attract an hourly rate of pay but very few of the other rights and benefits, such as the right to notice, the right to severance pay and most forms of paid leave (annual leave, public holidays, sick leave, etc), that are normally associated with ‘permanent’ (or ‘continuing’) jobs for employees. This common understanding is different to what appears in economic textbooks from overseas. But it reflects the way in which the regulatory system in Australia, including casual clauses in awards and industrial legislation, has shaped ‘casual jobs’ over the past hundred years. This basic meaning is captured well in the categories used in the main series of official statistics from the Australian Bureau of Statistics (ABS). For many years the ABS used a category of ‘casual employees’, defined as ‘employees who were not entitled to either annual leave or sick leave in their main job’. This is a robust category, which has been improved through minor refinements, including a recent change of name to ‘employees without leave entitlements’ (Campbell and Burgess, 2001). We now have a long series of official figures that allow us to measure and describe the key features of casualisation in Australia.

Is casual work and casualisation a good thing?

In the international literature, casual jobs, either in the narrow sense or in the broader sense of jobs without rights and benefits, are widely seen as symptoms of an earlier, raw phase of capitalist development, which has been superseded by the evolution of co-operative employment relations and industrial citizenship. A return of casual work and casualisation is therefore viewed with great concern.

Australia stands out in cross-national comparison, because of the preservation into the modern era of large numbers of ‘casual’ jobs (Campbell, 2004). Partly as a result, we tend to be more blasé about the dangers of casualisation. Nevertheless – apart from
some commentators who contend that the casual loading establishes an exact equivalence between casual and permanent status (see below) – most commentators agree that casual work and its spread are bad for the workforce. It is accepted that workers involved in casual jobs suffer a substantial deficit in their rights and benefits, compared with employees in standard ‘permanent’ jobs. The precise way in which the formal deficit works out in practice of course varies, depending on aspects such as the kind of the supervisor. In favourable circumstances, the casual worker may even be able to acquire a high degree of flexibility to suit his or her needs (for comments on nursing see Lumley, Stanton and Bartram, 2004). However, it is clear that casual workers in general are far more vulnerable to practices such as summary dismissal, variation in hours and schedules, arbitrary treatment and underpayment. In addition, they are vulnerable to deficits in aspects such as skill formation and promotion. Such deficits may not have much effect in the short-term, but the consequences are likely to be worse when employees are stuck in casual jobs for long periods of time.

Casualisation is seen as bad not only because it draws more workers into the net of casual work but also because it exerts downward pressure on the wages and conditions even of those employees that continue to be viewed as ‘permanent’. Both cases are often identified at workplace level with processes such as outsourcing and labour hire, which threaten the direct or indirect replacement of permanent workers by casual workers (Hall, 2000, 2004). In both cases, the bad consequences for individual employees readily extend out to bad effects on families and communities (Pocock 2003).

Casual jobs are not of course the only source of problems in labour markets. They are not the only source of what can be called ‘precariousness’ (Burgess and Campbell, 1998). Any analysis of the health of labour markets needs to look at all forms of employment, including self-employed workers, fixed-term employees, permanent part-time employees and even the core group of permanent full-time employees. But it is widely recognised that casual workers are a particularly vulnerable group (Borland, Gregory and Sheehan, 2001; Watson et al, 2003; Pocock, 2003).

What about the health of individual enterprises and the economy as a whole? Here there is more disagreement and debate on the consequences of casualisation. Many individual employers champion casual work, and many vigorously introduce casuals into their workplaces, sometimes constructing almost the entire workforce out of casual workers. Such employers clearly see powerful benefits in the use of casuals, usually defined in terms of increased flexibility and lower cost (eg Benson, 2000; Buultjens, 2001). It is undoubtedly true that casual workers offer enhanced flexibility to employers. However, endorsement by a few individual employers cannot be taken as the last word on the economic advantages of casual work. Other employers may argue that casuals are a poor option for their enterprises, eg because of poor commitment and lower productivity, and they seek to preserve ‘permanent’ jobs or even to decasualise. Similarly, some researchers suggest that a taste for casuals may be based more on ideology rather than genuine economic calculation, especially amongst small businesses (Smith and Ewer, 1999). Certainly, if we survey the entire gamut of employer labour-use practices it is possible to see different strategies and different paths to profitability and good performance (ACIRRT, 1996). In any case, assessment needs to be based on more than the short-term decision-making of
individual employers. Though casual work may suit short-term interests of cost saving, it may depress innovation and dynamic productivity and therefore not be in the medium or long term interests of individual employers (Hall, 2000). More broadly, it is important to distinguish the interests of individual employers from the interests of the economy. Casuallisation may have bad effects on important aspects of national economic performance such as skill formation (Hall, Bretherton and Buchanan, 2000; Buchanan, 2004).

Distaste for casual work is widely shared amongst representatives of trade unions, the churches and community organisations. But it is by no means confined just to such groups. It is hard to find anyone who welcomes casualisation! During the debate around the introduction of Workplace Relations Act in 1996, Coalition Senators argued that the Act would help to avoid the perils of casualisation (Senate Economic References Committee, 1996).

Is casualisation increasing under the Howard Government?

The rise and rise of casual work has been a major feature of labour restructuring in Australia for at least two decades. No matter what measure we use, it is clear that casual jobs are becoming more significant. Casualisation, in the sense of an increased proportion of workers engaged in casual jobs, has proceeded step by step in almost every year since reliable ABS statistics first became available. It has risen during periods of employment contraction as well as during periods of employment growth. Workers who are classified as ‘casual’ (in their main job) now represent around one quarter of all employees. As a proportion of the entire workforce – including the self-employed – they now represent around one fifth (ABS 6310.0, August 2004). This represents a strong process of casualisation. Of the entire growth in employment over the period 1982-2004, almost half (48.8 percent) was due to the growth in the number of casual workers.

Scholars have been able to use the available statistics to describe the features of casualisation (Romeyn, 1992; Simpson, Dawkins and Madden, 1997; Wooden, 1998; Smith and Ewer, 1999; Campbell, 2000). Though casual work has been concentrated in particular parts of the employment structure, recent growth has taken place almost everywhere, thereby spreading casual work far beyond its previous sites. Thus casualisation has unfolded in all major industrial groups, all occupational groups, the public as well as the private sector, and large as well as small workplaces. Some of these features seem surprising. The statistics indicate that the fastest rate of growth has been in full-time rather than part-time casual jobs (ABS 6310.0). Similarly, data on job tenure suggest that the fastest rate of growth has been amongst long-term rather than short-term casual workers (ABS 6254.0).

In spite of the promises made in 1996 by Coalition Senators, casualisation has continued in the current period. It is true that the period since 1996 has generally been one of employment growth, and permanent work has also grown at the same time as casual work. But even in this period of employment growth, casual jobs have grown faster than permanent jobs, thereby continuing the trajectory of casualisation.

Half-truths and myths
At latest count almost one hundred academic books and articles have touched on one or another aspect of the important topic of casualisation in Australia. However, when the topic has surfaced in public, the current federal government has reacted very touchily and failed to engage with any of the scholarly arguments (eg Reith, 2000; Australian Government, 2003; Andrews, 2004). On occasion, it has disputed the official statistics, suggesting that the categories are too broad and that the data are in fact unclear or out of date (eg Reith, 2000; cf Murtough and Waite, 2000). On occasion it has conceded the central point about casualisation, but it has protested that the rate of growth has slowed down or levelled off (Reith, 2000; Andrews, 2004). More generally, however, it has relied on assertions (‘sound bites’) that appear designed to downplay concerns with casualisation. It is useful to consider some of the main half-truths and myths that appear in this political context.

‘Casuals trade conditions for higher pay’
It is sometimes argued that casual work is not as bad as it may seem because the loss of rights and benefits is compensated by the addition of a generous ‘casual loading’ on the hourly rate of pay. In some versions of the argument it is suggested that ‘casual’ and ‘permanent’ workers are in fact equivalent – it is just that the former have chosen to cash out their standard rights and benefits. This argument is not backed up by facts. It is true that casual clauses in awards and agreements often provide for a ‘casual loading’, usually around 20 percent. If a casual worker is lucky enough to fall within the effectively regulated part of the employment structure, s/he may receive such a casual loading. But it is hard to find any evidence in the aggregate wages data for a premium in the hourly wages of casual compared to permanent employees (Watson, 2004a). How is this to be explained? Some researchers point out that the casual loading does not fully compensate for all foregone benefits (Smith and Ewer, 1999). But the most powerful arguments derive from reflections on the practice of casual employment. Thus it is pointed out that not all casual workers are paid the casual loading – one estimate suggests less than half. Moreover, even where the casual loading is paid, the comparable permanent worker may still be paid more because s/he is on a different award or agreement, on a higher classification level, or has access to additional payments such as bonuses and penalty payments (Campbell, 2004, 92-93).

‘Casual work is a short-term bridge into better work’
Casual work would not necessarily have bad effects on workers if it were a short-term bridge into better work. Certainly, in some cases casual workers do go on to better-paid and more secure jobs. This is most clearly the case for many tertiary students who after a period of casual work while they are studying, eg behind a bar, will eventually start careers in the profession in which they have been educated. It is also likely in some other cases, as part of the normal process of looking around and seeking better work. Some evidence suggests that a direct transition from unemployment to ‘permanent’ job is less likely than an indirect transition which goes from unemployment via a casual job and then into a permanent job (Chalmers and Kalb, 2001). This is unsurprising, since many employers are reluctant to recruit directly from the pool of unemployed but want some assurance of current skills, work attachment, and work discipline.
However, there is little evidence that casual work is a bridge for most casual workers. More common are two scenarios in which workers are ‘trapped’ in casual work (Pocock, Buchanan and Campbell, 2004b, 19). The first is when workers are what are called ‘regular’ or ‘long-term’ casuals, used in the same way that a permanent employee would be used. Data on job tenure, both from the HILDA survey (Wooden and Warren, 2003, 13) and from the ABS (6254.0, November 2002) suggest that the majority of casual workers have been in their current job for longer than one year. The second is when workers move in and out of numerous short-term casual engagements. Because casual labour markets are now dominant in some occupations and some geographical areas, many workers become trapped in intermittent employment that pushes and pulls the employee between periods of employment, unemployment, labour market programs and education and withdrawal.

‘Casual workers are just students and married women’
It is sometimes suggested that casual jobs do not have bad effects on workers because most of the workers in question are full-time students and married women – special kinds of workers who are seen just as ‘secondary earners’. This assertion is hard to reconcile with the evidence provided by the actual numbers. It is true that casual workers are disproportionately drawn from these two groups, but they are far from constituting the majority of casual workers. Recent figures from November 2004 suggest that only 19.6 percent of all casual workers were dependent students, while only 17.4 percent were women with dependents (ABS 6359.0). The majority – and indeed an increasing majority – of casual workers are drawn from other demographic groups such as young (non-student) workers and prime-age men (Campbell, 2000).

It is also necessary to ask how and why status as a full-time student or as a married women can be seen as an excuse for deprivation of rights and benefits. There is no evidence for a preference for casual work amongst these groups (though there is a strong preference for part-time hours). Similarly, there seems little basis for an assumption that such workers are not dependent on their jobs. It may be argued by some commentators that deprivation of rights and benefits is less important in the case of students, since they only experience this for a few years. But women with family responsibilities can be in their casual jobs for long periods of time, and any effects from casual work will therefore indeed be long-term.

It is hard to resist the conclusion that these groups are poorly treated because their desire for part-time work renders them vulnerable. Gender inequality and discrimination clearly plays a role. Almost one third of all women employees are casual (ABS 6310.0, August 2004). The growth of women’s participation in paid work over the past two decades has collided with a regulatory system geared up for a male breadwinner and has given rise to a ‘gendered entitlement exclusion’ (Burgess and Baird, 2003). With a system based on a full-time earning male, women’s entrance to the labour market, and search for work to fit with care responsibilities, has often been at the expense of secure well rewarded employment. Instead women, endeavouring to combine home and care responsibilities with paid work, have had to take what was on offer - all too often this has been insecure casual work (Pocock 2003).
‘Casual jobs are varied, and it is wrong to generalise’

It is sometimes suggested that casual jobs are varied, and that it is therefore wrong to generalise about them. In particular, it is suggested that it is wrong to suggest that they are all bad jobs. It is pointed out that some are ‘long-term’ jobs. It is indeed true that casual jobs are heterogeneous. Numerous researchers have drawn attention to the many dimensions of this variety, including the strong presence of ‘regular’ or ‘long-term’ casual jobs (Owens, 2001). It is clear that some jobs will be better than others, and they will suit the needs of those who hold them to a greater or lesser extent. But this is no reason to retreat from scientific generalisation and critique. It remains true that – irrespective of other differences – casual jobs share the common feature of lack of rights and entitlements and that this in turn leads to several forms of risk in practice. Moreover, the mere fact that some jobs are ‘long-term’ rather than ‘short-term’ is not a solid platform for declaring that they are good jobs. Varied forms of forced and bonded labour are also long-term! Indeed, it is these ‘long-term’ casual jobs that have attracted the most vigorous criticism in Australia and have sparked recent efforts by unions and state governments to remedy their situation by adding back in rights and benefits such as unpaid maternity leave (Watts, 2001). Precisely because they are long-term and are used by employers in much the same way as permanent workers, there would seem to be no plausible reason for denying them the standard benefits such as paid and unpaid leave that are normally linked to long-term service (Pocock, Buchanan and Campbell, 2004a, 2004b).

‘Casuals are satisfied with their jobs’

It is sometimes suggested – perhaps as a last throw of the dice – that a focus on objective characteristics of jobs and workers is the wrong approach. Instead the best way of evaluating casual jobs is to focus on the attitudes and feelings of the casual workers themselves. There is some evidence here, which could be interpreted as throwing a more positive light on casual work. It is derived from answers to satisfaction questions in large scale surveys, initially the AWIRS survey (Wooden, 2001) and then more recently the first wave of the HILDA survey (Wooden and Warren, 2003, 2004).

Wooden and Warren’s analysis of HILDA data suggests few differences in the level of reported job satisfaction between permanent employees and at least most casual employees. They suggest that it is therefore wrong to argue that most casual jobs are poor quality. However, data on reported job satisfaction are a flimsy foundation for drawing conclusions about the relative merits of different jobs (Green, forthcoming 2005). They are not a substitute for information on the objective characteristics of jobs (Watson, 2004b). Job satisfaction data are vulnerable to several objections, including the standard objection that satisfaction for an individual is always ‘context dependent’, ie relative to the background conditions, experiences, and expectations of the individual worker. The basic problems of such data are indicated by the familiar paradox that jobs that are worse on objective measures tend to attract higher scores in satisfaction, probably because of the lower expectations of those who take up such jobs (Watson, 2004b; Green, forthcoming 2005). In order to compare individual answers properly, we need to know the range of such background conditions and expectations. But such information is not available in surveys.

A related and even more fundamental objection to the use of job satisfaction data concerns the extent to which survey questions on levels of satisfaction adequately
capture the true attitudes of workers. Even if analysis is confined to sample surveys, questions on preferences would seem to be more relevant, as recent case-studies in different industries indicate (Walsh and Deery, 1997; Lowry, 2001; Junor, 2004). But the best approach for capturing the nuances of attitudes is through detailed interviews. Recent studies (Smith and Ewer, 1999; Pocock 2003; Pocock, Prosser and Bridge, 2004) successfully use interview and focus group evidence to uncover the experience of many casual workers, including the experience of insecurity and uncertainty, being on call or given short notice of when they are required to work, attempting to balance work and caring responsibilities and desiring more stable and predictable (permanent) employment arrangements. Pocock, Prosser and Bridge (2004) reveal the limited nature of the choices taken by casual workers and the limited nature of the flexibility that they enjoy. They point to extensive discontent amongst casual employees with the main features of casual status (though this may be cushioned by having a good boss and access to another source of financial support).

‘casualisation is the price of progress’

It is sometimes suggested that although casual jobs may be bad, they constitute the price of progress. In this approach, casual jobs are identified with increased flexibility, which is in turn presented as the precondition for economic success. Flexibility is a much over-used word, which clearly means different things to employers than it does to employees. In this context, flexibility means more freedom for individual employers, ie increased management prerogative. However, far from being the price of progress, casualisation and enhanced management prerogative may be a barrier to progress. Two long-run workforce problems confronting Australia are the skills gap and an ageing population. Casuals are largely outside of formal training programs and career path development associated with skill accreditation (vandenHeuvel and Wooden, 1999, Campbell, 2001; Watson, 2004b), and an increasingly casual workforce share is hardly compatible with filling skill shortages. For ageing, it has been argued that self-funded retirement needs to increase in order to avoid the fiscal problems associated with ageing. Again, casualisation is not suited to long-term financial planning. In 2000 it is estimated that some 28 percent of self-identified casuals in 2000 received no employer-funded superannuation payments (ABS 6361.0, April to June 2000), and the small contributions received by many others are unlikely to add up to an adequate amount.

What are the causes of casualisation?

The causes of casualisation are still the subject of debate. We can put to one side some of the less plausible suggestions that invoke shifts in employee preferences. More seriously, it is sometimes asserted that the growth in casual employment may be anchored in structural change favouring industries such as retail and hospitality, in which casual work has traditionally been concentrated. But this explanation fits poorly with the evidence that casualisation has unfolded in all industry groups, with the fastest rates of growth occurring in industries such as manufacturing, where casual work has had relatively little presence in the past. Moreover, tests of the structural change argument through shift-share analysis of ABS data have found that it accounts for very little of the overall growth in casual work (eg Simpson, Dawkins and Madden, 1997; De Ruyter, 1997).
Wooden (1998, 22-25) uses an analysis of the AWIRS 95 data to outline “four principal reasons why casual employment has been growing in recent years”. Apart from structural change according to industry, he points to privatisation, reduction in unionisation, and an increased incidence of casual employment in new workplaces and firms. However, these are merely factors that are associated in statistical analysis with casualisation; they do not qualify as genuine causes. Nor is the association well specified. Factors such as structural change, privatisation and a decline in union density can be found in several OECD nations, but casualisation in the form found in Australia is highly distinctive (Campbell, 2004).

Campbell and Brosnan (2005) sketch out an explanation that refers to historical agents and that seeks to grasp the peculiarities of the Australian situation. This is perhaps the most promising effort so far in the discussion of causes (see also Campbell and Brosnan, 1999; Pocock, Buchanan and Campbell, 2004, 21-23). They suggest that the explanation for casualisation can be found in the interaction between the peculiarities of the labour regulation system in Australia and employer calculations and choices. Labour regulation in Australia has little statutory regulation, but it instead relies on awards to provide minimum labour standards. Awards can be rightly criticised for their slow incorporation of clauses allowing permanent part-time work. But the more decisive weaknesses that nourish casualisation are to do with what can be called the gaps in award regulation (Campbell and Brosnan, 1999:354-357). The very existence of casual clauses that exempt employers from being obliged to offer standard rights and benefits can be seen as one gap, but also important are the gaps as a result of poor enforcement and limited coverage. Campbell and Brosnan (2005) argue that the patchwork nature of the award system, marked by numerous hidden gaps, and without any underpinning floor of basic rights, was crucial in making casual employment available to employers. Nevertheless, they warn that this only provided opportunities; it did not determine outcomes. The crucial mechanism for changes in the significance of casual employment is employer choices about the structure of employment in their enterprise, primarily based on perceptions of the relative advantages of casual employment. They point to a decisive shift in the 1970s, linked to increased competitive pressures and weakened labour market conditions. As a result, many employers started to show an increasing willingness and an increasing ability to realise the advantages of casual work. Some employers could implement changes directly at the workplaces, but others – hampered perhaps by stricter regulation and stronger unions – fell in behind the neoliberal call for changes to the labour regulation system to allow even greater flexibility for employers.

What will be the impact of industrial relations changes?

Fighting the bad effects of casualisation is a central challenge for governments of all persuasion. This is all the more true, if we accept that the labour regulation system has helped to nourish casual employment. As part of a more general challenge of modernisation, governments urgently need to adapt and improve this system. In particular they need to move towards a more comprehensive floor of minimum labour standards, which can remove or at least narrow some of the existing gaps in the system (Pocock, Buchanan and Campbell, 2004a, 2004b).

The Howard government has not created casualisation. But it can be sharply criticised for its failure to act to solve the problems. In particular, it has failed to
modernise the creaky labour regulation system. Some of its initiatives, starting with the *Workplace Relations Act*, have been carried out under the banner of ‘workplace reform’ and ‘flexibility’. They do not, however, seem to bear any relationship to modernisation. Far from contributing to a solution to casualisation, these initiatives served to open up more opportunities for casual work to be deployed at individual workplaces. In effect they have helped to widen each of the crucial gaps in the system – loosening award restrictions, enhancing employer power and contributing to changes in employer perceptions (Campbell and Brosnan, 1999, 374). As well as its ‘workplace reforms’, the federal government has also pushed through several sets of poorly-designed ‘welfare reforms’, with more proposed, which have further contributed to propping up low wage, casual labour markets by pushing in large numbers of welfare recipients.

Another set of ‘workplace reforms’ is looming, though the full details are yet to be released. The Howard government seems committed to further widening the gaps that permit casual employment, eg by widening the possibility of exemptions from regulation for ‘independent contractors’ and by proscribing all controls on the deployment of casual workers. Perhaps the greatest threat is the indirect one arising from the further blows to the award system and the encouragement of single-employer agreements, constrained only by a new, very reduced, set of minimum conditions. The effects of these changes are hard to predict precisely. But they could be quite radical. The death of awards would also see the death of provisions for a casual loading. It may be that, as in New Zealand, the main consequence will be the degradation of the conditions of many full-time permanent workers (Harbridge and Walsh, 2002). If this degradation were sufficiently drastic, we could expect the advantages of casual work to employers to narrow, and the incentive to deploy casuals to be moderated. But this would be cold comfort for those affected. It is timely that we ask the question now; is this the future we want for Australia’s working people?

References

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