

YOUNG PEOPLE'S ATTITUDES TO WORKPLACE BARGAINING

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The industrial relations system plays an important role in shaping the environment in which employees and employers negotiate wages and conditions. The system also has a major impact on the way in which disputes between employers and employees are resolved. While there has been much debate in Australia about the desirability, or otherwise, of the Coalition Government's changes to the industrial relations system, there has been much less discussion about the likely uneven impacts of such changes on specific groups and whether they find these changes acceptable.

This paper focuses on the particular difficulties that young people are likely to face under the changed industrial relations system. It is organised as follows. The next section outlines the rationale for focussing on the impacts of these changes for younger workers. The following section presents evidence on the attitudes of younger workers to workplace flexibility and individual bargaining collected from focus groups conducted in Sydney, Melbourne and Goulburn. Finally, some conclusions emphasise the problems that young people evidently face in bargaining where they are vulnerable, as individuals, to the greater bargaining power of their employers.

Younger Workers in the Labour Market

While it is common to talk about the abstract concept of 'the labour market' in Australia, the reality is that individuals face disparate

opportunities, challenges and risks associated with their employment prospects. Confident, articulate individuals with sought after skills, for example, are more likely to be able to bargain effectively with their employers than people with poor English skills, little self confidence and no specific training. Constraining debate about the impact of changes to the industrial relations system to consideration of 'the labour market' as a whole prevents a deeper analysis of the likely impact of particular changes on individual groups in the community. In order to understand the impact of the proposed changes to the industrial relations system on a particular group in society it is necessary to conduct detailed, disaggregate analysis rather than to rely on general claims that policies will 'increase employment opportunities' or 'provide more flexibility'.

The rationale for a focus on the likely impact of the proposed changes to the industrial relations system on young people is that many young people are likely to find it harder than average to bargain effectively with their employers. There are a number of reasons, *a priori*, to assume that this would be the case.

First, young workers are unlikely to have more experience in workplace negotiation than their employer, or their employer's legal representative's, so it is unlikely that they will have superior bargaining ability.

Second, young workers are often looking for 'entry level' positions, so it is much more difficult for them to differentiate themselves in terms of skills and experience from other applicants. It is therefore likely that employers will choose those applicants willing to accept inferior wages and conditions over other applicants. As one career information website puts it:

The more power you have, the better. This means that if your business unit or job role is critical, then you have bargaining muscle. "Fairness" is not really what it's about. Even performing your job diligently might not be enough for more than a raise equivalent to CPI (Consumer Price Index). However, if your role would be hard to fill if you left the company or your team is at an important stage of a project or you are in a revenue-generating role or you are underpriced in terms of the market, then you should have power to negotiate (*CareerOne* 2005).

Third, young people are more likely to be employed on a casual basis than older workers. Casual work has the potential to provide some individuals with an enhanced capacity to organise work and other elements of their life, but casual employees have less job security, benefit from less investment in training and have lower expectations about how they should be treated in the labour market. Young people who have worked as casuals for many years before accepting a full time job are, therefore, less likely to demand the forms of conditions and job security that full time employees have historically come to expect.

Finally, a broad range of evidence suggests that young people are likely to have a higher 'appetite' for risk than older citizens (see for example Productivity Commission 1999; Australian Institute of Health and Welfare 2005). In relation to workplace conditions it is therefore likely that younger workers may prefer to forego insurance-type benefits such as sick leave in exchange for higher take home pay. While such trade-offs may seem desirable at the time in life when serious health issues are less likely than average, it is unlikely that once one demographic group opts to forego such benefits that other groups will be able to maintain them. This is not to say that young people are incapable of expressing their preferences. Rather, the point is that, while such preferences are likely to change over time, there are likely to be lasting and widespread consequences of one demographic group pursuing such preferences.

What Young People Say About Their Jobs

Are these *a priori* expectations borne out directly by young people's own experiences and observations? In order to more carefully examine the expectations and preferences of young Australian workers, with a particular focus on their attitudes to 'job security' and 'workplace flexibility', five focus groups were held in Sydney, Melbourne and Goulburn in June 2005. A market research company randomly selected the participants in the capital city focus groups, while the participants in the Goulburn group responded to an invitation sent to employers and community groups in the region. The respondents were all employed full time and aged between 23 and 28. The term 'younger workers' will be used here to describe the full time employees among them. In total 44

people participated in the focus groups. The names of the participants have been changed to ensure anonymity.

Flexibility

Much public discussion of the attitudes of younger workers has focused on their preference for flexibility and their tendency to leave jobs that they find unrewarding (see Macken 2004; Sheehan 2005; Sampson 2005). For example, books such as *Generation Y: Thriving (and Surviving) with Generation Y at Work* (Sheehan 2005) support such a view. It is important to note, however, that Sheehan (2005) seeks specifically to describe the attitudes and behaviors of the most confident, talented and educated subsection of the youth labour market.

The majority of participants in the focus groups did not reveal such attitudes or behaviours. On the contrary, while most participants expressed a preference for some flexibility in their work hours to facilitate appointments or avoid peak hour traffic, more fundamental forms of flexibility such as job sharing, working from home or working as a contractor were not seen as desirable. Quitting one job without having lined up another job was seen as irresponsible by most participants. Responses to a question about what flexibility meant to respondents included the following:

If you've got appointments or that sort of thing they're quite happy for you to take those during work hours as long as you make the time up. My first position, it was shift work, and it was very difficult, it was shift work with really dodgy hours, it was in hospitality (Ben, IT worker, Sydney).

The view that too much flexibility when previously employed as a casual has resulted in an appreciation of stability was mirrored by a young woman in Melbourne:

I worked shift work for years and I hated it, so working 9 to 5...I really appreciate it, like getting my weekends off and knowing when I am starting and finishing, so I'm pretty happy with that.

9 to 5 works for me.

Interviewer: So you just like the certainty and the way you can organize your life?

I guess because of past experiences, yes (Kathryn, receptionist, Melbourne).

It appears as though the long period spent working in highly flexible casual jobs, where most of the flexibility was on the employer's terms, has resulted in many younger workers holding a preference for stable hours.

It is important to note that younger workers do not interpret 'flexible' to necessarily mean they will have the ability to choose, or even have a say in, their work hours and conditions. On the contrary, many participants interpreted flexibility to mean that they were required to respond to their employer's requirements. For example, John, a lawyer at a large law firm who is keen to leave his current job sees flexibility as:

...a double edged sword. The flexibility is there, which means that if I want to duck away for a few hours during the day I can do that, but the only reason I can do that is because its expected that you will have to be there for 50 or 60 or more hours per week (John, lawyer, Sydney).

John saw that he has the capacity to perform some of his work in a flexible environment, but his concern is that there is no flexibility in the amount of work he is expected to perform. Some young employees seemed sincerely surprised to learn that flexibility is more likely to be required of them than of their employers:

With the flexibility, I have found that it's the employees that actually need to be more flexible than the employers now. Because I study I've had to make my study at night because no employer is going to have a paralegal with specific duties come in for half a day or for three days per week, so I've had to be the flexible one and I've had to cater my degree to work and study two nights per week from six until nine and work completely full time. So I think that employees need to be the more flexible ones now, within reason. It's not the employers that are offering that

kind of flexibility with work hours in my industry (Agnes, paralegal, Sydney).

Negotiation with Employers

Younger workers who expressed contentment with their current jobs generally felt that they had a good relationship with their managers, but almost all participants expressed feelings of discomfort at the thought of approaching their manager for a pay rise. When the minority of participants who had actually asked for a pay rise were asked how they felt the answers included 'horrified' and 'terrified'. Most expressed discomfort or reluctance:

It was hard (Bianca, human resources, Melbourne)

I was terrified. I literally made a speech and memorized it by word and hoped it would all go as planned (Beth, paralegal, Melbourne)

In my situation I have been acting in my current position for 18 months which is longer than the previous manager was there for, on about half the pay of the previous manager, and I'm doing my previous role, the managers role and the marketing position...so that's one instance where I think the union could be a help, but then I think they have done nothing for me so far and I've been a member for this long. Is it worth calling in the union and annoying those higher up (in the organisation) and not being considered for the permanent job whenever they get around to advertising it? (Rachel, tourism, Goulburn)

Interviewer: So you think there is something provocative about asking the union for assistance?

Yeah, I just don't know. I think it's just a gamble. It could pay off, it could be the answer I have needed for 18 months, but then again it could put me 10 steps back. Yeah, so at this stage I have been thinking about it for months and months and months and I just haven't got an answer, because I don't know what to do (Rachel, Administration, Goulburn).

Others who had never asked for a pay rise expressed their reluctance to do so:

I've never asked and I know I feel like I should ask but I am not really game enough to ask because what does that lead to...I already feel like I am on the outer so I don't want to push over the edge (Craig, Finance, Melbourne).

I've thought about it. Its hard to get into IT and I kind of thought I was doing alright (just having a job) (Darren, Graphic designer, Melbourne).

Some young workers are reluctant to admit, even to themselves, that they are too scared to ask for a pay rise:

I'm in the process of wanting to ask (Darren, Graphic designer, Melbourne).

A number of respondents felt there was no need for them to ask for a pay rise as they received annual performance reviews and pay rises. However, when asked whether they felt comfortable asking for a larger rise than was offered, no participant felt that such an approach would be viewed as acceptable.

They came to me and offered me more money. It wasn't really what I had in my mind of what I should have been getting with the role I'm taking over now, but it was an increase.

Interviewer: So you didn't feel like saying what you were worth at the time?

I'm actually in the process of looking (for a new job). That's what they have offered (Darren, Graphic designer, Melbourne).

It is, of course, not just wages that young people need to negotiate with employers. Some young people also expressed difficulties in negotiating terms and conditions:

Interviewer: Do you work from home?

Sometimes, I wish I did more.

Interviewer: Is it possible? Can you negotiate that kind of arrangement with your employer?

I doubt it. I think they just like to see your face eight hours per day.

Interviewer: Even if you said 'I can save two hours of travelling time each day by working from home that wouldn't be a convincing argument?

No. I think that they are probably a bit too overbearing for that (Angela, project management, Sydney).

Despite their reluctance to speak up in pursuit of higher wages or better conditions, most young workers seem to believe that they are in no need of protection from either the government or from unions. This confidence appears to be based on their self-perception of their employability and, in some cases, because of the existence of Human Resources departments whose role they perceive is to protect them:

I'm at (large financial institution) and they have got their own Human Resources team so you feel secure in the fact that you *can't* just get taken out of a job (Dianne, Finance, Sydney, emphasis added by respondent).

Yeah, there's too many levels and people protecting you (Angela, project management, Sydney).

There is a massive group that looks after that kind of thing. Where I was in a different company which was a small family business, a family run company, and that sense of security wasn't there because there wasn't...those people overseeing that whole area, and the rules and regulations (Dianne, Finance, Sydney).

On the role of unions in protecting workers, some young workers do not see themselves as needing the kind of assistance that other workers may require.

I think they (unions) are very important but only in certain industries. I think they are more important in your lower skilled and lower paid industries where you're less likely to have

employees who have the skills or abilities or the confidence to actually bargain with an employer (Bianca, IT, Melbourne).

Overall, younger workers appear to take structural protections, such as collectively negotiated wage rises and unfair dismissal procedures, for granted. They do not express any strong views about the desirability, or otherwise, of such provisions. On the contrary, they appear to be generally apathetic about the role of such protections as they assume, often explicitly, that such protections will always be there. Similarly, most young workers assume that the low levels of unemployment and high levels of wages growth that they have experienced since entering the labour market will continue. Most do not imagine ever having difficulties finding a new, better paying, job if they were to turn their mind to it. While they are aware that many young people do have difficulties in finding work, the dominant view of the focus group participants was that individual factors, rather than economy wide effects, were the main determinant of unemployment.

Conclusions

Changes to the industrial relations system will not impact on all groups evenly. Some individuals may look forward to the introduction of a system that relies more heavily on individual bargaining, and less heavily on collective negotiation. As a group, young people do not appear to desire such opportunities.

This paper highlights the likelihood that young people, as a group, are more likely to be disadvantaged by the changes to the industrial relations system currently being proposed by the Coalition Government. A recent survey of people's attitudes to the proposed changes found that young people were unlikely to agree with the thrust of the proposed changes to the industrial relations system. In response to the question "Do you agree or disagree with the proposed Industrial Relations reforms?" only 3 per cent of 14-17 year olds and 4 per cent of 18-24 year olds expressed support (Roy Morgan Research 2005).

The young people who participated in the focus groups described above expressed similar concerns. They articulated high levels of anxiety at the thought of bargaining individually with their employers. To date, most young people have not had to participate in such a process, relying instead on pay rises that are collectively bargained or granted through the award system. It is unlikely that young people, with their high rates of casualisation, low rates of specific skills and generally low levels of bargaining experience, will be able to achieve substantial increases in pay or conditions under a system that relies more heavily on individual bargaining. A spokesperson for the Workplace Relations Minister recently dismissed concerns that young people may not have equal bargaining power with their employer as 'patronising to young people' (see Robinson 2005). Rather than being patronising, it would appear that concerns about the ability of the majority of young workers to bargain from a position of strength with their employers is well founded, given the available research.

Some young people may have the specific skills, the confidence and the bargaining skills to negotiate on their own behalf: there are few constraints on those individuals bargaining for better conditions under the current system. However, it would appear that the majority of young people are more concerned than excited about the prospect of negotiating one-on-one with their employers.

The evidence presented in this paper is exploratory and should be interpreted with caution, being based on a relatively small sample. While the views expressed by individuals across the five focus groups were quite consistent, it would be desirable to design research questions that could be put to larger groups of young workers in the form of a survey. However, what emerges from this exploratory study is that the results provide no evidence of any widespread demand for 'reforms' such as those proposed by the Howard Government. On the contrary, the overwhelming response of the younger workers described above was that bargaining with their employers was something best left to others.

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