



DIMENSIONS AND PREVALENCE OF DECENT WORK IN AUSTRALIA

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PURPOSE OF THE REPORT

For investors with large and diversified portfolios, investment performance is a function of active investment decisions and market performance. While investors sometimes think of market returns as outside their control, all investors benefit from a growing, sustainable, and inclusive economy. Factors such as gender equality and decent work support strong market fundamentals including economic growth that drive investment returns. Conversely, precarious work can detrimentally impact market stability including through lower consumer confidence, reduced long-term productivity growth, rising social security costs and reduced tax revenues¹. These factors present risks to sustained economic growth and investment portfolio performance.

Due to the structural-level impacts of work practices, as well as individual and company-level impacts, decent work should be considered an area of focus for large and diversified investors. Yet compared with other areas of systemic risk, investors' understanding of risks related to decent work is still developing. There is no global body of research that clearly defines or measures the multidimensional aspects of decent work and unlike climate and biodiversity risks, an agreed reporting methodology is not yet available.

So, what is decent work? How can we define it, and how can we measure it?

This report aims to put forward a framework for how to conceptualise decent work. It suggests that decent work and precarious work are on different ends of the same spectrum and that multiple dimensions contribute to a job being 'decent' or 'precarious'.

Using data from the Household, Income and Labour Dynamics in Australia (HILDA) survey², this report shows how these dimensions can be measured and describes their evolution across sectors, sub sectors, gender, and other demographics in Australia.

This research is intended to serve as an initial contribution to the investment community to support the sector's collective understanding of dimensions of work as sources of risk and opportunity across the economy. It is hoped that this will provide a foundation to explore how companies and investors might both be able to benefit from a shared focus on this topic.

¹ Bhattacharya and Ray, 2021; Oswald et al. 2015.

² <https://melbourneinstitute.unimelb.edu.au/hilda>.

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EXECUTIVE SUMMARY

United Nations Sustainable Development Goal 8 (SDG8) focuses on decent work and economic growth. It promotes decent work for the benefits it provides to individuals, businesses, investors and the economy. At the business level, these benefits include improved productivity, strengthened organisational capability, increased innovation and reduced expenses.³ For large and diversified asset owners, decent work also has systemic benefits including supporting economic demand and productivity, reducing reliance on social security and alleviating pressure on public health systems.⁴

But what is decent work, and how should it be defined and measured? This report proposes that decent work and precarious work exist on opposite ends of a spectrum and that decent work is multi-dimensional – consisting of dimensions of job security, work conditions, work stress and flexibility.

Using data from the Household, Income and Labour Dynamics in Australia (HILDA) survey, the report tracks trends in decent work in Australia over time, how the dimensions of decent work have contributed to these trends, and how decent work varies by industry and demographics.

Following the Global Financial Crisis (GFC), work in Australia became more precarious, reaching a peak in 2016, after which it began declining steadily. Since the start of the pandemic, job quality has improved across the majority of sectors and socio-demographic groups. Across the Australian economy, three dimensions of decent work have improved – in general, jobs have become more secure, with better conditions and flexibility. However, one dimension of decent work has declined, driven by an increase in work-related stress.

Yet while the overall trend since the pandemic has been toward improved job quality, the benefits of decent work have not been experienced equally. The youngest and oldest cohorts of workers, people with lower levels of education and women all report experiencing greater precarity than comparative groups.

From a gender perspective, women experience higher levels of precarity than men. While this gender gap has historically been attributed to the lower relative flexibility and work freedom women report experiencing in their jobs, a widening of the gap since the pandemic has resulted from an increase in work stress for women, along with greater work-life balance satisfaction of men.

From an age perspective, young people have consistently experienced greater precarity relative to other age groups. While older Australian employees used to experience the highest job quality less than 10 years ago, they now experience higher overall precarity than all age cohorts except young people.

³ Oswald et al. 2015; Weingarten et al., 2021; Iaffaldano and Muchinsky, 1985.

⁴ Quinlan, 2015; American Public Health Association, 2022; United Nations, SDG8, 2020.

Education is one of the most important predictors of decent work in Australia. An additional year of education considerably decreases a person's likelihood of experiencing precarity, typically due to a greater likelihood of stronger work conditions and flexibility.

In terms of industries, a combination of flexibility, work conditions and stress dimensions are responsible for workers in the following sectors experiencing lower levels of job quality - accommodation and food services; transport, postal and warehousing; administrative and support services; retail trade; health care and social assistance; and education and training. In contrast, industries with a large proportion of desk work that does not require the physical presence of workers reported significantly greater flexibility and lower levels of overall precarity.

We hope that this analysis of decent work trends in Australia over time will support the investment community's understanding of dimensions of work as sources of risk and opportunity and provide a foundation to explore how companies and investors might both benefit from a shared focus on this topic.

INTRODUCTION

INTRODUCTION

The United Nations Sustainable Development Goal 8 (SDG8) focuses on decent work and economic growth. It defines decent work as everyone having the opportunity to engage in work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects

for personal development and social integration. Yet the UN has noted that the creation of good jobs remains a major challenge for almost all economies.⁵ Work affects individuals and businesses and the quality of a job has the power to influence people's well-being as well as business performance (see boxes below).

How Aspects of Work Affect Individuals

Decent work matters for individuals because it affects all aspects of their lives. People working irregular shifts are often unable to find suitable childcare, prioritise healthcare, regularly join activities and overall exchange with the community.⁶ People with casual contracts and irregular working hours are prevented from accessing financial services such as loans and mortgages.⁷ Inflexible work arrangements make it difficult for individuals to meet their family and carer's responsibilities.⁸ Furthermore, poor work-life balance and lack of flexibility can lead to less job satisfaction.⁹



The United Nations Sustainable Development Goal 8 (SDG8) focuses on decent work and economic growth.



⁵ <https://www.un.org/sustainabledevelopment/economic-growth/>.

⁶ Lewchuk, 2017; and Ben-Ishai, et al., 2014.

⁷ Dotti Sani, and Acciai, 2018.

⁸ Golden, 2015.

⁹ Schneider and Harknett, 2019.

It is clear from this definition that decent work is multi-dimensional, consisting of a set of indicators and measures rather than a unique binary outcome. In this sense, decent work and the inverse, precarious work exist on the opposite ends of a spectrum. This report seeks to take forward this broad conceptualisation of job quality and build a 'Decent Work Index' that encompasses its key dimensions. The four dimensions identified are:

- job security
- work conditions
- work stress; and
- flexibility.

The report then uses this index to compare the results for different industries and demographic groups and to track the evolution of the 'decent work – precarity' spectrum in Australia through time. The report identifies which aspects of work are the most significant drivers of decent work and precarity by industry and occupation and tracks changes following the pandemic.

How Aspects of Work Affect Business

Aspects of work have financial ramifications for companies. While lower pay and weaker conditions can deliver one-off short term financial benefits to companies, research has shown that precarious work hinders a company's performance and overall productivity over the medium to long-term as employees may feel less invested and are less willing to undertake discretionary effort.¹⁰ Conversely, improved working conditions are associated with lower levels of work-related stress which can contribute to lower absenteeism and staff turnover.¹¹ Furthermore, flexible work has been identified as a key driver of worker satisfaction which, in turn, supports productivity and motivation.¹²



¹⁰ Deci and Ryan, 2010; Oswald et al., 2015.

¹¹ Kristensen and Westergard, 2004.

¹² Cassells, 2017.



THE CREATION OF A DECENT WORK INDEX

THE CREATION OF A DECENT WORK INDEX

This report seeks to analyse the multiple dimensions that affect job quality. This includes traditional contributors such as job security, underemployment, lack of sick or annual leave and casual work but also other characteristics that have become more predominant in the last decade when we talk about decent work, notably job flexibility, adequate work-life balance and low work-related stress.

To support analysis of job quality through time and comparison by demographics and sector, it is helpful to construct an index that encompasses the multiple aspects of decent work. The proposed decent work index comprises four different dimensions: job security, working conditions, work stress and flexibility. As its name indicates, job security relates to people's sense of overall security in their work and the probability of losing one's job. Working conditions captures job characteristics such as underemployment, casual work, irregular schedules, and absence of sick or annual leave. Work stress encompasses not only work-related stress but also other issues that can affect people's mental and physical health such

as satisfaction with work-life balance and satisfaction with pay. Finally, flexibility captures broader aspects of decent work and includes the ability to work from home, the flexibility in start/finish times, and the freedom to decide how or where to do one's job.

Analysis to identify the four dimensions and construct the decent work index was based on *principal component analysis (PCA)*, a statistical technique that aggregates a set of highly correlated variables.¹³

This analysis uses decent work measures from the Household, Income and Labour Dynamics in Australia Survey (HILDA). Applying PCA analysis, these were classified into one of the four dimensions of decent work and sub-indices created for each dimension which together sum to form the overall index. This index is then used to track the evolution of decent work as experienced by socio-economic status, sector and occupation and to analyse how employment has changed, who has benefited, and which groups are facing challenges.



¹³ For more information about the PCA methodology, please refer to the appendix of the report found in a separate file (see the report website).



WORK IN AUSTRALIA THROUGH TIME

OVERALL TRENDS IN WORK QUALITY AND PRECARIETY

Work in Australia became more precarious after the Global Financial Crisis (GFC), reaching a peak in 2016, before job quality improved across the majority of sectors through and following the pandemic.

The trend of the decent work index from 2007 to 2022 is presented in Figure 1.

The higher the magnitude, the greater the job quality relative to the mean over the period. In the past 15 years, distinct periods of decent work can be identified:

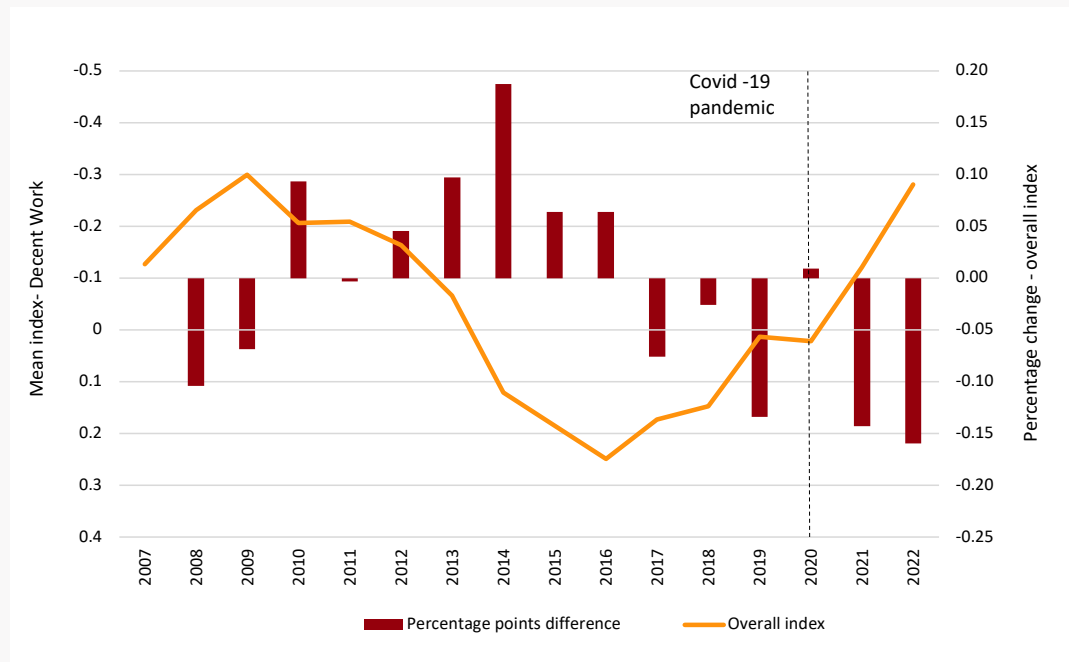
1) a period of steady decline in decent work observed between 2009 and 2016, then

2) a tipping point in 2016 when the index began rising at a similar pace to which it had decreased

3) a period of rapid growth with improved job quality through and following the pandemic.

FIGURE 1

Decent work index, Australia, 2008-2022



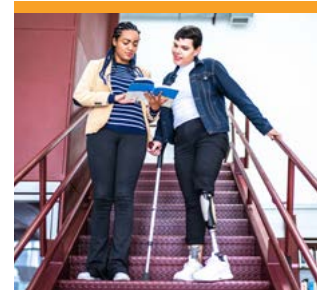
Note: Bankwest Curtin Economics Centre | Authors' calculations based on the Household Income and Labour Dynamics in Australia (HILDA) survey. Higher magnitude = better work outcomes.

The decline in job quality from 2009 occurred following a period of resource-led economic growth in Australia where jobs were abundant and workers were scarce. In contrast, 2008 marked the start of the GFC and the end of the resource boom expansion which led to a phase of adjustment in the labour market and a deterioration in job quality. By 2016, the market had absorbed surplus employment capacity, causing an inversion in the curve and slowly improving job quality until 2020, when the pandemic created a skill shortage in the country and changed the way people work.

As a consequence of Australia closing its borders during the pandemic, the combination of unexpected demand for

goods and services that resulted from the government's economic stimulus and the halt of immigration allowed many of those already residing in Australia to change jobs more easily and bargain for better conditions in their employment.

In addition, successive lockdowns imposed by the government along with the community's heightened fear of getting sick in their place of work, drove the rapid uptake of alternative ways of work. This provided many people with additional freedom in their schedules, higher agency in their work and a greater prevalence of remote working. These factors contributed to significant changes in the experience of job quality as measured by the decent work index.



Work in Australia became more precarious after the GFC, reaching a peak in 2016, before job quality improved through and following the pandemic.



DIMENSIONS OF DECENT WORK AS DRIVERS OF WORK QUALITY AND PRECARIETY

Through and following the pandemic, jobs in general across Australia became more secure, with better conditions and flexibility but also more stressful.

Looking at the dimensions of the decent work index, Figure 2 shows that working conditions and job security follow similar patterns to the overall decent work index although by different magnitudes.

Job security in particular shows the same U-shape as the overall index measure. An improvement in people's sense of future security in their role as well as increased numbers of workers reporting a lower probability of losing their job in the next twelve months drove the rise of the job security dimension. This reflects workers'

ability to lock in greater security in their place of work through negotiation or a change in employment during the pandemic.

Changes in working conditions fluctuates to a lesser extent over the course of the economic cycle. However, there has been a distinct improvement in working conditions since the pandemic. This change was predominately driven by greater access to annual and sick leave, partly related to a reduction in the prevalence of casual work.

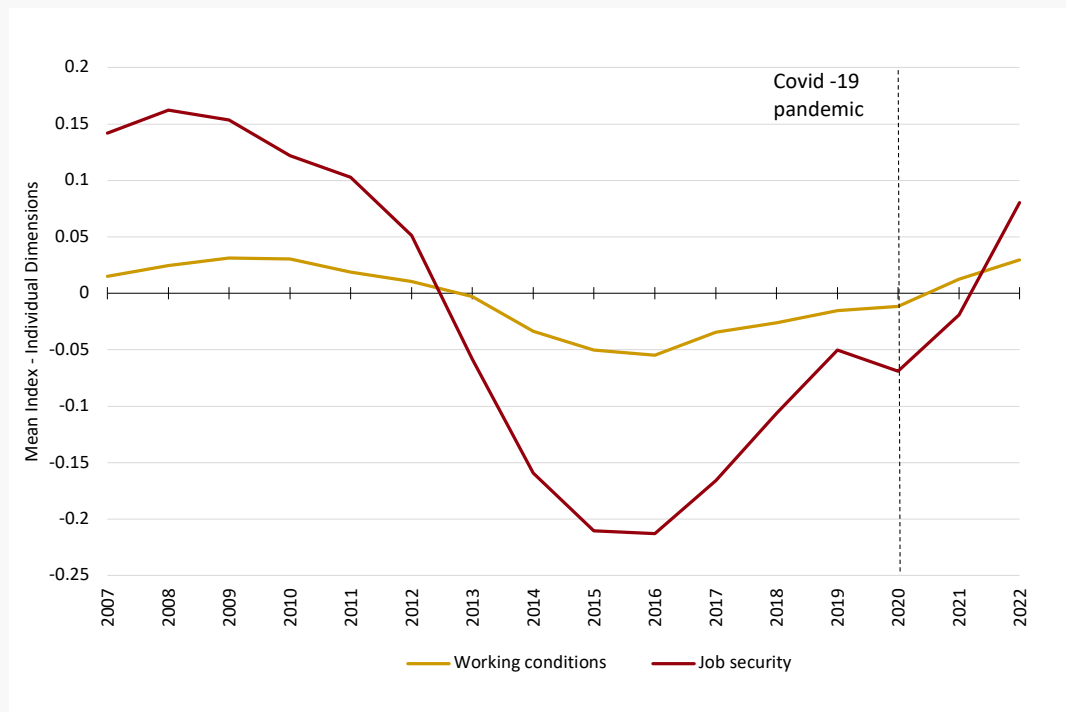


An improvement in people's sense of future security and a lower perceived probability of losing their job drove the rise of the job security dimension.

Greater access to annual and sick leave partly related to a reduction of casual work has led to an overall improvement of working conditions since the onset of the pandemic.

FIGURE 2

Decent work index contributors: job security and working conditions, 2007-2022



Note: Bankwest Curtin Economics Centre | Calculations based on HILDA. Higher magnitude = better work outcomes.

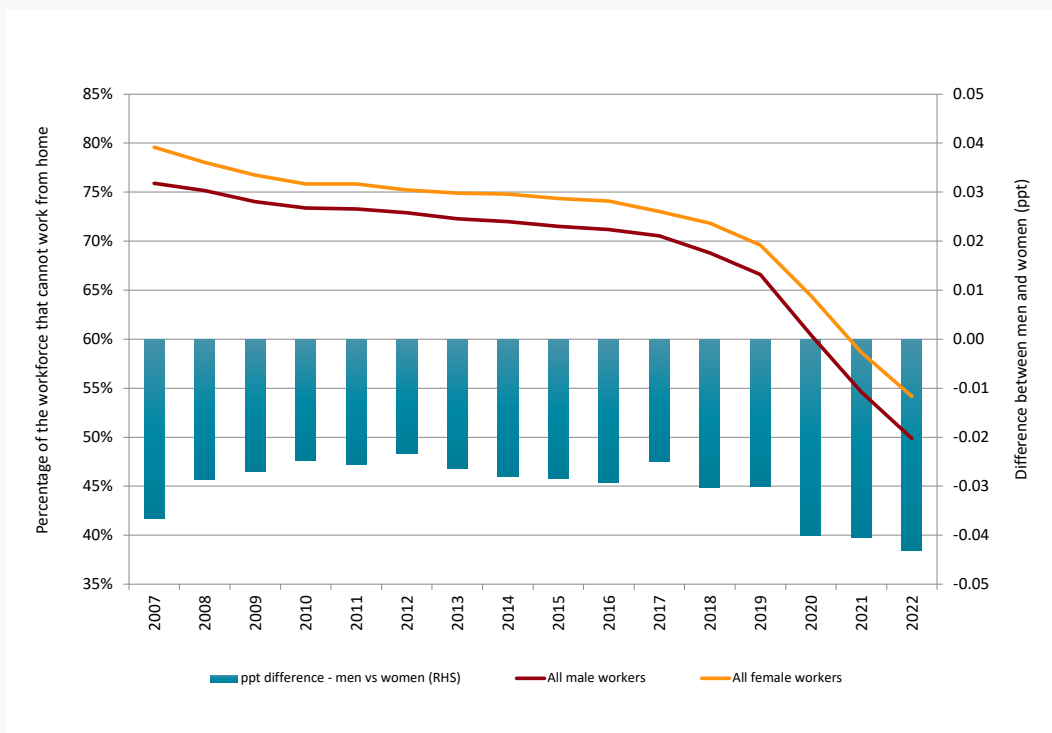
The pandemic brought new ways of working and increased employee's agency. The pandemic forced many businesses to send their workers home. Many workplaces soon realised that granting employees greater agency does not imply a decline in productivity, and hence have normalised flexibility in the place of work, as evidenced in Figure 3 by the percentage of the workforce able to work from home.

In 2019, close to 75 per cent of the population could not work from home, with this percentage falling to almost 50 per cent in 2022. This indicates a significant shift in the attitudes and expectations of employers and employees regarding remote work, with half of the Australian workforce now able to work from home for at least some of their contracted hours.



FIGURE 3

Percentage of the workforce unable to work from home, Australia, 2007-2022



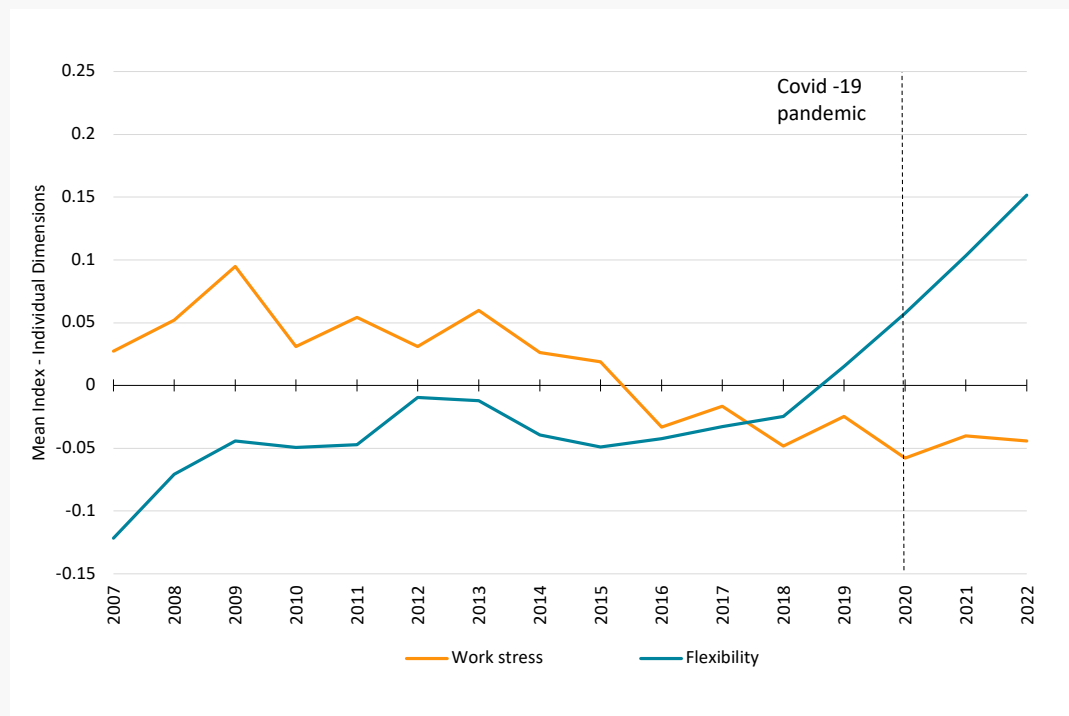
Note: Bankwest Curtin Economics Centre | Authors' calculations based on HILDA.

The pandemic pushed the rapid uptake of alternative ways of work such as working from home, which granted employees greater freedom in their jobs. This led to a considerable rise in the flexibility dimension of the decent work index.

This trend was associated with a significant increase in flexibility, the fourth dimension of the decent work index, as shown in Figure 4. Work flexibility represents people's freedom to choose how, when and where to do their jobs. It is worth pointing out that this revolution in the way we work has been made possible with the help of technology. The use of online meetings which was once an exception, is now standard

in many companies. Wider access to video conferencing software and other technologies, coupled with their declining costs, has created options for some people to work more efficiently and enjoy greater flexibility in their work. However, the benefits of flexibility are not shared across industries, as discussed in more detail in the section below on decent work by industry and occupation.

FIGURE 4
Decent work index contributors: work stress and flexibility



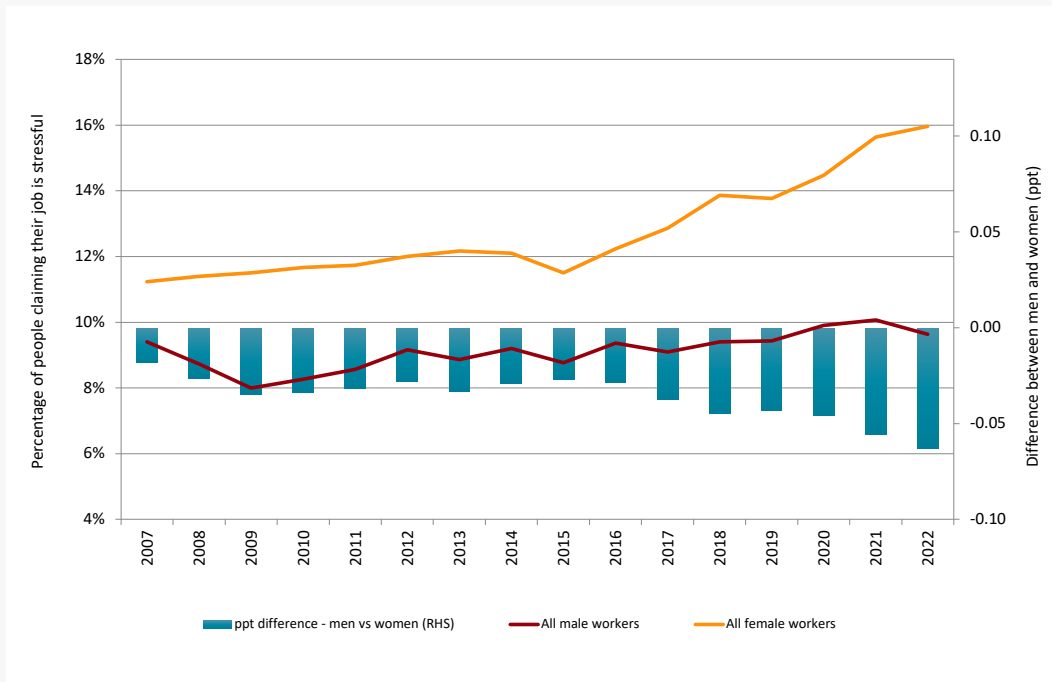
Note: Bankwest Curtin Economics Centre | Calculations based on HILDA. Higher magnitude = better work outcomes.

Of all of the different dimensions of decent work, in general across Australia, only work stress has steadily worsened in the last 15 years. Most of the deterioration in this dimension is explained directly by the rise of work-related stress, and this is particularly the case for women. Figure 5 shows that the percentage of the workforce reporting that their job is stressful has increased consistently since

2015. And while women were already more likely to state that their job is stressful, the gender 'stress' gap has been widening since 2015. In 2022, 16 per cent of women reported that their job as being stressful compared to 10 per cent of men. This is double the gap relative to 2015, indicating that work-related stress has been disproportionately affecting women for the past decade.



FIGURE 5
Percentage of the workforce that reports their job is stressful



Note: Bankwest Curtin Economics Centre | Authors' calculations based on HILDA. Shares of workers who score at least 5 on a scale of 1 (totally disagree) to 7 (totally agree) when asked to agree or disagree with the following statement: "My work is more stressful than I ever imagined".

The work stress dimension has steadily worsened in the last 15 years mostly due to women reporting higher rates of work-related stress levels.

TRENDS IN DECENT WORK AND PRECARIITY BY STATE



Greater flexibility and relatively better working conditions have set apart Victoria from other states and have positioned it as the leading state in terms of decent work.

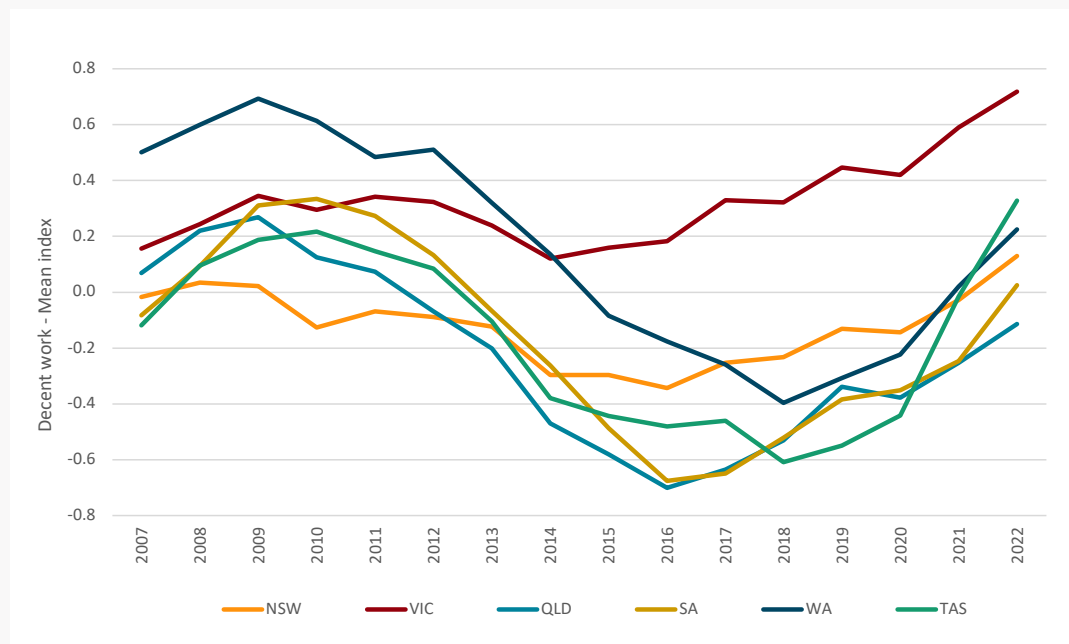
Examining trends in the decent work index by Australian states, while most follow similar U-shape curves like the overall index (Figure 6), WA and Victoria stand out as exceptions. WA had very high levels of job quality in 2007 relative to other states, most likely due to the record levels of labour demand during the mining boom. However, the circumstances rapidly deteriorated as the WA economy cooled following the GFC, leading to an increase in precarity in WA and an equalisation of decent work conditions across other states.

In contrast, in 2007, Victoria had similar levels of job quality to other states but showed a far less pronounced decline in decent work during the 2012-2014 period and separation from other states over much of the past decade.

Victoria now has significantly higher levels of decent work compared to the national average. Surprisingly, the industry/occupation mix does not seem to explain these differences (as this mix is similar to other states) and neither does the difference in education levels or socio-demographic groups.

Analysis of the underlying drivers of this different trend in Victoria indicates that it is attributable to the greater freedoms and agency that people experience in their work (greater flexibility) as well as significantly better work conditions relative to other states. This is also the case for the Australian Capital Territory (not shown here). Both states seem to have welcomed new ways of working with a stronger embrace of workplace flexibility, leading to improvements in job quality reported by employees.

FIGURE 6
Decent work index by state, 2021-22



Note: Bankwest Curtin Economics Centre | Calculations based on HILDA. Higher magnitude = better work outcomes.



DECENT WORK AND INEQUALITY



Analysis of the decent work index has confirmed anecdotal evidence that the more disadvantaged people are, the more precarity they sense from their work. This is true across multiple socio-demographic groups, including the youngest and oldest cohorts of workers, people with lower levels of education, and women."

WORK QUALITY AND PRECARIETY BY GENDER

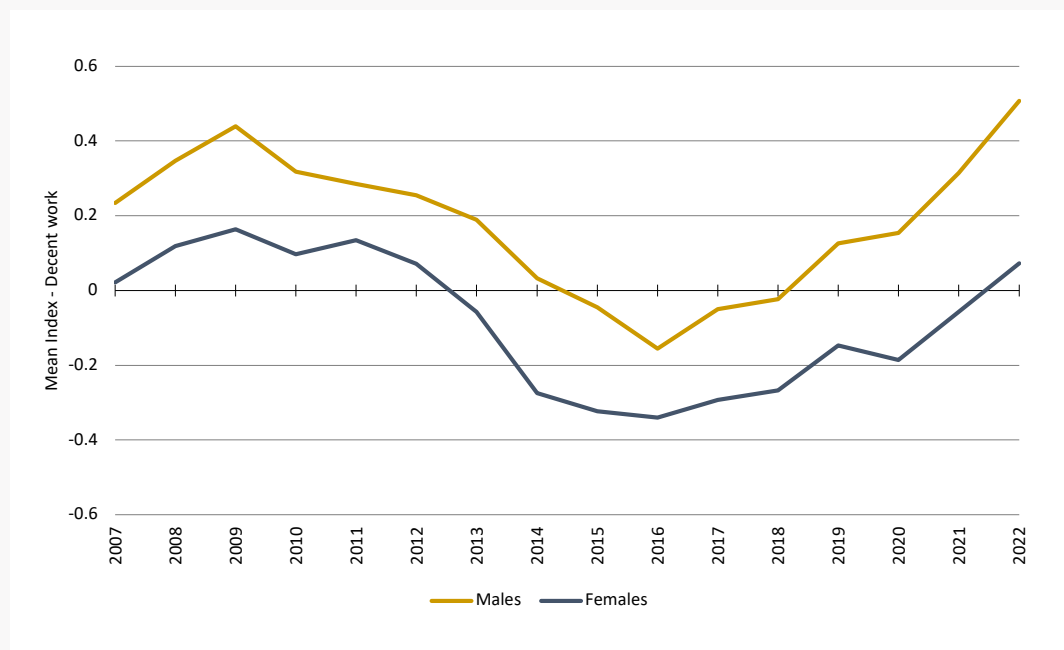
The gap in decent work between women and men is increasing.

Figure 7 shows that the gap in job quality for men and women both follow the U-shape of the overall decent work index. This gap had remained relatively stable up to 2018 before widening in the three

years after the onset of the pandemic. While this relatively consistent trend in job quality could suggest similar trends in the determinants of decent work, this is not the case.

FIGURE 7

Decent work index by gender, Australia, 2007-2022



Note: Bankwest Curtin Economics Centre | Calculations based on HILDA. Higher magnitude = better work outcomes.

Figure 8 shows the dimensions of decent work by gender. Figure 8(a) shows that men report lower levels of job security relative to women, but the gap between these groups has been shrinking since the pandemic. The drivers of this shrinking gap have been men's decline in self-reported probabilities of losing a job in the next 12 months and higher levels of satisfaction with job security relative to women.

Figure 8(b) also shows an improvement in working conditions for both men and women. Women consistently report experiencing poorer working conditions than men over the last two decades, but, interestingly, this trend has reversed and in 2022 women reported better working conditions than men. This abrupt inversion has not been caused by the modification of a single factor, but rather by small changes across multiple measures. These include women having

greater improvements in accessing sick and annual leave relative to men, a reduction in the gender gap in the share of casual workers (women have historically made up a larger proportion of casual workers), a decline in irregular work schedules for women and finally, to a lesser extent, a rise in the number of men employed through work agencies.

Figure 8(c) shows that men and women experienced similar levels of work stress until 2016, but the gap has been widening since 2017. After the pandemic, the stress gap rose sharply, and by 2022, it was the largest it has been in the past 20 years. Interestingly, men have seen an improvement in the dimension of work stress while the opposite is true for women. This result is attributable to two factors, the increase in work-related stress for women (as shown earlier in Figure 5) and a significant improvement in the satisfaction of work-life balance for men.



Women experience poorer job quality relative to men and this gap has been widening since the onset of the pandemic.

FIGURE 8

Decent work index by domain and gender, Australia, 2007-2022



Note: Bankwest Curtin Economics Centre | Calculations based on HILDA. Higher magnitude = better work outcomes.



Women experience higher levels of job security than men, however, this gap is shrinking as men report feeling more secure in their employment recently. On the other hand, women's working conditions improved sharply after the pandemic and they now report experiencing better working conditions than men.

Inflexible work hours combined with women's lack of freedom to decide how and when to do their work are responsible for the significant gap in job flexibility between men and women. This is the largest contributor to the divide in decent work between men and women.

Women have always experienced higher levels of satisfaction with their work-life balance than men, but Figure 9 shows that this tendency has been reversed with the onset of the pandemic (see Figure 9). From 2007 to 2015, women experienced significantly higher levels of satisfaction with their work-life balance compared to men. Job satisfaction was relatively even across genders between 2015 and 2019. However, through and following the pandemic, the share of women who report being dissatisfied with their work-life balance is now higher than that of men.

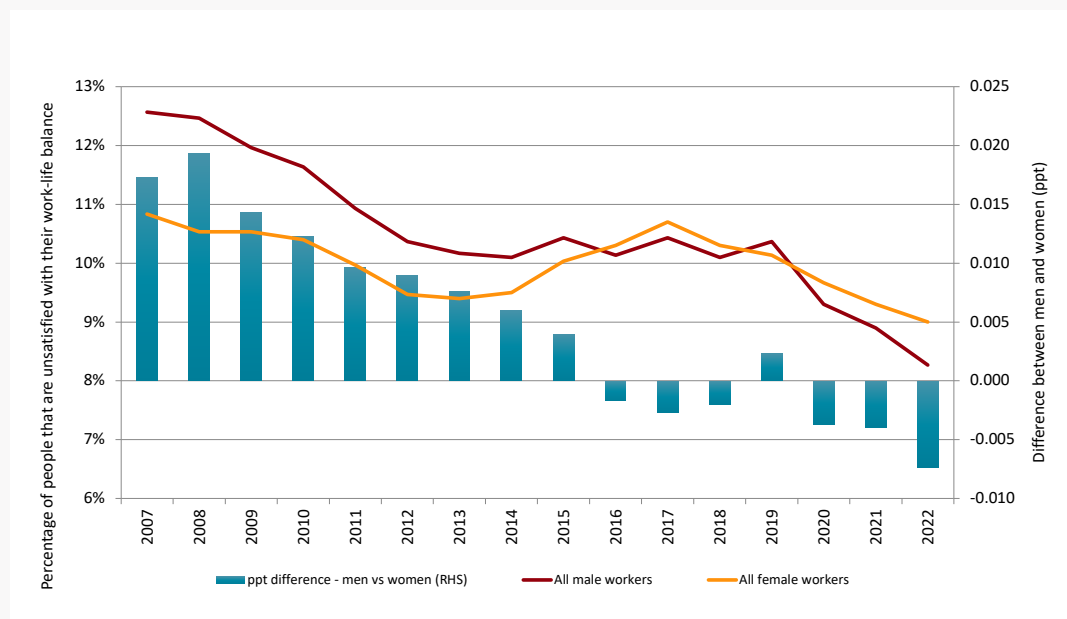
Finally, Figure 8(d) shows that the most significant contributor to the gap in decent work between men and women relates to flexibility. This gap widened slowly between 2011 and 2018 before accelerating in recent years.

Inflexible work hours combined with women's lack of freedom to decide how and when to do their work are preventing this gap from closing.¹⁴ Hence, the stability in the difference in outcomes between men and women in this domain. It is worth noting that almost 45 per cent of women do not have flexible working hours while only 38 per cent of men are in the same situation, which represents a non-negligible 8 percentage points difference between these two groups. This variable has significantly contributed to the gap in job flexibility between men and women.

Modifications of job characteristics brought on by the pandemic (greater flexibility, remote work and expanded freedoms on ways of working) have benefited both men and women, but men are experiencing a greater share of the 'flexibility' benefit.

FIGURE 9

Percentage of men and women declaring to be unsatisfied with their work-life balance, Australia, 2007-2022



Note: Bankwest Curtin Economics Centre | Authors' calculations based on HILDA. Shares of workers who score at least 6 in the level of dissatisfaction with their work-life balance on a scale of 0 (totally satisfied) to 10 (totally dissatisfied).

¹⁴ See graphs in Appendix

WORK QUALITY AND PRECARIETY BY AGE

Younger and older people are more likely to experience job precarity.

Figure 10 demonstrates that younger and older people report experiencing the lowest levels of job quality. However, the trajectories for these two groups over time have differed.

Young people (20 to 24 years old) have consistently experienced the highest levels of precarity since 2007 and are the only age group to have experienced an increase in precarity during and following the pandemic. This situation is

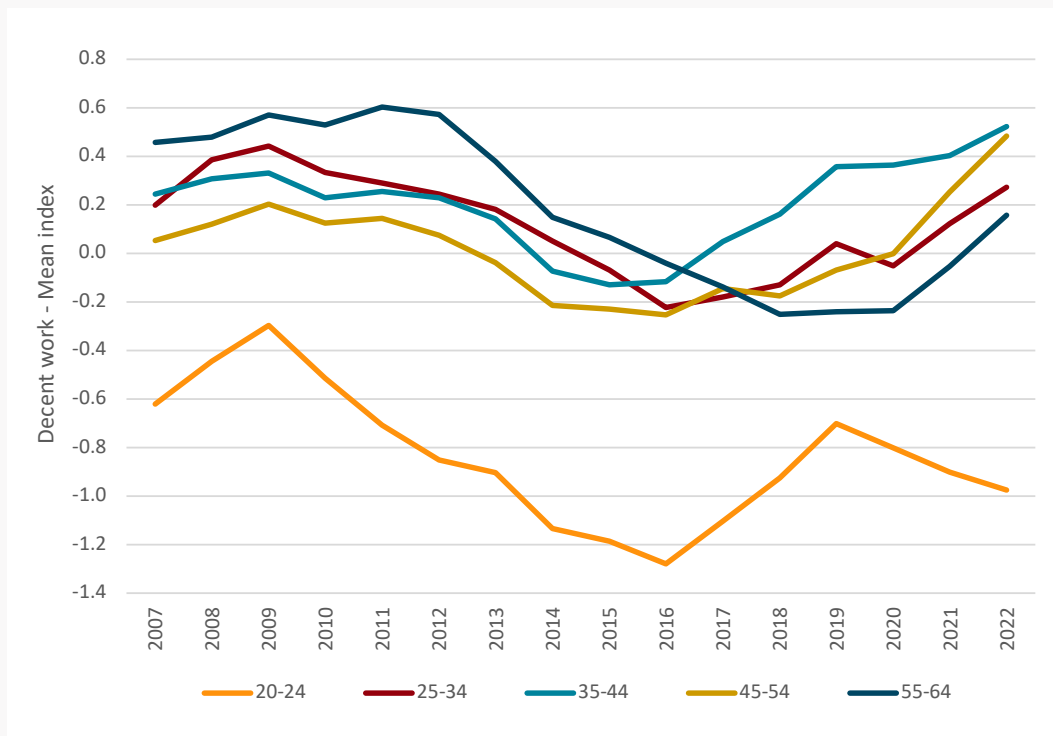
concerning, especially as the gap between 20 to 24-year-olds and other age groups continues to widen.

On the other hand, older Australians (55 to 64 years old), enjoyed the highest levels of decent work prior to 2016, with the situation changing substantially in the intervening period. The modelling finds that this older cohort has now fallen behind all other age groups except for young people.



Older Australians (55 to 64 years old), experienced the highest levels of job quality prior to 2016 but they have fallen behind all other groups except for young people.

FIGURE 10
Decent work index, by age bands, Australia, 2007-2022



Note: Bankwest Curtin Economics Centre | Calculations based on HILDA. Higher magnitude = better work outcomes.



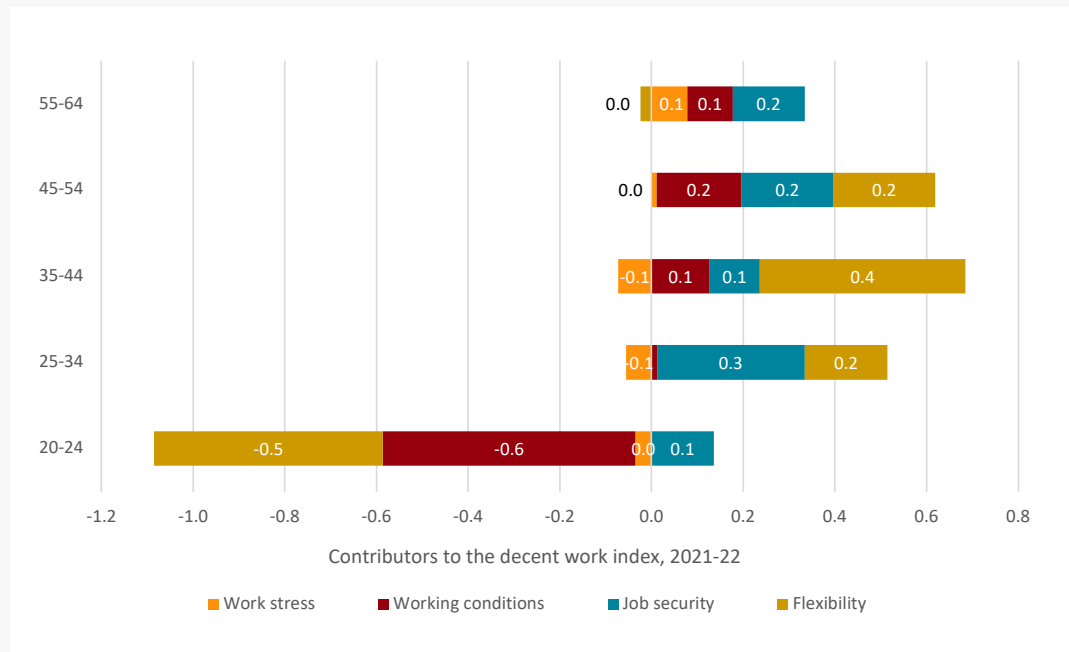
The youngest generation experiences the highest precarity in their jobs as a result of poorer working conditions and lack of flexibility. This gap has continued to widen since the start of the pandemic.

To better understand what is driving the gap in quality jobs between young people and other age groups, it is necessary to analyse the decent work index by dimension. Figure 11 shows that younger workers experience similar levels of work stress and job security to other groups. However, poor working conditions and

lack of flexibility contribute most to the generational gap. The youngest worker cohort experiences poorer working conditions and relatively lower job flexibility compared to other age groups - especially when compared to the 35-44 age group which experiences the best working conditions and level of flexibility.

FIGURE 11

Contributors to the decent work index by age groups, Australia 2021-22



Note: Bankwest Curtin Economics Centre | Calculations based on HILDA. Higher magnitude = better work outcomes.

WORK QUALITY AND PRECARIETY BY EDUCATION

People with lower levels of education experience higher levels of precarity.

Education is one of the most important predictors of decent work in Australia. Figure 12 shows that the higher the level of education, the more likely a person is to experience a secure, flexible job with good conditions. The relationship is strongly related to formal qualifications, with more advanced qualifications leading progressively to higher levels of job quality.

It is no surprise that precarious work is highest for those having completed

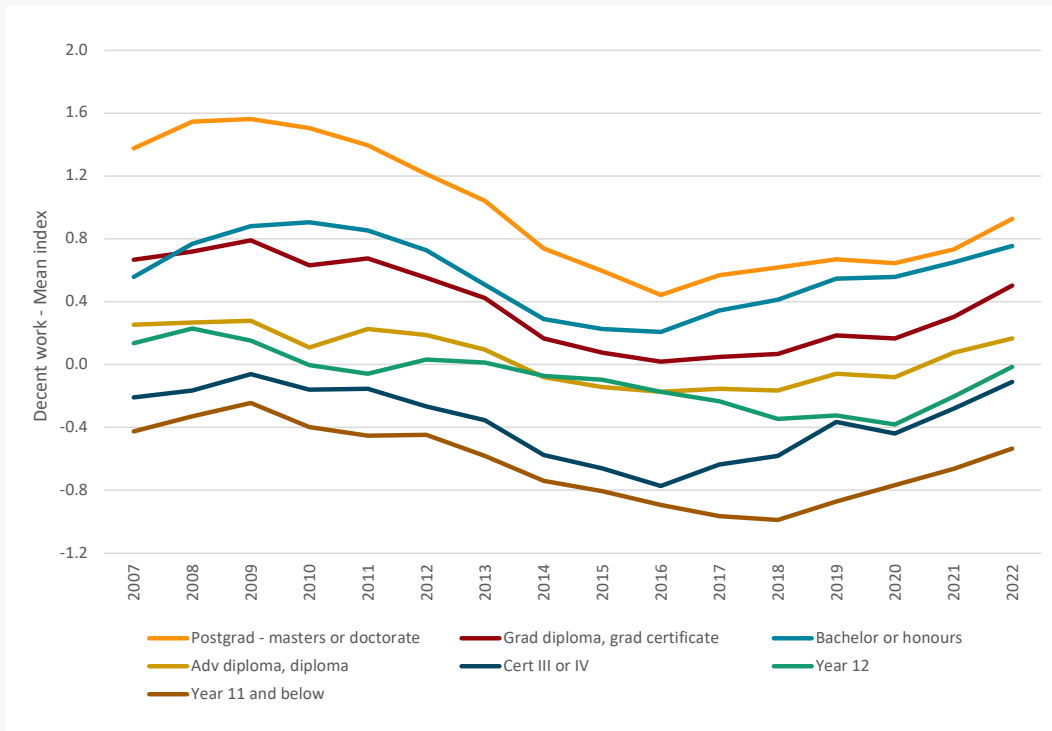
Year 11 or below, with a significant rise in job quality for those achieving Year 12 or gaining a Certificate III or IV qualification. Those with postgraduate degrees experience the least precarity in their work, but the quality of their jobs is significantly lower relative to the quality of jobs experienced by this cohort in 2008. The trends in decent work have followed similar trajectories for all levels of education, declining from 2008 to 2016 and then increasing steadily to 2022.



The higher the level of education, the more likely a person is to experience a secure, flexible job with good conditions.

FIGURE 12

Decent work index, by education level, Australia, 2007-2022



Note: Bankwest Curtin Economics Centre | Calculations based on HILDA. Higher magnitude = better work outcomes.



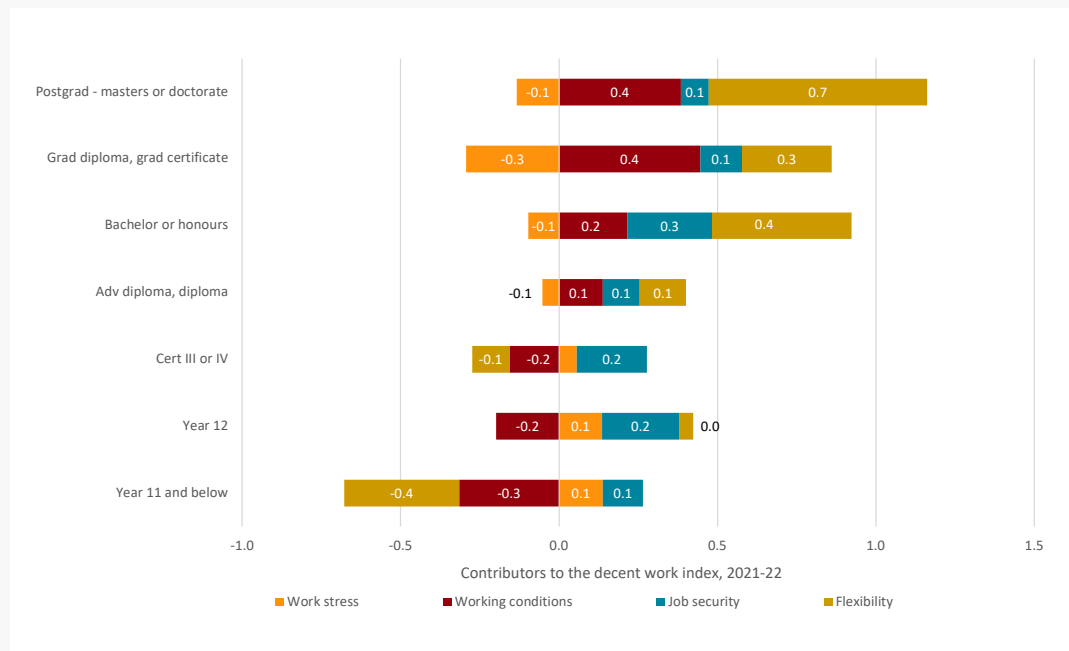
Higher-educated workers experience greater work stress as they face challenges balancing work-life.

The story is slightly more nuanced when decent work is analysed by dimension and level of education. Figure 13 indicates that even though job security affects workers relatively equally regardless of their level of education, those with higher educational degrees are more likely to experience better working conditions and higher job flexibility but greater work stress.

This suggests that higher-educated workers experience more of a challenge in managing their work responsibilities, potentially revealing a trend towards a higher task burden faced by managerial or professional occupations. It is also possible that these trends are amplified by the greater tendency for work to encroach into non-work and family time heightened through and following the pandemic negatively affecting the work-life balance of higher-educated workers.

FIGURE 13

Contributors to the decent work index by education level, Australia 2021-22



Note: Bankwest Curtin Economics Centre | Calculations based on HILDA. Higher magnitude = better work outcomes.



DECENT WORK BY INDUSTRY AND OCCUPATION

WORK QUALITY AND PRECARIETY BY INDUSTRY

Female-dominated sectors have persistently lower levels of job quality.

Figure 14 shows how decent work varies for employees across industries. The top six industries identified as having relatively lower levels of decent work are, (1) accommodation and food services, (2) transport, postal and warehousing, (3) administrative and support services, (4) retail trade, (5) health care and social assistance, (6) education and training. Three of these industries - retail trade, education and training, and health care and social assistance - are female-dominated industries.

Workers in industries with low job quality generally experience little flexibility in their jobs combined with inferior working conditions. Those employed in the education and training and health care and social assistance sectors usually have higher levels of education, but issues of work stress contribute more to their experience of precarity than poor job conditions. In contrast, workers in industries with low levels of precarity generally enjoy greater levels of agency and flexibility in their jobs.

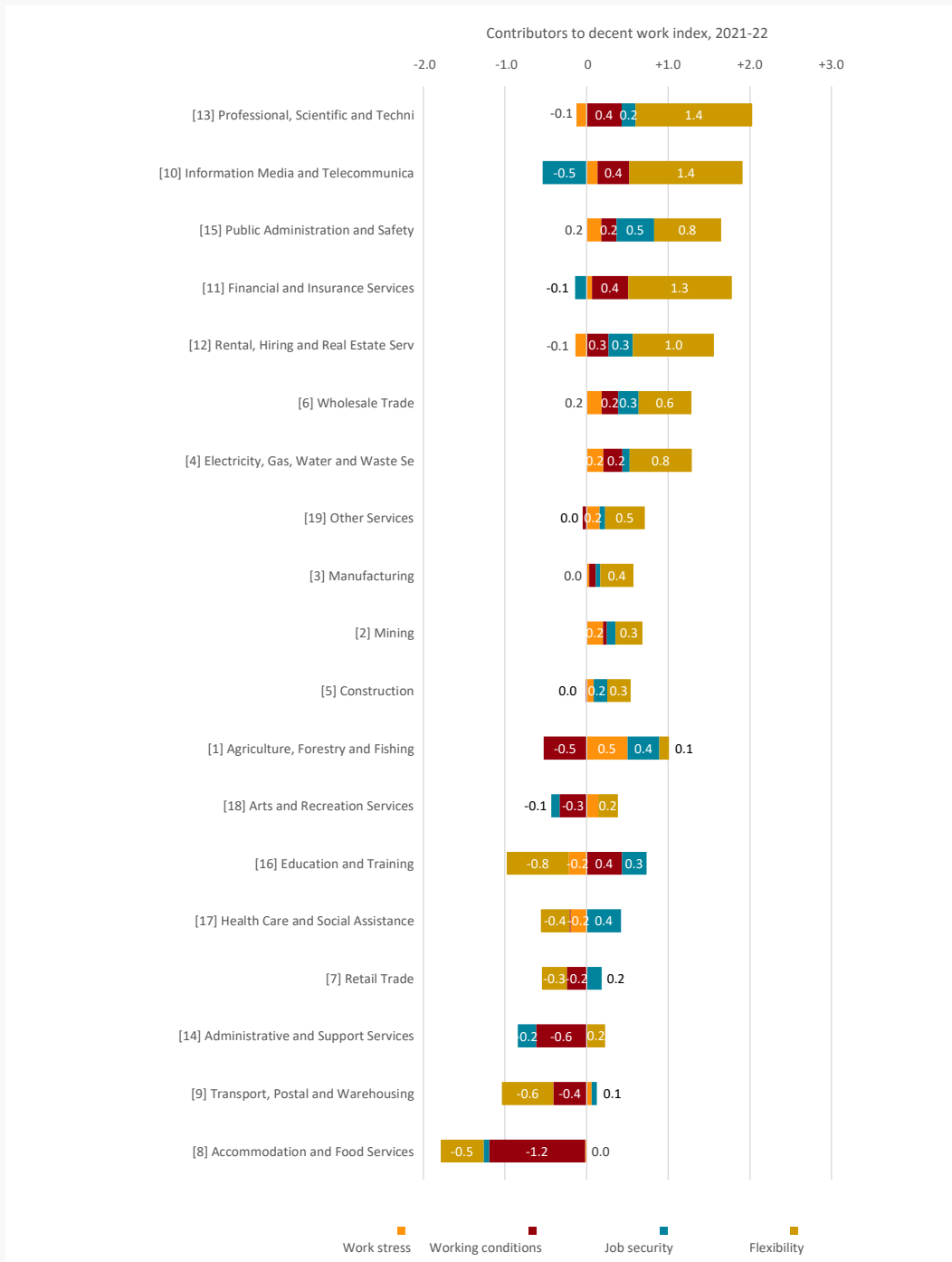
The pandemic increased the job quality in almost all industries. The exceptions were rental, hiring and real estate services and administrative support services¹⁵, both of which saw a deterioration in job quality. Accommodation and food services and education and training also remained relatively steady. For these industries, work stress emerged as a significant contributor to job precarity after the pandemic (see appendix). One possible explanation is that the level of work-related stress in these industries, which were often understaffed, with a subsequent impact on work-life balance, has led to a deterioration in this dimension and therefore their overall experience of work. Detailed decompositions of the decent work index by industry class (2-digit ANZIC level), as well as the trend in decent work by industry over the past 15 years including the pre-and post-pandemic periods, are included in the separate appendix to this document.

Socio-demographics are not the only variables that highlight the varied experiences of workers in relation to job quality. Job type, occupation and industry are also determinants of varied experiences.



¹⁵ See appendix for graph.

FIGURE 14
Contributing dimensions to decent work index by industry type, 1-digit level ANZIC code, 2021-22



Female-dominated industries are more likely to have lower levels of decent work. Workers in industries with low job quality generally experience little flexibility in their jobs combined with inferior working conditions.

Note: Bankwest Curtin Economics Centre | Calculations based on HILDA. Higher magnitude = better work outcomes. For detailed decompositions of precarity by industry class (2-digit level), please refer to the appendix.

VARIATION IN JOB QUALITY WITHIN INDUSTRIES



Industries such as retail trade; administrative and support services; agriculture, forestry and fishing; and transport, postal and warehousing have much wider spreads of the decent work index among workers compared to other industry sectors.

Analysis to this point in the report has been restricted to average of the decent work index among workers. However, precarity is not uniform and average measures may conceal situations where some workers face significant variations in job quality compared to others within the same industry.

One way of analysing the spread in the decent work index within an industry group is to consider the full distribution. Figure 15 compares index scores for the least precarious 10 per cent of female workers with the least precarious 10 per cent of male workers, the least precarious quarter of female workers with the least precarious quarter of male workers, and so on.

While the overall distribution of the decent work index seems relatively normal, some interesting findings emerge within industries. Industries such as retail trade, administrative and support services; agriculture, forestry and fishing; and transport, postal and warehousing have much wider spreads of the decent work index among workers compared to other industry sectors. This suggests that job quality is far more variable within these industries, with some workers experiencing higher-quality jobs than

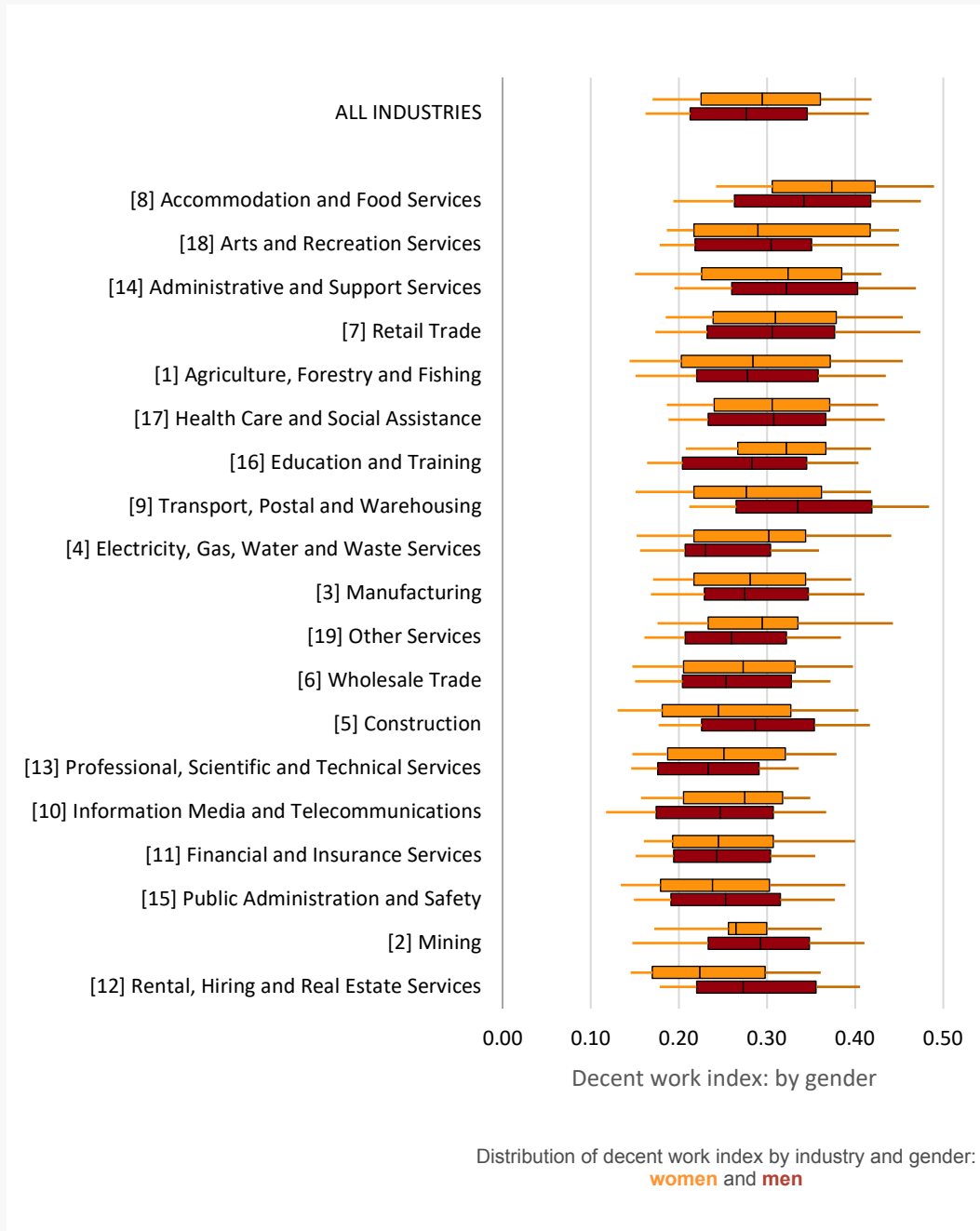
others. Workers in managerial and executive positions, for instance, may experience less precarity than non-managerial workers.

Industries with low decent work levels for the median female worker relative to their male counterparts include accommodation and food services; education and training; electricity, gas, water and waste services; and to a lesser extent, information media and telecommunication. On the other hand, there are some industries where the median female worker experiences higher quality employment relative to the median male worker - such as transport, postal and warehousing, construction, rental hiring real estate services; and to a lesser extent mining. These differences may be due to the gender specialisation in some occupations within the same industry.

Mining is an industry with a relatively tight spread of decent work scores, indicating that work conditions, level of flexibility, work stress and job security are similar for a greater share of those within the sector. This seems to be the case, particularly for women within the mining industry, where the distribution of decent work is especially tight.

FIGURE 15

Decent work index dispersion by gender and industry, 2021-22



Note: Bankwest Curtin Economics Centre | Calculations based on HILDA. Higher magnitude = worse work outcomes.

WORK QUALITY AND PRECARIETY BY OCCUPATION

People doing desk work experience higher job quality

Not only does decent work vary by industry, but also by occupation. Examining the dimensions of decent work by occupation in Figure 16 it is observed that those occupations predominantly involving office work are typically those with the highest levels of job quality. This is the case for managers, clerical and administrative workers and professionals.

This reflects the opportunity for people working in these occupations, to work remotely, benefit from flexible working hours and regular shifts, and have greater freedom on how to do their work.

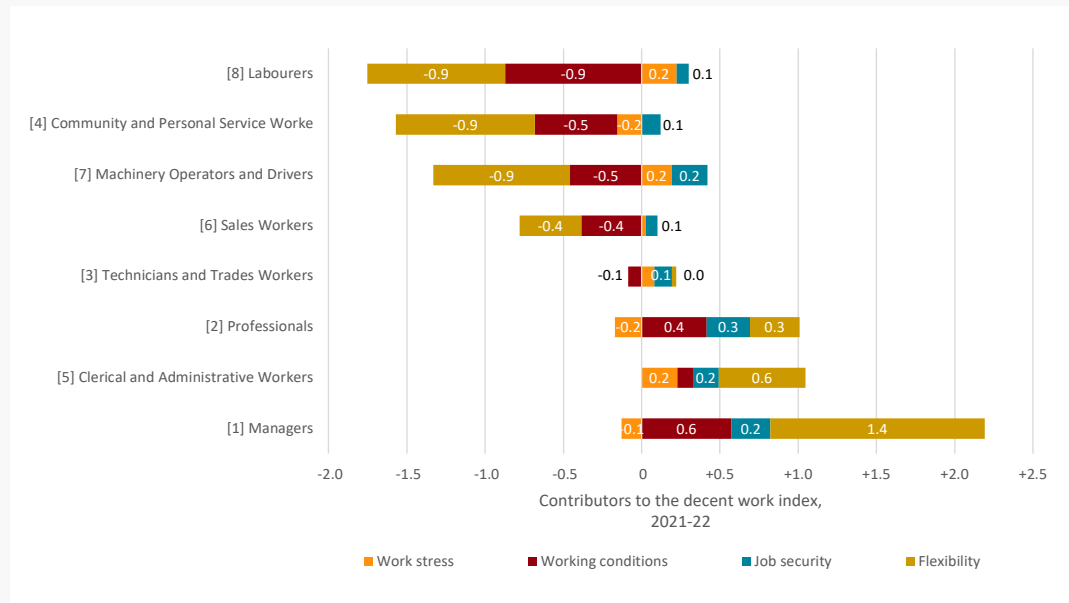
On the other hand, occupations where people need to be physically present for work such as labourers, community and personal services workers, machinery operators and drivers, and sales workers have lower levels of flexibility.



Occupations predominantly involving office work are typically those with the highest levels of job quality. This reflects the opportunity for people working in these occupations, to work remotely, benefit from flexible working hours and regular shifts, and have greater freedom on how to do their work.

FIGURE 16

Contributors to the decent work index by occupation, 2021-22



Note: Bankwest Curtin Economics Centre | Calculations based on HILDA. Higher magnitude = better work outcomes.

A photograph of three business professionals in a modern office setting. A woman on the left is shaking hands with a man in a blue suit in the center, who is also shaking hands with a man in a white shirt on the right. They are all smiling and looking at each other. The background is a bright, out-of-focus office with large windows.

WHY DECENT WORK MATTERS FOR BUSINESSES AND INVESTORS?



Over the last twenty years, academic research has explored the relationship between the dimensions and measures of precarity and their impact on employee engagement and business outcomes. This section explores why decent work should matter to companies and investors alike.

DECENT WORK AND LONG-TERM COMPANY PERFORMANCE

Global academic research links the dimensions of decent work highlighted in this report to various aspects of long-term company performance.

How Decent Work Affects a Company's Performance

Evidence shows that improved security, lower levels of stress, good conditions, and higher levels of flexibility either individually or combined can have a direct impact on a company's financial performance by:

- Improving productivity¹⁶
- Strengthening organisational capability¹⁷
- Increasing innovation¹⁸

How Decent Work Improves a Company's Performance

These dimensions of decent work contribute to improved company performance by:

- Supporting workers' motivations and commitment to an organisation's targets and objectives¹⁹
- Creating an increased willingness to engage in professional development which ultimately supports organisational capability and innovation²⁰
- Lowering absenteeism and staff turnover²¹
- Increasing motivation and engagement in work-related tasks²²
- Fostering a sense of connection to the organisation²³
- Contributing to greater satisfaction and happiness at work²⁴
- Supporting better physical and mental health of employees²⁵
- Improving career progression²⁶

¹⁶ Bellet De Neve Ward, 2023.

¹⁷ Probst, 2009; Stynen, et al., 2015.

¹⁸ Iaffaldano and Muchinsky, 1985; Oswald et al., 2015.

¹⁹ ILO, 2015.

²⁰ ILO, 2015.

²¹ Kristensen & Westergard, 2004; Thompson & Chapman 2006; Choper et al., 2022.

²² Deci & Ryan, 2008.

²³ ILO, 2015.

²⁴ Cassells, 2017.

²⁵ Safe Work Australia, 2014.

²⁶ Aguinis & Kraiger, 2009.

DECENT WORK AND ITS IMPORTANCE FOR LONG-TERM INVESTORS

Decent work matters for long-term investors from several perspectives. Perhaps the most obvious is the link between improved productivity, innovation, capability, and expense management that companies can capture by providing high-quality employment. What is positive for businesses in the long term is also positive for their shareholders.

However, for large and diversified asset owners there are additional systemic

reasons to consider decent work. For these investors, the financial performance of their portfolio is supported by a growing, sustainable and inclusive economy and affected by systemic risks and opportunities. Factors such as decent work across an economy support strong market fundamentals, including economic growth, that drive investment returns. These system-level factors cannot be mitigated through diversification or divestment.

Decent Work Can Have Economy-Wide Implications

Global academic research highlights some significant systemic implications of low levels of security and control, weak workplace conditions and a lack of flexibility. For example, aspects of these factors can have economy-wide implications by:

- Lowering aggregate demand²⁷
- Reducing productivity²⁸
- Hindering people's ability to plan and gain access to financial services such as loans and childcare²⁹
- Increasing reliance on social security and public health systems³⁰
- Impeding long-term skills development³¹

²⁷ Cingano, 2014.

²⁸ Lisi & Malo, 2017.

²⁹ Ben-Ishai, Matthews, Levin-Epstein, 2014; Harknett et al. 2019; Luhr et al. 2022; Amorim & Schneider, 2022.

³⁰ UK Health and Safety Executive, 2021; ILO, 2012; Parli, 2018.

³¹ Dabla-Norris et al., 2015; Cingano, 2014.

In the case of precarious work, a systemic 'well-being' lens can also be applied which has further implications for large and diversified asset owners. Dimensions of precarious work discussed in this report can lead to physical and mental health issues.

Considering these health impacts, it is reasonable to infer that the quality of

work in Australia is a systemic factor that has implications for Australia's picture of national health and our healthcare system. It could also be seen as a factor underpinning some of Australia's most pressing contemporary economic challenges such as housing insecurity, access to childcare, problem debt, poverty, and financial vulnerability.

Precarious Work Affects People's Health

International evidence shows links between the dimensions of precarious work discussed in this report and:

- Poorer mental health indicators³²
- Higher stress³³
- Poor sleep quality³⁴
- Poor nutrition³⁵



³² Green, 2015.

³³ Lewchuk, 2017; Quinlan, 2015.

³⁴ Schneider and Harknett, 2019; Schneider et al., 2021; Wong et al., 2019.

³⁵ Richardson, 2022.



NEXT STEPS

WHAT ACTIONS CAN COMPANIES TAKE?

This report puts forward a framework of four key dimensions of decent work. Companies are welcome to consider this framework and build on it in collaboration with employees and investors with the objective of progressing toward consistent provision of work that builds long-term value for both businesses and investors. Companies could potentially use data and insights from this report to:

- Consider whether they operate in an industry with relatively decent or precarious work and examine the drivers of decent work for their industry to identify potential areas of focus.
- Consider including select questions from the HILDA survey in their employee engagement survey to understand if their employees are experiencing dimensions of precarity.
- Consider opportunities to disclose additional information to shareholders regarding work practices and how these contribute to the provision of decent work.



WHAT ACTION CAN INVESTORS TAKE?

This report presents work as existing on a spectrum, from decent to precarious, and posing an area of systemic risk and opportunity for large and diversified investors. Decent work is not an issue that is confined to gig or contract work but a thematic that is relevant across companies, sectors and the economy. Investors could potentially use data and insights from this report to:

- Apply a system lens to active ownership or stewardship activities related to decent work
- Use the industry-level information to identify their portfolio exposure to work-related risks and to identify priority sectors and companies for engagement
- Seek to understand the approach of priority companies to decent work dimensions.





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While investors sometimes think of market returns as outside their control, all investors benefit from a growing, sustainable, and inclusive economy.

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