



Brotherhood  
of St Laurence

Working for an Australia free of poverty

*Corporate social  
responsibility and decent  
work*

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21 November 2008

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### **About the Author**

Linda White is the Assistant National Secretary, Australian Services Union. She graduated in Law and Commerce from Melbourne University. She joined Maurice Blackburn and Co as an articled clerk and worked for the firm's mainly trade union member clients in crime, crimes compensation, personal injuries and workers compensation. She became a Senior Associate with the firm. Linda was elected as Assistant National Secretary of the ASU - a position she currently holds. Linda's work at the ASU includes responsibility for the union's national strategy in the private sector and the social and community sector, which has included work on enterprise bargaining campaigns in a range of companies and organisations. She also coordinated the ASU's campaign for justice for the union's members who worked for Ansett and most recently the Union's work on social inclusion and workforce issues in the SACS sector. Linda was a worker's representative at the ILO's 2002 special conference into the aviation industry following the events of September 11 and was a member of the 2006 ACTU overseas delegation that prepared the "A Fair Go at Work" report. Linda has been a director of various community organizations and she is currently a member director of the legal industry super fund, legalsuper, and a member of the Board of the Royal Botanic Gardens Melbourne. Linda is a member of the ALP National Executive and an ASU representative on the Community Services and Health Industry Skills Council and she chairs the Steering Committee for the Review of Community Services Training Package. In 2006 Linda was elected as a Vice President of the ACTU. In 2008 she was appointed to the Australian Social Inclusion Board. Email: [lwhite@asu.asn.au](mailto:lwhite@asu.asn.au)

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Integral to the achievement of social inclusion in Australia is the provision of jobs for all our citizens, but as this paper will argue it is not just jobs for jobs' sake but the provision of "decent work". If corporations are serious about their social responsibilities, their agenda must not just be confined to "good deeds" in the community, but to socially responsibly as well as productive and socially sustainable utilisation of our country's most precious resource – its people.

## **1. Decent Work**

The concept of decent work has its origins in the tripartite International Labour Organisation (ILO) which commenced its decent work agenda in 1999. It is widely accepted as an important strategy to fight poverty and foster development. The agenda has been incorporated into the millennium development goals of the United Nations.

Decent Work as envisaged by the ILO is broader than the creation of jobs. It's about:

- Providing individuals at work with an income that allows them a good life;
- Ensuring work is free of discrimination and ensuring that workers have a chance to develop themselves in a safe and proper environment;
- Freedom to join a trade union and through that trade union having a real say in work related matters; and
- A social safety net for the sick, infirmed, elderly, and pregnant women.

Essential to the ILO and UN agenda is that governments and the social partners (i.e. trade unions and employers) all play a vital role in delivering decent work.

As the International Trade Union Confederation observes:

“The four components of decent work reinforce one another and enhance social progress and encapsulate the aspirations of working people and make a high road to development.”<sup>1</sup>

The decent work agenda then provides a tangible ongoing contribution by employers both in their own operations and through the promotion and support of the agenda in the communities in which they operate.

If you asked workers what they wanted from corporate social responsibility at work, they would say:

- To be treated with dignity and respect in the workplace;
- To be able to have a voice about decisions that affect them at work (as well as in the wider society);

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<sup>1</sup> Decent Work: What, Why and How, International Trade Union Confederation, 2008.

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- To get a fair day's pay for a fair day's work – fair pay meaning it is at a level that supports a decent standard of living for workers and their families; and
  - To have security of employment at work, which is essential to social inclusion – not increased precarious employment.

For a meaningful display of corporate social responsibility this is surely the real test: is a company prepared to commit in its own operations to quality, long term, well paid job creation, the recognition of workers' rights and dignity and support for a social safety net? Or when it comes to the crunch, are the CSR programs really just a marketing tool in someone else's backyard?

To assess this in the Australian context, this paper looks at the quality of jobs created, our industrial relations environment and, briefly, at our social safety net.

## **2. The Quality of the Jobs**

Australia has seen significant job creation over a number of years. The question is: What are those jobs? Do they provide our citizens with decent wages, training and career paths? And do they provide us with a sustainable future?

### **(a) Casualisation**

Inevitably when sourcing statistics one generalises, but Australia's recent history of job creation does paint a significant and disturbing picture.

The proportion of workers engaged in casual jobs in Australia has increased in every year since ABS statistics became available and has risen during periods of economic growth and downturn. Around 25% of the Australian workforce identifies their main job as casual. 48.8% of the growth of employment from 1982-2004 is due to the growth in the number of casual workers.<sup>2</sup>

Australia has one of the highest levels of workforce casualisation in the OECD. Casualisation is in all work places and industries, and casual workers are not just working students, married women, and "gen Y" as some would have us believe. Many are long-term casual workers with limited or non-existent career paths who have had no choice about this.

Casual workers generally have lesser conditions than their permanent counterparts including: unpaid sick leave; no annual leave; limited access to unfair dismissal and tenuous job security; and generally lower pay. Access to training and education and career paths is also generally limited or nonexistent for casuals. The ability to balance work and life responsibilities is severely undermined when employer demands for "flexibility" clash with employee quests for income regularity.

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<sup>2</sup> The Rise and Rise of Casual Work in Australia – Who Benefits, Who Loses, Robyn May, Iain Campbell & John Burgess, Sydney University Seminar.

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The existence of a casual loading of an extra 20% cannot and does not compensate for these significant job “downsides” which are at odds with a decent work agenda.

For business, the economic rationale for this phenomena seems to be short term savings and enhanced “flexibility”, but what is sacrificed is the long term economic consequences of having a quarter of Australia’s workforce in vulnerable jobs which hampers skill formation and undermines our social inclusion aspirations.

We cannot afford to allow this to continue – how to reverse the trend will require significant recognition of the consequences, both socially and financially. A change in the definition of what constitutes a “casual employee” together with limits on usage would be a good start, as would be real minimum standards for casuals, and a realistic approach to the cost of any conditions forgone in the calculations of what the rates payable to casuals should be.

**(b) Education & Training**

For workers, education and training is the pathway to skills development, job opportunity and security, career paths, better pay, and more fulfilling jobs. And for our country it is the key to social and economic sustainability.

Yet while in the last ten years there has been a huge increase in training expenditure and employment based training in the form of traineeships, nearly all the growth has occurred in occupations where skills are not in short supply, for example in lower level retail work. This has meant that there has been little if any career path development considered, and in consequence a disconnect between the training agenda and the development of skills in areas where there are skill shortages.

The void in government policy has not been taken up by employers either, as in recent years we have seen employer training expenditure stagnate in a circumstance where individuals are spending more money on their own education and training than ever before.

Buchanan also observes that there is a disconnect between the training and education that is being attained, the utilisation and development of labour, and a failure to take time to round out skills and develop staff: short term competition pressures have overridden long term development.<sup>3</sup>

This all adds up to the under-utilisation of our labour force potential, and the stifling of our productivity. In pure economic terms, for the individual this translates into a lower quality of life and living standards, and in social terms it destroys the fulfilment and realisation of the personal potential that we should expect from work.

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<sup>3</sup> From skill shortages to decent work – The role of better skill ecosystems, Research Paper, John Buchanan, Sydney University, June 2004.

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Australia then, after years of neglect, is left with skill shortages in vital industries which even an “education revolution” will take a long time to reverse. If we are to get the best out of our people, corporations will have to sign on more comprehensively to workforce development and education. This will be the only pathway to combat skill shortages and ensure all who can work are given the best opportunity to do so. This is no time for short-term, short-sighted commitments: that is how we got to the current situation.

### **3. Workers’ Right to Organise**

Decent work also encompasses the right for workers to organise in trade unions and participate in decision making about their workplace. The Howard years show how vulnerable these rights are. Clearly too the success of the ACTU Your Rights at Work campaign has highlighted popular support for industrial relations interventions which ensure workers’ rights.

Australians were not prepared to accept the significant cultural change that WorkChoices embodied and took the first opportunity to punish the government for forcing the change. Importantly too, some employers recognised that an anti union – anti worker ideology actually worked against them in their business. An example of this is how the Howard government’s WorkChoices legislation proposed fines on employers and unions who made agreements about prohibited content matters, which were mostly issues to do with union delegate rights - including training and representation.

Some employers ignored this and preserved union rights and representation, arguing the rights provided stability and a voice for their workforce. Others of course did not take this road and embraced WorkChoices by implementing AWAs and cutting conditions. But then even under more benign industrial relations regimes, some employers take an ideological approach to workers’ rights even if it is to their economic detriment.

Ideologically-driven responses start from the presumption that organised labour adversely affects productivity. There appears to be a presumption that only management can produce the best outcomes. There is nothing that says this is the case, and some academic evidence to the contrary.<sup>4</sup>

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<sup>4</sup> See also:

Unions and Economic Competitiveness, Mishel, L and Voos, P, editors. Economic Policy Institute, M E Sharpe, Armonk, N.Y., 1992;

What do Unions Do?, Freeman, R and Medoff, J, Basic Books, N.Y., 1984;

The High Road to a Competitive Economy: A Labor Law Strategy Professor Harley Shaiken June 25, 2004; and

In Praise of Organized Labor: What Unions Really Do Excerpted from What Were They Thinking? Unconventional Wisdom About Management By Jeffrey Pfeffer - Harvard Business Review 2008

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A range of economic and social benefits, in fact, occur when employees are given the freedom to make improvements and to work differently – more decision making on rostering, how they work, increasing skills and responsibilities all improve the quality of work life and offer results in less turnover, fewer work-related injuries, greater productivity and improved service delivery.

Other anti union arguments focus on the fact that unionised workforces earn higher wages – but as the International Trade Union Confederation observes “... higher wages have positive effects on the development of economies’ progress because they promote the development of human capital and higher productivity in production processes.”<sup>5</sup>

Some might say that trade union intervention and collective organisation has humanised capitalism rather than fought strongly against it.

How can we continue to allow an employer to espouse a corporate social responsibility agenda on one hand, and on another deny fundamental workplace rights to collectively organise and bargain within their own workforce?

In Australia it happens daily: our large corporations impressively list their charitable work and their corporate community philosophies, and yet they embark upon a systematic undermining of their own workforce’s rights at work.

If we do not legislate to entrench the fundamental right to collectively organise and bargain, it seems unlikely that this will change as ideology seems to win out even against economic interest.

#### **4. Social Safety Net**

The final tenet of the decent work agenda is the social policy framework in Australia. While this paper will not delve into all these issues, some aspects of the social safety net as they touch on the world of work have been the concern of our corporations.

An extreme example is the failure of successive Australian governments to compulsorily legislate paid maternity leave even when the rest of the world has. The policy vacuum has seen many corporations institute their own scheme and more latterly peak employer groups have advocated the need for State intervention. The reasons may not be all that altruistic, but nonetheless this is one instance where the government’s social policy has lagged behind the corporate response.

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<sup>5</sup> Decent Work: What, Why and How, International Trade Union Confederation, 2008

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Similarly if we are serious about the quality of jobs created, issues like pay equity and sex discrimination remain fundamental issues that undermine the ability of individuals and our society to realise our full potential.

Leaving these important policy issues to the market has not served Australia well – corporations have not naturally gravitated to a decent work agenda en masse.

## **5. Who has the responsibility for Decent Work?**

The government of a country cannot devolve all its responsibilities in key policy areas to business or the community. We can though have a reasonable expectation that business will take some responsibility for assisting in the operation of key policies - because of a broader social outlook, or at least a pragmatic response to the government's agenda.

It becomes more difficult if a government has no agenda or a poor agenda. Does a corporation shift to the lowest common denominator and do only what is expected, or should corporations move to the high ground and recognise their responsibilities regardless of the government they have?

A recent Victorian government committee made the following observations on this point:

“Government policies that rely on the voluntary efforts of business to solve complex social problems produce a problematic situation, in that the efficiency, success and fairness of the outcomes of such policies are uncertain.”

And then further that “despite the collaboration with business and socially responsibly practices – ultimate responsibility for society's welfare development remains with the government”<sup>6</sup>

Surely we cannot say that business is absolved from some responsibility just because of government policy failure? If we do then this must hit at the heart of what it is to be a socially responsible corporate citizen.

Do we have to rely on a change in government to change the policy dynamics and the atmospherics? Hopefully not, but one wonders if the much lauded Employment Covenant for Indigenous Australians that has been recently announced (and which has been supported by prominent corporations) would have emerged if the previous government was still in power. In a skills development policy vacuum devoid of a comprehensive employment strategy for Indigenous Australians, it would seem is unlikely that corporations who depend on the favours of government would stick their heads above the parapet to express views that don't necessarily jell with the government of the day.

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<sup>6</sup> Victorian Family and Development Committee, “Inquiry into the involvement of SMEs in Corporate Social Responsibility”

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Maybe that is a cynical analysis but maybe it is also a realisation that corporations are chameleons who want to blend with the landscape. If the landscape changes and social inclusion is the new paradigm (and workplace regulation shifts back towards the centre) they shift too.

If you accept this premise –how do you shift the paradigm without a government change?

This brings us back to where we started – that is a decent work agenda is a reasonable and sustainable position for a corporation to adopt, and is perhaps the easiest and most tangible contribution they can make to society if there is a serious commitment to social inclusion and corporate social responsibility. It should be pursued regardless of who is in power.