

Perfect Flexibility? Experimental Employment Relations at an Australian Theme Park

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Abstract

Australian employers have sought flexibility in the deployment of labour in two key areas: work practices and working time. While not mutually exclusive, different manifestations of flexibility have customarily been associated with different groups of workers. In this article we present findings that point to the emergence of new composite forms of flexibility that cut across a workforce. We analyse the conditions that are propitious for what we term *composite flexibility* and how this managerial regime works in one workplace. Our study concludes by finding such employment relations experiments have produced work-time and employment arrangements that are fundamentally at odds with conventional types of employment practices normally associated with large firms in developed economies.

Introduction

It is almost twenty years since articles on workplace flexibility began to appear in the industrial relations literature. Since the publication of Piore and Sabel's aptly named *Second Industrial Divide*, proponents and skeptics have debated the merits and dark side of employment flexibility, while the continuous search for flexibility, nimbleness and leanness has become nothing less than a mantra in corporate circles.

Research indicates that there has been a clear expansion in this type of work in developed countries throughout Europe (Aparicio *et al*: 1997: 596; Brewster *et al*: 1997, De Grip *et al*: 1997), the USA, Japan and Canada (Quinlan: 1998). In Australia, the marked growth of casual employment has been one of the most pronounced developments in the labour market in the last two decades.

The early literature identified different forms of flexibility, which were juxtaposed to the then existing Fordist employment

norms. The watchword now became adaptability; "accommodation to ceaseless change, rather than an effort to control it" (Piore and Sabel: 1984, p.17). This implied new relationships between firms, (e.g. networks, alliances, supply chain management) and flowing on from this new relationships between employers and employees, (e.g. sub-contracting, transitions from job control/demarcation to multi-skilling), (Piore and Sabel: 1984, p.204; Castells: 1996; Katz: 1985; Kochan et al: 1986).

These tendencies were formalised into a typology of flexibility in two short articles by Atkinson (1984a; 1986), where the notions of functional flexibility, numerical flexibility and financial flexibility were first coined. The latter was portrayed as entailing the development of new institutions and norms for arriving at a re-negotiated work-effort bargain. They included such practices as movements away from centralised wage setting bodies and greater reliance upon payment for performance plans (pay for knowledge,

¹ This project was part of a wider project undertaken by David Peetz, Andrea Fox and the above authors. We wish to acknowledge that contribution of David, and Andrea to this paper. This project was undertaken with the assistance of ARC Grant C00106852 and The Department of Industrial Relations, Queensland.

gainsharing, etc.), all of which was intended to give effect to the other forms of flexibility identified by Atkinson. Importantly, these other forms were identified with *different workforces* (cores and peripheries) and it was recognised that greater flexibility would most likely produce greater levels of inequity between them, although in what proportions no one speculated upon.

In the 1980s then, the future world of work showed signs of being even more divided between a core of multi-skilled workers who enjoyed reasonable pay and conditions in expanded and perhaps more challenging job roles and a periphery of less skilled, insecure and expendable employees. Again, what was notably missing from such diagnoses were the proportions of workers who would find themselves in the core or periphery of the new labour markets, (Pollert:1988).

In this paper, we draw attention to a third dynamic, which seems to us to be gaining in significance. This we term *composite flexibility*. In this scenario, certain *job characteristics* of functional flexibility are combined with the *job conditions* of numerical flexibility. With this variant, employees who are increasingly 'multi-skilled' across different job areas still confront the conditions that are associated with peripheral workforce status. In the following sections, with the use of a detailed case study, we explain: i) how this is possible; ii) how it came about; and iii) under what type of conditions it is likely to be acceptable.

The Flexible Organisation: Theme Park

The organisation under consideration has developed a reputation as a premier tourist attraction for both the domestic and international tourist markets. As a theme park, the organisation offers a wide range of 'products', from unique entertainment spectacles, to the branded goods and services that are all part of the tourist

package, (food preparation and service, retail outlets, etc.). This diversity is reflected in the organisational structure of the business, which covers ten divisional groups including marketing, technical services, food and beverage services, retail trade, entertainment and human resources.

Theme Park employees a workforce of over 600, with this number expanding to over 1000 during peak holiday periods. Of the 'regular' 600 or so staff, full-time permanent employees constitute a minority of 177 (107 men and 70 women). The bulk of the workforce is made up of casual staff and evenly divided between women and men (192 females + 190 men). The remainder of the 'regular' workforce, 94 employees, is composed of permanent part-time staff, the large majority of whom are women, (89 females and five males).

All workers are remunerated according to a five point scale, with five being the highest job grade in any division. Wages do differ between skilled and unskilled positions, that is between divisions, but the five point scale is common across the site. These scales are part of an enterprise bargaining agreement, negotiated between the one union that represents employees at *Theme Park* and the company's management. However, union membership is low, with a current union density of approximately 8 per cent on the job site.

The nature of the industry that *Theme Park* is in is one factor that has promoted flexibility through casualisation. Fluctuating demand due to seasonality, as well as unpredictable factors such as poor weather have encouraged the employment practices associated with numerical flexibility and especially the capacity to grow or shrink the workforce on short notice. In conjunction with the requirement for numerical flexibility, the surrounding geographical area consistently maintains a high level of unemployment. Owing to this, the characteristics of the local labour

market are also conducive for adopting a strategy of numerical flexibility.

Although less frequently acknowledged, there are also drawbacks to the casualisation of employment, which may extend to the management of the business and the results that are obtained. Turnover and the need for continual recruitment, induction and training represent significant re-occurring costs. In turn, high rates of staff turnover have implications for commitment, accountability and reliability in an industry that is defined by the quality of its customer service standards. Traditionally, employees would respond to this scenario by seeking additional employment with other organisations in an attempt to maintain a living income. This was particularly problematic for staff in some divisions. For example, the operating hours at the park are from 10am until 5pm, but restaurant staff for example, may only be required during peak meal periods, the busiest being the lunch period. This arrangement limited the hours that staff could work, but also limited their abilities to 'moonlight' in second jobs.

Once employees make the commitment to take additional hours with other organisations, their loyalties may be divided and retention of skilled staff made more difficult. This was a key incentive in the introduction of multi-hiring and banking hours policies that were introduced in the 1996 enterprise bargaining agreement negotiated between the union and the organisation. The following sections will describe how each of these policies operated, first singly and then in tandem to deliver new forms of flexibility.

Multi-Hiring

In effect, the multi-hiring clause was introduced to allow casual and permanent employees the opportunity to accept a second (casual) contract of employment in a different area with *Theme Park*. Thus

instead of going outside of the principal employment relationship, workers could now 'moonlight' for the same organisation. The benefits of this scheme were obvious for all parties to the employment relationship. Employers could maintain a level of numerical flexibility associated with the employment of casual staff while, limiting many of the drawbacks that were previously alluded to. For example, workers who were not needed during certain hours of the day and would otherwise have been sent home could multi-hire into a second, or third position at the park thereby obviating the need to take on additional staff. In the same fashion employees could increase the total number of hours they worked. In this way jobs at *Theme Park* could be combined into something more closely approximating regular, (40 hour per week) employment when normal full time positions were not available. And finally, for the union that had coverage rights at *Theme Park*, multi-hiring offered the prospect of representing and dealing with a more permanent like workforce and the advantages which could accrue from such a situation.

Aside from the financial benefits employees now had possibilities of hiring into areas with alternative skill requirements. This could be done, by first gaining volunteer work experience in a new area which could lead to future employment opportunities. For example, 'Stacey' began her employment at the organisation in 1995 as a lifeguard. She remains employed there now because the multi-hire policy provides her with the opportunity to work in six different departments and develop a range of skills, including supervisory work in her first role as lifeguard, administrative skills, and international marketing to name a few. For 'Stacey', multi-hiring is essential in providing a range of jobs to 'keep interested in the job' and 'work out what she really likes doing'.

'Jeff' provides another example of multi-hiring. He took a part-time job as a ride attendant at the organisation while waiting for a position to become available in animal handling. Certainly not a glamorous position, his main duty was 'mucking' out the animal enclosures. However, an intrinsic interest in the area, along with recognised ambition, has placed Jeff in the position of becoming one of the premier animal handlers at *Theme Park* - an opportunity that is unlikely to have eventuated without the ability to multi-hire.

The HR Manager suggests that the use of multi-hiring was vital in a process of reducing turnover and general labour costs while increasing income, the skill level and possible career paths of *Theme Park* employees. It is in these latter senses that multi-hiring has important affinities with functional flexibility. The practice entails: i) additional skill acquisition; ii) potential occupational mobility; and iii) conditions that offer opportunities more closely aligned with full-time employment. This arrangement has come at a price however. Important to note is that the multi-hire position (i.e. the second and any subsequent positions) is not usually remunerated at the employee's normal rate of pay. Rather, it is paid as 'a job' (see Table 1). For example, an attraction

attendant (position scale 4), who has considerable experience may have a determined pay rate of level E, the highest grade. This employee would earn \$16.10 per hour under the collective agreement. A 'special event' may be advertised as a multi-hire position for an attraction attendant. In this case, the job is advertised at a basic rate, perhaps position scale 2, skill level A, paying approximately \$11.90 per hour. If the experienced employee decides to multi-hire into that position, he/she accepts the payment at the advertised multi-hire rate – a rate less than they would normally receive for doing the same job during their regular shift.

Generally then, multi-hire rates imply lower rates of pay when workers undertake those jobs. This relative wage penalty is in stark contrast to the payment systems that have been associated with multi-skilling and functional flexibility. Participants in the focus groups that we conducted were not blind to these conditions. Here, multi-hiring was perceived as both a potential financial benefit for workers who could access it *and at the same time* as a cost-cutting measure for the organisation. As we will see in the next section, these effects have been compounded by the second innovation in the employment relations system of *Theme Park*, the banked hours protocols.

Table 1: Modified Version of the *ThemePark* Wage Matrix

	Skill Level of Employee				
	Level A	Level B	Level C	Level D	Level E
Position Scale 1	\$11.20	\$11.30	\$11.40	\$11.60	\$11.80
Position Scale 2	\$11.90	\$12.10	\$12.50	\$12.80	\$13.10
Position Scale 3	\$13.60	\$13.90	\$14.20	\$14.50	\$14.80
Position Scale 4	\$15.10	\$15.50	\$15.70	\$15.90	\$16.10
Position Scale 5	\$16.20	\$16.70	\$17.20	\$17.80	\$18.50

** This is not meant to reflect the actual wages paid, merely to give an indication of the ranking of positions and scales of payments.

Banking Hours

The second significant innovation that was also introduced in 1996 are the unique protocols for banking hours and taking time off in lieu (TOIL) at a later date. Under these arrangements, any hours worked in excess of the standard 38 hours per week were “banked” to a maximum of 152 hours (4 working weeks) over a rolling two-year period. Excess hours worked are tracked by the organisation’s administration and recorded on the employees’ pay slip.

By banking hours employees can negotiate TOIL days or part days. That is, an employee who works any number of hours above the standard 38 in a pay cycle may choose to negotiate with their supervisor an equivalent amount of time off. Importantly, for an employee to arrange time off they must negotiate with their supervisor on each separate occasion as opposed to either a flexitime arrangement where employees can arrive and leave anytime around predetermined core hours, or a rostered day off (RDO) which assures workers of a straight *quid pro quo* in terms of a trade-off between extra daily hours worked and pre-arranged time off. As indicated though, workers could also bank greater amounts of time, up to 152 hours and draw upon this time and payment for it over lean periods when hours were cut back or unavailable at the park. For example, workers may work longer than regular working hours during the busy summer holiday period thereby earning a ‘credit’ which is cashed out during the slacker winter months in a form of income averaging. This arrangement allows for employees to work the standard 38 hours of work per week, with all additional hours (up to 152) banked for future use.

The banking hours policy was initially adopted as a simple and standard TOIL process. However, it was soon recognised that not all employees would benefit from this policy and in fact, some employees

preferred payment for all work done at the time of completion, rather than accept TOIL at some later date. One employee explains the inflexibility of the original arrange this way:

...sometimes you wouldn’t want the time off, you did the extra work to get extra money. But all our extra hours were being banked and we couldn’t get the money. Initially we had to write a letter begging and claiming financial hardship to get the hours paid out but that’s changed...

Employees demanded that they have access to the banked hours in either TOIL or in wage income for work performed, hence the banked hours policy has been amended to allow for additional options. Employees can choose to accumulate banked hours and have the hours ‘paid out’ any time they request. Casual employees can bank hours in the busy periods and use those hours to ‘maintain’ a standard income through the ‘skinny weeks’ (i.e. averaging payment over the year).

Yet another alternative allows employees to receive ordinary time payment for a total of up to 50 hours per week. That is, rather than completing paperwork on a weekly basis in order to receive payment for banked hours each week, employees can complete one form that provides for the payment of the standard 38 hours and up to an additional 12 hours each week before any hours are banked.

Explicit in the industrial agreement is the provision that employees can work a maximum of 10 hours a day and 5 days per week. This provision in conjunction with the banked hours system allows the organisation to pay ordinary time rates for up to 50 hours a week if an employee requests payment for the additional hours of work.² In effect then, provision for

² Under the recently re-newed EBA, the banked hours scheme has been extended from the original provisions, which were operational at the time of our study. Currently, workers are allowed to work an

overtime wage payments have all but been abolished at *Theme Park*.

This reality is reflected in the comments that were presented in focus group sessions that the researchers conducted at this work site. Numerous employees indicate their view that the banked hours system is merely a means to remove penalty rates for overtime worked. As a result some employees feel that the system is simply providing them with further restrictions on generating the additional income that is usually associated with overtime work. But with a significantly high degree of transience in the local population, coupled with a relatively high level of unemployment, employees feel resigned to accepting the situation to maintain their both employable hours and income. While only one employee suggested that he had been told explicitly 'well, we could always get someone else to do the work', the precarious nature of their employment is a perception held by the majority of employees. Indeed, this argument was presented to the union when the union resisted the adoption of the policy.

Supervisors, managers and employees alike agree that with a large number of casual staff it is relatively easy to find an employee prepared to work longer hours when required. Employees who have worked their thirty-eight hours for the week would previously have received no further hours, as it would have been deemed overtime and the organisation would simply have hired additional casual labour. Now, the system allows 50 hours of work at standard pay-rates before banking commences. This does provide relatively low paid employees with an opportunity to work more hours and bolster their income with work hours they would not normally have accessed. Hence,

additional 12 hours per week, instead of ten, or up to a total of 60 hours per week. Note that this allows for the introduction of the 12 hour day in this industry.

the management argument is that existing employees are given greater opportunities. For employees though, it is a choice between additional work at regular rates, or no extra hours. It is in this way that a low wage, long hours dynamic could emerge at this work site – and across the industry.

Combined Impacts?

Multi-hiring and the banked hours scheme were both negotiated in the midst of the 1996 enterprise bargaining round at *Theme Park*. Despite every indication that they were negotiated as separate, 'stand alone' clauses, further investigation indicates that the policies can interact in a complex manner that can be quite deleterious for employees. In short, multi-hiring may promote and further the use of the banked hours scheme. Employees are provided with the 'opportunity' of working excessive hours, but without a corresponding reward. Indeed, under the multi-hiring provisions, workers who have 'contracted' into a second or third job at *Theme Park* will not only not be earning overtime payment; they may in fact be earning less than their regular rates of pay for engaging in excessive working hours!

Yet, these policies have lowered turnover with the main explanation from both management and employees being that it allows employees to put in more hours, thereby reducing the need of looking for a second job with another employer. Turnover has not been accurately measured prior to the implementation of this system, however the HR manager suggests the current turn over level of 15 staff per month is a reduction of almost 100%. While many factors may influence turnover, all parties recognise that previously many casual staff left because of the inconsistency of work hours and consequent unreliable income levels.

In terms of morale, employees suggest that knowing they can have some control and

consistency in their fortnightly pay and some say over arranging time off when required increases satisfaction with working arrangements at *ThemePark*. However, employees voiced many unforeseen problems with the system of banking hours. While the enterprise agreement clearly stipulates that the system is not designed to replace overtime, employees feel the system, in effect, means that overtime is now paid at the same rate as ordinary hours. This would account for some of the findings that turned up in a non-representative survey of employees at the park.³ In the survey we found that permanent employees were much more likely to express satisfaction with the current number of hours that they work than were casual workers (82.5 per cent vs 58 per cent). Apparently this is on account of casual workers still not getting the amount of work that they desire. Thus while 61 per cent of full time employees report that their working hours have remained constant over the last two years and 30 per cent report an increase, 52.5 per cent of casuals say that their working hours have decreased, while only 16 per cent report an increase. As a result, casuals are twice as likely to report declining satisfaction with the hours worked as compared with full-time workers. Paralleling these results, full-time employees are considerably more likely to express agreement with the statement that working long hours is taken for granted by the organisation than are casuals (52.5 per cent as opposed to 16 per cent).

One possible interpretation of these results is that the avoidance of overtime payment,

³ It was not the intention of the authors to conduct a non-representative sample. However, preconditions that were set by management at the facility with respect to the administration of the survey meant that casual workers were under-represented in the sample that the survey was administered to. As a result, findings from the work force survey that was conducted at *Theme Park* are suggestive, but certainly not conclusive.

combined with high rates of casualisation at *Theme Park* promotes a desire for more work on the part of the contingent workforce. The extent to which the operation is capitalising on these wishes, however, is another matter.

Conclusions

This paper has explored the interaction between employment and working time flexibility. The attractions of the novel employment relationships introduced at *ThemePark* are not difficult to understand. Multi-hiring and banked hours hold out the prospect of conditions that more closely approximate regular full-time work in a sector that is characterised by high levels of casualisation and insecurity. This however, comes at a price, which largely nullifies that goal. Instead, elements of functional flexibility – multi-hiring have been combined with a system that promotes numerical flexibility – a thirst for more hours - to deliver levels of compliance that are not normally identified with a contingent workforce. This represents modifications – what we have designated as a form of composite flexibility.

We should keep in mind that the system at *ThemePark* is fundamentally a casual employment system with some modifications. The casual employment regime in Australia represents a major gap in the regulatory system that allows some employees to be engaged in inferior jobs along side regular employees. At *ThemePark*, employers and employees have incrementally modified the casual employment regime to allow employees to gain extra hours of work through the construction of a system which permits ‘moonlighting from within’. In so doing, employees have gained the opportunity to work extra hours and thus increase their meagre incomes. From the perspective of the actors, the nature of the changes introduced ‘makes sense’.

But in the process of introducing these modifications, *ThemePark* has produced a work-time and employment system that is fundamentally at odds with conventional types of employment practices normally associated with large firms in developed economies. From a broader social perspective, questions need to be asked about the efficacy of an industrial relations system that allows employees to work 50 hours per week without overtime pay and conventional job security. Such employment practices are reminiscent of another century. Yet the challenge of overcoming such problems is still before us.

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