

Who Cleans Up? The Declining Earnings Position of Cleaners in Australia

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Abstract

Neoliberal policies of industrial relations decentralisation and privatisation have transformed the economic landscape of Australia in the last 20 years. The primary objective of these policies has been to enhance wealth and prosperity by improving productivity and flexibility of the workforce and competition and accountability in the market. Yet the evidence suggests that precarious workers are not benefiting from this increased prosperity, indeed they suffer by comparison with all other workers. Cleaners are a subset of precarious workers who have been hard hit by the dual impacts of labour market decentralisation and privatisation. This study finds quantitative evidence of an increasing gap in earnings between cleaners and other workers in Australia since the onset of workplace relations decentralisation and the proliferation of privatisation in the mid 1990s. We locate our argument in recent debates about the nature of variegated neoliberalism, the emergence of the networked economy, and the implications of these developments for the nature of work and employment.

JEL codes: J31; J42; J590

Keywords

Cleaners; income disparity; networked economy; outsourcing; precarious work; privatisation and decentralisation; vulnerable, low-paid workers.

Introduction

Over the last 20 years Australia has undergone a neoliberal transformation, characterised by the promotion of competition through public sector privatisation and labour market deregulation (Bray and Underhill 2009; Stilwell 2000). On a global scale the variegated nature of the neoliberal experiment has

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been far from an unmitigated success, though this has not stopped proponents from continuing with the policies at international, national and sub-national levels (Brenner et al. 2010: 2). While some argue that these policies have led to increased productivity and flexibility of the workforce, others find increasing evidence of a growing class of low-paid vulnerable workers (Baird et al. 2009; Cooper 2009; Masterman-Smith et al. 2008; Murray and Owens 2009; Peetz and Preston 2009; Quinlan and Johnstone 2009). Cleaners, as a subset of such workers, have been swept up in this wave of industrial relations decentralisation and public sector privatisation. State and federal government cleaning services have been privatised and similar services in the private sector have been outsourced or subcontracted, at the same time as the 100 year old employment system of collective bargaining and arbitration was being replaced, albeit unevenly, with a business-centric system of individualised and enterprise-based bargaining. Low-paid workers such as cleaners have experienced the impacts of an erosion of regulated minimum standards, the removal (and subsequent reinstatement) of unfair dismissal protection and constrained collective bargaining and rights to representation (Baird et al. 2009; Elton and Pocock 2008).

There are arguments that the dual impacts of industrial relations decentralisation and outsourcing of cleaning services in particular have led to a proliferation of contract cleaning companies competing for contracts on the basis of a price that is largely determined by how much is paid to workers (80–85 per cent of cleaning firm costs are labour related) (Ryan and Herod 2006). The result has been that cleaners in Australia are poorly managed and undervalued, and earn minimal wages as their employers compete for contracts in a 'race-to-the-bottom' (Ryan 2007). This dual pursuit of privatisation on the one hand and employment decentralisation and flexibility on the other hand has been manifested and felt in disparate ways in different jurisdictions, professions and industries. There have even been variations between different specialisations within one industry, such as CBD office cleaning compared with government school cleaning (Herod and Aguiar 2006: 11). This is evidence of what Brenner et al. (2010: 3) call variegated neoliberalism. Here neoliberalism is taken to be an historically specific, unevenly developed hybrid, a patterned tendency of market disciplinary regulatory restructuring. How this pans out in any particular industry or jurisdiction will be an unevenly developed pattern of restructuring through a succession of path dependent collisions, between market driven regulatory projects and inherited institutional landscapes.

A handful of qualitative studies in Australia has highlighted ways in which groups of cleaners have been adversely affected by neoliberal policy changes since the 1990s. To date, however, limited quantitative evidence has been produced that would allow analysis of how labour standards for cleaners have suffered in comparison with those for other occupations. In this article, we report on the first Australian analysis of quantitative evidence as to whether cleaners have been adversely impacted over the last 20 years. This study focuses on formally employed, full-time cleaners, that is, those amongst the cleaning workforce who are least likely to be vulnerable.

In the next section we outline recent arguments about the rise of variegated neoliberalism, which has led to the emergence of the networked economy, and its implications for the nature of work and employment in general. The following section then examines earlier research on the nature of precarious work in Australia in general and in the cleaning industry in particular, illustrating that it is not only part-time work that is insecure. The penultimate section presents our data on the earnings and hours of full time workers in the cleaning industry and then we outline our conclusions. We now turn to an investigation of recent research on the implications of the rise of networked forms of organisation, particularly outsourcing, for the nature of work and employment.

Working in the Networked Organisation

Neoliberal philosophies advocate the optimisation of efficiency through a focus on core competencies and the outsourcing of 'extraneous' services 'to supplement hierarchical control with ostensibly more cost-effective and flexible means of service delivery' (Grimshaw et al. 2005: 4). This is resulting in the emergence of a networked economy (Castells 1996; de Man 2004), and networked organisations (Schienstock 2002; see also Rainnie et al. 2008). These are economies in which boundaries between organisations are blurred and lines of authority are ambiguous (Powell 2001: 58). Scholars have debated the nature of this networked economy and its implications for workers. For DiMaggio (2001: 5) it has important implications for work and employment, producing less secure internal labour markets, more fluid job definitions and more ambiguous reporting relationships which have replaced earlier norms of clarity and commitment. On the other hand, for the UK Commission for Employment and Skills, potential positive outcomes include new opportunities to share knowledge and develop social networks that provide the basis for a 'boundaryless career' (cited in Rubery et al. 2010: 24). Critical voices have been raised, with Grugulis et al. (2003) arguing that networked forms of organisation diminish employee discretion and control over the labour process.

In recent years, critical analysts, basing their approach on detailed empirical studies, have developed a more nuanced response. In particular, two distinct bodies of work have emerged. These are focused respectively on the European Work and Employment Research Centre (EWERC) at the University of Manchester and on the Working Life Research Centre, Forschungs- und Beratungsstelle Arbeitswelt (FORBA) in Vienna. Both have produced extensive reports and analyses concerning the implications for work and employment of the current round of organisational restructuring, though there are important differences between them. The EWERC publications are based on a limited number of UK based case studies. The FORBA work is based on a more extensive survey of the outcomes of organisational restructuring across a number of sectors in thirteen European countries.

In 2005, the Manchester group published 'Fragmenting Work' (Marchington et al. 2005) which argued that the study of work to date has focused on a simple unidimensional relationship between employer and employee. The EWERC group argued that the blurring of organisational boundaries, driven by the emergence of new managerial forms, poses challenges for the nature of and analysis of work and employment. Current forms of restructuring, it argued, create new and highly complex inter- and intra-organisational relationships (networks), which have important implications for internal labour markets, regimes of training and skill acquisition, career paths, organisational commitment, loyalty and employment stability. Marchington, Rubery and Grimshaw (2011) argue that the literature on human resource management (HRM) and High Performance Work Systems have developed in isolation from analyses of organisational networks. The authors investigate the applicability of the concepts of alignment, integration and consistency in the multi-employer network. *Alignment* refers to HRM policies and practices coming into line with organisational goals and strategies, and ways of securing employee commitment and allegiance. The concept of *integration* across bundles of HR policies refers to synergies seen as enhancing organisational effectiveness. *Consistency* refers to whether employees perceive HR policies as being implemented fairly and reasonably compared with the way their colleagues are treated. All three are taken to be more problematic in multi-employer networks. The Manchester researchers critique network organisations in terms of their capacity to achieve espoused efficiency goals.

A bleaker picture, focusing on labour standards, emerges from the EU WORKS programme led by a research team at FORBA in Vienna (Flecker et al. 2007; Flecker 2010; Flecker and Meil 2010). The WORKS program examined the division of labour along value chains and changes in work flows and the way they impacted on employment relations and day to day work practices. The program involved 50 case studies in thirteen countries. The picture that emerges is gloomy both for employees whose organisations and jobs are restructured but also those that remain apparently unaffected. Flecker (2009: 263) found that the impacts on labour were complex, although power relationships among organisations always had important consequences for labour. Employment conditions were often worse downstream in the value chain. However, there were exceptions, and positions in value chains were not static, with movement along the value chain sometimes improving the quality of working life. Flecker stresses that national differences as well as differences in business functions and sectors, are important and that political context as much as technological development is driving fragmentation. Despite these caveats, Flecker concludes that there is a close interrelation between externalisation strategies and more generally the restructuring of value chains and the fragmentation of employment. Furthermore, externalisation may 'retroact' on the core workforce, who may have to bear more and more of the risks of flexibility themselves.

A possible conclusion to be drawn from the EWERC studies was that downsides to networked organisations could be overcome by the adoption of suitable managerial strategies, without there being a one size fits all approach. For FORBA the downside was more pervasive but crucially was mediated by sectoral specificities, local labour market conditions and the politics of place. In the next section we turn to the experience of cleaners and precarious work in Australia and examine whether the FORBA or EWERC analyses more closely resemble that experience.

Australia's Cleaners in the Networked Economy

The emergence of a networked economy has meant that activities within each organisation are streamlined to optimise 'efficiency', resulting in networks of outsourced and in-house workers who produce goods and services. Attitudes emerge that at the service delivery end of the value chain workers, such as cleaners, are 'expendable' (Grimshaw et al. 2005: 7). This is in spite of the importance of the role they play in delivering the service, which is ultimately the 'product' on which a cleaning company (and indeed many high profile sites that contract-out their cleaning services, such as hotels and shopping centres) stake their reputation. At the other end of the value chain, the consultants, executives and politicians making the decisions inflate the value of their contributions, while having little regard for unintended consequences or negative impacts of their strategies (Grimshaw et al. 2005: 7). Therefore in the network of outsourced cleaners, the work of the cleaners themselves is increasingly downplayed and undervalued (Ryan, 2007) and cleaning becomes increasingly precarious work.

There has been much research on the ways in which government contracting-out strategies in Australia have resulted in precarious work (see Kelly 1995; Alcorso 2002; Quiggin 1996; Underhill and Fernando 1998; Svensen and Teicher 1998; Brosnan and Walsh 1998; Johnstone et al. 2001; Quinlan et al. 2001; Adams and Hess 2000; Scott 1996). However, there is only limited research on how cleaners are affected by outsourcing government cleaning services in Australia and internationally (Ryan 2007; Fraser 1997; Mayer-Ahuja 2004). Ryan (2007: 6–8) executed a rare in-depth, qualitative analysis of working conditions for NSW contracted cleaners, concluding that the cleaners in his study were undervalued and poorly managed, and suffered from the effects of working fractured shift times in isolation from their employers and co-workers.

With the rise of deregulated labour markets and outsourcing policies, there is also a trend away from full-time permanent employment and toward casual and part-time employment with fragmented working hours (Svensen and Teicher 1998). Cleaning businesses in Australia are polarised into large firms that dominate the industry or small family owned businesses (Ryan and Herod 2006). The three largest cleaning businesses in Australia take up one quarter of the market share. Yet the small firms that employ less than five people constitute 60 per cent of the firms in the industry, but only employ 10 per cent of the industry workforce

and generate 11 per cent of the revenue (IBISWorld April 2010). Many of the smallest cleaning companies or sole traders operate at the fringes of the 'legitimate' economy, making it difficult to gauge the true size of Australia's cleaning industry. Subcontracting and sham contracting practices are rife in this industry (FWO 2011) and efforts to disguise illegal practices can result in multiple layers of subcontracted companies being created, many of which will be empty shells (Interview with United Voice official July 2010).

A further indication of the growth of precarious employment as decentralisation policies expand is the widening income disparity in society as evidenced in cross country comparisons (Masterman-Smith et al. 2008; Vosko 2007). For cleaners this has meant being pressed to perform more work in less time. Fraser (1997) found that roughly 45 per cent of participants in her study of cleaners from non-English speaking backgrounds in NSW experienced reduced paid working hours as a result of the outsourcing. Most respondents added that this was a problem for them because it meant they earned less income, yet they were expected to do at least as much work — often more work and harder work — in less time (Fraser 1997: 36). In fact, the Australasian cleaning industry is known to be one of the most productive and innovative industries in the world (Ryan and Herod 2006: 491). The intensely competitive environment has facilitated worldwide innovations such as the backpack vacuum cleaners and rotary suction polishers (Jeffs 2001 in Ryan and Herod 2006: 491). Australia is recognised as one of the leaders in productivity rates in the cleaning industry, with a cleaning rate of 1,000 square metres per hour compared to the North American productivity rate of only 300–400 square metres per hour (Ryan and Herod 2006: 491). There is evidence to suggest that the high rate of productivity in Australian cleaning work comes at a price for workers, in the form of highly intensive and poor working conditions (Ryan and Herod 2001: 491).

Burgess and Campbell (1998) were amongst the first commentators in Australia to note that the increase in precarious employment was linked to industrial regulation defining standard forms of employment and departures from it. The decline in standard employment, they argued, is hastened by the removal or modification of legislative rights through changes in unfair dismissal laws, and of collective rights like the extent and content of award coverage (Burgess and Campbell 1998). In providing precarious jobs employers tend to be strategic and opportunistic, seeking regulatory loopholes and capitalising on labour market conditions, such as excess labour in a sector (Masterman-Smith et al. 2008). There are arguments that cleaners are driven into increasingly precarious employment arrangements by employers' deliberately eroding their rights at work and offering them only part-time or casual employment options (Burgess and Campbell 1998; Ryan 2007; Ryan and Herod 2006). The cleaning industry has sought to attract workers who have few other alternatives and therefore are compelled to work for low salaries, with irregular hours and poor job security. This group consists largely of international students or middle-aged immigrant workers attempting to get a foothold in the Australian job market and/or women with domestic duties

that limit their ability to work in other positions (Baird et al. 2009; Boushey and Fremstad 2008; Masterman-Smith et al. 2008; Ryan and Herod 2006; Vosko 2007). Deliberate strategies to access low-cost workers by tapping into the most vulnerable groups of workers, such as non-citizens, are also evidenced in a study of contingent workers by Peck and Theodore (2010: 95).

Outsourcing inverts the employment relationship, so that internal employment relationships become externalised. At the same time employment becomes increasingly individualised and insecure (Grimshaw et al. 2005: 1). In some areas this has meant that workers enjoy more autonomy and are empowered by opportunities to improve their skills and employability. However in low-skilled, low-wage work, like cleaning, workers are easily replaced and their particular skills are rarely valued. Intuitively, therefore, the neoliberal changes have led to less job security, longer hours and greater workloads for cleaners. Yet there has not been a study conducted to test if this has been the case. Qualitative studies that have been conducted have been informative and of great import, but cannot claim to be representative of the broader population of cleaners. This is the first study to draw on broad quantitative data to map the correlation between the rise of neoliberal policies of outsourcing and industrial relations decentralisation and the erosion of labour standards for cleaners in Australia.

Research Design

This research project sought to discover whether there is an association between the rise of employment relations decentralisation policies in Australia and the incidence of Australian cleaners being precarious or low-paid. For the purpose of this study, the rise of privatisation and industrial relations decentralisation policies is represented by the period between 1996 and 2010 when governments outsourced cleaning services and the regulation of employment matters was decentralised to the level of workplace bargaining (commencing with the Howard Government *Workplace Relations Act 1996*).

Precarious work is a concept that can be measured in a number of ways. Burgess and Campbell (1998) define precarious employment as work that pays low wages, offers few protections of labour rights, is of limited duration and provides little scope for employee input or control. Standing (2009: 21) suggests that there are eight aspects of control in labour relationships. These include 'control over time and effort to be expended in the work or labour' and 'control over income' (2009: 21), where control over income is indicative of the level of employee access to profits resulting from the efforts they input. Other definitions of precariousness hinge on types of exclusion, including social, legal, material and community exclusion (Boushey and Fremstad 2008; Burgess and Campbell 1998; Mayer-Ahuja 2004). Another approach is to assess workers' perceptions of job security (Burgess and Campbell 1998). Precarious workers can be temporary staff; workers undergoing restructuring or change in the workplace; outsourced homeworkers; part-time workers; and small-business employees (Quinlan et al. 2001).

This study considers two elements of precarious work for cleaners. The first element is the comparatively low pay of cleaners. The second element is the extent to which cleaners are working longer hours for less and less pay. These are both elements of the dimension of employee input or control over their work and pay conditions (Burgess and Campbell 1998: 6; Standing 2009: 21). Therefore this project explores two specific research questions:

1. Has there been a widening gap between cleaners' CPI adjusted weekly earnings and other employees' CPI adjusted weekly earnings in Australia since 1996?
2. Has there been a widening gap between cleaners' CPI adjusted hourly rate of pay and other employees' CPI adjusted hourly rate of pay in Australia since 1996?

Changes in weekly pay measure income security. Changes in hourly pay measure the number of hours that must be worked for a given level of payment. The element of comparatively low pay for cleaners relative to other workers, examined in the first question, is operationalised as the difference in earnings between full-time cleaners' CPI adjusted weekly earnings and the CPI adjusted weekly earnings of all non-managerial full-time employees over the period 1996 to 2010. The element examined in the second question, exploring the extent to which cleaners are working comparatively longer hours for less and less pay, is operationalised as the CPI adjusted rate of pay per hour for full-time cleaners compared to the CPI adjusted rate of pay per hour for all full-time non-managerial employees for the period 1996 to 2010.

Data Collection

The Australian Bureau of Statistics (ABS) and the Melbourne Institute (HILDA) both conduct comprehensive surveys of workers' earnings and working hours in Australia. These data sets were examined as potential sources for this study. A key issue in identifying appropriate data was to find variables that were identified to the detailed Australian and New Zealand Standard Classification of Occupations (ANZSCO) occupation code of 'cleaners' over a period of time that coincided with the advent of privatisation and decentralisation policies. Most data available only identified cleaners in a broader occupation category of all 'labourers' or only covered short periods of between one and six years. The best data that covered the entire period for the detailed occupation code 'cleaners' is summary data publicly available from the Australian Bureau of Statistics *Employee Earnings and Hours* series (ABS Cat. No. 6306.0). CPI adjustments were made to the data using ABS 6401.0 (ABS 2010c) to index the earnings back to a base rate for 1996, the first year of the study. The chosen data set covers full-time cleaners employed by a registered company and allows comparison with all full-time non-managerial employees employed by a registered company. Use of this group as the proxy for all other employees had the effect that other income earners, such as managers and self-employed workers were excluded from the study. The net effect is that if anything, there will be an understatement of the differential between the earnings of cleaners and other income earners. In this

sense this study provides a very conservative picture of how the gap is widening between cleaners' earnings and other employees' earnings.

ABS *Employee Earnings and Hours* data, collected in May every two years between 1996 and 2010 (August in 2008), came from a probability sample of businesses on the ABS Business Register based on homogenous groups according to state, sector, industry and employment size. Every two years, between 7,000 and 10,000 employers were selected to participate in the survey. The employers selected for the survey then chose a random sample of employees on their payroll according to ABS survey instructions. Between 53,000 and 73,000 employees were included in the survey in each year (ABS 1996a, 1990, 2000a, 2002–2008, 2010a). Drawn from a total population ranging from 8 million to almost 11 million employees (ABS 1996a, 2010b), the survey population sample was thus randomised and generalised, allowing inferences to be made about the population (Creswell 2009).

The best data available to represent the earnings of the 'other worker' comparators were the summary data for all full-time non-managerial employees. They had the advantage of being measured in the same way as the data for the cleaners, but the disadvantage of including cleaners. As cleaners are estimated (ABS 2001) to constitute roughly 1.4 per cent of all non-managerial employees, it is unlikely that the inclusion of their earnings in the all-employee data made a difference to the findings, given the sample size. While this is a limitation of the study, it had the effect of understating cleaners' relativities, rather than exaggerating the widening of income disparities.

Qualitative research by Walsh (2004) and Ryan and Herod (2006) suggests that ABS data for the formal cleaning sector is not representative of the entire population of cleaners working in Australia, therefore the data has poor content validity. This is a major limitation of this study, because it means that the sample is representative of the population that is formally employed on a full-time basis, leaving out as much as 85 per cent of the actual working population of cleaners (ABS 2010a; Walsh 2004). The data also have poor criterion-related validity as they do not differentiate data elements that are known to be different. For instance, they do not account for the exclusion of cleaners working informally or for substandard wages, nor do they differentiate between different award rates of pay across the states and territories.

While the data used in this analysis include only cleaners and other workers who are employed by a company on a full-time basis, these jobs, although only a minority in the case of cleaners, are likely to be some of the most stable in the sector. So any poor relative performance for these workers is likely to reflect the even worse experience of their non full time colleagues. As noted, full-time cleaners represent a very small portion of cleaners who are working in Australia. Most are either employed part-time or casually, or are self-employed, and a further unknown number are employed informally. The cleaning industry is fragmented, with a large proportion of owner operators on the one hand who are likely to work part-time and earn around AU\$5,000 per annum (IBISWorld April 2010: 7). On the other hand there is a preponderance of employees working for a handful of large businesses. These employees are mostly casual or part-time and have an

extremely high turnover rate as a result of unsociable working hours (IBISWorld April 2010: 4). Reliable statistics on the proportions of casual, part-time and full-time employment do not exist. The Building Services Contractors Association of Australia contend that 75 per cent of the industry workforce is employed for less than 15 hours per week, while United Voice argues that 65 per cent of cleaners work part-time and one third work less than 15 hours in a week (Ryan 2007: 27). The most recent ABS data however show that almost 30 per cent were casually employed, while just fewer than 55 per cent were permanent part-time employees, leaving 15 per cent working full-time (ABS 2000b). In 2004–05 it was estimated that cleaners, who were employees, earned AU\$14,360 per annum, which was below the poverty line wage level of AU\$15,288 for the same period (IBISWorld December 2004: 6). Almost 50 per cent of cleaners in Australia had dependent children living at home and the majority of cleaners in Australia left school when they were 15 years old or younger (ABS 2001).

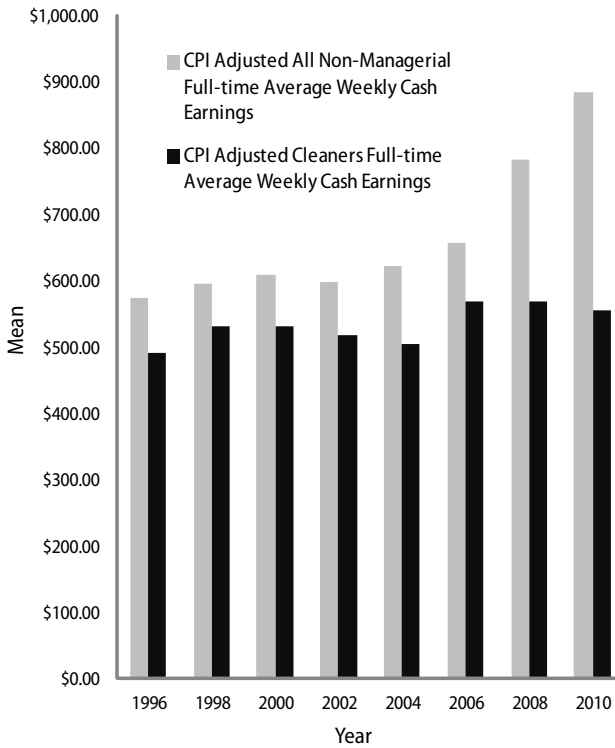
Owing to the high level of informal work in cleaning, it is also difficult accurately to estimate the total number of cleaners working in Australia. Estimates range from 113,954 (IBISWorld April 2010: 4) to 273,700 workers in 2009–10, or 2.5 per cent of the Australian workforce (FWO June 2011: 4). This is the basis of the conclusion above, that roughly 15 per cent of cleaners who are formally employed in Australia are working on a full-time basis (cf. Walsh 2004).

The wages and working hours of cleaners working in the informal sector are not declared. To this end, it is difficult to estimate the extent of response bias arising from non-reporting of illegal or substandard rates of pay for cleaners. However, it is assumed that the ABS data only account for cleaners who are formally employed and only include the portions of their wages that are declared and the hours that they are legally permitted to work (for instance international student visas only permit students to work a maximum of 20 hours per week). A 2004 study of Victorian government school cleaners found that almost 50 per cent of these cleaners were paid less than the legally prescribed minimum rates of pay, 13 per cent did not receive superannuation contributions and 18 per cent did not receive payslips (Walsh 2004). As a result the data are likely to be skewed towards the cleaners working in the most secure jobs with the best labour standards and not representative of the most precarious of Australia's cleaners.

Findings

The first question investigated was whether the gap had widened between cleaners' CPI adjusted weekly earnings and those of other employees in Australia between 1996 and 2010. A comparison of cleaners' CPI adjusted weekly earnings and those of non-managerial employees reveals that while the earnings of non-managerial employees increased relative to CPI, cleaners' earnings seemed to stay fairly steady by comparison (Figure 1). Between 1996 and 2010, mean average weekly cash earnings of full-time employees increased from \$573.70 to \$883.72. By contrast, those of cleaners only increased from \$491.70 to \$554.88 over the same period.

Figure 1: Average weekly earnings for cleaners compared to all non-managerial employees (full-time employees, CPI adjusted)

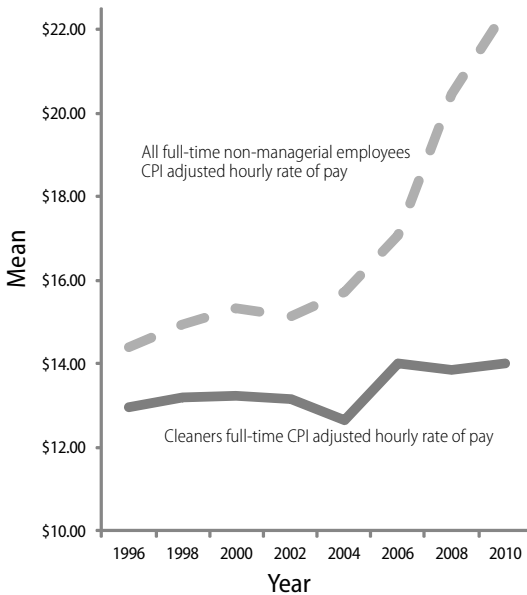


Source: ABS Cat. No. 6303.0, 6401.0

The second question investigated was whether cleaners were working longer hours. In 1996 full-time cleaners were working an average of 37.9 hours per week, yet by 2008 they were working an average of 41 hours per week, and 39.6 hours per week in 2010. By comparison, the average hours of all non-managerial full-time employees had dropped from 39.8 per week in 1996 to 38.3 per week in 2008 and 39.4 per week in 2010. Thus cleaners' hours increased somewhat relative to those of other employees (ABS 6401.0, ABS Cat. No. 6306.0).

The fact that cleaners' hours increased slightly relative to those of all non-managerial workers longer hours compounds the widening pay gap. This can be seen when we turn our attention from weekly to hourly earnings rates. Figure 2 illustrates the increasing disparity in cleaners' hourly rate of pay and all non-managerial employees' hourly rate of pay using CPI adjusted rates of pay. Here we see that between 1996 and 2010, full-time cleaners' CPI-adjusted hourly rates of pay increased from \$12.97 to \$14.01. By contrast, those of all full-time non-managerial workers increased from \$14.41 in 1996 to \$22.43 in 2010.

Figure 2: Comparison of hourly rate of pay for cleaners and all non-managerial employees (full-time employees, CPI adjusted)



Source: ABS Cat. No. 6303.0; 6401.0

Therefore a very conservative look at the increasing disparity between cleaners' and non-managerial employees' rates of pay reveals that there is a widening trend, which can be attributed to both cleaners' earning less per week and to cleaners working longer hours compared to other employees.

Conclusion

This study has provided quantitative evidence that, since the 1990s, full-time cleaners who are formally employed across Australia have been working somewhat longer hours for increasingly lower rates of pay compared to other full-time employees. The study provides evidence of a growing gap between full-time cleaners' earnings and those of other full-time non-managerial employees in Australia. These cleaners perform essential duties, yet are all but invisible to most of the communities they serve.

However, there are a number of ways in which this study is understated, presenting only the tip of the iceberg of problems for Australia's cleaners. Firstly the data used exclude the majority of workers who are part-time, casual, self-employed or working informally, those who are more closely linked with precarious work and often working fragmented hours (Svensen and Teicher 1998: 366). The ABS data analysed also include only workers who are formally employed, working for companies that are registered with the ABS business register. Moreover the companies that were surveyed self-reported and had disincentives to disclose actual wages paid if employees are not being paid the legal minimum wage. Walsh's (2004: 9–10) study showed that this is likely to have quite an impact on

reported wages with 50 per cent of Victorian government school cleaners being paid substandard wages and 18 per cent not receiving payslips.

A further way in which this study is understated is that cleaners are compared only to non-managerial employees. Atkinson and Leigh (2007: 315–318) provide evidence of managerial workers in Australia receiving large salary increases when compared to all other workers. They note that between 1993 and 2002, CEO salaries increased by an average of 7.5 per cent per annum, while all Australian workers' salaries increased by an average of only 3.7 per cent per annum. Furthermore, in 2002–03, Australia's richest 1 per cent of taxpayers earned 8.8 per cent of the national income (Atkinson and Leigh 2007: 315–318). So, if this study shows that the earnings of non-managerial employees generally are outpacing those of cleaners, then the gap is further widened if managerial salaries are included.

Given this evidence of a rising disparity there is justification for further research into the networked economy and how this is manifested and felt by cleaners working in different sectors in Australia. Reflecting Flecker's (2009, 2010) demand for a more nuanced approach, this project could be improved by conducting a survey of a sample of cleaners who are informally employed, receiving substandard payments, cash in hand, no superannuation or similar. Another option would be to conduct a baseline survey of all cleaners, ensuring that all pay arrangements are included in the final data, so that the final data set includes earnings and hours worked for all cleaners, regardless of whether they were formally employed or not. Unfortunately it is not possible to conduct such surveys retrospectively in order to conduct a time-series analysis and see if there has been a change over time.

National data for full-time, formally employed cleaners in Australia shows that cleaners are being paid increasingly less and worker harder compared to other full-time employees. The widening disparity between cleaners' income and other employees' income is indicative of the increasing precariousness of low-paid work such as cleaning. Neoliberal policies of outsourcing and labour market deregulation have increased the opportunities for employers to access marginalised groups of workers to perform low-paid, low-skilled work. What is more, the intensely competitive nature of the contracted cleaning industry in Australia not only drives innovations (such as the invention of the backpack vacuum cleaner) and productivity (with cleaning rates around 1,000 square metres per hour) but can encourage or even necessitate reductions in income paid to cleaners. Given that cleaning companies compete for contracts on the basis of a price that is largely determined by how much is paid to cleaners, evidence of less and less formally employed full-time cleaners is unsurprising.

The ambiguity in the data available on how many cleaners and cleaning companies are operating in Australia typifies the obfuscation that arises when employment arrangements are being deliberately eroded to reduce labour costs. The networked economy requires the segmentation of labour markets, allowing the cleaning sector to access marginalised groups, be it international students or recent immigrants seeking to gain a foothold in the job market. This sort of HR strategy is incompatible with High Performance Work Systems that seek to

optimise alignment, integration and consistency in the networked economy. The competitiveness of the contracted cleaning industry and the fact that management adopts strategies that preclude these kinds of HRM approaches means that predictions emerging from the EWERC project are unlikely to hold true, at least for the cleaning sector. It would appear that cleaners working full time reflect more closely Flecker's largely negative view of the impact of restructuring, rather than the more upbeat possibility of aligning this process with a High Performance Work System outlined by Rubery and Grimshaw (2010).

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