

Redeployment and redundancy in Australian railways

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Abstract:

A survey by postal questionnaire was carried out to assess the labour market experiences of recently redundant and redeployed rail workers from four State rail systems. Survey format and content was based on key variables identified by a review of the general literature on the labour market experiences of redundant workers and an iterative consultation process with railway systems and the Australian Railways Union.

Results showed deskilling among employed respondents. Perception of career and financial prospects and general satisfaction levels varied between redeployed and re-employed respondents. Unemployed respondents reported long periods of unemployment, a lack of retraining and obstacles to geographical mobility.

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Introduction

As part of the Railway Industry Council's (RIC) consideration of railway reform strategies, the Bureau of Transport and Communications Economics (BTCE) was asked to conduct a survey of recently redeployed and redundant railway workers. Workers were sampled from the State Rail Authority (SRA) of New South Wales, V/line of Victoria, Australian National (AN) covering South Australia and Tasmania, and Westrail from Western Australia. Queensland Railways were not included at the time of the proposed survey as restructuring had not lead to redeployment or redundancy.

The format and content of the survey were based on key variables identified by a review of the available Australian literature and an iterative consultation process with the railway systems and the Australian Railway Union. The primary aim of the survey was to provide information to RIC to assist with its strategy evaluation; in doing so, the survey also broke new ground in three significant ways:

It provided results which directly examine redundancy and redeployment experiences of railway workers. As far as the BTCE is aware, all other Australian and most overseas studies have concentrated on manufacturing industry workers only.

The survey explored the experiences of rail workers on a national scale. Other studies in Australia have placed redundancy in a specifically regional context.

Redeployment was addressed for the first time. All other studies have only dealt with lay-off, or redundancy.

This paper has two aims: first, to compare briefly respondent categories on socio-economic, educational and railway service variables; and second, to explore the labour market experiences of re-employed and unemployed survey respondents with respect to length of unemployment after redundancy.

Recent studies of redundant workers' labour market experiences indicate clear relationships between some pre-displacement characteristics and the likelihood of finding re-employment. Age, skill, marital status, length of service, ethnicity and educational qualifications were found to be key variables associated with labour market experiences after redundancy.

Although it was possible to identify these general relationships from the literature, it should be noted that they were derived from a variety of situations, reflecting a heterogeneity of redundancy cases and workplaces, as well as numerous contingent factors which may have influenced each particular study's results. Another variable was introduced by the BTCE study, arising from the type of industry involved and a national approach towards railway rationalisation, which meant that re-

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employment after redundancy would occur inevitably only in other, non-railway industries, highlighting the issue of transferability of skills. As a result, this study expected that the difficulties of redundant railway workers in finding re-employment would be compounded

Methodology

The survey was directed at four distinct groups of workers, as defined at the time of the survey:

- . Redeployed rail workers, or those still in the employment of the railways at the time of the survey but who had changed location and/or occupation as a result of restructuring.
- . Redundant rail workers who had found alternative employment outside the railways
- . Redundant rail workers who were unemployed.
- . Redundant rail workers who had withdrawn from the workforce altogether, or retired

The survey was administered via a mail out questionnaire and was conducted in four stages following a pilot survey. At each stage, special care was taken to ensure the confidentiality of information provided by the respondents. Apart from dispatching the survey forms, the railway systems had no further direct or indirect contact with respondents during the survey. Similarly, the BTCE study team had no detailed knowledge of respondents' names and addresses unless these were voluntarily supplied for an optional follow-up interview.

Given the restrictions imposed by confidentiality considerations, the BTCE requested that the railway systems identify from their databases all those workers who had either been redeployed or been made redundant between January 1987 and June 1988. In this way, the survey attempted to reach the whole population of affected workers in the specified time period.

The concern at the inception of the survey, that the skill composition of the railway workforce would lead to low response rates, was not realised. As Table 1 shows, both the overall and the railway system specific response rates were within the range achieved by similar surveys in Australia.

Table 1 Survey responses

	<i>SRA</i>	<i>V/Line</i>	<i>Westrail</i>	<i>AN</i>	<i>Total</i>
a. Number of forms sent out	1 183	763	196	806	2 948
b. Usable forms returned	461	358	77	392	1 288
c. Forms returned but unusable	14	12	2	9	37
d. Reason(s) for non-response					
Not redundant/ redeployed	21	-	-	-	21
Address unknown	31	69	14	72	186
Resigned/retired/ deceased	17	2	1	1	21
e. Effective sample (a) minus (d)	1 114	692	181	733	2 720
f. Response rate b/e per cent	41.4	51.7	42.5	53.5	47.4

Source: Bureau of Transport and Communication Economics (1990) *Redeployment and Redundancy in Australian Railways* Canberra: AGPS

Table 2 **Employment status of affected workers, by State railway system**

<i>Railway system</i>	<i>Status of employment</i>				<i>Total</i>
	<i>Redeployed</i>	<i>Redundant re-employed</i>	<i>Redundant unemployed</i>	<i>Redundant retired</i>	
State Rail Authority (NSW)	446 (96.7)	11 (2.3)	2 (0.5)	2 (0.5)	461 (100.0)
V/Line (Victoria)	48 (13.6)	128 (35.7)	117 (32.6)	65 (18.1)	358 (100.0)
Australian National (SA, Tas)	28 (7.1)	97 (24.7)	84 (21.4)	183 (46.8)	392 (100.0)
Westrail (Western Australia)	0 (0.00)	36 (46.8)	10 (13.0)	31 (40.2)	77 (100.0)
Total	522 (40.6)	272 (21.1)	213 (16.5)	281 (21.8)	1 288 (100.0)

Source: Bureau of Transport and Communication Economics (1990) *Redeployment and Redundancy in Australian Railways*
Canberra: AGPS

Note: Figures in parentheses are row percentages.

Discussion of results

It should be noted that the following discussion of survey results is based on the total of 1288 usable survey returns. Any conclusions drawn do not necessarily apply to the population of redeployed and redundant railway workers as a whole. Because the characteristics of all non-respondents have not been obtained at this stage from the rail systems, estimates of the population of redeployed and redundant railway workers for the given period could not be derived.

Respondent profiles

Table 2 shows the distribution of respondents by employment status. The SRA of NSW accounted for 85 percent of redeployed respondents while just over 65 percent of retired respondents were former AN employees. The largest single group of re-employed respondents came from V/line.

By grouping survey respondents according to the largest single sub-categories of age, sex, marital status, dependants, housing, schooling, post-school qualifications, last occupation and location in the railways before redundancy or redeployment and years of railway service, worker profiles may be derived. These are presented in Table 3.

The four groups of respondents, according to employment status, can be separated on the basis of age, housing, schooling, last occupation and years of service. Predictably, retirement was associated with advancing age and length of service. It was also related to last occupation and schooling. What is unexpected, however, is that a large number of redundant respondents reported to have retired at a relatively early age. A possible explanation for this result may be found in the so-called 'discouraged worker syndrome'. According to this concept, workers who experience continued failure to obtain new employment after redundancy, because they have no general skills and qualifications applicable outside the railways, will voluntarily withdraw from the labour market altogether. If this explanation is correct, the financial position of the discouraged workers will be precarious until they reach pensionable age, unless they received a substantial redundancy package.

There was virtually no distinction between the profiles of re-employed and unemployed redundant respondents, except for the variable of last occupation. It seems likely that general clerical skills were more attractive to prospective employers than railway-specific labouring skills.

Redeployed respondents differed from redundant respondents on a number of variables. On the whole they tended to be younger, were paying off their houses (almost 40 percent were also living in rented or other forms of flexible accommodation) and were tradespersons redeployed from railway workshops,

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Table 3 Summary profile of respondents, by employment status

<i>Variable</i>	<i>Redeployed</i>	<i>Re-employed</i>	<i>Unemployed</i>	<i>Retired</i>
Sex	Male	Male	Male	Male
Age	25-39	40-54	40-54	55 or older
Marital status	Married/ de-facto	Married/ de facto	Married/ de facto	Married/ de facto
Dependants under 18	None	None	None	None
Housing	Paying off house	Own house outright	Own house outright	Own house outright
Schooling	Form 4	Form 4	Form 4	Primary only
Post-school qualifications	None	None	None	None
Last occupation	Tradesperson	Clerk	Labourer	Labourer
Location	Workshop	Operations	Operations	Operations
Years of service	10-19	10-19	10-19	30-39

Source: Bureau of Transport and Communication Economics (1990) *Redeployment and Redundancy in Australian Railways* Canberra: AGPS

rather than clerks or labourers made redundant from railway operations areas.

Further examination of occupational shifts occurring as a result of redeployment reveals the existence of considerable downgrading, or deskilling, especially in the tradespersons category. Table 4 shows that the likelihood of tradespersons downgrading after redeployment was 0.415. The corresponding probability for redundant tradespersons was 0.17 (see Table 5). In fact, occupational downgrading was an experience shared by both redeployed and redundant respondents. The greatest extent of deskilling occurred in the higher occupational categories like managers, professionals, para-professionals and tradespersons. Only a minority of respondents actually improved their occupational status after their change in employment. Most of these were from the lowest occupational groupings who, apart from remaining at their previous level, could only improve their occupational status.

Table 4 Direction of occupational change after redeployment, proportion of respondents

Occupation	Direction		
	Downgraded	No change	Upgraded
Managers	0.20	0.80	0.00
Professionals	0.42	0.29	0.29
Para-professionals	0.25	0.75	0.00
Tradespersons	0.415	0.58	0.005
Clerks	0.10	0.90	0.00
Salespersons/ personal services	1.00	0.00	0.00
Plant/machine operators	0.25	0.65	0.10
Labourers/related workers	0.00	0.86	0.14

Source: Bureau of Transport and Communication Economics (1990)
Redeployment and Redundancy in Australian Railways Canberra:
AGPS

Coupled with the level of deskilling that was experienced by redeployed respondents, 31.4 percent perceived their financial prospects to have worsened after redeployment. A similar percentage of re-employed respondents also perceived their financial prospects to worsen, but almost half thought that their financial prospects had improved. This compares with less than 20 percent of redeployed respondents who perceived an improvement in their financial prospects (see Table 6).

A similar result exists for redeployed and re-employed respondents with respect to perceived career prospects. More than 46 percent of re-employed respondents perceived their career prospects to have improved since redundancy, against 20.6 percent of redeployed respondents.

Satisfaction is a composite variable depending on a number of factors. Some of these have already been covered in terms of occupational shifts and financial and career prospects; others may be too subjective to be quantified in any meaningful way. The concept of satisfaction was used in the survey as a general

Table 5 Direction of occupational change after redundancy, proportion of respondents

<i>Occupation</i>	<i>Direction</i>		
	<i>Downgraded</i>	<i>No change</i>	<i>Upgraded</i>
Managers	0.82	0.18	0.00
Professionals	0.00	0.50	0.50
Para-professionals	0.80	0.00	0.20
Tradespersons	0.17	0.74	0.09
Clerks	0.10	0.90	0.00
Salespersons/ personal services	0.17	0.06	0.77
Plant/machine operators	0.20	0.37	0.43
Labourers/related workers	0.00	0.31	0.69

Source: Bureau of Transport and Communication Economics (1990) *Redeployment and Redundancy in Australian Railways* Canberra: AGPS

indicator of workers' adjustment to their changed employment situation and, hence, their likely performance in the new job. This consideration is especially relevant to railways which use redeployment as a tool of labour management to achieve improvements in productivity. With low levels of satisfaction among redeployed workers, the railways may find it difficult to achieve these improvements.

The results on satisfaction, presented in Table 6, show that for the majority of redeployed respondents, redeployment did not lead to less satisfactory situations, but only 21.8 percent reported to be actually more satisfied. This compares with 54 percent of more satisfied re-employed respondents. In summary, those respondents with jobs outside the railways were generally more positive about their employment than those who experienced redeployment within the railways.

Table 6 Perceived financial and career prospects and general satisfaction level, redeployed and re-employed respondents

<i>Prospects/ satisfaction</i>	<i>Redeployed</i>			<i>Re-employed</i>		
	<i>Financial (%)</i>	<i>Career (%)</i>	<i>Satisfaction (%)</i>	<i>Financial (%)</i>	<i>Career (%)</i>	<i>Satisfaction (%)</i>
Better	19.3	20.6	21.8	46.5	46.3	54.9
Same	49.3	46.2	39.5	22.5	23.2	21.5
Worse	31.4	33.2	38.7	31.0	30.5	24.5
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Bureau of Transport and Communication Economics (1990) *Redeployment and Redundancy in Australian Railways*
Canberra: AGPS

Length of unemployment

The survey found that re-employed redundant respondents generally had little difficulty in finding new work after leaving the railways. It also showed, however, that a large percentage of respondents was unemployed at the time of the survey, and had been for some time.

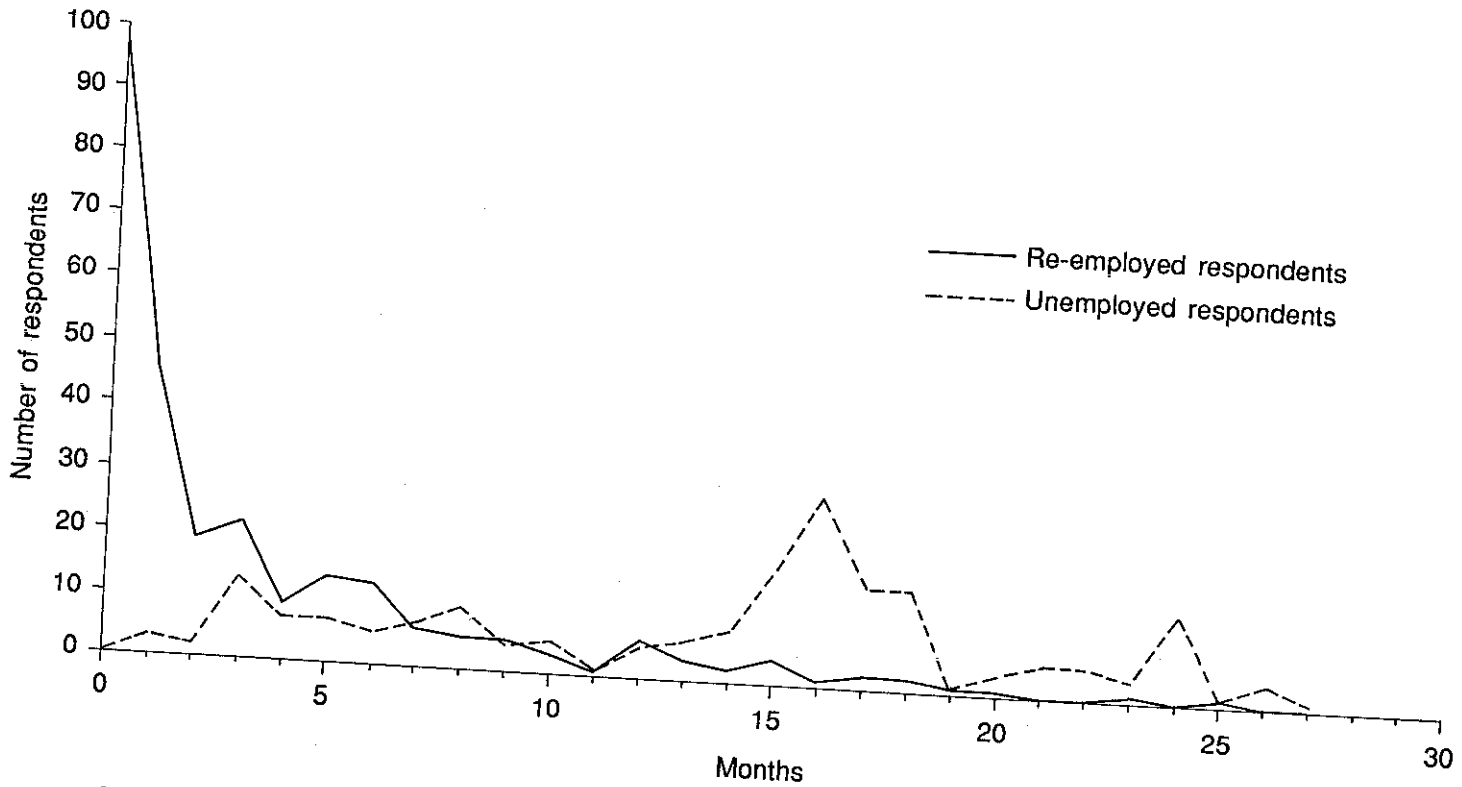
A comparison of the total period of unemployment experienced by re-employed and unemployed respondents since leaving the railways up to the time of the survey, is presented in Figure 1. The average length of total time spent unemployed was 3.3 months for re-employed respondents, compared to 13.7 months for unemployed respondents. In addition, 89 (44.5 percent) of unemployed respondents had been unemployed for between 14 to 18 months, possibly reflecting the timing of the railways' labour shedding programs.

The relatively shorter period of total unemployment for re-employed workers can be explained by two factors: obtaining re-employment quickly after redundancy, and relative job stability. Seventy-five percent of re-employed respondents found their first job within three months of becoming redundant, less than 5 percent took more than 12 months. In addition, almost 66 percent of re-employed respondents had held only one job since leaving the railways, with a further 20 percent having held two jobs.

Previous research reported in the literature suggests that a number of characteristics have an impact on the re-employment prospects of redundant workers. Connell and Martin (1980), Curtain and Hopkins (1986), DEYA (1979), Gordon, Smith and Gordon (1986) and Wooden and Sloan (1987) found that redundant workers, either under 25 years of age or over 45 years of age, were most likely to experience difficulty finding new work. A correlation analysis of BTCE survey data did not indicate any significant relationship between age and the employment opportunities of redundant respondents.

Wooden and Sloan (1987) also reported that higher levels of education were associated with much shorter periods of unemployment after redundancy, but the effects of post-school qualifications were more difficult to assess. According to Connell and Martin (1980) and Connell (1981), redundant workers with post-school qualifications were more likely to find another job than those without these qualifications. Conversely, Gordon and Gordon (1988) found that higher qualifications were related to higher unemployment levels. As with age, correlation analysis of BTCE survey data did not support these findings.

Previous research shows that re-employment prospects were directly related to a worker's occupational status before redundancy. The higher the skill level, the better the re-employment prospects (Connell and Martin (1980); Curtain and Hopkins (1986); Gordon and Gordon (1988)). Although Wooden and Sloan (1987) found no significant effect of skill on unemployment duration, skilled workers tended to do worse in their new jobs with respect to downgrading and loss of conditions. The BTCE survey of railway workers could shed no further light on these findings.



Sources Bureau of Transport and Communications Economics (1990).
Redeployment and redundancy in Australian Railways. AGPS, Canberra.

Figure 1 Total length of unemployment, re-employed and unemployed survey respondents

The literature suggests that length of service with the retrenching employer appeared to have a non-linear effect on the period of unemployment. Wooden and Sloan (1987) concluded that relatively short (fewer than three years) and long (more than 10 years) length of service tended to lead to longer periods of unemployment after redundancy. The analysis of the BTCE data did not indicate any significant relationship between length of railway service and period of unemployment.

In summary, none of the variables of age, education, post-school qualifications, previous occupational status and length of service were found to distinguish between re-employed and unemployed respondents in the BTCE study. The explanation for the differences between the two groups of respondents with respect to unemployment, must lie elsewhere.

As noted above, re-employed respondents were characterised by finding new work quickly and by relative job stability. Unemployed respondents represented a group characterised by an almost total absence of retraining and utilisation of assistance schemes to help with job searches, an unwillingness to relocate and to commute to and from available jobs outside the local area. It is not clear whether this apparent compounding of factors against the chances of the unemployed respondent finding another job was based on genuine reasons or reflected the effects of the 'discouraged worker syndrome', which would eventually lead to total withdrawal from the workforce.

Previous research has suggested that redundant workers were reluctant to engage in re-skilling: workers were aware of the existence of retraining schemes, but rarely sought active involvement in them and age and years of service, especially, appeared to be negatively related to retraining (Connell (1981); Deery, Griffin, Brown and Dowling (1986); Gordon and Gordon (1986)). The BTCE study confirms these findings in part: over 88 percent of respondents had not applied for government retraining programs and this resistance to or lack of opportunity for, the acquisition of new skills was strongest among the oldest unemployed respondents. Only one respondent over 55 years of age undertook any form of retraining. Conversely, the younger unemployed respondents tended to be relatively more inclined to acquire new skills, for example, of the 9 percent of unemployed respondents who undertook any retraining at all, almost two thirds were in the 25-39 age group.

Connell (1981) found a generally low degree of geographical mobility among redundant workers, which declined further as age increased. The present study supports this finding, noting that over 90 percent of unemployed respondents had applied neither for the Fares Assistance nor the Relocation Assistance Schemes. While this result may have been due to ignorance, other results indicated that unemployed respondents perceived a range of difficulties associated with relocating permanently or commuting to and from other areas for the sake of employment. Cited difficulties included transport costs (30.9 percent), family reasons (22.4 percent), relocation costs (12.5 percent), medical reasons (7.7 percent) and housing (6.9 percent); only a minority of unemployed respondents reported no difficulties with relocating or commuting.

Concluding remarks

The BTCE survey of redeployed and redundant railway workers attempted to relate certain characteristics of railway workers to their post-redeployment and post-redundancy labour market experiences. Results showed that both redeployment and redundancy produced downgrading of occupational status or de-skilling effects, but that redundant re-employed respondents had generally more positive perceptions of their financial and career prospects and higher satisfaction levels, than redeployed respondents who remained with the railways. It is suggested that the potential impacts of these findings on railway productivity be noted.

The survey also showed that an unexpectedly large number of redundant respondents in the younger age groups had withdrawn from the labour market or retired. This indicated the possible existence of discouraged workers, generated by long periods of unemployment and unsuccessful searches for new employment. A large percentage of redundant respondents was unemployed at the time of the survey and had experienced substantially longer total periods of unemployment since redundancy, than re-employed respondents. This group was also characterised by very low levels of retraining, and perceived a range of difficulties associated with relocating and commuting outside the local area to find employment. The implications of these findings for the formulation of formal retraining and other assistance programs for redundant railway workers, should be further explored as a matter of priority in the current climate of railway rationalisation.

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