

Unit 1 Consumer and financial literacy

The world of work

Work is an important part of the way people live. As we go through life, we need to earn money in order to afford not only basic things such as food and clothing but luxuries, like holidays or a new phone. In fact, one of the main reasons why you go to school is to gain the skills, knowledge and personal abilities that will help you be a constructive member of the Australian **workforce**. Not only does work benefit us individually, but it also contributes to the collective wellbeing of the Australian economy. Because work plays such an important part of our lives and the economy, it is important to understand how the future of work is shaping up and how this might affect us in the future.



chapter 22

Source 1 Given that a large part of our lives will revolve around the work we do, it is important to start thinking about the type of work that we might see ourselves doing in the future.

22A

How will the way we work affect our lives in the future?

- 1 What do you think is the main reason your parents do the jobs that they do?
- 2 What kind of jobs do you think you might like to do when you finish your schooling?

22B

How and why are workplaces different around the world?

- 1 Which nation do you think produces the majority of the clothes that you own?
- 2 What do you think would happen if there were no laws to protect the safety of workers in Australia?

22.1 Why we work

Have you ever wondered why most adults get up nearly every morning and rush off to work? Work provides us with an income that allows us to buy the things that we need and want. It also provides people with many other benefits and can improve our overall health and wellbeing.

Income

Income is the money that people receive, most often as a result of **employment**. Some people receive their income by running a business, while many others provide their skills, effort and knowledge to a business or organisation in return for money, known as a **wage**.

The amount of income that people earn will depend on a wide range of factors including:

- how many hours they work
- the difficulty of the work they do
- the qualifications and experience that they have

- how many other people are able and willing to do the same job
- government laws surrounding the minimum amount that workers must be paid under those circumstances
- the strength of workers' unions, which fight for better pay and working conditions for the workers of that industry.

Purpose

Another reason people work is because it gives them a sense of purpose. For instance, your teacher might enjoy their job because they are making a difference in people's lives, mostly through your education. Similarly, a nurse may feel a sense of satisfaction knowing that he or she is helping look after sick people. People can make positive contributions to society by working, which in turn, gives them a sense of worth.



Source 3 Finding the right work-life balance is very important for our wellbeing but is becoming increasingly difficult in Australia's highly competitive market for jobs. It is suggested that eight hours of work, eight hours of rest, and eight hours of leisure time per day provide a rough guide for achieving this balance.



Source 1 According to a 2016 study by the Australian Taxation Office, surgeons are the highest paid professionals in every state and territory. On average, Victorian surgeons earn \$368 863 each year.



Source 2 More and more people are taking up unpaid work as volunteers to help their communities. Sometimes it is the act of working, rather than being paid, which is important to people.

Even though the government may provide some assistance to those who are unable to find work, most adults feel the need to earn their income through work. Low **self-esteem** is a common problem for people who lose their job or are unable to find work. This is one of several reasons why the government aims to create a healthy economy that provides its citizens with enough jobs, rather than just giving people money.

Other benefits

There are many other benefits of working. Many people feel that having the right balance between their work and personal life outside of work, known as work-life balance, is key to leading a happy and healthy life. Some people enjoy the type of work that they do and would simply find not having a job too boring. Others value the relationships that they build while working, and the social interaction that comes with their jobs.

Check your learning 22.1

Remember and understand

- 1 What is an income and why do we need it?
- 2 List three factors that affect the amount of income that a person will receive from their job.
- 3 What is work-life balance and why is it important?

Apply and analyse

- 4 Why do you think surgeons earn so much money?
- 5 Look at Source 3:
 - a Why do you think people might do unpaid volunteer work?
 - b What does this tell you about why people work?

Evaluate and create

- 6 Conduct a survey of your teachers and parents to find out why they do the jobs they do, and whether they like their jobs.

22.2 The changing work environment

The world around us is changing. Technological advances have created new ways of doing things that most people could not even imagine in the past. This has changed the way that goods and services are produced, as well as the nature of the work environment.

Artificial intelligence

Artificial intelligence (AI) is more than just an imaginative creation of science fiction movies. AI gives machines and robots the ability to think and act more like humans. Robots with AI have been quite common in factories and warehouses for many years, and are now even demonstrating the ability to do highly professional tasks such as analysing data, generating reports and even diagnosing patients. While robots have the potential to improve our living standards and create new industries, a study by the McKinsey Global Institute predicted that, by 2025, robots could jeopardise between 40 million and 75 million jobs worldwide.



Source 1 Many of the tasks that used to be performed by manual labour have been replaced by machines, which are more precise and efficient than humans.

Source 2 IBM's Watson computer won the American TV quiz show Jeopardy! in 2011 and is being used to diagnose cancer patients in the United States. Watson can sift through symptoms, medical histories and the latest research to deliver diagnoses and suggest potential treatments but, unlike a human doctor, cannot treat patients with empathy and understanding.



Source 3 Google has successfully designed a self-driving car. The cars use their sensors and software to detect objects such as pedestrians, cyclists and vehicles, and are designed to safely drive around them.

Outsourcing

For many decades, Australian businesses have moved their operations to nations where labour is cheaper to help them compete with the cheaper products of international competitors. In the past, outsourcing labour overseas has mainly been to take advantage of the lower wages paid to unskilled workers in poorer nations. In recent years, however, advances in communication technology has allowed for the outsourcing of more technical jobs such as those in information technology. With more people from poorer nations gaining access to education and the internet every day, many predict the outsourcing of many more jobs in the future.

Future job opportunities

While the future may seem bleak for Australian workers, it is important to remember that there are both winners and losers to these predicted changes. Those who invest time and effort in gaining qualifications and skills will be far more likely to fill the jobs that are created by these changes. Those that don't will face greater difficulties in finding work.

Check your learning 22.2

Remember and understand

1 What is artificial intelligence?

Apply and analyse

- 2 Look at Source 1. Write a list of the advantages and disadvantages for a business using robots.
- 3 Look at Source 2. What kinds of jobs do you think would be under threat from technology such as the IBM Watson computer?
- 4 Look at Source 3. What kinds of jobs do you think would be under threat from technology such as self-driving cars?
- 5 What kinds of jobs do you think might be created as a result of the technologies shown in Sources 1–3?

Evaluate and create

- 6 Design a robot that could help you with your everyday life. Be sure to draw and label the robot, as well as to explain the list of features that it comes with.

22A Rich task

Career change

Decades ago, it was considered normal to stay in the same job or with the same employer for the majority of your working life. Employees were expected to be loyal to their employer, who, in turn, was expected to provide job security to their employees. Today, people are changing jobs, employers and careers at an ever-increasing rate.

There are many reasons why this change is happening. First, the rapidly changing work environment is creating and destroying jobs at a much faster rate than before. This means that businesses are constantly looking for employees to perform the new jobs that arise, while many employees are finding that their old job no longer exists.

Some employees find it much faster to climb the career ladder by moving from business to business, gaining a range of experience along the way. In fact, many employers today prefer their employees to gain experience in different areas, rather than stay in the same job for many years.

TIME SPENT IN THE ONE JOB VS AGE GROUP

Age group	Time spent in job
25 and under	1 year 8 months
25–35	2 years 8 months
35–44	4 years 8 months
45 and over	6 years 8 months

Source: Department of Employment, Australian Government



Source 1 The average Australian today will work 17 different jobs across five different careers before they retire.

skilldrill

Interpreting economic data from a table

An important part of being an economist is learning how to read data. Data can come in many shapes and forms and is normally in the form of numbers, facts and statistics. An economist must interpret this data to gain information which can be used for decision making. Data is often presented in tables or graphs to make it easier to interpret. Economic data from tables can be interpreted using the following steps:

- Step 1** Read the questions. By reading the questions first, you will know what to look for in the table, and will have a better understanding of the purpose of the task.
- Step 2** Read the headings. Read the title of the table and the headings of each row and column in the table. The headings will tell you how the data is being categorised and if there is a relationship between categories.
- Step 3** Find the relationship. Find a relationship between the categories. What happens to one column when the numbers in the other column get bigger? Do the numbers increase, decrease or stay the same? If they increase or decrease, do they do so by the same amount?
- Step 4** Consider the causes of the relationship. Try to think about why the two categories are related in the way that they are.
- Step 5** Identify points of interest. Are there any values that stand out for being much bigger or smaller than other values? If so, what might be the reasons for this?
- Step 6** Answer the questions.

Apply the skill

Using the steps in the skill drill, answer the following questions about the data in Source 2.

- 1 What is the relationship between people’s ages and how long they stay in their given jobs?
- 2 Why do you think this might be the case?

Extend your understanding

- 1 Interview a parent or teacher about their perspective on changing jobs. In your interview you should ask them about the different jobs that they have worked, as well as what they liked or didn’t like about the jobs and why they changed.



Source 2 Interviewing an adult is a great way to learn about different jobs.

22.3 Workers of the world

The nature of work varies greatly from country to country. Earlier in this chapter we looked briefly at how businesses often outsource parts of their operations to poorer nations. This is done to take advantage of cheap labour and fewer regulations protecting the rights of workers. In doing so, a business can reduce its costs of production and make a greater profit. The practice does, however, raise concerns about the ethics of exploiting poor workers in this way.

Source 1 On the 24th April 2013, the Rana Plaza building in Bangladesh collapsed killing 1,134 garment workers and injuring many more. The horrific event once again shed light on the unethical behaviour of over 150 international brands that source the cheapest possible clothing supplies on the planet, ignoring horrible crimes against the workers that produce them.

Sweatshops

A sweatshop is a factory that pays its workers very low wages to work in poor conditions. They are common in poorer nations where the laws that protect workers are not enforced. Workers are regularly beaten, abused and forced to work incredibly long hours in unsafe environments. Many well recognised businesses use sweatshops to produce products such as clothing, cotton, bricks, cocoa and coffee.



Source 2 Enrique wipes the soot from his face while collecting wood for charcoal production in Ulingan, the Philippines. Many of the workers there are small children who are unable to attend school because of poverty.



Source 3 The fair trade logo certifies that the product you are purchasing provides a fairer deal for its workers and suppliers from poorer nations.

Child labour

There are an estimated 168 million children around the world between the ages of five and 14 who are forced to work. They are often abused and paid next to nothing for the work that they do. Child labour is most commonly used in sweatshops and on plantations, often producing goods for famous brands that sell their products in wealthy nations such as Australia.

Solutions

The people who work in sweatshops spend the majority of their pay on food for their families to survive. The child labourers who miss out on an education have no real chance of breaking out of poverty on their own. A study showed that doubling the salary of sweatshop workers would only increase the consumer cost of an item by 1.8%, while consumers would be willing to pay 15% more to know a product did not come from a sweatshop.

As consumers, we can do a great deal to help protect workers from unethical businesses. By being **ethical consumers** who research products before we buy them and choose ethical products over unethical products, we can put pressure on businesses to do the right thing. We can also use our freedom of speech and our ability to raise awareness and campaign for the rights of these people.

Check your learning 22.3

Remember and understand

- 1 What is a sweatshop?
- 2 What does it mean to be an ethical consumer?

Apply and analyse

- 3 Look at Source 1.
 - a Would you buy products from a business that you knew was exploiting workers in unsafe factories?
 - b How could you find out more about the products you are purchasing?
- 4 Look at Source 2. Why do you think children like Enrique will find it very difficult to get out of poverty without someone's help?

Evaluate and create

- 5 Using the internet, try to find out whether your favourite brands use sweatshops to produce their products. If so, try to find out what the pay and working conditions are like in those sweatshops.



22.4 Australian workers

Workers in Australia have far better working conditions than in most other nations around the world. This is largely because Australia’s healthy economy produces enough jobs to employ most people. It’s also due to the laws and agreements that protect the rights of workers, which in many cases came about after campaigns by workers’ unions.

Unemployment

One of the main goals of the Australian government is to create enough jobs for its citizens. It does this by managing the economy in such a way that businesses have the potential to grow. This might include giving money or tax breaks to businesses that hire more workers to help produce and sell more products. The

goal of the government is to create jobs for around 95% of people who are able and willing to work. This is known as full employment.

Workers’ unions

Workers and their employers have had many disputes over the years. This is because a business is mainly concerned with making as much profit as possible, which often means paying its workers as little as possible. Workers’ unions are groups of workers who join together to protect their rights and working conditions. This can involve actions such as meeting with employers to negotiate better terms of employment or even holding strikes or protests when negotiation fails.



Source 1 Unions such as the Rail Tram and Bus Union will at times strike to draw attention to their cause. Strikes involve stopping all work until something is done to address their concerns.



Source 2 A business must ensure that it does everything in its power to prevent workplace accidents from happening. This includes providing employees with safety equipment and training them to perform tasks in a safe manner.

Government laws

Over the years, government laws affecting Australian workplaces have seen many changes. While the government has adopted a more relaxed stance on how much workers get paid, they have set laws to prevent the mistreatment of workers. These laws relate to things such as:

- Occupational health and safety: Businesses are required by law to ensure that their workplace is safe at all times.
- The minimum wage: Although the government doesn’t set the exact amount that workers are required to be paid for their work, it does set out a minimum wage that employers cannot pay below.
- Discrimination: The government has strict laws to ensure people are treated equally. This means that it is illegal for a business to mistreat someone because of their race, beliefs, gender or other personal circumstances that do not affect the way in which they go about their job.

Check your learning 22.4

Remember and understand

- 1 What does the government aim to achieve in terms of employment?
- 2 What is the role of workers’ unions?
- 3 Describe three areas of law that affect Australian workplaces.

Apply and analyse

- 4 Look at Source 1. What is a strike and how can it help workers improve their working conditions?

- 5 Look at Source 2. Why do you think it is important for businesses to provide safety equipment on work sites?

Evaluate and create

- 6 Explore the school and take note of any potential safety hazards that could harm teachers or students. Consider how these can be made safe for everyone on school grounds and report back to your teacher with your findings.

22B rich task

Minimum wages around the globe

The minimum wage sets the legal standard for how much people must be paid. Employers cannot pay their workers less than this amount. In this way, the minimum wage prevents workers from being taken advantage of and falling into poverty even when they are working hard. Yet some economists argue that the minimum wage in Australia is too high and could be costing Australians jobs in the long run. They believe that businesses that cannot afford to pay the minimum wage will either close down or move their operation overseas, meaning less jobs for those who need them.

Working Australians enjoy high living standards compared to many people around the world. Part of this is because minimum wage laws ensure that we all get a fair share of the profits if we work for an employer. However, because businesses can now outsource work to other countries, some economists argue that a lower minimum wage is needed to keep businesses and the jobs that go with them in Australia. Supporters of a higher minimum wage argue that lowering the minimum wage does nothing but cause competition between workers around the world to see who will settle for the lowest wages. Would Australians be willing to work for less than a dollar an hour, as is the case in many other nations? They argue that business owners already make substantially more than the workers who perform the actual tasks of the business, and should be required to pay workers their fair share.

Source 1 Protesters hold signs at a rally in support of a minimum wage increase in New York, USA, on 15 April 2015. Fast-food workers held rallies in 236 American cities in their fight for higher pay and union rights.



skilldrill: Reasoning and interpretation

Interpreting economic data from a bar graph

An important part of being an economist is being able to interpret data so as to gain information which can be used for decision making. We can interpret economic data from bar graphs, using the following steps:

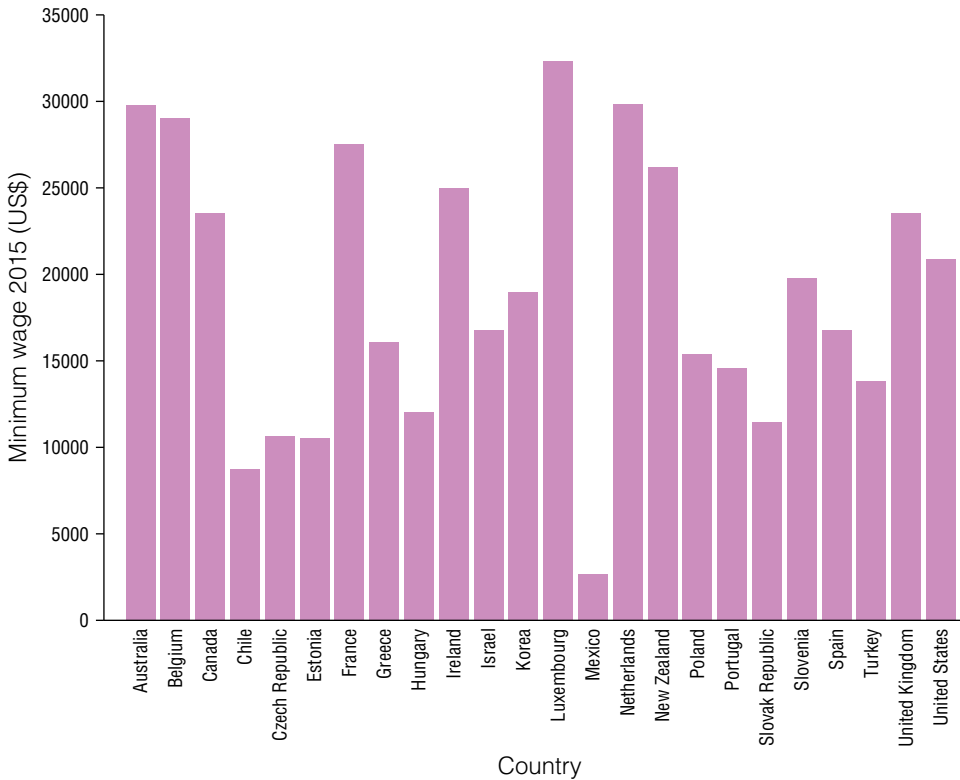
- Step 1** Read the questions. By reading the questions first, you will know what to look for in the graph, and have a better understanding of the purpose of the task.
- Step 2** Read the title and labels. Read the title of the graph and the labels on the end of each axis. This will give you an understanding of what is being measured.
- Step 3** Find the relationship. The goal of interpreting data from bar graphs is to visually compare values, such as minimum wages for different variables, such as nations.
- Step 4** Identify points of interest. Are there any values that stand out for being much bigger or smaller than other values? If so, what might be the reasons for this?
- Step 5** Answer the questions.

Apply the skill

- Using the steps of the skill drill, answer the following questions about the bar graph shown in Source 2.
- 1 Which nation has the highest minimum wage?
 - 2 What is Australia's minimum wage as given in \$US?
 - 3 From the nations listed, which country has the lowest minimum wage?
 - 4 Which nation would you most like to live in if you were an unskilled worker? Why?
 - 5 Do you think that Australia should lower its minimum wage, or try to help other nations raise theirs? Justify your choice.

Extend your understanding

- 1 Some people argue that there needs to also be a 'maximum wage' to promote equality in our society. Use the internet to research this idea and write a paragraph explaining why you think this would be a good or bad idea.



Source 2 A comparison of the real minimum wages of workers by nation in 2015 (in US dollars)