

**Parliamentary Standing Committee  
on Employment and Workplace Relations**

***Inquiry into Employment: Increasing Participation in paid work***

**Submission by Westpac Banking Corporation**

**Introduction:**

As one of this country's oldest institutions – not simply its first bank, but also its first company – Westpac has managed the challenge of social and economic change since commencing trading in 1817. The focus of intergenerational issues has presented Westpac with further challenges for the future.

Westpac welcomes the opportunity to discuss increasing participation in paid work from the employer's perspective. Everyone is a stakeholder in this issue – government, business, employees, and the broader community - and it is through all these groups focusing on an outcome of higher participation rates in the workforce that every stakeholder can achieve success.

In 1950 the proportion of older persons in the world was 8%. Within the next fifty years it is expected to grow to 21%. (Older Persons being over the age of 60). This indicates that the decline in population growth will result in a significantly smaller percentage of the population within the working age group. Today the working age population, (15 to 64 year olds) increases by 170,000 per year. For the entire decade of the 2020s the working age population will grow by only 125,000 - that's 12,500 a year in less than 20 years time. In conjunction with this many Australian's retire early under current employment practices.

In a speech to Queensland University of Technology Leaders Forum, David Morgan, Westpac's CEO recently stated "for the next 40 years, our principal economic challenge will be the labour participation rate. What proportion of working age Australians want to work? Will be skilled to work? Will be persuaded to remain in work beyond the currently accepted retirement age"?<sup>1</sup>

1. Full speech available at <http://www.westpac.com.au/internet/publish.nsf/Content/WIICPW+Speeches>

With around 27,000 Australians employed by us, some 5.5 million Australians choosing to do business with us, and millions of direct and indirect shareholders, it is a vital that Westpac take a leadership position in promoting business practices which address issues associated with workforce demographics. This is founded in a recognition that the longer-term sustainability of the business is dependent upon establishing policies and practices which meet the changing needs of both our people and our customers.

Consequently, Westpac has introduced 'workforce planning' into our Business Strategy Review (BSR) process to ensure that staff and customer diversity are aligned as far as possible. As a result of this, gender and age issues have become a focus for many areas within the bank.

### **Supporting Working Mothers**

In 2002, working mothers were the focus of a large Westpac recruitment drive. This initiative was aimed at better accommodating the needs of our customers by capitalising on the life skills, knowledge and experience that working mothers have. Westpac is able to support the varying needs of working mothers by providing flexible workplace practices to promote work and family life balance.

Work and family policies and benefits include six weeks' paid maternity, paternity and adoption leave; a process of mutual negotiation of work hours for part-time or job-share arrangements; the Better Life and Work information service, which assists staff in locating resources such as home help and health services; and five Westpac-owned childcare facilities in Sydney.

In 2002 Westpac signed an agreement with ABC learning Group to expand their number of childcare facilities around the country. Employees are also provided with a tax effective option for paying childcare fees out of their salary through the Westpac Childcare benefit.

These and many other initiatives contribute to Westpac being recognised as an employer of choice for women. Westpac has also raised awareness of the need for flexible work practices across the organisation and increased employee morale and customer loyalty, as well as improving the company's reputation.

Westpac has found that flexible work practices are an effective way of managing a range of life/work balance issues for a number of age groups: young people wishing to continue tertiary studies, working parents, and mature age workers to identify a few.

### **Mature age workforce**

Our customer base and our pool for employees are ageing. For Westpac the recruiting and retention of mature age workers is a way of better serving our customer base. Analysis of the current workforce has revealed the following:

- 49% of Westpac's customers are aged 45 years or more but only 20% of frontline people match this age profile.
- ABS labour force projections indicate that 80% of future workforce growth in the next decade will be in age groups over 45 years of age yet only 7.5% of recruits in frontline positions are in that age group.
- Only 2% of Westpac's people are aged over 56 years

Westpac's perspective is that the employment and retention of mature age workers is so compelling that this is not an issue of why, but simply how many and how quickly.

However there are barriers, or more appropriately, perceived barriers to mature aged workers staying in or returning to the workforce. Below are outlined what Westpac has identified as some of these barriers and the Bank's solutions.

#### **Many mature age workers want to retire or at least wind back.**

Most people think about retirement, plan for it and look forward to it. With the ageing of the workforce this will result in increasingly large rates of natural attrition. To counter this both employers and employees need to be more flexible. There is a need to change mindsets about retiring at 55 and also a need to work on the flexible work practices that mature age workers will find attractive. Retirement doesn't have to mean never earning another cent, but it does mean earning those cents in a different, more personally driven way. Employers need to understand that and employees also need to acknowledge that staying in the workforce longer will make their superannuation savings go further.

**Westpac response:**

There are two approaches to this area:

- employment of mature age workers from outside the organisation; and
- mature age worker retention.

Westpac has publicly committed to hiring 900 mature age workers over the next 3 years. We are actively hiring new recruits aged 46-55 and to assist us with this the 'Westpac thanks you for your interest' pamphlet was developed (see attached).

Recruiting has primarily occurred in our contact centres (dealing with telephone and internet customer enquiries) in Perth, Brisbane and Adelaide. We are also focusing on our branches and financial planners and advisers.

Last year Westpac partnered with TMP/Hudson to recruit for our contact centre in Joondalup in WA. This location was selected because of its demographic mix – families, and mature age workers. 50% of employees are over 35, 30% older than 45 and less than 25% under 25. This is very different to our other contact centres where on average 31% are over 35 and 14% over 45.

Westpac are currently recruiting for our new contact centre in Brisbane where we are having information sessions to allow people to have a look at the contact centre environment before applying for a position. Many mature age workers are passive job seekers and do not look at positions vacant in newspapers, consequently Westpac publicised an 'open day' in general media. Additionally, Westpac is extending our induction program to cater for those who need more time to get up to speed with new systems and processes.

Westpac are also focusing on retention strategies. How do we retain people in different roles to accommodate their changed needs. As people come up to retirement, can we ensure there is succession planning so corporate knowledge is transferred in a deliberate way.

## ❑ **Challenges in managing a cross generational workforce.**

The Australian workforce is mixed and will become more so. Westpac's workforce ranges from the *Veterans* (over 55) to the *Baby Boomers* (36-54), *Generation X* (23-35) and *Generation Y* (born post 1980). Four generations with different approaches to employment, families and their personal lives.

In this context, it is important to recognise the workplace of the future will have mature age workers reporting to people in their mid 30s and that will be challenging to them both. This is directly related to a significant issue around expectation management. Often mature age workers have held senior management and leadership positions and often the roles being offered do not involve the same levels of authority and autonomy. Add to that having younger workers in leadership positions and you have a volatile mix. This situation requires proper communication and clear understanding of roles and accountability.

### **Westpac response:**

Leading cross generational teams requires skills that many organisations may not have required previously. Westpac has introduced a module in our leadership foundations training course 'Leadership 101', which assists first time people leaders in changing their mindset about how they manage people with diverse backgrounds and needs.

## ❑ **Stereotyping**

One of the most significant barriers to increasing the diversity of our workforce is stereotyping – from everyone – young about older, older about younger.

Stereotyping of mature age workers often includes attitudes such as:

- Take too long to learn new tasks
- Don't like change
- Can't use computers
- Are set in their ways
- Will not take instructions from anyone younger
- Are patronising
- Only want to work when it suits them
- Get sick more often

On the other hand mature aged workers have similar stereotypical views about younger workers, such as:

- They have never done it tough
- They only live for today
- They don't save
- They don't understand the importance of a good education

Research also shows that mature age women particularly face barriers to employment due to perceived characteristics associated with their shorter and sometimes disrupted work histories. Often support is needed for women if they have been out of the workforce for some time – to assist with confidence and self-esteem and encourage a realistic self-evaluation of skills.

**Westpac's response:**

Westpac currently have research underway with Deakin University to understand our people attitudes towards mature age workers.

Our previous experience is that mature age workers do have a strong work ethic, are productive, have low levels of absenteeism due to sickness and bring their life experience to the service of customers, which is what our customers tell us is what they want.

Therefore we are attempting to tailor our processes to be more appropriate for mature age workers. We have feedback that there may be some aspects of our recruiting processes that mature age people find intimidating - particularly those who have been out of the workforce for some time. Therefore we are modifying, for example, our PC/keyboard skills requirement.

**□ Training or retraining of Mature aged workers:**

Training is another area of focus. There are suggestions that mature age workers are reluctant to undertake training. There are a number of hypotheses for why that may be the cases ranging from a view that mature age workers already have the skills to fears about the capacity to learn.

**Westpac response:**

Westpac has found that appropriately designed training is effective, particularly in focusing on upgrading existing skills. In addition, Westpac has found that traditional interface modes of learning are not appropriate for the older demographic. Classrooms are not particularly compelling environments for people who left them behind 20 years before. For that reason Westpac are focusing on learning that is individually designed, where the trainee decides how they want to receive learning.

**□ Governments have a vital role to play**

Governments have a vital role in ensuring that welfare arrangements, taxation, superannuation and workplace relations policies don't discourage people from remaining in the workforce. Governments can also very effectively promote changes in community attitudes through education and resources. Westpac notes that this is an area where the Federal Government is already making a significant difference.

Westpac are working to actively assist the Government in this area by providing information on our experience whenever possible, through forums such as:

- the Ageless Workforce Symposium (*An Ageless Workforce, Opportunities for Business*); and
- the Executive Breakfast convened by the Department of Employment and Workplace Relations to launch 'Mature Age Workers Month' at which Ilana Atlas (Group Executive, People and Performance) presented Westpac's perspective on Australia's Changing Workforce.

We will continue to work with organisations and government agencies to promote more inclusive workplaces.

## **Conclusion:**

Westpac reports on a number of employee initiatives including the age and gender profile of our workforce through our annual social impact reporting, part of Westpac's commitment to a triple bottom line approach. A copy of the 2003 Social Impact Report 'Who cares?' is included with this submission to supply further information and provide additional statistics on Westpac's workplace diversity. Westpac is committed to ensuring that corporate responsibility is fully integrated into our core strategy and daily business operations. Westpac's leadership position for corporate responsibility was recently recognised when Westpac was named the global sector leader for sustainability in the 2003/04 Dow Jones Sustainability Index.

Ultimately, Westpac continues to aspire to attract the best people committed fully to the organisation and its aspirations - wherever and whoever those people may be. To do this we must remove cultural and process barriers that create bias against older workers, working parents and other 'working age' groups, not only because having the best people committing their full discretionary effort to Westpac will give us a competitive advantage, but also as a core component of our broader social and environmental responsibilities.