

JOBPOWER Submission To:

**The Standing Committee On Employment,
Education and Workplace Relations'**

*Inquiry into Issues Specific To Workers
Over 45 Years of Age Seeking
Employment, or Establishing a Business,
Following Unemployment.*

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Background

Background - Who Are JOBPOWER?

JOBPOWER commenced operation on May 1st 1998 and was a result of a successful consortium tender which included seven community and private sector organisations with a history of delivering quality training and employment services.

JOBPOWER operates nine sites delivering Job Matching, Job Search Training and Intensive Assistance services across the southeastern suburbs of Melbourne.

JOBPOWER currently has 11,000 jobseekers registered to use our services and has successfully placed 2,500 Australians into employment since May 1st 1998.

JOBPOWER has a vast network and database of employers who are now regular repeat customers.

JOBPOWER has developed its own computer job matching system *POWERMATCH* and has skills audited every one of our 11,000 registered jobseekers.

JOBPOWER have a history and reputation of finding solutions to the problems Job Network members encountered in establishing a new post CES employment services market.

Jobseekers over the age of 45 currently represent 27% of **JOBPOWER** 's database.

Introduction

**“The human species has no greater entanglement with an artefact of their own creation than they have with work in its institutional forms”
(Bourton 1981 pg. 22)**

Why Work is So Important

For many individuals this entanglement is complete – one works to live and without institutional forms of paid employment one is not a complete being. The concept of employment tied to identity is not new (Wilkes, 1981, Bourton 1981, Benn 1978). Paid work, in particular, despite its increasing scarcity, is regarded as central to our lives and assumes a significance much greater than the economic rewards which flow from it.

How Serious Is Older Unemployment?

Data from the Australian Bureau of Statistics (ABS) suggests that the number of unemployed individuals has risen disproportionately across some sectors of the Australian population. Whilst much debate has been tendered about youth unemployment – 15 to 24 year olds, (ABS 1996) a second major growth sector has been the disproportionate increase in the percentage of older unemployed males (45 – 54 year olds) and those individuals 55 years or over.

Issues

Who is looking for work?

When employment is difficult many active jobseekers return to school or study for “somewhere to go” (Whitfield, 1987).

The 1996 September quarter ABS figures indicate that of the 879,600 individuals surveyed who said they wanted to work, 93 per cent were not actively looking for work, one of the major reasons given being that the job market was discouraging (ABS Cat. No. 6220.0, 1996).

Do Older Workers Perceive Return to Study as Relevant?

JOBPOWER has experienced many barriers in encouraging older workers to return to study. The workplace of today is a constantly changing environment. Secure long-term employment in one vocation is not the reality of the majority of the workforce. Many of the older workers **JOBPOWER** is working with have been retrenched or downsized from a previous secure long-term low skilled job. Re-entering the workforce requires new transferable skills and a competitive strategy of self-promotion. However older retrenched are often unaware of their skills deficits and changes in workforce requirements and have a false idea of their competitiveness in the new markets.

Technological Impact

On average it is 25 years at a minimum since a 45 year old job-seeker has received any formal training. A mother seeking to return to the workforce after a ten year absence last participated in the workforce in 1989. During this period a technological explosion has impacted on the workplace. Lack of knowledge and confidence in using modern technology is a major barrier for older job-seekers.

There is a perception that younger job-seekers are more likely to possess skills which relate to modern technology or will grasp more readily new technology, concepts and change.

Employer Prejudices

JOBPOWER's Employer Accounts Managers are regularly faced with scenarios where employers specifically ask for candidates to be referred for selection under the age of 40 years. When pressed for justification and after having the Employer Accounts Manager explain the legal requirements for recruiting the employers will offer the following reasons for preferring younger workers:

- Adaptability
- Cheaper
- Less baggage

- Can't teach old dogs new tricks
- Older workers can't deal with change or rapid pace of work.

JOBPOWER has recently referred eight (8) keen and able candidates which more than adequately met the no skill, no experience required for a position in the printing industry – all were rejected on the basis of age. This experience is not infrequent.

Employers are under the illusion that productivity is related to youth and that unit labour costs, hiring, training and replacement are higher for older workers. This is an untruth. (Reid, 1989). As a consequence significant skills and qualifications which result in increased business competitiveness are lost to industry and the community.

Industry perceptions of “soft skills” such as loyalty and responsibility of older workers, is being traded against the “harder skills” of speed, flexibility and mobility of younger workers. None of these elements are exclusive to either group. Assumptions are being made which impact upon decisions based on age. This is evidenced in recruitment and retrenchment decisions and flows over to impact on training provision which creates a self-fulfilling prophecy where older workers are denied skills development and then seen as having less value to the employer – hence a retirement package is offered

Changing Workplace

The modern workplace has been streamlined in a bid to reduce overheads and now requires employees to demonstrate a multi-disciplined skill base. Core competencies have been identified by employers as:

1. Communication of ideas and information,
2. Team-work (working with others),
3. Problem solving
4. Collecting, analysing and organising information
5. Using mathematical ideas and techniques
6. Using technology
7. Planning and organising activities

(Maher, 1992).

JOBPOWER has found that many of the older job-seekers skills base is focused on manual skills and does not reflect the core competencies required for a range of positions by employers. The work systems older workers have experienced do not encourage the development of these skills as they have been mechanistic and specialised. If older workers have acquired these skills they are not formally recognised or are discounted against other skills. An example of these factors is problem solving, - a skill which is proportional to increased experience. It may be well developed but will not be formally recognised, is difficult to articulate in a resume and may be wrongly seen as industry specific.

Growth Industries

Growth industries are requiring a different skill sets than industry requirements of yesteryear, when older job-seekers established their work skills. Growth industries and their skill requirements in our region have been identified as:

1. Manufacturing – qualified managers and skilled workers
2. Retail and Wholesale trade – customer service skills
3. Health and Community Service – skilled workers required
4. Property and Business Services – Customer service skills

These industries are those that cannot substitute machines for people.

JOBPOWER's experience is that many older job-seekers do not demonstrate the appropriate skill base and they need skill formulation to accommodate the changing face of the workplace. Employers are selecting youth (with basic qualifications) for their "front of house" positions, which in many cases are the only positions aligned to the skill base of older job-seekers with no formal qualifications.

A decline in employment of low skilled or unskilled workers is occurring within Manufacturing and Government sectors which have been dominated by older male workers.

Early Retirement

A myth exists within the community regarding early retirement. For retirement to be a successful experience adequate preparation must be ensured. For many, enforced retirement is the result of being retrenched prematurely with little prospect of re-employment without major adjustments (such as lower level duties, retraining etc.) Retirement at 45 years of age is a reality for many, one that is unwanted and unwarranted.

The long term cost to industry and the community needs to be considered. The impact upon industry of the lack of opportunities for older job-seekers is the experience vacuum and knowledge which ensues.

Changing Skill Requirements

Recent industry audits indicate that employers are adopting patterns of offering secure employment to people with qualifications and more frequently placing unskilled workers into casual roles without security. As older job-seekers procured many, if not all their skills on the job, and have few formal qualifications, they are placed at the end of the queue again – competing against younger unskilled job-seekers.

Modern work place requirements and adaption to increased competitiveness has resulted in increased emphasis on knowledge based work. However employers are using paradigms of decades ago, focusing on employer younger "fitter" youth – a contrary position to industry needs.

Older Unemployment is Set to Rise

Demographically the population is aging. The mature age group (from 45-65 years) will represent 34% of the labour market by 2011, up from 26% in 1993. Effects of high unemployment for this sector will have negative implications, such as societal wide financial costs, for all the community – not just the mature job-seeker.

Participation in the Black Economy

Although it is difficult to statistically quantify the extent of older job-seekers participation in the black economy (working for cash whilst on unemployment benefits), there is a significant amount of anecdotal evidence to suggest that this is a problem. **JOBPOWER** has formed a view that the existing benefits system and taxation system act as a catalyst for older workers to participate in this system. Older workers are seeking greater independence and autonomy over their working life and other forms of employment, other than direct full time employment need to be explored.

Recommendations -

Older Workers and Training

Policies and strategies need to be developed to encourage facilitate increased participation in relevant training of older workers. Th training options need to accommodate technological changes and provide for the development of self-employment options of older job-seekers.

Employee Subcontract Plan

JOBPOWER has evaluated several different models that will effectively create increased employment options for older unemployed people and provide an incentive for them to enter the workforce.

The Director of the Institute for Private Enterprise, Mr Des Moore report to the Labour Minister's Council cites "that the proportion of the workforce that is prepared to work as subcontractors has more than doubled since the 1980's."

JOBPOWER recognises that many workers over the age of 45 are now seeking greater independence and control over their working life. The success of many franchise organisations amongst our maturing workforce is further evidence of the shift away from direct employment.

The proposal **JOBPOWER** has developed is centred upon using the current system to greater effect and creating an increased impact upon the reduction of people in receipt of government benefits.

The structure of the proposal is centred upon labour hire companies assisting unemployed people to establish themselves as contractors supplying the labour hire needs for the company.

The benefits of the structure proposed are;

- increase in employment outcomes for the Government – one employment placement translates into three outcomes for the government.

- Health-care card rights are maintained – this represents a major disincentive for older unemployed to access employment which is mostly in lower paid options. For people with families the income benefit of employment is off-set by the loss of the Health-care card and other benefits, therefore remaining unemployed is seen as the economic alternative.

- ❑ Employers have access to a pool of productive staff who will share in increased performance
- ❑ Decreased number of people dependent upon government benefits
- ❑ Provides a pathway for older unemployed people to gain income, relevant industry experience, on-site skills development and options for higher income in the future.
- ❑ Address some workplace relations issues and generate small business employment options for older unemployed people.

This model of labour hire could mirror the current Group Training Program model as the placements are similar in nature.

Government Contracts and Older Unemployed People

The Government has the opportunity through their status as a major purchaser of Australian industry to impact upon the employment of older unemployed people.

JOBPOWER proposes that the Government create a positive weighting for all project proposals that include a strategy to employ older unemployed people. In this manner the government is using its advantage and market position to generate employment options for older unemployed people.

JOBPOWER analysis of industry has identified that ABS data indicates that 70% of all building industry activity has a component of Commonwealth Government funding. Manufacturing also features as a major contractor to the Government. The skill set required for both the construction and manufacturing industry bases match those of many of the older unemployed

The concept of requiring all future tenderers to submit plans for the inclusion of older unemployed people would result in an increase of accessible employment options for this target group. Government contracts could target a specified percentage of the new employees to be older unemployed people – **JOBPOWER** is suggesting 10% based upon the amount of entry level jobs available and our knowledge of the skill requirements.

The benefits to the Government;

- ❑ Increase in the number of jobs made available to older unemployed people,
- ❑ The industries indicated are able to provide entry level employment options appropriate for the older unemployed,
- ❑ Industry would be required to form partnerships with Job Network agencies and increase their engagement of their services,
- ❑ This approach would be consistent with policies requiring the sourcing of Australian products and assistance to disadvantaged groups.

This policy would be cost neutral.

Raise public and industry awareness of mature age employment benefits

A campaign targeting industry groups and employers that highlights the benefits of employing a diverse work force, particularly of older workers is essential.

Conclusion

JOBPOWER offers these recommendations with a view to assisting the Committee's deliberations on assisting the problems facing an ever expanding section of our community. We wish to state our preparedness to offer any further assistance the Committee may seek.

Yours sincerely

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JOBPOWER

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