

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON OLDER WORKERS

Inquiry Into Issues Specific To Workers Over 45 Years Of Age Seeking Employment Or Establishing A Business, Following Unemployment

1 Introduction

The Office of Seniors Interests aims to improve the quality of life for seniors through promoting positive ageing and encouraging all sectors of the community and government to plan for the ageing population. Employment and its links to financial independence, status and self respect is a critical element of positive ageing. Consequently the Office has undertaken research on mature workers and unemployment which encompassed a statistical overview of mature employment and unemployment, the identification of factors associated with successful mature age employment and unemployment and suggested actions for the future.

2 House Of Representatives Standing Committee Submission

A written submission was made to this inquiry which identified the key issues and suggested seven possible areas for action.

The following pages provide the content for the verbal submission to this Committee. The aim is to highlight the benefits of ensuring good employment opportunities for older workers of any age and explore some of the issues that need to be considered in achieving this and in assisting older unemployed people into small business.

The contextual issues being considered by the Office of Seniors Interests in advocating for older workers are:

1. The changing population - the demographic picture
2. The evidence of age discrimination in seeking employment
3. The changing features of the labour market
4. The life stage concept

3 Context Issues

3.1 The changing population - the demographic picture

The traditional population pyramid, a high number of children making up the base and a small number of aged people at the peak of the pyramid, has gone and is being replaced by increasingly rectangular shapes as the population ages. Currently in Western Australia the largest population group is the 30-39 year olds closely followed by 40-49 year olds and 20-29 year olds.

Over the next 10 to 30 years the number of people in each of the 10 year age groups from age 20 through to age 69 become similar. The employment prospects and conditions for financial success for each of the age groups will be similar resulting in a more even distribution of age groups throughout the work force, assuming there is no age discrimination at play.

While the changing demographics of the labour pool reflect the broader changing demographic picture, the existence of age discrimination in the work place makes it likely that growth in the unemployment pool will disproportionately include older workers. Possible evidence of systemic age discrimination is the trend of long term unemployment amongst older unemployed, the use of early retirement as a means of managing youth unemployment (creating job spaces) and the assumption of retirement at age 60-65.

3.2 Age discrimination in the workplace

Age discrimination in employment is prohibited in Western Australia and most other States through Equal Opportunity legislation resulting in the removal of compulsory retirement at age 65. However it is recognised that unemployed older workers are more likely to experience long term unemployment and once aged 55 older workers are more likely to be unemployed permanently than other age groups. This is particularly the case for Indigenous people and people with non English speaking backgrounds.

The evidence of age discrimination appears in surveys of employer attitudes to older workers (Australian surveys undertaken by Wilson, 1996, Bennington & Tharenou, 1996) which indicate that general employer attitudes are that older workers are:

- resistant to change;
- less energetic and enthusiastic than younger counterparts;
- unable to cope with new technology;
- difficult to retrain; and
- unwilling to be retrained.

In contrast employers experience of older workers as indicated below are positive. In relation to ability to learn new skills, market research quoted in the Business Review Weekly, 27 February 1997, p48, indicates that those over age 50 years who do use PCs are more enthusiastic and use them more than any other age group (in relation to the banking industry). Similarly it is reported in the US that the fastest uptake of communications technology is occurring in the seniors population.

The stereotyping of older workers continues in spite of employer views that older workers are rated very highly in the workplace, particularly for:

- attendance and punctuality;
- commitment to quality;
- loyalty to employer;
- practical knowledge;
- solid experience; and
- reliable performance.

One could argue that older workers are rated highly for knowing how to work, one of the intangible skills that employers complain young people today don't have. It is an interesting supposition that there is a concern that older workers knowledge of "how to work" either shows up younger employers or is less transferable than expected because of changes in work place culture.

3.3 Changing features of the labour market

The labour market currently has an oversupply of labour and an undersupply of particular skills. It is anticipated that the undersupply of specific skills will become an area of increasing concern will increase, while the oversupply of labour will ease over the next ten years with the ageing of the work force. It will be critical to include older workers in strategies to redress the undersupply of specific skills. If this group is not proactively included the under supply of specific skills will be worse than necessary resulting in pressure on wages growth.

The labour market is a supply and demand driven market, but it is also driven by its historical function of handing down skills between generations such that specific social and economic cohorts are maintained. The link between the demand for skills and the supply of skilled labour is indirect being interpreted by educationalists, social policy makers and short term industry requirements. The labour pool is not as responsive as other markets or as responsive as it might need to be and the older worker is partly held to blame, a type of scapegoating. The prejudice against employing older workers is around inability to change or undertake retraining in spite of the solid acknowledgment of older workers strengths and adaptability to change.

Changes in the demand for skilled labour need to be met by changes in the available skills in the labour market pool. Changes in the skills of the labour market pool requires funding. Where once a career was defined by a specific set of occupation skills and provided employment security, it will now require upgrading or be just as likely to lead to unemployment. When a single career was the goal it was appropriate for individuals to fund their own skill development on the basis of it being a lifetime investment. It is now appropriate to measure the cost of retraining against the cost of long term unemployment.

Changes in the labour market are about loss of occupations and about the emerging occupations. Growth in employment for older workers is in the areas of emerging demand (as it is for all prospective employees), that is in the following industry sectors: communications; health education and community services; finance, insurance and property; retail, hospitality and culture, recreation and personal services.

Training or retraining for older workers needs to be in these industry areas. Where a complete occupational shift is involved, (eg from a traditional trades base occupation to a service industry), it is not only the job skills that need to be learnt but also the job culture.

This is an emerging area of skills and knowledge where further research is required¹.

3.4 The life stage concept

The traditional view of work and careers identifies the following stages for conceptualising careers;

- growth - from 0-15 years;
- explorations - 15-25;
- establishment - 25 -45;
- maintenance - 45 - retirement;
- decline - retirement until death.

This is a rigid conceptualisation of life and career stages which is very ageist. In particular it implies that growth and exploration is only for the young, that career development is relatively linear with a single career path and that nothing happens in retirement. This conceptual framework is inappropriate given our understanding of the changing demographics and the need for labour market change and flexibility. Most work places require change and it is acknowledged that in many areas skills become redundant in 5 or 10 years. There is an emphasis on transferable skills, which one could argue are most likely to be those of an experienced and older worker, skills that have survived multiple work place changes.

A preferred lifestage theory of career development might encompass:

- childhood interest and skills development and nurturing;
- basic work skills acquisition and development of specific knowledge;
- expansion and development of skills;
- some scaling back of work commitments to accommodate family commitments;
- retraining or enhancing specialised skills;
- understanding the international context and developing global networks - this could include study leave, travel;
- changed work pattern to accommodate community commitments;
- building community or volunteer skills into expanded employment options;
- intensive financial security acquisition for major capital purchase or investment;
- phased retirement with part time options or short contracts.

It is unnecessary for any of these stages to be attached to a particular age, except childhood development.

All of the above stages would require a level of support and the support for each stage should be provided as age independent services.

¹ (A joint research project between Alma Whiteley of the Curtin School of Management and the Australian Human Resources Institute (Brett Waters) is one example of development here

4 Benefits Of Increasing Mature Employment Opportunities

There are a range of benefits to government, employers and individuals of increasing mature employment opportunities. The outcomes of less mature unemployment and an increase in the number of people working after age 55 might need to include better career breaks, the availability of part time or job share opportunities.

Benefits to government of increased mature employment include:

- increased productive capacity across the population - higher levels of employment in more diverse employment arrangements;
- fewer examples of under utilised skills in the community;
- greater flexibility in working hours and conditions;
- increased numbers contributing to taxation and other revenue raising activities;
- increased national savings capacity especially that linked to superannuation;
- increased consumer capacity from longer periods of earning wages;
- reduction in the number that are dependent on total or partial government support; and
- improved health and activity among some individuals resulting from participation in the community.

The costs associated with retraining older workers could be cross subsidised from reduced government pension payments and increased tax revenue.

The potential benefits to employers of proactively employing older workers are:

- retention of intellectual capital and possible recruitment of experienced workers;
- opportunity to increase the numbers employed on short contracts and variable contracts as a result of older workers not necessarily wanting continuous employment;
- flexibility in staff mix;
- demonstrated commitment to diversity; and
- possible increase in depth and breadth of skills mix.

The costs to employers may include the need to implement cultural change programs to reduce ageism and age discrimination particularly in HR practices and work place culture. Specific training in workplace culture issues may also be required. Research undertaken by the Western Australian Department of Training indicates that younger workers resent older workers attitude that they know everything or that they can order younger people around. Conversely older workers reported that younger workers would not listen or show enough respect. These are work place culture issues that should be addressed on site and may benefit from leadership development programs in the industry.

The benefits to the individual may be obvious, they include:

- psychological benefit of an increased sense of self worth and continuing contribution;
- retained sense of identity in cases where an individual's identity is strongly linked to employment;

- opportunity to take on roles more suited to older workers which may include mentoring younger workers;
- improved opportunities for change and growth throughout life; and
- improved health where good workplace practices are in force.

The costs for individuals may be in accepting that skills should be up dated, the associated financial costs and in being prepared to learn new work place cultural practices.

5 Small Business -An Employment Growth Area For Older Workers

Small business is the major employment growth area and is therefore a target of employment programs. The proportion of employees to employers in small business favours self employment ahead of winning employment in the small business sector. Research shows that small businesses rely on networks and personal references ahead of formal selection methods for finding new staff.

A high number of small businesses fail or close in the first 7 years. One of the reasons is the very high time demand required to maintain a small business. This is partly the result of the multiple functions required of a small business operator ranging from financial management, to front line service or delivery and physical property maintenance. Small business profit margins can be very narrow and often do not allow the purchase of expert skills. In order to take a holiday a sole operator may need to cease trading in order to take the time out. This is very stressful and results in either owner operators not taking breaks and possibly suffering stress related illnesses or choosing to close when they are forced to take breaks.

The characteristics of successful small business people are having high energy levels, being multi skilled, self motivated and resistant to disappointment and rejection and possessing competent financial skills. These are not characteristics that are frequently associated with long term unemployed. The successful introduction of training or employment programs for increasing the entry of mature unemployed people into small business will require an assessment of the capacity and interest of the unemployed person and the introduction of peer support networks.

Motivation training, stress management and management skills training for small business are relatively new areas of training which may not yet have proven their effectiveness. In order to find a vacant position a mature unemployed person will need to develop networks in the chosen area of employment, as well as the relevant employment skills.

6 Supporting The Re-Entry Of Mature Unemployed Into The Work Force

Supporting the re-entry of mature unemployed into the work force and into small business requires active programs of training and job placement, education and awareness raising of human resource professionals and career advisers and further action to reduce age discrimination.

Successful programs in the private sector have used one or more of the following strategies;

- education of human resource managers;
- changes to recruitment practices;
- continuous opportunities for skills development;
- removal of age as a factor in promotion;
- assistance in financial planning for retirement;
- phased retirement schemes;
- part time work and job sharing;
- programs to promote public awareness;
- better information about employment and training options;
- use of case management approaches to deal with unemployed workers; and
- targeted training for older workers.

Actions that might be taken by governments include:

- programs to promote public awareness, especially among employers of the positive qualities of older workers;
- targeted dissemination of information about employment and training options - use of relevant media and networks;
- best practice awards for employers with a record of employing mature workers;
- financial assistance to enable mature workers to retrain;
- greater recognition and accreditation of skills acquired while doing volunteer work;
- specific training of small business skills for unemployed mature workers, marketing and matching those skills to small businesses;
- promotion of and awards for family friendly work practices including the introduction of phased retirement opportunities;
- review of the impact of superannuation policies on retirement decision making;
- supporting research and program development on the training needs of older workers who are moving from a disappearing employment area into an emerging employment area;
- public awareness raising about the changing nature of employment and career development;
- promotion of the health benefits and value of contribution to the community of employment whether paid or unpaid;
- specific and culturally appropriate support for older unemployed from culturally and linguistically diverse backgrounds.

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