

27 November 2012

The Executive Director
Australian Law Reform Commission
GPO Box 3708
SYDNEY NSW 2001

Age Barriers to Mature Age Persons Participating in the Workforce

A Submission to the Australian Law Reform Commission

Thank you for the invitation to make a submission to this Inquiry.

This submission will be limited to related matters arising from a research study that we conducted in December 2011, the findings of which were published in a research report in March 2012.

The study demographics

The study was titled 'Mature Age Workforce Participation' and was based on a survey of the members of the Australian Human Resources Institute (AHRI). Without being prescriptive, the survey indicated to respondents that a mature age worker was a person 55 years of age or older.

A total of 1212 members responded to the survey, the full report of which can be viewed here:

http://www.ahri.com.au/MMSDocuments/profdevelopment/research/research_papers/mature_age_workforce_participation_final.pdf

There are approximately 21,000 members of AHRI. Approximately 57 per cent of the respondent sample worked in an in-house HR role at the time of the survey. Other respondents worked in general management roles from supervisors to CEOs, or were academics, lawyers or administrators (see Figure 4 of the study).

Approximately 48 per cent of respondents were from ASX listed, global subsidiary or private sector companies, 38 per cent were from public sector organisations, and 14 per cent were from not-for-profits (see Figure 5).

Approximately 30 per cent of respondents were aged 55 years or more, 40 per cent were between 45 and 54 years of age, and 30 per cent were younger than 45 years of age (see Figure 8).

Relevant findings of the study

Effects of older worker departures on competitiveness and culture

In answer to a question about the effect of older workers' departure on organisation competitiveness, 63 per cent reported 'no change', 22 per cent that the organisation was less competitive and 6 per cent that it was more competitive following the departure of older workers (see Figure 11).

Respondent comments in response to that question varied from comments such as "these workers are leaving with a wealth of experience, knowledge and expertise that cannot be easily replicated" to "it allowed opportunity for fast tracking of high-potential staff. Reinvigorated the business" (see pp. 12-13).

Respondents were also asked to report on the effect of older workers' departure on people culture. A total of 65 per cent reported 'no change', 20 per cent reported that culture had deteriorated and 15 per cent thought the culture had improved following the departure of older workers (see Figure 12).

Retention of older workers

A total of 83 per cent of respondents reported that they would like to see steps taken to retain older workers (see Figure 13).

Respondent comments in response to retention varied from comments such as "older workers just have limited cognitive abilities to cope with the rapid pace of modern business" to "make it a criminal offence to discriminate against people on the basis of their age" (see pp. 15-16).

Bias in recruitment of older workers

Asked whether bias was a factor in recruiting older workers, 57 per cent of respondents indicated there was no bias either way in their organisation. However, 35 per cent reported bias against employing older workers existed, and 8 per cent reported a bias in favour of older workers (see Figure 16).

Government intervention

In response to a question on government incentives that might persuade organisations to recruit older workers, around half thought wage subsidies (52 per cent) or tax incentives (49 per cent) might help. Others thought training subsidies (36 per cent) and subsidised re-skilling opportunities (41 per cent) could be useful (see Figure 18).

Asked whether the government should raise the retirement age to retain older workers, 61 per cent said 'no', 26 per cent said 'yes' and 13 per cent are on the fence (see Figure 20).

Productivity and older workers

Given that the need to increase total factor productivity is a major factor in the mature age employment participation debate, when asked whether retention of older workers would affect productivity at the workplace, 67 per cent believe it would benefit productivity, 7 per cent believe it would be detrimental to productivity and 26 believe it would have no effect either way (see Figure 21).

Sourcing recruits from cohorts in the labour market

A question was asked that gave respondents a choice to source recruits from one of five targeted cohorts. They were asked to select their preference for one source. Nearly half (49 per cent) would source from unemployed older workers and a quarter (26 per cent) would select from skilled immigrants as their first choice. Of the other quarter of the sample, 13 per cent would source from unemployed youth, and unemployed Australians with a disability and those from an Indigenous background were chosen by 7 per cent of respondents in each case (see Figure 22).

Workplace perception of older workers

Three questions were asked directly about the workplace perceptions of respondent organisations.

The first was that older workers are not seen as high performers. While 32 per cent report that perception does not exist at all in their organisation, 68 per cent believe it is pervasive, exists to some extent or are not sure. The second was that older workers are seen as a risk and the numbers are very similar (see Figures 25 and 26).

The third question asked whether the negative perceptions prevented the employment of older workers. While only 6 per cent said negative perceptions were the main barrier, 56 per cent believe those perceptions influence employment decisions to some extent in their organisation or are unsure. The remaining 37 per

cent believe those perceptions have no influence on employment decisions (see Figure 27).

Comments in response to the three perception questions varied from remarks such as “it’s a real issue at my workplace by managers that should know better” to a need in one organisation “to keep its salary budget 80% or below of its total budget. The truth is that younger workers are cheaper”. Another respondent said ‘younger managers seem to recruit young staff members’ and yet another commented: “I think there are some people who think older workers are more skilled and experienced and others who think they are set in their ways. Both are right!” (see pp. 22-23).

In summary

While the findings from the study vary in their direct application to the question of barriers to the employment of mature age workers, the Commission may find them useful in that they indicate workplace attitudes and perceptions that would impact on any legislative action taken in this area.

AHRI appreciates the opportunity to indicate the findings of our research on this matter which is one of long-term concern to government as it is to our members.

If your office wishes to contact AHRI further, please do so in the first instance through the National Manager, Government and Media Relations, Paul Begley, on 03 9918 9232 or 0402 897 884 or email paul.begley@ahri.com.au



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