

The image features a complex, abstract 3D graphic. It consists of several overlapping, curved, metallic-looking bands in shades of silver and grey. These bands are set against a solid, vibrant red background. The bands create a sense of depth and movement, with some appearing to curve away from the viewer and others towards it. The overall composition is dynamic and modern.

PROFITING FROM MATURITY
The Social & Economic Costs of Mature Age Unemployment



TABLE OF CONTENTS

	Page
ACKNOWLEDGMENTS	2
JOBS EAST OVERVIEW	3
FOREWORD	4
EXECUTIVE SUMMARY	5
SUMMARY OF RECOMMENDATIONS	7
PART ONE: AN OVERVIEW OF THE ISSUES	10
Chapter 1. THE NATURE OF UNEMPLOYMENT AMONGST OLDER PERSONS	10
Labour Force Status	
Taking Account of Diversity	
2. NATIONAL AGE PROJECTIONS	14
Projected Population and Labour Force Changes	
The Costs of Continual Displacement of Mature Age Workers	
3. AGE DISCRIMINATION IN RECRUITMENT, RETRAINING & RETRENCHMENT ..	16
What is Age Discrimination?	
Myth Versus Reality	
Discrimination In Recruitment, Retraining and Retrenchment	
4. THE PERSONAL CONSEQUENCES OF UNEMPLOYMENT	21
Mental and Physical Health	
Financial Effects	
Social Contraction	
PART TWO: RESEARCH FINDINGS	
5. OVERVIEW OF MELBOURNE'S EAST	23
6. METHODOLOGY	24
Aims	
Research Questions	
Methodology	
The Interview Survey	
1 7. RESEARCH FINDINGS	26
Profile of Participants	
Labour Force History	
Job Search Activities	
Barriers to Employment	
Experience of Government and Private Employment Services	
Optimism: How Participants Rated Their Chances of Finding Work	
How Services Could be Improved	
Effects on Mental and Physical Health	
The Impact on Finances	
Effects on Relationships	
Social Contraction	
Summary of Research Findings	
CONCLUSION	43
BIBLIOGRAPHY	44



ACKNOWLEDGMENTS

This report was the initiative of the Jobs East mature age working group. They intensely worked arduously to shape the direction of the research. Their skills and expertise provided insightful and valuable contributions to the report, in particular to the development of recommendations: Carol McCabe (Chairperson) (Job Seeking Over Forty's Association Inc), Phil Carpenter (DEETYA), Gabrielle Giofre (ITC), Steve Hayes (Hayes Consultancy), Jill Thompson (Council of the Ageing), Jean Austin and Barbara van Ernst (Swinburne University).

We would like to thank the mature aged unemployed who were interviewed in this region for their honest discussion and for the time they committed to this research.

We gratefully acknowledge the assistance of Paul Mattson and Marion Shields from the Labour Economics Office of DEETYA for the provision of labour market data.

In addition the following Research Assistants made a significant contribution to the project: Yummy Gunawan, Elizabeth Kalabakas, Kher-Shing Lee and Millie Poon.

Thanks also to Dr Lynne Bennington, Professor Sol Encel, Linley Hartman and Associate Professor Margaret Patrickson for their invaluable advice and assistance.

We would also like to acknowledge the work of Matthew Lee, and David Turnbull from the Ringwood Job Club who voluntarily assisted in identifying people to take part in the study.

Leanne Kinsella -Taylor

Senior Researcher/Policy Analyst

For further information about the Australian Employers Convention or membership please contact

Jobs East 333 Mitcham Road, Mitcham Victoria 3132.

Phone 03 9873 8377 or Email: jobseast@jobseast.asn.au

ISBN: 1876 605 55 3

NOV 2000



JOBS EAST OVERVIEW

Jobs East is one of fifty eight Area Consultative Committees (ACC's) established by the Minister for Employment, Education, Training and Youth Affairs across Australia who are responsible for regional employment development.

The core role of ACC's is to:

- Provide the Commonwealth Government with advice regarding the issues and opportunities affecting employment growth in regions across Australia, and;
- Develop and implement a regional employment strategy which responds to issues and opportunities affecting employment in their regions.

By linking government, business, industry, training providers and community organisations, Jobs East is in a unique position to provide regional information and advice to the Federal Minister.

The Jobs East region encompasses the local government areas of Manningham, Boroondara, Whitehorse, Maroondah, Knox and the Shire of Yarra Ranges. It has a population of approximately one million people.

Jobs East has identified five priority areas for the development of employment in Melbourne's East. These are:

- Young people - employment education and training
- Mature age employment
- Industry - addressing areas of skill shortage and researching regional industry trends
- Small business
- Employment opportunities specific to the rural areas of the region.

Working groups have been established in each area of priority and represent business, education training and employment service providers in the region. The groups are responsible for developing and implementing strategic action.

This report is the outcome of research instigated by the Mature Age Working Group. The group will build on this solid base of information to implement a response that will increase the employment opportunities of people over forty five in Melbourne's East.

**FOREWORD**

Having dedicated twenty to thirty years to the labour force, many of our older workers now face the confronting prospect of being left on the scrap heap.

The research undertaken by Jobs East was motivated by anecdotal evidence of a rapid increase in the number of mature aged unemployed in Melbourne's East. The exact numbers are thought to be hidden because of a reluctance on the part of many to admit that they have lost their jobs, or because existing savings or assets have made them ineligible to receive government assistance.

People in this region have traditionally occupied middle and upper management positions across all industry sectors. This has left the Eastern labour force particularly vulnerable to flattening and downsizing trends which have occurred in these occupations over the last ten years.

Local government amalgamation, continued restructuring and down sizing of large manufacturing businesses and Government have resulted in the displacement of a huge pool of skilled workers in Melbourne's East.

Discrimination in the recruitment and retraining of those aged over 45 has meant that older workers are disproportionately affected by declining business cycles. The labour force displacement of mature age employees which has occurred in Melbourne's East mirrors a national and international phenomenon of ageist work place practices and policies.

This report raises the critical question of whether we can sustain the continued displacement of older workers - economically or socially. As our population ages the proportion of younger workers in the labour force will decline. If the displacement of older workers continues, a growing number of the population will be made dependent on a working minority. Policies which have contributed to the financial independence of older Australians will be undermined by the need for many to deplete savings and assets in order to sustain themselves in the here and now.

Long term unemployment will impact significantly on the mental and physical health of those affected. In addition to the costs to individuals, this report will reveal that ageist work place practices have cost industry profits. Misconceptions about the productive capacity of older workers has lead to the neglect of a significant human resource. Employers will be encouraged to reconsider ageist stereotypes and *profit from maturity*.

The immediate and potential economic impact of practices which marginalise older workers demands prompt and focused action from government, industry, and older persons themselves.

Both major parties acknowledged the marginalisation of older workers by pre-empting the development of specific policies and programs for this group in the last federal election. It is now timely to act upon this initiative.

Industry intervention is required to educate employers about the cost benefits of ensuring equity in the work place for older workers.

Finally, older individuals must position themselves for continued participation by recognising and responding to the dynamic nature of the labour market.

Jobs East will draw upon the results of this research to work with industry in Melbourne's East and government to develop and implement new responses that capitalise the skills and experiences of older workers.

We encourage others to draw upon the report to inform their response to this confronting issue.

Louise Rolland
Executive Director



EXECUTIVE SUMMARY

This study aimed to reduce the information gap between general labour force profiles provided by the Australian Bureau of Statistics and descriptive studies of personal experiences of older job seekers. By case-studying the experiences of one group of mature aged individuals in Melbourne's East, the research aimed to add depth of information to existing ABS data.

The results will be used to illuminate appropriate policy and program responses to unemployment amongst the mature aged in Melbourne's East. Jobs East encourages others to draw upon this information to inform a broader response.

Part One of this report provides a framework for policy development. The nature, extent and cost of mature aged unemployment in Australia is explored.

Chapter One elucidates the need for appropriate government policies to deal with the unhealthy and often premature exit of older workers from the workforce. ABS reports highlight the fact that the mature aged are disproportionately disadvantaged in the market place. As a group, their age makes them unattractive to employers and easier to displace. Some government policies (ie superannuation and other retirement policies), have actually accelerated the exit of mature age workers from the labour force.

Concurrent with the displacement of older workers has been the ageing of our population. By the year 2005, it is projected that thirty three percent of our labour force will consist of persons aged over 45.

Chapter Two will explore the extent to which changing age demographics will impact upon our society economically and socially. Projected population and labour force changes have indicated that as our population ages, demands for health and welfare services will increase. It is generally conceded that projected costs will be sustainable. However, if our labour force does not seek to absorb increasing proportions of mature aged workers now, we may be faced with an uncontainable dependency dilemma in the near future, as individuals are forced to deplete their financial reserves to sustain themselves.

Chapter Three challenges ageist myths with reality grounded in research. Misconceptions about the productive capacity of older workers result in their premature exit from the labour force. They are often the first to be retrenched and the last to be recruited or retrained. This is despite research confirming that lower productivity, including higher turnover and absenteeism is more common among other age groups. Several studies provide evidence that it is more cost efficient to retrain and redeploy existing older workers than to retrain new employees.

Australian companies invest enormous amounts of capital to ensure that they obtain maximum potential from their human resource. Yet, in the case of mature aged employees, decisions are often based upon stereotypes and assumptions. The effect of voluntary redundancy and early retirement practices that target older employees, is that employees - not employers - are determining the nature of the workforce. That workforce is increasingly devoid of skills and experience.

Chapter Four will explore the psychological, financial and social consequences of unemployment for the individual affected. It will be revealed that long term unemployment is likely to have a significant psychological, social and financial impact on the individual and his or her family.

Part Two of this report reviews the methodology and findings of the research. Key findings are as follows:



- Residents of the East have suffered from declines in government and manufacturing industries, and the flattening out of occupations such as Management and Administration. Women have benefited from increased participation in growth industries, although at lower rates of pay.
- Women in this region who have been dependent on their spouse are particularly vulnerable to financial devastation in later life if their support base is lost, and face special difficulties when attempting to re-enter the workforce.
- Participants in this study were flexible in their job seeking, and willing to accept lower status pay and positions. Men showed greater reluctance to approach government services for assistance, men and women actively sought out government agencies to determine eligibility.
- Many participants were not eligible to receive financial assistance because of spousal income, their own part-time or casual income, or savings or asset levels. This suggests that the number of persons suffering the effects of unemployment in our region are much higher than reported figures.
- Age was reported to be the greatest barrier to employment. Another significant barrier was a reduction in the number of positions available in previous fields of employment. Many responded by dropping out of the labour force, or by applying for lower status positions. This created an additional employment barrier - being overqualified. Participants reported their frustration at being considered too old to be capable, or too qualified to be genuine.
- Many felt that government employment services were inefficient and ineffective. Contact with agencies was described as demeaning. Experiences with non-government agencies often left individuals feeling as though they were a commodity. In addition, many said their sense of power had been undermined by a lack of response to their applications and resumes.
- Government and private agencies were said to benefit job seekers by providing motivation, personal development, assistance with resume writing and interview techniques.
- A number of positive suggestions were made for improvements in service provision which have been taken up in the recommendations.
- Job loss had a variable impact upon participants, dependent upon the length of time they had been unemployed. Mental and physical effects typically followed a stress related cycle which ranged from initial relief, mild anxiety, to overwhelming feelings of despair. Many long term unemployed participants reported a deterioration in health because a reduction in income resulted in reduced capacity to access non-subsidised health care.
- Menopause compounded the psychological impact of unemployment for women, who felt that they had lost their capacity to be productive within society. Job loss had a significant stigmatising impact on the identity of many individuals, particularly men who felt displaced in their role as the family provider. Family and social relationships were strained by feelings of depression and social withdrawal.
- Many participants reported the need to draw upon existing assets and savings in order to survive the financial impact of job loss. For some this necessitated the sale of a home they had spent a lifetime acquiring.

This report consolidates the interests of policy makers, employers and the mature aged themselves in acting strategically to promote employment opportunities for older job seekers. It raises issues for action and further research. Jobs East, as a regional employment advocate, will take responsibility to act on many of the recommendations contained in this report. We urge others to also recognise and strategically plan for what is arising to be a major social policy issue.



SUMMARY OF RECOMMENDATIONS

Jobs East sought the advice of business regarding the strategies likely to provoke the best response from employers. We would like to thank the following individuals who contributed to the development of these recommendations:

Lynn Barker (Dorothy Farmer Personnel), Rosemary Foxcroft (DBM Victoria), Peter George (Morgan & Banks), Dianne Nisbett (Career & Work Futures), and particular thanks to Neil Stevenson (Ernst & Young).

RECOMMENDATIONS

1. Initiate regional employment opportunities in contracting.

Jobs East, in partnership with industry and Government, to develop and pilot a strategic response which creates new employment opportunities for the mature aged unemployed. The response will incorporate the skills and experience of an under-utilised sector with employment opportunities in outsourcing and contracting.

The business trend for outsourcing of non core activities presents potential employment opportunities for the mature aged. Specifically, mature age contractors are less likely to face age barriers to employment opportunities, since employers are concerned only with the immediate task, and not with forward organisational planning. In addition, age stereotypes may favour older workers in the contracting sector because they will be viewed as being sufficiently experienced to 'hit the ground running'.

2. Initiate state and national employment opportunities in contracting.

Industry Associations to lead a trend of retraining older workers targeted for downsizing in skill requirements which will be outsourced. This creates immediate employment opportunities for displaced workers, and expands their employability in the contracting sector.

3. Increase the skill capacity of small business in Melbourne's East to engage and manage mature age contractors.

Jobs East recognises that many small businesses do not engage contract workers because they are unskilled in contract management. Jobs East in partnership with small business development agencies, Government and relevant industry associations to develop and implement responses that will increase the skill capacity of small business operators to successfully outsource relevant aspects of their business, with an emphasis on the use of mature age contractors.

4. Enhance the capacity of older job seekers in Melbourne's East to compete for contracted work.

5. Acknowledge the breadth of unemployment and underemployment amongst people over 45 and reflect this acknowledgment in government and industry policy and program priorities.

6. Respond to the potential economic impact of the displacement of older workers.

Government and industry to respond to economic evidence of the benefits of equitable labour market access for mature aged persons. Specifically, to put in place policies and programs which actively intervene to maintain the participation of people over 45 in the labour force.



7. Raise public awareness of age discrimination.

Jobs East and other stakeholders to lobby the Government to include affirmative action on age as a separate reporting criteria in the annual affirmative action reports for companies.

8. Industry associations and leaders to promote and support the inclusion of affirmative action on age as a separate reporting criteria in the annual affirmative action reports for companies.

9. Develop and promote a code of practice for the management of older workers.

Industry Associations to develop and promote a code of practice which defines best practice in the recruitment, training and out-placement of older workers.

10. To develop an industry based response to increasing proportions of mature age in the labour force.

Industry to draw on the experience of Britain's Employers Forum on Age (EFA) and liaise with the British companies involved to develop an Australian branch of the forum.

11. Industry associations to acknowledge the cost benefits to business of employing people over 45 and promote these benefits to their sector.

12. Combat stereotypes which falsely represent the capacity of older workers.

Government to develop a strategy that will change social and industry attitudes by actively combating ageist stereotypes.

13. Undertake research to determine the true impact of policies and practices which displace older workers from the labour force.

14. Government to adjust policy in light of research on the impact of unemployment on the long term independence of mature aged persons.

Government to undertake research to assess the true impact of current policies which force people over 45 who are unemployed to eliminate their asset base, often reducing them to poverty and dependency by retirement age.

15. Government to develop and resource age specific policies and programs which will provide a broad base of assistance to people over 45 who are displaced or face displacement from the work force.

Broad based policies, whilst costly in the immediate term, recognise the economic benefits of providing the individual with long term financial independence. This recommendation is consistent with existing superannuation policies which aim to provide self sustainability through retirement.

16. Government to partner with Jobs East to pilot strategic regional responses to unemployment amongst people aged over 45 in Melbourne's East.

17. Facilitate a comprehensive national response.

Government to utilise the national network of ACC's to promote and facilitate a comprehensive regional response to mature age unemployment, in partnership with industry.



18. Create employment opportunities through the promotion of apprenticeships and traineeships.

Jobs East, other ACC's, Government and industry to raise the profile and promote the relevance and opportunities for mature age apprenticeships and traineeships.

19. Identify new employment opportunities.

In order to strategically place themselves in the employment market, older workers must have access to information about new areas of employment opportunity. Government to prioritise, resource and promote the forecasting of regional industry trends and employment opportunities that are particularly suited to older experienced workers.

20. Acknowledge the key role which employment plays in healthy ageing.

Government to identify employment as the basis for healthy ageing and include employment specific policies in portfolio areas dealing with aspects of healthy ageing.

21. Promote self help amongst the mature aged unemployed.

Recognise the high level of skill and experience amongst the older unemployed. Centrelink, ACC's and other relevant regionally based organisations to facilitate and resource networks of older unemployed and assist them to self achieve in their job search.



PART ONE: AN OVERVIEW OF THE ISSUES

This report investigates and highlights the impact of unemployment and underemployment¹ amongst persons aged over 45². Ageist stereotypes³ will be exposed as a key factor in the displacement of older workers from the labour force. The impact of unemployment will be revealed to extend far beyond mental, physical and financial devastation of the individual. The neglect and mismanagement of this vital human resource is costing Australian companies profits. In addition, our economy cannot sustain the continued displacement of its older workers, since a growing proportion of the labour force will be represented by this age group in the next decade. If displacement continues unabated, increasing numbers of older Australians will be forced to deplete their asset base, thus disabling current policy attempts to achieve financial independence into retirement.

THE NATURE OF UNEMPLOYMENT Chapter 1 AMONGST OLDER PERSONS

Market driven policy responses neglect the tendency for employers to favour certain labour market sections. Without active intervention, members of unfavoured sectors are disproportionately displaced during economic downturns and remain unabsorbed during periods of employment growth. Each recurring growth cycle sees the decline of employment opportunities, particularly in the case of those aged 45 and over. Age biases result in retarded recruitment and retraining and the hastened exit of older workers from industry (Senate Committee Report on the inquiry into long term unemployment, 1995).

Australia, like a number of other countries, faces the crisis of an ageing population. Changing age demographics threaten to have a significant impact on Australia's labour, social and cultural policies. If the impact of an increasing proportion of mature aged unemployed is to be contained, we need to act strategically.

Market driven policy responses⁴ neglect the tendency for employers to favour certain labour market sections. Without active intervention, members of unfavoured sectors are disproportionately displaced during economic downturns and remain unabsorbed during periods of employment growth. Each recurring growth cycle sees the decline of employment opportunities, particularly in the case of those aged 45 and over. Age biases result in retarded recruitment and retraining and the hastened exit of older workers from industry (Senate Committee Report on the inquiry into long term unemployment, 1995).

Some government policies have actually contributed to the displacement of older workers from the labour force. Access to superannuation at age 55 has played an important part in the use of early retirement as a labour force restructuring tool. Employers perceive early retirement as a more acceptable strategy than retrenchment when reducing employee numbers.

1. Where unemployment is cited in this report it also refers to under-employment, those individuals who are employed on a part-time or casual basis but would prefer full-time employment

2. This report defines mature age as 45+ because it is the age at which age discrimination is said to start (Employment Skills Council (1996)

3. Age discrimination refers to the less favourable treatment of an individual compared to others solely on the basis of age.

4. For a more detailed analysis of policy responses see Encel, S. (1997) *Work in Later Life*: in Borowski, A., Encel, S., & Ozanne, S. (Eds) *Ageing and Social Policy in Australia* Cambridge University Press, Melbourne pp 137-157



In addition, labour market policies and practices have tended to focus on youth unemployment. One way of creating opportunities for young people has been to accelerate the exit of mature age workers from the labour force. This has been achieved financially through forced early retirement schemes and culturally, through a prevailing community perception that mature age workers ought to make way for younger counterparts (Encel, 1997).

The importance of mature aged unemployment is recognised by both Labour and the Liberal/National party coalition. Both parties announced their intention in the last federal election campaign to introduce programs specifically targeted at mature age workers. It is now timely to advance the development of these programs.

LABOUR FORCE STATUS

Proportion of the Labour Force

The mature aged will constitute an increasingly significant proportion of Australia's labour force. As of November 1995, twenty nine percent of the labour force consisted of people aged 45 or over (ABS 1995). This is expected to rise to thirty three percent by the year 2005 (DEETYA 1995).

Initiatives undertaken now to assist this sector will be accessed by an increasing proportion of Australia's labour force.

Where are the Mature Aged Unemployed Coming From?

According to Rife and Belcher (1994) job loss amongst older workers has generally been the result of privatisation, plant closures, downsizing and company reorganisation. In addition, many older workers have lower educational levels than younger people and are therefore at a disadvantage when attempting to reenter the labour market.

Unemployment Rate: Artificially Low For The Mature Aged Unemployed

The unemployment rate for the total labour force for persons aged 15-44 was ten percent as of January 1998 (ABS 1998), this compares with six percent for those aged 45+ years. Whilst the official unemployment rate for older persons may appear lower, it masks two significant factors of potential labour market detachment. Firstly, the high rate of non-participation in the labour force. Data indicates that twenty nine percent of men and fifty eight percent women aged 45-64 are non participants (ABS 1995).

Secondly, the rate of discouraged job seekers, that is, people who want to work but have ceased looking because they believe they would not be able to find a job. Rife and Belcher (1994) have stated that older workers are more likely to abandon job search and withdraw from the labour force than members of other age groups. Indeed, those aged 45-69 account for sixty two percent of all discouraged job seekers (ABS 1996).

In addition, employment rates typically underestimate actual figures, since they do not include those individuals who are underemployed, or employed on a part-time or casual basis but seeking full-time employment.

When considered together, the high rate of discouraged job seekers and non-participants suggests that the figure of six percent unemployed in mature age group is artificially low.



Longer-Term Unemployment For Older Job Seekers

Long term unemployment is disproportionately concentrated amongst older persons⁵. In December 1997, the 20-24 age group made up ten percent of the long term unemployed, compared with twenty two percent represented by the 35-54 age group (ABS 1997). On

Long term unemployment is disproportionately concentrated amongst older persons.

average, those aged 45-54 are unemployed for seventy nine weeks compared to forty two weeks for those aged 20-24. In addition, duration of unemployment increases with age, peaking at age 55-59 (ABS 1996).

Causes of Mature Age Unemployment

Observers⁶ have noted that older workers are 'pushed or pulled' out of the active labour force prematurely in response to labour market constraints. Governments in OECD countries have attempted to reduce pressure on labour markets by encouraging younger people to stay in education and by giving older workers incentives to retire earlier (ie. redundancy packages and early retirement benefits). This aggravates the problem of old age dependency and rising social expenditures (Encel *ibid*).

Recommendation No 1. Initiate regional employment opportunities in contracting.

Jobs East, in partnership with industry and Government, to develop and pilot a strategic response which creates new employment opportunities for the mature aged unemployed. The response will incorporate the skills and experience of an under-utilised sector with employment opportunities in outsourcing and contracting.

The business trend for outsourcing of non core activities presents potential employment opportunities for the mature aged. Specifically, mature age contractors are less likely to face age barriers to employment opportunities, since employers are concerned only with the immediate task, and not with forward organisational planning. In addition, age stereotypes may favour older workers in the contracting sector because they will be viewed as being sufficiently experienced to 'hit the ground running'.

Recommendation No 2. Initiate state and national employment opportunities in contracting.

Industry Associations to lead a trend of retraining older workers targeted for downsizing in skill requirements which will be outsourced, thereby creating immediate employment opportunities for displaced workers, and expanding their employability in the contracting sector.

Recommendation No 3. Increase the skill capacity of small business in Melbourne's east to engage and manage mature age contractors.

Jobs East recognises that many small businesses do not engage contract workers because they are unskilled in contract management. Jobs East in partnership with small business development agencies, Government and relevant industry associations to develop and implement responses that will increase the skill capacity of small business operators to successfully outsource relevant aspects of their business, with an emphasis on the use of mature age contractors.

5. Long term unemployment is defined as a lack of employment for at least 12 months.

6. The International Labour Office (1995) in Encel (*ibid*) pp 137.



Recommendation No 4. Enhance the capacity of older job seekers in Melbourne's East to compete for contracted work.

TAKING ACCOUNT OF DIVERSITY

It is important to note that the mature aged are not a homogeneous group. Responses must make a distinction between the needs and experiences of men and women, individuals from non-English speaking backgrounds and white and blue collar workers.

Men's participation in the labour force has declined in the last 15 years, falling by twenty five percent between 1979 and 1994. Women's participation rate over this time has increased. The participation rate of women aged 45-54 years increased by twenty three percent between 1979 and 1994 (ABS 1996).

Women tend to be concentrated in relatively low paid jobs in growth areas such as education, retailing and tourism, whereas men are concentrated in better paid jobs but in declining industries and occupations such as management, manufacturing and construction (ABS 1995).

Coupled with the comparatively low wages women receive, older women whose career patterns have been interrupted to care for children become increasingly more marginalised and vulnerable within the labour force.

Older women generally have fewer formal educational achievements than younger women, and many have experienced sporadic employment due to child care obligations. As a group, their access to superannuation has been low prior to the 1989 superannuation legislation. Consequently, a majority would anticipate little financial pay-out in the event of ceasing work (Patickson and Hartman, 1996).

Most vulnerable are women dependant on their spouse's income. These women face severe difficulties if their support base is unexpectedly removed through death, separation, divorce, or the retrenchment of their spouse.

The mature aged unemployed are disproportionately disadvantaged in the market place because their age makes them unattractive to employers and easier to displace. This fact alone has not provoked the development of policies or programs which positively intervene upon the market in ways which would assist mature aged job seekers. Yet the changing demographic of our population, specifically the ageing of our population, suggest that the historical neglect of this sector of the labour force can not be sustained.

Recommendation No 5. Government and industry acknowledge the breadth of unemployment and underemployment amongst people over 45 and reflect this acknowledgment in policy and program priorities.

It is important to note that the mature aged are not a homogeneous group. Responses must make a distinction between the needs and experiences of men and women, individuals from non-English speaking backgrounds and white and blue collar workers.

**NATIONAL AGE PROJECTIONS Chapter 2**

Australia is rapidly ageing. The extent to which this changing demographic will impact upon our society economically and socially is a matter of current debate⁷. In line with this demographic, the proportion of mature aged persons in our labour force will also increase over the proceeding decades. The issue at hand is to discern how population changes will impact upon government expenditure. Cost estimates to determine this impact have typically been based on age dependency ratios⁸.

PROJECTED POPULATION & LABOUR FORCE CHANGES

Between the 1981 and 1991 census, the population aged 65 years and older increased by thirty three percent - that is twice as fast as the total population. In the 1990s the number of persons aged over 65 is expected to increase by twenty four percent to 2.36 million. Between 2011 and 2031, when the total population is projected to increase by just fourteen percent, the total number of elderly Australians will increase by over two-thirds from 2.89 million to 4.84 million (ABS 1994: Borowski & Hugo, 1997).

Since 1976, the median age⁹ of Australians has consistently increased. The median age of 33.4 is expected to increase to 35.4 in 2001 and 38.0 by 2011 (ABS 1994).

The total number of aged persons is expected to exceed the total number of children by the year 2026. This has sparked concern from some about the potential economic impact of increasing numbers of 'dependant' elderly persons relative to a declining working population. Total numbers of elderly in the population will affect demands for housing, health and other services. (Borowski and Hugo, *ibid*).

Clare and Tulpule (1994) report that aggregate welfare is projected to increase from \$23.4 billion in 1990 to \$89.2 billion in 2041, and that health expenditure is projected to increase from \$28.7 billion in 1990 to \$106.1 billion by 2041. EPAC (1988) has viewed this growth in expenditure as sustainable when considered in the context of future economic growth (Borowski and Hugo *ibid*). However, these projections may have underestimated the impact of a continued displacement of older workers from the labour force.

THE COSTS OF CONTINUAL DISPLACEMENT OF MATURE AGE WORKERS

There is a need to consider the potential economic fallout of policies and practices which exclude older workers from the workplace. ABS reports¹⁰ indicate that unemployed individuals aged over 45 find it particularly difficult to re-enter the labour force.

Many of these individuals will be unable to sustain themselves financially into old age and will be forced to draw on superannuation, savings and other assets. In these cases resources may be depleted by the time individuals reach the dependency ratio age of 65.

7. See Borowski, F and Hugo, G. (1997) *Demographic Trends and Policy Implications*. In: Borowski, Encel & Ozanne (*ibid*) pp 19 - 54.

8. A dependency ratio is the measure of the number of people dependent upon government assistance relation to those who do not require assistance (Borowski and Hugo *ibid*).

9. The median age is the age at which half the population is older and half is younger (Borowski & Hugo *ibid*).

10. Cat no. 6203.0 and 6255.0.



If current human resource practices and labour market policies which displace older workers from the labour force continue, an increasing proportion of our population may be forced into dependency. Thus a significant burden will be placed on a youthful minority of the population who are in work.

Clearly a central response to our ageing population must be related to the labour market - specifically a response which rethinks the stereotype of the incumbent older worker, and creates sustainable employment for people over 45, 55 and if desired 65.

Recommendation No 6. Government to respond to the potential economic impact of the displacement of older workers.

Government and industry to respond to economic evidence of the benefits of equitable labour market access for mature aged persons. Specifically, to put in place policies and programs which actively intervene to maintain the participation of people over 45 in the labour force.

If current human resource practices and labour market policies which displace older workers from the labour force continue, an increasing proportion of our population may be forced into dependency. Thus a significant burden will be placed on a youthful minority of the population who are in work.

Case Study: Peter

Married, aged 55 years.

Peter was employed as a senior executive with a major airline company for twenty years. He was offered a voluntary retrenchment package six months ago. In reality Peter was made aware that if he did not accept the package at that stage, the terms and conditions would deteriorate over time and he would eventually be forced to accept a much lower offer.

The difficulty Peter encountered in job search came as a shock. Peter had not been faced with the prospect of finding employment for a long period of time, and believed that there would be work available for those who truly wanted it. Peter spent the past six months looking for work through networks, advertisements and private employment agencies.

Peter became so discouraged that he has now stopped looking for work all together. Instead he is attempting to operate as an independent consultant. Whilst he admits that he is not earning a livable wage, Peter says his self esteem could not have tolerated the constant rejection he had previously faced.

The most devastating aspect of job loss for Peter has been the loss of his role as the family provider. Peter feels so ashamed by the poverty associated with job loss that he has withdrawn from his children.

15

Case Study: Rosalinda

Aged 50

Rosalinda presents as an articulate, intelligent, confident and likeable woman.

Rosalinda has an impressive work history. She has been a radio presenter, a senior lecturer at one of Australia's most prestigious universities and a Vice President of Public Relations for one of the worlds largest gold mines.

Rosalinda has been unemployed for twelve months. After many months of unsuccessful job seeking in similar occupations and industries to those she had previously occupied, Rosalinda has dropped her expectations. She now competes for positions against her ex-masters students.



AGE DISCRIMINATION IN RECRUITMENT, Chapter 3 RETRAINING AND RETRENCHMENT

Misconceptions about the productive capacity of older persons results in the premature exit of older workers from the labour force. They are often the first to be retrenched and the last to be recruited or retrained. Evidence of increasing proportions of mature aged workers in our labour force ought to provoke policy makers, employers and human resource

Misconceptions about the productive capacity of older persons results in the premature exit of older workers from the labour force. They are often the first to be retrenched and the last to be recruited or retrained.

practitioners to respond strategically. Instead, mature aged workers now face the greatest challenge of their working lives - to maintain their employment, to attract the training opportunities generally made available to younger employees, or if they are unemployed, to compete against the prejudice facing them to re-enter the workforce.

WHAT IS AGE DISCRIMINATION?

Age discrimination has been defined by Bennington and Tharenou (1996) as the 'less favourable treatment of an individual compared to others solely on the basis of their chronological age.' Stereotypes of the aged are one of the last of all stereotypes to be addressed.

MYTH VERSUS REALITY

Ageist perceptions of worker capacity typically distinguish between 'soft skills' associated with older workers, such as loyalty and responsibility, versus the 'hard skills' of younger workers - speed, flexibility and mobility.

Specifically, it is assumed that older workers cannot be educated, are less adaptable, are more

Research evidence refutes stereotypes relating to avoidable absence from the work place, actual performance, memory, intelligence, ability to fit in and job satisfaction. Despite strong evidence, employers continue to make human resource decisions based on age.

costly, that productivity and mental capacity automatically decline with age, and that older workers are unmotivated¹¹.

Bennington and Tharenou (ibid, 1996) tested ageist stereotypes against existing research. Research evidence refutes stereotypes relating to avoidable absence from the work place, actual performance, memory, intelligence, ability to fit in and job satisfaction. Despite strong evidence, employers continue to make human resource decisions based on age.

DISCRIMINATION IN RECRUITMENT, RETRAINING AND RETRENCHMENT

Many mature age job seekers and employees are at the mercy of a 'discrimination cycle' which extends from recruitment to retrenchment. The cycle begins with a perception of limited capacity to benefit from retraining which leads to exclusion from training. This exacerbates the impression that older workers have out-dated skills and experience. As a result older workers are more likely to be targeted when downsizing decisions are made. Viewed another way, the cycle represents a self fulfilling prophecy about the productive capacity of older workers.

11. It is important to note that older workers themselves may take on age biases, which can prevent them from taking up opportunities (Reark 1990).



'Attitude surveys'¹² confirm that older workers face discrimination in promotion and training. Older employees are assumed to have a shorter work life and thus produce low returns on career development investments. This is despite the trend away from long term employment with one employer and the fact that lower productivity, including higher turnover and absenteeism, is more common amongst other age groups (Employment Skills Council 1996). The neglect of retraining is a critical component of the discrimination cycle, since it contributes to the likelihood that older workers will be disproportionately affected by downsizing.

The second stage of the discrimination cycle occurs when employers make age biased retrenchment decisions. If older workers are not retrained, because of stereotypes related to reduced capacity, then this untrained segment of the workforce becomes the natural choice when downsizing decisions are made. This cyclical effect was evidenced in a recent report by the International Labour Office (ILO) (1995: Encel 1997), which revealed that older workers are particularly vulnerable to dismissal as a result of downsizing.

After experiencing discrimination in 'retraining' and 'retaining' which may lead to job loss, the mature aged are also confronted by discrimination in recruitment. A recent survey by the ABS (Dec, 1997) found that eighty two percent of respondents aged 45 and over identified age as the single most important obstacle to employment. This compared to twenty five percent for persons aged 15-54.

A survey by Falconer and Rothman (1994) revealed that human resource managers are reluctant to hire a person over the age of 45 and less likely to encourage an older employee to stay at work. Steinberg and Colleagues (1996) also surveyed employers attitudes about older job seekers and found that older job applicants were not perceived to be adaptable. Employers showed minimal interest in recruiting persons aged over 45, and no interest in recruiting anyone 56 years or older.

In response to discrimination against older employees and job seekers, legislation has been introduced which prohibits age based decisions in the workplace¹³. Age discrimination is now illegal in most Australian States and Territories except Tasmania. The legislation deals with retirement and remuneration of employment, as well as discrimination in employment based on perceptions or stereotypes.

Clearly this is just one component of the extensive programme needed to combat ageist stereotypes. By legislating against discrimination, we define and reflect ideal community standards. The difficulty, as Bennington and Tharenou (ibid) point out, comes in convincing employers to adhere to the spirit rather than the letter of the law. The most useful tool for this task is to show employers how they can *profit from maturity*.

Recommendation No 7. Raise public awareness of age discrimination

Jobs East and other stakeholders to lobby the Government to include affirmative action on age as a separate reporting criteria in the annual affirmative action reports for companies.

Recommendation No 8. Industry associations and leaders to promote and support the inclusion of affirmative action on age as a separate reporting criteria in the annual affirmative action reports for companies.

12. Refer to Bennington, L. & Tharenou, P. (1996) *Older Workers, Myths, Evidence and Implications for Australian Managers* *ASIA Pacific Journal of Human Relations* 34 (3) pp 63 - 76.

13. Age discrimination has been prohibited under the Industrial Relations Reform Act, the Human Rights and Equal Opportunity Act (1995 Act No 42/1995) and various State Acts covering anti-discrimination.



THE COSTS OF DISCRIMINATION

Unemployment results in significant personal and social costs to the community¹⁴. Increased unemployment and pension benefits in combination with increased life expectancy and median ages will result in increased pressure on health and welfare services. The Economic

The removal of barriers to the employment of older workers will simultaneously increase the GDP, raise tax revenues and reduce welfare spending.

Planning and Advice Council (1988) propose that the removal of barriers to the employment of older workers will simultaneously increase the GDP, raise tax revenues and reduce welfare spending. Wider costs include significant skill and qualification loss to the community and the individual, which can severely reduce individual motivation and business competitiveness (Encel *ibid*).

Several studies provide evidence that age discrimination costs companies profits¹⁵. Contrary to the usual assumptions, Reid (1989) confirmed that productivity is not significantly related to age, and that unit labour costs associated with hiring, training and replacement were lower for older employees.

The costs of age discrimination to employers has been highlighted by Bennington and Tharenou (*ibid*). If found to act unlawfully, employers face penalties of up to \$40,000, high legal fees, as well as 'opportunity cost' related to money spent on non-productive activities. In the United States age discrimination is now one of the greatest sources of litigation relating to employment practices (ABC radio February 1998).

However direct costs associated with non-compliance are insignificant compared to the potential loss of productivity, public credibility and impact on staff morale. A Drake International report (1997) noted that the banking industry in the United States suffered an enormous blow to its public profile as a result of severe downsizing, and is still attempting to regain credibility.

Recommendation No 9. Develop and promote a code of practice for managing older workers.

Industry Associations to develop and promote a code of practice which defines best practice in the recruitment, training and outplacement of older workers.

PROFITING FROM MATURITY

Whilst it would not be feasible to expect employers to 'carry' older workers in favour of a better equipped alternative, Patrickson and Hartman (1996) point to the untapped human capital of this segment of the workforce.

In a study of older women in the retail industry, Patrickson and Hartman (*ibid*) reveal that older women are likely to approach their working lives with a stronger desire for participation than men. In many cases this can be attributed to financial need. However women in this age group are also inspired by the opportunity to work unimpeded by family responsibilities. Thus, older women have the potential for high level commitment to their employer and are usually flexible employees who are prepared to work full or part-time, even in industries which are traditionally low paying.

14. The personal consequences of mature aged unemployment will be discussed in the following section of this chapter.

15. Refer to Reid, F. (1989) *Age Discrimination & Compulsory Retirement in Australia* Journal of Industrial Relations June pp 174 - 184



For example, by offering employment opportunities to older persons, the retail industry has profited from a loyal, committed workforce at relatively low cost.

Similarly, Kern (1990) reports that managers actually working with older workers recognise their many positive attributes including a reduction of job turnover, absenteeism, sick leave and accidents. They also acknowledge the steadying influence of older employees on younger workers.

Holmes and Linder-Pelz (1996) point out that many employers themselves are becoming aware of what it costs them to lose the skills and experiences of older workers. They are responding to new evidence that it costs less to retain, redeploy and reskill experienced people than to recruit new staff. Two leading financial corporations in Australia have estimated that it costs \$80,000 to replace a middle manager (Holmes and Linder-Pelz *ibid*).

After an extensive period of neglect, employers in the USA, England and France have begun to recognise the labour force potential of older workers. They are drawing on the skills and experience of older workers to assure their companies competitiveness. In Britain IBM and British Telecom are offering employees over forty career development, retirement planning, and redeployment options such as part-time and contractual work.

Two leading financial corporations in Australia have estimated that it costs \$80,000 to replace a middle manager.

Holmes and Linder-Pelz (*ibid*) detail the benefits of such undertakings which include: saving on recruitment costs, retaining valuable skills and experience, containing or reducing staff bitterness and anxiety over restructuring, revitalising employees, and boosting morale and productivity.

Australian companies invest enormous amounts of capital to ensure they obtain maximum potential from their human resource. Yet, in the case of mature aged employees, decisions are often based upon stereotypes and assumptions.

Voluntary redundancy and early retirement practices which have targeted older employees, have meant that employees, not employers, are determining the nature of the work force. That workforce is increasingly devoid of skills and experience.

Australian companies invest enormous amounts of capital to ensure they obtain maximum potential from their human resource. Yet, in the case of mature aged employees, decisions are often based upon stereotypes and assumptions. Voluntary redundancy and early retirement practices which have targeted older employees, have meant that employees, not employers, are determining the nature of the work force. That workforce is increasingly devoid of skills and experience.

Recommendation No 10. Develop an industry based response to increasing proportions of mature age in the labour force Industry to draw on the experience of Britain's Employers Forum on Age (EFA) and liaise with the British companies involved to develop an Australian branch of the forum.

Changing the entrenched employment practices of industry in Australia is not enough to ensure our businesses capitalise on the skills and experience of older workers. The changes necessary must embrace a culture which accepts labour force diversity and encourages a more flexible and equitable approach to recruiting and developing employees.



Recommendation No 11. Industry associations to acknowledge the cost benefits to business of employing people over 45 and promote these benefits to their sector.

Recommendation No 12. Combat stereotypes which falsely represent the capacity of older workers.

Government to develop a strategy that will change social and industry attitudes by actively combating ageist stereotypes.

Recommendation No 13. Undertake research to determine the true impact of policies and practices which displace older workers from the labour force.

Government to undertake research to assess the true impact of current policies which force people over 45 who are unemployed to eliminate their asset base, often reducing them to poverty and dependency by retirement age.

Case Study: Belinda

Single, aged between 50 and 54 years.

Belinda was employed by the Federal Government where she worked as a librarian. Although she had technically accepted a voluntary redundancy package, Belinda felt that she had been forced out of her position. Over a twelve month period her work load was severely reduced and she was excluded from training opportunities.

It has been three years since Belinda first lost her job. Her experiences in job search have taught her that age is a significant barrier to re-entry to the workplace. On one occasion, whilst working in a temporary capacity Belinda was told that she should not apply for the position on a full-time basis because she would not fit in with the 'youth culture' of the organisation.

Belinda has become so concerned about age bias that she constantly monitors her behaviour in potential work environments. She described the lengths she went to recently whilst working in a temporary capacity: "I make sure I know what all the latest music is, I try to dress like the younger women in the office and I try never to say anything that will reveal my age."

Job loss has devastated Belinda financially. After working for twenty five years to own her own home, she now faces the prospect of selling it to cover basic consumption needs.

On a personal level, job loss has had a significant impact on Belinda's relationships. Socialising for Belinda had been closely tied to cultural activities which she can no longer afford to participate in. This has left her feeling depressed and lonely.

Belinda is not optimistic about future employment opportunities, and feels that as time goes on her skills will be eroded to such an extent that she will be rendered totally unmarketable.