**Willing to Work: National Inquiry into Employment Discrimination against Older Australians and Australians with Disability**

# Submission No 118

**Name** Withheld/Include name if the confidentiality Q indicates name should be made public

**Submission made by**

[x]  Older Australian in work

[x]  Older Australian looking for work

[x]  Older Australian who would like to work

# Submission regarding Older Australians/ Australians with Disability / Both

### **Your experience**

**Have you (or the person you are submitting on behalf of) experienced employment discrimination?**

[x]  Yes

[ ]  No

[ ]  Not sure

**Did you take any action in relation to the employment discrimination you experienced?**

[x]  Yes

[ ]  No

**Please tell us more, for example, what action you took and how effective you felt it was; or why you chose not to take any action.**

Frequent recruitment discrimination in that my resume was not rejected by recruitment programs and firms and not presented to employers. Two actions:

1. I reduced the amount of information in my resume
2. I by-passed recruitment agents wherever possible and presented my resume directly to employers.

Ironically, the less experience I presented in my resume, the better the prospect of employment.

**Did your experience of employment discrimination impact on your participation in the workforce? (For example, did you have to stop work, change jobs or take sick leave?)**

[x] Yes

[ ] No

**Please tell us more**

I was under-employed for more than 12 months as a result of employment discrimination. My story in the following box shows that my under-employment was not due to lack of ability or lack of experience.

**Box 1. My story**

I started work in the Australian Public Service in 1986 and have worked in both public and private sectors, much of the time as a consulting economist. So I have a very wide range of industry and organisational experience.

I resigned from a full time salaried position in 2014 to work in my own consulting company. Changes of government in Victoria and Queensland adversely affected the consulting market, so I looked for short-term employment. I have applied for more than 50 short-term contract or permanent jobs, starting from salaries as low as $80k per annum equivalent. I am rarely shortlisted for interview and, even if interviewed, have only received one offer of a short term contract.

My successful career as a consulting economist shows that I could meet the requirements of the positions, and my preparedness to accept salary below $100k shows that I offer very good value for money. Feedback that I received on a few occasions suggested that I was ‘over-qualified’, which I interpreted as having too much experience / being too old.

I have a PhD in mathematics and more than 20 years’ experience using mathematics in commercial businesses, so I considered becoming a maths teacher. However the need to obtain another qualification at my expense and without recognition of prior experience deterred me – which may go some way to explaining shortage of experienced maths teachers.

More information about my experience is at [www.strategex.com.au](http://www.strategex.com.au)

### **Barriers**

**Do you think older Australians/Australians with disability face barriers when they look for work or are in a job?**

[x] Yes

[ ] No

[ ] Not sure

**If yes, or not sure, what do you think these barriers might be?**

Barriers are evident from:

* My direct observations as both buyer and seller of labour
* Recruitment experiments, with contrasted strategies

Direct observations

I have participated in numerous recruitments – as a buyer, both directly and through outsourced recruitment, and as a seller (candidate). As a candidate, I have found jobs increasingly difficult to get as I get older, even though I have decreased my selling price (salary expectation).

Recruitment experiments

Because I trained as a scientist, I conducted some experiments in the recruitment market. The following two boxes summarise two experiments: parallel process and varying resumes.

**Box 2. Parallel process recruitment experiment**

A state government department wanted to recruit a person with specialised skills in modelling of social policy. The department advertised on the NSW Government jobs website (jobs.nsw.gov.au ) and, in parallel, engaged a specialised search firm F to identify candidates.

I was registered as seeking work with a search firm, but the firm did not submit my resume to the Department despite the person conducting the search having met me. However I applied through the NSW Government jobs website and was judged as suitable for the position.

My conclusion is that recruitment firms are filtering out candidates who would otherwise be of interest to employers.

**Box 3. Resume experiments**

I responded to many advertisements by providing a comprehensive resume including all qualifications, but suffered 95% rejection rate. The rejection rate reduced after I cut the content of my resume and took out my highest qualification (PhD). My most successful resumes tended to be those with least information.

My conclusion is that recruiters are biased against people with too much experience or too many qualifications.

**Does employment discrimination have an impact on gaining and keeping employment for older Australians/Australians with disability?**

[x] Yes

[ ] No

[ ] Not sure

**Are there any practices, attitudes or laws which discourage or prevent equal participation in employment of older Australians/Australians with disability?**

[x] Yes

[ ] No

[ ] Not sure

**Please tell us more**

Organisations often outsource part or all of their recruitment process to specialised recruitment firms, in response to the challenges of sifting through increasing numbers of applications received for decreasing numbers of jobs. Recruitment firms are often paid for successful placements, perhaps with a warranty term that they will replace a candidate who doesn’t stay for a minimum period. So the recruitment firms have a clear incentive to recommend appointing candidates who may be likely to stay longer. My personal experience is that recruitment firms reject more experienced, older candidates in case they don’t stay for the minimum warranty term. Also, staff in recruitment firms tend to be younger and more inclined to recommend younger candidates. The principal-agent problem arises in that employers who outsource their recruitment process are unlikely to know that older, more experienced candidates are being rejected. The experiment described in Box 1 above shows that a person made it through to the employer only because they applied directly, because they were not recommended by the recruitment firm.

**What are the incentives and disincentives for older Australians/Australians with disability to work?**

**Incentives:**

Obvious individual incentives include income and interesting work. Societal incentives to keep people employed include preservation of corporate knowledge and more efficient use of scarce brainpower resources.

**Disincentives:**

Individual disincentives include difficulty in finding work and feeling disconnected when in work. Societal disincentives include preference for younger people and newer ideas.

### **Good practice**

**Are there examples of good practice and workplace policies in employing and retaining older Australians/ Australians with disability?**

[ ] Yes

[ ] No

[x] Not sure

**Please tell us of examples of good practice in employing and retaining older Australians/ Australians with disability in work that you are aware of.**

Evidence in part (b) does not necessarily indicate conscious decisions to discriminate. My analysis is that the failure to recruit diversity is due in large part to market failures in recruitment, which are not necessarily failures in labour market.

Specifically, good practices could include:

* Reducing information asymmetry
* Reducing transaction costs of interviewing wide range of people.
* Avoiding principal-agent problems that arise when organisation unit wanting to recruit does not directly carry out recruitment process, but contracts out to internal HR unit or to external recruitment firm.

Information asymmetry

Employers should know what they want in an employee but may not express this well in their job descriptions. Job requirements often do not match the final . Employees should know their strengths and weaknesses, but often tailor their resume to match the job description.

Transaction costs

Number of jobs decreasing and number of applicants increasing, making recruitment challenging. Most jobs are advertised on Internet with applications received digitally. The number of applications has increased, requiring very quick assessment by recruiters or automated screening.

Applicants do not know how automated screening algorithms work, so cannot know the extent of discrimination built into these algorithms. It is possible that age is used as a screening criteria if resumes contain date of birth.

Even if a resume doesn’t contain date of birth, it may be possible to use amount of experience as a proxy for age. The experiment described in Box 2 above, which showed that reducing the amount of experience in a resume led to higher success rate, implies that screening is biased against experience that comes with age.

Principal-agent problems

The market failure in recruitment is clearly evident in respect of principal-agent problems, for the following reasons.

In summary, the market for outsourced recruitment is failing to deliver diversity of candidates to organisations who have outsourced their recruitment. Organisations probably do not know what candidates are being rejected, because recruitment firms have strong incentives to present standard candidates who are likely to last the warranty period, at the expense of a more diverse range.

### **Solutions**

**What action should be taken to address employment discrimination against older Australians/Australians with disability?**

It is essential to check that any interventions to address market failure are not worse than the failure.

General approaches to addressing the above market failures include:

* Reducing information asymmetries
* Improving market transparency
* Setting appropriate incentives for desired behaviours

One improvement would be to tell applicants whether their resumes would be subject to automated screening and, if so, whether the screen is compliant. This would address the information asymmetry that applicants (and perhaps even organisations seeking recruits) do not know whether automated screens comply with non-discrimination regulations. This would be low cost to implement and would improve the efficiency of recruitment.

Another improvement would be for recruiters to advise candidates how their resumes had scored in screening. Currently most recruiters do not even advise candidates if their resumes are screened out, let alone why. Conveniently, this prevents candidates forming a view about discrimination. Even those who do advise say something like “Your profile does not fit our requirements”, which still prevents candidates forming a view about discrimination. Presumably most screen calculate some score reflecting goodness of fit, so candidates could be advised of their score, the threshold score for shortlisting, and standard deviation of applicants. After all, people are entitled to know their credit score and whether their score has resulted in them being refused credit. This would be moderate cost to implement and would improve the efficiency of recruitment.

Organisations could also receive a statistical summary of people who applied, as a check on whether recruiters have biased shortlisting processes. This could include:

* Demographic markers (age, gender)
* Length of experience
* Summary analysis of pattern matching – why were applicants screened out

This intervention would be more expensive to implement, but could be done for online recruitment.

More intrusive intervention would be to prohibit “too much experience” or “overqualified” as reasons for screening out applicants. Evidence that this happens is provided by resumes experiments – leaving experience off resumes can improve prospects for employment. One might think that employers would be keen to employ “overqualified” people for low salaries or wages. However employers may say that they are concerned that “overqualified” employees may not stay for very long. This is certainly of concern to recruitment agents who offer warranties. However it ignores benefits from highly experienced staff and therefore reduces workforce productivity. This would be moderate cost to implement but would improve the quality of recruitment.

**What should be done to enhance workforce participation of older Australians/Australians with disability?**

Frequent rejection is demoralising. It may help people to know that many recruitment processes are flawed and are not choosing the best person for the job.

One approach could be to delink age and management level. Some organisations use the term ‘Senior manager’ to refer to higher level managers. This implies correlation between management level and age, which may confuse external recruiters and applicants. Making it more commonplace for older people to younger people would enhance participation.

Another approach could be to delink age and salary. Older people may be willing to accept lower salary in return for better work-life balance.

**What outcomes or recommendations would you like to see from this National Inquiry?**

The Inquiry could report that:

1. Employers often fail to recruit diverse range of candidates.
2. Failures are often due to recruitment processes that reject candidates who don’t match predetermined patterns, for reasons such as “too old” or “too much experience”. However, recruitment agents may be failing to represent the principal employer, which constitutes principal-agent problems.
3. Society would be better off with some interventions to reduce recruitment failures, which are also market failures. Specifically:
	1. Require recruiters to tell applicants whether their resumes would be subject to automated screening and, if so, whether the screen is compliant.
	2. Require recruiters to advise candidates how their resumes had scored in screening.
	3. Provide managers with a statistical summary of people who applied, as a check on whether recruiters have biased shortlisting processes.
	4. Prohibit “too much experience” or “overqualified” as reasons for screening out applicants.