



Australian Government

**Department of Education, Employment
and Workplace Relations**



Employer perspectives on recruiting people with disability and the role of Disability Employment Services

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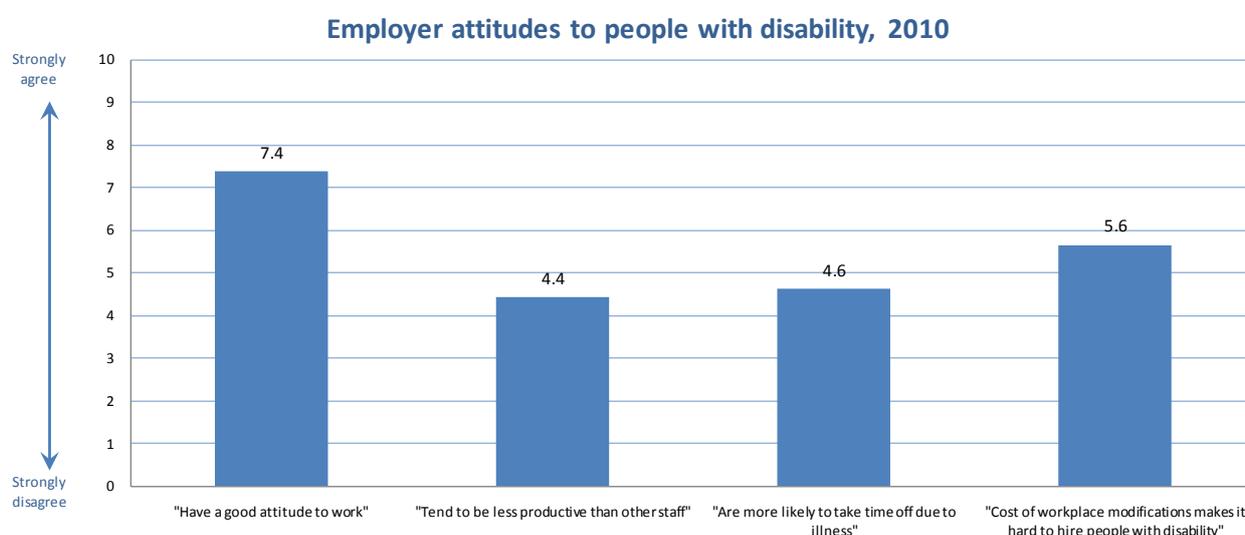
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Executive Summary

This paper contains preliminary findings from the 2010 DEEWR Survey of Employers supplemented by qualitative data from an online discussion forum in May 2011 with 40 employers covering topics such as recruiting people with disability, experiences of DES, and financial incentives, particularly wage subsidy schemes.

The survey revealed a generally favourable attitude towards employing people with disability and a perception among employers that most people with disability have a strong work ethic. Forum discussions underscored these points, while emphasising the critical importance of job fit.



Source: Preliminary analysis of the 2010 Survey of Employers (DEEWR and TNS Research).

Medium and large employers were more inclined to rate positively than small employers, suggesting that larger businesses may have greater capacity to support special needs in the workplace. Financial assistance including wage subsidies and offsetting the cost of any workplace modifications is an important factor in the recruitment decisions of many small employers, who are more likely than large employers to see additional upfront costs as a barrier. Employers who used DES were less likely to see the cost of workplace modifications as a barrier compared with employers who had not used a disability employment program.

The same issues surfaced in the online forum which allowed participants to exchange and explore ideas. Forum participants were generally positive about the concept of recruiting people with disability. Reservations, where expressed, related to perceived financial risk associated with upfront costs and any ongoing productivity issues. DES users were somewhat more likely than non-users to identify benefits to the individual and organisation of employing people with disability but, encouragingly, both DES users and non-users were open to the possibility of employing people with disability in the future.

Key findings from the 2011 Online Employer Forum

1. Honesty upfront should be encouraged.
2. Employment is all about getting the right person for the job.
3. Workers with disability are often considered the most reliable and loyal employees.
4. DES support plays a large role in the employment decision.
5. Financial incentive is a decision helper, not a deal maker (for most).
6. Employer incentive is deemed to be more than just wage subsidies.
7. Ideally for employers, financial incentives are linked to worker productivity and paid in instalments.
8. Employers desire incentive to be longer term and more substantial.
9. DES providers highly praised.

Source: 2011 DEEWR Online Employer Forum (Sweeney Research).

The stand out message from the forum was the importance of getting the right person for the job. 'Job carving', the analysis of job duties and tailoring of a job to suit a candidate's capabilities, is central to meeting the needs of employers and attracting new employers to the program. Overall, DES providers were praised, with only a few employers requiring improvements to job matching and the amount and quality of service.

Employers clearly favour flexible payment schedules for wage subsidies. Whereas, currently, wage subsidies tend to be paid around the time of a 13 or 26 week outcome this appears to place too much risk on the employer; employers want periodic payments. The new wage subsidy for long term unemployed job seekers announced in the 2011-12 Budget is designed with this flexibility in mind.

A majority of employers, both users and non-users of DES, consider that wage subsidies should be long term or ongoing with the level of subsidy based on worker productivity. The discussion highlighted a possible lack of awareness of supported wages (via the Supported Wage System) as distinct from wage subsidies. Despite this the forum gave valuable insights into employers' thinking on financial incentives and what they see as the critical design parameters in terms of subsidy amount, payment schedule, and duration.

Introduction

This paper discusses selected findings from the 2010 Employer Survey ('the survey') and the 2011 Online Employer Forum ('the forum'). Employers are a vital source of information for evaluating the effectiveness of Disability Employment Services (DES) and the final evaluation report will include a more comprehensive analysis of employer feedback than is presented here. The purpose of this paper is to provide some early high level results to the DES Reference Group for its forthcoming meeting with an employer focused agenda.

The department commissioned TNS Social Research to conduct the 2010 Survey of Employers, a stratified random sample of employers across Australia. The 2010 survey was completed between September and December by 2,780 respondents from a random sample of employers plus 2,744 employers from a departmental sample of users of employment programs, including 805 employers who had recruited in the previous two years through disability employment programs. This paper uses attitudinal data from a subset of 1,230 responding employers who were streamed, at random, through the survey's attitudes module. This subsample corresponds to a weighted population of 132,020 employers nationally¹ and included 76 employers who had used DES, or a weighted population of 6,403 DES users. Satisfaction with DES is estimated from a sample of 154 survey respondents who had used DES in the six months prior to survey.

The Survey of Employers measures employers' attitudes toward hiring people with disability and other groups using a series of attitudinal statements. Respondents rate their level of agreement with each statement on a scale of 0 (strongly disagree) to 10 (strongly agree). This paper compares the attitudes of employers who, at the time of the survey, had recruited through a DES provider and employers who had not used DES. In this way is possible to gauge whether DES providers looking to expand their employer networks might be dealing with a similar or different employer mindset. Attitudinal responses are also examined by size of employer organisation (1 to 19, 20 to 99, or 100 or more employees).

To complement the quantitative survey the department designed a four-day online discussion forum for employers, covering:

- job seekers with disability (day 1)
- financial incentive schemes, concepts and practice (days 2 and 3)
- post-placement experiences (day 4)

Sweeney Research recruited 40 employers from across Australia to participate in the forum between 22 and 26 May 2011. Two forums were held, one for 20 employers who had used DES in the previous 12 months ('users') and another 20 who had not used DES or other disability employment program ('non-users'). The forums were also used to obtain information about the language that employers use around disability and their thoughts on effective ways for government to communicate with employers about disability employment programs.

¹ Streaming is used to ensure that the survey complies with the ABS Statistical Clearing House requirement of a maximum 20 minutes interview time.

Attitudes of employers to recruiting people with disability

Employers broadly interpret disability as covering multiple and diverse conditions ranging in severity from mild to severe. They tend to classify disability as either physical or mental/psychological. Several employers explicitly noted that having disability does not automatically discount people from being successful at their jobs.

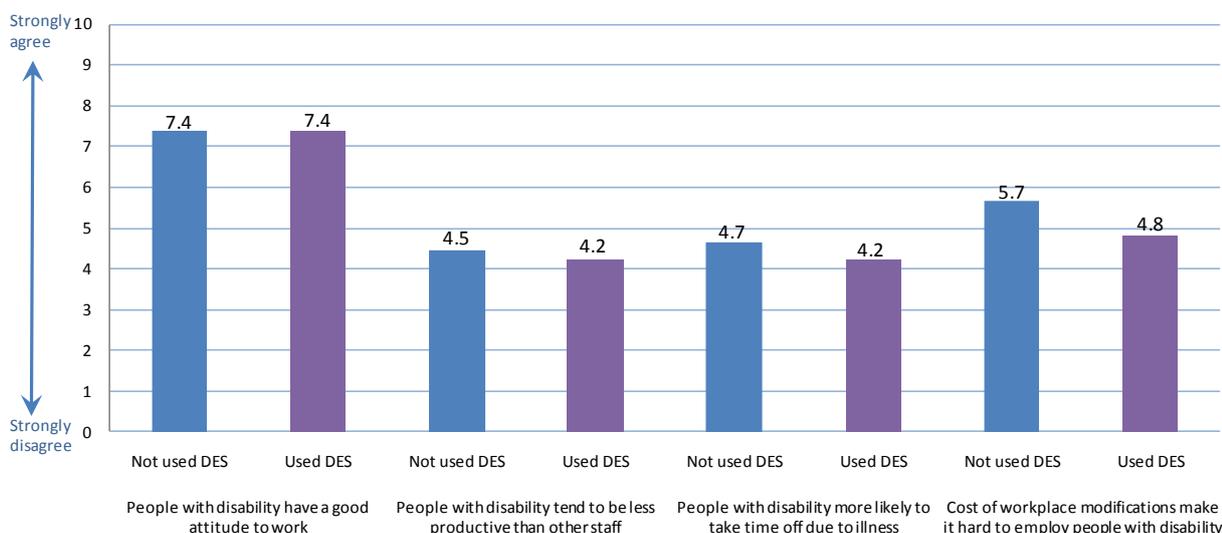
In the survey, employers were asked how strongly they agreed or disagreed with a set of propositions about people with disability and work:

- people with disability have a good attitude towards work
- employees with disability tend to be less productive than other staff
- employees with disability are more likely to take time off work due to illness
- the costs involved in making modifications in the workplace make it difficult to take on employees with disability.

The same statements were used in the 2007 and 2010 surveys.

Figure 1 reveals few attitudinal differences (differences in average ratings) of employers who had used DES compared with those who had not. Both groups tended to agree that people with disability have a good attitude towards work. Most survey respondents disagreed with the notion that people with disability were less productive than other workers, despite productivity concerns featuring strongly in the forum discussions.

Figure 1: Employer attitudes by whether used DES



Source: Preliminary analysis of the 2010 Survey of Employers (DEEWR and TNS Research).

Positive attitudes towards employing people with disability were expressed by a majority of DES users in the forum: *“I have always found that if a person with disability stays in the business long term, that these people will become the most loyal, reliable and sometimes the hardest workers”*. Encouragingly, many non-users also stated that they were open to the concept of employing people with disability *“as long as they were able to perform the tasks that they were employed to do”*.

On whether they thought employees with disability were more likely than other workers to take time off work because of illness—a proposition not supported by evidence—survey respondents were generally neutral, with mean ratings between 4 and 5. Large employers were more inclined to reject the proposition (mean 3.5).

The most apparent difference based on respondents' experience of DES was around the perceived cost of workplace modifications. Employers who had used DES were less likely to see the cost of workplace modifications as a barrier to recruiting people with disability. This inferred effectiveness of DES in raising employers' awareness of financial incentives is consistent with provider feedback in the 2010 DES Provider Survey. Educating employers about available incentives and services received an average rating of 9 out of 10 from providers, indicating its importance for achieving successful placements for DES participants. (Evaluation of Disability Employment Services Interim Report: Figure 3.21).

Business size appears to be an important factor in employer attitudes as illustrated in the survey results in Figures 2 to 5.

Recruiting people with disability—'pros and cons'

Employers identified a number of benefits and challenges in employing people with disability. Stated benefits include:

- a person with disability can be the best person for the job
- people with disability are loyal, reliable, hard workers because they are appreciative of their job
- encourages tolerance and mutual support in the workplace; boosts morale/work ethic
- encourages diversity
- source of subsidised labour
- employment brings self-esteem and confidence to the person with disability
- sense of pride for the employer for making a difference for employee and society.

A business case for hiring a person with disability is the strongest 'push' factor, reflected in this remark:

"I would employ a person with a disability again but I would need to put them in a productive position to make it cost effective. As a small business, limited cash flow means that we need to employ the best person for the job which could well be a person with a disability."

This is contrasted by some opinions seemingly based on a predetermined position that a person with disability would never be the best person for the job, for example: *"Other than 'feel good', nothing."* and *"From a hard-line business point of view – none, apart from a bit of good publicity."* Only one non-user identified the benefit of the self-esteem/confidence boost for the employee, despite this being seen by several DES users as a benefit. Furthermore, none of the non-users identified the benefit of increased workplace diversity and promoting tolerance and mutual support in the workplace. These types of benefits are probably only realised as a result of a successful hire and consequent increase in workplace disability confidence.

The key and perhaps obvious message is that employers must be persuaded that a person with disability is the best person for the job. Few will be convinced by arguments of social responsibility and needing to get more people off pensions and into paid work. That message may in fact be damaging to prospects if it fails to communicate that people with disability have skills and experience that can benefit an employer's business.

The challenges that employers perceive they might face in recruiting a person with disability are areas where DES providers can have the most impact. Employers identified the main challenges as:

- job matching
- need for increased patience, understanding and communication
- interference by family members in workplace issues
- people with disability have difficulty being accepted by clients and colleagues
- need for increased resources needed, e.g. supervision, training, support
- workplace related issues, e.g. mobility, appropriate facilities
- dealing with uncertainty in how disability will affect job or how the disability may change in the future—DES providers are well positioned to build 'disability confidence' by fostering ongoing partnerships with employers.

The main challenge identified by users and non-users of DES alike is job matching—getting the right person for the job in order to ensure productivity, sustain motivation and to encourage long term employment. Some employers stated that job matching should extend beyond the employee just being capable to do the job to also ensuring the employee feels they are making a worthwhile contribution to the workplace.

The following topics explore specific attitudes according to size of employer using quantitative data from the 2010 survey.

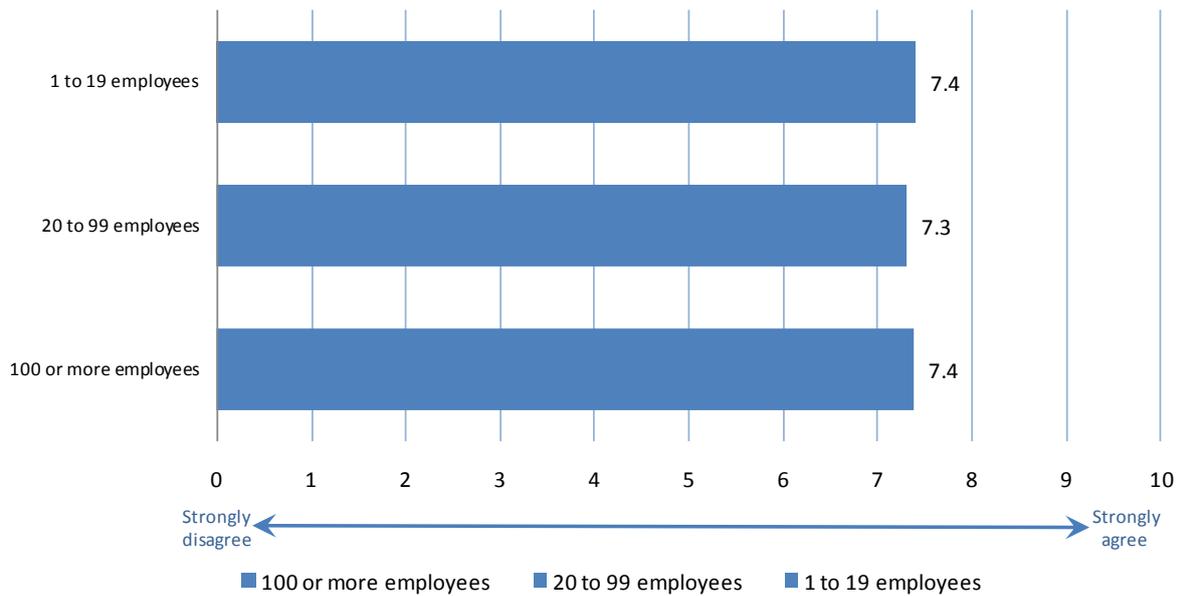
Perceptions of the attitudes of people with disability towards work

There is widespread agreement among small, medium and large employers that people with disability have a good attitude towards work (Figure 2). While most employers do not appear to need convincing, it is still worth highlighting work ethic as a major strength.

Perceived productivity of people with disability compared with other workers

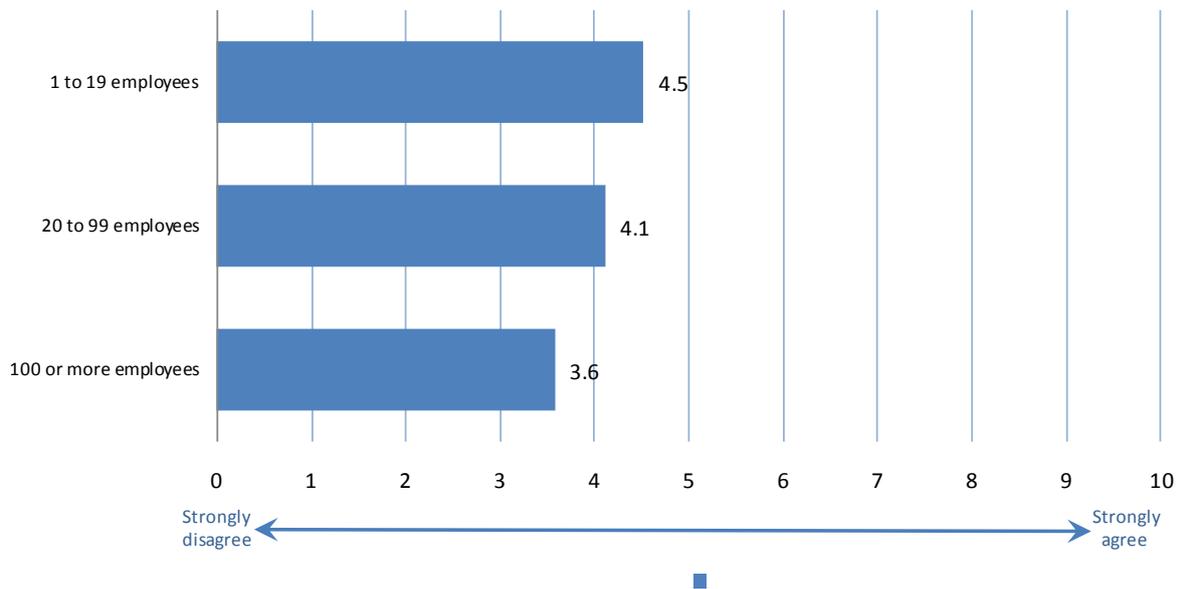
Small employers are more likely to need persuading on the question of productivity. Perhaps due to their larger, more diverse workforces, large employers appear less prone to believe that disability is necessarily associated with productivity-related business risk (Figure 3). This result underscores the importance of understanding and addressing employer expectations. Job design and job matching are essential elements of the compelling business case, particularly for small employers.

Figure 2: Responses to "People with disability have a good work attitude "



Source: Preliminary analysis of the 2010 Survey of Employers (DEEWR and TNS Research).

Figure 3: Responses to "People with disability tend to be less productive"



Source: Preliminary analysis of the 2010 Survey of Employers (DEEWR and TNS Research).

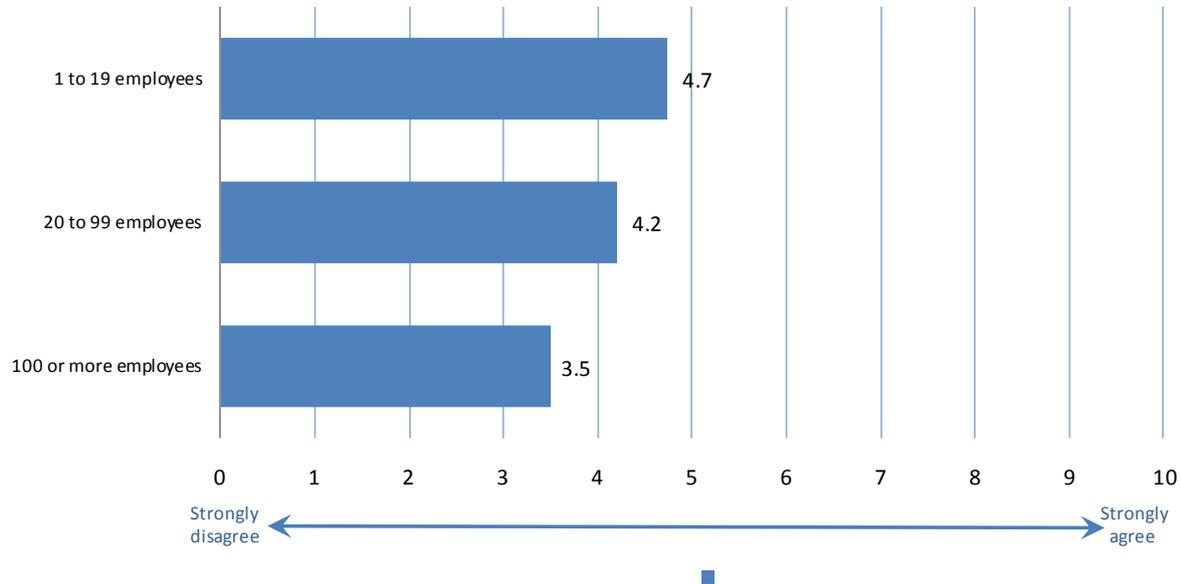
Perceived time off work due to illness

On the question of time off work, perceptions again differ between large and small employers (Figure 4). Large employers tended to disagree that employees with disability are more likely to take time off because of illness; medium-sized employers were also more likely to disagree than agree whereas the typical small employer was more equivocal.

A range of factors could influence responses, including greater diversity in large organisations and less exposure to having one individual absent at any one time, and the difficulty of generalising

when actual experience may be based on knowledge of a very small number of employees. However, on the basis of these results it is reasonable to conclude that negative stereotypes and misinformation are acting as barriers to recruitment of people with disability.

Figure 4: Responses to "People with disability are more likely to take time off due to illness"



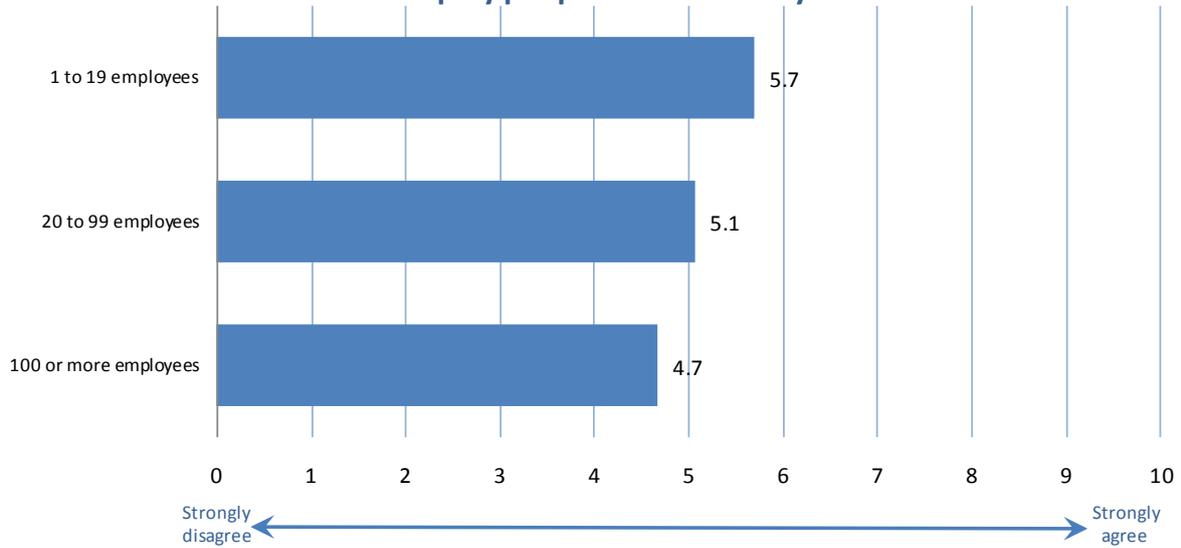
Source: Preliminary analysis of the 2010 Survey of Employers (DEEWR and TNS Research).

Perceived cost of workplace modifications

There are noticeable differences in attitudes to the cost of workplace modifications, based on employer size with small employers once again displaying greater sensitivity to potential upfront costs associated with disability (Figure 5).

In the discussion forum several non-users of DES said that government should provide funding for workplace adjustments, highlighting a possible lack of awareness of financial assistance through the Employment Assistance Fund. Employers, people with disability and employment service providers can apply for assistance from the Fund.

Figure 5: Responses to "Cost of workplace modifications make it hard to employ people with disability"

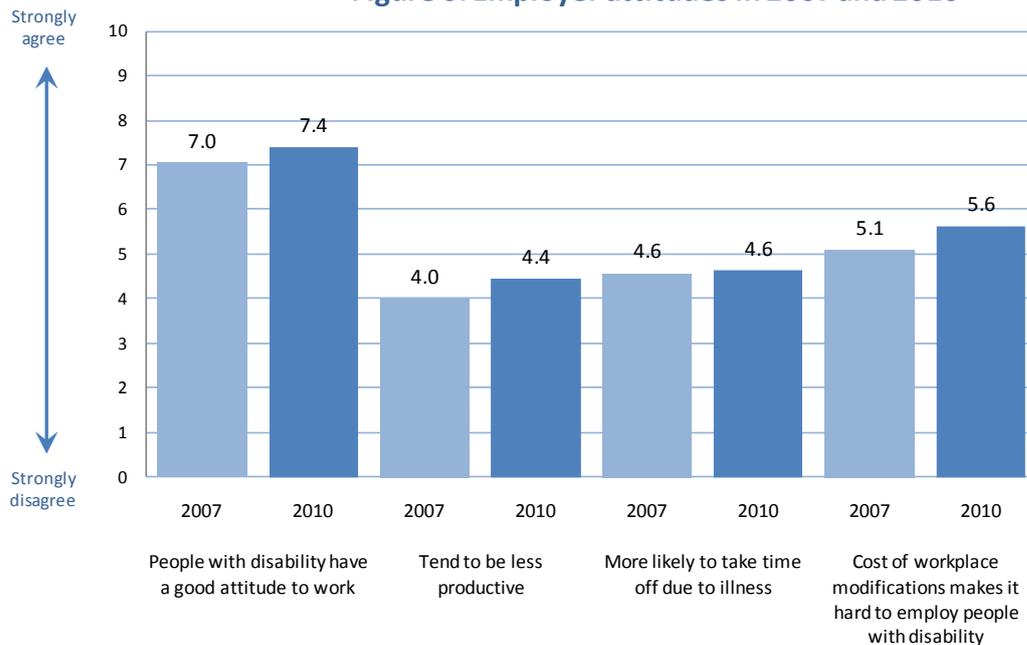


Source: Preliminary analysis of the 2010 Survey of Employers (DEEWR and TNS Research).

Are attitudes changing?

A comparison of results from the 2007 and 2010 surveys reveals no overall hardening of attitudes but some increased concerns about costs, possibly related to the changed economic conditions (Figure 6). Any negative stereotypes will be harder to shift in a more challenging economic climate.

Figure 6: Employer attitudes in 2007 and 2010



Source: Analysis of the 2007 and 2010 (preliminary) Survey of Employers (DEEWR and TNS Research).

Employers' past experiences

Forum participants shared their previous experiences in hiring people with disability. Many were enthusiastic and relayed that the benefits and had outweighed the challenges.

"Although sometimes it can be challenging, I would continue [to employ people with disability]."

"I know going into the arrangement that there is going to be a little more work to bring these people up to speed, but given the opportunity, people with disabilities are nearly always the most loyal, dedicated and reliable people I will find."

As such, most were happy to consider hiring people with disability again in the future:

"Yes we continue with this system as it works well for both our employees and for the company."

Some employers placed caveats on whether or not they would hire again, such as:

- ensuring there is a good match between the employee and the job so the employee stays long term
- assistance in offsetting the wage
- as long as there is sufficient support from employment agencies.

One DES user reported a negative experience, stating *"I didn't have any benefits, sorry it was all bad"* and that he/she would not employ this way again. In this case it appears that the issue was a poor job match with the employee's abilities: *"I think my girl had big mental issues and so it was all a mess, maybe with another disability it may have worked."* This example highlights the importance to employers of disclosure and good job matching to ensure a mutually positive and productive working relationship.

Several other employers reported that non-disclosure had resulted in a negative experience. One DES user stated that it is important to have upfront full disclosure about a person's restrictions. Discovering the employee has restrictions after hiring can *"leave a sour taste in the mouth"*. A non-user expressed a similar view; they had employed a person on the basis of a resume that gave no indication of disability but after commencing, it became clear the employee had a developmental disability and was unable to perform the job: *"It is not a question of 'had I known I wouldn't have employed her' but 'had I known I could have created a different job'"*. Despite these experiences, both said they would consider employing someone with disability in the future as long as they were honest about their abilities and a suitable job was available.

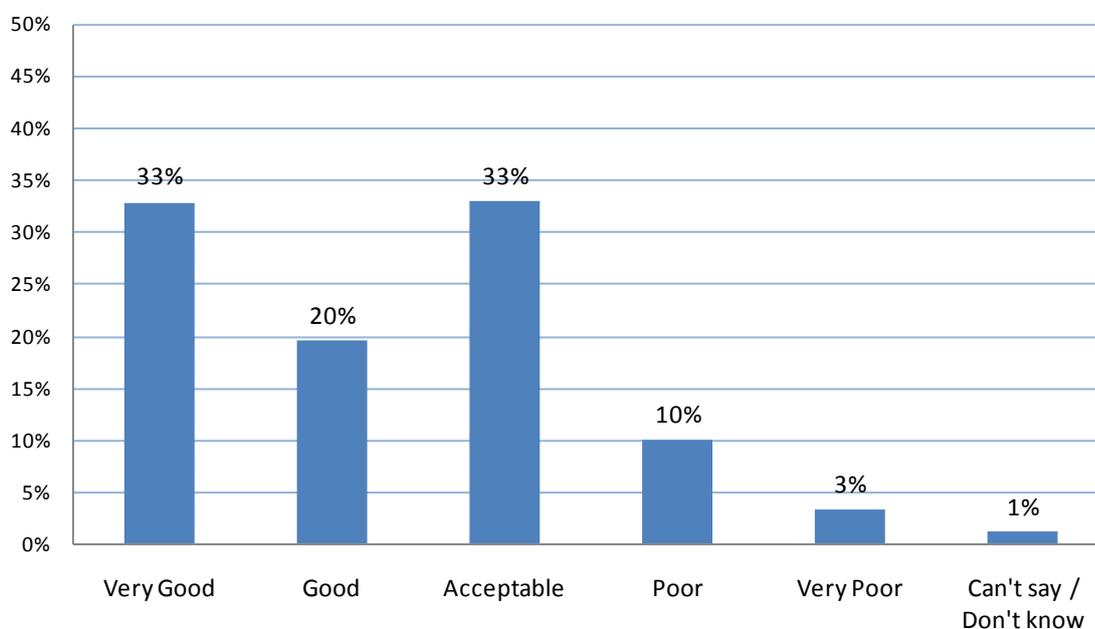
What employers want from DES

Employer feedback on effectiveness of DES providers

DES users in the forum were mostly satisfied with support from their DES provider, saying that they had encountered no major problems in dealing with the provider organisation or employment consultants. Satisfied users felt that their provider had a good understanding of their business needs and referred suitable candidates. These employers also praised the post-placement support and regular contact throughout the whole employment period, ensuring a smooth transition at the beginning of a placement and helping out with any issues that arose after the employee had settled in.

This level of satisfaction is apparent in responses to the Survey of Employers, with 53 per cent of respondents rating service as good or very good and a further 33 per cent giving an acceptable rating (Figure 7).

Figure 7: Employers' overall ratings of DES service



Source: Preliminary analysis of the 2010 Survey of Employers (DEEWR and TNS Research).

Forum participants were enthusiastic about DES support continuing after 12 months of employment as they felt it was important to keep monitoring the employee's progress. They also commended the use of Ongoing Support Assessments saying it was encouraging to see how an employee had improved over time. Only a few had employed a person with disability for 12 months or more, but all said they were extremely happy with their DES provider regarding long term support.

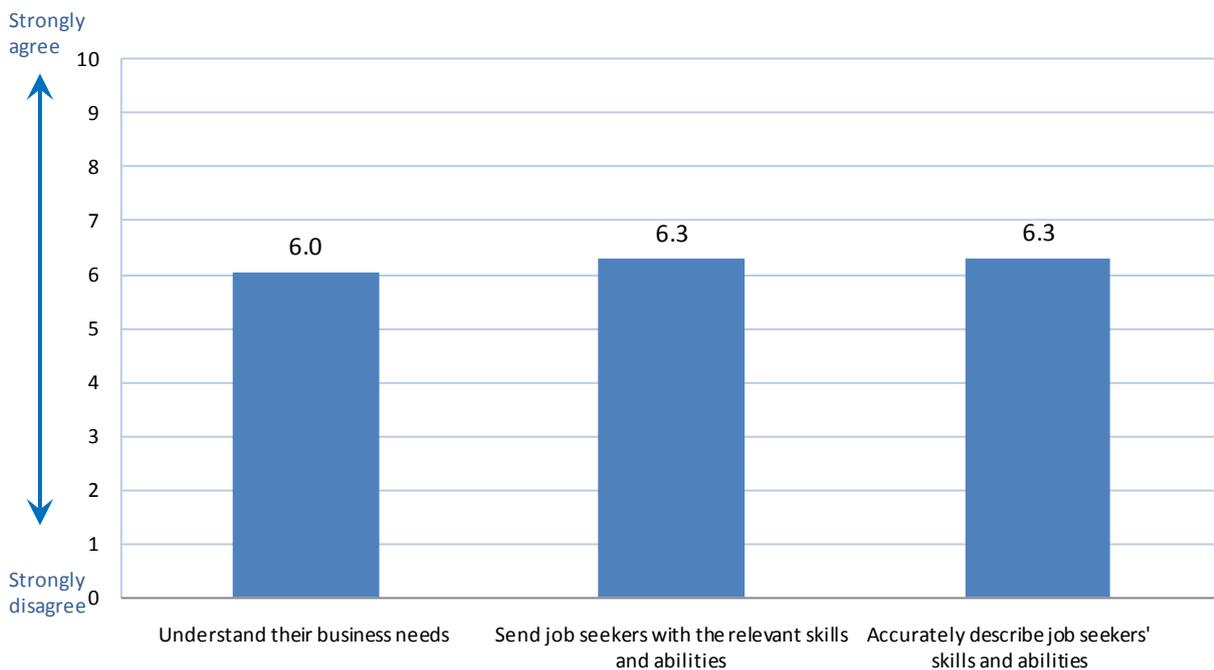
Dissatisfaction, when expressed, centred on two issues: job matching and provider understanding of business needs. Some DES users reported that more effective job matching was required to ensure the candidate would be genuinely interested in the job and be able to perform the duties.

“In my experience, when staff have not been interested in the type of industry I work in ... they tend to lose interest after just a couple of weeks, when the initial excitement of being employed wears off.”

“The provider needs to learn a bit about your business and ‘understand’ what the employee will be doing to make it all work. The provider may want to get them ‘a’ job, we want the provider to get someone to fill ‘the’ job.”

The survey also indicates room for improvement in job analysis and job matching with average ratings of around 6 in these areas (Figure 8).

Figure 8: Level of employer agreement that DES providers ...



Source: Preliminary analysis of the 2010 Survey of Employers (DEEWR and TNS Research).

A few forum participants felt that DES employment consultants need to be:

- more up-to-date with information regarding their client’s progress
- in closer contact with the employer and employee
- better able to communicate effectively with the employee.

One employer explained that the support should be more individualised, saying when DES support wasn’t required because the employer or employee currently weren’t experiencing any issues it could come as an unnecessary interruption to the day.

Feedback on DES employer incentives

On the concept of financial incentives...

Forum participants, both users and non-users, expressed strong support for financial incentives to encourage the recruitment of people with disability. Many felt that financial incentive was an

effective, though not necessarily the best or only, strategy. For some, financial incentive is a decision maker.

“I believe a financial incentive would encourage more employers to recruit, depending on the disability.” (Non-user)

“Without the wage subsidy I probably wouldn’t even consider employing a person with disability.” (DES user)

In this context does employment continue beyond the subsidy period? Is the subsidy period long enough for the person to build up to an acceptable level of productivity? Does alignment of subsidy period with paid employment outcomes offer incentive for employers and providers to pursue sustainable placements?

However, most forum participants stated that while financial incentives were helpful for offsetting initial costs, especially for small businesses, they viewed the incentives as an attractive ‘bonus’ rather than the decision maker.

“The money is a bonus, not the reason for employing the person.” (DES user)

“Small business employers in particular lose enough time and money when putting on a new employee. A financial incentive cushions the blow to a large extent.” (Non-user)

Once again, many employers stated it was critical to get the right person for the job: *“we would not employ someone who was not right for the position just to get a wage subsidy; I would say that would be more costly”*. Some said they would need other support included with the financial incentive, such as workplace adjustments, training and post-placement (ongoing) support.

Generally, employers dismissed the notion that financial incentives might encourage churn (hiring an individual and employing them only for the minimum period required in order to receive the incentive) on the basis that employers want value for money which usually means keeping an employee for as long as possible. They felt that it would be wasteful to recruit and train someone for a short period just to receive a one-off wage subsidy. Some suggested that churn could be discouraged if payments were periodic instead of a lump sum payment. A small number of employers said that churn would always be an issue with financial incentive schemes, particularly if only offered short term, as they believed there would always be unscrupulous employers out to abuse the system.

Some believed that financial incentives should not be offered at all, as they think this sends a signal that people with disability are ‘less’ than employees without disability and that this is demoralising for the individual.

“I feel any financial support suggests that it is a burden to take on someone with a disability, and employers without experience with such an employee would see this support and think that it is there to ‘cover’ inadequate performance. Why not ‘sell’ the idea that a certain candidate is 100% capable in the right position.”

On the Wage Subsidy Scheme and Disability Support Pension Employment Incentive Pilot...

Employers were divided in their opinions as to whether the Wage Subsidy Scheme (WSS) which offers up to \$1500 over 13 weeks, and the Disability Support Pension Employment Incentive Pilot (DSP Pilot), up to \$3000 over 26 weeks, are effective in encouraging employers to take on people with disability. Generally, DES users were more positive about both schemes than non-users. However, many employers believed that neither scheme was sustainable in the long term. Once the

money was gone, they said, the business would not be able to cope with the financial costs associated with lower productivity (where this was the case) and the employee would need to be 'let go'.

Productivity beyond the wage subsidy period is a concern for employers, which may indicate that wage subsidies are sometimes used to compensate for less than optimal matching of employee capabilities to job requirements and/or lack of post-placement support to lift the person's productivity to the required level.

In comparing the two schemes, employers tended to favour the DSP Pilot as the 26 week subsidy period allows more time for the employee to settle into the job and for the employer to assess their suitability. Some employers remarked that the higher subsidy amount is more in line with actual additional costs. DES users tend prefer the DSP Pilot model. Given a description of the WSS and DSP Pilot some non-users discerned no real difference saying the DSP Pilot simply doubles the money for double the amount of time and the monetary amount is still insufficient.

For both schemes, employers felt there should be more flexibility with the payment schedule, the duration of the employment period over which wage subsidy is paid and payment amounts. Some DES users cited cases where the employee left the job before 13 or 26 weeks employment thus making them ineligible for the wage subsidy and the employer left *"considerably out of pocket"*. They suggested breaking the payment into regular instalments rather than as a lump sum. Employers in small businesses also agreed with a periodic payment system as *"waiting for months as one has to do with some employment incentives is not acceptable to small businesses"*. The stipulation that the employee had to be employed for a set period of time in order to receive the subsidy was also criticised. Some employers said they prefer not to be 'locked in' to a set employment period. In the case when the employee is terminated, employers still want a proportion of the incentive paid out.

"I have made up my mind by week 4 whether they will make it or not."(DES user)

"Some firms struggle to forward forecast workload beyond a 3 month period." (Non-user)

It was also suggested to base the subsidy on hours worked to help cover costs and prevent abuse:

"the incentive is effective providing they are not earning much more than \$100 a 8 hour day...in my industry I cannot afford to be paying someone a wage when they are not covering their costs"; "why employ a guy full time then, I may as well employ 5 guys doing 8 hours a week each and get 5 subsidies."

And on the ideal financial incentive...

Asked about an ideal financial incentive, most employers suggested a permanent long term wage subsidy that is assessed case-by-case and weighted according to the employee's productivity, i.e. the lower the employee's productivity the higher the wage subsidy. It was suggested that the subsidy begin at 50-100% of the employee's wage then reduce gradually over time as the employee was trained up (some suggested weeks, others suggested months) to around 25%. Most employers agreed that a government subsidy should be in place for at least the first year. In contrast, a few employers felt that to discourage churn the incentive payment should begin low and then be increased over the employment period. A couple of employers felt the cash subsidy system should be dispensed with and financial incentives offered instead via payroll tax deductions.

References to long-term or ongoing wage subsidy based on worker productivity suggest a need for increased employer awareness of productivity-based wages under the Supported Wage System.

Many considered that social benefits would more than compensate for costs to government of longer term wage subsidies:

“A long term subsidy is obviously expensive for the government to fund, but so is a disability or unemployment benefit if the person can’t work. In social terms, it would seem to be better to subsidise somebody to work rather than to not work.”

One DES user felt that the existing Supported Wage System works well and was happy with the ongoing assistance and yearly assessments. The only suggestion was that if an employee’s performance decreased due to physical/personal issues the yearly assessment could be conducted early so no one would be disadvantaged.

Employer servicing implications

Employers are most concerned with getting the right person for the job and this is the key to maximising productivity and motivation and securing long term employment. Financial incentive alone is not enough to achieve sustainable employment for DES participants. The role of DES providers in getting to know an employer’s business so that they can recommend suitable candidates and deliver good post-placement support cannot be underestimated.

Most employers who use DES are satisfied with their provider. In encouraging new employers into the program it seems that DES providers will not be dealing with a substantially different mindset but in engaging with employers who facing business uncertainty will need to work harder to break through negative stereotypes of disability. Success will require:

- close attention to finding the right person for the job
- maintaining and improving the level of support, keeping in regular contact with the employee and their employer, and
- encouraging DES participants to be open and transparent about their skills, abilities, and disabilities so that employers can be confident that candidates will be able to fulfil their job duties with appropriate support from the DES provider.

Employer feedback indicates that small business is particularly sensitive to the perceived upfront costs of hiring a person with disability and financial and time constraints will weigh heavily on recruitment decisions even if a person with disability is the best person for the job. It appears that financial incentives are most effective when targeted at small employers.

Employers favour flexible payment schedules for wage subsidies. Whereas, currently, wage subsidies tend to be paid around the time of a 13 or 26 week outcome this appears to place too much risk on the employer; employers want periodic payments. The new wage subsidy for long term unemployed job seekers announced in the 2011-12 Budget is designed with this flexibility in mind.

There is a need for greater employer awareness of the range of assistance including wage subsidies, supported wages, and workplace modifications, which will be facilitated by employer information campaigns announced as part of the *Building Australia’s Future Workforce* package of measures.