



Australian Government
**Department of Employment and
Workplace Relations**

Job Network Disability Support Pension Pilot: Progress Report

Research, Evaluation and Legislation Group

October 2005

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Executive summary

Between December 2003 and June 2004, the Department of Employment and Workplace Relations conducted a Pilot to explore strategies to engage Disability Support Pension (DSP) recipients with available Job Network employment services to help them find work. Of the 788 DSP recipients who joined the Job Network Disability Support Pension Pilot as volunteers, 679 commenced in Intensive Support customised assistance (ISca). The major focus of this report is to examine the performance of the Pilot in placing these people in employment or education. Appendix A provides details of the Pilot including its objectives and operations.

Key findings

Pilot Progress

The main emphasis of this report is on the progress of the 679 people who commenced in ISca by 3 June 2005. The Interim Report released in November 2004 provided initial insights into the employment and education outcomes for DSP recipients but understated the full outcomes from the Pilot as a large proportion of DSP job seekers were still in assistance.

The number of people placed in employment by 3 June 2005 is significantly higher than last reported.

- 48% had been placed in employment or education since commencing in ISca – an increase of one third from the end of September 2004. Almost all were placed in employment (94%). Out of all placements, 49% were in casual employment, 26% were in part-time positions and 20% in full-time work. A further 5% entered some form of formal education.
- Four out of five job seekers placed in employment had been receiving DSP for more than two years and over half of this group had received the pension for over five years.
- Those reporting earnings while receiving DSP in the six months prior to joining the Pilot were much more likely to be placed (78%) than those with no reported earnings (26%).
- Once a job was secured, 61% of job seekers sustained that employment continuously for 13 weeks or more (i.e. achieved an interim outcome). This outcome rate is expected to rise with the elapse of time.
- Early results suggest that around 70% of the jobs sustained for 13 weeks will be sustained for at least 26 weeks. A comprehensive examination of final outcomes (jobs that last 26 weeks or more) will be undertaken once sufficient data have accrued for analysis.
- Pilot providers used the Job Seeker Account to secure and support employment and education placements for Pilot participants. 84% of the Pilot participants who had commenced ISca were assisted through the Job Seeker Account. On average, around \$1 000 per ISca participant was spent to improve employability and to support employment (up from \$830 at the end of September 2004).
- For those who obtained a job, income support reliance was reduced by one-third after being placed in employment (from 90% to 60% after placement) and was sustained at around this level for at least the next 6 months. The magnitude of this reduction was sufficient to significantly reduce aggregate reliance on income support for all Pilot participants who commenced in ISca.

Key lessons emerging from the Pilot

Making individuals more competitive

A strong message emerging from this evaluation of the Pilot is that recent labour market experience leads to a significant increase in the likelihood of obtaining employment. On this basis, employment experience appears to be critical to labour force reintegration, particularly for those who have had long absences from the work force due to an illness or disability. For such people taking a job is likely to increase the probability of securing the right job in the longer term.

For those with no recent labour market experience, the probability of gaining employment improved if the Pilot participant had received assistance under the Active Participation Model prior to the Pilot. While a sizeable group of participants with psychiatric or psychological conditions obtained employment (42%), the probability of either gaining or sustaining employment was lower than average for this group. Overall, Pilot results indicate that Job Network can assist job seekers with psychiatric and psychological conditions not only to secure a job but also to sustain continuous employment (with around half of those placed in a job retaining employment for at least 134 weeks).

The Job Seeker Account has an important role in improving employment options for DSP job seekers. Pilot providers spent \$166 300 through the Job Seeker Account on measures to train DSP job seekers for the labour market. More than one third of job seekers were assisted to acquire new skills through training and work related licensing.

Matching jobs to Pilot participant needs

DSP job seekers in the Interim Evaluation in 2004 reported uncertainty about the type and amount of work their disability would allow them to do. For some, full-time employment may not be an option - 64% of Pilot participants preferred to work less than 30 hours per week. Combining earnings and part-rate pension and retaining access to concessions produces an environment in which DSP recipients can test their employability knowing they can return to the full pension if the job does not work out. Even for those preferring more substantial employment, take up of part-time or casual jobs generates an employment history that improves the prospects of securing the type of employment desired. The Welfare to Work reforms will remove disincentives generated by current DSP eligibility criteria for people with disabilities who have skills to offer but cannot work full-time to take up work.

Where there is security that people can return to income support if the job doesn't work out, DSP job seekers are encouraged to test the labour market and look for work that aligns with their capabilities. This is particularly important for people who have been absent from the workforce (half of the DSP job seekers in the Pilot obtaining jobs have been on DSP for more than five years) or for people who can work for a while but then have difficulties sustaining a job when the illness recurs or deteriorates. For these people a job placement forms a part of a necessary process on the path to achieving more suitable, sustainable employment. In the Pilot, one third of Pilot participants obtaining employment were placed in more than one job and importantly, 59% of these were then able to sustain an employment placement for at least 13 weeks. To encourage more DSP recipients to test their ability to work, under the Welfare to Work arrangements those who leave payment to take up work will be able to return to payment, at any time within two years, if they are unable to maintain employment for any reason.

Assistance with obtaining and retaining employment

Training and work familiarisation enhances the competitive position of job seekers, particularly for those who have been out of the labour force for extended periods. The Job Seeker Account provides funds to help secure on-going employment. In the Pilot, 93% of DSP job seekers who were placed received this assistance. On average over \$1600 was spent on each jobseeker, about twice as much as those who did not obtain a job.

Wage subsidies enabled around 10% of Pilot participants to regain contact with the world of work. An average subsidy of \$2 250 increased the likelihood of retaining a placement for 13 weeks by over 50% (85% interim outcomes for subsidised placements compared to 56% for unsubsidised placements). More importantly, among job seekers who obtained an interim outcome, the probability of sustaining employment to a final 26 week outcome was about the same for both subsidised and unsubsidised jobs (59% and 61% respectively).

Impacts on income support reliance

The strong performance of providers in placing people in jobs reduced the income support reliance of job seekers placed in employment from 90% to 60% on average. The reduction in income support reliance was the consequence of:

- a steady decline in the proportion of people receiving income support;
- an increase in the proportion reporting earnings while receiving income support; and
- an increase in average reported earnings.

As a consequence, Pilot participants who participated in ISca were, in aggregate, less reliant on income support after joining the Pilot.

Learnings for Welfare to Work

The Pilot findings lend support to the broad directions taken by the Welfare to Work reforms to ensure that people with a disability are able to participate in the workforce as far as they are able. Outcomes achieved under the Pilot are not directly translatable to what might be expected to occur under Welfare to Work, however, participants were volunteers with a range of work capacities including some with less than fifteen hours work capacity.

- People with disabilities who have a partial capacity to work can, with appropriate assistance and support, participate in the labour market successfully on a longer-term basis. For some this means combining employment with part-rate income support. Under proposed Welfare to Work arrangements people with a capacity to work 15 to 29 hours a week independently at award wages with up to two years specialist employment assistance will have participation requirements and will be required to look for part time work.
- Job Network has the ability to assist people with a restricted work capacity to secure and sustain employment. New comprehensive assessment arrangements are being introduced to assist in determining the extent of a job seeker's work capacity and direct individuals to the most appropriate employment assistance.
- The rewards from participating in work and assistance extend beyond financial benefits to other aspects of well-being. For people with a disability, having a job improves self-esteem and reduces the extent of social marginalisation.

Engaging employers

One of the key recommendations of the Interim Evaluation in 2004 was that more needed to be done to improve awareness in the labour market of the benefits of employing people with a disability. To examine this issue, research was undertaken to explore the underlying attitudes and perceptions of employers that govern their employment decisions.

The research found that employers generally had limited interaction with people with disabilities. Negative attitudes were formulated as a result of stereotypes and misconceptions about safety and other practical issues and such views were most commonly held by those who had not employed a person with a disability previously. The experience of employing a person with a disability tended to have a positive impact on employer attitudes. Employers with this experience considered employees with disabilities to be productive and reliable, recognizing benefits for both the business and the individual.

Only a small proportion of employers, however, have experienced employing a person with a disability. One in five employers is currently employing someone with a disability. This suggests that employer demand could be improved by strategies to expand opportunities for employers to acquire first hand experience of employing a person with a disability supported by positive messages directed to employers.

Most employers require assistance to hire people with disabilities. Yet there is low awareness of government assistance when hiring a person with a disability. Survey results indicate that employers required assistance throughout the process from pre-recruitment to post-placement support. Job Network Members can provide this assistance funded through the Job Seeker Account, but only 22% of employers surveyed had used a Job Network agency¹. Other specialist employment services funded by the Australian government can also provide employers with assistance both before and after recruitment. Qualitative research indicates that employers are receptive to being approached by an agency. Factors identified as important in enhancing the placement of people with disabilities into employment are job matching, information on the rights and obligations of the employer, practical assistance with workplace modifications, on the job training, training and awareness raising activities of other employees, and post-placement support.

The Welfare to Work reforms will respond to these issues with a strategy that will involve working with employers to determine the flexible work needs of employees, examine the business case, identify potential barriers and highlight best practices. Messages directed to employers will include encouraging them to employ people from diverse backgrounds and informing them of the services available to assist them in the employment process.

To further assist employers with the employment and retention of people with a disability, Welfare to Work will see the development of a Jobs Accommodation service that will include a website and advice from experts in workplace adjustment. Also included in the package is increased funding under the modifications scheme and a wage subsidy scheme.

¹ Includes Job Network Members and Job Placement Organisations.

Introduction

This report constitutes stage two in the evaluation of the DEWR Job Network Disability Support Pension (DSP) Pilot.² The first report, Interim Evaluation of the Job Network DSP Pilot released in November 2004 (DEWR 2004b), was aimed primarily at providing initial results on the operation of the Pilot and examined the early experiences of DSP job seekers with seeking employment.

Main findings to date

A key message emerging from the Interim Evaluation of the Pilot was that work and participation were considered to be important by DSP recipients for increasing their self-esteem and community inclusion. Many DSP recipients wanted to work but were not accessing appropriate assistance. The evaluation found significant disincentives and widespread misconceptions inhibiting DSP recipients' take up of work opportunities:

- a major disincentive was the fear of losing the pension and/or associated concessions, and concerns about retention of the DSP as a safety net or re-establishing eligibility for DSP;
- there was little understanding of the work incentives available in the income support system such as income tests, the availability of concessions and pension suspension arrangements;
- there were insufficient guarantees of a return to pension under current DSP suspension arrangements if a recipient left work for reasons other than their disability³; and
- many job seekers have had negative experiences with employers. Perceptions of discrimination by employers against people with disabilities discourage DSP recipients from testing their work capacity. Job Network providers in the Pilot also reported that employer discrimination and their ignorance of disability issues constitute major barriers to placing people with disabilities.

On the basis of these early findings the Interim Evaluation made a number of recommendations for:

- the delivery of better information for DSP job seekers (and their advocates) and better access to available services to help secure paid work;
- assistance to Job Network organisations to harness good practice to engage with and service DSP recipients and increase job outcomes; and
- improved information products, sharing of good practice, collaborative approaches, and streamlining of certain administrative processes.

Scope of the Stage 2 Report

This report tracks progress and outcomes for Pilot participants up until 3 June 2005. This report is in response to the considerable public interest generated by the Interim Evaluation. The major focus of this report is to examine the performance of the Pilot in placing people in employment or education. It follows the progress of the core population of DSP recipients who had joined the Pilot

² See Appendix A for a description of the Pilot.

³ The Welfare to Work reforms enhance the existing safety net for DSP recipients – if they leave DSP due to earnings from work but, for any reason, are unable to maintain that employment for 2 years they can return to the DSP. Previously they could only return (without medical assessment) if the reason was disability related.

by the end of June 2004 (the 'Pilot participants') and commenced ISca by 3 June 2005. The intention is to report on progress rather than to provide a comprehensive evaluation of the extent to which the Pilot improved the employment prospects of participants on a sustainable basis.

Part 1 of the report explores early outcomes for the volunteer DSP recipients who had joined the Pilot and commenced in ISca. Getting an initial job placement and job retention are studied separately in this report. Sustainability of the job is investigated from when a job seeker is placed in employment after starting ISca and then remained in employment for 13 and 26 consecutive weeks (achievement of an interim outcome or final outcome, respectively).

Part 2 of the report considers the factors which impact on employment of people with disabilities from an employer perspective. Attitudes of employers were identified as a significant barrier to employing people with a disability in the Interim Evaluation Report. This section looks at this issue in more detail by exploring employer perspectives and experiences of employing people with a disability, focussing on the success factors which impact on the likelihood of employing a person with a disability.

Part 1: Pilot Progress

This section of the report follows the progress of the 679 Pilot participants who commenced ISca in obtaining employment outcomes. At the time of the Interim Evaluation Report, many people were still receiving assistance and some had not commenced in ISca.

Of the 679 participants who commenced ISca with a Pilot provider by 3 June 2005:

- 48% had been placed in employment or education;
- 24% were still participating in Job Network assistance;
- 5% had been referred on to alternative services⁴, such as Disability Employment Services; and
- 23% had exited Job Network Services.

Just over 100 people were admitted to the Pilot but didn't commence ISca with a Pilot provider for a variety of reasons:

- 27% had been referred to alternative services;
- 7% were participating in other Job Network provided assistance; and
- 66% had exited Job Network Services.

Less likely to commence in ISca were Pilot participants with labour market disadvantages, such as less education or having a non-English speaking background. Those with a low JSCI score or recent labour market experience⁵ had a higher than average commencement rate (Table 1.1). This suggests that voluntary job seekers with a lower level of disadvantage are more likely to remain engaged in Job Network services than voluntary job seekers with a higher level of disadvantage. The distribution of disabilities for those who commenced ISca was not significantly different from that of all Pilot participants (Table 1.2).

By 3 June 2005, 37% of Pilot participants had exited both the Pilot and Job Network services. At least 20% of this group were referred to alternative employment services and the reason for exit is not available for a further 25%. For most of the remainder the exit was initiated by the Pilot participant (around 60% indicating they had withdrawn from the workforce).

⁴ As data on these programs (Disability Open and Supported Employment, Vocational Rehabilitation and DEST Programs) are only available to February some individuals shown as having exited Job Network may also have been referred to some form of alternate assistance.

⁵ Pilot participants who reported earnings to Centrelink in the 6 months prior to joining the Pilot were considered to have had recent labour market experience.

Table 1.1: DSP Pilot participant characteristics and outcome rates

Job seeker characteristics	Pilot Participants	ISca Commencements	Take up rate	
			Employment Placements (by ISca participants)	Interim Employment Outcomes (by employed)
	%	% of job seekers in each category		
Gender				
Male	65.0	87.7	48.3	64.5
Female	35.0	83.3	38.7	51.7
Age group (years)				
under 21	5.3	85.7	41.7	60.0
21 - 24	7.4	89.7	40.4	52.4
25 - 34	22.8	86.7	47.4	50.0
35 - 39	13.1	88.3	50.5	65.2
40 - 49	26.0	84.4	42.8	62.2
50 or more	25.4	85.5	44.4	69.7
Duration on income support				
less than 1 year	9.8	86.8	45.8	66.7
1 to less than 2 years	9.9	78.2	50.8	45.2
2 to less than 5 years	31.7	88.0	46.4	59.8
5 to less than 10 years	27.9	89.1	45.4	66.3
10 years or more	20.7	85.3	39.6	60.0
Educational attainment^a				
Less than year 10	17.9	83.8	50.0	53.1
Year 10	28.4	85.9	40.9	63.1
Year 11	10.9	91.5	32.3	66.7
Year 12	19.0	86.3	47.7	54.9
Trade/TAFE	14.7	85.4	48.8	70.0
Tertiary	9.0	86.4	58.8	66.7
Equity groups				
Indigenous Australian	1.6	84.6	72.7	62.5
Non-English-speaking background	11.7	81.5	37.3	67.9
Reduced capacity to work				
8 to less than 15 hours	13.2	91.3	50.5	64.6
15 to less than 30 hours	10.7	95.2	61.3	71.4
JSCI Score^a				
Low	47.5	90.9	50.7	60.4
Medium	19.4	89.4	56.0	76.6
High	33.1	88.8	37.3	41.5
Recent labour market experience^b				
Yes	34.3	94.4	77.6	66.7
No	65.7	81.9	25.5	50.0
Total (percent)		86.2	45.1	60.8
Total (number)	788	679	306	186

^a Calculated only for those for which this field was recorded on the administrative system.

^b Pilot participants who reported earnings to Centrelink in the 6 months prior to joining the Pilot.

Source: Integrated Employment and Centrelink Administrative Systems

Table 1.2: Comparison of Pilot participants' main medical condition

Medical Condition	Pilot	ISca	Placed in	Interim
	Participants	Participants	Employment	Employment
	%	%	%	Outcomes
				%
Acquired brain impairment	1.8	1.9	2.3	2.7
Cancer/tumour	1.1	1.3	0.7	1.1
Circulatory system	1.3	1.3	1.3	1.6
Congenital abnormalities	1.5	1.6	1.6	2.1
Endocrine & immune system	6.6	6.5	6.9	6.4
Intellectual/ learning	8.6	8.5	8.2	7.5
Musculo/skeletal & connective tissue	17.6	17.5	20.3	25.0
Nervous system	1.8	1.6	1.6	1.6
Psychological/psychiatric	43.0	42.7	39.9	32.3
Respiratory system	1.0	1.2	1.3	1.1
Sense organs	7.6	7.7	8.2	9.0
Visceral disorder	1.0	1.0	1.0	1.6
Other	1.3	1.5	2.3	3.1
Unknown	5.6	5.6	4.6	4.3
Total (number)	788	679	306	186

Source: Centrelink Administrative data

1.1 Entering work

Since the introduction of the Active Participation Model in July 2003, Job Network has improved its record of placing DSP recipients in jobs. Over the 12 months to the end of June 2005 Job Network placed over 46 200 job seekers with a disability (an increase of 49% on the previous year) and placed 8 600 DSP recipients in employment (an increase of 115%).

Emphasis in the Pilot was on providing effective assistance and support to make it possible for participants to get into suitable paid employment. The Pilot Interim Evaluation report identified that many DSP recipients wanted to work, provided they could find employment within their capacity. Voluntary take up of ISca was strong (86% of DSP recipients who joined the Pilot had commenced by 3 June 2005).

The Pilot placement rate into employment and education for those who had commenced ISca (Figure 1.1) has increased to 48% (325) since September 2004 (36%). Most were placed in employment (306) and some in education (24). Five people were placed in both.

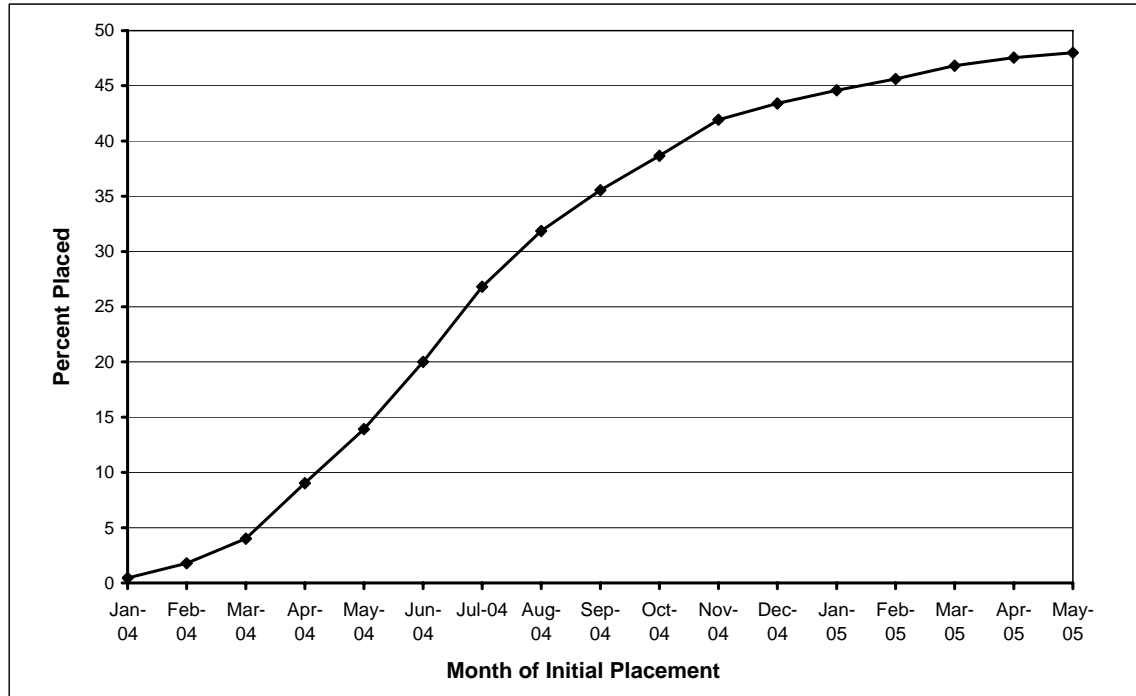
Around one-third were placed in more than one position. This shows that although some DSP recipients may leave a job, they continue looking and with assistance have the capability of getting another, potentially more suitable job.

Overall 524 placements were made by 3 June 2005, the majority in employment:

- 20% in full-time jobs;

- 26% in part-time jobs;
- 49% in casual employment; and
- 5% in education.

Figure 1.1: *Cumulative percentage of ISca participants placed in employment or education*



Source: Integrated Employment and Centrelink Administrative Systems

Job Tenure

The rate of placement in casual and part-time jobs in the Pilot reflects both DSP job seekers' expressed preference to obtain employment which aligns with their capacity to work and an increasing tendency for employers to engage employees more generally on a short-term basis. Many Pilot participants indicated that they were not able to work full-time and were careful to monitor the number of hours they spent working to prevent their condition deteriorating (DEWR, 2004c). Most DSP Pilot participants surveyed (64%) stated they wanted to work less than 30 hours per week. The key criteria for the jobs sought were flexibility in working hours, capacity to manage stress and support in the workplace.

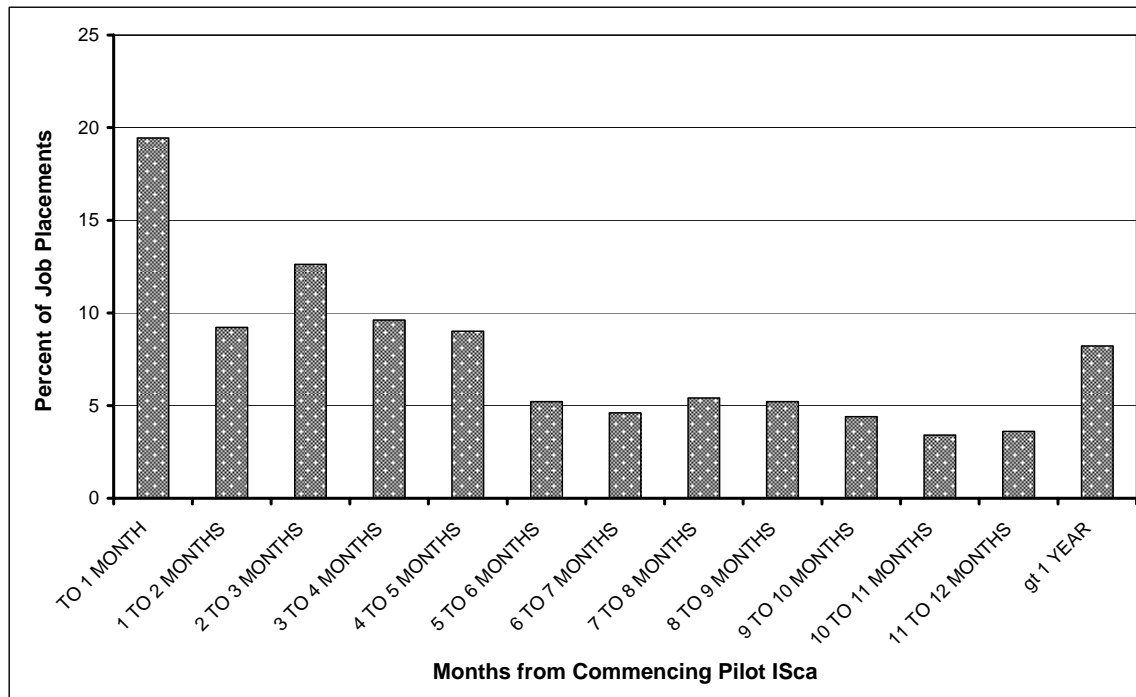
The availability of part-time and casual work enables DSP recipients who have not had work experience or have been out of the workforce for considerable periods of time to ease their way into the workforce. A number of focus group participants noted that once they started working for at least a few hours a week, they realised they would be capable of taking on more hours than they had originally expected and their fears about not being able to cope with working were reduced.

Occupation

While the job placements achieved occurred in a range of positions and industries Pilot participants were most likely to find relatively low skilled work. The most common types of jobs found were general labourers and process workers (25%), service industry workers (17%), retail workers (14%), trades (10%) and office workers and managers (9%). General labouring and process work placements were more likely than other jobs Pilot participants were placed in to be casual positions while placements in trades were more likely to be full-time and expected to last at least 6 months. Jobs in the service and retail industries and office work and management were more likely than other jobs to be part-time.

Time in assistance

Figure 1.2: Duration of assistance prior to job placement



Source: Integrated Employment and Centrelink Administrative Systems

The majority of Pilot participants who achieved a job placement did so within six months of commencing ISca (Figure 1.2). Almost 20% of the job placements achieved, by 3 June 2005, were achieved within a month of the Pilot participant commencing ISca and 65% were achieved within 6 months. Pilot participants who remain in assistance without achieving an outcome tend to be more disadvantaged – more likely to have been on DSP for at least 10 years (26% compared to 18% of those who achieved employment placements) and more likely to have a high JSCI score (24% compared to 17%).

Education placements

All but 2 education placements were to full-time study. The most common placements were in Certificate Courses (50% of courses undertaken), while 25% were in Diplomas or Advanced Diplomas and the remainder were at Universities (Undergraduate or Graduate Diploma level). Relative to other Pilot participants those taking up education were more likely to be female (42% compared to 35%) or have finished secondary education (56% compared to 42%) and were less likely to be suffering from psychiatric or psychological conditions (29% compared to 43%).

1.2 Factors associated with gaining employment

The above discussion has focused on how successful the Pilot has been in meeting its objectives to place people in employment. While availability of jobs is a key determinant of a successful outcome, factors such as job seeker characteristics can be critical in determining outcomes. Establishing the reasons for the variations in outcomes among those who participate in ISca may give providers an insight into more effective tailoring of their services to DSP job seekers.

Employment placement rates for different types of job seekers provide a measure of whether important subgroups are assisted in line with their representation in the eligible population. On average, 45% of Pilot participants who commenced ISca with a Pilot provider were placed into employment. Most of those placed in employment have been receiving DSP for two years or more (80%) and over half received the pension for over five years. *Overall there are few differences between the characteristics of those who had commenced in ISca and those who entered employment.* Placement rates for individuals with particular characteristics are shown in Table 1.1 (above). It is worth noting that the *highest placement rates* were achieved by those with:

- recent labour market experience (78%); or
- tertiary qualifications (59%).

Below average employment placement rates were achieved by:

- those with Year 11 education (32%);
- women (39%);
- migrants from a non-English speaking background (37%); and
- more disadvantaged job seekers (identified by a high JSCI score) (37%).

Placement rates did vary according to disability type. Pilot participants with a musculo-skeletal and connective tissue disability, had a higher placement rate (52%) while those with a psychiatric or psychological condition achieved a below average placement rate of 42%.

As shown in Table 1.1, and as was the case for commencement in ISca, the most important contribution to achieving an employment placement was recent work experience.⁶ DSP recipients who reported earnings in the six months prior to joining the Pilot were three times more likely to

⁶ Earnings reported to Centrelink are used to identify recent work experience.

achieve a placement than those who had not (78% compared to 26%). *These results demonstrate that for the more disadvantaged, securing a job is important because they need employment experience in order to begin or restart a work history necessary to expand potential labour market opportunities as well as building a path to advancement.*

In order to isolate the effect of specific factors that appear to be associated with achieving an employment outcome and establish the statistical significance of the relationship, the data were examined using a logit regression approach. Separate regressions were estimated for those with and those without recent labour market experience.⁷ The results from this analysis, in terms of the increase in the probability of being placed in employment associated with particular explanatory variables, are presented in Table 1.3. These marginal probabilities are calculated relative to the sample averages and represent the effect of that characteristic.⁸

Table 1.3: Marginal effects on the probability of gaining employment

Job seeker characteristics and assistance features	No Recent Labour Market Experience	Recent Labour Market Experience
	<i>Change in probability</i>	
Female	-0.10	-0.28 **
Year 11 Education	ns	-0.24
Tertiary Education	0.27 **	ns
Aged 50 years or more	-0.12	na
Intellectual/ learning disability	ns	0.23
Psychological/psychiatric disability	-0.18 **	ns
Female and Psychological/psychiatric	na	0.25
Previous Job Network (APM)	0.11	ns
Previous Complementary Programs	ns	-0.43
Previous Alternative Assistance	-0.09	ns
Low JSCI Score	ns	0.14
HIV/Aids Specialist	-0.14	na
Mental Health Provider and Psychological/psychiatric	0.14	na
Employed when joined Pilot	na	-0.19
Sample size	424	253

** significant at the 99% level

ns: not significant at the 95% level

na: not applicable as not included in the regression

DSP recipients with no recent labour market experience have, on average, a 26% chance of entering a job. For these individuals the regression analysis suggests that:

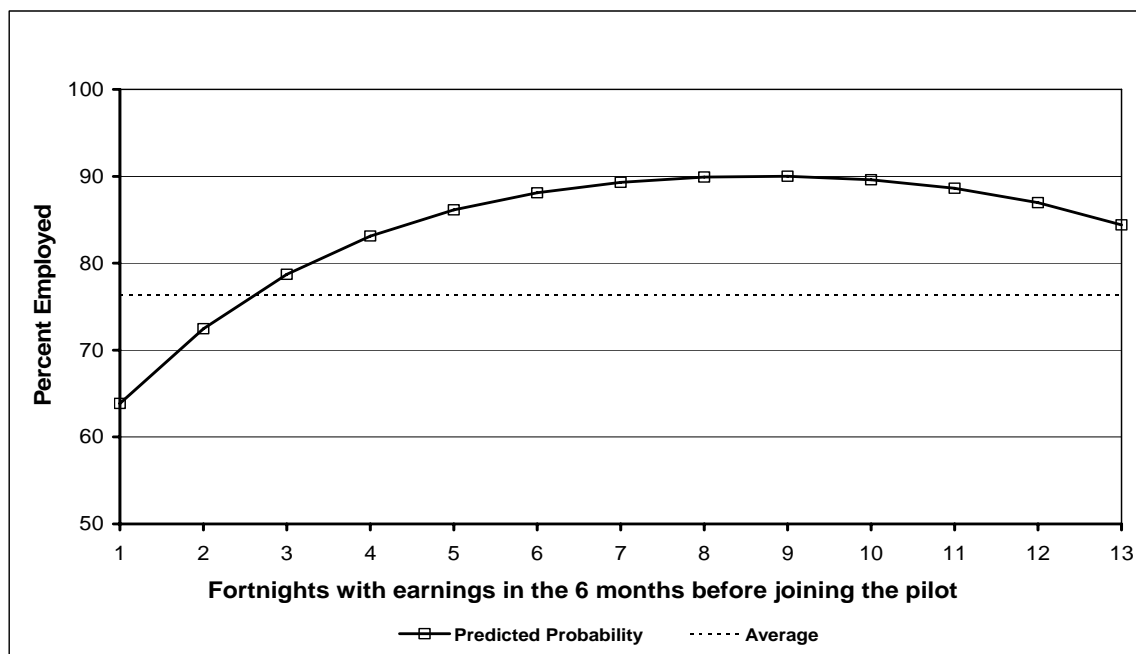
⁷ Due to this distribution in outcomes it was not possible to identify other factors associated with achieving employment placements using regression analysis on the population of all pilot participants who participated in ISca. Separate analyses, for those who did and those who did not have earnings prior to joining the Pilot, resulted in relatively small sample sizes, particularly for those who had earnings, so the results should be taken as indicative only.

⁸ In all cases the marginal effect is calculated setting the values for all variables, except that being considered at the sample mean and comparing the estimated probability for the individual with the specified value of the characteristic (say education at the tertiary level) against the estimated probability for an individual with the reference person's value of the characteristic (in this case Year 12 education).

- having tertiary qualifications improved the probability of an employment placement by 27 percentage points (relative to a person who had only completed Year 12);
- having had assistance under the Active Participation Model prior to the Pilot, improved the probability of gaining employment by 11 percentage points but having had alternative assistance prior to commencing in the Pilot reduced the probability of gaining employment by 9 percentage points. This result is likely to reflect the relative disadvantage of job seekers who had attended Disability Open Employment and Vocational Rehabilitation prior to volunteering for the Pilot;
- having a psychiatric or psychological disability reduced the probability of gaining employment by 18 percentage points. *This disadvantage was reduced to 4 percentage points, if the job seeker received assistance from a Job Network member specialising in mental health issues;* and
- mature aged persons (50 years or more) were 11 percentage points less likely to be placed in a job than were those aged 25 to 39. Females were 10 percentage points less likely than males to gain employment. From the data available it was not possible to identify reasons why women in the Pilot were disadvantaged however they did have a slightly higher incidence of psychiatric or psychological conditions than did men in the Pilot (44% compared to 42%).

The average probability of achieving employment was significantly higher (78%) for those with recent labour market experience.⁹ Figure 1.3 highlights that the chance of gaining employment is significantly boosted as the period with on benefit earnings, prior to participation in the Pilot, increases.

Figure 1.3: Relationship between predicted probability^a of an employment placement and duration of previous earnings



^a Probabilities are predicted at the average value of characteristics, with the exception of fortnights of prior earnings
Source: Integrated Employment and Centrelink Administrative Systems

⁹ The impact of employment placements on earnings is examined in Section 1.5.

The regression analysis of the probability of gaining employment for those with recent labour market experience also suggests:

- having a lower level of disadvantage (defined as having a low JSCI score) improved the probability of an employment placement by 14 percentage points. Those with an intellectual or learning disability also had a higher than average probability of achieving an employment placement (by 23 percentage points). While it is not clear exactly why this occurs it is possible that the previous work experience provides a positive signal to employers about capability and work capacity; and
- having Year 11 education qualifications reduced the probability of employment by 24 percentage points (relative to a person who had completed Year 12) and that females were 28 percentage points less likely to be placed in employment than males.

These results are consistent with previous evaluation findings that employment outcomes achieved from Job Network services generally reflect the level of disadvantage of participants (DEWR 2002).

1.3 Retaining employment

Job Network providers receive an interim outcome fee for job seekers placed in a job (or in education and training) that lasts a minimum of 13 weeks. The 13 week outcome measure is considered to be important as it is a good indicator of a job seeker's likelihood of continuing in employment in the longer-term.

To 3 June 2005, 28% (191¹⁰) of Pilot participants who participated in ISca were retained in a job or education and training for at least 13 weeks.

- 61% of those placed in employment were employed **continuously** for at least 3 months (24% full-time, 35% part-time and 40 % casual jobs).
 - While interim claims are still accumulating an indication of the final interim outcomes can be estimated. Figure 1.4 shows that interim outcomes are predicted to rise to around 68% when job seekers who gained employment after February 2005 are included.
- As could be expected, casual jobs were the least likely to be maintained.
- Work in retail and office work and management was most likely to be retained, with general labouring or process work the least sustainable.

An analysis of various factors influencing the sustainability of continuous employment shows that recent employment is a determinant of what happens to people once they enter employment. Regression analysis¹¹ using various factors including job seeker and provider characteristics and income support history confirmed the fact that, after controlling for other characteristics, earnings for at least 6 fortnights in the 6 months prior to joining the Pilot significantly increased the

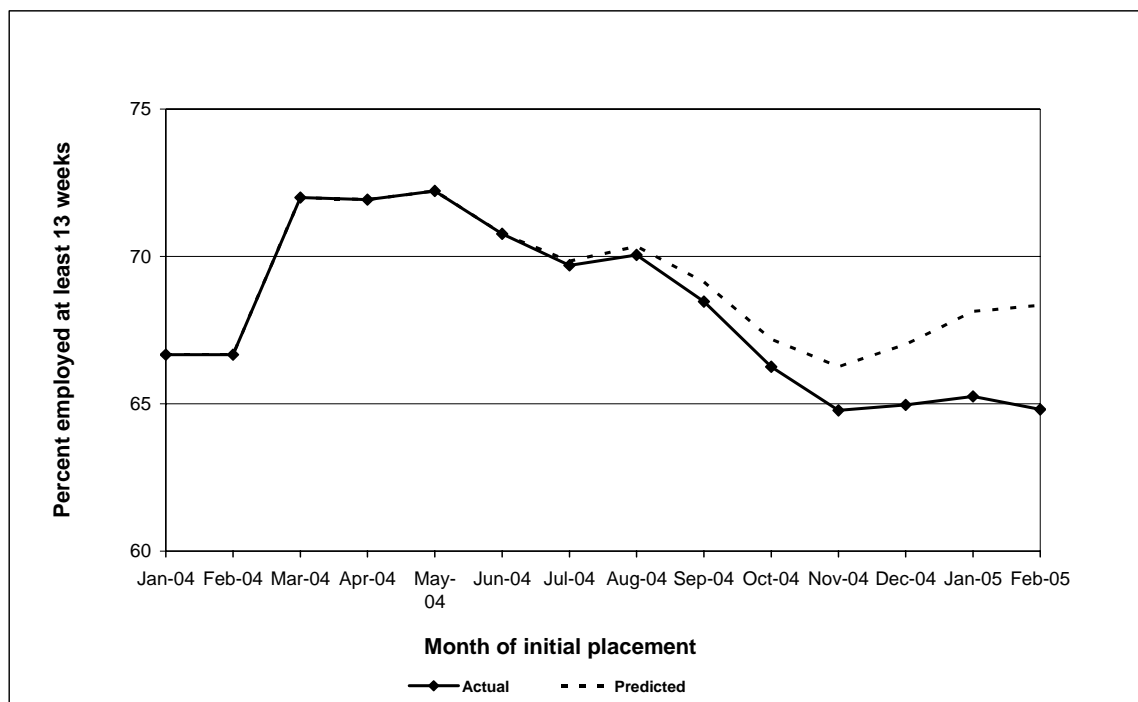
¹⁰This includes 1 claim for an interim outcome that is still pending.

¹¹ The regression analysis estimated a discrete choice (logit) model of the probability of sustaining an employment placement for at least 13 weeks. It should be considered as preliminary as many job seekers with employment placements who haven't yet achieved interim outcomes still have the potential to do so.

probability of retaining employment (to 83%). Being more disadvantaged, as identified by a high JSCI score, had a small negative impact (reducing the probability of retaining employment to 56%).

Having a psychiatric or psychological condition also marginally reduced the likelihood of achieving an interim employment outcome when the job seeker received assistance from a Job Network provider specialising in such conditions. There are at least two possible reasons for this. First, it is highly likely that those with more severe conditions will seek the services of providers specialising in mental health. Second, mental illness can be unpredictable and episodic and therefore impacts on the capability of DSP recipients to maintain employment. For people with an episodic condition gaining employment is not usually characterised by a ‘linear’ progression. Progress is likely to be irregular with many moving in and out of a state of work and ‘work readiness’. Sustaining continuous work can be a major challenge for a significant proportion of the DSP population. Major changes in the level or nature of their disability since onset were experienced by 60 % of new DSP claimants and 28% described their disability as variable or episodic (FaCS, 2004).

Figure 1.4: Actual and predicted interim outcomes



Source: Integrated Employment and Centrelink Administrative Systems

Once a DSP job seeker obtains employment then there is a strong chance of staying there and this appears to be little influenced by the individual's relative disadvantage. Overall, both the tabular and multivariate analyses showed little variation for most characteristics in terms of whether the employment outcome was sustained.

Long-term outcomes

Under the Pilot, providers aimed to support job seekers into long-term employment. Final paid outcomes provide a measure of retention in a job continuously for at least 26 weeks. Generally, under the Active Participation Model 63% of all DSP job seekers and 70% of all job seekers who sustained employment placements for at least 13 weeks remained in that job for at least 26 weeks.

While it is still too early to fully measure longer term outcomes for DSP Pilot participants, the results achieved to date show a similar picture. By 3 June 2005, 113 job seekers had sustained their job placement for at least 6 months.¹² This translates to a conversion rate of 61% for those who had stayed in employment at least 13 weeks. This rate is expected to rise to around 70%¹³ once sufficient time has passed for a final outcome claim to have been made for any Pilot job placement that has lasted at least 26 weeks.

1.4 Expenditure to assist with employment

A mixed package of interventions, delivering different types of assistance, is required for job seekers with greater barriers to work to improve employability, move people into work and support them in work. The Pilot provides some evidence that the providers use an approach based on direct reverse marketing to jobs and job matching, combined with tailored assistance to the jobseeker and follow up to ensure the job is maintained. Provider feedback in the Interim Evaluation indicated that the Job Seeker Account (JSKA) is a crucial source of funds for targeting both the supply and demand sides of the labour market.

On average, the per capita JSKA expenditure for Pilot participants commencing in assistance was just over \$1 000.¹⁴ This is slightly higher than the average spent on all job seekers (\$900) in the Job Network. Most Pilot participants (84%) received JSKA assistance and 53% were placed in employment.

- The flexible and individualised nature of the JSKA reflects the fact that not all job seekers need the same level or type of assistance, and some do not need any assistance to secure work. For some job seekers, normal servicing may be all that is required to achieve outcomes. Of those not assisted with the JSKA 21% were placed into employment or education. Of these, 68% achieved interim outcomes – and almost half of these also achieved final outcomes.
- Qualitative research¹⁵ indicates that, in general, providers are disinclined to spend JSKA funds on job seekers with a poor record of attendance or low motivation.

What did the JSKA purchase?

Table 1.4 shows that the bulk of JSKA spending under the Pilot continues to be on training (23%) and professional services (22%). Providers used professional assessments to get a better understanding of client barriers and capabilities to assist in delivering appropriate servicing strategies for almost half of the job seekers who commenced in ISca.

Expenditure on employer incentives (18%), the bulk of which were wage subsidies, has more than doubled since September 2004 Interim Report. Wage subsidies, averaging just over \$2 000, have

¹² This includes 8 job seekers with final outcome claims pending at 3 June 2005.

¹³ This is on the basis of the conversion rates achieved by a cohort of Pilot job seekers who had been placed in employment by the end of October 2004.

¹⁴ This is less than the amount (\$1350) credited to Job Network members when job seekers identified as highly disadvantaged commence ISca.

¹⁵ Unpublished research with Job Network providers.

been used to assist almost 10% of Pilot participants who commenced in ISca. The JSKA has also been used to fund clothing and equipment, transport assistance, the cost of contacts with job seekers which are additional to contract requirements, self-employment assistance, fares and petrol assistance and interpreter services.

Table 1.4: Pilot Job Seeker Account expenditure by expenditure type

Expenditure Type	% of Total	Job seekers (#)
Training	22.7	228
Professional Services	22.2	314
Employer Incentives	17.6	61
Clothing and Equipment	14.8	292
Other	5.6	107
Transport Assistance	4.6	70
JNM Contacts	4.4	114
Self Employment	2.2	8
Fares and Petrol Assistance	2.1	157
Interpreter Services	1.3	27
Job Seeker Incentives	1.1	44
Work Related Licensing	0.8	18
Relocation Assistance	0.6	9
JNM Transport Costs	0.1	21
Total	100.0	568

Source: Integrated Employment System

Providers make strategic decisions about how they use the JSKA to secure employment for Pilot participants. Pilot JSKA expenditure patterns indicate funds are directed to securing a specific job or to facilitate the retention of the job seeker in employment. Table 1.5 shows that:

- *more of those placed were assisted* through the JSKA – 93% compared to 75% of those not placed; and
- *more was spent on those placed* – \$1633 on average,¹⁶ double the amount on those not placed.

Table 1.5: Average Job Seeker Account expenditure by placement outcome

	Job seekers (#)	With JSKA (#)	Wage subsidy^a (\$)	JSKA Expenditure^a (\$)
Not Placed	354	266	na	810
Placed	325	302	2235	1635

^a Average expenditure, calculated as the total in the specified category divided by the number of job seekers with that type of expenditure.

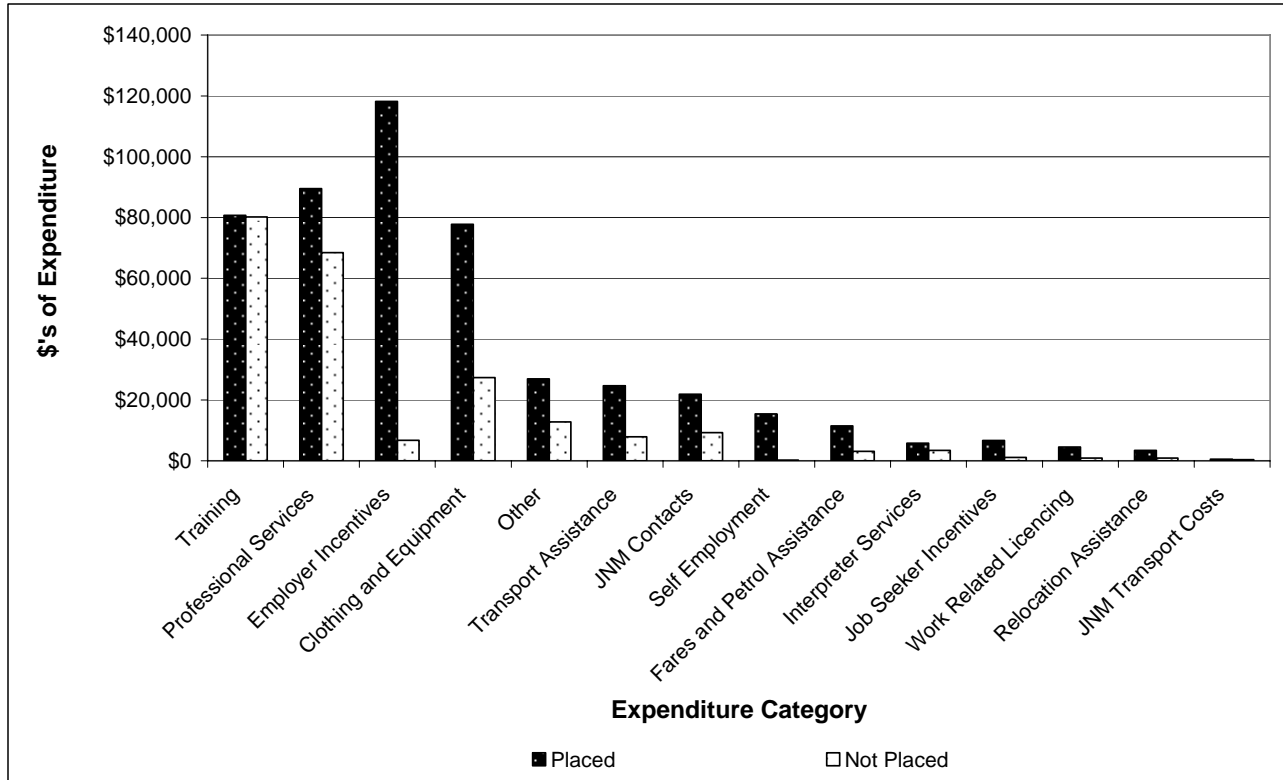
Source: Integrated Employment System

Pilot providers could choose which eligible job seekers to assist and the type of assistance to provide under the JSKA based on individual need and the needs of the local labour market. Training and professional services were the only areas where expenditure on those not placed matched that on those placed (Figure 1.5). This reflects the need for up-front assistance to be provided to all job

¹⁶ This is calculated as the average for those assisted through the JSKA.

seekers to address *immediate barriers* to participation in the labour market, including the need for professional services to assess optimum servicing strategies for this group of Pilot DSP volunteers. Two thirds of the expenditure on those not placed was spent on these two categories.

Figure 1.5: Job Seeker Account expenditure – by placement



Source: Integrated Employment System

How is the JSKA applied to secure and sustain employment?

The patterns of JSKA expenditure illustrated in Figure 1.5 are consistent with JSKA funds being applied in a manner tailored to individual job seeker needs *to assist with securing and retaining of specific positions*:

- more was spent on purchasing forms of assistance likely to be job specific such as clothing and equipment, various forms of assistance with transport and work-related licenses; and
- employer incentives, mostly wage subsidies, formed the largest component of JSKA expenditure on those placed.

Wage subsidies and outcomes

There are a wide range of circumstances in which wage subsidies are used. Wage subsidy agreements between Pilot providers and employers were tailored to specific situations and as such could be expected to vary widely. Of Pilot participants placed in employment, 16% were supported with a wage subsidy.

Using a wage subsidy *increased the likelihood of retaining a placement for 13 weeks* by over 50% (85% of placements resulted in an interim outcome compared to 56% for unsubsidised placements). The subsidy was also effective in improving Pilot job seekers chances in retaining that job for at least 26 weeks. Among job seekers who obtained an interim outcome, the probability of sustaining employment to a final 26 week outcome was about the same for both subsidised and unsubsidised jobs (59% and 61% respectively).

Further analysis of the amounts of subsidy paid confirms that subsidised jobs often lead to long term unsubsidised jobs. There is a relatively small average difference in subsidy costs between achieving an interim outcome (\$2 250) and a final outcome (\$2 760). This small difference suggests that if the job seeker is able to stay in employment for 13 weeks then they are likely to continue to work, mostly in an unsubsidised job.

1.5 Employment and income support reliance

While the goal of most forms of employment assistance is to assist job seekers obtain employment, this is motivated by the understanding that economic participation should lead to greater self-sufficiency. Reduction in income support reliance is one measure of the impact of taking up work following participation in the Pilot.¹⁷

What effect does an employment placement have on income support reliance?

DSP job seekers in the Pilot appear to derive considerable benefit from obtaining work, relative to those who didn't, in terms of leaving the income support system or reducing their overall reliance on the income support payments. While there are few differences in characteristics between the two groups, unobservable differences such as motivation or level of disability may exist that could generate difference in earnings capacity (hence the ability to leave income support altogether) between the two groups.

Some 15% of job seekers placed in a job following participation in ISca had left income support by the end of February 2005:

- they were 4 to 5 times more likely to have left income support than those not placed (3%);
- 23% of job seekers who had retained the job continuously for 13 weeks were not in receipt of any form of income support; and
- 29% of those with a final outcome were not receiving income support.

Table 1.6 shows that, of those who were on income support at the end of February 2005, those placed in employment were less reliant – exhibiting higher earnings incidence¹⁸ and higher average earnings and receiving lower income support payments than those who didn't achieve an employment placement. Comparison of the income support reliance of Pilot participants before and

¹⁷ The method for calculating income support reliance is explained in Appendix B. Income support and associated earnings data required to calculate reliance were only available to February 2005.

¹⁸ Earnings incidence measures the proportion of those on income support reporting earnings.

after being placed in employment through the Pilot demonstrates the impact of employment on income support reliance over time.¹⁹

Table 1.6: On payment earnings performance following Pilot assistance – February 2005

	Earnings Incidence (%)	Average Earnings^a (\$ per fortnight)	Average Income Support received^b (\$ per fortnight)
No Job Placement by JN	8.1	255	420
Had Job Placement	40.6	555	365
Job lasted:			
at least 13 weeks	55.9	605	335
at least 26 weeks	62.5	675	335

^a Average earnings are calculated for those on income support and with earnings in the fortnight ending 18 February 2005.

^b Calculated as the average basic entitlement for those on income support in the fortnight ending 18 February 2005.

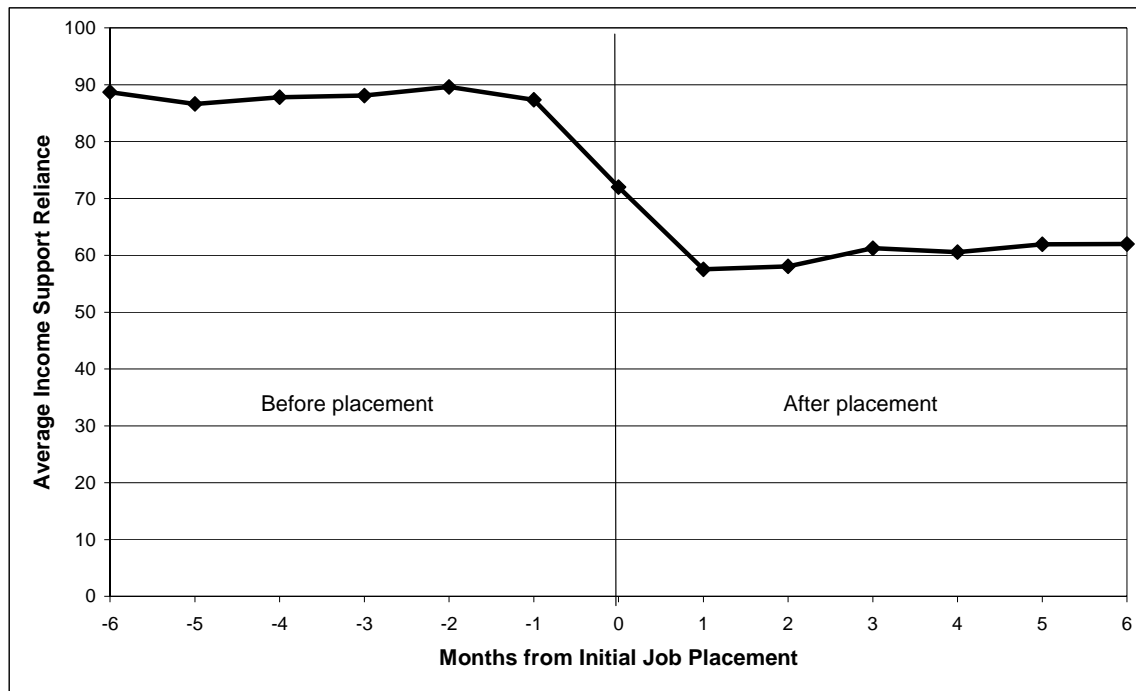
Source: Integrated Employment and Centrelink Administrative Systems

Two thirds of those placed in employment reduced their level of reliance on income support. Figure 1.6 shows a substantial fall in income support reliance, to around 60%, soon after placement in employment. This reduction in reliance was sustained in the following six month period. Prior to placement income support reliance of the group placed in employment averaged around 90%. The reduction was characterised by:

- an increase in the proportion of DSP recipients moving off income support or combining employment and income support (from less than 40% to 85%);
- a growth in the proportion off income support over time (increasing from 4% a month after placement to 14% six months after placement) indicative of an increasing earnings capacity;
- an improvement in the incidence of earnings (a rise from an average 17% to an average of 50%);
- an increase of almost \$150, to \$590, in average reported fortnightly earnings; and
- a reduction of over \$40 in average income support payments to those combining work and income support.

¹⁹ In order to track income support status and reported earnings for 6 months following placement this analysis is restricted to Pilot participants initially placed in employment at least 6 months before 18 February 2005.

Figure 1.6: Income support reliance of those placed in employment



Source: Integrated Employment and Centrelink Administrative Systems

Based on the above analysis it is not unreasonable to assume that the observed reductions in income support reliance mirror a sustained improvement in individual well being. It should be noted that the above analysis should be interpreted within the current income support framework as changes in payment rates and taper rates can impact on both work incentives and measured reliance on income support.

Did Pilot participation make a difference to reliance on income support?

To examine the general question of whether reliance on income support is affected by participation in ISca, reliance levels of all Pilot participants who commenced ISca were compared before and after joining the Pilot.

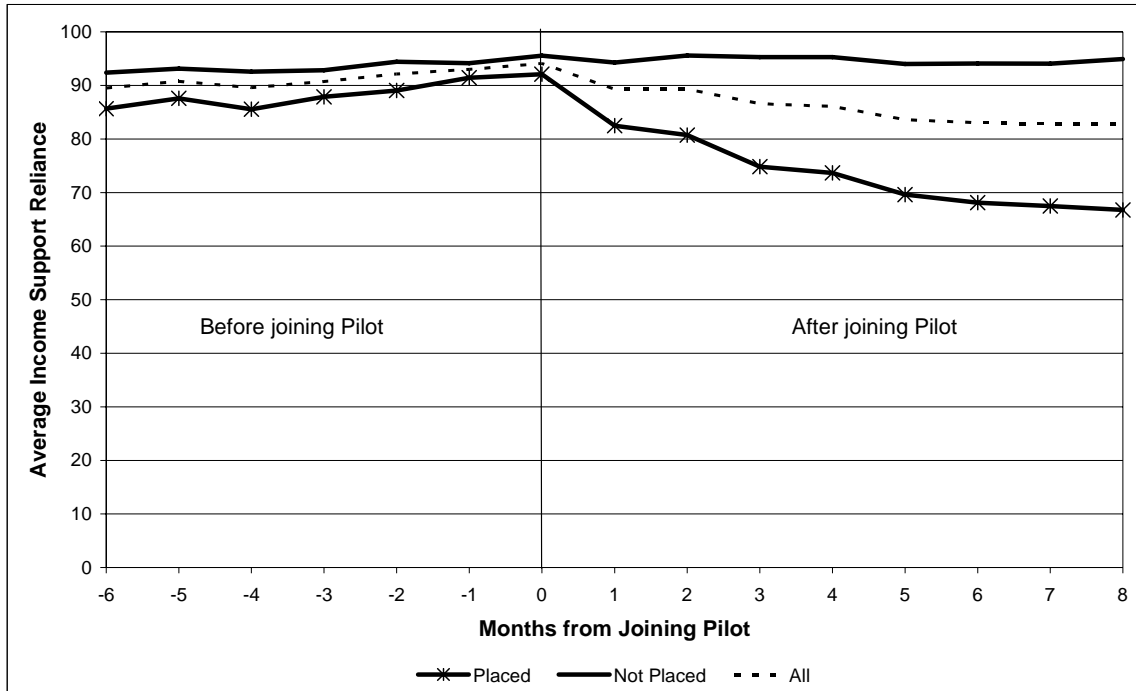
Figure 1.7 shows that reliance on income support by all participants in assistance decreased after joining the Pilot. For the group as a whole, income support reliance over the six months prior to joining the Pilot averaged 91% - eight months after joining it had fallen to 83%. The main contributing factors were:

- a steady decline in the proportion of people receiving income support – over 5% were off income support 8 months after joining the Pilot (compared to less than 1% at any point in the 6 months before); and
- an increase to 20%, within two months of ISca commencement, in the proportion of participants reporting earnings (compared to an earnings incidence ranging between 10% and 16% prior to the Pilot):

- the rise was accompanied by a higher average level of earnings with average earnings, across all those on income support, increasing from \$60 per fortnight over the six months prior to the Pilot to \$105 over the eight months post commencement.

As the level of reliance remained unchanged for those not placed, the reduction in aggregate reliance was achieved through the strong performance of providers in placing Pilot participants in employment.

Figure 1.7: Income support reliance of those who participated in ISca



Source: Integrated Employment and Centrelink Administrative Systems

1.6 Conclusion

48% of those who had commenced ISca were placed in employment or educational activities. A high proportion of employment placements were part-time (27%) or casual (52%). This reflects the expressed preferences of DSP recipients who want to obtain employment and is consistent with their assessed capacity to work. For those who would prefer more substantial employment, take up of part-time or casual jobs, by contributing to the generation of an employment history, increases the prospects of eventually securing the type of employment desired.

Obtaining employment experience appears to be critical to reintegration into the labour force for individuals who have had long absences. For such people taking a job is likely to increase the probability of securing the right job. In examining the factors associated with achieving employment placements recent labour market experience was found to be the most important factor - 78% of those who reported earnings in the six months prior to joining the Pilot achieved a placement compared to 26% with no reported earnings. Although those with recent work

experience were three times more likely to obtain jobs, for the one third of those placed without having worked recently the Pilot provided an opportunity to acquire employment experience.

It is not the case that all employment placements were an immediate success. One third of Pilot participants placed in employment were placed more than once. For some this may be a necessary process on the path to achieving more suitable, sustainable employment (59% of those who were placed more than once did proceed to sustaining an employment placement for at least 13 weeks). Others, possibly due to the nature of their disability, may be limited to only attaining short term employment. Issues around multiple job placements will need to be further investigated.

Sustainability of the job was investigated from when a job seeker is placed in employment after starting ISca and then remained in employment for 13 and 26 consecutive weeks (achievement of an interim outcome or final outcome, respectively).

- 61% of job seekers placed in a job achieved an interim outcome. These outcome rates are expected to rise as further data become available.
- It is still too early to get a full picture of sustained outcomes, but early investigation suggests around 70% of interim outcomes will result in final outcomes.

Pilot participants who participated in ISca were better off in that they were less reliant on income support after joining the Pilot than they had been before. The strong performance of providers in placing people in jobs, many of which were sustained, resulted in the average reliance of those placed in employment falling from 90% to 60%. This was sufficient to reduce the aggregate income support reliance of all Pilot participants who participated in ISca.

Securing and sustaining continuous employment is more challenging for those suffering major change in the level or nature of their disability and for those subject to episodic conditions leading to below average outcomes. Many psychiatric and psychological conditions are episodic. Successful provision of employment assistance to people with psychiatric or psychological conditions has to factor in the potentially episodic nature of these conditions both in determining suitable placements and in the nature and extent of post-placement support that could be required to sustain a placement once made.

The group that did least well in relation to all others were those whose main condition was psychiatric or psychological. While the impact of these conditions on the probability of either obtaining or of sustaining employment was negative, 42% did obtain employment and around half of these retained the job for at least 13 weeks. This shows that while this group poses challenges, Job Network can assist them to secure and sustain continuous employment.

The Pilot findings lend support to the broad directions taken by the Welfare to Work reforms to ensure that people with a disability are able to participate in the workforce as far as they are capable. Although outcomes achieved under the Pilot are not directly translatable to what might be expected to occur under Welfare to Work as participants were volunteers with a range of work capacities including some with less than fifteen hours work capacity.

- People with disabilities who have a partial capacity to work can with appropriate assistance and support participate in the labour market successfully on a longer-term basis. People can participate as far as they are capable. For some this means combining employment with part-rate income support. Under proposed Welfare to Work arrangements, people with a capacity to work 15 to 29 hours a week independently at award wages with up to two years specialist employment assistance will have participation requirements and will be required to look for part time work.
- Job Network has the ability to assist people with a restricted work capacity to secure and sustain employment. New comprehensive assessment arrangements being introduced to assist in determining the extent of a job seeker's work capacity and direct individuals to the most appropriate employment assistance.
- Reliance on income support by all participants who received ISca assistance decreased after joining the Pilot.
- The rewards from participating in work and assistance extend beyond financial benefits to other aspects of well-being. For people with a disability, having a job improves self-esteem and reduces social marginalisation.

Part 2: Improving the placement of job seekers with a disability

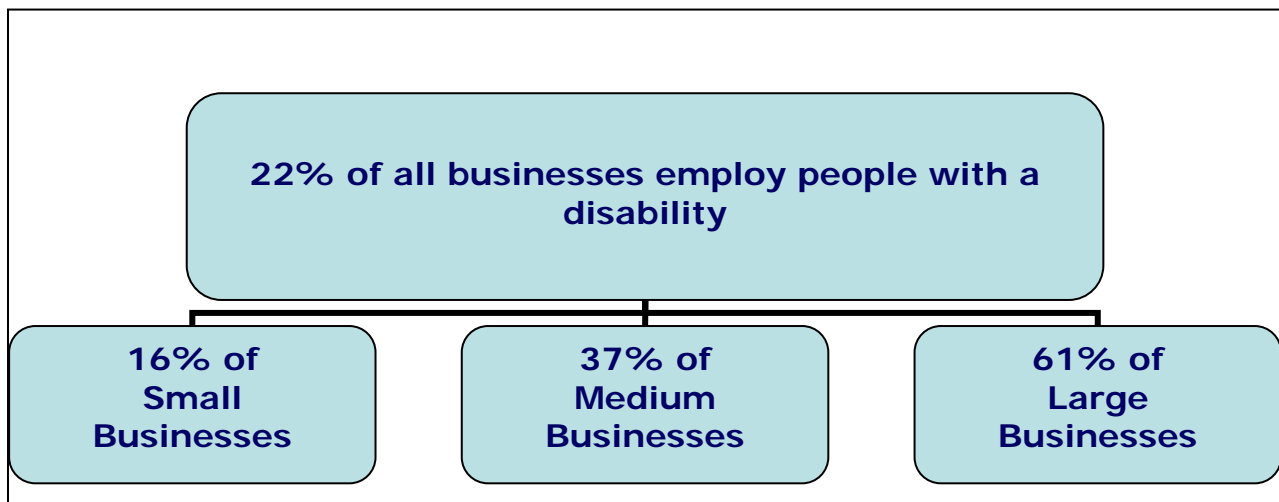
The combination of a lower labour force participation rate and a higher unemployment rate means that people with disabilities are significantly less likely than people without disabilities to be employed. The Productivity Commission (2004) estimates that people with disabilities were 26% less likely than those without disabilities to be in employment, which places Australia below the OECD average for the late 1990s, in terms of the relative probability of employment of people with a disability.

The ageing workforce and a decrease in the growth rates of the labour force will require employers to look beyond their traditional sources for workers, including to people with disabilities. Against this background, the Interim Evaluation of the DSP Pilot identified that more could be done to promote to employers the role of people with disabilities in helping to meet their workforce needs. A number of areas relating to employer discrimination or concerns which warranted further investigation were described. These included feedback that many job seekers had negative experiences with employers and that employer ignorance of disability issues and discrimination constituted major barriers to placing people with disabilities into jobs.

This part of the report examines issues related to employer demand in order to shed light on increasing the participation of people with disabilities in employment. It is primarily based on quantitative and qualitative research with employers undertaken by DEWR.²⁰

Who employs workers with a disability?

Figure 2.1: Businesses employing people with a disability



Note: The Survey of Employers defined business as small if employing 5 - 19 employees, medium 20 – 99 employees and large as 100 or more employees.

Source: 2004-05 Survey of Employers

²⁰ The research methodology is outlined in Appendix B. Business size is measured at the workplace or “location” level.

One in five of all businesses (22%) currently employ a person with a disability (DEWR 2005). The probability of employing a person with a disability increases with business size (Figure 2.1), as does the estimated number employed per business (1.5 people on average in small, 3.4 for medium and 10.5 in large businesses). In focus groups with employers, larger employers were seen to have more capacity to contribute opportunities than smaller employers, who felt that they would be 'carrying' the employee (DEWR, 2004a). This view however, was predicated on an assumption that disabilities mean limited work capacity or potential increases in costs. Small firms actually employ 29% of the total employed with a disability. On a per capita basis a picture emerges which suggests that small firms tend to 'punch above their weight' in employing people with disabilities. While a small proportion of workplaces employ people with disabilities, of all workplaces that do, on a per capita basis, small firms employ 17 employees with disabilities per 100 employees compared to 7 and 3 per 100 for medium and large enterprises respectively.

Medium to large employers with recruitment personnel with formal human resource training and experience were more open to hiring a broader range of people. Critical to their role, however, was the need to find the right person for the job for their managers and colleagues. For these employers who were already open to the idea, understanding the disability and being able to 'sell' the idea to others in the workplace was the issue.

Medium to large businesses which experienced high turnover, a shortage of low skilled staff or who offered their own internal training programs were also more open to hiring people with a disability who may not have had experience. Such firms included cleaning companies and security companies. These employers valued the reliability and commitment of their staff together with the reduced recruitment and training costs over the long term.

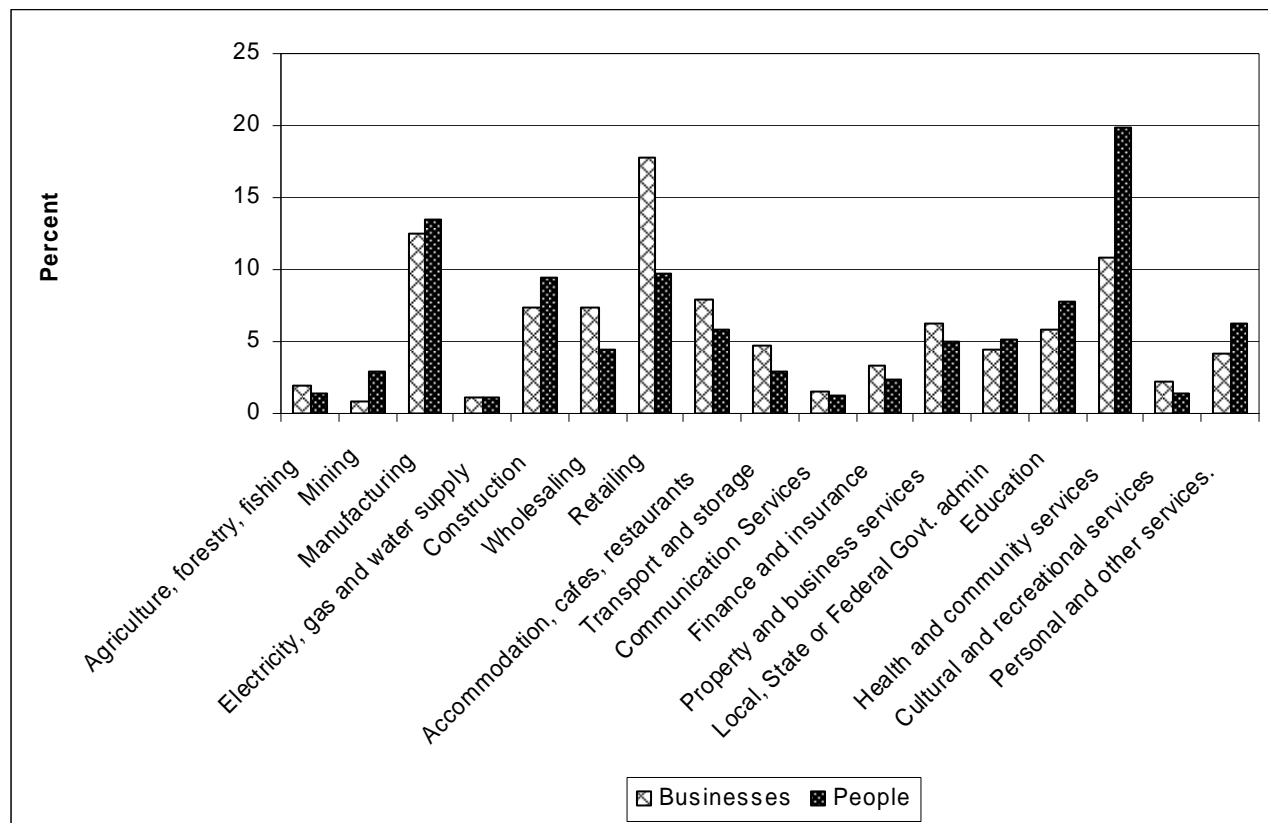
Industry and occupations

The ease of transition into the workforce for people with disabilities largely depends on the industry and attitudes of employers. There was a large degree of variation by industry, with the Health and Community Services industry most likely (see Figure 2.2) to employ a person with a disability (around 20% of people with a disability who were employed). Employers in the mining, electricity, gas and water supply, and communication services industries were least likely to have done so.

In qualitative research with employers (DEWR, 2004a), employers presented fairly narrow and stereotypical views of the types of jobs which would be most suitable for people with a disability. The types of jobs generally included low skilled roles and simple or repetitive tasks which involved little risk. Occupations which did not involve interaction with the public or with customers were also considered.

Employers in manufacturing, processing or predominately blue collar occupations involving machinery tended to be far more closed to hiring people with a disability, citing safety risks and concerns about escalating insurance costs.

Figure 2.2: Distribution of businesses employing a person with a disability and the proportion of people with a disability employed by industry



Source: 2004–05 Survey of Employers

White collar businesses were generally closed to hiring people with intellectual disabilities but were more open to people with physical disabilities. Some participants talked of professionals such as stockbrokers, accountants or human resource staff they had employed who had physical disabilities and used wheelchairs. For these types of jobs, access issues and the costs of workplace modification were the key concerns.

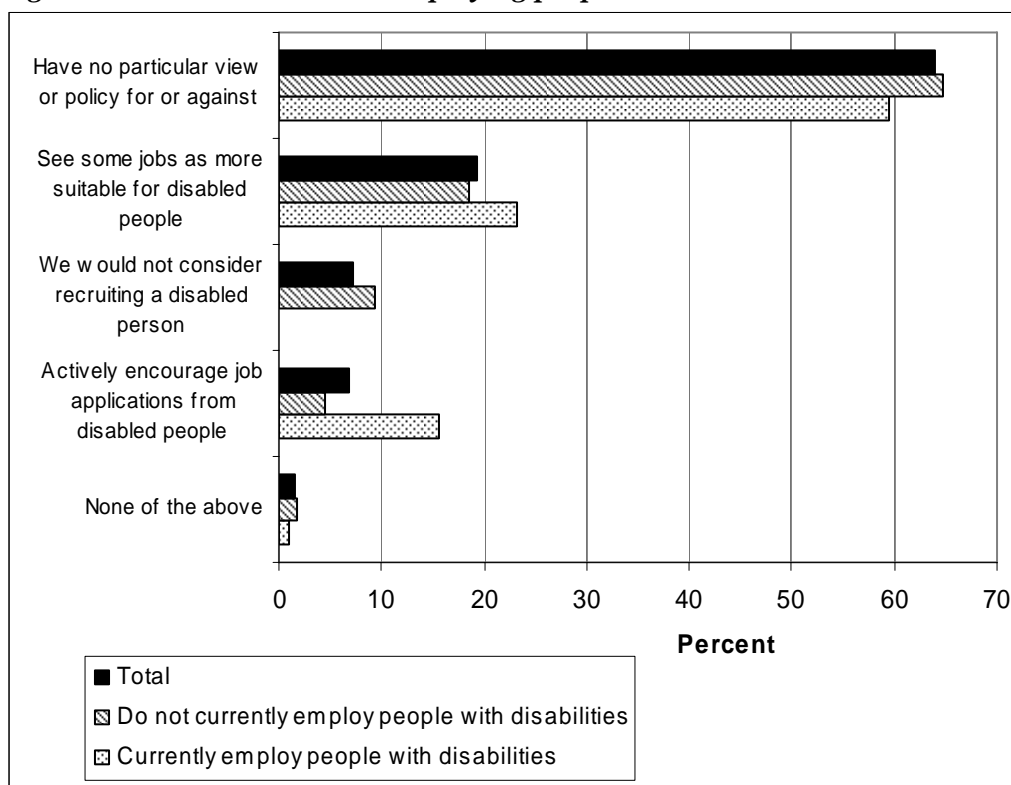
Placing people with a disability in sales positions was seen to be somewhat problematic due to concerns about the views of customers. A retail employer, for example, felt that people with a disability were not suitable for his workforce where all positions are ‘front of house’ and needed to fit with customers’ comfort levels. A few participants who worked in service industries such as accommodation, food and beverage held the perception that the image of the business could be compromised. However, the converse was often observed, and employers of people with disabilities found that having an employee with a disability could improve an organisation’s image. The integration of people with disabilities in employment will, over time, effect a change in customer attitudes.

Future prospects for people with disabilities may improve with the trend towards the service sector and white collar work increasing the range of employment options, particularly for the physically disabled. Recent technological developments, for example, lead to more possibilities for home based work and the use of adaptive technologies in the work environment.

Recruitment and business practices

When asked about their general attitudes towards employing people with a disability, the majority of employers took an ambivalent stance (64%) with 19% suggesting that they see some positions as more suitable for workers with a disability than others (Figure 2.3). A minority of employers (7%) actively encouraged job applications from disabled people, and 7% stated they would not consider employing someone with a disability. Attitudes varied significantly by industry, with employers in the government and education sectors, health and community services, personal and other services, and employment agencies most likely to state that they actively encouraged applications from people with disabilities.

Figure 2.3: Attitudes towards employing people with disabilities



The major reason cited by 86% of employers for not currently employing any people with disabilities was that they did not often receive job applications. Businesses that currently employ people with disabilities tended to be more comfortable with the process of recruitment and more active in undertaking recruitment, citing higher usage of a variety of methods of recruitment.

Businesses that have a formal policy for the recruitment and employment of people with disabilities are more likely to currently employ people with disabilities. 37% of businesses with a formal policy currently employed people with disabilities compared with only 19% of businesses which did not have a formal policy. This suggests that the existence of a formal policy is related to awareness and positive attitudes within the business. However, only 18% of businesses have a formal recruitment policy, either written or unwritten.

2.1 Employer attitudes to people with a disability in the workplace

The term ‘people with a disability’ encompasses a wide range of situations, but employers in focus groups tended to take a more narrow view of disability. There was a strong perception among employers that disability related primarily to major physical disability. Employers frequently mentioned employees who were blind, deaf or required a wheelchair, while employees with minor conditions such as a bad shoulder were not viewed as having a disability. Physical disabilities that were ‘visible’ were most frequently mentioned in qualitative research, while only a minority of employers appreciated the diversity of disabilities, both physical and intellectual. Intellectual disabilities were seen as the most confronting and difficult to deal with. Psychiatric and psychological conditions were rarely mentioned. A lack of understanding contributes to employers’ sense of risk which impacts on the likelihood of offering a person with a disability the job. This lack of information about disabilities at the individual and enterprise levels constitutes one of the major barriers to integration and a change in these attitudes is vital to achieving employment placements.

While many people with disabilities are often also long term unemployed, employers viewed people with disabilities quite differently from the long term unemployed. Employers in the focus groups felt a disabled person’s situation was ‘legitimate’. Many employers saw the long term unemployed as lacking in work ethic and reliability, while employees with disabilities were seen as being committed, with a positive attitude and motivation for the job.

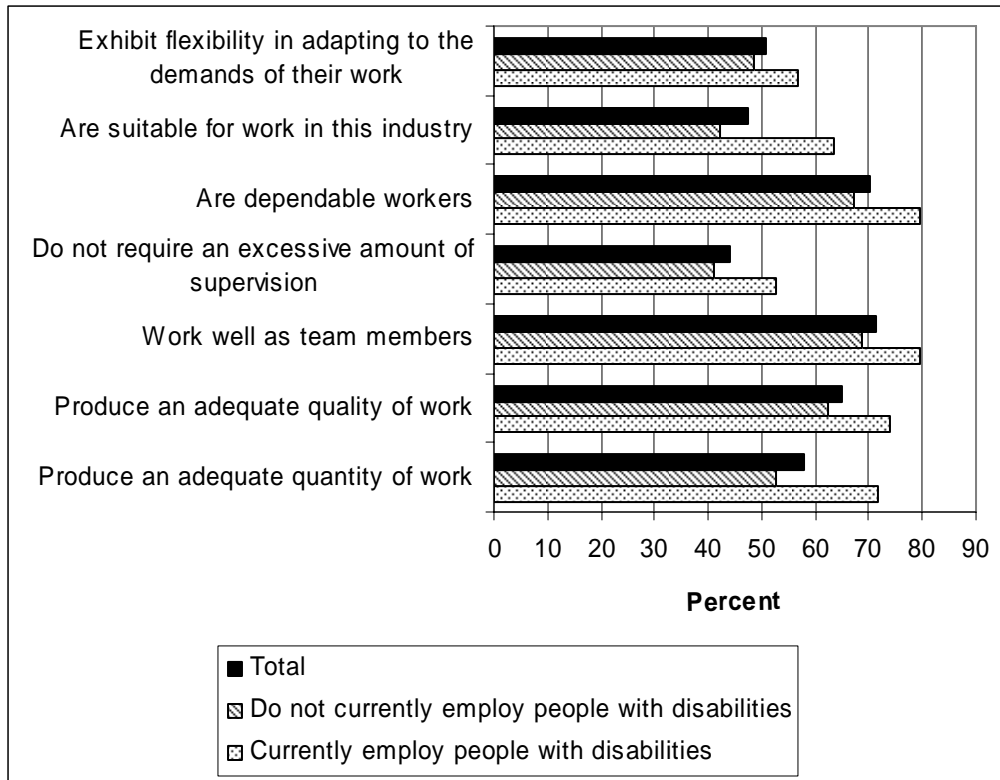
Employers who are risk averse and who lack detailed knowledge about the consequences of various disabilities on work capacity may systematically refrain from hiring. The focus groups highlighted that negative perceptions of employees with disabilities were generally formulated from limited interaction with people with disabilities and stereotypes, or misconceptions about safety and other practical issues. Typically, employers without experience of employing people with disabilities generally stated that employees with disabilities were not suitable to work in their industry (see Figure 2.4). There was little recognition that performance on the job depends on ability, and that workers are heterogenous in ability. Once a person with a disability is hired, much of the ‘de-stereotyping’ occurs as a natural result of daily interaction.

Generally, experiences of employing people with disabilities are positive (see Figure 2.4 and Figure 2.5). Although only a small proportion of employers have had experiences of employing people with disabilities, they considered that employees with disabilities were reliable, productive, worked well independently and as team members and contributed to reduced training and recruitment costs through retention. These employers see benefits for both the business and the individual. They and other workers came to see the individual rather than a ‘disabled person’. It is not necessary for business to hire large numbers of disabled people in order for attitudinal barriers to be overcome. The provision of information on best practices, on-the-job training or work experience may be all that is needed.

However, employers were generally not aware of the economic benefits from the integration of people with disabilities in employment. Unavailability of quantitative measures of the economic benefits may be one of the main obstacles to the future growth of employment opportunities for people with disabilities. While employers engaged in the focus groups stated that having a person

with a disability on their workforce positively contributed to morale and helped to inspire and motivate other employees, these benefits to the organisation are not directly estimable. A number of other studies (FaCS 2003, Kelly et al 2005) have also noted that employees with disabilities improved the image of the organisation as well as improving the diversity of skills and perspectives to an organisation. There is also a need to address the tendency to view hiring a person with a disability as ‘a good deed’, that is, an act of charity an employer could only afford to do in good financial times, rather than as helping the employer to reach their business goals.

Figure 2.4: Agreement with statements about characteristics of employees with disabilities²¹



Source: 2004-05 Employer Survey

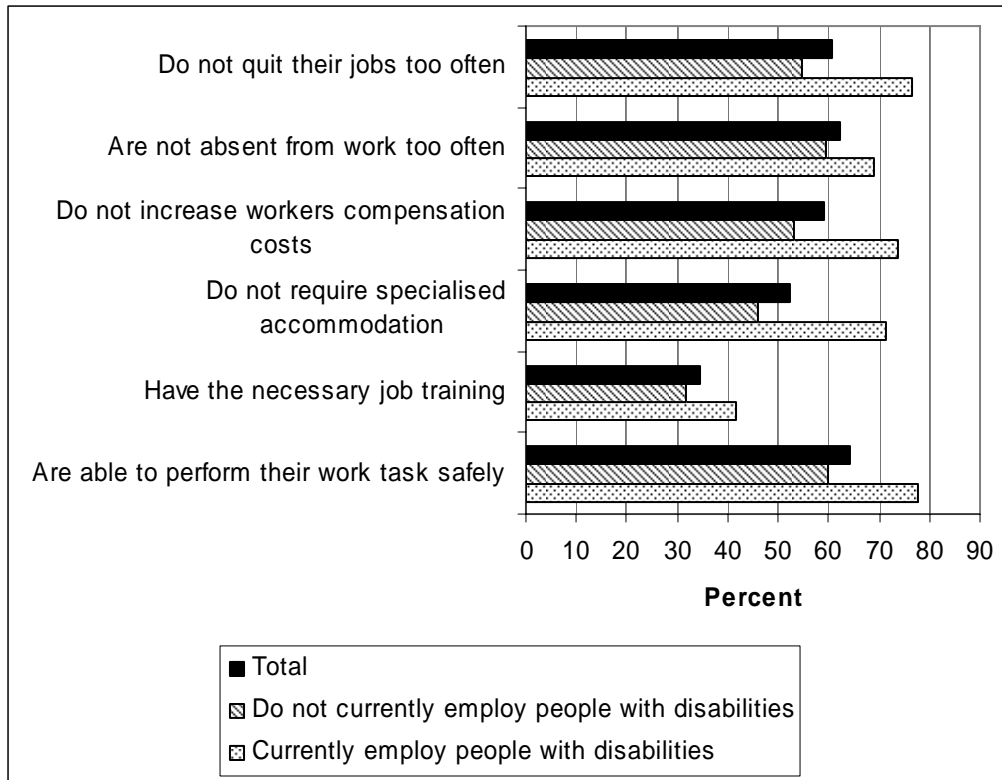
Some employers expressed particular concern in relation to occupational health and safety and workers’ compensation costs, particularly in occupations involving high use of machinery. However, these concerns were challenged in the focus groups by other similar employers who had hired employees with disabilities in such situations.

Attitudes towards employing people with disabilities differed by industry, with businesses in the Construction, Electricity, gas and water supply, Agriculture, forestry, fishing, and Transport and storage industries more likely to view people with disabilities as unsuitable to work in the industry. Interestingly, however, businesses in these industries were quite likely to indicate that employees with disabilities produced both an adequate quantity and quality of work and were able to perform their work tasks safely. Employers in the Education sector were most likely to consider employees with disabilities as valuable employees, indicating strong agreement with all statements. Industries

²¹ Only a small percentage stated disagreement with these statements, with the remainder taking a neutral position.

in which most occupations were sedentary were more likely to consider people with disabilities as suitable employees.

Figure 2.5: Agreement with statements about costs of employing people with disabilities



Source: 2004-05 Employer Survey

While there are mixed views on the use of wage subsidies, they can be a useful tool to compensate for lower (initial) productivity and/or costs associated with special training and supervision. The Productivity Commission’s Independent Review of the Job Network (2002) argued that wage subsidies have a role in enabling the long term unemployed obtain work experience to regain and develop skills relevant to the employer. It also helps in circumstances when job seekers have characteristics such as a disability which sends negative signals to employers. A wage subsidy assists these job seekers by deflecting the negative signal and encourages employers to take the risk to employ them. Wage subsidies can be funded through the JSKA and the Employer Incentives strategy, and from 1 July 2006 additional assistance through Wage Assist will be available to assist the very long term unemployed, a large proportion of who have disabilities. There was also a need to promote the workplace modifications scheme, improve employers understanding of it and streamline access to it.

Perceived barriers to employing people with disabilities

Physical inability to undertake the work required was the most common perception of employers and a main reason given for not employing people with disabilities. Other reasons given for not employing people with disabilities were that it was perceived that it was mentally impossible for

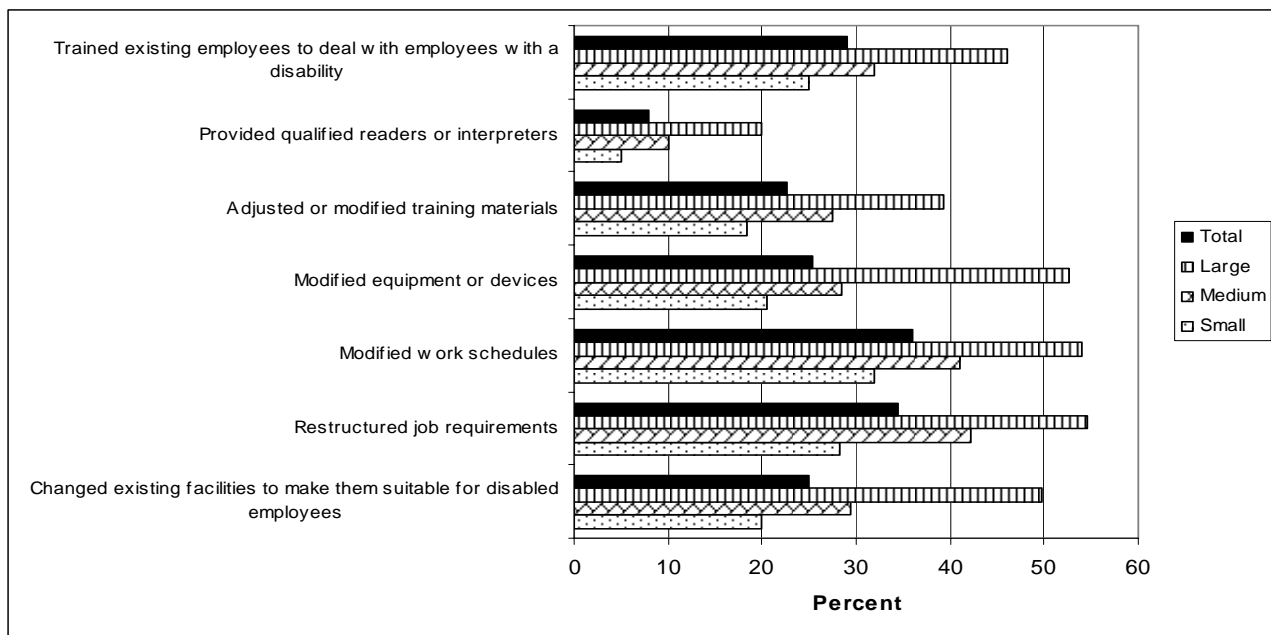
them to undertake the tasks required, and that it was too hard to adapt the physical work environment. However, these views were often countered by employers who had overcome these barriers.

A major concern for employers was the cost of making physical changes to the workplace to overcome physical barriers. However, where changes had been made to accommodate employees with disabilities they were in fact changes to work schedules and job requirements rather than physical changes to equipment or facilities (see Figure 2.6). Employers, who had not previously employed a person with a disability, rarely considered modifications such as changing job design. Instead most thought rigidly about their existing work structures. Most employers needed the input of a third party such as a specialist agency to devise a creative solution for their workplace.

One concern often expressed by employers was the impact on other staff of employing a person with a disability. This concern was sometimes related to misconceptions about a disabled employee’s ability and capacity and the fear that they would need extra supervision, or that other team members would have to “carry the load” of that employee. Employers who had hired a person with a disability also expressed the view that there could be problems in the workplace, not with the person with a disability but with other employees, and this was often related to the workplace culture and employees’ previous experience of people with disabilities. They stressed the need for training and awareness raising activities amongst other employees.

There was a perception among employers that larger employers had a greater capacity to contribute opportunities. Larger businesses were seen as having a greater capacity to absorb costs, and were more likely to regard the associated costs of making changes as part of their normal business costs. Small businesses most often stated that there were no costs associated with the changes they made (34%), and these changes were more likely to be changes to job design.

Figure 2.6: Changes made to accommodate employees with disabilities by organisation size



Source: Employer Survey

2.2 The role of intermediaries

Most employers in the focus groups who had hired a person with a disability had done so as a result of being approached by a specialist employment or placement agency. This was most often done in person through a visit to the workplace and may have involved several discussions to cover a range of issues including addressing employer concerns and questions.

A number of employers were approached directly by the jobseeker or by a family member or friend of the person who was known to the employer, and this was sometimes successful. Some employers, however, were uncomfortable about being approached directly and the majority felt that the agency would be better able to inform them, independently, of the skills and abilities of the person.

In the main, employers appeared to be open to agencies approaching them. Employers with higher turnover and a more constant need for staff, generally medium to larger employers and those with lower skilled jobs, were more likely to be open to being approached by an agency. A convincing case on the contribution a person could make to the business and the other practical support offered by the provider to minimise other barriers played a key role in the initial decision to hire a person with disabilities. Specialist Job Network services appeared to have a good reputation for better outcomes and therefore employers were more receptive to them. Those who had experience with specialist agencies spoke well of the level of support and quality of service provided by them.

A key concern for employers was that of job matching — obtaining a good match between the capabilities of the person and the workplace. Agencies were viewed as being able to give an independent assessment of skills, thereby reducing the perceived “risk” in taking on a person with disabilities.

Post placement support was identified by employers as critical to the success of a placement. Employers spoke favourably about site visits and phone calls from specialist providers who supported them through the first few months of setting up and managing a position for a person with a disability. Having supervisors who came to the workplace to oversee the person was reported as a good way of easing employers concerns and making the employer feel more comfortable. Additionally, most employers required the input of a third party such as a specialist provider to help them identify and establish suitable roles and changes to job design to accommodate persons with disabilities.

Similarly, practical support with making workplace modifications or purchasing special equipment was identified by employers as an enabling factor in the decision to employ someone with disabilities.

For many employers, a lack of experience and understanding of the issues meant that they viewed the process of hiring people with disabilities as “all too hard”. They were not easily able to visualise the possibilities and not comfortable about knowing what to do or how to react. Only those employers who had been through the experience had any real knowledge of practical help and support that might be available. Employers seemed unlikely to seek out this information and were more likely to be informed by an agency. Businesses which use Job Network services show higher

levels of employment of people with disabilities. 43% of businesses which currently employ people with disabilities had used a Job Network service²² compared with 38% of businesses which do not. However, 62% of all businesses had never used a Job Network service. Overall, there was low awareness of government assistance to help employers when hiring a person with a disability.

Reverse marketing was an effective strategy used by providers involved in the Pilot to successfully place Pilot job seekers into employment. Reverse marketing involves providers marketing job seekers directly to prospective employers on an individual basis, rather than seeking to match a job seeker to an advertised position. This approach also enables the provider to address any concerns raised by an employer, and to provide accurate information about the jobseeker's disability and its effect on their work capacity, as well as information on the rights and obligations of employers towards employees with a disability.

Reverse marketing is commonly used by Job Network members as part of an integrated strategy, in conjunction with other forms of assistance from the JSKA, as well as employer incentives and post placement support. Access to the JSKA allows providers to offer incentives such as wage subsidies, or to provide training and tools or equipment to improve the attractiveness of a jobseeker as a potential employee. Another strategy available to Job Network members is that of paid no-obligation work trials to test a placement. This has benefits for both parties, with the jobseeker gaining work experience, and the employer gaining first hand experience of employing a person with a disability which is an important factor in addressing negative employer attitudes. The use of work trials was identified by employers in the focus groups as significant in changing employer behaviour, as it allows the employer to try the person without making a long term commitment.

Under the Australian Government's Welfare to Work measures, Employer Demand Demonstration Projects²³ provide funding for innovative recruitment, employment and retention strategies to increase the participation in the workforce of particular target groups such as people with a disability. Funding is available for projects that propose a specific initiative to assist people in the target groups gain employment or retention in the following industries: retail; manufacturing; accommodation, cafes and restaurants; health and community services; property and business services; mining; building and construction.

2.3 Conclusion

The Interim Evaluation of the DSP Pilot identified that, as attitudes of employers were a significant barrier to employing people with a disability, more could be done to promote to employers the role of people with disabilities in helping to meet their workforce needs.

This report examined issues related to employer demand. It explored employer perspectives and experiences of employing people with a disability, focussing on the success factors which impact on increasing employment opportunities for people with disabilities.

²² Includes Job Placement Organisations and Australian Job Search.

²³ Further information is available at www.workplace.gov.au

The primary factors which limit the availability of employment opportunities for, and ultimately employment of, people with disabilities from an employer perspective identified include:

- narrow and stereotypical views held by many employers of the types of jobs which would be most suitable for people with a disability;
- the majority of employers being ambivalent about (64%) or not willing to consider (7%) employing people with disabilities;
- lack of information about and understanding of disabilities at the individual and enterprise level - employers who are risk averse and who lack detailed knowledge about the consequences of various disabilities on work capacity may systematically refrain from hiring;
- concern about the cost of making physical changes to the workplace to overcome physical barriers;
- concerns about insurance liability, workers compensation costs, and occupational health and safety issues;
- concern about the impact on other staff of employing a person with a disability fearing that they would need extra supervision, or that other team members would have to “carry the load” of that employee; and
- low awareness of government assistance to help employers when hiring a person with a disability.

Experience of employing people with disabilities was instrumental in changing negative employer attitudes, and consequently increasing employment opportunities for people with disabilities.

Specialist agencies can play a key role in the initial decision to hire a person with disabilities as they

- provide independent information on the skills and abilities of the person;
- address employer concerns and questions and discuss other relevant issues with the employer;
- highlight the contribution a person could make to the business; and
- offer practical support to minimise other barriers.

These findings suggest the following strategies would increase employment opportunities for people with disabilities.

- Build employer awareness of the contribution people with disabilities can and do make.
- Provide targeted information, advice and support to employers about employing people with disabilities.
- Use wage subsidies to encourage employers to experience employing a person with a disability.
- Improve knowledge about and access to government funded services that defray potential additional costs of employing people with disabilities including the Workplace Modifications Scheme and post placement support funded through the JSKA.
- Encourage specialist providers of employment assistance to people with disabilities to act as intermediaries with employers and actively promote to them the benefits of employing people

with disabilities, including reverse marketing, face to face contact and enhancing the match between the capabilities of the person and the employment/workplace requirements.

A multi-pronged approach to implementing these strategies should be adopted to include a high level education campaign as well as direct targeting of employers, and developing strategic partnerships with employers and employer groups.

Appendix A: Pilot objectives and operations

Objectives

The objectives of the Pilot were to:

- actively engage DSP recipients at a local level and support their participation in the labour market (including but not limited to tailored marketing strategies and employment service initiatives);
- develop transferable initiatives to be promoted as best practice to generalist Job Network members nationally; and
- develop processes to enable all employment service providers to service this client group effectively.

Operations

The Pilot comprised three elements:

Engagement of DSP recipients and community

This element of the Pilot enabled participating Job Network members to develop tailored marketing, promotion, networking, outreach, engagement strategies and employment service initiatives to attract and service DSP recipients.

This component required the Job Network member to develop a brief concise plan outlining the operational activities proposed to meet the objectives of the Pilot, including but not limited to:

- marketing and communication strategies to increase eligible DSP recipients understanding of Job Network and encourage them to participate;
- strategies to liaise, network and engage job seekers and employers; and
- expectations as to the number of DSP recipients to be recruited.

The plan was required to demonstrate the participating Job Network member's capacity:

- develop and promote innovation in the provision of employment services for DSP recipients; and
- trial and develop strategies to identify best practice and share these with National Employment Services Association (NESA) and DEWR.

Provide support for eligible DSP recipients

Participating Job Network members were required to perform some additional work to register Pilot participants with DEWR, participate in the Pilot and provide ongoing Job Network services to DSP participants above their existing caseload.

Participating JNMs were contracted to develop and promote innovation in the provision of employment services for DSP recipients and build organisational expertise in these areas. Where necessary, they would also arrange and support job seekers through specific pathways such as:

- seeking additional information from the job seeker and others, such as treating doctors;
- identifying work capacity or restricted work capacity:

- where available, work capacity assessment will be matched to other such assessments for validation;
- identifying whether the job seeker is best assisted under Job Network or should be referred to alternative programmes through Centrelink such a specialist funded disability services; and
- considering the best specialist JNM to assist an individual (if for example a potential participant has specific needs that can best be met by an alternative specialist JNM).

If participating Job Network members did not make satisfactory progress against these deliverables, and engage DSP job seekers, their participation in the Pilot could be suspended. Participating Job Network members were required to ensure the Pilot had an adequate management framework and provide regular progress reports to the working group.

Ongoing servicing of DSP recipients

Pilot participants were to be serviced by specialist disability Job Network members consistent with the Active Participation Model, including the Service Guarantee, for the duration of their unemployment. Participating JNMs could tailor their services to suit the needs of individual job seekers, as not every Pilot participant needed the same type or amount of assistance or level of contact. The Pilot provided the opportunity to further explore service flexibilities under Active Participation Model to service DSP and non activity tested job seekers.

Service and outcome fees were consistent with the Active Participation Model. Pilot participants became immediately eligible for Intensive Support customised assistance and identified as Highly Disadvantaged. DSP recipients on a specialist disability JNM caseload when the Pilot started were allowed to also volunteer to participate in the Pilot and therefore could have immediate access to Intensive Support customised assistance (Highly Disadvantaged).

DSP recipients who were participating in Commonwealth, State and Territory government funded programmes, other than Job Network, were not eligible for servicing under this Pilot (including waitlisted clients).

Job seekers on DSP with significant support needs for whom Job Network was not appropriate would be engaged with alternative service providers through existing arrangements. Transfers between specialists were encouraged and monitored, with any issues arising addressed through the working group or through provider to provider arrangements, such as a locally initiated protocol.

Outcome fees will equate duration of unemployment to the amount of time the participant has been receiving DSP allowance, as an incentive for participating JNMs to secure sustainable employment.

Appendix B: Methodology

Measurement of income support reliance

Income support reliance is calculated, from administrative data, as the average fortnightly proportion of income received from income support. Income is the sum of income support entitlement, income from reported earnings and income from other sources such as interest from investments. For example, an individual who, in any given fortnight:

- receives basic income support but has no other income is considered to be 100% reliant;
- does not receive any basic income support is considered to be self-reliant (that is, to have zero reliance on income support); and
- has private income exactly equal to their basic income support payment is considered to be 50% reliant.

This reliance measure is only as accurate as the administrative data from which it is calculated. This measure is not:

- the same as the total proportion of income from income support (used as a measure of welfare reliance in international literature) as data on private income is not available when an individual is not in receipt of income support; or
- a measure disposable income.

2005 Employer Survey

The 2005 Survey of Employers was conducted by Wallis Consulting Group on behalf of the Department of Employment and Workplace Relations (DEWR). The survey included a special module designed to explore employer attitudes to employing people with disabilities.

The survey consisted of 6000 telephone interviews with the most senior person in charge of recruitment in workplaces across Australia. The module of questions relating to employing persons with a disability was answered by 3,000 businesses chosen at random. The sample was drawn from commercial business lists together with lists provided by the Department. The survey responses were weighted on the basis of business size and industry sector using ABS Business Register (ABR) data to ensure the survey was representative of all employing businesses. ABR provides counts of Australian Business Entities which have been issued with an Australian Business Number (ABN) as part of the registration process. The industry (ANZSIC) code has been assigned to the ABN. Business size is defined as:

- Small businesses - employing between 5 and 20 employees;
- Medium businesses - employing between 21 to 99 employees; and
- Large businesses - 100 or more employees in total.

For the purposes of calculating averages, small businesses have been assigned an average headcount of 9, medium businesses 50 and large firms, 561. These averages have been derived directly from the survey data and are based on the number of employees located at single site businesses.

Whilst in all other 2005 Employer Survey Topic Papers sub group analysis on business size is performed at the company wide level, analysis by business size for this paper is measured at the workplace or "location" level.

2004 Employer recruitment practices

The Department of Employment and Workplace Relations commissioned exploratory research with employers. The main objective of the research is to understand the recruitment market and employer experiences and perceptions of government services (Job Network and online service) within this context. The research was conducted via focus groups and personal interviews with employers in 3 States, including regional and metropolitan locations.

Ten 1.5 hour focus group discussions were conducted with employers from small and medium sized businesses. Large business employers were included via six 1 hour individual depth interviews (IDI), conducted at the employer's place of work.

The participants were the most senior person within the business who was responsible for recruitment decisions. For many small businesses, this was the owner/operator and for larger businesses it was the human resource manager or senior personnel officers who participated. Interviews were conducted with 'central recruiters' ie. those staff in a central or head office who recruit for sites/workplaces. These interviews explored the relationship between central and site based recruitment as well as the general recruitment issues explored in groups.

A total of 64 employers participated in the study conducted between 14 and 27 of July.

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