



ABORIGINAL AND TORRES STRAIT ISLANDER PEOPLE IN THE AUSTRALIAN WORKFORCE: VIEW OF THE CEOS

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SUMMARY: BOTTOM LINE BENEFITS FROM MANAGING INDIGENOUS WORKERS PRODUCTIVELY

The Australian Centre for International Business conducted a survey of 227 CEOs on their views toward Aboriginal and Torres Strait Islander People, supported by the Department of Immigration and Multicultural Affairs and the Department of Employment, Workplace Relations and Small Business.

The Survey found that policies and practices to capture the 'bottom line' benefits of employing Aboriginal workers were largely absent. Importantly, the Survey revealed a positive picture of corporate goodwill on which to build better policies and practices for managing Aboriginal employees more productively.

For Aboriginal and Torres Strait Peoples, the survey found:

- Thirty-nine percent (39%) of sample firms did not employ Aboriginal workers; 7 percent of respondents did not know whether their firm employed indigenous people.
- Only a minority of firms employs significant numbers of Aboriginal workers, usually in the mining sector.
- CEOs perceptions were that level of education, level of skills and commitment constrained the employment of Aboriginal workers. Other factors included absenteeism and difficulties in retaining Aboriginal workers.
- CEOs believe that there was a shortage of Aboriginal job seekers. But there are large numbers of unemployed Aborigines. This anomaly suggests the need for training and education programmes, an area for joint private-public cooperation.
- There are impediments to the integration of Aboriginal workers in the workplace, and their acceptance by co-workers.
- Compared to Non-English Speaking Background (NESB) workers, CEOs perceptions were that fewer Aboriginal workers sought employment; they were less readily accepted by co-workers; and they performed more poorly than NESB workers.
- There was poor or nonexistent record-keeping on Aboriginal (or other) employees.
- Few firms had diversity policies, documented diversity training and Aboriginal employment officers.
- Diversity policies and diversity training, where they existed, were ranked of low importance.

Few Australian-based corporates are gaining the benefits from managing Aboriginal workers productively.

THE CASE FOR MANAGING ABORIGINAL WORKERS

The following are important bottom-line advantages to Australian firms when Aboriginal and Torres Strait Islander workers are managing productively:

1. allowing the firm to operate in culturally-complex environments
2. improving the HR function, including staffing, training compensation, and labour relations
3. leading to higher levels of cooperation and learning through inter and intra team interaction
4. leading to better team problem-solving, innovation and creativity
5. increasing organisational flexibility

Managing productively the firm's human capital also provides social dividends, fulfilling social goals. Firms have a wider social responsibility than maximising the 'bottom line'. Employment policies directed towards ensuring national priorities have been accepted as an important obligation by business operating in Australia. These include Aboriginal employment policies for many firms.

THE SAMPLE

Eighty (80) percent of respondents were CEOs (or managing directors, chairs of board members). The survey captured the "mind of the CEO. Firms in our sample were medium-large firms.

Industry

Responding firms were a cross-section of the Australian economic landscape, including firms from all industrial sectors. Thirty (30) percent were manufacturing firms, 31 percent services (including financial services) 17 percent agriculture and mining, 14 percent wholesale and retail, and 7 percent construction.

Nationality

Australian-based firms were surveyed. Roughly 75 percent were Australian-owned and the rest foreign multinational firms based in Australia, with 13 percent North American, 7 percent European (mainly from the UK) and 6 percent (mainly Japanese) Asian.

Location

The sample firms were roughly representative of the distribution of firms in Australia, drawn mainly from NSW (37 percent) and Victoria (33 percent). All states were represented.

MEASURING DIVERSITY

Overall CEOs perceived their firms as moderately diverse, whether measured by ethnicity, language skills, age, gender or religion. On a scale from 1 (homogeneous) to 5 (diverse), the average measure of homogeneity/diversity was 2.8. Alternatively, nearly 60 percent of CEOs said their workplace was diverse, using 3-5 as a measure of diversity.

ABORIGINAL AND TORRES STRAIT ISLANDER WORKERS

Thirty-nine (39%) of the sample firms did not employ Aboriginal or Torres Strait Islander people, and 7 percent of respondents did not know whether their firm employed indigenous people. However 58 percent or 132 firms employed indigenous workers.

Who Employed Indigenous Workers?

Indigenous Australians were employed in small numbers, with only 11 percent of the sample firms having indigenous workers comprising 2 percent or more of their workforce. Aboriginal Australians were employed in large numbers only in mining, where 33 percent of the sample firms had more than 2 percent of the workforce indigenous peoples. For manufacturing firms only 5 percent of firms had more than 2 percent of their workforce indigenous workers; the numbers were smaller in finance, services and transport.

Constraints on Employing Indigenous Workers – CEO Perceptions

For firms employing indigenous workers, CEOs identified three main factors constraining the greater employment of indigenous workers: level of education (3.6); level of skills (3.8); and level of commitment (3.7). (See Table 1) Between 84 and 89 percent of the sample firms ranked education, skill and commitment as of medium-high importance in holding back the employment of indigenous Australians.

Absenteeism (73% of the sample), shortage of job applicants (56% of the sample) and difficulties in retaining indigenous workers (69% of the sample) were ranked moderate-high, and were the next most important factors holding back Aboriginal employment. (See Table 1)

The shortage of job applicants points to an interesting anomaly. There are large numbers of unemployed Aborigines but CEO's perceived a shortage of applicants.

Table 1 Factors in Employment of Indigenous Workers

	<i>Importance</i>					Mean
	no	low	moderate	moderate	high	
<i>Shortage of job applicants</i>	18.95	25.26	17.89	14.74	23.16	2.98 (1.45)
<i>Level of education</i>	2.00	14.00	27.00	32.00	25.00	3.64 (1.07)
<i>Level of skills</i>	1.01	10.10	24.24	34.34	30.30	3.83 (1.01)
<i>Level of commitment</i>	5.10	7.14	28.57	29.59	29.59	3.71 (1.12)
<i>High absenteeism</i>	10.64	15.96	30.85	35.11	7.45	3.13 (1.13)
<i>Difficult to retain</i>	12.36	19.10	39.33	24.72	4.49	2.90 (1.06)

Comments by Respondents: Need for Targeted Employment Programmes

CEOs were asked to provide written comments on other factors holding back Aboriginal employment that were not listed in Table 1. Few CEOs provided written comments.

Most CEOs indicated that no distinction was made between Aboriginal and non-Aboriginal workers in employment or that no Aboriginal workers applied for jobs. This points to a lack of targeted Aboriginal employment policies by firms. Using equal treatment for all workers is not a proactive policy and provides no justification for not developing targeted employment programmes.

One motivation for Aboriginal employment programmes was the requirement for Aboriginal employment written as a condition for access to Native Title Land.

Mining Firms

Mining firms comprised the sector employing the greatest proportion of Aboriginal workers. But, even in mining, relatively few Aboriginal workers were employed. Seventy-five (75%) percent of all mining firms in the survey employed fewer than 20 Aboriginal workers, and only two mining firms employed more than 70 Aboriginal workers.

Mining firms employing Aboriginal workers also rated the level of skills, education and the level of commitment as the three most important reasons constraining the employment of Aboriginal workers. Absenteeism and difficulty to retain were ranked the next highest factors holding back the employment of Aboriginal workers in mining firms.

The largest employers of indigenous workers rated the importance of commitment, absenteeism and difficulty to retaining Aboriginal workers higher than did CEOs who employed a much lower number of Aboriginal workers.

Integration into the Workforce: A Remaining Challenge

CEOs rated their satisfaction with the integration of indigenous workers in their workforce in the medium range. (see Table 2) Acceptance of Aboriginal workers was also ranked medium. But, six percent (6%) of firms ranked their satisfaction with integration as low, and only 20 percent ranked their satisfaction with integration as high. Similarly, only 25 percent of CEOs ranked their satisfaction with acceptance of Aboriginal workers by their co-workers as high.

Integration of Aboriginal workers into the workforce remains a challenge for Australian business.

Table 2 Satisfaction with Indigenous Workers

		<i>Indigenous Employees</i>				
	no	low	moderate	moderate	high	mean
<i>Integration into the workforce</i>		5.9%	34.1%	40.0%	20.0%	3.7 (0.85)
<i>Acceptance by co-workers</i>		3.6%	32.1%	39.3%	25.0%	3.9 (0.84)
<i>Performance</i>		8.3%	25.0%	50%	16.7%	3.8 (0.83)

Performance

The performance of Aboriginal workers was also ranked medium. by CEOs. On a five point scale, 8 percent of CEOs gave a low ranking to their satisfaction with indigenous workers’ performance and only 17 percent of CEOs gave a high ranking. (See Table 2)

Increasing Employment Opportunities: The Views of CEOs

CEOs were asked to identify the key factors for increasing the employment opportunities for indigenous Australians. Their views were mainly positive. Education (27%) and skill training (38%) were the overwhelming factors in increasing employment opportunities identified by CEOs. Many respondents identified both skill training and education together.

Education and training were connected with the lack of motivation and a poor attitude towards work on the part of Aboriginal workers by six (6%) percent of CEOs. One CEO stated that he/she would not support positive discrimination. A couple of CEOs were “defensive”, arguing that workers were all treated equally.

Fifteen (15%) percent of respondents mentioned the lack of motivation by Aborigines as the main problem in employment opportunities for indigenous workers. However, only a few CEOs took an uncompromising line, indicating that aborigines were not “owed a living” and “should be treated like everyone else”. Although these were a minority, they reflected an out-of-date attitude to Aboriginal employment problems.

There was also a group of CEOs, comprising about 15 percent of respondents, who identified the need to avoid stereotyping Aboriginal workers and the need to embrace diversity and Aboriginal employment policies.

About 12 percent of CEOs identified the lack of Aboriginal job applicants, and the need to attract more Aborigines to the job market. Some CEOs saw this as an area for government intervention.

COMPARISONS OF INDIGENOUS AND NESB WORKERS

Worker Comparisons

To assess CEO attitudes towards Aboriginal workers, the study compared the employment criteria and satisfaction with indigenous and NESB workers

The number of job applicants was a significantly greater problem for the employment of indigenous workers than NESB workers. The claim by CEOs that there was a shortage of indigenous workers applying for jobs, confirms the need for tailored employment programs by government and business to encourage applications from indigenous people.

The level of skill was a significantly more important factor in selecting NESB workers for employment than for selecting indigenous Australians. The good news is that CEOs were willing to relax the skill requirement for employing indigenous Australians compared to NESB workers. The flip side is that there is an imperative to implement appropriate training and skilling programmes of Aboriginal workers.

CEOs ranked the importance of commitment, absenteeism and difficulty to retain Aboriginal workers significantly higher than for NESB workers. These reflect the perceptions about Aboriginal workers' characteristics by CEOs, which may involve an element of stereotyping. What is important is that commitment to the firm and absenteeism are major factors influencing the selection of workers. Both absenteeism and commitment add considerably to the costs of employing and managing labour. It was estimated that absenteeism costs Australian employers \$7 billion in 1995. Separation costs can be between 93 and 200 percent of the workers annual salary. One estimate was that absenteeism added \$860 to the cost of producing an average car.

There is a need to address the perception or to correct the fact that Aboriginal workers belong to a "bad" employment group. One approach is for Australian industry to develop proactive Aboriginal employment practices and to implement skill and diversity training employment policies.

There was a significant difference between CEOs' ranking of indigenous workers acceptance by co-workers and in their performance compared to NESB workers. Two times the number of CEOs ranked the performance of NESB workers as high than ranked the performance of indigenous workers as high. Twenty-five (25%) percent of CEOs ranked acceptance of Aboriginal workers by other workers as high, while 33 percent of CEOs ranked the acceptance of NESB workers by other workers as high.

RECORD KEEPING AND DOCUMENTED POLICIES

Overall, firms in our sample did not keep adequate records on the diversity of their workforce, making it difficult for the firms to assess the diversity of their human capital. For example, 73 percent of firms had no information on the ethnic background of their employees and 60 percent of firms had no data on the language skills of their workforce. Surprisingly, 35 percent did not collect data on age.

Few firms had documented diversity policies and practices, with only 33 percent of firms having documented diversity policies. The record on documented Aboriginal policies and practices by sample firms was even more disappointing than that on diversity. Only 14 percent of the firms had a documented Aboriginal employment policy and only 12 percent of firms had an Aboriginal employment officer.

Those firms that had documented policies were asked to rank their importance. Compared to the importance of OH&S policies (4.6 out of 5) and OH&S training (4.5), Aboriginal employment policies were ranked low, at only 2.8. CEOs ranked Aboriginal employment and diversity officers at only 2.7, but

OH&S officers at 4.3 and EEO officers at 3.3. There is a clear need for documented Aboriginal employment policies and Aboriginal employment/relations officers.

Aboriginal employment policies, practices and officers were not documented or appointed at most firms. When Aboriginal employment policies, practices and officers were documented and appointed, CEOs ranked them of low importance.

Mining Firms and Aboriginal Employment Policies

Mining firms were also significantly more likely to put into place Aboriginal employment policies (36 percent) than non-mining firms (10 percent) and they were also significantly more likely to have Aboriginal employment officers (46 percent) compared to non-mining firms (6 percent). They also ranked the importance of Aboriginal employment policies and Aboriginal relations officers significantly higher than non-mining firms. Mining firms are examples of “best practice”.

CONCLUSIONS

At a corporate level, the Survey suggests a number of recommendations:

- ‘audits’ of workplaces to determine numbers of Aboriginal and Torres Strait Islanders in the organization and their hierarchical status
- ‘cultural audits’ of workplaces to assess the level of satisfaction of Aboriginal and Torres Strait Islanders with current policies and practices, and to identify areas of conflict and scope for improvement
- ‘cultural audits’ to assess workplace sentiment towards acceptance and integration of Aboriginal workers
- the appointment of Aboriginal employment-relations officers
- the development of tailored employment regimes and programmes for Aboriginal employees, such as traineeships and cadetships
- improved training of non-Aboriginal workforce regarding cultural awareness, most specifically with respect to indigenous cultures
- improved educational opportunities for Aboriginal workers, perhaps including business-funded scholarship schemes
- adaptation of recruitment processes including the assessment of language used in advertisements, targeted recruitment of Aboriginal and Torres Strait Islanders, advertising

through Aboriginal networks, cultural training of interview panel members, and greater representation of indigenous workers on interview panels where possible

- applauding and publicising Aboriginal employment 'champions'
- staff exchange of workers between organization and local indigenous business enterprises
- development of support networks from indigenous workers within organizations
- greater consultation with Aboriginal and Torres Strait Islander groups in the community regarding the needs of indigenous workers and applicants.
- further strengthen the Commonwealth Government's initiatives in employment, training, recognition of diversity and reconciliation.