

# **SUPERANNUATION: HIDE OR SEEK WORKPLACE EXPERIENCES OF AUSTRALIAN WOMEN**

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## **ABSTRACT**

This paper reports on an exploratory study examining how females' workplace influences their willingness and ability to financially plan for retirement. The study was conducted with Swinburne University of Technology (SUT) and Beleura Private Hospital (BPH) in Melbourne, Australia. The analysis is based on 83 questionnaires, one focus group discussion, and several interviews. The research revealed that organizational influences on female financial retirement planning could be summarized in the following three dimensions: remuneration, education, and mind-set. It is concluded that in today's society, organizations have a social responsibility to capitalize on factors positively influencing their employees to financially think and plan ahead.

## **INTRODUCTION**

Since the end of the post-war baby boom, birth rates in Australia have been declining. Together with falling mortality rates, the growth in the older population is outpacing that of the younger population. This is causing an overall ageing of the Australian population [1]. Australian women now have an average life expectancy of 85 years and Australian men of 82 years [2].

The high life expectancy of Australian women has resulted in women requiring a larger superannuation investment to support them during their potentially long retirement. Olsberg and Ferris [3] report that women's average superannuation assets are below those of males and despite the rising trend in females' retirement assets, they predict that in 2019-2020 the aggregate superannuation entitlements for Australian women will still only be half the superannuation entitlements for males. Due to this shortfall in females' retirement assets, 61% of the 1.8 million people receiving the Age Pension in 2002 are women [4].

Numerous studies suggest factors causing this female retirement savings gap. It is reported that most women spend insufficient time in the paid workforce and that their average full-time work earnings account only for approximately 89% of those of males [3] [5]. Furthermore, many women tend to be concentrated in lower-paid industries and are more likely than men to work part-time [6]. These factors make clear that the majority of Australian women may not accumulate sufficient retirement savings to provide them with an independent and adequate retirement income. The current body of relevant research also suggests that these factors are compounded by females' lack of accurate information and their expectation of sufficient access to their partner's superannuation or adequate governmental support [6] [7].

While these findings may apply to women in Australian society in general, there has been little research that takes females' immediate workplace environment into account when discussing various influences on women's ability and willingness to financially plan for retirement.

## **RESEARCH METHODOLOGY**

This study seeks to deepen the understanding of how factors which are directly related to females' workplace influence their willingness and ability to financially plan for retirement. Two organisations located in the inner and outer area of Melbourne were involved in this study; Swinburne University of Technology (SUT) and Beleura Private Hospital (BPH). Data was collected from equal-sized samples of female administrative staff members by 150 mailed questionnaires, one focus group discussion and several interviews. The return rate of completed questionnaires was 55.33%, or a total of 83 respondents. Quantitative data was analysed with SPSS for Windows™ Version 11.0 using frequencies, crosstabulations, chi square analysis, independent sample t-tests and one-way analysis of variance. Qualitative data from the focus group discussion and interviews provided further insights.

## **FINDINGS AND DISCUSSION**

The average age among all respondents was 43 years. Of the three age groups: 20-35 years, 36-50 years, and over 50 years, respondents from SUT were concentrated in the youngest cohort; at BPH they were concentrated in the age group 36-50 years. In terms of educational background, 80% of the respondents at SUT completed graduate or post-graduate studies, compared to only 54% at BPH. Despite a positive statistical relationship between salary and educational qualification, respondents' salary levels were higher at BPH with more than half the employees annually earning \$45,000-\$65,000 compared to only 37% of the females from SUT. For both organisations, there was no statistical relationship between employees' ages and their annual salary. All respondents indicated that they currently belonged to a superannuation fund. The majority of females (80.7%) were married or de facto married and 90.1% of them had had a partner who presently was also part of a superannuation scheme.

Consistent with previous studies, it was found that the majority had not financially planned their retirement. More than half of the females at BPH and over 60% of the females at SUT admitted not having financially planned their retirement.

Results of the study suggest that besides those factors widely acknowledged in the literature to influence female financial retirement planning there are additional organization specific factors which may be seen in the following three dimensions: remuneration, mind-set, and education.

The remuneration dimension is pervasive and includes a simple logic. With a low salary, no matter how good the intentions, there will be little room for setting money aside for retirement. It was found that the higher respondents' salaries the more likely they were to possess a diverse investment portfolio and to have thought of their financial retirement situation. However, the equation is not all that simple. Even though females felt they did not earn enough to make financial plans, hardly any woman was informed about her actual financial situation. Many females indicated to close their eyes from their retirement future. Even though they regarded their own and if applicable their partner's superannuation funds as an important retirement income, only very few knew actual dollar amounts.

On average, salary levels at BPH were higher than at SUT. Consequently the reason of a 'too low salary' for not making financial retirement plans was mainly cited from females working at SUT. Nevertheless, even though these females felt they could not afford financial planning, they were not even familiar with their current financial situation. The findings suggest that too little earnings were a welcomed excuse for not having to deal with eventual uncomfortable thoughts related to the future. This is substantiated when

looking at females' responses to a sudden lottery windfall of \$20,000. Hardly any would invest the money into superannuation, especially at SUT, where particularly in the lower salary categories 'spending now', was the preferred choice.

It seems that the remuneration dimension even compounds the effect of employees' mid-sets. Significant differences in attitudes from each organisation suggest that the mind-set prevalent in the immediate work environment feeds back to individuals' own way of thinking. Especially at SUT, where women reported 'a lot of corridor talk' about the uselessness of locking money away for an uncertain future, a distinct 'carpe diem' attitude seemed to have manifested itself among many females.

The third dimension concerns employee education. The results show that the majority of females did not actively financially plan for their retirement but also that women who had access to more sources of information were more likely to financially plan ahead. However, quantity did not compensate for the overall poor quality of the provided information. Even though women at BPH had more access to information and more BPH employees had made financial plans, a large number still found superannuation too complicated. Females in both organisations felt overwhelmed and de-motivated by the technicality of provided information and lacked access to information tailored to their specific needs.

Working in a university environment, increased the chances for females to obtain first-hand advice from colleagues. This seemed to alleviate some of the negative effects of incomprehensible superannuation brochures and taxation issues. At BPH, females had less access to this type of resource and consequently an even greater need for basic information and tailored advice.

## CONCLUSION AND IMPLICATIONS

Even though solutions were not canvassed in this study the findings suggest that organizations could capitalize on positive influences on financial retirement planning. This may include initiatives such as:

- More employee education to raise awareness for the importance of financial retirement planning at an earlier stage in life.
- More personal information tailored to female retirement planning needs.
- Proactive instead of reactive initiatives. In today's ageing society, it can be regarded as a social responsibility for organizations to assume an active role in positively influencing prevalent retirement attitudes.

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