

Baby boomerangs

As boomers retire, organisations are threatened by a shortage of workers. A study by *Glennis Hanley, Tui McKeown and Megan O'Connell* asks how businesses plan to retain older workers – and their knowledge.

The ageing workforce presents an unprecedented challenge for businesses and economies across the world: the impending retirement of the 'baby boomers', those people born between 1946 and 1965, appears to be the trigger. Simply put, an ageing population puts pressure on systems of social protection such as public pension systems, which in turn affects the functioning of the labour market.

Industry will experience the impact of an ageing population on both its demand and supply sides. On the demand side, consumer needs will change and on the supply side, labour will contract as the pool of workers younger than 45 declines. Extending the working lives of the present and future workforce is now a major priority.

With the loss of older workers, many organisations will also lose knowledge. A survey of HR managers carried out by IBM in 2005 states: "When the baby boomer generation retires, many companies will find

out too late that a career's worth of experience has walked out the door, leaving insufficient talent to fill the void." (*The Economist 2006:61*).

Population ageing is seen to threaten, among other things, our economic and social stability, especially with fewer people working and paying taxes. If we accept this scenario, then retaining older employees ('older' is 45; over 45 is 'mature') in the workforce appears crucial to sustain the social security system as well as compensate for tight labour markets and preserve corporate knowledge. But older Australians feel they face entrenched disadvantage in the recruitment/retention cycle: persistent age discrimination; limited access to promotional opportunities; over-representation in 'old economy' occupations; outdated skills; along with perceptions that they don't 'fit' with the culture of modern fast-paced business environments; and stereotypical biases such as being unwilling to take on new challenges.

A SLICE OF THE AUSTRALIAN SERVICE SECTOR

This pilot study within the Victorian local government sector in Australia, 2005, looked at how organisations dealt with the threat of an impending worker shortage. The study drew on data from interviews with HR managers from five local councils ranging from inner metropolitan to rural locations, two industry-based focus groups and a content analysis of 10 annual reports. These views were supplemented with material from an industry-wide survey carried out by the Australian Local Government Association (ALGA) in late 2004 as well as information from a Municipal

Association of Victoria (MAV) discussion paper, *Workforce Planning in Local Government* (2006).

In the local government workforce, females make up 58 per cent of workers while approximately 30 per cent of all workers are aged 45 or more. The ABS predicts that by 2020, 50 per cent of the current workforce will have retired. The data only refers to local governments' direct workforce and not their large external population of temporary agency staff, contract, sub-contract and volunteer workforce.

The study examined current workforce planning initiatives, current management initiatives specifically focussed on the ageing workforce and any planned future management initiatives. It revealed that, in the service sector in particular, it is not just the 'cost to society' in terms of healthcare or superannuation which employers need to be aware of, rather the real challenge may be the loss of critical knowledge and skills of the organisation's own employees. What was uncovered fell short of the expectations of the debate in the public arena, yet they are hardly surprising within a business context of operational short termism.

Only three organisations of those surveyed viewed ageing as a problem. Only two provided age profiles of their workforces and restricted reporting solely to direct employees omitting casuals, contractors or volunteers. The results did conform to those of the much larger ALGA and MAV studies in that the average age grouping reported was 45+ years.

Both the focus group and HR managers interviewed saw ageing in terms of the provision of services to their ageing customer base rather than as a feature of their workforce. Few HR managers actually knew the proportion of their employees who qualified as 'older' workers. Little data had been collected on the age demographics of their internal workforce and none had been gathered on their external workforces.

Their single greatest concern was with the 'risk' associated with employing older employees, rather than recognising the knowledge, skills and abilities older employees have to offer and attempting to capture and retain these assets. There was no evidence of organisations recognising the skills of older workers or actively trying to retain this group. Skill shortages were

Australia's greying workforce

This snapshot helps to establish the context for discussion on how organisations within one discrete industry sector are determining their magnitude of exposure to the threat of an impending worker shortage. Boomers can expect to live a much longer life than did their parents; many boomers can expect to experience workplace discrimination; and the sheer numbers and accumulated knowledge contained within this cohort appears to hold the key to increasing workplace productivity and the preservation of corporate knowledge.

- Life expectancy is rising: the average is now 77 years for men and 83 years for women, up from 55 for men and 59 for women a century ago. By 2051 more than 24 per cent of Australians will be older than 65 years, according to the Australian Bureau of Statistics (ABS). Demographers predict that the number of Australian centenarians will reach 38,000 by 2051.
- Australian birth rates are falling short of 'replacement' rates: birth rates are down from 3.5 children in 1961 to 1.7 in 2001.
- In 2003, 32 per cent of workers in the Australian labour market were aged 45 to 64 years, up from 24 per cent in 1983. It is estimated that by 2016, nearly 60 per cent will be aged 45 years or older.
- The majority of the 1.9 million labour force was in full-time employment at the time of the survey, with 772,000 part-time.
- Since 1999 there has been a 10 per cent rise in the number of older Australian men who have given up looking for work because they thought they would be considered too old by employers.
- Other barriers relevant to this cohort are low levels of education and no tradition of acquiring new skills.

seen as a key problem, but were exclusively linked to recruitment of younger workers with no reference to further education and training of older workers. There also appears to be evidence emerging of discrimination against the older worker through neglect rather than purposeful action.

How are organisations preserving valuable knowledge? While human resource management literature suggests that a common response is to establish a mentoring program, the research found that programs were aimed at assisting younger workers rather than retaining and passing on knowledge from older workers or as a career step for older workers. This neglect was further amplified in the lack of knowledge captured from employee surveys or other forms of formal feedback from the 45+ group. How do organisations actually perceive the employment of older workers? Responses

revealed a degree of inter-changeability and even confusion between the concept of ‘old’ with notions of elderly and frail – even senile dementia! The results reveal a lack of programs identified to capture and retain knowledge and, more worryingly, reveal the foundations for systemic discrimination of older workers.

How can there be such a divergence in rhetoric and reality in a large, well-organised and well-scrutinised industry sector? The lack of action by individual organisations is explained at the industry level where it is reinforced by the traditional response of industry to ‘outsource’ or ‘contract’ out the problem through the use of temporary contract agencies, contractors and the like. Within the Australian context, this is clearly not an aberration. A feature of many Australian industries has long been to rely on a workforce that supplements what they see as their

employees – not just the temporary and contractors but also, for some, the volunteers.

This study confirms the existence of a diverse *internal* and *externalised* workforce within this industry sector which provides a mosaic of employment, contractual and unpaid arrangements which underpin the provision of their services. It appears that, as a result, the efforts to address an ageing workforce in this industry have been piecemeal at best and possibly discriminatory at worst. A comprehensive approach is necessary. If an organisation’s human resources truly are its most important asset, then dealing with the impending loss of those resources must be the organisation’s highest priority. This requires organisations to recognise and assess the knowledge, skills and ability of their older workers and then, implement strategies to actively retain them productively

in the workforce. Maintaining older Australians in the labour force is essential to productivity and economic growth as our workforce ages and the number of new labour force entrants contracts.

It seems we may have a long way to go in persuading employers to retain/hire older workers so that this cohort are regarded as being fully part of the labour force and not viewed as a reserve ‘Dad’s army’. Moreover, there seems to be the need for a radical rethink at the individual level of what constitutes retirement as well as the value that further education and training makes in enhancing their employability.

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Age shall not weary them

Many managers have a negative view of older workers. But with support from CEOs, diversity management programs and proper utilisation of experienced workers’ skills, a more positive image emerges, write Sally Howell, Donna M. Buttigieg and Wendy Webber.

To counteract problems with ageing populations and skill shortages, policy makers have encouraged workers to remain in the workforce past the usual retirement age of 55 or 60. This is more feasible because of improvements in health knowledge and technologies and longevity.

But ageism exists in organisations despite legislation prohibiting age discrimination and older workers face negative stereotypes from managers that impact on the worker’s employability and their training and promotional opportunities.

Research shows that many managers view older people as unproductive, resistant to change, attracting higher pay costs, slow, absent minded, suited to jobs that are low skill and repetitive, suffer from diminishing health and mental capabilities and have less enthusiasm for technology. They believe that the presence of older workers would not bring a decrease in conflict or increase in productivity.

But in reality, older workers are staying healthier for longer, are active in families and community and want to work longer. Also, they are often more reliable, careful, responsible, stable and better communicators. Hiring older employees results in lower recruitment and training costs, lower turnover,

higher profitability, more experienced workers, higher organisational commitment and quality of service.

From a random sample of five hundred Victorian HR managers in workplaces with greater than 20 employees and a response rate of 13.6 per cent, it was clearly demonstrated that many employers held stereotypical attitudes that resulted in discrimination against older workers. The study discovered that attitudes of managers were positive where there was top management support for diversity with respect to age. An interesting finding of this research was the relationship between effective utilisation of older workers and attitudes. The study showed that when older workers were treated fairly and given jobs requisite with their skills, negative stereotypes broke

down. One explanation for this is that older workers are able to work to their capacity and are able to demonstrate their acquired knowledge.

The study concluded that diversity management programs to create an awareness of the need to cater for differences between people, coupled with CEO support, effective monitoring and utilisation of older workers’ labour can substantially change attitudes in managers towards their older workers.

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Presence of diversity management programs

Key Yes No

9%	Does your organisation have a diversity management program?	91%
16%	Is there a specific person designated to handle diversity management issues?	84%
16%	Has your organisation planned for the ageing workforce?	84%
49%	Is your organisation expecting any skill shortages in the next five years?	51%