

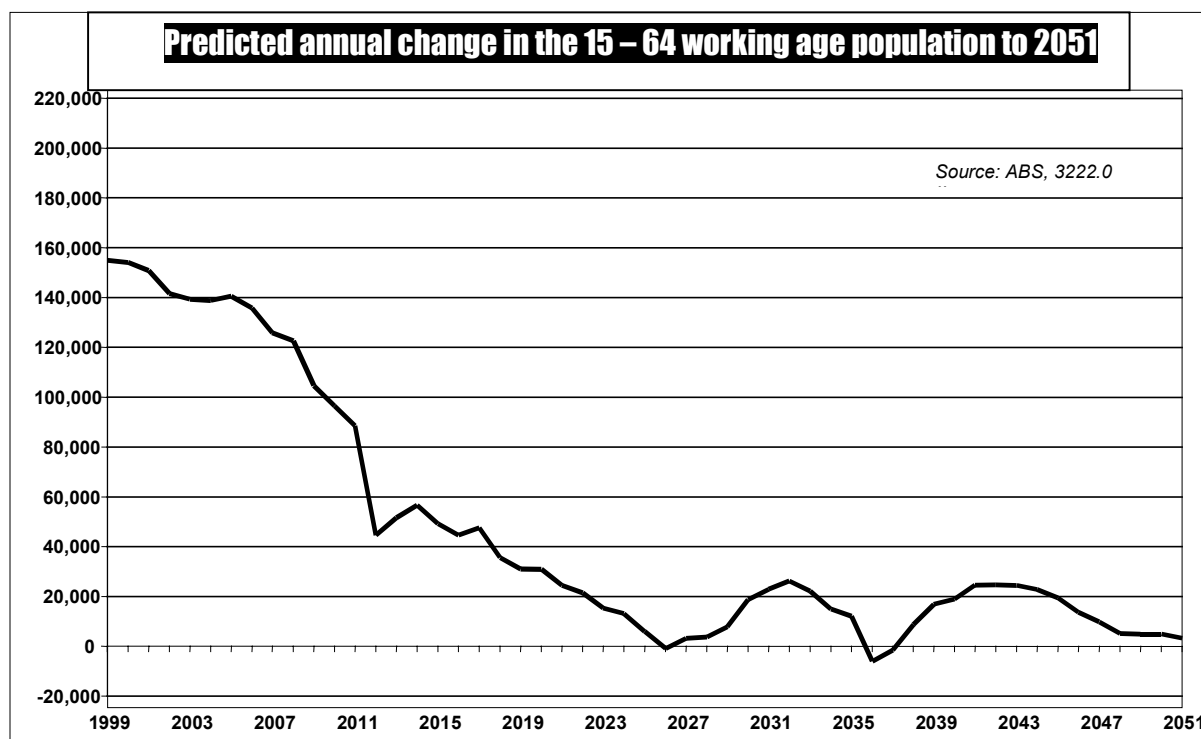
An Ageless Workforce – Opportunities for Business

Why employ older workers?

Do you want your business to be left behind? Or do you want to be in the best possible position going into the future? Unless organisations adjust their thinking on mature workers, market forces will do it for them.

The impact of demographic change

In recent years the working age population, defined as those aged 15 - 64, has grown by 170,000 a year. Demographic trends already in place will see Australia's working age population growing by only 125,000 for the entire decade of the 2020s – at least if employers stick with the arbitrary definition of 15 - 64 as the age range for 'desirable employees'. (*Access Economics, 2001*).



Source: *Access Economics 2001*

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The economic impact

The economic importance of this demographic change lies in its impact on Australia's GDP prospects. Growth in GDP is driven by three factors:

- population,
- participation; and
- productivity (*Treasury, 2003a*).

If current trends continue, Australian Government spending will outstrip revenue by five per cent of GDP in 2041 - 42 (*Treasury, 2002*).

An alternative is to increase GDP growth above the rate projected in the Intergenerational Report. This will require higher levels of participation and productivity by Australians in the labour force (*Treasury, 2003b*).

The need to increase workforce participation

While Australia has workforce participation rates that are just below the OECD average, they are noticeably lower than those in some other comparable countries. There is considerable scope to boost these rates, particularly those of older workers and women. However, considerable improvements in workforce participation will be needed to have any significant impact on the projected slow down in labour force growth in Australia over the coming decade and beyond.

Labour force participation rates for selected comparable OECD countries

Country	Participation rate (Age 55 – 64)
Australia	48.6%
Canada	51.3%
United Kingdom	54.0%
USA	60.2%
New Zealand	62.9%
OECD average	50.8%

Source: *OECD Employment Outlook 2002*

There is a longstanding trend for participation rates to fall markedly for people aged 55 and over. Some authors suggest that if an additional ten per cent of people aged between 55 and 70 choose to remain in the workforce, on either a full-time or part-time basis, it would have a significant effect upon average per capita incomes in Australia (*Access Economics, 2001*).

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Mature workers can increase your profitability

Mature workers are important assets. Not only are there recruitment and training costs associated with replacing them, but the loss of skills, experience and expertise can also be significant. The skills and experience of older workers represent a substantial investment that is lost when these employees leave the workforce.

Organisations benefit from the employment of older workers. Older workers demonstrate high levels of reliability, loyalty and stability to their work. Other benefits include:

- mature workers stay longer at an organisation after training than younger workers;
- younger workers are five times more likely to change jobs compared to older workers;
- mature workers have less absenteeism and sick leave, fewer accidents, and provide a steadying influence on younger workers; and
- diversity of knowledge, skills and experience in the workforce is maintained (*Access Economics, 2001*).

Stereotypes dispelled

Employers sometimes make stereotypical assumptions about the relative merits of younger and older workers. However, available evidence suggests that:

- in many activities (notably work involving intellectual skills) productivity may in fact increase with age;
- mature workers produce work of high quality; and
- investment in older employees and the utilisation of their 'corporate memory' is of great benefit to an organisation (*Access Economics, 2001*).

Ways to retain your investment in mature workers

Businesses regularly lose mature employees as a result of company policy or culture, or simply due to the attitudes of managers. This is detrimental to the longer term economic and financial interests of both Australian business and workers (*Encel 2003*).

Developing strategic employment policies, becoming more flexible towards working hours, and balancing work and family responsibilities at all stages of working life can enhance the productivity of all workers.

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Australian businesses need a highly skilled, healthy and motivated workforce to be internationally competitive. Business needs to take the ageing population into account when it plans for the future. This could include appropriate management practices, such as:

- introducing more flexible workplaces;
- recruiting and retaining mature workers;
- providing training and retraining to workers;
- encouraging healthy workplaces; and
- encouraging later retirement.

Flexible workplaces

A flexible labour market can assist workers in avoiding periods of involuntary unemployment. The more flexible the labour market, the more easily businesses can employ workers in areas of growth in the economy. This enhances job creation, innovation, deployment of new technologies and productivity growth.

As they approach retirement, older workers may wish to reduce the number of hours that they work or to combine paid work with volunteer work in an area of personal interest. If businesses are flexible enough to accommodate these wishes, they will find it easier to retain older workers.

Recruiting and retaining

Managers need to become more aware of the contributions that older workers make to increase the 'bottom line' of business. They should be encouraged to explore the entire labour market for the skills and experience they need and actively seek to consider older workers for vacant positions.

Training and retraining

An ageing population, with an older labour force, will need to increasingly engage in ongoing education and training to improve labour force competitiveness. The education and training system will need to be more flexible and responsive in order to adapt to changes in the age of its key clients, as well as to continual changes in the skills required.

There has been significant structural change in traditional industries over the past two decades and older workers are often not seen to have the skills required by modern industry. Where this perception is valid, ongoing education and training is critical to improving productivity and participation levels throughout the economy. Improving these

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outcomes can increase productivity by increasing the skills and abilities of individual workers and by raising the flexibility of workplace teams.

Older Australians are increasingly embracing new technologies. For example, the largest growth in the use of the Internet and other new computer technologies is by people aged 55 and over (ABS, 2001). Older workers *want* to learn new skills, and are keen to use new technology.

Healthy workplaces

The health of older workers is another important factor in their labour force participation. Ill health plays a significant role in early retirement decisions, and maintaining and improving health will become more important as the population ages. While twelve per cent of workers leave the workforce due to retrenchment, over thirty per cent leave for reasons attributed to ill health (ABS, 2000).

Nonetheless, the health of older Australians is steadily improving, and as life expectancy rates increase, older Australians will increasingly be willing and able to continue their role in the workforce.

Workplaces that encourage exercise or health programs and that provide basic confidential health assessments to alert workers to potential health risk factors are more likely to get the benefits that accrue from having an older workforce.

Later retirement

No Australian comes with a 'use by' date and many workers continue to be happy and productive well after the traditional time of retirement. Australia must encourage and support workers to remain in the workforce for longer periods. We need to ensure that policy frameworks do not create incentives for people to retire early. Similarly, business needs to develop strategic employment policies and become more flexible in its attitude towards working hours and balancing work and family responsibilities at all stages of working life.

Are you and your business ready to take full advantage of this growing group of workers? Join those who already are and reap the benefits.

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