

**A Quick Guide to Managing  
Age in Your Organisation**

# Managing the age of change

**BUSINESS  
WORK &  
AGEING**



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# Introduction

*The Business, Work and Ageing (BWA) Quick Guide to Age Management and Age Awareness is drawn from the BWA Human Resource Management Handbook.*

The guide provides:

- An overview of the BWA HRM handbook.
- The context of population ageing and the related impacts on the business environment.
- Information about age stereotypes and their impact on the development and retention of workers as they age.
- Three practical tools
  1. Organisational Benefits of 45plus Workers
  2. HRM Ageing Workforce Worksheet — An Organisational Audit
  3. HRM Strategies and Solutions — A Summary of Approaches to Recruiting, Training and Retaining Workers in an Era of Ageing.

## **Business, Work and Ageing Human Resource Management Handbook**

The Business Work and Ageing Human Resource Management Handbook has four major sections. Each section builds on the information generated in the previous section, guiding users to adopt a realistic and comprehensive approach that is tailored to highlight the individual priorities within an organisation to this emerging and pivotal HRM challenge.

### **Section 1. An Older Workforce — A Business Reality**

The Australian and global contexts of the ageing population are discussed and the major forces impacting on business are critically examined. Labour supply issues and market conditions are examined in some depth. Since the continuing employment of older workers is a key survival strategy for business, the Section focuses on common but invalid and unhelpful stereotypes about older workers, presents the core benefits that a well-managed older workforce can bring to an organisation. Also included is an exercise which assists organisations to study the impact that the ageing of the population will have on its core business activities.

# Introduction

## Section 2. Measuring Age in Your Organisation

This Section assists business to identify and review their current position and practices in relation to age-balance in the workplace, to understand the workplace experience of workers and to document the age stereotypes being manifested in the workplace. Organisations are shown how to collect real life data and specially designed tools are provided to enable organisations to measure the prevalence of age stereotyping and the perceptions of older employees of their experience, lifestyle and status in the organisation. The tools are flexible in design and allow tailoring to the needs of individual organisations.

## Section 3. Evaluating Your Organisation

A unique tool has been developed by BWA to enable organisations to evaluate how well they are currently managing their workforce within the context of population ageing. A self audit process is mapped out for the major HRM functions such as recruitment, training and professional development and occupational health and safety. The outcomes can be translated via an Age Management Scoreboard to enable an overall assessment to be made of the performance level of the organisation in managing workforce ageing and to identify areas that require priority attention.

## Section 4. Innovative Ageing: Strategies and Solutions

This section builds on the information and analysis resulting from the various tools contained in other sections of the Handbook. The data is used to influence strategic planning in the organisation by assisting employers to identify and implement those strategies in the primary HR functions like recruitment and professional training and development that would improve their management of an ageing workforce. Advice is given as to how an organisation can develop its own Age Management and Age Awareness Plan.

## The Implementation Workshop

BWA offers an implementation workshop as part of the handbook package. The workshop introduces potential users to the Handbook within the wider context of population ageing. While the initial focus of the program is on informing participants of the impact that the ageing population will have on the workforce of Australia, the Handbook also provides the primary vehicle for assisting the development of strategies to enable organisations to successfully meet the commercial challenges posed by this emerging worldwide phenomenon. It will provide participants with an action learning experience that includes the opportunity to discuss issues and work them in small groups.

## Target Audience

BWA believes that the effective management of an ageing workforce should be a priority issue for boards of management, chief executives and senior managers in all organisations irrespective of their size or the nature of their business. All will benefit greatly from exposure to the issues addressed in the Handbook. Nonetheless BWA has designed the Handbook to meet the particular needs of:

- Generalist HR managers and HR advisors.
- Workforce diversity managers and workforce planners; and
- Line managers.

It assumes users are familiar with the basic concepts of HRM including strategic human resource planning and data base management. The manual is designed so that its contents can be readily used by those charged with the responsibility of communicating the “ageing population” message throughout their organisations.

## Advice and Support Services

BWA provides services to support the implementation of the ideas contained in the Handbook. Assistance can be provided also to support the development of policies and practices relating to managing an ageing workforce and to offset the current trend of displacement of workers from employment as they age.

# An Ageing Australia – The Emerging Issue

*The phenomena of population ageing is now well known by Government and business in Australia. There is now an understanding that managing an ageing workforce will present a particular challenge if Australia is to continue to prosper as a nation in the coming years as the number of older people in the community increases and the supply of younger employees declines.*

**What is less clear to many people is the answer to the question:**

**What actions should we take as employers to secure a continuing supply of skilled labour in the context of an ageing workforce?**

Business, Work & Ageing (BWA), an Australian initiative aligned to Swinburne University in Melbourne, Australia and recognised as an international leader in developing responses to the impact of ageing on the workforce have produced a unique Handbook designed to provide practical, innovative and well researched answers to this question. As the first practical guide for organisations to respond to the impact of the ageing workforce, the Handbook:

- Informs organisations about the demographics of future populations
- Presents measures to assist organisations to research their own needs and priority areas for action.
- Shows organisations how to develop and implement “best practice” Human Resource Management (HRM) strategies and policies appropriate to these needs.

Building age awareness and age management practices to make better use of older employees is a cornerstone strategy that all organisations, large and small will need to implement on an ongoing basis.

## The Priority

What is also unclear to some people is why employers need to address this issue now when the real impact of the ageing workforce may not be apparent for another five to seven years.

**BWA believes that understanding just what an ageing population will mean for business can be complex and the immediate relevance for business may be ambiguous.**

**Identification and implementation of solutions to address the long term and international problem of population ageing and the related shrinking pool of labour will take time to complete. Research will need to be undertaken, government and business policies reshaped, employer and employee attitudes changed and organisations encouraged to introduce different ways of managing employees, both old and young.**

BWA is of the view that the sooner this change process is begun, the more likely it is that business will be able to adapt to the challenges posed by profound, irreversible changes to the age demographics of the Australian population.

# An Older Workforce – A Business Reality

## Labour Supply in an Ageing Society

*Recent Australian economic labour history has been characterised by a plentiful and relatively fluid labour market, enabling increased productivity and profits, by keeping bargaining powers with employers and channeling labour to companies and industries with the most promise.*

But two key trends, falling fertility rates and increased longevity are combining to present an unprecedented era of ageing within the Australian population that is fundamentally reshaping the supply of labour.

Population ageing is a phenomena currently experienced by most countries, with Italy, Greece and Japan experiencing the highest levels of ageing.

For the first time the pool of available labour is shifting into the 45 plus age group, with the number of new young entrants to the labour market now relatively static. Currently the Australian workforce increases by 170,000 per annum but Access Economics projections predict that the work force will increase by only 125,000 for the whole decade 2020.<sup>1</sup>

For Australia, this could mean a significant shortfall in the availability of skilled labour, with organisations becoming “hard up for labour”, with managers trying to hang onto workers the way they did in the 1950’s and 1960’s.<sup>2</sup> The potential negative impact of the shifting demographics has the capacity to challenge business sustainability.

Labour Force Scenarios developed by Business, Work and Ageing suggest that by the end of this decade, with or without a boost in immigration (annually approximately 140,000), at current rates of labour force participation by the working age population, the supply of skilled labour will be insufficient to meet economic growth in many key industry sectors. (Refer to the 2 graphs below).

Yet if labour force participation rates are increased in the older age groups (55 to 69 years), the Scenarios suggest that with continued productivity improvements, demand could be met. For example, if the annual gross domestic product (GDP) grew at 3% per annum, participation of people aged between 55 to 69 years, would need to increase from approximately 49% today to 51.3% by 2010, 57.8% by 2020 and 59.1% by 2030.

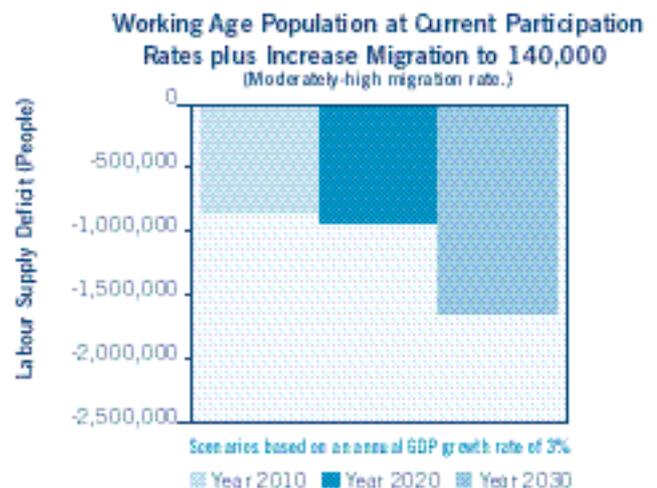
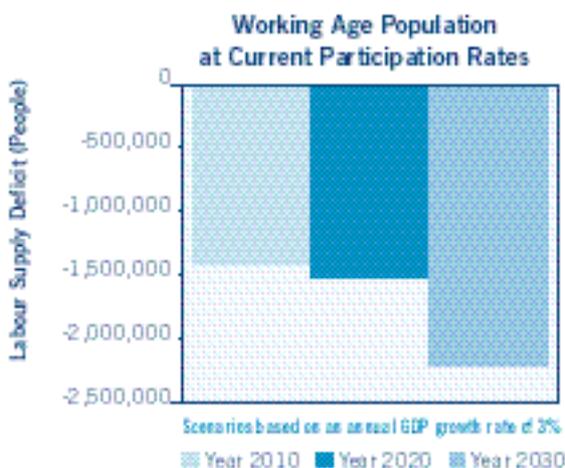
### Optimum Labour Force Participation Levels for 55-69 year olds (With a migration rate of 140,000 per annum).

Years (Decades)	GDP Annual Growth Rate		
	2%	3%	4%
<b>2010</b>	34.4%	51.3%	68.2%
<b>2020</b>	40.9%	57.8%	74.7%
<b>2030</b>	42.2%	59.1%	76.0%

Increased participation of older workers is critical to address skilled labour supply shortages. Yet by necessity structural, organisational and human resource practice of industry must evolve to enable the increased participation of older people in the workforce.

This must be matched with strategies that ensure workers themselves are responsible for remaining productive into older age. Increased training and education of older workers is essential as demand grows for skills rather than labour. Organisational structures need to adapt to facilitate a balance between work and life. Adjustments to human resource management can also result in a proactive response to demographic change, by adapting the recruitment, training and development practices.

## Future Scenarios for Labour Demand & Supply



<sup>1</sup> Access Economics (2001) “Population Ageing and The Economy” <sup>2</sup> Bernstein, A (2002) “Too Many Workers? Not for Long” Business Week, Issue. 3783, 20/05/02

# An Older Workforce – A Business Reality

## Organisational Benefits of 45plus Workers

### Maximising Cost Benefits

BWA research concludes that there are economic benefits in recruiting and training older workers that exceed the slightly higher costs that may be associated with absenteeism and workplace injuries.

### Economic Sustainability

Older people in the workplace will help sustain the national economy by contributing to productivity and building the financial capacity of the individual to fund their retirement.

### Capitalising on Emerging Trends

Being ahead in the marketplace often relies on an organisation's capacity to forecast and respond to emerging market trends. Ageing is and will continue to be one of the fundamental demographic changes affecting markets globally.

### Marketing Opportunities

As the Australian population ages, so too will consumer segments. 45plus workers will be able to adequately reflect and understand the changing needs of the older customer base.

### Addressing Skill Shortages

The supply shortage of skilled labour across the majority of industrial and service sectors in Australia will worsen as the population ages. Yet, people aged 45 years and over are an increasing and readily available resource. Their recruitment and retention is effective strategy for reducing skill shortages.

### Maintaining Corporate experience and learning

Older workers can be the primary resource that reflects an organisation's learning. Maintaining this corporate experience may be critical for future success, and older people can transfer their knowledge to younger workers.

### Maintaining Product and Service Quality

Research by BWA found that older workers deliver higher quality performance, which encouraged younger employees to improve, as experienced staff passed on their years of knowledge and quality standards.

### Creating a Dynamic and Productive Organisational Culture

A workplace that is age diverse can bring a richness of perspective to an organisation, resulting in a more dynamic and productive environment and increased motivation, job satisfaction and job involvement.

### Fostering Organisational Agility and Flexibility

As job demands change, the degree to which workers adapt to new conditions can significantly impact on the bottom line. Older workers are often stereotyped as inflexible, despite research that indicates that they are often more flexible with working hours and conditions and have good coping skills when working arrangements and situations change.

### Minimising Workplace Injuries and Illness

The accumulated experience of 45plus workers allows them to have a reduced risk of accident related injuries in the workplace compared to younger workers. While older workers do suffer a higher incidence of stress and strain related injuries, these can be overcome through attention to wellness and stress management.

## The Myths of Work and Ageing

*Within Australia today 'ageing' is still viewed as a process of physical and cognitive deterioration. This is far from the reality and reflects prevailing stereotypes about age. These stereotypes impact on all of us in our daily lives. They also shape many of the decisions that human resource personnel make.*

Common perceptions about older workers are that they are costly and suffer from declining productivity, cognitive or intellectual capacities. Older workers are said to lack flexibility and adaptability, particularly in relation to new technologies and training. They are often viewed as having diminishing health, resulting in higher levels of absenteeism and accidents. Further stereotypes that surround older workers are they do not fit the culture of fast paced and dynamic business environments and that they will not stay as long as younger workers and as such are not a good recruitment or training investment.

These stereotypes lack validity. Older and younger workers have individual characteristics in each of these areas and there is a greater difference between workers in the same age group than there is between workers from different age groups. For example, you will find younger workers who can easily adapt to new technologies and those who can't. The same applies for older workers.

*"We can no longer speak of the older person on the labour market, just as we can no longer speak of the younger person. There are vital older people and worn-out younger people." - De Vries, World Health Organisation, 1994.*

## Overcoming stereotypes of older workers:

- There is no significant difference between the performance of older and younger workers.
- Given the appropriate opportunities older workers are quite capable of learning new skills.
- BWA research shows older workers are not more expensive than younger workers.
- Older workers can use experience and skills to offset any decline in performance due to ageing.
- The idea of general intellectual deterioration that impairs performance with age is not sustainable.
- When learning programs are tailored to the age, knowledge and experience of older workers, learning is just as effective and no more expensive than for younger workers.
- Older employees are just as flexible, if not more flexible, than younger workers in regard to their working conditions.
- Older and younger workers have individual cultural attributes that reflect their unique backgrounds.
- The goal of older workers is not necessarily to retire.
- Older workers are interested in undertaking training and furthering their careers.

# HRM Ageing Workforce Worksheet

## An Organisational Audit

*This worksheet is drawn from the BWA Human Resource Management handbook. It provides a checklist of areas that could be monitored in your organisation to understand the dynamics of ageing in your workplace.*

Existing data contained in the organisations human resource information management system could be used to create the Statistical Age Profile and Workforce Behaviour Profile, while the Workforce Attitudes Profiles could be tracked through qualitative methods such as in-depth interviews or focus groups with staff or through quantitative methods such as existing staff surveys.

The worksheet also provides a useful checklist for human resource managers to build systems that allow the effective monitoring of age impacts on an organisation and its workers.

Although optimally a full audit would cover all the areas listed below it may be carried out in stages as priorities emerge and appropriate resources are available. For example, an organisation with a history of early retirement may wish to audit the retirement intentions of their executive team to assess the implications for succession planning or to highlight the need to negotiate with key people to retain them for longer.

## Statistical Age Profile

- Age profile of the organisation, by job classification, gender, ethnicity & disability
- Average length of tenure within the organisation by age
- Average length of tenure in current position by age
- Number of years of related experience outside of this organisation
- Average number of days absent from work by age by reason for absence
- Number of workplace injury and illnesses incidences (claimed and non-claimed) by age
- Educational attainment by age

## Workforce Behaviour Profile

- Staff exits from the organisation by age by reason for exit (including retirement)
- Staff recruited into the organisation by age
- Staff participation in formal and informal training by age
- Retirement intention by age
- Staff information technology literacy by age

## Workforce Attitudes Profile

- Staff career goals and aspirations within the organisation by age
- Perceptions of career progression options – opportunities and barriers by age
- Perceptions of external marketability by age
- Perceptions of age discrimination within the organisation by age
- Education and training needs by age
- Reasons for and against participation in education and training by age
- Attitudes towards participation in education and training by age
- Attitudes towards new technology by age
- Attitudes towards induction processes in the organisation for new information technology
- Reasons why staff retire from the organisation
- Occupational Health and Safety concerns by age

## Summary of Approaches to Recruitment, Training and Retention in an Ageing Workplace

This guide provides insight to some of the strategies and solutions your organisation could implement to address workforce ageing. The objective of the solutions presented are to:

- Increase productivity; retention and return on recruitment and training investment
- Improve organisational culture and profile as an ‘employer of choice’
- Reduce labour turnover; OH&S Risk; and absenteeism
- Increase access to skills and corporate experience; employee motivation and attachment.

Strategies	Resources Required			Timeframe			Complexity of Implementation			Effectiveness of strategy in meeting objective		
	Large	Moderate	Small	1 > 6 month	6 > 12 months	12 > 18 months	High	Moderate	Low	Large	Moderate	Low
<b>Recruitment</b>												
Ensure advertisements do not imply age limitations and think strategically about the media you use to attract a diverse cross-section of the labour market.			✓	✓					✓		✓	
Train selection panels in the benefits of age diversity in the workplace.		✓		✓					✓		✓	
Address skill shortages, by recruiting and re-training older people.			✓	✓				✓		✓		
Retain and reward workers that have the best skills.		✓			✓			✓		✓		
Promote and support active career planning and intervention to encourage redefinition of the career course.		✓				✓	✓			✓		
Assess and promote the tangible and intangible value of experience and corporate memory in your organisation.		✓			✓		✓				✓	

# HRM Strategies & Solutions

Strategies	Resources Required			Timeframe			Complexity of Implementation			Effectiveness of strategy in meeting objective		
	Large	Moderate	Small	1 > 6 month	6 > 12 months	12 > 18 months	High	Moderate	Low	Large	Moderate	Low
<b>Training</b>												
Promote and implement life-long learning strategies.		<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		
Monitor training type by age.			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>					<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	
Encourage employees to build their resume, assisting them to document skills developed on-the-job, that may not be formally recognised.			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>					<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	
<b>OH&amp;S and Work Design</b>												
Undertake assessments of physical, environmental and organisational risk factors in the workplace for older workers.		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>		
Offer flexible work arrangements (permanent part-time reduced hours, fixed term contracts, home working, temporary etc.)	<input checked="" type="checkbox"/>					<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		
<b>Age Diversity Management</b>												
Reinforce a culture of diversity within the organisation through policy statements, education and communication.			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	
Initiate health and well being programs that aim to counteract health issues associated with ageing.		<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		
<b>Performance Appraisals, Career Management and Remuneration</b>												
Encourage job mobility amongst older workers to increase their exposure to new challenges and work variety.		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>		
Adapt career management and remuneration packages for workers of different ages.	<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>		



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