

A current debate on employer's responses to an ageing workforce

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ABSTRACT

The ageing workforce phenomenon and the action employers should be considering and implementing have resulted in an abundance of research material from Australia, United Kingdom, the United States of America and Europe. Suggested actions being; actively recruiting mature age workers, training and retraining, fair and equal treatment regardless of age, flexible working conditions, ergonomic job design, organisational attitudinal change, development of specific employment programs to assist mature age workers. Unfortunately, there is limited research on what is actually being done. (Hudson Report 2004, Jorgensen 2004, Fox 2004, Kelly & Harding 2004, Ashton 2003, Morden 2003, Goldberg 2000, McGoldrick & Arrowsmith 2001, AEC 2000b, Walker 1998, Hartmann 1998, Dagher & D'Netto 1997, Arrowsmith & McGoldrick 1997, Lyon & Pollar 1997, McDonald & Potton 1997, Robbins 1984)

This paper discusses the current status of strategic responses and implementation programs delivered to engage, retain and recruit our ageing labour force by Australian employers. A review of the literature suggests limited research has been conducted in Australia on this issue across large organisations, small and medium enterprises and family owned businesses. (Dunemann & Barrett 2004:1, Hudson 2004:1) It is argued that Australian employers have failed to recognise that they have a shrinking labour market, with less than one in three Australian employers seeking to attract mature age workers (Hudson 2004:1), despite all of the evidence to support the impending shortfall.

Introduction

This paper discusses the current status of strategic responses and implementation programs being delivered to engage, retain and recruit our ageing labour force by Australian employers. A review of the literature suggests limited research has been conducted in Australia on this issue across large organisations, small and medium enterprises and family owned businesses. (Dunemann & Barrett 2004:1 Hudson 2004:1) It is argued that Australian employers have failed to recognise that they have a shrinking labour market despite all evidence to support this.

Research on current literature suggests that the level of attention being given to our ageing workforce by Australian employers is limited. The information presented here will serve as the foundation on which a theoretical framework and hypothesis may be developed for further research into the retaining, retraining and recruitment of mature age workers in an ageing population.

The literature suggests that research into Australian employer's strategic responses to an ageing workforce is limited and appears to be non-existent from a rural or regional perspective. There are numerous identifiable gaps in this area to which three are being addressed in this paper. Firstly, of the 1.3 million companies in Australia, research has only been conducted on 0.058% (ASIC 2003-2004, Hudson 2004). Secondly, research has not been forthcoming on the employer's responses in small, medium or family owned businesses and finally, research on mature age employees, and their perspectives on their role in the labour market. This is only a sample of a few gaps that support the argument for the necessity to engage in research into employers actual actions and the mature age worker's perspective. This is the basis for the argument that further research is required on the retention, recruitment and retraining of the mature age worker presently being undertaken for a Masters by Research for Monash University-Gippsland.

This paper discusses the current trends and gaps into research on employer's strategic responses to an ageing workforce in the United Kingdom, United States of America and Europe. This is followed by a summary of why this area of research is pertinent and the implications for Australia should employers' continue to ignore the mature age worker.

Current research findings - Australia

The change to the demographic nature of the labour force has been reported on and researched by a number of eminent academics in Australia and internationally. (Ball 2003, Booth & Tickle 2003, Borowski Encel & Ozanne 2001, Clare & Tuple 1994, Collis & D'Urabano 2002, Dowrick 1999, Drabsch 2004, Encel 1998, 2003, Encel & Studencki 1996, 2004).

However, there have been very few research projects, published works or case studies identifying organisations that have specifically taken actions to engage the mature age worker, who has been cited as the only remaining segment of the workforce in which participation rates can be increased (Hudson Report 2004). The Hudson Report 2004 (Australia) has uncovered the extent to which employers are not pro-actively seeking to attract and retain mature aged workers. Of 7,468 employers surveyed nationally, a staggering 68.2% were not addressing this issue. This represent, less than one in three Australian employers who are seeking to attract mature age workers. (Hudson Report 2004:2, ASIC 2003-2004)

From the level of research conducted for this paper, it is disconcerting to identify that only limited case studies exist, especially in comparison to the number of organisations that will ultimately be affected. (Hudson Report 2004, Jorgensen 2004, Fox 2004, Kelly & Harding 2004, Ashton 2003, Morden 2003, Goldberg 2000, McGoldrick & Arrowsmith 2001, AEC 2000b, Walker 1998, Hartmann 1998, Dagher & D'Netto 1997, Arrowsmith & McGoldrick 1997, Lyon & Pollar 1997, McDonald & Potton 1997, Robbinson 1984) In the Annual Report of the Australian Securities and Investment Commission 2002-2003 it is stated that they regulate 1.3 million companies in Australia. The extent of research conducted to date is minimal and disarming. When calculated, of the 1.3 million companies in Australia, those surveyed through the Hudson Report 2004, cited as a sampling of small, medium and large organisations, represent only 0.058% of the 1.3 million companies in Australia. The Hudson Report (2004) findings stated that of this 0.058%, more than half were not addressing the issue of recruiting, retaining and engaging the mature age worker. (Hudson 2004:2)

Large corporations that have been cited in the media such as Westpac, Australia Post and Bosch are said to be introducing policies to actively seek out over 45's for their workforce. McDonalds have stated they want to change the fact that they get very few applicants from older workers (ABC 2003: 1). Examples available of what employers are stated as implementing has been identified through the cases studies of the Australian Employers Convention 2000 in the 'Age Balance Workforce Case Studies November 2000'. These are case studies conducted on Australia Post, Coles Myer Logistics, Don Mathieson Staff Glass (DMS Glass) and the RACV Club. To date only two of the case studies have been published, Coles Myer Logistics and Don Mathieson Staff Glass (DMS Glass). Investigations carried out with the researchers involved in this project, has found that it is unlikely the studies conducted on Australia Post and RACV Club will be published in the near future. To date only two of the case studies have been published, Coles Myer Logistics and Don Mathieson Staff Glass (DMS Glass). The case studies on Coles Myer Logistics and Don Mathieson Staff Glass (DMS Glass) showed that each has instigated skill training (technology based), mentoring and the addressing of occupational health and safety issues of older workers. Both also cite the offerings of employee rotation in different positions, external training, employees being encouraged to apply for promotions and new positions, and to reinvent themselves. There are also a few anecdotal comments from mature age employees who emphasise the enjoyment of their work and support of their employers. (AEC 200b) Four case studies conducted and two case studies produced could hardly be representative of Australian employers. Further, there are no findings relating to perspectives of the mature age worker as pertaining to their involvement in the implementation of these strategies, the relationships between the different age cohorts, and the mature age workers relationship within cultures of these organisations. What these case studies have delivered, however, is more of an information tool to encourage businesses to conduct age profiles on their workforces to assist in achieving an age balance in the workforce, which is a start for employers. (AEC 200b)

To uncover only four studies concerning employer responses to an ageing workforce confirms the limited research that has been conducted. Each of the companies identified are large

organisations, which sees a definitive gap in research in relation to small, medium and family owned businesses. Hence, reinforcing the need to research more broadly and across employment sectors to identify the retention, retraining and recruitment of mature age workers. Not only from an employer's perspective, but also the employee's perspectives, which can then assist in the creation of models for implementation that all stakeholders have had input.

What the literature further suggests is that within Australia, family owned businesses are also lacking in research to identify employer's strategic responses to an ageing workforce or succession planning. (Dunemann & Barrett 2004). The necessity of this research is supported by the literature review titled *Family Business and Succession Planning* undertaken by Dunemann and Barrett (2004). They identified that 27% of firms listed in the Australian Stock Exchange are family owned. Further, "the Australian Bureau of Statistics' data on small business owners states that 33% of small business owners were aged over 50 and this figure has increased at an annual rate of 3.7%. (ABS 2004 in Dunemann and Barrett 2004:5) Further, "many family business people recognise that succession planning is an important issue, but studies show they are not actively planning succession, be it management or ownership succession". (Dunemann and Barrett 2004:5)

From the Australian Government perspective, (APS 2003a) research has identified, that the Australian Public Service Commission has produced a detailed policy for their ageing workforce. This policy is to provide procedures for their Human Resource practitioners to implement. They developed their policy as a result of the Department of the Treasury's *Intergenerational Report 2002*, which confirmed that Australia, like other OECD countries, is experiencing an ageing population and labour force. Unfortunately no data or information was available on the outcomes of their policy and if in fact they are being implemented. Further there is no indication of how employees have been responding to the policy. (APS 2003a)

As research concerning employers' strategic responses to an ageing workforce is clearly lacking within Australian literature, it is necessary to discuss cases and examples from other nations, such as the United States of America and Europe. Research conducted in the United States of America, by the Society for Human Resource Management/NOWCC/CED 'Older Workers Survey 2003' (in Lockwood 2003:5) showed similar results as those in Australia's Hudson Report 2004, that most employers "are not yet taking the anticipated labour shortage seriously, fewer than 30% of respondents are making changes in their policies, retention and management in response to the increasing age of their workforce" (Lockwood 2003:5). In the United Kingdom research suggests the same findings. In research conducted by BNAC (a group of leaders from business, labour and academics in the United Kingdom, the United States and Canada) identified that many respondents to the BNAC Survey indicated that they had not considered specific measures to accommodate older workers. The members of the BNAC are concerned that employers and policy makers are not yet sufficiently aware of the challenges an ageing workforce poses. They state, "many current practices and public policies were shaped during times when high unemployment, particularly among the young, was a key preoccupation, and are ill suited to the conditions of the early twenty-first century". (Robson 2001:v)

European research has indicated that strategies are being implemented. A study was conducted in the Netherlands in 2000 titled 'Managing an ageing workforce and a tight labour market: views held by Dutch employers', with results published in 2003 (Remerey et al 2003). This survey consisted of questionnaires being sent to over 2,800 companies, organisations, Dutch municipalities and general hospitals in the Netherlands. A number of issues were raised in the survey, but the most pertinent to this paper were their findings into the degree to which employers implement measures, or consider implementing measures aimed at retaining older staff. Findings however did not provide information on the process outcomes for employees.

The following *Table 1: Percentages of Dutch Employers implementing measures for retaining older staff*; indicates that the most widely implemented measures were found to be those aimed at accommodating older staff with additional leave/increased holiday pre-pension measures and the least implemented was the reducing older workers to lower ranks and a loss of salary (Remerey et al 2003:32).

TABLE 1
 Percentages of
 Dutch employers
 implementing
 measures
 for retaining
 older staff (%;
 n=1.1019)

<i>Measures</i>	<i>Is being implemented</i>	<i>Is being/will be implemented</i>	<i>Will not be considered</i>
Part-time early retirement/part-time pre-pension	51	27	22
Additional leave/increased holiday pre-pension	62	21	17
Prolonged career interruptions	12	34	54
Age limits for irregular work	35	22	43
Exemption from working overtime for older workers	34	32	34
Flexible working hour	47	32	21
Training programs for older workers	21	46	33
Reducing workload for older workers	41	44	15
Reducing older workers to a lower rank and a loss of salary (demotion)	7	38	55
Ergonomic measure	65	22	13

(Source: Remery et al 2003:33)

In summary, this research suggests that employers in the United States of America and the United Kingdom are not taking the ageing workforce seriously and are failing to seek out and implement sufficient strategies for the retaining, retraining and recruitment of mature age workers. In Europe the research suggests that the areas of additional leave/increased holidays and pre-pension measures are on the agenda however the retaining, retraining and recruitment of mature age workers is still lacking.

Why is this research necessary?

Within Australia, a number of employees are participating in workforces where employers are failing to take the demographic change seriously. (Hudson 2004, Gettler 2004, ASIC 2003). These employees represent the group that Gettler (2004:1) refers to as the 50-somethings that are reshaping the labour market. Gettler's article reports on the Age/Sydney Morning Herald Study into the Australian workforce that investigated industry by participation rates over a 12-month moving average to February 2004. The study indicates that mature age worker have increased their share of the workforce from 8 percent to 11.5 percent. With an increase in participation of this mature age cohort it would be advantages to know if employers are responding strategically to their ongoing engagement and retention.

Implications if employers do not take action

From an economic perspective there are significant implications should employers not implement strategies to engage and retain the mature-age worker, and not just from a health, superannuation and social security perspective. As cited by Veronica Sheen, Deputy Director of the Council on the Ageing Australia, and supported by academic and economic literature, we are facing an increase in social expenditure, reduction in national savings, reduction in business investment, reduced taxation through wages and salaries, a slowing of productivity growth with the contraction of labour supply and the loss of human capital through retirement without replacement by younger people (Sheen 2001, Harding & Kelly 2004, Creedy 1999, Bacons 1999, Dowrick 1999)

Conclusion

The paper presents the definitive gaps in the level of research attention being given to our ageing workforce with research only been conducted on 0.058% of the 1.3 million organisations. Also the lack of research on employers in small, medium and family owned organisations, and the

lack of research conducted on employees in the mature age worker cohort. Each of these gaps support the argument for the necessity to engage in further research. This paper briefly explored the status of this issue in the United Kingdom, United States of America and Europe. Further, the implications to Australia's economic future, through employer inertia, were also summarised. The importance and relevance of identifying employer's strategic responses to an ageing workforce in Australia can directly link to current management research through models for Diversity Management and Organisational Cultural Change. This new research could encompass definitive strategies and models that are age-specific and age-friendly, that could be used to retain, retrain and recruit mature age workers, with benefits for both the employers and employees. This discussion paper forms part of research being undertaken into the retention, retraining and recruitment of mature age workers in an ageing population through a Masters by Research in the Business and Economic Department, Institute of Regional Studies, Monash University, Gippsland, Victoria.

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