

# Facing the age challenge

It's shaping up to be one of the greatest workplace challenges of this century, yet many employers seem unaware of the implications for business of the ageing workforce. Sally Wenley reports.

**WE HAVE AN AGEING POPULATION—YES MOST PEOPLE KNOW** that—and employers are being told through media, HR practitioners and the government that it is an issue they need to address. However, it appears some businesses are choosing to put their heads in the sand, believing it won't affect them.

The ageing workforce will fast become one of the biggest workplace challenges of this century, says Geoff Pearman, managing director of Partners in Change. "I don't think that many businesses have yet grasped the changing nature of the labour market and the risks and opportunities this presents," he says.

Equal Employment Opportunities Trust's chief executive Bev Cassidy-Mackenzie agrees. She says two recent EEO Trust workshops—in Auckland and Wellington—about the ageing workforce had to be cancelled as there were not enough attendees. "This shows local businesses are not taking the looming workforce shortage seriously," she says. "The horse will have bolted, or at least trotted quietly out the stable door for retirement in greener pastures as [older workers] weren't given the encouragement and respect to continue with their job in some capacity."

Cassidy-Mackenzie says when experienced long-term staff leave, you lose a wealth of knowledge and skills. "Meanwhile, there are fewer people entering the workforce and, of those who are, many are lacking skills in a number of sectors. Throughout the country, businesses in industries such as engineering, finances and health are competing for the best and brightest graduates. So why not retain older workers and have them work alongside a young employee?"

Let's look at some facts. The participation rate in the workforce for the 65+ year age group has trebled since 1986, and for those 55+ it is 1.6 times higher. Figures from the University of Waikato show that New Zealand is one of a few OECD countries leading the trend to a longer working life. The growth in part-time work, especially for women, is also greatest in people aged 65+, according to data from a recent workforce participation review commissioned by the Commission for Financial Literacy and Retirement Income.

The report also says that more older New Zealanders would work if suitable work was available and that this country lags behind European Union countries in age management planning. It says this needs a "whole of government, whole of industry" approach to grapple with the common problem of an ageing workforce and its associated skills and labour shortages.

Cassidy-Mackenzie says the issue can't be ignored. "Overseas more and more businesses are reviewing their workplace policies and practices, such as discussion of retirement plans from an early age, age-progressive incentives for older workers like longer work breaks and more training opportunities, and [conversations about] realising their ability to undertake certain tasks."

The report says this approach is about simultaneously educating employers and reducing discrimination against older employees. Its advice is that early understanding of the implications of population ageing by employers is crucial to ensuring the valuable skills and years of experience are not lost. Employers are also advised to avoid making employees feel they should 'work until you drop'. This can lead to higher long-term health problems especially for those in physically demanding and/or stressful roles.

Pearman is concerned about the lack of understanding of the older age group from the job market. He says in the past we have had fluctuations in the labour market and the availability of skills; however, over the medium term, this has generally sorted itself out through training interventions, recruitment, immigration, etc. "The ageing of the workforce is different. We are seeing a permanent structural change in the population globally. So to think it will sort itself out is not an option."

He says that where employers are aware of this shift they often don't know what to do about it. "They are focused on the day-to-day. I was talking to a large employer recently who was well aware of the challenges and there had been no shortage of reports in the sector, but [they] admitted they had neither the resources nor the frameworks to address the issue. Another employer reflected that many of the responses, such as retirement planning seminars, have been good for older employees, but they hadn't helped the company address the very real business issues they now face."

## How to address an ageing workforce

Pearman says the ageing of the workforce is about the future of the business. It is about understanding business risks and managing these, so clearly it is a strategic management issue. It is not just about where your next workers will come from, but is also how the changing profile of the workforce can have an impact on a company's culture, financial performance, its productivity and how it can affect its reputation and brand. Pearman recommends businesses take a three stage approach to the challenge of the ageing of their workforce.

- First comes awareness that you possibly have an issue. You may not fully understand it, but you suspect there is a trend or a risk that needs to be addressed.
- Secondly comes assessment, developing an understanding of the nature and significance of the challenge and the risks this poses for your business.
- And thirdly action, the development of a strategy and action plan.

Unlike Australia, says Pearman, New Zealand authorities and advocates are not taking sufficient leadership of this issue and it will lead to problems.

“The projections are that the number of New Zealanders over 65 will double to around a million and at least a quarter of them will still be in some form of employment either by choice or necessity. What this will mean for business is that their older workers will be staying on whether they like it or not and they will need them.”

Pearman says this will lead to:

- Increased competition amongst employers for older workers who are motivated and have maintained their skills;
- Workplaces where staff span four generations;
- Employers who understand how to engage *all* employees and who are flexible, invest in their staff regardless of their age, and have created an age friendly culture will be sought after by employees as they are seen as an ‘employer of choice’.

The workforce is ageing now and the businesses that confront this challenge sooner rather than later will be better positioned for the inevitable. 

*Sally Wenley is communications manager for the Equal Employment Opportunities Trust. The Trust can provide workshops and in-house training for your organisation about the ageing workforce.*



**Three examples of working with an ageing workforce**

A large district health board that was aware, in broad terms, of the challenges facing the health workforce has developed a better understanding and also looked at the various groups within its workforce, such as doctors, nurses and allied health workers. Risks were identified and it is now implementing a whole-of-organisation strategy focused on retention, engagement, productivity and wellbeing. This involves culture change, communications, HR policy and practice changes and workshops for managers and staff.

The second example is an aged care provider. This is a sector that is growing and facing on-going and significant skill shortages. Again it put in place a programme focused on retention and the extension of a person’s working life, attraction and recruitment of older workers, health and wellbeing, and the creation of an age-friendly culture that people want to belong to.

The third is a bus company that recognised that the nature of its work was particularly attractive to older workers, often people changing careers in their 50s. However, it had high staff turnover and knew its drivers needed to be looked after better. This meant understanding their life stage needs and putting in place simple measures to make it an attractive place to work.



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