



THE AGEING WORKFORCE: IS IT AN HR ISSUE?

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The ageing workforce is first and foremost a business issue, says Geoff Pearman. But HR has a very important leadership role to play to help businesses face up to the risks and opportunities ahead.

ONE OF THE BIGGEST TRIUMPHS

in public health is taking place. We are living longer. Life expectancy in New Zealand at the beginning of the 20th century was around 58 years. By 2000 it was 78 years. It is projected that, all things being equal, by 2050 the average life expectancy will have climbed to over 85.

We have known about the impact of this shift for some time. Back in the mid 1980s, gerontologist Ken Dychtwald popularised the phrase 'the age wave' to describe the upcoming convergence of increased life expectancy, the baby boomers reaching 65, and the parallel impact of declining birth-rates since the 1960s.

At the beginning of this current century, management guru Peter Drucker talked about the impact for business of the age wave: "In the developed countries, the dominant factor in the next society will be something to which most people are only just beginning to pay attention: the rapid growth in the older population and the rapid shrinking of the younger generation. What has not sunk in is that a growing number of older people will not keep working as traditional fulltime nine to five employees, but will participate in the labour force in many new and different ways."

Coming closer to home, Waikato University demographer Professor Natalie Jackson has put it bluntly "... while we have economic cycles, we do not have demographic cycles ... This is a new and permanent reality.

Overall [population] growth is coming to an end."

The world has changed. The age wave is already having an impact on workplaces and regional economies. Few industries and no region will be immune from its impact.

Given the increasing number of boomers turning 65 over the next 15 years, it had been expected that we would be seeing a mass exodus from our workplaces as people collect their national superannuation and enter retirement. This is not proving to be the case. The traditional retirement party is a relic!

Older workers are staying on at work in greater numbers by choice and, for some, out of necessity. Some are remaining in their current jobs; others are taking up encore careers or becoming senior entrepreneurs. Sadly some are also being discriminated against and 'forcibly' retired.

The Ministry of Social Development has projected that by 2031, 31 people in every 100 aged 65 and over will still be in some form of paid work, up from 19 percent in 2011. They also expect the composition of the workforce to change with people 65 and over making up 12 percent of the labour market, again up from four percent in 2011.

So is the ageing of the workforce an HR issue? Yes and no. I would argue it is first and foremost a business issue. It is about your organisation's future. It is about managing business risks and realising opportunities.

It is about the way we organise work and structure jobs, the type of culture we create, and employee engagement and productivity.

Yet sadly the ageing of the workforce is a challenge that few employers have yet faced up to. For many it is still, to use Al Gore's now famous phrase, "an inconvenient truth".

Having worked with large and small businesses in New Zealand and Australia which are facing up to the challenges and opportunities, I can tell you there are very real risks that business will need to develop strategies to address. These range across areas such as skill shortages, succession, business ownership, knowledge retention and transfer, financial impacts, health and safety, wellbeing, skill development and retraining, employee engagement and productivity and the company's reputation, to mention a few.

The Boston Consulting Group have summarised the situation succinctly, "Changing demographic patterns present sizable risks to companies, governments and society as a whole. Yet opportunities will be created across virtually all industries and regions."

The human resource management profession has a very important leadership role in helping business understand the realities of the age wave and assisting them to face up to the risks and opportunities.

Writing in 2010, Australian scholars Patrickson and Ranzijn observed, "The need to develop

FIVE THING YOU CAN DO NOW

1. Recognise that a growing number of your workforce will be over 55.
2. Challenge your own beliefs and stereotypes about age and examine your own unconscious bias.
3. Help your organisation understand its business risks and develop practical strategies and action plans that make a difference for the organisation and its employees.
4. Ensure your employment practices are age-friendly for people at all stages of the life cycle.
5. Talk with your older workers about the contribution they want to make and what would make your organisation a great place to continue working.

new HRM practices for older workers is already urgent and will soon become critical if organisations wish to survive." In the intervening five years, we have seen a proliferation of reports describing the challenge.

There has been no shortage of research, analysis and commentary, yet sadly little has changed in terms of practice. This is a challenge that will not be going away.

