

The Challenge of an Ageing Workforce

The ageing of the workforce is being talked about in a number of circles as one of the most significant people challenges business will face over the next decade. It is one of those challenges that will creep up on us and start to impact in a number of ways. The indications are that it is already affecting some regions, industries and occupations.

As John Scandrett, CEO at Employers' Association, has noted, there are many employers who already rely heavily on 'aging employees'. These people, he says, are well qualified, quality-focused and reliable and more and more they are recognising that keeping the brain active is an important part of living a longer and more rewarding life. John has also noted that while hiring younger employees remains high on the agenda of most employers, there are associated training costs incurred and having skilled competent people already in place carries advantages around cost and outcome elements. Companies need to be giving consideration to 'the how and when' processes to blend and balance the benefits of having both younger and older workers in the workplace.

Phil O'Reilly, the CEO of Business New Zealand, in a recent radio interview said "Projections show older people will be a bigger force in the economy in coming years. Our fairly modest birth rate means in the near future our population will have a smaller share of younger people and larger share of older people."

The numbers are stark.

- By 2031 the number of people aged over 65 in New Zealand is expected to have climbed by 80% to over 1.1 million.
- In sixteen years' time around 31% of people over 65 will still be in some form of work, up from 19% in 2011.
- The profile of the workplace will also change with 12% of the total workforce aged over 65. This is up from 4% in 2011. Many more people will be staying on at work from choice and through necessity.
- In Otago and Southland the projections are that by 2031 there will be close to 32,000 more people aged over 65 than there were in 2011. That is a growth of 70%. At the same time in our regions the number of people aged 15 – 64 is expected to remain static or even decline in some areas.

In a recent New Zealand survey conducted by AUT University and the EEO Trust it was found that fewer than 40% of those New Zealand companies surveyed had policies or programmes in this area.

The Employers' Association has, for some time, recognised the aging workforce trending patterns and as part of the BusinessNZ family will be taking stronger steps to recognise and deal with the spin-off ramifications for employers and employees alike. The clear intention will be to identify 'the most beneficial all-party' approach in what will be a wide range of varied circumstances.

Employers' Association is pleased to be partnering with Geoff Pearman from Partners in Change who work with organisations on both sides of the Tasman to address the risks and opportunities of ageing at work. Having worked with many businesses across a range of industries Geoff has found a pattern in the risks businesses face. His conclusions are based on a careful analysis of each industry, workforce demographics, reviews of policies and practices and also from interviews with senior staff and mature aged employees themselves. Not all of the following risks are present in every company but often three or four emerge as he works with them.

The six most common risks are;

1. Loss of Skill – turnover and difficulties in recruiting talent
2. Compromised Health, Safety and Wellbeing
3. Increased Financial costs
4. Declining Productivity through disengagement, poor ergonomics and low investment in training
5. Damaged Reputation through compromised service and allegations of age discrimination
6. Loss of Knowledge that currently gives a competitive advantage.

Employers' Association are currently working with Partners in Change to develop specialist events and courses for large, medium-sized and small organisations around this topic.

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