



An age-old issue

Tackling talent shortages and generational change involves challenging a few sacred cows

by GEOFF PEARMAN

WE ARE facing one of the biggest workforce challenges of the 21st century, an unprecedented shift in the age distribution of our population not only in Australia and New Zealand but globally. Employers will have little choice

but to adapt, not just because older people are staying on at work, or because in 'boomer' style they will demand that companies adapt, but because their skills and experience will be needed.

Three factors are converging: the boomer generation is reaching 65; we have increased life expectancy; and we have declining birth rates. Certainly in New Zealand there is evidence that many baby boomers are already staying on, with the percentage of over-65s in employment set to rise from 12 per cent in 2006 to 23 per cent by 2028. In Australia the over-65 participation rate was relatively low at approximately 4 per cent in 2005, but this will also rise.

As a recent report in New Zealand, *The Business of Ageing*, Ministry of Social Development 2011, concluded: "Over the

next 40 years we are simply not going to have enough new workers to replace the baby boomers as they eventually exit the workforce. This means we need to focus on developing a highly skilled, high performing age-inclusive workforce." Back in Australia the Federal Treasurer Wayne Swan also concluded that: "Along with climate change this [ageing population] is the most significant challenge we face. It's an inter-generational challenge, an economic challenge, it's a social challenge and goes to the core of the type of country we want to be in 2040-2050."

The burning platform that galvanised a large government department in New Zealand to take action came in the form of four indisputable facts. Thirty nine per cent of its staff was aged over 50, there was an average retiring age of 62 and joining age of 39, and lastly there was a global shortage in the profession from which the department drew its frontline staff. A preparedness by the senior management to face up to the challenge saw the development of a program that is now attracting interest on both sides of the Tasman.

"It's an inter-generational challenge, an economic challenge, it's a social challenge"

WAYNE SWAN
AUSTRALIA'S FEDERAL TREASURER

When we started researching best practice around the world we found no shortage of reports describing the phenomena of the ageing workforce, the likely impacts and lists of do's and don't's for employers, recruiters and the like, but there were very few strategic responses. It was one of those early morning waking insights that saw the birth of the Staying On program. Why not turn the whole idea of moving on, transitioning out and leaving on its head and make staying on a positive organisational value?

The Staying On program as it has evolved is a whole organisation approach focused on culture change, retention, engagement and productivity. It has three sub-themes – Staying Engaged, Staying Healthy and Staying Connected – with the core message to staff of all ages being: “We want you to stay on, but we want you to be engaged and contributing, we want you to be healthy and if you do leave we want you to stay connected to us.”

Typically, organisations have a mix of responses to skills shortages. The primary focus is often to look externally and to address skills shortages through engaging in what has been characterised as a ‘talent war’ or to look to immigration. In the case of some occupations and professions one approach has been to create a tiered workforce based on qualifications. The nursing profession is one example of this approach.

Yet it is the case that often the solution to our most vexing people issues is right in front of us; in this case the option of retaining our older workers through increasing the longevity of their working lives and the creation of an age-friendly work environment. It does mean facing up to some difficult human resource issues and challenging a few sacred cows.

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RESPONSES TO THE TALENT WAR

RETREAT

Ignore the issue and hope it will pan out. “Why bother until we need staff and then they will be there, they always have been?”

RECRUIT

Enter the talent war more aggressively and look to immigration. However, the global talent pool is limited and shrinking. The enlightened age-friendly employer will in future get the first cut.

RESTRUCTURE

Many occupations when they experience skill shortages create a tiered workforce of skilled and lesser skilled staff. They look to restructure and de-layer to increase productivity, but how much more can you squeeze out of organisations?

RETAIN

Focus on retaining and re-engaging your current staff. When faced with difficult challenges often the solution is right in front of you, yet we don't always see it.

RE-HIRE

Re-hire those who have left. Keep in touch with those who go overseas, go to work for another organisation or retire. They are not just your ex-staff, they could be your future workforce and are your ambassadors.

Skill shortages, changing labour market dynamics, the talent war, employee engagement and the need to enhance productivity are at the top of the agenda for many CEOs and human resource directors. These drivers, along with the demographic realities, may well compel innovative employers with foresight to undertake a fundamental rethink of how they organise work and engage their people.

The highly regarded social anthropologist Mary Catherine Bateson and social entrepreneur Marc Freedman have both written extensively about the emerging life phase where people want to stay in work longer but on different terms.

Bateson is calling for a new conversation about the nature of work, how we organise and structure it and how we engage people at different life stages. Freedman has established the Encore movement and is focused on work that “combines purpose, passion and a paycheck”. There will be no easy answers, however what is clear is that many of the approaches developed in the 20th century will not suffice. A new conversation is needed at a societal, organisational and professional level.

Enlightened employers have for many years offered flexible work arrangements and retirement planning seminars aimed at easing the transition out of work to retirement. However, a strategic approach that addresses workforce planning, brings about culture change and positions the organisation to ride the age wave has been largely missing from the landscape. As one senior executive recently put it: “These programs (retirement seminars and flexibility) may be great for our staff, but how do we as a senior management strategically address what is becoming a major business risk?”

The Staying On program is starting to stimulate a discussion at an organisational level as well as challenging some of our traditional human resource management beliefs and practices. In workshops run with managers the full range of myths and stereotypes about older workers and all the reasons why they need to just move on have been aired. These include we need “fresh ideas”, “people with energy”, “staff who don't need time off for hip replacements” and “people who are up to date with the technology”.

Human resource professionals and managers who want to sound knowledgeable on HR issues tell me turnover in an organisa-

tion is healthy and when asked what level and why I am often told that “we need fresh thinking and up to date practice”. I then point out the cost of turnover and ask when they last invested in an older worker by providing the opportunity to develop fresh thinking through study or training. Investment in a 55-year-old could well have a payback period of 10 to 15 years if we are able to keep that worker engaged.

Staying On is challenging these myths and seeking to reposition the value that older workers can bring if we create a culture that is age-friendly and engages them in ways that are meaningful. However, it is not a soft option. We have also been very clear that while we want staff to stay on they do need to be engaged and contributing actively to the business.

The Staying Healthy message is also clear. Staff need to take responsibility for their health and wellbeing alongside the organisation, instituting well-constructed wellbeing programs that have been shown to have a high return on investment. The third theme, Staying Connected, emerged as we looked at ways of retaining access to the wealth

of experience and tacit knowledge built up by staff.

We also knew that many younger professional staff stayed for around two years before heading off overseas. The online Staying Connected alumni group is aimed at keeping in touch with ex-staff, fully aware that they are our ambassadors, a secondary labour pool and that some may return to the organisation at a future time with added experience.

When it came to flexibility in employment we found that the New Zealand government department had many of the flexi work options already in its policies and agree-

“A staying-on conversation with a young graduate may be just as important”

ments. Often the first response of human resource practitioners is to write a policy. We were clear a new policy wasn't needed. That would take forever and could get bogged down in innumerable drafts and lengthy union consultation. A more pragmatic response was called for.

What we did was list everything we would like to see in place and found that approximately 80 per cent was already possible. What was missing was a single framework that people could access and easily understand. Rather than write yet another policy we created a simple, yet rigorous process, developed tools, templates and guides for staff and managers to use and put it in one place on the intranet.

Another area of HR practice that will need to be re-thought is succession planning and career management. Much of our current practice is predicated on assumptions about our workforces that will increasingly be redundant. With older people staying on and the de-layering of hierarchy, those promised opportunities for progression will possibly not arise as they did in the past. On the other

hand if older staff do move from line positions to take project or mentoring roles this can be seen as a signal to them that they are past it and now in the departure lounge.

One of the big questions for organisations to grapple with is, how do we value and retain experience while at the same time grow talent and create career progression opportunities. No employer can afford to create a 'silver ceiling' and have inter-generational resentment fester, but neither can we afford to lose the experience our older staff have accumulated. The answers are not simple but for a start more honesty and creativity is needed in our succession planning and career management discussions.

Possibly one of the most significant components of the program has been the conversations. Reframing what can be a difficult discussion is opening up positive communication between managers and their staff. Focus group participants told us that people did not find it easy to talk about career intentions, engagement, health and productivity with older staff. There were often generational barriers and anxieties that

in starting the discussion managers would be misunderstood. Managers and staff are now exploring issues of engagement, wellbeing, flexible work arrangements, career development and training and talking more openly about future plans. One of the unintended benefits of the branding Staying On is that it is age neutral; a staying on conversation with a young graduate may be just as important to have as one with a 55-year-old manager or a 62-year-old clerical worker.

In getting started it is recommended that organisations that are serious about becoming age friendly should first undertake a stock-take. They should look at their key demographics, audit their people policies for age-friendliness and survey staff on their intentions. Bringing this information together in one place along with other information such as engagement surveys can provide an assessment of risk and help identify what needs to be done. It is also an effective means for engaging strategically with senior management and creating a platform for organisational change.

In a recent workshop with managers there

were two poignant moments. In a discussion where managers were having their entrenched views about flexibility challenged, one manager reflected: "If we are serious about this we have got to start trusting our people." Then towards the end of the same workshop, having explored the myths of ageing and flexibility, being confronted with the demographic realities and introduced to the Staying On framework, another manager turned and challenged his colleagues: "This is actually about a culture change in this organisation." He had got it.

If we are serious about retaining older workers it will require more than flexible work arrangements, transition and retirement planning workshops and the challenging of discrimination relating to older workers. This case study illustrates a strategic, organisation-wide approach aimed at culture change and the creation of an age-friendly work environment. **HRm**

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