

# Older workers under new management

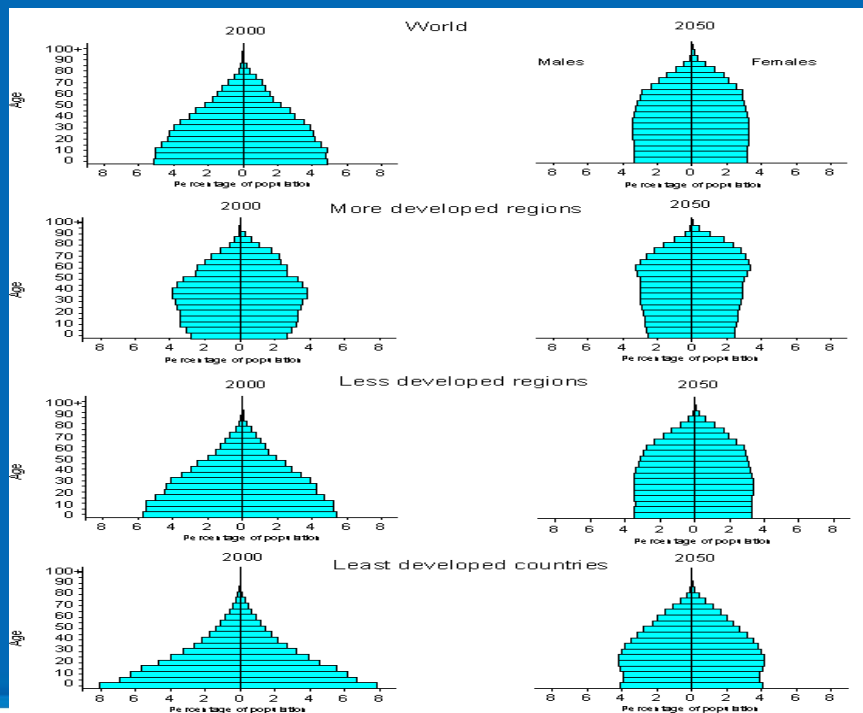
Philip Taylor, Federation University Australia/University of Melbourne

Department of Health, October 2018

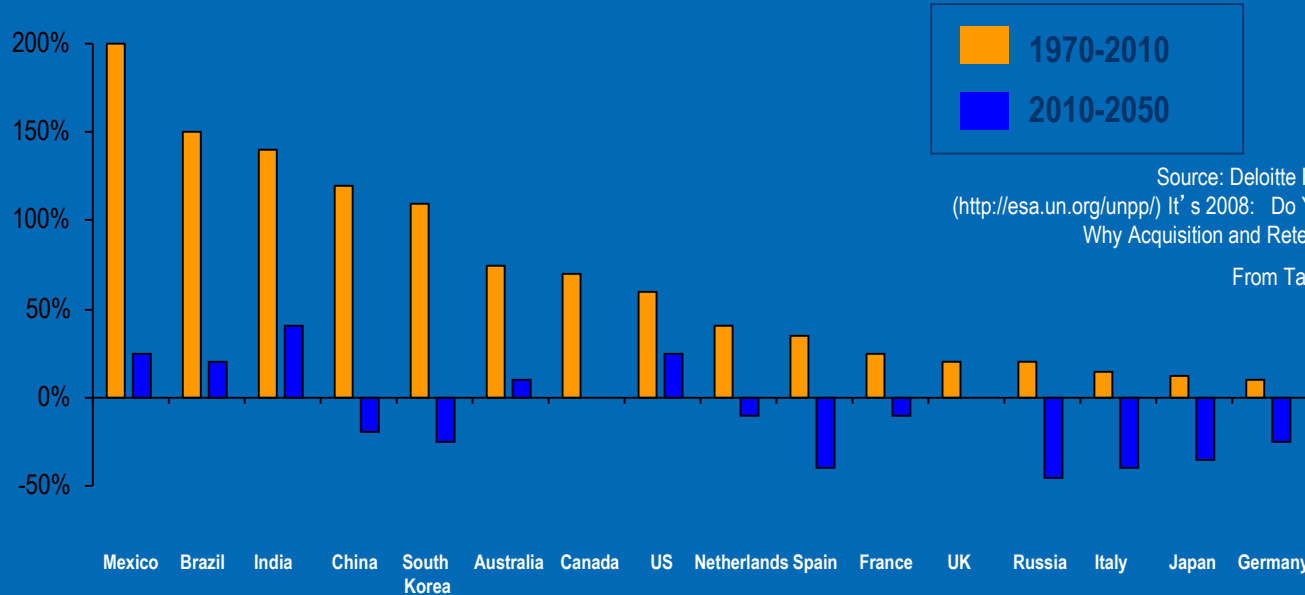
# Overview

- Examines the changing face of work and retirement as economies face the prospect of ageing workforces.
- Reviews policymaking concerned with age and employment and how it is being adapted for individuals and societies.
- Consider the need for age friendly workplaces.

# Population pyramids: age and sex distribution, 2000 and 2050



## Screeching to a Halt: Growth in the Working-age Population

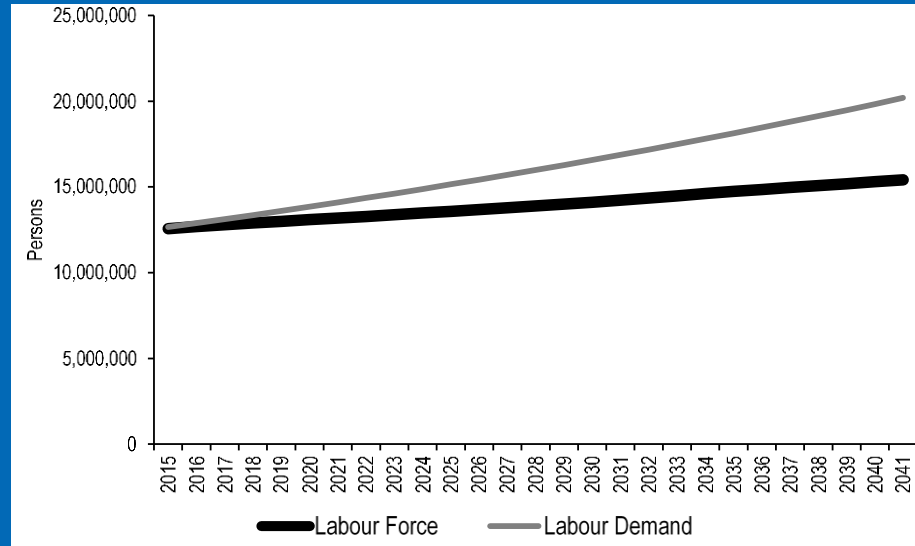


Source: Deloitte Research/UN Population Division  
 (<http://esa.un.org/unpp/>) It's 2008: Do You Know Where Your Talent Is?  
 Why Acquisition and Retention Strategies Don't Work, p.6

From Tamara Erickson Concourse Group

# Labour demand and the ageing population

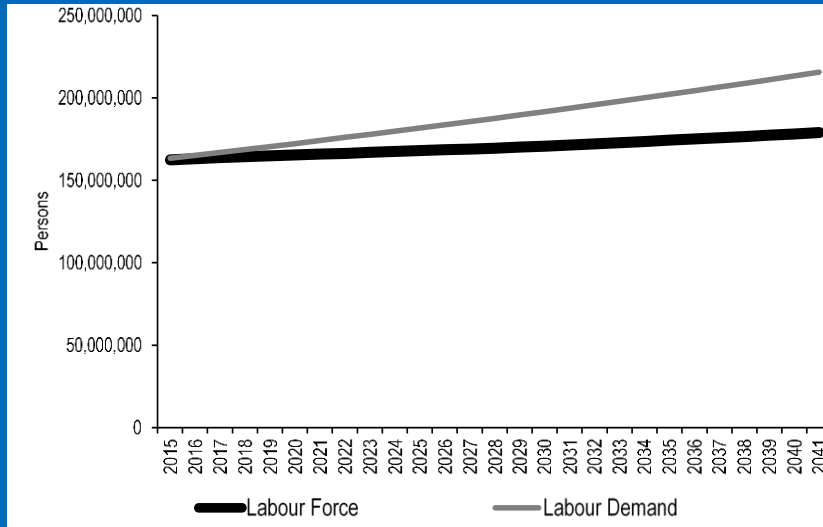
Labour Supply and Demand model for Australia



Source: UN Population Projections 2015, EY Analysis

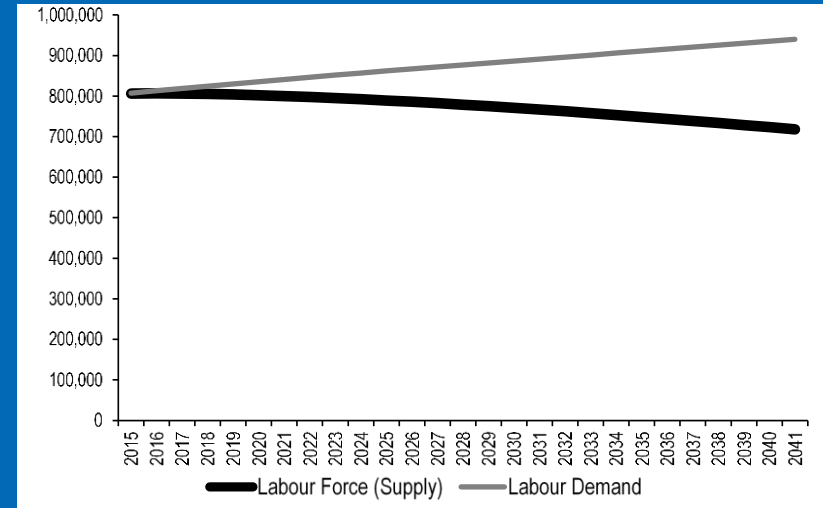
# Labour demand and the ageing population

Labour Supply and Demand model for the USA



Source: UN Population Projections 2015, EY Analysis

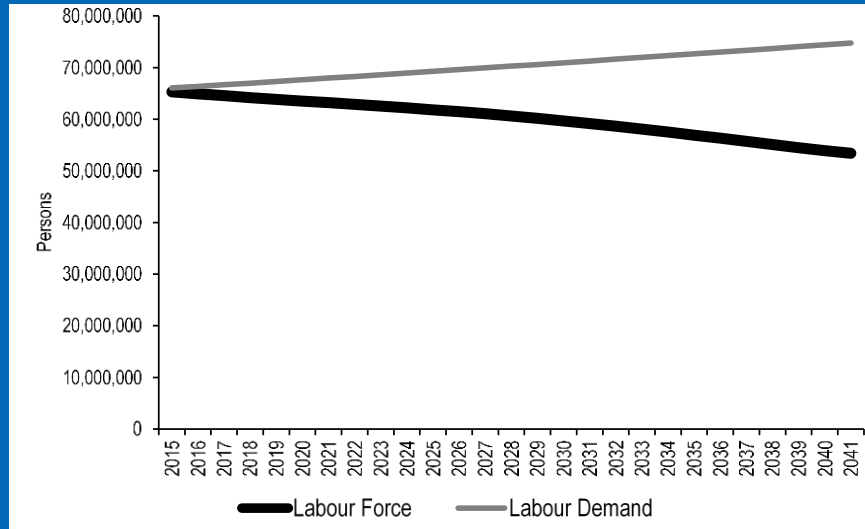
Labour Supply and Demand model for China



Source: UN Population Projections 2015, EY Analysis

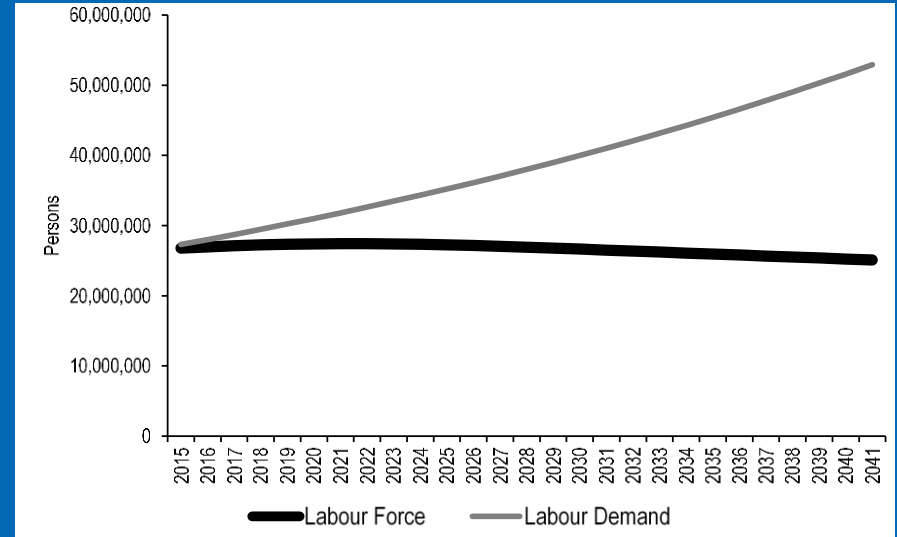
# Labour demand and the ageing population

Labour Supply and Demand model for Japan



Source: UN Population Projections 2015, EY Analysis

Labour Supply and Demand model for South Korea



Source: UN Population Projections 2015, EY Analysis

## New public policy emphasis on older workers

- Development since the late-1990s has been prolonging working lives to ease pressures on social welfare systems and labour markets.
- Contrasts with the 1970s and 1980s with focus on early retirement in response to high unemployment as industry restructured.

## New public policies for older workers

- Internationally, policy measures include:
  - Closure of or limits on use of early retirement pathways
  - Increasing retirement ages
  - ‘Active’ labour market measures
  - Rewards for pension deferral
  - Ending mandatory retirement
  - A more flexible approach to retirement in the form of measures to promote gradual retirement
  - Legislation proscribing age discrimination.

Labour force participation rates over time among men and women aged 55-64 in selected OECD countries and overall OECD rates

Year		1980	1985	1990	1995	2000	2005	2010	2014
Country	Sex								
Australia	Men	69.0	61.4	62.8	61.4	60.9	66.2	71.2	72.2
	Women	21.8	20.2	24.8	28.5	35.3	44.4	54.1	56.2
Canada	Men	74.5	68.8	64.0	58.3	60.7	66.7	68.0	69.7
	Women	32.6	33.4	34.9	36.2	41.4	49.4	56.5	59.2
France	Men	..	44.3	39.3	36.1	35.5	43.8	45.3	53.1
	Women	..	27.7	26.9	27.1	28.2	37.7	40.0	48.6
Germany	Men	67.3	57.9	55.9	53.9	52.4	61.3	70.7	75.5
	Women	28.9	22.7	24.7	31.1	33.5	43.2	54.5	62.9
Japan	Men	85.4	83.0	83.3	84.8	84.1	83.1	83.9	84.8
	Women	45.3	45.3	47.2	48.5	49.7	50.8	53.9	57.5
South Korea	Men	80.0	77.3	77.2	79.6	71.3	74.5	77.7	82.0
	Women	46.2	47.3	49.6	50.4	48.8	46.5	48.1	53.0
New Zealand	Men	..	..	56.6	65.0	71.9	79.5	82.7	83.6
	Women	..	..	30.6	39.0	47.8	62.4	69.2	74.2
Norway	Men	79.5	79.9	72.8	72.3	74.4	74.6	73.5	77.0
	Women	49.8	53.2	53.9	57.4	61.6	62.9	65.6	69.2
Sweden	Men	78.8	76.0	75.5	70.9	72.6	76.4	79.4	81.7
	Women	55.4	60.0	65.8	63.9	65.9	69.2	70.4	75.2
United Kingdom	Men	..	69.0	68.1	62.5	63.2	67.8	69.3	70.9
	Women	..	35.0	38.7	40.8	42.5	48.9	50.6	56.4
United States	Men	72.1	67.9	67.8	66.0	67.3	69.3	70.0	69.9
	Women	41.3	42.0	45.2	49.2	51.9	57.0	60.2	58.8
OECD countries	Men	73.0	65.9	64.8	62.3	62.5	65.6	67.6	70.0
	Women	36.8	33.8	35.6	36.0	38.3	43.5	47.9	51.5

Source: OECD.Stat

## Consensus on 'active ageing'

- Emerging consensus around the notion of 'active ageing', defined by the WHO (2002) as 'the process of optimizing opportunities for health, participation and security in order to enhance quality of life as people age'.
- According to the OECD (1998), this requires:
  - an emphasis on prevention, making policy interventions at an earlier life stage, reducing the need for later remedial action
  - actions that are less fragmented and that are concentrated at critical transition points in life
  - and enabling less constrained choices and greater responsibility at the level of individuals.

## Active ageing

### Biological

- Regular physical activity
- Balanced nutrition; no substance use
- Awareness and treatment of bodily dysfunctions (check-up medicine)

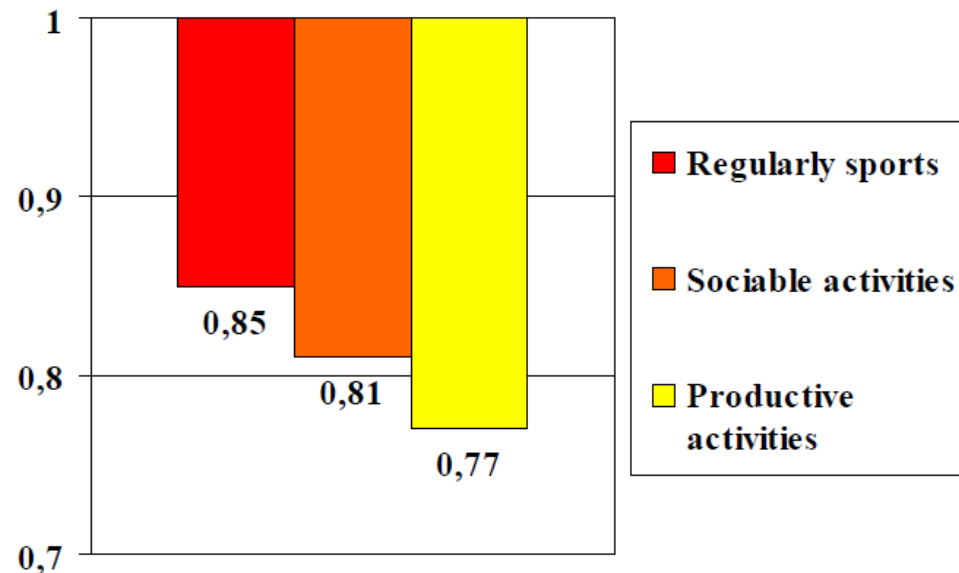
### Psychological

- Cognitive training (neuronal plasticity; dopaminergic neuromodulation)
- Personality growth, resilience
- Positive attitudes and motivations

### Sociological

- Social engagement, participation ('third age')
- Experiencing autonomy and reward/recognition

## Risk of mortality (13 years) and activities during third age: US-american study (N=2761)



Source: Glass TA et al. (1999) Brit Med J 319:478-83.

## Understanding the links between socially productive activities and healthy ageing

### Socially productive activities...

- have been defined as generating goods or services that are socially or economically valued by the recipient(s), whether or based upon a formal contract.
- provide options of goal-oriented agency to early old age populations
- consist of two types of goal-oriented agency with potentially beneficial effects on health and well being : paid work and voluntary or informal work.

## Risks/Opportunities for business of population ageing

- Maintaining adequate staffing levels.
- Attracting and retaining human capital.
- Attrition among younger workers, pushing up business costs.
- Wage pressures.
- Attrition as the baby-boomers retire.
- Loss of organizational, technical and management knowledge and skills.

*Overarching risk of lost productivity and competitive position.*



## *Optimising labour supply or offsetting demand?*

- Options available to organisations to optimise labour supply :
  - Optimising competitive position in attracting traditional labour pool.
  - Improving rates of retention, including delaying date of retirement.
  - Attracting workers from non traditional labour pools e.g. older ones.
  - Increasing the attraction of migrant workers.

## *People and competitive advantage*

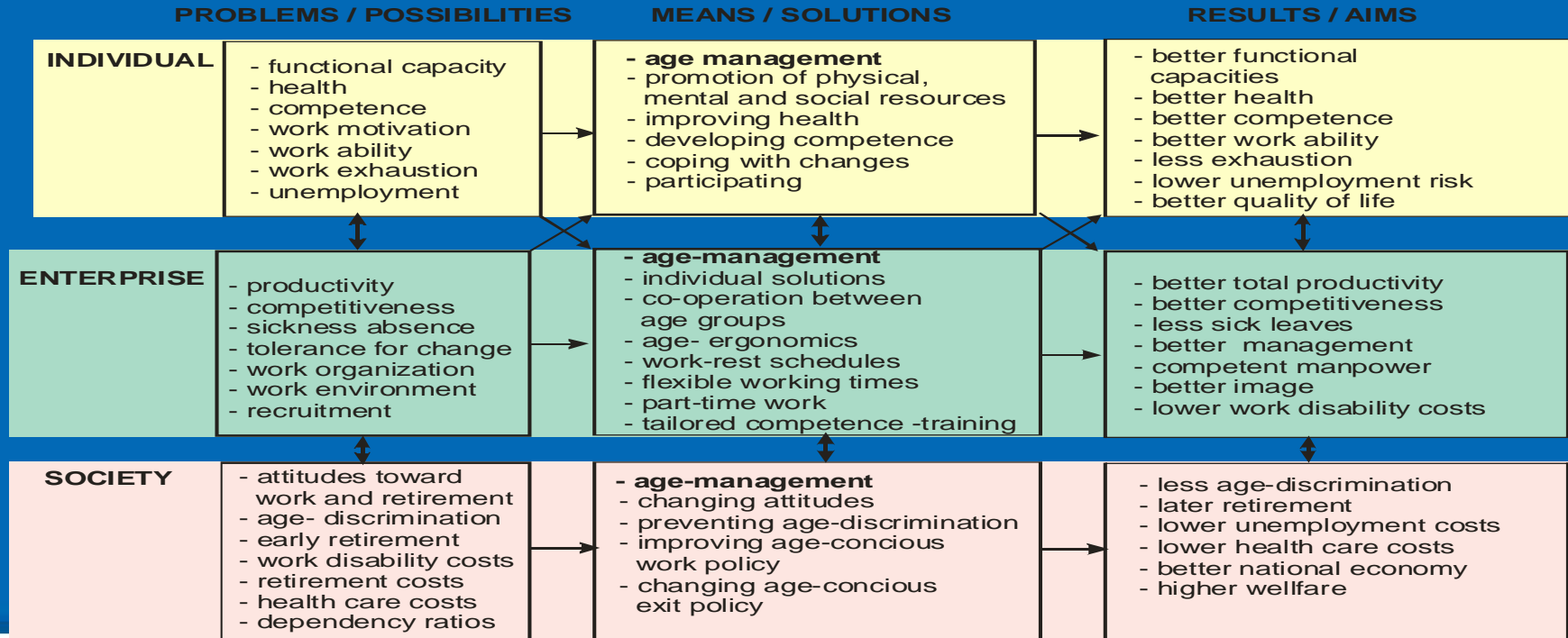
- The trends outlined suggest that securing labour supply and skills will be central to the competitive position of business going forward.
- A diversified strategy is likely to be necessary in most cases.
- Requires a substantial shift in business theory and priorities.

# *How should business respond?*

- Dimensions of good practice in Age Management:
  - Job recruitment
  - Training and lifelong learning
  - Career development
  - Flexible working time practices
  - Health protection and promotion and workplace design
  - Redeploying older workers
  - Employment exit and the transition to retirement.

Source: Naegele, G & Walker, A, 2006, A Guide to Good Practice in Age Management, European Foundation for the Improvement of Living and Working Conditions, Office for the Official Publications of the European Communities, Luxembourg

# Dimensions of Age Management



# Age management pyramid



# *What are the characteristics of older workers?*

# Capacities and ageing

- On average laboratory studies indicate that with ageing come declines in:
  - hearing
  - vision
  - lung capacity
  - muscular strength
  - bone structure
  - speed of activity and reaction
  - memory.
- Comprehension and knowledge test performance improves with age.
- Verbal reasoning improves or remains stable.
- Noticeable variability with increasing age.

# Productivity in the workplace

- Performance falls with age in jobs making heavy demands in terms of:
  - sensory perceptions
  - selective attention
  - working memory
  - processing of new information
  - reaction time
  - physical strength.
- But little or no difference overall between older and prime age workers doing the same job.

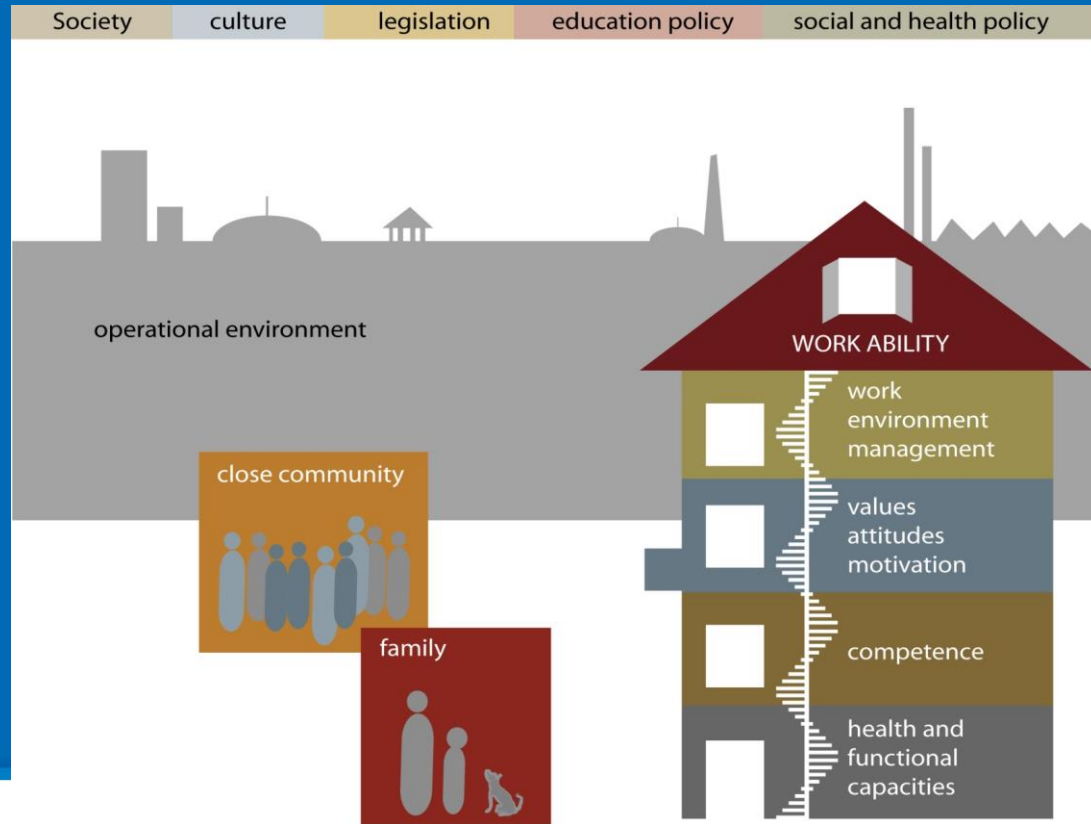
# Productivity in the workplace

- Explanation is that those observed in the workplace are not representative of the range of older people.
- If true, increase in employment levels of older people could bring in more with lower productivity.
- Another explanation is that work does not make full use of mental and physical capacity and experience may offset deficits.

# *Redesigning work for ageing societies*

- Inter-related factors determine the relationship between older people and the labour market.
- Consensus that tackling the issue requires multi-faceted and integrated strategies.
- Finnish WORKABILITY concept and a framework for its workplace promotion offers such an approach.
- *WORKABILITY is an indication of how well a person's health, skills and experience match the demands of their job.*

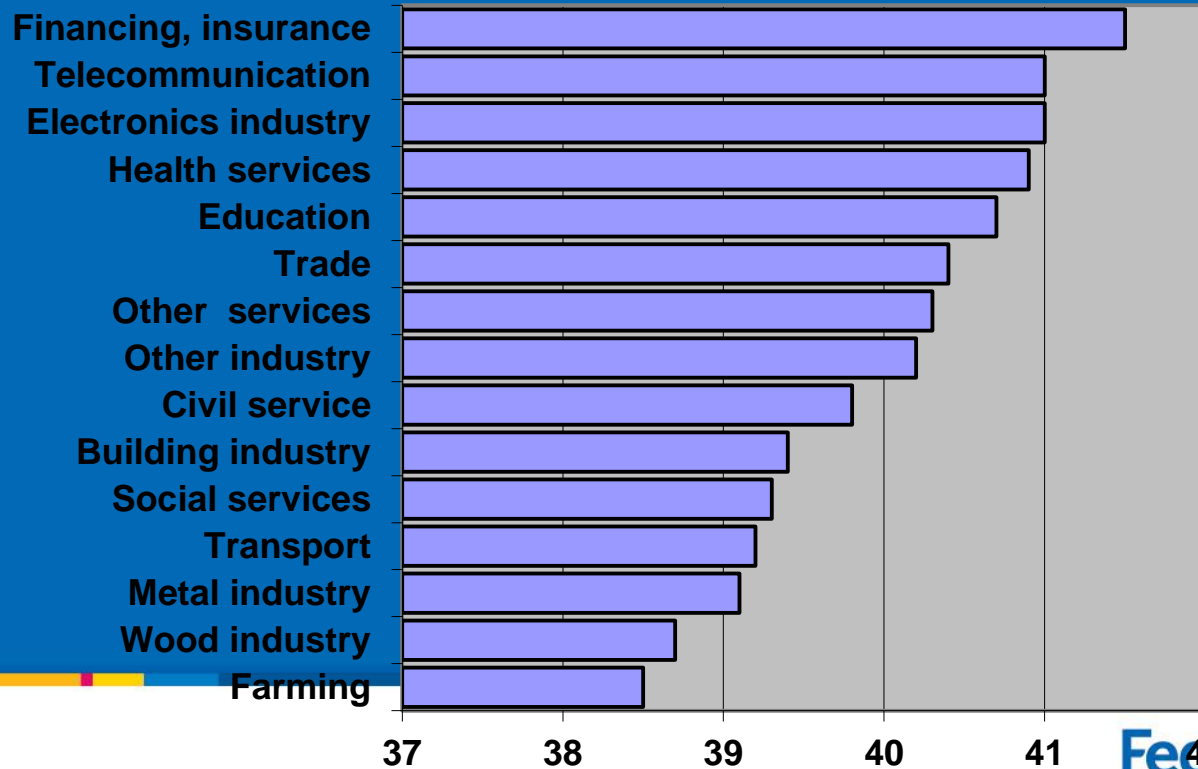
# Work ability model



# *What affects workability?*

- Individual : health, functional capacity, competences, attitudes.
- Workplace : physical, technological, mental and social demands of work, work community and management, organisational culture, and work environment.
- Societal, such as employment and education policies, social and health services, and addressing age discrimination.

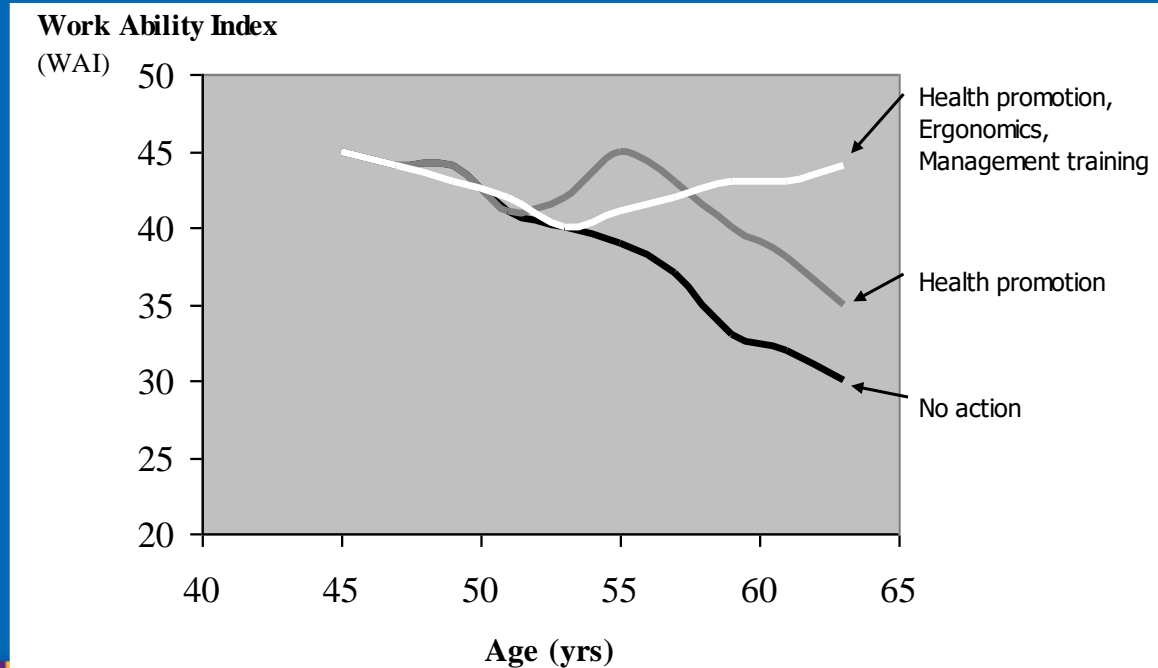
## Average Work Ability Index by industrial branch. Adjusted by gender and age, (n=3704)



## *How can we promote workability?*

- Based on: adjustments to physical and psycho-social work environment; promoting health, lifestyle; and updating skills.
- Predict better workability in physical, mixed and mentally demanding work.
- Promoting workability reduces absenteeism, disability, premature retirement, and increases productivity, competence, life quality and well-being, effects which carry over to retirement.

## Promotion of work ability: integration of actions



## Research evidence on age management

Funded by the European Foundation for the Improvement of Living and Working Conditions.

Documenting measures in 200 organisations to improve the employment situation of older workers.

<http://www.eurofound.europa.eu/areas/populationandsociety/ageingworkforce.htm>.

## Zaragoza Firefighting Service, Spain

- Over half staff aged over 45 and a third over 50.
- Zaragoza has pioneered the implementation of a secondary or auxiliary activity for the fire brigade.
- Redeploys officers aged over 55 to auxiliary services of support, education, and prevention of fire and civil and natural disasters.
- Switch due to age and insufficient psycho-physical capacity for carrying out primary operational functions.
- Aims to keep employees active, adjust physical aptitudes and improve functional mobility.
- Participants earn the same salary as in their former position.
- Currently 75 fire officers in auxiliary services: 40 aged 55+ and 35 60+.

## Zaragoza Firefighting Service, Spain cont.

- Functions employees perform are varied and have been increasing as the infrastructure and the responsibilities of the corps has grown.
- Measure has been well received among officers and trade union.
- Benefits:
  - Corps benefits from the accumulated experience of officers
  - Fall in sickness absence and general absenteeism
  - Overall improvement in the health and well-being of employees
  - Absence of requests for transfers and a low level of early retirement.

## Elmhults Konstruktions AB – Sweden

- Undertaking whole-of-workforce and age group specific initiatives.
- Emphasis on qualifications and competence when recruiting and to require age diversity favours older ones due to professional experience.
- Benefits:
  - Older workers do not require much acclimatization, reducing training costs, and problem solving skills, so more independent.
  - Also have lower turnover rates and loyal to the company.
  - Increased efficiency of work teams, due to older workers acting as *de facto* supervisors of younger employees.
  - Organisation culture is characterised by a positive attitude towards older workers.
  - Strategy has also had effects on the older workers themselves e.g. some had been unemployed.

## Elmhults Konstruktions AB cont.

- Company offers extensive health and fitness measures for employees e.g.
  - an annual allocation per person of 2000 SEK which they can choose how to spend.
  - early identification and management of occupational injuries.
  - preventing ill-health and maximising productivity via ergonomic adjustments.
- Benefits:
  - Reduced sickness/absence
  - Greater employee responsibility for managing their working lives.

## Food Service Centrum - Finnish city of *Espoo*

- Conscious of the ageing its workforce, invested in workability:
  - Older workers can access a part-time pension
  - If workability is low daily performance requirements are reduced
  - Efforts to increase skill levels and functional capacity
  - Senioriitta discussion group on health issues for women over aged over 45:
    - > Women and middle-age – internal and external challenges
    - > Women and exercise - motivation, problems and exercise principles
    - > Osteoporosis
    - > Relaxation and self-management.
- Key outcomes and consequences :
  - Skill levels improved
  - Job control increased and work roles regarded as clearer
  - Workload perceived as being lower
  - Leadership skills improved

## Pia School of Catalonia - Spain

- Regulatory changes oblige to provide an annual medical check-up for staff.
- Medical protocol recently revised to include an ECG and preventive examination for staff aged 60+.
- Also, government measure allowing staff aged 60+ to reduce hours by 25-85% while they are replaced by a new recruit is popular.
- Outcomes have been:
  - Reduced workload and with it, fatigue and stress
  - Increased job satisfaction
  - Reduced sickness absence, particularly pertaining to depression
  - Gradual adjustment to retirement
  - Intergenerational contact and exchange of expertise between the person reducing working hours and their replacement

## Securing labour supply

- Greater staff commitment
- Less stress and exhaustion among staff
- Reduced rates of staff turnover
- Decrease in sickness/absence rates
- Reduction of early retirement resulting in reduced pension costs
  - Result: reduced labour costs and greater productivity

## Maximising workforce utility

- Increased participation in learning and training
- Enhanced innovative capacity
- Increase in management and supervisory competence
- Reduced conflict and better team-working
  - Result: increased labour productivity, company competitiveness and share value

## *Benefits for employers of workplace age policies*

## Wider benefits

- Better cooperation between management and trade union/works council
- Development of HR functions
- Better image among customers
- Perception as being employer of choice

### *Summary*

- Demographic trends will affect overall labour supply.
- Level of competition for people and skills will increase.
- Industrial sectors and organisations face an increasing proportion of older people in their workforce.
- Sectors that plan for these trends and build capability to compete for labour and skills now will gain an advantage.
- Increasing employment of older people will help offset labour and skill shortages and the economic impact of ageing.
- Opportunity to extend the working life of the current group of workers aged 45 years and over.
- However, significant change in the way work is structured and offered to people in later working life will be necessary.

# Thank you

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