Work till you Drop? The Future of the Labour Force

Speakers:
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• Professor Judy McGregor
• Alison Monroe

Presented in partnership with:
Work till you Drop?
The Future of the Labour Force

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1. Getting older
2. Implications
3. What to do?
4. Work longer?
5. How?
6. Is it fair?
1. Getting older – median age

Median age of Australian population, 1901-2050

Daniel Radcliffe, 22
Colin Farrell, 37
Mark Wahlberg, 42

Source: ABS Census various years, UN (2011) 'World Population Prospects: The 2010 Revision'
1. Getting older – age structure

Australian population structure

Source: ABS Cat 3101.0, ABS Cat 3222.0, ABS Cat 3105.0.65.001, Author's calculations; Note: projections from 2006 rebased to 2011 Census
1. Getting older – age structure

Australian population structure

Source: ABS Cat 3101.0, ABS Cat 3222.0, ABS Cat 3105.0.65.001, Author’s calculations; Note: projections from 2006 rebased to 2011 Census
1. Getting older – age structure

Australian population structure

Men

Women

Source: ABS Cat 3101.0, ABS Cat 3222.0, ABS Cat 3105.0.65.001, Author’s calculations; Note: projections from 2006 rebased to 2011 Census
1. Getting older – age structure

Australian population structure

Source: ABS Cat 3101.0, ABS Cat 3222.0, ABS Cat 3105.0.65.001, Author’s calculations; Note: projections from 2006 rebased to 2011 Census

CEPAR slide library, 2013
2. Implications – fiscal challenge

Projected Australian government budget balance as a result of population ageing (but also tech change in health) (% GDP)
3. What to do? – work only one option

• Invest in capital and productivity of smaller workforce
• Increase migration or implement active population policy
• Contain future pension cost via greater private saving
• Contain future cost via reform of health / aged care at market level & preventative health at individual level
• Lower standard of living for the old (lower benefits)
• Lower standard of living for the young (higher taxes)
• Encourage and enable older people to work longer

Historic trend for 55-64 women (%)

Source: OECD
4. Work longer? — men too, but...

Historic trend for 55-64 men (%)

Source: OECD

• **Demographic**
  – Life expectancy
  – Commenced work at later ages; later child-bearing
  – Reduced age difference between couples (McDonald 2011, Evans & Kelly 2002, Quinn et al 1998)

• **Structural**
  – Less impact of 80s 90s structural changes (McDonald 2011)
  – More knowledge economy / less physical jobs (Blekesaune & Solem 2005)
  – Strong labour market and wage growth (Austen and Birch 2005)

• **Social / Human capital**
  – Greater education levels (Borland & Warren 2006, Ryan & Sinning 2010)
  – Experience of mobility helps with phased withdrawal from LF
  – Women’s role / cohort effect
  – Social view of retirement

• **Policy**
  – Pension eligibility and Super taxes (Walker, Jackson, and Flemingham 2008)
  – Discrimination law (Ebbinghaus 2000)
4. Work longer? – in which industries?

Over / under representation: 55+ as prop in industry (2012) minus overall proportion of 55+ in all industries

- Agric., Forestry & Fishing
- Transp., Post & Warehousing
- Education & Training
- Health Care & Social Assistance
- Rent, Hire & Real Estate...
- Manufacturing
- Wholesale Trade
- Public Admin. & Safety
- Utilities services
- Retail Trade
- Other Services
- Arts & Recreation Services
- Admin. & Support Services
- Prof., Science & Tech....
- Accomm. & Food Services
- Construction
- Info-Media & Telecom
- Mining
- Fin. & Ins. Services

Relative change: Percentage point change in proportion of 55+ empl in given industry less change it total empl of 55+, 1995-2012

- Education & Training
- Health Care & Social Assistance
- Transp., Post & Warehousing
- Public Admin. & Safety
- Utilities Services
- Manufacturing
- Rent, Hire & Real Estate...
- Admin. & Support Services
- Wholesale Trade
- Info-Media & Telecom
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- Other Services
- Agric., Forestry & Fishing
- Prof., Science & Tech. Services
- Arts & Recreation Services
- Construction
- Accomm. & Food Services

Source: LFS
4. Work longer? – not all rosy

Under-employment: but, few of those working p/t want more hours

Difficulties: Various difficulties reported with finding employment

Discouragement: Some of those inactive want work but are unavailable or not looking

Main activity during inactivity: Some report to be doing more than others

Source: Various tables within ABS Cat.3101.0, Cat 6105.0, Cat 6220.0, Cat 6239.0; Note: Percentages from most recent year (ranging 2006-2011) applied to totals of 55-64 year old males in 2011. Unemployed by difficulty of finding employment are for persons 45 and over.

• Health & caring
  – Life-course preventative approach. Are employers investing enough in health of own workers?
  – Can we accommodate? Australia one of lowest employment rates of people with disability
  – Work with employer champions, toolkit for smaller employers, subsidise adjustments
  – Fair work act added flexibility for caring, but not full range of care roles

• Discrimination & culture
  – 10% of retirees between 55-64 said retrenchment was the reason (topical for car manuf.)
  – Older people have lower but longer unemployment
  – Despite evidence of loyalty, hard work, increasingly reflect customer base
  – Specialised recruiters (experience+)
  – Wage subsidies for older workers
  – More research on stereotyping, identity and workplace cultures?

• Skills & training
  – Grants, but in ‘skill shortage’ sectors, doesn’t help if geographic issue or not suited to real people
  – Mentoring programs
  – Info & advice program (experience+)
  – After 12 months, job seekers referred to work experience phase, but not 50+?

• Institutionalised barriers & incentives
  – Carrots and sticks of tax-benefits system – e.g. Low Super preservation age incentivises / signals exit?
5. How? – tax-benefit system

Source: OECD Pensions Outlook 2012
6. Is it fair? – Proceed with caution

• Inequality in life expectancy
  – But life expectancy improving across all socio-economic groups
  – What about healthy life expectancy by group?

• Who should work more?
  – Should we focus on fiscal impacts of ‘more productive’ higher earners being encouraged to work longer?
  – Or is that patronising to lower earners?

• ‘Bad’ jobs can be worse for health than inactivity
  – But countries with higher mature labour force participation don’t have more mental health problems
  – And is answer retirement or change LM?
1. Getting older – like Mark Wahlberg
2. Implications – long life but fiscal challenge
3. What to do? – work just one option
4. Work longer? – many already do
6. Is it fair? – what do you think?
Later work: Positive Ageing or pensioner drudgery?

Professor Judy McGregor
AUT University
New Zealand

AAG Webinar, 17 February, 2014
NZ Context

• 2013 Census shows 130,000 plus NZers aged 65 + in the paid labour force

• NZ is among handful of OECD countries leading the trend towards a longer working life (2011 65-69 years 38% of age group compared to Australia, 25%).

• Proportionally more Māori 65+ than other ethnicities (24%, compared to 16% European).
Why and what sort of paid work?

- NZ very early adopter of age discrimination legislation; small size: primary production.
- Cultural norm of egalitarian tradition?
- Growth in part-time work is largest contribution, trend pronounced for women
- Older workers are concentrated in some sectors particularly- education, health services, professional, clerical …
Policy framing of older work

• Countries like UK, Australia and NZ have “Positive Ageing” policy framings
• Later paid work is good for us because it lessens our economic dependency and provides material and asset “longevity”
• It is reinvigorating and gives us “encore careers”
• It keeps us engaged, socially cohesive, and involved in intergenerational dynamics of work
• Older workers as social capital
Another policy framing is less positive

- Precarious Work: older workers as vulnerable workers (temporary, out-sourced, casual jobs)
- Later work as “work until you drop” and pensioner drudgery 65+ which may increase with government’s pushing up the age of “super”
- Prediction that numbers of “precarious” older workers will increase, and that part time work is often casual, contingent, insecure and low paid, and lacks autonomy and self-efficacy
Who is “precarious?”

- Women who lost assets in the financial crisis or through marriage breakups
- Women also more likely to have had less earning power through their working lives (low pay, in and out, family interruptions)
- Māori and Pacific in NZ earn less and Māori and Pacific women earn significantly less
- Men in manual labour with health/stamina/physical resilience consequences
Both these policy framings are NOT the whole story

• We have too little empirical, qualitative research on the actual experiences of the 130,000 65+ NZers in paid employment.
• Suspect both typologies- Positive Ageing and Precarious Work- are inadequate for decision-making by governments, policy-makers and employers
• There is NO off-the shelf human resources toolkit until we know more.....
Take the 65+ “club sandwich” generation

• A 66 year old professional woman who would love to spend time with a new grandchild. She has an elderly Mum aged 93 in a rest home. A husband who has retired, a son she is modestly supporting financially re mortgage, and her grandchildren.

• Her later work is a constant series of negotiations at four generational levels……
Later work demands a new typology of work

- Probably characterised not by “positive” or “negative” but by negotiating later work- with herself, her elder dependent, her partner, and her family
- New forms of older worker identity, new kin relationships and negotiations
- Employers must understand that later work is likely to be different……
“Missing voices” of 65 + later workers

- Policy-making at national, state, sector and business levels should be research-led
- We need to be asking the right questions of later workers and then disseminating results
- Their “missing voices” are vital for employment age management planning AND to ensure the human rights of older workers.
My contact details

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Alison Monroe, Sageco

- To explore the risks, challenges and opportunities of an ageing workforce
- To share insights and stories on employing and retaining mature employees (and their knowledge)
- To introduce you to a funding opportunity for your organization through Corporate Champions, a Department of Employment Experience+ initiative
The facts and stats
What is driving workforce ageing?

- Increased longevity
- Decreased fertility
- Baby boomers retiring
Solutions
Ageing workforce solutions

- Work flexibly
- Manage health
- Manage money
- Provide transition support
- Reskill / retrain
- Work safely
- Source talent
- Transfer knowledge
- Create age positive culture

©Sageco 2013. Transition solutions.
Recruiting mature workers
Age neutral recruitment?

Recruitment
- Education
- Stereotypes
- Process

Attraction
- Branding
- Positioning
- Advertising
- Nature of employment

Induction and training
- Suitability
- Communication methods

Recruiting Experience

Sageco. Mature age workforce solutions.
Retaining mature workers
Sageco survey findings:

- 2700 mature workers (2011)
- 30% had more than 20 years service with one employer
- 36% intend to work past 65

Top 5 factors that would extend working life:

1. Flexible work options
2. Opportunity to share knowledge / train & mentor others
3. Continued learning and development
4. Health and wellbeing services
5. Transition to retirement programs
Flexibility options – are they flexible?

- Flexible hours
- Flexible days
- Flexible leave
- Flexible office
- Ad hoc flexibility
Identity
Who am I if not my job?
Where do I find purpose and meaning?

Future
What is most important to me?
What steps can I take to create my future?

Money
Am I clear about the future I want?
What money do I need to support it?

Relationships
Who are the most important people I will share my future with?
How can I keep those relationships healthy?

Career
What do I want my ideal mid to late career to look like?
Do I want to continue working but differently?

Health
What is healthy ageing?
How do I nurture good health?

Envisage – create your future
Envisage – 6 week Impact Survey snapshot

I have organised an individual financial planning consultation
- Yes: 28%
- No: 37%
I plan to
- Yes: 35%
- No: 37%

I have undertaken a health check
- Yes: 44%
- No: 40%
I plan to
- Yes: 16%
- No: 40%

I have developed a flexible work proposal and spoken to my people leader
- No: 54%
- Yes: 46%

I have held a conversation regarding my future work/life/retirement plans
- No: 22%
- Yes: 70%
I plan to
- Yes: 8%
- No: 72%
Corporate Champions
What support is available?
Experience+ ~ Corporate Champions program

- 2013-2016 Federal Government funded program
- $5,000 small to medium employers <200 employees
- $20,000 large employers >200 employees
- 18 month project of value-in-kind Sageco consulting
- Corporate Champions currently include Westpac, NAB, Mercy Health, Telstra, The Salvation Army, Silverchain, State/Local Government, Universities, BAE Systems...and a couple of Zoos!
Four key age management phases

1. Workforce Age Profile Review & Assessment
2. Age Management Plan Development
3. Showcase Solutions in a priority area
4. Develop a Case Study and Measure Outcomes

18 month period of funded activities
**Corporate Champions Application**

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<tr>
<th>Step</th>
<th>Description</th>
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<tbody>
<tr>
<td>2</td>
<td>Submit form to <a href="mailto:corporatechampions@sageco.com.au">corporatechampions@sageco.com.au</a></td>
</tr>
<tr>
<td>3</td>
<td>Anticipate a 3-4 week endorsement period by Department of Employment</td>
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<tr>
<td>4</td>
<td>DoE endorses, Sageco connects and commences the project scoping phase</td>
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Where is your next worker...?
“Your next worker is retired – or about to retire”

Can you answer these questions...?

- What % of your workforce will retire over the next 5 years?
- What flexible work or alternate jobs could be offered?
- Is support and advice provided re; planning for the future?
- How are you supporting knowledge transfer?
- What checks do you have in place to remove ageist barriers?
- What is the recruitment strategy to attract older workers?

Source: Deloitte ‘Building the Lucky Country’ Nov’11
Thank you!

Questions? Email info@sageco.com.au