AGEING WORKFORCE READY

AWR PROJECT

THE AGE DIFFERENCE

HOW TO FOSTER WELLBEING AND PERFORMANCE IN OLDER WORKERS

The **ageing workforce** has been identified as one of the **six megatrends** in work health and safety and worker's compensation over the next 20 years.

CSIRO

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INTRODUCTION

How we work and how we live has changed, and continues to change. Workforces are more diverse than ever, and people of all ages need to work productively together.

> THE FIVE-GENERATION WORKFORCE IS AN EMERGING REALITY. IN ORDER TO MAINTAIN ECONOMIC GROWTH, EMPLOYERS AND GOVERNMENTS MUST RECOGNISE THE PRODUCTIVE OPPORTUNITY OF OLDER WORKERS.
>
> *JO JENKINS CEO, AARP*

This paper is a starting point for people who want to deepen their awareness regarding the ageing workforce and reflect on what their organisations could be doing differently.

People are living longer than previous generations: a child born in the West today is more likely than not to live to be 105, people who are currently 60 have a 50% chance of making it to 90 or more.[1]

Gratton and Scott observe that when we think about living longer, we often assume that this increased longevity will contribute to a long and leisurely retirement. However, for many this is not practical at a financial level nor is it good for our wellbeing. A three-stage life (education, employment, retirement) is giving way to multiple stages and multiple transitions, and the trajectories our lives take will be very different to what is normal now.

Fostering wellbeing and performance in older workers is important for all workers. An age-inclusive environment that recognises the unique contribution of individuals, life-stages and experiences is one in which everyone can flourish. Myths that reinforce competition between age-groups are unhelpful and untrue. For example, there is no basis to the belief that older people take jobs away from younger people. In reality the number of jobs in an economy is not fixed, and research across OECD countries show that, if anything, increased rates of employment amongst older people are associated with higher youth employment.[2]

People of all ages benefit from access to meaningful work in a supportive environment where they can use their skills and knowledge. As we get older, what constitutes 'good work' does start to look a little bit different, and employers need to consider the real changes that impact people as they age. This means separating the myths from the facts, and using evidence-based practice to create an age-inclusive organisation. Organisations that actively seek to engage their older workers, will be better positioned for the future of work.

KEY TAKEAWAYS

- As people live and work longer, employers must seek to understand the unique needs of older workers and how to support their mental health and wellbeing.

- Organisations can boost workforce engagement by implementing initiatives to recruit older workers into well designed jobs, creating an age-inclusive environment and supporting people as they navigate a path to retirement.

- Many stereotypes and beliefs about generational differences are not supported by evidence, and age discrimination is often fuelled by myths.

- While there are risks associated with an ageing workforce it does not have to be seen as a burden; instead organisations can choose to embrace the opportunities that benefit both organisations and individuals.

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ABOUT THE AWR PROJECT

The Ageing Workforce Ready (AWR) project is an innovative collaboration between Australia's largest industry superannuation fund AustralianSuper, and organisational psychology practitioners, Transitioning Well.

The project is funded through WorkSafe Victoria's WorkWell Mental Health Improvement Fund and aims to protect and promote the mental health and wellbeing of ageing workers in the public transport industry.

Improvements will be achieved through the delivery of resources and advice to a pilot group of Victorian workplaces and their employees. Activities will target Human Resource and Executive decision makers.

Policies and procedures will be reviewed to provide guidance on eliminating, substituting and redesigning systems and processes to support ageing workers. Managers will be upskilled to support employees. Employees will be equipped with the knowledge and resources to navigate the challenges and opportunities of late career.

Blended learning approaches will be explored for scalability and sustainability. The learnings of the project will be shared with over 100,000 Victorian businesses using the AustralianSuper network.

> **MANY STEREOTYPES AND BELIEFS ABOUT GENERATIONAL DIFFERENCES ARE NOT SUPPORTED BY EVIDENCE, AND AGE DISCRIMINATION IS OFTEN FUELLED BY MYTHS.**

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RISKS AND OPPORTUNITIES

RISKS OF AN AGEING WORKFORCE

As the number of older workers in the population increases there is the potential for organisations to be negatively impacted through skills shortage, lack of engagement and the personal circumstances of older employees.

Risks of an ageing workforce include:

- Loss of experience and knowledge

- Skills shortage in labour markets

- Premature exit from the organisation

- Person-job fit mismatch

- High absenteeism and/or presenteeism

- Age discrimination and bias

- Safety, mental health and compensation claims

- Health and caring demands

OPPORTUNITIES OF AN AGEING WORKFORCE

Despite these risks, the ageing workforce should not be seen as a burden as there are many opportunities as well. An ageing workforce has the potential to positively impact capacity, reputation and performance.

Opportunities of an ageing workforce include:

- Positive organisational culture

- Social maturity and interpersonal skills

- Institutional knowledge and perspective

- Improved company reputation

- Stability and reduced turnover

- Connection with ageing customers

- Improved organisational diversity

Remaining in work may also benefit older workers over and above improving their financial situation.

Good work has been shown to be good for mental health and wellbeing, and supports people's personal identity, self-esteem and social connections during late career.[3]

> **" ORGANISATIONS BENEFIT FROM USING EFFECTIVE STRATEGIES TO ASSIST OLDER WORKERS TO REMAIN ENGAGED AND WELL AT WORK. TRANSITIONING WELL'S FOUR PILLARS PROVIDE A MACRO-LEVEL GUIDE TO ASSESSING AND IMPROVING WORKPLACES FOR OLDER EMPLOYEES.**

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RECRUITMENT

RETENTION

RETIREMENT

ROADMAP

Transitioning Well's Ageing Workforce Pillars provide a guide to assessing and improving practices within organisations.

An organisation can review how well its older workers are supported by looking at:

Recruitment: Policy, practice and hiring outcomes in relation to older people.

Retention: The extent to which people feel supported to stay productive and mentally healthy.

Retirement: Mechanisms to support a smooth transition from work, from the perspective of both the individual and the organisation.

Overarching these is the **Roadmap** the organisation uses to guide and adapt its approach to supporting older workers. In other words, the influence of strategy, culture and data at an organisational level.

RECRUITMENT

1. Bias and benefits

Bias against older individuals in the form of false negative stereotypes is widespread and can result in older workers being turned down for positions or having fewer opportunities for promotion.[4]

Research has demonstrated many benefits to hiring older workers including a positive attitude, high motivation, good attendance and punctuality, and low turnover.[5]

When leaders have an awareness of unfounded biases and barriers, and also the proven benefits of hiring older job seekers, then they can challenge preconceptions and stereotypes that reduce the likelihood of older people being recruited.

> " THERE ARE MORE WORKERS AGED 55-64 RECEIVING NEWSTART THAN ANY OTHER AGE COHORT, AND OLDER WORKERS SPEND LONGER ON NEWSTART THAN ANY OTHER AGE GROUP.
>
> *NATIONAL SENIORS ASSOCIATION*

2. Evidence-based recruitment

Reports by the Australian Human Rights Commission suggest that age discrimination in hiring processes is commonplace. One in 10 businesses report they have an age they will not recruit above, with the average being 50 years old.[6]

Older Australian job seekers report being 'shut out' and unable to secure an interview, or decreased interest from potential employers once their age becomes apparent.[7] Examples of fair and evidence-based processes include focusing on skills and abilities, asking only job-related questions, and using mixed-age interview panels.[8]

> " 1 IN 5 AUSTRALIANS AGED 55 YEARS OR OVER CLAIM AGE IS A MAJOR BARRIER TO FINDING OR GETTING HOURS OF PAID WORK
>
> *AUSTRALIAN HUMAN RIGHTS COMMISSION*

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RETENTION

All four pillars impact mental health and wellbeing, and being engaged in productive activities is an especially important protective factor.[9] Research shows that high stress and low job satisfaction can be associated with depressive symptoms.[10]

Experiences of discrimination are especially harmful to mental health, with strong links found between discrimination, stress, and mental health difficulties such as depression and anxiety. A recent Australian study goes even further to suggest that experiences of ageism not only relate to mental health problems, but also reduce likelihood of experiencing wellbeing.[11]

Organisations with an age-inclusive work environment adhere to beliefs, values, and norms that promote the flourishing of older workers. Research shows that creating a high-performance culture benefits people of all ages, and in addition to this there are practices that can help ageing workers to stay engaged and productive.[12]

In particular, practices that support older people to keep their skills current, mentor younger employees, and allow job adjustments and flexibility promote wellbeing and productivity within an ageing workforce.

1. Flexible work options

It is important for organisations to provide flexible work options for older workers such as job-sharing, part-time work, and working from home.[13] As employees become older lifestyle benefits over financial benefits are often prioritised,[14] and flexibility to take time off in order to travel or look after dependent parents, children or grandchildren can become more important.

Moreover, flexible work is crucial in managing age related personal issues, such as menopause. Flexible work is one of the key mechanisms that can support people who want to work to an older age and ease the transition to retirement.[15]

Offering flexible work to people of any age and for any reason is the best solution for promoting its uptake and removing perceptions around unequal treatment.[16]

2. Learning and development

With constant changes to work, professional development is crucial for keeping older workers effective and productive. However, attitudes in the workplaces often prevent older workers from accessing fair opportunities for training and development.

Providing opportunities for development reduces the possibility of skill obsolesce and signals the organisation's commitment to the worker.[17]

A recent report stated that over 90% of mature employees aged over 65 years actively try to develop their capabilities.[18]

However, it is important for training to be targeted and to accommodate to the unique needs of older workers.[19]

RETENTION

> "GOOD WORK IS BENEFICIAL TO PEOPLE'S HEALTH AND WELLBEING AND LONG TERM WORK ABSENCE, WORK DISABILITY AND UNEMPLOYMENT GENERALLY HAVE A NEGATIVE IMPACT ON HEALTH AND WELLBEING.
>
> *ROYAL AUSTRALASIAN COLLEGE OF PHYSICIANS*

3. Knowledge transfer

Knowledge transfer is the process whereby knowledge is shared within an organisation, particularly passed from older workers to younger workers, but also vice versa.

With a loss of older, experienced workers from an organisation, there is the risk of losing valuable accumulated skills and knowledge. Knowledge transfer in the form of mentoring may provide a sense of purpose and meaning for older workers and help retain them productively within the organisation.

4. Reasonable adjustments

As workers age they will inevitably experience changes in both their physical and cognitive abilities. When organisations do not adapt the demands of the work environment to meet these age-related changes, injury and illness increase, and productivity and job satisfaction is likely to decrease.[20]

This is particularly relevant for blue collar workers exposed to demanding working conditions. Adjustments might include providing more ergonomic equipment, minimising excessive physical demands, or providing appropriate breaks to avoid fatigue.

In addition to these adjustments, organisations should consider reallocating specific tasks through job design reviews, and also seek to support older workers in re-crafting aspects of their work to make it more meaningful.[21]

RETIREMENT

> **"** PEOPLE ARE GETTING TO THEIR SIXTIES WITH ANOTHER 15 YEARS OF PRODUCTIVE LIFE AHEAD, AND THIS IS TURNING OUT TO BE THE MOST EMOTIONALLY REWARDING PART OF LIFE. THEY DON'T WANT TO HANG IT UP AND JUST PLAY GOLF. THAT MODEL IS WRONG.
>
> *JONATHAN RAUCH, AUTHOR OF THE HAPPINESS CURVE*

RETIREMENT

1. Planning for retirement

Planning for retirement involves helping older workers reflect on what will benefit them as they transition from full-time employment to retirement. This may include planning for a reasonable timeframe, hand-over of accountabilities, sharing tacit knowledge and arranging finances. Ideally planning also encompasses the employees' wellbeing and consideration of their situation once they leave the organisation.

Organisations should take an open, proactive, and collaborative approach to discover what workers want and need, and implement ways to realise these outcomes in a mutually beneficial manner. If individuals are provided agency over their retirement decisions then planning for retirement can build retirement satisfaction, wellbeing, and general psychological adjustment upon leaving the job.[22]

2. Phased retirement

Phased retirement involves transitioning to a reduced workload in a gradual manner to prevent a 'sudden end' to working life. This can include delegating current responsibilities and obligations, moving to part-time work, creating job-sharing arrangements, and other strategies to continue employment at a reduced capacity.

For the last several decades, phased retirement has been considered the most preferable manner to handle the retirement process. Research suggests a considered, voluntary, and phased manner of exiting work produces better retirement adjustment.[23]

3. Maintaining connection

Following retirement, many individuals report losing a large part of their social network and identity.[24] For someone highly invested in their work roles and relationships, this can have a huge impact on their emotional wellbeing and health.

For this reason, there is a large proportion of individuals who actually don't retire well, and as a result want to return to the workforce.

Being able to accommodate these 'un-retirees' as volunteers, advisors, part-time, or even full-time employees allows organisations to gain experienced and valuable staff and allows older workers to maintain connection with their professional identity and social relationships.

Alumni programs can be another way for people to maintain a meaningful connection with their former employer.

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ROADMAP

> **AUSTRALIANS AGED 55 YEARS AND OVER ARE THE FASTEST GROWING SEGMENT OF THE WORKFORCE AND WILL REMAIN SO FOR THE FORESEEABLE FUTURE.**
>
> *AGEING HALLMARK RESEARCH INITIATIVE*

ROADMAP

1. Business data

Human resources (HR) data such as employee leave, absenteeism and turnover trends by age cohort can provide insights into issues affecting workers at different life-stages. Using human-oriented metrics as a decision-making tool is best-practice in well-developed systems and enables performance by generating predictive analytics.[25]

2. Executive buy-in and awareness

Ensuring leaders sufficiently prioritise, support, and resource interventions is an essential aspect of supporting older workers and ensuring long-term change.

Research suggests that leaders play a vital role in ensuring what older workers 'want' translates to what they actually 'get' and influencing positive outcomes for interventions.[26]

Leadership from the top also significantly impacts cultural norms within the organisation, including those that are relevant in the context of an ageing workforce.

3. Strategic planning

An organisation needs to have a solid understanding of the impact an ageing workforce is likely to have on the industry, how the needs of the organisation can be met through supporting older workers, and how the needs of older workers will be met by the organisation.

Results of the PwC Global CEO Survey revealed that of companies who have a Diversity and Inclusion Strategy, only 8% of these include age.[27]

Strategic workforce planning is essential for identifying areas that are working well in terms of retaining older workers, and those areas that could be improved.[28]

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NEXT STEPS

Ensuring access to purposeful work is essential to supporting people's wellbeing and productivity, whatever their age.

Given the current trajectory of our ageing population it is important for organisations to recognise the unique needs of older workers and introduce suitable initiatives that support an age-inclusive workplace.

The Ageing Workforce Pillars provide a simple and effective framework for assessing the extent to which an organisation supports older workers and initiating action. Organisations need to simultaneously remove obstacles that hinder recruitment of older workers or push them to retire early, whilst also providing an environment that retains older workers to contribute productively.[29]

Moreover, senior leaders need to know their organisation's strategic roadmap and identify approaches that will be effective in their specific context.

To create a roadmap, the first step is to deepen awareness regarding the impact of the ageing workforce in the organisation. This can be achieved by examining business data, reflecting on recent issues, and talking to leaders and older workers about their experiences.

Organisations must then choose an area of focus, for example next steps might include supporting individual employees through coaching, conducting a more thorough review, or taking action to future proof the organisation.

Finally, good communication and change management techniques need to be used to make it happen.

DEEPEN AWARENESS

Analyse your business data

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How many 45+ year old have you hired recently?

....

What's your absenteeism by age?

....

How many employees 60+ might be thinking about retirement?

....

Talk with leaders and older workers

....

Ask employees:
What legacy do you hope you will leave here once you transition to your next life-stage?

....

Ask leaders:
What does an ageing workforce mean for this business; what (if anything) worries you about the older people who work here?

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