

Older workers

Global context

The global ageing demographic is challenging both developed and developing nations. The number of people worldwide aged 60 and older is expected to triple by 2050, according to projections by the United Nations (UN) Population Division. This demographic shift presents opportunities to capitalise on the talent and skills of older people but also create challenges in maintaining financial security.

Human resource strategies, including equal employment opportunities can help reduce discrimination for older workers and help older workers remain employable and productive. However, new thinking is required on what flexible work means for older workers, performance management issues, and how employers develop new ways of talking with older staff about retirement intentions, retention and succession planning.

Flexible work for example may include reorganising hours or negotiating additional leave to give greater choices, so that older workers can be retained in sustainable work.¹¹¹ When managing the performance of older workers care is needed to focus on actual performance and not be influenced by assumptions or stereotypes related to age, which risks complaints about age discrimination.¹¹² Employers should be careful not to use retirement as a substitute for managing poor performance. Employers are also encouraged to have regular conversations with all employees about the future so that the needs of both parties can be met. Retirement planning, including succession planning should begin well before older workers retire.

The ILO's latest *Equality at work* report notes policies at the national and enterprise level can complement legislation and play a major role in addressing older worker issues. A number of countries including Australia, Finland, Netherlands, Norway and the United Kingdom (UK), have conducted large-scale government sponsored information campaigns aimed at overcoming employer reluctance to hire and retain older workers. For example in the UK Age Positive campaigns seek to promote and raise awareness of the benefits of an age-diverse workforce through research and publications, the media, special events, awards and its own website.¹¹³

New Zealand Context

New Zealand, like many other Western countries, has an ageing population and increasingly older people are staying in the workforce. Internationally, New Zealand has one of the highest rates of participation of older workers (55 years and over) in the OECD at 44.1% for the year to June 2010.

Commentators predict the need for older workers as the population ages and not enough young people join the workforce. The March 2011 Household Labour Force Survey shows 18.3% of people aged 65 and over are still in work.

The ageing workforce will impact some sectors more than others. Manufacturing, transport, education, health and community services currently have a relatively high share of older workers. These sectors will need to find new ways of retaining workers including a focus on the health of older workers.

¹¹¹ <http://www.neon.org.nz/eeogroups/valuingexperience>

¹¹² *ibid*

¹¹³ *Equality at work: The continuing challenge*. International Labour Organisation. Geneva. 2011

Internationally, research shows that many people prefer to transition out of work, rather than to abruptly end work in favour of retirement, at the age of eligibility. Businesses are responding by introducing phased retirement. A union secretary said the real question about older workers was “how to let people step down and maintain dignity.”

The New Zealand Retirement Commissioner and the OECD have advised Government to raise the age of superannuation. However, there is concern about the additional strain this will place on older people who must now remain in employment to maintain an adequate standard of living.

Employment-related age complaints

Almost 10 percent of complaints to the Commission in 2010 related to age. Of these, most related to employment or pre-employment, where an older person was overlooked for work in preference for a younger person. Retirement complaints largely involved older workers claiming pressure to retire by their employers.

A recent complaint to the Commission was from an older worker who was referred for a short-term fruit picking job by an agency. When he arrived to work, he was told he was not needed, but two other (younger) people with him were hired. The man suspected it was because he was at least 20 years older than the other two workers. This turned out to be the case, as the employer told the man he needed fit people for demanding work. The man felt humiliated because hard labour had been his life’s work. The employer agreed after mediation to a two-week trial for the complainant. The man was hired for the season after that.

National Conversation about Work

Almost every industry sector that participated in the Commission’s National Conversation about Work identified the ageing workforce as a looming issue. However, the Commission has seen little evidence of systemic approaches being taken in response. A manager at a Feilding meat processing plant said “we’re very aware of the issue and there is increasing understanding that it is a problem, but we’ve had less success in the industry in deciding what to do about it.”

The ageing labour market is a serious future concern for many regions in New Zealand. Venture Taranaki experts believe that labour force succession planning is not sufficiently sophisticated enough to tackle the ageing demographics of the labour market. The ageing workforce means that there is a “black hole” between the current generation (of apprentices) and the baby boomer retirees who are “tired” of working.

The Commission learned that in some sectors, manual jobs, shift work and long hours are onerous on employees and some mature workers suffered from burnout and stress and “would come to a point when they would vote with their feet and retire.” In one workplace employees talked about staff that had retired and had then been re-hired on more casual conditions of work because their skills and experience could not be replaced. Many were concerned with a lack of future prospective employees to fill gaps left by retiring older workers. In heavy industry workplaces, employees thought that older workers who “had been in the game for some time, would not be around for too much longer.”

A female participant at a Positive Ageing Council meeting said that the first generation of older women who had been in paid employment for much of their careers would soon be preparing to retire. Many would have the same issues around their self esteem being bound up with work that confront many men as they faced exiting from the workforce. Employers would have to think very carefully about whether they could afford large numbers of baby boomers to slip quietly into retirement.

The perennial issue of employers' stereotypical attitudes to older workers without acknowledgement of the maturity, experience, institutional knowledge and mentoring potential that they bring to the labour market was identified by several participants. However, in general businesses have a positive attitude towards older workers, although pockets of bias towards older workers exist.

Many older people were still actively engaged in the workforce well past traditional notions of retirement age. Innovative work practices that meet the needs of both the business and the employees are enabling organisations to retain older workers longer. Some strategies to retain ageing workers were being considered, such as flexible work arrangements and mentoring schemes using retired or semi-retired business people.

"Mentoring can be critical in helping to retain institutional knowledge through strong relationships." The New Zealand Refining Company at Marsden Point recognises that older members of the workforce represent a valuable resource of knowledge and experience which could potentially be lost as these employees leave the company's service.

The refinery's Mentors' Scheme aims to link younger employees in the company with the years of knowledge and experience held by its long-serving retiring employees. It offers retiring employees the opportunity to voluntarily play a role in developing the company's current employees.

Refinery mentors provide mentoring, practical support and skills development to new and/or inexperienced employees, in technical areas where the passing on of practical knowledge and experience has the potential to add significant value and/or accelerate the development of essential skills.

Too few businesses have implemented practices to capture institutional knowledge or to transfer the knowledge of older workers to younger workers. It is assumed that 'people pass things along' but the amount of information that people personally hold is underestimated by most businesses. The rapidly ageing workforce requires that active retention of institutional knowledge is required to ensure business sustainability.

Loss of institutional knowledge is a looming crisis faced by small business owners looking to exit. In Dunedin, the "Beyond Business Succession Planning Service" aims to maximise the economic impact of business succession. Beyond Business provides an impartial mentoring service to help business owners tackle the issue of succession and retaining valuable business knowledge.

What the Commission and others have done

The Commission along with the Retirement Commission produced *Valuing Experience*¹¹⁴ a practical guide to recruiting and retaining older workers in 2008. Other publications by the Council of Trade Unions and the EEO Trust also address the issue of older workers.

In 2011, the Ministry of Social Development released *The Business of Ageing: Realising the Economic Potential of Older People in New Zealand: 2011 – 2051*. Findings from the report show among other things that: more older people will participate in the workforce; the economic value of older people's paid and unpaid work will increase; older people's contribution to tax revenue will increase; and the mature consumer market will become more important.

Future action

The Commission urges that Government adopt a “joined up” approach to developing a national programme on managing ageing workforce issues including:

- Models of labour market participation for older workers
- Approaches to transition,
- Succession strategies for small-business owners, and
- Promotion and protection of workers rights.
- Government should evaluate the impact of large scale, government-sponsored information campaigns run in Australia and the United Kingdom to overcome employer reluctance to hire and retain older workers.



¹¹⁴<http://www.neon.org.nz/eeogroups/valuingexperience>