

WHITE PAPER

Ageing Workforce Impact

Implications and Trends for 2010 - 2020

Baby Boomers Take Centre Stage

In 2008 the HR Coach Research Institute released a commissioned report on Generation Y. The report focused specifically on the group's impact on strategy and examined motivations and expectations from a generational perspective. In 2010 the demographic focus is shifting and now the Baby Boomers are taking centre stage.

Over the past 12 months labour markets have experienced a significant shift due to economic challenges and the introduction of new industrial relations legislation. As Australia begins to show signs of market resurgence in 2010, the next wave of labour challenges looms. The most critical of these challenges is the aging of the Australian workforce. Will it impair organisations, or create new emerging opportunities?

In October 2009, the HR Coach Research Institute commissioned Dr Marion Norton of Workplace Futures, to profile the Australian workforce with a focus on those over 50 years of age. The remit of the project was to explore the data and to highlight specific implications for organisations from 2010 to 2020.

Factors requiring consideration include:

- In the next ten years, 18% of the labour force (1.7 million workers) will reach the age of 65 years.
- While the population is predicted to increase by 16%, the number of people in the workforce will only increase by 11%.
- The proportion of people outside the workforce will exceed 50% of those in the workforce.
- It will be the first time that those over 65 years of age will outnumber those under 15 years of age.

Questions for Consideration

Across Australian industries, irrespective of size, there will be questions for consideration.

- How will the population change impact the economy?
- What do we know about the age group (those over 50 years of age)?
- Who is working past 65 years of age?
- What about business owners over 50 years of age?
- How will the shift impact the community?
- How will the shift impact on workers?

Snapshot of the Australian Population

Table 1 provides a guide to the Australian population and key segments of the workforce currently.

Australian Population (19.9m)			
<15 years(3.9m)	15 to 64 years (13.4m)		>64 years (2.6m)
	Labour force (9.6m)		Not in labour force (4.7m)
	Employed (9.1m)		Not employed
	Private sector (7.7m)	Public Sector (1.3m)	
	Employees (7.5m)	Owner Managers (1.5m)	

**Note some variation due to "not stated" data.*

Table 1: Australian Population Breakdown

Preparing for the Changes Ahead

The population shift will place unprecedented pressure on organisations. The 1.7 million employees reaching the retirement age of 65, in addition to ageing business owners and employers, is a trend that can not be ignored.

The HR Coach Research Institute conducted a series of industry focus groups across Australia in December 2009. The focus groups were held in both metropolitan and regional areas including Sydney, Brisbane, Melbourne, Perth, Rockhampton and Townsville. A wide range of commentary and opinion was collected from industry professionals and employers. Many observed the positive affect of the Global Financial Crisis on slowing the exodus of Baby Boomers from the workplace. It was seen however, as short term relief and not a long term solution to the challenges ahead.

Given the potential longer term implications, Dr Marion Norton identified the following trends. For ease of use, the information has been provided in point form.

How will Population Change Impact Business?

In a recent survey of business representatives, 80% rated population change as one of the top two risks to their business sector in the next ten years. The most significant impacts were identified as:

- Being unable to find staff with the right skills
- Higher cost of staff
- Creating pressure on staff to do more
- Higher staff turnover and high costs of replacement
- Being unable to deliver services

What do we Know About the Age Group?

- Workers aged 50 to 59 years will reach the age of 65 years by 2021
- 1.4 million workers in the private sector are aged 50 plus – about a quarter of these are over 59 years of age
- Males over 50 years of age are 26% of full time employed and 30% of part time employed
- Females over 50 years of age are 23% of full time employed and 24% of part time employed
- Participation in the labour force dropped for both males and females from the age of 50 years
- Most private sector males over 50 years of age are in manufacturing, construction and the transport, postal and warehousing industries
- Most private sector females over 50 years of age are in health care and social assistance, retail trade, education and training
- 21% of workers aged 50 to 59 are professionals, 20% are managers and 17% are clerical and administrative workers. Managers in this age group are 23% of all managers
- 52% of 50 to 59 year olds have post – school qualifications. 31% have certificate or diplomas and 21% have degrees or higher

Who is Working Past 65 Years of Age?

- Over 200,000 people over 65 years are working
- 15% of males and 7% of females aged 65 to 79 years are employed
- 14,000 workers are over 80 years of age – 40% of these males and 30% of these females worked full time.

What About Business Owners Over 50 Years?

- 40% of 1.5 million owner managers are over 50 years
- The proportion of the workforce who are owner managers increased to 46% of the 70 years of age or above age group
- More owner managers of incorporated businesses have post – school qualifications than employees not owning a business and owner managers of unincorporated businesses.

How will this Impact on the Community?

Australia's participation rate of 64% is not high by international standards. It is possible that many people will wish to continue in the workforce for both financial, health and self-actualisation reasons. Financial reasons are driven by a range of factors including:

- Lack of accumulated wealth. Many women have only had access to superannuation for a short period and with an emphasis on part time work, do not have sufficient funds for the likely 20 to 40 years post age 65
- Distribution of wealth and lack of secure assets through divorce
- Delayed childbearing meaning that parents in their late fifties may still have dependents and may also have financial commitments to their aging parents
- Delayed independence of young people, requiring parental financial support through university
- Participation rates currently drop from the age of 45 years and more so from the age of 60 years. These age groups provide an opportunity to businesses to both retain their staff and attract new workers

How will this Impact on Workers?

- Increased productivity will be an essential requirement in businesses facing a reduced number of workers and higher demand
- Pressure on staff to do more with fewer resources and limited opportunities to take on management roles are potential barriers to the engagement and retention of younger workers
- Developing the capacity of workers to innovate, improve efficiency, adapt to new technologies and adopt workplace changes will be the distinctive attribute of firms that succeed

National Report Available

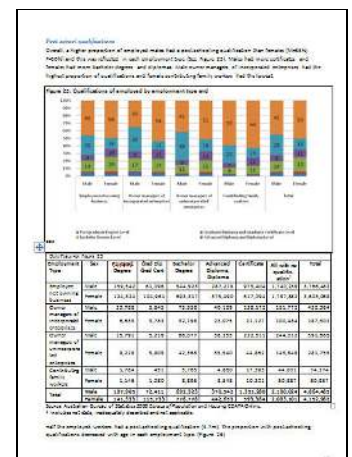
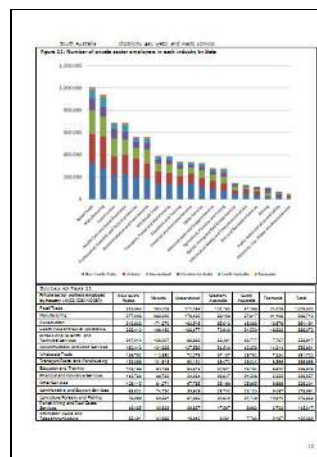
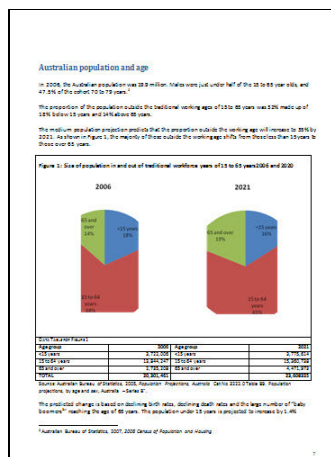
Dr Marion Norton has compiled a comprehensive data collection of key information on the profile of the Australian workforce with a focus on those over 50 years.

The data report – **Implications of population ageing on the Australian workforce 2010 to 2020** is available exclusively from the HR Coach Research Institute.

The 48 page Data Report includes:

- Executive Summary
- Australian Population and Age Tables
- Longevity and Life Expectancy
- Participation in the Labour Force – Age Demographics
- State and Territory Labour Force Participation
- Employment Sector Analysis
- 50 to 59 Years Employment by Industry, State and Gender
- Business Owner Age Demographics
- Income and Employment Status Data Tables
- Education by Age Group, Gender and Industry Sector
- Australian Business Owner Snapshot

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Dr Marion Norton



Dr Marion Norton is the Director of Work Futures Australia and a member of the HR Coach Network.

Marion is a specialist in demographic and environmental changes and their impact on small businesses and not-for-profit organisations.

Marion has over 15 years experience as a strategic policy analyst, evaluator and reviewer, designing and implementing program and organisation improvements across industry sectors. She has led complex multi-agency evaluations and large evaluations of major initiatives with many interdependent strategies. In senior roles in the public service she established practical frameworks for measuring and monitoring organisational performance and growing leadership and capability through a large workforce. She undertook in-depth workforce analysis, negotiated quality standards for service delivery and led strategic visioning processes to take managers beyond the here and now to medium and long term planning.

Marion has undertaken many roles in and with not-for-profit organisations, including establishing and managing an adult literacy centre with over 100 volunteers. She was at the forefront of initiating the adult literacy movement in Queensland and played a critical role in developing it to become mainstream social policy. She worked closely with small businesses and industry leaders to skill up workforces to adapt to major structural change.

With her strong social research background and interest in economic and scientific trends, Marion is now helping businesses position themselves to take advantage of the unprecedented demographic, cultural and technological changes that will shape our lives in the next ten years.

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HR Coach Research Institute

Human resources and business practice constantly evolve to keep pace with emerging issues and trends. At the HR Coach Research Institute we understand that it is important to identify these changes as they happen, and to identify pending trends before they take effect in order to best deal and benefit from them.

Our collaborative approach to research brings together senior executives, advisors, human resources professionals, special interest groups and expert matter specialists to make a difference to our understanding and application of knowledge for organisations now and in the future.

Our research is:

- Collaborative – to maximise research resources
- About understanding through knowledge
- Challenging to conventional or assumed thinking
- Practical - our research is directly linked to application to improve work practice and social well-being for employers and employees.

The HR Coach Group

The HR Coach Group is backed by the HR Coach Research Institute and includes the Training Academy, Employee Services and Industrial Relations and 56 Network Offices across Australia, New Zealand and Papua New Guinea. For more information on HR Coach and the HR Coach Network visit www.hrcoach.com.au

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