

## **Implications of an Aging Workforce**

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### **Introduction**

The aging workforce is not a new topic to ASSE members, as there have been several conference papers over the past decade providing guidance on managing older workers. Of particular note are the contributions by Alma Jackson and Joel Haight. In Jackson's 2007 ASSE conference paper, she stated that, "[B]y the year 2010 the 45 years and older age group will be the largest cohort in the workplace." We are now beyond 2010, and Australia, with a rapidly aging population, is no different from the rest of the western world.

Since the 1960s, the average age of the full-time workforce in Australia has been increasing faster than the general population. Given this demographic, organisations wishing to sustain their current levels of productivity not only need to embrace the mature labour market, they need to target it. Also, the loss of a significant proportion of mature workers to retirement over the next 5 to 10 years as Baby Boomers (those born from 1943 to 1960) retire means a loss of critical organisational, technical and leadership skills.

However, physical capacity declines with age, and workers 65 years and over have a five-percent increase in the number of serious injury claims when compared to other adult workers. In increased time lost to injury and increased earnings, their medium claim payment is five times greater than for employees aged 15–19 year. As aging is an individual process, one centralized intervention program is not feasible, and employment interventions for older persons need to be tailored to meet the needs of the worker and the employer. Case studies will be used to demonstrate some specific intervention strategies.

# Implications of an Aging Workforce

## The Aging Population

With decreased birth rates and the impact of the Baby Boomers, the nature of our workforce is significantly different from any other time in our history, with implications both immediate and into the foreseeable future. This demographic shift has been exacerbated by the trend of early retirement of the Baby Boomers. In 1950, there were seven working age people for every elderly person in the United States. By 2030, there will be only three working people for every elderly person.

This change in population demographics is not caused by the post-war baby boom. In fact, the main effect of the baby boom has been to defer population aging in Australia. The real drivers of population aging, as identified in a 2004 Australian Government Productivity Commission report, are the long-term decline in infertility and increased longevity. This will be a permanent demographic change, unless there is a significant and unprecedented change in fertility rates. While this trend cannot be reversed, governments are investing significantly in strategies to keep older persons in employment as it has been shown that, generally, persons working beyond the pension age of 65 had better mental and physical health than their retired counterparts.

In Australia, these policies appear to be working, as recent data from the Australian Bureau of Statistics shows that the number of workers over 55 years of age with jobs in Australia almost doubled from 1.01 million in 2001 to 1.93 million in 2011. Amongst this group, the growth in workers in their early 60s has been the greatest; with 53 percent of people age 60-64 still in the work force, a dramatic increase from 35 percent a decade ago. Possibly the most startling development is that 25 percent of Australians age 65-69 are still working, and more of them in a full-time than part-time capacity. Employment rates are also increasing among people age 70 and over, with 42 percent greater numbers in the workforce when compared to a decade ago. This dramatic increase in employment participation rates amongst older worker reflects changes in the economy, employer attitudes, and personal aspirations.

## Workplace Implications

Of the 12 million people in Australia age 15 years and over who had worked at some time in 2009-2010, 5.3 percent experienced a work-related injury or illness. In 2009-10, the age of workers at time of injury did not have a significant impact on access to workers' compensation insurance as, according to SafeWork Australia, as 36 percent of injured employees in 15-24 age group received compensation, compared with 41 percent in the 55 years and over age group. What is significant is the gradual increase in the proportion of employees in the older age groups with 52 percent of those in the 55 years and above age group applying for workers' compensation. However, this oldest age group had the highest claim rejection rate, with only 41 percent receiving workers' compensation.

Factors attributed to workplace accidents amongst older workers include mobility, strength, dexterity, and balance; sensory losses, including hearing and vision; and cognitive changes, with slower information processing and delayed reaction times. However, a UK Department of Transport and Industry review presented evidence to

suggest that physical or mental decline associated with aging seldom impacted work performance until age 70, with the exception of jobs requiring fast reactions or physical strength. The U.S. Bureau of Labor Statistics (BLS) shows that those age 55 and older contributed to 13.6 percent of the working population and only 10.4 percent of recorded lost-time injuries. This may be because, whilst the older population in general shows cognitive decline with advancing years, workers over age 60 may be a self-selected healthier group with well-preserved cognitive function. However, this cohort required an average of 14 days to recuperate from an injury, compared with a medium of six recuperation days per injury event for all workers.

### Use of Demographics

Demographics is a powerful tool to define your aging workforce problem clearly in company-specific terms. By alerting management to the findings, it will be possible to commence staffing and workforce planning. This plan, which should cover at least five years, must take into account company-specific attrition data, succession and development plans, injury patterns, and the current and future requirements of the workforce.

At the Australian Blood Service, 36 percent of our client-facing staff are over 45 years of age, compared to only 11 percent of processing and support staff. Staff members over 65 years of age have an average sick leave balance of 500 hours, accumulated over their length of service. This leave balance equates to 12 full years of potential paid absence. If the health of these older workers deteriorates rapidly and they access their sick leave allowance, in addition to other available paid absences, such as annual leave and compensated injury leave, this could have an impact on our ability to provide services.

Effective human resource programs require a thorough understanding of what's important to employees. To strengthen existing employee retention programs, surveying your current employees who are eligible for retirement within five years will allow you to learn what might motivate them to continue working, and determine key job satisfaction and motivational factors. Attitudes and expectations around work and transition to retirement are required to better support the changing needs of mature age employees.

### Mature Worker Injury Prevention and Retention

The aging of our population has played a key role in the rise in prevalence of chronic disease. In the 2007-2008 National Health Survey, nearly all people over 65 years of age reported having at least one long-term condition, and more than 80 percent of people in this age group reported having three or more long-term conditions, including cancer, diabetes, asthma, long-term mental or behavioural conditions, arthritis, and conditions of the circulatory system. The prevalent trend to part-time work amongst the over-60 age group might have positive implications for health and safety. Workplace health and wellbeing promotions will reduce the impact of these risk factors and slow the changes associated with aging.

Since aging is an individual process, one centralized intervention program is not feasible, and employment interventions for older persons should be no different than for any other worker. Knowing that there is no one-size-fits-all solution, the ASSE 2009

Conference media release provided member suggestions for a wide range of changes to improve work organization and the physical work environment to maximize the ability of mature workers to participate in the workforce. These improvements to the workplace environment and work schedules to prevent injury in older workers will benefit all workers by reducing both physical and psychological demands of work.

Research commissioned by the Australian Financial Services Council found that 28 percent of older workers experienced some form of direct discrimination, such as inflexibility towards health and physical needs. While the realities of aging mean that hard physical labor and long hours are impractical, older workers believe that this is strongly off set by the knowledge, skills, and experience that they bring to the workplace. It is unlikely that employers consciously collude to keep older people out of the workplace; younger workers are perceived to represent a better return on investment. Employers must look beyond the limitations of older workers and tap into what they have to offer. Employers need to talk with their older staff about their future plans; do they intend to remain in the workforce for many years, transition slowly to retirement, or leave within the next 6-12 months? Answers to these questions will provide guidance for developing recruitment strategies and skill transfer programs. Answers to these questions will also assist you to identify the appropriate resources to meet the needs of older workers to further develop their performance capacities. Another important source of information, which is often overlooked, is support from superannuation and pension providers to assist with questions relating to finances and entitlements.

Sudden departure from the workplace due to an injury is not something that any of us desire at any age. However, it is necessary to recognize the unavoidable physical changes due to the aging process and to provide appropriate information, knowledge, and accommodation to create environment that allows older workers to remain at work, or to respectfully support their transition to the next phase of their lives.

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