

The boomers can't call it quits now

AUSTRALIA'S workforce is about to undergo fundamental structural change and now is the time to act, according to global human resources consultancy Mercer.

In recent research by the firm, it found workers aged 55 and older, particularly women, appear to be the answer to the ongoing skills and labour shortage - not generation Y - and Australian employers must consequently shift their focus from young to old to maintain productivity.

In the findings released last month, it was revealed that by 2012 the number of workers in the labour force aged 55-plus will increase by 14 per cent while workers aged 25-54 will increase by only five per cent.

Further, the number of women aged 45-plus will increase by 12 per cent while the number of men in the same age group will increase by only six per cent.

Mercer commissioned economic consultancy Econtech to model the profile of Australia's work-force in 2012 to help employers identify where the future work-force will grow, and potentially shrink, the most. The research highlights the importance to shift the mindset of employers today, to plan how Australians will work tomorrow. It also debunks the notion that employers should only be focussing on how to attract and retain generation Y and enforces the reality that workers aged 55-plus will be the productivity drivers for Australian businesses in the immediate future.

Head of Mercer's retirement business, Mr Tim Jenkins, said that by looking four years out, the research highlights the urgency for employers to act now.

This is heightened in some industries with employment demand expected to increase 18 per cent in the construction industry; 13 per cent in the accommodation, café and restaurant industry; and 12 per cent in the wholesale industry, but with no guarantee that demand will be met with supply.

"To take pressure off wage increases, which comes with this increased demand, employers have to hold onto older workers about to exit the workforce," Mr Jenkins said.

"Employers have to re-define what the average daily and weekly job looks like and how it is remunerated in order to hold onto older workers, maintain productivity and keep downward pressure on wages that are forecast to rise at an average annual rate of 4.2 per cent between now and 2012. The fact that the work-force is ageing is not new, as the twin issues of the skills shortage and the pending wave of retiring baby boomers seems to have been debated perennially.

"But this research clarifies and cements the fact that one of the biggest business risks in Australia in the immediate future is not just economic factors

— it is the seismic demographic shifts occurring that will threaten the sustainability of many Australian businesses. In four short years, there will be close to a quarter of a million more workers aged 55-plus in the labour force and assumptions about what an employer should expect from an employee, and vice versa, have to change.

“This is not about changing a few HR policies. There needs to be a shift in the mindset of how, and for how long, Australians work.

“Balance in the workforce is no longer just about men and women - it's about the young and old.” Mercer's research found workforce participation rates will decrease in all states and territories between now and 2012. In Tasmania and the Northern Territory, the supply of labour is not expected to meet the demand due to an ageing population and low population growth. Participation rates will decrease by three per cent and two per cent in each state respectively.

Mr Jenkins believes the research poses a number of questions to employers, such as: How many jobs really need to be full-time, all of the time? How many part-time workers are needed to deliver current and future productivity requirements? How do you fill entry level jobs when the labour force is dominated by experienced 55-plus workers?

“The stigma around part-time work not equating to a career or a promotion, or part-time workers not being as valued as full-time workers has to change and employers are going to have to create more part-time roles as career roles,” he said.

“Workplace 2012 will be dominated by the race to keep skilled workers. If businesses remain complacent in changing their focus and approach to the workplace, they won't have the necessary workforce to remain viable.”

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