



**Productive Ageing**  
PASSION GROWTH EXPERIENCE

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## Employing Mature Age Workers: Benefits and Barriers

Summary of The Process of Participation and Phased Retirement: Evidence From Mature-Aged Workers in Australia by Jacqueline Drew PhD & Michael Drew PhD prepared for the National Seniors Productive Ageing Centre.

### Background

The well documented ageing of the Australian population is mirrored by the parallel ageing of the workforce. Currently approximately one third of Australian employees are aged between 45 and 64.

Some industries are ageing more rapidly than others with education reporting the highest proportion of employees aged over 45 (47%). This is followed by health and community services (42%) and electricity, gas and water supply (41%).

The extent to which any given industry is ageing more or less rapidly than the average depends on a number of factors. First, those industries experiencing more pronounced trends in ageing tend to be those which require higher skill levels. Second, the relative proportion of older workers in any given industry will be influenced by the extent to which young people are attracted to, and entering the profession. Third, the number and proportion of mature workers will also depend on the perceived relative incentives to retire early.

Within the 45 to 64 age group, unemployment tends to be relatively low however for those who are unemployed the period of unemployment is longer and it is reportedly more difficult to re-enter the labourforce. Hidden unemployment is a particular problem in the older age group which experiences a far higher proportion of potential workers becoming discouraged and dropping out of the labourforce altogether.

Knowing the numbers behind mature age employment trends describes the current ageing of the workforce. To get a fuller picture of the mature age labour force it is important to also understand how employers respond to older employees.

This paper on organisational reactions to mature age employees should be read in conjunction with Participating Productively which discusses

the issue of mature age employment from an individual perspective.

### The Issues

The research commissioned by the National Seniors Productive Ageing Centre focussed on three key aims:

1. To identify how to increase the participation of mature workers in the labour market;
2. To identify barriers to participation; and
3. To identify the costs and benefits, price and non-price, of engaging mature workers.

From an employer perspective the third aim is clearly the most important. Before any meaningful programs can be developed and implemented to increase the participation of mature workers, organisations need to know whether or not this will act to their perceived benefit or detriment.

### The Survey

Data for this study was collected via an anonymous mail out questionnaire which was specially designed for this study.

The six section questionnaire covered the following issues and topics:

- Description of the organisation;
- Internal policies relating to the employment, retention and/or training of mature employees;
- Pre-retirement planning assistance provided by the organisation;
- The organisation's perceptions of, and attitudes towards older workers;
- The organisation's practices with respect to older workers;
- How the organisation perceives its mature employees feel about the organisation; and
- Any programs or policies used by the organisation to recruit and retain mature age employees.

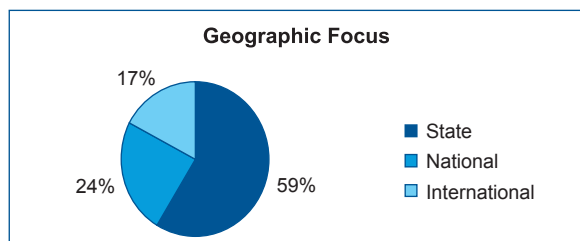
## Responding Organisations

To ensure that the information from this study was relevant and gave an accurate picture of the working environment of mature age workers, care was taken in the selection of eligible organisations to be included in the survey.

The sample involved state based, national and international organisations. A third of the sample was government organisations of which five were Commonwealth departments and the remainder were state based. The remaining non government organisations were selected using the S&P Global Industry Classification Standard (GICS) with four companies drawn from each of the ten industry groupings.

A total of 60 organisations were identified for inclusion in the study of which 38 or 63% responded. The size of the organisation varied from 4 to 10,000 employees with an average of 1,855 staff.

In terms of location, most organisations were state based however organisations which operate at a national and international level were also well represented.



The following table summarizes the key characteristics of the responding organisations.

Characteristic	Percentage
<i>Sector</i>	
Government	22.6
Non government	77.4
<i>Age Distribution</i>	
Employees 50-64	26.5
Employees 65+	2.66

While the respondent organisations had a slightly lower than expected proportion of mature workers based on the overall labour force proportions (26.5% compared to 32%) the 45 to 64 age group was well represented.

Overall the diversity of the organisations provided a good overview of the range of activities being undertaken in Australian industry with respect to the employment and retention of mature age workers.

### Style of Mature Worker Policies

From an individual worker perspective NSPAC research previously found that work satisfaction and the likelihood of exiting the work force early was related, in part, to the existence of organisational policies and programs which specifically address the changing needs of older employees.

To get a better idea of what different organisations are doing to meet the needs of mature employees, a new scale to categorize was developed for this survey. Employers were also asked whether or not the policies were applied at all levels of the organisation.

The scale consisted of seven different questions, each of which was measured on a 7 point scale. Each end of the scale represented opposing

Questions addressed aspects of the programs such as whether they were formally or informally implemented, reactive or proactive and to what extent workers are actually using these initiatives.

Total possible scores could vary from 7 to 49. The lower the score the more actively the organisation was endeavoring to meet the needs of mature workers through the proactive implementation of programs.

Amongst the organisations surveyed there was a distinct lack of planning for the ageing of the workforce. Less than a fifth of organisations (16.1%) had developed specific policies aimed at mature workers. Of those that did indicate that they had policies in place, these tended to be fairly weak in formulation and implementation. Further only a small number of employees were reported to take advantage of the options which were in place.

Of particular concern to those mature workers who have left the labourforce for any reason whether this is as a result of being made redundant or a trial early retirement less than 10% of employers reporting actively recruiting mature employees. Of equal concern is the fact that only one of the organisations surveyed had allocated any budget to the training of mature workers.

### Description of Mature Worker Policies

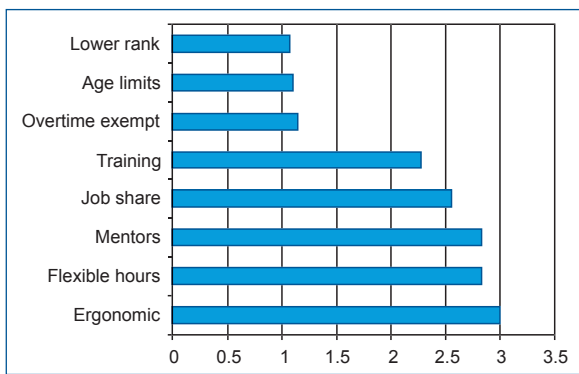
Although from this study it appears that employers are reactive in their approach to the ageing of the workforce, the projected numbers of mature workers combined with an anticipated skills shortage in key areas, means that the issue must be addressed.

The big question facing employers is what appropriate organisational policies should be implemented?

Respondents to this study were given a list of 12 different options that could assist in the employment and retention of older employees and asked to indicate on a scale of 1 (not at all) to 5 (to a very large extent) the degree to which each was provided to staff.

These policies ranged from providing increased flexibility, such as part time early retirement or provision for additional leave through to changed job role provisions such as reducing the rank of older workers and allowing them to operate as mentors for younger employees.

“ Currently approximately one third of Australian employees are aged between 45 and 64. ”



As is evident from the preceding graph, the top 5 policies or programs organisations claimed to offer were:

- Ergonomic measures
- Flexible working hours
- Mature workers as mentors
- Job sharing opportunities and
- Training programs for mature workers.

There is a discrepancy in the finding that training programs made the top 5 of programs on offer yet only one organisation reported having a targeted program of mature worker training. This is most likely due to the fact that while firms are not developing age specific programs, existing training is available to all age groups.

Organisations were least likely to reduce mature workers to a lower rank, impose age limits for irregular work or exempt mature workers from overtime.

Keeping these results in context, the maximum average score for providing a policy was 3.0 with the implementation of ergonomically safe practices. On the measurement scale provided in the survey, this corresponds exactly to the category “to a small extent”. All five of the most common policies sit between the categories of 2, “to a very small extent” and 3, “to a small extent”.

### Attitudes Towards Mature Workers

Clearly there is a gap between the demographic trend of the ageing of the work force and the actions of Australian employers. To date few appear to be actively developing programs to maximize the value of the productive resource of mature and experienced employees.

While there may be a many reasons for this, attitude usually precedes action. It is interesting, therefore, to examine what perceptions, both positive and negative, employers hold of mature age workers as well as what they perceive to be the benefits and costs of employing mature workers.

Unlike other elements of the survey which were highly structured and which offered limited options for responses, employers were simply asked what they saw the benefits and costs of employing older workers.

As a result a relatively large number of different responses were received. In total 19 benefits of employing mature workers were received along

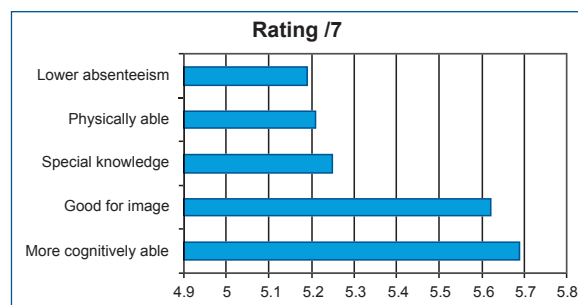
with 18 costs. The primary responses in each category were as follows:

#### Perceived Benefits of Mature Age Employees:

- Experience
- Knowledge
- Ability to mentor younger staff
- Commitment and
- Stronger work ethic.

#### Perceived Costs of Mature Age Employees:

- Higher ongoing costs (ie sick and annual leave benefits);
- Resistance to organisational change;
- Opportunity cost of losing potential long term employees in favour of those with limited time left in the workforce;
- Lack of adaptability in relation to training and technology; and
- Need for more sophisticated training and study options.



Respondents were also given a list of mature age worker stereotypes and asked to rate their agreement with the statements on a scale of 1 to 7. Overall the view presented of mature workers.

While the views of organisations towards their older employees were generally positive, tension often arises when there is a mismatch between how people are seen, and how they see themselves.

Interestingly, when asked the same question, mature aged workers only rated two of same stereotypes in their self perceived top 5. These were that older workers had lower rates of absenteeism and that they possessed special task knowledge.

In contrast, the older workers considered themselves more reliable, more conscientious and more mature in their handling of issues.

The points of greatest difference however arose in the following areas

- productivity relative to younger workers,
- co-operation,
- reliability and
- ability to handle crises.

Overall the study reported that the different organisations surveyed had a fairly positive view of mature aged workers however despite this, the participation levels of workers aged 50 plus was below the national expectations.

Given that most organisations have a strong focus on costs, and getting value from employees, the combined perceptions of the higher on going

“ Education and better communication could assist in bridging this gap between employers and mature aged employees...”

costs of employing older workers plus the belief that they are less productive than their younger co-workers may help to account for any discrepancies between the apparent beliefs of the organisations surveyed and their practices.

The effective ongoing participation of mature aged employees will only occur if these differences of opinion can be resolved.

### Implications for Policy

Based on the evidence gathered in this study there appears to be a clear distinction between what employees claim to feel about mature aged workers, and what they are actually doing to retain them in the workplace. Consequently the significant economic and social resource represented by the experience and potential contribution of mature aged workers is being lost.

Of particular interest in the study is the comparison between what mature aged workers believe about themselves and how they are perceived by employers. Education and better communication could assist in bridging this gap between employers and mature aged employees and potentially result in higher retention rates of the 50 plus age group in the labourforce.

The relatively narrow range of options available to mature age workers gives little choice to individuals who may wish to maintain some labourforce participation throughout their 50s and 60s. With the increasing numbers of mature age workers in all industries, it is imperative that employers take a more flexible and innovative approach to retention to maximize the value of the contribution of the older worker.

## National Seniors Productive Ageing Centre

National Seniors Productive Ageing Centre (NSPAC) was established by National Seniors in 2002, in partnership with the Australian Government Department of Health and Ageing and the University of the Sunshine Coast.

The Centre's annual program consists of consumer research and policy forums, cross-sectoral research collaborations, development of productive ageing research products and innovative use of a range of media to disseminate research widely.

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National Seniors Productive Ageing Centre for consistency with the National Seniors membership base uses the term 'senior' to describe an individual aged 50 years and over.

