Designing Professional Development for the Knowledge Era

The Ageing Workforce – to Rewire or Rust

A Think Piece prepared by Robert Critchley for ICVET – (TAFE NSW International Centre for Vocational Education and Training Teaching and Learning)

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As an author, he penned his globally acclaimed book “Rewired, Rehired, or Retired?” – which focuses on enhancing the quality of peoples’ lives and ensuring they fulfil their desired potential. His last book titled “DOING NOTHING IS NOT AN OPTION – Facing the Imminent Labor Crisis” was released in early 2005. It develops the concept of creating a winning workplace by tapping the talents of the ageing workforce and creating flexible work practices to maximise organisational performance. His new book “Rewire or Rust” is due for release in mid 2006.

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The Ageing Workforce –
To Rewire or Rust

By Robert K. Critchley
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For the Boomers in their 40s and 50s, the “R” word most often heard is RETIREMENT”. What is retirement? Retiring from what.......? Life?!

We are very fortunate to be living in a time when we have the potential to live longer lives than our parents and grandparents. We are now living healthier lifestyles, eating better, exercising, experiencing great breakthroughs in medical technology, have more savings, learning continuously, and have many options for activities in our spare time. As a result, our life expectancy is now into the 80s and continuing to increase.

Reality of the Changing Workforce Demographics

Consider the impact of the following Australian statistics:

- By the early 2020s, the number of people retiring will exceed those entering the labour force. During the decade of the 2020s, the working population is projected to increase by just 125,000, compared with an annual increase of 170,000 at present (i).
- 80 per cent of future workforce growth in the next decade will come from people older than 45 years of age (ii).
- Australians now have one of the longest life expectancies in the world. A girl born between 1997 and 1999 can expect to live to 82 years of age, and a boy born in the same period can expect to live to 76 years of age (iii).
- Fertility rates are also dropping. In 2003, the Australian fertility rate was 1.75 babies per woman—down from 3.7 babies per woman in 1961, and much less than the replacement rate of 2.1 babies that is required to maintain a stationary population (iv).
- By 2025, there will be only three people in work for every person over 65, compared with the current ratio of 6:1 (v).
- The annual employment growth rate in Australia will fall by 0.4 per cent per annum. This will cause a shortfall of 195,000 workers over the next five years (vi).
- In Australia, for every new young person entering the labour market today there are seven workers over the age of 45 available (vii).

Put simply, this is the first generation in the history of the world to reach their 50s largely unscathed from war, disease, or famine! Even more amazing is that two-thirds of all people who have ever lived beyond 65 are alive today.
Yet, we are “retiring” earlier. Our parents worked until they were perhaps 65, and retired worn out, unhealthy, with very few if any savings and very limited options on how to spend the possible 5 or 10 years until they died. In 1965 average effective retirement age for women was 67 and is now 61 (for men it was 68, now 63). Now, we are seeing people “retiring” at 50 or 55, healthy and with savings, and potentially having a 25 plus year retirement period.

How are these trends impacting our workforce needs? It means that at current levels more people will leave the workforce over the next 5 years than will join, unless we increase participation levels of 45 plus workers in the labour market. Australia has one of the lowest levels in the world and to date we have not typically encouraged workers 45 plus to stay in the workforce longer. With this impending shortfall of workers, we need to consider ways to encourage [our] older workers to continue working longer, ensure they continuously learn, remain motivated to perform, and keep abreast of current developments in their field. The previously constant supply of young people to fill their shoes is drying up.

We need to also recognize that older workers are key people in ensuring the knowledge transfer to organizations and younger people is achieved effectively. Over the last decade, there have been many examples of knowledge, wisdom, and [even] the history of an organization being let go in the flight to youth by many employers – hell bent on ensuring the older workers are let go first in any downsizing or restructuring. Many of those let go have given up and left the permanent workforce prematurely and permanently.

Think of the following numbers. If a person leaves University and joins the workforce at 21 years of age, works until 55 and retires, then departs this earth at age 89, that means they spent 34 years in the workforce, and 34 years enjoying a so-called retirement. The dilemma is not only what you do with that retirement, the other issue is that because we are all living longer, we will need to work longer to fund the quality of retirement we want to have for a potentially longer period.

From the above it can be seen there is a big challenge ahead for all of us, as organizations and as individuals, to re-think the way we live and work.

Overcoming Ingrained Prejudices

There are many ingrained prejudices associated with employing older workers. These barriers need to be overcome—whether they are real or perhaps perceived. Diversity of skills and experience in a workforce can provide competitive advantages. Organisations need to free themselves of such biases in order to obtain and retain the best talent from the available pool of potential workers.

Stereotypes abound. Such assertions are frequently baseless, but older workers are sometimes assumed to be:

- More rigid, less open-minded and set in their ways
- Risk averse, suspicious of change and at times taking the most conservative view without assessing the risk/reward equation
Focused on the past, rather than the future, for inspiration and proof of past success

Fearful of new technology and not interested in continuous learning

Seeking rewards for loyalty, not performance.

Older Workers Bring Value

In reality, the stereotypes are in the minority as older workers have a lot to offer. Employers have much to gain by recognising and understanding the attributes of older workers, such as:

- **A wider skills base** from working in a variety of different jobs or roles and under different economic scenarios

- **Broader experience** as a result of having worked in different industries, employers, roles within an organization, geographic locations and economic cycles

- **Wisdom** is acquired partly from living longer and perhaps having made mistakes over time (and learning from them). More importantly, it is due to a sense of *Déjà vu* that occurs where there may be a recollection of having undertaken a similar experience in the past and the person is able to draw on the messages learned and apply them to solving a challenge when the situation reoccurs. It is a very valuable skill that is often dismissed and underrated.

- **A solid work ethic** developed from the habit of committing to working in a consistent and methodical manner

- **Flexibility** because of their wider experience; they are not as easily upset as others if their job role does not follow the script perfectly

- **Financial confidence** from savings accumulated throughout their career, allowing them the ability to speak their mind and take action more confidently

- **Reliability and dependability**—the evidence of which being fewer sick days, which reduce costs and the subsequent impact on productivity

- **Loyalty to employer**, which can be demonstrated by a stable career that spans many years and which means savings in recruitment and training costs.

All of these skills can be combined to ensure older workers can provide support to younger workers in areas such as coaching, mentoring, facilitating, trouble-shooting, and as consultants. If the full potential of the older workers is to be maximised, then employers must develop an open and positive attitude, as well as implementing appropriate human resource policies and practices that encourage, appreciate and support diversity and continuous learning and development.
For employers, the message is clear:

- Recognise that most jobs are not manual today and older workers are capable of filling most roles into their 60s and beyond.
- Older workers have many great attributes including reliability, experience, wisdom, less sick days.
- Older workers are capable of learning new concepts and technology.
- Create a flexible workforce so people can work ideal hours to suit their career/life balance goals and still make a very valuable contribution.
- Recognise there are many other potential employees capable of making great contributions, including people who have been out of the workforce for a long time, disabled people, disadvantaged people and people with language difficulties.

The fastest growing portion of the workforce over the next 10 years will be the 45 plus worker, and within that females are the main segment, some having been out of the workforce for a long time and needing employers to be prepared to re-train them. Unfortunately not all have the patience. The payback will be huge with a likely great work ethic, commitment, and loyalty. After all, many of these women have been maintaining the business of raising a family, running a household etc. without constant reinforcement of their self esteem. They just had to do it!

Within this environment, we need to also recognise the significant skills shortages occurring in some industries, and ensure we do not stifle the careers of young people who may become frustrated. This is why within this changing environment, the “oldies” can’t all stick around in the top jobs and need to make way for the young. To phase into a part time role at 60 or 65 may ensure a career is extended, fulfillment is greater, and life expectancy enhanced enabling the older worker to act as a mentor to younger people and speed up their development. They will also be clearing the way for young people to continue developing.

**Tips for the Different Generations Working Together**

Older and younger workers need to get along and have mutual respect to ensure a productive and engaged working environment. Consider the following tips to help you:

**Managing Older Workers**

When team leaders are faced with the responsibility of managing older members within their workforce, it will be useful for them to understand the numerous challenges that may be encountered.

1. **Communicate Performance Measurements**

   Older workers have worked in an era where hard work and long service were rewarded with subsequent promotions up the career ladder. In comparison, younger leaders are more focused on performance rather than hours worked or tenure. Younger leaders and older workers will need to find common ground, with the former helping the latter to make the transition to the performance-based reward and recognition culture of today’s workplaces.
2 Nothing Beats Experience
No matter what the qualifications of a leader in their mid-to-late 20s/early 30s, they cannot claim to have the hands-on experience of older employees. Young leaders should recognise that an older worker’s wisdom comes from the “school of hard knocks” and from having made mistakes and learning from them over the years.

3 Speak The Lingo
The differences between the younger and older generations are particularly pronounced concerning communication styles. Older generations place importance on the formality of written communication, whereas younger generations are much more comfortable with an informal email. It may be necessary to compromise and perhaps develop a “business casual” communication style as an effective middle ground.

4 Who’s The Boss?
While older generations are accustomed to hierarchy and bureaucracy, younger leaders tend to shun power structures and may hesitate in enforcing authority. Past mentalities have very much been “what the boss says goes”, with a ‘top-down’ management style, whereas younger leaders tend to be very flexible with their authority and expect that assignments will be completed without any pushing.

5 A Casual Attitude
A lack of formality and casual dressing can have a varied impact on different generations. For older generations, a casual look can be seen as an abolition of workplace professionalism and a temptation for productivity decline. For younger workers, formal business attire may be too stuffy and confining. Again, flexibility and compromise is usually the key for younger leaders, such as keeping casual work attire for one day, i.e. ‘casual Friday’.

For young leaders in the position of managing older workers, their recognising and addressing the differences between generations will bring about an understanding that if there is compromise, then issues can be resolved and their impact on workplace productivity can be minimised. Diversity is critical for organisations competing in today’s global marketplace to be successful.

Managing Younger Workers

Some older workers wrongly view their younger work associates as being lazy with a poor work ethic when, in fact, they just have a different attitude towards work.

1 Communicate Experience Effectively
Many older workers who possess a strong knowledge base squander it by the way in which they communicate to younger people. Having an attitude of “knowing it all” is the quickest way to turn off a younger worker. Older workers should share positive work values without sounding like a “know-it-all”.

2 Don’t Micromanage
Most younger workers are looking for challenging and interesting roles and enjoy being given short-term assignments where they can demonstrate their creativity. Leaders usually get the best
results from younger staff when they set parameters for the task and then allow creative freedom rather than micromanaging them.

3 Career Development
Increasingly, younger workers are focusing on their own individual career goals rather than leaning on job security and their employers to provide opportunities. Consequently, organisations should address their workers’ on-going career development to entice them into continued employment.

4 Offer Flexibility
Younger workers are often more productive if they are given the opportunity to work in a flexible way outside the traditional rules and regulations. In their pursuit of a work/life balance, many younger workers enjoy the opportunity to work from home as well as taking leave to pursue personal goals. To effectively manage younger workers, it is advantageous to appreciate what inspires them.

5 Let Them Make Mistakes
By allowing more flexibility in the workplace, there are fewer limitations on younger workers, which, in turn, provide them with more freedom to come up with creative solutions. Leaders need to ensure they communicate goals and parameters clearly and then allow their younger workers to come up with a solution. This may mean they make a few mistakes along the way. However, if leaders monitor and give feedback, then they provide their staff with great opportunities to learn and grow.

To Wear Out or Rust Out?

For the people in their 40s and 50s, you need to decide whether you want to ‘wear out’ or ‘rust out.’ Rewire yourself to enjoy both work and life. Some messages to you are:

- Develop a Life Plan, regardless of your age but importantly if you are thinking of retiring within the next five years. Involve your partner if you have one to ensure both [of you] have the opportunity to provide input and maximise the chances of having an enjoyable life.

- Determine if you have enough savings for a 25 years plus retirement and don’t worry about the kids’ inheritance, they can look after themselves.

- Recognise your skills are transferable even if you have worked in one industry for a long time. Think about your sustainable employability.

- Take control of your life and recognise the only person who controls your career is you. Your employer can’t as they cannot guarantee their own existence.

- Consider flexible career options depending on your circumstances.
• Perhaps take a downshift in your career and work less hours, have less stress, less pay and remain in the workforce longer. Men have to let go of their egos and think about quality of life. Women generally are much more together in this area!

Think of your career as shaped like a bell curve, where you may move up the corporate ladder (left side) until your 40s or 50s and then move down the right side of the bell to a reduced role or part time, seasonal, job sharing role perhaps working 50-60% of the time until you are well into your 60s or beyond, and having a great work/life balance.

The bi-product is you will probably be a nicer person to live with, you will have more fun, you will be passionate and make a greater contribution to your employer and you will probably live a lot longer.

(i) 50+: Age Can Work, A business guide for supporting older workers, Business Council of Australia, August 2003
(iii) National Strategy for an Ageing Australia, An Older Australia, Challenges and Opportunities for all, The Hon Kevin Andrews MP, Minister for Ageing, 2002
(v) Save Australia – keep working, Sherrill Nixon, Sydney Morning Herald, 28 August 2003
(vi) Workforce Tomorrow: Adapting to a more diverse Australian labour market, Department of Employment and Workplace Relations, 2005
(vii) Australian Bureau of Statistics, Cat 32222.0 Economy, January 2001