THE HUMAN RESOURCE COSTS AND BENEFITS OF MAINTAINING AN AGE-BALANCED WORKFORCE
Australian Employers Convention 2001
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INTRODUCTION

This report documents the findings of research commissioned by the Australian Employers Convention, undertaken by Dr Libby Brooke of the Lincoln Centre for Gerontology, La Trobe University, Melbourne Australia.

The Australian Employers Convention (AEC) was established in 1999 by Jobs East, the Area Consultative Committee for Melbourne’s east, to promote the benefits of an age balanced workforce to business across Australia.

The AEC draws on the available international literature and undertakes Australian based research to develop information products and resources for Australian business. Thereby, assisting business to understand the current trends that are resulting in the de-skilling and displacement of workers as they age and the business challenges presented by the ageing demographic of the population and the associated labour market.

There have been few international studies, which quantify the bottom line net human resource benefits of workers aged 45, and over, to employers. Major international research agencies, including the Centre for European Working and Living Conditions, the Geneva Association, Age Concern in the United Kingdom and key researchers in the United States, acknowledge the importance of providing information about bottom line human resource costs to support the case for the proactive recruitment and retention of workers aged 45 and over.

AIMS

The overall aim of this project is to investigate the human resource costs and benefits to business of employing an age-balanced workforce. While there is no standard definition of the age at which a worker is ‘older’, 45 and over has been conventionally used by the United Nations and World Health Organisation. The Australian Bureau of Statistics classifies people aged 45 and over as ‘older jobseekers’.

Specific aims are to:

• compare the costs and benefits of workers aged 45 with the rest of the workforce, aged 44 and under in order to produce a dollar estimate of net costs and benefits; and

• review existing myths and assumptions and age-related stereotypes of the human resource costs of workers aged 45 and over to employers.

2 The U.S. in 2020: Workers aged 45 and over (Recommendation, 1980), (No 162) defined workers aged 45 and over as all workers who are liable to encounter difficulties in employment and occupation because of advancement in age. This has been applied to workers over 45 years of age by the World Health Organization (1959), Aging and working capacity. Report of a WHO Working Group, Geneva. 9-10
OVERVIEW OF RESEARCH APPROACH

The research approach incorporates demographic analyses, analyses of human resource costs and benefits and qualitative methods, comprised of interviews and a focus group discussion with recruitment consultants. A literature review of Australian and overseas studies of the benefits (costed and uncosted) of workers aged 45 and over was also undertaken.

Stages of the Analysis

The analysis was carried out in three stages:

- In **Stage 1**, patterns of labour force participation of workers aged 45 and over were compared with workers aged 16-44 using data collected by the ABS (Australian Bureau of Statistics) and Victorian WorkCover. Ratios, which compared labour force participation patterns of workers aged 45 and over to those aged 44 and under were developed.

- In **Stage 2**, fixed and variable human resource costs to employers of workers aged 45 and over were analysed using the Australian Human Resource Benchmarking Report 1999 Edition.\(^5\) The Report contains national cost benchmarks on human resource practices across all industry sectors (education, electricity, gas and water, finance, manufacturing and transport, public service and services) and is based on responses from 187 companies and 484,070 employees. The Australian Human Resources Institute (AHRI) uses the study as baseline human resource data. These human resource costs were applied to the ratios of workers, aged 45 and over, compared to those aged 44 and under, developed in Stage 1.

- In **Stage 3**, the net human resource benefits were calculated by adding together the benefits minus the costs of workers aged 45 and over compared to those aged 44 and under.

It is noted that costs used in the study are an average estimate qualified by many factors identified during the course of the analysis. The ratios are similarly based on aggregated demographic data that reflect underlying compositional effects, which can change.\(^6\)

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Variables Discussed

The human resource costs of people aged 45 and over can be broken down into a number of components. Costs can be classified into fixed costs (e.g.: recruitment, training and replacement costs) and variable costs (e.g.: overtime payments due to absenteeism and WorkCover payments). A range of further costs (e.g.: materials, opportunity costs) have been excluded from the analysis which is confined to aspects which are costed within the HRM Consulting benchmarking study.

Variables considered in this paper affecting the net human resource benefits of maintaining an age-balanced workforce include:

- labour mobility
- recruitment
- training
- absenteeism
- work injuries

The paper includes fixed costs of labour mobility and duration of employment and variable costs of absenteeism and work injuries.

STAGE 1: DEMOGRAPHIC ANALYSIS OF WORKERS AGED 45 AND OVER COMPARED TO THE REST OF THE WORKFORCE

Labour mobility

A stereotype applied to workers aged 45 and over identified by Pickersgill et al is that workers in this age group are more likely to leave their employment than workers aged 44 and under as they intend to retire early.

The labour mobility of workers aged 45 and over and those aged 44 and under was compared using ABS data. The purpose of this comparison was to investigate whether workers aged 45 and over remain longer with an employer than workers aged 44 and under. Mobility is a major cost factor, particularly in relation to the human resource costs associated with the replacement of workers as they leave.

Labour mobility is surveyed annually by the ABS and is defined as changing employer, business or locality over a 12-month period. It includes people in part-time or full-time positions who may leave employment over this period. The comparison shows that workers aged 45 and over are 2.6 times less likely to have left their jobs in the preceding 12 months than workers aged 44 and under. (See Table 1).
Workers aged 45 and over are most likely to have left their jobs because they have been retrenched, not because they retire early.9

Table 1: Labour mobility by age and sex

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Percentage Mobility by Total Age Group (N)</th>
</tr>
</thead>
<tbody>
<tr>
<td>15-19</td>
<td>20-24</td>
</tr>
<tr>
<td>Females</td>
<td>17.3</td>
</tr>
<tr>
<td>Males</td>
<td>17.9</td>
</tr>
<tr>
<td>25-29</td>
<td>24.4</td>
</tr>
<tr>
<td>30-34</td>
<td>25.2</td>
</tr>
<tr>
<td>35-39</td>
<td>38.2</td>
</tr>
<tr>
<td>40-44</td>
<td>38.8</td>
</tr>
<tr>
<td>45-49</td>
<td>6.1</td>
</tr>
<tr>
<td>50-54</td>
<td>4.7</td>
</tr>
<tr>
<td>55-60</td>
<td>2.1</td>
</tr>
</tbody>
</table>

Key


Discussion

These findings counter the assumption that workers aged 45 and over are likely to leave their jobs and retire early due to their age.

The retention of workers aged 45 and over contributes benefits to business by developing a more stable workforce, which reduces turnover costs. A far more stable employed workforce exists at older ages, reflecting a lower desire or willingness to move amongst workers aged 45 or constraints on their mobility.

- Overseas research has shown that many companies suffer from high staff turnover, especially in retail and administrative positions, these studies have also found that mature employees offer stability. A United Kingdom case study conducted in Scottish and Newcastle breweries confirms that the tenure of an average 50 year old employee was 10 years, which was higher than that for employees below 50. Sainsbury have solved some of its retention and continuity problems through the targeted recruitment of mature people.10

- The United States case study of Days Inn call centre, McNaught and Barth (1992)11 found striking differences in retention between workers aged 44 and under and those aged 45 and over. In 1987, after one year, 87% of workers aged 45 and over who had completed training as opposed to 30% of workers aged 44 and under were still at Days Inn. Although the costs of recruiting and hiring are the same for each person hired, the costs for workers aged 45 and over are lower when annualised over a longer period of employment.

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Maintaining an age-balanced workforce can be an effective strategy to provide ongoing skills and knowledge as well as continuity during periods of organisational change. The focus group of recruitment consultants considered that the retention of workers aged 45 and over who carry corporate memory and practical ‘know how’ can assist organisations undergoing transitions such as downsizing and restructuring. Their contribution was seen as vital to organisational survival within a changing period of downsizing and restructuring of work.  

**Expected age of retirement**

A common assumption regarding workers aged 45 and over is that they are not worth the investment of time and training as they are likely to retire. ABS data counters this assumption and shows that close to half of workers aged 45 plus (45%) intend to remain in the workforce until 65-69.  

This duration of employment may constitute a potential 20 year investment in human resources for an employer who trains a worker aged 45 and over. A substantial proportion, around a third of workers (30%), also intend to retire between 60 and 64.  

These retirement intentions can be contrasted with the increased labour mobility of workers aged 30-39, who remain with an employer on average for 5.8 years. There is a discrepancy between workers aged 45 and over retirement intentions and actual behaviour. Major factors affecting retirement are that workers aged 45 and over who retire early often do so due to external factors. Eighty-one percent of workers aged 45 and over gave being laid off or retrenched as their primary reason for unemployment compared with 64% of workers aged 15-44.  

**Table 2: Expected age of retirement**

<table>
<thead>
<tr>
<th>The age older persons (45+) intended to retire from full-time work</th>
</tr>
</thead>
<tbody>
<tr>
<td>65-69: 44.52%</td>
</tr>
<tr>
<td>55-59: 28.47%</td>
</tr>
<tr>
<td>50-54: 15.04%</td>
</tr>
<tr>
<td>45-49: 6.34%</td>
</tr>
<tr>
<td>75+: 2.11%</td>
</tr>
</tbody>
</table>

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Discussion

The trend to early retirement, which typified employment patterns from post war to the early 1990s is fluctuating.

The participation rate for males aged 65-69 in 1978/1979 was 17.3%; this decreased to 13.3% in 1989/1989, and increased to 19.3% in 1998/1999. The participation rate of males aged 70 plus has fallen from 7.5% in 1978/1979 and will remain constant around 5.7% from 1998/1999 to 2058.

In most Australian states, compulsory retirement has been abolished and there are provisions against age discrimination in employment through equal opportunity legislation. A 1999 Melbourne Institute study carried out by Dawkins et al showed that downsizing targeting workers aged 45 and over was viewed by employees to be poor business practice, particularly in the public sector. In the United States, companies are advocating phased retirement to retain workers aged 45 and over to support the abolition of mandatory retirement.

European Union countries are reversing the trend of early, induced retirement of previous decades by putting specific policies in place. The Geneva Association Four Pillars Research Program advocates gradual retirement as a substitute for early retirement as the Fourth Pillar, which supplements pillars from pensions (the First Pillar), occupational pensions (the Second Pillar) and private insurance (the Third Pillar).

- Many UK companies have removed age as the main criterion for redundancy selection. Scottish and Newcastle breweries recognise that while redundancy leads to short term savings, it can have longer-term cost implications, such as increased stress and uncertainty and sickness among remaining staff or the expense of retraining or recruiting new staff.

Duration of employment

Duration of employment (defined as the number of weeks/years a person has been with an employer) statistics are collected in the 12 monthly ABS annual Labour Mobility survey of full and part-time employees conducted each year. The ABS data shows that workers aged 45 and over on average remained in employment for 11.4 years compared with 4.8 years for workers aged 44 and under.

The ratio of duration of employment of workers aged 45 is 2.4 times greater than for those aged 44 and under.

The ratio at younger ages is qualified by factors such as the limited time period that a 15-19 year old could be in the workforce. The data shows that workers aged 35-39 and 40-44 stay in their jobs for almost half the period of time of workers aged 60 and over.

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19 ABS Cat No 6209.0: Labour Mobility February 1998.
Workers aged 45 and over’ longer duration of employment may be related to a culture of loyalty to a single employer, a reason that emerged strongly in the focus group of recruitment consultants. The recruitment consultants contrasted this common generational perspective with the work related culture of workers aged 44 and under, who they viewed as more ‘opportunistic’ and self-interested. The recruitment consultants also viewed fear of age discrimination impacting on alternate employment opportunities as a factor that limited the labour mobility of the over 45 age group.

Table 3: Duration of employment by age

<table>
<thead>
<tr>
<th>Age Group</th>
<th>No Labour Mobility</th>
</tr>
</thead>
<tbody>
<tr>
<td>16-19</td>
<td>1.4</td>
</tr>
<tr>
<td>20-24</td>
<td>2.2</td>
</tr>
<tr>
<td>25-29</td>
<td>3.7</td>
</tr>
<tr>
<td>30-34</td>
<td>5.4</td>
</tr>
<tr>
<td>35-39</td>
<td>6.5</td>
</tr>
<tr>
<td>40-44</td>
<td>7.8</td>
</tr>
<tr>
<td>45-49</td>
<td>9.0</td>
</tr>
<tr>
<td>50-54</td>
<td>10.3</td>
</tr>
<tr>
<td>55-59</td>
<td>11.0</td>
</tr>
<tr>
<td>60-64</td>
<td>12.0</td>
</tr>
<tr>
<td>65+</td>
<td>13.2</td>
</tr>
</tbody>
</table>

STAGE 2: ANALYSIS OF HUMAN RESOURCE COSTS AND BENEFITS

Recruitment

Costs

The HRM Consulting 1999 Human Resource Benchmarking study measures all direct costs associated with recruitment and selection. These include advertising, wages, travel and relocation costs associated with human resource staff participation on selection panels. The median recruitment cost factor was affected by factors such as type of recruitment, external (versus internal), recruitment rate, organisation initiated turnover, expense factor, days to fill and days to start.22

The 1999 HRM median recruitment cost factor is $1017

The ratio of the duration of employment between workers aged 45 and over to those aged 44 and under will be used in Stage 2 to calculate the comparative human resource costs of workers in each age group.

This ratio is an average estimate, which varies between industries and organisations and is used as an indicative multiplier of costs and benefits.

RECRUITMENT BENEFITS OF AN OLDER WORKER

- A worker aged 45 or over is 2.4 times more likely to remain in his/her current employment than the rest of the workforce.

- The cost of recruitment multiplied by the ratio of employment duration for workers aged 45 and over and the rest of the workforce = $1017 x 2.4 = $2441

- Recruitment benefits estimates are: $2441 (for the rest of the workforce) - $1017 (for workers aged 45 and over) = $1424

Estimated net recruitment benefits of a worker aged 45 or over = $1424

Training

Costs

Typical costs include facilities and equipment, remuneration for external trainers, travel and accommodation, formal off-the-job training, fees for approved courses of study and reimbursement of the cost of books and materials.

Factors affecting the median cost of training are the internal recruitment rate, absence rates, employee-initiated turnover and the overall effectiveness of the organisation in taking advantage of the training.\(^{23}\) There are vast differences in training costs across occupations and levels. The HRM median estimate for training is high in the finance sector and lower in services, electricity, gas and water sectors.

Training costs are qualified by a range of factors, for example, workers aged 44 and under have higher educational levels and access to training. ABS data \(^{24}\) shows that firms prefer to invest training resources in workers 44 years and under rather than those aged 45 and over to create promotional and career opportunities.

Training investments in workers aged 45 and over may accrue over time as the comparative mobility of workers aged 44 and under reduces the ability of the firm to capitalise on training investments. Workers aged 45 and over exposure to accumulated training over time can add value to an organisation's knowledge base. However, access to training for workers aged 45 and over can be affected by many factors, such as organisational support and opportunities for training and career progression. Training participation can also be related to the expectations of workers aged 45 and their willingness to self-nominate for training.

\(^{23}\) HRM Consulting (1999), p.402
\(^{24}\) ABS Cat 6279.Education and Training Experience Australia 1997.
The HRM 1999 All Industry median estimate for training investment per employee is $705.

- An older worker is 2.4 times more likely to remain in his/her current employment than the rest of the workforce over one year.
- The cost of training multiplied by this ratio, $705 \times 2.4 = $1692 (for the rest of the workforce).
- Training cost estimates are: $1692 (for the rest of the workforce) - $705 (for workers aged 45 and over) = $987 over a year.
- Estimated net benefits of an older worker in training per year = $987.

The variable costs of absenteeism and work injuries were calculated.

**Absenteeism**

ABS data was used to compare the incidence of absenteeism of workers aged 45 and over to workers 44 and under. The measure is based on the number of days of unscheduled absence leave for all workers (full and part-time). It was based on unpublished ABS data\(^{16}\) reporting findings of a survey of working arrangements over a two-week period. This figure was multiplied by 260 working days to calculate the average incidence of absence over a working year.

According to this analysis, workers aged 45 and over took 10.40 days of unscheduled absence leave compared to 9.66 for those aged 44 and under. The ratio of incidence of absence by days of absence for workers aged 45 and over to those 44 and under is 1.08:1. This slightly reverses the advantages of workers aged 45 and over found in previous ratios relating to labour mobility (2.6:1) and duration of employment (2.4:1).

Again, this estimate does not take into account factors such as seasonality and school holidays. The sample of the number of days of absence over a two-week period, also contains variability, and is hence used cautiously as an indicative estimate.

\(^{16}\) ABS Cat 6342.0. Working Arrangements.. August 1997
Table 4: Average number of days absent from work over 12 month period

The average number of days absence from work by age

Costs

The costs of absence can be calculated using the unscheduled leave data from the HRM Consulting Survey. This converts sick leave into a dollar amount using average remuneration. It does not include annual leave, public holidays or any other approved scheduled leave. The measure should be treated as a very conservative dollar cost of sick leave. It represents the direct cost of sick leave during the period and does not include indirect costs such as increased training, additional overtime, lost productivity, stress on co-workers or workers compensation costs.

Sick leave costs consist of the total of direct compensation (all direct payments to employees and payroll tax); and benefits (the total cost to employers of benefits paid to employees).

It is affected by factors such as the unscheduled absence rate, employee-initiated separations, expense factors and average remuneration per employee.

The average direct cost of this unscheduled leave, which is the median HRM All Industry Dollar Value Sick Leave per Employee is $1447.

- The ratio of days of absence of workers aged 45 and over aged 45 and over to workers 44 and under is 1.08:1.
- Multiplying the ratio of days absent by the dollar value of sick leave leads to the following cost estimate: $1447 (for the rest of the workforce) - $1563 (for workers aged 45 and over) = net costs of $116 of absence of an older worker over a year.
- Estimated net costs of absence per older worker = $116

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26 HRM Consulting (1999), p.269
27 HRM Consulting (1999), p. 270
Work injuries

WorkCover Authorities collect the most comprehensive source of Australian data on work injuries and costs in each state. WorkCover data uses ten yearly age breakdowns (eg: 40-49, 50-59) and not five yearly breakdowns (eg: 40-44, 45-49) as in the ABS data. This analysis of WorkCover data applies to ‘older’ workers aged 50 and over (compared with 45 and over for the ABS data) and correspondingly weights the composition of the ratio towards this higher age range. The data used is based on claims as a proportion of all workers by age. This avoids the problem of using aggregate data on all WorkCover claims in which workers aged 44 and under are over-represented.

WorkCover payments by age per claim

The following table shows that the gradient of WorkCover payments per person increases with age. Claims rise sharply for people aged 60 and over. Although the duration of claims per person is higher for workers aged 40-49 than 50-59 and 60 and over as other Victorian WorkCover data show, the costs of workers aged 50 and over’ injuries are higher than workers aged 49 and under.

Table 5: Total payments by claims and age per person

<table>
<thead>
<tr>
<th>Payment per person ($)</th>
<th>0</th>
<th>2000.0</th>
<th>4000.0</th>
<th>6000.0</th>
<th>8000.0</th>
<th>10000.0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age Group</td>
<td>&lt;20</td>
<td>20-29</td>
<td>30-39</td>
<td>40-49</td>
<td>50-59</td>
<td>60+</td>
</tr>
<tr>
<td>Payments</td>
<td>3703.6</td>
<td>7731.3</td>
<td>7997.1</td>
<td>7775.2</td>
<td>8163.6</td>
<td>9362.1</td>
</tr>
</tbody>
</table>

Key

The ratio of average WorkCover payments to workers aged 50 and over compared to workers aged 49 and under is 1.4:1.

Costs

The HRM Compensation and Rehabilitation costs (identified as OH&S) include compensation costs associated with complying with relevant Workers’ Compensation statutes, costs associated with compensating ill or injured employees or their families after a work related incident, rehabilitation costs of the use of any medical, psychological, social, educational and vocational services.

* Contained in detailed paper to be published.
Costs are also affected by factors such as the average lost time rate, expense factor, compensation and rehabilitation costs outlined above. The higher rate of payments for workers aged 50 and over may increase premiums, which the HRM data does not include. Data on the incidence of work injury and the incidence of financial claims are not available from WorkCover.

The 1999 HRM median OH&S Cost Factor Total is $848

- The ratio of WorkCover payments to workers 50 and over compared with those under 49 is estimated at 1.4:1.
- Multiplying the ratio of workers aged 50 and over compared with workers aged 49 and under - $848 x 1.4 = $1187. HRM Compensation and Rehabilitation costs (OH&S) of workers aged 50 and over to the rest of the workforce are: $1187 (for workers aged 50 and over) - $848 (for the rest of the workforce) = estimated net costs of $339 over a year.
- Work injury net cost estimate for an older worker = $339

STAGE 3: ESTIMATED NET COSTS AND BENEFITS OF A MATURE AGE WORKFORCE

The net human resource benefits are comprised of the sum of the benefits minus the costs of workers aged 45 and over aged 45 and over compared to the rest of the workforce aged 44 and below. The analyses showed that there were benefits for business in recruitment and training of workers aged 45 and over compared to the rest of the workforce aged 44 and below. However, slight costs in absenteeism and work injuries were found.

- ESTIMATED RECRUITMENT BENEFITS = $1424 per older worker compared to the rest of the workforce
- ESTIMATED TRAINING BENEFITS = $987 per older worker compared to the rest of the workforce

MINUS

- ESTIMATED ABSENTEEISM COSTS = $116 per older worker compared to the rest of the workforce.
- ESTIMATED WORK INJURY COSTS = $339 per older worker compared to the rest of the workforce.

ESTIMATED BENEFITS PER OLDER WORKER COMPARED TO THE REST OF THE WORKFORCE = $1956
QUALIFICATIONS TO THE STUDY FINDINGS

As discussed earlier, the ratios of workers aged 45 and over to those aged 44 and under are averages of demographic comparisons and reflect underlying compositional effects. The costing data are based on median measures across industries and are subject to the influence of dependencies identified by HRM Consulting. The cost benchmarks are conservative estimates and may underestimate net benefits of workers aged 45 and over at the higher cost end of human resource management, such as the finance sector.

The estimated average net benefits of the cost of replacing an older worker are related to the concept of maintaining an age-balanced workforce. This paper does not advocate the replacement of workers aged 44 and under with workers aged 45 and over on the basis of human resource benefits, but counters the myths that maintain barriers to realising the benefits of workers aged 45 and over.

FURTHER BENEFITS

The international literature contains case studies, which illustrate themes concerning the benefits of employing workers aged 45 and over. Although these themes are currently intangible and uncosted, these benefits may potentially be costed. Selected examples are discussed briefly. Australian case studies of organisations are currently underway which identify the uncosted benefits of workers aged 45 and over.60

Reflecting the diversity of the customer base

Targeted recruitment of workers aged 45 and over can enhance organisational capacities in service industries where customers prefer to be served by experienced staff. This has been demonstrated most strongly in case studies of retailing. However, there are many examples of successful businesses in other industries that are matching the age profile of their staff to their target markets.

In the United Kingdom, an Employers Forum on Age review of innovative practices shows that in the service sector different customer groups prefer to be served by staff which match the attribute of the customer.61 Examples are:

- In two United Kingdom (U.K) case studies (Nationwide Building Society and W.H Smith) it was discovered through market research that many of their customers preferred mature staff. Both companies adopted a combination of measures as a result, including new recruitment practices, flexible working options and modified redundancy/early retirement policies.
- In the U.K, in Marks and Spencer, half of the company’s 47,000 staff is aged 40 and over, which is above the benchmark for other companies.
- In the U.K McDonalds values older people especially in front-of-house host/hostess roles where they assist to create a family friendly environment.
- Kerns shows that Tesco in the U.K was an early organisation that pursued a deliberate strategy to recruit older women as it was perceived to be beneficial to customer service.

60 The Australian Employers Convention and this author are currently conducting case studies of four Australian companies.
In the United States McNaught and Barth (1992) show how older women working in Days Inn call centres increased the rate of reservations per call by 9%, although initially they spent more time per call. This case study illustrates cost savings which can be related to the alignment of the customer base with a preference for workers aged 45 and over.

In Australia, Patrickson and Hartmann interviewed workers aged 45 and over and employers in the retail sector. They found that older women represented a committed section of the workforce with a willingness to work either part or full time in the retail sector. Retail employers saw matching older female staff to mirror the gender and age of customers as an advantage in customer relations.

Avoidance of skill shortages

Skill gaps currently experienced by business and government have led to efforts to increase the retention of workers aged 45 and over in occupations such as education, nursing and skilled trades. As skill shortages are increasingly being exposed through projected ageing demographics, workers aged 45 and over will be increasingly required to meet the skill and labour supply needs of industry. Some examples of the benefits of workers aged 45 and over in filling skill shortages are:

- The decline in numbers of school leavers in the United Kingdom prompted McDonalds to reappraise their staffing and seek out workers aged 45 and over.
- A Greek shipping company actively retains older, skilled workers who have a history with the company. Halkor (Greece), a manufacturing company, recruits very skilled workers over the age of 55 as they have found that they could be productive immediately.
- In Italy L’Incontro cooperative developed units of older workers to work in rehabilitation with those suffering from psychiatric disabilities. This offered the advantage of offsetting the dire shortage of specialised staff in this field, particularly the nursing sector. Older age workers could also provide a highly flexible workforce while limiting service costs.

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Maintaining corporate experience

Advantages of retaining the experience and skills of workers aged 45 and over have been identified in a broad range of literature. Examples of stand alone companies in the United Kingdom which preserve experience and contract back out to companies are Ford (XR Associates), Cadbury and Prudential. As companies shed employees in order to concentrate on their core business, they increasingly are calling on outside skills for specialist services.

- Cadbury has started to re-employ recently retired sales managers on short term contracts and is sending them to Eastern Europe to provide advice on establishing confectionery operations. Cadbury uses mature employees who are deployed in the training, coaching and mentoring of less experienced staff, both at management and shop floor levels.
- Prudential confirmed that sacking workers aged 45 and over had led to some loss of product knowledge, but that more balanced practices have increased the number of managers in their 50s.
- The decline in the number of school leavers in the United Kingdom prompted McDonalds to reappraise their staffing and seek out workers aged 45 and over.
- Glaxo Welcome Pharmaceutical technicians are aged between 40 and 50, resulting in reduced turnover. The mixed age workforce enables complementary contributions of research to delivery. The company also encouraged mature appointments by placing older people (as consultants) into specialist posts that carry a grading equal in status to that of managers.

CONCLUSION

Business responses to the employment of mature age workers should take into account their demonstrated net human resource benefits. This paper counters the myth that workers aged 45 and over are not a good investment for employers as they retire early and cost more. Within an age balanced workforce, particular attributes of both workers aged 45 and over and those aged 44 and under can add value to business. The identified benefits of workers aged 45 and over can complement the age structure of human resources.

Net human resource benefits in replacement costs of workers aged 45 and over compared with workers under 44 are:

- Benefits in recruitment
- Benefits in training

Estimated benefits of $1956 per older worker compared to the rest of the workforce were found when these cost savings based on HRM Consulting costs were totalled.
Mature age employees were also identified as contributing further un-costed benefits including:

- Avoidance of skill shortages
- Increasing the diversity of the customer base
- Maintaining corporate experience

The retention of mature age workers underpins longer-term business strategies. "What corporations need to do now is to recognise the potential significance of the changing workforce and its relationship to other structural changes in the economy". Trends in globalisation, organisational downsizing and restructuring and contracting out and the ‘shamrock organisation’ phenomenon of contracting out previous functions of organisations require a flexible, experienced and skilled workforce.

In times of rapid change business also must retain core skills and experience and workers aged 45 and over can assist to preserve valuable corporate memory. Workers aged 45 and over' special contributions have been recognised in retailing and financial services. Identifying the experience and skills of workers aged 45 and over in other industries can provide further specific measures of productivity.

An age-balanced workforce makes valuable attributes and benefits available to business. Companies need to be responsive to market conditions and global business structures and link these closely to business plans that incorporate a strategic focus on the management and deployment of their human resources. The identified net human resource benefits of workers aged 45 and over show that this policy transcends human resources management to become a business imperative.

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