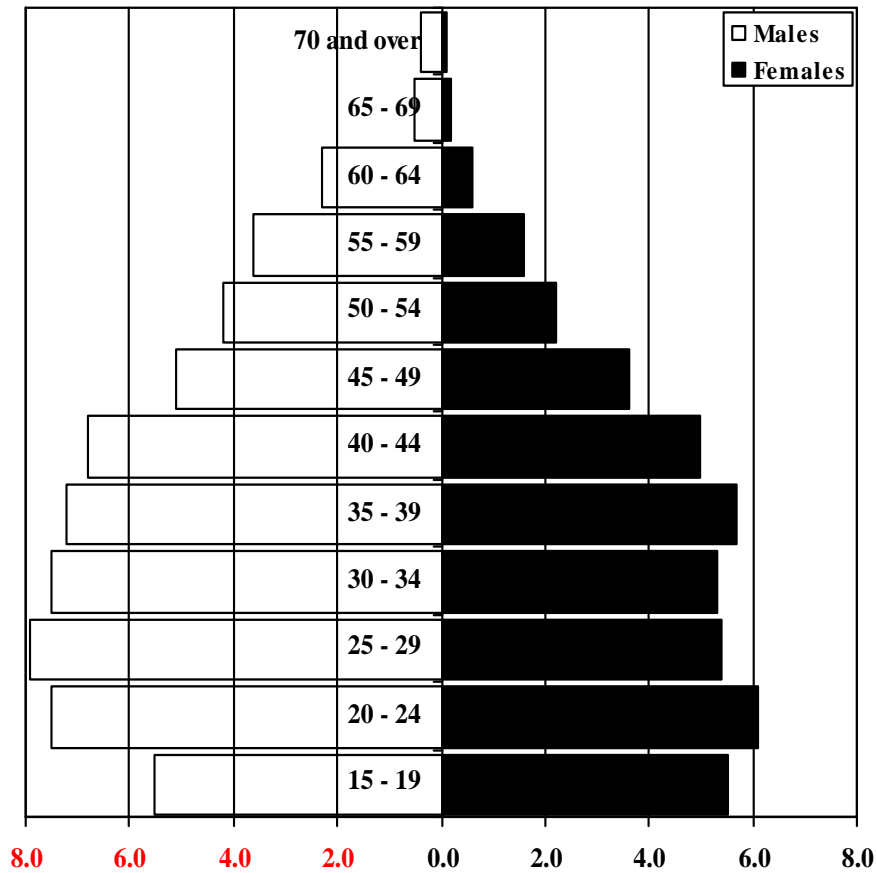


# South Australia – Workforce ageing and the workplace

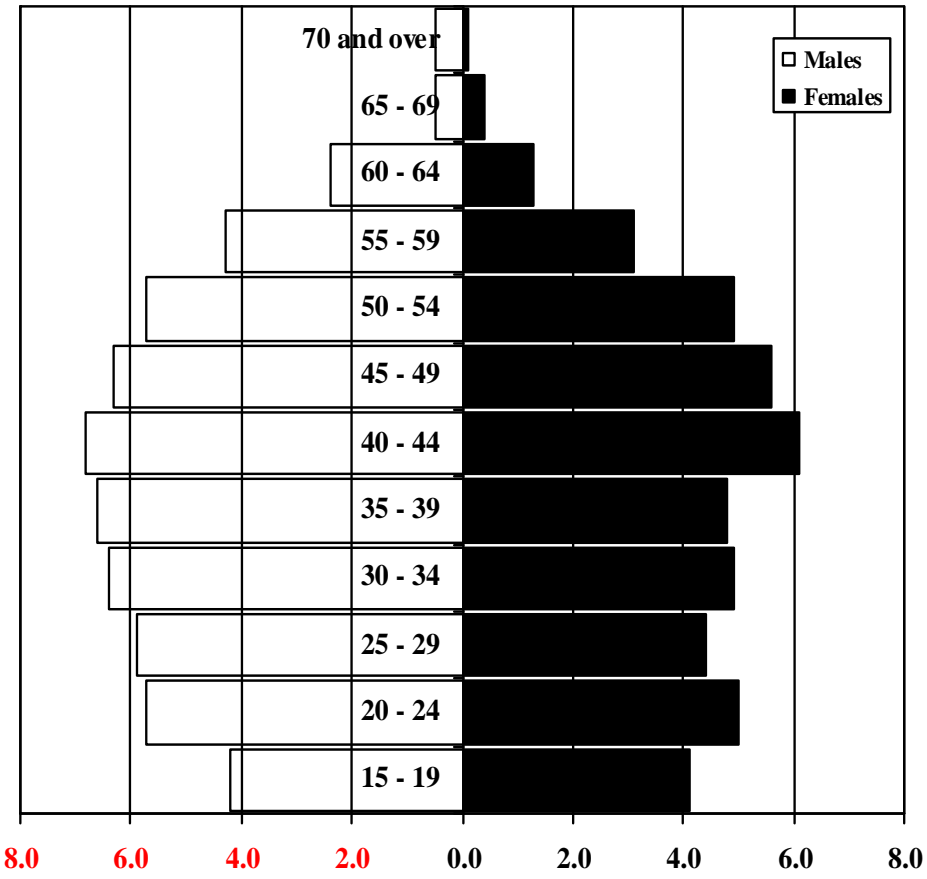
## Research Seminar The ageing workforce

Associate Professor John Spoehr,  
Dr Kate Barnett and Eric Parnis

- Some things stay the same - ageing
- Some things change - from skills shortages to unemployment?
- Can we afford to retire?
- Ageing and injury – more or less?
- The role of the workplace in the return to work.

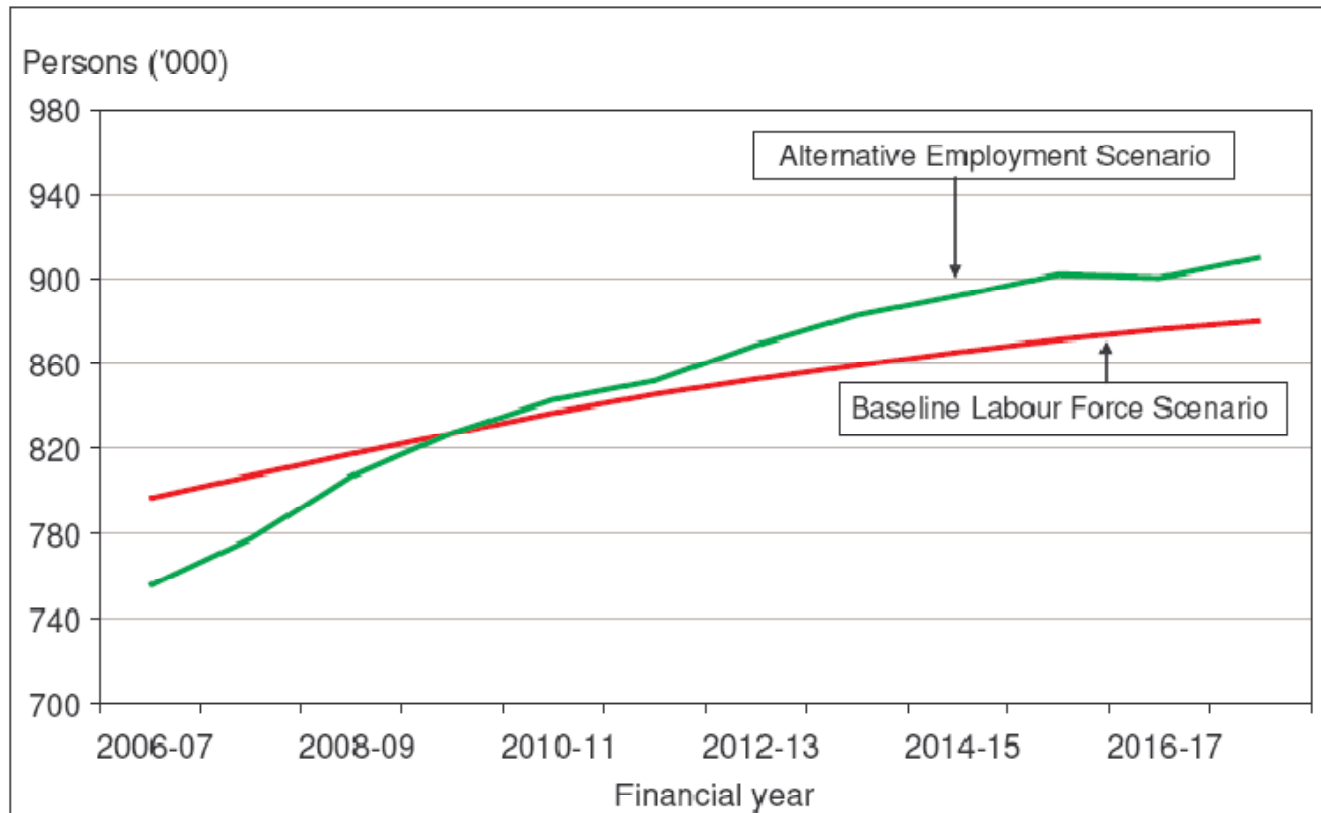


1989

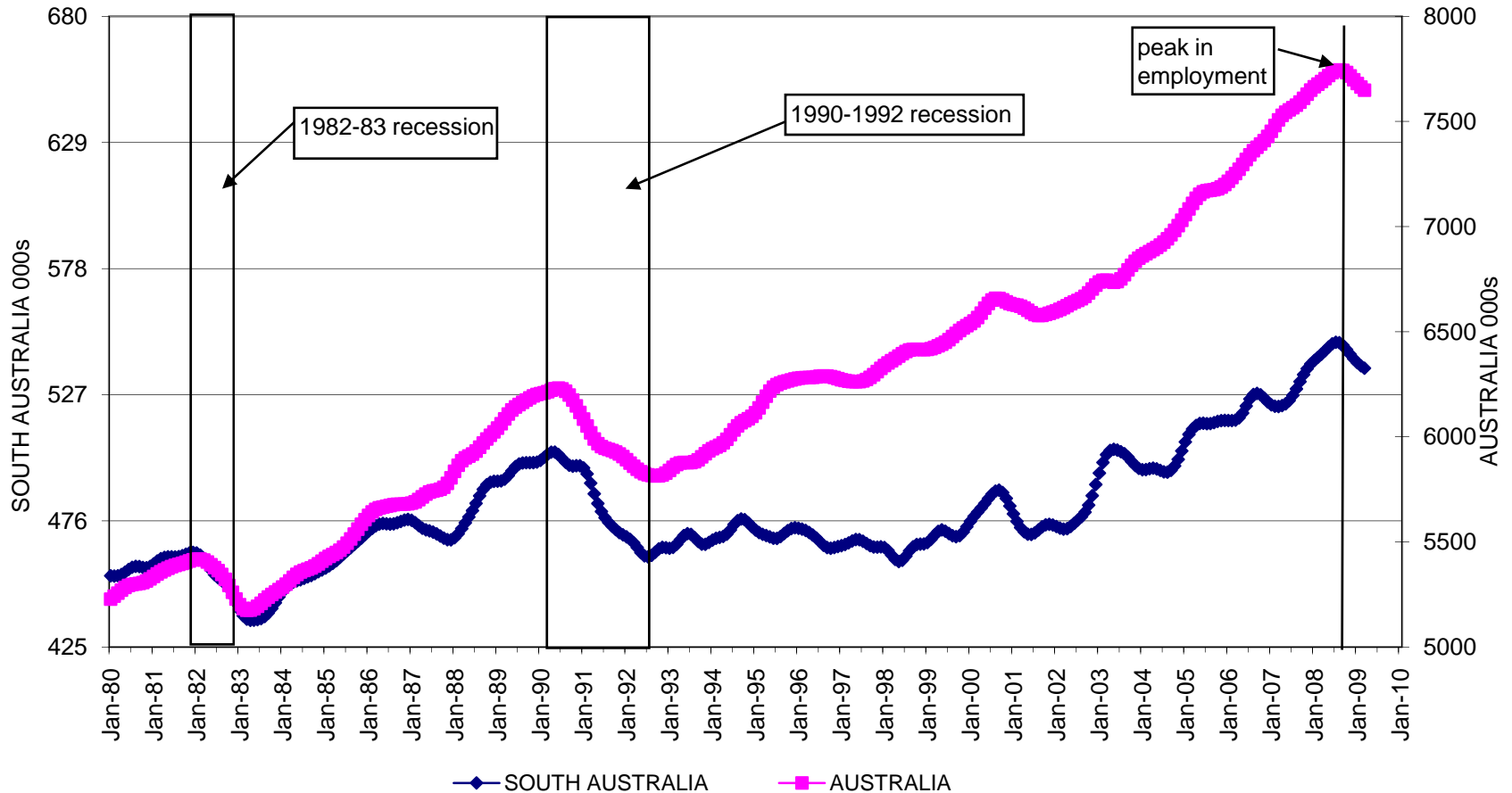


2004

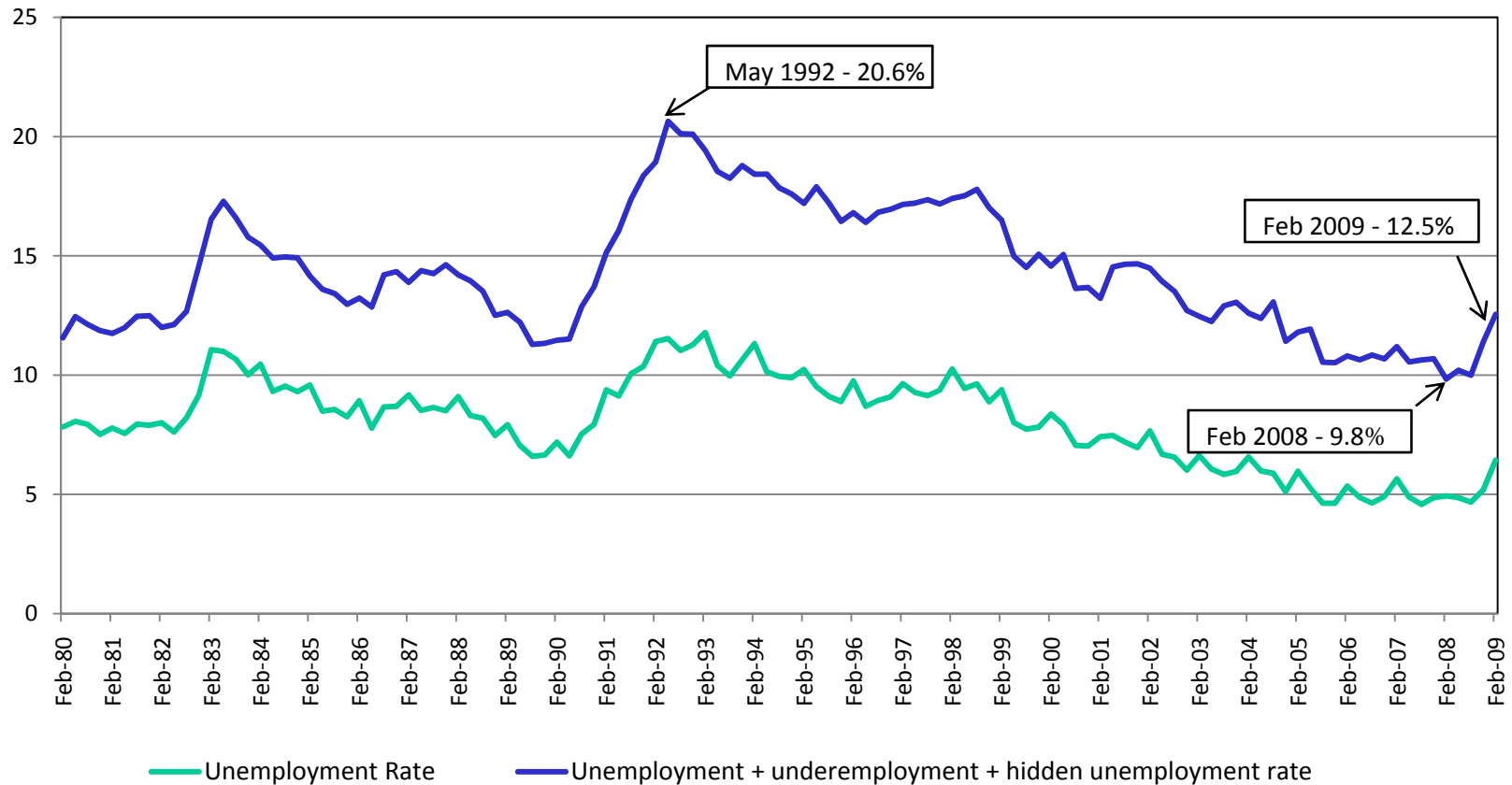
# Potential labour demand compared with current trends in labour supply, South Australia



## FULL-TIME EMPLOYMENT, AUSTRALIA AND SOUTH AUSTRALIA

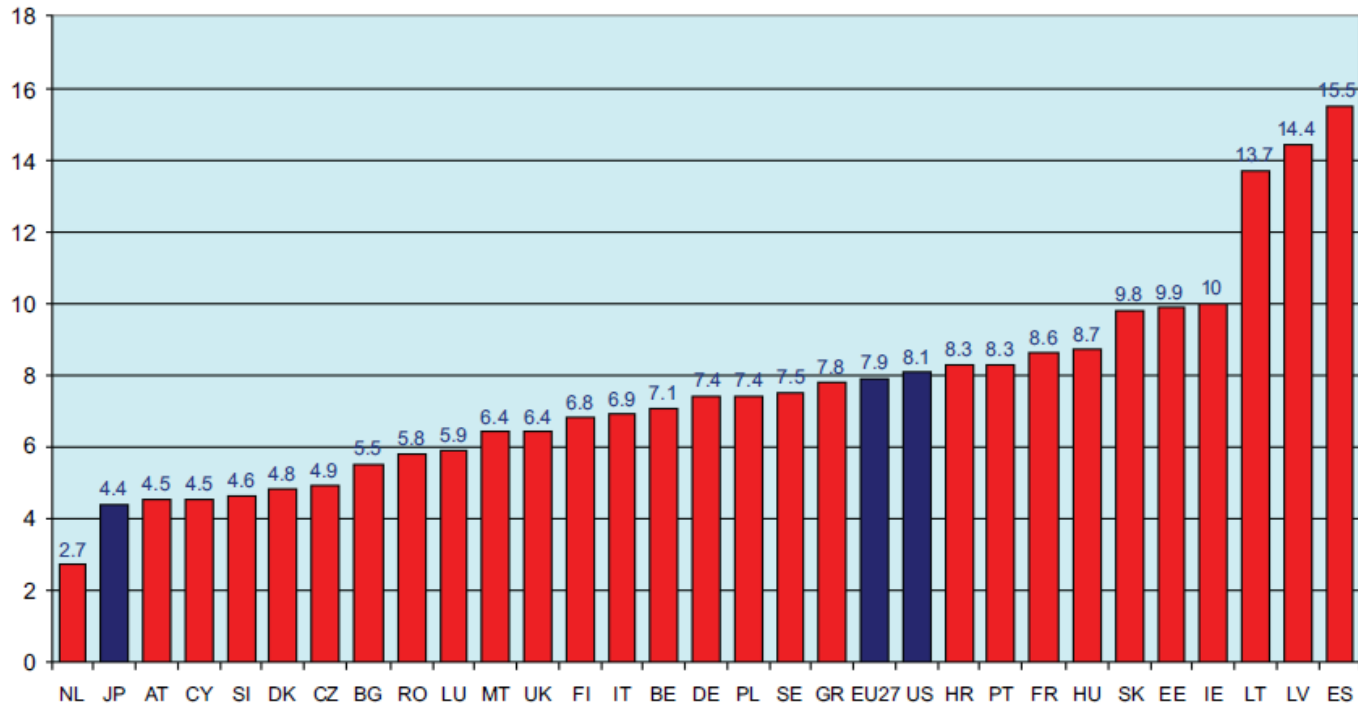


## Unemployment and labour force underutilisation rate – South Australia (%)



# Europe in Crisis

Figure 2: Seasonally adjusted unemployment rates, February 2009, %



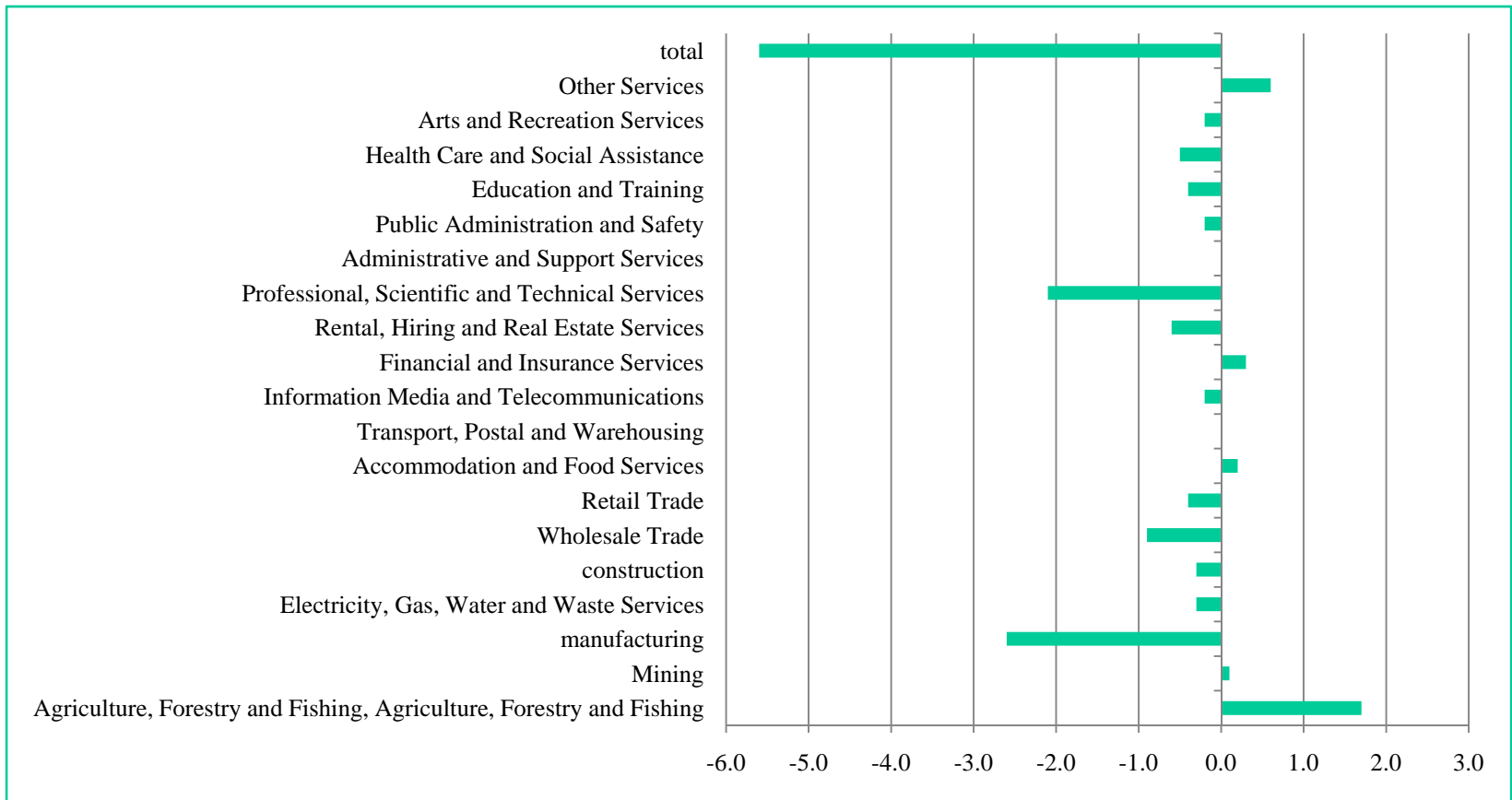
Source: Eurostat. Note: Data for GR, IT, RO, UK from December 2008.

## Unemployment – 55 and over, United States

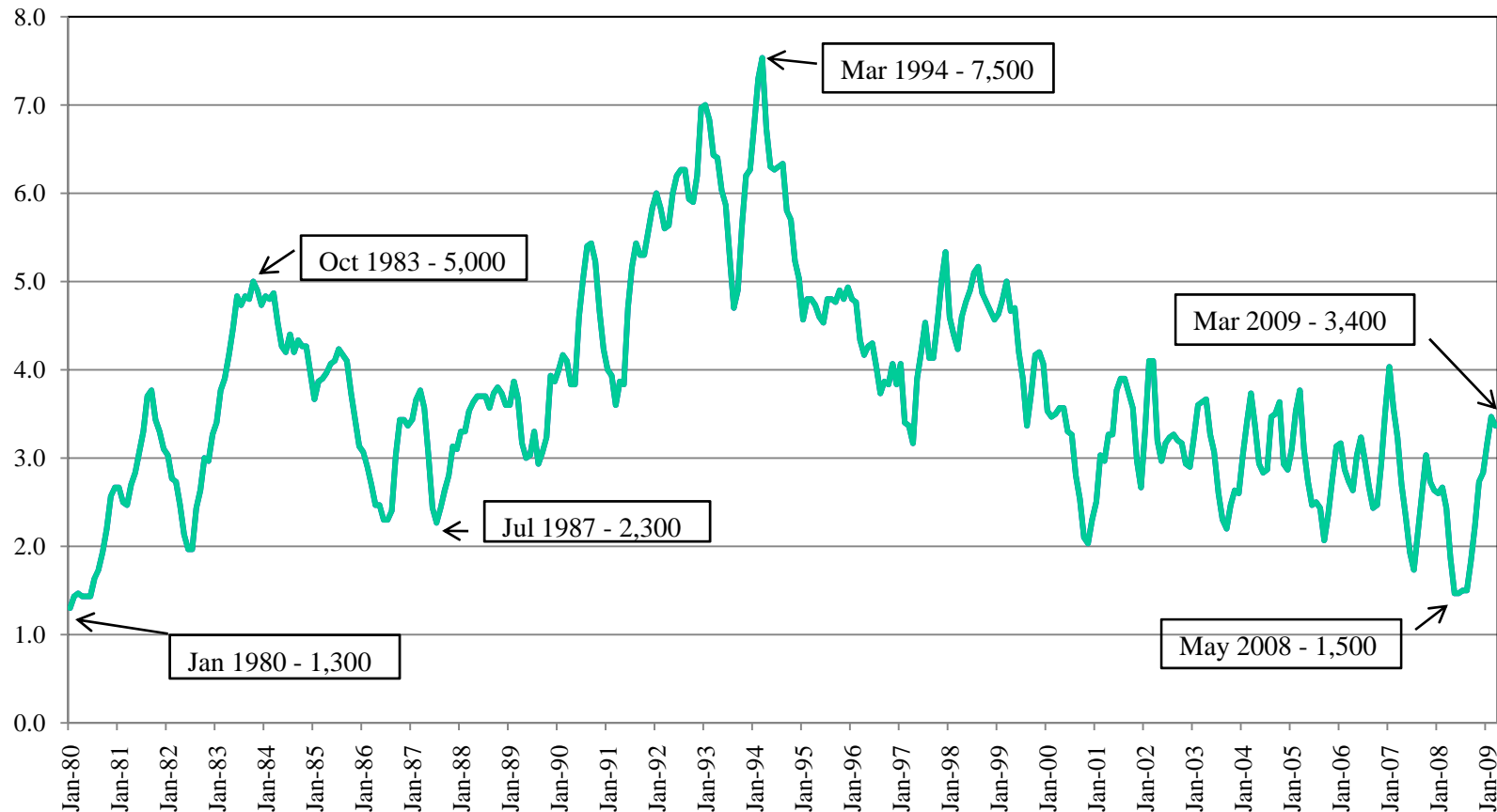


Source: <http://data.bls.gov/>

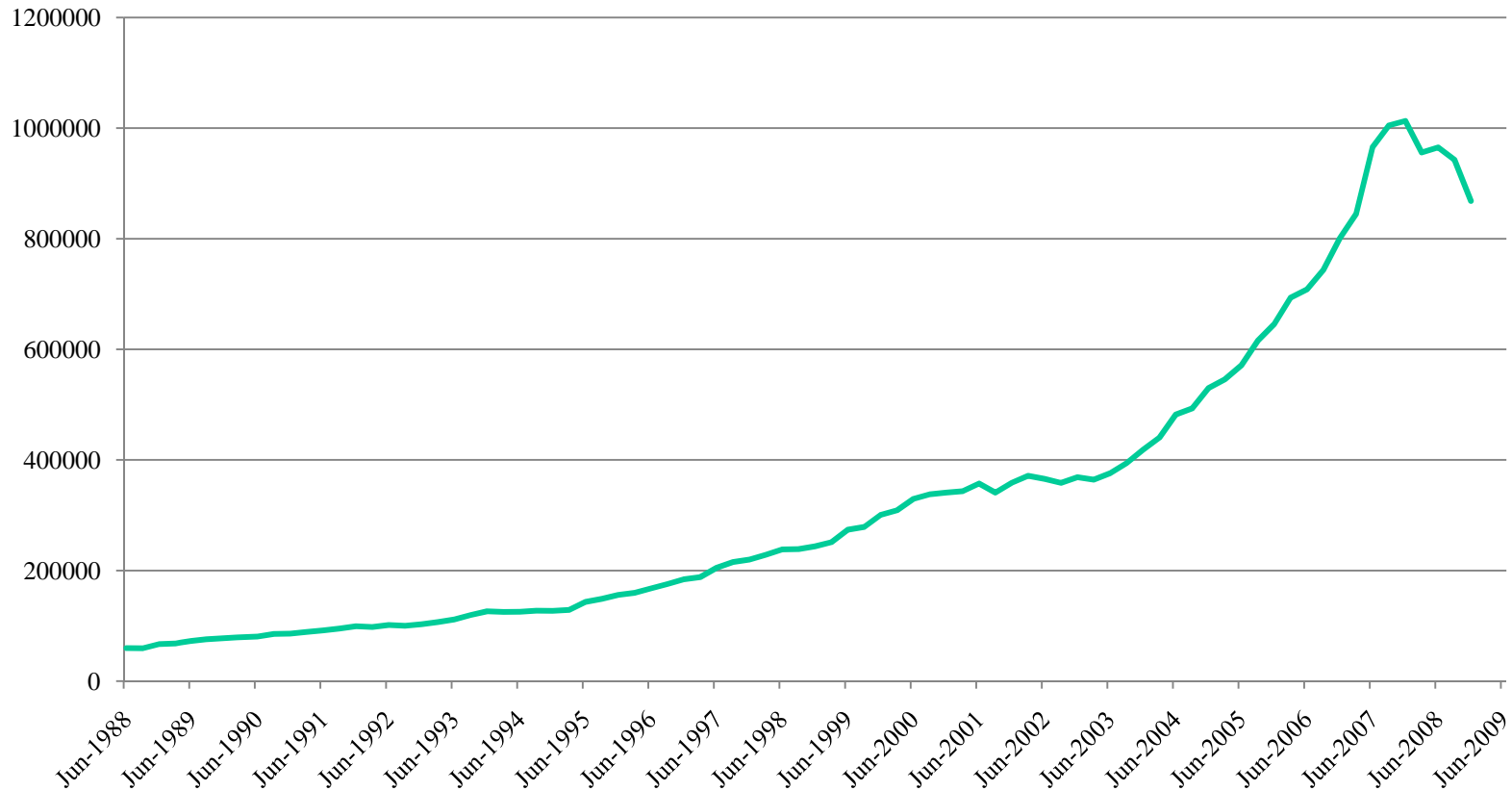
## Employment changes during 1990-92 recession – South Australia aged 55 and over (000s)



## Unemployment – 55 and over, South Australia, Moving Quarterly Averages (000s)



## Assets – Superannuation Funds – Outside Life Offices (\$ million)

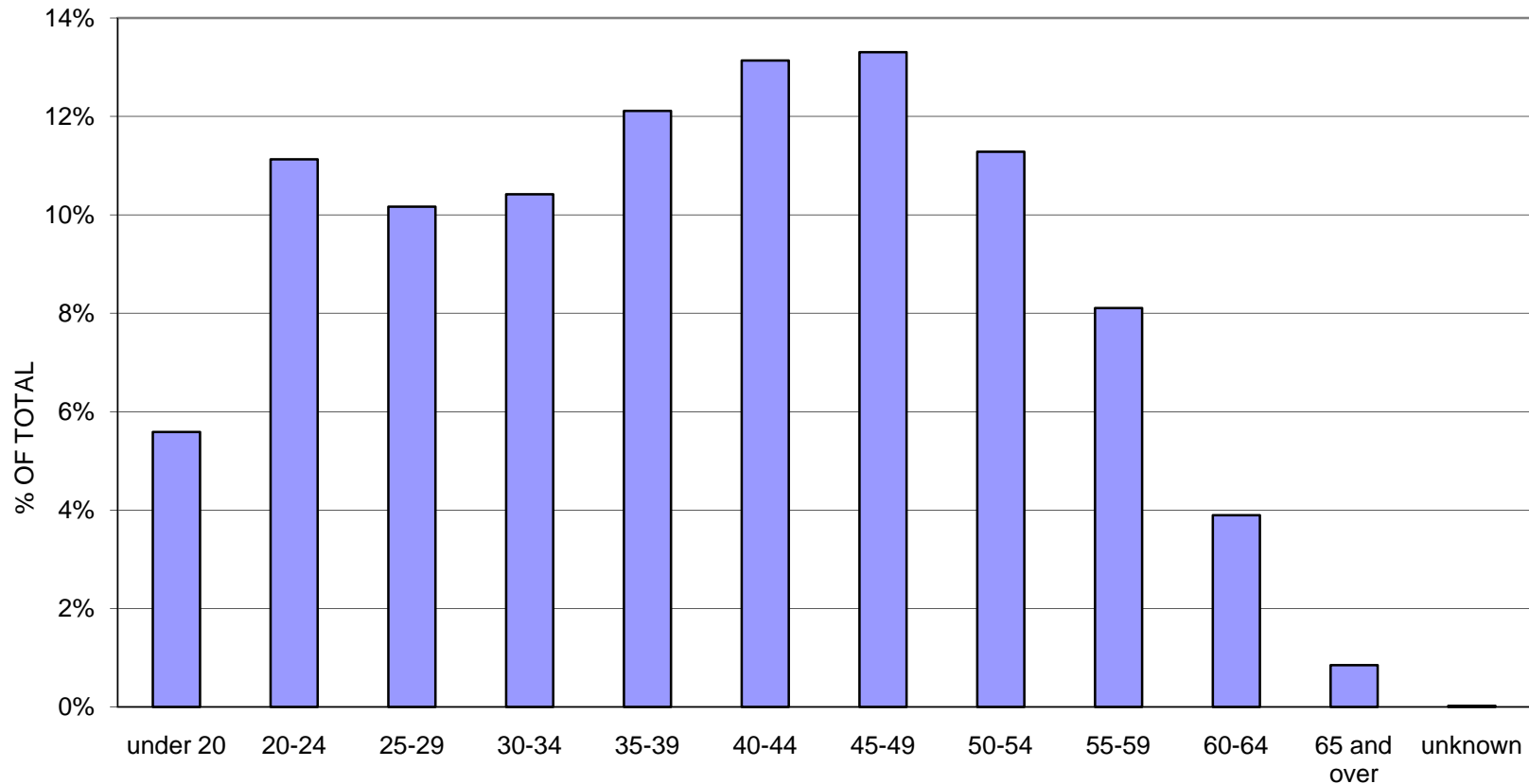


Source: RBA Statistical Bulletin Table B15

## Age and Workers Compensation: Age-based distribution of claims

- In common with national trends, there has been a decline in the number of WorkCover SA claims, and in incidence rate across all age groups.

## Age Distribution of WorkCover Claimants 2006-2007



Source: *WorkCover SA* data provided to AISR

## Age-based distribution of claims

- While the total number of claims is falling, the **distribution of claims has shifted towards older age groups**. This is consistent with the observed ageing of the workforce.
- With the ageing of the workforce expected to accelerate over the coming decade, the share of claims among older workers is likely to increase.

## Age-based distribution of claims

Comparison of the age structure of WorkCover SA claims with the age structure of the South Australian workforce in 2006 shows that –

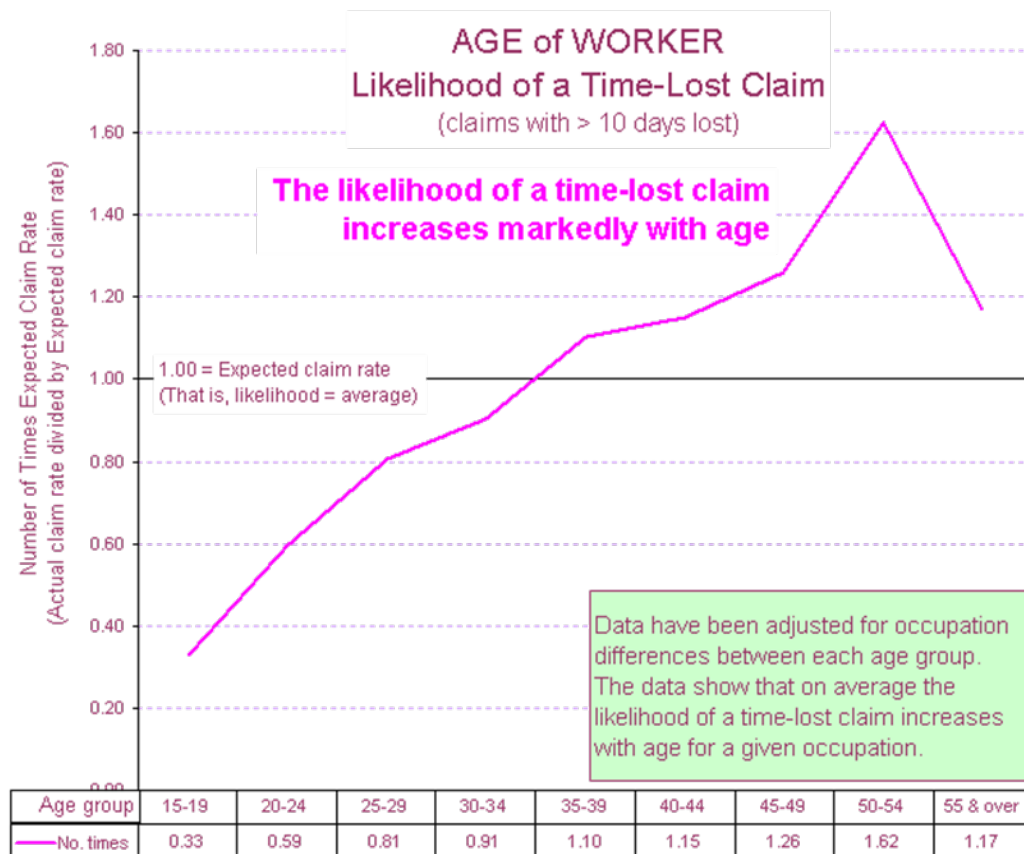
- The percentage of claims for people aged 55 and over is **lower** than their workforce representation (12.9% of claims compared with 15.8% of the workforce).
- For all age groups from 20 to 54 years, the share of WorkCover SA claims made is **greater** than their total employment share.

## Age-based distribution of claims

In order to better understand the implications of workforce ageing on *WorkCover SA* liabilities it is important to analyse claims on the basis of their –

- *duration*
- *incidence* (that is, number of compensated claims per 1,000 employees) and
- *frequency* (that is, the number of claims per million hours worked by age group).

## Duration of Claims by Age



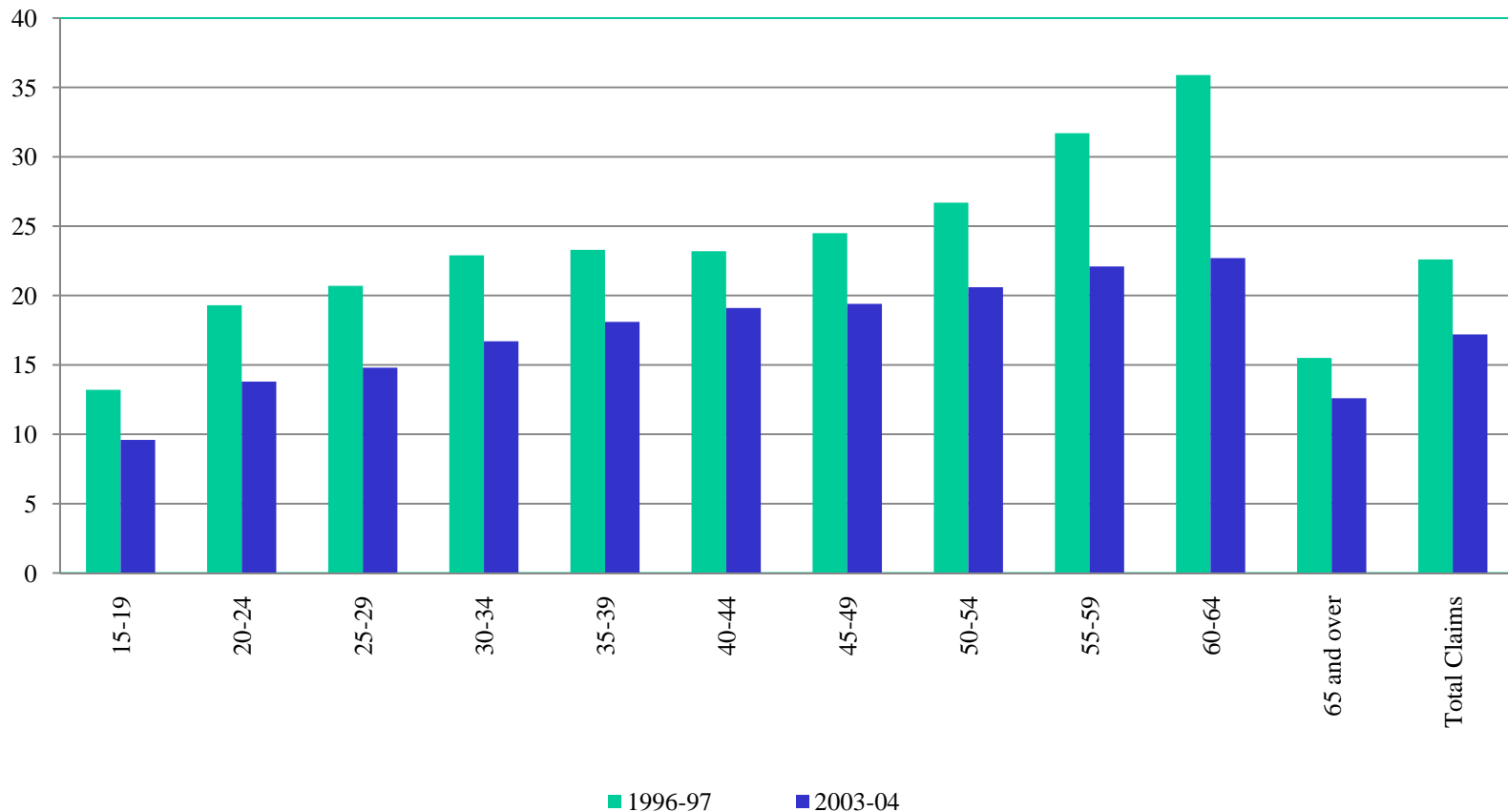
## Duration of Claims by Age

- The likelihood of a time-lost claim increases significantly with age, peaking at the 50 to 54 age group.
- Within the same occupation, older workers (particularly those aged 50-54) are more likely to have a claim than younger workers. This pattern becomes more pronounced for claims with greater than 10 days lost.

## Incidence of Claims by Age

- The impact of age on *WorkCover* claims is complex, as there are a range of factors that interact with age, making it difficult to isolate the impact of age alone.
- The number of claims can also be affected by changes in the *size and composition* of the workforce.
- Therefore, to adjust for changes over time in the number of employees in each age group, a measure called the *incidence rate* has been developed.

## National Incidence Rate (claims per 1,000 employees), 1996-97 and 2003-04



## Frequency of Claims by Age

- Another approach to analysing the relationship between age and claims involves the *frequency rate* which measures the *number of claims per million hours worked*.
- This negates differences in the proportion of workers who are employed part-time and the changes in those proportions over time.

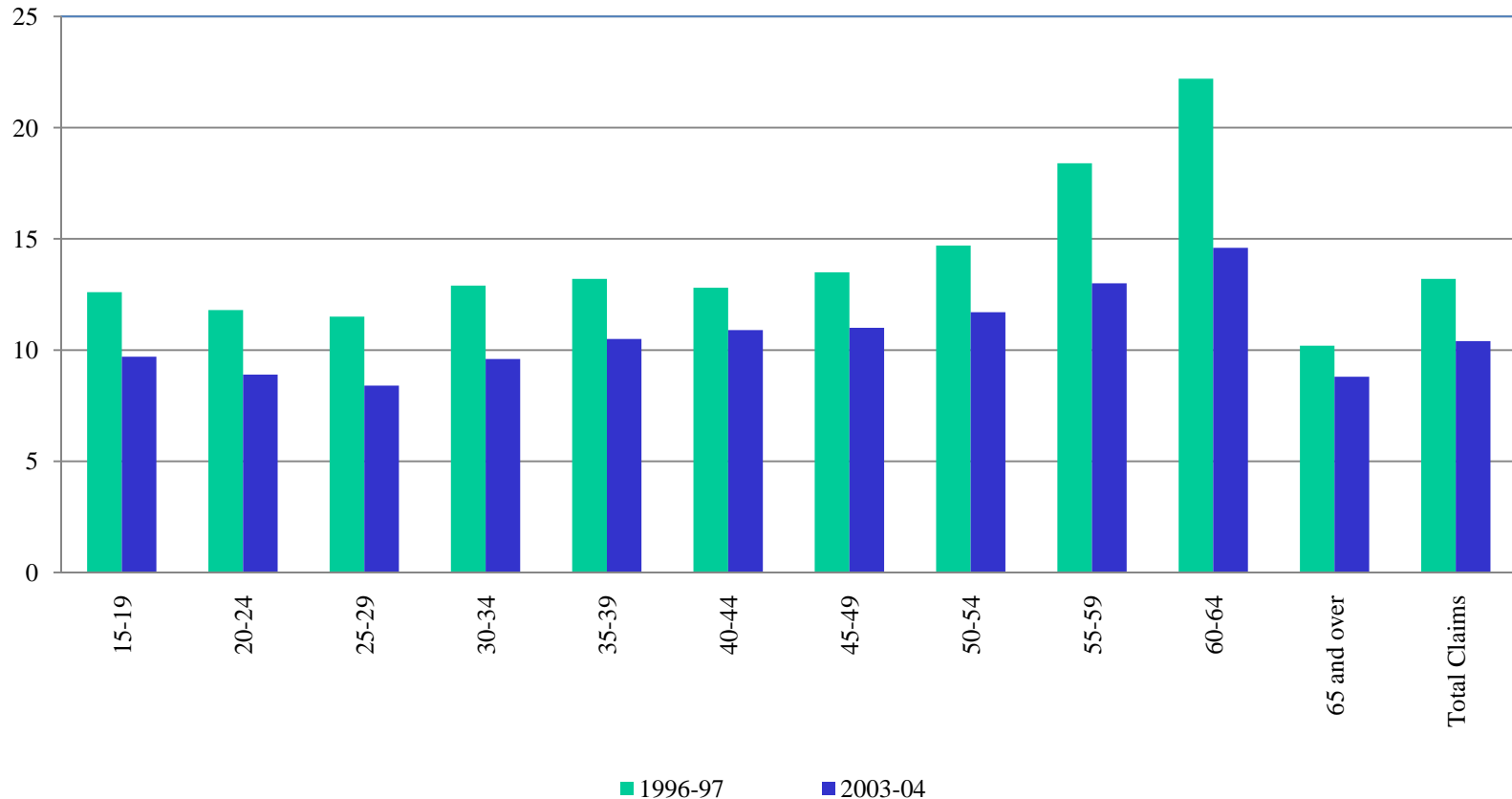
## Frequency of Claims by Age

- More generally, it eliminates the effect that differences in average hours worked by age group have on claims by age group.
- Some age groups (eg those aged 55 and over) have a noticeably greater share of part-time employment relative to other age groups.

## Age-based distribution of claims

- **Frequency**
  - Frequency rates have also declined for each age group over the past decade. Frequency rates also increase with age, but not to the extent of incidence rates. As with incidence rates, the age group with the highest frequency rates are those between 55 and 64 years.

## National Frequency rate (claims per million hours worked), 1996-97 and 2003-04



# Ageing of the Workplace

- The likelihood of liability arising from workplace illness or injury cannot easily be determined on the basis of chronological age.
- Age is one variable that is mediated by –
  1. a range of workplace factors
  2. individual health and fitness of workers and
  3. interactive effect between individual worker and their work environment.

# Overview of Research on Ageing and the Workplace

- The AISR has undertaken 2 major research studies for WorkCover SA
  1. a review of the literature on the ageing process and its workplace implications
  2. development of a *Return-to-Work Workplace Index* designed to measure workplace capacity to support timely return to work.

# Overview of Research on Ageing and the Workplace

- Focused on the findings of two literature reviews that screened research for its methodology (Harper & Marcus: 2006; Benjamin & Wilson: 2005).
- Particular attention to findings of *Seattle Longitudinal Study*, (Schaie: 1996) which has continued at seven-year intervals since 1956, and is the only three-generation research undertaken in the USA, and possibly world-wide.
- Much of the review informed by work of Finnish Institute of Occupational Health (Ilmarinen: 1995, 1999, 2001, 2005; Tuomi *et al*: 2001, 1998).

# Overview of Research on Ageing and the Workplace

- The full report will be available soon on the AISR website – [www.aisr.adelaide.edu.au](http://www.aisr.adelaide.edu.au)
- Our summary of research found that most of the negative aspects of the ageing process in the workplace can be –
  - Prevented
  - Minimised
  - Reversed or
  - Accommodated.

# Overview of Research on Ageing and the Workplace

- General conclusion is that differences in *individual performance and everyday work tasks* are greater than differences *between age groups* - reflecting differences in work experience, educational level, and profession (Ilmarinen, 2005: 126).

# Overview of Findings on Research on Ageing and the Workplace

- Older workers are a diverse group whose ageing process will vary from one individual to another.
- Chronological age is mediated by other variables, particularly health and education.
- Many of the functional changes associated with growing older can be delayed or reversed through interventions involving training.

# Overview of Findings on Research on Ageing and the Workplace

- These other variables (eg healthy lifestyles, education, health promotion, healthy workplaces) can be addressed in a proactive way which means intervening across the life course, not just during the later years.
- The workplace has a critical role to play in promoting healthy workforces and workforces whose productive ability is not age-dependent.
- Many of the workplace accommodations that address ageing-related need are of benefit to all workers, not only those who are older.

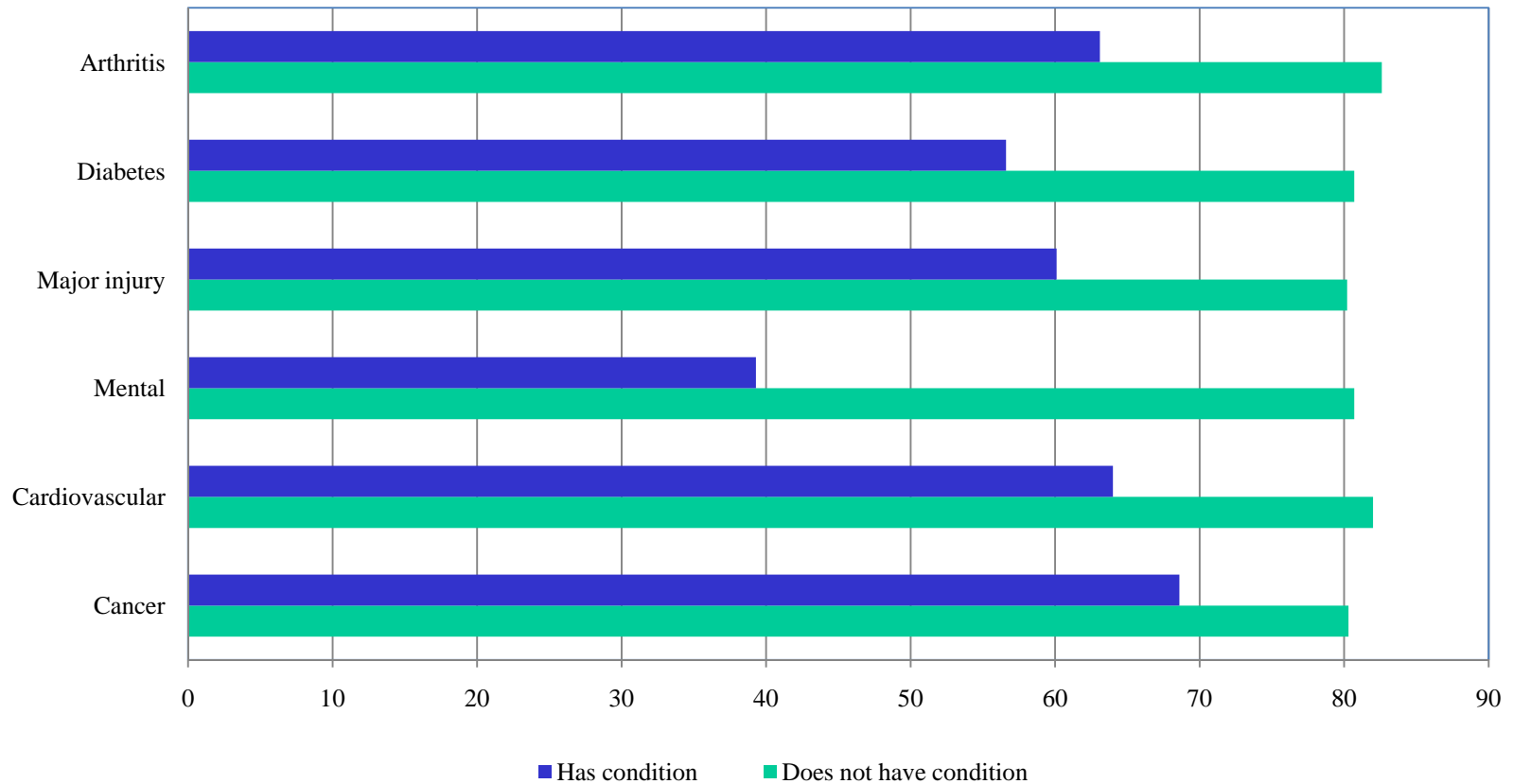
## **The Important but Undeveloped Health Promotion role of the Workplace**

- Health and Education are two key contributors to overall productivity.
- Health promotion and prevention of Illness seen as responsibility of public policy but are less effective if workplace is excluded (Ilmarinen: 1999; Comcare: 2003).

## The Important but Undeveloped Health Promotion role of the Workplace

- Rates of chronic disease and disability increase significantly with age, sometimes due to long term exposure to unhealthy workplace conditions.
- There is a key role for workplace health promotion beginning early in the life course to minimise impact of poor health promotion in older years.

## Australian labour force participation rates by health condition, 2001-2004 (%)



## Age Management in the Workplace

- As older workers are encouraged to delay retirement, workforces will have the most age-based diversity ever experienced.
- Workplaces will increasingly need to understand implications of ageing process and ensure each older worker can participate to the maximum of their capacity.

# Age Management in the Workplace

- Age management regarded by *European Foundation for the Improvement of Living and Working Conditions* (EFILWC) researchers as good practice in the employment of older workers and involves –
  - ... *establishing employment conditions for older and ageing workers that provide an environment in which each individual can achieve their full potential without being disadvantaged by their age* (Taylor, 2006: 25).

# Dimensions of Age Management

- Job recruitment
- Learning, training, and development
- Promotion and internal job changes
- Flexible working practice – in the hours of work and the offering of reduced hours
- Workplace design and health promotion – to prevent or address functional decline
- Employment exit and the transition to retirement - including phased retirement.
- Changing attitudes to ageing workers within organisations – includes addressing ageism and raising awareness about the benefits of retaining older workers (Taylor, 2006: 24).

# The Business Case for Age Management

- Age management in Australia also referred to as '*age balance*' workforce strategies
- Driven by a business case model that demonstrates the economic benefits of recruiting and retaining mature age workers.
- Significant amount of work on this by Swinburne's Business Work and Ageing team.

# Quantifying the Business Case for Age Management

- Major research project auspiced by Australian Employers Convention (2001) quantified the human resources (HR) costs and benefits to business of employing an age-balanced workforce
- (45 and over defined as 'older' worker).
- Compared HR costs and benefits of workers aged 45+ with workers aged 44 years and under.

# Quantifying the Business Case for Age Management

- 45% of workers aged 45+ intended to remain in the workforce until the age of 65-69. Therefore, represented potential 20 year investment for an employer providing training for them.
- By contrast, workers aged 30 to 39 remain with an employer for an average of 5.8 years.
- *The estimated net recruitment benefits of a worker aged 45+ = \$1424 per year, per worker.*

# Quantifying the Business Case for Age Management

- Overall, their longer duration considered to make their training a benefit for business that involved a *net benefit of \$987 per year per older worker*.
- Older workers were found to take slightly more unscheduled absence leave – 10.4 days compared to 9.66 for those aged 44 and under.
- The cost of unscheduled leave (that is, excluding sick leave or other approved forms of leave) = a *net cost of \$116 more than for the rest of the workforce, per older worker per year*.
- Costs associated with work injury were found to involve a *net cost of \$330 more per older worker per year*.

# Quantifying the Business Case for Age Management

- Conclusions drawn from this research were that older workers involved less costs than younger workers.
- Calculated to involve *total net benefit of \$1,956* compared to the rest of the workforce.

(Australian Employers Convention, 2001: 15-16).

## The Return to Work Workplace Index

- In 2008, WorkCover SA commissioned AISR to undertake research designed to increase understanding of factors in the workplace that affect the achievement of positive return-to-work outcomes.
- This included the development of a *“robust and empirical benchmark for evaluating change over time within one industry type and across various industry sectors.”*

## The Return to Work Workplace Index

- The Return-to-Work Workplace Index was piloted in the South Australian aged care sector in 2008.
- In 2009, AISR is extending the research to the manufacturing sector.

## The Return to Work Workplace Index

- Design of the *Return-to-Work Workplace Index* based on findings from a literature review that included a review of relevant research instruments, from scoping interviews with aged care providers, WorkCover SA, SafeWork SA and Employers Mutual staff.
- These clustered into a number of themes which are reflected in the subsequent construction of five sub-Indexes that involve:

## The Return to Work Workplace Index

- The conditions of the workplace.
- The degree of control or autonomy individual workers have in relation to their role and responsibilities, and in relation to how these are undertaken.
- The culture of the workplace – for example, supportiveness shown to injured or ill workers, the degree of trust, quality of communication.
- Safety in the workplace and the prevention of injury and illness.
- The way in which the workplace responds to injury or illness, including provision for return-to-work.

## The Return to Work Workplace Index

- The 5 Sub Indexes can measure achievements and challenges in individual workplaces and across industry sector, at particular point in time, and repeated over time.
- Can be used as risk management tool through early identification and management of RTW challenges.

## The Return to Work Workplace Index

- Can be used as baseline to assess impact of RTW interventions, and repeated over time.
- Using 5 point Likert Scale, managers and employees complete separate surveys that rate their workplace on a number of features for each of the 5 sub-Indexes

# The Return to Work Workplace Index

## Workplace Index – Sub Indexes

- *Index I: Workplace conditions*
- *Index III: Workplace control*
- *Index III: Workplace culture*
- *Index IV: Workplace Safety (promotion of safety and prevention of injury)*
- *Index V: Workplace Response to Injury (and illness/ facilitation of return to work)*

## The Return to Work Workplace Index

- Responses represent aggregated measures that provide a snapshot of capacity to prevent or minimise work-related injury or illness, to achieve timely and effective return-to-work (as perceived by its employees and managers) and of overall organisational climate.

## The Return to Work Workplace Index

- Further analysis involving tests of significance (for example, based on the presence or absence of a current or past workers' compensation claim, or on work setting) provides more detailed information about role of workplace in promoting health and safety and its response to injury or illness.

## The Return to Work Workplace Index

- Findings are analysed using appropriate statistical tests of significance (eg Mann-Whitney U-test). It is particularly important that this includes comparison of, those with a past or active workers' compensation claim with those with no claim history.

## The Return to Work Workplace Index and Workforce Age Management

- The *RTW Workplace Index* can be analysed on the basis of age (and a number of other demographic variables).
- There is scope to link findings from the *RTW Workplace Index* with findings from age management audits (such as those being undertaken by Swinburne's Business Work and Ageing team) using recognised instruments for this process.