

THE ECONOMIC BENEFITS OF MAINTAINING AN AGE-BALANCED WORKFORCE

Introduction

This paper reports major findings of a research project 'The economic benefits of maintaining an age-balanced workforce' commissioned by JobsEast, an Area Consultative Committee in Melbourne's East.¹ In 1998 JobsEast held a conference, 'Profiting from Maturity' which involved business, academics and policy makers. The conference identified that employers need to be convinced that there are good economic reasons for employing older workers.

There have been few international studies which cost the bottom line economic benefits of older workers to employers. Major international research agencies such as the Centre for European Working and Living Conditions, the Geneva Association, and Age Concern in the United Kingdom and key researchers in the United States² acknowledge the importance of providing bottom line costs in order to support the case for proactive recruitment and retention of older workers.

This project on the economic benefits of maintaining an age-balanced workforce research developed from understanding this gap in evidence. In 1999 the Victorian Department of Human Services funded the project on the economic benefits of maintaining an age-balanced workforce.

The economic benefits of maintaining an age-balanced workforce

The research project examines the economic implications to employers of maintaining a mature age workforce aged 45 and over.³ **It reviews existing myths and assumptions and stereotypes of the human resource costs of older workers to employers.** 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.⁴ The Australian Bureau of Statistics classifies people aged 45 and over as 'older jobseekers'.

Overview of research approach

The research approach incorporates demographic analyses, economic cost benefit analyses and qualitative methods (for example, interviews and a focus group with recruitment consultants). A literature review of Australian and overseas studies of benefits (costed and uncoded) of older workers was also carried out. The literature supplements the analysis of costs and benefits.

¹ JobsEast located at 333 Mitcham Road, Mitcham Victoria is one of 58 Area Consultative Committees funded by the Department of Employment, Workplace Relations and Small Business to undertake regional employment development.

² McNaught, W. & Barth, M.C (1992). Are older workers "Good Buys?" - A case study of Days Inns of America. *Sloan Management Review, Spring*, 53-63.

The Gerontology Program and Regional Economic Studies Institute Towson University. The National Council on the Aging Inc. Washington DC (Jan 1998). Factors influencing the use of older workers: A survey of US employers.

⁴The ILO, in its Older Workers Recommendation, 1980, (No 162) defined older workers 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 Organisation (1993). *Aging and working capacity. Report of a WHO Working Group*. Geneva. :9-10

Stages of the analysis

The analysis was carried out in three stages:

- In **Stage 1**, patterns of labour force participation of older workers (aged 45 and over) were compared with younger workforce (aged 16-44) using data collected by the ABS (Australian Bureau of Statistics) and Victorian WorkCover. Ratios which compared labour force participation patterns of older workers (aged 45 and over) to younger workers (aged 44 and under) were developed.
- In **Stage 2**, fixed and variable human resource costs to employers of older workers 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 older compared to younger workers developed in Stage 1.
- In **Stage 3**, the economic benefits were calculated by adding together the benefits minus the costs of mature age workers compared to younger workers.

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

Variables discussed

The human resource costs of a mature age workforce can be broken down into a number of components. Costs can be classified into **fixed costs** (eg: recruitment, training and replacement costs) and **variable costs** (eg: overtime payments due to absenteeism and WorkCover payments). A range of further costs (eg: materials, opportunity costs) have been excluded from the analysis which is confined to aspects which are costed within the HRM Consulting benchmarking study.⁷

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

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

⁵ HRM Consulting Pty Ltd in association with the global Saratoga network produced the Australian Human Resource Benchmarking Report 1999 Edition. HRM Consulting P.O Box 1878 Toowong Queensland, 4066. Tel: 0733719000, Fax 0733719500

⁶ Bacon's research using the Retirement Income Modelling (RIM) suggests that ratios can be misleading and should take into account underlying compositional effects. See ⁶ Bacon, B (1999). *Ageing in Australia: some modelling results and research issues*. In Productivity Commission and Melbourne Institute. Policy implications of the ageing of Australia's population. Conference Proceedings. Melbourne 18-19 March 1999. P. 77.

⁷ Further variables such as flexibility, comparative wage rates and productivity are considered in a more detailed version of this paper.

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 OLDER COMPARED TO YOUNGER WORKERS

Labour mobility

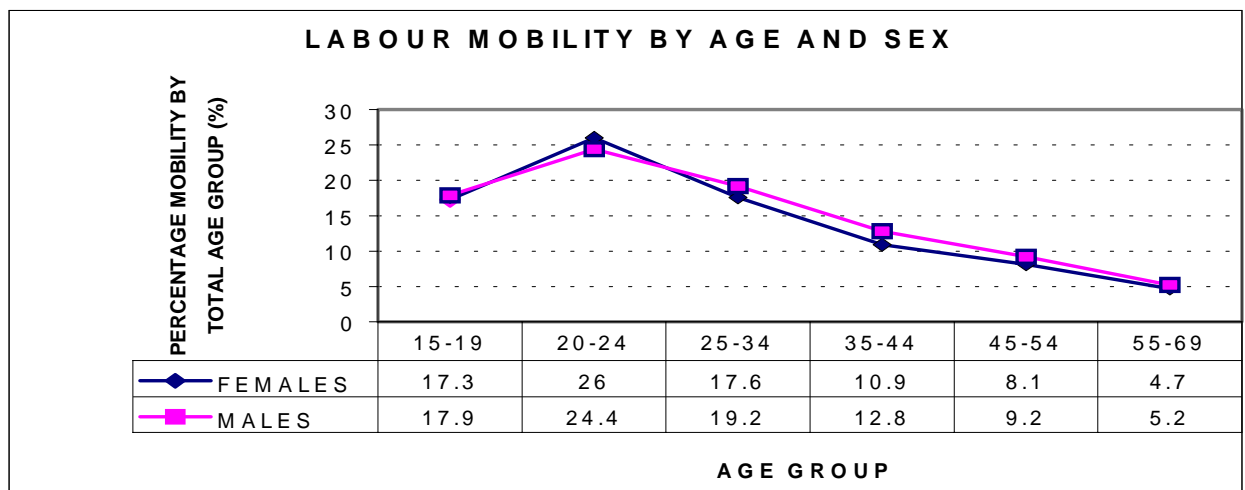
A stereotype of older workers identified by Pickersgill et al that older workers are more likely to leave their employment than younger workers as they intend to retire early.⁸

The labour mobility of older and younger workers was compared using ABS data. The purpose of this comparison was to investigate whether older workers remain longer with an employer than younger workers, which affects the human resource costs of replacement.

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 older workers are 2.6 times *less* likely to have left their jobs in the preceding 12 months than younger workers.⁹ (See Table 1).

Older workers are most likely to have left their jobs because they have been retrenched, and not because they retire early.¹⁰

Table 1: Labour mobility by age and sex



ABS Cat No.6209.0. *Labour mobility*. February 1998

Discussion

These findings counter an assumption that older workers are likely to leave their jobs and retire early due to their age.

⁸ Pickersgill, R., Briggs, C., Kitay, C., O'Keefe, S., & Gillezeau, J. (1996). *Productivity of mature and older workers: Employers' attitudes and experiences*. Sydney: University of New South Wales. Australian Centre for Industrial Relations, Research and Teaching (ACIRRT). Monograph 13.

⁹ ABS Cat No.6209.0. *Labour mobility*. February 1998.

¹⁰ ABS Cat No. 6245.0. *Successful and unsuccessful job search experience*. July 1998.

The retention of older workers 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 older workers' lower desire or willingness to move and constraints on mobility.

- Overseas research has shown that companies suffer from high turnover, especially in retail and administrative positions, and have found that mature employees offer stability. A United Kingdom case study conducted in Scottish and Newcastle breweries confirms that the comparative tenure of an older employee of around 50, who was likely to stay for 10 years, was higher than employees of younger ages Sainsbury have solved some of its retention and continuity problems by targeted recruitment of mature people.¹¹
- The United States case study of Days Inn call centre, McNaught and Barth (1992)¹² found striking differences in retention between younger and older workers. In 1987, after one year, 87% of older workers who had completed training as opposed to 30% of younger workers were still at Days Inn. Although the costs of recruiting and hiring are the same for each person hired, the costs for older workers are lower when annualised, as older workers stay longer.

Maintaining an age-balanced workforce can effectively provide ongoing skills and knowledge to which provides continuity amidst organisational change. The focus group of recruitment consultants considered that the retention of older workers who carry corporate memory and practical 'know how' can assist organisations undergoing transitions such as downsizing and restructuring. Their contribution has been seen as vital to organisational survival within a changing period of de-downsizing and restructuring of work.¹³

Expected age of retirement

A common assumption regarding older workers is that they are not worth investing time and training in as they are unlikely to remain in employment for long due to retirement.

ABS data counters this assumption and shows that close to half of workers aged 45 plus (45%) intend to remain in the workforce until 65-69.¹⁴ This 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 younger workers who at ages 30-39 remain with an employer for 5.8 years.¹⁵ There is a discrepancy between older workers' retirement intentions and actual behaviour. A major factor affecting retirement is that older workers who retire early do so due to external reasons. Eighty-one per cent of older workers gave being laid off or retrenched as their primary reason for unemployment compared with 64% of workers aged 15-44.¹⁶

¹¹ Employers Forum on Age and Age Concern, (1996).

¹² McNaught and Barth (1992).

¹³ Curnow, J. and Fox, J. (1994).

¹⁴ ABS Cat. No. 6238.0. *Retirement and retirement intentions*. November 1997.

¹⁵ ABS Cat No.6209.0. *Labour mobility*. February 1998

¹⁶ ABS Cat No.6245.0. *Successful and unsuccessful job experience*. 1998.

Table 3: Expected age of retirement by age

Discussion

The trend to early retirement, which typified employment policies from post war to the early 1990s, has more recently been countered in government policies.¹⁷ The labour force participation rates for males are gradually increasing. The participation rate for male's 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 2058.¹⁸

In most Australian states compulsory retirement has been abolished and there are provisions against discrimination in recruitment through equal opportunity legislation. A 1999 Melbourne Institute study carried out by Dawkins et al¹⁹ showed that downsizing targeting older workers was viewed by employees to be poor business practice, particularly in the public sector. ²⁰ In the United States, companies are advocating phased retirement to retain older workers to support the abolition of mandatory retirement.²¹

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 is defined as the number of weeks/years a person has been with an employer, and is collected in the 12 monthly ABS annual Labour Mobility survey of full- and part-time workers. The ABS data show that workers aged 45 and over remained in employment for 11.4 years compared with 4.8 years for workers aged 44 and under.

The ratio of duration of employment between older workers (aged 45 and over) and younger workers (aged 44 and under) is 2.4 times greater than for those aged 44 and under.²² The ratio at younger ages is qualified by factors such as the limited time period that a 15-19 year old could **Table 2: Duration of current job by age** be in the workforce. The data shows that younger workers aged 35-39 and 40-44 stay in their jobs for almost *half* the period of time of workers aged 60 and over.

¹⁷ Taylor, P. & Walker, A. (1998). *Combating age barriers in employment: A European portfolio of good practice*. European Foundation for the Improvement of Living and Working Conditions. Dublin.

¹⁸ Bruce Bacon. Ageing in Australia: Some modelling results and research issues, *Policy Implications of the Ageing of Australia's Population*. Melbourne: Productivity Commission Conference:84.

¹⁹ Dawkins, P., Littler, C.R., Valenzuela, R., & Jensen, B. (1999). *The contours of restructuring and downsizing*. Melbourne Institute. Melbourne.

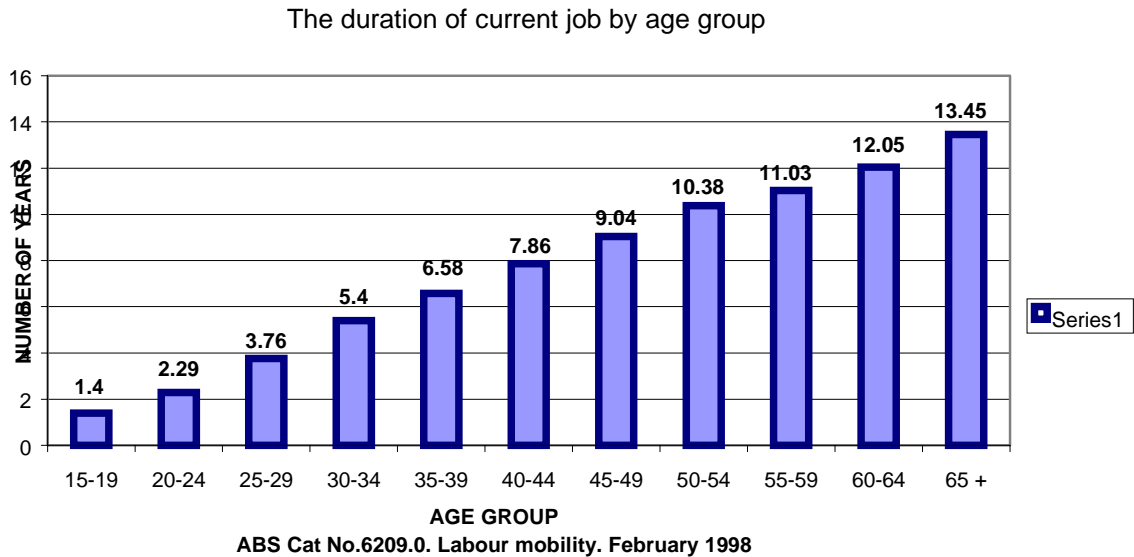
²⁰ Human Rights and Equal Opportunity Commission. (1990). *Age matters*.

²¹ United States Equal Opportunity Commission (1999).

²² ABS Cat No.6209.0. *Labour mobility*. February 1998

Older workers' longer duration of employment may be related to their ethic of loyalty to an employer over time, a reason that emerged strongly in the focus group of recruitment consultants. The recruitment consultants contrasted this common generational perspective with younger workers' approaches to work, which were viewed as more 'opportunistic' and self-interested. Fear of age discrimination was also viewed by the recruitment consultants as a constraint on older workers' labour mobility.

Table 4: Duration of employment by age



STAGE 2: ANALYSIS OF HUMAN RESOURCE COSTS

Recruitment

Costs

The HRM Consulting 1999 Human Resource Benchmarking study measures all direct costs associated with recruitment and selection. These include advertising, wages, travel, relocation costs associated with human resource staff sitting 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 says to start.²³

The 1999 HRM median recruitment cost factor is \$1017

The ratio of the duration of employment between older workers (aged 45 and over) and younger workers (aged 44 and under) will be used in Stage 2 to calculate the human resource costs of older workers.

RECRUITMENT BENEFITS OF AN OLDER WORKER

- An older worker is 2.4 times more likely to remain in his/her current employment than the rest of the workforce.

²³ HRM Consulting (1999) :363.

- The cost of recruitment multiplied by the ratio of employment duration for older workers and the rest of the workforce= $\$1017 \times 2.4 = \2441
- Recruitment benefits estimates are: $\$2441$ (for the rest of the workforce) - $\$1017$ (for older workers) = $\$1424$

Estimated net recruitment benefits of an older worker = $\$1424$

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, reimbursement of books and materials

Factors affecting median costs 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.²⁴ There are vast differences in training costs across occupations and levels. The HRM median estimate for training is high in finance and lower in services, electricity, gas and water.

Training costs are qualified by a range of factors, for example, younger workers' higher educational levels and access to training. Firms prefer to invest training resources in younger rather than older workers to create promotional and career opportunities, as shown in ABS data.²⁵ Training investments may even out across industries as younger workers leave firms and join another in the same industry. Returns on investment may also depend on factors such as whether the training is general or firm specific.

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 older workers) = $\$987$ 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

²⁴ HRM Consulting (1999):402

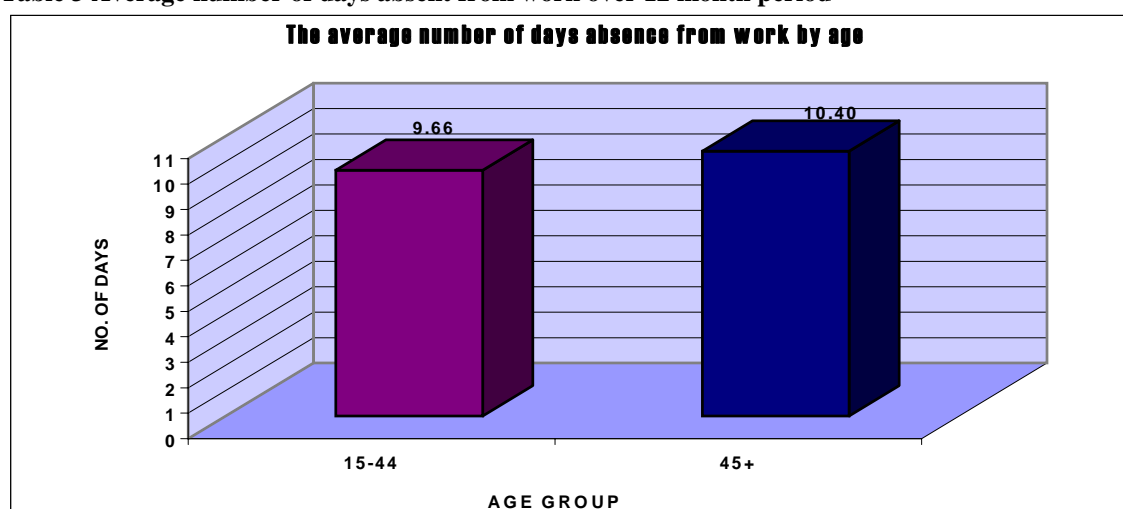
²⁵ ABS Cat 6278.Education and Training Experience Australia 1997.

ABS data was used to compare the *incidence* of absenteeism of older to younger workers. 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 data²⁶ 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 older workers found in previous ratios of older to younger workers relating to labour mobility (2.6:1) and duration of employment (2.4:1).

Again, this estimate is indicative and does not take into account factors such as seasonality and school holidays.

Table 3 Average number of days absent from work over 12 month period



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.²⁷ 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.²⁸

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

²⁶ Working Arrangements, ABS Cat 6342.0. August 1997

²⁷ HRM Consulting, (1999): 269).

²⁸ HRM Consulting (1999): 270

HRM 1999 All Industry Dollar Value Sick Leave per Employee of \$1447.

- The ratio of days of absence of older workers aged 45 and over to the younger workforce 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 older workers) = net costs of \$116 of absence of an older worker over a year.
- Estimated net costs of absence per older worker = \$116

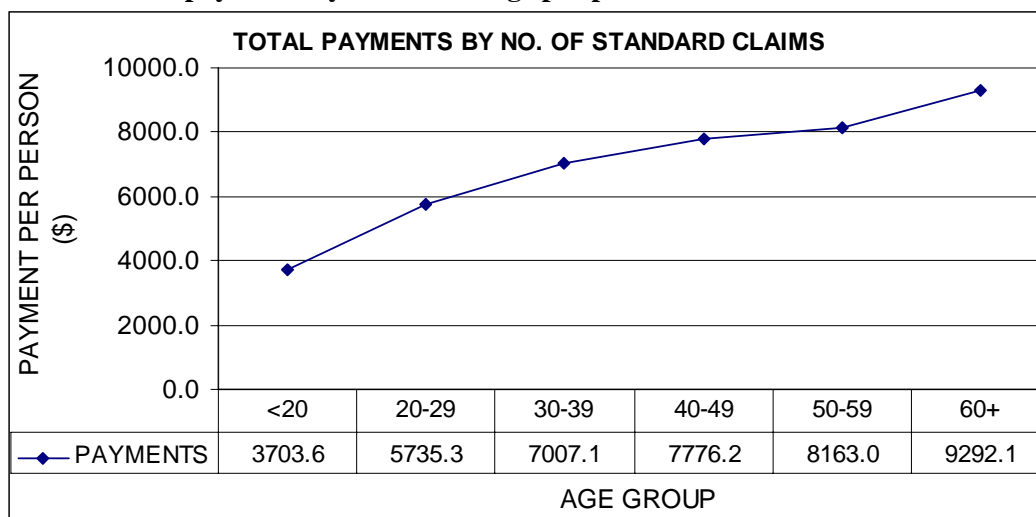
Work injuries

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: 44-44, 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 younger workers 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 show²⁹, the costs of older workers' injuries are higher than younger workers.

Table 4: Total payments by claims and age per person



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

²⁹ Contained in detailed paper to be published.

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 & vocational services.

Costs are also affected by factors such as the average lost time rate, expense factor, compensation and rehabilitation costs outlined above.³⁰ The higher rate of payments for older workers 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 older compared with younger workers - $\$848 \times 1.4 = \1187 . HRM Compensation and Rehabilitation costs (OH &S) of older workers to the rest of the workforce-are: \$1187 (for older workers) – \$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 economic benefits are comprised of the sum of the benefits minus the costs of older workers 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 older workers compared to the rest of the younger workforce aged 44 and below while there were slight **costs in absenteeism and work injuries**.

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

³⁰ HRM Consulting (1999):437.

Qualifications to the study findings

As discussed earlier, the ratios of older to younger workers 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 well underestimate net benefits of older workers in higher cost ends 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 younger with older workers on the basis of economic benefits, but *counters the myths that maintain barriers to realising the benefits of older workers.*

Further benefits

The Australian and international literature contains case studies which illustrate themes concerning the benefits of employing older workers. Although these themes are currently intangible and uncoded, these benefits may potentially be coded. Selected examples are discussed briefly.

Reflecting the diversity of the customer base

Targeted recruitment of older workers 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 areas of employment.

In the United Kingdom, the 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.³¹ 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 are aged 40 and above.
- In the U.K McDonalds values older people especially in front-of-house host/hostess role where they assist to create a family friendly environment.
- Kerns³² 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.

³¹ Employers Forum on Age & Age Concern (1997). *Age, employment & business success. Getting the balance right in recruitment.*

³² Kerns. S. (1992). International developments in expanding work options for older workers. In Sanders, K, (Ed.) *Ageing: Law, policy and ethics. Directions for the 21st Century. Proceedings of Symposia held at University of Melbourne.* :Law Reform commission of Victoria, University of Melbourne. Office of the Public Advocate and Older Persons Planning Office.(pp. 129-134).

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.³³ This case study illustrates cost savings which can be related to the alignment of the customer base with a preference for older workers.

In Australia, Patrickson and Hartmann³⁴ interviewed older workers and employers in the retail sector. They found that older women represent a committed section of the workforce with a willingness to work either part or full time in the retail sector. Retail employers see 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 older workers in occupations such as education, nursing and skilled trades. As skill shortages are increasingly being exposed through projected ageing demographics, older workers will be increasingly required to fill these. Some examples of the benefits of older workers 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 older workers.
- A Greek shipping company keeps on older skilled workers with a history with the company. Halkor (Greece) a manufacturing company recruits workers over 55 who were very skilled and they could be productive immediately.
- In Italy L'Incontro cooperative developed units to work in rehabilitation with those suffering from psychiatric disabilities. This offers 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.³⁵

Maintaining corporate experience

Advantages of retaining experience and skills of older workers have been identified in the 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 training, coaching and mentoring less experienced staff, both at management and shop floor levels.
- Prudential confirmed that sacking older workers 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 numbers of school leavers in the United Kingdom prompted McDonalds to reappraise their staffing and seek out older workers.

³³ McNaught, W. & Barth, M.C (1992). Are older workers "Good Buys?" - A case study of Days Inns of America. *Sloan Management Review, Spring* , 53-63.

³⁴ Patrickson, M and Hartmann, L. (1996). Older women: Retailing utilises a neglected workforce resource. *Asia Pacific Journal of Human resources*, 34 (2) 88-98.

³⁵ Taylor, P. & Walker, A. (1998). *Combating age barriers in employment: A European portfolio of good practice*. European Foundation for the Improvement of Living and Working Conditions. Dublin.

- Glaxo Wellcome Pharmaceutical technicians are aged between 40 and 50, which has led to the benefit of reduced turnover rates. 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 economic benefits. This paper counters the myth that older workers are not a good investment for employers as they retire early and cost more. Within an age-mixed workforce, particular attributes of both older and younger workers can add value to business. The identified benefits of older workers can complement the age structure of human resources.

Specific economic benefits in replacement costs of older workers compared with the younger workforce are:

- Benefits in recruitment
- Benefits in training

When these cost savings based on HRM Consulting costs were totalled, estimated benefits of \$1956 per older worker compared to the rest of the workforce were found.

Further uncoded benefits were identified as value-added contributions of mature age employees to the workforce:

- 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'.³⁶ Trends in globalisation, organisational downsizing and restructuring and contracting out and the 'shamrock organisation' (Handy,1995)³⁷ 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 older workers can assist to preserve valuable corporate memory. Older workers' special contributions have been recognised in retailing and financial services. Identifying the experience and skills of older workers in other industries can provide further specific measures of productivity.

An age-balanced workforce makes valuable attributes and benefits available to business. Companies will need to be responsive to market conditions and global business structures and link these closely to strategic business plans incorporating human resources. The identified economic benefits of older workers show that this policy transcends human resources management to have become a business imperative.

³⁶ Barth et al (1993).

³⁷ Handy, C. (1995). *The future of work : a guide to a changing society*. Oxford ; New York, N.Y : B. Blackwell.

References

ABS Cat 6278. *Education and Training Experience Australia 1997*.

ABS Cat No.6209.0. *Labour mobility*. February 1998.

ABS Cat No. 6245.0. *Successful and unsuccessful job search experience*. July 1998.

Bacon, B (1999). *Ageing in Australia: some modelling results and research issues*. In Productivity Commission and Melbourne Institute. Policy implications of the ageing of Australia's population. Conference Proceedings. Melbourne 18-19 March 1999. P. 77.

Employers Forum on Age & Age Concern (1997). *Age, employment & business success. Getting the balance right in recruitment*.

HRM Consulting Pty Ltd in association with the global Saratoga network produced the Australian Human Resource Benchmarking Report 1999 Edition. It is available through HRM Consulting P.O Box 1878 Toowong Queensland, 4066. Tel: 0733719000, Fax 0733719500

Kerns, S. (1992). International developments in expanding work options for older workers. In Sanders, K, (Ed.) *Ageing: Law, policy and ethics. Directions for the 21st Century. Proceedings of Symposia held at University of Melbourne*. :Law Reform commission of Victoria, University of Melbourne. Office of the Public Advocate and Older Persons Planning Office.(pp. 129-134).

McNaught, W. & Barth, M.C (1992). Are older workers "Good Buys?" - A case study of Days Inns of America. *Sloan Management Review, Spring* , 53-63.

Patrickson, M and Hartmann, L. (1996). Older women: Retailing utilises a neglected workforce resource. *Asia Pacific Journal of Human resources*, 34 (2) 88-98.

Pickersgill, R., Briggs, C., Kitay, C., O'Keefe, S., & Gillezeau, J. (1996). *Productivity of mature and older workers: Employers' attitudes and experiences*. Sydney: University of New South Wales. Australian Centre for Industrial Relations, Research and Teaching (ACIRRT). Monograph 13.

Taylor, P. & Walker, A. (1998). *Combating age barriers in employment: A European portfolio of good practice*. European Foundation for the Improvement of Living and Working Conditions. Dublin.

World Health Organisation (1993). *Aging and working capacity. Report of a WHO Working Group*. Geneva.