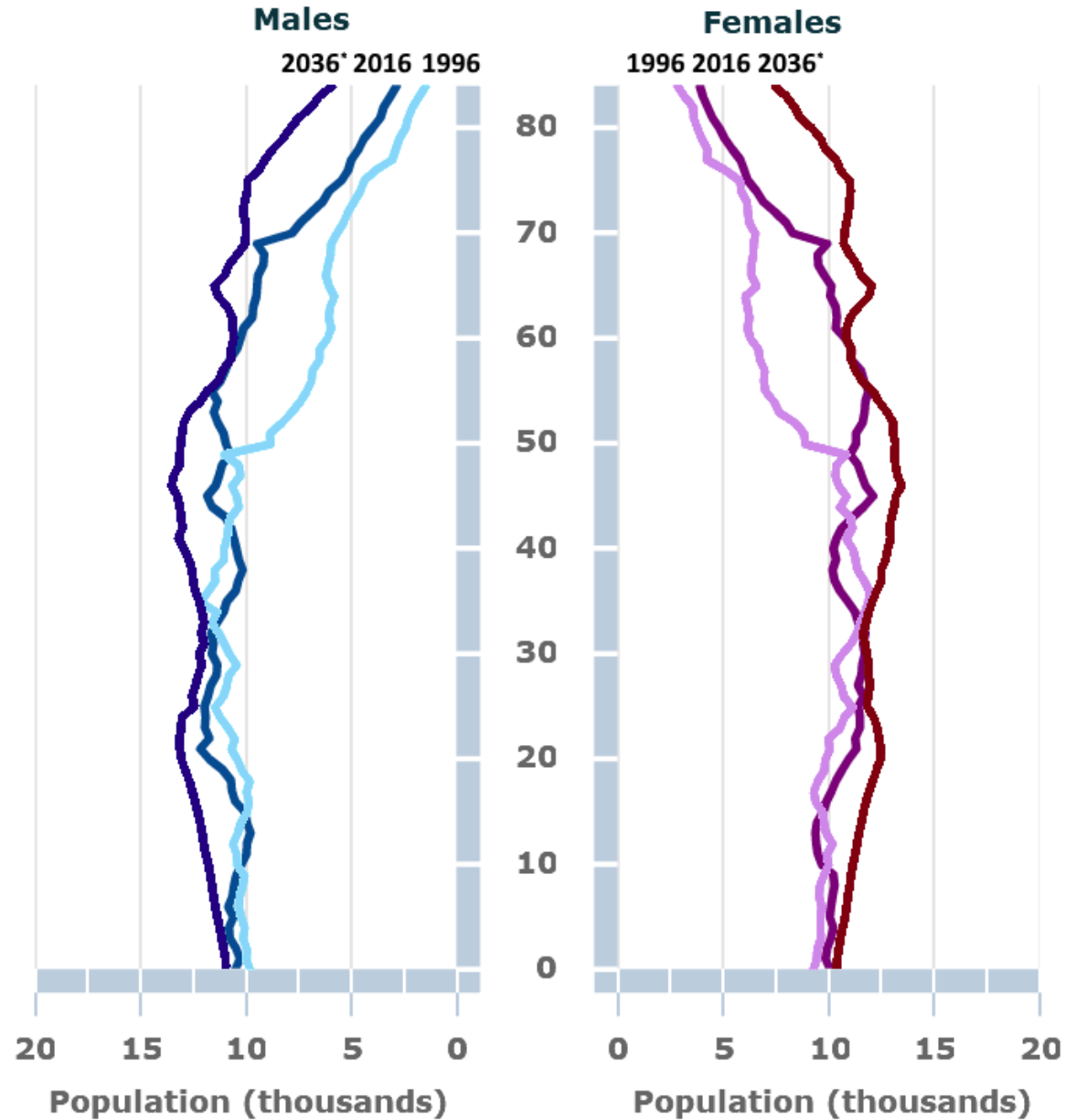

Mature Workforce Creating a Business Case

“A Different View of Employee Care”

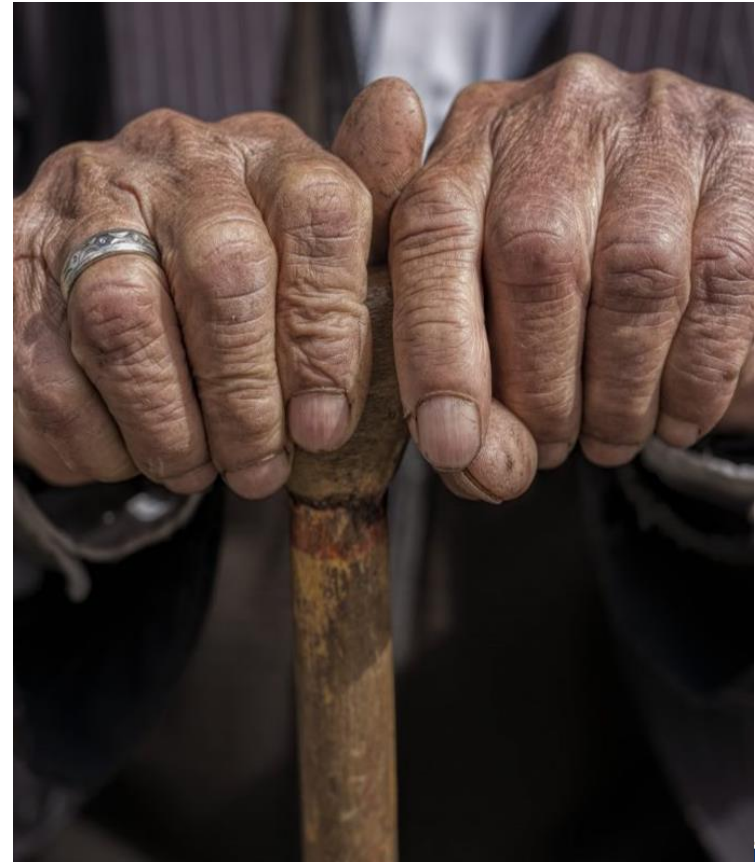
WCD

The South Australian Reality



Increasing Longevity has led to **New Challenges**

- How many years can older people expect to live in **good** health?
- How long can they live **independently**?
- How many of them will remain **working**?
- Will they have sufficient **economic resources** to last their lifetime?



There is a lot happening in the Workplace & Government expectations in regards to retirement

Australia's ageing population is being encouraged to remain in the workforce for longer to ensure

- ❑ The supply of workers and
- ❑ Prevent a shortfall in business productivity

But what sort of jobs are appropriate for older workers and what **considerations** should we be thinking about to keep these workers safe and productive in their extended careers?

Enabling Workforce Participation and Supporting Older People to Work Longer



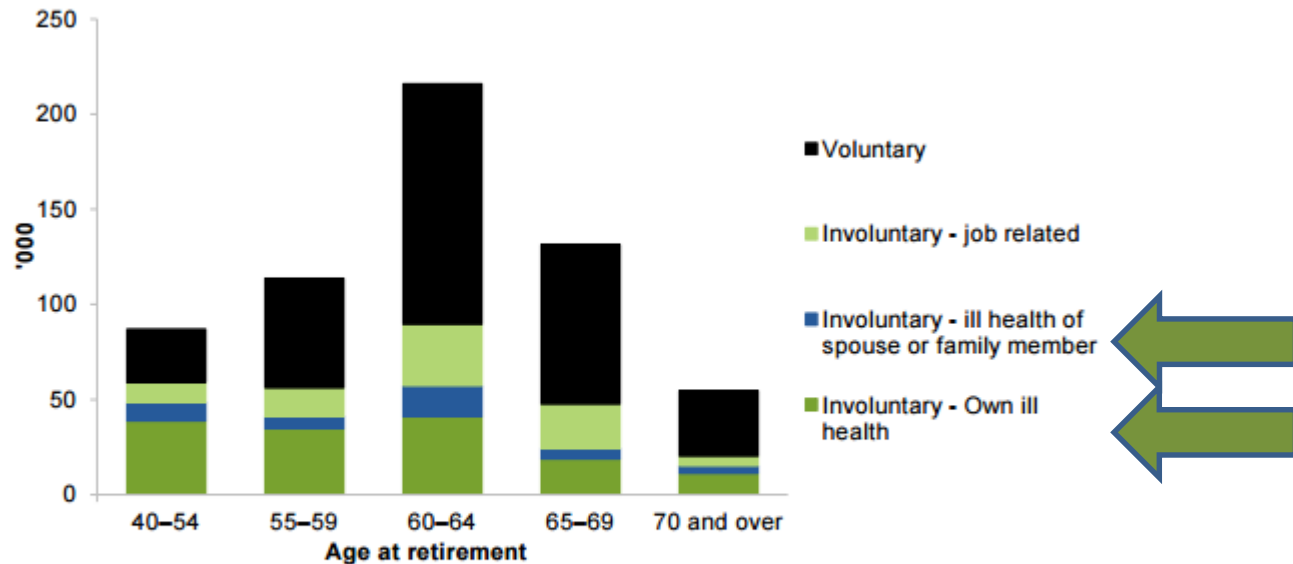
Mature workers are reliable, flexible and ready to contribute

Increasing the opportunities for older Australians to continue in the labour force provides multiple benefits:

- Higher public revenue – more tax
- Lower public expenditure – less pensions paid
- Providing further retirement saving opportunities for workers
- Older workers bring a lifetime of experience to businesses
- Mature workers are also great mentors to other staff

Illness is a Major Contributing Factor

Figure 5.1 Number of people retiring, by age group and reason^a



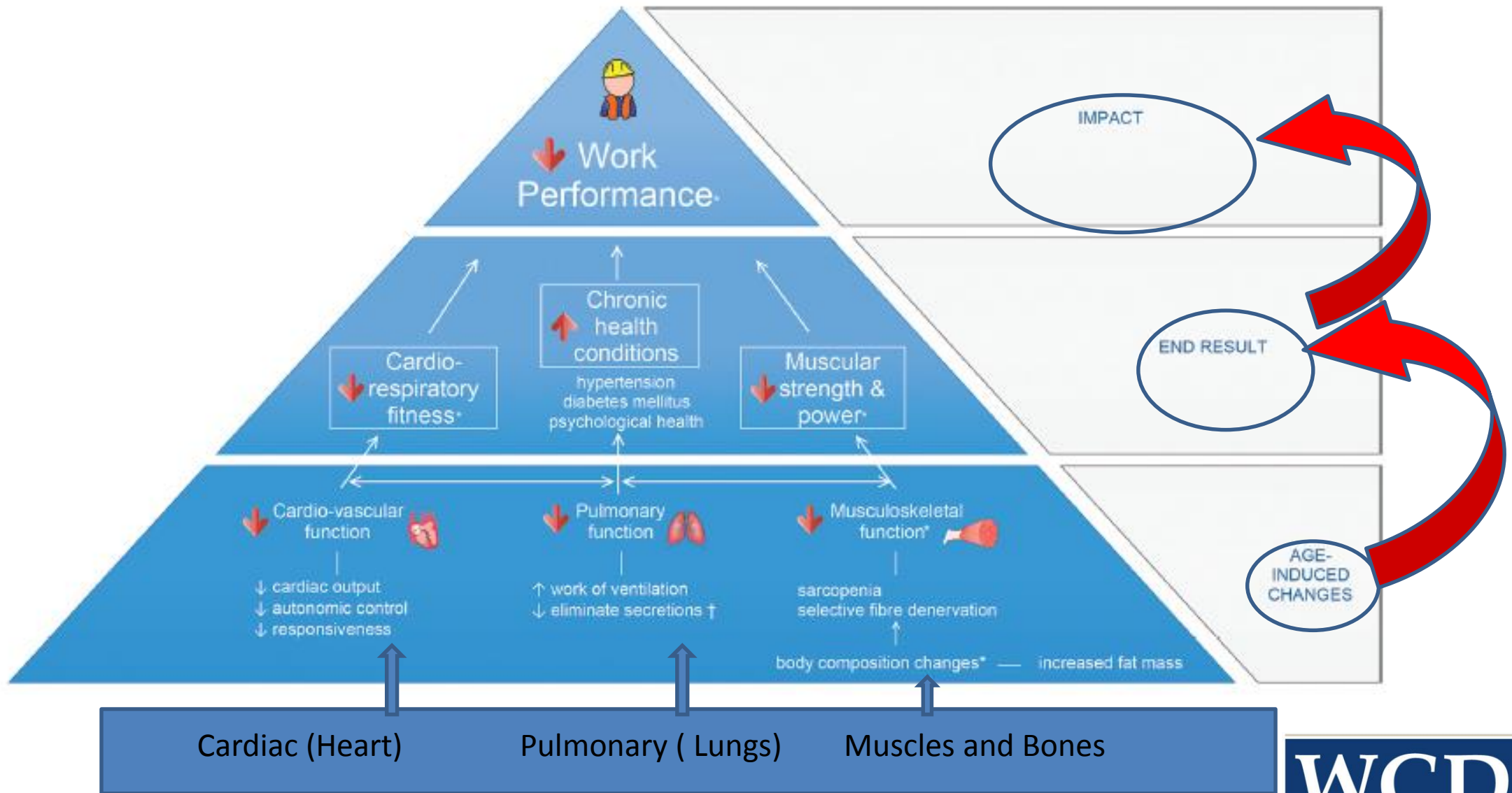
^a Number of people who retired in the last five years, broken down by age at retirement. These results are further disaggregated according to the main reason for retirement.

Data sources: Commission estimates based on HILDA (2013, release 13, wave 11) and ABS (*Census of Population and Housing, 2011*).

One Third of us are retiring due to a chronic illness of either ourselves or to care for another.

Redesigning jobs to accommodate physical needs will support older workers to work longer in the workforce

- Even the healthiest worker will experience age-related declines in
 - Speed
 - Physical strength
 - Hearing
 - Vision
- Giving a mature-age worker more control over when or how to do their work and eliminating or reassigning some physical components of a job can make a big difference
- **When BMW** encouraged mature-age workers to suggest modifications, only a few modifications, including large-print instruction screens, adjustable worktables and more frequent task rotations were needed



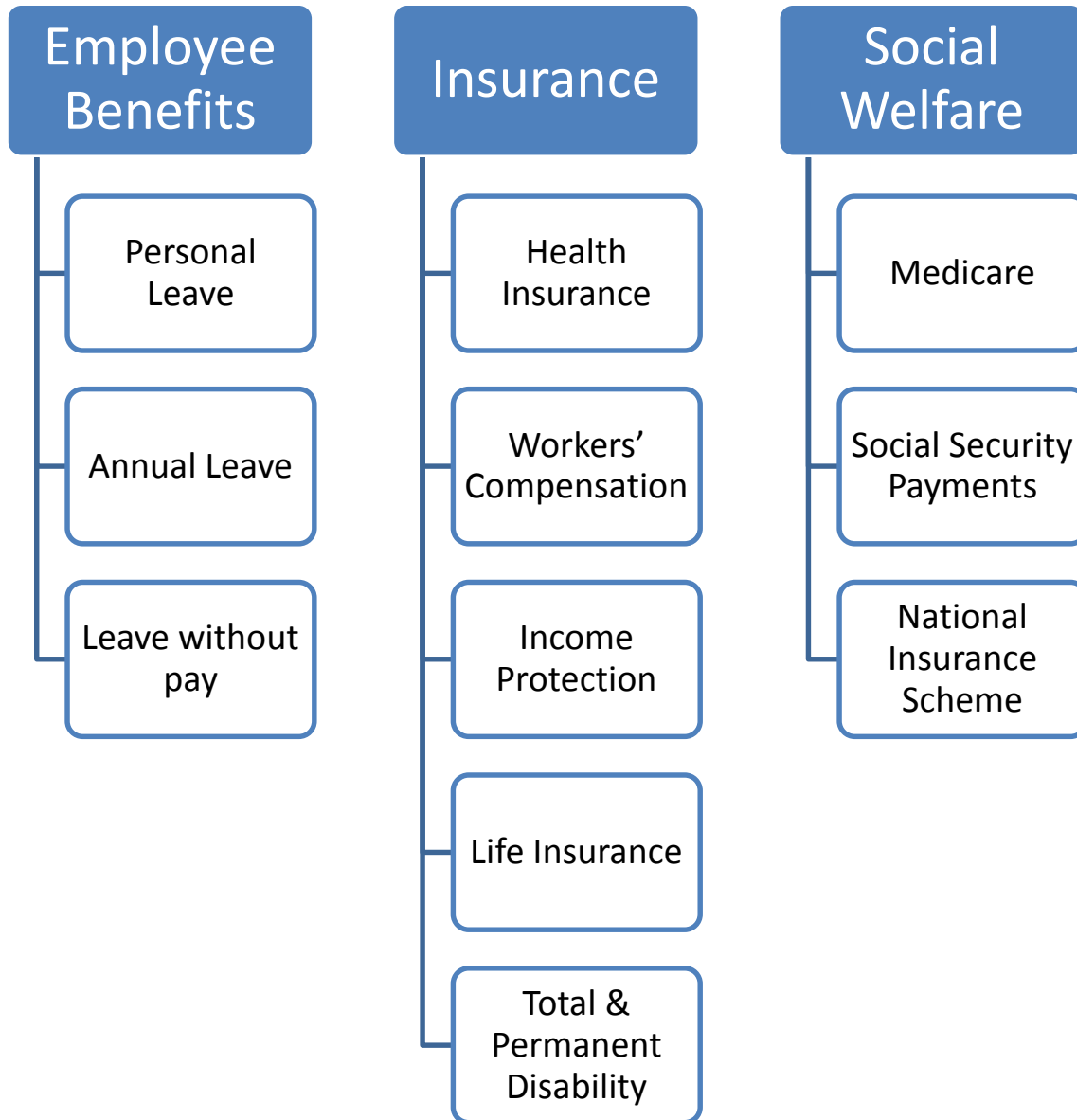
Ref: Flouris A et al 2016 pp S93



The Business Risks



The Road to Be Chosen

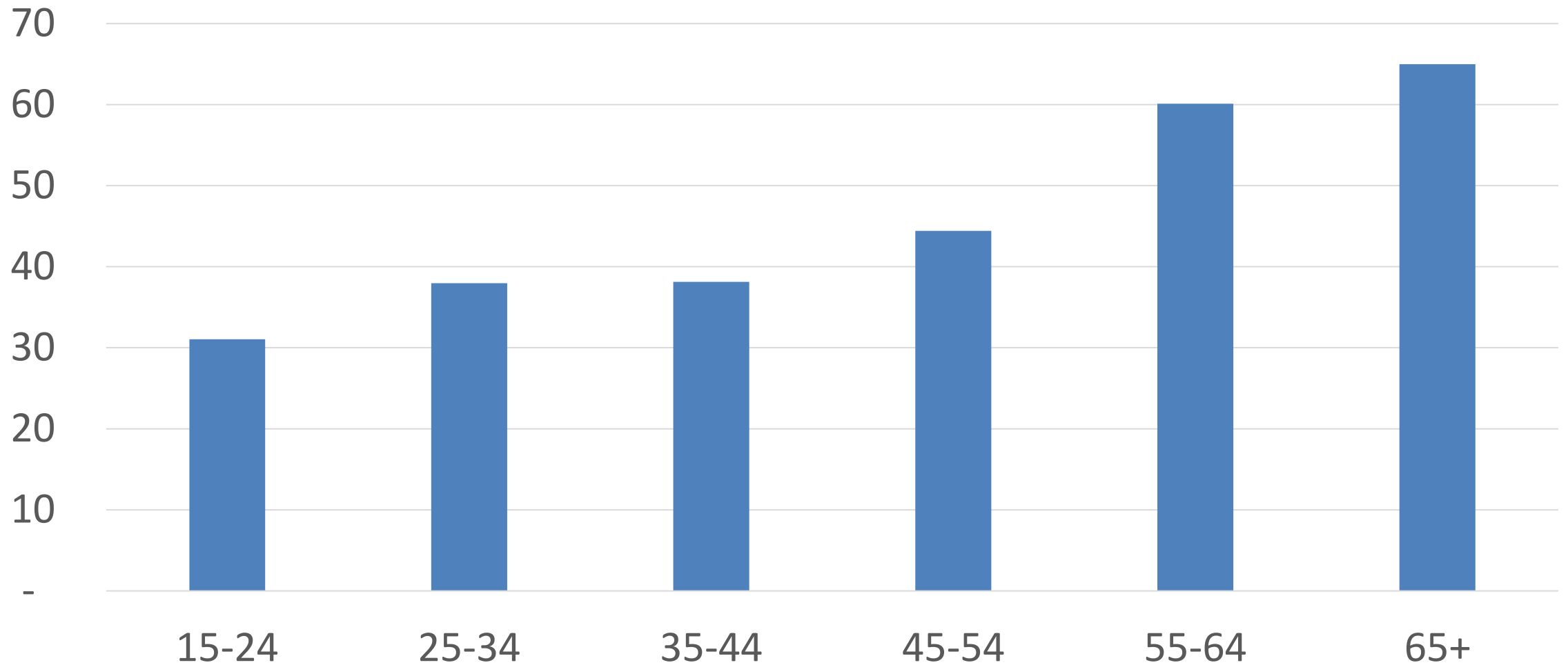


Evidence suggests Australian businesses do not accurately measure absence nor understand the costs associated with excessive planned or unplanned leave (HICA, 2015).

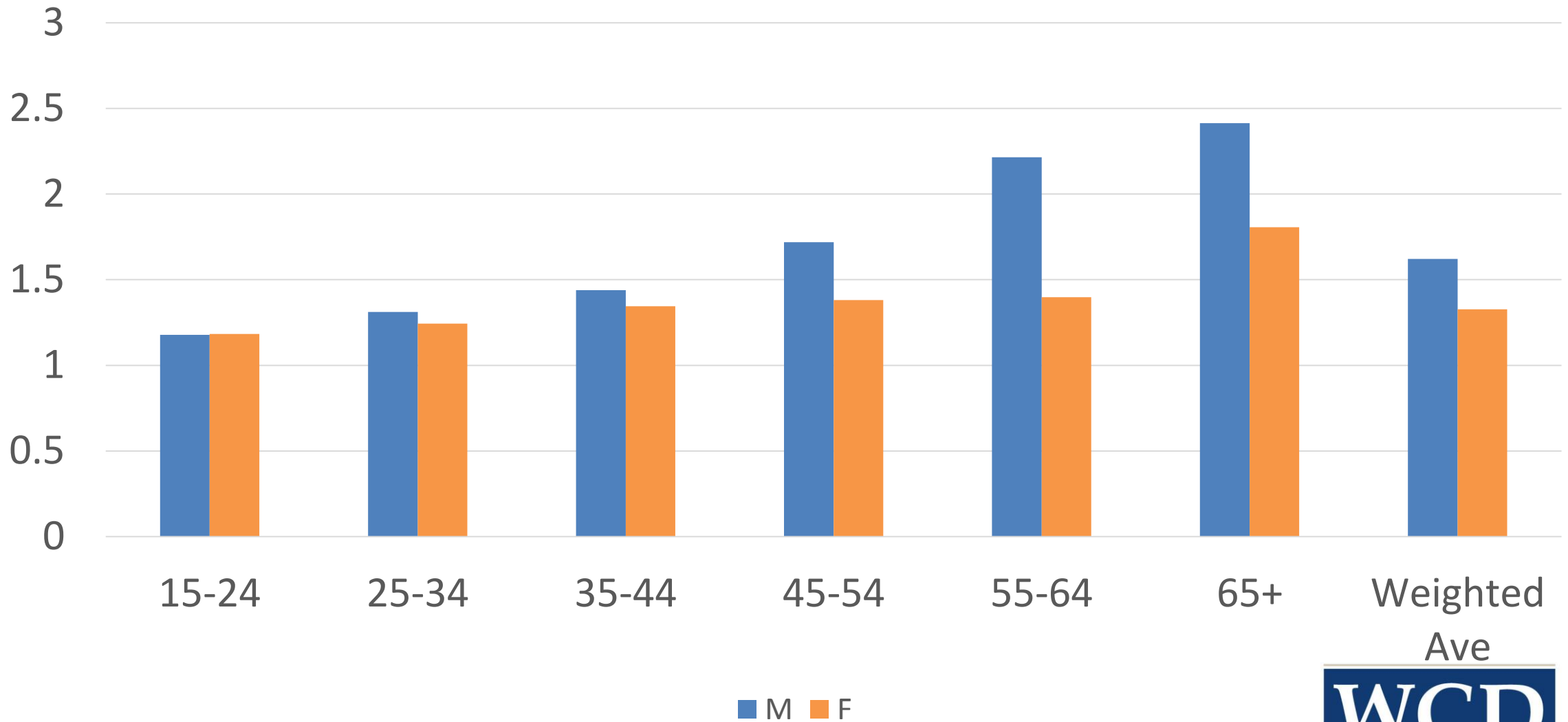
Planning for the Time of Our Lives Mature Age Workshop



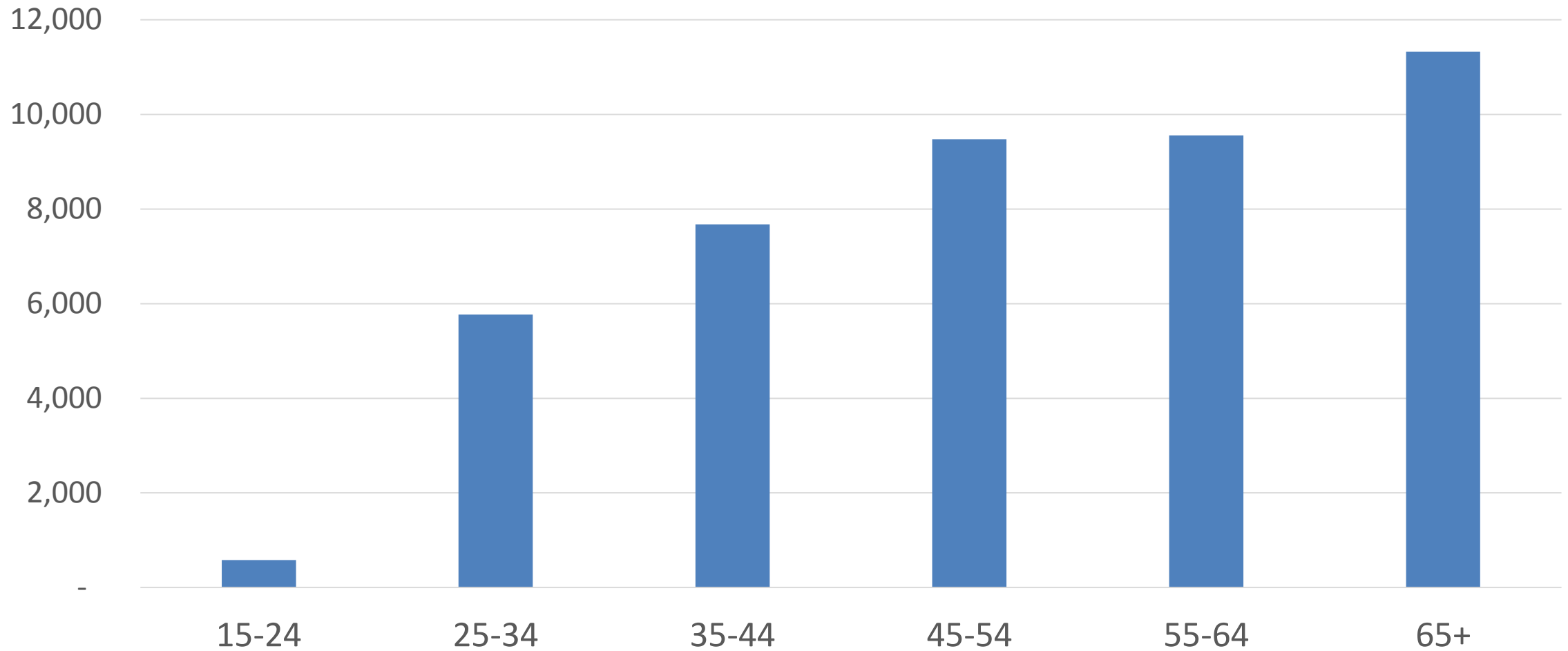
Average Annual Hours – Personal Leave



Personal Leave – Average Days per Instance

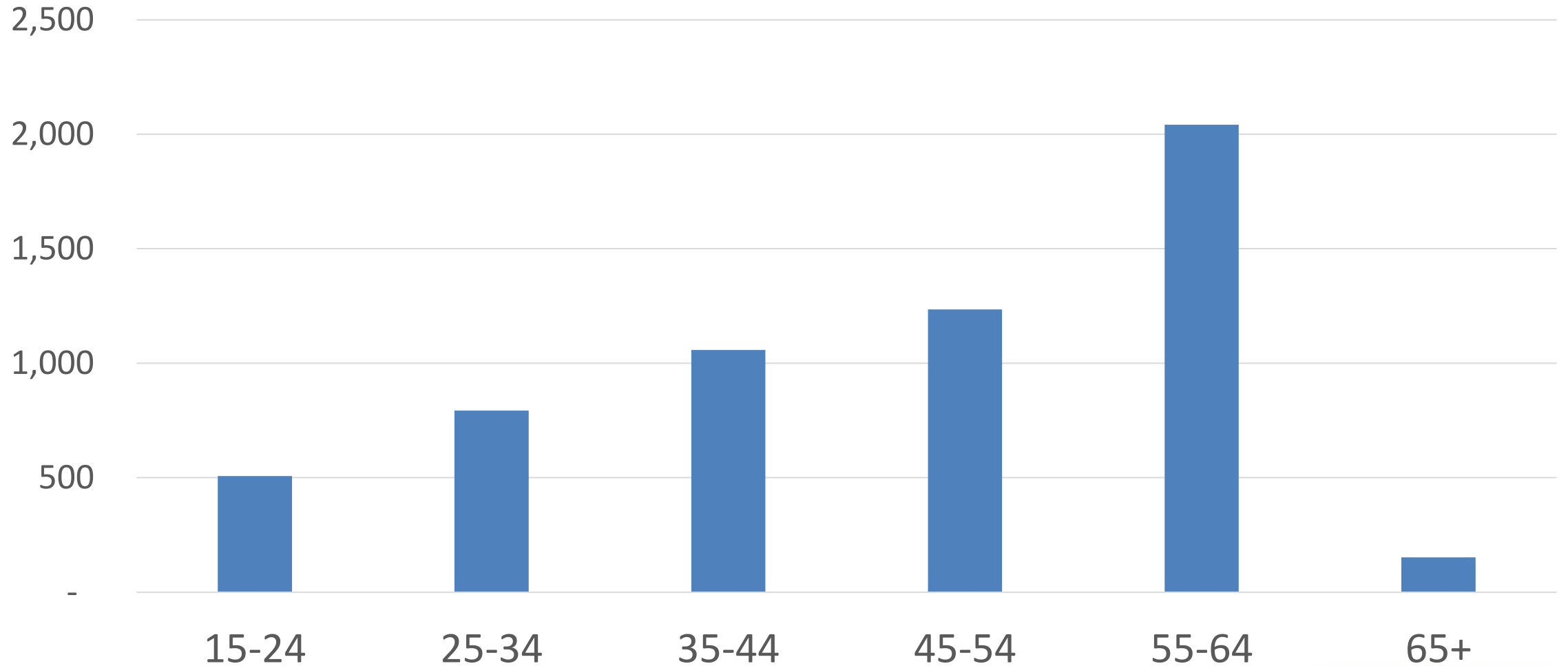


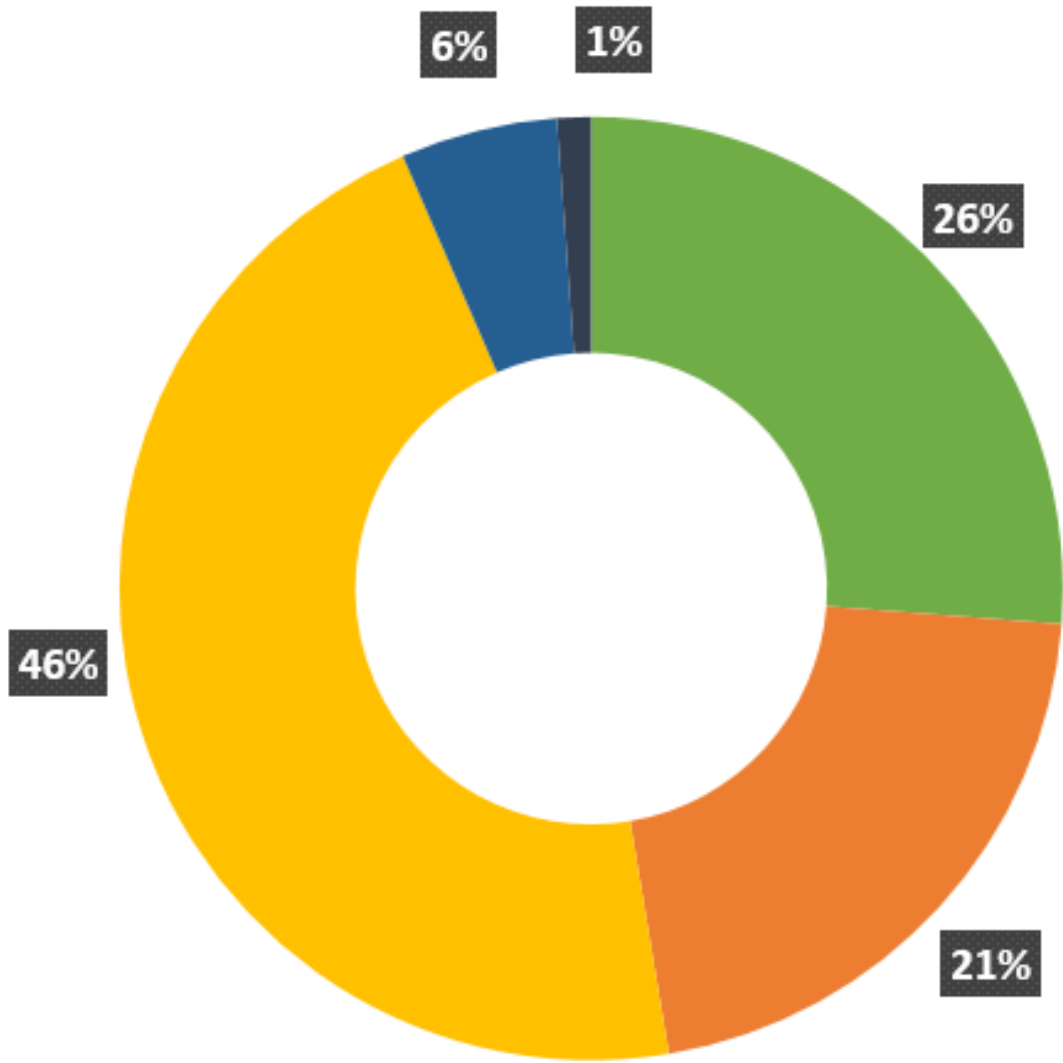
Average Workers' Compensation Claim Costs



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Median Workers' Compensation Claim Costs

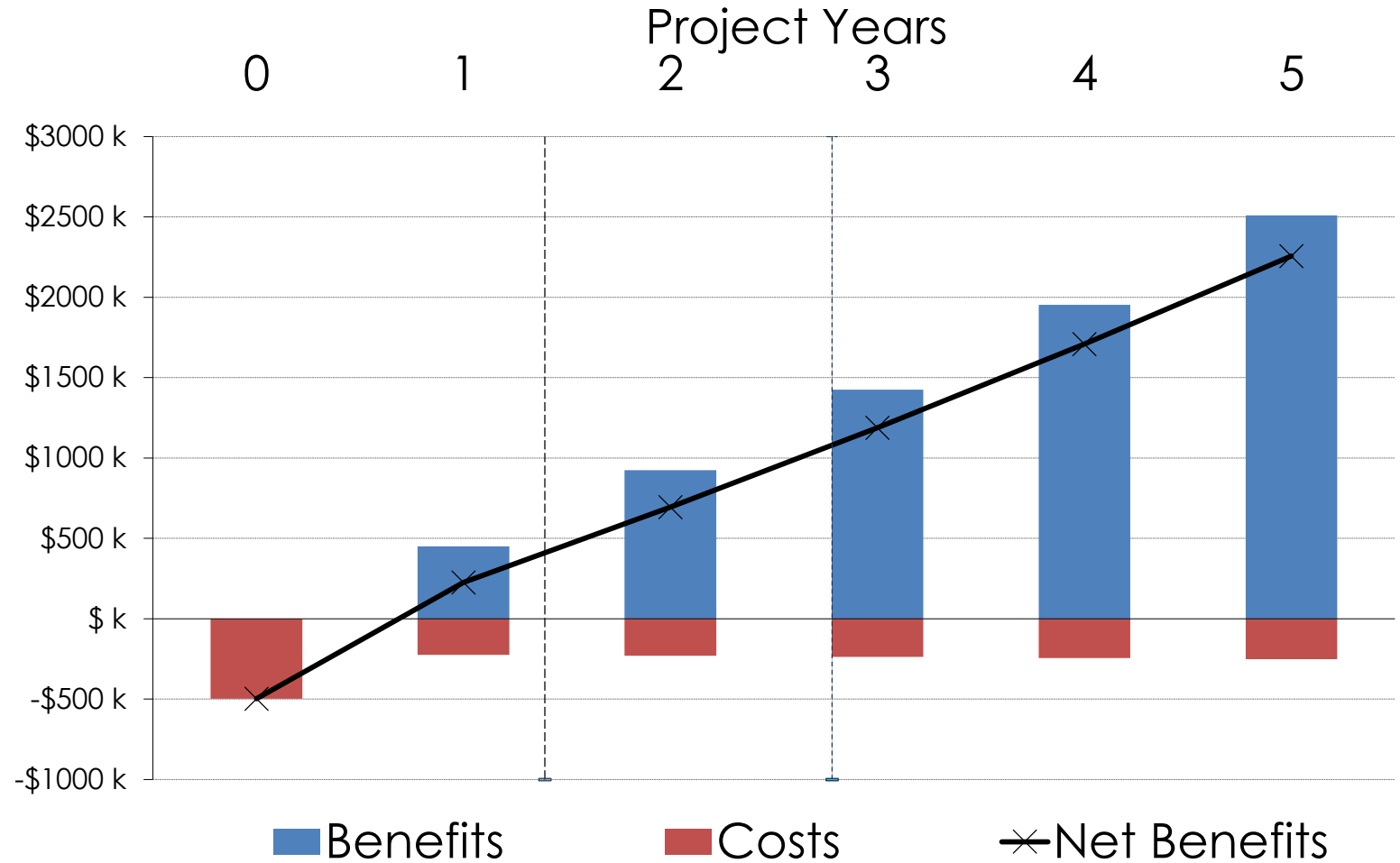




- Absenteeism
- Presenteeism
- Labour turnover
- Work Related Injuries - Insurance Cost
- Leave Without Pay and Other Insurances

The Business Case

- Takes into account real costs
- Calculates benefit payback time period including NPV
- Allows for evidenced based intervention



Case Study 1 – Manufacturing Business

- Manufacturing business of 824 employees
- Average 9 days personal leave per person per year
- \$3 million per annum cost in unplanned leave
- \$6 million per annum presenteeism costs
- Mature workforce (70% > 55 yo)
- Average cost of workers' compensation claim over 5 years = \$444,000
- Long serving employee base > 30 years
- Can't get product out the door fast enough
- Closing lines due to absences on a regular basis

Target Performance

- Reduction in personal leave by 10% per year
- Reduction in persenteeism by 10% per year
- Reduce cost of claims by 10% per year

Return on Investment = \$2.4 million in 5 years

Increase productivity

Fewer line closures

Case Study 2 – National Retailer

- Multiple product lines and businesses
- Whilst reporting to head office, large amounts of autonomy across brands
- 3,000 employees nationally
- Average 5 days personal leave per person per year
- Personal leave costs \$7 million per annum
- Business underwent restructuring, morale of organisation described as being “at an all time low”
- Wanted to give employees a sense of “getting something back” from the company

Target Performance

- Reduction in personal leave by 10% per year
- Reduction in presenteeism by 10% per year
- Reduction in workers' compensation claims costs of 10% per year

Return on Investment = \$9.5 million in 5 years

Increased Morale

Improved perception of their employer

Conclusion

- A maturing workforce is a societal issue
- Impact varies between industries and companies
- Retention of your mature workforce may be your most critical workforce planning requirement
- Identifying what is happening in your business to mature workers will define your future strategy
- For the first time it is possible to calculate your return on investment and set strategies to achieve this