

# THE RISE OF THE WISE:

## A NEW PERSPECTIVE ON SENIOR WORKERS IN THE ASIA PACIFIC REGION



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The global population is ageing fast. In fact, the number of older people on earth has tripled over the last 50 years.

This change is being driven by a convergence of trends – lower births rates and people living longer lives – that is testing governments, businesses and people. It's one of the greatest challenges of our time, but one that's happening in slow motion.

The 'slow burning' nature of the ageing crisis means that important decisions are being delayed. Many companies and institutions have yet to make the practical adjustments in their business strategies to meet the demands of an ageing workforce – either through recruitment behaviours, improved working environments or flexible working hours.



## WORKFORCE CHALLENGES TODAY

### 1 Fast-ageing populations

By 2040, Japan is projected to have the highest median age in the world, with half of its population aged 54 and over. China and Japan face chronic shortfalls in their working age population. In South Korea too, it is predicted that the number of working age people will start to fall from 2015, while Malaysia's elderly is expected to comprise 15 percent of the population by 2030.

The ratio of retirees to workers in Taiwan has shot up and their median age is expected to reach 56 in 2050, up from 37 in 2012. United Nations research also projects the number of people aged over 60 in Indonesia will increase from 12.8 percent in 2025 to 22.3 percent in 2050, compared with 7.6 percent in 2000.

The proportion of Australia's population aged 65 or over will rise to about 23 percent by 2050, compared to 14 percent today. Between 2001 and 2011, the percentage of Australians over 55 in paid work grew by 10 per cent.

No country is exempt from ageing. Fortunately, there are good examples of governments and businesses in Asia Pacific developing strategies to meet the challenge. The more proactive organisations have recognised that the only way to deal with changing demographics is to adapt. But this is the very minimum that needs to be done.

### 2 Fewer female workers

Asia Pacific nations face additional challenges, such as low workforce participation rates among women and that many of today's younger workers don't expect to delay their retirements. India's female work participation rate is one of the lowest in the world at 29 percent. Malaysia fares better with 52.4 percent, which reflects their government's efforts to encourage companies to make it easier for women to work by offering flexible work arrangements.

A recent HSBC study of more than 16,000 people in 15 countries including Australia, China, Hong Kong, Singapore, India, Malaysia and Taiwan, found that most young people expected to retire around the age of 57.

### 3 Pressure on organisations

These demographic changes will place additional pressures on governments through increased health and welfare costs. Malaysia acknowledged the importance of comprehensive policies, programmes and services in countering the health and socio-economic effects of its ageing population.

In Australia, health and welfare cost increases are projected to require an additional 6 percent of GDP over the next 50 years, mainly due to the country's ageing population and changes to its workforce.

In Japan, diminishing workforce participation will knock 1 percent off GDP growth every year for the next four years. China could see a surplus of 55.2 million to 75.3 million workers by 2020, reduced to a shortage of 24.5 million people by 2030.

As a response to this looming crisis, governments around the world have started to raise the retirement age. Australia, for example, recently announced that by 2035 its retirement age would be increased to 70.

Many industries will also be forced to adjust their labour supply strategies, either by bringing more young people into their ranks or finding ways to retain or attract older workers.

To maintain high productivity – and secure the talents needed to sustain it – businesses will need to make their workplaces 'age-friendly'. That will involve placing health and wellbeing front and centre, focusing on motivating staff to want to work beyond the traditional retirement age.

## SENIOR SOLUTIONS

The ageing crisis is forcing organisations to address their talent supply chains to retain retiring workers and prevent a potentially huge loss of knowledge at the workplace. This has led to a whole range of government policies and innovative retention strategies.

### 1 Re-employing Retirees

As a small island nation, the impact of an ageing workforce is acutely felt in Singapore where those aged 65 and above now make up around 12 percent of the population, up from 7 percent in 2002.

Singapore has favoured re-employment as a way of keeping older workers in the workplace, raising the age at which companies can re-employ an employee from 65 to 67. Since re-employment legislation was introduced in 2012, a staggering number of older employees have been retained – 99 percent of private sector local employees who turned 62 in June 2013 were offered re-employment, while 67 percent of retirees were offered re-employment on existing contracts, with no change to their employment terms. Among those re-employed in the same job, 96 percent did not experience a basic wage cut.

A similar plan has been adopted in Japan. In 2012, Japan shelved its plan to extend the compulsory retirement age for national government employees from 60 to 65. Instead, it increased the number of employees working until the age of 65 by rehiring workers who retired at 60 on lower wages.

These steps have had a significant impact, with the labour force participation rate for men aged 60 to 64 increasing from 71 percent in 2006 to 77 percent in 2009. Meanwhile, Japan will begin to raise the eligibility age for mutual pension payments to 65 in stages.

### 2 Promoting Diversity

Businesses across the Asia Pacific region have responded to the ageing of the workforce by adjusting workplaces to better suit older workers. In fact, businesses in the region have moved faster than anywhere else in the world to factor senior employees into their workforces as part of inclusion and diversity programs.

According to a 2011 Forbes global survey of executives of 321 large corporations, 82 percent of companies in the Asia Pacific region report ageing as a component of their diversity programs, compared to 67 percent in the Americas, and 68 percent in Europe, the Middle East and Africa (EMEA). All respondents worked for large global enterprises with annual revenues of more than US\$500 million.

Creating a diverse workplace brings noticeable benefits for businesses. Among companies with more than US\$10 billion in annual revenue surveyed by Forbes, 56 percent strongly agreed that diversity helped drive innovation. Respondents in Asia were also more likely to see a link between diversity and innovation. In the Asia Pacific region, 56 percent strongly agreed with this notion, compared to 48 percent in the Americas and 41 percent in EMEA.

However, promoting diversity and inclusion plans that will entice older workers to stay or return to work can be a steep challenge in a competitive business environment. This means that getting programs in place needs sign-off at the highest level.

### 3 Creative Deployment

HR leaders are having to rethink and find creative ways to deploy the vast knowledge and skills of older workers. This includes making the most of older workers' experience to ensure that organisations have the leadership skills required to succeed globally.

According to the consultancy CEB, just 25 percent of employees in Asia feel that their leaders are fully prepared for future challenges. About the same proportion (26 percent) of Asia's rising leaders believe their successors are ready to move to executive roles, compared to 43 percent in the rest of the world.

While not all seniors are natural leaders, most have decades of experience and knowledge to pass on. With leadership skills in short supply, using that knowledge effectively is critical to ensuring continuity, future growth and a successful growth strategy.



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## 4 Age-Friendly Workplaces

Consultants are now advising businesses on the design, comfort and appeal of their work spaces for older workers.

In Singapore, for instance, the Silver Group consultancy conducts Age-Friendly (AF) workplace audits for companies. This audit examines more than 200 touchpoints, including workers' commute to the office, the workplace itself, workers' knowledge and compliance. The result of such audits points to the advantages of creating 'age neutral' or multi-generational workplaces as a way of drawing senior workers back to the office. This can be done by promoting privacy and collaboration, as well as providing easy access and use of facilities and user-friendly technology.

Other changes that employers can make to become more 'age-friendly' include paying closer attention to the accessibility of toilets, step-free access to buildings, easy-to-read signage and large-print materials. There are no silver bullets when it comes

to managing workforce demographic change on the scale that is being seen due to ageing. However, proper planning can help.

## 5 Silver Surfers

Bear in mind it might be a mistake to presume that retirees need special attention when it comes to technology. In fact, older individuals are some of the fastest adopters of technology.

The 55 to 64-year age bracket is the fastest growing demographic on Twitter with 79 percent growth rate since 2012. The fastest growing demographic on Facebook and Google+’s networks are the 45 to 54-year age bracket at 46 and 56 percent respectively.

Seniors in Asia, especially those from Japan, China and India, are more technologically savvy than their counterparts in the West. In these countries, 70.7 percent of those aged over 55 use a mobile device as their primary way of communicating, compared with 32 percent in Germany, Spain, the United Kingdom and the United States.

## RECOMMENDATIONS FOR HR AND BUSINESS LEADERS

With workers fast ageing across Asia Pacific and around the world, governments and business leaders need to 'future proof' their organisations by putting the building blocks in place to support a truly 'multi-generational' workforce.

Here are 8 steps:



1 Devise an overarching Career Transition strategy for retaining older workers, as part of your planning for the next 5 to 10 years. Make it your number one priority along with Retirement Assessment.



2 Encourage and promote the strategy internally. Secure the necessary buy-in from the executive leadership so that your strategy carries significant weight at the highest level.



3 Consult employees about their desired training and draw up new training modules that include both young and older employees.



4 Explore ways for older workers to be leaders through mentorship programs, passing on their valuable insights, skills and knowledge with retirement succession planning.



5 Provide training on all new technologies for older workers as part of learning and development strategies.



6 Evaluate your company's processes, culture and working environment to gauge its age-friendliness.



7 Explore government policies and resources for businesses seeking to support older workers in continuing work or returning to the workforce.



8 Provide an inclusive talent strategy for a more robust change management and talent planning model.