

Mature Age

Workforce Resource 2015

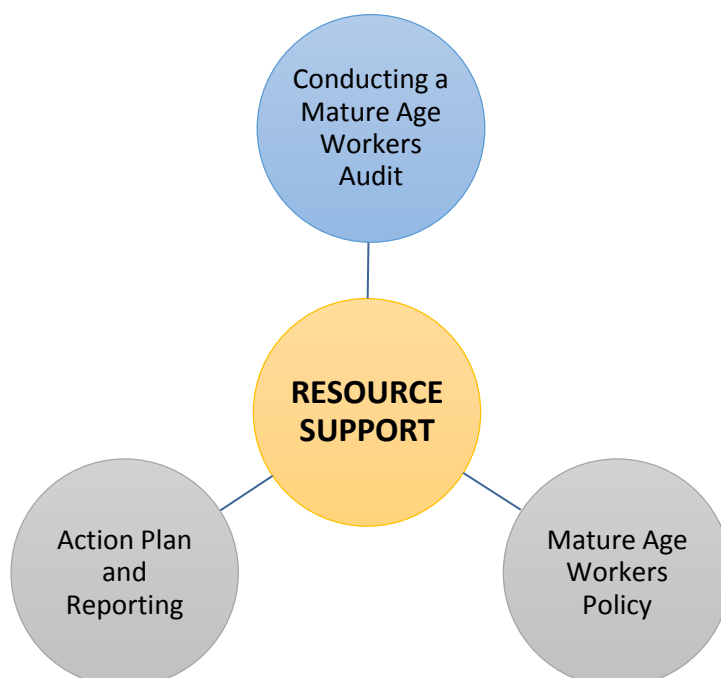


A framework of recommendations for the management and retention of mature talent in local government

RESOURCE SUPPORT 1

CONDUCTING A MATURE AGE WORKERS AUDIT

This Resource Support document is the first of three template and support documents that can assist the development of the council organisation's *Mature Age Workforce Resource*.



1. WHY CONDUCT A MATURE AGE WORKERS AUDIT?

Gathering data specifically related to mature age workers can place the information in the context of a general, organisation-wide age audit, encompassing all employees. Analysis of the mature age workforce according to the demographic data can give a fuller understanding of the impacts on recruitment, retention and productivity costs of mature workers. Generally understanding how age is distributed within work areas will assist in identifying critical priority areas and management needs.

Age management strategies and human resource interventions, particularly for mature age workers, are not a short term 'fix' or a 'one-stop-shop' approach. Each council organisation will have its own course of action to determine, based on working conditions, turnover, issues and other characteristics of the workforce resulting from their own unique age profile. In most cases, necessary interventions and workplace practices are long-term transitional change strategies

impacting an employee's engagement over the course of their work-life cycle. Age audits will assist organisations to:

- Identify risks and challenges presented in managing the place of mature workers in an age diverse workforce;
- Provide opportunities for continuous improvement;
- Provide a means of monitoring and measuring the profile of the mature workforce;
- Develop and implement targeted age management policies, procedures and strategies for mature workers;
- Implement work arrangements for mature workers that are flexible and provide for increased retention opportunities where desired;
- Provide a constant source of evidence-based data and information to support and inform future organisational changes and strategic goals;
- Track recruitment and selection age equity outcomes.

2. AGE PROFILING

Age profiling uses a range of baseline data for measuring, comparing and analysing the structure of age within the organisation. The process determines the number of people within various age bands and at various stages of employment, to provide immediate insight into how the age profile will impact on:

- ❖ Individuals;
- ❖ Workforce capability;
- ❖ The strategic and delivery objectives of the organisation and Council.

Age profiling for mature age workers supports the development and implementation of HR interventions and age management work arrangements and practices that support the recruitment and retention of older workers.

3. ACTION TO BE TAKEN

Once data is collected and analysed, trends and gaps can be identified and opportunities for action assessed. These actions can then be incorporated into the broader workforce planning processes to support evidence-based decision-making with regards to the key workforce management and workforce development practices, particularly in relation to mature age workers.

The **Toolkit** of the *Mature Age Workforce Resource* provides practical suggestions and supports action planning for a variety of topics that may emerge as issues that need to be addressed.

4. GETTING STARTED

The size of the workforce and the availability of data will influence the timeframe, resource commitment and costs required to complete the age audit. If a brief is required, it can include:

- Purpose and scope;
- Justification;

- Requirements for a Project Manager and sponsor;
- Key tasks and processes;
- What resources (human, physical and financial) are needed to complete the audit;
- Timelines – proposed start and due date;
- Proposed methodology;
- Cost;
- Action Plan.

5. GATHERING THE MATURE WORKERS AGE PROFILING DATA

Firstly, decide on the data to collect, based on the scope of the age profiling exercise and the planned use of the findings. The basic data required for age profiling includes:

- Age range of the wider workforce, with a focus on the mature workers' demographics;
- Number of people employed in each band to enable comparisons between mature workers and the general workforce.

Secondly, decide what additional data sets are required. Knowing what data is needed and more importantly, what information can be extracted is the key to success. Remember, it is about the quality of information not the quantity! Yet with that in mind, any of the following examples can be included from the wide range of available measures available, or other metrics can be added too. Some of the options include:

- Average age of the workforce;
- Gender;
- Occupational areas;
- Classification levels;
- Length of service to the organisation;
- Length of total service at retirement;
- Absentee rates;
- Return to work measurements;
- Turn-over;
- Retirement data;
- Resignations data;
- Promotion rates;
- Vacancy rates;
- Leave – sick leave balances, long-service, annual leave;
- Training and development;
- Career progression and development;
- Skill capability assessment;
- Retirement intentions;
- Retirement and attrition rates;
- Education levels/qualifications.

6. HR METRICS

To assist with determining the data required, there is a selection of Human Resources measures (HR Metrics) included at the back of this document in the [Appendix](#). These are intended to

enable easier application of the data collection and to ensure all dimensions are considered for a thorough analysis. The following **example** shows an HR metric for establishing the average age of the workforce.

Focus:	Workforce demographic
Metric measure:	AVERAGE AGE
What does the measure mean?	The average age of your organisation’s mature age employee population
How should the measure be used?	<ul style="list-style-type: none"> ▪ The average age metric is a determinant of the average age of employees ▪ It is recommended that average age be sliced by occupation, classification level and gender to obtain a more complete demographic picture of the mature age cohort
Complementary Metrics	<ul style="list-style-type: none"> ▪ Years of Experience ▪ Average Retirement Age ▪ Retirement Rate ▪ Skills and Knowledge

The collection of metrics is not intended to create unwarranted workloads or complex processes. The metrics should be kept to a minimum and only essential data components, that lead to the information needed to make informed decisions, should be selected.

7. COLLECTING THE DATA

Once the data requirements are clear, the location of the data and the collection methods need to be established. A lot of data will already be available from HR and payroll systems and it is recommended, where possible, to use the data already in place. Currency and integrity of data is essential. There may also be a need to create other tools for collection of data and information, like individual responses through a questionnaire or survey tool about retirement intentions or other such matters.

Where possible, consider the format of the information for ease of analysis. Where the data is stored in an HR or Payroll system may be relevant, as well as the content, the analysis and the report format. Where the systems allow for ad hoc reporting, the report can be customised to combine a range of data in the required report.

8. ANALYSING THE DATA

The ability to analyse the data correctly is core to the usefulness of the age profiling process. It may require several people to provide their interpretation in order to gain a shared view of the information.

9. STORING DATA

Once the data has been accessed or developed and completed, the final stage is ensuring that the data remains private and confidential. Personal information on employees should only be made available to persons who have delegated responsibility for this task. Appropriate storage

of information is important and processes for storage and maintaining privacy should remain consistent within the organisation's current procedures.

10. FREQUENCY OF AGE AUDITING

It is recommended that age auditing is embedded into the workforce planning processes and therefore, at a minimum, is reported annually. Councils however may choose to undertake quarterly reviews based on the level of workforce movement.

11. REMAINING ASPECTS OF THE AUDIT MODEL

Policy and document reviews as well as structures will potentially be addressed in future documentation developed to support council organisations with age management. It is acknowledged that council organisations may have their own range of resources and there is no obligation to use these forms/templates.

APPENDIX

HR Metrics

These HR Metrics provide a means of turning data into meaningful information through focusing on key measures about the workforce, or in this case, the mature age segment. Metric analysis can be applied quarterly or annually. If there are the resources to apply the metrics quarterly, this is the preferred option as it allows for better analysis by capturing changes throughout the annual reporting period. Irrespective of how often the metrics are applied, the intent is to complete the analysis at least once annually to provide an evidence-based forecast of human resource performance as it relates to mature age employees for inclusion in the annual workforce planning cycle.

The *British Columbia Human Resource Management Association (BCHRMA: 2010)* is the main and acknowledged source of the core measures included in this resource. Complementary metrics have also been developed and included to assist councils with the age auditing of their workforce. BCHRMA have also developed an example of calculating quarterly metric results to annual figures as well as four basic statistical definitions. Annualising a quarterly result, for instance, is as simple as calculating the moving average of the previous quarter's results and multiplying it by four (representing the four quarters of the year).

Statistics Basics

The Mean (Average) – describes the central location of the data. The average is obtained by taking the sum of a group of values and dividing by the number of values. The mean or average may be different than the median.

The Median – in a finite list of numbers can be found by arranging all the observations from lowest value to highest value and picking the middle number. For an odd number of data points arranged in ascending order, the median is actually the middle value, and for an even number of data points it is the value halfway between the two middle data points. The median may be very different to the mean as it is found through a different calculation.

The mean and median – are two types of "averages" or measures of central tendency. For a given set of data, these measures may be very close or may be quite different, depending on how the data is distributed. The mean should be treated with care as its value can be greatly influenced by outliers. In other words, the mean is affected by a few extremely large or extremely small values outside the range of the rest of the data, but the median is not. The median shows the middle value of the range and ignores the outliers. Used together, the mean and median give the full picture allowing you to fully compare your organisation to the data collected.

Percentile – is the value of a variable below which a certain percentage of observations fall. So the 10th percentile, for example, is the value (or score) below which 10 percent of the observations may be found. If therefore there are 20 numbers in a range, the first two numbers are considered to be in the 10th percentile. The first five numbers form the 25th percentile, etc. The 25th percentile is also known as the first quartile; the 50th percentile is the median or second quartile; the 75th percentile is the third quartile.

Baseline Data Collection

It is of benefit if all council organisations use the same measure for defining ‘age bands’ for future benchmarking and national reporting consistency. The recommended bands selected are at five-year intervals.

- 15 – 19 years
- 20 – 24 years
- 25 – 29 years
- 30 – 34 years
- 35 – 39 years
- 40 – 44 years
- 45 – 49 years
- 50 – 54 years
- 55 – 59 years
- 60 – 64 years
- 65 years and over

Mature Age Workers Demographics

The following outlines the HR Metrics useful for the identification and collection of relevant data, *specifically related to the mature age workers*. It is assumed that council, or specifically the Human Resources Information Systems (HRIS) will be able to draw the majority of required demographic data required for age profiling.

Focus:	Workforce demographic
Metric measure:	OCCUPATIONAL CATEGORIES
What does the measure mean?	Categorises employment under five key occupational areas
How should the measure be used?	It is recommended that Average Age be sliced by occupation, classification level and gender to observe a more complete demographic picture of the mature age cohort. The key occupational areas assist in filtering positions into key occupational categories. The five categories are: <ol style="list-style-type: none"> 1. Corporate and Business Support 2. Health and Community Care 3. Engineering 4. Planning and Community Development 5. Environment and Emergency Management
Complementary Metrics	<ul style="list-style-type: none"> ▪ Years of Experience ▪ Average Retirement Age ▪ Retirement Rate ▪ Skills and Knowledge

Focus:	Workforce demographic
Metric measure:	AVERAGE AGE
What does the measure mean?	Average age of council organisation’s employee population
How should the measure be used?	<ul style="list-style-type: none"> ▪ The average age metric is a determinant of average age of employees ▪ It is recommended that Average Age be sliced by occupation, classification level and gender to observe a more complete demographic picture of the mature age cohort
Complementary Metrics	<ul style="list-style-type: none"> ▪ Years of Experience ▪ Average Retirement Age ▪ Retirement Rate ▪ Skills and Knowledge

Focus:	Workforce demographic
Metric measure:	AVERAGE LENGTH OF SERVICE
What does the measure mean?	Average length of service based on head count
How should the measure be used?	<ul style="list-style-type: none"> ▪ Include this metric as a part of the discussion on mature employee retention ▪ Each individual employee’s length of service may vary but this metric can tell if the characteristics of the overall mature age employee base is static or changing ▪ This metric can help with workforce planning and also in ensuring that retention practices are working
Complementary Metrics	<p>Average Length of Service is an important metric to monitor for the purposes of workforce planning. The metrics below should be used to determine what might impact the average length of service:</p> <ul style="list-style-type: none"> ▪ Turnover rate ▪ Average retirement age ▪ Average age ▪ Vacancy rate ▪ Voluntary turnover rate ▪ 1st year resignation rate ▪ Resignation rate by length of service ▪ Resignation rate by age group
Cautionary notes	Do not presume that a high average length of service has a direct correlation to employee engagement, satisfaction, loyalty, or productivity

Focus:	Workforce demographic
Metric measure:	<i>GENDER</i>
What does the measure mean?	This workforce demographic metric identifies the gender balance of the mature age workforce
How should the measure be used?	<p>It is recommended that the gender balance be aligned to occupation, classification level and age category to observe a more complete demographic picture of the mature age cohort, and be used to:</p> <ul style="list-style-type: none"> ▪ Track performance for gender equity reporting ▪ Establish the ratio of male to female employees ▪ Monitor age and employment trends
Complementary Metrics	<p>For the purposes of workforce planning, gender balance should be further analysed by:</p> <ul style="list-style-type: none"> ▪ Average age ▪ Occupation ▪ Classification level ▪ Employment type (permanent, part-time, temporary) ▪ Employment status (full-time, part-time, casual, volunteer)

Focus:	Retention Metrics
Metric measure:	<i>RESIGNATION RATES</i>
What does the measure mean?	Employees who resigned from council, as a percentage of headcount
How should the measure be used?	<ul style="list-style-type: none"> ▪ Use this metric to determine the rate at which mature age employees are choosing to leave the council organisation ▪ Resignations are generally the most manageable / preventable of all employee turnover ▪ Perform further analysis by asking the employees why they are leaving, using exit surveys / interviews ▪ Cross reference this data with other data such as age, gender
Complementary Metrics	<p>The overall resignation rate is an important metric for tracking the overall effectiveness of the retention culture and attitudes, and compensation strategy. However, it does not provide sufficient detail to be able to determine where problems may exist and therefore how to correct them. The metrics below should be used in conjunction with the overall resignation rate to create a clearer picture:</p> <ul style="list-style-type: none"> ▪ 1st year resignation rate ▪ Resignation rate by length of service ▪ Resignation rate by age group ▪ Cost of voluntary turnover
Cautionary notes	Other factors that are unrelated to age will influence decisions to resign. Be wary of coming to inappropriate conclusions after making incorrect or invalid assumptions and judgements based simply on the metrics

Focus:	Retention Metrics
Metric measure:	RETIREMENT RATES
What does the measure mean?	Employees who retired, as a percentage of headcount
How should the measure be used?	<p>Observe trending in retirement rates, such as specific times of the year, or whether the retirement rate is increasing or decreasing over time. Forecast future retirement rates with other demographics information such as:</p> <ul style="list-style-type: none"> ▪ Average age ▪ Historical retirement rates ▪ Average retirement age rates ▪ Demographic information (Australian labour force) <p>A rising retirement rate in the economic region could indicate a future labour supply issue. This metric is particularly important for council organisations when developing strategic workforce plans</p>
Complementary Metrics	<p>The retirement rate is a key workforce planning metric. It can determine how quickly the talent pipeline will need to be re-supplied and how much development council organisations will need to undertake to replace the loss of knowledge and experience when employees retire. Other metrics which can provide the complete picture are:</p> <ul style="list-style-type: none"> ▪ Average retirement age ▪ Average age ▪ Vacancy rate ▪ External recruitment – ‘Time-to-Fill ‘ ▪ Succession planning rate
Cautionary notes	While an employee may qualify to retire from the organisation, this does not indicate that the employee has left the workforce. Many people who have ‘officially’ retired continue to work on a contract, part-time or casual basis

Focus:	Retention Metrics
Metric measure:	AVERAGE RETIREMENT AGE
What does the measure mean?	Average age of mature age employees who have retired (in the last 3 years)
How should the measure be used?	<p>It is designed to observe long term trends, such as whether the retirement rate is increasing or decreasing over time and during specific economic cycles. The average retirement age is useful in forecasting when and at what rate the workforce may retire in the future. If the average retirement age starts to reduce, then knowledge and succession management needs to be implemented to counter the loss of knowledge, information, skills and professional relationships / contacts. The average retirement age of Australian workers is 61.5 years (ABS: 2013). It is different for males and females, and this should be kept in mind</p>

Complementary Metrics	<p>Average retirement age is a key workforce planning metric. Together with the retirement rate, it can help forecast future recruitment needs more effectively. Other metrics that can provide the complete picture are:</p> <ul style="list-style-type: none"> ▪ Retirement rate ▪ Average age ▪ Vacancy rate ▪ External recruitment (Time-to-Fill)
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Focus:	Productivity Metrics
Metric measure:	ABSENTEEISM
What does the measure mean?	<p>The average number of work days missed due to illness for full-time equivalent (FTE) employees. Illness will include days taken on a short-term disability but not on a long-term disability</p> <p>This metric measures the relative health of a council organisation as a workplace as well as workforce attendance issues, both of which are of relevance to the mature age workforce</p>
How should the measure be used?	<p>If council is concerned about the absenteeism rate, further analysis can be done by:</p> <ul style="list-style-type: none"> ▪ Exploring the reasons for absenteeism ▪ Seeing patterns of frequency for mature age employees as compared to other generational groups ▪ Observing the most common days of absence <p>An increase in absenteeism may also indicate a disengaged employee/workforce and can be considered a leading indicator of future employee turnover. Absenteeism has been correlated with engagement, suggesting that a higher level of absenteeism generally indicates a workforce with a low level of engagement</p> <ul style="list-style-type: none"> ▪ Absenteeism will also increase when people are being over-stressed through workload, change issues or uncertainty about their future
Complementary Metrics	<ul style="list-style-type: none"> ▪ Calculating the cost of absenteeism may demonstrate the value to be gained through introducing wellness programs or increasing certain levels of benefits ▪ Knowledge of factors such as Council’s long and short term plans, values and other strategic factors has been shown to be closely linked to employee engagement ▪ Overtime, per Individual Contributor Headcount. If overtime hours and absenteeism rates are increasing, this trend may indicate work overload and burn-out. Use these two metrics to determine if there is a need to recruit or improve work processes
Cautionary notes	<p>There are several reasons why employees may be absent and further analysis, such as through focus groups or surveys, may be required to identify specific issues relating to mature age workers</p>