

Employing and Retaining Older Workers

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In partnership with



Australian
Human Rights
Commission



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Foreword: Australian HR Institute

The Australian HR Institute (AHRI) is proud to partner for a fifth time with the Australian Human Rights Commission (AHRC) on this important report which provides insights into the employment climate for older workers and the shift in perceptions around Australia's ageing workforce.

The survey data in this report provides an update on the employment of older workers against time series data from 2014, 2018 and 2021.

This year, the survey highlights trends around elevated employee shortages, a sharp fall in the increase in employment levels of older workers over the past year and evidence of ageist employment practices in some Australian workplaces.

Official data shows that from the mid-1990s through to the pandemic, the participation rate for people aged 55 years and over had been increasing in Australia, with the workforce participation rate for people aged between 55 and 64 years increasing from 44.8% in February 1995 to 69.4% in February 2023¹.

However, in a significant shift, the growth in the number of older workers in employment has slowed significantly over the past year. While employees aged 55 and above currently comprise almost a fifth (20%) of the Australian workforce, this age cohort accounts for just 4% of the growth in employment levels in the twelve months to February 2023 according to official data²; despite the historically high levels of job vacancies.

According to the latest official data, there were 439,000 vacancies in the Australian economy in February 2023³; nearly double the number just prior to the pandemic. Unsurprisingly, almost two thirds (65%) of HR professionals surveyed say they are currently experiencing recruitment difficulties.

¹ [Labour Force, Australia, Detailed, February 2023 | Australian Bureau of Statistics \(abs.gov.au\)](https://abs.gov.au)

² [Labour Force, Australia, Detailed, February 2023 | Australian Bureau of Statistics \(abs.gov.au\)](https://abs.gov.au)

³ [Job Vacancies, Australia, February 2023 | Australian Bureau of Statistics \(abs.gov.au\)](https://abs.gov.au)



It is clear from this report that the employment of older workers can contribute more to easing employment shortages. For example, only a quarter of HR professionals (25%) report that they are open to hiring people aged 65 and above “to a large extent” while around one in six organisations say they actively exclude older workers from the recruitment process.

At the same time, the proportion of organisations that offer flexible working hours and provide access to training and development opportunities - initiatives which are perceived to be pivotal to supporting older workers to remain in or transition into employment - has fallen slightly compared with previous reports.

On the upside, it is clear from the survey data that employers are much more enthusiastic about other forms of flexible working.

This research provides a wake-up call to organisations to consider older workers more carefully when developing diversity, equity and inclusion strategies.

The survey data also underlines the need for government policy to better support older workers in employment, most notably through more investment in skills. According to this report, around half of organisations offer continued access to training and development opportunities for older workers, which represents the lowest mark since the survey began.

As this report indicates, organisations stand to benefit from a multi-generational workforce in many ways through harnessing the strengths of different age groups. If employers and governments can maximise the potential of older workers as part of an age-diverse workforce, this could help drive more diverse workplaces, reduce employee shortages and strengthen Australia’s economic performance.

Sarah McCann-Bartlett

Chief Executive Officer





Foreword: Australian Human Rights Commission

The Australian Human Rights Commission is pleased to support once again the AHRI older worker survey. This year's survey provides interesting insights into HR professionals' attitudes and behaviours towards older workers, as employers emerge from the pandemic and face labour shortages due to limited migration.

Almost two thirds (65%) of HR professionals surveyed say they are experiencing recruitment difficulties.

But 1 in 5 surveyed state they still have an older age at they 'definitely' or 'probably' won't recruit. The good news is that is steadily declining, from 52% in 2014, 30% in 2018, 27% in 2021 to 18% in 2023. This is still too high – we need to continue to debunk the myths of working with older people.

Less positive, is that only 25% of respondents state they are open to hiring people aged 65 and over 'to a large extent', and just over half (56%) are open to hiring people in the next age group down (50-64 years). Disappointingly, 18% report not being open to hiring people aged 65 and over 'at all'. This suggests ageist perceptions still pervade recruitment practices.

The reluctance among some HR professionals to recruit older workers seems to contradict the lived experience of employing them. Many respondents surveyed report no difference between older and younger workers in terms of job performance, concentration, ability to adapt to change, energy levels and creativity. Respondents recognised the advantages of older workers when it comes to coping with stress, attendance, reliability, awareness, commitment and loyalty while others highlighted younger workers' physical capability, ambition and proficiency in using technology as positive attributes.

In the previous 2021 survey, the perception of what constitutes an older worker was shifting to a younger age, with an increase in those selecting the 51-55 age bracket. In this survey, HR professionals have classified older workers firmly back in the 61-65 years bracket at 36%. While inconclusive, this could mean the perception of older



workers is starting to stabilise post-pandemic to refer largely to the post-60s age brackets.

Approximately 50% of respondents say their workplace offers flexible work locations, likely a continuing trend from the various remote and hybrid work arrangements introduced during the pandemic. There is also a welcome rise in employers offering flexible job design policies, which almost doubled compared to previous years. However, the decline in employers offering career planning and advice, training and development opportunities, and even flexible working hours is concerning, as we know flexible work options and access to ongoing training are key to attracting and retaining workers of all ages.

Overall, there were mixed results in this year's survey with some positive ongoing gains, but other areas where employment policies and practices don't align with the benefits and opportunities of employing older workers. It is clear that much still needs to be done to improve experiences for older workers and encourage employers to realise the advantages of an age diverse workforce. We look forward to further collaboration with AHRI on this important work.

The Hon Dr Kay Patterson AO

Age Discrimination Commissioner

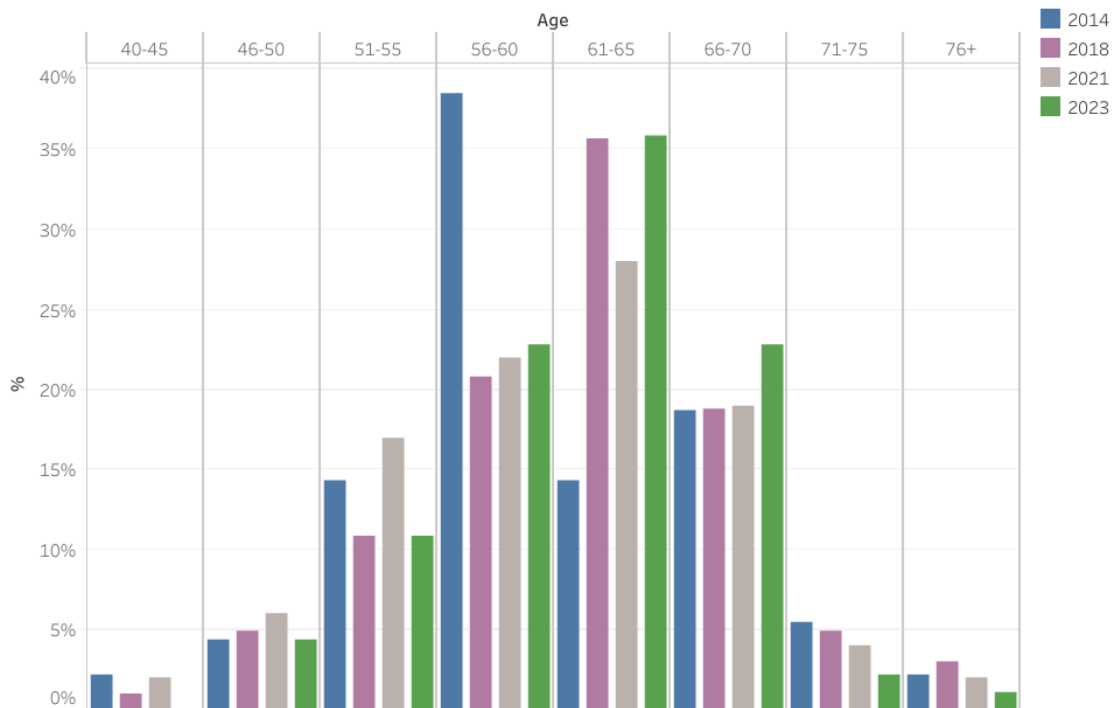




Attitudes and perceptions

The age at which HR professionals classified someone as an ‘older worker’ has increased since the last survey conducted in 2021. Over a third (36%) of HR professionals believe that employees aged between 61 and 65 constitute the threshold for becoming an older worker. The next most cited age groups were 56 to 60 years and 66 to 70 years, both at 23% of respondents. Only fourteen percent of HR professionals believe that an older worker is aged 55 and below; down from twenty five percent in 2021.

Figure 1: Age at which HR professionals classify somebody as an older worker.



Base: 268 HR professionals (2023)



WORKFORCE PROFILE

Respondents reported that more than a quarter (28%) of their workforce is aged over 55. This is significantly higher than the participation rate for employees aged 55 and above, which at the time of writing stood at 20%⁴.

EMPLOYER ATTITUDES TO OLDER WORKERS AND YOUNGER WORKERS

The survey asked respondents to compare older workers with younger employees across a range of criteria.

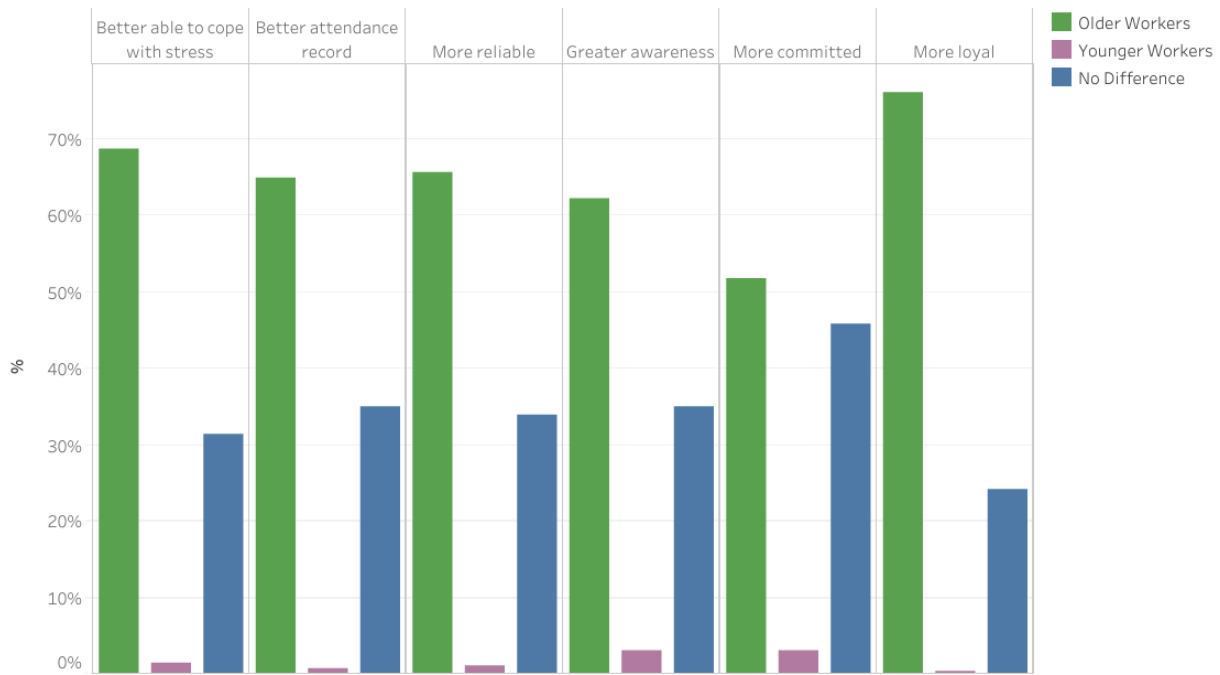
Overall, the results indicate a misalignment between HR professionals' reluctance to hire older workers and their general assessment of older workers who rated higher than younger workers across the majority of the criteria (Figures 2 and 3). This is consistent with the findings of previous reports which have also sought to benchmark HR professionals' views of the different age cohorts. In this year's survey, a majority of employers scored older workers higher than younger workers on the following criteria: reliability, commitment, loyalty, concentration, attendance and ability to cope with stress (Figure 2).

Meanwhile, the majority of respondents reported no difference between younger and older workers in terms of job performance and concentration. However, among those respondents who did perceive a difference, a greater proportion said that older workers perform better across these criteria. For example, 69% of HR professionals surveyed said that younger workers and older workers perform equally well in relation to job performance. Yet, over a quarter (27%) of HR professionals ranked the job performance of older workers higher, compared with just five per cent who believe that younger workers perform better.

⁴ [Labour Force, Australia, Detailed, February 2023 | Australian Bureau of Statistics \(abs.gov.au\)](https://abs.gov.au)



Figure 2: Criteria where older workers rate higher than younger workers



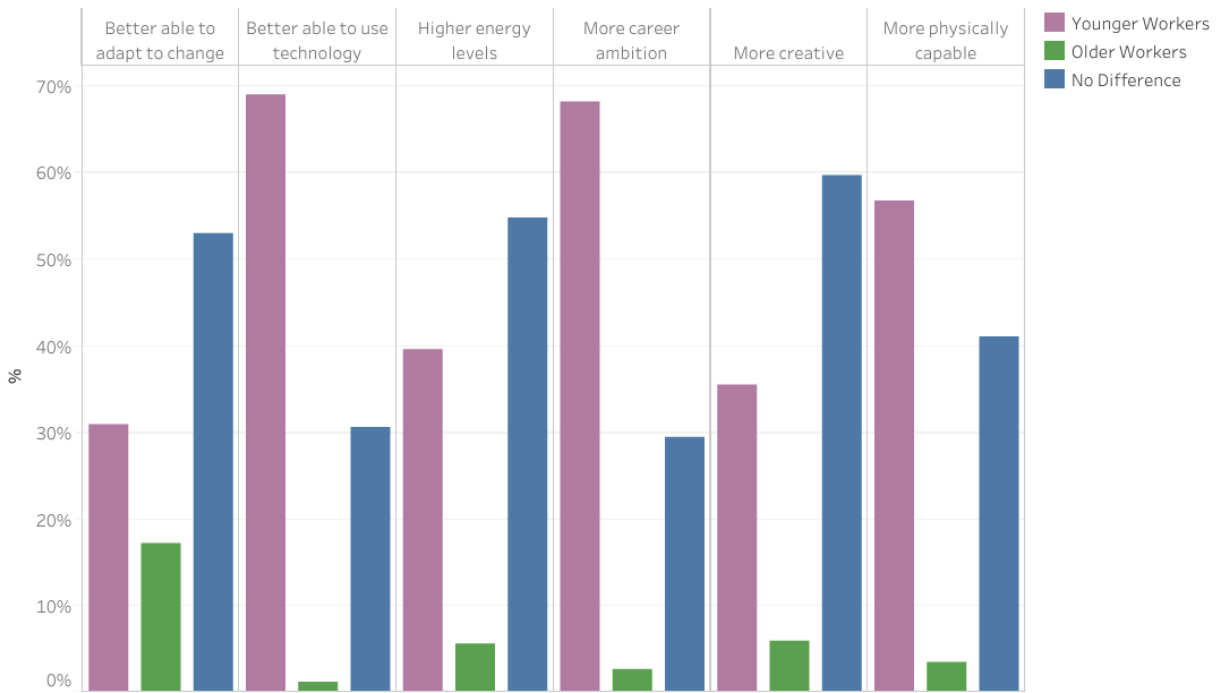
Base: 268 employers (2023)

In contrast, many respondents consider younger workers more creative, energetic, adaptable to change, ambitious, physically capable and proficient in using technology (Figure 3).

Overall, the findings suggest that any reluctance on the part of HR professionals to employ older workers does not align with their experience of employing them.



Figure 3: Criteria where younger workers rate higher than older workers



Base: 268 employers (2023)

Despite these findings, only 15% of HR professionals say that they always capture the knowledge of older workers when they leave the organisation. By comparison, 62% of those surveyed say they sometimes do this and 24% say never.



Recruitment

Almost two thirds (65%) of HR professionals surveyed say they are currently experiencing recruitment difficulties.

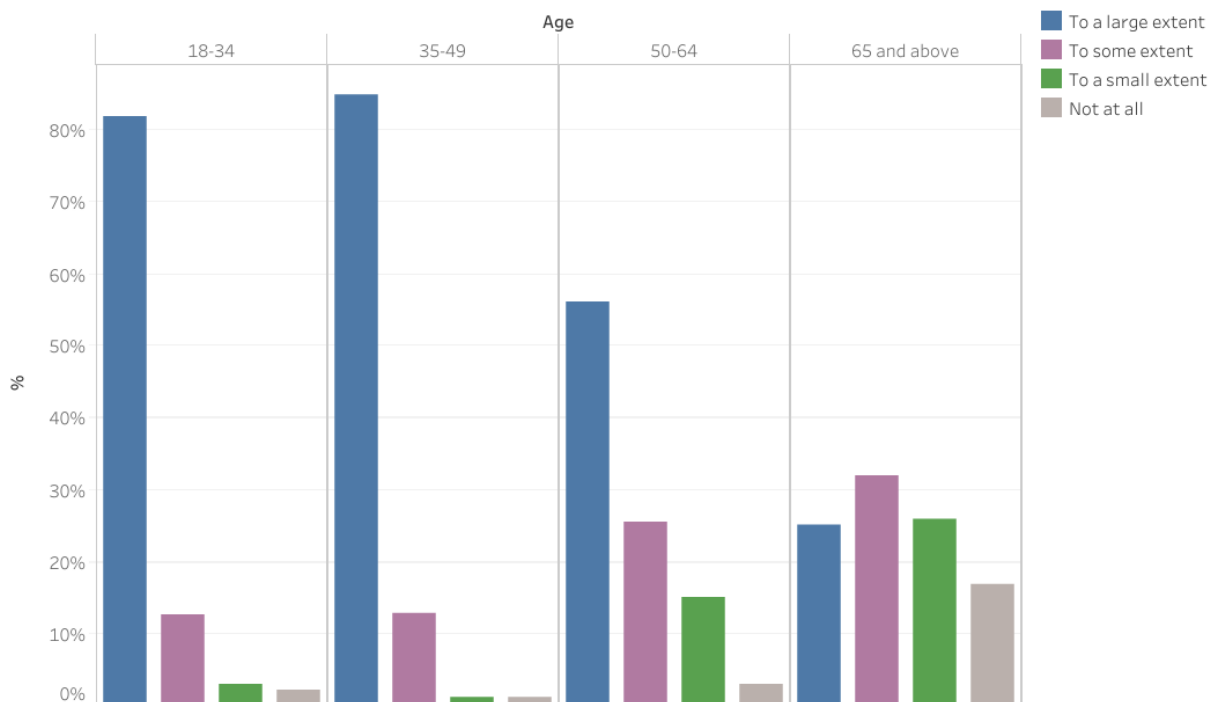
Yet, against the backdrop of continued elevated employee shortages in the Australian economy, the survey found that only a quarter (25%) of HR professionals are open to hiring people aged 65 and above “to a large extent”. Surprisingly, the share (22%) is modestly lower among those who said they are currently experiencing recruitment difficulties. Meanwhile, around one in six (17%) HR professionals say that they actively exclude people from employment by reporting that they are not open to hiring people aged 65 and over “at all”.

Just over half (56%) of HR professionals say that they are open to recruiting people aged between 50 and 64 “to a large extent”. At the same time, just under a fifth (18%) say that they would be open to recruiting from the same age cohort either “to a small extent” or “not at all”.

In comparison, an overwhelming majority of HR professionals say that they are open to hiring from younger labour pools “to a large extent”, including people aged between 35 and 49 (85%) and people aged between 18 and 34 (82%).



Figure 4: How open are employers to hiring from different age groups?



Base: 261 employers (2023)

The survey also asked whether there was an age above which their organisation was reluctant to hire. More than half (52%) of employers said there was no restriction in terms of age and 29% said they were unsure. Only (18%) of HR professionals responded to the question with a specific age in mind, the results of which were evenly distributed across all the different age cohorts. Common reasons for excluding older workers included concerns about physical ability, technological proficiency and ability to change.

Additionally, the challenges faced by older workers in seeking employment are further underlined by the finding that almost half (49%) of HR professionals saying that the recruitment practices at their organisation negatively impact older workers.



Retention

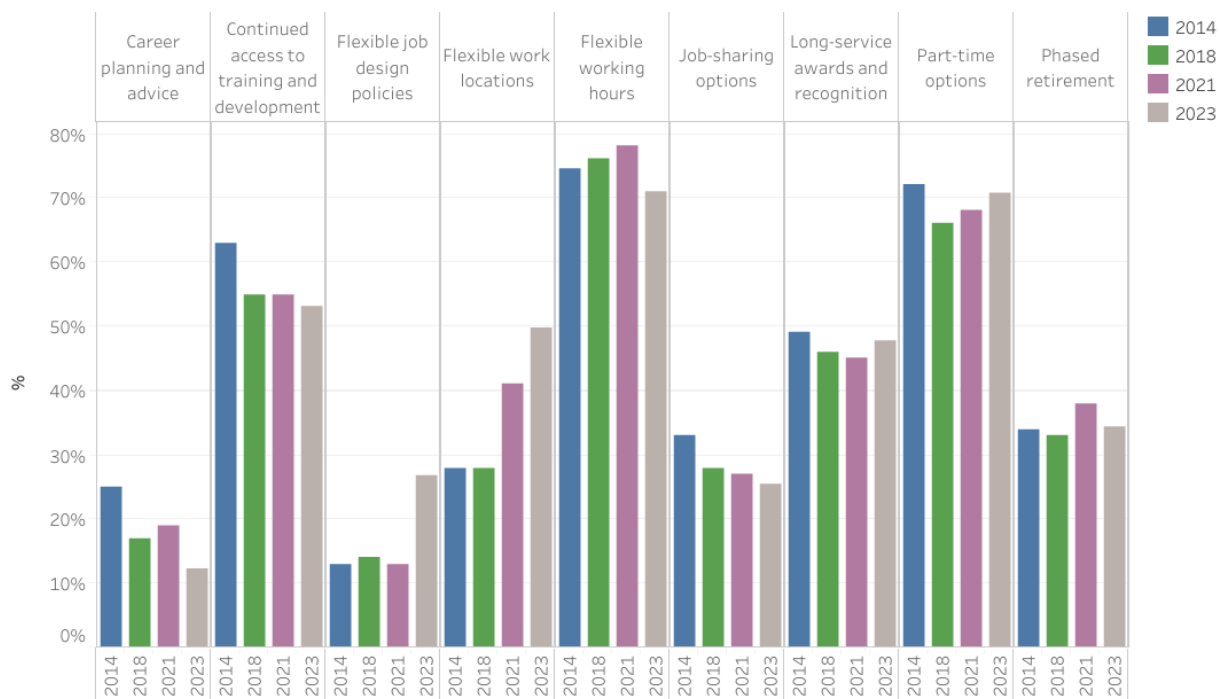
Initiatives to support older workers to remain in employment have fallen across several areas compared with previous reports. Since 2014, fewer respondents are reporting that their organisations offer career planning and advice, training and development opportunities and flexible working hours (Figure 5). The reduction in the share of organisations offering flexible working hours and access to training and development opportunities is especially concerning, especially given the perceived effectiveness of these initiatives on both recruitment and retention by HR professionals in this report.

On the other hand, the survey data suggests that for many workers the COVID-19 pandemic has changed the distribution of work between the regular workplace and home. This may benefit older workers and other groups, including those managing health conditions or who have caring responsibilities. Approximately 50% of respondents report that their organisations offer flexible work locations – almost twice the proportion of organisations that offered this in 2014 and 2018. In addition, the share of organisations that offer flexible job design policies has almost doubled compared with previous reports.

Other measures that support older workers, such as elder care leave (7%), grandparent leave (8%) and specific digital capability upskilling (8%) – appear to be limited.



Figure 5: Initiatives to help older workers in their late careers.



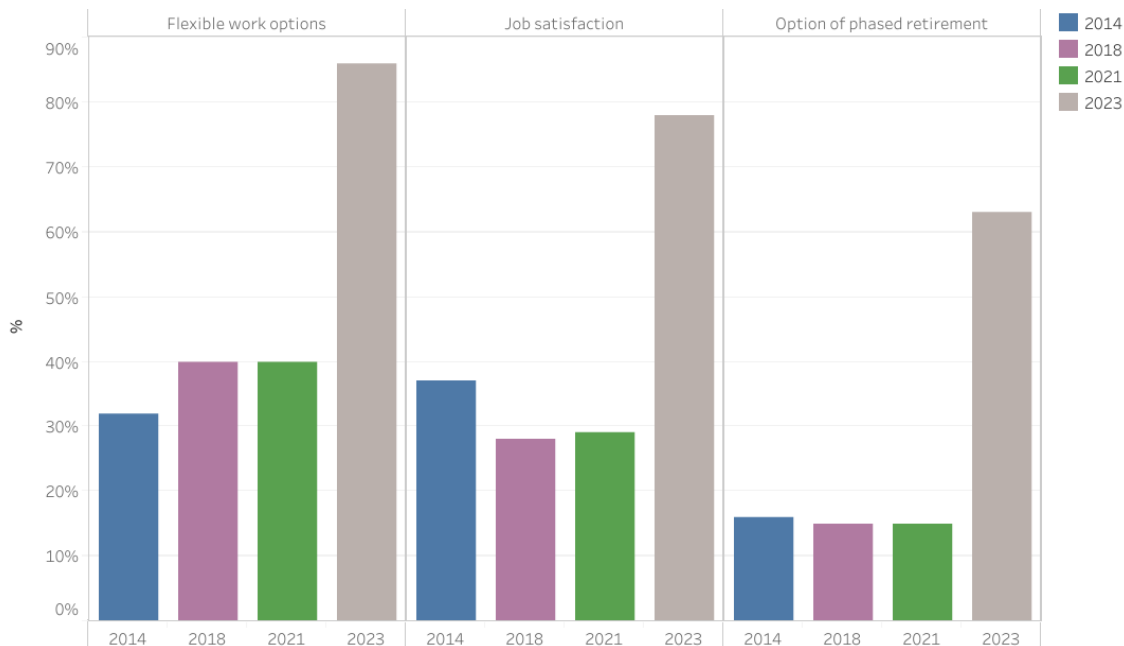
Base: 235 employers (2023)

HR professionals were asked what measures would encourage them as individuals to stay in the workforce for longer (Figure 6). 86% of HR professionals agreed that flexible work options would offer them the best means of remaining in employment. This represents a sharp increase compared with the corresponding results in the 2021 report, where only 40% selected flexible working as a measure that would encourage them to keep working.

Similar sharp increases can be seen in the share of respondents who say they would be encouraged to stay in work through higher job satisfaction (up from 29% in 2021 to 78% in 2023) and the option of phased retirement (up from 15% to 63%) during the same period. The results reinforce the need for employers to make jobs appealing to older workers – whether that be through actively promoting flexible working or by making jobs and workplaces more attractive.



Figure 6: Three most popular measures that would encourage survey respondents to stay in the workforce for longer.

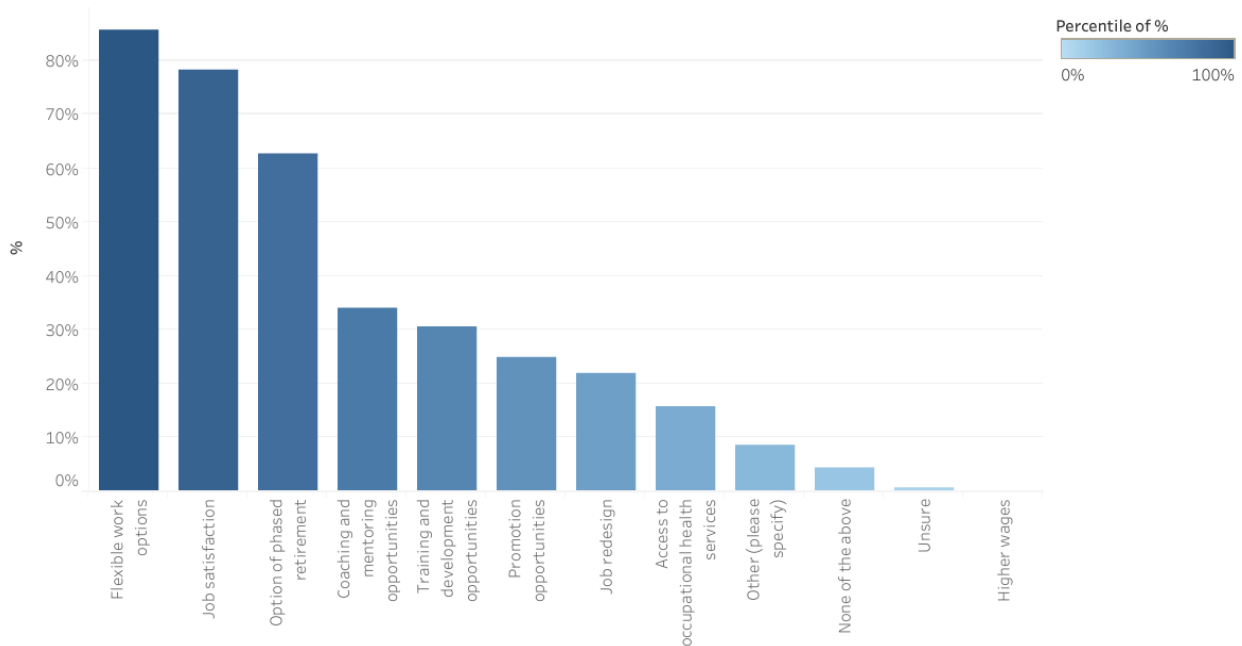


Base: 235 employers (2023)

Additionally, the survey data points to more demand for coaching and mentoring opportunities, and training and development opportunities among HR professionals (Figure 7). For example, in 2021 only 3% of HR professionals said they would be attracted to remain in employment if they had better access to training and development opportunities. This compares with almost a third (31%) of HR professionals in the 2023 report.



Figure 7: Factors that would encourage survey respondents to stay on in employment.



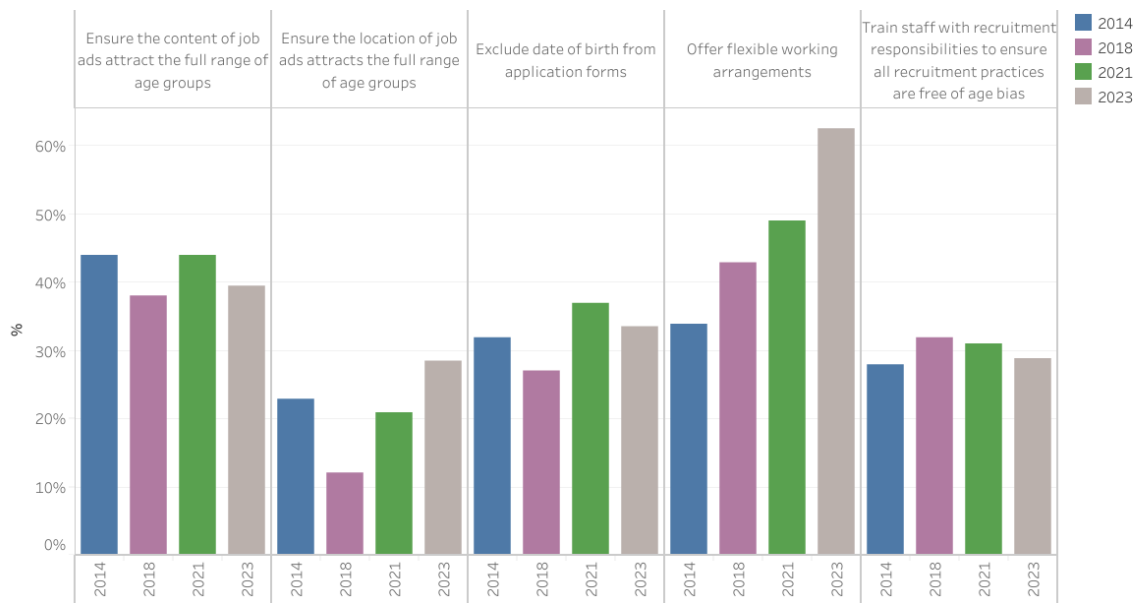
Base: 297 employers (2023)

There are some positive signs that organisations are responding to the needs of older workers. The share of respondents who say their workplace offers flexible working arrangements has hit a record high (63%) compared with previous reports. There also appears to be better targeting in terms of job ad placement to attract as wide a range of applicants as possible (Figure 8).

However, there is little evidence that HR professionals are proactively targeting older workers, despite elevated employee shortages. Only 12% of HR professionals say that they proactively recruit older workers into a range of positions while just 5% use mature-age-specific job boards to advertise vacancies.



Figure 8: Top five recruitment practices used by employers to target older workers.



Base: 235 employers (2023)

Consistent with previous iterations of the survey conducted in 2014, 2018 and 2021, the four greatest advantages of recruiting older workers in 2023 are seen to be experience (85%), professional knowledge (71%), age diversity (41%) and reliability (25%).

There is also little variation across the four reporting periods in terms of the main obstacles HR professionals say they face in recruiting older workers. In 2023, the three most significant obstacles are seen as a lack of older worker applicants (32%), a perception that older workers lack the technology skills required (22%) and salary expectations that are too high (20%). The perception that there is a lack of older worker applicants is consistent with the fall in labour supply from older workers during the past 12 months (see [Figure 9](#)). The survey data in this report suggests that recruitment practices, employers' lack of openness to flexible working and access to training and development initiatives may also be contributing factors.



Survey methodology and respondent profile

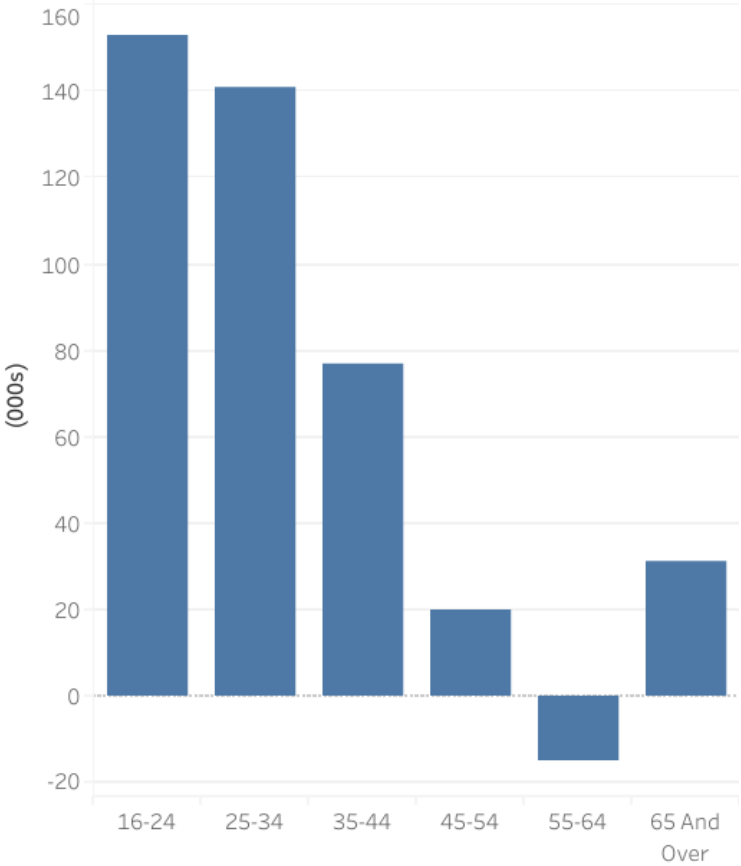
The Australian HR Institute (AHRI) and Australian Human Rights Commission (AHRC) surveyed 297 HR professionals between 21 February and 28 March 2023. There were 137 respondents from the private sector, 49 respondents from the public sector, and 54 respondents from the not-for-profit sector.

Some respondents did not answer every question in the online survey. The number of respondents who answered a question is presented as the base number under the corresponding graph or table in this report.



Annex

Figure 9: Increase in employment levels between February 2022 and February 2023 (by age).



Source: AHRI analysis of ABS, Labour Force Survey



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