

Ready, Steady, Grow – Sustaining the Workforce during the Boomer Exodus

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ABSTRACT

Australia's public sector will be significantly affected by the retirement of the Baby Boomer generation over the next two decades. The retirement of a substantial segment of the public service workforce will result in vast human resource issues, including the recruitment, retention and training of emerging future leaders. These challenges must be met with appropriate preparation, planning and policies.

This issue is of particular interest to the Young Professionals in the public service who will be expected to pick up the torch. The emerging Generation Xs and Ys will need to be prepared to handle this exodus.

This paper explores the shifting nature of the public sector and suggests a range of initiatives to support the transfer of responsibility across generations from authors who will be most affected by the coming change. The paper will build on the ideas generated from an intergenerational workshop held by the Young Professionals Network (NT) in 2008. The "Talking 'Bout My Generation" workshop was held to generate ideas and possible responses to the impact of generational movements in the Public Sector workforce.

The Northern Territory Public Sector is the youngest in the nation. This workshop addressed broad recruitment and retention issues while exploring differences between the characteristics and communication styles of the generations and provided insights into the generational diversity that exists in today's workforce. Building on the information gathered in the workshop the paper provides a broad overview of the challenges facing us and some practical responses.

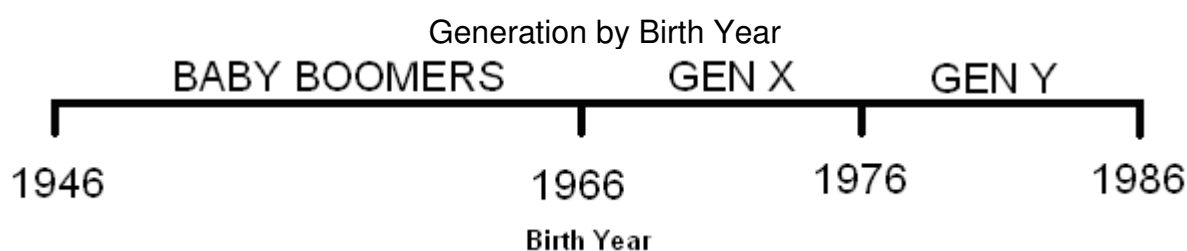
That Australia has an ageing population is well known. Australia's average age has been increasing over the past few decades while the ratio of working age people to retirees has been gradually decreasing. The cause of this is largely due to the Baby Boomer generation, those born between 1945 and 1964 and characterised as part of Australia's post World War II population increase. In many respects the Baby Boomers have been one of the key drivers of the Australian economy during the second half of the 20th century. This generation participated in unprecedented economic growth in Australia, attributable to an increasing availability of workers. Their en masse retirement however is posing a number of challenges to the Australian workforce and economy.

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This issue is of particular interest to the Young Professionals in the public service who will be expected to pick up the torch. The emerging Generation Xs and Ys will need to be prepared to handle this retirement. In 2011 the first wave of Baby Boomers will reach the traditional retirement age of 65. To maintain the standard of the Australian public service in the face of this exodus, and the Northern Territory's (NT's) in particular, a mitigation and migration plan is required .

Generational Characteristics

In defining the generations, the authors recognise the concept of segmenting the population into discrete generations is a simplification which offers a balance between individual differences and the need to better explain and analyse population trends. The three generations of interest to this paper are identified below, as defined by the Australian Bureau of Statistics¹:



As the baby boomer retirement is characterised by a series of transfers between generations – of positions, of knowledge, of skills – it is important to identify the general traits in order to analyse such disparate groups. The following provides some general traits of these generations².

Baby Boomers – 1946 to 1966

- Children of hard-working parents
- Driven to succeed
- Willing to put in long hours
- Lived in a time when their lives were evolving in levels of sophistication

Generation X – 1966 to 1976

- Tend to be self reliant
- Seek a healthier balance between work and home life
- Comfortable with technology

Generation Y – 1976 to 1986

- Do not make the distinction between learning and fun
- Tech-savvy and tech-dependant
- Value speed and practicality

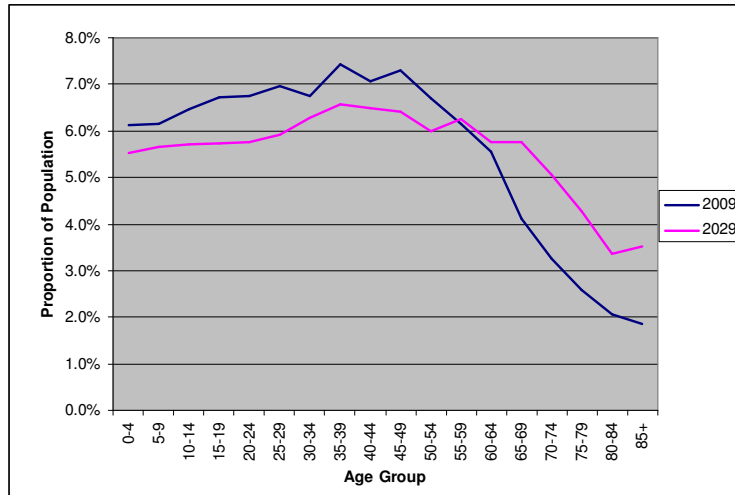
¹ Australian Bureau of Statistics, A Picture of the Nation, Catalogue 2070.0

² (Greig, JM 2009, Training in the Multigenerational Workforce, Defense Acquisition University Press, p32)

Population Characteristics and the Effect on the Public Service

We would not be attempting to mitigate the Baby Boomer retirement if it continued the workforce status quo. The impact of the Baby Boomer retirement, and those retiring in future, will be significant, particularly if it is let to play out on its own. This increase in retirees will place additional financial burden on our pension and health systems. Additionally, our life expectancy continues to grow resulting in an ever increasing number of retirees. Finally, as Chart 1 below indicates, over the next 20 years the proportion of people aged over 60 will outgrow the rest of the population.

Chart 1 – Australian Age Breakdown, 2009 - 2029



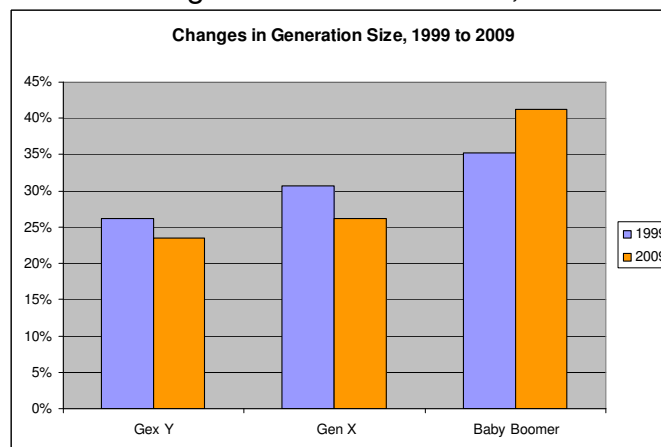
Australian Bureau of Statistics, Population Projections Australia, Catalogue 3220.0

The end result is a perfect storm - it means the retiring Baby Boomer generation will cost more money, over a longer period, and with fewer people in the workforce to pay for them.

Impact on the NT Public Sector

The NT Public Sector is particularly exposed to the Baby Boomer retirement. As of June 2009, 41.3% of the workforce were Baby Boomers. This compares to the same age bracket (45+), who made up 35.2% of the workforce in 1999.

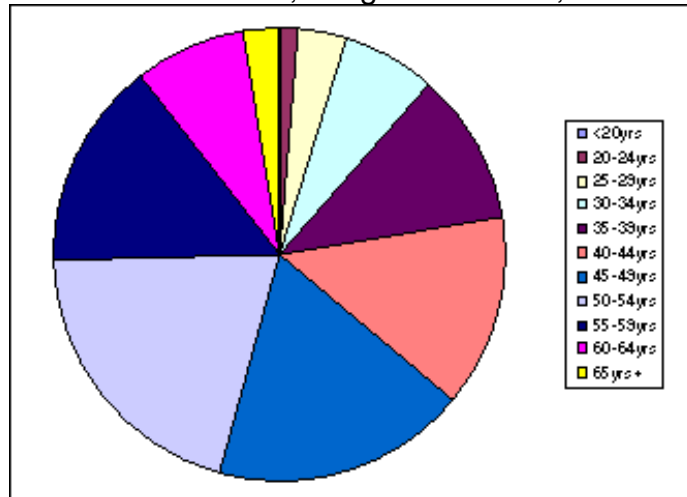
Chart 2 – Changes in Generation Size, 1999 to 2009



NTPS, Unpublished

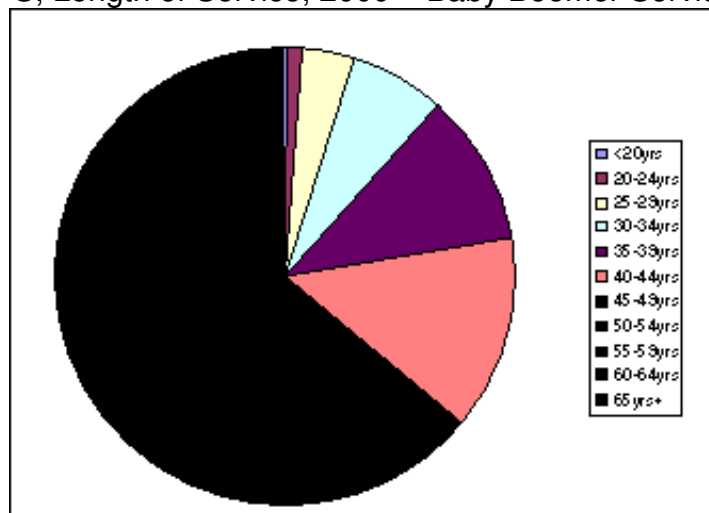
The effect of this retirement will also impact upon the NT's corporate knowledge. The Baby Boomer cohort, in spite of their workforce experience, possess a disproportionate length of service compared to other generations, comprising the vast majority of experience within the NT Public Service (NTPS). Chart 3 reflects the current distribution of the length of service in the NTPS. Chart 4 identifies the share of this experience held by Baby Boomers. Significantly, nearly two thirds (64%) of current NTPS years of service are possessed by the Baby Boomer generation.

Chart 3 – NTPS, Length of Service, 2009



NTPS, Unpublished

Chart 4 – NTPS, Length of Service, 2009 – Baby Boomer Service Emphasised



NTPS, Unpublished

What is the Exposure to this Mass Retirement?

This impending mass retirement will not only result in the decline of available workers, it will see the loss of decades of experience and a wealth of knowledge. Loss of a large part of any segment of the workforce, such as those in their 20s or 30s, would be difficult to manage. However, with the departure of workers in their 60s, the knowledge lost is so much greater.

By this age, many have been working for over 40 years, and have graduated into senior leadership or middle management positions. They have developed an understanding of the evolution of policy, business process and systems. They have vast experience of how past strategies were implemented and the success and failure of different approaches. They have spent time building critical relationships with key stakeholders. Once they leave, their loss will be felt.

Younger workers will have difficulty filling this gap because they lack the experience that retirees have developed over the years. The Baby Boomer generation's in-depth knowledge could be lost, requiring new generations of workers to reinvent the wheel rather than evolve the existing knowledge base, unless steps are taken now to transfer their knowledge to the younger generations.

The emerging new leaders will have a very steep learning curve as the responsibilities of senior management roles are thrust upon them. During such a period of intense learning, there is a loss of productivity and the chance of increased errors. We learn by making mistakes and it helps to have those around us who have already learned from the mistakes we are yet to make.

Meeting the Challenge

The good news is that the impact of the retiring Baby Boomers is widely recognised and steps are already being taken to counter the impact of this change. Nationally, the pension age is being increased to 67 years. For the NTPS, the mandatory retirement age has already been removed in recognition that at 65 years of age, people have potentially many more productive working years.

A policy paper written by the Northern Territory Office of the Commissioner for Public Employment in April 2006, captured the need for the sector to allow greater movement between workplaces in response to a clear message from the workforce. While some movement is supported, we need to explore how agencies can be encouraged to support staff to take up these opportunities.

A half day workshop organised by the Young Professionals Network (NT) in October 2008, brought together a range of stakeholders across generations to share and develop an understanding of the impact of generational differences in the workforce. This workshop explored the characteristics and communication styles of the different generations and provided insights into the current differences between generations in the workplace. Possible strategies for addressing the coming challenges were identified and discussed. The responses have been grouped into the following key action areas:

- retirement as a concept
- knowledge management and transfer
- evolving the human resources framework to meet the future
- building an appropriately trained workforce

Retirement as a Concept

Thanks to improvements in nutrition, lifestyle choices and medical technology, people are living longer and healthier lives. The gap between retirement age and frail age has widened, and retirees are increasingly maintaining productive and active lives beyond retirement. For

example, in 2006, for the 646 million hours contributed by regular volunteers to their communities annually, people aged 55 years and over contributed 35% (224 million hours)³.

The traditional view of retirement needs to change. Rather than retirement being an abrupt shift from work to leisure, a gradual transition should be supported.

In order for this to happen, there needs to be flexibility in the way jobs are structured and the way that we view and value those approaching retirement. This may mean a change of duties through alternative job design, particularly for roles that are physically demanding or require a full-time commitment. Or it may mean utilising technology to allow work to be done differently.

One example would be of flexible job structuring where senior managers transitioning into advisory roles. Senior managers looking to retire could gradually move aside into an advisory capacity, allowing new managers to step into the role. This could be on a part time basis, to mentor and assist the younger worker. The pressures on both the person approaching retirement and the person moving up in responsibilities can be reduced and the knowledge and skills effectively transferred.

Other options to explore include phased retirement options and consulting assignments, or project-based work (pieces of work that can be undertaken around the retiree's other activities and commitments).

Knowledge Management and Transfer

The management and transfer of knowledge within an organisation is important at any time, but when faced with the loss of a significant portion of the workforce, it is even more so.

While technology can improve an organisation's ability to capture, store and retrieve knowledge, it can only do this if people are actively sharing information. The organisation needs to recognise that sometimes the owners of the knowledge, knowledge that is critical to the organisation, do not want to share it. To counter this, the organisation needs to develop a culture of knowledge sharing. If knowledge sharing is the norm and this is actively rewarded and supported by systems (both technological and procedural), then the flow of information through the organisation should be greater. Positive relationships and trust within the workforce are necessary to support this.

In looking at the transfer of knowledge, there are a range of questions the organisation can ask:

- What knowledge do we need to capture and transfer? What is important for the future of the organisation and what is important in understanding where we have come from?
- Who has this knowledge and who does it need to be passed to?
- Is the knowledge something that can be documented? How can it be captured? Or is it something that needs to be transferred from person to person through training and mentoring (such as skills in negotiation and relationship building)?
- What is the best way to transfer the knowledge?
- What changes need to be made in the organisation in order for this to occur?

³ Australian Bureau of Statistics, Australian Social Trends, Catalogue 4102.0

- How can this be done in a flexible way that allows for individual differences and adaptation to each situation?

Some of the methods to support the transfer of knowledge through an organisation include:

- Rotate employees across different divisions.
- Establish a formal mentoring program.
- Conduct a knowledge gap analysis.
- Operate intergenerational work teams.
- Identify and evaluate what kind of knowledge the organisation wants to capture.
- Validate and document knowledge.
- Use Information Technology to support storage and transfer of knowledge

To support the transfer of knowledge, by any means, organisations will need to have an understanding of the varied learning styles of the different generations in the workforce. Adapting how knowledge is conveyed can assist with cross-generational transfer. Changes in technology, and an individual's familiarity with new technology, have further compounded the differences between the retiring workforce and those who are entering.

Transfer of knowledge not only needs to consider intergenerational communication issues, it will also have to recognise a greater cultural diversity in the workforce which is expected to emerge as a result of the Baby Boomer exodus.

Evolving the Human Resources Framework to meet the Future

Although small in comparison to other jurisdictions, the NTPS is still a large rigid machine in contrast with other organisations. At the Young Professionals Network workshop in October 2008, Generation Y participants identified the need for greater flexibility in the public sectors' HR systems.

This will be of particular importance over the next few decades as the pool of available workers decreases and competition for this group intensifies. Becoming an employer of choice will be vital for the NTPS to continue attracting the best of the new talent entering the workforce, or those moving from their current employers.

Young Professionals are looking for an organisation that is flexible and does not apply a 'one size fits all' approach to staff. A recurring theme was the need for working arrangements to be tailored for individual needs, whether this be support for ongoing study, part time work, working from home, or career breaks for volunteer missions and travel. Young Professionals discussed the need for salary packages to be flexible and able to reward good performance, provide development opportunities and adjust work hours to allow for variations in level of commitment from individuals. They stated that they were looking for opportunities for diversity in tasks and movement through the organisation.

Young Professionals are seeking jobs that focus on personal development. Participants discussed a range of training methods from on the job training to formal courses. Informal methods for development such as mentoring and coaching were seen as useful ways for older generations to pass down vital corporate knowledge to the younger generations. Training methods which allow the individual to take responsibility for their own learning were highlighted, such as online training, self assessment and evaluation, with training that could be personalised and self paced.

Professional development as a core part of the job was seen as key to attracting and retaining young employees. Generation Y participants expressed an interest in innovative career development and suggested organisations partner with educational institutions. Salary packages that contain professional and personal development, and allow employees to determine, drive and decide how and where they do this were desirable.

The issue of 'work life balance' was frequently raised. What came out strongly in the workshop sessions was an expectation that organisations recognise and support this. Many Young Professionals are looking for employment that is more than just a job. As discussed, they are looking for employment that is flexible and can fit around the rest of their life, develops them in the way that they choose, and provides opportunities for travel. The social aspect of the workplace and having a fun work environment were also highlighted as important.

The lengthy and complicated recruitment process was identified as a blockage to employment in the public sector. The process was also seen as presenting a barrier to some cultures and recruitment practices disadvantage some applicants. It was suggested that the public sector explore less traditional ways to reach potential employees, such as popular media and social media channels.

Generation Y prefer to be seen as individuals and be individually recognised for their work. Recognition and reward in the public sector was an area identified for improvement, with suggestions that promotions and bonuses be based on performance outcomes, rather than years of service. The current structure does not recognise individual performance or encourage continuous improvement.

Young Professionals stated that they want to be a part of the decision making process, but they do not want to be inundated with irrelevant information. Information needs to be streamlined and focused on what they need to know now. Communication should be direct, of interest and preferably in electronic format. This would include peer to peer discussion boards, and informal talk sessions with Chief Executives. There needs to be channels for employees to be able to make suggestions and for the organisation to embrace and reward creativity and innovation.

Building an Appropriately Skilled Workforce

The retirement of Baby Boomers will see a loss of around 40% of the NTPS workforce. This will place an enormous strain on the remaining workers and result in the need for an increased intake to meet the shortfall. Respected demographer Bernard Salt⁴ reports that an increase in the migrant workforce will be required to meet the shortfall created by Baby Boomer retirees exiting the workforce. Migrants have played an important role in the shaping of Australia's society, and they will continue to do so in the future.

There is also the potential to bring more of the existing population into the workforce and reduce unemployment. In the NT, a large portion of the Indigenous population is not actively engaged in the labour market, with unemployment rates far higher in comparison to that of non Indigenous people.

⁴ Bernard Salt (presentation notes) The Decade of Demography: How the Consumer Landscape Will Change in the Next Ten Years, 26 May 2009, Darwin, Australia.

While strategies are in place to increase Indigenous employment in the public sector, the solution required is more than just filling the empty seats. The new workforce will need to be appropriately skilled for the work that is required. Training and development will continue to play a vital role.

All of this will see increasing cultural diversity in the workplace and the need for managers and leaders to have sound cross cultural skills. The NTPS has long promoted cross cultural skills in employees, with particular focus on increasing understanding of Indigenous Australian culture. This is one area that is sure to develop.

While many Baby Boomers have commenced retirement early, with the average age of retirement 64, 2009 has been the start of the Baby Boomer exodus. The effects of their transition out of the workforce are already being felt. It will be critical to regularly the success of any introduced measures as well as growth statistics themselves as a means to ensure the strategies remain responsive to the changing nature of the workforce.

The enormity of such a large retirement and the challenge of transferring of skills and knowledge is recognised. This challenge can be eased through reconsidering retirement as a concept, putting in place knowledge transfer practices, introducing flexibility into the HR system and supporting the new workforce. Only through putting in place transition strategies and policies will the younger generations be able to work and sustain themselves, the economy, and the population of well-deserved retirees.