

II. Workforce life-cycle changes: how can managers better respond to employees' life-cycle changes?



Acknowledgement

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© August 2005, Manpower Services (Australia) Pty Ltd

ISSN 1832-7044

Publications can be downloaded from our website.

Executive summary

The Australian population is aging, due mainly to fewer children. Less young people will be entering the workforce in the future. This is already causing a severe shortage of talented workers. One effect of this shortage is to give greater choice to well-educated newcomers to the workforce and to those of any age with skills in demand. For example, many young people now choose to work overseas, an option that around 11,000 people aged between 25 to 34 years old exercise each year.

Issues of how to attract and retain skilled people are increasingly dominating the concerns of managers. They also influence how potential employees value an enterprise. Are the expectations of young employees, mid-career employees and older workers being met? Is the rising number of employees leaving your enterprise a warning sign of unmet expectations? Can these unmet expectations be identified earlier and remedies applied before people decide to leave?

Does your workplace have a strategy in place to ensure that the chances of employee-job mismatches are minimised? What feedback mechanisms does your workplace use to ascertain levels of staff satisfaction? Do these feedback mechanisms enable you to link low levels of dissatisfaction with the age, gender and education characteristics of your workforce?

- If young people are dissatisfied, is this due to a mismatch between their expectations and the job they are doing?
- If mid career employees are dissatisfied, is it due to inflexible working arrangements such as the lack of flexi-time, need for shorter working hours, access to part-time work, the opportunity to telecommute, or access to special leave?
- If older workers are dissatisfied, is it due to the lack of a more flexible approach to retirement that allows people to continue working in a way that better suits their interests outside of work?

This paper considers the above issues and explores options and possible answers to the questions raised by a consideration of workforce life-cycle changes.

Introduction

Differing expectations about work: why it matters

Managers can manage better, if they can understand the expectations their employees bring to the workplace. In the face of continuing skill shortages and the choices for employees this brings, the challenge for enterprises is to become an employer of choice. Employment conditions will become more important, as are features such as the capacity for work-life balance; opportunities for elder care and child care responsibilities, capacity development, and meeting the particular attraction and retention issues of workers.¹ To become an employer of choice, it is also incredibly important to meet the expectations of employees. The better the match between a job and employees' expectations, the better employees' performance will be.

The more engaged the employee is, the better the performance

What type of working arrangements are employees looking for at different stages of their life-cycle? What aspects of your enterprise's working arrangements will have least appeal at different life-cycle stages? In answering these questions, Manpower's analysis of employees' work expectations draws on official and publicly available statistics, rather than anecdotal information or marketing surveys.

The expectations of employees at each of the three life-cycle stages are very different – enterprises need to respond in ways which are tailored to specific needs.

Stage one in the workforce life-cycle: getting started

Moving from being a full-time student to full-time employee is the first major work life-cycle transition most employees face.

Higher levels of educational attainment

The expectations of today's young adults starting their careers contrast markedly with older generations. The first obvious difference is that they have higher levels of formal education. As many as a quarter of the immediate post-graduation age group have degrees (see Table 1). This compares with one in five of both the 35 to 44 year-old and 45 to 54 year-old groups. Even more telling is that in the 25 to 34 year-old age group, there are nearly twice

Young people are now more likely to have tertiary education

as many degree holders as the oldest age group in the workforce (55-64 year-olds).

Table 1: Australian population with graduate & higher degrees, 2002, per cent

Age groups	25-34 yrs	35-44 yrs	45-54 yrs	55-64 yrs
Proportion of age group	25	21	19	13

Source: Organisation for Economic Cooperation and Development (OECD), Education at a Glance, 2004, Paris. Table A3.3

Implications for managers

Greater numbers of tertiary-educated young people mean more new employees will have a higher expectation about finding jobs with good opportunities for career development and personal growth. For new graduates, a company's reputation as a good employer with future career prospects will be central to choosing their first employer. This reputation will be tested and if found wanting, it is likely that the young graduate will change jobs.

Reputation as a good employer is crucial

Young people are highly job mobile as the benefits of moving jobs for young people far outweigh the costs. Most young people in their twenties are not married or partnered. If they are married they are less likely to be encumbered by dependent children. Indeed, a sizeable number of young people up to age 30 are still living at home. In this situation, the financial and social pressure to persevere in a job perceived as undesirable is not great, giving young people greater scope to be more discerning in their choice of job.

Young people are highly job mobile

Higher threshold level of education

In general, a greater proportion of young adults now have a full high-school education. Table 2 shows that for 25 to 34 year-olds, nearly three out of four have finished high school, a notable increase on older cohorts.

Higher basic education affects expectations of both recipients and employers

Table 2: Australian population attaining at least upper secondary education, 2002 (per cent)

Age groups	25-34 yrs	35-44 yrs	45-54 yrs	55-64 yrs
Proportion of age group	73	62	58	46

Source: OECD Education at a Glance 2004, Table A2.2

¹ Nissen, V., Speech to the 46th Annual Convention of the Industrial Relations Society of New South Wales, *Implications of an ageing Australia: key workforce issues*, 13 May 2005.

Higher levels of basic education produce not only higher expectations for young people about getting a good job, but also mean employers expect more from their new employees.

Implications for managers

In the future, Australian employers will expect young people to have completed secondary school, or its equivalent, as this is standard in Europe, Japan and North America.

In six OECD countries, including Korea, Norway, Japan and Sweden, over 90 per cent of 25 to 34 year-olds have finished high school. A further nine OECD countries, including New Zealand, have over 80 per cent of 25 to 34 year-olds who have completed secondary school.

Most young people want high-skilled, white-collar jobs

What effect on young people's expectations do these higher levels of education attainment have? One effect is likely to be a strong belief in their own capacities and high expectations about what work can offer them.

Many young people are keen to find the right job match. Table 3, shows that two in three young Australians in the year 2000 expected to be working in a high-skilled, white-collar job by age 30. Girls are more likely to want a high-skilled white-collar job than boys.

Table 3: Percentage of 15-year-olds in Australia expecting to have a white- or blue-collar high- or low-skilled occupation by age 30, 2000

White-collar high-skilled	White-collar low-skilled	Blue-collar high-skilled	Blue-collar low-skilled	Total
65.0	11.7	10.4	12.9	100

Source: OECD Education at a Glance 2004, Table A9.3

Higher threshold level of education expected by employers

One in three school students expect to have a high-skilled job by age 30

These job expectations of Australian 15 year-old students are near the average for all OECD countries, but are behind the USA and Canada. In comparison, as many as 80 per cent of young Americans and 70 per cent of young Canadians expect to have high-skilled white-collar jobs.

The reluctance of young people in Australia to enter a high-skilled, blue-collar occupation is evident from the boys' expectations. Many OECD countries, such as Germany, Denmark, Switzerland, Finland, Austria, Japan and Canada, have between a quarter and a third of their 15-year-old boys expecting to be in high-skilled blue-collar occupations by age 30. This compares with only one in five Australian 15-year-old boys.

Implications for managers

As high-skilled white-collar jobs only account for two in five jobs, a fifth of Australian 15-year-olds will have to readjust their job expectations. Many young adults go through an uncertain time, holding down a number of temporary jobs, looking for a job that they hope will have career prospects. This period of job churning for young people can last for some time into their late twenties and early thirties, especially for the less formally educated.

High job turnover among young people may be caused by inflated expectations. Extended work placements as part of Year 11/12 vocational courses is one way employers can help to ensure more realistic expectations are developed.

Changed behaviour of young women in the workforce

Young women with higher levels of education are now able to obtain and hold well-paid positions. In 2001, Australian women aged 30 to 44 years with some level of tertiary education, earned up to 51 per cent more than women who had completed high school only. Women with degrees benefited the most.

This means women in well-paid jobs now have a stronger incentive to stay longer in the full-time workforce and, if they have dependent children, to return to the paid workforce.

Young women today are more likely to be childless, due to foregoing motherhood altogether or postponing the birth of their first child. This means as an age cohort, they are having fewer children overall.

Fewer want a high-skilled blue-collar job compared with other countries

Expect high turnover from young people due to inflated expectations

Women with tertiary education earn considerably more than other women

Australia's fertility rate peaked in 1961, with the average of 3.5 babies per woman. The total fertility rate dropped to 1.73 babies per woman in 2003. The median age of first-time mothers, has risen steadily from 25.4 years of age in 1971, to reach 30.5 years in 2003. Nearly 20 per cent of women in 2003 were having their first child at the age of 35 years or over, an increase from just 10 per cent in 1993.

Implications for managers

Young women, compared with previous generations, are behaving very differently in relation to their propensity to marry, become mothers or have more than one child. This suggests that many more young women, especially those with post-school qualifications, are committed to the full-time career workforce in the same way that young men are. Assumptions based on the behaviour of older, less educated, cohorts of women are therefore no longer applicable.

Young women in the labour market, compared with earlier age cohorts, are behaving very differently

Stage two in the workforce life-cycle: achieving life balance

Mid career employees have strong expectations about achieving a balance between their personal lives and their professional responsibilities at work. Work-life balance has been defined as having a measure of control over when, where and how people work.²

The competing sets of pressures are illustrated well by working parents, which are discussed below. However, other competing pressures can be due to the responsibility of mid-career employees as 'carers for others' such as an ageing parent.

Most parents with dependent children have jobs. Some 60 per cent of Australian families with children aged less than 15 years now have both parents in paid work. The number of working parents has grown over the last decade, from 51 per cent of families with dependent children in 1993, to 58 per cent in 2003. One in five couples with dependent children have both parents working full-time, three in ten mothers work part-time and one in four mothers are not employed. Of one-parent families with children aged less than 15 years, nearly half of all single parents are in paid work.

Working parents are now commonplace

Desire for more flexibility in working arrangements

Flexible working arrangements are important to mid-career employees. In 2005, a United Kingdom (UK) national survey showed that almost one in five employees reported taking time off to care for someone in the previous two years, with over half taking time off to look after dependent children.

The same survey reported that 22 per cent of employees with dependent children under the age of six have made a request to their employer to work flexibly. However, the working patterns of men are changing little to provide this flexibility. Moreover, Australians in 2003 work longer hours than their counterparts in Japan, the United States of America (USA) and the UK. As a greater proportion of Australian women work part-time, the longer hours are in many cases being worked by men. The tensions created by such factors will mean that flexible work options become a much more substantial facet of workforce strategies and may increasingly become easier to cater to. The low cost of broadband Internet access now makes working from home a relatively straightforward option for many jobs.

Availability of flexible work options is essential, as they provide employees with more options to balance work and family responsibilities. Options would include part-time work; phased retirement; mentoring and skills transfer programmes; sabbaticals; development opportunities to maintain drive and expertise; job share arrangements; telecommuting etc. These options will become more important and competitive factors for recruitment and retention of talented people.³

Table 4 shows that for Australia, 40 per cent of fathers and 30 per cent of mothers with dependent children are able to choose when to start and finish work. Similar proportions are able to work extra hours so they can take time off. About 70 per cent of parents are able to choose when to take their holidays. Most fathers have a paid-leave entitlement, but only two-thirds of mothers appear to have such an entitlement. Job sharing is rare, with less than one in ten women working in this arrangement.

Many working parents want more flexible work arrangements

Many working parents do not have flexible working arrangements

² <http://www.employersforwork-lifebalance.org.uk/work/definition.htm>

³ Nissen, op cit.

Table 4: Working arrangements for parents with children under age 12 years, 2002, Australia, (per cent)

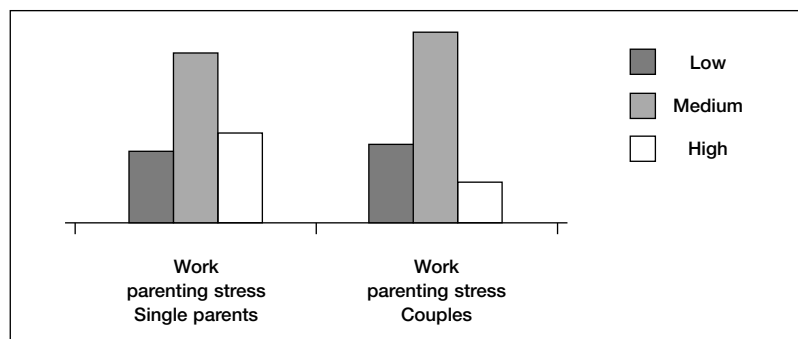
Working arrangements	Children under 12 years	
	Men	Women
With flexible start & finish times	40.2	31.6
Able to work extra hours in order to take time off	44.2	43.6
Able to choose when holiday leave is taken	72.2	67.9
Paid leave entitlements in main job	84.6	64.3
Works in a job-share arrangement	0.2	8.5

Source: ABS, 2003, Working Arrangements, November 2003, ABS Cat. No. 6342.0, Australian Bureau of Statistics, Canberra

How are working parents coping?

The Household, Income and Labour Dynamics in Australia (HILDA) Survey in 2003 asked parents in paid work how strongly they agreed or disagreed with statements relating to work-family stress such as: 'Working causes me to miss out on some of the rewarding aspects of being a parent' (see Chart 1).

Chart 1: Comparative parental stress due to family and work, Australia 2003



Source: Household, Income and Labour Dynamics in Australia Survey Wave 3, 2003

Most working parents experience some stress in their efforts to balance work and family

Implications for managers

The results reported in Table 4, suggest that most working parents in Australia do not have flexible working arrangements in terms of start and finish times or the opportunity to work extra hours in order to take time off.

From April 2003, the UK Government has required employers to seriously consider all requests for flexible working arrangements from parents with children under the age of six or disabled children under 18. Almost a quarter of UK parents with young children made a request under this provision. The two most requested flexible working patterns made by UK parents were part-time work (25 per cent) and flexi-time (23 per cent). These indicators from the UK have a clear implication for Australian managers in terms of the flexible work options that employees may value most highly.

Over four-fifths of employee requests were fully or partly accepted by employers, with the refusal rate by employers significantly lower than before the new right to request flexible working was introduced. The result was that over four-fifths of UK employees who had requested a change, reported that they were satisfied or very satisfied with their new working arrangements. Meeting the expectations of employees is a crucial step in retaining them.

Stage three in the workforce life-cycle: mature age workers

How do older workers view their work situation? The desire for a traditional transition from full-time work to full-time retirement, along with the gold watch, has disappeared for most older workers.

Despite this, forced retirement is still common for some, especially the less educated. For others, changing from a career-oriented job to work associated with other interests, perhaps on a part-time basis, is another option. However, for many older workers the paid work options are often limited and in many cases non-existent.

Among the older workers, the least educated fare the worst in the labour market. Nearly a third of Australian men aged 25 to 64 years with less than secondary school education (29 per cent) were not in paid work in 2002, compared with those in the same age group with secondary school education not in work (15 per cent) or those with tertiary education not in work (11 per cent).

Managers can make it easier to achieve a work-life balance by giving serious consideration to requests for more flexible working arrangements

A dramatic change from full-time work to full-time retirement is no longer seen as desirable for many older workers

On the other hand, older workers with tertiary education have more options in relation to paid work, such as moving to part-time work.

Jobs based on expert thinking and complex communication skills are likely to grow the most. Jobs based on routine interactive or analytical skills are under severe threat of being automated or exported. The same applies to jobs based on routine manual work. A recent example is the export of hospital services to Thailand in the form of soiled hospital bed linen for cleaning, which is then sent back to Australia.

Part-time work

Many Australian males now start their working life in a part-time job. This changes during their prime years when more than 90 per cent of men work full-time. However, a number of older employees return to part-time work. By age 55 to 59 years, 10 per cent of men are in part-time work, as opposed to 20 per cent of the 60 to 64 age group. For those still working at age 65 and beyond, half do so as part-time workers.

For women, part-time work plays a much more significant role in each age group. As many as three out of four teenagers aged between 15 to 19 years are in part-time work. This falls to two in five in the 20 to 24 and 25 to 34 age groups. It then rises again to nearly one in two for the 39 to 59 age groups. In the 60 to 64 age group for women, nearly three in five are in part-time work. In the 65 and beyond age group, seven out of ten of those women in paid work are part-timers.

Implications for managers

Increasingly, it would seem that older employees will expect to transition gradually from the workforce and this may be reflected in higher numbers requesting part-time work as they commence the third stage of the workforce life-cycle. This may be an area within which employers can harness the currently perceived loyalty of older workers and also ensure knowledge transfer, albeit over a greater period of time.

The importance of part-time work to older workers

Conclusion

Issues of how to attract and retain skilled people are increasingly dominating the concerns of managers.

Managers need to have a good understanding of the expectations of their young employees, mid-career employees and older workers. Managers then need to understand whether these expectations are being met. Can any unmet expectations of employees be identified and can remedies be applied?

The key message would appear to be that the resolution of unmet expectations will have an impact on retention and that employees in the various life-cycle stages have vastly differing expectations. One solution will not fit all.

The first stage of the workforce life-cycle will be the entry point into the workforce for a number of well-educated young people, some of whom will have inflated expectations of the job type that will be available to them. This will result in a high level of job mobility which will only be exacerbated by the job-hopping tendencies of both Generation X and Y. Finding the right match between job and employee attributes will be particularly important for new entrants to the workforce.

The second stage of the workforce life-cycle sees flexible work options becoming a greater part of employees' expectations. These flexible work options cater to the demands of employees' work-life balance. As mentioned, the low cost of broadband Internet access now makes working from home a relatively straightforward option for many jobs. Flexible working arrangements are therefore likely to be highly attractive to both mid-career and older employees.

For older employees, in the third stage of the workforce life-cycle, access to other flexible work arrangements such as part-time work will also be important. The expectations of this group will increasingly be focused on a gradual transition out of the workforce. For employers, this option will also be important, as part of a strategy to retain employees with core skills and as a way of ensuring knowledge transfer.

Feedback mechanisms are needed to monitor levels of staff satisfaction. The information gathered may be used to evaluate how satisfaction is linked to working arrangements. Responses to the satisfaction levels should be part of an enterprise's strategy to ensure that the skills required now and in the future are available.

A full set of references for the sources used in this paper are available from Manpower Services (Australia) on request.

As an employer, how well informed are you about the expectations of your employees regarding working arrangements?

