

Workforce analytics and productivity contribution of older workers

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Nalbantian argued that when traditional economic approaches for measuring productivity are applied to older workers, they typically pick up a decline in productivity. But this type of assessment may well miss a big part of the productivity story. What the analysis may miss are spillover effects, or productive ‘externalities’, that might be so significant that they more than compensate for the fall-off in productivity or performance.

For example, including older workers can add value by:

- > stabilising a work unit by lowering turnover, which in turn increases unit productivity and performance
- > increasing the productivity of other team members through information sharing and legacy knowledge
- > assisting in the growth of human capital by enhancing the development and career progress of those they supervise or mentor
- > enabling innovation
- > strengthening group cohesion, collaboration, conflict avoidance, and resolution

Nalbantian’s study goes on to point out that it’s only by doing the data analysis that we can really understand whether these factors are at play. His analysis showed that the results could be quite variable across different companies. For example, in a case study on a company in the professional services sector, length and dispersion of experience proved to be the strongest drivers of year-to-year sales growth. By contrast, a case study involving a retail company showed older employees performing less well. And in a natural resource company, it turned out that older workers drove productivity in one unit, whereas it was length of service that drove the performance of another unit in the company.

Nalbantian’s concluding points are as follows:

- > Productivity and performance in older workers may wane, but this may be offset by the value of these employees’ firm specific knowledge.
- > Gauging the value of an older worker by looking only at their specific productivity may completely miss the far greater benefit achieved from that individual’s presence in the group.
- > There may well be tensions between how external and internal labour markets ‘price’ this experience premium. The skill by itself may be valuable to the broader economy or other employers but may block the career developments of younger employees in a specific company.
- > Strengthening ‘after-markets’ for older workers to enable them higher mobility might be a better way to align social and private value.

Nalbantian’s most forceful conclusion, though, is that there is simply no substitute for applying a careful, disciplined measurement of performance drivers to prevent rash decisions being formulated



Older people can – and do – contribute to the economy

Let's extend the discussion of older people to beyond the immediate workplace. We tend to assume that older people are an economic deficit. As the 2015 World Health Organization (WHO) study on ageing and health argues, "we need to start adapting to shifts in age structure in ways that minimise the expenditures associated with population ageing while maximising the many contributions that older people make ... economic analyses of the implications of population ageing are evolving, and the models that are often used today may lead to inappropriate responses¹."

The report cites an economic indicator known as the dependency ratio, which defines anyone older than 65 as a 'dependant', ignoring the fact that "chronological age is only loosely associated with levels of functioning²". As we've seen, there are many people over 65 who are earning incomes. More importantly, a large percentage of people in post-65 careers are engaged in mentoring, consulting and the creation of small business enterprises that are the backbone of developing a robust SMME sector for job creation.

In addition, people over 65 may have retirement savings that can be redeployed into the economy through assisting with the education needs of younger family members, the funding of 'second-start careers', spending on 'grey-product' consumption, intergenerational wealth transfers, and taxation ... to say nothing of the benefits elderly people provide through volunteer work and social care in their communities.

A 2010 study from the UK reframed the costs of caring for the aged against these economic contributions. It became apparent that older people were actually making a net contribution to society of nearly £40 billion (R683 billion). This was expected to grow to £77 billion (R 1 314 billion) by 2030.

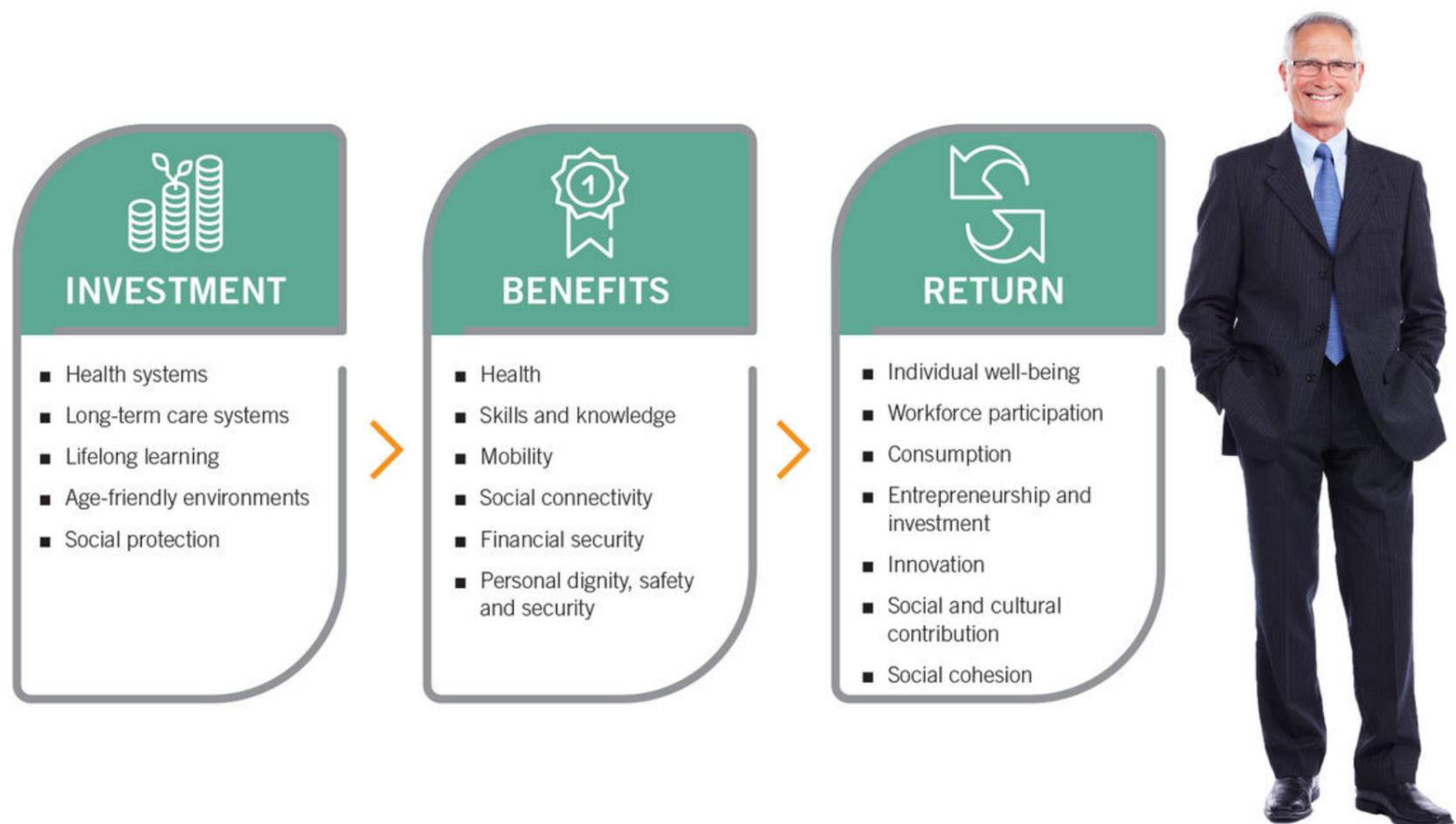
While we don't have comparable research for a developing economy, we do believe that South Africa's cut-off age of 60 for being a productive economic contributor is simply nonsensical.

There is simply no substitute for applying a careful, disciplined measurement of performance drivers to prevent rash decisions being formulated.

The pay-off of investing in the elderly

The WHO study introduces us to a different economic model that helps us understand that investing into addressing the needs of the elderly actually has a meaningful pay off.

Figure 3: Investment in and return on investment in ageing populations



In addition to the economic benefits we have described, that pay-off includes:

- > increased participation in society
- > allowing women to remain longer in the workforce
- > fostering social cohesion in the community

- > Providing a critical resource for practical training and mentoring

Framing the discussion on ageing in this light allows policymakers to have a more considered view of the fair distribution of society's resources. As the authors of the study argue, "reframing the economic questions in this way shifts debate from a singular focus on minimising the costs of population ageing to an analysis that considers the benefits that might be missed if society fails to make the appropriate adaptations and investments³"

But let's return to our opening discussion where we suggested that the interests of the elderly and the youth are not mutually exclusive. Intergenerational reciprocity is still the most prevalent fall-back position for caring for the elderly. So, when our institutions fail to provide the necessary support (as seems to be increasingly true in South Africa), many employees, particularly young black women, have no option but to pick up the slack for their families.

Conversations with HR directors across large and small employers alike, confirm this pressure persists. After the loss of employees to maternity or paternity obligations, the next big impediment to employment continuity is loss of an employee to family care obligations.

We believe this is one area where employers could identify potentially creative solutions. Are there not ways employees could apply for paid (or unpaid) family-care sabbaticals, much like maternity leave, so they could leave work for a period of time to provide basic care to a significant other?

Canada, for example, has recently changed its labour laws to allow for the following types of leave:

- > Compassionate care leave – an employee can take up to 28 weeks of compassionate care leave to look after a family member who is gravely ill.
- > Leave related to critical illness – an employee whose child is under 18 years of age and is critically ill may take up to 37 weeks of leave to provide care or support to the child.
- > Leave related to death or disappearance – an employee whose child is under 18 years of age and has disappeared or died as a result of a probable crime may take up to 52 weeks of leave, in the case of a missing child, and up to 104 weeks of leave if the child has died.
- > Bereavement leave – all federally regulated employees are entitled to paid bereavement leave for the death of an immediate family member, provided the employee has worked for their employer for three consecutive months beforehand. If they have not, they are entitled to leave without pay.

Are these not benefits that would speak directly to the heart of the care crisis in South Africa? Can we actually afford to not consider them?

Take age off the table and the decisions about how someone is best deployed in a company should be consistent with the best HR policies. These policies argue for the benefits of diversity, non-hierarchical management structures, flexible schedules and the desperate need for continuous training and mentorship in South Africa.

HR departments and employers generally know which employees are contributing, and how much, and where they could be best deployed at any given time. Performance measurement is a well-entrenched practice. The decision to work (or continue to work) should be a win-win for both parties – continued value to be contributed and a continued desire to keep contributing.

We all work for different reasons:

- > because we need to financially
- > because our historical circumstances of employment may have left us with a savings deficit
- > because work is stimulating because work provides critical opportunities to stay connected and socially engaged
- > all of the above The workplace will be a better place when ageism is removed and people remain because they passionately want to be there.

References

1 World Health Organization. 2011. WHO Study on global AGEing and adult health (SAGE).

2 Ibid.

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[EMPLOYEE ATTRITION](#)

[HR ANALYTICS](#)

[MISSING AGE DIVIDEND](#)

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