

Productivity and Our Ageing Workforce

Productivity: it's never a non-issue. But in 2010, it's a real biggie, and it only gets more complicated with each day our ageing population continues to age. So how do we age-proof our productivity for 2010 and beyond?

Productivity on the 2010 agenda

When the OECD gave Australia a positive report on how we weathered the GFC, there was one major concern: productivity.

The nation's productivity has declined from 1.6% in the 1990s to 0.6% this decade. Yet, increased, not decreased, productivity is essential for:

- Long-term sustainable growth; and
- Taking advantage of the economic rebound of our Asian neighbours.

Productivity and our ageing population

The ageing population is putting pressure on productivity because of expected labour force participation rates. The latest report from Treasury says that participation is expected to fall from 65% to 61% over the next 40 years.

It's not only that our labour force is shrinking. Our health and ageing expenditure is set to skyrocket at a projected increase from 22.4% of GDP in 2015–16 to 27.1% of GDP by 2049–50. Less people to pay a lot more costs, means that productivity gains are even more critical.

The government and business have to face this challenge together.

Productivity from a business perspective

In 2009, Telstra surveyed a raft of large enterprises across Australia. Of its findings, Telstra highlighted a 'productivity gap' as being particularly alarming. In 2009, 78% of surveyed organisations identified productivity as a priority, with 49% actually having productivity targets. This year, the figures stand respectively at 76% and 42%, a gap increase from 29% - 34%.

Clearly, the majority understands we need a productivity boost, but few actually know what this means.

Productivity in the brave new world of the older worker

Mobility is key to driving productivity in a landscape increasingly dominated by older workers. E.g. Younger workers might be more willing and able to quickly pick up new functions and knowledge. Yet to tap this reservoir of motivation and capabilities calls for the leadership mobility and finesse from line and middle managers.

The executive piece of the productivity puzzle

For mobility, executives need a robust enterprise-wide development framework and a strong learning culture.

To succeed, executives need to tenaciously maintain their own individual competencies. And they need the agility to ensure sustained growth in competitive advantage and in the collective capabilities of their organisations.

Ultimately, the successful modern executive is one who safeguards the organisation's mobility and productivity – from the top all the way down.