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Work, Aging, and Retirement in Australia: Introduction to the Special Issue

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ABSTRACT

Australia has an aging population and workforce, and policy makers and organizations increasingly encourage older workers to remain on the job longer and even beyond traditional retirement age. After a brief review of important demographic and political developments, we introduce the 8 articles included in this special issue on work, aging, and retirement in Australia. The articles include an overview of the Australian retirement income system, 6 articles reporting quantitative analyses of cross-sectional and longitudinal data provided by large samples of Australian workers and retirees, and a qualitative study which analyzes interviews with human resource managers. Overall, the articles demonstrate that research on work, aging, and retirement in Australia is flourishing, sophisticated, and diverse both in terms of content and methodologies. We close with a brief review of topics and research questions related to work, aging, and retirement that remain to be addressed in the Australian context in future research.

The Commonwealth of Australia is a wealthy and highly developed country, ranking 12th among the largest economies in the world (by gross domestic product) and second globally on the human development index (International Monetary Fund, 2013; United Nations Development Programme, 2014). Over the next decades, due to immigration, Australia's population is projected to rise from the current 24 million to about 38 million in 2060 (Commonwealth of Australia, 2013). Once a young settler society after the continent was first claimed by Great Britain in the late 18th century, Australia has now, similar to other industrialized countries, an aging population (Commonwealth of Australia, 2005). The increase in the proportion of older people, in particular those aged 65 years and older, is primarily driven by improved life expectancies due to better work and living conditions and healthier lifestyles, continuously low fertility rates (approximately 1.9 births per women), and the aging of the large cohort of baby boomers (i.e. those born between 1946 and 1965). These effects on population aging are only partly offset by Australia's relatively high rates of immigration of young people compared to other industrialized countries.

It is estimated that Australian women born in 2012 will, on average, live for 94.4 years, and their male counterparts will live for 91.6 years (Commonwealth of Australia, 2013). Over the next 15 years, the number of people aged 65 and older will increase by 85%, from 3.1 million in 2011 (14% of the population) to 5.7 million in 2031 (19% of the population); by 2050, it is expected that almost

a quarter of the population will be aged 65 or over (Compton et al., 2014). While in 1901, there were 15 people of traditional "working age" (15–64 years) to support each Australian aged 65 and over, this potential support ratio dropped continuously over time to 7.5 in 1970, 5 in 2010, and it is projected to be 2.7 in 2050 (Commonwealth of Australia, 2010). These demographic developments will have a noticeable impact on the country's society, economy, and government budgets over the next decades (Kulik, Ryan, Harper, & George, 2014).

Population and workforce aging undoubtedly rank highly on the agendas of Australia's policy-making bodies and nongovernmental think tanks. Over the past decade, the Australian government, National Seniors Australia, and other thought leaders have published a series of detailed and insightful reports on the challenges and opportunities of an aging Australia (Advisory Panel on the Economic Potential of Senior Australians, 2011; Commonwealth of Australia, 2005, 2010, 2013; Compton et al., 2014; National Seniors Australia, 2009, 2012). Two common themes of these reports are the fundamental importance of further increasing employment participation of older adults and improving older workers' employment experiences, performance, and retention. These factors are seen as imperative to counteract impending losses in economic productivity due to generally decreased employment participation and increased spending on health care due to an aging population.

It is important to note that employment participation of older Australians has already increased over the past 15 years, with the proportion of people aged 60–64 years in employment rising from 32% in 2000 to 54% in 2014 (Compton et al., 2014). Reasons for this growth include improved education and health, as well as later commencement of work in the life course of younger cohorts. Moreover, participation rates increased due to the introduction of policies that, for instance, allow older adults to simultaneously receive an income from their pension funds and a paid income from work, provide financial incentives for companies to hire older workers, and raised women's pension age and their participation in the workforce.

While a mandatory retirement age has been abolished for almost all occupations in Australia, the official age to receive a pension will be gradually increased to the age of 67 by the 1st of July 2023, and subsequently to the age of 70 by the 1st of July 2035 (making it the highest retirement age in the world; Commonwealth of Australia, 2014; Peiró, Tordera, & Potočník, 2013). Besides facilitating immigration of people of traditional “working age” (15–64 years) from overseas, the Australian government uses the redefinition of “working age” by increasing the pension age as a strategy to retain older people in the workforce (Kulik et al., 2014). Furthermore, Australia adopted the Age Discrimination Act in 2004, which covers both direct and indirect discrimination in recruitment and selection, working conditions, training, promotion, transfer opportunities, and dismissals (Australian Human Rights Commission, 2011). However, despite these changes, older worker advocates have pointed out that older Australians still face many barriers with regard to workforce participation, in particular discriminatory treatment based on unfavorable age stereotypes (National Seniors Australia, 2012). This may explain why Australia, in comparison with other Organization for Economic Co-operation and Development countries, such as the USA, UK, and Canada, still has relatively low participation rates among older workers (Compton et al., 2014).

The aging of the Australian population has been apparent since the 1960s and, over the past two decades, the proportion of older people in the workforce has been increasing at a faster rate than in the general population (Van Katwyk, 2012). Thus, it is not surprising that Australian researchers have investigated topics such as age diversity at work, age discrimination in employment, management of older workers, unemployment of older adults, and the transition to retirement for some time now (Bennington & Tharenou, 1996; Borowski, Encel, & Ozanne, 1997; Griffin & Hesketh, 2008; Griffin, Hesketh, & Loh, 2012; Kossen & Pedersen, 2008; Murray & Syed, 2005; Patrickson & Hartmann, 1995, 2001; Patrickson & Ranzijn, 2004; Zacher, 2013). However, as the Australian population and workforce are aging at a slower pace than, for instance, many European countries, topics related to work, aging, and retirement have so far received relatively less attention among Australian work and organizational researchers.

Overview of Articles in the Special Issue

The goal of this special issue is to showcase the sophistication as well as content and methodological diversity of current research on work, aging, and retirement in Australia, and to spur further interest in these topics. In the following, we provide brief summaries of the eight articles invited by the guest editors for this special issue, which include an overview of the Australian retirement income system, six articles reporting quantitative analyses of cross-sectional and longitudinal data provided by large samples of Australian workers and retirees, and a qualitative study which analyzes interviews with human resource

managers. The first five articles focus primarily on the retirement process, whereas the other three articles focus on the management and well-being of older Australian workers.

In the lead article of this special issue, *Martin* provides an overview of the retirement income system in Australia, including its historical and current developments in the context of Australia's unique welfare state, uncertain economic developments, population aging, and retirement patterns. Martin describes four pillars of the retirement income system, including a means-tested and noncontributory age pension, compulsory private superannuation, voluntary private superannuation, and home ownership, outlining the resulting inequalities and its potential risks for Australia's economy and society. Martin closes his review by describing possible future scenarios for the development of the Australian retirement income system.

The second and third articles both analyze data from the Household Income and Labour Dynamics in Australia (HILDA) Survey, a large scale household-based panel study started in 2001, to gain a better understanding of retirement processes. *Warren* examines the most common pathways to retirement in Australia, how older Australian working couples make coordinated decisions regarding their retirement transition, and the role of different components of household wealth in this process. Warren uses the first eight waves of the HILDA Survey to model labor force transitions of older Australian men and women (aged 45 years and older) using standard and dynamic mixed multinomial logit models. *Heybroek, Haynes, and Baxter* use data from the first 11 waves of the HILDA Survey to examine different patterns of stability and change in life satisfaction across the retirement transition. Results of latent growth mixture models with data provided by 724 older adults' (age at retirement 45–89 years) showed that distinct groups with different trends in life satisfaction following retirement exist, and that these groups possess different levels of physical health as well as social and economic resources. Interestingly, these trajectories of change were more similar to those identified in American retirees (*Wang, 2007*) than to the trends followed by German retirees (*Pinquart & Schindler, 2007*), suggesting that cultural context may impact on retirement adjustment.

In the following article, *J. Earl, Bednall, and Muratore* examine different dimensions of time perspective as predictors of retirement planning and postretirement adjustment and well-being. Results of a three-wave longitudinal study across 18 months with data provided by 367 Australian retirees (mean age was 65 years) showed high levels of stability in time perspective over time, and differential relationships of time perspective dimensions with retirement planning. Importantly, time perspective predicted both initial retirement adjustment and change in adjustment over time, with implications for the design of retirement interventions. *Kalokerinos, von Hippel, and Henry* use a sample of 609 Australian employees aged 50 years and older (mean age was 56 years) from a large organization to investigate interest in and predictors of bridge employment and phased retirement. Employees were moderately interested in bridge employment, and less interested in phased retirement. Furthermore, job satisfaction and job involvement, but not organizational commitment, were differentially related to employees' interest in these retirement options. In showing that Australians are open to working post retirement and transitioning to retirement via nontraditional pathways, this research highlights the need for greater understanding of the factors that promote actual choice of retirement options, particularly in the light of Warren's findings that fewer than expected show evidence of changed work patterns.

The next three articles focus on the management and well-being of older Australian workers. *Forbes, Spence, Wuthrich, and Rapee* examine relationships of age and employment status (i.e. full-time work, part-time work, retired) with mental health and well-being in a sample of 2,149 older adults between 60 and 79 years (mean age was 68 years), who participated in the 2007 National Survey of Mental Health and Wellbeing. Overall, age was weakly related to mental health and well-being and marital status, physical health, and financial stress were more strongly related. However, the results indicated that whilst being employed full time later in life is neither harmful nor particularly beneficial for one's mental health, part-time work may act as a protective factor, at least for women.

C. *Earl and Taylor* conducted a series of 58 qualitative interviews with human resource directors and managers to gain a better understanding of organizational policies surrounding flexibility working arrangements targeting older Australian women and how these policies are implemented by managers. They conclude that while organizations continue to consider flexibility as an important age management strategy, the benefits for older women workers appear to depend on their managers' attitudes and resources. Finally, *Zacher and Griffin* (Mo Wang served as action editor for this article) investigate older workers' age and motivation to continue working beyond traditional retirement age as moderators of the relationship between career adaptability and job satisfaction. Using longitudinal data from 577 older workers between 54 and 66 years (mean age was 60 years), who participated in a substudy of the Australian 45 and Up Study, they found that the positive relationship between career adaptability and job satisfaction became weaker as older workers' approached traditional retirement age.

FUTURE RESEARCH AND CONCLUSION

Overall, we contend that these eight articles demonstrate that research on work, aging, and retirement in Australia is flourishing, sophisticated, and diverse both in terms of content and methodologies. A common strength is the use of large samples and longitudinal data with findings that have theoretical and practical implications for this field of research both in the Australian context and beyond. Moreover, they all suggest several important opportunities for future research. In the following, we would like to highlight three areas that were neglected in this special issue but also deserve further research attention in the Australian context. First, before the British settlement in the late 18th century, Australia was inhabited by Indigenous Australians. Researchers have pointed out that Australia's Indigenous communities are aging at a faster rate than non-Indigenous communities as a result of historical migration patterns (*Compton et al., 2014*). Older members of Indigenous communities are likely to face particularly high levels of unfavorable stereotypes and discrimination in employment, it is therefore important to study how they can be supported both in terms of finding satisfying jobs and remaining in the workforce.

Second, entrepreneurship has become an increasingly attractive employment option among older adults in Australia, and this trend is likely to further increase over the next decades (*Ainsworth, 2015*). In 2011, approximately 22% of Australian workers aged 65 and over were business owners (*Compton et al., 2014*). It would be important to further investigate how older adults can be motivated to pursue an entrepreneurial career, and how they can overcome barriers, such as age discrimination. Finally, the cohort of people aged 75 years and over

will grow even faster than the cohort aged between 65 and 74 years, rising from approximately 6.4 percent of the population in 2012 to 14.4 percent of the population in 2060 (*Commonwealth of Australia, 2013*). This group of older adults traditionally requires high levels of health care and support with activities of daily living by their younger relatives and friends (*Zacher, Jimmieson, & Winter, 2012*). Moreover, members of the baby boomer generation have an increased interest to remain in their home as long as possible (an interest they share with Australia's policy-making bodies). These factors are likely to impact on the work-life balance and well-being of older adults' employed relatives. Thus, research is needed that addresses supports for employees with eldercare responsibilities in the Australian context.

In conclusion, this special issue includes a unique collection of articles on work, aging, and retirement in Australia, contributed by researchers from multiple academic disciplines (i.e. business and economics; organizational, social, developmental, and clinical psychology; and sociology). While the opening review of the retirement income system highlights distinctive aspects of the Australian context, the empirical articles are based on, and have implications for, theory development in international research on older workers and the retirement process. Similarly, it is likely that the studies' practical implications are not confined to the Australian context, but can also be used to support older workers and retirees in other industrialized countries.

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