Opportunities and Challenges of Aging Workforces toward HR Practices in Business Management: A Comparison Between Thailand and China

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Abstract: As the number of elderly population are getting higher, many countries are now facing with rapidly growth in number of aging citizens due to increase in life expectancy, healthcare advancement, and baby boomers become aged. This leads Human Resource sector to understand more on aging workforces as an individual change process in terms of competencies, motivation, behavior and values. The aim of this study is to analyze and compare the opportunities and challenges in managing aging workforces toward Human Resource practices between Thai and Chinese business sectors. In line with the gathering of secondary data and literature-based analysis found that both Thai and Chinese business sectors recognize the common important challenges of the composition of the workforce and also shrinking young labor forces. However, business sector in Thailand presents certain challenges from a human resources perspective. i.e. technology challenges when compared to China. Several companies in China realized that aging workforces tends to have positive contributions; as it will increase competitive edge and intellectual capital especially in technology development. However, several companies in Thailand has recruited of aging workforces by increasing the number of part-time employees and offering flexible work options which are a priority for aging workforces.

Keywords: Aging Workforce, Human Resource, Business, Thailand, China

1. Introduction

One of the important in social transformations in the 21st century is the increasing in aging population. Various countries in the world are now dealing with the growth number of aging population due to low birth rate, the rapid increase in life expectancy is due to healthcare services advancement, and baby boomers become aged.

In addition, the aging population in Asia is assumed to increase affectedly, and also expected to have the oldest population in the world (United Nations, 2017). According to Song (2016) China is facing with the problem resulted from one child policy in 1979 that reduced in China’s birth rate decrease, huge aging gap and causing Chinese aging population will increase from 15.2% in 2015 to 25.3% in 2030.

In China, it recently shows the rapid growth of the aging population which is one of the most dramatic challenges among government and enterprises sector. As the figure 1 shows the proportion of 65+ years old will increase from 12 percent in 2020 to 23.6 per cent in 2050, and the percentage of 80+ years old will grow even more rapidly, from 1.2 percent to 7.2 percent. This poses great challenges for the government, as the aging population are more likely to experience both physical and mental problems, the government has to focus more on the health and welfare policy, and the provision of services.

Nevertheless, the growth of aging population is also causing economic challenges in many ways including the influences on labor market, employment, and the shifting in demands for product and services.

For Thailand, it has been affecting closer towards an aging society since 2005, and expected to be the first developing country reaches hyper-aged society by 2035 (Chittinandana, Chittinandana, Pinthong, & SawaengsukSant, 2017). The number of aging population in Thailand is growing faster than the growth of the total population. According to the Table 1 shows the rapid growth in the proportion of the aging population from 1980 to 2020 indicates a sharp increase in the size of the elderly population.
With the aging population, it’s definitely having an impact in several circumstances i.e. economic growth, income security, quality of life and employability concern. This paper will focus on employability concern which the aging of population has significant toward employment and labor market implications. Many industries need to adjust its work processes, working environment, and employment practices toward age diversity among their employees.

2. Literature Review

Aging society is a global phenomenon, and it is expected to have a significant impact on market labor and workplaces. Many organizations around the world have been facing with the impacts from aging workforces. Human Resource Management must have the strategies to deal with it. In addition, the new generation to replace retirees may not be sufficient to meet the needs of the labor market. Hiring retirees to continue working in the same position is one of the choices to adapt and solve aging workforce problems.

**Diversity Management**

Diversity among workforces is being one of the most critical challenges for Human Resource Management. To manage age diversity in the workplace requires understanding the psychological and motivational changes that associate with age, as well as how to manage individuals of different ages cooperate in organizational contexts.

According to Stephan, Baumgärtner, Dwertmann, & Kunze (2011) some researchers predict that age diversity has significantly positive outcomes toward organization but some researchers argue that diversity has negative impacts on the basis of communications, the decision making perspective and individuals’ values.

Regardless of the need for aging workforces and their talents, the fact is that aging workforces are often negatively stereotyped in a way that affects their access to jobs, training opportunities, and job efficiency (Ciutiene & Railite, 2014). However, aging workforces are often more loyal, and likely to remain in the job longer, but with slightly lower levels of innovation compared to younger workforces (McGregor & Gray, 2002).
In addition, younger workforces tend to have higher academic skills but less in socially experienced; whereas aging workforces may have lower academic skills, but may have more working experiences or social skills (Reade, 2015).

**Opportunities and Challenges of Aging Workforces in Thailand**

Aging country like Thailand promotes the employment of aging workforces. The possibilities of senior employment vary with different types of industries. Thailand has indicated the retirement age at 60 for government sector and there is no regulation stipulating the retirement age for employees in private sector. Therefore, the management of aging workforces in government sector becomes more challenging compare to private sector since the government has maintained in term of retirement structure of workforces while the number of working population is decreasing.

Thailand faces with the problem of decline in number of labor and workforces for both government and private sector in term of the age of population. Although age significantly affects a person’s ability which has an influence on the ability to work, several private corporations in Thailand has been trying to employ an aging workforces. Thailand expands the sectors where aging people can find work include hotel and accommodation, commerce, and manufacturing, hiring both full- and part-time employees. For example, Centara Hotels and Resorts, one of the leading hospitality sectors in Thailand has implemented a choice of Human Resource policies which planned to organize the long-term and potentially-returning employee resources, including re-deployment policy and job sharing strategy.

Other example of international organizations in Thailand that support the elderly regarding employment. IKEA, a Swedish multinational group sells ready-to-assemble furniture, and home accessories. IKEA has no condition on age to hire seniors for part-time positions. IKEA has offered alternative work arrangement by redesigning jobs to appeal to aging workforces. IKEA realized that the tendency to hire aging workforces is recently happening around the world, it needs to adapt the Human Resource Management due to growth of aging population which results in labor force shortages.

In addition, the Thai government's new company tax scheme has released an exemption on revenue taxes to encourage companies hire senior or aging workforces. However, tax exemption shall be affected to a company which hires senior persons aged more than 60 years old. The monthly wages shall not exceed 15,000 Baht per person, and the employer can employ not more than 10 percent of the total workforces.

The review on the aging workforces’ literature found that research on elderly employment in Thai context remains limited in term of empirical evidence. The empirical studies on aging workforces of Sadangharn (2017) indicated that the concept of aging employment in the automotive industry in Thailand does not focus on expanding the retirement age but would rather focus on job matching which suited to the individuals’ skills and expertise, and work that is physically demanding is not recommended. This is similar to the study of Stanford Centre on Longevity (2013), the strong outcomes of hiring aging workforces are experiences and skills that drive value to the organization. However, organizations will also need to deal with a variety of human resource challenges such as physical strength, changes promotion systems, social insurance burden, training cost to improve the productivity of aging workforces in organizations, and one of the important challenges is technology acceptance.

Nevertheless, Human Resources recognized on being difficulty of adapting to technological and organizational change. As Kumagai (2019) found that several private corporations in Thailand are adapting to workforce reduction by using automated production systems and to improve their productivity, still those corporations perceived that the ability to introduce digital technology will be limited as shortages of workforces in the areas of IT who will be the most important role in driving these initiatives.

**Opportunities and Challenges of Aging Workforces in China**

The number of Chinese aging population exceeds 230 million and is the only country in the world with an aging population over 200 million, this is what the Chinese government is concerned with and is somewhat concerned about the aging workforce’s situation. Chinese government realized that one of the major consequences of the rising of aging population is the decline of labor forces, which is getting down to only one-third of the total Chinese population. However, some studies point out that elderly population issue should not
always deal as a burden to society, because the working experience of elderly would be favorable in an economy that relies on high-skilled labor.

Regarding to aging workforces in China, Chinese government determined employment retirement age at 60 years for male, 55 years for female working as office worker and 50 years among female enterprises’ employees (Eremina, Sun, & Babaeva, 2017).

Differences among rural and urban areas in retirement schemes are most extreme in China (Banister, Bloom, & Rosenberg, 2010) where most Chinese aging population in urban areas have retired at a relatively young age and formal wage employment, this is more similar to those of aging population in developed countries. While aging population in rural area may expect to work in farming or other agriculture-related activities until relatively late in their lives and have lacked pension support.

China’s rapidly aging workforces also affect private sectors’ Human Resource strategies. As companies expand their operations into Multinational Corporations or MNCs while the government also supports to be an automation society.

Significant research has been conducted on the implications of aging society, as a result; the association between higher rates of aging population leads into higher rates of automation. Chinese government expects to develop employment quality in an aging society by upgrading new labor quality, create a lifelong learning and better quality of work in order to achieve into automation society.

Therefore, companies have much to benefit from investing the productivity gains from automation into their human workers—particularly older ones, who are able to remain in or re-enter workplaces around the world.

From the study of the aging society in China, the private sector has adapted through effective Human Resource practices by up-skilling and re-skilling to their aging workforces especially toward technology knowledge management. This shows how aging society could provide opportunities for employment generation and services development.

3. Results

The world’s demographic in age structure is one of the most substantial social transformations. The growth in aging population which is growing faster than all other age groups becomes world’s new challenge. It impacts in various areas include health care system, economy, and social security. However, it also opens new opportunities by achieving business expansion, technology advancement, and workforce diversity.

Thailand and China are also facing with the demographics changing that have several consequences. In term of Human Resource Management perspective, Thailand and China consider the aging workforces as a major concern. Both countries face the challenges of the composition of the workforce and also shrinking young labor forces, this leads the private sector manage this changing to a workforce that is rapidly aging. Several organizations have to prepare for older workforces that will have dissimilar priorities compared to the younger workforces. Only large organizations in both Thailand and China have implemented human resource policies to create their workplaces more age-friendly and their workforces more efficient.

In particular, the study found that few enterprises in Thailand are taking action regards to HR practices among aging workforces, but still at the planning stage. Those enterprises try to promote the recruitment of aging workforces by increasing the number of part-time employees and offering flexible work options which are a priority for aging workforces.

In China, the awareness of the growth of aging population as a ‘problem’ in society tends to be accepted without question. Several enterprises in China realized that aging workforces tend to have positive contributions; as it will increase competitive edge and intellectual capital especially in technology development, to ensure a continuous improvement of knowledge management across generations.

The encouragement of job opportunities for the elderly is both timely and important for improving the competitiveness and socio-economic development of both Thailand and China. This may include raising the awareness of the ability and expertise of aging workforces among private sector employers, more flexible pension plans, incentives to encourage retraining and re-employment, and more opportunities for older people to develop their skills (Bakar, Azizi Abu., 2019).
Although Thailand and China face a serious aging workforce challenge, the study did not find any empirical studies that show that both private sectors in Thailand and China implementing Human Resource practices to manage aging workforces. This is an important area for future researchers to examine. Most of the study results related to HR practices in dealing with aging workforce at large organizations in both Thailand and China.

4. Conclusion

The aging population varies from case to case, and it impacts the labor market. The changes in workforce lead organizations to prepare and cope with Human Resource Management including employment policies and practices to address this change.

HR practitioners will be at the forefront of the efforts of their companies to face the challenges and take advantage of the possibilities that follow an aging workforce. HR should lead through helping their companies prepare for more demographically diverse workforce, including age diversity. This would affect all facets of jobs, from providing flexible work arrangements to the package of employee benefits.

Many private sector in Thailand and China are aware of the phenomenon of the aging workforce. However, most employers have not yet changed internal policies or implemented new procedures, and some employers have no willingness to do so, despite the fact that the aging population provides workforces with many potential advantages and the business case for addressing aging workplace is well-established.

References