



FOOD FOR THOUGHT

Mitigating the Workforce of the Future's Risks

Automation can offer great benefits to food and beverage companies, as well as their employees. Aside from helping organizations become more efficient and cut unnecessary costs, automated systems can aid workers in their jobs, assisting with potentially dangerous tasks and reducing the frequency of injuries. However, pairing automation with current workforces or seeking to replace some employees with technology can carry significant risk for workers and employers alike.

Efficiency Through Automation

Although “disruption” has been a buzzword more closely associated with other industries, such as technology and transportation, similar trends are playing out in the food and beverage sector. In recent years, the industry has made great strides to introduce automation, which can benefit them in several ways:

- **Greater productivity.** Although it’s unlikely that human workforces will give way to fully automated environments, machines offer several benefits over human counterparts. These include the ability to complete tasks quickly and accurately and to work longer hours at lower cost without tiring.
- **Improved quality control.** Automated systems can help spot defects in ingredients early on and trace the source of potential problems in a company’s supply chain. Technology

can also be used to properly assess whether finished products are of uniform shape, color, and size.

- **Safer workplaces.** Jobs that might be dangerous for human workers can be replaced with, or made easier by, robots or artificial intelligence. Automation can also remove or reduce the burden of repetitive tasks, which often drive costly musculoskeletal injuries.

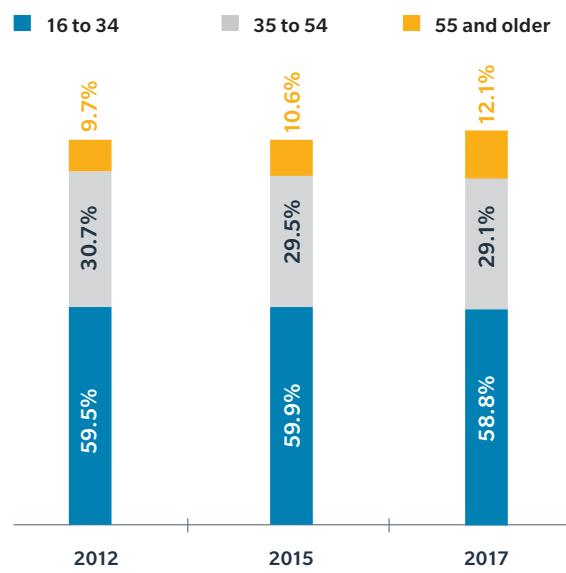
Aging Employees

The food and beverage industry’s workforce is growing older. In 2017, employees age 55 and up represented 12.1% of the food and beverage industry workforce, according to the US Bureau of Labor Statistics (BLS). Workers 55 and over represented 10.6% of the food and beverage industry workforce in 2015 and 9.7% in 2012 (see Figure 1).

FIGURE
1

Distribution of Food and Beverage Workforce by Age

SOURCE: US Bureau of Labor Statistics



Workers in this age segment make up a larger share of the overall US workforce — 23% in 2017 — but as a percentage of the whole, they are growing far faster in the food and beverage industry (4.5% annually from 2012 to 2017) than in the overall US workforce (1.5% annually). And the workforce will only continue to age: BLS projects that workers age 55 and up will represent 24.3% of the workforce in 2030 and 26.8% in 2060 (see Figure 2).

A Leaner Workforce

These two trends are, of course, somewhat related. As food and beverage companies introduce more automation and technology into their operations, the work that's performed by humans will change. Traditional job roles will need to be replaced with new ones that focus increasingly on the design, development, and maintenance of new technologies. And workers will need to exhibit greater cognitive skills and the willingness — and ability — to learn new functions.

As organizations introduce more automation into the workplace, many will seek to reduce their headcount. As they become leaner, some employers may be inclined to retain mostly younger workers, because they can be less expensive and may be perceived as better able to adapt to more automated workplaces. But in the right environment and with the right opportunities, older workers can offer valuable experience and adaptability that can benefit food and beverage companies. In fact, a study published in the journal *Frontiers in Aging Neuroscience* found that older adults performed more consistently and reliably than their younger counterparts, characteristics that can benefit businesses.

If the result of introducing more automation into its workplace is a reduction in force of older workers, a food and beverage employer could face age discrimination claims. Such claims could arise even if an employer can articulate why it needs fewer employees. And even if an employer can demonstrate there is no discriminatory intent behind a reduction in force, a claim could still have merit if the end result is a disparate impact on a protected class. Title VII of the Civil Rights Act of 1964 prohibits employment discrimination based on race, color, religion, sex, or national origin. And the Age Discrimination in Employment Act of 1967 specifically bars age discrimination against employees age 40 and up.

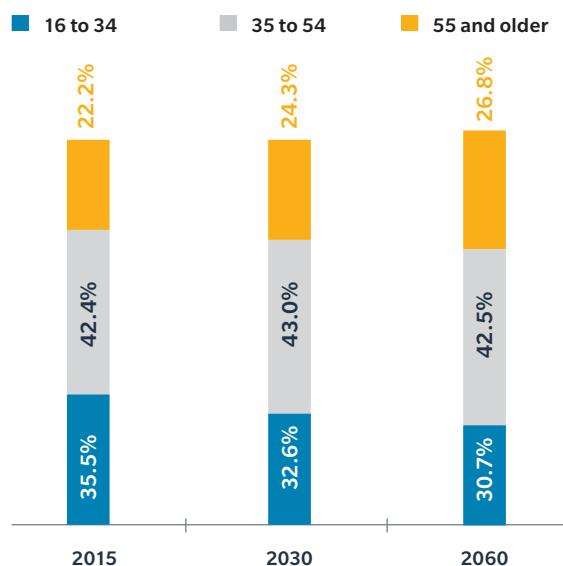
Meanwhile, a reduction in force — regardless of the age of any workers being terminated — could have unanticipated consequences. Although reducing the number of people a company employs should lead to fewer total workplace injuries and lower workers' compensation costs across the enterprise, awareness of injuries in real time and prompt reporting of them is critical to keeping employees safe. When employees are severely hurt on the job, it's often up to their co-workers to report those injuries and ensure that medical care is delivered quickly. If fewer employees are working in a particular location — and many of them are working alone, only infrequently interacting with others — injury reporting time could lag, delaying crucial medical care and potentially increasing claims costs.

Organizations must also determine the risks that automated systems could pose to employees working alongside machines and take steps to address those exposures.

FIGURE
2

Distribution of Civilian Labor Workforce by Age

SOURCE: US Bureau of Labor Statistics



Managing Risk

As automation in their operations ramps up, food and beverage companies can take steps to protect employees. Employers should focus on three key areas:

- Engineering:** Take a close look at the workplace and the new processes that automation will require, and then determine how best to protect people in new environments. Among other actions, make sure to choose safe, proven equipment with built-in safeguards.
- Policies and procedures:** Make sure employees understand what new ways of working will be required of them and how to perform work safely.
- Training:** Provide clear direction to employees about how to manage injuries related to new technologies. Reinforce such guidance through regular training sessions, updates to standard operating procedures, and job aids.

Employers with significant older employee populations should also account for their physiological requirements as they design or redesign workplaces and job tasks. Among other actions, consider improving ergonomics, introducing additional lighting into workspaces, increasing auditory signal volumes, and setting up water stations and “cooling off” rooms. A more collaborative and transparent workers’ compensation claims process can also be particularly beneficial to employers with older workforces.

To protect against potential discrimination claims, employers should work closely with outside counsel before implementing any reductions in force due to automation (or otherwise). Consider whether a reduction will have a particularly strong impact on older workers, and discuss with counsel how best to communicate with employees who are being terminated.

Beyond simply seeking to avoid litigation, organizations should also consider investing in older workers through retraining programs. Helping older employees to develop new skills and be redeployed in more modern workplaces can help businesses evolve without sacrificing the institutional knowledge that experienced workers can offer.

Businesses should also consider purchasing employment practices liability (EPL) insurance, which is designed to protect employers against third-party liability claims for wrongful acts arising from the employment process. Most EPL policies will respond in the event that an insured employer receives a lawsuit, administrative charge, demand for arbitration, or demand for monetary or non-monetary relief alleging an employment practices wrongful act (such as discrimination or wrongful termination), and will provide coverage for defense costs, settlements, and judgments.

Technology is doubtlessly allowing organizations to be more efficient and smart equipment can have a positive impact on the bottom line. But businesses should not overlook the benefits of their human workforce, including older workers who bring with them a wealth of experience. The right approach to workplace environments, job functions, training, and insurance can help employers build more content and effective workforces while reducing their risk.



This briefing was prepared by Marsh's Food & Beverage Practice, in conjunction with Marsh Risk Consulting and Marsh's FINPRO Practice. To learn more about aging and automation, read the [Twin Threats of Aging and Automation](#).

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GREG BENEFIELD
Food & Beverage Segment Leader
+1 615 340 2449
greg.benefield@marsh.com

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