The key research issues arising from an ageing workforce

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2nd ICESBA Conference, Bucharest, Romania
20-21 November 2015
Ageing Workforces

- Increasing longevity is seen in most countries in the world.
- Large numbers of people now surviving to and beyond pensionable age.
- The pension systems designed to support individuals for the last five to ten years of their lives are now being stretched to cover twenty to thirty years.
- The burden falls on the shoulders of salaried taxpayers.
- Is it fair?
- How to develop a sustainable pension system?
Burden of Dependency (65+ as % of 15-64)

Old Age Dependency Ratio, 2000.

UK, France, Belgium, Italy, Sweden
Burden of Dependency by Time

- More developed regions
- Less developed regions
- Sweden
- France
- United Kingdom
- Germany

Oxford Institute of Population Ageing
### Percentage of economically active men by age and region, 2005

<table>
<thead>
<tr>
<th>Age</th>
<th>World</th>
<th>Latin America</th>
<th>Asia</th>
<th>North America</th>
<th>Europe</th>
</tr>
</thead>
<tbody>
<tr>
<td>50–54</td>
<td>90.7</td>
<td>89</td>
<td>92.4</td>
<td>86.2</td>
<td>84.3</td>
</tr>
<tr>
<td>55–59</td>
<td>80.6</td>
<td>81.2</td>
<td>83.4</td>
<td>77.3</td>
<td>67.2</td>
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<tr>
<td>60–64</td>
<td>64.1</td>
<td>69.5</td>
<td>70.6</td>
<td>57.0</td>
<td>34.5</td>
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<tr>
<td>65+</td>
<td>30.2</td>
<td>37.2</td>
<td>36.9</td>
<td>18.0</td>
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</tr>
</tbody>
</table>

Source: ILO (n.d.)

In Britain, older workers (50+ years) could provide £100bn economic boost per annum, says PwC.
Age Diversity in the Workplace

- Age diversity is the ability to accept all different types of ages within a business environment.
- Companies have to adjust to an aging population in various ways.
- Age diversity is relative a new concept to many who deal with employees in corporate business.
- It allows companies to rethink and reshape corporate culture.
- Age discrimination legislation act (equality act 2010).
Create an Older-Worker-Friendly Environment

- New built environment and technology infrastructure make it difficult older peoples’ working lives.

- Barriers faced by older workers in different sectors, how workplaces can overcome these and the fact that older workers are considered valuable employees because of their knowledge, skills and experience.

- Many baby boomers have not saved enough to kick back full time in retirement and will continue to work to meet basic expenses or - even if it means cutting back on the hours - because they want to be engaged in their fields.
Skills Shortage

Canada

- only one third of IT experts required to fulfil its R&D requirements
- 12% IT jobs unfilled

Migration

Health and Social Care Occupations

- NHS reliant on overseas doctors and nurses
Engineering Occupation by Age (OECD)
The Employment Relations Challenges

- Demographic shifts create challenges for society and social policy.
- The implications are likely to be wide ranging.
- Changes around pension entitlement and the removal of the default retirement age have made the question of older workers, and the move to retirement more contested than ever.
- Questions of the ageing workforce are now merging with wider concerns around caring, financial security and healthcare.
- How can employers be sure to effectively respond to these changes? And what are the wider implications for employment relations?
Workplace Diversity

- Demographic changes reshape the future structure of the workforce.

- Future workforce should be balanced not only by age but also by gender, ethnicity, and other key factors.

- Increasing immigration is often seen as one response to labour and skills shortage. Clearly, the nature and makeup of the migrant mix will also impact on workforce diversity.

- A demographically diverse workforce has implications for how organisations undertake their business and engage with their staff.
**Provide Training**

- The nature of work itself is changing with increased demand for higher skilled and educated workers.

- Often older workers are less likely to receive opportunities for training and professional development, particularly in the use of new technologies.

- Negative stereotypes about older workers in relation to their training ability, their acceptance of new technology and their adaptability to change are still held both by employers and employees.

- Employers should give educational and training opportunities to their workers, with particular reference to age-related issues.
Health and Functioning

- Declining health status is often cited as a disadvantage of employing older workers.

- Decline in cognitive functioning is a characteristic of normal ageing, particularly those areas related to processing capabilities.

- Potential for increased work-related stress faced by older workers. It is likely that, as the workforce ages, the impact of such stressors will become more evident.

- Work management with illness will become more challenging. With advancing age comes an increase in chronic health conditions that could affect an employee’s ability to do certain jobs. These include arthritis, high blood pressure, and obesity.
Recruiting Older Workers

- Study shows that employers (not all) are implementing a formal policy of equal opportunities in relation to age.

- The majority of employers were familiar with the age discrimination legislation.

- Retention of older workers with health problems depend on the demands of the work, in terms of both hours and content, and on the extent to which employers were able or willing to modify these to take account of individual health needs.
Retirement Age

Under existing legislation, the UK State pension age (SPA) will be equalized at 65 for both men and women by 2020 and will then rise:
- from 65 to 66 between 2024 and 2026;
- from 66 to 67 between 2034 and 2036; and
- from 67 to 68 between 2044 and 2046.

No default retirement age in the UK
- People live longer.
- People are remaining active and healthy well into their older years.
- Arbitrary retirement age bears no relation to people’s ability to work.
- People save less.
Average effective age of retirement versus the Official age, 2002-2007

<table>
<thead>
<tr>
<th>Country</th>
<th>Men Effective</th>
<th>Men Official</th>
<th>Women Effective</th>
<th>Women Official</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mexico</td>
<td>73.0</td>
<td>65.0</td>
<td>75.0</td>
<td>65.0</td>
</tr>
<tr>
<td>Korea</td>
<td>71.2</td>
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</tr>
<tr>
<td>Japan</td>
<td>69.5</td>
<td>63.0</td>
<td>66.5</td>
<td>61.0</td>
</tr>
<tr>
<td>France</td>
<td>58.7</td>
<td>60.0</td>
<td>59.5</td>
<td>60.0</td>
</tr>
<tr>
<td>UK</td>
<td>63.2</td>
<td>65.0</td>
<td>61.9</td>
<td>60.0</td>
</tr>
<tr>
<td>USA</td>
<td>64.6</td>
<td>65.8</td>
<td>63.9</td>
<td>65.8</td>
</tr>
<tr>
<td>OECD average</td>
<td>63.5</td>
<td>63.6</td>
<td>62.3</td>
<td>62.7</td>
</tr>
</tbody>
</table>
Factors Affecting Retirement Decision

- Job satisfaction, interest, enjoyment
- Other interesting and challenging opportunities, e.g., voluntary work
- Partner’s employment circumstances
- Ability mentally and physically to still do the job
- Redundancy
- Contribution in workplace still valued
- Wanting to spend more time with family
- Job opportunities
- Professional contribution still valued
Job Performance and Worker Productivity

- Literature review shows that no evidence for a reliable relationship between ageing and work performance.

- Overall, older workers are considered to be less adaptable and slower at gaining new skills and knowledge than younger workers.

- On the other hand, they are seen to demonstrate higher consistency and better quality in their work, as well as being more effective with respect to reliability, conscientiousness and sound decision making when compared to younger workers.

- Older workers are productive as likely as younger workers.
Employers attitudes towards older employees in the world

Source: GLAS data 2006
Work, Health and Wellbeing

- The interplay between roles related to paid work, volunteering and informal care provision in later life, and how these activities relate to health and wellbeing. This documents the significant role the over 50s play in the provision of care (for older parents, partners and grandchildren), and wider volunteering.

- Involvement in paid work and volunteering roles is likely to have a positive impact on wellbeing if these roles are of good quality.

- Retirement is linked with later onset of dementia.

- “…working helps mind and body active, which may reduce risk of dementia”
Conclusions

- Some workforce sectors are largely affected by an ageing population.
- As the baby-boomers age, the working-age population will be significantly affected.
- Smaller cohorts will follow the large baby-boomer cohort and, accordingly, we will continue to experience labour shortages.
- The increased demand for skilled health professionals, skill and labour shortages will continue to be a serious problem in the health sector.
- There will be pressure on pensions, health budgets, and other expenditure related to older adults.
Question & Answer
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