

Re-Emerging Talent:

Focus on the Ageing Workforce



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If you explore the subject of the ageing workforce, you will quickly see an unmistakable tension between an increasing desire to leave the workforce and the commercial benefit to employers of ensuring they don't.



Whether exacerbated by multiple COVID-19 lockdowns or not, there is dramatic increase in the population between 50 and 65 who are opting out of traditional working arrangements, at the very time that many of their skills are scarce in the market.

RISING POPULATION

In the UK and the USA, 19% of the population are aged between 50 and 64; in China this rises to 22%, in Germany it is 23% of the population (data from Populationpyramid.net). Looking at this population over a ten-year period we see that the figure for the US is consistent over that time, in fact, shrinking 0.9 percentage points between 2017 and 2022. The UK has seen a steady growth of 0.5 percentage points every five years. By contrast, in Germany this population size has grown by

2.2 percentage points in 10 years to 2022 and China by 4.6 percentage points.

Whilst results vary, for the regions most affected, this pre-retirement population represents an increasing percentage of the workforce. This raises important questions on the effort made by employers to keep the skills of these more tenured workers up to date and relevant to the roles which are emerging through digitisation. The younger end of this cohort still have over 10 years in the workplace across any given market before reaching statutory retirement and that is a long time in most businesses.

RETIREMENT IS BEING PUSHED BACK

Governments have long been aware of the ticking timebomb of an ageing population on two fronts. First, the need to maintain

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available skills in the employment market and secondly the increased cost burden on the state pension pot. The UK has raised retirement age to 67 for those under 40, France has raised the retirement age from 60 to 62. Brazil has proposed moving away from retirement, based years of pension contribution to a statutory retirement age of 62 for women and 65 for men; and South Korea already has a retirement age of 70 for some professions.

In the UK, despite a current retirement age of 66, employment rates of those between 50 and 64 have fallen to the lowest levels since 2016. According to the Centre for Ageing Better's report, "Work: The State of Ageing 2022" the "number who have exited the workforce entirely between 50 and 64 has risen by 228,000 in England since the start of the

pandemic and the employment rate has fallen by 1.8 percentage points. The ONS report for June 2022 supports this, stating "higher economic activity is particularly due to more older people leaving the labour force" with a peak in economic inactivity for those aged 50-64 at the beginning of 2022.

In Germany the official retirement of 65 is rising to 67 in the period to 2029, although "The Local" reported in May 2022 that in Germany workers "retired a little earlier" in 2021. In China the retirement age is 60 to 65 for men and 50 to 55 for women depending on their type of work, younger than most countries, but under ongoing review as life expectancy increases and the cost burden rises.

OPTING OUT OF THE TRADITIONAL WORKPLACE

“Hidden in this massive COVID-inspired turmoil is the unexpected and highly unusual early retirement of millions of ageing workers” writes Paul Rupert, CEO of Rupert Organisational Design in this June edition of the US magazine, “The Hill”. The reality may be more complex than simple retirement.

Whilst there is a move away from “finish Friday, back as a contractor on Monday” transition, mainly due to less attractive changes in contractor legislation in many regions, the pandemic with its enforced downtime has shaped career changes for many of all ages, including the pre-retirement population. In some cases, this was to move away from a sector or job which feels less than secure in providing for financial requirements, in others it was from a realisation that they were not where they wanted to be, enter “The Great Redistribution” perhaps rather than “The Great Resignation”. In “The Metro”, Helen Dewdney writes (July 2022) about “How the pandemic made us turn our hobbies into main jobs”. Rather than exiting the workforce, many are engaging with it in a new way.

EASY TARGET FOR REDUNDANCY

With their accumulated skills and experience in workplace transformation, the 50 to 64-year-old workforce, at roughly one fifth of the population, have shown their ability to roll with the changes going from manual, paper-based operations to sophisticated AI processing, from machine setting to robotic programming, from service with a smile to real-time activity

monitoring; they have seen the most significant shifts in how we work since industrial revolution worked its way across the world, and most have coped with the increasing speed of that change.

Despite this in 2022, they are more likely to be made redundant and, once redundant are less likely to be re-employed than younger workers. In the UK the employment rate gap is now wider than two years ago, despite political ambition to extend the working life. (Centre for Ageing Better).

Our ageing workforce report being subject to biases, which may be simply “habit” as Paul Rupert describes it, but which limit access to new jobs, training, and re-skilling opportunities, inflates expectations of cost to employ, and frustratingly puts a brick wall around opportunities to diversify their career. It raises the question, when is it too late to train someone?

UNRETIEMENT

Things change quickly in the world of talent and as fast as we saw an exodus during and post-pandemic, we are now seeing signs that the global economy is once again shaping personal career decisions for those between 50 and 64, and older.

In the UK, research from Lottie has identified a rise in older workers returning to the workplace after retirement. The article cites a 200% increase in Google searches relating to “returning to work after retirement”. Simultaneously in the USA, “The Hill” reports on a growing trend of phased retirement; effectively creating a staged plan of working time reduction from full-time to retirement, via part-time or ad hoc working arrangements, to extend the overall tenure of employment.

There may be more to this than financial necessity; as health into old age continues to improve, when taking the long-term view, extending the sense of purpose and connection created by meaningful employment becomes more appealing.

It is likely too that the loneliness and isolation experienced by so many during the pandemic, particularly by the over 50s, may have a part to play in wanting to re-engage with employment.

In the UK the ONS data again supports this view with economic inactivity rates for this group falling steadily each month since it peaked in February 2022.

CONCLUSIONS

If the predictions of “The 100-Year Life” (Lynda Gratton and Andrew Scott, 2015, Bloomberg Publishing Plc) come to realisation, we and future generations

will all be living longer and working later into older age to fund an extended period of retirement.

It makes good sense then to take a more open attitude towards the working lifetime and recognise that ability to learn and change are more about mindset than age. The lines between home and work have become blurred during the pandemic creating an opportunity to redefine the workplace across the globe, perhaps the same is true for age difference? With the current global skills crisis there is everything to gain by seeing potential and growth as something which doesn't expire with time but remains available and ready for opportunity when it is presented. When added to acquired skills, a longer perspective and continuous exposure to change, this talent has high value in every sector, and is a vital component of passing on knowledge when they are finally ready for retirement. It is all about choice.

Resources: [Agingworkforcenews.com](https://agingworkforcenews.com); Office for National Statistics; The Hill (US); 401KSpecialist; Centre for Ageing better; Vietnam News; Eurostat; The Metro; Population pyramid.net; The Local Lottie; Quartz (qz.com); “The 100-Year Life, Living and Working in an Age of Longevity”, Lynda Gratton & Andrew Scott, 2016, Bloomsberg Publications Plc.



