



The Future of Work in an Ageing Population

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This document reflects the discussions in a meeting held to gather the views of a sample of people with experience in the issues raised by the ageing population. The content has not been peer reviewed and any statements are not necessarily findings of the project

Key trends

- Between 2012 and 2022, an estimated 12.5 million jobs will be opened up through people leaving the workforce and an additional 2 million new jobs will be created, yet only 7 million new younger people will enter the workforce to fill these jobs¹.
- There is a trend towards a bimodal labour market, with a small number of high-skilled, high paid jobs and a large number of low-skilled, low paid jobs.
- Concerns were raised about the growing numbers of low-paid workers in highly insecure jobs and what provision would be made for them in the future.
- A recent survey of 150 CEOs² found that many people are no longer just working to live, but looking for purpose and meaning in their work, presumably as they recognise that work will form such a major part of their lives.
- Those under 35 years change jobs frequently while workers in their late 30s and 40s appear to want more certainty.
- Many firms are facing a choice between raising wages, moving overseas or automating tasks. This is sector specific to some extent, however, increasing numbers of things are tradeable across space which previously were not.
- Home-working is rising gradually; 4.2 million people do not work in a fixed place, 38% of whom are over 65 years old³.

Issues of relevance to policymakers and employers

Skills shortages

- A UKCES report⁴ found that there are skills shortages, but skills under-utilisation is a far bigger issue; in a recent Programme for the International Assessment of Adult Competencies survey, the UK came bottom of all OECD countries for skills under-utilisation. It was suggested that this could be more of a result of a skills mismatch rather than a skills shortage.
- It was noted that there is a huge global skills shortage in technology, with many workers in the UK being sent to Silicon Valley for training and not returning.
- Meeting the projected increase in the need for care may be challenging while also preserving women's participation in the labour market (given that women still predominantly provide unpaid caring roles). The UK will likely need more care workers. Encouraging more people to move into working in care will be important, although currently this is a low-paid and low-skilled workforce and there are questions around how to incentivise high quality care.

¹ Business in the Community's 'Missing Million' Report.

² <http://www.heidrick.com/~media/Publications%20and%20Reports/The-CEO-Report-v2.pdf>

³ ONS, 2014: <http://www.ons.gov.uk/ons/rel/lmac/characteristics-of-home-workers/2014/rpt-home-workers.html>

⁴ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/327492/evidence-report-81-ukces-employer-skills-survey-13-full-report-final.pdf

Education and training

- There was agreement that education needs to be rethought to allow people (particularly children) to become more creative, more resilient and develop a mix of different skills, and also ensuring that university courses are effective. There appears to be some prejudice on the part of employers about older people continuing at work and the need to provide them with appropriate training, though this is matched by a view prevalent among older workers that training was not relevant to them.
- Reskilling the workforce was an important topic that came up several times, but there are many questions around how to incentivise this.
- There are barriers to reskilling through the life course such as the cost and loss of earnings. Who should pay for this further education – corporations, individuals or governments? Education is the slowest sector to change in the world, so it would appear that government can play a role, but it was generally agreed that the burden of paying for reskilling should be split between all three parties. However, there are different kinds of ‘jumps’ required (geographical, industry, skills) – it will be hard to persuade a company to help you pay to change industry, for example. Individuals may have to take more control of their own careers, which may become more modular.
- CEOs interviewed in a recent survey⁵ (of 150 CEOs) acknowledged the extent of their own ‘on the job’ learning, and emphasised the importance of education innovation in helping people to ‘unlearn’ irrelevant skills which they could leave behind as they enter the next stage of their work evolution.

Changing nature and patterns of work

- It is important to understand how the diversity and patterns of work interact with changes in the make-up of the population and longevity as well as personal individual trajectories.
- It is important to understand different groups and segments of the working population; at all stages of the life course some people are looking for an ‘attractive’ job, others are just looking for a job that pays.
- One participant pointed out that people get ‘locked in’ to particular trajectories and for some this happens at a very early stage. ‘Unlearning’ becomes important here, as does encouraging young people to think about jobs and sectors and to consider areas they wouldn’t traditionally experience so they don’t get locked into a life trajectory too early.
- Tackling inequalities is important – people in their 40s have the highest employment inequality, which stems from the high levels of unemployment these cohorts experienced when they joined the labour market in the early 1990s.
- There will be a change in the balance of power: workers will be in a weaker negotiating position with weaker terms of work, and the balance of power is projected to shift towards the employer. This will lead to increasing risk for workers.
- The nature of work will change – there will be a rising need for care, and carers. Human interaction is likely to be in demand.

Retention

- Many large professional services firms have said that staff are leaving faster than they want them to, and the example was given of a partnership in a law firm no longer being people’s end goal because of the perceived all-consuming lifestyle that accompanies it. Their challenge is now to recruit and retain sufficient numbers of the younger people they rely on and they may end up keeping more older workers.

⁵ <http://www.heidrick.com/~media/Publications%20and%20Reports/The-CEO-Report-v2.pdf>

- However, PwC apparently now trains its workers expecting them to leave (because of the 'pyramid'-like structure of large firms), partly because many service industries like finance, insurance etc. have highly transferable skills. In contrast, in Germany some firms such as BMW are now incentivising the acquisition of firm-specific skills in order to encourage worker retention.
- Many parts of the labour market expect a high turnover and are set up for this, with a business model based on 'substitutability'. It's not clear whether this will have positive or negative impacts for SMEs.
- Evidence suggests that older people are no less productive than younger people, they have larger networks and are experienced, so how do we help them work longer?
- It was pointed out that jobs should be attractive, providing training, autonomy, security at work and wellbeing.

Workplace design

- There will need to be changes in the workplace design. The rise of co-working (and working from home) in the UK suggests that the concept of corporate working doesn't function well. However, to do this well, people need to already be part of a network.
- Lots of big science is moving from the 'office as city' model of large complexes on the outskirts of towns to the 'city as office', moving their staff back into large population hubs (for example the new Crick Institute as an example of the latter, and GlaxoSmithKline as the former). Workplaces clearly need to be reorganised in a way that promotes serendipity.

International examples

- One example of effective policy mentioned was the lack of enforcement of non-competes legislation in California (which forbids setting up in competition with your previous employer), which has led to the growth of Silicon Valley.
- Germany was raised as an example of more permeable career trajectories because of its strong apprenticeship scheme as opposed to the UK where there are still barriers to those who didn't attend specific schools or universities.
- In Germany some firms such as BMW are now incentivising the acquisition of firm-specific skills in order to encourage worker retention. The UK, in contrast, focusses on transferable skills.

Ideas for addressing the policy challenges

Note: This meeting was not primarily focused on creating policy ideas. The ideas below are thoughts from the concluding part of the discussion and are not meant to represent fully developed policy recommendations.

- People's two biggest assets are their homes and their human capital. The risks to these are uncontrolled, but could be controlled through reinsurance or other financial instruments.
- Regional specialisation of skills taught in FE colleges was suggested e.g. a marine skills college in one area. Local Enterprise Partnerships act as growth hubs, supporting business to work with FE colleges to help them adapt to local labour requirements.
- It was recommended by some participants that both primary and secondary schools should be supported in providing labour market knowledge to children.
- Encourage young people to think about jobs and sectors and to consider areas they wouldn't traditionally experience so they don't get locked into a life trajectory too early.
- One participant suggested certificating soft skills and it was asked whether soft skills needed to be built into the curriculum at school. However, it was also mentioned that recruiters ignore people's qualifications and look for intellect and integrity instead.

- The SME sector has a potentially broad scope for policy opportunities as, while this sector employs large numbers of people, it has no provision for addressing the occupational health aspects of workers. Suggestions discussed were for DH to work across government to see whether there are mechanisms to provide workers in the SME sector access to occupational health advice through the network of GPs. Given the links between health, wellbeing and work it would help people to make the most of their working lives as they aged.

Remaining evidence gaps and other sources for evidence to consider

- There was some dispute over the existence, or lack thereof, of evidence on task distribution
- Research gap: how knowledge passes through space.
- How current differences in workplace behaviour between different cohorts (those under 35 years change jobs frequently while workers in their late 30s and 40s appear to want more certainty) will change in the future is unclear – will younger workers shift to a more long-term job outlook as they age?
- Not enough is known of demographics within firms – if the employment habits of younger generations remain the same, how will employers cope with these different ways of working?
- It is not clear whether there are sectorial differences in staff turnover.
- Many parts of the labour market expect a high turnover and are set up for this, with a business model based on ‘substitutability’. It’s not clear whether this will have positive or negative impacts for SMEs.
- There is an evidence gap on employment dynamics