

Ageing and Work in 2030: In or out of our hands?

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When considering the outlook for work in 2030 it is useful to create a context for this seemingly distant future by reflecting on the past. An equidistant time in the past would place us in Orwell's dystopian year, 1984. This was the year that Ronald Regan was elected to his fourth term of office as president of the United States of America; the year of a Federal election in Australia, which the first televised leadership debate took place between Andrew Peacock and Bob Hawke; Peter Garret was leader of the nuclear disarmament party. It was also the year Advance Australia Fair was proclaimed as Australia's national anthem.

Three other events also took place in 1984 that continue to have repercussions for work today. They were the deregulation of Australia's financial markets, the Federal Sex Discrimination Act and the introduction of the Macintosh computer.

At that time, how confident could we be in forecasting the wide ranging impact that these would have on our economy, business and work? It is clear that there was evidence to indicate the future but this evidence was incomplete. Examples of other critical developments over the period that occurred after 1984 are the evolution and impact of the internet, the 1993 superannuation act and the progressive deregulation of the labour market in Australia. This highlights the difficulty of forecasting the future.

What we could reliably predict in 1984 was Australia's demographic outlook. The trends that have aged our population and workforce were clearly evident by this time. Fertility rates had experienced a steady decline from the height of the 'baby boom' when an average of 3.6 children was born to each woman in the population in 1961 to 1.8 in 1984, where rates have hovered since. (Department of Family and Community Services, 2001.)

Life expectancy also increased over the period at a predictable rate. Between 1970 and 2004, life expectancy at birth steadily increased in NSW, from 66.8 to 78.9 for males, and from 73.7 to 83.7 for females. The State experienced a net gain of two years in average life expectancy for males and females between 2000 and 2005. (ABS, 2007)

Over the last 23 years who and how we work has also changed considerably. Some of these changes were predictable while others were not. Overall women's workforce participation has increased in recent decades (11% between 1990 and 2005), however participation rates for women aged 25-45 with dependent children have in fact declined, highlighting the competing pressures of motherhood and work (AMP.NATSEM, 2005).

After 25 years of constant decline, there was a six percent increase in participation of men in the 55-64 age group between 2001 and 2006 (Kennedy & Da Costa, 2006). Looking to the future, male workforce participation rates are expected to rise in the over 55 age groups due to longer life expectancy, higher educational attainment and better health than earlier cohorts of the same age (Access Economics, 2001). Female participation is also expected to rise in the 45 to 70 plus age groups.

In the younger age groups, male participation is expected to decline in all age cohorts between 20 and 54 years. For females, participation is anticipated to decline in age cohorts from 20 to 44 years, except in the traditional child rearing age groups, 25-29 and 30-34 years (Access Economics, 2005).

Progress has also been made in wage parity between men and women in non managerial roles, whereas in 1975 women received on average 78% of male earnings by May 2004 this had increased to 92%. The gender wage gap, as measured by the ratio of female to male average hourly ordinary-time earnings among full-time adult non-managerial employees, narrowed markedly between 1974 (0.78) and 1978 (0.9). A further but less pronounced narrowing of the pay gap occurred between 1983 (0.88) and 1994 (0.94). Over the last decade few additional gains have been realised with the gap moving within the range of 0.90 to 0.94. However the gains in wage parity must be measured against the average weekly earnings for women compared to their male counterparts. In 2004 women on average earned 68% of the average male income. This lower level of earning capacity was due mainly to the fewer hours worked on average by women. (ABS, 2005)

Three other significant trends have occurred over recent decades. Firstly, the changing distribution of employment between service and manufacturing industries; secondly the increase in part time work and thirdly the increasing number of Australians departing to work overseas.

In New South Wales the service sectors account for the majority (94%) of the employment gains, up from 73% of all employment to 77% over the period 1992 to 2007. While manufacturing employment has declined over the past decade, the industry still has the second highest level of full-time employment and the fourth highest level of total employment. (DEWR, 2007)

Part time work has also increased over the decade 1994 to 2004. In 1994 part time work accounted for 24% of total employment, this increased to 28% by 2004. Women traditionally participate in part time work at higher rates than men. Over the decade to 2004 the proportion of women in part time work rose from 42% of all female employment to 46%. Part time work also increased for males from 10.5% to 15%. However in 1994 28% of those working part time would have preferred to be working more hours, this had fallen to 26% by 2004, but still indicates that for some working part time is a result of the lack of alternative opportunities or personal constraints rather than preference. (ABS, 2005)

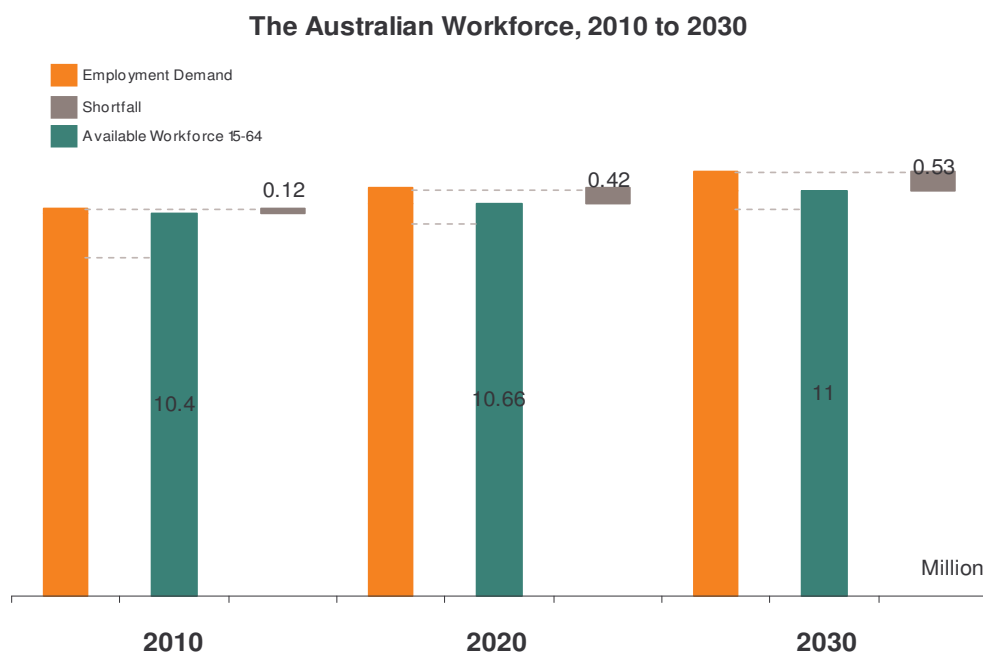
The last factor that has the potential to seriously exacerbate the labour outlook in Australia is the emigration of Australian workers. Since 1985/6 the number of permanent departures has risen from 18,100 to 67,853 in 2005/6. This represents an increase of 325% over 20 years. If this trend remains constant over the next 20 years an estimated 220,500 people would leave Australia permanently on an annual basis by 2026. A proportion of the population will be anchored in Australia by a number of factors. However, reducing barriers to working internationally and the increased opportunity and often requirement to take up off shore employment will combine with competitive forces to drive a continued exodus of Australian workers. (Department of Immigration and Citizenship, Emigration 2005-06)

So compared to 1984 we are older, more highly educated, more likely to work in a job in the service sector and less likely to work in manufacturing. If we are a women we are more likely to be in employment than at any time in the past but there is an almost one in two chance we are working part time. We are also leaving Australia at a greater rate to seek work overseas. We are

more or less proficient in the application of information and communication technologies which are a common feature of every job.

The question is how will these trends influence the outlook for employment and work in 2030? There is little doubt that the continuing decline in labour force growth will exacerbate the supply of labour and skills over the outlook period. This will be compounded by an increasingly competitive global labour environment. Developed countries are experiencing similar trends and it is predictable that this will encourage the opening of borders presenting less constraint to the global flow of workers.

A conservative estimate of labour supply at 2030 identifies a shortfall of workers of 530,000. This is likely to be the dominant factor shaping the nature of employment opportunities and the work environment. In the relatively short time that labour pressures have emerged over the first decade of this century, employers have increasingly turned their attention to more sophisticated workforce planning and analytics. This has allowed more effective assessment of workforce requirements into the future and the development of focused and strategic employment value propositions aimed at improving the ability of the organisation to compete to attract and retain people and skills. The value proposition invariably gives attention to work life balance, flexible work arrangements and career development opportunities.



However, employers are still largely focused on the attraction, recruitment development and retention of people in younger age groups. With a number of notable exceptions, they are failing to translate their understanding of the emerging labour market to tangible changes in their strategic people practices. This is evident in the heightened concern amongst employers of increasing rates of turn over amongst younger workers, including graduates. Employers commonly invest additional resources and effort to combat this trend. This is despite the knowledge that the younger

age group is a reducing cohort of the overall labour market and therefore increasing turnover is a result of difficult to combat competitive forces rather than organisational failure.

Employers will be driven to accept that the traditional profile of their workforce cannot be sustained. This will result in new approaches that effectively target, develop and productively deploy underutilised segments of the labour market, including women and older workers.

The current cohort of workers aged 45 years and over is prepared to extend their working lives beyond the current average early retirement age of 59 years. Increased participation amongst people in the 55 to 64 age group has the potential to make the greatest contribution to boost labour supply in Australia (BWA, 2004). Employers should turn their efforts to understanding the clear conditions under which this group are prepared to continue to engage in work. These include but are not limited to flexible work arrangements, with part time work in the same role the most preferred option. Other significant considerations include a neutral impact on their financial outcome in retirement, continuing good health and capable managers who respect and utilise their capabilities. Other secondary but relevant factors include access to learning and development opportunities, reward and recognition, the content of the job and age inclusive work communities. (BWA, 2005)

Who will be the workers in 2030? The workforce in 2030 is likely to span an increasing number of generations as improving longevity and health coupled with labour supply pressures result in an environment where willingness will be matched by the opportunity to work. Those aged 15 to 24 (the labour force entry level age group) in 2030 are yet to be born or are under a year old today. Generation X will be aged between 54 and 65 years, and generation Y will be the new cohort of older workers aged between 38 and 53 years. Baby boomers will be aged 66 to 84 years.

Given the approximate 15 year span of a generation, generation Z, those aged 0 to 15 today and the generation that follows will be in their early years of workforce participation. If the intent of the baby boomers to continue their engagement in work into later life is realised this could result in a future where five generations are active in the labour market in 2030. This compares with three generations today. This indicates that one of the challenges and a focus of employers in 2030 will be to understand and manage a broader spread of ages and life stages. Success will be underpinned by creating equitable access to career and development opportunities and the capture of strengths delivered by the increased generational diversity of the workforce.

The decisions we make today and over the next two decades, as individuals and employers, as well as those of governments have considerable potential to shape the nature of work in 2030. We can choose to take a more optimistic view of the future than that of Orwell's 1984. Although we cannot predict the changes in technology and their impact on our work and lives, we can be more certain about other aspects of work in 2030.

It is highly likely that work over the next 23 years will be shaped by a continuing era of under supply of labour. This scenario will result in higher levels of labour market participation supported by advances in both child and elder care services. New work structures will evolve to allow greater flexibility to accommodate recreation and care responsibilities as well as continuing participation in education and training across working life. New forms of volunteering will also emerge to capture the baby boomer generation as they retire to offset growing pressure to delivery quality services to an increasingly aged population.

Business will pay greater attention to the sharing and continuity of knowledge as people no longer stay in a single job or industry for extended periods of time. They will also respond to the broadening of the age range of their workforce by better understanding age and life stages, particularly in relation to health and wellbeing which underpin an individual's ability to work.

Importantly work will be available to all those who choose to participate.

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