

A frog is shown in mid-jump, clearing a series of vertical lines that resemble a staircase or a barrier. A bright yellow beam of light originates from the frog's feet and extends diagonally across the upper right portion of the image. The background is a light blue, textured surface with numerous small, clear bubbles. Large, green, lily-petal-like shapes are visible in the corners of the frame.

The Patterns of a Changing Employment Market Place

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 **ERNST & YOUNG**
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The changing world

Four major influences shaping the workforce of the future - Falling fertility rates = slowing growth in younger + increasing numbers of older workers. A globalising labour market – broadening the reach of competitors for skills. Technological change changing the nature of work

- Fertility is decreasing – from a peak average of 3.4 births in 1960-62, the fertility rate plunged to 1.8 births in 1980-82, dropping further to 1.6 in 2005.
- Further declines are projected.
- Life expectancy is increasing – on average, we are living almost 20 years longer than we were in 1920.
- In 1960-61 the growth of younger people entering the labour market was 2 1/2 times that of today.*
- In that period the age group 15 – 24 grew by 67,000. Between 2000 & 2001 it grew by 25,000 and in 40 years it will grow by 11,000.*

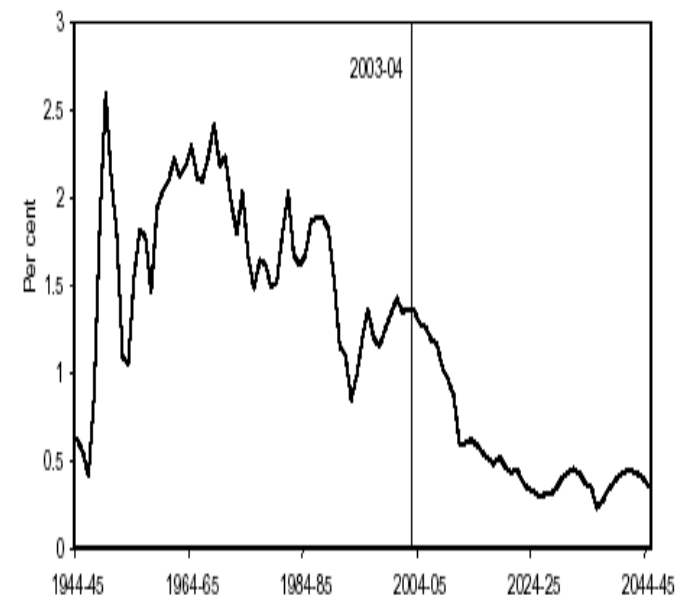


The changing landscape of people & skills

- ▶ Skill shortages will pervade due to slowing labour force growth over the next decade.
- ▶ In downturn there is a flight of talent from more affected to less affected organisations - sectors and economies.
- ▶ This loss of talent is permanent as most who take flight do not return in good times.
- ▶ A related risk is bringing forward of retirement through redundancy of older workers. Once displaced this group do not return.

Figure 3.13 Growth in worker numbers is set to decline

Yearly percentage change in the number of people aged 15-64, 1944-45 to 2044-45



Data sources: PC-M population projections and ABS historical population data for earlier years.

***Occupations at risk that have a high average age include all trades & engineering
Managing talent through this downturn is more critical than previously.***

Supply example – engineers in Australia

In his study of civil engineering labour force, Michael Rice highlighted the fact that:

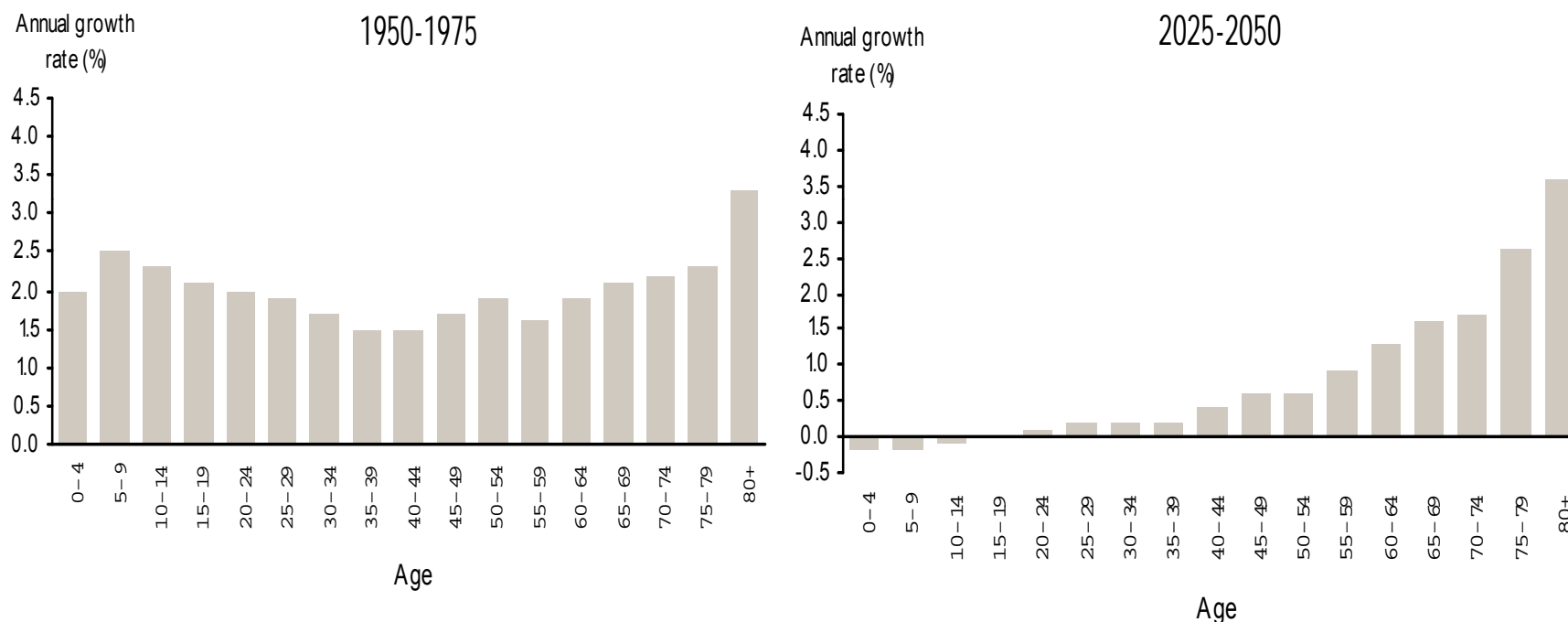
- ▶ The proportion of graduates in civil engineering as a total proportion of engineering graduates have declined from 32% in the 1970's to a current proportion of approximately 16%.
- ▶ Approximately 1800 Civil Engineers reached retirement age in mid 2007,
- ▶ There are only 900 graduates in civil engineering from Australian universities each year.
- ▶ Only 80% of graduates are likely to gain employment in engineering, and approximately 60% are likely to work overseas,
- ▶ The result being that the number of Civil Engineers available to the Australian labour market each year is likely to be in the order of 350-400.

John Vines OAM, Chief Executive,

Association of Professional Engineers, Scientists and Managers, Australia

The changing landscape of people: The world

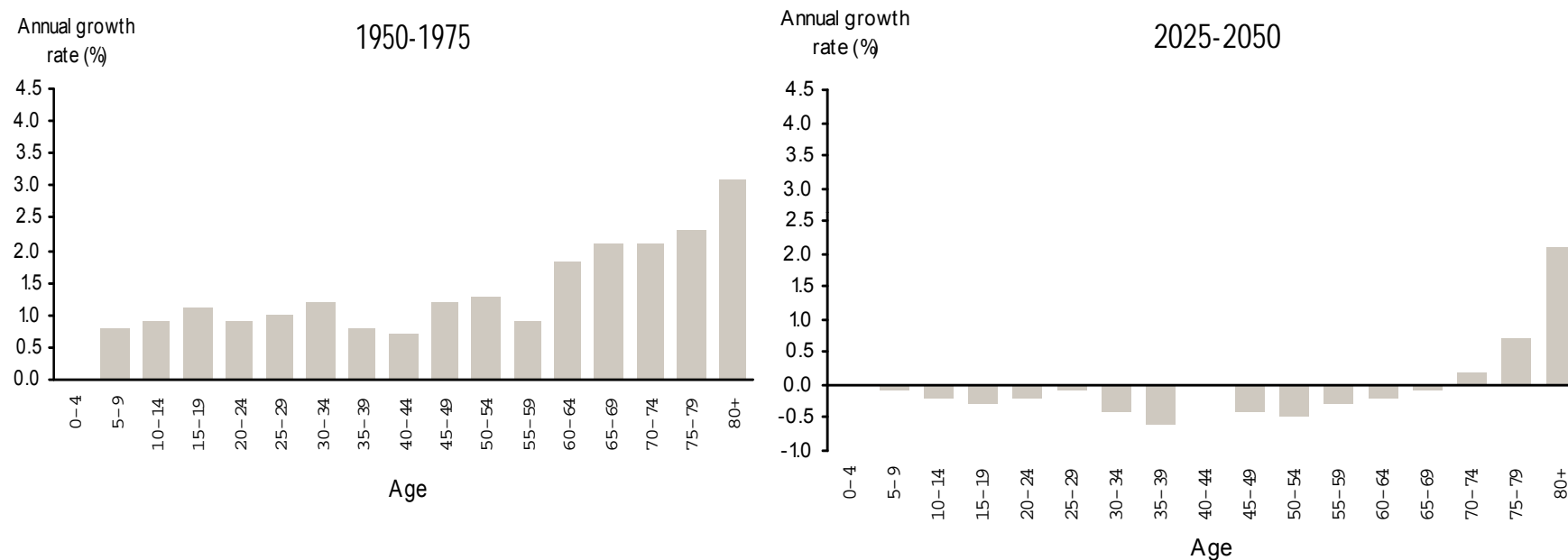
Patterns of population growth 1950 – 2050: United Nations population projections 2007



- ▶ The age distribution of the global population is undergoing fundamental restructuring
- ▶ As populations age the proportion of those of working age is diminishing

The changing landscape of people: More developed regions

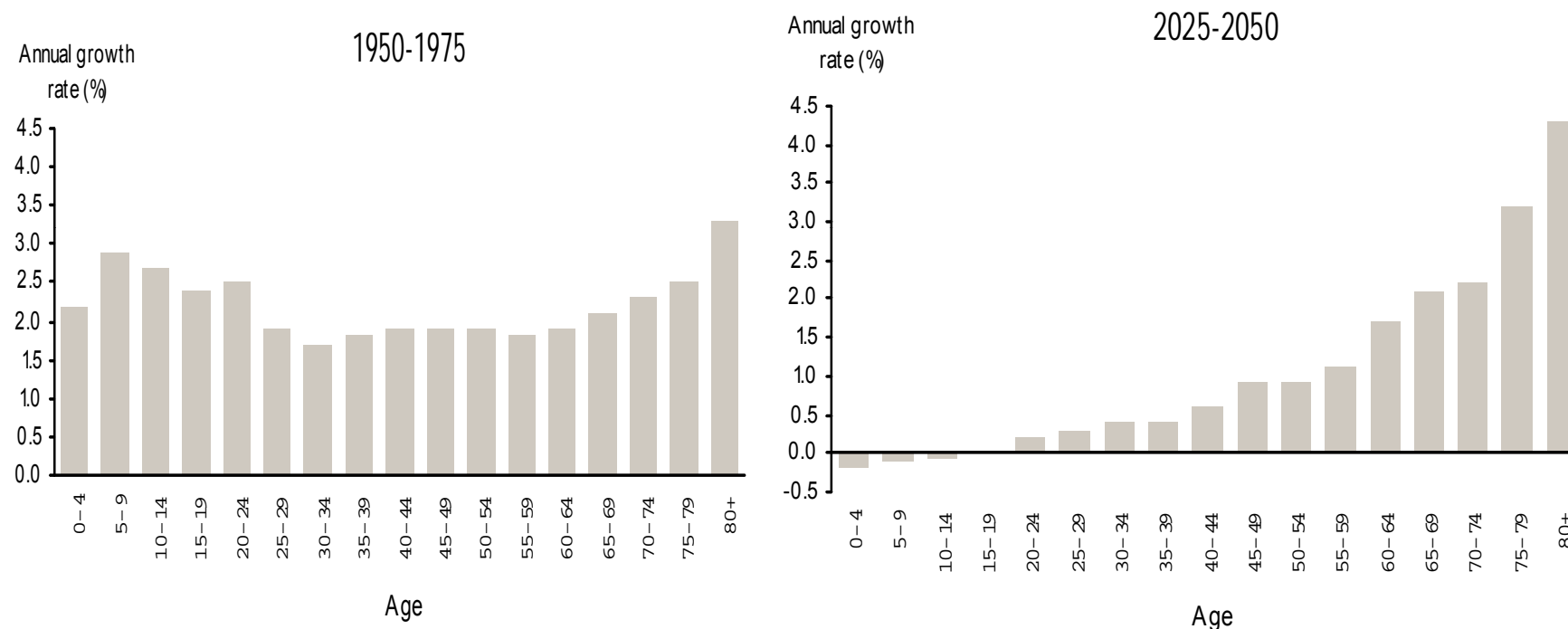
Patterns of population growth 1950 – 2050. United Nations population projections 2007



► Negative growth in working age populations will be the norm within a decade for developed countries

The changing landscape of people & skills: Less developed regions

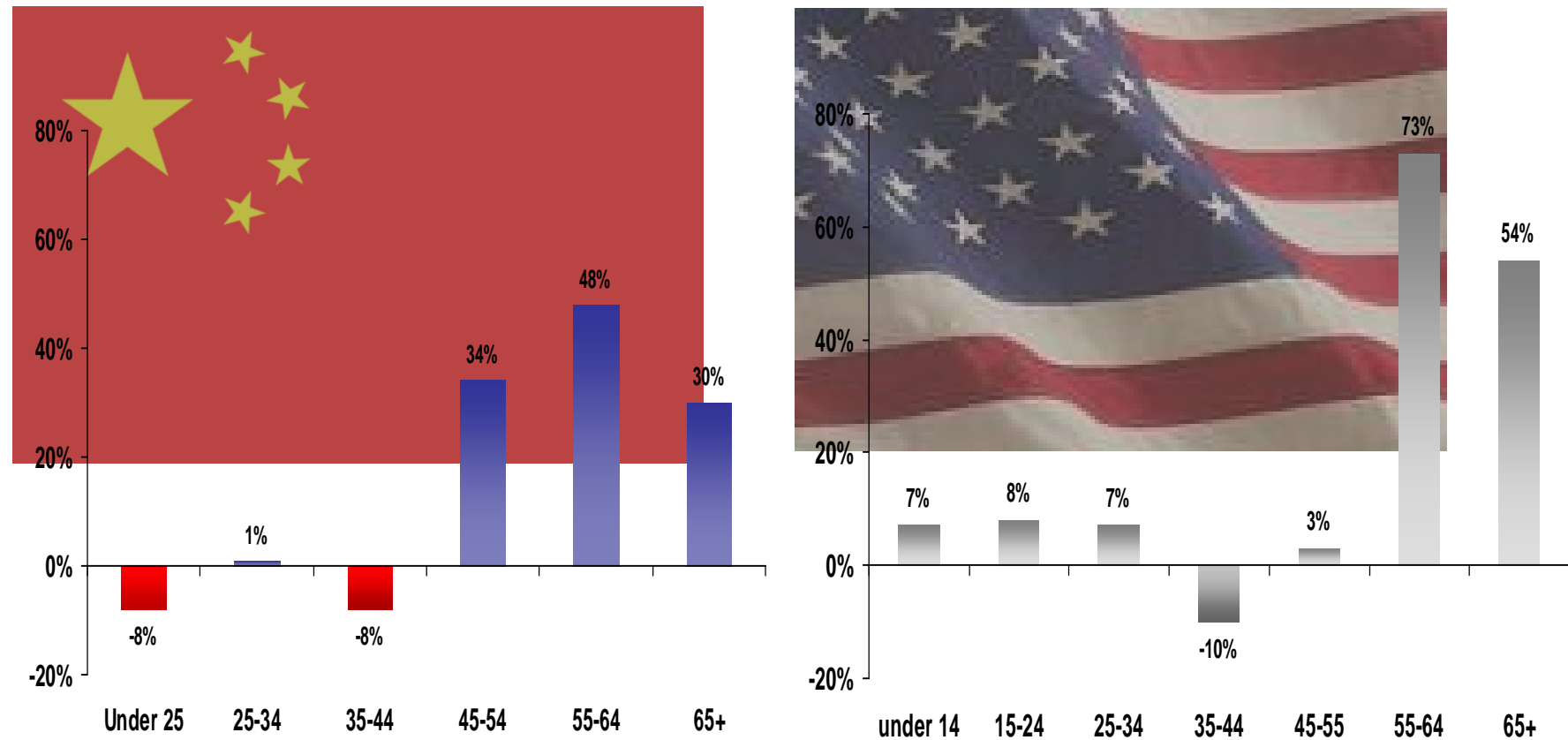
Patterns of population growth 1950 – 2050: United Nations population projections 2007



- A significant slowing of growth in developing countries and limited education infrastructure will reduce the supply of young, skilled workers from these economies

The demographic trends: an international perspective

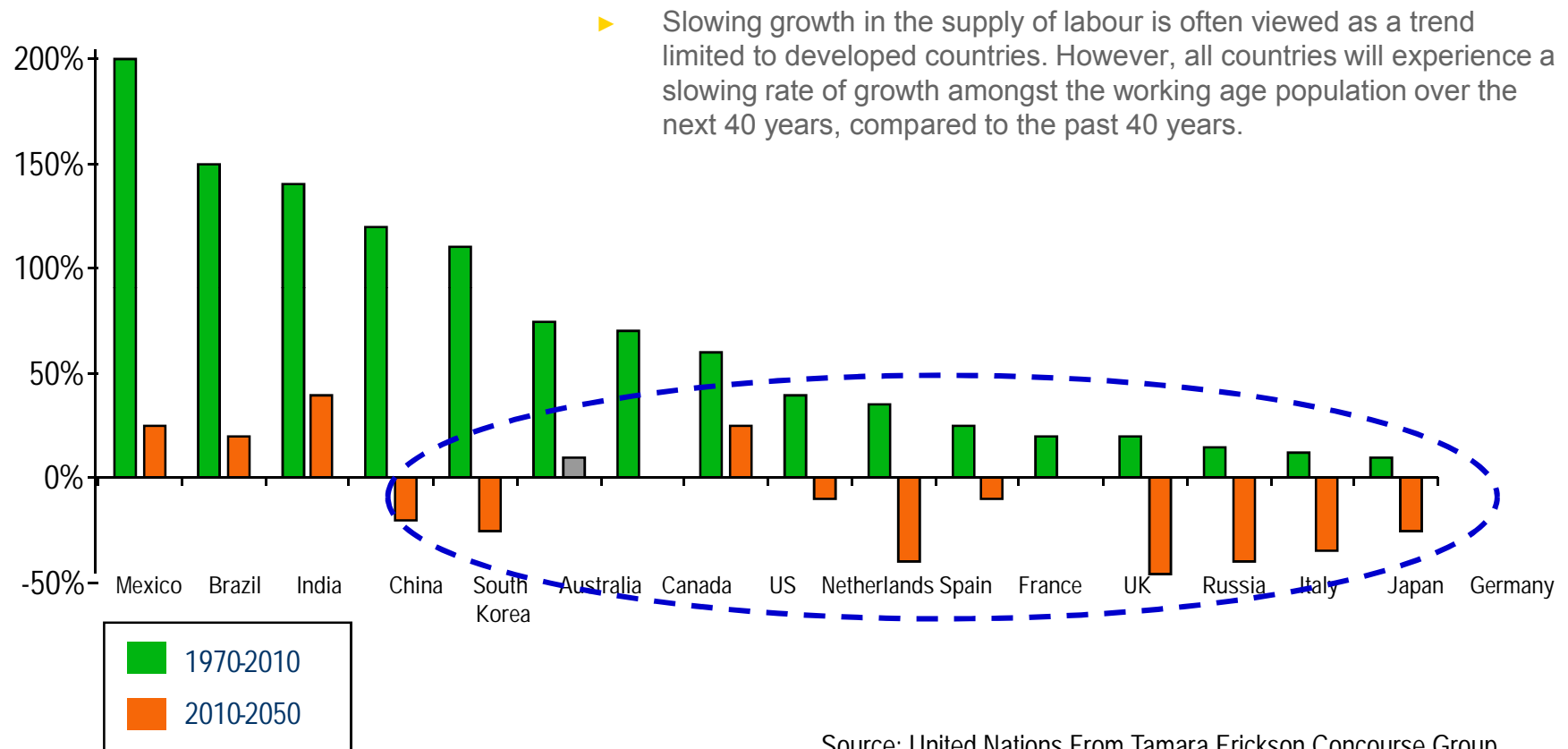
Percent Growth U.S. and Chinese Population by Age: 2000-2020



Source: U.S. Bureau of Labor Statistics U.S. Census, 2000 Tamara Erickson Concourse Group

Future of Global Labour in a few key locations

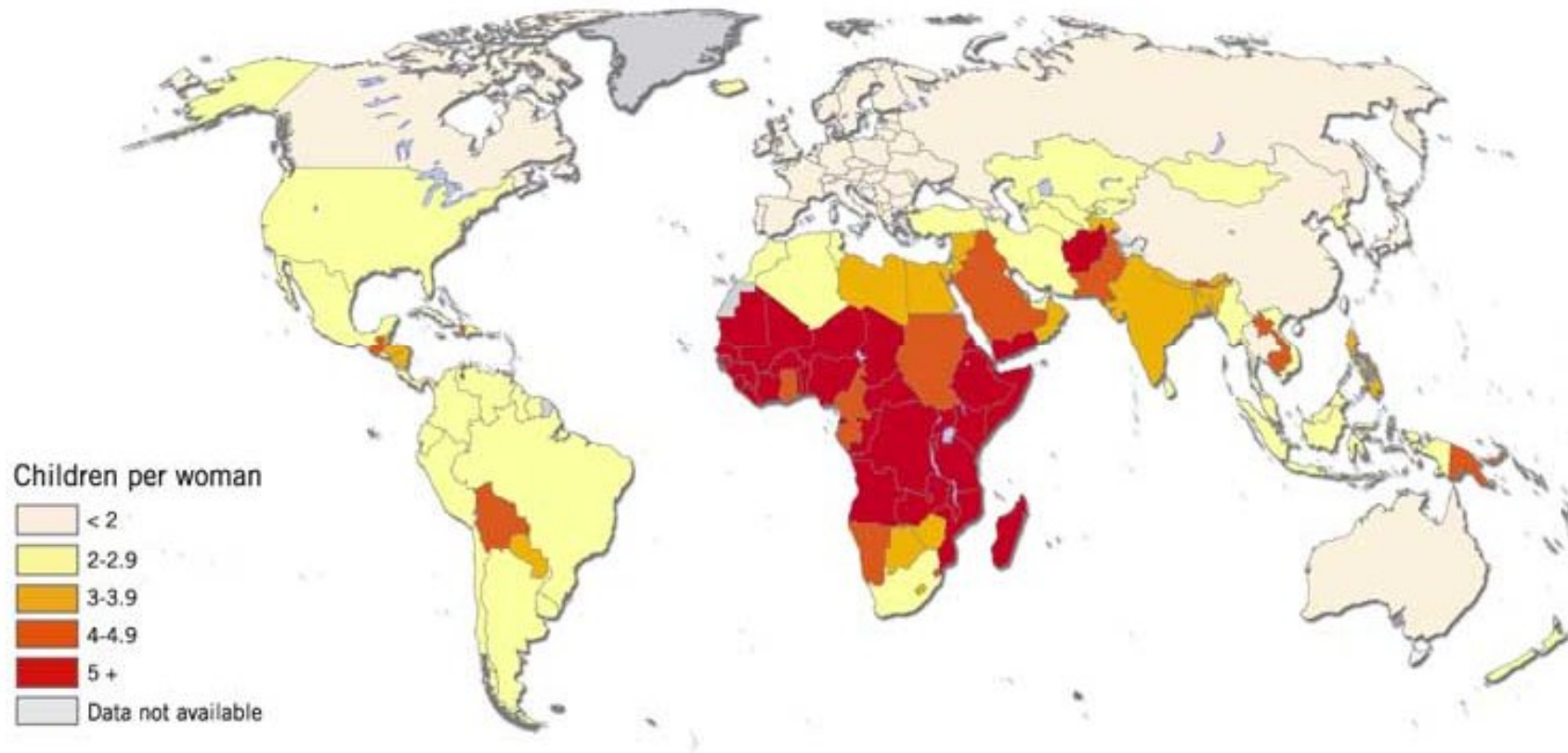
Percent Working Age Growth in selected countries 1970 – 2010 vs. 2010 - 2050



Source: United Nations From Tamara Erickson Concourse Group

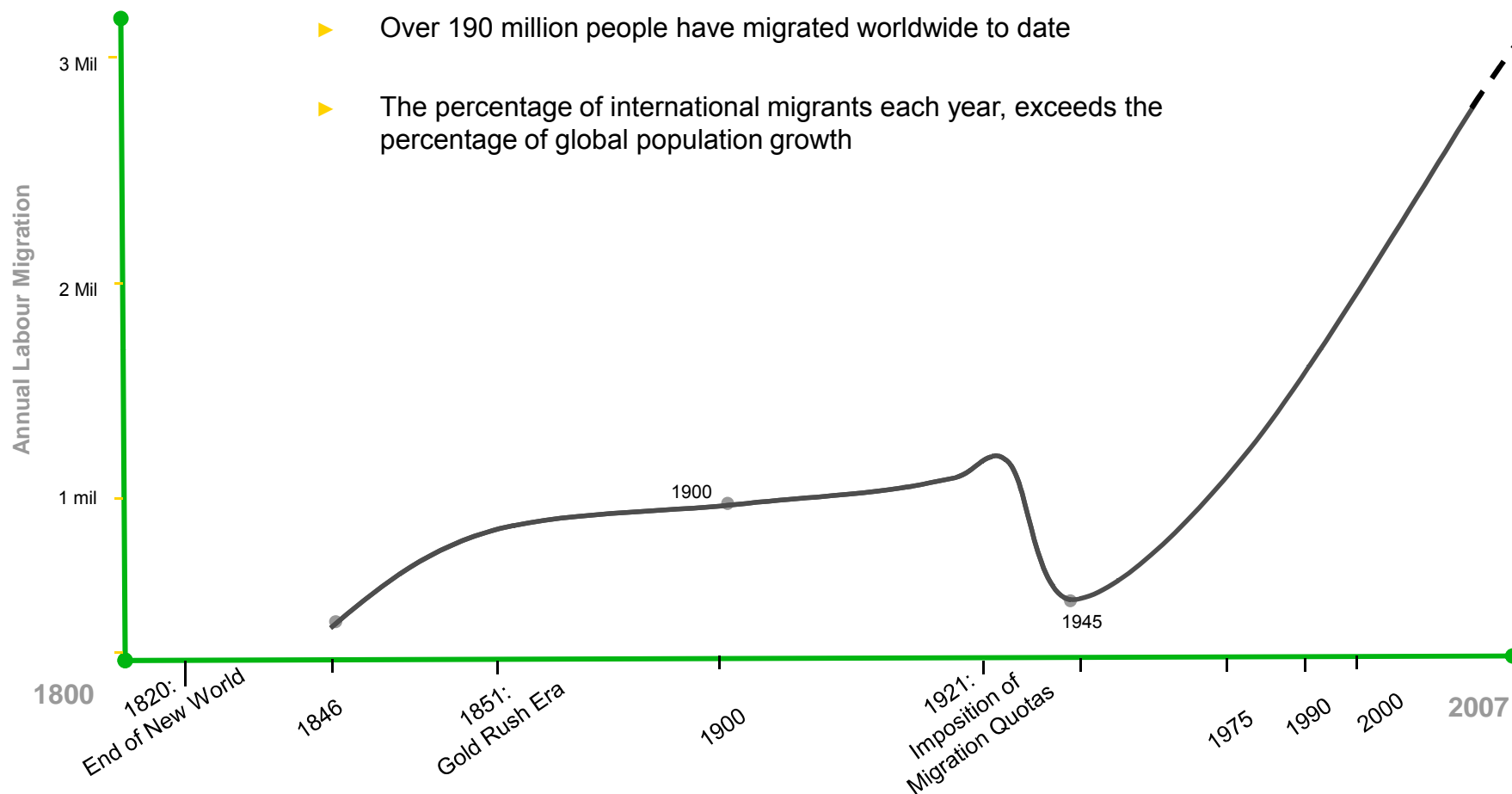
Declining Fertility Rates

Total fertility rate, 2000-2004

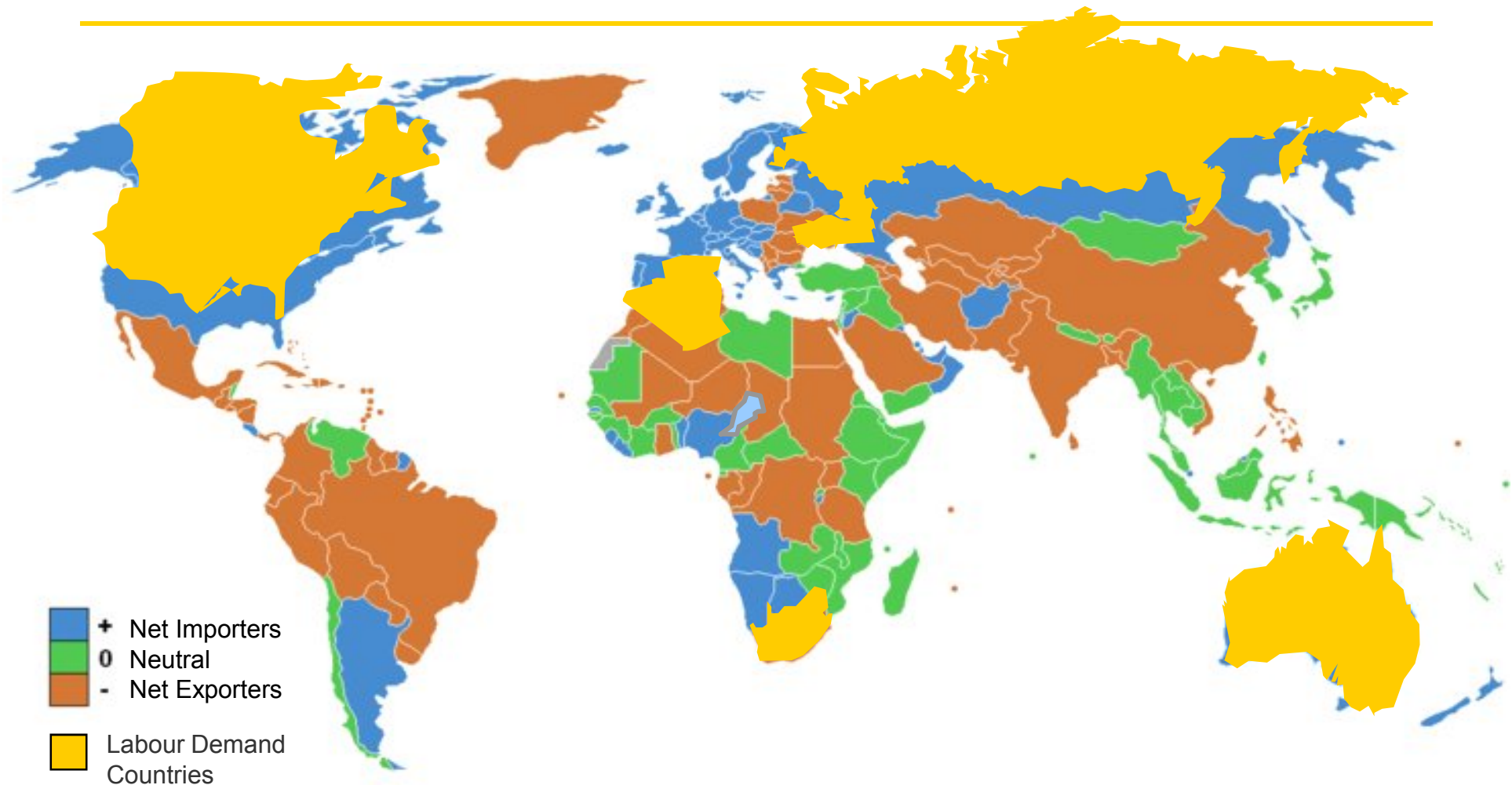


Declining growth rates in the developed countries is shrinking the available talent pool.

Growing global labor migration



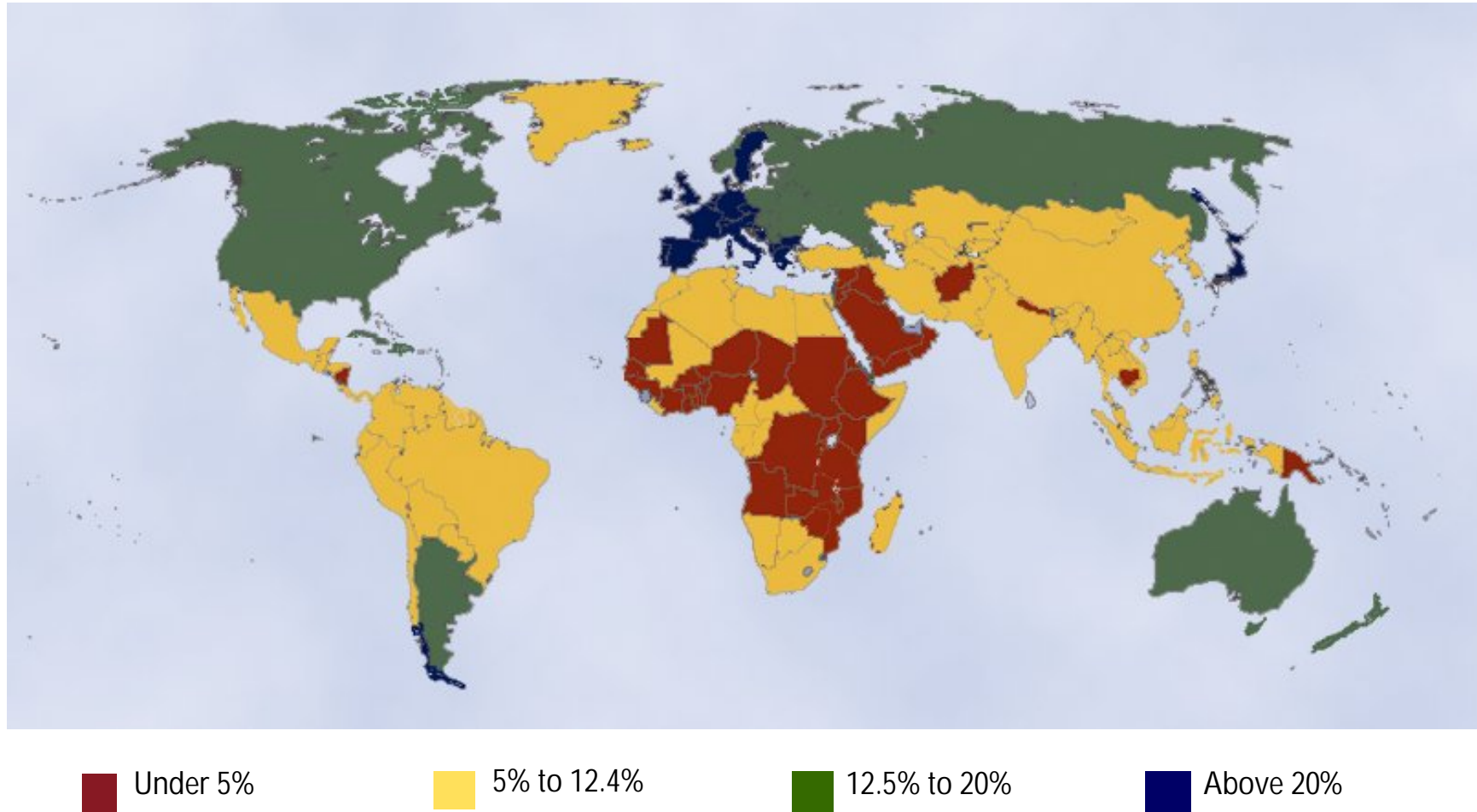
Net importers and exporters of labour 2006



► **Despite being net importers of labour, demand still exceeds supply in these regions**

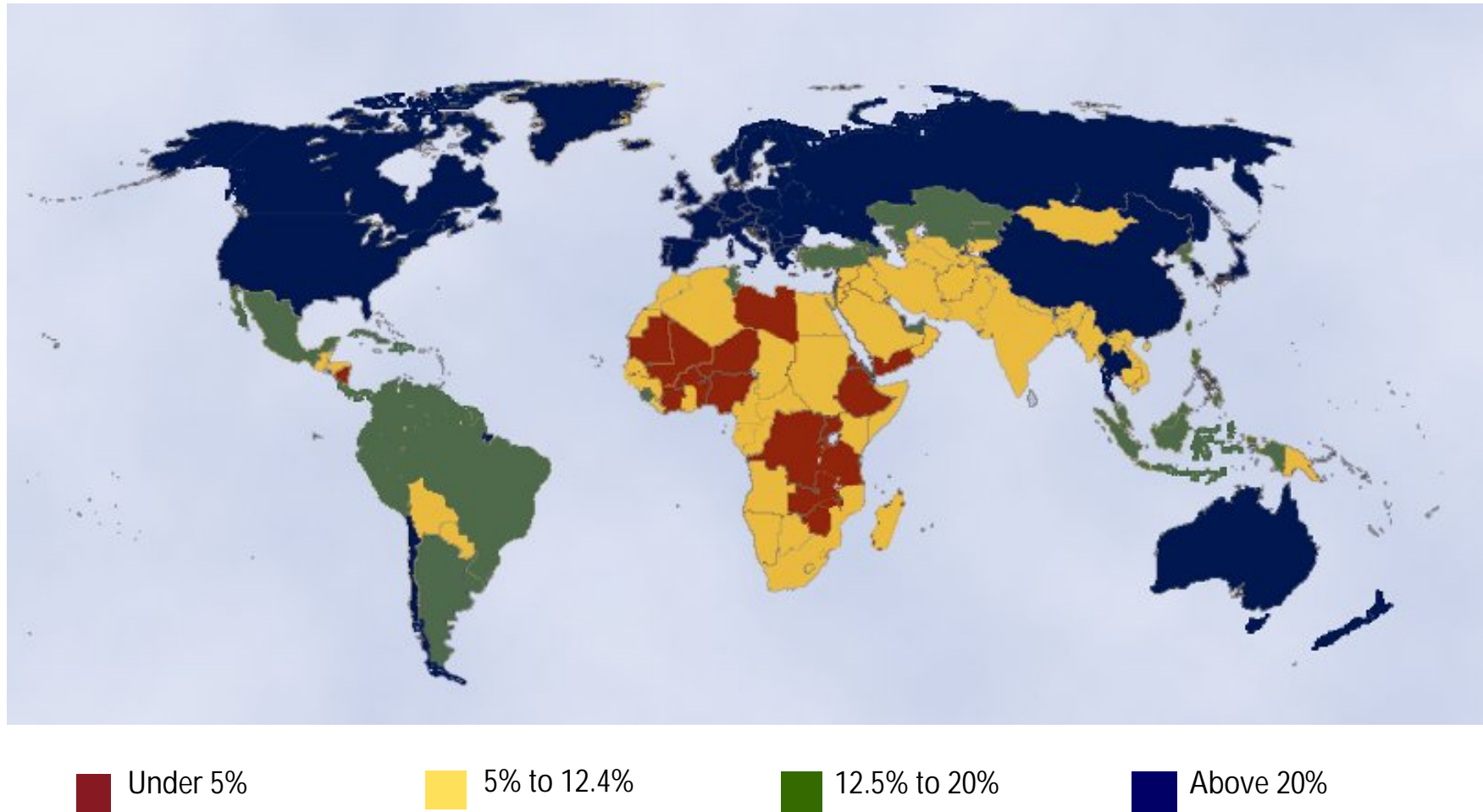
In 2000, A Fairly “Young” World . . .

▶ Percent of Population Age 60+ 2000



. . . Rapidly Aging by 2025

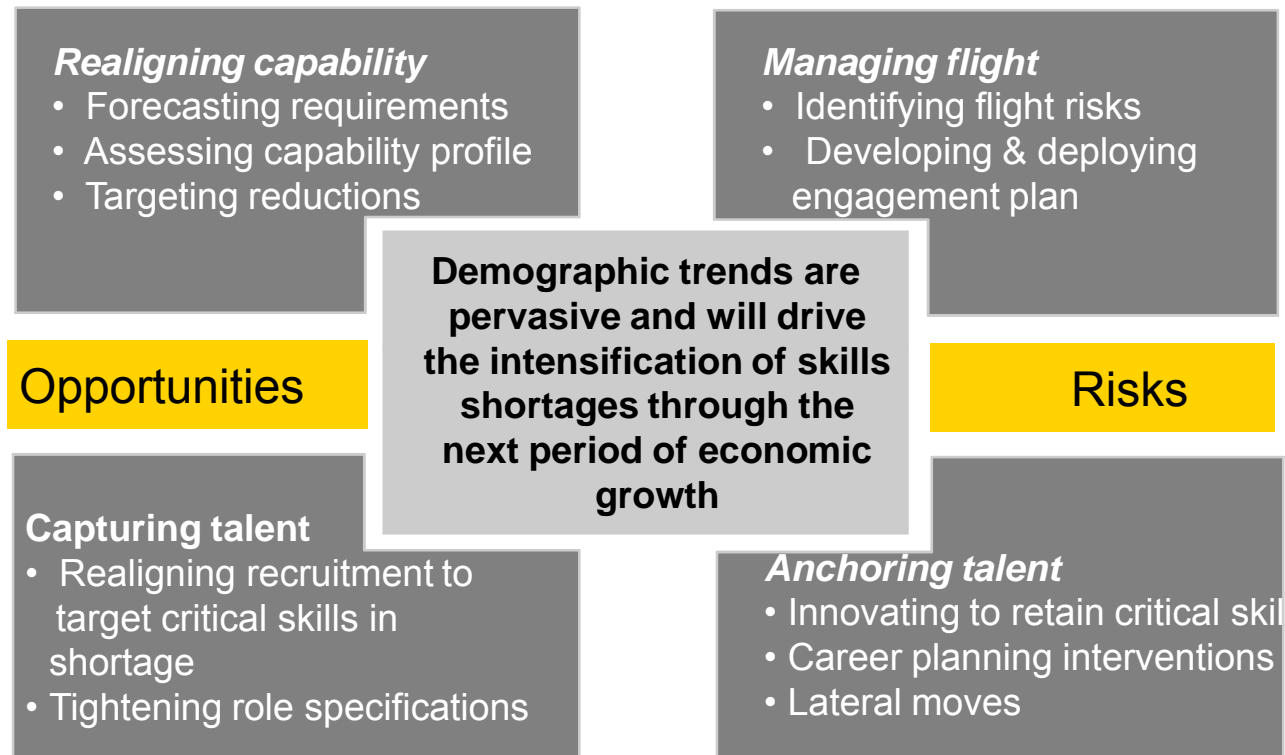
▶ Percent of Population Age 60+ 2025



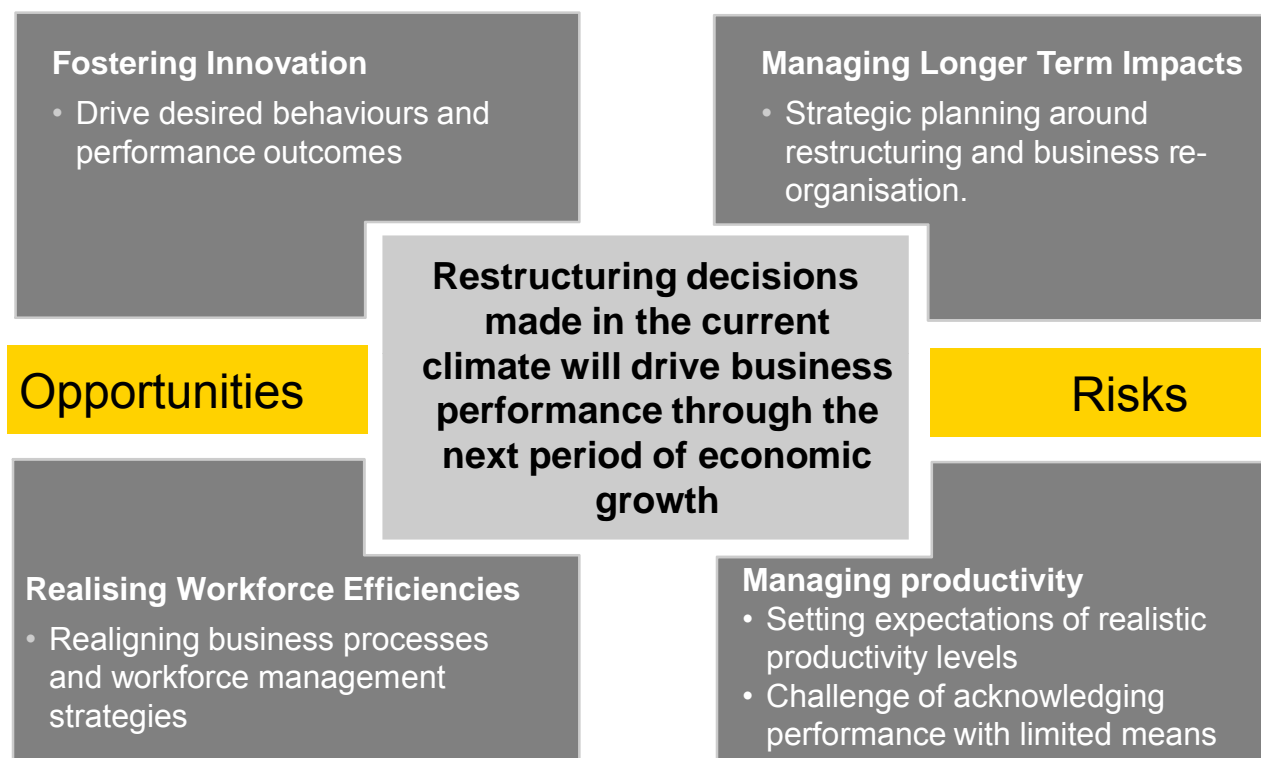
Discussion

- ▶ This period of downturn presents substantial people risks and opportunities, key questions organisations should be asking are:
 - ▶ What capabilities do we require to drive our future business?
 - ▶ How aligned is our current profile?
 - ▶ What inefficiencies or gaps in alignment have developed over the extended period of economic growth?
- ▶ The three priority focus points are:
 - ▶ Securing talent
 - ▶ Driving performance
 - ▶ Managing cost
- ▶ Areas for action in each of these are: **i) Talent management and diagnostics, ii) Taxation & mobility, iii) Remuneration, iv) Effective change.**

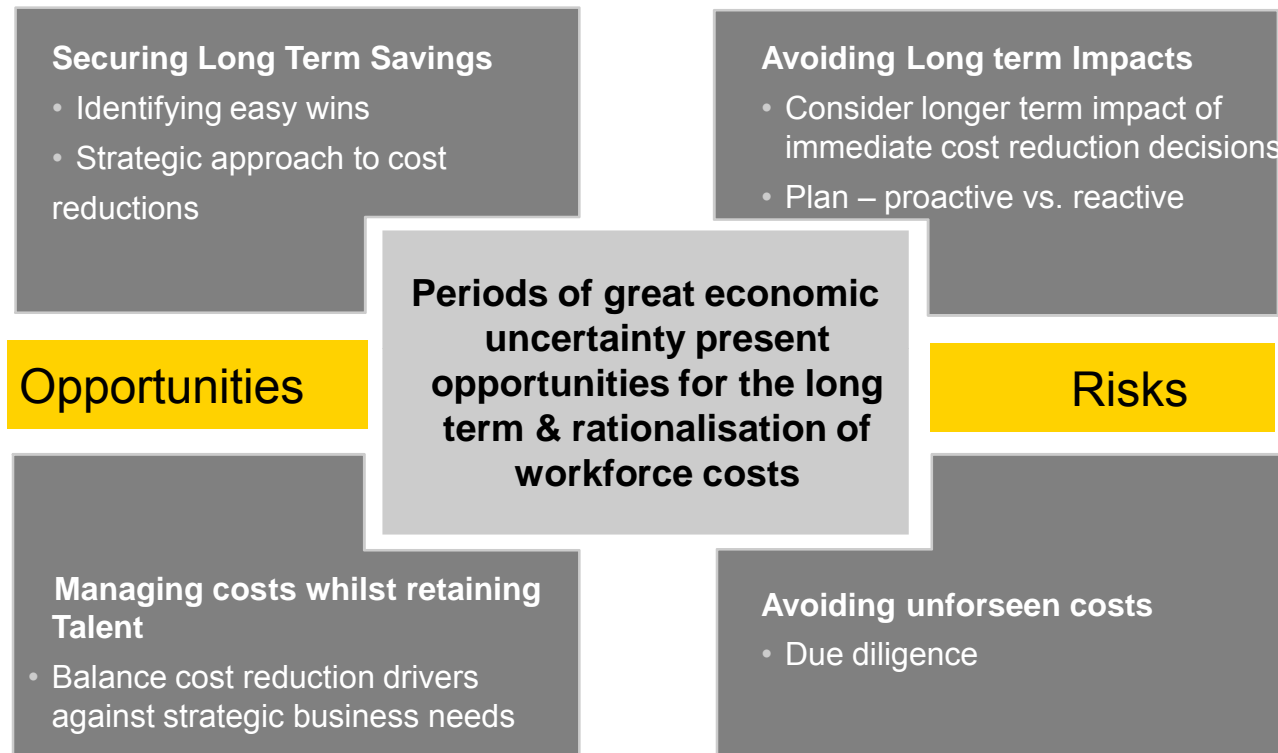
Focus points: securing capability



Focus points: driving performance



Focus points: managing cost



Summary

- ▶ Demographic and population trends are reshaping the global population.
- ▶ This has significant ramifications for the future supply of workers and skills.
- ▶ As the economic cycle turns we will return to a highly competitive labour environment
- ▶ Including more aggressive sourcing of talent on the global market
- ▶ This will see demand for skilled labour increasing in both developing and developed countries
- ▶ Global variance in educational standards further contributing to skills gaps
- ▶ Aging population and declining fertility rates are reducing the growth in the supply of talent





Thank you

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