

## **ILO EMPLOYMENT Podcast**

### **Global challenges – Global solutions**

#### **Transcript for:**

#### **The Silver Tsunami: Are older workers the wave of the future?**

**With Roberto Suárez Santos, Secretary-General of the International Organisation of Employers (IOE), and Dorothea Schmidt-Klau, Chief of the Employment, Labour Markets and Youth Branch, ILO Employment Policy Department**

Welcome to the ILO Employment podcast series, Global Challenges, Global Solutions. I'm your host Tom Netter...and today we're going to talk about a new trend in the world of work...the ageing workforce.

60 years ago, the rock band The WHO sang "Talkin' 'bout my generation", as a kind of protest song of the times. Well, we're still talking about our generations as we hear about Generations Alpha and Z, Millennials, Generation X and the post-World War II Baby Boomers.

And whether you realize it or not, if you're one of the billions of Boomers, you're part of what's been called the "Silver Tsunami", or the ageing population that began reaching the age of 65 starting in 2011.

This "Silver Tsunami" is a significant demographic shift caused by the increasing number of older adults in society and in the workplace. The UN estimates that by

2050, the proportion of the world's population over the age of 60 will nearly double.

Many of them have retired or will retire. But many more are continuing to work, either because they want to or because they must, to make ends meet.

So, what are the implications of this trend? Who's working longer, and where? How does it affect retirement plans and social security, and what does it mean for employers and enterprises faced with an ageing workforce?

To get a handle on this, we invited two experts to today's podcast: Roberto Suárez Santos, Secretary-General of the International Organisation of Employers, or the IOE, and Dorothea Schmidt-Klau, Chief of the Employment, Labour Markets and Youth Branch, in the ILO's Employment Policy Department.

Roberto, Dorothea, welcome to the podcast.

**Tom: Let's begin with Roberto. I want to ask you, why are we focusing on this trend? Can you give us an overview on trends and issues for enterprises and employers related to the growing numbers of older workers in the labour markets?**

**Roberto:** Well, thank you for the invitation. It's a pleasure to be here with you.

Listen, when we were discussing what we used to call the future of work, which I would call now the present of work, we were already foreseeing or predicting some trends. These trends were not precisely on the number of older workers necessarily, but also on the skill shortages. I remember very well in one of the surveys that we did, together with the ILO by the way, the number one problem for many companies around the world, not just in developed economies, have to do with the skill shortages. Now, it's number one in more and more companies. The concept of talent competition is all around and it's becoming a big priority for business that is affecting their productivity, and also labour markets in general.

At the same time, we are also witnessing something that we already also foresaw, which has to do with social protection schemes sustainability. Of course, that has to do with demographic trends but it's not an older worker issue. It has to do with

a more, a broader challenge that we have in front of us that is affecting the skills, and it's a lack of skills. There is a false incompatibility being brought in the rhetoric, between older workers and skills.

I have to say that there is a win-win case that more and more companies are looking at as a solution, as a way forward, also to face this phenomenon. Basically, the older worker labour market trend can become really a way forward if we manage to have the right policies. I can tell you that according to also a recent survey that we also did, 72 per cent of companies in Europe, but also 58 per cent of companies in Asia, report that declining work age population will have a large impact on their business if they do not tackle it in a different manner. That's also illustrative data for you to consider.

**Tom: Now, let's put some figures on this. Dorothea, what does research by the ILO and maybe others like the UN tell us?**

**Dorothea:** Thanks, Tom. Thanks also from my side, for inviting me for this podcast. I don't want to bombard you with figures, but I just want to give you some figures that point out to the magnitude of the issue we are talking about. They also make it clear why it is so important to talk about ageing societies.

Can you imagine that a person born today in Europe has a 50 per cent chance to become 100 years old, or even older? This, for example, is even higher in some countries like, for example in Japan, one of the oldest societies we know. In all of that, women have a higher life expectancy than men, but they also have a much higher likelihood of being poor when they are old. Just to give you an idea, in Japan, people have a life expectancy of almost 85 years. The old age population worldwide will grow by over 300 per cent over the course of this century. By comparison, to a growth of the population 15 to 65 of 50 per cent. So, 300 per cent more older people, 50 per cent more people at the age range 15 to 65.

Just one final fact, just to show you how important it is to discuss these issues. When pensions were introduced in Germany in 1889, life expectancy was just above 40 years, which means that almost nobody reached the age of retirement and the entitlement age for pensions. Today, the average life expectancy is above 80, indicating that the far majority of people will ask for their pension and do so for a very long time. Now you might think, as Roberto also mentioned, this is a

problem of developed economies. No, it's not. Even in Africa, life expectancy by now is almost 65 years. This is really why we have to see the reality and talk about this issue.

Of course, ageing societies also mean aging workforces. We have to be prepared for these ageing workforces, because it's this ageing workforce that can help to overcome the challenge and that can turn the challenge into opportunities.

**Tom: In light of this, can the jobs of the future support an ageing workforce? What's your take on this, Dorothea?**

**Dorothea:** Well, honestly, it's not a question of can, it's a question of must. Jobs need to be created that are attractive for older people. We need them in the workforce, as Roberto just pointed to. An attractive job for an older person might look very different from an attractive job for a younger person.

Just to give you an example, there is this perception that older workers are so much more expensive than younger workers. Well as a matter of fact, wages and income don't matter that much to older people. What matters much more for them is flexible working times. It's especially recognition. Maybe they don't even need to be paid that much. Maybe there are other incentives to get them back in to work and to have them work longer.

But, I actually would like to turn the question around a bit. Can actually older workers support the jobs of the future? There, I just want to answer with a clear, clear yes. Older workers are very flexible. They can become green, they can become digital, they can become innovative if they are not already there. It's a question of skilling them. It's a question of giving them the opportunity. Almost all perceptions we have about older people are wrong, so we really, really need to find a way to overcome these perceptions and to integrate older people better in labour markets. Especially those who have dropped out of labour markets, it's an untapped potential that we just simply cannot afford.

**Tom: Well, that's certainly very interesting. It leads me to ask how businesses and enterprises are adapting to this situation. Roberto, can you give us your views on this?**

**Roberto:** May I tell you that the first time that I attend a conference on elderly labour market population was in 1999 in Finland. Of course, you can say, "Well, this is an issue related to a Nordic European country, which also have issues also related to their social protection system." But I can tell you that practices from companies trying to deal also with an elderly population are there also for a while, in many countries.

As Dorothea was telling us, perceptions are very much the main focus in any company policy, because many of these perceptions are so wrong. Retaining elderly people beyond also the retirement age, but also before retirement age is becoming a practice more and more widespread in many companies. But also, part-time solutions, flexible. I cannot agree also, more with Dorothea, when she refers to the flexibility of elderly population. Flexibility in terms of also not just work time, but also work tasks.

Now, more and more, we see that social skills are actually important, and the fact that you have developed in your labour experience a kind of key of social skills that is not easy to get for young people. This knowledge sharing of social skills, meaning by that also how to communicate, how to build within a team, how to be more creative, how also to innovate. There is a false perception that elderly people do not innovate. This knowledge sharing is there and from a human resources perspective, you can already witness some kind of knowledge sharing from elderly people to young people being more and more developed.

At the same time, the update and upskilling are, of course, a current trend. Not just for IT, but also in other areas where you need those, perhaps green skills, or more anticipation to new ways of working.

All of these, and I want to insist on that, and I want to highlight how important it is. All these practices, all these trends from an employee's perspective will not serve much if there are not public policies accompanying them. I have to say, the social protection systems are not always helping, and we can elaborate that further. But also, the employment policies as such, in general, public employment policies do not help also for this retention of elderly people.

**Tom: What we're really talking about here are what's called intergenerational workforces. But aren't many workforces already intergenerational, with young,**

**middle and older workers working at varying levels, from learner to supervisor?  
Dorothea, what are your views on this issue?**

**Dorothea:** Well, you certainly have a point there, Tom. It was always the case that a workplace has younger people, and middle-aged people, and older people. But what really changed is actually four points.

The first one is life models changed. It's no longer the growing up, working, retiring model. People interrupt their work lives; they have other priorities. They go back to learning. They go back to fun. They want to have a longer break, or whatsoever. This is very important. The workplace needs to adjust because if you don't adjust as a workplace, then you lose the people which is exactly what we are seeing.

Then the work models within companies changed as well. It's no longer the case that the young people are the learners, the middle-aged people are the doers, and the old age people are the managers. This has completely changed. Just look at the structure of start-ups. It's young people actually managing. We see a lot of older people wanting to go back to basic tasks, just simply because they don't want to have so much stress anymore. Within the workforce, things are changing, and we need to pay attention to that, and really provide the type of workplace that suits what people want to see with their work.

Then there is another very important point, which is we just have simply more generations within the workforce. It's no longer the three. Actually, we talk about five generations working at the same time. You mentioned in your introduction, Tom, what these generations are. A generation is defined by common values, by common experiences, by common practices. Now we have five instead of three. Of course, we need to react to this. It's much more diverse and we need to actually use the potential of this diversity.

The final, fourth point I wanted to make is that in the past, we didn't necessarily have to use the potential that intergenerational work teams have because things were going okay. But in ageing societies, this really changes. We absolutely have to make use of this new potential and we have to find new ways how these five generations can work together so that everybody contributes the maximum of their potential.

**Tom:** Well, in this context, what's needed from a policy perspective to support inclusive and intergenerational workplaces? Let's start with Dorothea, and then Roberto.

**Dorothea:** Thanks, Tom. Let me start with the one main message. Policies matter. If we look at different countries and labour force participation rates of older people, they vary tremendously. There is a difference of 10 and more percentage points. We need to look at the policies. What are the policies that actually provide the framework for older people to stay in the workforce and to work longer, even beyond retirement age?

It is really important that we have, as Roberto said already, that we have the policies in place that accompany what happens at the enterprise level. For the policies, it's very important that it's integrated policies. Let us not start by developing now old age friendly employment policies. No. We need policies that address every part of the society. We need policies at different level. The macro levels, the sectoral level, the enterprise level. All this needs to come together.

It is true, a policy that fosters the work participation of older people is not the same as one for younger people. But we need to address both in the same way. Let's also not start to think that if we create jobs for older people through the policy framework that this will take away the jobs from younger people. They are not competing for the same type of job. Actually, even if they were, it's not the case. If you create jobs, it's for the good of everybody. You will see labour force participation rates increase for older people, while in parallel, they will also increase for younger people.

**Tom:** Roberto?

**Roberto:** Thank you. Listen, if I were going to focus on policies, the first measure I will really emphasize on action needed is perceptions and mentality. People beyond 50 and 60 have a strong productivity case, have a capacity to bring value to companies, to employers, but also to society that is very often underestimated. The diversity business case needs to be much more anchored in policies. In policies from companies, but also in public policies. As Dorothea said, there is a false incompatibility between retaining elderly people and bringing young people to the labour market. The employment share is not like a cake, something to be

distributed. It's more than that. All that has to do with mentality. I am pretty sure that investing in mentality will bear fruits in the short and middle term.

Second area of action has to do with incentives. Staying beyond retirement age needs to be attractive and it's not the case in too many countries. Again, I'm not going to highlight that as a developed economy issue. It has to do also with tax and taxation. At the end of the day, these elderly people have knowledge, an experience that is lost totally if we do not have the right incentives there. Second area of action has to do with how we define specific incentives linked also to the pensions systems, but also to the tax system.

Third area of action have to do with the role that public policies and also private agencies have to bring the skills to companies, and also to the individuals. How this mediation area also deals very much with the wider expertise that you can find also in elderly people. Having the right skills means also to be much more creative in finding ways also to give training for different tasks, but also for different ways of providing services to these elderly people. At the end of the day, this area of action has to do with how focused you are on elderly people when you provide employment services, and skilling and training also to this population.

That, for me, is the strategic need to change policies. One, again, on perceptions, mentality. Second, on the incentives. Third, also training and skilling.

**Tom: Well, that's all we have time for today. But I want to thank you both for your very, very interesting and insightful thoughts on this issue.**

**When we think about a tsunami, we tend to think about disaster. But is there a silver lining in an ageing population staying active in the workplace? What's certain is that we're going to have to forge new policies to deal with this issue for years to come, while we're talking about our generations.**

**I'm Tom Netter, and you've been listening to the ILO EMPLOYMENT podcast series, "Global Challenges, Global Solutions". For more on the silver tsunami, and some useful links, go to [www.ilo.org/employment](http://www.ilo.org/employment). Meanwhile, thank you for your time.**