



Erasmus+

InCounselling



MODULE 1

Labour Market 50+

Learning Objectives

At the end of this course, you are able to analyse labour market statistics and future development trends of 50+ in order to align organization's human capital needs (e.g. strategic workforce planning, succession planning).

You are going to learn about:

- To understand key relationships and processes on the labour market and their potential impacts on organizational level.
- To know most important characteristics and trends on the labour market in the home country, its closest neighbourhood, and the EU.
- To analyse local situation and perspectives (of the labour market) in context of their area of work.
- To understand peculiarities of the people 50+ on the labour market.
- To know the measures of active labour market policies and their impact on the labour market position of people 50+.

Overview

1. Current labour market statistics and trends
2. Labour demand & supply
3. Principle & agent theory
4. Translation of market trends for HRM
 1. Employee prospecting
(employer brand & referral marketing)
 2. Employee retainment
 3. Succession planning
5. Final Exercise: Analysis of age structure or SWOT analysis

1. Current labour market statistics and trends

Exercise 1.

Is your HR policy future-oriented?

What do you consider as important for a future-oriented HR policy?

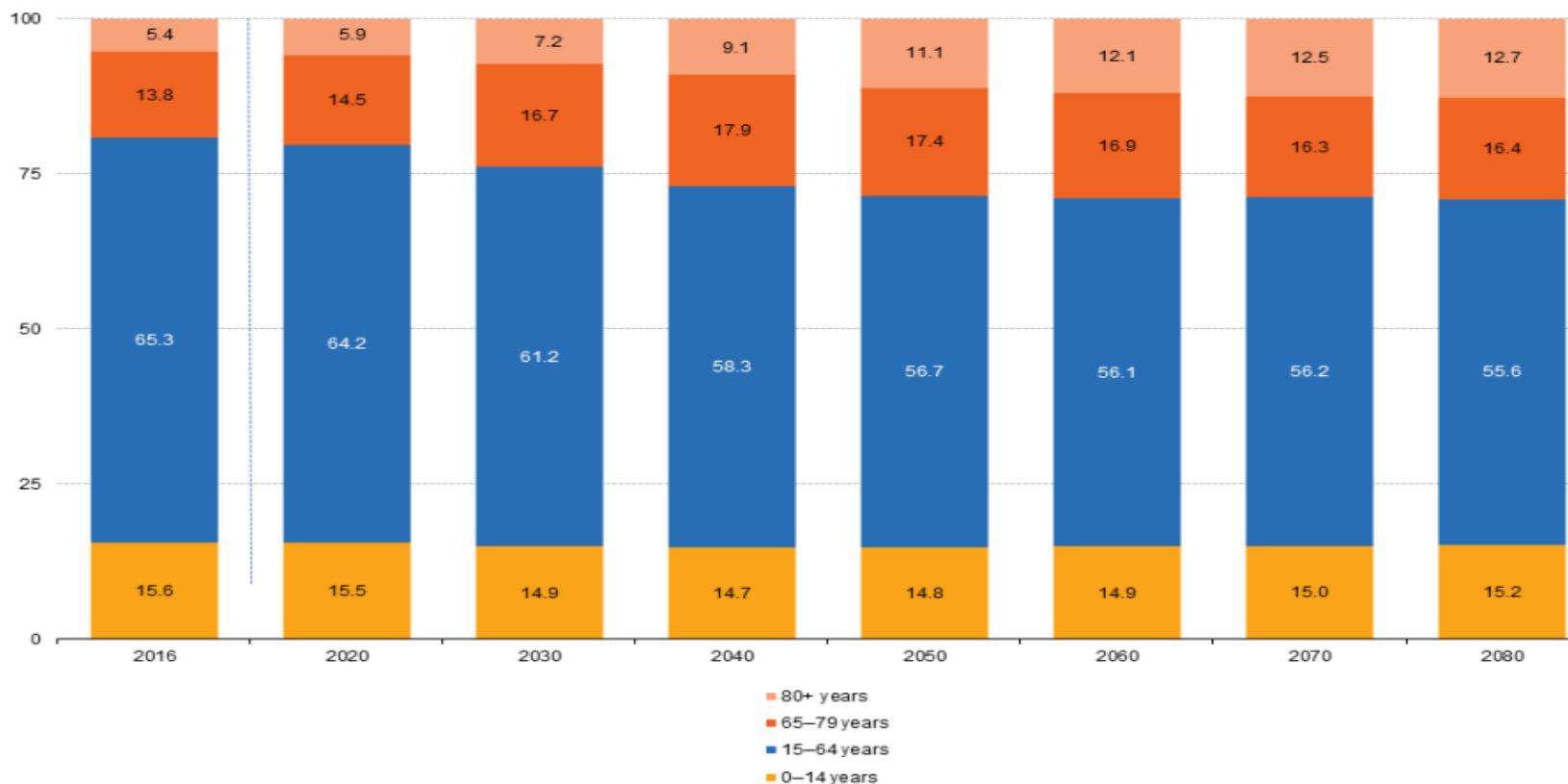
Consider the items in your workbook.

Moschhäuser & Sochert, 2006, p. 33

1. Current labour market statistics and trends

Distribution
Percentage
among age
groups
in the EU

in 10y steps



Note: 2016: estimate, provisional. 2020-80: projections (EUROPOP2015).
Source: Eurostat (online data codes: demo_pjangroup and proj_15ndbims)

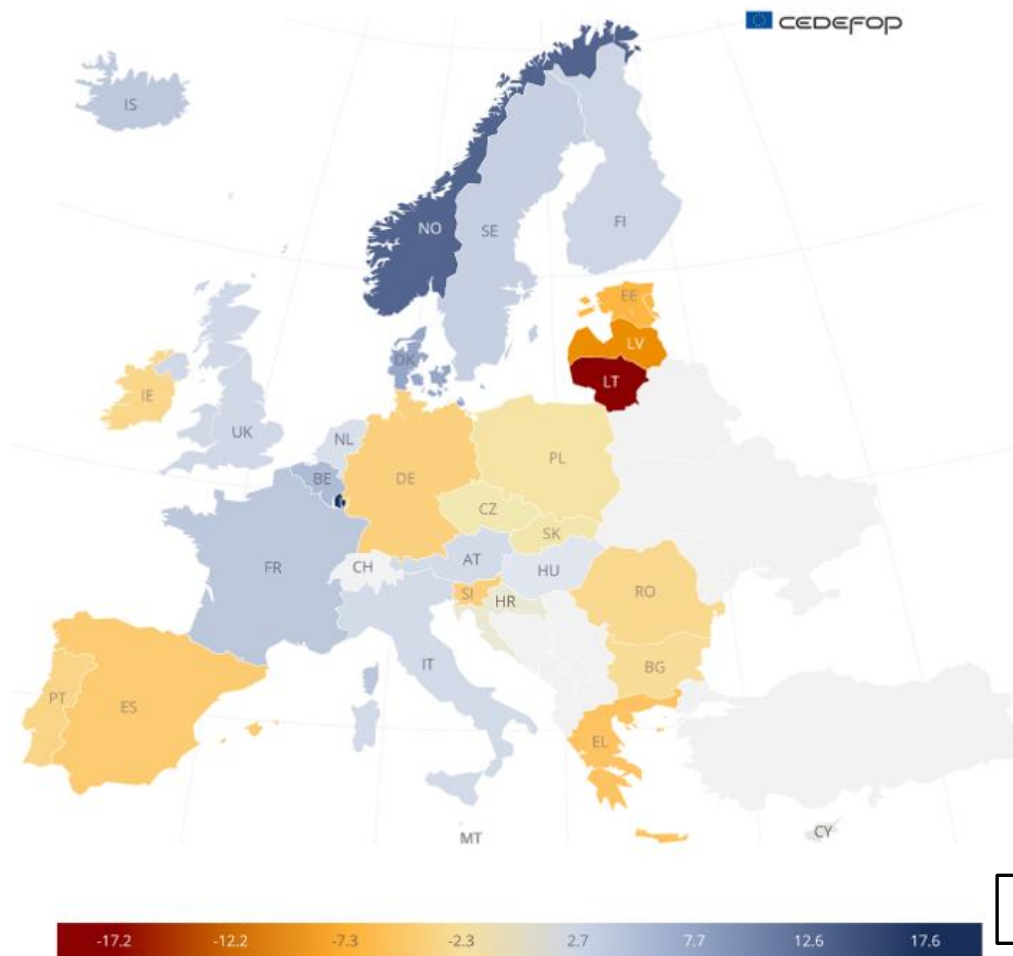
Eurostat, 2017d

1. Current labour market statistics and trends

Development
of

labour force
potential
in Europe

until 2025



1. Current labour market statistics and trends

- EU goals:
 - Raise retirement age to 67 years
 - Minimum employment rate 55+ of 50 %
- To ensure economic productivity
- Politics do not longer support concepts e.g. early retirement

Rodrigues, 2002

1. Current labour market statistics and trends

Population & demographic change

(2014) 2015	Germany	Croatia	Poland
Overall Population	81.197.537	4.225.316	38.005.614
Fertility rate	(1,47) 1,50	(1,46) 1,40	(1,32) 1,32
Percentage of 50-64 years	22 %	21,4 %	21,1 %
Percentage of 65-79 years	15,4 %	14,2 %	11,4 %

Eurostat, 2017b

1. Current labour market statistics and trends

Life expectancy

Life expectancy at birth 2014	81,2 years	77,9 years	77,8 years
Life expectancy at 65 years ²⁰¹⁴	19,9 years	17,5 years	18,4 years
Healthy life expectancy	Male: 65,3 Female: 67,5	Male: 55,3 Female: 56,8	Male: 60,1 Female: 63,2
Healthy life expectancy at 65 years	Male: 11,4 Female: 12,3	Male: 4,7 Female: 4,5	Male: 7,6 Female: 8,4

Eurostat, 2017a & Eurostat, 2017c

1. Current labour market statistics and trends

Labour force potential 50+

	Germany	Croatia	Poland
Overall active population (20-65)	39.175.900	1.563.700	15.811.600
Percentage AP of overall pop.	78 %	60,5 %	67,8 %
% 55-65 active population	66,2 %	39 %	44,3 %
% 55-65 inactive population	4,6 %	16,3 %	7,5 %

Eurostat, 2017a

1. Current labour market statistics and trends

Retirement

Legal retirement age ²	M & F 65y3m	M 65y; F 61y3m	M 65y7m; F 60y7m
Future retirement age = 67	Until 2031	Until 2038	Until M 2020/F 2040 Abolished in 11/2016
Early retirement age	63 (58?)	60	
Contributory period (for early r)	35y (35y)	15y (35y)	

1. Current labour market statistics and trends

Employment rate 55-64	Germany	Croatia	Poland
2006	48,1	34,1	28,1
2011	60,5	38,2	36,9
2016	68,6	38,1	46,2

Eurostat, 2017e

1. Current labour market statistics and trends

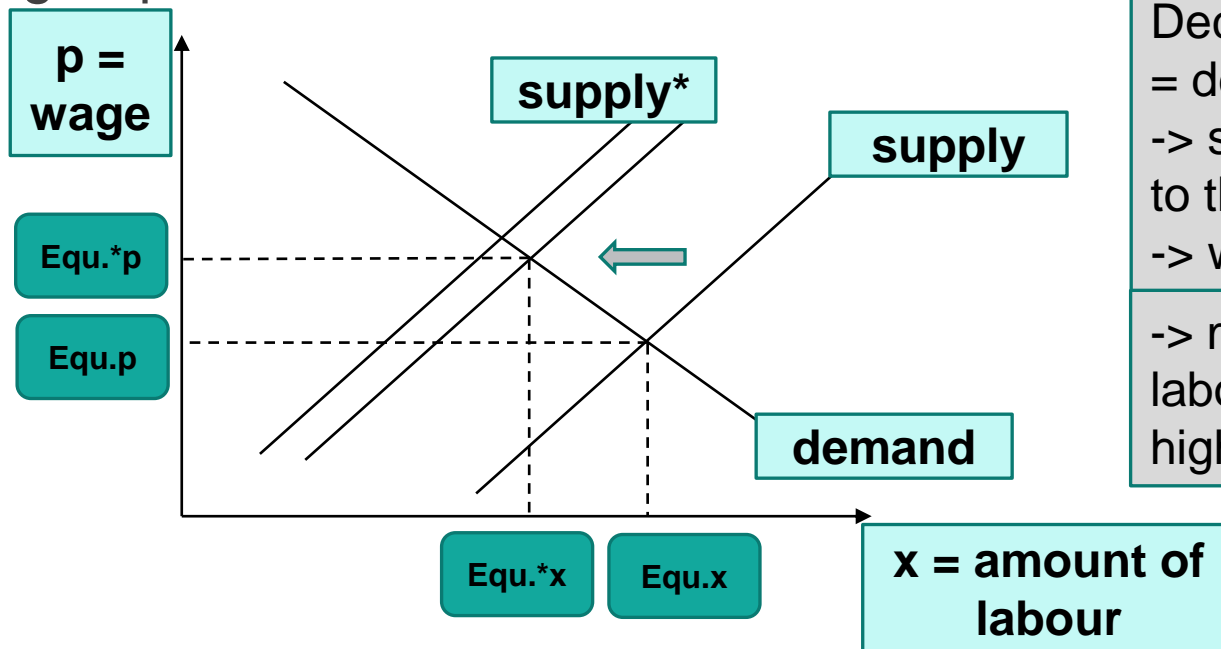
Summary

- Increasing retirement age
- More flexible working schedules and career plans
- More mobile workers
- Growing diversity
- Less younger colleagues
- More demand of quertary jobs (goes along with knowledge society)
- Lack of qualified labour force

2. Labour demand & supply

Classic labour market model:

The market for one profession and a concrete labour force group



Decline of labour force
= decrease in supply
-> supply curve moves to the left
-> wage increases

-> moderated by
labour mobility &
higher retirement age

Mankiw, 2012

2. Labour demand & supply

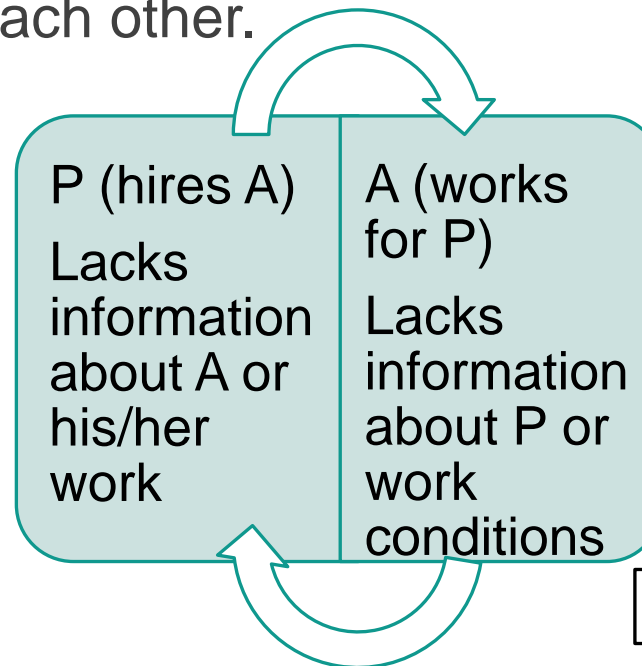
Assumptions of classic labour market model:

1. Profit maximizer
2. Perfect competition
3. Homogenous goods (= labour)
 - Growing diversity among older cohorts due to more and various experience in work and private life
4. Perfect information
 - Information asymmetries between employer and employees, e.g. about physical conditions, health situations and real intrinsic needs of employees50+, those in transition to retirement and jobseekers50+
 - Also information that individuals50+ don't want to show

Mankiw, 2012

3. Principle & agent theory

Definition: Information is usually symmetrical and incomplete. The incompleteness of information as such isn't problematic. The asymmetry can cause market failure and arises when two market participants have too different or no information about each other.



Eisenhardt, 1989

3. Principle & agent theory

Especially the case, when enterprises do not update own information or miss to ask about potential job change, retirement, etc.

- How could an employer or an enterprise avoid such information gaps?
 - detect information gaps
 - improve communication
making information more transparent for A and P
 - reveal individual opportunities (individual for enterprise & employees)
-> psychological contract Learning Nugget 9

4. Translation of market trends

Why is it important for enterprises and other institutions to keep track on their own?

- Only 5 % feel supported by politics
- Politics follow the two European regulations:
 - To raise retirement age to 67 years
 - To increase employment rate for people 55+
- Therefore, early retirement etc. are made unattractive
- Companies' proactivity is demanded

Morschhäuser & Sochert, 2006

4.1 Demographic management

Why is this important?

- Because in Germany and Austria only 7 % identify and analyse risk areas
- Because only 3 % develop and implement methods
- To prepare/respond appropriately to demographic change
 - Several years of planning are necessary
 - The temporal perspective should be prolonged (3-5 years)
 - The need for action is now
 - Clever combination of prospecting, retainment and development

Carbon et al., 2014

4.1 Demographic management

Proactive action taking needs time:



Carbon et al., 2014

4.2 Succession planning

- Failure often is attributed to misfunctions between organizational and HR strategy
- This is why a harmonization of both strategies and regular alignments are necessary
- To bring together both strategies the following seven components are suggested:

Rothwell, 2010, p. 122

4.2 Succession planning

Harmonization of organisational and HR strategy

determining
the purpose,
goals, and
objectives



scanning the
external
environment
to identify
threats &
opportunities



appraising the
organization's
and HR
present
strengths and
weaknesses



examining the
range of
strategies

choosing an
HR strategy
that is likely to
support the
organizational
strategy



implementing
HR strategy
through
changes e.g.
training, labour
relations etc



evaluating HR
strategy
periodically for
how well it
supports
organizational
change

Rothwell,
2010, p.
122

4.2 Succession planning

Exercise 2.

- „How are decisions made about successors for positions in your organization?“
Which way do you think is most optimal to select successors?
 - We usually wait until a position is vacant
 - We secretly prepare successors
 - Whenever a position opens up, we rely on expediency to identify someone to fill it, hoping for the best
 - Other methods

Rothwell,
2010,
p. 109

4.2 Succession planning

Crucial aspects

Tracking possible replacement needs due to any dismissals

Systematic approach to appraise individual employee's performance

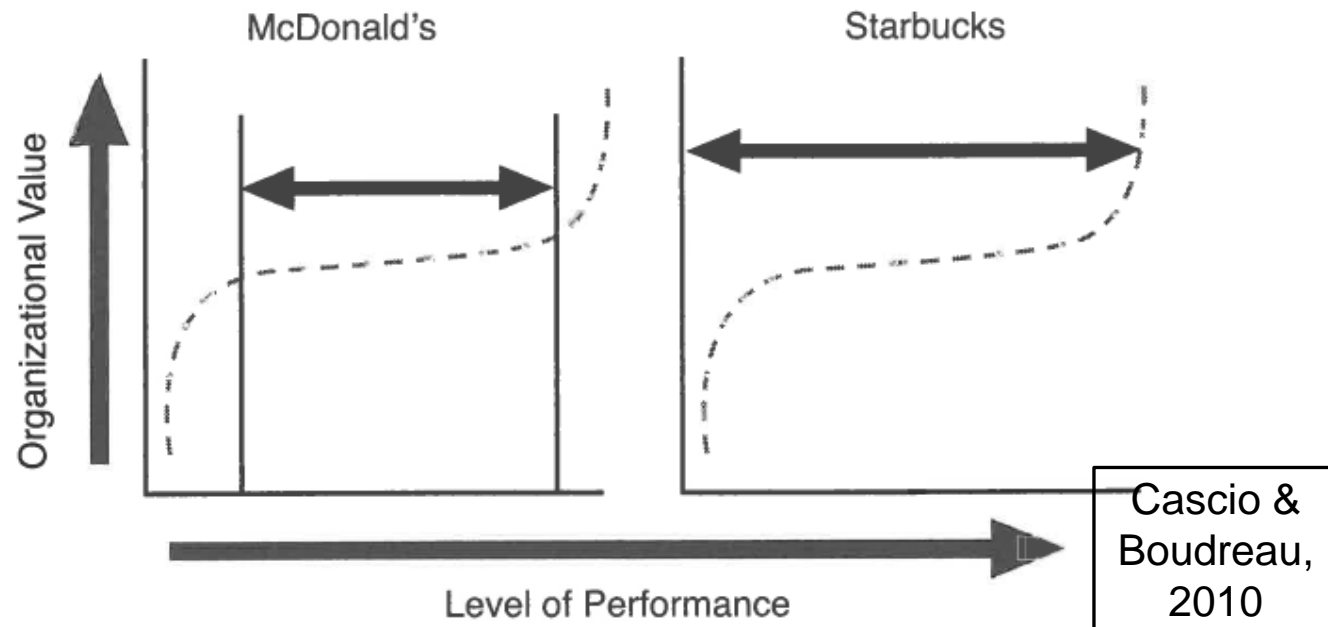
Systematic approach for the identification of high-potential employees

Systematic approach to foster the identified high-potential employees

Rothwell,
2010

4.2 Succession planning

- Perspective change:
 - Enterprises focus on performance improvement
 - But not on the value of an employee in the enterprise
 - Employee in DR (development & research) vs a clerk
- Generalization of all employees (McDonalds)
- Individualization of employees (Starbucks)



4.2 Succession planning

Critical incident (self-study)

Considering current labour market trends, how would you react in the following situation:

„Assume that you lose or have lost a key department manager on short notice [...] (You can chose any department you wish.) Who is ‚ready‘ to assume that position? Name anyone.“

Moreover:

How would you react in 4 or 5 years?

(Imagine your company in the near future)

Rothwell, 2010, p. 111

Exercise 3. Age structure

- A. Analyse the age structure of your staff/clients!
- B. Evaluate strengths, weaknesses, opportunities and threats of your staff's/clients' age structure!

Morschhäuser &
Sochert, 2006

Exercise 3. Age Structure

A. For HR: Analyse the age structure of your staff!

1.
 - a. Number of employees per year of birth / per cohort OR Average age
 - b. size of workforce
 - c. recruitment – to what extent needed?
 - d. staff turnover
 - e. number of average retirements per year.
2. If older employees predominate:
 - a. When do they probably retire?
 - b. Is there a threat of staff bottlenecks or a loss of expertise?
 - c. Procedures for systematic and early knowledge transfer.
 - d. Are there health, qualification or deployment problems with older adults?

Carbon et al., 2014

Exercise 3. Age Structure

A. For HR: Analyse the age structure of your staff!

3. If middle-aged employees predominate:
 - a. Is it expected that they stay in the company?
 - b. Will they go later into retirement than today's old generation?
 - c. How can work ability and performance be maintained and promoted (to ensure innovativeness)?
 - d. Do they conceal risks of increased absenteeism?
 - e. What counteractions to take to in good times to secure know-how?
 - f. Are trainees/apprentices needed to balance age gaps.
4. Evaluate single work, teams or departments if the enterprise is big
5. Reflection of older adults ratio
 - a. Is the higher age average problematic?
It could be useful under consideration of work demands?
 - b. Can priorities be derived for an age-appropriate work design?

Carbon et al., 2014

Exercise 3. Age Structure

A. For counsellors: Analyse the age structure of your clients!

1.
 - a. Number of employees per year of birth / per cohort / average age
 - b. Number of clients
 - c. How many clients do you counsel overall / per week?
 - d. Number of overall consultations and over which time period?

2. For older clients :
 - a. When do they probably retire?
 - b. Do they inherit key resources / key competences? Maybe you need to differentiate between sectors or professions?
 - c. Procedures for systematic and early knowledge transfer
 - d. Are there health or qualification problems with older adults?

Carbon et al., 2014

Exercise 3. Age Structure

A. For counsellors: Analyse the age structure of your clients!

3. For middle-aged clients:

- a. Is it expected that they can stay in the company / find a job?
- b. Will they go later into retirement than today's old generation?
- c. How can work ability and (re)integration be maintained and promoted?
- d. Do they appear reliable (e.g. participate actively to consultations, show up on time, etc.)?
- e. Are clients willing to share knowledge? How would you motivate them to do so?

4. Reflection of older adults ratio

- a. Is a higher age average problematic?
What do you think: which work demands does older staffs face?
- b. Can priorities be derived for an age-appropriate work design? What would you recommend HR departments?

Carbon et al., 2014

Exercise 3. Age Structure

B. Evaluate strengths, weaknesses, opportunities and threats of your staff's/clients' age structure!

Internal analysis Ext. analysis	Strengths	Weaknesses
Opportunities	SO strategy	WO strategy
Threats	ST strategy	WT strategy

Carbon et al., 2014

Discussion

- Which future trends do you expect?
- What impact will they have on your HR management / orientations of your consultations?

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