

AN AGE-OLD PROBLEM

Ageing populations around the world will mean new challenges – and opportunities – for business, explains **Professor Sarah Harper**.

“ Societies around the world are maturing. In the 20th century this occurred in the US and Europe, in the 21st century it will be a global phenomenon. The main driver of population ageing is falling fertility, as educated women enter the labour market and opt to have children later – or never. Fewer children being born pushes up the average age of the population; it is called structural ageing.

Europe had more old people than young at the turn of the millennium. But the world's lowest fertility rate – the average number of children per reproductive woman – is in Asia, with near to or less than one child per woman. In some countries, old people will outnumber the young there as early as 2045. Latin America, Africa and the Middle East are following this trend.

This will have a huge impact on migration flows. Most migrants filling the gap in the job market caused by Europe's shrinking population are drawn from these developing regions. However, by 2035 the number of young people there will fall off and workers will be needed at home.

Migration to the northern hemisphere for work is expected to reduce and we will face a global skills shortage. World population, once forecast to reach 12 billion people by the end of this century, is now predicted by the UN to fall and stabilise at about nine billion.

Keeping older workers

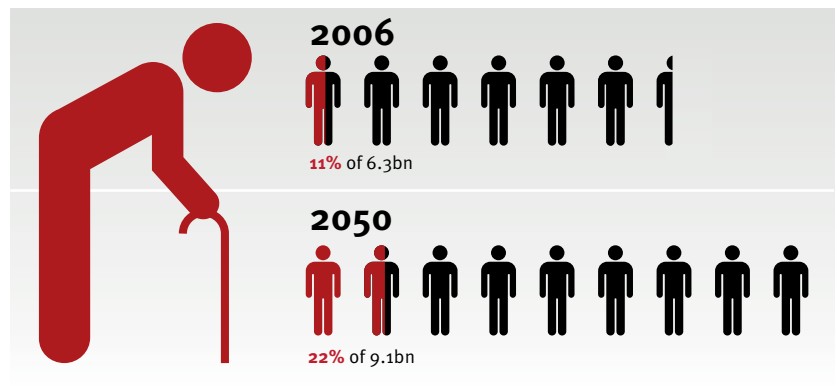
There will be two central changes for business: fewer young employees and fewer young customers. At the moment, particularly in Europe, we turf 50 to 70-year-olds out of the workforce. But we will soon need to retain all active, healthy adults between 20 and 70 in work for as long as possible.

The market is driving us this way, but society is too. People in their fifties and sixties are better educated, many are up to date with IT and new technology and they have ideas and experience. A 60-year-old is probably the new entrepreneur now.

Our recent Global Ageing Survey spoke to 44,000 people, aged between 40 and 80, in 24 countries. It shows overwhelmingly that people want to keep working, although they don't necessarily want to keep doing the same job they did at 30. Businesses need to move toward, offering older workers options such as

An ageing world

Percentage of global population aged 60 and over



Source: OECD International Migration Outlook 2008 *excludes Belgium

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THREE BIG CHALLENGES

» 1

Economies will suffer a transition period of “inverted triangle” populations where few young workers have to support lots of elderly, before age groups even out

» 2

Tackle the skills shortage resulting from lower global fertility rates

» 3

Create more supportive working and leisure environments for older customers and employees

going part-time or becoming a consultant.

We need this because financial situations have changed, too. People won't be able to retire on a defined-benefit pension in future. Women are having children into their forties, so today many people in their fifties have young children, school fees and other obligations. The idea they can retire is not practical.

Companies are worried about the ageing customer base, but they must remember that although older people are less mobile they are not all wheelchair-bound. Eighty-year-olds can easily travel by train, they just cannot run across Paddington station in 30 seconds if the platform is only announced a minute and a half before the train departs!

We will eventually have a skyscraper-shaped model for our populations, where every floor represents ten per cent of the population and a decade of life. Most people will live long, healthy, active lives.

The problem is that between now and then, many countries will go through the inverted triangle shape, of very few young people and many old people. But by the end of the century we will have a very positive and successful mature world. ”

SARAH HARPER is professor of gerontology and director of the University of Oxford's Institute of Ageing, part of the James Martin 21st Century School.

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