

HEALTH WEALTH CAREER

# MERCER WORKFORCE MONITOR

DIVERSIFICATION: IS  
THERE A **N.E.E.T.**  
SOLUTION TO THE  
WORKFORCE CRISIS?

29 January 2019

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**Michelle Sequeira**



# TODAY'S SPEAKERS



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# WHAT WE'LL COVER TODAY

01

Workforce  
Crisis  
Continues

02

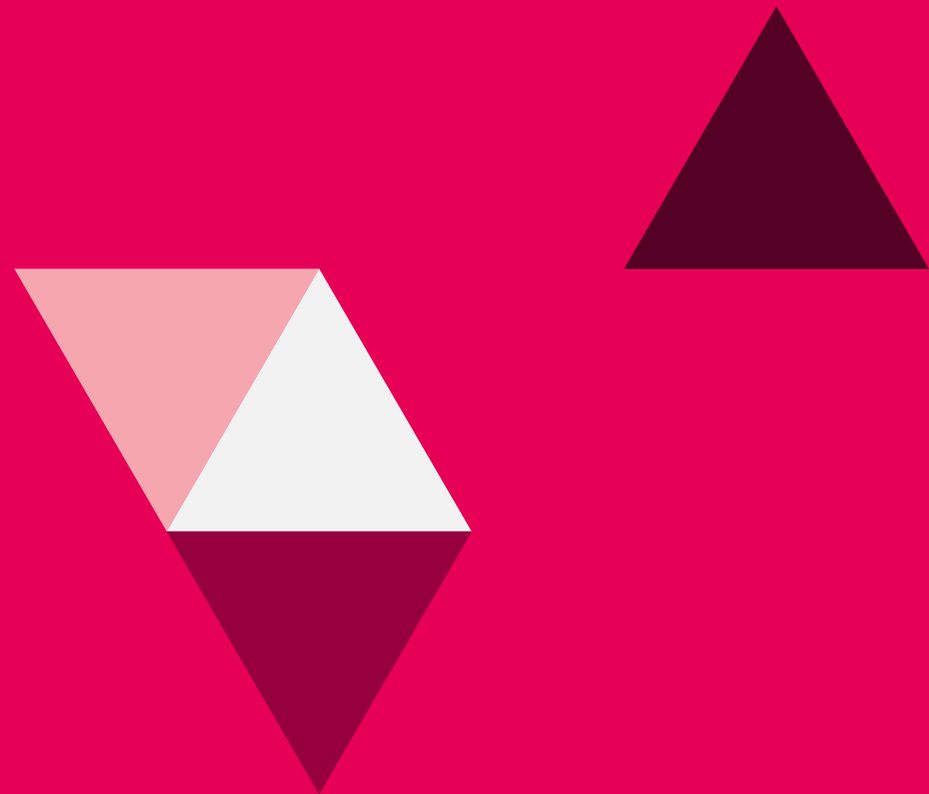
Diversify  
Your Talent  
Pool

03

Take action  
– the time is  
yesterday!



# THE WORKFORCE CRISIS CONTINUES



# THE WORKFORCE CRISIS CONTINUES DEMOGRAPHICS ARE DRIVING WORKFORCE CHANGES VERY QUICKLY

- **Global demographic change** is starting to quite rapidly impact both global workforce size and shape



In 1965, the average Chinese woman had 6.4 children. This reduced to 1.5 per woman in 1998 and has remained at 1.5-1.6 since. There was a small bump in the fertility rate in 1980s, peaking at 2.7 in 1986.



Similar to China, the Korean fertility rate has steadily declined since the 1960s by approximately 80%.



Sub-Saharan African fertility rates peaked in 1975 at 6.8. The decline has been more rapid than China and Korea, dipping to an all-time low of 4.85 as of 2016.

- **EU-27** skills and numbers **demand is still increasing** – central Europe labour markets are particularly tight
- **EU-27 Supply is reducing** - the number of younger people of “migration age” (20-34) has been falling at **1 Million** a year and will continue to fall substantially
- The **UK is not immune** to these impacts, especially as it has been very dependent on migrant labour
- The UK is **behind competitors** in certain areas of automation, but has challenges with internal mobility

# THE WORKFORCE CRISIS CONTINUES THERE IS STILL A WORKFORCE SHORTAGE DESPITE AN EXPANDING WORKFORCE



**+303,000**

Change in workforce



**+427,000**

UK-born workers



**-93,000**

EU-born workers



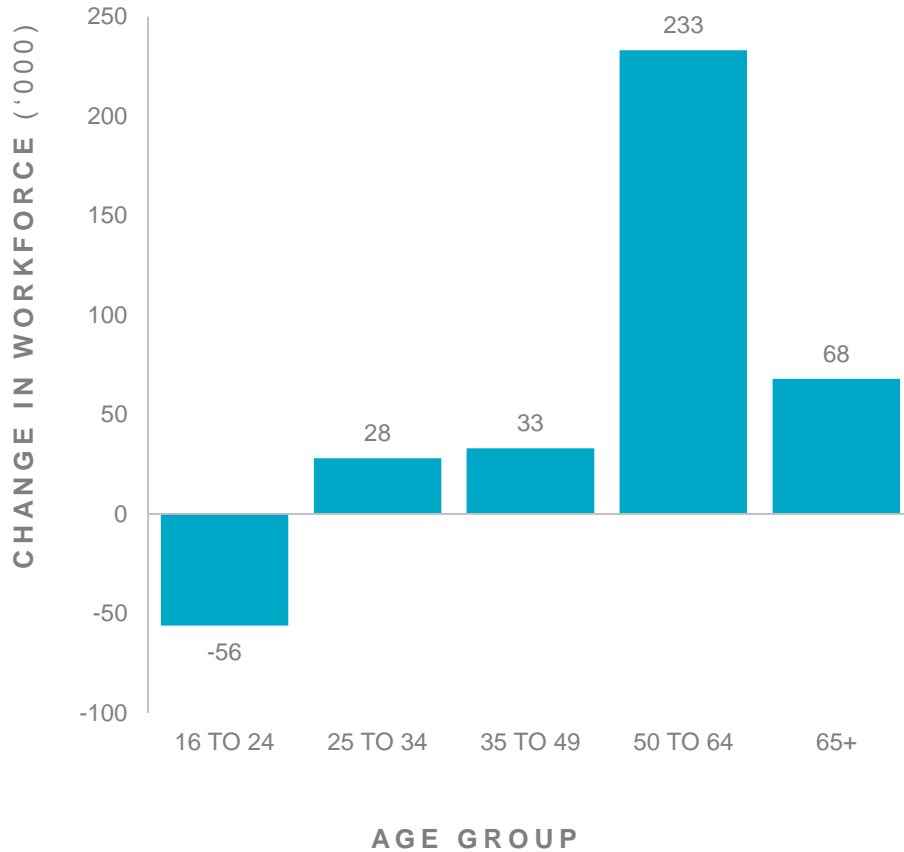
**-38,000**

Non-EU-born workers

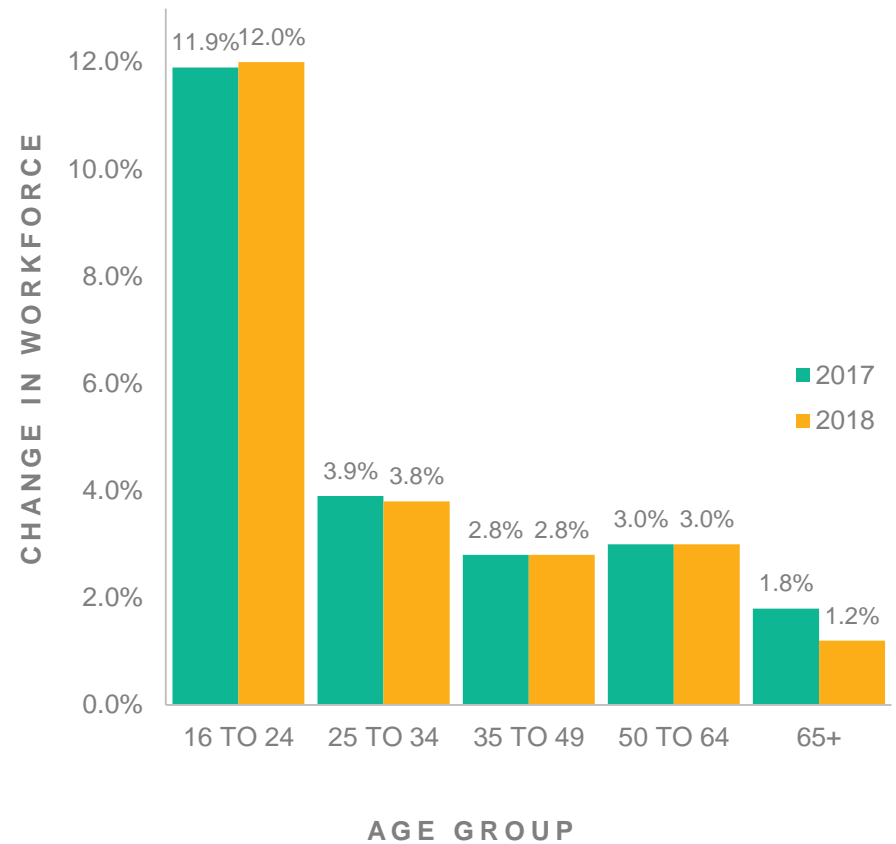
# THE WORKFORCE CRISIS CONTINUES

## WORKFORCE TRENDS BY AGE SHOW MORE INDICATORS OF THE IMPACT OF AGEING

DIFFERENCE IN ABSOLUTE NUMBERS



PERCENTAGE CHANGE IN 2017 VS 2018



# THE WORKFORCE CRISIS CONTINUES UNDER 25 VS OVER 25

**Population change: -61,000, Workforce change: -62,000**  
Change in full-time education rate: +0.1%

**5-Year Average Change (2013 – 2018)**

**UNDER 25**

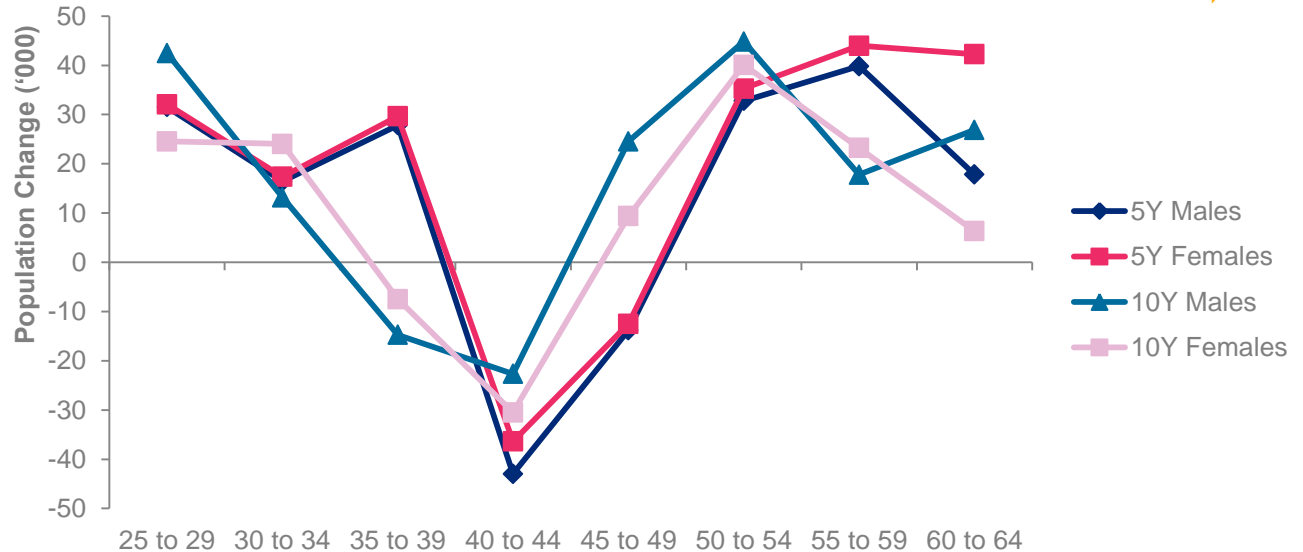
There is a reduction in population in the ages 16–24 and an increase in the number of this age group in full-time education along with a consequent reduction of those in the workforce.

**Population change: -31,000, Workforce change: -53,000**  
Change in full-time education rate: +0.5%

**10-Year Average Change (2008 – 2018)**

**OVER 25**

Note the accelerating rate of increase of females joining the workforce, and the decelerating rate of males joining.





# THE WORKFORCE CRISIS CONTINUES THE MAC REPORT AND EMERGING GOVERNMENT POLICY

- The **Migration Advisory Committee (MAC)** published its report in September 2018. Indications are that the Government will follow its recommendations in formulating its post-Brexit migration policy
- The **EU Exit – Long-term Economic Analysis** report published by the UK Treasury in November 2018 has put the long-term reduction in GDP due to a net-zero EU migration scenario at 1.9%

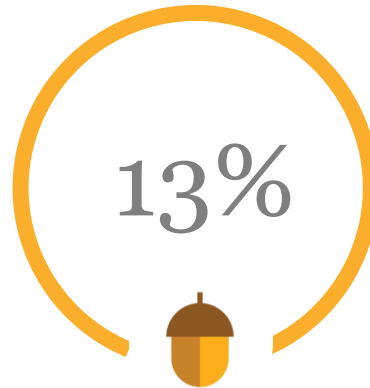


# THE WORKFORCE CRISIS CONTINUES ARE WE LOOKING AT THE RIGHT SOLUTIONS?



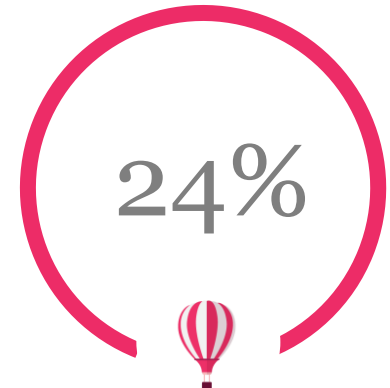
## FLEXIBILITY

Moving jobs to people and people to jobs is the number 1 area of talent investment that would make the most difference reported by C-Suite Executives, **up 7 spots since 2017**



## RESKILL

Only 1 in 8 C-Suite Executives in Europe are confident in their organisation's ability to reskill displaced workers, **down from 18% in 2017**



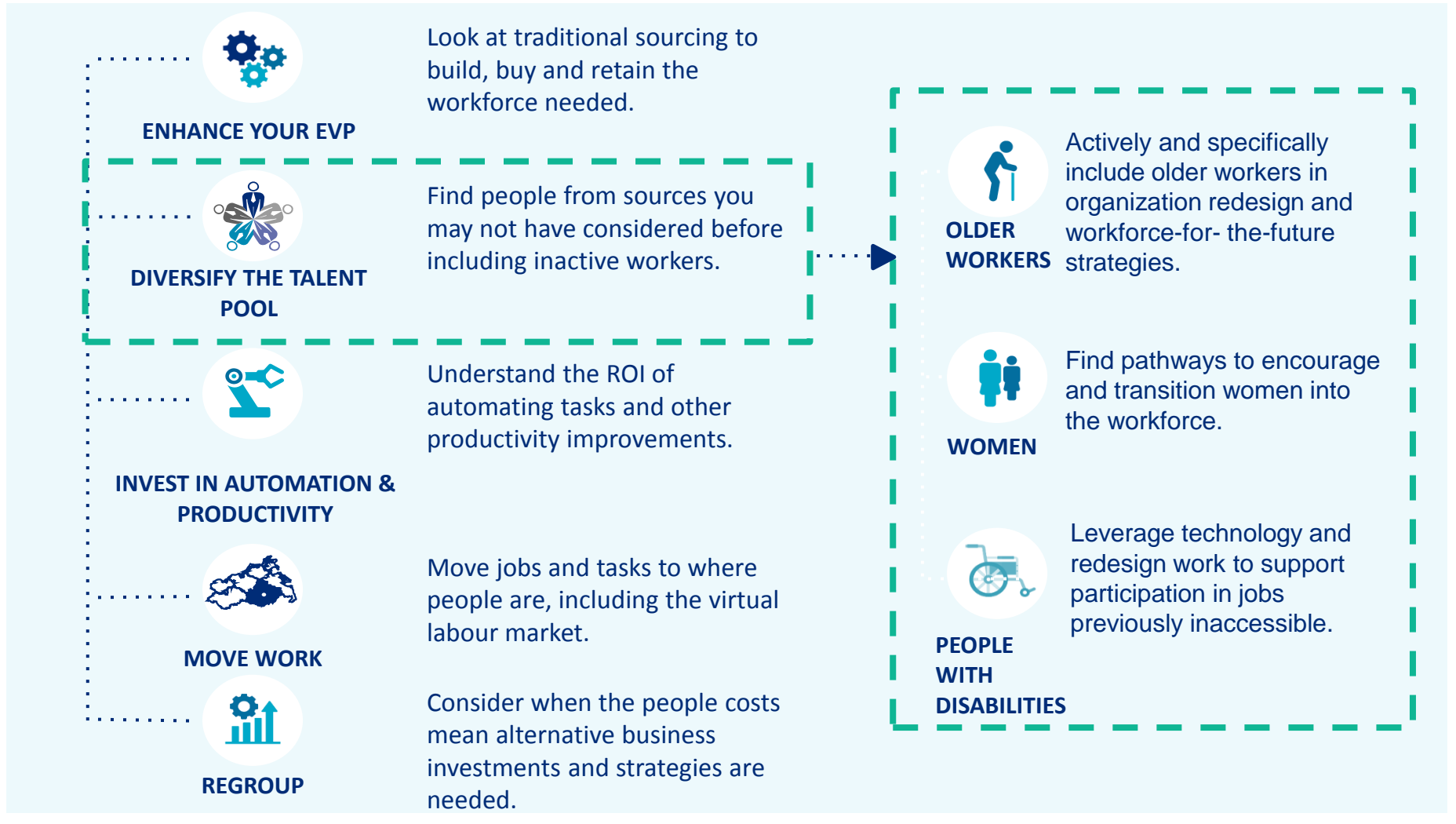
## REDEPLOY

Only around a quarter are confident in their ability to strategically moving talent internally, **down from 39% in 2017**

# DIVERSIFY YOUR TALENT POOL



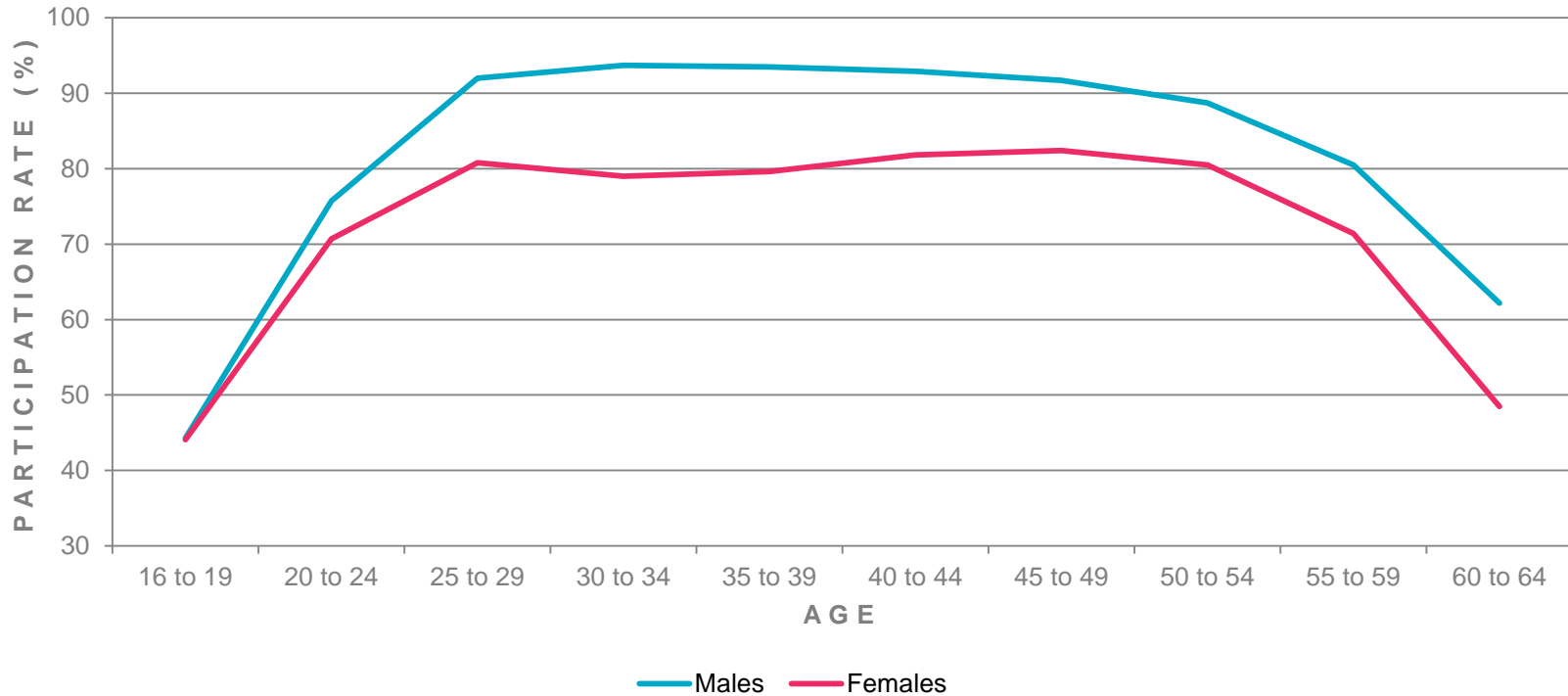
# DIVERSIFY YOUR TALENT POOL MERCER'S FIVE LINES OF DEFENCE



# DIVERSIFY YOUR TALENT POOL TRADITIONAL DIVERSITY EFFORTS HAVE FOCUSED ON GENDER DIVERSITY



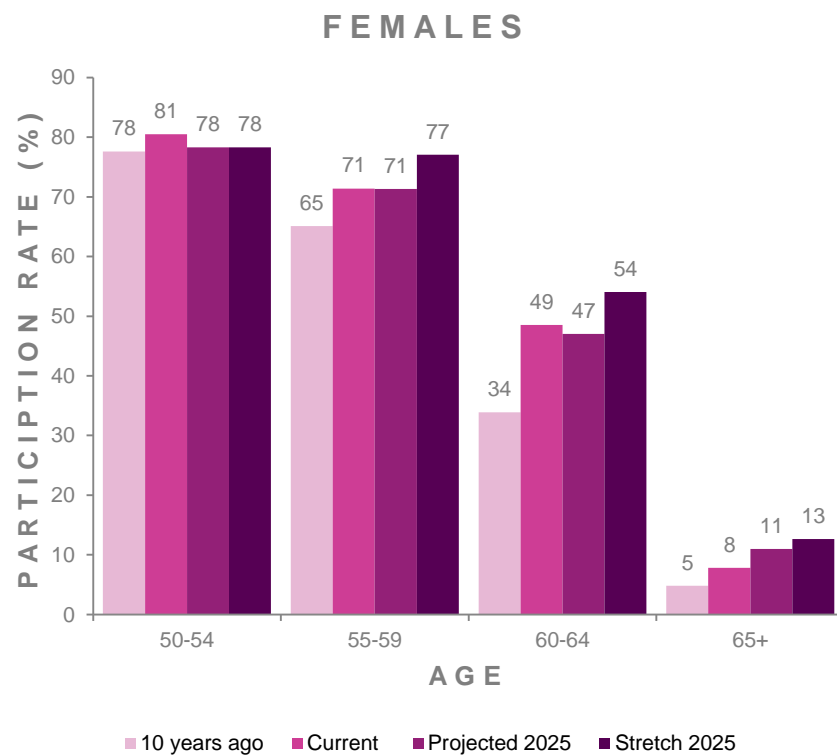
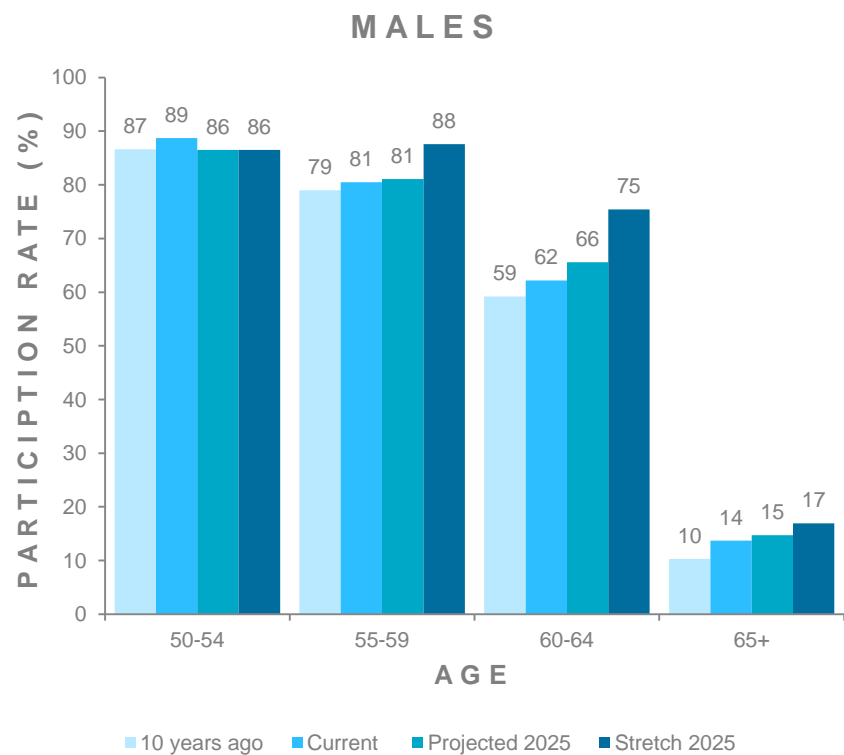
## PARTICIPATION RATES BY AGE AND GENDER



Increasing the number of women in the 20–50 age range who are or were N.E.E.T.s so that participation increases at this age group by 5% would add 400,000 by 2025.

Source: Office of National Statistics, Mercer Analysis

# DIVERSIFY YOUR TALENT POOL THE NUMBER OF OVER-50S IN THE WORKFORCE WILL INCREASE BY 14% BETWEEN 2015 AND 2030

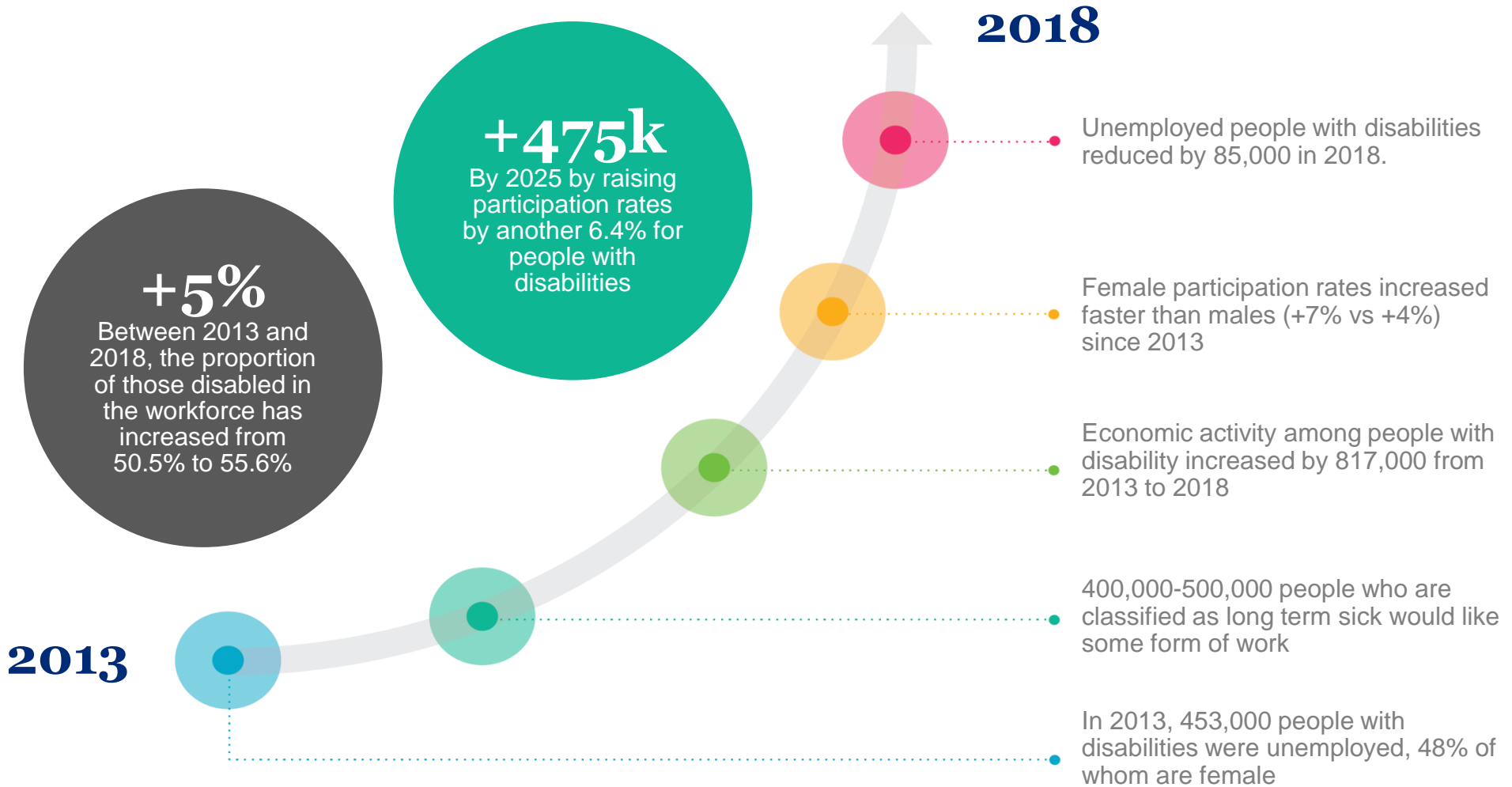


Reducing retirement by increasing participation in the 55–60 age range by 5% and the in 60–65 age range by another 10% would add 900,000 to the workforce by 2025.

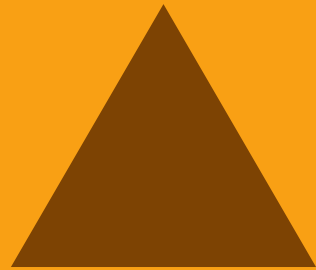
Source: Office of National Statistics, Mercer Analysis



# DIVERSIFY YOUR TALENT POOL THE PROPORTION OF THOSE DISABLED IN THE WORKFORCE HAS INCREASED BY 817,000

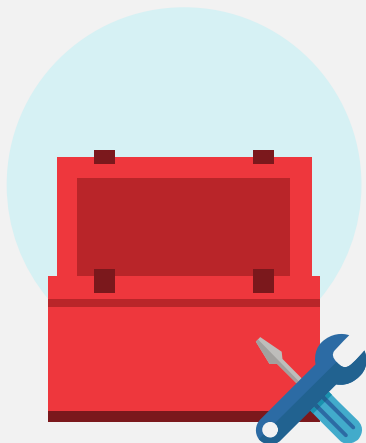


**TAKE ACTION – THE  
TIME IS YESTERDAY!**

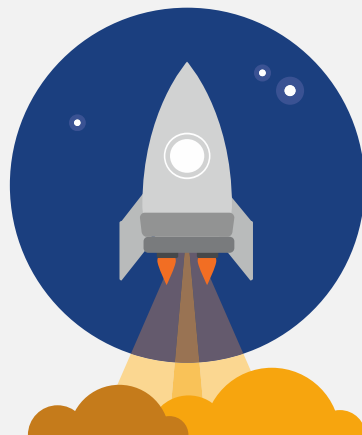




# TAKE ACTION – THE TIME IS YESTERDAY!



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**FACILITATING  
ENTRY**  
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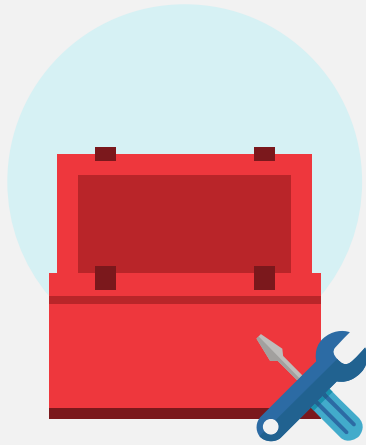


—  
**ENABLING  
RE-ENTRY**  
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—  
**FOSTERING  
A THRIVING  
WORKFORCE**  
—

# TAKE ACTION – THE TIME IS YESTERDAY!



- Increase information sharing and accessibility
- Re-evaluate entry criteria
- Improve foundation skills in workers of all ages

## FACILITATING ENTRY

# TAKE ACTION – THE TIME IS YESTERDAY!



- Returner programmes
- Confidence building
- Shift the default from entry-level education to learning at all stages of life
- Educate and retrain

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## ENABLING RE-ENTRY

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# TAKE ACTION – THE TIME IS YESTERDAY!



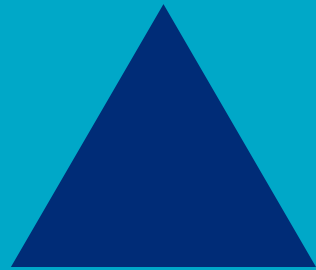
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## FOSTERING A THRIVING WORKFORCE

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- Build an inclusive culture
- *Personalise* the employee value proposition
- Develop inclusive engaging technologies
- Adaptive working
- Re-evaluate the policies and programmes in place

# CLOSING THOUGHTS



# CLOSING THOUGHTS

- There are no easy solutions to the emerging workforce crisis.
- If the workforce demand in the UK requires a **similar** increase in **2015-2025** than it had in the **previous 10 years**, and if net migration falls and stays at **100,000** we could in **theory** fill the gap



The key to meeting shortfalls will be harnessing untapped workforces, in particular:

Employing women who are or were N.E.E.T.

Pulling in greater numbers of disabled people/long-term sick

Increasing participation beyond retirement

*Ceteris Paribus*, we can **possibly** fill the gap with:

400,000

475,000

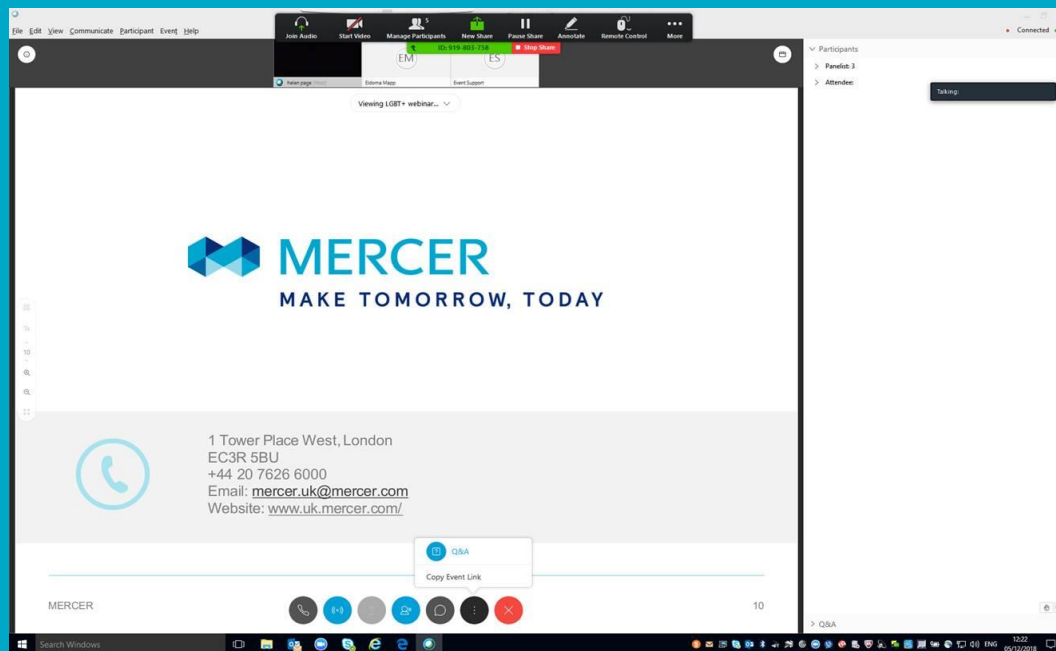
900,000

- There are a number of initiatives employers need to consider now that we believe will put their businesses on the front foot when addressing the challenges ahead.

# QUESTIONS?

Please type your questions in the Q&A section of the toolbar and we will do our best to answer as many questions as we have time for.

To submit a question go to the floating panel at the bottom of your screen, click the circle which contains the three dots and select Q&A. Please make sure you send questions to "all panelists."



## FEEDBACK

Please take the time to fill out the feedback form at the end of this webcast so we can continue to improve. The feedback form will pop-up in a new window when the session ends.

**MAKE**



**TOMORROW  
TODAY**