

Skills Shortages-Here to Stay

New research shows the skills shortages and the associated workplace expectations of Generation Y are here to stay. Many employers assume that the skills shortages come from 16 straight years of economic growth and the resulting increased demand for staff.

However the chronic staff shortages are produced not just by the economic times but also by the demographic times.

It is not just that demand for staff is high, but that the supply particularly of young people is low, due to the ageing of our population and the relative decline in the number of young people.

Australia's population today is Older Slower and Smaller.

In 1976 the median age of an Australian was 28 compared to 37 today and in a decade it will be over 40. The average age of a full-time employee has also been rising and today it sits at 40.

The growth of Australia's population is projected to slow down even further during the next 50 years, from 1 per cent per year today to 0.2 per cent per year by 2040. In 1961 women averaged 3.5 children while today this is down to 1.8.

Australia's working age population is in decline as a proportion of the total population. Currently for every person of retirement age (65 or over) there are 5 people in the working age population (aged 15-64). However in 4 decades for every person in retirement age there will be just 2.4 people of working age.

"Occasionally in history rapid technological change combines with massive demographic change and with one generation society altogether alters. Today we are living in one such era" stated the reports author Mark McCrindle.

The generation gap is evident from the new generation of workers:

Over 30% of the total workforce is employed on a casual basis while for Generation Y this rises to over 40%.

There are 20,000 fewer men than women in their 30's in Australia which is attributed to the globalisation of labour drawing men overseas.

The length of time workers spend per employer has been in freefall for decades. In 1960 employees averaged 12 years per employer. Today the average tenure has dropped to just 4 years.

This ageing population is unlikely to change as longevity rates are rising and the trend to have fewer children later in life is continuing.

So labour supply will not increase yet the economy and the demand is still growing. Therefore employers need to adjust to these new employment realities which are here to stay until at least 2047.

More power in employment has shifted to employees yet the focus can't simply be on understanding their needs to increase retention. Employers have to also ensure that Generation Y are effectively trained and managed to ensure that work outcomes and productivity are maintained.

Therefore the future lies in Bridging the Gaps, helping both older employers and younger employees understand and deal with the generational differences.

Mark McCrindle said. "In these times of fast change, every industry and organisation is just one generation away from extinction. Unless we can understand and remain relevant to the new generation of workers we will edge towards irrelevancy"

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