

PRESS RELEASE

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Demographic Change

How Old Will Your Staff Be Tomorrow?

The demographic change and the impact of an aging workforce on the production process were the main topics during the recent Ulmer Dialogs. The takeaway: Companies need to adapt to older people and adjust production processes accordingly, if they want to avoid losing market share.

In a recent article about trends shaping the business world, Ernst & Young reaffirmed how profoundly the aging, shrinking workforce is already impacting labor force demographics. Despite projected growth in the global population from 6.9 billion in 2010 to 7.6 billion in 2020, the working-age population is expected to decline in many countries. In Japan and in Europe, for instance, more people are now exiting the workforce than entering it. By the end of this decade, other large economies such as Russia, Canada, South Korea, and China will face the same challenge. This upside-down age pyramid impacts the workforce, and also has a devastating effect on social security systems and public finances. The fact that unemployment will decline even further is no consolation; in fact, it will only serve to highlight the general shortage of skilled workers.

But there is more to the topic of demographic change than simply bad economic news, as the presentations and discussions at the recent Ulmer Dialogs showed. The demographic change will impact every business, and every department.

inGenics AG
Schillerstraße 1/15
D-89077 Ulm

kontakt@ingenics.de

www.ingenics.de

Telefon
+49 (0)7 31/9 36 80-0

Telefax
+49 (0)7 31/9 36 80-30

"We are currently performing demographic checks at various companies. At one medium-sized manufacturer, for example, we found that the average staff age will change from 46 to 55 over the next ten years," said Jörg Herkommer in his presentation. "Under these circumstances, it will be difficult to deliver the same performance as today."

The aging population has the potential to impact the workplace in a few ways. Older generations may require more sick leaves to care for themselves or for aging loved ones. Some are more resistant to change, and don't always have their pulse on the latest innovations. Physically, they may struggle with tasks that require high speed or manual labor. All this can ultimately result in a reduced output and loss of market share for the employer.

"Businesses today need to train young people, and invest more in older people. They must create a climate in which the staff feels comfortable, at any age. Paying decent salaries will no longer be enough. Companies will also have to pay attention to the health and well-being of their employees," said Herkommer.

To achieve all this, companies will need to re-evaluate their production and logistics processes. Ingenics' demographic checks often pinpoint the need for small changes that can lead to big improvements, helping make workspaces more age-appropriate, more efficient - and ultimately, more successful.

Pressekontakt

Ingenics AG
Andrea Hornischer
Schillerstraße 1/15
D-89077 Ulm
Tel. ++49-(0)731-93680-230
Fax ++49-(0)731-93680-30
Andrea.Hornischer@ingenics.de
www.ingenics.de