NAVIGATING THE CHANGING LABOR MARKET

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The dynamics between HRM and the changing labor market

Human Resource Management (HRM) is the process of managing and developing people in an organization to maximize their potential and achieve organizational goals.

HRM

The relationship between HRM and the dynamics of the labor force is significant as HRM practices are designed to respond to changes in the labor force

HRM is responsible for recruiting, hiring, training, developing, and managing employees to meet the changing needs of the labor force.

HRM must adapt its practices to the dynamics of the labor force to ensure that the organization can attract, retain, and develop the best talent available

Labor Force

The workforce is aging, leading to changes in the composition and available skills of the workforce. (more older workers and less younger workers).

HRM professionals need to think how to retain older workers and ensure that their skills and knowledge are not lost as they approach retirement

Point of concern: managing the health and wellness needs of an aging workforce (flexible work arrangements and ergonomic accommodations)

Developments and factors influencing the labor market

Current developments

Technological Advances

Automation and artificial intelligence are replacing some routine jobs

Globalization

Globalization is increasing competition among workers from different countries

Demographic Changes

Aging population alter the workforce and types of jobs that are available and skills in demand.

Shift to Service Economy

Economies are shifting away from manufacturing

Future developments

AI & Robotics

New opportunities for highly skilled workers. May also displace some routine jobs.

Climate Change

Increased demand for sustainable technologies and practices. This shift will create new job opportunities

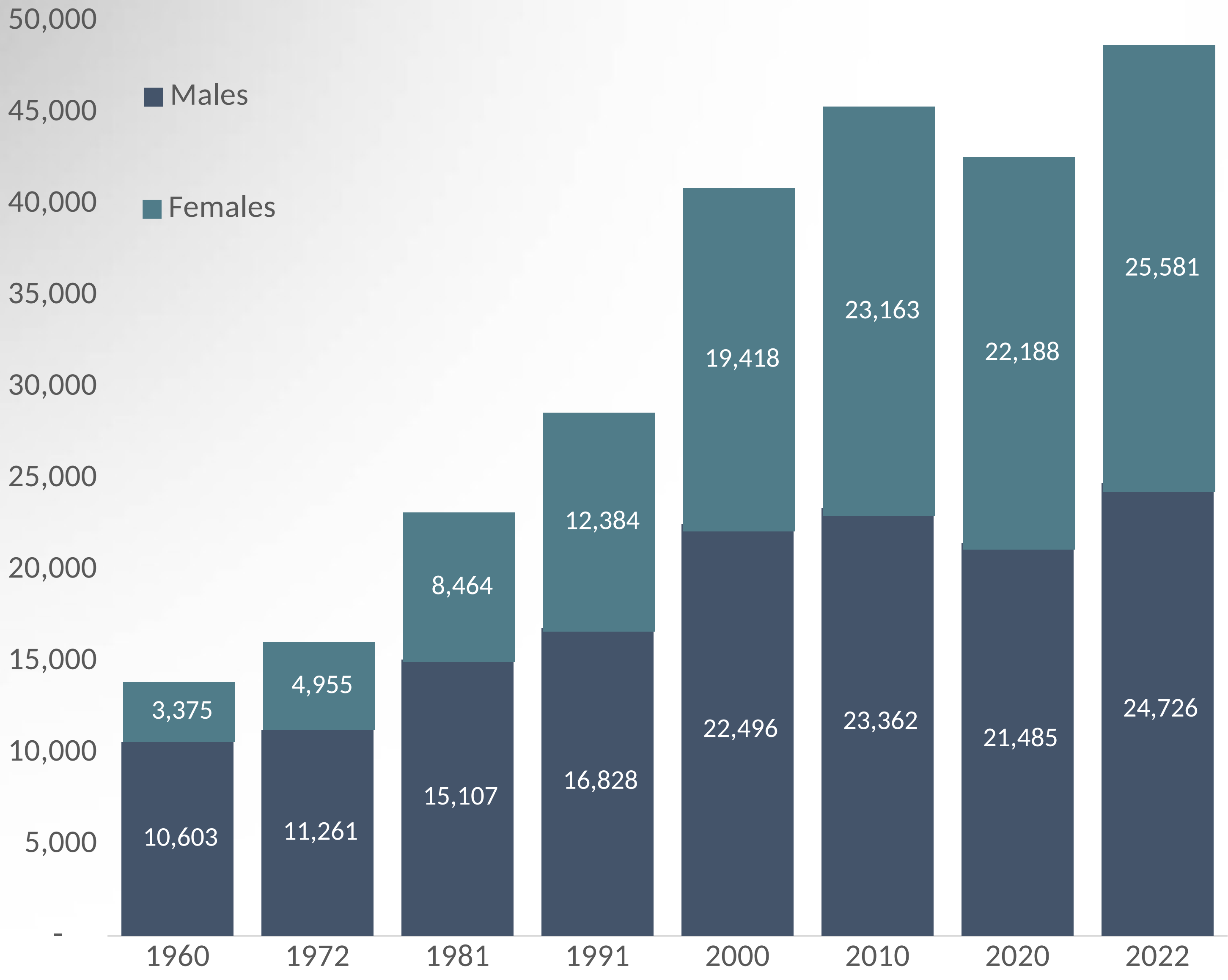
Increased Remote Work

Covid accelerated the trend towards remote work: may change the geographic distribution of jobs

Changing Skill Requirements

Types of skills that are in demand will continue to change

Labor market growth by sex, 1960 - 2022

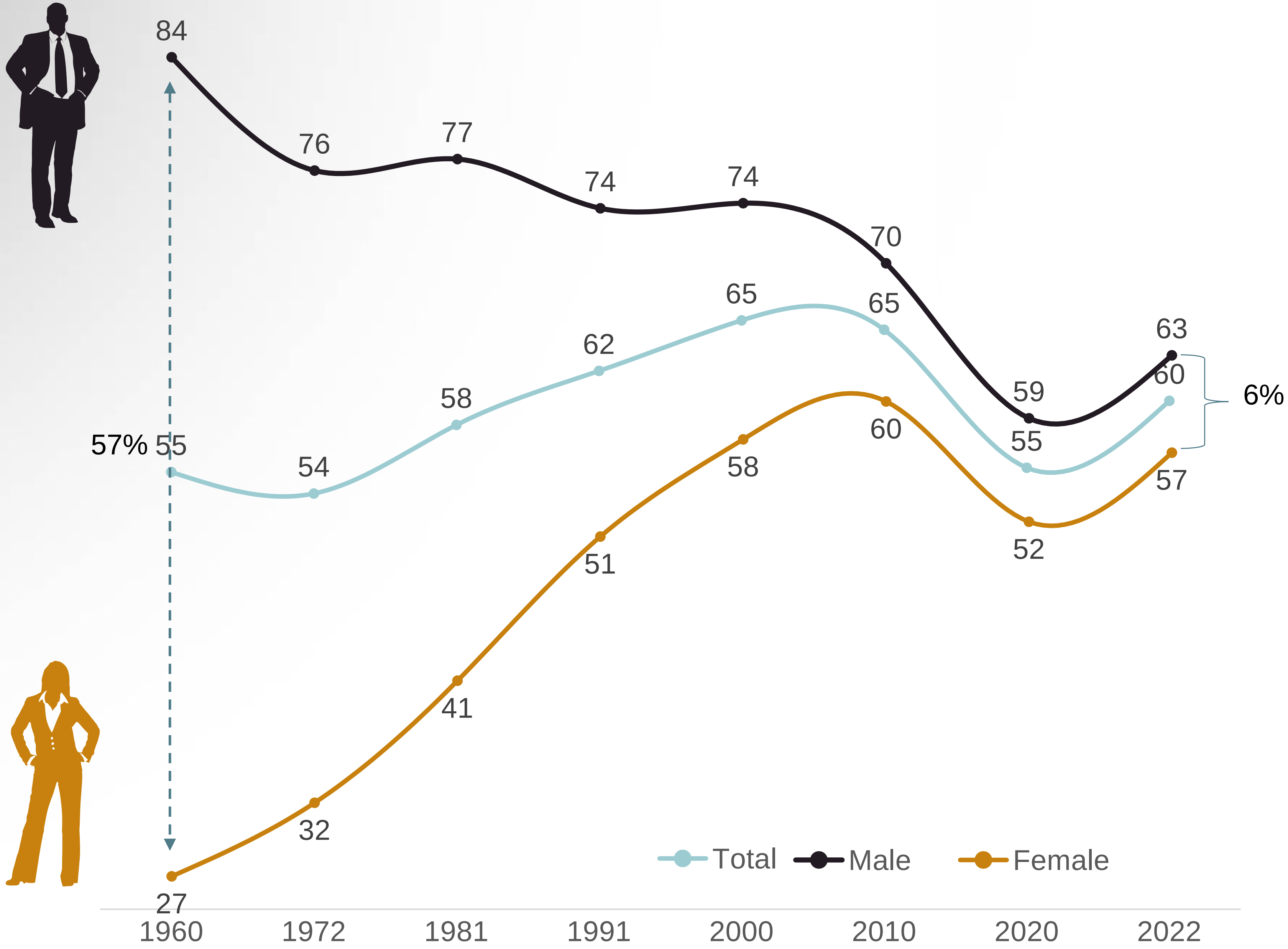


Growth of the number of employed males since 1960 equals 133%

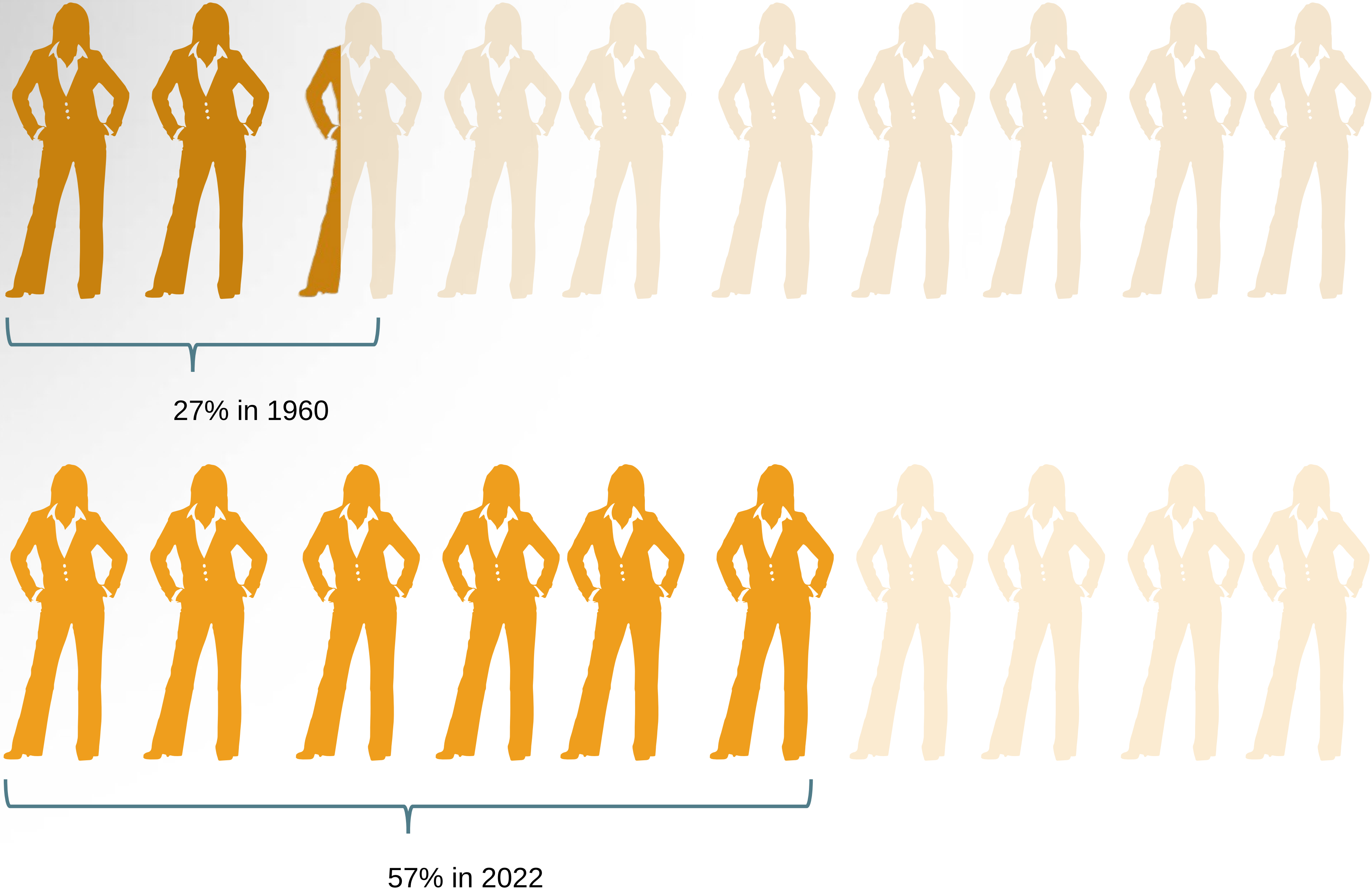
Growth of the number of employed females since 1960 equals 658%

Total growth of the labor market: 260%

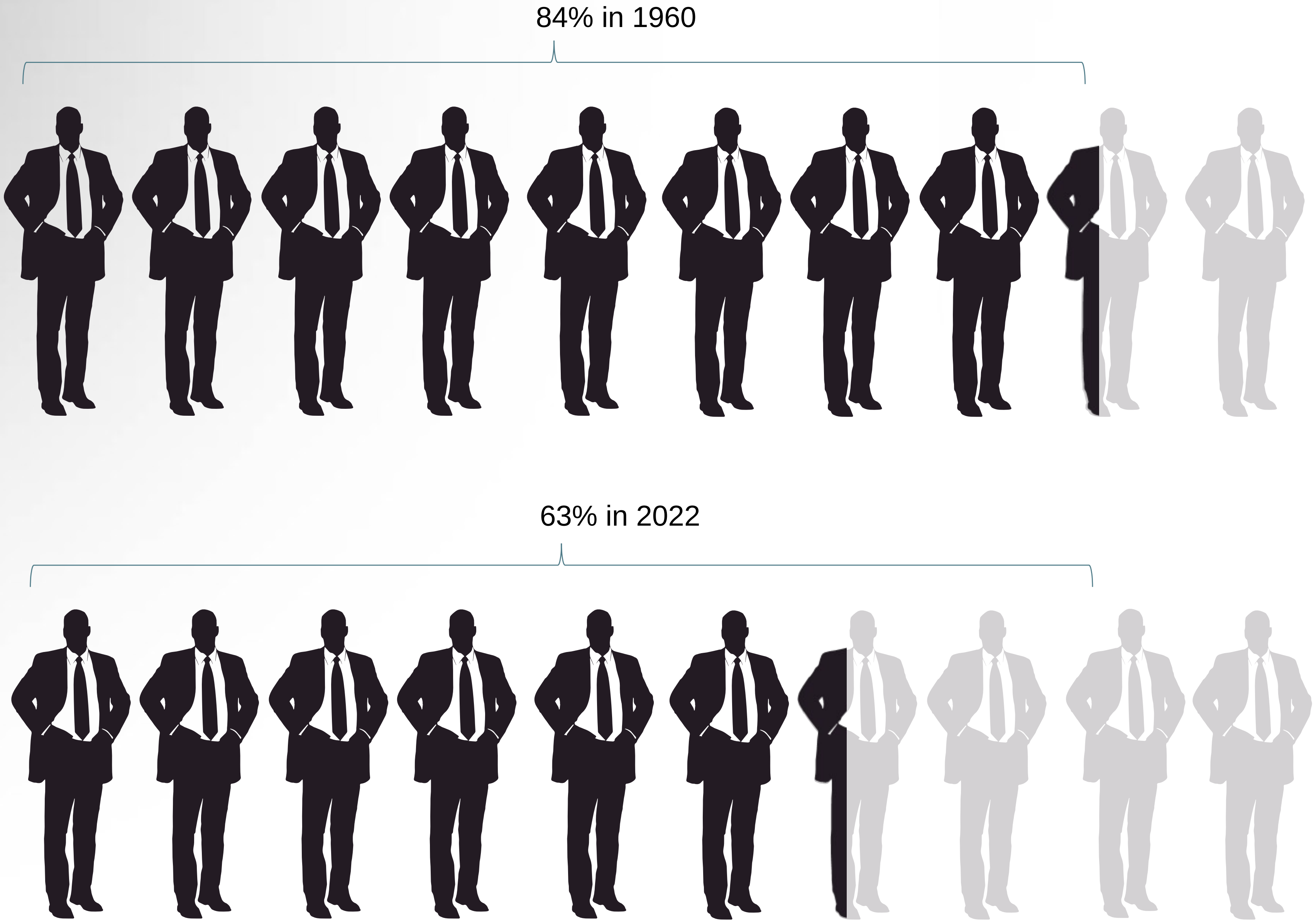
Labor force participation rate 1960 - 2022



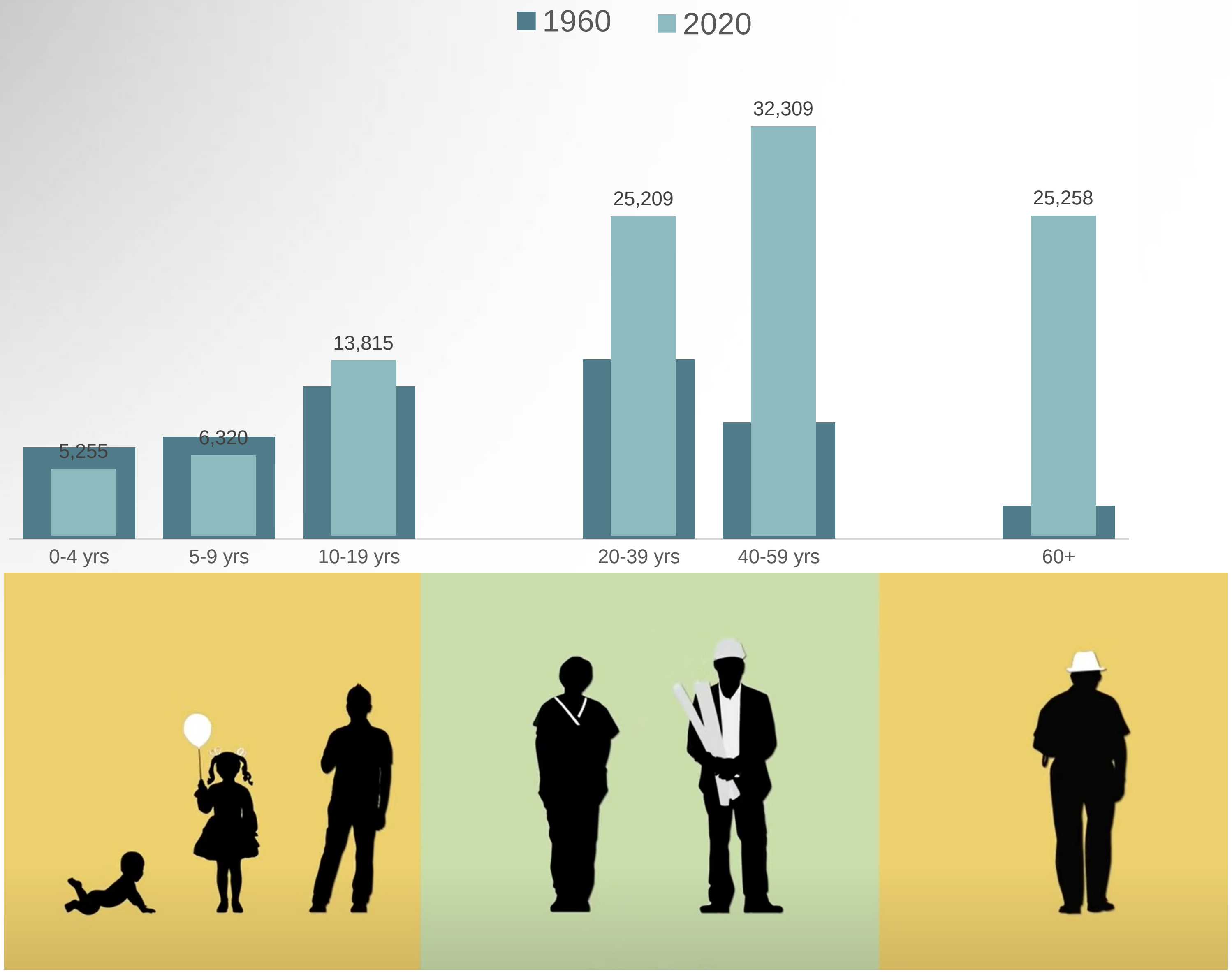
Number of women in the labor force 1960 - 2022



Number of men in the labor force 1960 - 2022

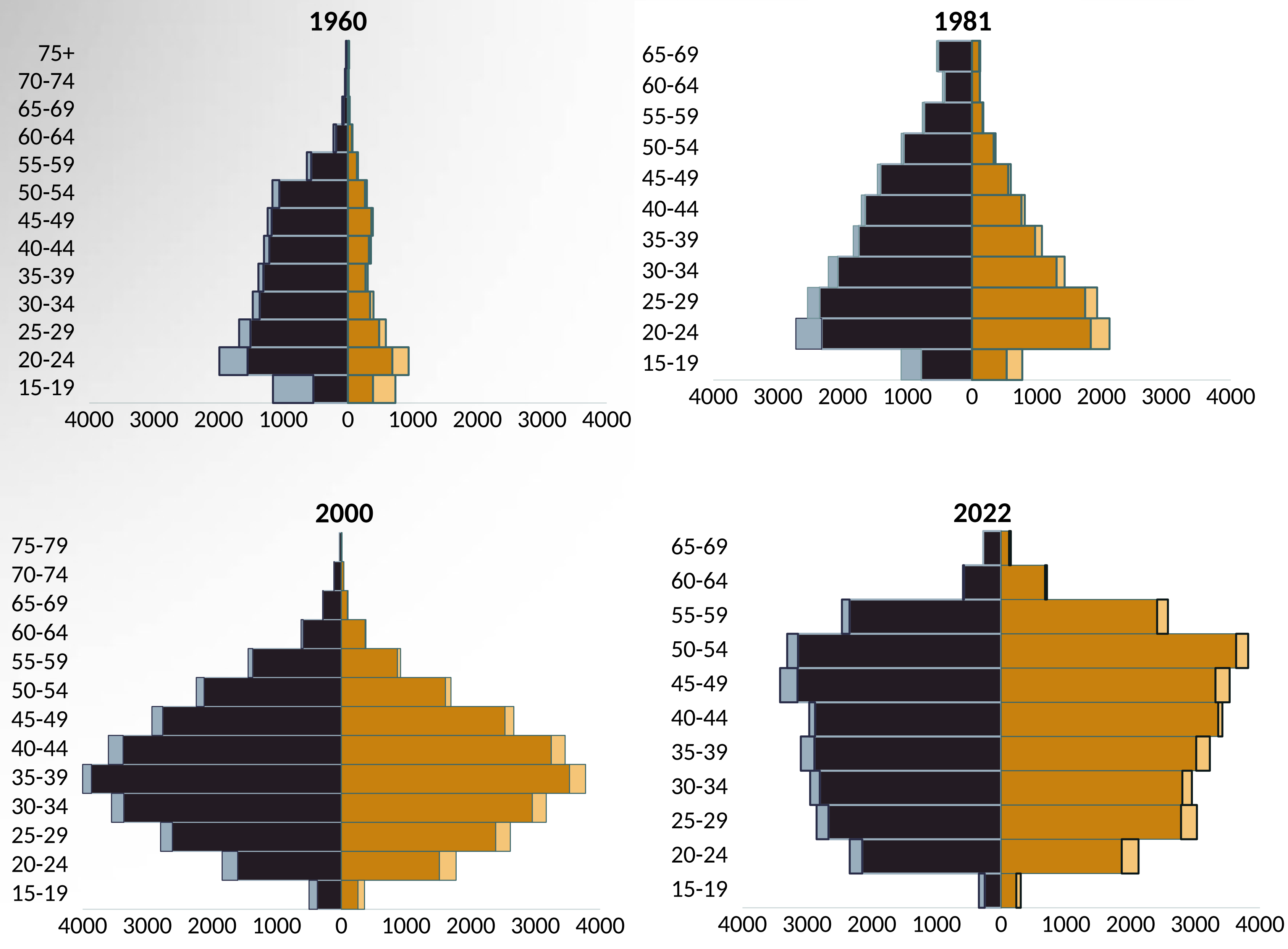


Developments and factors influencing the labor market



Young and older people are less likely to work. If the fraction of the population that is young or old changes, then we can expect changes in the labor force participation rate

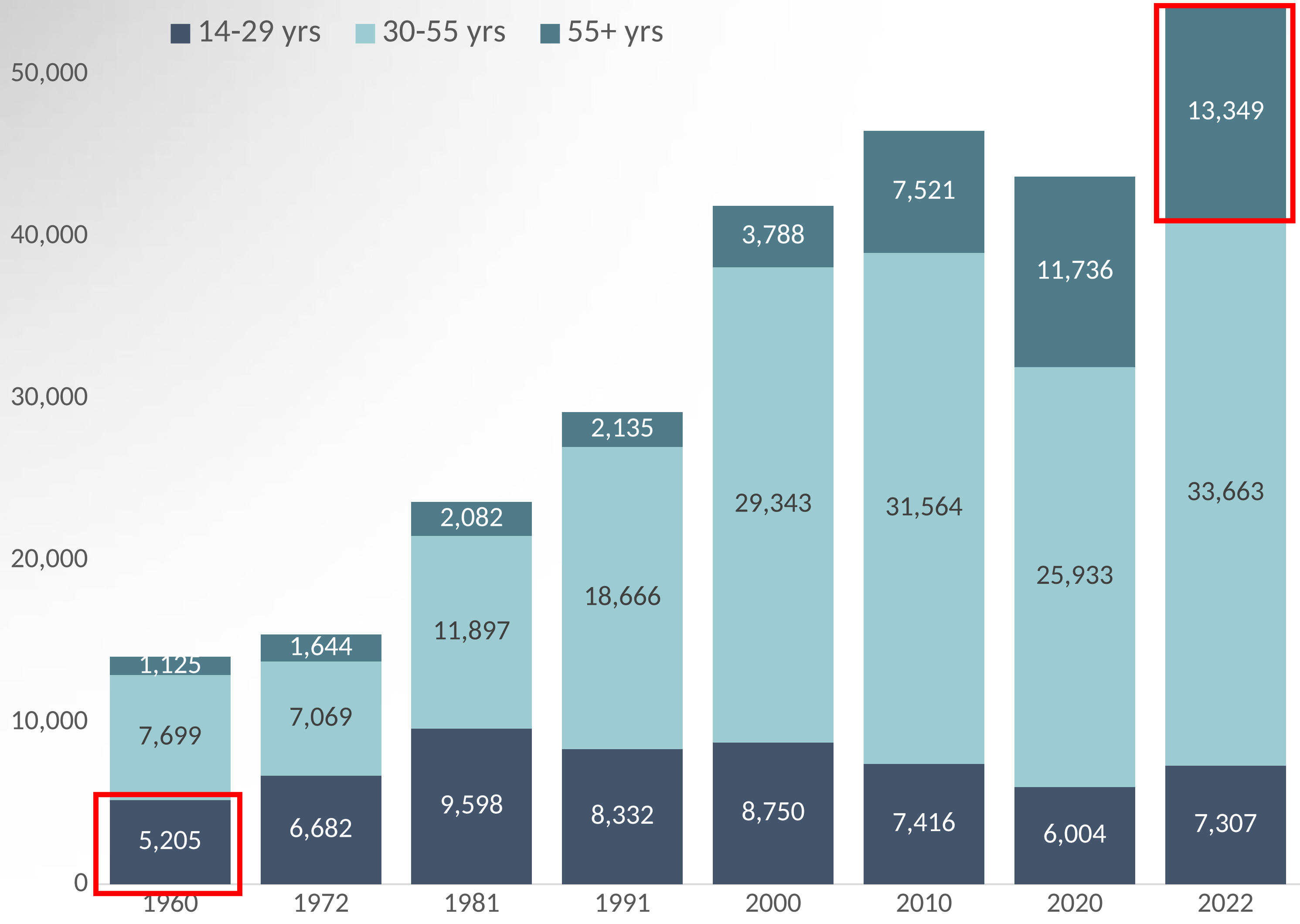
Changes in the labor market, 1960 - 2022



In 1960 in total 14,029 employed persons, of which 417 above 60 yrs.

In 2022 in total 50.307 employed persons, of which 6,575 above 60 yrs.

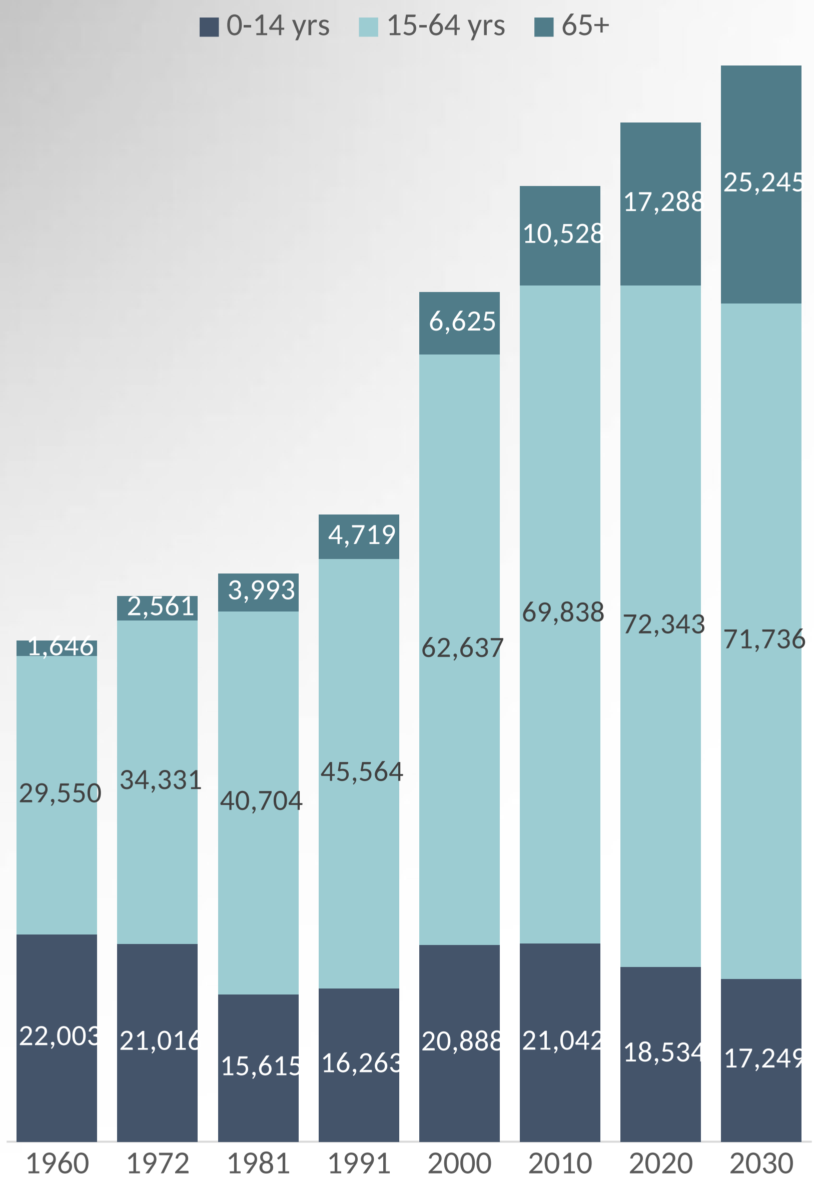
Growing number of elderly employees, 1960 - 2022

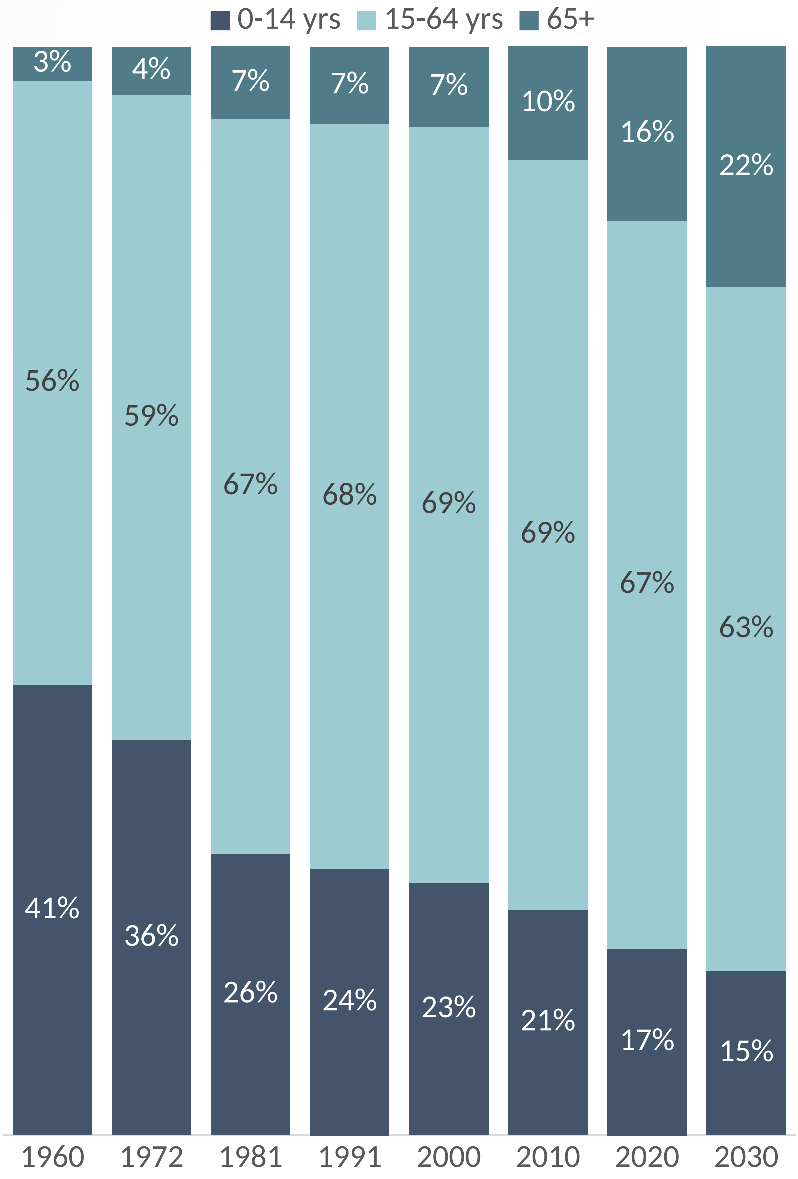


In 1960, almost 40% of the working population was young (14-29 years old) and only 8% over 55 years of age

Currently, only 14% of the working population is young (14-29 years old) and 27% of the employed is 55 years of age or older

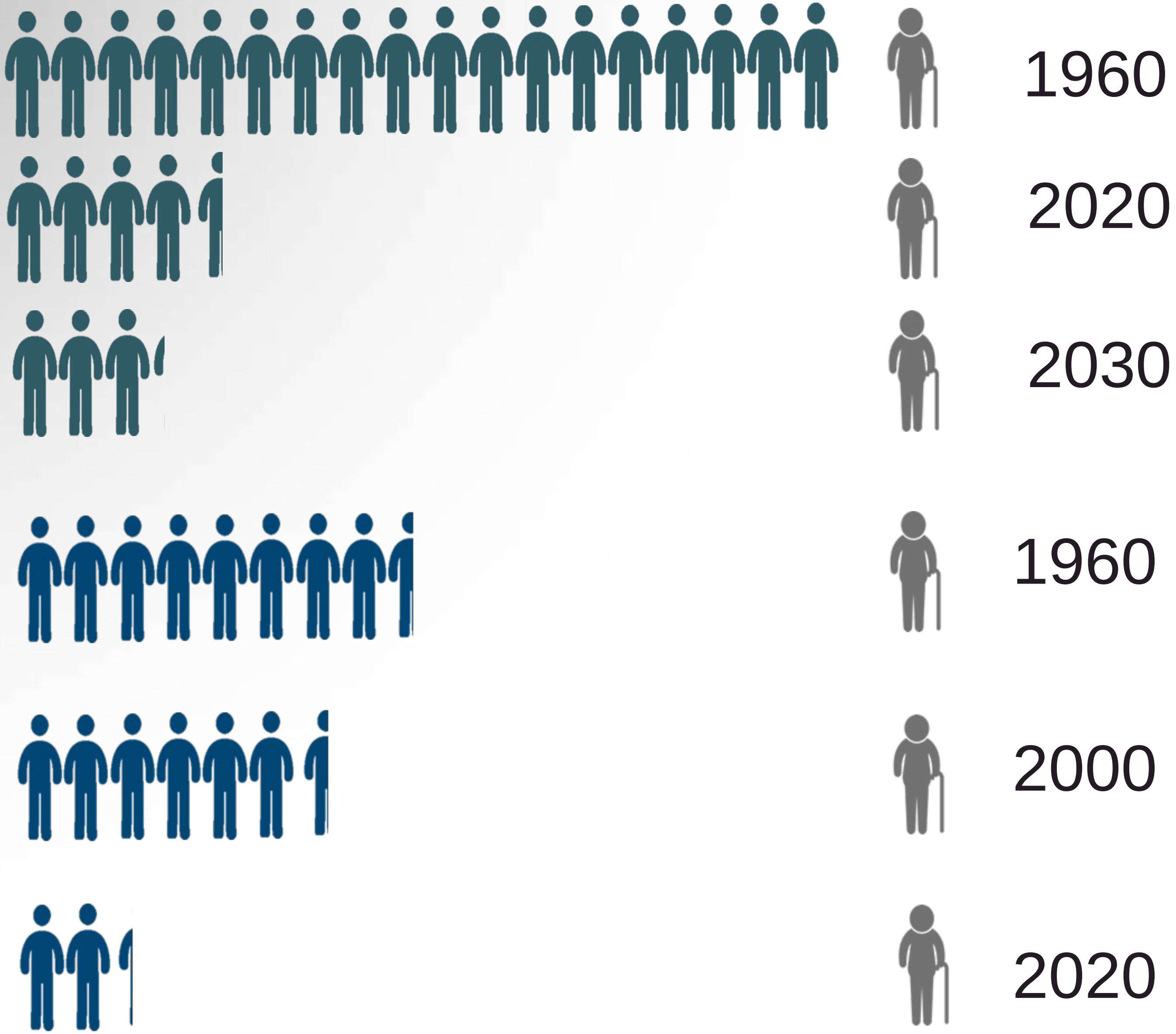
Population growth and distribution by age group





Changes in the composition of the population leads to changes in the structure of the labor force, put support structures under pressure ultimately leads to social changes

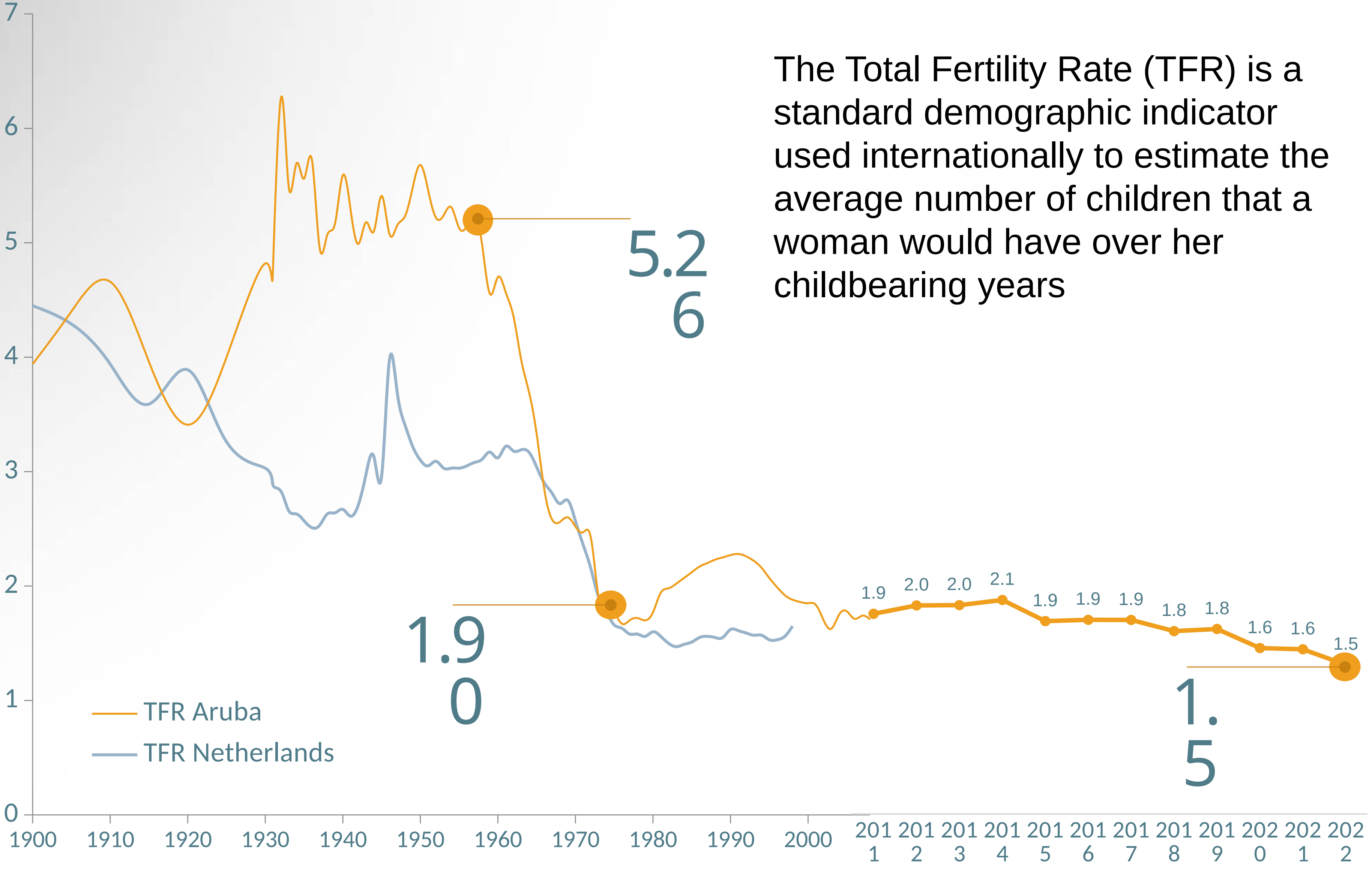
Number of employed persons versus the number of 65+



The Potential Support Ratio is the number of people aged 15-64 per one older person aged 65 or older

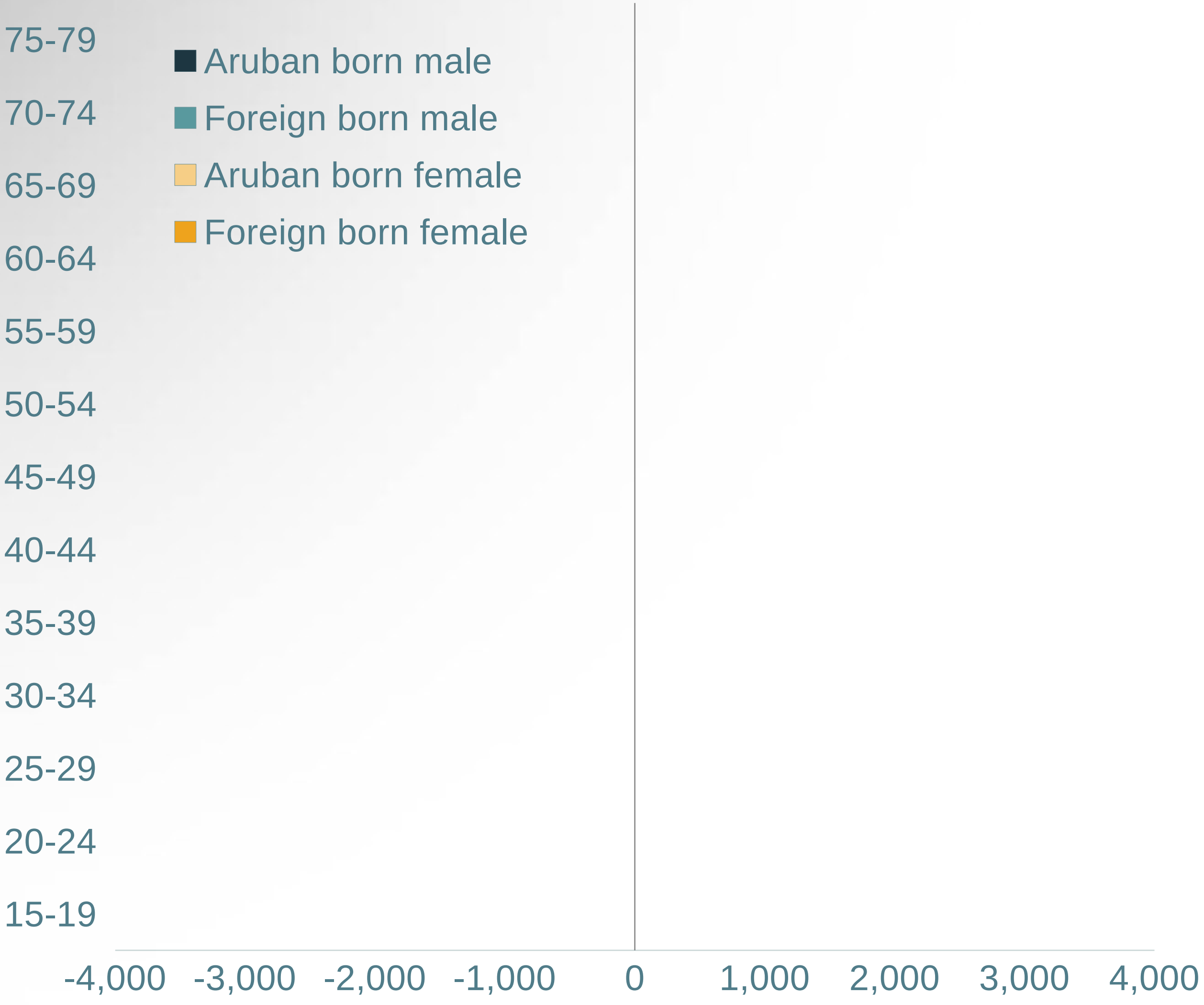
Number of employed persons versus the number of 65+

The course of the Total Fertility Rate between 1900 and 2022, Aruba - Netherlands



The Total Fertility Rate (TFR) is a standard demographic indicator used internationally to estimate the average number of children that a woman would have over her childbearing years

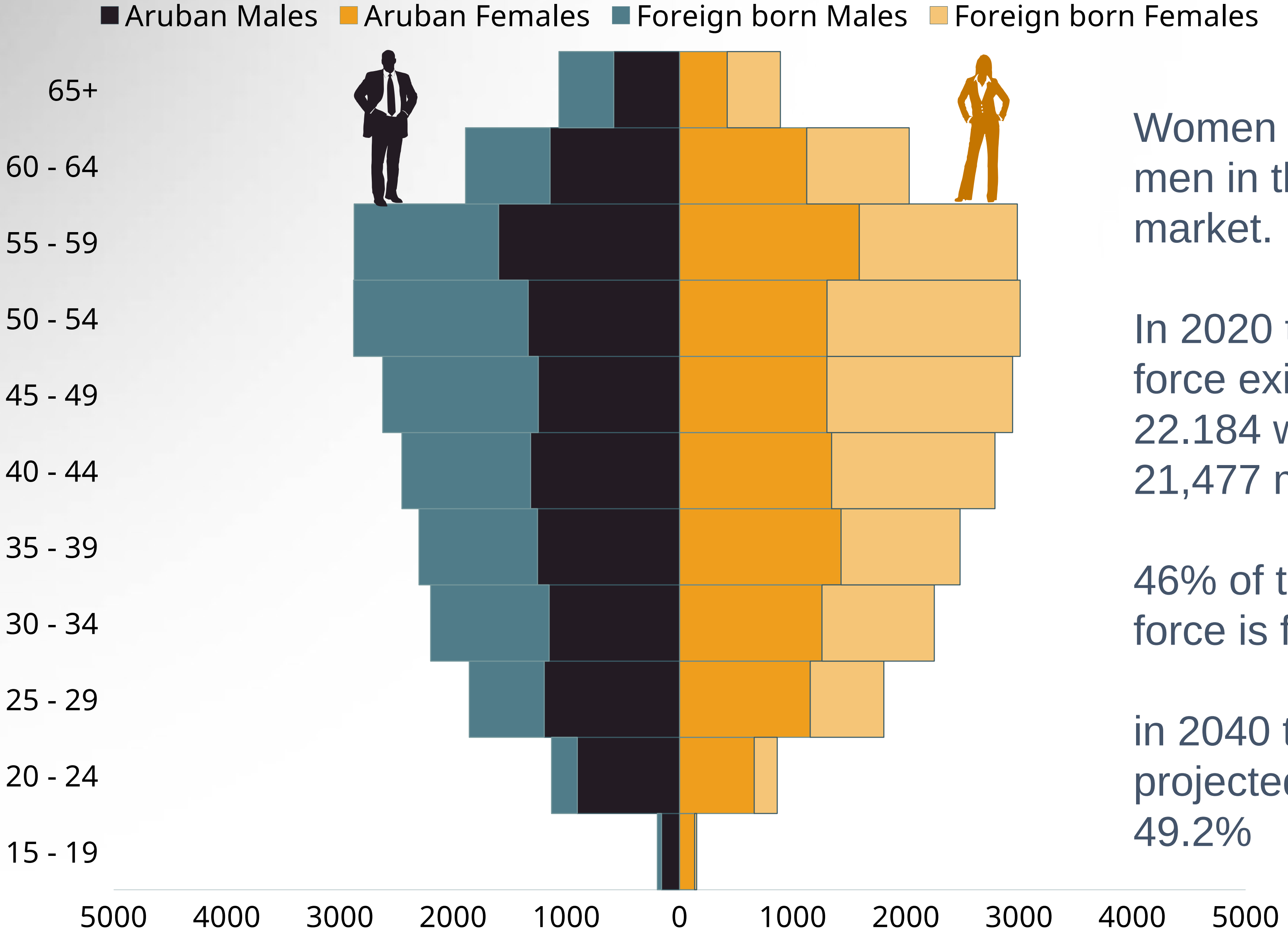
Employment dynamics between 2010 -2022, the effect of aging on the labor force



Workers aged 50+ increased with almost 10,000 workers

Workers aged 15-49 decreased with more than 12.000

Employed population by sex and local or foreign-born persons, 2020



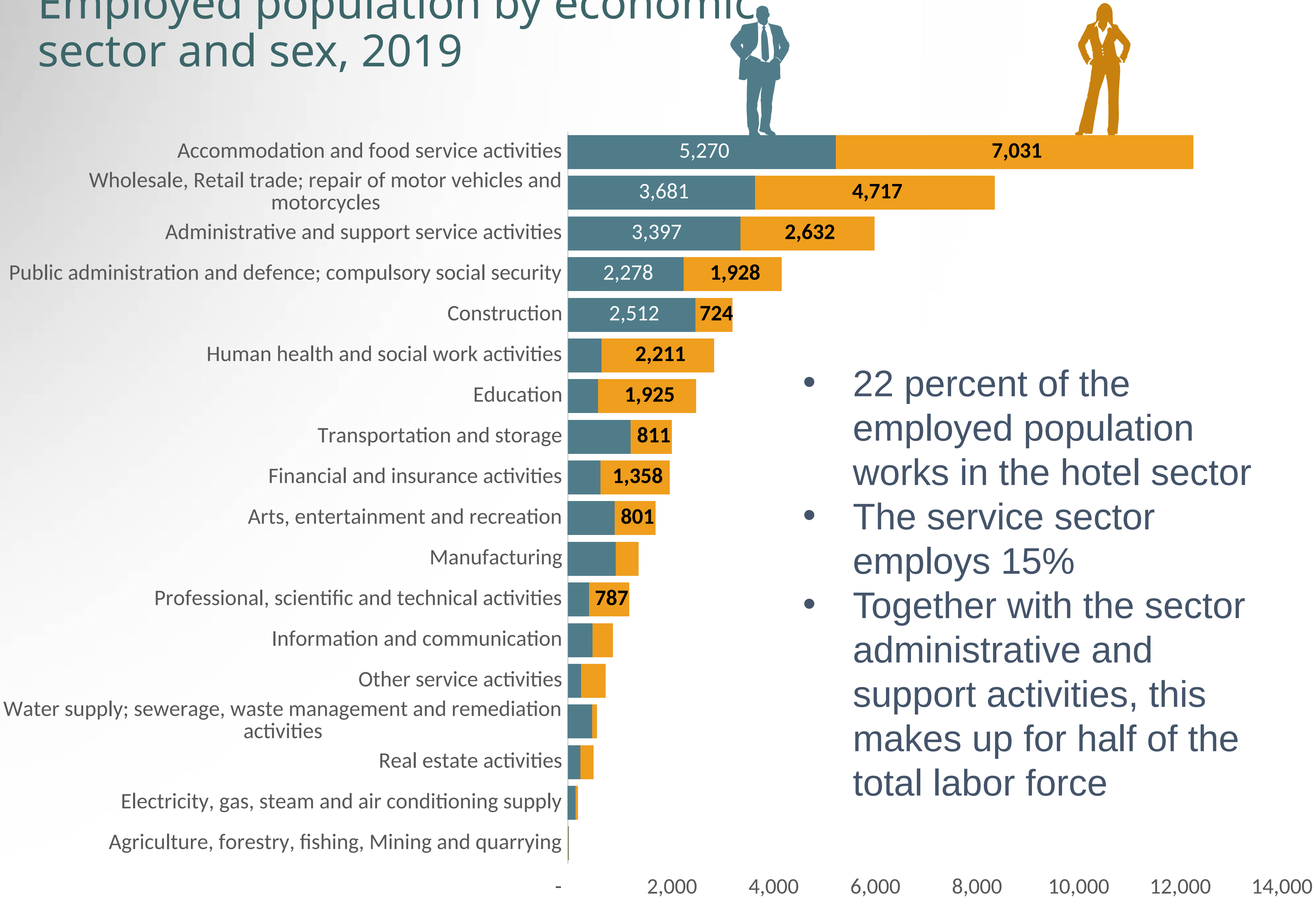
Women outnumber men in the labor market.

In 2020 the labor force existed of 22.184 women and 21,477 men.

46% of the labor force is foreign born

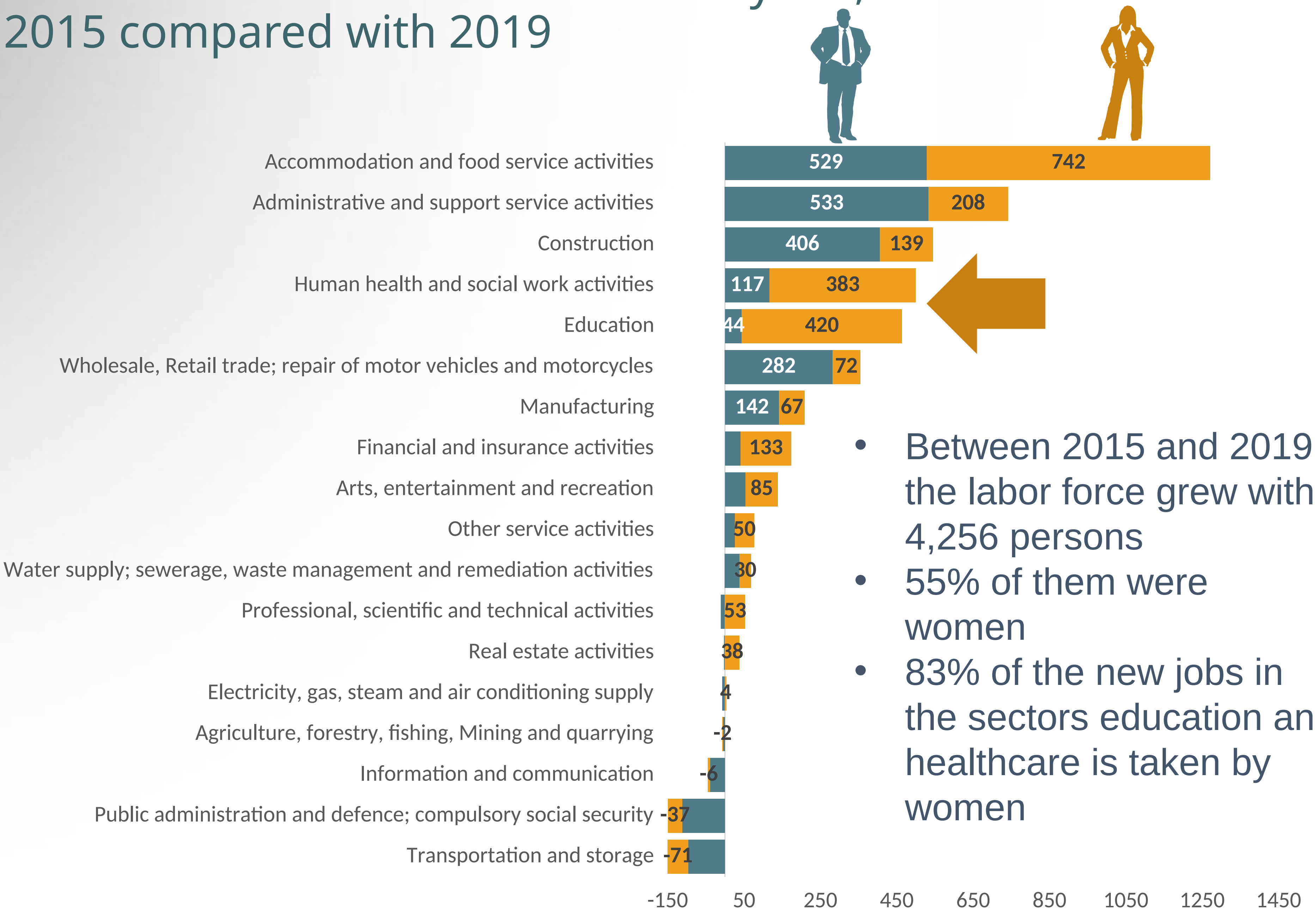
in 2040 this is projected to be 49.2%

Employed population by economic sector and sex, 2019



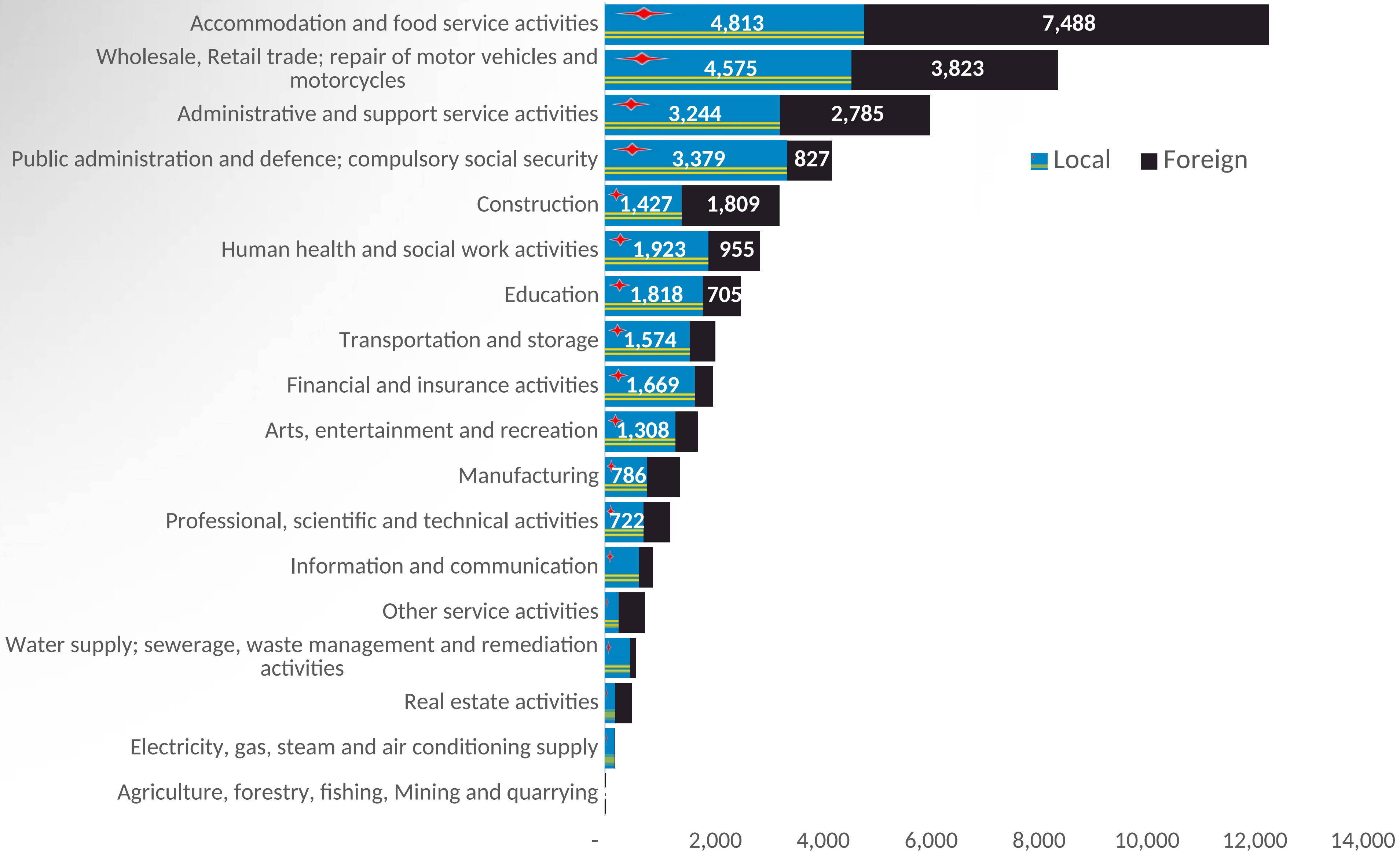
- 22 percent of the employed population works in the hotel sector
- The service sector employs 15%
- Together with the sector administrative and support activities, this makes up for half of the total labor force

Mutations in the economic sector by sex, 2015 compared with 2019



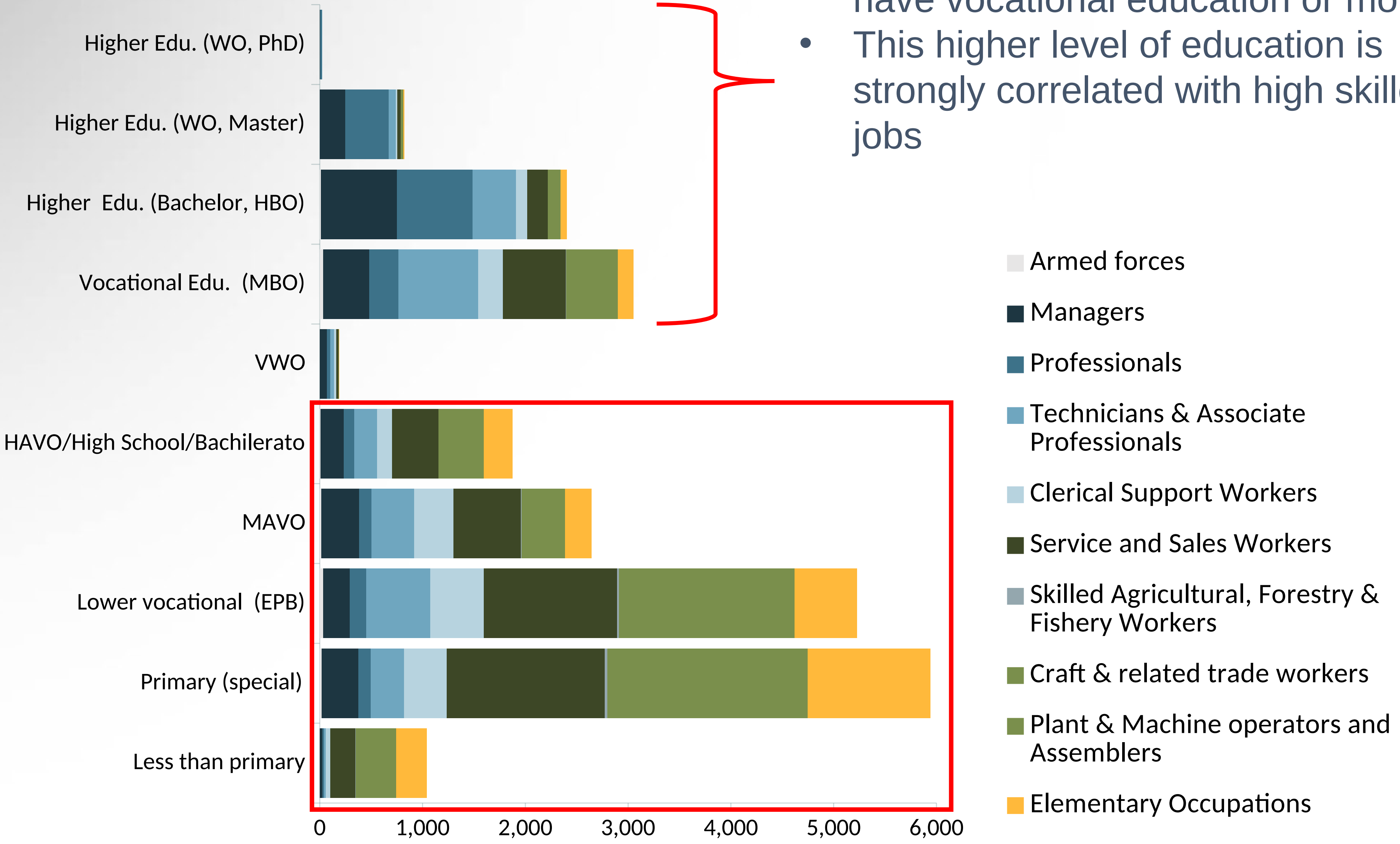
- Between 2015 and 2019 the labor force grew with 4,256 persons
- 55% of them were women
- 83% of the new jobs in the sectors education and healthcare is taken by women

Employed population by economic sector, local or foreign born, 2019

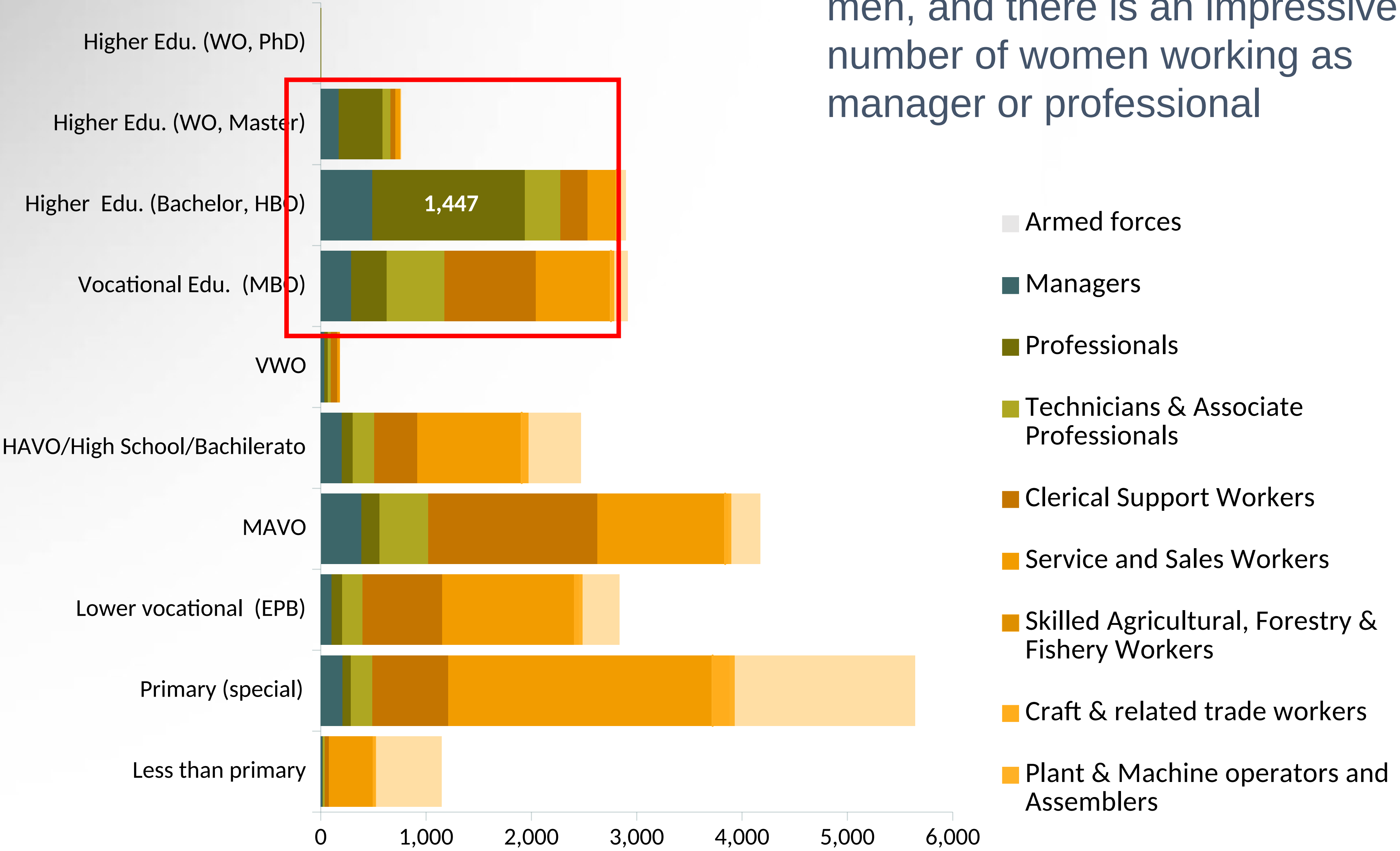


Number of males by occupational group and level of education

- Only a quarter of all working men have vocational education or more.
- This higher level of education is strongly correlated with high skilled jobs

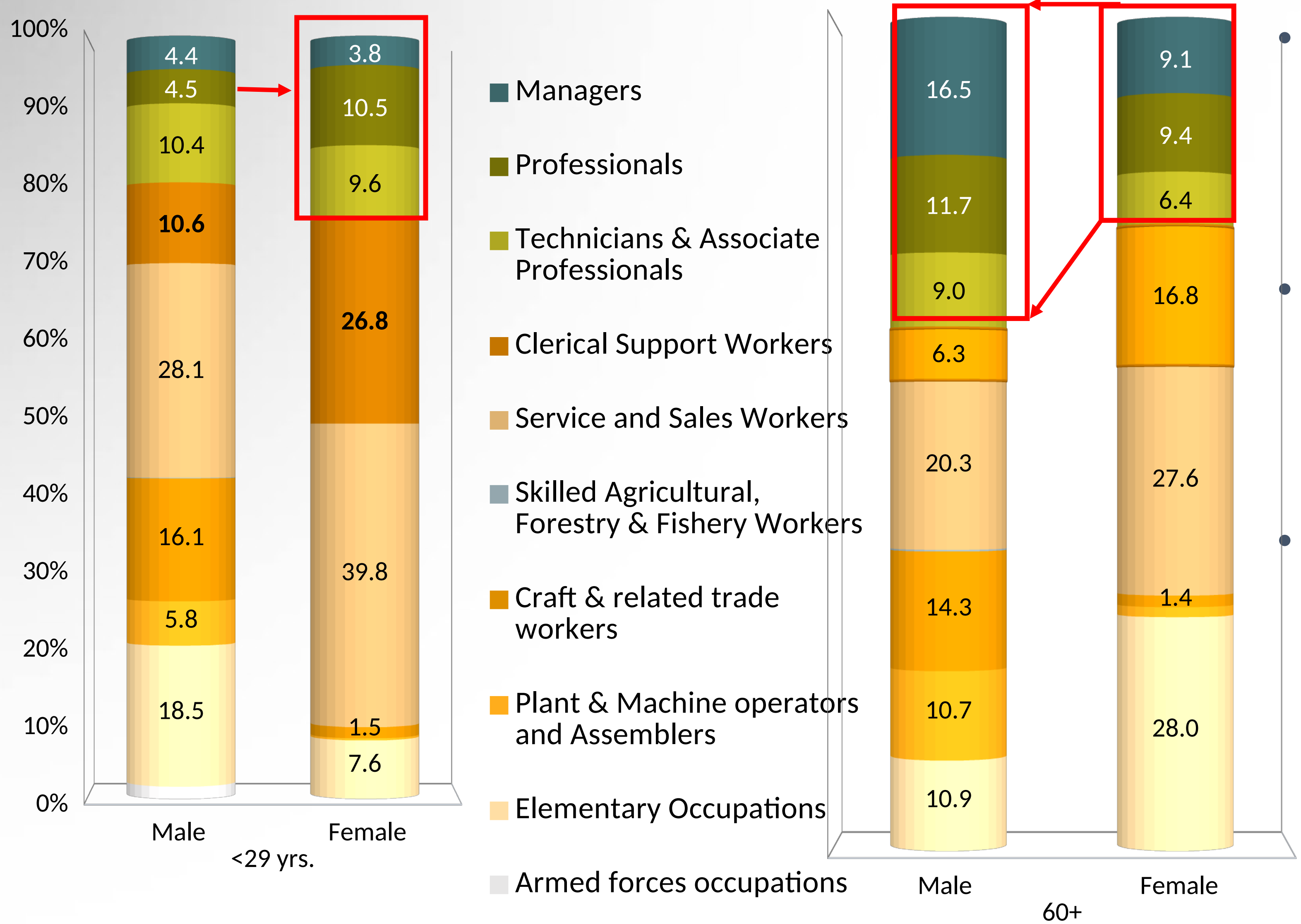


Number of females by occupational group and level of education



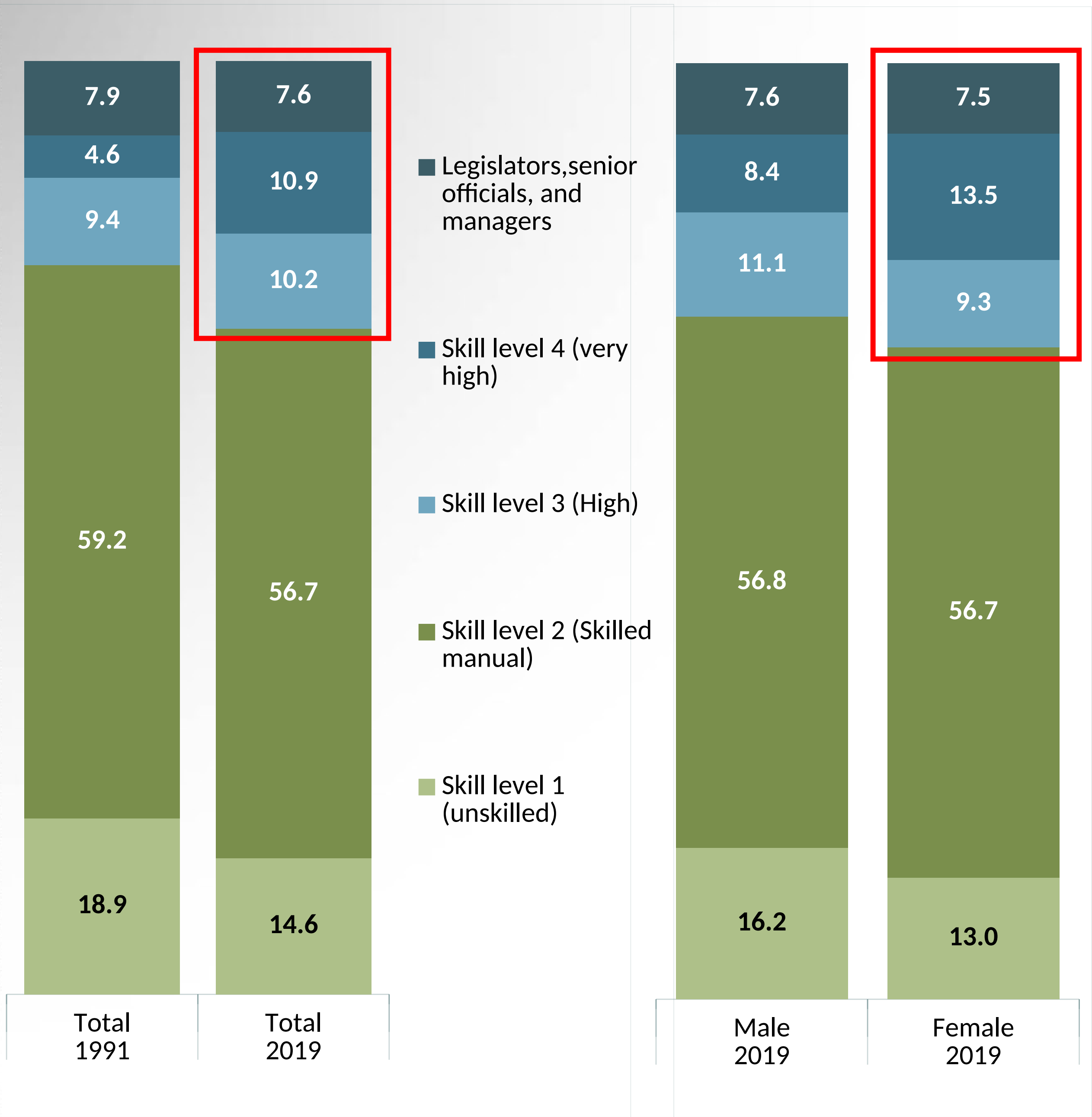
Women are higher educated than men, and there is an impressive number of women working as manager or professional

Employed population by age, sex and profession



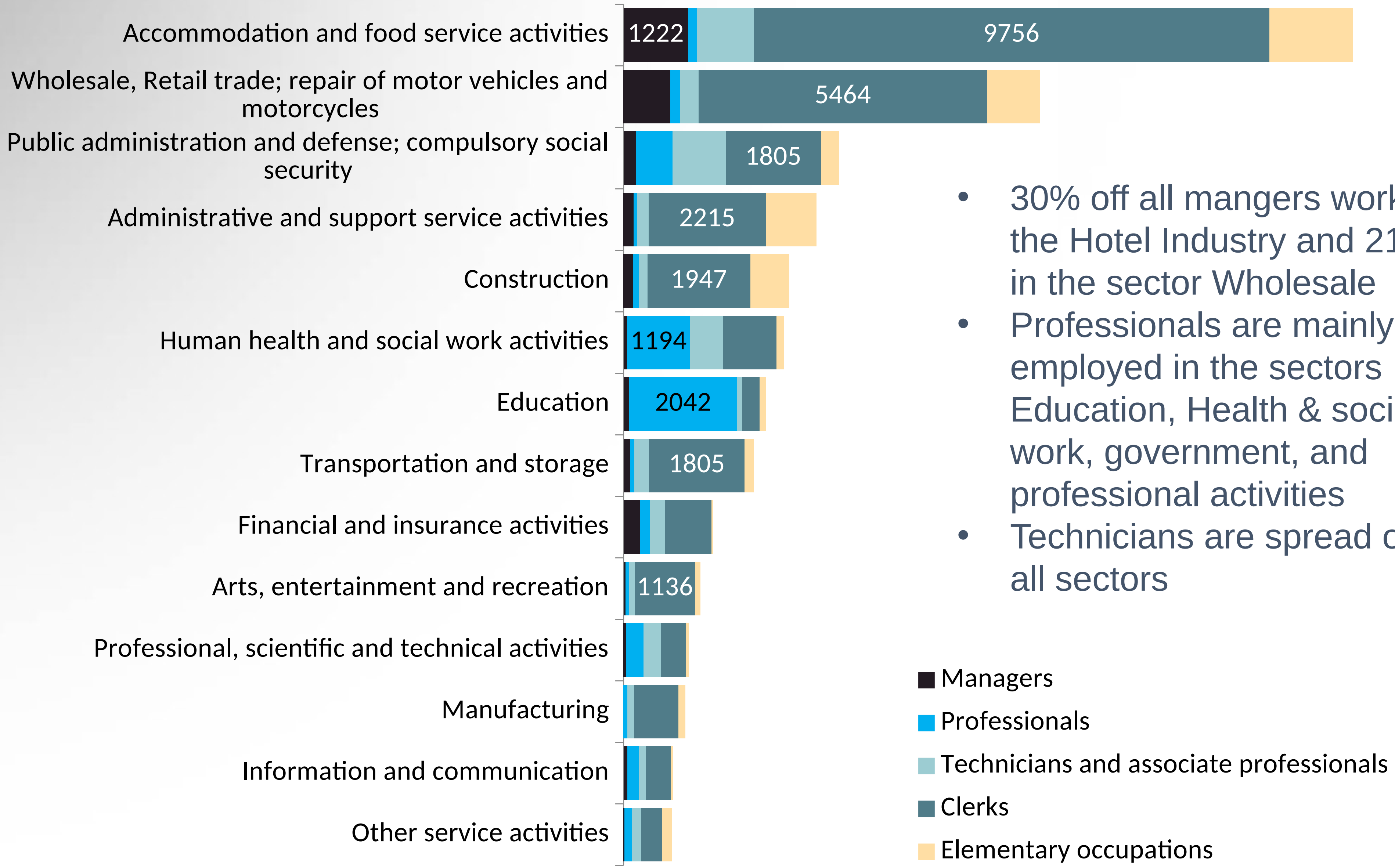
- There are many more older employees in managerial positions
- For 60+ employees, men have higher skilled jobs than women
- For young employees: more female professionals

Employed population by skill level and sex, 1991-2019



- Compared to 1991, the share of very high skilled jobs (professionals) has increased
- Also the percentage of high skilled jobs (technicians) increased
- Percentage of unskilled jobs decreased
- Nowadays we have more women than men with a professional job.
- And more men than women with an elementary job

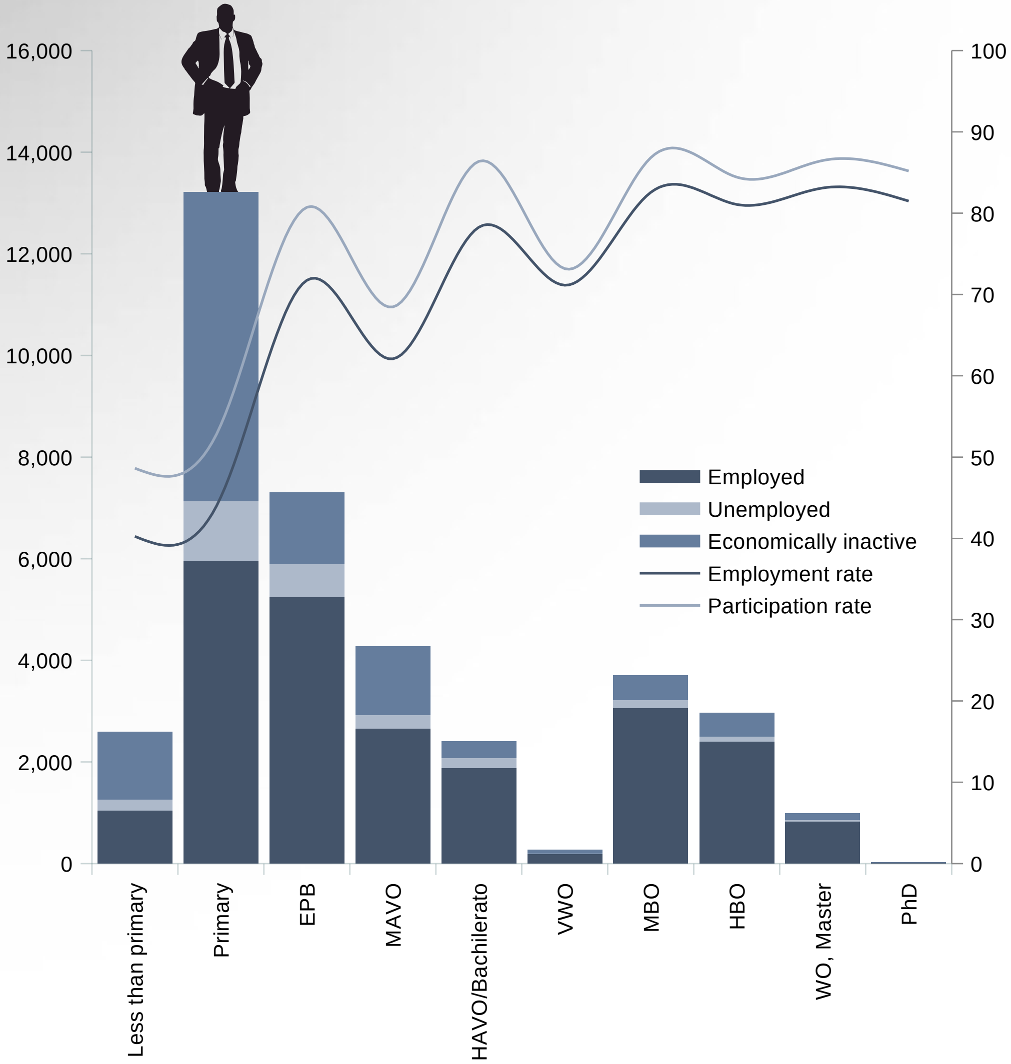
Economic sectors by occupation, 2019

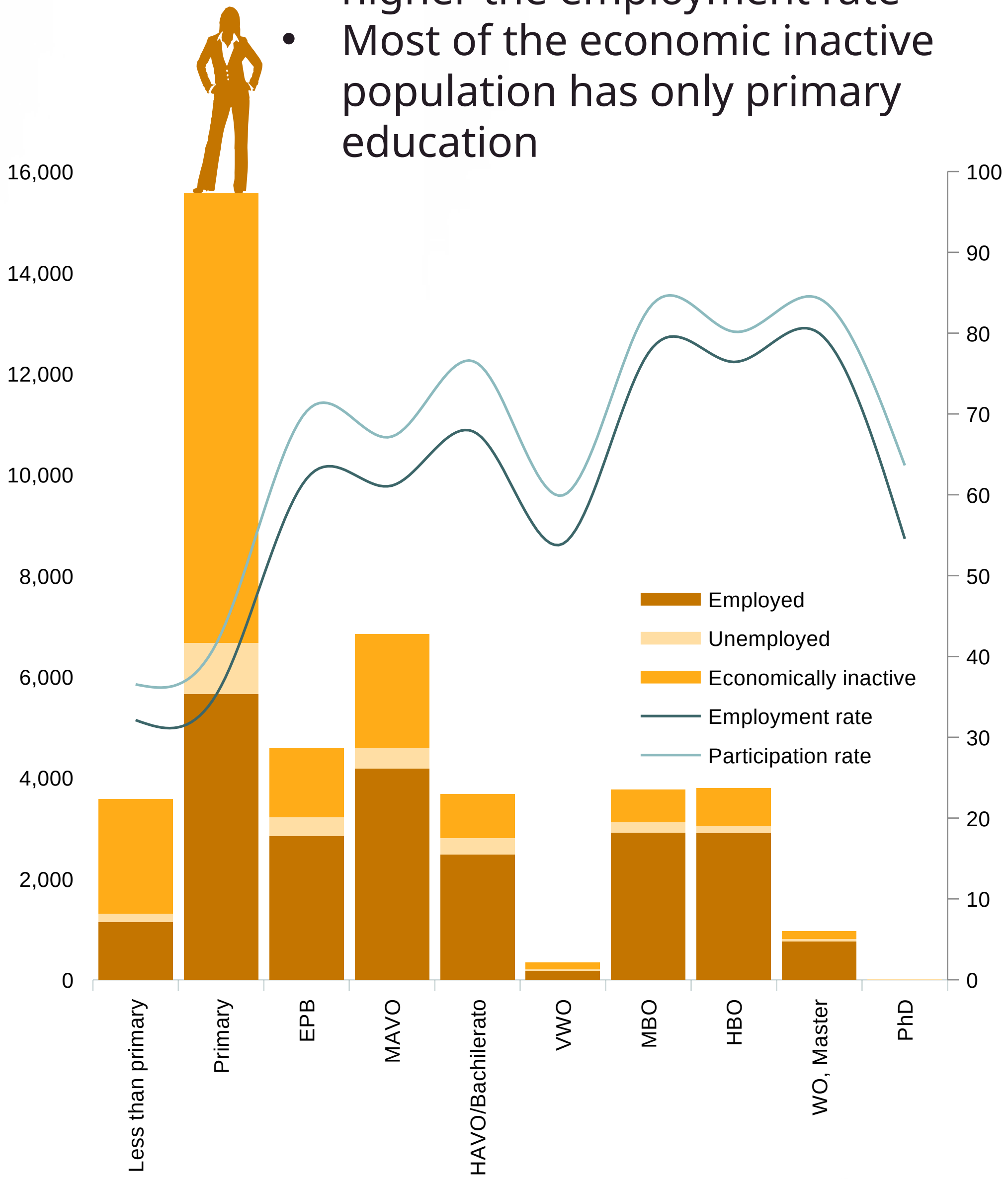


- 30% off all mangers work in the Hotel Industry and 21% in the sector Wholesale
- Professionals are mainly employed in the sectors Education, Health & social work, government, and professional activities
- Technicians are spread over all sectors

Participation rates and employment rate by level of education and sex

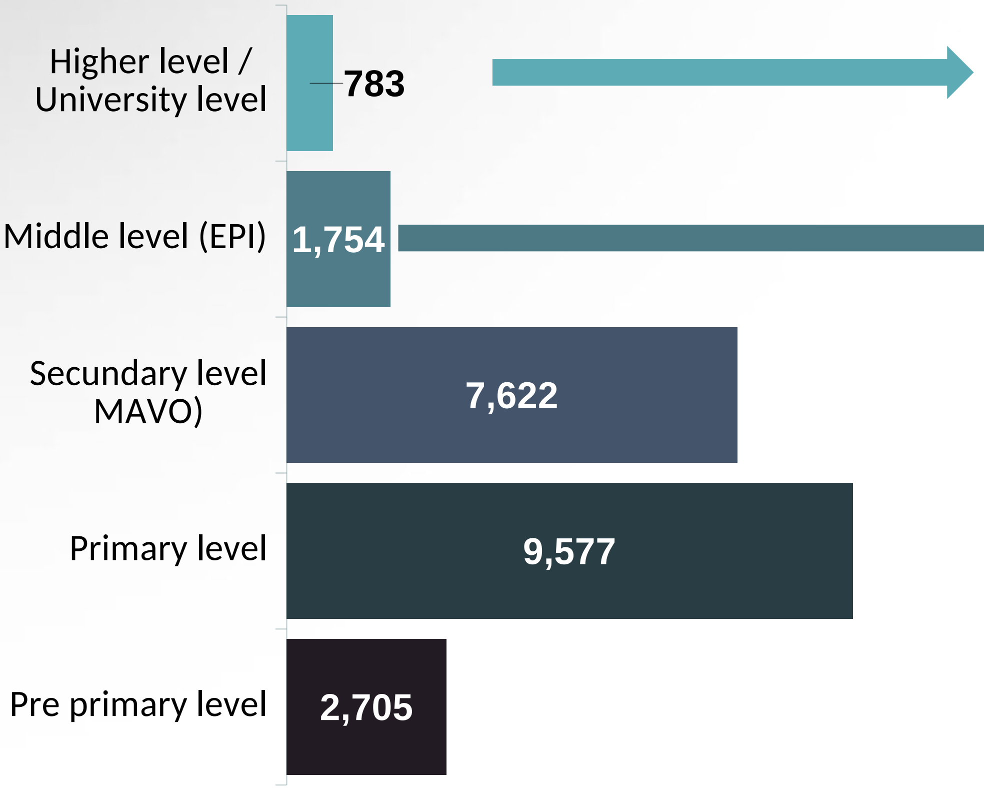
- The bulk of our population has a low level of education
- The higher the education, the higher the employment rate
- Most of the economic inactive population has only primary education

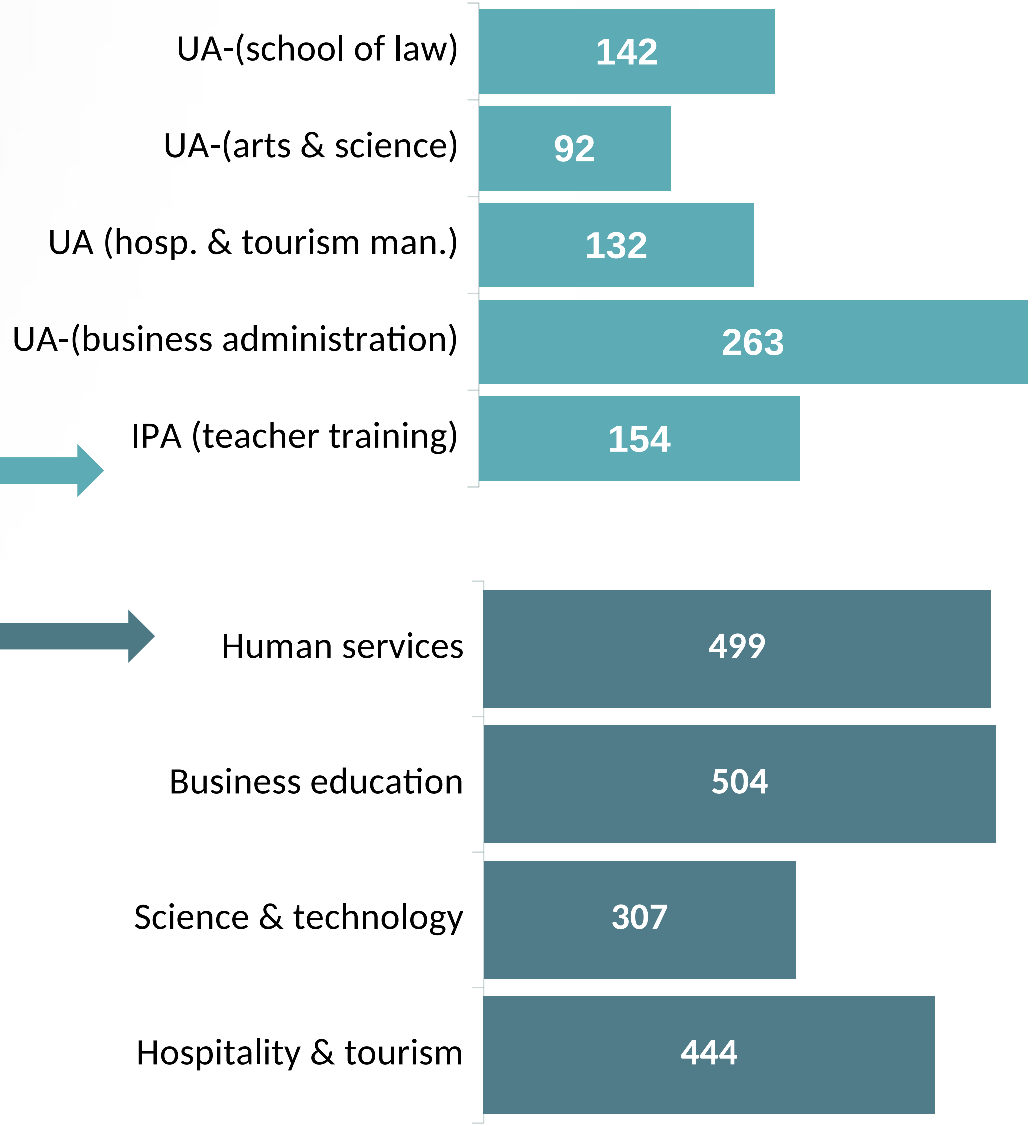




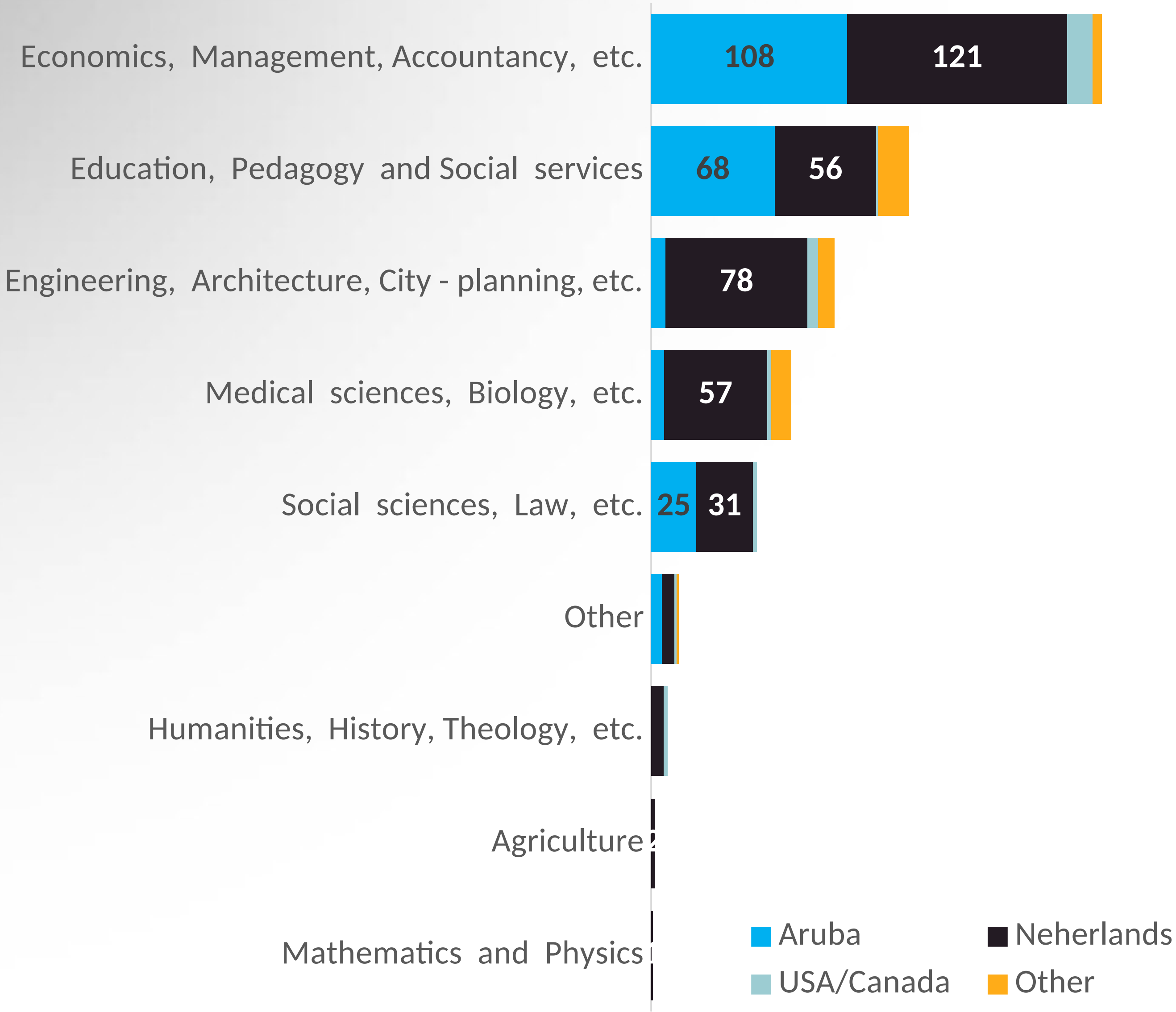
Schoolgoing students by level of education

- In total around 8% of the number of students attend middle level, and 3.5% attend IPA or university degree





Granted loans for study by field of study, country of study and level of education



- The number of loans granted gives an idea of the number of students (with a scholarship). It is unknown how many students are coming back. As a rule of thumb, it is stated that 50% of the students pass their studies, half of them return to Aruba.
- In the last 5 years, an average of more than 3000 people emigrated, of which just under 1700 people were born on Aruba
- During the same period, an average of 2500 immigrants arrived, of which about 700 were born in Aruba.

Conclusions

- HRM practices need to be adjusted because of the **changing composition of the labor force**
- Changes in the labor market are partly caused by the **aging and dejuvenation** of the population
- In addition, **innovative developments** are taking over already over some routine jobs, while creating new opportunities in areas such as data science and digital marketing.
- HR Managers need to consider how to **retain older workers** and ensure that their skills and knowledge are not lost
- HR Managers needs to pay attention to the **health and wellness needs** of an aging workforce
- The skills gap between older and younger workers will increase. **Older workers need to upskill** to remain competitive.
- **Age discrimination** could become a more prominent issue in the labor market, as employers may prefer to hire younger workers who are perceived to be more productive, easier to train and cheaper.
- **Flexibility in work arrangements**: Young employees will push for flexible work arrangements and the ability to work remotely. Older workers may prefer to work part-time.
- In recent years, there has been a **growing demand** for workers with advanced degrees in fields such as healthcare, ICT, technology, finance, accounting and risk management
- The **current shortages** of highly educated people **will increase further** due to innovation and the need for 21st century skills.