

Italian companies need to make bigger efforts to cope with demographic change – Italy hardest hit by skills shortages of 5 biggest EU countries

Biggest survey of Italian companies on demographic change shows increased awareness of ageing workforce: more Italian companies analyzing age structures and showing greater willingness to hire older employees

Rome, Italy – June 17, 2008. Italian companies are increasingly aware of the looming demographic crunch: almost every other Italian company considers demographic change to be one of the most important challenges of the future (49% of large firms, 43% of all firms), almost equal to globalization (49%) and technological progress (50%). This high awareness has prompted Italian companies to take first measures: an increased number of companies (26%, up from 17% in 2006) have started to analyze their internal age structure on a departmental level and more large companies (15%, up from 5%) say they plan to hire more employees aged 50 and older in 2008 versus 2007. Still, much remains to be done: in comparison to the five biggest EU countries, Italy ranks fourth, down from second place in 2006. Italy is also the country that is experiencing the greatest difficulties in filling positions with the right skills. These are the key findings of the second Demographic Fitness Survey conducted among 2,506 companies in Germany, the UK, France, Spain and Italy. The Italian results of the study were presented today in Rome.

The survey also reveals that Italian companies are beginning to feel the pinch of the shrinking workforce more than any of the other surveyed countries: 25% of job vacancies cannot be filled with candidates that have the required qualification, and 25% of positions cannot be filled as required because companies cannot find applicants in sufficient numbers. Correspondingly, Italian companies are suffering from the most severe skills shortages of the five biggest EU countries: 22% say they cannot find the IT skills they need, 28% say they cannot find people with the job experience required, and 37% say they cannot find the needed technical skills.

On a scale of 400 points, the Demographic Fitness Index (DFX) measures the preparedness of companies to cope with demographic change. Italian companies averaged 182 points (186 in 2007). Other countries scores were: Germany 186 (181), UK 186 (189), Spain 180 (185), France 174 (172).

“Neither Italy nor any other of the four major EU economies has reached a satisfactory Demographic Fitness Index, yet. But that does not come as a surprise: the goal of establishing the DFX is to raise companies’ awareness of the demographic challenges and to be an early warning system. And in Italy, the alarm needs to go off: although there is some progress in analyzing age structures, and a growing openness towards older employees, more Italian companies need to prepare for the demographic challenge. Especially since Italy – alongside Germany – has the fastest ageing workforce, which is already reflected in the skills gap the survey is revealing”, said Wolfgang Clement, Chairman of the Adecco Institute and former German Minister of Economics and Labor.

The DFX measures five factors that influence a firm's ability to successfully cope with an ageing workforce: career management, lifelong learning, knowledge management, health management, and diversity management. The indices are calculated based on the answers given by 500 Italian firms of all sizes and sectors. The aggregate of the company results is the country index.

The ageing of the Italian workforce is an irreversible fact. More people are leaving the workforce than entering it. In 2010, people over 35 will comprise 65% of the Italian population. In less than 10 years, the number of 50-65 year olds will rise by 16 percent and the number of those in their 20s to 40s will decline by nearly 10 percent. By 2050, the share of people over 65 will have doubled and will make up around 30 percent of the total population.

Italian companies recognize that this demographic evolution presents a major challenge. Of the all companies surveyed, 43% rank demographic change as among their top three concerns, comparable to globalization (49%) and technological progress (50%).

The increase in the number of companies analyzing age structures indicates an increased awareness of the issue: 26% of all companies, up from 17%, and 34% of large Italian firms, up from 19% in 2007, have conducted an analysis of the age structure of employees in selected areas and departments. Yet, in this area, 46% of all Italian companies have done nothing at all.

The improved level of knowledge of the age structure has not yet led to an increase in long-term staff planning. In Italy the advance planning of staffing needs has not changed substantially compared to the first survey and is 0.8 years on average for all employees (versus 1.1 years average of the five countries surveyed) and 1.0 years (versus 1.3 years) for executives.

One of the most encouraging findings of the 2007 Demographic Fitness Survey is that more and more Italian companies are willing to hire older employees. 15% (up from 5%) of large Italian firms intend to hire more older employees in 2008 than in 2007.

“Overall, the second Italian Demographic Fitness Survey indicates that demographic change needs to be accompanied by significant changes in the Italian corporate culture. The Demographic Fitness Index offers the yardstick. With it, companies can measure their ability to innovate and compete by focusing on their secret weapon – an experienced, focused and dedicated workforce”, concluded Donna M. Murphy, Managing Director of the Adecco Institute.

For more information please visit: www.adeccoinstitute.com

About the Adecco Institute

The Adecco Institute, founded in 2006 and based in London, is a think tank on the future of work; it is committed to facilitating discussions on the topic of work. Through primary and secondary research as well as white papers and forums for discussion, the Adecco Institute provides forward-looking approaches to help companies and economies raise employability, productivity and employee satisfaction at work. The Institute is chaired by Wolfgang Clement, former German Minister of Economics and Labor; its Managing Director is Donna M. Murphy.

Media Contact:

Shepard Fox Communications

Axel.Schafmeister@shepard-fox.com, Telephone: +41 78 714 8010