

AGEING WORKFORCE - AN OPPORTUNITY FOR COMPANIES



CROATIAN
EMPLOYERS'
ASSOCIATION



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Association of Employers of Slovenia (ZDS) – Slovenia

Confederation of Hungarian Employers and Industrialist (MGYOSZ) – Hungary

Confederation of Industry of the Czech Republic (SPCR) – Czech Republic

Croatian Employers Association (HUP) – Croatia

National Union of Employers (RUZ) – Slovakia

Federation of Austrian Industries (IV) – Austria



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Introduction

Over the past several decades, most industrialized countries have experienced a substantial drop in the average age at which individuals retire from the labour market. Longer life expectancy and better health have not been accompanied by longer working lives. As a consequence, countries are facing serious concerns about the viability of social security systems and need to mitigate the effects of a drop in the working age population by increasing and prolonging the participation of older workers in the labour market. While the Western European countries have successfully reversed the early retirement policy of the 1990s towards a better participation of older workers in the labour market, the participation rate of older workers in the labour market in the Central and Eastern European countries remains low (an average of 39%, compared with 47% in the EU-15 and 46% in the EU-27).


Additionally, factors like low fertility rate, the emigration of young and qualified workforce, baby boomer generations approaching retirement age, and a falling number of graduates in the Central and Eastern European countries lead to a lack of workforce and an above average ageing of the working population. Both, the lack of (qualified) workforce and the ageing of the working population (accompanied by a rise in retirement age) represent a great challenge for our companies and force them to rely more on older workers.

Today, the demand on companies for more and faster innovations paired with greater flexibility is on the rise. A company must demonstrate its ability to be innovative, and to maintain and increase its know-how and flexibility in the face of an ever-ageing workforce. With the pace of technology advancements increasing, there are constantly new innovative products and services which require changes in working procedures and raise demands on qualifications of the workforce, including older staff. It is crucial for companies to be prepared for these challenges; otherwise they run the risk of having high costs for keeping their know-how, innovation ability and flexibility.

This guidebook was prepared in response to the challenges that companies face today. Its aim is to help companies be prepared and deal with the issue of managing their ageing staff.

The publication will help to identify risks and problem areas with regard to an ageing workforce by analysing health, skill and age structure of the workforce, suggesting how to prepare appropriate education and training programmes that fit the needs and abilities of older workers, and showing how health promotion can improve quality of work and thus the productivity of older workers. Furthermore, the publication will show how career development for 50+ workers, knowledge management and knowledge transfer in the company, and redeployment of older employees can contribute to better performance and the optimal use of the abilities of older workers. Flexible forms of work and working time for older staff along with other age management policies will reduce age-related labour costs and lead to greater productivity.

The employment of older workers is often associated with a lower performance, especially when it comes to physical and mental stress situations, outdated qualifications, lower willingness to attend trainings and education programmes, lower mobility and flexibility, but also higher absenteeism and health issues. This guidebook gives an overview of the measures designed to help maintain the productivity and employability of older workers, take



optimal advantage of their resources like experiences and professional knowledge and thus reduce staff turnover, and also decrease absenteeism and early retirement. Advantages of older worker employment include their loyalty to the company, their sense of responsibility and their valuable experiences. This publication will point out the advantages of employing older workers and the measures needed to be taken in order to optimally use their know-how and experiences and reduce age-related labour costs.

This Guidebook for Companies was prepared as part of the EU-financed project Ageing Workforce II. It presents, in six chapters, the contributions of all the partners involved in the project publication Age Management. Each chapter covers a different category of Age Management.

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Analysis of Age, Skill and Health Structure

Despite the forecasted increase in ageing workforce (due to both demographic ageing and rising of retirement age), many companies today are not aware of this issue or prepared to manage an ageing workforce. This chapter will provide theoretical insight and practical advice on how to analyse the age, skill and health structure of a company. Such an analysis is the first step towards shaping an age-oriented HR policy for the future that takes into account demographic development.

Definition of analysis

Age Analysis

The age analysis of employees and the distribution of age according to departments and qualifications helps to identify areas in which the company needs to act.


A company needs to review its recruitment strategy and internal knowledge transfer when large groups of qualified workers are about to retire. How will it ensure that know-how and experience is passed on? This is especially relevant for tacit knowledge; for instance, dealing with customers or suppliers. Skill shortages and a falling birth rate make it more difficult to recruit new people. If there are not enough young people available on the labour market, a company should think about alternative internal recruitment policies, which can include the redeployment of older workers or the retraining of older workers to enable them to take over new tasks within the company.

The age structure should also be checked with regard to current qualifications in the company and the desired qualifications for the future. Are there, at present, only few young highly qualified workers and a large number of older workers with outdated knowledge? Or is the situation just the opposite—a great number of older workers with valuable but rare skills?

What is the age structure of the executive management in the company? Or, to ask the same question differently: how are management positions divided according to age groups? Are older workers predominant or are we talking about a young start-up company with mostly young workers? How does this influence the company culture? If both, a company culture dominated by older workers as well as by younger workers prevents a fruitful exchange and healthy intergenerational competition. A company must also make sure to offer enough career advancement opportunities for workers of all age groups. Are all positions set for many years ahead? In this respect, it is also necessary to look at (alternative) career options for older workers. How can middle age employees, who might be at the end of their professional careers, be motivated and supported for the next 15 years?

Analysis of Skills and Competencies

The analysis of competencies and qualification in a company is just as important as an analysis of age structure. It gives the management an overview of formal qualifications and skills as well as experience, abilities and competencies according to business units and departments. The analysis will point out skill and qualification shortages in different departments or business units. Together with the company's age structure, this data sheds light



on whether the utilization of skills and experience of (older) workers is optimal or if there are serious skills and training deficits among older workers. The skills and training analysis should be conducted by keeping in mind which skills and qualifications will be important in the future.

Competencies, experience and potentials of workers should be taken into account in addition to formal training and qualifications. For example, consider their flexibility—their willingness to work in new areas, their readiness (and ability) to attend training, or to work in new forms of work organization such as teamwork. There might be unused leadership or mentoring abilities among older workers.

It might also be interesting to compare the age and skill structure of employees with the company's remuneration policy.

Analysis of Health Structure

Health management in a company has two main goals: to reduce health-damaging impacts of the working environment and to promote healthy behaviour of employees. An analysis of health structure is the basis for actions in health management and health promotion. In addition to the readily available data on absenteeism, sick leave, retirement age, accidents at work etc., employees should also participate in surveys, as this will give information on the subjective feeling of health-damaging factors in the working environment.



Measures in this Field

Many of the analyses described above can be conducted with data readily available in every company such as employee age data, formal qualifications and trainings attended by each employee, the sick-leave and absenteeism rate of employees, the average retirement age in the company and for departments, among others. For further and more detailed information, it would be necessary to conduct a survey among the employees.

Analysing the Age Structure of the Company

Using the information of the employees' dates of birth, the HR manager can prepare an Excel sheet with the average age:

- for the whole company;
- according to business units and departments;
- according to position (management, white collar/blue collar workers) or qualification (university degree, vocational education, unskilled).

Using this data, the company can develop future scenarios of age structure for five and ten years' time with different determining factors. The company needs to analyse these determining factors, including:

- the average retirement age in the company, also for business units/departments;
- the average age of staff fluctuation (per department/business unit);
- the number and age of new employees in the company per business unit/department, possibly also with a focus on formal qualification level;
- the number of newly employed workers (university graduates, leavers of vocational training schools).

The company can make a basic projection of their age structure in five and ten years' time, leaving all factors unchanged. As the reality is different in many countries, the company could also make a scenario by raising the retirement age by one or two years and reducing the number of new employees.

If the company has a basic scenario with a growing ageing workforce, scenarios with data about sick leave, absenteeism and early retirement should also be included, as these are likely to grow with age.

The scenarios should be done not only for the company as a whole, but always according to business units or departments (and qualifications), since this will point to specific problem areas.

For further analysis, active participation of employees is necessary: for instance, through interviews with management staff of the business units or departments, or through participation in a company survey.

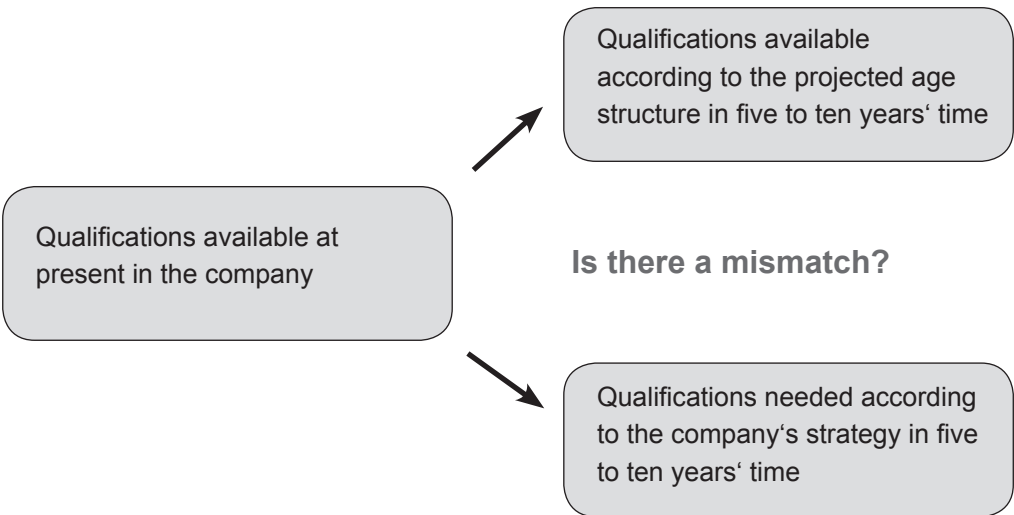
Analysing the Skill and Competencies Structure of the Company


Similarly to age analysis, a company can use readily available data on qualifications and attended (company) trainings kept by the HR department to prepare a qualification profile. As a next step, the company needs to define which qualifications it will need in the future. This is a strategic question that requires discussion at top management level. What will be the company's main business areas in the future? What will be the technology it uses, the level of automation, innovation, etc.? What competencies, skills and qualifications will be needed to realize the company's objectives?

The analysis of the qualification levels should be done according to company function or according to departments/business units. It can even reveal present qualification and skills deficits in certain departments or in the company as a whole.

The next step should be to combine the present qualification profile of a department with data on age structure of this department. Are workers with valuable knowledge and skills soon going to retire? Is there a qualification and skills deficit among the age group of 45–55 year-old workers who are likely to stay in the company for another 10–15 years? What will be the situation in five or ten years' time? Provided that all determining factors remain the same or follow a likely scenario (skill shortage, raising of the retirement age), will the company have the desired qualification profile?

Figure 1: Forecasting qualifications





Equally important as skills and qualifications are competencies and so-called soft skills. Some of these competencies and skills are considered to increase with age: for example loyalty to the company, professional knowledge and working experiences in relation to working techniques and operations systems, reliability and responsibility, leadership and mentoring competencies. Other skills and competencies such as learning ability, readiness to learn and participate in training, mobility and flexibility, innovativeness, working under pressure, self-initiative, working in new forms of work organisation such as team work, are associated with younger employees.

The company needs to define which of these social and personnel competencies and skills it is going to need in the future. Such an analysis makes the most sense at department or business unit levels and needs to be embedded in the company's overall strategy. The head of the department can prepare a competencies profile of the department by interviewing key employees or carrying out a survey. Annual interviews and interviews on career development also play an important role in this context. They will shed light on actual strengths and weaknesses in the team or the department as well as on future needs.


Supply Forecasting

The age and skill analysis of the workforce should also look at the expected supply of labour force in their local labour market for the next years. Forecasting the supply of staff by category (managerial, technical, etc.) will be particularly valuable where there are known skill shortages in the company or where there is evidence of difficulty in recruitment or high levels of out-migration. These supply forecasts should be matched against categories of workers to identify any group(s) that should or should not be selected for career development, education and training, etc.

Analysis of the Health Structure of the Workforce

The analysis of the health structure has three elements: analysis of the available company data, employee survey and company self-check.

Data on the numbers of annual sick-leave and absenteeism in the company might show that there are working areas or business units which have an above average sick-leave and absenteeism rate. This might go along with an early-retirement age or high staff fluctuation and indicate an unfavourable or even health-damaging working environment. To look into the reasons for factors affecting health, the company can use information such as the number and type of work accidents, work place descriptions and risk assessments and, if available, diagnostic findings of the company physician or company medical officer.



An employee survey on health assessment and risk factors in their working environment will have multiple benefits:

- it reveals which factors employees perceive as most stressing and health affecting;
- it points to individual health problems which could affect the future performance of the employee;
- it can give ideas and proposals for improving the working environment from the employees' perspective;
- it will make employees aware of the importance of health protection, and;
- it will contribute to strengthening their motivation and trust in company management.

A precondition for the success of such a survey (and the reliability of the answers) is that the employees do not perceive the survey as control or enforcement. Communication with the employees and preparation of middle management plays an important role in this respect.

The company should also do a self-check on its current actions in health promotion, for instance:

Working Time

- Do working time regulations (including breaks) meet the demands and wishes of the employees?

Company Facilities

- Does the company have enough restrooms, sufficient lights, etc.?

Health Promotion:

- Does the company offer any health promotion programmes such as workshops, company-facilitated sport activities, healthy canteen food, etc.?

Management and Company Culture

- Does management take care of (and can be contacted in case of) work- and health-related issues of their staff?
- Does the company have a budget, a work programme or a committee for health promotion?

Health promotion depends to a great extent on the responsibility of individuals; the company can, through various actions, encourage its employees to take this responsibility.



Why analyzing?

With the help of the age, skills and health structure analyses of the employees, the HR management can predict how demographic changes are going to affect the company's performance. Focusing on the organizational level, the company should examine the effect of changes in age heterogeneity, skill and health structure of its employees on overall productivity. The company will thus be able to react in time by adopting adequate measures in the identified problem areas and prevent a decrease in its productivity and performance. Such measures include education and training programmes, measures regarding workplace health management, the reorganisation of work processes, alternative career development and redeployment of older workers, company culture, as well as measures aimed at optimally managing knowledge transfer from older to younger company employees.

The analysis enables HR managers to conduct a cost-benefit analysis on how age management measures can contribute to reducing age-related labour costs, including changes in health and skill structure of a company, and maintaining and improving the productivity of its employees and thus the performance of the company.

An analysis of age, skill and health structure is the basis for all other actions in age management.



Summary

In the future there will be fewer workers available on the labour market and the average age of a worker will increase. Companies need to analyse how this will affect their age, skill and health structure. If a company does not react in time with adequate measures, it will be facing high costs for ad-hoc amendment measures later on.

Appropriate measures implemented in time can save age-related labour costs und improve the productivity of older workers. Exactly which measures are needed depends on the situation of the company, but also on its resources and its strategy. Maybe a company needs to reorganize its shift schedule for older workers, invest in training measures, or develop new career options for 50+ workers. Only by conducting an analysis can a company discover where its current and future problems might lie with regard to ageing workforce.



Workplace Health Management

This chapter gives you an overview on Workplace Health Management: defines Occupational Health and Safety and Workplace Health Promotion, gives you some examples on the measures and programs of Workplace Health Management and introduces an example as best practice.

Definition of Workplace Health Management

There are four key components of Workplace Health Management:

- Occupational Health and Safety
- Workplace Health Promotion
- Social and lifestyle determinants of health
- Environmental Health Management

An effective Workplace Health Management is based on knowledge, experience and practice accumulated in the following three disciplines: occupational health, workplace health promotion and environmental health. It is important to consider workplace health management as a process both for continuous improvement and health gain within the enterprise, and also as framework for involvement between various factors in the community.

Workplace Health Management is thus one of the key areas for managing ageing workforce.

It has several aspects: it requires programmes on global level (e.g.: environment protection), government leadership (e.g. provision of healthcare services), company practices (e.g health programmes), and individual actions (e.g.: healthy lifestyles) as well.

It is important to see that for making fundamental and long lasting effect different level of action should be taken from different participants:

- **Governments agenda:** Programmes and Leadership (Health Provision)

A high standard of national health may be considered a crucial element of a country's human capital and an asset to its international competitiveness. So the key issue on national level is providing sustainable health services with high quality, providing a framework for actions on company / individual level.

- **Companies agenda:** planning and practices (Health Programmes)


Measures that shall help and improve the overall health and wellness of employees to maintain their productivity:

- Safety
 - Medical support
 - Ergonomics
 - Preventive health benefits, well-being programmes
 - Creating awareness in order to reach behavioural changes
-
- **Individuals agenda:** awareness of physical, emotional, social, spiritual and intellectual health and acting according to that. (healthy lifestyles)

Figure 2: Living Better and Longer



Source: Living Longer, Living Better, IBM Global Social Segment, 2007



In this handbook we are focusing on companies agenda – especially for small and medium sized companies But for the positive outcome for all we have to keep in mind that governments give the frame for action and individuals take the real behavioural changes in the end.

Workplace Health management has two main goals in a company: to reduce the health-damaging impacts of the working environment and to promote healthy behaviour of employees. The former is covered by Occupational Health and Safety, the latter is by Workplace Health Promotion.

Occupational Health and Safety

Occupational health and safety deals with all aspects of health and safety in the workplace and has a strong focus on primary prevention of hazards. The health of the workers has several determinants, including risk factors at the workplace leading to cancer, accidents, musculoskeletal diseases, respiratory diseases, hearing loss, circulatory diseases, stress related disorders and communicable diseases and others.

Employment and working conditions in the formal or informal economy embrace other important determinants, including, working hours, salary, workplace policies concerning maternity leave, health promotion and protection provisions, etc.

National law usually determine what steps and measures should a company take to meet the regulations of Occupational Health and Safety, but regulations can also vary depending on the industry. In addition, every company should have a set of regulations or policies addressing this topic.

Health Promotion, Workplace Health Promotion

- **Health promotion** is the process of enabling people to increase control over, and to improve, their health. It moves beyond a focus on individual behaviour towards a wide range of social and environmental interventions.
- **Workplace Health** promotion entails helping employees change their lifestyle toward a state of optimal health. Optimal health is defined as a balance of physical, mental and social health. Lifestyle change can be facilitated by the companies through a combination of efforts to enhance awareness, change behaviour and create environments that support good health practices.

Of the three, supportive environments will probably have the greatest impact in producing lasting change.

Measures in this Field

For Occupational Health and Safety companies usually introduce a detailed policy describing necessary steps and behavioural patterns that are expected at the workplace. Also programs as health assessment, regular screenings, medical care programs, stress management, etc.

Based on the definition of Workplace Health Promotion, there are three levels of health promotion programs:

- **Physical health** refers to the physiological condition of one's body.

The impacts on health of smoking, physical activity, alcohol, and nutrition can be addressed by health promotion programs.

- **Mental health** refers to one's mental state of being. It encompasses the stresses in a person's life, how one reacts to those stresses and the ability to relax and devote time to leisure.

Workplace health promotion programs designed to address this area include stress management, employee assistance programs, recreation and leisure programs. In workplace programs might include career planning and development, and self-esteem trainings.

- **Social health** is the ability to get along with others (family members, friends, professional colleagues, etc.)

Social health programs include child and frail-parent care programs; support groups; peer leadership development opportunities; culture change efforts; group recreation and sport teams; skill development programs in communication; mentoring and coaching; the ability to give and receive love, and feeling charity and goodwill towards others. etc. Company Health Promotion programs might include life-planning workshops, service to voluntary and charitable organizations.

To achieve excellence in all three areas is an overwhelming goal. Therefore the key message towards employees is the importance of achieving a balance in all these areas and not sacrificing one area to achieve excellence in another.

In companies work-life balance programs and calling awareness on it might help to achieve this goal.



Ageing and Workplace Health Management

Healthy ageing means to be able to live life fully for elder people as well.

It is common concern for the employer and employee to maintain the health condition of all employees, especially for the ageing workforce, as most important prerequisite of longer working ability of the aging workforce is health. Working ability is based on someone's skills, health condition, competency required for the given employment. Workplace Health Management at the companies aims to reduce the risk factors, that affects health and take the measures that enforces "healthy ageing" for the employees – in the broader sense.


Working ability of the aging workforce can be supported by the company for example:

- Respect of employee
- Diversity (e.g.: equal opportunities for employees regardless their age, religion, nationality, sex, etc.)
- Autonomy and participation (e.g.: giving the opportunity for the employees to participate in different workforces)
- Secure occupational safe and healthy (e.g.: ensure written guidelines for health and safety rules and ensure that employees are familiar with the rules)
- Relevant change management (e.g.: communication and promotion of aims and relevance of health management and ageing programs, provide training opportunities, etc)
- Continuous learning and crisis handling (e.g.: ensure a company culture that supports learning and
- Correct load of workforce (e.g.: ensure different workload for elder employees)
- Balance between the different life tasks (e.g.: introducing work-life balance programs, giving guidance and help to balance challenging tasks
- Treating health as a value (e.g.: calling awareness on the value of health; supporting healthy lifestyles and programs among the employees)

Of course the content of the above is true for all employees, but they are affecting more the ageing workforce. Many companies, particularly larger companies opt for a comprehensive approach: for example, flexible working hours combined with health care measures. Most initiatives that benefit older workers have been introduced at relatively low cost.

Integrated and comprehensive human resource policies for active age management are usually not common at the companies. Measures are oriented towards both prevention (for example, health, training, ergonomic or work–life balance) and compensation, to make up for lost opportunities.

Targeted initiatives to promote the health and skills of older employees have proved more advantageous to employers than redundancies or early retirement.



Workplace Health Management strategies at the companies can have three levels of affect:

- Awareness (change of attitude)
- Lifestyle change
- Supportive environment

Measures for these levels can be for example:

- **Awareness** (change of attitude): Health focused communication, Diagnostic report, Realized screenings
- **Lifestyle change**: Employment risk analysis, Bad habits quitting program, Competency development, Stress management, Running screening programs
- **Supportive environment**: Work organization solutions, Preparing the regulations, Benefits what supports health, Engaged leadership, Rehabilitation

Actions, programs for these three levels can be for example:

- **Awareness** (change of attitude): Including health promotion in corporate communication, Hard/soft monitoring identified health risks, Development of employees health awareness, Employer branding, Improving employees morale, Disseminating health management information and promote solutions
- **Lifestyle change**: Managing job related risks, Programs helping giving up bad habits, (Coping) Competency development, Stress management, Primary and secondary prevention actions, Dealing with identified conditions (based on survey, identified present symptoms, and threats)
- **Supportive environment**: Organizational changes, Preparing policies and regulations, Redesign of benefit package, making it healthier, Improve commitment of the management, Rehabilitation, programs helping employees coming back to working, Work life balance, Adjust the balance of autonomy, delegation, and control in the organization, Fulfill minimum regulatory requirements, understand it, and gain more of it.


Best Practice Example

“The ageing workforce is not a burden, it is an opportunity.”

IBM is global company offering hardware and software products and also wide range of services for their clients such as IT Services, Business Consulting, Application Services and Outsourcing Services. IBM is also looking into exploring and developing several leading solutions by industry and by business needs.

IBM Hungary and GKI eNet prepared a representative research in 2005, which showed that employers usually do not take advantage of the potential in older age-groups. Moreover, the employment rate for older workers in Hungary is extremely low. The results have shown that few companies have a strategy for dealing with the ageing workforce, despite the fact that the decreasing number of younger generation forces the higher employment of elder generation.





IBM employs more than 320.000 people all over the world, and more than 4000 people in Hungary and should therefore be concerned with managing ageing workforce. For this purpose IBM set up a workforce called „generation diversity“. One of the aims of this workforce is to integrate and retain older employees. IBM believes that ageing workforce is not a burden, but a great opportunity: older employees have very important professional knowledge and experience, giving companies a chance to create a colourful and diverse working environment. IBM also considered this fact in developing the working conditions and benefit system.

„Generation diversity“ means at IBM ensures different working conditions best fitted to the life-cycle of the employee. For example, older employees are given the chance to work part-time, flexi-time or remote, they can participate at tailored trainings, supported recreational facilities and can choose from different health services (e.g.: individual health plan, medical consultations, etc.). A useful (though not very often conducted) strategy for motivating older employees is to train and induct new colleagues. Thus the knowledge and experience of aged employees can be transferred to the younger ones and kept within the company.



Summary

The Percentage of elder employees will rise in the long run. Most crucial element for longer working ability of the aging workforce is health – thus health protection is a key issue for maintaining productivity and competitiveness of the company.

Workplace Health Management is based on Occupational Health and Safety, and it is not enough to merely take preventive actions: Workplace Health Promotion Programs aims to maintain and develop not only physical, but also social and mental health as well.

Workplace Health Management strategies at the companies can lead to three levels of affect: Awareness programs, which aim to change attitude, lifestyle change and developing supporting environment within the company to manage and implement these programs.



Corporate Education and Training

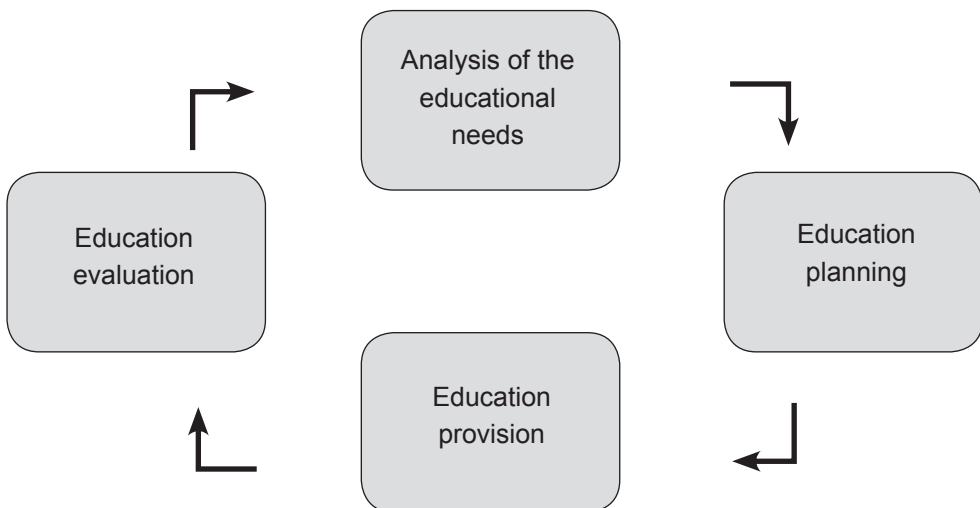
The following chapter is focused on corporate education and training system as qualifications and skills of all employees become the decisive factors of a company's competitiveness. Currently, no company can efficiently compete on the market without a staff training and education system. This mainly applies to older employees where education must be adapted to certain specific aspects. In principle, there is no universal way to determine the actual educational needs and then to take the necessary measures. However, the staff must be provided with an education system that will bring success and prosperity to a company.

Definition of corporate education and training


In principle, education is a continuous process of enhancing the existing competences and developing skills, knowledge and practices.

Staff education is undoubtedly one of the most important and most dynamically developing components of HR management. It is a constantly repeating cycle rooted in the corporate education policy. The cycle begins with identification of the employees' educational needs, which is followed by planning and implementation of the educational process. The last stage involves evaluation of the impact of the educational programme and the methods used. The aim of the process is to prepare (older) employees for performance of more demanding or new tasks.

Figure 3: Corporate Education Cycle



Source: Armstrong, 2002



Analysis of educational needs: Identification of educational needs can be based on both the requirements set by employees and the requirements imposed by new procedures or technologies introduced in a company.

Education planning: Involves mainly the following aspects: available funds, time schedule, selection of participants/employees, educational methods, fields of education, recruitment of lecturers, etc.

Education implementation: Performance of the individual educational initiatives according to the determined schedule, or amendment of the schedule according to current needs and circumstances.

Evaluation/feedback: Closing the whole cycle, it brings ideas not only for a new education analysis, but also for the set up of the whole cycle. It is necessary to assess to what extent the objectives set in the planning stage were achieved.

One of the priorities in company management is therefore to analyse the employees' educational needs and to fulfil them accordingly. This is all the more important for older employees who are socially responsible and reliable, have substantial expertise and can contribute to stabilisation and healthy diversity of the work team. Employers can use the potential of older staff for vocational education and training required for work in the changing conditions, preventing the loss of these highly skilled and experienced employees.

Nowadays, both general and specialised education must be complemented with development of competences and enhancement of individual skills which will help the staff adapt to new requirements and at the same time learn to act proactively and with self confidence.


Measures in this Field

The provision of high quality, beneficial and targeted education can only result from several essential activities which are described below.

Analysis of Educational Needs

The first stage is an analysis of educational needs. This analysis identifies the difference between the actual staff performance and the performance level to be achieved. The analysis should also indicate whether the relevant situation can be resolved by education or whether use of other methods or their combination would be more suitable.





The overall analysis consists of three steps:

- Workplace analysis – Assessment of the existing and future qualifications and competences required from employees in the relevant positions in a specified period of time;
- Analysis of the existing level of qualifications and competences of employees in these working positions;
- Comparison of the necessary qualifications and competences required for the relevant positions with qualifications and competences of staff currently employed in these positions.

A method which has turned out to be very effective in analysing staff qualifications and competences involves interviews during which employees can talk about their competences and qualifications, and emphasise their strengths and skills. Employees can be also asked to specify their personal development needs, and the interviewer can suggest how their work could be generally improved. Anonymity of interviews can be ensured by the use of an external consultant or institution.

The outputs of the overall analysis are used for longterm development of the workplace and the relevant staff, and can provide the following conclusions:

- An education plan must be established which will harmonise the needs of the workplace and/or the jobs with the qualifications and competences of the existing/new staff;
- There is no need for vocational education or training because the relevant employee already fulfils the job requirements;
- The job requirements can be fulfilled through mutual exchange of employees with the relevant qualifications and competences from other working positions.

Education Plan

The next stage which follows after the analysis of educational needs is drawing up of an education plan. The plan is used as one of HR management tools and must respond to the following questions:

- **To whom** (individual employees, a group, profession)?
- **What education or training** (content and objectives)?
- **How** (at/outside the workplace, educational methods)?
- **By whom** (internal/external lecturers, mentors, coaches, etc.)?
- **When** (time schedule)?

- **Where** (venue)?
- **At what price** (costs)?
- **What has been achieved** (education effectiveness, who/when/how will evaluate it)?

Only a carefully prepared, detailed and specific education plan can ensure successful implementation of educational activities. Based on the plan, the whole company education process, including the fulfilment of the defined objectives and the specific benefits for both the company and employees, can be evaluated.

Education Provision

Educational activities can be performed directly at the workplace, or outside the workplace, according to the educational method selected. Companies can play an essential role in motivating and supporting older employees if they clearly emphasise the relevance of educational schemes and their adaptation to older staff.

a) Methods of educating at the workplace during job performance

These mainly include individual methods where a more experienced employee (e.g. older employees) or a supervisor instructs a less experienced employee to perform specific tasks, and usually controls and corrects him/her. A partnership relationship must be established between the trainer and the trainee.

- Briefing during job performance – A method used for initial training of a new or less experienced employee; this is usually a one off activity;
- Coaching, mentoring – Are based on long term interaction of two individuals. Education is provided through advice and motivation, and supports the trainee's personal initiative;
- Assistance – A less experienced employee is assigned as an assistant to an experienced employee, helps him/her perform his/her tasks and learns the working procedures;
- Task assignment – A less experienced employee solves a task independently, his/her work is merely supervised;
- Job rotation – Helps enhance an employee's knowledge and skills through experience gained at various company workplaces.

b) Methods used for educating outside the workplace

The educated employees acquire new knowledge and skills in educational facilities or courses (within or outside the company). This mainly includes group education.

- Lecture – Enables direct contact with a large number of participants; very cost effective.
- Workshop, brainstorming – Participants are informed about a real situation in the company; the aim is to resolve a defined problem within the specified time limit. Workshops involve more team work. On the other hand, during brainstorming each participant suggests a solution and an optimum alternative is then sought.

- Role playing – The aim is to simulate real situations and deal with them. An obstacle to this method may be shyness of older employees and their unwillingness to participate in the play.
- Action learning – Combines learning with practice. Participants try to resolve a topical and urgent problem in the relevant company. During this, they gain new knowledge which they can then apply in practice.
- Outdoor training – Games or sports events during which employees develop their management skills.
- Distance learning – Information is transferred by equipment from a central source to individuals or groups in remote locations; e.g. e-learning, teleconferences, computer based multimedia educational software. This learning method is time and space flexible.


Selection of the suitable method depends on a number of factors. The choice must take into account the specific business environment, the employee's characteristics (especially in the case of older employees), the education or training field, costs of the method, the objectives to be achieved, etc. In practice, methods are combined and overlap. Innovativeness of learning and development schemes can be also enhanced by participation of all age groups. These are for example learning schemes enabling cooperation of older and younger employees in teams, which can support sharing and development of skills. This can be done formally or informally (in study groups, by hands on training, etc.).

Education Evaluation

The final stage of the company education cycle is evaluation of education and training. Its purpose is to compare the objectives (what should have been achieved) with the outcomes (what has been achieved). Evaluation and feedback starts, however, already in the education planning stage because at that moment it must be assessed what information should be collected for the evaluation and analysis.

Evaluation of company education should include three tiers of evaluation activities which differ in both the evaluation subject matter and the viewpoint of the evaluator:

- Evaluation of the selected educational method and form – The evaluation is carried out directly by participants and focuses on course quality, the lecturer's performance, organisation, personal benefits, etc.
- Evaluation of the level of knowledge and skills gained by participants in the education scheme – The evaluation is mostly carried out by lecturers of the relevant courses.
- Evaluation of the education benefits for the company – The evaluation is carried out by employees or external experts. This evaluation stage is the most difficult one and may take a long time. There is a limited number of educational activities whose benefits can be evaluated almost immediately (e.g. work with software, client oriented approach). The benefits that most courses provide to work activities cannot be verified immediately. Sometimes it is even wholly impossible to say whether a positive change (e.g. performance improvement) at the workplace was due to the provided education or another factor (e.g. motivating an employee by bonuses).



The evaluation then leads to a management process or to a decision on whether or not the provided education was meaningful (especially with regard to costs and benefits) and what could be improved. It is especially important to gather data on participation of older employees in trainings and career development schemes and on their results. If the data show that older employees do not take part in such activities, adequate corrective measures should be adopted, or the strategy of motivating older staff should be modified.

Specific Aspects of Education Provided to Older Staff

Specific Aspects of Education Provided to Older Staff

An important factor in training of older staff is motivation of employees to continue their education. The key issue is that employees must identify with the idea of vocational education. They must understand the sense, purpose, importance and benefits of such education for themselves and the company. Only then can education fulfil the objective set by the company. If employees do not identify with the idea of education, they may adopt a formal approach, not want to participate in education, try to avoid it or totally reject the whole concept.

Employees should see a clear link between their education and the company's objective, or an impact that the education will have on their position in the company. This may include for example:


- Changes in job description – Opportunity for specialisation, extension of competences, etc.;
- Pay rise;
- Recognition of the increase in qualifications – Re-training, fulfilment of qualification requirements, certification, etc.

Employees should be aware of the objective which should be achieved through education. The most frequent motivating factors for education include:

- Elimination of personal weaknesses (knowledge gaps);
- Personal growth with respect to developments in society, science, modern technologies, etc.;
- Recognition by others;
- Personal interests;
- Feelings of uncertainty (specialisation in a specific field and dependence on it);
- Existential problems (unemployment, removal of one's duties, competition).

In an older staff education system, communication between the individual employees and HR department staff plays a crucial role. The latter should be able not only to explain the importance and objectives of education to





employees, but also to support and motivate them in case older employees might think that:

- Education makes no more sense for them (they will retire soon);
- Education is intended especially for their younger colleagues;
- They would not be able to educate themselves (they “do not have a flair for it”, IT trainings, etc.);
- They do not need education for their work (routine activities).

Employees must be highly committed to education. Education should focus on practical use of new knowledge in the relevant position. Employees tend to evaluate everything based on their own life and work experience and the possibility to use new knowledge in practice. In case of vocational education, older staff may generally feel uncertain whether they will cope with the educational activities, oral presentations and exams. The higher the age of employees, the stronger their fear from failure and mistakes.

Provision of education to older employees is more likely to be influenced by external factors hindering intensive studies. These can include work related or family problems.

When educating older staff, it is therefore necessary to:

- Permanently and positively support their motivation to education;
- Check that they understand what objective should be fulfilled by education and what benefits education will bring to themselves and the company;
- Convince them that deficiencies in practical work are caused by a lack of certain knowledge;
- Eliminate any negative feelings (fear, shyness) of older staff when it comes to education;
- Choose the right learning method based on the needs and competences of older employees;
- Determine education objectives which older employees will see as really attainable.

Best Practice Example


Company: Fosfa, a.s.

Based: Břeclav, Czech Republic

Production: Thermic phosphoric acid and phosphates

Number of employees: 250

The company develops the knowledge and skills of its staff using its own “Fosfa University” project. The studies are based on a modular system combining, in a unique manner, development of vocational, process-based and “soft” skills and knowledge with a solution of specific work projects. A vocational skill presented by a lecturer spe-



cialising in the respective field is immediately followed by the necessary “soft” skill presented by an expert in this field. Training of both the skills is organised directly at the workplaces of the individual students with support from both the lecturers who provide their students with feedback. Each student has also his/her own mentor, a higher grade student. The Fosfa University also educates older students: the oldest one is 62. Very often, older students also mentor their colleagues. Their involvement in the project has proved to be very successful.

Summary

Education and training provided to all employees are an essential part of the corporate culture. Their role is even more important when it comes to older employees who may need assistance when adapting to changes and to the new corporate culture. A well-working training system must be adequately planned, implemented and also evaluated. A fundamental element of the system consists of motivated employees who are aware of the education's importance for both their personal growth and the company development.



Knowledge Transfer, Redeployment of Older Workers and Career Development

Definition of Knowledge Transfer

Definition: Knowledge management is the method for ensuring that years of accumulated wisdom do not leave the organization once the employee retires or moves on. Knowledge transfer is one component of knowledge management. Knowledge transfer describes the actual movement of knowledge from one individual to another. The challenge is to create an atmosphere that fosters knowledge sharing, while simultaneously underscoring that transferring knowledge is a way for employees to leave a legacy that will ultimately help the company long after they leave.

As companies prepare for the potential mass departure of valuable staff, they are looking toward preserving the knowledge that these seasoned employees have amassed. Organizations have been downsizing through hiring freezes, retirements, and other turnover. The employees left behind, meanwhile, are bombarded with more information, as well as rapid changes in processes and technology, compounded by having fewer people to handle the load. Another effect of a reduced workforce is a smaller pool of knowledge and expertise. Thus, managing and exploiting that knowledge becomes paramount.

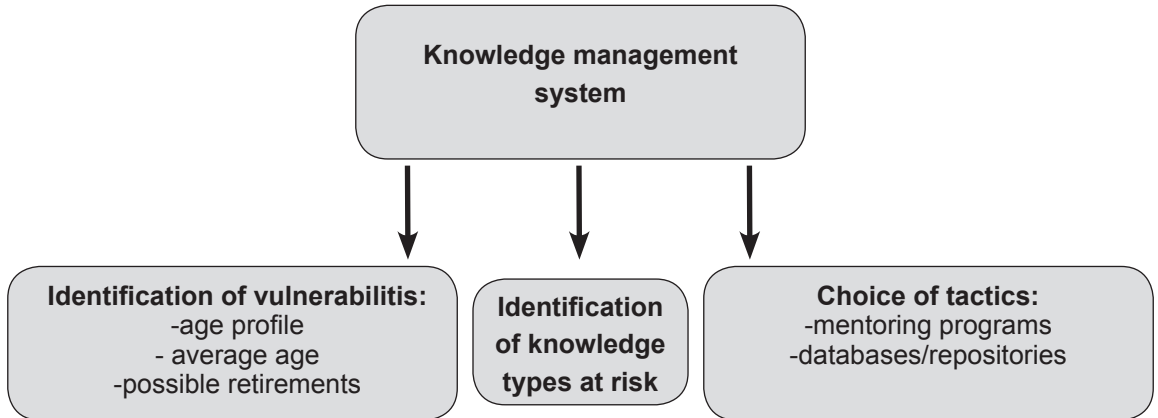
Growth in the volume of information available and rapid technological progress has forced most people into a state of information overload. This has left companies scrambling to create systems for acquiring, retaining, and accessing an overwhelming volume of data. Added to this is the demand for highly specialized knowledge that is often difficult to find and retain.

Therefore, companies should establish knowledge management systems in order to retain crucial knowledge. Knowledge management is a process that involves different activities, mainly: creating, transferring and applying knowledge. But it is also a two-way process, which implies knowledge sharing. Older workers possess a high level of knowledge, skills and experience that younger workers have not yet developed to the same degree. But compared with youngsters, older workers are less familiar with new technologies and modern approaches that would increase their productivity.

So, collective regulations are also essential to allow knowledge sharing and mutual learning. Generally speaking, the term knowledge management represents a broader concept and is thought of as a system for finding, understanding, and using knowledge to achieve organizational objectives. It is more than simply moving or transferring files and data from one employee (or department) to another. KM allows others to build upon a person's life experience in a way that strengthens not only the employee, but the organization as a whole.

HR management must play an active role in retaining the knowledge, which a certain company has been building and improving for many years. By establishing a knowledge management system that goal of strategic importance can be reached. In other words: the Brain Drain will be prevented.


Figure 4: Three directions of preventing Brain Drain



- Identification of vulnerabilities – most companies don't know where they are most vulnerable to knowledge loss regarding to the threat knowledge loss. That is why they should do an age profile of workforce by unit or by function, determine the average age of employees in each unit and identify who is likely to retire or leave the company for other reasons. That would give the company some idea what to expect in the future regarding the ageing workforce and also what measures need to be taken in order to avoid sudden loss of valuable workers.
- Identification of knowledge types at risk – companies need to find out what knowledge is most valuable, so they can decide where to focus their knowledge-retention efforts.
- Choice of tactics – if a company is focusing on transferring “tacit” knowledge or experience that is hard to catalogue, it should establish mentoring programs or communities of practice that bring older and younger workers together for extended periods. If a company needs to document information quickly before key employees retire, it should start developing databases and other repositories.

Definition of Redeploying Older Workers

Definition: Redeployment refers to coordinating the demands of the workplace with the capacity of the (older) employees. It is a compensatory and preventive measure. Redeployment should be viewed as part of a preventive age management strategy geared to maintaining employability.



Positive effects of redeployment from

- the organization's perspective - indicators: productivity level, sick leave;
- the employee's perspective: reduction in the workload, greater motivation, job security, new opportunities.

Organizations must ensure that their skill needs are met as precisely as possible. This goal can be achieved by hiring new employees; however, another approach is to invest in the skills and qualifications of existing older employees.

Many organisations have come to realize that the professional and social skills gained by older employees in the course of their careers represent a special asset. New recruits and younger colleagues cannot entirely match such skills and experience: any attempt to do so would entail high additional costs in recruitment, vocational preparation and on-the-job training.

Qualities such as accuracy, reliability and the ability to communicate with customers and colleagues characterize many older employees. The premature loss of such skills, or the failure to replace them, often entails an economic risk for a company.

Against this background the following measures are indispensable for a successful prolongation of working life:

- Securing of empirical knowledge;
- Preservation and promotion of existing staff resources;
- Knowledge transfer between older and younger employees;
- Health-promoting measures.

The implementation of these measures guarantees a win-win situation for companies and their staff. On this basis, productivity, employee satisfaction and the long-term success of the company can be secured.

Definition of Career Development

Definition: Career development is an important instrument for ensuring the promotion prospects and job security of older employees. It involves structuring demands, incentives and stresses the working life of ageing employees in such a way that their motivation and performance are promoted and applied in the most effective manner.

Career development also entails the early counteraction of health risks due to working conditions. A clear example of good practice in career development is the precise matching of job specifications with the work-related

performance changes typical of older age over the course of the career. Typical performance changes of older workers are that they might have difficulties to deal with physical and mental stress situations. Ideally, employees should be able to perform tasks in the later phases of their working life that correspond to their particular occupational experience and knowledge as older workers.

A useful method in this context is horizontal career development. Typically, workers expect to move up a career path within a company (vertical promotion), with increasing pay, added responsibilities and competencies. Horizontal career development offers older workers an appropriate working post that meets their abilities regarding the performance requirements, their need regarding health and safety issues at work as well as other working conditions (working time adjustments, etc.). The new work place can involve new areas of expertise or services and might demand new training and education.

For the company it is important to maintain the workers' employability, productivity and efficiency, use their knowledge and experience, avoid long sick-leaves and the so-called "inner-retirement".	From the workers perspective such a career development should not involve the loss of status (income), should maintain work quality, offer work according to the capacities of the older worker (e.g. reduction of physical strains and mental stress) but avoiding occupational deskilling, offer job security and adequate working conditions.
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Early retirement programmes over the past decade have led to the point where both employers and workers did not develop plans or perspectives for career path 50+. For companies, especially SMEs, it is difficult to find attractive opportunities to progress for older workers that encompass the above mentioned characteristics. It will be necessary to rethink (the typical vertical) career: A new work place that meets the abilities and needs of the older worker and at the same time ensures productivity and efficiency of the worker can also call for some sacrifices/ compromises from the worker in terms of status, income and readiness to attend training and education programmes etc.

Older workers might be even likely to pursue more flexible career options than younger workforce, as they are usually not constrained with children and the need to complete their education. Also, their wish for (vertical) professional advancement might have receded.

Measures in this Field

Knowledge transfer systems aim to retain knowledge, skills and competences:

- a) Coaching approach refers to person-to-person transfer of knowledge, where older workers can introduce younger workers to specialized activities and improved approaches, which they have been creating over longer period of time. Passing on these kinds of activities requires mentoring younger workers by showing them practical examples;
- b) Systematic appointment of equivalent workers – in order for this substitution role to be effective, employers must share the same information, skills and experiences;
- c) Interviews with employees, who are due to leave the company – through these interviews the HR managers can motivate the employees who are due to leave to transfer information and knowledge to other colleagues;

Internal training market has become an important way of transferring knowledge and skills. The employees who have attended external training courses can hold internal training sessions and transfer the knowledge attained to other colleagues. Such internal training courses can be held when an employee has superior knowledge of specific subjects or tasks. Effective knowledge sharing behaviour requires collaboration and support in an appropriate environment. Companies should not automatically assume that older workers know how to teach in order to pass on their knowledge. They should give them the tools that they need to transfer that knowledge. Knowledge process will only be successful if the organization has a perspective of knowledge.

Redeployment

As regards redeployment, good practice refers primarily to coordinating the demands of the workplace with the capacity of the (older) employees. It also presupposes the maintenance of work quality for the employees affected by redeployment. Redeployment is often considered as a compensatory measure in response to existing performance constraints; it can, however, also be used as a preventive measure – for example, as part of health protection or career development measures.

Thus, good practice refers not only to the process of redeployment itself, the choice and quality of the workplace and the careful preparation of the employees concerned, but also to the positive long-term effects of the measure. For the sake of employees, so-called “sheltered workplaces” should be avoided, as should occupational deskilling and/or loss of status. Good practice can be assured if redeployment is viewed as part of a preventive age management strategy geared to maintaining employability – particularly in terms of flexibility, qualification and skill enhancement, and health protection.



Preconditions for successful redeployment

- participation of the employees concerned;
- a systematic approach towards redeployment;
- matching of the employee's capacities/competencies with the work requirements or customer profiles;
- cooperation of the relevant actors (company doctor, works council, HR department, line manager, further external specialists) as well as the consent of the union workplace representatives and works council;
- provisions in workplace agreements that protect the employees against the negative effects of redeployment (in particular, a drop in income) and that integrate health promotion in the scope of redeployment.

Another important issue, crucial to redeployment being accepted in the organization, is the extent to which the organization retains the redeployment job roles and does not eliminate or outsource them. This is not solely a business decision: it also reflects the organization's level of age awareness.

Career development for older employees

Ensuring career development for older employees is a demanding task that calls for a number of measures on the part of the organization. These include a precise knowledge of the skill requirements of the positions and the stress profiles associated with the workplaces; establishing staff employability profiles and internal mobility opportunities is also necessary. Success in implementing career development programmes also depends on: the systematic embedding of the measure in the company's working time regime; in-house training; intensive employee preparation and concrete incentives, particularly in the form of wage and salary policies. In addition, suitable organisational data and information systems are needed, as are HR managers specialized in the areas of ageing and/or diversity.


Finally, some of these tasks can also be fulfilled by external sources, such as business consultants or scientific institutions.

Benefits for the Company and the Employees

Knowledge transfer

Companies need to put in place processes, supporting systems and work atmosphere to manage the retention of knowledge through enabling older workers to transfer their skills, knowledge and experience as a corporate asset. Managing age relations in companies requires an understanding of the ways in which workers of different ages are perceived and how these associate with optimal deployment. It requires a strong local knowledge on the company functioning and on its workforce to manage changes successfully.





Companies have a dual goal regarding the knowledge of their employees. They want to ensure that older employees have a chance to pass on their knowledge to younger colleagues, who lack in practice, and at the same time, they want employees of all ages to upgrade their skills and competencies. That often leads to tailor-made training.

Companies that effectively manage and transfer knowledge claim higher rates of productivity. They use greater access to employees' knowledge to make better decisions, streamline processes, reduce re-work, increase innovation, have higher data integrity, and have greater collaboration. The result is reduced cost of operations and improved efficiency of company's activity.

As regards knowledge transfer, recruiting older applicants holds a number of benefits for an organization:

- older applicants are often more skilled than younger applicants; moreover, their skills frequently better match the organization's needs;
- hiring older employees can raise the general skills level of the work force. The workforce, and the organization, also benefits from the older recruits passing on their experience to younger colleagues;
- the synergy gained by linking the new and existing skills of the workforce can raise the organization's productivity and capacity for innovation;
- recruiting older workers leads to greater age diversity both in individual teams and in the company as a whole;
- in certain age-sensitive trades and companies, older workers can – by virtue of their age – respond more readily to changing customer wishes and needs; such responsiveness can also result in improved turnover;
- recruiting older applicants can improve the corporate image of the organization – both internally and externally – and so improve its corporate identity;
- recruiting older applicants can solve the problems of poor labour supply.

What benefits do organizations report when redeploying older workers?

- From the organization's perspective, whether redeployment has been successful depends to a great extent on whether the employee's productivity has remained constant or increased. Another important indicator is to what extent less sick leave has decreased. A final important consideration is how later recruits view the organization's redeployment practices in terms of their own later career development.
- From the employee's perspective, a number of criteria are important in rating a redeployment as successful, and the new workplace as suitable: a reduction in the workload and of monotonous work; greater motivation; greater responsibility; the opportunity to use skills and qualifications; and job security and new opportunities (instead of dismissals or involuntary early retirement).

What benefits do organizations with career development initiatives report?

Good practice in career development that applies specifically to older employees is rarely encountered. Approaches that have been identified include identifying individual career ambitions and making related plans, tailoring career planning to occupational groups and using specialist advisors in systematic career consultation.

- Facilitating career development reduces physical strain and mental stress and thus contributes to an employee's long-term employability.
- Developing an employee's competencies and qualifications means that, at each stage of their career, these competencies can be best utilized.
- Employees (both younger and older) can develop a career perspective and plot career goals, with positive effects on motivation, commitment, flexibility and productivity.
- Early retirement due to career dead-ends or an employee undertaking a task of limited duration can be avoided. Employment periods, therefore, can be prolonged.
- When (re)deployments do become necessary, they can be utilized more productively for the organization.
- Some older workers can be successfully deployed as mentors and trainers for their younger colleagues and for those of the same age. This particularly applies in cases of job succession: the older occupant of the position can familiarize the newcomer with the tasks in question.

Best Practice Example

Title: LIFETIME – Working and Living through Different Life Phases

Learning partnerships with new recruits and new pre-retirement career paths


Company profile

The success of the Erste Bank Group is based on four core strategies, the consistent implementation of which has made Erste Bank the leading financial service provider in Central Europe.

In the long run, the bank intends to increase the stability of its earning strength in Austria and further develop the enormous potential of Central Europe on this basis.

Working and Living through Different Life Phases / Corporate culture / Management level

Managers get to know the strengths/weaknesses of different generations and consider them in the assignment of tasks and responsibilities. Obligatory workshops addressing these issues are organised for all active manag-



ers. Important findings on generation-specific leadership styles are incorporated into management instruments (employee development interviews, upward feedback) and dealt with in management courses and management development measures.

Recruiting and the internal job market

No age limits in advertisements of vacancies, information brochures and application forms. Within the framework of new recruitments and job placements, care is taken to have all age groups represented on the team. Recruitment of older employees.

Further training measures

Review and adaptation of the existing initial and further training programme with a view to age-specific learning. Additional training to upgrade IT expertise and update the specialised know-how of employees above the age of 35. Personal development seminars for all employees every four years. Learning visits as an alternative form of learning are promoted especially for older employees. Job rotation for employees who have been doing the same job for a minimum of five years – maximum 10 years – to increase their flexibility and open up new career paths.

New functions for older employees and development of new career paths

Mentor: full-time option for successful managers who are to retire in 3 – 5 years and want to withdraw from active management functions. Accompanying young executives in their management training and/or supporting executives in difficult situations.

New functions for older employees in the branch offices

The company appreciates the social skills and the experience of older employees. Special emphasis is placed on customer relations.

Motivation

Motivation campaign for employees most directly concerned by the reform of the pension system: all employees who would have retired in three years, in the absence of pension reform, are invited to a workshop. The topics addressed include renewed motivation, creating a sphere of personal well-being at the workplace, dealing with stress and relaxation, allowing more individual freedom for action. Employee satisfaction surveys are performed every two years.

Fostering inter-generational cooperation

Learning partnership with new recruits as a function with earmarked resources. An older employee acts as a mentor for a new recruit for a period of 1 – 2 years in both technical and personal terms. Consideration of age as a factor in target setting. Promotion of inter-generational team work through targeted assignment of tasks.

Summary

Scientific studies confirm that age does not correlate with a person's ability to cope with his or her job. Older employees have proven to be as productive and as professional as younger ones. In summary, a person's employability depends on a variety of factors.

One of the major challenges consists in designing measures that permit a prolongation of working life. Juhani Ilmarinen (Ilmarinen, J.: 1999) has developed a theoretical framework for the improvement and/or maintenance of employability, which covers four areas:

- the individual with his/her abilities and his/her state of health;
- the work environment;
- the leadership organization;
- professional competence.

If these four fields of action are in balance and if the company has a good working culture, favourable conditions exist for both older and younger employees to remain employable and productive. At the same time, the prerequisites can be created to

- secure high productivity and a satisfactory level of quality of the work performed;
- ensure well-being and a good quality of life for all employees;
- and, at the same time, help employees to enjoy a meaningful and productive phase towards the end of their working life.

This model equally benefits older and younger employees.



Work Process Reorganisation, Flexible Working Time

Flexible working generally leads to effectiveness and labor productivity increase. It also provides an opportunity for aged workers to stay in the working process and be constantly contributive for their employers. Establishing flexible work contract must be based on spontaneity and must be beneficial for both sides – employer and employee. As a basic precondition is mutual confidence. Based on actual situation – the main obstacle for establishing flexible forms of employment is (besides appropriate legal conditions) mutual confidence between employer and employee. To tear down this barrier it is necessary raise public awareness for both – employer and employee. The second barrier in most countries is of course legislation. Smart regulatory framework, which is enabling to establish various flexible forms of employment without obstacles, is directly helping older workers and their employers to use benefits from mutual cooperation. In order to establish such legislation it is needed to raise awareness about flexible working also among general public and policymakers. Integral part of such activity shall be also providing examples of best practice.

So wider introduction of flexible working that gives opportunity to older workers to stay in/or jump back into working process requires better awareness and clear legal framework.

Definition of flexible working time

Flexible Working

Flexible working provides an opportunity to dramatically change the culture of an organisation. When embedded as part of the culture, flexible working is no longer an issue but simply 'the way things are done around here.' It results in real business benefits, such as increased performance and productivity as well as reduced sickness and absenteeism.

The management of flexible working requires trust and collaboration and management by outputs rather than presenteeism. From team members, it requires a sense of personal and shared responsibility. The outcome is greater ownership of their own work and time and reduced administrative responsibilities for managers. Flexibility and Flexible Work are terms used to describe a wide range of work styles and employment practices. Broadly speaking, they are used to describe all kinds of employment which differ from the traditional 9-5 full time job with a permanent contract.

The "flexible" aspect of these types of jobs can in different instances relate more to the employees, or to the employer, or to both. That is, from the employees' point of view, flexible work may allow more freedom to organize their employment to fit in with other parts of their life. For an employer, the flexibility may come with the ability to organize labour resources more in line with the varying needs of customers, or with peaks and troughs of demand.

Demand for a flexible labour market is being driven by three main factors:

- The changing business environment - highly competitive "global" product markets"
- A changing social environment – for example, the increasing female participation ratio and the trend towards early retirement and rising divorce rates;
- Government policy environment – a desire to reduce unemployment and make the economy attractive to inward investment as a source of employment and long-term growth.

Flexible working time options

Flexible working is about working time, not time off. It is about making more efficient use of the time worked to the benefit of the business and about giving employees a greater level of trust and ownership of their time. Not all types of flexibility are appropriate for every type of business or every job function. Different strategies have different impacts on the business.

Flexible working arrangements most commonly employed are:

When Employees Work i.e.: Flexi-time / Compressed Hours / Annualised Hours

- flexibility for staff whilst maintaining total hours for organisation;
- addresses individual and business needs;
- organisations can be better prepared for a hiatus in demand;
- encourages personal responsibility for productivity;
- encourages closer teams as mutual benefit in individual's welfare is identified.

- Reducing Hours Worked i.e.: Part-time / V-time / Job share

- saves on recruitment costs due to a lower churn rate;
- retains knowledge in the organisation;
- improves maternity return rate;
- encourages women into senior positions;
- keeps winning teams together.

- Where Employees Work i.e.: Occasional homeworking, regular or permanent / hot desking / hotelling

- raises productivity;
- reduces office costs;
- saves time wasted on travelling;
- prevents loss of time for domestic needs;
- encourages better communication skills.

Types of flexible work

Annualised Hours

Annualised hours is a system whereby employees work for a specified number of hours and in a certain working pattern determined by the needs of the business over a 12 month period. This type of contract enables the employer to vary the number of hours worked in a defined period (daily, weekly, quarterly, yearly) within the context of the agreed working hours for the year.

Annualised hours can be particularly beneficial for meeting peaks and troughs in business demand and can reduce overtime costs. Employees can focus more when work demand is high and benefit from greater flexibility in periods of lower demand. Annualised hours can be linked in with term-time working.

Compressed Hours

In this case, the employee works full-time but has the option to work the allotted number of hours over a shorter period than the full working week. Working a longer number of hours over four days, instead of over five days, or working a 9-day fortnight are common arrangements.

The advantage to the employee is that it enables him or her to undertake activities during a weekday. It may be a family commitment or simply a leisure pursuit but whatever it is, it helps the employee achieve a better balance between work and life.

Employers benefit as a result of improved staff morale and motivation.

Flexible Benefits

The pensions and benefits package enables employees to 'buy' benefits from a specified list. This may include extra days off, child or elderly care, gym membership, etc. Such schemes can reduce costs for employers and benefit employees who can tailor their benefits to suit their specific needs. Some schemes allow employees to forego benefits in return for extra salary.

Flexi-Place Working

Flexi-place working enables the employee to work at home, or from a remote location, for some of the time. The employee is usually on a permanent full-time or part-time contract but has a specified degree of discretion over where the work is done. It may be convenient, for example, to take work home, rather than complete it in the office. Typically, these arrangements are informal and ad hoc. If done on a more regular basis, the arrangement may be formalised as Homeworking or remote working.



Flexitime

Flexible working hours of flexitime schemes allow employees to choose, within limits, the times they start and finish work. Typically, there is a core time, say 10 a.m. to 4 p.m., which must be worked. There is usually an accounting period, say monthly, within which the full number of hours is worked but where the employee has discretion about when those hours are worked. In some cases, excess or deficit hours can be carried over to the next accounting period.

Flexitime benefits the employer as working hours can be matched with peaks and troughs of business demand and can extend opening hours. Flexitime is popular with employees as it provides time to deal with personal matters, such as dental visits or taking children to school, during the working day. It gives employees a greater sense of responsibility and ownership of their time.

Business benefits are the reduction in absenteeism and elimination of punctuality problems. It aids the attraction and retention of staff and reduces overtime hours.

Home working

Homeworking is work done in the home for the employer. The employer usually supplies the employee with home-office equipment such as telephone, computer and desk and needs to ensure that the home conditions are suitable and meet Health and Safety requirements.

There are direct cost savings for employers in savings on office accommodation. Employees save commuting time and costs and have the flexibility to fit their work around other domestic responsibilities. This is also a preferable option for some disabled employees.

Job Share


Job sharing is an arrangement where two or more employees share the duties and responsibilities of a single full time job. Each job sharer has broadly the same responsibilities, although their contractual terms and conditions of employment may differ.

Job-sharing is common now across a range of occupations, including professions such as GPs, accountants and managers. This is an option that women may prefer as a way of returning to work after maternity leave. The employer benefits as it retains valuable skills within the organisation, encourages retention and often results in greater productivity.

Part-time

Part-time work has common practice in organisations for many years but when applied in the context of Work-Life Balance it can broaden the options for employees and aid retention and return to work after maternity.

The UK Government defines part-time work as less than 30 hours a week. The EU defines it simply as 'less than



the normal working week of comparable jobs'. Typically, organisations employ part-time workers to achieve flexibility of cover for, say, peak workloads or when the work needs to be done only at particular times. Increasingly, employers are offering opportunities to women to return to work, on a part-time basis, after maternity leave. This retains skilled employees and saves on investment in training. This is particularly successful in organisations that employ a high proportion of women. For example, banks such as HSBC and LloydsTSB find that this, together with flexi-time, has almost doubled their return rate after maternity leave. It is also considered best practice to allow women to return to work part-time after maternity leave and not to offer these terms may leave the employer liable to unlawful dismissal under the Sex Discrimination Act.

It is also becoming increasingly common to allow employees to work part-time for a period leading up to retirement. This is beneficial for the individuals but also facilitates a gradual transfer of responsibilities within the organisation.

Phased Retirement

Phased retirement is a policy that allows the employee to adopt part-time, flexi-time or flexi-place working for a specified period leading up to retirement. It helps the employee make the adjustment between full-time work and retirement. In many cases, the retiree can act as a mentor to more junior members of staff. Employers benefit as it results in a smoother transition of responsibilities and a better dissemination of knowledge and experience.

Remote Working

Employees work other than from the organisation's main office. This may be from home, from a remote or serviced office or it may be peripatetic. Sales teams and computer staff often work in this way.

The benefit to employees is a reduction of the cost and time involved in commuting and greater control over where and when they work. Employers benefit from savings in accommodation costs. The problems of remote working are the management of remote teams and the sense of isolation that may be felt by employees.

Team Based Self-Rostering

Team-based self-rostering involves a basic shift in the way people think about work. Conventional rostering represents a job as something that is done between the same fixed times each day, with staffing patterns decided by the manager. Self-rostering means agreeing the staffing levels and skill mix required at any time in the day, then giving staff the ability to schedule their working day collectively to meet these requirements.

The aim is that people have more flexibility to plan their work around other commitments and responsibilities, whilst still fulfilling the needs of the business. The effect is that even those who do not take up this flexibility will feel differently about their role because of the greater control they have been given. Team-based self-rostering can spark fundamental changes in the way that teams co-operate together and reflect on their work.

Term-Time Working

Term-time working allows employees to remain on a permanent full-time or part-time contract but to take unpaid leave during some or all of the school holidays. This obviously benefits employees who are parents and could not otherwise work. It benefits employers as it encourages staff retention and keeps valuable skills within the organisation. Employers with seasonally based production or services may find this type of flexibility suits their business demands.

Variable Time

Variable time is similar to flexi-time but with no core time and no specified number of hours to be worked over an accounting period. The hours worked are usually in response to the demands of the business so variable time is of particular benefit to the employer while offering a degree of flexibility to the employee.

V-Time (Voluntary Reduced Time)

V-time schemes allow people to trade income for time off. Staff are given the option of reducing their full-time working hours by up to, typically, 50% for a specified period of, say, one year. In some cases, the period may extend for up to five years. The employee has the guarantee to return to full-time working at the end of the period. Organisations can benefit from this arrangement as they can make savings in downturns of the business cycle. Employees appreciate the option even if they choose not to take it up but remain on full-time hours. This option can be interesting for those who are negatively affected by economic crisis.


Sustainable flexible working and work-life balance strategies

Ultimately, successful flexible working is about creating a culture of trust and responsibility, one in which flexible working is 'simply the way things are done around here.' Here is a description of some of the issues when building a flexible working strategy. Work-life balance is all about good management practice and sound business sense.

The procedures offered are designed to accommodate and benefit the four interested parties that affect efficiency and success of an organisation:

- the employer;
- individual employees;
- their colleagues and teams;
- customers and other stakeholders Sustainable Policies.

A sustainable work-life balance initiative needs to be sensitively introduced. Key ground rules have to be established about the rights and responsibilities of all the parties. This must be accepted and transparent in order to engender a culture of trust on which creating the right and most sustainable work-life balance strategy rests.



These include:

- any person affected by flexible working arrangements will be consulted;
- there is a responsibility to consider the interests of other team members and customers;
- employers have a responsibility to all customers, the right to seek ways of improving effectiveness, and the responsibility to treat all employees equitably;
- employees have the right to ask for changes in working patterns and employers have the responsibility of considering the request carefully;
- employees do not have an automatic right to change the way they work; nor do employers have an absolute right to impose change.

Success in introducing flexible and reduced working hours depends on consultation, open communication and the involvement of all team members. Throughout the change process, these rights and responsibilities must be observed.

The role of flexible employment for older workers

Some of the increasing number of people leaving work before state pension age may benefit from more flexible jobs that bridge the gap between permanent full-time work and retirement.

Leaving work tends to be a positive choice for workers with other advantages – including those (especially men) who have been with their present employer for longer, and are therefore more likely to have accumulated savings and pension entitlements, and those who have paid off their mortgages. People with health problems are also inclined to leave work early, especially low paid men; however, for them, 'early retirement' is more likely to have been due to an inability to stay in employment, rather than a positive choice. Similar divisions are apparent in entering flexible employment.

Older workers from a more advantaged background are more likely to enter flexible employment rather than leave the workforce on departure from permanent full-time employment and are especially more likely to enter better quality flexible employment. The quality of flexible employment varies according to its type. Self-employment offers job quality most comparable to that enjoyed by permanent full-time employees. Temporary employment rates next in terms of job quality, although this is more the case for those on fixed-term contracts than casual workers or agency temps. Part-time employment offers the poorest job quality among the three types of flexible employment. Overall, women appear more successful than men in finding flexible jobs for positive reasons, but often find that these jobs are of poor quality.



Many researches have identified a need for policies to:

- help older people with health problems to remain in work;
- counter age discrimination; improve the skills of older workers;
- improve the financial incentives for older people to remain in work by offering them more generous tax credits and by increasing the National Minimum Wage;
- provide better regulation of casual and agency temp work.


Situation of older workers

The labour market experiences of older workers have changed markedly in recent decades. Men in particular are on average leaving work earlier. People who lose their jobs in their 50s and 60s have found it increasingly difficult to re-establish themselves in a career. Economic inactivity among this age group has grown, whether resulting from people taking early retirement or from people losing their jobs and getting discouraged in the search for a new one.

Questions have been raised about possible alternatives to the experience of an abrupt and perhaps premature departure from work, a form of transition that can prevent valuable economic potential from being tapped in a period in which the younger labour force will be shrinking. One possibility is for more use to be made of flexible forms of work that bridge the gap between a steady career job and retirement.

Leaving permanent full-time employment

The factors associated with exit from permanent full-time employment amongst men are redolent of the 'two nations in early retirement' notion familiar in this field of research. On the one hand, certain advantages seemed to enable some people to leave work as a positive choice. Workers over 50 were more likely to leave jobs if they had been with their present employer for longer, and therefore were more likely to have accumulated savings and pension entitlements. So were those who had paid off their mortgages. On the other hand, people were more likely to leave full-time jobs if they had health problems, especially low paid men. For this group, 'early retirement' is more likely to have been the result of an inability to stay in employment, rather than a positive choice to leave it. As men get older, the probability of leaving work increases sharply. While the researchers did not have the data to test whether this was due to age discrimination, it is certainly consistent with that interpretation. Women also became increasingly likely to exit employment as they got closer to state retirement age.



As with men, they were also more likely to leave if they had health problems or owned their home outright. Unlike men however, older women were more likely to stay in permanent full-time employment if they were in relatively good jobs. Where women were managers, supervisors or had recently received job-related training, they were less likely to leave their jobs. While this may be evidence of a more positive labour market environment for older women, whose employment rates have actually increased since 1997, it may also reflect the weaker influence for women of the wealth-related factors that play a role in encouraging men to leave work. Years with the current employer had no effect on women's likelihood of leaving, for example, which may reflect women's less substantial occupational pension entitlements.

Moving into flexible employment

Many of the factors most strongly associated with leaving a permanent full-time job also made it more likely that people would leave work altogether rather than obtain flexible employment. In particular, they were less likely to take 'bridge jobs' if they had been with their employer for a long time, if they were older, if they had health problems and if they owned their property outright. On the other hand, there were a number of positive factors that encouraged older workers to move into flexible employment rather than leave the workforce.

But these tended to vary according to gender and to the type of flexible employment under consideration. For example, men with intermediate-level qualifications and higher pay were more likely to move into self-employment, whereas women with higher degrees were more likely to move into temporary employment. Men with intermediate-level qualifications and recent experience of training were more likely to enter part-time employment, but the same did not apply to women. Reductions in hours while remaining in permanent full-time employment were more common for managers and professionals and among those with qualifications. This was true for both men and women.

The quality of flexible employment – general examples from surveys

Measured against the yardstick of permanent full-time employment, the quality of flexible employment was found to vary according to its type. There was also a substantial amount of variation in quality within particular categories of flexible employment.

- Self-employment offered job quality most comparable to that enjoyed by permanent full-time employees. It was shown to be relatively stable and self-employed people reported high levels of job satisfaction and, as one would expect, had high levels of control over how they spent their time. Only the more advantaged self-employed workers, however – those who were professionals or owners of limited businesses – had earnings that were superior to those of permanent full-time employees.

- Temporary employment rated next in terms of job quality. As one might expect, it was less stable than permanent full-time employment, but temporary workers were more likely to receive training. However, earning potential in temporary employment varied substantially according to the type of work under consideration. Whereas those on fixed-term contracts earned more than comparable permanent full-time employees, this was not the case for casual or agency temps. These workers on fixed-term contracts were more likely to be managers or professionals.
- Part-time employment offered the poorest job quality among the three types of flexible employment, especially regarding stability and training opportunities, where it was inferior to permanent full-time employment for both men and women.

Measures in this Field

Policy implications

What can be done to promote the maintenance of older workers in permanent full-time employment?

Workers aged between 50 and state pension age are most likely to leave permanent full-time employment if they are older or have health problems. These factors are particularly important for men. There is a number of existing policy initiatives that can potentially promote the maintenance of older workers in permanent full-time employment where they have these characteristics, but in other respects there are policy gaps that need to be filled.

There are policies that help people with health problems to remain in work. An example of such policies is the Job Retention and Rehabilitation Pilots applied in some European countries. These initiatives target people who are in work but have a health problem and seek to prevent people from losing their jobs either by organising early medical intervention or by reorganising employment to minimise the consequences of the health problem for work performance. While such initiatives are at an early stage of development, these findings about the negative effects of health problems on the likelihood of staying in permanent full-time employment suggest they have a potentially important role.

The fact that the chances of leaving permanent full-time employment increase with age, even after controlling a wide range of other factors, does not provide direct evidence of age discrimination but is certainly consistent with it. While attempts to outlaw age discrimination have met with difficulties, there is at least the potential that such policies would reduce the number of older workers leaving permanent full-time employment.

Studies had also shown that older women were less likely to leave permanent full-time employment if they were in relatively good jobs. As such, the adoption or improvement by employers of equal opportunities policies, designed to advance women's relative position in the workplace, would be likely to increase employment retention.

What can be done to encourage older workers to move into flexible employment?

While this was not universally the case, there was a strong overall tendency for older workers who moved out of permanent full-time employment to move into flexible employment rather than leaving work if they had relatively high levels of skills and had enjoyed a relatively good permanent full-time job. Therefore, policies designed to improve the skills of older workers and to help them maintain their position in the occupational hierarchy would be likely to encourage them to enter flexible employment as a bridge to retirement, rather than moving out of the workforce.


If a more generous working tax credit for older workers could reduce the employment rate differential between older and younger workers, it would be at least partly self-financing. Policies to encourage employment retention and advancement for people already in work have become an important feature of employment policy in many US states. Older workers in the UK, according to the findings of this research, would be likely to benefit from similar initiatives. The importance of training in encouraging older workers to enter some categories of flexible employment also suggests that the 'lifelong learning' and 'active ageing' agendas continue to be relevant and likely to yield positive results if pursued effectively.

What can be done to improve the quality of flexible employment?

The greatest shortfalls in job quality were to be found amongst casual and agency temporary work and in part-time work as a whole. Policies to improve the quality of flexible employment for older workers would be most effective, therefore, if focused specifically on these categories. An alternative approach likely to yield some degree of success would be to boost the skills and earning capacity of older workers more generally, as suggested above, because this in itself would be likely to have some positive impact on the quality of flexible employment. It may be that policies such as increasing the National Minimum Wage would be of more benefit for older workers in part-time jobs, since they would benefit disproportionately from such action.

Flexicurity – a possible framework of flexible employment


Creating conditions for flexible employment needs a strategy and legal framework that allows implementing models of flexible work relations. One such framework is the widely discussed concept of flexicurity. Flexicurity is about striking the right balance between flexible job arrangements and secure transitions between jobs so that more and better jobs can be created. The idea is that flexibility and security should not be seen as opposites but as complementary. Flexibility is about developing flexible work organizations where people can combine their work and private responsibilities, where they can keep their training up-to-date and potentially have flexible working hours. It is also about giving both employers and employees a more flexible environment for changing jobs. Security means 'employment security' – to provide people with the training they need to keep their skills up-to-date and to develop their talent as well as providing them with adequate unemployment benefits if they were to lose their job for a period of time. Flexicurity argues that in the context of globalization and technological change,



which place greater demands on business to adapt continuously, high levels of employment security will not depend only on protection of workers' specific job, but mainly on the means for workers to stay on the job market, manage smooth transitions between jobs and make progress in their careers. Flexicurity is a strategy to make labour markets more inclusive by tackling labour market segmentation between insiders (workers well-established in stable, quality jobs) and outsiders (unemployed persons or in precarious employment who do not benefit from other advantages linked to a permanent contract, frequently youth, migrants, etc.), of significant magnitude in several European countries.

So what are the advantages of applying flexicurity model as a general framework for flexible employment?

- Flexicurity involves the deliberate combination of flexible and reliable contractual arrangements, comprehensive lifelong learning strategies, effective active labour market policies, and modern, adequate ' and sustainable social protection systems.
- Flexicurity approaches are not about one single labour market or working life model, nor about a single policy strategy: they should be tailored to the specific circumstances of each Member State. Flexicurity implies a balance between rights and responsibilities of all concerned. Based on the common principles, each Member State should develop its own flexicurity arrangements. Progress should be effectively monitored.
- Flexicurity should promote more open, responsive and inclusive labour markets overcoming segmentation. It concerns both those in work and those out of work. The inactive, the unemployed, those in undeclared work, in unstable employment, or at the margins of the labour market need to be provided with better opportunities, economic incentives and supportive measures for easier access to work or stepping-stones to assist progress into stable and legally secure employment. Support should be available to all those in employment to remain employable, progress and manage transitions both in work and between jobs.
- Internal (within the enterprise) as well as external flexicurity are equally important and should be promoted. Sufficient contractual flexibility must be accompanied by secure transitions from job to job. Upward mobility needs to be facilitated, as well as between unemployment or inactivity and work. High-quality and productive workplaces, good organization of work, and continuous upgrading of skills are also essential. Social protection should provide incentives and support for job transitions and for access to new employment.
- Flexicurity should support gender equality by promoting equal access to quality employment for women and men and offering measures to reconcile work, family and private life.
- Flexicurity requires a climate of trust and broadly-based dialogue among all stakeholders, where all are prepared to take the responsibility for change with a view to socially balanced policies. While public authorities retain an overall responsibility, the involvement of social partners in the design and implementation of flexicurity policies through social dialogue and collective bargaining is of crucial importance.

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- Flexicurity requires a cost effective allocation of resources and should remain fully compatible with sound and financially sustainable public budgets. It should also aim at a fair distribution of costs and benefits, especially between businesses, public authorities and individuals, with particular attention to the specific situation of SMEs.

Best practice example

The Slovak company VUJE a.s. from Trnava employs 795 workers with an average age of 46 years.

VUJE a.s. is an engineering company that performs design, supply, implementation, research and training activities, particularly in the field of nuclear and conventional power generation. Most of the employees are highly qualified and specialized in nuclear energy issues. There is a lack of young generation with qualification in this field.

Examples of aged workforce management in the company:

- Keeping older workers within working process even after official retirement age;
- Former older workers are often hired as ad hoc consultants or advisors within various projects in Slovakia or abroad;
- Older workers are often “mentors” for their younger colleagues.

Concrete example

Company management agreed to implement a specific project (building up a virtual simulator of nuclear power plant nerve centre) that required highly skilled specialists. In order to achieve this, the company contacted former employees (of which some had already been retired for several years) and hired them for this specific project as consultants.



Company Culture and Attitude

„Culture always trumps management goals“

The chapter explains the link between the nation's and company culture (including the company history) and company's position in starting places when it comes to influencing retirements to support the strategic staffing needs. The cultural starting point will shape the options available to management when it comes to knowledge transfer.

Definition of Company Culture


Company culture is total sum of the values, customs, traditions and meanings that make a company unique? Company culture is often called “the character of an organization” since it embodies the vision of the company's founders. The values of a company's culture influence the ethical standards within a corporation, as well as managerial behavior. Company culture is the shared values and practices of company employees.

Population demographics in Europe are showing clear signs of workforce ageing. This is occurring in parallel with a decline in the numbers of younger workers entering the workforce. These developments are raising a warning flag to governments, employers, and society in general as to a substantial loss of knowledge and experience in the working population. This is the key issue of age and work. As a consequence, many companies and organizations have realized they need to retain and nurture their older workers. They also found they could no longer afford the costs resulting from early retirement. Many European companies are now devising and implementing policies to address this challenge.

Age management and company culture: Why can it be a problem?

In the past two years, one of Europe's largest oil companies has seen the majority of its top 200 managers forced to retire as they reached age 60. Relatively little effort was made to transfer the experiential knowledge of these executives who were forced to leave because of their age. An organization can't lose that much leadership talent at once without a serious impact on the quality of decision making. One example – when the director of business processes for a major European food distributor was encouraged to take early retirement after 20 years, he was the only person who had complete knowledge of how the company's core systems related to each other. Once he left, there were significant delays in the integration of departmental systems needed to support performance improvement objectives. Similarly, as veteran maintenance workers continued to retire from a European chemical company, the knowledge base in a group that maintained special valves declined significantly. The problem went unnoticed by management until an explosion was attributed to a faulty valve that had recently been serviced.

Laws about mandatory retirement vary by country throughout the industrialized world, and organizations often have different policies about who must retire and when. Despite warnings about looming shortages of skilled



workers due to major demographic changes, most organizations have been surprisingly reluctant to let go of long-held beliefs that older workers should be encouraged to retire to create opportunities for younger employees who are thought to be more cost effective.


There are a lot of misunderstandings and half truths about the impact of retirements on organizational performance. But whether retirements are strictly voluntary, taken with some encouragement, or forced by law or company policy, the potential negative impacts on knowledge-intensive businesses can be tremendous, and managers must be increasingly careful in how they plan these transitions.

We may say that national and companies' cultures have tremendous influence on older workers' attitudes about leaving or staying and sharing knowledge before they go. That's why culture always trumps management goals. In many European countries, workers have been conditioned to look forward to a reasonably early retirement (well ahead of any mandatory retirement age) with a comfortable pension. The sustainability of this model is now in question, given demographic trends. But this lifetime of expectation setting is going to make it more difficult to encourage highly-skilled workers to stay on the job once they are eligible for retirement benefits. Of course, industry and company cultures can have a similar effect. Those organizations that have not created a secure, flexible and challenging environment that respects and motivates older workers will have a much harder time gaining the cooperation of veteran employees in sharing knowledge.

Some organizations, however, have begun to counter the dominant paradigm. They are developing cultures that intentionally court older workers, recognizing this group as a valuable source of talent in the shrinking market for skilled workers.

For example, Nordea, a leading Nordic bank, encouraged its older workers to retire early throughout the 1990s, but dramatically reversed its policies in 2003 when executives realized the Finnish workforce, where it is a dominant player, was ageing faster than any other country. In the past few years, the bank has initiated mentoring, training, and special healthcare initiatives designed to retain veteran workers as long as possible.

Depending on a nation's culture and company history, organizations can be in very different starting places when it comes to influencing retirements to support their strategic staffing needs. This cultural starting point will shape the options available to management when it comes to improving succession planning and knowledge transfer. The first step in any situation where the company's culture is not supporting the outcomes management wants, is to identify the specific behaviors needed to produce those outcomes. Management often ignores opportunities to transfer knowledge from retiring experts because the capabilities being lost seem overwhelmingly broad and hard to define. And the business value of a specific knowledge-retention effort may be unclear. In this case, the first step is to think about how the loss of an individual's specific knowledge will impact the organization's strategic capabilities. For example, will the departure of an R&D scientist clearly threaten the speed of new product development? Will the loss of a senior salesperson reduce revenues? Once the link to future business strategy has been



established, there are methodologies being used today with increasing success to make seemingly tacit expertise more explicit and transferable knowledge for a less-experienced successor.

For example, the vice president of R&D for a medical device company realized his organization was about to lose one-third of its R&D engineers to retirement at the same time the company was planning to expand its product lines. Management had to find a way to cut the development time in half for newly hired mechanical engineers. Part of the strategy involved assigning a veteran engineer to coach every new hire. After identifying specific skill gaps and needs, management customized training for each engineer, thus cutting normal development time by at least a year and a half, instead of forcing everyone through a lengthy core curriculum.

Another reasonably simple, low-cost step you can take with any highly-skilled employee or manager is to create a training plan, which deconstructs a job into a specific list of things the successor needs to know how to do. This kind of reverse engineering exercise has been used successfully in many organizations. A careful debrief of an expert approaching retirement not only identifies the skills or tasks a successor needs to be able to master, but it also identifies the sequence or order in which an apprentice should learn the skills, as well as the resources available to do so.


Using tools and methodologies like these, management is less likely to undervalue deep expertise, and also less likely to be intimidated by it in the future. The fact is we now can help people articulate their know-how – what, where and when – in ways that will be useful for others. The processes to capture and transfer tacit knowledge are definitely not perfect. They never will be. But as long as these knowledge transfer initiatives clearly help organizations improve or at least sustain performance, they will be worth the investment.

Measures in this Field

Plan for successful age management

Plan for a systematic, integrated and comprehensive approach to age management

- Develop an age management strategic plan that is a central part of an integrated with human resources policies and corporate-wide policies. The plan should be drawn up in cooperation with older employees as well as managers and representatives from all levels of the organization.
- The plan should be integrated and comprehensive and it should cover all elements of the life-cycle.
- In developing the plan it will be important to consult with older employees to identify existing age barriers and examine different approaches to promoting age diversity. There are number of ways that companies can consult with older employees to identify their needs and requirements: a confidential employee survey, focus groups with older workers, and workshops with workers of all ages.

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- Put in place an action plan and a mechanism for monitoring and evaluating the plan on a regular basis.
 - The plan can provide for a step-by-step approach so that there is a progressive implementation of age management policies. One way to test out new policies and strategies is to establish pilot projects, which can then be evaluated for their transferability across the organization.

Promote age awareness through training and development of senior managers, human resources practitioners and managers, line managers and employees

- Training and awareness on age management is important to developing a culture that is conducive to age diversity and that promotes age management as a central element of corporate culture.
- Put in place age awareness training at all levels of the organization for senior managers, human resources managers and practitioners, line managers and employees
- Training should raise awareness of the specific needs and requirements of older workers, including attitudinal and organizational barriers, the benefits of age diversity, the compliance with anti-discrimination legislation and the promotion of age quality, organizational and working time changes that can be introduced, methods of improving the working conditions and contribution of older workers, and methods for knowledge management and intergenerational knowledge sharing.
- Training and awareness should also cover the development of organizational strategies on age management that take a comprehensive life-cycle approach for the whole workforce.
- Employees can also be empowered through training to adapt to different life-cycle situations and events. Raising the awareness of employees can also help to provide new options and challenges for employees as they age. Enabling older workers to contribute positively and to respond with innovative ways of working is a gain that companies can make from raising the awareness of employees.

Make visible senior management commitment to age management and champions for change

- A key to company culture is the visibility and commitment of the senior managers in the organization to age diversity.
- This commitment should be made visible in company business plans, annual reports, company in-house circulars and magazines, on company notice boards, and other sources of information disseminated to employees and trade unions.
- Gaining media coverage may also be a way of more widely disseminating information about age management in the company and in signalling the commitment from senior levels.
- Ensure that there are age management champions in the company – they can help to promote the benefits of age management. Older senior managers can provide valuable role models and champions





Take a preventative approach across the life-cycle by focusing on all workers

- A life-cycle approach should form the basis for age management strategies and policies.
- This will enable all employees to benefit from age management initiatives, while also ensure that as employees move through their working lives they are prepared for different working life experiences.
- Prevention is a key to ensuring that employees are healthy, skilled and able to cope with change.

Enhance working conditions for older workers

- There are a number of ways in which working conditions can be enhanced for older workers. These can help to retain valued older workers in the company and avoid involuntary early retirement or early exit from the labor market.
- Working conditions can be enhanced if older workers can avail of flexible working hours, job rotation and opportunities for redeployment that enhance their career development, training and skills development and to work in health promoting workplaces.
- Consulting with older workers and trade unions will be important to identify the best ways to improve working conditions.

Involve older workers in the planning of age management strategies and initiatives

- Older workers have valuable experience, learning and knowledge that they can bring into discussions about age management strategies.
- Therefore, the starting point for any new policies or strategies should be consultation with older workers to identify best practice approaches, new and innovative approaches and what works in practice.

Link age diversity to company equality and diversity strategies

- Creating a diverse workforce is now recognized as an important basis for successful, customer focused and outward looking organizations. For this reason it is important to recognize and value diversity, while also acknowledging that diversity in the workforce needs to be accommodated through targeted as well as mainstream company policies, practices and procedures.
- Age diversity should also be viewed as part of the company's overall equality and diversity strategy. This is particularly important because age overlaps and intersects with out grounds such as gender, disability, race or ethnic origin. Having an integrated approach to equality can enable companies to also recognize and accommodate the needs of older women workers, older disabled workers or older minority ethnic workers.



Communicate and provide information across the company on age management

- Communication and information are central to the successful uptake and implementation of company policies and strategies on age management. This is important if older workers are to avail of planned approaches to job rotation or redeployment, working time flexibility, or health management programs.
- Regular communication can also help a company and its employees adjust to a new culture or to organizational changes, to build trust and confidence in the change process and to feel a part of the process of change.
- Companies can put in place a number of different methods of communication and information. Examples include: information workshops, displays of information and information stands, information bulletins and posters that are visible and widely disseminated, and articles in company newsletters and magazines.

Monitor and evaluate the effectiveness of age management policies

- It will be important to undertake regular monitoring and evaluation of age management policies, procedures and practices. This evaluation should be on-going i.e. formative evaluation, as well as carried out at the end of specific projects or initiatives to assess the outcomes i.e. summative evaluation.
- An important element of monitoring and evaluation is to have data on the organization's age structure and on the training and other needs of employees at different stages in their life-cycle, against which progress can be benchmarked.
- Carrying out ongoing evaluation can help to constantly review policies and strategies, and develop new initiatives in the light of developments within companies.
- Monitoring and evaluation should assess the process of implementing policies, the uptake of specific initiatives and the outcomes with regard to older people and the company.
- Older workers, line managers and senior managers should all participate in monitoring and evaluation.



Summary

The real risk posed by an ageing workforce is not that there is suddenly going to be a shortage of labor to fill lower-skilled jobs. The main economic threat is the coming shortfall in critical capabilities, such as geoscientists, chemical engineers, nurses and large-scale project managers. The best of these people will be retiring soon and taking their knowledge with them. And these are the capabilities that drive economic growth.

Thus, the major challenge of an ageing workforce is a knowledge shortage, not a labor shortage. The only thing that will be mandatory in the new environment will be the development of more effective practices to retain high performing workers – of all ages – and their critical knowledge. Organizations that aren't successful at this will learn painful lessons about the true economic costs of failing to respond to threats of knowledge loss before it's too late.

Ironically, the debates around whether retirement should be voluntary or mandatory are a red herring when it comes to understanding the real impacts of the changing workforce. Arguments for mandatory retirement are based on an assumption that forcing older employees to leave will create new opportunities for younger, unemployed people. And proponents of strictly voluntary retirements seem to infer that all older workers are highly productive and cost effective. Both positions miss the mark. While finding job opportunities for relatively low skilled, younger workers is a laudable goal, it ignores the fact that the critical jobs that drive an economy are higher-skill, harder-to-fill jobs, which usually require years of training and experience.



Main Recommendations and Benefits

Main Recommendations	Main Benefits
Age, Skill and Health Analysis	
Take a look at the age, skill and health profile of your company's workforce and make a projection for the next five or ten years – will you have the needed workforce to realize your plans for the future?	Such an analysis reveals areas in which the company needs to act with age management measures to avoid age-related costs and maintain or increase the productivity of its workforce.
Workplace Health Management	
Occupational Health and Safety measures: <ul style="list-style-type: none"> • written policy and recommendations • yearly health screenings • medical care programs • stress management programs 	Cost saving implications of health protection programs - "burden of illness" represents a great cost for a company: <ul style="list-style-type: none"> • Lower mortality/ morbidity/ disability costs • Less limited activity • Higher effectiveness
Work-life balance programs	Work-life balance helps employees in keeping motivation and performing well, thus contributing more efficiently to business goals.
Corporate Education and Training	
An adequately set-up staff education and training system	<ul style="list-style-type: none"> • A company taking care of continuous education of its employees and development of their qualifications has more chances to succeed in the competitive environment and is able to respond more flexibly to market requirements and technology changes. • Employees with better education can provide services of higher quality. • Educated employees have higher motivation and are less likely to leave their current job, which leads to reduced turnover.
An involvement of older staff in training of employees for new working positions	Due to their skills, knowledge and education, the older staff can substantially contribute to the training as assistants or trainers, which can also raise their qualification profile and enhance the organisation's culture. Such recognition of skills of the older staff serves as a factor which motivates both the older and younger employees for further education.
Knowledge Transfer, Career Development and Redeployment	
Knowledge transfer	Necessary in order to retain crucial knowledge.
Redeployment of older workers	Professional and social skills gained by older employees in the course of their careers represent a special asset.
Career development	The motivation and performance of ageing employees are promoted and applied in the most effective manner.

Main Recommendations	Main Benefits
Reorganisation of Work processes and Flexible Work	
Improve legislative framework.	Creating conditions for flexible employment requires a legal framework that allows implementing effective models of flexible work relations. This high-quality framework is a precondition for developing high-quality work relations between aged workers and their employers.
Raise awareness of employers and employees.	This can be considered as another important precondition of introducing flexible working types. Employers are hesitant about introducing flexible work types because of information scarcity. Also employees usually do not know about opportunities and benefits that flexible employment provides them.
Set up an effective flexible employment policy within a company.	Moving into flexible employment rather than e.g. leaving work if older worker has relatively high levels of skills is very beneficial for both the employer and the employee.
Company Culture and Attitude	
To “bound” the problem (exactly which divisions, functions and departments have critical people approaching retirement; what evidence do you have that there is a critical knowledge at risk and to be more specific: what will be the impact on organization’s strategic objectives, revenues or costs?)	The more clearly you can articulate where retirements are going to hurt performance, the more likely you are able to take meaningful action.
To reduce the impacts of unanticipated loss that is usually difficult to trace – one suggestion is to make the threats more visible to management.	This cultural starting point will shape the options available to management when it comes to improving succession planning and knowledge transfer.
To create for any highly-skilled employee or manager a training plan which deconstructs a job into a specific list of things the successor needs to know how to do.	You will identify the skills or tasks a successor needs to be able to master but also identify the sequence or order in which an apprentice should learn the skills, as well as the resources available to do so.

Self-Evaluation Check List


This self-evaluation check list can be one of the steps on your way towards a better age management in your company. By trying to answer the questions you will be stimulated to think about the different aspects of age management and the advantages and disadvantages of the situation in your company. The answers will enable you to identify risks and potential problem areas, and encourage you to create responses to these challenges. For more information on each topic see the corresponding chapters in the first part of the brochure.

Analysis of Age, Skill and Health Structure

1. Do you know the age structure of your company?
2. Do you know the average age in your company?
3. Do you know the average age per departments?
4. Do you have a balanced age-structure in your company (1/3 under 30 years, 1/3 between 30 and 45, 1/3 over 45)?
5. Is the average age in your company over 40 years?
6. Do you know the average retirement age in your company?
7. Do you have many employees younger than 25 and older than 45 and in-between only a few?
8. Did you have a continuous recruitment policy (without hiring freeze and the like) in the past years?
9. Do you have projections for your company how many and which employees are about to retire or leave the company?
10. Is the difference between the average age in your company and the retirement age less than 10 years?
11. Do you know the age structure of your competitors?
12. Do you know how the labour force and skill supply in your local labour market will develop over the next five years?
13. Do you know the sick-leave and absenteeism rate in your company / per departments?
14. Is the sick-leave and absenteeism rate in your company above average?
15. Is the sick-leave and absenteeism rate in your company compared to your competitors high?
16. Do you have high levels of sick-leave, early retirement or work accidents among older workers?

Workplace Health Management

17. Do you have written policies for occupational health and safety in your company?
18. Do you have health promotion programmes in your company?
19. Do you have workplaces adjusted for older workers?
20. Are you aware of the costs of the absent workers and the annual direct /indirect costs caused by employees suffering diseases?
21. Is it compulsory for every employee to attend work and safety education, when entering the company or different job role?

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- 22. Do you have any health screening for your employees? Not only for physical health, but for emotional, social or intellectual health as well.
 - 23. Do you have trained people who can provide first aid when it is urgently needed?
 - 24. Do you have any programmes that promote work-life balance at your company?
 - 25. Do you have any tools or programmes to manage stress for your employees?
 - 26. Do you have any well-being programme introduced at your company?
 - 27. Do you have known channels (key contacts, notice boards, company newsletter, internet sites, etc.) where employees can reach information on health management and can also ask for information?
 - 28. Are you aware of the tax/ government support of any programmes you introduce on health management at your workplace? Do you know where to reach information about them?

Corporate Education and Training

- 29. Do you spend for training and education programmes for workers over 45 as much money as for younger workers?
- 30. Do you accept employees' proposals to change their working task and to acquire new skills, in order to find the most suitable worker for relevant working place?
- 31. Do you offer training and qualification programmes that are tailored to older workers (with age-adjusted learning methods)?
- 32. Is the development of employees' competencies one of the company's strategic objectives?
- 33. Are reviews and assessments of the employees' qualifications/skills performed on a regular basis?
- 34. Are the employees provided with adequate time to learn on a self-organised basis while working?
- 35. If the employees signal a need for training, is this taken seriously into account and assessed?
- 36. Are the employees well informed on further training / development of competence in your enterprise?
- 37. Does the benefit system offer incentives to the employees to pursue training, learn more and develop further their skills within or outside the company?
- 38. Are the employees informed regularly about available possibilities of further training offered by other organisations?
- 39. Does the promotional system take into account the further training/skills development an employee is undertaking?
- 40. Do you carry out an analysis of educational needs of your employees?
- 41. Do you carry out an evaluation of employees in your company? Do you have some evaluation strategy or guideline for that reason?



Knowledge Transfer, Redeployment of Older Workers and Career Development

- 42. Do you know which knowledge and expertise is crucial for your company to continue with its business when older workers retire?
- 43. Do you have in place processes and supporting systems to manage the retention of knowledge in your company when certain employees retire?
- 44. Do you give your older employees the time and the resources to effectively transfer their knowledge to younger colleagues?
- 45. Do you have a system in place to ensure the knowledge transfer among older and younger workers?
- 46. Do you invest in extending the careers of your older employees?
- 47. Can (older) workers in your company choose between alternatives regarding their career option?
- 48. Do you have teams of mixed age?
- 49. Do you provide work places for older workers with lower stress and performance levels?

Work Process Reorganisation, Flexible working time

- 50. Does your company have various types of working time arrangements?
- 51. Do the (older) workers in your company have a possibility to choose between alternatives regarding their working time arrangements (breaks, distribution of working time, reduced working time, etc.)?

Company Culture and Attitude

- 52. Is age management an issue at the executive level?
- 53. Is age management an issue for the worker representatives in your company?
- 54. Do you monitor work satisfaction and needs of (older) workers?
- 55. Does your company have an age-friendly image among its employees / in the region?
- 56. Is there visibility and commitment of your executive staff to age diversity?



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