

Managing an Ageing Workforce

A Guide to Good Practice



EUROPEAN FOUNDATION
for the Improvement of Living and Working Conditions

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This guide was written by Professor Alan Walker of the University of Sheffield, the lead researcher on the Combating Age Barriers in Employment Project.

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Introduction

This guide to good practice is based on the results of a major project (published as *Combating Age Barriers in Employment*) coordinated by the European Foundation for the Improvement of Living and Working Conditions. The project was focused on initiatives in favour of the retention, reintegration and retraining of older workers and was informed by developments across the EU. This was the first systematic European search for good practice in this field.

This booklet outlines the key elements of good practice in managing an ageing workforce. It is intended to act as a guide for policy makers and managers, particularly those engaged in job recruitment and training.

Why tackle age barriers?

Age discrimination has been called the last unrecognised discrimination. But that is changing rapidly as evidence mounts across the EU of various forms of age discrimination, both open and hidden. Older workers are experiencing more long-term unemployment and get less training than younger ones.

At the same time there is a plethora of scientific evidence to show that older workers are no less effective than younger ones – though of course there are variations between jobs. Older staff also have fewer accidents than younger ones and are less likely to leave an organisation. Their average net cost to an employer is similar to that of younger staff.

In addition there are pragmatic reasons why the social partners are beginning to look for ways of removing or reducing the impact of age barriers. Some employers have even begun to articulate a 'business' case in favour of older workers.

- The **age structure of the workforce** is changing rapidly in all countries. In the EU over the next 10 years the numbers of young people (15-19) will decline by over 1 million and those aged 20-29 will fall by 9 million, while the numbers aged 50-59 will grow by 5.5 million and the 60-64 age group will increase by 1 million. The ageing of the workforce implies a radical change in human resource strategies and a new approach to managing age at the workplace. Future competitiveness will rest partly on the performance and productivity of ageing workforces and, therefore, on the efficient utilisation of older workers.
- At plant level employers are reassessing the **consequences of early exit**. It is being seen by some as a waste of experience and human resources and of the investment they have made in the workforce. Others see roles for older workers in training younger people or in preventing skill shortages.
- There is growing awareness among employers and trade unions that, by artificially limiting the field of candidates, age barriers prevent an organisation from maximising its **recruitment potential**.
- Some enterprises are recognising that the organisation with a **diverse age base** – a mixture of youth and maturity – is likely to be able to respond best to rapidly changing circumstances. In the service sector in particular, employers are seeing the benefits of adjusting the age range of their employees to better reflect the age composition of their customers.
- There are widespread **government concerns** about employment rates and the financing of pensions. While the workforce is ageing, the age at which

people leave employment has been falling continuously in most EU countries. This creates financing problems for national pension systems and this is a key reason why governments have been taking action to close off early exit routes.

- **Policy makers** at all levels in the EU have been turning their attention to the issue of age discrimination. It is now firmly on the policy agenda and is included in the Amsterdam Treaty.

The European context

The issue of workforce ageing has moved up the European policy agenda in recent years and has been the key theme of recent EU demographic reports. It achieved prominence in the early 1990s, partly as a result of the setting up of the European Observatory on Ageing and Older People and the first European study of age discrimination by Eurolink Age. The European Commission has produced a series of important documents which increasingly go beyond recognition of workforce ageing to emphasise the need to tackle age barriers as part of the fight against unemployment and the promotion of more active labour market policies.

The European Council Summit in Cardiff in June 1998 emphasised the need to pay special attention to older workers as part of the need to develop a skilled and adaptable workforce, and the importance of tackling discrimination in the labour market. The Commission's proposals for employment policies 1999 underline the need to reassess measures which induce workers to leave the labour force early, and the importance of access to learning opportunities for older workers.

Contents of the guide

Good practice in managing an ageing workforce is dealt with under the following headings:

- what is good practice?
- how can it be implemented?
- creating an integrated age management strategy;
- recommendations for good practice.

What is good practice?

Good practice should be regarded not as a once-and-for-all achievement but as a range of possible interventions, from minor to major, that contribute to promoting the interests of both older workers and organisations. These interventions do not necessarily imply large financial outlays; on the contrary many important changes can be implemented at low cost. Good practice should be 'fit for purpose', that is, cost-effective and appropriate. It must be monitored and evaluated to ensure that it is achieving its goal.

Because of age discrimination, and a longstanding culture of early exit from employment, many organisations in both the workplace and the community have no experience in positively targeting older workers. Therefore those looking to respond to workforce ageing usually start from a low or non-existent base. A key message is that, where good practice is concerned, small may not be exactly beautiful but very small changes can have a positive impact.

Good practice in the management of an ageing workforce consists of both specific measures to combat age barriers, and general employment or human resource (HR) policies which provide an environment in which each individual is able to achieve his or her potential without being disadvantaged by their age. It is however possible to implement very specific initiatives, such as the abolition of age limits in recruitment advertisements, without altering the approach to age management in the organisation as a whole. Thus examples of good practice may be found in organisations that nonetheless have plenty of other age barriers. The comprehensive elimination of age barriers requires a broad age management strategy (see page 11).

Examples of good practice

The following examples are drawn from the *European Portfolio of Good Practice*, which contains 155 such examples from the nine countries involved in the Foundation project. The achievement of good practice in combating age barriers does not demand a special initiative on older workers – there may be general HR policies that are of particular benefit to older employees. For example in some UK companies a system of annualised hours has proved to be particularly helpful to older workers with caring responsibilities but it was not intended as an age-specific HR strategy.

Good practice can be grouped according to five main dimensions.

The main dimensions of good practice:

- job recruitment
- training, development and promotion
- flexible working practices
- ergonomics/job design
- changing attitudes within organisations

Job recruitment

Good practice means ensuring that older workers have either equal or special access to the available jobs and that potential applicants are not discriminated against either directly or indirectly. For example, the absence of age limits and other discriminatory mechanisms in advertisements or other methods of recruitment.

- A medium-sized Swedish company (RAPID) employing skilled metal workers has focused on recruiting a small number of older workers to ensure an **age-mixed workforce** and to avoid shortages of skilled labour.
- A large UK local authority (London Borough of Hounslow) has **banned age bars** from its recruitment advertisements.
- IBM-Sernet in Italy was established in 1991 as a partnership between a group of IBM managers and IBM itself. It offers consultancy services to companies of all sizes and in every sector. The initiative was a **contracting out** one designed to retain a group of highly skilled professionals within the ambit of IBM.
- A community-based employment agency (Uitzendbureau 55+) in the Netherlands specialises in **matching older workers (55+) to job vacancies**.

Training, development and promotion

Good practice in this field means ensuring that older workers are not neglected in training and career development, that opportunities for learning are offered throughout working life, that training methods are appropriate to older workers, and that positive action is taken where necessary to compensate for discrimination in the past.

- A German metal-processing company (Keller GmbH) has introduced **IT skills training courses** for older workers. The courses are specially designed so that there is a close interplay between the existing experience of older skilled workers and the new technical skills to be acquired.
- FORUM is a community initiative in the Netherlands which aims to develop **age-aware personnel policies** in the teaching profession. FORUM runs a 'job exchange' project which allows teachers to be seconded voluntarily to do different jobs temporarily either inside or outside education.
- The Higher Training Institute in Italy is a non-profitmaking organisation which operates a **training programme for unemployed people**, most of whom are over 50. This initiative is focused on one of the most deprived regions of Italy and involves one of its biggest trade unions.
- A medium-sized Dutch company (Fontijne Holland) has set up a **refresher course in 'workplace technology'** for staff aged 40 and over. The course is intended for older employees who have not attended a course on the production process for a considerable time, who feel insufficiently involved in the production process or who want to study new techniques in depth or expand their professional knowledge.
- The Professional Training Centre of a German Employers' Federation has developed a range of pilot **training initiatives for older workers** who have been made redundant from industrial jobs. They are designed to create employment opportunities in small and medium-sized companies.
- A large aluminium manufacturing company in Greece (Hellas Can) encourages older workers to participate in all its training programmes, including **training in the use of information technology**. Older workers themselves are frequently involved in providing on-the-job training.

Flexible working practices

Good practice in this field means giving older workers greater flexibility in their hours of work or in the timing and nature of their retirement. Of course such flexibility may benefit younger as well as older employees and especially carers (as in the case of annualised hours) but, specifically with regard to older people, such flexibility may be an important method of retaining this group in employment.

- A medium-sized Belgian finance company (Fidisco NV) enables its employees to adopt very **flexible working patterns**. It allows older staff (men over 60 and women over 55) to work two hours per week less without loss of earnings. It is possible to convert this reduction in working hours into extra holidays.
- A medium-sized construction company in France abolished early retirement in 1993 and replaced it with **phased early retirement** as part of an apprenticeship scheme. The objective is to make the transition from work to retirement smoother, to facilitate recruitment and to use the oldest staff to train the youngest.
- A very large French sugar manufacturing company allows staff participating in its phased early retirement scheme to have some **discretion in their work schedule**. Scheme members receive at least 90 per cent of their former income. Employees participating in phased early retirement are able to save up their leave entitlement so as to bring forward the date of their full retirement from the company.

Ergonomics/Job design

Good practice with regard to job design may take the form of preventive measures or ones intended to compensate for physical decline. There are a wide range of ways in which work-induced illness or disability may be prevented by improved job design, for example by the elimination of heavy lifting or violent twisting movements, the provision of beneficial lighting and seating. For ageing workers who are experiencing physical decline, it is possible to modify the workplace in order to assist them to maintain their productivity and, therefore, to remain in employment – for example, making changes in lighting levels to compensate for changes in eyesight or alterations to workstations in order to avoid arduous bending and reaching.

- A large family food production company in Finland (Ruoka-Saarioinen Oy), in collaboration with public and private insurance institutions, has invested in a project aimed at adding one or two years to an employee's working life with the company. The physical working environment has been improved, for example by the purchase of new working equipment. **Ergonomic improvements** have enabled better working postures. The workers have personal pause exercises and fitness programmes, and losing weight has become popular. The project has had a highly beneficial impact on both physical and mental working capacity.
- A medium-sized Dutch construction company (Hazenberg Construction) tries to anticipate potential problems of ageing at work through **job adaptation and social-medical supervision**. This includes periodic health checks. The company doctor advises both employee and employer on a sensible combination of load and capacity. Forms of adaptation include: a switch from carpentry work to supervisory positions; mentoring of younger, less experienced operational staff in less arduous renovation projects; putting a younger employee to work with an older one, with the heavy work being carried out by the younger person and the older worker providing training; and adjustment in the pace of working.

Changing attitudes within organisations

The introduction of good practice in all these areas rests on the commitment of key personnel in an organisation. It is well known that, in large organisations, sometimes the desire of senior managers to create equal opportunities for older workers is thwarted by line managers with direct responsibility for recruitment and training. Therefore, changing the attitudes of such staff towards older workers may be a vital prerequisite to the development of good practice. Certainly it is essential to achieve a comprehensive 'age awareness' strategy (see p. 11).

A positive approach to combating ageism may include presenting evidence to line managers, supervisory staff and the workforce in general that demonstrates the benefits of employing and investing in older workers. Such evidence may include examples from within the organisation or from similar ones, or may be the results of more broadly based scientific research. As well as raising awareness about the need for good practice in the recruitment and training of older workers there may be a place for special training in equal opportunities, with reference to age, or for awareness raising as to the particular needs of an ageing workforce.

- A major Swedish car manufacturer (Volvo Penta) has responded to the ageing of its workforce by introducing a programme to change the attitudes of its employees towards internal mobility. The initiative includes the allocation of money to individuals for personal development programmes.
- A small temporary staff agency in Belgium has run a campaign targeting its own staff and industry with the message that older people have a package of professional and general experience and are often very flexible.
- A medium-sized veterinary care organisation in the Netherlands is developing a strategic age-aware personnel policy. As a first step a questionnaire was sent out to all 200 employees asking their opinion on the quality of the workplace, working conditions, motivation and mobility. Employees were also asked for their views on the relationship between age and work.

Although the five different dimensions of age management have been separated for purposes of illustration, in practice the boundaries between them are often blurred. This is not surprising: if an organisation adopts HR policies that emphasise equal opportunities for older workers this orientation is likely to permeate other aspects of employment in the organisation.

How to implement good practice

The previous section has provided a flavour of the very wide range of different good practice initiatives that have been developed by public and private organisations in different countries. There are four key guidelines to be followed in the introduction of good practice.

Key guidelines in introducing good practice:

- backing from senior management
- a supportive HR environment
- commitment from the ageing workers involved
- careful and flexible implementation

Backing from senior management

Without this support an initiative is not likely to proceed very far. Typically it is the HR head in the organisation concerned that takes on a crucial role in championing the cause of good practice.

There are a variety of reasons why senior management will support a good practice initiative in age management: a recognition of the implications of the ageing of the workforce and the need to retain and retrain older workers; bottlenecks in the local labour market; a change of management resulting in a new approach or policy; or the availability of public funding for particular types of initiative. Obviously a bid to secure support for a good practice initiative will have to emphasise the specific needs of the organisation as well as the general points set out in the previous section.

A supportive HR environment

It is not necessary to have an HR policy which is overtly older worker friendly in advance of the introduction of a good practice initiative. However, such initiatives are likely to succeed best within an environment that values human resources. Signals of the sort of environment that is likely to be conducive to good practice include a commitment to training and an organisational philosophy emphasising quality.

There are two separate traditions underlying good HR practice. On the one hand there are personal, sometimes paternalistic, approaches found in some companies while, on the other, there are modern management strategies emphasising design, quality, cooperation and the value of human resources. Good practice in age management can thrive under both traditions (though it may be more lasting under the latter). A supportive HR environment implies that blockages are not created by line managers or other staff with responsibility for implementing initiatives.

Commitment from the ageing workers involved

Although the most common method of introducing good practice in age management is a top-down management decision, there is no doubt that the support of those involved, particularly of the older workers, is crucial to the success of such initiatives. Such commitment is not necessarily forthcoming initially, especially in a climate where early retirement has been expected, and it may be necessary to go to considerable lengths to persuade older workers to accept and 'own' an initiative. This can involve, for example, special seminars in order to get feedback from those involved. Where appropriate, trade union representatives may be an essential source of support.

In the case of training initiatives the most important factor in guaranteeing commitment is the principle that courses must be geared to the specific needs and preferred methods of older workers. In other words, training courses should be developed in conjunction with ageing workers. A medium-sized manufacturer in the Netherlands, with a long-term culture of training for younger workers, tried to introduce a training course for the over-40s but it received a negative response from participants who said it was not appropriate to their needs. The company made changes to the content, presentation, duration and timing of the course as a result of the feedback from the older workers, and secured their enthusiastic and effective participation.

Careful and flexible implementation

If all of the elements behind the development of good practice are in place then everything rests on the implementation process. If a good practice initiative is to succeed without encountering unnecessary teething troubles it must be implemented carefully and flexibly. Good communication between management and staff is an essential element of this process. This may involve the careful preparation of the ground by explaining to all those involved what is intended. It may entail special training, for example in equal opportunities or age management issues.

The following nine steps should guarantee successful implementation.

Steps for successfully implementing good practice:

- **careful preparation**, including research in recruitment trends and age profiles of employees and labour market projections
- **open communication** both with staff generally and with the target group about the objectives of the initiative, including, where appropriate, the use of seminars, workshops and newsletters
- **early involvement of trade unions**, works councils and staff associations
- **early involvement of older workers** themselves
- **education and awareness raising** among line managers
- **staged implementation**, including a pilot phase both to test the initiative and to demonstrate to any doubters that it can be effective (this can be carried out in a section of the organisation already predisposed to good practice in age management as a way of multiplying the impact of the experiment), regular monitoring and feedback with adjustments to the initiative if necessary
- **periodic assessment** of impact and feedback
- **constant communication** with all employees in order to avoid stigma and feelings of inferiority among older workers or the development of 'them and us' attitudes
- **attention to other aspects of the working environment**, such as arduous tasks and conditions, which may inhibit the good practice initiative from achieving its intended goal

In addition to these nine implementation steps there should be long-term **monitoring** to evaluate the impact of the initiative, with clear communication of the results for the workforce, to ensure that lessons are learnt from the experience.

In community-based initiatives to promote employment for older workers, there are the same needs for flexible implementation and commitment from those who are targeted; the need for financial support must also be recognised, particularly for non-governmental organisations.

An integrated age management strategy

As well as the implementation guidelines in the previous section it is certain that any good practice initiative will have its greatest chances of success if it is part of a broader HR strategy designed to minimise or eliminate age barriers.

Organisations may want to take relatively small-scale initiatives in response to particular problems, such as skill shortages. However, the limitations of such actions must be recognised, as must the problems that might be created when both good and bad HR practices towards older workers coexist. Therefore, specific measures to combat age barriers which focus only on one aspect of age management and/or on the latter part of employees' working lives, as welcome as they are, should be seen as a starting point towards a holistic HR strategy on age and employment.

What are the essential ingredients of an integrated age management strategy?

- An emphasis on the **prevention of age management problems**, such as the de-skilling of older workers or work-related health problems, rather than reactive problem solving.
- A **focus on the whole working life** and all age groups, not just older workers.
- A **holistic approach** encompassing all dimensions that contribute to effective age management.
- In the short term, **remedial provision for older workers** who missed out on specific skill training or whose health has suffered as a result of their employment.

The core aim of this integrated approach to age management would be to neutralise the negative impact of ageing on employment. This should be the longer-term goal of policy and practice. Again it is vital to evaluate the impact and effectiveness of a broad strategy such as this as well as the specific initiatives within it.

Recommended actions for good practice

It is the responsibility of everyone involved in European labour markets, at all levels, to create the conditions in which good practice in the management of an ageing workforce can flourish. This includes European and national policy makers, employers and trade unions and older workers themselves.

Employers. Employers, public and private, should aim to create the conditions in which employees can manage their own careers and ageing. They have to recognise the implications of an ageing workforce. Many examples demonstrate that large, medium-sized and small organisations can develop initiatives to overcome age barriers.

Actions: develop age awareness throughout the organisation and ensure that age is not used inappropriately in recruitment and training.

Ageing workers. If a primary duty of employers is to create the conditions in which individuals can manage their own careers and ageing, then ageing workers have a parallel duty to take advantage of that opportunity.

Actions: take advantage of training and lifelong learning opportunities and take stock regularly of their own training and career development requirements.

Trade unions. Whether to defend the current interests of members (as workers) or to promote their future interests in retirement is sometimes portrayed as a dilemma facing trade unions. However, enlightened trade unions will not see it as such and will focus on the promotion of equal opportunities for all age groups and on ensuring that, on retirement, older workers have adequate pensions.

Actions: union representatives should take part in age-awareness training as a matter of routine, and in collective agreements include training measures that rectify the disadvantages experienced by older workers.

National employer and trade union organisations

Action: disseminate examples of good practice to their members as part of promoting positive approaches/attitudes to age management.

Governments. National governments occupy three crucial roles with regard to combating age barriers: they may directly finance or subsidise initiatives; regulate the labour market, or society in general, to oppose age barriers; and/or provide encouragement to employers. Governments should lead by example as employers, contractors, legislators and rule makers.

Actions: *Education:* public education to counteract negative images of older workers and the promotion of lifelong learning.

Employment policy: active labour market policies designed to enable older workers to remain in or return to employment, and the promotion of quality employment for this and other age groups.

Pensions and social security policies: elimination of incentives to employers to make older workers redundant.

Inclusion of older workers: encourage employers to establish comprehensive action programmes on age and employment by publishing good practice guides and disseminating age awareness literature.

European Union. The European Commission has a vital role to play in this area by disseminating examples of good practice and encouraging the transfer of knowledge between the Member States.

Actions: eliminate age barriers from the Commission's own recruitment practices, ensure that the new European Social Fund makes older workers a priority group, ensure that the needs of older workers are adequately reflected in the Employment Guidelines and Equal Opportunities policies and introduce a new European Code of Good Practice in employment of older workers.

Conclusion

The research on which these guidelines are based purposely set out to seek examples of good practice, in the spirit of the 1995 Council Resolution on the Employment of Older Workers. Although organisations taking action to combat age barriers and manage workforce ageing are in the minority, they are showing the way for others to follow. The fact that they include some leading European enterprises and major public authorities indicates a growing awareness of the importance of this issue.

National governments have begun to address the age and employment paradox – the coexistence of workforce ageing and extensive early exit – and now it is time for the social partners to strengthen their action. This guide shows the practical steps that are necessary for workers to become more aware of the issues and for organisations to begin the process of managing their ageing workforces in a more effective and productive way.

Further information

More detailed information about the project on which this guide is based and about the initiatives involved can be found in the following Foundation publications:

Combating Age Barriers in Employment: European Research Report (1997) ISBN 92-828-0414-3.
Also available in French and German.

Combating Age Barriers in Employment: Research Summary (1997) ISBN 92-828-0313-9.
Available in all EU languages.

Combating Age Barriers in Employment: A European Portfolio of Good Practice (1998)
ISBN 92-828-0412-7.

These publications are available from the Office for Official Publications of the European Communities, Luxembourg.

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