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Employment Issue Debate/ Discussion VIII: Coping with an ageing workforce

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Overview:

Ageing is not only a demographic process but also a socio-economic phenomenon, which poses challenges for the adaptation of institutions and policies. Austria has one of the lowest labour force participation rates of persons between 50 and 64 in the EU (2002: 44.7%), with a particularly pronounced gender gap (men: 55.2%, women: 34.6%); the decline in the activity rate is rather abrupt after the age of 55 (activity rate 55-64: 29.6%; men: 41.3%, women: 18.6%).¹ The latter is basically the result of institutional factors (welfare and tax system) which promote a strong gender segmentation of education and work, paid and unpaid; the former, i.e. the low activity rate of older workers, men and women alike, is the result of policies implemented since the late 1970s which promote early exit from the labour market (disability and early retirement schemes). Early exit policy measures have continued to be applied in the 1990s as a tool to keep unemployment low.

This is to say that Austria has not yet adopted a comprehensive policy stance towards increasing the employment rate of older workers. Reforms have been undertaken from 1993 onwards to reduce early exit options from the labour market — basically financial incentive schemes to remain in the labour market until the statutory retirement age (60 for women and 65 for men). The reforms bear the mark of the need to reform the retirement pension schemes as sustainability is not ensured under the auspices of a rapidly ageing society. No comprehensive effort on the part of the social partners or public administration has gone into adapting the working conditions to the needs of an aging workforce and job availability is not guaranteed.

This is due to the fact that Austria has not yet achieved a political consensus on the need to end early exit from work for all skill groups. This is primarily the result of a significant rise in unemployment in the wake of massive structural change in the 1990s and early 2000, which has displaced above all the less skilled workers and tradesmen in labour intensive medium tech production fields. It is argued that the less skilled older workers will see little chance of finding employment in the foreseeable future and should therefore continue to have early exit options — particularly if their health status is not good — rather than be forced to take bad and unattractive jobs. This helps explain, why the activity rate of mature persons declines with lower educational qualifications.

¹ The EU-average of the activity rate of the 55-64 year old amounts to 43.2%, men 53.8% and women 33.1%. (OECD 2003, Employment Outlook).

However, many enterprises in various industries have come to realise that older workers are an important resource which can be tapped if one takes account of their weaknesses and accesses their strengths which are based on experience. This implies an amendment of working conditions on the one hand, and the promotion of the image of older workers on the other. In so doing, one does not only motivate older workers to continue to work but also youth, who currently have a rather bleak outlook and limited expectations as to their own well being in old age.

Rationale for and examples of age management in Austrian enterprises

Ample availability of young and middle aged labour in the 1970s and 1980s as a result of entry of the baby boom generation into the labour market was a facilitator for the development of early exit policies in view of pending pronounced industrial and microeconomic reforms. In these circumstances, enterprises had no need to develop instruments to adapt the skills and work conditions of older workers.

Today, however, young and middle aged workers are becoming increasingly scarce and technological developments (microelectronics, information-communication technologies etc) as well as the relocation of work (regional specialisation of production in a value added chain in the wake of globalisation and Eastern enlargement of the EU) reduce the daily wear and tear of work. At the same time, up- and multi-skilling of the workforce is of rising importance given that job prospects are good in areas of upper medium to higher skill segments. In order to be able to reap maximum performance of an increasingly heterogeneous workforce, more and more enterprises are developing a work environment which is conducive to the prolonged employment of mature workers. They strive to obtain a balanced composition of the work force by age, gender, ethnicity etc.

The objective of the strategy to adapt the work environment to a more heterogeneous work force is to promote the productivity of the enterprise in view of the changing structure of labour supply. Human resource management has to take into account the weaknesses and strengths of the three generations (young, middle aged and old) and the different obligations and roles of the generations by gender in the society (work, family, socio-cultural functions etc).

As a consequence, more and more enterprises are taking recourse to specialised institutions, which help them draw up a human resource strategy which is tailored to their needs.

Examples:

1. voestalpine:

In 2000, **Voestalpine**, the Austrian corporation in the iron- and steel industry, embarked upon the implementation of a programme of age management — LIFE — which is to prolong the individual's working life in the enterprise. Currently, Voest employs 23.000 people, about 1/3 abroad. The average age of the workforce is 42 and the average retirement age 58.

The incentive for the development of a comprehensive programme of age management, which strives to obtain an optimal mix of the three generations in the enterprise, was the

recognition that future investment of the Iron and Steel Group was only worthwhile if an adequate supply of human resources was ensured (attract young workers and prolong the employment of older workers). Given the ageing of society and the change in value systems, the aim was to ensure the compatibility of work and family life, to implement new and flexible forms of employment, to take account of the importance of health promotion measures, to attend to the needs of the workforce and to include them in decision making. The programme represents a change in paradigm as it aims at changing the attitudes of management and workers. It is a holistic approach, in which measures are drawn up for all generations in the enterprise, not only the mature workers.

The programme was decided both by top management and the enterprise/works council. It took somewhat more than two years from the idea to the conceptualisation and implementation of an age management plan (phase 1 and 2). The start-up for the implementation, phase 3, was September 2003. The implementation is in progress in Austria and the scheme will eventually be transferred to the subsidiaries abroad as well. Since May 2002, 8 expert teams of voestalpine have drawn up concrete measures in the area of: Enterprise and Management Culture, Personnel Marketing/Recruiting, Personnel Controlling, Production Processes/Ergonomics, Health/Fitness, Working Hours and Pay, Integration Management and Communication.

The workforce was informed all along about the plans through an intranet website and company newsletter. In addition, the employees were included in the decision process through questionnaires and meetings in which they actively participated in the drawing up of measures to make working life attractive for all.

Overview of the programme LIFE:

- Education and training formula 33, i.e. three generations and three pillars of education and training — “on the job - near the job (mentoring) - off the job”: every employee has the right to further education and training of at least 2% of the annual working time on the basis of an individual career plan (seminars, project management, elearning, job-rotation).
- Career opportunities for mature workers: age limits for career opportunities are lifted
- Health and ergonomics: health and safety measures in every aspect of working life, development of individual health plans on a voluntary basis
- Reduction of night-shift for older workers: currently pilot projects are running with the objective of reducing night shifts particularly for older workers as night shift is one of the more difficult aspects of working life of older workers and is often the reason for early exit from work (higher morbidity, lower productivity); the rhythm of shift work is also under review – adequacy for today’s supply and demand conditions and technology.
- LIFE – interview: top-management invites employees 50+ to an interview to ensure transfer of knowledge top down and bottom up to take advantage of the experience and knowledge rooted in experienced workers.
- Personnel interview: geared towards adapting the work environment to the needs/interests of the three generations in the enterprise
- Guidelines for personnel development: all instruments of human resource and organisational development are under review and best practice procedures have

been formulated in terms of guidelines. Every employee receives this handbook as a form of empowerment which spells out target groups, person responsible and options in the various departments.

- Objective of increased intake of apprentices: **voestalpine** is the largest single apprenticeship training institution in Austria, not only training youth for the own needs but also for other enterprises in 20 different occupations. Currently 750 (Linz, Donawitz, Krems), of whom 170 or 23% for other enterprises.
- Objective of increasing the employment share of women: through taking in female apprentices in technical occupations, promoting family friendly work environment; putting in place a team which looks into the implementation of measures which are to promote gender equality of opportunity measures.
- Promotion of university students and graduates: **voestalpine** sponsors the university of Linz (commerce and economics) and Leoben (engineering and mining) by offering price-money for outstanding master's theses and doctoral dissertations and other research. In addition, talented students of the university Leoben may access scholarships of Voest (in toto € 3000 per annum); voest cooperates with other enterprises in paying tuition fees for all undergraduates of the university of Leoben. In addition, more than 300 students of technical and engineering studies are getting internships with voestalpine. 50 graduates of technical and engineering studies are receiving financial support (payment of tuition fees). Sponsoring of students of non-technical studies is also being put in place in cooperation with universities of applied studies (Fachhochschulen) and other universities.

The implementation of the LIFE-programme is monitored not only by voest but also by independent consulting firms, which are specialists in one or the other sector/topic; they document and analyse the results (on the basis of indicator systems) and discuss progress with voest management. Voest wants to establish best practices indoor (within the firms) and outdoor (clients and socio-economic environment, in which the enterprise is embedded: objective is to position voest among the three most attractive enterprises of the region).

2. ADEG – a retail trade chain

ADEG has embarked upon putting in place retail outlets which are solely employing persons older than 50. Currently 2 such outlets exist, one in Vienna and one in Salzburg. The objective was on the one hand to offer employment opportunities to older persons, and to cater for the needs of ageing consumers on the other. The 'experiment' has become a success story, as the older workers are dependable and have lower absentee rates due to sickness than younger workers; in addition, the consumers have responded with great enthusiasm such that outlets in all other Austrian regions are in preparation, the next ones to be opened in Graz and Vorarlberg shortly.

It is argued that the productivity of older workers is not lower than of younger ones, as older workers are particularly attentive to the needs of the client, manage to ensure a pleasant, non-antagonistic work atmosphere and are not driven by personal ambition but rather by a quest for social cohesion.

3. Enterprise group health@work consulting & services

This enterprise group is increasingly integrated in the planning and drawing up of elements of age management or more comprehensive programmes of age management in companies.

In order to promote the wellbeing of the workforce and in so doing enhance their productivity, several aspects are increasingly analysed and monitored:

- stress-audits and stress monitoring by industry (example: in Vienna nursing wards in hospitals, intensive care units; also various call-centres in Vienna) – identification and analysis of factors which cause stress and negatively impact on the efficiency and productivity of work; on the basis of the outcome of the audit, targeted measures are drawn up which are implemented by the institution; after two years, the efficiency of the stress prevention measures is evaluated (self-management process within teams, stress training and seminars, stress coaching)
- organization of working time to find a balance between work and private life; human resource management is advised on what basis and how to go about organizing the work rhythm of individual and groups of employees taking into account the different obligations, strengths and weaknesses of persons in the various situations of life (three generations by gender and family situation) – example: Polyfelt, a subsidiary of OMV (Austrian Mineraloil Company); it wanted to introduce a new shift work plan in 2000 and wanted to take into consideration the wishes and problems of their employees. By 2003, the employability of the workforce had improved (reduction of sick leave), stress level had come down, improvement of commitment by being better able to combine private and work life, efficiency and productivity of enterprise was raised.
- Productive Ageing: health@work has not only helped in drawing up LIFE but is developing programmes for other companies as well, whereby the programmes are adapted to the specific situations of the various industries or services; some such companies are: Neusiedler Papierwerke (paper&pulp industry), Girocredit (bank), Association of hospitals, various schools and the education system in general of Styria,
- Health Quality Management: enterprises are increasingly asking the group to draw up a Human Work Index; this is an indicator based on the assessment of individuals and teams in the various departments and tasks on the basis of
 - Their capacity to cope with work (quantity and quality of work load, time budget/constraints)
 - Their interest in the job (extent of identification with the job content and the processes involved)
 - Their cooperation with others (social climate at work, atmosphere)

On the basis of such an index for the various departments, a balanced scorecard can be developed for the whole enterprise; it helps identify areas of inefficient use of human resources and allows targeted implementation of instruments to improve the work environment which promote the productivity of the enterprise by ensuring the wellbeing of the workforce. As such it is an important human resource management tool.

Recommendations:

All enterprises should be enticed to calculate an age index of their employees in the various tasks, departments and teams. If the average age of the group/team surpasses 40, or if the distribution of the work force by age (and gender) is unbalanced, recourse should be taken to active ageing measures and achieving a balance between the three generations by gender; special advice should be readily available on how to find a better balance in order to ensure that the productivity of the enterprise will continue to rise up to and beyond 10 years from then. A Human Work Index could help by achieving a balance between the capacity to work, the interest in the work and the social environment of work and providing older workers with work conditions which enable them to contribute to the enterprise, their colleagues and the society according to their capacity. The objective must be to convince the employers (the demand side), with their tendency to discriminate against older workers and to undervalue experience, that age management ensures the cost-effectiveness of employing mature workers as against younger workers.

Conclusion

If these recommendations are heeded, implementation of a national active aging programme with its institutional ramifications and incentives will not stay out of sight much longer in Austria. The changing nature of work, from manual to physically less demanding work by technological developments, especially in the knowledge-based industries, provides increased scope for the employment of older workers who have at least obtained full secondary education. This implies, however, that special effort is needed to promote employment of older unskilled workers. They may have different preferences and needs, e.g. shorter working hours and part-time pensions, which have to be taken into account in a comprehensive programme.

It should be borne in mind, however, that an economic policy designed to maintain a steady and high level of employment could be expected to provide a better environment for the employment of older workers. A buoyant labour market would counter the tendency for older workers, particularly women, to be discouraged from staying in the workforce after protracted and unsuccessful search for jobs.

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