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# Corporate Culture Based on Partnership and Company Health Policy

## Meeting the Needs of an Ageing Workforce



Enterprise for Health 5 | 2003



www.enterprise-for-health.org

# The Role of an Ageing Workforce for Corporate Culture and Health

The working population of many of the European States is growing older. It is entirely possible that during the next twenty years we will see retirement ages rising rather than falling in order to meet the challenges and objectives of a highly demanding labour market – indeed there are already signs that companies are becoming more reluctant to let staff take early retirement.

Ensuring that workers in their 20's, 30's and 40's remain fit and able to work into their 60's should be a priority for any forward thinking company. Early retirement due to ill health, or worse still the premature death of an employee, removes from the workforce someone who is at their most experienced and productive level. Their knowledge and skills are often difficult to replace quickly and consequently their loss to the workforce can be very costly.

The increasing pressure on the labour market created by an ageing workforce should encourage companies to take steps to reduce retirements due to ill health by encouraging the promotion of employee health and well-being. This will be achieved through actions to enhance the working environment and corporate culture and by providing employees with the knowledge and skills they require to take ownership for their own health and lifestyle.

How serious is the problem of an ageing workforce and what can companies do to limit its effects on corporate well-being? These and related questions were posed and debated at a meeting of the European Enterprise for Health Network, which took place in Aix-en-Provence in September 2002. The Enterprise for Health Network (EfH) is an international network of companies developed in Germany by the Bertelsmann Foundation and the Federal Association of Company Health Funds (BKK) under the Chairmanship of EfH President Rita Süßmuth. The aim of the Network is to promote discussion and debate on issues surrounding the adoption of corporate cultures based on partnership and company health policies.

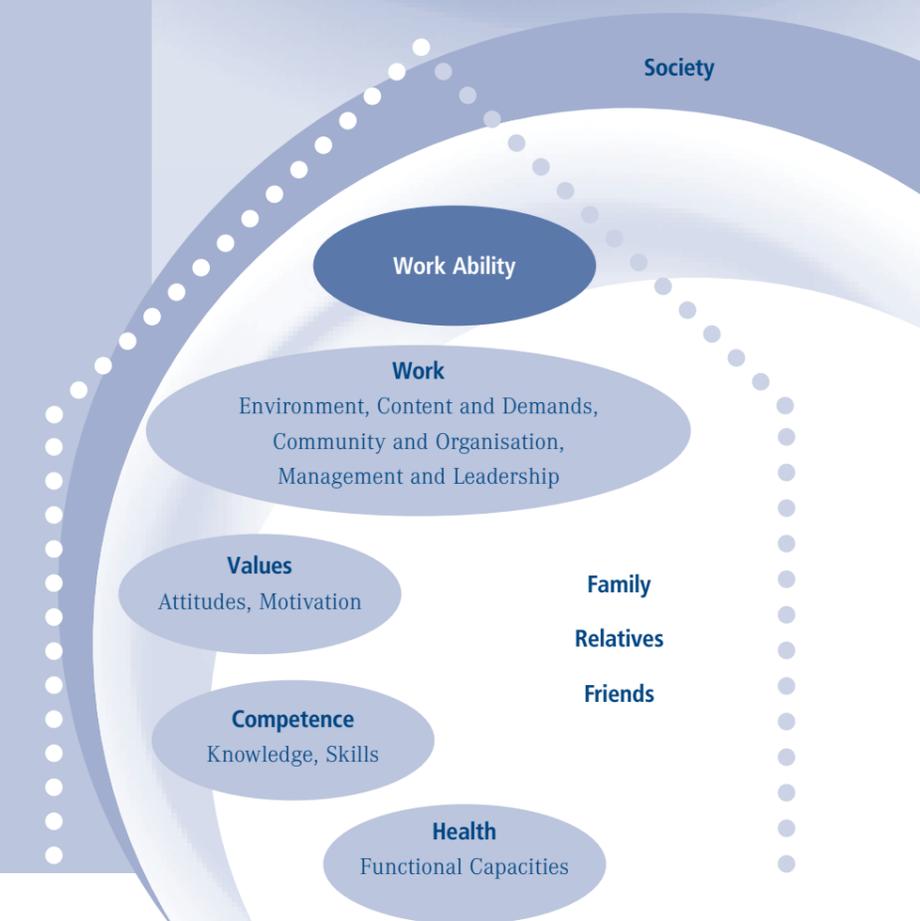
*Juhani Ilmarinen* (Finnish Institute of Occupational Health, Helsinki/Finland) set the scene by indicating that there will be dramatic changes in the make-up of the working population in Europe during the next fifteen years. He noted that, "Older workers are increasingly perceived as one of the core elements of future labour supply and as crucial contributors to the sustainable development of an ageing Europe", emphasising that businesses need to adapt to this change and that all stakeholders need to be involved.

Whilst there needs to be a common definition of the term "older worker" – in some countries it applies to the over 50's, in others to the over 55's, and in others to workers over 60 years of age, there can be no doubt that action to tackle the issue of the ageing workforce needs to be taken now.

Key challenges that need to be addressed in wider societal terms are a lack of young people, an increasing demand on pension provision and increased use of health care services. For employers additional challenges include the need for proactive age management in the workplace, the need to promote work ability and the need to adapt working practices and culture to the increase in retirement age.

The Finnish concept of work ability offers some potential. The diagram below represents the house of work ability – a house with several floors. A person's work ability and work are dependant on their health, competence and values. All dimensions of working life are contained in the concept of work with management having the mandate to optimise the "4th floor".

But the size of the 4th floor is increasing all the time and the key question that needs to be answered is, Can a larger and heavier 4th floor be supported by floors 1 – 3? In other words are employees finding that the pressures of work are becoming unsustainable?



# Everyday Experience in Corporate Practice

Work is designed for a workforce in the “prime” age group i.e. between the ages of 35 – 49 and the issues of work life for younger and older workers have been ignored. Age management has to recognise the differences between older and younger workers. In order to maximise potential of these groups the differences must be addressed sensitively, for example older workers are often very focused on work issues, while younger workers take into consideration the wider social context of working life. In order to keep the house in a state of good repair, employees and managers need to work in partnership.

An individual’s work ability is measured by the work ability index and *Juhani Ilmarinen* emphasised the importance of promoting work ability in the 45 years plus age group where activities concerning competence, health and ergonomics need to be integrated into company life. He also noted that it is better to promote work ability with younger workers as this protects them in the later stages of their working lives. In order to enable workers to achieve their full potential throughout their working lives, issues relating to ageing need to be managed proactively and sensitively. This means understanding the strengths and weaknesses of younger and older workers alike and tailoring working patterns and tasks to fit their differing

needs. Examples of issues in which careful management can result in enhanced performance include the frequency and duration of breaks and the design and speed of tasks. Older workers need more (short) breaks in order to enable their cells to recover from activity as the first two minutes of any break are the most important in terms of cell recovery.

*Juhani Ilmarinen* highlighted the opportunities that exist for organisations to enhance the working experience of older workers while achieving higher levels of efficiency and productivity. The following are examples of actions that will assist in achieving these objectives:

- promoting exercise for all age groups leads to a fitter and more active, older workforce and can lead to possibly 20 extra years of working life;
- recognising that while older workers may work more slowly their greater work experience compensates for this, and overall their performance will certainly be as good as a younger worker;

- using older workers as mentors means that their considerable experience can be shared with younger workers. The transfer of organisational “knowledge” in this way is important in ensuring the sustainability of the organisation;
- recognising that mental growth continues throughout one’s life can be a positive step as it enables managers to find the right fit – as far as tasks for older workers are concerned;
- training provision is important in skilling older workers for new tasks. Contrary to popular belief older workers are not disadvantaged by their age when learning new skills and tasks;
- managers should be encouraged to create a co-operative culture in which older and younger workers can combine tasks thus enabling the experience of older workers to be shared with their younger colleagues.

In his presentation, entitled “A short history of time”, *Daniel Atlan* (Arcelor/France), described how organisational attitudes towards the older workforce had changed during the past twenty years. He noted that in the 1980’s, and following a global recession in the steel industry, employees were encouraged to retire at 50 years of age. This was recognised as a very expensive and unsustainable solution to a short-term problem, and from 1988 measures were introduced to end the practice.

However employees were very accepting of retirement at 50 and the company recognised that any changes to the system would have to be introduced carefully and sensitively. Consequently steps were taken to identify and then build upon local innovations and practices. The pace of change was kept deliberately slow. The senior management team was actively supporting the change process but in a low-key way. Great care was taken to ensure that the idea of ending retirement at 50 was marketed to the key stakeholders. Managers were briefed through a system of “clubs” and trade unions representatives were taken to *British Steel* and *Fiat* – companies who were dealing with a similar situation, so that they could examine at first hand, the processes being adopted.

One of the major issues that had to be addressed was the impact that ending retirement at fifty would have on career prospects of younger workers and therefore their motivation. To overcome this problem a decision was taken to base pay rates on skill levels and customer satisfaction. Both of which encouraged workers to improve their skill levels.

A second major change was the introduction of “managed employment”. Under this scheme no worker would be laid off once they had reached 50 years of age unless they had another job to go to, and in areas where major downsizing was taking place or plants were closing, the company would put in place employment creation programmes.

The company adopted a comprehensive approach to HR management (known as Total HRM). This meant that the following HR processes were introduced:

- Highly selective selection and hiring practices
- Multi skilling aiming at continuous performance improvement
- Extensive training in multiple production skills
- Flexibility in job assignment
- Teamwork at all levels
- A multi criteria bonus system
- Regular and in depth information of all personnel on company policies and on the company’s economic and industrial performance
- Regular meetings between management and workers’ representatives
- A credible employment security pledge

The approach has been shown to enhance performance, and also help with the raising of the retirement age. The reason for this being that workers feel better and are more motivated. A further benefit has been an increase in productivity without taking on new staff.



# Everyday Experience in Corporate Practice

The approach has been monitored constantly and in the early 1990's it was found that the job security pledge was becoming difficult to manage. In 1994 it was decided to develop the practice of part-time working and in the next four years the number of employees working part-time rose from around 200 to just under 3 000. Beneficial outcomes of this change for part-timers have included a decrease in sickness absence, shift work being less tiring and a reduction in the use of drugs to treat hypertension and sleeplessness.

Arcelor has used staff surveys to monitor attitudes and evaluate its actions. These studies have shown that a key group of staff are those in the 25 - 34 years age group. To maintain their commitment to the company new challenges had to be found and one of these was using workers in this group to mentor younger workers. This had the added benefit of making the company seem less patriarchal.

In a study examining employee competencies and age, it was found that employees between 40 and 50 years of age had high levels of competencies and were well

placed to train younger workers. This is an important factor in considering whether or not the company is robust i.e. does it have a large enough group of employees with sufficient skills and experience to cope with situations of staff shortages perhaps caused by illness etc.

*Uwe Brandenburg (Volkswagen/Germany)* presented the perspective of VW, a major manufacturing company, who on one site alone, at their Wolfsburg plant, employ approx. 50 000 workers. The average age of VW workers is 40.

In commenting on the problem of arriving at an agreed definition of an "older worker", *Uwe Brandenburg* pointed out that there are three possible definitions; employees over 45 years of age, over 50 and over 55 with the latter being the most commonly held view in Germany. He then outlined some of the perceived physiological and psychological limitations of older employees and showed how their working practice and working patterns change, noting that the general health of workers in the post 55 age group is usually positive.

*Uwe Brandenburg* outlined the measures adopted by VW for all their staff irrespective of age. These include:

- moving individuals to jobs where they can still perform at their peak level (value-added employee deployment, taking into consideration their individual state of health and giving special attention to their particular capabilities)
- healthy work organisation (improving the ergonomic design of the workplace, improved working hours, work content and work organisation)
- a "social protection" agreement with the trade unions - protecting the rights of older employees in the case of technical and work organisational modifications
- an agreement with the trade unions that enables staff who have reached a certain age and have sufficient years service to be moved if their job, for health reasons, becomes unmanageable
- Older employees can reduce the number of hours they work (part-time retirement scheme)

*Uwe Brandenburg* concluded by highlighting the importance of the ageing workforce for a company like VW. The company is well aware of the challenges facing them and are currently undertaking a needs analysis on future actions.

*Hartwig Eugster and Peter Hauenstein (Hilti AG/Liechtenstein)* reported that the significance of the subject of the "ageing workforce" was not yet firmly anchored in the minds of the company decision-makers. This was attributable to the fact that company reality is currently still characterised by an increase in younger employees. At *Hilti* in Liechtenstein for example the employees are on average not older than 41 years of age. On the other hand, a survey amongst human resource managers has clearly showed that major importance will be attached to the demographic effects on the workforce in the very near future. In its efforts to improve the work ability of the workforce *Hilti* will be relying on its own corporate values. These values include an open-minded attitude to change, the recognition of the need for lifelong learning, tolerance and trust, sustainability and long-term thinking as well as an enterprising attitude.

*Ruhrigas (Germany)* also sees itself confronted with an ageing workforce, *Carl-Sylvius v. Falkenhausen* reported. The vast majority of the employees are now between 41 and 55 years of age. Other important features include a relatively long period of service with the company, a low staff turnover rate and a relatively high average age at management level. Like many other companies, *Ruhrigas* has gradually lowered the average age by introducing early and part-time retirement schemes for older employees. The changes in the gas industry in general demanded a rejuvenation of the workforce, promotion programmes targeted at junior staff as well as continuous efforts in the field of qualifications in line with the ever-changing requirements.

*Antxon Mendizabal and Joseba Erauskin* reported on the experience of *MAIER (Spain)*, a co-operative of the Mondragon Group. The present workforce is extremely young and so the "ageing workforce" topic has not yet played an important or dominant role.

At *Bertelsmann AG (Germany)*, *Franz Netta* reported that possible problems of older employees had been recorded in staff surveys for many years but so far no age-specific questions had arisen. Given a corresponding period of service with the company, employees over 50 and 55 years of age are well provided for on the basis of a generously financed corporate works agreement. The transfer of know-how from older to younger employees, according to *Franz Netta*, is endorsed by appropriate agreements, this is especially the case at management level (development of young executives as soon as possible, mentor system and consultancy agreements with executives leaving the company).

According to *Sue Cruse and Ian Wright, GlaxoSmithKline (Great Britain)* recognises the need to retain older employees at work particularly for competitive reasons. The ageing of the population - and of course of *GSK's* workforce - brings new challenges in recruiting and retaining talented employees. Perhaps the biggest challenge is to hold on to and motivate older staff who are financially secure and in a position to retire early if they wish. The subject of "the ageing workforce" is an integral



# Practical Consequences

part of corporate policy within the field of “Diversity”. *GlaxoSmithKline* is a member of the Employers’ Forum on Age, a national company forum which concerns itself with corporate action and measures to prevent age discrimination. This forum has produced a toolkit to assist with policy development. *GSK* has found that the toolkit adds value by focusing attention on policies and practices that are based on stereotypical assumptions about what employees want at different ages. It helps *GSK* ensure they are treating people as individuals. It can be an aid to uncovering the less obvious discrepancies that may have become part of the culture of the organisation. “We need to be better at retaining our older employees or we will put ourselves at risk of losing key talent and experience. By having policies and approaches that are age neutral, we will be best placed in a competitive marketplace to keep, and attract, good people”.

*Alcoa-Köfém (Hungary)* has also discovered that its workforce is ageing steadily. *István Miniska* pointed out that the restrictive regulations still in place today for older employees were introduced for health protection reasons. The aim of the company is to retain the working capacity of older employees for as long as possible. *István Miniska* regards the field of ergonomics and the adaptation of general technical conditions to suit the capabilities of older workers as the most important measures.

The Greek company *Titan* pursues a policy of safeguarding jobs long-term. Its human resources’ and health strategies are geared to all employees, *E. Zaharias* reported. Although the demographic changes in Greece are very evident, the company has not yet suffered any negative effects due to the strong appeal of its specialised jobs. One particular focus of the corporate health policy is rehabilitation programmes.

The company *Kostal (Czech Republic)* reported on successful experience with modifications of the production process to meet the individual needs of its employees. According to *Jan Dressler*, this approach is an integral part of the quality assurance system and also embraces health-related action, for example as part of its rehabilitation efforts.



# 1

**Create awareness amongst all corporate and supra-company stakeholders of the necessity to tackle the effects of the demographic changes in the world of work**

**Acknowledging the impact of ageing in the workforce was considered of vital importance by the members of the Enterprise for Health Network. Representatives of a number of major companies identified the key elements driving the business case for a proactive response to ageing in order to retain a competitive edge in their respective markets. The exchange of experience in the EfH Network suggested the following consequences for future activities:**

The right basis on which to bring about a change to this awareness – and which, in turn, provides older employees with a higher standing – are the values and principles, both within companies and in society as a whole, which put age diversity both in the social and working life, in a more positive light. It is only in this way that executives and employees alike can be persuaded to abandon negative prejudices relating to age and look instead for the benefits of increased age diversity. All stakeholders, especially the decision-makers and those responsible for leadership in the company, need more and reliable information on the development of the actual capabilities of older employees including action which promotes the employees’ work ability in company practice and outside work and maintains it for as long as possible. Moreover, it should be noted that age diversity can only be achieved by means of a holistic approach in that older workers should not be studied in isolation but the entire workforce should be taken into account.

In order to prevent possible age discrimination, issues regarding age diversity should be part of vocational and further training, especially for management level employees. It is particularly advantageous to have all age classes represented on company bodies and action can be seen to have a promoting effect.

Finally, it is very helpful to disseminate models of good practice and positive experience with age diversity both within and outside the company.

# Practical Consequences

## 2

### The systematic maintenance and improvement of work ability of older employees by means of age-conducive work organisation and company health policy

In the long-term the working capacity of older people should be extended, but this means taking action now to protect and promote the health and well-being of younger workers and recognising that older workers may require additional health services of a different nature.

Practical experience of the EfH companies, and many others, shows that age diversity can only be positively exploited for companies and employees alike, if the work ability of the employees is systematically promoted. This necessitates a holistic strategy which improves the conditions at the company (work organisation and leadership) and the personal conditions of the employees (health, efficiency and competencies). Here, the measures must not only be aimed in isolation at the group of older employees but they must take all age groups into consideration at an early stage and as a preventive action. Job design in particular can make a considerable contribution, by means of a variety of measures relating

to the organisation of working hours and tasks, towards working conditions as a whole maintaining employees' working capacity throughout the course of their working lives. At the same time, these same more favourable working conditions can enable flexible reaction to possible drops in performance of older workers, so that employees can continue to work productively and under conditions they find satisfactory.

In particular, the requirements of specific phases in employees' lives should be met with appropriate flexibility in order to satisfy their private needs with regard to family matters, care obligations or similar situations.

Workplace health promotion is of major importance for maintaining work ability. Above all measures to promote exercise are indispensable to counteract the decline in physical performance and to prevent or limit health disorders – especially muscular/skeletal complaints. A number of major chronic

illnesses, including their negative effect not only on the individual's health but also on corporate and economic performance, could be limited by means of increased preventive efforts in the world of work. In company practice this requires the execution of regular analyses of health complaints, stress and strains as well as the employees' need for supportive action.

## 3

### The promotion of flexible and sensible transitions into retirement

It should be recognised that retirement policy is an effective tool in managing an ageing workforce, and that a flexible approach which incorporates early retirement, flexible retirement, phased retirement and part-time retirement, together with flexible pension provision can reduce the possibly negative impact of an older workforce on business practice.

Nowadays, most employees do not want an abrupt break between their working life and retirement; most employees would prefer a flexible transitional phase which they can determine themselves. Some companies offer programmes in which older employees can prepare for their forthcoming retirement. An increasingly important element in companies' approaches to flexible retirement practices involves possibilities for employees to continue to remain in contact with the company after having reached retirement age – which was, in general, previously restricted to executives at management level.

To ensure that the transition into retirement can be experienced as meaningful, the significance of activities not related to gainful employment, i.e. work in the community, should be differently perceived by society. Independent of age and retirement issues, companies could support this change in awareness, by granting employees leave of absence to pursue activities in an honorary capacity.