

Demographic Change

– Meeting the Needs of an Ageing Workforce

What experts discuss under the heading “demographic change” can be reduced to one simple statement: **The number of young people is decreasing rapidly, the number of older people increasing. The reason is the falling birth rate and the individual's increasing life expectancy at the same time.**

Europe is facing an historic challenge

... And for the world of work this means that the proportion of people of employable age will decline significantly in the coming decades. Falling birth rates and the fact that people are living longer will cause, in the medium and long term, a substantial change in the age structures in Europe and other industrial nations. The public is gradually becoming aware that workforces cannot continually become younger when society is increasingly getting older. The times when older people leaving employment could be easily replaced by qualified young people will soon be over. According to all the forecasts, it must be assumed that from 2007 onwards the number of apprentices /trainees will decrease and from 2010 the number of workers over 45 years of age, will for the first time, form the majority within the labourforce while at the same time, the proportion of younger workers will decline appreciably. Even high immigration rates will not be able to stop this trend.

At the Lisbon summit (“Lisbon Strategy”) the Europeans undertook “to make Europe the most competitive and dynamic knowledge-based economic region in the world.”

In order to achieve this objective, ideas and action are required on how the health of employees currently between 20 and 40 years of age can be maintained and improved in order to keep them longer in the work process and best exploit their potential.

EfH Guideline – Watchpoints

1

Executives and employees must be convinced that they can no longer be guided by negative, age-related prejudices but instead they must look for the benefits that greater age diversity brings. Awareness should be created among all corporate and supra-company stakeholders of the necessity to tackle the effects of the demographic changes in the world of work. All stakeholders, especially the decision-makers and those responsible for leadership in the company, need more reliable information on the development of the actual capabilities of older employees including action which promotes the employees' work ability within company practice and outside work, and maintains it for as long as possible.

2

Experience from practice shows that age diversity can only be used positively for companies and workers 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) as well as 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 which as a whole maintain employees' working capacity throughout the course of their working lives. In particular, work-related premature ageing must be prevented. The aim must be to systematically maintain and improve work ability through work design commensurate with age and ageing, and a proactive company health policy.

3

Nowadays, most employees do not want an abrupt break between their working life and retirement; rather they 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 re-achieving retirement age. A flexible approach which incorporates early retirement, adaptable and phased retirement as well as part-time work for those approaching pensionable age may reduce the possible negative effects of an ageing workforce on company practice in interaction with a flexible pension scheme. This means that the preconditions for this must be created, and flexible and sensible transitions into retirement implemented.



“Work ability should be promoted over a person’s entire working life and measures relating to competence, health and ergonomics must be integrated into company life. Only the proactive and sensitive handling of age-related problems can put workers in a position to exploit their full potential during their working lives. This means understanding the strengths and weaknesses of younger and older workers to the same extent and designing work requirements and tasks in such a way that they can meet the different demands.”

Prof. Dr. Juhani Ilmarinen,
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New philosophies: preventive, holistic and age-neutral

The discussions confirmed that the previous perception and “handling” of the consequences of the demographic change must be systematically expanded. While the issues of offering further training options, qualifications and the opportunity for older workers to acquire new competencies are important, the study of the demographic change must not be restricted solely to “today’s” older workers. Previous philosophies and one-sided focusing on “young” or the “youth” are no longer appropriate in these times. The issue is a change in paradigms from a reactive, i.e. (human resource) policy geared to the older employees, towards preventive, age-neutral action which is tailored to people’s lives and employment biographies. A holistic view of the problem and strategies to deal with the consequences of the demographic change are necessary.

As with everyone, employees experience changes in physical and mental performance as they get older, but this need not necessarily lead to a fall in productivity. Organising work in a way that takes into account the natural development of ageing employees, coupled with organisational or staff changes, maintains the productivity of the employee in question and can even increase it. It is important however that companies embrace these changes and, while doing so, involve all stakeholders.

In view of the lack of skilled workers in areas of high skill needs coupled with the unavoidable ageing of the workforce, it is insufficient for companies to simply recruit qualified and efficient employees and commit them to the required work. Rather companies should demand and promote a process of life-long competence development for all workers.

Furthermore, a long-term orientation of the human resources management is becoming necessary to be able to develop and implement a labour and human resources policy appropriate for the older workers. The question still arises as to whether the competitiveness of the European economy can also be maintained and expanded with a rising proportion of older workers. The current innovation and human resource policies of companies are still tailored to younger people and are therefore not prepared for the changing nature of the workforce. However, it is employees with many years of experience who often introduce important competencies into the work and innovation process.

The “work ability” approach

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 so-called “work ability” approach is one example of a strategy used by companies for dealing with ageing workforce. The Work Ability Index (WAI) records the individual work ability of the workers. If one imagines the “work ability” approach metaphorically as a house with several floors, in other words the factors – health, competencies and values – which govern the work ability of a person are the first three floors, and one “builds” on top of this house a fourth floor, namely “work”, the key task of the management of the company is that of optimising this “fourth 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?

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 the potential of these groups, the differences must be addressed sensitively and in order to keep the house in a state of good repair, employees and managers need to work in partnership.

“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.”

Prof. Dr. Juhani Ilmarinen,
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The Efh brochure
**Meeting the Needs
of an Ageing Workforce**

is available for downloading at
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