



## Demographic Changes as an Opportunity for a New Design

Following a worldwide recession in the steel industry, employees were encouraged in the 1980s to enter retirement at the age of 50. 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.

*Arcelor* applied a comprehensive concept for the human resources sector. This meant that the following human resources 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.

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.