

# THE WORKING LIFE CYCLE - EQUAL DEVELOPS NEW WAYS OF APPROACHING AGE MANAGEMENT

## A SHRINKING LABOUR FORCE? NOT JUST A QUESTION OF DEMOGRAPHICS

Europe's population is getting older. By 2030, the European Union (EU) will have 39 million more people aged over 65<sup>[1]</sup> and 23 fewer people of working age.<sup>[2]</sup> Consequently, the dependency ratio<sup>[3]</sup> is set to double to 51% by 2050, placing immense pressure on social security systems and publicly funded pensions: for the EU-25, age-related public spending is projected to rise by 3-4 GDP points by 2050, representing an increase of 10% in public spending.<sup>[4]</sup> Moreover, by the same year, economic growth is set to decline from the average annual growth rate in GDP from 2.4% to only 1.2%.<sup>[5]</sup>

The trend towards early retirement over the last 30 years, combined with high unemployment and industrial restructuring, has meant increasingly early exclusion from the labour market of the oldest employees. While Member States are restricting the possibilities of early retirement, many companies still encourage it. Who will work to deliver services and pay for pension schemes if early retirement continues while we also have an ageing population?

Older workers, particularly the lower skilled, have not necessarily had the opportunity for advancement, diversification, training or adaptation to new technologies. They are therefore often ill prepared for what can be an unwanted extension of their working life, particularly if their work is a heavy manual one. So what can companies do to simultaneously retain workers over 55, motivate them to stay in employment, and to reabsorb older workers, who have been excluded as a result of restructuring, back into the labour market?

## TAKING UP THE CHALLENGE OF AGE DIVERSITY

Even if the objective of a 70% overall employment rate as set out in the Lisbon Strategy was met, there would still be a decrease in the total number of people in work by 30 million between 2020 - 2050. This suggests the need for action to increase employment in the 55 – 64 age group; this section considers related developments at EU level.

Lamenting the insufficient delivery of the original 2000 Lisbon Strategy, the Commission saw the need for a renewed Strategy - given the widening growth gap between the EU, and North America and Asia. Consequently, in February 2005, the Spring European Council issued a Communication "Working together for growth and jobs: a new start for the Lisbon strategy" setting out the objectives of the new Strategy.

As far as age management-related issues are concerned, the renewed Lisbon Strategy states that both businesses *and* the workforce have to become more adaptable to the requirements of a modern, dynamic economy and be given the right conditions in which to do so. This adaptation is to be achieved primarily through regulatory arrangements supporting older employees in the labour market, lifelong learning provision to ensure their input remains productive, and social security provision (mainly pension schemes and health care) that make it financially and physically possible to remain economically active for longer.

In March 2005, the Commission issued a Green Paper "[Confronting demographic change: a new solidarity between the generations](#)", which restates the significance of the challenge for Europe of its ageing population. The consultation process that followed helped to identify and gather the main policy issues and options across the EU and, most critically, formed the basis of a follow-up Commission Communication entitled "[The demographic future of Europe – from challenge to opportunity](#)." This Communication particularly stressed that active ageing should take account of the opportunities offered by the trends in increased life expectancy and better health at an advanced age.

The European Employment Strategy (EES) is the main vehicle for implementing the employment objectives of the Lisbon Strategy. Since 2003, the EES has been presented in the form of Integrated Guidelines for Member States' employment policies[6]. The two most relevant targets for age management are: achieving an increase by five years of the effective average exit age from the labour market by 2010; and ensuring that the EU average level of participation in lifelong learning should be at least 12.5% of the adult working-age population (the 25 to 64 group). To this end, in December 2006, the European Parliament and the Council adopted the proposal of the European Commission to create a new Lifelong Learning Programme (LLL) aiming to "contribute through lifelong learning development to the development of the community as an advanced knowledge based society, with sustainable economic development, more and better jobs and greater social cohesion, while ensuring good protection of the environment future generations." [7] A large number of actions are now supported under the LLLP, of which support for the mobility during lifelong learning is of most direct benefit to older workers. [8]

The European Social Fund (ESF) is a financial instrument for funding activity aimed at strengthening economic and social cohesion by improving employment opportunities. It is governed by a General Regulation pertaining to the two Structural Funds and the Cohesion Fund, and by the specific regulation on the ESF itself. Strategically, the ESF is intended to meet two objectives: Convergence, and Regional Competitiveness and Employment. For the 2007-2013 programming period, it will provide funding under a range of priorities, of which the following are most directly relevant to age management: increasing adaptability of workers, enterprises and entrepreneurs; enhancing access to employment and the sustainable inclusion in the labour market; and, expanding and improving investment in human capital.

## **A HOLISTIC APPROACH TOWARDS AGE MANAGEMENT**

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The EQUAL Development Partnerships (DPs) have taken a multidimensional approach towards age, drawing upon a variety of methods and organisations to provide a holistic approach, which comprises a number of facets:

### **Changing employers' attitudes to age**

EQUAL looked at the paradoxical attitudes that exist towards age: on the one hand, older workers are regarded as less productive, more resistant to changes in work organisation, uninterested in training, in particular in new technologies. On the other, they are an asset in terms of experience, which can be passed on to younger generations. On the basis of their practical experience with companies, several DPs[9] concluded that age was not a problem in itself, but must be seen in conjunction with other parameters such as seniority in the job, skills or mobility. It could, however, become a problem area if combined with a lack of skills, disability or health problems.

A German DP (GENERA) aimed to address the above paradox by updating the skills of older workers. Economic change, coupled with demographic trends and the introduction of new technologies in the Westphalia and Ruhr region, have required foundry and forging companies to modernise and review the competence levels of their staff. This requirement has particularly impacted on older and unskilled workers, who represent a significant part of the working population in such companies. GENERA was conceived with the idea of enhancing the adaptation and employability of older workers in the foundry and forging sector - updating their skills to fit with new tasks and technologies. The recurring problem at the time was that the potential of older workers was often underestimated by employers: the senior management did not know how to take advantage of the competences and experience of their mature workforce and were often pushing them towards early retirement. GENERA's project set up flexible training courses for unskilled and semi-skilled workers, and analysed the age and skills patterns of companies - designing tailor-made modules of competence transfer between different generations or different groups of employees. Moreover, it brought together different forms of working arrangement such as working in "tandem" – transfer of know-how from experienced workers to younger staff - and job-rotation. All of this helped to address the needs of the sector, companies and employees alike, as well as overcoming initial resistance to change and learning.

Another interesting example can be found in transnational cooperation. A French DP (Alliage) and an Italian DP (Ricomincio da 45) created a partnership called Partage: an inspiring alliance between two projects concerned with the validation of work experience and the development of competences during the second stage of one's career - one's 'second career'. The two partners collaborated to produce a European guide to help companies improve their age management

policies and practices, thereby developing opportunities for staff who have many years work experience. Meanwhile, they also produced a *Partage* newsletter, which has already been requested by over 500 people. Moreover, the French project benefited from the direct support of the French Economic and Social Committee. With this level of engagement and interest there was no stopping the *Partage* partners in developing a highly-sought-after and effective European guide for a second career.

EQUAL DPs have been highly effective in recognising and responding to the demands and engrained prejudices often held by employers. A fine example of this is the *Alliance for Work* project in Poland, which targeted the over 45s who were facing a dual problem: the constant threat of unemployment owing to major structural changes in the textile, healthcare and education sectors; and negative and often discriminatory attitudes of employers.<sup>[10]</sup> The project developed a "professional re-integration method" that involved training and supporting the over 45s to become "job coaches" as a basis for personal and skills development. The underpinning rationale for the development of *Alliance for Work* was that an increase in the empowerment and employability of the over 45s (via the professional re-integration method) would not be possible without the mobilisation and cooperation of the stakeholders acting on the ground. This is why the project involved a range of partner organisations, including the two main trade unions, healthcare enterprises and employer organisations. Together, these organisations set up a communication forum, which actively discussed the discriminatory practices and negative stereotypes prevalent amongst employers - and went on to raise awareness to the fact that investing in older workers would not only help this specific target group, but would also increase the productivity and competitiveness of the companies themselves.

### **Improving health and safety**

Lifelong human resource management also involves consideration of occupational health and safety. A way to prevent accidents is to target groups of workers, and focus on informing them about job-related risks. DPs have done this by feeding back information gathered by a team of relevant stakeholders, including the workers themselves.<sup>[11]</sup>

The health and safety issue was taken up by a Flemish DP (*Intro-DM*) which aimed to reintegrate workers who have long-standing health problem (LSHP) or disability. One of the major issues in terms of ensuring reintegration is that the Belgian employee is usually solely responsible for managing his or her return to labour market. This leaves potentially vulnerable people in a completely new situation - requiring specific knowledge concerning the complex array of different actors and supporting measures that may be of use in the process of rehabilitation and reintegration.

To improve this situation, the *Intro\_DM* partnership developed two new job profiles to support reintegration in the Belgian workplace: the Disability Manager (DM) for implementing and overseeing Disability Management policy within companies, and the Disability Case Manager (DCM) to offer individual support within the reintegration process. Line Managers are often not trained to see the situation from a human resource perspective, but instead focus on immediate requirements to deliver. They may therefore hastily disqualify an employee with disability or LSHP as unfit for the job without considering the particular skills this employee may bring to the company, should the "disabling" factors - like inaccessible working space and the deprecating attitudes of other workers - be removed. DCMs were offered a training package with the relevant tools and knowledge, which enabled them to support employees returning to the workplace. The DCMs then coordinated the reintegration process among the different parties involved and informed the individuals of the available support services and relevant legislation. The plan was that throughout the life of the project (November '05 – November '07) the DCMs would also monitor and analyse 50 reintegration cases to refine the methodology to be put into practice, seeking to discover the best possible reintegration processes, which could then serve as a model for others.

### **Mobilising all stakeholders**

Partnership, one of the key principles of EQUAL, has proved its value in addressing the challenges of age management. For example, employers were involved in all DPs seeking to change the image of older workers, using mediators and consultants to act as a bridge between managers and employees. There was extensive involvement of regional social partners in several countries. All partnerships devoted considerable time to individual interviews with employers and group discussions brought together employers and employees. Partnerships experimenting with the tutoring scheme unanimously agreed that ongoing dialogue between

management, the consultant and the older workers was essential to the success of the initiative. In the field of health and safety, occupational physicians, ergonomists and researchers became involved. And, finally, the individual workers themselves were involved in the process through personalised support, assessment of training needs, validation of informal skills or group work. This wide range of perspectives has challenged and enriched the design of many of the possible solutions highlighted above.

France is suffering a double handicap with regard to its labour market: the high unemployment rate of young people and the low activity rate of experienced workers. The effects of incentives such as the "Delalande contribution" (instituted by the 10 July 1987 Act) dissuade companies from laying-off older employees, coupled with the time taken for existing labour market programmes to have an effect means that employment is increasingly concentrated on the 25-55 year-old age group. This situation is further aggravated by the practice of early retirement.

To tackle this issue, France decided to implement a National Thematic Network (NTN) in order to bring key stakeholders in the field of workplace adaptability together 'under one roof'. The NTN was set up by the General Delegation of Employment and Vocational Training under the French Ministry of Employment, with the support of Racine (the National Support Structure for EQUAL) and nine national EQUAL projects made up of social partners, institutions, training organisation, cities, managers, individuals and policy makers. The network also benefited from the contribution of external experts such as Bernard Quintreau, member of the French Economic and Social Committee who wrote in 2001 the report "Age et Travail à l'horizon 2010" which provided the 'inspirations' of the network.

The success of the network is clear both in terms of its rapid growth – it quickly evolved to include twenty EQUAL projects – and the wide range of tools and methodologies to help anticipate age evolution within the companies that it managed to collect. The active and successful contribution of this network to age-related questions in France and Europe was especially valuable for the work of the European Thematic Group on age management, called EQUAL@Work.

The *Empiria* project is also worthy of mention insofar as it represented for the first time in Greece an integrated approach towards the issue of active ageing for all sectors of the national economy.<sup>[12]</sup> More specifically, the project created a central "observatory" for active ageing issues in Athens, accompanied by a network of "antennas" that covered all of the regions in Greece. Besides functioning as the perfect basis for promoting good practice all over Greece in the area of active ageing, the observatory and antenna network also had an important mainstreaming potential. They focused on collecting the opinions and experiences of practitioners, and making sure that these were communicated to the relevant institutions. Moreover, the Athens observatory ensured that the relevant information was compiled from all of the antennas and relayed to higher political levels. The clear innovation in respect of this observatory model (as well as other activities undertaken by the project) was that, for the first time in Greece, employer organisations and trade unions were sitting at a table together to address the important issue of active ageing. Without this open social dialogue, an integrated approach would most definitely not have been possible for the project.

## POLICY RECOMMENDATIONS

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Managing age requires an integrated approach involving action in a whole range of areas, such as changing perception of age, taking account of the entire working life cycle, health and safety and promoting links between generations. Age management spreads across all age groups and means looking at creating good working conditions during the entire life cycle. When the use of the workforce is maximised, this leads to a "win-win" situation for the company and individual workers. Managing the effects of an aging workforce is a shared responsibility, which must involve all relevant stakeholders: the state, work organisations, the social partners, and individuals.

**Governments** are therefore invited to use the EQUAL experience when establishing their national employment plans and when putting in place a legislative, financial and tax framework, which will guarantee a real integrated active ageing strategy.

- Make more use of existing networks that have been created to share information and experience between Member States (such as *Partage*). This will support the implementation of the EES guidelines.
- Promote long-term and integrated approaches to the challenges posed by an aging population - involving a wide range of stakeholder organisations, including businesses.
- Place particular emphasis on engaging and raising the awareness of employers in age management interventions.
- Promote the lifecycle approach to work, whereby younger as well as older workers are taken into account; intergenerational learning can prove very effective in this context.

**Enterprises** are invited to see age management as an integral part of the company's human resource management and as an aspect of managing diversity, age being one of various criteria (sex, qualifications, etc.).

- Take account of age considerations very early on as a preventive measure, using tools and approaches such as:
  - the promotion of access to training;
  - the development of lifelong learning strategies and workplace training for older workers;
  - career assessments;
  - annual interviews;
  - validation of skills and experience;
  - interviews at key career points;
  - new forms of work organisation, including improving health and safety, to keep employees in good health for as long as possible in the company.

The **social partners** are invited to use the EQUAL experience to:

- Take a very pro-active role in the effective design and implementation of employment measures by working with national governments.
- Work with national governments to combat negative stereotypes and promote age positive practices amongst employers.

**Individuals** are invited to both initiate and participate in this process of change as individuals to have a certain responsibility for maintaining his or her own employability throughout his or her career. However, any strategy that involves new obligations without recompense for the employee, is doomed to failure. Individuals can help create conditions where both themselves and employers benefit ("win-win" situation). Intergenerational sharing can only be achieved if young workers are open to learning from older more experienced colleagues and if older workers realise the potential of new technologies and the knowledge their younger colleagues can share.

[1] That is, 110 million people aged over 65 compared with only 71 million in 2000.

[2] That is, a labour force of 280 million people as opposed to today's 303 million, representing a shift in the ratio from 4.27 to 2.55.

[3] Number of people aged 65 years and above relative to those aged from 15 to 64

[4] The rise in GDP spans the period from 2004 to 2050.

[5] The decline in the annual growth rate compares the period 2004 - 2010 with 2030 - 2050.

[6] While a number of the guidelines are applicable to all age groups, the following identify how Member States are to achieve the Lisbon objectives relating to age management: implement employment policies aimed at achieving full employment, improving quality and productivity at work, and strengthening social and territorial cohesion; promote a lifecycle approach to work; promote flexibility combined with employment security and reduce labour market segmentation, having due regard to the role of social partners; expand and improve investment in human capital.

[7] Decision No [1720/2006/EC](#) of the European Parliament and of the Council of 15 November 2006 establishing an action programme in the field of lifelong learning, p.48

[8] Decision No 1720/2006/EC of the European Parliament and of the Council of 15 November 2006 establishing an action programme in the field of lifelong learning, p.51

[9] [Equality](#) DP, France; [The Power of the Experienced](#) DP, Finland; [RE-IN+45](#) DP, Belgium (nl); [Offensive für ältere Arbeitslose](#) DP, Germany; [TRED](#) DP, Ireland; [STARH](#) Transnational Partnership (TP); [MERITE](#), France

[10] [Alliance for Work](#), Poland (link to the [case study](#))

[11] For example, [Advise](#) (Spain) and [Neorion II](#) (Greece)

[12] [Empiria](#), Greece (link to the [case study](#))