

# Managing Extended Working Life

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# Summary

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# Introduction

The issue of the ageing workforce, resulting from changing demographics and lifestyles, raises important questions about the balance between economic and social factors in European societies.

As a result, extending working life is an obvious necessity in all European nations and was established as a goal for the European Union by the Stockholm European summit in 2001 for the European Union. However, the responses proposed both by Public authorities and by employers can be perceptibly different from one country to another.

This Panorama study is the very first publication to result from a collaboration between four European partners - the university of Milan Bicocca in Italy, the Institute for Employment Studies in the UK, the Institut der Deutschen Wirtschaft in Cologne, and Entreprise&Personnel in France. These four institutes decided to throw light on how the issue of managing older workers takes shape in companies in their respective countries and what analysis can be made of those realities today.

In the first chapter of this report, we summarize the demographic situation and Public policies adopted in the four countries studied regarding extending working life.

We also endeavour to show that while the goals and programs regarding the rate of employment of older workers are perceptibly different depending on the country, there is convergence regarding the obstacles to be overcome and the reluctance of the different actors to undertake policies aimed at extending working life.

In the second chapter, we present and analyse a range of practices of European companies based on an empirical collection by each partner in this Panorama of experiences regarding the employment of older workers. By attempting to classify the observed practices we see that differences are not so much determined by the nationality of the employers but by individual employer's approaches to HRM and their attitude toward performance.

The third and final chapter attempts to draw lessons for employers regarding managing this topic from an analysis of national characteristics and corporate practices. It shows that beyond management tools and instruments, the central issue for encouraging employment of older workers and accompanying extended working life is that of combating the weight of the stereotypes that are largely present among all concerned parties in Europe and including age management in an overall Human Resources policy.

Readers will also find in this Panorama ample material for comparing policies and practices for managing older workers in enterprise in four major European countries, and, perhaps inspiration for their own actions.



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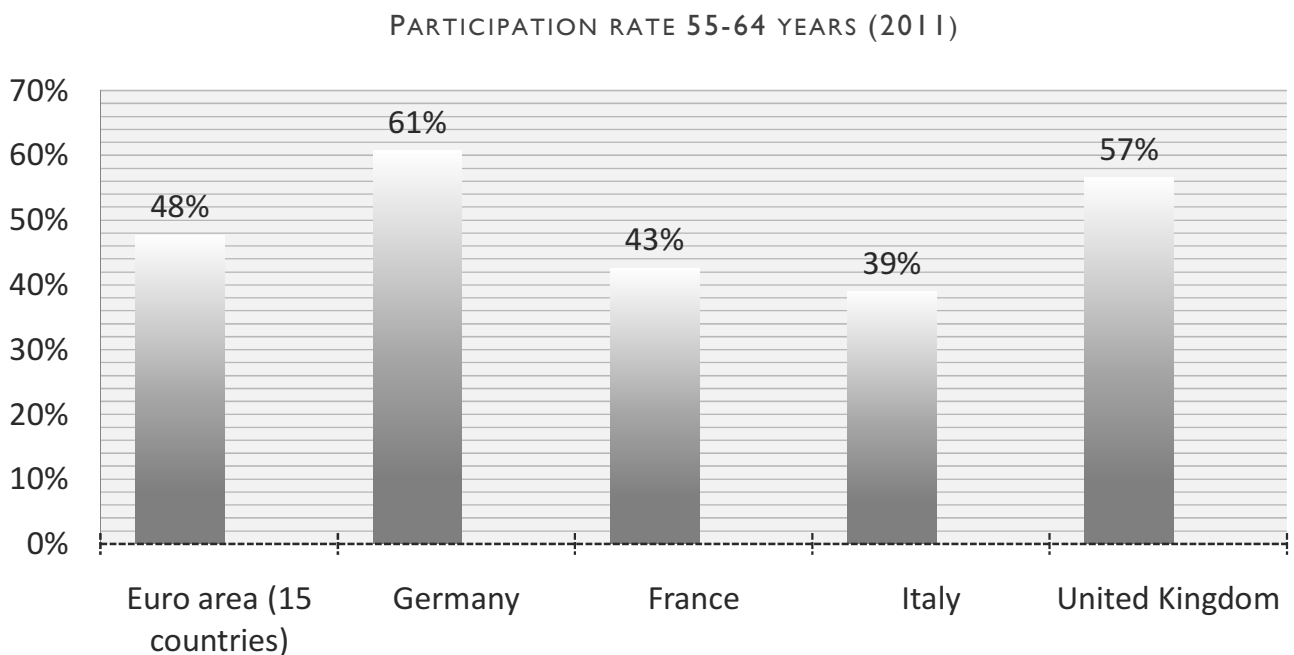
# I. Extended working life and age related stereotypes in Europe

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The question of managing older workers can only be studied by beginning with a consideration of the necessarily differentiated contexts of the countries concerned. To analyse the present situation in each country and understand the forces behind the changes in progress, we must first take into account :

- the impact of changing demographics in each country,
- the participation of older workers in the labour market,
- and also public policy in this area analysed over the long term and its impact on how stakeholders (employers, trade unions, citizens, the employees themselves) perceive the issue..

The figures below give a first insight of the differences between the four countries with regard to the participation of older workers in the labour market.



*SOURCE: EUROSTAT, LFS*

# I. Demographics and public policy

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## ■ The situation in Germany

In Germany, demographic projections over 50 years are disquieting, predicting that the country's overall population of 82 million in 2010 will reach 65 million in 2060<sup>1</sup>, whereas over the same period the population that is of working age will decrease from 54 million to 35 million... The ageing of the German population is accelerating, and that explains why Germany has extended the legal retirement age to 67 through a gradual raising of the retirement age begun in 2012. This decision was accompanied by a certain number of measures aimed at encouraging extended working life, including doing away with early-retirement provisions, encouraging maintaining older workers employability, an offer of consulting to assist SMEs in adapting their personnel management to the demographic challenge (the REBEQUA Programme), etc. This policy has led to a significant improvement in the situation of older workers on the labour market in Germany. Between 1998 and 2008, the rate of activity of persons between age 55 and 64 increased perceptibly, reaching 53.8% whereas it was only 38% in 2000. In 2010 it stood at 58%, whereas that for ages 60-64 progressed between 2000 and 2010 from 20% to 40.8%, greatly surpassing the goal the European Union countries had set at the European Councils in Lisbon and Stockholm in 2000 and 2001 regarding employment of older workers (a 50% employment rate). That figure is in constant progression and is expected to reach 60% in 2012.

According to the IZA<sup>2</sup> Institute, this result is essentially explained by the ending of the measures allowing early retirement at 55 in January 2005. This forced employers to finance early retirement themselves, which proved to be very costly and strongly encouraged companies to keep their older employees.

## ■ The situation in the UK

The age profile of the UK workforce is changing. The growth in the UK labour force is expected to come primarily from workers aged over 50, and the proportion of older adults (those aged 50-64) in the labour force has been projected to increase to roughly one third by 2020 (Dixon, 2003)<sup>3</sup>. Those aged over 65 currently represent the fastest growing section of the workforce, with the percentage of those in this age group in the workforce doubling from 1.5 to 3 per cent in 2010. An ageing population combined with changing pension entitlements (and associated economic pressures to continue working) and a tendency for young people to stay in education longer, have all contributed to this changing profile. These demographic, economic and social trends are expected to continue into the future, and represent a challenge for both Governments, employers and social partners in terms of developing appropriate employment policies and practices.

### — UK public policy context

UK public policy has focused on:

- Introducing legislation (The Pensions Act 2011) to equalise and raise the State Pension Age (SPA) for men and women to 66 by 2020, with further increases built into the legislation.
- Introducing age discrimination legislation (The Employment Equality (Age) Regulations 2006) intended to provide protection against direct and indirect discrimination on the basis of age in relation to employment and vocational training.

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<sup>1</sup> Federal Statistical office of Germany

<sup>2</sup> Institute for the Study of Labor IZA, Bonn in Planet Labor, 01-03-2012

<sup>3</sup> Dixon S. (2003) "Implications of population ageing for the labour market" in *Labour Market Trends*, 2003, vol 111, pp.67-76.





- Legislation to remove the default retirement age (DRA) of 65, placing the onus on employers to justify the operation of a fixed retirement age.
- Efforts to introduce changes to pensions for public-sector workers, including moving from final to career average schemes, raising the pension age in line with the SPA and increasing employee contribution levels
- Sickness/disability benefit reform
- Information and awareness-raising campaigns, such as the UK Government's Age Positive Web site, launched in 2001, and providing guidance for employers and case studies of good practice.

Box 1 presents more detail on the key policy changes relating to older workers.

#### UK PUBLIC POLICY: KEY POINTS

- Under the Pensions Act 2011, the State Pension Age (SPA) will be increased to 65 for women by 2018 (the SPA for men is 65 currently). Between December 2018 and October 2020, the SPA will be increased from 65 to 66 for both men and women. Under the current law, the SPA will increase to 67 between 2034 and 2036, and to 68 between 2044 and 2046. However, the Government has announced that the SPA will rise to 67 earlier, between 2026 and 2028, although this change is not yet legally in force.
- In 2006, the then Labour Government introduced age discrimination legislation (The Employment Equality (Age) Regulations 2006) intended to provide protection against direct and indirect discrimination on the basis of age in relation to employment and vocational training. The full impact of the legislation is as yet unclear, although there is some evidence that the legislation has led employers to operate "one size fits all" HR policies for fear that different treatment would be regarded as discriminatory (Harris et al, 2011, taken from Parry et al, 2011).
- In October 2011, the UK Government, in the face of opposition from employer groups, introduced legislation to remove the default retirement age (DRA). Under the new legislation, an employer can still operate a fixed retirement age but only if it can be justified on objective grounds, for example the protection of health and safety. However, the only way in which this can be determined is via an employment tribunal case brought by an employee. There is currently a case before the UK's highest court (The Supreme Court) brought by a solicitor retired at 65 against a law firm using a partnership deed which it claimed allowed it to plan for succession and avoid so-called "dead men's shoes." The Supreme Court may well establish circumstances in which employers can continue to set a fixed retirement age. However, in the absence of a fixed retirement age, older workers aged 65 or over can no longer be dismissed on the grounds of retirement. The legislation effectively places the onus on employers to ensure that they have robust performance management processes in place and have adequately trained line managers.
- The UK Government introduced the Employment and Support Allowance (ESA) from October 2008 for people unable to work for reasons of ill health. The stated aim of ESA was to shift the focus onto individuals' ability to work rather than a focus on determining entitlement for ill-health benefit. Previous research identified that half of ill-health benefit claimants were over 50 years of age. The previous Labour Government introduced New Deal 50 plus, a programme of tailored support to help people aged 50 and over to find work. New Deal 50 plus has since been abolished, with the new Coalition Government elected in May 2010 focused on providing a single welfare-to-work programme, the Work Programme. This programme is currently being evaluated and the impact of the changes on support for older workers in re-entering employment is as yet unclear.

A recent decision handed down on 23 March 2012 by a British Court of Appeals again calls attention to practices regarding management of age diversity. In this case, an entity of the National Health sacked an employee before he reached the age of 50 for the sole purpose of avoiding having to pay for early retirement, which it would have had to pay had it sacked him after that age. For the Court, the amount of the savings sought by the employer justified this clear case of age discrimination. This is the first decision of this type where cost is the sole justification for age-based discrimination. Beforehand, employers were required to cite a non-

economic factor to demonstrate that the discrimination was a proportioned means of attaining a legitimate objective, and therefore justified.

### — Labour Market Position of Older Workers

The overall position of older workers (those aged 50 and over) in the UK labour market is as follows:

- In 2010, the number of people in employment aged between 50 and 64 had grown to 7.32 million<sup>4</sup>. The number of employed aged 65 and over had reached 900,000 (Ibid). Both of these figures are the highest since records began in 1992.
- Although the employment rate of older workers has increased over the last two decades (from around 56 per cent in 1992 to 64.5 per cent in 2010<sup>5</sup>), it lags behind the overall employment rate for the UK. Compared to an overall employment rate of 70.3 per cent in the 2<sup>nd</sup> Quarter of 2010, the employment rate of those aged 50-64 was 64.5 per cent (Ibid). For those aged over 65, the employment rate declines considerably to 8.4 per cent (Ibid).
- Whilst the unemployment rate of older workers (representing the percentage of people actively seeking work who are unemployed) is lower than that for those under 50 (4.9 per cent compared with 8.9 per cent respectively), people aged 50-64 are more likely to be long-term unemployed (i.e. unemployed for longer than one year) (Ibid).
- Although the unemployment rate of older workers compares favourably with those under 50, inactivity rates, in other words the percentage of people not in employment and either not seeking work or not available for work, are higher for those over 50 when compared with those under 50 (32.2 per cent when compared with 20.4 per cent respectively) (Ibid).
- A recent independent review of sickness absence suggested that approximately 330,000 people flow from work onto the Employment and Support Allowance (ESA, a state benefit for those deemed unfit to work due to ill health) each year and over a third of these people are over 50.<sup>6</sup>
- In general, the 50-64 age group have a high percentage of people with no qualifications (17.7 per cent of those aged 50-64 report having no qualifications compared with 8.6 per cent of those under 50)<sup>7</sup>.

The picture, then, is one of increasing numbers of older workers in employment, but with older workers outside employment but seeking to re-enter the labour market having the greatest difficulties. Also, with over a third of people entering ESA over 50, significant numbers of older people are leaving the workforce due to ill health.

## ■ The situation in Italy

The phenomenon of population ageing is significantly affecting Italy and presents a controversial situation in terms of pace of ageing, expected consequences and actions taken.

The proportion of the Italian population aged over 65 has more than doubled since 1950 and will continue to grow, reaching 33 per cent of the total Italian population by 2050 (UN, 2009). Young people aged below 15 represent 14 per cent of the population while the over-65 group represents 20.3 per cent. The so-called ageing index, the number of persons 65 years old and over per one hundred persons under age 15, is 144.5 while the old-age dependency ratio, the

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<sup>4</sup> Office for National Statistics (ONS) (2011) *Economic and Labour Market Review*, ONS, March 2011, [www.statistics.gov.uk](http://www.statistics.gov.uk)

<sup>5</sup> ONS Labour Force Survey, (2nd Quarter 2010) *Older Workers Statistical Booklet, Extending Working Lives Division, Department for Work and Pensions*.

<sup>6</sup> Black D.C. and Frost D. (2011), *Health at Work – an independent review of sickness absence*, T.S.O. (The Stationery Office), London

<sup>7</sup> ONS Labour Force Survey, (2nd Quarter 2010) *Older Workers Statistical Booklet, Extending Working Lives Division, Department for Work and Pensions*.



number of persons 65 years and over per one hundred persons aged 15 to 64 years, is 30.9 (Istat, 2011). Behind the phenomenon are the increase in the average life, the low birth rate and the large number of "baby boomers" – those born between 1945 and the early Sixties – who are reaching retirement age en masse. The continuous increase in life expectancy is evidenced by a high average age of the population of 43.5 years. In particular, the average life expectancy is 79.2 years for men and 84.4 years for women. Another critical aspect is the low fertility rate. The average number of children born to each woman is 1.41, very far from the average number of children necessary to ensuring generational replacement (2.1 children per woman). These values set Italy among the higher positions in the European ranking of ageing index and in the lowest positions in those of total fertility (Istat, 2011).

The population ageing process has consequences in the management of the workforce and in the labour market. Despite the greying process in the workforce and the consequent rise in the labour force participation rate of the 55-64 age group, older workers are still not adequately present in the labour market. The strategic target set by the Lisbon and Stockholm European Councils was to raise the average EU employment rate for older people (aged 55-64) to 50 per cent by 2010. In relation to the EU-27 average of 46.3 per cent, the Italian employment rate of older workers is lower at 36.6 per cent (Eurostat, LFS). Moreover, the high proportion of workers near retirement age (baby boomers) that will soon exit the labour market compared to the small number of young people entering the labour market due to the decline in birth rate will provoke a reduction in the number of potentially active workers along with problems in the labour force supply process. Many studies (McDonald & Kippen, 2001; Börsch-Supan, 2002; OECD, 2004; ISTAT, 2008) predict a chronic workforce shortage over the coming decades. In particular McDonald and Kippen (2001), by combining a number of independent variables such as migration, fertility and labour force participation, predict several scenarios for the future Italian labour-force supply. The most reliable, assuming the current level of net migration as well as constant fertility and labour-force participation rates, shows that Italy stands to lose about 40 per cent of its labour force (from 23.2 million in 1995 to 14 million in 2050).

In order to support an older population and to avoid problems linked to the collapse of the retirement system and the labour-force shortage, strategic actions are required to increase the number of active workers. Early retirement for older workers has usually been considered the short-term response to the need for corporate downsizing, especially in the 1980s and 1990s, but this practice is no longer compatible with an ageing society. The recent reform in the pension system is oriented towards lengthening working life by gradually increasing the retirement age. The minimum retirement age has been raised from 60 to 62 for women (and will be gradually increased up to 66 years starting from 2018) and from 65 to 66 for men, with financial incentives to try to keep them working until 70. In addition, from 2021 the retirement age will rise to 67 for everybody. The minimum number of contribution years for the so-called seniority pension (calculated as a mix of age and the number of years of paid contributions) has increased from 40 to 42 years for men and to 41 years for women. Also planned is a progressive levelling between women's and men's retirement age in the next 20 years.

## ■ The situation in France

In 2010, 42.5% of persons between ages 55 and 64 years were present on the labour market in France: 32.7% were employed and 2.8% were on unemployment benefits.

France, among OECD countries, is characterised by a low proportion of employed persons over 55. The French rate for employment of seniors should be compared to the rate of 48% for the European Union and 70% for Sweden.

In the 1970s, France had a rate of employment of persons aged 55-64 that was above 50% and higher than the European average. That rate fell in the 1980s following the setting of the legal retirement age at 60 and the massive incidence of early retirement resulting from industrial restructuring.

The results of a survey<sup>8</sup> regarding hiring discrimination made public in 2006 show that age is the leading form of hiring discrimination: A candidate 48.5 years of age receives three times fewer positive responses than the baseline candidate (male and “native-born French” 30 years of age as indicated by his first name and surname).

France’s response to the European goals for increasing the employment rate of older workers took the form of:

- Two stages of retirement reform: the Laws of 21 August 2003 and 9 November 2010, raising the retirement age, the age for entitlement to the full pension rate, the age of involuntary retirement, providing for special arrangements for “long careers” and for employees subject to arduous working conditions, ending progressive public-sector early retirement, and providing for the possibility of combining employment and retirement.
- A co-operative National Action Plan for employment of older workers in 2006 aimed at maintaining their employability.
- Financial incentives for hiring older workers (a specific fixed-term contract, aid for hiring persons >55 for one year, etc.)
- A three yearly obligation instituted by law in 2009 to hold collective negotiations at company level for employment of older workers under penalty of fine; the result should be a negotiated agreement or an action plan comprising a fixed numerical objective for maintaining employment or recruiting of older workers.
- As of 1 October 2010, 36,000 companies had drafted an agreement or an action plan. According to analysis by the Ministry of Labour<sup>9</sup>, the main areas companies took action in were “development of skills, qualifications and access to training,” “career management,” “transition to retirement” and “knowledge and skills transfer.” Conversely, recruiting and improvement of working conditions are areas where few efforts have been made.

## 2. A primarily sociological issue

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Managing extended working life is not only a question of demographics, as a number of studies conducted in Europe have shown<sup>10</sup>. It also has to do with the way in which the different stakeholders perceive the issue. The differing reactions to retirement reforms in Europe aimed at prolonging the duration of working life bear witness to that.

### ■ Active ageing

The most recent Eurobarometer published by the European Union in January 2012<sup>11</sup> on this issue gives a glimpse of evolutions in the expectations of European citizens which employers would do well to take into account.

Through their responses to a series of questions, citizens of 27 EU countries reveal perceptions of ageing at work that can indeed seem to contradict those that have guided employers in recent years.

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<sup>8</sup> DARES (2011), *Emploi des seniors – Synthèse des principales données sur l’emploi des seniors*, Document d’étude N° 164, Ministère du Travail, Paris.

<sup>9</sup> DARES (2011), *Emploi des seniors – Synthèse des principales données sur l’emploi des seniors*, Document d’étude N° 164, Ministère du Travail, Paris - cited above

<sup>10</sup> Guillemard A. M. (2003), *L’âge de l’emploi*, Ed. A. Colin, Paris.

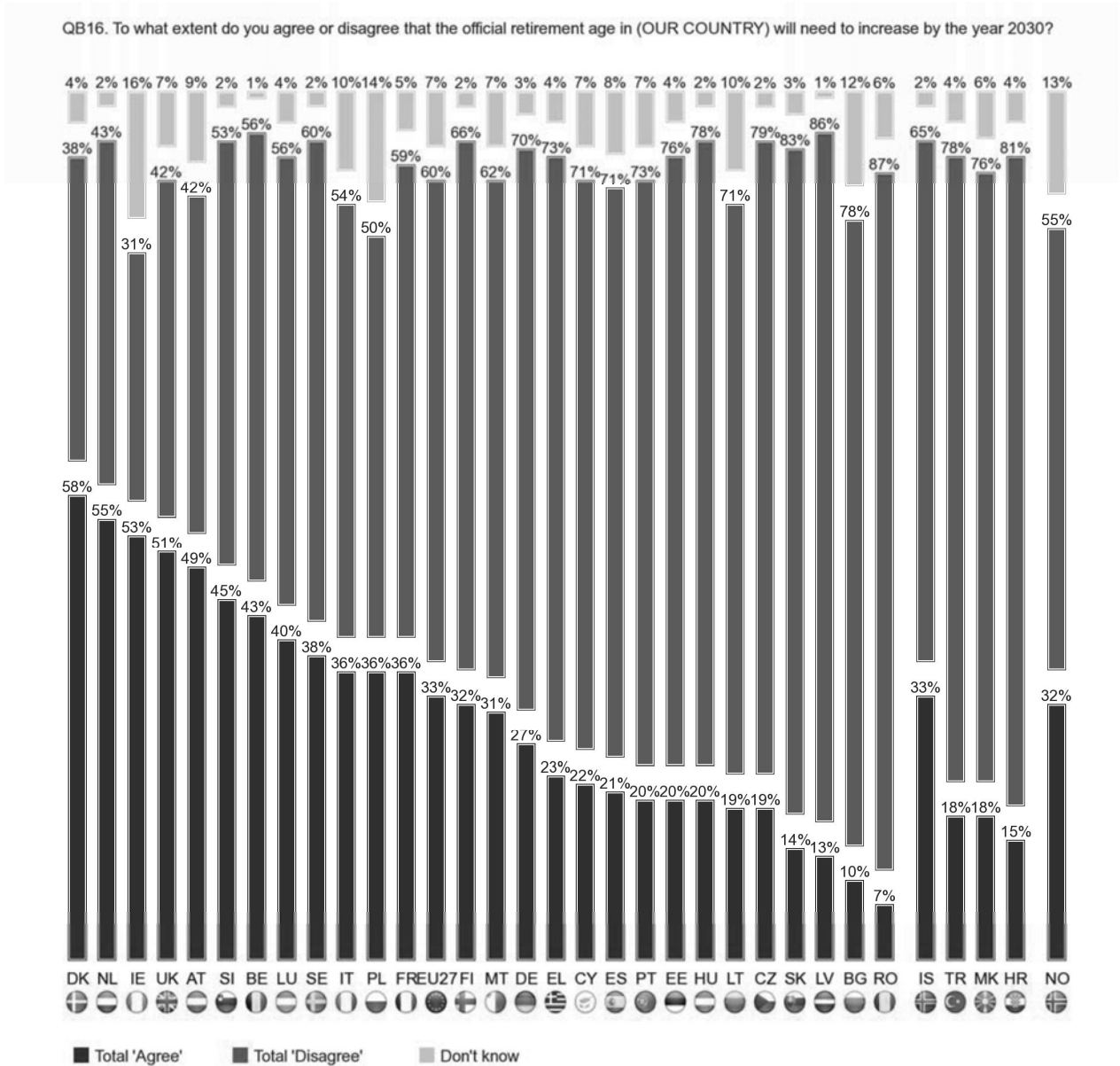
Colette S., Batel C., Carré P. et Charbonnier O. (2009), *L’atout senior - Relations intergénérationnelles, performance, formation*, Dunod, Paris.

<sup>11</sup> Active Ageing special eurobarometer – 378 – sept-nov 2011 – Survey request of DG Employment, Social Affairs and Inclusion.



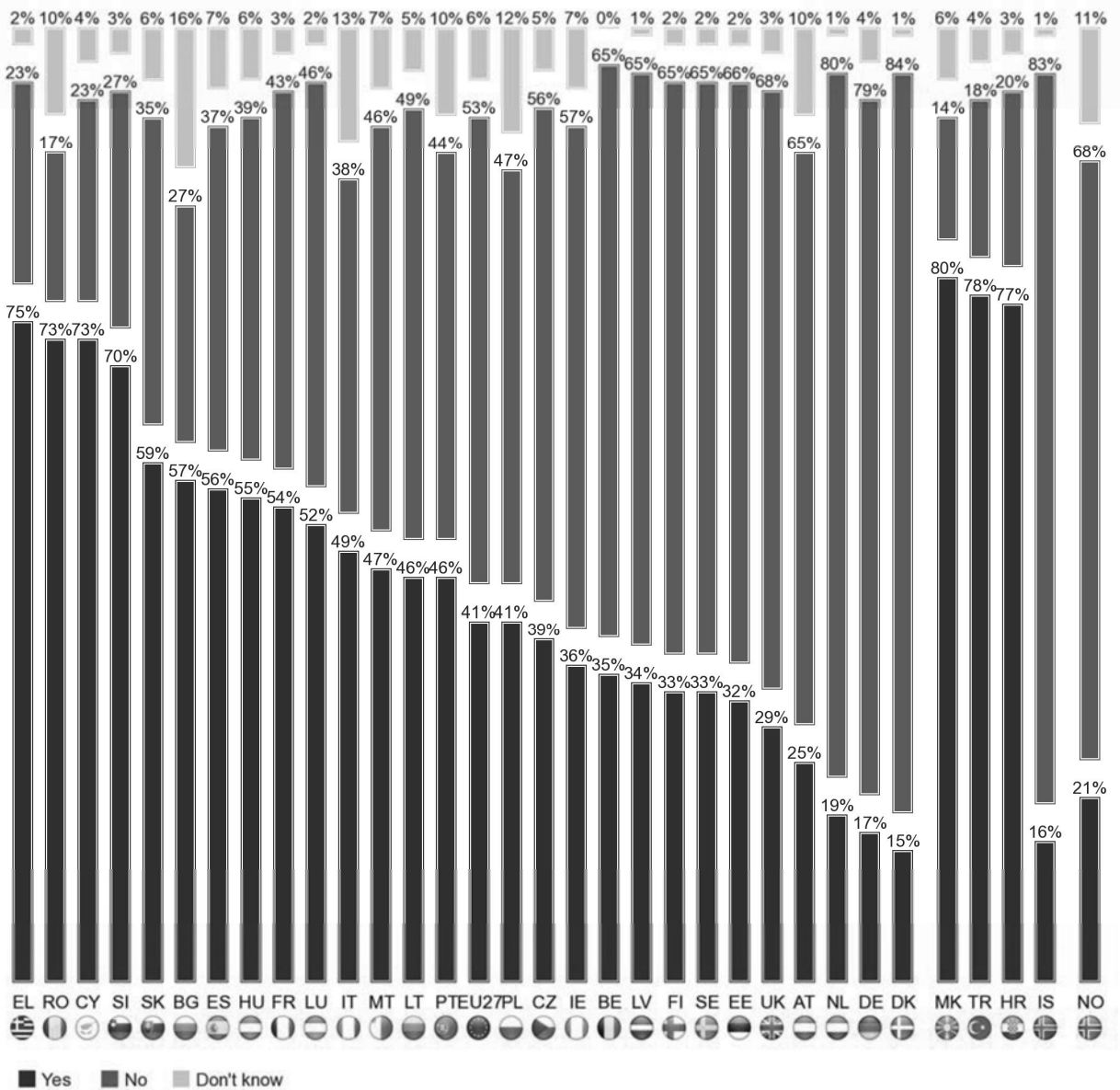
— **Should people be obliged to retire at a certain age?**

Only a minority of Europeans actually believe that it should be compulsory for people to stop working at a certain age (41%). However, in some countries, a clear majority are in favour of compulsory retirement: in Greece, Romania, Cyprus and Slovenia with 75%, 73%, 73% and 70% respectively in favour. By contrast, around 80% of respondents in Denmark, the Netherlands and Germany, reject the idea of a compulsory retirement age.



Moreover, almost two thirds of Europeans believe that they should be allowed to continue working beyond the official retirement age. There are interesting variations across Member States. At one extreme, nine out of ten respondents in Denmark and the Netherlands believe that they should be able to do so, whilst at the other end of the scale only three out of ten respondents believe so in Greece, Romania, Italy and Slovenia.

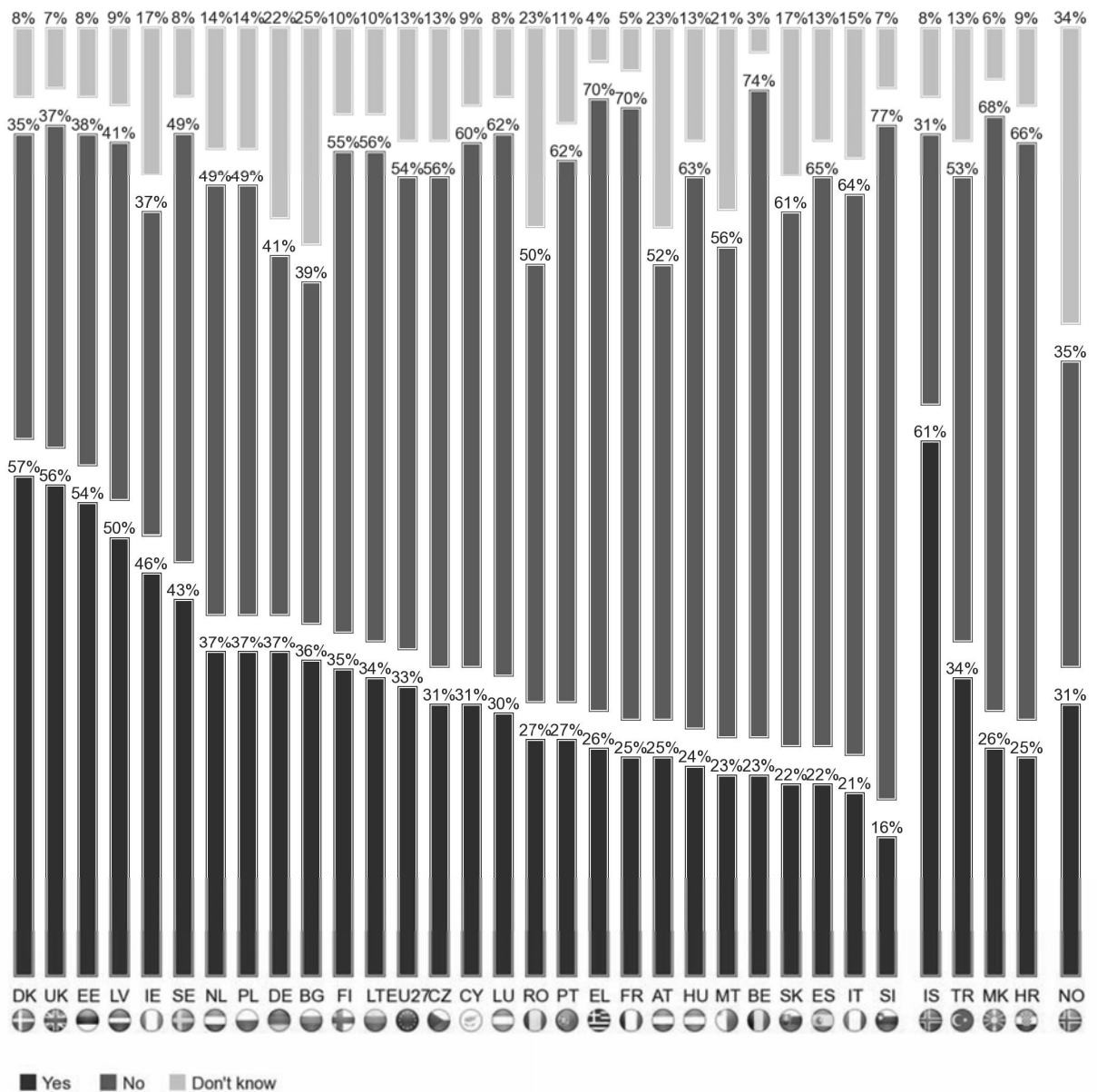
QB21. Regardless of the official retirement age in (OUR COUNTRY), should there be an age when it is compulsory for people to stop working?



— **What would encourage Europeans to work after the official retirement age?**

Some arrangements **would encourage people to work longer: in particular, the idea of combining part time work and a partial pension** seems more appealing than full retirement, to almost two thirds of Europeans. Many Europeans consider that the lack of gradual retirement options hinders longer careers. More Europeans (69%) in the original 15 Member States (EU-15) find the idea of a combined part-time work and partial pension more appealing than full retirement – compared with 52% of those in the New Member States. This idea appeals most in Sweden (90%), Denmark (87%), the Netherlands (84%), UK (82%), Finland (80%), Ireland (78%) and Belgium (78%). Respondents in Greece seem least attracted to this idea, with only 28% finding it more appealing and 69% finding it less appealing.

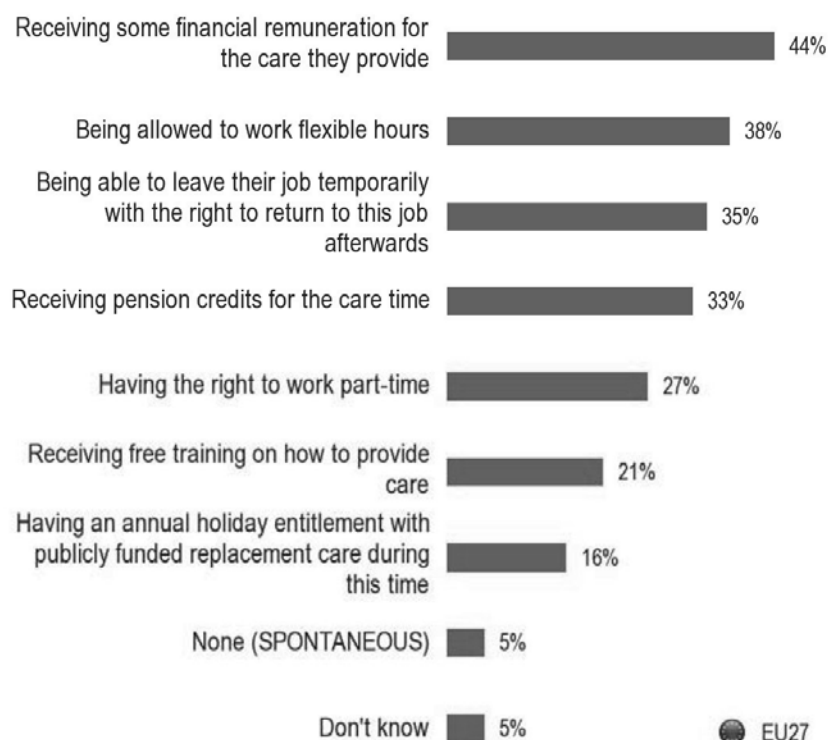
QB20. Would you like to continue working after you reach the age when you are entitled to a pension?



## — What should governments and society do to help people take care of the elderly?

Many Europeans believe that governments can do more to support people who care for the elderly, notably by helping them financially (44%), by offering the possibility of working flexible hours (38%), through carer's leave (35%) and by offering pension credits for care time (33%).

QB33. What would be the most useful things the government could do to help people who care for older family members?



Financial compensation of carers was most frequently mentioned in Slovakia (65%) and Sweden (61%). Flexible working hours was cited by over half of the respondents in Iceland (57%), Denmark (56%), Cyprus (53%) and the Netherlands (52%). Most people in Denmark feel that being able to leave one's job temporarily would be useful (55%). Financial compensation is more likely to be mentioned by women (46%) than men (43%). Training is more likely to be mentioned by younger respondents (28% of those aged 15-24 and 24% of those aged 25-39) than by older respondents (19% of those aged 40-54 and 55 and over).

### ■ Firmly entrenched stereotypes<sup>12</sup>

In contradiction to the objective data provided above must there exists an equally-important phenomenon that marks society and consequently actors within companies – ostracism with regard to older workers. This is particularly well described in a comparative study<sup>13</sup> between France and, in particular, The UK and Japan. On close examination, what emerges from these studies and our observations in companies is a kind of paradigm<sup>14</sup> about older workers which sets France apart in an obvious way within the European Union. This includes a disengagement

<sup>12</sup> This and the next part are borrowed from an d'E&P study: Le Boulaire M., Marsaudon S., Fotius P. (2009) *Gérer les seniors : de l'âge à l'expérience*, Etude n°285, Entreprise& Personnel, Paris.

<sup>13</sup> Guillemand A. M. (2003), *L'âge de l'emploi*, Ed. A. Colin, Paris.

<sup>14</sup> That is, a schematic representation of all the spontaneous representations and beliefs of an individual, a group or a society





of employer's efforts (careers, training etc.) at age 45, a misreading of the way engagement at work operates, and a circumspect questioning of older worker's performance.

The ostracism of which older workers seem to be victims is partly the consequence of stereotypes about them that continue to be passed on.

According to the authors of a work entitled *Stereotypes, discrimination and relations intergroupes*<sup>15</sup>, "Walter Lippmann (1922) is incontestably the 'inventor' of the concept in its socio-psychological sense. [...] He felt that these 'mental images' were indispensable for dealing with the plethora of information coming from our environment. They enable us to filter objective reality. For Lippmann, we do not see a thing before we define it; we define it before seeing it. Aside from the fact that stereotypes generally have a strong affective colouring, they originate in society and provide the means of justifying the nature of relations between groups and nations."

These few lines make clear the need for implementing extensive, long-term actions if we want to change these paradigms.

## ■ The largely unknown mechanisms of motivation at different ages in life

In the view of Claude Levy-Leboyer<sup>16</sup>, "being motivated means essentially to have a goal, deciding to make an effort to attain that goal, and persevering in that effort until the goal is achieved. The degree of motivation therefore depends on the variations of these three components [...] and also on their interactions with all the others that determine performance, aptitudes, personality, knowledge and skills."

In the past few years, work (surveys, research, analysis, etc.) carried on within different sectors of activity has led us to consider the issue of motivation not only from the point of view of age, nor of the duration of working life, but from the point of view of career paths.

In France, for example, SNCF-French Rail, out of a desire to avoid a mis-guided approach to older workers, in 2005-2006 studied the role of older workers career paths in the process of engagement and disengagement. The study showed that beyond age, the relevant variables for understanding the mechanisms of motivation in older workers had to do (in addition to skill level and whether or not career mobility was operative) with the management dynamic that had been applied to these employees throughout their working lives. Based on the history of the working life and precise identification of the career paths of each older worker, managers could determine what type of drivers applied to each of them and their specific expectations in the final stages of their working life.

More recently, studies<sup>17</sup> done within the banking sector, targeting the 45-49 age group, made progress regarding the issue of motivation of employees in that group.

This field study revealed three major profiles applicable to the question of career paths and individual dynamics (a combination of ambitions and assessments of the probability of satisfying those ambitions):

**"Disoriented"** employees who have no visibility of the careers of tomorrow or feel they have an unsuitable profile for those careers. These employees have an attitude of questioning regarding their future;

**"Resource"** employees who feel that they are useful, recognised for their skills but not for their potential. These employees are resigned to a horizontal or slow career progress;

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<sup>15</sup> Yzerbyt V., Schadron G. (1999), « Stéréotypes et jugement social, Edition Mardaga », p. 129-130

<sup>16</sup> Lévy-Leboyer C. (1998), *La motivation dans l'entreprise : Modèles et stratégies*, Editions d'Organisation, Paris.

<sup>17</sup> Bastien A., Le Boulaire M, Marsaudon S. et Flamant N., (2007), *Radiographie des 45-49 ans dans la Banque*, rapport publié par l'Observatoire des métiers, des qualifications et de l'égalité professionnelle entre les hommes et les femmes dans la banque, Paris

“**Challenger**” employees who feel that they are still on an upward slope, with strong expectations in terms of career management.

In this perspective, the degree of motivation, the desire to continue working beyond the legal retirement age, depends on how employees have been managed through their working lives and the results that has had in terms of career path. In this view, it also depends on the assessment these same employees make of their career track (satisfactory or not) more than it does on their belonging to a given age group.

Of the analyses conducted in the different countries of our panel, those done in the UK are an especially good illustration.

## ■ **Motivations of older workers for remaining in or re-entering work**

Whilst the reasons for older workers continuing in work are complex and unique to each individual, research has identified that economic considerations are often a key concern. With returns on individual savings currently low, pension entitlements changing (as well as planned changes to the SPA and public-sector pensions, final salary schemes in the private sector have all but been replaced by less generous, career-average or defined contribution schemes), and the high debt/low saving profile of many UK households, it is perhaps not surprising that surveys repeatedly report high percentages of older workers remaining in or returning to work for financial reasons. For example, the English Longitudinal Study of Ageing (ELSA, 2007)<sup>18</sup> reported that 40 per cent of respondents aged 50 or over re-entered the workforce because they needed the income. That said, economic considerations are not the only reason for older workers to continue working. Social contacts offered through work and the opportunity for taking on challenging or interesting assignments have also been suggested as reasons to continue working. The latter may be more the case for older workers in managerial positions who may also enjoy generally better health than those in more physically demanding jobs, and whose job is more likely to be compatible with any physical decline. These older workers may seek to develop their skills and experience without necessarily seeking advancement in a hierarchical sense.

## ■ **Barriers experienced by older workers in remaining in or re-entering work**

Barriers experienced by older workers seeking to continue working include ill health, the impact of caring responsibilities on the ability to work, low levels of job satisfaction, lack of flexibility and choice of hours. Additional barriers often reported are a lack of appropriate skills (especially the case as advances in the workplace render the skills of older workers obsolete), and negative stereotypical attitudes towards older workers.

Whilst poor health is a commonly-cited barrier to continuing in work, and a third of those flowing onto ill-health related state benefits from work each year are over 50, it need not be incompatible with work provided the work is accommodating – i.e. is appropriately designed to fit the workers’ physical and mental capacities. There is a possibility that constraints on changing working hours are “pushing” some older workers into early retirement.<sup>19</sup> It is also worth making the point that health status varies enormously amongst older workers, and poor health and its adverse impact on work is more of a problem for less-qualified workers in physically demanding jobs.

Evidence has suggested that stereotypical attitudes of both older and younger workers remain prevalent amongst HR managers<sup>20</sup>. In the case of older workers, negative stereotypical

<sup>18</sup> (2007) “English Longitudinal Study of Ageing” In *ESDS Longitudinal*

<sup>19</sup> OECD (2006). *Live Longer, Work Longer*.

<sup>20</sup> Parry E., Tyson S. (2009). *Organisational reactions to UK age discrimination legislation*. *Employee Relations*, 31 (5), 471-488.



attitudes include the view that older workers are less adaptable to change and lacking in technological skills.

Thus, while the political contexts differ, there would appear to be a convergence of sociological analyses in identifying barriers to developing the employment of older workers in the four countries studied.

But are there “best practices” at the national level in this area? And can certain countries serve as examples of a more virtuous approach? That is what our next chapter is about.



## 2. Overview of company practices

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How do companies in the four countries studied deal with the question of employment of older workers? Are there national specificities in the way in which this subject is treated in their management practices? What types of action dominate? And what actors?

### I. Typology of European practices

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We have chosen to draw up a typology that is consistent with the different initiatives and experiments implemented and conducted in German, English, Italian and French companies. The approaches were either collected directly by the co-authors of this Panorama or identified through previous studies. A total of some fifteen company practices are analysed in this chapter.

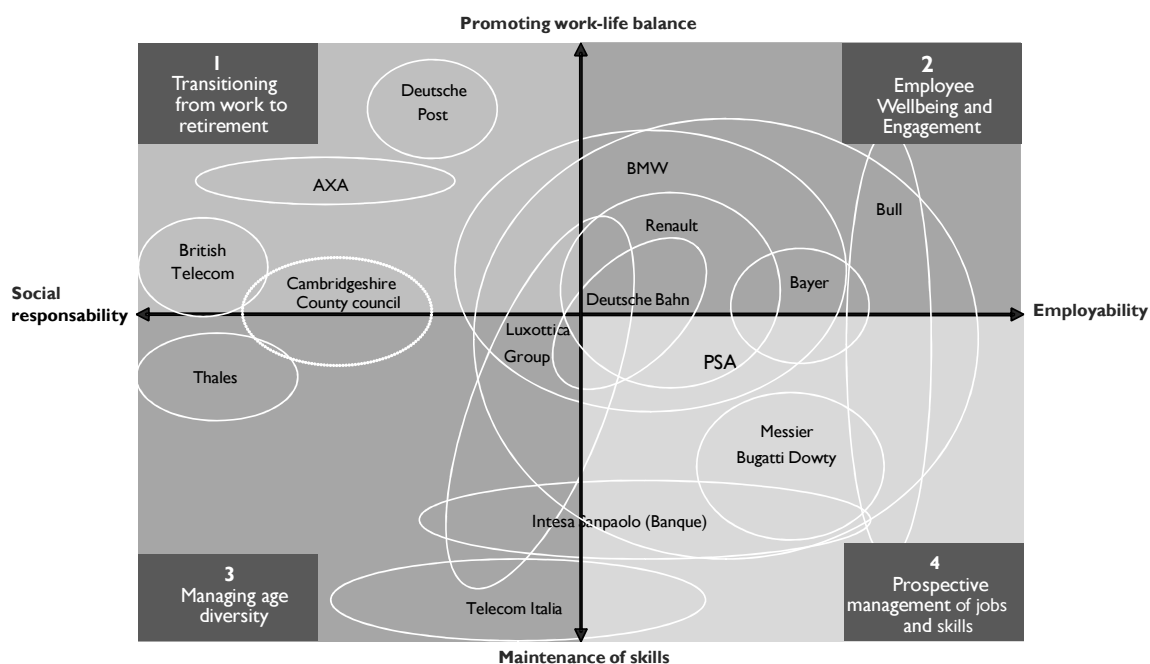
Out of these numerous initiatives, two types of aims emerge which can serve as guides to understanding the policies that are in place: Firstly, taking into consideration **individuals' aspirations** toward a better **work-life balance** and **maintaining their skills**, in particular via training and career-mobility measures; and secondly developing **social responsibility**, through the implementation of measures ranging from **managing diversity** to **preservation of employability**.

These aims also throw light on the degree of urgency with which the different organisations need to adapt both to their specific national demographic contexts and legislative frameworks, but also to their own particular organisational constraints in terms of retaining talents and allocating and preserving key skills.

The result is a framework whose application identifies four components of a global approach to **managing older workers**.

Obviously, the four typical ideals identified in this approach are not mutually exclusive concepts /dimensions; the present typology is only an help in order to better understand the dominant rationale of each company's policy. We have in mind that in the HR approaches the 2 axes (social responsibility/employability and balance between working personal life /maintenance of skills are indeed simultaneous dealt but not with the same intensity from a company to another

## TYPOLOGY OF EUROPEAN PRACTICES



## 2. Transitioning from work to retirement

This approach includes measures companies take for managing the transition to retirement. Based on voluntary participation both by the employee and the company, they take into account work and personal situations that require reduction or lightening of the work activity at career end.

In France, for example, in reaction to the legislative changes outlined in chapter 1, various measures have been developed by companies or through collective agreements at industry sector level to deal with the transition period between work and retirement. These are:

### — Assisted part-time

The company offers those employees who so desire the possibility of reducing their work activity while receiving an increase in their remuneration compared to their effective working hours. The additional remuneration can be calculated based on full-time salary, or in some cases with a ceiling of a certain percentage of the annual salary.

Different part-time formulas are offered by the company, with the organization of part-time work determined with the manager for reasons related to operation of the department.

Assisted part-time is characterised by an added amount of from 5 to 20% maximum calculated on the time actually worked, and which can be coupled with an anticipated-departure formula.

### — Pre-retirement leave

The *Congé Retraite* or pre-retirement leave is a measure comprising suspension of the work contract and intended to encourage preparation for retirement. Its cost is borne totally by the company, which defines:

- The mode of remuneration (in % of gross wage)
- The basis for calculation of the wage percentage

- The duration of the leave, as a function of the period preceding retirement at the full rate

The measure for anticipated cessation of activity (*Cessation Anticipée d'Activité*) without breaking the work contract is identical to the *Congé Retraite* in its consequences. It offers the possibility of recalling the beneficiary for a temporary assignment.

The pre-retirement leave can take the form of:

- Anticipated cessation of work activity where the beneficiary has not broken his or her work contract, but has no obligation of presence. This measure is generally tied to a minimum age, with or without defined tenure, and above all with a maximum duration within the anticipated cessation of work.
- Anticipated cessation of work with an obligation of presence in case of need on the part of the company. The principles are identical to the preceding measure, but the beneficiary may not refuse to return to the company for a defined assignment, for which he or she resumes all the administrative characteristics that were in place for him/her before the start of the anticipated cessation.

#### — **Aid to complete retirement entitlement**

In France, entitlement to full pension depends on two criteria: having reached the minimum legal retirement age and the number of years of contribution. The number of years of contribution is also referred to in terms of the numbers of "quarters" (for example 41 years or 164 quarters). For employees who are at or near the legal retirement age, but have not worked the number of quarters required for full entitlement a measure was provided by the Law of 21 August 2003 on retirement reform, modified by the Decree of 19 December 2008. This measure provides employees in the above situation who so desire, the possibility to purchase a maximum of 12 outstanding quarters of entitlement in two cases:

- incomplete years of contribution (validation of less than 4 quarters per year)
- a late entry to the labour market due to a protracted third level education

Participation by the employer can take the form of a total or partial share of the cost of purchasing a quarter with or without limits as to the number of quarters purchased, or partial or total coverage of the interest on a loan taken out by the employee solely for the purpose of purchasing quarters. In the latter case, the number of years of interest covered by the employer should be defined.

#### — **Increase in the compensation for voluntary retirement**

During a period defined at the time of retirement, the beneficiary is entitled to compensation calculated as a function of the rules set by the industry sector collective agreement, or those of the company if they are more favourable, increased by a defined percentage that may be based on tenure within the company.

The basis for calculation is the full-time salary, even if the employee is paid according to a part-time formula or another formula such as pre-retirement leave.

#### — **Specific measures for certain populations**

Depending on their needs, companies use formulas for adjusting the workweek and anticipated departures for employees who have worked under special conditions such as:

- Shift work
- Night work
- Employees with an illness
- Employees who began work at an early age



The conditions affect: the rate of additional remuneration as compared to the rate connected with the measure encouraging part-time work (see above), the duration over which these specific situations are taken into consideration, the duration over which the proposed adjustment is taken into consideration, and payment of retirement contributions determined on the basis of the reconstituted full-time wage.

These measures for transition between work and retirement are illustrated by the approach taken by a French insurance company

AXA FRANCE

- A company agreement organises the transition between work and retirement (source AEF)

Signed on 1 May, 2011 by five unions (CFDT, CGT, CFTC, UDPA-Unsa, and CFE-CGC), the goal of the agreement was to facilitate the transition between work and retirement, offering choices regarding the timing, the context and the conditions of retirement, with specific categories for disabled employees and those with long careers. The measures are accessible to employees between 6 and 30 months from retirement at the full rate.

- Articulation of two successive phases limited to 30 months with five possible formulas and differentiated dates for entry into the plan.
- A period of 2/3 of assisted part-time (Temps Partiel Abondé – TPA)
- A period of 1/3 of retirement transition leave (Congé Transition Retraite – CTR)
- The possibility of choosing assisted part-time with additional remuneration of from 5% to 8% depending on the part-time formula chosen (90%, 80%, 60% or 50%)

FOR WHOM?	MEASURES
Disabled employees entering the plan 36 months before their retirement.	A special formula with 24 months of assisted part-time and 12 months of transitional retirement leave.
Employees eligible for the “long careers” measure entering the plan 36 months before their retirement.	
<p>Employees meeting conditions for retirement at full rate at a date near the signing of the agreement and:</p> <ul style="list-style-type: none"> <li>- Who commit to leaving within three months of the signing of the agreement</li> <li>- Who make a commitment before signing the agreement</li> <li>- Or who change their departure date</li> </ul>	<p>The compensation for involuntary retirement is increased by 30% at the time of retirement</p> <p style="text-align: center;">+</p> <p>A doubled matching employer contribution to the PERCO (complementary retirement plan) with a maximum of 600 euros.</p>

In the number and variety of its measures, but also the possibility of choosing among different means of applying them, Axa France provides a concrete example of an individualised approach. The agreement enables the employee’s aspirations and personal relationship to work to be better taken into account; the employee initiates the request, which is then validated by the manager, and chooses the formula for transitioning into end of career that suits his or her pace of life and personal aspirations.

Similar measures are also found at British Telecom and in the public sector in the UK and in Germany at Deutsche Post. In Italy, Luxottica Group has implemented job sharing, a measure that facilitates the transition between work and retirement. The use of job-sharing measures, especially in the case of an unemployed spouse or family member or children near to achieving an educational qualification. In the latter case the use of a job-sharing agreement involving an

employee and his/her offspring offers a way to facilitate the transition towards retirement for the older generation, but also towards entering the labour market for the younger.

British Telecom has focused on offering all types of flexible work to its older workers to enable them to manage the end of their career. Various options have been devised for reconciling working life and personal life and facilitating the transition to retirement – moving to part-time at the employee's initiative, for example, or to positions with lower levels of responsibility.

#### BRITISH TELECOM

BT is a UK-based telecommunications provider with operations in 65 countries. The vast majority of their workforces are UK-based. In 2010, approximately 35 per cent of the workforce were aged 50 and over. BT employees may join the Communication Workers Union (CWU), with a separate union, Prospect, representing managerial and professional staff.

BT has an "age neutral" approach to promoting diversity and equality. The organisation has a number of policies and practices in place that are likely to be of particular interest to older workers.

There is a reasonable-adjustment policy in operation, under which requests for reasonable adjustments can be made to help workers remain in their current positions. Failing this, policies exist to help support employees re-skill and/or move to a different position within BT.

All employees also have the right to request flexible working. The employee's line manager makes the decision about whether or not to accept the request. BT uses flexible working as a way to allow employees to transition to retirement, for example, by moving to positions of part-time working, or positions with less responsibility. Flexible working initiatives introduced by the company include:

Wind Down – part-time working in the later stages of an employee's career

Ease down – reducing working commitments in the approach to retirement

Helping hands – employees are offered the chance to take time out and to work for another organisation

Step down – employees at senior levels continue working but with less responsibility

BT abolished its fixed retirement age in 2005.

This approach, strongly centred on employees' individual needs, is also found in the public sector in the UK.

#### CAMBRIDGESHIRE COUNTY COUNCIL

Cambridgeshire County Council is the largest employer in the county of Cambridgeshire and provides services to the public in the areas of children and young people (including schools), community and adult services, and environment services. Approximately one third of the workforce is in the 51 to 65 age group. Council employees have access to union representation and unions are closely involved in employment policy development. Consultations with the unions have been held on flexible working and flexible retirement policies.

The Council has implemented a number of policies that, whilst open to all employees, have been found to be well suited to the needs and interests of older workers. The right to request flexible working is open to all employees, with decisions made on a case-by-case basis, involving the specific managers and employees concerned. The Council also operates a flexible retirement policy. This provides eligible employees with the right to request a permanent reduction in working hours (20% or more) or request a transition to a role with downgraded responsibilities/duties (to a position at least two grades lower) while at the same time requesting payment of accumulated pension benefits.

The council's employment policy and development process is also structured so as to avoid any potential age discrimination. Policy is developed in consultation with the unions, and new policies





go through a mandatory equality impact assessment, including the impact of policies on workers of different age groups.

In terms of the impact of the approach taken by the council, flexible working policies, in conjunction with new arrangements for the operation of absence management policies, are believed to have led to a reduction in absence levels. In addition, there have been no apparent age-related effects of the recent recession.

In Germany, Deutsche Post came to grips with the issue of extending working life against the background of maintaining a “decent” level of income through a “Generations Pact.”

#### DEUTSCHE POST AND THE GENERATIONS PACT

On 6 October, 2011, Deutsche Post and the service union Verdi agreed on a set of measures intended to enable the company to better face the evolution of the market and the company. Among the measures implemented is a “Generations Pact.”

Objective: Enable older workers to continue working until retirement age (which will gradually be raised from 65 to 67 between 2012 and 2029) while taking into account the increasing difficulty of the work and maintaining income levels.

Measures:

Use of the legal formula of part-time retirement (Altersteilzeit)

Creation of a “demographic fund” to compensate for the proportional decrease in level of remuneration financed by Deutsche Post and calculated based on future wage increases.

Implementation of Time Savings Accounts to make it possible for employees to accumulate hours. These hours will be recoverable at end of career for early departure without wage decrease.

Keeping older employees in the company is also meant to improve transfers of know-how between generations. Deutsche Post has committed to hiring apprentices from 2010 and 2011 who have earned their diplomas on full-time permanent work contracts (2,580 young professionals according to Verdi)

[Source: *Planet Labor*, 6 October 2011, No. 110602]

In this last case, the part-time retirement model appears as a social innovation in the way it deals with extended working life and difficulty with a feasibility study on the financing of these measures.

The movement towards ending early retirement schemes financed by the State has now spread to all European countries. Its consequence is to make the company bear responsibility for finding solutions to the issues of difficult working conditions and motivation of older workers.

These approaches to managing the end of workers’ careers are at the crossroads between two concerns – a concern with HR management and a concern related to individual aspirations and the desire to make these measures socially acceptable to the collectivity. The choices proposed will depend on the retirement policies adopted in each country, but also on the vision of the age issue held by each business sector.

### 3. Employee wellbeing and engagement

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The measures taken by companies in this approach are aimed at taking into account employees’ individual desires to reconcile working life and family life while preserving conditions that encourage their engagement at work.

Certain studies show that employee wellbeing is becoming a social and economic need, going beyond companies’ legal obligations, if engagement is to be encouraged. “Working better to

produce better” could in fact become a new imperative<sup>21</sup>. Focusing on improving working conditions has raised the issue of preventing burnout and reducing job difficulty. Such questions remain essential for workers envisaging working beyond the age of 60... assuming that the physical and mental conditions are present!

Functional and cognitive capacities are impacted by the effects of ageing and lead organisations to make adjustments to work stations, taking into account the physical load associated with the work activity, but also – increasingly – the cognitive load. Reducing exposure to certain physical constraints, working on improving work postures, and taking into account the cognitive load required to perform certain work activities are possible areas for action.

Certain companies are now investing in promoting health and a certain level of quality of working life. These include Deutsche Bahn, Bayer, BMW, Luxottica Group, PSA Peugeot Citroën and Renault.

Deutsche Bahn, like Bayer, promotes individual health to maintain its employees’ physical and mental employability – providing a health coach (doctor or other) with the possibility of consulting; appropriate support following traumatic events.

Renault offers a health assessment provided by the national health fund for employees 50 and over, giving them a half-day’s absence for the visit; the periodicity of health visits then becomes annual for employees over age 55. In Germany, Renault’s subsidiary offers a yearly eye test among others, makes efforts to ensure office ergonomics (ergonomic office chairs and desks adjustable in height), and makes fitness studios available to employees. Yet it encounters difficulties in keeping employees in categories where the jobs are particularly difficult and sometimes offers jobs requiring less physical effort.

The automobile manufacturer, PSA Peugeot Citroën is also adapting employees’ working conditions through an agreement “in favour of hiring and motivation of older workers” signed in 2010:

#### PSA PEUGEOT CITROËN

Agreement signed in 12 January, 2010 with five trade unions (CFDT, CFE-CGC, CFTC, FO, GSEA).

The group agreed to raise the proportion of “light” jobs – from the point of view of physical loads – to 60% by 2012. For the year 2010, the company agreed to create 50 so-called “light” or adapted jobs per team on the sites of three of its divisions (MB, vehicle production, service and parts).

The percentage of “heavy” jobs is to be reduced to 8%, the company’ objective being the eventual “total disappearance” of these jobs. In parallel, an improvement process will also focus on the mental and cognitive load associated with jobs. Older employees will be associated in the actions taken to improve work stations. “These data will be summarized and serve as the basis of a collective study.”

An active workplace health policy

Older employees will have an annual medical check-up and will receive a “health advice” booklet. The company has committed to “generalising best practices in the area of maintenance of cognitive and physical abilities – “gestures and postures” training, preventive physical therapy,” etc.

[Source: AEF - Dépêche n° 130800]

BMW accompanies older workers by managing health risks, working with them to build adaptive systems for assembly lines, as the insert below shows.

<sup>21</sup> Chiffre E. et Monneuse D. (Décembre 2011), *Splendeurs et misères de la qualité de vie au travail*, Note d’actualité, *Entreprise&Personnel* n° 301, Paris.



## BMW

The Munich-based BMW Group manufactures automobiles and motorcycles, with its emphasis on premium standards for all of its brands across all relevant segments of the group.

At the end of 2005, the BMW Group had a total workforce of around 106,000 employees worldwide, 75% of whom were employed in Germany. As is the case in the automobile industry in general, the company's demand for university graduates has greatly increased. Between 1999 and 2005, there was a 60% rise in the number of academically educated employees. Towards the end of 2005, the proportion of employees above the age of 50 totalled about 15%, and the number of employees in this age group is expected to increase in the future. According to estimates, every third employee within the BMW Group will be over 50 years of age by 2015.

The "Today for tomorrow" project runs from 2004 until 2007 and comprises a total of five fields of action: health management; qualifications; work environment; retirement models; as well as communications and change management. As part of the "Today for tomorrow" project, launched in 2004 to prepare the company for Germany's ageing demographic, the Bavarian automaker decided to implement the "Produktionssystem 2017" project gradually in all the group's plants.

**Evolution of the work environment with "Produktionssystem 2017."** For two years, the Dingolfing plant has been serving BMW as a laboratory, complete with assembly line, where experiments with adapting the work environment to demographic constraints are being conducted. Called "Arbeitssystem 2017," the project has been so successful that BMW has renamed it "Produktionssystem 2017" and decided to implement it gradually in all the group's plants, on one line per plant. At Dingolfing, and now Landshut, the employees the project is aimed at are also its actors. During the preparatory meetings, and with the aid of a life-sized cardboard mock-up of the production line, they point out difficult points, invisible but obvious improvements, and gestures that become painful after eight hours of work.

At Dingolfing, where the "line of the future" is already in operation, the production halls have been equipped with relaxation zones and wall bars. Employees have also learned effective relaxation and stretching exercises. The concrete floor at certain work stations was covered with wood flooring and employees were custom-fitted with "orthopaedic" shoes. This protects workers' joints and limits fatigue and errors. But the ergonomics effort is not limited to the workplace. It also concerns tools and production equipment. Prototypes are being tested. One example is a clamp that requires a pressure of 15 kg instead of the 30 kg standard models require. At certain stations, the employee can also choose to work sitting or standing, thanks to appropriate computerised commands and a rolling stool. Elsewhere, the robots that handle the heaviest parts have actually been replaced by precision machines that provide better access. Lastly, to optimise work on the line, BMW has accompanied the transformation with a program for managing working time that attempts to offer and determine what models – part-time or other – are best suited to maintain or increase work effectiveness.

[Source: *Planet Labor*, 11 February 2010, No. 100127]

Employee wellbeing also requires taking reconciliation of private life and working life into consideration. In Italy and Germany, the social partners have already begun dealing with the question. In Italy, on the 7th of March, the social partners and the government signed guidelines in view of collective bargaining. The objective is to adapt the average and maximum duration of working hours "to the various demands of production, reconciling them with respect for the rights and needs of individuals."<sup>22</sup>

In Germany, the social partners in the chemical industry are studying an innovative model for adapting the workweek. It calls for the creation of a fund in each company intended to finance reductions in the working hours of employees in a particular "phase of life."

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<sup>22</sup> *Planet Labor*, 9 March 2011, No. 110160

## 4. Managing age diversity

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This approach includes diversity policies aimed at preventing age from becoming a simple management variable, and thus a criterion of discrimination.

Historically, the focus of diversity management has been the struggle against discrimination, and more especially that based on gender. The cause of women played the role of precursor, which doubtless explains why in all the European countries we studied, that approach was widely developed – sometimes to the detriment of managing age diversity!

A few companies do, nevertheless, confront this issue by including it in a broader and more ambitious corporate social responsibility policy, thus aiming to align their action with the effort to take external stakeholders consideration.

Among these are Deutsche Bahn, Telecom Italia, Luxottica Group, Intesa San Paolo, Messier Bugatti Dowty, Thales, PSA and Renault.

Deutsche Bahn Regio AG's continuous-improvement process combining skills and know-how involving all age groups is one example. Employees can submit their ideas, which are then worked on by mixed-age teams to implement improvements within a workshop. In the same spirit, at Thales in Germany, inter-generational ties are encouraged by the fact that different generations must work together on each project.

Telecom Italia has initiated several actions in this area, making use of external networks, working groups and sharing of internal practices, and even goes so far as to encourage use of and training in new technologies for persons over age 60 outside the company.

### TELECOM ITALIA

Telecom Italia is the Italian group leader in the telecommunications sector; its mission is to operate as an advanced service provider able to offer communications services and process digital information and content. The group has more than 84,300 employees, of which more than 57,800 in Italy. The demographic composition of the group is 22.3 per cent of employees younger than 32 years old, 41.9 per cent between 33 and 45 years old and 35.8 per cent over 45 years old.

The company has undertaken several initiatives in order to manage diversity and inclusion within the organisation.

Company facilities:

A **Diversity Committee** of 35 employees representing the various forms of diversity in the company (gender, religion, age, sexual orientation, disability and ethnic origins) that meet periodically for sharing information and raise awareness about diversity issues, making proposals and developing specific projects.

The **People Caring Center**, a facility made up of several psychologists and counsellors created to help employees to find a proper work-life balance, take care of their needs and improve the overall quality of life through promotion of activities and projects aimed at the encouragement and development of diversity.

A diversity portal on the intranet in which have been organised, two specific focus groups involving 40 employees in order to develop awareness and knowledge about specific traits of different age groups in the company.

An **external network** with companies interested in the management of older workers. The company has taken part in a laboratory guided by the Sodalitas Foundation for sharing knowledge and practices about enhancement and raising awareness of different age groups.

A specific **working group called “Age Diversity”** to further investigate and address the subject and encourage the internal exchange of knowledge and experiences.



The low level of employee turnover and the high average age inside the company have been the drivers for introducing age-management measures and reacting to the changes in labour-market conditions. Given the demographic situation that the overall Italian labour market is experiencing, and in order to ensure a good number of skilled people that could enter the company in the future, Telecom Italia has undertaken several actions directly designed to increase the motivation and productivity of older workers through an enlargement of their roles (by giving them teaching tasks), to raise awareness throughout the company about age diversity issues and also to share critical know-how inside and outside the company with particular regard to younger generations.

Telecom Italia is also involved in promoting active ageing even outside the company and, by promoting the use of new communications technologies between those over 60 years old, can at the same time create new target consumers. The company is in fact a partner in the national project “Surfing together” in which students from secondary schools teach older people how to use Internet and social networks, also enabling the intergenerational communication and exchange process.

Also in Italy, Luxottica Group conducts a diversity management policy driven by its senior executives.

#### LUXOTTICA GROUP

Started in 1961 as a contract producer of components for the optical industry, Luxottica Group is now a vertically integrated organisation that produces and distributes prescription eyewear and sunglasses of high technical quality and style all over the world.

Luxottica has a strong brand portfolio with 45 well known brands (Ray-Ban, Oakley, Vogue, Persol, etc.) and 11 plants, six of which, those focused on the design, development and creation of products, mainly located in the North of Italy. With more than 60,000 employees in the world that speak 55 languages and serve more than 60 million customers, the company bases its leadership on its diversity not only in terms of businesses but also brands, customers and employees. The key lever behind the company’s strategy and the global business success is to foster diversity and inclusion by sharing experiences, cultures and traditions among its employees and by being always open to change:

Through a 360° diversity management and the strong commitment of its leaders, the company uses several ways to disseminate diversity awareness

A Diversity & Inclusion Advisory Board from each global division that defines and develops strategies for integrating and safeguarding diversity – including several diversity training programs as well as cultural teams that are groups of volunteer employees focused on raising awareness of cultural diversity.

Analysis of awareness of diversity by carrying on Associate Opinion Surveys

The Spirit of Diversity Award given to the employee that best disseminates the diversity spirit in Luxottica.

The Intesa Sanpaolo bank has systematised knowledge on differences between age groups in the company so as to develop HR policies that are appropriate to each of them.

## INTESA SANPAOLO

Intesa Sanpaolo is the leading banking group in Italy and is also among the top banking group in the Euro zone.

The group has over 100,000 employees, about 70,000 of whom are in Italy and more than 30,000 abroad. Almost 50 per cent of the employees in Italy are women and the average age is 43.4 in Italy (45.4 for men and 41.3 for women) and 37.6 abroad. The company has a part-time rate (11.6 per cent) higher than the industry rate (8.6 per cent) and more than 95 per cent of part-time employees are female. About 96 per cent of the employees in Italy have a permanent contract and the average level of company tenure is quite high, with a very low turnover rate, especially for employees over age 50.

The company has already started not only to increase sensitivity to age-related issues through training aimed at older workers – mainly managers and professionals – in order to make them aware of the need to transfer and share their expertise and their know-how to other colleagues, but is also working on the establishment of a frame of reference and a real cultural change for legitimising the new arrangement by involving all the functions of the HR department. In this process the role of training is very important for motivational encouragement and defining the content of the new role of older workers, but also because it allows the creation of a supportive framework.

One of the main streams of the project related to training is about increasing :

Generational awareness. In order to ensure the cooperation of older workers in transferring knowledge and experiences to younger employees in fact, is important that they understand the value of this process and the differences and similarities in different age groups. In this sense, some preliminary activities have already been carried out like:

- workshops involving junior and senior employees in order to activate debate and comparison between the two age groups and in this way develop generational awareness.
- ethnographic research has been conducted within the company that highlights the differences in terms of ways of learning, working practices, perceptions and expectations within the different age groups.

Furthermore, the added value is that the process of enhancing awareness of this issue encompasses the whole company and is not confined to the HR department, which while maintaining the guiding role, tries to link this consciousness to business activities through positive actions and concrete work projects.

This approach has also led companies to seek ways to effectively articulate the knowledge and expertise possessed by groups or individuals of different ages and with different experience. Moving away from the unfortunately common practice of segmenting groups of employees by age (involving in the most interesting and innovative projects only the youngest groups of employees), certain companies have made efforts toward complementarity of skills in work teams (for example in France: Sollac Fos Méditerranée and Air France). By setting up groups within which ages are balanced within work teams, these efforts lead to a kind of comparison of knowledge and experience based on the transfer of skills across groups. That is the case with an experiment conducted a few years ago by a subsidiary of the SAFRAN group:

## MESSIER-BUGATTI-DOWTY: THE GENERATIONS COUNCIL

Messier-Bugatti-Dowty, a Safran group company, is a worldwide player in aeronautical braking. Made up of managers and members of the HR team, the purpose of the generations council is to propose innovations in the fields of HR and management. Its ambition is to represent the point of view and sensibilities of the different employee age groups: Three designated generations within the company workforce – juniors, seniors and middle (mid-career) – meet, compare points of view and work together in developing proposals in four essential problem areas – pressure at work, work-life balance, knowledge transfer and recognition.



Our observations show that until now few companies have adopted practices to improve relations between generations, given that calling into question the systematic elimination of older workers via early retirement can shake up the traditional reference points of the generations at work and create situations of conflict in many companies. Such actions however, represent a real opportunity for an approach to HRM that preserves practices of segmentation of populations while demonstrating that it takes an interest in everyone.<sup>23</sup> But for Germany, this general description does not hold. The establishment of age-mixed, heterogeneous teams is the most significant HR-measure in dealing with an aging workforce. In addition, they are adopted by the vast majority of firms.

## 5. Prospective management of jobs and skills

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The practices covered by this approach aim at developing and maintaining employees' physical and cognitive employability in the interest of the company's performance. This can be done either by classic measures such as lifelong learning and tutoring or via a process of continuous improvement of the organisation, and can be a lever for social performance.

Bayer, Telecom Italia and PSA Peugeot Citroën have all chosen to focus on lifelong learning. These companies feel that new processes and technologies are crucial and determine the efficiency of production flows, which generates a need to develop and adapt their employees' skills. This is true of BMW, which puts in place reverse mentoring systems, in which the youngest workers train more senior employees in new technologies guided by learning goals determined collaboratively beforehand.

Telecom Italia implemented some initiatives aimed at knowledge sharing and lifelong learning such as transferring critical knowledge with the "School-Company Network" project and promoting lifelong learning by giving all employees the chance to attend one of the university courses implemented by the International Telematic University Uninettuno and in so doing improving their employability by keeping their skills updated. The costs of enrolment and attendance are paid by the company and each employee can graduate (or attend only some lessons, with a final assessment) in one of the following areas: economics and business administration, law, engineering, psychology, communication and letters.

By investing in the employability, motivation and continuous learning of its employees, Telecom Italia minimises the risks of an early exit from the labour market of its older workers and at the same time improves the knowledge base of the company, enhancing the value of older workers. Moreover, there is a constant dialogue between the internal and external part of the organisation in a process that shows the need and the desire to create a broader exchange on these issues with other important actors.

Bull France has made hard commitments in figures in its programs for older workers.

BULL FRANCE (IT FRENCH COMPANY) - AGREEMENT OF DECEMBER 2009 -

OBJECTIVE: raise the percentage of employees age 55 and over from 18% to 20%

Resources:

Implementation of systematic annual interviews for that population

Developing dynamic career tracks for managers

Examining whether the older worker can become a tutor, mentor or occasional trainer in his/her work specialisation

The rate of interviews held is expected to attain 85% in 2010 and 95% in 2012

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<sup>23</sup> Taken from the E&P Study :

Le Boulaire M., Marsaudon S., Fotius P. (2009) *Gérer les seniors : de l'âge à l'expérience*, Etude n°285, Entreprise& Personnel.

Two term assessments:

- One assessment at age 50
- An assessment of the last stage of working life for employees retiring in between 18 and 24 months in order to implement knowledge transfer and adaptation of working conditions
- Reducing the gap in the rate of access to training between older workers and other employees (zero gap in 2012)
- Remuneration: Identical wage-increase budget for older workers and other employees
- Developing part-time: It is possible to work the last 18 months at 80% of full time paid to the employee at 90%, while 100% of payroll taxes are paid to maintain entitlements
- [Presentation by Denis Falcimagne, E&P, on the theme of social innovation; 8 March, 2010]

Bull France's case is interesting to the extent that the company has developed a complete policy for managing older workers with specific and ambitious goals, in particular regarding access to training and the systematic conducting of annual evaluation interviews.

PSA Peugeot Citroën has similar goals in terms of access to training. Further, training departments are tasked with adapting training courses to age in terms of content and media used.

The Italian bank Intesa Sanpaolo, mentioned above, has announced similar objectives. By using training as a strategic lever, Intesa Sanpaolo aims to promote professional and motivational development as well as enhancing professionalism, offering equal opportunities based on merit to all employees. The average number of training hours is 42.1 for senior managers, 53 for middle and junior managers and 47.1 for clerical staff, provided through an extensive variety of tools and methods.

#### INTESA SANPAOLO

With regard to the management of older workers Intesa Sanpaolo is trying to adopt a true comprehensive approach that not only involves the training department but works in partnership with other areas of the HR department. The aspects covered by the project concern:

- Changing working hours for older workers
- Flexible retirement process for older workers and flexible recruitment strategies for younger workers
- New roles for older workers with a particular regard to knowledge transfer in the form of training and mentoring activities
- Life-long learning through age-specific and experience-based learning methods
- Increasing sensitivity to age and generational diversity issues through training

In addition to several initiatives launched by the company to increase awareness of these issues, the HR department is now involved in the design of a complex and integrated project oriented towards managing older workers in a systematic way. This is particularly important because the business plan for the period 2011-2013 encourages the internal mobility of employees working in central or administrative functions towards customer-service roles, as well as the external mobility of other employees. Moreover, one of the assumptions of the project is a shift from the classical paradigm of working life to the introduction of flexible retirement programs. In this way workers near retirement age may continue to be employed by gradually reducing their working hours (without changes in remuneration), a sort of progressive part-time transition to retirement which corresponds to newly hired part-time young employees who will gradually move to a full-time job. The aim of this shift is to ensure employment at the beginning of the career while retaining older employees and implies a change in the role of older workers aimed at promoting inter-generational solidarity and knowledge transfer. This means both a shift from a vertical to a horizontal career model, but





also a job enlargement with new tasks like mentoring or coaching activities aimed at younger colleagues or those of the same age.

Adapting skills and life-long learning can improve the employability of older workers and foster their ability to share knowledge. The company invests heavily in keeping skills and knowledge updated by providing training mainly using non-traditional methods like experience-based learning, storytelling, and debates or by using the intranet, but always pays attention to adapting methods and styles of training to the specific learning styles and needs of the target groups and through evaluation of the effectiveness of training.

Coaching and mentoring activities are useful ways of sharing expertise and helping the growth and the development of people. Older workers are involved in training activities in order to learn how to coach or mentor juniors.

BMW has developed an innovative approach that includes questioning work organisation. Based on a precise demographic assessment of the company, BMW also endeavours to take the demographic challenge into account in management, training and knowledge-sharing processes. Several systems are being developed to improve understanding of the relationship between circulation of know-how and employees' age, for example, and to develop prospective management of know-how that takes departures due to retirement into account. For their part, the company's Managers have taken part, for two years, in a training programme entitled "Demographic development – risks and opportunities." The postulate behind the training is simple: The demographic dimension will never be successfully integrated into corporate culture if the managers themselves are not informed, get rid of their prejudices and open their minds to the new challenge. This approach is at the crossroads between training and change management.

Lastly, among other areas of intervention, BMW is studying ways to better integrate learning into the work process. Rigid jobs that entail the performance of a limited number of gestures with no alternatives fail to encourage questioning, initiatives to find new solutions, and responsible behaviours. Conversely, a job or rotation that entails more varied tasks and rapid access to information and requires decision-making is certain to contribute to more rapid acquisition of new know-how and to employee satisfaction. This is especially true when employees are at risk of falling into routine and fatigue from long years of work.

Another interesting practice being developed by certain companies is the recognition of employees' experience.

An example is Luxottica Group. Among 8,000 employees in the Italian manufacturing plants there are 30 *Maestri del Lavoro*, a title conferred on older workers who have received the Star of Merit for Labour awarded by the President of the Italian Republic. The award is given to those who are over 50 years old and have at least 25 years of professional experience. Another requirement is that their expertise, hard work, diligence, and good moral conduct be recognised, as well as innovation and teaching roles in their industry. Those people in fact play exactly that role of models and professional experts with particular regard to the manufacturing stage, where these characteristics are very important for reaching the high quality and technicality that are distinctive features of the company.

The practices analysed in this chapter are of unequal weight and scope, doubtless because many of the companies studied are still guided by the desire to manage older workers more as a necessity than as a new dimension of management.

As these practices have only been in place for a few years it will be worth coming back later to see the results in the medium to long-term. Until recently, few companies had any need to think much about their older population, either because they had already left the company or were close to retirement. In the future, that generation of older workers will "re-invent" a relationship to work. It will do so by taking into account the lengthening of working life, progress in physical and psychic health (no one considers themselves old at sixty anymore), and the increased weight of family responsibilities between very old parents and young adults

who are still dependent. What sort of career management will companies offer to someone who wants to work until age seventy, and even longer? What working conditions? What type of training? What organisation in terms of working hours and travel? What role in relation to younger generations?<sup>24</sup> A vast area of research and action is opening up for HR functions and management!

Another conclusion of our analysis is that there are no “national best practices,” but rather best company practices. These are of course a function of the context and culture of each company, but also of the role played by Human Resources management in its competitiveness strategy.

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<sup>24</sup> « Les sexagénaires, une place à inventer » in Enlart S. (2011), *The engaged enterprise, Social Cohesion, Performance, and society - outlook 2011-2015*, Study n°298a, Entreprise&Personnel, Paris, p.9.





## 3. Recommendations for action

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Whereas the demographic and political situations regarding older workers in our four countries raise similar challenges, the analysis of company practice shows that they confront the question of managing extending working life by putting the emphasis on perceptibly different approaches.

In a depressed economic and social context where the temptation is strong to renew the tradition of using older workers as the key variable in employment policies, is it possible to come up with ideas for action that can change management practices?

### I. Combating the weight of stereotypes<sup>25</sup>

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In the practices they implement daily, managers are guided by a kind of “invisible technology”<sup>26</sup> that influences their decisions. We refer to the management culture resulting from beliefs, experiences, and routines which have developed over time and of which we are often not fully aware.

#### ■ The inertia of our belief systems

As soon as one approaches the question of older workers, the issue of underlying beliefs and paradigms immediately arises.

What is our collective perception of older workers? Do we see them as people who want to stop working as soon as possible? As employees who are tired, burnt out and cynical? As people who are paid too much when they are working and are too demanding in terms of remuneration when they are looking for a job? As potential tutors?

Can they be considered as a homogeneous category?

None of these paradigms are accurate, as we have already suggested in this report in discussing the role of career tracks in life at work and the major changes in lifestyles that have come about.

And while it is true that we have noted a real inertia in beliefs, along with the impression of a little change in how older workers are managed, a key question remains: Must the beliefs change, or would this have only a marginal impact, based on the principle that full employment, and even a labour shortage (forcing companies to diversify their recruiting) are necessary pre-conditions for increasing the level of employment of older workers?

#### — Giving up a segmented and sequential approach to life at work

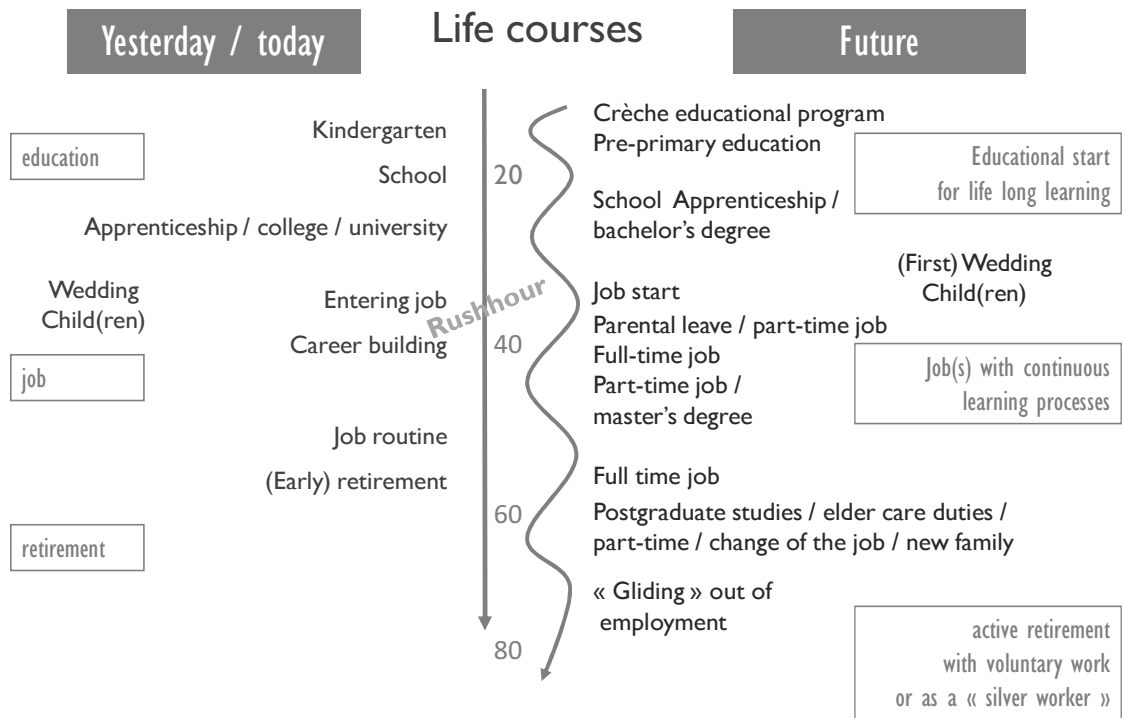
The change of the world of work and the labour market has a strong effect on HR policies. The range of different internal and external instruments for more flexibility becomes a means to stabilise employment and improve retention and employer branding. The life-course model of three separate phases one after the other has been overcome – there is a broad diversity of

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<sup>25</sup> This section and the following section are taken from the E&P study cited above

<sup>26</sup> By analogy with the title of the famous work by Michel Berry, referring to the highly structuring nature of management instruments in our decisions.

different life courses which have to be taken into consideration by HR departments. The life-course perspective attempts to understand the continuities as well as the twists and turns in the paths of individual lives in private as well as professional matters. Thus the company enables the employee to benefit from individualised working conditions according to needs at every phase of his or her life. And at the same time the company benefits from the full potential of the employee. The holistic approach of life-cycle-oriented HR policies is an innovative approach that will help employers cope with the demographic challenges.



Source : Cologne Institute for Economic Research

## 2. Some proposals for action

Being conscious of the cognitive and socio-cultural bias that guides us is therefore the first stage in changing the situation of older workers.

A second stage consists in choosing the actions that will renew our approach to the question of extending working life.

Which aspects should be improved in order to accompany the lengthening of the working life? The six types of HRM practices considered useful to manage an ageing workforce are: recruitment; learning, training and development; career and internal job changes; flexible working practices and modernization of work; employment exit and transition towards retirement; workplace design and health promotion (EurolinkAge, 2000). However, even if policies directly targeted to manage older workers – as for example part-time and flexible work contracts, specific training and learning programs or redesigned career paths – are very important and not sufficiently implemented, what is most strategic is to develop and share age awareness within the entire company and to adopt a preventive and integrated approach in order to avoid age-related needs and problems in the future.



## ■ How employers can help extend working lives

Research investigating the perspective of older workers has identified HR practices of particular value, such as flexible working options, practices to increase workforce participation, and re-designing jobs to accommodate changing physical needs<sup>27</sup>. Other policies often mentioned in terms of their importance in helping to extend working lives are phased retirement, lifelong learning, policies related to health and well-being, and more broadly developing an organisational culture which proactively supports the engagement of older workers.

### — Flexible working

Evidence from the English Longitudinal Study of Ageing (ELSA) suggests that a significant percentage of older workers would like to work more flexible (19 per cent) or fewer (36 per cent) hours. A survey by the Equality and Human Rights Commission (EHRC)<sup>28</sup> has also suggested that 43 per cent of older men and 58 per cent of older women use some form of flexible working. Flexible working, then, appears relatively widespread, although other evidence suggests that many employers still do not offer flexible working options<sup>29</sup>. Evidence also suggests that some flexible working arrangements are restricted to particular roles, occupations and industrial sectors and are more common in lower status roles. Employers, then, could potentially do more to provide and encourage the uptake of flexible working policies. A natural extension of flexible working is the provision of phased retirement. Allowing older workers to reduce their hours whilst supplementing their income with some or all of their pension is a way in which employers can help older workers achieve both a pattern of work and level of responsibility that suits their needs.

### — Lifelong learning

Lifelong learning policies have been suggested as a means by which older workers can update their skills and enjoy longer working lives. The evidence suggests that older workers are less likely to participate in training (participation rates remain relatively constant until the early 50s, when they start to decline<sup>30</sup>) and are less likely to receive a performance appraisal. The reasons behind this are unclear, but employers' perceptions of the return-on-investment from training older workers, the reluctance of older workers themselves to engage in training, and a lack of a sufficiently tailored approach to training for older workers have all been suggested.

### — Changes in working conditions

Improving working conditions, providing greater flexibility in choice of hours worked, and making adjustments to ensure that the nature of work is accommodating to the needs of individual workers can all help maintain workers' health or help them to manage a health condition alongside work. Good working conditions can militate against stress and an adverse impact on extending working life. A recent survey<sup>31</sup> found that older workers who frequently experienced stress at work were more likely to be planning to retire before the SPA. Stress was also found to trigger downward occupational mobility or underemployment. Older professionals and managers were more likely than other occupational groups to be under a lot of stress and to be expected to work long hours. For manual workers, the problems

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<sup>27</sup> Armstrong-Stassen (2008); Paul R. and Townsend J. (1993); Remery C., Henkens K., Schippers J. and Ekamper P., (2003); Saba T. and Guerin G. (2005); all taken in Parry E., Harris L. (2011), *The Employment Relations Challenges of an Ageing Workforce*, Acas.

<sup>28</sup> Maitland A. (2010) *Working Better: The Over 50s, the new work generation*, Ed. Equality and Human Rights Commission (EHRC), United Kingdom.

<sup>29</sup> Smeaton D, Vegeris S, and Shain-Dikmen M (2009) *Older workers: employment preferences, barriers and solutions*. Policy Studies Institute Ed : Equality and Human Rights Commission.

<sup>30</sup> Mcnair S (2009) *Demography and lifelong learning*. IFLL Thematic Paper 1. NIACE.

<sup>31</sup> Smeaton D, Vegeris S, and Shain-Dikmen M (2009) *Older workers: employment preferences, barriers and solutions*. Policy Studies Institute Ed : Equality and Human Rights Commission.

encountered were more likely to be physical. The same survey found that nearly two-thirds of those in fair or poor health who were dissatisfied with some aspect of their jobs felt that they could be helped if their employer was more sensitive to their needs. However, one third of older workers in poor health did not feel able to approach their manager to request alternative arrangements. Employers can therefore also help to extend working lives by ensuring open lines of communication and developing suitably trained line managers.

For older people outside the workforce, there is evidence that there is demand for work and a recent survey (Ibid) has suggested that the majority of the unemployed in poor health felt they could be helped if employers were more sensitive to their health needs. Benefits of employing older workers

There are a range of potential benefits to employers of employing older workers. These include the experience and knowledge of older workers, and the business benefits of employing an age diverse workforce. These have been reported to include improved employee motivation, flexibility and retention, as well as reduced absence. Increased diversity has also been linked to better problem-solving. However, there are still a number of challenges faced by employers in realising these potential benefits. Some of these are discussed in the following section.

There is also another very important feature. Employment prospects and, in particular, those of older people aspiring to (re-)enter the labour force are deteriorated by seniority rules governing the working conditions in a company, such as wages, fringe benefits, employment protection etc... Seniority-based wage/appraisal systems and employment protection systematically raise the labour costs of older workers. While the implementation of such systems may be guided by an intertemporal rationale at a specific point in time, the rationale may be jeopardised/challenged by structural change.

### 3. Conditions for success in each country

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While the issues related to reintegration of seniors into the ordinary management of the company are roughly similar in each of the four countries studied, we feel that conditions affecting the renewal of policies concerning seniors can vary from one country to another based on the initial context.

#### ■ Impact of removing the default retirement age in the UK

The removal of the default retirement age (DRA) represents a significant challenge for employers in the UK. Employers have traditionally managed their workforces through retirement. The removal of the option of dismissal on the grounds of retirement places the onus on employers to better performance manage their workforce. It also places the emphasis on employers to be more proactive in discussing older workers' career aspirations on a regular basis to aid workforce management and succession planning. Employers can no longer assume that an employee will retire at a given age. Balancing the needs of older workers who wish to remain in the workforce with the career aspirations and expectations of younger workers wishing to progress up the career ladder will increasingly become a key issue for employers. Evidence suggests that older workers often want to downshift in responsibility but still want access to opportunities for undertaking engaging and interesting work. The different motivations of younger and older workers may therefore offer their own resolution to this potential 'bed blocking' issue.

With the UK currently experiencing a high unemployment rate, the issue of age management may not be the top priority for many employers. However, for those employers with an ageing workforce and skills shortages (e.g. the engineering sector), knowledge management is likely to be a key concern. Ensuring that knowledge and skills acquired are retained and passed on



effectively to younger workers in the organisation through mentoring programmes and other means will be a key challenge.

A further issue for employers is the restructure of pension schemes, with all the associated implications for employee relations and engagement. This is particularly the case in the public sector, with workers expected to contribute more to their pensions whilst their pay is frozen and real wages fall. The challenge for public sector employers is managing this change whilst attempting to deliver more for less. The challenge is not, however, confined to the public sector – notable private sector employers are also undergoing similar challenges (e.g. Unilever is planning to close its final salary pension scheme from July 2012 moving employees to a career average scheme).

Whilst many employers may introduce policies which are of potential benefit to older workers, a key challenge will be effectively communicating their availability to older workers and encouraging uptake. Employers thus far have avoided a customised approach to HR policies for fear of falling foul of age discrimination legislation. However, older workers may prefer a more direct approach, setting out the policies and options that are available to them.

The existence of policies that support older workers to continue in work is unlikely to be sufficient. Developing an organisational culture which is positive towards the contribution made by older workers is a key factor. In practice, this means well trained line managers who shape workers' experiences of the organisation.

## ■ **Getting beyond the “implicit pact” among the different actors in France**

Age has become an extremely sensitive subject for all the actors involved – senior executives, managers, trade unions and employees. The systematic use of early retirement since the 1980's suited everybody just fine for different reasons. For the employers it provided a flexible and cost effective solution to adjusting employment to business needs. For the trade unions and employees it offered a comfortable transition to retirement thus creating over the years an expectation that it is perfectly normal to retire before the age of 60. The economic imperative to change requires that all parties make an effort. This requires building constructive dialogue at company level. The first purpose is to build a common understanding of the inescapable facts – that is, an objective analysis of the situation regarding employment of older workers (the principal figures at the European level, France's demographic situation, the fragile economic equilibrium of the retirement and unemployment benefit systems and the reforms in progress, etc.). Then, to undertake the co-construction of a common vision of the subject based on relevant analysis and identifying new directions for action. Finally, to encourage learning, by individuals and by the organisation, of the ability to observe and analyse their paradigms and practices and begin transforming them.

Conducting a study to decode the beliefs and stereotypes at work regarding older workers (Lippmann's “mental images”) is a means of identifying actions aimed at debunking the stereotypes. This type of approach also makes it possible to implement actions “in favour” of older workers (wage adjustment policies, maintenance or re-launching of career development, etc.).

Seminars or training for raising awareness, for the company as a whole (from senior management to the social partners), enable participants to become aware of their prejudices and assess to what extent they influence their decisions. In certain companies, these actions are seen as part of the more comprehensive struggle against discrimination.

## ■ Maintaining financial constraints on companies in Germany

According to the IZA<sup>32</sup> Institute for Research on the Future of Work: “in the past, the attempt was made to justify early retirement of older workers from a moral point of view, explaining that they were no longer as productive as they had been. But in reality this was only a pretext advanced by companies to justify a practice that let them get rid of their older workers at lower cost, in particular during restructurings. Another argument: Older workers were freeing their jobs for younger workers, which was perceived as positive. But with the change in the institutional framework, the justifications also changed. Companies now stress the value of Older Workers and the importance of husbanding a resource that is becoming rare – employees. Such high-minded discourse is currently in vogue. But here again, in the end, the issue is purely financial. Now the task is to see how the employability of older employees can be maintained without generating additional costs.”

Regarding stereotypes of employers towards older workers, we observe a clear reversal over the last decades from adverse stereotypes (prevailing in the 1970s) to a more balanced and sometimes even positive attitude towards older employees nowadays, as mentioned in the report of the commission on our ageing society.<sup>33</sup>

## ■ Examine path dependency in the choice of HR policy in Italy

The topic of managing people for a longer working life and the analysis of practices adopted by companies to deal with the issue raise many questions. It is the first time in which the phenomenon has such a broad impact and companies, as well as HR professionals and employers, are seeking tools and solutions that are not easy to provide. First of all because very few companies have already started a virtuous management of the subject and can provide a sort of benchmark, and secondly because the “path dependency”, the routines and the previous set of HRM choices made by companies are very firm-specific and difficult to change or imitate.

Some preliminary aspects that should be defined are: at which age is a worker considered as an “older worker”? Is there a common definition of the age limits that identify the category? Sometimes older workers are defined as people over age 40, other times as those over 50 or 55; moreover, in addition to the chronological dimension many other aspects influence this definition like cultural influences or professional characteristics like the role or the industry in which the worker is employed<sup>34</sup>.

Another important aspect is related to the roles of external actors. Not only employers and employees are involved in the process of age management and promotion of age awareness, but national, regional and local governments have a major responsibility to implement policies and introduce plans supporting extended working life. Also social partners, like trade unions and associations, can cooperate for promoting and disseminating age management practices and awareness. We saw in one of the cases described in Chapter 2, the desire to create external networks and connections with other companies and schools but also with new stakeholders like for example the Ministry of education. The involvement of the latter partner may be related to two important aspects. The first one is that the topic of managing older workers is strictly related to intergenerational issues given that the first aim when a company adopts age management practices is to transfer knowledge and expertise of older workers especially to younger generations not only inside but also outside the company. Usually in fact, older workers assume training and coaching or mentoring roles at the end of their careers. The other aspect is related to the importance that training and life-long learning have in

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<sup>32</sup> Conversation with Hilmar Schneider, Director in charge of employment policy, in *Planet Labor* articles 01/03/12.

<sup>33</sup> Bericht der Altenberichtscommission, (2010), *Altersbilder in der Gesellschaft*, Berlin.

<sup>34</sup> Lazazzara & Bombelli, 2011





enhancing the employability, motivation and performance of older workers as well as for the ability to provide a supportive framework for the other good practices<sup>35</sup>.

The last issue is whether employers, managers and HR professionals are ready for this great challenge in the HRM field first of all starting from the revision of discriminatory HR policies and practices. Ageing and generational issues should be included in managerial and diversity training in order to develop their ability to manage and develop people of all ages<sup>36</sup>.

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<sup>35</sup> Lazazzara & Bombelli, 2011

<sup>36</sup> Dychtwald & Baxter, 2007



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# Conclusion

The challenges of extending working life are common to the four countries studied, as for all European Union member states. It is however clear from the companies studied that there is no "one best way" of responding to the challenge independently from history, culture, and corporate strategy. Each company devises their own approach to meet these challenges, based on the environment in which they operate (national and industry sector), and their own specific needs.

Employers need to be conscious of short-term needs, such as managing the transition to retirement, and the need to develop longer-term and wider-ranging strategies based on fostering active ageing more generally in the workforce. This will enable older workers to maintain and improve employability and skills levels. Employers therefore need to devote time to devising an approach that addresses both of these imperatives in a way that suits their organisation in coherence with their overall strategy and vision.

Key areas of focus for employers in devising an approach to support older workers and encourage a longer working life include the following:

- A comprehensive assessment of the needs of older workers, followed by practical support to help them to remain in the workplace. This could take the form of:
  - redesigning elements of their job, e.g. giving older workers less stressful tasks and/or less responsibility if they wish;
  - redesigning elements of their working environment, including equipment and workstations;
  - reorganising working time, including introducing more flexibility, shortening the working day, or moving workers off shiftwork; or
  - reducing working hours to enable older workers to effect a gradual withdrawal from the workforce or to enable them to fulfil caring responsibilities.
- Ensuring that older workers receive training and development that is appropriate to enable them to maintain their skills levels and overall employability. Specific targeting of older workers when offering training may be appropriate, and could include confidence-building exercises. Training needs should be discussed regularly between the older worker and their manager.
- Working to combat the negative stereotypes regarding older workers as members of the workforce who are not as flexible, responsive or efficient as their young colleagues. This is arguably the most difficult task to carry out, as it requires engaging with the entire workforce and possibly with the wider community. Line manager training on age diversity could play a role, as could wider events and initiatives involving the wider workforce.
- It is important to stress the overarching message that employing older workers brings a diverse range of business benefits to an organisation. An age-diverse workforce is able to respond well to its customer base, which is also ageing in line with the general population. Older workers play an important role in mentoring and supporting younger, less experienced workers. They also hold a wealth of knowledge and expertise concerning not only the technical elements of their profession, but also the organisation's culture and history, which is invaluable to the workforce as a whole.

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