



28th International Scientific Conference
Strategic Management
 and Decision Support Systems
 in Strategic Management
SM2023

Subotica (Serbia), 18-19 May, 2023

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MEETING THE CHALLENGE OF AN AGEING WORKFORCE: THE ROLE OF HRM

Abstract: The proportion of older people in our societies is increasing fast due to low birth rates, ageing baby boomers and rising life expectancy. By 2060 in EU countries, 29% of people will be over 65. Countries need to adapt their economic planning including social services, pension and health systems to an older and potentially shrinking population, a phenomenon often called the “Silver Tsunami”. One of the solutions offered is “active ageing” which means helping people stay in charge of their own lives for as long as possible while providing them with opportunities to contribute to society and the economy. At the same time, when people retire, organizations can lose talent, skills and experience which is difficult to replace. The situation has worsened following the Covid-19 Pandemic resulting in many vacancies which HR Departments are trying to fill. Some organizations are addressing this problem by inviting and utilizing retired employees, taking advantage of their accumulated knowledge and experience. Appropriately designed age inclusive projects, flexible working arrangements, recognition of their potential to act as mentors can help in meeting the organizational challenge of a shrinking workforce while also contributing to society’s demand for active ageing.

In view of the above, this paper has gathered information from a number of HR managers in Greece, in an attempt to identify practices and measures taken to meet the challenge of a shrinking workforce. Practices identified fall within age diversity and age management efforts which seem to be still of minor concern among Greek companies. However, it is generally acknowledged that taking advantage of skills and experiences of older workers can benefit organizations while also contributing to their active ageing and leading the way to a more inclusive society.

Keywords: ageing workforce; diversity management; retired employees; active ageing; inclusive society

1. INTRODUCTION

Europe and the western world are facing a demographic situation where births are shrinking while people live longer. The proportion of people over 65 will reach 29% by 2060 meaning that while now Europe has four working age adults for every dependent by 2060 it will have only two. Europeans are living longer than ever before and demographic ageing means that the proportion of people of working age in the EU is shrinking. In 2019 people aged 55 years and more were 33,6% with projections about this age group reaching 45,9 % by 2050 (Eurostat 2023).

At the same time while a 2.1 fertility rate is necessary for generational replacement, the E.U. fertility rate is around 1.53 per woman with great disparities ranging from 1.83 for France to 1.3 for Greece, Spain and Portugal and 1.13 for Malta. These changes mean that EU countries need to change their economic, labor market, social services, pension and health systems for an older population (Eurostat 2021).

One of the solutions offered is active ageing which means helping people stay in charge of their own lives for as long as possible while providing them with opportunities for employment thus contributing to the economy and society. Businesses and organizations need to prepare for a workforce that is increasingly older and age diverse. Some are getting the message and are inviting retired employees to continue offering their services by introducing milder forms of

employment. HR Departments are designing diversity and age management programs to help older employees participate in employment thus meeting labor shortages or offer opportunities for volunteer work in order to enhance their active ageing, and help them serve as examples for a more inclusive society. This paper will examine the role HRM can play in this direction and its actual involvement in Greek companies.

2. RESEARCH ABOUT AGEING AND RETIREMENT

Starting in the 60's three major psychosocial theories describing ageing were developed. The Disengagement theory of ageing states that ageing is an inevitable mutual withdrawal resulting in decreased interaction between older persons and other members of their social system. The authors (Cumming et al. 1961) received strong criticism as their theory comes against the other two theories that followed. The Activity theory proposes that successful ageing occurs when people stay active and maintain social interactions something which delays the ageing process and enhances the quality of life (Havinghurst, 1961). The author who developed this theory received criticism for overlooking inequalities in health and economics. The Continuity theory states that older adults will usually maintain the same activities, behaviors and relationships as they did earlier in their lives. In order to maintain this continuity of lifestyle, they adopt strategies that are connected to their past experiences. (Atchley, 1999) The author implies that this sense of continuity contributes to well-being in later life. Time has shown that both activity and continuity theories better explain what enables adults to adjust to retirement and extension of employment is definitely a very important alternative.

While social scientists and health specialists examined ageing, researchers in organizational theory looked into how age and retirement impacted on the workforce. Early retirement which was encouraged by legislation in certain countries lost its legitimacy due to the shrinking population after 2000. In the EU measures to encourage older employees to remain in the workforce were introduced. Researchers looking for reasons urging people to retire, found that besides health and work/family reasons which were more frequent among the female population, (Adams et al. 2002,) withdrawal attitudes were seen as coping responses to age-related stigmatization as older workers are wrongly perceived as less competent and less motivated than their younger colleagues (Chiu et al. 2001). A study conducted in Belgium showed that when individuals categorized themselves as older workers, they were more likely to engage in conflict with younger colleagues to gain age-related benefits (Desmette & Gaillard, 2008). However, social recognition of the positive role of older workers and positive intergenerational attitudes prevailing in companies encouraged decisions to stay. Today due to labor shortages companies are considering these general findings and are introducing human resource policies to retain their employees for the benefit of organizations, their employees and society in general.

3. ACTIVE AGEING, SILVER ECONOMY AND THE SILVER TSUNAMI

Over the past years, the concept of active ageing is gaining popularity as an answer to maintaining the health, the social involvement and the labor shortages of our shrinking and ageing population (European Commission 2019). Active Ageing is defined as the process of optimizing opportunities for health, social participation and security in order to enhance quality of life as people age (World Health Organization 2002). The E.C. and W.H.O. promote the idea of longer activity with a higher retirement age and working practices adapted to the age of the employee. Increased longevity together with declining birth rates have reversed the population pyramid. In 2018 the 65's surpassed the under-fives for the first time in the history of humanity.

This is also affecting the economy of the future which has been labeled the Silver Economy (European Commission 2019). The Silver Economy includes all these economic activities, products and services designed to meet the needs of older people. Sectors as diverse as health, banking, social security, housing, leisure and tourism are facing the challenge of serving a population whose characteristics are more free time, demand for products and services adapted to their needs, more health care services. More age-friendly digital devices will be required together with opportunities for training in new skills and new professionals and caretakers must be recruited and trained.

This unprecedented increase in older people is often referred to under the term Silver Tsunami. As we all know a tsunami is a large wave that results in vast destruction and mass casualties. It is therefore preferable to use the term Silver Wave because a tsunami reminds us of a catastrophic phenomenon and longevity has many positive aspects.

By planning ahead and training people for longer careers, by using innovative technology, by removing negative stereotypes about older people, by providing them with opportunities to stay active, we can take advantage of what the silver economy has to offer and help people live longer but better lives.

4. AGEING WORKFORCE AND THE ROLE OF HRM

Initiatives by HRM to meet needs of different employee categories often rely on the principles of sustainable HRM which include two main goals: a) emphasis on the role of HR in developing an economically, socially and ecologically sustainable organization (Ehnert, Harry, & Zink, 2014) and b) implementation of HRM practices which ensure satisfactory long lasting organizational and people performance (Cohen, Taylor, & Muller-Camen, 2012).

Furthermore, practices about meeting the challenge of an ageing workforce fall within Programs of Diversity and Inclusion with special emphasis on the Age Component. Starting in the 90s Diversity Management has appeared as an important issue in corporate practice following and adding to the Equal Opportunities approach which is based on legislation and compliance (Agocs & Burr, 1966). Diversity includes differences such as gender, ethnicity, race, age, religion or sexual orientation which if managed effectively can have very positive results for the company. Diversity management is considered as part of strategic HRM and a source of competitive advantage adding to better communication, talent acquisition, creative thinking, innovation, better cooperation and inclusion (Vranacova, et al., 2021). Age is one of the main pillars of Diversity due to the current demographic situation which requires effective use of human capital with an emphasis on age management (Egdell, et al, 2018) since at present four different employee generations co-exist in the workplace with different values and work attitudes (Starecek, et al., 2021).

Age management is wrongly associated with ageing employees alone, since the concept includes all age groups (Walker, A., 2005). The oldest group is the Baby boomers (born between 1940 and 1960), with high work commitment, work ethic and respect for authority. Most of them are retiring, often with negative consequences for organizations who cannot replace their experience and skills. The second age group is Generation X born between 1961-1980. They place more emphasis on work/life balance and team work and are familiar with modern technology. Next comes Generation Y born between 1981-1995. Members of this generation require quick feedback for their performance and rewards for their achievements. The last generation to enter the workforce is generation Z born after 1996. They are independent and very familiar with modern technologies, change jobs easily and like multi-tasking.

The first important step for HR is to recognize differences among age groups and promote intergenerational cooperation through joint projects and teamwork, thus promoting the idea of an inclusive culture. Also, to avoid discrimination based on age either for younger employees who lack experience or for older job seekers by setting age limits.

However, the most crucial area is that of handling experienced and talented employees who are about to retire but whose physical condition still allows them to continue working for the organization. These employees will need to be retrained, offered flexible working arrangements such as semi- retirement or part-time work together with conditions that allow them to meet their work/life balance needs. Research shows that the actual productivity decline perceived by employers is more a stereotype than a reality and that if lifelong training opportunities are offered to employees, their retirement age can be delayed (Posthuma & Campion, 2009). An important element in retirement decisions is the lack of inclusion felt by older employees who often feel unwanted. By giving them the opportunity to act as mentors, or to participate in CSR programs as volunteers they can help younger employees and also feel valued for their contribution. A useful technique for intergenerational cooperation is reverse mentoring where younger employees serve as mentors to older ones in digital skills. Also, events to acknowledge the contribution of older workers and rewards for long years of loyalty can boost older workers morale and encourage them to stay. The literature describes several examples of large companies such as BMW, AUDI, and DEUTSCHE BAHN who have successfully adapted their policies to retain retired workers (Chand, 2017) These companies have taken a holistic approach to ageing workers by making ergonomic adjustments (adjustable work benches, magnifying glasses etc.), team adjustments (intergenerational teams) and training adjustments (lifelong training without age limit). Having presented the advantages and ways for retaining older employees described in the literature we conducted interviews with a number of 20 HR managers working in Greece to get an idea about ways in which they handle age diversity in their companies.

5. HR PRACTICES FOR AGEING WORKFORCE IN GREEK FIRMS

Respondents were chosen from companies who had already signed the diversity charter in Greece and were familiar with guidelines and benefits of diversity. The focus of the interview questions was on age diversity and relevant practices applied in their organizations. The findings are as follows:

When asked about the importance attached to various pillars of diversity, it was evident that gender, ethnicity and disability come before age in terms of importance and that the main concern of companies is not to be accused for age discrimination rather than proactively face the challenge of age. All respondents mentioned that they are very careful not to mention age when announcing job openings but they admitted that younger candidates are more favored.

When asked about lifelong training, re-skilling and up-skilling offered to employees, the majority responded that older workers are not very much interested and that retraining is mostly for younger employees and not for those approaching retirement.

When asked about labor shortages they admitted that they were facing problems mainly in low level entry jobs and in technical jobs where they are trying to retain some employees. Some older skilled employees in technical jobs get their pension and continue to work as external collaborators for a few years while serving as mentors for younger

technicians. Given the rise in the cost of living, almost everyone is interested to extend employment beyond retirement. However not all employees can respond to changing and increasing job requirements.

When asked about talent management efforts, some very good examples of placement schemes for young graduates entering the job market were mentioned. It is normal for companies to place emphasis on attracting young talent but not on older workers given the fact that until recently older employees were given incentives to retire early. It is a fact that when someone becomes redundant at the age around 50, it is very difficult to get satisfactory employment since most available jobs are either for manual workers or for entry-level posts.

When asked about efforts to change working conditions in order to accommodate older employees, it seems that flexible working hours, or part-time employment is the main measure applied and all respondents agreed on the importance of work continuation to enhance active ageing. However very few respondents mentioned formal policies for older worker and arrangements are made informally on a personal basis.

When asked about opportunities for intergenerational cooperation, almost all respondents mentioned various CSR and volunteering events in which employees were invited to participate and where some older workers were quite active. Also, corporate events organized for different occasions (holidays, celebrations, awards) presented good chances for social interaction and inclusion. The participation rate of older workers in these events however depended on the general culture of the organization and some respondents mentioned that older employees were reluctant to participate.

The general impression from this preliminary set of interviews was that old age is still an underestimated component of diversity management, since the majority of initiatives focus on gender diversity, young recruits and very few on disability. However, all respondents were familiar with the demographic trends and had in mind to deal with the issue of retaining older employees mainly through re-skilling and up-skilling programs which they all considered very important and through encouraging them to act as mentors and train their successors. Finally, all respondents admitted that the human capital possessed by older employees was very important not only in terms of skills but also in attitudes and that greater attention should be given in the future to intergenerational cooperation.

6. CONCLUSIONS

In view of the demographic challenges facing our society, organizations with the assistance of HR can promote the idea of age diversity by showing how intergenerational collaboration, lifelong learning and transfer of accumulated knowledge and experience can help society. By introducing initiatives to retain older skilled employees, HR can participate in active ageing efforts which can prove beneficial for the organization, help communities and improve employee wellbeing, showing the way towards an inclusive society where age-related stereotypes have no place and collaboration rather than conflict is the norm.

Greek companies are aware of the need to improve their relevant practices which include re-skilling and up-skilling, opportunities for intergenerational collaboration and inclusion, participation in CSR and volunteer programs, flexible working patterns, mentoring and reverse mentoring and events to acknowledge the loyalty and contribution of older employees.

However, from a series of interviews with HR Managers from companies active in Diversity and Inclusion, it was evident that age is still a somehow neglected aspect of Diversity with sporadic efforts to face the changing demographic situation. It is our belief that by providing opportunities to older employees for retraining, by encouraging intergenerational collaboration, by organizing mentoring and reverse mentoring practices, HR Managers can establish age management and assist their organizations in taking advantage of the experience and skills of an ageing workforce.

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