

**BRIEFING NOTE**

Silver workers – golden opportunities

Exploring the benefits of investing in an ageing workforce

It is a well-known fact that the European workforce is getting older. Perhaps less well-known is that attitudes towards ageing are changing for the better.

Instead of being seen as a demographic time bomb with very negative consequences, Europe's ageing workforce is increasingly talked about as 'the silver economy' that may energise development and bring new opportunities for economic growth.

Being more positive about an ageing workforce, does not mean that Europe is prepared for the challenges it brings. For example, important issues, stressed by the European year for active ageing and solidarity between generations in 2012, have been rather overshadowed by the enduring economic crisis.

By 2060 there will be only two people of working age (15-64 years) in the European Union for every person aged over 65 years. This compares to a ratio of four to one today. The labour market is already feeling the effects of an ageing population. Many baby boomers born in the 1950s and 1960's will retire in the next decade or two. These workers will have to be replaced largely by people already in the workforce.

Changing age-structures in enterprises are a major challenge. Participation in lifelong learning by older workers has been consistently below European targets. Employers recognise the problem of ageing, but indications confirm that they are not yet prepared for these changes.

Investment in an ageing workforce depends on it bringing real returns and benefits to employers and individuals. Cedefop's latest study on working and ageing ⁽¹⁾, focuses on investing in learning later in life. It also looks at the impact of policies to keep people in the workforce and the conditions needed to tap an ageing workforce's potential.

What to do about an ageing workforce

Successful active ageing policies involve more than raising the pension age and restricting early retirement. Helping ageing workers to keep their skills up-to-date and preventing skills obsolescence ⁽²⁾ is essential to preserving their work ability (Box 1).

Box 1: The concept of work ability

Work ability is a process of human resources in relation to work, combining different individual and work-related factors:

- Health and functional capacities (physical, mental and social functional capacities);
- Education and competence;
- Values, attitudes and motivation;
- Work environment, work organisation, work management and leadership.

To maintain or increase work ability among ageing workers the following can help:

- Incentives to support learning and longer careers,
- Flexible working and retirement schemes,
- More inclusive labour markets,
- Appropriate knowledge management approaches,
- Conditions for intergenerational working and learning.

Effective active ageing measures focus on approaches that target health and work capacity. They support age-friendly workplaces and learning that takes account of ageing workers' needs.

⁽¹⁾ See: <http://www.cedefop.europa.eu/EN/publications/20649.aspx>

⁽²⁾ See: <http://www.cedefop.europa.eu/EN/publications/20414.aspx>

Supporting health and work capacity

With an ageing workforce, age-appropriate ergonomics and preventive health programmes that promote physical, mental and social health are increasingly important.

Physical exercise promotes health and maintains physical capacities and mental ability. Some capacities increase as people get older while others tend to diminish with age. To understand better what happens with work capacities as people age, research often turns to concepts of fluid and crystallised intelligence.

Fluid intelligence is the capacity to solve problems in new situations and to think logically. Crystallised intelligence involves using accumulated knowledge and experience. Evidence shows crystallised intelligence increases or remains stable over the life span, while fluid intelligence tends to decrease as people get older.

Supporting work capacity is a combination of investing to expand fluid intelligence and placing ageing workers in roles with tasks where they use their crystallized abilities for the organisation's benefit. For example, ageing employees could be moved to less physically demanding jobs. However, any job change should also provide ageing workers with opportunity to build on and use their experience and expertise.

Internal job changes moving ageing workers to new positions better suited to their changing capabilities and needs is an important strategy to retain them in employment and should be encouraged.

Age- and learner-friendly workplaces

Some of the best learning is often unplanned and part of work but the reality is that not all workplaces are learner-friendly. To create a learner-friendly workplace three things are important.

First, people must be able to control their work, for example by choosing or changing the order of tasks, or controlling work methods. Second, communication and cooperation, for example through teamwork, encourage exchanges of information and learning between colleagues. Third, the complexity of their work also encourages people to learn, for example by solving unforeseen problems independently and by having responsibility for complex tasks.

Intergenerational learning can take place on-the-job and has benefits for all involved. Ways to encourage intergenerational learning in enterprises often involve

relationships between individuals such as mentoring, tutoring and coaching. Other approaches are multigenerational work teams or arrangements in initial or continuing training that capitalise on the potential of different generations learning together

Intergenerational learning benefits enterprises in several ways. It helps keep critical knowledge and expertise in the organisation. It combines strengths of individuals from different generations, for example by consolidating the younger generations' expertise of new technologies with the experience of older workers. It also strengthens relations in enterprises, helping to break down negative age stereotypes and attitudes.

Barriers to learning later in life

To stimulate and strengthen learning, policies and action must not only provide incentives, but also reduce barriers that prevent individuals or enterprises from investing in learning. Several important barriers to learning later in life remain.

Next to motivational issues, financial, time or other constraints, one important barrier is that employers and ageing workers do not always see the benefits of investing in their knowledge, skills and competences.

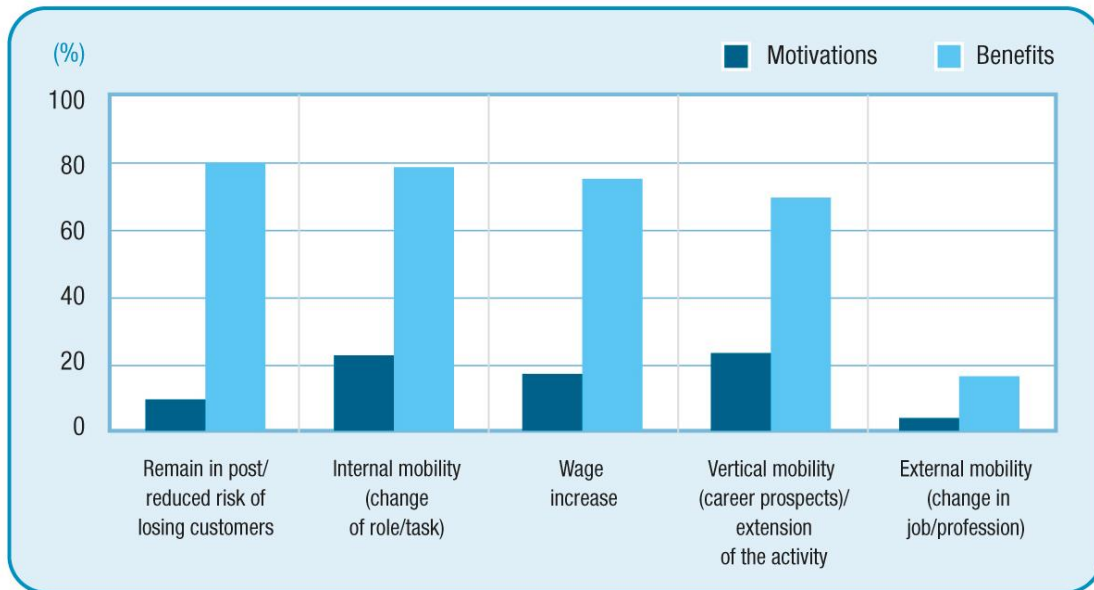
Cedefop's latest study on active ageing, looked at data from Italy that show the benefits seen by ageing workers before and after taking part in training. For all training outcomes, the perceived benefits after taking part in training considerably exceeded expectations (Figure 1).

The study also found that people aged over 54 are sometimes less optimistic about whether they will actually use skills acquired through training.

Consequently, being aware of the full range of benefits training can bring, not only for the current job, but also for career progression, job prospects and even personal fulfilment, is particularly important for older workers.

Awareness of training's benefits can be raised in several ways, ranging from media campaigns to policies in enterprises that aim to get the most out of training by providing workers with clear career paths and good promotion opportunities. Showing individuals and enterprises the value of learning increases motivation for and participation in training. Combining innovative incentives with good information for individuals can improve lifelong learning policies.

Figure 1: **Motivation and material benefits of participation in work-related training activities among Italian employees (aged 55-64), 2011***



*In the 12 months preceding the survey

New evidence published in Cedefop's study, shows that the main reason for the low effectiveness of training is that firms do not consider ageing workers' training needs adequately. Where their needs are taken into account, ageing workers are more motivated and stimulated to participate in further learning.

Work-related and -integrated forms of learning which are closely linked to daily work and previous professional and learning experience are particularly suitable for ageing workers.

To be aware of age related issues and needs, enterprises must gather, assess, manage and apply demographic information and knowledge to plan, design, implement and expand integrated age-aware policies on the basis of solid evidence (Figure 2); we are not there yet. Successful examples of enterprises managing age as a strategic variable can help disseminate age-aware human resource practices throughout Europe.

Enterprises taking age seriously use a life-cycle approach to active ageing policies and measures and do not restrict them to workers' age cohorts. For them, age management policies do not start once a worker reaches 50 or 55 years. Needs of employees are considered and addressed from when they are recruited until they retire.

Such a life-cycle approach requires good guidance and counselling. Successful guidance includes career development and management strategies, such as further training and learning, changing to a different occupation or becoming mentors to younger colleagues.

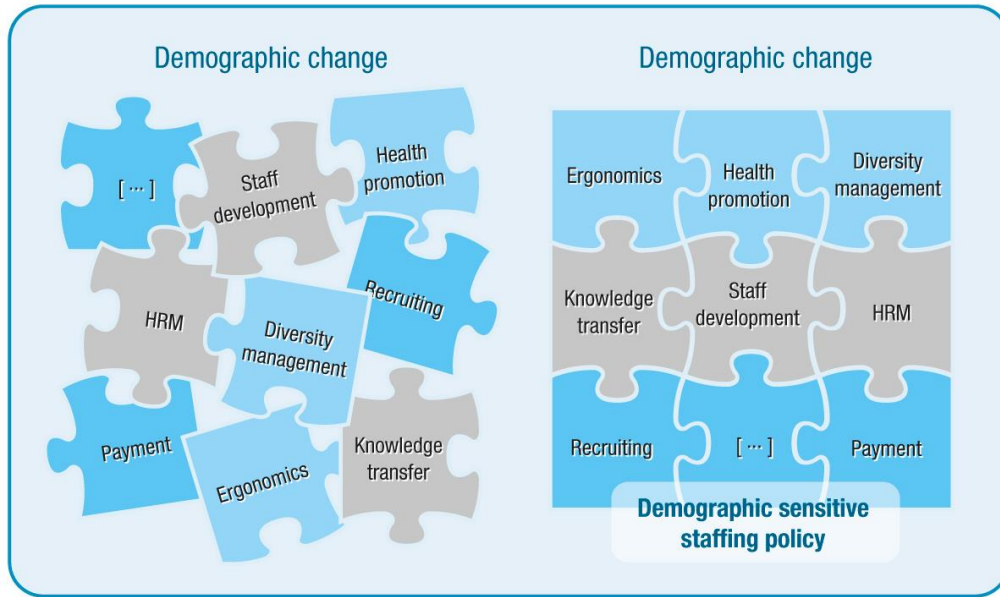
Where do we go from here?

The combination of an ageing population and emerging skill needs makes it necessary to invest in ageing workers' skills. The next few decades will provide little scope to address skill needs by replacing older workers with younger ones as we have done in the past.

Making ageing workers aware and stimulating enterprises to develop their awareness of age related issues to respond better to challenges posed by an ageing workforce can be powerful drivers of change.

Ageing is not an isolated issue. It must be considered alongside other trends such as globalisation, the need to upgrade skills, the greening of economies and societies, higher participation of women in the labour market, changes in the nature of work and the workplace, the increasing need for ICT literacy in society, new developments in learning and an increasing importance of entrepreneurship skills.

Figure 2: Elements of a personnel management policy that address demographic change



These developments influence the skills needed in the future. They will determine growth and innovation opportunities and ultimately shape the form and nature of future economies and societies.

Ageing people will both influence and be affected by these developments. The complexity of ageing and its links to other major trends underlines the need to stimulate research on ageing. Research needs to take a multi- and interdisciplinary perspective and have strong ties to human resource practitioners.

It is important to keep in mind that stimulating an 'active ageing attitude' in societies benefits not only those directly concerned, but can also be a source of growth and innovation. The task of making active ageing a reality has only just begun. For the silver economy to bring golden opportunities, the alchemy lies in capitalising on changing attitudes to introduce new age aware policies.

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P.O. Box 22427, 55102 Thessaloniki, Greece
 Europe 123, Thessaloniki, Greece
 Tel. +30 2310490111, Fax +30 2310490020
 E-mail: info@cedefop.europa.eu

visit our portal www.cedefop.europa.eu