

Ageing Workforce and Human Resource Management in German Companies

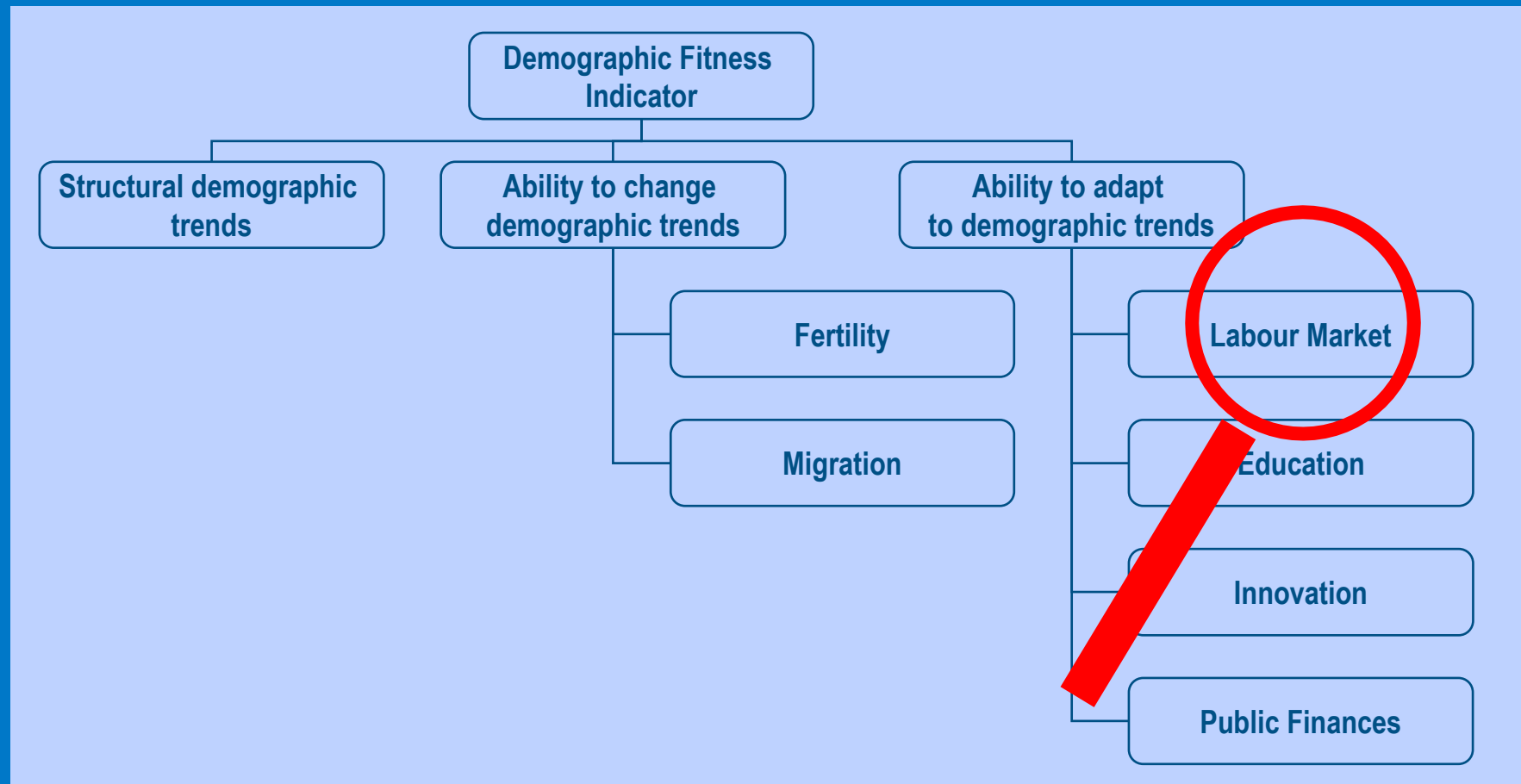
German-Japanese Conference „Human Resource Management with Ageing Workforces“,
Cologne, September 15th, 2010

Dr. Hans-Peter Klös, Head of Education and Labour Market Policy, Cologne Institute for Economic Research (IW)

Agenda

- **Underlying Demographic Trends: The Moving Glacier**
- **Employment of Elderly Workers: A Rising Tide**
- **Human Resource Management: Trends and Good Practices**

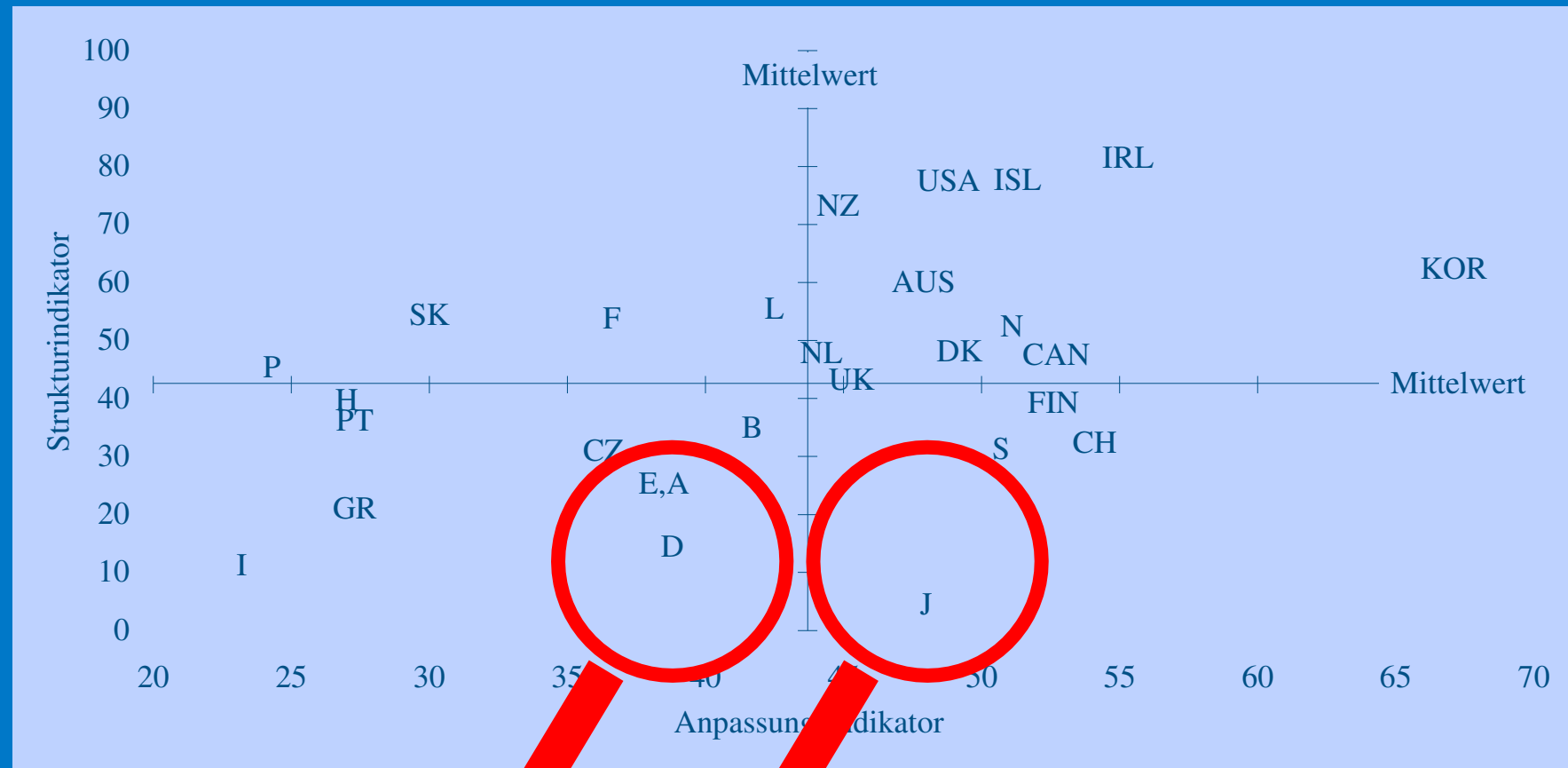
Demographic fitness: getting the questions right



Source: Cologne Institute for Economic Research

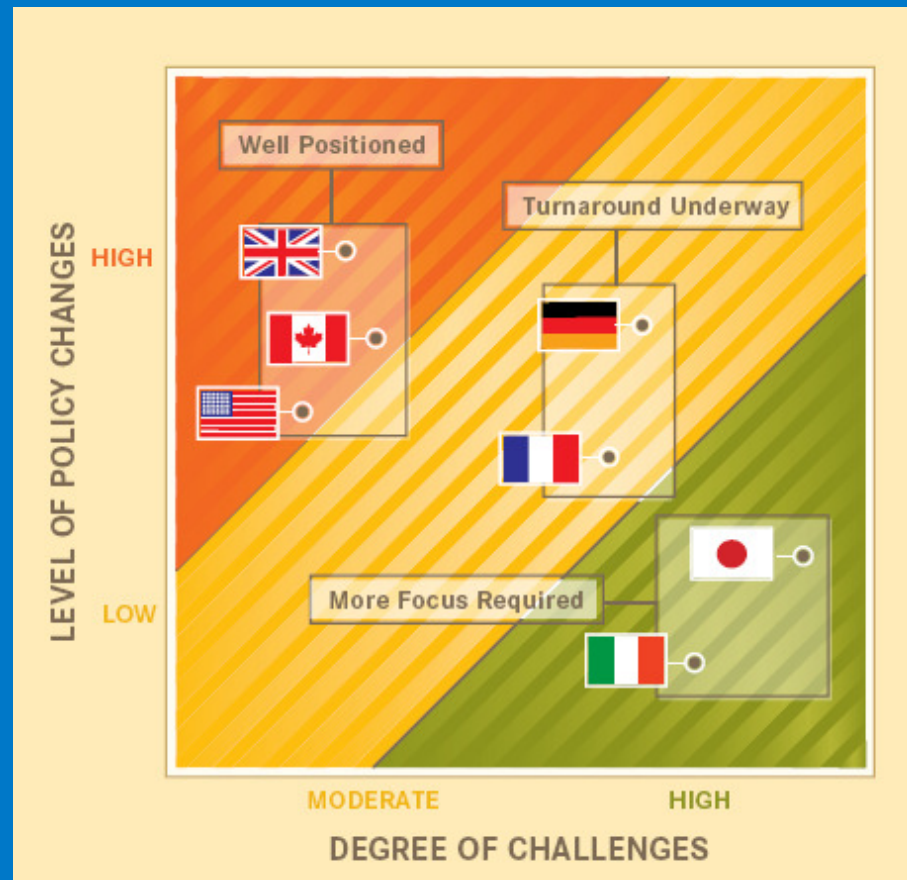
Germany and Japan: late movers

Structural demographic trends and adaptability, scoring 0 (least) – 100 (best performance)



Source: Cologne Institute for Economic Research

Coping with the demographic change (Towers Perrin survey 2007)

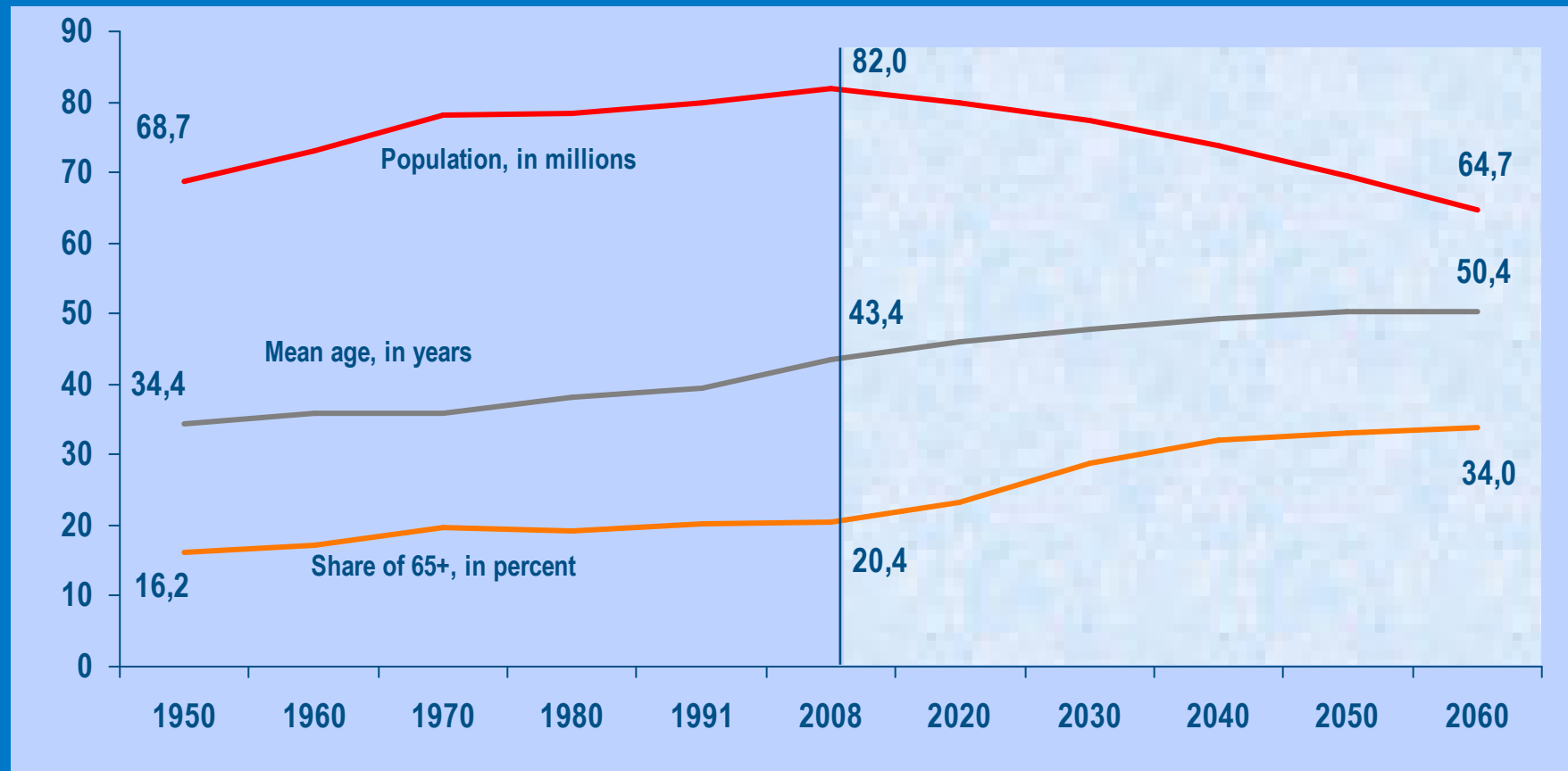


- Canada, the U.K. and the U.S. are generally wellpositioned because they have fewer demographic and labor market challenges and have more supportive policies in effect regarding the ageing population.
- In Germany and France, the turnaround is well under way, thanks to farreaching changes recently implemented and apparent political commitment to seeing these changes through.
- In Italy and Japan, by contrast, more focus is still required because these countries face the toughest demographic challenges of any of the G7 countries — rapidly ageing populations, growing longevity and anemic birth rates.

Source: AARP (Ed.), 2007, Towers Perrin, Profit from Experience Survey: Perspectives of Employers, Workers and Policymakers in G 7 Countries on the New Demographic Realities. Washington.

Germany: rapidly shrinking and greying

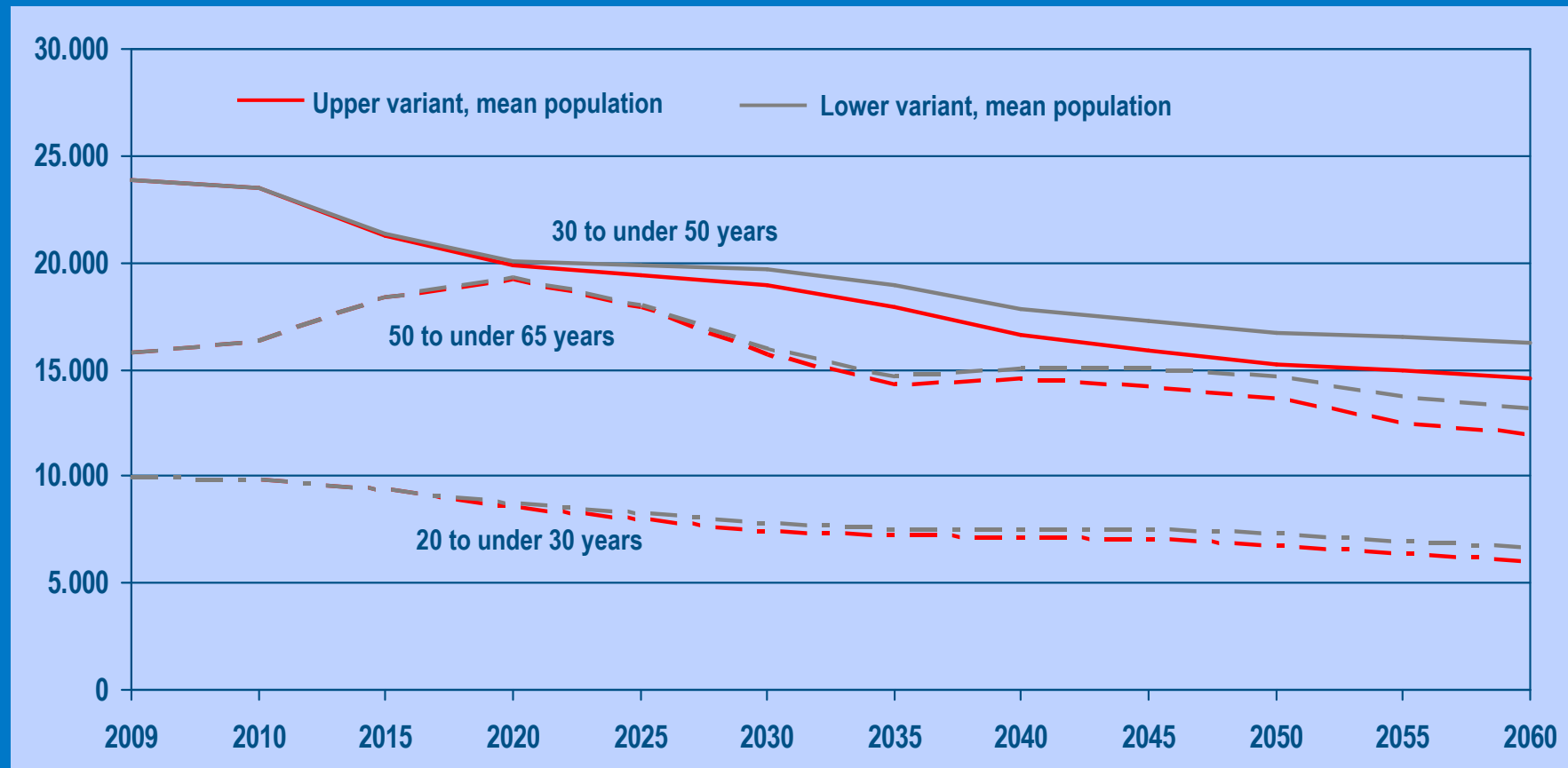
Population, Median Age and Share of 65+



Source: Federal Statistical Office, Var. 1-W1, 12. coordinated population forecast; own calculations

Labour force: declining substantially

Population of working age, 20 to 65 years, by broad age groups, in 1.000



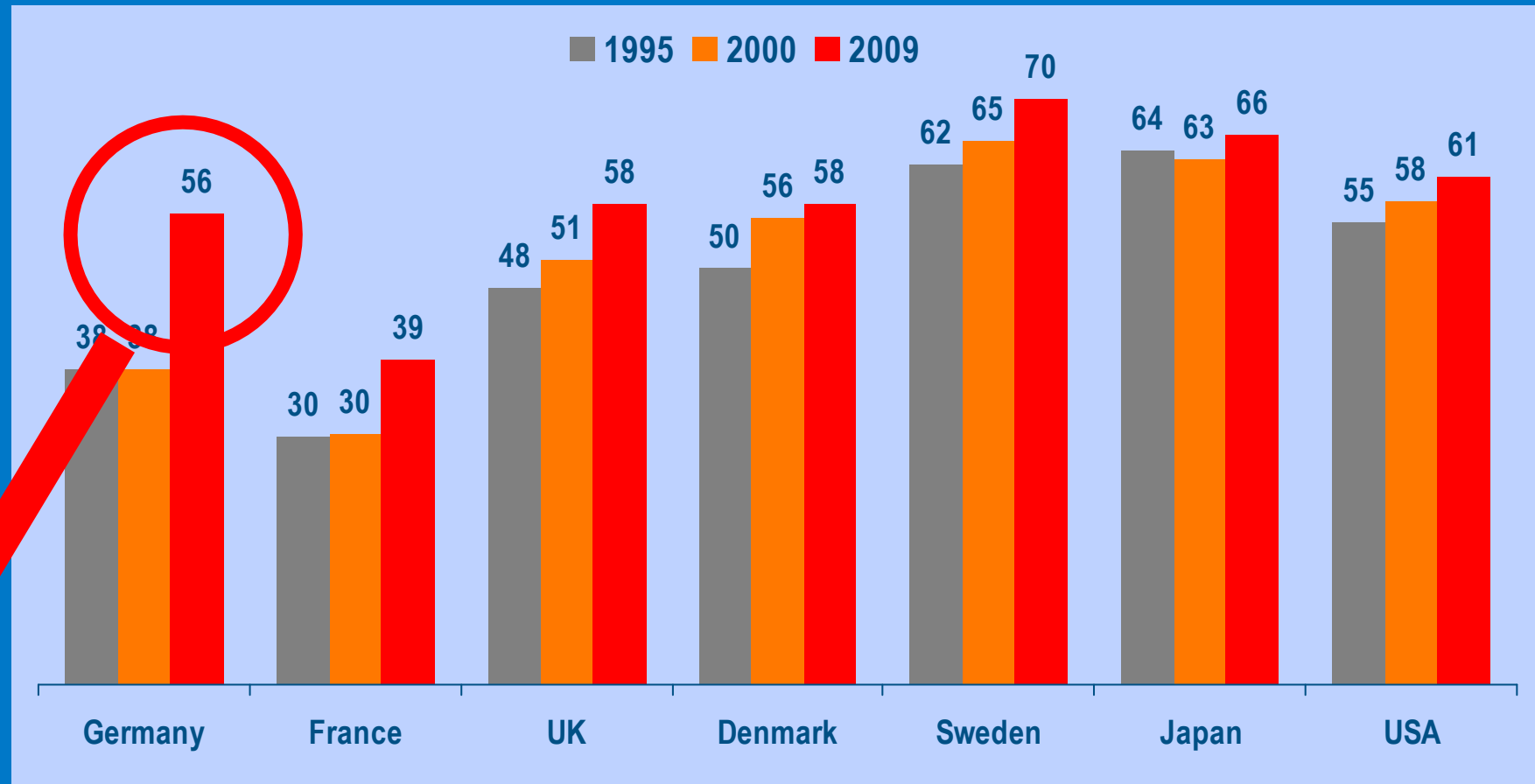
Source: Federal Statistical Office, Var. 1-W1, 12. coordinated population forecast; own calculations

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Elderly workers: Germany is catching up

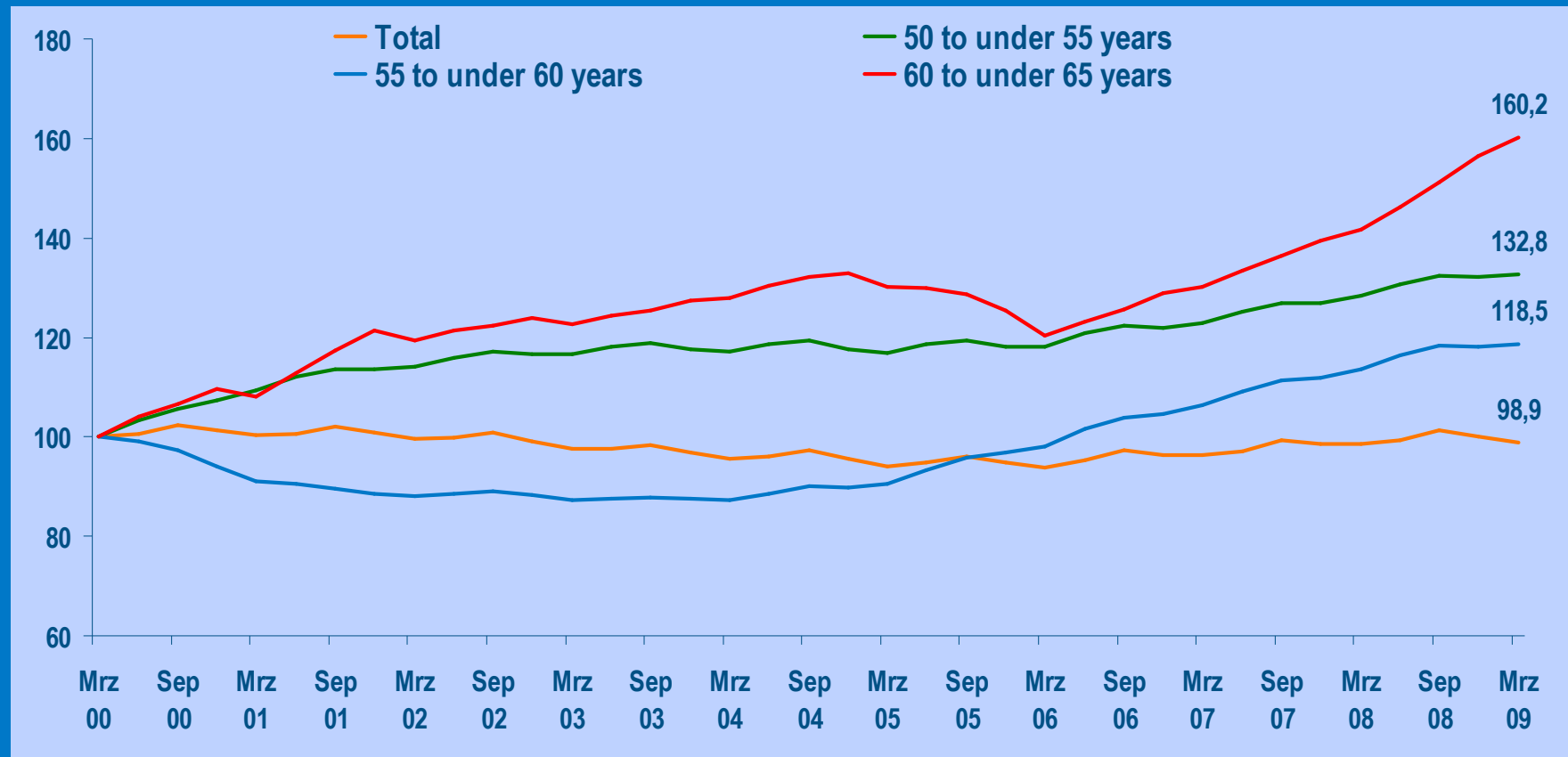
Employment-Population-Ratio, 55-64 years, in percent



Source: EUROSTAT-structural indicators

Employment of elderly: outperforming total employment

Socially secured employed persons by age, march 2000=100



Source: Federal Labour Agency

Age-specific activity rates: women on the move

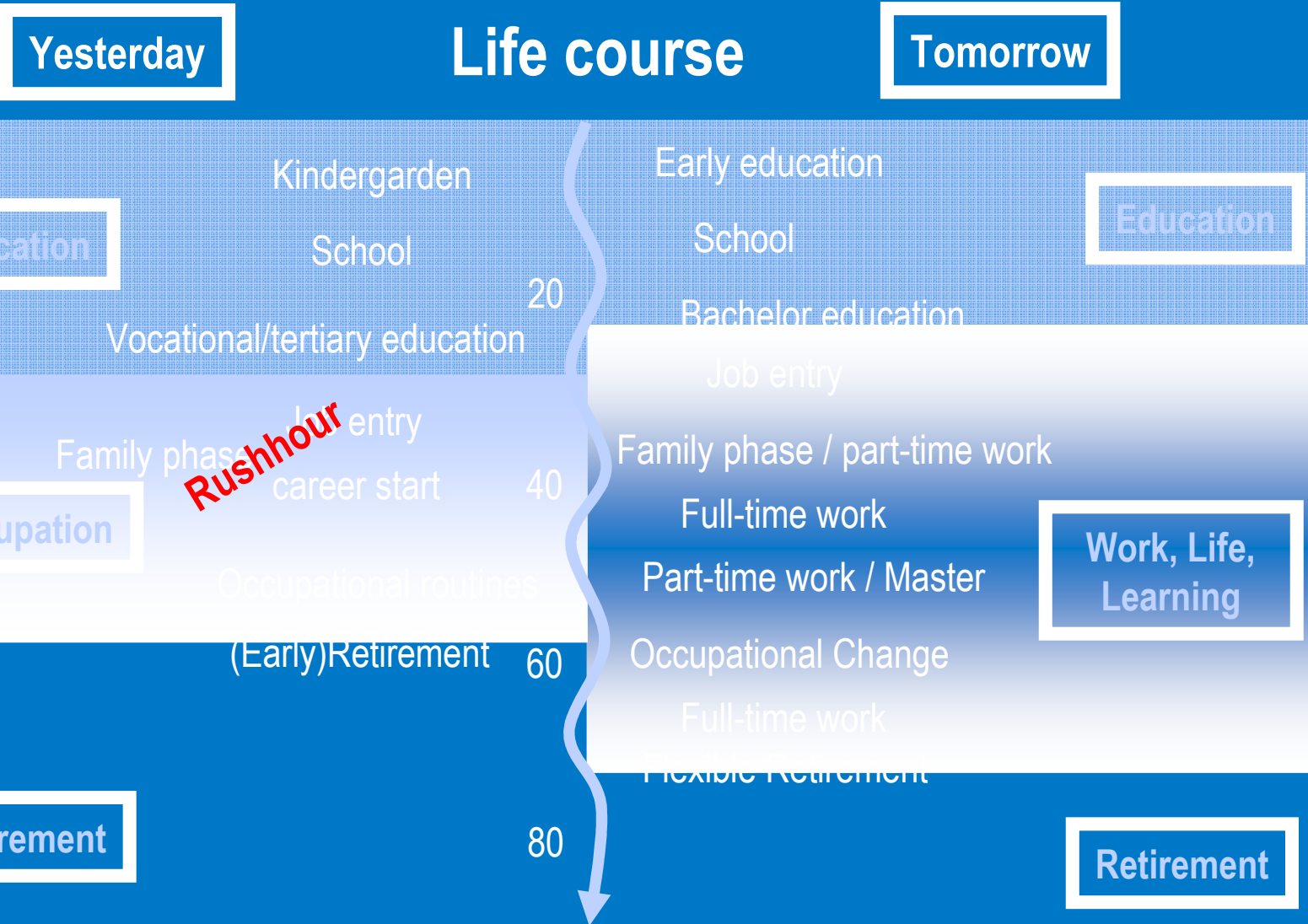
by gender and age groups, in percent

	55	56	57	58	59	60	61	62	63	64	55-59	60-64	55-64
Men													
1996	77,4	71,2	65,3	54,6	47,0	38,1	31,4	26,9	16,4	13,3	63,7	26,3	48,0
2001	75,9	71,8	70,6	64,1	57,1	44,2	35,9	29,8	19,7	14,4	66,9	29,4	46,7
2006	76,8	75,5	72,4	69,5	64,6	52,6	48,0	41,5	30,6	22,5	72,1	37,9	56,1
2009	81,3	79,3	78,1	74,5	70,9	61,3	54,1	48,1	35,6	28,3	76,9	46,7	63,5
Women													
1996	52,9	47,0	43,1	35,4	29,0	15,9	12,0	8,9	7,3	5,9	41,8	10,4	28,1
2001	57,2	56,9	50,6	45,0	38,4	23,7	14,9	12,0	10,3	7,4	48,6	13,8	29,4
2006	65,2	59,2	57,4	51,2	47,9	35,6	28,1	23,8	15,6	12,0	56,6	21,9	40,3
2009	69,0	66,8	64,6	60,9	53,9	42,5	35,8	30,2	21,9	16,5	63,1	30,4	48,5

Source: Federal Statistical Office, Altersübergangsreport 2008-03; own calculations

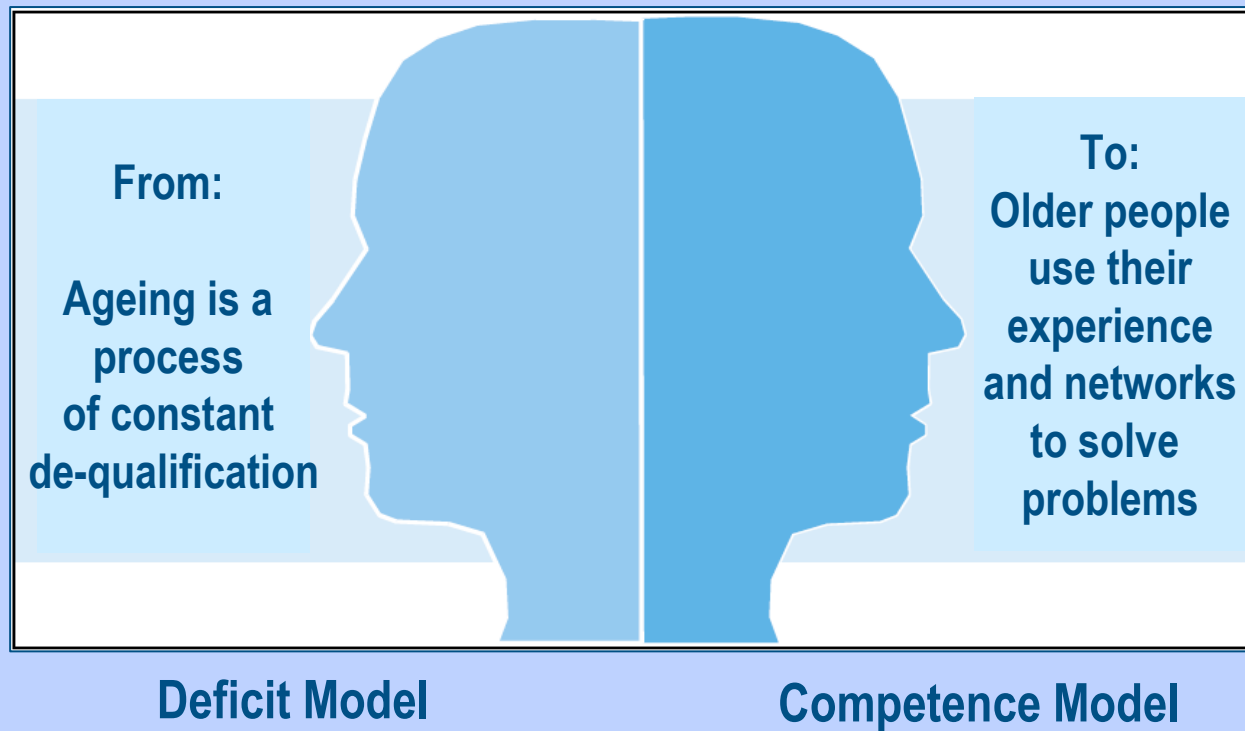
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Source: Cologne Institute for Economic Research

Older Age: from deficit to competence



Source: Gabriele Maier, University of Stuttgart

„Triple-R“ of HRM: Recruiting, Retention, Retirement

Recruiting	Retention			Retirement	
	Organisation of Work	HR-Development			Health Management
Employer Branding Recruiting Talent Marketing Intensified Vocational Training	Flexible Working Time Telework/ ROWE Performance Remuneration Knowledge Transfer	Job-Matching by work-flow-analysis Age-diversified Teams Job-Rotation Career Planning	LLL-Techniques Reconciliation Work/family Reconciliation Work/elder care Diversity Management	Work-place ergonomy Health prevention OSHA-Circles	Mentoring Exit Consultation Life-time accounts „Silver workers“

Source: arbid; Cologne Institute for Economic Research

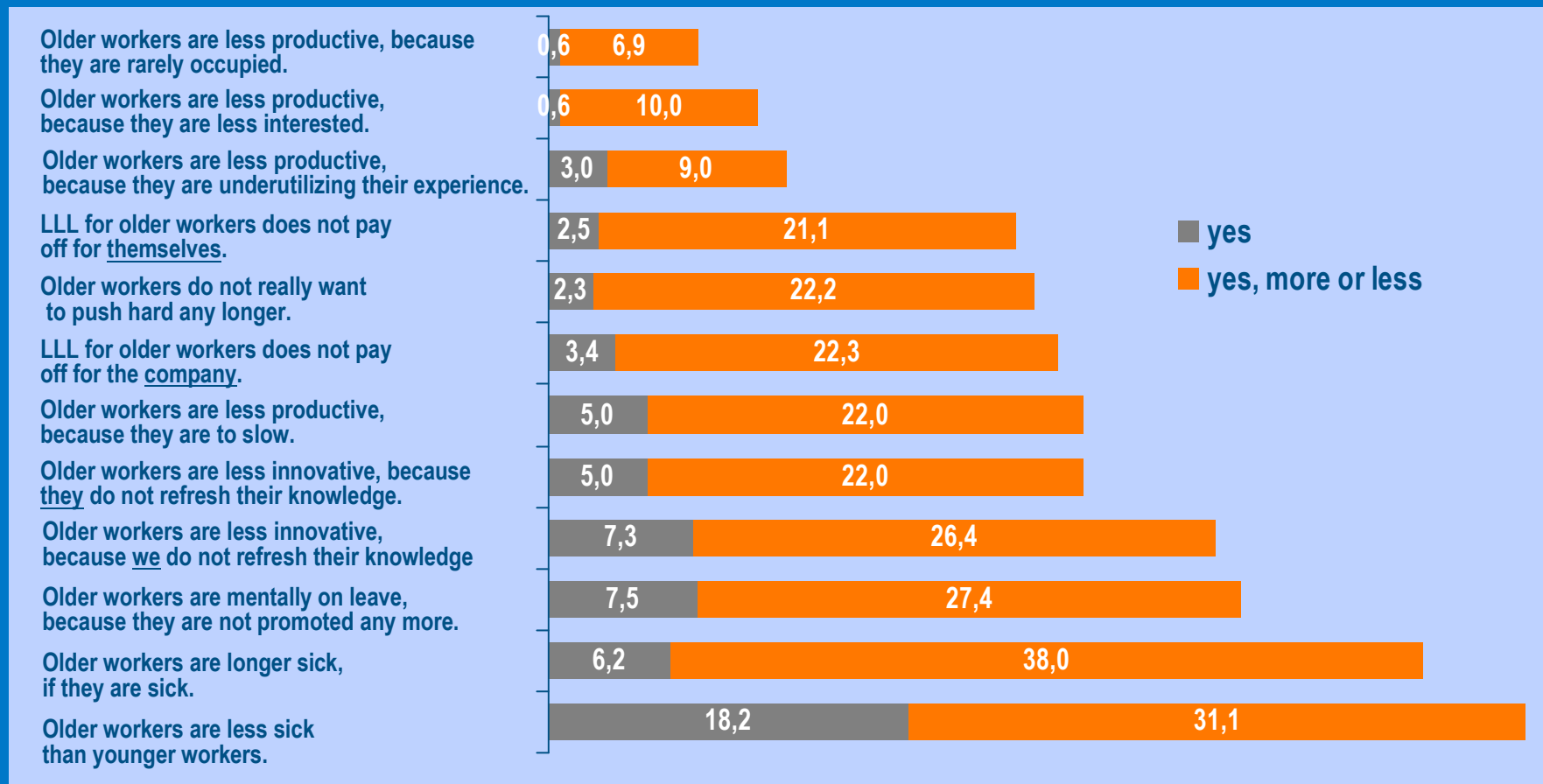
Levels of Age Management: three pillars

	PROBLEMS / POSSIBILITIES	MEANS / SOLUTIONS	RESULTS / AIMS
INDIVIDUAL	<ul style="list-style-type: none"> - functional capacity - health - competence - work motivation - work ability - work exhaustion - unemployment 	<ul style="list-style-type: none"> - age-management - promotion of physical, mental and social resources - improving health - developing competence - coping with changes - participating 	<ul style="list-style-type: none"> - better functional capacities - better health - better competence - better work ability - less exhaustion - lower unemployment risk - better quality of life
ENTERPRISE	<ul style="list-style-type: none"> - productivity - competitiveness - sickness absence - tolerance for change - work organization - work environment - recruitment 	<ul style="list-style-type: none"> - age-management - individual solutions - co-operation between age groups - age-ergonomics - work-rest schedules - flexible working times - part-time work - tailored competence-training 	<ul style="list-style-type: none"> - better total productivity - better competitiveness - less sick leaves - better management - competent manpower - better image - lower work disability costs
SOCIETY	<ul style="list-style-type: none"> - attitudes toward work and retirement - age-discrimination - early retirement - work disability costs - retirement costs - health care costs - dependency ratios 	<ul style="list-style-type: none"> - age-management - changing attitudes - preventing age-discrimination - improving age-conscious work policy - changing age-conscious exit policy 	<ul style="list-style-type: none"> - less age-discrimination - later retirement - lower unemployment costs - lower health care costs - better national economy - higher welfare

Source: Ilmarinen

Age stereotypes: removing, but still there

weighted answers, percent, 2008

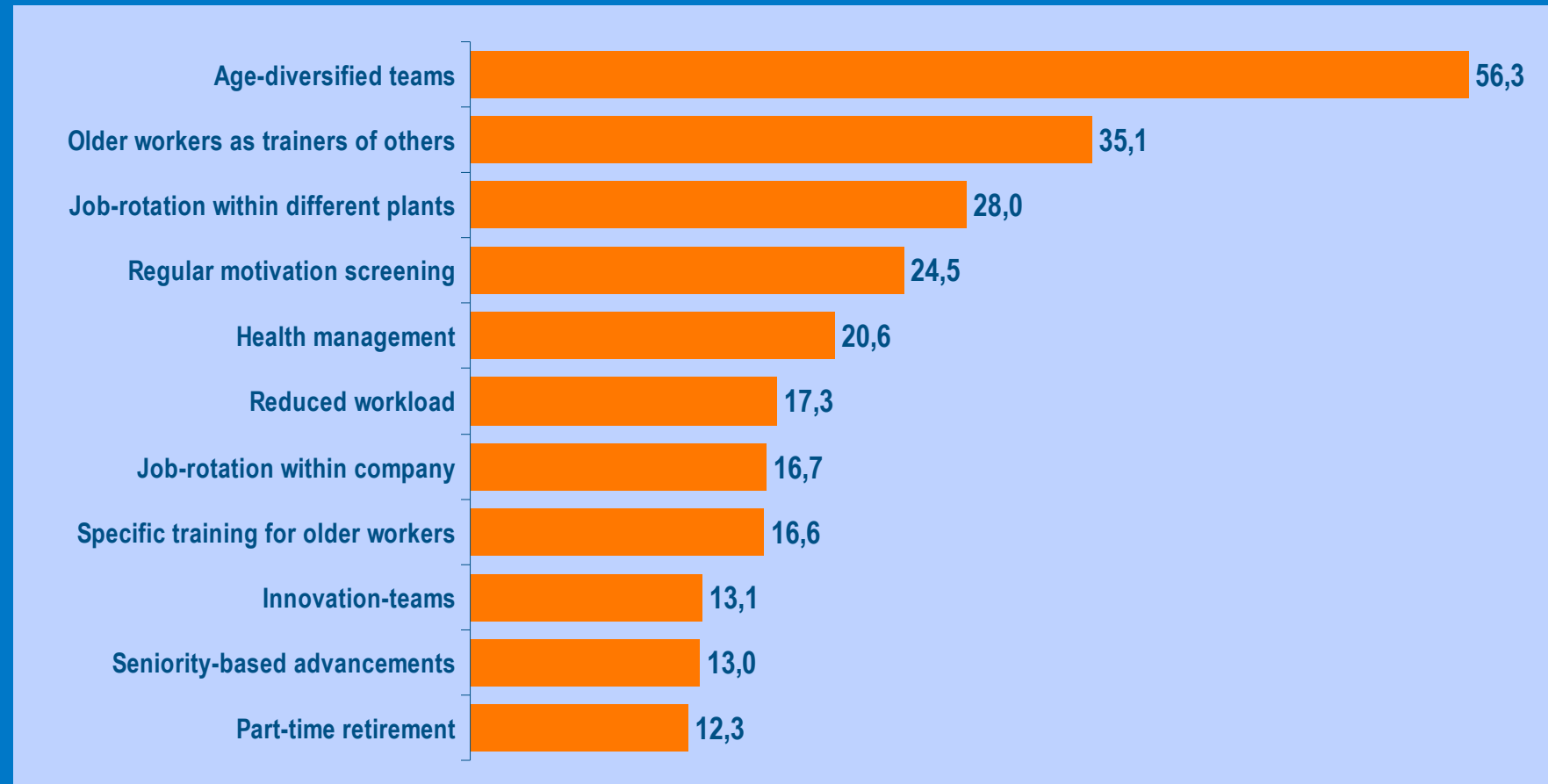


N = 1.328 – 1.333

Source: IW-Future Panel 2008

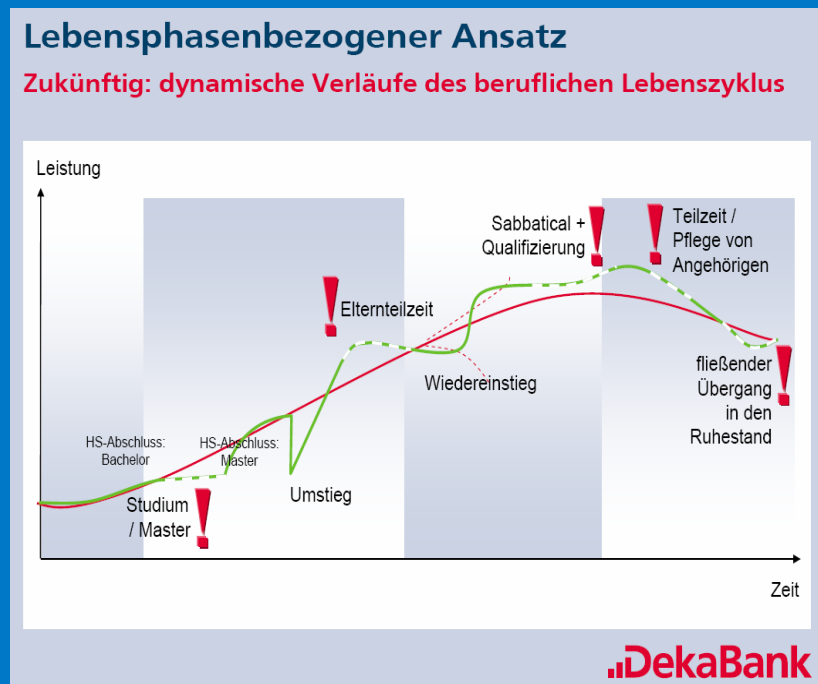
Age-related measures: a well equipped tool-box

Incidence by measure in companies with older workers, in percent, 2008



Source: IW-Future Panel 2008

Good Practice I: DekaBank-concept - life cycle oriented HR policies



- The DekaBank tries to support its staff in every phase of life: starting from choosing an education over several career steps, time-out phases for child care or elder care until the person will leave the bank.
- Thus, both sides benefit from the individualization: the bank uses the triple „R“ management in order to become an attractive employer which has a high productivity and a low staff turnover. The people can show their full potential; they like their work and are well motivated.
- Award: The DekaBank received the well known HR award „Deutscher Personalwirtschaftspreis“ for this concept of the „life cycle oriented HR policies“ in 2007.

Good Practice II: ABB-concept „Generations – learning from one another, growing together“



- ABB is a global leader in power and automation technologies
- The company developed an HR concept tackling the effects of the demographic change
- This concept contains:
 - Mix of the working generations: age mixed working teams, mentoring couples
 - Competence training according to the individual life phases
 - Knowledge transfer from generation to generation
 - Sliding out of the career life using part-time options and telework
 - Occupational health policies: programme „fit for life“
 - Diverse age recruitment