

**AGE MANAGEMENT AS AN OPPORTUNITY TO MANAGE
EMPLOYEES EFFECTIVELY
IN THE LIGHT OF DEMOGRAPHIC CHANGES**

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INTRODUCTION

We are living in remarkably interesting times, which have been described by sociologist Z. Bauman [2006] as liquid modernity, a social construction describing cultural processes characterised by natural instability, constant change, uncertainty and other factors [Giddens 2001]. This kind of theoretical contemplation becomes a basis of new insight into what have traditionally been very practical problems. Functioning in the liquid world motivates both management researchers and managers themselves to constantly improve traditional management as well as to think innovatively about managing problems. Informed by philosophy, humanistic management has appeared, focusing on the human as an end in himself or herself [Kostera 2015]; or as T. Mendel [2004] says, introducing trends that are compatible with humanistic ideas into management practice. This allows managers to make use of and maximise the employee's personal potential.

Combining these ideas with a contemporary prognosis for Poland concerning the age structure of human capital on the job market, it is easy to provide the reasons for the popularity of age management theory in an organisation (see section titled *Defining age management and its benefits*). The goal of this article is to present problems which may appear from the employer's point of view as a result of changes in the country's social structure. Another aim is to present the opportunities and abilities that age management policy provides. The article examines the literature on the subject and age data for Poland. The article is divided into two parts: the first presents an analysis of demographic prognoses for Poland and describes the consequences of these changes employers may face. The second part discusses the benefits employers will reap from implementing age management policy.

FORECASTED CHALLENGES FOR EMPLOYERS

I conducted research for my doctoral thesis that examined age management in companies employing more than 250 people. The majority of the companies have not implemented age management policy in a systemic way and will not do so in the next 10 years. The data, which are raw, come from the research I am doing for my thesis. The research is based on interviews with representatives of companies employing more than 250 people.

Foreign research has also highlighted the paradox: while the business community is aware of the society aging and the implications it has for organisations, they usually do not take any strategic measures to address this issue but try to act on a temporary basis [van Loo 2011, Taylor 2011]. Such carelessness is surprising, mainly because there are demographic data indicating that the future human resources age structure is not predictable in today's liquid reality. In 2014, the Central Statistical Office of Poland (GUS) released a paper titled *Population projection for the years 2014–2050*, which examines the demographic aging of both the labour force and people of post-working age. Figure 1 shows the GUS article's predictions for the age structure of human resources on the job market over the course of several dozen years. The number of immobile employees will increase from 37.5 to 51.0%, while the number of mobile employees is predicted to fall to 49.0% from the 62.5% there were in 2013 [GUS 2014]. To demonstrate the scale of the problem, the data is presented quantitatively. Between 2013 and 2050, the number of available employees aged 18–44 will decrease from 15.3 million to 9.3 million, thus there will be 6 million fewer mobile people on the job market than there are now. At the same time, the number of employees between 45 and retirement age will increase by slightly more than 0.5 million [GUS 2014].

As Figure 1 shows, the number of immobile employees will exceed the number of mobile ones in 2035 [GUS 2014]. Companies should not wait to implement good practic-

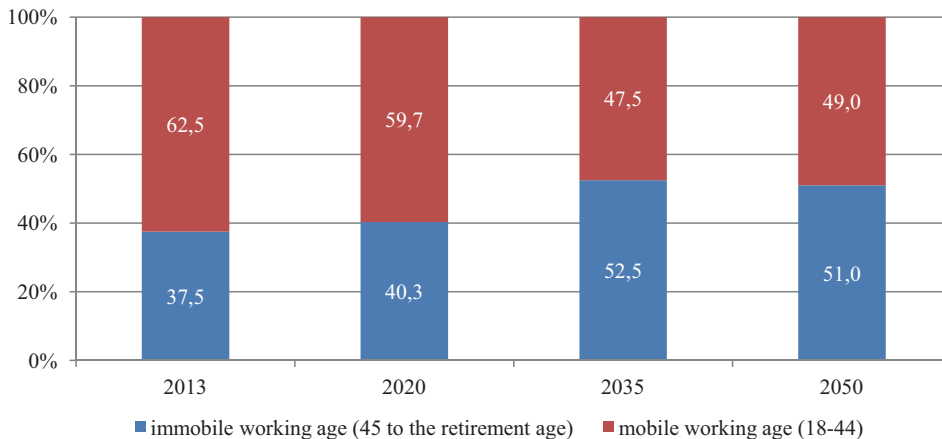


FIG. 1. Projection of human resources age structure on the Polish job market: for the years 2013–2050 immobile, working, and 45 years old to retirement age

Source: the author's own work on the basis of GUS [2014].

es in age management in order to be prepared for the upcoming changes. The demographic analysis should not be read as an emergency or destructive situation for employers but rather as a starting point to introduce changes in their human resource management. Given the prognoses, the following questions are worth considering: what challenges will the employers of the future face? What are the consequences of not implementing age management policy in organisations? What difficulties may employers encounter when the number of immobile employees increases relative to total employees?

To point out the main challenges and dilemmas entrepreneurs face, the method of projecting changes in an organisation developed by the philosopher and organisational theoretician R.F. Ackoff – namely the concept of idealised design – will be used [Ackoff et al. 2007]. In this process, the initial stage is called formulating the mess. Ackoff proposes to design changes by examining the negative aspects of organisational functioning and defining the consequences of failing to take remedial action. Hence, what can happen if organisations of the future do not introduce age management policy? There are four basic challenges (Fig. 2) organised according to the implementation schedule. Overcoming one difficulty will cause the next to appear.

Effective reaction to the first challenge would have a significant impact on a company's future. Statistical prognoses show that in the coming decades there will be a great deficit of employees aged 18–44 on the job market. Bearing in mind that an organisation's effectiveness depends on employee competencies [Rudawska, Szarek 2014], it can be assumed that because of the deficit of one group of employees, the structure of organisational competencies will change. To put it differently, when a company loses mobile employees, it also loses competency resources. According to data from the *Study of Human Capital in Poland 2012*, young employees are better educated and more eager to improve their qualifications, which is important for employers [Szczycka et al. 2013].

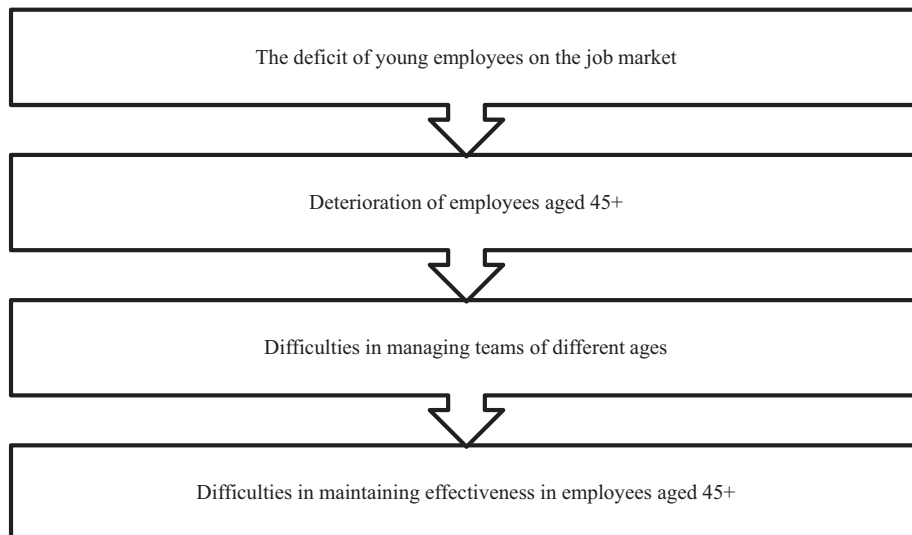


FIG. 2. Difficulties in age management

Source: the author.

The general opinion is that the young are more creative, energetic and flexible than their older colleagues, although not all studies prove that. An organisation's effectiveness in dealing with the first challenge comes down to measures to be taken in two main areas: the employer's image and the recruitment system. Changes in the structure of the job market can and most probably will effect the situation in which the candidate would be able to choose the most suitable company, not the other way round. Then, for candidates aged 45+, the main factor would be the image of an organisation as a friendly company. As Budny et al. [2013] have said, the process of affiliating should be adjusted to various age groups and it needs to concentrate on the assessment of competencies, not age. Defining abilities in a way that excludes older people ought to be avoided.

The second challenge appears when immobile employees are employed at the company. Their lack of activity can contribute to deteriorating health and physical condition. As the study shows, 30% of men and women aged 50–64 need their workplace to be modified because of health problems [Ilmarinen 2015]. Their most serious problems are musculoskeletal system and nervous system disorders. People over 50 years old suffer from the loss of physical strength: cardiorespiratory fitness and muscle strength diminish about 1–2% per year, starting from the age of about 30 [Ilmarinen 2015]. Such diminution may require a few different types of measures. Firstly, physically adjusting the workplace to the abilities of an employee is worth considering, thus looking at it from the ergonomic perspective [Szcześniak 2013]. Secondly, preventive programmes companies have introduced to concentrate on increasing the health awareness of employees are gaining in popularity. So too, and with all age groups, is the Life Course Approach, a personal policy programme focused on best adjusting working conditions to the needs and abilities of employees – from health protection to training and development policy [Liwiński 2010].

The next issue in effective age management policy is integrating employees of different ages to respond to various needs and expectations. Together with the rising number of immobile employees, their opinion is becoming more and more respected in the company. Thus the integration policy needs to be highlighted to exclude any signs of discrimination or unfair treatment. The Employment Framework Directive released in 2000 by European Communities addresses issues of discrimination [Council Directive 2000/78/CE]. It specifically forbids age discrimination (and other kinds of discrimination) in employment, vocational education, advisory services and participation in organisations. According to Liwiński and Sztanderska [2010], the application of directives may result in gradually overcoming the barriers elderly people encounter in recruitment, training and promotion situations, and eliminating stereotypes concerning older employees. Moreover, building diversified teams encourages the exchange of experience and knowledge between individuals of various age groups.

The last key challenge facing employers of immobile individuals is the difficulty they have in maintaining high employee effectiveness at work. Studies show that one of the most common reasons for an unwillingness to employ such people is the concern that the quality and efficiency of their work may be lower [Wiśniewski 2009]. In this sense, it is essential to concentrate on the art of recruitment and not treat all groups the same [Urbanik]. If the level of employee competency and the individual approach to candidates are both taken into consideration, it is easier to choose the best candidate in a disinterested and unprejudiced way.

Both scientists and managers have developed good practices and tools to overcome these difficulties. A detailed description of those methods is not included here due to space limitations. Nonetheless, overcoming barriers to the implementation of age management will help companies get ahead.

DEFINING AGE MANAGEMENT AND ITS BENEFITS

Before introducing the benefits of age management, the definition itself ought to be examined. As stated in the introduction, the foundation for the definition should be sought in humanising theories of management. An apt definition has been established by the Polish Agency for Enterprise Development (PARP). An AED document states that age management today should be treated as a set of employer actions toward the employee, which aim at improving the workplace standards and its habitat, as well as increasing the possibilities and abilities to perform tasks and duties, taking the age of employees into account [PARP 2010]. Another definition is presented by Liwiński and Sztanderska [2010]. They maintain that age management is an element of human resource management, precisely, diversity management. It is realised through various measures which allow for more rational and effective human resource exploitation through including the needs and abilities of employees of various ages.

Implementing such measures can produce measurable results, both economic and otherwise. The following are some of the key advantages of instituting age management policy in a organisation: greater senior employee loyalty, attracting competencies which clients value to the organisation, presenting the company as senior-friendly, keeping knowledge and competencies within a company and advantages of employee diversity.

Greater senior employee loyalty

As Kędziora and Łojowska note [2010], one of the merits of introducing age management policy into a company is that it leads to a higher level of loyalty among senior employees than their younger colleagues. People who work in an organisation for a long time often appreciate stability more than changes, which limits the risk that they will quit the company. Junior employees often look for new development possibilities, also outside the company. Thus it happens that an employee bears the costs of training but does not profit from it.

Attracting competencies which clients value to the organisation

Senior employees are very often regarded by clients as highly professional and reliable people. Empirical studies conducted in real companies representing various businesses bear this out. For example, patients at one Lithuanian hospital prefer being under senior doctors' care because they trust them more than young doctors [Wiśniewski 2009]. Similar experiences are visible in the banking industry (e.g. Alior Bank). The positions of consultants and account managers are more suitable for people over 40 years old since they are perceived as more trustworthy than their younger counterparts [Kwiatkiewicz 2010]. In turn, guests in a Portuguese hotel stated that senior employees created a warm atmosphere [Wiśniewski 2009].

Presenting the company as senior-friendly

As mentioned earlier, demographic changes can lead to a lack of employees on the job market in the future. That is why creating the image of a socially responsible organisation open to candidates of various ages is vital: it attracts talented candidates who would like to work in a flexible, open and tolerant environment; it also promotes the corporate image both in local communities and among clients [Kędziora, Łojowska 2010].

Keeping knowledge and competencies within a company

An important advantage of implementing good practices in age management that many often forget is that keeping competencies in-company increases company effectiveness. Recent decades have shown that know-how and employee knowledge are fundamental company resources in times of constant change. According to Muukka [2012], large enterprises are finally aware of how many unexploited resources there are within an organisation, and that these resources have the biggest impact on gaining competitive advantage. Age management promotes practices which allow the organisation to keep its competencies, mainly through sharing knowledge and pairing pre-retirement aged employees to carry out tandem tasks with their successors. Such programmes have been popular at Deutsche Bank [Wiśniewski 2009] and Sonnentor Kräuterhandels GmbH [Employers... 2012], to name two.

Advantages of employee diversity

Human resources managers more and more often see the benefits of employing people of various ages, which results in them creating age diverse teams. Thanks to the experience and viewpoints they enable, diversified organisational structures react better to changes on the market and solve problems more effectively. Liwiński and Sztanderska provide examples of companies in which creating teams consisting of employees of various ages proved more effective because of competences and the combination of individuals' potential [Liwiński, Sztanderska 2010]. Other studies show that older employees are more focused on the team's interests than on their own. That is possible because older employees tend to compete less, and the ability to build relations and cooperation increases with age [Kędziora, Łojowska 2010].

CONCLUSIONS

While this article naturally does not address all the benefits of age management policy, the ones described may form a subjective catalogue to assist employers facing challenges on the contemporary job market. The information presented in the article should compel scientists and practitioners to treat age management issues more seriously. The initial results of my own studies as well as the statistical data show that a change in organisational structure is inevitable. Thus emphasis should be placed on integration and intergenerational cooperation. Prediction difficulties that may appear in age management demonstrate that implementing this policy is not easy, but it is profitable from both a humanistic and economic perspective. It is worth considering which direction research should take

to solve key social problems. There is not much on the subject in the Polish literature, and the majority of what has been written is not scholarly but rather journalistic. Further research on this topic is essential, and would do well to take ideas from humanism and radical structuralism into consideration since they assume that science should seek to improve the world and advise humans on how to live better [Burrel, Morgan 1979]. Age management requires a practical approach, and the role of science in this case should take a back seat to business.

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Summary. The goal of this article is to analyse the main threats and benefits that accompany the implementation of age management policy, a method that enables workers aged 45+ to be highly effective. The article presents a demographic prognosis on the changing structure of human capital in the labour market, which determines the growing importance of age management in enterprises. The text contains an analysis of the key threats arising from a lack of employer action on age management, and the benefits that may be gained

from age management policy. The article also examined the inevitability of changes, which will appear in the age structure of Polish people in the labour market and in companies. These particular changes will determinate plenty of consequences, mostly for employers, because the new personnel will require a slightly different management approach. My intention is to adapt the work to the requirements of the scientific community, as well as to the needs of labour market experts and business practitioners. This is why the paradigm of radical humanism was chosen for the article.

Key words: age management, older workers, labour market

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