

DEMOGRAPHIC CHANGES AS A CHALLENGE TO HUMAN RESOURCES MANAGEMENT

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Abstract:

Recent years have brought a marked increase in the interest connected with an increase of professional activity of elder people. It results from demographic changes the effect of which is an ongoing process of ageing of European societies

The occurrence of ageing of the population carries a lot of negative consequences not only in the form of changes of the increase in age structure of population of people belonging to the oldest age categories. Since it influences ageing of resources found in the labour market and also is not indifferent to pension schemes or educational system.

Characteristic phenomenon of the Polish labour market occurring with a large intensity in recent years has been the process of professional deactivation of labour resources in elder age groups (people above 45 year old), which results most of all from: the lack of qualifications and professional skills among older people compared to current demands of labour markets; discriminatory conduct of employers towards elder workers; easy access to early retirement and pre-retirement benefits.

Due to shrinking of economically active population in younger age categories employers will be forced to active actions in favour of keeping older workers or appoint them to vacancies (Dychtwald, Erickson & Morison, 2004, pp. 48– 57, Tempest, Barnatt, & Coupland, 2002, pp. 475–492)

The aim of this article is to indicate the areas of necessary changes in human resources management in order notice the values and use the potential of elder employees.

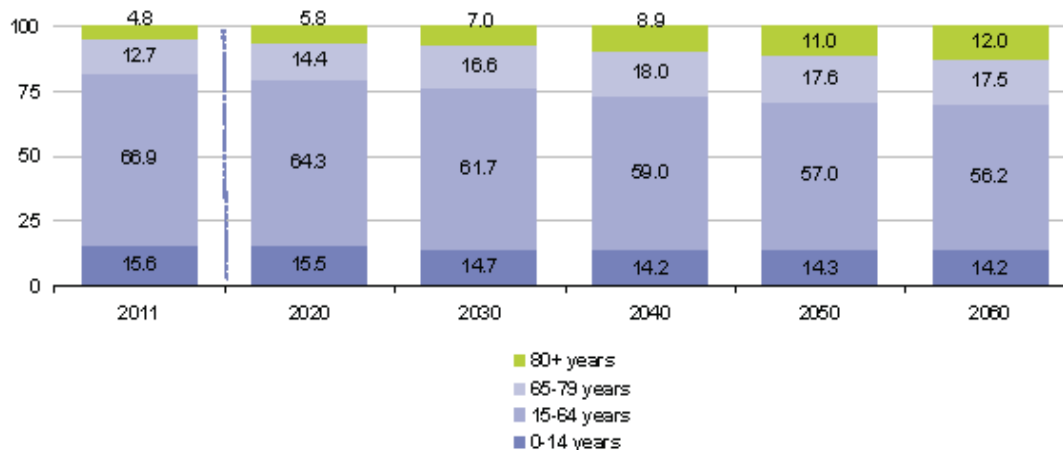
Keywords: demographic changes, ageism, age stereotypes, concept of workability, Human Resources Management.

1. DEMOGRAPHIC CHANGES IN EUROPEAN COUNTRIES.

According to the data from OECD (OECD, 2006), in the years 2025-2030 the global workforce will be decreasing for 12 millions people per year. Countries which face the biggest threat from this problem are those with ageing societies especially Japan, Italy and Germany. Retiring exodus have a negative influence over the majority of world economies due to the fact that disproportionately a smaller number of workers will have to keep senior citizens.

Ageing of population is becoming the key issue for most of the European countries. Latest forecast indicate that within the next 50 years ageing of the population can reach unprecedented so far level.

Picture 1: Population structure by major age groups, EU-27, 2011-2060 (1) (% of total population)



(1) 2011, provisional; 2020-2060 data are projections (EUROPOP2010 convergence scenario).

Source: Eurostat (online data codes: demo_pjanind and proj_10c2150p)

Source:

http://epp.eurostat.ec.europa.eu/statistics_explained/images/9/93/Population_structure_by_major_age_groups%2C_EU-27%2C_2011-2060_%281%29_%28%25_of_total_population%29.png

To counteract unfavourable results of demographic changes, in March 2010 European Commission initiated a strategy Europe 2020, formally accepted by the Council of Europe in June 2010. The Council of Europe formulated five main aims the first of which is increasing the rate of employment of men and women in the age of 20 to 64 years to 75% in the year 2020. These aims can be at least partially realised through promoting flexible working conditions, improvement of availability of childcare institutions, providing the possibility of lifelong learning or facilitating occupational mobility. The fundamental is the issue of "flexicurity": politics, which simultaneously raises the issues of flexibility of labour market, work organization or employment, taking into account the problem of combining career with private life, safety of employment and social care¹.

The process of ageing population consists in that the number of people in older age and their participation in the total population with a decline of number of children and youth and their participation in the total population. We can assume that the most important demographic rates describing the ageing of the society are as follows:

- participation of people in post-production age in the social structure
- demographic burden i.e. the burden of population in working age by the population of non-productive age (the rate determines the number of population in both the pre-productive and post-productive age per 100 people in the working age) .

In Poland the number of people beyond retirement age until the year 2030 can increase almost twice². According to demographic forecast the process of ageing of the population will deepen and the population structure according to age will undergo dynamic changes.

¹ http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Employment_statistics

² http://www.stat.gov.pl/cps/rde/xbr/bip/BIP_stanowisko_RRL_starzenie_sie_ludnosci_Polski.pdf

The participation of people in working non-mobile age (i.e. population in the age of 45 and more) is forecast to increase from 24, 4% in the year 2010 to the level of about 27,5% in 2035. The participation of people in post-productive age in the total number of population is forecast to amount to 26,7% (almost 9,6 mln) in the perspective of the year 2035³.

Together with forecasted decrease in total number of population the structure of participation of particular age groups in the Polish population will also change. Since 2015 the participation in population of the group of people in mobile post-productive age will be decreasing successively (from 98,3% in the year 2015 to the level of 71% in the year 2035; assuming that: 2007= 100). At the same time the participation of the age group 60+/65+ will be increasing – from 121,3% in the year 2015 to 158,2% in the year 2035 (2007=100)⁴.

Demographic changes will cause the shortage on the labour market. Many enterprises can face the problem of providing the proper number and quality of human resources. Observation of the reality shows that many organizations are not prepared for changes in Human Resources Management. Discrimination on grounds of age (ageism) is common occurrences well as creating conditions which hasten decisions about withdrawing from the labour market.

Ageism, initially defined by Butler (1969, 243-246) as “a process of systematic stereotyping and discrimination against people because they are old”, ageism spread to include the whole population: young people as well as older people who are the victims of prejudice based on their age (Branine & Glover 1997, 233-244). Discrimination based on age is defined as the conjunction of negative stereotypes and discrimination measures based on age (McMullin & Marshall 2001, pp.111-122; Redman & Snape 2003, pp. 167-175). Its outward signs are multiple (Chiu, Chan, Snape & Redman 2001, pp. 101-133): slower hierarchical and salary progression, lesser access to training. There are numerous combinations. Ageism is also defined as the source of serious tensions similar to those based on sex and race, and it deeply challenges the relationship of workers with work (Maurer & Rafuse 2001, pp. 110-121) as well as with the company.

Reluctance of employers to employ older workers and discriminating practices used towards them in organizations result from negative age stereotypes.

2. AGE STEREOTYPES

Many available research results allow to indicate explicitly to participation of negative age stereotypes in personal decisions (Avolio & Barrett, 1987, pp. 56–63; Hirschfeld & Thomas, 2011, pp. 661–692 ; Perry, Kulik, & Bourhis, 1996, pp. 628–647).

Stereotypes are schema or cognitive categories people use to process information (Avolio & Barrett, 1987, pp. 56–63; Weber & Crocker, 1983). Stereotypes serve several important functions. For instance, individuals use stereotypes to interpret and respond to others in their environment more quickly, especially when information regarding a specific individual is unavailable or ambiguous (Chao & Willaby, 2007, pp. 678–688; McCauley, Stitt, & Segal, 1980, 195–208).

Most victims of stereotypes respond negatively; they report lower self-evaluations (Burnette, Pollack, & Hoyt, 2010, pp. 46-56) and become both more risk averse and loss averse (Carr & Steele, 2010, pp. 1411–1416). Negative performance-related stereotypes are also associated with poorer subsequent performance from stereotype victims (Nadler & Clark, 2011, pp. 872–920; Ng & Feldman, 2012, 821–858). In addition, stereotype victims try to avoid tasks within those performance domains in which they have a poor (and false) reputation (Rivardo, Rhodes, Camaione, & Legg, 2011, pp. 5-16; Ng & Feldman, 2012, pp. 821–858).

Age stereotypes are schema or cognitive categories people use to evaluate others based on their age. Age stereotypes can be either positive or negative (Hummert 1990, pp.182–193). However, most research has focused on negative age stereotypes because such stereotypes are often used as

³ [http:// PUBL_L_proгноza_ludnosci_na_lata2008_2035](http://PUBL_L_proгноza_ludnosci_na_lata2008_2035)

⁴ [http:// PUBL_L_proгноza_ludnosci_na_lata2008_2035](http://PUBL_L_proгноza_ludnosci_na_lata2008_2035)

justifications for unfairly treating or discriminating against older workers (Falkenberg, 1990, Ng & Feldman, 2012, pp. 821–858). Researchers have also observed that negative age stereotyping occurs particularly swiftly and automatically (Chasteen, Schwarz, & Park, 2002, pp. 540–547).

One of the most widespread stereotype concerning elder workers is the belief that they are less motivated to work than their younger colleagues. (Fritzsche et al., 2009, pp. 2737– 2755). In comparison to younger employees the elder are attributed to less ambitious professional goals which results in: lower engagement and efficiency (Rabl, 2010, pp. 448–467, Wong, Gardiner, Lang & Coulon, 2008, pp. 878–890)

Other common stereotype is a belief that elder workers are less interested in the development of their own career and hence they participate in trainings unwillingly (Maurer et al., 2008, pp. 395–418). This stereotype results from the belief that elder workers have lower ability to acquire new material and it is difficult for them to learn (Fritzsche et al., 2009, pp. 2737– 2755). Consequently, elder workers participate in trainings far less.

Davis and Songer (2009, pp. 1324– 1333) noticed that elder workers are also perceived as unwilling to participate in introducing changes, have difficulties in adaptation to new situations and mastering new technologies.

Researches also indicate the fact that young people usually perceive the old as egocentric, prone to prejudices, snobbish, demanding and irritating (Hummert, 1990); having communication difficulties (Radvansky, Copeland, von Hippel, 2010, pp. 51–60).

Ng & Feldman, (2012, pp. 821–858) on the basis of meta-analysis of results of 418 empirical studies created the list of 6 most frequently occurring age stereotypes. These stereotypes suggest that older workers are: (a) less motivated, (b) generally less willing to participate in training and career development, (c) more resistant and less willing to change, (d) less trusting, (e) less healthy, and (f) more vulnerable to work-family imbalance. This list, of course is not in-depth.

Negative age stereotypes cause discrimination of elder workers as far as creating the possibilities of professional development is concerned as well as taking decisions concerning the promotion. They also influence on hastening the decision about leaving the organization.

Researchers have found that older workers exposed to negative stereotypic information express stronger intentions to retire than those exposed to neutral or positive information (Gaillard & Desmette, 2010, pp. 86–98.), and older adults who themselves hold negative age stereotypes report a lower quality of life and poorer health (Palacios, Torres, & Mena, 2009, pp. 385–390).

Findings over the age stereotypes can play important role in planning the work environment free of discrimination. All the more that research carried in different countries indicate clearly that employees of older age feel discriminated in both labour market and employing companies (e.g., McMullin & Marshall, 2001, pp. 111–122; Ginn & Arber, 1996, pp. 27–55).

Practical implications should be reflected in the actions in the field of Human Resources Management.

2.1 Human Resources Management, Age Management

Due to, among others, demographic changes resulting in population ageing and the resulting consequences for governments, economy, enterprises more attention is drawn to find solutions that will result in prolonging the professional activity of individuals. Hence, it is a challenge to manage the ageing of workforce, which is reflected a little in practice.

In fact, a national survey by researchers at Boston College found that 75% of employers had done at least some analysis of their workforce demographics in anticipation of the effects of retirement (Pitt-Catsouphes, Smyer, Matz-Costa, & Kane, 2007).

Taking into account the research result, which show that practices in the field of HRM can influence on prolonging professional activity and time in the organization (Allen, D. G., Shore, L. M., & Griffeth, R. W., 2003, pp. 99–118) the need of such planning and programming personal function which will be based on the idea of age management arises.

The concept of age management which is translated into practice of HRM appears.

Age Management (*age management*) is an attitude to staff management in an organization, considering age, the process of ageing and the individuals' life cycle in order to create the work environment supporting the workers of all ages, enabling the use of their abilities and meet the needs (Walker, 2005; OECD, 2006; OECD, 2007; Silverstein, 2008, pp.269–280). Age management does not only mean the practices directly addressed to elder people but balanced approach aimed at increasing abilities to work if different age groups (Ilmarinen 2001, pp. 546 - 552).

Age management can be realised as:

1. Set of actions and solutions addressed directly to elder workers. These are among others ergonomic solutions (adjusting workplace to health needs and physical requirements), flexible worktime (part-time, possibility of extra dispensations, individual and flexible work plan, reduction of shift work), possibility of break and rest, proper job description, proper trainings, modified motivational systems.
2. Comprehensive, long-term attitude to plan a career of particular employees and considered creating and forming teams. The aim of this approach is conducting a career of employee concerning his abilities at the particular life cycle, preventing burn-out and competence outdated, supporting his ambitions and willingness to work as well as ability to work and productivity. Long-term age management requires planning a proper posts structure (together with obligations) and required desirable structure of human capital in organization.

Theoretical concept which can become the basis for introducing changes in personnel policy seems the „concept of work ability” (Ilmarinen J., 2004, Žnidaršič J., pp. 911-921), which is based on the balance of the workers' resources and the work demands. It may be understood as 'how good is the worker at present, in the near future, and how able is he/she to do his/her work with respect to the work demands, health and mental resources' (Ilmarinen, 2006 J., Žnidaršič J., pp. 911-921).

When we talk about workability, it is not about the age, but it is about how the workers' human resources are compatible with work demands. Human resources mainly consist of: (1) health and functional capacities (physical, mental, social), (2) education and competence, (3) values and attitudes, and (4) motivation. When this comprehensive set of individual factors is related to (5) work demands (physical, mental), (6) work community and management, and (7) work environment, the outcome can be called the individual work ability.

The worker contributes to his work ability via his health and functional abilities, with knowledge, skills, attitudes and motivation. The workplace influences the work ability through work organizational factors – especially leadership and management issues - by work demands and by the work environment, including social factors (Žnidaršič J. 2012, pp. 911-921).

2.2 Age Management, Retirement

Retirement of an employee carries consequences for both organization which is left by an employee and for himself. Employers emphasizes that retirement releases position for a younger person or enables costs reduction of an organization if it is liquidated or temporarily vacant. Potential destructive results, especially mass retirements, for functioning of an organization are rarely showed. First of all, employee takes with him hidden knowledge and abilities which high level results from experience. It is also worth mentioning that even a small number of retirements can cause negative results in the whole organization due to loss of knowledge and decline of durability of organizational values.

Special interest of an organization is the loss of gained knowledge which can happen when employees retire. Research show that 71% employees is worried about this fact (MetLife, 2009). This results in integration of knowledge management with realisation of personal function. The role of PR Managers is to identify and find knowledge which is to be kept and to strengthen the process of knowledge transfer from employees preparing for retirement to younger employees. Support of such a knowledge transfer direction can be ensured by: (1) appreciating the knowledge of employees approaching retirement age, (2) building climate of mutual respect and trust among the parties of the process and (3) creating organizational conditions to learn and develop (Slagter, 2007, pp. 82–96).

Another challenge for realizing the policy of age management is creating such a incentives system which enables to keep the proper level of motivation and effectiveness of employees in elder age.

It is a well-known fact, that along with age motivation and effectiveness of an employee decreases. Results in this scope are clear (e.g.: McEvoy & Cascio, 1989; Ng i Feldman, 2010, 677–718; Waldman & Avolio, 1986). There are, however, many proofs that the techniques and motivational tools which are effective for young employees are not good for motivating employees approaching retirement. Managers seem not to notice that the needs, values and expectations of elder employees change with time and are not the same as their younger colleagues. Therefore it is necessary to develop new tools which will be appropriate to current features of employees.

Next challenge for age management in relation to elder workers is enabling them professional development through among others participation in trainings. Despite managers' doubts according to profitability of such investments, a range of benefits can be shown simultaneously. These are: higher competence, increased motivation, higher level of engagement and lower absence among workers (Newton and co-op., 2005). Additional benefits are : (Naegele, 2007, pp. 911-921): (1) increasing the level of skills and innovative potential of workforce, (2) an enhancement of the motivation of younger staff as their own career perspective is reflected in older employees and, at the same time, respect for the job performance of the individual employee is witnessed; (3) intensification of intergenerational transfer and exchange of knowledge (4) care of high level of quality of products and services, (4) creating the image of enterprise responsible socially, (5) preparing elder employees to fulfil new roles in an organization: mentors and teachers for younger colleagues which helps to develop the problem of succession.

3. CONCLUSION

Discussed demographic changes will bring consequences not only in the nature of quantitative but also qualitative. This raises the need to take up actions to support prolonging of professional activity of labour resources. Governments of most European countries took legislative actions extending the retirement age (e.g.: in Poland in May 2012 an Act introducing equalization of the retirement age for men and women and extending retirement age until 67 years of age). Actions consisting in remunerating later retirement are taken as well as discouragement to earlier retirement and enabling elder workers to stay in the labour market.

It is tantamount for enterprises to introducing changes in HRM. Human Resources should, in a natural way, evolve introducing the policy of age management. Particular attention, in this context, is worthy noticing: creating the possibilities of further professional development (participation in trainings) for elder employees, changes in content of the work (assigning elder workers to new roles) and regulations in re-designing the working environment (e.g.: offering flexible work conditions) (Kooij et al., 2008, pp.364-394).

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