Addressing the challenges of an aging workforce  
*A human capital perspective for companies operating in Europe*

Many European countries are wrestling with a common challenge: the graying of their populations. While countries worldwide face this situation, generous state pensions and steadily declining birth rates have further exacerbated this issue in many European nations.

Many companies are finding it increasingly difficult to hire new employees within certain disciplines. Then, even if they can find qualified candidates, the firms must still invest in training to further increase their productivity. Just as dangerous is the loss of expertise when mature workers leave the organization with insights about managing key customer relationships, handling exceptions to critical processes and a host of other experiences that can cost significant of time, energy and resources to recreate or replace.

In recent summits, leaders of European Union (EU) member countries set two goals to encourage member countries to focus on challenges from the aging workforce: achieving a 50 percent employment rate for workers 55 to 64 years and raising the exit ages of older workers by five years for each EU country by 2010 (see Figure 1). 

*Figure 1. Status of EU countries regarding progress toward targets for aging workers.*

Note: EU15 = European Union of 15 members (before enlargement); EU25 = European Union of 25 members (after enlargement). 
Source: Commission of the European Communities, “Increasing employment of older workers and delaying the exit from the labour market,” Communication from the Commission to the Council, the European Parliament, The European Economic and Social Committee and the Committee of the Regions, March 3 2004, p. 3.
Embracing the challenges

Based on IBM research and working with companies to develop their workforce strategies, we recommend the following six strategies:

1. **Redirect recruiting and sourcing.** Companies are quickly facing worker shortages from labor pools where they normally would draw younger employees. To reach mature workers, companies can conduct over-50 workshops at local job recruitment centers, offer targeted benefits like unpaid grandparent leave and look externally to identify retired professionals desiring part-time or short-term work.

2. **Retain valued employees through alternative work arrangements.** While some companies are recruiting aging workers, others are developing alternative work arrangements, such as part-time schedules. Companies should also explore, when appropriate, the use of telecommuting as a way of retaining mature workers.

3. **Preserve critical knowledge.** One approach elicits employees’ experiential, or tacit, knowledge through detailed interviewing or documentation, explicitly capturing and storing these insights. Mentoring arrangements and communities of practice can also encourage mature workers to pass knowledge down to the next generation.

4. **Provide opportunities for workers to continually update skills.** Executives are recognizing the need to refresh the skills of workers whose formal training may have ended years, if not decades, earlier. Companies are seeking to actively transfer informal skills that have not been taught and that are necessary in the working environment.

5. **Facilitate the coexistence of multiple generations.** Often overlooked as a facet of diversity, the viewpoints of different age groups can present significant barriers. Organizations must balance the needs, interests and work styles of all. By pairing senior managers with junior employees, each can mentor the other in different areas.

6. **Help mature workers effectively use technology in the workplace.** A primary misconception is that older workers have more difficulty learning and adopting new technologies. While multiple studies have shown otherwise, accessibility requirements and strategies for application rollout and training are needed to support the needs of all potential user groups, including mature workers.

Conclusion

As the workforce ages, companies will soon realize the pain associated with losing expertise, incurring higher recruiting and training costs, and managing intergenerational concerns. It is essential to proactively address demographic changes within organizations and across labor markets in the industrialized world.

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