



ELDERS – Elder Employees in companies experiencing restructuring: stress and well-being

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Dr. Maria Giovannone, Research fellow, ADAPT – CSMB, University of Modena and Reggio Emilia

ELDERS consortium

Applicant

ADAPT – Association for International and Comparative Studies in the field of Labour law and Industrial relations;

Consortium

BAuA – Bundesanstalt für Arbeitsschutz und Arbeitsmedizin
ESADE – Instituto de Estudios Laborales, Universidad Ramon Lull
FIOH – Finnish Institute of Occupational Health
ibw – Institut für Bildungsforschung der Wirtschaft
Middlesex University, Business School

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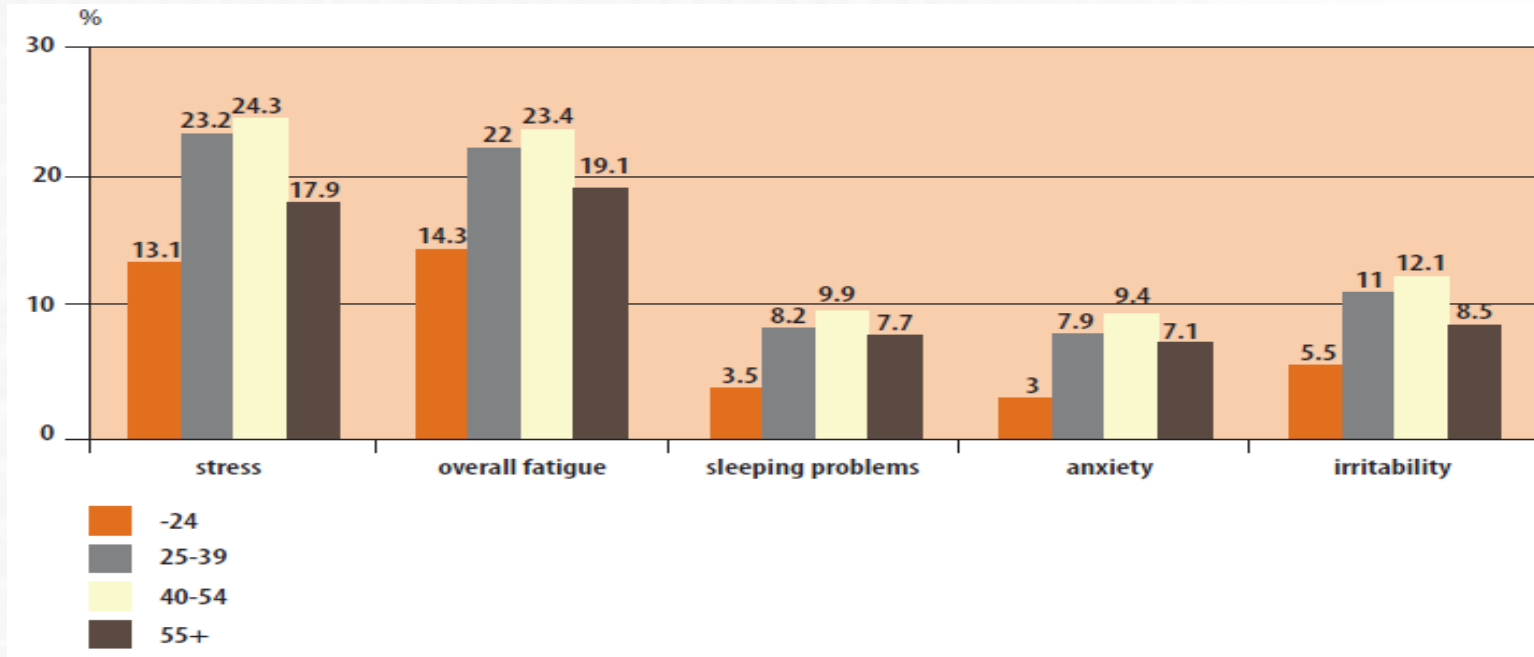
ELDERS starting points

- During the last years, the average age of people in the workforce is getting higher, with increasing numbers of middle-aged and older workers employed in many different jobs. For this reason the Lisbon strategy has set the goal to increase the participation rate of mature workers. (European Council, 2000). Many are the reasons of the increase of the average age of workers. First of all older workers are healthier and more able from the cognitive point of view compared to the past. In addition many workers prefer to stay employed.
- The issue of restructuring is featuring the transitions of the European economies over the last decades and is even more important in the current economic scenario. At the same time, due to demographic changes such as the aging population and the aging workforce, and along the lines of current policies aiming at fostering active citizenship, lifelong learning and quality of work, there is a need to focus on older workers, which are increasingly to be considered a key asset to European Competitiveness.
- Older workers are more likely to be affected by restructuring processes and economic crisis, and these processes can be extremely stressful and affect their well-being. A growing body of international evidence indicates that organizational restructuring can have profound adverse effects on worker safety, health and wellbeing, e.g. in terms of poorer mental health outcomes, sickness absence and stress, particularly for older workers.

ELDERS starting points

- In addition to direct health effects, restructuring is associated with considerable problems in terms of compliance with occupational health and safety (OHS) legislation and workers' compensation/social security systems. All these changes hit the most vulnerable population groups, including the older workers, particularly hard, in a context where also the quality of working conditions is decreasing in many countries (WORKS-Work Organization and Restructuring in the Knowledge Society, 2009).
- In particular elderly employees are among the most exposed groups to job insecurity. The current trend, where organizations are restructuring and downsizing, has led to an increase in the level of perceived job insecurity particularly among elderly employees all around the world. Not only blue-collar employments are affected, but also highly skilled, highly paid graduate employees are concerned with restructuring and downsizing. In the past, the workers that were laid off were mainly male, young, blue-collar workers (Greenglass & Burke, 2001: 1). According to the European Commission strategic report Improving quality and productivity at work, some categories of workers, particularly younger and elderly workers, workers whose jobs are insecure and unsafe, migrants, are still overexposed to occupational risks such as stress at work.
- Most authors argue that the youngest and the oldest employees of an organization experienced high levels of employment insecurity and related stress. The fourth European working conditions survey corroborates these outcomes (European Foundation for the improvement of Living and Working conditions, 2005). As for the relation between work-related stress and age, the graph below shows that, in 2005, stress was more often reported by 40-54 years old workers.

Stress by age in the European context



Economic crisis as a global phenomenon, organizational changes and the increase of mature workers' unemployment rates;

Reform of retirement age system: the slow introduction of “active ageing approach”?

The European Strategy for health and safety at work 2007-2012 and the focus on the tackling of new and emerging risks, psychosocial risks and work-related stress;

Key points

- The aim of the “ELDERS - ELDer Employees in companies experiencing Restructuring: Stress and well-being” project is to address the consequences of restructuring and economic crisis in terms of stress and well-being for older workers, and to identify the proper measures in the view to preventing, managing and mitigating such impact. In order to achieve this objective, the ELDERS consortium has set up an interdisciplinary international expert network in psycho-sociology, training, industrial relations and labour law, physical ergonomics and health at work which has investigated the multidimensional facets of the phenomenon by way of combining between research, policy and practice-oriented activities.

Scheduled outputs

- ✓ dissemination and awareness raising activities;
- ✓ the setting up of national seminar series and a concluding conference;
- ✓ the organisation and the implementation of an on-line permanent Observatory on New Risks and organizational change on ADAPT website;
- ✓ the promotion of material disseminated through ADAPT international mailing list;
- ✓ the drawing up of a report presenting the results of desk and field research;
- ✓ the drawing up of a chapter containing a set of collected good practices;
- ✓ the drawing up of chapter containing a set of recommendations for policy makers and social partners aiming at promoting memoranda of understanding to develop services and integrative support, as part of a bilateral system, for enhancing well-being of older workers affected by restructuring processes and economic crisis.

Background and context of the action

- In recent years, there has been a growing interest in the experiences of older workers. The immediate drivers have been the European social policy aimed at increasing older people's labour market participation, as well as national government initiatives to close early retirement routes. However, the longer term drivers are steadily ageing populations across Europe, coupled with lowering real retirement ages in most EU member states. Various projects have focused on push and pull factors leading to early retirement including discrimination, pensions, caring responsibilities and redundancy.
- The Elders project is focused on a particular push factor: the impact of workplace restructuring on older workers' employability, as well as health and well-being.
- The field of investigation concerned a general review of the international framework and six deep focus/case studies on the following EU countries: Austria, Finland, Germany, Italy, Spain and UK, in order to guarantee an original transnational dimension. The economic sector of investigation was the private sector; the research group was mainly concentrated on those sectors which were most affected by restructuring processes and/or changes in work organisation, as well as marked deterioration in working conditions in the countries of analysis. The analysis took into careful consideration national and regional specificities as well as the fact that restructuring at sectoral level takes very varying forms.

Targeted group

- The primary target group of the ELDERS project was composed of older employees (over 40) experiencing restructuring at all level of the company (e.g. managers and workers) in a perspective of gender mainstreaming.
- A secondary broader target group was composed of companies which could be affected by restructuring processes or are involved in these processes, social partners and workers associations, which could benefit from the results of the project and particularly from the best practices collected.
- Finally, a third target group was represented by policy makers and policy advisors which could improve their awareness of programmes to prevent and treat the health problems of workers faced with restructuring.

Aims/objectives/methodology of the action

- desk research on different industrial relations systems and approaches to social dialogue in the countries of analysis;
- elaboration of a international framework and literature review on the impact of restructuring on older workers in terms of stress and well-being;
- elaboration of a questionnaire aiming to measure stress and well being of older workers and detect the most successful measures which could improve the conditions of older workers experiencing restructuring;
- submission of interviews to social partners, public institutions representatives and NGOS;
- identification of good practices intended to prevent or treat the negative impact of restructuring on older workers' health and well-being which are indicative of participatory and training techniques that are suitable for implementing preventive measures;
- review of international training policies aiming at easing transitions of older employees;
- formulation of recommendations for policy makers, social partners and practitioners, with a specific focus on the preparation and accompanying measures for workers and managers experiencing changes in the event of restructuring;
- dissemination of results, impact multiplication and awareness raising towards relevant stakeholders through the Set up and implementation of a on-line permanent Observatory on New risks and a newsletter, organisation of national seminars and a final conference;
- dissemination an awareness arising activities through the organization of six national seminars, a training session and a final international conference accompanying them with a proper reporting activity.

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Literature review findings

- The international review suggests that there are three interrelated reasons why the topic is particularly in relation to older people's employability. First, older workers have long been regarded by both employers and the State as a reserved army of labour, brought into and forced out of the labour market as economic conditions require (Riach 2006, Bruginiani et al. 2001). This places them in a precarious position, relative to their younger colleagues during both organisational and economic restructurings.
- Second, as Blossfeld et al (2006) noted, organisational restructuring can have a particularly strong impact on older workers who find it difficult to adapt to technological change. Finally, older workers are concentrated in traditional industries and therefore adversely impacted in shifts toward service based economies (Quadagno, Hardy & Hazelrigg 2003).
- The ELDERS project firstly provides a review of literature on the relationship between age, job insecurity and health and well-being. The international analysis, in conclusion, suggests that the job insecurity associated with workplace restructuring does have a negative impact on older workers in terms of the shock of job loss; the imbalance of effort and reward; and loss of job control. The literature suggests that there are particular health risks associated with job insecurity: Mental health risks; Cardiovascular disease; Musculoskeletal problems; Injury; Poor lifestyle habits; Decreased functionality. In addition, attention must be paid to the impact of job insecurity on different groups of workers, particularly by not only age, but also gender, qualifications and job class, and employment status.
- There are four policy areas which could buffer against precarious employment, increase work reward or increase job control: healthy living to mitigate the impact of job loss on older workers; flexible working hours to enhance work reward; and job redeployment and lifelong learning to enhance adaptability.

Evidence from 6 EU countries

- **Finland.** In Finland, society expects employees to continue their working careers and maintain their working capacity for as long as possible, preferably right up to their full retirement age. Finland has a long tradition in studying the relationship between ageing and work. Different kind of research, development activities etc. have been conducted to find reasons for early retirement and solutions to support staying at work as long as possible. The revision earnings-related pension system (2005) also primarily aimed at support workers to remain at work longer. In case of organizational change there are several laws related to employees' rights. The Finnish Ministry of Employment and the Economic have organized services to make sure that employees' situation during the organizational change is secured. Also the labour market parties in Finland decided in 2005 to implement “change security” model during restructuring. The aim was to speed up re-employment of redundant employees. At the same time, there are systems which support early retirement. For example, one major reason why elderly employees in Finland quit working due to restructuring situations is the so called “unemployment pension tube” system. This system offers elderly employees a possibility to retire earlier, which they often use. Recently, this system has been made stricter and only those long-term unemployed born before year 1950 can apply for unemployment pension. However, one of the challenges of the system is how to make sure that all those elderly employees who use it, do it voluntarily and not because they feel pressure for example from their workmates. Generally the situation of elderly employees seems good in Finland. Their employment rate has increased during the last decade and the recent financial recession did not have major effect on them. They also are satisfied with their work and feel most equally treated at the work place. It also seems that the changes in the workplace do not have so strong effect on them; to their work tasks and to the way they experience the changes. In fact it seems that the situation of younger workers is more vulnerable.

Evidence from 6 EU countries

- In **Austria**, the labour market for older employees has some distinct features: Since the seventies, Austria has one of the lowest unemployment ages in the EU, and one of the lowest early retirement age in the EU. Both facts are connected as early retirement of older employees was an accepted political measure to prevent unemployment and an economic measure to reduce personnel costs over decades of fundamental company reorganisations. This early retirement policy reduced the proportion of workers over 55 in the workforce to a comparatively low level. At the same time, this development supported misjudgements about ageing and ability to work and hindered companies from learning how to adapt their structures to achieve the best results in every age group. Early retirement became a standard way of ending one's working life that was supported by all the social partners;

Evidence from 6 EU countries

- **UK** Compared with those elsewhere in Europe, older British workers have limited social protections to insulate them from job loss during organisational change. The UK insulate them from job loss during organisational change. However, there are also few institutional barriers to prevent older workers to seek or stay in work. The most notable institutional barrier is the default retirement age (DRA), codified in the Employment Equality (Age) Regulations 2006 which allows employers to compulsorily dismiss employees at the age of 65 solely for the reason of retirement. However, the DRA is scheduled to be abolished in 2011. Older worker participation rates in the UK are high relative to Europe and have been sustained throughout the 2009-2010 recession. However, older workers are made vulnerable by both flexibilisation of work (especially after the age of 65) and erosion of occupational pension rights. Regulations to oblige employers to address risk factors associated with stress and job security are relatively weak. Evidence from a survey of privatised employees shows that job insecurity has an impact on older workers health and well being. Both the immediate threat of job loss and the cumulative deterioration of working conditions can impact on older workers' sense of well being, both mental and physical. Further, job insecurity can lead to a loss of sense of control over one's own career. UK employers and trade unions are developing innovative approaches to helping older workers manage the transition processes. These include initiatives to encourage older workers to participate in training, mentoring programmes to enable older workers to make good use of their experiential knowledge, and flexible working to allow workers to transition into retirement.

Evidence from 6 EU countries

- The case of the UK suggests that the following areas would benefit from management and union partnership: Enhanced adaptability, particularly in terms of learning opportunities; Communication and support during periods of organisational change; Flexible working and reduction in long working hours; Age neutrality in terms of career development, learning and support. Restructuring is often leading to changes in performance and quality requirements as well as higher work density. Under these changed circumstances, the company's success is not primarily determined by technology optimisation, but is assured by an optimal adjustment of the working systems to the physical and mental performance of humans. The consequences of an insensitive dealing with restructuring are among other things:
 - counterproductive loss of productivity;
 - “Creaming-off” effect of the most productive parts of the workforce;
 - loss of innovative capacity and commitment of the survivors;
 - low tendency for qualified parolée to return after economic recovery;
 - deterioration of the company image with potential future candidates.

Evidence from 6 EU countries

- **Italy** In the age gap 45-54 the Italian unemployment trend index follows the same trend all over the world, increasing more for men than for women. In terms of well-being at work, Italian older workers seem to be more affected by stress and boredom than the European ones and on the other hand their job-insecurity is much more increasing. From the regulatory point of view important changes are taking place in three crucial fields: OHS, training policies and pension systems. Firstly the recent approval of a Consolidate Act on OSH introduced more substantial and effective approach aimed at ensuring the efficiency of protection of vulnerable workers, including the obligation to provide a risk assessment based on equal treatment and workforce diversity approach.
- Indeed the new law risk assessment must take into account all risks of labour safety and health, including those which concern groups of workers who are exposed to particular risks, among which there are those which are connected to work-related stress, pregnant women at work as well as those connected to gender-differences, age, country of origin, type of contract. On the other hand the Italian Government is also working on the implementation of the European framework agreement on work-related stress and the adoption of special guidelines for the assessment of this risk, which should take into account both objective and personal factors, among which work organization, change, turnover and age. It's expected to improve the condition of older workers during change. Guidelines were also recently passed in the field of training remarking the importance of lifelong learning for workers at each stage and improving the implementation of flexible working time patterns and access-to work – contracts, as special contracts for 55 aged workers, in order to avoid discrimination and exclusion within the labour market. Even in the field of pension, Italy is going towards the progressive increase of minimum retirement age up to 65, for men and women, as a natural consequences of the transition from the inactive ageing system to the active ageing and inclusion of older workers approach. Further best practices concern: the development and the increase of workers participation, both at individual and collective level, in the OSH management; the mandatory introduction of the issue of work-related stress in OSH training programs and the introduction of a system of qualification and selection of companies, within the labour market, based on the level of training opportunities and methodologies.

Evidence from 6 EU countries

- **Germany** generally in Germany older people are described as a labour reserve, when it is notorious that job seekers over 50 years are often told that they are too old for the job, and actually older workers have only little chance to get back into work when they need to leave the company after restructuring. Older people have difficulties to return back into employment after a period of unemployment. However, there is the alternative – unlike for younger unemployed people – of retirement. Older unemployed people are compared to all unemployed longer out of work. They find a new job after an average of 66.9 weeks, all unemployed after 41.9 weeks. 54.3% of the older unemployed have been jobless for more than one year, the share of all unemployed is 39.1%. These data reflect not only the obstacles to reintegration into the labour market. Summarising the available evidence on the connection between aging and the state of health, mainly three categories of occupational risk factor can be identified, which correlate over the occupational career i.e. with longer exposure time or with a high health risk and therefore affect the employment opportunities of older workers: excessive physical and psychological demands (e.g. static muscle work, high input, lifting and carrying, high concentration demands, poor working time); highly stressful physical-chemical environment (e.g. noise, dust, weather effects). Poor work organisation, new forms
- As best practices we have to consider the case of Deutsche Bank. The bank offers information on psychosocial topics and how to cope with conflicts. Networks of consultants are available internally as well as externally. Are provided compensations for employees close to retirement age, who choose to work part time. Internal and external advisers are accessible to provide assistance in professional reorientation. Then, job coaching is offered for those employees who will lose their job due to reorganisation/downsizing. Employees who plan to start their own business are offered professional support from the bank's business start-up experts. It has been developed a start-up kit, and financing may be provided at favourable conditions. As far as possible, Deutsche Bank may become a customer during the start-up phase.

Evidence from 6 EU countries

- **Spain.** In Spain older workers are encouraged to switch from activity to retirement by means of public unemployment aid and compensations are given to companies that in the process of restructuration in various sectors have allowed expelling all more than 50 years old from the labour market. An implicit imposition for cessation of work was actually created. Spanish society perceives those older than 50 as having certain stereotypes. In terms of employment, it is believed that older workers enjoy stability and protection so demanded by the young ones: fixed full time contracts versus temporary contracts, well defined economic benefits versus mobility and flexibility, acquired professional level and various rights versus uncertain and nomadic trajectories. Another aspect of the social image of elder workers is presenting them as opportunists and individualists, more preoccupied with their future pension than the present activity. Their attitudes and behavior represent adjusting themselves for improving payments, choosing the right moment to leave or obtain additional advantages. These perceptions are reflected in the results of SHARE (The Survey of Health, Ageing and Retirement in Europe, 2005), a survey which split up the questioned employees in two groups (workes under and over 50), among those older than 50: Spain is the first with regard to desired resignation age as early as possible with its 67% and Netherlands are the last with 31%, demonstrating the growth tendency from the north to the south of Europe. At the same time, the percentage of enterprises that have developed strategies for maintaining older employees after they reach the retirement age or to recruit new older employees is the lowest in Spain, as a European survey has shown.

Implications for relevant stakeholders

- The evidence suggests that policy makers have to respond to these challenges by producing guidance material; revising legislative provisions and codes of practice and changing the administrative/enforcement practices; such as establishing special workers' compensation premiums for agency labour and targeting areas of non-compliance and inspection protocols. In addition, restructuring must form part of a long-term vision of the development and direction of the economy in order to ensure that the changes really are a way of strengthening its competitiveness.
- NGOs should support older workers in making awareness raising activities. Social partners and employees have to support the preservation of older workers employability and facilitate their transition to another job or to equivalent quality. More specifically employees should safeguard the health and wellbeing of their workers when undergoing restructuring or downsizing. Along these lines, there is a need to identify best practices, draw research and policy attention on stress and well-being of older workers undergoing restructuring processes. Thanks to the support of trade unions and workers' representatives committees, both at national, local and enterprise level, organizational changes, should be also accompanied by transparency and information campaigns.

Recommendations

Recommendations are targeted at social partners, policy makers, practitioners and companies to improve health and safety and employability of older workers and social benefits for companies, in terms of productivity:

- studies on health risks in the workplace;
- organisational health reports and working groups on health;
- the use of health experts to provide support in organizational terms;
- employee surveys;
- employee participation and education;
- regular health checks;
- training supervisors and key workers in health management techniques;
- ergonomic workplace (re)design;
- preventive redeployment;
- health-promoting working time arrangements;
- training promoting forms of contractual relationships targeted at over 50 workers;

Recommendations

- preventing, managing and/or mitigating stress at work and related psycho-social issues (as a consequence of restructuring);
- rethinking the organisation of work, the division of tasks, and the use and availability of information technology;
- adapting working time schedules;
- providing adequate training;
- informing and consulting workers prior to a restructuring process;
- providing individual support such as coaching or mentoring;
- foster research and policy advice on work-related stress;
- support the implementation of the European Framework agreement on work-related stress.