



Employment and labour market policies for an ageing workforce and initiatives at the workplace

National overview report: Austria

Part I

Part II

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Part I

1. Main characteristics of the evolution of the company case studies over the last decade (expansion, narrowing, extension, abandonment)

Till today all Austrian company age management projects were triggered and consulted by IBG, a scientific consulting group working since 1993 on this topic and promoting annual conferences and workshops since 1993. IBG is a private consulting company and paid directly by the contracting company. The projects in the case stories started before 2000, long before debates about demographic changes, EU-decisions or new pension law. There were no National Program, no incentives, no EU-directives and no financial support for triggering the companies to start an age management project. The main reasons for the decision for age management were strategic reasons for the companies and institutions: longer maintenance of highly skilful workforce, reducing contra-productive costs, optimising processes, improving knowledge base, increasing attractiveness on labour market.

The main characteristics of the companies and the evolutions in the cases are:

- Strategic leadership and a view on HR as a strategic resource. Awareness for HR-development. Sustainable development of workforce was seen as precondition to reach the strategic goals today and in future.
- In the majority of the cases the age management projects were decided by the management on behalf of economic reasons.
- In all cases the managers are characterised by an innovative history. All these managers were leaders of complex and fundamental reorganisations, both in industry or in hospitals. They were used to carry out evolutionary reorganisations by participation of staff and in agreement with works council.
- In almost all company cases there is a history of good cooperation between management and works council. A co-leadership of the age management project emerged as one main reason for a good evolution of the project.
- The change of HR-policy from downsizing to maintenance demands from the works council to change their policy and their attitudes towards work, aging and retirement.
- All company cases started with theoretical and scientific lessons about ageing and work. This scientific knowledge was necessary to change the attitudes, to get interested in age management and to understand the diversity approach as one pathway to productivity and wellbeing. These scientific lectures opened the eyes for productive potentials and opened the minds for co-leadership.
- The will of management, shareholders and works council for age management were decisive for the evolution of these projects.
- Analyses by age profiling, age prognoses, cost prognoses, SWOT or strategic HR-analyses proved as very relevant for the progress and success of the age project because of achieving a rationale concept and a shared vision.
- It was important that management as well as works council considered cultural and organisational changes as relevant domains of change.
- The measures should be developed participatory, by integration of employees and superiors, of internal and external experts.
- Evaluations emerged as very supportive in these projects.
- An external image gain by the age project supported the process, so external and internal communication proved as relevant.

2. What are the main impacts of measures/initiatives at the company level (e.g. benefits to older workers and benefits to employers, any unintended consequences)?

As far as the age management process in a company were carried out by management and works council in a competent co-leadership the impact of measures were beneficial for all sides. Age diversity carries a strategic win-win-potential which will be realised by excellent process management and responsible attitudes in all key players.

On level of employees the improvements were seen in life quality, work ability and meaningfulness, competence and well-being/health (less stress-levels, conflicts and decrease in sickness absence rates). This enrichment was based on recognition and higher self-esteem for older workers, on increase of chances for learning and participation in training by decrease of age barriers. Less stress was result of higher sensitivity for differences among generations and increase of participation. Reduction of early retirement or thoughts on early retirement and deepening of commitment were common results in the Austrian cases.

The benefits on company level were visible as increase of productivity and process quality by less failures or breaks or replacement as well as participation in work redesign. The age projects reinvented HRM-culture and structures after periods or downsizing (or were a result of highly developed HRM-standards). In all cases a new quality in cooperation between management and works council were seen. By communication means in almost every case an external image gain in clients, labour market and finance market were achieved.

In companies where age projects were handled as incentives and rehabilitation or were accompanied by conflicts within management and social partners they failed soon. Conflicts arose in projects when the benefit is not visible or unfair shared.

Unintended consequences were observed in the early cases, where the focus concentrated on older workforce, and less on the prime age structures. So the older employees get trained and well prepared for a new way of working, but the work remained in the old way.

Another consequence of the aged-focus was an implicit devaluation of the young and middle generation. This induced jealousy and conflicts, because every reorganisation for older workers carries an impact on other workers. So resistance arose by this aged-focus. And the managers were resistant to aged-projects, because of this conflicts and lack of attractiveness.

3. Driving forces for implementing good practice at the company level (Please make special reference to the influence of public policy, e.g. legislation or financial incentives, and collective agreements – at national, sectoral or company level – if applicable)

The case companies started their age management projects before 2000, long before Stockholm, Barcelona and the new pension law. There were no National Program, no incentives, no EU-directives and no financial support for triggering the companies to start an age management project. At this time the main reasons for companies and institutions to start age management were strategic reasons: longer maintenance of highly skilful workforce, reducing contra-productive costs, optimising processes, improving knowledge base, increasing attractiveness on labour market:

- In the Polyfelt case the annual MbO-procedure was the initial point for the age management project. The MbO-process is derived of the company strategy. The goals of the MbO-process were to define the personal contribution to the company goals by every employee regard less of age or function, and to evaluate the personal needs to achieve these goals. This 100% HRM approach includes every employee and at the end of the annual process the management knows the needs and the investment in every age group to reach the objectives.

- In the voestalpine case the analyses were the lever to shift the age management on a strategic level. The prognoses of age profile, of retirement turn over, the calculations of costs of opportunity of sickness absence and retirement costs supported the top-management to understand the strategic potential of a generation balance and attractiveness on labour market. In the qualitative analyses the quality of processes were elaborated as critical success factor in automotive industry and quality management is a social ritual framing competent dialogue. A rapid turn over of a high proportion of older and experienced workers is a risk for quality and a risk for productivity.
- In the change process of Post Branch Network towards a private shop company the experienced employees were seen as experts for identifying and realising market potentials. To maintain them (motivated) was a strategic issue for a successful change process.

Other reasons were to save the knowledge base and social capital. A driving force was the revaluation of the status of HR-managers, because the era of downsizing downsized the status of HR-managers as well; under conditions of external and internal demographic change the HR-management carries a strategic impact and boost the job content as well as the social status of HR-managers.

The trade unions promoted the age issue because they understand more and more that human sustainability at work means need continuous improvement of working conditions for every age group. Many representatives of trade unions supported Productive Ageing projects, because these projects helped them to overwhelm their early retirement policy.

The pension reform was a catalyst for age management, because it forces the managers to organise economic growth with a high proportion of older employees. The pension reform made clear that the golden handshake will end.

4. Which characteristics of particularly successful measures/policies can you provide? (Please provide short exemplary description of individual cases)

It proofed as essential to start the age management process with an scientific input about human work ability and ageing. The issue of age management need a deep change of attitudes towards life and work. This scientific focus is the bases to develop a productive process vision, which makes the win-win-potential visible. This knowledge helps to develop successful measures for diversity and sustainability. The scientific lessons on Productive Ageing, a theoretical framework developed by IBG, were the origin of all our cases.

To achieve age-adjusted and sustainable workplaces the age management measures have to create flexibility on three pathways (IBG-model):

- Decrease of psychobiological heaviness of work with age (work ability)
- Increase of social-professional complexity of tasks with age (work interest)
- Maintaining social inclusion and involvement in work and in company future (co-work, social inclusion)

Some examples for the character of successful measures based on this Productive Ageing Strategy:

- In Polyfelt decrease of night work improve private-work-balance and regeneration as basis to maintain resources and interest for knowledge management. The handbook training and the development of trainings for younger ones reduced the physical demands for older workers and increased meaningful challenge and deeper involvement between generations.

- LIFE Formula 33 in voestalpine should sustain personal competence building in every age group. This Formula 33 permitted older workers a reduction of physical workload for more time for personal and professional evolution. Evolutionary dynamics are the basis for work ability and interest.
- The merging of single workplaces to teams and the dual management of organisational units decreased stressors and offered professional dialogue and support between colleagues and generations.
- The participatory development by competent cooperation of internal experts (employees, superiors) and external experts is one condition for successful design and implementation of measures. The definitive commitment of management is fundamental.
- The Human Work Index (IBG) proved in the cases to be a scientific and valid indicator for human sustainability and sustainable productivity.

5. Which key lessons can be drawn from implementing measures and initiatives cases (e.g. role of actors, main reasons for success or failure, innovative features)

Private companies and public institutions are not responsible for solving problems in pension system or demography. Companies and institutions have the purpose to serve the needs of clients and citizens in the best way for shareholders, employees and clients. If an age-management program is dedicated to these objectives in vision, analyses, measures and goals, it will be accepted by management. When a management intends sustainable performance than maintenance of experienced workers or flexibility for 3 generations are accepted management goals. No managers are interested in age management initiatives because of pension problems.

All key players prefer generation management programs instead of age management programs or even aged programs. So it is easier to implement a generation management than an initiative for older workers only.

Age problems in companies emerged always as results of social exclusion by structures and culture of a Prime Age Company. The three decades of early retirement policy developed a self-fulfilling prophecy (SFFP) by which all groups are structured on early retirement. The managers, the trade unionists, the physicians, the superior and partly the employees. So the problem is not the age of workforce, but the age of the company and the SFFP. A good age management project is not to be an aged management project.

The downsizing of HR resulted in a downsizing of HRM – in culture, methods, groups and structures. Age management demands reinvention of HRM and establishing 100% HRM – for all age groups, social group and gender.

Co-leadership and win-win-policy are fundamental for a successful process. The co-leadership is based on analyses, particularly by the Human Work Index validated for human sustainability and sustainable productivity. The HWI evaluates the age management-process from a win-win-view and offers a communication knot for steering the process.

But the basic of all is the general vision of an age management process. Work ability is not enough. Maintenance at work is based on ability AND willingness AND permission of older employees to maintain at work. Optional mechanisms and generation specific means are important to reduce stress and increase meaning in work life.

6. What are future issues concerning age-management raised at company level? (problems not resolved in individual companies so far, challenges faced etc.)

Age management is the first step to focus on human sustainability over a working life course, the first step towards a 3-Generation-Company. Indicators for human sustainability must get defined, certified and integrated in personal controlling systems; movements like CSR support this integration; the investment in people and the effects on productivity must be visible and measurable added to the company value.

Age management is one pathway towards 100% HRM and equality by respect for diversity. The experiences in gender diversity and multiethnic/international team development are source for age management competence.

The Human Work Index (IBG) proofed in the cases to be a scientific and valid indicator for human sustainability and sustainable productivity, which carries prognostic potentials on the basis of 35.000 personal assessments over 15 years.

I. Perception of demographic/labour market issues in national policy over the last decade and development of national policy concerning an ageing workforce (employment policies incl. legislation, pension reform etc. and influences of EU-policies/programmes)

Demographic Changes

In 2004 the population of Austria counts more than 8.174.733 Mio. inhabitants (48% male, 52% female). It is expected, that the number will decrease to 7.6 Mio. in 2030 (ÖSTAT1). The population within the working age 15 till 64 counts 5.4 Mio. and by an employment rate of 68,5% there are 3.7 Mio. inhabitants employed. The WIFO (Institute for Economic Research) and Statistik Austria prognose an increase of employed persons between 2001 till 2011 of 5.8% (220.000 persons) and after 2011 till 2031 a decline of 4% (162.000 persons) is expected. In 2020 the exits from working life will be higher than those of entry. The proportion of female in employed workforce will increase from 43.1% in 2001 to 45.9% in 2031. The average age of the Austrian population will rise.

Labour Market Issues

Since the seventies Austria keeps one of the lowest unemployment rates in the EU, and one of the lowest early retirement age in the EU. Both facts are connected. Early retirement of older employees was an accepted political measure to prevent unemployment and an economic measure to reduce personal costs over decades of fundamental reorganisation in companies.

This early retirement policy reduced the proportion of workers over 55 in the workforce to a very low level; even today the participation rate is beneath 30%. These development supported misjudgements about ageing and work ability and hindered companies to learn how to adapt their structures to achieve best results in every age group. Early retirement developed to a standard in finishing working life, supported by all social partners.

In the nineties awareness of demographic changes and pension problems activated critics, but the early retirement behaviour was continued “to prevent” unemployment of young people. Very rare awareness was spent for the ageing of workforce and the necessity of age adjustment of working conditions and company cultures. 1993 IBG organised the first political platform to discuss this issue and to initiate a National Program for Age-Conform Work. Annual conferences on Productive Ageing were supported by the Ministers for Health or Social Affairs, by the Trade Unions or Chamber of Employers, but a national program was not released till today.

Interestingly, some Labour Market Service (LMS) measures against unemployment proofed to support age management:

1. Part-time pensions model (Altersteilzeit): The labour market service is financing 25% of salary and full pension fee for employees reducing weekly working time for 50% starting five years before regular early retirement. The political goal was to create workplaces for unemployed persons by earlier early retirement! This 50% reduction of working time could be taken in 2 models, one of them with high relevance for age management initiatives:

- bloc-solution: 2.5 years fulltime work and 2.5 years earlier out of work (pure earlier early retirement)
- soft-solution: 5 years working half weekly working time (reduction of working time reduces work effort and increases productivity in time)

2. Solidarity Premium Model: A team reduces weekly working time for 20% with full salary for two years, when new workers were employed according to the 20% time reduction. The LMS is sponsoring the salary.

Both measures support age management, because they decrease psychobiological demands and weekly working time for older employees in a financially attractive way (if new workers were employed). But both measures were implemented for age-conform work design rarely. Only the bloc-model of part-time-pensions-model was a runner, but this is not age management and was used to get older workers earlier out of work (and to close this workplace).

In the political debates the sustainability of pension systems got focussed more and more. Early retirement got more evident as not sustainable mean. The EU-resolutions of Stockholm and Barcelona set a frame for action to prevent early retirement. But these resolutions remained a secret in the public policy till 2004. This big change from early retirement to longer maintenance at work was easier for employers and managers, than for employees and trade unions.

From 2000 the new Austrian government started a reform of the pension system to mark up retirement age. The new pension law makes early retirement more difficult and financially unattractive. This pension law was implemented 2002.

This pension reform forces to keep older workers longer at work, but no national initiative was released for an age-conform reorganisation of workplaces. So the pension reform carried a risk to increase stress and health strains for older worker or a risk to get unemployed instead of retired. This pension law treated the social groups differently: For employees in private business the barriers for early retirement were increased immediately, but for clerks in public institutions in years.

The trade unions refused this pension reform and organised the greatest political campaign since 1950. A national initiative for an age-adjusted reorganisation of working conditions was not ranked at the top of their objectives as well. To improve working conditions and to maintain work ability in older workers for a longer, productive and healthy working life were at this time difficult claims for trade unions.

In the meanwhile, age management projects of companies consulted by IBG developed to Models of Good Practice. IBG started 1993 with the first international conference about older workforce and health promotion. Annual age-conferences by IBG, mainly supported by ministers, trade unions and employer associations established the issue in the public political debate. Progressive managers and trade unionist engaged IBG for consultancy and coaching. 1996 the first Austrian age management project started in Girocredit, 1997 in Agrolinz Melamin and KAV, 1998 in Polyfelt. Companies like Polyfelt, Agromelamin, Girocredit encouraged by evaluated win-win-processes other managers and trade unions (OECD-report "Employment policies for an Ageing Workforce – Austria" 2005). In 2001 the leading institutions of the social partners, the Chamber of Industry and the Chamber of Labour, agreed to accelerate this process by an internet-consulting service <http://www.arbeitundalter.at> created by IBG (healt@work). This website (2002) and the start of LIFE-program in voestalpine (2001) pushed a positive vision concerning ageing workforce. The government and the trade unions started to refer their policy to these models as strategic pathway and exit out of deep social conflicts. So at the end it seems like a broad national initiative, comparable with the Finnish national program, but in the core it was a private national initiative.

A comprehensive and public national program was not decided. A lot of conferences delivered useful perspectives and encouraged more companies and institutions to start with age management. Till today the topic of ageing workforce developed to a major topic in management and HRM discussions.

Supportive measures for this development were:

- Financial benefits for companies engaging older workers
- Increased financial support for investments in employability of older workers by LMS. This financial support was embedded in the esf-fund.

More public institutions opened their funds for age-projects. Awards for age management projects were established by several ministers. The consideration of ageing workforce changed from problem-focus to solution-focus.

II. Relevant actions of social partners and other key actors: Policies and practices

The most relevant impact emerges from the pension reform. The new pension law caused a small increase of average retirement age. But the main effect was a change in the focus of managements and HRMs towards older employees: more companies started with age management projects, because they expect that more and older workers will remain longer in the company and the golden handshakes are not applicable any more. Many employers agreed to the new pension policy, because prevention of early retirement reduces recruitment costs and copes with lack of workforce.

Supportive measures for this development were:

- Financial benefits for companies engaging older workers
- Increased financial support for company investments in employability of their older workers by LMS. This financial support was part of the esf-fund.

The political actions are mainly carried out by the social partners and less by the government (website <http://www.arbeitundalter.at>). The government representatives concentrate on conferences and awards on the one side, but act contradictory on the other side. The availability of the part-time-pension-model was reduced by a modification of this law, because it developed “too successful”. There is a conflict within the government about a modification of the pension law, to ease retirement for professions with very heavy work load. This modification, demanded strongly by the trade unions and resisted by the employers’ institutions, will not be finished this year as predicted.

So the OECD-report 2005 on Austria concerning the policy towards ageing workforce acknowledges the change of attitudes of policy makers, but for the OECD it “appears to be changing very slowly”. The OECD criticizes that only 33% of age group 55–64 participate in the labour market. In the moment it seems very unlikely to accomplish the Barcelona and Stockholm goals.

The social partners decided in several collective agreements between employers and trade unions the implementation of health measures, occupational health promotion or personal development (e.g. chemical industry). The paper and pulp industry started a branch program on health management by implementing the Human Work Index (<http://www.ibg.co.at>). In the treaties for collective agreements one trade union focus’ on working time reduction instead of salary increase, which helps the managers to start new age management projects.

Based on the EU-program EQUAL and the Territorial Development Plans in all counties age management campaigns with pilot projects in SMEs were started October 2005. SME traditionally keep older employees and they have not such a history of early retirement. These campaigns are represented by the social partners and the regional labour market institutions.

III. Status of the issue of older workers in current policy and public debates – identification of future issues

The Austrian policy is focussed on aggravation of early retirement and on communication of age management model projects in companies. But no national program to support age-conform reorganisation in companies directly to maintain elderly workers longer at work is launched, neither by government, nor by pension funds. The EU-goals of Stockholm or Barcelona are not discussed as important goals and the slight increase of average age of early retirement is result of the law, which set early retirement age 1.5 years higher. The current policy is to spend awards for models of age management. To prevent a demographic lack of workforce in future, migration is seen more important than developing sustainable workplaces.

The goal of human sustainability at work is focussed more by the companies and less by public institutions. An active role take the employers association, the HR-management associations and the trade unions by promoting training, information, education and discussions for generation management. On company level the interest and the number of age diversity program increase. It emerged as useful to broaden the focus from older workforce to three generation-focus, because the problems of older workers of today will get the problems for younger workers tomorrow and the implementation of better working conditions will affect every generation. It is easier for management and works council to promote programs for all generations than only for the older workers.

The pension law will get redefined to recognise long term heavy workload during working life as reason for an earlier retirement without loss of money.

The issue of a sustainable development of the workforce of a company gets new meaning by the finance market. The EU guideline Basel 2 for risk management of debts, the new trend for CSR-program or HRM-assessments like Investing in People (IIP) increase the importance of managing human sustainability at work for maintenance and productivity of older workforce.

Author: Rudolf Karazman, IBG Institut für Humanökologische Unternehmensführung Wirtschaftsuniversität Wien, Vienna

Project management: Institute of Gerontology at the University of Dortmund