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HEALTHY AGING: RETIREMENT AND EARLY RETIREMENT – ORGANIZATIONS AND HUMAN RESOURCE MANAGEMENT –

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Abstract

Healthy aging is a global challenge that concerns everyone in particular. Demographic changes and the decrease of working population have motivated – in decision makers, managers, and society in general – the need to promote health strategies to improve the quality of life, increase the participation of workers, prevent occupational diseases and accidents, promote healthy lifestyles and maintain the balance between different aspects of life: personal, professional and social.

Retirement is now a late choice: people have more years of active life and it is important that human resource management reflects that reality. Good practice around the world has given us evidence that modelling work according to the characteristics of the population benefits both employers and employees.

The European Foundation for the Improvement of Living and Working Conditions and The World Health Organization, among other institutions, analyse and regularly publish evidence about aging management models based on: non-discriminatory recruiting; career progression and incentives; phased retirement in line with health and well-being; education, training and development opportunities; leadership; and no communication barriers, as the best answer for employers and workforce. These tools have significant benefits for socio-economic evolution: they do not just increase productivity but also improve physical and mental work capacity,

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decrease absence due to sickness, and promote the needed stability between all factors of life of those involved.

Keywords: Healthy aging; Retirement and Pre-retirement; Age management.

Introduction

The European Parliament proposed the year 2012 as “The European Year of Active Ageing”. The concept of Active Aging, strongly linked to the World Health Organization (WHO), appeared in the Second United Nations Assembly held in Madrid in April 2002 and encourages the creation of optimizing opportunities for health process, participation and security with the aim of increasing the quality of life, autonomy and independence in aging (OMS, 2005, p. 14).

In 2007 in order to emphasize, give coherence and link other concepts associated with aging and promote the dissemination of good practices in this issue, the Swedish National Institute for Public Health (SNIPH) presented the project Healthy Aging: a Challenge for Europe. This document enhances the need to act in a wider way in promoting healthy aging, as the demographic characteristics will only change with difficulty, and it focuses on ten points fundamental topics considered key in the implementation of strategies: retirement and early retirement, social capital, mental health, environment, nutrition, physical activity, injury prevention, substance misuse (minimizing the consumption of tobacco and alcohol), use of medication and associated problems, and preventive health services (SNIPH, 2007).

The present paper has as its subject the issue of retirement and pre-retirement and intends to address the objectives defined in the Healthy Aging project, its implementation and results, the best intervention strategies in health promotion in this area and if possible, the demystification that the elderly person is a mere consumer of resources. On the contrary it is the responsibility of each one of us “... *recognize and value the different contributions of older people to society in general (...) the*

intellectual and artistic creativity and innovativeness , the transmission of values and experiences and more” (EU, 2011, p. 2).

This literature review will focus on: the increased participation of older workers and the quality of their life using new concepts of management; the maintenance of balance between personal resources and professional demands, with no tolerance of age discrimination; the prevention of disease in the workplace, promoting healthy lifestyles and prevention of stress in the transition from work to retirement.

Aging of the workforce

Population aging is a fact. It is estimated that in 2050, 37% of the population will be more than 60 years old (EU, 2010) and today the ratio between workers and those in retirement is 1 to 2 [Portuguese Observatory of Good Labour Practices (OPBPL), 2010]. We are observing a strangulation of workforce age groups caused by a decrease in the number of people between 35 and 45 years old and a dramatic increase in the number of people between 60 and 70 years old who are either retired or in a pre-retirement situation. We are now witnessing a mass departure to a retired status by the generation of Baby Boomers, which is considered a very significant impact not only for its historic relevance but now also economic. This scenario challenges workers, businesses and the whole of society, particularly various social systems. The impact on workers of the impossibility of socio-economic and political management of this problem is very relevant. The increase in life expectancy, declining birth rates, the low number of workers and the increasing number of retirees leads to a decrease in production of goods and services, reduces economic growth, reduces contributions, and increases the possibility of misfit retirement aggravated by the inequitable distribution of financial resources and accessibility. This last point and the possible inadequacy of individuals often lead to isolation, a lack of active participation in the community, social exclusion, sedentary lifestyles that in turn foment disease and more health care costs due to the decline

of physical and mental potential and the growth of poverty and homelessness [Society for Occupational Environmental Health (SOEH), 2009].

States have outlined strategies to control the negative weight that this scenario holds for the future economy, competitive and prosperous, objectives/goals that depend crucially on the full utilization of capacity of labour resources of individuals. Employment policies drawn up for Europe by 2020 aim to increase the working population between 20 and 64 years of age from 69% to at least 75%, through the greater involvement of women, older workers and greater integration of immigrants (EU, 2010).

In an attempt to reduce the burden of social reform on the state, there has been a revolution in general, mainly from social security systems, with the increase of working time (Portugal, Germany, Denmark, Iceland, Norway, United Kingdom and United States), the disincentive / cut / penalty in the benefits of earlier retirement (Austria, Finland, France, Germany, Italy, Sweden and Portugal), the redefinition of the pension calculation including the year of reference (Finland, Portugal, Poland, Sweden), the use of private investment as a way to guarantee the same levels of income, related, in some cases, to the rule in previous years (Australia, Canada, Ireland), an increase in the amount of contributions (France and Sweden), monetary incentives for later retirement (Spain and UK), encouraging the creation of private accounts as a guarantee of funds for individual gains instead of government expenditure (Hungary, Mexico, Poland, Sweden) and economic manoeuvres, the level indexing factor calculation [Organization of Economic Cooperation and Development (OECD), 2008].

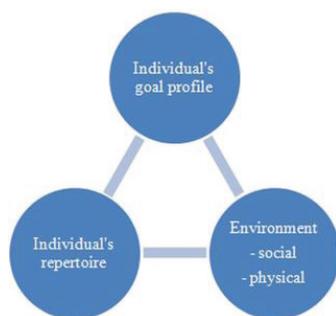


Figure 37: The balance between capacity, goals and environment
Source: Heikkinen (2006, cit. by SNIPH, 2007).

These reforms, significant from the economic point of view, have shown a reduced capacity due to lack of connection with others: health care reform and training of professionals and those who work with the elderly; an adequate access to technology; equity between socio-economic groups; and the need to break discriminatory behaviour against the elderly, acceptance or culture change are shown as best strategies for health promotion (SNIPH, 2007). The Healthy Aging project addresses a Finnish project promoted by the government in place since 1998 based on the holistic concept of work capacity. It aims to increase the years of work and retention of professional knowledge and skills. The goal of this project is the balance of resources and work capacity of individuals, education and skills and values and attitudes, work environment and the community and the requirements of the organization. It enhances the ability to work on three levels: first - health, physical capacity, psychological and social; the second - skills and professional knowledge; the third - values, attitudes and motivation; and finally the fourth represents work and related factors. The conclusions of eleven years implementing these principles were that 60% of people with over 45 years of work maintained a good or excellent capacity for the job, in 30% there was a decrease and in 10% this capacity increased.

The balance, shown in figure 37 (SNIPH, 2007, p. 6) was also found in other case studies. Evidence in this project points to the need for Europe to manage the workplace, environment, tasks, schedules, supervision and discrimination, and the need for regulations to tighten the limits of risk exposure for older workers and reduce physical requirements and stress.

Social measures identified as urgent were a change in the attitudes of colleagues, managers and even systems for flexible work arrangements, to guarantee learning / training throughout life, and the development of programs that support an active life that promotes health and reduces the impact of retirement.

In the United States, the shock of serious economic crisis led to a rethink in all sectors of society; people are working more and more until later, the number of active older people has increased, people live longer and are pressed by the economy that impels them to work to keep their

retirement plans. Employers are beginning to see this as an advantage, the workforce is greater and is available to attend to a demand for more experienced workers. Their loss, for different reasons, has been very significant costs of replacement, the process of recruiting and hiring, education, training and medical expenses that companies are trying to avoid. The retention in employment of workers increases contributions to the state, and decreases dependence (SOEH, 2009).

Age management

Georges Liarakapis, president of CEC European Managers, said at the symposium *“Active Aging in Banking” that: The financial crisis wiped out the gains of the last ten years in terms of employment (...), companies have invested in the expertise of their staff (...) aging stops conversion and mobility.*” In turn, Rui Semedo - CEO of the Popular Bank in Portugal has strengthened the idea that *“the banks are back to top – there will be more banks, making deposits, loans, savings - and to return to the beginning you have to call the oldest.”* Also in this meeting, Jens T. Thau (Director of the Association of German Industry) highlighted aspects that can make professionals keep their job longer *“Attractiveness is the key word (...) greater flexibility to combine work and private life. (...) Working from home, reduced schedules, creating part-time options (...) instead of the very tempting price proposals for retirement”* (cited by OPBPL, 2010, p. 6).

The issues raised in the banking market are applicable to other areas of activity. This leads to studies of several models of human resource management, from the structure of scientific management based on specialization driven by Taylor, to Fayol’s General Principles of Management, which are based on division of labour, authority / responsibility, discipline, unity of command, centralization and direction, and the Weber models of rationalism and bureaucracy that we recognize best (in some cases abandonment) in Public Administration (Firmino, 2002). Globalization, competitiveness, the mixture of cultures, defence and economic growth lead us to consider some of the reflections of management models and an

organization that fits the new reality - the need for prolonging working life with health.

The Healthy Aging project (SNIPH, 2007) suggests further research in this area in terms of effectiveness of good practice, a better understanding of the factors affecting this group on the physical level and strengthening policies and employment regulations. This last one relates to the fact that, whether by choice or by necessity, working longer may have other consequences, for example, places where safety and health conditions are disregarded lead to more accidents, more severe and a higher number of days in recovery and the associated probability of death (SOEH, 2009).

Whatever the sector, non-implementation of management strategies capable of meeting the needs of an aging working population will have dramatic consequences (SOEH, 2009), for example:

- Increased competition between companies and labour groups of workers, particularly among younger and older;
- The reduction of workers' skills due to the exit of those more specialized;
- Work requirements that do not correspond to the characteristics and skills of human resources;
- Loss of knowledge;
- Productivity sometimes in peaks;
- Decline or stagnation of markets;
- Decline in health and well-being of workers.

Many of these consequences are exacerbated by the limitations of decision makers in understanding what the demographic changes are. Genuine commitment is essential, particularly the involvement of top management and studies of the specific reality of the organization, the arguments and benefits of change, risk assessment (population and objectives), cost-benefit analysis and indicators of success (Rolland & Luise, 2004, cited by TAEN, 2007, p. 8). Rolland and Luise proposed strategy, leadership, enthusiasm and ability in accordance with the holistic concept of work capacity based on Figure 2 below (TAEN, 2007).

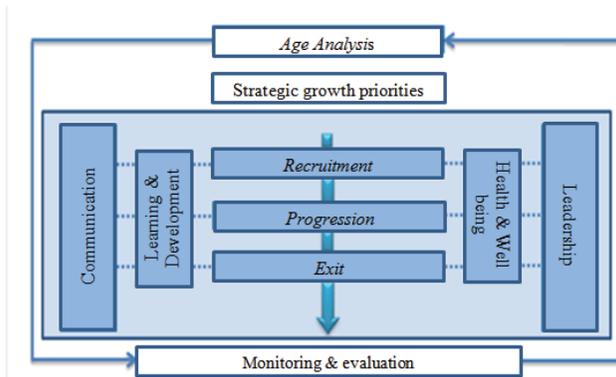


Figure 38: System of Age Management

This concept of Age Management must be a part of the human resource management model in organizations as evidenced in different case studies with positive results (TAEN, 2007 and NISC, 2008).

To meet the increased participation of workers and working time, the maintenance of balance between professional and individual requirements and the prevention of disease and promotion of healthy lifestyles, with the planning of resources focused in the following areas:

- a) Leadership, which must be identified in different careers and industries. Leaders must be “seen” by their peers for recognition and authority;
- b) Recruitment policy, with no exclusions based on race, creed, age, etc. and redeployment opportunities;
- c) Education, training and lifelong education, with specific actions for the older ones;
- d) Professional development of career structure, definition and recognition of skills;
- e) Flexibility in working hours;
- f) Protecting and promoting the health and development of ergonomic workplaces;
- g) Exit and transition to retirement. Planning time and investment;
- h) Comprehensive approach: “drawing up” the work life, fitting in private life and social objectives and characteristics of people and communities where it operates.

Good practice in human resource age management

By the year 2060 predictions are that about 30% of the EU population will be aged 65 + (APE, CR, EC, 2011). This literature review is based on the analyses of the 205 Good Practices on the theme from the Eurofound database. The Good Practices referred to are the result of the human resource management strategies of these organizations.

Their example is focused and not just as a way to reach a longer working life or a way to sustain social systems from an economic point of view⁴⁶. Each report in the database focuses on the initiatives towards an age management policy and the criteria used by those who wrote the reports do not obey the norms of an investigation paper. In these analyses we tried to exemplify some of the actions that can be made towards the promotion of health of the workforce, particularly in advanced age, by underlining 12 topics that applied either in combination or isolation, showed an ability to meet the balance between those involved: workforce, employers and society (figure 37).

Comprehensive approach: As an integrated vision, organizations promote a management system based on Age Conscious reorganization with leading strategies and motivation. A comprehensive approach looks for participation and cooperation; people are called upon to say what their needs are and what contribution may they offer. A comprehensive approach applies the scheme in figure 38; it involves personal work with each employee and in practice can be implemented through actions such as those described in the following topics.

Changing attitudes: Engagement and co-working reduces discrimination, promotes knowledge exchange and confidence. Diversity and positive work atmosphere promotes equity.

Flexible working practices: Reorganization of working hours may be a response to the needs of the worker, combining the schedules of household work or just with the reorganization of personal life. In another aspect, flexibility can also be seen as an approach to retirement as an

⁴⁶ Can be found at: www.eurofound.europa.eu/areas/populationandsociety/

adaptation to a new way of life, a time to rethink. Flexibility is often considered a tool against the employee, but flexibility addressed in the Practice is not an economic manoeuvre; on the contrary, it is a set of needs. Flexibility can be understood as a solution for part-time work or as an adjustment of tasks in the areas of competence.

Training and development: Training and development is the best organizational policy to improve human resource management. For learning opportunities and exchange of knowledge, the most recognized form of training to break the stigma long associated with older workers is tutor-learner experiences carried out not only in Europe but also in Australia and the United States, usually by creating protocols with educational institutions and companies. Younger workers teach new technologies and languages, the older teach experience, competence, accuracy and resilience. Skills development is also a tool that allows companies to adapt to the movement of markets, not only to adapt techniques but their human resources that are much more able to cope with changes. The training will also respond to personal inadequacies, including changes in the workplace, for example in a situation of disability. Training and development of internal resources instead of education in situations of hiring/firing is economically more advantageous for companies. We condemn the often negative attitude that workers' advanced age does not justify the company's investment in their training. Evidence shows that motivation and recognition promote collaboration, prevent stress and may even increase years of work.

Recruitment: The recruitment policy should be non-discriminatory. The exclusion for reasons of age, sex, religion, race, etc. should be abolished. With specific regard to age, the organizations studied show lower costs in hiring people with older age, the competition between workers is lower and the balance goes to the sustainability of society.

Redeployment: Often misunderstood either by employers or by decision makers, the mobility described here aims to adapt the worker between departments or between companies of the same organization for geographical or other approaches, not as a job loss option or even a temporary loss of worker's rights.

Ergonomics: Seen as one of the aspects of safety and health, ergonomics is the area of intervention for the adaptation of work to men. We live not only in an era of liberalization of labour migration, that leads us to adjust physical and also socio-cultural characteristics. On the other hand, an aging workforce requires that we adjust the tasks, equipment, jobs to this reality.

Health and well-being: Health and well-being go beyond the obligations of the organization related to safety and health regulations, or not. Health should be promoted via the development of measures that seek to promote healthy lifestyles. This is perhaps inseparable from the politics of safety and health, as we cannot implement healthy lifestyles in a organization that, for example, has a polluted work atmosphere! Strategies for health promotion are those focused on nutrition, exercise, reducing the consumption of psychoactive substances, and dealing with stress, among others that should be organized regularly with evaluation mechanisms integrated and ideally, should seek the involvement of the community in which they live.

“Wage policy”: The structure and development of careers, career progression and salary incentives remain the most accepted forms of recognition for workers. A coherent evaluation scheme that rewards skill is used in many companies. In addition to the wage progressions and rewards are other means of recognition, for instance, rewards for holidays, compensation days, discounts in gyms, etc.

Exit policy: Today we are discussing the inadequacy of people to their new life in a retired status, the absence of the peer group, routines, fixed tasks and uncertainty in the occupation of time often leads to despair, loneliness and isolation. While still in work, organizations can collaborate through a program of organization of time that enables the worker to rethink their future occupation, can collaborate in the planning of that occupation, the creation of financial retirement plans, investment and a new way of working. Many workers get to retire with perfect condition, looking for action. We have to create awareness and find alternatives to sustain social relations, physical activity, and care with nutrition in order to maintain physical and cognitive function, enhancing the quality of life.

Social dialogue: The social partners, including representatives of workers and unions are a way to meet the needs of the workforce, to centralize the information somehow creating channels and enhancing communication that allows a balance between employers and employees and their governments. Social dialogue is understood as a form of joint effort towards the same goal and not as an assessment of power between the parties.

Government Support: Some states have established policies that meet the social demands that demographic changes call for. The regulation of working conditions and employability, in some cases granting financial subsidies mainly to recruit older workers or people in social exclusion, are initiatives considered essential to the revitalization of the labour market and society.

These organizations report results like the end of age-based discrimination, the increase in retirement age, the decrease of absenteeism and stress, reduced turnover rates, increased knowledge, loyalty and productivity, all of which improve the success of the organization. These results have been referred to in other studies (NISC, 2008; Schmid, 2008; SOEH, 2009; TAEN, 2007).

Conclusion

There are myths associated with aging that it is necessary to fight, especially with regard to health, functionality and ability to work, but age alone is not a determinant of health; there are numerous conditioning factors, including education, lifestyle, physical condition, environment, nutrition and socioeconomic status. These factors are more predictive of health than chronological age.

The United States has discussed the need to overcome the traditional separation between occupational health and health promotion in people and communities. Americans lost 5,890 workers due to death at work in 2006 and in the same year 4,000,000 workers were affected by occupational diseases or industrial accidents, with compensation costs

amounting to 87.6 billion dollars. On the other hand, two chronic diseases (cancer and diabetes) in 2008 accounted for 188 billion dollars in lost work days (National Institute for Occupational Safety and Health, 2009). These numbers demonstrate the importance of balance between the individual, work, environment and community and the need to look to the worker as a partner.

Strategies in human resource management for the reality of aging are evident and have very positive results with an emphasis on quality of life, in maintaining autonomy and independence.

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