Capitalize on mature workers for a better performance: some food for thought

Forum de l’Investissement 11th June 2007
Some brutal facts and figures

- **Air France**: 8600 fifty-year-old people in 2002, 16500 in 2010
- **Pechiney**: 32% of managers are over fifty
- **Renault**: 38% of technicians et 39% of workers are over fifty
- **In France between 40 and 60 000 managers could be lacking each year until 2010** (APEC)
- **Germany will reckon in 2030 70 millions inhabitants against 82 currently** (OECD)
- **Over 65-year-old people will represent 21% of the global population in 2050** (against 10% currently) (UN)
- **In some big banks 60% of workforce is between 40 and 65 year-old**
- **Predictable extension of retirement age**
- **Over 65-year-old people will represent 21% of the global population in 2050** (against 10% currently) (UN)
Share of mature workers in France by industry sectors

Part des salariés âgés de 45 à 54 ans selon la NAF16

- Industrie automobile
- Activités financières
- Energie
- Administration
- Activités immobilières
- Education, santé, action sociale
- Industries des biens d'équipement
- Industries des biens de consommation
- Ensemble
- Transports
- Industries des biens intermédiaires
- Construction
- Services aux particuliers
- Services aux entreprises
- Commerce
- Industries agricoles et alimentaires
- Agriculture, sylviculture, pêche

Source : Insee 2003
Tomorrow, more mature workers and less young employees

Age evolution of working people between 2000 and 2010

Source: Eurostat
**2001 – 2010: France might be lacking 440 000 managers**

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*Source: APEC*
Dilemma for companies

Let them leave VS Keep them

- Expensive
- More and more regulated
- Loss of skills
- Loss of « corporate memory »

- Unequal performance
- Unequal engagement
- Slowing down of access to higher responsibilities and positions for younger people

► Which alternative?
► How to benefit from this population while renewing the positions?
► How to maintain their engagement?
► Must this population be treated separately?
What drives engagement for mature workers in the company?
Engagement over life-cycle in Europe

- Under 20 years of age: 56
- 20 years - 24 years: 49
- 25 years - 34 years: 44
- 35 years - 44 years: 50
- 45 years - 54 years: 57
- 55 years and over: 52

Europe
What drives engagement for mature workers?

**People**
- Senior Leadership
- Managers
- Colleagues

**Remuneration**
- Salary
- Pension and Healthcare

**Work activity**
- Ability to transfer knowledge
- Influence
- Interest of work

**Opportunities**
- Transversal Responsibilities
- Recognition by others

**Organization**
- HR programs and processes

**Quality of work environment**
- Work/life balance
- Physical Working environment
- Health and Safety
Engagement of mature workers is a performance factor
The best employers have high employee engagement rate and high financial performance

- Employers with high employee engagement rate are also employers with higher Total Shareholder Return (TSR).
- TSR = (share price at the end of the period – share price at the beginning of the period) + dividends / share price at the beginning of the period.

Benchmark Averages*

Whole employer
Average TSR = 6.5

Transition zone
25%

Danger zone
0% engagement

Average zone
40%

Best employers zone
60%

Best Employer
Average TSR = 20.2

Danger zone
71%

Transition zone
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A triple challenge

**Attract and engage young talent**
- A differentiating employer promise
- Adapt to the new deal employer/employee
- Develop individual and collective performances
- Develop skills which will contribute to company’s success

**Revamp the Organisation**
- Multi – skills / Empowerment
- Productivity improvement
- Offshoring / Outsourcing

**Develop engagement of mature workers**
- Extend the working life in good conditions
- Maintain the engagement level
- Transfer skills and know-how
- Identify and develop the future teams

Consider “talents” as a whole
Some food for thought (1)

Anticipate:

• To limit the risk of loss of « corporate memory »: knowledge management
• To prepare the departure and the succession of the oldest employees
• To focus on training to decrease the deskilling risk of the oldest

Listen:

• To identify engagement factors
• To match what they want with what the company needs

Segment but not exclude:

• A first segmentation with respect to their life wishes: keep working, slow down, stop, when?
• Embed them in the general system of performance management
• Using the age as a decision criteria of departure may be in some case a confusing message in terms of performance management
Some food for thought (2)

Develop an adapted mix:

- Personalize the answers to the expectations (as for all employees)
- Broaden the reward scope (benefits, healthcare, …)
- Develop Employee Assistance programs (counseling to personal financial management, …): TF1, AGF
- Adapt working hours
  - Individualisation and flexibility of working hours, of the deadline and way of retirement departure
  - Progressive retirement (already including in the collective agreements in Germany)
  - Access to new roles
  - Transversal projects, consulting: SBB, Thalès, …
  - Mentoring up, coaching: formerly Pechiney
By way of conclusion

• Mature workers represent a share of the working population with specific expectations.

• Management of mature workers is about adapting HR rules and integrating this population in the framework of corporate HR policies: performance management, development opportunities,…

• A company, able to keep a high engagement level among its mature workers will benefit from an important competitive advantage:
  — Leadership
  — Transfer of knowledge and experiences
  — Transfer of the corporate values and culture