

Age Management application and its anticipated advantages in the Slovak Republic

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Abstract. Age management is the reaction of the management theory and practice on the trend of the population aging in developed economies, where it already represents established, but not generally applied management area. The introductory part of this article defines basic definitions of the Age management and the following part summarizes justification of the need for the Age management application in the Slovak Republic, using the argumentation based mainly on synthesis of actual and expected demographic evolution and changing population participation of different age groups of population on the labor market. Potential advantages of the Age management application in general terms and also in the Slovak Republic are summarized in the third part of the article. Summarization of presented research outcomes are outlined in its final part.

Keywords: Age Management, Ageing workforce, Demographic trends, Aging population

JEL classification: J140

1. Introduction

One of the most important trends which will, in the next decade, influence the society, economics and individual companies are accelerating demographical changes, including the aging of the population. It is the global changes connected to the increasing age of the population (the potential working force), introduction of generations X and Y to the labor market, but also the position of customers. This creates pressure onto society, so that age management becomes an important part of politics and company processes. It should also create expectations for its adaptation to new challenges.

From the name is apparent that age management concerns the management of human resources and takes into account the age of employees. It also includes creating conditions which look over age on the political and organizational level, but also management of physical and social areas¹. The European agency for Safety and Health at Work defines age management as a discipline referring to multiple dimensions, by which are human resources managed in organisations, with the explicit focus on the aging workforce. More generally, age management means managing the aging workforce through multiple public policies or collective debate². The basic principles of age management according to this source include:

- focus on prevention rather than reactive problem solving,
- focus on the whole duration of work activity and all age groups (not only the older employees),
- a holistic approach including all dimensions contributing to effective age management.

Walker, A. (1999) defines age management as measurements eliminating age barriers and improvements of age diversity. Thus, age management is focused on keeping up the employability and work ability of people in all of their life cycle. The main tools of age management include recruitment and firing of employees, their education and training, personal improvement and work progress, flexible working conditions, ergonomics and appropriate definition of the workload. One could argue that age management shouldn't focus solely on older employees, because the changes implemented on specific age groups can be contra productive: the younger employees could view the preferential treatment of older employees as unfair, and the older employees could feel stigmatized. Therefore, age management should take into account the abilities and needs of all age groups and adjust them to the company's needs.

According to the Ministry of labor, social affairs and family of SR, age management looks over the different dimensions of human resource management, on the level of the organization with a particular focus on appropriate inclusion of all age groups. Also, more generally, on the whole management of the aging population through public policy or collective debate³. According to this source, age management has a holistic, inter-generational and lifelong orientation, while the strategies of age management should be aimed to all age groups of employees.

Closely tied to age management is the concept of work ability. It is one of the examples of supporting taking charge of own aging, which is one of the central concepts of age management. This concept of work ability was defined at the end of the 90s of the 20th century by the Finnish institute FIOH. It highlights that the individual work ability is the result of the relationship between the resources of the individual (health

¹ Cimbáľníková et al. (2012)

² European Agency for Safety and Health at Work (2021)

³ MPSVaR (2017)

and functional capacity, education and competency, values, views and motivation) and their produced work. From past research stems, that work ability changes in the life cycle of the individual, all while with the increasing age has a tendency to decrease. Wallin (2015) defines work ability as a dynamic relationship between resources of the individual and the resources available at the working space.

Because of demographical changes, age management is currently an established tool (in a way also an aim) of management in advanced economics. The application of modern tools of age management has the potential not only to a sustainable economic growth, but also general social cohesion (especially in terms of inter-generational solidarity).

2. Reasons of the necessity of age management application in SR conditions

Despite that the concept of age management is present in foreign literature and business practice for a few decades, in the conditions of SR is the situation drastically different, especially on the practical level. One of the logical reasons for why there wasn't more focus on the concept of age management is most likely the already existing age structure of workforce in the SR. Nowadays, the labor market of SR is dominated by members of the younger and middle-aged generation aged 30 to 44,99. This can be placed in contrast with the EU average, where the biggest group (in groups with age intervals of 5 years) are people aged 50 to 54,99.

For a more complex discussion of demographical age factors that influence the labor market is important to consider also the expected trends and not only the current ones. From the data in Figure 1 it is clear that the population of SR currently belongs to the youngest ones, while also being the fastest aging in terms of the EU. In other words, a fast-aging population will in the near future drastically change the environment of the Slovak labor market. The median for the population of the SR had in the year 2019 a value of 40.6 years, which is the seventh lowest value in the EU. The median for the whole of EU in the year 2019 reached the value of 43.7 years. Comparing it to the year 2009, the median of age has increased by 4 years, which belongs to the highest of values in the EU. Other than the SR, the median has increased between the years 2009 and 2019 by 4 and more years in only five other countries: Ireland (4.1 years), Greece, Latvia (both by 4.2 years), Portugal (4.4 years) and Spain (4.6 years). In Italy, the country with the oldest population of the EU, the median of citizens has increased in the last 10 years by 3.7 years to 46.7 years of age.

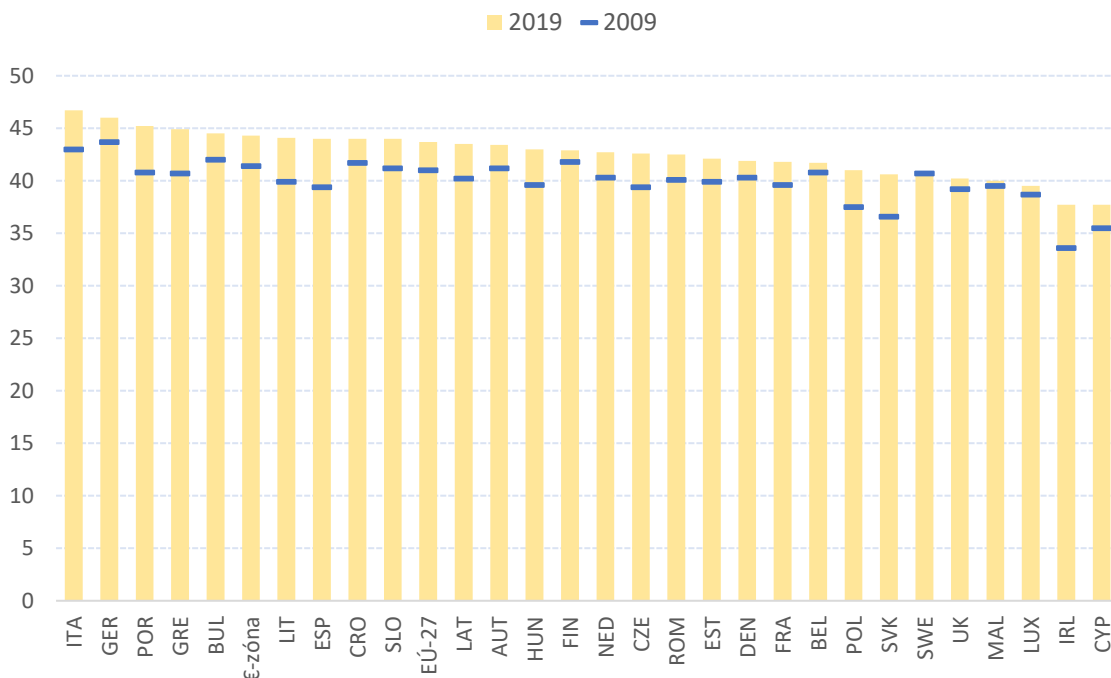


Figure 1: Median of the age of citizens in EU countries, comparison of years 2009 and 2019

From the viewpoint of age management and the prognosis of work offers it is necessary to take into consideration the extent of work participation of each of the age groups, not only the number of members in each. By the synthesis of current and expected demographical evolution and current “formulas” of the changing measures of participation during our life cycle we can conclude that the structure of the whole work offer in the Slovak economics will drastically change in the upcoming decade. This is illustrated in Figure 2. In the year 2030, compared to 2019, the general work offer (in this case defined by the number of people) in the age group ranging from 20 to 44.99 will decrease by 307 thousand members. This is in contrast with the age group from 45 to 59.99, which will increase by 148 thousand members⁴.

Comparing it with the present, the ratio between workers of the younger and older generation will palpably change. The demographical trend of the aging population in the EU has appeared, comparing to the SR, a few decades earlier. Knowing this, the authors Naegelé and Walker concluded in the year 2006 that EU employers shouldn't count on an appropriate offer of young employees⁵. Current demographical trends

⁴ For a more detailed estimate look Stuller (2021)– Demographic development in the Slovak Republic in relation to the Age Management

⁵ Naegelé a Walker (2006)

going on in the SR create an acute need for the application of age management, especially on the levels of the individual, organizational units (companies) and the level of state and public policies. All mentioned levels will have to, in the near future, contribute with appropriate measures of age management for creating appropriate offer of workforce in the entire Slovak economy. This is in the interest of sustaining its functionality and ultimately also its ability of managing competition.

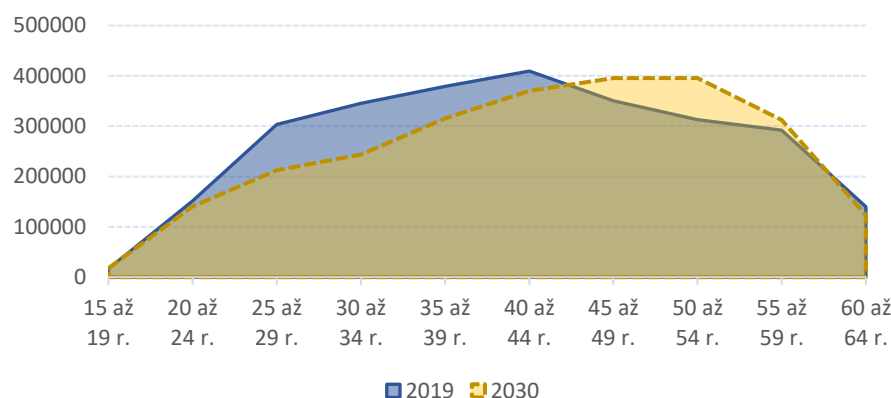


Figure 2: Comparison of current and expected structure of the general work offers in SR from the viewpoint of the age of employees

Note.: the work offers for individual age intervals is calculated as a multiplication product of the number of citizens and the rate of participation in terms of the given age interval

Source: Calculations by Eurostat author

3. Possible benefits of age management application

The application of age management on all of its levels has the potential to bring the following benefits:

- a) **Individual level**, on which age management is concerned by the individual and their work process. It focuses on their viewpoints and interests, with the aim that the individual accepts the reality of a long work journey sooner than aging takes effect. In other words, the aim is the sustainability of a high work ability and motivation of the individual also in older age, especially an effective use of their abilities. The application of age management on the individual level is an opportunity for the participation of the individual in the labour market for as long as possible, all while the key tool of adaptation for everchanging needs of the labour market and also the dispositions of the

individual with increasing age are active precautions in the form of training and education of employees, requalification of the unemployed and so on.

The aim of age management application is sustaining the highest work ability of the individual as possible. This brings the benefits to not only the individual themselves, but also the company, namely by increasing the general work offers and range of employee qualifications. Widely used tool of work ability measurement is the work ability index (WAI)⁶. The items of WAI are shown in Table 1.

Table 1: Items of WAI

ITEM NUMBER	NAME	POINT RANGE
1.	Current work ability compared to the life maximum	0-10
2.	Work ability compared to the expectations of the work position	2-10
3.	Number of illnesses diagnosed by a doctor	1-7
4.	Expected losses in work because of illnesses	1-6
5.	Work inability for the last 12 months	1-5
6.	Own prognosis of work ability for the next two years	1-7
7.	Mental capacity	1-4

Source: Ilmarinen (2007)

WAI brings a whole range of practical implications. We can intuitively conclude that health issues, unhealthy lifestyle, demotivation and stagnation lead to a lower work ability and often premature pension leave. This connection is shown in Figure 3.

⁶ Tuomi et al (1998)

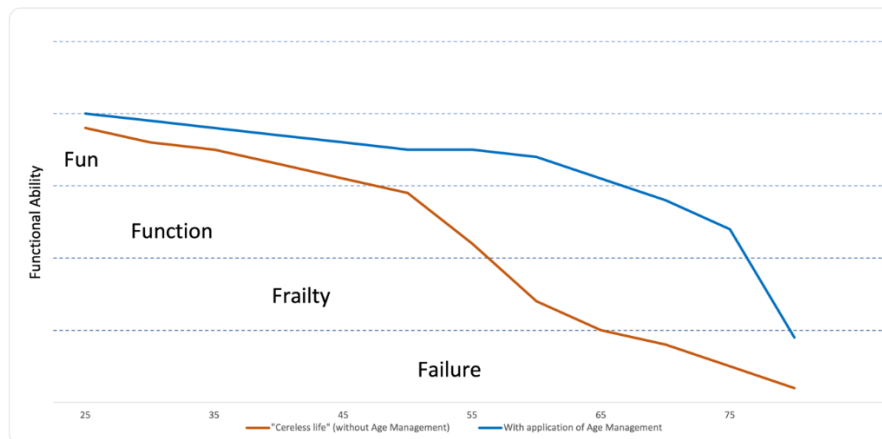


Figure 3: Model example of the connection between the individual and the range of age management application

- b) **Organisational level** focuses on employers as organisational units. The aim of age management on this level is to sustain and develop the human capital of the company as a whole, adjust the competencies and performance of the employees' long term to the needs of the company and work growth. Empirical research has shown that the application of age management on this level could bring a number of benefits:
- Lower fluctuation of employees and stemming from these also lower costs for recruitment and training of employees, leading to higher work productivity.
 - Slower pace of work inability of employees.
 - Higher motivation of employees- if the employees themselves feel more respected and cared for, they usually feel a stronger bond to quality work performance of their tasks.
 - Higher attractivity of the employer and higher degree of employee satisfaction.
 - Effective transfer of know-how between employees of different age generations (for example the transfer of expert soft skill know-how from older to younger employees or transfer of technological know-how from younger to older employees).
 - Age-diversified work team brings many potential benefits (new ideas and views on the problem, sharing of knowledge and experience, more effective problem solving).
 - Building company reputation as an attractive employer, easier recruitment of new employees and better crisis management⁷
 - Maximising the use of existing and dispensable human resources of the company⁸

⁷ Urbancová (2019)

⁸ Naegle a Walker (2006)

- Achieving the competitive advantages of the company regardless of its magnitude and the area in which it stands⁹.

Individual companies and organisations can apply the tools of age management on different scales, while we cannot entirely conclude that there is a consensus of a universal measurement tool for estimating the range of age management application. One of the possible approaches is shown in Figure 4 and it stems from two dimensions of this age management problematics on the organisational level:

1. Stance of the organisation to the phenomenon of aging in general and aging of their employees.
2. Readiness of the organisation to face challenges tied to the aging workforce and individual employees.

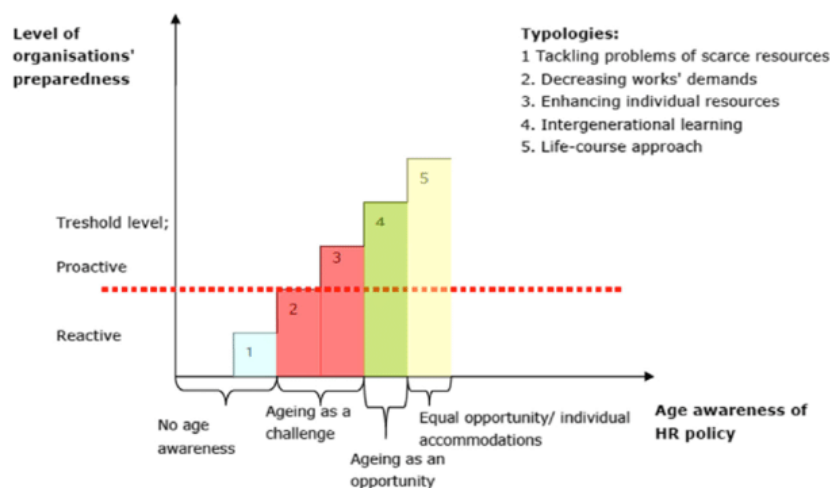


Figure 4: Typology of age management use on the organizational level

c) **Level of state and public policies**, where the aim is to maximise the contribution of all working age generations to the economic and social life. The individual interest of this level lays in the solving of the aging population phenomenon with all of its economic and social risks. Application of age management on this level could bring the company a number of benefits:

- Enough work opportunities for all age categories.
- Growth degree of citizen participation in the labour market, growth of work activity and the general work offer in economics.

⁹ Urbancová et al (2020)

- Increase in the work offer quality by sustaining the work ability of more citizen groups even in higher ages.
- Increase in the sustainability of finances by increasing tax revenue and levies (lower degree of premature pension leaves, lower degree of work inability, lower number of aid recipients that are unemployed).
- Sustainable economic growth and the general social cohesion (especially in terms of international relations).
- Work force with a balanced inclusion of different age groups has the biggest ability to react quickly to everchanging conditions connected to globalisation¹⁰

One of the possible ways to measure the degree of age management application success on the state level is the degree of participation or the degree of employment of different age groups in the labour market¹¹. Connected to age management it's only appropriate to focus on both poles of the age range of the population of appropriate age (youngest and oldest members of the workforce).

Comparing the degree of participation of different age groups in given EU countries is shown in Figure 5. From this comparison we can see clear differences, which can, however, be largely influenced by the different culture traditions and lifestyle choices of each country. But they undoubtedly show the degree of age management application on all of its levels. This is because the data form the whole country is in its way and aggregation (and a showing) of the individual and organisational rules and behavioural formulas. For example, in Croatia, we can see a slightly above average degree of participation in younger generations, while the degree of participation of ages 45 and above is drastically lower compared to the international average. We can see clearly the benefits age management application would bring in Croatia. On the other hand, in Sweden, the degree of participation reaches values above average in all age categories, which demonstrates successful age management application.

¹⁰ Naegele a Walker (2006)

¹¹ Connected to the aging population, the EU has established the aim of degree of older people employability at the beginning of the millennium.

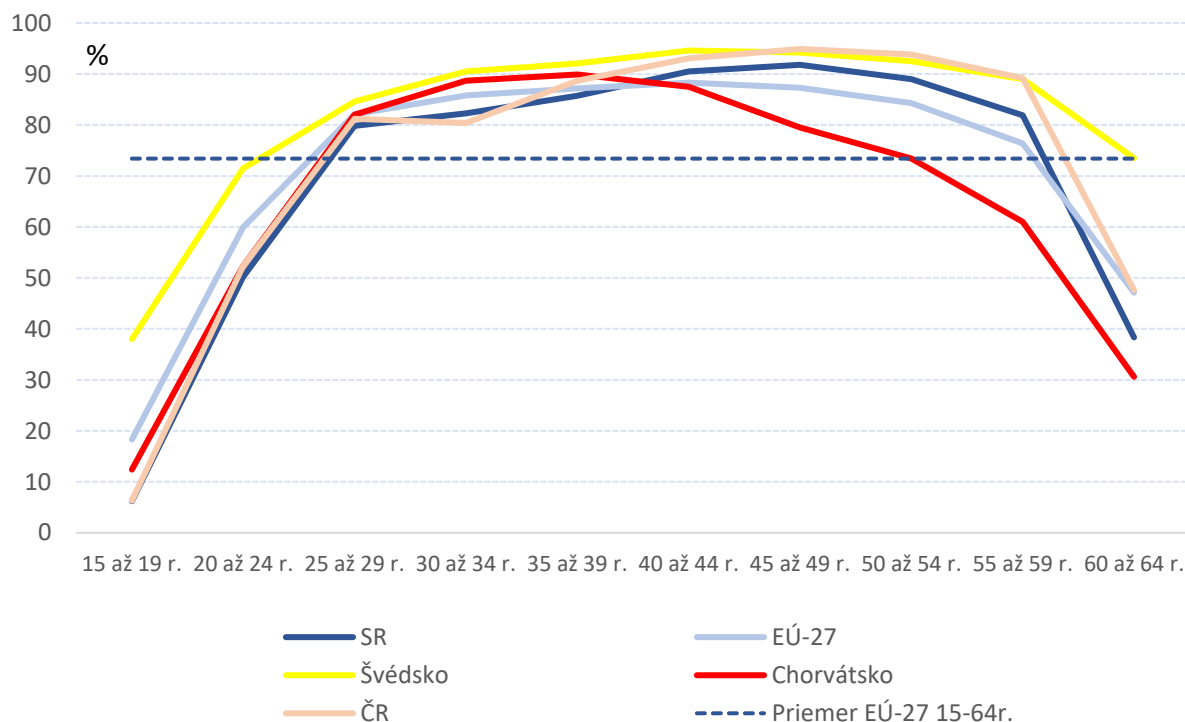


Figure 5: The degree of citizen participation in the labor market according to individual age groups in chosen countries in the EU (year 2019)

4. Conclusion

Because of the current demographical changes, age management is an established tool of management in developed economics. The application of modern tools of age management seems as a necessary predicament of sustainable economic growth, sustainable economy of pension systems and general public finances, as well as social cohesion (especially in terms of international solidarity)

Synthesis of current and expected demographical changes and current formulas of changing degree of participation throughout our lives can illustrate, that the structure of the general work offers in the Slovak Republic will clearly change in the next decade. Current demographical trends in SR create a sudden need of age management application, on the levels individual, organizational and the level of state and public policies. All mentioned levels will have to sooner or later contribute to

creating measures of age management to ensure appropriate offer of workforce and work productivity growth in Slovak economy.

Age management application brings many potential benefits on the level of individuals, organisations (companies) and the whole society. The aim of age management application on the individual level is ensuring the highest work ability of the individual to the highest possible age. In return, this will bring benefit not only to the individual, but also to the whole society by increasing the general work offers and the degree of qualified employees. One of the biggest benefits mentioned on the organizational level is decreasing the degree of employee fluctuation, growth of work productivity and finally reaching the competition benefit of the company, regardless of its magnitude and area of influence. The potential benefits of age management move from the individual and organizational levels also to the level of state, where the developed application of age management shows through an increased citizen participation in the labor market, higher degree of older citizens employability, stabilization of work offers and ultimately through beneficial effects on public finance.

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