

## Generational Challenges in Organisations

### Introduction

Member states of the European Union face severe challenges due to the ageing Europe. The countries, despite the significant demographic differences, face similar problems in ageing issues as the concerned areas have serious social and economic impacts. Ageing of the population affects the social and pension systems, increases health care expenses, and different workplaces for the sake of the ageing employees may be needed as well. The countries of the Visegrad Four (The Czech Republic, Poland, Hungary, Slovakia) belong to those countries in the European Union that implemented pension reforms for the different demographic patterns with the aim of increasing the participation of ageing employees in the labour market, but they also deal with the working conditions and work safety aspects, training and lifelong learning. (BELIN et al. 2016) As a result of the pension reforms in the Czech Republic for those who were born in 1953 the retirement age is 65, but for those who were born after 1965- both for women and men- the retirement age is 70. In Slovakia, the retirement age is 65, and the amount of the pension is valorised. In Poland, the retirement age for men is 65, and for women is 60 at present, but a decision has been made about increasing the retirement age gradually for both sexes to 67 (the deadline for the introduction is 2020 for men and 2040 for women).

In Hungary, the increase of the retirement age is gradual: 65 years of age uniformly set both for women and men first will apply to those who were born in 1957 and will retire in 2020. The significant differences among member states of the Union in the demographic and economic situation and in the characteristics of the labour market have caused the lack of comprehensive policy initiatives to solve the problems uniformly. The European Union helps its member states with programmes based on the principle of active and healthy ageing and therefore supporting the sustainability of a more extended period of working life and long-term employability. The European Agency for Safety and Health at Work (EU-OSHA 2010) assigns the topic of „Ageing and Work Safety” as a vital project for the implementation of the aims of the Europe 2000 strategic program. The aim of the „Healthy Workplace at Any Age” campaign launched in 2016 is to promote sustainable work and the handling of health problems through the whole career. The project, which has its website (HEALTHY WORKPLACES 2016) offers practical tools and guidance for employers- especially for small and medium-sized companies- which can be helpful for managing ageing workforce successfully. The official partner of the campaign is the Hungarian Ministry for National Economy which launched the project in April 2016. The latest company rewarded with a Healthy Workplace Good Practice Award was MAVIR Zrt, an electric supplier company. Among the companies employing less than 100 employees, “Eszter alkatrészgyártó Bt” (components manufacturer) was rewarded for its ViVETech production ergonomics technology, which is a software for analysing the limits of human capacity and performance.

The EU-OSHA campaign ended in November 2017. Besides the projects, the Europe 2000 strategy recommends measures for member states which prefer maintaining employment through early retirement and the re-integration of ageing employees into the labour market. A significant initiative of the European Union is the „Schedule of new skills and

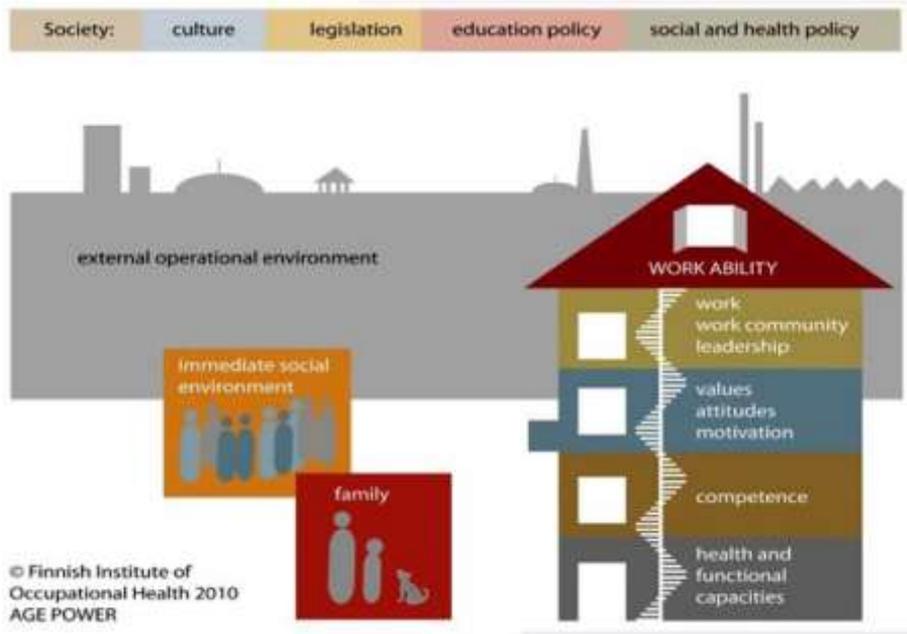
workplaces” which highlights the importance of skill development of ageing employees who are especially vulnerable to economic restructuring. As a result of the demographic and economic situation, the ageing generation appeared in large numbers at workplaces having the approach come to the front again, which first was known by Robert N. Butler’s academic work in 1969 when he introduced the concept of ageing for differentiation concerning the old. (BUTLER 1969) In the 1960s the awareness raising to age differentiation was important as discrimination at the workplace was a real problem caused by the lack of legislative restrictions. After the turn of the millennium in most countries, laws were regulating equal treatment. The European Council (EC) (the institution of the EU that comprises the heads of state or government of the member states, along with the President of the European Council and the President of the European Commission) accepted a directive (Council Directive 2000/78/EC of 27 November 2000) establishing a general framework for equal treatment in employment and occupation This expectation is implemented in the Act I of 2012 on the Labour Code 12.§ (1) in Hungary. (NETJOGT R 2017).

### **Employability and ageing**

Stereotypes in connection with members of the older generation question the employability of older persons as according to the general supposition, the older age groups are characterised by health problems (mostly decreasing muscle and lungs capacity) and chronic illnesses, so their work ability decreases. Age stereotypes concern a conceptual system that can be divided into four groups (SZ SZV RI 2010): performance, development, stability and interpersonal skills. The author revealed in her research on stereotypes that the unfavourable judgement of the older people was typically formed mainly by the younger generation (under 45 years of age), but she also outlined the dimension of corporate loyalty as a significant factor. According to a Dutch research, (LANGE et al. 2006) which examined the actual generational characteristics besides stereotypes of almost 1300 employees, the willingness for change decreases with age; ageing employees are less interested in utilizing learning opportunities than the young ones.

The research revealed that the ability to solve complex problems and information weakens due to the decrease of cognitive skills, but not all mental abilities decrease with age. Based on the research on work ability of senior employees, the factors affecting individual work ability and the scale suitable for measuring work ability can be identified. (ILMARIEN 2012). The factors affecting work ability are represented in a four-storey „work ability house” in a descriptive way.

Figure 1: Work Ability House-model



Source: Ilmarinen (2012) pp.3

On this graph, we can see that two main “drivers” affect a person’s work ability outside the workplace (family and social environment), and these are very important from work ability aspect. Work ability can be measured by an internationally accepted subjective instrument which consists of seven elements and can be classified into weak, average, good and excellent categories. We can find the average value of employees between 20 and 65 years of age in good and excellent categories, but the numbers in the case of 30 percent of the employees above 45 years of age decrease in every occupation. Work ability indicator is connected, besides age, to economic sectors. The rate is low in livestock farming, agriculture, timber industry, metal industry, transportation and social sectors. Electronics, telecommunication, banking and insurance sectors are characterised by correspondence of work and individual resources. The details about work ability are especially important as in the latest job advertisements, quick and confident situation awareness, flexibility and quick perception are a required competency (SEBŐK 2016). Based on job advertisements, we believe that age discrimination can hiddenly be applied in selection.

Work experience and broad knowledge, high organisational and structural competencies and extensive customer relationships of the old compensate the possible decrease of their work ability. In a research on the banking sector (COLONIA-WILLNER 1998), the researchers wanted to know if there was a connection between age and tacit knowledge. According to their findings, some elements of intelligence become steadier with age. The old bank managers who were asked had more extensive tacit knowledge than their younger colleagues. According to the concept of knowledge (POLÁNYI 1994), an essential element of tacit knowledge theory is that with every form of activities we acquire skills that reach us beyond the periphery of consciousness. The knowledge acquired by observing the activities of others becomes a part of our knowledge in a similar way. Craftsmen skills and abilities are also similar; they have not changed much over time. In the Middle Ages, craft artisans were able to learn their trade during a long learning process, and they passed it on in a similar way. There was no school education, and learning was institutionalised only

later. With the establishment of schools, learning was separated from work and became a process before production, and was identified as an individual aim and a usable personal characteristic. In the 20th century the typical view was that after leaving school, one could acquire real professional knowledge at the workplace with the acquirement of tacit knowledge from the „old mates.” (SZAB  2008) By the end of the 20th century, the concept of knowledge which can be acquired from the old got outside the workplace. Young people acquired knowledge attached to the spread of new data partly at school, partly from each other. Computers and the Internet became a natural phenomenon for the new generation and a part of their everyday life, so using them at workplaces was not a problem for them at all. This knowledge (more precisely: skill) provided a higher position at work. Computer skills were more important than work experience among the employers’ requirements, so young people were sooner promoted to managerial positions. Members of the older generation could adapt to the rapid development of information technology with difficulties; they were lagging behind, and they were significantly affected by precarity. (R. FEDOR et al. 2017). At workplaces, it was not typical anymore to reward long years spent at work with a higher status, the co-operation of generations was a source of tension. After the turn of the millennium the process slowed down, the difference in information technology skills slowly disappeared between generations at workplaces. Apparently, one reason for this can be workplace learning, the primary aim of which for many years was the transfer of computer skills. Despite all these, the difference in information technology skills and the difficulties in communication between generations still define their co-operation.

### Organisational solutions

Lengthening the time spent at work and increasing the employment rate of the older people (between 55 and 64 years of age) urge companies to acquire and apply new elements of knowledge. Organisations which cannot appreciate ageing workforce and manage the challenges represented by it risk their productivity and competitiveness. Figure 2 illustrates how the rate of the older generation changed between 2008 and 2016 from the employment aspect in their age group in countries of the Visegrad Four among member states of the EU, which are close to each other geopolitically and in the average of the EU.

Figure 2: Employment rate (age group 55-64)



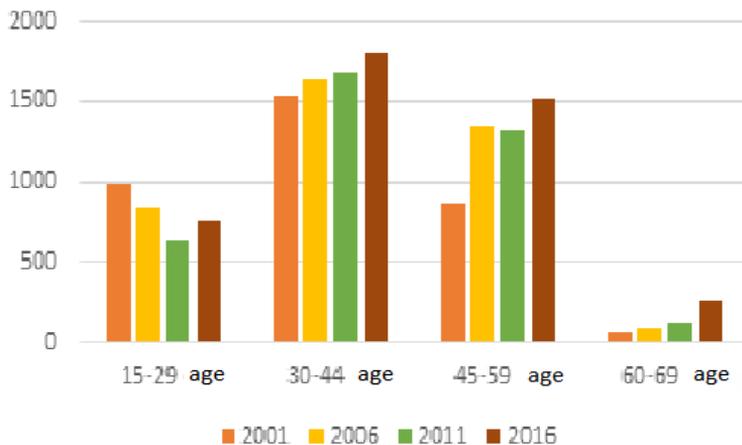
Source: Self-made according to EUROSTAT

The figures show that in every measured member state the employment rate of people above 55 years of age increased between 2008 and 2016. The most significant difference

is in Hungary where the employment rate in this age group was 31% in 2008 which rose to 50% in 2016. By looking at the figures in 2008, we can see that in Hungary and Poland the employment rates were significantly lower in this age group compared to the other two countries. The Czech Republic has the highest employment rate between 55 and 64 years of age every year, almost 60% of this age group was employed in 2016. If we examine the employment of different generations compared to each other, it helps us understand the data in Hungary.

The figures show that in the youngest age group during the examined 15 years, the number of employed decreased by more than 200 000 people. The employment in the 30-44 age group slightly changed, while the change in the employment rate of the older generation is significant. Two and a half times more people worked in the 45-59 age group in 2016 compared to 2001, and the change in the 60-69 age group was fourfold. Both the EUROSTAT and KSH (Hungarian Central Bureau for Statistics) data analyses unanimously confirm the generation employment rates deriving from demographic and economic indicators, that is why the challenges they represent, require a new approach to manage age at the workplace.

Figure 3: The number of employed in Hungary according to age (in thousands)



Forrás: Self-made according to KSH

The appearance of a new trend- generation management, among the HR functions indicates how serious this problem is. The new approach is the unique correspondence of health and personnel policy. (PAPE-BEISHEIM 2011) Organisations applying the approach of generation management take into consideration that people at different ages might have different expectations towards the workplace. The appearance of older people at workplaces in larger and larger numbers requires developing so-called age-management strategies in organisations, so besides generation management, age management appears as well. Age management is an approach based on career, which provides equal chances for all age groups. (UDVARI 2012) According to the approach in work organising, assignment and defining individual tasks the factors relating to age must be taken into account because regardless of age, everybody should feel capable of achieving individual and organisational aims. The eight aims of age management are the following (NAEGELE 2006):

- 1.) recruitment,
- 2.) training and lifelong learning,
- 3.) career development,

- 4.) fitting into human resources policy,
- 5.) health protection and workplace planning,
- 6.) rearrangement,
- 7.) age-friendly working schedule,
- 8.) proper transition to retirement,

In a Hungarian research on achieving the aims in age management, HR managers of 121 organisations were asked in questionnaires in a focused analysis of multigenerational management. (TARDOS 2016) According to them, the average standard of age-friendly policies is relatively low in Hungary. Organisations reached 20% of the maximum scores in measures introduced for the old, while the rate was 35% for the young. They reached 23% in age management, although the rate was 40% in generational awareness. According to the results, the younger was the age composition in an organisation; the higher was the exclusion. In the conclusion we can read that the incidence and integration of age management into human resources policy cannot be considered as a general phenomenon. The results are also surprising because the theoretical approaches basically assign the tasks relating to human resources from which organisations can develop their solutions. By all means, it is clear that financial and human resources are necessary for the expected organisational solutions based on aims, so elaborating and adapting solutions might be a problem for small companies.

The study does not aim to analyse all the elements of objectives from HR policy aspect, but we consider one element of training and adaptability of lifelong learning feasible irrespective of the size of the organisation and the financial resources. We referred to the ways of learning and transfer of knowledge in the section analysing the theoretical framework of knowledge. Today, in the literature, the transfer of knowledge between generations attached to tacit knowledge is referred to as intergenerational learning. In the background of the appearance of this concept, there is the recognition of the social phenomenon that there are more socio-cultural differences between the old and young family members because of socio-cultural and economic changes, which decreased the interaction between the two generations and isolated the older generation. The recognition of this social phenomenon led to the launch of programmes in the 1960s, which encouraged the old and young family members to co-operate as a form of learning. The different grandchild-grandparent programmes ranged from household activities to transferring computer skills. We believe that the potentials of intergenerational learning exceed the family framework and can respond to the demographic change, the aims of age and generation management, handling the stereotypes of the old at workplaces, and partly can mean solutions for the difficulties in the employment of the old in organisations. To understand this approach, the concept of knowledge in an organisational context should be defined. In this context, we define knowledge as elaborated knowledge in connection with the realisation of processes in organisations. Knowledge is related to change and development, that is why it has spatial and time determination.

Regarding its time dimension, it cannot be acquired in one period of life; individuals should strive for knowledge all their lives. Regarding its spatial dimension, knowledge can be acquired within and outside a formal framework, and can be based on individual experience and knowledge transfer. This approach connects intergenerational learning and knowledge management. Knowledge management describes knowledge sharing in detail within organisations, but its primary focus is on its organisational framework by setting the recall, sharing and managing of knowledge as its aim. The recognition of the importance of tacit knowledge described by us makes it possible for the HR organisation to

attribute an increased role to tacit knowledge in employability and individual self-assessment and to attach it tightly to employees' abilities. A series of interactions can dredge up the older employees' hidden knowledge, defined by us in an organisational context, and thus creating chances for recognition for members of the older generation. Intergenerational learning is a form of informal learning, the efficiency of which has been proved by a lot of research so organisations can apply it safely. There can be two forms of transferring knowledge between generations. One of them includes a hierarchical but bona fide relationship between an experienced and an inexperienced person, such as internship, mentoring and tutoring programmes. The other includes learning between generations where there is a mutual information exchange, support, a co-operative solution between the parties who are not connected hierarchically. The opportunity for intergenerational learning can solve the problem of the possible decrease in work ability because work experience and tacit knowledge acquired during the years spent in organisations offset it. Organisations should seek to adjust differences among employees to utilise and optimise diversity, and the use of the described way of learning makes it possible.

### Conclusions

In this study, we reviewed the question of employability of the older generation following the changes in the demographic and economic situation with a particular focus on countries of the Visegrad Four and Hungary within the European Union. We proved by statistical analyses that the employment of people above 45 years of age increased most significantly in Hungary in the past 15 years. Here we can see the most remarkable increase in employment between 55 and 64 years of age among countries of the Visegrad Four. We described the most important campaigns which can help member states find solutions to handle the tensions caused by generational differences at workplaces. We analysed and proved that there are stereotypes in organisations in connection with members of the older generation even though it was confirmed that not all mental abilities decrease with age.

Besides stereotypes, organisations can be characterised by exclusion based on age, lack of elderly-friendly programmes and a small number of measures introduced especially for the old. We see it justified that conscious managing of ageing employees is not a part of human resources policy in organisations. We reviewed theories which can give solutions to manage age at workplaces. We concentrated on training and lifelong learning from the eight aims of age management because we can see that a single fulfilment of the expected solutions based on objectives needs such financial and human resources that cannot be achieved in every organisational size, it might be a problem for smaller organisations. We defined the organisational concept of knowledge associated with learning objectives, which we consider a total of elaborated knowledge related to the realisation of processes in organisations. Regarding the spatial dimension of knowledge, it can be based on individual experience so we think a strong relationship between tacit knowledge, intergenerational learning and knowledge management in the organisational section. In this respect, the aim of age management chosen by us is not dependent on the size of the organisation as tacit knowledge can be attributed to any field and job. The acceptance and organisation of intergenerational learning is the task of the HR group members. We believe that knowledge transfer and intergenerational learning are especially important when workplaces struggle to find skilled, experienced workforce.

We interviewed HR managers at 11 large companies in Észak-Alföldi region in our research on workplace learning in 2016. The unexpected result of the research was the question of providing a skilled workforce. According to the unanimous opinion of the interviewees, the majority of young entrants applying for jobs which need vocational education

have such knowledge deficit that they cannot be allowed to come near the workflow on their own. They need mentors but not in the classical sense, preferably an experienced, skilled employee who can teach new entrants using a method similar to „on the job” learning and make up for the knowledge not acquired during practical training. To solve the problem, some of the companies in the research set up a practical workshop where the learning process takes place. The aspects of selecting the „training” colleague did not include the responses to generational challenges. The investigated organisations did not have programmes for achieving the aims of age management.

We believe that the higher number of the elderly at workplaces must result in changes in management and human resources policy. New features must appear among the aspects of work organising that characterise members of the older generation regarding their work abilities; one must focus on individual abilities instead of general patterns because ageing and old age cannot be judged by a single pattern. This stage of life cannot necessarily be measured in calendar years; there can be vast differences between individuals from their health and quality of life perspective. The form of intergenerational learning that we suggested is the interrelation and interaction between the old and the young, from which both groups can benefit significantly.

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