

Demographic Fitness Survey: Belgium and The Netherlands

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About the Adecco Institute

The Institute is committed to facilitating discussions among all stakeholders, from governments and academics to employers, unions and employees, on the broad topic of work and how work impacts our society.

Through primary and secondary research as well as thought pieces, conferences and events, the Institute provides a forward-looking and fact-based perspective on innovative approaches to help organizations and regions raise employability, productivity and employee satisfaction at work.

Adecco's worldwide reach enriches the Institute's views. With over 6,600 offices in more than 70 countries and territories, and managing a workforce of over four million individuals each year, Adecco employees every day face economic and demographic realities that both challenge and foster clients' business goals.

The Adecco Institute comprises a board of advisors and is managed and run out of London, UK. The institute is able to draw on the full resources of the Adecco Group.

Executive Summary

This White Paper continues and deepens our October 2006 study on workforce ageing in Europe, which examined companies' degree of readiness to tackle such change. We originally surveyed firms in the five biggest European economies (Germany, United Kingdom, France, Italy and Spain). In this edition we extend our practical research to three new countries: **Belgium** and **The Netherlands**, as well as Switzerland (in a separate report) and thus have unique data now on 4,000 European companies of all sizes and across all business sectors. Any insights and lessons we can draw are relevant to a huge universe of business in Europe and, indeed, to any other economies that are willing to learn from Europe's experience.

For all European countries, long term demographic change is a powerful and irrepressible force. Population and workforce ageing will be spectacular and will reshape our continent, communities, lives, attitudes, businesses, workplaces, health and education systems in ways that we are only beginning to grasp. We show here that demographic trends in Belgium and The Netherlands are broadly similar in direction and implication to those for the countries already examined.

As with the first study, we do not aim to make value judgments about workforce ageing. Rather we highlight the implications for the workplace, underline that demographic trends will compound existing talent and skills shortages and, not least, encourage forward-looking European firms to take sensible, concrete steps that will help them to compete, innovate and produce in an ever-tougher global business environment.

Our demographic fitness indicator (DFX) measures firms' readiness for the onset of an aging workforce in Europe. We score firms on an index of 100 to 400 points and also calculate overall country indices. Companies from the 8 European countries we surveyed average **182 index points (from 400) and over two-thirds scored 200 points or less**. The addition of 60% more Belgian, Dutch and Swiss companies to our European data set thus closely confirms the conclusions from our first five countries. **Europe is far behind where it should be in absolute terms**, given the onset and scale of workforce ageing, and the vast majority of our firms have great opportunities to improve their readiness.

We also compare results between countries, since this can yield some useful lessons and insights for everyone. **Belgium does well in comparative terms**, scoring above average for our Europe-8 and above the average of just the EU big-5 countries.

Belgian companies on average score marginally less than those in the leading country (the UK) and measurably ahead of the trailing countries in our survey – with the caveat that Europe as a whole is nowhere near where it should be. **The Netherlands** is similar overall to Germany, midfield between leading and laggard countries and just slightly below European average – though it has less “star” firms than Germany.

As with the first group of countries, the overall conclusions for Europe are that:

- Health management is ripe for improvement. Few firms go beyond the basic compulsory programs (like check ups), to offer longer-term health tools like stress reduction, lifestyle and dietary advice.
- Although European firms often have basic knowledge management tools in place, and understand the technical expertise needed in the workplace, surprisingly most do not know who their experts are (i.e. who has expertise in what).
- While an overwhelming majority of firms respect the legal requirements on age diversity, and formally treat all age groups equally, most do little to promote a dynamic culture of mutual esteem, mentorship and skill transfers.
- Firms offer an insufficient range of career management tools and few employees make use even of those available, especially workers aged over 45.
- While companies offer continuous education tools and around half of employees use these, it tends to be standard workplace based training aimed at qualifications (this lacks appeal for older workers) and not individual programs or softer skills.

We point out that demographic fitness is not rocket science. All the measures and tools across the five areas are within reach for most companies – regardless of size, sector or focus – as long as they have the will to adopt them, the discipline to prioritize around a few areas, and the drive to take small yet decisive steps to ensure progress. The pay off from action can be substantial. Better DFX scores could add significantly to a firm’s competitiveness, innovation and productivity; hence paying attention to the issues could translate directly into business success.

The Institute will aim to publish its DFX index periodically, thus giving firms and policymakers a tool to measure European progress on demographic fitness.

Introduction

In October 2006 we published our inaugural DFX study as a practical and, we believe, valuable contribution to the growing debate on demographic change and the ageing workforce in Europe. We originally covered the five largest economies in Europe – namely Germany, the United Kingdom, France, Italy and Spain – and have now added three more countries in our study. Two are European Union members (Belgium and The Netherlands), and the third is Switzerland. We can thus share further insights, analysis and conclusions drawn from our unique data set of 4,000 medium to large companies operating across all economic sectors in eight countries.¹

As we pointed out in the first White Paper, not enough has been written about firms' real preparedness for workforce ageing and the targeted action they could and should take. "Demographic fitness" is understood as the degree to which companies genuinely understand and can tackle unprecedented demographic shifts in their own workforce.

Ageing is neither good nor bad per se, as we can live and work longer and in better health than our forebears. But the dearth of young people, the increasingly large numbers moving into upper age brackets, the relentless rise in the average age of our European workforces, and the struggle many countries still face in meeting the EU's 2010 goal of having 50% of workers aged 54-65 in productive jobs, will have big implications. These trends compound the sharp talent and skills shortages we face. With focused attention and action, EU companies can prepare better for demographic change and retain or raise their ability to compete, innovate and produce in an ever tougher global environment.

At a practical level, employers will need to attract more (appropriately skilled and willing) older workers into jobs, and to invest in retraining and harnessing all workers as they age. A greater ratio of older workers in all firms and all economies will imply extra investment in the physical work environment, lifelong training, health management, career and working hour choices, personnel spending (pay and benefit costs can rise more steeply with age than does productivity), and organizational design. Yet firms that take the lead in doing so will attract, harness and retain more of the critical know-how and experience that is often lost through early retirement or de-motivation. Not least, these "leader firms" will capture and communicate better with similarly ageing customer bases.

¹ The new DFX survey was conducted by *TNS Infratest* in February 2007 on behalf of the Adecco Institute.

Are Belgium and The Netherlands ageing?

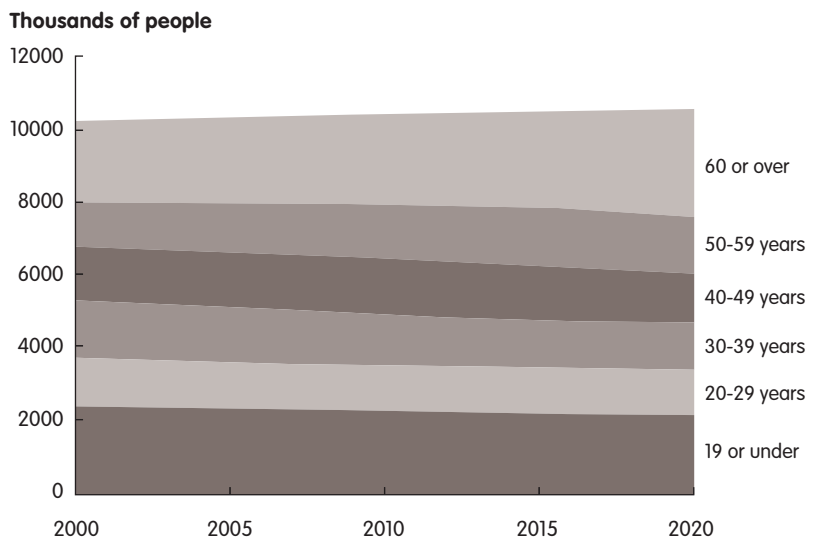
We know that Europe as a whole is ageing fast. Data from the International Labor Organization (ILO) indicates that in just the next ten years, people over 40 will be in the majority across Europe for the first time. In Italy and Germany they will be 60% of the population.² By 2050 our EU working age populace (15-64 years) will be one fifth below today's and, according to recent Eurostat data, the Euro-25 population aged 65+ will have doubled to 30% of the total.³ Most countries will have many fewer young people.

Belgium and The Netherlands broadly share this demographic ageing effect, with some nuances. **Belgium's** total population will grow just 2% in total by 2020, and the population composition will change markedly with⁴:

- One third more over-50s in 2020 than in 2000 (and a fifth more than today).
- 7-20% declines in all age groups under 44 years by 2020, compared to 2000
- A big fall in the "30s". Already 10% down on 2000, by 2015 it will be 20% less

Belgian Population to 2020

Total population by age group, 2000-2020



Source: International Labor Organization (ILO) Laborsta database February 2007; Adecco Institute analysis

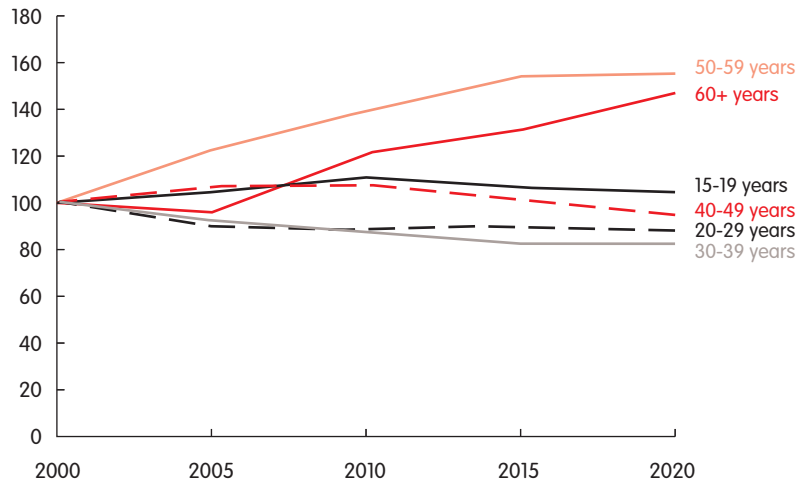
² International Labor Organization (ILO), *Laborsta database*.

³ Eurostat press release 29 September 2006. The highest proportion will be in Italy and Germany.

⁴ Adecco Institute data analysis using the ILO labor statistics database (*Laborsta*), February 2007

Belgian Workforce to 2020
Economically Active Population, 2000 – 2020

Index of age group sizes, 2000 = 100

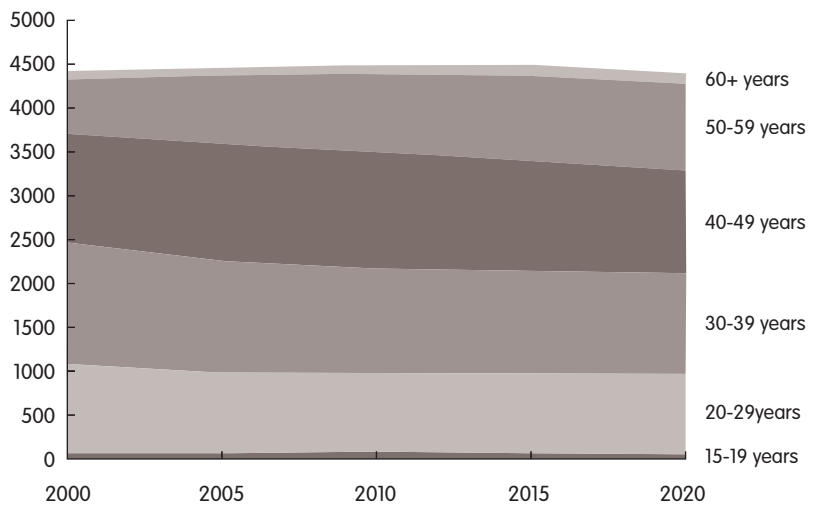


Source: International Labor Organization (ILO) Laborsta database February 2007; Adecco Institute analysis

Such trends translate dramatically to Belgium’s workforce. By 2010 there will be 40% more workers in their 50s and 20% more in their 60s than in the year 2000. And by 2020 there will be ~ 50% more in both these categories, compared to 2000. Interestingly, at about the time of the European Business Summit – at which we launch this white paper – the average age of Belgium’s workforce will pass 40 years for the first time in history.

Belgian Workforce to 2020
Economically active population by age group, 2000-2020

Thousands of people

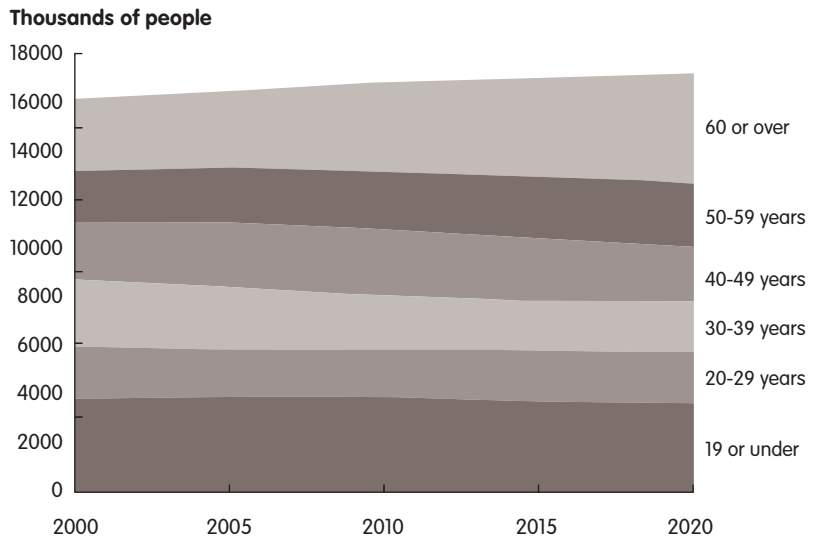


Source: International Labor Organization (ILO) Laborsta database February 2007; Adecco Institute analysis

The Netherlands is perhaps less typical of highly developed European economies in that its population will be 7% higher in 2020 than in 2000, and with 10% more 15-24 year olds. Yet the Dutch population will still suffer the effects of demographic ageing, with over 40% more people aged 50+, and 20% less in the 30-44 year range.

Looking only at the Dutch workforce, the situation is just as complex. The number of people in their 60s will more than double as early as 2015, compared to 2000, and there will be 40% more in their 50s and one fifth less in their 30s. Meanwhile there will be one quarter more 15-19 year olds and no decline for workers in their 20s. Overall, the average age of the Dutch labor force is rapidly approaching 40 years, and the over-40s will become the majority in two years from now. However, the situation is likely to freeze there, in rough balance between the over and under 40s, for the foreseeable future.

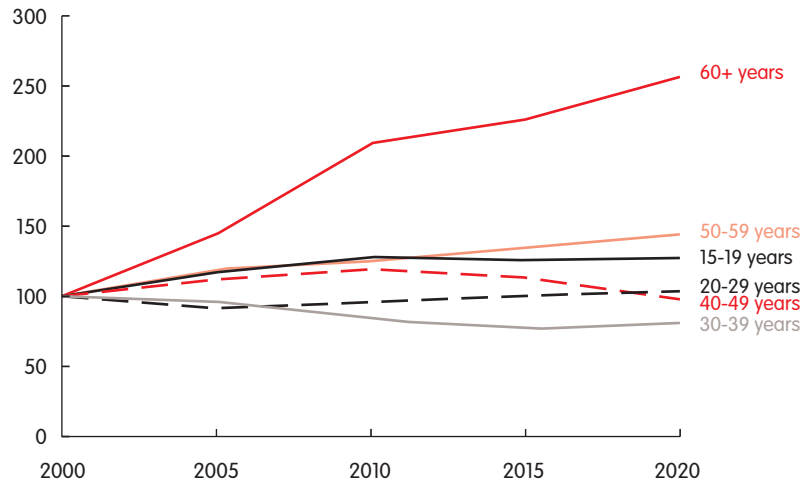
Dutch Population to 2020
Total population by age group, 2000-2020



Source: International Labor Organization (ILO) Laborsta database February 2007; Adecco Institute analysis

Dutch Workforce to 2020
Economically Active Population, 2000 – 2020

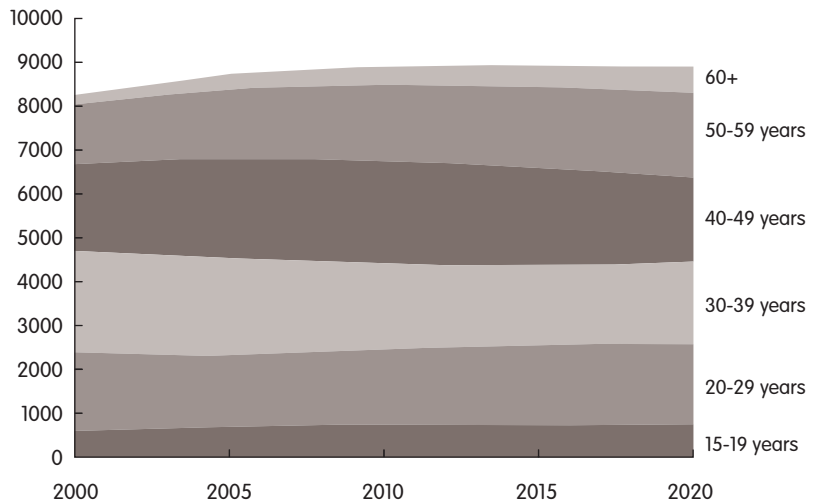
Index of age group sizes, 2000 = 100



Source: International Labor Organization (ILO) Laborsta database February 2007; Adecco Institute analysis

Dutch Workforce to 2020
Economically active population by age group, 2000-2020

Thousands of people



Source: International Labor Organization (ILO) Laborsta database February 2007; Adecco Institute analysis

Overall our three new DFX survey countries do indeed exhibit strong symptoms of an ageing society and ageing workforce

DFX methodology

Our index measures firms' readiness for the onset of an ageing workforce in 5 key areas and scores them from 100 (minimum) to 400 (maximum), with most points for companies implementing all instruments across all areas. (See exhibit 1 in the appendix). Using the company results we can calculate country indices and compare those too.

The 5 dimensions for optimal management of an ageing workforce⁵ are:

Knowledge management. As older staff leave, firms lose vital expertise, customer relationships, internal networks and firm culture/values – all of which can affect their ability to produce, innovate and compete. Firms can renew and retain such critical “intangibles” through a systematic approach to knowledge management and better cultural appreciation of people's know-how and experience.

Lifelong learning. As employees age, firms suffer creeping individual know-how decline. Keeping individuals productive long term requires learning programs better suited and more attractive to older employees than traditional training has been. Firms need also to encourage openness to lifelong learning in younger employees, so they constantly develop over time/understand the need to grow.

Health management. Firms suffer costs from worker absence, lower productivity, and poor motivation. These can be reduced with better analysis of people's stress levels, emotional and physical health, and by adopting ergonomics, regular check ups and healthier lifestyles. Healthcare has not been a managerial issue in Europe to date, but health issues are growing fast and thus firms better at handling them will enjoy a competitive advantage in coping with demographic change.

Career management. As the average workforce age rises, workers' job preferences can shift in both physical and mental ways. Firms need to bear this in mind in their long-term planning of personnel resources, in finding ways to break barriers to professional development (e.g. by being more open to horizontal career shifts) and in keeping older workers skilled and motivated.

Diversity management. Firms can enhance their ability to compete, innovate and produce not just through the correct application of legal norms on diversity, but also via efficient interactions between younger and older employees in the workplace e.g. through mentorship and mixed task forces.

⁵ Originally developed by Jacobs University (Bremen). See also Marius Leibold and Sven Voelpel, *Managing the Aging Workforce: Challenges and Solutions* (2007) “5V-Framework” to raise the ageing workforce's productivity and innovation.

We believe that our survey samples are large enough to provide insights both at European and at national levels. The extended DFX study adds 1,500 companies from Belgium, The Netherlands and Switzerland (500 in each) to the data set. Just over half of all firms in our database are “large”, with sales of over €50 million yearly, and the remained are “medium” with sales of €10-50 million per annum. Industry, services, and trade each account for roughly one third of the firms surveyed, although we acknowledge that the split between types of economic activity varies by country. For the three new countries, the data sample is slightly more weighted to larger companies (62%) than medium, and more to trade and industry (73%) than to services (27%). Nevertheless with this size of sample, we are confident that the results are meaningful. (See exhibit 2 in the appendix).

DFX results for Belgium and The Netherlands

One interesting result is that **50% of European businesses regard “demographic change” as one of their biggest future challenges** – almost as important as globalization, and just ahead of technological shifts. All countries weight it far ahead of changes in political conditions. There is no significant difference between large and medium-sized companies’ perceptions of such challenges. Belgian and Dutch firms also fit this pattern.

Biggest business challenges for European firms

Share in %
Top two on a scale of 1 to 6, where 1 = major challenge and 6 = no challenge at all

Companies / sectors	Average European 8	EU big 5	Belgium	Netherlands
Globalization	53	57	41	41
Demographic change	50	47	50	54
Technological progress	49	54	37	37
Changes in political / social conditions	41	44	27	32

Question: “In your opinion, in which of these areas do companies in your country face major challenges?”

Belgian firms are exactly aligned with their European counterparts on the growing importance of demography. Interestingly, they are far less worried about “globalization” (only the UK and Holland are as relaxed as Belgium), “technology change” and “political change” than European average. In fact, Belgian firms are the least worried in Europe about the latter two factors. Dutch firms are remarkably similar here in their perceptions to their Belgian counterparts, just slightly more conscious of demographic shifts and changes in political and social conditions.

Despite this growing awareness about the demographic challenge, **companies still lack a proper fact base on their current age structure**, much less a strong sense of its future evolution. Almost 40% of European firms admit to having done no analysis at all of the overall age structure of their own workforce, rising to 44% for analysis at the level of departments and staff grades. Just one third of firms believe they have “fully analyzed” their overall age structure but barely a quarter have done so at any other level, let alone in terms of the future demographic shape of their firms. Large companies are typically better than smaller ones, as we might expect given their relative resource advantages. (See exhibit 3 in the appendix).

Belgian firms are no different, indeed are marginally below average for Europe on this indicator. Dutch firms do much better. They are the best in Europe for analyzing the overall age structure (40% of companies have done this in-depth), and one of the best for looking into the future shape of their age pyramid.

Moreover, **European companies plan their personnel needs only a short time ahead**, with an average planning horizon of just over one year. Planning periods are relatively more extensive for professional staff (still less than 18 months) and shortest for industrial personnel (12 months). While a short term approach is understandable given the rhythm of modern business life, it is alarming with the demographic earthquake and skills shortages we face.

European companies have short-term planning horizons

Average in number of years

	Average European 8	EU big 5	Belgium	Netherlands
Companies / sectors				
All Staff employed by the company	1.1	1.1	1.2	1.1
Professionals and executives	1.5	1.4	1.5	1.3
Commercial staff	1.1	1.1	1.2	1.1
Industrial staff	1.0	0.9	1.2	1.0

Question: “How far ahead do you usually plan for your staffing?”

Belgian firms are better people planners than their European counterparts, giving themselves longer lead times to find personnel across all staff categories and significantly so for industrial workers (here Belgian firms plan over 14 months ahead, versus European average of 12 months and, for the big 5 EU countries, just 11 months). Moreover, 20% of Belgian firms plan for their overall HR needs 2-3 years ahead, and this is true of both smaller and larger companies (for professional staff and executives, one-third of all Belgian firms plan this far ahead). Dutch firms are at European average or just below in all categories except “professionals and executives”, where the Dutch have a shorter-than-average focus.

(1) Overall DFX scores.

European companies across the 8 countries average just **182 index points** (from 400) and two-thirds score 200 or less, indicating great room to improve their readiness for change. (See exhibit 4 in the appendix). Barely a handful of firms out of 4,000 scored the potential maximum of 400 points on the index. A further 48 companies attained between 351 and 399 points. Taking this range as true “excellence” in demographic fitness, less than 1.4% of all European firms currently can be thrilled with their own performance.

The better news is that 7% of European firms are above the 300-point level. Thus some 280 companies among our survey sample are already in good-to-great shape on the DFX, and these firms are present in every European country that we surveyed. Moreover, if we apply the same percentage to the universe of companies that our sample represents, then at least 12,000 European firms may be in good-to-great condition today.

Belgian average is 185 – identical to Spain - compared to 189 in the UK (the top country), **181 in The Netherlands** and to 172 in France (the bottom country). Around 70% of Belgian firms score 200 points or less, compared to 60% in Spain, but 80% in France, with everyone else in between.

The good news for Belgium is that 6% of its firms are already above the 300-point level, which we consider to be “good to excellent”, depending on exact score. This is the third highest “top level” score in Europe, after Germany and Italy. In the UK 4% of firms attain this level, 3% in The Netherlands, and just 1% in France.

Looking at the big picture, we should note that the national averages are all low in absolute terms. On a scale of 100 to 400 points, the gap between top and bottom national averages (the UK versus France) boils down to a variation of just 5%. So this gives little cause for UK celebration at topping the ranking.

Average European DFX is 182 Points, and almost 70% of firms fall below 200, showing tremendous potential to improve

Data in %	Average European 8	Belgium	Netherlands
Ø (=index)	182	185	181
100 points	13	10	13
101 - 150 points	26	36	30
151 - 200 points	31	25	21
201 - 250 points	15	14	27
251 - 300 points	10	10	6
301 - 350 points	5	5	3
Above 350	1	1	0
% of firms above 300	6	6	3
% of firms below 200	69	71	64

Overall, then, and while the current situation in Europe is of serious concern, we see terrific potential for EU firms to improve their demographic fitness.

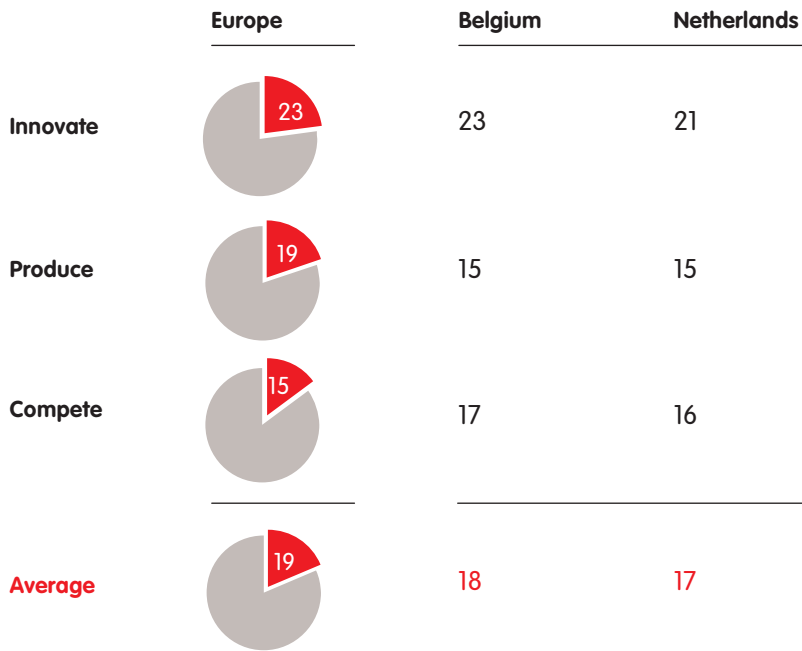
(2) Impact on EU companies’ ability to innovate, compete and produce.

Demographic fitness can also add significantly to a firm’s ability to navigate today’s highly competitive context. Higher DFX scores might add 19% on average to a firm’s ability to compete, innovate and produce i.e. genuine advances in demographic fitness might translate well into real business success.

We should underline that these results are based on statistical inference (see the methodology note at the back of the report) and not the result either of direct questions or from an economic model. That said, we think that such inferences provide relevant connections to the micro-economy of firms and indicate that first-movers in dealing with the ageing workforce may well be winners.

Potential impact on European companies' ability to innovate, compete and produce

Figures in %



Ceterus paribus, consistent and proper implementation of all the fitness tools across the five arenas can significantly improve companies' ability to:

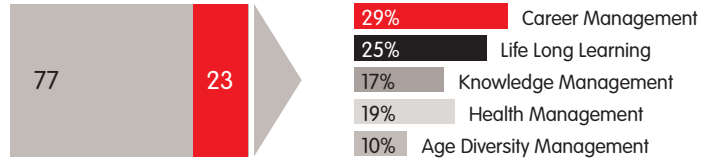
- Innovate – up to 23% on average, and as high as 28% in the UK
- Produce – up to 19% overall and 23-24% in Spain, Italy and the UK
- Compete – up to 15% region-wide, and 18-19% in the UK and Spain

Belgian and Dutch firms are close to European overall average, scoring slightly above this for demographic fitness on competitiveness and below on productivity.

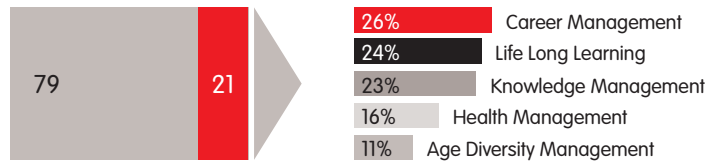
We found that *knowledge management* is the single biggest potential factor favoring better "innovation". So the stronger a company is at knowledge management, and the more its employees share the conviction, then the better it can innovate.

Innovation: Key Drivers

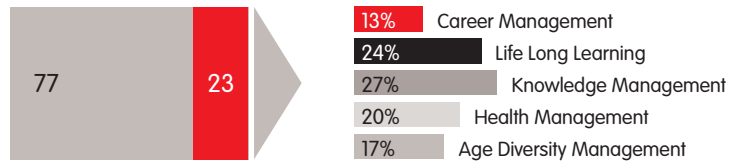
Belgium



Netherlands



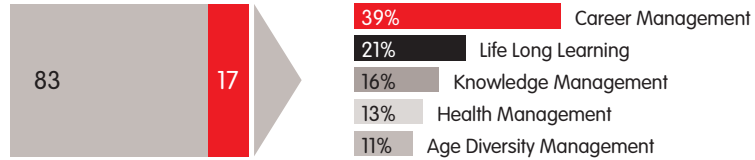
EU Big 5 (GER/ UK/ FR/ ITA/ ESP)



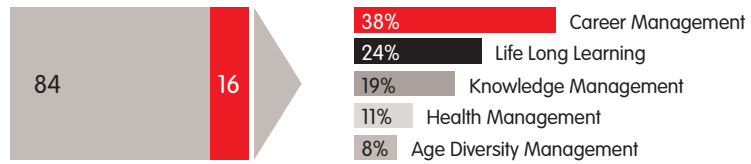
For both “productivity” and “competitiveness”, the main driver of improvement is excellence in *career management*. This can account for up to half the potential gain. Better attention to lifelong learning could also have a major impact for European firms’ productivity, accounting for on average around one third of the potential improvement.

Competitiveness: Key Drivers

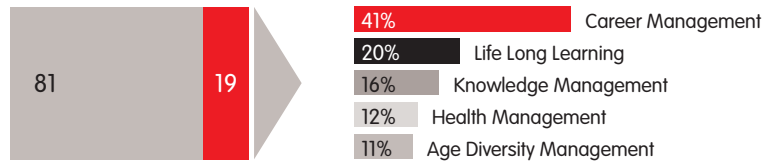
Belgium



Netherlands

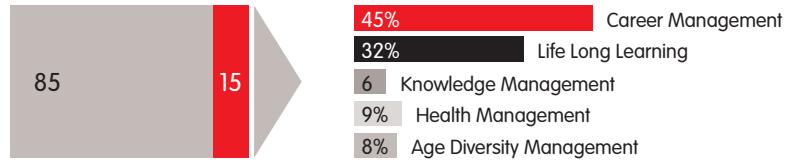


EU Big 5 (GER/ UK/ FR/ ITA/ ESP)

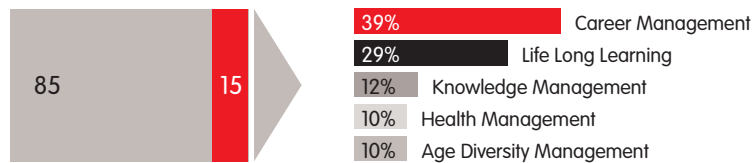


Productivity: Key Drivers

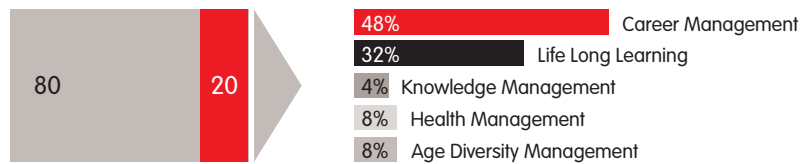
Belgium



Netherlands



EU Big 5 (GER/ UK/ FR/ ITA/ ESP)



We might also apply the common sense test: if a firm did well across the 5 DFX areas, would it really become less productive, innovative and competitive than it is today?

(3) Specific results across the five demographic fitness dimensions

Of the nine main **career management** tools cited in our survey, European firms on average offer barely four. This is broadly true of Belgium and The Netherlands (slightly more). Companies are much more likely to offer their staff access to basic internal career advice and newly created positions, than to more expensive or time consuming tools e.g. external career consulting, mentoring, or “high potential” programs. Belgian firms are very good at providing coaching programs, mentoring programs and work-life plans to their employees – with some of the best scores in Europe in these areas. Dutch firms do even better at career management than their average European peers.

Where career management tools are offered, it is Europe’s younger workers who take most advantage. The split in our survey is 60/40 in favor of those under 45 years, with Belgium slightly better (the split is 55/45) while The Netherlands is far below average for Europe. Overall, large companies are significantly better than medium-sized firms at career management and the same is true in Belgium where service companies are also better overall than either industrial or trade companies. (See exhibit 5 in the appendix).

Career management tools offered by European firms

% of companies offering individual career tools:



We found that **lifelong learning** is one of the better addressed areas across Europe, though firms offer by and large the same things region-wide. Over 70% of workplace training focuses on “qualifications” everywhere except the UK, where firms prefer a balanced approach that also stresses social goals e.g. team building, and personal development such as management seminars. (See exhibit 6 in the appendix).

Belgian and Dutch firms score above average overall. They are the best in Europe in terms of the % that provide social skills training, but a bit below par in allowing advanced training to be delivered by external providers. Worker uptake of learning tools is best in the UK and Italy (both average around 60% taking part) with Belgium not far behind (56%) – all well above average - compared to below half in Holland, Germany, France and Spain. Across Europe younger workers are again more likely to use the lifelong learning tools on offer – with Belgium more balanced than average.

EU companies on average provide 5.8 annual training days per employee. German and Dutch firms offer the least (~4.5 days), potentially because they regard training more as a “cost” more than an “investment”. Belgian companies offer 5.3 days on average, while the UK, Italy and Spain are all high with Spain most generous with 8.7 days. (See exhibit 7 in the appendix).

On average, European firms use under half of the one dozen **knowledge management** tools open to them. The Netherlands and Belgium are both among the leading countries, with 6.3 and 6.4 tools, respectively, used by the typical company. Belgian firms are the European champions for deeper measures such as contact with external think tanks and establishing their own. Dutch firms lead Europe in management information systems (together with the UK) and for internal online fora. The KM arena is one with the best balance between age cohorts in uptake, although only Belgium achieves a roughly 50/50 balance. (See exhibit 8 in the appendix).

Analysis of knowledge structure and levels

Full and complete analysis

No analysis at all

2006/07

% of companies:

Company-specific technical knowledge

Average European 8	EU big 5	Belgium	Netherlands
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42	20	47	16	30	22	36	27
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Workplace-specific technical knowledge

45	16	45	14	43	15	45	18
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Risk of knowledge loss when employee leaves

34	26	32	27	36	22	32	26
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Holders of business critical knowledge

31	28	30	28	30	22	36	27
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Question: "To what extent have you carried out a statistical analysis of the business-critical knowledge assets in your company?"

While ~45% of European companies feel they have a strong understanding of workplace-specific and company-specific technical knowledge, many fewer have fully assessed the risk of loss of knowledge when individual employees leave, or who holds business-critical information. Belgian firms score below average on workplace and company-specific knowledge assessment, but slightly above average for the latter two areas. Few European firms bother to publish internal directories of knowledge holders (i.e. expert "yellow pages"), or to build internal discussion fora. So, few European companies know who their real experts are. This finding is consistent with research by McKinsey & Company⁶. This is rather true of The Netherlands also.

Few companies offer **health management** tools beyond the classic or mandatory items i.e. medical and health check-ups at work, and pre-hiring medical examinations. Companies fail to offer their staff long-term health options such as sports facilities, back strain reduction and healthy catering, let alone dietary advice and relaxation programs. The divide is starkest in France, Italy and Spain where 84% to 95% of companies offer the basics – and an overwhelming majority of staff use these, probably reflecting the legal framework – but preventative or longer-term health options are almost non-existent. German and UK companies tend to be better at offering a more balanced selection of health management options, yet are not quite as good at ensuring that employees have regular access to the basic check-ups.

⁶ The McKinsey Quarterly 2003, Number 4, Do you know who your experts are? Michael Idinopulos and Lee Kempler. Michael and Lee are knowledge support staff at McKinsey.

Belgian firms are slightly above average for health management, and are the best in Europe for healthy catering at work. Almost 40% of firms offer this, versus just one quarter on European average. They are also among the best at providing medical check-ups at work (84% do so, versus 68% on average across Europe). Dutch firms, however, are among the worst in Europe overall e.g. of the 9 major health tools, the average Dutch firm offers 2.5, versus 3.8 for Spain and 3.4 for Belgium. Dutch firms are also spectacularly below the norm for regular health checks, pre-employment medicals and health advice at work. (See exhibit 9 in the appendix).

The health arena is the only one of our five measured areas where we see greater uptake of options by older workers than their younger colleagues in every European country, including Belgium. Overall, three-quarters of European workers use company schemes if provided, and 54% of those that do are over 45 years of age. Belgium is exactly at the average here, with The Netherlands also close to average.

Age diversity management is similar to healthcare in that key tools for ensuring diversity are legally binding in most countries, and companies by and large respect that. We thus see high compliance across all countries on official policies to ensure equal opportunities for all ages, as well as on age-neutral job adverts and appointments. Belgium does relatively well here, with 75% to 87% application in these three areas (Germany and the UK are at the top end of the range with 82-96%). Just one third or less of EU companies offer longer term and potentially high impact tools such as team-building seminars, mentoring schemes, junior/senior roundtables or least of all (barely one in six firms) diversity awareness workshops for managers. Belgium is one of the best in Europe overall – coming second only to the UK in number of tools offered – and it scores far above average for many of the tools. Dutch firms are disappointingly absent from the front ranks of age diversity management in Europe. (See exhibit ten in the appendix).

Conclusions and recommendations

The DFX offers valuable qualitative and quantitative insights into European firms' true "fitness" for rapid population ageing. With an average of 182 points on a scale of 100 to 400, and two-thirds of firms below 200, all stakeholders should be concerned about the current situation – even if Belgium did relatively well and The Netherlands was close to European average. The first step to problem resolution is always the realization that action is required, and we believe that the DFX can contribute to changing perceptions.

Demographic fitness is not rocket science. All the measures and tools across the five areas are amply described in business literature, are straightforward to understand and communicate to employees, lend themselves to regular measurement internally or

using qualified vendors, involve modest investment without this being financially ruinous even for smaller firms, and can be made more effective by promoting a positive and uplifting firm cultural change. The hard part is not design or implementation, but having the courage and “kilos of leadership” to tackle workforce ageing before it tackles you.

The pay off could be substantial. High DFX scores can bring large gains in firms’ ability to compete, innovate and produce – all of which they are going to need to do much better in future. Legislative momentum towards stricter rules (e.g. on competition and the environment, age discrimination, health and safety at work), the international tussle for talent, rapid technological change, the China/India factor and globalization in all its other facets make it all the more important for companies to improve their DFX scores.

The good news is that all firms, regardless of size, sector or focus, can improve their demographic fitness through the right mix of policies and faithful implementation. We know that awareness of the impending effects of demographic change on the labour market is growing across Europe, even in countries that have only recently become market economies. We therefore believe there is terrific potential for optimizing demographic fitness in all countries.

From the Adecco Institute’s perspective, reports that provide exhaustive (and exhausting) lists of recommendations will not be of much use to practitioners. We encourage firms to prioritize around a few areas of weakness, keep things simple, and take “baby-steps” to ensure regular and real progress on the chosen priorities. Do a diagnostic, select the three to five most obvious measures and tools with the best potential gain to the company, and set out an action plan with a clear timeline and responsibilities. When those are seen to be achieved, choose the next most pressing areas. Practical steps will bring rewards.

For Belgium and The Netherlands, as for all of Europe, population ageing is here to stay. While its impact will vary across economic sectors, and while for some firms age structure worries might appear far away, companies will inevitably come to recognize and value the talent potential and real contribution of older workers. Not using their skills and experience will increasingly be an unjustified waste of business resources. Thus population ageing is both a challenge and an opportunity. The far future of business will belong to those companies that realize the former and seize the latter.

Statistical appendix and methodology notes

Exhibit 1: Main dimensions of the DFX

Building blocs in the 5 DFX areas (list is not comprehensive)

Career management	<ul style="list-style-type: none">• Flexible, life-cycle oriented work models e.g. family-friendly, part-time, phasing out• Balanced age structure and retirement processes (to retain workers / avoid a mass exodus)• Properly structured career and succession planning linked to business needs• Opportunities for alternative careers e.g. horizontal shifts for professional growth
Lifelong learning	<ul style="list-style-type: none">• Incentives to increase effective participation in learning activities across all age groups• Processes to keep older employees' knowledge up to date (vs creeping know-how decline)• Cycle-oriented learning linked to age, performance and learning abilities• Individualized formal and informal learning to boost professional, social, personal skills
Knowledge management	<ul style="list-style-type: none">• Knowledge retention tools and processes, with efficient IT support• Knowledge rejuvenation strategies, and platforms for informal knowledge sharing• Active alumni management to ensure access to expert knowledge past retirement• Culture of creativity, inspiration and innovation ("learning organization")
Health management	<ul style="list-style-type: none">• Age-conscious workplace design and ergonomics• Work-life balance and workplace stress/strain reduction programs for all employees• Full range of healthcare, checks and consultations - including prevention / long term• Better employee self-awareness of health maintenance issues
Diversity management	<ul style="list-style-type: none">• Better inter-generational cooperation and knowledge exchange• Staffing of all age groups according to their individual strengths• Culture of highly valuing work experience• Efforts to raise work satisfaction, loyalty, performance even as average age of staff rises

Exhibit 2: DFX Company Interview Sample

DFX Company Interview Sample

Companies / sectors	Total	Germany	UK	France	Spain	Italy	Belgium	Netherlands	Switzerland
Medium (€10-50 million in sales)	2213	238	226	268	292	252	315	244	378
Large (>€50 million in sales)	1791	262	274	232	212	248	185	256	122
Total	4004	500	500	500	504	500	500	500	500
Trade	1384	161	204	128	166	134	205	178	208
Industry	1416	186	148	144	198	226	186	172	156
Services	1204	153	148	228	140	140	109	150	136

Fieldwork conducted in May 2006 (Germany); September 2006 (UK, France, Spain, Italy); February 2007 (Belgium, Holland, Switzerland)

Question: "To what extent have you carried out a statistical analysis of the business-critical knowledge assets in your company?"

Exhibit 3: Company analysis of workforce age structure

Share in %

	No analysis at all		Full and complete analysis							
2005	Average European 8		EU big 5		Belgium		Netherlands		Switzerland	
% of companies:										
Overall age structure	37	33	35	31	40	31	33	40	48	33
Age structure by area / dept	44	25	41	26	50	19	42	30	58	22
Age structure by staff grade	44	26	41	28	48	22	46	23	55	23

Exhibit 4: State of Demographic Fitness in Europe

DFX index scores

Data in %	Average European 8	EU big 5	UK	Italy	Belgium	Spain	Germany	Netherlands	Switzerland	France
Ø (=index)	182	183	189	186	186	185	181	181	174	172
100 points	13	12	9	10	10	12	17	13	19	11
101 - 150 points	26	26	22	31	36	29	26	30	14	21
151 - 200 points	31	30	37	24	25	19	23	21	47	49
201 - 250 points	15	14	16	13	14	11	14	27	11	15
251 - 300 points	10	12	12	9	10	27	10	6	5	4
301 - 350 points	5	5	3	13	5	2	7	3	3	1
Above 350	1	1	1	1	1	1	4	0	2	0
% of firms above 300	6	7	4	14	6	3	11	3	5	1
% of firms below 200	69	68	68	65	71	60	66	64	80	81
Maximum score attained	400	400	390	363	374	385	400	400	381	334

Exhibit 5a: Career management

9 major career management tools	Average European 8	EU big 5	Italy	UK	Spain	Netherlands	Belgium	France	Switzerland	Germany
Average number of tools offered by firms	4.2	4.2	5.0	4.9	4.8	4.6	4.2	3.7	3.7	2.7
% of companies offering individual career tools:										
Creation of totally new positions	58	60	53	75	58	52	59	65	56	48
Coaching programmes	53	46	39	63	55	68	64	24	60	47
Internal career consulting	52	53	63	59	73	56	48	39	46	30
Change of profession / career path	50	52	73	58	53	51	48	47	43	27
Individual career programmes	50	51	64	67	49	57	41	39	43	38
Work-life plans	47	47	75	46	29	48	56	51	36	33
Mentoring programmes	39	38	27	57	47	49	42	42	32	19
External career consulting	35	40	67	23	76	39	22	20	19	12
High potential programmes	31	30	39	36	32	37	32	25	29	19

Question: "Which of these tools are currently used in your company? What % of staff use the individual tools you offer?
How does that divide up by age group?"

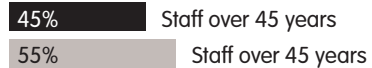
Exhibit 5b: Career Management: Tools and Utilization

Degree of utilization of offered

Utilization by age categories

*Average number of tools offered

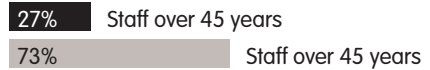
Belgium *4.2 (of 9)



Netherlands *4.6 (of 9)



Switzerland *3.7 (of 9)



EU Big 5 (GER/ UK/ FR/ ITA/ ESP) *4.2 (of 9)



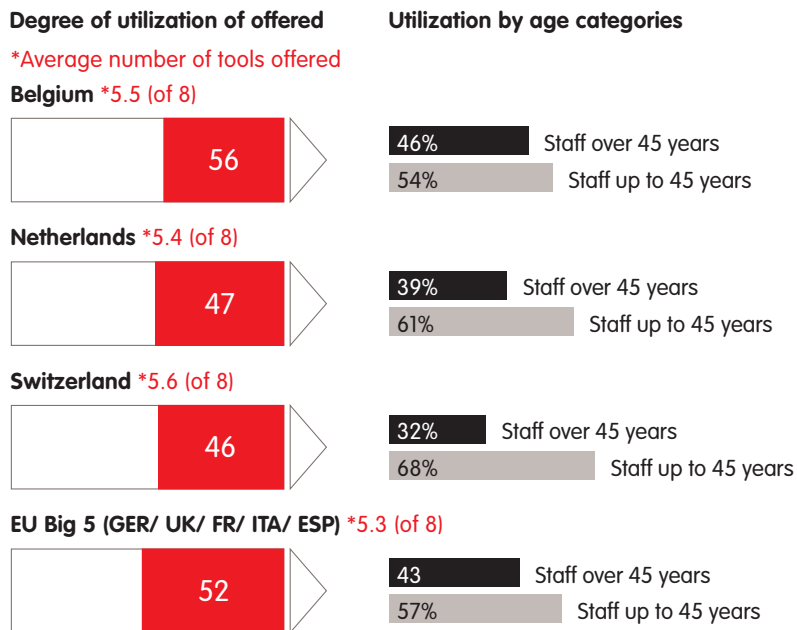
Question: I am now going to read you a list of some career management tools. Which of these are currently used in your company? What percentage of your employees uses the individual career management tools that you offer? And how does the percentage use of these tools further divide up into the following age groups?

Exhibit 6a: Lifelong learning

8 major learning tools	Average European 8	EU big 5	UK	Spain	Switzerland	Germany	Belgium	Netherlands	France	Italy
Average number of tools offered by firms	5.4	5.3	6.2	5.6	5.6	5.5	5.5	5.4	4.8	4.4
% of companies offering:										
Workplace-based training initiatives	84	87	92	95	89	81	82	71	88	77
Analysis of individual training needs / regular meetings	79	77	87	84	82	68	79	80	74	74
Advanced training by external providers	77	78	89	66	80	85	73	71	82	67
Schemes for imparting technical skills	71	70	86	73	72	81	74	75	58	52
Internal training initiatives outside the workplace	68	67	85	61	77	78	66	67	44	69
Encouragement via individual attention / advice	56	54	83	65	52	48	59	67	40	32
Schemes for imparting social skills	50	45	46	55	55	55	60	60	41	30
Schemes for imparting methodological skills	49	49	55	59	47	51	52	48	43	36

Question: "Which of these tools are currently used in your company? What % of staff use the HR development tools you offer? How does that divide up by age group?"

Exhibit 6b: Lifelong Learning: Tools and Utilization



Question: I am now going to read you some more steps that a company can take for human resource development. Which of these are currently used in your company? And what percentage of your employees uses the human resource development tools that you offer? And how does the percentage use of these tools further divide up into the following age groups?

Exhibit 7: Advanced training schemes sponsored by European companies

Days of training per year, and percent of training by type	Average European 8	EU big 5	Spain	UK	Italy	Belgium	France	Germany	Netherlands	Switzerland
Avg days per employee spent on advanced training 2005/06	5.8	6.4	8.7	7.1	6.7	5.3	5.1	4.5	4.5	4.3
Objectives of the advanced training										
Obtaining a qualification	39	37	38	29	37	41	30	50	44	46
Further qualification, qualification for promotion	30	31	24	27	34	28	45	27	25	27
Social objective e.g team building	14	14	15	19	12	14	13	11	14	12
Personal objective i.e. Coaching, management seminars	17	18	23	25	17	17	12	12	18	15

Question: 'Re the opportunities for advanced training in your company, how many days were used for advanced training in 2005/06 per employee?
"When you think of the objectives of your advanced training schemes, what % can be classified accordig to each of the following 4 objectives"

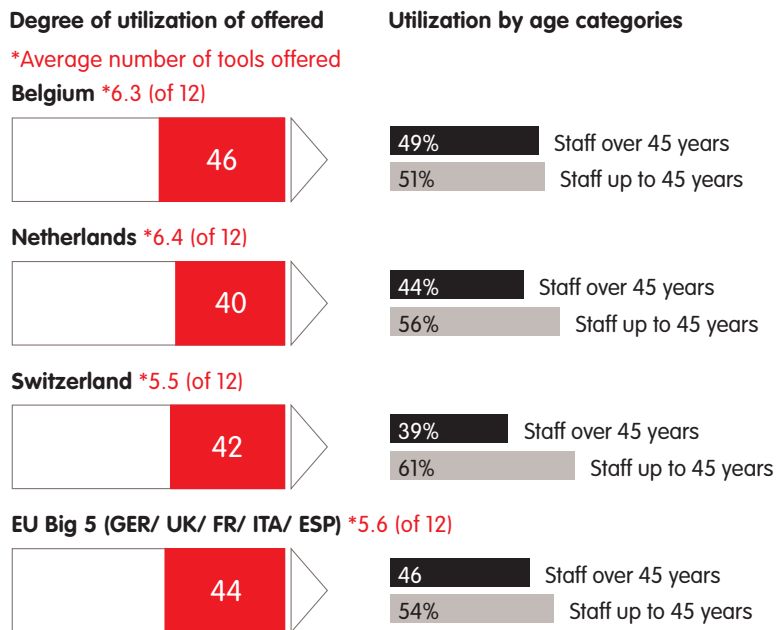
Social objective e.g team building

Exhibit 8a: Knowledge management

12 main KM tools	Average European 8	EU big 5	Spain	Netherlands	UK	Belgium	Switzerland	Germany	Italy	France
Average number of tools offered by firms	5.8	5.6	6.5	6.4	6.3	6.3	5.5	5.4	5.2	4.8
% of companies offering:										
Use of external consultants	72	72	77	71	67	73	70	62	84	72
Targeted advanced training for knowledge renewal	70	68	85	69	52	78	74	71	64	67
Standardized records of business-critical knowledge	59	56	64	63	60	57	58	62	50	43
Cooperation with other companies	57	52	71	79	79	56	57	50	44	17
Management information systems	57	56	70	53	81	54	41	46	46	36
Cooperation with universities and other institutions	53	46	71	56	61	51	39	40	42	16
CRM systems	47	44	49	41	34	49	39	43	41	52
Building mixed-age teams	44	31	33	45	33	39	38	43	27	21
Internal online fora	35	27	18	39	39	45	32	22	14	40
Establishing own think tanks	31	28	30	25	27	27	32	24	29	29
Directory of knowledge holders ("yellow pages")	28	23	25	29	30	33	18	18	16	25
Contact with external think tanks	24									

Question: "Which of these KM tools are currently used in your company? What % of staff use the KM tools you offer?
How does that divide up by age group?"

Exhibit 8b: Knowledge Management: Tools and Utilization



Question: I will now read out some steps that a company can take regarding the use, safeguarding and renewal of knowledge. Which of these are currently used in your company?
And what percentage of your employees uses the knowledge management tools that you offer?
And how does the percentage use of these tools further divide up into the following age groups?

Exhibit 9a: Health Management

9 major health promotion tools	Average European 8	EU big 5	Spain	Italy	France	Belgium	Germany	UK	Netherlands	Switzerland
Average number of tools offered by firms	3.2	3.5	3.8	3.7	3.4	3.4	3.3	3.2	2.5	1.9
% of companies offering:										
Medical check-up at work	68	74	60	87	86	84	82	54	69	22
Regular health checks	63	75	95	85	93	74	60	40	38	22
Pre-employment medical check	55	71	84	86	87	57	46	54	16	13
Health advice / medical consultations	43	51	68	62	40	41	40	45	37	14
Healthy catering										
Company sports facilities	28	23	18	16	13	39	36	34	34	33
Back strain reduction	16	16	16	12	7	12	23	21	18	21
Relaxation programmes	13	16	17	3	3	5	24	33	7	8
Dietary advice	9	9	10	7	8	8	11	11	7	10
Relaxation programmes	7	5	7	1	2	7	9	8	8	11

Question: "Which of these tools are currently used in your company? What % of staff use the health management options you offer? How does that divide up by age group?"

Exhibit 9b: Health Management: Tools and Utilization

Degree of utilization of offered

Utilization by age categories

*Average number of tools offered

Belgium *3.9 (of 9)



Netherlands *2.5 (of 9)



Switzerland *1.9 (of 9)



EU Big 5 (GER/ UK/ FR/ ITA/ ESP) *3.4 (of 9)



Question: I will now read out some tools and measures that a company can employ in order to maintain its employees' health. Which of these are currently used in your company? And what percentage of your employees uses the health management options offered by your company? And how does the percentage use of these tools further divide up into the following age groups?

Exhibit 10: Age diversity management

11 main diversity tools	Average European 8	EU big 5	UK	Belgium	Switzerland	Germany	Spain	France	Netherlands	Italy
Average number of tools offered by firms	5.2	5.1	6.1	5.7	5.4	5.2	5.2	4.9	4.8	4.3
% of companies offering:										
Equal opportunities for all ages	84	84	96	87	82	82	84	89	83	71
Age-neutral job adverts	76	75	87	82	77	86	54	72	74	n.a.
Age-neutral appointments	73	72	87	75	78	83	53	73	71	62
Performance-oriented pay system	65	63	56	66	85	78	68	45	52	69
Age-heterogeneous working groups	47	52	33	58	29	36	67	66	30	58
Team-building seminars	39	34	55	47	46	35	31	19	45	32
Employee exchange platforms	35	34	51	33	53	49	25	21	26	25
Mentoring programmes	34	34	57	40	25	18	40	37	40	18
Age-homogeneous working groups	29	31	26	31	22	23	41	35	19	31
Junior / senior roundtables	28	27	21	29	25	19	50	21	31	25
Diversity awareness w/shops for managers	15	16	39	16	19	9	9	6	9	15

Question: "Which of these diversity management tools are currently used in your company?"

Methodology notes

TNS Infratest has surveyed 4,004 companies using computer aided telephone interviewing (CATI). The survey sample includes 500 companies in each of eight European economies, classified as either large (with revenues over €50 million) or medium (revenues of €10-50 million). TNS selected the firms from international company databases such as Hoppenstedt and Dun & Bradstreet, and then structured the interview samples for each country to have: (a) about 50% each of medium and large firms; (b) about one-third each from the industry, trade and services sectors. This (disproportional) approach ensures a sufficient sample for the analysis of all sub-groups for each country.

TNS also assessed the (real) underlying structure of the five economies in terms of medium vs. large-sized companies, and industry vs. trade vs. services (using official national statistics and data providers such as Umsatzsteuerstatistik, Eurostatistics, and Dun & Bradstreet), to create an overall “European structure”. They weighted the whole interview sample using this representative European structure for the final total analyses (and thus also for calculating the DFX). Data weighting ensures that distinct national economic structures do not affect the overall findings for each country as compared to the other European countries.

To assess the potential improvement to firms’ innovation, productivity and competitiveness, TNS used statistical inference. First, they confirmed that companies see the ability to innovate, compete and produce as “key success factors” (as rated by the firms themselves on a scale from 1 – very good to 6 – very poor). Indeed, Europe-wide, companies do see their current corporate success as influenced by competitiveness (63%), productivity (54%) and innovation (50%). Belgian and Dutch firms see an even stronger correlation between success and innovation and productivity, but less with competitiveness.

Second, TNS looked at the (un-)successful implementation and employee uptake of all tools and measures across the five fields of action, and found that each of the 5 fields of action can influence innovation, productivity and competitiveness to some extent, either positively or negatively.

Third, TNS conducted statistical analyses (regressions) of the degree of influence. At a general level, they found that the 5 fields of action can influence innovation by up to 23%, competitiveness by up to 15%, and productivity by up to 20%. They analyzed each field’s share in this general influence (assuming this sums to 100%), and found that e.g. for innovation the dominant influence factor is knowledge management, followed by lifelong learning and health management.