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In a seminar organised for members of its Company Network, the European Foundation for the Improvement of Living and Working Conditions explored policies and practices associated with managing an ageing workforce. The seminar ‘The workplace of the future – managing the challenge of an ageing workforce’ was held in Vienna, Austria, on 4-5 March 2004. The Austrian company Voestalpine AG, active in the steel industry, was one of the three companies presenting their approach and experience to an audience of 60 participants representing a wide range of stakeholder groups (businesses, employer and employee organisations, government representatives) from 12 EU Member States.

Box 1: Overview

By changing its name from VOEST-ALPINE STAHL AG into Voestalpine AG, the Austrian company underlined its course of change from a traditional heavy steel manufacturer towards a high-tech processing corporation producing more than steel. During the restructuring process in the 1990s, the Voestalpine group recognised the importance of employing sufficient knowledgeable and experienced workers across all age groups. Against the background of demographic developments in Europe, the group is keen to both retain its experienced workers and become one of the most attractive employers in its regions of operation.

As a result, Voestalpine created the LIFE programme, which is in the process of implementation throughout its individual companies. LIFE’s main objective is to create an attractive work environment at Voestalpine for all generations by enabling a change in values, i.e. improving the compatibility of family life and career, initiating new modes of working and attributing a high priority to health issues. Both top management and the works council support LIFE, which forms an integral part of Voestalpine’s corporate strategy.

Company profile

Voestalpine AG is one of the largest industrial enterprises in Austria and listed on the Vienna stock exchange since 1995. By changing its name from VOEST-ALPINE STAHL AG to Voestalpine AG, the company underlined its course of change from a traditional heavy steel manufacturer towards a high-tech processing corporation. The Voestalpine Group employs over 23,000 people in over 30 countries worldwide. Global operations include the company’s own enterprises, as well as joint ventures and sales agencies, and production facilities in Brazil, the United States and the United Kingdom. In 2003, the group achieved total sales of €4.6 billion, with an export rate of 81%. The most important market by far for the group is the European Union, where 79% of its total sales were generated. Today Voestalpine is a highly competitive and profitable company in the world’s steel sector.

It did not happen overnight

The Voestalpine AG, like most steel corporations in Europe, had to go through major restructuring in order to achieve its current market position in the steel industry. In the 1990s, the group redefined its business focus, moving away from only manufacturing steel to providing integrated business products to various markets, including the automotive and railway industries. In addition, the company rearranged its composition of stakeholders and changed its status from a state-owned company to a public corporation, registered on the Austrian stock exchange since 1995. To implement all of these changes required transforming both general business and human resources (HR) management.

Successful reorganisation and job creation

As a result of the restructuring process, the Voestalpine Group now comprises four divisions: steel (flat products), motion (subsupplies to the automotive industry), profilform, and railway systems, offering complete solutions to customers. The group’s final product is no longer only steel, but a higher value added and integrated business product delivered in a customer-oriented environment. Thus, Voestalpine is profitable in a market where most other European steel companies are operating at a loss. This success led to an increase of commercial activities and created job openings at Voestalpine.
Managing the challenge of an ageing workforce

Within the scope of its growth strategy in the processing segment, the group depends on high performing and skilled employees as well as on the transfer of know-how between generations. This takes place against the background of demographic developments in Europe, which will be shaped by the significant decline in the population of young people, and the increasing number of older people. At the same time, the steel industry is not necessarily considered as an attractive workplace for younger, potential employees. Consequently, Voestalpine had to adjust the corporate culture and work processes to attract new and younger workers, while retaining their existing workforce.

Human resources redesigned

In December 2001, Voestalpine introduced an innovative redesign of the company’s human resources policy: the LIFE programme aimed at creating an attractive work environment for all generations. LIFE initiates the transformation of Voestalpine’s work environment to adapt it to all stages of life with the goal of optimising performance, working conditions, health, meaningfulness and teamwork. LIFE’s initiatives are centred on the management of a three generation workforce (young, middle-aged and older employees), complementing each other, stimulating motivation and transfer of knowledge and life-long learning on the job. In this way, the programme also strengthens Voestalpine’s position as an attractive employer in its operating regions and hence its market value. Voestalpine’s top management and works council have supported the LIFE programme from the outset.

For further information on the company, please visit the group’s website at http://www.voestalpine.com/ag/en.

LIFE: a programme for all ages

Around 2000, Voestalpine AG investigated and, on the basis of scenario planning, adopted a new corporate strategy. Key trends emerging from this scenario exercise were the following:

- The company would have to change from a steel producer to a competence network.
- In 10 years, 15% of the workers would reach normal retirement age.
- In the medium and long term, there would not be enough young people available to be hired, posing a serious threat to continuous growth and development of the group.
- A change in values in the work environment was necessary, such as an improved compatibility of family and career, new methods of working, and a higher priority for health issues.

These trends highlighted the need for change: company values had to shift to respecting individual development of employees, and HR management had to move from a collective to an individual approach. To support this new strategy, Voestalpine redefined its HR policies.

Development of the LIFE programme

The LIFE programme progressed through three stages:

- Phase 1 – analysis of the then current situation.
- Phase 2 – identification of possibilities for change and creation of the LIFE programme.
- Phase 3 – LIFE programme roll-out, which is still underway.
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An examination of the existing corporate culture prompted the creation of project groups which included the employees’ representatives. These groups addressed various issues, such as personnel marketing and recruiting; personnel development, leadership and company culture; ergonomics, processes and health; working hours and pay. For Phase 1, their objective was to define the situation as it stood, and to offer ideas on what could be improved or changed. The outcome was discussed and agreed in Phase 2, resulting in the development of the LIFE programme.

Subjects as the Corporate culture – do older workers have the same opportunities as others, and if not how can we change it? came up in the project groups. It became clear that older workers did not have the same opportunities as their younger colleagues. As a result, age limits were abolished and management development plans now also exist for older workers. Voestalpine decided on equal rights and equal opportunities for all their employees, regardless of age. Consequently, Voestalpine managers invite employees over 50 years of age to offer their knowledge experience to younger colleagues, by forming tandems of older and younger people. To further promote cooperation in the working environment, posters show older and younger employees working together, and a regular newsletter is produced.

LIFE in detail
The programme Formula 33 is designed for on-going development and learning of all employees, regardless of age. This programme is also a result of the consultation process.

Box 2: Formula 33 - continuing education for all employees

Formula 33 identified the following three key pillars of development:

- On the job – learning by doing.
- Near the job learning.
- Off the job learning.

Within the scope of Formula 33, all Voestalpine employees will have the opportunity to avail of at least 33 hours per year in training and vocational education. This represents 2% of their annual working hours. The individual development programme is worked out jointly with the respective executives. Formula 33 does not mean just attending seminars; it can include such training as managing a project, eLearning, or a couple of ‘taster weeks’ in other specialised departments.

With the LIFE programme, Voestalpine also introduced initiatives focusing on preventive health care. Part of these initiatives is to satisfy additional personnel requirements and to avoid labour shortages in the coming years, due to demographic change and retirements within the group. The aim is to keep older workers fit so that they are able to cope with working life for longer. Confidential physical check-ups as well as a range of free medical services and a free subscription to a fitness club for all staff have become part of the package for employees. To optimise the output of older workers, Voestalpine tried to identify ideal working time models for the different age groups. As a result, a pilot project reducing night shift work for older employees will start in the Linz factory in 2004.

Studies indicate that workers over 50 function better in a workplace with a slightly higher temperature and that targeted improvement of labour conditions for specific age groups can improve worker satisfaction. An attempt is now underway to adapt temperatures to the needs of the various age groups at Voestalpine’s company locations.
Voestalpine also uses older foremen as moderators and takes great care to prevent an employee doing the same job during their entire working life. Another experiment to make the workplace attractive for all age groups was the introduction of the ‘young/old’ tandem. Older employees share their experience with younger colleagues, while the younger employees train the older colleagues in such things as electronic data processing (EDP) and other IT practices.

Voestalpine aims at equal opportunities in the workplace and intends to hire more women. The percentage of female employees is still comparatively low, due mainly to the physical strain of certain jobs. The new personnel strategy projects that, with the increased use of technologies and less emphasis on physical strength, more women can work in what were previously male-dominated areas, for example, at control stations.

The expansion of Voestalpine is partly the result of a number of acquisitions. To sustain the growth strategy, the LIFE programme will be introduced into all subsidiary companies in order to maintain a common HR approach. Fundamental to the strategy is the cooperation between male and female workers and among all three generations.

Box 3: LIFE: main objectives

<table>
<thead>
<tr>
<th>The main objective of the LIFE programme for Voestalpine is to create an attractive work environment for all age groups so that the company becomes and remains an attractive and preferred employer in its operational regions.</th>
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<tbody>
<tr>
<td>The LIFE programme is compatible with life-long learning and the life-time employability concept. It offers 33 hours per year of training on, near and off the job for all its workers, including those over 50 years of age.</td>
</tr>
</tbody>
</table>

Implementation of LIFE

Although the LIFE programme sounds logical and simple, as well as being based on corporate strategy and supported by top management, it was not accepted overnight. It took and still takes much persuasion and long discussions with management at all levels to agree that the effects of the LIFE programme are supporting the company’s long-term strategy. The roll-out of LIFE began in Voestalpine’s production plant in Linz and will be extended first to other locations in Austria. It will then be adapted and implemented in the companies outside Austria as well.

Voestalpine managers are trained to evaluate and check the different age groups, taking the different needs of workers into account. Executives are held responsible for the successful implementation of LIFE. The development of personnel analyses as well as the implementation of Formula 33 are part of the agreed targets for executives. The success of the programme also has a substantial influence on the variable portion of their salary.

Today, Voestalpine’s corporate culture is geared towards employees as an important vehicle for growth, development and economic strength. In this context, Voestalpine also supports the development of its training facilities for apprentices, and sponsors university students in several ways, for example, with the ‘Voestalpine Economic Award’ for outstanding theses, dissertations or other academic work relevant to the group. In 2003, Voestalpine trained 60% more apprentices in its training apprentice centres in Austria than the previous year. Training apprentices is important, particularly in light of the impending shortage of young employees with company-specific training and, at the same time, of the Austria-wide scarcity of apprenticeship positions. Roughly 700 apprentices are engaged in the technical apprenticeship training programmes in Donawitz, Krems and Linz, of which 170 come from foreign companies.
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A tangible result of LIFE is an enhanced feeling among employees that the company belongs to them, with 10% of the shares owned by employees. This is a result of the employee participation plan that was introduced in 2000. Furthermore, career opportunities exist for everyone, regardless of age.

Success factors for Voestalpine and LIFE

- The change in the shape of the company in the early 1990s was key. The development of a long-term strategy based on scenario planning and future demographics resulted in new styles and methods of employee management.
- A change of perception of Voestalpine as an employer was needed, since working in a steel factory was no longer attractive to younger, potential workers.
- Full support by top management, employees and the works council proved essential for the implementation of the LIFE programme.
- LIFE thought at first that it should focus on ageing workers only, but it became clear that it had to include all three generations - young, middle-aged and older employees.
- LIFE is a new approach to human resources management and an important part of Voestalpine’s corporate strategy.

Box 4: Voestalpine’s slogan for LIFE

At Voestalpine ALT werden heisst Umbau, nicht Abbau!

At Voestalpine getting older means changing but not stopping!

For further information on the LIFE programme at Voestalpine AG, please contact Mr Berger at wolfgang.berger@voestalpine.com.