



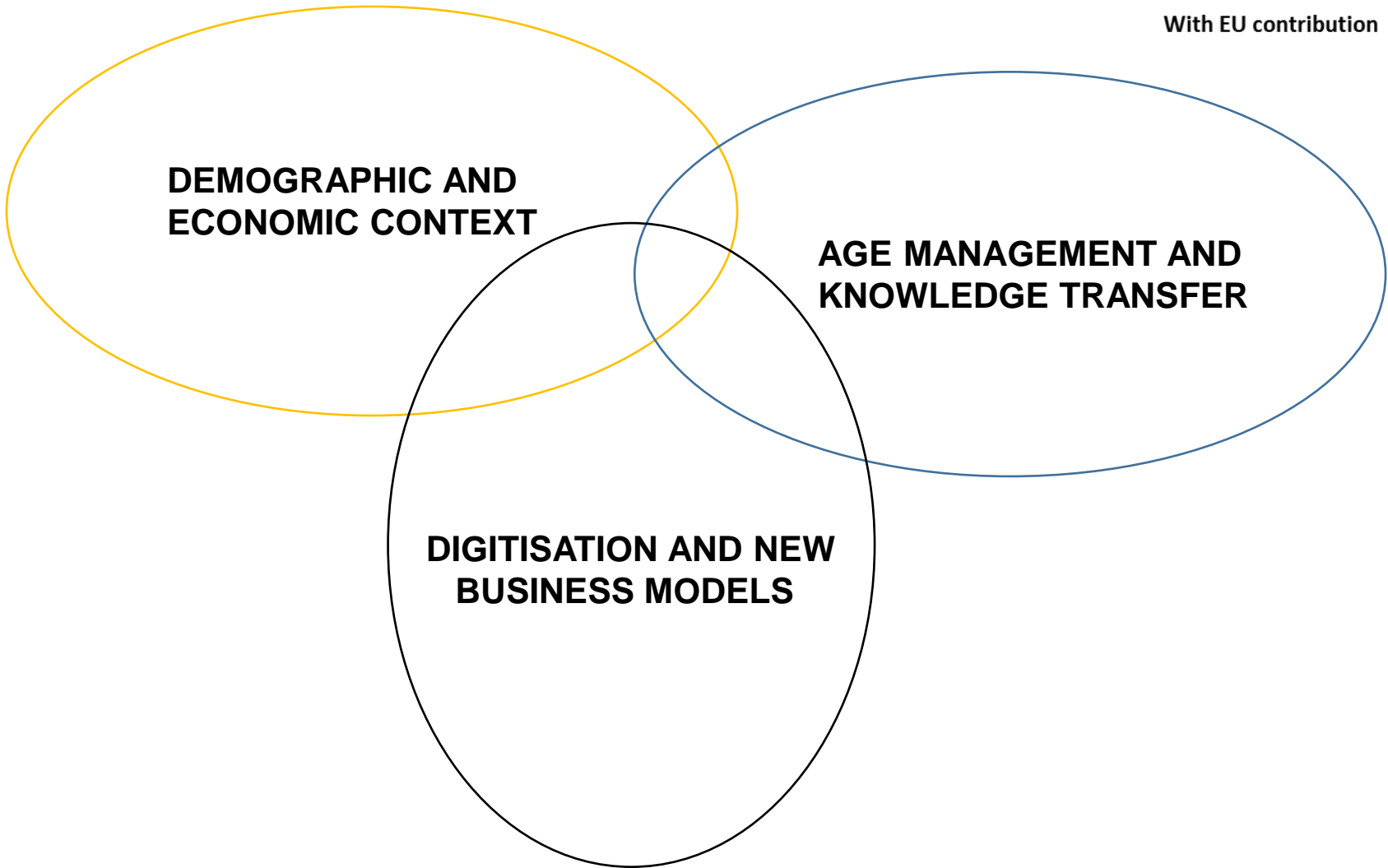
The European social dialogue and the development of the solidarity between generations of workers: focus on “over 55” and young workers in the finance sector. Sustainable growth and generation gap (VS/2018/0040)

**Workshop, 15th March 2019
Eurofound, Dublin**

**Research Report
(Francesco Discanno)**



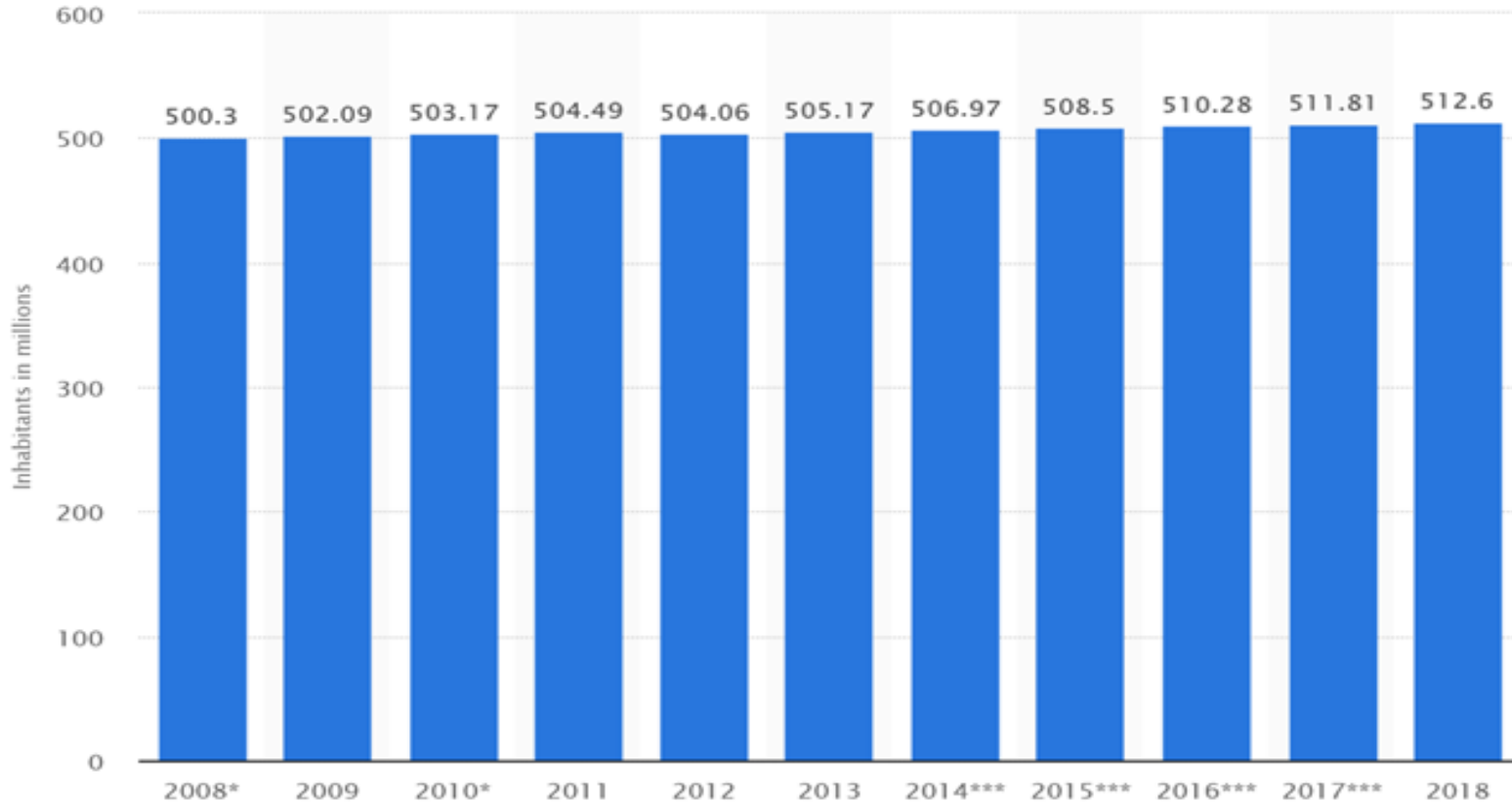
With EU contribution





With EU contribution

European Union: total population from 2008 to 2018 (Statista)



Demographic cohorts

Early Baby Boomers (65-74)

Shadow Baby Boomers (55-64)

Gen Xers (40-54)

Millennials or Gen Yers (15-39)

Baby Boomers (over 55)

- They grew up using telephones, sending letters by post and using typewriters.
- They prefer phone conversations and face-to-face communication.
- They have often struggled to adapt themselves to modern technology.

Gen Xers (40-54)

- They are familiar with technology, but this is not a “second nature” to them as it is to the following generation.
- They have adapted pretty well to technological changes at work

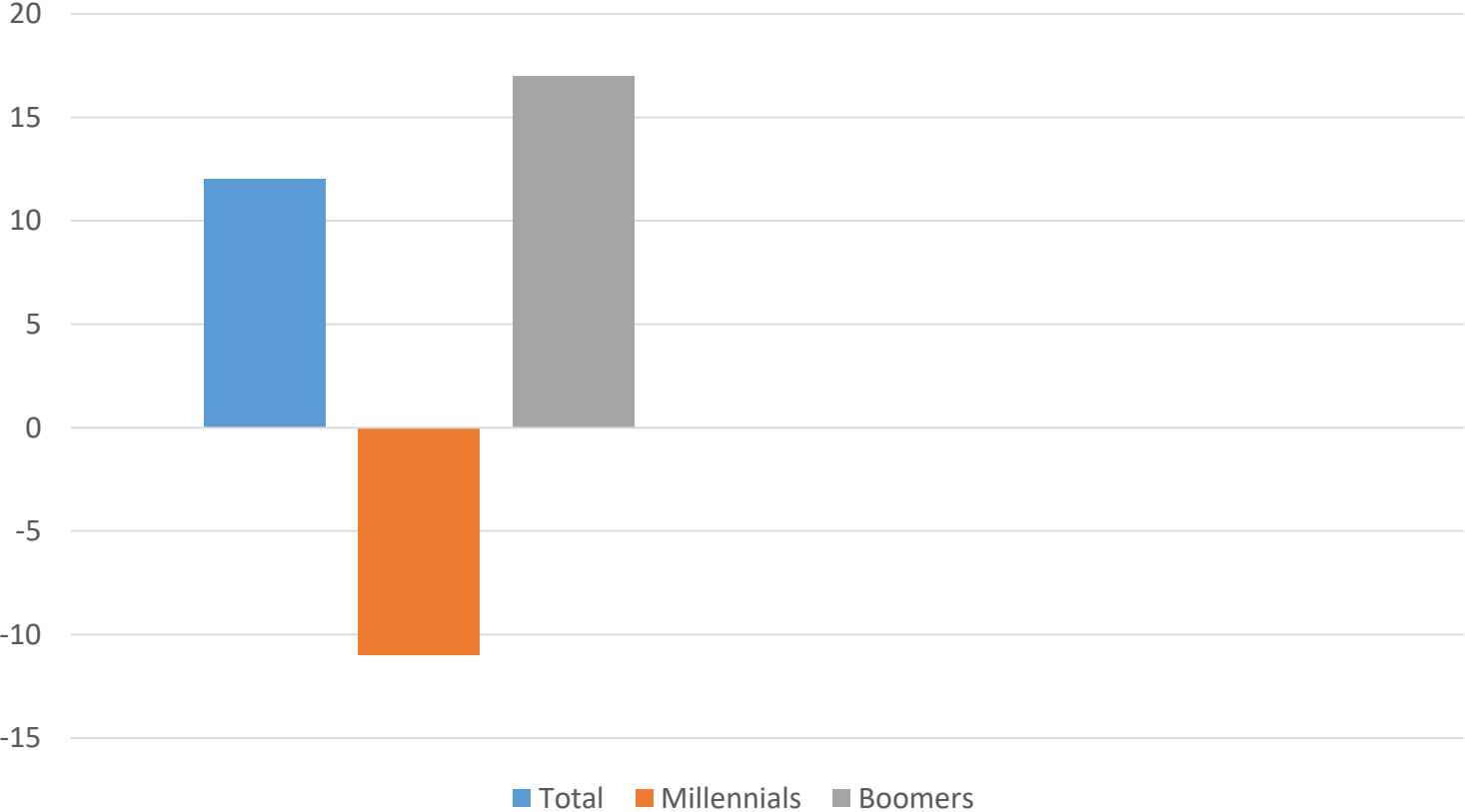
Millennials or Gen Yers (15-39)

- They grew up with advanced technology in the form of laptops, tablets and mobile phones.
- They are constantly online, sharing on social media platforms like Facebook, Twitter and Instagram or using instant messaging like WhatsApp and Messenger.
- They have embraced a different way of working and relating with far more immediacy and informality in their communications.

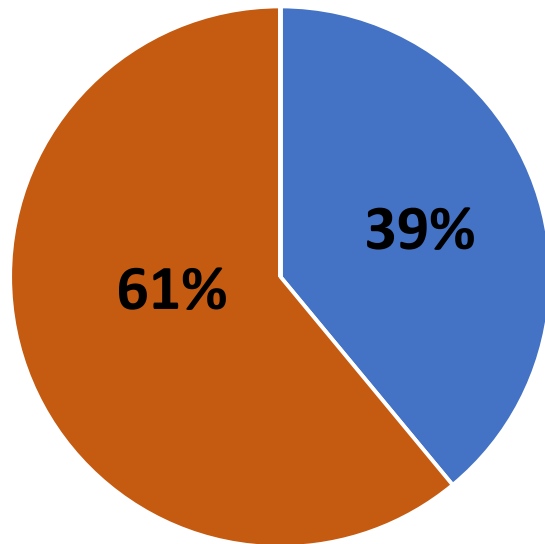


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EU: absolute population changes 2008-2017 (million)

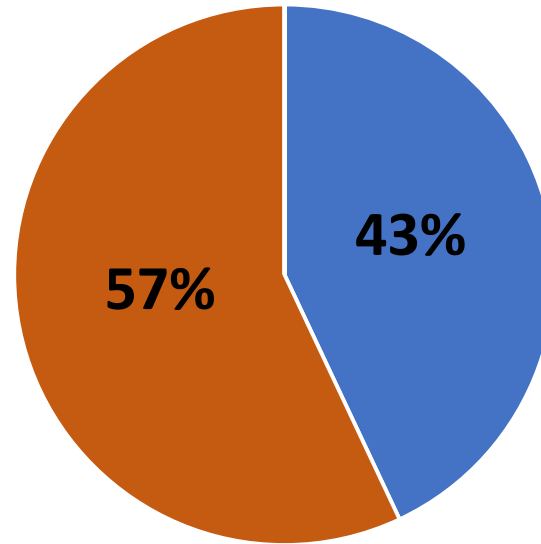


Boomers and Millennials in 2008



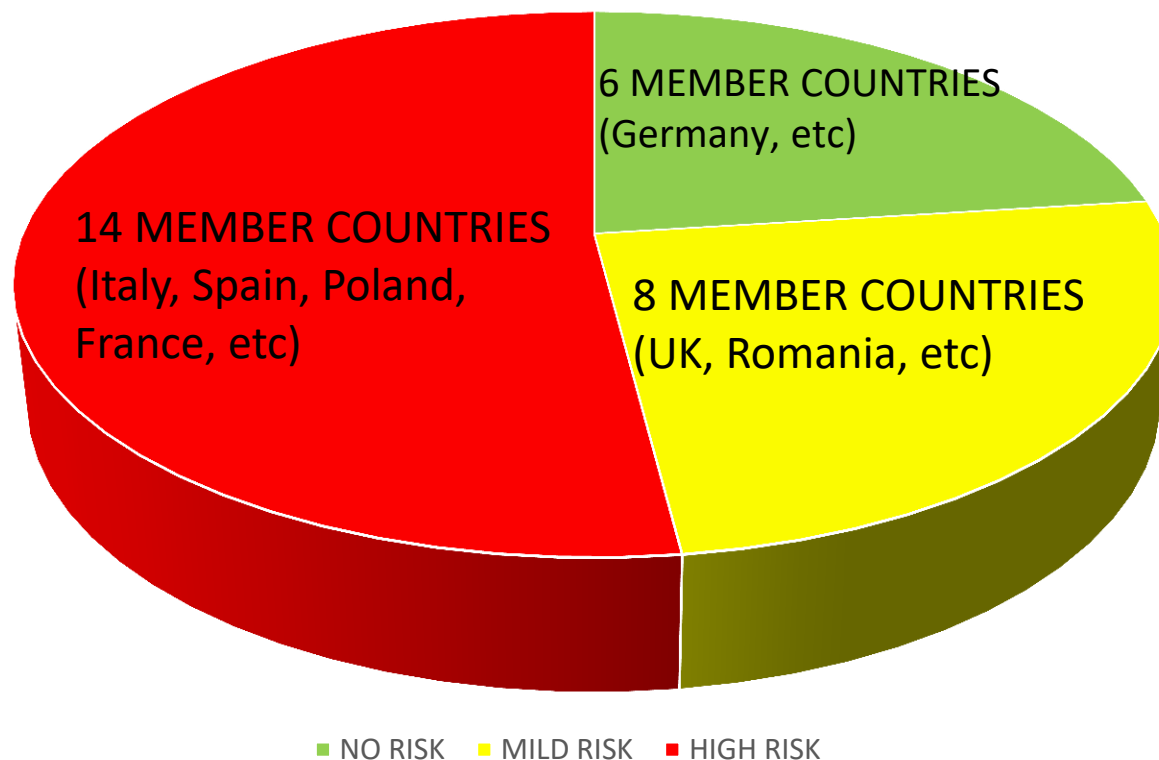
■ Boomers ■ Millennials

Boomers and Millennials in 2017

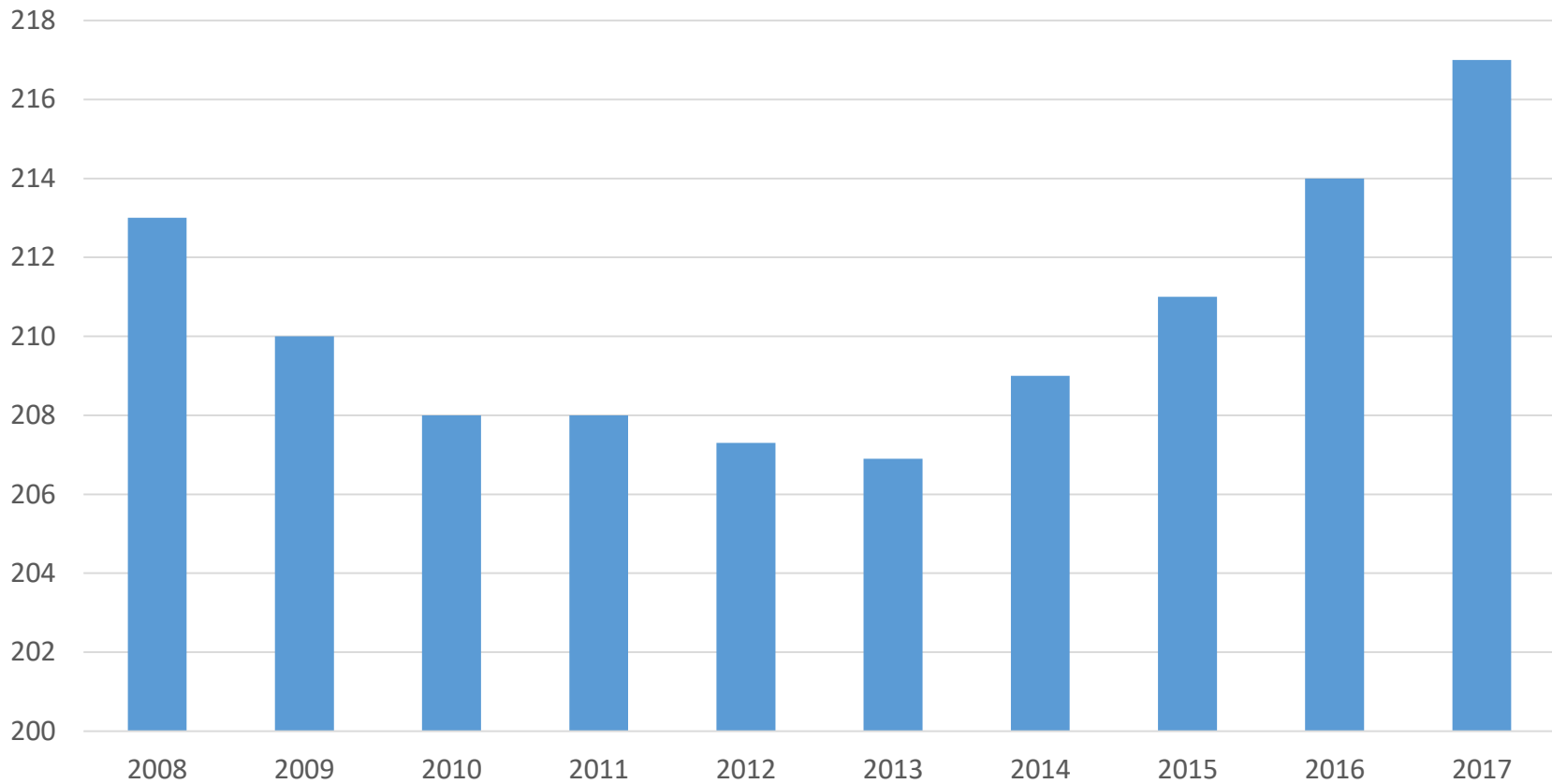


■ Boomers ■ Millennials

RISK OF AGEING IN EU-28



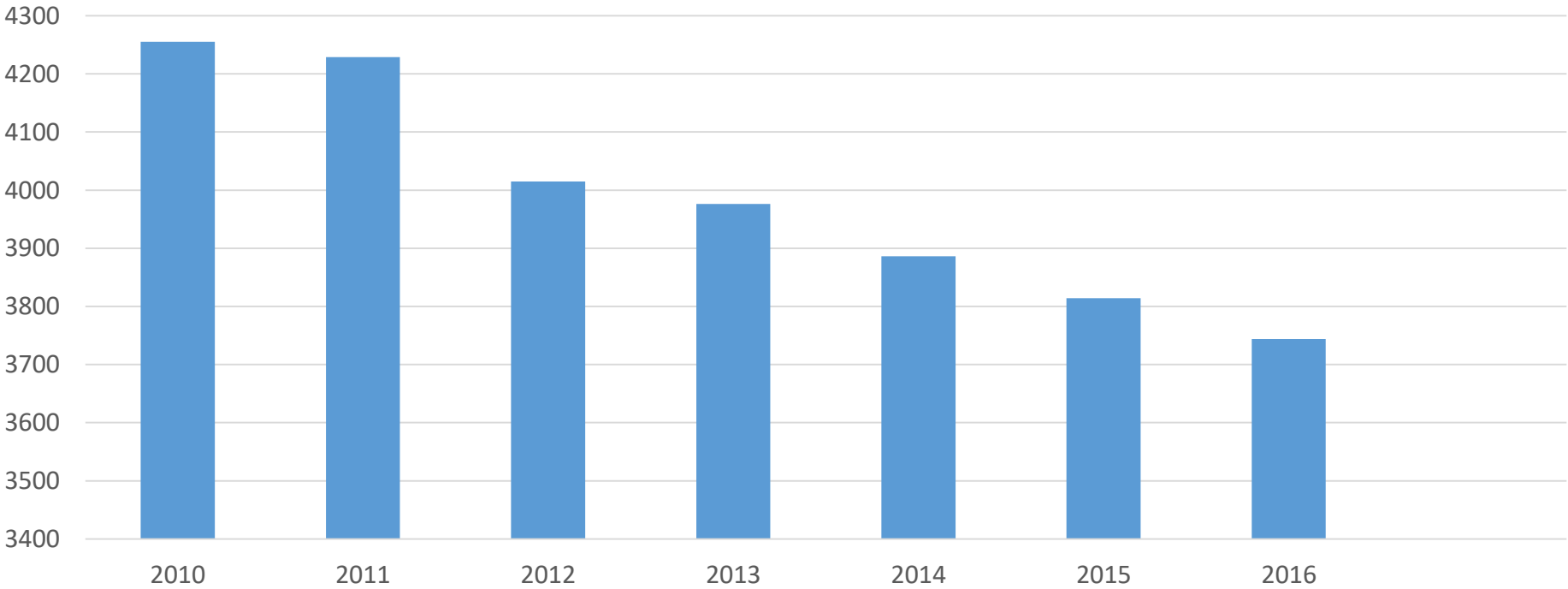
Employment 20-64 (million) Eurostat



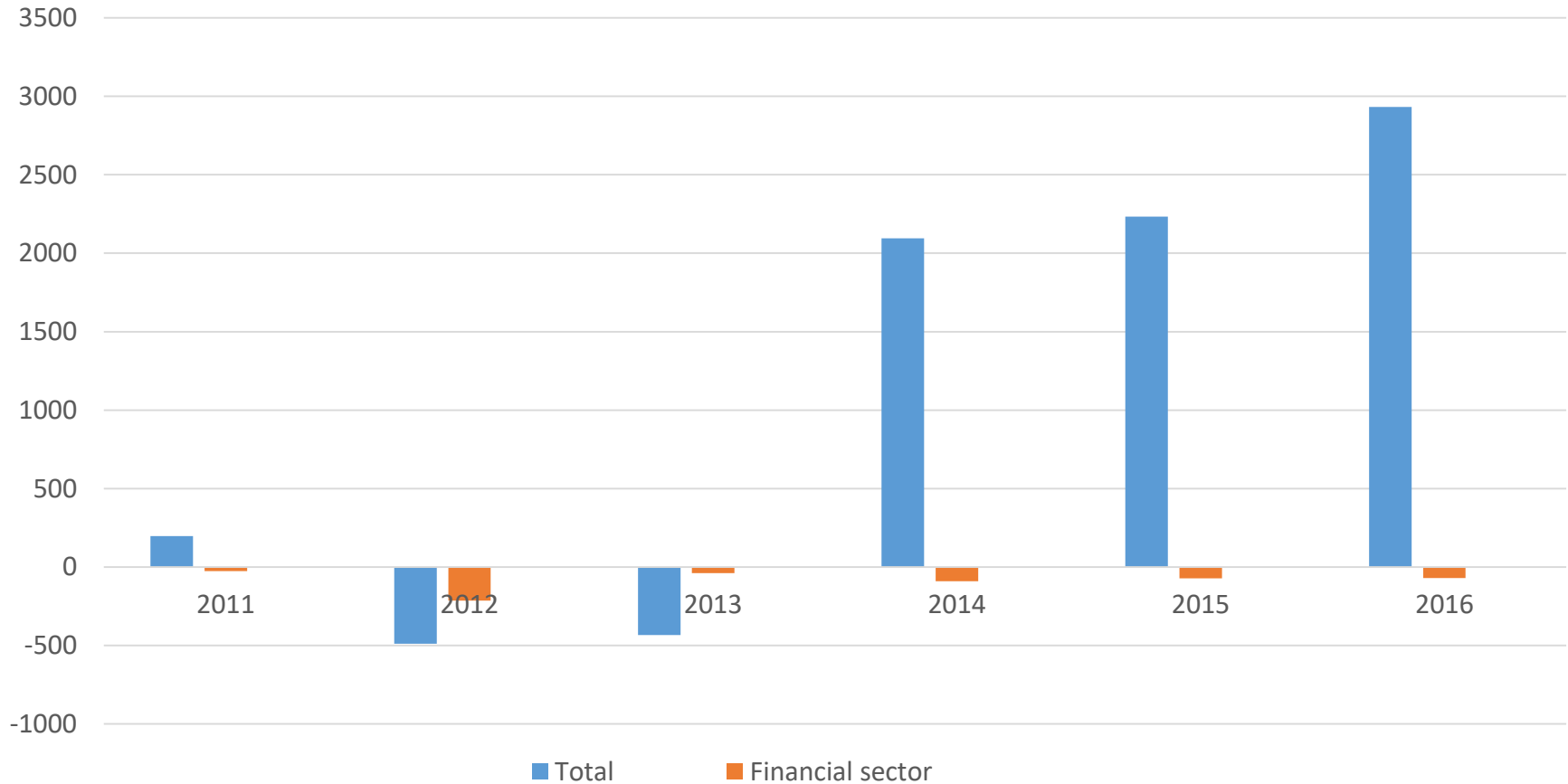


With EU contribution

EU: number of people working in banking and insurance (thousand)



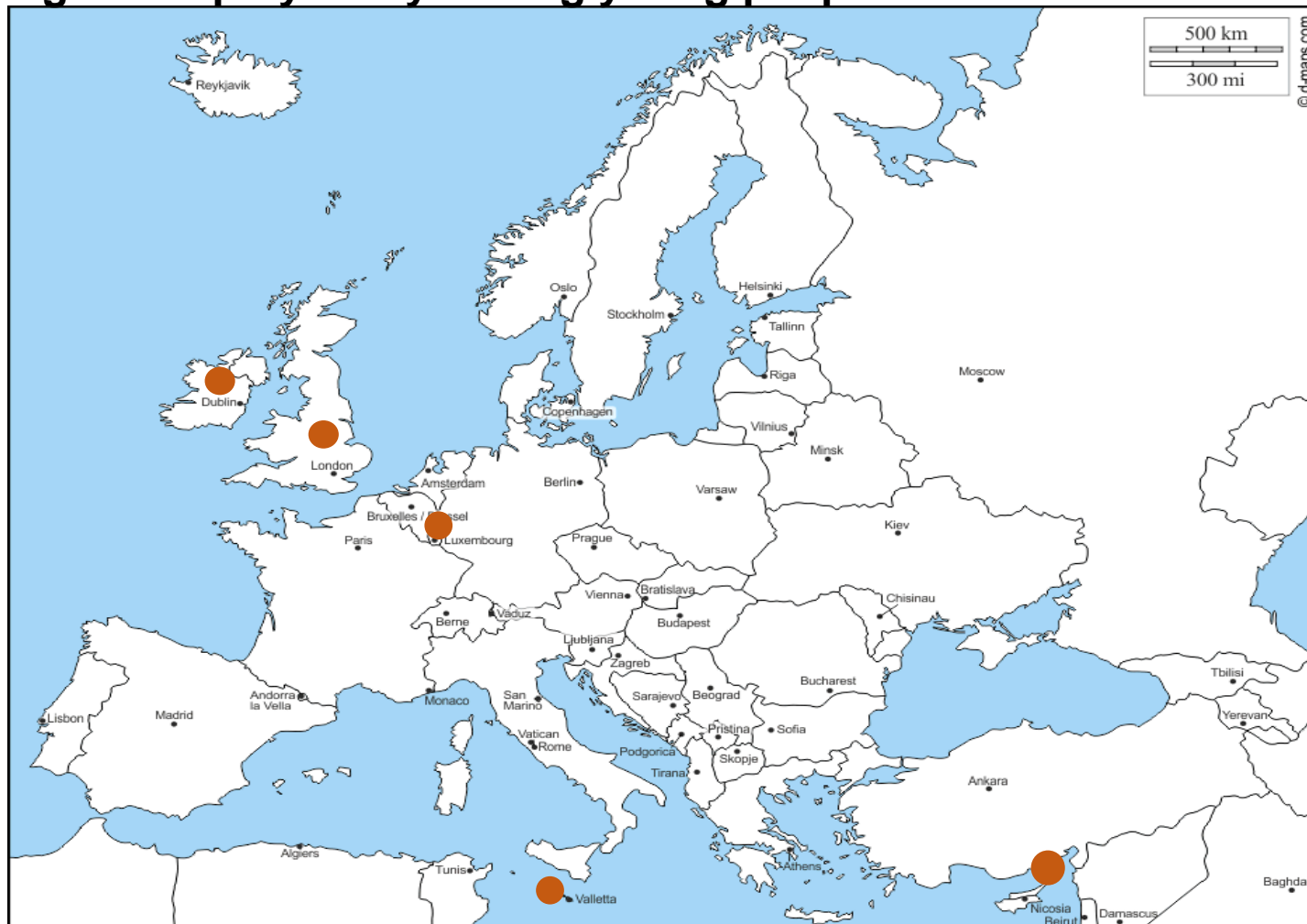
UE: absolute changes in employment (thousand)





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Higher employability among young people in the financial sector



Higher employability among older people in the financial sector

With EU contribution





The right way to manage the ageing of working population - in every industry but particularly in the financial sector - is increasing the value of age.

Companies must clearly perceive the value of age is the value of experience itself.

An engaged older workforce can enhance productivity and generate improved business outcomes.

Main areas of age diversity management

- **recruitment**, which must take into account age diversity therefore including all demographic groups;
- **training**, which must be specific to the needs of different groups;
- **mentoring and transmission of know-how**, which must be able to flow in both directions in order to encourage both the elderly and young people to share knowledge;
- **career development**, which must take place according to life-course approach;
- **flexible work**, that is adapting work to worker over time (and space).

An effective set of age management practices involving elderly workers must be based on three proactive strategy degrees:

- **strengthening of individual physical resources (company promotion of preventive healthcare and medical rehab/therapy, company supply of gyms and healthy meals);**
- **intergenerational learning (referred to areas of training and mentoring);**
- **the life-course career approach (referred to areas of recruitment, career development, flexible work).**

The role of social dialogue in age diversity management

It should be emphasized there is no universal age management process: since business models and corporate cultures are different, planning and implementing an age diversity management process will imply a specific path for each company.

The optimal way to shape and apply effective age management processes is a productive dialogue between social partners - trade unions and employers' associations – aimed to:

- animate the process;
- give appropriate information;
- consult and make decisions;
- drive change.



From a microeconomic point of view, many industries – particularly the financial sector - are facing a loss of knowledge due to retirement: not just the explicit knowledge, but also the tacit one, which belongs to older workers and leaves the company together with the worker.

The demographic dynamics bring the threat of a knowledge gap.

Companies often underestimate this loss.

A systematic process of knowledge transfer is the remedy against the risk of knowledge loss.

The intergenerational transfer of knowledge takes place not only through mentoring (and similar coaching or tutoring) but also thanks to the other factors already considered such as training, life-course approach, temporal flexibility and preservation of individual physical energies.

In that sense, the good practices applied by Barclays (retention of retired workers, career opportunities for each stage of the life cycle) and by Deutsche Bank (mentoring, training, experience sharing) are remarkable.

The logical sequence of the knowledge transfer process must include the following steps:

- what (which area of knowledge is at risk of loss);
- who (who owns that part of knowledge but is about to retire);
- whom (who is the recipient of the transfer);
- how (which are the most appropriate tools to transfer knowledge and how to apply/monitor them).

As in the case of age management, also knowledge transfer is not an universal process: since business models and corporate cultures are different, planning and implementing a knowledge transfer process will imply a specific path for each company.

Risk of generational “train wreck” in mid-long run

We would like to add that company awareness is fundamental for avoiding the risk of a generational “train wreck”. The role of trade unions is crucial in making that awareness emerge.

The Society for Human Resource Management – the global HR professional society - recently posted an article on the knowledge gap that most companies will be facing in the coming years. Companies with at least half of their workforce consisting of Baby Boomers have recognized the “knowledge gap” as one of the major hurdles they will need to overcome in the next five to ten years. This recognition has enabled them to devise proactive plans of knowledge transfer management against the “memory loss” (corporate amnesia).

Impact of digitisation on banking business models

The digital revolution will disrupt business models in banking, thus bringing:

- a spatial remodulation of banking, based on flagship subsidiaries and satellite smaller branches, with an overall simplification of the branch network;
- a more horizontal hierarchy, with decentralization and shorter decision-making paths;
- an adaptation to "dynamic" needs of customers, through a finer analysis of client segmentation, a greater product differentiation and tailor-made services.

Financial functions that will be disrupted by digitisation

- **Payments (cashless, P2P),**
- **Market platforms (private equity, venture capital, commodities, derivatives)**
- **Wealth management (robo-advisors, externalisation)**
- **Insurance (online platforms)**
- **Loans (P2P)**
- **Fundraising (crowdfunding, business angels)**

Impact of digital revolution on work

Many scenarios foresee a negative impact of the digital revolution and the growing mass of big data on workforce.

Particularly in banking, forecasts predict a reduction in less qualified staff, with special reference to workers belonging to less knowledge-intensive areas.

The digital revolution will entail the concrete risk of a further significant employment cut in the financial sector.

In SWOT terms, the challenge will be to transform the threat of automation into an opportunity, converting the workforce as much as possible from repetitive roles - now entrusted to the machines - to specialized and more complex roles, i.e. analytical and creative jobs.

The technological progress will require specific skills based on STEM background (science, technology, engineering, mathematics), combined with humanistic skills (creative thinking).

Thus there will be opportunities for professionals such as analysts, technicians, engineers, architects, designers, scientists, lawyers.

As to gender scenarios, an important impact of digitisation will be on women's work.

Technological progress will be a significant lever to enhance women's emancipation and empowerment.

By breaking the traditional “glass ceiling”, women will be able to get:

- **the same rate of employment**
 - **the same pay**
 - **the same managerial opportunities**
- as men.**



Digitisation will also allow work flexibility over time and space (remote customer relations, teleworking, smart working) and therefore work-family reconciliation.

Anyway, in our opinion, it should not be overlooked that teleworking remains inconsistent with careers towards key roles – P&M - for which physical presence at work is fundamental.

Nonetheless we believe telecommuting implies a risk: any additional work pressure could not be perceived as such, driving homeworkers to exceed their work hours.

The role of trade unions in the digital revolution

Digitisation - with the associated effects of business model re-engineering, hierarchical levels reduction and increased competition - generates high levels of work-related stress.

Excessive focus on profit motive - applied by employers through high-pressure selling - hurts both customers and workers and benefits only the most powerful stakeholders (top managers, directors, big shareholders).

Therefore the challenges for trade unions will be:

- changing the legislative framework;
- banking supervision;
- digitisation and ethics;
- variable remuneration.

In this regard, the global union UNI Finance is working with banks and insurance companies to improve social dialogue through global agreements, with particular reference to:

- **incentive systems that are loyal and based on sustainable growth;**
- **quality of service and advice that is incorporated into incentive structures;**
- **clarity of roles, responsibilities and related conflicts;**
- **activation of whistleblowing processes;**
- **bilateral commissions on responsible sales.**