



Costs and Benefits of Age Management — a Best Agers Lighthouses approach

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Principle benefits of age management

**reduced fluctuation +
recruitment cost**

reduced sick leaves

higher motivation

**longer access to specialised +
better/easier know-how transfer**

more attractive employer

The intention of the cost-benefit analysis...

Key indicators

- sickness rate (on average 2013 or monthly)
- fluctuation rate (on average 2013 or monthly)
- recruitment (and fluctuation) costs (on average per employee) in €
- productivity or equivalent in Lighthouse Organisation (on average 2013 or monthly)
- retirement age (on average 2013 or monthly)

Figures about costs

Survey results, comparison of first and second waves...

Two different types of costs

1. development and implementation costs of the intervention process
2. the running costs of the intervention measures

Two different types of costs

1. development and implementation costs of the intervention process
 - work time for the Internal Mentor
 - work time of personnel involved in age management interventions
 - work time for meetings with and involvement of management board
 - investments and service (e.g. external scientific lecturers) and further costs

	Total amount	Per Employee	% of annual salary
Lighthouse A (<300 Employees)	10,500 €	46 €	0,54
Lighthouse B (300-999 Employees)	40,400 €	404 €	0,94
Lighthouse C (<300 Employees)	19,000 €	68 €	0,19
Lighthouse D (<300 Employees)	14,600 €	97 €	0,21
Lighthouse E (>1000 Employees)	22,100 €	67 €	0,13

Assumptions

Full-time annual salary senior employees	50,000	Recruitment cost (about 20 % of annual salary)	7,700
20 % reduced worktime, 90 % salary	45,000	Induction/Training of new recruits (3 monthly salaries)	9,624
Annual salary new recruits	38,500	Drop-out rate: 7 recruitment tries for 5 successes	

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Example calculation:

Continued employment of 5 senior employees

Annual salary	5	90 %	50,000	225,000
New hires ¹	1	–	38,500	38,500
Recruitment costs	20 %	–	7,700	7,700
Training ³	–	–	3,208	9,624
Total cost				280,824

¹ 1 new recruit to compensate for reduced work-time of senior employees

² 2 new recruits/dropouts calculated for half year (probationary period)

³ Training costs for one new recruit, three months

⁴ Training costs for seven new recruits, three months

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Recruitment and training of 5 new hires

Annual salary ²	5	2	38,500	231,000
–	–	–	–	–
Recruitment costs	20 %	–	–	46,200
Training ⁴	3	–	3,208	67,368
Total cost				344,568

¹ 1 new recruit to compensate for reduced work-time of senior employees

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³ Training costs for one new recruit, three months

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Additional costs

63,744

Principal Benefits of Age Management

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“Yes, these measures have a significant impact on productivity. (...) The quality of work after these measures is increasing. When an employee feels respect and care for him, he feels a higher obligation to carry out well his/her tasks. (...) Often the informal communication process solves a lot of problems that are much more difficult to deal with formally. (...)” (MAN>1000)

higher motivation

*“During the seminars I gained knowledge, which greatly helps me to work more efficiently, using less energy, it helps me to feel better at work.”
(EMPL<300)*

“Yes. If you feel good at work, you achieve more (...) The quality of work increases, if employees value their own and their colleagues’ work and if they like working in the company.” (MAN<300)

“Measures proposed by the project were a non-traditional means to promote workers for physical activity. Such innovation was evaluated very favorably by the workers (...) Participants improved their health, wellness and sporting activity.” (MAN>1000)

reduced sick leaves

“(...) The awareness level of the employees in health, physical condition and work ability has increased during the year.” (EMPL>1000)

**reduced fluctuation +
recruitment cost**

“No one will work a long time because of the work environment and stress we have. Something has to be done.” (MAN300-999)

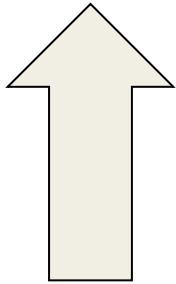
See calculation example

Average figures for recruitment costs:

→ Lighthouse A: 30,500 € / person

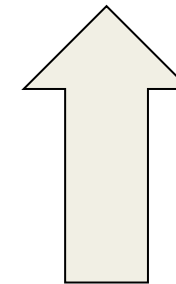
→ Lighthouse B: 3,300 € / person

“It is a too short period for making an evaluation now, but in the future the image of the employer may rise”.
(MAN>1000)



“It [the strategic integration of ageing issues] is the solution to the problem of changing the competence in the organisation. The conditions of exchanging and keeping the knowledge between the best ager and the employee will be created.” (MAN300-999)

more attractive employer



**longer access to specialised +
better/easier know-how transfer**

Résumé

- Clear economic benefits from introducing age management !!!
- Measurable impacts need time to be measured...
- Baseline for repetition of analysis
- *"the seeds of the idea have been sown"*
- Imagine & think "How high must the productivity gain be to offset the (implementation) costs?"
- What is needed for employers →



Thank you for your attention !