

Many company closures await when elderly small business owners retire

November 1 2011

The population of the EU is becoming older, and an ever smaller number of people have to provide for the ageing population. In Sweden, an already critical employment situation is exacerbated by the fact that 25% of managers of small and medium-sized businesses plan to retire in the next five years, and this is estimated to lead to a company closure in one in ten cases. Research from the University of Gothenburg now shows what can be done to keep elderly people in the labour market.

Under the EU-funded research project Best Agers, researchers at the University of Gothenburg have conducted demographic studies of the Västra Götaland Region and Norrbotten. "Larger cities also cope well in the longer term. But large parts of the countryside, including in Västra Götaland Region, are affected by low birth rates and outward migration. It will be difficult to maintain community services in those areas," says Roland Kadefors, a docent (associate professor) at the Department of Work Science of the University of Gothenburg.

The researchers have conducted demographic analyses and made projections of outward migration and future [age](#) structures.

Small and medium-sized companies – companies with fewer than 250 employees – account for a large share of employment in Sweden's small municipalities. Sweden has one of the oldest sets of managers in that category of businesses in Europe, for historical and political reasons. 25% of these business owners will retire in the next five years, and 40% within ten years. This is equivalent to 55,000,000 companies, 175,000

companies if sole traders are included. These companies account for more than 700,000 jobs. The risk of closure is estimated at around ten per cent, equivalent to 70,000 jobs.

"Generational changes are critical times for small businesses. Either a family member or an employee takes over or the company is sold to an outsider, and that can either go well or go badly. The alternative is to close down the business," says Kadefors.

Under the research project Best Aged, the researchers in the eight participating countries have identified the obstacles to labour over the age of 55 remaining in the workforce or returning to it that exist in each country. Employees, employers and representatives of authorities have been interviewed.

The result for [Sweden](#) is a 17-point programme (see below), in which a number of measures are listed, at employee level, at employer level and at society level. Kadefors highlights one of the items at the society level is particularly important: being a pioneer. "It is important for older people to be involved in the parliamentary work and in other visible public activity. Unfortunately the trend is moving in the wrong direction in the Swedish Parliament, with fewer people over the age of 65 in the present parliament than in the previous one."

A 17 Point Programme for Sustained Employability

For the older employees themselves:

Look for employers who have a good record with respect to work environment, competence development programmes, and a positive attitude to older employees.

Take advantage of offers to join competence development programmes.

Avoid as far as possible repetitive work, shift work, and physically strenuous work tasks. Listen to your own body.

Try to establish a good relationship with your supervisors, so that they engage in your work and are aware of your accomplishments.

Engage in your trade union and try to interest them to open discussions with the employer how to further principles of Age Management in the workplace.

Engage in physical training in free time.

Develop a CV that reflects the full range of knowledge that you possess, not only listing exams and jobs.

For employers:

Develop the work environment so as to make sure that all employees are given work tasks that comply with their capacity, taking into account individual characteristics such as age and sex.

Implement principles of Age Management in the work organization, in consultation with the trade unions.

Develop work career plans for all employees, involving competence development programmes.

Develop mentoring programs where older employees can use time for knowledge transfer to younger ones.

Develop stepwise and flexible pension options in order to retain some older employees and their knowledge for a longer time, rather than applying strict compulsory retirement based on age alone.

Work with the organization, in particular middle management, in order to develop a positive attitude towards older employees. This means recognizing the competence of older employees and communicating that they are often able to achieve at least as good results as younger workmates, if they are given adequate working conditions.

At the society level:

Revoke all sorts of age discrimination in laws and regulations.

Build safeguards against age discrimination in the operation of governmental agencies having an impact on ageing and work.

Implement an ombudsman function for appeals from people who consider themselves victims of age discrimination.

Be trendsetters. Involve older people in parliamentary work and other visible governmental operations.

Provided by University of Gothenburg

Citation: Many company closures await when elderly small business owners retire (2011, November 1) retrieved 18 July 2024 from <https://phys.org/news/2011-11-company-closures-await-elderly-small.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.