

## DEMOGRAPHIC CHANGES AS A CHALLENGE FOR MANAGERS

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**Purpose:** The first aim of the article is to demonstrate that demographic changes will force the need to employ older people, and the second is to indicate, based on the literature on the subject and own research, the benefits and risks of employing people of different ages, especially employing older people.

**Design/methodology/approach:** The research presented in this article was carried out based on an analysis of literature in the area of demography, the labor market, and human resources management.

**Findings:** In many countries, including Poland, for several decades now, there have been unfavourable demographic changes, consisting of a decrease in the birth rate. They result in changes in the population structure. In Poland, there are more and more people in the post-productive age, fewer and fewer in the productive and pre-productive age. This causes the need for changes in both the policy related to the labour market, but also poses a challenge for managers, who must modify the way of managing human resources, taking into account the employment and work of increasingly older people. This causes the need to modify the methods of recruitment, assessment, motivation, and development.

**Research limitations/implications:** In the future, research will be conducted directly in companies regarding expectations regarding the competences of older employees and their employment conditions.

**Practical implications:** There is a need for research on the possibilities and conditions of employment and work of older people, on modifying the elements of human resources management adapted to people of different ages.

**Originality/value:** presenting data on the size of the decline in labour supply, indicating the benefits of employing people of different ages.

**Keywords:** demography, labor market, human resources management.

**Category of the paper:** review and research paper.

### 1. Introduction

A very important issue for human resources management is the company's environment and the changes taking place in this environment. The most important areas of change, apart from the development of technology, techniques or artificial intelligence, include economic and legal

changes, and changes in the labor market (Pocztowski, 2018). An important part of the latter are demographic changes, resulting primarily from migration and changes in the birth rate (fertility), because they affect the structure of the population in general and the structure of employment.

Statistical data show that after Poland joined the European Union, a large number of people emigrated from Poland and the level of temporary migration reached over 2 million people (GUS, 2020), decreasing in the years 2019-2023 to about 1.6 million (GUSb, 2024). To put it slightly simply, the emigration of Poles was economic in nature and, on the one hand, it resulted from the lack of utilization of labor resources in Poland, and on the other, from the demand in other countries represented by companies, organizations and individuals for employees employed mainly in elementary jobs. However, for several years there has been a change in the phenomenon of migration in Poland. Since 2014, due to changes in immigration regulations, the number of immigrants, mainly from Ukraine, has started to increase, with a small decrease in the number of emigrants from Poland. At the end of 2021, about 1.5 million immigrants were working, mainly from Ukraine (Jarecki, 2023, pp. 36-43). The increase in migration from Ukraine increased significantly after Russia's attack on Ukraine in early 2022, but this was war migration, unrelated to taking up employment, although about half of the war migrants also took up paid employment. However, immigration from other countries, mainly Asian countries, has started to increase on the labor market.

The second element of demographic changes, i.e. fertility, is very important. It affects the creation of labor supply in the future. The size of the fertility rate in the coming years allows, among other things, to forecast how many people will enter the labor market in the future, in specific years. On the other hand, based on the age structure and the number of employees, it is possible to estimate how many people will retire and leave the labor market. This information is the basis for achieving the objectives of the article. The first is to demonstrate that demographic changes will force the need to employ older people, the second is to indicate the benefits and threats of employing people of different ages, including employing older people, and to indicate the specifics of managing them.

## **2. Demographic changes and their consequences for the labor market**

To achieve the presented objectives, first the data on demographic changes were analyzed, indicating the loss of Poles from the labor market, then the results of research relating to the management of older and younger people and own research conducted among older people in the West Pomeranian Voivodeship, mainly members of universities of the third age. In addition, based on the analysis of the literature on the subject, guidelines for effective human resources management were presented, taking into account older people.

Demographic data show that fewer and fewer young people are entering the labor market in Poland. People at the top of the first post-war baby boom have reached (2024/2025) retirement age (they are 65-68 years old) and are mostly no longer working (GUSc, p. 141). The peak of the second boom is the current 40-42 year olds (GUSc, 2024, p. 141). Therefore, these are professionally mature people, still mobile, almost 40% of whom have higher education. From around 2030, the number of people over 60 will start to grow dynamically, and for the next 15 years, (and the number of people turning 60 will remain high for the next 10 years), and thus the number of retirees will increase significantly from around 2035. This therefore indicates a situation in which there are only a few years left to limit the negative effects of shortages on the labor market, e.g. by activating middle-aged and older people (aged 45 and over), but still working. Company managers can, and even should, take this phenomenon into account now, both in terms of the functioning of the company as a whole, its management, but also taking into account planning future personnel needs and developing tools for managing people, conventionally called older or age-diverse.

There is still some time, because changes in the age structure of employees on the labor market are not occurring rapidly, but this time is needed to create a specific employment structure in organizations that takes into account, among other things, current and forecasted demographic changes and to recognize the benefits and threats resulting from these changes. It is also important to search for and select appropriate tools for managing human resources, especially recruitment, motivation, development of acceptance of attitudes of other people, cooperation or sharing knowledge.

The problem of ageing of the society is not new in Europe. It appeared more clearly in the European Union in the 1980s, i.e. during its formation. Since 1964, there was a gradual decrease in the fertility rate in Germany (in other countries at a slightly higher level) to 1.4-1.5 and then the rate remained at this level. In 2005, after the enlargement of the European Union by 10 countries and the deepening problem of ageing of the society was noticed in these countries as well, the European Commission issued a document encouraging the implementation of a policy of keeping people of retirement age in work (Green Paper, 2005), and in 2010 it issued a resolution calling on the Member States, among others, to take actions to activate people over 50, also through incentives for enterprises (Demographic challenges, 2010). The document also proposed initiatives in the field of human resources management in order to employ older people. In the context of the proposed recommendations, it is therefore worth analysing in more detail the demographic situation in Poland (Table 1 and Table 2) and drawing conclusions regarding preparation for these changes in human resources management.

**Table 1.**

*Changes in the demographic structure in selected age groups in Poland in the years 2010-2030*

Year	Total population (thousand)	19-24 years (thousand)	18-44 years (thousand)	45-59/64 years (thousand)	60-65 years and older (thousand)
2010	38 093	3371	15 294	9277	6414
2011	38 082	3261	15 278	9185	6586
2012	38 069	3160	15 247	9070	6774
2013	38 056	3054	15 190	8948	6971
2014	38 037	2938	15 115	8828	7169
2015	38 016	2817	15 005	8713	7380
2016	37 988	2691	14 869	8607	7590
2017	37 957	2590	14 705	8521	7801
2018	37 920	2480	14 524	8458	8003
2019	37 876	2394	14 309	8430	8191
2020	37 830	2320	14 072	8431	8368
2021	37 773	2248	13 814	8471	8522
2022	37 706	2192	13 566	8519	8663
2023	37 627	2155	13 318	8583	8794
2024	37 538	2138	13 068	8678	8906
2025	37 438	2135	12 823	8802	8997
2026	37 328	2160	12 603	8933	9068
2027	37 208	2208	12 361	9101	9127
2028	37 078	2265	12 098	9264	9183
2029	36 941	2319	11 851	9474	9236
2030	36 796	2367	11 624	9630	9289
2031	36 645	2404	11 438	9742	9342
2032	36 488	2427	11 277	9818	9399
2033	36 326	2432	11 125	9872	9462
2034	36 161	2429	10 980	9900	9535
2035	35 993	2417	10 834	9905	9622

Source: Jarecki, 2015, pp. 13-22.

**Table 2.**

*Population in Poland (31.12.2023) by selected age and the projected difference between the number of people retiring and entering the labor market*

Estimated year of entry into and exit from the labor market (1)	Age (2)	Population in relation to (2) (thousand) (3)	Age (4)	Population in relation to (4) (thousand) (5)	Potential difference (decrease) in labor supply (thousands) ((5)-(3)) (6)
2049	0	267	40	666	399
2048	1	304	41	645	341
2047	2	334	42	617	283
2046	3	350	43	628	278
2045	4	376	44	623	247
2044	5	394	45	604	210
2043	6	413	46	598	185
2042	7	397	47	598	201
2041	8	388	48	576	188
2040	9	381	49	553	162
2038	10	385	50	530	145
2037	11	404	51	508	104
2036	12	404	52	486	82
2035	13	427	53	469	42
2034	14	431	54	450	19

Cont. table 2.

2033	15	426	55	439	13
2032	16	397	56	433	36
2031	17	376	57	432	56
2030	18	362	58	435	73
2029	19	349	59	442	93
2028	20	342	60	448	106
2027	21	346	61	448	102
2026	22	358	62	460	102
2025	23	368	63	481	113
2024	24	371	64	507	136
-	-	-	-	-	deficiency 3716 thous.

Source: GUS, Rocznik Demograficzny 2024, 2024, pp. 141-142.

In Poland, the population has been decreasing since 2010 and, according to forecasts, this trend will continue until at least 2035 (Table 1). The population in Poland will decrease by about 2 million people during this period. Analyzing selected age groups, it can be seen that among people of the age of making decisions about their future life path, due to completing secondary school (19-24 years old), i.e. also of university age, there will be a decrease in the number of these people until 2025 (from 2.9 million in 2014 to 2.1 million in 2024) and then an increase until 2033 (to 2.4 million). From these data, it can be concluded that there will be a decrease in people entering the labor market and a related decrease in the number of university graduates. This is important because people after university are a key element in the development of enterprises and the economy.

The next group analyzed in Table 1 are people of the so-called mobile age (18-44 years old). This is the largest group of people and, as the name suggests, the most mobile. This group is in a particularly difficult situation. From 2014 to 2035, the number of these people in Poland will decrease by about 4.3 million. This will have a huge impact on the economy, the size and type of consumer demand, the supply of labor, the functioning of enterprises and employee management.

In the next age group (45-59/64 years), the number of people will decrease until 2019 (from 8.8 million to 8.4 million) and then increase to 9.9 million in 2035. Therefore, the supply of employees will probably be partially supplemented from this group. However, the most dynamic increase in the number of people will be in the age of 60/65 and over. In 2014, there were 7.2 million of them and in the years 2010-2014 there was an increase of about 750 thousand and by 2035 there will be an increase of another 2.5 million people. It can be assumed that this will be an extremely important group of potential employees. Of course, it may be difficult to expect people to be employed after the age of 70, but below that age it will become even advisable. It is worth adding that since 1990 there has been a systematic increase in the level of education of Poles, which affects the growth of competences and thus greater chances of employment of increasingly older people.

In turn, Table 2 presents data on the difference between the number of people leaving the labor market and entering it (the last row). A simplification was adopted, which may be implemented in the future, that both women and men retire at the age of 65. The second

assumption is that people enter the labor market at the age of 24. These simplifications do not significantly change the picture of changes in the labor market resulting from the decline in fertility and differences in the demographic structure of society. Therefore, the data contained in Table 2 show that in 2024, 507 thousand people will be unemployed. people retired (most women had already been retired for several years, but a similar number of sixty-year-olds are entering this age, so there are no large differences in numbers) and only 371 thousand people entered the labor market. Therefore, approximately 136 thousand people left the labor market. In the next 5 years, approximately 100 thousand people will also leave the labor market per year. Then this loss will decrease, after which, from around 2040, it will increase significantly and approximately 200 thousand people will leave the labor market per year and from 2045 approximately 300 thousand per year. Within 25 years, the surplus of people retiring in relation to those entering the labor market will amount to over 3.7 million people. If the retirement age for women were raised to 65, this number would decrease to 1.0-1.5 million. It should be added, which results from both Table 1 and Table 2, that the average age of employees on the market will increase. The data presented show that the country's managers, as well as companies, face the challenge of how to fill the gaps in the labor market. It should be added that the decline in population also means a decline in demand for goods and services, which has a negative impact on economic growth.

### **3. Demographic changes and human resources management**

The analysis of demographic changes indicates that the average age of people on the labour market will increase. Of course, this can be partially compensated by the influx of immigrants, and as a rule, this occurs in large cities, where there are greater opportunities to find and change jobs. It should be assumed that staff shortages will affect smaller companies and those in smaller towns more. Large companies have a more developed system of recruitment and development of employees, they plan better long-term personnel issues, both in terms of quantity and quality, which helps to prepare better for demographic threats (Eckhardt et al., 2009), immigrants are more willing to come to large cities due to greater opportunities to find work, higher salaries and the ease of renting an apartment.

In business practice, but also in scientific publications in the field of human resources management, the issue of age management, including the management of older people in the context of demographic changes, has only begun to be addressed in the past few, maybe a dozen or so years. It is worth taking a look at the results of research in this area, especially showing the benefits of employing older people, but also the risks resulting from it. Studies show, first of all, relatively high work efficiency of older people (e.g. Filipp, Mayer, 1999, p. 179; Smentek, 2007, p. 16). This is mainly due to many years of broadly understood professional

experience, high quality of work performed, reliability, perseverance, loyalty, responsibility, conscientiousness, maturity, emotional stability and the ability to build relationships. Another significant benefit is their lower tendency to emigrate. However, it should be taken into account that there are very large differences in competences, including health, among older people. Hence the need for a more individualized approach to older employees. It is worth remembering, however, that medical progress, increased level of education, development of techniques and technology have caused the age of possible professional activity to be extended. Therefore, the phenomenon of the need to increase the employment of older people should be viewed optimistically, especially since the level of education of older workers in Poland and their skills will continue to increase, which also results from the educational boom that began in Poland at the turn of the eighties and nineties of the twentieth century, so 35 years ago, i.e. initiated by current 55-60 year-olds.

During changes in the employment structure in the company, great sensitivity and empathy of the people responsible for this process are important. Managers should be well acquainted with the issues of demographic changes, advantages and disadvantages of older people, the essence of discrimination and stereotypes related to older people, changes that progress with age and are related to needs, expectations, values, etc. Therefore, training of superiors and co-workers is useful. The disadvantages or threats may also include: poorer physical health, higher risk of illness, more frequent mistakes, lower flexibility, lower innovativeness, lower willingness to adapt to others, teamwork skills that decrease with age, lower willingness to learn (e.g. Barth, 2000, p. 85). Nevertheless, up to about the age of 50, employees learn in a similar way. Then, the approach to learning becomes different, which is manifested, among other things, by the fact that older people need better structured materials and what they are supposed to learn must be meaningful and useful (cf. Naegele, 2006, p. 111; Ilmarinen, Tempel, 2002, p. 223). In addition, research shows that younger people have better current memory and older people remember more because they adopt certain memorization strategies (e.g. grouping information) (Lehr, 2007, p. 96; Markson, 2003, p. 185; Semmer, Richter, 2004, p. 97). Therefore, learning and memorizing in older people does not have to be worse than in younger people, it is simply different.

In the context of the above analysis, it is worth presenting the challenges and recommendations for human resources managers. Firstly, it is important to generally recognize the importance of demographic changes and their impact on the possibilities of employing people of different ages. Secondly, it may be useful to define the positions that older people could occupy. Thirdly, it is beneficial to conduct training to make younger employees aware of the possible benefits, also for them, and the threats of employing older people, and to indicate how to strengthen the weaknesses of older employees. This also applies to the opposite situation - making older people aware of the advantages and disadvantages of younger employees (see: Zimbardo, Gerrig, 2008, p. 790; Dorsch, 2004, p. 488). Fourthly, we should try to

accustom older employees to the idea that they will continue their education and gain knowledge, because this is a key issue in the modern economy.

In the face of demographic changes, we can also indicate several recommendations for managers. A company that wants to employ older people can start building a company image that is favorable to older employees even earlier. Such an image will encourage an increase in the number of older people willing to take up employment in a given organization. When planning the employment of older employees, it is also important to take into account, as mentioned above, that they are less mobile, that discriminatory behaviors may occur on the part of younger people, consisting in treating them as less intelligent, not keeping up with technological changes, conservative, etc. and having outdated knowledge. It is also necessary to verify the tools of employee recruitment a bit, partially returning to more traditional ones.

On the other hand, an important problem is changing the mentality of potential, older employees. The point here is to persuade these people to take up work or at least to apply for it. Older people often do not believe that someone can hire them and are discouraged in their job search.

At the end of this point, it is worth mentioning the author's research conducted in 2018 among 521 members and supporters of universities of the third age, aged 55-69 (Jarecki, Kunasz, Skoczylas, 2018). The research concerned, among other things, diagnosing the conditions under which the surveyed people would take up employment and under what conditions companies would employ them. Among the most important results, it is worth pointing out that only about  $\frac{1}{4}$  of people were willing to take up employment, and of these  $\frac{3}{4}$  part-time or shorter. The remaining people were willing to work more than part-time. In turn, entrepreneurs would most often like to employ full-time (Jarecki, Kunasz, Skoczylas, 2018, pp. 113-115). The second major discrepancy was the hourly wage. Employees would like to earn about 50% more than the entrepreneurs offered. These differences in salaries probably resulted from the fact that employers would like to employ older people most often for elementary positions, and people willing to take up work, probably also because they most often had higher education, would like to work in specialist positions. This research may suggest that there is a large range in the employment conditions expected by both parties. This is also a challenge for further research and for managers, who may need to verify their ideas about older people who want to take up work, because these are people who are better qualified in their age group.



## 4. Conclusions

The presented analysis of data on the demographic situation allows us to conclude that there is a need for people involved in labor market policy and managing organizations to consider increasing employment among older people. However, in order to do this effectively, it is necessary to analyze the economic and social situation from a macroeconomic perspective, affecting the demand and supply of labor, and draw conclusions from the perspective of labor market policy. In addition, owners and managers should analyze not only the situation in the managed organization, but also the expectations and needs of potential employees, including older ones.

We can also indicate the challenges facing people involved in the scientific and practical management of older people. These include, for example:

- Studying the competences of older people, especially their knowledge, activity, involvement and the conditions of this involvement.
- Studying the possibilities and conditions of broadly understood cooperation between older and younger employees.
- Studying the obstacles on the part of the employer and older employee in the development of the latter and determining ways to eliminate these obstacles (e.g. reluctance to learn new technologies).
- Research on the possibilities of using different competences of older and younger people in the area of "psyche" (intelligence, information processing, memory, learning), body (vision, hearing, motor skills - strength, endurance, coordination, speed, agility), personality traits (especially motivation to work), emotional (satisfaction, joy, enthusiasm, fear, depression, etc.), social competences (e.g. trust, cooperation, isolation, bonds between employees) and health.

It is also worth adding that companies should learn to recognize the potential contained in older people. Some companies will be forced to learn to use methods of supporting motivation to work, efficiency, innovation, but also perhaps the health of their employees. There will also be a need to pay more attention to the flexibility of organization and working time, individualized training, creating vertical and horizontal career paths, and health care. Finally, there are actions to be taken to make managers in companies aware of the potential of older employees:

- clear communication about future plans at retirement age,
- promoting the benefits of extending activity,
- effective use of employee experience,
- solutions aimed at taking care of health.

There are probably more actions that could be mentioned, but it is worth starting to implement at least the ones mentioned.

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