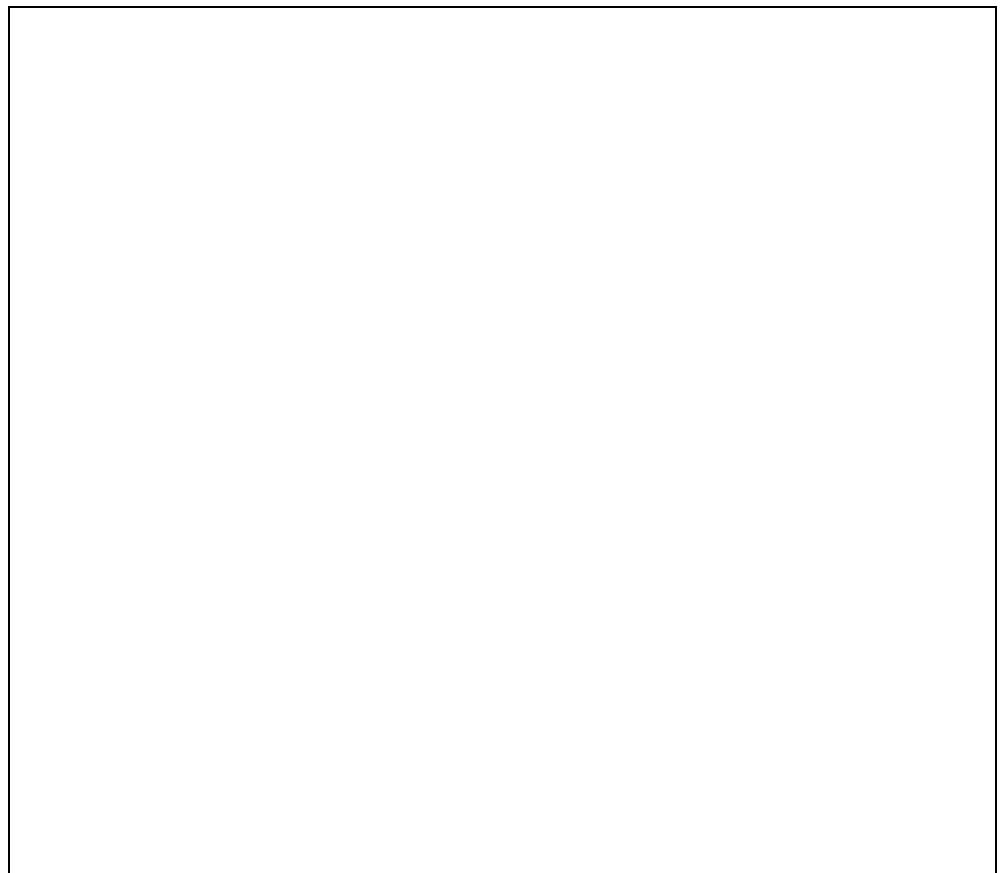




Eurofound

# Impact of the recession on age management policies

## Case study: Made in Inox, Belgium



## Organisational background

Made in Inox is a micro-business employing ten staff specialising in the custom design and built of stainless steel products, ranging from components of kitchens to stairs, art, tables, railings, and garden equipment. Made in Inox customers are principally the agricultural and food industries, private individuals, and interior designers. Applicable NACE codes are: Nace bel 25620, manipulation of metals under tension; Nace bel 25110, manufacturing of metal constructions and parts thereof. All information for this case study was provided through an interview with Marleen Baelde, company director of Made in Inox (April, 2011) and subsequent e-mail correspondence.

Made in Inox has its origins in a blacksmith/ironmonger shop in Watou, a town in the West Flanders province of Belgium situated on the border with France. The current company director's family has a long-time affiliation with the business. He is the fourth generation of his family to work on the site. He started working part-time in the blacksmith as a self-employed labourer in 1990. Three years later, he took over the business. In 2000, he was joined by his current co-director and together they have grown the business.

The experience of Made in Inox is shared by many similar small businesses in the Province of West Flanders, which retains an active small-scale manufacturing sector.

Their current revenue grew steadily from 2001 to 2008 before falling back somewhat (less than 10%) as a result of the recession during 2008–10. This growth came mostly from the increased demand for custom designed and built stainless steel structures from interior designers and architects. A revenue overview is presented in Table 1.

**Table 1: Made in Inox revenue overview**

Time period	Revenue (euro)
30 June 2009/30 June 2010	879,156.09
30 June 2008/30 June 2009	893,845.09
30 June 2007/30 June 2008	943,891.94
30 June 2006/30 June 2007	829,195.75
30 June 2005/30 June 2006	769,119.23
30 June 2004/30 June 2005	650,207.73
30 June 2003/30 June 2004	538,359.19
1 September 2001/30 June 2003	765,217.92

*Source: Made in Inox*

Company staff are members of a trade union but there is no union representation in the company. Made in Inox also has no formal employee representation or representatives. As a micro-business it is not required by law to have a formal work's council. Rather, the company holds informal sessions with groups of employees to involve them in company decisions and to assess their wider concerns and needs.

Made in Inox currently has ten employees: two company directors; six labourers involved in production; one draftsman; and one assistant in the front office. Made in Inox employs one woman. All employees are on permanent full-time contracts except for one handyman who works eight hours a week in addition to his pension. Two employees have higher education. Five employees are over the age of 50 with one part-time employee over 65 and one over 55. The youngest employee is aged 37 in 2011 with three in the age bracket 45–50. Most employees have worked with the company since 2002.

Six employees work full-time with stainless steel. Their work involves reading plans, bending and cutting the material, sanding and polishing, and welding. Two other employees are

involved in installation of stainless steel structures. At Made in Inox's factory, this is done with the help of machines. However, at the client's premises installation is often done without the aid of machines. Installation is considered difficult and strenuous work. The company has two directors and a recent employee assisting in the front office with planning, employee consultation, quality control of final product, and safety of machines. The employee over 65 replaced a work experience student on a temporary contract.

Table 2 gives an overview of the employees (one company director is not included in the overview).

**Table 2: Overview of employees of Made in Inox**

<b>(Period of employment)</b>	<b>Age in 2011</b>	<b>Gender</b>	<b>Function (higher education)</b>	<b>Type of contract</b>
Employee 9 (October 2010)	58	Male (m)	Metal worker	Full-time
Employee 8 (May 2010)	37	m	Draftsman (bachelor degree)	Full-time
Employee 7 (May 2009)	66	m	Handyman	Part-time (8 hours per week)
Employee 6 (May 2005)	37	m	Metal worker	Full-time
Employee 5 (August 2002)	48	m	Welder	Full-time
Employee 4 (January 2001)	53	Female	Director (nursing)	Full-time
Employee 3 (February 2001)	48	m	Welder	Full-time
Employee 2 (May 2001)	54	m	Metal folding bench operator	Full-time
Employee 1 (March 2000)	49	m	Welder	Full-time

*Source: Made in Inox*

Made in Inox has made a strong commitment to employee engagement. It depends on employees who can deliver high quality products. As such, it believes in open communication. The company directors are present and available and always approachable by employees. They are also former blue collar labourers, 'arbeiders', and therefore understand the work. In 2010, Made in Inox decided to employ a draftsman. The draftsman was the first higher educated employee and paid a salary above other employees. The hiring of the draftsman was discussed beforehand with all employees and three months after the draftsman commenced employment employees were asked in a group to evaluate the new situation. Made in Inox management also asks employees through consultations on how the business can be improved and asks individual employees to assess themselves and how they can contribute to making Made in Inox a success. The latter focuses on individual capacities and limitations. As part of an employee retention event in October 2010, it asked the employees why they joined Made in Inox and whether employment met the expectations of the employee.

As a typical a micro-business Made in Inox has no formal human resources policy. However, the company has started formalising procedures and invested in 2006 in human resources

software to track payroll, holidays, and register performance evaluation. The main concern of Made in Inox management is to have a highly motivated workforce that delivers high quality products. It has a range of measures taking into account the individual circumstances of employees that have received regional and national recognition from the federation of independent professions and small to medium size enterprises in Flanders and Brussels (UNIZO).<sup>1</sup> Its age-related initiatives focus on:

- tailoring leave to personal circumstances;
- giving autonomy to employees;
- designing work around the capacities of the employee;
- making adjustments to make the work easier for employees.

These points fall broadly under two main themes of increasing support for flexible working and improving the physical work environment. As an employer of an older workforce, our interviewee highlighted how essential it is to take actions to support the workforce to ensure workers stay engaged and feel able to do the work. As before, most of the initiatives come about after employee consultation. The key question management asks is what the organisation can do to make the work of employees easier.

In terms of the first point, after employee consultation management decided to allow certain employees to arrange their work schedules in a flexible manner. As such, by organising their work time they could take additional days off. This informal policy benefited mostly older employees or those with families. Other employees agreed to this plan and pick up any tasks that come up when their colleagues are not around. The latter is especially important when there is a discrepancy with an individual work schedule and the general work schedule. This flexibility in work planning also speaks to the autonomy employees have. Though common in the service industry, such autonomy is still rare where it concerns ‘arbeiders’ or blue collar labour in smaller enterprises. Employees have autonomy to plan and execute work. In certain instances, labourers have direct contact with clients to specify what they need, for instance in terms of finish or specification. In terms of the third task, much of the work in Made in Inox can be classified as heavy physical work. The company has tried to move the most physical tasks such as lifting and installation away from older workers and have them focus on more specialised tasks such as welding. Achieving a high standard in welding often comes with experience. As such, this policy made organisational sense. This change in working practice was in line with the employee consultation on capacities and limitations mentioned above. Lastly, it tries to adjust to specific needs of employees. These are mostly investments in ergonomics. Examples are buying an elevated work bench for a tall employee and investing in specific machinery to help reduce the lifting burden on an older employee. At times, these can be considerable investments running into the thousands of euros for a micro-business.

The interview with Made in Inox management showed a dependence on their employees. The loss of an employee could be disastrous in the business going forward. As such, Made in Inox has full-time contracts with its employees, resists the use of temporary staff, and plans on long-term relationships with its employees. It also explains the willingness of a small business to take employee consultation serious and invest in the workforce, and experienced older workers in particular.

Management clearly stated that they are aware of national and regional policy related to age management through trade magazines. However, the interview with Made in Inox representatives made it apparent that they do not see that national or regional policy has much effect on their human resources practice.

---

<sup>1</sup> UNIZO represent about 85,000 members in Flanders and Brussels.

## Changes in age management policies and practice post-2008

The economic crisis has affected the business not too adversely. A first sign of the economic slowdown was noticed in the last quarter of 2010 with a drop in orders. However, the business in general is cyclical and dependent on demand from companies that sell directly to consumers. Overall, the revenue has decreased from 2008–2010. In 2009, the business made a temporary worker redundant who was being trained up as a welder. There were a variety of reasons including the economic situation as well as the person's lack of application. At the moment, it looks like business is recovering in the beginning of 2011.

In the interviews, management reported difficulty in hiring new employees and potentially replacing employees for two reasons. Firstly, the work requires specific skills that are out of fashion such as the manipulation of metals and these skills are hard to find. Secondly, it is difficult to train up young workers as they show little appetite to do this type of strenuous and labour-intensive work. Because of the nature of the work, management says that even though they are interested in the best qualified potential recruit, they are most likely to hire older workers (over 45). These workers in their opinion also tend to be better motivated. Management feels that only in a prolonged crisis and as a last resort would they contemplate making redundancies among full-time staff.

At present, Made in Inox still broadly follows the growth strategy it has pursued from the start. To facilitate growth, Made in Inox requires:

- better development and marketing knowledge;
- skills training for employees.

Though they have not been influenced by any incentives offered by the regional or national government or other policies to make recruitment and redundancy decisions, the company has benefited from a reduction in social security contributions for an employee over 50. It has also received training subsidies from the Flemish regional government as part of its small to medium-size enterprises support fund with some funds provided under the Professional Experience Fund (see accompanying report on Belgium).

The subsidy had a total value of €2,500. Management has participated in a business development course, including an HR management component. In addition, subsidies from the Flemish regional government were used to provide forklift truck driving training for employees. This had a value of €900, half the value of the trainer. This training was important as the wider use of forklift trucks reduces the lifting burden on employees.

Management indicated that it is likely that with an ageing workforce it would seek to make further investments to assist employees to do the work required of them. These would likely be investments in machinery (lifting machines) and equipment (work tables) to tailor the work environment to personal capacities.

## Summary

The experience of Made in Inox shows that micro-businesses are unlikely to have a dedicated human resources policy. Rather, they will have a general approach with informal processes, some specific age-related initiatives, and they will also aim to foster a specific organisational culture. Micro-businesses may also resist making redundancies and rely on longer-term relationships with their employees. In specific instances such as in Made in Inox managing an ageing workforce becomes a real priority. As such, they are likely to take steps to tailor the work environment to the specific needs and capacities of the workforce. Made in Inox has taken specific steps to improve the working conditions of an ageing workforce and relies on consultation with employees to make further investments in the workplace.

## **Contact person**

Marleen Baelde, Co-director of Made in Inox

Christian van Stolk

**EF/11/75/EN-13**