

A photograph of a middle-aged Black man with a grey beard and mustache, smiling warmly. He is wearing a dark grey suit jacket, a light blue shirt, and an orange tie with a circular pattern. He is sitting and leaning forward. In the background, the out-of-focus face of another person is visible. The overall lighting is bright and professional.

# Age diversity in the downturn

**Business benefits of creative approaches  
to age management**



# Age diversity in the downturn

Employers who value older workers' skills and experience are better placed to emerge from the recession, experts told an international conference in London on age diversity in the downturn organised by TAEN - The Age and Employment Network for the Equality and Human Rights Commission.

Addressing the conference, called *Age Diversity in the Downturn: Business Benefits of Creative Approaches to Age Management*, Dr Nicola Brewer, Chief Executive of the Equality and Human Rights Commission (the Commission), also sounded a warning that the economic downturn must not be used as an excuse to justify making redundancies on grounds of age.

She told business experts and employment market specialists at The Queen Elizabeth II Conference Centre in London on 20 March 2009 that companies and public sector employers could benefit from continuing to hire older workers. Alternatives to cutting jobs could include flexible work practices such as more part-time hours, flexitime or phased retirement options.

Dr Brewer's positive message was backed by other experts, including Mark Keese, Senior Economist at the Organisation for Economic Co-operation and Development (OECD) in Paris, Aaron McCormack, CEO of British Telecom (BT) Conferencing and BT's age diversity champion, and Lord Stevenson, President of the Employers Forum on Age.

Other speakers at the conference were: Alan Christie, Equality and Human Rights Commission Policy Director; Robert Anderson of Eurofound, the European Foundation for the Improvement of Living and Working Conditions, based in Dublin; Deborah Russell, Director of Workforce Issues at the American Association of Retired Persons (AARP) in the United States (US); Professor Philip Taylor of Swinburne University, Australia; Kathy Kelly, Training Services Manager for the Local Government Association of Queensland, Australia; Margret Suckale, at the time a member of the Board of Management for Human Resources and Services at DB Mobility Logistics AG; Melanie Flogdell, Head of HR (human resources) Policy at Centrica; Professor Reidar J Mykletun of the University of Stavanger, Norway, and Chris Ball, TAEN Chief Executive.

Over the morning, the speakers discussed how flexible working practices from around the world have helped organisations improve performance and emerge from troubled times. Other issues explored included how imaginative learning projects have changed the lives of older local government manual workers in Australia, how German railways manage demographic change, how post-50 workforce issues are being addressed in the US, and how Centrica has retained older workers through flexible initiatives and apprenticeships. The conference was mentored by Channel 4 News presenter, Samira Ahmed.

Dr Brewer said that there are now more people in the UK over State Pension Age than there are people under 16. Within 15 years, a third of workers will be over 50. 'Embracing older workers' skills is therefore a priority unless society is prepared to miss out on available talent', said Dr Brewer.

'Older people still face incorrect and stereotyped assumptions about their attitudes and abilities,' said Dr Brewer. 'They are forced into retirement or selected for redundancy; if this happens, they spend longer out of work.

This is damaging for them as individuals but it's also dangerous for the economy.'



**Dr Nicola Brewer addresses the conference**

The Commission did not accept that the recession 'means we have to slacken our search for fairness and flexibility'. Dr Brewer explained; 'We cannot afford to lose the talent, skills and experience of older workers. If this happens, business will be less well placed to capitalise on the recovery when it comes.' Alan Christie, the Commission's Policy Director, said people had a tendency to 'worry about how many candles a worker has on their next birthday cake, instead of looking at what they can offer', and that this needed to be addressed. Attracting and keeping hold of older employees' talents and skills could help business weather the difficult times and prepare for the recovery, and this could be achieved by offering greater flexibility in working practices.

'The overwhelming experience of businesses that take an innovative approach to flexible working is that their workers repay them by being prepared to go the extra mile. And that's just what you need at times like these. Even in a downturn, some skills can be filled by older, experienced workers,' said Mr Christie, citing a small company that valued its older workforce by forging a sense of common endeavour. 'The key is flexibility and giving older people the choice of when to step down while they're still valued.'

With society ageing, 'many of us will have to carry on working because of the lack of pension provision. But people are still made to leave their jobs when they reach 65 at a time

when the average older worker values choice and some flexibility in deciding when to leave work’.

The Commission said it would carry on pushing for greater fairness and flexibility ‘not just because it’s the right thing to do, but because we believe in the business benefits of treating people fairly and drawing on the talents of all, including older workers’. It will also continue to work with businesses to promote best practice in flexible working and has asked the government to use the Equality Bill to abolish mandatory retirement at 65.

Opening the first session on how organisations have been meeting the challenge of demographic change and the older worker, Mark Keese, Senior Economist at the OECD, said society faced the twin challenges of dealing with a severe economic crisis while exploring intelligent age management systems.

‘While job losses are inevitable during the recession, employers and governments need to avoid resorting to targeting lay-offs on grounds of age,’ Mr Keese told the conference. ‘We need to maintain employability and not compromise the upturn when it comes.

‘From past recessions, we know it is often younger workers who are hit hardest in the beginning. What is interesting from the data we are getting from the UK and US is that while in the past older workers dropped out of the labour market when laid off, this time unemployed rates are not rising as much for them.

‘However, the gap between the two groups will narrow and many more older workers will stay on in the labour market or actively look for work. Because of changes in pension systems and better education, many older workers want to carry on.’

Mr Keese acknowledged that hiring older workers is good for companies, but that ‘each business has to find its own justification for managing an age-diverse workforce. Part of the challenge is getting that message across to smaller companies to help them develop intelligent age-management systems’.



### Mark Keese speaks on the challenges ahead

He reminded the conference that early retirement schemes had been a costly mistake in earlier recessions in terms of lost expertise and a hefty welfare bill for governments. Moreover, it did not help young people to find or keep jobs. ‘Those OECD countries which experienced the biggest decline in older workers’ jobs also experienced the largest drop in jobs for youth.’

Robert Anderson, head of Living Conditions and Quality of Life at Eurofound, the European Foundation for the Improvement of Living and Working Conditions, said at the outset that the downturn, globalisation or even climate change could not influence the underlying changes in the profile of the working age population in Europe.

‘It is getting older, smaller and, in the employed workforce, increasingly female.’

Turning to work barriers linked with poor health and carers’ responsibilities, Mr Anderson said that since the millennium, he had seen a greater awareness of people in poor health seeking work.

‘It has been linked to an awareness of barriers for the ageing workforce, but poor health in general is a barrier to employment. It is also a barrier to extending working life and, for employers, can be associated with productivity.’



### Robert Anderson shares the findings of his research

In the European Union, about one in seven people aged 55 and over who are inactive cited ill health or disability as a cause. In the larger group of inactive, not economically engaged people aged 55 or over, many retired for health reasons. Evidence from Germany, said Mr Anderson, showed that many people retire because of mental health problems, or at least their retirement is attributed to mental health problems. A number also cited muscular-skeletal problems.

Many in the audience would have already been familiar with Dame Carol Black's report on maintaining the health of the workforce. Mr Anderson also gave the example of the Finnish approach, the 'work-ability' model, which paid attention to work design, job design and work organisation as well as corporate culture and attitudes to work-life balance.

'While we are aware of many of the positive initiatives in companies, and in particular models to address demographic change, very few companies are addressing the issues using comparable approaches to this holistic Finnish model.'

His Dublin-based foundation had looked at companies involved in age management that had taken positive approaches to health protection and health promotion. 'Prime amongst them are issues around flexible working organisation to enable workers to continue as they age. But there has been little

attention to the retention or reintegration of workers who develop health problems.'

Turning to the health problems of families with carer responsibilities, Mr Anderson said research in European companies showed 'that about half of all family carers under 65 are in employment and seeking to combine care with work. Another proportion of family carers no longer work because they were unable to reconcile care and employment responsibilities'. Meanwhile, many female workers with caring responsibilities also have to or choose to work only part time. 'From



### Deborah Russell on experiences in the US

studies in companies, we find relatively little attention to this problem of working carers.'

Deborah Russell is Director of Workforce Issues at the US-based AARP, which works with companies to encourage them to adopt policies and practices favourable to the 50-plus workforce.

She described her own age-diverse background: her father is 69 and is still in employment, having worked his way up from the shop floor; she is a baby boomer who has progressed up the career ladder through hard work; and her two young daughters both have jobs in team-working, high-tech environments.

The modern US workplace is diverse and for the first time in history there will be up to four generations working side by side, involving people with different ideas, desires and ways of approaching work.



### Experts answer questions from the audience

‘In the US between the years of 2006 and 2016, the 55-plus workforce is going to be five times larger than the overall workforce so we are talking about a significant increase in the number of older workers,’ said Ms Russell. During the downturn in the US, there have been significant complaints that although older people are not as badly affected as young workers, they’re having a longer, more difficult time getting a job. ‘We find it takes the older person 21 weeks longer to find work.’

But Ms Russell pointed to two cases which illustrated the growing value of older workers in America. One was AARP’s court success outlawing the long-standing discrimination by the Hollywood Screenwriters Guild against older writers.

‘Why is this significant? Because it’s Hollywood where people have been able to demonstrate that age is a factor why they may not hire older workers. We have found that this is now a demonstration of how tolerance for discriminating against age is lessening in the US.’

The other case involved the heroism of the middle-aged airline pilot whose prompt action saved more than 160 lives when he landed safely in the Hudson River in New York earlier this year.

‘AARP couldn’t have asked for a better turn-out and he has become our hero and spokesperson. We eradicated the mandatory retirement age for airline pilots about a year ago and this is a great example of how, through



### Professor Philip Taylor discusses the workability model

experience, he made a safe landing and was able to save that many lives.’

Pointing to AARP’s US and international awards rewarding employers with good practices and policies for the over-50s, Ms Russell said that the association had launched other initiatives to help businesses who want to reach out to older workers looking for jobs – including a simple, easy-to-use, web-based assessment tool which compared companies’ demographic profiles against the policies they had in place to tackle the challenges presented. ‘Just so you know, half of AARP’s 40 million members are working members,’ she commented.

Professor Philip Taylor of Swinburne University, Australia, has collaborated with the Finnish Institute of Occupational Health on ageing and workability and said that if the aim was to prolong working lives ‘we need to change attitudes, manage people differently, reconceptualise working life, adjust health services and develop new models of cooperation between key labour market actors’. Business also needs to be multi-dimensional in its response through further employment reforms’, he said.

The term ‘age management’ involves individuals, organisations and society, ‘and reforms in one sphere that don’t take account of others’ would probably fail. ‘Note we are not just talking about older workers: age management is about the whole of working life.’

Professor Taylor said that his centre's current research in Australia was focused on adapting the Finnish workability model to help older employees cope with work. 'The project is investigating factors transforming the nature of work and posing risks to the workability of an ageing workforce, examining workplace policies and practices around ageing, and the design, implementation and evaluation of workplace intervention.'

Staff surveys sent to four organisations posed questions about health and wellbeing, psychosocial work attitudes, job demands, training and learning, caring responsibilities and work-life balance.

'Workability promotion is based on adjustment to physical and psycho-social work environment; about promoting health and lifestyle. It is about updating skills, reducing repetitive movements and changing supervisors' attitudes in increasing vigorous exercise. These are known to produce better workability and cognitively demanding work.' Professor Taylor told the conference.

Despite the recession, he suggested, industrial sectors 'face an increase of proportion of older people in their workforces. Increasing employment rates among older people help offset labour and skill shortages and the economic impact of ageing'. In his view, there was an opportunity to extend the working life of those aged 45 years and over, although he recognised current labour market conditions would make this harder.

'However, a significant change in the way work is structured and offered to people in later life is necessary,' he concluded. 'The workability provides a lens through which to view, though further measurement is needed.'

Kathy Kelly, Training Services Manager at the Local Government Association of Queensland, said that when she first worked on change in local government in Queensland, almost half the employees had no formal qualifications or recognition. The most vulnerable was the manual operators group and at the conference she spoke about their employability.

Working with university colleagues, Ms Kelly helped run a survey in which 82 per cent of



**Kathy Kelly brought expertise from Australia**

respondents said they wanted to continue working. 'Surprisingly, it was not always about money, but working gave people a reason to get out of bed in the morning, socialise, feel valued and be part of a system.'

Hundreds of employees took part in the survey but when she and colleagues discussed the results with managers and workers, they found some contradictory messages.

'While employers, managers and supervisors said their organisations offered choice and invested in the workforce, employees aged over 45 felt their experience and life skills were not being properly recognised.'

Working with other agencies, her department then set up a formal training programme offering short diploma courses for older workers who had been with the authority for two years. 'As part of the course, employees were asked to prepare a report on workplace efficiency and present it to a senior manager.'

'Out of this project 850 graduates acquired their diplomas in just six days' study by getting them to concentrate on their skills gaps,' she said. 'For us, the result has been astonishing. Since taking the diploma, many of these older workers have now enrolled for a university degree – five years after I was told they would not like formal learning programmes.'

'As a result of the unforeseen, we now have para-professionals in disciplines that did not exist before. Five years ago we started with a skills and labour shortage and now we've



### Questions from the audience

proved that if you invest in the older worker and increase their employability, disciplines emerge that we had not thought about.'

Following the Queensland initiative, Ms Kelly said there were now plans to roll out the project across Australia. 'I believe education and training has to start at the top – executives have to realise that workforce planning is not just about dollar and pound value but about the future. If people are not working, they become dependent on the state.'

Opening the final set of presentations on age management, interventions and experiences learned during the recession, Aaron McCormack of BT said that what worries him is that, having created the technologies and a vast movement of wealth, where would all future jobs in the UK and Ireland come from to sustain wealth?

'I'm not that optimistic ... but I am a great believer in meritocracy,' he said. The principle of "last in, first out" had been used in industry for years but really it should be "best in, worst out". Most wealth-creating companies couldn't afford "last in, first out".

'You have to believe in a meritocracy because it is about giving people the opportunity to put their best feet forward. There is a lot to be done to create opportunities. Countries that have done better create work for both young and old.

'At BT we have done a fantastic job around diversity and won an AARP award last year in



### Aaron McCormack, Age Champion of BT

the States. But it has not single-handedly saved us from a bit of a thumping in the marketplace. It is necessary but not sufficient.'

Over the next couple of years, however, Mr McCormack believes, 'We can hopefully look to an upturn and stick to our core beliefs in age diversity. It is not time to walk away from it. We're facing real challenges but we'll keep our core beliefs'.

Research at BT showed, not surprisingly, that productivity declines with age, but the reason was more about lack of training for older employees because managers tended to choose younger workers to handle technologies.

'A diverse workforce with skills and experience is the best predictor of best performance.



### Margret Suckale describes successful practice in Germany

At BT we believe in merit but a company or country must always provide the investment to get the best out of its people,' he said.

Margret Suckale was, at the time of the conference, a member of the Board of Management for Human Resources and Services at DB Mobility Logistics AG – part of Deutsche Bahn (DB), the German railway company which was a winner in last year's AARP International Innovative Employer Awards.

Explaining why she supported DB's policy of employing people of all ages, Ms Suckale said; 'Our chief executive is almost 67 and we have a relaxed attitude to age. The average age is 45 – higher than most organisations in Germany. In 2016 the average age will be 50 – and between 2006 and 2015 the number of older workers is set to double.

'Many older people are motivated and we have to use that energy and make it possible for them to work longer. In Germany, we are approaching the new retirement age of 67 and I'm convinced that we have to revise our opinions of older workers. It is true that certain capacities decline with age, but power of judgement improves with experience and a Stanford University study has shown that performance improves because older workers take in information better.

'Older workers can make up for their decline in physical capacity, though in some cases they overcompensate. DB is a service company and customers running for a train often like to see older workers on the station. Clearly the age of the workforce has to be balanced, and young and old must learn from each other. We also have to build in a system where older workers approaching retirement can train the younger ones.

'At DB we are not afraid of hiring people over 50. Our nine-month programme for training unemployed engineers aged over 50 has been very successful. When I met one of the guys at the training school, he said to me: "You know, getting this job is like winning the lottery".

'DB is one of the first companies in Germany to face the problem and one of the pioneers to find a solution.



### **Melanie Flogdell explains the importance of age diversity**

We cannot stop the ageing process ... but we can assess risk.'

Melanie Flogdell is Head of HR Policy at Centrica, the UK parent company of British Gas, and a UK winner of an AARP International Innovative Employer Award last year for training and maintaining older employees, including gas engineers and workers on gas exploration rigs.

For her company, age was a key part of its diversity strategy. 'The business case for age diversity is that it is the right thing to do, and in an economic downturn we need the corporate knowledge and experience that retaining older workers brings.'

Centrica has already taken age out of the equation in its recruitment policy. 'We have also invested heavily in training managers and those involved in recruitment and selection to make sure any reference to age does not appear in any of our adverts.'

As well as setting a 15 per cent target for mature graduates, Centrica uses diversity and inclusion teams in British Gas to attract and retain under-represented groups. 'We do that by having engineering ambassadors who promote engineering as a career. We also attract and train adult engineers, for people who want to change careers later in life.'

From the company perspective, it is 'about investing in training employees and managers about the benefits of age diversity and

dispelling some of those myths around older and younger workers through our age awareness learning package’.

When it emerged that flexible working was particularly popular with people with carer responsibilities, women and older workers, Centrica asked all employees how they could do their jobs differently and more flexibly. ‘As a result, 60 per cent of them are flexible workers and 75 per cent feel that flexible working is embedded into our culture,’ she told conference delegates.

Lifestyle contracts have also been introduced, allowing Centrica employees to vary their working arrangements or change career later on.

‘We have also looked at promoting our family-friendly and lifestyle policies and practices, not only for maternity, paternity and adoption leave, but also for carers, dependents and those on sabbatical leave by looking at how people can achieve flexibility and balance in their working lives.’

Another innovation has been lifestyle workshops to educate employees about nutrition, diet and exercise and promote a healthier lifestyle. ‘They’re also for older workers who might have been suffering some illness or strains and musculo-skeletal issues about back and knees.’

Company-funded interventions helped older employees suffering from absence through work as well as offering two-hour personal coaching sessions on diet and exercise.

Professor Reidar J Mykletun also spoke of his research on workplace ageing with the Finnish Institute of Occupational Health and gave an update on his collaboration with Vattenfall – a Swedish-based international energy company.

‘The problem is not basically a problem, but in Sweden retirement has risen sharply and there’s a constant debate about the future. The pattern before was that in Sweden, by the time you were 60, you would have left the company and if, at 60, you were still there, you should have slowed down.

‘Now the current thinking is that you should



### Professor Reidar J Mykletun’s research on workforce ageing

not slow down at work but speed up. A lot of research shows that the more energetic you are, the better you’ll enjoy your retirement. There’s evidence that work gives meaning to life and provides social contacts, especially for older workers who like to feel useful.’

Different measures are needed to cope with varying ages in the workforce. ‘In our studies, we found out that managers need to be trained on age management because they are not trusted by older workers.

‘When we set up age management seminars for workers, over 5,700 turned up but not everybody knew about them. Some managers had not told the workforce and we found out that it is best to direct mail the workers and not just communicate through the managers,’ he said.

Working with Vattenfall on the age management project has been a success – the average retirement age in the company has gone up (extending people’s working life), sick leave has gone down and there has been positive coverage in the Scandinavian media.

Lord Dennis Stevenson of Coddanham, President of the Employers Forum on Age (EFA), an entrepreneur and former chairman of HBOS plc, said he was ‘passionate’ about age diversity and praised the joint EFA/TAEN guide Age Matters in a Downturn for its ‘fantastic’ job in helping employers reap the benefits of an age diverse workforce during a recession.



### Lord Stevenson shares his 'passion' for an age diverse workforce

'I am president of the EFA because I believe passionately that our society has got to recognise the political, social and physiological implications of ageing,' said Lord Stevenson.

Quoting a fellow peer, he said she told him he made the common mistake 'that when I was younger, we assume we left school, university, went to work, retire at 60, toddle around until 70, then wait to die. You may get unlucky, get cancer, but because of changes in science and new technology we are all different'.

Lord Stevenson then referred to a professor of geriatric medicine who had studied the health of 28,000 people in Norfolk. 'Her rule of thumb is that when you are 75, you are 60 in your parents' years.'

In his closing remarks, Chris Ball, TAEN Chief Executive, reminded everyone that if they had met the previous year, 'we would have called this a conference on age diversity. The downturn, whilst a worry, would not have featured in the title.

'We would have urged you to look deeper at the age-related risks in organisations and urged that demographic change is probably second only to climate change as the most worrying threat of all.

'But now, in order to deal with these challenges, we have to bear in mind that what we want to do may be threatened by



### Chris Ball, TAEN Chief Exec, closes proceedings

the downturn. We need to look at the issues that prevent people from remaining in work and what has happened to make it possible to remain in work.' Age diversity was a vital element in managing business through the recession, he suggested. 'We have to be clever, use our wits and be intelligent. Like the pilot who landed on the Hudson, we must learn from our experiences. In the last recession, there was a dramatic drop in the employment of people approaching pension age and that is something we have still not recovered from.'

Who puts bread on the table is the key to the future. 'Obviously people have to work and we have to remember that many companies could be doing more. In some companies people will be made redundant and there will be fear of redundancies, particularly for those in their 50s.'

One explanation was that little had been invested in peoples' versatility and knowledge. Addressing employers in the audience, Mr Ball said: 'Think of the way you equip your workers to face the harsher world outside. Obviously small changes can make an enormous difference. There has been talk of the cost of the changes and the possibility that during the recession organisations will find it less easy to approach making age-management adaptations or interventions.

It won't be the priority, but now is not the time to stop innovating.'

## The challenge

The biggest challenge facing the economy and business today, with the exception of the current recession, is demographic change. By 2020 one third of the UK population will be over 50. The dependency ratio has already fallen to 3.3. people of working age for every person of state pensionable age. And even if we take into account the future changes to the state pension age, it is still predicted to fall to 2.9 by 2031.

Whilst many older workers wish to carry on working and earning, many encounter difficulties in doing so. That is why leading-edge organisations worldwide have devised creative solutions to harness the knowledge of older workers and encourage them to work longer.

### **The Equality and Human Rights Commission**

is working to eliminate discrimination, reduce inequality, protect human rights and ensure that everyone has a fair chance to participate in society – and what happens in the workplace is a big part of that.

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### **TAEN – The Age and Employment Network**

is an independent charity whose mission is to promote an effective job market that serves the needs of people in mid and later life, employers and the economy.

**Find out more** about TAEN – The Age and Employment Network and our work on age and employment issues or get in touch via our website at: [www.taen.org.uk](http://www.taen.org.uk) or by telephoning us.

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