

Response

Is Business Ready for an Ageing Nation? Economic Opportunities and Challenges of Ageing

Response to Government Consultation by
TAEN – The Age and Employment Network

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1. Introduction

TAEN - The Age and Employment Network works to promote an effective labour market that serves the needs of people in mid and later life, employers and the economy. We provide information to older workers and jobseekers and all those who support them. We promote the concepts and ideas of age management by working directly with organisations to influence opinion and practice. We help them to champion age diversity and gain the knowledge, inspiration and support to translate this commitment into reality.

TAEN has long believed that the pace of demographic change and the creation of an ageing society is one of the most profound changes facing our society. We share much of the reasoning and rationale set out in the discussion paper by BIS. While TAEN member organisations include a wide range of bodies with broad interests in population ageing and the needs of older working people, our specific focus around work and employment means that we also share much with mainstream employment policy and practice organisations. Our staff team have experience of the world of business as well as education, unions, and the welfare to work policy sector.

2. Questions by the Minister

Pat McFadden MP, who was the Minister for Business Innovation and Skills at the time the report was issued, asked the following questions:

- How do we retain the capabilities of older generations in the world of work?
- What opportunities are there for business in meeting the demands for goods and services from the older population?
- How does Government policy get this right in terms of supporting these opportunities?

We will consider the first and last of these questions shortly.

3. Debate on 3rd February 2010

The discussion paper refers to the debate on 3rd February 2010 at the event organised by BIS. The following areas were identified as being of interest and remain of interest for the purpose of this consultation.

- Impact of the ageing population on the world of work
- Innovating for the older consumer
- Impact of an ageing population on private savings and public finance.

Finally, the paper asks whether the issues raised were the right ones and whether there are specific aspects that should be explored in more detail by government and business.

4. Commentary on Section 3: Emerging issues for future action by business and government

TAEN concurs with most of the summarised points arising in the reported seminar discussion. The case study of Domestic and General is familiar to TAEN, this company being a TAEN member and having twice won an award under the AARP International Innovative Employer Award programme, in which TAEN is a partner organisation.

However, the reported discussion fails to achieve any clear exposition of the state of managerial knowledge and practice in adapting organisations to the ageing workforce. Such measures include maximising the value gained from application of older workers' accumulated knowledge, adopting flexible working practices and policies, ensuring life long learning, making arrangements to continue to develop careers and jobs as people progress through their working lives, and taking proactive steps to ensure their health and well-being is maintained.

In TAEN's view, it is important to understand that emerging practices internationally in response to the ageing workforce have at their best amounted to a paradigm shift. In European literature and many European countries such approaches are described as 'age management' approaches. In TAEN's view, there is a need to increase capacity to adopt age management approaches among UK employers. (See Appendix 1 for more information.) The chief characteristics of age management approaches are described more fully in the appendix but they should be understood as multi-dimensional, introduced with a strong employee focus and engagement, characterised by life course interventions aimed generally not simply at older workers but in relevant ways at the broad sweep of ages in an organisation.

The explicit purpose of an age management approach must be to enable workers to extend their working lives by directing them towards work which they are fit and able to do, which is itself achieved by maintaining skills, developing careers, taking care of health and fitness and enhancing work capacity generally. Age management programmes seek to achieve these things and at the same time influence attitudes and plans towards retirement. Workers are incentivised to the idea of remaining in work, for example by simply being told that they are needed and wanted¹, and by the introduction of flexible working patterns that recognise that many workers need different working time patterns if extended working is to be possible and practicable. Age management approaches would, for example, encourage the redesign of work to make better use of the knowledge and special talents of all workers but the explicit focus on age and ageing might recognise certain features of older people in the design of jobs in this way. Age management approaches are in essence, therefore, human-centred but with a clear social and business purpose.

¹ For example, at the Vattenfall Power company in Sweden, pre-retirement courses were replaced by seminars explaining to workers in their 50s that the company was embarking on a programme to make work more flexible and attractive to them in their 60, quite simply because "they were needed." (Company interviews 2008 and 2009).

5. What is needed to expand age management capacity?

In TAEN's view, the missing element from the BIS discussion has been any serious attempt to understand the experiences and lessons drawn from other countries around age management. Nor has there been any serious discussion on how such approaches might be adopted in the UK. The following points form part of our critique of the failings of Government and UK management in this area currently. In most cases, the solutions are obvious, though we do not seek to oversimplify the challenges they represent.

- 1. Examples of good practice and inspiration** TAEN believes that while there are many good practice examples in the UK, there are others abroad from which it would be helpful to draw. (Examples are cited in the Appendix). There is a need to make better use of inspiring examples of age management and raise awareness of them considerably.
- 2. Expanding managerial knowledge and awareness of age management and building the business case for its adoption** Understanding and interest is needed among UK managers, together with developing the skills to relate the needs of their organisation with age management approaches in a relevant and coherent business case. We believe that an information and awareness campaign is needed. This should draw lessons and build on the experience of the Age Positive campaign, but it should not replicate the limitations of the same. Ideally, it would be informed by a broader culture and range in the examples cited and adopt a more scientific approach to the development of tools and resources, better informed by academic and scientific research and the digested lessons from analysis of other case studies. Such a campaign needs to be led inspirationally and have perceived relevance in a range of sectors. In particular, we believe, managers need to be shown how to analyse the risks and opportunities that population ageing presents to their organisation as well as to consider the strengths and weaknesses of their organisations to respond. Building capacity among managements in companies to lead age management projects will be important if change is to be encouraged. It will be important too to ensure that changes are sustainable and not simply 'here today, gone tomorrow' experiments, ending once the committed leader who has introduced them moves on to another position.
- 3. Changing attitudes and approaches of employers and others to the kinds of work suitable for older workers** Much discussion about employment and older workers has focused on a handful of organisations that have seen a specific opportunity in targeting older workers. These examples are mostly drawn from the retailing sector. Illuminating though they are, TAEN believes it is important to have a far broader vision of the kinds of work which might be offered to older workers. In any event, we believe it is both patronising and flawed thinking to offer repeated examples of the same company as the exemplar of employment in one's 60s, as though there could be sufficient of such roles to absorb the available supply of older workers, much less to make good use of their skills and economic potential. Government could do more by ensuring that in its literature and publicity about the value of older workers or in

promoting the business case for using them, it casts the net far more widely. Government should be able to cite a far broader range of occupations, sectors and individual companies than hitherto and should seek to portray older workers in a wide variety of roles which favourably and imaginatively reflect the skills and potential advantages they can offer.

4. **Development of age management capacity** There are many detailed angles and examples of good practice in age management from which one could quote, but there is a relative dearth of knowledge, leadership capacity and enthusiasm among managers themselves. Action is therefore urgently needed to inspire a new generation of managers to become capable age managers and provide exemplars of ageing well to their own employees. In short, we need managers who can support and manage their own employees in the various transitions they make in life.
5. **Role of the business schools** Ideally, one would want to develop management training modules and support mechanisms. Business schools should be encouraged to provide courses (including modules for business degrees besides distance learning and short courses) and encourage research on age management issues.
6. **Support through web based tools** Much information could be made available on age management to the business community in an online format - great care would need to be exercised in making it truly user-friendly and usable. It is of interest that TAEN has been developing a web based Workforce Assessment Tool, working collaboratively with the US-based AARP. The idea of the tool is to enable help employers assess their future and current workforce needs. Employers provide information about the company's policies, practices and demographic composition following which a report is prepared commenting on the organisation's need to consider changes in light of the risks implied.
7. **Changing individuals' ideas about work and career** If we are to retain the capabilities of older generations in the world of work, we need to change attitudes, retain the capacity of people to work and introduce new concepts of career and retirement to this end. It should no longer be unusual for people to change careers in later life – say in their 50s. Examples need to be promoted relating to people who have risen to the challenge to change. The Next Step adult careers service, which is shortly to be launched, should assume a proactive role in encouraging people to continue to think about their next move and to plan for it throughout their working lives. Too often the argument is used, “But you can't expect someone in a heavy, physically demanding role to continue to do that work later in life.” This may be true, but it places on the whole of society a responsibility to create different cultures, practices and expectations in how we choose our jobs and change them during a working life. The idea of a job or profession being adopted “for life,” needs to be challenged if working lives are to be extended. For example, employers, individuals, unions, learning and training organisations, professional bodies, careers guidance professionals and many more, need to change outlooks about the appropriate ages of vocational training and admission to trades or professions. Apprenticeships in later life should be welcomed as ideal ways of keeping manual workers economically active. (Indeed, they could be most advantageous by making use of skills which workers have learned in earlier roles). Senior executives and professionals should not be

expected or expect to continue working at the 'pinnacles' of their organisations until they can do so no more before abruptly retiring. Sideways career moves should be encouraged giving individuals status, really meaningful jobs and greater work expectancy. There is a considerable range of practical means whereby such new approaches and cultures could be encouraged. Employers might adopt formal policies requiring people to have career plans that are regularly discussed with managers. These might involve specified qualifications or courses that need to be followed, opportunities that might be created for new role experiences. In SMEs, where the scope for such a range of experience may be more limited, there might be agreements with groups of organisations to allow for secondments or perhaps encouragement of individuals to work for two or more employers (either as two part time jobs or a formal "employer share" arrangement) to gain developmental experience and open later career opportunities.

8. **Changing individuals' attitudes to life long learning** We need too to encourage workers to take more committed approaches to maintaining their knowledge and updating it as they progress through life. All this supposes an availability of appropriate forms of training, but crucially, continued involvement in training and learning throughout a working life. TUC unionlearn has shown what is possible in its work with union learning representatives. Giving union learning representatives information and training on personal age management strategies would seem to be a potentially valuable course of action.
9. **Changing attitudes to health and well-being** We need to encourage and support workers in maintaining their own health and well-being and we need managers at all levels to be conscious of how to manage age, partly by learning to manage their own ageing well. The Government is already doing much with its Health, Work and Wellbeing initiative. Much more needs to be done however, particularly at the level of employing organisations. Company initiatives such as support for gym membership, incentives to take exercise and provision of changing and shower facilities as well as campaigns for healthier eating/lifestyles, anti-smoking and weight loss can all play their part alongside good occupational health and rehabilitation programmes. The best examples, if they could be replicated, would have a powerful impact on the health of the nation and the ability of people to remain economically self-reliant during the longer lives before them.

6. Implications for business in providing services relevant to population ageing

TAEN has no particular expertise in the area of marketing and product design relevant to population ageing and does not wish to comment in detail on this question. However, it seems likely that by fostering growth of UK age management capacity in the way described above, there would in fact be support for growth of new services to companies.

7. Implications for Government policy

1. Increasing Age Management Capacity in Employing Organisations

TAEN believes that Government should seek to work with industry to develop age management capacity among UK employers. At a time when money will be short, clever, strategic investments are clearly the only ones likely to pass muster.

We believe that the nine priority targets listed in Section 5 above should be supported with sufficient financial resources to bring about a real change in culture among UK employers.

If the Government abolishes the default retirement age and then moves on to raise state pension age to 66 by 2016, this will accelerate the existing impetus towards longer working. Those who are unable to work beyond current or future state pension age will in particular need support. Job roles and employers who are willing to employ older workers will be needed.

At the same time, the changes in our demographic profile make it essential that employers are more ready to embrace older workers and see them as positive assets to their organisations. Both of these issues emphasise how much more relevant the issues raised in the consultative document have become since the general election in May and the Coalition Government has come into office.

There are two additional points that need to be borne in mind regarding government policy generally, to which we will now turn.

2. The special position of the worker in the exhausting or wearing role

Older workers in arduous roles and unions representing them have already appealed against the injustice of their being expected to claim Jobseeker's Allowance after 40 or more years of hard toil. Their case will be even stronger if they are expected to look for work whilst lacking the physical, mental or skills resources to perform the only jobs available. This is an issue which touches on the sorts of jobs that will be available and the personal resources of the individual worker. TAEN believes that it is important that practical solutions should be found to the specific problems facing people working in such arduous roles.

Workers in sectors and job roles where there is a pattern of early departure for the reasons covered above are especially in need of encouragement and support to retrain for other roles of a physically less demanding or exhausting character. The economic advantages of maintaining and using the knowledge and skills of such workers should be clear. However, to take example of the construction industry, many building workers already leave the industry in their 50s and seek other occupations. However, the Construction Industry Training Board, which offers courses to train workers in the skills needed to work in the sector, provides little training for older tradesmen to re-equip them for other roles on leaving the sector. This is unfortunately typical of our current approach. There may be a great many roles which individual workers doing arduous work could perform. Advice and guidance on how to transition to another role should be part of the

support that is offered to each of them. (This point is made strongly in section 5.7 above.)

Similar patterns may be observed in other sectors where there are physically demanding roles. In summary, much more emphasis needs to be put into retraining such workers for other roles, either in the industry or outside it, making the best possible use of skills developed over their working lives but also building on these skills through targeted forms of training, delivered in appropriate ways.

3. **Handling the transition from compulsory retirement at 65 to state pension at 66 or beyond** It is to be hoped that the Government would not try to make too a rapid transition from allowing employers to compulsorily retire people at 65 to obliging people to work to 66. A rapid shift without transition and preparation may cause confusion among employers and employees alike. In TAEN's view there needs to be a preparatory period of adjustment during which employers should be encouraged to consider and adopt their policies to make them more suitable for an era in which it is hoped that people will remain working longer. This will create an opportunity to introduce employers to the more far reaching issues around demographic change and the need to consider age management approaches.

There would seem to be an ideal opportunity here for Government to seek to promote a wider vision of managing ageing and retirement issues in organisations. Employers and trade unions should be encouraged to learn from experiences in mainland Europe, including in Scandinavia, Holland and Germany. The experiences of the German employers and unions in reaching collective agreements on the subject of adjusting to demographic change should be analysed and shared, for example. Discussion about such issues could be encouraged and learning programmes directed towards initiatives of this kind should be supported. In anticipation of the end of the default retirement age and then the raising of state pension age, employers should be helped to come to terms with the implications of longer working lives and managing an older workforce.

4. **A flexible approach to state pension entitlement?** As mentioned above, some individuals in arduous or exhausting job roles may face difficulty working longer for reasons associated with their health and the nature of the work done. These may well face hardship if state pension age is raised and they are expected to work longer before retirement. One approach would be to allow some flexibility to allow workers in arduous roles receive their state pensions early, though this might raise difficulty because of the need to define the job roles that give rise to this entitlement and also the difficulty in keeping track of the nature of the work which given individuals perform throughout their careers.

On the other hand, raising state pension age will pose problems for people in such physically exhausting roles. Moreover, there is an issue in relation to equality and fairness which should be considered. Whilst rising life expectancy and therefore projected longer periods in retirement is a good ground for needing to raise state pension age, it should be borne in mind that the beneficiaries of extended life expectancy are much more likely to be those who work in white collar and therefore less physically wearing jobs.

Recent French experience is of interest. Under legislation introduced in January 2010, firms are obliged to seek collective agreements or devise action plans to encourage senior employees to remain in or return to work. Individuals may request a competency assessment at the age of 45 which allows them to give serious thought to their career development as they approach their 50s. The principle has been established that workers in physically arduous and exhausting work should be allowed to retire earlier, though it seems that collective negotiations have been taking place for some time on the precise definition of entitlement to such concessions.

TAEN believes that the priority should be for individuals to be prepared by good policies and practices in work for career transitions and other job roles. We believe it is important that they are helped to be able to work and support themselves as the age of state pension entitlement is raised. Support to enter other job roles or self employment in this way should be the priority.

However, there may be a case for slower transition to raised state pension age in industries and occupations where the necessary forms of support for change have not been put in place. Putting in place the practical measures under which such a slower transition can be achieved would however add complexity to the simplicity of a common state pension age. For this reason, TAEN believes the Government should concentrate on achieving culture and practice changes around workplace age management, rather than accelerating the change of state pension age. Making an accelerated change in state pension age without developing the culture changes and capacity to age manage organisations would be putting the cart before the horse. If business and the economy generally need individuals to work longer (and they do) then it is vital that individuals are able to work longer and the jobs are available for them to do. Ignoring this principle would be unfair to many older workers themselves but also would fail to realise the benefits to business which they potentially represent.

5. **Concluding comment** TAEN is willing to expand on any of the foregoing points for this consultation and would be happy to work with BIS in the development of a more fully developed paper outlining the business advantages and challenges of an ageing workforce and issues in adoption of age management approaches.

Appendix

Summary of some issues in relation to increasing age management capacity among UK employers

In several European countries now the approaches of organisation managements to workforce ageing can be understood as strategic responses to workforce ageing, best described as an 'age management' model. The term 'age management' is widely understood in Europe.²

Age management may be understood as comprising:

The various dimensions by which human resources are managed within organisations with an explicit focus on ageing and also, more generally, to the overall management of the workforce via public policy or collective bargaining.³

The elements of age management are described more fully in various sources.⁴

The following brief description is from TAEN's guide for HR professionals:

"Age management is not purely and simply about preventing age discrimination, changing attitudes, and promoting age diversity. Certainly, it encompasses these actions. But age management implies reaching beyond the conventional policy instruments of the human resources department for practical means whereby the older worker may have a greater and more sustained impact and value to the organisation.

The following eight dimensions have been identified as falling within the age management sphere of interest.

- Job recruitment
- Learning, training and lifelong learning
- Career development
- Flexible working time practices
- Health protection and promotion and workplace design
- Redeployment
- Employment exit and transition to retirement
- Comprehensive approaches.

To the above, the following additional categories may be added as having sometimes been used by the same writers - though to a degree they may overlap with the foregoing:

- Changing attitudes
- Ergonomics and job design
- Wage policy.

² See *Managing the Ageing Workforce: an introductory guide to age management for HR professionals*, TAEN 2007 http://taen.org.uk/uploads/resources/TAEN_Guide_to_Age_Management_Sept_07.pdf

³ Alan Walker, *Combating Age Barriers in Employment – A European Research Report* European Foundation, Dublin

⁴ Neagle, Gerhard and Walker, Alan, 2006, *A Guide to Good Practice in Age Management*, European Foundation Dublin

For each sub-category above, many actual interventions can be identified as examples of initiatives taken by companies.”⁵

A further paper by TAEN which discusses some aspects of age management and describes how the idea has embraced a broad range of approaches is available⁶, and a particularly interesting example of an age management approach in Finland is described briefly in a TAEN paper on this theme⁷.

By participating as a partner in the AARP International Innovative Employer Award, which recognises employers for their commitment to an age-diverse workforce, TAEN has seen many examples of good age management practice. In particular, we believe the following are important elements to take into account for effective age management.

Leadership: there is a need for age management knowledge and leadership capacity in organisations. At the present time this is lacking partly because there is too little awareness of the significance of age management approaches among UK companies. German, Dutch and Scandinavian companies are increasingly showing awareness of the ‘joined up’ nature of the strategy, analysis and interventions which a fully developed age management approach requires. This interconnectedness is less frequently seen in the UK.

Need for strategy: the search for good practice in age management, therefore, calls for analysis of specific interventions and an age management methodology for general application. Having a system, into which the age management vision might fit, is key. One consultancy approach to age management embodies age analysis and monitoring/evaluation as base elements. It visualises organisations setting strategic growth priorities and moving through recruitment, progression and exit in the employment cycle, with particular regard to employee learning/development and health/well-being. The whole is facilitated by both leadership and communication.

Understanding and making the business case for age management interventions: to be able to convince decision makers in the boardroom of the value of investing in the retention and maximisation of the resources of older workers, there is a need for someone in the organisation to see and make the ‘business case’. To succeed in persuading organisation decision-takers, such a business case needs to be specific and rigorously costed.

Assessing the risks of demographic change: assessment of risks may appear a somewhat negative way of looking at things but in practice, until companies have really started to embrace the ageing population as a business opportunity in the way the discussion paper implies, risk assessment of ageing and demographic change is perhaps the most important driver.

Understanding of exemplars: examples of striking ideas put into practice can be instructive and influential. While there are individual examples of good practice companies in the UK, more can be learned by looking abroad at a wider cross section of experience. In 2009, in response to the growing threats of job losses

⁵ See note 1

⁶ See TAEN – Defining Age Management; information and discussion paper http://taen.org.uk/uploads/resources/Defining_Age_Management.pdf

⁷ TAEN *The Finnish Concept of Work Ability* http://taen.org.uk/uploads/resources/Briefing_on_Work_Ability_web.pdf

owing to the financial crisis, TAEN organised a conference with the EHRC to showcase examples of innovative age management practice.⁸ Similarly, a number of examples were sourced by TAEN for a booklet we published jointly with the Employers Forum on Age, also in 2009.⁹

Training of managers and leaders: In the past three years TAEN has organised a number of seminars in different parts of the country to try to make the ideas and practices in relation to age management better understood. Our seminars have been well attended but we are under no illusions that a great deal more will need to be done to encourage managements to take up and implement age management programmes in their organisations.

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⁸ Available on the following web link:

http://taen.org.uk/uploads/conferences/Age_diversity_in_the_downturn_LOW_RES_FOR_WEBSITE14.pdf

⁹ Age Matters in a Downturn; TAEN and the Employers Forum on Age, see http://taen.org.uk/uploads/resources/EFA_Age_matters.pdf

TAEN's aim is to help create an effective labour market which works for people in mid and later life, for employers and for the economy.

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