

Employers grapple with ageing workforces

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By Charles Batchelor

Published: November 24 2010 15:40 | Last updated: November 24 2010 15:40

Employers are faced with a loss of vital skills and experience as the baby-boomer generation, born in the aftermath of the second world war, approaches the end of its working life.

Retailing offers work patterns that appeal to older workers but sectors such as engineering and manufacturing have less flexibility, while smaller companies have fewer opportunities to accommodate older workers in less demanding jobs.

Syd Prior, the 96-year-old part-time assistant at DIY chain B&Q who was featured in last week's Executive Appointments cover feature, is proof that age need not be a bar to employment. His working career spans 81 years and he was full-time at the company's New Malden store in south-west London until the age of 93.

Mr Prior is one of 1.4m people above the current UK state pension age of 65 (for men – the age for women is gradually rising from 60 to 65) still at work while the number of people of (official) working age is falling.

Managing an ageing workforce is therefore a growing and significant challenge for business. UK government proposals to abolish the 65 "default retirement age" have been welcomed by age campaigners but are seen as a cause of concern by many employers.

Yet answers must be found. Apart from the demographic imperative, action on employing older workers is underpinned by UK legislation that adds age to the list of factors – notably sex and race – that cannot be used to discriminate against individuals. The Employment Equality (Age) Regulations of 2006 make it illegal to discriminate against workers on the grounds of age in recruitment, promotion and training.

"We saw a lot of employers start to think about ageing issues when regulations came in four years ago," says Rachel Kryz, campaign director at the Employers Forum on Age, an independent network of employers that promotes the idea of an age-diverse workforce. "It put it on the radar for employers who had not thought about it as a discrimination issue."

Despite this growing awareness there is still a long way to go.

"We have not seen a massive increase in employers who see demographics as presenting a real opportunity to motivate people as they age and to embed skills in the workplace," says Ms Kryz. "Employers need to think about retraining and developing the skills they have already got."

Ninety-three per cent of employers agree that the knowledge and skills of older workers are highly valuable, according to a recent survey by the Chartered Institute of Personnel and Development and the Chartered Management Institute.

But only 14 per cent of managers considered their organisations very well-placed to cope with the issues posed by an ageing workforce. Only one-third reported there was board-level recognition of the need for an effective strategy on employing older workers.

Employers who have taken action extol the benefits of age diversity in their workforce. Employees aged 60 and over deliver a significant boost to business, according to a survey carried out for [McDonald's](#), the fast-food chain, by Lancaster University Management School. Levels of customer satisfaction were on average 20 per cent higher in restaurants employing older staff.

Sixty-nine per cent of the company's restaurant managers said "later-life" workers "empathise with and connect well with customers". Almost half cited older employers' ability "to go the extra mile" to deliver customer service, while 44 per cent believed older workers brought mentoring skills to the workplace, helping younger colleagues develop and mature.

"For McDonald's the presence of older employees improves customer satisfaction and, in a service business such as theirs, this drives the bottom line," the researchers found. "Mature employees are a key part of the performance recipe."

Companies seeking to retain their older workers cannot afford to wait until they are approaching retirement. "Pre-retirement initiatives were taking place too late," says a pilot study of ways to improve the health of 50-plus employees by Sandwell Primary Care Trust.

"People felt they needed to plan lifestyle changes and have access to appropriate information from a much earlier age to decide whether to retire or continue working," the study, cited by the Employers Forum, concluded.

As the Sandwell project showed, programmes aimed at retaining older workers need to focus on issues other than age to be successful. [Centrica](#), the energy group whose main UK operating arm is [British Gas](#), launched an age action group, covering health, flexible working and apprenticeships long before the enactment of age discrimination

regulations.

“Our policy was to go beyond compliance to bring in a culture change,” explains Melanie Flogdell, head of human resources policy. “We have brought in pro-active policies that are age friendly.”

The company started by removing the 25-year age limit on its apprenticeship scheme – even though this lost the scheme government funding – and one-third of its apprentices are now aged over 25 when they start with British Gas. Its oldest apprentice, who joined after a career change, was 57.

“It is a cost to us but we get a diverse mix of applicants that matches our customers,” says Ms Flogdell.

“We have a more mature mix within our engineering workforce, with the older ones bringing gravitas and acting as life mentors to the younger ones.”

Flexible working is also widespread throughout the company, appealing to older workers with caring or family responsibilities outside work, while an engineers' well-being programme has been designed to improve employee health and reduce absences. All these measures help keep older employees in work and have won recognition in the **2010 AARP International Innovative Employer Awards** for non-US-based employers.

More generally, workplace programmes tend to focus on retaining office or blue-collar skills in the middle and lower-income grades. People in more senior positions tend to be better placed to determine their future, although age discrimination legislation applies equally to them.

In practice though, not a lot has changed in a field where many senior jobs require experience, sometimes stretching back decades.

“Clients still want to take a view of the energy and experience levels of applicants,” says Stephen Bampfylde, chairman and founder of Saxton Bampfylde, an executive search firm.

“Since you can't say how old people are, clients talk in terms of how much runway someone has left. In the UK, the implicit view is that 70 is the cut-off age. If you are looking to employ someone for six or seven years you are going to count back from there.

“It is never said or discussed but that is the reality.”

UK employers have had four years to adjust to the original age discrimination regulations but they now face further upheaval with the proposed abolition from April 2011 of 65 as the UK's default retirement age.

“The problem employers face is of managing their older workers with confidence,” says Neil Carberry, head of employment policy at the CBI employers' organisation.

“If someone is in their 60s you want to know what they intend to do going forward, because you need a succession plan.

“But you would be taking a substantial risk talking to employees about how long they wanted to work without implying that you wanted to get rid of them.

“There needs to be a mechanism for employers to have a 'no prejudice' discussion with their employees.”

Financing healthcare provision for older workers is also likely to become more expensive if the retirement age increases, says Mr Carberry. One suggestion put forward by employers is for the default retirement age to be retained but for it to increase in line with the raising of the state pension age.

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