Employer responses to an ageing workforce: a qualitative study

Stephen McNair, Matt Flynn and Nina Dutton

A report of research carried out by the Centre for Research into the Older Workforce on behalf of the Department for Work and Pensions

Contents

Acknowledgements

The Authors

Professor Stephen McNair is Director of the Centre for Research into the Older Workforce (CROW) based, at the beginning of this project, at the University of Surrey, but relocated during the project to the National Institute of Adult Continuing Education (NIACE). He has directed CROW since 2002, leading projects for the Department of Trade and Industry (DTI)[1], The South East England Development Agency, the Nuffield Foundation and the European Social Fund. He has been a teacher, manager and researcher in the education and training of adults for 35 years, with a particular interest in the relationships between learning and work, on which he has worked as an adviser to the Department of Employment and consultant to the Organisation for Economic Co-operation and Development (OECD) and other national agencies.

Dr Matt Flynn was Senior Research Fellow at CROW at the beginning of this project but moved to take up a Senior Lectureship in the Middlesex University Business School in August 2006. He was closely involved in all the projects of CROW during its time at Surrey and especially its work on employer behaviour, including the KNOWMOVE study of employer age management practices in the European motor industry. He is currently a co-investigator for an Economic and Social Research Council (ESRC) project on age management in Germany and the UK. In addition to age management, he has a research interest in global human resource management (HRM), and is currently a lead contributor to the Global Initiative Project led by the Center for Ageing at Boston College. With Professor McNair he produced a best practice guide on age management for the Chartered Institute for Personnel Development (CIPD) and Trades Union Congress (TUC) (funded by DTI and available on both organisations' websites.)

Dr Yanina Dutton is a Research Officer at NIACE, working as manager and researcher on a range of projects. She has worked with many of NIACE's research and development teams on older learners, family learning, health and well being, black and minority ethnic communities, widening participation, literacy, language and numeracy and asylum seekers and refugees. She has extensive research experience of adult learning, community development projects and health inequalities.

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[1]　Now known as DBERR – The Department for Business, Enterprise and Regulatory Reform.

Abbreviations

CIPD	Chartered Institute of Personnel Development
CROW	Centre for Research into the Older Workforce (at University of Surrey to 31 July 2006, at NIACE from 1 August 2006)
DfES	Department for Education and Skills
DRA	Default Retirement Age – specified as 65 for men and women in the Age Regulations
DTI[2]	Department of Trade and Industry
DWP	Department of Work and Pensions
ESF	European Social Fund
HRM	Human resource management
LFS	Labour Force Survey
LSC	Learning and Skills Council
NIACE	National Institute of Adult Continuing Education
NIESR	National Institute for Economic and Social Research
SPA	State Pension age – currently 60 for women and 65 for men
TUC	Trades Union Congress

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[2]   Now known as DBERR – The Department for Business, Enterprise and Regulatory Reform.

Summary

Background

This is a report on how employers are managing an ageing workforce, particularly in response to the introduction of the *Employment Equality (Age) Regulations 2006*[3] which outlawed age discrimination in the workplace and vocational training in October 2006.

The report represents the findings of a qualitative study of 70 firms, across nine occupational sectors, with a wide geographical spread. During the summer of 2006, one individual was interviewed in each firm, generally either a senior human resource (HR) manager or a general manager. This study sought to explore in more depth some of the issues identified in the previous quantitative survey conducted in 2004/05 by Metcalf and Meadows (Metcalf & Meadows 2006).

The Age Regulations cover discrimination at any age, and there is evidence that young people are discriminated against in a variety of ways. However, in this study the issues raised by employers overwhelmingly focused on older workers.

The study was conducted during an extended period of economic growth and many respondents reported difficulties in finding suitably skilled people. It is likely that different results would have been found during a recession or a major downturn in a particular industry or region.

Types of firm

The previous (quantitative) study found that most differences in age management practice between firms could be attributed to firm size and the division between public and private sectors. The qualitative evidence was consistent with this: large and public sector firms generally had more formal processes which allowed them to prepare for and implement changes in response to the legislation, although some of their traditional practices might now be deemed hazardous under the Regulations. Smaller firms had less formal practices, ranging from some which

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[3]   Referred to in this report as the Age Regulations.

appeared to be genuinely 'age blind', to those with very strong preferences for particular age ranges and rigid retirement policies.

The present study added a further dimension to this picture: the distinction between pragmatic and value driven cultures. In some sectors, notably Health and Social Care, it was evident that equity was seen as a fundamental value underpinning the service itself and its management practices. In others, like Construction, better age management was likely to be seen as a response to market demand, with employers arguing that, when labour is short, it is foolish to neglect any source of skills.

Changing practices

Significant change in policies or practice was rarely a response solely to the Age Regulations. However, most firms reported changes in HR practices, generally driven by business needs – changes in markets, in labour supply or regulation – and that their response to age issues had often been incorporated into these. Several firms identified retention of older workers and recruitment of migrant workers as alternative strategies to find motivated and skilled staff.

A divided labour market

The nature and behaviour of the labour market varied greatly between firms, sectors and job roles of the firms in the study. Two key factors interact here: level and nature of skill and geographical range. In general, the higher the skill level of the post the more likely it was that employers would have some form of strategy for recruitment, retention and succession planning and to be recruiting nationally or internationally. Where skill levels were lower, strategic planning was much rarer and recruitment was more likely to be local. Furthermore, the kinds of skill sought at local level were more likely to be generic 'soft' skills – like the capacity to cope with difficult customers, rather than to carry out specific tasks, and many respondents felt that the former were better assessed by reference to 'experience' than to formal qualifications.

This division of the market appears to map onto age, with older workers perceived as having better generic skills but to be less geographically mobile. Thus, it is not surprising that, whatever their former level of skill, older workers tend to become concentrated in local, and relatively low skilled, occupations. For some this may be a good way of reducing stress or managing caring responsibilities, but for others it may mean wasteful underemployment.

Awareness and attitudes to age

Overall awareness of the Age Regulations was high (unsurprisingly, given the timing and purpose of the fieldwork[4]). Only one of the 70 respondents was unaware of the legislation and most were able to outline its general requirements in relation to retirement (although their interpretation of what they meant was not always consistent or correct). Encouragingly, most said that they saw age discrimination as wrong, and would not want to do it.

Contrary to previous research showing widespread discrimination against older workers, most employers said that, had they been allowed to discriminate, they would prefer an older worker to a younger one for many roles.

Almost no employers felt that their ability to respond to the Regulations was constrained by external factors like national agreements and there was little evidence of formal consultation on the Regulations with employees, unions or staff representatives. Most employers had no clear view about what their employees thought about the issue and some thought that employees are likely to take little interest in age discrimination until they are approaching retirement; (reflecting the common view that age legislation is really concerned with the old, not the young).

There was little evidence of respondents linking the ageing workforce with broader labour market problems until prompted, and many were unaware of the broader demographic trends. For some the default response to labour shortages is to try harder to recruit young people, though some did suggest a need for a balance of ages. Once prompted, most informants identified reliability, loyalty, motivation, and established skills, as characteristics of older workers. The few concerns about employing older people were concentrated in Manufacturing and Construction and related to capacity to cope with physical load. For young people, on the other hand, negative features dominated: including unreliability, inadequate skills and poor attitudes to work.

Contentious concepts

The study revealed a number of key issues about the terms 'older' and 'retirement', which are significant for research in this field, since interviewees were sometimes using terms in a different sense from researchers. Although 'older' is commonly understood among researchers to mean people in their 50s and 60s, for many respondents the critical distinction was between school/higher education leavers and people past their mid-20s, and discussions can sometimes be confused as a result. 'Retirement' also has a range of meanings, including permanent withdrawal from all paid employment to downshifting to a less demanding role, moving to part-time or flexible working, or changing to a different employer, role or sector.

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[4] The fieldwork was carried out in the months immediately before and after the implementation of the Age Regulations, and respondents were aware that the purpose of the interview was to discuss age issues in the workplace (the introductory letter to interviewees can be found below in Appendix B).

The older labour market

For many people, work in later life is simply an extension of previous working life. However, it is sometimes suggested that there are roles which are particularly suited to older people, relating either to their experience or motivation to work or to their market position.

A range of special characteristics of older workers were identified by respondents. One employer in Health and Social Care suggested that older workers find it emotionally easier to work with patients with poor prognoses than younger ones (who like to feel they are curing people). In Construction, the example was quoted of older people being familiar with old materials and techniques no longer taught to new entrants.

Mentoring roles, formal and informal, were often quoted as particularly suitable for older people, who have experience but no longer wish to have the stress of managerial responsibilities. One Health employer described using an experienced older professional to provide emotional and professional support, outside the formal managerial line, to stressed colleagues. Two Transport employers identified their sector as particularly appropriate for second careers, with people who had chosen coach driving as a means of remaining in interesting activity while reducing stress.

Older workers were also seen as a 'contingent workforce', both before and after normal retirement age, giving the employer flexibility to manage peaks and troughs of work without long term contractual commitments and giving employees the opportunity to choose when and how much to work (provided work is available). Examples were quoted, on one hand of professionals and tradespeople with a skill or knowledge in high demand and who work on a freelance, self-employed or consultancy basis; and on the other hand for less skilled, and often poorly paid, work which any individual with some basic skills can take on.

One final feature of the older workforce is the group of older workers who have retired on adequate pensions but still seek interesting employment. Some employers had found such employees very good value for money, offering substantial skills very cheaply. However, others had recruited people with impressive CVs who were seeking undemanding work and who did not want to use their previous skills.

Positive attitudes and previous research

The study found strikingly more positive views of older workers than previous research. There are a number of possible explanations: Firstly, the sample included (as does the economy) a high proportion of small firms, where, provided there is no immediate problem, age is not likely to be seen as an issue. Secondly, the less productive probably leave earlier, leaving a more highly performing residual workforce, who are more likely to be viewed positively. Thirdly, as senior managers, interviewees were themselves often 'older workers' and might be expected to

identify with the aspirations of this age group. Finally, interviewees tended to assume that researchers were interested in older workers, and (despite disclaimers by interviewers) tended to offer positive messages unless they had very strong views to the contrary.

The role of HR professionals

It is well known that the capacity of a firm to respond to new employment law is affected by the presence of HR professionals, which itself reflects firm size. However, it must not be assumed that the existence of HR professionals provides a guarantee of good practice. One respondent from a large Construction firm commented that, despite enlightened policy at firm level, and the responsibility for monitoring resting with the HR department, in practice they were too busy with more urgent priorities, leaving line managers to use their (unpredictable) discretion.

Recruitment and retention

There was clear evidence of changing general recruitment practice, some of it related to the Regulations. Examples were quoted of formalising job specifications to specify skills required rather than years of experience. Many firms had acted to remove dates of birth from application forms (an issue which received substantial media coverage in the run up to legislation), and some reported introducing the collection of age data as part of equal opportunities monitoring. However, the scope for formal processes could be affected by short recruitment timescales, with some Hospitality employers being accustomed to notice periods as short as a week.

Awareness of demography and long term labour market trends was generally low and firms varied greatly in their exposure to labour market conditions. Some small firms with stable workforces had not recruited for several years and were relatively unaware of market changes. Others reported that a reputation as 'the employer of choice', meant no recruitment problems even in a tight local market. As a result, many firms may be underestimating the impact of long term demographic trends.

Retention and recruitment are very different. Many firms expressed a wish to improve retention and most saw this positively: as a means of keeping expertise and networks, reducing recruitment costs or for simple fairness. Most had examples of older people retained after normal retirement age. When asked to identify good practice in age management, most respondents described strategies to increase retention and several reported recently introducing schemes to encourage this (subject to business needs). However, far fewer firms actively sought to recruit older workers (beyond simply conforming with the Regulations in the wording of advertisements).

Social capital was an important factor in the recruitment of older people, and one which raises obvious equal opportunities issues. Several respondents had recruited older workers by word-of-mouth as a way of ensuring a 'good fit' with the firm and a way of minimising risk. Examples were quoted of existing older workers bringing in former colleagues, with one large retailer repeatedly recruiting experienced staff retiring from a competitor with a fixed retirement age in the same city.

Appraisal

Appraisal processes were well established in all but the smallest firms, where managers typically claimed to monitor performance daily or weekly and deal with issues as they arose. Appraisal was frequently used to assess training needs, and sometimes pay, but few employers thought that they would use appraisal records in making retirement decisions under the Regulations, either because the process was insufficiently robust or because other approaches would be more appropriate.

Training

Line managers were central in decision making, through appraisal discussions which identify training needs and they most commonly made the decision on whether or not to support or encourage training. Most employers claimed not to discriminate on the grounds of age when selecting workers for training but did not actively encourage it among older workers, who were generally (with some notable exceptions) perceived to be reluctant to train. Despite the lower level of qualifications among older people, the general decline in training participation with age appears to result from a degree of collusion, not to train, between employer and employee.

Flexibility

Flexible working of various kinds (including part-time, variable and annual hours, seasonal, shift working, zero hours contracts) is often identified as a means of making extending working life attractive to older people and many respondents recognised this. This was an issue where sectoral difference was most marked. While some form of flexibility was generally seen as the norm in Retail, Health and Social Care and the voluntary sector, it was viewed much less positively in Manufacturing (despite the traditions of shift working in the sector). Construction employers were also dubious about it, identifying the need to manage complex work schedules on site, although the significant numbers of 'self-employed' contractors in the sector suggests that the issue may be one of terminology rather than practice.

Positive attitudes did not, however, always align with high take up, and some firms had policies which were not publicised. A similar pattern applied to job sharing, which some employers said they would consider, but had never been asked. Comments on job sharing for older workers also seemed to match previous research on job sharing for younger people: that most successful applications arose when existing employees themselves constructed a plan and presented it for approval to the employer. Homeworking, on the other hand, was rare and many respondents felt that it was not possible in their particular contexts, although a few did allow it for particular people.

Flexibility was perceived to make the firm more attractive to potential recruits, to be good for managing fluctuating workloads, for Encouraging retention and for the health and work-life balance of staff. For some employers flexibility was also associated with multiskilling – ensuring that there was always cover for absent staff. On the other hand, several respondents commented that the implication of increased flexibility for some employees was shifting and sometimes increased, workloads for others. Some commented that in highly pressured working environments, and where long working hours were the norm, flexible and part-time workers were seen as not 'pulling their weight'. One employer commented that older workers downscaling from large organisations with tightly defined working hours, found it difficult to adjust to the flexibility required in a small firm (e.g. staying late to finish an urgent job).

Retirement

In relation to retirement, the Age Regulations require employers not only to avoid discrimination but to introduce new practices, and it was in this area that employers' practice showed most variation.

Most respondents understood the principles of the new retirement requirements, although not all understood critical details like the time constraints for giving notice. Their main fear was the need to manage requests to stay, from staff who were no longer productive. However, a few respondents felt that the Age Regulations would have a positive impact by formalising the dialogue between employer and employee about working patterns, making it possible for employees to request phasing out or flexible working where they had previously been afraid to ask.

Most firms expected that the number of requests to stay after formal retirement age would rise as a result of the new procedures but were divided about how to handle this. Some were setting policies at firm level, while others felt that decisions were best made by line managers. Some firms had responded to the legislation by abolishing contractual retirement ages altogether and one firm which did this several years ago reported fewer problems than they had expected. However, other firms had taken a defensive position, on legal advice, to formalise retirement practices and introduce, and enforce, a contractual retirement age for the first time. Some respondents were unclear about the legality of allowing employees to stay

on with changed conditions, and some firms were only allowing older workers to stay in the same role and on the same terms. These responses aimed to minimise conflicts and disputes about retirement but neither an enforced retirement age nor a freezing of job roles seems likely to be the most productive for the firm or the employee.

A significant number of respondents expressed concern about the physical health of older workers, especially in Construction and Manufacturing (though not in Health and Social Care, where physical loads can be equally demanding). However, while most firms had some sort of system for monitoring work performance, few had any routine monitoring of health, either to identify the need to modify working practices or to assess capability to continue working. Where health assessments were used, they were usually used to justify a decision which had already been made.

The concern with how to refuse requests was sometimes presented as an attempt to allow individuals to retire with dignity, but in some cases it looked more like evasion of managerial responsibility. Several described strategies for avoiding telling an older worker that they were not performing adequately, which may be 'kind', but which blocks any discussion about change in work or support through training.

Conclusion

This study has found that awareness of the Age Regulations is high among employers and that, in general, most are sympathetic to avoiding age discrimination in the workplace, although many do not make the connection between this and business needs, partly perhaps because they are unaware of long term demographic trends. Attitudes towards 'older' workers were generally positive, while young people were viewed more negatively and rarely seen as victims of age discrimination. There was a good deal of change in HR practices generally, but rarely as a sole result of the Regulations. Positive practices on retention of existing workers were much more common than active policies on recruitment. Employers were most likely to be anxious about the implementation of the new provisions on retirement, and the management challenges which this might present. In this area defensive responses appeared sometimes to be having the opposite effect to that intended by Government. The attempt to minimise risk and workloads for managers was a common theme. Within the limitations of the sample interviewed, there was no evidence of regional variation in employer behaviour.

1   Introduction

This chapter explains the nature of the research and sets it in its policy context. It also outlines the structure of the report.

1.1   Background

This report examines the way in which employers in England are responding to an ageing workforce. It draws on two bodies of evidence:

- a large quantitative survey of employer behaviour conducted in 2004/05 by the National Institute of Social and Economic Research (NIESR) – the Survey of Employers Policies, Practices and Preferences (SEPP);

- a set of 70 qualitative interviews with employers in five key sectors, conducted in 2006 by the Centre for Research into the Older Workforce (CROW).

In addition, CROW carried out a secondary analysis of the SEPP data to examine the evidence of differences between occupational sectors.

The aim of all this work was to investigate how employers were preparing for and managing, the ageing of the workforce and how far attitudes and practices varied by type of employer (size, public-private status, sector or region).

1.2   The policy context

The context of the research is the broad pattern of demographic change across the whole developed world. A combination of declining fertility rates (currently at 1.73 children per woman in the UK) and rising life expectancy (currently 81 for men and 84 for women) is producing a steady rise in the average age of the population.

Unless there is a significant change in patterns of economic activity, the result will be a deteriorating dependency ratio: with more economically inactive people supported by a shrinking, and ageing, workforce. The ratio of people aged 65 and over to people 20-64 is expected to deteriorate from 28 per cent to 38 per cent between 2005 and 2035 (DWP 2005).

In view of these trends, the UK Government, in common with all other EU member states, has been seeking to encourage individuals to stay longer in work and employers to make better use of older workers, with an emphasis on encouragement, rather than compulsion or regulation. The present study sought to investigate the attitudes and practices of employers which might help or hinder this process.

The UK Government's overall strategy for addressing demographic change was laid out in the White Paper, *Opportunity Age* (DWP 2005) which provides the context of the present study. At the time of the fieldwork, Government was taking a wide range of steps to encourage a change in the behaviour of individuals: to encourage older workers to stay longer in work; to encourage older people who are out of work to return (especially those on Incapacity Benefit, who are often keen to work if suitable work can be found); and to encourage older people to increase their employability through training. At the same time it is seeking to raise employer awareness of the issues; to outlaw direct and indirect age discrimination; and to encourage employers to make work more attractive to older people.

The specific proposals were:

- **An 80 per cent overall employment rate**, including a million more older workers[5] (in addition to the natural increase due to the growth in the size of the age cohort). The UK's employment rate is already the highest in the EU outside Scandinavia, and in 2006 almost all the growth in the workforce was among people over State Pension age.

- **Age equality in employment law** in 2006, supported by the creation of the new unified Commission for Equality and Human Rights (CEHR) which comes into existence in 2007 (www.cehr.org.uk). Age discrimination in work, vocational training and associated services like careers advice, became illegal under the Employment Equality (Age) Regulations[6] in October 2006.

- **An improved Age Positive campaign** to help change employer attitudes. The Department of Work and Pensions (DWP) has been actively promoting age diversity in the workplace through its Age Positive Campaign (www.agepositive.gov).

- **New pension rules to give incentives to stay in work**. The Finance Act 2004 allowed pension schemes to pay pensions to people who continue to work for the same employer after normal retirement age, while the Pensions Act 2004 introduced (from April 2005) more generous incentives to those who defer drawing state pension after reaching State Pension age.

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[5]   There is no agreed definition of an 'older worker'. Where the term is used in this report it is to refer to people over 50. For a discussion of the different understandings of 'age' and 'old' see 8.18.

[6]   Referred to in this report as the Age Regulations.

- **Extending learning opportunities for older people** so that they can stay in work. Traditionally participation in training has declined progressively with age. Current Government policy, to concentrate public resources on those adults who lack basic skills or level 2 qualifications, and who are most vulnerable to unemployment and social exclusion may particularly help older workers, who are less likely to have formal qualifications.

- **New rights for carers** came into effect in April 2007. These extend the right to request time off, already available to parents with young children, to adults with caring responsibilities. Employers are obliged to consider such requests seriously, and only reject them for good business reasons. As a result of growing life expectancy, a rising proportion of people in their 50s and 60s are now caring for older dependents.

Other contributions to national policy development have been:

- **Pensions reform**: The Turner Report on Pensions reform was published in 2006, and followed by the Pensions White Paper *Security in retirement: towards a new pensions system* (DWP 2006b). This proposed measures to make saving for retirement easier; simplify the pensions system; link the State Pension to average earnings; give pension credit for time spent caring for children and others; improve back to work support; provide more generous options for State Pension deferral; and raise the State Pension age progressively in line with rising life expectancy[7].

- **The Welfare Reform Green Paper** published in 2006 laid out the Government's proposals for Encouraging people back into work, and has been followed by the Welfare Reform Act 2007.This includes the reform of Incapacity Benefit to focus on capacity rather than incapacity; the expansion of the Pathways to Work programme; the introduction of tax credits and other financial incentives to remain in work; providing comparable employment support for older and younger long term unemployed people; piloting information services to help people to make decisions about work, training and retirement; and working with employers to extend flexible working arrangements. (DWP 2006a)

- **The Leitch Report on skills** highlighted the low level of skills in the UK workforce by comparison with our economic competitors and proposed a challenging set of targets for improvement. The report explicitly stressed the need to concentrate resources on adults, given the projected shrinkage in the number of young entrants to the labour market as the effects of falling birthrates is felt. Leitch proposed the creation of better information and guidance through an integrated all-age national careers service, so that people can reskill and plan for later careers and retirement. (Leitch 2006)

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[7]   To 66 for both men and women from 2024, and to 67 from 2044.

The present (qualitative) study aimed to explore how employers were responding to this changing environment, through individual interviews with senior general and HR managers in 70 firms spread across England and covering nine occupational sectors.

1.3 Plan of the report

The report structure is as follows:

- Chapter 3 outlines the relationships between the three components of the Employer Response research (of which this report is the third);

- Chapter 4 discusses the broad findings about the context in which firms were working, including competitive pressures, pressures to change HR policies, attitudes to ageing and the Regulations;

- Chapters 5-8 examine specific areas of HR policy and practice: recruitment and retention; flexible working and work design; workforce development; and retirement.

- Chapter 9 summarises what has been found and what its implications might be for policy or practice.

- Appendix A provides a short summary of the particular features of each of the occupational sectors studied, drawing on both qualitative and quantitative studies;

- Appendix B outlines the research methodology used.

2 The three elements of the employer response study

This chapter explains the relationship between the present study and two previous related pieces of work commissioned by the Department for Work and Pensions (DWP).

2.1 Background

The DWP's study of employer behaviour falls into three parts:

- the quantitative (SEPP) study, commissioned and published jointly with the Department for Trade and Industry (DTI)[8];

- the sectoral analysis of the SEPP data;

- the present (qualitative) study.

2.2 The quantitative survey

The first element of the DWP work was a quantitative survey of age management practice in 2,087 firms, interviewed between November 2004 and May 2005 (i.e. at least 16 months before the Age Regulations came into force). That work was commissioned from the National Institute for Economic and Social Research (NIESR) and carried out by Metcalfe and Meadows, and published as DWP Research Report No. 325, *Survey of employers' policies, practices and preferences relating to age*[9] (Metcalf and Meadows 2006).

Metcalf and Meadows found that the variation in policy and practice was mainly affected by two factors: the size of firm and whether it was in the public or private sector. Where sectors were significantly different, the reason could usually be traced back to a concentration of particular kinds of firm in that sector. Thus Health and Social Care and Education are dominated by large public sector organisations, while Construction is dominated by small private sector ones.

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[8]   Now known as DBERR – The Department for Business, Enterprise and Regulatory Reform.

[9]   See methodology for more details of this survey.

The quantitative study provided a good overview of what employers were doing but did not explore the extent to which practice varied by occupational sector (examined in the second stage of the work), nor did it explore, in depth, the reasons behind the practices (examined in the present study).

2.3 The sectoral analysis

Although the NIESR study suggested that apparent sectoral differences were mainly a result of firm size and public/private status, employer and sectoral representatives argued to DWP that sectoral variation needed specific examination, partly to encourage employers to take a more active interest in the issues.

The DWP, therefore, commissioned the Centre for Research into the Older Workforce (CROW) to carry out a secondary analysis of the NIESR data to examine the evidence of variation in policies and practice between occupational sectors. The result was a series of short reports, published by DWP, on the distinctive features of age management in nine key sectors:

• Construction;

• Health and Social Care;

• Education;

• Hospitality;

• Transport;

• Business Services;

• Manufacturing;

• Retail;

• Other Community employment (includes local government, media and the voluntary sector).

This analysis identified some distinctive features of the ageing workforce and its management by sector, and these are examined in more detail in Appendix A.

2.4 The qualitative study

The present report is the outcome of the third element of the DWP study. This was a qualitative study of 70 employers, across the same nine sectors, conducted by CROW staff between May and October 2000. In each firm one person was interviewed, normally either a senior/general manager or a human resource (HR) manager, using a standard topic guide. Interviews were recorded, transcribed, coded using MAXqda software, and analysed against a set of broad themes, which form the chapters of the present report.

Full details of the methodology can be found in Appendix B.

2.5 Attribution of quotations

Quotations are used to illustrate points in the text. Each respondent has been given a pair of initials (not their own, to preserve anonymity) and each quotation is attributed, showing details of the respondent's firm size, region and role, as follows:

Firm size

Small	Under 50 employees
Medium	50-199 employees
Large	200 employees or more

Regions

E	Eastern Region
EM	East Midlands
LON	London
NE	North East
NW	North West
SE	South East
SW	South West
WM	West Midlands
YH	Yorkshire and the Humber

Role

Finance	Finance manager
General	General manager
HR	HR manager, director (includes training and occupational health)
Practice	Practice manager – in health and legal practices
Senior	Senior manager, CEO, owner manager

3 The firm context, awareness of the Age Regulations and attitudes to age

This chapter outlines the context in which firms were operating, in terms of the broad economic and business climate; current human resource (HR) concerns and constraints on HR practice. It also examines their awareness of, and attitudes to, the ageing workforce and to age-related legislation; preparations for the implementation of the Age Regulations; and perceptions of how far the 'older workforce' is distinct from the workforce generally. It places this in the context of the previous quantitative study.

3.1 Background

Metcalf and Meadows found that variation in employers' age management policy and practice was largely determined by two factors: the size of a firm and whether it was in the public or private sector. In general, larger organisations, whether public or private, were more likely to have formal, standardised policies on HR issues. This means that their policies are more likely to be compatible with accepted equal opportunities practice. However, some collective agreements included practices that are hazardous under the Age Regulations and the existence of those formal agreements could make it more difficult to change policies.

Two-thirds of respondents were aware of the impending legislation in general terms but few had any specific knowledge. Levels of awareness were lowest in smaller organisations, in establishments without a union recognised for negotiating pay and conditions and in the private sector, especially Manufacturing, Construction, Hospitality and Transport. Thirty-one per cent claimed to have changed policies in anticipation of the legislation. The pattern of change reflected the pattern of awareness.

Attitudes towards age varied, with one in five employers believing that some jobs in their establishment were more suitable for certain ages than others. For these jobs, there was a tendency to favour prime age workers (25-49 years old). The reasons for preferring particular age groups included the time taken to train someone, the skills and attributes required for the job and matching the workforce to customer profile and expectations. Particular age groups were also preferred because some jobs were deemed not appropriate for someone younger/older or the job was 'normally done' by a certain age group.

The existence of a formal equal opportunities policy which mentions age provides a foundation for good age management practice: 72 per cent of establishments had an equal opportunities policy and 56 per cent had one that addressed age. However, having a policy is not the same as implementing it: only a third of establishments monitored their workforce (32 per cent), their recruitment (35 per cent) or pay (37 per cent) in respect to age, and only five per cent had taken action as a result of such monitoring. Organisations in the public sector were more likely to have equal opportunities policies, to provide equal opportunities training to managers and employees and to monitor workforce data to identify and eliminate age biases. Construction, Transport and Hospitality firms were least likely to do so.

The qualitative study provided an opportunity to explore these issues in more depth. One important concern was to establish how important the ageing of the workforce is in the context of all the issues facing firms. Respondents were, therefore, asked about current issues facing their firm and sector, and particularly about human resource issues. Again, the size of the firm and whether it is in the private or public sector were important factors[10].

3.2   Issues facing firms

All organisations were experiencing significant strategic pressures, to stay competitive in a rapidly changing market, and to adapt to new regulations and legislation. The main strategic themes identified in the private sector were staying competitive, profitable, marketable and sustainable, while in the public sector, they were maximising budgets and increasing productivity.

Ways of adapting to growing competition included securing a steady flow of work, and strengthening individual competitive position. One Construction firm was trying to ensure their work continued even when the rest of the sector was struggling by maximising the flexibility of the workforce and focusing on quality.

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[10]   Some private organisations within the Health and Transport sectors behaved like public sector organisations, reflecting their former status in the public sector, with strong union involvement in HR developments.

> *'We are selling a quality product and it's got to look good. So we need the guys downstairs to be able to appreciate that and to understand that that is the way the company works.'*
>
> (AP-Small-Retail-SE)

Some organisations were focusing on obtaining larger contracts, to increase profit margins.

> *'We are looking at moving away from smaller contracts...business contracts as low as tens of thousands of pound a year in value,...the amount of administration...and the low price competition makes it a not very competitive market.'*
>
> (EM-Large-Business-SE)

The voluntary sector, on the other hand, was concentrating on maintaining and generating funding/donations.

> *'We don't sell anything so we don't make a profit in order to make progress, if you like. We have to get funding from somewhere. So that's our major issue.'*
>
> (DS-Small-Other Community-YH)

Marketing was an important part of staying sustainable and competitive. Respondents talked about improving, changing the direction of, or developing a new marketing strategy as a means of strengthening the business.

> *'We've recently expanded our sales and marketing area. We realised that we hadn't invested in that area as much as we should have done so we have recently recruited a Sales Director and a Marketing Manager. So much more effort and money is going into that area to promote what we do.'*
>
> (KB-Small-Business Services-SE)

Improving relationships with existing customers was important to many firms and, in Hospitality and Retail in particular, organisations emphasised the value of repeat customers and meeting existing customers' expectations. Sometimes this was seen as particularly important in dealing with older customers.

> *'Very much focused on long term partnership arrangements....We are actually trying to get repeat business. That is the key strategic focus at the moment.'*
>
> (CM-Small-Health and Social Care-NW)

Some marketing was about standing out within the sector. In the Education sector a university was seeking to establish a unique brand identity with potential students.

'We have to market ourselves as being something different to the rest of the Education sector. The Education sector is very cutthroat at the moment, particularly with the introduction of student fees. So students are seeking a lot more.'

(DY-Large-Education-EM)

In some cases the focus of marketing was sector, rather than organisation, specific: two Transport organisations talked about the need to encourage and market the overall use of 'public' Transport, not just their own company.

Some firms identified new legislation like the Working Time Directive (which limits drivers' availability) as a factor influencing planning decisions. However, in this context none mentioned, unprompted, the Age Regulations, suggesting that they do not feature highly in employers' perceptions of regulatory burdens.

The main issue in the public sector was restructuring and changes of role arising from Government policy. In the Health and Social Care sector, providers were preparing for NHS restructuring, new arrangements for commissioning services and new GP contracts.

'I think it is dealing with the targets that the government have imposed on us. That is the main issue at the moment...Well we have [been] *given, via the Department of Health down if you like, targets to reach.'*

(LG-Small-Health and Social Care-SE)

In local government, moves towards 'single status' also required changes in practice.

'I would say single status...there is a commitment to undertake a complete review of the pay structure to try and address some of the equal pay issues...which involves evaluating all the jobs in the authority. Introducing a completely new pay structure which is a massive task and also, as part of that, looking at the terms and conditions.'

(PT-Small-Local Authority-EM)

3.2.1   HR issues facing firms

The strategic changes highlighted above all had an impact on HR management. However, while most firms were aware of demographic change, neither age itself, nor the Age Regulations were major factors in strategic planning or HR policy for most firms. Only two organisations mentioned the Age Regulations as a major HR challenge: leading to a workforce planning group in one and work on diversity within the workforce in the other. For most firms the major HR issues were recruitment and retention and finding employees with the right skills, and in this context, age was sometimes one of a number of concerns (see below).

Discrimination

Almost all respondents were aware that age discrimination was, or was about to become, unlawful. None expressed opposition to this in principle, and most saw it in broadly positive terms. The response of one Retailer was typical and straightforward:

> *'We don't want to discriminate.'*

> (HR-Large-Retail-EM)

However, there were two very distinct motivations for this: On one hand were firms, particularly in the public sector, and above all in Health and Social Care, which saw equity as a core value of their business and equal treatment of employees and potential employees as a part of this. For them it was natural to try to eliminate discrimination in employment as well as in services to clients and patients. On the other hand, many private sector firms, notably in Construction, took a much more pragmatic approach, acknowledging that in an increasingly tight labour market they could not afford to overlook a pool of potential talent. A large Construction employer said:

> *'It is a very pragmatic industry. There aren't the people with the skills out there so...people are compromising all the time just to attract and retain people. That is the prime driver really.*

> *Nobody is gonna not interview somebody because they happen to be 55 or 60, it is going to be what have they done, are they capable of doing it?*

> *I think...that shortage of skills, plus the industry has an ageing workforce profile anyway, we can't afford to discriminate against older people, because they are the majority of our workforce.'*

> (CA-Large-Construction-SE)

3.3 External constraints on HR practice

Firms can be constrained in their HR management by national or collective agreements. The interviews asked whether such agreements had a bearing on how organisations were responding to the Regulations.

3.3.1 National agreements and trades unions

Public sector organisations were most likely to have active unions, as were some Transport and Health and Social Care organisations with historic roots in the public sector. However, most firms regarded themselves as autonomous in HR issues, and the only external constraint mentioned frequently was the Minimum Wage Regulations, which do prescribe age-related conditions for pay. Harmonising terms and conditions was not an issue for most firms and few had experienced mergers with TUPE implications, although one anticipated some difficulties with different expectations about the age of retirement from different groups of staff following a merger.

Procedures were generally more informal in smaller organisations, which were rarely unionised, and here employers were very unlikely to see national agreements as a constraint. However, a few small organisations without unions, particularly in the Voluntary sector and in Health and Social Care had adopted or adapted practices and policies from the public sector organisations on which they depended for funding or with which they dealt frequently.

3.3.2   Formal consultation with employees

In general, organisations saw consultation primarily as an informal process. Most, especially the smaller ones, described informal day-to-day conversations, or regular staff meetings and as a result, they did not see a need for more formal consultation. A typical response was:

> *'We are very small. Everybody knows everybody and we are a very closely knit unit. I walk the floor twice a day so that I see each shift of volunteers and staff. The Chief Executive is highly visible. We "waterfall" I down the management meetings so that the staff know what we have been discussing, so any changes, anything that is going on, we perhaps don't consult but we inform and we will take on any views they put forward.'*

> (AE-Small-Health and Social Care-SE)

Some larger organisations had formal consultation processes where HR issues like age might be discussed with recognised unions or staff representative committees or consultative groups involving a range of employees. However, none of the sample employers reported using these mechanisms to discuss the implementation of the Age Regulations as a specific issue, nor had any convened special meetings of staff to discuss them.

In some sectors, including Construction, Education and Hospitality, there had been consultation at national levels through associations, national bodies or councils associated with the sector and advice had been issued by relevant bodies.

Where there were recognised unions[11] they were generally seen as supportive of the Regulations. One respondent said that positive attitudes to the Age Regulations from the union reflected members' desire for opportunities for flexible working and to extend their working life if they chose. Nobody mentioned any problems with unions in relation to the Regulations.

3.4   Attitudes to ageing

3.4.1   Does age matter?

Views were very mixed about how far age had any bearing on either an individual's employability or on the firm's future. While the range extended from *'age is not an issue, it is a fact of life'* to something requiring specific attention, there was

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[11]   Unions involved in the sample firms included: AMICUS, UCU, TGWU, UCATT, UNISON and GMB.

no evident pattern to this diversity, on the basis of sector, form size or type. In general, employers were keen to stress that people are employed on their ability to do the job, not their age.

> *'We know the last age profile we did, we identified our own ageing workforce in terms of the population...but we don't see that, necessarily, as a problem.'*

(DY-Large-Education-EM)

Only a few respondents saw the issue of an ageing workforce as very important and had taken any specific action.

> *'I am introducing a younger element. I haven't introduced what I would call 'young young.' Our youngest one is...probably in her late 30's. I don't see the opportunities for the real youngsters.'*

(FD-Small-Health and Social Care-E)

3.4.2   Age stereotypes

In general, age stereotypes and attitudes tended to favour older workers. They were perceived to have more skills and life experience to apply to their work, and to be more reliable, loyal, able to cope with pressure and to empathise with others, and especially customers. Positive attitudes were expressed across all sectors and job roles, although particularly in Health and Social Care and Transport.

> *'I think that having an older workforce is absolutely fantastic. I cannot recommend it more highly and especially in the business we are in. We've got patients who need handling in a very sensitive way. I think that an older workforce can do that...They have experienced life. They have experienced the troubles that the patients are going through. They understand the patients. They are able to deal with difficult patients.'*

(LG-Small-Health and Social Care-SE)

Negative views of older workers were mainly associated with physical capacity and health and in a few cases, a concern that older people tended to be 'stuck in their ways' and less willing to adopt new working methods. Interestingly, one respondent holding such views was himself close to retirement age.

> *'[Employing older workers is a] two-edged sword. Yes and no. Yes because of the experience and attitude but also capability means, very often, that they are less flexible in their thinking. Sometimes less willing to learn and adapt and also physically may not be able to match their younger colleagues.'*

(FF-Small-Business-NW)

Attitudes to younger workers, by contrast, were generally more negative. There was a widespread view that they are unmotivated to work, have problems of

attitude and are more likely to leave after a short period. They were considered to struggle with pressure in the workplace and be less experienced in dealing with difficult situations and communicating with a wide range of people.

> *'Where I get more complaints is with the younger population that can't relate with interpersonal relationships and customers get frustrated because they don't think they are being listened to. They don't think they've got enough empathy with them. There is that conflict sometimes with some of the younger ones serving the older public.'*
>
> (HR-Large-Retail-EM)

The perceived positive characteristics of young people were their confidence, IT skills and willingness to work flexible hours. Interestingly, some respondents spoke positively about the energy and motivation of young people, where others felt that these were more evident among older workers.

> *'This industry is predominantly manned by younger people. I think part of the reason is that a lot of the work can be unsocial hours and younger people seem to cope with that better.'*
>
> (DW-Medium-Hospitality-NW)

A few employers also commented that younger people are cheaper.

> *'Cost is one factor. It is less expensive to take on a younger person than it is to either retain or take on an older person.'*
>
> (BA-Small-Retail-YH)

However, conceptions of 'old' and 'young' were clearly complex and sometimes inconsistent. For some respondents the distinction was effectively between school/college leavers and anyone past their mid-20s but one respondent (himself over State Pension age) who saw the young/old divide in terms of willingness to change, defined the age boundary as the early 50s.

> *'I'd quite like to see someone down there who is younger. How can I put it? Not that they are not enthusiastic but they are not as set in their ways as maybe an older person. I am talking about people in their late 50s rather than the 40s. The main receptionist is forty-something and she has made a tremendous difference to the way she works and she's learnt a huge amount in two years. She really has. It's been a very steep learning curve for her but she's done very well. If you are in your late 50s it becomes harder to learn things, to do things a different way.'*
>
> (DS-Small-Other Community-YH).

While stereotypes about physical capacity did exist, many respondents felt that 'attitude to work' was more important and that poor health and low motivation can happen at any age.

> *'Well, you are talking to someone who doesn't like to make automatic assumptions about age and capability...some of* [our firm's] *jobs where there is heavy lifting involved...some of the oldest chaps...are probably some of the strongest and toughest. So I think it is all about individuals and their competence and their fitness and their well-being.'*

(CA-Large-Construction-LON)

One retail employer noted that generational change was challenging the traditional stereotypes, especially in relation to health and physical capacity.

> *'I think, as the generation seems to change; I think people don't feel older. I just think back to my parents' generation at the same age as me they felt they were heading to retirement and they felt older. I think we feel younger. I think we were able as a workforce to feel that we can work and whether it is a change in diet, change in lifestyle or whatever, people are able to work.'*

(HR-Large-Retail-EM)

3.4.3   Why were attitudes so positive?

The positive attitudes to older workers reported by respondents in this study contrast sharply with previous research into age discrimination, where older employees report high levels of discrimination. There are a number of possible explanations for this:

- employees do not know what their employers' views actually are, which would not be surprising if the issue is rarely discussed, and employees are afraid of discrimination if they raise it;

- employer attitudes may be changing in response to growing skills gaps and shortages. There was evidence in the interviews of employers becoming aware of a shortage of good recruits for vacant posts;

- the sample included (as does the economy) a high proportion of small firms, where, provided there is no immediate problem, age is not likely to be seen as an issue;

- less productive workers probably leave earlier, leaving a more highly performing residual workforce, who are more likely to be viewed positively, especially by senior managers, who do not handle the day-to-day problems of performance management with those who leave early;

- as senior managers, interviewees were themselves often 'older workers' and might be expected to identify with the aspirations of this age group;

- although interviewers stressed that the research was concerned with all kinds of age discrimination, they often assumed that researchers were primarily interested in older workers and might, therefore, tend to offer positive messages unless they had very strong views to the contrary.

3.4.4 Can older workers help resolve HR issues?

When specifically asked, most respondents could identify ways in which older workers could help address their HR problems, although these were rarely mentioned without prompting. Those respondents who were positive about the potential of older workers most often mentioned savings in the time and effort of recruiting and training new staff, especially for posts that are difficult to fill.

> *'Yes I think it could help. Every time you have younger staff there is a lot of training that has to go into it. I mean it is not that they are incapable, it is just that it takes time to train somebody up to the skills they need in the profession.'*

(FE-Large-Local authority-WM)

> *'Well, I mean if it's proving difficult finding someone, I mean my Finance Director is 60 and if he chose to retire at 60, that would be an issue for me because he'd be difficult to replace and recruit. So allowing people to work for longer is good in terms of continuity and consistency.'*

(NP-Small-Business-EM)

Other ways in which older workers could help resolve HR issues related to experience or knowledge. Several respondents mentioned B&Q, which remains the most widely known example of a firm which has actively sought to use older workers and suggested that their firm too benefit from a similar approach. For others, keeping people on would keep their experience and knowledge in the organisation.

Many respondents commented on the need to match customer and employee age profile, especially in customer facing roles in Retail, Hospitality, Health and Social Care and Transport, where it was commonly felt that older staff could relate better to an ageing clientele and in some cases, continuity of contact was felt to be important.

> *'It is very important because...we have very, very many regular guests. Basically those regular guests come to see the employees and we have many people quite older who have stayed here for 15, 20, 25 years and basically they* [the older staff] *know the customers. The customers know them... people are coming for them.'*

(KC-Medium-Hospitality-YH)

Only one respondent raised the issue of 'career blocking' where keeping older workers on might obstruct progression and job opportunities for younger people.

> *'I think, ultimately, it is going to be a bad thing because if you've got an ageing population and an ageing workforce some way it's going to fall down isn't it purely because you are not getting the young ones coming through.'*

(DW-Medium-Hospitality-NW)

There was no evident pattern by firm size or sector in respondents' attitudes to the role which older workers might play in addressing HR issues.

3.4.5   Preferences for particular age groups

In the quantitative study only a fifth of employers said that some jobs or roles were more appropriate for people of a particular age. The same pattern was evident in the qualitative interviews, where respondents generally had no strong views. This was particularly true where equal opportunities policies were embedded in the firm's culture.

> *'I think the management team here are very respectful to all of* [their colleagues] *regardless of whether they are 16 or they are 60 or whatever. Everybody does have a part to play within the business because that is part of the culture.'*
>
> (JR-Large-Retail-YH)

Nevertheless, a minority of managers did have views about the age appropriate for particular roles, but these were usually positive towards older workers. A small number of managers said that, despite not setting out to discriminate, they generally tended to appoint older candidates, who were likely to 'fit in' better with the current team.

> *'The silly thing is we all end up recruiting an older person. We always do end up recruiting, for some reason, the over 40s, 50s because they tend to gravitate to us and I don't know why. The younger ones we still do have an issue with because of their lack of maturity. Some of the* [managers]*...have more confidence in a more mature workforce.'*
>
> (EB-Small-Health and Social Care-E)

Some of the negative stereotypes about younger workers were also reflected in managers' views about their ability to do a job.

> *'I mean probably some of them might say, "don't give me a 16 year old because they ain't gonna be able to cope". It isn't so much their ability to say do typing and things but it is probably on the telephone. You are dealing with professional clients and you have to have someone able to handle that. So probably too young would not suit the job.'*
>
> (RB-Small-Business-YH)

One senior Retail director had caused considerable offence among his managers when he said at a conference that he wanted store managers to be under 30.

> *'...that was such an ageist comment. Why would you want a senior manager to be under 30?...you are undervaluing what we are doing for you...that was a really interesting comment from a senior director of the company.'*
>
> (HR-Large-Retail-EM)

Some respondents from an HR background expressed concern about managers' preconceptions about the appropriate age of people for jobs, particularly in recruitment. One reported often having to challenge managers' views that employing a younger candidate meant longer service.

> *'I mean, you turn round and point out and say, "OK how many of your staff have actually stayed with you for more than five years anyway? You know, your 20 year olds, your 30 year olds, your 40 year olds." Whatever age you are, if you are very young there is a high likelihood that you are going to be here for just two or three years because you are extremely ambitious and you move on...So when they are looking and you say this person is 56 and they go "oh 56"* [in a dismissive tone]. *I'm going, yeah, so that's great. Are you really telling me that somebody who is 32 is going to stay with you for 15 years, I don't think so.'*

(MM-Medium-Health and Social Care-WM)

Some managers were happy to retain existing staff, but rarely or never recruit older people. One firm had three employees over 65 but never recruited anyone over 50, while another respondent was happy to extend beyond 65, but was concerned about where to draw the line after that point.

> *'I think the difficulty that seems to be coming up time and time again is if we are keeping people over the age of 65, they may be perfectly fit and healthy to do the job at 70, whether they can at 75 and 80 and it is then how you actually say "enough is enough" and I really don't think you are well enough.'*

(JT-Large-Retail-EM)

3.4.6 Equal opportunities policies

The majority of organisations, and all the larger ones, had equal opportunities policies, although not all mentioned age (this did not appear to reflect firm size or sector). While the existence of a formal policy which mentions age may provide a foundation for good age management practice, it does not, of course, mean that the policy is implemented in practice by line managers, who may be unaware of, or opposed to, it.

Furthermore, monitoring of the impact of the policy was much rarer than the policies themselves. Formal monitoring was more common in the public sector and in large firms, where a head office monitored the data. Few small organisations had any plans to monitor age once the legislation was introduced (and for the smallest this may indeed be inappropriate).

> *'I'm sure we have an equal opportunities policy in here. Whether it makes any sense or not I don't know...We have a policy for most things...We have a firm of consultants who advise us on employment law and on health and safety and they came down and drew it up with us and from time to time we review it...We don't refer to it. I think unconsciously, perhaps, we would adhere to it...'*

(VW-Small-Retail-SE)

Employees were most likely to hear about the equal opportunities policy during induction or through a staff handbook. Equal opportunities training was not always available, particularly in small companies, and was commonest in voluntary and public sector organisations and organisations which work with the public sector. Within the Health and Social Care sector in particular, equality and fairness were seen as a core value of the organisation.

Some respondents from small firms did not know whether equal opportunities training was available, while others did not see the value of it.

> *'Nobody goes for equal opportunities training. I'm not quite sure what value that would be. I suppose it's for management...everybody is equal in my eyes!'*

> (RA-Small-Transport-EM)

3.4.7 Practices related to age

When asked to identify good age management practice, organisations were most likely to identify retention of older workers, which is arguably the easiest practice for a firm to adopt. Forty-seven of the 70 firms interviewed had employees working beyond retirement age, usually through informal agreement, custom and practice, or individual ad hoc decisions, rather than formal policy. In some cases practice was effectively driven by inertia, with no process for noting when an individual reached retirement age: if individuals were doing the job adequately and did not mention age, then they simply continued working. A few organisations stated their good practice in relation to age was that they have never discriminated on the grounds of age.

> *'Well I suppose I could be proud of that fact that at the end of the day it doesn't matter. All the policies...are for everybody working here, whether they are 19, 21 or 65.'*

> (ED-Small-Health and Social Care-SE)

3.5 The Age, Tax and Pension Regulations

3.5.1 Employer awareness

Awareness of the Age Regulations was very high and most respondents pointed out that there had recently been a lot of information about the Regulations in the press, in the immediate run up to their implementation. Only one respondent was unaware of the Regulations prior to the interview and all HR staff interviewed had known about it for some time.

Larger organisations became aware of the Age Regulations through information received from their headquarters, while smaller ones were typically dependent on business support organisations, including HR companies, auditors or legal advisers. Most HR managers and some directors knew about the changes from sector or trade publications or through work-related internet sites. A few respondents had first heard about them through the press.

No respondents had a strong view of how other firms in their locality or sector were preparing for the Regulations and there was little evidence of firms talking to their peers about these issues.

3.5.2   Employee awareness

Overall, respondents felt that their employees were not particularly aware or interested in the Age Regulations unless they were close to retirement age. None had formally sought employees' views on the Age Regulations and some had not yet informed staff about the changes. In some cases the changes were mentioned in meetings, on the organisation internet/intranet for staff, through letters, memos and newsletters. In a few cases there had been conversations with older employees about the new options, providing an opportunity to assess how the new arrangements might work.

Those respondents who had had informal conversations with employees generally reported positive responses. Some employees saw the Regulations as providing a wider range of options, while others felt they would make little change in how they worked. However, media coverage had led to some confusion over issues like 'everyday banter' and birthday cards.

> *'Some have really welcomed it. I think the majority have welcomed it because it gives people life choices. There has been some concern over whether you can still say "young" and obviously there's been some fun and banter about it, you know, "you can't call me an old git anymore" and things like that but they have taken it seriously. So I think, on the whole, people have welcomed the change because they can see that we are an ageing population and that there's going to be some advantages.'*

(GJ-Large-Transport-WM)

3.5.3   Awareness of recent pension changes

Recent changes to tax and pension regulations make it easier for individuals to stay in work while drawing a pension and enhance the State Pension of those who defer retirement. Awareness of these changes was very low among respondents generally, and even HR professionals were not always aware of them (partly because the management of pensions was often carried out in a separate department). Among those aware of the changes, some had changed their pension policy but were not sure whether employees knew about these changes or were currently in the process of informing them of the changes. The majority felt that the changes were unlikely to have any impact on the workplace or employees attitudes, while a few felt it was too early to see any impact.

3.6   Preparation for the Age Regulations

Preparation for the Age Regulations varied widely and again tended to reflect firm size and type of organisation.

> *'We looked at it and we spoke to our law firm and they came in and had a look at the policies that we've got in place so far and we tweaked it up a little bit so that we weren't going to fall foul.'*

(TK-Medium-Construction-EM)

Most firms had taken some action in anticipation of the Age Regulations and changed documents and procedures. Where organisations were part of a national group, they were likely to have received briefing or training from headquarters. The HR managers would then implement these and brief managers.

> *'A lot of it has been done at central office level and it is then just rolled out to us. What I will do next week, after our* [national HR] *meeting tomorrow, we are doing more and more case studies which I think is a really good step forward, so I have got a head of department meeting next week and that is coming from the agenda for that. I guess there will be a new Handbook launch in addition...'*

(AM-Medium-Hospitality-YH)

A few organisations made no changes because they felt that their existing practices were already compliant. Several respondents said, *'I don't think we need to, we don't discriminate'* or *'I don't believe it is an issue'*.

3.7 Perceptions of a distinctive 'older labour market'

One important question about the management of an ageing workforce is the extent to which there is, or is perceived to be, a distinctive 'older labour market', with different rules and dynamics from the mainstream.

This issue was clearly in the minds of some respondents, where a move to a more age neutral approach was changing traditional associations between status, role and age. One Construction employer commented

> *'I was talking yesterday to some of our three most senior commercial managers in the business and we were thinking how could we restructure jobs to make better use of the really experienced people and try and take them out of the day-to-day grind and bring on their successors and then follow them up.'*

(NN-Medium-Construction-SE)

While many older workers appeared to be doing 'mainstream' jobs, alongside younger workers, and on similar career trajectories, respondents did identify a number of distinctive roles which made some older workers different. These related to:

• distinctive financial circumstances (with some older workers already in receipt of pensions and with greater choice of whether and how to work);

• roles making use of their greater technical or life experience (like mentoring);

- familiarity with older techniques or materials (cited in Construction);

- roles particularly suited to part-time or flexible work and thus, to people seeking to phase out or downsize their work roles (cited by two Transport employers);

- special local features and opportunities.

However, some employers clearly saw older workers as a contingent workforce, working round the margins of the full-time core workforce, often on fixed-term, flexible or zero hours contracts. This group fell into two very distinct categories:

- people with saleable skills, including skilled tradespeople, professionals and managers working on a freelance or consultancy basis;

- people in semi- and unskilled roles taking on low status casual or temporary work.

3.7.1   Financial circumstances

Some older workers are distinctive by virtue of their financial independence, as a result of pensions or redundancy payments from previous employment. Where such people want to remain in or return to work of some kind, they represent a real resource to employers. Two respondents commented that such older workers can be cheaper – recruiting very experienced people looking for a 'retirement job', and sometimes willing to work for substantially less than the market rate for their skills (perhaps in return for working more locally or flexibly). Others were willing to work on a part-time basis in a role which would normally be seen as full-time. For example:

> *'He is not going to want to work forever but he actually brings a lot of experience that if we had employed him conventionally we wouldn't have been able to afford. Now he works three days a week. We could not have afforded his experience at that level five days a week. He was a national sales manager.'*

> (AP-Small Manufacturing-SE)

Employers had varying experience of such workers. Some provided much more than expected (or paid for), while others provided less. One employer had hoped to get a highly skilled worker cheaply and had been disappointed to find that the appointee genuinely wanted a less demanding job and was only willing to do what the job description specified.

On the other hand some older workers were in a much weaker position in the labour market, needing to find work for financial reasons, and forced to take on roles well below their capabilities or aspirations. However, examples were quoted of people choosing to take on low status and undemanding jobs for the social contact and the sense of purpose:

> *'*[Some are] *helping out around the factory – they are useful and want to keep in touch with the firm and friends.'*

> (AK-Small-Construction-LON)

3.7.2 Specialist roles

One Health and Social Care employer suggested that some roles suit older workers emotionally. She suggested that young people are more likely to be comfortable working with people who can be 'cured', than with those whose prognosis was poorer. She was seeking ways of overcoming this but with little success to date:

> *'Working in a general hospital on an acute ward, a percentage of your patients get better, here they don't. You are caring for them in a different way.'*

> (CM- Small-Health and Social Care-NW)

Another special role identified in the Health and Social Care sector was mentoring and 'supervision', where experienced older staff are employed to provide emotional and professional support to younger colleagues, outside the formal management line:

> *'...we have had a Clinical Nurse Specialist which is a very senior nursing role within the organisation. She took retirement but she has come back to do supervision...Clinical Supervision...is to deal with emotional side of working within an environment like this. It is a form of counselling and we have retained her in that capacity* [because of her] *specific skills.'*

> (AE- Small-Health and Social Care-SE)

3.7.3 Older skills and knowledge

One distinctive feature of older workers was familiarity with older techniques and materials. A respondent from a trade association in the Construction industry pointed out that construction techniques and materials typically outlast individual workers and that repairs and maintenance still call for skills which are no longer routinely taught to young entrants.

> *'...older workers have experience of older materials and techniques.'*

> (AK-Small-Construction-LON)

3.7.4 Second careers

Some occupations were seen to be particularly attractive to people seeking second careers, particularly ones offering interest but with reduced stress or responsibility. Two Transport employers noted this:

> *'Some of these guys who are working for us full-time now who have done jobs and had high flying careers but just decided, had enough of that, out of the rat race and happy to have something that is responsible for sure but in a different way. '*

> (FB–Medium–Transport–SE)

Issues of flexible working are explored in more depth in Chapter 5.

3.7.5   Exploiting a market niche

One firm had enterprisingly exploited the inflexible retirement policy of a rival in the same city. On a number of occasions the former firm has recruited experienced staff from its rival when they were forced to retire at 65.

> *'I've just got one lady at the moment....She was made to finish at her last company when she was 65, rang up because she knows quite a few of the staff and said can I work for* [A] *because I know you are not funny about it. We've had, already, a good year out of her and she's been fantastic, not one to let us down.*
>
> *...We tend to get people from* [B] *because our boss is* [ex-B]*, so people who worked with him over ten years ago will write to him and say, can you remember me, I worked for you, I'm coming up to retirement, can I come work at* [A] *and we've done that a few times.*
>
> *A couple of people when he came across sort of said, "oh you know what they are like you'll have to finish at 65* [but] *you can stay on at* [A]*". So we have actually taken on some very good people who knew that we would keep that. That is good for us, so the word is out there that we are willing to keep and take over 65s. It works.'*
>
> (JT –Medium-Retail-EM)

3.8   Summary of key findings: context, awareness and attitudes

- **Firm size is important**: large, and public sector, firms are much more likely to have formal policies and practices to prevent discrimination, although monitoring of these is relatively rare.

- **The age profile of sectors varied**: employers in Transport and Health and Social Care had an older workforce, and were more aware of the issues, as were Construction employers, where the workforce was divided strongly between young and old with a 'missing middle'.

- **Age is not a central issue** for HR managers, although all were aware of the Age Regulations and incorporating this into broader HR change. Responding to the Age Regulations was usually incorporated in larger change processes.

- **Levels of 'altruism' varied**: there was a notable difference between sectors where equity is seen as a core value influencing general HR practice (Health and Social Care and the public sector) and those where it is a pragmatic response to a shortage of alternative sources of labour (Construction and Manufacturing).

- **Awareness of the Age Regulations and age was high** probably reflecting the timing of the fieldwork and publicity around the implementation of the Regulations. However, awareness of changes in Pensions regulations to encourage deferring retirement was low.

- **Most firms were changing their HR practices**, driven by business needs, skills shortages, and competition.

- **Most firms had taken some legal advice** from headquarters or from intermediaries (accountants, solicitors, HR consultancies) and most had taken some action as a result.

- **Most respondents held stereotypes which favoured older workers**: who were often described in the same terms as migrant workers, as more motivated, skilled and loyal than young, native born workers.

- **Special features of the older labour market**: employers identified part-time work, special roles (e.g. mentoring), market niche (employer of older people), older skills (old technologies and knowledge), second careers and a (relatively low skilled) contingent workforce to manage peaks and troughs of workload.

- **HR professionals**: are concentrated in large firms, and have variable influence over management practice.

4 Recruitment and retention

This chapter describes how an ageing workforce is changing employers' recruitment and retention policies and practice. It considers how they approach recruitment and what they are looking for in employees; how far age is an issue in recruitment and retention policy or practice; how aware they are of broader demographic and labour market issues; and whether their practices have changed in response to the Age Regulations. Again, it sets this in the context of the findings of the previous quantitative study.

4.1 Background

Recruitment is an area where one might expect discrimination to be particularly severe, since it is easier to not invite or appoint an older/younger candidate than it is to remove an existing employee. Discrimination against older people in recruitment is widely reported in surveys of age discrimination (CIPD and CMI 2005), and there is much evidence that it is more difficult to enter the labour market after 50 than to stay in it[12].

The quantitative survey found widespread evidence of recruitment practices which might be deemed unlawful under the Age Regulations. The most common areas were in the use of length of experience as a selection criterion (reported by two-thirds of all organisations) and providing age information to recruiters, (in 44 per cent of all firms). There were also examples of targeting particular age ranges (15 per cent) and maximum recruitment ages. Nearly half of all employers would exclude candidates who they assessed as unlikely to stay long with the firm, although this assessment only took time to retirement into account in 21

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[12] It should also be borne in mind that 'older' means very different things to different people: the range included people for whom 'older' meant over 45, through to those who saw 'old' as over State Pension age.

per cent of all firms[13]. Education, Transport and Health and Social Care employers were most likely to set age limits for recruitment, while Retail and Hospitality firms were least likely to do so.

4.2 Recruitment

Many respondents were changing their recruitment practices and the large majority talked about this in terms of 'finding the right person for the right job'. These changes included making more use of the internet through free recruitment websites, industry-specific websites and organisations' own national intranet. For most firms recruitment strategies varied for different kinds of post, working with a national or international market for some high skilled roles and a much more local one for less skilled ones.

Firms varied greatly in their need to recruit and in the nature of the labour market for particular roles. A number of small firms said that they had not recruited for some time and did not expect to do so in the near future, as one Manufacturer commented:

> 'With the age mix that we have at the present time, it is not likely to be an issue for a long time.'

> (FF–Small-Manufacturer-NW)

Some did recruit, but without any external advertising:

> 'We don't advertise for staff at all. We just let them come to us based on reputation and contacts within the local network.'

> (FB-Medium-Transport-SE)

They also varied greatly in the way recruitment operated. For some the process was extended, but for others it was extremely short, allowing limited scope for formal procedures: as one Hospitality employer pointed out: *'a week's notice is normal'*.

Recruitment practice and policy is, in general, led by business need, rather than legal constraints and is most clearly affected by the current and expected state of the labour market. When the market is tight, as in the case of several of the sectors studied here, employers said they were actively looking for alternative sources of recruitment, of which older people may be one. This approach has the effect of reducing the impact of age discrimination (as well as discrimination on other grounds) but may prove unsustainable if business declines. Conversely, where there is a surplus of applicants, which was the case in one firm with high standing even in a time of high employment, the employer's problem is to find an efficient way of screening out large numbers, so that detailed scrutiny can be

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[13] More commonly, the concern was with losing mobile young employees soon after recruitment.

devoted only to a strong shortlist. Here, traditionally, age has been one of the crude measures which can be applied by a secretary or administrator to reduce the pile of forms.

When asked specifically about recruiting people over 50, attitudes were generally positive and indeed, some firms said that they would actively target older workers if it were legal[14]. However, without prompting, few interviewees identified recruitment of older workers as a way of tackling skills gaps and shortages, and those who discussed workforce planning generally focused on recruitment of young people. When they did talk about 'experience' and 'older' it was often to distinguish school/university leavers from people in their 30s.

4.2.1 The firm's labour market position and the need to recruit

Even in sectors and regions where labour and skills are scarce, there are some employers who are relatively isolated from current labour market pressures. Some of these reported no problems with recruitment: because of their high standing in the local labour market, they were always offered a strong field for vacant posts or that they were able to retain staff,

> *'We aim to be the employer of choice.'*
>
> (GJ–Large-Transport-WM).
>
> Interviewer*: 'What are the main HR challenges facing you right now?'*
>
> CL*: 'Certainly not retention of staff. It is probably trying to file all the unsolicited application forms that keep coming through our door...I don't have an issue with skill bases.'*
>
> (CL–Small-Manufacturer-SW)

Others have very low turnover of staff and had not recruited any new workers for several years.

> *'We have low turnover and rarely recruit.'*
>
> (HM–Small-Agriculture-E)

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[14]   It does not follow, of course, that a positive view expressed by an employer in an interview about age management is reflected in the practice of line managers, and there were cases of employers who were positive about retaining existing employees but who still have never recruited anyone over 50.

4.2.2 Alternative recruitment pools

Whatever an employer's views on age or discrimination, their behaviour is bound to be influenced by the state of the labour market: local, national or international. Some sectors and regions are experiencing more severe problems than others, and different firms felt themselves to be in different positions in what most saw as a very competitive market. The view was widespread that, whatever the legal requirements, they could not afford, for business reasons, to discriminate on grounds of age. Even in firms which reported no difficulty in finding applicants there was a concern with the quality of applicants and a strong view that:

> *'Its always the right person for the right job...'*

> (FG-Large-Health and Social Care-EM)

One respondent from Construction commented that recruiting older workers was only one of several strategies they were exploring for non-traditional recruitment

> *'We are facing a recruitment skill shortage and I think that encourages you to explore other areas, which could be education* [i.e. recruiting directly through colleges]*, could be overseas, it could be anything. So I think that's a business driver in terms of how we approach things...*

> *The diversity side, obviously, we want to be more than compliant with the legislation so I think that is just another way of ensuring we explore other options and just get people thinking a bit differently and making sure what we do is open and accessible to everyone.*

> *So I think it is more about educating them* [recruiters] *to not take a date of birth as the issue but perhaps look a little bit more deeply into other things that individuals have got....It's cultural change.'*

> (DT- Large-Construction-SE)

In this context, several firms commented on migrant labour as an alternative way of meeting shortages:

> *'So what has happened over the last three years and particularly over the last...18 months is that we have recruited a number of Eastern European workers and at present we have nine out of the 58.*

> *So it is not a high proportion but it is nonetheless significant. I know of businesses in* [this town] *where I know the people, where it is now about 50/50. They are in similar fields to us, they are not in hotels but they require quite a lot of people with not a very high level of skill.'*

> (AL-Medium-Hospitality-YH)

4.2.3 Workforce planning

In general, recruitment strategies did not appear to be set in any very formal workforce planning framework and most recruitment appeared to be relatively ad-hoc. However, this did vary according to the levels of skills required in the sector and there was a widespread view that planning was more appropriate for some kinds of staff, primarily the more senior and specialised, than others.

Formal planning appeared more common in Health and Social Care, perhaps reflecting both the public sector planning history of the sector and the long lead times for qualification in medical and para-medical occupations; and in Manufacturing and Construction, where skills requirements were relatively high. However, until prompted, better use of older workers did not generally figure in the discussions on workforce planning.

Skills shortages were a particular issue in Construction companies, especially in the context of major development projects:

> 'From an HR point of view the main issues facing the industry are recruitment. Particularly with 2012 coming our way…obviously there is now a huge demand for highly skilled, highly trained staff so we are having to manage that and retain our current employees as well…The key for us is obviously to identify what it is we need and to line that up with our project requirements. So we are doing a fair amount of work in manpower planning and Encouraging the business to take advantage of that.'

> (DT–Large-Construction-SE)

Similar views were expressed in Yorkshire, where another Construction firm saw both short and long term needs:

> 'We work quite closely with the CITB and we develop our training plan every year with the CITB. So it is quite a complex programme we have on our computer system that records all the employees and there is a skills matrix and that is built up from that.

> …We are quite active in apprenticeship training. We do quite a lot with the local schools and the colleges to try and train as many people as we can. We've always done this to a certain extent. We are doing more of it these days I think because of the gap in skill shortage.'

> (BL–Medium-Construction-YH)

In the Health service, which is undergoing major change, some respondents were anxious to ensure that scarce and expensive skills were not being lost when management structures changed:

> 'If we are commissioning a service, we would be looking at these people and saying, "well in actual fact rather than these people not being employed, we would move them out into primary care as much as we can". You are losing all that skill and knowledge and having to rebuild it all again which is not what you want to do.'

> (EB–Small-Health and Social Care-E)

The importance of conserving expertise was also stressed by another Health and Social Care employer:

'We are retaining history or retaining known knowledge and expertise within what is a very specialist area of nursing. So it is often very difficult to buy that level of expertise in when you have somebody who has progressed as well as this particular person has.'

(AE–Small-Health and Social Care-SE)

In the Transport sector, labour shortages were having a notable effect on some firms. One large employer had embarked on a fairly long term and systematic approach to developing and expanding its high skilled workforce

'One of the skill shortages that we have...is engineering talent...We have started a graduate development programme to bring in engineering management and general management graduates into the business as a mechanism to bring in fresh talent and also nurture internal talented people as well as external....we have also started an apprentice programme to help address other shortages,...[and at] *a slightly lower level you are looking at engineering supervisors and that kind of talent is what we are trying to create.'*

(KD–Medium-Transport-NE)

However, this firm was also using migrant labour to overcome labour shortages for drivers:

'I guess 90 per cent of the workforce is bus drivers and that requires a driver's licence and some customer service acumen in order to meet the criteria on there. I think, demographically, different parts of the UK experience problems in recruiting depending on location. Certainly, we've been a little bit forward thinking in that we've looked at alternate ways to counteract that. An example would be using Polish bus drivers in areas that perhaps recruitment has been a little bit tricky.'

(KD–Medium-Transport-NE)

One Hospitality firm was trying to introduce a greater level of multiskilling as a way of counteracting traditional high turnover rates:

'For our food and beverage outlet we've just introduced a food and beverage team leader position which is moving three people on for four months probation in the food and beverage outlet. The idea being that when vacancies arise at the manager level there is somebody who is more skilled and ready to step into the role. A lot of hotel recruitment tends to be very short lead and most of our notice period is for a week. So often someone might have been here for two years and she's given a weeks' notice, so it is a short turn around.'

(AM-Medium-Hospitality-YH)

Levels of awareness of long-term labour supply trends varied greatly but the level of awareness demonstrated by an occupational health specialist in a large Manufacturing firm was unusual:

> *'Something the Young Foundation,...was saying,...they haven't got enough scientists or mathematicians, we need them in our company....*
>
> *So we are going to have a deficit, certainly in this country which is where I live and understand a bit more about, we have a deficit in sciences in this country, we have a deficit of young people.'*
>
> (CK-Large-Manufacture-LON)

Several firms were embarking on some form of workforce planning for the first time One large university commented on their new workforce management systems:

> *'...we have only been working a couple of years on this. As I said, this is a long-term cultural change programme. We are hopeful, of course, that it will result in good people staying.*
>
> *We want to retain the very best skills we can and we want to attract the best skills we can. So we are doing it from a competitive, economic point of view as well...as a cultural point of view. We are hopeful and...we believe that that will happen.'*
>
> (DR–Large-Education-SW)

Several employers hoped to achieve a 'balance' of ages in their workforce to secure continuity and progression.

> *'If somebody is working well and they want to continue to work we will enable that to happen but obviously we will always have to balance that against having room for the younger ones to come in to feed through. So it is maintaining that balance. We are working at the moment more towards attracting younger people, both in terms of volunteers and staff.'*
>
> (AE–Small-Health and Social Care-SE)

Overall, however, there was little evidence of formal succession planning, except at senior levels in large organisations. A small retailer in London took the view that it was not an issue for most kinds of staff:

> *'Succession planning isn't that difficult. Some people would make a difficulty out of it maybe and in some industries may be it goes without saying that it would be difficult because there are certain skills involved that would take a lot more time to meet the requirements.*
>
> *With the exclusion probably of myself and one of my specialist buyers, then the accession of somebody else into that position would not be...time consuming.'*
>
> (BA–Small-Retail-YH)

4.3 Underlying attitudes

4.3.1 Attitudes to older workers

Far from discriminating against older applicants, most respondents expressed a preference for older people, who were perceived to offer a stronger work ethic, motivation and experience, although sometimes 'older' was being used as a synonym for maturity and really meant middle-aged, rather than over 50 or 60. Although some employers were actively recruiting young people to inject 'new blood' into their business, young people were frequently described as less reliable and unmotivated and lacking the key requirements for productive work.

> *'We would tend to discriminate more against younger ages.'*
>
> (CL–Small-Manufacturing-SW)

> *'I shouldn't say this but yes definitely we prefer older people.'*
>
> (LG–Small-Health and Social Care-SE)

Some employers were extremely positive about their older workers:

> *'We recruited one older woman she was a b***** superstar.'*
>
> (EB–Small-Health and Social Care- E)

A furniture retailer commented:

> *'We can be the example that we've got over 65 year olds and that it works and it works very, very well....So loyalty, they are incredible when they are off they can't wait to get back. My little* [Barbara]*, and she is a little lady as well, she had a heart attack this year and the chap who is over 74 he had a bypass op this year but he is still back at work and you'd never know.*
>
> *The customers know him and they come in whether they want a new bed, whether they want a three-piece, table and chairs, they remember him. They come in to see him and they will come in on a Saturday to see him. So it is good. So it works for us so I don't see why it can't work for other people as well.'*
>
> (JT–Medium-Retail-EM)

Older workers were often perceived to be more motivated, either because of previous experience of work or because of their vulnerability in the labour market:

> *'Rather recruit someone older who really wants the job.'*
>
> (VW–Small-Retail, SE)

Physical strength was identified as an issue by several employers, although some also said that, in their own experience, this had not proved a problem:

'Also I think, when I stop and think about it, that there still is a feeling in companies that I come into contact with that as people get older their physical capabilities to maintain a certain work level and attendance at work on an ongoing basis is detrimental to the company's good health, which I don't happen to think is true.'

(BA–Small-Retailer-Yorkshire)

Some employers believed that older people weakened their position when applying for jobs by anticipating problems which were not there. One commented:

'Applicants commonly undervalue themselves. They say "I suppose you think I'm too old..."'

(KB-Small-Business Services-SE)

One employer commented that older workers were generally less mobile and therefore, more vulnerable to redundancy:

'Well, clearly where we can we deploy people if they have got transferable skills...[but]...the logistics of persuading an engineer with water industry skills who has got a home in Inverness to transfer to projects in North West England or indeed in East Anglia is not that easy.'

(HB–Large-Construction-National)

4.3.2 Attitudes to younger workers

When asked about strategies for filling gaps in the workforce or developing capacity, most interviewees instinctively saw recruiting more young people as the solution. However, this appeared to be generally a matter of continuing traditional approaches, rather than a response to any perceived special advantages of young people vis a vis older ones.

'We have actively targeted young people to inject new blood.'

(FG–Large-Health and Social Care-EM)

'We have actively recruited from schools.'

(BL–Medium-Construction-Yorkshire)

Sometimes an age blind approach was strengthening the position of young people, by removing assumptions about seniority and age, as one national Construction firm observed:

'So it is something that is developing. We want to get the best fit. In the past the industry has been very time served and now you look at the range of salaries and you look at the positions, you've got people in their late 20s in positions that ten, 15 years ago you would say "only a 55 year old could fill that". Well why? They've got the base knowledge and they've got a darn sight more drive and hunger than maybe someone of 55.'

(NN–Medium-Construction-National)

However, one small Manufacturer commented that he finds young recruits seriously lacking in some of the basic skills he requires:

'On the work front [the main strategic issue facing the company is] *finding the right quality of staff, which is extremely difficult...it is labour shortage and it is also, in my opinion, a drop in educational standards. We get too many people, youngsters I should say and who haven't mastered the basic three Rs which doesn't seem to be important from a scholarly point of view. They've got GCSEs, etc but they haven't actually learnt to read and write and they haven't learnt to do simple arithmetic.*

The problem with that is, although they can use a calculator, they've got absolutely no idea whether the number they are looking at is right or wrong. It must be right because the calculator said so, even when it is blatantly obvious that it can't be and that I find worrying.

In my generation, I always know partly what the answer is gonna be, to within the power of ten certainly but youngsters don't. They rely totally and if you mispunch something, rubbish in and rubbish out.'

(GB–Small-Manufacturing-SW)

One respondent's approach to recruitment was driven by externally imposed (Government) financial constraints on apprenticeships:

'We target young people for apprenticeships because older people can't get the funding.'

(BL–Medium-Construction-YH)

4.4 What employers are looking for

Many of the employers were keen to stress the need for generic skills – motivation, attitude, flexibility, commitment and loyalty, more than specific technical ones. On these qualities older workers were frequently seen as superior to younger ones, although this may also reflect an assumption about the location of older workers in relatively lower skilled jobs, where the balance of skill requirements may be towards the generic.

4.4.1 Adaptability

Employee flexibility was a theme in several interviews. One small Manufacturing employer stressed the need for his current workforce to develop a range of skills:

'Yes, at that review we talk about the whole thing, not only how they are doing and what is happening with their pay and what I would like them to learn in the next year and should we be doing part-time courses at college. I do want everyone to become multi-skilled. We live in a very high tech age.'

(GB–Small-Manufacture-SW)

He also commented on the problems of experienced workers who found it difficult to see how to reshape their skills to a changing labour market

> *'I do remember when I first came to* [X] *and listening to somebody being interviewed when the rail works were shutting who had just finished his apprenticeship as a wheel shunters tapper's mate or whatever it is. There he was, saying all the usual,..."I'll never work again now because my job has disappeared".* [I said] *"You are only 25. I know you've done a five year apprenticeship and it's a great shame, but you just move on and learn new skills".'*

He also described a similar problem with a much older worker, who found it difficult to adapt to a very different working routine and expectations after a career in the Post Office:

> *'We recruited somebody, a few years ago now, who'd retired at 60 and was looking for something to do to take them up to the age of 65. He had previously worked for the Post Office. Because we are a smaller organisation we want our staff to be adaptable and they have to turn their hand to anything and be flexible on working times.*
>
> *...Therefore, if it means they work half an hour late I expect them to work half an hour late and it shouldn't be a big deal of, "oh no I'm sorry I finish at half past five and I can't possibly work till twenty to six...". That was from time to time extremely difficult. This was an ingrained thing from his background. It is nothing to do with his age, it's his previous experiences...'*

(GB–Small-Manufacturer-SW)

4.4.2   Experience

Selection on the basis of length of experience is hazardous under the Age Regulations but in discussion it was clear that most employers were using the term to cover a range of much more specific requirements (although it may be that a simple number of years is used in initial sifting of applications). A small Transport employer, for example, felt strongly that he could assess capability from a history of previous employment on this basis

> *'I know from* [the] *experience – where and what he's done – that he's better.'*

(RA–Small-Transport-EM)

Furthermore, the amount of 'experience' being sought was often not great, and several were using the term to distinguish school leavers from people in their 30s, rather than much older workers.

Experience was frequently mentioned in relation to customer facing roles. A Health and Social Care sector employer commented:

'I must say when we are shortlisting if we are looking for a receptionist and I have an application from a 18 year old who was currently working in Morrison's, I probably wouldn't, but then again if it was a 30 year old that was working in Morrison's I probably would look at her but that would be, it's quite hard, I suppose we discriminate the other way really in some ways.'

(CM-Small-Health and Social Care-NW)

A small Voluntary sector agency identified the same issue but recognised that the underlying requirement was not directly age-related and could be expressed in a formal job specification:

'The only criteria we've used when interviewing is experience and knowledge. There are some jobs, again going back to our reception job which is a really tough job and needs considerable skill in handling people of all nationalities and ages and states of mind. You couldn't put a young, inexperienced person in that job. No way can anybody of 17 or 18 cope with that job but that would come out in the fact that when we interview for that kind of job, the main criteria is experience.

It would be very difficult for an inexperienced person to go into that reception, either of our receptionist jobs, so it is not a job for anyone of whatever age who is not experienced. Other than that, as I say, we don't have any bias at all. It is down to the job description and who can best fill it.'

(DS–Small-Other community-YH)

In some cases, firms were actively reviewing how they assessed 'experience' in recruitment with a view to formalising the process.

'...obviously we are now going to have to be more precise in our expectations of what that experience is rather than just two years' experience. We will be saying, "we expect you to have had palliative care experience, care of the elderly, etc.": much more specific.'

(AE-Small-Health and Social Care-SE)

A Construction employer was reviewing traditional assumptions about the roles suitable for new graduates as against experienced workers. As a result, he was, for the first time, treating some kinds of practical experience as equivalent to a first degree:

'The age issue has come up in relation to graduates and there is a school of thought that you've got to be 25 or 26 or whatever. We are moving away from that and we are looking more at qualifications they've got and experience they've got.

So it could well be that somebody's past work was in Construction for ten years, a carpenter...who is now interested in safety. So we would take them onboard as a safety graduate, appreciate the experience they've had on a Construction site, which is obviously quite important to us. That person we would still deem a graduate. It is not so much trying to define on age....I guess the challenge though is trying to define what experience is.'

(DT–Large-Construction-SE)

A small Retailer took a similar view and also felt that the young people now available were not interested in acquiring the kind of experience he sought:

> *'Our DIY store, for example, is an old fashioned type of DIY store and hardware store. The experience and knowledge of the older staff members that work in there is invaluable.*
>
> *If you try to take on youngsters these days into those particular positions of sales persons, obviously the experience is not there. The ability to train those people to a level of experience that is equal to those people, the older people that work in there, is extremely difficult and has proved to be extremely difficult in the past mainly because the youngsters don't wish to take the knowledge on.'*
>
> (BA–Small-Retailer-YH)

Sometimes 'experience' was used to denote a set of generic skills, including motivation and commitment, rather than skills directly related to the specific job. As one manufacturer commented:

> GB: *'Generally speaking...we would look for people who have got no experience in this industry.'*
>
> Interviewer: *'No experience in the industry or no experience at all?'*
>
> GB: *'No, no experience in the industry. You want people, particularly if they are older, to have had good experience of a working background. I would look carefully at what they had been doing and the position they'd been occupying and make a judgement based on that.'*
>
> (GB–Small-Manufacturer-SW)

4.4.3 Specialists and generalists

The labour market is not an homogenous entity and recruitment approaches vary between sectors and roles. The most important distinction which employers drew was between specialist staff and generalists. It was clear that often these two groups are very distinct in managers' minds. A manager in a small Manufacturing firm instinctively excluded senior people when asked about recruitment approaches:

> Interviewer: *'Do you do anything, when filling vacancies, to encourage applications from people who are older?'*
>
> F: *'I don't actually need to recruit.'*
>
> Interviewer: *'I suppose you don't because you've got so many applications on hand already.'*
>
> F: *'Absolutely, I haven't recruited. The only job I recruited for recently and that was really taken out of my hands because it was a high level recruitment, was for our Sales Manager and that was done through our agency as most of our senior recruitments are.'*
>
> (CL–Small-Manufacturing-SW)

A hotel manager in the North West saw a sharp distinction between local and national labour markets for different roles within his organisation:

> *'...chambermaids tend to be relatively easy...but then that is partly because we tend to look out...to the West coast...where maybe employment isn't as easy to get as it is here....We transport them in and back home every day whereas other jobs, it wouldn't be so easy....The more difficult one is chefs. Again, it is more of a skilled job and if you ask any hotelier I would imagine wherever they have problems because there is a national shortage of chefs really. If you look in something like The Caterer and the job pages, the predominant thing is people looking for chefs.'*

(DW–Medium-Hospitality-NW)

Some employers felt that specialist skills were very specific to the particular firm or indeed process, as one Manufacturer pointed out:

> *'No, well it is not so much difficult to replace them, it is the knowledge that people need of the machinery. I mean, unless you actually came from another cardboard box manufacturer there is no other, I suppose every process manufacturer says the same.*
>
> *There is no other qualification that you would need rather than just knowledge of the machine and you wouldn't get that from any other process manufacturing plant unless it is a corrugated box plant.'*

(CL-Small-Manufacturing-SW)

4.4.4 The role of HR professionals

Human Resource (HR) professionals played a key role in the creation and operation of policy on discrimination in the larger organisations, while smaller firms normally relied on buying in such services from external agencies or leaving the HR functions with a general manager. It has often been noted that such professionals can be isolated, either from the main thrust of business strategy (HR Directors are often not Board members) or from the day-to-day practices of line managers, who often make recruitment decisions in practice. Sometimes they have limited contact with either.

This issue is important in relation to discrimination law and one Construction employer talked frankly about the role of the HR department in recruitment decisions, pointing out that despite its notional role in policing equity in recruitment, in practice they did not have time to do this, leaving line managers largely to make their own decisions. He saw the shift towards considering older applicants as driven by the business, with relatively little intervention from HR:

> *'Nobody is gonna not interview somebody because they have to be 55 or 60, it is going to be what have they done, are they capable of doing it. There will be, inevitably, some people around the business who have a view about the nature and the shape of the project in that they want to have a young, dynamic, thrusting team.*

That sort of thing will happen but it will happen discreetly rather than overtly. In other words, what tends to happen is managers will be supplied with lots of CVs according to their requirements and nobody is sitting alongside saying, "well why didn't you want to see this person?". HR is too busy to audit so there has to be a slight risk around that I suppose.

If somebody was being very selective on any grounds it might not be picked up internally...I think it [discrimination] *is unlikely because somebody would find it difficult to man up in the current environment if they were being so selective.*

(CA-Large-Construction-LON)

4.5 Recruitment practices

Several employers reported changes in recruitment practice, either to widen the field for recruitment or to reduce discrimination but in most cases to meet business needs, rather than in response to the Regulations.

A variety of recruitment techniques were reported, often varying according to the particular role and the extent to which they were recruiting in a national or local market and with varying implications for age. Perhaps surprisingly, there was almost no mention of recruitment agencies in the interviews.

For both employer and employee, recruitment represents a risk that an inappropriate appointment will be made, leaving the employer with an unproductive or difficult employee and the employee with a difficult or unrewarding job. Since older workers are less mobile than young ones this risk might be greater in the case of older people, whose relative weakness in the labour market makes them more likely to hold on to an unsatisfactory job that younger people, who may prefer to seek alternative work elsewhere. However, one small wholesale firm in the South East saw this from the opposite perspective, reported that it was easier to give older people a trial, because they had a shorter 'natural life' and thus, represented a smaller risk if the relationship did not work out.[15]

'We had ummed and aahed about having a salesman for some time because again it's the chicken and egg thing. Do you take on a salesman and incur all the expense and then hope that he brings in the sales or do you wait until you've got the turnover to justify it?

Again, it is a judgement call but we had talked about it and then he became available so we thought give it a six month trial because neither of us had anything to lose and it worked.'

(VW-Small-Retail-SE)

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[15] It is, of course, questionable whether this approach will survive under the Age Regulations.

Although it is sometimes suggested that older people are handicapped by low levels of IT literacy, several respondents said that online advertising had produced good results from older people.

> *'Recruitment is not easy here in this area. We used to advertise in the local papers but in the last year I have only advertised online and still we are getting older workers reply.'*

(NO–Small-Health and Social Care-SE)

A large chain of care homes, seeking to expand its traditional recruitment base, reported success from holding open days, inviting potential employees in to see the place and the job. They had found that this approach brought them into contact with a range of people, including older people, who had not previously considered a job in Social Care and some new recruits as a result.

> *'So what we have now done is we have opened up job recruitment days. Service users actually meet and greet and show people round all the exhibition. Then if they want to apply for a job with us they are given an application form. We had 300 people through the doors at Chesterfield last month and we have over 75 applications for the loads of different jobs that we have got in the organisation.'*

(FG-Large-Health and Social Care-EM)

Voluntary work is one way in which older people remain active after retirement but one employer in the voluntary sector also identified it as a route back into work for some who have been out of the labour market, perhaps as a result of caring responsibilities, for some years. She described examples of older people who had come in initially as volunteers and then moved on to paid roles as their confidence and skills developed.

> *'Some have had families and come back to work and there are one or two people that came back to us as volunteers to get back into the workplace and then they came on board as employees, applied for a job.'*

(NO-Small-Health and Social Care-SE)

One firm talked about use of telephone interviews to filter a long list of applicants. This is a technique which might empower some older applicants, whose age is not evident on the telephone but might equally disempower others with less confidence in using the telephone for this kind of purpose:

> *'Another thing that we find, with our local recruiting for the jobs we put an ad in and we get them to phone in and we have a list of questions that we ask and then the ones that we think are going to be good we bring in for an interview and sometimes when people phone in you can't understand what they say. So if they can't speak English, understandable English...'*

(BA–Small-Retail-YH)

Several respondents commented on the development of more formal assessment of competence in recruitment and competence-based interviewing was seen by one employer as improving selection practice. He felt that this was especially likely to benefit older applicants:

> *'In the old days when the emphasis used to be on biographic interviews, older workers could be at a disadvantage because people would think, "oh my God, I've got to work my way through all this person's career" and the interview could be long and tiring.*
>
> *Whereas a competency based interview, which is actually focused on what a person can do,...they can...talk to any particular competence and keep the interview focused.'*
>
> (CA–Large-Construction-SE)

One commented on the need to have a brokering/sifting mechanism for recruiting from local unemployed people, suggesting that the Jobcentre produced too many people to consider, and that they were often unsuitable or unmotivated:

> *'We get applicants from jobcentres but they are usually going through the motions.'*
>
> (BF–Small-Health and Social Care-NW)

4.5.1 Word-of-mouth

One clear theme in several interviews was the importance of social capital in finding work for older people, a strategy which may improve the quality of appointees, but which clearly disadvantages those already vulnerable to exclusion:

> *'We have always managed to recruit, for the last 15 years, by word-of-mouth. We haven't had to put an advert in the paper. Therefore, the applicants we get tend to be people that somebody knows....To a large extent it is by design. I'd much rather take on somebody that I know a little bit about, even by hearsay, rather than somebody who has just responded to an advert in the paper. As with all recruitment it is always a gamble and the more you know about somebody the better.'*
>
> (GB–Small-Manufacturer-SW)

One firm had clearly had a significant success with such an approach, and its decision to recruit an older worker had evidently paid off:

> *'We took on a salesman, nearly two years ago now and we'd not employed a direct salesman before and he has made quite a difference in the way we approach some things. ...he'd been made redundant...by a graphics art company and he didn't want to retire. We were looking for somebody and somebody we know said what about [xxx] and we...took him on two years ago and he's been doing great guns...*

So he has a lot of contacts in the industry so we have that relatively cheaply because he doesn't want to work full-time but he wants to work. Now he had a friend who was in a very similar position and he actually started with us last month doing sales for us in the North on the same basis, part-time... who again had been forced to take early retirement and was bored to tears. So he works for us three days a week. We get the benefit of his experience and his contacts at a relatively cheap rate.'

(VW- Small–Retail-SE)

4.5.2   Starting pay

Although the quantitative survey found 15 per cent of firms using age as a basis for setting starting pay, none of the employers interviewed admitted to doing this and most claimed that there was little or no link. A variety of practices applied, including incremental scales, flat rates for particular jobs, or in some fields like Hospitality, individual negotiation.

One firm had explicitly eliminated age-related pay in order to move to a flat 'rate for the job':

'We do not discriminate in terms of anything like age with regards salary. We basically do it on the job. So I have got people of 22 earning more than people of 55. We say at this level of work this is the salary we pay. When I first came here it wasn't the case, it was very discriminatory and I have gradually levelled it out. So now we do have that policy, so there is no discrimination in terms of age or in terms of anything else whatsoever.'

(RB–Small-Business Services-YH)

But others felt that there was a requirement, or an expectation, to pay older people more and that this was a constraint on recruitment:

'Cost is one factor. It is less expensive to take on a younger person than it is to either retain or take on an older person. So I would think cost has a big part to play.'

(BA–Small-Retailer-YH)

For some the underlying issue was being able to afford the level of experience required, rather than age itself:

'To be absolutely honest it comes back to what I said before about the cost....ideally, if we had an open purse then I would want to recruit an older person with loads of experience who could come in and really go for it. The difficulty is that we are in that Catch 22 where we need to get more sales in order to be able to pay that kind of salary and we can't pay that kind of salary until we've got the sales. So what is holding us back is not that we don't want older people, it's that we can't afford it.'

(GH–Large-Business Services-E)

One Manufacturer felt that older workers sometimes have unrealistic expectations of their market value:

> *'You do get some people who feel; well I've done this for 20 years, therefore I should be worth an extra £10,000 a year and it doesn't follow. From my point of view the job I want them to fulfil, once they are capable of doing it, is irrelevant or irrespective of their age.'*
>
> (GB–Small-Manufacturer-SW)

However, one Construction employer was very conscious of the financial difficulties facing anyone who wanted to retrain to enter his sector:

> *'We've had people in their 30s and 40s who wish to retrain. For them life is much more difficult because the cost, the personal cost is significant. We are not going to be paying somebody who has enjoyed a salary of maybe of £25,000- £30,000 a year the same salary to train in construction craft skills. So that is an issue for them.'*
>
> (HB–Large-Construction-National)

4.5.3 Date of birth

Half of all employers in the quantitative survey included dates of birth on application forms, and while this is not directly illegal, it clearly increases the risk that selectors will discriminate on grounds of age. ACAS recommends, as good practice, that age details (which employers need to know in order to manage pensions, check statutory requirements and, where relevant, to apply retirement ages, as well as to monitor for discrimination) should be recorded separately, along with other such data like ethnicity.

Discrimination can happen at two levels: at the initial sift of applications, where an employer is looking for a simple way of reducing the volume of applications to be considered in detail; and in the final interview process, where a candidate's age is likely to be evident. The interviews suggested that practice on application forms was changing. A third of all respondents said that they had removed, or were in the process of removing, dates of birth from their application forms, although some recognised that using CVs ran the risk of candidates volunteering the information. Several interviewees described such changes:

> *'Actually I have just designed a new job application form and I've got a supplementary form and I have actually taken the date of birth off the main form and put it on the supplementary form. So when we show it initially we won't know how old they are...from what I have read, it is good practice to do that.'*
>
> (DA–Small-Health and Social Care-NW)

One firm also noted that:

> *'An increasing proportion of applicants opt not to give date of birth.'*
>
> (AM-Medium-Hospitality-YH)

A Hospitality employer running an establishment which was part of a larger chain reported that age monitoring had just been introduced:

The report that they've asked me to do is to work out the age range which I will be sending back to head office this week when I've done it...I think she is asking all units to give her a profile of the type of ages that are in each unit.. It could have [to do with the age legislation]*, yes.'*

(HP–Medium-Hospitality-YH)

Other firms had never asked for age information at application and the following quotation illustrates a widespread view of such issues in the Health and Social Care sector:

'Our application form doesn't ask for your date of birth and it is purely equal opportunities, everything. The way that the application form is set out and the wording they use, there is nothing in there that states how old you are. So it was never really an issue.....We don't do it anyway.'

(GL–Small-Health and Social Care-YH)

However, there was some confusion about the statutory requirements on age, which can be complex, as one Retailer commented:

'There's been a couple in the catering press that people have taken date of birth off job applications and they've been done by trading standards for two people serving alcohol who were 17 and not 18 and they said "well we are not allowed to ask for age anymore". Well we've said we ask for it under 18 because you are restricted and there are some positions that people can't do.

We've got alcohol licence for our restaurant; we sell kitchen knives in our hardware department, alcohol in gifts, as in food gifts. So we do the lottery, we do cigarettes,...we need to know whether people are under 18.'

(JT–Medium-Retail-EM)

4.5.4   Specific issues

There were a number of specific practices affecting small numbers of firms which are worth noting.

In Social Care, new requirements to involve service users in recruitment decisions injects a new dimension into the process, and care recipients' views on who they wish to have as a carer may raise discrimination issues (not only on grounds of age). One quoted the case of a client who insisted on having a carer with knitting skills (which are probably concentrated among older carers) and thought that the situation could arise where a client wished to be explicit about the age of a carer:

'We are now expected to involve service users in recruitment [Social Care] *and they sometimes have strong views on age or relevant skills* [knitting]*.'*

(FG–Large-Social Care-EM)

Graduate recruitment has traditionally been a specialised function in large firms, and it was a particular concern to several employers. Despite the fact that a large proportion of new graduates are now 'mature', employers clearly still saw 'graduate recruitment' as a fast track route to senior roles for bright young people and thus, an area where age discrimination might be an issue:

> *'I think we would probably still advertise on university websites. As I say, whether that amounts to age discrimination or not, I don't know.'*

> (AP–Small-Manufacturer-SE)

One large manufacturer had also begun to worry about whether their existing graduate scheme was best for the firm (and whether it was legal).

> *'The view again is, well that person is a high flier and they are going to move on to this, that and the other and they are on a graduate scheme. I do think, what about people of 45 or so, why couldn't they go on a graduate scheme. Why couldn't they be identified because they have a good 20 years or so to work?'*

> (CK–Large-Manufacturer-LON)

Ironically, by enlarging the pool of potential applicants, the requirement to avoid discrimination on grounds of age might have the effect of introducing different inappropriate forms of discrimination. One larger employer, for example, was thinking of restricting recruitment to a limited number of 'high status' universities to deal with this problem:

> Interviewer: *'How do you think the graduate programme might need to be changed as a result of the regulations?'*

> F: *'Well I think the simple answer is removing dates of birth and not deciding on the basis of that but because of that we also need to come up with some way of selecting people. So we are going to be looking more at the universities they went to, their experience of that university and also how long it is since they've been out of university in terms of the post-degree experience.'*

> (DT–Large-Construction-SE)

4.6   Retention

Most employers felt their general staff retention levels were improving or were consistent with sector norms, although these were not always necessarily good. However, in general, the concern was with retaining workers in early and middle career, and until prompted, only two firms mentioned retaining people approaching retirement age, although many were willing, in principle, to allow staying on. This suggests that the conceptual link between retaining skills and knowledge and retaining older workers has not been made.

This concern with younger workers was reflected in the retention strategies adopted, including creating more progression opportunities, and providing initial and continuing training was seen as an important part of this. Training was also used as a strategy to fill posts where organisations were experiencing skills shortages, although some organisations, especially in the voluntary sector, feared that training employees would lead to demands for increased pay. Other ways to keep employees included competitive salaries, reward schemes and non-financial benefits such as offering a wider range of work to keep employees interested or creating a positive working environment through team building exercises.

Organisational and cultural change were frequently cited as challenges for HR management. Ways of changing attitudes and ways of working included:

- partnering older and younger employees to change working attitudes;

- ensuring that staff use and keep up with new technologies and ways of working in their field;

- moving from a culture based on rewarding loyalty and length of service to rewarding performance;

- creating positive work environments through team building exercises and employee surveys (with action to address any issues arising).

Sometimes, firms had developed specific strategies to retain scarce skills and this was reported by a trade organisation in the Construction sector:

> '...we try not to make people redundant because the skills that our members need, they want to ensure they keep them as long as possible...continuity of work can be a difficulty from time to time. I have known instances in the past where employers have kept those people even though they haven't got any work for a short period of time and provided them with alternative work, just general stuff around the factory say, just to make sure that they keep them because they don't want them to go elsewhere.'

> (AK–Small-Construction-LON)

There were also clear examples of employers adapting working arrangements to retain successful and experienced employees in order to avoid the costs and risks of recruitment.

> 'We had one lady who had to reduce her hours because she was looking after her husband who was incapacitated. Well if we had insisted on her working her 35 hours we'd have lost her anyway. So we keep her on for 30 hours, so we have only lost five hours of her time and she is a happy bunny and we haven't lost her skills.'

> (CL–Small-Manufacturer-SW)

Similarly, a large Construction company had allowed a worker to scale down his duties and remain on a part-time basis:

'I've got a guy who retired last year who now works two days a week looking after the car fleet up in our office in the Midlands. Some days, simply because of the pressure of work, he actually works three days but essentially he is in the office on Mondays and Tuesdays and is able to cope with that particular activity...he has retained responsibility for that particular part of his previous job but he is now doing it on a part-time basis.'

(HB–Large-Construction-National)

The NHS has a specific mechanism, the 'bank' which provides a pool of casual workers who can be drawn on by individual employers. This makes it particularly easy for older workers to remain engaged with the labour market on a flexible basis, without a formal contractual commitment, although it is clearly an area where other kinds of discrimination may come into play:

'Often, people will take their retirement but want to stay on the bank. So they don't want to commit to set hours but they want to maintain contact and retain their skills. So that is fine and that is what they do as well...they become casual employees.'

(AE–Small-Health and Social Care-SE)

4.7 Summary of key findings: recruitment and retention

- **The primary driver of recruitment and retention** policies and practice was business need, rather than conforming to the law. Respondents were almost all keen to stress that 'finding the right person for the job' was the priority.

- **Recruitment criteria were overwhelmingly 'looking for the right person'**: this was generally perceived to be already difficult, without limiting choice through age discrimination.

- **The planning framework for recruitment varied greatly**: some large firms plan years ahead; others recruit on very short timescales; some small firms rarely recruit at all and are relatively unaware of current or long-term labour market conditions.

- **The extent of planning and formality of processes reflects the skill levels of posts, firms and sectors**. High skill roles recruit nationally or internationally, low and generic skill ones more locally. The latter are easier to enter for older workers.

- **Older workers are often in competition with migrant workers**: many employers see them as having similar strengths and as alternative ways of meeting skills needs when traditional labour supply is drying up.

- **Employers seek experience and adaptability**: 'experience' was often used as a measure of broad generic skills associated with maturity, often associated with the ability to get on with customers and clients and respond to the unpredictable.

- **Most employers preferred older workers**: most respondents claimed to prefer older workers to younger ones, although when questioned about future skills strategies, most instinctively talked about young people.

- **Recruitment practices were changing**: notably by removing dates of birth from forms and formalising competence specifications.

- **Social capital plays a major role in recruitment**: finding and maintaining employment in later life was often a matter of word-of-mouth. This was seen as a more reliable way of finding people who would fit in easily. It clearly discriminates against those without good social contacts.

- **There was little direct linking of pay to age** and some examples of such links being abolished. Some employers thought that some older workers had unrealistic expectations when moving jobs.

- **Older workers can represent good value for money**: older workers seeking to downscale or reduce stress can sometimes be willing to bring high level skills to relatively low paid jobs. This had been very successful for some employers and very unsuccessful for others.

- **Improving retention is generally seen as the most important kind of good age management practice**: the most frequently cited examples of good age management practice were improving retention of existing staff, and many had examples of modifications aimed at achieving this. Good practice in recruitment was less often noted.

5 Flexibility and work design

This chapter examines management practices in relation to flexible working and the design of jobs. It examines how far employers are willing to allow flexible working; why they do or do not do so; and how they manage these arrangements. It also considers alternative working arrangements, including contingent, consultancy and freelance work, all of which are common patterns for some older workers.

5.1 Background

Flexible working is frequently identified as a means of making working longer more attractive to older people. The interviews asked specifically about:

- what employers' policies and practices are on flexible working;

- how feasible it is to allow older workers to work flexibly;

- how requests to work flexibly are managed;

- whether there are organisational costs and benefits associated with allowing people to work flexibly.

Most research (McNair 2006) suggests that older workers like work and could be persuaded to delay retirement. However, many wish to do this by bridging from full-time employment to retirement with a period of downshifting, reduced hours or flexibility in work routine. Easing into retirement like this can enable the employee to manage the transition out of work while giving the employer the use of the workers' knowledge, networks, skills and experience for a few extra years. However, Owen and Flynn (2004) found that most people who want to extend working life in this way are reluctant to raise this with their employer for fear of drawing attention to their age and exposing themselves to age discrimination.

As a result, many older workers who would like to work flexibly, and would consider delaying retirement if they could do so, leave work altogether, and the 'cliff-edge' approach to retirement (in which a worker moves directly from full-

time work to full-time retirement) remains the norm. This may reflect employer hostility to the idea of redesigning work to enable people to work longer but it may equally be that the employer has never seriously considered it. If an older employee has spent a long time doing the same work with the same hours, it can be hard for the employer to imagine them in a different role or to suppose that they might want to try something new.

One effect of the Government decision to create a right in the Age Regulations for employees to request to stay after normal retirement age, is to compel employers to consider options which might have otherwise gone undiscussed.

The quantitative survey found a relatively high level of willingness to offer flexible working among employers. The reasons for accepting such requests were most commonly:

• childcare responsibilities (82 per cent of establishments);

• preparation for retirement (78 per cent);

• eldercare responsibilities (74 per cent).

But half of all employers said that they would consider a request without any specific reason being offered.

5.2   Willingness to allow employees to work flexibly

Most respondents were willing to consider flexible working and some were very positive about it. There were broadly four approaches.

5.2.1   Firms with flexible working policies

Some respondents, especially large retailers, had written policies which extend the right to request flexible working to all employees.

> *'It is part of our constitution and part of our procedures that we do and all requests are considered. It is something that we talk to all new people about.'*

> (HR-Large-Retail-EM)

Most public sector organisations had policies, often created in response to the childcare regulations but extended to all staff more recently. A university and a public transport firm, for example, were both in the process of rolling out flexible work policies for all staff, as a response to the pending extension of the law to people with eldercare responsibilities.

> *'There are those who have children who can request flexible working. We've recently introduced flexible working for everybody and we've been rolling that out so by the end of the year all areas in the university have flexible working.'*

> (DB-Large-Education-EM)

Some employers said that requests for flexible working are normally granted.

> *'It would be a real difficulty in us saying "no we can't meet it"* [a request to work flexibly]. *It would have to be an extreme case. We have never ever not met it. I don't think we've ever turned anybody down.'*

(FG-Large-Social Care-EM)

However, having a policy is not the same thing as changing practice and some organisations had policies which they did not actively promote, either because it was not a priority or because the policy had been adopted under duress. One respondent, the manager of a charity, said that her organisation has a policy on flexible working because this is required by the National Lottery which funds their work but they had not actively promoted the idea. A manager in Manufacturing said that the firm has a policy on flexible working but only to clarify the process necessary to make a request, should one arise, and it was clear that he did not expect it to happen.

> *'There isn't any stronger thing than that. We just have that process. It is in our policies. People are aware they can do it. We don't have a profile of labour that facilitates that much part-time or job-sharing work. So the answer to your question is "not a lot".'*

(KA-Large-Manufacturing-SE)

5.2.2 Firms willing to consider introducing a policy

Conversely, some respondents (mainly smaller firms) spoke positively about flexible working but did not have formal policies allowing or Encouraging employees to ask for it. Such firms sometimes felt that the general employment relations climate in the firm meant that older workers knew that they could ask for flexible working if they wanted it and would get a sympathetic reception.

> *'It isn't even part of the staff handbook I don't think. It is part of the understanding down there that they can work flexible hours.'*

(DS-Small-Other Community-YH)

> *'They know the culture of the practice and if they want to do something different, they would come and discuss it with me.'*

(CM-Small-Health and Social Care-NW)

Usually, managers in these cases said that people were aware that they could request flexible working because other employees were already employed on a part-time or flexible basis.

> *'It is not an issue. We could accommodate most of the staff working flexible hours if they wanted to.'*

(GB-Small-Manufacturing-SW)

'Flexible working has always been a feature here. We have nurses that only work seven and a half hours a week.'

(CM-Small-Health and Social Care-NW)

5.2.3   Firms which consider flexible working on a case-by-case basis

Some employers said that they would consider individual requests to work flexibly, but did not consider it feasible to extend the offer to all employees.

'It would be unusual, in all fairness, so we would have to treat it on an individual basis.'

(DT-Large-Construction-SE)

'I can't think of any [benefits of flexible working]*. It really depends on the individual.'*

(BG-Large-Retail-LON)

5.2.4   Firms opposed, in principle, to flexible working

A small number of employers were unwilling to consider flexible work at all, usually because they felt that it was unrealistic for the kinds of jobs they had or because in a small firm it would cause impossible problems of covering roles or work. Sometimes these respondents seemed to assume that employees would be unreasonable and that the employer would be obliged to accept a request once made. Interestingly, in all four sectors where there were employers who would not consider flexibility in principle (Construction, Retail, Health and Social Care and Manufacturing), there were other employers who welcomed it.

'Even on a project, I feel it would be considered but it would be very unusual and very unlikely because the name of the game is long hours and lots of pressure.'

(CA-Large-Construction-LON)

'I think, because of the size of the organisation and the nature of the work, I don't think flexi-time is appropriate.'

(DA-Small-Health and Social Care-NW)

5.3   Reasons to offer flexible working

In practice there is a considerable amount of flexible working but it appears to be concentrated in some sectors and among larger firms. In Retail and Hospitality it is so ingrained in the sector culture that it cannot really be described as a special practice and these sectors have evolved management practices which make it easy. This may well explain the high concentration of older and very young workers in these sectors. In some sectors, flexibility is adopted as a convenience or indeed

an economy measure, to manage peaks and troughs in the working day, week or year.

The following reasons were offered for adopting flexible practices.

5.3.1 Flexibility for the business

The most frequently cited reason to allow flexible working was to manage fluctuating work levels:

> *'For an industry like this where we don't know how many rooms we are going to have sold on a night-to-night basis. One night it could be 50 per cent and one night it could be 100 per cent and that is the difference between having 70 and 300 people in-house.'*
>
> (AM-Medium-Hospitality-YH)

Similarly, some respondents were using flexible work to cover for staff holidays and sick leave.

> *'The benefit of having more people working flexibly is that you have got more staff at hand and that can perhaps cover when people are off. They know the job and you are not reliant on waiting for one person.'*
>
> (FE-Large-Public Administration-WM)

> *'Their contracts say they are willing to be flexible as an essential part of the job here, and it could be difficult...if they are not in that zone and then somebody is off ill.'*
>
> (LG-Small-Health and Social Care-SE)

5.3.2 Improving recruitment and retention

For some employers, offering flexible working was part of a strategy for making jobs more attractive to potential recruits and current staff. A small Transport firm put it bluntly:

> *'They work for us rather than not working for us.'*
>
> (PW-Small-Transport-SE)

A Hospitality employer agreed:

> *'The more flexible you are, the easier it is to recruit people...There is usually a job we can find for them within the hotel which is open 24 hours a day, seven days a week.'*
>
> (SF-Medium-Hospitality-EM)

Some organisations, particularly in Retail, Health and Social Care and the Voluntary sector have long-standing arrangements for allowing people to work flexibly and in those, job applicants expect flexible working as a matter of course:

'We do a lot of flexible working. We've got a lot of people who have families, including myself, and we do tend to work around the needs of people.'

(JG-Large-Health and Social Care-YH)

'Given the nature of our work...we have quite a lot of people applying to us who are making career changes, who want a part-time job rather than a full-time job and we can offer them that...80 per cent of our workforce is part-time, so it suits us.'

(BG-Large-Retail-LON)

The use of flexibility to make work attractive was especially cited as a way of retaining experienced employees whose personal commitments were changing:

'The main advantage if you can be slightly flexible is you can keep staff rather than them going elsewhere.'

(DW-Medium-Hospitality-NW)

'You couldn't suddenly turn around to him and say, "well no, you've got to carry on doing it all" because chances are you will upset him and then he'll leave completely.'

(DW-Medium-Hospitality-NW)

Sometimes employers were using flexibility as a targeted strategy to deal with very specific issues or to retain key employees who are essential to the organisation.

'Some people they just don't want to lose them and will do everything possible to retain their services.'

(AK-Small-Construction-LON)

One employer, with no experience of flexible working, could (somewhat grudgingly) imagine accepting a request if the issue came down to retention of a key worker.

'I suppose the only benefit would be the fact that if you had a very very experienced person who was very knowledgeable...by allowing them to be flexible, you are not losing that knowledge.'

(RB-Small-Business Services-YH)

5.3.3 Improving performance

Many respondents believed that allowing flexible working had a positive impact on employees, leading in turn to increased productivity. They suggested that flexible work arrangements meant that employees could leave family commitments at home and be more committed to the job when they were at work.

'It helps with the balance of the home and work thing more productively, so if they are focused at work when they are here, they are not distracted by outside commitments.'

(PT-Small-Other Community-EM)

'It helps them to manage their lives better and if they are happy in managing their lives, they are happier working, so it all helps to create a happy team because people are more positive and committed.'

(PK-Small-Business-EM)

Others felt that flexibility improved commitment and productivity:

'I also think it helps in terms of commitment and motivation. People feel valued as individuals and they feel important to the organisation rather than as a square peg fitted into a round hole.'

(KD-Medium-Transport-NW)

'The benefits are, presumably, a happier workforce because they are there because they want to be and not feeling that you are dragging them in against their will.'

(BF-Small-Health and Social Care-NW)

5.3.4 Improving work-life balance

Some respondents said that they have extended flexible working to all employees as a way of promoting healthy living. Flexibility was particularly seen as a way to help employees manage stress.

'It fits in with the whole well-being of life and work-life balance.'

(DB-Large-Education-EM)

'We've had problems with sickness absence. I think it can reduce it. It gives a better work life balance.'

(GJ-Large-Transport-WM)

'It relieves stress and pressure on people if they've got some flexibility.'

(MM-Medium-Health and Social Care-WM)

One large manufacturer commented on the need to maintain flexibility in response to location and commuting problems, despite a long hours culture.

'They are very into flexible working, particularly when you have to travel into London and you've got to negotiate the M25. Why would you need to get in at nine o'clock and leave at five. It would be madness because you just sit in traffic.'

(CK-Large-Manufacturing-LON)

5.3.5 Changing social attitudes

For most employers the legislative changes were a spur to change, though not the only (or even the main) prompt to action. Most felt that their own growing use of flexible working was following a general trend, in response to factors like skills shortages, the rise in the number of working parents, and changing attitudes of workers. They saw the real issue not as whether flexibility would expand, but how soon. Some felt that the issue was more one for the next generation than for those currently in their 50s, whose expectations were more traditional, but others felt that change was already upon them. One manager, for example, talked about generational changes in the psychological contract between workers and their employers, with younger employees expecting other rewards, in return for reduced job and income security (with the decline in lifelong careers/jobs and of final salary pensions).

> *'The phenomenon that we are seeing, the bigger impact on all of this, is that career cycles are shortening for everybody. So people are not...having the same psychological contract with the employer and they don't have the same expectation that their previous generations had...The generation who are coming through, they are used to being more flexible about the type of working arrangements they will entertain. Whether they are part-time, full-time, etc.... They* [employers] *will have to reflect it, because they are running against the marketplace if they don't.'*

(LS-Large-Business Services-SE)

5.3.6 Rising awareness of the possibility of flexibility

Some respondents thought that older workers have always wanted to work flexibly but in the past had not felt that the opportunity was available, assuming that it was only available to young people or parents with young children. Some expected that the Age Regulations and the extension of the right to request for carers, would increase demand for flexible working, as older people realise that they can request it.

> *'So whereas the legislation is coming in and employers have to take that into consideration, the employee also has to decide what they are going to do...As of today, people who are going to reach that sort of age may think actually maybe I would like to work part-time.'*

(GB-Small-Manufacturing-SW)

5.4 Resistance to flexible working

A minority of employers, mainly in sectors with a strong tradition of 'full-time' employment and where project based work is the norm, were more resistant to the idea. Here, flexible working is seen as a disruption to normal patterns, requiring special management and creating tensions between managers and employees and between employees within the same team. In some cases it was clear that the problem is simply unfamiliarity, and a lack of models of how to do it. In other cases

it was clear that managers were reluctant to take on arrangements which would make the job of management more complex and less predictable. There was a strand of concern in many responses about having to actively manage workloads, with a reluctance to invite requests for something which would have, in some cases, to be refused or where accepting one employee's request would cause ill feeling among other employees.

This suggests that whole organisation, or indeed sector, approaches to flexible working are needed, with the promotion of clear successful models, in sectors where it is uncommon.

> *'In the days when everyone came in at nine and left at five, you always knew who was here and when. That made, in a sense, life simpler.'*
>
> (NP-Small-Business-EM)

5.4.1 Lack of cover

A major issue for some employers was that flexible working might suit the employee but not necessarily the employer and that unpopular working hours might be left unfilled.

> *'Flexibility tends to go more for the employee than for me.'*
>
> (HR-Large-Retail-EM)

> *'If you had all the office staff on flexi-time and if everybody starts coming in at 10 o'clock one day, it would create a big problem.'*
>
> (BL-Medium-Construction-YH)

Another felt that accepting requests from older people might lead to ill feeling among workmates:

> *'If you've got somebody saying "well, I'm a bit older, so can I just do certain hours" when that doesn't fit normal patterns of business.'*
>
> (DW-Medium-Hospitality-NW)

Several respondents were clearly anxious about creating a situation where they would have to say no to requests. In several interviews, respondents seemed to feel that creating a right to request was tantamount to accepting all requests, however unreasonable or bad for the firm:

> *'We can't do that because of the opening times and because of the nature of the jobs that we have got here which tend to be front line. Even the girls in the back who did the medical secretary typing, the doctors want them here doing the letters when they are here when they want to dictate them.'*
>
> (EB-Small-Health and Social Care-E)

'If someone walks in and says they want to work two to five, that wouldn't work because our busiest hours are ten to two.'

(JT-Large-Retail-EM)

5.4.2 Nature of the work

Respondents sometimes suggested that flexible working is inappropriate for particular roles. Examples included some production roles in Manufacturing, senior positions in Education and coverage issues in some firms.

'It would be quite hard to flex the hours on the production floor.'

(CL-Small-Manufacturing-SW)

Ironically, one respondent thought that flexibility would be easier for receptionists, precisely the group who other employers had said would be most difficult.

'It takes more time and effort to think about how you can be flexible with, say, a director of finance rather than a receptionist.'

(DR-Large-Education-SW)

5.4.3 Relationships between staff

Several employers noted the need for coordination between members of teams and workgroups, arguing that allowing some employees to work flexibly meant inconvenience for others, who may feel resentful if others are permitted to choose their working hours.

'They work in gangs. If somebody wanted to work flexibly, and the others didn't, it just wouldn't work.'

(PY-Small-Construction-E)

'If somebody is always working weeks and not weekends, that's when it can give you a bad feeling.'

(DW-Medium-Hospitality-NW)

One HR manager described a difficult experience of trying to manage disputes over job rotas for part-time staff.

'We had people who were requesting the same things and other people moaning because "she's always requesting every Saturday off". That sort of thing. So I said, "I tell you what might be best is if you rotate between you and actually do that duty roster amongst yourselves." We did that...and they said, "I don't want to do the roster anymore." I said, "Why?" "Because all the gaps I tended to put myself in."...They actually saw the other side of it and the difficulties in planning a rota.'

(FG-Large-Social Care-EM)

5.4.4 Continuity of work

Continuity of work was considered to be at risk if an employer has a large number of employees working flexibly. Handover of work between part-time staff was sometimes thought to be patchy.

> *'If you are sharing a post...sometimes you know the information but your partner doesn't. Then, it can be quite confusing.'*
>
> (FE-Large-Public Administration-WM)

> *'They lose some regular contact and communications if they are not in the office and might miss some of that interaction.'*
>
> (KD-Large-Transport-NW)

5.4.5 Management load

While respondents usually saw flexible working as a benefit to organisations which are managing in a 24-hour service working culture, some also said that flexible working can require more management resources to handle a larger and more complex workforce.

> *'We can manage two or three part-timers but if everybody wanted to go part-time, it would be impossible to manage.'*
>
> (NN-Medium-Construction-National)

> *'The complexities of the payroll and management really, and then you've got to manage all your staff and there can be additional costs like, for example, uniforms.'*
>
> (GJ-Large-Transport-WM)

> *'It's more work for us if we've got a 24/7 rota to deal with. It's more work.'*
>
> (MM-Medium-Health and Social Care-WM)

Ironically, in the Transport sector, where some employers had seen flexibility very positively, one resisted on grounds of the burden of managing rotas:

> *'It's more administration and overseeing and supervision and so forth.'*
>
> (PW-Small-Transport-SE)

5.4.6 Customer care

Some employers said that flexible working can affect customer service, particularly if customers are being dealt with by a number of different people:

> *'I don't think you could do that in our business. The reason is because we are ongoing, seeing patients all the time. The patients after all have priority.'*
>
> (LF-Small-Retail-SE)

'We can't have job sharing if [it means that] *they can't get hold of the right people at the right times.'*

(TM-Small-Manufacturing-SW)

5.4.7 Long working hours

In some firms, particularly in Construction and Business Services, respondents said that flexible working does not suit the long working hours culture of their sector. One Construction employer, asked how much scope employees have to change their working hours, responded:

'You mean from long to longer?'

(HB-Large-Construction-National)

Construction work is typically organised around complex projects to be completed against strict deadlines. One manager noted that Construction firms tend to employ contractors because they work long hours.

'If you are working in a project with a tight time frame to deliver, people are usually working more than their contracted hours. That is one of the beauties of contractors. Most contractors want to work as many hours as they can bill.'

(CA -Large-Construction-LON)

Another noted,

'It is quite difficult out in the field on a project because the whole thing just runs certainly six days a week and possibly seven.'

(NN-Large-Construction-SE)

In Business Services, on the other hand, the problem was described more as one of workplace culture. People expect to work long hours (and also to retire early) and flexible working goes against the grain of the industry.

'We are a long hours culture...There is a culture in our company, which is not untypical of telecoms and IT, of flexibility but not in the way that you mean but in the way of giving people extra hours to keep the customers and the business running.'

(KA-Large-Manufacturing-SE)

However, this firm did offer annualised hours, which employees tend to use in order to work fewer, but longer, days in the year.

Another Business Services employer noted,

'I suppose people do tend to stay and work longer hours than they are contracted to work. It tends to be more a personal thing rather than the company saying it should.'

(KB-Medium-Business Services-SE)

Long hours was not a problem exclusive to these two sectors. An HR manager in Social Care commented on her problem with ensuring that employees do not work more than the Working Time Directive allows.

> *'We have to try to stop them working more than they should because of the Working Time Directive. That is always a problem in care because you get staff covering and sometimes their timesheets will go over so we have to monitor them carefully.'*
>
> (FG-Large-Social Care-EM)

5.5   Managing flexible workers

Since allowing one worker to work flexibly will have an impact of the working patterns of others, interviewees were asked how they cover working hours when individuals are allowed to work flexibly.

5.5.1   Using existing employees

Most employers who allow flexible working said that they usually make up the hours by increasing the workloads of other employees. In some, but not all, cases, employees are paid overtime for working these extra hours.

> *'I can't remember if we took anybody else on or if we just made them work harder.'*
>
> (AP-Small-Manufacturing-SE)

> *'We chop and change. If people want to reduce their hours, we would normally talk to them and see if anyone wants to increase theirs.'*
>
> (CM-Small-Health and Social Care-NW)

> *'We have to wait for either a gap or for somebody else to take the extra hours. Eventually, it comes right.'*
>
> (FE-Large-Public Administration-WM)

5.5.2   Recruiting new employees

In those sectors where flexible working is the norm (Retail, Health and Social Care), and in some large firms, additional recruitment was a common solution. On the other hand, where part-time working was rarer, additional recruitment was seen as a problem.

> *'We can accommodate that particularly on the nurse's side because you can just hire another nurse to do the hours that you're losing.'*
>
> (AE-Small-Health and Social Care-SE)

'I suppose cover comes through people doing extra shifts or through agency staff or relief workers and looking at job sharing as well.'

(ED-Small-Health and Social Care-SE)

5.5.3   Job sharing

Most employers thought that job sharing would be feasible, in principle, as a way of managing flexible workers and some thought it a good idea but few actually had such arrangements, perhaps because it involves complex negotiation between colleagues.

'From our point of view, job sharing, as long as it is a seamless transition, as long as it doesn't create extra work because they are job sharing, we see no problem with it.'

(RB-Small-Business-EM)

Sometimes job sharing was seen as a positive improvement:

'You've got two people bringing different ideas and different inputs to the job so I think there is a lot to be gained from it, definitely.'

(PT-Small-Other Community-EM)

Many employers were evolving informal job sharing, but without any specific policy.

'It doesn't mean they can't cut down. It means I have to arrange cover for the other days. So I have one partner, for instance, who now has one secretary for two days and another for three. It's almost a job share.'

(RB-Small-Business-EM)

One firm had an unusual example of an intergenerational job share.

'A guy downstairs who is an athlete and runs for England asked if he could work part-time because he wanted to train...At one time, his father, who was past retirement age, job shared.'

(AP-Small-Manufacturing-SE)

5.5.4   Homeworking

While most respondents thought that part-time working and job sharing were feasible, at least in principle, few thought that homeworking was feasible in their particular circumstances and few examples were cited. One Manufacturing firm employed one member of staff to sort and pack products at home, but very much as an individual arrangement.

'We take the stuff out to her. Our supervisor takes the stuff home for her and brings it back in the morning so that's not a problem...If they are working at home, they will work on a piece rate basis.'

(AP-Small-Manufacturing-SE)

Apart from this, home working was only evident in very particular roles. These included an element of home working for academic staff in one university.

> *'Academic staff have a lot of flexibility to work from home...But if a lecturer is working from home today, and said sorry I didn't bother turning in, that is just not on. Students expect things to be delivered.'*

> (DY-Large-Education-EM)

A similar arrangement existed for some IT workers in one Business Services firm:

> *'Yes, we do have people working from home. That is something we'll look at...Providing they have got the proper links and things and we normally make sure people have.'*

> (KB-Medium-Business Services-SE)

A small Health and Social Care employer allowed some accounting functions to be done from home:

> *'The only possible flexibility we have got, I suppose is with the accountant. She will do some hours at home to fit in with her family and she is allowed to do that because she is a valued member of staff.'*

> (EB-Small-Health and Social Care-E)

5.6   A 'contingent' workforce

In most sectors there are some jobs which lend themselves to operating on a contingent basis, giving employers flexibility in how workers are retained; the hours they work and their pay and conditions. As with most contingent work, the attraction to employers lies in the flexibility to respond to uneven workflow, though at the risk that people will not be there when needed. For older employees, the attraction is flexibility to work as and when they choose, provided that there is sufficient work when they want it and that pay and conditions are acceptable. Examples of contingent roles included:

5.6.1   Locum and 'bank' work

Locum and 'bank' work is commonly offered to nurses and care workers to cover staff absences through holidays, illness or departure of permanent staff.

> *'What I do with any of my girls who retire who have got skills, they've got the knowledge, they are good. I offer them the opportunity to sign up as a locum providing cover for holidays, sickness and anything like that.'*

> (EB-Small-Health and Social Care-E)

One respondent in Health Care distinguished locum work from extending working life.

'If they ask to stay beyond retirement in their current post and we feel the practice need is there. We need those hours and we are happy for that person to stay, they've got the skills and knowledge, we are not planning any major, radical shake up of that area or something like that we are quite happy to say "yes". We do it year on year obviously so that we don't lock ourselves into something which if we need to unscramble it and change then there would be problems.

I put people on the locum thing once they actually are retiring. Once they have said they are retiring and I then go, "now that you are retiring would you like to become one of the locums, one of the pool workers and actually sign a locum contract".'

(EB-Small-Health and Social Care-E)

Locum work, it was argued, allows workers who have retired to return to work occasionally without committing to a permanent work pattern and they receive higher rates of pay in return for the reduced job security. While locum work is offered to workers of all ages, it was considered particularly appropriate for post-retirement work. Retired workers were thought to require less training, because of their previous experience, although one Health and Social Care respondent stressed the importance of keeping such workers in touch:

'We keep them [locum workers] *on the system still so that they can receive emails. So anything that has happened, anything new that comes on board in terms of changing work and things like that. Rather than they come in and they struggle and they can't find things and everything has changed which is what it used to be. It is not perfect yet I have got to admit.'*

(EB-Small-Health and Social Care-E)

5.6.2 Consultancy, freelance work and self-employment

Employers in Construction, Business, and Manufacturing said that older workers can often be asked to return to work on a consultancy or freelance basis. However, this was normally offered to employees who retired early rather than post-65 workers. Consultancy work was generally well paid for older employees and several respondents stressed that this sort of work was much in demand.

'Particularly with redundancy and some of them take early retirement and they come back as consultants, oh, yeah lots. They take their package which is nice and then come back and they can work when they want to, far more flexibly of course. They don't have to work as many hours if they don't want to or for so long and they are earning much more and they haven't got all the pressure as well as being an employee to do with politics.'

(CK-Large-Manufacturing-LON)

> *'If they want early retirement or retirement comes and they want to continue working then we will look at them working for us on a freelance consultancy basis with the same opportunities as other members of staff. Nothing changes really.'*
>
> (BH-Medium-Education-EM)

Unlike locum or nil-hour contracts, consultants work on a self-employed basis, which changes the relationship between the employer and employee, and enables the individual to work for a variety of employers:

> *'Often a lot of the consultants are* [working for X] *but they may well be working as consultants for other companies.'*
>
> (CK-Large-Manufacturing-LON)

In one firm, older workers have two routes to return to work after retirement: either through self-employment or through a third party agency. Agents were used by the organisation to help retain (or more precisely, re-employ) skilled employees and act as an intermediary to promote the worker.

> *'That is just a device to get paid. To be a contractor you can either be self-employed or you can go through one of the companies that exist as third party suppliers and you simply register on their books and they sell you to the company as an intermediary and the tax implications of that are different and there are some advantages for the individual as well.'*
>
> (KA-Large-Manufacturing-SE)

Older workers who had good networks within the company could choose not to use an agency and simply contract with the firm on a self-employed basis. However, it was noted that the company is implementing strict contracting rules which are restricting managers' abilities to work with contractors, including former employees who are formally self-employed.

> *'In the last two years we have gone savagely down the preferred supplier list to reduce the costs of third party contractors and suppliers, put the squeeze on them. So we have tightened that all up, so even if you are a self-employed person you would have to be on our preferred supplier list to do work for us. So the implication of that would be that if anyone made a request to work past 65 now, there is a much more formal process for it and they could not do it on an informal basis. So we have shut the door on informal arrangements basically.'*
>
> (KA-Large-Manufacturing-SE)

In consultancy work, as in other forms of contingent work, there was a clear trade-off between pay and job security. Employers thought that the balance favoured older workers, since the rate of pay is much higher than permanent employment. However, the example above shows how unexpected events, such as changes to procurement rules, could impact on the job security of the individual worker.

One manager expected that the Age Regulations would lead to his firm stopping employing people after retirement on a consultancy basis and instead, to extend their contracts of employment. In these circumstances he thought that they would normally be retained to complete projects but probably no further. This would lead to what was thought to be a more complicated working relationship than consultancy roles and he was unclear about the legal implications of this.

> *'I am just thinking, what would the law be saying about how you treat people post 65 in terms of employment benefits and things of that sort. Whereas when people work with an agency or contractor the relationship is a little bit more distant. We tend to give higher rates in terms of that relationship and less complications.'*

> (CA -Large-Construction-LON)

One remarkable example of 'self-employment' was cited by an employer in the Other Community sector. Here, it was clear that some employees were strongly attached to the firm and wished to maintain the association, even without pay.

> *'What usually happens is a lot of our people, for example, I have cooks who have worked till they are 70 and then they retired and then they are working as volunteers in the kitchen, which is a ludicrous thing to happen.'*

> (NO-Small-Health and Social Care-SE)

Clearly, for some older workers the benefits of remaining in work, including the maintenance of social networks or the sense of serving a cause, remain powerful motivators even when there is no pay.

5.7   Summary of key findings: flexibility and work design

- **Flexible working is widespread**: but concentrated in some sectors where it is the norm (Retail, Hospitality, Health and Social Care) and where management practices have evolved to support it. These sectors in general are more likely to employ older workers but often in relatively low-skilled roles.

- **Most firms are willing to consider flexible working**: some had formal policies (especially in the public sector); some would consider individual cases; a few would reject all requests.

- **Fear of unreasonable requests**: some respondents were afraid that employees would make unreasonable requests which would be difficult to refuse, creating tensions and workload for managers.

- **Policies are sometimes not publicised**: some firms which had policies (sometimes under duress from customers, funders or partners), do not publicise or implement them in practice.

- **Flexible working was seen as helping firms**: to manage peaks and troughs, to provide absence/leave cover, to make jobs attractive in a competitive market, to improve staff work-life balance and to meet expectations of a new generation of older workers (with different expectations from their parents).

- **Problems with flexibility**: included ensuring cover for the right hours (especially for senior staff); managing teamwork and production lines; tensions among staff (over who is allowed flexibility); continuity of relationships with customers/clients; organisational load on managers; and a long hours culture.

- **Practices for managing a flexible workforce**: varied widely and included internal redistribution of work; increasing pressure on other workers; and additional recruitment. Job sharing and homeworking were rarer.

- **'External employment'**: a range of flexible working practices existed using people not on the formal payroll, through consultancy, freelance, self-employment and casual work. These were widespread, and employers generally felt that they benefitted the individuals.

6   Workforce development

This chapter examines how employers are managing the development of their workers: how they use appraisal and review processes (and whether these are different for workers of different ages); how they approach the training of older workers; and how far they offer special roles to older workers.

6.1   Background

As people work longer and the speed of technological and organisational change accelerates, training and development in later life will gain greater importance. Older workers will want not only to stay economically active but also productive and contributing workers in fulfilling jobs.

However, training and career development are often seen as only relevant to younger people and it is well established that older workers are less likely to engage in formal training than their younger peers (although the reasons for the decline in participation are not well understood, and it has sometimes been suggested that older workers are more likely to engage in informal learning). Although it may be that employers assume that, since older workers are less likely to change jobs and are settled into and experienced in their role, they are less in need of workplace training, the reasons for the decline in training with age have not been clearly established.

The quantitative study had found little evidence of overt discrimination in access to training. Seventy-seven per cent of establishments supported off the job training and only one per cent of these claimed to use age as a factor in deciding who to train (rising to five per cent in the Transport sector). This suggests that discrimination here is mainly indirect, relating to the absence of proper mechanisms for assessing and managing performance.

The quantitative survey found that decisions on who to train were based primarily on six factors:

- to rectify performance problems (42 per cent of establishments);

- to prepare for promotion (38 per cent);

- because an individual had not received training recently (34 per cent);

- expected ability to learn new tasks (27 per cent);

- training provided automatically to all staff in the largest occupational group (23 per cent);

- because of individual good performance (19 per cent).

The last three leave an employer open to a charge of discrimination under the Regulations unless there are clear mechanisms for appraising staff and assessing training needs, since they all run the risk that prejudice on the part of line managers and others will affect decisions.

The quantitative study found that Retail and Hospitality were the least likely sectors to provide training to individuals, while most Health and Social Care and Education employers offered some learning opportunities. Health and Social Care and Construction were the sectors where training was most likely to be offered to all employees.

Appraisal systems can play an important part in identifying and addressing development needs but it has been suggested that employers tend to ignore performance problems (and consequently development needs) in later working life on the assumption that problems will eventually resolve themselves through retirement.

The quantitative study found that two-thirds of firms had some form of performance review or appraisal system, covering all staff. Formal systems for documenting performance might become more important if retirement age were to be abolished altogether in the future since they would provide some safeguard against unfair discrimination and a tool for employers in making future decisions on individual retirement and appeals. Appraisal and performance management systems were most common in large organisations and in the public sector, while only half of small firms and around half of Construction and Hospitality firms, had systems. Systems for assessing candidates for promotion were less common and most likely in Health and Social Care.

Nearly all appraisals assessed performance, competence or capability (97 per cent of establishments with appraisal) and training and development needs (99 per cent), whilst 74 per cent assessed suitability for transfer and 50 per cent assessed for pay increases.

6.2   Appraisal systems

Appraisal systems existed in most of the organisations in the qualitative study, although their importance varied greatly. Some managers used them to frame strategies for training and developing employees and for some the process was very extensive, with one manager describing the process as *'like writing War and Peace'*. Others, however, give it low priority, and see it as taking up time which

could be devoted to other activities. Formal systems were least common amongst the smallest firms, where managers usually claimed to know their employees well enough without formal systems.

> *'I know them all. I know what they do.'*

> (PY-Small-Construction-E)

Some human resources (HR) managers saw a need for a formal system for managing performance, and one or two were introducing them.

> *'We are very much in our infancy when it comes to things like appraisals. It is an issue that has arisen with this NVQ that we are doing.'*

> (AP-Small-Manufacturing-SE)

> *'Appraisals are desperately needed.'*

> (DS-Small-Other Community-YH)

However, in some organisations, appraisal was rare, and seen sometimes as going against the grain of the culture, even in one public sector institution.

> *'*[Appraisals are done] *with great difficulty. Performance management is not a normally accepted phrase in this type of environment.'*

> (DY-Large-Education-EM)

One respondent said that her organisation had previously only appraised managers but is now extending the process to all employees.

> *'We are doing training today on that because we've reviewed the processes and we didn't have a formal appraisal scheme for negotiated employees, those on negotiated terms and conditions. So that would* [include] *security guards, information desk assistants, admin. assistants and whatever. Only the managers had a formal appraisal scheme.'*

> (GJ-Large-Transport-WM)

Most firms carried out appraisals annually, sometimes supported by more frequent, less formal, sessions.

> *'Issues about their performance, their attendance, how they are meeting their objectives on a weekly/monthly basis are discussed at that point. Then once a year we have what we call a joint review...our philosophy is that once a year you should have an opportunity to have a really good discussion with your line manager.'*

> (MM-Medium-Health and Social Care-WM)

Ongoing discussions about performance were used in Health and Social Care where employees needed close support from their managers in order to deal with stressful, and sometimes distressing, situations. An HR manager of a hospice, for example, noted that she maintains monthly contact with all of her care workers in order to help them manage the distress of witnessing patients in the last stages of life.

The degree of formality of the appraisal process varied considerably, perhaps reflecting the level of staff involved and the formality of target setting. In one Hospitality firm, the HR department had established a formal appraisal system in order to ensure that managers carry them out but line managers were keen to maintain a degree of informality, which was thought to encourage employees to openly discuss their work aspirations.

> *'We have a system called 'coffee chat' for our full-time workers up to supervisory level, so everybody every other month will be sat down. A bit like this* [the interview]*, or go and have a beer. How are you doing and things like that and that is all recorded and kept on their staff file.'*

> (HP-Medium-Hospitality-YH)

While managers discussed a range of issues in appraisals, training needs featured in most.

> *'We do a basic skills analysis with staff and we do personal development training supporting supervision sessions where we will sit with that member of staff and have a look to see what their skills are, where they feel they need to improve on their skills or their strengths.'*

> (FG-Large-Social Care-EM)

In some cases, appraisal was directly linked to pay. This was particularly the case in the Business Services Sector.

> *'That is something else that we are quite focused on, performance management...our pay policy is based on performance, so from when we take a new starter on we have a three-month review and we then have annual reviews.'*

> (HR-Large-Retail-EM)

In one case, the annual review process was managed through skills assessors rather than line managers:

> *'For our workforce we actually use competence audits rather than appraisals. That gives the employee a chance to talk to the assessor and if they have an issue, obviously, they first of all raise it but it is more to do with their skills and knowledge of the machine and other machines as well.'*

> (CL-Small-Manufacturing-SW)

6.2.1 The age dimension of appraisals

None of the respondents felt that their organisations appraise people differently according to age. One manager noted,

> *'We can't afford to discriminate against older people, because they are the majority of our workforce.'*

> (CA-Large-Construction-LON)

Another noted that measures are taken to ensure that older workers take training opportunities.

> *'Yes I think so because what we are looking at, the skills that are required and we encourage everybody, certainly the technical people, to continually keep their skills up to date by using free time, if you like, for training.'*
>
> (KB-Medium-Business Services-SE)

Despite previous evidence that employers often allow older workers to 'coast' in the run up to retirement (http://www.agepositive.gov.uk/publications/Be_Ready/Newsletter_2006.pdf), none of the respondents thought coasting occurs in their workplaces, which may perhaps reflect a heightened public awareness of the phenomenon.

Another noted,

> *'In fact we've just done an NVQ roll out and the initial thought was "we'll expect all the young ones; they'll all be wanting to do it". In saying this we've had one lady who's been here 25+ years who is mid-50s who decided she wanted to do it.'*
>
> (JT-Large-Retail-EM)

The only age-related assessment identified was associated with health and physical capability in Transport, where the Driver and Vehicle Licensing Agency (DVLA) increases the frequency of capability assessments with age.

> *'You take one when you first take your test or pass your test, your next is at age 45, irrespective of how long. So it could be a 20 - 25 year gap but thereafter it is every five years and once you reach, I think it is 65, it becomes annual. So you have to renew your licence annually and you have to have a full medical performed by a GP.'*
>
> (FB-Medium-Transport-SE)

Some respondents reported that insurance providers require health and safety assessments for drivers over 65, despite little evidence that older drivers are less safe than younger ones. It was thought that the insurers' requests were unnecessary, since the DVLA already assesses the older driver's capabilities.

> *'Truthfully, we can't see the point of it...because he* [a driver who is over 65] *has to send the report to the DVLA and they assess it and they would only give him a licence back if they are happy with it.'*
>
> (FB-Medium-Transport-SE)

6.2.2 Appraisal and the retirement decision

Respondents were asked how far they could rely on data from their appraisal systems when considering requests to work past retirement age. Although most expressed confidence in their processes, few would plan to use the mainstream appraisal documentation or process and most planned an alternative approach.

'I did an evaluation form that I could use for everybody who got to the age of 65 which literally looked at any customer service problems we'd ever had, any customer complaints, any customer satisfaction.'

(JT-Large-Retail-EM)

Some HR managers were concerned that the outcomes of appraisals are not sufficiently documented in their workplaces to enable line managers to justify decisions on retirement. One HR manager noted the difficulty of ensuring that line managers can give reasons for rejecting requests.

'Well I guess...you've hit the nail on the head. I have had this feedback time and time again over the last six months from a whole range of different managers. That when they are faced with this situation of an employee saying, "I want to stay"..., what evidence to they have...if they want to say to that employee, "I don't want you to stay"?

My immediate response then is, "what have you got?" "Have you got performance data?" "Have you got a staff review filter?" "Have you got a sickness absence record?" "What have you got?" All too often, unfortunately, the answer is "not a lot". So they'd probably have a staff review. They might have some sickness absence data, although that is weak in areas of the organisation, particularly in the academic staff. Particularly amongst academic staff they are very unlikely to have formal performance review documentation.'

(DR-Large-Education-SW)

Most employers, however, did not expect annual appraisals to play a significant part in their decisions on retirement. Respondents usually said that they would rely on day-to-day observation to assess older employees' capabilities.

'I suppose the decision you are making by talking to the member of staff, not just by looking at the appraisal. So HR won't make the decision without me because I am the one who is working with the person on a day-to-day basis and obviously the member of staff will be included in that.'

(ED-Small-Health and Social Care-SE)

'I think because we are such a small school and because we live in each other's pockets it's impossible to escape. Everybody knows how you are managing and coping with your children and knows the outcome because your children move up to somebody else's class the next year.'

(KC-Small-Education-LON)

'In a lot of cases it is not formalised. Where you have got a small company of five employees, the owner/proprietor/the decision maker knows everyone very, very well. So...perhaps we recommend they should report everything but I would say, in certain instances, a decision is taken based on that person's knowledge of his staff.'

(AK-Small-Construction-LON)

6.3 Training

6.3.1 Employers' willingness to train older workers

Although the quantitative survey had found a clear majority of firms claiming not to discriminate on age grounds in selection for training the qualitative picture was more complex. Although none cited explicit age bars on training, some did note that decisions over training, particularly longer and more expensive training, tended to favour younger people.

However, some said that training is provided equally to all staff regardless of age.

> *'We've never had an embargo on training for older people or younger people. If they work on the machines or if they work in the offices and training is required, it doesn't matter whether they are 18 or 80, they get the training. There's never been an embargo on training.'*
>
> (CL-Small-Manufacturing-SW)

Others framed training as part of career development, which tends to focus on people who have longer futures in work, especially when major investment in training was being considered.

> *'Nobody has written down* [that access to the] *MBA is limited to people up to 45 or something but...it is actually aimed at people who are still in their middle or lower levels of senior management in their career and have 20 or so years to invest in.'*
>
> (CA -Large-Construction-LON)

Training older workers was sometimes thought to be poorer value for money than training younger ones.

> *'We would have to take a subjective view of the value of the course because training courses are jolly expensive and we have got to get pay back for it.'*
>
> (AE-Small-Health and Social Care-SE)

One organisation had recently abolished an age restriction on its fast-track management programme and had seen identifiable benefits in diversity among managers.

> *'That is something we did change. The programme last year did specify age. This year we've done away with that. We are still looking for similar sorts of people who perhaps see themselves on the board in five or ten years but we are no longer saying you must be under 30 or whatever. Interestingly, that's brought forward a much wider mix of people.'*
>
> (DT-Large-Construction-SE)

On the other hand, some respondents said that they were less likely to train employees who are close to retirement and saw this as normal business practice, rather than age discrimination. They believed that training workers who are close to retirement was not a use of resources which could greatly benefit the organisation[16].

> *'The third question may be, at that point – he is 64 – the decision to say "yes" or "no" to that course would be dependent on, does that course add value to that role and therefore to the organisation and therefore is it something worth doing?'*

(MM-Medium-Health and Social Care-WM)

However, there were differences of view about what 'close to retirement' meant. While most used the year before retirement as the benchmark, some organisations would stop training employees at an earlier stage.

> *'If somebody came to us and said, "I want to do a three year post grad course in blah" I don't think my first reaction would be, "you are 62". My first reaction would be, "how much?" That's not an age thing, do you know what I mean, but I've never been tested because of the size we are I know all our staff.'*

(MM-Medium-Health and Social Care-WM)

One HR manager was suspicious of the motivation of older workers seeking training and felt that resources should be focused on younger people:

> *'People who are actually returning to education at the end of their careers presumably more for self fulfilment than out of any desire to pursue a further career. In fact I question the economic value of that, I sometimes worry about it from a public spending point of view, we are diverting resources which could be better utilised putting the skills in our young people leaving school.'*

(EM-Large-Business Services-SE)

By contrast, a number of respondents believed that training older workers is a better investment than training younger ones because the former tend to stay longer with the firm.

> *'I mean one of the people we've put on the course was due to retire within a year and we discussed it with him and he said it was a brilliant programme and he'd like to give back in his last couple of years ... around the mentoring and the bringing on of a successor ... and he felt that the programme would be useful so he went on it. It is a significant investment per head, thousands of pounds a head. So, again, it is needs of the business, not the age.'*

(NN-Large-Construction-SE)

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[16]   If this issue is ever challenged it is likely that such employers would argue that this is the kind of proportionate response to a legitimate business need for which exemption is allowed in the Regulations.

'When we are doing the First Aid training you are going to look at people who you think are going to be around a while. You are not gonna train somebody who is likely to leave in six months because obviously you want the benefit, so that means you are more likely to choose stable people and in general it is the older, not totally but it tends to be the older, people that are gonna be more stable.'

(DW-Medium-Hospitality-NW)

'I've just told you about a young man who's just walked out on me and I've spent £2,000 on training him and I've got nothing for it. Now, would an older man have done that?'

(RA-Small-Transport-SE)

In one of the few references to a direct impact of the Age Regulations, one employer commented that the Age Regulations would compel organisations to review age bars on training which, in addition to being discriminatory, were also harmful to business objectives.

'I think there has been an age focus in the past slanted more towards the young but I think that is one direct consequence of this legislation, people are now saying, hang on that doesn't make sense. We are cutting our noses off to spite our faces here.'

(DT-Large-Construction-SE)

6.3.2 How decisions on training are made

Most firms used appraisals to assess training needs for employees, although some also allowed employees to make requests for training at any time.

'It's driven by the performance review. So out of that will come a training plan, training requirements, obviously with the employee agreeing with their manager and then it is a question of waiting.'

(CA-Large-Construction-LON)

'We do training needs analysis usually…during supervision. We've…just done one for everybody because of this new organisation, because they've got a really good training scheme, internal training policies.'

(JG-Large-Social Care-YH)

'Training goes on throughout the year. If there is a specific need then that should be identified by their line managers and should be put forward to the assurance development manager to progress that.'

(BH-Medium-Education-EM)

One HR manager said that, although her organisation now depends on annual appraisals to identify training needs, she wants the organisation to move to a more frequent system.

'We would [like to] *make it more robust...to ensure that people were getting the training they need when they need it. At the moment I think months waft by and you know in the back of your mind that you need to look at something but there is always another priority.'*

(DS-Small-Other Community-NE)

Some training is mandatory, requiring all employees to participate regardless of age. This applied to Heath and Safety, Food Hygiene, some licence to practice requirements and some forms of professional updating. Here the priorities were clear and simple.

'That would probably, predominantly be mandatory training first, what they need with regard to legislation or first aid and so on. Then obviously they will, hopefully (I can't speak for all the organisations),...look at the needs of each individual as well as obviously the needs of the organisation.'

(FD-Small-Other Community-SE)

6.3.3   Who decides who gets trained

Line managers were normally given responsibility for deciding who is trained, on the grounds that they understand the needs of the job and the employees best.

'That is entirely up to the manager really and at the supervision sessions she will have already identified where she thinks people are not coping with the work that is coming at them. She can look around then or suggest training.'

(DS-Small-Other Community-YH)

However, managers are sometimes required to refer requests upwards where there is a large cost implication.

'It needs to be done through me for the project just so that I can monitor who is doing what and whether it was relevant to that person's role or not and they don't ask to do something that has got nothing to do with anything here.'

(ED-Small-Health and Social Care-SE)

Senior managers are also involved in training where there are thought to be issues of succession planning to consider. Middle and senior managers were thought to be better placed to see the wider picture than line managers.

'It's middle management who decide what jobs are coming up and how many people are needed and will the skills of the people who become available fit that job and it may not always be a good fit. So we have to do something about bringing in a new person or training someone who is already here to do that particular job.'

(FF-Small-Manufacturing-NW)

'It's a kind of line manager take of it but in general, day-to-day, if I find an issue and I'm involved in that then I might suggest training...or their line manager's line manager might push them to get the statutory training done. So I have a many pronged approach.'

(RD-Large-Health and Social Care-SE)

6.3.4 Selection criteria for training

Business needs

Most respondents said that they would try to balance the needs of employee and business when deciding who to train.

'The career development training is done by identifying the needs of individual and business and marrying the two together.'

(AE-Small-Health and Social Care-SE)

'It should be matching what the employee feels are their needs with what the service needs so looking at the objectives as a service and then looking at what the individual needs to do to gain their targets.'

(PT-Small-Local Authority-EM)

Changing technology

One manager noted that changing technology in his sector requires him to keep all staff trained with up-to-date skills. Training is, therefore, a job requirement.

'It is always a heavy investment in new technology and the technology keeps changing. In some ways you often, well I often think to myself, "it will slow down" but I don't think it ever will. I think because of the way technology moves and knowledge moves.'

(GB-Small-Manufacturing-SW)

Some respondents said that that they try to ensure that staff are skilled to take on more than one job in order to retain flexibility in the workforce and to give employees variety in their work.

'In a small company with such an enormous variety of product that we make, we have, technically, a multi-skilled workforce and people move round regularly so there's no long-term routine stuck on one job for years. That changes weekly.'

(FF-Small-Manufacturing-NW)

'There is nothing worse than being off, for whatever reason; coming back and there is a whole pile of work because nobody knows how to do it. So you train people so while you are off and you come back and everything has been done.'

(DW-Medium-Hospitality-NW)

6.3.5 Older workers' willingness to train

Most respondents believed that older workers are generally less willing to participate in training than younger workers, although specific examples of refusal were seldom quoted, and sometimes the views appeared to be a rehearsal of traditional stereotypes.

> *'It is possible that an older employee will be less inclined to push themselves towards more training. They will probably feel that they have been around, done it all, seen it all, know it all.'*

(CA -Large-Construction-LON)

> *'I don't think it is because they can't do it, they just think "oh here we go again". I suppose I've covered everything by now, they are of an age in that section.'*

(FE-Large-Public Administration-WM)

Experience makes up for training

The most common explanation offered for older workers' reluctance to train was because employees feel that experience is an adequate substitute.

> *'On the other side they will also say that they've already got those skills. They have achieved them over a lifetime of doing the job which is a fair point.'*

(BA-Small-Retail-YH)

However, some employers disagreed.

> *'I suppose they feel that they have been here so long that they know it all, which is not right but it does tend to be that attitude.'*

(DA-Small-Health and Social Care-NW)

Not much time left before retirement

Some respondents felt that older workers are generally not interested in vocational learning since they are near the end of their careers or have coped for years without it.

> *'They see their working life as being short, expectation being short and therefore they don't see the point in taking on extra qualifications, extra skills.'*

(BA-Small-Retail-YH)

> *'Again, lack of adaptability and there are exceptions to this but we are generalising that older people perceive that "why should I do more training now I have already got this far in life without it?" "Why should I take on anymore additional burden?"'*

(FF-Small-Manufacturing-NW)

Changing employee attitudes

Several respondents suggested that the current cohort of older workers, who have had less education than their younger colleagues, are less likely to see the relevance of learning in the workplace, and do not see it as a natural part of work, but that this is changing.

> *'I think, by and large, the younger folk are drilled into development of their career whereas people, certainly in my generation, were not told about, or it wasn't part of our training to think about, where we were going next and how we might get there.'*
>
> (KC-Small-Education-LON)

> *'The elder people don't like change do they? That's a fact of life.'*
>
> (TM-Small-Manufacturing-SW)

Training and status

Sometimes the suggestion of training was seen as implying incompetence, or as a challenge to an individual's status within the workplace. One manager described her difficulty in Encouraging an older employee to take part in an NVQ programme in which his subordinates were enrolled. Reaching an impasse, the HR manager agreed with the older worker that he could attend classes without actually being enrolled in the course.

> *'So although he doesn't formally take part in the NVQ he does actually sit in on the meetings because otherwise you could drive a coach and horses through it. So he is involved informally but certainly formally he doesn't want to be.'*
>
> (AP-Small-Manufacturing-SE)

Long breaks from education or training

Some respondents felt that older workers are reluctant to return to the classroom after a long period of not studying, because the experience was seen as threatening, because learning might be hard work or because they feel they already know it.

> *'Well I suspect it comes down to they haven't done it for so long, I mean even I would say it and I'm not even 40 that I'd probably struggle to do my A Levels again even with sufficient training. You don't do it in the normal course. I think it becomes more of a threat.'*
>
> (FB-Small-Transport-SE)

> *'If you are late 50s it becomes harder to learn things, to do things a different way.'*
>
> (DS-Small-Other Community-YH)

'Probably a variety of reasons. The most extreme would be "I know everything, you can't tell me nothing" through to "I've got to travel to the office to do training"....Some people are frightened of training, particularly when it comes to NVQ. "I never want to go back to school".'

(RD-Large-Health and Social Care-SE)

Just want to do the job

Some employers noted that work-related learning is not universally attractive to workers, some of whom just want to continue to work at their existing familiar role.

'You find you've got some employees, particularly some of the chamber maids, who just want to come in and do the job, go home and that's it, the money that pays for their holiday or whatever.'

(DW-Medium-Hospitality-NW)

'They don't want to be bothered to be truthful. They've got a decent job and they can't see any reason to.'

(PY-Small-Construction-E)

Older workers are more willing to train

While most respondents said that older workers are less likely to want to train than younger ones, some took the opposite view, reporting that older workers were more likely to want to train, especially in organisations where training was generally seen as important, or when it was required of all staff.

'One of the things that is true, I think, is that older people, generally speaking, regret more the things they didn't do when they were younger in the way they didn't do as well at school as they could have done, if they'd known then what they know now, "I could have worked harder".'

(GB-Small-Manufacturing-SW)

'People, who are an older age, as you say, tend to be receptive to training. I think they find it easier to take on board and they are often keen to extend their skills. So, yes, I would say they are more likely, if it was offered to them, they would take it.'

(GK-Small-Hospitality-SE)

'We are a learning organisation so there are lots of opportunities here for people. Even people, you know some of the HR staff actually who are older people have recently enrolled to do IiP [Investors in People] *and things like that because it is here and it is on their doorstep.'*

(DY-Large-Education-EM)

Financial implications of training for second careers

Those hoping to train in later life for a second career were seen as being at a particular disadvantage. One Construction employer observed that an apprenticeship was felt to be unattractive to older workers because of the financial implications of returning to a 'trainee' status. Older workers were felt to be unwilling, or unable, to downshift to that extent.

> *'We are not going to be paying somebody who has enjoyed a salary of maybe of £25,000-£30,000 a year the same salary to train in Construction craft skills. So that is an issue for them.'*
>
> (HB-Large-Construction-National)

6.3.6 Encouraging older workers to train

Respondents cited a range of approaches to encourage older employees to participate in training. Some feel that active pressure is required:

> *'I have a feeling we need to be more forceful about looking at the job they are doing and directing them down the training line towards achieving the best they can in that job.'*
>
> (DS-Small-Other Community-YH)

Others, especially in the Education sector, have provided a wide offer of free training:

> *'It is free for them. We obviously don't charge them so there are a lot of people who take on academic courses who quite possibly wouldn't ordinarily do so because of the cost. We allow that through their appraisal process.'*
>
> (DY-Large-Education-EM)

> *'We are experts at training, this is our field and a spin off for employees is that they get a lot of good quality and free training.'*
>
> (NR-Large-Education-EM)

Finally, a trade association in Construction ran a training programme for trades people who have acquired skills through experience rather than qualifications, with the aim of developing their transferable skills.

> *'We are setting up an initiative called 'Wood Wise' and it is going to be launched in October whereby people who have been in the industry for quite a while, whilst they are quite capable of operating particular machines they don't have a formal qualification. So this will be a web-based, initially, competency training whereby like the driving test in the UK, the theory test, where you do it online but added to that will be an assessment and accreditation once they've completed the online exercise by the City and Guilds. So it will give them a formal qualification up to a relatively reasonable competency level.'*
>
> (AK-Small-Construction-LON)

6.4   Job change

One of the ways in which staying longer in the labour market can be made more attractive is by changing job roles. Research by the Centre for Research into the Older Workforce (CROW) (McNair *et al.* 2004) suggests that when workers reach their 60s, many actively seek jobs which have less stress and pressure than to move to higher or better paying jobs.

It has been suggested that older workers might be willing to stay in work longer if they have more opportunities to reduce responsibilities and workload. Some organisations were changing pension rules to make such downshifting easier, ensuring that workers are not penalised for extending working life by shifting to lower paid jobs.

6.4.1   Scope for job change

A number of respondents, notably in Manufacturing, Retail and Hospitality, took a positive view of job change in later working life.

> *'It's quite easy because we, as a policy, move people around from job to job and type of job and actual physical working situation. It is just normal practice for us.'*

> (FF-Small-Manufacturing-NW)

> *'It depends...if it is technical people then, providing they have the appropriate skills or basic skills that can be built on, then that is relatively easy and a lot of the people who work in our support section have probably worked in other parts of the company and they may have been involved in the past on project work or developing products and they now support them.'*

> (KB-Medium-Business Services-SE)

Not surprisingly, large employers had greater scope for offering older workers changes in work content than smaller ones. Few of the small employers anticipated any scope for job transfers.

> *'There is not a lot of scope here. As I say the main jobs are the clerical jobs and everybody tends to do everything. So I suppose in a sense we have that flexibility.'*

> (DA-Small-Health and Social Care-NW)

Scope for changing work content was also thought to depend on occupation. Some workers, particularly in Construction and Manufacturing, were thought to be well disposed to changing work patterns. Workers with generalised skills were thought to have more opportunities.

'There is a wide variety of work and although we come under the Manufacturing sector of industry, any one individual will eventually be capable of doing any job in the company and that is something that we actively pursue to develop people's skills so that they can do it.'

(GB-Small-Manufacturing-SW)

Some respondents use job rotation to develop employees, enabling them to develop new skills and try new activities, as well as contributing flexibility to the workforce.

'I would be quite open to that as well. People have done job swaps here as part of their development because we felt that the team had been stable for a long time and yes that is great but sometimes you just get too set into the way you do things. I think three people have done...job swaps [in the last year]. *They enjoyed it. They came back refreshed, or most of them did. They picked up good practice from the other project and transferred good practice from here to the other projects. So I think it worked quite well.'*

(ED-Small-Health and Social Care-SE)

'Well yeah. What we are trying to do is almost cross-pollinate so that people do go and spend a bit of time in the other departments so that they understand that. So that there is more flexibility to do that if people do want to change.'

(GH-Small-Business Services-E)

Some respondents said that they would be willing to consider job changes including downshifting, but had not received any requests. Some respondents felt that older workers would be unwilling to downshift, fearing that it might imply a reduction in pay.

'It's possible. Again, it is built into the policy, it is possible, and we think probable, that a member of staff might ask for that. What we've said is if it changed so much that the job completely changes then they will need to be rewarded at that appropriate rate...so if they are taking on less responsibility, for example, the job might be re-evaluated.'

(DR-Large-Education-SW)

'I guess if somebody really wanted to continue working and they wanted to do it on a basis that wasn't driving, then we would look for suitable alternatives; that is not to say that there would be any within the depot. There are cleaning duties...you know looking at schedules and rosters and all that kind of stuff.'

(KD-Large-Transport-NW)

6.4.2   No scope for job change

Unsurprisingly, small organisations were least likely to see scope for job change within their organisations, although a few large employers agreed. There was some confusion about the contractual (and sometimes equal opportunities) implications of such schemes.

One large public Transport firm which does allow employees to stay on after retirement age will not allow employees to negotiate job change at that point. An employee who wants to change roles would need to reapply for a job. There are clear equal opportunities reasons for such practice (to ensure that jobs are filled by the best qualified candidates and that all are fairly treated) but if older workers are less likely to apply for new jobs for fear of drawing attention to themselves and being exposed to discrimination, the requirement for a formal process may discourage them from attempting downshifting.

In general, respondents were more likely to cite the limited number of vacancies than HR policy as the main barrier to downshifting.

> *'We don't really have the capacity to do that. With the type of work that we do at the moment it is more specialised so there is not really the capacity.'*

(JG-Large-Social Care-YH)

> *'Not a great amount of scope actually. We are a small organisation and we have to have receptionists and if they wanted to change their roles, what would they change it to?'*

(LG-Small-Health and Social Care-SE)

> *'It isn't really. I think given the nature of the business and the size, being again, a relatively small organisation, for somebody to change, you've got set jobs and those jobs need doing, it would be very difficult.'*

(DW-Medium-Hospitality-NW)

6.5   Mentoring

Mentoring has frequently been cited as a way to delay retirement in a way in which the skills and experience of older workers can be used to the benefit of both employer and worker. Older workers can, thus, give up physically demanding jobs and spend their working time instead training colleagues. Employers can benefit from the skills and experience of the older worker, transferring them to other employees so that they will not be lost once the older worker eventually retires.

Some large organisations had formal mentoring programmes, although these were not necessarily geared towards employees approaching retirement. They were seldom described as jobs in their own right, and usually additional to other job responsibilities and unpaid.

A few organisations described mentoring schemes designed to develop 'high fliers' among their new recruits. These were more likely in Manufacturing and some large business service organisations with low staff turnover.

> *'We have entry programmes. We have what is called a 'managed career route' which is, again, probably aimed at people who have been around business four or five years, they are people who are graduates and they are now professionally qualified. They are the people who are seen to have the potential to go further in their career, so they have a mentor, there is a series of training events.'*
>
> (CA -Large-Manufacturing-LON)

Some respondents defined mentoring as a process of handing over job responsibilities when an employee plans to leave work through retirement or other transitions. Mentoring in this sense was more likely where the job was unique or had high levels of skill or responsibility.

> *'No, I mean that would come if they were retiring, like if somebody was leaving a handover system would take place. So that is all put in to place anyway whether they are retiring, whether they are leaving the company or they are made redundant and things like that there will be a handover period and time allowed to find other things as well.'*
>
> (BH-Medium-Education-EM)

Most organisations described informal handover arrangements which could be described as mentoring.

> *'It's informal. We do as little as possible formally which is saying that we do a hell of a lot informally.'*
>
> (AL-Medium-Hospitality-NE)

As with formal mentoring systems, respondents applied different definitions to informal mentoring. For some, the process is aimed at transferring tacit knowledge to successors or new recruits outside the framework of formal training.

> *'We certainly have an informal arrangement. Most of the, apart from the computer side of life, most of the other skills you can, by a series of "monkey show monkey do", teach people how to do it. Some take longer than others to actually absorb what is required and to remember the different bits you've got to set on the different bits of machinery.'*
>
> (GB-Small-Manufacturing-SW)

> *'We use our experienced people as buddies to coach new people but it is not necessarily nearing retirement age that happens. It is just a natural way.'*
>
> (HR-Large-Retail-EM)

Others described the handover of work as a kind of mentoring.

'It is not to stay in work longer. We wouldn't say to somebody you must stay as mentor. We would say to somebody if you want to stay it would really help the company if you could mentor your successor and get that kind of support. It is not something we would enforce.'

(DT-Large-Construction-SE)

'Not really. I mean it tends to be the buyer of the department next time is the section head and they would mentor their section head because they need, in their absence, the section head to run the business. So it tends to be that way that they train them.'

(JT-Large-Retail-EM)

Informal mentoring was seen by some as important to developing new recruits. Although not formally recognised, mentoring was seen as crucial to upskilling the workforce:

'I think generally that is something that we are really good at on a day-to-day basis, it's not necessarily a formal process but we generally are very aware of each other's knowledge and skills and we share that. Yeah, I think that is something that we generally do anyway. We have peer support and if there's a project there is always sub-committees or steering groups.'

(FD-Small-Other Community-SE)

A number of respondents in Construction firms, and one in Agriculture, had mentoring systems specifically aimed at employees over normal retirement age, or thought the idea was a good one. This perhaps reflects both the physical demands and acquired skills and knowledge which are features of these sectors. As an employee ages, they may become less physically capable of undertaking some work but retains skills and tacit knowledge. One respondent from the Construction firm noted that, since many of the skills of building have been around since the Romans, there was significant scope for older builders to share knowledge with younger ones.

'We've seen instances where people have been working on the tools and lifting heavy materials, products but they are getting to a stage where it is difficult so companies have changed the role of that individual so they can provide training for the youngsters coming through.'

(AK-Small-Construction-LON)

'Oh certainly. I think there is a huge potential for people in their last years, whether that is above or below 65, to take on more mentoring roles and bring on the next generation at every level.'

(NN-Large-Construction-SE)

If they recognise a situation it is very easy for them to say "yep we had this problem on a job five years ago, this is how we dealt with it" and you've got the instant fix. Sometimes you need to organise regular workshops for people to exchange knowledge. We've run a series of workshops in the past on specific technical issues within the business.'

(HB-Large-Construction-National)

6.6 Summary of key findings: workforce development

- **Appraisal systems were very widespread** except among the smallest firms, where management relationships were more informal.

- **No firm claimed any variation in appraisal practice by age** except some where external constraints require checking physical capacity. Unlike previous studies, nobody felt that employees close to retirement in their firms were allowed to 'coast'.

- **Few firms would use appraisal records in making retirement decisions**: such systems were felt to be insufficiently robust, or day-to-day observation, or specially designed systems, were thought to be more appropriate.

- **Very few operated any explicit age bar on training**: but practice tended to favour younger people. Some were less likely to train employees 'close to retirement' – but the time quoted is usually less than 2 years. Training decisions were generally made by line managers through annual appraisals.

- **Training was seen as important**: in general terms, to meet business needs, cope with changing technology, multi-skilling, and statutory compliance.

- **Some employers believed that older workers are reluctant to train**: because they believed that their experience makes up for lack of qualifications; they did not have enough time left to justify the effort; or because the expectations of training of this generation are generally low. Some were also nervous of 'returning to school' or want to be left alone to do their jobs. However, some firms find older workers more willing to train – especially where training is highly valued or universal.

- **Job mobility within the organisation was rare for older people**: mobility seemed easier or more common in Manufacturing, Retail and Hospitality. Many employers said that they were willing but were never asked. However, some will not allow it (citing legal constraints under the Age Regulations), and some claimed that downwards moves are difficult.

- **Informal mentoring was common, formal less so**: some firms had formal programmes (not always using older workers) and others informal. Examples were quoted of using mentoring roles to retain staff with physical limitations, share knowledge, upskill new recruits and hand over job responsibilities.

7 Retirement and beyond

This chapter examines practices in relation to retirement, which will need to change significantly to conform to the Age Regulations. It examines what current practice is on fixed or 'normal' retirement ages; approaches to allowing individuals to work beyond 'normal' retirement ages; who makes decisions; and the processes for negotiating extensions or refusals.

7.1 Background

In transposing the Employment Equality Directive into UK law, the Government set a default retirement age of 65, and allowed employers to set lower mandatory retirement ages when objectively justified. However, the UK regulations require employers to consider requests from employees to stay in work beyond retirement age.

This approach, of giving a 'right to request' an extension of working life has not been used in other countries which have age discrimination laws, but it has been used in the UK for parents with young children. The Department for Trade and Industry's (DTI's) annual survey (Holt & Grainger 2005) shows that over 90 per cent of such requests for flexible work have been granted, suggesting that the Regulations have led to an increase in flexible working and made returning to work possible for more people with young children, by Encouraging employers to consider ways in which employees' requests could be accommodated. However, some commentators have suggested that this misrepresents the true picture, since employees wishing to have such flexibility commonly negotiate arrangements for job sharing, etc with colleagues, in order to present their employer with a workable plan before making the request, while those who anticipate being turned down tend not to make requests.

Metcalf and Meadows (2005) found that 57 per cent of employers, covering 45 per cent of all employees, had no contractual retirement age. About a third (37 per cent) of employers had one for at least some staff, including 23 per cent with a fixed retirement age and 16 per cent with formal flexible retirement with an absolute maximum age[17]. Availability of formal flexible retirement was related

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[17]   Including three per cent with both (for different groups of staff).

to firm size – being most common in largest firms – and more common in the public sector and in establishments with a recognised union. Furthermore, the large majority of establishments with a compulsory retirement age would, in fact, employ people above this age (although this would be at the discretion of management and only if there were a business need which could not otherwise be met).

They found that, in practice, very few employers would need to modify their retirement policies to conform with the Age Regulations, because only six per cent had a retirement age below the new default age of 65, and most of these would, in practice, allow continuation.

Although they found that two-thirds of employees were covered by some form of early retirement scheme and it was a right for about a third of employees, these incentives were rarely used in practice.

The present study sought to explore whether this picture was changing and how employers expected to handle requests to continue working after normal retirement age.

7.2   Retirement age

When proposing the default retirement age, the Government had not intended to compel employers without contractual retirement ages to introduce them. However, it was clear from the interviews that some employers, especially small ones, felt that they now need to have one, either in order to conform with the Regulations (not true), or to formalise existing informal practice (arguably an improvement in human resource (HR) practice).

Although there was clear evidence of firms introducing contractual retirement ages for the first time, it was not clear that this represents a worsening of conditions for individuals or a move away from later and more flexible retirement. Although some employers were using retirement to weed out particular employees, this appears be relatively rare and it is unlikely that not having a set retirement age would have prevented this. In practice, whether they had a contractual retirement age or not, few employers saw this as a mandatory age after which there was no scope for further employment, most offered staff some options to continue in work and few imposed poorer conditions on those who stay. In general employers described their approach to 'retirement age', not as a final and absolute cut-off point but as the point at which formal discussions on retirement and work options could take place and a new and distinct phase of working life could begin.

7.2.1   Organisations with no compulsory retirement ages

Employers without compulsory retirement ages fell into two distinct groups:

- a small number of organisations which had taken active steps to abolish their retirement ages;

- a larger proportion, of mainly smaller companies, which have never had a compulsory retirement age because they had never felt the need for one.

Three organisations in the study had actively decided not to have a compulsory retirement age, for three different reasons. The first, a large retailer, was concerned to retain experienced staff and particularly customer facing employees, and had opted some years ago to abolish its compulsory retirement age in order to retain staff. The firm had anticipated problems in managing older workers as a result of the change but had found that existing performance management systems were adequate.

> *'We've got the policies, and it doesn't matter whether somebody is underperforming at 60, or underperforming at 30, it is exactly the same process we follow.'*

> (BG-Large-Retail-LON)

However, even in this firm, there was still a compulsory retirement age for senior managers in order to manage succession, although the respondent expected that this would be reviewed at some point in the future.

In the second firm the motivation for the policy was much more personal. The small manufacturing firm was run by a husband and wife team who were both in their 50s. They had themselves decided to work past normal retirement age and could see no reason to refuse the same right to their employees.

> *'We certainly looked at it* [retirement age] *and said "well we're not retiring". We couldn't see that as an issue for us.'*

> (AP-Small-Retail-SE)

They had not experienced an employee staying in work past retirement age, although they had recruited one skilled employee who had previously retired from his main job.

A third firm was motivated by the Age Regulations, anticipating that the Government review of the Default Retirement Age in 2009 would lead to its abolition. The Managing Director of this small Manufacturing firm decided to 'just pre-empt it'.

In addition to these firms, which had made an explicit decision, a significant number of the smaller firms had no, or few, formal policies on retirement, having never given it serious consideration. Many of these had younger workforces and had never needed to consider the issue and respondents were usually unclear about how the organisation would manage retirement if it arose.

> *'We haven't got one* [a retirement age]*. I presume that they [employees] can take their state retirement at 60 or 65 or whatever it is but we haven't actually got one.'*

> (DS-Small-Other Community-YH)

> *'We haven't got one* [a retirement age]. *I don't think it's in our contract. It's never arisen.'*
>
> (PW-Small-Transport-SE)

Sometimes the issue never arose because people left voluntarily before any likely formal retirement age. A respondent from a small Construction firm explained that the physical demands of work meant that few workers stay into their 60s.

> *'We haven't one* [a retirement age]*. To be truthful, they don't usually work until they are that old. I mean, it is a very hard job and you don't get many scaffolders of 65.'*
>
> (PY-Small-Construction-E)

A firm in the Business Services sector had never had an employee over 50.

> *'I think that* [the decision on when to retire somebody] *would be just the normal expectation. As I say, we haven't been faced with that yet.'*
>
> (GH-Large-Business-SE)

One Hospitality firm pointed out that smaller firms tend not to have formal HR policies and that this applied to retirement policies.

> *'Being a...relatively small business, I think you tend to be more informal on some of your policies, and the tendency is to only have formal policies where maybe it makes sense to, or legislation states that you have got to have it.'*
>
> (DW-Medium-Hospitality-NW)

7.2.2   Organisations with retirement age of 65

Contrary to Metcalf and Meadows' findings, most firms in the qualitative study, both large and small, did have a formal retirement age, usually 65, and a number of interviewees confirmed that they had changed their approach as a result of the Age Regulations.

Some firms had always had a 'normal' retirement age (either specified in the contract of employment or established by custom and practice), set at either 65, or State Pension age, and some thought that this was required by the Regulations. Some respondents shared the common public misconception that State Pension age is a 'state retirement age' (which does not exist).

> *'We go in line with current legislation...but if they don't want to* [retire] *they don't have to.'*
>
> (CM-Small-Health and Social Care-NW)
>
> *'We use the state retirement age. We don't have a specific retirement age.'*
>
> (DW-Medium-Hospitality-NW)

'Not specifically other than the national retirement age.'

(FF-Small-Manufacturing-NW)

In many cases the recent changes appeared to be more a matter of formalising policy and practice than of imposing a fixed age. Many firms were documenting existing practice or writing down what they intended to do for the first time, and in some cases, the change was unlikely to have any immediate impact, since they had no employees approaching retirement age.

The Regulations had prompted some firms to consider the issue for the first time.

'Before, we would have not given it consideration.... We are thinking now of changing that to make it compulsory retirement because of failing capability...physically and mentally.'

(FF-Small-Manufacturer-NW)

A Social Care provider had used the introduction of the Age Regulations to formalise the approach to retirement and working afterwards.

'Once you got past the formal retirement age, you put terms and conditions for renewing it, sort of we will expect this, that and the other as a means of weeding out people you didn't want to stay long after retirement age.'

(BF-Small-Health and Social Care-LON)

The trade association, which provides advice to micro-businesses in Construction, was advising its members to formalise their retirement policies, and include a compulsory retirement age.

'What we are recommending now is [that] *they have a proper age and retirement policy. It should be the national 65 and that is when you retire, but now we have had to advise them that they must have a proper retirement policy.'*

(AK-Small-Construction-LON)

One manager felt that formalising the process was improving the management of older workers.

'In the past, I think if nobody gave them a clock at 65, I think they just carried on really. So we are probably very lax in not formally saying, "you are now working beyond retirement age which is why I have got to do something".'

(MM-Medium-Other Community-WM)

However, one respondent clearly felt that the introduction of a formal retirement age was likely to lead to people leaving earlier.

'If this company was larger, we would regret losing the amount of skill.'

(FF-Small-Business-NW)

Very few respondents reported a maximum retirement age beyond which they would refuse all requests to continue and most firms said that their approach was flexible in practice.

7.2.3 Organisations with retirement age below 65

Although some firms had formal retirement ages below the new Default Retirement Age (DRA) of 65, none said that they enforced this and several firms were in the process of modifying their policies. Where retirement before DRA was common, this was described as a matter of employee choice, rather than employer requirement.

The commonest reason for a contractual retirement age below DRA was alignment of contracts with State Pension age (currently 60) for women. However, those employers who did use the State Pension age as their contractual retirement age emphasised that employees could normally stay longer. One employer in Agriculture described the policy as 'not rigid'. A Hospitality employer said that it was 'generally assumed to be flexible', and a retailer said that:

> *'It is 60 for a woman and 65 for a man, but if somebody wishes to work over those...we are happy to go along with it.'*

> (BA-Small-Retail-YH)

Several firms were in the process of raising their organisations' retirement age for women, in order to conform with the Age Regulations. A few had recently given women the option to remain in work until 65 while retaining a notional retirement age of 60, thus preserving their right to retire then if they wish.

> *'We go in line with current legislation, so when it was 60 for females, if they wanted to retire at 60 they did; but if they didn't want to then they didn't have to.'*

> (CM-Small-Health and Social Care-NW)

Sometimes lower retirement ages were set for particular grades of staff. One large retailer had a retirement age of 62 for managers but 65 for other staff.

> *'We do have a slightly different retirement set-up for managers...The latest retirement age is 62 but the normal retirement age is 65.'*

> (AT-Medium-Retail-EM)

One organisation in the Education sector had previously had a retirement age of 60 to match the Teachers Pension Scheme expectations but had recently given employees the right to remain in work until 65.

7.2.4   Early retirement

Few respondents reported any financial incentives to employees to retire early. The exceptions were all large private sector firms with good pension schemes.

> *'There are provisions in the pension scheme...there are different milestones and checks and balances in the pension scheme to be able to go from the age of 50.'*

> (KA-Large-Business-SE)

> *'Occasionally, we do have what is called "average years". Taking into account the efficiency of the service, so it often happens in the restructuring of the service...It doesn't happen very often because obviously there is a cost implication.'*

> (PT-Medium-Retail-EM)

One respondent said that early retirement was too costly in the current business climate but that this might be reviewed if it changed in the future.

> *'We tend to go through cycles as a company. If they are going through a restructuring and a change programme then they come to the table, but not often, because it's just so costly to the business.'*

> (HM-Medium-Retail-EM)

However, there were firms where the possibility of early retirement remained and was sometimes seen as a good thing to support despite the cost.

> *'If we can put a cost-benefit case forward, we will allow that person to go. Well, they would go anyway, but it's nicer if it's approved.'*

> (DY-Large-Education-EM)

More managers talked about disincentives for early retirement, such as reduced pensions.

> *'There are actuarial reductions which can be quite substantial, about three per cent per year. If you leave at 60, you stand to lose 15 per cent.'*

> (CA-Large-Construction-SE)

One organisation offers bonuses for retention.

> *'Financial incentive to leave before? No. We actually have an incentive to carry on. We have a nice bonus if you stay...the longer you work, the better your bonus.'*

> (AT-Medium-Retail-EM)

A manager summed up the view his views of early retirement in the current economic climate.

> *'We don't give people incentives to go. Given that half the time we struggle to get people in so why would we encourage people to leave?'*

> (DW-Medium-Hospitality-NW)

7.3   Retaining employees past retirement age

7.3.1   Willingness to consider

In most cases, firms which allowed employees to work beyond retirement age had been doing so before the Age Regulations were proposed. For most, the introduction of the right to request appears to be formalising existing informal practice and ensuring that the process is demonstrably fair.

Most organisations would allow some scope to people to defer retirement, although the degree of opportunity varied widely. At one end of the spectrum, there were workplaces where working past retirement had never been seriously considered, often because they had no older workers, sometimes because the implicit contract was of early retirement in return for a long hours, high stress culture. One respondent, in a large manufacturing firm, noted that most of her colleagues seek to retire in their 50s. She described the reaction of their HR department as:

> *'We've never come across this before...Why would you want to stay on?'*

> (CK-Large-Manufacturing-LON)

However, the majority of respondents did not see extending working life as a problem. One argued that people over retirement age should be treated just like other workers.

> *'As long as somebody is able to do the job and not cause a danger to themselves or anyone else, it is not an issue at all.'*

> (DS-Small-Other Community-YH)

The new regulations were having some impact on employers' willingness to consider requests to extend working life. For some, the regulations will simply formalise previous practice.

> *'I think it will make life rather more bureaucratic...simply because the paper trail will have to become rather more formal.'*

> (HB-Large-Construction-National)

Several respondents said that, before the regulations were implemented, staying on was only considered on an ad-hoc basis but now it was being treated more systematically and the process publicised.

> *'Before* [the age discrimination regulations]*, there wasn't the process in place that there is now...it wasn't a formalised process, whereas now it is formalised and it is communicated.'*

> (KD-Medium-Retail-NE)

Few respondents would normally reject such requests but most firms made little effort to encourage people to think about staying on. Despite this, most respondents felt that, because the new law requires employers to inform employees

of their right to request extended work, and to seriously consider such requests, the number of people who stay in work beyond 65 will grow.

> *'There's always been a discussion...up until now, it's more that people will go at 65 and the presumption is "no". I think now the presumption is probably "yes" that a lot of people will stay.'*
>
> (DT-Large-Construction-SE)
>
> *'A relatively limited number of people* [ask to stay in work beyond retirement]*... Clearly that will change after October this year when people will have the right to be considered.'*
>
> (CA-Large-Construction-SE)
>
> *'If these rules and regulations are coming into practice, it may be more difficult to say, "well, you are up to retirement age, off you go".'*
>
> (HM-Small-Agriculture-E)

7.3.2 Benefits of retaining employees after retirement age

Most, though not all, respondents were positive about retaining employees beyond retirement age. In reflecting on this, however, it was clear that they were often generalising from particular individuals with key skills or a good work ethic whom they would like to keep longer.

Several respondents commented on the absurdity of insisting on retirement when replacements would be hard to find.

> *'As we are currently recruiting security guards, it would be hard to justify why we are getting rid of somebody.'*
>
> (GJ-Large-Transport-WM)
>
> *'Because of the skills shortage, it seems crazy to encourage people out of the business.'*
>
> (NN-Medium-Construction-National)

One firm saw a financial incentive to keep people on the payroll rather than recruiting them back later as consultants.

> *'*[The company has] *got a huge deficit in skills they need from people, and they bring them back as consultants, which is very expensive.'*
>
> (CK-Large-Manufacturing-LON)

The value of retaining experience was also stressed repeatedly:

> *'They may lack the pace and the ambition that younger people have but it is the old tortoise and hare situation...their experience is a valuable asset.'*
>
> (HB-Large-Construction-National)

'We've got a few academic staff that are highly respected in their particular specialism...They appear fit and healthy; they enjoy it, so why should they stop?'

(DY-Large-Education-EM)

'We do not want to let experience...disappear out of the door and almost certainly straight to the competitor just because they hit the magic age of 65.'

(FB-Medium-Transport-SE)

The other issue did not relate directly to age, but to the flexibility of some older people to provide cover for unusual workload patterns.

'I offer them the opportunity to sign up as a locum providing cover for holidays, sickness and anything like that.'

(EB-Small-Health and Social Care-E)

'One area of the contract is post opening and we have a requirement to get post on people's desks by 9:30 in the morning. This means at the moment that we have to employ people for two or three hours in the morning...this work has proven attractive to people who have retired.'

(EM-Large-Business-SE)

7.3.3 Disadvantages of retaining employees

Although most respondents were positive about older workers, there were some reported drawbacks to allowing people to stay on after normal retirement age.

One was a matter of a decline in performance after retirement age.

'Many years ago...we had a member of staff who was a fabulous receptionist, and she went on until she was 68 and she wasn't a fabulous receptionist then...She got slow. She got slower and slower.'

(LG-Small-Health-SE)

Two schools were concerned about older teachers losing touch with the pupils.

'I think that where you are dealing with young children as they are, the ability to communicate may be affected by age. The older you get, the more distanced you are from young people.'

(VP-Medium-Education-SE)

One respondent was concerned about career blockage for younger staff, although this was not a common concern.

'She's almost recognised herself that...the way that she is practising and working isn't allowing those coming up behind the opportunity to develop into her role. She is almost blocking their career development.'

(EB-Small-Health and Social Care-E)

For another, the issue was not career blockage directly, but distorting the overall labour market to the disadvantage of younger people.

> *'I think organisations that want to keep people past retirement age are looking at them as a low cost...trained workforce.'*
>
> (EM-Large-Business-SE)

Several respondents still believed in using age as a basis for redundancy policy, which is unlawful under the Regulations.

> *'If we found ourselves in a redundancy situation, we would consider those that are over normal retirement age to be the group that would be included... for compulsory redundancy.'*
>
> (HB-Large-Construction-National)

One set this idea in the context of fairness and individual need:

> *'My inclination* [for a redundancy] *is for somebody 67 as opposed to age 27, not because one is better than the other, but because one has a pension and the other...will probably have a mortgage.'*
>
> (AL-Medium-Hospitality-YH)

7.3.4 Employee attitudes

Employers varied in their views about whether older people would want to stay in work past retirement age. Some managers felt that there was little desire to stay in work. This was particularly the case in organisations with long hour working cultures or with good pensions.

> *'I have never, ever heard it was an issue, ever.... The higher up in the organisation you are, you go early with a very nice package.'*
>
> (CK-Large-Manufacturing-LON)

> *'I just don't think there has been much interest from either side. I think people in our business work very hard and often have long careers historically and that is less the case now and by the time they have reached 65 I think they are about ready to finish.'*
>
> (KA-Large-Business-SE)

7.4 Who makes decisions

Respondents were divided over how the retirement process would operate in future, probably because of its novelty and the diverse historical practices. Respondents generally felt that line managers are in the best position to determine whether an employee can continue in work but often only senior managers were authorised to make the final decision. Some felt that line managers might not be fully aware of options like flexible working and HR managers were concerned that line, or senior, managers might be unaware of the legal requirements.

7.4.1 Line managers

The line manager was usually considered to be in the best position to assess an employee's performance and capability and provide a swifter response.

'It would be a joint decision. Well, in some ways it would be the manager's call, but with my input and assistance.

(KB-Small-Business-SE)

'I think it should be to their line managers in the first instance...otherwise, you are cutting them out of the loop.'

(RD-Large-Social Care-SE)

In one firm, the Regulations had simplified a process which had previously required an exceptional process, and required referring up the hierarchy:

'Before the regulations came in, you could ask to stay, but it was slightly more formal in that we'd have to take a report to the management team to consider it. The way it works now is that is removed so you just send the form into your manager and they consider and then give a response quicker.'

(PT-Medium-Hospitality-EM)

7.4.2 HR staff

A member of the HR team is also usually involved in the decision, most often to ensure that procedures are being followed and that line managers are complying with organisational policy and the law, rather than to make the actual decision.

'I would be the person that they would initially contact because I would initiate the letter saying that 18th January 2007 is your official retirement date.'

(CL-Medium-Manufacturing-SW)

'Then a check through us in HR really that they are doing it right and then we, centrally, because it's a change in terms and conditions, would send out the covering letters.'

(NN-Medium-Construction-National)

One HR manager saw her role as providing advice to Line Managers on extended work options like flexible working if the employee wanted to continue.

'We would probably go to the line manager and say, so and so is approaching retirement age and we can do x, y and z.'

(DT-Large-Construction-SE)

One respondent said that the HR department would need to approve a decision to allow somebody to continue, because the decision would fall outside formal HR policy.

> *'I would speak to our group HR because obviously we have a policy at 60, then that is outside our guidelines I would have to address that with our company director.'*
>
> (GK-Medium-Hospitality-SE)

Two large public sector organisations had HR advisers who attend discussions between line managers and employees about extended work options. A large Transport organisation said that the role of the adviser is to monitor discussions to ensure consistency. One university uses HR advisers to help line managers consider options and give a reason when requests to stay are declined.

> *'The personnel manager will work with them during the process to try and help them find defendable reasons.'*
>
> (DR-Large-Education-SW)

His view was that HR staff would only challenge a line manager's decision in exceptional circumstances.

> *'I suppose there would be extreme cases. Say, for example, if we felt that a manager was being discriminatory in some way we would step in. If they were breaking another law in effect, then we would step in there and point that out to them. I think that would be very unlikely.'*
>
> (DR-Large-Education-SW)

7.4.3   Senior managers

Finally, in some organisations, senior managers had the final say over whether an employee could remain in work.

> *It would be myself and the line manager, and then we would put it to the chief exec for approval.'*
>
> (AE-Small-Social Care-SE)

In a few organisations the decision would be referred up to the Board. This was the case in one Education organisation, and in one Construction firm this would be the case for senior managers.

7.5   Factors in decision making

Managers cited a number of factors which would influence the decision on whether or not to retain an employee past normal retirement age.

7.5.1   Business need

The most frequently cited factor was the business case.

'I look at the employees I have got and the needs of the company to meet certain criteria in work and skills.'

(BA-Small-Retail-YH)

'The needs of the practice still has to come first.'

(CM-Small-Health and Social Care-NW)

'...as long as it fits in with the needs of the business then we are perfectly prepared to be flexible with people.'

(GK-Medium-Hospitality-SE)

For many respondents, the default assumption was that the individual would stay, often because of problems in replacing scarce skills, knowledge or experience. The commonest concern was difficulty in recruiting new employees with the right set of skills.

'[Our retirement age is] *65, but in light of recruitment issues primarily...for people who want to stay on, we speak to them, find out what they want and we try to do the best we can.'*

(DT-Large-Construction-SE)

'We do have a lot of people, particularly in areas where in the past we had difficulty recruiting, things like cleaners.'

(DY-Large-Education-EM)

7.5.2   Health and the physical demands of the job

Physical incapacity is a legitimate reason for terminating a contract of employment. The Age Regulations are infringed if an employer assumes that age correlates directly with physical capacity and forces retirement for that reason.

Some respondents, particularly in Construction and Manufacturing, felt that the work may be too physically demanding for people once they reach retirement age (although some Construction employers argued the reverse, and the issue was not raised by Health and Social Care employers, despite the very heavy physical work involved in that sector).

'They don't want to lose the skills, but there are physical issues which come into the equation.'

(AK-Small-Construction-LON)

Physical capability would, therefore, be a factor to be considered when deciding whether to allow an employee to stay in work but some employers would look at redeployment or job modification before considering retirement.

'I think as long as people are physically fit and capable of doing their job, and if they are not physically fit then it might be about looking at some adjustment for them.'

(GJ-Large-Transport-WM))

One retailer specialising in high tech products was concerned about declining manual dexterity.

'The other thing you have to bear in mind is...you have got very tiny things and if you lose any dexterity in your hands then you can't repair, clean or whatever.'

(LF-Small-Retail-SE)

One manager was concerned, not about physical limitations at 65, but the difficulty of drawing a line at some later point, and of having to tell an employee that they were no longer capable of doing the work.

'I think the difficulty that seems to be coming up time and again is if we are keeping people over the age of 65, they may be perfectly fit and healthy to do the job at 70, whether they can at 75 or 80 and it is then how you actually say "enough is enough", and "I really don't think you are well enough".'

(JT-Medium-Retail-EM)

Some respondents were concerned about the health of the individual employee. Managers expressed concern about employees staying in work past 65, when it was considered that health may deteriorate.

'If there are concerns around the person's health, for example, I would discuss that. Not necessarily to suggest that they shouldn't be working but just to discuss it with them.'

(ED-Small-Social Care-SE)

Sometimes respondents seemed to have a distorted perspective on the ageing process and one respondent was concerned about potentially extreme situations.

'The moment when you are not in possession of all your faculties, or your medical condition isn't sufficient...that is when you should consider stopping.'

(DP-Small-Other Community-SE)

Stress was a particular issue for some employers. One Social Care provider had a process of annual stress reviews to monitor employees against this hazard.

'We do an annual review and stress is a big thing in some of the questions from that for staff. So you will pick things up from that. The last annual review we had and we discussed stress as a team then following on from the questionnaire.'

(ED-Small-Social Care-SE)

Employers' approach to monitoring and assessing health and physical capability was in marked contrast to their approach to performance (discussed in Section 7.5.3). In the latter case, employers' ongoing routine monitoring (through appraisal and by other means) was felt to give them a clear picture of the employees' performance, at the point when an employee is given notice of retirement. However, there was no such routine review of physical or mental health, and several of the managers who felt that health was a significant factor in the retirement decision would only consider the health issue once a request had been made.

A minority of organisations involve health and safety or occupational health advisers in discussions over work options after normal retirement age.

> *'I would also expect a certain amount of help from the health and safety manager to assess the risk to an older employee. I think there should be and I mean it is early days yet and we haven't done it yet but I think I would probably ask our health and safety manager to organise a risk assessment based on the age of the employee.'*

> (CL-Medium-Manufacturing-SW)

One respondent would expect to take advice from occupational health advisers when the employee passes 65.

> *'So it may be that when we allow people to stay on after 65, we may suggest that perhaps every two years there is a medical or a consultation with occupational health if they start to feel that they can't manage in the physical role.'*

> (MM-Medium-Other Community-WM)

However, those who do consult occupational health specialists, usually do so on an ad hoc basis, rather than as a matter of routine, and the consultation often only happened after a decision had been taken.

Other respondents said that they would only consult an occupational health adviser if they had serious concerns about the impact on the employee's health or if there were a health and safety implication.

> *'If there are concerns around the person's health, for example, I would discuss that. Not necessarily to suggest that they shouldn't be working but just to discuss it with them.'*

> (ED-Small-Social Care-SE)

> *'We would only consult the health and safety team if there were a specific problem. There have been occasions in the past where perhaps we have had people working in dangerous environments.'*

> (HB-Large-Construction-National)

One respondent planned to do this on the basis of age (which might expose the firm to a claim of age discrimination).

'I would probably ask our health and safety manager to organise a risk assessment based on the age of the employee.'

(CL-Medium-Manufacturing-SW)

One would attempt to persuade an employee that their health made staying on impractical before consulting occupational health advisers.

'I suppose if there were any signs that we had got concerns about their health, then we would have to look at our capability procedures, look at our health procedures and perhaps refer them to occupational health advisers and try and perhaps gently persuade them if we didn't think it was a sustainable position.'

(NR-Large-Education-EM)

7.5.3   Performance

Most respondents would look at an employee's performance when deciding whether to allow an extension of working life beyond retirement age.

'The view is now that it is subject to satisfactory performance and attendance.'

(GJ-Large-Transport-WM)

'How the employee's performance has been during his term of employment with us, all of those factors would come into consideration.'

(TK-Medium-Manufacturing-EM)

While performance was considered an important factor in the retention decision, some managers said that poor performance would have been addressed before an employee reaches retirement age, and there was no need to specifically examine this at retirement age.

'I mean at 65 for heaven's sake, you know what somebody is like.'

(FB-Medium-Transport-SE)

'I think that because we manage performance and we look at it, it isn't going to make any difference whether they are 45, 55 or 65.'

(GH-Large-Business-SE)

7.5.4   Discipline

Some respondents would review discipline records when considering a request to stay, but several said that retirement should not be used as a substitute for proper disciplinary processes.

> *'We would expect to have to use the disciplinary process in the same way if they were failing to do their duties correctly. I don't think we would wish to or even expect to say "well, you are over 65, you have broken our rules, bye-bye". You'd have to go through the normal disciplinary process just like someone who is 25. Otherwise it would be regarded as discriminatory to the older employee.'*

> (FB-Medium-Transport-SE)

7.6 Handling retirement discussions

Most employers were aware of the requirement in the Age Regulations to give notice of retirement dates, and of the right to request extension. Most respondents felt that the time frames specified were adequate for consultation.

> *'*[We would consult employees about retirement plans] *within six to 12 months...I think we would have to do it as early as possible but...when is the right time.... I guess it is probably six months before.'*

> (DT-Large-Construction-SE)

One respondent normally discusses retirement options with staff at the mid-point of the period specified in the Regulations.

> *'So I usually write or talk to the person about nine months before their retirement to say did they want to do that.'*

> (AE-Small-Health and Social Care-SE)

However, not all employers knew what the relevant dates were, and these might be at risk of claims under the Regulations if an employee arrived at retirement age without receiving the required notice. One manager, for example, said,

> *'Well I understand that I have got to write to them, I think, three months before they are due to retire and tell them about their retirement and tell them that they have the right to apply to go beyond age 65.'*

> (DA-Small-Retail-NW)

Another's hope that informal conversations would suffice clearly put her firm at risk:

> *'I suppose I have been thinking in my own mind whether in conversation it will come up to see how she felt about it without making it formal really and just take it from there.'*

> (ED-Small-Social Care-SE)

7.7 Contractual issues about staying longer

None of the respondents said that people who stay in work past retirement age are employed on lower pay and conditions, although in a few organisations such policies had existed before the Regulations came into effect.

One large manufacturer had previously had a policy of different (but he argued, equivalent) pay and conditions for employees who stayed past retirement. Post-retirement employees would be paid at a higher rate, but with reduced holiday and sickness benefits.

7.7.1 Break in employment

Some organisations had previously required employees to take a break from employment at the date of 'retirement'. One had required people wanting to continue in work past retirement to retire formally and then return to work at the bottom of the pay scales on which they have previously been employed. She described the practice, which has since been abolished as, *'a bit unfair'*.

Some said that their organisations' pension funds required employees to stop working, even if only briefly, in order to begin collecting entitlements.

> *'It has been suggested to us that we give them a break and draw a line under the one employment and the terms and conditions that are associated with that and just to make sure there are no complications with the taking of pensions and the like.'*

(FB-Medium-Transport-SE)

One manager in the Transport sector suggested that a break in continuity of service was necessary in order to dismiss employees who had poor performance. Without the break, he was concerned that an employee would retain continuity and employment protection.

7.7.2 Fixed term contracts

A number of organisations, across most sectors, said that, prior to the age discrimination regulations, they had retained people after retirement age on fixed term contracts. This was done for a variety of reasons, several of them arguably in breach either of the Age Regulations or other employment law and all now abolished. The reasons included to:

- fix a later date for retirement (Health and Social Care);
- introduce a periodic capability review into the contract (Transport);
- retain the employee in order to complete a project, but not to extend work beyond (Construction, Manufacturing);
- change the employees' conditions of service, for example switching from a monthly to hourly pay system;
- stop contributing to the employee's pension (Manufacturing).

All respondents reported that such practices had now been abolished and that they now maintain the employee's existing contract of employment after normal retirement age.

One HR manager expressed relief that the new regulations would ease administration of working arrangements after retirement. She noted that processing annual renewals of contracts had been an unnecessary burden for her department and stressful for employees.

> *'What used to happen, prior to October, is we actually did them all on a six-month contract and every six months they just had a new contract and that was it. That was as formal as it got. We didn't even go and see them; it was "here's your contract for the next six months". Their wage rate and everything else was kept and holidays kept and all the rest of it. Now they are back on their original terms and conditions and their original start dates and everything like that. So that in itself made life a little bit easier actually. We don't have to go through the process every six months and they don't have to think, have I been good, do I get another six months? So it's stopped that.'*

> (JT-Medium-Retail-EM)

7.8 Handling refusals and appeals

7.8.1 Refusing requests to continue

One of the commonest and most worrying concerns for respondents was how to refuse requests from employees who wanted to stay past retirement age. Although they expected this to be rare, many felt that they might, from time to time, have the exceptional member of staff whom they would prefer to retire. A fixed retirement age avoided an embarrassing conversation, which many managers would prefer to avoid. As one manager noted,

> *'We have never had a situation in which someone wanted to stay on but we felt that they weren't capable. If that changes, it could present a difficult situation.'*

> (CM-Small-Health and Social Care-NW)

An HR manager said that it was a particularly difficult conversation for line managers, who feel nervous about justifying a decision.

> *'I think that in many cases, managers often just don't think they have a reason. They are a bit fazed by the process.'*

> (DR-Large-Education-SW)

Another HR manager simply felt uncomfortable about refusing requests.

'The hardest part will be if someone comes to me and I can't accommodate them because they are so used to me saying yes. I am very much a yes person.'

(EB-Small-Health and Social Care-E)

The level of anxiety about this issue was high and widespread and several described the experience of refusing requests as painful.

'I've only ever had one person in the time that I have been here say to me I wish I could stay on for another year...She came around and said good bye to everybody and she said, 'I really would like to stay another year and at that time it wasn't our policy to do so. Not just our policy, but the whole company. Everybody retired at 65 but now, of course, that has changed.'

(CL-Medium-Manufacturing-SW)

One widespread anxiety was that the right to request might be seen as a right to stay, and that the burden of proof might fall on the employer to prove incompetence, rather than the employee to prove a need. Behind these anxieties there appeared to be two issues: the manager's distaste for difficult conversations and a genuine concern for the feelings and self respect of the individual. The result was a range of strategies to avoid confrontation.

One manager told an older employee that the position which he had held would become redundant.

'I just said, "no sorry, we're changing the position when you're gone, changing the days or the hours", and that person retired.'

(JT-Medium-Retail-EM)

Some managers would try to persuade the worker of the merits of retiring voluntarily, in order to avoid creating the appearance of a dismissal.

'If...we had concerns about their health, we would...perhaps refer them to the occupational health advisers and try to perhaps gently persuade them if we didn't think it was a sustainable position.'

(NR-Large-Education-EM)

'He [a 75 year old employee] *was not keen to go, but from a health and safety point of view we persuaded him that it was best for him.'*

(HB-Large-Construction-National)

Another HR manager talked about an older employee who wanted to stay but who the organisation was keen to retire because deteriorating health was affecting her performance. In order to decline the request, the manager referred the request up to the Board.

'I said it would have to go to the Board for a decision...I reported that the Board did not approve that particular one and as I say, she was not happy for a while.'

(FG-Large-Health and Social Care-EM)

On a more positive note, one HR manager said that she had felt confident in refusing a request because the firm had good HR records.

'It was somebody who did not have a good attendance record because of ill health and we had already referred them to occupational health for a review. Then when she came up for retirement, she did ask if she could continue and we declined.'

(AE-Small-Health and Social Care-SE)

7.8.2   Appeals procedures

The Age Regulations give an employee the right to appeal against a refusal to continue after retirement age[18]. However, only two firms had any procedure to deal with this. However, in view of the number of firms with no older workers and the generally positive approach to staying on, this may reflect the relative rarity of refusals. The two exceptions were both in Transport, where there is a high proportion of older workers. One allowed appeals to the Board of Directors, while the other allowed appeals to the Managing Director. No other firm described a formal process for managing appeals, despite the statutory requirement.

Most managers said that they would normally provide information to employees about reasons for rejection. One HR manager, however, anticipated that the Chief Executive of his organisation would resist this.

'My Chief Executive has picked up on the fact that you can say no and you don't need to give a reason. The legislation, I was shocked when I actually picked up that little piece, that little gem...I am sad that my CE has latched onto that because he is of the mind that you should go, and that's it.'

(JW-Small-Other Community-SE)

7.9   Summary of key findings: retirement

- **Many firms have never had older employees**: this was especially true of young firms, firms from which people often move on and sectors like Construction where physical wear and tear leads to early retirement.

- **Most firms had a contractual retirement age of 65** either as a long standing practice, or they had recently adopted this as a defensive measure for managing the retirement process, and avoiding risk under the Age Regulations.

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[18]   Although this appeal remains within the firm and the employer is not required to give reasons for refusing it.

- **In most cases firms were formalising existing retirement arrangements**: In a number of smaller firms this meant introducing contractual retirement ages for the first time.

- **Most firms said that they were flexible about retirement age** and almost none would refuse continuation in principle, although most were not actively Encouraging it. The business case would be an important factor in the decision, which would also depend on the current state of the labour market for the relevant skill.

- **A small number of firms had abolished contractual retirement ages** to improve retention, ensure equity or in anticipation of the outcome of the review of DRA.

- **Awareness of Regulations was high**: most were aware of the principles of the new statutory framework on retirement and felt that they were reasonable. However, many were unclear about the precise requirements of the new retirement procedures.

- **Retirement decisions usually involved several people**: the line manager (the most critical), the HR department (to check for policy and legal compliance) and (less often) senior management (the least common). There was a degree of uncertainty about this, probably reflecting uncertainty about the changing legal position).

- **Some managers are concerned about physical and health issues**: this was commonest in Construction and Manufacturing, but other respondents in the same sectors did not see this as insuperable. Practice in the use of occupational health and medical specialists was very variable.

- **Many employers were concerned about having to refuse requests to stay on** and described strategies to avoid doing this directly (including the use of the DRA), for reasons of personal discomfort, management workload, and to avoid having to handle unfair dismissal claims as a result.

- **Many firms had some form of contingent workforce** to manage peaks and troughs in workload. Models included locum and 'bank' work in Health and Social Care; zero hours contracts in Retail, consultancy in Business Services and Manufacturing and self-employment in Construction. These arrangements had potential advantages and disadvantages for employee and employer and the employee is clearly vulnerable to any economic downturn.

- **Retention was valued** as a way of preserving scarce or specialised skills and knowledge and reducing recruitment costs. However, there were some concerns about declining productivity at some future date and a few firms were concerned about career blockage.

- **Incentives for early retirement were rare**: and even more rarely used, although this may be a function of the current economic environment.

8   Conclusions

This chapter summarises the key findings of the report and comments briefly on their possible implications for policy intervention.

8.1   Firm diversity

One overarching policy issue is the need to recognise the huge diversity of employing organisations. Firm size, labour market conditions (local, regional and national), and organisational or sectoral culture all appeared to be significant variables affecting how an organisation would respond to an ageing workforce. Region and rural/urban location seemed less significant.

8.2   The broad picture is positive

Overall, employers' attitudes to older workers is considerably more positive than previous research into age discrimination would suggest[19]. This may reflect the perceptions of senior managers, whose primary experience of 'older workers' is of the self-selected group who survive the attrition of the 50s, when the less productive and motivated probably drop out. It also probably reflects the predominance of small firms in the sample (as in the economy). In such firms, unless there is a problem with a particular individual, it is common practice to allow an individual to continue until they choose to resign.

8.3   Employer awareness of the Age Regulations is high

Respondents in this qualitative study were much more aware of the Age Regulations and of age discrimination more broadly, than Metcalfe and Meadows had found in their quantitative survey a year earlier. This is not entirely surprising, given that the

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[19]   Although the Age Regulations apply to people of all ages, employers overwhelmingly saw it as a matter for older workers, and by agreement with the Department for Work and Pensions (DWP) it was agreed that the interviews would concentrate on this dimension.

interviews were conducted around the implementation date of the Regulations, when there had been considerable press coverage and discussion.

The interviews also suggest that the Regulations have had an impact on firms' policies, though mainly in formalising processes, rather than changing them radically. This formalising effect was most pronounced in relation to retirement and in smaller firms, many of which had not previously had a policy or a formal retirement age. However, the impact on actual practice is probably much less significant because of the high number of firms with no older workers and the general willingness to treat formal contractual arrangements flexibly.

8.4   Attitudes to older workers are positive but passive

Most employers appeared broadly positive towards older workers, but only inclined to make explicit efforts to recruit them, to encourage staying on or to adapt work to make it more attractive to them, when they experience serious labour problems.

8.5   Awareness of the broader labour market context is low

Many employers were only hazily aware of broad labour market trends and the implications of demography for labour market supply. A significant number had no older workers, because the firm had only recently been created, with a young initial workforce or because people normally leave voluntarily before reaching retirement age. Furthermore, some small firms had very low staff turnover and were thus, relatively isolated from the broader labour market trends and issues.

As a result, issues of succession planning or the better use of older workers to fill gaps rarely arose unprompted. However, an underlying theme of many interviews was the difficulty of finding well qualified and experienced workers and many respondents acknowledged the absurdity of requiring experienced staff to retire when their replacements were not waiting at the door.

8.6   Many employers do not perceive the connection between age management and business performance

Many employers recognise that they have skills gaps and shortages and are broadly sympathetic to older workers but do not instinctively see a connection between the two. Encouraging them to see this connection would be a positive way of improving the employment prospects of older workers.

8.7 There are age positive employers in all sectors

In some sectors employers argued that flexible working is difficult or impossible, despite the existence of other employers arguing the opposite. However, in all sectors there are employers who are enthusiasts for employing older people and have positive stories to tell of their experience. This includes those sectors where other employers are more hostile or doubtful of the benefits. It is important to identify examples of good practice and to promote these to reluctant fellow employers in similar firms and sectors.

8.8 Recruitment remains an issue

Most firms either had already, or had recently introduced, recruitment practices consistent with the Age Regulations and most saw this as desirable. However, while retention of existing workers after retirement age was common, recruitment of older workers was much less so, suggesting that indirect discrimination in recruitment practice remains a significant issue. Personal contacts were frequently noted as a factor in recruitment for older people seeking to change jobs or re-enter the labour market; with many employers keen to find people whose established skills could be attested by trusted contacts. This may be efficient but certainly has a discriminatory effect.

8.9 There is a distinctive 'older labour market'

Many employers identified a range of roles which they felt older workers might be particularly suited for. These included mentoring, supervision, work involving older techniques and materials and roles particularly suited to part-time and flexible working.

Many respondents were aware of the potential of recruiting older people with substantial experience relatively cheaply, either because they were unable to find better jobs because of age discrimination or because they were seeking to downscale by reducing responsibility or working hours. Some respondents had found this very effective, although one had been disappointed to find that the experienced recruit wanted to do the junior job he had applied for, despite his substantial previous experience.

8.10 Flexible working is generally welcomed

Most employers claimed to be sympathetic to flexible working and extending working life after normal retirement age and recognised that this could make vacancies easier to fill. Part-time work and annualised hours were more common than job sharing or homeworking.

8.11 Firm size is important

Firm size is critical in understanding age management practice. Broadly, three size bands are particularly significant:

• under 50 employees: here relationships tended to be very personal and individual, and HR policies rudimentary. 'Age management' was not a useful concept. However, such firms often had relatively 'liberal' policies – including no contractual retirement age;

• 50-150 employees: this is a transitional size where HR functions are present but may not be well established. Management practices here were very variable;

• over 150 employees: here, organisations were likely to have established professional HR staff and to have formal policies and procedures for managing age.

8.12 Local, national and international labour market are different

The higher the level of skill in a sector, firm or job, the more likely it is that firms will be recruiting in a national or international market and that workforce needs must be planned on a long-term basis. There was some evidence that such firms are less likely to consider older applicants, although many firms recruit from different markets for different roles. The lower the skill requirements, the more likely it is that recruitment will be local and that generic characteristics like loyalty, commitment and a sense of responsibility will be considered.

8.13 Firm and sector culture affects firms' response

In some sectors and firms (most notably Health and Social Care), equity of treatment, for clients/patients and staff is seen as a core value. Here, decisions on HR policy are more likely to be affected by concerns with equity. In sectors with a stronger profit focus (like Construction or Manufacturing), business performance is much more important, and HR policy is only seen as relevant if it clearly delivers business benefits (however widely defined). In the former, one might perhaps expect that reductions in discriminatory practices, once achieved, will become the norm but in the latter, it is possible that improvements made during a time of economic growth will not be maintained in a recession and that age discrimination will resurface as a relatively simple way of managing downsizing.

8.14 Many problems result from lack of open dialogue

One clear theme of this research, especially when read alongside other studies of older workers (Age Concern 2004; Chartered Institute of Personnel and Development (CIPD) 2001) (CIPD & CMI 2005) (Snape & Redman 2003), is the

mismatch between employer and employee perceptions of age policy and age discrimination. Employers generally claim to be sympathetic to extending working life and to flexible working and flexible retirement and individual cases exist quite widely. However, employees perceive this as rare and are reluctant to request flexibility for fear of drawing attention to themselves and exposing themselves to age discrimination. It is likely that this leads to missed opportunities for both employer and employee.

8.15 Risk/complexity avoidance is an important driver for managers

Most managers are judged on their ability to deliver business outcomes, not on having enlightened HR policies. They, therefore, naturally seek the simplest and least uncomfortable strategies for managing people. There was substantial evidence of managers avoiding what they perceived as difficult conversations, including ones where they might have to reject requests for flexible working or deferred retirement. Managing exit/retirement by default and minimising managerial complexity (like organising job sharing or complex shift patterns) is common, even when it conflicts with long-term business needs.

Many employers were clearly reluctant to have open conversations with employees about their work aspirations in later life, for fear of being asked for impossible things (like unrealistic degrees of flexibility) or being persuaded to take on reorganisation of work which will cause conflicts in the workplace. Some, lacking in confidence in their skill to manage the conversation or fearing stepping into some legal minefield, actively avoid conversations which might have led to a more effective use of older workers. Helping managers to handle such 'difficult conversations' could make a significant contribution to increasing the flexibility of the older labour market.

8.16 Improving recruitment practice is more difficult than improving retention

It is very much easier to retain older workers in their current firms than to recruit them into the workforce after a break, however short. Strategies to help in the recruitment of older people, through training or other support measures are important. Given the importance of word-of-mouth in recruiting older people for high skilled jobs, it may be worth exploring strategies to provide older people with work experience, to enable the parties to get to know each other.

8.17 The role of training is unclear

It is often suggested that more training would make older workers more employable, especially in view of the progressive decline in training participation as people age and the low qualification levels of older people generally. There was little evidence

of employers seeing this as an issue and the empirical evidence that training pays for individual older workers or for employers is thin. There was some evidence that employers, while not actively discriminating against workers on grounds of age, do collude with those who are reluctant to train.

8.18 Some key terms are used in confusing ways

There are a number of key concepts which are the cause of confusion in discussion and research on the older workforce. These terms need treating with caution, and checking that meanings are shared. They are:

- **'old/older'**

  For some employers, 'older worker' really means the very distinct set of people still working after State Pension age, or perhaps those in their early 60s. However, for many, the critical distinction is between school/college leavers and people with some work/life experience (i.e. above or below the mid-20s). Understanding this is important, both for researchers and policymakers, if they are to avoid misunderstanding evidence and misdirecting initiatives.

- **'retirement'**

  The word had a variety of meanings for respondents. For some it meant permanent exit from all paid employment, for others, moving from the main/career job to something offering part-time work or lower pressure.

- **'graduate'**

  'Graduate recruitment' is a distinct phenomenon, used largely by large national and international organisations. Although a third of all 'graduates' are now 'mature', when employers used the term they were almost always referring to young people leaving university in their early 20s. 'Graduate Recruitment Schemes' are rarely offered to people graduating in their 30s, let alone their 50s, although there was one example of a firm opening its graduate scheme on the basis of experience.

- **'experience'**

  'Experience' is commonly used as a selection criterion. For some employers it is a convenient, if clumsy, way of filtering a long list of job applicants. For some it refers to a broad set of generic competences, including flexibility, customer responsiveness and 'common sense'. For others, it is shorthand for a very specific set of technical skills, understood but not articulated. There was some evidence of firms replacing 'experience' in recruitment criteria with more specific competence statements.

Appendix A
Sectoral diversity

This appendix examines the ways in which age impacts differently on particular occupational sectors.

Employers frequently argue that different sectors require different approaches to human resources (HR) issues and one purpose of the present research, and the quantitative survey which preceded it, was to explore how far such differences are real. The quantitative study found that most of the apparent sectoral differences could be attributed to firm size, union recognition and whether it was in the public or private sector. Most apparent sectoral differences merely reflected the concentration of a particular size of firm in that sector.

This appendix summarises the distinctive features identified in each sector in the qualitative interviews. It is important, however, to stress that these are not quantitative findings, and that while the sample included at least five firms in each sector, with a mix of firm size, they cannot be fully representative. The amount of information available for each sector varies and reflects the amount of information provided by respondents and how much the sector stands out as having practice, experience or respondent attitudes specific to their sector. The type of firms identified in each sector is shown in Table B.1.

In each sector we briefly summarise features of the sector, using data from the Labour Force Survey and the Sector Skills Development Agency database. We then highlight the special features identified in the quantitative and qualitative studies.

Figure A.1 shows the distribution of the national workforce across the sectors:

Figure A.1   Distribution of the workforce by sector
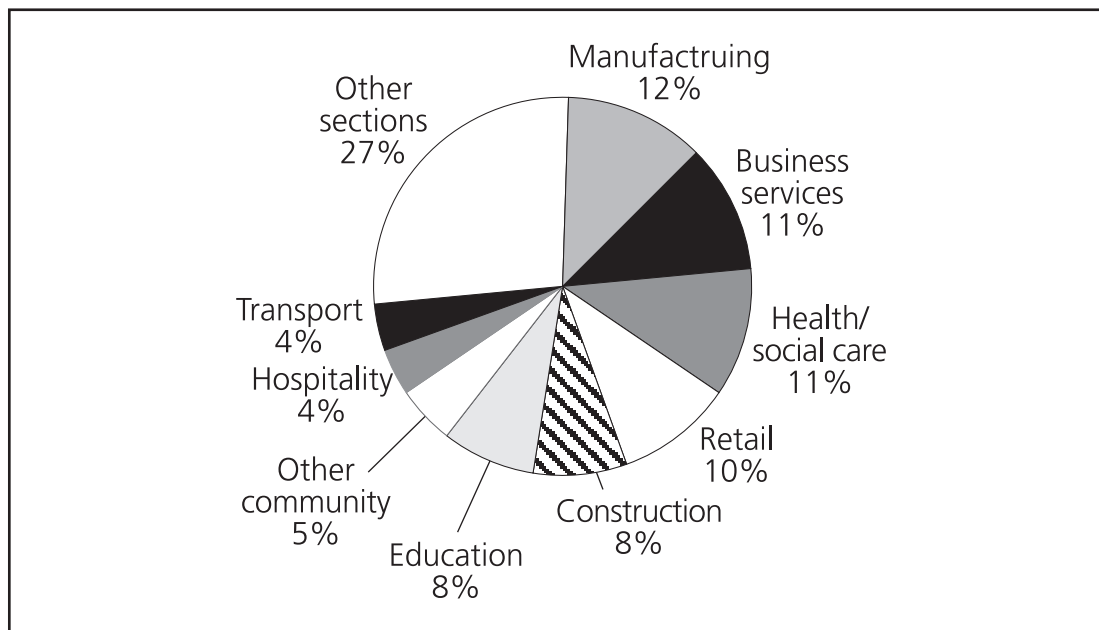
A.1   Business services

A.1.1   The shape of the sector

The sector defined by the Office of National Statistics as 'Real Estate, Renting and Other Business Activities' is very large, employing 3.2 million people (11 per cent of the workforce), and 17 per cent of all those working after 65. It generates eight per cent of total UK output through 97,000 establishments, most of them very small. The sector is extremely diverse, covering many activities which have seen dramatic change and growth in the last two decades. They include real estate; renting of equipment and machinery; computing services; research and development; professional services in fields like law, finance, management and architecture and engineering; advertising; personnel recruitment; security services and call-centres. Employment is heavily concentrated in London and the South East (38 per cent of its workforce), and the sector employs the largest concentration of professional, associate professional and managerial staff, who form over 60 per cent of the workforce.

The sector's output has grown very rapidly in recent years although this is expected to slow over the next decade. Firm numbers are growing, and 14 per cent of firms have existed for less than a year. As a result of its volatility and diversity, employment projections are not available for this sector.

As one might expect in a sector with many independent professionals, a very high proportion (92 per cent) of firms employ under 11 people, and fewer than one per cent employ more than 50. Levels of formal business planning are higher than the private sector averages and lower than the public.

Overall, the sector's age profile matches the workforce in general apart from a high number of workers over 65. However, averages mask substantial differences within the sector, where, for example, 75 per cent of computing staff are under 45 and 42 per cent of research and development staff are over 45. Levels of self-employment are high. Workers in the sector are also rather more likely to be full-time and male and much more likely to be graduates (who make up 45 per cent of the sector's workforce).

The sector's vacancy levels match those of the economy as a whole, with 17% of firms reporting vacancies, although these represent a rather higher proportion of the workforce in Business Services. Levels of hard-to-fill vacancies and skills shortages are substantially higher than in other sectors but reported skills gaps among the existing workforce are very low. Training activity is at comparable levels to the rest of the economy, although training spend per employee is very much higher than average, perhaps reflecting a strong market for very specialised professional updating.

A.1.2   Quantitative evidence

Common practices in this sector, which appeared in need of review if employers are to avoid breaching the Age Regulations, include:

• using CVs rather than application forms in recruitment;

• using length of experience to fix starting salary;

• using age or length of service to select for redundancy;

• refusing to consider job applicants who are thought to be approaching retirement age;

• specifying maximum recruitment ages;

• using age to fix starting salary;

• using age to set levels of redundancy pay.

A.1.3   Qualitative evidence

The dangers of generalising about such a diverse sector from a very small number of interviews is demonstrated by the fact that respondents surveyed in Business Services generally believed that older workers were unlikely to want to work past normal retirement age, although the Labour Force Survey shows very substantial numbers of people in the sector do this, probably on a consultancy basis. Most respondents felt that the implicit contract was that people work hard; often putting in long hours; in return for the expectation of retiring early on a good pension.

However, employers were beginning to see retention as an issue, noting the business costs when they found that they had to re-engage the same workers on a consultancy basis and this was Encouraging employers to adopt more positive approaches toward extending working life.

Nevertheless, recruitment tended to favour younger workers in this sector and even respondents who had a positive view of older workers acknowledged that it is very difficult for people over 50 to find work in the sector, unless they had very scarce skills or strong networks of personal contacts.

When recruiting, employers emphasised the importance of previous experience – both in selecting candidates and setting starting pay. This should give older workers an advantage, although some employers, especially small ones, said they were more interested in recruiting less experienced employees – either because they wanted staff who could learn fresh in the firm or because less experienced staff have lower expectations of pay and benefits.

Some flexible work arrangements were reported, with annualised working hours and part-time working available in some firms. However, in many firms long hours culture was the norm; managers did not think that many employees would want to work flexibly; and they thought that it would be difficult to arrange work to allow them to do so.

Where firms had a culture which expected all employees to train, respondents were more likely to report older workers as willing to do so, and in Business Services training for all employees was required to:

• keep up with technology;

• meet regulations and licensing requirements;

• maintain job roles – e.g. management training.

Retirement ages were normally 65, although some firms reported a lower age. Respondents said that employees usually hope to retire early and they expected few to request extension. However, the desire for early retirement appeared to reflect an expectation on the part of skilled and experienced people that they would be able to return on a flexible (and often more lucrative) basis as consultants.

A.2 Construction

A.2.1 The shape of the sector

The Construction sector employs 2.2 million people (eight per cent of the national workforce) in 206,000, mainly small, firms who carry out site preparation and demolition, the construction of commercial and domestic building, civil engineering, motorways, roads, railways, airfields, installation work (electrical, plumbing, etc) and finishing trades (plastering, joinery, floor and wall covering, painting and glazing). It includes a wide range of occupations, from unskilled manual labourers

to professional architects and engineers but half of its[20] workers are in skilled trades. Construction is supported by two Sector Skills Councils (SSCs):

- ConstructionSkills – which deals with the broad construction industry.

- SummitSkills – represents the more technical building services and engineering part of the sector.

The sector's output has grown in recent years in line with the rest of the economy, but is predicted to decline somewhat, and Construction is especially vulnerable to changes in the economic cycle. Current projections suggest that overall employment will not grow rapidly, but that the sector will need to recruit a further 577,000 people by 2014, especially in skilled trades, to fill the gaps left by retiring workers.

This is a sector of very small firms, with 92% employing fewer than 11 people, and firm numbers are growing. Formal planning is relatively rare: with half of all firms in the sector having no business plan, and two-thirds no training plan.

The Construction workforce has a higher than average proportion of workers over 55, with 357,000 employees aged between 55 and 64, and 45,000 over 65.

Other distinctive features of the sector include a high proportion of workers who are, white and male; in skilled trades; employed on full-time and permanent contracts; and self employed.

The sector also has a regional concentration of firms in Yorkshire and the East of England, and fewer in London and Wales.

Current vacancy rates are slightly lower than in other sectors, but one in three of these is a skills shortage vacancy, and the level is higher still in the skilled trades, which make up half the workforce. The Sector Skills Councils have highlighted three particular features of the sector:

- low training levels, with the proportion of staff trained in the year well below national averages;

- the need to keep pace with rapid technological change;

- the impact of boom and bust economic cycles on training activity.

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[20]   This analysis is based on the Standard Industrial Classification (SIC) Code 45. This includes most people in Construction, but some (principally consultants and specialist professionals listed under code 74.2 – 'Architectural and engineering activities and related technical consultancy') are excluded from this report.

A.2.2   Quantitative evidence

Common practices in this sector which might need review if employers are to avoid breaking the Age Regulations include:

- using length of experience as a selection criterion in recruitment;

- using physical strength as a recruitment criterion (hazardous if it implies assumptions about a direct link between age and physical capacity);

- using length of service or 'last in first out' as the basis for redundancy decisions;

- specifying maximum recruitment ages more than six months before the firm's retirement age;

- using age to fix starting salary;

- using age as a selection criterion in recruitment.

A.2.3   Qualitative evidence

The Construction firms typically had a divided age profile, with large numbers of young employees in training roles and of long serving older people, leaving a gap in the middle age range. This was a matter of concern to respondents and said to reflect past fluctuations in the industry, leading to periods of high and low recruitment.

Although the sector's vacancy rate is about the same as the economy as a whole, employers were worried about recruiting and retaining skilled workers, especially in intermediate level roles like plumbers and electricians, and there was a common fear that big national projects like the Olympics will drain the sector of skilled workers. As a result, recruitment and retention were high priorities, and employers were keen to retain older workers with skills and knowledge. Examples were quoted of older construction workers remaining active as mentors and overseeing projects. Some firms felt that their recruitment problems were based on negative public perceptions of the sector and had resorted to older workers and migrant workers to fill the gaps.

Some employers felt that work in this sector is too physically demanding for older workers, although others disagreed, with one suggesting that older workers were capable of outperforming younger ones even in the more physical tasks, because of their higher levels of motivation and experience. However, some respondents saw older workers as ready to retire long before reaching retirement age and the positive views may relate primarily to the residual, more committed, workforce, rather than older workers in general. Several respondents said that opportunities to extend working life on a flexible basis were limited by project based, and on-site work.

Apprenticeship was still relatively strong and reported to be expanding in the sector. Construction firms noted that mentoring is an important part of apprenticeship

but that small construction firms found this difficult because they lack the resources to employ people in training and mentoring roles.

For a variety of reasons, most respondents felt that flexible working was not practicable for permanent employees. Reasons included widespread sub-contracting, which fragments work between many small employers; and limitations of site location and access, which constrained working hours and imposed long travel requirements. More importantly, there is a long working hours culture in the sector. Where older workers were working it was usually on a contingent, or self-employed basis.

Training was relatively strong in the sector, with universal health and safety training common. Employers reported that they value the skills and tacit knowledge of older employees and actively encourage them to participate. However, training opportunities were limited, for workers of all ages, in small and micro construction firms (which constitute the majority of firms in this sector).

In general, Construction employers did not think that workers would want to stay in work past retirement age. The work was thought to be physically demanding and workers could easily become exhausted. Small firms said that they did not have formal retirement ages, because so few employees stay to the point when retirement would be an issue. By contrast, larger firms had more flexibility and, therefore, greater scope for changing older workers' roles to less strenuous work in which their skills and tacit knowledge could be better used

A.3   Education

A.3.1   The shape of the sector

The Education sector[21] employs 2.5 million people (eight per cent of the national workforce) in 13,000 establishments. These include primary and secondary schools, further and higher education institutions, adult education and private training agencies. A large proportion (though not all) of this work is in the public sector and subject to substantial direct and indirect Government regulation. The sector has a very high proportion of professional staff, with twice the national average proportion of graduates.

Those parts of the sector outside primary and secondary schools are supported by the Lifelong Learning Skills Council, while some comparable planning and support provisions are made through a range of agencies, including national representative bodies for individual sub-sectors (higher education, schools, etc.), government departments, professional, funding, quality and regulatory bodies.

The number of establishments is growing, as is employment in the sector, and the workforce age profile creates a relatively high demand for new recruits to replace

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[21]   The definition of the sector used in this report is the ONS Standard Industrial Classification Code 80.

retirees. The sector is predicted to need an additional 1.14 million employees by 2014 (equivalent to 46 per cent of the current workforce).

Establishments in Education are larger than organisations in the economy as a whole, with only 38 per cent employing fewer than 11 people, and 20 per cent employing more than 50. They are much more likely to have formal planning processes, training plans and training budgets and only six per cent have no formal planning processes at all.

Education is an old sector, with nearly half of all employees over 45, although numbers remaining after 65 are relatively low. Three-quarters of employees are women, half are graduates (double the national average) and over a third work part-time.

Levels of vacancies are high, with over a quarter of establishments reporting vacancies among both professionals and personal services workers. However, levels of skills shortage and hard-to-fill vacancies and skills gaps are not significantly different from the workforce as a whole. Participation in training, which is highly regulated, is very high in the sector, although reported figures may be distorted by a greater awareness of learning and training among professional educators, who may adopt a broader definition of 'training' than is common elsewhere.

A.3.2   Quantitative evidence

The quantitative survey found that the education sector had a relatively high proportion of older people up to State Pension age, but that it was one of the least flexible sectors in terms of retention after that age. The sector was also relatively diverse, incorporating public and private schools, vocational further education, which frequently recruits older experienced professionals and higher education, where work for academics is often seen as a lifestyle rather than a job.

Common practices in this sector which may need review if employers are to avoid breaking the Age Regulations include:

• using formal qualifications in selecting staff;

• providing age information to shortlisting and interviewing staff;

• long incremental pay scales;

• setting maximum retirement ages;

• using age to set redundancy pay levels;

• setting a maximum age for eligibility for sick pay.

A.3.3   Qualitative evidence

Teaching staff tended to have worked in the sector for a long time, while the age profile of other staff was more mixed. Entry to Education was later than many other sectors, because of longer initial training, especially for academic staff in higher education.

Attitudes toward age differed between schools and universities. In schools, respondents were concerned about older teachers' ability to relate to young people (although no specific examples were given). As a result, retaining teachers beyond retirement age was thought unattractive. Academic staff in higher education, on the other hand, often have unique and saleable, expertise in specialised areas, and universities were keen to maintain links after they retire. As a result, university professors were cited as maintaining 'post-retirement' work through an assortment of research and teaching activities. One university quoted examples of retired professors who had been given visiting Chairs, enabling them to have access to facilities with which to carry on academic work (as part of the University or independently). As one respondent said, academic work can often be better described as a lifestyle than a job. The main limitation on such career was age restrictions imposed by research funding bodies, concerned to maintain continuity of research programmes.

Academic staff in universities have a great amount of discretion in managing their work and informal flexible work arrangements were, therefore, seen as common. In schools and further education colleges, flexible working was seen as rather more difficult, as work organisation was more constrained by timetables. Although job sharing arrangements were possible for schoolteachers, respondents were not sympathetic to the idea and felt it would be resisted by parents. They were also concerned about continuity of contact with both pupils and parents.

In common with other public sector employers, public sector schools and universities had formal policies on flexible working which could enable staff to request changes in work arrangements, although no examples of this being used were quoted.

Work-based learning is common in the education sector and employees were often encouraged to take part in training or courses leading to qualifications. Universities were also providing the opportunity for staff to participate in subsidised courses.

Respondents in primary and secondary schools were reluctant to keep teaching staff beyond normal retirement age and the Teacher's Pension Scheme was believed to provide an incentive for teachers to retire, particularly in the rights which it gave serving scheme members to retire on a full pension at 60.

A.4   Health and social care

A.4.1   The shape of the sector

Health and Social Care[22] is a large employer, with a workforce of 3.4 million people (11 per cent of the national total) in 14,000 establishments. It covers all aspects of human health, together with social care, social work and veterinary activities. Professionals and Associate Professionals account for 38 per cent, and personal

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[22]   This definition corresponds to the Standard Industrial Classification Codes (SIC code 85), but veterinary activities are excluded from this analysis.

service workers for 31 per cent of the workforce. The sector is supported by two SSCs: Skills for Health, and Skills for Care and Development.

The sector is broadly divided between a largely public sector health service, comprising relatively large and formal establishments, with an associated network of small GP practices; and a Social Care sector with a much larger private sector component. The influence of Government regulation, professional requirements and high levels of unionisation produces a more formalised employment culture than in most other sectors.

Overall, the majority of establishments are small, with 56 per cent employing under 11 people and a particularly high concentration in the 11-49 range. However, in terms of total employment the reverse is true, with a large proportion of employees working in large establishments. The pattern of establishments in Social Care is relatively stable but the public sector Health service is going through major reorganisation.

Expected rates of employment growth in the sector are well below those for the economy as a whole but the size of the sector means that this is still a substantial call on the potential labour pool, requiring by 2014 an additional 1.6 million people (equivalent to 47 per cent of the current workforce) to meet needs for expansion and to replace those leaving and retiring.

The workforce in Health and Social Care is much older than the workforce in general, with a high proportion of employees over 45. Employees in general are much more highly qualified than in any other sector (except education), although there remains a small proportion (15 per cent) who have no qualification above level 2. Other distinctive features of the workforce are a high proportion who are: part-time, female and from ethnic minority groups.

Labour shortages are a serious problem in the sector, partly as a result of recent expansion and the long training times for many of its professions and a quarter of all establishments report vacancies. These are concentrated among Personal Services roles, which account for the largest proportion of vacancies, half of all hard-to-fill vacancies and the largest numbers of both skills shortage vacancies and skills gaps. However, there are similar problems with Associate Professionals and Technical staff. Levels of participation and investment in training are very high, in establishments of all sizes, and the sector has a long tradition of education and training, with well established institutions and a heavy engagement with the higher education system.

A.4.2   Quantitative evidence

Common practices in this sector which may need review if employers are to avoid breaking the Age Regulations include:

• using years of experience as a selection criterion in recruitment;

• applying long incremental pay scales;

- using length of service to select for redundancy;

- setting contractual retirement ages below 65;

- setting maximum recruitment ages more than six months below retirement age.

A.4.3 Qualitative evidence

Respondents in Health and Social Care had a very mixed workforce, although some caring or administrative roles were reported to attract older women and some respondents expressed a preference for employing older women, who were expected to be better able to fit in with existing members of staff and clients. Older women were also sometimes more likely to apply for caring and administration jobs than other people.

Organisations placed a high value on equity, and this permeated attitudes to discrimination in employment. Respondents from public sector organisations reported comprehensive equal opportunities policies and (unlike their colleagues in other sectors) were able to talk about implementation and monitoring. Private and voluntary organisations in this sector shared the policies, though not always the practices.

Respondents were trying to retain employees with scarce and expensive skills against a background of rapid change: in legislation and ways of working and in NHS restructuring, with commissioning new services and new GP contracts.

Older workers were reported to have an important role in mentoring and supporting other employees (including personal supervision roles) and examples of this were quoted.

Flexible work was common among respondents in both NHS and private sector, and particularly among nursing and social care employees. The sector was thought to be particularly attractive to workers with childcare responsibilities and job sharing and part-time arrangements were considered essential to recruitment. Respondents said that requests from older employees to work flexibly could usually be met by recruiting new employees or adjusting the shifts of existing staff.

Respondents reported that the culture of the sector places a high value on training for professional and associate professional staff and universal training was the norm to meet professional and legislative requirements. Health and safety and equal opportunities training were normally available to all staff.

Formal appraisal systems were universal and arrangements were often made to review performance in between annual appraisals. Respondents were particularly concerned to ensure that staff were managing stress, as the work can often be emotionally demanding.

Most respondents would consider requests to stay longer in work sympathetically. Locum or 'bank' work was common, especially among nurses and care workers. This allowed for cover for staff absence resulting from annual leave, sickness and training and enabled retired workers to maintain contact without committing themselves to a permanent work pattern. In return for less job security and a lack of guaranteed work, such employees received higher rates of pay. Although contingent work was offered to people of all ages, respondents felt it particularly suited to people who had retired.

A.5 Hospitality

A.5.1 The shape of the sector

Hospitality (the sector defined statistically as 'hotels and restaurants'[23]) employs 1.2 million people (four per cent of the national workforce), and produces four per cent of total output. In addition to hotels and restaurants, its 130,000 firms include camping sites, self catering accommodation, take away food shops, bars, pubs and clubs, canteens and catering. Half the workforce work in 'elementary' roles. The sector is supported by a single SSC, People 1st.

Output in hospitality is growing in line with the rest of the economy and the number of firms is also growing, although with very high turnover (15 per cent of all firms are less than a year old). Employment in the sector is expected to expand, mainly among managers and elementary occupations. Because of high labour turnover the sector expects to need an additional 850,000 people by 2014 (equivalent to 70 per cent of the current workforce).

This is a sector of smaller firms, with a very high proportion employing 11-49 people, and a very young workforce. About half of all firms have some form of business planning.

Hospitality has a higher proportion of young employees than any other sector and is much less likely to employ people over 55. Employees are also much more likely to be part-time, female, and from ethnic minority groups and two-thirds have qualifications below Level 3. In occupational terms, the workforce is sharply divided between half who are in elementary occupations and a fifth in managerial roles.

The hospitality sector has much more serious problems of labour supply than the economy as a whole, perhaps as a result of the youth and high turnover of the workforce. Key indicators of this are high levels of:

- vacant posts;
- hard-to-fill vacancies;
- skill shortage vacancies;

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[23]   This report includes firms in the Standard Industrial Classification (SIC) code 55.

- internal skills gaps (where current employees lack necessary skills for the job) affecting a large proportion of the current workforce.

These problems affect all occupational groups but are especially severe among elementary occupations, where all kinds of skill problem levels are well above the national average for all sectors. This suggests a sector with real recruitment difficulties, and/or uncompetitive levels of reward in a tight labour market.

Despite the evidence of skills problems, overall levels of training are below average on most indicators, although the proportion of staff who receive some training in a year is higher than average (probably reflecting the combination of statutory requirements and high staff turnover). Firms in this sector are as likely to plan for training as firms generally but are less likely to have a training budget, and over a third have no formal skills planning of any kind. People 1st identifies customer, managerial and supervisory skills as particular problems.

A.5.2   Quantitative evidence

Common practices in this sector which may need review if employers are to avoid breaking the Age Regulations include:

- using length of experience as a selection criterion in recruitment[24];

- providing age information on candidates to shortlisting and interviewing staff;

- using 'last in first out' as the basis for redundancy decisions;

- using age to fix starting salary;

- using age as a recruitment criterion;

- specifying age in job advertisements.

A.5.3   Qualitative evidence

The Hospitality firms had a workforce age profile heavily skewed towards young people, although all respondents expressed a wish to have a broader mix. This age profile was attributed to public perceptions of working hours, type of work required, low pay and progression opportunities in the sector. The age mix varied according to staff roles, with younger workers in restaurant, bar and kitchen work and a wider mix in housekeeping and administrative roles.

Firms had a very mobile workforce, with a lot of temporary workers, including migrants and often very short notice periods, which prevents long-term planning and management. National shortages were mentioned for chefs and some respondents were actively targeting migrant workers.

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[24]   However, employers in this sector are less likely than others to use age directly as a criterion in recruiting staff and are more likely to pay all staff at the same rates, which reduces the chances of hazardous or unlawful practices.

Respondents generally welcomed older workers because they found it easier to develop rapport with an ageing customer base. They were also seen as adding stability and continuity to a workforce where long-term relationships with repeat customers were important, sometimes lasting many years.

Shift work was the norm in most firms and they were often flexible about working hours (subject to overall coverage). Seasonal work is common in the sector, as labour demand rises in the summer and falls significantly in the winter.

Where training was provided it was generally on the job, as required. Respondents in large hotels said that they rotate staff between roles to encourage multi-skilling, to provide variety for staff and make cover for absences and leavers easier. For most roles there was not felt to be a strong driver for training, other than the statutory requirements on food hygiene.

Because of the youth of the workforce, employers in this sector were less likely to have well developed retirement policies than other sectors; and respondents were often unclear about how they would manage the issue, should it arise.

A.6 Manufacturing

A.6.1 The shape of the sector

Manufacturing[25] is still the largest sector of the economy, employing 12 per cent of the national workforce (3.7 million people) in 152,000 firms. It is extremely diverse, producing: foods and beverages, clothing, textiles and leather, wood and wood products, paper and publishing, fuels, chemicals, plastics, mineral and metal products, precision instruments, machinery, furniture, electrical and transport equipment and recycling. The bulk of the workforce (43 per cent) are Skilled Tradespeople and Process, Plant and Machine Operators. The sector is supported by four SSCs:

• Proskills UK – process and manufacturing of building products, glass, paint, coatings, print and extractive processing;

• Improve – food and drink manufacturing;

• Skillfast – clothing and footwear;

• SEMTA – science, engineering and manufacturing technologies.

Although productivity is relatively high, the sector's output has been shrinking, as has the number of firms, and this is expected to continue. However, the sector expects a continuing growth in numbers of highly skilled and managerial staff, and a rapid decline in low skilled and craft ones. Among the SSCs, only SEMTA

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[25]   The sector includes the SIC Codes 15-37. Full details of occupational classifications can be found at www.statistics.gov.uk/methods_quality/sic/downloads/UK_SIC_Vol1(2003).pdf

(which has the highest proportion of highly skilled workers) is predicting an overall expansion of employment over the next decade.

By comparison with the economy as a whole, manufacturing firms are relatively large. Although three-quarters of all firms employ fewer than 11 people, the sector has twice the national proportion of firms employing over 200. Levels of planning are comparable with the rest of the private sector, with half of all firms undertaking some formal business planning.

The workforce is older in manufacturing than in other sectors, with a disproportionate concentration in the 35-55 age range; a very large number over 55 (598,000); and one firm in five employing someone over State Pension age (mainly in small numbers). However, this varies within the sector, with the proportion of people over 55 higher in basic metals, textiles, and recorded media and lower in food, drink and tobacco. Other distinctive features of the manufacturing workforce are the low numbers of women and members of ethnic minorities. Part-time working, which is particularly attractive to many older workers, is very rare in this sector.

The sector is experiencing high levels of skill problems, with double the national average proportions of skills gap, skills shortage and hard-to-fill vacancies, but training levels are below the average for the economy as a whole on most indicators and a low proportion of firms have training plans. Despite the predicted decline in employment, the workforce age profile means that in the medium term there will be high demand for workers to replace those retiring.

A.6.2 Quantitative evidence

Common practices in this sector which may need review if employers are to avoid breaking the Age Regulations include:

• selecting new staff on the basis of length of experience;

• using physical strength as a recruitment criterion;

• providing age information to shortlisting and interviewing staff;

• giving local managers discretion over setting starting pay;

• setting contractual retirement ages below 65. This is more common in manufacturing than elsewhere, although most firms have no rationale for this;

• setting maximum recruitment ages;

• using age to fix starting salaries;

• using age as a recruitment criterion.

A.6.3 Qualitative evidence

Manufacturing is a very diverse sector and it is particularly difficult to draw conclusions from a small sample of firms. Generally, the workforce was older than other sectors. Overall skills levels were relatively high and some older workers

have scarce technical skills which can help them to remain economically active. However, the pace of change is rapid, and the reluctance of some older workers to train was seen as an impediment to extended working life.

Levels of awareness of the long-term labour supply varied greatly. As in Construction, some respondents were concerned about the physical capacity of older workers, but this concern was not universal. Traditionally, workers join manufacturing firms at an early age, working their way from lower to higher paying jobs and seniority on the shop floor was largely determined by experience.

Most respondents felt that flexible working would be difficult, especially where they had a 'full-time' production line culture. Manufacturers were particularly anxious about the tension between work requirements and staff expectations of flexibility. Where flexible working arrangements existed, they tended to be formal shift working or annualised or compressed hours, allowing workers to work longer days in shorter weeks.

Training was often required for regulatory reasons involving health and safety. Respondents said that they encouraged older workers to train but that they seldom take it up. The general view was that most older manufacturing workers left education at an early age and that a return to learning is an intimidating idea.

Large manufacturers were still offering pensions and there was often a cultural expectation of early retirement, although there were no reported direct incentives to do this. Some firms reported bringing back retired employees as consultants.

A.7   Retail

A.7.1   The shape of the sector

The retail sector[26] is very large, employing a little over three million people (10 per cent of the national workforce) in 202,000 firms. It covers all retail trade, including general and specialised stores, the retail motor trade, food and beverages, pharmaceutical goods, second-hand sales, 'sales not in stores' (markets, mail order, and online) and repair of personal and household goods. Employment is concentrated in two occupational groups: Sales and Customer Services and Managers, with very few workers in other groups, and very little self-employment. The sector is supported by one SSC: Skillsmart Retail.

The sector's output has been rising rapidly but this is predicted to slow and overall firm numbers are falling slowly. However, employment is expected to grow faster than any other sector, adding 1.4 million new workers by 2014 to its already large base.

The mix of large and small firms matches that of the economy as a whole, ranging from very small micro businesses, to large multinational corporations. In general, management in the sector is relatively informal, with low levels of planning.

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[26]   SIC Code 52.

Despite the high profile of a few very large firms, less than half of all firms in the sector have formal business plans and one-third have no business plan, training plan or training budget.

The sector has a very young workforce with nearly a third of all employees under 25 and despite prominent initiatives by some large firms, retailing is less likely to employ people over 55 than firms in general. Other distinctive features of the workforce are high proportions who are part-time, female, from ethnic minority groups, and with low qualifications.

The main current skills problems were underqualified sales and customer services staff; hard-to-fill vacancies for managers; high levels of skill shortage vacancies; and low levels of training, with only 57 per cent of firms providing training of any kind in the last year and annual training expenditure at half the national average. What training there is, is concentrated in induction and health and safety, probably reflecting a relatively high turnover of staff.

A.7.2   Quantitative evidence

Common practices in this sector which may need review if employers are to avoid breaking the Age Regulations include:

- selecting staff on the basis of length of experience;

- targeting particular age groups for recruitment;

- providing age information to shortlisting and interviewing staff;

- using length of service or age to select for redundancy;

- setting a maximum recruitment age;

- using age to select for redundancy;

- using age to fix starting salaries;

- specifying age in recruitment advertisements.

A.7.3   Qualitative evidence

The Retail firms employed a mix of age ranges and respondents were particularly emphatic that they were looking for people with 'the right attitude' to work regardless of age or formal qualifications, although they were also keen to employ people whose age would match their customer profile. Respondents said that they could offer a range of flexible working patterns to suit a wide range of people. Their main HR problem was finding people who wanted to see retailing as a career.

Some large retailers have gained a high profile for abolishing retirement ages and promoting themselves as employers of choice for older people. This pattern was evident among respondents but several reported an early retirement culture in managerial jobs in the sector, where long hours and good pensions were thought to be motivating factors.

There are a number of statutory limits on the age at which young people can sell particular goods (notably, alcohol and knives) and these are exempt from the age discrimination regulations. As a result, several respondents were concerned to retain age information on application forms to ensure that they did not breach their statutory obligations. Some were also concerned to ensure that they conform to the regulations on employment of people under 16.

As in hospitality, several respondents reported that older workers were good for the business because their age and life experience matched that of ageing customers and the value of continuity of relationships with longstanding customers was also stressed. Respondents said that they were comfortable with recruiting workers over 65 and saw older workers as essential members of their workforces, although they reported that this was not a universal view in the sector; one retailer reported actively recruiting experienced older staff from a neighbouring competitor who imposed a fixed retirement age.

The retail respondents and especially the larger firms, regarded flexible working as the norm and indeed, necessary to cover long opening hours and fluctuating levels of business across the day and week. As a result they could offer shop floor workers a wide range of flexible working patterns, although this was rarer among managerial staff and in small firms, where multitasking was seen as a priority.

Some training was universal for licensing and health and safety reasons but broader training for career development reasons were less common, except for managers in large firms. Shop floor retail work tended to be low skilled, although one large retail organisation had a 'talent spotting' programme to encourage sales staff to seek promotion by taking on managerial roles.

Company pensions were available to staff in large national firms, although they were shifting away from final salary towards defined contribution schemes. For longer serving employees who remain in final salary schemes, the pension system was thought to create both push (e.g. early retirement arrangements) and pull (e.g. pension advantages in deferring retirement) factors. One retailer offered retired employees the option of returning on a nil-hour contract basis to cover leave and sickness.

A.8   Transport

A.8.1   The shape of the sector

The transport and logistics, storage and communication sector[27] employs 1.3 million people (four per cent of the national workforce) in 64,000 firms. It covers land, water, air and space transport and logistics, together with supporting activities

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[27]   The sector includes the SIC Codes 60-63. For this analysis, post and telecommunications (which are included in the SIC code) have been excluded.

like storage and warehousing and travel agencies. Over half the workforce is in driving or elementary occupations. Although firms are overwhelmingly in the private sector, some large ones were previously part of nationalised industries and still retain some employment traditions from those days. This is significant, since age-related employment practices generally vary according to whether a firm is large or small on one hand and in the public or private sector on the other.

The sector is supported by two SSCs:

• GoSkills - is the Sector Skills Council for Passenger Transport;

• Skills for Logistics - represents the freight logistics industry.

Transport and logistics is a relatively stable sector. The turnover rate of firms is low and overall employment growth in the sector is among the lowest. The sector expects to need 478,000 additional workers by 2014, representing 36 per cent of its current workforce, concentrated among Administrative/Secretarial staff and Drivers[28]. Output growth levels are rather lower than the economy as a whole.

In formal structure the transport and logistics sector mirrors the economy as a whole, with 95 per cent of firms employing fewer than 50 people. A little over half of all firms have business plans, a smaller proportion have training plans and budgets and one-third have no formal planning of any kind.

The sector has a very high proportion of workers over 55 (17 per cent), posing a serious labour supply problem as this cohort approaches retirement, as Skills for Logistics has noted in its strategic planning documents. Other distinctive features of the sector workforce are a high proportion of full-time and male workers and half with no qualifications above Level 2. Overall, there is also a disproportionate concentration of transport employment in London and the South East, where skills shortages are already high, although employment in logistics is more evenly distributed across the country. Vacancy levels are higher in the sector than in the overall economy and half of these are for drivers, where 'hard-to-fill' and 'skills shortages' vacancies are concentrated.

Both SSCs highlight the need to raise skill levels in response to growing regulation, and the need for improved supervision and management skills in a very competitive market. The overall level of training activity largely matches the average for all firms, although this appears to be concentrated on relatively few people, since the numbers trained are notably low. This may reflect a relatively stable workforce, requiring less of the induction and health and safety training that dominates training activity in some other sectors.

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[28]   Included in the standard classification as Process, Plant and Machine Operatives.

A.8.2   Quantitative evidence

Common practices in this sector which may need review if employers are to avoid breaking the Age Regulations include:

• providing age information to shortlisting and interviewing staff;

• using age-related measures, like years of experience, in selection and to fix starting salaries;

• using proximity to retirement and maximum recruitment ages to exclude job applicants;

• using incremental pay sales which extend over more than five years;

• using length of experience as a basis for redundancy decisions;

• using time left to retirement to exclude employees from training;

• setting a maximum recruitment age;

• using age to select for redundancy;

• using age as a recruitment criterion.

A.8.3   Qualitative evidence

Awareness of age as an issue was particularly high in the Transport sector, where many employees had either been working for a long period or had come to the sector as a second career. Most organisations had a significant proportion of workers over 40 (and some over 65) and respondents often talked about the challenges of an ageing workforce. Although this was often seen in positive terms, it was also an issue which they felt needed attention in future planning.

The Transport sector contains an unusually diverse mix of firm size and public/ private cultures and the sample included respondents from very large organisations which had been privatised (railways and buses) and where some elements of public sector culture, like formal agreements and strong unions survive. One firm remained in the public sector. In both public and post-privatisation transport firms respondents saw older (or more specifically, longer serving) employees as resistant to changes in working practices.

Private sector bus and coach operators, some newly started organisations, on the other hand saw older workers as important members of a flexible workplace. Some actively promoted themselves as second career opportunities. None of the respondents, either in the public or private sectors, identified performance problems with their older staff.

Statutory restrictions and insurance requirements were reported as constraints on employment, of both young and older people, particularly in bus driving. The Working Time Directive was affecting some transport companies, by limiting the use of vehicles and employee working hours. Employing older workers was

reported to have implications for insurance and the DVLA requires medicals more frequently for older employees.

Flexible and shift working were relatively common, especially in coach driving, which is particularly subject to peaks and troughs during the working day. Respondents tended to be positive about flexible working, since it meant that drivers were not in work, and being paid, during slack times. Coach driving was thought to be attractive to older workers who want to work occasionally, driving day-trip coaches and visiting recreational sites.

One public sector firm was promoting flexible work as an option for its employees but had met resistance from employees in a male dominated and full-time workplace culture.

Public sector and post-privatisation organisations noted that in many jobs, skills have traditionally been developed through experience rather than formal training and some older workers perceived encouragement to train as a criticism of their experience and performance. The cost of qualifications was also identified as a barrier to entry for older recruits.

This was the only sector where any respondent reported having an established appeal process to handle disputes about compulsory retirement. Two transport firms had such processes, although the chances of them being needed may be slim.

A.9 'Other community' sector

A.9.1 The shape of the sector

The sector which government statistics define as 'Other Community, Social and Personal Service Activities' is extremely diverse[29], grouping together, as a result of historical accident, organisations with relatively little in common The sector employs 1.5 million people (five per cent of the national workforce), in 143,000 establishments and produces five per cent of total UK output. It covers membership organisations, recreational, cultural and sporting activities, radio and television, theatres, libraries, museums, sporting and gambling and a range of miscellaneous activities like funeral services and hairdressing. Employees are concentrated in Professional and Associate Professional roles (30 per cent) and in Personal Services occupations (19 per cent).

The diversity of the sector, ranging from national newspapers and broadcasters to local voluntary organisations with a single employee, makes generalisations about a 'sector' particularly dangerous, since major problems in one area may be masked by overall averages.

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[29]   The sector includes all employment in the SIC Codes 91-93 (Code 90 'Sewage and Refuse Disposal' has been excluded from this report).

Unlike most other sectors, where employment is predominantly in either public or private sector, 'other community' bridges both, with, for example, the media predominantly in the private sector and museums and libraries in the public. It also has a significant number of organisations in the voluntary sector.

The 'other community' sector comprises a wide range of diverse kinds of business. The sector has grown rapidly in size and economic importance in recent decades. Firm size is extremely variable. The sector includes media (press, television) voluntary organisations based mainly around volunteers and charitable organisations operated mainly by paid staff and a range of professional and regulatory bodies.

The sector is supported by three SSCs:

- SkillsActive – sport and recreation, health and fitness, playwork and caravans;
- Skillset – broadcast, film, video, interactive media and photo imageing;
- Creative and Cultural Skills – advertising, crafts, cultural heritage, design, music, performing, literary and visual arts.

Across the whole sector, output growth and the number of establishments, are both falling and this is predicted to continue. However, overall employment in the sector is expected to rise, creating a need an additional 862,000 employees by 2014; equivalent to 56 per cent of the current workforce.

Organisations in this sector are very small, with a very high proportion (90 per cent) employing under 11 people. They are less likely than firms generally to have formal business planning processes.

The sector is unusual in having a very high proportion of employees under 24 and over 65 (the latter the highest of any sector – reflecting its strong links with the voluntary sector). Other distinctive features of the workforce are a high proportion who are self-employed (24 per cent), female (53 per cent) and working part-time (35 per cent). Nearly one-third of all employees are in London and the South East, probably reflecting the role of the media and the arts in London.

By comparison with other sectors, 'other community' has relatively few labour problems. Fewer than one firm in five reports vacancies, mainly for Personal Services workers and Managers, and training activity broadly matches the national profile.

A.9.2   Quantitative evidence

This sector was the most likely to have practices which are unlawful under the Age Regulations.

Common practices in this sector which may need review if employers are to avoid breaking the Age Regulations:

- using length of experience as a selection criterion;
- using qualifications as a selection criterion, (mainly in the public sector, only half of private sector employers do this);

- using long incremental pay scales;

- setting maximum recruitment ages;

- setting compulsory retirement ages;

- using age or length of service (which reflects age) in selecting for redundancy and setting redundancy pay levels.

A.9.3 Qualitative evidence

In view of the diversity of the sector it is not surprising that few sector-specific practices were apparent. The firms interviewed included a small regulatory body, a local advice service, a Council for Voluntary Services, an international religious charity and a Local Authority Community Services Department. The workforce in these firms tended to be older than in the firms interviewed in other sectors[30].

Despite a high proportion of hazardous practices identified in the quantitative survey, respondents from the voluntary sector tended to see their organisations as 'caring' employers and thought that this makes the sector attractive to older people seeking a second career. They noted that the boundary between paid and voluntary roles was often blurred and it was noted that retired volunteers often take on very substantial responsibility for the day-to-day running of voluntary organisations.

Some respondents commented that volunteering provides a route into employment for people who have been out of the labour market for a long period, including older people who may have had caring responsibilities or career breaks.

There were concerns about equitable treatment of employees and volunteers: one respondent felt it unfair to expect volunteers to do some jobs, and retention of key staff can be a problem in this sector due to salaries not always being competitive.

Respondents reported a positive approach to flexible working, although smaller organisations sometimes had difficulties with cover.

It was common among this sector for all employees to receive equal opportunities training but there was some concern that paid and voluntary staff would expect paid, or better paid, employment if they trained and that this could lead to loss of key staff.

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30   No media organisations were included, which would probably have changed the age profile.

Appendix B
Methodology and research instruments

B.1   Methodology

The Department for Work and Pensions (DWP) has funded three related pieces of work on age management practice, of which the present report is the third.

1. The quantitative survey (with Department for Trade and Industry (DTI[31]))

The quantitative survey interviewed a representative sample of 2,087 firms employing more than five people, between November 2004 and May 2005 (i.e. at least 16 months before the Age Regulations came into force). That work was commissioned from the National Institute for Economic and Social Research (NIESR) and carried out by Metcalfe and Meadows, with fieldwork conducted by BMRB, who interviewed the most senior person responsible for human resource (HR) matters in each firm, and where practices differed between staff groups, asked specifically about the largest occupational group in the firm.

2. The sectoral analysis

This initial study was followed by a secondary analysis by the Centre for Research into the Older Workforce (CROW) of the NIESR/BMRB data. The aim here was to examine evidence of sectoral difference, in response to employer concerns that individual sector practices might differ significantly. The outcome of that work was a series of short briefing papers, each outlining special features of age management in one of nine sectors:

- Business Services;

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[31]   Now known as DBERR – The Department for Business, Enterprise and Regulatory Reform.

- Construction;

- Education;

- Health and Social Care;

- Hospitality;

- Manufacturing;

- 'Other Community';

- Retail;

- Transport.

The qualitative study

This is the subject of the present report, and consisted of a qualitative study of 70 employers, across the same nine sectors. Interviews were conducted by CROW staff between May and October 2006. In each firm one person was interviewed, normally either a senior/general manager or an HR manager.

The aim of this third study was to investigate in more depth the issues identified through the quantitative work, considering especially how employers were responding to the implementation of the Age Regulations.

Sampling framework

The study sought to explore as wide a range as possible of age-related labour market behaviour. Since this was a qualitative study, it would have been inappropriate to seek to produce a 'representative' sample, and the aim, in selecting the sample, was to ensure a wide range of kinds of firm.

The quantitative survey suggested that four factors might have a particularly significant impact on an organisation's approach to age management. After discussion with DWP it was agreed that these, with one addition, would be used in the selection of the sample for interview. The aim was to ensure that all cells in the resulting matrix were represented, although, of course, the numbers of interviews in any one cell is too small for any definitive conclusions to be drawn).

The five factors were:

- Sector: a range of occupational sectors, with particular focus on the five identified by the DWP as priority sectors (Retail, Hospitality, Construction, Transport and Health and Social Care). It had been suggested that different sectors have different approaches to age management, and CROW's secondary analysis of the Survey of Employers Policies, Practices and Preferences (SEPP) data had provided some limited confirmation of this. Together, these sectors represent 38 per cent of the UK workforce;

- Size: a mix of small (under 50 employees); medium (between 50 and 249 employees); and large (over 250 employees) organisations, since it is well established that HR practices vary by firm size. The mix broadly reflects the balance of firm size in the UK economy, which means a larger number of small firms;

- Geographical location: broadly North-South, since it might reasonably be expected that, in regions with low unemployment and labour shortages, employers would be more inclined to recruit and retain workers from non-traditional groups;

- Urbanisation: to include organisations from a mix of metropolitan, urban and rural locations, since it might be expected that these labour markets behave differently;

- Respondent role: to include a mix of respondents employed as senior/general managers; HR managers and line managers, since it is likely that these have different perspectives on the issues. Some previous work has suggested that there may be a gap between the views of age held by senior/HR managers (and thus reflected in formal policy statements) and the day-to-day practice of line managers. In the event it proved difficult to identify appropriate line managers and it was agreed with DWP that the sample should be limited to senior/general/finance managers on one hand and HR managers on the other[32].

Tables B.1 and B.2 show the types of firm interviewed in each sector and their distribution by sector, size, region, interviewee role and location type.

Table B.1   Firms interviewed, by sector

Construction	General construction, civil engineering, house building, trade association, scaffolding, double glazing
Health and Social Care	GP practices, specialist charities, social care homes, Local Authority Social Services Department
Hospitality	Hotels and leisure clubs
Retail	Cash and carry, office equipment, chemists, multiple retailers, department store, hearing aid sales
Transport	Coach operators, railways, airports, international freight forwarding, haulage contractor
Business	Property management, legal services, computing services
Community	Religious charity, regulatory body, council for voluntary services, professional association
Education	Universities, private schools, further education college, private training organisation
Manufacturing	Engineering, printing, radio equipment, defence supplies

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[32]   There is, of course, a relationship between this division and firm size, since very few small firms can afford to, or need to, employ HR specialists.

Table B.2   Sample breakdown by sector

		Construction	Health and Social Care	Hospitality	Retail	Transport	Business	Other Community	Education	Manufacturing	Others	Total
Region	South (SE,SW, E, Lon)	4	6	1	2	5	3	3	3	5	1	33
	North	2	6	7	5	5	2	2	3	1	1	34
	National	2	0	0	1	0	0	0	0	0	0	3
Size	Small (<50)	2	9	0	3	2	3	3	1	3	1	27
	Medium (50–200)	3	2	8	3	4	0	2	2	1	1	26
	Large (>200)	3	1	0	2	4	2	0	3	2	0	17
Interviewee role	Director/Senior Manager	4	1	3	2	3	1	2	0	4	1	21
	HR Manager/HR director	4	2	2	5	6	3	3	4	2	0	31
	General/Line manager	0	3	2	1	0	0	0	0	0	0	6
	Practice/House manager	0	5	0	0	0	1	0	0	0	0	6
	Finance manager	0	1	1	0	1	0	0	2	0	1	6
Location	Metropolitan	3	1	2	2	3	2	1	2	1	1	18
	Urban	5	6	4	5	4	2	3	4	2	0	35
	Rural	0	5	2	0	3	1	1	0	2	1	15
	National	0	0	0	1	0	0	0	0	1	0	2
	Total	**8**	**12**	**8**	**8**	**10**	**5**	**5**	**6**	**6**	**2**	**70**

Fieldwork organisation

Each firm was initially contacted by phone, with a brief explanation of the project, and confirmation that the interview would be confidential.

Interviews were conducted between March and December 2006. Respondents were sent a formal letter confirming the appointment, together with a summary of the project and an outline of the topic guide, at least two weeks before the scheduled interview date.

All interviews were conducted by one of three CROW staff, on the employer's premises and mostly lasted around an hour, although some extended to nearer two. A standard topic guide, piloted with the first five employers and then agreed with DWP, was used. At the beginning of the interview, interviewees were asked to sign a consent form agreeing to recording of the interview, and confirming how the data was to be used.

Data analysis

Interviews were taped, transcribed and analysed by a single member of the CROW team (who had herself conducted 33 of the interviews), using MAXqda qualitative software and a schedule based around the agreed topic guide.

The aim of the research project, agreed with DWP, was to investigate managers' attitudes, experience and perceptions on age management generally, and especially of the issues identified below, setting these in the context of the firm's broader context (trends, markets, labour supply and demand, growth, financial position, etc).

The interview transcripts were initially coded for evidence on:

- Existence and nature of equal opportunities policies, practices and monitoring;
- Employer and employee awareness of age discrimination, and the Age Regulations specifically;
- Recruitment and promotion policies and practices;
- Retirement policies and practices;
- Scope for working beyond retirement age;
- Extent and nature of flexible working arrangements;
- Training policies and practices;
- Appraisal and performance management.

Within each policy issue, we sought insight into:

- What HR policies exist;
- How HR policies are implemented in practice;
- What processes are used to implement the HR policies;

- What respondents' attitudes are to the HR policies;

- What respondents think employees' attitudes are to the HR policies, particularly older workers;

- How HR policies may change because of the new age discrimination regulations;

- Whether HR policies have an impact on workforce planning;

- Whether there are unique sectoral features to how HR policies are implemented.

Reporting

On completion of coding, a preliminary presentation of broad impressions was made to DWP representatives, who helped identify issues of particular interest to the Department. Each team member then produced a first draft of several chapters and the resulting document was sent to DWP for comment. In the light of DWP comments and discussion between team members, a revised text was produced for formal presentation to DWP, after which a final revision was undertaken.

Anonymity

All data in the report has been anonymised and names changed.

B.2 Research instruments

First contact letter

Letter sent to interviewees after initial telephone contact, accompanied by the Briefing Sheet

Dear XXXX,

Age Legislation: a study of employer responses by sector

I am writing to ask for your help in a research study which we are carrying out on behalf of the Department of Work and Pensions.

The aim is to investigate how employers in different industries and sectors are approaching age management in the light of the new law on age discrimination which comes into force in October. We particularly want to understand how age management is different in different kinds of industry and organisation. Your participation will ensure that Government takes into account the views and experiences of employers like you when implementing age discrimination policies.

In each firm we visit we wish to interview only one person, seeking a balance of Line Managers, HR Managers/Directors, General Managers and Directors. The interview will be conducted by a member of the CROW research team and will take a maximum of 1½ hours. All data will be confidential, and will be stored securely, consistent with the Data Protection Acts.

In return for your participation, CROW will provide a summary of the interview for your records, and a brief benchmarking report, comparing the age management practices of your organisation with those of other employers, in general and in your sector, based on a study of over two thousand employers completed earlier this year. We hope that this information will be valuable to you as you prepare for the age discrimination regulations.

I attach a summary of the project and an outline of the issues we would wish to discuss in the interview. If you would like more information about the project, please contact: XXXX

Should you wish to check that this is a bone fide Government research project, the DWP contract manager is XXXX, Senior Research Officer, Extending Working Life Division, Department for Work and Pensions, 5th Floor, The Adelphi, 1-11 John Adam Street, London, WC2N 6HT Tel: XXXX e-mail: XXXX

I hope that you will be willing to participate, and look forward to meeting you.

Yours sincerely,

Professor Stephen McNair,

Director, CROW

Project briefing sheet

The following briefing sheet was sent with the initial contact letter to all interviewees, and used for information at other events and meetings.

Age Legislation: a study of employer responses by sector

The Centre for Research into the Older Workforce (CROW) has been commissioned by the Department of Work and Pensions to carry out a qualitative study of how employers are responding to the ageing workforce, and especially into how the issues differ between sectors and industries.

The study will be carried out during Spring/Summer 2006 in two phases:

• A sectoral analysis of data on 2087 firms collected in a previous study undertaken for DWP and DTI by the National Institute of Social and Economic Research

• Qualitative interviews with 70 firms in a range of occupational sectors.

Purpose

The study aims to inform Government policy, by increasing understanding of how employers are responding to the ageing workforce, and how these issues differ by industry or sector. The project will produce:

• A series of short reports on age management in 9 sectors – July 2006

• A research report for the Department's Research Report series – January 2007

Sectors to be studied

The main focus of the work is on five key sectors:

• Health and Social Care

• Retail

• Construction

• Hotels and catering

• Transport

But work is also being done on:

• Manufacturing

• Business Services

• Education

• 'Other Community Services' (which includes media, the voluntary sector, sport and leisure)

Employment practices to be studied

The topics for study will include employers' general views on the ageing workforce and understanding of the age discrimination legislation, and the organisation's policies and practice on:

• Retirement (including early and flexible retirement);

• Options for working past retirement age (if any);

• Flexible working;

• Work design and content;

• Training;

• Workforce planning;

• Recruitment and promotion;

• Early retirement and redundancy;

• Pay and conditions;

• Equal opportunities policy and monitoring;

• Appraisal and performance management.

Sample selection and timing

Interviews will be carried out in 70 firms, across a range of occupational sectors. In each sector we will aim to interview a balanced mix of Line Managers, HR Managers, Directors and General Managers. The focus will be on organisations which employ between 5 and 500 employees (excluding very large and micro-firms), and will include a balanced mix of employers within these parameters.

Since this is to be a qualitative study, no quantitative conclusions can be drawn. The aim is rather to examine a broad range of firm types and informants. Accordingly, the sample will seek to balance:

Firm size – from three size bands: 5-49; 50-199; 200-500 employees

Interviewee role – Line Managers, HR Managers, Directors and General Managers

Local labour market environment – broadly half the firms in Yorkshire/North West and half in London/South East

Firms based in rural, urban and metropolitan areas

Awareness of age as a strategic issue – firms which do and do not consider age management a workplace priority

Interviews will be carried out between May and August by CROW staff

Potential firms for study will be initially approached by CROW via e-mail, and a final sample will be created to balance the factors identified above

All data will be confidential, and data will be stored securely, consistent with the Data Protection Acts.

Assistance from Sector Skills Councils

Sector Skills Councils and other agencies are being invited to identify an appropriate contact person with whom CROW can liaise to help identify firms to participate in the study.

Project contact:

XXXX
Centre for Research into the Older Workforce,
NIACE
21 De Montfort Street
Leicester
LE1 7GE

Email:XXXX

The project is being directed by Professor Stephen McNair. Email XXXX

Further information on CROW can be found at www.olderworkforce.org.uk

The Department of Work and Pensions' manager for this project is:

XXXX
Senior Research Officer
Extending Working Life Division
Department of Work and Pensions

Interviewee consent form

CROW/DWP Research: Managing and Ageing Workforce

A research project carried out by the Centre for Research into the Older Workforce (CROW) on behalf of the Department of Work and Pensions

As part of its research for the DWP on managing an ageing workforce, CROW researchers are interviewing me at:

Firm/organisation name

Address

Telephone number

I understand that the interview is being taped and will be transcribed. CROW will store the audio recording, transcriptions, and other material securely, consistent with the Data Protection Act. The DWP may wish to review a sample of transcripts for quality assurance purposes. If this happens, transcripts will be anonymised, removing both my name and the name of my employer.

I understand that I can stop the interview at any time.

I do/do not consent to my organisation being named as an employer who participated in the research project.

I do/do not agree to DWP contacting me to participate in media publicity on age positive employment practices.

Name

Date

Position

I understand the terms on which the interview will be conducted and material used, as described above.

CROW

Name

Date

Interview topic guide

Thank you for agreeing to take part in this interview. As you know, this is part of a research project to study age management in the **sector** which the Centre for Research into the Older Workforce is carrying out for the Department for Work and Pensions. We sent you an outline of the issues we wanted to discuss, but here is a spare copy in case you don't have it to hand.

The interview should take no more than 1½ hours at the maximum, and everything you tell us will be confidential. DWP may wish to use your firm in media publicity, in which case, they will approach you separately to seek consent. You can indicate on the form whether you are willing to be approached by the DWP

To make sure we have a reliable record of the conversation, I would like to record this interview which will then be transcribed for analysis by the CROW research team. Once the interview is transcribed, only CROW team members will have access to material which identifies you and your firm. Transcripts and recordings will be stored in a secure place consistent with the Data Protection Acts.

The Department of Work and Pensions, who commissioned this research, may wish to review a selection of transcripts for quality assurance. It may also wish for transcripts to be stored in the UK Data Archives so they may be available to other researchers interested in older workforce issues. For these reasons, transcripts will be anonymised, removing your name, your employer's name and any information which could identify you or your organisation.

Could I ask you to sign this form, either now or at the end of the interview, to confirm that you understand the terms on which we will use the material. We need the form for DWP records, and the second copy is for your records. Please say on the form whether you consent to your organisation being named as an employer who participated in the project, and whether you are consent to DWP contacting you to be included in media publicity around age management.

1. Respondent details

First can I just confirm your name..............

And your job title is...................

This means you are responsible for................

How long have you been in this role?................

How long have you worked for this firm?.........................

How long have you worked in the sector?.........................

What is the firm's name?

What is its business?

Where is its headquarters?.................

How many people does the firm employ:

on this site?.............

nationally.................

worldwide................

2. Strategic/HR context

*[this is contextual material – **max** 15 minutes – aim for 10]*

1.   Briefly, what are the major **strategic issues or challenges** facing your firm/ organisation at the moment?

2.   What do you think are the main **human resource challenges** facing your organisation and why?

      (prompt difficulties recruiting, retaining key staff, particular skillsets or groups)

3.   Can you give me one or two examples of **how your organisation is addressing these challenges**?

4.   **Do you think the challenges your firm faces are similar to others** in

      a) *SECTOR*?

      b) *REGION*?

      c) *FIRM SIZE"*?

5.   To what extent are conditions or service in your firm/organisation affected by **national agreements** or other arrangements outside your immediate control? (prompt: union agreement, licence to trade, TUPE)

6.   Does your firm/organisation have any process for **formal consultation with employees**?
      (prompt: a recognised Trades Union, staff association etc)

7.   How do you **manage and assess the performance** of individual employees?

      a) Do you have a formal appraisal system?

      b) How frequent are appraisal sessions?

      c) How rigorous is it?

          (prompt: what are the consequences of a poor/good appraisal ?)

      d) How do you normally deal with skills needs/performance problems?

      e) Are people in all age groups treated the same?

      f) Would you be able to rely on this system in deciding whether to allow someone to continuing working after the firm's retirement age?

8. Nationally the workforce is getting older, with fewer young people entering the workforce, and more in their 50s. **How important an issue is the ageing workforce for your firm**?

   (prompt: how far is your workforce ageing? Do you have numbers?)

   a) Do you think this change is a good or a bad thing?

   b) Do you think that managers in your sector generally have strong views about the age range appropriate for particular jobs?

   c) Do you think that Encouraging older employees to stay in work longer could address the main HR challenges which you face?

9. In April, employment and tax rules were changed to make it easier for employers to retain older workers. These included a change to tax rules which enabled employees in certain circumstances to draw their pensions while remaining in work; and giving employees with eldercare responsibilities the right to request flexible working. Have these changes had an impact on your workplace?

3. The age discrimination regulations

*[this is also contextual, **max** 10 minutes – aim for 5]*

10. Does your firm have an **equal opportunities policy**?

    a) Does it mention age?

    b) Do you provide equal opportunities training for managers or other staff? (prompt: managers, senior officers, recruiters)

    c) Do you collect and monitor data on HR practices such as pay or recruitment to identify whether there may be any direct or indirect discrimination? Do you monitor specifically on age?

11. **When did you first become aware that age discrimination was going to be** made unlawful? How did you hear about it?

12. **Is your firm doing anything to prepare** for this?
    (Prompt: reviewing HR policies; training managers; commissioning consultants to advise, attending conferences/seminars; cost benefit analysis, consulting union, changing policies)

13. Do you know **what your employees, or their representatives, think** about the age discrimination regulations?
    (prompt: welcome, suspicious. Surveys, formal consultations)

14. Are there any **examples age management practice** in your firm/ organisation which you are particularly proud of?

4. The age dimension of HR practices

[this is the main body of the interview, although some questions may have been

answered under the previous section – allow at least 45 minutes.

The "dimensional questions below" apply to each of these 9 headings. During the interview we will track whether we have answers on each using the check sheet below. The sequence of questions will be adjusted for each sector to put first topics where the sectoral report suggests that there are particular issues or problems]

15. ***Retirement***: What is your firm's retirement age? How much choice do older employees have in deciding when they retire? Is it the same for all groups? (prompt: fixed or flexible age, managers/workers, men/women, manual/non-manual)

16. ***Staying past retirement age***: Do you have people who are older than your normal retirement age (if none then SPA)? (prompt: grade/role of employees)

    a) Have you had requests from employees to work beyond the retirement age?

    b) How do you currently manage requests from older employees to continue in work past the firm's retirement age?
    (prompt: consider requests, use appraisal/performance management)

    c) Does this normally change the employment relationship (prompt: temp/fixed term employment, performance reviews, change in pay and conditions)

17. ***Flexibility***: In what circumstances can people(for each: prompt-

    a) Change their working hours

    b) Change or reduce the number of days they work in a year
    (e.g. seasonal, occasional work, sabbaticals or Benidorm/special leave)

    c) Work partly or entirely from home

    d) If people stay after the firm's retirement age do their terms and conditions change?
    (prompt: temp/fixed term employment, performance reviews, change in pay and conditions)

    e) What are the benefits/disadvantages of more people working flexibly?
    (prompt: individual, team, organisation)

    f) How easy is it to overcome the problems?

18. ***Work design and content***: How easy is it for older employees to change their work?
    (prompt: promotion, sideways moves, downshifting).

    a) How often do any of these happen in practice?

19. **Training**: How do you decide who gets trained?

    a) In general older employees are less likely to train than younger ones. Is this true in your firm? If so why do you think this is?

    b) Do some groups have particular needs?

    c) Do you provide pre-retirement training of any kind?

20. **Recruitment**: When filling vacancies, do you do anything to encourage applications from people 50 and older?

21. **Workforce planning**: do you have any formal systems for succession planning?

    a) Do you have any arrangements for employees who are approaching retirement to pass their knowledge on to colleagues?
    (prompt: formal or informal?)

    b) Will the right to request staying on after the firm's retirement age make succession planning more difficult?

22. **Early retirement**: Are there any financial incentives which encourage employees to leave before the company retirement age?
    (prompt: pension, redundancy pay, pay/conditions)

6. Closing comments and checks

23. **Sectoral features**: Do you think that the ageing workforce or age discrimination law will affect **sector** differently from other industries or sectors?

24. **Missing issues**: Is there anything else you think is relevant which we have missed in this interview?

Thank you for helping us with this research. At the beginning I confirmed that all the information you provided would be confidential. If you have not already done so, could I ask you to sign this agreement which shows that you understand the terms with which the material from the interview will be used?

Thank you for your time

Project summary for interviewees

[To be sent to interviewees before the interview, a copy to be given in the interview.]

Thank you for agreeing to take part in this interview, which is part of a study being carried out for the Department of Work and Pensions by the Centre for Research into the Older Workforce.

This preliminary information sheet outlines what we want to talk about. Details about the research, including confidentiality of the interview, will be explained when we meet.

The aim of these interviews is to understand better how firms and organisations in **sector** are managing an ageing workforce, what problems they are having now or expecting in the future and how these are being tackled.

The topics we would like to discuss include the following. Please do not worry that you do not have detailed answers to everything. We are looking for a range of perspectives from people in different job roles. Not all questions are relevant to everyone, and we are interested in hearing your views: there are no "right" answers!

The interview will not last more than 1½ hours.

1. Some details about you, your firm/organisation and the challenges it is facing at present – to put your comments in context

2. Your views about how important an ageing workforce is to your firm.

3. Whether, and how your firm is making changes in preparation for the new age discrimination regulations.

4. How you manage now, and plan to manage in the future (if you do),:

   a) Retirement

   b) Working past retirement age

   c) Flexible working

   d) Work design and content

   e) Training

   f) Workforce planning

   g) Recruitment

   h) Early retirement

5. Whether there is anything special about your industry/sector which makes managing an ageing workforce particularly easy or difficult.

6. Whether you have any age-related practices which you think are particularly successful.

For each of these topics we are interested in:

- what your current practice is;

- whether you have a formal policy,

- whether you and your employees think it works well;

- how you think your practice or policy might change in the future;

- how easy or difficult it might be to change (if you wanted to).

If you have any questions about this research you can contact us at:

Professor Stephen McNair – Project Director

Telephone XXXX Email XXXX

XXXX – Research Fellow

Telephone XXXX Email: XXXX

Our postal address is

XXXX

The research has been contracted to CROW by the Department for Work and Pensions. The contract manager in DWP is

XXXX

Senior Research Officer
Extending Working Life Division
Department for Work and Pensions
5th Floor, The Adelphi
1-11 John Adam Street
London, WC2N 6HT

Tel: XXXX

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