



Chartered Institute  
of Personnel and  
Development

# The challenge of the age



## The change agenda



**THE CHALLENGE  
OF THE AGE**

'Working Age' – it should not be about being the 'right age' at the right time or being 'wastaged'.

**Young turks and old fossils**

When does a 'young Turk' become an 'old fossil'? When does a 'spotty-faced kid' turn into a 'dozy old fool'? Phrases like these are used every day. 'Cheeky young whippersnapper' and 'dozy old buffer' are phrases derived from research among members of the public to find ways of provoking people to recognise how damaging age discrimination is. They are used in the Government's Age Positive campaign.

Most of us would disapprove of such phrases, but they show how we all judge people by their age. When we do this in the workplace it has serious consequences for all of us, as well as business. It can stop organisations from accessing the talent they need and creates artificial labour market problems which UK plc can well do without. For individuals, it causes disaffection, resentment and low self esteem. Ageism is increasingly recognised as a serious discrimination issue. It can affect anyone, at any stage of life. It can result in both unfair advantage and disadvantage. Yet it remains broadly unacknowledged as an issue in the workplace. In October 2006 it will become illegal for employers to discriminate against anyone on the basis of their age. What is more, across Europe, future economic competitiveness will rest to a considerable degree on the employment, performance and productivity of an ageing workforce.

These pressures are driving the UK Government's agenda on age and pensions, with the aim of extending working life. They will also significantly affect the way organisations do their employment planning – resourcing and development, how they manage and motivate their people and how they finance and structure their retirement and pension policies. To meet the new legal requirements and to make best use of a growing pool of older workers and a proportionately smaller pool of younger people, employers will require an understanding of how to manage, recruit, reward, train and motivate employees across all age ranges, and at all stages of their careers. In addition, the whole concept of retirement will need to be reassessed.



## THE AGE CAMPAIGN

The CIPD has long championed the cause of age diversity. It believes that employment decisions purely based on age are never justifiable because:

- age is not a genuine employment criterion
- age is a poor predictor of performance
- it is misleading to equate physical and mental ability or competence with age.

The Institute is a leading voice regarding the business benefits of diversity, promoting it extensively to its members and to policymakers, and has been building the case against ageism as a cornerstone of effective people management since the 1980s.

Ahead of its time, in the mid 1980s, the Institute gave evidence on age discrimination to the House of Commons Select Committee on Employment which was a trigger for other research. Subsequently, the Institute published guidance on age and employment, in the form of a statement that was circulated to all members. This was revised in 2002 as the CIPD's Quick Fact on age and employment, and is available on the Institute's website: [www.cipd.co.uk/quickfacts](http://www.cipd.co.uk/quickfacts). This work helped to shape the Government's Voluntary Code on Age Diversity in Employment, which was published in June 1999 and is available to view on [www.agepositive.gov.uk](http://www.agepositive.gov.uk)

In 1993, the Institute published research on age discrimination called *Age and Employment. Policies, Attitudes and Practice*, ISBN 0 85292 482 8, and has continued to be at the forefront of activity on age-related issues. Its latest survey report, *Age, Pensions and Retirement* was published in February 2003 and in June 2003 the Institute was invited by the House of Lords Select Committee on Economic Affairs to give evidence on age discrimination.

In the run-up to the introduction of new laws in 2006, the CIPD will continue to support and advise the government's Age Positive campaign. It will also continue to be represented on the Age Partnership Group hosted by the Department of Work and Pensions. This group draws together a range of representative bodies to inform the development of tools and guidance to help employers manage age issues.

The CIPD is represented on the DTI Ministerial Age Advisory Group. This group is able to directly influence government thinking on the development of age law. The Institute is a core member of the Employers' Forum on Age, which helps organisations to tackle age discrimination and introduce policies and practices to address age diversity.

## THE LAW OF AGES

Two new sets of legislation affecting work and age will become operative over the next few years. The first, based on the EU Employment Directive, will be the UK's law on age discrimination, due in October 2006. The second will be law passed on the back of the Pensions Green Paper, released in December 2002, on which consultation concluded in March 2003.

### 1 The EU Employment Directive

In recognition of the complexity of age discrimination, member states were allowed up to six years to introduce age law and are allowed to identify circumstances where different treatment on the basis of age **may** be appropriate and necessary. But examples will have to be robust.

As well as age, the Employment Directive covered sexual orientation, disability and religion. Separate UK law is being introduced on these issues from 2003 onwards.

UK legislation on age will be based on EU Council Directive 2000/78/EC of 27 November 2000 and cover both direct and indirect discrimination in employment and vocational training. It will:

- give protection to all workers and people who apply for work
- place new legal duties on employers, providers of vocational training including further and higher education institutions and training companies, trades unions, professional associations and employers' organisations, both in relation to their membership as well their roles as employers
- take into account a wide range of views and experiences obtained through extensive consultations with employers and other relevant bodies.

Two consultation stages were carried out in 2002 and 2003 to inform the development of draft regulations which will be consulted on early in 2004. Legislation will be laid before Parliament by the end of 2004 and age law will come into force in October 2006, giving employers two years to get ready for implementation.

Key issues in the second consultation included:

- The future of mandatory retirement ages, rewards for loyalty and length of service, payments for redundancy, unfair dismissal provisions and practices in recruitment, selection, promotion and training.
- The onus on employers to provide evidence to prove that they have not discriminated unfairly on age grounds. Assertions will not be enough and the burden of proof will rest with employers when discrimination claims are made. Compensation will be unlimited.
- The requirement for employers to prove that different treatment on the basis of age is appropriate and necessary in the particular circumstances and justified by reference to specific aims set out in law.

### 2 The Pensions Green Paper

The Pensions Green Paper of December 2002 (DWP) sets out the Government's proposed pension reforms including:

- removal of tax barriers to allow people to continue working for the sponsoring employer while drawing their occupational pension
- state pension deferral incentives which will allow people a choice of either an increased regular pension (10.4 per cent per year deferred) or a taxable lump sum payment
- raising minimum pensionable age from 50 to 55 by 2010
- raising the public sector pension age from 60 to 65 for new employees
- maintaining the state pension age at 65
- tackling ageism to encourage people to work longer, and employers to recruit and retain older workers
- simplifying and harmonising the pensions tax regime
- maintaining a voluntarist approach to pension provision.

Consultation on the Green Paper took place early in 2003, and responses can be found on the DWP's web site (see references below). Legislation will follow in due course.

The CIPD has produced its own response to the Green Paper which can be seen at: [www.cipd.co.uk/publicpolicy](http://www.cipd.co.uk/publicpolicy)

## THE DEMOGRAPHIC TIME BOMB

People are living longer, having fewer children, working for less of their lifespan and retiring younger. This situation is unsustainable. By 2050 the median age – the peak of the age-group bulge of Europe's population – will be 49. One in five adult Europeans is currently retired. By 2050 this will be one in three. That means, in terms of the economy, there will be only two working people to support every pensioner. Average retirement ages have fallen from 66.2 to 62.7 for men, and from 62.7 to 59.7 for women between 1960 and 1995 in Britain. The proportion of men between 55 and 64 in the workforce has fallen from 71.5 per cent in 1983 to 63.3 per cent in 2000. Either those in work will pay significantly more to support an increasingly numerous dependent population consisting mostly of the old and the very old, or organisations, governments and individuals will have to shift dramatically in their ways of thinking about and providing for old age.

The problems associated with an ageing population affect Europe worse than any other nation or group of nations, except for Japan. A combination of declining fertility (fewer children per woman), and increasing life expectancy means Europe's population will age faster than almost anywhere else in the world. Even in the USA, where life expectancy is also increasing rapidly, people have more children, and immigration is higher. Developing nations and burgeoning economies such as India and China have vast numbers of young people flooding their labour markets.

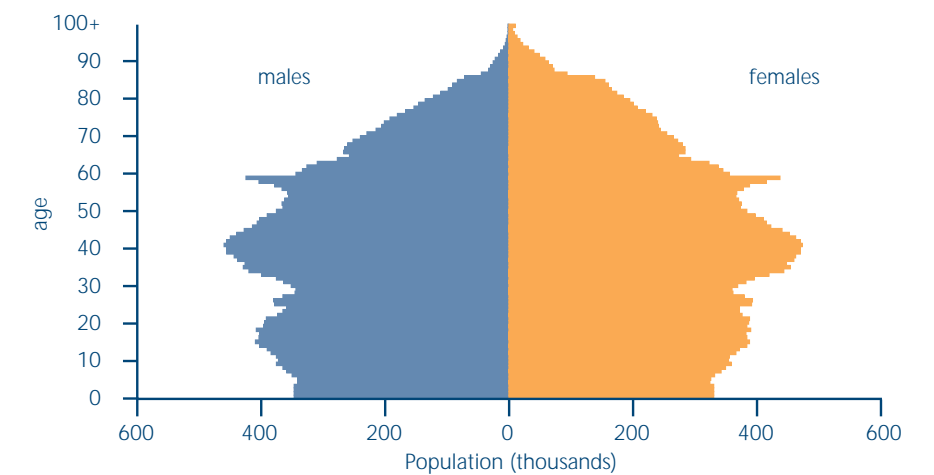
In Australia and Finland, the drop in men's labour force participation over the age of 55 is similar to that in the UK. Germany has seen a 14 per cent decline and the Netherlands a 15 per cent decline, but the USA, which encourages immigration to a greater degree than Europe, only five per cent. In labour market terms, Europe will soon be lagging behind. As a consequence, its productivity and standards of living are predicted to slip markedly, particularly in comparison to the USA.

Where does Britain stand? In some respects, the UK is better off than other European nations on age. We are not the fastest ageing European country – Finland is. Private pension provision is greater in the UK than in other European countries, so there is less dependence on the state, in theory leaving Britain's older people more securely provided for. Many organisations have already begun to think about age issues, and more of Britain's over-50s are in paid employment than in most other European nations barring the Scandinavian countries.

However, the UK also has problems. Pension reforms have been slow and, some argue, may not go far enough. The stock market fall has prompted a reduction in the number of employers offering final salary or defined benefit schemes, some closing completely and many others closing to new entrants. Many employers are now offering money purchase or defined contribution schemes as an alternative, but such schemes are increasingly reliant on individual contributions to invest and strong stock markets. Savers have been discouraged from building pensions because of the structure of state benefits and a spate of private and occupational pension 'scandals'.

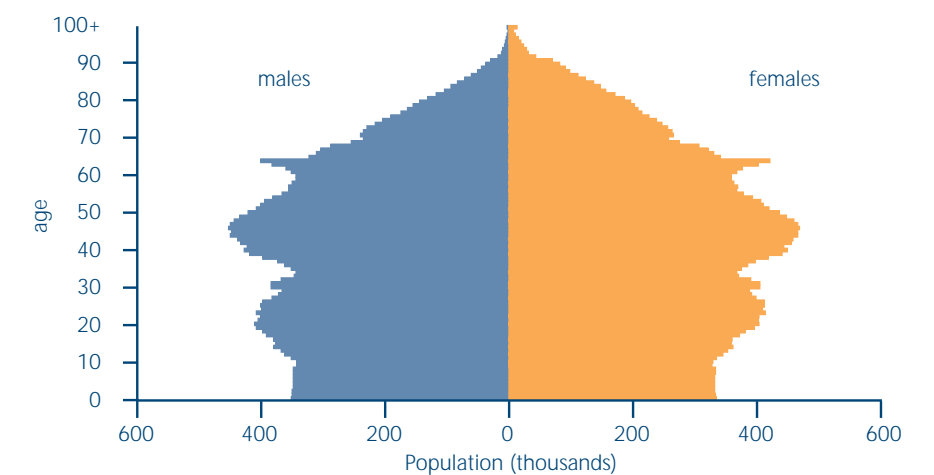
2001-based national population projections UK

2006



2001-based national population projections UK

2011



## HOW DID WE GET HERE?

During the 1980s and 1990s, and particularly during the recession years, corporate restructuring and public policy favoured younger workers and early retirement. Research has shown that, in complex ways, the state and employers have often colluded to remove older people from the labour market – through redundancy and early retirement measures, through attitudes affecting the hiring of older workers, and through the provision of unemployment, incapacity and other state benefits – in order to make way for, and protect the jobs of, younger people. Corporate re-engineering led in many cases to a haemorrhaging of corporate knowledge through the loss of older experienced workers, leaving companies 'anorexic': lean and mean, but bereft of vital information and knowledge.

This has been true across Europe, although different countries have used different mechanisms to create the same effect. As a result, the economic activities of the over 50s has declined markedly since the 1970s, while the proportion of this age group on long term unemployment or disability benefits has increased. An 'early exit' culture has become entrenched, with employers and employees sharing the same expectations of early retirement.

Much research has been done on the push-pull factors affecting individual choices on retirement. This research has in large part been driven by the European Commission (EC), United Nations (UN) and Organisation for Economic Co-operation and Development (OECD). Governments are keen not to increase the state pension burden further and to encourage employers and individuals to make other provisions for old age. One of the most obvious – and most economically viable – of these, is to increase the number of years that individuals work and continue to contribute to the state. As pointed out in the research paper, ‘Ageism, too costly to ignore’, published in 2001 by the Employers Forum on Age, if the workforce was genuinely open to older people, there could be as many as a million more workers contributing around £31 billion a year to the UK economy – more than enough to fund an earnings-linked state pension for all without any increase in the pension age, or taxation.

However, there is much debate on the best ways of addressing and overcoming some of the barriers these factors create to opening up the labour market for older people. The legislation on age due in October 2006, the Pensions Green Paper and the Age Positive initiative from the DWP are the UK Government’s responses to this debate.

The CIPD broadly welcomes all these steps as a move in the right direction. Nevertheless, there is much discussion about the burdens being placed upon employers and how to overcome resistance to change. Issues include balancing voluntarism and compulsion, how companies will manage a new approach to retirement and whether occupational provisions will be sufficient or affordable to support future generations of pensioners, particularly given the current pension deficits of major organisations now estimated at around £80 bn for the UK’s FTSE 100 combined.

Age and pensions – in many ways unlikely candidates – are suddenly hot issues on boardroom agendas across the western world.

## DISCRIMINATION: THE EVIDENCE

One barrier to greater participation in the workforce by older age groups is discrimination. Many organisations believe they do not discriminate. The evidence shows that this is not, on the whole, the case.

While many HR practitioners are well-versed in age issues and three-quarters of all company equality and diversity policies carry a clause including age, such policies often fail to ‘live’. Knowledge and understanding among line managers and employees themselves, can be very different.

### Ageism: A working definition

Age discrimination in employment is action that disadvantages an individual because of their age or on the basis of assumptions, misconceptions or stereotyping about age and ability, and hinders the proper consideration of an individual’s talents, skills, potential and experience. It can be used to the detriment of people of any age and occurs across all aspects of human resource management.

Discriminatory practice related to age has been researched for many years, and points cumulatively to endemic discrimination in the workplace – particularly towards those over 40, the very young, and women returners. However, guidance for employers on how to take action to tackle age diversity to suit their own organisational circumstances is on the increase.

Many organisations and most individuals are not as yet aware of what constitutes discriminatory behaviour and many of those that do often take age discrimination as ‘a natural part of life’. In reality, discrimination can be direct or indirect, overt or subtle, and can occur across the full range of employment policies from recruitment and selection through promotion, appraisal, training, reward, career planning, redundancy and retirement.

The DWP’s study, published in 2001\* (see reference below), following up the Voluntary Code on Age Diversity in Employment launched in 1999, has been the first major piece of research for around a decade to point to the difference between rhetoric and reality in organisational practice on age. Over the period of the study, few companies were considering changing their policies in response to the Code, believing that they were already non-discriminatory. This evidence shows that change cannot happen overnight and emphasises the need for continuous attention on awareness raising and engaging understanding.

Findings show that between 13 and 27 per cent of organisations admitted to using age as a selection criterion, while one in eight would specify age limits or ranges in recruitment adverts. Only one-third of organisations had formal monitoring of age and most monitored only retrospectively, with little follow-up in terms of impact on workplace demographics or culture change.

The DWP research also pointed to evidence showing that both older and younger workers suffered discrimination in promotion, while older workers are more vulnerable to redundancy. Pension arrangements were shown on the whole to be rigid, particularly final-salary schemes, while a quarter of all company schemes specified minimum and maximum joining ages. A quarter of companies surveyed also encouraged early retirement.

Organisations also gave misinformed reasons for using age such as false perceptions around ‘culture’ and ‘fit’, and reasons of finance or affordability (for older workers). Many expressed concerns that workers of different ages would not mix. Almost all informally expressed attitudes towards specific age groups that categorised people according to stereotypical attributes. Young people, for example, were seen as ‘dynamic’ and ‘ambitious’, while older workers were seen as ‘reliable’ and ‘loyal’. On the other hand, younger workers were viewed as unreliable, lacking in work ethic and inexperienced, while older employees were stereotyped as unambitious, resistant to change and slow to learn.

In fact, research shows that older workers stay in jobs longer than younger ones, and that there is no significant difference in job performance between older and younger employees. Despite this, nine out of ten employees surveyed by the DWP still believed that employers discriminated by age.

The research revealed a great deal of complacency and, as the latest CIPD survey referred to earlier suggests, complacency is the enemy of diversity progress. Where this attitude prevails, there is likely to be a need for root and branch change. The CIPD survey, like the DWP research, points to widespread age discrimination that is now cited as a more common experience than bias on gender or race issues. Age discrimination affects us all.

‘Twenty per cent of UK workers have been discouraged from applying for a job because the advert communicated an age restriction.’

**Age, Pensions and Retirement: Attitudes and expectations, CIPD Survey Report 2003**

### Younger people and discrimination

- Don't make the mistake of believing that age discrimination is all about older people. It affects people of all ages.
- Age discrimination is the number one workplace discrimination. Eight per cent of under 35s have been told they are too young for a job, while another eight per cent believe they have been rejected for this reason but have no direct evidence (Age, pensions and retirement, CIPD Survey 2003).
- Young people with limited qualifications can face huge barriers entering the workforce; this can lead to social disaffection and even suicide.
- The 'cult of youth' is a myth in most workplaces.
- Don't label people as 'age failures'. Non-standard experiences can lead to people of any age becoming 'chronological misfits'. These people may not have reached the same stage in employment as their peers, but may have other kinds of valuable experience. They can suffer discrimination throughout their careers as a result.
- Younger workers are not necessarily less loyal, less experienced, or less committed than their older colleagues. Nor are they significantly worse at timekeeping and attendance, or lacking in work ethic. On the other hand, they are not necessarily faster learners than older colleagues, nor more flexible, nor more enthusiastic or ambitious.
- Don't fall into the prejudice trap: younger people are commonly perceived to be irresponsible, immature and ill-mannered, while their older colleagues are seen as inflexible, slow learners and unable to adapt to change. Both sets of perceptions are stereotypes.
- Younger people are more likely to face discrimination in recruitment and promotion than in training or redundancy.
- Discrimination against younger people at work can include: exclusion from pension schemes; teasing, bullying and 'rites of passage'; being passed over for recruitment, training or promotion; being patronised; being paid less for equivalent responsibility; restricted access to redundancy pay; being made to do all the menial tasks.

## THE BUSINESS CASE

Even without the context of the population shift, age diversity can be cost effective. What is more, it can attract and retain good people, form part of a healthy psychological contract between organisation and employee, and retain corporate memory and experience in an economy increasingly driven by knowledge. It is a major aspect of knowledge management. Failing to address age diversity can add to the problem of the 'war for talent' so many employers experience.

Organisations such as Asda, Ford, BT and B&Q report significant gains from having clear diversity strategies. They have also reported benefits from a range of interventions such as age targets, targeted recruitment campaigns, flexible working arrangements including phased retirement, and flexible benefits schemes. Nationwide, the building society, and Domestic and General, have both made significant savings in recruitment and training costs by taking steps to increase their employment of older workers.

'We brought in flexible retirement about 18 months ago. Having a better age mix brings more creativity and saves money on recruitment and training. We don't have to lose quality staff at 60. It enables the business to do better business, as well as giving the employees more flexibility. It has been wins all round.'

**Gill Dawson, Group Diversity Manager, HBOS**

Barclays (see case study below) believe they will not only prevent staff leaching out to their competitors, but that their age strategy will help them win over older customers and to profit from a greater share of the lucrative older savings market.

And age diversity brings all the benefits of other diversity and work-life balance practices, particularly when these practices are fully integrated and focus on the individual and their unique abilities, talents and perspectives. The benefits of valuing individuals as part of the way that organisations do business are already well documented. Organisations need also to consider the costs to their effectiveness, creativity, knowledge transfer, culture, competitiveness and skills of failing to make best use of all the abilities and knowledge of their individual employees.

'We revised our retirement policy in October 2002, together with occupational health, health and safety, insurance and the pensions department. We saw there was no reason why there should be any mandatory retirement age so we decided to scrap it completely. It helps us to retain high calibre people. It has also widened our recruitment pool and saves on recruitment and training costs. From a PR point of view it is a great benefit, it puts a really good message out there about the business.'

**Mark Watson, Employment Policy Adviser, Marks & Spencer**

'It is difficult to attract young people into local government. In Stockport, around five per cent of our workforce is under 25, but we are not an isolated case in local government. We are working locally and nationally to make our offer to young people more appealing. At the other end of the age spectrum, we have a healthy proportion of employees over 45. A few years ago the expectation would have been towards retirement at around 50. This is now the exception rather than the rule. More recently, authorities have been looking at a range of strategies to maintain and develop the skill base in older workers. This is leading to better appraisal and development processes to improve employees' skills for the future.'

**Phil Badley, Assistant Chief Executive – Human Resources, Stockport Metropolitan Borough Council**

At minimum, organisations need to make age diversity part of a comprehensive HR strategy tailored to the specific needs of the business and its employees. As CIPD research on links between HR and business performance has shown, all HR initiatives work best when operating in combination. Age diversity is a complex issue and should be fully integrated into the way a company thinks about its staff, its employer brand, and its customers.

### Barclays case study

Barclays see age diversity as a major driver for their business for the next decade. The diversity function at Barclays does not report into the HR function, but into the Corporate Social Responsibility area where the director is a member of Barclays' Executive Committee and the board. This reflects the priority they give diversity issues – including age – for both staff and customers, and its initiatives permeate all aspects of the bank's business.

Following an equality and diversity survey of 10,000 staff in December 2000, which showed age profiles by department and tested employees' opinions of their diversity record, the high street bank has developed a 'Success Through Inclusion' charter, signed by all Executive Committee members, documenting their aspirations for the next 10 years. The bank has recognised that by then they will have a different sort of employee – and a different sort of customer.

So far, the bank has trained all its recruiters and trainers and all its customer-facing staff in diversity, including age, and the significance this has for the business. It has also extended its formal retirement age from 60 to 65 and has bolstered its recruitment policies to recruit the over 60s. It is currently working on its pension provisions to enable them to be more flexible.

'We have a history – as do most financial organisations – that when we were downsizing or restructuring, our early retirement packages were so attractive it made sense for people over 50 to leave,' says Charlotte Sweeney, Diversity Manager. 'And we really felt the loss of corporate knowledge and experience.' The extended retirement age has resulted in over 220 people staying with Barclays to date. 'We have kept some extremely good people,' she adds.

Barclays is also anticipating the changes in pension legislation. 'Chances are there won't be a normal retirement age,' Sweeney predicts. 'If people can take part-pension and carry on working for us it will be phenomenal. Employees will have wider options and the opportunity to stay rather than perhaps work for another organisation. It will be a massive benefit.' There is a plan in place for further initiatives up to 2006 when the law takes effect. This includes eliminating age bias in all policies; working towards culture change, particularly in the expectation of generous early retirement packages; consideration of flexible benefits; greater flexibility towards retirement to lessen the 'cliff edge' effect; promoting lifelong learning and career development up to retirement; and considering how to manage performance if there is no fixed retirement age. Sweeney says the culture change takes time. 'But we just keep chipping away at the block.'

The last of these is the only potential disadvantage the company has identified – a concern Barclays shares with many other organisations. 'Managers will have to be very honest about performance if there is no retirement age,' Sweeney says. 'No one likes to give bad news but it is doing it with dignity and being realistic that is important. And people may well still choose to self-select out.'

Barclays knows that this is good for business. Not only in terms of retained corporate memory and experience, but also in attracting and serving older customers and capturing a bigger slice of this growing market.

'It is absolutely crucial,' Sweeney says. 'If you want to have a business in the future, you just have to do this.'

**Charlotte Sweeney, Diversity Manager, Barclays PLC**

### From the Age Positive website...

In 2001, the recruitment business Office Angels won an Age Positive Award for Excellence. According to Alexandra Richens, the company's PR & Marketing Executive, 'By employing an age positive approach to recruitment, Office Angels can deliver a quality recruitment service that ensures a well-balanced, diverse workforce with the varied skills and capabilities of all age groups. We have found the benefits of ensuring the workforce encompasses this age-group are far-reaching, providing older people with the opportunity to learn additional skills and meet new people, while employers stand to gain from their mature attitude and experience.'

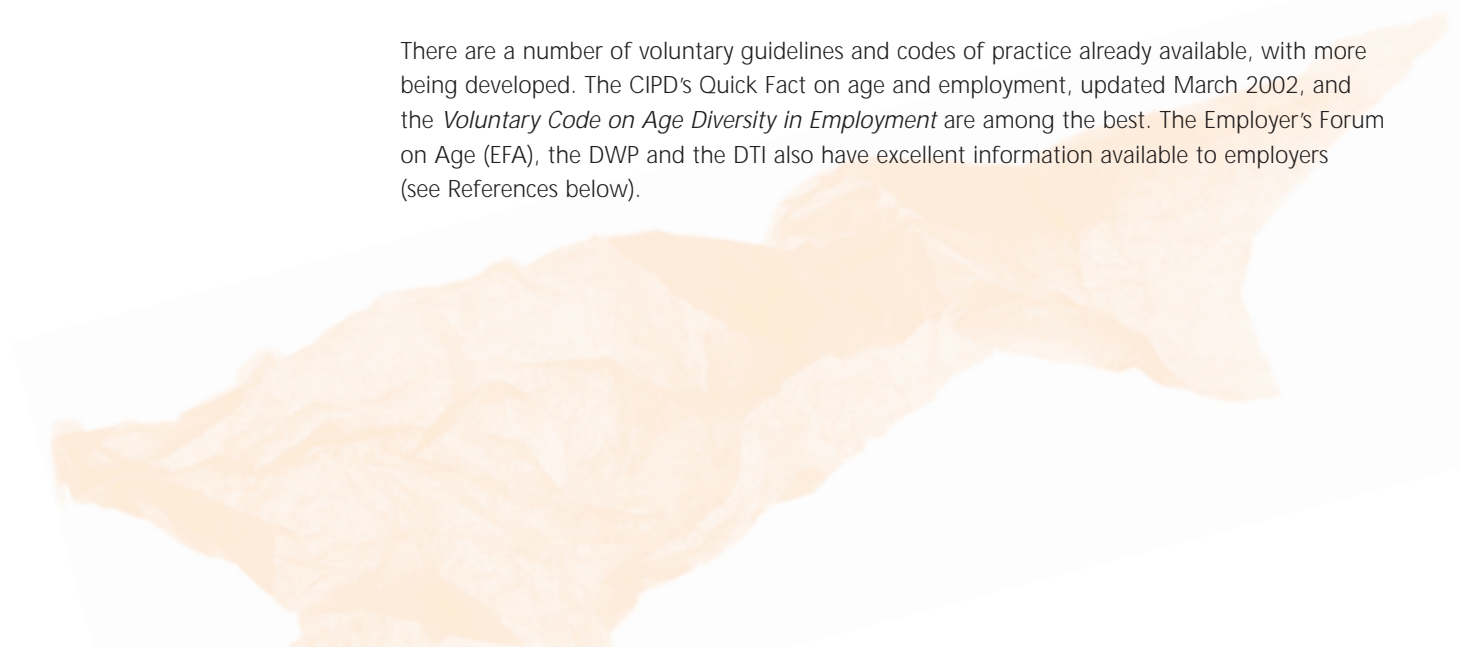
Gloucestershire Housing Association has 60 staff. Six are aged 50 and above, including one over the age of 60. A spokesperson for the Association commented, 'There are a number of benefits to older workers; they are more committed and they have a wealth of experience behind them – not just work experience but life experience that stands them in good stead to adapt to new situations. Older workers have a calmness – they've seen it all before and nothing really bothers them and they can put situations into perspective; they are able to step back from situations and take a more balanced approach. We like to think that our older workers can pass on the knowledge and experience they have gained to our younger workers during the course of their employment with us. Age and experience is often better than academic qualifications.'

## GOOD PRACTICE GUIDE

Good practice in ensuring age diversity is not a once-and-for-all activity but will involve a range of interventions; these need not necessarily be costly. In fact good practice should be tailored to business needs by being cost-effective and appropriate, while still complying with the forthcoming 2006 law.

Organisations actively seeking to achieve diversity and identify their own business case for doing so are more likely to garner the benefits in terms of culture and competitiveness than those merely seeking to avoid legal penalties. Larger organisations will need to develop a comprehensive age management strategy to eliminate barriers fully. Such a strategy must be monitored and evaluated to ensure it achieves its goals.

There are a number of voluntary guidelines and codes of practice already available, with more being developed. The CIPD's Quick Fact on age and employment, updated March 2002, and the *Voluntary Code on Age Diversity in Employment* are among the best. The Employer's Forum on Age (EFA), the DWP and the DTI also have excellent information available to employers (see References below).



## RECOMMENDATIONS

The following recommendations are taken from the CIPD's Quick Fact on age diversity and other sources.

- 1 Organisations should examine all their policies for age implications, and aim to move beyond minimal compliance to remove unfair age bias against systemic organisational change.
- 2 Age, age-related criteria or age ranges should not be used in advertisements other than to encourage applications from age groups that do not usually apply. Where this is the case it should be clearly stated. Companies should actively seek broader age ranges in recruitment.
- 3 An individual's age should not be used to make judgments about their abilities or fitness. Where such a judgment is required, an occupational health or medical practitioner should be consulted.
- 4 Communicate with all employees on age issues to change attitudes, demonstrating the benefits of employing older and younger workers, and present the business case against discrimination to line managers.
- 5 Personal objectives should be discussed and set to turn around the way things are done and achievements in dropping the use of age criteria recognised and celebrated. HR professionals have a major role to play in this and will need to keep themselves well informed about the legal proposals so they are ready for action in October 2006.
- 6 Training and development should be open to all employees equally.
- 7 When releasing employees, the organisation's future needs for knowledge and skills should be taken into account. Alternatives to redundancy should be considered, such as shorter hours, part-time working, contractual arrangements, secondments and employment breaks.
- 8 Training should be appropriately targeted, using suitable methods, to different age groups.
- 9 Develop integrated, age-aware HR policies that encourage a supportive culture.
- 10 Have flexible working patterns available to workers at all stages of life.
- 11 Provide flexible pension arrangements.
- 12 Pay and terms of employment should not be based on age-related criteria, but should reflect the value of individual contributions and standards of job performance.
- 13 Tailor health and safety programmes to address age issues, and offer ergonomic assessments of work to ensure its suitability for older workers, adjusting working practices accordingly.
- 14 Organisations should consider the advantages of using retirees as mentors to pass on experience and develop other employees.
- 15 Organisations should monitor the age profile of their workforce at regular intervals to identify evidence of unfair bias.

Implementation of an age policy requires careful planning. Even in organisations that value HR input highly, it may still be a challenge to identify and remove the potential blockages and overcome ingrained and previously unquestioned prejudices and complacency. Senior management backing is essential as well as the engagement of the workforce, particularly those groups affected. Early consultation with employees, and the involvement of trade unions and staff associations where appropriate, is helpful.

Ideally, businesses should aim to create conditions where employees can manage their own careers, ageing, retirement and pension provision in a way that benefits the individual and the organisation.

## WHAT DOES ALL THIS MEAN FOR BUSINESS?

Whichever way we look at it, if we ignore the demographics and the economics, age discrimination and its effects will lead to situations that businesses can ill afford. If they are to compete globally, the time for organisations to plan for the changes is now. Waiting for legislation – which in itself could trigger knee-jerk, damage limitation responses – will be too late, and may leave companies exposed to legal risks. Pioneer employers on age diversity will have a clear advantage. In fact they have set a 'can do' agenda for those who have not yet started to get to grips with tackling age discrimination. Their achievements could blow any defence for continuing to rely on the use of age criteria right out of the water. Employers who are not yet off the starting blocks in what is a long journey to address age diversity should find out how others have found solutions.

## WHAT TO DO NEXT?

Solutions to the challenges ahead fall across all HR disciplines. The following checklist is a good starting point.

- 1 Start thinking now about the effects on your company of the new age discrimination law. Look at all your HR policies again for age bias.
- 2 Be strategic. There may be sound financial reasons why age diversity makes sense. Work out the business case for introducing age-friendly practices in your organisation.
- 3 You'll need more than a mission statement. Monitor how age-friendly you really are by introducing clear, systematic age audits into who gets hired, fired, promoted and trained.
- 4 Challenge your own prejudices. You'll need compelling, justifiable reasons for age limits to keep within the law.
- 5 Your age-friendly policies will fail without the support and involvement of your staff. Use senior managers to champion your age-friendly message.
- 6 Hire and promote people who can do the job – no matter how old or young they are. You can't afford to write them off because of their age.
- 7 Offer training to staff of all ages. Check training is tailored to the learning needs of older as well as younger staff.



- 8 Look ahead. Might some of your procedures or tasks disadvantage staff as they age, such as heavy manual work? Find ways to monitor this over time and consider either redesigning the job or re-deploying these staff.
- 9 Recognise and value experience. People who have long work histories have a great deal to offer, not only as mentors.
- 10 Think hard before allowing your oldest staff to take early retirement or redundancy packages. It may seem like an easy option when cutbacks are needed, but it could lead to the loss of skills that are vital to your organisation – and irreplaceable.

**Dr Kerry Platman, ESRC research fellow, Open University Business School**

## READY MINDSET GO

The CIPD believes the whole concept of retirement needs to be rethought by Government, by employers and by employees. This would mean moving towards a more flexible and graduated approach, supported by flexible pensions, flexible working arrangements, and lifelong learning provision.

A pension is an increasingly important component of a reward package, and, properly handled, can become a major tool in attracting, rewarding and retaining talented staff. However, HR needs to ensure that the occupational scheme is the right one for the organisation and its staff and that it is aligned to the business, HR and reward strategy. It is also up to HR to communicate this benefit to the business and its employees. CIPD research shows that younger employees tend to aspire to early retirement. HR needs to make them aware of the issues, as the uncomfortable truth for many is that they will need to be encouraged to work longer. The need to work for longer is a fact that many older workers have already recognised as they approach retirement and economic reality kicks in. Many of us can look forward to 20 or 30 years in retirement – a long time to survive on a reduced income. Fantasies about early retirement will be only pipedreams for most of us.

Organisations need to take account of the 'war for talent' phenomenon and, in ways appropriate to their own organisational needs, make plans for appraising, motivating and keeping workers with skills that their business needs, whatever their age. To do this, training, assessment and career development will need to be realigned to meet the needs of those age groups currently under-represented, and flexible reward packages designed to meet different needs. Employees over 40 are unlikely to be motivated by the same things as employees under 25. Employees over 60 will have different priorities again.

## GEARING UP FOR ACTION

2006 may seem a long way off, but the complexity of age diversity means businesses will be foolish to put off tackling age discrimination. They will be wise to have thought about scenarios such as those outlined by the EFA in their guidelines, and either moved to avoid them, or satisfied themselves that such situations could be defensible in law. The latter is likely to be a very tough.

Steal a march on the demographic curve. Start making age work now or it could work against you and your organisation.

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Chartered Institute  
of Personnel and  
Development

CIPD House Camp Road London SW19 4UX  
Tel: 020 8971 9000 Fax: 020 8263 3333  
Email: [cipd@cipd.co.uk](mailto:cipd@cipd.co.uk) Website: [www.cipd.co.uk](http://www.cipd.co.uk)  
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