

A guide for employers
February 2015

Managing
healthy ageing
workforces:
a small and medium
sized enterprise
business imperative



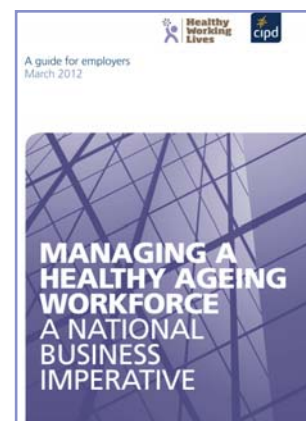
Introductory note

This guide is aimed at supporting those who manage SMEs. It is not meant to duplicate material which is already in the public domain (a list of such resources is available at the end of this guide), but to tailor advice to your needs which may be very different from those of managers in large organisations or public services.

This guide should be read as complementary to the Scottish Centre for Healthy Working Lives and CIPD guide:

'Managing a Healthy Ageing Workforce: a national business imperative'.

It is free and can be found here: www.agediversity.org



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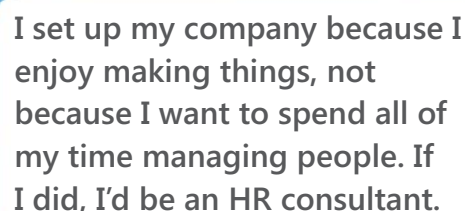


Contents

	Page
Forward	2
Managing age: Your questions answered	4
Why should SMEs care about an ageing workforce?	11
Managing age: Five key issues	13
Managing age: A checklist	23
References	36
Managing age: Join the conversation!	37

Forward

The UK workforce is ageing. This might sound like a bad thing. The reality, however, is very different. Many UK businesses see their older employees as resources rather than problems. They recognise that older workers bring much experience and knowledge, and can add value to their workplaces through mentoring younger employees, identifying opportunities for business expansion, drawing on their networks of contacts, and assisting when additional input is needed.



I set up my company because I enjoy making things, not because I want to spend all of my time managing people. If I did, I'd be an HR consultant.

In 2011, the UK government abolished the Default Retirement Age (DRA) and set in motion plans to raise the State Pension Age (SPA) eventually to 69. A great deal has been written about age and work, but, one fact is important but rarely reported: Most older workers work for small and medium sized businesses. 5.2 million of the 8 million workers 50 and over work for businesses with less than 250 employees. While many good practice age diversity guides are in circulation which have been produced by government, and stakeholder organisations, there has yet to be one which is specifically targeted to owners and managers of SMEs.

What makes SMEs approaches to age diversity different from those of large companies? First, they are much less likely to have human resource management (HRM) expertise in-house to help manage long-term workforce issues like age. Fewer than one in ten small businesses have managers who are professionally qualified in personnel management and, while this figure rises to 47% for medium sized organisations, it is still less than the 78% of large organisations who have HRM professionals in-house. Even where SMEs have managers with HRM expertise, managing employees may not necessarily be their only, nor even be their main responsibilities. As a result, managers of SMEs may not feel they have the time or expertise to make major changes to their workforces in order to prepare for ageing demographics.

However, managing age isn't just about possessing HRM expertise. Having strong leadership skills is also important, and a key strength of SME business owners is their ability to mobilise the talents of their employees. Older workers can benefit from having good working relations with the business owner who will often go the extra mile to support employees who are looking to delay retirement. SMEs may also have a greater incentive than larger companies to find innovative ways to use their employees' skills because they constantly need to find ways to make limited resources stretch.

It is also important to remember that the most innovative companies are looking at ageing demographics not just in terms of managing employees, but also a marketing opportunity. As the UK population becomes older, customers will be looking for new products and services, as well as new ways for them to be delivered.

Future planning for an ageing workforce is not an easy task, but it can pay dividends. In this guide, we will identify some of the ways your organisation can make better use of the talents of all of your workers regardless of age.

The material for this guide is based on focus group discussions with SME business leaders in Scotland and the South East of England - two parts of the country experiencing rapid growth, but also significant skills shortages. As part of the preparation for the guide, we also conducted a survey of businesses of all sizes in Scotland and the South East of England to gauge views on age as well as the feasibility of different kinds of HRM interventions to support older workers in maintaining employability. This guide is therefore meant to present solutions on the ageing workforce for SME businesses from business leaders.

Steve Bell
Strategic Director
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1. Figures derived through extrapolating figures from Work and Employment Relations Survey 2011 (WERS) and Business Population Estimate 2013.
2. The European Commission defines a small organisation as one with less than 50 employees and a medium sized one as employing between 50 and 249 staff.
3. WERS data.
4. Special thanks to SEEFA and Surrey Chambers of Commerce for organising the focus groups in the South East of England.

Managing age: Your questions answered

As part of the work of putting together this guide, we spoke with SME business owners in Scotland and the South East of England. Participants raised a number of issues about managing age. Below are the key questions asked and the response given are based on the current literature; government guidelines and advice provided by stakeholders and professional bodies.

Retirement

I heard that the Default Retirement Age (DRA) was abolished. Can older workers stay in work as long as they choose?

The DRA was abolished in 2011, which means that dismissal can no longer be based solely on age. Dismissal based, for example, on poor performance, redundancy or at the conclusion of a disciplinary investigation are permitted so long as company and statutory procedures have been accurately followed.

Now that the DRA has been abolished, can I no longer ask my older employees when they plan to retire?

Future aims and aspirations including retirement plans can normally be discussed as part of ongoing conversations between employees and their managers on their careers. Such conversations are normally part of employees' appraisals. Retirement plans should not be the only topic of an appraisal (An employee who is only asked when he plans to retire may justifiably worry he is being pushed out of work!) but can fit within a broader conversation about career, performance and aspirations.

Can my employee tell me when (s)he plans to retire and subsequently change her/his mind?

Where formal notice is given, the employer is not required to let the employee withdraw notice. This is different from an employee simply telling you about her/his retirement plans in conversation. Without formal notice, the employee is not legally obliged to keep to her/his retirement plans.

Managing age: Your questions answered

Workforce Planning

If older workers stay longer, won't they block the careers of younger colleagues?

Good employers want to see all of their employees-younger and older- flourish in work and losing talented young people is an understandable concern for any employer. However, employees who decide to delay retirement can adapt their roles, by mentoring or shadowing their successors for example. Such arrangements open up opportunities to pass on knowledge within the workforce.

Younger workers are less expensive than older ones. How can I afford to keep older employees?

Age should not be a factor in determining pay and a younger employee who is doing the same work as an older one but is being paid less could justifiably feel she's being discriminated against on the basis of age. Older workers tend to be in jobs with greater responsibilities than younger ones, usually because they have more experience. However, employers can redeploy that knowledge through mentoring and knowledge sharing in a way that ensures the older employee is offering good value for money to the organisation.

Extending working life for my older employees will make it difficult to recruit younger people. How will I be able to get new blood into to the organisation?

Not all businesses are expanding, and employers without a regular 'churn' of employees may worry that retaining older workers will reduce their ability to recruit new staff. It's important to remember that retirement is usually planned over a year in advance. Employers can therefore discuss work plans with their older workers in order to manage their transitions out of work in ways that would be mutually beneficial to the employee and employer.

Managing age: Your questions answered

Recruitment

I find it difficult to find staff. How can older workers help?

SMEs often find it difficult to find employees with the right skills. Many are looking to encourage their older employees to delay retirement in order to retain skilled and experienced workers. Many more are looking to the 1.35 million experienced people over 50 who are currently looking for or interested in work.

Do SMEs prefer younger people?

Most SME employers value employees with skills and experience, regardless of age. Usually, people who work for SMEs need to be able to take a variety of responsibilities, and older workers bring a wealth of experience.

Would an older jobseeker have over-expectations?

Older jobseekers are often at a disadvantage to younger competitors because prospective employers assume they will be dissatisfied with the job on offer. It is always good practice to have clear job specifications so that applicants know what the job entails, and an interview panel can discuss with applicants their expectations and future plans. It is a bad idea to ask an employee directly when (s)he plans to retire, but appropriate to ask where they see themselves in their careers five years into the future.

How do I know if an older jobseeker has the right skills?

Older jobseekers may find it a challenge to demonstrate their skills to prospective employers, especially when their skills are primarily derived from experience rather than formal training. When recruiting for a position, be sure to have a clear list of required and preferred skills for the job which you can then match to those on offer from all job applicants.

Many employers are using tools such as 'apprenticeships' to help older recruits demonstrate their abilities as well as attain formal qualifications.

Managing age: Your questions answered

Lifelong Learning

Why train experienced workers?

Everyone needs training in order to keep their skills up to date, manage new technologies, and have opportunities to perform new tasks at work. Training can pay dividends in terms of increased productivity and boosting workplace morale.

My older employees don't want to train. Why should I force them to do so?

Older workers are less likely to take part in training than their younger counterparts, but there are many reasons for this. Older workers are less likely to be *offered* training in part because their employers assume that they already know how to carry out their work tasks. They are also less likely to request training. Some may think they don't need training, but many fear that asking for training implies that they don't know how to do their jobs. Some very competent older workers have difficulties with writing or maths to which they are embarrassed to admit. It is important to deal with such issues tactfully and to stress that everyone needs to keep their skills up to date. This is much easier if training is seen as a normal part of everyone's work. Also remember that people learn in many ways, not just through 'courses'.

How can we afford to train older workers?

Training experienced staff may seem like a use of resources which could be better channelled to new staff or employees who are eager to train. However, training older workers needn't be expensive. Older workers tend to prefer shorter training which builds on the experience which they already have. They also respond well to training approaches which enable them to share their experience and skills with younger colleagues while acquiring new ones themselves.

Managing age: Your questions answered

Healthy Workplaces

How do I manage my older employees' declining physical health?

Good health is important for all employees, not just older ones. Employers who have put good health management systems in place have found that both younger and older employees benefit. It is also important not to assume that an older employee is less capable or more prone to illness than her/his younger colleague or that a younger employee doesn't need reasonable adjustments to help in the management of a long term health condition. Many workers over 50 have at least one condition, but most are able to manage with support from their employers.

Do older workers have more difficulty managing stress?

There is no evidence that older people are less able to manage stress, but a lot of research suggests that when older people do have trouble managing stress at work they are less likely to receive help than their younger colleagues. Many older workers, for example, are 'sandwich carers' responsible for caring for children or grandchildren as well as elderly relatives. They are less likely than young parents to ask for flexible work arrangements in order to manage home and work responsibilities. Often quite minor changes to working hours, training or informal support from their managers will solve a problem.

What do I do when I have an older worker with a long term health issue?

Managing health issues of employees (regardless of age) can be a challenge for employers, but help is available in Scotland through Healthy Working Lives, in England through Health for Work and Wales via Healthy Working Wales. The Health and Safety Executive, ACAS and Age Action Alliance also provide helpful information. (These resources are provided in the annex.)

Managing age: Your questions answered

Performance and Talent Management

I have an employee whose performance is waning. What can I do?

It is easy to assume that where an older worker's performance is declining, it is because (s)he is 'time serving' until retirement. However, poor performance is more often caused by not being motivated; by feeling undervalued in work; or not having the necessary support to remain productive, like training or adjustments to work. Adding variety to job content, updating skills, and addressing work life balance strains can pay dividends in terms of increased productivity and motivation.

It would be unkind to performance manage someone who is close to retirement. I don't want to do it!

Managers may feel reluctant to address performance issues with employees who are close to retirement, believing it to be cruel and unnecessary. However, performance management is not just about dismissal. Discussing the problem may identify a cause which can be remedied by, for example, training or changes in work routine. Trying to find ways to solve the problem can make the older worker feel more motivated and valued.

Managing an older employee can be challenging. How does a young manager deal with an older workforce?

Managing people generally can be challenging, especially if the person who is being managed is either older or has been with the company for a long time. However, good management skills are not just about command and control, but engaging with employees so that they are clear about their objectives, are engaged in work, and feel their contributions are recognised.

Managing age: Your questions answered

Flexible Working

Flexible working isn't possible for SMEs. We work to tight budgets.

Flexible working can benefit both the employee and employer. The 'right to request' was designed to encourage dialogue to find work arrangements which are mutually beneficial. For example, many organisations use flexible working to make sure there they are sufficiently staffed during peak times, but not overstaffed when work demand is low. All employees now have the right to request flexible working and employers need to give serious consideration to requests which are made.

Flexible working is great for big organisations, but SMEs just don't have the ability to offer everyone the working hours they want.

Many small businesses have found ways in which they and their employees can benefit from flexible work arrangements. For example, phased retirement can be an opportunity to retain the employee's experience through mentoring or knowledge management.

We do offer flexible hours, but only for those who need it like parents of young children.

People request flexible working for a variety of reasons. While some have caring responsibilities, others want flexibility to learn new things, take a sabbatical, or phase into retirement. Employers which offer flexibility universally find it easier to accommodate requests, as employees won't all be asking for the same working hours.

Why should SMEs care about an ageing workforce?

Today, 60% of people 55-64 are in work, and over one in five of those 65-69 are still economically active (sometimes in employment, but increasingly as self-employed), figures higher than any time since the 1970's. The average retirement age for men is 64.6 for men and 62.3 for women.


Why have retirement ages risen so quickly? Part of the reason is because people need to work longer due to reduced pension and retirement savings. Since 2007, the proportion of employers who offer occupational pensions has declined from 41% to 33%.[1] Further, life courses are changing and many people in their fifties and sixties have families to support and mortgages to pay off. During the 2008-2011 financial crisis, many older workers delayed retirement so as to wait until the economy improved before cashing in their pensions.

At the same time, employers need older workers in order to address chronic workforce skills shortages. It is anticipated that over the next decade, 13.5 million vacancies will open up in the UK: 12 million from workers leaving the labour market (e.g. through retirement) and a further 1.5 million vacancies from the creation of new jobs.[2] According to Government Actuary Department statistics [3], only seven million young people will be leaving education and entering the job market. To meet projected business demands, an extra 6.5 million workers are needed. Employers therefore

need older workers, and this is particularly the case for SMEs. SMEs, especially small businesses, find it more difficult to find school leavers. According to the UK Employers' Skills Survey[4], SMEs have hard to fill vacancies which, as a proportion of their workforces, are more than two and a half times those of large organisations and 71% of these vacancies are as a result of chronic skills shortages. As one employer noted:


We [SME business owners] need to be smarter than the big guys. Working for a small business isn't sexy and we have to go the extra mile to get the best talent.


Employees who delay retirement can be a valuable resources for businesses seeking to retain and make better use of the skills within their workplaces. Many SMEs are actively encouraging older employees to extend working life. However, the most innovative employers are not only retaining their older workers, but also finding new ways to redeploy their talents. Amongst the ways in which those with whom we spoke are working with their older employees are:


 *Using phased retirement as a tool for managing fluctuations in demand: A business services firm in which two employees reduced working hours was able to manage a temporary period in which their workforce demand was reduced. According to the general manager, the arrangement*

Why should SMEs care about an ageing workforce?

enabled the business to avoid making staff redundant.


 *Employing 'retired' employees on an on-call basis:* Many employers look to their retired staff as a resource during periods of high demand. Retired people are attracted to the idea of coming back to work on an occasional basis as a way of not only earning extra money but also maintaining workplace friendships, taking on new challenges, keeping active and feeling valued. It is important when using retired staff in this way to ensure that they remain in touch and up to date through training. You should also include them in office meetings and match work to their talents.

 *Shadowing and mentoring younger workers:* The UK skills shortage isn't simply a matter of businesses finding it increasingly difficult to find young talent, but being unable to find those with the right skills and knowledge to match the requirements of the job. This is a problem for all employers, but particularly SMEs which need to squeeze as much productivity gains as possible from limited training resources. Older and more experienced employees can add value to a firm's training strategy by supporting younger and less experienced employees in their learning.

 *Knowledge retention:* Employees' knowledge and experience are valuable resources of any organisation. Tacit knowledge is particularly important but often not recognised until it is gone. Since

retirement is usually planned over the course of a year or more (unlike exits when employees find a new job), there is scope to use this period for individuals to document the experience which they have built up doing their jobs, and sometimes to pass on knowledge directly to successors. One medium sized manufacturer encourages its retiring engineers to write down and then present their work experience to colleagues.

 *Future planning:* SMEs are more vulnerable to changes in their economic environment than large organisations and often miss out on new opportunities for growth. This isn't because SME business leaders are less savvy than their counterparts in large firms. It's simply because they are unlikely to have the ability to dedicate managers to strategy. Some SMEs are redeploying their older employees to future planning, for example by identifying new markets or developing the business' network of suppliers.

 *Sharing older talent with business partners:* SMEs aren't always able to accommodate requests from employees to adapt work such as changing working hours for an employee. Where they are unable to accommodate employee requests many business owners use their business networks to find suitable work for valued staff. One business leader likened older employees to professional football players who move between teams throughout their careers.

Managing age: Five key issues

In our previous good practice guide [5], five key issues were identified which employers generally face when developing strategies for managing age. This guide will avoid repeating the information presented earlier, but will focus on some of the key ways in which SMEs tackle these issues which are different from large businesses.

In the annex, we set out a checklist of good practice for managing age. The checklist will include a mix of essential and innovative practices.

1. Recruitment


We start with recruitment and tapping into the pool of 1.3 million older people who are available to work. Older jobseekers find it harder to find work than younger people, 44% of jobseekers over 50 have been out of work for over a year, compared with 27% of those under 30. The figures under-represent the extent of long-term unemployment, as many of those who are unable to find suitable work drop out of the labour market completely, describing themselves as retired even though they would like to find work. Older jobseekers face significant barriers to finding work which match their abilities. Often, this comes down to assumptions recruiters have over their abilities, plans and aspirations. This is bad for the jobseeker but can also be bad for the recruiting employer which misses out on a worker who has skills which are a good match to the job and organisation.

Older jobseekers have skills. 15% have a first or higher degree, and 65% have at least one formal qualification. Most also have a wealth

of experience which could be applied to different kinds of jobs. Given that employers face big challenges in recruiting people with the right skills, it may be hard to understand why so many older jobseekers find it difficult to find work.

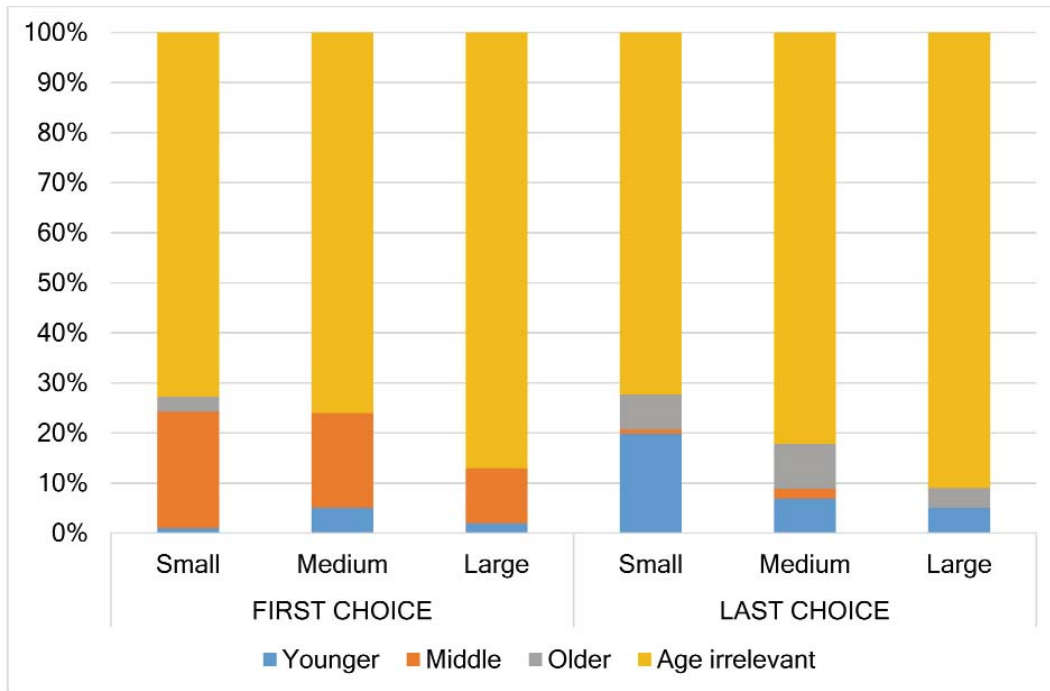
It could be assumed that ageism is a barrier which older job-seekers face when looking for work. Ageism is indeed still prevalent in the world of work and can be seen in phrases like an employer seeking 'new blood' or preferring younger workers who can be 'moulded' into the company image. However, employers rarely profess to prefer younger talent over older. Further, young people face stereotypes as well. For example, the CBI has reported that many of its members don't feel that new graduates have sufficient organisational skills[1]. In our survey of businesses, most business leaders say that age wouldn't make a difference when selecting an employee. However, those who do profess a choice say they would prefer a middle aged worker (30-49), reflecting a preference for job seekers with at least some experience.

One of the main barriers to work which older people face is the prevalence of false assumptions about their abilities, plans and aspirations. Among the most common assumptions:


 *Older workers have skills but not the right skills:* It is true that older job-seekers usually have qualifications which had been acquired earlier than their younger counterparts or have undocumented skills which have been

Managing age: Five key issues


Figure 1: If you were recruiting someone, which age would you prefer?



acquired through work experience, but usually this can be addressed by training which can update their knowledge.


 *Older workers can't be moulded into the company image:* This is an assumption more likely to be held by large organisations which have clearly delineated roles in which to fit staff. This may be very attractive to young people, particularly those with newly acquired qualifications which they want to use in jobs where their new skills are prominent in the job specifications. However, SMEs are more likely to need 'all rounders' who may be qualified to do one job, but are also available to do others. Older jobseekers often have a wide breadth of experience, having carried out many jobs over their careers. Their profiles may better match the


needs of SMEs who are seeking more flexible employees.

 *Older workers have unrealistic expectations about the labour market prospects:* All jobseekers have their own unique expectations from jobs for which they are applying. Young people frequently apply for jobs which they see as 'stepping stones' to better paying and high status ones. Some older workers may apply for jobs which are lower status and paid less than their previous ones, but nevertheless value the opportunity to use their skills and experience in new ways, and to achieve the sense of purpose and structure to life which work provides. Many older workers are also looking for other job benefits like good work-life balance or the opportunity to work close to home. For

Managing age: Five key issues

SMEs, which are unlikely to match the promotion opportunities of their larger counterparts, older jobseekers can offer the opportunity to attract the calibre of talent which is difficult to reach at the younger end of the labour market.

 *As soon as you hire an older worker, (s)he retires:* A sixty year old recruit is likely to stay with her/his employer longer than one who is recruited in his twenties.[6] Young people on average change employers once every two years: often seeking promotion or better pay, but also looking to try a number of jobs before settling for one which matches her/his interests. An older worker, particularly one in her/his sixties, may have a long term plan to retire, but isn't necessarily planning to retire immediately. While it is true that sometimes older job seekers are looking to top up their income before fully retiring, SMEs can make good use of this opportunity. An owner of paper manufacturer, for example, noted that she was able to employ an accountant on a part-time basis who was looking to gradually move into retirement. She noted that the firm was unable to employ someone full-time and the candidate's expectations matched the needs of the firm.

 *Recruitment agencies usually only send young people:* Many SMEs use recruitment and personnel agencies to find employees. Most recruitment agencies have diversity policies to ensure that job candidates are not disadvantaged on the basis of age or similar discrimination. The trade body, the Recruitment and Employment Confederation, has included within its code of professional

practice a requirement for members to ensure job candidates are treated equally regardless of age.

“Members should adhere to the spirit of all applicable human rights, employment laws and regulations and will treat work seekers, clients and others without prejudice or unjustified discrimination. Members should not act on an instruction from a client that is discriminatory and should, wherever possible, provide guidance to clients in respect of good diversity practice.” [7]

If you feel that your recruitment agency is failing to deliver you job candidates from a wide pool of talent, you can discuss the organisation's recruitment practices and ask what measures the agency is taking to ensure diversity in its team.

2. Flexible working and retention

Many older workers would like to, or need to, work flexibly. Reducing working hours in advance of retirement is a popular way to gradually transition out of work. Like young people, many older workers, especially (but not exclusively) women have caring responsibilities - either for children or grandchildren or for elderly relatives. Many older workers have responsibility for both, known colloquially as the 'sandwich carers'. Older carers are less likely to receive support from their employers to balance work and family responsibilities than young parents. Older carers are also less likely to ask for flexible working than their younger colleagues. They may worry that asking for

Managing age: Five key issues

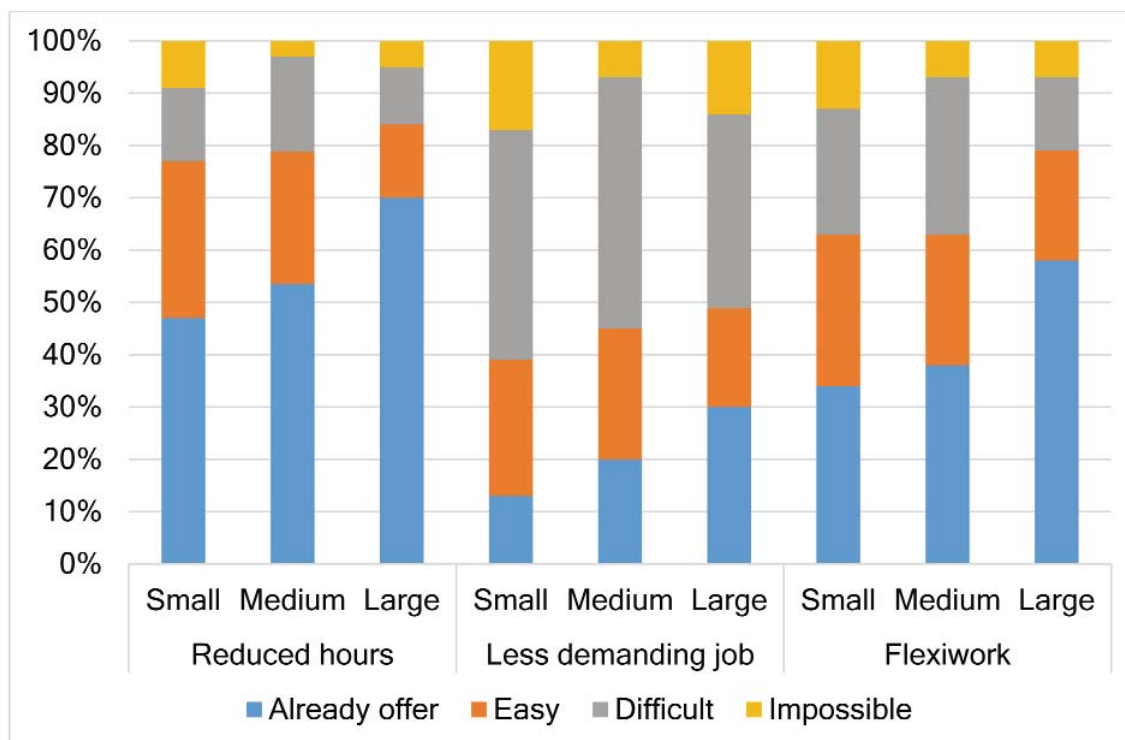
flexible working is a 'signal' of less commitment to the organisation.

Workers of all ages may want flexible working for a variety of reasons, including not only to balance work and caring, but also to develop interests outside of work, One SME business leader noted that he had offered a 'sabbatical' to a member of staff who wanted a chance to experience work in the entertainment industry. The employee was assured a job on her return later. When she did return she was able to apply what she had learned working in a new sector to the company's marketing strategy.

It is a myth that flexible working isn't possible in SMEs. In fact, according to a survey

conducted by the Federation of Small Businesses, 74% of SME's which employ people employ at least one person on a flexible basis. [8] While large organisations may seem to have greater scope to adapt work schedules in order to accommodate requests for changed working hours, SMEs are more likely to take creative approaches to managing working time. In our survey, large employers were more likely to already offer different kinds of flexible working to staff, but SMEs also show a strong willingness to consider requests. Flexiwork (whereby employees are permitted to adjust their working time around 'core' hours is less popular, but over 60% of SMEs say they would find it easy to offer staff.

Figure 2: How easy or difficult would it be to offer the following to an employee who requested it?



Managing age: Five key issues

It is important to remember that flexible working can be as much a benefit to the employer as the employee. A recent report by the chief executives of twenty two of the UK's largest firms noted that flexible working could save businesses up to 13% in labour costs[9]. As they noted:

“Flexible’ working has been too narrowly characterised as a benefit for employees and a cost for employers. This runs contrary to our experience: If implemented successfully by business leaders, workforce agility can offer sustainable business performance and engaged employees.”

From June 2014, the right to request flexible working has been extended to all workers with at least 26 weeks continuous service, and not just those with caring responsibilities. This may seem like an extra layer of regulations, but it can provide benefits including greater flexibility, fostering loyalty and commitment among staff, and increasing morale. Organisations which offer the right to request flexible working to all employees rather than just one group (such as working parents or employees approaching retirement) gain advantages from a more inclusive approach. Employees who are working flexibly are less likely to feel singled out as staff receiving special privileges. Offering a universal right to request also fosters loyalty and can make it easier to manage work rotas since employees are unlikely to all be asking for the same working hours. As one business leader noted, once the systems are in place to offer flexible working to one group of employees, it is easier to offer them to everybody.

3. Learning and development

One of the most significant barriers which older workers face in acquiring and maintaining employment is the perception that older workers' skills are out of date and older workers themselves are unwilling to take part in training. Most older workers say that their skills are about right for their jobs, and a significant minority say their skills are being underused in their jobs.

It is true that older workers are less likely to take part in training than younger people. According to the Labour Force Survey, 23% of people over 50 took part in some job related training over the past three months, compared with 31% of employees under 30 and 27% of middle aged workers. The training which they did was also likely to be shorter, and more likely to be on the job, rather than on an external course leading to a qualification. Part of this can be explained by the fact that younger workers are more likely to be starting new jobs than older ones, and employers focus most of their training on ensuring new staff have the skills they need to carry out their work. However, older workers' less frequent participation in training reflects outdated assumptions that older and more experienced workers don't need training. The traditional idea that people learn their skills at the beginning of their working lives, and those last for 40 years is clearly unrealistic in a modern economy in which technology is rapidly changing and workers need up to date skills to maintain employability. Our survey found that many employers, small, medium and large, view younger workers as more adaptable and eager to learn than older ones.

Managing age: Five key issues

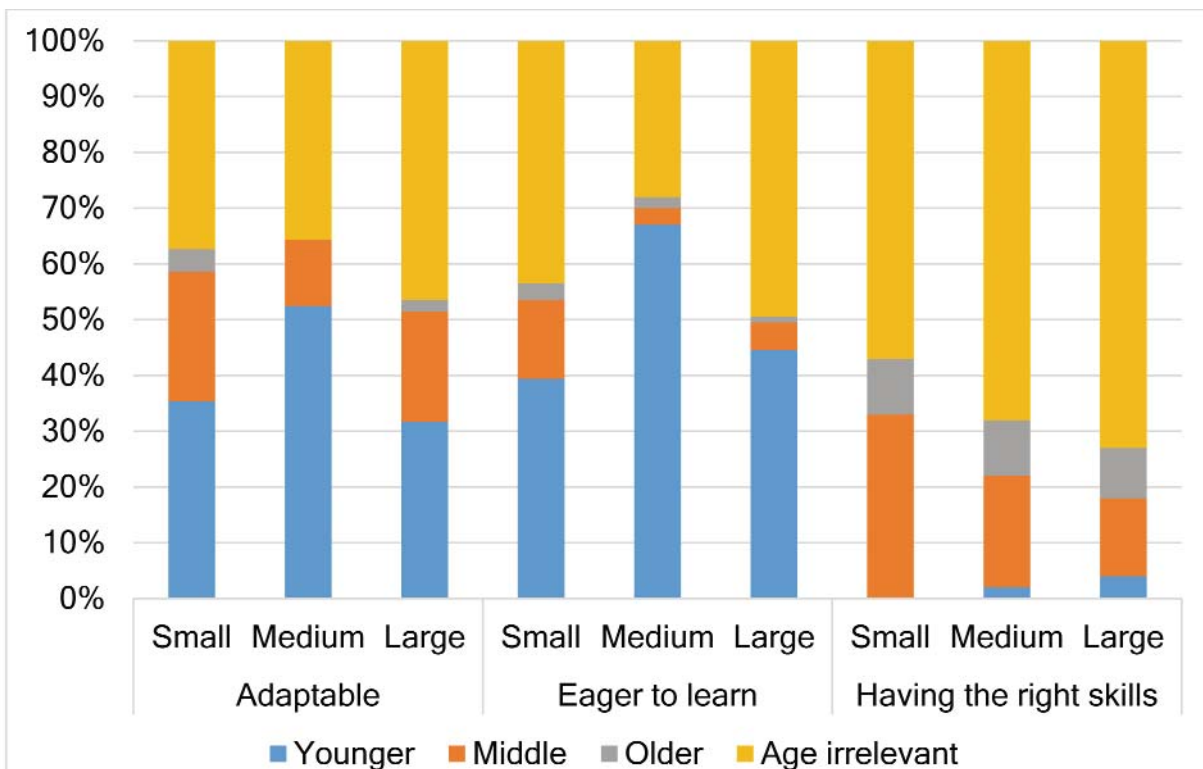
Providing training to older workers is a particularly good investment for SMEs. SMEs tend to value workers who are able to carry out a range of jobs since staff are likely to be called upon to contribute to a range of tasks or fill in when vacancies occur. Training can expand an employee's capabilities and older workers who take part in learning opportunities can discover ways to apply their experience to new fields.

Some older workers want to change direction in quite radical ways, and for some apprenticeships can be an appropriate route, providing training and structures work experience to put the

training to work on the job. Although 'apprenticeship' is traditionally thought of as something for young people, there is no reason why someone in their 50s should not undertake one. Many have done so successfully, and some will go on to another 20 years of valuable work in an entirely new career. Despite this, the myth that 'you can't teach an old dog new tricks' is as prevalent amongst workers as employers.

But there are reasons why some older workers are reluctant to train. For a long serving employee, whose status and self-respect rests on being a competent experienced worker, the suggestion that

Figure 3: Which age group would you most describe as:



Managing age: Five key issues

(s)he might train can be seen as a criticism, implying that (s)he is no longer competent or valued. Some older workers have performed well for many years despite having concealed problems with reading, writing or maths which they find embarrassing. If they fear that training will expose their problem, they may well resist, and individuals have been known to 'become difficult', or resign from jobs rather than admit to such problems – and they are then very likely to become long term unemployed. These issues can be overcome, but require very sensitive handling. All of these factors can lead older workers to resist training even though it can improve productivity and enhance the quality of working life.

The key to making the most of the skills and experience of employees of all ages is to have an inclusive approach to learning and development. Even people in relatively routine jobs can benefit from learning new skills, and where all employees participate in regular, supportive appraisals and are given opportunities to learn, training is less likely to be perceived negatively. It also helps to recognise that learning happens in many ways – on the job, through team meetings, structured reading and online programmes as well as in formal 'courses'. Some employers have strategies for a 'talent pipeline' where employees have the chance to experience a range of jobs, which gives them added flexibility to adapt as the business and the workforce changes.

4. Health and well-being

One of the biggest concerns which SME employers have when it comes to ageing workforces is managing the health and well-being of employees. Many employers worry about employees working while their health declines. However, it is important not to either exaggerate or overgeneralise the impact of changing health on work or vice versa. While physical health does decline with age, it does not decline in a uniform way. A sixty year old who is in good health may be able to do things which someone twenty years younger would find impossible. Further, while 41% of workers 50-65 have at least one health issue which limits their activities, most are able to continue in work with moderate support from their employers.

As populations age, so too will the number of workers with long term health condition (LTHC). According to the Department of Health, by 2020, 18 million people will have an LTHC, although not all of them will be older workers [10]. Employers of all sizes will need to develop approaches for managing health. In many cases, such 'reasonable accommodations' may be relatively modest interventions such as adjusting the employee's working hours to allow them to avoid the rush hour. In other cases, managing an employee's LTHC may involve the provision of assistive technology which can help her to not only maintain employment but also to improve productivity. One SME manager in the transport sector, for example, who purchased an automatic transmission vehicle for a driver returning to work after ill-health leave reported that it

Managing age: Five key issues

'paid dividends' since he saved on the cost of recruiting and training a new employee. Maintaining a healthy workplace can be daunting for an SME, particularly if it doesn't have readily available access to an occupational health specialist. However, it is important to remember that there are many either free or affordable resources available to support SMEs in managing health issues. The Scottish Centre for Healthy Working Lives, for example, provides advice to businesses including an assessment of their workplaces. Similar services operate in England through Health for Work and in Wales through Health for Wales. All offer free advice helplines for businesses managing health issues of staff. The Health and Safety Executive has resources available for businesses which are carrying out risk assessments for staff, and the Advice, Conciliation, and Arbitration Service (ACAS) provides consultancy service for businesses which are working with employees and unions to promote health working. Finally, it is worth noting that the Age Action Alliance has recently produced a toolkit for organisations on managing a healthy workplace.

5. Talent management and retirement planning

Finally, we turn to talent management, of which retirement planning is a subset. Many SME business leaders with whom we spoke expressed concern about the impact of the abolition of compulsory retirement ages (the Default Retirement Age (DRA)) on their businesses. The concerns broadly separated into two issues: a) how to manage if you

don't know when an older worker is planning to retire; and b) how to manage underperforming older employees who are reluctant to retire.

It is important to first remember that employers are not guaranteed knowledge of the career plans of any employee. Staff regularly change jobs and employers, relocate, seek promotions, take leave to study as well as many other transitions. Often, these are at short notice and/or subject to a change of plans. Even before the DRA was abolished, older workers often changed retirement plans for financial or family reasons or because they have been offered a financial incentive to retire early.

The key to managing the retirement of employees in the absence of a retirement age is communication. Many managers falsely believe that the abolition of the DRA prohibits them from discussing retirement plans with employees. However, the guidance which the government agency ACAS produced on managing without the DRA specifically rejects this interpretation of the regulations. To quote:

"Whatever the age of an employee, discussing their future aims and aspirations can help an employer to identify their training or development needs and provide an opportunity to discuss their future work requirements."[11]

In other words, retirement is part of one's career and good people management includes discussing career plans with employees so that they have the resources

Managing age: Five key issues

and support to achieve success. Of course, if the first and only conversation you have with an employee about his career is to ask when he is planning to retire, (s)he would likely draw the reasonable conclusion that your intention is to push her/him out the door. However, discussions about retirement as part of an overall appraisal process is not only lawful, but also good practice.

It is also important to remember that good practice regarding communication on retirement is not just asking when an employee is planning to leave, but also about how both she and you can get the most of her remaining time with your organisation. This may mean considering adjustments to work such as flexibility, training, mentoring, or changing jobs.

Phased retirement, whereby the employee gradually reduces her/his working hours and hands over some work responsibilities to his successor is popular amongst retiring employees, as are opportunities to share knowledge and mentor, as discussed in the section on learning. Some employees are interested in changing to less stressful jobs in order to delay the point at which they fully retire, although this option is less popular in part because of uncertainty about the impact of 'self-demotion' on subsequent retirement finances.

Good communications should also include supporting employees as they gather information which they need to plan for

retirement. Pre-retirement planning services including courses are valuable resources for employees as they prepare themselves in terms of finance, activities and the transition out of work. They can also remove some of the uncertainty over retirement plans, as workers who have a clear idea of their retirement incomes are also more likely to have a firm date at which they plan to retire. Workers who are provided support in managing their retirements are also more likely to consider alternatives to full retirement such as phasing out of work. In other words, pre-retirement planning can be good for both employee and employer.

Unfortunately, fewer employers are now providing pre-retirement planning than in the past. Free resources are available to people who are planning their retirements and the government has recently announced plans to provide universal financial advice.

The second issue which many employers raise in regards to managing without the DRA is managing older employees whose performance has declined. As one SME business leader described:

In the past, we knew when someone was retiring. Now, we may need to wait for years until he decides to fully retire. Dismissing this person isn't an option because he has given us years of loyal service and sacking him would be cruel.

Managing age: Five key issues

Good performance management is not just about managing the process of dismissal. Rather, it is about assessing an employee's performance so as to ensure that she has the tools and support to maximise her performance. As the CIPD describes:

“Fully realised, performance management is a holistic process bringing together many of the elements that make up the successful practice of people management including, in particular, learning and development.” [12]

Like all workers, there can be a number of reasons why an older worker's performance may decline for a period of time. For example, her/his skills may be out of date and require refreshing. (S)he may also be engaged in a particular task for a long time and is ready for a new challenge. He may have a family responsibility which requires adjustment to his work schedule or have a health issue. Often being 'ready to retire' is a reflection of not feeling valued or useful in the organization.

While avoiding difficult conversations about performance with an older worker may seem kinder, it also prevents the manager from gathering the information (s)he needs to support the employee in becoming more productive and feeling more valued. Continuity in performance management is also key. Older workers often report feeling stressed not by being performance managed as such, but being abruptly told that their performance is poor after years of being given satisfactory performance reviews. If

older workers are not set goals and supported in meeting those goals on a continual basis, a poor performance review late in their careers can feel as though they are being 'positioned for failure'. A worker whose performance has always been rated as good, but suddenly becomes poor at 64 may well have suspect unlawful age discrimination.

Talent management does not need to be different for older workers than for younger people and it doesn't need to be a negative experience. The purpose of this guide is to identify ways in which SMEs can take advantage of the ageing of UK workplaces in order to make best use of their older employees' skills and talents. This partly requires strategic planning by managers at the company level, but it also requires managers to engage with employees, especially older ones at a workplace and individual level. While SME leaders may sometimes feel at a disadvantage to their counterparts in large organisations in terms of writing and implementing formal HRM policies. However, they tend to draw their people management strength from the one-on-one relationships which employees have with their managers and business owners. They may therefore be better positioned to lead within the UK economy in developing innovative approaches to age and work.

Managing age: A checklist

Ageing demographics provide new opportunities to organisations seeking to retain and make best use of the skills and experience of their older workers as well as older people who are seeking work. SME business leaders are looking for practical solutions. Below is a list of recommendations on how to ensure your business is ready as the UK population ages.

Recruitment

Tick when complete

Be sure to write a job specification for the post being advertised and avoid language which might be seen to exclude groups of workers such as 'fresh' or 'experienced'.



Notes to self:

Advertise in as wide a range of media as possible. While many older people regularly use IT, you may be missing out if you only focus your advertising on websites and search engines.

Notes to self:

If you are considering specifying qualifications which are essential or preferred for the job, think about how you will consider skills which had been attained through work experience rather than formal education. Make it clear that you will consider equivalent qualifications (since qualification systems have changed a lot over the years).

Notes to self:

Managing age: A checklist

Tick when complete

Recruitment

Don't use age criteria directly in recruitment unless required by Statute.



Notes to self:

Don't select based on expected length of service (e.g. the candidate's proximity to retirement).

Notes to self:

Consider reviewing what information you request from candidates is essential for selection. Some information, such as dates of education and employment can be used to guess a candidate's age.

Notes to self:

Task more than one manager to short-list, interview and select the candidate in order to reduce the risk that selection will be based on one individual's bias.

Notes to self:

Managing age: A checklist

Tick when complete



Recruitment

Consider using an application form rather than asking for CV's. Often, jobseekers will include on their CV's information which you don't need, such as date of birth.

Notes to self:

Make sure that all candidates are asked the same question. For example, it is equally relevant to ask a fifty year old about his/her ambitions as it would be for a twenty year old.

Notes to self:

If you are working with a recruitment agency, make sure that they understand that opportunities to work for your firm will be open to candidates of all ages.

Notes to self:

It is good practice to offer internships or work experience opportunities to every one regardless of age. Older people may welcome the opportunity to try a new job and demonstrate their ability to meet the specifications. There are successful examples of older people who change career dramatically as a result of well managed work experience. One project successfully converted unemployed construction workers to work in residential care!

Notes to self:

Managing age: A checklist

Where to get help with recruitment

The social care sector is facing the biggest skills shortage of all industries. Skills for Care, its skills council, has produced a practical guide with useful information for all employers (not just care providers) on recruiting and retaining older employees: Skills for Care, *Finders Keepers: a practical toolkit*, www.skillsforcare.com

The US older people's advocacy group, the AARP, has produced a guide for HR professionals on recruiting and retaining older employees. The guide covers aspects of recruitment such as writing job specifications, attracting older job applicants and matching skills with your workforce needs. (Note: this guide was produced for a US audience, and you will need to ensure your policies comply with UK and Scottish laws): AARP, *Help Your Organization Stay Ahead of the Curve*, www.aarp.org

Flexible Working

Tick when complete

Ensure that employees are all aware that they have the right to request flexible working. Let them know the process for making a request, the criteria you will make a decision and procedures for appeal.



Notes to self:

Ensure you have formal flexible working policies in place to consider requests for flexible working. Remember that criteria for rejection must be based on one of the business reasons set out within the regulations. [13]

Notes to self:

Managing age: A checklist

Flexible Working

Tick when complete

Consider making jobs 'flexible by default'. In other words, allow employees to assume that they can arrange with their managers to work flexibly unless there is a clear business reason why this wouldn't be possible.



Notes to self:

Consider the range of flexible working arrangements which your organisation might offer employees, including part-time work; flexiwork; job sharing; occasional work; seasonal work and sabbaticals. Some arrangements may require some 'piloting' to ensure arrangements work well. However, once flexible work arrangements are embedded in your workplace, it should be easier to offer such arrangements to all employees.

Notes to self:

Consider offering sabbaticals to employees (paid or unpaid) to study or pursue interests.

Notes to self:

Managing age: A checklist

Where to get help with flexible working

Age UK has produced a report chronicling the experiences of older workers seeking and working in flexible arrangements. The report gives insight into why older workers seek flexibility and how managers can adapt work to their circumstances: Age UK, *Why Flexible Working Matters to Older People*, www.ageuk.org.uk

A CIPD introductory guide on flexible working can be found here: CIPD, *Flexible Working*, www.cipd.co.uk

Learning and development

Tick when complete

Ensure policies are in place to ensure universal access to training for staff regardless of age.



Notes to self:

Regularly (at least once a year) review all employees career development and learning needs through appraisals. Remember to maintain documentation of appraisals in order to ensure continuity of learning support.

Notes to self:

Managing age: A checklist

Learning and development

Tick when complete

Review the effectiveness of training provision by assessing and monitoring outcomes as reflected in career progression of staff and changes in productivity.



Notes to self:

Be sure to get feedback from employees about the training which they have taken part in in terms of its content, method of delivery, and the extent to which it has improved their productivity. This will help you tailor the delivery of future training to meet the needs of your workforce.

Notes to self:

Consider offering apprenticeships to all employees regardless of age. Many mid-career and older employees are looking for opportunities to apply their skills to new roles and tasks. Many are available for higher apprenticeships since they bring with them some formal qualifications and experience which will help with their learning.

Notes to self:

Managing age: A checklist

Where to get help with learning and development

NIACE has produced a leaflet summarising the findings of its Mid-Career Review project. The report offers insight into how older workers approach career planning, learning, and job change: NIACE, *Midlife Review*, www.niace.org.uk

The Age and Employment Network has produced a guide for employers on career advice and guidance for older workers. The guide was produced as part of the Department of Business, Innovation and Skills' review of Mid-Career planning: TAEN, *Mid-Career Planning*, www.taen.org.uk

The Department of Work and Pensions has produced a guide for employers wishing to deliver training and development to a multi-generational workforce: DWP, *Employing Older Workers: an employer's guide to managing a multi-generational workforce*, www.dwp.gov.uk

Health and well-being

Tick when complete

Ensure that health and safety risk assessment for staff of all ages, and particularly those who are return to work are carried out.



Notes to self:

When assessing the cost and benefits of making reasonable adjustments to support employees with health issues, be sure to look holistically at the benefits of retaining the employee, including knowledge retention and avoiding a vacancy.

Notes to self:

Managing age: A checklist

Health and well-being

Tick when complete

Ensure that staff who are managing stress have ways to communicate with their manager with a view towards reaching solutions. This may be through independent support such as a stress advice helpline.



Notes to self:

Managers have a critical role to play in accommodating the needs of workers with long term conditions as many of these health issues may come under the Equality Act 2010 and this could have implications for workforce productivity.

Notes to self:

An Attendance Management Policy should be available and be based on good communication between manager and employee. The policy could include provision for notification of absence; evidence of incapacity; use of medical help/advice; long-term absences; role of line manager; maternity leave; disability absence; return to work interviews; trigger points; sick pay, and confidentially.

Notes to self:

Managing age: A checklist

Where to get help with health and well-being

The Scottish Centre for Healthy Working Lives (<http://www.healthyworkinglives.com/>) works with Scottish businesses to create safer and healthier workplaces. Equivalent organisations are in England (<http://www.health4work.nhs.uk/>) and Wales (www.healthyworkingwales.com).

The Age Action Alliance (www.ageactionalliance.org) is a network of businesses, NGO's and government working in partnership to enhance the quality of life for older people, including in work. They have produced a resource for businesses on healthy working, providing access to guidelines on health risk assessments, sickness absence, retirement planning and well-being. It can be found here: Age Action Alliance, *Employers' Toolkit*, www.ageactionalliance.org

The Health and Safety Executive (www.hse.gov.uk) has recently launched a management tool for SMEs on healthy workplaces for SMEs. Specific guidelines on managing the health and well-being of older workers can be found here: HSE, *Vulnerable Workers: Older workers*, www.hse.gov.uk

Talent management and retirement

Tick when complete

Ensure you take a consistent and continual approach to performance management across all ages. Setting goals, measuring outcomes, and ensuring support is provided when needed is key.



Notes to self:

Maintain documentation of appraisals and performance management discussions in order to ensure consistency.

Notes to self:

Managing age: A checklist

Talent management and retirement

Tick when complete

Prepare a list of retirement transition options which managers can discuss with employees which can include full retirement, phased retirement, adjustments to working time, job change (promotion, demotion or lateral transitions), adjustments to work responsibilities, mentoring and/or knowledge management, as well as occasional work opportunities once the employee fully retires. It is good practice to consider how each of these options can be operationalised with different job groups in your organisation.



Notes to self:

Ensure that discussions about work and retirement plans are conducted in a timely manner. You want to ensure that both you and your employee have enough time to discuss and plan retirement transitions which are mutually beneficial. This is particularly the case if your employee is interested in continuing to work in some form after formally retirement.

Notes to self:

If you have consistent appraisal conversations with employees, feel able discuss their retirement plans within the broad context of career development. However, ensure that the conversation is not simply asking the employee when (s)he is planning to retire, but is more broadly about her short, medium and long-term plans as well as the different retirement transition options available to her/him.

Notes to self:

Managing age: A checklist

Talent management and retirement

Tick when complete

Make sure employees are aware of your organisation's retirement policies and have sufficient time and support to plan their retirement transitions.



Notes to self:

Consider providing pre-retirement planning support to help employees prepare for retirement.

Notes to self:

Some of the recommendations are essential HR practices which all organisations ought to be doing. For example, it is almost always unlawful to specify a preferred age range when recruiting new staff. Some of the recommendations, however, reflect good practice which some of the more innovative employers are doing. These recommendations are meant to be more 'aspirational'. This list isn't exhaustive and we'd like to hear from you about some of the things you are doing to manage age in your organisation. At the end of this guide is an invitation to join a network of businesses interested in age diversity.

Notes to self:

Managing age: A checklist

Where to get help with talent management and retirement

Scottish Healthy Working Lives and CIPD have jointly produced a good practice guide for HR professionals on ageing workplaces. The guide aims at delivering tips for HR professionals who are looking to develop a business case for their employers on adopting age inclusive approaches to people management.

ACAS (www.acas.org.uk) has produced guidelines on managing retirement without the DRA.

The Centre for Research into the Older Workforce (www.agediversity.org) has a wealth of information on age and work including the Healthy Working Lives/CIPD good practice age management guide and CIPD/Trades Union Congress guide on age diversity for managers and trade union representatives.

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Managing age: Join the conversation!




Ageing demographics will impact different employers differently, and the purpose of this guide was to highlight some of the ways in which they are affecting SMEs. For businesses trying to find new ideas, the best solutions don't come from textbooks, but from other businesses like theirs. It is for this reason that we have put together a platform for business leaders of all sizes and across all sectors to share experiences, ask questions, and support one another.

The platform will be chaired by Dr. Matt Flynn, Director of the Centre for Research into the Older Workforce. You can join by 'liking' the following Facebook page:

www.facebook.com/agediversity










This Facebook page is a 'community page', meaning anyone can join and contribute. Please join. It's free, and through the platform you can:

-  Share your ideas on managing age for a business advantage.
-  Ask questions and seek ideas from other business leaders on how to manage an issue you may be facing in the workplace.
-  Express your views on the impact which ageing demographics are having on businesses.

It is important to remember that the network is made up of and run by members and (as a necessary disclaimer) the postings reflect the views of the contributors and not necessarily those of any individual or organisation which has contributed to this guide.

The UK population is ageing and businesses of all sizes need to rethink how they manage work, careers and retirement for employees of all ages. While managing ageing workforces is a challenge for businesses, it also presents a great opportunity for innovative business people to harness the talents and skills of their workers, both old and young.

Scottish Healthy Working Lives has produced this good practice guide to help small and medium sized enterprises (SMEs) in managing ageing workplaces. You should read this guide if any of the following apply to your business:

-  You want to win the 'competition for talent' by retaining skilled and knowledgeable employees.
-  You are thinking about ways to retain your older workers' 'company intelligence' so that it can benefit your business even after they retire.
-  You see the value of employees mentoring and sharing ideas and skills with one another.
-  You want to see what phased retirement can offer your business in terms of work place flexibility and knowledge retention.
-  You want to create and maintain a healthy workplace so as not to lose valued workers who need support in managing a health condition.
-  You are seeking to make use of the experience and knowledge within the 1.4 million strong older talent pool which is available for work.
-  You want to learn more about what businesses like yours are doing to harness the skills and knowledge within the UK's older workforce.

If any or all of these apply to you, please read on!

Millions of older workers choose to work for SMEs because they enjoy being in workplaces in which they can have a close and personal working relationship with the boss; apply their skills to a variety of challenges; and balance work with caring and leisure activities. This guide was produced in consultation and with the support of business leaders who own and run SMEs.

These organisations have helped with the development and distribution of this guide: