

the **generation** game;


does **age**

matter?

Wes Streeting
President, National Union of Students

Chris Ball
Chief Executive, TAEN – The Age and Employment Network


Unions21



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Registered office
Unions 21,
Swinton House,
324 Gray's Inn Road,
London WC1X 8DD



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Debate

Unions 21 exists to provide an 'open space' for discussion on the future of the trade union movement and help build tomorrow's unions in the UK.

We are mainly resourced by contributions from trade unions and others who work with trade unions that recognise we need to keep the movement evolving in an ever changing world. We encourage discussion on tomorrow's unions through publications, conferences, seminars and similar activities.

The *Debate* series of publications present opinions upon the challenges trade unions are facing, solutions they may consider and best practice they may adopt. These opinions are not endorsed by Unions 21, but are published by us to encourage the much needed, sensible and realistic debate that is required if the trade union movement is going to prosper.

Following the introduction of anti age discrimination law in the UK and with continuing demographic changes, the impact of age is increasingly a matter that concerns trade unionists and we are pleased to present in this publication two different perspectives on how age affects working people.

Please read and consider this publication, forward it to others connected to the trade union movement and debate the content within your own organisation.

Sue Ferns

Chair of the Steering Committee

Unions 21

www.unions21.org.uk

Email: info@unions21.org.uk

The authors

Wes Streeting is in his second term as President of the National Union of Students and a member of Unite (Amicus Section).

Chris Ball is Chief Executive of The Age and Employment Network. Prior to this he was a freelance journalist, an HR consultant and previously a national officer of the union MSF (now Unite).

Other titles in our *Debate* series:

The EU – the next 50 years

The future for unions

Completing the revolution: the challenge trade unions face in tackling sex inequalities

Public sector delivery through the third sector

Organising workers globally: the need for public policy to regulate investment

PART 1

Challenges facing younger workers

Introduction

Today's generation of young workers face an entirely unique set of social and economic circumstances. In many cases, these circumstances provide a wealth of opportunities that were previously unimaginable for previous generations, like the expansion of further and higher education and compulsory education or training to the age of 18 with the ambition of 50 percent of young people go on to study at university. But this is also a generation characterised as insecure, under pressure, over-burdened, riddled with debt and paying the price for the excesses enjoyed by the baby boomers. This is a generation that forms part of a rapidly changing and evolving domestic labour market and part of a complex and evolving global economy. They are also more likely to bear the brunt of the global economic downturn and recession in the UK. All of these factors impact on a generation of workers facing a whole new host of opportunities, as well as significant challenges.

Wes Streeting

President, National Union of Students

¹ 'A New Reality: Government and the iPod Generation', Reform/IPSOS MORI, 2008

² *Ibid.*

Who are young workers of today?

Today there are approximately 5.6 million 16-25 year olds in the UK, of which 3.5 million are in economically active but not in full time education. By sector, young people are most likely to work in distribution, hotels and restaurants and a considerable number in wholesale, retails and the motor trade. Over the past twelve years, the youth labour market has been transformed. More young people are staying in education and training beyond the age of 16, employment opportunities are many and varied with changing patterns of youth employment across the economy and both government and employers are taking the skills of the workforce more seriously than ever before. While not without set backs and limitations, a variety of policies and initiatives introduced by the Labour government since 1997 have tackled the unpleasant legacy of youth unemployment bequeathed by the 80's and early 90's and have sought to expand opportunities for young people and improve their rights and protections in the workplace.

Nonetheless, according to the think tank Reform, today's generation of 18 to 34 year olds are the 'IPOD' generation: Insecure, Pressurised, Over-taxed and Pressurised.¹ Although the emphasis on excessive taxation is to be expected from a centre-right think tank, this characterisation undoubtedly resonates with today's 'Generation Y'. The quickening pace of technological change and advancement, the advent of social networking and changing social attitudes amongst young people inevitably has a bearing on their broader outlook, their motivations and aspirations and their relationship with their employers.

In stark contrast with traditional working patterns in Britain, today's new generation place far less emphasis loyalty to a particular employer or a 'job for life'. One of the most interesting findings of the work undertaken by IPSOS MORI for Reform was that almost 40 percent of those under 29 intend to work for as many employers as possible in order to enhance their career prospects, compared to just a quarter of those aged between 30 and 42. Perhaps unsurprisingly given the values sets that are stereotypically applied in the media to this heterogeneous section of the population, social and corporate responsibility features highly on their work aspirations with 46 percent saying they would prefer to work for an employer with a strong track-record in this area.²

In education and in employment

Contrary to the stereotypes, students are working harder than ever before; not just on their academic studies, but also in paid employment, complicating the picture of young people in the labour market. The rose-tinted recollections of the generations who had it easy, with no fees, full grants and endless hours debating the latest trends in Marxist theory or living the ‘young ones’ existence portrayed by Rik Mayall in the classic TV series, bear no resemblance to overwhelming majority of students who are working ever-longer hours in paid employment either earn some extra pocket money through sixth form or college or to pay their way through university.

According to the most recent report on the student experience, published by NUS and HSBC in 2008, 3 out of 4 undergraduate students studying full time undertake paid employment either during term time or during the holidays, with the latter proving more prevalent and students juggle their paid employment alongside demanding academic workloads.³

‘All Work and Low Pay’, the joint report published jointly by the TUC and NUS, revealed that between 1996 and 2006 the number of full-time students who undertook paid employment to support they studies grew by more than 50 percent.⁴

For many students, their part time work is motivated by a desire to fund their quality of student life, with 62 percent of students citing socialising, meals and nights out, as well as clothes or holidays, as reasons for undertaking part time work. But for a significant minority – 46 percent – working alongside their studies is an essential component of student life as their basic living costs exceed the amount they receives in grants, loans or bursaries available from government and institutions.⁵

This work is often casual, unskilled and relatively low paid. Research conducted for NUS and HSBC revealed 70 percent of students were undertaking unskilled or hourly paid work, a finding which chimes with the evidence presented in the TUC/NUS report, which revealed the huge concentration of student workers across two sectors: retail and hospitality. Together, these sectors employ nearly two-thirds of students who work to finance their studies, with more than 40 percent employed in the wholesale, retail and motor trade and almost twenty five percent employed in hotels and restaurants. While the remainder of the working student population can be found across a range of sectors, no other sector is responsible for employing more than 9 percent of working students.

Given that the retail and hospitality sectors are notorious for their casual workforces, high turnover and lowest average rates of pay for both men and women, these patterns of employment expose working students to significant risks in terms of job stability, pay and working conditions. On average, students earn £6.45 per hour, which is slightly above the national minimum wage for workers aged 22 years or older. Worryingly, 3 percent of students are paid less than the minimum wage and there is significant evidence of exploitation of international students from outside the European Union, with 11 percent citing their pay as less than £4.60 per hour. This level of exploitation may, in part, be due to the visa restrictions limiting the number of hours international students can work, forcing those in hardship and without entitlement to financial support into the unregulated employment market.⁶

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President, National Union of Students

³ ‘NUS Student Experience Report’, NUS/HSBC, 2008

⁴ ‘All Work and Low Pay’, TUC/NUS, 2006

⁵ ‘NUS Student Experience Report’, NUS/HSBC, 2008

⁶ ‘NUS Student Experience Report’, NUS/HSBC, 2008

While government ministers rightly make the case that working whilst studying can enhance students' employment prospects by providing valuable skills and experience, the NUS/HSBC report revealed that only 27 percent of students were undertaking work related to their intended careers.

Alarming, 8 percent of students surveyed for NUS/HSBC were working in not-so-part-time employment of more than 25 hours per week during term time, with a small number – 1 percent – working more than 40 hours. While, on the whole, students surveyed found their working patterns flexible enough to balance alongside their studies, there can be no doubt whatsoever that for a minority of students, financial pressures are forcing them to juggle full time work with full time study.

Part-time study is a growing area of student demand across Britain's higher education sector. According to the government, 40 percent of part-time students receive support from their employers to finance their course. For the remaining 60 percent, they are forced to struggle to pay tuition fees and meet the costs of maintenance without any government funded loans to cover the costs of fees and living expenses and very few grants available.

Qualified and indebted

Expanded opportunities for young people to study at university have come with a heavy price for graduates in the workplace. As a result of the introduction of university tuition fees, now in the form of a variable fee of up to £3,300 for students studying in England and Northern Ireland, or English students studying elsewhere in the UK, this year's graduates can expect to graduate with debts in excess of £20,000 as a result of the loan debt they accrue to cover the costs of their upfront tuition fee and their maintenance loan. Already, students are matching 80 percent of the money allocated by government for their tuition and a further review will be announced later in 2009, with many vice chancellors anxious to see the £3,300 cap increased to raise additional revenue for their institutions.

Although the loans are offered at preferential rates compared with loans offered on the high street, and repayments are income contingent and begin when a graduate earns more than £15,000, a graduate leaving university this year with a standing debt of £20,000 will have to earn at least £23,444 just to pay off the interest their student loan will gain over the course of a year. This rises to £25,556 for a graduate with a debt of £25,000 and £27,667 for those in extreme levels of debt at £30,000.⁷ This will undoubtedly have an impact on the career choices of young graduates, anxious to pay off their debts as quickly as possible in order to get on the housing ladder, start a family etc.

If, in the future, more than 50 percent of Britain's young people receive some kind of higher education qualification, where does that leave the rest of the young work force? During the past 12 years, the government has sought to make three significant changes to the 14-19 educational landscape: to reduce the gulf in perception and pathways between academic and vocational qualifications, re-brand and expand the number of apprenticeships and, most recently, extend the education training leaving age from 16 to 18. It is too soon to draw firm conclusions about the success of these initiatives; the government's programme of 14-19 diplomas, potentially the most radical shake up of the 14-19 curriculum, has been plagued with controversy and a lack of employer buy in and the education and training age isn't due for implementation until 2014/15. It also remains unclear whether employers in the public, voluntary and private sectors truly understand, or value, the range of qualifications and skills training on offer.

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President, National Union of Students

⁷ 'Broke and Broken: A Critique of the Higher Education Funding System', NUS, 2008

Bearing the brunt of recession

The picture facing school and college leavers and graduates is made all the more bleak by the prospect of a long and deep recession in Britain. During the last recession, when unemployment figures hit three million, the experiences of young people could be characterised by the youth unemployment rallies as the numbers of long-term unemployed young people hit 300,000. When the Labour government was first elected in 1997 such was the scale of the problem that the majority of the revenue raised from the new government's windfall tax on the privatised utilities for the 'New Deal' programmes was spent on the 'New Deal for Young People', which received more than £1.5 billion between 1997 and 2004 and reduced the level of long term youth unemployment by 75 percent.

With the onset of what is likely to be a deep recession in the UK, alongside a global economic downturn, early indications suggest that young people will again find themselves at the sharp end of the recession. Within the tide of rising unemployment levels, 40 percent of all job losses have hit those aged between 18 and 24. In the same week that the International Monetary Fund predicted that the UK would be amongst the countries worst affected by recession, figures released by the Eurostat agency revealed that the UK rate of youth unemployment had risen above the European average, with 16.1 percent of the UK's 16 to 24 year olds unemployed in October 2008, just above the European average of 15.9 percent.

The graduate employment market is also looking less secure; amongst the top 100 graduate recruiters, 1 in 6 places are expected to be lost in what will be the first fall in graduate recruitment in 5 years. As a result the class of 2009 – the first generation to bear the burden of university top-up fees – will graduate will face fierce competition for jobs, whilst saddled with debts in excess of £20,000 on average.

It will be the poorest and most vulnerable workers who will pay the highest price throughout the recession. In spite of repeated campaigning by trade unions, NUS, anti-poverty groups and significant number of backbench Labour MPs, many of the most vulnerable workers will be those on temporary and agency contracts. The UK has the highest number of temporary and agency workers in the European Union. These workers enjoy precious few rights and face dismissal at short notice without any rights to pay. The crisis hit motor industry has seen a significant number of job losses, particularly affecting agency workers. In February 2009, BMW announced 850 job losses as a result of terminating their weekend shift at their mini car plant in Cowley, Oxfordshire, which was staffed mainly by agency workers. Some of those workers had worked for up to 4 years in that plant on an agency contract, only to discover on dismissal that they were not entitled to a penny of redundancy money.

The national minimum wage

If the government's intransigence towards rights at work for temporary and agency workers signals a low point for the furtherance of workplace rights during the past 12 years, April 2009 marks the 10th anniversary of one of the highest points: introduction of the National Minimum Wage; during the past decade it has lifted more than a million workers from the clutches of poverty pay, particularly benefiting women workers, as well hundreds of thousands of young people. However, the minimum wage has not reached its full potential to protect young people from exploitation and ensure fair rates of pay.

Age discrimination within the minimum wage remains a cause for concern for almost all youth campaigning organisations, as well as the TUC. While the most often cited minimum wage rate currently stands at £5.73 per hour, a 'development rate' of £4.77 applies to young workers aged between 18 and 21 (inclusive) and £3.73 for all workers aged under 18 who are no longer of compulsory school age. It is not yet clear how the minimum wage rate will apply to the latter group once the education and training leaving age is increased to the age of 18.

The TUC has repeatedly made the case to government and the Low Pay Commission, which sets the minimum wage, that the main rate should apply to all workers aged 18 and over. While most employers pay more than the minimum wage to these workers, it is inevitable that some use the age differential rates to their advantage, paying the lowest rate possible to those under 22, rather than the rate for the job. The principle of linking pay to competency is also one that should apply to those workers aged 16 and 17, but there is also a need to protect employment opportunities for the youngest workers, since unemployment rates amongst this age group is still significantly higher than older groups.

Another weakness in the minimum wage package is the significant set of exemptions offered to employers who take on apprentices. At present, apprentices under the age of 19 and apprentices aged over 19 and in the first 12 months of their apprenticeship are not covered by the minimum wage. All employed apprentices must receive at least £80 per week, which is due to rise to £95 from August 2009. While the average apprentice is paid over £170 per week, an estimated 26,000 apprentices – around 10 percent of the total – are set to benefit from this increase, including a significant number of young apprentices. While the very nature of apprenticeships implies lower pay during training with the prospect of higher pay throughout the later career, there is a real risk of employers using the apprenticeship scheme to offer lower rates of pay with insufficient training in return.

There is a precarious balance to strike between improving pay rates for the youngest workers and apprentices and ensuring that opportunities continue to be made available. The Low Pay Commission must keep these rates under constant review to ensure that they are not being misused at the expense of fair treatment for young workers.

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Protecting rights at work: the relevance of trade unions to young workers

The trade union movement has been at the forefront of securing new rights and protections in the workplace for workers of all ages – as well as defending existing rights. But while young workers often bear the brunt of discrimination, poor workplace conditions and practices and low pay, few are members of a trade union.

When NUS published its joint report with the TUC, 'All Work and Low Pay' less than 7 percent of full time students were members of a trade union, falling to just 4 percent amongst those aged 18 to 25. During the past decade, initiatives like the TUC's Organising Academy have been successful in reversing the trend of declining trade union membership in the UK, much more needs to be done to raise awareness of the trade union movement and the benefits of membership.

This is one of the main drivers behind the signing of an historic protocol agreement between the TUC and NUS. We have an increasingly shared membership and a shared interest in ensuring that the rights and protections we have already won are enjoyed by all, and campaigning together to win new ones. Already the protocol agreement has led to the formation of a new NUS Activist Academy, accredited by the TUC Organising Academy, the establishment of trade union societies on campus by those unions with a particular interest in recruiting those who will go on as graduates to work in the professions and white collared sectors and direct support for those unions with an interest in organising working students. It has also led to joint campaigning on issues like the Temporary and Agency Workers legislation, as well as wider issues in society like campaigning to fight to the politics of hate espoused by the British National Party.

With so many young people now staying on to study in further and higher education, this offers an enormous potential to make the case for progressive and collectivist organisation through direct involvement and engagement with millions of young people: potentially, the majority of Britain's population will have been a member of NUS at some point in their lives.

Our joint partnership is born out of common interest, but also common values. At a time of worsening recession, this partnership becomes more important. The poorest and most vulnerable workers will be those who suffer most. Many of them are my members; all of them should be trade union members. NUS and trade union movement must fight together and win together to ensure a fairer, more progressive workplace.

PART 2

A union agenda on age and work

Introduction

In the UK, and many other parts of the world, attitudes towards age and retirement are changing. Much is being driven by governments which now understand that longer life expectancy and lower birth rates make working longer a logical choice. Union members, like everyone else, want stable and fulfilling lives. Demographic changes challenge and, at the same time, circumscribe the attainment of these expectations. In general, unions and employers seem not to have caught up with the demographic facts nor with the more interesting responses to them which have evolved in several countries. Are there fresh ideas that unions could draw from in shaping a new agenda around ageing and work? The answer is a resounding “Yes!” though arguments will doubtless engender some controversy.

Chris Ball

Chief Executive, TAEN –
The Age and Employment Network

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Chief Executive, TAEN –
The Age and Employment Network

Age discrimination legislation; theory and practice

A starting point for this discussion in 2009 requires us to acknowledge the passing of the Employment Equality (Age) Regulations in 2006. However, as with earlier reforming legislation (the Equal Pay Act is a case in point), time can elapse between the passing of a statute and the achievement of its reforming goals. Today, age discrimination is all around us; the most telling examples relate to obtaining work and staying in work. Proving discrimination is of course another matter.

Channel 4 TV shone some light on the problem recently in a *Dispatches* programme. A young recruitment agent tells the camera that in order to make a living on commission he cannot “waste his time” trying to place older candidates because his clients don’t want them. A father with 30 years experience as an accountant and his daughter, a trainee accountant with no experience, apply to the same agencies for work. The daughter is phoned, cold called by others she has not applied to, and is given five interviews. The father is not given any. All five agencies tell him they lost his CV. Such cases are familiar stories to us in TAEN – The Age and Employment Network. We conducted an online survey of jobseekers aged 50+ last year – before the recession had started to affect the job market – and many respondents told a depressingly similar story¹.

The other aspect to this troubling scenario is that people who are in work are routinely driven out when they reach the age of 65 – the ‘default retirement age’, (DRA) as it is known. Despite the age discrimination regulations, the law still allows employers to ‘retire’ employees on reaching the DRA no matter how fit, capable or financially needy they are. To call it ‘retirement’ implies a dignified exit. In reality it may be nothing of the sort. This then is the bizarre state of public policy; the Government seeks to extend working lives yet permits the abandonment of workers and their exclusion from work, solely on grounds of their ages.

One might believe this would be an issue to concern union members and activists alike, but unions have in fact been divided over the issue of mandatory retirement. There are few examples of it figuring large in collective bargaining, for instance.² In the UK we seem to keep people poor when they retire and don’t allow them to work their way out of it. Most people say they don’t feel they will be able to afford to live comfortably on their retirement incomes. Forty percent say they would just “get by” if they stopped working completely. Other surveys point in the same direction. An Oxford Institute on Ageing³ survey in 2008 showed the *desire* to continue in work to meet various financial commitments was greater in the UK than most other countries. This is not the only reason but it is certainly a *reason* why people now are keener to remain in work beyond state pension age. Somehow, our policies seem out of tune with the individual needs of both people and organisations as the Employers Forum on Age⁴ has shown in its opposition to the default retirement age. The CBI, it appears, stands alone but is the employers’ voice to which the Government listens in retaining this unpopular provision in the law.

¹ Survey of Jobseekers Aged 50+, TAEN, 2008.

² As a Regional Officer of MSF, following the Sex Discrimination Act 1986 (which introduced equalisation of retirement ages for men and women) the author was involved in an episode where union members worked in an organisation which equalised retirement ages by lowering men’s retirement to 60 and compensating the men for their lost service expectations. Women members, indignant at their loss of the right to work beyond 60 and lack of compensation, were helped by the union to file multiple tribunal claims. These were settled on favourable terms.

³ George W Leeson, Hafiz TA Khan and Sarah Harper, *The Future of Retirement surveys 2005-2008* May 2008 Oxford Institute for Ageing.

⁴ Employers’ Forum on Age – the group comprising about 200 larger companies which, among other things, opposes the mandatory default retirement age.

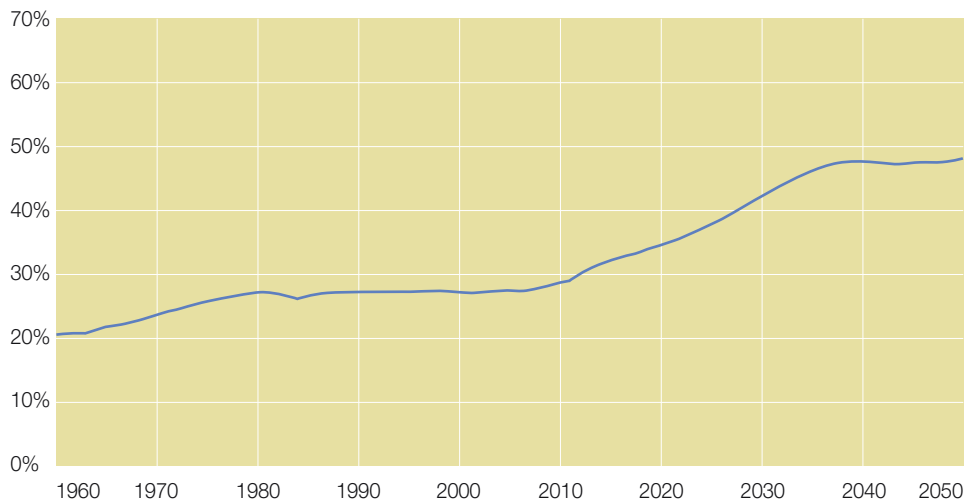
Britain's ageing population

If state condoned age discrimination is one limb of the policy paradox, the other, as I have said, is the Government's desire to extend working lives. In fact, there are increasing numbers of people choosing to work on beyond state pension age (SPA) anyway and various reasons may be advanced for this, from the inaffordability of life on the state pension to the closures of company defined benefits schemes and the fall in incomes from savings and annuities. For governments in all western countries however, the issue of population change has made it essential that people should work longer.

There are various ways of presenting the arguments. *The First Report of the Pensions Commission (2004)* highlighted the dramatic change in the UK's demographic structure during the first half of the 21st century, with only a negligible increase in the number of 20-64 year olds in the population predicted, but a 78 percent increase in the numbers aged 65 and over. The Commission took the view that a rise in average retirement ages was needed in the response to demographic change.

Another way of looking at the issues is to consider 'dependency ratios', the ratio of *economically inactive* (out of work) to *economically active* or in work people. If the *active* are assumed to be those in the age ranges 20 to 64, a rough picture of the period ahead may be gained. In Britain, the ratio of the 65 plus group to those 20-64 will increase from 27 percent currently to 48 percent in 2050. Most of this increase will be concentrated in the next 30 years. Other European countries will experience the same problem. In France there were two retired people for every ten economically active people in 1970. By 2020 it will probably be five for every ten and by 2040, seven retired for every ten active.⁵

Figure 1: Age dependency ratio: all 65+: 20-64, UK



Source: Pensions Commission (2004)

The situation presents grave risks to our economic well being and threatens our economic growth. Skills and knowledge shortages – already present in some sectors *prior* to the recession as the baby boomer generation started to retire – will become more pronounced. Regions of the UK such as the North East and the East Coast of Scotland have heavily skewed older populations. The obvious way to arrest the change entails extending working lives by delaying retirement, though as might be predicted, there are some groups for whom this seems not only a *disliked* solution but one that is practically unattainable.

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Chris Ball

Chief Executive, TAEN –

The Age and Employment Network

⁵ Figures cited in Reday Mulvey, "Working Beyond 60" 2005 p 18.

Trade union responses

Some trade unionists see raising state pension age (SPA) or working beyond it as a bitter pill. *Working on* is seen as Government wanting the workers to *work till they drop*. When, subsequent to the issuing of his report in 2006, Lord Turner spoke of raising the state pension age not to 68 as he had proposed, but to 70, this impression was probably compounded.

Their caution is understandable – pensions for all emerged relatively recently in human history. Social reformers and political progressives championed the rights of working people to pensions and retirement long before the first pensions were introduced in Britain by Lloyd George in the early 1900s. Tom Paine, in his book *The Rights of Man*, in 1791 recommended progressive taxation, maternity grants, family allowances and old age pensions as well as abolition of the House of Lords!

However great progressive innovation though retirement pensions were, circumstances have changed dramatically from when they were introduced in Germany in 1889. The German Chancellor Bismarck fixed pension age at 70 whilst average life expectancy was 47. The purpose of a pension was to support those who “by reason of disability or age were incapable of work”. In the UK during the last half century alone, the age of men quitting the labour force has come down by three and a half years whilst their life expectancy has gone up by five years. Today the prospect of 30 or 40 years retirement is not necessarily enticing to everyone. Many post SPA people prefer to work – and seek to do so. Adjusting the length of retirement to reflect life expectancy seems common sense for those who can work, though there will remain some who view things differently.

Is work good for you?

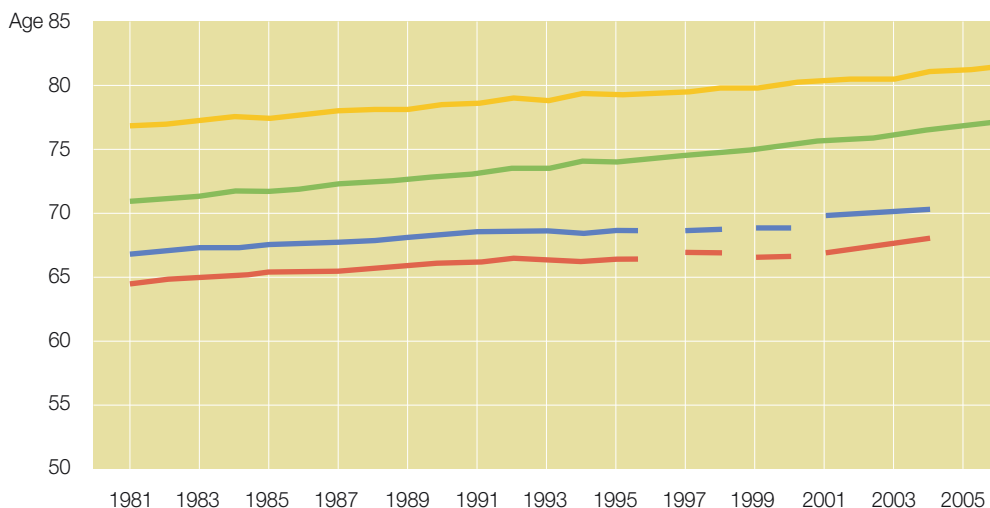
One consideration to bear in mind in thinking about when to retire is that work is almost certainly better for us than the early retiree's dream of a life of Sundays. An evidence review on the issue of work and health *Is work good for your health and well being?*⁶ found that 'good work' has a beneficial effect. It provides both the routine and physical and mental stimulus that many people find essential to healthy lives.

Good work is an important qualification. To be counted as 'good work' the work should be decently rewarded and have a working environment which is not dangerous or unhealthy. Moreover, the pace of work and other conditions should not be harmful, personal relations including management-worker relations should be good, and some autonomy and personal satisfaction should be available to the worker. Good work is the kind which trade unionists would clearly want for their members. Providing these positive attributes of work are present, one can be reasonably sure that most people will be better off working than drifting into premature retirement.

It is difficult to separate the areas for individual and society-wide action here. How we age during our working lives and what happens to our minds and bodies *before* we retire influence our lives in retirement. The graph⁷ shown in figure 2 shows the growing difference between life expectancy (which continues to grow) and *healthy* life expectancy (growing at a slower rate). The evidence suggests, unless we do something about it, increasing proportions of our longer lives will be spent nursing others and being nursed ourselves in deteriorating health.

Remaining healthy and active in our jobs, possibly extending our working lives so that we look forward to long and *secure* retirements, seems unquestionably a preferable option. Those forced out of work by illness, on the other hand, face uncertain futures, not least fighting battles over costs of social services, health and welfare.

Figure 2: Life expectancy female (yellow) and males (green) v healthy life expectancy female (blue) and males (red)



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PART 2

A union agenda on age and work

Chris Ball

Chief Executive, TAEN –

The Age and Employment Network

⁶ Waddell, G and Burton, A.K. (2006)

London, The Stationery Office)

⁷ Working for a Healthier Tomorrow

(Dame Carol Black's report) 2008.

⁸ I am indebted to Fabienne Caser of ANACT for this description of the *pénibilité* and collective bargaining around it in France

Objections to working longer

Workers in roles where there is physical wear and tear on their bodies or where the work is stressful, boring and monotonous may well assert that it is not fair to expect them to work on beyond current state pension ages. However hard we try to avoid it, some workers may find that work has the effect of wearing them out, fatiguing them and making it impracticable to work longer. We might seek changes in the work and try to prevent work having such outcomes, but the need for a twin track approach is evident.

An interesting parallel may be worth considering at this point. A law passed in 2003, reforming the French pension system, provides that workers exposed to specific patterns of physical demands and strain known as *pénibilité* can benefit from early retirement. The law also provides that the definition of the *pénibilité* should be the subject of negotiations at inter-sectoral level. A report setting up the framework for these negotiations defines the hardness and strain patterns of working conditions that reduce healthy working life and includes factors such as painful working postures, heavy load handling, working at a high pace, working nights and shift working and working exposed to toxins or dangerous substances. Although the unions and employers associations have achieved considerable consensus around some of the technical or scientific definitions, talks have stalled since July 2008 and it seems likely that the Government will in due course step in and impose a settlement of some kind.⁸

Union representatives in the UK may object to the implied acceptance of some of the mentioned working conditions in the French situation described above. However, the general concept of making concessions to the state pension scheme for particular categories of workers would seem applicable to the UK. It will be interesting to see whether the French social partners eventually agree on the definition of the *pénibilité* and, if so, how the measures and yardsticks agreed might translate to a UK context. One possibility might be to reduce state pension age, e.g. to 60, for workers who have been in arduous work for a given number of years. All this could be more relevant, of course, as we approach reforms of Britain's state pension system, including progressively raising SPA to 68 from 2030.

On the other hand, there are other approaches that unions would want to adopt. Helping individuals to remain fit for work and adjusting the job to fit the person could be equally significant. It appears to be the way employers in the best companies are thinking in Holland, Sweden, Denmark and some other countries where an age management approach is commonplace. In certain jobs, fatigue and incapacity may be difficult to avoid but career choices should be better planned and escape routes made available throughout working life. The arduous worker should have other options than to carry on working in the same role, crashing out early with wear, tear and fatigue taking hold. While some occupational cultures may see 'taking care' as unmanly or weak, union safety reps could, and probably do, already discourage such attitudes.

The emergence of age management techniques

Addressing the issues of growing concern in relation to population ageing in all countries in Europe, at their Stockholm meeting in 2001, EU leaders agreed a target employment rate of 50 percent of 55-64 year olds by 2010 across the whole EU. Along with these developments, there was an awakening of interest among a small group of academic researchers who gathered information about good age *management* practice both in the form of state led initiatives and at the level of the organisation. Interest began to target on the means that might be used to achieve these ambitious goals.

One result is that we now have a better idea of the wide range of practices devised at various levels in different parts of Europe to make better use of older workers. Such measures may, at their simplest, provide incentives for older workers to remain in work. But they may be more directly interventionist, setting out to equip them with the skills needed, addressing health issues and dealing with problems around the design of work and work careers for older workers. Good practices on age work by relating knowledge on ageing and the needs of older people to the practicalities of an employment contract and a workplace. In the same way as diversity management, reward management and knowledge management have become sub-disciplines within the HR profession, so *age management* is emerging as a specialism of the same order.

Attempts to categorise age management approaches are flawed because of the range of approaches, levels of sophistication and cultural influences behind each intervention. Increasingly, however, an understanding of good practice is emerging with various guides and dossiers of examples being made available to draw on. Interventions typically fall into one of the following categories, but it is essential to understand that successful age management approaches tend to be multi-dimensional.

- Job recruitment
- Learning, training and lifelong learning
- Career development
- Flexible working time and practices
- Health protection, promotion and workplace design
- Redeployment
- Employment exit and transitions to retirement
- Whether or not the approach is 'comprehensive'

Additional elements may embody approaches to

- Changing attitudes of everyone including older workers themselves
- Ergonomics and job design
- Policies on reward

The generation game; does age matter?

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⁹ Watson et al, 2003

Nurses over 50: Options,
decisions and outcomes

UK age management approaches compared with best practice

Not all countries approach age management in the same way. UK approaches in general are less holistic, stronger on diversity and equal opportunities practice, but less calculated to make practical differences to the work or the situation of the worker. Some European countries, in contrast, seem more willing to intervene by devising occupational health related interventions, arranging special training for older workers to upgrade their skills, or tailoring options on flexible working to their needs.

One UK example draws on a study of the experience of older nurses in the National Health Service.⁹ It shows that while employers are aware of the importance of catering for nurses' needs, given demographic change and labour supply shortages, they have done very little to meet particular needs such as retraining and opportunities to move to less physically demanding work. We need to learn from good practices in different countries. By borrowing good ideas of proactive measures, it is possible to achieve much more than recycling the old concepts on diversity practice.

Finnish approach to maintaining work ability

The concept of maintenance of work ability has been central to the Finnish approach to age management and must be seen as one of the more interesting and revealing tools to support an age management approach. Much of the credit for the idea goes to Professor Juhani Ilmarinen, former director of the department of physiology in the Finnish Institute of Occupational Health (FIOH). At the beginning of the 1980s Ilmarinen and his colleagues came up with a paradigm of good practice covering line and personnel management, as well as occupational health and safety services. The work ability concept relates the demands of the job to the total human resources of the individual. Where the individual's resources are limited, coping with the job may be difficult. In relation to the particular job in question, the individual concerned thus has a low work ability and help in the form of a change in work practices, a move to another job or some measure to enhance the individual's performance may be called for.

The work ability concept has evolved with active contributions from government agencies and the social partners. Various sources are available that describe the Finnish approach in detail¹⁰ including the use of a *work ability index* which can be used to measure individual work ability scores or to produce aggregate measures for a group, section, department, etc. Collective agreements encouraging employers and unions to collaborate locally have put flesh on the bones of the concept in most workplaces. It has helped that Finland has an extensive network of occupational health centres. Low work ability scores are reliable predictors of early departure from employment. Intervening with appropriate measures to improve work ability (where scores are low) or maintain it (where scores are high) is the essence of the Finnish approach to age management.

The work ability concept together with strong government support and traditions of tripartism helps explain the rapid growth of campaigns to maintain work ability (MWA) in Finland. Such campaigns became the centrepiece of a wider government programme for ageing workers in 1998. Since the first work ability centre was established in 1994, best practice has been rolled out to occupational health centres nationwide. Projects proliferate. 'Work Ability Tomorrow,' sponsored by the Association of Finnish Pension Institutions and the FIOH, has trained all full time occupational health professionals in the application of work ability. Some 5,000 representatives from workplaces attended the same training events. Companies can see how they are losing out by not implementing work ability. Sickness and absence costs are something like €3,500 per person annually if work ability is poor, but, if it is excellent, the cost is only €200 per person.

The pay-off from maintaining work ability includes retention of older but skilled workers who can contribute to the organisation. Improvements to productivity and quality are claimed. It could be a fast track to the high performance workplaces that UK government ministers desire. Work ability doesn't lend itself to a snappy definition, but efforts to maintain or improve work ability tend to be broadly balanced.

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¹⁰ See for example, *Towards a Longer Work Life*, Ilmarinen, 2006

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One union official of the Finnish Confederation of Salaried Employees told me: “Work has to be designed to support the older worker. We have to think about what help they will need. What to do to the work environment? What about hazards like dust and noise? (Older workers may be especially sensitive.) In introducing new computer programmes, older workers require more time than young workers, so training programmes need adjusting accordingly.”

Perhaps the biggest change in Finland resulting from these measures is in attitudes to retirement. Workers used to think of retiring at 55, whereas now they are likely to stay to 62 or 63. Also, Finnish law now allows for flexible retirement between the ages of 63 and 68, with the state offering workers the carrot of an extra 4.5 percent of pension for each year of service after 63. Workers can combine part-time retirement and part-time work from age 58, providing their employers agree.

Conclusions

The demographic changes which have been happening in all western countries over the past decades will continue during and after the recession. Companies and the state will increasingly need interventions that help in effective utilisation of labour. On the other hand, it is clear that age management interventions cover an enormous spectrum and there is no reason why unions should not develop their own discourses, choosing and emphasising those age management approaches they believe to be most relevant. Moreover, virtually nothing done in the name of age management is likely to benefit older workers alone, even though they may have been the initial target. By pressing for better age management therefore, everyone can be a winner!

Dealing with the demographic risks facing organisations requires harnessing knowledge, protecting workers' health and well being through fitness programmes and the design of work, investing in their training, finding ways of keeping them in work with flexible working patterns, devising new ways of combining work and retirement and much more. Understanding these issues could help place union representatives in productive dialogues with employers and others. Given the Government's *Extending Working Lives* agenda and changing life expectancies and dependency ratios, adjustments in our working patterns are inevitable. Something has to give! Unions could be proactive in devising ways to protect their members by using knowledge of age management approaches and the techniques to make them work. With age becoming so important a factor, every manager will need to be an *age manager*, and it is inconceivable that union workplace representatives should remain ignorant in this area.

At the macro level, unions should be looking for national policies. They should, for instance, lead the way on the critical issues for workers in arduous and demanding jobs. Career paths will need to be re-examined if people are to remain *work-able* in later life. This is particularly so where jobs are physically or mentally stressful. Mid-life and late career changes should become the norm. Older workers who stay the life course can still harbour ambitions and should be encouraged to realise them.

Pursuing the issues in this way demands an informed and proactive approach to eliminate age discrimination. Reform of the law will be an important element, though *insufficient* in its own right. Learning representatives and the Union Learning Fund provide a tempting exemplar to aspire towards. If unions could engage with age management issues in the same way they have grappled with gritty, practical issues of learning for union members, new furrows of opportunity could be ploughed. It is an enticing and exciting prospect, and certainly a 21st century agenda.

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Chief Executive, TAEN –
The Age and Employment Network

From 1979 to 2004 Chris was
an officer of MSF/Amicus.

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First Actuarial are pleased to support the debate piece produced by Unions 21. We are committed to a wide and informed public discussion on pensions issues and welcome the stimulus provided by this paper. However the views expressed in the paper are not necessarily those of First Actuarial plc.

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Hilary Salt 0161 868 1321 hilary.salt@firstactuarial.co.uk

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www.firstactuarial.co.uk

First Actuarial plc, Furness House, Furness Quay, Salford Quays, Manchester M50 3XZ.