



Hold the Gold Watch For Now: Delayed Retirements

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The services industries are always challenging. Any situation where point of delivery is coincidental with point of consumption, requires not only a first class product but also delivery mechanisms which allow for adaptability and improvisation in the face of the unexpected. An integral part of that mechanism is the workforce, and from this perspective the UK, Australia, and many other countries face some likely turbulent periods over the next five years.

For example, data from the UK's Office of National Statistics (ONS) show for the first time there are more than 10 million people aged over 50 in employment¹. This means that over 50s now make up nearly one third of the entire UK workforce, up from around one in five (21%) in the early 1990s. Looking ahead, by 2034, the estimate is that more than 25% of the population will be over 65 years old.

Notwithstanding the advances in artificial intelligence (AI) and predictions from some quarters that 'we'll all be replaced by robots', these statistics, coupled with the World Bank's 2017 estimate of a likely annual population growth rate in the UK of 0.6% clearly suggest that the makeup of the workforce will have to change².

The likely impact of a reducing resource pool of new workers

due to Brexit, especially those in the younger demographic, is well documented. Add to this an increasing number of incumbent staff unable or unwilling to retire, and it appears that there is pressure on all sectors of the economy, especially service businesses, to encourage and manage a more senior workforce.

While undertaking our current research on older employees, ergonomics and productivity, the work of Ellen Langer, Professor of Psychology at Harvard Business School caught our attention, and in particular her pioneering research on the potential of older people in the workforce³.

Despite a rising number of over-65's choosing to stay in work, only a small number of businesses are taking the issue of an ageing workforce seriously. Moreover, few organisations are recognising the potential that such older employees offer. While several DIY-type retailers recognise the benefit of hiring 'retired' tradespeople in frontline sales positions, businesses in general have been slow, even reluctant, to realise such experiential capability.

Following the scrapping of compulsory retirement at 65 in 2011⁴ and the raising of the state pension age; the number of over 65s⁵ choosing to stay in work is now running into millions.

So what are important considerations for both employer and the older employee? Are older employees a liability or, with appropriate organisational alignment, in fact a significant asset? Moreover, what do the younger staff and customers think about interacting with much older staff – is there conflict; do they treat them differently?

Benefits of a mixed-age workforce

We could imagine Frederick Taylor or Frank and Lillian Gilbreth embracing with gusto the opportunity of researching 'older employees, ergonomics and productivity'. Their contribution to management science lives on; and their fundamental philosophy to productivity improvement still resonates with much relevance. What our current research offers, however, is a phenomena not hitherto prominent within organisational dynamics; namely, the impact of a much older staff cohort.

It was Professor Langer's experiments³ with elderly patients in nursing homes that drew our attention to the importance of what we term in our research: 'purposefulness'. While some patients were given responsibility for the care of pot plants, others were told staff would tend the plants. As Professor Langer envisaged, those given responsibilities for welfare of the plants showed noticeable health improvements. Subsequently, the 2010 BBC television programme was broadcast: *The Young Ones: Can reliving your youth make you young again*⁶?. It was observed that older people add a new perspective on problem solving, creativity, and simplifying processes. Of singular importance, they have affinity with a growing aged customer segment. With the majority of employment requiring cerebral over physical skills, and with most work devoted to the delivery of services (accounting for over 70% of GDP), such as finance, health, tourism, hospitality, IT, transport, etc, why should there be an age limit to working? So, what are the pros and cons?

Age-diversified workforce issues

Extensive research backs up the benefits of a more age-diverse workforce. It can be argued that for most non-manual work, older workers up to the age of 70, are just as productive as their younger counterparts⁷. Mixed-aged teams, meanwhile, are shown to increase the relative productivity of older and younger workers alike. A labour market study by the private sector membership group Business in the Community (BITC)⁸ suggests companies are missing out on such benefits by failing to attract and retain older staff. Some key issues identified include:

- Enable the business to retain key knowledge, skills and capability and provide time to implement effective succession planning.
- Potentially reduce the costs of recruitment and training (although the latter is important however long someone is in a role).
- Provide the benefits of a diverse age group; different approaches, attitudes and respect can all add value to a sustainable business.
- Help in plugging the skills gap.

Failure to implement age-sensitive policies, such as flexible working and part-time contracts, often forces older people

Are older employees a liability or, with appropriate organisational alignment, in fact a significant asset, and what do the younger staff and customers think about interacting with much older staff?

out of the workforce, especially those trying to juggle caring responsibilities. The 'gig economy' is not necessarily an answer to this: although the availability of zero hours contracts can work for some. Moreover, once out, the stigma and barriers to get back into work can be huge. Age discrimination comes in many guises. More often than not, it is the result of lazy stereotyping. So, the middle manager who feels threatened by a candidate with more experience than them or the recruiter who shows an unconscious bias towards candidates his or her own age⁹.

Isolating and verifying that there has been age discrimination is not easy, particularly at the recruitment stage. A handful of cases of overt ageism, such as compulsory retirement or age caps, find their way to court every year. But where fixed contracts are used, or even more subtle pressures are present, normally cultural discrimination is evident as the cause. Particular professions still continue to expect retirement at 60 or 65 years of age. For example, police in the UK normally retire at 60 years of age; that begs the question: are there no support roles for such experienced people that would like to continue working and earning a salary?

An obvious and well-rehearsed point of contention, centres on youth unemployment while seniors are still working. Recent government statistics put 464,000 young people aged 16-24 as unemployed in June-August 2018, down 60,000 from the previous quarter and down 150,000 from the year before. This is the lowest number of young people unemployed since comparable records began in 1992. The fall in unemployment occurred alongside a decrease in the total population aged 16-24, which was 23,000 lower than the previous quarter and 92,000 lower than a year ago. The number of young people in employment also fell over the past year, but the number of young people who are economically inactive (not in work and not looking for work) stayed about the same¹⁰.

The UK economy is the closest it has been to full employment since the early 1970s, with the jobless rate at 4%, and companies are finding it harder to recruit the right staff. Some companies are expecting it will become even more difficult, post Brexit, because the UK government is proposing a new

Hard-to-fill vacancies as a % of employment



Bars scaled to percentage of total employment

Figure 1: Five UK sectors facing the biggest labour shortages¹¹.



immigration regime that will limit untrained labour. Five sectors of the UK economy has the worst labour shortages; see Figure 1.

Should those at the outset of their working lives get priority over those edging towards its end? No, say advocates for older workers' rights. The idea derives from the false notion that the total number of jobs is fixed, what academics refer to as the 'lump of labour fallacy'. Moreover, based on the statistical evidence, there does not appear to be a strong argument that those not retiring are taking the jobs of the youth.

Balance of arguments

By current projections, UK employers will need to fill 13.8 million job vacancies over the next decade, according to the

publication *Lifelong Learning in Europe: National Patterns and Challenges*¹². During this period only seven million young people will leave school and college. In short, there is room for both young workers and old.

A more compelling argument revolves around the idea of older employees as net creators of employment. If just half of the 1.2 million older workers who are unemployed or inactive re-entered the labour market full time, an estimated £25 billion could be added to the UK's annual GDP, government calculations suggest. With more buying power in older people's hands, demand would increase and with it jobs.

The inherent truth of the argument is supported by an article in the *Financial Times*, noting that, many mature candidates who have found it difficult to find work have led to the rise

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of the 'olderpreneur'¹³. The irony here is that many, especially from a services background, have set up as consultants and are, in some cases being hired by the industries and even companies who let them go. It is an interesting statistic that 43% of business start-ups in the UK are by the over 50s.

Both young and older workers should be given just as much attention in terms of work allocation, responsibility, and training. Organisations should work towards a balance where people from different generations work together as a coherent team; and selection should be merit-based and non-discriminatory. An example is Barclays, where the bank has opened up its youth apprenticeship to candidates of all ages. There are now 60-year-old work experience students: there's a culture-disrupter right there!

As improved medical services see people living longer, and birth rates fall, the result is an increasing number of older adults. Prolonged longevity, however, does not preclude people from normative ageing declines, which place increasing burdens on financial as well as health care systems. Of particular relevance is the baby boom generation, who are those born between the mid-1940s and early 1960s. Being the largest in recorded history, this cohort has a significant effect on dependency ratios ie, the number of people in gained employment versus those who are not gainfully employed.

Australia, for example, is forecast to have more than 25% of its population (about 22 million) over 65 years of age by 2050; and similar figures are quoted for the USA as well as Canada; countries, such as Switzerland, have already reached such age proportions. It has been clearly identified by various economists as well as the World Bank that supporting the growing proportions of older adults through normal pension funds is not sustainable¹⁴.

One proposed strategy with which to address the potential fiscal deficit related to population ageing is for older adults to remain in paid employment longer. This has been suggested to increase the tax base and facilitate a relatively balanced dependency ratio. Various steps have been taken by governments and policy makers to this end, for example, delaying the age of eligibility for pension and/or superannuation funds, which is aimed at motivating older adults to prolong their employment participation.

Another initiative seeking to increase the attractiveness of older workers has been providing monetary incentives to encourage employers to hire older workers. This has been actively embraced in Singapore through their Special Employment Credit Scheme. This was introduced in 2011 and enhanced in 2012, and provides a wage-offset to employers hiring Singaporean workers aged 55 and above, and earning

up to \$4000. The scheme has been hailed a great success, both economically in addressing skills and basic staffing gaps, increasing the tax take and reducing pension payments, and in the effects that it has on seniors' health, both physical and mental¹⁵.

Economic rationalism may, at the end of the day, be the driving force for making mixed-age work forces the norm, in spite of the numerous other benefits.

Whilst recommending that older adults work longer on economic grounds, it stands to reason that there are a number of significant challenges to its normalisation and general acceptance in society. Such challenges include the general reluctance of organisations to recruit older workers, intergenerational tensions in the workplace, older adults' motivation and willingness to work, as well as the fit between workplace culture and senior adulthood.

Challenges, responsibilities and interventions

Challenges such as the inherent reluctance of organisations to recruit older workers, intergenerational tensions in the workplace, older adults' motivation and willingness to work, as well as the fit between workplace culture and senior adulthood all present themselves.

Age discrimination against senior workers in recruiting has been well documented over the past 40 years. Various reasons have been suggested to account for why this is so, with strong empirical evidence of negative stereotypes being at the heart of this form of discrimination.

Organisations have been consistently found to hold negative stereotypes toward senior workers based on personal characteristics that they consider highly significant in making employment decisions. This has been the case in Australia, the USA, Canada, UK and many European countries. This is despite various campaigns that have been lodged to promote positive attitudes toward senior adults.

The stereotypical perceptions on older compared to younger workers in general are that, while they are superior on some aspects, they are inferior on others. Characteristics on which older employees are perceived superior to younger ones include reliability, loyalty, dependability, and competence. Characteristics on which they are considered inferior include adaptability, trainability, drive and ambition, and interest in new technologies.

Increasingly, these negative aspects are being disproved and many companies suffer, or at least miss an opportunity from letting senior staff walk away with a wealth of knowledge and experience. Just as we saw with the rampant application of business process re-engineering, downsizing and 'delaying' in the 1990s, the incidence of having to bring back former employees as consultants and mentors, often at greater expense, is again happening [16].

It is interesting to note that even employers who stated that they were more than satisfied with the performance of their current older workers, have stated that they would not be likely to recruit older workers with experience of their sector. They would, however, not limit the working age of their current staff¹⁷.

Attitudes and related stereotypes of seniors are a general socio-cultural phenomenon and are not confined to the workplace. Hence, employers' attitudes toward older workers



are simply a reflection of maintained congruency of their worldview. However, in executing their role where their decisions have direct impact on the life of older workers, means that their actions attract greater attention than those of others in the organisation.

Stereotypes are triggered as a result of appropriate cues. A person's age, appearance, or even speech and accent are all relevant cues for the activation of stereotypes. Once a negative stereotype has been activated it affects cognitive processing, perception, and judgement. Thus, despite best intention, recruitment is automatically biased. More to the point, such stereotypes mean that they may miss the best person for the job in cases where it happens to be an older worker.

For managers who continually work under conditions such as time constraints, large workloads, and needing to sieve through a large number of job applications, increase the vulnerability of hiring decision-makers that utilise stereotypes. Thus, older workers suffer ageism discrimination. So, what can be done to minimise such shortfalls and stereotyping?

One answer is to assist organisations and their recruitment staff in controlling their behaviours – especially directly following the blatant activation of stereotyping. Our research (while working closely with organisations) has identified that the most common interventions attempting to address negative attitudes toward older workers have been in the form of top-down policies and fact sheets, with the former aimed at enforcing fair practice and the latter at providing relevant knowledge. However, while these are well intended, they typically fall short as such policies meet with psychological reactance and fact sheets are incongruent with employers' worldviews and are seen as incorrect.

One of the hazards that we have identified in this approach is that managers feel that they are being controlled and dictated to think and/or behave in particular ways to the extent that their freedom and agency are threatened. As a consequence, they strengthen their hold of their original views and resist changing their behaviour. Thus, in order to promote positive attitudes toward older workers (and increase the likelihood of their hiring), the internal motivation of employers should be drawn on.

An example of a cutting-edge method of removing human bias from hiring decisions was recently trialled by one of the world's largest retailers¹⁸. In an attempt to remove prejudice from hiring decisions, Amazon created artificially-intelligent software, which would automate the 'reading' of applications and short-listed candidates by employing machine learning. However, their AI system resulted in a bias towards male candidates, which led to the software's trial being terminated.

It has been argued that the machine learning algorithms, which allow the software to teach itself how to make decisions, were affected by sampling problems given that a large number of the applications used to teach the software was developed by men. Although machine learning cannot stereotype like humans, it is susceptible to bias if appropriate design methodology is not applied.

The advantages of mixed-age teams

The benefits of hiring older staff have already been

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highlighted and much research exists to support the policy. In the USA, Columbia University's Mailman School of Public Health has published its findings on the benefits of hiring and retaining older staff, including a range of case studies on small businesses based in New York City¹⁹. They also have extensive details on businesses and the strategies they use to meet their staffing challenges on a separate associated website²⁰.

In the UK, the Chartered Institute of Personnel and Development (CIPD) in a 2015 research paper *Managing an age-diverse workforce: What employers need to know*, posed three key questions with regard to mixed age employee teams²¹:

- How do age diverse employees see their organisation?
- What are the key benefits and challenges of an age-diverse workplace?
- What can organisations do to support age diversity from an employee perspective?

Some of the findings of that research are fascinating and perhaps a little surprising in some respects. The Institute found a strong link between life stage and working experience on work priorities: with younger age groups focused on values such as trust, recognition and freedom and older age groups focused on achieving work-life balance and flexibility.

In general, employees believed there to be a good degree of age diversity in their organisations, although some perceived a bias towards certain age groups. As we found in our research mentioned above; this is often in line with historical impressions of certain industries.

Age diversity was viewed in a mostly positive light and felt that knowledge-sharing, different perspectives and enhanced

customer experience were key benefits of age diversity: there being a widespread belief that both younger and older colleagues are able to add value in these areas.

This follows on from their 2014 survey report *Managing an Age diverse Workforce: Employer and employee views*, which provides a useful dual perspective (from employees and employers) on age diversity at work²².

It would be wrong to suggest that all of the data is positive in relation to older and mixed age employee profiles. There are undoubtedly challenges, both those we have already identified above and other such as health and welfare issues and acceptability to the client market. Where shoppers in a DIY store or clients in a bank may be happy to be served by a septuagenarian, there is a counter argument. A further, lengthier, discussion of the pros and cons is offered by Burk et al²³.

The research of Professor Ellen Langer, referred to earlier, proffers that the way we age is not inevitable. These authors' own work with organisations has identified that we all need 'purposefulness' – a reason to get up in the morning and achieve a useful and personal satisfying contribution. Clearly, many older people achieve this outside of a conventional occupation; often without the constraints of a regular job, such as that offered when retired from paid employment. However, there is clear empirical evidence to suggest that many people would prefer to continue working – and receive a rewarding salary.

There are now more people in Britain over 80 than there are under 16 years of age. Surely, not all want to be retired? What the experiment broadcast on TV, and based on Langer's research showed, is that we all have the potential to think differently about who we are and the way we live, regardless of our age. The contribution that seniors make in a mixed-age team are considerable. A recent survey conducted of more than 32,000 McDonald's UK employees' identified interesting results²⁴:

- Employees who work with a range of age groups are generally happier, registering a 10% increase in happiness levels compared with those who only work with their peers.
- The opportunity to work with people of various ages was the top priority for more than half (58%) of employees.
- Out of a sample of 1000 customers, the majority (84%) said



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they like to see a mix of ages in the restaurant team, and most expected better service as a result.

Meanwhile²⁵, aged workers continue to attract media attention, with an 88-year-old NHS secretary becoming the oldest person to sue an employer for age discrimination after she was sacked over claims that she did not use a hospital computer system correctly. The complainant was particularly upset that one colleague had said: "It was always a concern that you could walk in and find [her] dead on the floor." The surgeon she worked for said she was a reliable and meticulous employee who was being made a scapegoat for management failings.

Conclusions

There are now millions of people working who are over the age of 65 and they play an increasingly vital role in today's workforce, especially in light of the skills and productivity challenges employers are facing in most developed economies. The European Commission has calculated that the pool of young people available to work is shrinking and that we must do more to encourage organisations to support older people staying in their jobs.

The younger people benefit from the experience of their older colleagues, while the older employees like to pass their knowledge on. Older workers have a lifetime of training and on-the-job experience under their belts, which can help to deliver a great experience for all.

Of course having multi-generations working together brings its challenges too. How can we motivate and support senior workers, while also providing the right opportunities for younger employees? It comes down to three things. (1) Flexibility – providing roles that fit with peoples' lifestyles and life choices. (2) Future – providing great opportunities for progression and development at every age. And (3) Family – creating a caring environment so staff of all ages and backgrounds feel valued and supported.

For all organisations there is need to foster a culture of camaraderie where all team members feel they have a future no matter what their age. It is also important to listen to staff and understand what is most important to them at different stages of their lives and careers. Young people need to build workplace confidence and gain experience and new qualifications through training. At the other end of the spectrum, senior workers who are not yet ready to retire, want flexible work that can fit around their personal needs and lifestyle.



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