

A rolling stone gathers no moss



How companies in Sweden and England tackle the loss of the baby boomers

Report by Stefan Vallerius



for the PAUSE Scholarship Foundation

Summary

This report describes what a selection of 11 companies in Sweden and England are doing in order maintain skills and knowledge in the company as the baby boomers born after World War 2 retire.

The background to the problem is that the fertility rates just after World War 2 are higher than both prior and subsequent generations. The combination of increased longevity, decreased birth rates and an ageing population means that the welfare systems are at risk as the old age dependency ratio increases during the coming decades. According to reports by the OECD it's estimated that the old age dependency ratio will double over the next half century. In Sweden and the UK the percentage of the population over 60 will double from 1950 to 2050. Adding to this is the fact that individuals tend to retire too early from the labour market.

Another thing that changes the scenario is the coming age legislation that is set out to prevent discrimination in the work place due to age. In England this law will come into effect on October 1 2006 and in Sweden this will probably happen in January of 2008.

The term Age Management isn't widely known yet and therefore there are not that very many definitions of it yet or that much literature written on the subject. Age Management can be said to be a holistic approach to all employees so that they can develop their skills and competences regardless of age. Another term that is used in close connection to Age Management is Work ability. Work ability is a bit more focused on helping the older workers to maintain in the work force longer. Cornerstones in work ability are promotion of health and functional capacities, adjustment of physical work environment, adjustment of psychosocial work environment, and updating professional competences.

Research has also found that there are widespread stereotypes or myths regarding the ageing workforce. This report describes seven of them.

Myth 1: Older workers are less effective than younger ones

Myth 2: Older workers are unable to learn

Myth 3: As individuals age their cognitive capacities deteriorate

Myth 4: Older workers are sick more often

Myth 5: Older persons should leave the workforce to free places for younger workers

Myth 6: Older workers have more accidents

Myth 7: The cost of an older person is higher than for a young person

The companies interviewed for this report are Barclays Bank, British Energy, B&Q, BT, Kimberly-Clark Norhtfleet Mill, Metropolitan Police Service, Rikspolisstyrelsen, SEB, Södra Cell Mörrum, Tetra Pak and Vattenfall. They have all in one way or the other addressed the issue regarding the ageing workforce. Their response ranges from acquiring knowledge management systems, hire workers over the age of 50 and to give the employees flexible working solutions.

A good Age Management strategy is part of a good Human Resource Management strategy. However, companies with a skewed age profile with many workers over 55 have to take into account that there are some specific details that needs to be addressed in order to manage knowledge transfer, flexible working patterns and working pro-actively with health issues.

Acknowledgements

Writing a report like this isn't done without the assistance of many helpful people. First of all I would like to thank the PAUSE scholarship foundation for its existence and for the assistance that PAUSE-secretary Jörgen Hanson has given, because without them this wouldn't have been possible.

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Karlshamn, May 31 2006.

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Foreword

The persons leaving the workforce now and the next decade belong to the baby boom generation born around or after World War 2 and they were the first generation to be called teenager. As such they had time and the money on their hands to get more educated than previous generations and it was at the universities across Europe that the students headed for the barricades and clashed with the rest of society in 1968 leaving marks that are seen in society still. 1968 is also the year that the Rolling Stones release Jumping Jack Flash. Now almost 40 years later the Rolling Stones are touring the world with their “A Bigger Bang-tour” and though the band members are all of pensionable age it seems as if there’s nothing that’s going to stop them from ‘rocking’ their way into the next decade.

The withdrawal of baby boomers from the labour market can at first glance seem to be a quite straight forward affair, they retire and as a company you recruit their replacements. However, after spending the last couple of month researching the issue the picture has become some what murky. What has emerged is a situation that is rather complex. On one hand new legislation on age discrimination, a possible labour shortage and loss of knowledge. On the other hand productivity improvement and changed ways of conducting business reducing the number of employees needed in the work force. As this is taking place government bodies are trying to come up with incentives that will get employees to work beyond retirement.

As an answer to all this, there are now companies trying to change the way employees view work and retirement in order to persuade them to work until mandatory retirement age or in some cases past retirement. In this respect one might say that the members of the Rolling Stones are very good role models for others of the baby boom generation when it comes to work past retirement age. This report will hopefully give a background into all this and also examples on what a carefully selected sample companies in England and Sweden have done to live up to the age legislation and how to secure that critical knowledge is kept within the company.

1 Method

This has been a comparative study between 11 companies in Sweden and the United Kingdom (UK), five in Sweden and six in the UK. The interviews have been done with carefully selected companies that have started to work with issues surrounding 55+ in one way or another. In the UK some of the companies were found through the website Age Positive. The companies in Sweden were selected on the basis of articles in newspapers, journals and some were chosen as a result of the kind of companies that I had an opportunity to talk to in the UK. An effort was made to choose companies that operated in the same line of business.

The persons interviewed in the companies have mostly been persons working within HR. Primary data was collected through semi-structured interviews and they were all carried out in personal meetings at the companies that I interviewed. Secondary data has been collected through books, articles and web pages. The articles were mostly found through Internet search engines.

The term *older workers* will in this paper be people over the age of 55. The reason for this is that the PAUSE Scholarship foundation in the advertisement for the scholarship asked if someone would be interested in writing about the demographic development and especially the challenges surrounding the workers above 55.

2 An ageing society

This part will try to give a background as to why an ageing society in the industrialised countries is a topic that is of interest for companies in both Sweden and the United Kingdom (UK). Starting off by painting a picture of the demographic landscape and continuing on to give an introduction and definition to what age management is. This is done as a platform to describe what companies do in order to maintain competitiveness and productivity when significant portions of their work force retire.

During the last decade there have been some concerns about what will happen when the generation born immediately after World War 2 (WW2) retires. The concerns are mainly directed to the nations of the industrialised and developed parts of the world, e. g. the countries belonging to the Organisation for Economic Co-operation and Development (OECD) or the European Union (EU).

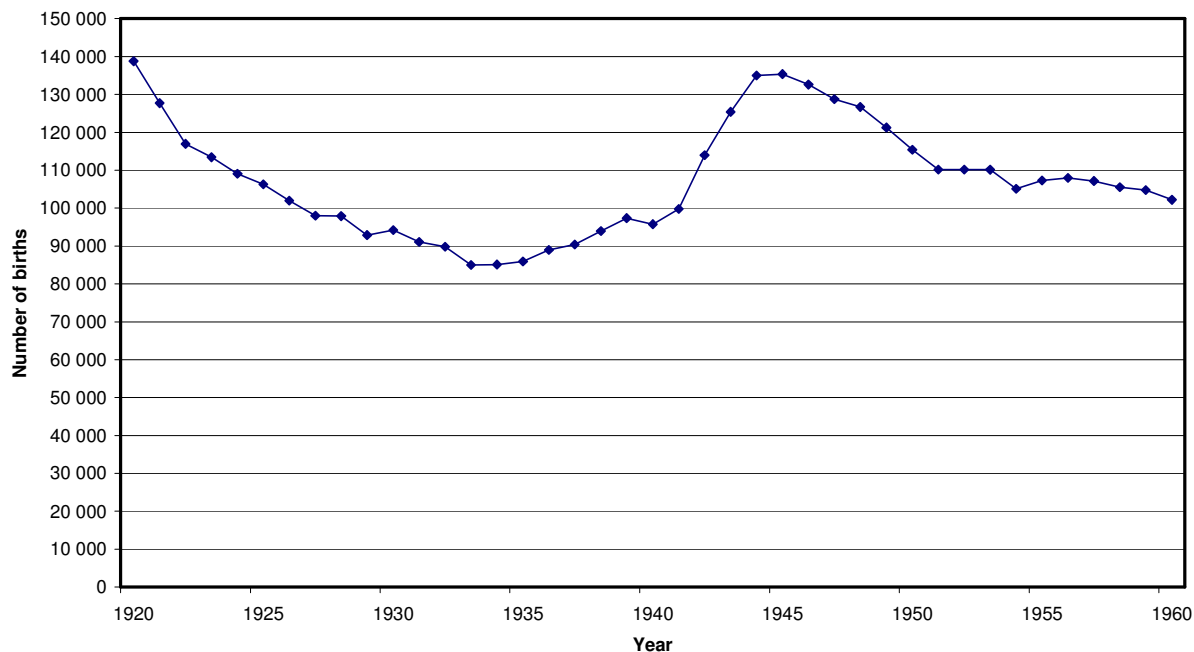
The type of discussions that have been brought forward in reports by the OECD and the EU have two fairly distinct focuses. One is concerned with the demographics of different countries when the labour-force retires, and the effect this will have on productivity, pension and other welfare systems. The other has a focus on age discrimination legislation, because the EU in 2000 passed a law (EU directive 2000/78/EC) against different kinds of discrimination, age being one of the areas mentioned. According to this directive the law on discrimination has to be implemented in to national law no later than 2003.¹ The details of the age legislation will be covered in the next part of this report.

Starting with the demographic side of this problem, the background is the baby-boom that started during WW2. In Sweden this increase lasted more or less from

¹ Rasmusson, 2005, p. 45

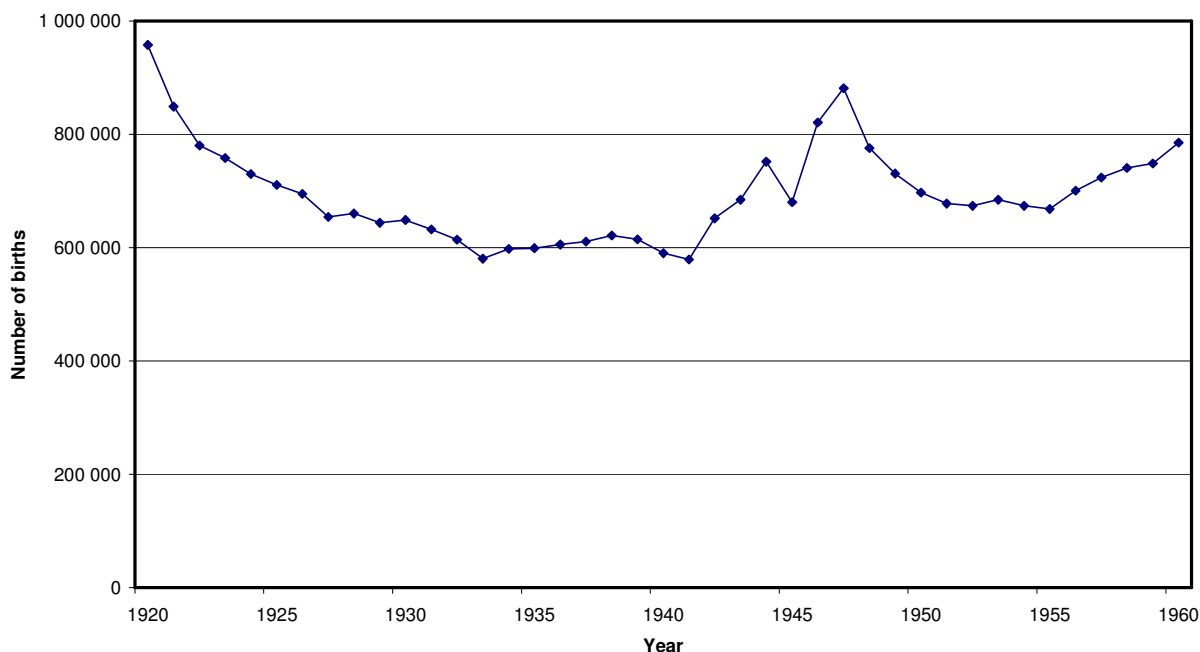
1942 until 1953. In the England and Wales this period is a bit shorter and last from 1942 until 1950.² (See Figure 1 and 2).

Figure 1: Number of births in Sweden 1920 - 1960



Source: Statistics Sweden

Figure 2: Number of births in England & Wales 1920 to 1960



Source: Office of National statistics

² Statistics Sweden, http://www.scb.se/templates/tableOrChart_26046.asp, Office of National statistics, <http://www.statistics.gov.uk/STATBASE/Product.asp?vlnk=6729>, the numbers are for England and Wales only.

This is further accentuated by the fact that we live longer and that the fertility rates³ are declining. In combination these three factors, (1) an ageing population (2), increased longevity and (3) declining birth rates pose a threat to our nation's welfare in the future. In his 1993 book, *Preparing for the twenty-first century*, Paul Kennedy discusses the possible problems as the population in the industrialised world grows older.

"On the whole, members of a population aged between fifteen and sixty-four tend to create wealth and place fewer demands upon health and social services. .../ Finally, there is the concern that the age structure and spending priorities of a country with a high 'elderly dependency ratio' may be a drag upon overall production increases, weakening it relative to societies with a larger proportion of people at work and greater investment of resources in manufacturing and industry."⁴

The elderly dependency ratio, or as in some cases the old age dependency ratio⁵, will double over the next half century according to estimates by the OECD.⁶ The OECD has several reports where they cite the fact that the old age dependency ratio is a problem for sustainable economic growth as well as for the pension systems to function in the OECD countries.⁷ Or as they put it:

"Over the coming decades the populations of OECD countries will experience ageing, particularly as the post-war 'baby boom' generation moves through the age structure, but also because people are living longer and fertility rates have fallen. .../ The ageing of populations will put pressures on government's tax and spending systems in nearly all OECD countries, requiring major changes to existing social systems if substantial increases in public debt are to be avoided."⁸

This is not only a concern for the OECD countries but also for the rest of the world. According to the United Nations (UN) the old age dependency ratio will double in more developed regions and it will triple in less developed regions.⁹

³ For those of you that are especially interested in the implications of low fertility rates suggested further reading: Kohler et al. (2006) Low Fertility in Europe. This report can be accessed via, <http://www.ssc.upenn.edu/~hpkohler/papers/Low-fertility-in-Europe-final.pdf>

⁴ Kennedy, 1993, p. 38

⁵ The old age dependency ratio is normally defined as the ratio of the population who are aged 65 and over to the population of working age. Working age is usually being defined as the ages 15 to 64. There are other definitions on what is to be considered as old age and working age depending on what source one uses.

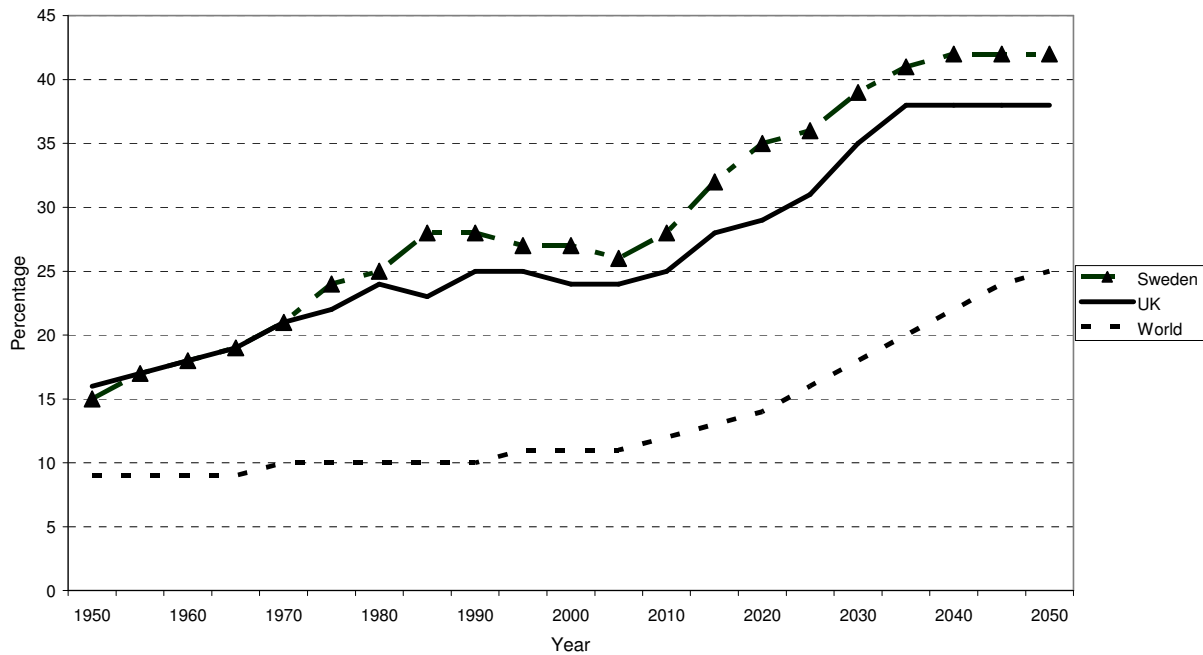
⁶ Casey et al, 2003, p. 6

⁷ This is documented in far greater detail in e. g. OECD, Department of Economics and Statistics, Working papers, no. 62 "*The Economic dynamics of an ageing population: The case of four OECD countries*" or OECD, Economics Department, Working papers, no. 201 "*Macroeconomic effect of pension reforms in the context of ageing population: Overlapping generations model simulations for seven OECD countries*" and OECD, Economics Department, Working papers, no. 369 "*Policies for an ageing society: Recent measures and areas for further reform*" or OECD, Economics Department, Working papers, no. 371 "*Coping with ageing: A dynamic approach to quantify the impact of alternative policy options on future labour supply in OECD countries*". This fact is also mentioned in Council of European Union, "*Increasing labour-force participation and promoting active ageing*"

⁸ Turner et al, 1998, p.5

⁹ UN, The Ageing of the World's Population, <http://www.un.org/esa/socdev/ageing/ageing/agewpop.htm>

Figure 3: Old age dependency ratio between 1950 - 2050 for the World, Sweden and UK



Source: UN, World Population Prospect, The 2004 Revision Population Database

When looking at the figures for the UK and Sweden since 1950, the percentage of the population that is 60 or over will double by 2050. In 1950, 15,5 % of the population in the UK was older than 60 years in 2050, the estimation is 29,4 %.¹⁰ In Sweden 14,9 % were over the age of 60 in 1950 and by 2050 the estimations is 30,9 % of the population.¹¹ These changes are hence putting pressure on our welfare systems as the labour force diminishes.

This is a fact that also has drawn the attention of the Employment Taskforce within the EU when it states that:

"By 2030 there will be 110 million people over the age of 65 in the EU25, up from 70 million in 2000./.../ Clearly this population profile will create severe problems for the sustainability of welfare systems."¹²

There is also another peril lurking in all this and that is early retirement. According to a Joint Report from the Council of the European Union stopping employees from leaving the workforce is seen as crucial for social cohesion and sustainability of pub-

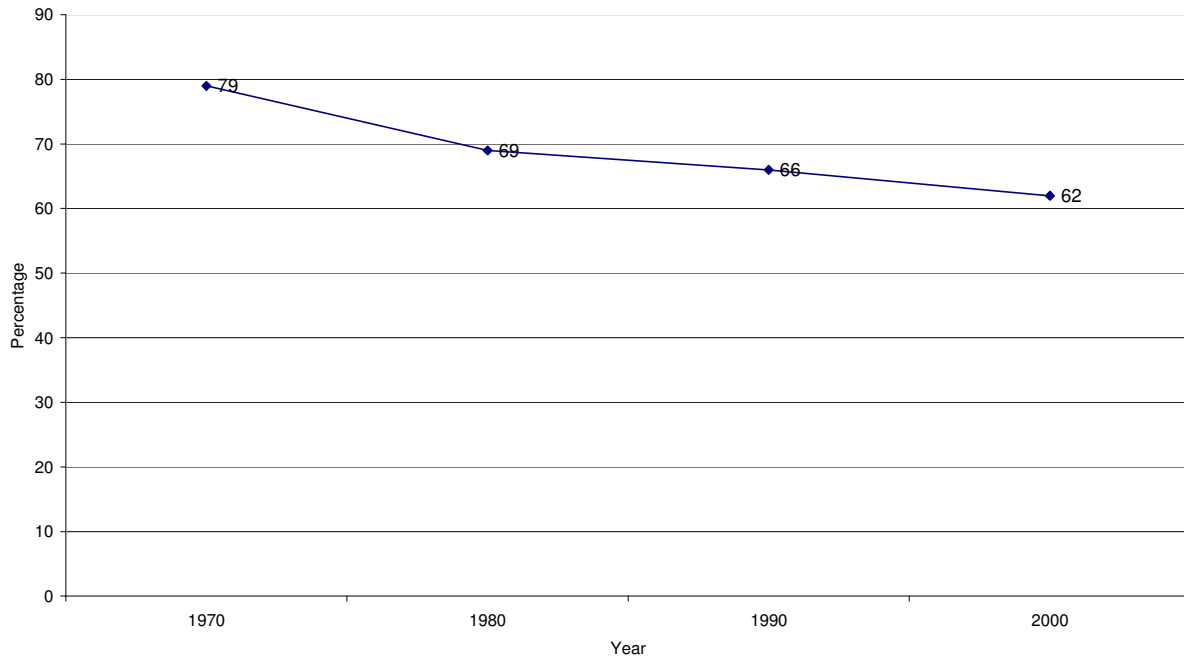
¹⁰ UN, World Population Prospect, The 2004 Revision Population Database, see appendix 1 for chart.

¹¹ UN, World Population Prospect, The 2004 Revision Population Database, see appendix 1 for chart.

¹² Employment Taskforce, 2003, p.12

lic finances, especially when it comes to health care and pension systems.¹³ The combination of the facts that the population is growing older and employees who tend to retire early will lead to grave consequences for the future if nothing is done. Over the last three decades participation rates for men over 55 have fallen by 17 % in the OECD countries, see figure 4 below.

Figure 4: Participation rates of males 55 to 64 in the OECD, 1970 - 2000



Source: Casey et al, p. 40

Furthermore, what tends to happen is that as people get older their interest and perhaps motivation to work weakens resulting in an earlier exit from the labour market. According to a Swedish survey done in 2001 less than 10 % of the respondents were willing to work up to the age of 65.¹⁴

There are, however, other reasons than strictly personal that have caused participation rates among *older workers*¹⁵ to lessen. In some cases this can partially be explained by the fact that household wealth has increased, reducing the need to work

¹³ Council of the European Union (Employment and Social Policy), 2002, p. 5

¹⁴ Näringsdepartementet, 2002, p. 17

¹⁵ The term older workers will in this paper be people over the age of 55. The reason for this is that the PAUSE Scholarship foundation in the advertisement for the scholarship asked if someone would be interested in writing about the demographic development and especially the challenges surrounding the workers above 55. When looking at official sources as the OECD, EU and others the definitions vary from 50 or 55 to the age of 64. The different definitions can be found in e. g.; OECD. (2003) *Ageing and employment policies – Sweden*. p. 3, OECD Publications: Paris, Council of the European Union. (2002) *Increasing labour-force participation and promoting active ageing*. p. 8, Council of the European Union: Brussels, Office for National Statistics. (2005) *Pension Trends*. p. 17, Palgrave MacMillan: New York or OECD, Economics Department, Working Papers No. 193. (1998) *The macroeconomic implications of ageing in a global context*.

until pension.¹⁶ In other cases it is due to economic stagnation, leading companies to lay off personnel. In the wake of the first oil crisis in the 1970's participations rates fell, due to workforce reductions and the fact that older workers got compensated enough to make retirement a viable option.¹⁷

[T]here is strong evidence that policies specifically designed to encourage older workers to withdraw from the labour force have also played an important additional role, especially in Europe where such schemes have sometimes been used as a means to lower the unemployment rate/.../”¹⁸

During the economic halt at the beginning of the 1990's in Sweden a lot of companies offered early retirement packages for persons over 58 years. This is something that still is happening though it's not as favourable for the companies anymore. This is put succinctly in a policy brief from EQUAL¹⁹:

“The trend towards early retirement over the past 30 years combined with high unemployment and industrial restructuring has meant increasingly early exclusion from the labour market of the oldest employees. While States are restricting the possibilities of early retirement, companies still encourage it.”²⁰

The trends of early retirement have also caught the attention of policy makers at different levels. The OECD in their series of country reports called Ageing and Employment Policies have for both Sweden and the UK urged the governments of the two countries to increase the number of older workers.

[T]he employment rate of older workers/.../ will have to increase. This means that the long-term trend to early retirement will have to be reversed.”²¹

“In sum, there is considerable potential to further raise participation rates of older workers – something that will be imperative if the labour force is to continue to grow.”²²

The fact that employees exit the labour market in advance of statutory retirement age has also been debated within the EU at different points. In the Policy Considerations of the report “*Increasing labour force participation and promoting active ageing*” it is stated that the Member States need to find the most apt measures to attain an esca-

¹⁶ Turner et al, 1998, p. 25

¹⁷ Casey et al, 2003, p. 11-12

¹⁸ Turner et al, 1998, p. 25

¹⁹ The EQUAL Initiative is a laboratory for new ideas to the [European Employment Strategy](http://europa.eu.int/comm/employment_social/equal/index_en.cfm) and the [Social inclusion](http://europa.eu.int/comm/employment_social/equal/index_en.cfm) process. Its mission is to promote a more inclusive work life through fighting discrimination and exclusion based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation. EQUAL is implemented in and between Member States and is funded through the [European Social Fund](http://europa.eu.int/comm/employment_social/equal/index_en.cfm). More information about EQUAL can be found through: http://europa.eu.int/comm/employment_social/equal/index_en.cfm, 2005-11-19

²⁰ EQUAL, Policy Brief, The working life cycle at http://europa.eu.int/comm/employment_social/equal/policy-briefs/etg3-working-life-cycle_en.cfm

²¹ OECD, 2003, p.9

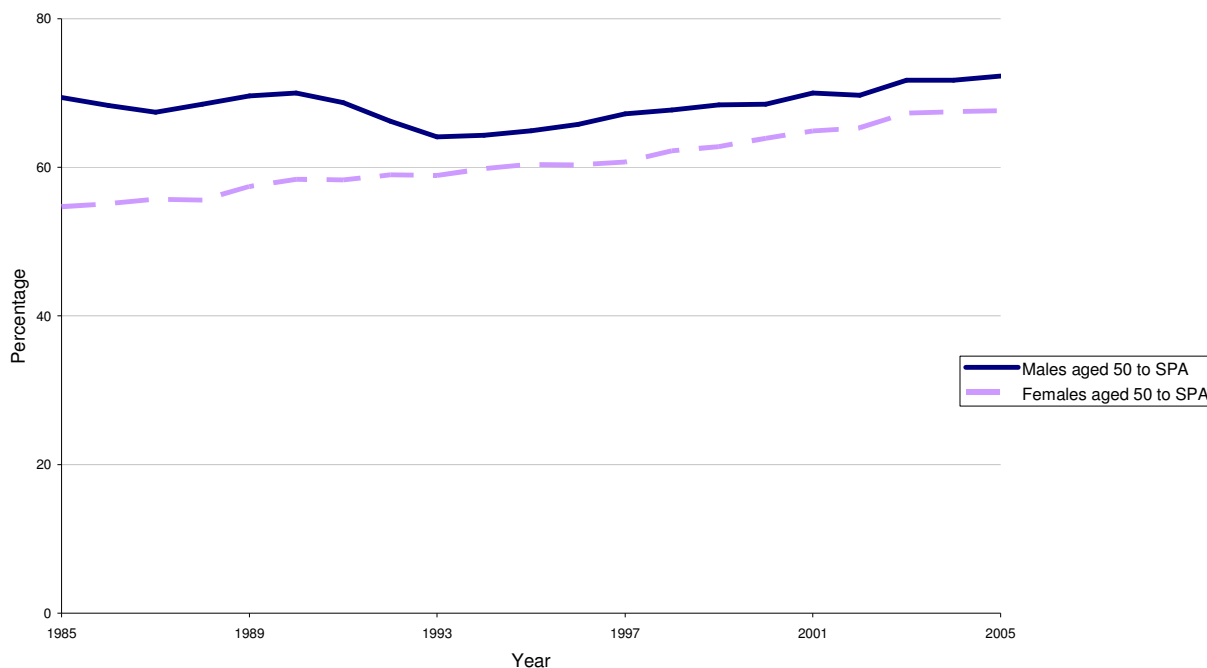
²² OECD, 2004, p. 10

tion in labour force involvement.²³ This kind of thought is also echoed in the report from the Employment Taskforce.

“As recognised by the Barcelona European Council of 2002 delaying the average age at which people leave the labour force is crucial./.../ Allowing low employment rates for older workers to continue in conjunction with early exits from the labour market will seriously impair the EU overall employment and economic growth performance and the social and financial sustainability of pension systems.”²⁴

When it comes to the UK and Sweden the picture for continuing to go to work gets a bit more complex. In the UK the employment rates for men between 50 and State Pension Age²⁵ (SPA) have gone down since the mid 1980's with a sharper decline during the recession in the beginning of the 1990's. However, the employment rates have recovered slowly but steadily since 1995. Even so employees aged over 50 are still underrepresented in the labour market.²⁶

Figure 5: Employment rates for workers aged between 50 and SPA - UK



Source: Office of National Statistics, Pension Trends: 2005 Edition

The situation in Sweden is fairly similar to the one in the UK.

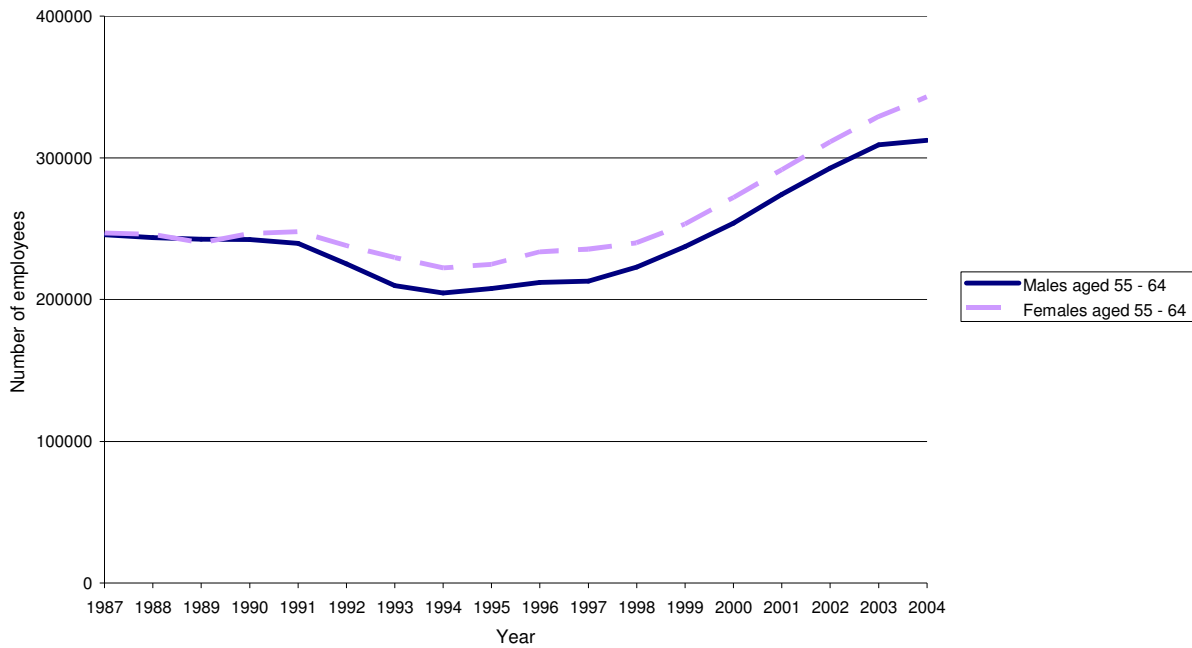
²³ Council of the European Union, 2002, p. 14

²⁴ Employment Taskforce, 2003, p.15

²⁵ SPA = State Pension Age, currently 65 for men and 60 for women. The UK Government has announced that by 2020 the pension age for women will be 65.

²⁶ Office of National Statistics, 2005, p. 285

Figure 6: Employment rates for workers aged between 55 and 64 - Sweden



Source: Statistics Sweden

The reason for the increase in participation rates in the UK can probably be contributed to campaigns such as Age Positive or the New Deal 50 plus programme. When it comes to Sweden a possible reason might be the improved economical situation in the country the last couple of years and the fact the pension system was altered in 1999 making it more favourable to work until retirement age.²⁷

²⁷ The retirement age in Sweden is 65 years. An individual can start drawing state pension from the age of 61; if you retire at 61 you don't get the maximum amount and as of January 1st, 2003 employees are allowed to work until the age of 67.

3 The new age legislation

This section will cover the new age legislation and it will also give a brief description on what is going on in the UK and Sweden in regard to the legislation.

As mentioned above the EU issued a directive in 2000 (EU directive 2000/78/EC) in order to establish a general framework for equal treatment in employment and occupation.²⁸ The directive covers all types of discrimination such as race, ethnicity, disability, sexual orientation, religion and age. According to the directive it should have been implemented into national law no later than 2003. However, when it comes to the age discrimination law, it will come in to effect in the UK in October of 2006. In Sweden the government appointed an Anti-discrimination committee in 2002 that got the task to investigate how to implement this directive in to Swedish law. This work has been delayed on several occasions, but on the 24 of February 2006 the committee presented the proposal to a Single act discrimination law that also includes age. With the legislative process in Sweden this means that the EU directive can be incorporated into Swedish law at the earliest in the beginning of 2008.

When it comes to the Age legislation law that will be implemented the 1 of October 2006 in the UK. The law was laid before Parliament on the 9th of March 2006 and has since been approved by both Houses of Parliament.²⁹ The outlines of the law have gone through customary consultation rounds and the main statement of the law is that it will be unlawful to treat people differently on the grounds of age.³⁰

“The Age Regulation will define direct age discrimination as occurring where someone treats one person less favourably on the grounds on his or her age than he or she treats or would treat other persons in a comparable situation, and there is no objective justification for doing so.”³¹

The law will cover recruitment, selection and promotion, employment benefits, retirement, unfair dismissal and redundancy and finally occupational pensions.

²⁸ Official Journal of the European Communities, http://ec.europa.eu/comm/employment_social/news/2001/jul/directive78ec_en.pdf

²⁹ More information on the legislation can be found at, <http://www.dti.gov.uk/er/equality/age.htm>

³⁰ DTI, 2005, p. 7

³¹ DTI, 2005, p. 23

There are also some new features such as the “National default retirement age” and “Duty-to-consider procedure”. The national default retirement age will be 65 and it is from this age employers can retire their employees without having to justify their decision.³² The retirement age is not to be confused with the age when a person can start to withdraw State Pension. The Duty-to-consider procedure states that the employees who want to work past the default retirement age of 65 gets the opportunity to discuss this with their employer, to see if there is a possibility to continue to work.³³

As has been cited above the OECD urged the UK to have people retire later and the Department of Trade and Industry (DTI) says;

“We want to encourage employers and employees to extend working life beyond the national default retirement age of 65”³⁴

And they also reasons that there will be economic benefits from the regulations;

“Over time, there will be overall net economic (not to mention social) benefits from the legislation, with potentially large effects on tax and national insurance receipts, and the long run potential of the economy.”³⁵

As mentioned above Sweden hasn't incorporated the EU directive on age discrimination as a national law. The other parts of the directive covering disability, ethnicity, sexual orientation and religious belief have all been introduced into Swedish law during the past years, though effects are in some cases still to be seen in Swedish society. The reason for this being that the Swedish population remains very homogenous. The area that so far has been the centre of attention is discrimination against people that have a non-Swedish background.

³² DTI, 2005, p. 105

³³ DTI, 2005, p. 67

³⁴ DTI, 2005, p. 60

³⁵ DTI, 2005, p. 9

However, when it comes to the Swedish age discrimination law it is to be suspected that it will be fairly similar to that of the one in the UK, the obvious reason for this being that they both derived from the EU directive.

4 Age Management – Introduction and definitions

In this section of the report an introduction to Age Management and some definitions will be provided in order to explain the concept.

Getting valid information on the Internet on Age Management can be a bit frustrating. If you make a search on the Internet on “age management” you get 356 000 websites listed.³⁶ However, the majority of the websites are sites describing how to age with grace by different methods of surgery or cosmetic dermatology and others describe how to grow trees in a way that you always have some to cut down. A minor number of the websites relates to what this article is about, namely the coming retirement of the Baby Boomers³⁷ from the work force. If you make a search on e. g. Amazon trying to find books that falls with in the range of this report the result is zero books. There are some books that are related to this topic but then you have to use the search word “Ageing”, and even then the number of books is very slim.

There isn't that much literature citing the term “Age management”. The reason for this one can only speculate about. There is, however, another term that has been used more frequently in connection with age management and that is, Work Ability. The champion in this field seems to be the Finnish professor Juhani Ilmarinen of the Finnish Institute of Occupational Health. His work is concentrated around this concept. Work Ability in short can be described as the result of the interaction between the demands of work and the resources of the individual.³⁸ Prof. Ilmarinen has since the beginning of the 1980's done lots of research on older Finnish workers in order to help them stay in service longer instead of retiring.

The main findings and result of this body of research is the concept of the Work Ability Index (WAI). His works states that the mean value of WAI decreases with age, and that this decrease is accelerated between the ages 50 to 58 but that the de-

³⁶ Search made with Google.com, 2006-05-04

³⁷ Baby Boomers are usually regarded as persons born from 1943 and 1960, this according to Zemke et al. in *Generations at work*, p. 3. Others refers to persons born between 1945 and 1954, see Lindgren et al., *Rekordgenerationen*, p. 13 or Jegers, I, *Rekordgenerationen slår till igen*, p. 9.

³⁸ Ilmarinen, 2002, p. 2

cline is less pronounced in mentally demanding occupations than it is in work that requires a good physique.

It should also be noted that even though WAI decreases with age this decrease seems to be individual and not all actually experience any decline.³⁹ According to Ilmarinen work ability relies on four cornerstones in order to be effective: (1) promotion of health and functional capacities, (2) adjustment of physical work environment, (3) adjustment of psychosocial work environment, and (4) updating professional competences.⁴⁰ In order for older workers to maintain their WAI there are some things that management in a company can check, namely;⁴¹

- Age structure of the company today and in the future
- Participation rates, dependency ratios
- Modern concepts of work ability
- Work ability and employability
- Work ability and economics
- Ageing and productivity
- Ageing and mental growth
- Ageing and functional capacities
- Ageing and learning
- Regulation of work load
- Age-management Tool box
- Prevention of discrimination

As mentioned there aren't that many references to Age Management in the way that concerns this report. This means that there are not a plethora of definitions as you might find for knowledge for example. As an HR-professional or a layman hearing the term for the first time one might draw the conclusion that Age Management has to do with how to manage people of different age groups in a work situation.

³⁹ Ilmarinen, 2002, p. 2
⁴⁰ Ilmarinen, 1998, p. 76
⁴¹ Ilmarinen, 2003, p. 31

According to Ilmarinen, Age Management can be said to be a holistic approach in dealing with the growing number of elderly workers and it is built around these four dimensions⁴²:

- Attitude towards own ageing,
- support for work together,
- organisation of work, and
- communication with older workers.

This description deals with Age management as management of the ageing workforce. The reason for this could be that there is more literature written about the demographic change and the ageing workforce. Though looking at this from legislative point of view the coming age discrimination acts concerns both young and old, so from this perspective the description on the concept of Work Ability presented by Ilmarinen might be on the narrow side and even in violation of the coming age legislation.

When Ilmarinen are to make a definition of Age Management, he broadens his view to include all ages.

“Consideration of age-related factors affecting both white and blue collar employees in the daily management, design, and organization of individual work tasks, as well as the work environment, so that everybody, regardless of age, feels empowered in reaching both personal and corporate goals.”⁴³

A colleague of Ilmarinen at the Finnish Institute of Occupational Health is even more straight forward when stating:

“Age management means that members of various ages are taken into account in the working team. People of different ages have different needs, qualifications and skills. The work shall be organized so that the strengths and weaknesses of workers of different ages are paid attention to.”⁴⁴

⁴² Ilmarinen, 1998, p. 78

⁴³ Ilmarinen, <http://www.public-policy.unimelb.edu.au/events/Ilmarinen.ppt#1>

⁴⁴ Rantanen, <http://pre20031103.stm.fi/english/current/ageprog/whatisit.htm>

Definitions of Age Management in the same holistic spirit are also provided by Professor Alan Walker from The Sheffield Institute for Studies on Ageing at the University of Sheffield.

“Good practice in the management of an ageing workforce consists of both specific measures to combat age barriers, and general employment or human resource (HR) policies which provide an environment in which each individual is able to achieve his or her potential without being disadvantaged by their age.”⁴⁵

Walker continues;

“An emphasis on the **prevention of age management problems**, such as the de-skilling of older workers or work-related health problems, rather than reactive problem solving. /.../ **A focus on the whole working life** and all age groups, not just older worker”⁴⁶

Broader views on what Age management is also expressed by Brooke and Taylor.

“Effective ‘age management’ requires auditing human resources data, identifying and challenging age stereotypes, and reviewing age-related deployments. Myths concerning age need to be exposed to prepare for new practices. Age management also needs to pursue practices that optimise age-group mix and skills succession and replacement (an ‘inter-generation’ workforce development approach).”⁴⁷

The stance in this report when it comes to a definition of age management is more in line with Ilmarinen’s broader definition and Brooke, Taylor and Walker. For Age Management to work in reality companies need to take a holistic view due to the fact that the workforce consists of both young, middle-age and old workers. In order to get maximum output from all individuals companies need to pay attention to the individual regardless of age. The problem that arises is how to combine the company’s goals and visions with that of the individual.

⁴⁵ Walker, 1998, p.3

⁴⁶ Walker, 1998, p. 11 (The bold text is done by Walker)

⁴⁷ Brooke & Taylor, 2005, p. 426

5 Age stereotyping – common prejudices about older people

This part depicts common prejudices about older people and what actually have been found to be true as a result of recent research.

We live in societies that hail youth and novelty where old is the equivalent of obsolete and at times regards ageing as something very dangerous because it means you're not young any longer. In business life this means that companies don't spend as much money on training for older people as they do on younger employees. So, is it really possible to think that older workers are a lost cause when it comes to learning something new or that they've lost all interest in whether it is new technology or new practices? The common view seems to be that it is just so.

Why then do you have all the newly retired people that can't wait to explore the world or taking up a new hobby as soon as they retire? There is something wrong with this picture, and what seems to be the problem is that we as humans tend to stereotype people in order to have a manageable day to day life.

"Recent studies have examined the attitudes and practices of employers towards older workers, and shown the persistence of widespread age-stereotypes."⁴⁸

The fact about ageing is that as we get older some abilities, such as physical strength, dexterity and senses as hearing and eyesight start to decline. When it comes to mental abilities and attitudes the relationship is much less clear and more complex.⁴⁹ The question is; are the human abilities declining in a manner that impairs an individual's job performance?

The body of research when it comes to pros and cons for older workers are quite impressive. There is now a lot of research that dispel former myths on ageing.⁵⁰

⁴⁸ Brook & Taylor, 2005, p. 415

⁴⁹ Warnes & John, 2005, p. 23

⁵⁰ Further reading on myths and misconceptions about older people, see Benjamin & Wilson, 2005, Warnes & John, 2005 and WHO, 1999. All are listed in the bibliography below.

Myth # 1: Older workers are less effective than younger ones

There is no real basis for this argument; on average, older workers are as effective as younger ones.⁵¹ On the contrary there are even findings that older adults have slightly better performance than younger.⁵²

“[T]here is a plethora of scientific evidence to show that older workers are no less effective than younger ones – though of course there are variations between jobs.”⁵³

The basis for this argument probably stems from the Lazear Curve theory, it states that pay and pensions costs of older worker increase relatively to their declining productivity.^{54, 55}

Myth # 2: Older workers are unable to learn

People of all ages have the ability to learn, however, they might lack the reason for doing so.⁵⁶

“Evidence shows older workers are just as able to learn new or updated skills as younger workers. Yes, there can be differences in learning styles, but this is mainly to do with the contrasting education and occupational experiences of people at different ages.”⁵⁷

This is also collaborated by Schaie & Willis that are conducting the Seattle Longitudinal Study, they’ve found that “old dogs can learn new tricks” it’s just a matter of training.⁵⁸

Myth # 3: As individuals age their cognitive capacities deteriorate

It is true that some functions are thought to deteriorate, but this isn’t a straight forward process.

“There are vast individual differences in cognitive capacity at all ages, and there is some evidence older workers may either be able to prevent cognitive decline or may be capable of compensating for any losses in cognitive functioning. Older adults also have some cognitive functions that are more advanced than younger adults and, therefore, have much to offer the currently changing work climate./.../ All these factors suggest employers cannot presume an older worker will experience cognitive decline significant enough to adversely affect their performance at work/.../.”⁵⁹

⁵¹ Warr, 1998, p. 23

⁵² Peterson & Spiker, 2005, p. 155

⁵³ Walker, 1998, p. 1

⁵⁴ Grattan, 2004

⁵⁵ Smethurst, 2006, p 28-29

⁵⁶ Greller & Stroh, 2004, p. 208

⁵⁷ Age Partnership Group, http://www.agepositive.gov.uk/agepartnershipgroup/pages/faqs_demography.htm, 2006-03-07

⁵⁸ Schaie & Willis, 2005, p. 10

⁵⁹ Benjamin & Wilson, 2005, p. 7

Researchers have also found that it seems as if there's a generational effect as well which suggest that younger generations decline in cognitive abilities have slowed down, and as a result of this they can continue to work a bit longer.⁶⁰

Myth # 4: Older workers are sick more often

The average absence per year doesn't increase with age.⁶¹ Older workers have lower frequency of short term sickness, but when they get ill it tends to be for a longer time.^{62, 63}

Myth # 5: Older persons should leave the workforce to free places for younger workers

On an individual basis this might be true, e. g. in an election there's only one Prime Minister Post. However, in reality the labour market is far more complex so the early withdraw of an older worker doesn't automatically translate into a job for a younger person.⁶⁴

"A misplaced belief that there are a fixed number of jobs in the economy – a 'lump of labour' – has led in the past to government policies which wrote of large numbers of people and unintentionally reduced employment./.../Increasing the number of people effectively competing for jobs actually increase the number of jobs in the economy."⁶⁵

Myth # 6: Older workers have more accidents

Again this is not true, it's actually so that younger workers have higher risk of accident.⁶⁶

"The accidents associated with older workers such strains, sprains and falls can often be prevented by interventions beneficial for all workers, and older workers may help improve the health and safety culture within organisations as they often take a more responsible attitude to health and safety risks based on their number of years experience in the workplace."⁶⁷

⁶⁰ Schaie & Willis, 2005, p. 7

⁶¹ Age Concern England and Help the Aged, 200X, p. 6

⁶² Benjamin & Wilson, 2005, p. 16

⁶³ Warnes & John, 2005, p. 24

⁶⁴ WHO, 1999, p. 19

⁶⁵ Cabinet Office – Performance Innovation Unit, 2000, p. 39

⁶⁶ Walker, 1998, p. 1

⁶⁷ Benjamin & Wilson, 2005, p. 18

Myth # 7: The cost of an older person is higher than for a young person

Research done in Sweden and Australia suggests that this is a misunderstanding. The Swedish data looks at giving a 58-year old a pension offer and replacing her with a 33-year old. The cost for the coming 7 years until the 58-year old would have retired shows a loss for the company with about 3.3 million SEK (~ £236 000).⁶⁸

The Australian study analysed cost for recruiting, training, absenteeism and work injuries and the result was that there are moderate cost gains in employing older workers.⁶⁹

I posted a question above (are the human abilities declining in a manner that impairs an individual's job performance?) and by now it's probably evident that the answers in most cases are, no.

"Linked to undoubted widespread prejudice against older people in the labour market is a common belief that they tend to be less good at their jobs than younger people. However, research findings point clearly to the contrary: across jobs as a whole there is no significant difference between the job performance of older and younger workers."⁷⁰

It's even suggested that contribution of older workers are more likely to decline as a result of lack of training and skills obsolescence rather than declining mental capabilities per se.⁷¹

Considering the myths mentioned above its rather safe to say that keeping, hiring or actually rehiring older workers is not going to affect business in a bad way. Given the discussion of a coming labour shortage it just might be that companies having a strategic thinking regarding the ageing workforce will have an edge compared to organizations that haven't. Furthermore, the efforts now by governments to raise the retirement age seems to fall in line with the fact that older people nowadays are more able and healthy then prior generations, or putting it more blatantly:

⁶⁸ Sundström et al, 2001, p. 52

⁶⁹ Brook, 2003, p. 279

⁷⁰ Warr, 1998, p. 24

⁷¹ Tempest et al, 2002, p. 481

"There is no biological basis for a formal retirement age in the early 60s or even earlier."⁷²

There's also another upside to letting people work longer, and that is that you live longer if you retire at a later age, which is eloquently put by actor Michael Madsen from the movie Kill Bill Vol. 2:

"They say...the number one killer of old people is retirement...people got a job to do they tend to...live a bit longer so they can do it."⁷³

This quote may be the words written by Quentin Tarantino but it is actually supported by research. A longitudinal study on some 3 600 past employees of Shell Oil showed that employees who had retired at the age of 55 had a significantly increased mortality compared with those who retired at 65.⁷⁴ This view is also supported by Ilmarinen.

"Older workers, who manage to maintain their work ability, also attain better lives in retirement than workers whose work ability deteriorate"⁷⁵

As a conclusion, companies and organisations have a lot of work to do when it comes to battling faulty attitudes towards older workers and their abilities.

⁷² Naegele, 1999, p. 9

⁷³ Tarantino, 2004

⁷⁴ Tsai et al. 2005, p. 4

⁷⁵ Ilmarinen, 2002, p. 3

6 Case studies

In order to get information and data, interviews were conducted with companies in Sweden and in England to find out what currently is happening in regards to Age Management. The companies were chosen mostly because they were known to have worked with the issue or the fact that their employee demographics suggested that they might be in trouble in the years to come.

6.1 Swedish companies

Rikspolisstyrelsen (RPS) – Swedish National Police Board

RPS is the governing body of the Swedish Police and among other things it means that they negotiate and write the policies in HR and other areas. As an organisation, the RPS gets its directives from the Justice Department.

For more information about RPS visit, www.rikspolisstyrelsen.polisen.se.

The Swedish police force as a whole has some 23 000 employees, with 70 % of them working as police officers of some kind. Approximately 26 % of the police officers are above 55, making the ageing workforce an issue within the Swedish Police and therefore a matter for the RPS. They, however, haven't set an age when one is considered to be an older worker.

Since the Justice Department have directed the RPS and the Swedish Police force to hire some 4 000 new police officers between 2005 and 2008 within the budget limitations that have been taken, the RPS and the police force are hiring new officers at the same time they are retiring others.

"It's a balancing act, we have to hire 4 000 police officers between 2005 – 2008, at the same time facilitate retirement, it's a question of speeding up and hitting the brakes at the same time"
Maud W - HR strategist -

The measurements that RPS has taken in order to handle this situation is that they can offer retirement solutions from the age of 60. This is in accordance with an agreement between the employer's association and the trade union. There are, how-

ever, some criteria that have to be fulfilled. There has to be a redundancy or a reorganisation situation, and before they make a person redundant they might have moved around a lot of people from their ordinary position to new ones before this happens.

“As a part of speeding up the change of generations we've used the retirement solutions and given individuals severance packages. We don't do this as a general proposition, targeted positions. Then of course you can choose to retire voluntarily.”
Maud W - HR strategist -

The RPS currently has three different retirement options for its employees. The first is the retirement solution mentioned above, then you have part time retirement from the age of 61 and then you have Normal Retirement Age (NRA) at 65. At this time they also have couple of individuals that have worked past NRA. The part time solutions that the 61 year olds have opted for is to work 50% and get 80% of their salary and the employer pay 100% into their pension scheme. It is to be noted that employees that choose this solution, the payments into the state pension system is reduced by half if you work half time.

The RPS has been monitoring their age profile for a couple of years by looking at the statistics of the police force. The managers also do yearly evaluations talks in order to find out what the employees are thinking when it comes to their retirement plans in order to have a way to deal with this in advance. The conclusion of this has been that the high average age is a structural problem. They will, despite this skewed age structure, not lose that much competence as individuals retire. The reason for this is that other kinds of competencies are required in today's police work.

“The way the Police work has changed a lot, therefore the loss will be rather small. There's also requirements from the employer that you can handle the new technology that's being used in modern police work. You tend to be more specialized the longer that you've worked in the force.”
Maud W - HR strategist -

This doesn't mean that knowledge transfer isn't needed at all. In some positions such as managerial or specialists where knowledge transfer is necessary they have started with parallel manning, this option made available some years ago when the agreement on part time pension was negotiated between the employers association

and the union. Then of course there is learning opportunities in day to day police work.

“We use coaching and mentorship to transfer knowledge and we also try to make people learn by doing in everyday police work.”
Maud W - HR strategist -

The RPS has a positive view when it comes to stay longer than 65. They have a couple of individuals that work past 65. The important thing is to maintain the motivation of employees over 55+ and the RPS sees to it that individuals get continued training and competence development and that you have meaningful work assignments so you want to work until retirement age.

The RPS and the Swedish Police Force want to be a good employer and a part of this is to support good health and having sound working conditions. Part time retirement is a part of this as a way to promote a sustainable working life. They’ve reasoned on the topic of a coming labour shortage, and they are looking in to new HR strategies so that they can continue to be an attractive employer. One part of this is that they have gotten rid of the upper age limit as to when you can apply to become a police officer. The only thing you have to pass now is the fitness test, but any one that does that can after that apply to the Police academy.⁷⁶

Vattenfall Norden AB

Vattenfall is a company that is wholly owned by the Swedish State. It has some 32 000 employees in Finland, Poland, Germany and Sweden. The company is the 5th largest electricity producer in Europe and the largest producer of heat in Europe. The number of employees in Sweden is approximately 8 200 persons.

For more information about Vattenfall visit, <http://www.vattenfall.com/>.

Vattenfall started to work on age related issues in 2000, when the CEO, Lars G Josefsson, proclaimed:

⁷⁶ There are of course other tests, such as personal suitability which determines a lot.

“The age pyramid in the company shows us that many competent employees are nearing retirement age. There is an apparent risk that their knowledge won’t be transferred to younger workers before they leave the company. We must to a greater degree see to it that our younger people work together with more experienced employees.”⁷⁷

The company is challenged by its age structure, within the next ten years 4 000 of its 8 000 employees in Sweden will retire. The peak will be between 2010 and 2013, but Vattenfall will have large numbers even after that.

“160 000 years of combined competence will leave the company. We will lose competence in some strategic areas such as Dam construction, generators and turbines. Need to secure the tacit knowledge.”
Nils F - Senior Advisor -

In order not to lose too much competence the company has started several different initiatives, all of them gathered under the name of Competence Exchange. The Competence exchange initiative consists of the following parts;

Competence transfer mentoring: It is strategically important to transfer certain knowledge from older to younger workers. This is done on the basis of what’s important for the company. Mentorship in different levels.

- Dialogue seminars with or Swedish Royal Institute of Technology (KTH): What kind of knowledge within Vattenfall is important to transfer? The seminars are designed to make visible, process and utilize tacit knowledge and know how. For example, this knowledge includes experience of special operations, how to work in multi-cultural projects, how to find and use data on lessons learned from earlier projects, and general wisdom acquired through the years. (www.dialoger.se)
- Internal labour market: Started 2002. Working with 55 +. Put them in a temp pool to be used in different projects. At times it’s hard to convince people within the company that this is a good idea. Can be expensive for the unit that takes on these older workers, since they are guaranteed their salary. They

⁷⁷ Vattenfall, 200X, p. 2

have successfully managed to relocate older workers to different positions outside of Sweden such as Abu Dhabi, Bahrain, Saudi Arabia and Kosovo.

- Age awareness leadership: Have a handbook in this subject and also a training programme for age and health awareness leadership.

Besides the loss of knowledge there are two other problems with ageing workforce. That is, older managing younger workers and younger managing older workers. This is being addressed in the handbook on Age awareness leadership.

Because of the great number of people that are about to retire, Vattenfall has also conducted + 57-seminars in order to inspire and motivate employees to work to 65 alternatively till 67. The seminars were offered to everybody over 57 in the Swedish organisation. There is a need to influence peoples mind set.

“We need to release the pressure from people wanting to retire.”
Nils F – Senior Advisor -

From the age of 58 you can, if the work permits it, work 80 %, get 90 % of your salary and the company pays a 100 % into your pension, known as the 80-90-100 package. You get this exemption for 6 month at a time. This is an employer’s tool, and all applications are dealt with individually. The employee can’t take for granted that there will be an extension for another 6 month. There are no requirements to get the 80-90-100 package.

“As an employee you can at any time talk to your manager about getting the package. It’s a win-win situation for both parties, the employee gets a chance to try out how it is to be retired, and the company has gotten healthier employees. And so far nobody has complained that they earn less. The 80-90-100 package from a company view also works as a proactive tool to bring down illness-and rehabilitations costs”
Nils F – Senior Advisor -

The important thing besides getting healthier employees is that you can have a development through out your working life. For older workers the Senior Resource Pool and mentoring are tasks of strategic importance when it comes to exchanging competence, experiences and skills.

SEB

SEB is a North-European financial group with some 20 000 employees, and it's also one of the largest banks in Sweden. SEB have representation in 20 different countries and more than half of the workforce is employed outside of Sweden. Average retirement age among the Swedish employees has been the same since 2000 and is 57,3 years.

For more information about SEB visit, www.seb.se.

In the Swedish organisation that employs some 10 000 employees SEB approximately got 700 individuals that are + 58, or what they would define as a senior employee. Out of these 700 senior employees some 400 participates in the companies + 58-programme. The programme gives the individual that has turned 58 the possibility to work 80% of a full time contract, receiving 90 % of base pay. The payment to the occupational pension system is 100 %. Employees that earn less than 349 000 SEK in a year (£ 25 000) may loose a little when it comes to the state pension system.

"In the agreements between the Employers Association of the Swedish Banking Institutions (BAO) and the Unions there is a provision stating that the company can give the employee early retirement, with 72 % of salary until 65 years of age at which the usual pension agreements kick in. This possibility of early retirement was frequently used as a tool for personnel reduction during the financial crisis in the mid 1990's and put a lot of strain on the pension funds that the company had built up. Today, due to the costs, the company uses this policy more restrictively.

Then there is another provision that allows the employee to retire (partially or fully) at the age of 61, also with a pension level at 72 % of salary until 65 years.

The latter provision has lost importance regarding requests for partial part time retirement. Today the employees instead request to be a part of the + 58-programme and so far no one has been denied entry."
Christer F – head of negotiations and union relations in SEB -

The issue was first raised by the Union that wanted a local partial retirement programme. SEB realised that this would be too expensive, so instead they came up with the +58-programme. The programme was launched in 2005. In addition to the + 58-programme all employees over the age of 55 also gets 3 extra days vacation. The programme is an opportunity for their employees, and not a given right.

The purpose of the programme is to offer the company's senior employees an opportunity to have greater work flexibility and more time for recuperating, in order to strengthen their health and get a better quality in working as well as private life. All + 58 employees don't participate in the programme. For some it's because they have a hard time to manage their job in 80 % of a full time contract. SEB has not yet done any formal follow ups on the programme, however, it's clear that it is very appreciated by the employees.

On the subject of knowledge loss when people retire, they will lose some knowledge. But at the same time, as banking is a very fast paced business, it is necessary to work with competence shift.

"When we did cutbacks in the late 1990's and early 2000 we noticed in some areas that we lost competencies, for example in small units with many senior employees.
Christer F – head of negotiations and union relations in SEB -

They also have much better training programmes today than they had a couple of years ago. This is a direct response to the fact that they have lost knowledge in the past. The teachers in the programmes are people with good knowledge and some of them are senior employees.

When it comes to the ways to handle the knowledge loss, there are things in the way that banking is evolving that makes hard for them to predict what to do.

"Banking is very fast moving, making some knowledge more or less obsolete. We have a hard time to foresee what the future will bring. It's more or less likely that banking of tomorrow will employ less people than it does today so we might not have any problem in recruiting new personnel.

There are of course things that are being done, but when it comes to knowledge transfer it's more or less done ad hoc. Some senior employees are used as mentors for younger workers.
Christer F – head of negotiations and union relations in SEB -

The response from SEB to the coming age legislation at this point is a bit hesitant.

"Unclear at this moment what the law will say or what needs to be done."
Christer F – head of negotiations and union relations in SEB -

Södra Cell Mörrum

Södra Cell Mörrum with its 440 employees is a part of the Södra Group that employs approximately 3 600 employees. The Södra Group is owned by 35 000 private forest owners, making it one of the larger co-operatives in Sweden. Södra Cell Mörrum is one of five pulp mills in the Södra Group.

For more information about the Södra Group visit, www.sodra.com.

Issues about the ageing workforce started to be addressed in early 2003. The main focus then was the realisation of a potential knowledge loss when people started to retire over the coming decade and that the company didn't have a system for knowledge transfer. Back in 2003 the company had about 150 employees over the age of 55. Today the number of employees over 55 is 164.

As a result of this a pilot project, Competence 2010, was started in October 2003 to address the fact that the company would lose vast amounts of knowledge. The solution in itself was that Södra Cell Mörrum invested in a competence management system, called Competence Tool.

"Competence Tool will help us to map what competences we have now and what kind of competences we need in the future. This is made in order to find out what kind of competences the company needs to acquire or what training programmes we have to develop so that we can close the gap."
Södra Cell Mörrum – Company information material

When the pilot project was evaluated in the spring of 2004 it was decided that this was a good way for Södra Cell Mörrum to manage the knowledge transfer. One of the positive effects of the mapping of the current knowledge was that it was found that it was also a good way to get a hold of some of the tacit knowledge that some of our employees had. Another was that the organisation now had ways of describing in a lot more detail what was required to hold a certain position and what amount of training activities need to be done in order to become a good bleach plant operator for example. This sort of training was done much more ad hoc prior to this with the possibility that all knowledge required wasn't transferred because it more or less was

dependant on what the individuals assigned to train a new employee remembered or regarded to be of importance.

Another somewhat more discouraging effect was that the organisation also noticed areas in which it had fairly little knowledge left or that the knowledge was dependant on a couple of employees.

The feature that have helped the company the most is the fact that the users of the system can elaborate back and forwards and see the “amount” of knowledge that is lost as employees of a certain ages retires. This feature is a tremendous help when it comes to train employees into new positions or to do recruitment planning.

As mentioned earlier the company found that Competence Tool was a way to get a hold of some of the tacit knowledge in the company. However, looking in to this a bit further the Plant Manager decided in 2005 that this was an area of great importance. The reason is that even though the plants machine park and computer systems had gone through several technical updates and automation have been done, the basis for making pulp is still the same. Further more some of the employees had been working at the plant the last 30 years or more and as such they have immense knowledge as to why things work or behave the way they do.

To solve this conundrum experience groups (cited below as ERFA⁷⁸-groups), or as they are called in Swedish “ERFA-grupper” were created.

“It came as a proposition from the Plant Manager, in a response to the multitude of retirements, can't let the knowledge walk out the door when people leave. The groups don't have a theoretical approach; want to get a hold of the tacit knowledge and experiences of things that has happened. There are many things that you can learn by reading, but it's harder to get those last tid-bits of knowledge that's in someone's head.”
Ellinor – Co-ordinator for the ERFA-groups at Södra Cell Mörrum -

The overall aim of the ERFA-groups is to increase the knowledge of the process and equipment that the employees have to handle and making them reflect over their own experiences and lessons learned.

⁷⁸ ERFA is an shortened version of the Swedish word Erfarenhet and erfarenhet translated into English is experience.

The group meets 6 – 8 times in total, and the two first times is spent getting the individuals in the group to get to know each other, team-building exercises, communication, the art of listening is on the agenda. This is done so that the members feel comfortable in sharing memories and knowledge. When putting together an ERFA-group they try to have 2 – 4 employees that are near retirement, 2 - 4 newly recruited and 1 -2 employees that has been with the company for a while, this person functions a bridge between the old and the new employee.

The reminder of the meetings is based on the sharing of knowledge between the group members. The ambition is to create an increased understanding as to how you deal with situations that have occurred and that are very likely of re-occurring.

As in the case of our recovery boiler, there are many things that aren't controlled by the computer system. Furthermore, they're reviewing the most common tasks that happen, what are the concrete critical problems in this part of the factory.

Ellinor – Co-ordinator for the ERFA-groups -

It's important to adjust the content to the character of the different groups. Ask the group, how do we secure knowledge transfer? The result is that you get focus on this issue.

"In order get hold of the tacit knowledge you need some form of method, and that's what we're doing with these groups."

Ellinor – Co-ordinator for the ERFA-groups -

The two mentioned projects are since the beginning of this year only two out of nine different initiatives regarding different ways of competence transfer and development. Other parts of this are coaching, leadership programme, a mentor programme and cross-functional learning groups. All this is done to secure that vital knowledge is kept with in the company.

When it comes to the age legislation Södra Cell Mörrum haven't really addressed that issue yet. The company is an equal opportunity employer, that doesn't have any age restrictions and try to promote women to apply for jobs since the work place by tradition have a majority of men.

Tetra Pak AB

Tetra Pak develop, produces and markets complete processing, packaging and distribution systems for food products. Since its foundation, the company has expanded its business to include much more than the packaging of liquid food products. The company operates in more than 165 countries and have over 20 000 employees and about 4 100 employees works in Sweden.

For more information about Tetra Pak visit, www.tetrapak.com.

The discussion about the older work force came up during 2000 – 2001 as a realization that giving employees a severance package is fairly easy but the costs are high. In 1988 Tetra Pak for the first time gave a larger number of employees a severance package.

“It was fairly easy to calculate the costs for giving individuals early retirement, but Tetra Pak didn't have any systems to calculate the cost of the knowledge that was lost.”
Bengt L. A – Managing Director -

“Companies have too little imagination, in a situation of redundancies you let people go, but you also lose competence.”
Rolf V – Director History & Future -

Tetra Pak started to look at the demographics of the company at that time. They decided to draw the line at 55, when it comes to talk about the up coming retirement, since they figured it is a bit too early to start discussing this at the age of 50. Today the Swedish part of Tetra Pak has 17 % that are 55 or older and 10 % that are 59 or older.

As a result of the demographic situation Tetra Pak started a project called “Our common future” in 2002. The purpose of the project was to maintain the knowledge that employees over 55 had and transfer their knowledge. In order to find out what was going on in the minds of the employees over 55, the company interviewed all employees between the ages of 55 – 65 in two divisions. In all they interviewed 90 employees and the topics covered during the two hour interview were,

- Contents of the job, direction and extent.
- Needs for competence development and competence to convey to others.
- The proportion between work and spare time.
- Thoughts/questions about and prerequisites for retirement.

“A dialogue like this one open doors for oneself – doors leading to possibilities.”
Rolf V – Director History & Future -

The main findings from the interviews were that the group between 55 and 65 aren't a group that's tired.

“Very few of them are physically tired. If anything this group at times feel under stimulated and unmotivated.”
Bengt L. A – Managing Director -

“We also found a group that can take difficult assignments and travel. They don't have any small children at home that needs help and care. We are talking about individuals, and we need to find individual solutions.”
Rolf – Director History & Future -

The conclusion was that this is extremely individual as to what employees want to do with the time that they have got left in the company. Another effect of the dialogues with a 55+ perspective was that they created expectations that the employees might get an offer from the company to get a severance package that gave them the opportunity to retire early.

Some of the expectations the company couldn't live up to.
Bengt L. A – Managing Director –

On the other hand,

“The persons that were involved in the pilot project have had the chance to influence their future in the company”
Rolf V – Director History & Future -

After the pilot project Tetra Pak have incorporated the 55+ perspective into their Development dialogue (=in Tetra Pak, Treff Planning Dialogue). The responsibility is put on the managers to handle these dialogues.

“The Development dialogue is incredibly important, what the employee wants to do and how do they view their future. It's important to talk to the managers about this, because it's a strategic managerial issue. One solution doesn't fit all and you have to start to address this question at an early stage”
Bengt L. A – Managing Director -

Some of the interviewed individuals came to the conclusion that they had to talk to their manager about their future and the thoughts they had about the coming years in the company.

Rolf V – Director History & Future -

"It's very important that we talk with our employees at an early stage as to what their plans are.

Eva S – HR Director -

Today the Development dialogue talks with a 55+ perspective are an integrated part of the yearly evaluations discussions that each manager has with his employees.

It was hard work getting started and Tetra Pak needed to analyse what competences they needed and what do we demand from our employees?

"The thing to remember is that a project like this takes time before you see any result."

Bengt L. A – Managing Director -

"Senior management have the responsibility for what strategic knowledge the company need to survive the future and there for what knowledge that should be transferred. This is a process in two steps, the first is what shall we do and the second is to identify key competences. And from these two perspectives you can decide what competences that is important to transfer."

Rolf V – Director History & Future

The thing that Tetra Pak has realised is that knowledge transfer needs to be done regardless if an employee retires at 60 or 65. Therefore Tetra Pak mixes younger and older worker when working in projects.

"The age mix is very important for the company so that knowledge is transferred from the experiences older worker to the less experiences younger employees."

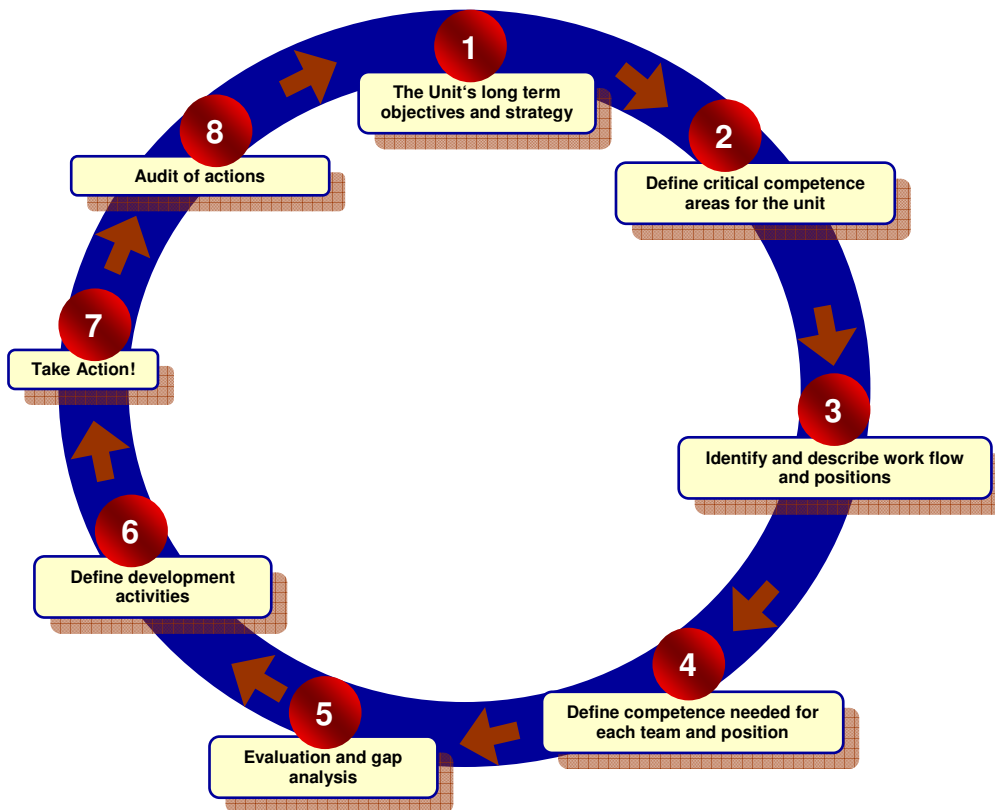
Bengt L. A – Managing Director -

Tetra Pak have also focused on training for managers to successfully have the Development dialogues with a 55 + perspective.

"Have to involve thoughts about our older worker in training of our managers. This is one important aspect to train our new managers in, it's important to raise these issues. Many of the older workers continue to do a good job and they want to share their knowledge."

Bengt M – HR Training & Development -

When it comes to the actual knowledge transfer Tetra Pak have a structuralized model on how this is to be done. Tetra Pak calls this their Competence Development Process. This process is an eight step process to identify knowledge gap and find a way to fill the gap.



Source: Tetra Pak

“A centre piece in the Competence Development Process is the Development dialogues between the manager and the employee.”

At the moment Tetra Pak are looking into the possibilities of starting some sort of “Senior programme” as a continuance to the 55+-programme they started in 2002.

6.2 British companies

Barclays Bank Plc.

Barclays is a UK-based financial services group, with a very large international presence in Europe, the USA, Africa and Asia. Barclays has been involved in banking for over 300 years and operates in over 60 countries with more than 110 000 permanent employees. Barclays employ about 78 800 employees in the UK.

(The individual interviewed have since the interview was made in the end of January 2006 stopped working for Barclays Bank. The position held was Age Legislation Project coordinator.)

For more information about Barclays visit, <http://www.barclays.com/>.

During the spring of 2006 Barclays are decentralizing Human Resources (HR) and within the bank they have got a couple of corporate HR policies. This means that each business area is responsible for their HR work and thereby also the up coming Age Legislation. Since the age profiles vary between the different business areas the consequence is that they will be doing different things in order to abide the up coming age legislation.

Barclays will of course apply HR-policies that are in line with the law. Right now Barclays are in a holding position and we will start to work and take action when the law comes. As of now we have a list of possible opportunities, and it will be a busy time when the law gets passed until it's supposed to be implemented.
- Age legislation project coordinator -

Barclays started to address the issue of the ageing work force some years ago. They are one of the companies that have joined the governments Age Positive campaign.⁷⁹ One of the initiatives taken two years ago was that all employees have the possibility to work until they are 70 years old.

"The typical retirement age is 60 years of age. We are trying to change the attitudes and encourage employees to work till 70. However a lot of people want to retire as result of the pension provisions that are very good in Barclays.
- Age legislation project coordinator -

⁷⁹ More about the Age Positive campaign can be found at: <http://www.agepositive.gov.uk/>

Having employees to retire later in life requires a change in the mind set. In contrast to all this talk about retiring at an older age is that they've seen indications of adopting an American type of work ethics, with very long hours and then employees don't want to work until they're 65 years old so what the company does makes little difference. The solution to this is to have rewarding and challenging jobs as the employees get older.

At the moment they have several different pension schemes. Barclays has also introduced a new pension scheme called 'Afterwork' that allows employees to continue to contribute to their pension as long as they remain in employment, and increase flexibility.

When it comes to the fact that senior workers will take a lot of knowledge with them as they retire the loss in relative terms seems to be fairly limited. The reason for this being that banking is very fast moving.

"There are more or less two ways to get people 1) recruit from within the company and 2) recruit someone from the labour market. Knowledge transfer isn't at all unimportant but you can recruit the knowledge from elsewhere, more or less buy the knowledge you need."

- Age legislation project coordinator -

Barclays genuinely believe in having both older and younger worker. Age as such doesn't matter, employees individual skills do. When it comes to the prospect of flexible working Barclays will say yes if it's possible.

"There is no set list of flexible working options. The point of flexible working is that employees can request a working pattern that suits their needs."

- Age legislation project coordinator -

The right to request for flexible working is applicable for all employees.

Kimberly-Clark, Northfleet Mill

Northfleet Mill is part of Kimberly-Clark Limited and out of the 2 500 employees in the UK 300 work at Northfleet Mill. Worldwide Kimberly-Clark employs approximately 66 000 people. Kimberly-Clark represents well known brands such as Kleenex and Huggies with Northfleet Mill producing Andrex® toilet tissue.

For more information about Kimberly-Clark visit, <http://www.kimberly-clark.com/>.

At Northfleet Mill they have been reviewing the age of their workforce over the years, but they formalized this around June 2004 when they started to monitor the age profile of the employees.

'It's easier to manage retirement of employees retiring from the Mill at 65, but obviously can be more difficult to manage those wishing to take early retirement, in terms of recruiting their replacement.'
Michelle H – HR Manager -

To date the Mill has a good pattern in terms of retirements with the average retirement age being around 62. They also have a fairly high percentage of workers with long service with the company up to 30 - 35 years.

In order to retain knowledge within the Mill, management has had to look at the age profile of their employees, particularly their blue-collar workers. The Mill is expecting a 50% turnover of its blue-collar workers over the next 5-10 years. The age profile among the white-collar workers is different and much more evenly spread through ages.

Even though they are reviewing the issue of older workers within the Mill, the Company doesn't have an official age that identifies an employee as an 'older' worker. However, at the Mill informal talks occur with employees over the age of 57 to establish what their future plans might be and allow the Mill to plan for replacements.

To better manage this, the Mill has introduced a Pre-Retirement Run Down Policy which provides the opportunity for the employees to participate in a run down procedure.

“This means that employees wishing to retire early are encouraged to give one year’s notice of their retirement. In return the employees participate in a run down scheme reducing their working hours over their last 5 months of employment, with no effect on their salary. This allows time to plan for replacements and also transfer the knowledge.”

Michelle H – HR-manager -

As of now the Mill has a mixture of ages when people retire, it’s very much down to personal choice. All employees over 57 are offered the opportunity to attend a pre-retirement course covering a range of issues including financial arrangements and life style changes that they may experience when they retire. Feedback has been that it helps employees in deciding when they wish to retire.

As for pension schemes the Company used to operate a Final Salary Pension scheme, but entrance to this scheme for new employees ceased around 5 years ago as it is an expensive scheme to maintain. The Company now offers a contributory pension scheme with employees having the option to contribute a certain percentage of their salary to the scheme. Upon starting employment employees have the opportunity to join the scheme and if they choose not to, they have the opportunity of joining at anytime during their employment.

With so many employees retiring within a relatively short period, the Mill is acutely aware that they will lose knowledge unless they do something about it.

To ensure that skills remain within the Company, the Mill has invested in a self learning/computer based training system called Tracsess. It’s a modular system where theoretical/basic training can be obtained within a particular area.

‘As an employee you can learn the basic theory of working in different areas by yourself. However, to gain full competency in operating equipment, you need to have your skills assessed in a practical test. Tracsess has made it easier to measure an individual’s knowledge base, particular for new starters. We will also shortly be introducing voluntary career development schemes for blue collar workers raise skills and offer further development opportunities for the future.’

Michelle H – HR-manager -

The Mill is also using the time they have when an employee is on his run down to transfer knowledge between the person that is leaving and the new employee starting.

In dealing with the soon to be introduced age legislation, the Mill is confident that they operate within the limits of the law.

"We have reviewed our recruitment processes locally and as a Company the Pension scheme has also been reviewed. We remain confident that our processes comply with the legal requirements, however, are awaiting further guidance on whether the legislation will affect Company benefits e.g. long service awards"
Michelle H – HR-manager -

On the whole any implications of the new legislation will be reviewed by corporate HR as it affects the Company as a whole, not only the Mill.

British Energy

British Energy is a FTSE 100 company and is the UK's largest producer of electricity, generating around one-fifth of the nation's electricity. With a staff of over 5,400 employees British Energy owns and runs eight nuclear power plants and one coal-fired power station.

For more information about British Energy visit, <http://www.british-energy.com/>.

British Energy (BE) started to address the issue of an older workforce in 1999 and since 2000 has had an Equal Opportunities policy that includes prohibiting age discrimination.

"When it comes to the issue of an ageing workforce BE have traditionally had an ad hoc approach. This is underpinned by a holistic equality agenda rather than singling out special groups."
Simon E – Equal Treatments Advisor -

British Energy have identified three strands of work that will affect their policies and practice relating to an ageing workforce and developed a business case to support all strands of equality and diversity. The three strands for age are:

- “1. Addressing age discrimination as a part of equal opportunities policy and practice
2. Monitoring workforce demographics to ensure that an older workforce does not lead to recruitment problems as skilled staff retire
3. Workforce planning to ensure that there are sufficient numbers in the workforce with the fitness required for emergency situations.”

Company document prepared by the Age Legislation Working Group

Ongoing monitoring and surveys have indicated that ageism isn't specifically a problem for BE when considered against new legislation being prepared by the UK government and due to come into force in October 2006. The company hasn't really defined what constitutes an older worker, however, the new legislation has led to a public definition identifying the over 50's. Within BE demographic monitoring identifies those who will reach retirement in the next 10 years. The issues surrounding older workers have not been treated in quantitative sense but more qualitative. The formal process for engaging an employee into the discussions about retirement doesn't start until 12 months prior to retirement, however, forward man power planning does account for perspective leavers.

“Ideally we want to deal with everybody on a non-age related basis. However, there will always be areas where age is a factor e.g. working shift at power plants and covering Emergency Role Duties.”

Simon E – Equal Treatments Advisor -

Due to a history of widespread voluntary severance schemes in the mid 1990's following privatisation BE have not needed to develop strategies for managing an ageing workforce.

“In the next ten years almost one quarter of our employees will retire. There are issues relating to knowledge transfer, fitness of older staff with regard to emergency arrangement roles and flexible approach to retirement to be managed. Historically staff had the opportunity to received generous severance pay. At the time the important issues surrounded reducing headcount. Those severance schemes took little account of managing the issues highlighted or managing the older people.”

Simon E – Equal Treatments Advisor -

In some specific areas BE have started to look at processes to manage knowledge transfer. These activities have been undertaken in response to up coming retirements and experienced staff leaving and the consequential potential loss of core knowledge from the business. A pilot scheme is in place in the Engineering Department in partnership with a process designed for Rolls Royce.

"We have started to work with a company called KorteQ. This is done to help us use a more systematic way, instead as it is to day ad-hoc. The collaboration with KorteQ is in a pilot stage. Problems tend to recur and you sometimes have lost the history. This is also a reason for starting the database."
Ajaz K – Group Head Engineering Division -

In more detail the pilot scheme is based around a Knowledge Acquisition (KA) Overview, which enables the organisation to acquire the critical knowledge which they would miss the most when their expert(s) are not there. With the KA the company will capture succession planning, transfer of knowledge from expert to novice, get improved quality through standardisation and hope to repeat past successes and avoiding past mistakes.

BE have also developed succession planning and as part of this process have started to develop successors to key posts in the company from amongst the existing workforce. When there is a shortage of necessary skills within the company external sourcing may be necessary. Integral to this process is managing retirements from the company. HR and Leadership development support these processes, however, much of the management of knowledge transfer is lies with the line managers.

"We rely on the line managers to look at knowledge transfer. Whilst it is possible to have an overlap, it is inefficient and expensive."
Simon E – Equal Treatments Advisor -

From April 2006 changes to the Inland Revenues rules on pensions will give employees the opportunity to continue working within an organisation whilst having access to their retirement funds, along with the majority of the country BE sees this as positive change and an opportunity.

"This can be used in an innovative way to manage knowledge transfer."
Simon E – Equal Treatments Advisor -

Another positive fact is that senior management knows recognises what needs to be done. Material on equality issues is part of leadership training and Employee Relations is developing seminars for delivery to the company's leadership this summer addressing amongst other things key equality issues and age legislation and management

Currently within BE there are three different pension schemes. Depending on when you started working for BE you can retire at 60, 63 or 65. They are all final salary pension schemes. Today there's only one option to retirement consistent with the new legislation and that sets retirement at 65. BE will honour the two earlier retirement schemes in line with government direction.

"The next logical stage in the legislation is to do away with the retirement age entirely. It's about individuals and their needs; my job is to influence the debate which addresses the changing demographics and the likely move to people working longer. Cultural expectations of retirement at 60 will not be sustainable as is being highlighted in the wider UK debate on pensions and the growing friction between the private and state sectors. Right now we have 5 300 paying in to the pension scheme and 6 100 drawing pension. In the long run that must be managed financially to ensure sustainability and avoiding the problems that have beset some other large UK organisations."

Simon E – Equal Treatments Advisor -

Flexible working is available to BE employees and is supported where there is a defined need and the business case can be supported, notwithstanding the legal protection afforded to employees. The nature of that support depends largely on the role of the individual and the nature of their work but can include home working, reduced hours etc.

As part of the work to manage the age legislation senior HR staff within BE are constructing an employee life cycle model which will allow the company to analyse the company's policies and procedures at various stages in the cycle and ensuring that remaining age discriminatory practices are identified and eliminated.

The Metropolitan Police Service

The Metropolitan Police Service (the MPS) have a staff of some 50 000 employees. Police officer of different ranks amount to 32 000 and the rest, 18 000, is support staff. The MPS is divided in to different branches such as Public Order, Mounted Branch and Dog Support Unit. The goal of the MPS is to make London the safest major city in the world.

For more information about the MPS, <http://www.met.police.uk/>

As an organisation the MPS has been age conscious for the last 30 years in terms of recruitment. They have removed all age sensitive criteria's in their policies. As of now they are waiting for the Home Office to give them the guidelines for the Age legislation. The reason for this is that Police officers aren't employees but appointees and as such they aren't covered by the Age legislation. The guidelines from the Home Office will of course comply with the age legislation. The guidelines from the Home Office will be handled by the HR Directorate who in turn will support and advice the MPS while the Policy Holders within the MPS will be responsible for compliance. Policy Holders are e. g. Recruitment, Training and Pay & Allowances.

"The MPS has embraced the forthcoming Age legislation from the outset and has adopted a proactive approach to preparation. HR Services and the Diversity and Citizen Focus Directorate have undertaken a shared and strategic responsibility to drive the age agenda. Initially, the MPS engaged in the Age Regulations consultation process, providing a response via the Association of Chief Police Officers, (ACPO)."

<http://www.mpa.gov.uk/committees/eodb/2006/060202/06a.htm>

The only age limits they have are for when you can join to be a police officer and that is at the age of 18. Other than that they don't have any age criteria for when you can join. To further prepare themselves all trainers of the MPS have also had the Employers Forum on Age (EFA) to give them basic training in to what the age legislation will cover. The MPS has also started to revise its ways on which promotion are based.

"Historically, the MPS has operated as a hierarchical structure and promotion has been, in many respects, deeply interconnected with experience and age. The nascent Workforce Modernisation Programme will present new challenges to the MPS in relation to age concerns. Part of the Programme will, pending consultation and appropriate legislative changes, involve the adoption of multi-point entry into the MPS. This will mean that corporate needs for skilled and possibly older workers will have to be balanced against similar needs, to ensure that younger workers develop the necessary skills and knowledge base to attain promotion. Whilst aware of these potentially competing needs, it is far too early to contemplate the possible impact of Workforce Modernisation, and the MPS will monitor this process as the project develops."

<http://www.mpa.gov.uk/committees/eodb/2006/060202/06a.htm>

They will loose knowledge as people retire and they know they are potentially vulnerable in certain areas, such as investigating and intelligence skills. Organisational learning and development is crucial and it's an area that the MPS need to be more sufficient. The MPS also have a Buddy scheme, mentoring programme as well as coaching as other means to transfer knowledge.

When it comes to retirement, staff of the MPS usually retires fairly early. One reason for this is that the federate ranks up to Chief Inspector have a stature retirement age of 55, ranks above that the retirement age is 60. In both cases individuals that reach retirement age can ask for yearly extensions so that they can continue to work.

Another reason why people retire early is that after being 30 years in service they can start drawing full pension. And since most of the police officer sign up in their early to mid twenties they tend to retire when they have got their pension covered.

The last reason for the early retirement age is due to the fact that being a police with the MPS is very demanding job both physically and mentally. The rough estimate would be some where around 53.

The early retirement age can become a headache for the employer as it costs more and more each year since the police officers today have longer life expectancy after retirement. 30 years ago the average life expectancy after retirement was only seven years. Today the average number of years of life after claiming pension is 25.

They have started to change their pension schemes and all new starters get another pension offer. The two main provisions of the new pension scheme is a 9.5% pension contribution from salary (currently 11%) and employees must work till 55 years of age until they can draw full pension. One thing is fairly clear though with the life expectancy of today the ratios between employees paying in to the pensions and those withdrawing pensions will in the future not be sustainable making it possible for further changes in the pension schemes.

While some organisations and companies have introduced flexible retirement arrangements the MPS have instead launched a programme called 'Think Flexibly', eligible to all employees regardless of age. With this programme the MPS hopes to achieve an overall improvement in performance and job satisfaction. The pro-

gramme gives almost all employees of the MPS seven different alternatives to choose from.

- Annualised hours: This is where an individual works an agreed number of hours over a whole year rather than a fixed number every week or month.
- Compressed hours: The employee works a slightly longer day in return for an agreed period of time off.
- Flexi-time: Gives the staff a choice about their actual working hours. (Available for Police staff only)
- Job-sharing: 2 or more employees share the responsibility for a single fulltime job.
- Part-time working: Is just what it sounds like.
- Term-time work: Allows staff to take unpaid time off when their children are free from school.
- Working from home. This could for example be used after a long period of sick leave.

These measurements are also seen as an essential tool in recruitment and retention for the future to attract people to come and work for the MPS.

BT

BT is the world's oldest communications company. Today they employ 84 000 persons in the UK and a total of 102 000 employees world wide. In the UK, BT serves more than 20 million business and residential customers with more than 30 million exchange lines, as well as providing network services to other licensed operators. For more information about BT visit, www.bt.com.

BT started to explore the possibility of extending the concept of diversity to include age back in 1994 - 1996. The approach from BT was to find an environment that anyone could work in. The result was the concept of 'Effortless inclusion', meaning that

they wanted to give the employees at BT a totally flexible working environment. At this time they also took away all direct age references in adverts and policies. As a result of this BT doesn't use any definition of an older worker.

"BT just has workers."
Caroline – Director, People & Policy -

When it comes to the forthcoming age legislation, BT is fairly confident that they live up to the new law. In October of 2004 they used the draft of the regulation and the checklist from the Employers Forum on Age to find out if there were any areas that could be in violation to the coming age legislation.

"Now that the law has been presented to Parliament, we are checking what we have done previously so that it still holds up. The fine detail in the coming legislation seems to be in indirect discrimination. Some areas might be susceptible to indirect discrimination. For example, we are a long service organisation and we have a culture of celebrating people that have been working with BT for a long time. This could be unlawful to do this. But we hope to find justification for this. We don't want to destroy ordinary human interaction."
Caroline – Director, People & Policy -

BT like many other companies also has an ageing workforce and currently 26 % of BT employees in the UK are over the age of 50, some 21 800 employees. Another interesting fact is that only two years ago the percentage over 50 was 19. Even though so many employees will retire from the company in the next decade, BT does not feel that they will lose knowledge and the reason for this is mainly two fold.

"To begin with, part of the way BT works is to have a lot of corporate memory stored in knowledge management systems. Since it's a technical company we are very good at recording what we're doing."
Caroline – Director, People & Policy -

BT also has a hand over procedure so that the person leaving coaches the replacement. When they put teams together for a project they aim to compile mixed aged teams so that there are different skills, knowledge and experience in the group.

"The second reason is that technical development is so fast in the telecommunication industry which means that some knowledge doesn't have any relevance any longer."
Caroline – Director, People & Policy -

Then of course as any other company, BT have the basic and formal things such as job descriptions, objectives and performance goals.

The pension age at BT is currently 60 years old but they are giving the opportunity to those reaching this age to request to stay on. They altered from a final salary pension scheme to a retirement plan for new entrants in 2001.

Five years ago in 2001, BT introduced a flexible retirement scheme, which is open to anyone regardless of age. However, if you leave earlier than at the pension age of 60 pension payments are reduced.

"The main components of the scheme are:

- Wind Down – going part-time or job sharing prior to retiring
- Step down, taking a job with less responsibility.
- Time out, taking a sabbatical.
- Helping Hands, going on a secondment
- Ease down, gradually reducing hours or level of responsibility in the last year prior to retirement."

Caroline – Director, People & Policy -

Some of these options have been used by younger employees when they have started a family. All these incentives are vital parts of effortless inclusion. It's a good solution both for BT and for the individual.

The average retirement age is somewhere between 58 and 60. After 40 years of employment employees can draw full pension and since many started working when they were 18 they can retire at 58.

"The age span when people will retire is most likely to spread in the future to be somewhere between 58 and 70."

Caroline – Director, People & Policy -

The argument for this is that the workforce of tomorrow will have a zick-zack approach towards work, meaning that they may work for a couple of years, maybe study, work some more, take a sabbatical when the kids are small, work again and so on. As an employer BT must be ready for this and be prepared that this will probably lead to people tending to retire later.

B&Q

Founded in the 1960's B&Q is now the number one DIY (Do-It-Yourself) retailer in Europe and the third largest in the world with more than 60 stores opened internationally. The company has some 38 000 employees.

For more information about B&Q visit, www.diy.com.

B&Q have had quite a long journey when it comes to questions regarding age. They started to look at this some 20 years ago.

"B&Q had a typically young workforce and the coming demographic bomb made us look in to this. The reason was that 1) B&Q could tap into older workers as resource that wasn't used, 2), B&Q's workforce didn't reflect our customer base that tended to prefer being assisted by an older worker due to a perception of increased customer service and knowledge of DIY".

Margarita - Employment Policy Development Specialist -

B&Q made a bold move in the early 1990s by opening – as a one-off initiative - a store in Macclesfield employing purely people over 50. The 'success' of employing over 50s was studied by Warwick University who, by comparing with 4 other B&Q stores concluded:

- Profits were higher by 18 %
- Staff turnover was six times lower
- 39 % less absenteeism
- 58 % less shrinkage
- Increased the skill base of the staff
- Improved perception of customer service

As a positive consequence and following a lot of media interest in the success of this initiative, older people are now more active in applying for positions at B&Q. Now Macclesfield employs an age diverse workforce as this approach is beneficial to the business, customers and employees. Employing older people in B&Q is now 'the norm' and currently 24 % of B&Q's employees are aged 50 or more. B&Q's oldest

employee is 92 and works in one of the company's London Stores. B&Q's youngest employee is 16.

"B&Q showed with this store that hiring an older workforce resulted in higher productivity, lower turn over, less absenteeism and the customer feedback was great."
Margarita - Employment Policy Development Specialist -

When it comes to the forthcoming age legislation B&Q, like many organisations, are reviewing the existing policies, procedures and practices to ensure they are 'age-proofed' by October 2006.

"We have to remember that this age legislation is about ensuring no one is discriminated on the grounds of their age and are employed based on their capability and merit. ."
Margarita - Employment Policy Development Specialist -

B&Q don't recruit persons under the age of 16, however, 4 % of their workforce is under the age of 18. The reason for not hiring persons under the age of 16 is due to UK health and safety regulations inhibiting them to work in certain high risk areas such as paint mixing and timber cutting. There are also restrictions regarding the hours and times they can work.

In 1999 B&Q removed its retirement age allowing people to continue working for as long as they wanted to. B&Q's pensionable age remains at 60. Today approximately 6 % of the B&Q work force is 60 - 64 and they have circa 4 % that are over 65.

"B&Q are ahead of the game when it comes to retirement, we haven't had a retirement age for a number of years. The forthcoming age legislation won't impact B&Q with regards to the statutory minimum retirement age but we do know that this does have serious implications for a number of other organisations."
Margarita - Employment Policy Development Specialist -

Even before 1999, B&Q allowed employees over 60 to continue to work for the company.

"The reasons why people choose to stay on beyond the age of 60 vary of course, but most want to work for the social element and love the social interaction. And older employees say that they like to work with younger employees because it makes them feel younger."
Margarita - Employment Policy Development Specialist -

As B&Q no longer has a retirement age it is difficult to predict when employees might choose to retire. Employees at B&Q only need to serve one months notice of their intention to leave.

“B&Q have a lot of specialist knowledge both in management and among employees working in our business so whilst it is great if people are retained in the business for as long as possible it can also prove difficult to find their replacement easily, particularly if they are in a specialist or unique role.”

Margarita - Employment Policy Development Specialist -

Succession planning is one way of overcoming this issue – an activity which is carried out annually for senior and specialist roles within B&Q. Additionally, when an employee serves notice of their intention to leave, a planned handover process is carried out between the person planning to leave and their manager.

As B&Q has seen an increasing amount of interest from other companies to attract older workers, B&Q are looking at ways of making themselves more attractive to future and present employees.

“Two – three years ago we launched a flexible working policy that goes beyond the statutory requirement and is extended to all employees with 6 months service. The main options available today are:

- Term time contract, which is intended for employees with children. The employee works 40 weeks/year and 12 weeks leave. The leave co-insides with the schools holidays.
- Part time contract, employees can choose various working arrangements throughout the week. Usually the hours worked range from 8 hours per week up to a maximum of 39 hours per week.
- Split shift: This allows the employee to work two separate shifts in one day.
- Five over seven contract, you work five out of seven days in a week.
- Dual stores contracts – this allows employees to work in two different locations on different contractual arrangements.

B&Q are currently reviewing its flexible working policy as there is an opportunity for this policy to better support the needs of the business and its diverse workforce and individual and lifestyle needs. One change will be to remove any service related criteria, therefore making us even more attractive to potential employees. Part of the review is to consider how we can make flexible working more viable for all employees so that they can balance their work commitments with their personal lifestyle.

Margarita - Employment Policy Development Specialist -

A detailed process is followed if an employee makes a formal request for flexible working. Managers are actively encouraged to discuss the options available with the employee concerned so that the employee and the business both benefit from these arrangements.

When doing these interviews one question put to all companies have been, Do you think that companies have a societal responsibility, when it comes to promoting late retirement? This in association with the increasing old age dependency ratio and socioeconomic problems that might follow if companies keep giving employees early retirement. The answers are anonymous since it might be that the individuals interviewed were expressing personal rather than company views on this issue.

Out of the 11 companies that were interviewed five of them answers yes to the question, Do you think that companies have a societal responsibility, when it comes to promoting late retirement? A sample of the answers given;

"Yes, if the big companies do it the small will follow."

- English company -

"Yes, as a large company we have to influence retirement ages upwards. Need a more flexible retirement system though"

- Swedish company -

"Yes there is some moral and statutory obligation. Best for organisations to be open and tell prospective employees the reality of the situation. Especially before they are recruited, so it needs to be in the advertising material."

- English company -

"Yes, given the ageing workforce and people leaving. It's a complex issue but I value their knowledge"

- English company -

"Yes, absolutely"

- English company -

Five of the companies are hesitating and do not really know.

"Don't know, more about the business case"

- English company -

"Tough question and a mostly a political one. This is something that the government has to make the policies on. If the government legislates that the pension age is 67 we as companies have to follow."

- Swedish company -

"We are taking some responsibility with the work we do now. As a company we support the individual to work to a later age."

- Swedish company -

"Maybe, there are two groups in the UK, public and private companies. Have to give everybody the same opportunity."

- English company -

"It isn't a simple question"

- Swedish company -

The last company said no but with this explanation.

"No, not after 65. The company has a obligation to see to it that all employees can work till their 65 and it is also in the companies interest that employees work till they are 65."

- Swedish company -

7 Conclusions

The companies interviewed for this report are only a very minute sample of all companies that you can find in either country so the conclusions are more or less only valid for the companies interviewed. However, the different initiatives that the companies have taken to deal with the demographic situation can hopefully give ideas and inspiration that can be of help in other organisations.

7.1 Differences between Swedish and English companies

For the obvious reason that the age legislation is to be implemented into English law in October this year there has been more focus in England on issues regarding the upcoming age regulation. The English companies have all reviewed their various policies and removed all age related criteria's. The Swedish companies haven't reviewed their policies in the same systematic way as the English has, the reason being that the Swedish age legislation isn't made in to law yet.

Some of the Swedish companies interviewed have a more generous attitude to employees that are getting close to retirement, giving them the opportunity to work in a more flexible manner. The question that arises when it comes to the Swedish companies is if they can continue to have flexible options that actually have an age limit when the age legislation comes in to effect in 2008. The UK companies also have flexible solutions the difference is that these solutions are open to all employees regardless of age, giving the employees broader options as how they want to work. The most structured option is given by the Metropolitan Police Service, other companies with extensive flexibility solutions are BT and B&Q.

Three of the Swedish companies (Vattenfall, Tetra Pak and Södra Cell Mörrum) have very structured and comprehensive methods of transferring knowledge and this knowledge transfer is a priority issue to these companies due to the fact that they will lose knowledge as a substantial number of employees will retire in the coming years. These companies have also worked with their knowledge transfer for

a couple of years. The English companies, such as British Energy and B&Q also have knowledge transfer programmes though they are mostly centred on succession planning, but as such they are well thought through. Kimberly-Clark, Northfleet Mill and BT have knowledge management systems that resemble the Swedish companies.

7.2 Similarities

The most obvious parallels exist between SEB and Barclays because they both say and almost in a chorus that banking is such a fast paced business that knowledge transfer isn't all that relevant. There are of course some areas where knowledge needs to be transferred but the focus in the banking business is not on knowledge transfer. The other fairly clear similarity exists between Kimberly-Clark Northfleet Mill and Södra Cell Mörrum in their approach to knowledge management systems. The systems Competence Tool and Tracsess though they are build-up a bit differently their purpose is very much the same.

On a more general note, reflecting on what the companies interviewed are working with when it comes to Age Management the approaches by the different companies are fairly similar even though they are operating in different contexts and countries. It seems that there aren't that many solutions to resort to.

7.3 General conclusions

It would be fair to say that not one of the companies in this report are working with Age Management in the way it has been described in chapter 3. Speculating on the reasons for this it could be that this is such a novel topic that the all the facets included in Age Management isn't familiar to the companies. The quote below pretty much sums up the view of the companies represented in this work. The concept of Age Management isn't that very well known.

"By contrast, in the British organisations, 'age management' was barely on the agenda of the senior managers, except in channelling older workers towards early retirement."⁸⁰

It could also be that companies interviewed don't view this as a separate topic or issue. Dealing with older workers is just as anything else in the vast field of Human Resource Management be it compensations and benefits or training and development. The feeling conveyed by the companies was that they had realized that their age profile would become a problem if not dealt with and their aspect on this issue is therefore far more practical and hands on than the written definitions and measures mentioned in the academic literature. However, managing older workers in this very practical way might not be enough when facing the demographic tidal wave that will occur over the next decade. In order to deal with the demographic change company's most likely need to apply a proper Age Management strategy and it should be stressed that Age Management isn't just the flavour of the month when it comes to Managements fads. Age Management has a legitimate background due to the demographic situation among others. It's more or less a perception of priorities and for companies with a skewed age profile Age Management probably deserves to be the topic that is at the top of the agenda in board meetings among Senior Management if the company wants to survive and come out ahead of the competitors the coming decades.

Another angle of this might be that employees have always retired and companies in general know how to handle this so the coming retirements can't be that different from what's happened before, but they are. The sheer numbers leaving the workforce makes it a problem and since the generations born after the baby boomers are much fewer companies may have a problem recruiting new employees. To further worsen the situation companies might have employees with the attitude that they have earned the right to an early retirement, expecting the company to rescue them with gold rimmed severance package.

⁸⁰ Brook & Taylor, 2005, p. 425

It should also be pointed out that the UK companies such as B&Q and BT and Swedish Vattenfall that have worked with this issue for some time also are the companies that have gotten the most holistic approach to the older workers and they are thereby closest to the definition of Age Management.

When it comes to interesting initiatives among the companies interviewed the following are worth mentioning:

BT – Their approach of Effortless inclusion trying to give all BT employees a totally flexible working environment.

The MPS – The Think Flexibly programme with 7 different options.

B&Q – For having the courage to employ older workers as a strategy, showing that older workers actually can give higher profits and other advantages to a business and thereby challenging common prejudices and attitudes towards older workers.

Tetra Pak – The simple idea of interviewing their older employees and trying to find out what they actually wanted to do with their last years in the company and how they can continue to contribute.

Vattenfall – The Competence Exchange programme as a holistic view on the whole issue of older workers. Interestingly enough is that their retirement age has gone up.

Not one of the companies interviewed in this report have explicitly used or worked with the Work Ability Index (WAI) as tool. It might be that the WAI isn't well known as a tool to use for companies with an ageing workforce though the WAI have been proven to give good results in the Finnish companies that have used the index as a method. For the companies interviewed for this report and others with a maturing workforce it's suggested to take a close look at the cornerstones of WAI mentioned earlier, especially the aspect of promoting employees' health and updat-

ing professional competence. Promoting a good health and updating skills and competences are both pro-active measurements that will lower costs for sick leave and increase employee motivation.

As for the question whether companies have a societal responsibility, when it comes to promoting late retirement? There seems to be a divide among the companies that have been interviewed. The companies saying yes have for some reason or another realised that the coming pensions will pose a problem to society and that they as a part of society have to take their responsibility. What's surprising is that the companies that don't know or says no might well fail to see the implications of the coming mass pensions. It's hard to think that organisations like the OECD or EU for that matter are fundamentally wrong when they are urging their members to raise the participation levels of older workers. With that in mind it's fair to say that companies actually have a responsibility to raise the participation rates of their older employees. Companies and organisations don't operate in a vacuum so what they do have implications on the welfare system and hence the society. Some of the companies interviewed have also expressed that giving employees severance packages have be more or less short sighted and in some cases bad for business due to high costs and loss of knowledge. Earlier in the report was an example of replacing a 58 year old with a 33 year old and the cost would be some 3,3 million SEK (~ £236 000). With the harsh economic realities of today's global economy not many CEO would agree to let 100 employees leave the company knowing that over the next 7 years the company will lose 330 million SEK (~ £ 23.6 million).

When it comes to pensions schemes, it is a jungle. There is not really any point to analyse this in any greater detail because pension schemes differ from company to company, especially in England. The Swedish pension schemes are a bit more homogenous, but there are still a lot of options depending on which company you work for. One thing can be said though and that is that all the companies that have been interviewed have realized that no matter what pension scheme they have the costs

for them will increase in the future. The question that all companies have to answer is will the funds be sufficient enough to cover future retirements? Notable is also that all companies have taken steps to encourage their employees to retire at a later age hence making the toll on pension funds lighter. Then of course there are different ways how to make the pension fund last...



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There's also another question that in time will get answered and that is, will the age legislation have the effect that legislators are hoping for? Both Sweden and the UK have laws on equal payment, the thing being that equal pay have had limited success so far. The question is if the age legislation is the answer to ageism, or as in many other cases that it's the change of attitudes that will do the trick and that might take a several years to do that. What a lot of companies probably need to work with is to change the misconceptions that some employees and managers have regarding both younger and older workers in order to get the best out of everybody.

Even though no one mentioned the term Age Management when Swedish telecommunications company Ericsson announced in late April 2006 that they were offering voluntary redundancy packages to employees between the ages of 35 and 50 as a result of the current age profile at the company, it is clearly an act done to manage their age profile. Whether their approach is right or wrong Ericsson has pro-actively tried to manage their work force in order to face the unbalance in the age profile.

The companies in this report have also realized that the retirement of the large numbers of employees born in the 1940's and 1950's will pose a problem to their organisations. They are all good examples when it comes to addressing the issue of the ageing workforce each of them trying to find a solution to the problem that is right for them and their situation. It's is likely that the companies interviewed are better prepared than companies that have chosen not deal with their age profile.

Finally, as the baby boomers continue to retire we will hear more about Age Management in the years to come. The demographic tidal wave during the coming decade will be a dynamic time with a lot of challenges concerning the ageing work force and Age Management. The companies with the most innovative thinking when it comes to flexibility, health issues and knowledge transfer will be able to ride the demographic tidal wave instead of being swept away by it.

8 Guidelines on Age Management

The question for organisations and companies that have yet to start their work with Age Management is; what is needed and for companies that have addressed the issue what more can be done?

In general terms a good Age Management strategy is probably part of good a Human Resource Management strategy. But as have been written above Age Management deserves at the moment to be the number one priority at least for companies with a skewed age profile.

The British government initiative 'Age Positive' has formulated "A code of practice" that covers basic areas in HR, it includes.⁸¹

- **Recruitment**
Based on skills, ability and potential
- **Selection**
Based on skills and ability
- **Promotion**
Based on ability or potential
- **Training and development**
Encourage all employees
- **Redundancy**
Be unbiased and use employees' skills
- **Retirement**
Consider business and individual needs

⁸¹ Department for Work and Pensions, 2002, p. 3

However, there are of course a couple of things that a company can do in order to “Age proof” their organisation. This is the short list on what a company can do to get started:

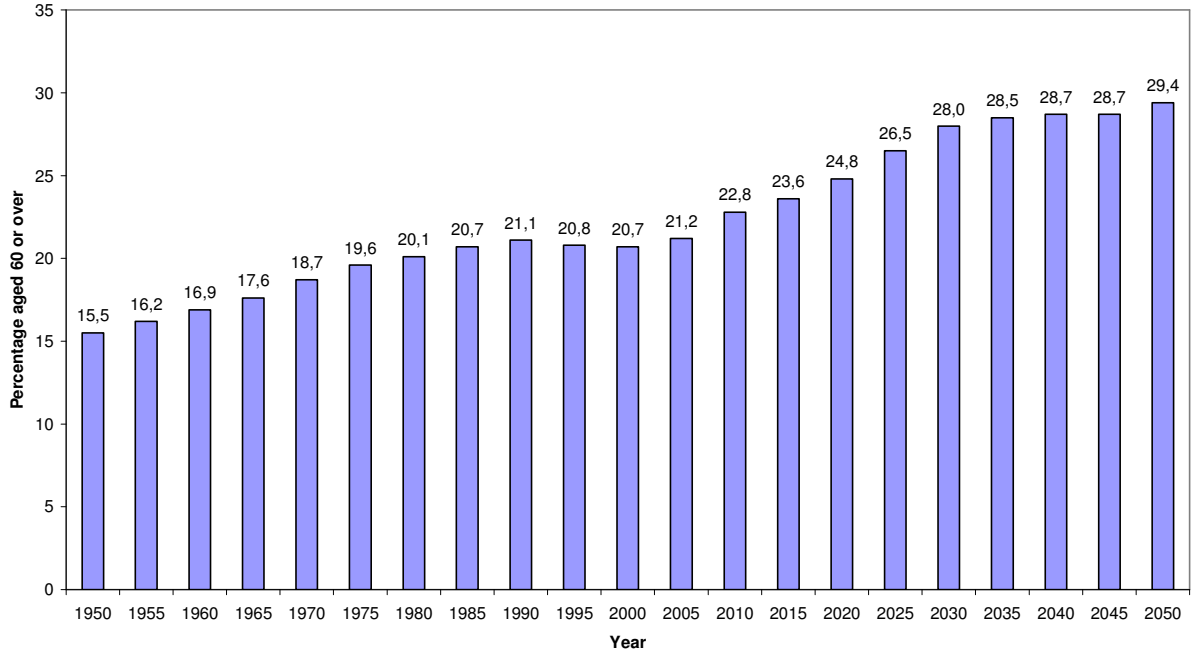
1. Do a comprehensive age audit of the company. Get good statistics on the age profile of the company. Most companies use five year intervals 20 – 24 and so on. Analyse the different ratios between the age categories you have in the company.
2. Analyse what strategic knowledge the company needs in the future. This have to be done down to individual level in order to find out if critical knowledge will be lost as employees retire.
3. Create knowledge transfer programs for continuity in areas where strategic knowledge will be lost.
4. Internal education and awareness campaign on age issues. A special part of this is to be directed towards managers in the company.
5. Flexible work and pension options open to all employees.
6. Develop good and effective occupational health care practices.
7. Align workforce with ageing customer base.

Two not so short lists on what companies can more than in the seven points mentioned above is to be found in appendix 2 and 3. They are more detailed and give specific advice on what to do.

When it comes to Swedish companies they can get very much information on the coming age legislation and how to re-write policies from the Employers Forum on Age (<http://www.efa.org.uk/>), there’s no need to re-invent the wheel. Even though the law might be a little bit different in Sweden the questions that the EFA have analysed are fairly general that the answers given will be valid in Sweden too.

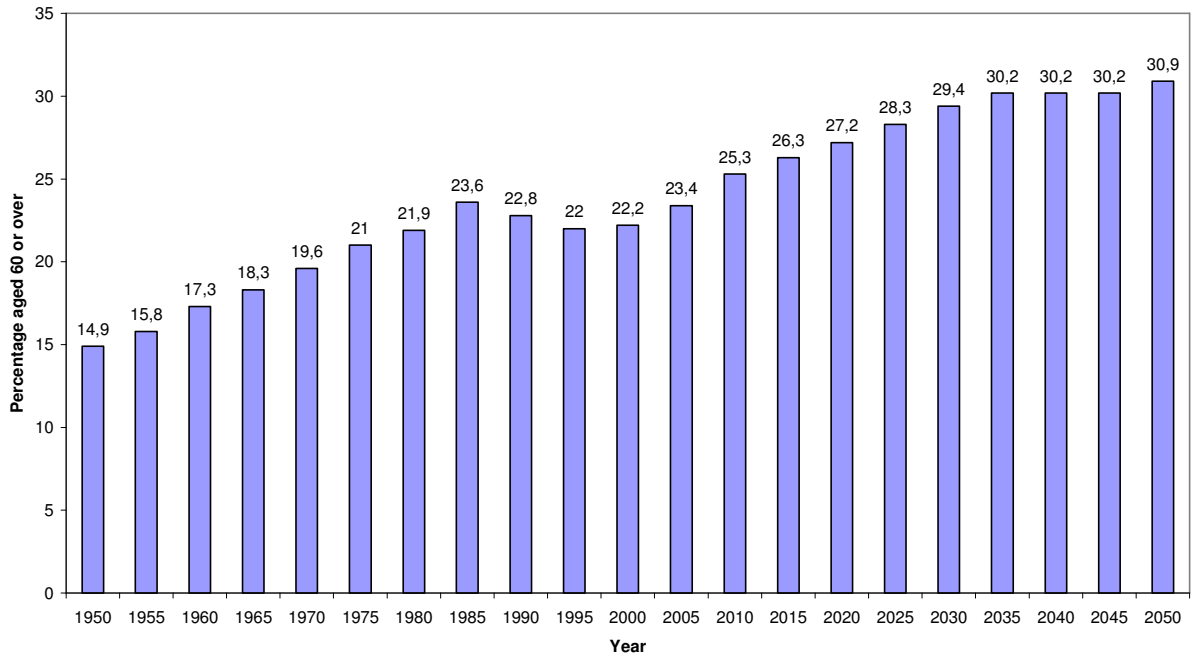
9 Appendix
Appendix 1

Figure A: Percentage aged 60 year or over, between 1950 to 2050 - UK



Source: UN, World Population Prospect, The 2004 Revision Population Database.

Figure B: Percentage aged 60 or over, between 1950 to 2050 - Sweden



Source: UN, World Population Prospect, The 2004 Revision Population Database.

Appendix 2

This list is taken from a report written by the UK organisation Chartered Institute of Personnel and Development (CIPD)⁸². It includes:

1. Organisations should examine all their policies for age implications, and aim to move beyond minimal compliance to remove unfair age bias against systemic organisational change.
2. Age, age-related criteria of age ranges should not be used in advertisements other than to encourage applications from age groups that don't usually apply. Where this is the case it should be clearly stated. Companies should actively seek broader age ranges in recruitment.
3. An individual's age should not be used to make judgements about their abilities or fitness. Where such judgement is required, an occupational health or medical practitioner should be consulted.
4. Communicate with all employees on age issues to change attitudes, demonstrating the benefits of employing older and younger workers, and present the business case against discrimination to line managers.
5. Training and development should be open to all employees equally.
6. When releasing employees, the organisation's future needs for knowledge and skills should be taken into account. Alternatives to redundancies should be considered, such as shorter hours, part-time working, contractual arrangements, secondments and employment breaks.
7. Training should be appropriately targeted, using suitable methods, to different age groups.
8. Develop integrated, age-aware HR policies that encourage a supportive culture.
9. Have flexible working patterns available to workers at all stages of life.
10. Provide flexible pension arrangements.

⁸² CIPD, 2003, p. 12

11. Pay and terms of employment should not be based on age-related criteria, but should reflect the value of individual contributions and standards of job performance.
12. Tailor health and safety programmes to address age issues, and offer ergonomic assessments of work to ensure its suitability for older workers, adjusting working practices accordingly.
13. Organisations should consider the advantage of using retirees as mentors to pass on experience and develop other employees.
14. Organisations should monitor the age profile of their workforce at regular intervals to identify evidence of unfair bias.

Appendix 3

This list comes from the CIPD-report as used in Appendix 2 here Dr. Kerry Platman continues to give good advice on what companies can do⁸³.

1. Start thinking now about the effects on your company of the age discrimination law. Look at all your HR policies again for age bias.
2. Be strategic. There may be sound financial reasons why age diversity makes sense. Work out the business case for introducing age-friendly practices in your organisation.
3. You'll need more than a mission statement. Monitor how age-friendly you really are by introducing clear, systematic age audits who gets hired, fired, promoted and trained.
4. Challenge your own prejudices. You'll need compelling, justifiable reasons for age limits to keep within the law.
5. Your age-friendly policies will fail without the support and involvement of you staff. Use senior managers to champion your age-friendly message.
6. Hire and promote people who can do the job – no matter how old or young they are. You can't afford to write them off because of their age.
7. Offer training to staff of all ages. Check training is tailored to the learning needs of older as well as younger staff.
8. Look ahead. Might some of your procedures or tasks disadvantage staff as they age, such as heavy manual work? Find ways to monitor this over time and consider either redesigning the job or re-deploying these staff.
9. Recognise and value experience. People who have long work histories have a great deal to offer, not only as mentors.
10. Think hard before allowing your oldest staff to take early retirement or redundancy packages. It may seem like an easy option when cutbacks are needed, but it could lead to the loss of skills that are vital to your organisation – and irreplaceable.

⁸³ CIPD, 2003, p. 13-14,

Appendix 4

Persons interviewed for this report:

Barclays Bank Plc – Chris Marshall, Former Age legislation project coordinator

British Energy – Simon Earp, Equal Treatments Advisor

British Energy – Ajaz Khan, Group Head Engineering Division

B&Q – Margarita McNee, Employment Policy Development Specialist

BT – Caroline Waters, Director, People & Policy

Kimberly-Clark, Northfleet Mill – Michelle Hamilton, HR-manager

Metropolitan Police Service – Chris Lester, HR

Metropolitan Police Service – Paul White, HR

Metropolitan Police Service – Patrick Brathwaite, HR

Rikspolisstyrelsen – Maud Wiklund, HR-strategist

SEB – Christer Filis, Head of negotiations and union relations

Södra Cell Mörrum – Ellinor Andersson, Co-ordinator for the ERFA-groups

Södra – Mats Fälldin, HR Director

Tetra Pak AB – Bengt L. Andersson, Managing Director

Tetra Pak AB – Rolf Våberg, Director History & Future

Tetra Pak AB – Bengt Magnusson, HR Training & Development

Tetra Pak AB – Eva Svensson, HR Director

Vattenfall AB – Nils Friberg, Senior Advisor

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