

Small Enterprise Research Report

The Ageing Workforce

April 2007



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Business

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Small Enterprise Research Report

The Ageing Workforce

April 2007 - Vol.4, No.2

Produced by:

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WEB VERSION: INTRODUCTION

The Lloyds Bank/TSB-sponsored series of small business management reports commenced in 1992, and concluded in 2009. In total, 53 reports were published over a period of 17 years.

Our target audience comprised the owner-managers of independent small businesses, typically employing fewer than 50, and based in mainland UK.

The series originated from a longitudinal study of small business management, undertaken by the Polytechnic of Central London (now University of Westminster), and culminating in: *The Management of Success in 'Growth Corridor' Small Firms*, (Stanworth, Purdy & Kirby, Small Business Research Trust, 1992).

THEMES

The themes were wide-ranging – including such as entrepreneurship, work & stress, employment strategies, and the environment – a full list is shown overleaf.

INSIGHT

In addition to asking questions and supplying the respondents with a range of answer options, the corresponding questionnaire was included as an appendix to each report so that readers would know exactly what questions had been put to respondents.

We also sought qualitative information – in the form of verbatim comments about the key theme – to help elaborate on whatever related challenges respondents felt they were facing at the time.

Finally, the findings are primarily intended to be indicative rather than definitive – partly due to the sample size, which is, on average, 111 for the 2003-09 reports.

PUBLISHING FORMAT

The reports were published in hard copy form, obtainable via subscription. Initially

by the Small Business Research Trust, and from 2003, by the Small Enterprise Research Team (SERTeam), both research charities based at the Open University.

Regrettably, SERTeam ceased operating in 2009, and so in 2010 the authors felt that the more recent reports would find wider interest if they were made freely available in Acrobat format via the Internet – especially with the UK economy set for a protracted journey out of recession, and with the government in turn refocusing on smaller businesses to aid the recovery.

It is worth mentioning that the series commenced as the UK economy emerged from the early 1990s recession.

In 2015, the earlier reports were also converted (1993 to 2003), with the full series made available at Kingston University: <http://business.kingston.ac.uk/sbrc>

SUPPORTING INFORMATION (WWW)

In later years – as the world-wide-web developed and an increasing number of sources of information became more readily available – suggestions for online sources of related material were included.

N.B. For reports 2003 onwards - where successfully validated, the web links (URLs) were enabled in 2009. And in the case of many invalid web links, an alternative was offered, but not where the organisation appeared defunct and an obvious replacement was not traced.

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University of Westminster**
<http://www.westminster.ac.uk/schools/business>

**David Purdy, Visiting Fellow,
Kingston University**
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Quarterly Small Business Management Report
ISSN 0968-6444

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- 1 Surviving The RecessionFebruary 1993
- 2 Using Your TimeJune 1993
- 3 Management Style September 1993
- 4 Financial ManagementDecember 1993

1994 (Vol.2)

- 1 Purchasing March 1994
- 2 Quality Standards & BS 5750June 1994
- 3 Management Succession.....August 1994
- 4 Customers & Competitors . November 1994

1995 (Vol.3)

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- 2 Holidays.....June 1995
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- 1 Training March 1996
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2003-04 (Vol.1)

- 1 Small Firms And PoliticsOctober 2003
- 2 Pensions February 2004
- 3 Work-Life Balance..... July 2004

2004-05 (Vol.2)

- 1 Education & EnterpriseOctober 2004
- 2 Made in Britain February 2005
- 3 Management & Gender Differences..... July 2005

2006 (Vol.3)

- 1 Local or Global ?.....January 2006
- 2 Managing IT May 2006
- 3 Networking in Business September 2006

2006-07 (Vol.4)

- 1 Owner-Manager Flexible Working..... December 2006
- 2 The Ageing Workforce..... April 2007
- 3 Travel & Transportation..... August 2007

2008-09 (Vol.5)

- 1 The London 2012 Olympic And Paralympic Games..... April 2008
- 2 Competition: Small Firms Under Pressure.....January 2009

WEB VERSION PUBLISHING

<http://business.kingston.ac.uk/sbrc>

Certain content needed to be re-set, e.g., the figures in the earlier editions, but the report body content is intended to be identical to that in the printed original. This web version - an Acrobat document - is derived from the original DTP text and will permit searching.

LIABILITY DISCLAIMER

The information and analysis in each report is offered in good faith. However, neither the publishers, the project sponsors, nor the authors, accept any liability for losses or damages which could arise for those who choose to act upon the information or analysis contained herein. Readers tracing web references are advised to ensure they are adequately protected against virus threats.

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The Small Enterprise Research Team is particularly pleased to acknowledge the generous support provided by Lloyds TSB in sponsoring the research, analysis and presentation of this report. However, it is important to note that any opinions expressed in this publication are not necessarily those of Lloyds TSB.

Report Author – Professor John Stanworth (University of Westminster)
Series Editor – David Purdy

HIGHLIGHTS

This is the eleventh in a series of small business management reports based on surveys of a panel of small firms, mainly in manufacturing, retail/distribution and business services. The focus of this survey was on **The Ageing Workforce** and the principal findings were as follows:

- **Impact of 2006 Age Legislation (anti-discrimination) on smaller businesses** – 56% of respondents felt that it would be 'neutral', with a small bias to the legislation being positive. The legislation came into force on the 1st October 2006, with the deadline for implementation being the 2nd December 2006.
- **2006 Age Legislation and the resultant need for training older employees** – Over 95% of respondents reported that they had not found it necessary to improve the training facilities for older workers.
- **Direct impact of 2006 Age Legislation over the next 2-3 years** – Nearly half of the respondents (49%) expected no significant changes, but 40% expected more 'Red Tape', and 21% anticipated increased costs.
- **Expectations for workforce composition over the coming decade** – Nearly two out of five respondents (39%) expected to see no significant changes, whilst 34% expected to witness a shortage of younger people entering their type of business. This shortage was more widely predicted amongst the larger firms, possibly due to their employment of a wider range of skills, resulting in a greater exposure to demographic changes within the UK labour market.
- **New 'right to request' procedures for employees wishing to work beyond the age of 65** – A quarter of the respondents (25%) reported having implemented such procedures with a further 28% intending to do so.
- **New 'right to request' procedures for employees wishing to work beyond the age of 65 and sector variations** – 59% of respondents from the manufacturing sector intending to apply the new legislation, compared with 55% from the business services sector and 44% from the retail/distribution sector. **The higher response from manufacturers might be influenced by their generally larger size and industry culture of employee representation via trades unions.**
- **Non-compliance with new 'right to request' procedures for employees wishing to work beyond the age of 65** – Nearly three-quarters of the respondents (28% intending to do so plus the 45% who were undecided) were arguably in breach of the 2006 Age Legislation in respect of the requirements concerning a 'Duty to consider working beyond retirement'. However, some of the businesses, the smaller ones especially, might not have employed anyone to whom the requirements would have applied at the time of the survey, undertaken between January and March 2007.
- **Scope of 2006 Age Legislation** – The guidance notes published by the Department of Trade & Industry, 'Employment Equality (Age) Regulations 2006: Notes on Regulations', comprise in excess of 300 paragraphs (53 pages). They indicated that employers and others were given "six months in which to prepare for the coming into force of the Regulations".
- **Attitudes towards employee requests to work beyond the age of 65** – A majority of the respondents (57%) indicated that they would view such requests in a favourable manner. Only 7% said that they were inclined not to implement such requests, although this would appear to be in breach of new legislation.

continued ...

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The
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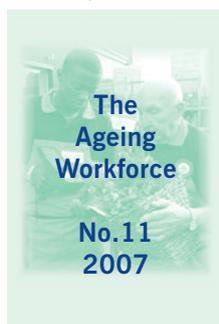
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- **Attitudes towards employee requests to work beyond the age of 65 and gender variations** – 73% of women, as against only 49% of men, were inclined to consider such requests favourably.
- **Impact of 2006 Age Legislation on respondents' attitudes towards own retirement** – 85% of respondents reported that the legislation would not affect their own retirement timing. However, the older respondents were more inclined to have revised their plans as a result.
- **Respondents' anticipated retirement age** – Over half of the respondents (56%) indicated that they themselves were planning to retire by the age of 65.
- **Respondents' anticipated retirement age and age variations** – The enthusiasm for 'never retiring' seems to wane as respondents age: falling from 28% for those aged 35-44, to 9% for between 55-64.
- **Comparisons between older and younger employees** – When asked to consider a total of 16 issues, the most common response (ranging from 'much worse' to 'much better' for each issue) was that **older and younger workers were rated the 'same' for accuracy, enthusiasm, flexibility, pragmatism, seeking a challenge, team spirit and trustworthiness (7 issues).**

However, when considering **assertiveness, commitment to business goals, dedication, diplomacy, loyalty, punctuality, reliability and understanding of business/world issues (8 issues), the most common response was that older workers were 'slightly better'.**

Only on the issue of **IT skills did older workers compare less favourably with 72% of respondents saying that younger workers were superior to older workers (with older workers rated either 'slightly worse' or 'much worse').**

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MANAGEMENT ISSUES

The emphasis of the management reports is on monitoring the key management problems and practices of smaller business, with an emphasis on survival and success. Accordingly, each issue of the report addresses one or more highly topical small business management issues. In this survey we focus on **the ageing workforce**. The report is produced three times a year.

THE SAMPLE

This report is based on the responses received from a panel of over 350 small businesses situated in the northern, midland and southern regions of Britain. Respondents are predominantly small firms with fewer than 50 employees, drawn mainly from the manufacturing, business services, and retail/distribution sectors of the economy. The precise distribution of firms varies from survey to survey, but typically over half of the participants employ fewer than 10 people.

RESULTS

The questionnaire completed by sample firms appears at the end of this report as an appendix. This survey was carried out between January and March 2007.

BACKGROUND

The report originates from a longitudinal investigation into the development of small firms undertaken by the University of Westminster (then the Polytechnic of Central London) on behalf of the Department of Education & Science, between 1988 and 1992.

PAST SURVEYS

2003-04 (Vol.1)

- No.1 **Small Firms and Politics**
- 2 **Pensions**
- 3 **Work-Life Balance**

2004-05 (Vol.2)

- 1 **Education & Enterprise**
- 2 **Made In Britain**
- 3 **Management & Gender Differences**

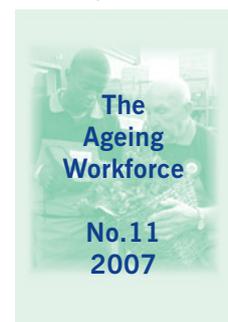
2006 (Vol.3)

- 1 **Local or Global ?**
- 2 **Managing IT**
- 3 **Networking In Business**

2006-07 (Vol.4)

- 1 **Owner-Manager Flexible Working**

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THE AGEING WORKFORCE

Our planet is currently undergoing profound change. Fossil fuel supplies are becoming increasingly scarce. The planet is suffering from the consequences of humans producing excessive carbon dioxide, and the indigenous populations of industrialised countries are withering on the vine. Strange to think that, only 250 years ago, we lived in a pre-industrial era with a tiny population compared to that of today.

Does age matter? Well, emerging economies are witnessing rapid population growth and very youthful populations. Mature industrial countries are witnessing low and delayed birth rates. As female emancipation, birth control and the growth of the consumer society with its high rates of material and service consumption, Western populations are declining despite medical advances keeping people alive longer. Only Ireland and Finland currently come anywhere near indigenous population stability. In most industrialised countries, even high rates of inward immigration from high birth-rate countries are insufficient to stem trends towards an ageing workforce.

So, what are the likely future effects of an ageing population on small firms? In

an attempt to discover more, a number of related questions were answered by our panel of small firm respondents.

2006 Age Legislation

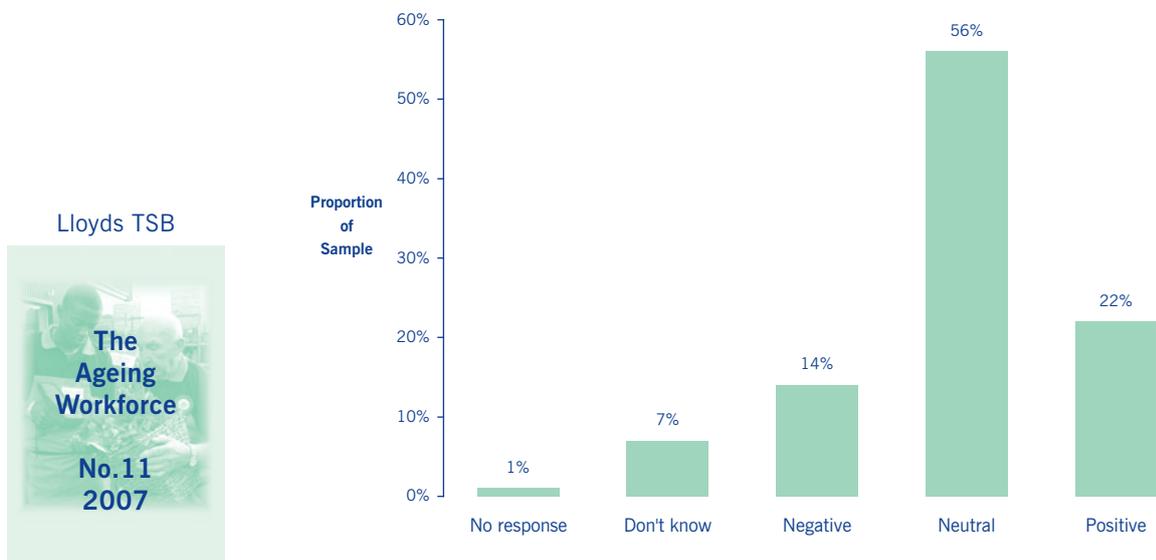
Debates along the lines of increasing the birth rates in Western countries are beginning to emerge. In some political circles, reproduction incentives are being discussed. However, for the moment, making greater use of older workers appears a more immediate option with legislation having come into force as of 1st October 2006.

The legislation covers employment and vocational training relating to people of all ages – young and old. It includes access to help and guidance, recruitment, promotion, development, termination, perks and pay.

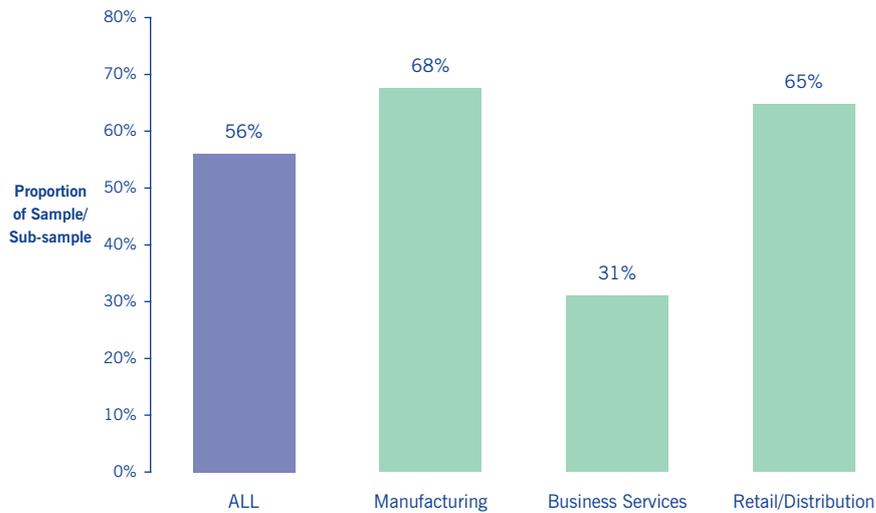
Crucially, a national default retirement age of 65 has been introduced, making compulsory retirement below the age of 65 unlawful (unless objectively justified). This will be reviewed in 2011.

All employees now have the 'right to request' to work beyond the default retirement age of 65 and all employers have a 'duty to consider' requests from employees to work beyond 65.

Figure 1 - Perceived Impact Of 2006 Age Legislation On Smaller Businesses



**Figure 2 - Perceived Impact Of 2006 Age Legislation
On Smaller Businesses: Respondents Selecting 'Neutral'
Analysed By Sector**



Guidance notes were published by the Department of Trade & Industry – **Employment Equality (Age) Regulations 2006: Notes on Regulations** – comprising in excess of 300 paragraphs (53 pages, undated). Regarding notification, the notes said:

“Regulation 1 provides for the Regulations to come into force on 1 October 2006. The deadline for implementation laid down in the Directive is 2 December 2006. This gives employers and others six months in which to prepare for the coming into force of the Regulations”

Figure 1 shows that 56% of respondents felt that the legislation would be fairly neutral in its effects, with more considering the impact to be positive (22%) rather than negative (14%).

When the responses are broken down by business sector (**Figure 2**), around two-thirds of respondents from the manufacturing and retail/distribution sectors have neutral feelings compared with only 31% from the business services sector. Business services respondents were, in fact, split fairly evenly over the positive/neutral/negative categories, with more (than in the other sectors) seeing opportunities and also potential problems.

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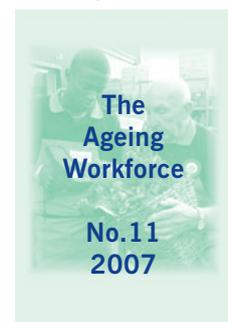
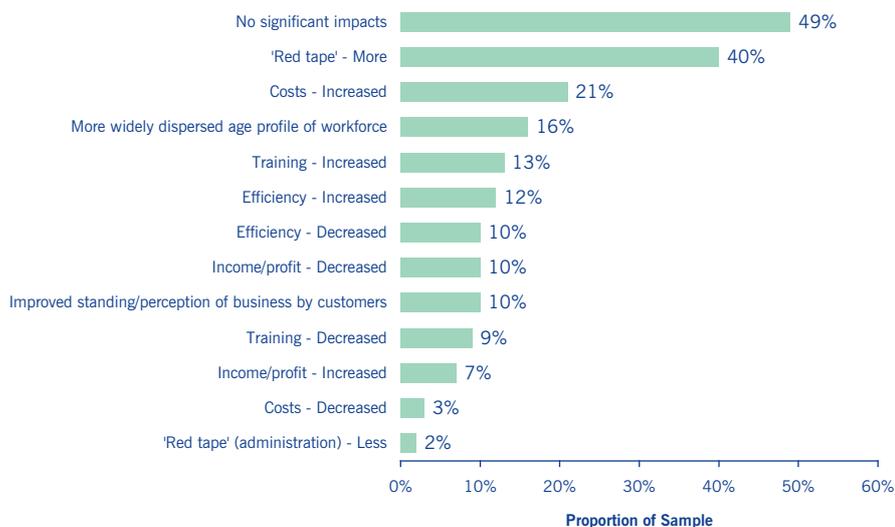


Figure 3 - Direct Impacts Of 2006 Age Legislation Expected On Respondents' Businesses Within The Foreseeable Future

Nearly half foresee no significant impacts, although more 'Red Tape' is expected by nearly as many



Training Of Older Employees

Over 95% of respondents claimed they had not been obliged to improve training and development facilities for older workers in order to comply with the recent legislation.

Direct Impacts

However, when asked about direct impacts within the foreseeable future (next 2-3 years), **Figure 3** shows that 49% of the

respondents expected no significant impacts, whereas nearly as many expected more 'Red Tape' (40%). Increased costs (21%) and a more widely dispersed age profile of workforce (16%) followed behind.

Figure 4 indicates the responses varying by respondent age for those selecting 'More widely dispersed age profile of workforce'. This varies from just 6% amongst respondents in the 35-44 years age group rising steadily to 23% from those in the 65

Figure 4 - Direct Impacts Of 2006 Age Legislation Expected On Respondents' Businesses Within The Foreseeable Future: Respondents Indicating 'More Widely Dispersed Age Profile' Analysed By Respondent Age

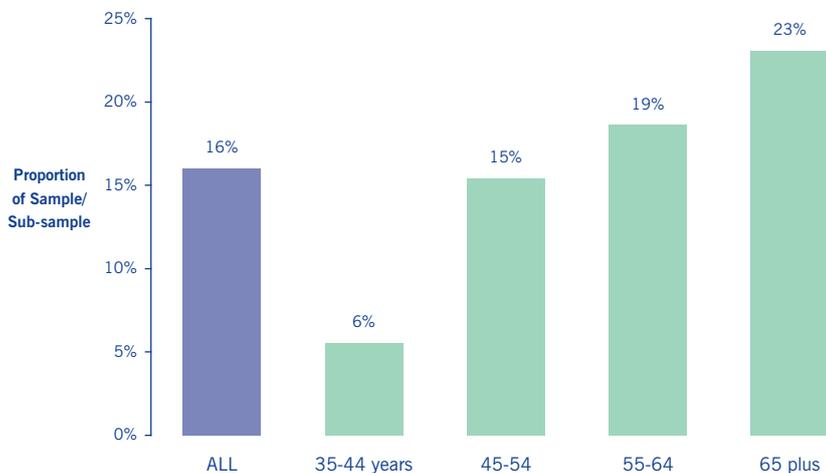
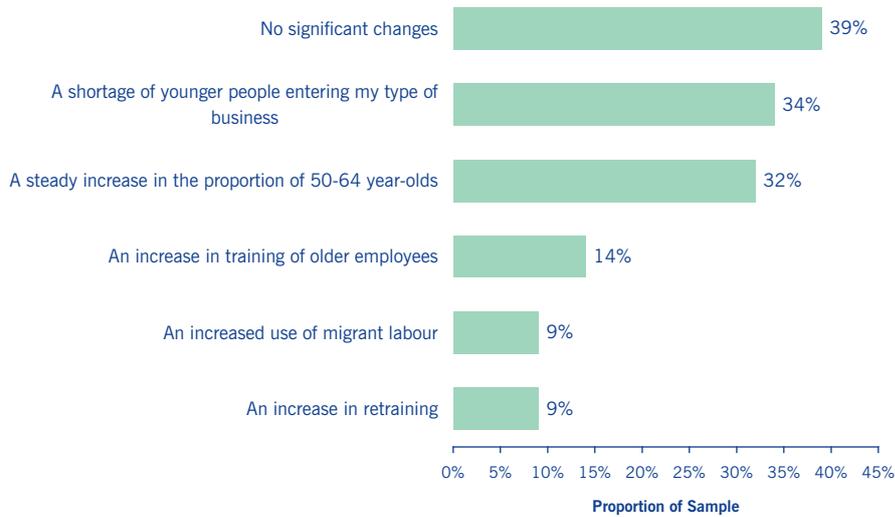


Figure 5 - Expected Changes In Workforce Composition Over The Coming 10 Years



A shortage of younger workers is expected by over a third of respondents

plus years age group. The explanation here would appear to lie simply in the greater awareness of older age groups.

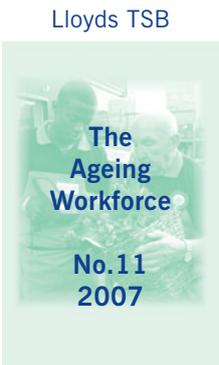
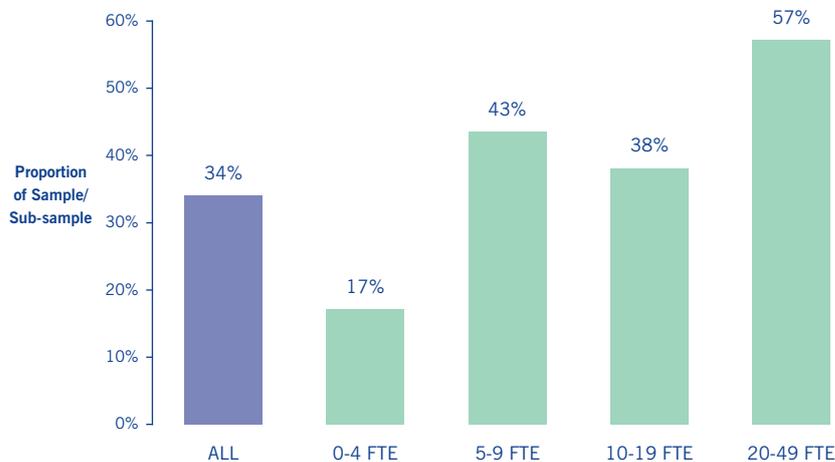
Ten Years On

When asked for their predictions for the workforce composition over the coming decade (Figure 5), only 39% of the respondents expected to see no significant changes whilst 34% expected to witness a shortage of younger people entering their

type of business.

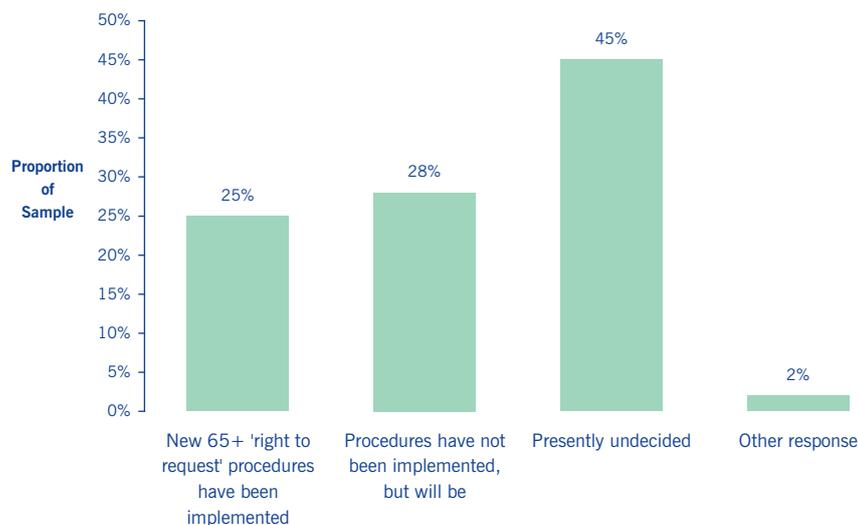
Figure 6 reveals a marked difference with varying size of business, rising from just 17% amongst the smallest firms (0-4 employees) and rising sharply to 57% amongst firms in the 20-49 employee size category. It might, at first sight, be considered rather odd that anxieties concerning forthcoming gaps in labour markets were more than 3 times higher at the larger end of the small business size range than they were amongst the very

Figure 6 - Expected Changes In Workforce Composition Over The Coming 10 Years: Respondents Selecting 'Shortage Of Younger People Entering My Type Of Business' Analysed By Employee Size



**Figure 7 - Compliance With 2006 Age Legislation:
Procedures For Employee Requests To Retire Beyond 65**

Many respondents appear to have failed to comply so far with the new legislation



smallest firms. However, this observation is probably explained by the fact that the larger firms employed a wider range of skills and thus felt more exposed to demographic changes in the UK labour market.

new employee 'right to request' agreement to work beyond the age of 65. A slightly larger proportion were intending to do so.

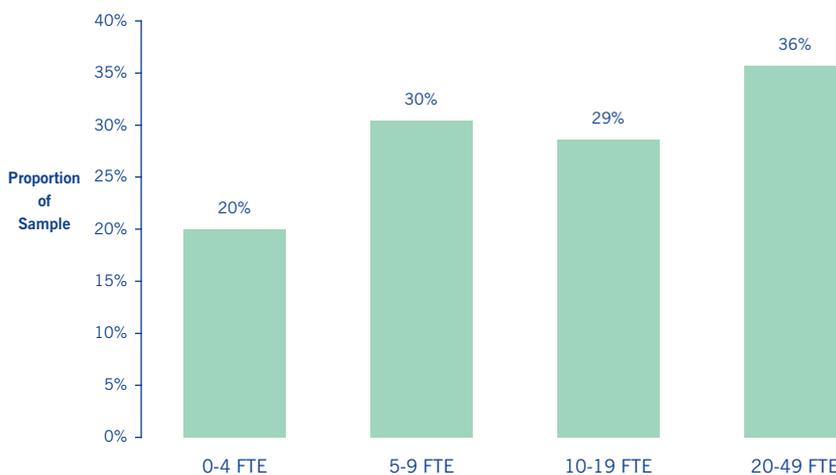
Procedures For Employee Requests To Work Beyond 65

Compliance with 2006 Age Legislation

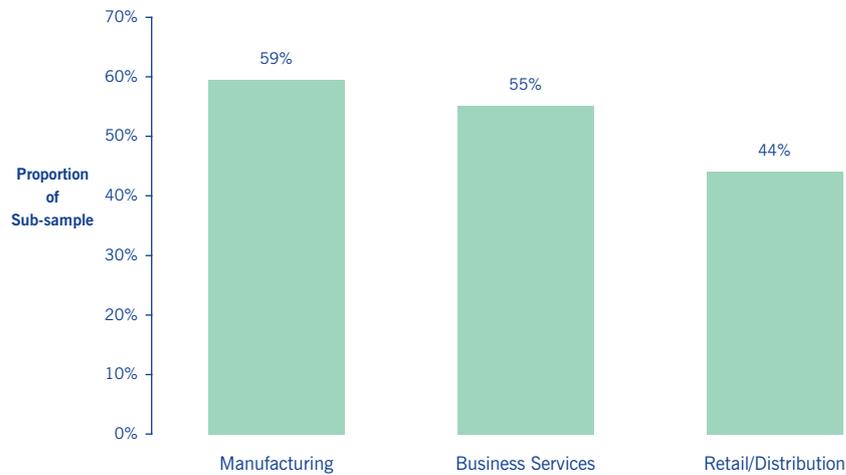
Figure 7 indicates that a minority of the respondents (25%) reported that they were compliant with the implementation of the

A strict interpretation of the responses above is that nearly three-quarters of the respondents (the 29% intending to do so plus the 45% who were undecided) were in breach of the 2006 Age Legislation in respect of the requirements concerning a

**Figure 8 - Compliance With 2006 Age Legislation:
Respondents Reporting That Procedures For Employee Requests To Retire Beyond 65 Were In Place:
By Employee Size**



**Figure 9 - Compliance With 2006 Age Legislation:
Respondents Reporting That Procedures For Employee
Requests To Retire Beyond 65 Were/Will Be In Place:
Analysed By Sector**



Manufacturing responses were possibly influenced because of operating larger workforces

'Duty to consider working beyond retirement' – the regulations should have been enforced from the beginning of December 2006.

However, some of the businesses, the smaller ones especially, might not have employed anyone to whom the requirements would have applied at the time of the survey – undertaken between January and March 2007 – or within the foreseeable future. But whether 6 months' notice of impending legislation was adequate for smaller firms in this case would appear open to debate. Moreover, there is still a sizeable proportion overall (the 45% who are undecided) who mistakenly believe that they have any discretion to exercise.

Inspection of a breakdown of 'compliant' respondents by employee size band (**Figure 8**), might suggest that the larger respondents were better able to accommodate an assessment and timely introduction of the necessary procedures.

Regarding potential compliance in the various sectors – by combining the responses of those who have implemented the procedures with those who say that they intend to do likewise – **Figure 9** illustrates that manufacturers are those most likely to comply readily in this respect. The highest value (59% for manufacturing) might be influenced by their generally larger size and industry culture of employee representation via trades unions.

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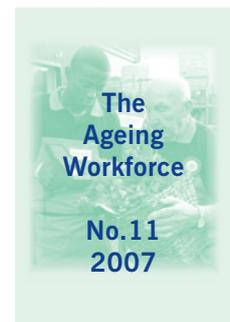
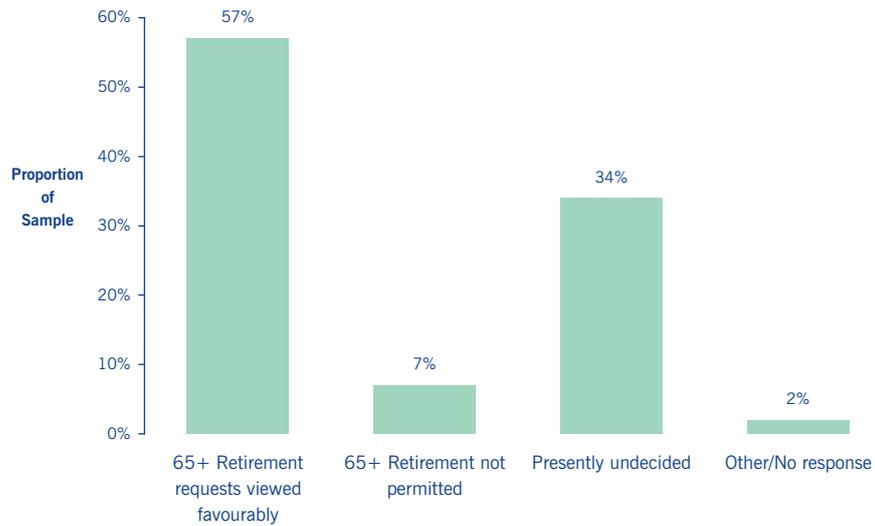


Figure 10 - Current Policy Towards Employee Retirement Beyond 65



Policy Towards Employee Requests To Work Beyond 65

Figure 10 shows that a majority of the respondents claimed to view employee requests to work beyond 65 in a favourable manner. Only 7% said that they were inclined not to implement such requests, although blanket rejections would appear to be in breach of the new legislation.

differences amongst the respondents, with 73% of women, as against only 49% of men, inclined to consider 65+ retirement requests favourably.

As many as 85% of respondents claimed that the recent age legislation would not affect their own retirement timing and the biggest single factor appeared to be respondent age. That is, younger respondents showed a greater spread on the planned age of retirement with far more hoping to retire

Figure 11 displays substantial gender

Figure 11 - Current Policy Towards Employee Retirement Beyond 65: By Gender

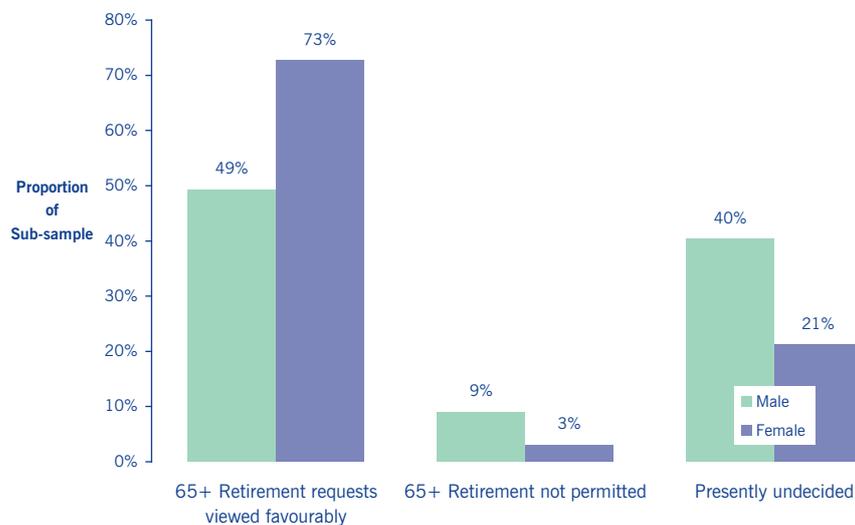
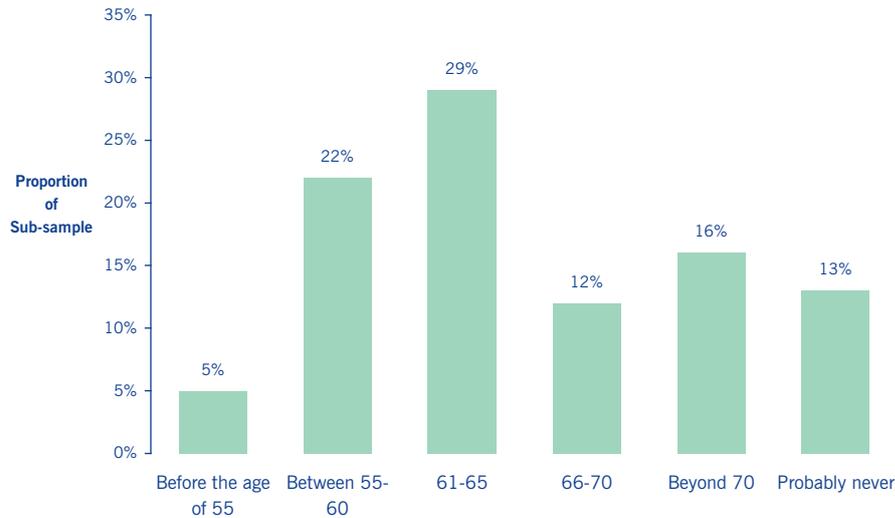


Figure 12 - Anticipated Retirement Age Of Respondents



A majority expect to retire before the age of 66

before the age of 55 (22%) and more also anticipating 'probably never' as a retirement date. However, the enthusiasm for 'probably never retiring' seems to wane as respondents age: falling from 28% for those aged 35-44, to 9% for those in the 55-64 range.

The overall range of expected retirement ages is illustrated by **Figure 12**, with a majority (56%) expecting to retire before the age of 66.

Older Vs. Younger Employee Performance

The final question (Question 10), asked respondents to compare older with younger employees on a range of performance issues, spanning from enthusiasm and diplomacy to punctuality and IT skills. Out of a total of 16 issues, the most common response was that older and younger workers were much the same.

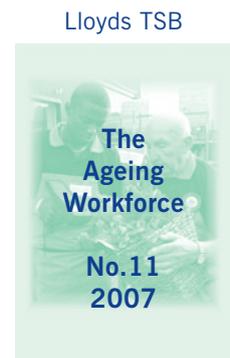
Concerning **accuracy, enthusiasm, flexibility, pragmatism, seeking a challenge, team spirit** and **trustworthiness** (7 issues), the most common response – ranging from 'much better' to 'much worse' in 5 steps – was that they are the same.

But concerning **assertiveness, commitment**

to business goals, dedication, diplomacy, loyalty, punctuality, reliability and **understanding of world/business issues** (8 issues in all), the most common response was that older workers were slightly better. Only on the issue of IT skills did older workers come a serious second with 72% of respondents (19% + 53%) claiming that younger workers were superior to older workers.

The respective responses for each of the performance issues are illustrated in **Figures 13a** and **13b** (the 'worse- better' axis in 13b has been reversed to reveal the responses hidden in 13a), which suggest an appreciable skew amongst respondents in favour of older employees.

Also, the responses in **Figures 13a** and **13b** have been 'ranked' in descending order on the balance of % values in favour or against older employees. For example, for 'reliability overall', the balance % value is +77% (28% 'much better' plus 49% 'slightly better' minus 0% 'slightly worse' minus 0% 'much worse'). Thus at either end of the performance scale are where the younger and older employees appear respectively to be at their strongest, at least in the eyes of small business owner-managers.





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Figure 13a - Generally Speaking, Older Employees vs. Younger Employees Perform ... (Ranked)

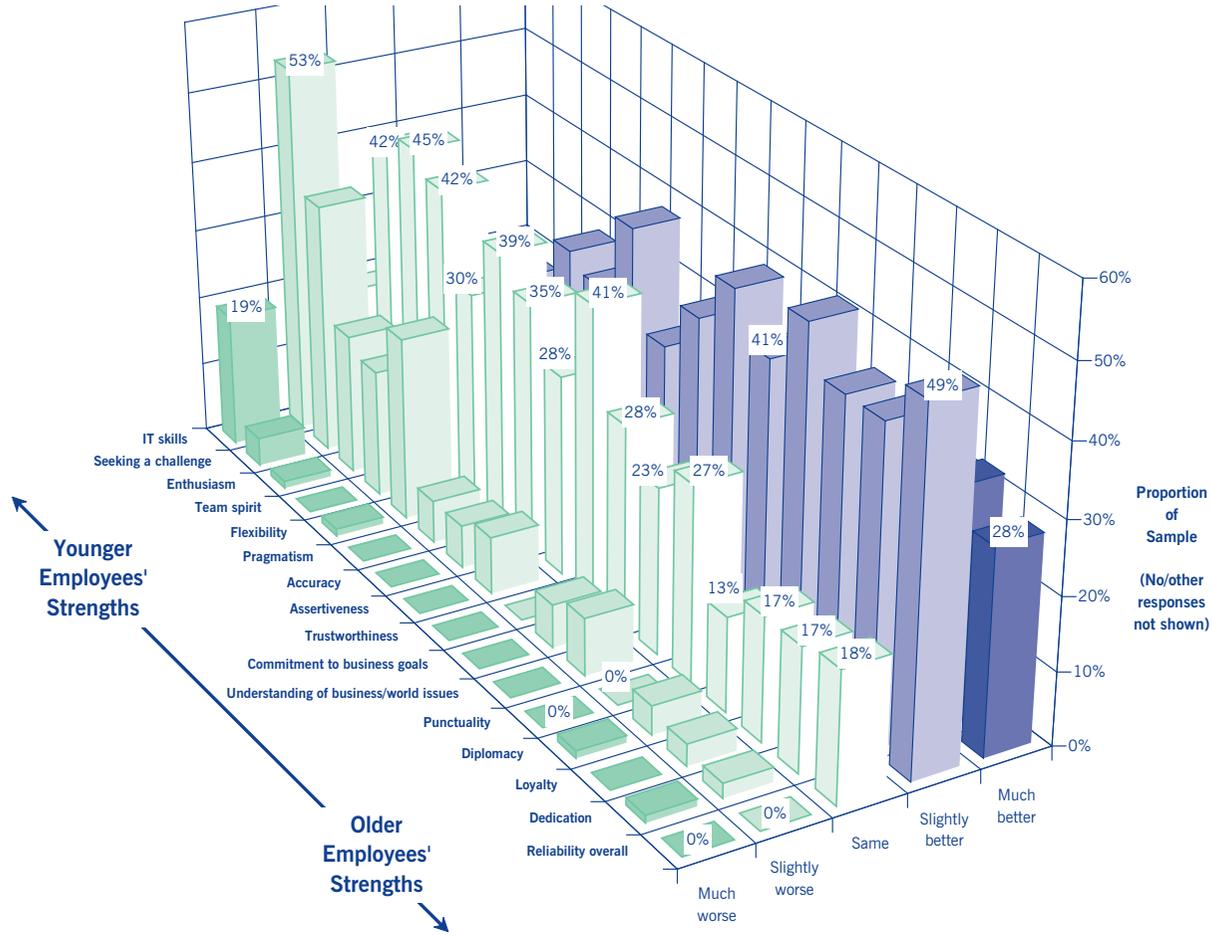
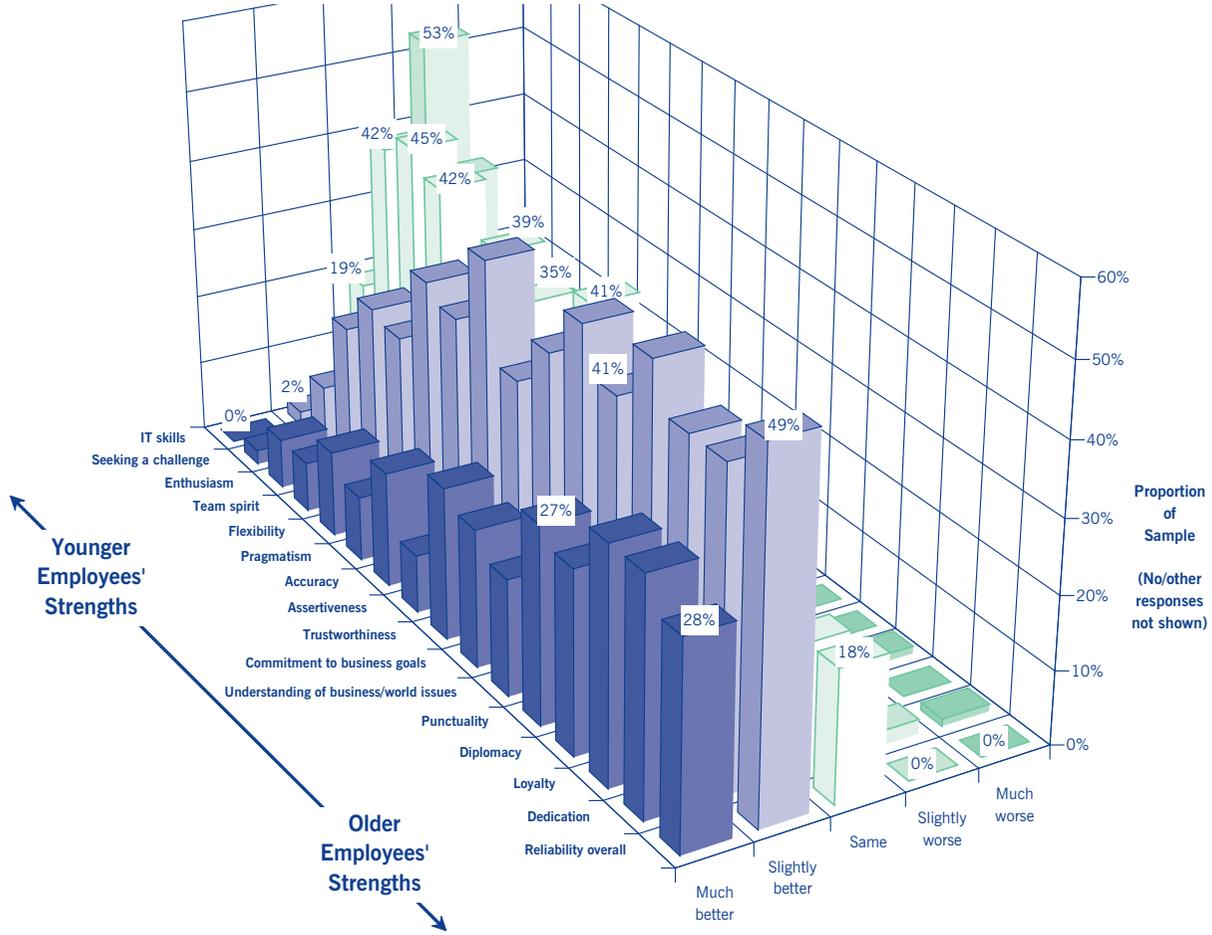
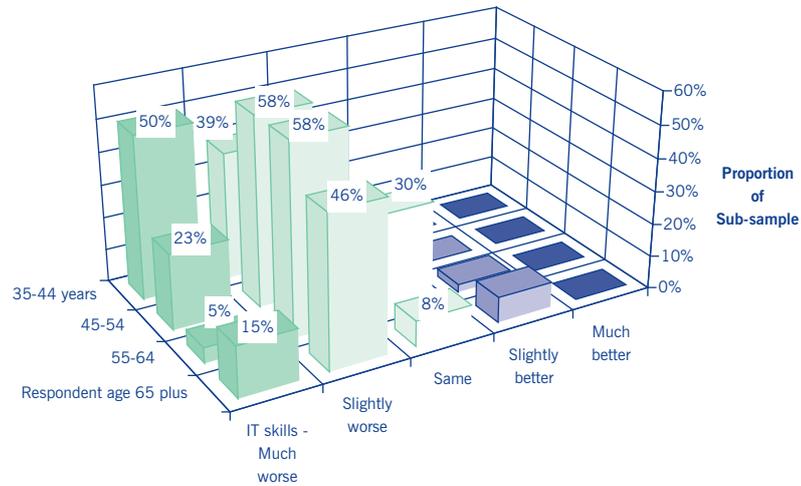


Figure 13b - Generally Speaking, Older Employees vs. Younger Employees Perform ... (Ranked)



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Figure 14a - Generally Speaking, Older Employees vs. Younger Employees Perform ... (IT Skills): By Age



There was some evidence of the younger respondents favouring younger employees, and similarly older respondents with older employees, e.g., regarding **IT skills (Figures 14a and 14b)**, but this was much less evident elsewhere, e.g., regarding **punctuality (Figures 15a and 15b)**.

However, being young cannot be considered a crime or a hanging offence and most older workers would almost certainly like to swap places with their younger counterparts. The

following unsolicited comment appeared to capture the spirit of much of what our respondents were saying:

“My business (hardware and ironmongery) very much favours the use of more mature staff. Common sense and practical experience are values that customers look for. These appear to be sadly lacking in the younger generation as does an interest in practical matters. Youth

Figure 14b - Generally Speaking, Older Employees vs. Younger Employees Perform ... (IT Skills): By Age

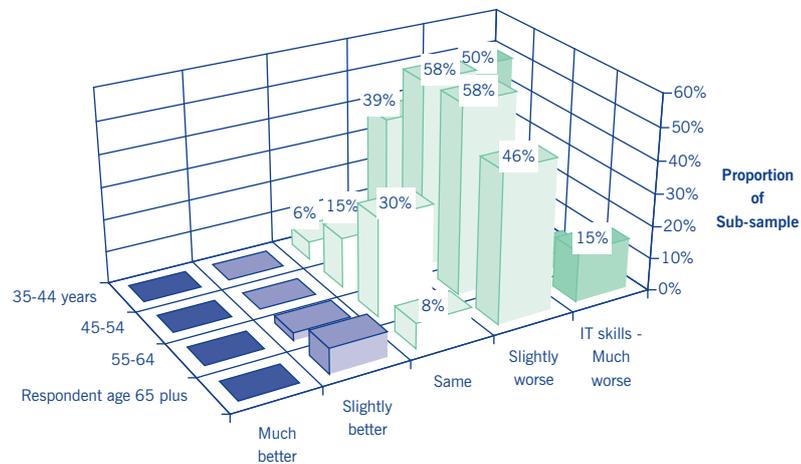
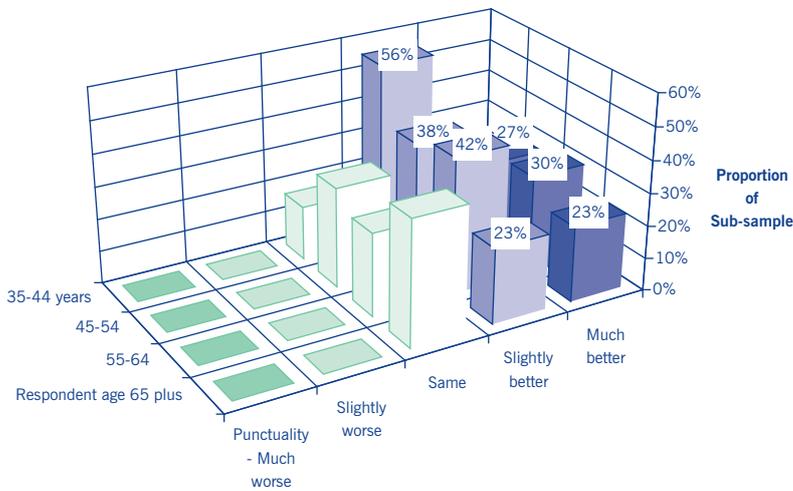


Figure 15a - Generally Speaking, Older Employees vs. Younger Employees Perform ... (Punctuality): By Age



today seems to want to be all chiefs without first being an Indian."

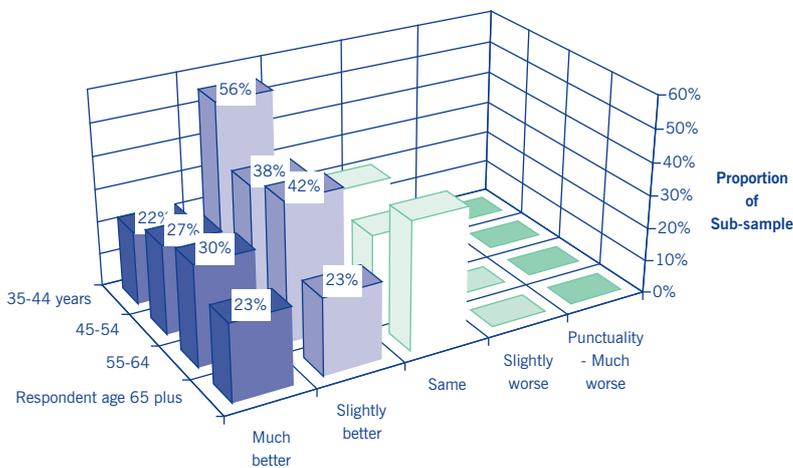
spectrum for older employees, and at the opposite end for younger staff.

This statement contains both a sector specific element (which might be reversed in the case of an IT business) and also a verdict on youth itself and the 'me, more, now' society. But nevertheless, perhaps **Figures 13a** and **13b** give a clue as to where employees interested in strengthening their appeal to small business owners might give consideration: commencing with the 'IT skills' end of the

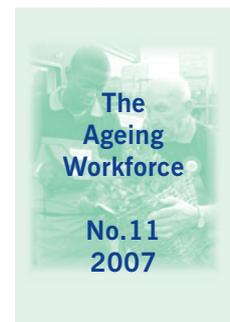
**REFERENCES:
THE AGEING WORKFORCE**

The following references are offered as an aid to readers interested in seeking further information via the world-wide-web. The coverage is not intended to be definitive, and inclusion here should not imply either agreement or disagreement with the views

Figure 15b - Generally Speaking, Older Employees vs. Younger Employees Perform ... (Punctuality): By Age



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expressed via these sources. Some web sites have appeared before, but there is usually a section noted with interests relevant to the theme of this report.

Special care should also be taken with material obtained from **outside** the UK, for example, the USA, where different legal issues may apply.

N.B. Some pages may contain links to other WWW pages offering related material. Tip: The WWW links were functional at the time of going to print, but the world wide web is in a state of constant change. So if later problems arise with a link, edit the link back to the 'home page' – e.g., truncate <http://www.bized.ac.uk/fme/xyz.htm> back to <http://www.bized.ac.uk/> – and look for a similar topic heading there.

- **Acas (Advisory, Conciliation and Arbitration Service)**

“Aims to improve organisations and working life through better employment relations. We provide up-to-date information, independent advice, high quality training and we work with employers and employees to solve problems and improve performance.” Offers ‘Age and the workplace: Putting the Employment Equality (Age) Regulations 2006 into practice’, including ‘Fair retirement’ and ‘Request to work beyond retirement’ flowcharts.
www.acas.org.uk/

- **Age Concern**

“The largest charity working with and for older people. We provide information, services and run campaigns on issues affecting older people such as care, age discrimination and benefits.” Has a section on age discrimination. See also their ‘Heyday’ web site.
www.ageconcern.org.uk/

- **Age Positive**

A team working in the Department for Work and Pensions, “responsible for strategy and policies to support people making decisions about working and

retirement. The Age Positive campaign promotes the benefits of employing a mixed-age workforce that includes older and younger people.” Offers information about: Case Studies, Events, Flexible Working, Good Practice, Jobseeking, Legislation and New Deal 50 Plus.
www.agepositive.gov.uk/

- **BBC News**

‘End of ageism ?’ Special Report, also has a visual pie chart illustrating how the UK’s population is changing.
http://news.bbc.co.uk/1/hi/in_depth/business/2006/ageism/default.stm

- **Department of Trade & Industry (DTI)**

Offers Age Legislation Factsheets: including, ‘Objective Justification’, ‘Transitional Arrangements’, ‘Vocational Training’, ‘Service Related Benefits’, ‘Redundancy’, ‘Retirement’, ‘Occupational Pensions’, and a link to *The Employment Equality (Age) Regulations 2006 - SI No 2006/1031* and related material.
www.dti.gov.uk/

- **Federation Small Businesses (FSB)**

“Britain’s biggest business organisation with over 205,000 members. It exists to protect and promote the interests of the self-employed, and all those who run their own business.” Guide: ‘Age Legislation – it won’t affect me, will it ? Yes it will !’
www.fsb.org.uk/

- **National Statistics Online**

“‘Focus on Older People’ paints a picture of people aged 50 and over in the UK today. It includes information on their characteristics, lifestyles and experiences, placing particular emphasis on changes with age.”
www.statistics.gov.uk/focuson/olderpeople/

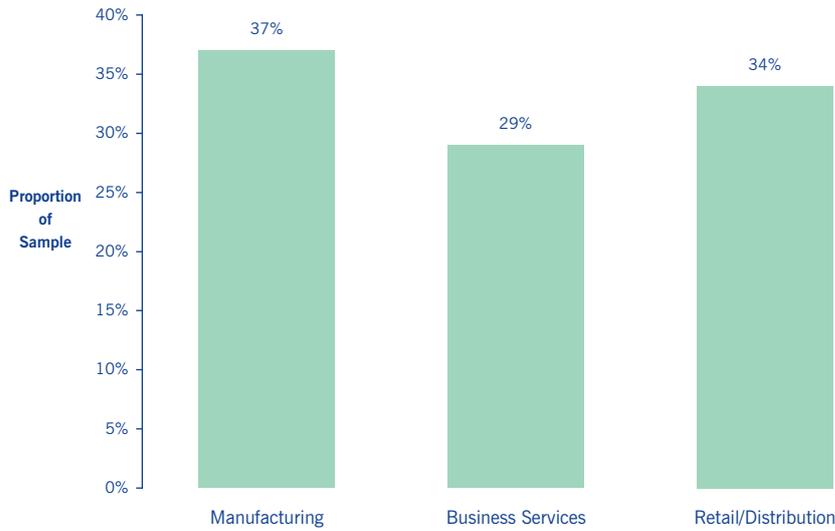
- **Trades Union Congress**

Of possible interest to larger SMEs, and: Employment Equality (Age) Regulations 2006 ‘Briefing’.
www.tuc.org.uk/

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**Figure 16 - Profile Of Sample:
Respondents By Industrial Sector**



APPENDIX 1 - ADDITIONAL INFORMATION

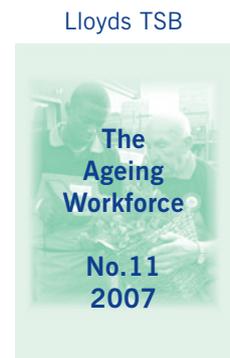
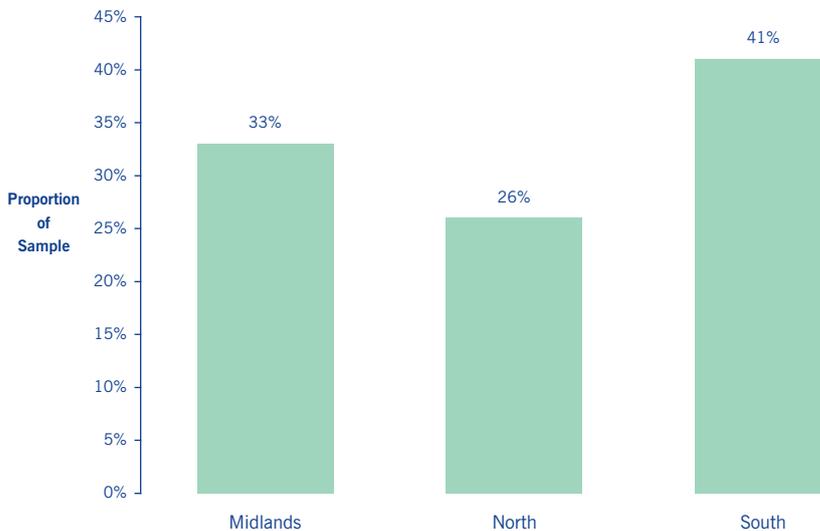
As an aid to the interpretation of the various figures (histograms), we have included some further information about the firms responding to this survey.

The analyses involve key variables, and **industry sector** and **employee size** are those most frequently used as they are reasonably reliable indicators and less prone to

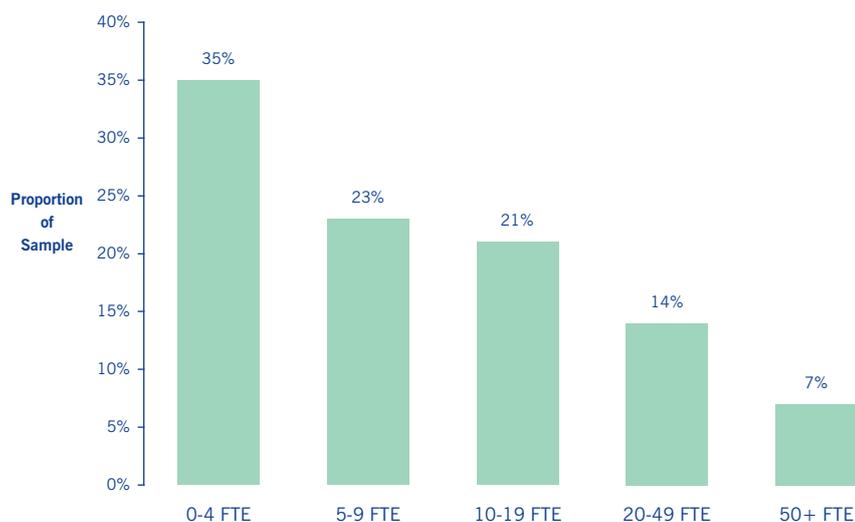
misinterpretation. Other variables have also included **region**, **sales growth**, **respondent age** and **sex**.

Industrial sectors – based on the descriptions supplied by respondents, each firm is coded according to the Standard Industrial Classification (SIC 1980). Firms are then grouped into manufacturing, business services, retail/distribution. Firms falling outside these 3 bands – which would otherwise be classified as ‘other’ – are allocated

**Figure 17 - Profile Of Sample:
Respondents By Region**



**Figure 18 - Profile Of Sample:
By Employee Size**



to the foregoing sector which offers the closest match.

Regions - firms are also classified according to their physical location, namely, North, Midlands and the South.

Employee size - finally, firms are placed in bands according to the number of employees. Each part-time employee is assumed to be equivalent to 40 per cent of a full-time employee ('FTE' = full-time equivalent). All of the surveys to date have received only a small number of responses from firms with 50 or more FTE employees. These responses have been **included** in the breakdowns for the **sectoral** and **regional** analyses, but have been **excluded** as a '50+FTE' band in the **employee-size** analyses (the 'All' band in each histogram includes all usable responses regardless). This is because a percentage breakdown band based on just two or three firms may not be representative of this size of business.

Distribution of firms

The highest proportion of respondents is in manufacturing (37%, compared with 38% in business services for the previous report), see **Figure 16**.

The South region has the largest representation, with 41% of the sample's respondents (42% previously), see **Figure 17**.

Manufacturing and business services firms in samples can tend to be larger, in terms of employees, whereas the firms in retailing/distribution may have fewer full-time equivalent employees. Likewise, the sample is biased towards the smaller businesses – but not the very smallest (sole traders), of which there is a preponderance amongst the small firms population generally. The employee size distribution for the sample is shown in **Figure 18**.

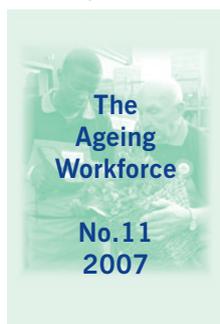
In terms of respondent age, they are predominantly 35 years or older, with the bulk between 45 and 64 years' old.

Finally, the sample is predominantly male (67%, compared with 71% previously).

Abbreviation of questionnaire text

It should be noted that, for reasons of space and, hopefully, clarity, questions and response options are sometimes abbreviated in the report text and the accompanying figures. The exact wording used is shown in the questionnaire appendix.

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APPENDIX 2 – Age Legislation 2006: 20 Facts Your Business Needs To Know

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10 Key Points

1. Age Regulations are due to come into force 1 October 2006.
2. Regulations cover employment and vocational training. This includes access to help and guidance, recruitment, promotion, development, termination, perks and pay.
3. The regulations cover people of all ages, both old and young.
4. All employers, providers of vocational training, trade unions, professional associations, employer organisations and trustees, and managers of occupational pension schemes will have new obligations to consider.
5. Goods, facilities and services are not included in these regulations.
6. Upper age limits for unfair dismissal and redundancy will be removed.
7. A national default retirement age of 65 will be introduced making compulsory retirement below age 65 unlawful (unless objectively justified).
This will be reviewed in 2011.
8. All employees will have the 'right to request' to work beyond the default retirement age of 65 or any other retirement age set by the company and all employers will have a 'duty to consider' requests from employees to work beyond 65.
9. Occupational pensions are covered by the regulations, as are employer contributions to personal pensions. However, the regulations generally allow pension schemes to work as they do now. See regulations for more details.
10. The regulations do not affect state pensions.

Please note: Acas is the nominated agency to provide advice and guidance on age issues - to contact their Helpline call 0845 7474747 or go online at www.acas.org.uk

10 Answers to your Questions

The following answers are for information only. Employers are advised to refer to the regulations or contact ACAS.

1. Who does the law cover ?

- All workers including self employed, contract workers, office holders, the police and members of trade organisations.
- People who apply for work and, in some instances, people who have left work.
- People taking part in or applying for employment related vocational training including all courses at Further Education and Higher Education institutions.

2. Who isn't covered by the regulations ?

- Members of the regular armed forces, full-time and part-time reservists.
- Unpaid volunteers.

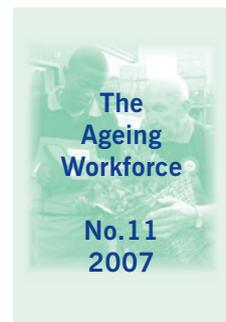
3. What does vocational training cover ?

- All forms of training and retraining courses, practical work experience and guidance that contributes to employability, training provided by employers or private and voluntary sector providers, vocational training provided by further and higher education institutions and adult education programmes.

4. What do the regulations cover ?

- They cover direct and indirect discrimination, harassment and victimisation.
- Employers can be held responsible for the actions of employees in all four cases.

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5. Are there any circumstances when treatment on grounds of age will be lawful ?

- Exemptions will be allowed on Genuine Occupational Requirement (GOR) and if there is an objective justification. However, both are likely to be difficult to prove.
- The 'test of objective justification', means employers will have to show with evidence that they are pursuing a legitimate aim and that it is an appropriate and necessary (proportionate) means of achieving that aim.
- The legislation will protect individuals or companies who are forced to discriminate on age grounds in order to comply with other legislation e.g. bar staff serving alcohol must be at least 18.

6. My employees' pay and benefits vary according to length of service. Can this continue ?

- Benefits based on a length of service requirement of 5 years or less, the '5 year exemption', will be exempted and will be able to continue.
- After the 5-year exemption, employers must show that there will be an advantage from rewarding loyalty, encouraging the motivation or recognising the experience of workers by awarding benefits on the basis of length of service.

7. How does the legislation impact on the National Minimum Wage ?

- Employers will be able to follow the age bands and minimum wage levels used in the national minimum wage legislation.

8. What should I know about the default retirement age ?

- The default retirement age will be set at 65 for men and women. It means mandatory retirement before that age will be unlawful unless a lower age can be exceptionally objectively justified. It does

not mean you need to set a retirement age at 65 either – you can operate with no retirement age, or set a retirement age of 65 or higher. All employees will have the 'right to request' to work beyond any retirement age.

- Employers will have new time-bound responsibilities to inform employees of their 'right to request' and they will have a 'duty to consider' all such applications.
- Where an extension of work is agreed, the 'right to request' and 'duty to consider' will remain in place when retirement is next considered.

9. What will the new regulations say about occupational pension schemes?

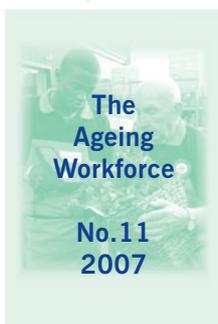
- Occupational pension schemes are included (although the draft legislation allows occupational pension schemes in general to work as they do at present).
- Personal pensions not provided by the employer (except the employer's own contribution) are not covered by the draft regulations.
- Employers will be able to provide different pension schemes to employees of different ages or with different lengths of service and use minimum and maximum ages for admission to pension schemes and for the payment of pensions.
- The details are fully outlined in the [draft] regulations - see how to access below.

10. What should I do now ?

- Be prepared.
- Review your employment policies and practices.
- Seek advice if you have concerns. If you do not have access to your own legal advice, Acas is the nominated agency to give advice and guidance on age issues.

For good practice help and information, visit the Age Positive website www.agepositive.gov.uk
To view the full [draft] regulations, visit the DTI website www.dti.gov.uk/er/equality/age.htm

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Small Enterprise Research Report THE AGEING WORKFORCE



Report No.11 - 2007 - Sponsored by Lloyds TSB

We are seeking the views of small firm owner-managers. This questionnaire will take approximately 5-10 minutes to complete – most answers require only a single tick. All information received will be treated in complete confidence.
PLEASE RETURN AS SOON AS POSSIBLE.

1a Workforce size – Please indicate the total number of people working in your business (including yourself):

- Full-time A
Part-time (16 hrs/wk or less) B

1b Respondent age – Your age last birthday:

- 16-24 years A
25-34 B
35-44 C
45-54 D
55-64 E
65 or over F

1c Respondent gender – Your gender:

- Male..... M
Female F

2 Broader impact of 2006 Age (anti-discrimination) Legislation – Please indicate your view of its impact on smaller businesses:

Tick ONE only

- Positive..... A
Or Neutral B
Or Negative C
Or Don't know..... D

3 Training of older employees – As a result of the 2006 Age Legislation, have you found it necessary to improve the training and development of older employees ?:

Tick ONE only

- Yes..... A
Or No B

4 Direct impact of 2006 Age Legislation – Please indicate the direct impacts expected on your business within the foreseeable future (next 2-3 years):

Tick all which apply

- Costs - Decreased A
Costs - Increased B
'Red tape' (administration) - Less... C
'Red tape' - More D
Efficiency - Decreased E
Efficiency - Increased..... F
Income/profit - Decreased G
Income/profit - Increased H
Training - Decreased..... I
Training - Increased J
Improved standing/perception of business by customers K
More widely dispersed age profile of workforce L
Or No significant impacts M

5 Workforce composition in future – What changes do you expect in the composition of your workforce over the coming 10 years ?:

Tick all which apply

- A steady increase in the proportion of 50-64 year-olds A
A shortage of younger people entering my type of business B
An increased use of migrant labour C
An increase in retraining D
An increase in training of older employees E
Or No significant changes..... F

6 Procedures for employee requests to retire beyond 65 – As a result of the 2006 Age Legislation, please indicate your present circumstances:

Tick ONE only

- We have implemented the new 'right to request' procedures for working beyond 65, as required by the 2006 legislation A
- Or We have not yet implemented the procedures but intend to in the future B
- Or We are presently undecided C

7 Employee retirement beyond 65 – Please indicate your current policy:

Tick ONE only

- We intend to view such requests favourably A
- Or We do not intend to allow employees to work beyond 65 B
- Or We are presently undecided C

8 Personal retirement plans – Has the 2006 Age Legislation affected your own plans ?:

Tick ONE only

- Yes - I will probably continue working longer than before A
- Or Yes - I will probably retire earlier than before B
- Or No - my plans remain unaffected C

9 Anticipated retirement age – Please indicate approximately when you personally would expect to retire fully:

Tick ONE only

- Before the age of 55..... A
- Or Between 55-60 B
- Or 61-65 C
- Or 66-70 D
- Or Beyond 70 E
- Or Probably never..... F
- Or Don't know..... G

10 Older versus younger employees – Generally speaking, how would you say older employees (50 or older) perform against (fully-trained) younger employees in each of the following areas ?:

Older employees vs younger employees are:

	Much worse	Slightly worse	Same	Slightly better	Much better	
Accuracy	<input type="checkbox"/>	A				
Assertiveness	<input type="checkbox"/>	B				
Commitment to business goals	<input type="checkbox"/>	C				
Dedication	<input type="checkbox"/>	D				
Diplomacy	<input type="checkbox"/>	E				
Enthusiasm	<input type="checkbox"/>	F				
Flexibility	<input type="checkbox"/>	G				
IT skills	<input type="checkbox"/>	H				
Loyalty	<input type="checkbox"/>	I				
Pragmatism	<input type="checkbox"/>	J				
Punctuality	<input type="checkbox"/>	K				
Reliability overall	<input type="checkbox"/>	L				
Seeking a challenge	<input type="checkbox"/>	M				
Team spirit	<input type="checkbox"/>	N				
Trustworthiness	<input type="checkbox"/>	O				
Understanding of business/world issues	<input type="checkbox"/>	P				
	1	2	3	4	5	

Thank you for your co-operation. Please return the completed questionnaire, using the pre-paid envelope, to:
Ms. Beverley Dash, SERTeam - Open University Business School, Walton Hall, Milton Keynes MK7 6AA

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