

Downloaded from www.bbc.co.uk/radio4



PROGRAMME: "NICE WORK"

PRODUCER: CAROLINE BAYLEY

PRESENTER: PHILIPPA LAMB

BBC REPORTER: PHIL MERCER

DATE: 19 JULY 2005

Tape transcript by MAREE SHILLINGFORD

LAMB: Hello. In the near future for the first time in living memory older workers will be in demand. Employers are waking up to the fact that young people are going to be in short supply because of falling birth rates. Countries throughout the developed world are facing the same problem and if you caught Nice Work a couple of weeks ago you will have heard just how big an issue this already is for Scotland. On top of that, paying for their retirement has turned into a major headache for people all over Europe. Now the British government knows that action is needed and indeed draft regulations to outlaw age discrimination have just gone out to consultation and new legislation should come into force next year. But the idea of retiring as young as possible is very entrenched in many countries. Here in Britain 30% of us down tools between the ages of 50 and 64 and beyond 65 fewer than 10% of us are still earning. So what will it take to reconcile today's 30 and 40 somethings to the idea that they'll have to work for many more years than their parents did. Well over the next half hour we'll be looking at what other countries are doing to kill off the culture of early retirement and the lessons that Britain can learn from them. Like us, nations as diverse as Japan and France, Finland and Australia are all grappling with the problem of an ageing workforce. Italy is a particularly interesting example. With one of the lowest birth rates in Europe, an ageing population and a very strong tradition of early retirement, 70% of its social security budget currently goes on pensions. Pietro D'Ascanio and his wife Olivia are both retired. They live in a small seaside villa near Rome. Pietro, a former electrician, is nearly 70 now but he was able to retire at the age of 55 on a full pension.

D'ASCANIO: (Interpreter). I got back what I paid in. That's the way the system works here.

LAMB: In fact, Pietro will probably get back a lot more than he put in. But his generation were the lucky ones and today's workers are unlikely to be able to retire anything like as early as he did. The government just can't afford to

pay such generous pensions any more and, as Pietro points out, working life is changing in other ways too.

D'ASCANIO: (Interpreter). Once young people began working when they were 19. Now who starts earning at that age? It's difficult. They study until they're 30 to get a degree.

LAMB: Pietro's wife Olivia is 7 years younger than him and she wasn't so fortunate at the end of her working life. Much to her annoyance she had to work until she was 60 and even then the state pension she ended up with wasn't as large as she'd hoped.

OLIVIA: (Interpreter). Nowadays you can't get by with the euro and the high cost of living. We bought our house some time ago when we had savings. We spent everything we get. At the end of the month there's nothing left.

LAMB: Olivia and Pietro's daughter, Patrizia, is 41 years old and she works as a hospital biologist.

PATRIZIA: I think the government recently passed a new reform that we raise the retirement age to 60 from 57. But you also need to have paid 37 years of contribution. That is the problem, the trouble.

LAMB: And like many other people of her age, Patrizia knows that in all likelihood she'll have to retire much later than her parents did.

PATRIZIA: I start working in a steady job quite late like many Italian do. So it will be difficult for me to accumulate enough year of contribution and to have a good pension I hope to retire at around 60 like my mother. Maybe we have to work until 65, but I don't want to work any longer than that.

LAMB: Well I'm joined on the line from France now, Genevieve Reday-Mulvey. She's with the Geneva Association which is a think tank funded by the insurance industry and she's just published a book about European policies on working beyond the age of 60. Genevieve, Italy has a massive pension problem, it's so massive it's threatened to bankrupt the government. It's pretty clear the only long-term solution there is to break this culture of early retirement but how is the Italian government going to do that?

MULVEY: Well what they've started to do is to pass, to adopt actually, a drastic pension reform. It's very drastic, almost as drastic as the Swedish pension reform and it's going to be adapted to the increase of life expectancy. But the implementation is going to be a little slow because of the very drastic side of it.

LAMB: So what will it mean for Italian workers, they'll have to work for longer in order to get a decent pension?

MULVEY: Definitely. I mean the long lasting consensus in Italy was that the older workers had to leave their job for younger unemployed workers. But things are going to change actually and they are starting to change. There are also new programmes, one of them is the innovative strategies promote active ageing which is based right now in the Lecco province but it's going of course to be extended when the first results come. So obviously, Italy doesn't reflect the changing situation, they are just starting to modify the situation for the future.

LAMB: To what extent does Italy reflect the rest of Europe?

MULVEY: Well Italy reflects one extreme which is mainly the southern countries. But doesn't reflect the situation in the Nordic countries or in the UK where a number of things have already started a few years ago. Nor the situation in France or Germany where things are a little more advanced, also not enough actually to face the situation.

LAMB: Well much further north, as Genevieve has just pointed out, Finland has one of the most rapidly ageing populations in Europe. Now until recently early retirement was the norm but by the mid-90s the government realised that a labour shortage was looming. So a coalition of government departments, employers and trade unions set up a national programme to encourage people to stay in work for longer. The emphasis is on keeping workers healthy and on adapting their work to suit their age and capabilities. It's a concept known as workability. Now a lot of the workability ideas are very simple. Take senior leave, for example. This is extra days off for older workers. It does great, doesn't it, and the Finnish bathroom fittings company, Oras, thinks it has been a big help in raising the retirement age of its 750-strong workforce. Merja Helkela is Oras' human resources manager.

HELKELA: It's meant to be days off to be taken and you feel tired. You have more of them the older you get, so when you're 56 you have 4 days and when you're 65 and working full-time you have 25 extra days off. You cannot connect them with the summer holidays because they are supposed to be used when you feel tired before you get sick, not to have two months summer vacation. The sick-absence rate for these people who are eligible to their senior leave is the lowest of the whole company and the other thing of course is that we have postponed early retirement. People retire when they reach their retirement age.

LAMB: That was Merja Helkela of Oras. Simple, but effective. Give older workers days off for a bit of R & R when they need them and they'll not only take less sick leave but they're less likely to take early retirement. Well professor Juhani Ilmarinen of the Finnish Institute for Occupational Health in Helsinki was a prime mover behind the workability project and he explained the thinking behind it.

ILMARINEN: What we have seen very clearly is that the health is deteriorating with age, that's very normal and at the same time we will see that the work doesn't change at all and this is the conflict. So therefore we are saying that

we have to change more the work according to the health of the people than the opposite.

LAMB: So how exactly do you go about doing that?

ILMARINEN: One of the most important partner in this process are the occupational health services because we have a very nice average of the occupational health services for everyone in a working life. So in their regular health checking, then individual plans will be made, what type of changes is needed at work, that this man or woman is able to continue working.

LAMB: Now how successful has the programme been, has it made a real impact on the number of people staying in work?

ILMARINEN: Employment rates of 55- to 64-years-old population has raised more than in any other country in the European Union, about 13% in the last five years, and the other impact has been the degrees of the age discrimination.

LAMB: And also in Finland it's possible for people to draw down part of their pension and continue to work on a part-time basis at the same time?

ILMARINEN: Right. This is possible. Although the part-time pensions systems is not so common in Finland than in many other countries. But we do hope very much that they will change their behaviour and attitude and Finland will also have more part-time possibilities in the future.

LAMB: Yes because as I understand it at the moment, part-time working isn't actually encouraged as people approach retirement? You'd really rather have them working full-time?

ILMARINEN: Yea right. I think the Finnish concept is based on full-time work and the employer believe very strongly that people can really work full-time also up to 65, 68.

LAMB: But how realistic is that particularly with jobs that are physically demanding?

ILMARINEN: My own understanding is that it is possible for some white collar jobs for sure but it's not true for the blue collar jobs. So therefore we have to introduce the part-time concepts and to decreasing the workload issues, especially with the blue collar workers.

LAMB: I was talking there to Professor Juhani Ilmarinen. I'm joined by by Dr. Phil Taylor from the Cambridge Interdisciplinary Research Centre on Ageing and Keith Frost of the Third Age Employment Network which campaigns on behalf of older workers in the UK. Genevieve Reday-Mulvey is still on the line from France. Dr. Taylor, Finland has been more successful, as we heard, than any other European country at keeping 55 to 64s in work. Is this the model for all of us, would it work in the UK?

TAYLOR: I think it's a very useful model and it's an important one. Compare Finland with Italy, Italy is primarily focused on pension reform in recent years but what it's not done and Finland's been very good at this, is focus on employment policy and focus on health and safety and focus on quality work and that's, for me, where the emphasis needs to be much more. And I think we, in the rest of Europe, can learn a lot from Finland in that regard. I think picking up the part-time pensions an interesting one. Juhani, he's not sure about it, it seems to me. For me part-time pensions, they risk encouraging early retirement and I think that's something we should reflect upon a little bit in Europe when we want people to work longer, we risk offering people part-time pensions, people say, well maybe I'll just take that. It's early retirement albeit part-time. So I think that's a real issue we need to think about.

LAMB: I was interested in the emphasis on the health of workers in Finland. Here in the UK we've got over 2½ million people on incapacity benefit. Could schemes like that help us attack that problem from the other end and stop people getting on to incapacity benefit and not working while they're still fit and working?

FROST: We must focus attention on these kinds of issues, we need to focus on not passive receipt of welfare benefits but supporting people to remain in employment. If they get a back injury, workplace rehabilitation. Much more of that kind of thing. For me though we need to focus on healthier workplaces, healthier jobs and jobs that people actually want to do. Why do people leave jobs, their careers, they're plateaued, they're bored, they're worn out. We need to be looking at making workplaces much healthier and that for me is a real challenge for government far beyond what it's doing already in the UK.

LAMB: Now the Finnish government is about to introduce big pension bonuses for people who keep on working. We touched briefly on financial issues, but is this, I know you're not terribly keen on the idea of it, but is this what governments will have to do to get people to stay in work? They need to financially incentivise them to do that.

FROST: I think for sure, for me, what we can learn from Finland is that we need to do this in a joined-up way, we need to look at it in a holistic and integrated strategic way. Yes, I think offering people inducements to remain in work's a good idea. I suspect that will work more for the middle classes than it will work for people from lower socio-economic groups who will probably have long since left the labour market by the time they get to the age of 65. So we need to focus not just on the middle classes. We need to focus on those people who're exiting employment in their fifties, through illness, sickness, disability. That for me is a key issue.

LAMB: Now Genevieve, we heard that part-time working is not encouraged in Finland for older workers. Professor Ilmarinen thinks that will have to change. Other countries have gone down that road with great success, haven't they?

MULVEY: Definitely in the Netherlands. It's a more recent case than Finland but they've been doing very well since 1998. They've had, as Philip Taylor just said, they've had public measures actually to reduce early exit, but at the same time they've had public but also company measures to encourage work instead of disability and Netherlands were the champions of disability until a few years ago and they've reduced by half the number of older workers who are now disabled. They do insist on the capacity of working, even if you have a disadvantage, which means that it's much better to work two or three days per week than not to work at all for all kinds of reasons which are collective but also individual. So the Netherlands is a very interesting case because they have promoted part-time work at the end of their career, as if done actually, even for the old career and for women in particular.

LAMB: Let me ask Keith Frost about part-time working in the UK. We're seeing more of that amongst older workers already, aren't we?

FROST: Yes we are. Actually if you look at the percentage of people who work part-time, people between 50 and 54, both men and women, the percentage isn't very different to the percentage working part-time in that 25- to 49-year-old age group. By the time you get into the years running up to state pension age, it climbs drastically.

LAMB: But obviously we've got these regulations coming in that will allow people to draw down part of their pension while continuing to work, I think they're coming in next April. That sounds helpful, presumably in this respect, it will allow people to make that choice if they want to.

FROST: Yes I understand Phil's concerns about that.

LAMB: Yes he has reservations about that.

FROST: But you have to understand if you take an occupational pension early, it's a substantially reduced occupational pension. So you will need to supplement it with income in most instances.

LAMB: Well on the other side of the world, the Australian government has labelled the ageing population as the biggest challenge it expects to face in the next forty years. There, however, it's the large employers like the banking giant, Westpac, who are leading the way in tackling the problem. Phil Mercer reports from Sydney.

MERCER: An ageing population could well destabilise Australia's booming economy from its vibrant service sector to construction. By 2050 it's estimated that up to half of all Australians will be aged over 50. One consequence could be a big fall in the size of the labour force. So keeping older people in work for longer is now a key public policy objective. Louise Rolland, a professor of Ageing at Swinburne University in Melbourne, says that big Australian companies such as the Westpac Banking Corporation have also taken up the challenge.

ROLLAND: We really promote heavily that you need to understand age in your organisation before you do anything about it. And so Westpac we think started from the right way up in that they did a very detailed age analysis of their organisation. They understood the dynamics, they understood the structures of age and from that they saw that they had a very low representation of people in older-age groups, and they understood that in the external environment things were changing and that the older-age groups were actually the fastest growing pools for available labour and so they needed to make sure that in future they could tap into those. So it was obvious that the first priority was to get more of them. So their immediate strategy has been to do with recruiting higher numbers of older people.

MERCER: Westpac, one of Australia's biggest banks, has just completed a major recruitment drive hiring 950 workers over the age of 45 for its branches in call centres. It's not a question of charity but one of facing up to what's likely to be a seismic demographic shift as the population gets older. Westpac's Alana Atlas says the challenge isn't only recruitment. They make a strenuous effort to try to keep the older workers they've taken on.

ATLAS: We focus a lot on what differentiates Westpac in terms of an employment experience in other organisations. Also the opportunities we provide people in terms of development and career options is another significant driver for people to stay. Another one is flexibility. A lot of mature-age workers want to take off blocks of time so they can go and visit grandchildren. So we try and offer that sort of flexibility that caters for that relevant age group.

JESSER: We're behind the secure area of the branch and we've got three tellers working here and over here we've got the branch manager.

MERCER: Peter Jesser is a new member of Westpac's grey army. He has an entry-level position on the front desk at this suburban branch in Sydney. With no previous banking experience, Peter's had to start at the bottom of the pile but promotion is well within his reach. At 62 years of age this former oil company manager did find it extremely difficult to get another job before his move into banking.

JESSER: There is discrimination out there and that's exactly what would happen. "Ah you just missed out on the short list we got to you too late." But it was the age thing and there are reasonably high-level jobs that I was perfectly qualified for that I wasn't even getting into interview stage.

MERCER: What's like coming in at a more junior level presumably than you've been used to?

JESSER: Well it's an entry-level job and last time I did that I was about 17 years of age. So it was a bit of an adjustment, but it's no problem.

MERCER: Other larger Australian companies, including the national postal service and High Street hardware and electrical retailers, have also made employing older workers a priority. Academics believe this is a developing trend. Professor Louise Rolland says that generally Australia is preparing well for the challenges of an ageing workforce.

ROLLAND: Over the last five years we think that there's been a push in Australia both by government industry and organisations like ours to bring the level of awareness amongst companies up around the issues of the changing demography of labour. I think that Australian businesses have responded very well. I travel to the UK quite a lot and to Europe a lot to look at what's happening there and I think five years ago I would have said we're way behind. Whereas today I think that Australian businesses are really doing much better at the practice end.

LAMB: That report from Phil Mercer. Dr. Taylor is professor Rolland right there, is Australia actually doing far better than we are at making it possible for people to work longer?

TAYLOR: I wouldn't say they were doing far better, but where I think with companies like Westpac are very useful to look at, we can learn in terms of the process. They're trying things out in real time and seeing if they're successful and we can learn a lot from that. In the UK we've seen a lot of case studies of best practice but they're a bit flat, you don't really learn much about what went wrong, what fell over, we tried something else. Westpac's a great example because you can see how it worked out in real time. For example, they struggled a little bit to keep people and that's a very important issue. So we can look at that

and we can learn how could we do that better in the UK? So it's a very good example I think.

LAMB: Keith Frost, I know that Westpac were motivated not just by the prospect that they were going to face the shortage of young workers but also by the fact that their customers were ageing and they know their customers like to be served by people of the same age. We're seeing that over here, aren't we, with companies like Barclays and Nationwide and Sainsburys targeting older workers. Is it going to be limited for service sector though?

FROST: No, I think you can find examples of good practice starting to spring up all over in the public sector as well as the private sector. People like Devon County Council or Flintshire County Council, Coventry City Council for instance, The Sun, there's National Health, The Trust are doing it, NHS Direct, for instance, have got a programme where they're taking older nurses who have back problems or paramedics and putting them on the helpline so that they can use their expertise and skills in those areas. So we are starting to see that spread elsewhere and it is interesting in fact that in the UK it's the retail financial services business, just like with Westpac in Australia, it got to a point really where their workforce was totally out of whack with the profile, the age profile of their customers and it's been a wake up call I think here as in Australia.

LAMB: Now obviously we always talk about the big names like Barclays and Nationwide, but most people in this country work for very small organisations with less than 50 staff. Surely that is the nut that needs to be cracked here, those employers need to be persuaded that older workers are good for them.

FROST: Well I think there is some evidence in fact that a lot of smaller organisations are more older-worker-friendly than some of the medium size and large corporations. It's the large corporations that have become serial downsizers and in serial downsizing operations it's normally the older workers who exit and the older managers.

LAMB: Looking ahead to when we get this anti-age discrimination legislation, I think it's October 2006 is the target date. Is it going to be difficult for employers then to target older workers, are they going to be able to advertise for older workers, or will they be in contravention of the law if they do that?

FROST: Positive action, as it's called, is allowed under the regulations. But just as in fact with Westpac, where they went out to increase the age diversity and age profile of their workforce, they didn't just say, "we're after older workers." They advertised the jobs for people so that people of all ages could apply but they just made sure that they gave the applications from older workers a good looking at rather than just putting them in the bin.

LAMB: There are obviously ways of doing these things. Well we've been talking about what governments and employers can do to persuade us to stave off retirement but will enough workers go for the idea? Well earlier this year the banking group, HSBC, commissioned its largest ever international survey on attitudes to retirement. It concluded that most people do not want to retire in the conventional way. Ken Dychtwald is editor of the report.

DYCHTWALD: We asked 11,000 people from 10 regions and territories around the world, what's your ideal retirement, what's your dream? By the way only about 20% said they wanted to stop working forever. That's a very small percentage. 80% said they wanted to continue working but they told us some very interesting things. They said they might like to work part-time, maybe instead of working full-time, two days a week or six months of the year. Other people said they'd like to try new careers. Now think about that. A 60-year old dreaming of a new career. The largest response from throughout the world was for an entirely different model of life, kind of cycling back and forth. They said they'd like to work for a while and then take a few years off and then maybe re-enter the workforce and work for a while and then take more time off. And so what we saw was the end of this notion of a permanent retirement, sort of like a cliff. Once you

jump off it, you're done. By the way, one of the most interesting responses was that throughout the entire world there was a total and complete rejection of mandatory retirement. People did not want to be told they could not work any more.

LAMB: Dr Taylor, Ken Dychtwald talked about retirement there in terms of dreams. How realistic is his vision of people not wanting to retire, dipping in and out of work? I have to say to me it sounds like a very white collar dream?

TAYLOR: Well I think there's a big difference between aspirations and reality and the evidence shows that often when older workers are confronted with the choice about whether to retire early permanently or whether to say on or take early retirement, I think this later retirement for me applies to a large extent to people from higher socio-economic groups and often people from lower socio-economic groups have very little choice. They can either find themselves in dead end jobs or on the job market looking for work. So for me if we're encouraging people to remain economically active, as it's called, we need to have jobs for them, they can't just be unemployed in my view.

LAMB: Keith Frost, the HSBC survey gave mandatory retirement a big thumbs down. Our own age-discrimination legislation is proposing to set it at 65, is that the way to go?

FROST: We don't think so. Not because we've got anything necessarily against 65, it's an arbitrary age. But what we say is that (a) it runs against counter to the whole intent of the regulations which is that age should be taken out of the equation. And secondly, because of the impact it's going to have on the opportunities for people in their fifties and sixties and if we embed the thought that 65 is an appropriate age at which to retire people, then what employer is going to employ somebody who is 62 or 63?

LAMB: Now obviously that mandatory retirement age 65 is going to be reviewed, I believe, five years after legislation comes into force. But generally, how effective do you think this legislation is going to be protecting older workers?

FROST: I think it's like the curate's egg, it's good in parts but I think it fails the Ronseal test. It doesn't take age out of the equation.

LAMB: What are your major issues with it?

FROST: I think the default retirement age, I think the right to dismiss somebody on the grounds of retirement are problems that we have with it. I think the large amount of space that actually is devoted to exemptions. It will still be legal in circumstances for employers and training providers to discriminate on the grounds of age.

LAMB: So some way to go with this. I'm afraid we're going to have to leave it there today though because we're out of time. But we'll definitely revisit this subject in future. Many thanks indeed to all my guests. Visit our web page for more information, that's bbc.co.uk/radio4. I'll be back at the same time next week with the last programme in the current series. We'll be looking at entrepreneurialism. Do you have to be born with the entrepreneurial gene or can you learn to be the next Richard Branson from a book? Join me then.