



Non-traditional incentives: engaging your older employees beyond pay

In partnership with Mercer and Home Instead Senior Care

As the UK's population ages, so do the workforce and the talent pool. Employers who want to engage a skilled, motivated, and disciplined workforce cannot afford to ignore the wants and needs of older workers. This toolkit outlines the importance of non-traditional incentives for older workers. It explains what incentives will work and why, and includes practical recommendations for action.

A business imperative

True employee engagement happens when there is a mutually beneficial relationship between an employer and employee; when the employee achieves maximum satisfaction at work, and the employer receives maximum contribution from the employee.¹ According to Mercer, highly engaged employees are 87% less likely to leave their jobs than their disengaged counterparts.²

In the UK, there are three clear economic and business reasons for engaging and motivating *older* employees beyond pay.

1/ Productivity

The UK is experiencing a productivity crisis. In 2016, output per hour of work in the UK was 18% lower than the other members of the G7. Since the crisis period, increasing labour utilisation rates have been the key driver of economic growth, and not productivity - which is a concern for long-term growth.³ The fact that overall employment has

increased indicates lower average hours per worker, and often in low productivity jobs.

Increasing productivity is therefore a key priority for employers, and evidence suggests that employee satisfaction and engagement can support it. Analysis of 28 years of stock market data confirms this link; businesses with high employee satisfaction outperform their peers by 2.3% to 3.8% per year in long-run stock returns – 89% to 184% cumulative – after controlling for other factors that drive returns.⁴ Since the workforce is ageing, understanding how to only retain, engage and motivate workers over 50 needs to be a priority for employers.

2/ Skills and labour

The country is facing an unprecedented skills shortage. Within the next two decades, 90% of jobs will require some digital proficiency, yet 23% of adults lack basic digital skills.⁵ The UK also has a shortage of high-skilled technicians below graduate level – only 10% of adults hold technical education as their highest qualification, placing the UK 16th out of the 20 OECD countries.

A lack of skills and training is preventing people fulfilling their potential and holding back a more productive workforce. Employers have an important role in making the most of over 50s to fill the skills gap.

3/ Ageing population

The population is ageing; people are living longer and the birth rate has declined year on year since 2012. As the population ages and fewer young people enter the workforce, the 'old age dependency ratio' shifts – meaning fewer taxes raised to support a growing older population, pensions and healthcare. Keeping people in work for longer is an economic and social imperative, and employers can play a huge part by transforming 'work' and the workplace.

More and more people have a desire to work into their 60's and 70's. But employment isn't currently working for many people over 50. Our research found a [missing million](#) people over 50 out of work, who want to work. The main reasons older people leave the workforce early are: health issues; caring responsibilities; lack of skills; and redundancy⁶ - particularly the low paid and skilled.⁷

UK employers are clearly facing some difficult issues. Adapting to the needs of older people not only to retain, but also to maximise engagement, is crucial. This document focuses specifically on non-traditional incentives and engaging older employees beyond pay. A list of other relevant resources is at the end.

Non-traditional incentives

Being able to make a living through work is crucial to most people, and whether older people continue working often comes down to household finances. But for many older people, being in fulfilling and rewarding work is equally important.

To be able to engage, motivate and retain older workers, employers and line managers need to understand what incentivises and engages them at work. This does not mean stereotyping employees based on their age, but supporting people who may be going through different life stages, which tend to be aligned with their age.



1/ Offer autonomy and flexibility

Flexibility on the part of the employer is incredibly valuable to older workers; there is high demand for more flexible work among older employees.⁸ The Centre for Ageing Better found that, like younger workers, older people look for work that gives them autonomy and control over the work they do, and when and where they do it.⁹

Autonomy and flexibility enables older workers to manage work with caring, health conditions or a phased retirement. It can demonstrate that their experience and consequent ability to manage their own workload is respected by their employer.

Employees have the legal right to request flexible working after six months of service, however, recent research has shown that employers tend to think of younger workers as the primary

beneficiaries of such arrangements - particularly those with parenting and childcare responsibilities.

Employers must also consider what flexible working looks like. Too many employers have grafted flexible working onto existing management practices and with traditional management attitudes. This has resulted in pockets of flexibility and rigid part time hours, often with stigma. Employers can increase engagement by mainstreaming agile working, whilst actively promoting and communicating it to all employees.

2/ Support carers

Older workers with caring responsibilities would benefit greatly from agile working and tailored support. 1 in 9 people in your workforce will be caring for someone. Three in five adult carers are aged 50 years and over, with the peak age of caring between 50-54 years.¹⁰ However, support from employers is inadequate.

Research by Employers for Carers found that many people with caring responsibilities don't feel supported at work:

- 7 in 10 people juggling their job with caring for a loved one feel isolated at work.
- 43% felt that colleagues and managers did not understand the impact of caring.
- 38% had not felt comfortable talking about their caring responsibilities at work.
- 22% of respondents said that using up their annual leave to provide care meant they did not have time for a social life.¹¹

Employers need to be offering more support for carers, normalising agile working, raising awareness and educating line managers. A survey by the Task and Finish Group found that that employers who have policies in place to support carers see improved service delivery, cost savings and increased productivity.¹²



3/ Age specific health and wellbeing

Health is a significant factor cited by people aged 50-64 for leaving the labour market early – particularly in more physically demanding sectors such as health and social care, manufacturing, construction and accommodation.¹³

The most common health conditions amongst older people in the UK are musculoskeletal; heart, blood pressure and blood circulation problems; and diabetes. 14% of people aged 50-64 and 16% of people aged 65+ have a musculoskeletal condition, compared to 6% of 25-49 year olds and 2% of 18-24 year olds.

Supporting health needs will help to increase employee productivity and reduce sickness absence. Sickness absence costs UK businesses nearly £14 billion a year.¹⁴ In a global, competitive economy, it will be healthy businesses that prosper. With an ageing workforce, excluding those with poorer health is not an option – only supporting the health of employees will enable longer term success.

4/ Intellectual stimulation

Evidence shows that intellectual stimulation, interest in the work, or being challenged supports the engagement of older workers.

The Centre for Ageing Better found that older people look for work that is stimulating, and presents new and challenging ways for them to fully utilise and develop their skills. They found

that this encourages higher job satisfaction, better performance and more loyalty to the organisation.

Similarly, research by Acas found that older workers in managerial positions are often keen to continue working and progressing in their careers after normal retirement age – and the key drivers are interest, challenge and avoiding stagnation.¹⁵



However, the prevalence of training at work declines with age; people over 50 are less likely to participate in training courses than other employees. Research also shows that training for older workers tends to focus on their current role rather than wider development needs.¹⁶

Many employers are starting to offer different types of career routes to younger employees entering the workplace. Graduates are offered schemes that enable them to shift around the organisation and try different types of work. In contrast, older employees were more likely to have experienced a career ladder, which encouraged progression in one specific area.

Employers could start offering wider developmental opportunities to older employees as well as younger employees – at every employment level. This is particularly crucial as the skills gap grows and the workforce ages.

6/ Purpose and contribution

Like millennials, older workers are more interested in doing work that they believe is meaningful or makes a difference to society and the lives of others.¹⁷

Our [Purpose Toolkit](#) presents mounting evidence that businesses that stand for solving societal challenges, and building purpose into business as usual, are performing well in terms of market growth, whilst getting the most out of their employees.¹⁸

Being a purpose-driven business can engage older employees in an organisation's goals and values, increasing their motivation to contribute to the organisation's success.

7/ Age-inclusive culture and practice

In order to be a truly inclusive organisation, in which all employees are engaged, employers must move beyond policy to focus on culture. Organisational culture combines values, attitudes and behaviours of its leaders and employees.

New employee's first experience with the culture of the organisation starts during the recruitment process. Then the culture is learnt through interacting with others. Culture can adapt to become more inclusive, but it must be led by the senior leaders.

Age-based exclusion often starts in recruitment. When researchers at Anglia Ruskin University applied for 1,836 jobs advertised over a two-year period using carefully constructed CVs, they found that older applicants were 4.2 times less likely to be offered an interview, despite having more experience and similar skills and interests.

The bias was even more pronounced for women than for men; the 50-year-old female candidate

5.3 times less likely to get an interview than the 28-year-old female.

They also found that race exacerbates ageism. The older White British applicant was 21.9% less likely to be invited for interview than the younger White British applicant. The older Black British applicant was 24% less likely to get an interview compared to the younger Black British applicant.¹⁹

While many employers value older and more experienced workers, their unique skills and attributes are rarely recognised in the standard hiring process. Stereotypes about older workers also persist, as outlined in our [myth busting factsheet](#), impacting the level of inclusiveness and older workers' experience at work.

Case study

Home Instead Senior Care: Engaging an older workforce

Operating in a growing sector, Home Instead Senior Care provides award-winning home care to elderly people. The business strives to acquire 'emotionally engaged' employees, who will be more loyal and operate at a more focused level. As a result of taking an age-inclusive approach to recruitment, their workforce is made up of 40% of employees over 50.

Employee empowerment is a key business priority, particularly amongst front line staff. Employees need to feel they can use their initiative and autonomy to make decisions in how they care for clients – because the most important part of the service is being able to identify and respond to the client's *unexpressed* needs.

Home Instead have taken a multi-faceted approach to employee engagement, focusing on:

- **Recognition** - often it's the little things that make a big difference, such as awards, flowers and letters for staff. The Office teams also spend an hour each week sharing good news with individuals, rather than simply operational requests.
- **Professional training** - including offering employees the opportunity to take part in the City & Guilds accredited Alzheimer's CARE programme.
- **Encouraging peer to peer support** for front line staff, including both formal and informal meet ups.
- **Values** - Home Instead recognise that carers want to work for an organisation that shares their values.
- **Pay** - fairness and consistency in pay are key to maintaining employee engagement and motivation.

Recommendations for action

Employers need to make work more attractive for older people by increasing flexibility and autonomy, and strengthening personal, social and financial motivations.

These recommendations are tailored to improving engagement amongst employees over 50. With that said, factors that motivate and engage older workers at work are largely the same as they are for other age groups. This is particularly true when comparing older workers with millennials, who also value flexibility, autonomy and meaningful work. By putting our recommendations into practice, you could engage all your employees, and not just older workers.

General

- Conduct anonymous employee engagement surveys and analyse results by age, as well as gender, race, sexual orientation and disability.

Autonomy and flexibility

- Embed and promote agile working. Start with the assumption that all jobs can be done whenever and wherever an employee chooses, then apply logical restrictions where necessary.
- Remove the stigma attached to flexible working through active communication from leaders. It must be seen as business solution to be truly embedded in the workplace culture - not merely as a benefit for certain groups.
- Leaders should actively challenge outdated management attitudes towards flexible working.

- Consider hybrid flexible working for those who must perform at least some of their work in the office or at certain times.
- Implement technology and internal digital communication channels to enable organisation-wide flexible working.
- Build and communicate the business case for flexible working; including its benefit to working carers, employees with health conditions and overall staff engagement.

Support for carers

- Raise awareness of the facts and figures on working carers internally, and most crucially, amongst line managers.
- Enable peer-to-peer support by creating a carer's network.
- Introduce carer's leave of at least 5-10 days and grandparental leave.
- Signpost to external support, advisory services and local authorities.
- Consider providing counselling or wellbeing support to carers.
- Allow employees to use their mobile phone during work hours.

Age specific health and wellbeing

- Understand the health profile of your workforce, and track sickness absence, health and wellbeing measures.
- Develop wellbeing policies focusing on preventative action.
- Make reasonable adjustments for people with health conditions and/or disabilities, including adapting or adjusting the employee's workload and enabling flexible working.
- Support women going through the menopause:

- Offer women more control over their immediate work environment, such as allowing them to adjust temperatures.
- Provide training to your managers and develop policies that will ensure management understand how menopausal symptoms may affect women in the workplace.

Intellectual stimulation

- Communicate that opportunities for training and re-skilling are open to employees of all ages; use case studies of older workers and workers in their later career.
- Develop and implement careers advice and a variety of career routes relevant to all employees, not only younger or more junior employees.
- Offer older workers the opportunity to retrain for roles where they can utilise their industry-specific knowledge to mentor younger colleagues or provide advisory services. This could be helpful for those who can no longer do a physically demanding job.
- Develop employee-led, informal 'lunch and learns' on topics of choice.

Purpose and contribution

- Use the [Purpose Checklist](#) (p.23 onwards) to rate your organisation's integration of purpose into your key commercial activities.
- Offer sabbaticals or time off to pursue creative talents, to travel, or to work for a charity.
- Get involved with our [Employee Volunteering](#) programmes to enable your employees to contribute to local communities.

Age-inclusive culture

- Bias-proof recruitment, hiring and promotion processes.
- Use age-inclusive imagery and language in job advertisements and internal communications.
- Include age in unconscious bias training.
- Provide opportunities for different generations to learn from one another. For example, introduce reciprocal mentoring schemes.
- Ensure social activities are age-inclusive.
- Call out offensive terms used to describe people which relate to their age.
- Encourage reporting of age discrimination to HR so that it can be dealt with effectively.
- Circulate our [myth busting factsheet](#) internally. You could do this as part of Diversity Week or Responsible Business Week.

Mercer | Developing your Employee Value Proposition for engaging a multi-generational workforce

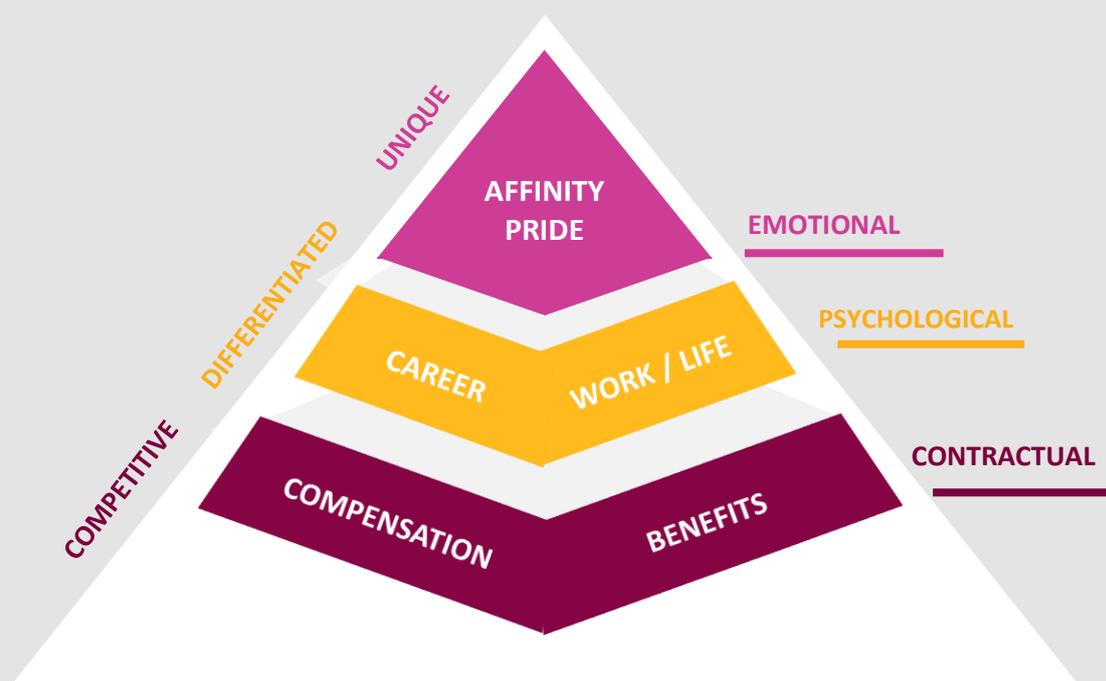
Mercer developed the employee value proposition (EVP), representing the total value an employee receives from their employer. A successful EVP can result in improved talent outcomes, better business performance, and engaging employees.

Mercer understands that in a talent-led economy, the employee experience is critical to attracting the best. And in an increasingly diverse workplace of five generations, each with different norms and expectations, it is more challenging than ever to get it right. The UK-born workforce has been declining since 2013, and by 2030 we will have 3.5 million more over 65s in retirement. The UK workforce, while reliant on migrants, is heavily made up of ageing people born in the UK. The non-traditional incentives used to attract, retain and engage employees must be age-friendly.

A new employee proposition

Mercer believes a broader employee proposition will be required to attract and retain age-diverse employees. The five generations of Maturists, Baby Boomers and Generations X, Y and Z, have very different needs, due to the different 'life stages' they experience, from being young and single, to getting married and starting a family, to preparing for retirement.

The EVP is made up of three different levels: contractual, psychological and emotional. The uniqueness of an employer is in how they achieve emotional connectivity with their employees, such as affinity, pride and purpose. Different organisations have different EVPs, which are aligned to their talent strategy. Their talent strategy might be either 'Buy', 'Build' or 'Mission Driven'. Depending on the talent strategy, an organisation would build on either their contractual, psychological or emotional offerings.



If an organisation's talent strategy is 'Buy', the biggest offer to an employee would be premium compensation and benefits. This might be an investment bank. If the talent strategy is 'Build', the goal is to offer all three benefits, but focus slightly more on a differentiated career and/or work/life offering (psychological) This could be an established manufacturer. Finally, if the talent strategy is 'Mission Driven', then the goal is to attract and retain employees based on organizational purpose with below market compensation / benefits. An example would be a non-profit organisation.

Age-related approaches

According to Mercer's employer survey, some organisations have started to consider age-related practices and values:

- The majority (81%) offer flexible working to all age groups
- Just over half (52%) offer a pre-retirement programme
- 45% offer advice and support for those caring for ageing relatives
- 36% have health and/or absence analytics across the various age groups in their organisation
- Only 30% have an age-specific wellness programme.

They also found that employers are offering diverse benefits in line with their organisational values to their employees. Some of these include:

- A year off on full pay to work with a charity
- Sabbaticals to pursue creative talents
- Annual stipend to pay for travel
- On-site health and wellbeing benefits such as acupuncture and catered meals
- Financial benefits such as a mortgage fund.

Ultimately, non-traditional incentives and rewards need to be coherent with your organisational culture, talent strategy and business strategy. The employee voice is a critical component, and employers should seek to listen to the perspectives of their employees.

Call to action

The BITC Age at Work Leadership Team is the Government Business Champion for Older Workers, and is led by Andy Briggs, CEO of Aviva UK Life. We have launched a UK-wide target for one million more older workers by 2022 – that equates to a 12% increase in the current number of older workers.

To ensure that we are on track to achieving the target, we are asking UK employers to 'Commit & Publish':

- Commit to collaborating with us to reach the target, and;
- Publish the number and percentage of older workers in their workforce in order to create transparency as we work towards the target.

Leading employers are already blazing a trail, publishing their data on older workers for the first time, to contribute to the debate and inspire others to take action. **Will you join them?**

Find out more at: age.bitc.org.uk/BusinessChampion/Commitandpublish

References

- ¹ BlessingWhite (2017) Forget about engagement; let's talk about great days at work. https://blessingwhite.com/wp-content/uploads/2017/05/BlessingWhite_EngagementReportNA.pdf
- ² Mercer, Enhancing your employee value proposition. <https://www.mercer.com/about-mercero/lines-of-business/talent/employee-value-proposition.html>
- ³ OECD (2017) OECD Compendium of Productivity Indicators 2017. Available at: http://www.keepeek.com/Digital-Asset-Management/oecd/economics/oecd-compendium-of-productivity-indicators-2017_pdtvy-2017-en#page20
- ⁴ Edmans, A (2012). The Link Between Job Satisfaction and Firm Value, With Implications for Corporate Social Responsibility. Available at: <http://faculty.london.edu/aedmans/RoweAMP.pdf>
- ⁵ DBEIS (2017) Building our Industrial Strategy: green paper. Available at: <https://www.gov.uk/government/consultations/building-our-industrial-strategy>
- ⁶ DWP (2017) Fuller Working Lives Evidence Base 2017.
- ⁷ McNair, S. (2011) Older people and skills in a changing economy. UKCES.
- ⁸ DWP (2017) Fuller Working Lives Evidence Base 2017.
- ⁹ Marvell, R & Cox, A. (2017). Fulfilling work: What do older workers value about work and why? Centre for Ageing Better. Available at: <https://www.ageing-better.org.uk/wp-content/uploads/2017/02/IES-Fulfilling-Work-Evidence-Briefing-1.pdf>
- ¹⁰ Family Resources Survey 2014/15
- ¹¹ Employers for Carers ()
- ¹² Carers UK for Employers for Carers/Department of Health Task and Finish Group (2013) Business Benefits of Supporting Working Carers <http://www.employersforcarers.org/resources/research/item/809-employers-business-benefits-survey>
- ¹³ DWP (2017) Fuller Working Lives Evidence Base 2017.
- ¹⁴ Vaughan-Jones, H. and Barham, L. (2010) Healthy Work: Evidence into action, The Work Foundation. Available at: http://moodle.adaptland.it/pluginfile.php/20611/mod_data/content/39955/healthy-work-evidence-into-action-report.pdf
- ¹⁵ ACAS (2011) The Employment Relations Challenges of an Ageing Workforce. Available at: http://www.acas.org.uk/media/pdf/e/p/The_Employment_Relations_Challenges_of_an_Ageing_Workforce.pdf
- ¹⁶ DWP (2017) Fuller Working Lives Evidence Base 2017.
- ¹⁷ Marvell, R & Cox, A. (2017). Fulfilling work: What do older workers value about work and why? Centre for Ageing Better. Available at: <https://www.ageing-better.org.uk/wp-content/uploads/2017/02/IES-Fulfilling-Work-Evidence-Briefing-1.pdf>
- ¹⁸ BITC (2016) The Purpose Toolkit. Available at http://www.bitc.org.uk/system/files/marketplace_toolkit.pdf
- ¹⁹ Drydakis, N et al. (2017) 'Age discrimination in the UK labour market. Does race moderate ageism? An experimental investigation'. Applied Economic Letters. Available at: <http://www.tandfonline.com/doi/abs/10.1080/13504851.2017.1290763>