



## Business case for action on age at work

### The silver pound: the future of your business

The over-50's spend £320billion a year, which accounts for around 47% of all UK consumer spending. This has increased quite significantly from 41% in 2003<sup>i</sup>.

By 2030, half of all adults will be over 50. Both your customers and your workforce are ageing. The successful organisations of the future will be those who can adapt and respond to the needs of an ageing population. As this business case will demonstrate, being able to retain, retrain and recruit older workers will be essential to future business and economic success.

### Boost the economy

Our 2014 "Missing Million" report with ILC-UK found that if the employment rate of the 50–64 age group matched that of the 35–49 age group, this would boost UK GDP by £88 billion (5.6%).

### Reduce discrimination to retain skills for the future

Not only do employers risk age discrimination claims if bias is seeping into workplace practices, they also lose out on the skills and talent of their older employees.

14.5 million jobs will open up between 2012 and 2022, yet only 7 million young people will enter the market to fill them, so it is an economic and business imperative to attract and retain older people. We must end age discrimination in order to do so.

Discrimination does still take place:

- 60% of older people questioned in 2012 said that age discrimination affected their daily lives.<sup>ii</sup>
- 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.<sup>iii</sup>

Older employees want to progress – research found that nine out of ten workers over 50 want to progress in their careers.<sup>iv</sup> Denying older workers the opportunity to work and progress through bias, whether conscious or unconscious, is detrimental to both staff and skills retention, and company performance.

## Understand consumers and improve customer service

Your strategic workforce plan must include the older employees who will have the market insight you need. A workforce that reflects the age diversity of your customers will help you deliver the best possible customer service, as your people will relate to your customers. They will also have invaluable insight into the products and services that will be most successful. Research by CIPD found multiple benefits of age-diverse teams according to HR professionals, including enhanced customer service<sup>v</sup>.

### *Cross-Generational benefit at McDonalds*

*Research by McDonalds in partnership with the Centre for High Performance HR at the Lancaster University Management School has shown that the best-performing restaurants have the highest mean age for employees. Restaurants employing at least one person over the age of 60 reported levels of overall customer satisfaction that were more than 20% higher than in stores with nobody over the age of 50.*

## Minimise group-think and maximise innovation

Intergenerational workplaces benefit from a range of experiences, ideas and ways of thinking. There are huge opportunities for businesses to harness the knowledge and creativity of multiple generations. According to the CIPD, the key benefits of age diverse teams, as seen by HR professionals, are:

- Knowledge-sharing (55%)
- Enhanced customer service (14%)
- Greater innovation (7%)

Employees also identified benefits of working with colleagues of different ages, including:

- Having different perspectives (72%)
- Knowledge-sharing (66%)
- New ideas (41%)
- Improved problem-solving (32%)<sup>vi</sup>

## Reduce turnover and absence costs by employing older workers

Support for older workers results in increased loyalty and retention, improving productivity and reducing recruitment costs.

Research has shown that workers over 50 are five times less likely to change jobs compared with workers aged 20-24<sup>vii</sup>, so recruiting older employees can save on ongoing recruitment and training costs. The average cost of recruiting and training a new member of staff is estimated by CIPD at £6,000. Research conducted by Oxford Economics found that businesses spend an average of £5,433 on logistical costs of recruiting a new employee.<sup>viii</sup>

According to the insurance firm RIAS, older workers are half as likely to take a sick day compared to their younger counterparts. Only a quarter of over 50s took time off in 2014 due to ill-health compared to just under of half of those aged 20-30 years old.<sup>ix</sup>

## Call to action

As the Government's Business Champion for Older Workers, we're calling for one million more older people in work by 2022. This equate to 12% more people aged 50-69 in work. This is the starting point for individual employers.

The target aims to support older people who want the same range of options and opportunities as younger colleagues, and to be recognised for their experience and expertise.

We have produced a How To guide which involves understanding your workforce profile, listening to your older employees, and taking action to improve retention and recruitment.

All information about the Business Champion role, the target and guides can be found at:

<http://age.bitc.org.uk/BusinessChampion>

## Sources

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<sup>i</sup> Saga and Centre for Economics and Business Research. 2014. Consumer spending key trends among the over 50s

<sup>ii</sup> Age Concern and Help the Aged. 2009. One Voice: Shaping our ageing society.

<sup>iii</sup> Anglia Ruskin University. 2015. "Older jobseekers face bias – new study." *ARU News*.

<http://www.anglia.ac.uk/news/older-jobseekers-face-bias-new-study>

<sup>iv</sup> BITC & ILC UK. 2015. The Missing Million: Recommendations for Action.

<sup>v</sup> CIPD. 2014. Managing an age-diverse workforce.

<sup>vi</sup> Ibid.

<sup>vii</sup> MLC. 2015. Five Big Myths about Mature Workers. [http://insights.mlc.com.au/news/2015/03/five\\_big\\_myths\\_ofma](http://insights.mlc.com.au/news/2015/03/five_big_myths_ofma)

<sup>viii</sup> Oxford Economics cited in HR Review. 2014. "It costs over £30K to replace a staff member". *HR Review*

*Recruitment News*. <http://www.hrreview.co.uk/hr-news/recruitment/it-costs-over-30k-to-replace-a-staff-member/50677>

<sup>ix</sup> RIAS. 2015. "The Reliables: Over 50s workforce saving British businesses the cost of lost sick days." *RIAS news and press releases*. <http://www.rias.co.uk/about-us/news-and-press-releases/the-reliables-over-50s-workforce-saving-british-businesses-the-cost-of-lost-sick-days/>