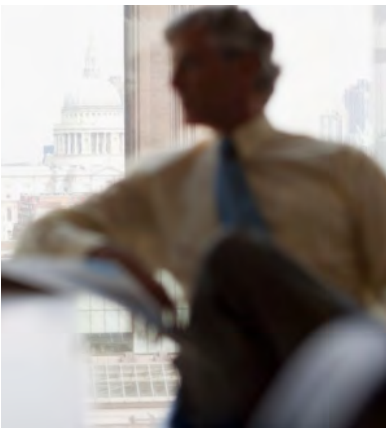


Strategies for retaining older and experienced employees in the active work force

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Summary

The world is aging rapidly. By 2050, a third of the population of developed countries will be over the age of 60 and nearly one in 10 will be over 80. This will result in a severe shortage of labor and falling output, health care costs will spiral and there will be a vast shortfall in pension provision. This paper looks at the extent of the challenges and at the measures that will be necessary to address them. It will look at how companies can encourage people to adopt better behavior throughout their working lives, to ensure that they can remain in active employment for longer. And at how the workspace can be redesigned to accommodate the needs of aging employees and the role technology can play. And it will look at the fundamental shift in attitudes that will be required to enable a work force made up of people of many ages to work successfully together.

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Introduction

The world is aging at an unparalleled rate in human history. The United Nations forecasts that by 2050, 33% of the population of developed countries will be over the age of 60; one person in three will be a pensioner; and nearly one in 10 will be over 80. It is a phenomenon that will have profound and enduring economic, social and political consequences and will affect us all.

The fact that people are living longer and generally healthier lives is testament to the astonishing progress of medical science. Older people are healthier than ever and future advances in technology, pharmacology and biotechnology are likely to mitigate the worst aspects of aging. Increasing longevity presents the world with enormous opportunities but it also brings huge challenges.

The International Monetary Fund warns that the cost of the global financial crisis will be nothing compared with the costs of an aging global population. The labor force will shrink and output growth will drop unless productivity increases faster. Meanwhile, health care costs will increase sharply and there will be a vast shortfall in pension provision.

Extending people's working lives is key to dealing with these challenges. This calls for new approaches to meet the specific demands of older working people. Businesses will have a major part to play. Health and well-being have, in the past, been seen as an issue for individuals and governments but increasingly companies will have to invest in their employees' health — not for

altruistic reasons but out of self-interest. If employees are encouraged to take care of their health and change their behavior by eating healthily and taking more exercise from the time they begin working and throughout their careers, it will ensure that older workers are fitter and can remain in active employment for longer. This will help companies deal with the chronic labor shortage that all developed economies will face in the future.

However, many businesses are failing to address the issue of an aging work force. A new study published by the U.K.'s Chartered Institute of Personnel and Development in conjunction with the U.K.'s Chartered Management Institute, says that CEOs are "woefully unprepared" to cope with changing demographics. In addition, a joint report from U.S. management consultants Boston Consulting and the Alexandria, Virginia-based World Federation of Personnel Management Associations, says that the combination of aging work forces and intense demand for skilled workers could in time create a global talent crunch unless businesses act now.

By focusing on changing behaviors and creating a corporate culture based on health and well-being, companies can help employees work longer and lead healthier, more productive lives. In turn, this will reduce health costs, enable companies to attract and retain the best staff, have a significant impact on productivity and profitability and enable organizations and their chief executives to play a leadership role in tackling an issue which affects the entire global community.

Living longer, living better



U.N. research indicates that the fastest-growing age group in the world is the oldest-old, those aged 80 years or more. They are currently increasing at a rate of 3.8% a year and comprise more than one-tenth of the total number of older persons.

By 2050, the number of people over the age of 60 will grow from today's 500 million to two billion, and the number of older persons in the world will exceed the number of young for the first time in history. The U.N. says that the trend toward older populations is largely irreversible, with the young populations of the past unlikely to occur again.

And as the population ages, our concept of what constitutes old age is being redefined. In 1800, living to the age of 60 was a rarity, now in developed economies, 60 is considered positively middle aged and is generally a fulfilling and active phase of our lives. U.N. research indicates that the fastest-growing age group in the world is the oldest-old, those aged 80 years or more. They are currently increasing at a rate of 3.8% a year and comprise more than one-tenth of the total number of older persons. The U.N. predicts that by the middle of the century, one-fifth of older persons will be 80 years or more, and there will be 2.2 million centenarians.

Although chronic conditions such as obesity, diabetes and cardiovascular disease are reaching epidemic proportions around the globe, older people are generally in better health than previous generations. This is due in part to advancements in medicine, health care and nutrition; improvements in our environment such as sanitation and immunization; and a change in the kind of work that we do.

In developing countries, up to 94% of people are not in formal employment but make their living on the streets mainly selling small items or sewing, but in most developed countries — which is what this paper will focus on — there has been a decline in the number of jobs in traditional heavy manufacturing and an increase in those based in new service industries. Fewer employees have to do the sort of backbreaking manual labor that our grandparents endured.

The changing world of work

In the past two decades, the world of work has undergone enormous change. It is more flexible, more global, more creative, more varied, more female and getting markedly older.

Peter Drucker, the late American author and management guru has said that a century ago, the vast majority of people in developed countries worked with their hands — on farms, in domestic service, in craft industries and in factories. Now fewer than a quarter of American workers make their living from manual jobs. Office work is changing, too. In developed economies much of the repetitive, processing work that was once done by rows of office workers sitting in serried ranks is now done by computers or is sent overseas to Asia where it can be done more cheaply. In the past decade we have seen the rise of a new breed of knowledge workers — professionals who work on complex projects, on the move, across countries and time zones and in virtual teams, and for whom the concept of working nine to five is meaningless.

Globalization, international working, long hours, the rise in knowledge-intensive work together with an aging work force are presenting significant challenges for companies, says Prof. Jo Silvester of the Centre for Performance at Work at City University, London.

The changing nature of work with its greater emphasis on intellectual ability rather than physical activity means that people are able to work beyond traditional retirement age — usually somewhere between 60 and 65. And there is a growing expectation that people must work for longer, says Prof. Silvester. “Governments have begun to introduce legislation to encourage older workers back into work and to guard against potential discrimination in the workplace. And many countries, saddled with debt and with rising pension bills, are increasing the age at which people can claim their state pension.” France has announced plans to raise the legal retirement age from 60 to 63, Australia, Denmark, Germany, Ireland and Israel are scheduled to increase theirs to 66 before 2026, and in the U.K. the retirement age is to rise to 68 by 2046.

Meanwhile, the European Commission is recommending that the retirement age across the European Union be raised to 70 by 2060, so that no more than one-third of an adult’s life is spent in retirement. While governments are pushing for later retirement, it is an idea that is being met with resistance in a number of countries. But if developed economies are to cope with aging populations, a major shift in attitudes will be required.

For many older people, remaining in employment has become a necessity. Dreams of a healthy, happy retirement spent on the golf course or traveling have had to be abandoned. The global financial crisis, poorly performing pension plans and the fact that social security was designed as a safety net and not a comprehensive retirement program, are all taking their toll. According to recent World Bank estimates, on a global scale, only about one-fourth of the labor force is currently accruing pension rights, and four out of five older persons do not have any pension coverage at all. In the U.S. it is estimated that about half of all households don’t have the financial means to support themselves in retirement. And in the U.K., a recent survey carried out by the insurance firm Aviva, found that 68% of workers, or 33 million people, now intend to work beyond their standard retirement age — currently 60 for women and 65 for men — because they cannot afford to retire.

However, necessity isn’t the only reason for continuing to work. As William Novelli, professor of practice and specialist in corporate social responsibility at the McDonough School of Business at Georgetown University in Washington and former chief executive of the American Association of Retired Persons, says: “Most older employees also have a very strong interest in working to be productive and to be physically and mentally active. They enjoy their work. There’s the need to contribute and it connects to the idea of belonging and to being part of a community. People without that connection don’t have as high a level of well-being.”

And he adds that it has real benefits for companies. “On just about every criterion by which employees are



In the U.K. the retirement age is to rise to 68 by 2046.

measured, older workers do well and usually come out ahead of younger employees. These include things like being committed to doing quality work; getting along well with others; having solid performance records, being loyal and dedicated to the company; and being someone you can count on in a crisis.”

As the population ages, and the shortage of good workers becomes acute, the experience, expertise and institutional memory of older employees will be highly sought after. As Kofi Annan, former secretary-general of the U.N., has pointed out: The “grey cloud” of aging has a silver lining. “Trees grow stronger over the years, rivers wider. Likewise, with age, human beings gain

immeasurable depth and breadth of experience and wisdom. That is why older people should be not only respected and revered; they should be utilized as the rich resource to society that they are.”

But to make the most of this rich resource, companies will have to ensure that their staffs are in good physical and mental shape. Health promotion and wellness programs can keep them working longer by reducing the risks of getting new chronic conditions or the worsening of existing ones. As Prof. Novelli of Georgetown says: “Age is not so much a predictor of employee cost as health status. Keep them healthy and reduce their health risks and you lower work force costs regardless of age.”

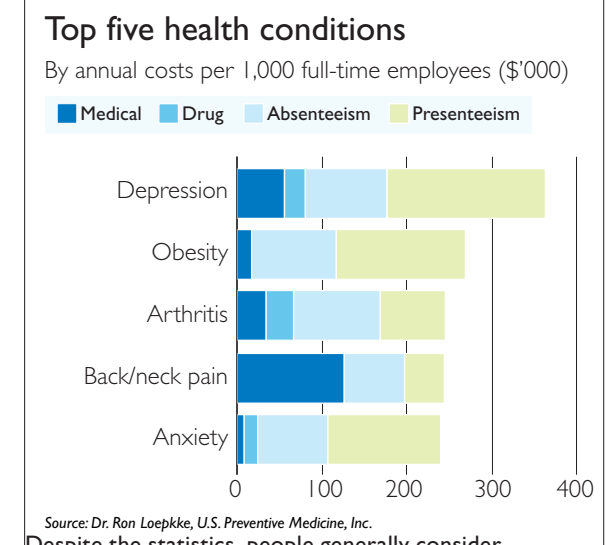


Creating a healthy work force

However, keeping the work force healthy is a major challenge. As incomes have risen and populations have become more urban, diets have become higher in carbohydrates; this coupled with a shift toward less physically demanding work, means that obesity has reached epidemic proportions globally. According to the World Health Organization, more than one billion adults are overweight — and at least 300 million of them are clinically obese. In the U.S., the rate of adult obesity has more than doubled in the past 25 years and three quarters of households in Russia have at least one obese person. Obesity and being overweight pose a major risk for serious chronic diseases including Type 2 diabetes, cardiovascular disease, hypertension, stroke and certain forms of cancer. It is a major contributor to the global burden of chronic disease and disability and accounts for 2% to 6% of total health care costs in developed countries.

The U.S.-based Center for Global Health and Economic Development says that chronic disease accounts for about 40% of lost working time. It's already a major problem for developed economies, but by 2030 it is estimated that the total number of productive years lost in Brazil, South Africa, Russia, China and India is expected to increase 64% from 20.6 million in 2000 to 33.7 million, due to cardiovascular disease alone.

Contrary to popular belief, obesity is not restricted to the poor. A study carried out by U.K. executive health care company, iHealth, found that 60% of the senior executives it screened had high levels of cholesterol; 50% were overweight; 40% didn't get enough exercise; 30% had high blood pressure; and 20% had abnormal liver functions due to excess alcohol.



According to the Philips Index, the majority of Americans experience some level of stress in their lives, particularly 18 to 24 year olds who are under pressure at college or in their first job, and 25 to 45 year olds who are dealing with the strains of raising a family, running a household and juggling a career.



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▼ themselves to be healthy and expect to live long into the future. The Philips Center for Health and Well-being has commissioned research into people's attitudes to health in different countries around the world. This research has been published in the Philips Index. The Philips Index report on America's health and well-being shows that 59% of Americans believe they will live to be at least 81 years old, while one-third of those aged 65 and over expect to live to be at least 91 or older.

The Philips Index also indicates that 80% of Americans, 70% of the British, 79% of the Chinese and 88% of Brazilians rate their physical health as good. When asked whether they were overweight 39% of Americans said yes, as did 54% of the British, 55% of the Chinese and 46% of Brazilians. However, perceptions do not reflect reality.

Katy Hartley, director of the Philips Center for Health and Well-being, says: "The index reveals that Americans, for example, are struggling to remain optimistic as they balance concerns about personal finance, stress and the ability to spend quality time with friends and family. The data also shows that Americans think they are far healthier than other national data proves — 39% think they are overweight, when in fact 67% actually are."

As well as physical well-being, mental health and stress have a significant impact in the workplace. Depression is the biggest issue in workplace health and is responsible for more lost working days than any other condition. It is estimated by the World Health Organization that one in four people will suffer some mental health problem during their working lives. According to the Philips Index, the majority of Americans experience some level of stress in their lives, particularly 18 to 24 year olds who are under pressure at college or in their first job, and 25 to 45 year olds who are dealing with the strains of raising a family, running a household and juggling a career. Surprisingly, older workers suffer relatively little stress and this is good news for companies.

Research from the University of Nottingham in the U.K. has found that stress levels peak when people reach their early fifties, but dips as they get older. "It may be due to several reasons," says Amanda Griffiths, the university's professor of occupational health psychology. "They may have gained the seniority that offers more control over their work or have opted for a less stressful position.

And their priorities may have changed and their work and career may not be the primary driver."

And working longer may actually keep you healthier. Researchers at the Institute of Psychiatry at King's College London have found that for men continuing to work late in life may be an effective way to ward off Alzheimer's disease.

One of the major concerns for employers, at a time of extreme economic difficulty, is that in addition to rising pension costs, health care costs are rising. In the U.S., employer sponsored health plans cover 159 million people, or 52% of all Americans. For over 50 years, U.S. employers have used health benefits as a significant part of their compensation package to recruit and retain the best staff. However, employers have seen their premiums more than double in the past decade and as the work force ages, these costs are likely to rise still further. The U.S. National Business Group on Health projects that health care costs will rise 8.9% on average in 2011.

As a result, employers are making employees shoulder more of the burden of health care costs. They are also increasingly turning to workplace wellness programs in an attempt to change the behavior of their employees, to encourage them to follow healthier lifestyles and to ensure their mental well-being. By focusing on the health of all employees, from those just starting out to those nearing the end of their careers, companies can ensure that their people — one of their major assets — are able to perform better, for longer.

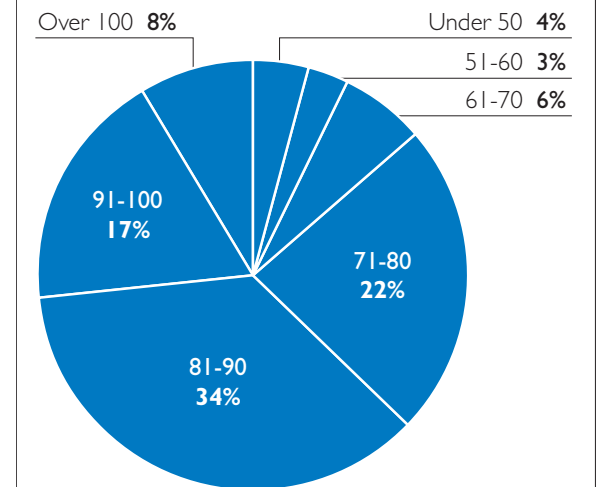
A survey of 700 international companies across 30 business sectors by the global consulting firm PricewaterhouseCoopers, indicates that 76% of American companies offer wellness programs, including health-risk assessments, plans to help staff stop smoking, weight management plans and biometric screening. Of those, 68% offer disease-management programs related to diabetes, cardiac disease, asthma, cancer, depression and lower-back pain. And two-thirds of companies intend to expand or improve their wellness programs.

Dr. Jeffrey L. Sturchio, president and chief executive of the Global Health Council, an alliance of health-care professionals, nongovernment organizations, foundations, corporations, government agencies and academic

institutions, says: "Recent estimates show that a third of people at work live with a chronic condition, which has an impact on productivity. There is a growing recognition among companies that the health and well-being of their employees is vital. It's about promoting healthy behaviors and reducing risk factors. This will increase productivity, but it's also about making people feel that the company cares about them, so there is a payoff in terms of morale."

Americans are optimistic about living long into the future

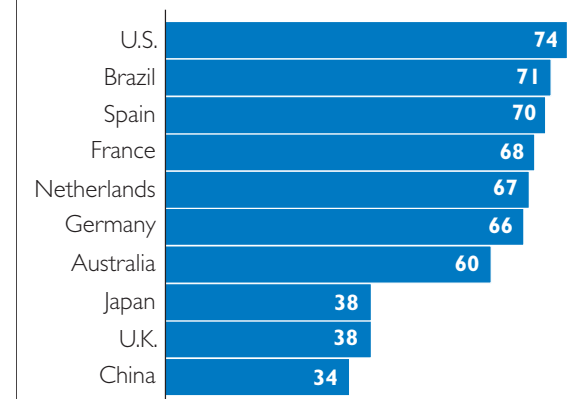
How old do you expect to live to be?



Source: Philips Index: America's Health and Well-being report 2010

Perceptions of health

Percentage of respondents who claim to have 'a good feeling of health and well-being' (by country)



Source: Philips Index for Health & Well-being, September 2010

Good health is good for business

Health and wellness are certainly moving up the corporate agenda — particularly in the U.S. — but companies across the developed world must begin to introduce health and well-being policies if they are to make the most of the aging work force and the opportunities it presents. The movement is strongest in the U.S., driven by the fact that more than 60% of Americans get their health insurance coverage through an employment-based plan. However, its importance is also increasingly recognized in other countries. In the U.K., for example, Dame Carol Black, national director for Health, Work and Well Being, has calculated that improved workplace health could generate cost savings to the government of over £60 billion (\$93 billion) — the equivalent of nearly two-thirds of the National Health Service's annual budget.



These health and wellness programs include sessions to help people give up smoking, health screening for chronic conditions such as diabetes, risk assessments of individuals' lifestyles, stress-management courses, gym memberships and even free fruit. And they do not just address physical health but also psychological health. The U.K.-based Chartered Institute of Personnel and Development defines well-being as more than an avoidance of sickness. "It is broader than that. Well employees are physically and mentally able, willing to contribute in the workplace and likely to be more engaged at work. It also makes the workplace a more attractive and corporately responsible place in which to work."

Dr. Ron Loeppke, a specialist in preventive and occupational medicine and vice president of Jacksonville, Florida-based health care company, U.S. Preventive Medicine, says that all the research indicates that investing in employee health reduces medical insurance costs, cuts absenteeism, increases productivity and reduces staff turnover. "Employers are increasingly recognizing the business value of the health of their employees. Good health is good for business. Ultimately, a healthier, more productive work force can help drive greater profitability for employers as well as a healthier economy," he says.

And a study carried out by the National Business Group on Health, a U.S. organization made up of some of the country's largest employers, has found that companies with effective health programs yield 20% more revenue per employee, deliver 57% higher shareholder returns and their sick leave costs are five times lower than companies without health programs.

In addition, health programs save money. A study by Harvard University found that medical costs drop about \$3.27 for every dollar spent on wellness programs and that absenteeism costs decline about \$2.73 for every dollar spent. Citibank estimates that its health management program has saved \$4.50 in medical expenditures for every dollar spent on the program.

Among the companies investing in employee health is Unilever, the multinational consumer products company. It is rolling out a "Fit Business" project following a trial with 1,600 employees in the U.K. This offers health checks, blood pressure and body-mass index readings and provides nutritional advice. The company says that 26% of factory workers and 9% of office staff lost weight during the pilot program. Alan Walters, vice president for human



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resources for Unilever U.K. and Ireland, says: "Obesity is the biggest public health issue of our time. Since people spend a very significant part of their life at work, I believe business can present a crucially important practical and implementable solution to challenge this. We've seen great results from engaging employees in health checks and creating an environment of providing information and enabling healthier choices."

Research indicates that Unilever's pilot project led to a 10% increase in productivity, equivalent to an extra week a year per employee; and return on investment is calculated at more than six euros (\$7.80) in benefits for every euro spent.

It's not just multinationals that can benefit. U.S.

manufacturing company, Lincoln Industries in Lincoln, Nebraska, has just over 600 employees but has made wellness central to its activities as its chairman and CEO Marc LeBaron explains: "Wellness encompasses the body, mind and spirit. We support our people in making smarter, healthier lifestyle choices. We encourage balance between work, home and personal goals. We believe that supporting our people's health and wellness interests is a sound investment in our company and the most important asset of the company is the people."

The industry average of health care costs per person is almost \$10,000. At Lincoln Industries, it is just over \$3,500 per person.

The role of technology in healthy aging

In addition to health and wellness programs, advances in technology will have a major impact on managing the health of an aging work force. Philips, a leader in health and well-being, is helping companies to encourage their staffs to become more physically active. Demanding jobs and hectic schedules mean many employees don't get their recommended amount of regular physical activity — it's estimated that more than 60% of the global population fails to reach the minimum levels of daily physical activity as recommended by the World Health Organization.

Getting sedentary employees to be more active can be tough, but DirectLife, a customized interactive fitness program, offers a simple solution. Each participating employee is supplied with a discreet, wearable activity monitor and tools to link it to their personalized website. It records their activity while the website lets them track progress and offers motivational tips. Each participant also has email access to a personal coach who offers individual guidance and further encouragement. DirectLife has been launched in the U.S. and the Netherlands and is garnering interest from a large number of companies that recognize the link between fitter employees and productivity.

Dr. Jeremy Nobel, adjunct lecturer on health policy and management at the Harvard School of Public Health, who is working on computer-based information technology applications that coordinate critical aspects of health care delivery, says that technology will have a vital role in managing the health of an aging work force. "Technology is essential. For instance, I've been working on a remote downloadable pedometer to measure people's activity and to encourage them to exercise. It's popular because there is a natural tendency for people to enjoy games so if you make it fun they can exercise with work colleagues and encourage one another," he says. "I also see a role for the cell phone of today and even more so of tomorrow as a personal health device for older adults. They will use it to monitor their conditions, test their blood pressure or glucose levels and receive ongoing coaching. It will play an important role in the workplace."

People increasingly want access to health care anywhere, at any time and tailored to their specific needs. There is a growing move toward providing health care in the home rather than in a hospital or at the doctor's office. With an aging population and an explosion in chronic diseases, there will not be enough hospitals to cope with the number of patients who need routine monitoring and screening. Care will increasingly have to be provided at home or at work and patients will have to be monitored remotely. With technology and devices linking patients to emergency services and physicians, or enabling independent living through remote monitoring and better self management of chronic diseases, hospital beds can be freed up for emergencies and some of the pressure on already overburdened health care systems can be alleviated.

As older people stay employed, technology can deliver health care to the workplace as well as to the home. Among the products already being tested are mobile devices that can monitor glucose levels and send data back to your doctor; a stethoscope that can be attached to a mobile phone which will monitor your lung function and send the details to your specialist; and a mobile device that can send you an alert and tell you it's time to take your medication in order to ensure that you are complying with your prescribed regime.

The global management consultancy firm McKinsey estimates that the health care industry could save between \$175 billion and \$200 billion annually in managing chronic conditions in OECD and BRIC countries (Brazil, Russia, India and China) through the use of remote monitoring devices. It not only reduces clinical costs. Remote monitoring delivers intangible cost benefits, too: People don't have to take time off work to visit the doctor but can simply monitor their health during breaks or their lunchtime. It also saves on transport costs.

And acceptance by the majority of people is unlikely to be a major issue. Health related Internet searches are part of everyday life for many and there are already more than 2,000 health-related applications available for the Apple iPhone. They include health hotlines that



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provide information on symptoms and where to get advice and a lab test that will tell you if your test results are normal or not, or where they fall on the spectrum.

The Philips Index indicates that 76% of the people surveyed believe that medical technology will allow them to live longer, and 74% feel it is their responsibility to figure out which technologies will help them improve their health and well-being. Surprisingly, more women than men were in favor of using technology to improve their health and well-being, scoring higher in areas such as using lighting to reduce stress, wearing a monitor that can summon emergency help and using a device to help plan healthy meals.

But acceptance by employers will also be crucial. Companies will have to be prepared for the fact that throughout the day, their aging work force may have to take a blood test or test their lung function as part of the normal working routine.

American perspectives on the role of technology in healthcare

Of the adult Americans questioned:

79% Believe technological advancements will fundamentally change their homes in the next 10 years

76% Believe medical technology will allow them to live longer

74% Feel they are responsible for figuring out the best technologies that can improve their sense of health and well-being

72% Believe lighting can have a significant effect on their sense of health and well-being

65% Believe their lifestyle improves as new technologies are created

Source: Philips Index: America's Health and Well-being report 2010

Accommodating an aging work force

With increasingly aging employees, the workplace environment should be designed to take account of their needs. But as Prof. Peter Buckle, director of the Robens Centre for Public Health Ergonomics at the University of Surrey in the U.K., says: "Workplace design has been badly neglected by employers, policy makers and researchers. Few workplaces or organizations have been designed with the needs of the older worker in mind."

Research published in the U.K. in September by the Chartered Institute of Personnel and Development (CIPD) in conjunction with the Chartered Management Institute, shows that only 14% of U.K. managers consider their organizations to be well prepared to cope with the demands of an increasingly aging work force, and 34% say that board-level recognition of the issue is nonexistent. "Many organizations have neither a strategy in place for managing an aging work force, nor a coherent response to emerging issues," according to Jackie Orme, CIPD's chief executive.

And she adds, "The significant changes that organizations need to make require top-level involvement. Board-level leadership is important but it is frequently absent. Getting boards on board with this increasingly important issue will enable companies to develop the agility needed to respond effectively to demographic change."

However, accommodating aging workers is not necessarily expensive. German car manufacturer BMW has invested \$50,000 in small changes to its assembly plant in Dingolfing, Germany, to make life easier for its workers. This includes the introduction of wooden floors and customized shoes for factory workers who, in the past, complained about sore feet, new ergonomic chairs rigged to fit the assembly line and new computers with easier-to-read screens.

A spokesman for BMW says: "Firing older workers might be the simple way to solve the problem, but we have a social contract at the BMW group, where we say, that's not the solution, especially since we don't have enough younger people to replace them with, so it wouldn't work even if we wanted it to." Since making the changes, which were instituted in 2008, BMW reports that productivity



rose 7%; non-attendance fell below average and the assembly line's defect rate dropped to zero.

Other factors like more workplace lighting, and better acoustics will have an important part to play in the design of workplaces for the future, says Prof. Silvester of the Centre for Performance at Work at City University, London.

It's a view shared by Philip Tidd, London-based managing director of international workspace design specialists, DEGW. "We really need to focus on the needs of the older worker. That means basic things like good ergonomics and great lighting and maybe hearing induction loops."

Philips is focusing on lighting that will help an aging work force perform better. Dr. Martine Knoop, its senior lighting application specialist, says: "Growing older is linked to a large number of changes in the eyes. Under normal indoor lighting conditions a 60 year old typically needs 10 times more light to achieve the visual acuity of a 20 year old. At the same time, the aging eye is more sensitive to light and an aging work force might perceive more problems with bright light sources such as small, very bright LEDs, so that must be taken into account."

To support the aging work force, the company has developed "dynamic lighting" which simulates natural light. Our bodies are affected by the rhythm of night and day and the dynamics of daylight influence our sense of well-being. Using Philips' system, people can control their own space according to their needs, moods and tasks, creating exactly the right atmosphere to improve performance and motivation. So for example, you can opt for cool, fresh light that raises your energy levels as you come into the office in the morning; and at lunch time a short rest helps us recharge our batteries so you can choose warmer light to help you relax. During the post-lunch dip, you can raise the light levels again to ensure a productive afternoon and at the end of the day. If you are working late, you can use warmer light that creates a more homey atmosphere.

All employees need the best working environment possible if they are to be productive, says Prof. Jeremy Myerson, director of the Helen Hamlyn Centre at the Royal College of Art in London. He has been exploring how companies can design office space for an aging work force and how the office environment can help to sustain the health and well-being of staff. This encompasses not only the physical dimension but also the social aspects of health, meaning that all facilities in the workplace should be designed with older workers in mind, regardless of who uses them. "The drive for greater levels of physical and mental well-being is one of the most persuasive factors in promoting an inclusive design approach," he says.

As well as having to provide a physical environment to meet the needs of all employees, companies will also have to deal with the different working styles and attitudes that come with a diverse work force. "There will be a huge range of ages in the workplace and people may work in different ways," says Phil Hutchinson, managing director of London-based design company, BDGWorkfutures. "Younger people may prefer to work at two in the morning on their laptops from home, while older workers may prefer to go into the office early in the mornings. I don't think it's going too far to suggest that we may see different shift patterns according to age."

How sets of people with different working styles, needs and attitudes are successfully mixed, will be an important factor in determining the success of organizations in the future, says Prof. Michael Hulme of Lancaster University



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in the U.K., co-author of a report commissioned by Microsoft into the "Hybrid Organization." "There are some really big challenges about creating environments which are sufficiently common for the various generations to be able to work together and share together so one can't dominate in the long run," he says.

Companies will have to make a fundamental shift in how they structure their organizations to take account of these seismic demographic changes. CIPD of the U.K. says that companies cannot pay lip service to diversity policies. In a survey it carried out in the U.K., 40% of those questioned feel they have experienced disadvantage as a result of appearing too old. Such disadvantages were most commonly experienced in relation to promotion or job applications. The majority of managers (64%) said that their organization removes age from application forms as a way of encouraging applications. This represents a large increase from the 2005 figure of 44%, and is particularly welcome in light of the finding that job applications are one of the most common areas for disadvantage due to age. However, fewer managers think their organizations are trying to target a range of age groups when recruiting.

Training is another area that will have to be addressed. While the experience of older workers is generally well recognized, if they are to continue to make a major

▼ contribution to their organization then their skills need to be continually developed and refreshed. This can be problematic, CIPD suggests. “It can be difficult to encourage older workers to take part in training. This might be because older workers feel that they are already highly experienced and competent. The challenge for employers in offering training is to communicate the business needs and its associated benefits very clearly,” it says.

Working practices will also have to change. Older workers will demand greater flexibility in terms of part time or flexi working — they may want to combine work with other interests or may have caring responsibilities for their very elderly parents or for grandchildren, or they may want to work from home to avoid a tiring commute. CIPD says that under half of the employees it surveyed (47%) feel that their organization offers adequate flexible working opportunities for older workers. However, 28% expect employers to offer more in future. “It is pivotal to good practice and sustainable business performance to take into account individual employees’ different needs and expectations about extending their working life. Organizations should aim to respond to personal preferences in ways that are both fair and practical and deliver added value to the business,” it says.

Katy Hartley, director of The Philips Center for Health and Well-being says that a major question for businesses is how to manage the hierarchy. “What happens to promotions? How do you ensure that a sideways move rather than moving up the ladder is perceived by employees as a good thing? How do you keep new talent flowing through the company if people don’t retire? Will a CEO appointed at the age of 45, still be doing that role when he is 80?” As yet, many organizations and their boards have failed to find an answer.

As Ms. Orme, chief executive of the CIPD says: “Many organizations have neither a strategy in place for managing an aging work force nor a coherent range of provisions to respond to emergent issues. Even those organizations that are ahead of their contemporaries need to remain alert and responsive to new challenges to traditional ways of doing things.”

The focus on intergenerational working will be vital in the future. But Prof. Novelli of Georgetown is positive about how it will be received by employees, as he says: “Not that many years ago, there was a key question being pondered by many male workers: ‘Can I report to a woman?’ Today, in just about every part of our society, the answer has turned out to be yes. We have women as corporate executives and university presidents and deans. Women are running military operations and nonprofits. We have women cabinet-level secretaries, senators, governors and mayors. They are leading and managing, and the idea that men are reporting to them is virtually a non-issue. Now the question may be increasingly asked among older workers: ‘Can I report to a younger person?’ More specifically, at age 65 or 70, ‘Am I going to be able to work for someone who is half my age and has less than half my experience?’ I think the answer is yes.”

In a Gallup-Healthways Well-Being Index Community Survey, people aged 50 to 64 score most highly in feeling that they receive collaborative and supportive supervision on the job. “I find this interesting,” Prof. Novelli says, because we might assume that, in many cases, these supervisors are probably younger than the workers they oversee. This arrangement is likely to become more common as our work force ages.”

Conclusion

The aging work force poses tremendous challenges not only for companies but the global community as a whole. But it is also an opportunity. By redefining concepts of old age, we can take advantage of the value and experience of older workers. But that also means that companies will have to begin supporting their health needs — both physical and mental, ensuring that employees change their behaviors and have access to the technology that will help them lead healthy, productive and active working lives well beyond retirement age. Failure to act, will undermine not only business growth, but business survival.

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