

Managing an ageing workforce in the manufacturing sector

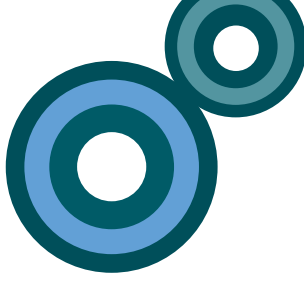
A report for employers

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Produced for the Department
for Work and Pensions
By the Centre for Research
into the Older Workforce

age**partnership**group
Targeting Employers®





Age Partnership Group (APG)

This research is one of a number of projects commissioned by the DWP on behalf of the APG as part of the National Guidance Campaign (NGC).

The APG was formed in 2002 and consists of a number of national organisations who represent different aspects of employers needs, for example, small business representatives, trade unions, HR and Personnel managers, local government, other government departments, accountancy, insurance and training organisations. There are separate groups representing England, Scotland and Wales.

The NGC aims to raise employers' awareness of, and ability to adopt, practical information and guidance on age diverse employment practices. This includes flexible employment and retirement opportunities in order to increase the recruitment, selection, promotion, training and retention of older employees prior to the implementation of age legislation in October 2006.

You can view the Age Partnership Group website at www.agepositive.gov.uk/agepartnershipgroup

Legislation

In March 2006, the Employment Equality (Age) Regulations 2006 were published. The regulations are the last major stage of the European Employment Directive and will come into effect on the 1st October 2006.

The regulations prohibit age discrimination in employment and vocational training. They apply to individuals of all ages in work, seeking work or looking to access vocational training and to all employers, and to all providers of vocational training and vocational guidance (including further and higher educational institutions).

The regulations can be viewed on the Department of Trade and Industry website at www.dti.gov.uk/employment/discrimination/age-discrimination/index.html

Disclaimer

This report has been commissioned to provide information only. Responsibility for the views expressed in this report rests solely with the authors. The members of the Age Partnership Group (APG) and the Department for Work and Pensions (DWP) do not accept responsibility for the views of the authors.

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Introduction

This report is about how firms in the manufacturing sector are managing an ageing workforce. It has been written for the Department for Work and Pensions (DWP) by the Centre for Research into the Older Workforce (CROW) to help employers to make better use of older workers. It also helps to raise awareness of the new Employment Equality (Age) Regulations 2006 which become law in October 2006, and prohibit age discrimination in work or training against people of any age.

Workforce ageing presents a growing challenge to most employers. Birthrates have been falling for many years, and in the next few years the numbers retiring will outnumber young people entering the labour market. The government believes that the resulting skills gaps and labour shortages in many industries can be reduced if employers can find ways of making better use of older workers, and encourage people to stay in work longer.

However, every industry has its particular features, and this report outlines the special issues affecting the manufacturing sector, based on a large national survey of employers. It highlights employment practices in the sector which will be hazardous under the Age Regulations, and aims to stimulate discussion and improved practice in firms.

This report is not intended to be an authoritative statement on the age discrimination law itself. Details of how to obtain the Regulations, and advice about them, can be found at the end of the report. However, while the Regulations make some activities unlawful, it is for the Courts and Employment Tribunals to interpret this in specific cases. The term "hazardous" is therefore used in this paper to describe activities which might be ruled unlawful if a case is brought. We suggest that employers need to review their practice in these areas.

During 2006, CROW will explore these issues in more depth through case studies of firms in seven sectors, and DWP plans to publish the resulting Research Report in 2007.



1. Summary: key age issues for manufacturing firms

The manufacturing workforce is substantially older than the workforce in general, and although a high proportion of workers leave in their 50s, one firm in five employs someone over 65. The sector already faces serious labour and skills problems, and the level of skills required is rising. Although overall levels of employment in the sector are expected to fall, the number of workers approaching retirement means that many employers will need to retain older workers longer, and increase recruitment of younger ones.

Although few firms report practices which are clearly unlawful under the Age Regulations, manufacturing firms are less likely than others to have protective practices in place (like equal opportunities policies, formal appraisal and assessment for promotion, and “age blind” recruitment systems) which could prevent unfair discrimination. Discrimination is made more likely by a high proportion of employers who hold strong views about the age groups appropriate for particular jobs. Despite a relatively old workforce, larger firms in manufacturing are generally unsympathetic to extending working lives, and they tend to enforce retirement ages rigidly.

Common hazardous practices in manufacturing

Common practices in this sector which may need review if employers are to avoid breaking the Age Regulations include:

- **selecting new staff on the basis of length of experience.** Here age is being used as a proxy for competence, which ought to be assessed in its own right, since years of experience relate indirectly to age.
- **using physical strength as a recruitment criterion.** This is lawful where the requirement is genuine, but it will be

unlawful to use age as a proxy for physical strength, since the test must be applied to the individual, and changes in physical capacity with age vary greatly between individuals. Employers must also take into account the need for “reasonable adjustment” to working practices under the Disability Discrimination Act.

- **providing age information to shortlisting and interviewing staff.** There are legitimate reasons why employers would request dates of birth from job applicants (for example, to monitor equal opportunities), but passing this information to staff who are responsible for selection increases the risk of age discrimination in recruitment.
- **giving local managers discretion over setting starting pay.** In view of the attitudes expressed about the suitability of particular age groups to jobs, this may easily lead to discrimination.
- **setting contractual retirement ages below 65,** are more common in manufacturing than elsewhere, although most firms have no rationale for this. This will be unlawful under the regulations.

Unlawful practices in manufacturing

The following practices are less common, but unlawful, and firms who use them will need to make changes if they are to remain within the law.

- 42% of firms set **maximum recruitment ages.**
- 12% of firms use **age to fix starting salaries.**
- 12% of firms use **age as a recruitment criterion.**
- 6% of firms **specify age in job advertisements.**

2. The shape of the manufacturing sector

The nature of the age management issues facing a sector depends on factors like the average size of firms, the age and skills profile of the workforce, and future expectations of growth or contraction. This section outlines this context for the manufacturing sector.

Manufacturing¹ is still the largest sector of the economy, employing 12% of the national workforce (3.7 million people) in 152,000 firms. It is extremely diverse, producing: foods and beverages, clothing, textiles and leather, wood and wood products, paper and publishing, fuels, chemicals, plastics, mineral and metal products, precision instruments, machinery, furniture, electrical and transport equipment and recycling. The bulk of the workforce (43%) are Skilled Tradespeople and Process, Plant and Machine Operators. The sector is supported by four Sector Skills Councils (SSCs):

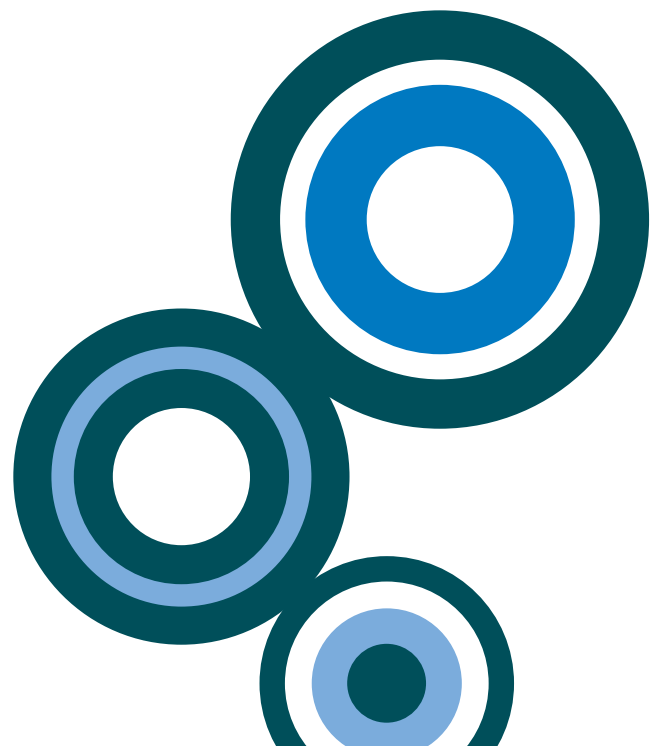
- Proskills UK - process and manufacturing of building products, glass, paint, coatings, print and extractive processing
- Improve - food and drink manufacturing
- Skillfast - clothing and footwear
- SEMTA - science, engineering and manufacturing technologies

Although productivity is relatively high, the sector's output has been shrinking, as has the number of firms, and this is expected to continue. The sector expects a continuing growth in numbers of highly skilled and managerial staff, and a rapid decline in low skilled and craft ones. Among the SSCs, only SEMTA (which has the highest proportion of highly skilled workers) is predicting an overall expansion of employment over the next decade.

By comparison with the economy as a whole, manufacturing firms are relatively large. Although three quarters of all firms employ fewer than eleven people, the sector has twice the national proportion of firms employing over 200. Levels of planning are comparable with the rest of the private sector, with half of all firms undertaking some formal business planning.

The workforce is older in manufacturing than in other sectors, with a disproportionate concentration in the 35-55 age range; a very large number over 55 (598,000); and one firm in five employing someone over State Pension Age (mainly in small numbers). However this varies within the sector, with the proportion of people over 55, higher in basic metals, textiles, and recorded media, and lower in food, drink and tobacco. Other distinctive features of the manufacturing workforce are the low numbers of women and members of ethnic minorities. Part-time working, which is particularly attractive to many older workers, is very rare in this sector.

¹ The sector includes the Standard Industrial Classification Codes (SIC) 15-37. Full details of occupational classifications can be found at [www.statistics.gov.uk/methods_quality/sic/downloads/UK_SIC_Vol1\(2003\).pdf](http://www.statistics.gov.uk/methods_quality/sic/downloads/UK_SIC_Vol1(2003).pdf)



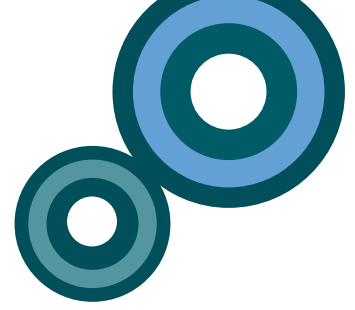
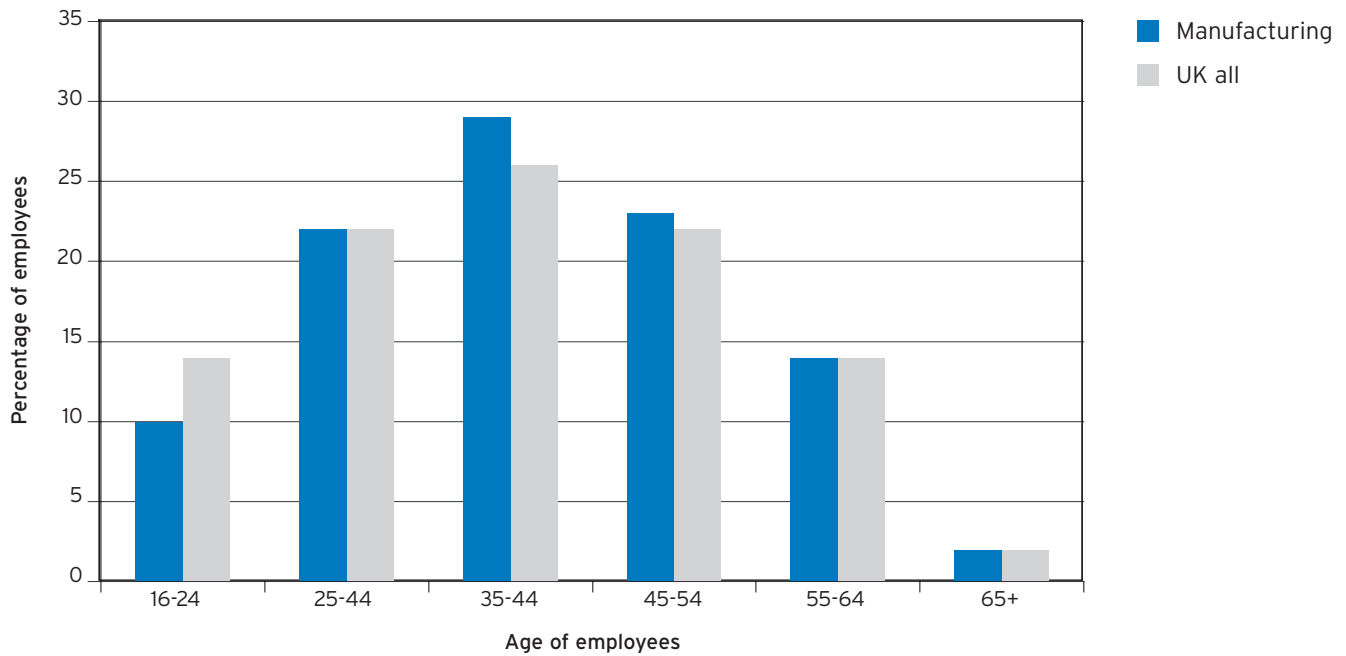


Figure 1 The age profile of the manufacturing workforce



The sector is experiencing high levels of skill problems, with double the national average proportions of skills gap, skills shortage and hard to fill vacancies. Despite this, training levels are below the average for the economy as a whole on most indicators, and a low proportion of firms have training plans. Despite the predicted decline in employment, the workforce age profile means that in the medium term there will be high demand for workers to replace those retiring.

3. Age discrimination in employment

Age discrimination at work is common. It can affect people of any age, but is particularly likely to involve older people, and more than one in five workers over the age of 50 say that they have experienced it either when applying for jobs or in the workplace². In countries where age discrimination law is already in force, it is the commonest cause of discrimination cases in the courts.

From October 2006, it will be unlawful for any employer in the United Kingdom to discriminate against or harass anyone on grounds of age, directly or indirectly, in relation to either employment or vocational training. This will cover arrangements for recruitment and promotion, pay and conditions, education and training, and retirement and redundancy.

There are exceptions: in relation to retirement, where it will be lawful to make an employee retire at a given age, provided this is not below 65 (for men and women); and where an existing statutory provision exists (like the Minimum Wage Regulations). An employer may also be able to justify discrimination if it is designed to correct an age imbalance in his workforce; if there is a legitimate business reason (and the discrimination is proportionate); or if there is an objective justification (likely to be very rare). The Regulations, and advice on their interpretation, can be found on the DTI and ACAS websites³.

Some features of age discrimination are common to most employers⁴.

- Indirect discrimination is more common than direct discrimination. DWP and DTI's joint survey, conducted by the National Institute of Economic and Social Research (NIESR), found few examples of direct discrimination, but one in five employers believe that some jobs are better done by people of particular ages. Where such beliefs exist, discrimination is more likely.
- Discriminatory attitudes are more likely to be found in private sector firms, and especially small ones⁵ in sectors like manufacturing and construction. These are also the firms and sectors where there are least likely to be formal procedures and policies to protect against unfair discrimination.
- The most common hazardous practices involve setting age limits on recruitment, especially for those over 50, and using age as a basis for decisions on compulsory retirement and redundancy.
- About half the workforce is covered by a compulsory contractual retirement age. In most cases this is already 65, which is the new "national default retirement age". However, even where firms plan to retire staff at 65, they will have to give formal notice of retirement dates and seriously consider requests to stay longer.

² Discrimination is difficult to measure precisely, since it is subjective, and affected by levels of public awareness of age issues, and many people regard it as "normal". In a CROW postal survey of workers over 50 in 2004, 20% reported age discrimination. In research by the University of Kent for Age Concern England 29% of people reported experiencing age discrimination (compared to 24% for gender).

³ See "Further Information" at the end of this report.

⁴ Information based on DWP and DTI's joint national survey of employers' policies practices and preferences, conducted by NIESR (see "Further Information"), although because this is new secondary analysis not all figures are directly comparable. Also, for certain policies and practices respondents were asked to answer in respect of their largest occupational group rather than for the workforce as a whole.

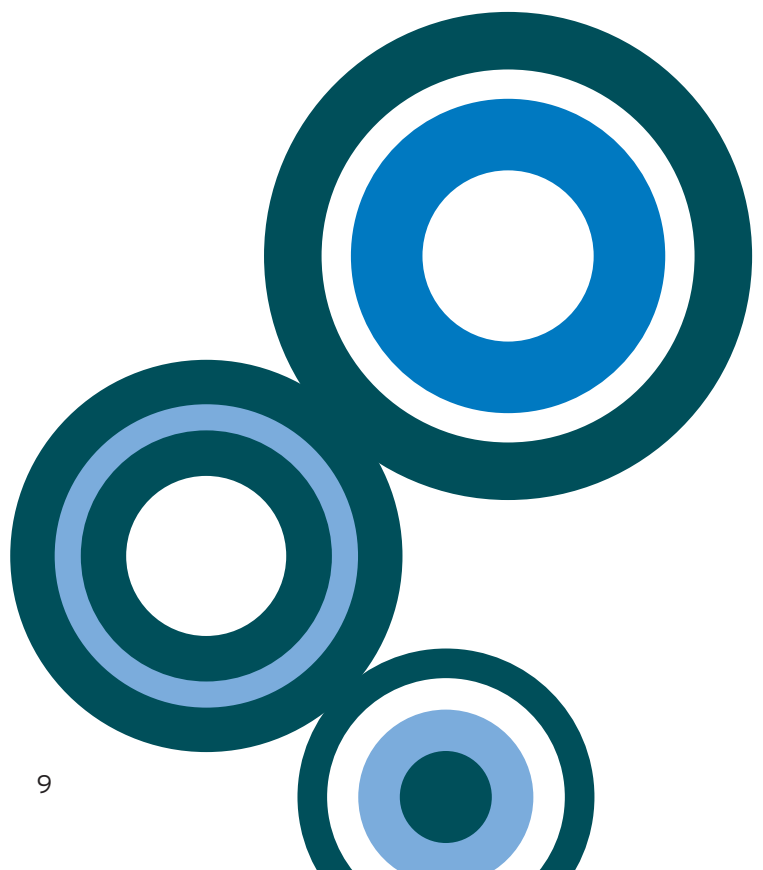
⁵ In this report "micro" firms have 5-19 employees, "small" employ 20-49, "medium" employ 50-249, and "large" employ 250 or more (the survey excluded firms employing fewer than 5 employees).

- Public sector and large private sector organisations, are more likely to have formal procedures (like appraisal schemes or equal opportunities policies) to protect against discrimination, especially where a Trades Union is recognised. However, these organisations are also more likely to have long standing formal agreements which include provisions which are hazardous under the Age Regulations, including contractual retirement ages below the new national default retirement age of 65.
- Two occupational groups are particularly at risk from discriminatory practices. These are professional and associate professional/ technician staff, both of whom are particularly likely to be exposed to discrimination in setting pay, long incremental pay scales, and access to training.

The tables in this paper identify hazardous practices identified in DWP/DTI's employer survey, indicating those which are most common among employers in manufacturing, and among employers in general.

Some of the provisions in the Regulations allow an employer to claim an "objective justification" for a practice which would otherwise be unlawful. Such justifications require the employer to be able to show that his or her action is a proportionate means of achieving a legitimate aim. It will be for Employment Tribunals and the County Courts to rule on what is justifiable under these provisions.

The Regulations also allow some practices, like incremental scales, where pay or terms of employment improve with length of service, but only up to five years, beyond which they will need to be objectively justified.



4. Recruitment and promotion

The key principle in all selection for employment or promotion is that decisions should be fair, and based on the individual's competence for the job, and not on arbitrary factors like age (or gender or race etc).

The research evidence shows that work performance in most jobs does not decline with age before the late 60s, provided individuals are healthy, motivated and kept up to date.

In recruitment and promotion, the commonest hazardous practices involve excluding applicants, either directly (by specifying ages), or indirectly (e.g. by specifying years of experience, rather than specific capabilities) in advertisements, job descriptions and interview criteria.

Table 1 shows the most common areas of hazardous practice in the manufacturing sector (with figures for firms in general for comparison).

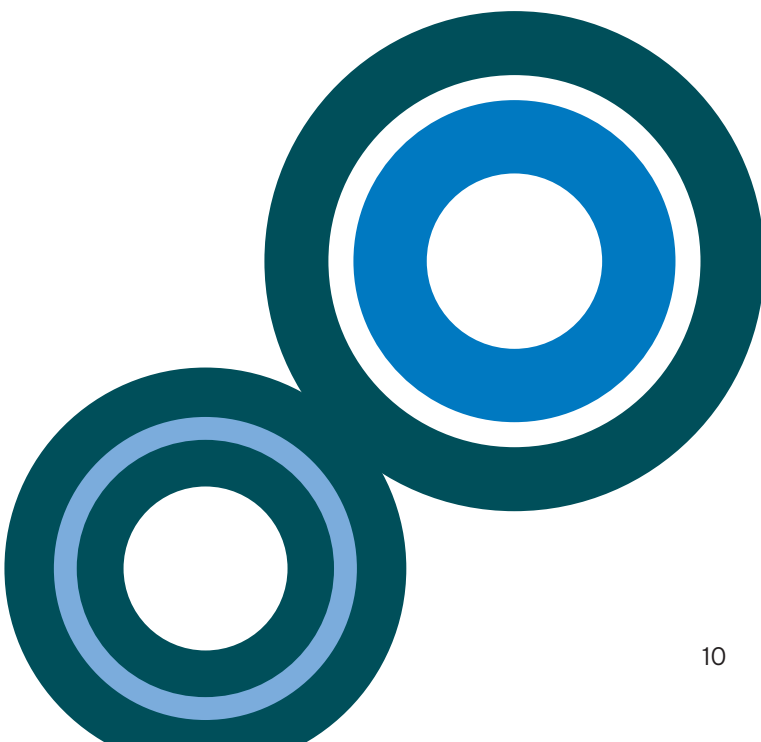




Table 1

| Recruitment and promotion | Comments | % of organisations reporting in manufacturing | % of organisations reporting in all sectors |
|--|--|---|---|
| Selection criteria specify qualifications | Lawful if the qualification is directly relevant to the job, and equivalent qualifications are accepted for candidates of different ages. | 60 | 60 |
| Selection criteria based on length of work experience of any kind | Indirectly discriminatory. The test must be individual capability not experience; unless an objective justification can be demonstrated. | 59 | 62 |
| Maximum recruitment ages are specified | Unlawful if set more than six months before the company's retirement age unless objectively justified ⁶ | 42 | 33 |
| Age information is provided to recruiting staff | Increases risk of discrimination. | 48 | 44 |
| Application forms ask for date of birth/age | Lawful to use for monitoring purposes and conforming to Statutory requirements. Potentially discriminatory. ACAS recommends removing this information (as with other equal opportunities information) before shortlisting. | 37 | 48 |
| Selection decisions are based on remaining period to retirement | Discriminatory unless a clear business justification can be demonstrated ⁷ (like the cost/time required to train, relative to the expected years of work). | 21 | 18 |
| Age criteria are used directly in recruitment, or particular age ranges are targeted | Unlawful unless required by Statute, or for positive action reasons (e.g. to compensate for the under representation of a particular age group). | 12 | 9 |
| Selection decisions are based on expected length of service, judged by age | Unlawful | 8 | 7 |
| Job advertisements specify age | Unlawful, unless there is a genuine occupational requirement (e.g. a young actor for a young part). | 6 | 6 |

⁶ If the employer does not have a compulsory retirement age, he can set a maximum recruitment age of 64 1/2.

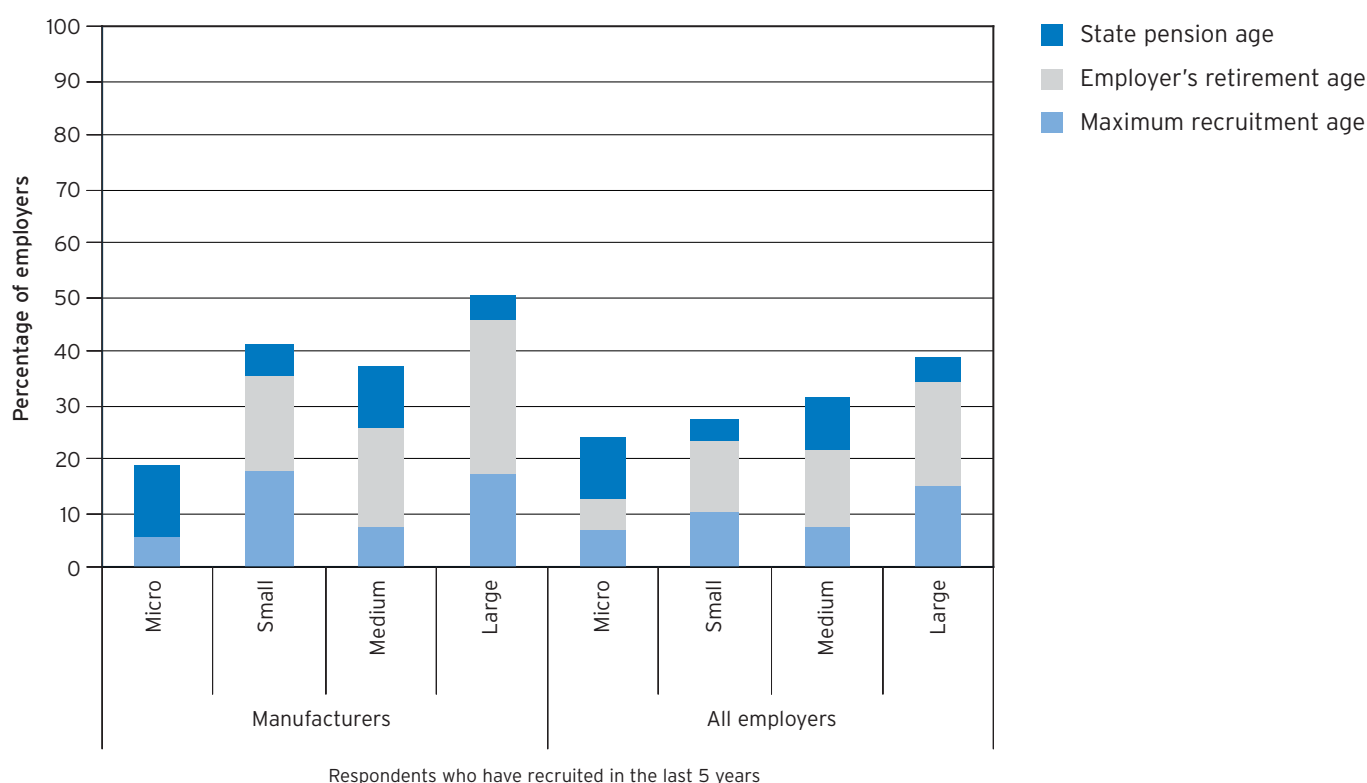
⁷ See also "maximum recruitment age".

Manufacturers in general are less open than employers in other sectors to recruiting and promoting older workers (Fig 2). Few firms encourage applications from people over 50, and 19% of medium firms and 28% of large ones said that they would not recruit people above their normal retirement ages. The reluctance to recruit older workers may reflect their perceptions of the physical demands of the work, since over half of large firms, and almost two thirds of small ones, said that physical strength

is an important requirement for employees. Physical strength is itself a legitimate basis for selecting recruits, but it does not correlate directly with age.

Direct age discrimination, however, is rare in manufacturing, with only 3% of firms saying that employees over 50 would be less suitable for work than other age groups, and fewer than 10% of firms specifying a preferred age range for recruitment.

Figure 2 Employers unwilling recruit over a specific age:



Smaller manufacturers (fewer than 50 employees) are more likely than firms of similar size in other sectors to select applicants for jobs on the basis of age and experience. Anticipated length of service is also seen as particularly important by small firms, who assess how long candidates are likely to stay. Although

manufacturers are no more likely than others to ask for dates of birth on applications, a high proportion (79% of large firms) of those who collect this information allow it to be seen by shortlisting and interviewing staff, which risks age discrimination by selectors.



5. Pay and conditions

The key principle in setting pay and conditions should be fairness. Where individuals are treated differently, this should be on the basis of a different contribution or skill, not on age, or on a factor which is a proxy for age (like years of service). This applies to people of all ages, and those over an employer’s normal retirement age are equally protected by the law⁸.

The Regulations do, however, allow different treatment where this can be “objectively justified” as a “proportionate” way of achieving “a legitimate business purpose”. Rewarding long service can, for example, be justified if it can be shown to benefit the business by increasing staff retention, and the sums involved are reasonable⁹.

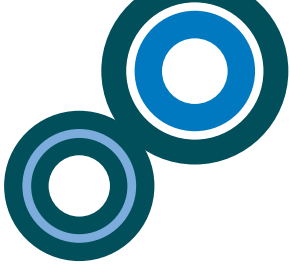
The table shows the most common areas of hazardous practice in the manufacturing sector.

Table 2

| Pay and Conditions | Comment | % of organisations reporting in manufacturing | % of organisations reporting, all sectors |
|--|---|--|--|
| Long service awards | Lawful if five years or less or it fulfils a business need like retaining experienced staff. More common in large firms (affects 33% of all firms but 54% of all employees). | 32 | 33 |
| Incremental pay scales are used | Unlawful if scale covers more than 5 years (which occurs in 5% of all firms), unless it can be objectively justified. | 27 | 36 |
| Annual leave entitlement is based on length of service | Lawful if five years or less or it fulfils a business need like retaining experienced staff. More common in large firms (affects 44% of all firms but 58% of all employees). | 25 | 44 |
| Separate youth rates of pay | Only lawful in specific circumstances relating to the National Minimum Wage or Apprenticeships. | 13 | 11 |
| Starting salary is dependent on age | Unlawful | 12 | 13 |
| Selection for training depends on period to retirement | Potentially indirectly discriminatory (7% of all firms set a limit of more than 1 year). Objective justification is possible in terms of business benefits such as the cost set against predicted return. | 11 | 8 |
| A maximum age is set for eligibility for sick pay | Unlawful | 3 | 6 |

⁸ The upper age limit for unfair dismissal claims is being lifted under the new regulations, and employees over their firms’ retirement age will have full protection against discrimination.

⁹ This is a complex area. Advice is available on the ACAS website (see “Further Information” below).



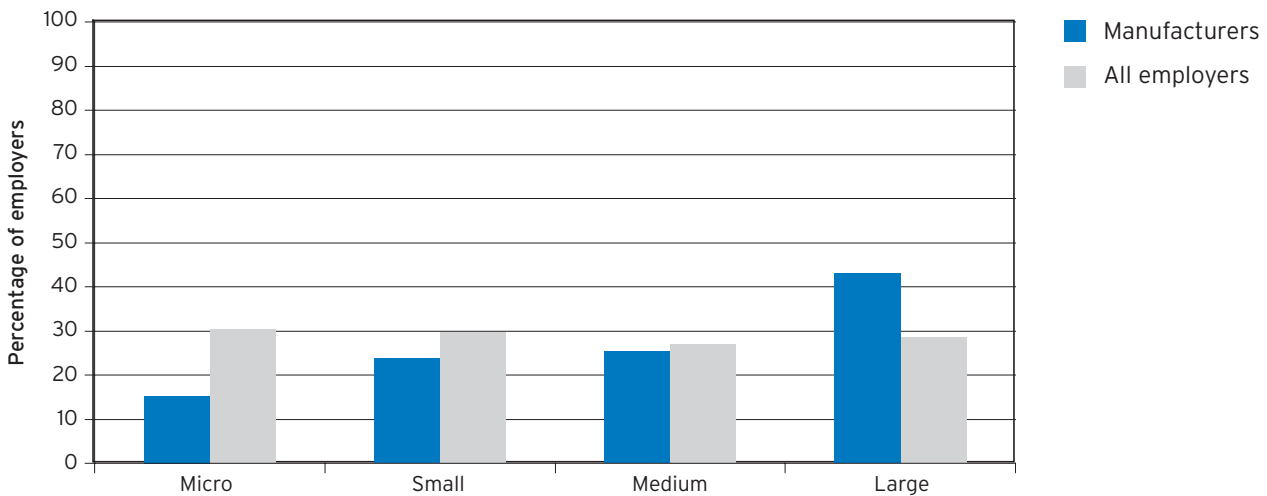
Manufacturers are more likely than other employers to offer long service awards in the form of bonuses or one-off payments, and 85% of large employers have a long service award scheme. These will not be illegal, provided that it satisfies a demonstrable business requirement, like encouraging loyalty or performance.

Large manufacturers are more likely than smaller ones to set the same rate of pay for all employees in an organisational group (43% of large employers, compared to 15% of micro firms) (Fig 3). However, half of the large firms give

individual managers some discretion on starting salaries, which risks unfair discrimination unless this is backed up by clear equal opportunities policies and training for managers.

Manufacturers are less likely than other employers to base pay and conditions on length of service, and among those large firms which have length of service criteria, few have incremental scales which are more than five years in length (which is unlawful under the Age Regulations).

Figure 3 Employers who pay the same rate for all employees in the main organisational group



Smaller firms are more likely than large ones to use age as a promotion criterion. This was reported by 11% of micro firms and 7% of small ones, and smaller firms were also much more likely to set maximum ages for promotion in manufacturing than in other sectors. This will be unlawful unless there is a demonstrable business reason.

6. Retirement and redundancy

The Age Regulations introduce a new national Default Retirement Age of 65 for both men and women. An employer can lawfully set a retirement age at 65 or above, but can only set a lower retirement age if there is an objective justification (which is expected to be very rare, since age itself is rarely a qualification for a job). Whatever retirement age the firm adopts, the employer will be required to give individuals formal advance notice of their retirement date, and must consider requests to stay on after that.

The key principle here is that, up to the firm's retirement age, exit from the firm through either retirement or redundancy should be based on individual capability and contribution, and personal preference, not on age.

In relation to redundancy and unfair dismissal, the Regulations extend the same rights to all employees, whatever their age, removing the previous age limits. Statutory redundancy entitlements remain unchanged. An employer can use age or length of service to enhance redundancy payments, but only in accordance with the rules specified in the Age Regulations.

In this area, the greatest hazards concern the setting of compulsory retirement ages and the use of age in selection for redundancy or setting levels of redundancy pay.

The table shows the most common areas of hazardous practice in the manufacturing sector.

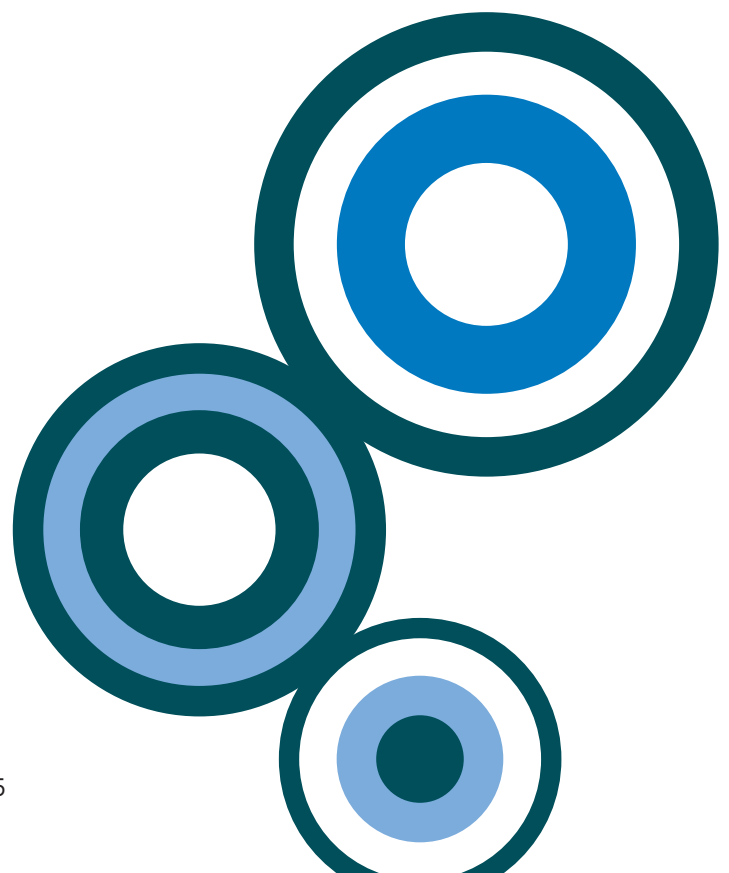


Table 3

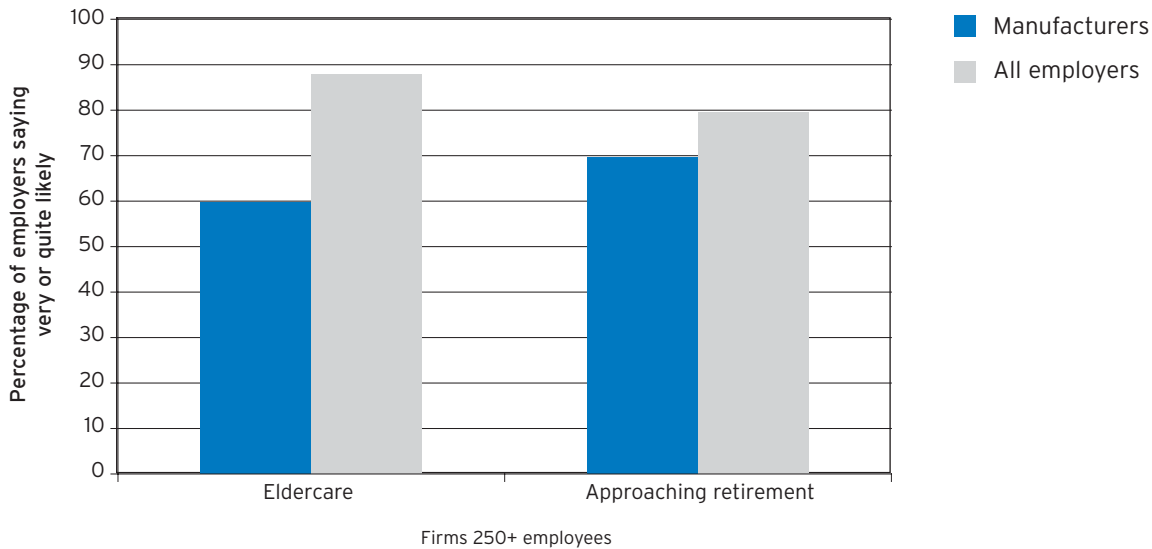
| Retirement and Redundancy | Comment | % of organisations reporting in manufacturing | % of organisations reporting, all sectors |
|--|---|---|---|
| Redundancy decisions based on length of service | Indirectly discriminatory since longer service correlates with age. | 54 | 49 |
| Level of redundancy pay based on length of service | Can be indirectly discriminatory against younger employees. Length of service is used in compulsory redundancy decisions by 27% of all firms but affects 38% of all employees. For voluntary redundancy it is used by 23% of all firms but affects 34% of all employees. | 38 compulsory 27 voluntary | 27 compulsory 23 voluntary |
| Compulsory retirement ages | Unlawful if below 65 (which affects 6% of all employers), unless it can be objectively justified. 50% of the UK workforce is affected by compulsory retirement ages (because this is more common in large firms). However, in most cases the fixed age is 65, which will remain lawful, although employers must consider requests to stay on. | 33 | 37 |
| Compulsory redundancy decisions are based on "last in first out" | Likely to discriminate indirectly against younger employees. | 30 | 28 |
| Age is used in selection for redundancy | Unlawful. The decision must be based on requirements of job and competence of staff, or positive action to maintain an age balance. | 15 compulsory 3 voluntary | 14 compulsory 5 voluntary |
| Level of redundancy pay is affected by age | Unlawful. Affects only 10% of all firms, but 17% of all employees (because it is more often used in larger firms). | 16 compulsory 9 voluntary | 10 compulsory 9 voluntary |
| Redundancy decisions based on current salary | Likely to discriminate indirectly since salary levels generally correlate with age. | 6 | 7 |

Manufacturers are more likely than other employers to have hazardous retirement policies. Smaller manufacturers are particularly likely to require employees to retire before 65, although few of these could explain the reasons for this, and some said that the origins of the policy are just historical.

Retirement practices in manufacturing vary considerably by firm size. Flexible and part-time working makes staying in work more attractive

to older people, and half of micro firms and two thirds of small and medium manufacturers would allow this for people approaching retirement. Larger firms, on the other hand, are much less willing to do so, are more likely to apply retirement ages rigidly and are less willing to allow reduced working hours for employees with eldercare responsibilities.

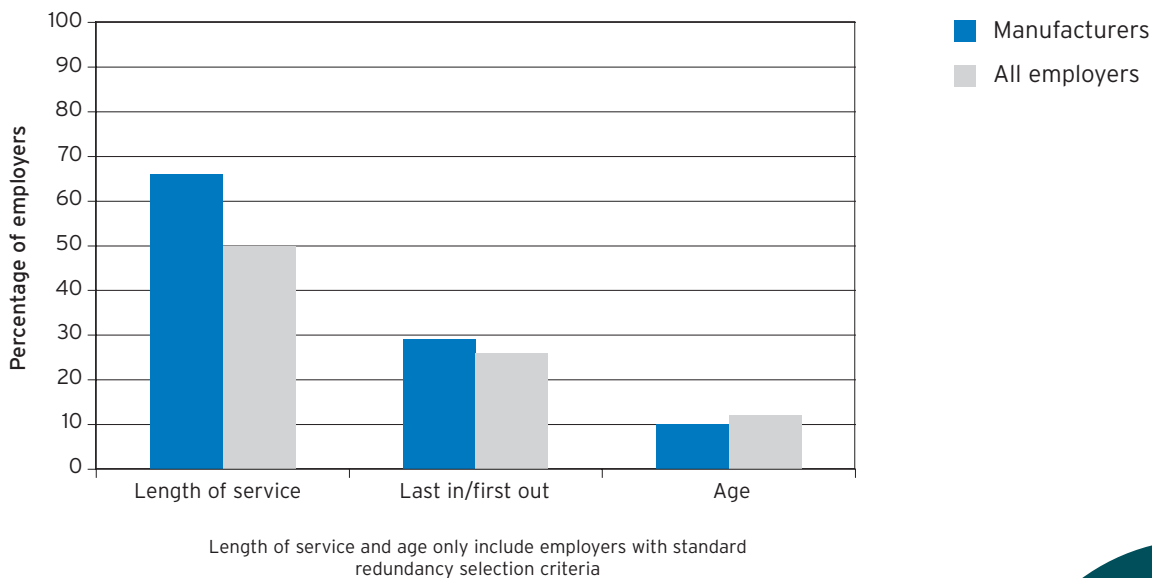
Figure 4 Willingness to consider reducing working hours



Manufacturers are more likely than other employers to have formalised procedures for selecting individuals for compulsory redundancy.

The commonest criterion for selection is length of service, but 10% of those with standard criteria use age, which will be unlawful (Fig 5).

Figure 5 Compulsory redundancy procedures based on:



Manufacturers are more likely than other employers to base redundancy pay, both voluntary and compulsory, on length of service. This will only be legal within the rules laid down in the Regulations.



7. Management and training

There are a variety of management practices which can reduce the risk of legal disputes under the Age Regulations. Table 4 identifies the commonest ones,

and shows what proportion of firms in the manufacturing sector, and the economy in general, use them at present.

Table 4

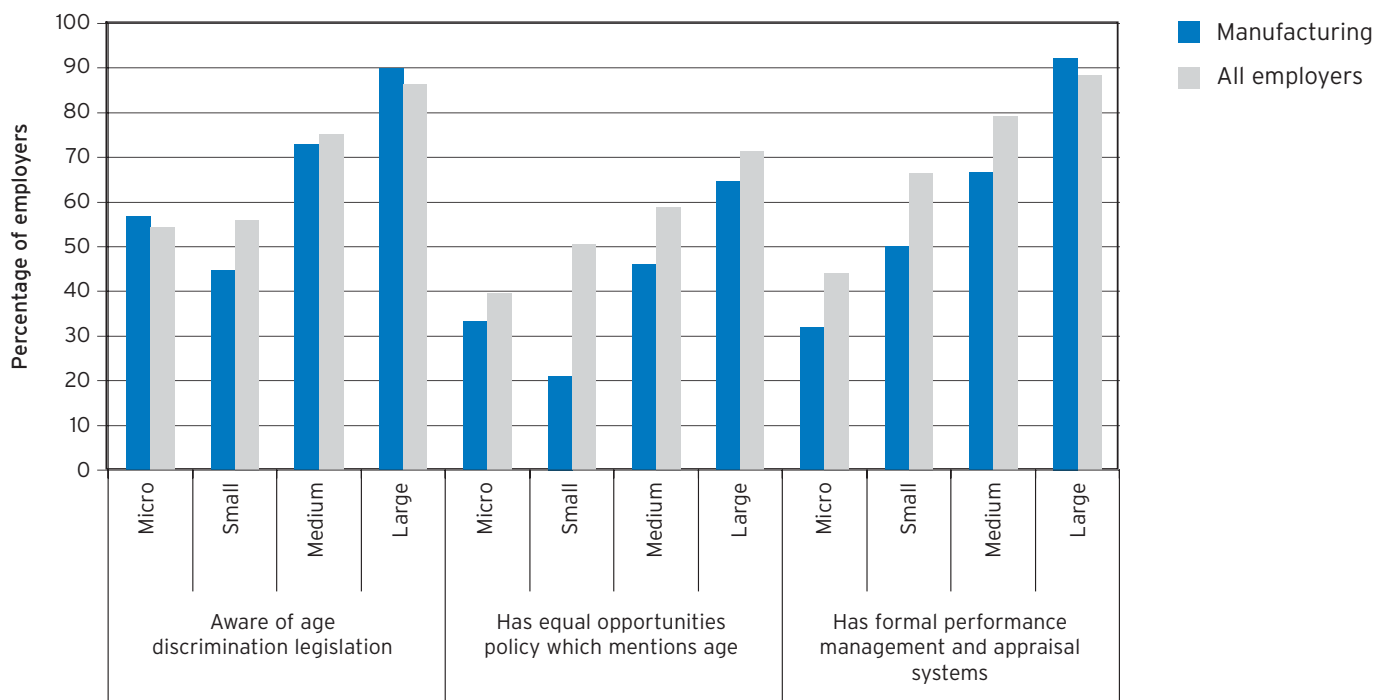
| Management and training | Comment | % of organisations reporting in manufacturing | % of organisations reporting, all sectors |
|---|--|---|---|
| Equal opportunities policy | Having a policy makes expectations clear to managers and staff, and makes monitoring easier. | 53 | 72 |
| | Equal opportunities policy explicitly mentions age. | 36 | 56 |
| | Policy implementation by age is monitored (only those with age policies). | 32 | 49 |
| "Age blind" recruitment practices | Removing dates of birth and age data from applications before they are considered by selectors reduces the risk of discrimination (although training recruiters is also important). Some firms collect this information on equal opportunities monitoring forms which are removed before forms are passed for short listing. | 25 | 43 |
| Providing work related training for all staff | There is a direct relationship between participation in training and staying longer in work. | 76 | 70 |
| Formal performance appraisal | Ensures that employees are clear about objectives, that performance is recognised, and untapped talents are used. This will also be relevant when firms have to consider formal requests to stay after a firm's retirement age. | 54 | 68 |
| Formal assessment for promotion | Formal assessment increases the chances of promoting the most valuable people, and reduces the risk of discrimination (4% of all firms currently have age related promotion criteria, which will be unlawful). | 23 | 37 |
| Flexible working | Many employees, especially those with childcare or eldercare responsibilities, and those approaching retirement, would like to work part-time or flexibly. Offering flexible working improves retention and motivation of key staff. | 82 for childcare 82 for preretirement 69 for eldercare 45 for any reason | 82 for childcare 78 for preretirement 74 for eldercare 51 for any reason |
| Flexible retirement ages | Flexible retirement allows individuals to work longer and employers to continue to make use of skills and expertise. | 56 offer to all staff 3 offer to some staff | 50 offer to all staff 4 offer to some staff |

Employers in manufacturing are less likely than other employers to have policies and practices to protect them against claims of age discrimination (Fig 6). They are less likely than other employers to have equal opportunities policies, and where those policies exist, they are less likely to mention age (especially in smaller firms). They are also less likely than other firms to monitor workforce data for age bias. Even among large employers in this sector only 39% monitor the

age profile of their current workforce, and less than a third monitor recruitment for age bias.

Manufacturers are also less likely to have formal systems for appraisal and performance management. This increases the risk for employers since, to avoid claims of discrimination, they will need to be able to demonstrate an objective assessment of an individual's capabilities when making decisions on retirement, promotion, training and redundancy.

Figure 6 Prepared for age discrimination regulations



In general, manufacturing employers are as aware of age discrimination legislation as are employers in other sectors. However, awareness is much lower among small firms.

Age itself plays little, if any, direct role in determining who is eligible for training in the

manufacturing sector. None of the firms said that people of a given age would be considered too old for training, although small and medium size firms in this sector are more likely to take potential length of service into consideration.



8. Managing age in manufacturing: discussion questions

The following questions are designed to help you, as an employer in the manufacturing sector, to plan how you will respond to an ageing workforce and the Age Regulations:

1. How concerned are you about **skills gaps and shortages** in your sector, and do you believe current labour market predictions about this?
2. Do you think that **a different age mix** in the workforce could help overcome these?
3. Do people generally in your sector **have strong views about appropriate age ranges for particular jobs** which would limit the opportunity to change the age mix?
4. Is your **ability to change pay and conditions** limited by national agreements, or regulations like “licence to practice” rules? How can you tackle this?
5. Policymakers sometimes assume that all firms in a “sector” are alike. In your sector are there particular **kinds of firm which are very different** in their approach to age management?
6. How easy is it to **extend working lives** in your sector? Does this apply more to some groups of staff than others?
7. Are there **traditional career patterns** in your sector which might change if working lives became longer (e.g. “downshifting” or mentoring roles for older workers)?
8. Older workers often prefer **to work part-time or on a flexible basis**. How easy is it to do this in your sector, and what might be the constraints?
9. Are there jobs where **physical demand or levels of stress** make extending working life more difficult? Are there ways of overcoming these?
10. Is it difficult to **recruit older people** in your sector? After what age? Can training help?
11. **Small firms** in general have less formal management structures and procedures. Will this make overcoming age discrimination easier or more difficult for them?
12. A high proportion of people working after 65 are **self employed**, what role does this play in your sector?
13. What are the implications of an ageing workforce for supply and demand for **training** in your sector? (given that those who train generally stay in work longer)
14. How difficult will it be to **raise awareness among employers** in your sector about the ageing workforce, and about the age discrimination regulations, especially among small firms, who are more difficult to contact?
15. Are there **lessons about managing an age diverse workforce** which your sector could offer to others?

CROW would welcome any comments on these questions (or any others) as a contribution to its final research report for DWP¹⁰.

¹⁰ See “Further Information” below.

9. About this paper

This paper was written by the Centre of Research into the Older Workforce on behalf of the Department for Work and Pensions. It draws on two sources:

- The background material on the sector comes mainly from the Sector Skills Development Agency's Research Matrix database, which brings together a large quantity of information about all sectors from a variety of sources, including the Labour Force Survey, the National Employer Skills Survey, the Annual Business Inquiry, and the Inter Departmental Business Register¹¹.
- The material on current age management practice in the sector is based on data gathered by the National Institute for Economic and Social Research (NIESR) and the British Market Research Bureau (BMRB), in a national survey for the DWP and DTI in Spring 2005¹². They interviewed the most senior person responsible for HR issues in 2084 firms employing more than five people in England, Scotland and Wales. Each interviewee was asked 160 questions about aspects of age management, including recruitment, retirement, benefits, pensions, management practices and discrimination. CROW carried out a separate analysis of this data to produce the current paper. The sample included 310 firms in the manufacturing sector.

The DWP/DTI evidence is the best available on current employer age management practices across all sectors, but it should be interpreted with some caution since:

- it probably underestimates the frequency of some practices (since firms with a positive record are more likely to respond to such surveys; employers may be reluctant to admit to what they suspect is "bad practice"; and the senior managers who replied to the survey may be unaware of poor practice by some line managers);
- In some cases the number of employers responding is relatively small, and may not be fully representative of particular sizes of firms in that sector;
- Since some practices are more common in large firms, the behaviour of a small proportion of firms may affect a much larger proportion of workers;
- Although some hazardous practices are rare, the firms involved will still be open to legal challenge if they do not make appropriate changes.

We have not commented on pensions issues since pensions provisions are largely exempt from the regulations¹³.

All views expressed in this paper are those of the authors. They are not intended to be authoritative statements of the law, and do not represent the views of the Department for Work and Pensions or any other Government Department.

¹¹ Details on the Skills for Business website at www.ssdamatrix.org.uk/

¹² See "Further Information" below.

¹³ DTI's guidance *The impact of age regulations on pensions*, explains the implications of the legislation for pensions in detail.

10. Responding to this paper

This paper is intended for consultation with employers, sector bodies and other interested organisations and individuals during 2006. Responses will contribute to a larger report on sectoral approaches to age management, which DWP plans to publish in 2007.

If you would like to comment on any aspect of this paper, or on age management in the manufacturing sector (or on age management more generally), please write directly to the Centre for Research into the Older Workforce (CROW). We would be particularly interested in responses which:

- add relevant information on the shape of the sector and age management issues and practices within it
- clarify the reasons for particular features (e.g. why one part of the sector has very different practices from others, or why manufacturing is different from other sectors)

- identify examples of good practice which might be disseminated to other employers or sectors
- identify questions which need further investigation

Responses and comments on the content or issues raised by this paper should be sent by email to: crow@niace.org.uk

Or by post to:

Age Legislation Research
Centre for Research into the Older Workforce
NIACE
21 De Montfort Street
Leicester
LE1 7GE

11. Further information

Further information on age related issues, policies, practices, and legislation can be found at www.agepositive.gov.uk

You can request further copies of this paper, or contact the Government's Age Positive team at: agepositive@dwp.gsi.gov.uk

or write to:

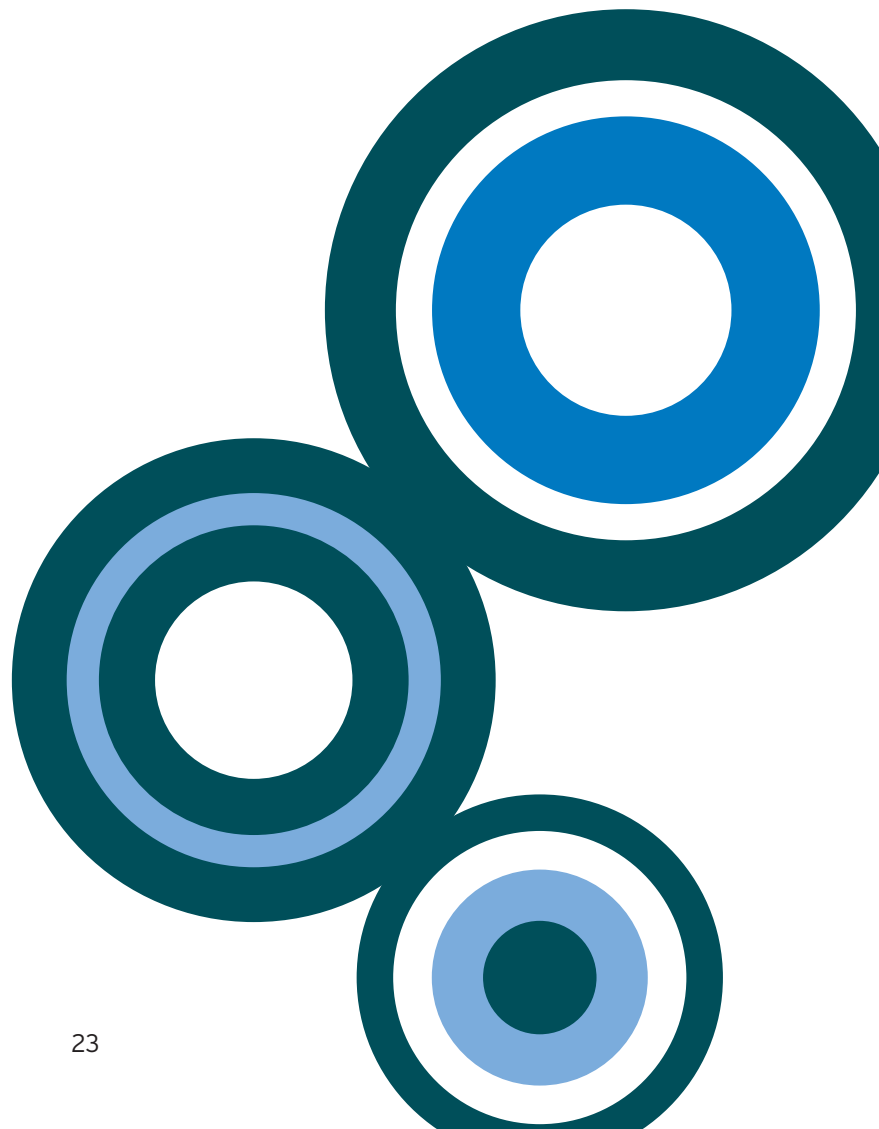
Age Positive Team
Extending Working Life Division
N10
Moorfoot
Sheffield
S1 4PQ

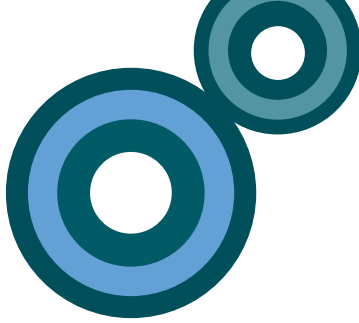
Details of the Age Discrimination Regulations, which will come into force in October 2006, can be found on the DTI's website at: www.dti.gov.uk/employment/discrimination/age-discrimination/index.html

Advice on interpretation and good practice can be found on the ACAS website at: www.acas.gov.uk

The full report of DWP and DTI's joint national survey conducted by NIESR and BMRB which produced the evidence for this report is *Survey of Employers' policies, practices and preferences relating to age* by Metcalf & Meadows (DWP Research Report 325, DTI employment relations research series number 49) The full report is available for download free on the DWP website at: [www.dwp.gov.uk/asd/asd5/rports 2005-2006/rrep325.pdf](http://www.dwp.gov.uk/asd/asd5/rports%2005-2006/rrep325.pdf)

Further information about CROW can be found at: www.niace.org.uk/crow





Members of the Age Partnership Group

Members of the Age Partnership Group, listed below, support and endorse the Be Ready campaign.

for England

Acas
Association of British Insurers (ABI)
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The British Chambers of Commerce (BCC)
Chartered Institute of Personnel and Development (CIPD)
Chartered Management Institute
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EEF, the manufacturers' organisation
Federation of Small Businesses (FSB)
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Copies of this publication can be downloaded from www.agepositive.gov.uk

If you require a hard copy please e-mail: agepositive@dwp.gsi.gov.uk

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