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RECARREERING IN THE UK

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Recareering

The purpose of this whitepaper is to encourage organisations to start thinking about a process we are describing as: **recareering**.

The essence of **recareering** is the redeployment of older workers (for the purposes of this document that means the over-50s) into new careers.

As such **recareering** is distinct from many on going initiatives to get older people into work – this isn't about getting a job, it's about starting a new career.

Although new in the UK, the thinking behind **recareering** is well established in the US – though even there it isn't yet a mainstream phenomenon.

The mainstream view of recareering

What we might describe as the traditional definition of **recareering** comes from Investopedia:

"Recareering can take two forms: it can be voluntary or it can occur unexpectedly. In voluntary recareering, an individual's current career might not provide the interest, passion or money that the person is seeking. Recareering can occur unexpectedly when a person's job is eliminated and there are few other opportunities in his or her field of expertise."

"Increasingly fifty plus year olds are recareering as a way of transitioning or supplementing retirement. Many individuals consider changing their careers or lifestyles to pursue fields that have always interested them, or to step out to launch their own businesses."

"Recareering is not just a job change, but a move to a completely different career path and a different life trajectory. Money, power and prestige are prime motivators for many people switching careers, but others do it to pursue a passion or make a lifestyle change."

This isn't a bad definition as it gets to the heart of the subject, i.e. a fundamental career change in later life. It's a definition that sits nicely with many executive-level professionals who change careers often with the comfort of savings or pensions that give them the freedom to follow a new career path. However, this is also its main weakness; it's just a little **bourgeois**.

A new view

In our view **recareering** is something more comprehensive. At its heart it's not about transitioning or supplementing retirement. It's about starting again and using the last years of your employment as effectively as you used your first. It's not about winding down; it's about starting again and reinvigorating your career. Whilst for some it may be about pursuing a passion or lifestyle change, the real significance of recareering is unlocking the potential of older generations and energising the whole workforce.

There are many challenges inherent in **recareering** for employees and employers:

- For employees, they need to need to be brave enough to start again and move away from ingrained attitudes about career paths and their ability to train and learn – putting it bluntly they have to believe you can ‘teach an old dog new tricks’.
- For employers, it's about creating environments where over-50s are trained or re-trained into new careers; where the key question isn't what was your last job, but what are your skills and talents in much the same way these employers would judge a someone in their early 20s or teens moving into their first job.

Recareering can be voluntary or involuntary. Voluntary motivations may include a desire to ‘give something back’. For example, a move into the third sector; a desire to pursue an alternative interest; or simply a desire for a better work/life balance – flexible work schedules or less stressful work conditions. There might be dissatisfaction with current circumstances, but not an absolute requirement to move jobs – it just suits their aspirations. Without wanting to oversimplify, this is primarily the middle-class route to **recareering**, and it's done often with a sense of confidence and some financial security. To some extent this route is well established and accepted.

In contrast there are those who through redundancy, or perhaps a need for a better long-term standard of living, embrace recareering for a different set of reasons. This type of **recareering** is much less well established and it's here that the real challenges start to emerge – the concept of a 50 year old apprentice is difficult for many people. **It's this type of ‘essential’ recareering we focus on primarily in this document.**

Why is recareering important?

Without wanting to fall too far into the realms of hyperbole, **recareering has the potential to transform the UK recruitment marketplace.**

Let's look at this potential from a number of perspectives:

The demographic perspective – recareering will help make up a labour shortfall.

We are seeing a significant shift in the age makeup of the population. The UK, in common with many Western countries, has an aging population. According to a report by the Institute of Hospitality, by 2020 there will be more people in the 50-60 year old category than any other, and the over-50s will comprise a third of the workforce.

Between 2011 and 2021, UK demographic changes mean:

- the 55-59 age group will increase by almost one quarter
- the 40-44 and 45-49 age groups will decrease by 13%
- the 34-39 year old age group will rise by 12%
- the 30-34 age group will increase by 22%
- the 20-24 age group will fall by 10%
- the 15-19 age group will fall by 6%.

One implication of the change in the UK demographic is that older workers will have to play a more significant part in the labour market. According to the Department of Work and Pensions, **we are running out of workers.** Current employer plans suggest that we will need to fill 13.5 million job vacancies in the next ten years, but only 7 million young people will leave school and college. Immigration will not fill the gap because current net immigration is around 180,000 people per year and the Government is committed to reducing this to around 100,000.

Conversely, people will need to work longer if they want to maintain their living standards, as the state pension age changes, final salary pensions disappear and, for example, annuities rates tumble. (Annuity rates are at an all-time low due to a combination of low interest rates, rising life expectancy and quantitative easing).

The organisational perspective – recareering improves organisations by harnessing the experience and skill sets of older workers

Recareering brings a range of benefits to organisations that embrace it:

- **Improved engagement with your customer base**

There's a benefit for many businesses in ensuring their workforce mirrors their customer base – it enables them to engage better with their customers, have a clearer awareness of their desires and will enable them to be more innovative and responsive to their needs.

A good example is Domestic and General Insurance who comment: *“As a company, we offer domestic appliance cover and deal with technical queries. We find that our mature workers have much more empathy with our customers. They understand the issues that the person at the other end of the telephone is having.”*

- **Skills transitioning**

Employers who deploy **recareering** programmes should benefit from what’s described as ‘skills transitioning’. That is, employers will benefit from the skills and experiences of **recareering** candidates from their first career life as these will transition into the employer organisation.

- **“Second-life” mentality**

Recareering is a long-term commitment which gives candidates an opportunity for a ‘second career life’. There’s evidence that this leads to a “second life” mentality which manifests itself in higher levels of loyalty, commitment, and career focus.

- **Recruitment of ‘leadership developers’**

Although there may be concerns that recareering may not lead to the development of ‘leaders’, **recareering** can instead create ‘leadership developers’: a segment of the organisation that is capable of mentoring, leading, and coaching younger workers.

- **Utilisation of established networks**

Employers will also be able to benefit from existing networks of recareerers from their first career life.

- **Reduced staff turnover**

Perhaps counter-intuitively there’s a higher degree of ‘stickiness’ with older workers in that they are liable to stay with an organisation longer. B&Q once recorded that staff turnover was reduced by over 60% in stores where older people were the main focus of recruitment. While this may be extreme, it does seem to be true that older staff often have a higher degree of loyalty. This is significant as even small improvements in turnover can lead to significant organisational savings. For example, WH Smith reported a 1% reduction in turnover attributed to recruiting older workers, equivalent to a saving of £800,000 per annum, and Nationwide reported that they had saved £7 million through age diversity policies that reduced turnover.

- **Higher performance**

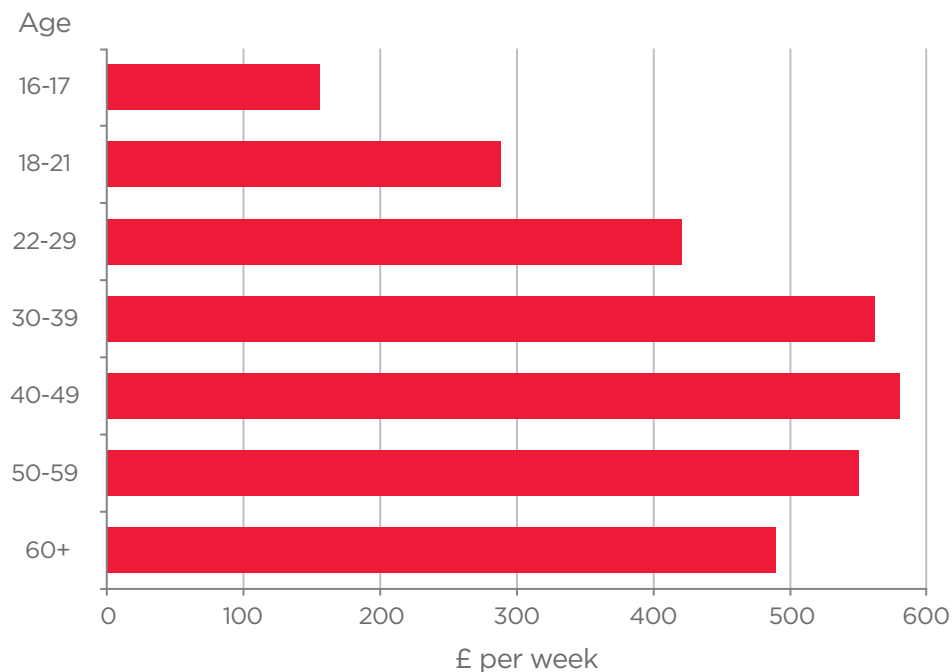
There is plenty of evidence that organisations with a mixed age workforce are more productive than those with an age bias. McDonalds, for example, reports 20% higher performance in their UK outlets where 60+ year old workers are employed.

As Pensions Minister Steve Webb pointed out:

‘A firm that doesn’t make use of the talent pool on offer amongst the over fifties will be left behind’.

The social perspective

It's a sad reality that over-50s and particularly over-55s are more likely to be affected by unsuccessful job searches and job market alienation. In particular, they are far less likely to gain re-employment when made redundant. Average pay also starts to decline when people hit 50.



Average pay by age (ONS)

All of this tends to create a section of society that can feel alienated or at least creates needless societal divides. Hence, **recareering** has the effect of creating generational bonds keeping over-50s engaged in mainstream society. We need to avoid a lost generation of the over-50s as much as the under-20s.

There are also economic, social and moral arguments that fulfilling work is the most effective way to improve the well-being of individuals, their families and their communities. Therefore the impact of **recareering** in getting and keeping people in the world of work is significant.

Importantly there also seems to be a demand for engagement from the over-50s themselves. A survey in the US estimated 9 million Americans, aged 44 to 70, are engaged in second careers, and 31 million more are interested in pursuing one.

Barriers to recareering – demand side

Although many companies may be open to employing and retraining older workers, at least in theory, most UK companies have no particular focus or appreciation of the opportunities **recareering** can offer. While from a candidate perspective, it doesn't seem to be front of mind in many cases. What then are the barriers?

A focus on youth

Many organisations make an embedded association between training and youth. For example, with no apparent sense of irony, London Borough of Lewisham recently ran the following advertisement:

*“Community Education Lewisham works closely with adults in the borough to improve their skills and increase prospects for employment. CEL are looking for an ambitious **young person** to join their Management of Information Systems team. This sort of work requires a strong sense of responsibility, accuracy and attention to detail.”*

The question you need to ask is – why young?

When it comes to training, people think ‘young’ and this is reflected in the comparatively tiny number of apprenticeships or internships which encourage older people to apply. This approach to apprenticeships, in part, stems from a career marketplace where people were liable to have a job for life, e.g. you became an apprentice engineer

and you stayed an engineer for life. Attitudes to apprenticeships need to change and keep in mind that, from a work perspective, people may have two or three work lives.

Government policy

While the government at least plays lip service to the idea of **recareering** and certainly is in favour of keeping older workers employed, training initiatives often favour the young – the best example being that employers can recover the full cost of an apprentice if they are 16, 17 or 18, but nothing if the apprentice is over 50 (actually nothing if the apprentice is over the age of 24).

Perception that older workers are change resistant

Perhaps some organisations remain nervous about recareering as there is a feeling that older workers won't be interested in re-skilling later in life. Typical comments are often:

- They couldn't afford a change in salary particularly if they have families
- They would feel uncomfortable working for younger managers
- They lack the flexibility required for the modern workplace.

These attitudes often border on ageism, but primarily reflect a lack of insight into the attitudes and abilities of older workers.

Ageism?

Is there institutional ageism in the UK?
Is there an ingrained institutional problem with regards to the recruitment of 'older' workers? Most older people seem to think so: 60% of older people in the UK agree that age discrimination exists in the daily lives of older people. Data suggests that older workers strongly feel they have the right to work – 92% (if they are fit and able); and that their skills and talents are being wasted (89%) by being forced to retire or not being able to gain re-entry to the labour market.

There seems to be a range of evidence to back this up: beyond fifty, the chances of promotion for older workers rapidly disappear. We even spend less on training on older workers – according to Age UK only 18.1% of employees in the UK aged between 50 and retirement age have received job-related training in the last four weeks, as opposed to 25.8% aged 25-34 and 38.7% aged 35-49.

So how does this ageism manifest itself in terms of beliefs and has it any validity?

- **Sickness, absence and performance**

Some employers seem to feel that there's a correlation between age and sickness, absenteeism and performance, i.e. the older you are the more likely you are to be off work ill, or you will work more slowly.

However, there is little evidence that chronological age is a strong determinant of health, cognitive or physical abilities, sickness absence, work-related injuries or productivity. Indeed there is evidence that older workers are actually less prone to absenteeism and more productive than younger colleagues.

For example, tests by The Max Planck Institute for Human Development in Berlin showed workers aged 65 and over are more productive and more reliable than their much younger colleagues, performing tasks more consistently than twenty-somethings did. They put the results down to older workers having a consistently higher level of motivation, a balanced routine and a stable mood.

While according to a survey by the Society for Human Resource Management (SHRM), it was reported by employers that older workers are 68% more reliable, 69% better with work ethics, 77% more committed to the job.

- **Workforce planning and a return on investment**

One common view amongst some employers is that the closer people are to retirement age, the less certain you can be of their longevity within an organisation, and as a result there is a reluctance to hire them into roles where training or development is required (i.e. the very roles most closely related to **recareering**).

However age is not generally a good indicator of return on investment. Research suggests that most training returns an investment within a year, and the risk of an employee leaving the company after receiving training is the same across all age groups. In fact research from The Bureau of Labour Statistics in America indicates that the average worker today stays at each of his or her jobs for 4.4 years, but the expected tenure of the workforce's youngest employees is about half that!

It's certainly fair to say that younger workers often do not enter the workforce with an expectation of staying for their whole career: 91% of Millennials (born between 1977-1997) expect to stay in a job for less than three years, according to the Future Workplace "Multiple Generations @ Work" survey.

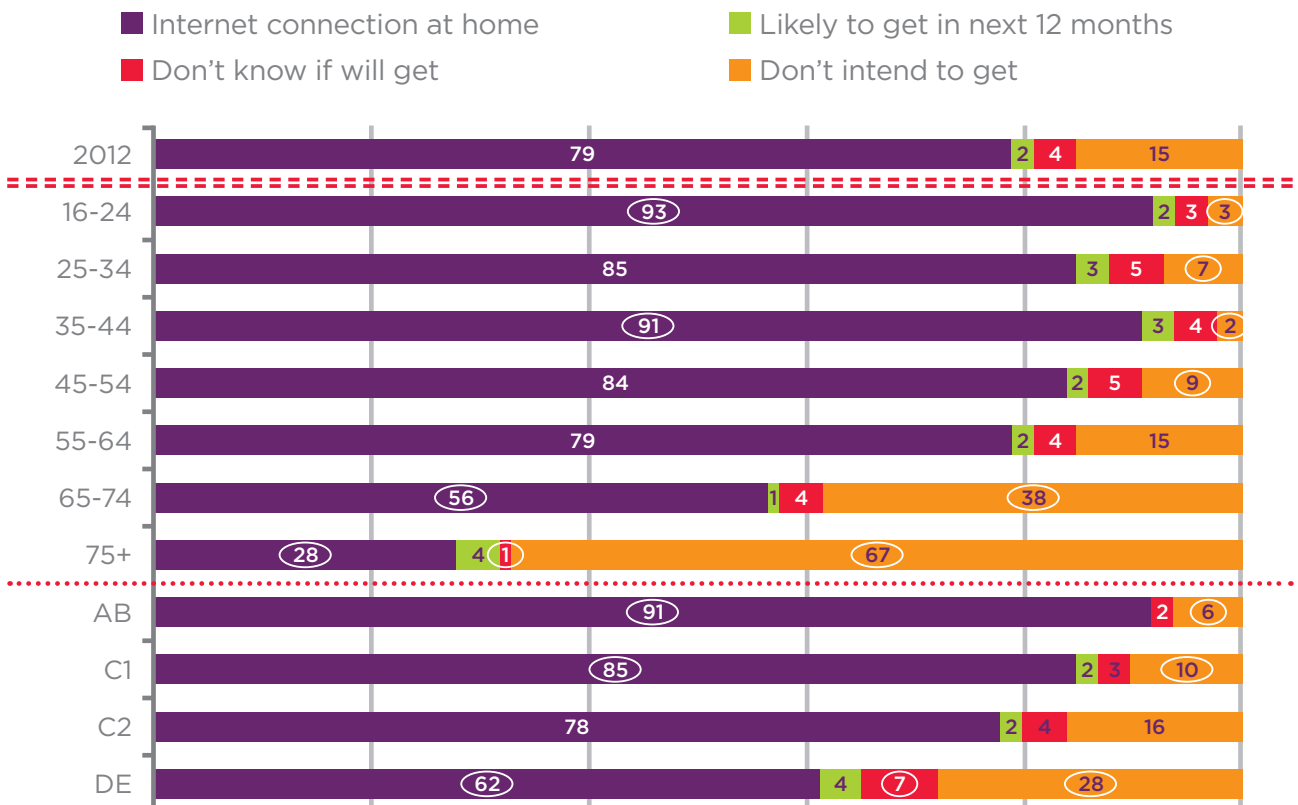
- **Older people don't do technology – it's all about 'digital natives'**

Leaving aside that the World Wide Web was invented by a 58 year old (Tim Berners-Lee) this is a sweeping generalisation that ignores some significant changes in patterns of technology usage.

Admittedly, it's true that non-users of the internet are more likely to be aged 65 and over (although the same can be said of the DE socio-economic group), and it is only with the over-75s that usage is really low.

However, the over-60s are also the group with the fastest rate of growth in terms of internet usage.

Most importantly, we need to look at the usage of technology by the 45-65 year old group (who will be at the heart of any recareering in the future and they have very high rates of internet usage – over 80%). The over-50s are also the group that demonstrates the fastest growth rate in use of social media, with growth particularly strong on sites such as Google+ and Facebook.



- **Ability**

There are also those who hold opinions along the lines of 'you can't teach an old dog new tricks'. While it may be argued older people have a different style of learning, it's clear that they are quite capable of re-training. A study conducted by the Society for Human Resource Management (SHRM) of HR professionals found 68% of respondents said training older workers costs less or the same as training their younger counterparts; 57% reported that age does not affect the amount of time required to train an employee (14% disagreed); 49% determined that older workers grasped new concepts as well as younger workers (18% disagreed).

Legislation

Of course there is now legislation in place to protect people from Age Discrimination. The Equality Act 2010, however, focuses on discriminating on the basis of age, which is a different issue from specifically encouraging the recruitment of over-50s.

It's a good idea but people have just not thought of it

Being positive, however, possibly a common reason why more organisations are not **recareering** is that they've simply not thought about it. People are not talking about it so employers are not thinking about it or its benefits. Perhaps it just seems too difficult to implement.

Barriers to recareering – supply side

While there are some barriers recruiters need to overcome before they can embrace **recareering**, it's only going to be successful if it is embraced by the over-50s. There are of course many barriers for people to overcome:

Lack of self-confidence and low self-esteem

As we have said, 60% of older people in the UK agree that age discrimination exists in their daily lives. Not a good start if someone is going to embark on something as seemingly radical as **recareering**. In particular, they are liable to lack self-confidence if they have been made redundant, while the prospect of a new start may be particularly daunting if they have been in the same kind of environment for many years.

Recruitment practices

Many people find that their earlier experiences of how to look for a job are no longer relevant. This isn't helped by a tendency for much recruitment activity to access an individual by their last job title as opposed to looking at skills. While some employers use formal qualifications as a substitute for skills and so filter out job applications from those who do not have them. Compared with younger age groups, fewer over-50s have formal qualifications (for example, the rate of participation in higher education has exploded in the last 20 years).

Becoming a trainee – again

There is an element of **recareering** that is about going back to go forward. You'll be managed by people younger than you (and some older people may suffer from reverse ageism), you may have to sit exams and perhaps hardest of all, you may need to take an initial cut in pay.

A lack of appreciation of their transferable skills and potential

Some over-50s may have a fixed view of the skills they can offer and underestimate their ability to adapt and learn. They frequently think only of the tasks they performed in past roles and struggle to identify transferable skills that might be of use to an employer. For many their last training may have been many years ago and so the prospect of learning something new can be daunting.

Lack of awareness

It's probably fair to say that unless directly confronted with an opportunity, most people over 50 have not considered **recareering** and would not know how to start looking.

Who is recareering?

While clearly not mainstream, there are some organisations that are now embracing and supporting **recareering**. These organisations operate particularly in the hospitality, retail and care sectors. Looking at their success is a good way of highlighting what can be achieved and how.

A good source of case studies relating to **recareering** is the Department of Work and Pensions: *Employer case studies – employing older workers for an effective multi-generational workforce*. Although this report is not strictly about **recareering**, it includes a number of interesting examples of the kind of companies that are **recareering**, how they are going about it and the benefits they are getting from it. The report covers research into a wide range of organisations in care, health, retail and hospitality – interestingly a number of consistent themes come out as the benefits of recareering:

- Improved retention
- Low rates of absence due to sickness
- Reduced recruitment costs
- Improved customer relationships (Nationwide and Wetherspoon's particularly) by reflecting customer base
- Strong work ethic
- An ability to manage and cope with stress
- Reduced turnover (Wetherspoon's report half that of the industry average).

It also includes interviews and profiles of a number of workers who have retrained post-50 and sometimes post-65, which highlights the social benefits of recareering and the ease with which organisations can recoup any investment. We have included three such stories below.

Lorna at Hendra House, a small care home

Lorna obtained part-time employment as a care assistant at Hendra House in June 2010 at the age of 59. Building on her experience she became an apprentice and with the support of her colleagues sailed through the learning to achieve an NVQ qualification, despite initially feeling anxious about the Maths and English requirements. As a result of the new skills and knowledge she has gained, Lorna feels she has been given a new lease of life and a renewed sense of self-worth. In addition she recognises that she is also able to provide the residents with an even better quality of life.

Barbara at Nationwide

Barbara Payne, aged 70, is a Senior Customer Service Advisor. She was recruited at the age of 50, initially in the mortgage services department before transferring to her current department. At the age of 65 she felt it was time to reduce her hours and her request to do so was accepted so that she now works three days a week.

Barbara explains that the Nationwide approach is a win-win for both them and her. “At the age of 60 I had accumulated a wealth of experience and being able to continue working meant that Nationwide did not need to train someone new. At the same time for me, still being employed means I have an income and it keeps me happy and healthy.”

With regard to being performance-managed at her age, she states: “Why should a person over 60 be dealt with any differently from other employees?” She goes on to say that having her performance regularly reviewed gives her the assurance to know that she is meeting the goals set for her and that she is still being productive.

Brian at McDonalds

Brian Holden, 82 is a Customer Care Assistant at McDonald's. After taking voluntary redundancy in 1992 at the age of 63, Brian contemplated early retirement. However, believing he still had lots to offer a prospective employer, Brian opted instead to take on a part-time role at his local McDonald's. Having worked with young people for many years as a lab technician at a local college, Brian relishes the young and vibrant atmosphere at McDonald's.

In his role as customer care assistant, Brian oversees the dining area and loves the constant interaction with customers. “I’ve had plenty of experience of dealing with young people in my previous job, so I feel I can relate well to all our customers, no matter what their age. Obviously, I’m quite a bit older than everyone else who works in the restaurant, but we all get on really well. It’s fair to say, throughout my time at McDonald's there has always been a fantastic team spirit. With 18 years’ McDonald's experience under my belt and a whole lot more life and work experience, I like to think I’m something of an example to some of the younger staff. After all, I’ve seen quite a lot of life, so it’s great to be able to call on that experience to help out my colleagues.”

It is clear that some organisations do embrace **recareering** and benefit from it. Well known examples being McDonalds, Wetherspoon's and BT (who have also removed the age restrictions from their apprenticeship scheme).

Another good example is Red Magazine's ‘grown up internships’. It offers internships with a number of individuals and brands such as Rachel Reeves MP, Mywardrobe and Red – but the focus is on those outside normal internship ages.

What needs to be done?

So if **recareering** is such a good idea what more should be done to encourage its implementation?

Normalisation

Our end goal needs to be changing mind-sets into believing that **recareering** is a normal, expected element of any organisation's recruitment strategy; and so that it's a normal career consideration for anyone of any age.

For this to happen, we need to confront the obstacles we have identified head-on:

- Shout louder about business benefits
- Look to government to incentivise later years' apprenticeships and internships
- Encourage recareerers to share more of their success stories and routes to implementation
- Deal with supply side issues via case studies, highlighting long-term benefits and practical help

- Challenge misconceptions and ageism
- Joint initiatives – organisations in the same industry working together to create sympathetic environments
- Make sure recruitment is ageless; not by banning terminology supposedly associated with youth such as dynamic (I know plenty of over-50s who are dynamic in every sense of the word), but by introducing recruitment processes that create a level playing field. For example, focusing on skills and potential as opposed to qualification or job titles.

Celebrate diversity

As is the case with other aspects of diversity, **recareering** isn't about doing good for its own self. It's about creating an environment where business and society flourishes by helping people make the most of their potential. This is the key message that needs to be promoted – **everyone gains when recareering goes mainstream.**

To find out more

If you would like to find out more about the sources used in this paper or for further recommended reading, please contact **Graeme Wright** on **020 7022 4069** or email **Graeme.Wright@havaspeople.com**



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