

Default Retirement Age: Employer qualitative research

by Andrew Thomas and Juliet Pascall-Calitz

Department for Work and Pensions

Research Report No 672

Default retirement age – employer qualitative research

Andrew Thomas and Juliet Pascall-Calitz

A report of research carried out by TNS-BMRB Report on behalf of the
Department for Work and Pensions

© Crown Copyright 2010. Published for the Department for Work and Pensions under licence from the Controller of Her Majesty's Stationery Office.

Application for reproduction should be made in writing to The Copyright Unit, Her Majesty's Stationery Office, St Clements House, 2-16 Colegate, Norwich NR3 1BQ.

First Published 2010.

ISBN 978 1 84712 791 4

Views expressed in this report are not necessarily those of the Department for Work and Pensions or any other Government Department.

Contents

Acknowledgements	vii
The Authors.....	viii
Abbreviations.....	ix
Glossary.....	xi
Summary	1
1 Introduction	7
1.1 Background and aims	7
1.2 Research aims.....	9
1.3 Methodology.....	9
1.3.1 <i>Research design and sample profile</i>	9
1.3.2 <i>Conduct of the interviews</i>	11
1.3.3 <i>Analysis of the findings</i>	12
1.3.4 <i>Research challenges</i>	12
1.4 Report structure.....	13
2 Employing older workers.....	15
2.1 Attitudes towards older workers	15
2.2 Encouraging work beyond retirement	16
2.3 HR practices and older workers	18
2.3.1 <i>Recruitment</i>	18
2.3.2 <i>Performance management</i>	19
2.3.3 <i>Training</i>	20

2.3.4	<i>Promotion</i>	21
2.3.5	<i>Redundancy</i>	22
3	Retirement practices	25
3.1	Retirement age	27
3.2	Retirement practices	28
3.2.1	<i>Organisations with a CRA that use the statutory process</i> ...	29
3.2.2	<i>Organisations with a CRA who do not use the statutory process</i>	32
3.2.3	<i>Retirement process without a CRA</i>	33
3.3	Flexible working options	34
3.4	Benefits and drawbacks of a CRA	34
3.4.1	<i>Reasons for having a CRA</i>	35
3.4.2	<i>Reasons for not having a CRA</i>	37
3.5	Employers views about the 'Right to Request'	38
3.5.1	<i>Employers with a CRA</i>	38
3.5.2	<i>Employers without a compulsory retirement age</i>	39
3.6	Overview of retirement practices.....	40
4	Attitudes to the Default Retirement Age	43
4.1	Employers' perceived importance of the DRA	43
4.1.1	<i>Organisations with a CRA</i>	44
4.1.2	<i>Organisations without a CRA</i>	45
4.2	Employer views about the potential raising of the DRA age	45
4.3	Employer views about the potential removal of the DRA	46
4.4	Overview of attitudes to the DRA.....	47
5	Conclusion	49
Appendix A	Supporting information	53
Appendix B	Topic guide	59
Appendix C	Qualitative analysis using Matrix Mapping.....	75
Appendix D	Technical appendix.....	77

List of tables

Table 1.1	Sample profile of employer organisations.....	11
-----------	---	----

List of figures

Figure 3.1	Retirement process as set out in ACAS guidelines	26
------------	--	----

Acknowledgements

We would like to thank Richenda Solon, Alex Dawe and Andrea Kirkpatrick at the Department for Work and Pensions for their advice and guidance throughout this project. We extend our special thanks to all the employers who gave their time to take part in this project.

The Authors

Dr. Andrew Thomas is a Director in the qualitative research team of TNS-BMRB Social Research with over 20 years of government social research experience. He has a psychology and statistics DPhil and is interested in the interaction between the state, the individual and the family. His primary areas of research expertise are: employment, pensions, benefits and taxation and personal finance.

Juliet Pascall-Calitz is a research manager in TNS-BMRB's qualitative research team. She has managed qualitative and quantitative research for a wide range of social policy and corporate clients.

Abbreviations

ACAS	Advisory Conciliation and Arbitration Service
BIS	Department for Business Innovation and Skills
CIPD	Chartered Institute of Personnel and Development
CRA	Compulsory Retirement Age
DRA	Default Retirement Age
HR	Human Resources
ONS	Office for National Statistics
SEPPP1	Survey of Employer's Policies, Practices and Preferences
SEPPP2	Second Survey of Employer's Policies, Practices and Preferences

Glossary

Compulsory Retirement Age (CRA)

The definition of a compulsory retirement age hinges on the employees' right to continue to be employed. Employers may have an age at which, unless the employer decides otherwise, employees have to retire whether the employee wishes to or not. This is the compulsory retirement age. The important point here is that employees no longer have the right to stay on: it is at management discretion. (Even if a large number of people are allowed to continue after this age, it is still the compulsory retirement age). This may also be referred to as mandatory retirement age.

Default Retirement Age (DRA)

The Default Retirement Age was introduced in the Employment Equality (Age) Regulations 2006 and set at 65. It made employer mandatory retirement ages below 65 unlawful unless, in their particular case, an employer can objectively justify a lower age. Employers do not have to use 65 as a cut-off: they can set a higher age or choose to have no compulsory retirement age at all. In addition, the Regulations introduced a new right for employees, using a formal procedure, to request the opportunity to work beyond their employer's compulsory retirement age.

Legal requirements under the Employment Equality Age regulations include a notice period for retiring employees. Where an employer has set a retirement age, current regulation allows the employee the right to request the opportunity to work beyond the employer's compulsory retirement age. For a retirement to be classed as fair, employers have to inform an employee, in writing, of their intended retirement age and of their right to make a request to work beyond retirement age at least six months in advance (but no more than 12 months before the intended date). If an employee does make such a request the employer is obliged to consider it and must follow the correct procedure for dealing with this. This procedure is referred to as the 'Right to Request'.

Employer Size

For the purposes of this report businesses were divided into four groups depending on their size. Micro businesses with 1-5 employees, small businesses employing 5-49 people, medium-sized firms employing 50-249 employees, large-sized firms employing 250-999 and very large employers with 1,000+ employees.

Flexible working options

'Flexible working' is a phrase that describes any working pattern adapted to suit the needs of both employers and employees. It includes such patterns as part-time working, flexi time and home working.

Industry Sector

For the purpose of this report, the organisations interviewed were split across three industry sectors, namely, manufacturing, services and all others.

Normal expected retirement age

The age (or age range) over which it is normal for people to retire. This may be determined by an employer's policy or may just be a cultural norm in an organisation or at national level. It is generally linked to employer pension arrangements or to the State Pension age. It may or may not be the same as the compulsory retirement age.

Normal Pension Age	The normal pension age is the age used for planning purposes in an occupational pension scheme. It may be possible to draw a pension before this, or continue to accrue afterwards, but this age is used for planning, and may influence employers' perceptions of normal expected retirement age.
Qualitative Research	The term 'qualitative research' is used to cover a wide range of approaches and methods. Qualitative research is a naturalistic, interpretative research approach concerned with understanding the meanings which people attach to actions, decisions, beliefs, values and the like within their social world, and understanding the mental mapping process that respondents use to make sense of and interpret the world around them. Qualitative research can describe or provide further understanding of a subject and its contextual setting, provide explanation of reasons and associations, evaluate effectiveness and aid the development of theories or strategies. (See Ritchie, J. and Lewis, J. (eds) (2003) <i>Qualitative Research Practice: A Guide for Social Science Students and Researchers</i> , Sage: London.)
State Pension age	The age when people are eligible to receive their State Pension and related state benefits.

Summary

Background

The Employment Equality (Age) Regulations 2006 introduced a default retirement age of no lower than 65 and made employer mandatory retirement ages below 65 unlawful unless an employer can justify a lower age. Employers can set a higher age if they wish, or they can choose not to have a retirement age at all.

Legal requirements under the regulations include a notice period for retiring employees. Where an employer has set a retirement age, current regulation allows the employee the right to request the opportunity to work beyond the employer's compulsory retirement age. For a retirement to be classed as fair, employers have to inform an employee, in writing, of their intended retirement age and of their right to make a request to work beyond retirement age at least six months in advance (but no more than 12 months before the intended date)¹. If an employee does make such a request, the employer is obliged to consider it and must follow the correct procedure for dealing with this². This constitutes a legal procedure which employers are obliged to adhere to.

Recently, the Default Retirement Age (DRA) was subject to a judicial review. While the outcome of the ruling established that the UK's default retirement age is in line with European Law (EU) law, the Department for Business Innovation and Skills (BIS) indicated that 'We are monitoring the default retirement age and are committed to reviewing it in 2011. If the evidence shows it is no longer necessary then we will remove it.' The review was subsequently brought forward to 2010

¹ *ACAS guide for employers: Putting the Employment Equality (Age) Regulations 2006 into practice*. Available from:
http://www.acas.org.uk/media/pdf/d/t/6683_Age_and_the_Workplace_AWK.pdf

² *ACAS guide for employers: Putting the Employment Equality (Age) Regulations 2006 into practice*. Available from:
http://www.acas.org.uk/media/pdf/d/t/6683_Age_and_the_Workplace_AWK.pdf

and the present piece of qualitative research was commissioned among four³ other pieces of research to support the review of the DRA.

Research aims and methodology

This research was designed to explore employer practises in terms of recruitment, retention and promotion of older workers; how employers manage the retirement process; implementation of and attitudes to the DRA; and how employers, both with and without a compulsory retirement age (CRA), handle the retirement process.

A wholly qualitative methodology was adopted for this research and the project was designed to include a wide range of employers in terms of size (less than five employees, 5-49 employees, 50-249 employees, 250-999 employees and 1,000+ employees), industry (manufacturing, services, other) and retirement practices (CRA, statutory process, right to request). A total of 54 face-to-face depth interviews were conducted with individuals who were responsible for or involved in the retirement process (largely Human Resources (HR) managers and line managers) across 40 organisations between November 2009 and February 2010, all of whom, since 2006, had in their employment an employee(s) aged 64.5 years; they also all had experience of retiring an employee.

The interviews were structured using topic guides (Appendix C) they lasted around an hour and were transcribed verbatim for subsequent analysis with a thematic analysis tool – Matrix Mapping (Appendix D).

Summary of key findings

Attitudes towards older workers

Attitudes towards employing, or retaining, older workers tended to be polarized. On the one hand, employers could be very positive about older workers. Not only did they see them as very reliable and conscientious workers, but where they had skills and expertise that were valuable to the organisation, employers were keen to see them continue in employment, if the employee wished to do so. For some, this positive attitude was expressed as a form of equality, considering that the enforced retirement of an employee was discriminatory. This was a view that emanated largely from organisations that relied on intellectual ability and benefited from the cumulative experience held by older workers. (Section 2.1)

³ *Second Survey of Employers Policies Practices and Preferences (SEPPP2)*, Metcalf, H. and Meadows, P. NISER 2010; *A comparative review of International approaches to Mandatory retirement – Wood, A. et al.* 2010; *Review of the Default Retirement Age : Summary and Evaluation of the External Evidence. Independent Social Research*, 2010; *Employer Practices and Retirement Decision Making*, Morrell, G. and Tennant, R. NatCen National Centre for Social Research 2010.

On the other hand, a few employers were less enthusiastic about employing older workers. These employers, particularly those in manufacturing industries or organisations that required their employees to be physically active, took the view that employees became less able and efficient as they got older and that it was not financially sensible to retain workers past their normal retirement age. In addition, there were also employers that considered that the working life is long enough and that employees should retire and enjoy the rest of their life away from work. (Section 2.1)

Running throughout the conversations with employers was the issue of whether there was a sound business case to retain an older worker. Even the most highly skilled older worker would not be retained after their normal retirement age if there was not a matching business case. (Section 2.1)

Similar issues were raised about older workers in relation to their recruitment, training and promotion. In principle, most employers were not averse to recruiting and training older workers, and indeed a number of the employers in the study had not only retained older workers in post, but had recruited employees who were over 65 and provided them with training. In each case, however, it was made clear that there had to be a business case in order to retrain or take on new staff. Conditions were sometimes in place regarding the repayment of training costs if the employee left earlier than expected. Perhaps the one area where employers thought older workers would miss out was on promotion; as older workers generally only remained in employment for a couple more years, they thought promotion was unlikely. (Section 2.3)

Employment policies and practices

It is clear that there are variations in how employers deal with employment policies and practices. For the most part, the medium, large and very large employers have a number of written policies dealing with a variety of aspects of employment, which are revised frequently. In comparison, some of the smaller employers may have formal written policies or they may be like the micro-employers that do not have any written policies at all but rather develop procedures as the need arises. However, across all the employers in this study there was relatively little in terms of a formal policy about how they would deal with retirement, employees wanting to work longer than the normal retirement age, or flexible working options that may be available. (Appendix A)

This lack of formal retirement policies should be set in the context that employers generally said that most employees have in their minds a retirement date, which is usually aligned with either the State Pension age or the maturation of an occupational pension. For the most part, employees that wanted to work past this age were said to be in the minority. When they did extend their employment, it was said to be rare for anyone to be working more than an extra two or three years, although there were exceptions. (Appendix A)

Awareness of the DRA

Differences in the extent to which organisations had formal HR policies and procedures in place as well as the presence or absence of a CRA impacted on employees' overall awareness of the DRA. Those with a CRA tended to be aware of the DRA while employers without a CRA were much more mixed in their awareness. None of the micro employers were aware of the DRA.

Employers with a CRA were more likely to have formal HR policies which were reviewed to align with legislation when the DRA was introduced. As most of these employers already had a CRA of 65 the impact of the DRA on the employer's retirement policy was limited. However, the DRA did, in some cases, change the procedures that employers used, notably an increase in the notice period and the introduction of a more formal 'right to request' process. In contrast, given their less formal approach to HR policies and procedures, employers without a CRA were less likely to have been affected by the introduction of the DRA.

Retirement practices

Retirement practices across organisations differed, with organisations with a CRA generally being more structured and formal in their approach than those without. Organisations with a CRA may be more likely to adhere to the statutory process which included notifying an employee at least six months in advance of their retirement date and their 'right to request' to work beyond that. Organisations without a CRA tended to be less formal and had a conversation with the employee regarding their future plans. In other instances, the organisation would not have a retirement age at all and the employee was able to work for as long as they liked, subject to there being work available.

Decisions surrounding extended employment tended to be largely informed or made by the line manager, based on employee performance and business need. If the employee's request to continue working was accepted then their contract would be revised, often to allow for short-term reviews. Employers that allowed their employees to work after their normal or CRA almost universally said that they would allow flexible working, with some using this as a means of retaining staff.

Attitudes towards the DRA

Employer's attitudes to the DRA were mixed. Employers that did not have a CRA thought that the DRA was discriminatory in its conception, unnecessary and bureaucratic. By contrast, employers that had a CRA found it useful because it was seen as a focal point to discuss an employee's future and plan resources. Should an employee's work be less than satisfactory then the DRA was said to be an opportunity to retire an employee compassionately without going through an arduous and potentially bitter performance management process. A drawback of the DRA, noted by employers both with and without a CRA, was that employers were not obligated to give the employee a reason for turning down their request to work beyond the given retirement age.

While employers with a CRA used the DRA as a means of planning for the future, employers that did not have a CRA found that they were able to accomplish their planning just as satisfactorily. However, while the DRA established a formal process, employers that did not have a CRA expected most employees to retire anyway as they became entitled to the State Pension or their occupational pension or they had already established their employee's plans through regular conversation and knew whether they wanted to continue working or not.

Employers without a CRA dealt with any performance issues of older workers through an informal or formal performance management system, formality increasing with employer size. If they felt that an older worker was no longer capable of doing their job, or an alternative role, then retirement would be suggested on these grounds. By contrast, employers with a CRA, although indicating that performance management and retirement were two separate issues, indicated that if an employee was nearing their normal retirement age and there were performance-related issues, they would retire the individual rather than use a performance management approach.

Extension or abolition of the DRA

Considering the extension or abolition of the DRA, views were very dependent on whether the employer had a CRA or not. Those that did not were quite happy to see the DRA abolished. Those employers that did have a CRA were reluctant to see it abolished because they valued it as a focal point for planning and it could be used instead of performance management tools if an employee nearing retirement was becoming less efficient.

Regarding further extension of the DRA, there was some support for an increase in age, but this, it was considered, should be kept in line with the State Pension age.

1 Introduction

1.1 Background and aims

The Employment Equality (Age) Regulations 2006 introduced a default retirement age (DRA) of no lower than 65 and made employer mandatory retirement ages below 65 unlawful unless an employer can justify a lower age. Employers can set a higher age if they wish, or they can choose not to have a retirement age at all. According to the Second Survey of Employer's Policies, Practices and Preferences (SEPPP2)⁴ findings, a majority of employers have set a retirement age at 65 with only two per cent having a retirement age above 65 and a further two per cent setting it below 65.

Legal requirements under the Employment Equality Age regulations include a notice period for retiring employees. Where an employer has set a retirement age, current regulation allows the employee the right to request the opportunity to work beyond the employer's compulsory retirement age (CRA). For a retirement to be classed as fair, employers have to inform an employee in writing of their intended retirement age and of their right to make a request to work beyond retirement age at least six months in advance (but no more than 12 months before the intended date)⁵. If an employee does make such a request the employer is obliged to consider it and must follow the correct procedure for dealing with this⁶. This constitutes a legal procedure which employers are obliged to adhere to.

⁴ SEPPP2 is the Second Survey of Employer's Policies, Practices and Preferences Relating to Age and is jointly funded by DWP and BIS and was carried out by TNS-BMRB and NIESR in 2009.

⁵ *ACAS guide for employers: Putting the Employment Equality (Age) Regulations 2006 into practice*. Available from:
http://www.acas.org.uk/media/pdf/d/t/6683_Age_and_the_Workplace_AWK.pdf

⁶ *ACAS guide for employers: Putting the Employment Equality (Age) Regulations 2006 into practice*. Available from:
http://www.acas.org.uk/media/pdf/d/t/6683_Age_and_the_Workplace_AWK.pdf

McNair, S. *et al.*⁷ (2004) noted that 'most economically active people are willing to consider some form of paid work after formal retirement, but the large majority of these would only consider doing so on a part-time basis'. However, the desire of being able to work beyond the normal retirement age was not always facilitated or met by employers. Further evidence from the Survey of Employers Policies, Practices and Preferences (SEPPP1) noted that employers lacked a detailed knowledge of the 2006 Employment Equality (Age) Regulations as well as the messages promoted by the Age Positive Campaign. However, the consequent SEPPP2 measurement completed after the introduction of the Employment Equality (Age) Regulations 2006 indicated that two-thirds of respondents felt they understood the Employment Equality (Age) Regulations 2006 quite or very well. One-third felt they needed to understand the legislation better.

Awareness was lowest among:

- smaller organisations;
- the private sector;
- manufacturing, construction, hotels and restaurants, wholesale and retail trade and transport;
- business owners

McNair, S. *et al.*⁸ (2005) in a review of case studies found that while there was no evidence of overt discrimination in policy documents, there was evidence that on many issues the key decisions (like whether to allow flexible working or phased retirement) were made in practice by junior and middle managers, and a number of respondents believed that an age diverse policy at the top of the organisation might not be reflected in practice on the ground.

Recently, the DRA has been subject to judicial review, with Age UK taking a case against the Department for Business Innovation and Skills (BIS) to the High Court, attempting to demonstrate that the DRA could not be justified under European Union (EU) law. The High Court referred the question to the European Court of Justice, which ruled that the DRA is objectively justified under the EU employment framework Directive. In its subsequent judgment, the High Court confirmed that the DRA is objectively justified and proportionate. BIS welcomed the ruling that the UK's default retirement age is in line with EU law and indicated that 'We are monitoring the default retirement age and are committed to reviewing it in 2011. If the evidence shows it is no longer necessary then we will remove it.' The review was subsequently brought forward to 2010.

⁷ *Changing Work in Later Life: a study of job transitions.* McNair, S. *et al.* Available from: <http://www.niace.org.uk/crow/docs/CROW-report-1.pdf>

⁸ *The age dimension of employment practices: employer case studies.* McNair, S. *et al.* Available from: <http://www.BIS.gov.uk/files/file11436.pdf>

The present project was commissioned, among four⁹ other pieces of research to support this review of the DRA.

1.2 Research aims

This qualitative research is a companion study to the SEPPP2 survey¹⁰. The study has two overarching objectives. First, the study is designed to provide insight into the issues arising from the DRA from the perspective of employers; second, the research provides an opportunity for a diagnostic follow-up of the SEPPP2 survey, exploring any interesting or unexpected findings.

The specific aims of this research are to explore:

- employer practises in terms of recruitment, retention and promotion of older workers;
- how employers manage the retirement process of their employees;
- implementation of the DRA;
- attitudes towards the DRA and reasons for implementing a CRA;
- experiences of employers with a CRA and the impact on their business;
- experiences of employers without a CRA and how they manage the retirement process; and
- additional issues arising from the SEPPP2 survey.

1.3 Methodology

1.3.1 Research design and sample profile

The research adopted a wholly qualitative methodology and was designed to include a wide range of employers in terms of size, industry and retirement practices. All employers, since 2006, had in their employment an employee(s) aged 64.5 years; they also all had experience of retiring an employee.

⁹ *Second Survey of Employers Policies Practices and Preferences (SEPPP2)*, Metcalf, H. and Meadows, P. NISER 2010; *A comparative review of International approaches to Mandatory retirement*. Wood, A. et al. 2010; *Review of the Default Retirement Age: Summary and Evaluation of the External Evidence*. Independent Social Research, 2010; *Employer Practices and Retirement Decision Making*, Morrell, G. and Tennant, R. NatCen National Centre for Social Research 2010.

¹⁰ SEPPP2 is the Second Survey of Employer's Policies, Practices and Preferences Relating to Age and is jointly funded by DWP and BIS and was carried out by TNS-BMRB and NISER in 2009.

Using the SEPPP2 survey as a sampling source, the following criteria were used to recruit employers into the qualitative study:

- employer size: (broken into employers with less than five employees, 5-49 employees, 50-249 employees, 250-999 employees and 1,000+ employees)
- industry sector:
 - manufacturing: including machinery and tooling;
 - services: including retail and accommodation;
 - others: including education, health, not for profit and public services;
- whether or not they had a CRA;
- whether or not they had used the statutory procedure; and
- whether or not they had experience of an employee using the 'right to request'.

As the SEPPP2 survey does not include micro-employers, these were recruited from commercially available databases using the same criteria listed above.

One of the aims of the research was to identify the decision-making chain of command that employers use when making retirement decisions and to conduct interviews with each of the relevant individuals. For large and very large employers, we expected this to be about two individuals (where available) – a member of the Human Resources (HR) staff, a line manager and sometimes an additional member of the senior management team. For medium-sized companies and the larger of the small companies, one to two individuals were usually involved – HR staff and a line manager; small and micro employers tended to involve only one individual – the owner or company manager. It is worth noting here that while we expected that in most cases the larger organisations would have more than one person involved in the retirement process, we often found that only one individual would be responsible for the process.

A total of 54 face-to-face depth interviews were conducted across 40 organisations between November 2009 and February 2010.

The sample profile may be found in Table 1.1.

Table 1.1 Sample profile of employer organisations

Total employers	40
Size (Number of employees)	
Less than 5 (Micro)	4
5-49 (Small)	9
50 – 249 (Medium)	9
250 – 999 (Large)	10
1,000+ (Very large)	8
Industry sector	
Manufacturing (including machinery and tooling)	10
Services (including retail and accommodation)	9
Other (including education, health, non-profit and public services)	21
Employer has a CRA	
Yes	20
No	20
Employer has used the statutory process	
Yes	23
No	17
Employer has received a Right to Request	
Yes	25
No	15

Importantly, given the qualitative and explorative nature of this research, the sample selected does not allow for the results to be generalised to employers. Rather this is a specific sample, selected to draw out a range of information.

1.3.2 Conduct of the interviews

All the interviews were exploratory and interactive in form so that questioning could be responsive to the experiences and circumstances of the individuals involved. They were based on a topic guide (see Appendix A), which outlined the key themes to be addressed and the specific issues for coverage within each. Although topic guides ensure systematic coverage of key points across groups of people, they are used flexibly to allow issues of relevance for participants to be covered. All the interviews were recorded after first securing the agreement of participants.

The interviews were carried out in the respondent's offices and the interviews lasted approximately one hour.

1.3.3 Analysis of the findings

Verbatim transcripts, produced from digital recordings, were subject to a rigorous content analysis (Matrix Mapping), which involved systematically sifting, summarising and sorting the verbatim material according to key issues and themes within a thematic framework. These analytic charts formed the basis of the evidence reported in the following chapters. Further details of the analytical process used may be found in the Appendix B.

Adopting a qualitative approach has made it possible to report on the range of views, experiences and suggestions reported by participants. Where evident, distinctions have been drawn between different sub-groups, in particular different sizes of employers as well as their retirement practices. The manner in which the sample design is constructed as well as the small sample size, however, means that the study does not provide any statistical data relating to the prevalence of these views. The aim of qualitative research is to define and describe the range of emergent issues and explore linkages, rather than to measure their extent.

The findings have been illustrated and illuminated with the use of verbatim quotations. The quotations have been edited for clarity, but care has been taken not to change the respondents' meaning in any way – alterations are shown using parenthesis and ellipses.

Quotations are attributed, anonymously, using the following convention:

(Employer size; employer sector; whether employer has a CRA)

1.3.4 Research challenges

Before this research was commissioned, a couple of key challenges were recognised.

Response bias

As noted earlier, this research formed a follow on from the SEPPP2 survey and consequently used the survey as a sampling source. It must be recognised in being a follow-up to a survey, the sample available for the qualitative research was dependent on the survey. We recognised that employers with more developed retirement policies and procedures were more likely to participate in the research. This was evident in SEPPP1. Consequent efforts were made for the SEPPP2 survey to increase the overall response rate, reducing effect on response bias.

Policy and practice

We recognise that policy and practice are not always the same. Indeed, McNair (2005 – *ibid*) have indicated that while the policy may be determined by an HR department and ratified at board level, the practice and decisions are more likely to be operationalised at middle management level. For this reason we undertook multiple interviews, where possible, within an organisation with line managers

and HR managers to compare how retirement policies were being implemented¹¹. Our approach was to construct the research around a series of company-based case studies.

Recruitment

It is worth noting that recruitment for this research ran smoothly and we managed to complete interviews across 40 employers within the timeframe given. Where employers refused to participate, it was often because of busy diaries or planned holidays (some of the data collection fell over December) as opposed to reacting to the subject of the research.

1.4 Report structure

This report outlines the findings from the qualitative research in five further chapters:

- **Chapter 2** explores employer's attitudes to employing older workers;
- **Chapter 3** explores employers' retirement practices;
- **Chapter 4** considers employer's attitudes towards the DRA; and
- **Chapter 5** which draws the findings together and presents a set of conclusions.

¹¹ The research was confined to interviewing managerial staff – those individuals who make decisions about employee retirement.

2 Employing older workers

Rising longevity has important implications for the labour market and employers. A key issue is whether, as people live longer, they decide to work further into later life and how this has impacted on the relationship between the employer and the employee.

This chapter of the research sets out to explore the employer's attitude towards older workers and how this is reflected in Human Resources (HR) policies and procedures.

2.1 Attitudes towards older workers

Trends show that both retirement ages and expected retirement ages are rising. The average age of withdrawal from the labour market was stable for men at around age 63 from 1994 to 2002. Since this time, retirement ages have been rising. In April-June 2008 men's average age of withdrawal rose to a peak of 64.5 years. For women, the average age of labour market withdrawal has shown a rising trend from 60.7 years in 1984 when data first became available to 62.4 years in April-June 2009, with a particular sharp rise over the last decade (ONS)¹². However, this is also contrasted with the Labour Force Survey showing a 55.1 per cent employment rate for men and a 34.3 per cent employment rate for women, between 60 and 64 in Great Britain in the first quarter of 2010.

An aging workforce brings into question the impact that this shift has on the employer and employee. Employers in this research (all of whom had an employee of age 64.5 and above) were generally positive about older workers and the contribution they were making to the workforce.

In the interviews, older workers were reported to have lower absenteeism levels and to be more likely to remain with the organisation for longer periods of employment. In contrast, younger workers were perceived to be more likely to move on or to look for another job in the short term.

¹² Office for National Statistics (ONS): *Pension Trends, Labour Market and Retirement*, Chapter 4. Available from: <http://www.statistics.gov.uk/CCI/nugget.asp?ID=1273&Pos=1&ColRank=1&Rank=192>

In terms of performance, older workers were seen to be just as capable as their younger counterparts and sometimes more valuable to the organisation because of their increased work experience and skills.

'If anything, we need that because our brand is so important to us and our values are very traditional and conventional and a lot of the people that have been here for so long understand that brand and they know it. They have the knowledge and they impart that knowledge to the next generation coming through. So that's really critical to us. And in some of the roles as well, the reliability of staff – they have a different type of work ethic – they're not going out clubbing every night which means that we're going to have somebody that's going to come in and do the nine to five and also isn't pushing for anything else. Just wants to come in and do a good job and go home again.'

(250-999 employees; Other industry; Do not have a CRA)

Exceptions to this were seen in manufacturing organisations where some employers noted that older workers may become less efficient, depending on their health. This was mostly the case where the employee was hired in a role which included physical work of some description and required consistent efficiency and accuracy.

'I am quite happy with it [DRA at 65]. There are people that at 65 it is long enough to be honest, for some people. There are some people that 55 is long enough. Their performance is such that it is starting to deteriorate.'

(1,000+ employees; Manufacturing; Do not have a CRA)

While attitudes to older workers were largely positive, some employers in the in-depth research commented that older employees could potentially be more expensive to the organisation when they have accrued benefits that are associated with longer service, for example holiday entitlement and pension payments. Older workers were not *per se* more expensive, but because of their length of service within an organisation the older worker was more likely to have worked their way up the organisation or have more job experience or skills which puts them in a higher pay grade as a result.

'Well they're not more expensive because they're older; they might be more expensive because they've been here a long time because again we've got an incremental salary scale.'

(50-249; Other industry; Have a CRA)

Overall, most of the organisations saw their 65 year old employees as being just as capable as their younger counterparts and sometimes more able and willing to 'live the brand' of the company.

2.2 Encouraging work beyond retirement

While employers in the qualitative research tended to be positive about older workers they seldom had an official policy for retaining older workers. Where

the older worker was seen as having skills or expertise that could be transferred to other staff members or used to support staff, they were encouraged both informally and with the offer of flexible working options to continue working beyond the normal expected retirement age. However, this differed slightly across occupations.

In cases where the older worker had a particular specialised skill (e.g. lecturer/doctor), where experience was deemed important, the organisation would often informally encourage the employee to stay on beyond the normal expected retirement age. This would be done to facilitate skills transfer within the organisation and offer support to existing staff.

'Well it's a difficult one. There are people in the organisation who have key skills and things who we might want to keep.'

(50-249 employees; Other industry; Have a CRA)

'X has been with us for an awful long time, has a huge wealth of knowledge and experience of how the organisation runs and all the sort of things that keep it functioning. When X retires...maybe in the near future, they would be very difficult to replace...we will try to keep.'

(5-49 employees; Other industry; Have a CRA)

In professional or business orientated organisations, older workers were usually encouraged to continue working when they have skill and expertise that could be transferred or used. However, this was tempered by a consideration of the business case made for the employee.

'Great, keep you around, we know we can't get that level of experience in the market place and we'd like to keep you around. And sometimes what we would do is maybe not have a full-time contract. They could do three days a week or something like that. So sometimes we actually reduce the work, obviously with their agreement.'

(50-249 employees; Services; Have a CRA)

'Obviously written in our policy it is down to the board of directors and the level of business that's actually available at the time, so if there is a position available then staff are allowed to stay on, and then we review it annually.'

(5-49 employees; Manufacturing; Have a CRA)

Exceptions were noted in companies where the employees' role involved some form of physical work. In these cases the employer was less likely to encourage the employee to continue working, particularly where they had noted a drop in the employees efficiency. However, in some cases the employee may be encouraged to stay on in a less taxing or alternative role.

2.3 HR practices and older workers

The following sections focus on how employers deal with older workers in relation to recruitment, employee retention, performance management, training, promotion and redundancy in relation to older workers.

2.3.1 Recruitment

While employers approach the recruitment of employees in different ways – using recruitment agencies, formal assessments and interviews, informal interviews – all the employers in the study were looking for the same things. These are: qualifications, skills, experience, interest and knowledge. Overall, employers wanted to make sure that a future employee was genuinely interested in the job offered and had the skills and ability to undertake the work.

Among the employers in this study, most claimed that age was not a consideration when it came to recruitment; many said that they did not ask for the date of birth on application forms as an indication of this. Larger employers did, however, admit that they could not account for every recruitment decision that was made, but in principle age was not a recruitment factor.

I: Does age ever come into it?

R: Not if I have anything to do with it. I can't vouch that every single manager, does the right thing, but I would certainly say [age is not an issue].'

(50-249 employees; manufacturing; have a CRA)

Many of the employers in the study had already taken on employees who were already in their 60's and in some cases in their 70's. This was especially true in high skill industries where the older worker may have valuable and potentially rare skills and expertise and in industries where there were skill shortages. Aerospace, pharmacy and linguistics were occupations that were particularly keen to employ older workers.

There were exceptions to this. As indicated earlier, manufacturing tended to be less positive about employing older workers, and this held true for their recruitment practices. In practice, this employment sector indicated that they were less inclined to employ older workers, especially where the job involved heavy work and lifting.

Employers tend to work to a salary budget. While it may be cheaper to employ younger workers, because they are less experienced, employers try to balance their workforce in terms of older, more experienced workers and younger, less experienced, but developing, staff. The medium, large and very large employers, indicated that they may have annual recruitment rounds where they aim to bring in younger, perhaps graduate, employees. The extent to which they do this depends on the economic climate, how well the company is doing and their salary budget for the year. Employing a few older workers was felt to have a negligible effect on their ability to employ younger workers. This, however, was not the case for

smaller employers. These employers may only recruit one or two employees a year, if at all, either as replacements or if the business is growing. In these instances, the retention of older workers was more likely to affect their salary budget which meant that they had less capability to employ younger workers. Employers that had a preference for employing older workers, such as in certain types of retail organisation, found that the difference in salaries between older and younger workers was small and therefore had less of an effect on their ability to employ younger workers.

'Yes, it doesn't worry me, I am getting older myself. No I mean we are very much focused here on skills and on what people can do. I don't care what nationality they are, what religion they are, what age they are, what sex they are, it's of absolutely no consequence to us at all. All I am interested in is what they can deliver, and you get some older people who have some really high levels of technical skill and expertise and we have them back.'

(1,000+ employees; Manufacturing; Have a CRA)

2.3.2 Performance management

With the exception of the micro employers in the study, employers, almost without exception, used a formal system of appraisal. Employers may use a commercially available performance measurement product, an in-house system, or a mix of the two. Appraisals were usually carried out annually, although monthly, quarterly and biannual reviews were also in evidence. Invariably, employees were assessed against a set of job-specific competencies and skills.

Performance management tools were used to enable an employer to assess how well an employee was getting on in their role, identify training and development needs and develop action plans. Employers also said that they used the appraisal system to gauge employee's aspirations and spot future talent. Particularly for those employers that had a Compulsory Retirement Age (CRA) there was some evidence that appraisals were also used to consider succession planning throughout the working life of an employee, but particularly so as they approach their normal retirement age.

Employers that employed predominantly sales staff tended not use formal appraisal systems, focusing more on short-term sales targets. Meeting sales targets may then determine eligibility for entry to a management programme where more formal appraisals tools would be used.

Micro employers did not use any formal appraisal tools. Indeed, none of these employers said that they had any formal, informal or regular system of appraisal or performance monitoring at all. Should a problem arise and it was brought to their attention they 'would have a word with them' and see what needed to be done to ensure the problem did not arise again.

'They can work as long as they like...if I don't think they are doing the job properly then I'll have a chat with them...we are more like a family here and I chat regularly to everyone, so they would know I was talking to them with their best interest in mind.'

(Less than five employees; Other industry; No CRA)

With the exception of a couple of employers, none felt that there was any link between whether an appraisal would be carried out and an employee's age; equally they did not consider that they used the appraisal system as a tool for exploring whether an employee should retire or not. This was said to be an entirely separate conversation and process, although respondents could imagine circumstances in which it might occur.

'I don't think it would even cross a Line Manager's mind to discuss age in the appraisal conversation...The only thing I could think about is you could possibly have a conversation with somebody that you know is filling a niche role and you are looking at succession planning and talent coming through in terms of replacement for that person, and I could anticipate a Line Manager conversation around, "Give me a feel for when you are thinking about stopping work so that we can equip ourselves to fill that position behind you". Would that take place as part of the appraisal? I mean there is nothing within the appraisal structure that would lead to that, that just seems like a very sensible Line Manager kind of conversation to have.'

(250-999 employees; Other industry; No CRA)

One very large manufacturer with a CRA indicated that they may not deal with any performance issues if the employee was nearing their normal retirement age. They would ignore any performance issues in the year or two prior to their impending retirement, essentially in a trade off between accepting some reduced efficiency and having to go through unpleasant and time-consuming procedures when the person will be retiring soon.

'We might have performance issues where we might say, "Oh, don't worry, they're going to retire in a while".'

(1,000+ employees; Manufacturing; Have a CRA)

Similarly, a very large retailer without a compulsory age indicated that older workers that were not already on a management programme would not be included in an appraisal system and not considered for future management roles.

2.3.3 Training

Training needs were generally identified through a formal appraisal process or in the case of a micro employer where a training need becomes evident because a problem has arisen. All the employers in the study considered that some form of training was required for all job roles, the nature and complexity of the training depending on the job role.

Overall, employers indicated that they would provide training for employees at any age, especially if the training was considered mandatory for the employee to undertake the job. Health and safety training, First Aid, CORGI training and fork lift truck refresher training were all considered to be essential in this respect and would be provided irrespective of the employee's age.

However, there were caveats placed on the availability of training. Typically, employers across the industries thought that they would be much less likely to provide training to older workers if they were within two to three years of their expected retirement age (where there is a CRA) or if the training was expensive. This was less evident in organisations without a CRA, with some noting that the risk of an employee leaving the company after receiving training was the same across age groups. Organisations without a CRA may be more likely to discuss the employee's future plans when considering more expensive training programmes.

'In fact there is nowhere on the staff development form where age is detailed...If somebody came along to me and said "I want to study for an MSc. or a Doctorate, and it is going to take me five years to do", but we know that they are planning to retire before the end of that, genuinely I think there would be a conversation that says, "Well help us understand how us investing in supporting you doing that, where is the return on investment going to come?", so I think it would be a bit blasé for me to say age is never considered at all but when it comes down to it, what I want to know is if I am going to invest money in sending someone through a training programme, am I going to get the return on investment.'

(250-999 employees; Other industry; No CRA)

'It would be quite expensive to re-train someone if they were to leave within a year. It's probably not really appropriate.'

(5-49 employees; Manufacturing; Have a CRA)

If an older employee was particularly keen on receiving training, some employers either refused entirely, others required the training costs to be repaid on a sliding scale if the employee left employment earlier than expected. Some employers also adopted the same approach to the repayment of training costs for all their employees, irrespective of age.

2.3.4 Promotion

Micro and small employers considered that promotion was often difficult because there was often no, or very limited, opportunities for development and therefore promotion. Employees were hired to do a specific job and they understood that that was their role. Their salary may increase depending on the fortunes of the company however.

The remainder of the employers all considered that promotion was possible, but depended on the initial job role. A factory machinist and a shop worker were

unlikely to be promoted as they were employed for this specific role. Only those that were on management trainee programmes were likely to be considered for promotion.

Where promotion in a job role was possible then this was usually based on the outcome of performance reviews and appraisals, with skills, knowledge and aspirations being key ingredients for selection. Employers were also keen to point out that when promotions were considered they would take into account the overall structure of the organisation so that it did not become top-heavy. Consequently, promotions would only tend to occur if there were vacancies, or sometimes as a means of retaining someone within the company.

Age was rarely considered to be an issue in considering a person for promotion for most companies.

'No, I've never seen that [age] as a problem, because most organisations have some flexibility to promote. If there's a real star, whatever the age or profile, most organisations will have some opportunities and some flexibility to create a new job for them, or to expand the role.'

(250-999 employees; Other industry; Have a CRA)

However, as with the provision of training, there were caveats. Employers wanted to make sure that promotions were cost effective; for older workers they would only occur if the employer felt that the company got back its investment in training, coaching and additional salary.

'If someone applies for a position when they're, let's say, mid-sixties, for a promotion. It may take them two years to really get into the job, so I guess it [age] would count against them. I'm being totally honest there.'

(5-49 employees; Manufacturing, Have a CRA)

2.3.5 Redundancy

Employers in the study had little experience of redundancy. They thought that they would adopt the following practice if they need to reduce their headcount:

- re-deploying employees, where possible;
- requesting voluntary redundancies;
- requesting early retirement. Employers indicated that they may enhance pension payments to encourage early retirement;
- redundancy, with individuals selected on the basis of their importance to the company, skill level and relevance, results from appraisals and absentee record.

Overall, employers did not see age and redundancy inextricably linked, but if they needed to reduce the number of employees in the company they thought that before enforcing redundancy they would try to strike a balance between voluntary redundancies and early retirement.

Those employers that had been through redundancy processes were large and very large in size. In all cases they said that they had identified the area within the company where redundancies were necessary and then offered voluntary redundancy and early retirement. After that, they then used a scoring system to identify candidates for redundancy based on their skills and expertise.

'Redundancies, we had some this year. We had a consultation process for redundancy because of the numbers. But otherwise we would have individual consultation. The consultation process was collective consultation. Within that, we had an agreed matrix to select people and the criteria we've agreed with a representative group, and age was definitely not one of the criteria. And we did a bit of work to ensure that anywhere where we thought that might happen, where it could potentially happen, to check to make sure that it wasn't, so it wasn't a selection criteria, directly or indirectly.'

(1,000+ employees; Services; Have a CRA)

3 Retirement practices

The Employment Equality (Age) Regulations made it unlawful, from October 2006, to discriminate against workers, employees, job seekers and trainees because of their age

As noted in the previous sections of this report, the Employment Equality (Age) regulations made employer mandatory retirement ages below 65 unlawful unless an employer can justify a lower age. However, employers do not have to have a fixed retirement age, they could set it higher or not have a fixed retirement age at all.

For a retirement to be classified as fair, it has to take effect on or after the Default Retirement Age (DRA) and the employer needs to give the employee written notice of the date of their intended retirement and right to request to continue working at least six but no more than 12 months before their actual retirement date.

Should an employee make a request to continue working beyond the set retirement age, the employer has an obligation to consider the request. (Advisory Conciliation and Arbitration Service (ACAS))¹³.

In the following chapter, we explore employer's approaches to retirement and the decision they make during the retirement process. The chapter addresses the retirement practices of organisations both with and without a Compulsory Retirement Age (CRA) and explores the employer's experience of the 'right to request'.

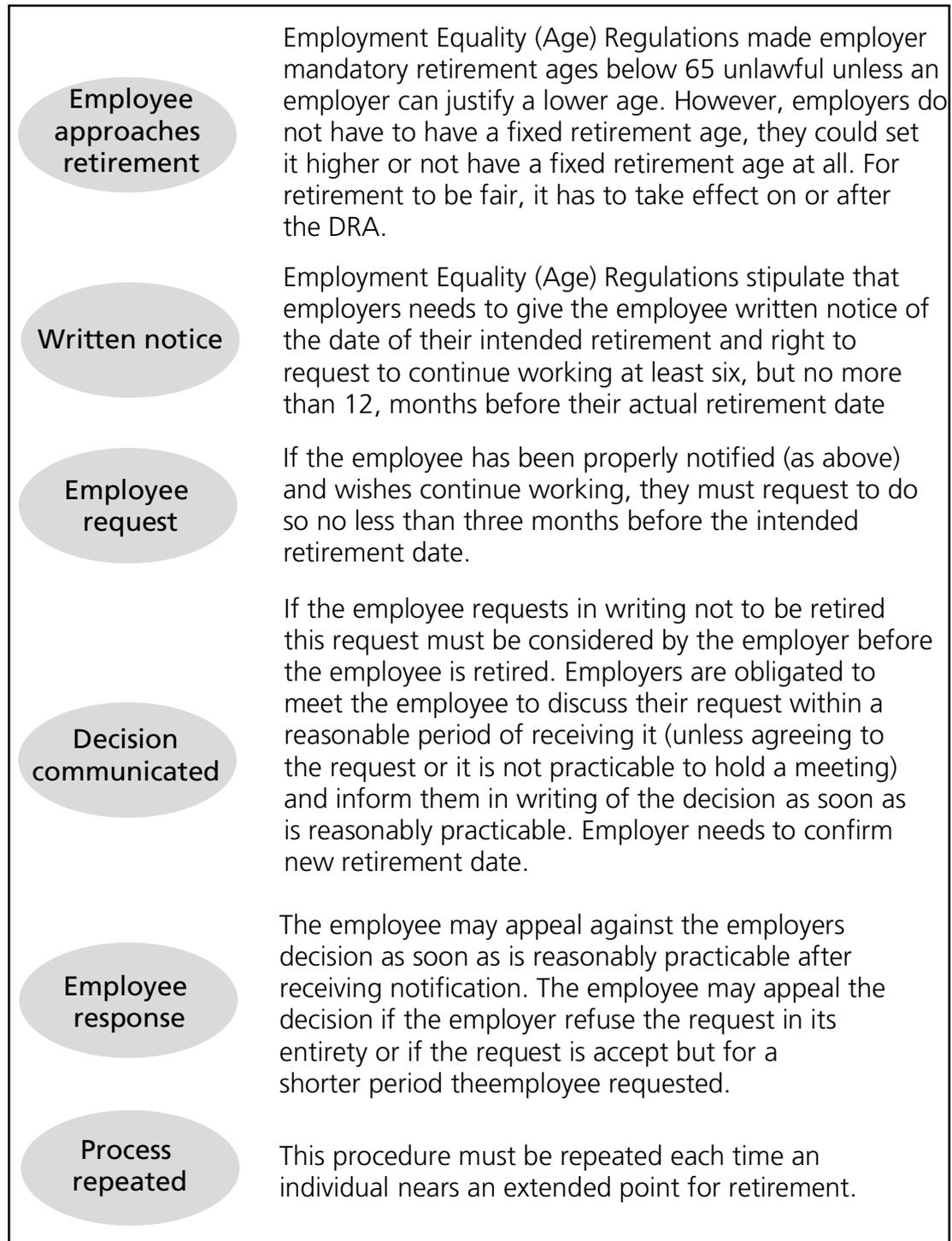
The retirement process, as stipulated by the Employment Equality (Age) Regulations as described by ACAS¹⁴ has been set out diagrammatically on the following page to offer the reader an overview of the statutory process to which the employers procedures can be compared.

¹³ *ACAS guide for employers: Putting the Employment Equality (Age) Regulations 2006 into practice.* Available from:
http://www.acas.org.uk/media/pdf/d/t/6683_Age_and_the_Workplace_AWK.pdf

¹⁴ *ACAS guide for employers: Putting the Employment Equality (Age) Regulations 2006 into practice.* Available from:
http://www.acas.org.uk/media/pdf/d/t/6683_Age_and_the_Workplace_AWK.pdf

The following chapter provides an insight into different employers approaches to retirement and the decisions they make during the retirement process.

Figure 3.1 Retirement process as set out in ACAS guidelines



3.1 Retirement age

In this qualitative research, a cross section of organisations were interviewed to illustrate retirement practices in companies across a range of sizes (ranging from less than five employees to more than 1,000) and across organisations which function with and without a CRA.

In exploring retirement processes, some of the initial questions asked revolved around whether or not the employer had a normal retirement or CRA and how this was enforced or handled. As noted above, the normal retirement age implies an age or age range over which it is normal for employees to retire within an organisation. This may be a cultural norm or determined by company policy. A CRA on the other hand hinges on the employees right to continue to be employed. Employers may have an age at which, unless the employer decides otherwise, employees have to retire whether the employee wishes to or not. This is the CRA. The important point is that employees no longer have the right to stay on: it is at management discretion.

For most of the employers in the study, the culturally accepted normal age for a person to retire was often the same as the CRA. This was almost always accepted to be 65 for both men and women and tended to be aligned with the occupational pension ages, where they were in place. However, employees could also choose to take their occupational pension early, before the set retirement age.

The implication here was that when an employee reached 65, they would have to request to continue working and the employer would make the final decision regarding continued employment. While the retirement age set by most organisations would be seen as compulsory because the employee would have to apply to continue working, the employer often referred to it as 'non-compulsory' because, with a few exceptions, requests to continue working were accepted in the organisations interviewed.

In some cases, the cultural norm within an organisation would be to retire at 65. However, instead of following the statutory process when an employee reaches this age, an employer may use a less formal approach and have a conversation with the employee regarding their future plans. In these cases, it was unclear what process would have been followed had the employer wanted the employee to retire because in all of these cases, employees who wanted to continue working were accommodated.

In other instances the organisation would not have a retirement age at all and the employee was able to work for as long as they liked. In these cases retirement decisions were driven by the employee.

'No, as I said, as long as they can walk and breathe and they are not a liability to a company then they can stay as long as they like.'

(Less than five employees; Services; No CRA)

Following on from retirement age, employers were also asked to outline the organisation's approach to retirement with the intention of mapping out the different practices across the companies investigated. This research also set out to distinguish between practices in organisations with and without a CRA, this will be examined in the next section.

3.2 Retirement practices

Retirement practices differed across organisations with some using a more formal approach and others relying on a less formal conversation with employees. This tended to differ across organisations, depending on whether they had a CRA.

Organisations with a CRA were generally more structured in their approach to retirement.

Where the statutory process was used, the retirement procedure was usually initiated by the employer and generally involved informing the employee in writing of their retirement date and 'right to request' to continue working. In contrast, organisations that did not use the statutory process were less likely to initiate the retirement process with a letter, and tended to have informal conversations with the employee about their retirement plans.

Across organisations with a CRA, decisions surrounding extended employment tended to be largely informed or made by the line manager, based on employee performance and business need. If the employees request to continue working was accepted then their contract would be revised, often to allow for short-term reviews. Human Resources (HR) support usually involved initiating the retirement process and playing an administrative role.

Organisations without a CRA tended to have a normal retirement age (which is just a culturally accepted norm or linked to a date when the occupational pension matures) or no retirement age set at all. It was more likely for these organisations to use a more informal approach and discuss the retirement options with the employee.

Some employers also provided additional support in the process, such as access to pension advice or retirement courses. In some cases, the line manager would go through a checklist with the employee to ensure they understood the process and understood their options.

Descriptions of these approaches to retirement have been split below into:

- organisations with a CRA that use the statutory process;
- organisations with a CRA that do not use the statutory process;
- organisations without a CRA.

These process are described in more detail overleaf.

3.2.1 Organisations with a CRA that use the statutory process

For employees that used the statutory process, both the retirement practices and their experience of the 'right to request' were explored below:

Initiating the process with a letter

In applying the Employment Equality (Age) Regulations, employers are required to inform employees of their right to work beyond the organisations retirement age in writing. This notification should be given out at least six months in advance of the employees retirement date, but no more than twelve months before the intended date (ACAS)¹⁵.

It was found that when an organisation uses the statutory process, they generally issue a letter to the employee up to 18, 12 or nine, but usually six, months prior to their 65th birthday. One should note at this point that notifying an employee of their right to continue working more than 12 months before their actual retirement date is a departure from the statutory requirements. In instances where employees were notified up to 18 months in advance of their actual retirement date, employers appeared to be acting out of a lack of a detailed understanding of the regulations.

No employer gave a time period of less than six months for issuing the initial letter; in one instance a very large manufacturer followed up the initial letter at six months with a further letter at four months to make sure that the employee had received the initial letter.

Some organisations, primarily those with an HR department, mentioned that HR would talk to an employee verbally prior to sending the letter, just to let them know that it was on its way to them.

In the letter employers often stipulated that the employee had the right to request to work beyond their retirement age, occasionally that flexible working options were available (but rarely specified), the final decision regarding continued employment would be at the discretion of the organisation and a date when a reply from the employee was required. A reply from the employee was usually requested three months before the employees' 65th birthday, but one month was also mentioned.

In some instances the letter may also include information about the retirement options available and contact details for the individuals involved in the process.

'We would still write to them to say you have the right to stay on if you'd like to.'

(50-249 employees; Services; Have a CRA)

¹⁵ ACAS guide for employers: Putting the Employment Equality (Age) Regulations 2006 into practice. Available from:
http://www.acas.org.uk/media/pdf/d/t/6683_Age_and_the_Workplace_AWK.pdf

'So the employee reaches their sixty-fourth birthday and obviously we write to them no later than six months after that to notify them of their retirement obviously, of which they will be fully aware of when they are sixty five and they can request to continue working post retirement.'

(1,000+ employees; Services; Have a CRA)

Employee informs the employer of their intention

If the employee intends to work beyond the given retirement age, they would be asked to make a formal application to HR fulfilling the 'right to request'. However, if the employee wishes to retire they may inform HR or their line manager in most cases and have a discussion around the options available to them.

'Initially they will have a discussion with their direct line management and given the indication as to whether or not they wish to work beyond 65. The line manager or the individual will notify the central HR team what it is they want to do, so whether or not they want to put in a request to work beyond 65 or whether or not they want to retire. If there is a request to work beyond 65 they put in a request assuming and that's discussed with the line manager and then dealt with accordingly.'

(1,000+ employees; Manufacturing; No CRA)

Decision made by management

If the employee has made a request to continue working, the line manager in collaboration with general management and HR would then decide whether it is appropriate for the employee to continue working.

It was generally the line manager who was noted as making the biggest contribution to the decision in terms of commenting on performance and the skills that the employee adds to the organisation.

A more senior manager may become more involved when the organisation has to consider the business case for the employee to continue working beyond retirement. This is more likely to be the case when an employee wants reduced working hours and the organisation has to consider recruiting for the additional work load.

Exceptions to this were noted in educational organisations where the faculty would make the final decision and would consider the employee's grants at that stage as well as their performance and contribution to the faculty.

HR tend to play more of an advisory and administrative role at this stage.

'HR would play a supporting role but predominantly it would be the line manager or the department head who would decide. "Do we want this person to stay on within the business?" If it is somebody senior within the business it would actually be the Executive Committee [that decides].'

(50-249 employees; Services; Have a CRA)

'Should they wish to do that they would then be considered. Do we want them to work past 65? Is there a benefit to the business for them working past 65 and if there is, how long do we want them to continue working past 65? And at that time then we would make a judgement and sit down with them and have a discussion on what we as a business feel would be best for us.'

(5-49 employees; Manufacturing; Have a CRA)

Final decision communicated to employee

Once the final decision was made, it was usually communicated to the employee in a face-to-face meeting with the line manager and HR, followed by a written acceptance or rejection of the application.

'If they can continue working we just allow them to do that and we build in a review point anyway subject to the 12 months; or it might be that the person says actually I want to continue working but I only want to continue working until my sixty-seventh birthday...in which case we'd just follow the process through from there. Obviously if the manager says they can't then the employee has the right to appeal that decision and then we follow the appeal process.'

(1,000+ employees; Services; Have a CRA)

Application accepted: employee's contract is revised

If the right to request is accepted the employee's contract was generally revised, usually to a short-term contract, or to reflect flexible working options. Contracts were usually reviewed on an annual basis.

'We have a retirement age of 65 and what we do is speak to the employee within that year, to see what they want to do. We also think about what we want to do as well. What tends to happen is that when somebody reaches the age of 65 we, if its operational we put them on a fixed term contract which is reviewable; it could be an annual contract, could be a six month contract.'

(50-249 employees; Services; Have a CRA)

Application declined

Where the 'right to request' was declined, reasons for refusal included a business case (usually where reduced hours might mean recruiting someone to provide cover), a consideration of the skills and expertise required in the organisation, length of grant funding (for academics) and, exceptionally, performance management (usually dealt with through performance management processes). Employers said they were honest about the reasons for rejecting a right to request except in the cases of poor employee performance, where they may refer to a business case instead. This was felt to be a more humane way of dealing with performance management issues around the normal age of retirement.

'We do an appraisal with that person then, what their work is like, what their time keeping is like, what their attendance is like, and what experience they have, and whether realistically it would be worth us recruiting a replacement or not, and in most cases it's not. That's why we have not turned anybody down as yet.'

(5-49 employees; Manufacturing; Have a CRA)

Appeal

While the employee has the right to appeal the decision made if their application was denied, there were no instances in this research where that was the case.

3.2.2 Organisations with a CRA who do not use the statutory process

Initiating the retirement process

Unlike the organisations using the statutory process, these organisations were less likely to send a letter to the employee to initiate the retirement process. Instead, conversations around retirement could be initiated by the employee approaching the employer closer to employment or the maturation of an occupational pension scheme. In some instances the employee handbook instructed staff to approach the employer six months prior to the retirement age to discuss their decisions and options.

'Well what the policy says is, they have to let us know six months before [they are 65]. There is a process we have to follow for six months, so if a person wanted to retire they would mention it to me and then we would say, "Right when are you looking at retiring?" and if they say it's next year, we say, "Right we need to put a date in our diary now". There's like a checklist that you have to complete which is attached to the policy. They get a copy of the policy, they can read that at their leisure and then when we have our first meeting we go through all the issues that are there and we register that they are interested'.

(1,000+ employees; Services; Have a CRA)

Pre-retirement meeting

Once the process had been initiated, the employee in most cases would have a pre-retirement meeting with their line manager to discuss their retirement or continued work options and decision. In most cases the employer then claimed to take the employee through a retirement 'checklist' which may include retirement training options and who should be contacted during the process.

'Yes and that's all [completed] through a checklist, so you work through all these things on the checklist and you point out to them who they need to contact, who they need to speak to.'

(1,000+ employees; Services; Have a CRA)

Final employment/retirement decision made

Much like the organisations using the statutory process, in these cases the line manager or direct management would usually be responsible for the final decision regarding continued employment.

Decision communicated

In the final stage of this process the employee would be informed of the decision in a face-to-face meeting and then HR would be informed of the decision and process the documentation accordingly.

As can be seen above, organisations with a CRA tend to have a fairly structured approach to retirement.

3.2.3 Retirement process without a CRA

Organisations without a CRA were more likely to use a more informal approach and discuss the retirement options with the employee.

Retirement process initiated

In these cases, instead of following the statutory process when an employee nears retirement, an employer may use a less formal approach and may have a conversation with the employee regarding their future plans. The retirement process or discussions could be prompted by the employer (birthday notification, occupational pension scheme maturation) or by the employee approaching their line manager or HR department.

In these cases, the retirement process could be initiated by the employer or the employee. In some cases, the employer may be prompted by the maturation of an employees' occupational pension scheme or their 65th birthday (seen as the normal expected retirement age), and will make an informal enquiry regarding their plans.

'Yes it's just through talking to people. Some of the people who have been around for years who I've known because I've always travelled round the stores anyway, I've probably had discussions with most of them at that point about what their [future] plans were anyway, just as a general discussion, not for a business reason, just because I think it's courtesy to do it, it's just nice to talk to people about what they're doing with their lives.'

(250-999 employees; Services; Do not have a CRA)

In some organisations, particularly those with fewer employees, the employee would approach their line manager or HR department and inform them of their plans to retire or continue working. In this case retirement is governed by the employee and could occur at normal retirement age or much later.

'But at the moment we're just relying on people to come to us; we're not really being proactive about it.'

(5-49 employees; Other industry; Do not have a CRA)

Retirement options discussed

Once initiated, the employer (most likely the line manager) would meet with the employee to discuss their intentions, where they can fit into the organisation and how they would like to handle their retirement. In some cases, a letter may be sent out after the decision has been made to confirm their further employment or what the employee is entitled to (leave days and so forth).

Interestingly here, with organisations that did not have any retirement age set, should the employer have concerns regarding an employee's performance, this would be dealt with using a performance management system. Should the employer want the employee to retire, they could theoretically use the performance management system to force the employee to leave; however, none of the employers interviewed claimed to have done this.

3.3 Flexible working options

Employers that allowed their employees to work after their normal retirement age or CRA almost universally said that they would allow flexible working. This could mean either a change of role or more usually reduced hours.

The mention of flexible working options after retirement in retirement policies was rare. However, when discussing the process as a whole it was clear that some organisations mention the facility for flexible working options after 65, but not specific options. Other organisations do not mention flexibility at all. The process that employers tended to use was, following the letter being sent to employers prior to their 65th birthday a meeting would be called between the employee, line manager and HR (if deemed relevant) to discuss an employee's intentions. During this meeting, flexible working would be raised either by the employee or the employer. In most cases, employers said that if the employee did not raise flexible working then they would. There were a couple of exceptions in which the employer would only discuss flexible working if it was specifically raised by the employee.

Sometimes, the employee's requirements could not be met in which case there may be a compromise on either side or the employee may retire. However, none of the employers in the study indicated that an individual had retired because a mutually agreeable set of options could not be found.

The offer of flexible working options had been used by some employers as a way of retaining staff who were approaching their normal retirement age. This was particularly so where the employee had particular skills or experience that the organisation wished to retain.

3.4 Benefits and drawbacks of a CRA

The perceived benefits and drawbacks of a CRA differed between organisations that used a CRA and those that did not.

Among those employers with a CRA in the in-depth research, business benefits included calculating salary and benefits costs, succession planning, planning recruitment and training and that it gives them flexibility to retain the best skills. Some also felt it was a more dignified way to deal with performance issues as an employee reached retirement age than using a performance management processes. However some employers were concerned that having a CRA could mean they lost valuable skills to competitors because the employee may misperceive it as non-negotiable or as a fixed end-point to their career and consequently move on.

'One of the positives about that [DRA] is that gives the [organisation] an opportunity at that point to select out which are the people who are brilliant and fantastic in doing it all and say, yes we're very happy for you to carry on. There are some people, not surprisingly, who aren't that brilliant who've gone a little bit off the boil for whatever reason and who ask if they can stay on and, at the moment, with the statutory retirement age of course we have got the facility to say "Well actually", and we almost always, interestingly, wouldn't say no. What we'd say is "We don't really feel that you're doing the full job to the sort of excellent level that would convince us to extend that, but you are doing some great [work in other areas], why don't you continue doing that on a part time basis, and just doing that and shed all these other responsibilities and hassles and anxieties. So you can focus on what you're good at". That works for the [organisation]'

(1,000+ employees; Other industry; Have a CRA)

Employers without a CRA saw these benefits to a lesser extent but also saw it as inequitable and discriminatory because the employee lost the right to continue working. These employers were also more concerned about losing skills.

'This is it; we would rather do what's right. If you've got somebody working for you who is 65, they're doing a really good job, they're really enjoying it, why would you not still want them in your business? It doesn't make sense to me, because so many companies just let people go because it's their policy that everybody has to retire, and I think the people I've spoken to that do it with any of them seem to do it because it's "Where will we keep them all, and then you've got problems if it doesn't work out a couple of years later", and it's like no more problems than you would have if it was a 25 year old that wasn't doing their job properly.'

(250-999 employees; Services; Does not have a CRA)

3.4.1 Reasons for having a CRA

Some of the benefits of having a CRA were listed as follows.

Provides a focal point for organisational planning

Organisations use the CRA to consider the structure of their workforce. With a known retirement age, organisations can consider succession planning and refine their training budgets. If older employees wish to stay on, employers that have

regular recruitment rounds will know what their recruitment needs will be and the training requirement to meet these needs. This also allows organisations to budget for their likely salary and benefit costs.

'It gives you a point to work towards and for an employer it makes us think we need to get some succession [planning] in so we are not left exposed.'

(250-999 employees; Other industry; Have a CRA)

'It gives you a known point which we can calculate into all sorts of calculations like your costs base, like your forward planning for replacements, because you know that at 65 people are going to retire in theory; succession planning can be geared around it.'

(1,000+ employees; Manufacturing; Have a CRA)

Manages employee expectations

Across organisations with a CRA there was a strength of feeling that 40-45 years of work was sufficient for the majority of employees. A CRA signifies to employees that the organisation does not expect them to 'work forever' and that there is a point where retirement is acknowledged and may be discussed. Organisations also mentioned that a CRA signals to employees that they should not expect to continue working and that there needs to be a good case, either a business case in that there is work available or that the individual has skills or expertise that are important to retain in the business. With few exceptions, mainly in the manufacturing sector, continued employment was open for discussion.

'What we're saying is, "You're coming up to that age. However, if you want to request to continue working beyond that, we'll meet and we'll discuss it and we'll consider it"...But what we're not saying is, "You're coming up to 65, goodbye", but in some cases, we can't agree to the request.'

(250-999 employees; Other industry; Have a CRA)

'I think on straight compassionate grounds it is much better to have a retirement date that people know when it's very likely they will be going, and that it's only by exception that they might stay for a while.'

(250-999 employees; Services; Have a CRA)

Gives sufficient flexibility to the organisation

A CRA gives organisations enough flexibility to allow people to retire naturally, according to their expectations, but also retain particular skills in the business. In other words it allows organisations to retain employees that are performing well at the given retirement age and the opportunity to replace employees who go on to retire.

'It gives the [organisation] an opportunity to keep on the best [employees] and it also gives the employee the opportunity to continue doing what they love. Also it allows older people to approach, with dignity, the point at which they're going to retire and leave with everybody congratulating them rather than making it awkward for the employer.'

(1,000+ employees; Other industry; Have a CRA)

Provides a compassionate approach to retirement

Organisations recognised that performance can deteriorate with age. The CRA was said to offer a compassionate approach to dealing with retirement rather than using performance management or disciplinary processes.

'You'd end up going through a completely different process that would be confrontational, because what you'd then be saying to that person is, "Look, you're making too many mistakes now", or "You're not getting through your work quickly enough, and this isn't good enough for us and therefore we're going to ask you to leave". So actually they're finishing on a negative note, instead of just finishing on what is a procedural process...Which is easily justifiable, but is flexible, depending on what the two parties involved actually require.'

(250-999 employees; Services; Have a CRA)

3.4.2 Reasons for not having a CRA

Some of the drawbacks of having a CRA were listed as follows.

A view that a CRA is discriminatory

Some organisations saw a CRA as discriminatory in that it focuses employers and employees on age rather than the skills and experience that an individual has. These organisations take the view that employees should not retire if they do not want to.

'Well it is non-discriminatory [not having a CRA] for starters I think. And I think age is just a number. As long as you are able. Some people that are 65 jump over 20, 30, 40 year olds' heads you know. It is an individual thing I think, so why should there be a set age, whether it is a young age or an old age. To me it is just a number, as long as you can do the job is what matters.'

(Less than five employees; Services; No CRA)

Avoids premature retirement

Organisations also indicated that the absence of a CRA meant that they would not have to explain to an employee why they were being retired when they were clearly still capable of doing their work. However, this view does suggest that some employers were not aware of the Employment Equality (Age) Regulations in detail, which promote the idea that employees in a company do not need to retire at 65 if the company wishes to keep them on and the employee themselves wish to stay.

Flexibility to retain skills

Providing the employee is contributing to the business in an acceptable way, organisations wish to have the flexibility to retain their skills and expertise without the need for a formal process.

'I think we were keen to maximise the flexibility within our workforce, given that we do have some areas where we know it is difficult to recruit and retain staff. Acknowledging that age discrimination legislation was in place, we wanted to have that flexibility for our work force both for our benefit and for the benefit of the original employees who wanted to continue to work beyond 65.'

(1,000+ employees; Other industry; No CRA)

Employee's expectations

In addition, from the employer's perspective, a focus on age may mean that the employee either thinks that they have to retire or it puts the idea of retirement into their minds and may mean that it becomes harder for the organisation to retain skilled older workers.

Recruitment costs

A consideration by a minority of organisations was that by retaining people in the business, they saved on recruitment costs. For highly skilled individuals the recruitment costs can be considerable. Here again it would appear that these organisations are not necessarily aware of the finer details of the Employment Equality (Age) Regulations which would allow employers the flexibility to retain an employee after they reached their retirement age if the employee wanted to stay on.

Some of the issues raised here will be looked at in more detail in the following sections.

3.5 Employers views about the 'Right to Request'

Views and attitudes towards the right to request can be split across employers who used a CRA and those that did not.

3.5.1 Employers with a CRA

Employers with a CRA were more likely to be aware of the DRA and as a result the 'right to request' process. Employers with a CRA tended to have more positive views about the 'right to request' process when compared to those that did not have a CRA, or no retirement age at all.

Employers with a CRA in this research generally said that the 'right to request' process was important in that it provided an opportunity to open a discussion about retirement between the employer and employee. The following quote was an employers response to the benefits of using a 'right to request' informing employees in writing of their intended retirement age.

'Just organising really for us and the employee basically, so the employee can organise themselves. We get the pension organised in good time, so I suppose it does bring it to light quite early, so that's the plusses.'

(1,000+ employees; Manufacturing; Have a CRA)

The 'right to request' process also allowed employers an opportunity to conform to best practice because it provides a clear and transparent means of approaching employee retirement. In the same way it was also seen as a means of preventing age discrimination in the workplace as all employees are treated equally when approaching retirement with this system.

'The plusses are, it is following the line of the law because that is what we set it up to follow, so we can't be criticised for not doing that, and it is a procedural process that enables us to make sure we are dealing with it early on in the stage.'

(1,000+ employees; Manufacturing; Have a CRA)

However, some did express concern that if employers turned down the employees request, they would not necessarily have to justify their decision.

'I wouldn't want to do away with anything that gives people protection at that age. If they're not doing their job properly then you should be dealing with that and not using their age as an excuse to get rid of somebody. It's not good for your business to do that, and it's not fair on the individual. So I would say do away with everything apart from, I think if you can do away with everything apart from the things that would protect people, so that if people want to continue working, they've got the right to. Why force somebody to stop working?'

(250-999 employees; Manufacturing; No CRA)

For employers using the 'right to request', the process was seen as relatively simple and easy to follow. Some of the employers mentioned that they did not find it administratively burdensome and thought that six months was ample time to open up discussions around an employee's retirement.

The only negative view derived from an single organisation with a compulsory retirement age. They thought that the right to request process was a very formal process and possibly a little impersonal.

3.5.2 Employers without a compulsory retirement age

In comparison, employers without a CRA were generally unfamiliar with the 'right to request' process and so most could not comment on it.

In those instances where employers were aware, the 'right to request' was seen as bureaucratic and unnecessary.

3.6 Overview of retirement practices

For most of the employers in the study, the culturally accepted normal retirement age was often the same as the CRA, almost always set at 65 to align with occupational pension ages.

Retirement practices across organisations differed with employers using a CRA generally being more structured and those without a CRA being less formal in their approach to retirement. It is worth noting at this point that Employment Equality (Age) Regulations as set out above are legal procedures which employers are required to comply with, however, in some instances employees have departed from the statutory process set out, particularly when the organisation did not have a CRA or limited HR policies and procedures. At the same time, there are exceptions to the Employment Equality (Age) Regulations so where employees depart from the statutory process, further investigation on a case-by-case basis would have to be done to establish the reasons for this.

While organisations with a CRA may be more likely to adhere to the statutory approach, those without a CRA may have a conversation with the employee regarding their future plans. In other instances, the organisation would not have a retirement age at all and the employee was able to work for as long as they liked.

Across the employers interviewed, decisions surrounding extended employment tended to be largely informed or made by the line manager, based on employee performance and business need. If the employee's request to continue working was accepted then their contract would be revised, often to allow for short-term reviews. Employers that allowed their employees to work after their normal retirement age or CRA almost universally said that they would allow flexible working, with some using this as a means of retaining staff.

The perceived benefits and drawbacks of a CRA differed between organisations that used a CRA and those that did not.

Business benefits and drawbacks included:

- provides a focal point for organisational planning (calculating salary and benefits costs, succession planning, planning recruitment and training);
- offer the employee the flexibility to retain the best skills;
- more dignified way to deal with performance issues as an employee reached retirement age than using a performance management process.

Drawbacks included:

- some employers without a CRA tended to see it as inequitable and discriminatory because the employee lost the right to continue working. These employers were also more concerned about losing skills and recruitment costs.

Employers with a CRA also tended to have more positive views about the 'right to request' noting that it provided an opportunity to open a discussion about retirement between the employer and employee, offered an opportunity to conform to best practice and a means to preventing age discrimination in the workplace. However, some did express concern that if employers turned down the employees' request, they would not necessarily have to justify their decision.

4 Attitudes to the Default Retirement Age

One of the aims of this research was to explore the retirement process across a variety of organisations and the impact of the Default Retirement Age (DRA). This chapter considers the importance of the DRA to employers and their reactions to potentially raising the DRA age or removing the DRA altogether.

It is important to note that all of the organisations participating in this research were specifically interviewed because they had retired an employee in the last two years and many were familiar with the legislation and the right to request process. Consequently, they may be more aware of the DRA and its implications than employers in general.

4.1 Employers' perceived importance of the DRA

As noted in the previous chapters, organisations with well established Human Resources (HR) policies and procedures were more likely to be aware of the DRA legislation. The implication here was that organisations with well established HR policies and procedures were more likely to review their policies and procedures on a regular basis and as a result would have revised their retirement policies with the introduction of the DRA legislation in 2006.

Awareness of the DRA also differed across organisations that had a Compulsory Retirement Age (CRA) and those that did not. Because organisations with a CRA would have been directly affected by the legislation, they tended to have an elevated understanding of the legislation and its implications for organisations.

The importance of the DRA is discussed below for organisations both with a CRA and those without.

4.1.1 Organisations with a CRA

Organisations with a CRA, tended to be more positive about the DRA noting that it offered the opportunity to:

- **open up a conversation around retirement:**

The DRA offered was seen as important because it provided a conversation point at which both the employer and employee could consider the future. It offered a defined point at which both the employer and employee could plan the future.

- **plan finances and structure succession:**

The DRA also gave the organisations an opportunity to plan their finances, particularly with regards to recruitment and salary costs, while it also offered some time to structure succession plans within an organisation and ensure skills were transferred internally.

Similarly, it was also seen as offering the employee an opportunity to plan their finances for retirement because there was a known point that they were working towards.

'It certainly makes a big difference...it's very helpful and supportive in our work force planning.'

(1,000+ employees; Other industry; Have a CRA)

- **maintain a work standard:**

Some organisations noted that the DRA offered the flexibility to retain the skills of older workers in some instances and to prevent the standard of work within the organisation from dropping as employees got older and may become less efficient.

'I have mixed views on it from an employer's point of view. I think it's useful for the employer to be able to draw a line possibly under somebody's working life without been forced into keeping people who are getting older and older. For an employee's point of view I think all employees should have the option of working past 65 if they wish to. Particularly with the way people are financially these days. People I think are increasingly finding it more and more difficult to be able to afford to retire at 65.'

(5-49 employees; Manufacturing; Have a CRA)

- **compassionately approach retirement:**

The DRA was also seen as offering the employer an expedient and compassionate means of approaching retirement. The alternative raised here was a performance appraisal system which would be a more challenging means of approaching retirement.

Aside from the benefits of the DRA, organisations with a CRA also listed one concern with the legislation. One drawback was that the DRA offers employers the opportunity to ask an employee to move on without justifying their decision.

4.1.2 Organisations without a CRA

The DRA was seen as having less of an impact on organisations that did not have a CRA because they tended to be more flexible in their approach to retirement. As a result they tended to be less aware and have fewer opinions regarding the DRA, particularly if they functioned without a retirement age.

'I think within some companies there probably is a need for it [DRA] really, but obviously within this company there isn't.'

(Less than five employees; Services; No CRA)

Within this group of employers there were some that would use performance as a measure of when an employee should retire. In these cases they saw the DRA as discriminatory because it could be seen as retiring people according to their age rather than based on their skills and abilities. Effectively the DRA was seen to put an age 'bar' on people instead of assessing their performance and ability to do the job, allowing the employer to retire an individual who was still capable of doing their job. This view was particularly prevalent among organisations that had no retirement age at all.

4.2 Employer views about the potential raising of the DRA age

Employers with a compulsory retirement age were asked about the potential impact on their business if the DRA age limit was raised. Views were mixed and were irrespective of size or industry, although manufacturers were more likely to consider that the age of the DRA should not be raised.

Some of this group of employers were positive about the idea of raising the DRA as they thought that it fitted with the fact that people were living longer, being productive for longer, needed income for longer and the increasing State Pension age. Indeed, on this basis, some of the employers thought that it was morally wrong to lose fit and healthy workers just because they had reached 65.

'I mean people are fitter now, they are living longer, they are healthier. People of 65 now are, generally speaking, fairly young.'

(1,000+ employees; Other industry; Have a CRA)

However, there was a caveat. To be effective the DRA should not be raised too high – 68 was thought to be a good age while 70 would be too high – and it should align with the State Pension age. Concerns were expressed about having a DRA set too high as it could have a negative impact on both the employee who has to work longer despite their health or wellbeing and the employer who may have to deal with declining performance.

'If you linked the statutory retirement age to the State Pension age that, certainly for us, would be significantly preferable to just removing the statutory retirement age altogether and it's partly because it is working in harmony between the economy and an employer isn't it?'

(1,000+ employees; Other industry; Have a CRA)

The remainder of the employers with a CRA were against raising the age of the DRA. They were concerned about employee skills and performance declining and a potential likelihood of having to manage poor performers of older workers. There was particular concern about raising the DRA age among organisations that required their employees to complete physical tasks efficiently, such as those in manufacturing.

4.3 Employer views about the potential removal of the DRA

Employers were also asked about their views about the potential removal of the DRA altogether.

Employers that had a CRA had a number of concerns. These were:

- removal of the DRA effectively meant removing the point where employers and employees could consider the future and allow employees to consider what they wanted to do and employers to make decisions about financial and succession planning;
- removal of the DRA could potentially block the recruitment of younger workers, and leave the organisation with employers who could potentially cost more;
- the DRA provides an easy way to deal with poor performance, providing a compassionate means of asking someone to move on when their performance was starting to decline. Removal of the DRA would mean employers would need to use performance management approaches for older workers, which they felt was a less humane way to leave an organisation;

'What [DRA] also allows is older people to approach with dignity the point at which they're going to retire and leave with everybody congratulating them on a long and useful career, rather than suddenly at that stage, start saying to people...which you might have to if you remove it altogether... "Well actually your performance isn't up to scratch anymore, you have gone off the boil, so now after working here 35 years – which wouldn't be unusual here – we're going to put you through capability procedures, or disciplinary procedures".'

(1,000+ employees; Other industry; Have a CRA)

- without the DRA, employees may feel that there is 'no end in sight' and consider that they are obliged to work longer. In this respect there was concern that employees would not consider retiring unless prompted to do so.

By contrast, employers that did not have a CRA were very positive about removing the DRA altogether and did not express the same concerns raised above. From their perspective they saw the DRA as discriminatory because it set an 'age bar' on people who were still capable of doing their job after the age of 65. These employers thought that employees should be able to work as long as they are able to do so and were quite happy to deal with any declining performance issues through performance management processes.

4.4 Overview of attitudes to the DRA

Awareness of the DRA differed across employers, organisations with a CRA would have been directly affected by the legislation so they tended to have an elevated understanding of the legislation and its implications.

Organisations with a CRA, tended to be more positive about the DRA noting that it offered the opportunity to; open up a conversation around retirement, plan finances and structure succession, maintain a work standard by retaining skills and offered a compassionate approach to retirement

Aside from the benefits of the DRA, one drawback (listed by employers using a CRA) was that the DRA offers employers the opportunity to ask an employee to move on without justifying their decision.

The DRA was seen as having less of an impact on organisations that did not have a CRA because they tended to be more flexible in their approach to retirement. In some cases they saw the DRA as discriminatory, effectively putting an age 'bar' on people instead of assessing their performance and ability to do the job, allowing the employer to retire an individual who was still capable of doing their job.

Views were mixed regarding raising the DRA, some employers were positive about the idea as they thought that it fitted with the fact that people were living longer, being productive for longer, needed income for longer and with the increasing State Pension age. The remainder of the employers were concerned about employee skills and performance declining and a potential likelihood of having to manage poor performance of older workers.

Removal of the DRA raised a number of concerns among organisations with a CRA. These included:

- removal of the DRA effectively meant removing the point where employers and employees could consider the future, allowing employees to consider what they wanted to do and employers to make decisions about financial and succession planning;
- removal of the DRA could potentially block the recruitment of younger workers, and leave the organisation with employers who could potentially cost more;
- removal of the DRA would mean employers would need to use performance management approaches for older workers, which they felt was a less humane way to leave an organisation;

- without the DRA, employees may feel that there is 'no end in sight' and consider that they are obliged to work longer.

In contrast, employers that did not have a CRA were very positive about removing the DRA altogether and did not express the same concerns raised above.

5 Conclusion

Looking across all the employers participating in the research it is clear that there are variations in how they deal with employment policies and practices. For the most part, the medium, large and very large employers have a number of written policies dealing with a variety of aspects of employment, which are revised frequently. In comparison some of the smaller employers may have formal written policies or they may be like the micro-employers that do not have any written policies at all, but rather develop procedures as the need arises. However, it was apparent across all the employers in this study that there was relatively little in terms of a formal policy about how they would deal with retirement, employees wanting to work longer than the normal retirement age, or flexible working options that may be available.

This lack of formal retirement policies should be set in the context that employers generally said that most employees have in their minds a retirement date, which is usually aligned with either the State Pension age or the maturation of an occupational pension. For the most part, employees that wanted to work past this age were said to be in the minority. When they did extend their employment, it was said to be rare for anyone to be working more than an extra two or three years, although there were exceptions.

Retirement practices across organisations differed, with organisations with a CRA generally being more structured and formal than those without. Organisations with a CRA may be more likely to adhere to the statutory approach which included notifying an employee at least six months in advance of their retirement date and their 'right to request' to work beyond that. Organisations without a CRA tended to be less formal and had a conversation with the employee regarding their future plans, occasionally departing from the statutory process. In other instances, the organisation would not have a retirement age at all and the employee was able to work for as long as they liked.

Decisions surrounding extended employment tended to be largely informed or made by the line manager, based on employee performance and business need. If the employees request to continue working was accepted then their contract would be revised, often to allow for short-term reviews. Employers that allowed

their employees to work after their normal retirement age or CRA almost universally said that they would allow flexible working, with some using this as a means of retaining staff.

Attitudes towards employing, or retaining, older workers tended to be polarized. On the one hand, employers could be very positive about older workers. Not only did they see them as very reliable and conscientious workers, but where they had skills and expertise that were valuable to the organisation, employers were keen to see them continue in employment, if the employee wished to do so. For some, this positive attitude was expressed as a form of equality, considering that the enforced retirement of an employee was discriminatory. This was a view that emanated largely from organisations that relied on intellectual ability and benefited from the cumulative experience held by older workers.

On the other hand, a few employers were less enthusiastic about employing older workers. These employers, particularly those in manufacturing industries or organisations that required their employees to be physically active, took the view that employees became less able and efficient as they got older and that it was not financially sensible to retain workers past their normal retirement age. In addition, there were also employers that considered that the working life is long enough and that employees should retire and enjoy the rest of their life away from work.

Running throughout the conversations with employers was the issue of whether there was a sound business case to retain an older worker. Even the most highly skilled older worker would not be retained after their normal retirement age if there was not a matching business case.

Similar issues were raised about older workers in relation to their recruitment, training and promotion. In principle, most employers were not averse to recruiting and training older workers, and indeed a number of the employers in the study had not only retained older workers in post, but had recruited employees who were over 65 and provided them with training. In each case, however, it was made clear that there had to be a business case in order to retain or take on new staff. Conditions were sometimes in place regarding the repayment of training costs if the employee left earlier than expected. Perhaps the one area where employers thought older workers would miss out was on promotion; as older workers generally only remained in employment for a couple more years, they thought promotion was unlikely.

Turning now to the DRA, employers' attitudes were mixed. Employers that did not have a CRA thought that the DRA was discriminatory in its conception, unnecessary and bureaucratic. By contrast, employers that had a CRA found it useful because it was seen as a focal point to discuss an employee's future and plan resources. Should an employee's work be less than satisfactory, then the DRA was said to be an opportunity to retire an employee compassionately without going through an arduous and potentially bitter performance management process. A drawback of

the DRA, noted by employers both with and without a CRA, was that employers were not obligated to give the employee a reason for turning down their request to work beyond the given retirement age.

While employers with a CRA used the DRA as a means of planning for the future, employers that did not have a CRA found that they were able to accomplish their planning just as satisfactorily. However, while the DRA established a formal process, employers that did not have a CRA expected most employees to retire anyway as they became entitled to the State Pension or their occupational pension or they had already established their employee's plans through regular conversation and knew whether they wanted to continue working or not.

Employers without a CRA dealt with any performance issues of older workers through an informal or formal performance management system, formality increasing with employer size. If they felt that an older worker was no longer capable of doing their job, or an alternative role, then retirement would be suggested on these grounds. By contrast, employers with a CRA, although indicating that performance management and retirement were two separate issues, indicated that if an employee was nearing their normal retirement age and there were performance related issues, they would retire the individual rather than use a performance management approach.

Considering the extension or abolition of the DRA, views were very dependent on whether the employer had a CRA or not. Those that did not were quite happy to see the DRA abolished. Those employers that did have a CRA were reluctant to see it abolished because they valued it as a focal point for planning and it could be used instead of performance management tools if an employee nearing retirement was becoming less efficient.

Regarding further extension of the DRA, there was some support for an increase in age, but this, it was considered should be kept in line with the State Pension age.

Appendix A

Supporting information

Human Resources, Retirement Practices, Pensions and the Default Retirement Age

As a context to how employers manage their retirement practices and the potential impact of the Default Retirement Age (DRA), employers were asked about their Human Resources (HR) structure and how employment policies were devised, reviewed and communicated to employees. The chapter then considers employers' awareness of the DRA and the impact that this may have had on their HR policies and procedures.

HR structure and policies

Employers varied in their approach to dealing with HR issues. Medium, large and very large employers invariably had a dedicated HR department, smaller employers did not necessarily have an HR department, but an individual tended to combine this role with one or more other functions. The owner of micro employers was usually the focal point for any HR issues.

Where medium-sized, large and very large employers were spread over multiple sites, the HR department would sometimes be split into smaller teams across each site with the main team being at the head office; alternatively they may all be centralised and located at the head office.

It was often the case with the larger organisations that, given the larger HR teams and separate HR departments that the HR team would consist of individuals who were employed to specialise in certain areas of HR policy, such as professional development or pensions.

Given the complexity and extent of the HR departments in larger employers, it often followed that their policies and procedures were well established, covered a wide range of issues (such as gender and disability discrimination, security

issues, disciplinary procedures, redundancy, etc.) and were frequently reviewed. The HR team's responsibilities would include drawing up and revising HR policies and procedures. In some instances, the organisation set quarterly reviews, while in others it was an annual review designed to ensure that the policies and procedures aligned with legislation. In some of these instances the review would include consulting with trades unions and seeking the advice of a consultant if the expertise were not available in-house.

'Yes, we negotiate all of our staffing policies with our Trade Unions formally, if they form a part of the terms and conditions of employment. So things like the disciplinary procedure, redundancy procedure, we would always negotiate those with the Trade Unions.'

(1,000+ employees; Other industry; Have a CRA)

In the medium-sized organisations the HR functions were usually covered by a separate department, albeit staffed by one or two individuals who were responsible for all of the HR functions within the organisation. Similar to the large employers, these companies tended to have established HR policies and procedures, but tended to either review them on an annual basis or when legislation changed. This review would often be conducted with the help of a consultant if the organisation felt that they did not have the expertise in house.

Smaller employers tended to have a less formal approach to HR, usually with one person acting as HR manager alongside another administrative role. These employers may or may not have a formal written HR policy; sometimes this was captured in a staff handbook or the employment contract.

'We have put together our staff handbook, contract terms and conditions for all staff...policies and procedures manuals where necessary, and having said that our policies and procedures manual is quite thin and we have kept it to the absolute bare minimum required by law.'

(5-49 employees; Other industry; Have a CRA)

Smaller employers tended to review their HR policies and procedures when the employer faced a situation which required a particular policy, for example policies around retirement may only be expanded on when they have an employee who wishes to retire.

None of the micro employers had any form of HR policy in place. The owner/manager tended to deal with any HR issues arising on an *ad hoc* basis, taking legal advice if it was felt appropriate.

Where there was a specific HR role this was separate from the day-to-day management of employees. The role of the line manager would be to manage employees and deal with day-to-day issues while HR would play an administrative and supportive role in most cases.

How HR policies are communicated to employees

Employers that have written HR policies and procedures provided these to new employees as part of their induction training. In these cases the employee may receive a staff handbook or a copy of the HR policies and procedures in a separate document. Where employees also have access to computers, a link would also be provided to an electronic copy of the HR policies and procedures.

'We have an induction...tells them all about all their rights, all their benefits and things like that...After they have been here two years they are invited to join BUPA, [HR manager] sends them an invite – pension, BUPA and things like that.'

(50-249 employees, services, have a CRA)

When the HR policies and procedures are reviewed or amended, employers had a number of approaches to keeping staff up-to-date. These included:

- sending out e-mails to notify employees of the changes and update the policy on the staff intranet;
- providing hard copies of the amended policies and procedures, especially where staff do not have access to the company computer network;
- information may be posted on notice boards;
- in some circumstances, the employer may offer group courses or open sessions to discuss the changes made; and
- HR may notify line managers of the changes and the line manager would then cascade them down to staff.

'Any changes that we propose are tracked in the Employment Manual; they are discussed at the staff forum and then they are updated on all PCs for everybody to look at them and have a view on them before they are confirmed at the next staff forum.'

(5-49 employees; Services; Have a CRA)

Communication procedures tended to change according to the nature of the change. If the amendments were minor and only affected certain employees, either HR or the line manager may contact these employees in person to discuss the change.

'So it varies really, but a lot of it's electronic and then, if there are particular groups affected, we normally go and talk to those groups and actually often consult with them first.'

(1,000+ employees; Other industry; Have a CRA)

Awareness of the DRA

Overall there were clear differences between employers in terms of their awareness of the DRA and whether or not they had a Compulsory Retirement Age (CRA). Most small and all the medium large and very large employers with a CRA were aware of the DRA¹⁶. By contrast, employers across all sizes, except micro employers, that did not have a CRA were much more mixed in their awareness. None of the micro employers were aware of the DRA.

The research did not specifically consider the sources of information that employers used to familiarise themselves with the DRA legislation. However, for the small, medium, large and very large employers it was clear that HR managers used their professional bodies as a source of information as well as Advisory, Conciliation and Arbitration Services (ACAS), Chartered Institute of Personnel and Development (CIPD) and HR-relevant websites.

How the introduction of the DRA has impacted on HR policies and procedures

Employers with a CRA, were more likely to have formal HR policies. When the DRA was introduced these policies were reviewed and, if necessary, brought into line with the legislation. However, as most of these employers already had a CRA of 65 the DRA had no effect on the employer's retirement policy. However, the DRA did in some cases change the procedures that employers used. Typically, where such changes occurred (noted with a few employers) the procedure for asking employees if they wanted to continue working after the CRA was lengthened from three to six months prior to the expected day of retirement. In addition, some employers mentioned that they had made the 'right to request' more formal. Whereas in the past this may have been a verbal discussion between employer and employee, this was now a formal written procedure.

Employers that did not have a CRA were less likely to have formal written retirement policies. Where they did so, there was no retirement age specified. Typically, these employers, particularly the smaller employers, had an informal approach to retirement, where employees were often welcome to work beyond the normal pension age or normal expected retirement age without discussion. As a consequence of this lack of formality, the introduction of the DRA had no impact on employers' HR policies or procedures.

¹⁶ It is important to note that one of the selection criteria for inclusion in the research was that employers had retired an employee in the last two years. It is possible that this may have raised overall awareness of the DRA legislation.

Occupational pension schemes and the DRA

Where employers have a compulsory, or normal, retirement age historically this has been aligned with the State Pension age. If the employer also has an occupational pension scheme this is also usually the same as the State Pension age.

There were instances in which the normal retirement age and occupational pension age were set in the past at 60; these had been increased to 65, but in all cases were changed well in advance of the DRA. There was no indication that these changes were pre-empting the DRA legislation as they had occurred some years beforehand.

However, there were exceptions to the alignment of CRAs and occupational pension ages that were evident only in the educational sector. In these cases, the CRA had been increased to 65, again prior to the introduction of the DRA, but the occupational pension age remained at 60. These employers indicated that changes to the occupational pension age were being considered, but as this was a national issue it was taking time to resolve. Where the CRA was 65 and the occupational pension age was 60, employees who were employed prior to the change in CRA were allowed to either retire at 60 and draw their occupational pension or continue working but make no further contributions to their occupational pension. New employees had a CRA of 65; if they chose to join the occupational pension scheme, the age at which they could draw the pension would remain at 60 until the issue discussed above had been resolved.

'It depends on when they joined the scheme...normal pension age is 60...but will increase to 65...minimum pension age is 50 but 55 if joined more recently.'

(1,000+ employees; Other; have a CRA)

Employers perception of employees response to increasing CRA

When asked to reflect on employees' perceptions, employers were of the opinion that employees were mixed in their response to an increased CRA. Employers believed that some employees welcomed the opportunity to work longer, in part because they enjoyed working and in part because their pension arrangements were not always as substantial as they had expected. Others were believed to be less keen on working longer, and if they could afford to do so sought early retirement. Others were thought to be resigned to the fact that they now had a longer working life. In the education sector, employers indicated that of those who still had a normal retirement age of 60, the majority retired at that point. Some opted to work for a couple years longer, possibly on reduced hours. The exceptions were grant-holding research staff who tended to request to work for much longer in order to fulfil the conditions of their grant.

Overview

Overall, employers varied in their approach to dealing with HR issues with the larger organisations having separate HR departments and well established HR policies and procedures covering a range of issues, and the smaller organisations tending to be less formal in their approach and revising/developing policies and procedures as the need arised. None of the micro employers had any form of HR policy in place. The owner/manager tended to deal with any HR issues arising on an *ad hoc* basis, taking legal advice if it was felt appropriate.

Differences in the extent to which organisations had formal HR policies and procedures in place, as well as the presence or absence of a CRA, impacted on employees overall awareness of the DRA. Those with a CRA tended to be aware of the DRA while employers without a CRA were much more mixed in their awareness. None of the micro employers were aware of the DRA.

Employers with a CRA, were more likely to have formal HR policies which were reviewed to align with legislation when the DRA was introduced. As most of these employers already had a CRA of 65 the impact of the DRA on the employer's retirement policy was limited. However, the DRA did in some cases change the procedures that employers used, notably an increase in the notice period and introduction of a more formal 'right to request' process. In contrast, given their less formal approach to HR policies and procedures, employers without a CRA were less likely to have been impacted by the introduction of the DRA.

Appendix B

Topic guide

45108987
Final Version
November 2009



Default Retirement Age

Topic Guide

This is a companion study to the SEPPP2 survey. This study has two overarching objectives:

- to provide insight into the retirement practices and other employment practices of employers;
- to follow-up in greater depth from the SEPPP2 survey.

The specific aims of this research are to explore:

- how employers manage the retirement process of their employees;
- whether employers implement the Default Retirement Age (DRA) or have a compulsory retirement age?
- attitudes towards the DRA and reasons for implementing the DRA;
- attitudes towards older workers;
- experiences of employers with a DRA and the impact on their business;
- experiences of employers without a DRA;
- additional issues arising from the SEPPP2 survey.

Interviewer notes:

This research is only concerned with employer experiences of managing retirement processes, not hypothetical situations. Focus the interviewee on actual examples and experiences.

Employers have been recruited on the basis that:

- *they have retired an employee;*
- *they may, or may not, have a compulsory retirement age;*
- *they may have experience of the statutory retirement procedures;*
- *they may, or may not, have experience of the Right to Request (the employee making a request to stay on).*

A separate sheet of important definitions has been provided. Please take this along while interviewing so that you can explain the different terms to the participant if necessary.

Note: policies/practices can differ among occupational groups within an organisation, if in doubt ask the participant to talk about the main occupational group-this may be particularly evident in the interviews with the line managers.

1. INTRODUCTION

- About BMRB, independent research agency
- About the project:
 - To explore employers views about the retirement process, Default Retirement Age (DRA) and 'Right to Request' (R2R) and other employment practices
 - Funded by the Department for Work and Pensions (DWP)
 - This is one of a number of interviews being conducted around the country, following up an earlier telephone survey
- Duration of interview (60 minutes)
- Confidentiality
 - Anonymity
 - None of the quotations used are attributed to anyone by name or business name
 - Findings are reported in such a way that no respondents or businesses can be identified
 - Recording are only available to the BMRB research team

2. BACKGROUND INFORMATION

- Role of the interviewee
 - Job title
 - Nature of Job
 - Length of time in that role
 - If line manager try establish how old he/she is
 - Role in relation to HR functions
- About the employer
 - Nature of industry
 - Region
 - Number of employees

- Profile of workforce
 - Age
 - Approximate proportion of employees who express an interest in working beyond retirement age
 - Disability
 - Turnover/average length of service
- Is there a trade union
- Structure of the company
 - Establish a map of the organisation in terms of its layers of management, divisions and departments. This will aid in tracing how the retirement decision-making process works within the organisation
- Occupational pension scheme (If relevant)
 - Does the organisation have a pension scheme/more than one pension scheme
 - If there is a pension scheme, is there a pension age built into the pension scheme
 - If yes, can employees continue working beyond the pension age
 - Can they still draw their pension while working
 - Do the same contributions/accrued rights apply
 - At what age do employer pension contributions stop
 - If working beyond pension age, what is the cut off
 - At what age can an employee draw their pension
 - At what age do employees stop accruing pension
 - Are there any plans to change/reconsider this age limit?
- Any other benefits
 - Health insurance; who receives health insurance
 - Any age cut-off; reasons
 - Sick pay; above statutory limit; who receives it
 - Any age cut-off; reasons
 - Company/organisational insurance to cover sickness absence
 - Any age cut-off for insurance cover;
 - How do they cover sickness absence for older employees who are no longer insured.
- Considering the benefits you offer to your employees, are there some groups of employees that are more expensive for the company

- Who, why
- Older workers?; reasons
- Is this a consideration when recruiting?
- Is this a consideration when retiring?
- Is it a consideration if you need to make redundancies?

3. HR FUNCTIONS

Interviewer Note: The organisations involved in this research vary in terms of size from 5 to 1000+ employees. HR functions may differ across different sized organisations; large companies may have an HR department whereas in small companies the HR function may be one role of many for an individual. Please question accordingly.

- How are HR functions managed in the organisation
 - By an individual; do they have any other roles; what; are they a HR specialist
 - By a department; centrally at the head office, or locally, or both
 - Where are the HR functions located;
 - Where relevant, what is the structure of the HR function
 - How are HR functions allocated; who would deal with retirement issues
 - How would they see the HR function in relation to retirement
 - Setting policy
 - Making decisions
 - Advisory
 - What role would HR play in:
 - Advising/determining whether an employee can remain after they have reached compulsory/normal retirement age
 - Advising/determining employment conditions if employment continues
 - When there is an HR issues with an employee, who else in the organisation would be involved
- Do they have any written HR policies
 - What areas do the HR policies cover (e.g. equal opportunities; retirement, pension, recruitment and performance management)
 - What groups of people do equal opportunities policies cover (e.g. age; gender; ethnicity)
 - Do the HR policies cover any flexible retirement options (such as changing roles, flexible hours); why/why not

Interviewer note: the above question is particularly important. Of particular interest is what prevents employers from offering flexible benefit options and what would encourage them to introduce them)

- Ask to take away a copy
- How were the HR policies drawn up
 - Are the HR policies consistent with the statutory minimum or are they enhanced in any way. Which policies/how are they enhanced
 - When were they introduced and why
 - Were they completed internally or did the organisation receive advice/guidance from an external source.
 - Were the policies checked to align with legislation, if so how was this done
 - Probe retirement and performance management
 - Any involvement of Trade Unions; what
- Have the policies been reviewed and if so:
 - How are they reviewed
 - Internally or with external input/advice; from where; what format was it given in?
 - How often is this undertaken; why (prompt driving force e.g. board review)
- Communicating HR policies with employees
 - How are the HR policies communicated to new and current employees
 - How are changes to the policies communicated
 - Is there any specific communication that goes out about retirement or retirement planning
 - What
 - How often
 - What channels are used
- Within the HR policies, is there a process for monitoring and reviewing recruitment and retirement, such as age, gender, ethnicity for new recruits or retirees. Has any action been taken as a result of this monitoring?

4. RECRUITMENT

- How do they go about recruiting personnel
 - What is the recruitment process; do they recruit regularly; when did they recruit last?
 - Do they use specific criteria to recruit (i.e. Do they use job descriptions and people descriptions)

- If they use an agency to recruit, what instructions do they give to the agency in terms of who they want to recruit? (Job Centre Plus would be included as an agency)
 - Any age-related instructions?
 - If no age – related instructions, does the agency send put forward a specific age range?
- When recruiting what are the criteria they use in selection
 - Do they target specific groups? If so who and why?
 - Qualifications v experience
 - Differ by occupation?
- Is age ever a consideration; when; why
- Probe: is the potential length of service/time before retirement/higher salary or pension costs a consideration
- Is there an age cut off above or below which people would not be considered for a role (key interest in older employees)
 - Note: this might not be a formal requirement but a general feeling – probe on this
 - Reasons why there might be an age cut-off; based on experience
 - is there a policy or unwritten rule
 - is it because of the nature of the work
 - does the presence or absence of certain skills in older employees contribute to this decision; any experience of this
 - Is employee productivity a consideration, any experience of this
 - Would this vary according to job role (e.g. professional/managerial versus unskilled or semi-skilled worker)
 - What is the age of the oldest person they have recruited
- Reasons for recruiting
- Does the organisation have any skills shortages
 - What skills shortages
 - Could an older worker fills these skills gaps
 - Would they consider hiring an older worker to fills these gaps
 - Reasons for views
- What is the effect of allowing older workers to work beyond normal retirement age on recruitment of younger people

5. *PERFORMANCE MANAGEMENT, TRAINING AND REDUNDANCY*

- Does the organisation offer training
 - For whom (all/some); why; why not
 - How are employees selected for training
 - Who makes the decision
 - Is training linked to performance/development
 - If the employee does not want to attend training how is this handled
 - Are there opportunities to re-train to change roles in the organisation (e.g. sideways moves, changing job content, etc.)
 - What type of employees would be eligible for re-training opportunities
 - Is this option available to older workers; reasons
 - At what age would they consider training (or re-training) no longer worthwhile
 - Does this vary by job type
 - Are there instances where older employees resist training; why
 - Are there some instances where you would train an existing employee to fill a vacancy instead of recruiting externally; when
- Does the organisation measure and manage employee performance
 - If so, what method(s) they use
 - Formally/informally
 - How frequently
 - Consistent across all job levels and employees; does this become less stringent with employees who are nearing retirement
 - Does performance assessment differ for employees who have taken up flexible working options after retirement
 - Who would be involved in assessing performance
 - What would the performance measures be used for
 - Would they be used in deciding whether someone was ready for retirement
 - How is underperformance dealt with?
 - Are any disciplinary procedures in place?
 - Have they gone through them with anyone
 - Does this differ for older employees who are near retirement?

Interviewer note: within this sample the participants have been limited to those who have experience of redundancy in the past five years or those who have a formal redundancy criteria.

- How is redundancy dealt with?
 - Is there a formal process?
 - What groups of employees do they target for redundancy; how do they target them (eg. different redundancy payouts)
 - Is the process of redundancy different for employees who are close to retirement
 - Would the DRA be used instead of redundancy
 - Under what circumstances
 - Reasons for this

6. PROMOTION

Interviewer note: the point of interest in this section is whether or not there is a difference between the promotional considerations for younger and older workers. Is there an assumption that younger workers are more ambitious and those approaching retirement won't be interested in career development

- How do they go about promoting personnel
 - How is the decision for promotion made
 - What role does work experience and qualifications play in the decision
 - Who do they target for promotion
 - Is age a consideration for promotion
 - Is there an age after or below which promotion would not be considered
 - What age; reasons for this
 - Is training provided to fit the employee into their new role

7. THE RETIREMENT PROCESS

Interviewer note: please check the definitions for this section

- Is there a normal retirement age for the sector/type of work the organisation is in
 - What is it
 - For whom
 - Why is this
- Does the organisation have a compulsory retirement age
 - What is it
 - For whom (all/some), is it different for men and women? Why?

- Why have a compulsory retirement age; probe reasons
- How long ago/when retirement age policy was determined
- How they decided on compulsory retirement age
 - Note if they mention the DRA
 - Note if it differs from the DRA/why
- What starts the retirement process
 - What does the organisation do when someone is nearing retirement
 - Communication given; notification; retirement courses; etc.
 - When does this happen
 - Does the organisation help the employee plan for retirement in any way

If the organisation has a compulsory retirement age:

- Can employees work past the compulsory retirement age
 - Have any employees/are any employees currently working past the organisation's compulsory retirement age
- How does the organisation manage the retirement process
 - Ask the interviewee to talk through the retirement process
 - When do they start to discuss retirement; what do they do, etc.
 - Who is involved in the discussions
 - HR, divisional/departmental/line managers, etc.; who else
 - How well does this process work
 - Main benefits/strengths/disadvantages
 - Anything they would like to change; reasons
 - Are employees at retirement age encouraged/discouraged to stay on
 - Reasons for this
 - Are any flexible working options offered to the employee after retirement
 - Is it the employer or employee that asks for the flexible option
 - How are the flexible working options decided on, by who
 - What
 - Reasons why
- What is the process should the employee want to work beyond the retirement age
 - How do they go about deciding whether they should stay on after the compulsory retirement age

- Who makes the decision
- What information would they use
- Probe: performance management information; discussions with managers (what levels would they be)
 - Is it a similar process for all employees
 - Examples of the process if have they retired someone recently
- How well does this process work
 - Strengths/weaknesses; anything they would like to change; reasons

Interviewer note: *If the employer mentions the 'Right to Request' in the above sections, ensure that you cover section 10 and 11 in the interview.*

- What are the pros and cons of having a compulsory retirement age?
- What are the effect of employees staying after compulsory retirement age
 - Pros and cons, e.g. retaining skills versus job blocking

If the organisation does not have a compulsory retirement age:

Interviewer note: *It is important that we find out why organisations without a retirement age use the statutory process (if they do).*

- What is the process for retiring an employee
 - Note if they mention using the DRA
 - Do they make use of the DRA, if so why? What role does it play?
 - Note use of alternate methods (e.g. redundancy, severance payment, informal persuasion)
- What are the pros and cons of not having a compulsory retirement age
- What are the effect of employees staying on past 65
 - E.g. retaining skills versus job blocking

For ALL organisations:

- What are the reasons for older workers staying on or leaving the organisation?
- Any concerns about losing the skills and expertise of older workers?
 - What sort of skills do older workers have
 - What sort of skills do older workers lack
 - What sort of skills/experience would be lost when older workers leave
 - How do they deal with the loss of skills when an older worker leaves
 - Probe: retraining internal staff or recruiting externally

- What types of jobs best suit older workers
 - Reasons for views
- Do they have any policies for retaining older workers
 - Reasons for the presence or absence of the policies
 - How policies came about
- After retirement, how does the organisation handle the retirees work
 - Is the position filled by recruiting a new employee
 - If so is someone with similar experience hired
 - Is the work of the retiree shared amongst current employees

7. AWARENESS OF THE DRA

- Awareness of the DRA regulations

Remind interviewees if they are not familiar:

The Employment Equality (Age) Regulations 2006 introduced a default retirement age of 65 and made employer mandatory retirement ages below 65 unlawful unless an employer can justify a lower age. Employers can set a higher age if they wish, or they can choose not to have a retirement age at all.

- Were they aware of the DRA
- What do they think of the principle for the DRA
 - Pros and cons
- Do they use the DRA as their compulsory retirement age
 - Is their compulsory retirement age greater than 65
 - Reasons why
- Do they think 65 is an appropriate age for a DRA; why

What age should the DRA be set at; implications of a higher DRA; would the DRA still be useful if set at a higher age?

Note: If the employer has a compulsory retirement age that is less than 65:

- Is there a business reason for using/not using the DRA
- Why their retirement age differs from the DRA
 - Views about this

8. EXPERIENCE OF THE DRA WHERE EMPLOYER HAS A COMPULSORY RETIREMENT AGE

Interviewer note: only ask section 8 and 9 of participants who are aware of the DRA regulations/legislation.

- Introducing the DRA
 - How did the organisation handle retirement prior to the introduction of the DRA
 - What impact did the introduction of the DRA have on retirement policy
 - Compulsory retirement age altered?
 - In what way; reasons for change
 - What was the reaction from the employees/unions to the introduction of the DRA (if any)
 - How they dealt with reactions; what did they say were the reasons for introducing a DRA
- Effect of introducing the DRA on retirement planning/processes
 - What effect has the DRA had:
 - Retirement process tightened up; in what way
 - Retirement procedures became more formalised; in what way
 - Retirement process more gradual
 - Retirement management; employer more aware of intended retirement
 - Administration associated with retirement (has it increased)
 - Flexibility in terms of working after retirement age e.g. flexible working hours
 - Performance assessment of the older employee; does it replace it/act as an alternative?
- Impact of introducing the DRA on people in the organisation
 - Older people retiring sooner than they expected
 - Opportunity to work beyond retirement age
 - Provided a discussion point between the employer and employee around retirement
 - Changed the employees views of the organisation
- Views about having a DRA
 - How important is it to have a statutory right to retire someone at a set age; reasons

- What would be the effect on the organisation if there was no DRA
- Most important benefits and drawback associated with DRA

9. EXPERIENCE OF THE DRA WHERE EMPLOYER DOES NOT HAVE A COMPULSORY RETIREMENT AGE

Refer to section 5 – employers that do not have a compulsory retirement age for details of they manage the retirement process

- In the light of the employer not having a compulsory retirement age, have they used the DRA as a means of retiring an employee
 - If yes, probe reasons for doing so and experiences
- Perceived benefits or drawbacks of the DRA
 - Has DRA been beneficial or a burden to the organisation
 - Beneficial management tool in that it makes the employer more aware of intended retirement
 - Management burden due to the associated administration
 - Has it provided a discussion point between the employer and employee around retirement
 - Is the process more gradual now as opposed to sudden retirement
 - Whether the DRA replaced a performance assessment of the employee
- Views about having a DRA
 - How important is it to have a statutory right to retire someone at a set age; reasons
 - What would be the effect on the organisation if there was no DRA
 - Impact of DRA on employees
 - Does it have an effect on their views about the organisation

10. AWARENESS OF THE RIGHT TO REQUEST (R2R)

- Awareness of the employees ability to request to continue working beyond the DRA
- Views about the Right to Request

11. EXPERIENCE OF THE RIGHT TO REQUEST (WHERE RELEVANT)

- Experience of the R2R process within an organisation
 - When did the R2R come about
 - (i.e. before or after they had notified employee of impending retirement at 64 years 6 months)
 - Talk through the R2R process used in their organisation – focus on individual

cases if possible; ideally one R2R that was accepted and one that was rejected

- Was the R2R accepted or rejected
- How was the decision made/who made the decision
 - Was the employees personal circumstances considered or was it just a business decision
 - What sort of information did they take into account; why
- Did it involve an assessment of performance
 - A new assessment or based on performance records
- What factors determined whether the request was accepted or refused
 - What PRECISELY were the reasons for acceptance/refusal
- How did they communicate the decision to the employee
 - Letter, verbal, etc.
- Did they communicate the reasons
 - All the reasons or some; reasons for this;
 - What process was followed if the R2R was accepted?

Interviewer note: in the following question the participant may refer to an appeal that was made internally by the employee given the decision made or an appeal to a tribunal that would have been done if the employer did not follow the process

- Have they had any experience of an employee appealing the decision made
 - Was it an internal appeal or an appeal to a tribunal?
 - Who was involved in the decision
 - Result of the decision
 - What (new) information did they take into account
- Where an R2R was accepted
 - Was employment extended for a set period; is the employee subject to a review at a later date
 - Contract changed; in what way
 - Was there any agreement on when the employee would retire
- Have there been any situations where an employee has reached retirement age and the R2R has not been used?
- Overall views about the Right to Request

12. ANY OTHER THOUGHTS

THANK AND CLOSE

Appendix C

Qualitative analysis using Matrix Mapping

Qualitative research was adopted to allow for employers' views and experiences to be explored in detail. Qualitative methods neither seek, nor allow, data to be given on the numbers of people holding a particular view nor having a particular set of experiences. The aim of qualitative research is to define and describe the range of issues emerging and explore the links between them, rather than to measure their frequency.

All the interviews were carried out by five experienced qualitative researchers who have been trained in the techniques of non-directive interviewing. The recorded interviews were then transcribed and analysed using TNS-BMRB's analytical method – Matrix Mapping.

Matrix Mapping uses a set of matrices that are constructed around the key themes emerging from the research. In this case the key themes for the research were:

- company background, including the structure of the company, benefits and occupational pensions;
- Human Resources (HR) policies – how they were drawn up, reviewed and communicated;
- employer's views about employing older workers;
- recruitment – methods of recruiting staff, dealing with skills shortages and whether an age cut-off exists for recruitment;
- training, performance measurement, promotion and redundancy and how age cuts across these issues;
- how employers manage the retirement process, in relation to whether they have a compulsory retirement age or not;
- the pros and cons of a compulsory retirement age;

- awareness and understanding of the Default Retirement Age (DRA); the benefits and drawbacks of the DRA;
- the potential impact of wither raising the default retirement age or removing the DRA altogether; and
- how employers enact the right to request, and how they handle retirement in the absence of the statutory procedure.

Each of these themes is then divide into a number of sub-themes. Each interview is then summarised into the matrices. When completed, the matrices represent all of the interviews carried out in summary form and structured so that it is possible identify all the issues arising under a specific theme. By ordering the matrices according to the various recruitment criteria (whether the employer has a Compulsory Retirement Age (CRA), for example) it is possible to identify whether particular issues arise across the sample of employers as a whole or in conjunction with specific types employer. The analysis then forms the basis of this report.

When reporting we have used quotations to illustrate the points made; such quotations are referenced according to the employer's characteristics (size, industry sector and whether the employ has a compulsory retirement age or not).

Appendix D

Technical appendix

Client	<ul style="list-style-type: none"> • Department for Work and Pensions
Conducted by	<ul style="list-style-type: none"> • TNS-BMRB Ltd
Objectives	<ul style="list-style-type: none"> • To explore employer's awareness and views about the Default Retirement Age and the impact of the DRA on their business
Universe	<ul style="list-style-type: none"> • Employers
Sample size	<ul style="list-style-type: none"> • 53 face-to-face depth interviews
Fieldwork period	<ul style="list-style-type: none"> • November 2009 – February 2010
Method	<ul style="list-style-type: none"> • Face-to-face in-depth interviews
Recruitment	<ul style="list-style-type: none"> • Employers with 5-1,000+ employees drawn from the SEPPP2 survey; employers with less than 5 employees drawn from commercially available databases
Incentives	<ul style="list-style-type: none"> • None
Interviewers	<ul style="list-style-type: none"> • Five interviewers
Interviewer validation	<ul style="list-style-type: none"> • Not applicable
Questionnaire	<ul style="list-style-type: none"> • Topic guide
Analysis	<ul style="list-style-type: none"> • Using Matrix mapping. Please note that the results of this qualitative research are indicative and cannot be projected onto the overall population

This report presents the findings from qualitative research that explored employers' retirement practices and views about the Default Retirement Age (DRA). The report is based on 54 interviews across 40 employers that had experience of retiring an employee, selected according to their size, industry, whether they had adopted a compulsory retirement age and whether they had used the statutory retirement process.

The research covered employers' views about employing older workers, recruitment, retention and promotion in relation to older workers and their processes for retiring employees. The research also explored employer's understanding and views about the DRA legislation, its impact on their organisation and whether it should be retained or abolished.

If you would like to know more about DWP research, please contact:
Paul Noakes, Commercial Support and Knowledge Management Team,
3rd Floor, Caxton House, Tothill Street, London SW1H 9NA

<http://research.dwp.gov.uk/asd/asd5/rrs-index.asp>