

# young guns, mature minds



## working nation

views from people at work

OPINION  
LEADER  
RESEARCH

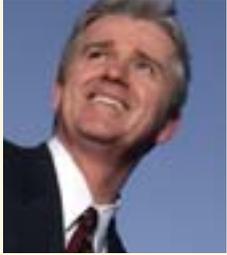


75% of employers believe they should do more to help the young and old work better together

69% of SMEs and corporate leaders agree that companies will fail if they don't employ diverse workforces



# foreword



by **Bill Morrow**  
CEO, Vodafone UK

Vodafone UK is in a unique and privileged position where we're able to recognise the influence that our products and services have on the UK working environment. With this, comes a significant responsibility to our customers to pre-empt potential trends and challenges that they face.

The '**Working Nation**' research study and series of reports, conducted independently by Opinion Leader Research and commissioned by Vodafone UK, highlight some of the challenges facing UK businesses. The findings will map out some of the factors that impact upon our working experiences, while contributing to the debate by providing analysis and thought leadership on how improvements can benefit all of our working lives.

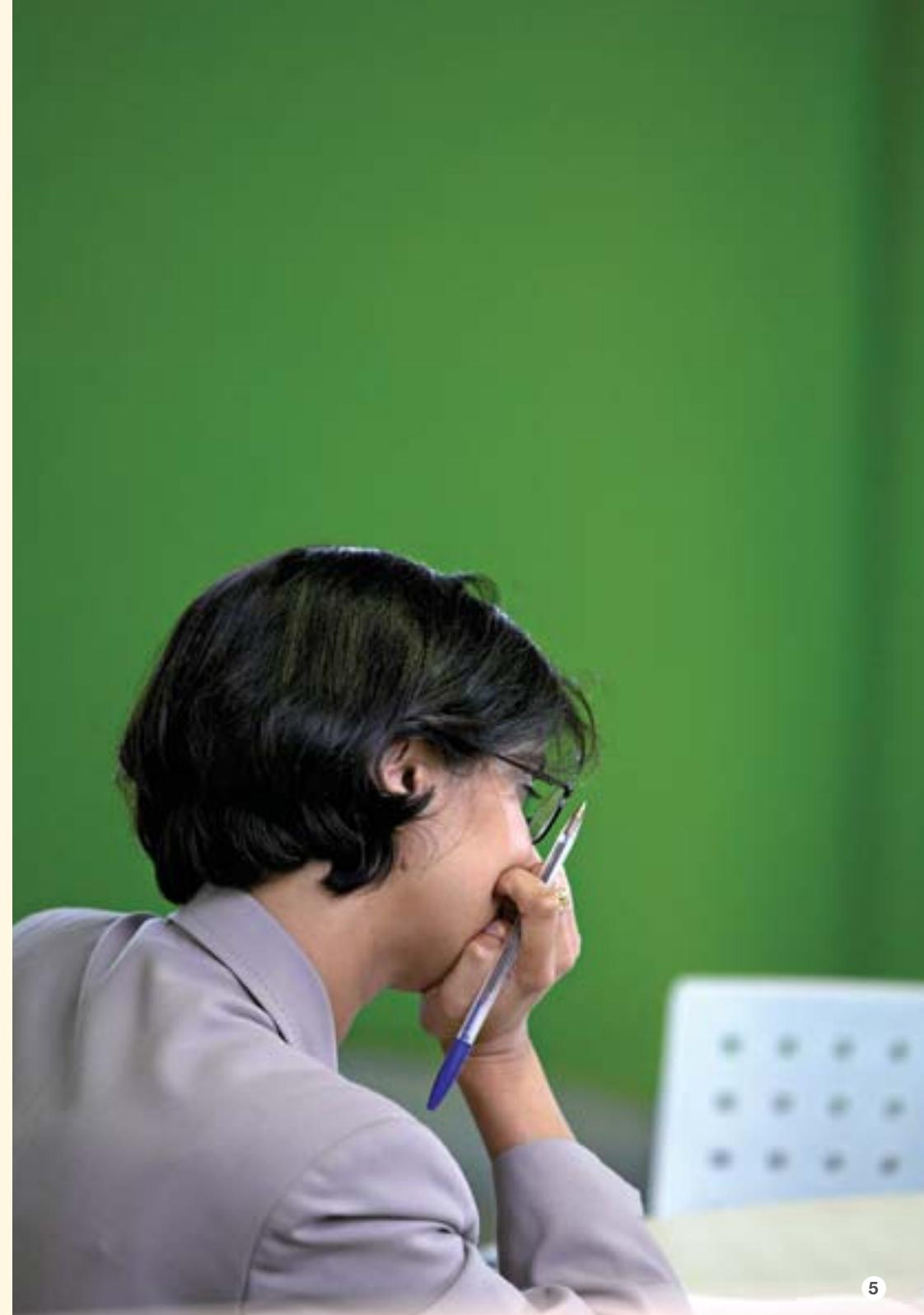
I am immediately struck by the many differences between my home country, the USA, and the UK. At a very fundamental level it appears we tend to celebrate age a little more in the US – we have a host of television programmes that reflect maturity in a positive light and we have built a whole economy reflecting the affluence of age.



In America, we have a hugely powerful third age lobby group – the American Association of Retired Persons – that celebrates the prosperity, health and energy of the mature population and campaigns extremely effectively on that generation’s behalf. I was therefore quite intrigued to find that this is less clearly the case in the UK – it seems to me more common to caricature older people as grumpy, hard up and feeling sorry for themselves!

This report, and the reports to follow, will present key learnings and offer up tactical pertinent thinking for successful working. Whether a graphic designer trading from a spare room at home or the MD of a FTSE100 company – the contents of these reports provide insights into employers’ and employees’ experiences and their views on best practice in the workplace. Undoubtedly, the findings will raise real challenges for many UK businesses, large or small and across all sectors, including Vodafone UK.

This first report looks at issues surrounding achieving a truly age-diverse, successful workforce. Clearly, there is a growing recognition of the value of the grey pound and I hope that, with this study, we will be able to highlight the real opportunities afforded by a multi-generational workforce.



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# executive insights

This report examines the state of relations between different generations at work in the UK today.

It explores the perceptions that younger workers and managers have about themselves, and balances the results against the thoughts and beliefs of those people who have developed their careers over two or three generations. On many issues, the differences in opinion are startling.

Ultimately, the report points to the potential advantages of a new kind of 'generation relations', where proactively integrated age groups could be one of the most important features of the successful business of the future.

## THE CONFIDENCE OF YOUTH

The report finds that younger age groups have a very strong self-image and place a high value on their contribution to the workplace. For many employers, this perception is inflated.

Almost seven in ten (67%) young people (16-25 year olds) see themselves as particularly innovative. However, only 38% of employers say that they feel young people are more innovative than older people.

**68% of older people believe that young people have no staying power.**



The same is true of young people's ability to work collaboratively – just over a fifth of employers (22%) feel that young people are better than their elders at working collaboratively. This is in stark contrast to the views of younger people themselves, with almost six in ten (59%) saying that they think that they are more collaborative.

Young people do not necessarily feel that they are self-orientated, although almost half (45%) believe that they only work hard when there is something in it for them. A greater proportion of older employees (51-65 year-olds) feel this is the case – with three quarters (75%) agreeing with this idea.

Much of this polarisation is driven by the tendency of every generation to think that it faces unprecedented challenges. In fact, nearly six in ten (59%) employers agree with the idea that *'every new generation thinks they are different but I don't think much has changed.'*

#### **DIVERSITY – A PREREQUISITE FOR SUCCESS?**

The ageing profile of the working population means that some employers increasingly recognise the need to work hard to integrate and inspire different age groups within their workforces.

- 69% of employers believe that companies will fail if they don't employ diverse workforces

- 75% of employers believe they should do more to help the young and old work better together
- 62% of employers agree that companies need to provide older workers with more flexible working, allowing them to retire later if they so desire.

Employers recognise that there is a need for change, but identifying the issue is only the first step. Do employers need to promote diversity and flexibility through active policies? As yet, the majority of employees feel there is more talk than action.

**Almost seven in ten (67%) young people see themselves as particularly innovative.**



# initial remarks

What do employers, employees, corporate leaders, SMEs (small and medium enterprises), opinion leaders and business experts think about age in the workplace? What issues exist and where are the opportunities for employers and employees alike?

The BBC recently reported that 90-year-old businessman Deryck Howell is still enjoying his career. Deryck, who started work as a pharmacist 70 years ago for his father's chain of shops, Howell and Sons, is unusual for a man of his age – he still works a full week for the family firm in Cardiff. Deryck is very much an exception in the modern economy. (SOURCE: BBC NEWS, 19 JUNE 2004)

More commonplace are those who find it difficult to retain (or find) positions as they age. Organisations like British Airways have seen significant protests about their policy of retiring all cabin staff at 55 years of age. This is an issue that will become increasingly prominent as the UK economy relies on an aging population and a decreasing number of younger people enters the workforce.

The National Audit Office (NAO) report, Welfare to Work: Tackling the Barriers to the Employment of Older People (15 September 2004), cites that the over-50s who are out of work face barriers such as outdated skills, a lack of

confidence, age discrimination and health problems. The NAO reveals the impact of this situation, in that age discrimination alone could cost the UK economy £31 billion each year.

Opinion Leader Research conducted a qualitative and quantitative study, under the banner 'Working Nation', to be presented in a series of reports, of which this is the first. Commissioned by Vodafone UK, the study includes surveys and interviews with corporate leaders, SME opinion leaders and business experts, as well as over 1000 individuals to harvest the employee perspective.

**Older people in general have fewer qualifications than their younger counterparts. They are more than twice as likely to have no formal qualifications.**

STATEMENT FROM AGE POSITIVE WEBSITE, 2004



# recruitment

## YOUTH RECRUITMENT STRATEGY

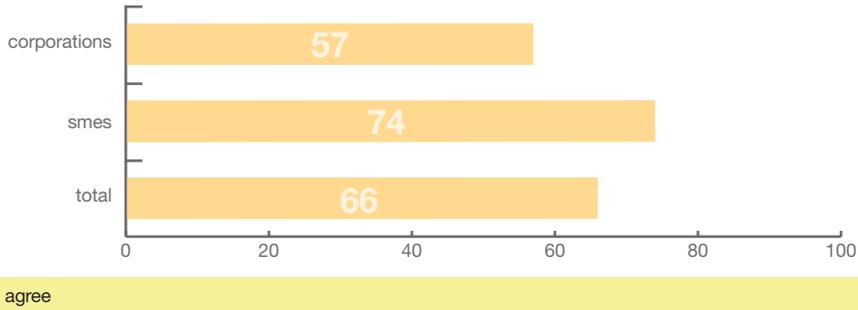
The vogue for some time has been to focus on the young in the workplace. A recent report from the Chartered Institute of Personnel & Development (SOURCE: CIPD, RETENTION & RECRUITMENT, 2004), for example, found that whilst 85% of employers were having difficulty recruiting staff, only 25% were targeting 'under-represented' groups, such as 'older workers', as a possible solution. With the impending anti-ageism legislation due in 2006, perhaps more needs to be done to change their attitudes and behaviours.

Interestingly, many respondents to Working Nation were aware of some of the limitations of an exclusive focus on youth. For instance, the report reveals that 66% of employers (74% of SMEs) agree that customers don't like to deal with young, inexperienced workers.

**Whilst 85% of employers were having difficulty recruiting staff, only 25% were targeting 'under-represented' groups.**



**Q** to what extent do you agree that customers don't like dealing with young, inexperienced workers? (Employers only)



Indeed, research published by web recruitment agency Maturity Works (SOURCE: MATURITY WORKS, AGEISM IN THE WORKPLACE, JUNE 2003) reveals that 78% of older workers feel that ageism has dramatically affected their lives. And the age at which an employee can be made to feel “old” is surprisingly low. The Maturity Works report stresses ageism as something that can affect people as young as 35 years old.

#### QUALIFICATIONS OBSESSION

Some would argue that the value of knowledge and experience is often minimised by employers, particularly where it is compared to more formal paper qualifications. This is a real problem for older people who were educated one or two generations ago.

Older people in general have fewer qualifications than their younger counterparts. They are more than twice as likely to have no formal qualifications.

(SOURCE: STATEMENT FROM AGE POSITIVE WEBSITE, 2004)

They are also less likely to have a university education or participate in work-based education schemes.

For the young, the contrast with this picture is marked. The emphasis that employers place on qualifications plays to one of the strengths of their generation and gives them an edge with employers.

That is not to say that employers necessarily find it easy to utilise this youthful resource:

**With a younger workforce whose values are very different, [the] management and [the] leadership need educating in terms of how you coach people.**

SOURCE: HR DIRECTOR, ACCOUNTANCY FIRM

**78% of older workers feel that ageism has dramatically affected their lives.**



# image

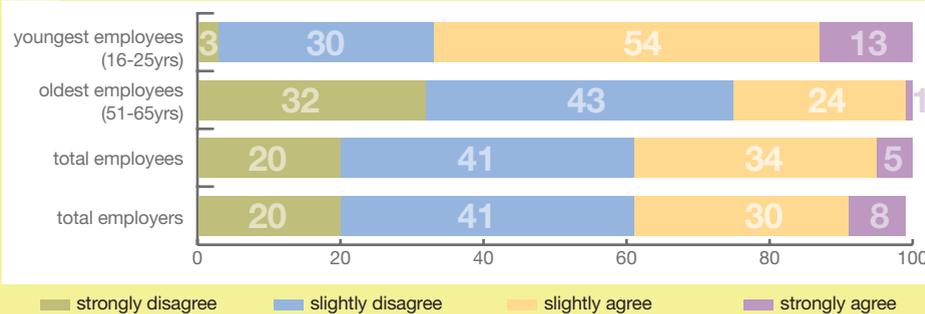
## POSITIVE SELF-IMAGE

The research identified that the self-image of the young can make both employers and older people see the younger co-worker as arrogant and over-confident. This can be a source of conflict and limit genuine integration in the workplace.

This strong self-belief and self-perception is clearly a source of confidence for the young.

For example, young people see themselves as particularly innovative (67%); but this is a point of view not necessarily shared by others. Significantly, the Working Nation study shows that employers are less sure about the innovative mindset of the young, with only 38% agreeing that young people are more innovative than older people.

**Q** to what extent do you agree or disagree that young people are more innovative than older people?

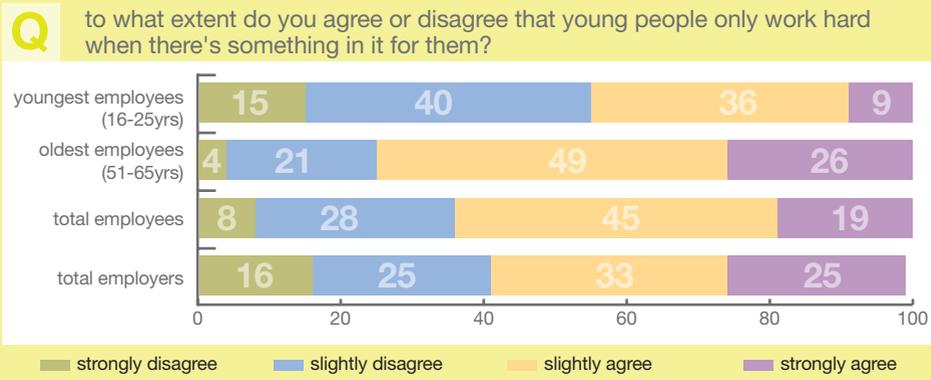


## HIGHLY RATED

So what is the reality about young people in the workplace?

The Working Nation study asked some key questions of each audience group in order to better understand how the young see themselves, as well as how others perceive their performance. The study reveals that young people seem to prompt a certain amount of antipathy from business owners, with common perceptions from the qualitative research, such as young people are 'self-serving', 'egotistical' and 'lacking in focus'. A majority of employers (58%) and older employees (75%) feel that young people only really work hard when there is something in it for them.

And surprisingly, this particular question divided the younger employees with just under half (45%) admitting this may be the case.

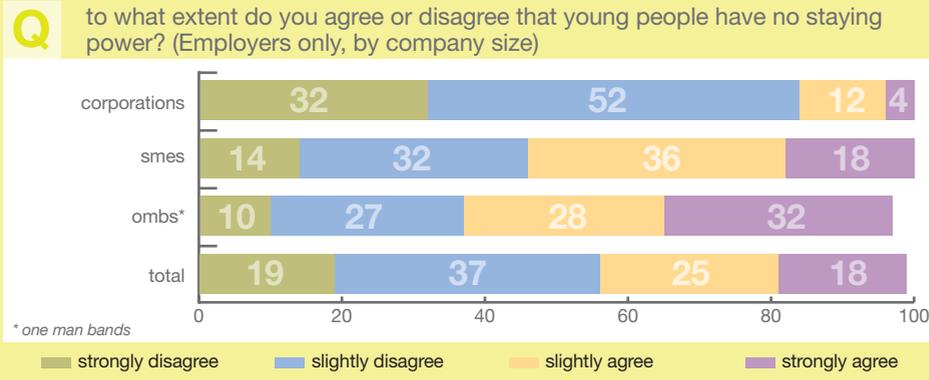


**75% of SMEs believe that customers don't like to deal with young, inexperienced workers.**



Interestingly, the majority of SMEs also raise another concern, namely the staying power of the younger employee.

54% of SMEs agree with the statement that young people have no staying power, in contrast to corporates who evidently disagree.



Overall, the Working Nation study demonstrates that large companies are more positive about the confidence and energy of young people than SMEs. A number of factors may be responsible for this.

Large companies may give younger people the chance to begin working life protected by the structure of a big company. SMEs may demand more from young workers, such as accountability and the need for long-term commitment. A natural assumption by some might be that young staff may prefer less work pressure, something SMEs may not be able to provide.

**54% of SMEs agree with the statement that young people have no staying power, in contrast to corporates who evidently disagree.**



# collaboration

## SHARING EXCELLENCE

This pattern of the young potentially overrating their own skills and competencies continues with the question of collaboration.

The Working Nation study found that less than a quarter (22%) of employers questioned agreed with the statement that young people are better at working collaboratively than older people.

This is in marked contrast to the 59% of the young people surveyed, who believed they were better than their older counterparts at working collaboratively. Qualitative interviews suggest that this could be due to younger people's comfortable relationship with technology.

**Younger people today are very individualistic but they're also very collaborative, because they grew up with mobile technology and they're used to texting and using the Internet and all the rest of it. That culture is going to be quite potent I think and not one where people are going to like to spend lots of time sitting in offices being told what to do.**

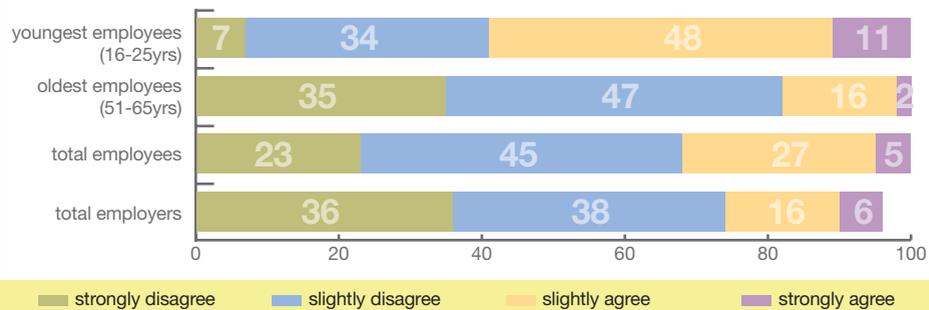
SOURCE: AUTHOR & POLITICAL ADVISER

**68% of employers believe that businesses need young people to make a dynamic workforce.**



**Q**

to what extent do you agree or disagree that young people are more collaborative than older people?



So, what drives these polarised perspectives?

For many employers, it would seem as though these answers can be explained away as youthful over-confidence. That said, there is a wealth of feeling that what young people lack in humility, they make up for with their energy.

Clearly, getting the most out of young people is important for employers; tapping into youthful energy has to be an important component of a successful organisation.

But the young are evidently not the complete panacea for all recruitment that the current vogue would suggest. (SOURCE: CIPD, RETENTION AND RECRUITMENT, 2004)

**The proportion of younger adults (aged 16 – 29) has fallen from around one third to just one quarter.**

OFFICE OF NATIONAL STATISTICS,  
LABOUR MARKET TRENDS, FEBRUARY 2004



# the UK population

The population is ageing and talk of an ageing workforce highlights an equally serious consequence: the shortage of skilled young people.

Thus, for the first time ever there are more people aged over 60 than there are children. This ageing of the population reflects longer life expectancy due to improvements in living standards and health care. It also reflects the fact that there have not been any events with a corresponding effect on life expectancy like that of the first and second world wars. (SOURCE: OFFICE OF NATIONAL STATISTICS, COMMENTARY ON 2001 CENSUS)

Demographic trends suggest that there will be an increasing shortfall of young workers to fill positions. As birth rates drop and life span extends, the UK will find that there are simply not enough young people to fill the vacancies.

The proportion of younger adults (aged 16 – 29) has fallen from around one third to just one quarter. (SOURCE: OFFICE OF NATIONAL STATISTICS, LABOUR MARKET TRENDS, FEBRUARY 2004)

**69% of SMEs and corporate leaders agree that companies will fail if they don't employ diverse workforces.**



And there has been an increase in the mean age of people within the workplace.

The average age of the workplace has increased from 37.5 to 39 years from 1991-2001. (SOURCE: OFFICE OF NATIONAL STATISTICS, LABOUR MARKET TRENDS, FEBRUARY 2004)

This increase has a number of associated implications that employers will have to take into account. Employers will have to understand:

- how older workers will affect workforce performance
- the needs, wants and desires of this older age group.

Positively, many employers surveyed acknowledged the existence of these issues.

The Working Nation study shows that 69% of SMEs and corporate leaders agree that companies will fail if they don't employ diverse workforces.

Combining the skill-set offered by older members of the workforce with youthful energy and confidence may not be easy. However, smart companies are those that are now putting in place strategies for successfully integrating workers of different ages across their workforce.

Some firms have identified flexible ways of working as appealing to both age groups.

For many workers within the UK, work gives a sense of worth; older workers especially may be inclined to stay in the working environment primarily because it reinforces who they are.

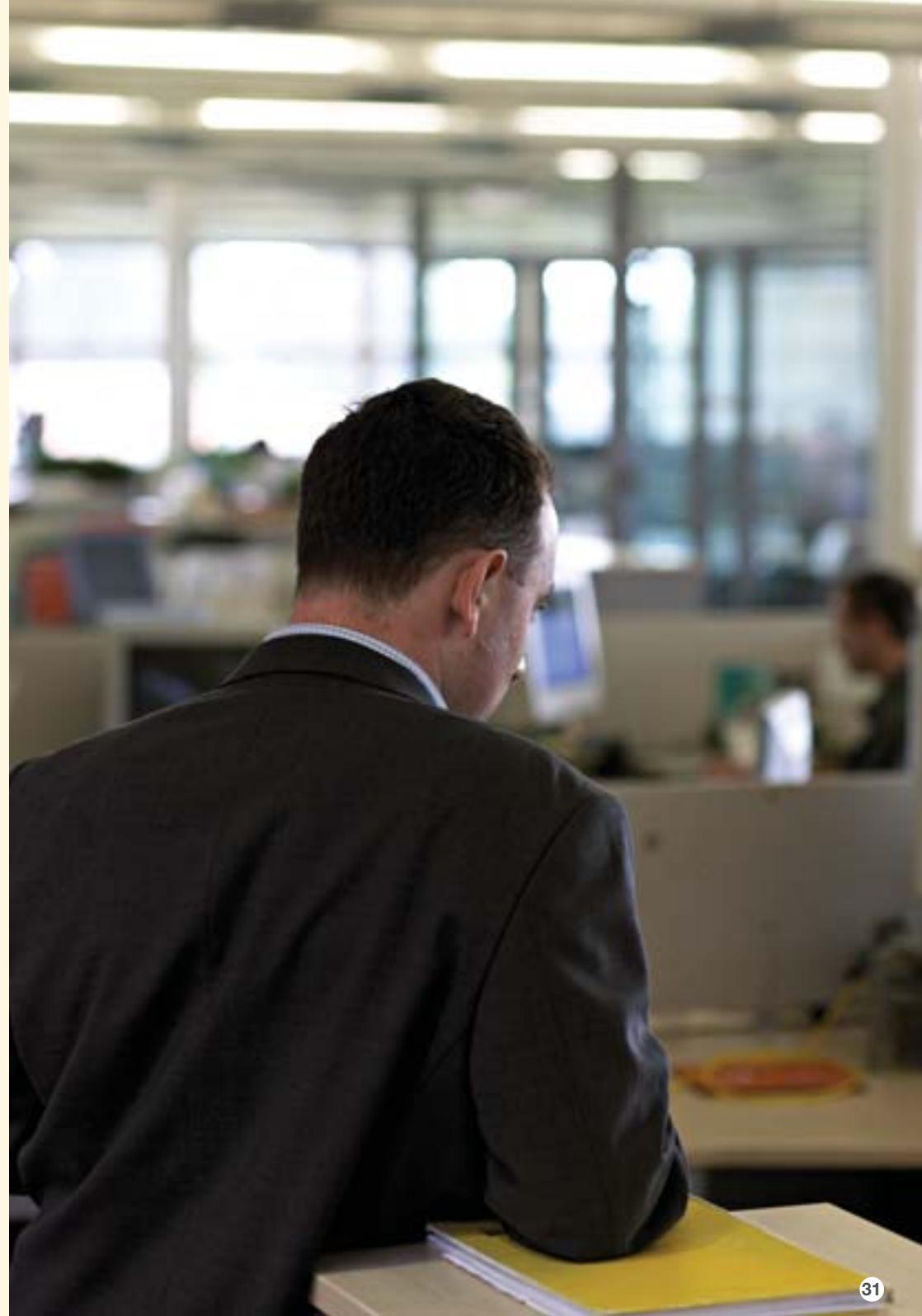
People work to attain or retain a social and personal identity and this is often a key reason for returning to work.

(SOURCE: THIRD AGE EMPLOYMENT NETWORK WEBSITE, 2004)

Financial necessity is also a significant driver. The Government has suggested an increase in the age of retirement. But do older people want to keep working? Work after 60 – a report produced by the Third Age Employment Network – estimates that 60% of mature workers do so for reasons of financial necessity.

**“The number of people you require to turn up at nine and go home at five has gone down. The number of people you require to be intimately engaged for a period has gone up.”**

GLOBAL CHIEF TECHNOLOGY OFFICER,  
TECHNOLOGY CONSULTANCY



# flexible working

## TIME TO PRIORITISE FLEXIBILITY

Flexibility in employment practices is recognised by the government and many employers as an essential tool in building a diverse workforce. The government has already introduced legislation requiring employers to 'seriously consider' all applications for flexible working.

**The number of people you require to turn up at nine and go home at five has gone down. The number of people you require to be intimately engaged for a period has gone up. In other words, you want a combination of skills and capability for intense periods.**

GLOBAL CHIEF TECHNOLOGY OFFICER,  
TECHNOLOGY CONSULTANCY

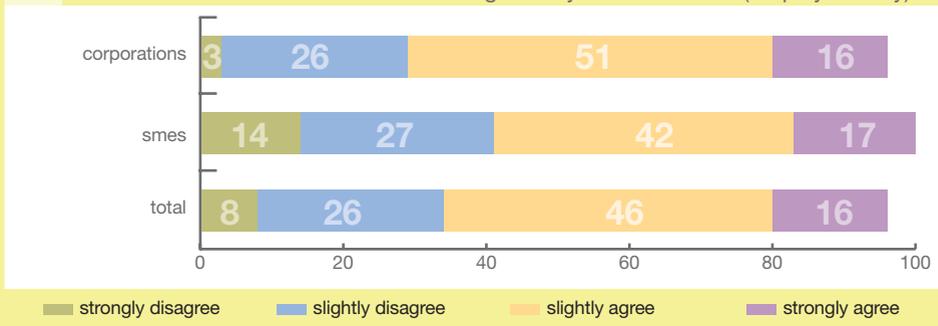
The Working Nation study reveals that 62% of employers agree that companies need to provide older workers with more flexible working to incentivise them to retire later. Both corporates and SMEs share this opinion.

**“With a younger workforce whose values are very different, the management and the leadership need educating in terms of how do you coach people.”**

HR DIRECTOR, ACCOUNTANCY FIRM



**Q** to what extent do you agree or disagree that employers need to do more to provide older workers with more flexible working so they will retire later? (Employers only)



Within the responses on flexible working, the results reveal that flexibility is not just a requirement for one age group; it is important for both younger and older workers.

All workers are increasingly demanding flexibility at work to allow them to manage their lives how they want, or need, to. The phenomenon of ‘gap years’ at different life stages – particularly in a person’s fifties, is growing fast.

Indeed, the attractiveness of reward and incentive packages often has little to do with money. Research conducted by recruitment agency Manpower (SOURCE: MANPOWER, JUNE 2004) reveals that only 20% of the British workforce is motivated by financial rewards.

- 41% is influenced by a sense of responsibility
- 30% is influenced by career advancement.

As old and young workers desire a more flexible work environment, employers will have to understand how to achieve a balance in flexible working in order to motivate and inspire their employees, while simultaneously meeting their business targets.

Strategies based around flexibility have also been shown to provide additional commercial return. For instance, a CBI study conducted in 2003 (SOURCE: CBI, ANNUAL ABSENCE AND LABOUR TURNOVER SURVEY, APRIL 2003), claimed that the cost of stress-related absence reaches £4 billion per annum; and absenteeism is often a by-product of a lack of workplace flexibility. But will increased flexibility in the workplace see an actual reduction in absenteeism and will it have a positive or negative effect on profits?

**The phenomenon of ‘gap years’ at different life stages – particularly in your fifties, is growing fast.**



## VARIETY IS THE SPICE OF LIFE

Future success for businesses may depend upon employers' abilities to attract, retain and create the right kind of working environment for both young and older employees. However, achieving this equilibrium demands that employers recognise that both young and mature employees bring different skills to the business and that both have very positive contributions to make.

Although the majority of responses resonate with this concept, the Working Nation study indicates that there are also diverse perceptions. For example, 66% of employers (74% running SMEs) believe that customers don't like to deal with young, inexperienced workers. But at the same time 68% agree that you need young people to make for a more dynamic workforce.

Flexible working is regarded highly by employees but many of those surveyed feel that it is not the reality of today's working life. Moreover, both employees and their employers surveyed were suspicious of any claims of flexible work practices.

**There's a lot of lip-service paid to flexible working. I don't think that culture has changed fundamentally. At a senior level it is unusual to find too much flexibility going on – it isn't career enhancing. The people at the top of industry say a lot of good things but they are not terribly thrilled really ... The fact is that employers don't want it particularly, but will have it if they have to.**

SOURCE: FOUNDER, RECRUITMENT COMPANY

Whether this anecdote is a common perception is debatable. However, the ultimate truth is that it is imperative for businesses to create momentum by

applying appropriate solutions. A prime example is the now familiar success story of DIY retailer B&Q, which is working proof of the benefits received from employing mature staff.

Unable to find enough people to staff a new branch, B&Q decided to open its store in Macclesfield with its entire staff aged over 50. This policy resulted in a fall in absenteeism of 40%, an employee retention level six times higher than in comparable stores and profits eighteen times higher than in comparable B&Q stores.

The move was an overwhelming success and since then, B&Q has a policy which doesn't discriminate against any age group – people are employed on attitude and ability, not age. Today, B&Q's older employees enjoy working with younger people as part of a dynamic team, while younger employees appreciate the extra skills and life experience which mature workers bring to the job. (SOURCE: AGE POSITIVE WEBSITE, B&Q CASE STUDY, 2000)

This real life example, alongside the results of the Working Nation study into age diversity, suggests that the key to creating a dynamic workforce is in integrating the passion of younger workers with the accrued experience of older workers.

**Both employees and their employers surveyed were suspicious of any claims of flexible work environments.**



# approach

The research took place between April and August 2004. The project was divided into three separate strands:

- 1 An exploratory qualitative stage to identify the forces driving change in UK business. This consisted of 26 in-depth interviews, conducted face to face with:
  - 10 business people from large businesses
  - 10 people who have set up and run SMEs
  - 6 experts (including an MP, an author and political advisor, people from think tanks and the CEO of a large public body prominent in the field of workforce issues).
- 2 A telephone survey of 300 senior business people in the United Kingdom including:
  - 100 from large corporate bodies
  - 100 from SMEs
  - 100 from one-man-bands.
- 3 An internet panel survey of 1000 employees in the United Kingdom carried out concurrently with a telephone survey.

**“They [employees] want an exciting job. They want to be interested. They want to be stimulated. You spend as much of your time now trying to think up interesting work for your employees as you do servicing your customer. I mean I think you constantly have to work to keep your employees happy because if they’re not, you know they will go somewhere else very quickly.”**

SME SECTOR ANALYST



**Note:**

*Where percentages do not sum to 100, this may be due to computer rounding, the exclusion of “don’t know” categories, or multiple answers. Where reference is made to “net” figures, this represents the balance of opinion on attitudinal questions, and provides a useful way of comparing the results for a number of variables.*



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