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Ageing society

Grey skies thinking

David Grayson says that companies can benefit from recognising that society is ageing

Madonna and I have at least two things in common. We both like her music. And we are both defined as “older people” by the UK government. I recently reflected that if Madonna and I count as “older people”, perhaps society needs to adjust its perceptions and language, in preparation for what some commentators have described as the world’s ageing tsunami.

At present just under 11% of the world’s 6.9 billion people are over 60. By 2050 that will have risen to 22% (of a population of over nine billion), and in developed countries to 33%. In the rich world, nearly one in 10 will be over 80. (See diagram one.)

While an ageing population is currently more a developed-world phenomenon, developing countries are predicted to experience the same pattern, just two or three decades later. (See diagram two). China, for example, thanks to the one child policy introduced in 1977, will by 2050 be one of the oldest countries the world has ever seen. The Chinese median age by 2050 will be over 45, compared with 22 in 1980. (The comparable figures for the UK are 42.5 and 34.4).

We know the environmental imperatives of sustainable development. But, growth today without endangering the resources available to future generations also involves – among other things – the sustainable financing of pensions. Hence, the increasing references to “intergenerational equity” –

fairness between the generations.

Already, we see some of the challenges this creates in the heated debates about who will provide and who should pay for long-term care of the elderly.

Henri de Castries, AXA’s chairman and chief executive has said: “Our social welfare systems, designed for a past demographic situation, will no longer be able to provide financial independence for the majority of

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people. The situation will generate either human drama for the elderly or social tensions due to the risk of an inter-generational economic imbalance.”

One of the most cerebral of current front-line British politicians – current minister for higher education David Willetts – last year produced a carefully argued book *The Pinch*. It had a provocative sub-title: “How the baby-boomers stole the future – and why they should give it back.”

Intergenerational equity is an integral and important element of social sustainability. Yet the implications of the dramatic demographic changes now unfolding have yet to translate into a coherent and compre-

hensive narrative of what the ageing society means for corporate sustainability and responsibility (CS&R).

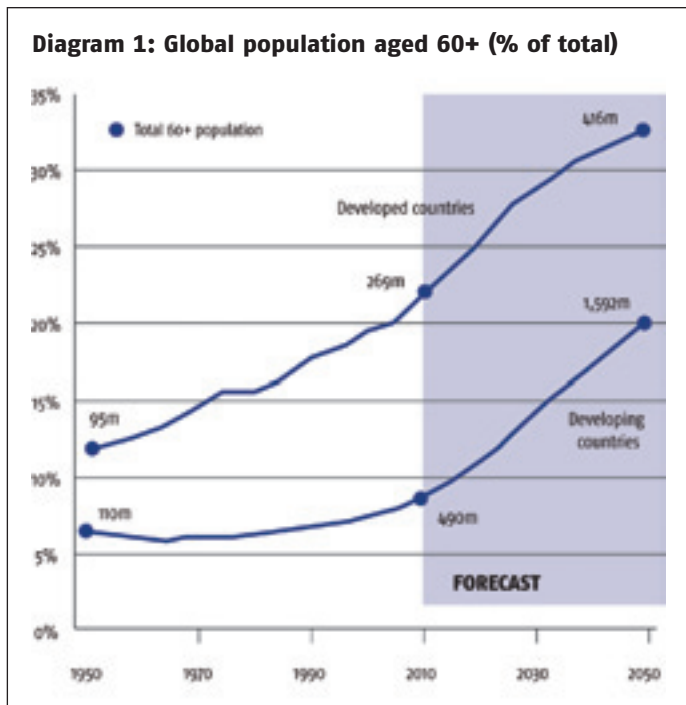
The implications of an ageing society should be particularly important for businesses committed to CS&R. This is pretty much analogous to the disability issue some 15 to 20 years ago for companies. As with other dimensions of CS&R, addressing demographic change effectively should be an integral part of how business behaves. It is both a commercial and a moral imperative. And managed well it can be a source of competitive advantage and opportunity.

Older workforce

People past traditional retirement age will make up a larger and larger share of the pool from which employers draw. There are a number of implications of this. As the workforce ages, mandatory retirement is phased out and retirement ages rise, employers will need to offer more flexible work opportunities such as part-time and seasonal working, job-sharing, sabbaticals, and allowing people to move out of line-management roles and move to lower pay without any loss of social status within the organisation. One positive effect of the closure of many final salary pension schemes may be, albeit unintentionally, to make such practices easier. Employers will also have to ensure that older people are not discriminated against – either through ignorance and bias or through lack of opportunity and relevant skills.

A number of British retailers, such as Asda and B&Q, have pioneered more flexible working for older staff. This has had positive results for profitability and absenteeism rates – and crucially for customer satisfaction.

It does require innovation to work out



Source: World Population Prospects, United Nations, 2009.

how to use older workers to the best effect. A recent article in the Harvard Business Review co-written by Christoph Loch, professor of technology management at business school Insead, looks at what happened when car company BMW decided to staff one of its production lines with workers of an age likely to be typical at the firm in 2017. At first “the pensioners’ line” was less productive. But the firm brought it up to the level of the rest of the factory by introducing 70 relatively small changes, such as new chairs, comfier shoes, magnifying lenses and adjustable tables.

Many organisations will be facing the challenge of managing four generations at work at the same time. With this comes the risk of conflicting expectations, difficulties in communication, differential use of technology, and diverse approaches to problem solving and innovation. The resulting social tensions could soon present challenges far exceeding those associated with efforts to fracture the glass ceilings associated with gender or ethnicity.

Handled effectively, there are opportunities to pioneer new forms of mutual mentoring between baby-boomers and generation Y-ers, as John Elkington and Charmian Love of Volans and I argue in a new paper for the Second Half Network. Instead of traditional, one-way help from older to younger staff, we need organisations prepared to encourage mutual mentoring.

describe older managers stepping out from executive responsibility and becoming effectively non-executive advisers and counsellors. Individuals and organisations will need new mindsets and new procedures to ensure that senior staff are not seen to have been shunted aside but willingly assumed new and valuable roles.

One of the most exciting initiatives in this field is Civic Ventures in the US, which is leading the call to engage millions of baby-boomers as a vital workforce for change. Founded in 1998 by social entrepreneur and author Marc Freedman, Civic Ventures works to define the second half of adult life as a time of individual and social renewal.

Make experience count

Freedman has pioneered third age careers in social enterprises for senior executives from companies such as HP through tailored retraining and placement programmes. Ford runs a technical assistance programme for their suppliers, using Ford retirees.

One reason many workers currently leave the workforce before they want to is that they have caring responsibilities for elderly relatives. Yet it is estimated that only one in five UK employers currently has a policy to help staff balance work and care responsibilities.

In the late 1980s, tax breaks encouraged major companies such as HSBC in the UK to provide childcare for employees, thereby

The older partner will need to acquire new skills – for example in use of social media and other new communications technology, and in embedding sustainability.

Senior executives can help by transferring knowledge, skills and personal contacts, while ensuring that institutional memory is retained. They can help younger generation X and Y managers eager to assume greater responsibility, and find effective ways of translating their ambition into realistic and relevant action.

This will require new language to

increasing workforce participation and opportunities for female staff. Today, leading companies, including BT, are calling on law-makers to introduce a tax break enabling employers to offer vouchers for employees caring for a dependent relative.

It is not just in the workplace that demographic changes demand new approaches from responsible businesses, but in the marketplace too. With an ageing popula-

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tion, sooner or later almost everyone will develop at least some limitations in vision, hearing, dexterity or learning.

By 2050, most elderly people will have been using mobile communications for years and will expect to continue doing so. Meeting their needs presents a significant business opportunity for firms such as Nokia. The ageing of the population, combined with the potential increase in relative spending power of older consumers, will create growth in markets for health products and services, and in recreation and cultural activities.

The Age OK accreditation mark, launched in April 2009 by the UK’s Engage Network, is

Diagram 2: Projected population aged 60+ as % of overall population

	2010	2030	2050
US	18.2	25.3	27.4
Mexico	9.4	17.7	28.2
UK	22.7	27.2	28.8
Brazil	10.2	18.9	29.3
China	12.3	23.4	31.1
Russia	18.1	25.0	31.7
France	23.2	30.4	32.6
Spain	22.4	30.1	37.5
Italy	26.6	34.8	39.1
Germany	26.0	36.5	39.5
Japan	30.5	37.9	44.2

Source: World Population Prospects, United Nations, 2009.

awarded to products and services that an expert panel has judged to be sufficiently age-friendly. The specially designed Sky accessible remote control is the first product to be awarded the Age OK accreditation.

Know your consumer

Businesses should market to older people as mentally young people with growing physical impairments (visual, hearing, motor). Successful marketing will appeal to the young part of the older person while recognising the needs generated by these impairments. The key to good business is to have empathy – designers and marketers need to adopt the “Apple model” and think like their customers.

Companies such as GE, with its Healthymagination programme, and Philips Electronics are riding a new technology wave called “ageing in place” that is designed to help older people stay longer where they’re most comfortable – at home – rather than having to move into nursing or assisted-living facilities. The ageing population also reinforces the need to improve the accessibility of buildings and urban infrastructure. Retailers and companies running shopping malls have a responsibility to ensure their premises are senior-friendly – rather than seniors-free.

Advertisers too need to stop airbrushing older people out of the picture. As words such as “retired” and “old” become increasingly inaccurate to describe much longer and much more varied stages of life, we need clever wordsmiths to help create new language.

An ageing society means a larger number of older consumers – and a larger percentage of spending power controlled by older people. There is going to be greater demand for new financial products and services. Will financial institutions offer more tailored equity release schemes for older people to finance long-term elder-care? Will pharmaceutical companies, for example, invest more in R&D for new products offering not just enhanced longevity but greater functional physical and mental longevity? Will retailers customise services for older people?

Germany’s Kaiser supermarket chain opened a pilot store in Berlin in 2006



Smart companies make gadgets user-friendly

targeted at older people. The store boasts a number of “senior-friendly” features, including wider aisles, magnifying glasses to aid the reading of labels, shopping carts with locking wheels and turndown seats. Tesco has piloted something similar in Newcastle.

And what responsibilities do the credit card and utilities companies have to modify direct sales activities so as not to take advantage of older customers who may be in the early, undiagnosed stages of some form of dementia, and who may, therefore, not be able to give informed consent when subject to high-pressure sales techniques?

Responsible businesses can help by paying more attention to older people in their community activities. Companies can join pioneers including Zurich Financial Services, which has partnered with Age UK to encourage employee volunteers to make regular social phonecalls to befriend lonely and isolated older people. Business can provide volunteers and management capacity for collective self-help initiatives such as the Southwark Circle, in South London – a membership organisation that helps older people take care of household

tasks, forge social connections and take advantage of new opportunities.

There is also a need for more action-research. The Sun Life Financial Chair in Design for Health and Aging at Nova Scotia College of Art & Design University, Halifax, Canada, for example, is the first partnership of its kind in the field of research in design for a healthy and ageing population.

It is encouraging to see an increasing range of organisations exploring the responsibilities of business in an ageing society. In the UK, there is the Employers Forum on Age. At the EU level, as part of CSR Europe’s Enterprise 2020 initiative, Hitachi, Vodafone and BASF are participating in a “collaborative venture” to address the impacts of demographic change in Europe.

The Doughty Centre has teamed up with Volans and Accenture to create the “Second Half Network” – where individuals and organisations interested in the interface between demographic change and sustainability and/or entrepreneurship can develop

thinking and action.

Collective responsibility

In ancient times, later life was described as bleak winter. It should be – as gerontologist Prof George Giarchi puts it – “a second summer”. A good later life might be defined as “where the physical, mental, social, emotional and spiritual needs of older people are addressed in a safe, caring and secure environment, with dignity and the maximum opportunities for independence and choice”. It includes physical, mental, social, emotional and spiritual well-being.

It is not the job of companies – or indeed of governments or the media or civil society – to create a good later life. It should be the responsibility of all these players to help older people create a good later life for themselves. For businesses this is not just an urgent responsibility – it is also a significant opportunity. ■

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