



**Intergenerational Bargaining:
towards integrated bargaining for younger and older workers in EU countries**

UK Non-technical Abstract

Dr Vanessa Beck

Dr Glynne Williams

School of Management, University of Leicester



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Overview

The challenges facing both younger and older workers in finding and maintaining good quality employment are well documented. There is a clear need for policies to address both groups' access to and continued engagement in the labour market. Due to their established role in many UK workplaces and their role in promoting and influencing equality issues, trade unions have an important role to play in developing such policies. However, the approach taken to these issues is, and will probably continue to be, focussed on issues that transcend age-specific problems. The UK report argues that the prospect of an *inter-generational* approach appears to be a distant one.

Young workers were hit especially hard by the recession and rates of unemployment and economic inactivity are high. Although jobs have been created as the UK pulls out of recession, the quality of many of these jobs has been questioned. To increase general skills levels, the participation age has been increased, forcing youths to remain in education or training for longer. However, the support structure for youths provides little consistent guidance. The former flagship programme, the Youth Contract, was abolished prematurely due to 'abject failures' and replaced by smaller scale, targeted projects. It is not clear whether or how this will address the previous lack of attention to long-term problems in the transition from school to work, whether these problems are attributable to the education system or to the labour market.

In comparison, the labour market situation for older workers shows signs of improvement as pressure to remain in the labour market and retire later is showing slow but persistent results. The extension of working lives is the result of both opportunity and compulsion. Since 2011, the UK no longer has a default retirement age, meaning that there is no set age at which individuals must retire. At the same time, pensions and disability benefits have been revised in order to make continued employment an economic necessity for most. Based on financial assumptions about the impact of demographic ageing for individuals, employers and public finances, the need to work for longer has been reiterated with the 2014 'Fuller Working Lives' campaign.

In addition to the differing needs of younger and older groups of workers, intergenerational bargaining must, in the UK, be understood as an implicit activity because the coverage and scope of collective bargaining and social dialogue are limited. Attempts to achieve the underlying aims of good quality employment and working conditions have targeted specific problems facing younger and older worker. However, there are a range of impediments to an explicit and integrated 'intergenerational' approach to bargaining.

- A narrow view of intergenerational relationships is dominant in the UK. This is mainly focused on (financial) transfers of resources between generations rather than attempts to assess policies as to their ability to benefit both groups. Within the context of post-recessionary austerity measures, emphasis is placed on individual responsibilities, downplaying possibilities of (intergenerational) social solidarity. In this context, unions focus on damage limitation in the 'here and now', especially on pay and working conditions.

- The exclusion, marginalisation and stigmatisation of unions has resulted in a restriction in the reach and scope of collective bargaining. Results include the absence of bargaining at the sectoral level, a restricted scope of collective bargaining at the employer level, and low union density in the private sector, especially among young workers.
- Age equality legislation makes 'trade-offs' between age groups difficult, especially as employers have interpreted the requirement of equal treatment as precluding targeted approaches to diversity management.
- The redistribution of resources such as jobs is often presented as a zero-sum bargain based on simplistic lump-of-labour assumptions. Bargaining *for* different age groups is quite different from bargaining *between* opposing generations. Unions have therefore been sceptical of 'flexicurity' style trade-offs that might see older workers reduce their participation in the labour market to 'make way' for younger workers.
- In general, social partners have rejected the assertion that extending working lives for older workers limits options for young people. This is because:
 - whilst retirement can 'free up' jobs in particular businesses, this has little effect on the macro level of the economy,
 - there is no evidence to show crowding out of younger individuals by older workers,
 - there is evidence that increasing employment of older workers can lead to more opportunities for younger workers, and
 - historically, early retirement schemes to reduce overall unemployment have proven unsuccessful.

Lessons from case studies

Despite the removal of the default retirement age, organisations have seen little change in the age profile of their workforce because the length of working life is usually determined by the nature of the work and by the rules of the relevant pension schemes. This means that the government's policy priorities of creating opportunities for the young and extended working for older workers are reliant on employer decisions at the organisational level. One result of national economic 'austerity' has been recruitment freezes, which can intensify the 'ageing' of the workforce and create 'bottlenecks' in progression opportunities. In the public sector, the situation is further complicated by the complexity of public management, being subject both to democratic accountability and to (quasi-)market unpredictability.

Given financial and organisational constraints on employment opportunities and career progression, there is little evidence that age, or generation-identity, is viewed as a significant factor. Collective bargaining has, typically, been a matter of damage limitation in the context of tightening budgets. Initiatives have been targeted at younger or older workers, but there is no evidence of a formal link in bargaining between these two agendas. In fact, the possibility of such an inter-

generational approach is often not considered to be feasible or appropriate (*"What's bargaining got to do with it?"*, Interview). Nevertheless, without union involvement in age-related issues, pay and working conditions may have deteriorated significantly. This illustrates the way in which the post-2008 cuts have influenced workplace industrial relations.

Organisations have been trying out 'flexible' approaches, opening up a range of possibilities for flexible and part-time work. For example, the 'phasing' of retirement is considered to be a constructive way of managing staff turnover without an immediate loss of skills or knowledge and offers the opportunity for a managed transfer of skills between older and younger workers. This phasing may be achieved by the 'flexible pension' approach, which involves individuals choosing either to continue working part-time or in a less senior role. However, reducing working hours or responsibility is not financially viable for all older workers. In addition, there was no evidence in our study of direct benefits for younger workers from this arrangement, for example in the form of increased employment opportunities. Managers justified a lack of commitment to offering new employment opportunities by reference to restricted budgets and the unpredictability of the market. 'Improvements' in the proportion of older workers who continue in employment may not only be a result of such policies but are often linked to the nature of the work, pension schemes as well as external factors such as recruitment freezes. Key union strategies on employment, pay and working conditions, as well as training and development, are central for both younger and older workers. Skills and development are an essential part of a successful transition into the labour market, whilst older workers need to maintain or upgrade their knowledge and skills to enable them to comply with the requirements for extending working lives.

Our case studies indicate that Career Reviews are an opportunity to take stock, review options and plan for the future. They should help to: manage careers, find further relevant information, develop an action plan, take the opportunity to assess priorities, and address broader life issues. Issues to be reviewed might include: training, learning opportunities, career developments and improvements, volunteering and self-employment but also finances, health, stress, wellbeing, retirement options, caring responsibilities and other social commitments. The reviews allow a comprehensive assessment of the complex range of individual and social factors that influence whether and how an individual can participate in employment. Such a reflective process can be powerful for individuals and for the workforce as a whole.

Union Learning Representatives (ULRs) are crucial figures in this process. They know the workplace and the staff, and are well placed to carry out the career review as an open and frank discussion. The ULRs' workplace role means that they are able to continue in an advisory role, even if not always within a formal setting. The best results from the career review were obtained where the learning infrastructure was already in place, i.e. where there were: trained ULRs in the workplace, a learning agreement, ULRs had facility time or paid release to conduct reviews and follow up work, a learning committee, a union learning centre with resources and backup and, crucially, employer support. Where ULRs

are in place, this infrastructure model is powerful and cost-effective. Career reviews need to be undertaken in addition to, rather than substituting for, existing ULR provision. In particular, employers may misunderstand the review as getting a service on the cheap because the career review process helps management undertake some aspects of their job. ULRs are volunteers who need to be engaged early in the process, since their effort cannot be taken for granted. ULRs are the linchpin in bringing younger and older workers together within a workplace as, without their involvement, the career or development review may remain an individual process.

The range of tangible outcomes from career reviews included:

1. Contractual issues can be discussed. Older and younger workers may be expected to do the same work, but contractual obligations are rarely age-neutral. Discussions about converting temporary to permanent contracts demonstrated a clear age dimension.
2. Within the context of intense focus on performance and efficiency, the career review is used as a preparation for performance appraisal conversations. The career review is a 'safe' conversation with a peer that can highlight issues that can later be discussed with management, in particular with regards to participating in development and training programmes. Following the career review conversation, specific and appropriate opportunities can be explored and follow up conversations are held to support the individual workers' development and training.
3. The career review can complement existing health and wellbeing at work agendas.
4. The contributions that shop stewards and ULRs can make via the career reviews are made irrespective of age. The potential of the person-centred career review suggests a way to rebuild a positive employment relationship, motivate staff and provide them with better work-life balance.

Policy recommendations

The absence of explicit attempts to balance, or trade, benefits for old and young is, in part, explained by the shrinking boundaries of collective bargaining, but is also consistent with a union approach that is oppositional, employer-specific and aims to secure additional benefits, rather than arbitrate in the distribution of existing ones. Although social partners have been resistant to forms of bargaining that attempt to trade-off benefits for different age groups, a clear age dimension exists in many recent initiatives. In fact, unions have rejected the idea of treating 'generations' separately and have favoured an approach that aims for fairness for all ages.

Overall, there has been a great deal of discussion, but little evidence of action or concrete results on the twin aims - increasing employment opportunities for younger workers whilst extending the possibilities of longer working lives for older workers. These may be achievable during times of economic growth, but become antagonistic when employment opportunities and decent wages are scarce. On the part of government, there are some attempts to highlight the

issues, but direct enforcement has been restricted to cases, such as abolishing the DRA, which are driven by public finance issues rather than a concern for individual rights. Instead of delegating blame for the lack of change, e.g. onto employers' short-termism and workers' resistance to change, we need to consider the wider labour market. The bigger issue, and key reasons why there is little enthusiasm for looking at 'intergenerational activities', are thus the continuing repercussions of 'austerity'.

In this context, the union emphasis on employment, pay and working conditions becomes even more important. The UK has seen an increase in under-employment, in-work poverty and workfare for those outside or on the margins of the labour market. Both in terms of quantity and quality, employment for younger and older workers needs to be fair and appropriate to the individuals' needs and desires.

The UK's 2010 age equality legislation has been interpreted very firmly as a requirement for equal treatment of workers at all ages. This interpretation has been restrictive, in particular because of the cautious implementation by employers who have seen this as preventing them from (or giving them an excuse not to) provide any particular support, additional training or other concessions to any age group. However, the legislation also points the way for a more flexible approach to age in collective bargaining. The aim, consistent with the law, needs to be on extending benefits, where appropriate, to all ages.

The (Mid-Life) Career Review is an excellent example of how this flexibility can be developed. A mechanism intended for workers at a specific age has proved valuable for whole workforces and has consequential benefits for the employer. Thinking of employment not only in contractual and financial terms but also as an activity that shapes lives is an important step towards thinking about age in a more holistic manner. This develops further the remit of the National Careers Service (an important contributor in the Mid-Life Career Review project), which offers confidential and impartial information, advice and guidance to help make decisions about learning, training and work opportunities. Additional issues that can be added in a broader 'career review' include issues of health, caring responsibilities and other restrictions to entering or remaining in the labour market. In many ways, this broad approach takes review conversations back to their supportive and developmental foundations. Whereas performance appraisals are now focused on a very narrow aspect of employment and are in many cases explicitly about compliance with a pre-determined set of standards, a 'development review' takes the individual as its starting point. The aim is to ensure that the worker being reviewed receives the support and opportunities for their development.

Beyond specific initiatives such as this, trade unions have been sceptical of bargaining between age groups – and this scepticism is well-founded. This does not mean, however, that equal treatment needs to involve identical treatment. Equality over the course of the working life must involve recognition that young and old are different, with different strengths and different needs.