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UniS University of Surrey

CROW

Centre for Research into the Older Workforce

Are Older Workers Different?

As their populations grow older, with falling birth rates and growing life expectancy, governments throughout the developed world are trying to encourage people to stay longer in work.

They are doing this in order to:

- reduce the waste involved in forcing people to retire, when they are still fit and keen to work,
- fill the gaps in the workforce created by declining numbers of young entrants,
- reduce the tax and pensions burden created by large numbers of pensioners.

To achieve this change, we need to know more about older people in the workplace, how they are different, and what kinds of support and encouragement might make them choose to stay in work longer. This briefing paper, the first of a series from CROW, reviews current research, including our own report on job change and attitudes towards work after retirement.

Is the older workforce different?

Some attitudes to older people reflect real differences, but many are rooted in prejudice and misunderstanding.[1]

Many employers discriminate against older workers, often unconsciously, assuming that older workers are less flexible, capable, or hard working; that they are not worth training and should be the first to be made redundant. During periods of high unemployment, employers (often with the tacit support of Government and unions) rely heavily on early exit as a way of avoiding compulsory layoffs.[2] These negative images and practices have a self-reinforcing effect, leading older workers to doubt their own abilities and chances of success in the labour market.

Key Messages

People do not suddenly become "older workers" at a particular age. Most features of the older workforce are gradual trends rather than sudden changes at a particular age. They come about for three overlapping reasons:

- Age itself: both physical and psychological changes
- Differences related to cohort (people born in the 1940s have different experiences and expectations from those born in the 1960s)[3]
- Experiences of discrimination

Past experience of work influences people's attitudes toward staying later in work. Those whose last job change was positive, like "promotion" or "seeking a challenge". are more likely to consider work after retirement than those whose last job change was negative, like "didn't get on with boss" or "redundancy".

The way in which people retire affects them for the rest of their lives. The quality of peoples' lives after retirement is significantly affected by the way in which they finally leave work, with those whose retirement is a negative experience suffering a range of social, financial and health disadvantages for the rest of their lives.[4]

Every "older worker" is different. People do not become more alike with age and their experience and attitudes to work are affected by gender, health and age. Those with higher qualifications and income; and those in professional and managerial jobs, have more positive experiences of work, and are more likely to remain in work into their late fifties and beyond. Those without qualifications, on low incomes and in routine occupations are more likely to be squeezed out in their fifties.

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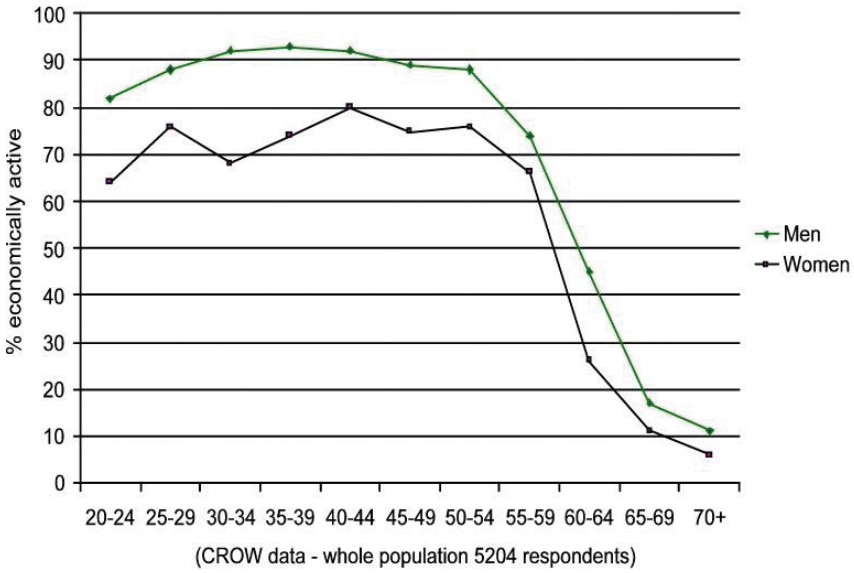
Fig 1- Economic activity of men and women



(CROW data - whole population 5204 respondents)

Who works after 50?

Although 50% of people aged 50-69 are in employment, labour market participation drops significantly after the mid 50's (figure 1). People with formal qualifications, and people in the higher socio-economic groups, are more likely to stay in work than the unqualified and those in routine and semi-routine jobs.

Qualitative research[5] has found that older workers want more flexibility to enable them to balance work with other commitments[6] and with leisure.[7] This may be reflected in the choices they make on work. They are more likely to be in part-time jobs; in self employment[8]; or on temporary contracts.[9] They also are more likely to work for small firms which may present more opportunities to work close to home. While only 29% of workers under 50 work in small firms, 39% of older workers do so.[10] For a significant minority, workplace stress is a significant reason for reduced hours, particularly for workers in their 60's.[11]

How different are men and women's work patterns?

Men and women have similar patterns of economic activity, with both beginning to leave the labour market from their early 50's. However, the steep drop in activity happens in the late fifties to early sixties, with women stopping work rather earlier than men, probably reflecting differences in the State Pension Age.

For men, the decline in economic activity from 50 onward is mainly a result of early exit.[12] In particular, a high proportion of men in manual jobs leave work due to sickness and disability. It has also been suggested that the loss of low skilled high paying jobs from the British manufacturing sector since the early eighties has contributed to the low level of activity for men in their 50's.[13]

For women, however, the drop reflects a cohort effect. Women's employment rates overall have risen since 1979. However, this rise is mainly concentrated in the younger generation[14], with previous generations much less likely to spend most of their adult life in the labour market.

Women's participation is marked by career interruptions for caring responsibilities (for children, parents and partners). This has resulted in gender pay gaps for older workers (particularly for women in mid-life[15]), and larger numbers of women than men in part-time jobs[16], which, on current trends, can be expected to increase over the next decade.[17]

Women are likely to experience age discrimination at work earlier in life than men, since managers perceive women as "old" earlier. Older women are also more likely than men to experience poverty after retirement because of interrupted career paths and poorer pension entitlements.[18]

Fig. 2- Positive, negative and external reasons for job change by age

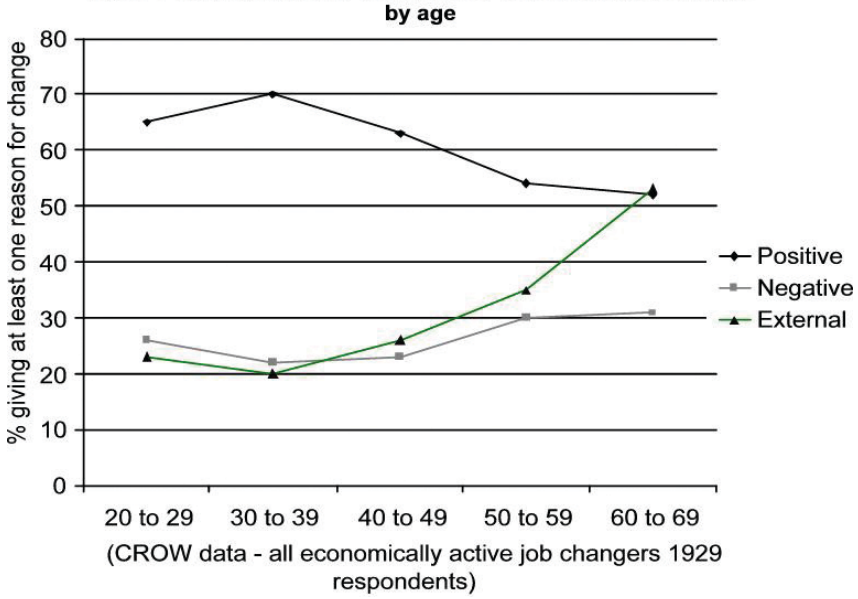
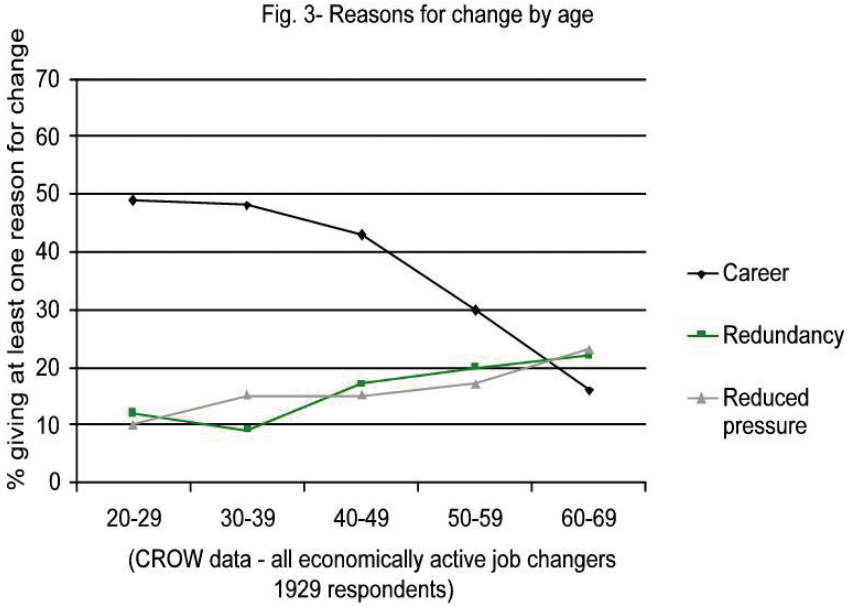


Fig. 3- Reasons for change by age



Sickness and disability

There is no evidence that age necessarily reduces the capacity to work, and evidence from Finland suggests that good job design and careful attention to occupational health for people in their 40s and 50s can reduce the effects of physical change on employability.[19]

However, it is in their fifties that people (mainly in manual occupations) begin to leave the labour market permanently through sickness and disability. This affects 9% in their early 50's but rises to 17% of those within 5 years of State Pension Age. For individuals, the financial implications can be severe, because of the impact of long term dependence on low levels of benefit income.[20] It has been argued that the high number of those on long-term ill health or disability benefits conceals low demand for older workers, particularly men in low-skilled occupations, whose dignity is protected by being designated "sick" rather than "unemployed".[21]

Unemployment

Older and younger workers are equally likely to be unemployed and seeking work, but the older ones are twice as likely to have been out of work for over a year (40% compared to 19%). The Cabinet Office estimates that fewer than one in five men who become unemployed eventually return to work.[22]

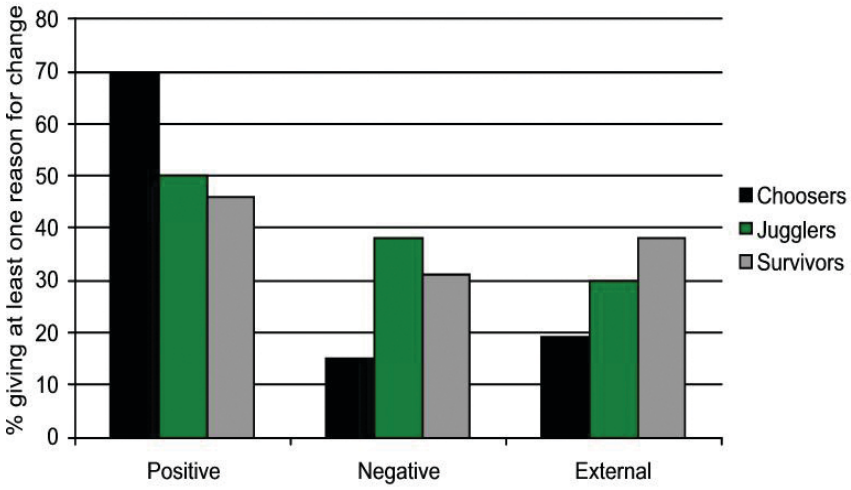
Is job change different for older workers?

Up to the age of 60, workers generally are more likely to change their jobs for positive reasons than negative ones. However, as people grow older, the proportion of positive changes declines, and negative ones increase (figure 2).

The extent to which individuals are in control of their working lives also appears to be important. The proportion of people reporting "external" reasons for change (like "redundancy", "end of contract", "firm closed") increases with age, and particularly rapidly after the late 40s, and is associated with early withdrawal from the labour market.

Work changes are also more complex in later life, and more often associated with life circumstances.[23] Most young workers change jobs for career related reasons, but this declines over time, while other reasons, such as alleviating workplace pressure or being made redundant, increase (figure 3).

Fig. 4- Positive, negative and external reasons for change



(CROW data - 50 to 69 year old economically active job changers 377 respondents)

Do older people want to work?

The CROW survey found that most older workers (78%) would be willing to consider work of some sort after they formally retire. Over half would consider part-time or occasional work, and a third would consider voluntary work. However, fewer than one in ten would consider full-time work.

While older workers are less likely to join a new employer, research conducted for the DfEE challenges conventional wisdom that older workers are less flexible and therefore less employable. In fact, older people are as willing as younger job-seekers to accept job offers, and more likely to accept temporary work.[24]

The employment patterns of older workers also reflect the economic cycle and the differing qualification levels of different generations. Historically, employers and Government have tended to use older workers as a reserve pool of labour. During periods of recession they are encouraged to leave work, and in periods of full employment they are drawn back in.[25]

Are older workers discriminated against?

One employer in five uses age as a selection factor in recruitment.[26] The DTI estimates that 7% of the working age population experience age related discrimination, and that this is commonest among the over 50's (21%).[27] One in six older job-seekers report experiencing age discrimination while obtaining a job interview or getting a new job.[28] Some discrimination is direct (e.g. being told their age disqualifies them for certain jobs); while sometimes it is the indirect impact of employers' perceptions (e.g. untested assumptions about their work abilities).

Employers are less likely to recruit older people for jobs which require new skills, although they will employ them for jobs for which they are over-qualified.[29] Older workers are also less likely to receive employer provided training than younger people.[30] However, attitudes towards older workers are changing. The Government has introduced a voluntary code of practice[31] for employers, and research for the Age Positive campaign[32] suggests that employers are increasingly likely to ban age discrimination in their equal opportunities policies.

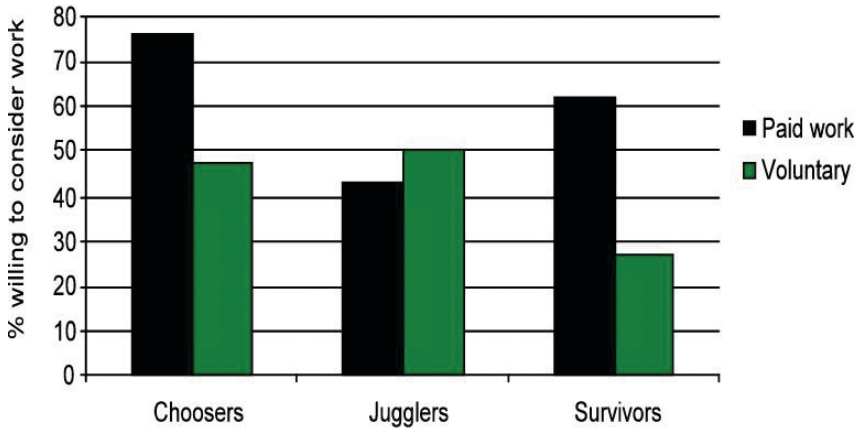
Some trades unions have adopted programmes to help older workers, particularly those who have left the labour market early as a result of redundancy or on health grounds. However, the position of trades unions is sometimes ambiguous, as they seek to control the overall supply of labour[33] and to balance the conflicting interests of older and younger members.

Three nations: not two

In the past, the UK workforce has been described as "two nations", each with a very distinct experience of work.[34] This divide remains, with qualification, class and income the main factors in deciding how much control individuals have over their working lives, how positive their job changes are[35], and how likely they are to leave work early.

However, the CROW study suggests that, for older workers at least, "two nations" have been replaced by three, each with a distinct experience of work, and different motivation for working, or not working, longer (figure 4).

Fig 5- Willingness to consider work after retirement



(CROW data - economically active 50 to 69 year olds 756 responses)

The "choosers" are highly qualified (mostly graduates), in managerial or professional jobs and on high incomes. They have positive experiences of work and are likely to either remain in or leave the labour market as a matter of choice. How long they stay in work depends on how interesting the work is. Those who are still in work will consider paid work after formal retirement. Those who choose to leave generally do so with good pension entitlements[36] and they are likely to consider voluntary work. One third of the "choosers" are women.

The "survivors" on the other hand have few or no qualifications. They work in routine or semi-routine jobs and have lower incomes. They are much less likely to have control over whether, when and how to change jobs or leave the labour market, and are less likely to view job change positively. If they do leave the labour market, it is more likely to be for reasons of ill-health or disability, and is likely to result in poverty in later life.[37] One third of the "survivors" are women.

The "jugglers" are overwhelmingly women, and they are in "flexible" forms of work, predominantly part-time. They are better qualified than the "survivors", and a majority have qualifications below degree level. Unlike the other groups they are spread more evenly across the social class range, with half in managerial, professional or intermediate jobs, and half in routine or semi-routine ones. They are the group most likely to experience negative job changes, but they are less likely than the "survivors" to have change imposed upon them. Also unlike the other two groups, most "jugglers" work in small firms. They are the least likely group to consider paid work after retirement, but the most likely to consider voluntary work.

These three groups have distinct patterns of work and attitudes to retirement (figure 5), and strategies to encourage them to stay longer in the workforce will need to recognise their very different motivations and experience. Understanding these differences will be crucial to the development of an age diverse workforce.

About CROW

The Centre for Research into the Older Workforce exists to study ways of enabling older people to make a more active contribution to the economy. The Centre is a partnership between the University of Surrey, the National Institute for Adult Continuing Education and the Pre-Retirement Association, with core funding from the South East England Development Agency.

Its research focuses on three main areas:

Motivation
What motivates older people to stay in work, leave or return to the labour market?

Work Design
How can work be better designed to suit the diverse needs of older workers?

Intermediaries
How can information, advice and recruitment agencies, education and training providers and others help older people to stay in and return to rewarding work?

This is the first in a series of briefing papers published by CROW, summarising key points from research into the older workforce.

More information about CROW and its work is available on the Centre's Website at **www.surrey.ac.uk/Education/crow.htm**

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