

Extending working life:
understanding the ageing workforce
a UK view

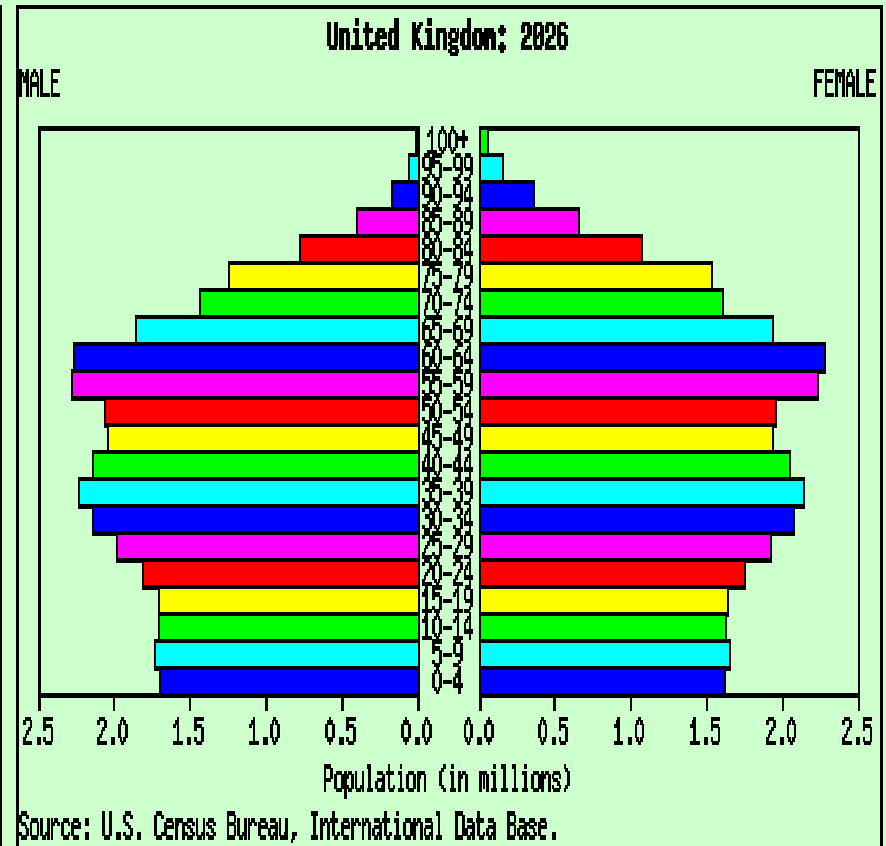
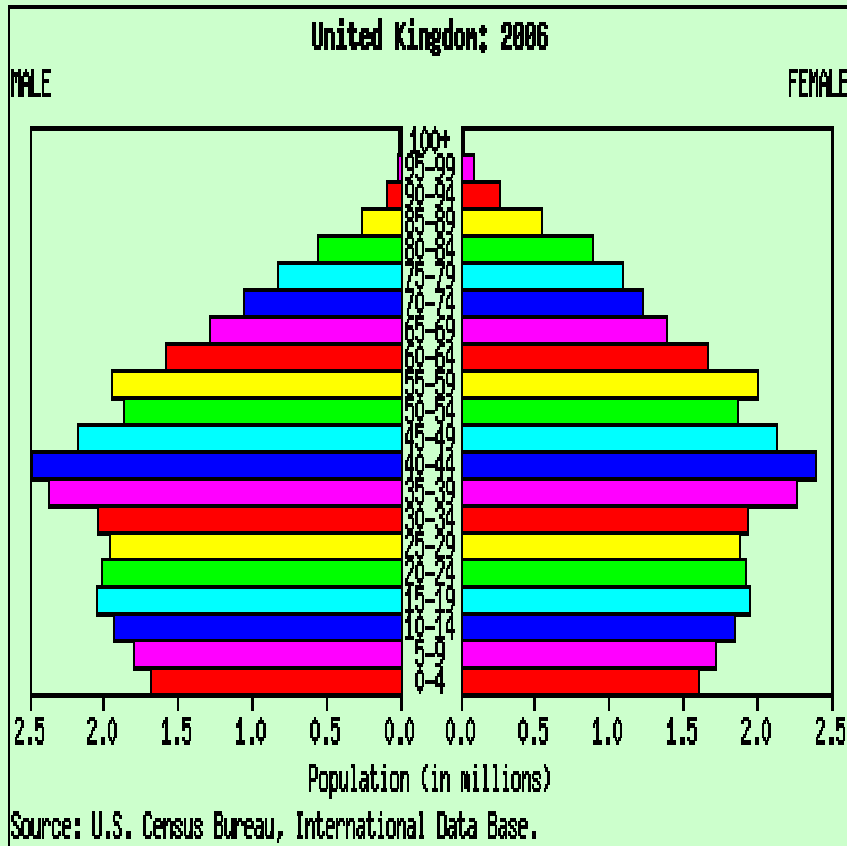
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Director CROW
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The agenda: the workforce time forgot

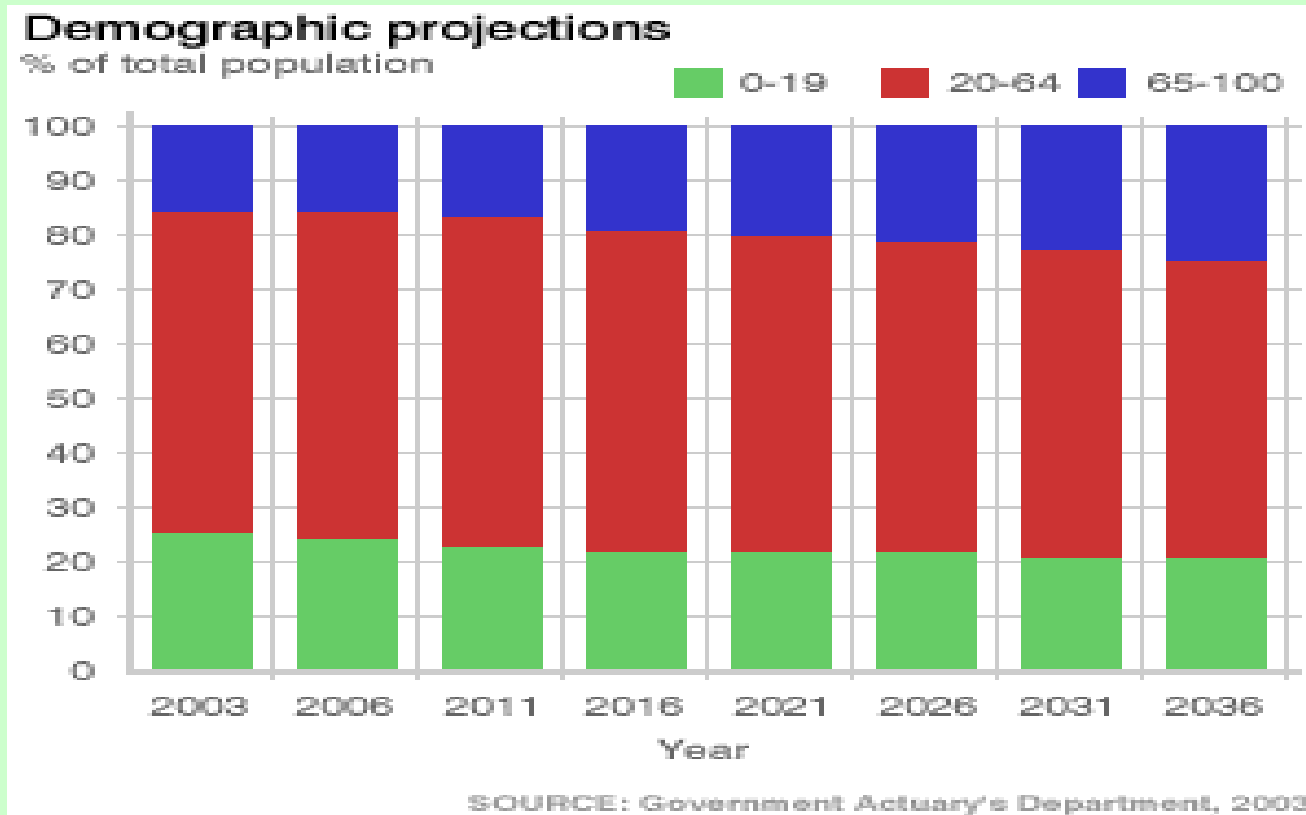
Why think about the older workforce?

1. Economic – who will pay for longer retirement?
2. Business need – where will firms find more workers?
3. Social – no work makes people unhappy and ill
4. Discrimination – age is an arbitrary and unfair criterion
5. What is “retirement” – what is the last 25 years of life for?

The changing population structure



The UK workforce: more leavers than joiners



Key messages

Inescapable facts

- Birth rates have fallen
- Life expectancy is rising
- Retirement ages fell
- The workforce is set to shrink
- If workers get scarce, firms change or die

Options

- People could work longer
- People could save more
- Retired people could become poorer
- People could become more productive
- Employers could make better use of talent (stop discriminating)

How big an issue is it?

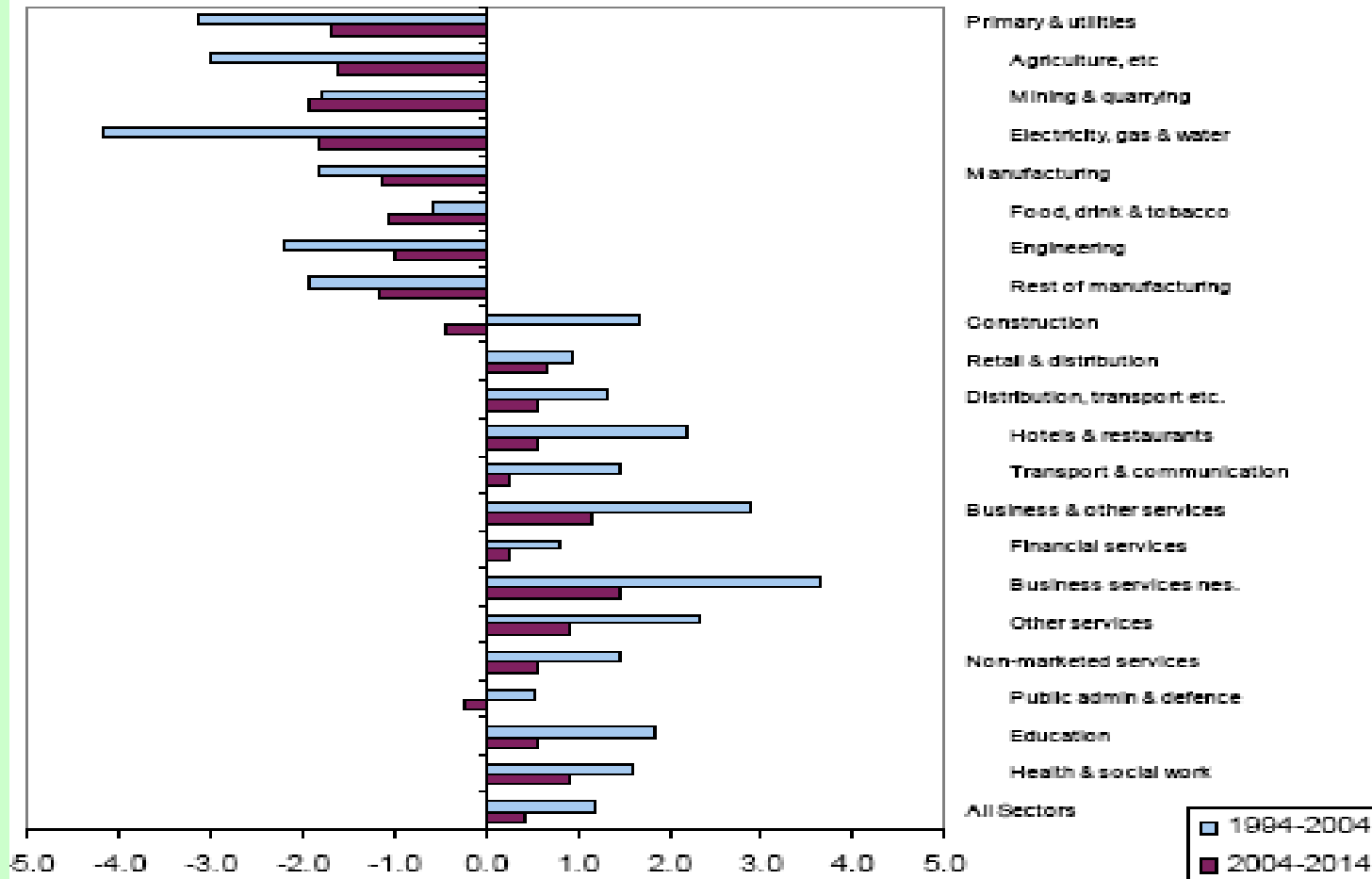
- 6% of firms have skills shortage vacancies (40% in some sectors)
- 7% of the workforce is not fully proficient (1.5million workers)
- The 6.7M over 50s in work contribute £201B to GDP, and if their numbers increased by 1 million it could add £30 billion to GDP
- Since 1997 an extra 1M over 50s are in work

Age Concern 2004/ NE SS 2004

Do we need older workers?

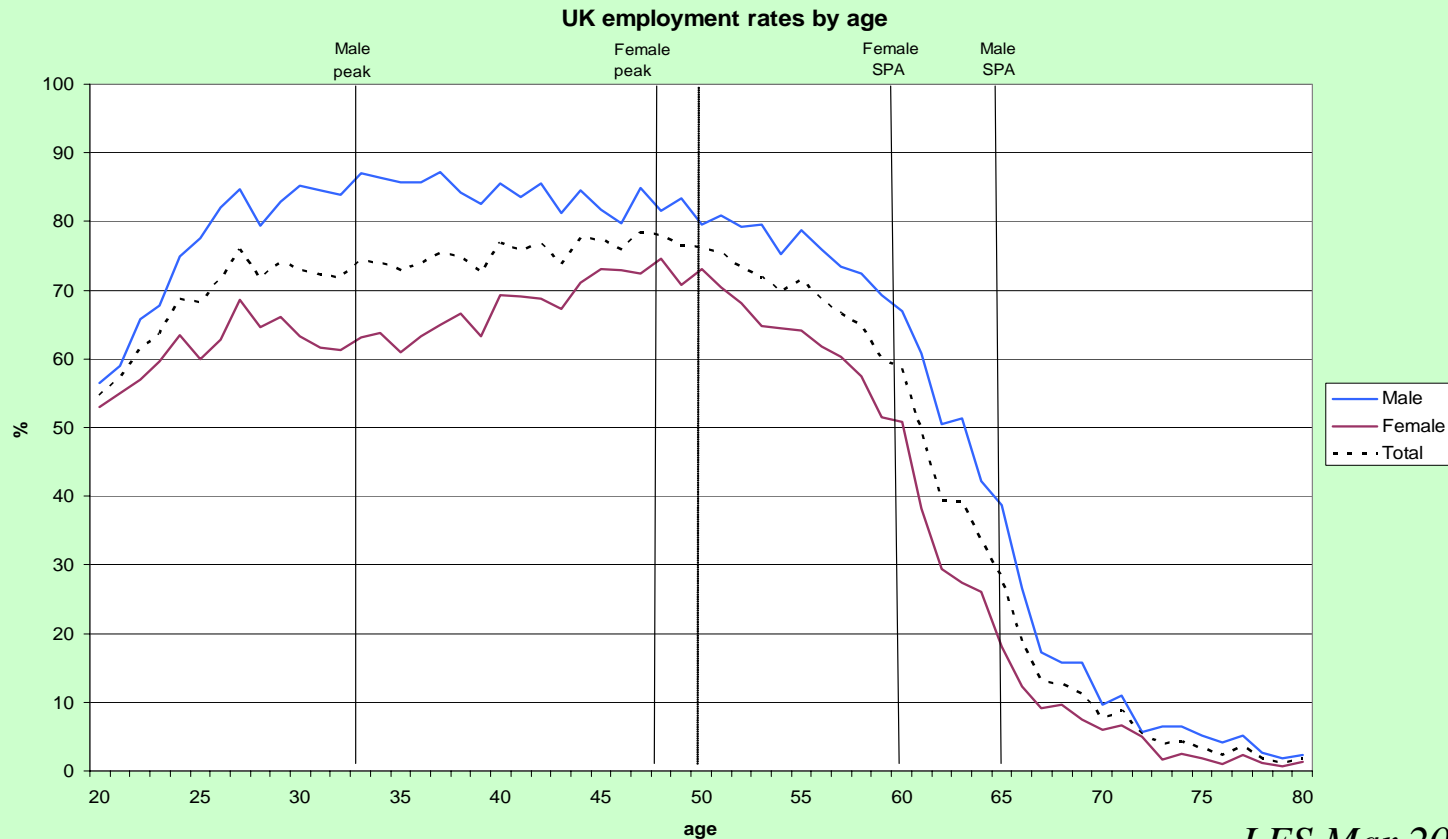
- Demand is still rising
- Strongest at the ends of the market – the “hourglass economy”
- Varies by region
- Growth groups – managers, professionals, personal service
- Replacement groups – skilled tradespeople, elementary occupations

Trends in UK Employment by Sector (per cent p.a.)



The Older Labour Market

Labour market participation declines with age: but not altogether!



What changes after 55?

- The choice to leave becomes real (for many)
- Well being is highest among employed
- Life satisfaction is highest among part-time workers
- Caring and working places stress on home not work
- Those who are trained stay longer

JRF studies

As people age

- Capacity to work and learn does not decline – for most
- Poor health main cause of early retirement in 50s – can be reduced
- Motivation to work does not decline – but flexibility becomes more important
- Loyalty to employer rises
- Participation in training declines
- Styles of working and learning may change
- People want to work!

Older workers: what do they do?

- Over 55s concentrated in Transport, Education, Health/Social Work, Construction (all over 18% of the sector workforce)
- Over 65s concentrated in large firms and public sector – health, social work, education, and manufacturing
- Over 65s concentrated in administrative, personal services and elementary occupations

What older workers want

CROW's research

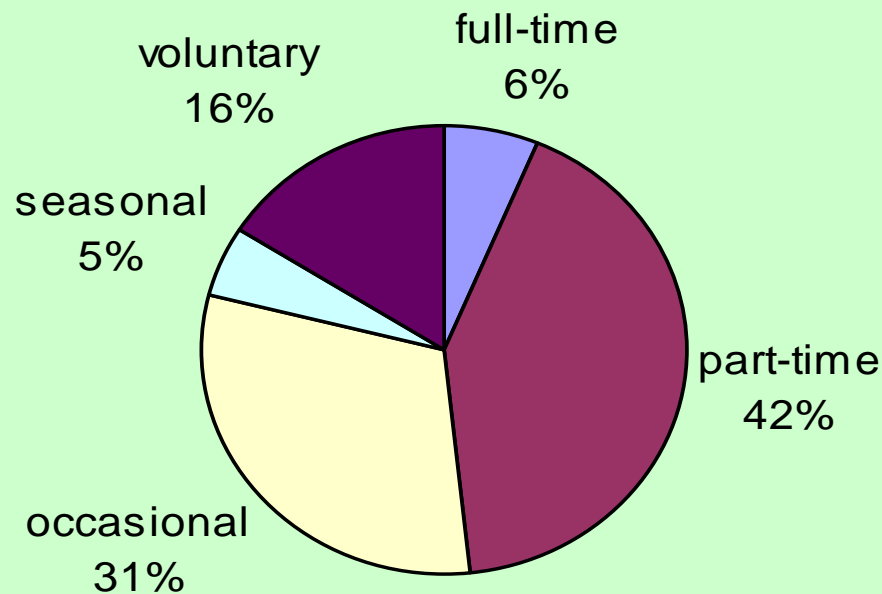
- National survey - 5500 people 20-80
- Postal survey - 401 people 51-70
- Life history interviews - 40 employed people 51-70
- Employer discrimination – 14 case studies

Older people like work



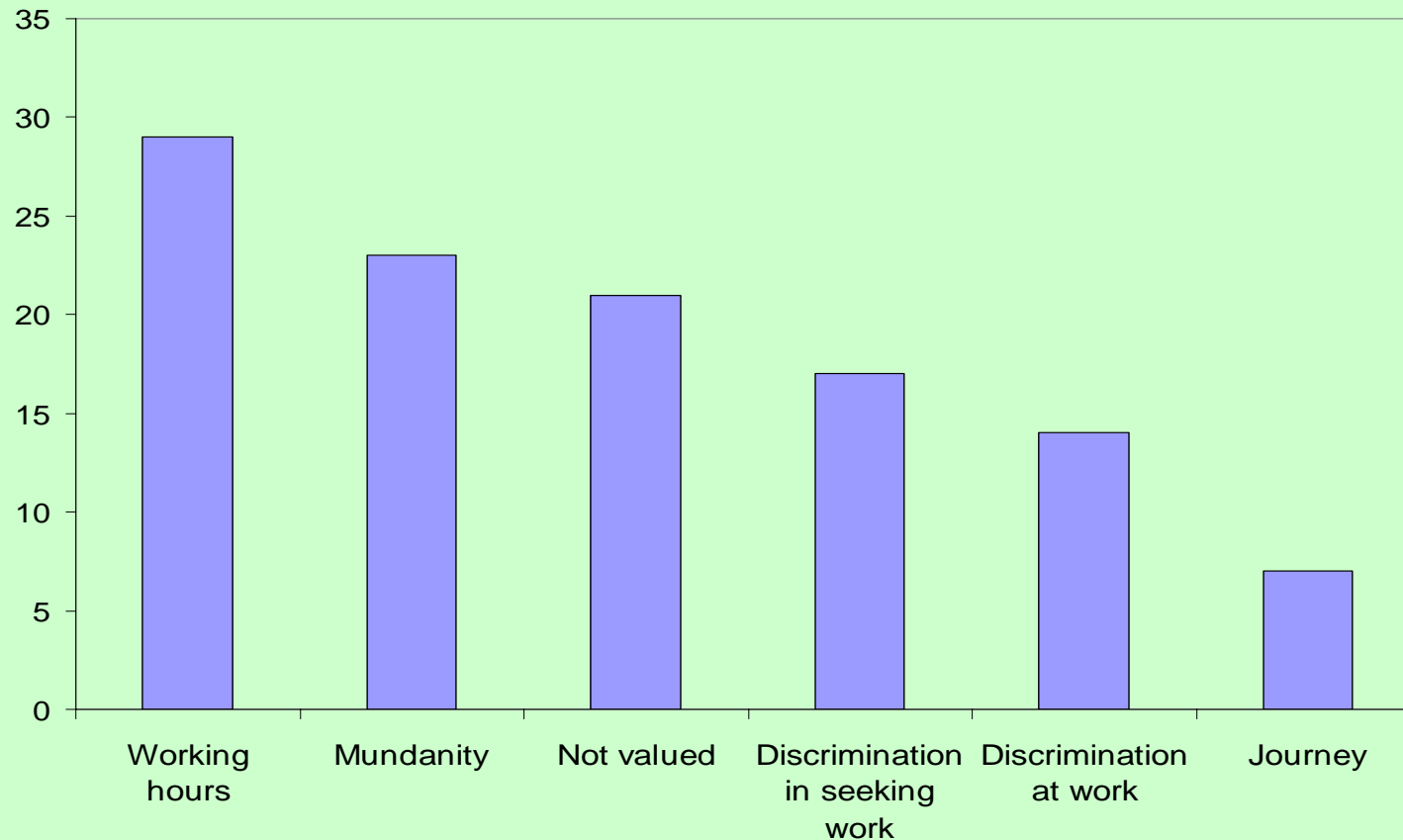
But not full time work

“would you consider working after normal retirement age?”



CROW Postal Survey 2004

But older people find some things about work difficult



CROW Postal Survey 2004

The retired have regrets

Employment status	Agree/ strongly agree %
"I am happy not to be in paid work"	82
"I wish I could have stayed but:	
worked fewer hours"	53
worked flexible hours"	31
worked closer to home"	30
worked from home"	23

CROW Postal Survey 2004

What makes work attractive to older people?

- Respect – feeling valued
- Social networks
- Personal mission
- Control
- Flexibility
- Health

Findings: attitudes to work

- People like work
- They want it to be flexible
- They want control, flexibility, status, use of skills and respect
- Mostly those who stay get it!

Discrimination

Into the unknown: age is different

- Bigger
- Normal
- Universal
- Changes the rules
- Matters more because of demography
- We do not understand the implications

Older people are discriminated against

- The last remaining “normal” discrimination
- Employers claim they do not discriminate
- Labour market participation falls with age
- Difficulty in returning after 50
- Participation in training falls
- 20-30% of people over 50 report experiencing age discrimination

Employer responses

Employers are changing

- Change is driven by skills gaps and shortages – not legislation
- Most believe part-time working is good for the business
(93% in 2005 up from 63% in 2000)
- Growing interest in flexible retirement
(57% have no fixed age)
- Growth of age blind recruitment
- 2/3 have heard of legislation – mainly large, public sector, unionised, with dedicated HR functions and formal policies

Later working life

- A point of choice
- A point of transition
- Merging of vocational and personal
- Choosers and chosen
- Cohort effects
- Age: a unique form of discrimination

Government responses

Government agendas

- Dependency ratio
- Skills and labour shortages
- Social exclusion
- A European problem – the Lisbon agenda
- A global problem - OECD

UK Government strategy

- “Aspire” to 80% labour market participation rate (from 75%)
- Move 1M from Incapacity Benefit into work
- Get 1M more 50+ into work
- Reward deferral of State Pension (since 1 April 2005)
- Allow drawing pension and continuing to work for same employer (2006)
- Outlaw age discrimination (2006)
- Guidance and promotion – Age Positive Campaign

More details:

UK Government - <http://www.agepositive.gov.uk>

CROW - <http://www.surrey.ac.uk/crow>