

Extending working life:  
understanding the ageing workforce  
a UK view

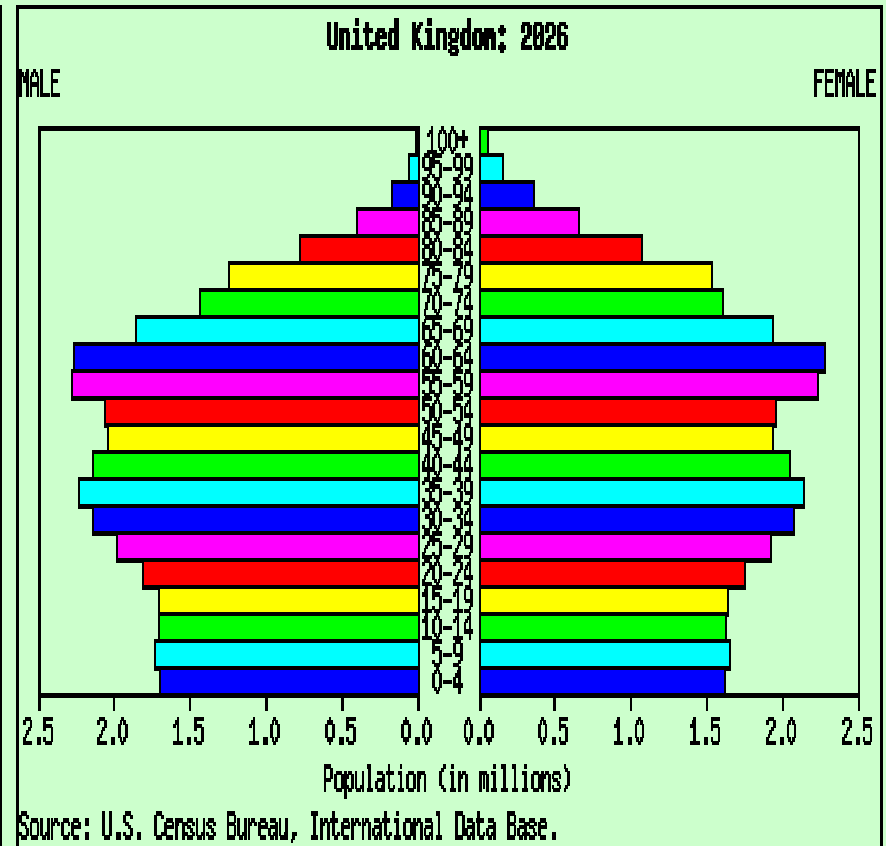
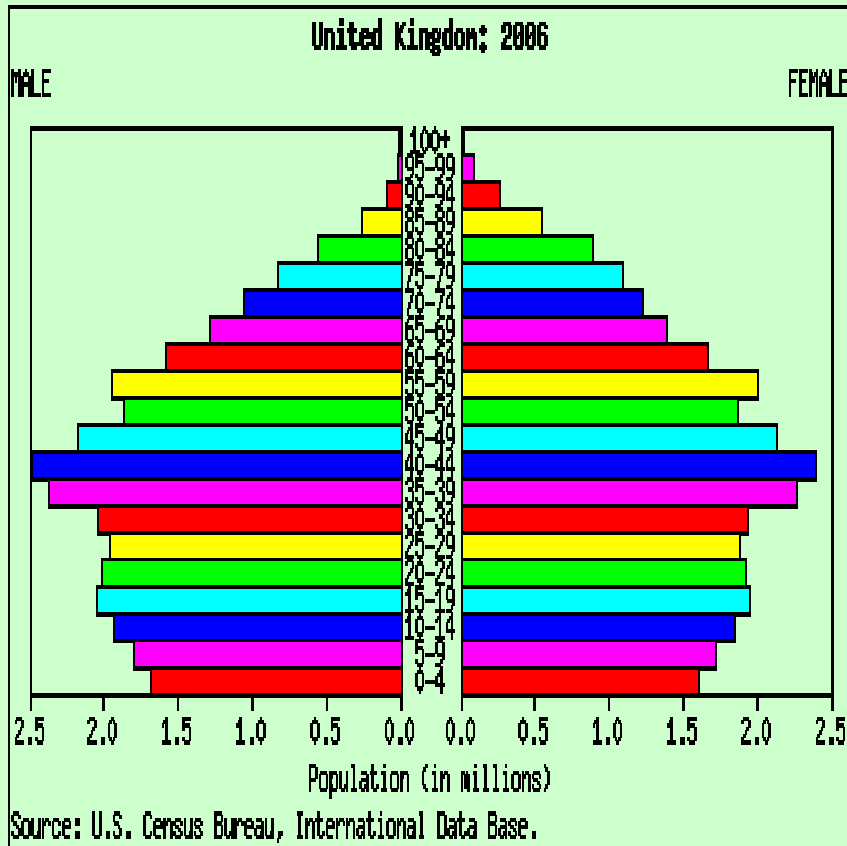
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# The agenda: the workforce time forgot

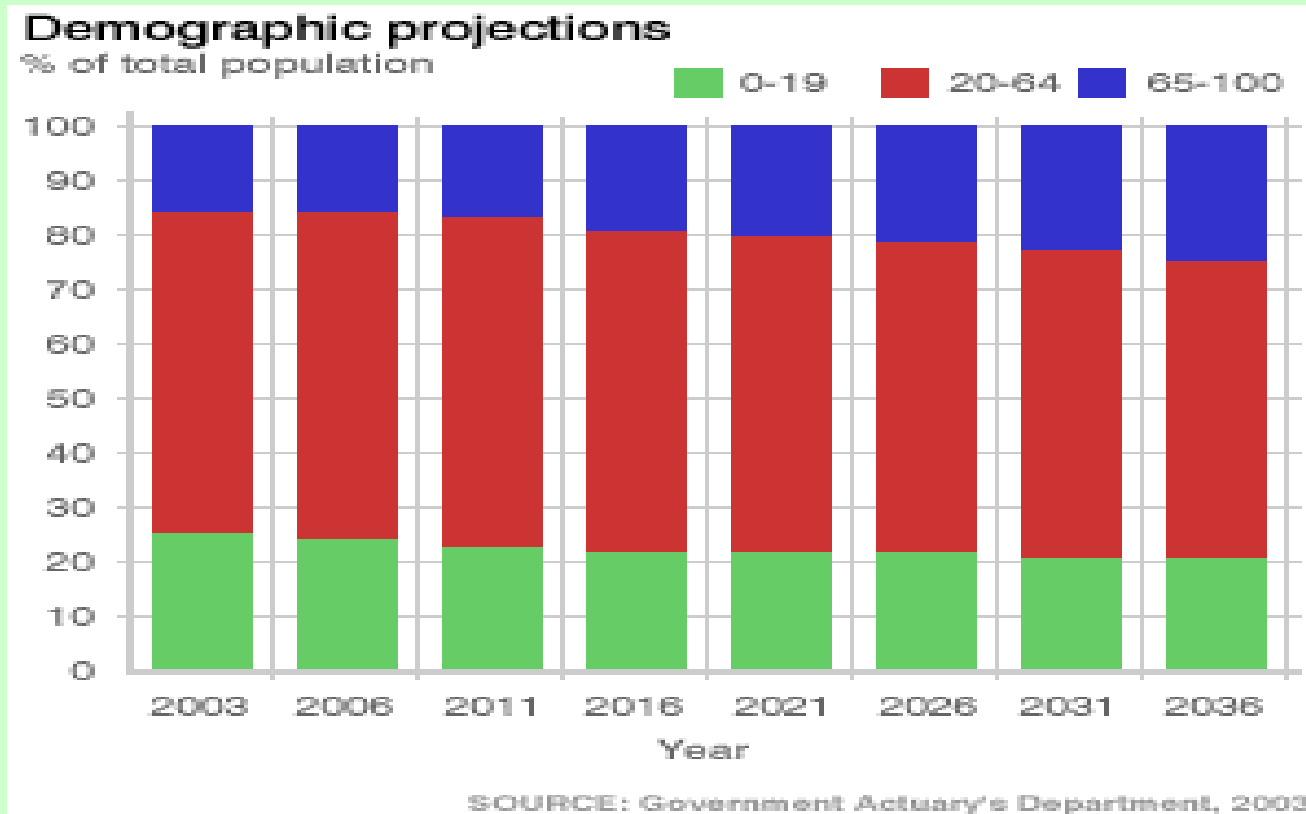
## Why think about the older workforce?

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

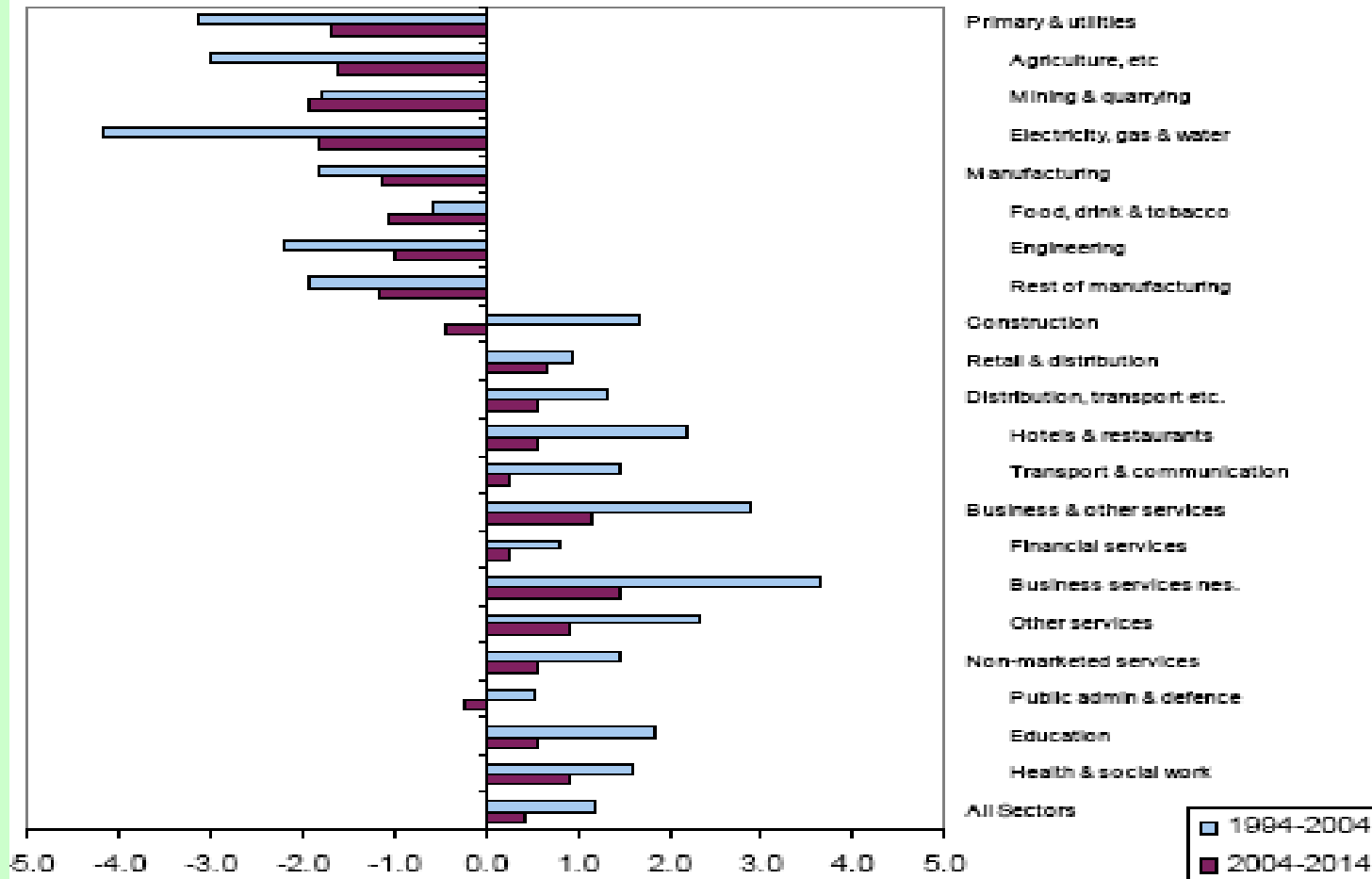
*Age Concern 2004/ NE SS 2004*

## 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

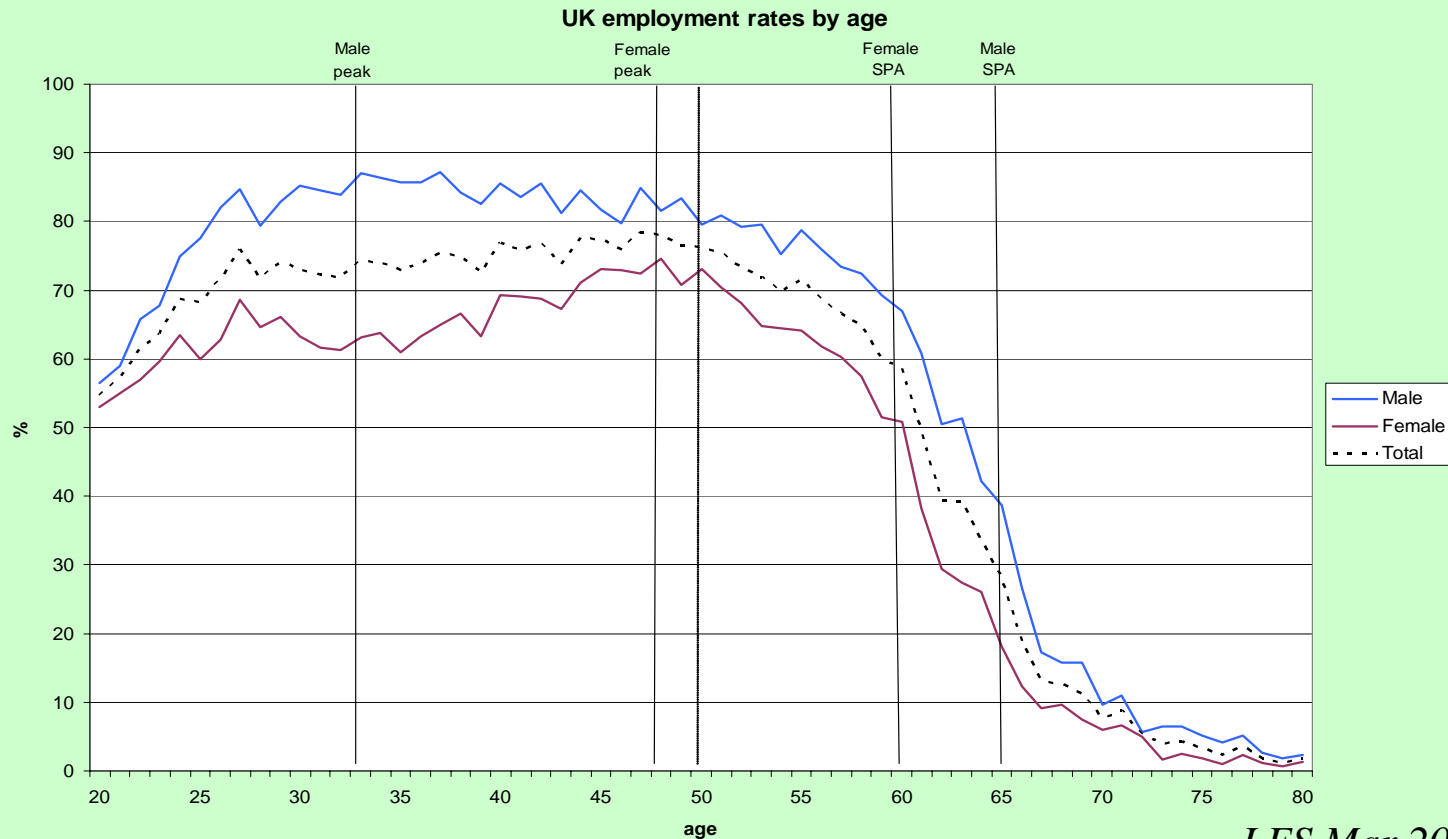


Trends in UK Employment by Sector (per cent p.a.)



# 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

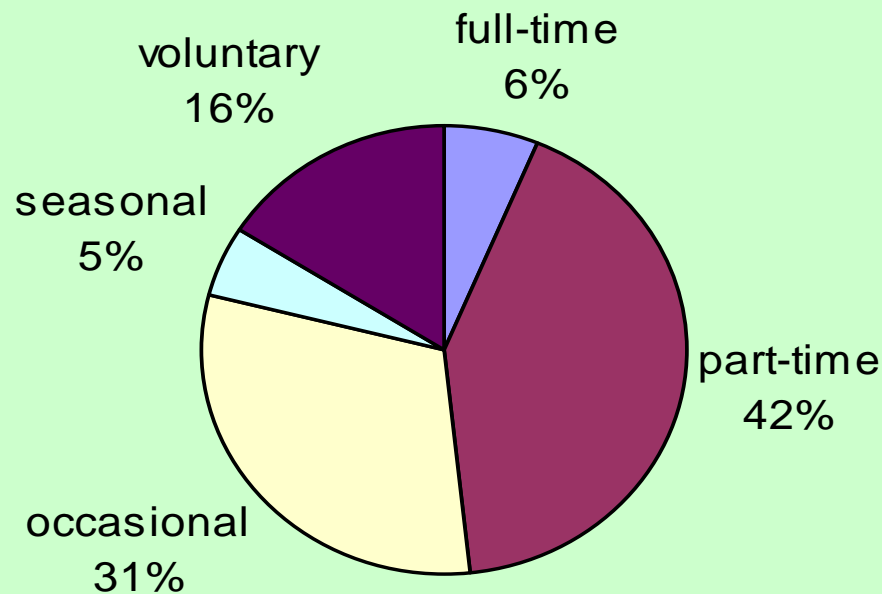


## Older people like work



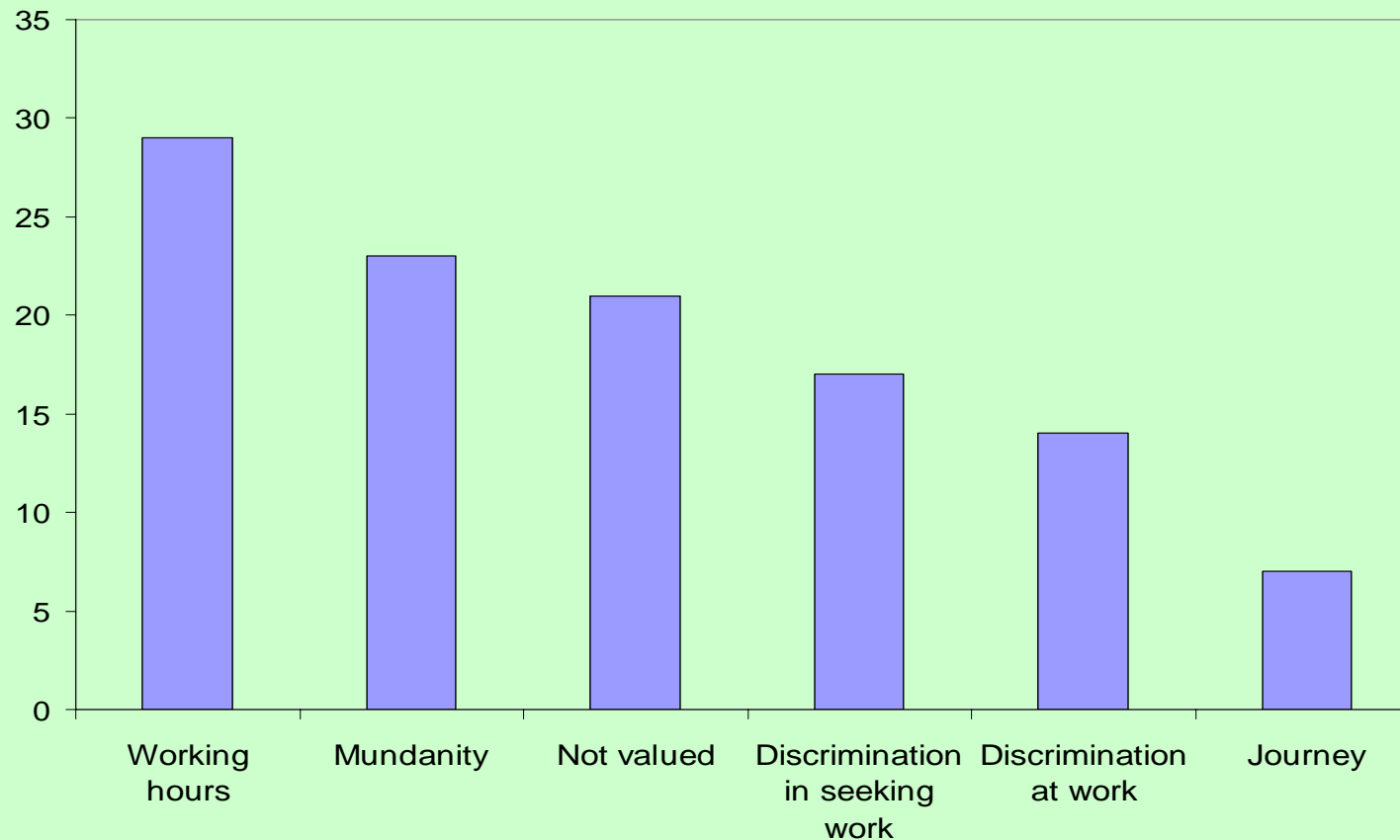
## But not full time work

“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>