

# The past, present and the future of older workers

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# Contents

- Examines the changing face of work and retirement as economies face the prospect of ageing workforces.
- Reviews the status of policymaking concerned with age and employment and how it needs to be adapted to the changing circumstances and characteristics of individuals and societies.
- Considers trends in the employment of older workers, how policymakers are envisioning a flexible end to working life and their prospects for success drawing on Australian and US data.
- Provides some pointers for public policy and business.

# Older workers in context

- To understand the present situation of older workers, and to fully appreciate how public policy shapes their lives, some context is required.
- A policy development since the late-1990s has concerned the idea of prolonging working lives, this presented as a means of reducing pressures on social welfare systems and labour markets.
- Contrasts with approaches in the 1970s and 1980s which focused on the need to remove older workers from the labour market in response to high unemployment among younger workers and other social groups.

# The present position of older workers in the labour market

- There is evidence that, after decades of increasingly early labour market withdrawal, important changes have been underway.
- In most industrialised nations labour force participation and employment rates have been increasing, though only just returning to levels last observed at the end of the 1970s.

# Employment/population ratios, men and women aged 55-64, 1979-2010

	Men						Women					
	1979	1983	1990	1995	2000	2010	1979	1983	1990	1995	2000	2010
Australia	67.4	59.6	59.2	55.3	58.3	68.6	19.8	19.9	24.2	27.4	35.3	52.8
Finland	54.3	51.4	46.3	34.9	43.7	55.6	39.0	44.1	39.7	33.1	40.9	56.9
Germany	63.2	57.4	52.0	47.2	46.4	65.0	26.8	24.0	22.4	24.4	29.0	50.5
Netherlands	63.2	46.1	44.5	39.9	49.9	64.8	14.0	13.2	15.8	18.0	25.8	43.3
Japan	81.5	80.5	80.4	80.8	78.4	78.8	44.8	45.1	46.5	47.5	47.9	52.1
UK	-	64.3	62.4	56.1	59.8	64.9	-	-	36.7	39.3	41.4	48.9
USA	70.8	65.2	65.2	63.6	65.7	64.4	40.4	39.4	44.0	47.5	50.6	56.4

Source: OECD Employment Outlook (various)

# A new consensus on 'active ageing'

- In recent times, early retirement has been rejected, with extending working lives now a policy objective in many countries, an exception being the USA where policymakers have taken less interest so far.
- Emerging consensus around the notion of 'active ageing', defined by the WHO (2002) as 'the process of optimizing opportunities for health, participation and security in order to enhance quality of life as people age'.
- According to the OECD (1998), this requires:
  - an emphasis on prevention, making policy interventions at an earlier life stage, reducing the need for later remedial action
  - actions that are less fragmented and that are concentrated at critical transition points in life
  - and enabling less constrained choices and greater responsibility at the level of individuals.

# New policies for older workers

- Value of early exit questioned in the mid-1990s as policymakers, concerned with economic competitiveness and looking ahead to a worsening social welfare burden due to demographic ageing.
- Out went supposedly outmoded beliefs concerning the benefits of early retirement, instead, extending working lives became the policy objective.
- A range of measures are aiming to encourage later retirement, promote skills acquisition and generally improve the employability of older workers.
- Central to current debates is the notion of flexible retirement, characterised as a gradual letting go rather than an abrupt severing of the link between employee and employer, often in the form of part-time working.

# **Australian policies for older workers**

## **Jobs Bonus**

Jobs Bonuses of \$1000 available for up to 2500 employers each financial year who recruit a worker aged 50 or over.

## **Corporate Champions**

Corporate Champions are employers who make a public commitment to move toward better practice in employing mature age people. Corporate Champions receive a package of tailored support to help them achieve the better practice standards.

## **Mature Age Participation - Job Seeker Assistance Program**

This program will provide eligible job seekers aged 55 years and over with a peer-based environment in which to develop their IT skills, undertake job-specific training and prepare for work.

## **Experience+ Career Advice**

The Experience+ Career Advice service provides professional career counselling and a resume appraisal service to people aged 45 years and over.

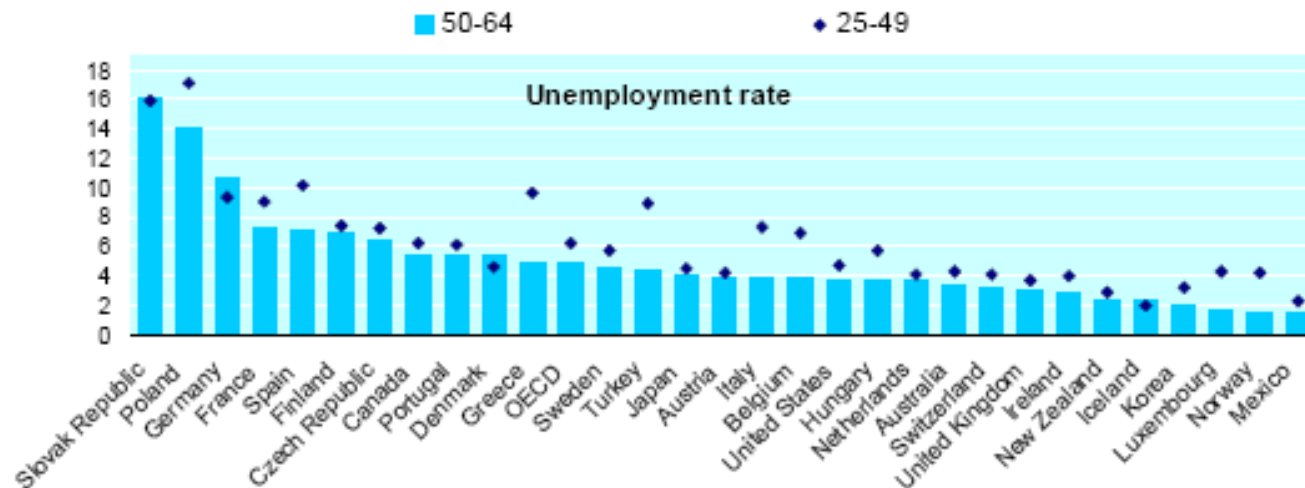


# Are older workers entering a 'golden age' of employment opportunity?

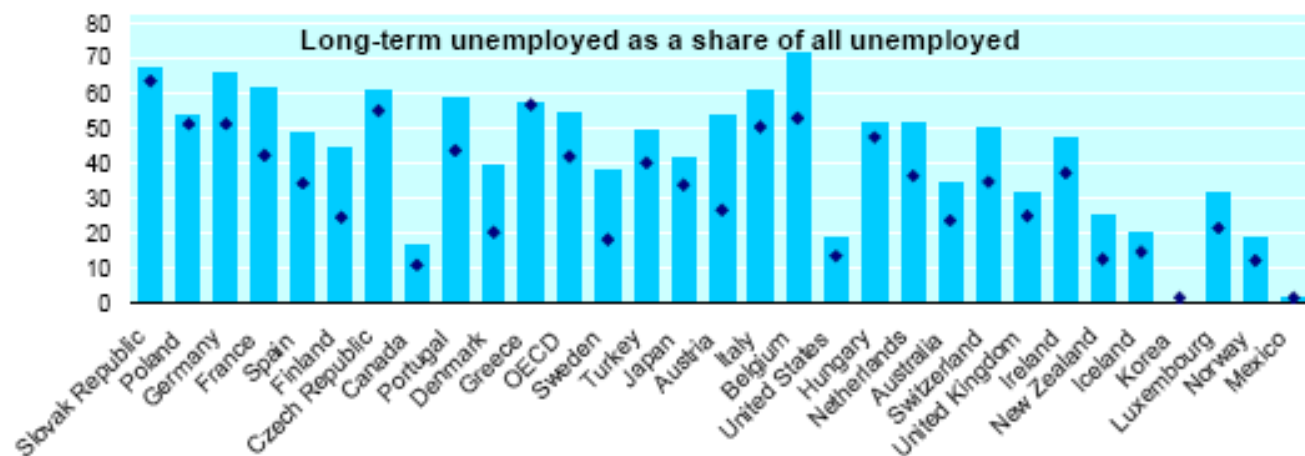
- There is a need for considerable caution when considering present trends in the employment of older workers.
- Research over many decades has pointed to their disadvantaged status of in the labour markets of the industrialised economies. Their position is summarised in a review of OECD countries:
  - Labour market mobility in terms of new hires is lower for older workers.
  - While rates of job loss are similar for younger and older workers, the latter are more prone to experience long-term unemployment.
  - A shift to economic inactivity is generally permanent across older age groups (OECD 2006).

## Percentages

Older people generally face lower unemployment rates than younger people...



... but if unemployed, they are often long-term unemployed



a) The data refer to 2004 (2002 for Iceland). Long-term unemployment is defined as a current spell of unemployment of one year or longer.

Source: OECD estimates based on the European Union Labour Force Survey and other national labour force surveys.

# Individual risk: The prospect of uselessness

- Job creation and destruction
  - manufacturing and service industries
  - vulnerability to job-loss and long-term unemployment
    - trade displaced unemployment
    - long tenured/specialised
    - few or outdated skills
    - declining health
  - work intensification
  - marginalised and insecure employment
- Limits of public policy
  - Agility
  - Adequacy
  - Breadth

# Corporate memory vs potentiality

- While some e.g. Alan Walker (2005) argue that 'Future competitiveness in the private sector and efficiency in the public sector will rest increasingly on the performance and productivity of ageing workforces', it is a logical step to realise that flexible organizations do not value them.
- Theorists of globalisation explain the shift in skills and competences which have changed to keep pace with demands for globally valued knowledge to maintain global market flows.
- Richard Sennett (2008) maintains that the 'skills society' is bulldozing the orderly building of careers along linear life paths.
- He maintains that jobs in the sense of 'random movement now prevail; people are meant to deploy a portfolio of skills rather than nurture a single ability in the course of their working histories; this succession of projects or tasks erodes belief that one was meant to do just one thing well'.

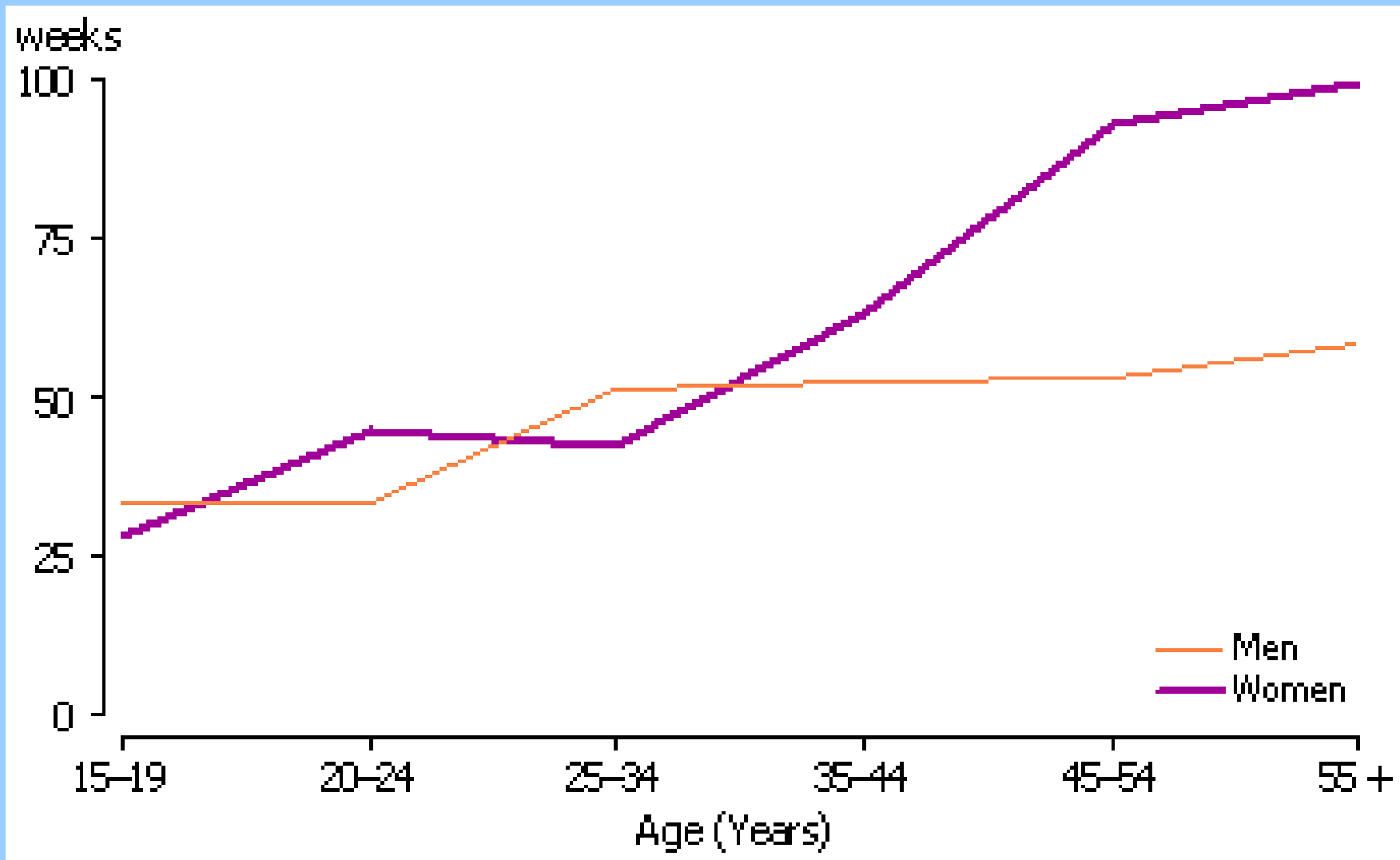
# Corporate memory vs potentiality

- Corporate memory is frequently viewed as being anathema to the flexible organization, undermining responsiveness and restraining much needed change.
  - e.g. ‘You can’t turn someone in their mid-50s into an active researcher for 10 years time, it’s like it’s too late, they’re not going to get any ARC [Australian Research Council] grants, they’re not going to be competitive’.
- Similarly, older workers could also become an impediment to effective management, undermining authority and control. In the words of one respondent, utilising a sporting metaphor:
  - e.g. ‘We want fit, strong, centre-half forwards working out here. Which is terrific, except everybody gets older. You end up with, you know, the retired player becomes the commentator after a while’.

# Flexible retirement or inflexible working?

- Surveys demonstrate a willingness to work on amongst older workers, under certain conditions, namely if they can reduce or work more flexible hours.
- For some undoubtedly, flexibility offers certain benefits, but often neglected in current debates is consideration of those for whom a gradual switch from work to non-work is not an option.
- Evidence suggestive of significant constraints on the choices of older workers and indicate that a singular public policy position of one-way transitions from full-time to part-time work and on to retirement is misguided.

# Mean duration of underemployment in weeks - 2009



Australian Bureau of Statistics, Underemployed Workers Survey, 2009

# Basic principles for policymaking

- **A realistic stance on older workers' employment**
  - A significant extension to working life depends on a range of individual, organisational, economic and societal factors and while this may be achievable for some, prospects for others might be remote.
- **Integrated and strategic policymaking**
  - A shift to a life-cycle or life course approach would emphasise measures which focus on minimising the risk of an older individual losing a job or making an unsuccessful transition to retirement.
- **Consistent and positive messages**
  - As older workers' positions in labour markets have become more precarious in recent years there has emerged an increasing need to support them in managing associated risks.



*Thank you.*

