



OLDER WORKERS IN THE SCOTTISH LABOUR MARKET: A NEW AGENDA

**by Emma Hollywood, Employment Research Institute,
Napier University, Ross Brown, Scottish Enterprise,
Mike Danson, University of Paisley and
Ronald McQuaid, Employment Research Institute,
Napier University**

Further copies of this report are available priced £10.00.

Cheques should be made payable to University of Stirling and addressed to:

scotecon
University of Stirling
Stirling
FK9 4LA

The views expressed in this report are those of the researchers and do not necessarily represent those of **scotecon**

Limited extracts from the text may be produced provided the source is acknowledged.

ISBN 1-904365-20-5

Contents

1	Introduction	4
2	Demographic Changes	4
3	Characteristics of older workers in the Labour market	9
4	The work experiences of older workers	16
5	Older workers, social policy and legislation	19
6	Future directions for research and policy implications	22
	Table 1: Life Expectancy in Scotland, 2001	5
	Table 2: 1998-Based Population Projections for Scotland by age group	8
	Table 3: Older workers 50-SPA by Occupation (percentages)	10
	Table 4: Economic activity rates by Scottish Council Area	11
	Table 5: Economic Inactivity rates for age 50-retirement in UK	12
	Figure 1: Persons aged 65-79 as a % of total population	6
	Figure 2: Projected % Population change in various developed 2001-30	7
	Figure 3: Population change during 1991-99 in geographical regions of Scotland	9

1 Introduction

1.1 Background

This paper presents the findings of a scotecon-funded project on older workers in the Scottish labour market. The paper outlines some of the key literature and makes recommendations for future research and policymaking. Following this introductory section the paper specifically considers: demographic change in the Scottish population; the characteristics of older workers; work experiences among older workers; social legislation and policies aimed at older workers; and finally areas for future research and policy making. The specific focus is on the Scottish case but the situation in the UK, EU and other industrialised countries is also discussed.

The literature on population ageing covers a wide range of topics including the health, medical and social care aspects of ageing and the economic implications of an ageing population. The extensive literature on the economic impact of ageing addresses issues such as whether and how a decreasing working population will be able to support an ageing population and how the pension, medical and care costs of caring for an elderly population can be met. The impact on the labour market of an increasing number of older workers has received relatively less attention; it is on this area that this review will focus. Within the literature on the labour market effects of ageing, particular emphasis has been placed on the financial and economic implications (Young, 2001), the role of early retirement (Disney et al., 1997), age discrimination in recruitment and in work (Taylor and Walker, 1994), and the withdrawal of older males from the labour market (Schmitt and Wadsworth, 1994; Campbell, 1999). In the context of this paper older workers are defined as those between 50 and retirement age, currently 65 for men and 60 for women, unless otherwise stated. This follows the definitions used in the majority of other analyses, although increasing interest is being given to those workers who are past retirement age.

1.2 Scottish context

In Scotland the labour market (see, for instance: Ermisch, 1995; Brown, 2001; Green, 2001) suggests that employment and economic structures have been significantly changing for at least the past two decades, and will continue to change over the foreseeable future. Moreover,

the rate of change will accelerate over time. Demographic changes will continue to have profound effects on how the labour market functions in Scotland and will impact on the position of older workers (Brown, 2001). These changes are more dramatic than many other parts of the UK.

Many of the policies and aspirations for the Scottish economy are based on having an appropriate supply of skills and competencies at all levels. The parallel reductions of the numbers of older workers and entrants from school could undermine such futures, making a consideration of the roles of mature workers in Scotland a significant research agenda item. It is therefore crucial to the future of the Scottish economy that older people are increasingly maintained as productive members of the labour force. Older workers will inevitably come to be viewed as a crucial source of labour and skills with flexible labour markets (Parsons and Mayne, 2001).

In summary, the ageing population in Scotland will be complemented by a reduction in the number of school leavers with few qualifications and a continuation over the next decade at least in the numbers of home students progressing onto higher and further education. Together these statistics imply a tightening of the labour market for those who would traditionally have proceeded onto apprenticeship training or entry-level positions, with an overall increase in the numbers and proportions of the workforce with degrees or equivalent. Certain mismatches and areas of skills shortages are likely to develop over the coming decades if these trends are borne out in reality after 2010. The loss of older workers in traditional trades and sectors, their skills, knowledge and experience, may become critical, therefore, impinging on the efficiency and effectiveness of the Scottish labour market and economy.

2 Demographic changes in the Scottish population

This section examines some of the demographic changes to the population that have contributed to the ageing of the working population in Scotland. Population change is made up of the interaction between births, deaths and in- and out-migration. It is the change in balance between these elements where a decrease in fertility coupled with increased life expectancy has led to population ageing in

many countries. The following sections examine increased life expectancy, changes in fertility, the changing demographic profile and changes in the distribution of population in Scotland.

2.1 Increased life expectancy

Medical advances, improved diet and standards of living mean that life expectancy has been increasing in all industrialised countries; and is now currently 78.1 for women in Scotland and 72.6 for men. However, as Table One illustrates all EU countries and Japan and the USA had higher life expectancies than Scotland for women and only Portugal was lower than Scotland for men. However, it is likely that life expectancies in Scotland will continue to improve. This also means that an increasing proportion of the population is reaching increasingly older ages.

Table 1: Life expectancy in Scotland 2001

	<i>Male life expectancy at birth (Years)</i>	<i>Female life expectancy at birth (Years)</i>
Scotland	72.6	78.1
EU	74.1	80.5
Austria	74.2	80.5
Belgium	73.8	80.5
Denmark	73.1	78.2
Eire	73.3	78.7
Finland	73.3	80.3
France	74.2	82.1
Germany	73.7	80.0
Greece	75.1	81.4
Italy	74.9	81.3
Luxembourg	73.5	79.6
Netherlands	74.7	80.3
Portugal	71.4	78.7
Spain	74.4	81.6
Sweden	76.7	81.8
UK	74.3	79.5
US	72.8	79.5
Japan	76.8	83.2

Source: 2001 Scottish Social Statistics (www.scotland.gov.uk/stats/sss).

2.2 Changes in fertility

In addition to increases in life expectancy there have been significant changes to patterns of fertility. Most significantly is the decline the total fertility rate (TFR) of women in Scotland. The total fertility rate (TFR) is the number of children that a woman would have over her lifetime if she experienced the age specific fertility rate for that year for each age between 15 and 44. In a number of countries the TFR is now below replacement level, such as Italy, Spain and Germany. In 2001 the TRF for a woman in Scotland was 1.49, (1.6 for UK, higher due partly to higher levels of ethnic minority and immigrants who traditionally have higher rates of fertility) compared to 3.09 at the peak of the baby boom in 1964 (GRO, 2001). The population decline in Scotland can mainly be explained by the low fertility rates. Scotland has the lowest birth rate in the UK, but not as low as in Italy, Spain, Germany, Austria and Greece. Twenty years ago fertility rates in Scotland were 4% higher than the EU average.

There are a number of overlapping explanations for the decline in female fertility including:

- increased female participation in the labour market
- delays in age of child rearing (the fertility rate of women aged 30+ has increased between 1991 and 2001 (GRO, 2001))
- the expansion of women in higher education
- the costs of bringing up children
- increase of individualistic values
- changing attitudes to child rearing
- changing trends in marriage and divorce
- changes in contraceptive practice
- increasing number of women without children

Duncan (2002) argues that the decline of the male breadwinner model coupled with a sluggish response to this trend has contributed to the falling fertility rates which may threaten future economic growth. Concern over the increasing dependency ratio between the elderly and working age population has prompted the EU to prioritise work-family reconciliation. Several Directives based on the Scandinavian model have been introduced in pursuit of this agenda. In the first wave (translated into UK law by the Employment Relations Act 1999) maternity rights were extended and rights to parental leave and time off for dependants introduced as were the related regulations on working time limits and equal treatment

of part-time workers. These were initially implemented at threshold levels or below but have since been extended. The Employment Act 2002 exceeds European minimums with a maximum maternity leave totalling 52 weeks, paid paternity leave and the right to request flexible working for parents of young children. In addition the government has sought to increase the supply of childcare facilities and to fund childcare for many parents (Scottish Office, 1998; DfEE, 1998) and has introduced financial incentives, including Child Tax Credits, especially for the low and middle paid households (Brewer, 2002).

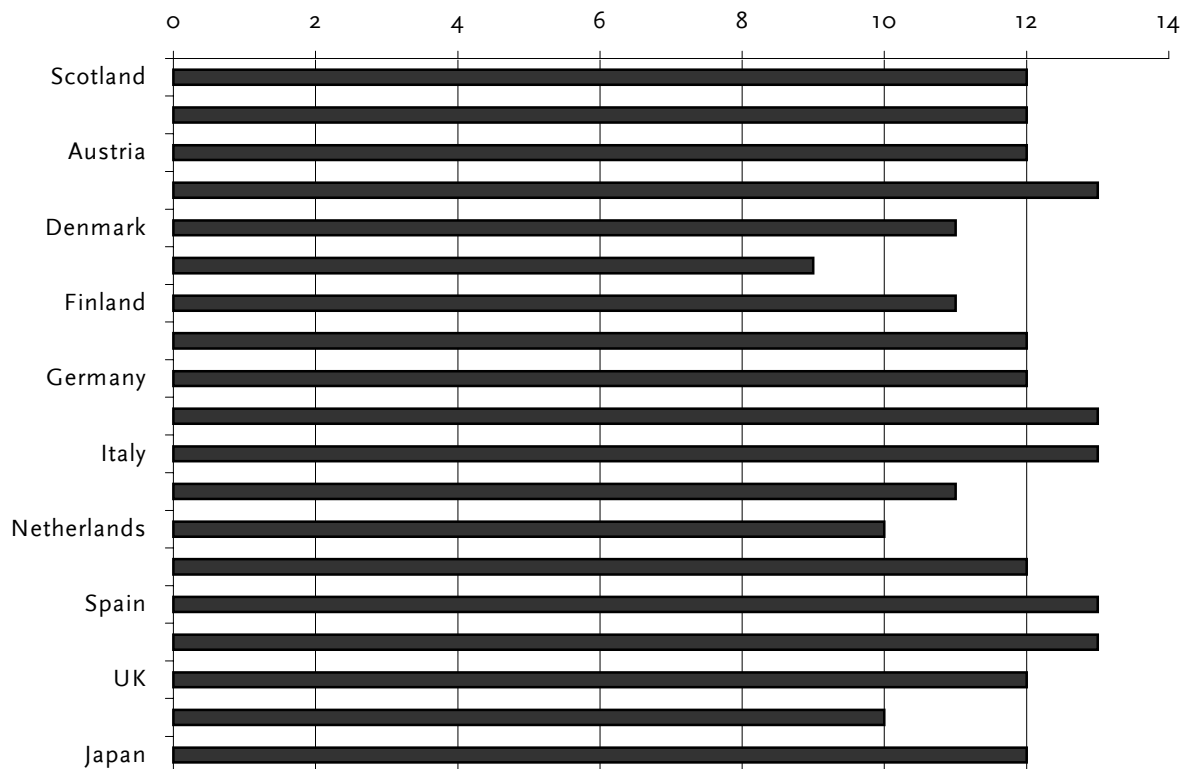
2.3 Demographic profile

This section examines the effects that changes in life expectancy and fertility have had on the demographic profile of Scotland currently and in the future. The most apparent effect has been the ageing of population, which has been the case in many places across the industrialised world. Figure One shows the numbers of people aged 65-79 in a number of industrialised countries. It illustrates Scotland to have a similar figure to the UK and

EU average number of older people (12%) in the population. Countries with the lowest percentages of older people were Eire (9%) and the USA (10%).

Overall, the Scottish population has been relatively stable in the last 100 years, reaching a peak in 1974 of 5.24 million and since then gradually declining (GROS 2001). The natural change in Scotland's population (births-deaths) has declined to the extent that in the last 5 years deaths have exceeded births. At the same time the rate of net emigration has also decreased which means the rate of decline has reduced (GROS, 2001). The most important aspect of population change in Scotland has been the change in population structure towards an ageing population with an increase in those aged 60 and over and a decrease in those aged 15 and under. Although, the proportion of older people in Scotland is not as high as in other countries, where Scotland stands out is being one of the few countries with a declining population. Scotland has recorded a natural decrease since 1997. Illustrated in Figure Two are the projected percentage changes in various developed countries over the period 2001 to 2030;

Figure 1: Persons aged 65-79 as a % of total population



Source: 2001 Scottish Social Statistics (www.scotland.gov.uk/stats/ss).

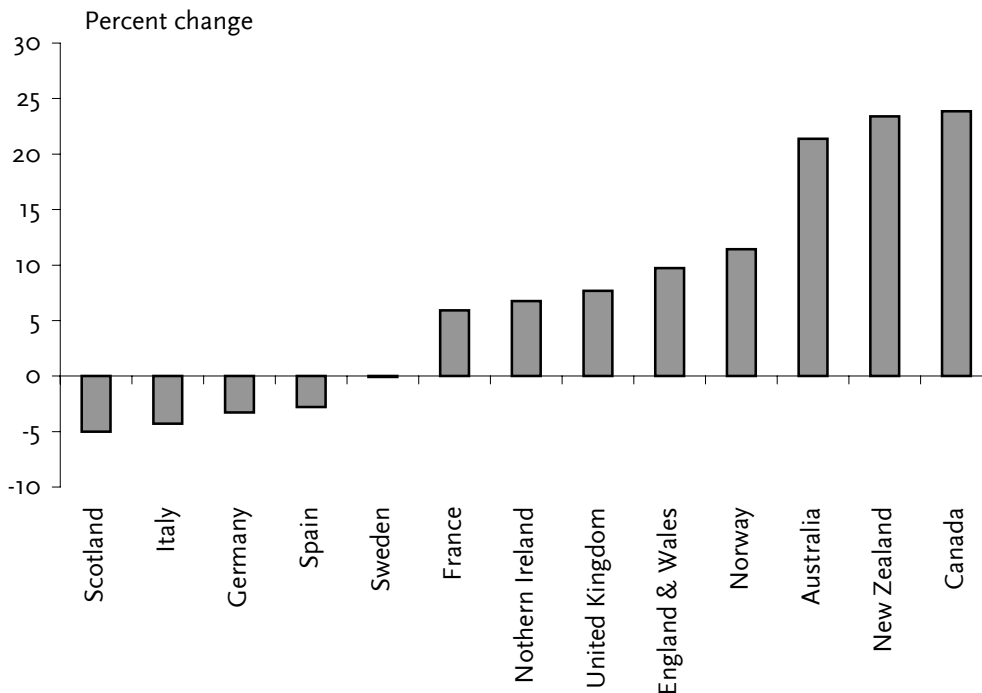
it shows Scotland leading population decline. Most European countries are expected to increase in population, partly because future levels of immigration are assumed to offset projected decreases through natural change. Indeed, where Scotland stands out from other European countries is in having low levels of immigration and only a small ethnic minority population (Bailey et al., 1997). Immigrants in the UK context still tend to be concentrated in the South East. However, it should be noted that certain areas of Scotland, particularly Edinburgh, are attracting a significant number of English migrants (see: Findlay et al., 2002).

The United Nations expect the UK to be one of the largest net recipients of immigrants in the world (after USA, German and Canada) with an annual averaged over the 2000-2050 period, of 136,000 (United Nations, 2003), although GRO projections assume relatively few will come to Scotland. The UN also projects that the average age of 35 in 1950 and 38 today will rise to 44 by 2050.

For the UK a small population growth is predicted in the long-term; projections suggest that the population of the UK is likely to increase from 59.8 million in 2000 to reach nearly 65 million by 2025 (and over 66 million by 2050), which equates to an annual average growth rate of 0.3%, with around two-thirds attributable to new inward migration (Labour Market Trends, March 2002, p. 152). However, despite the small growth, the ageing of the population is likely to be the most important demographic change for future decades.

Future estimations for Scotland assume that current trends will continue. The 1998 Scottish population projections undertaken by the General Registrar for Scotland (GROS, 2001), show that Scotland's population is projected to continue to fall slowly from 5.12 million in 1998 to 5.06 million by 2021, falling below 5 million by 2031. During this time Scotland will also face a decrease in the population of pre- and working age people coupled

Figure 2: Projected percentage population change in various developed 2001 to 2030



Source: Raeside and Khan (2003) p. 3.

with large increases in workers aged 45 to 64. Meanwhile the number of children aged under 16 is projected to fall to almost 85 percent of its 1999 level by the year 2019 (see Table Two). Perhaps most significantly, the number of young Scots aged between 24-34 (a core group of entrants to the labour market) is expected to decline by 20-25 percent over the next 20 years (e.g. from roughly 800,000 to 631,000). These changes clearly have major ramifications for future labour market policies in Scotland.

The demographic trends outlined above have a number of social and economic implications for the countries involved (the medical and health implications are not covered here, but are extensively covered in the gerontological literature). For the economy one of the most significant indicators of an ageing population is given by changes in the so-called 'dependency ratio'. This measures the number of children under 16 plus the number of persons of pensionable age per 100 people of working age. The figures for Scotland show that overall this figure is likely to fall slightly by 2021 to 56 from its current level of 60, reflecting the smaller number of children and the changes in the retirement ages of women, and despite the ageing population. However, after 2021 the increasing numbers of people reaching the current retirement age will mean that the dependency ratio is predicted to rise steeply to 72 in 2040 (GROS, 2001). Traditionally, the 'dependency ratio' has provided

an indicator of the economic 'burden' that those of working age must support. However, now this terminology is not only recognised as pejorative but also, as many of pensionable age still work and full entry to the labour market is postponed for most of those progressing onto higher and further education, an inappropriate and inaccurate indicator of what it purports to measure. More work is needed on labour market participation rates for both pre- and post- statutory retirement age people.

2.4 Changes in population distribution

The distribution of the population within Scotland is also changing. In general the larger urban areas, apart from Edinburgh, are declining, while peri-urban areas around the larger cities and many rural areas are increasing (although not generally the remote rural areas). Generally, urban areas tend to have lower levels of fertility, higher mortality and more out-migration. Council areas which showed the largest relative decreases [1981-2001] are Glasgow (-19%), Inverclyde (-17%) and Eilean Siar (-16%), the largest relative increases were in Aberdeenshire (+20%), West Lothian (+14%) and East Lothian (+12%) (GROS, 2002). Figure Three outlines the population change in various geographical regions of Scotland from 1991 to 1999. These spatial differences in population ageing will have important implications for local labour markets as well as policy formulation and the provision of health services most affected by population ageing. It

Table 2: 1998-based population projections for Scotland by age group

Age Group*	1999	2004	2009	2014	2019
Children under 16	19.7	18.8	17.8	17.3	17.2
Working ages 16-64/59	62.3	62.8	62.8	64.9	60.4
Pensionable ages 65/60 & over	18.0	18.5	19.5	17.9	22.5
65/60-74	11.3	11.4	12.0	9.9	14.0
75-84	5.1	5.5	5.6	5.9	6.2
85 & over	1.6	1.6	1.9	2.1	2.3

*Pensionable age is 65 for men, 60 for women until 2010; between 2010 and 2020 pensionable age for women increases to 65 and the figures take account of this.

Source: Brown (2001).

should be noted that those areas with the fastest ageing populations are also among the most economically depressed, such as Glasgow and Inverclyde. Ageing populations are also found in a number of rural areas which has implications for the provision of health and social services in such places (see: Wenger, 2001).

3 Characteristics of older workers in the labour market

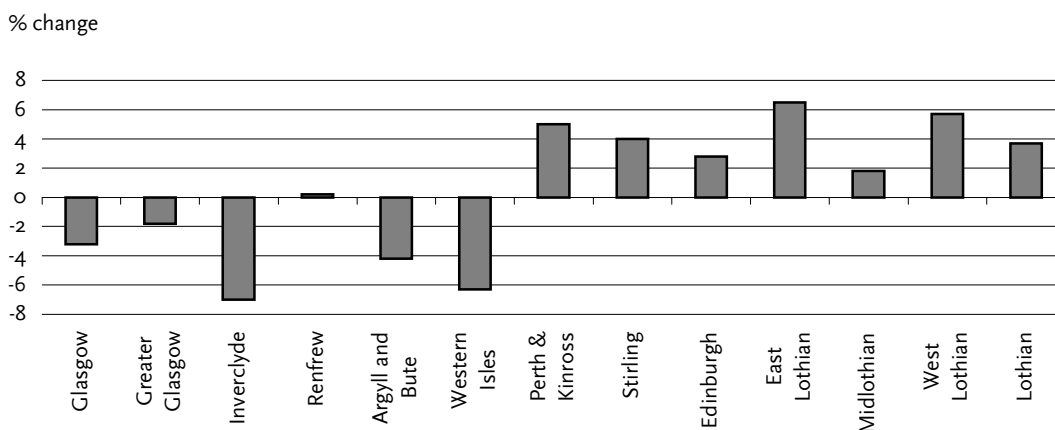
This section of the paper examines some of the key characteristics of the older worker in the labour market, again the particular focus is on Scotland and the UK. The situation is outlined for other countries where appropriate. This section examines:

- the employment patterns of older workers;
- the decline in activity among older workers;
- the situation for older female workers;
- older workers working past state pension age; and
- older workers with caring responsibilities.

3.1 Employment patterns of older workers

The forms of employment taken up by older workers have diversified since the 1980s with an increase in non-standard forms of employment such as part time work and self-employment. In terms of the occupational groups of older workers some broad trends can be identified. For example, older workers are more likely to be employed in agriculture, forestry and fishing and other services (e.g. public administration, education and health) and be over-represented in declining industrial sectors (Kodz et al., 1999). Table Three outlines the occupational groups for older workers by gender. It shows that older men are more likely to be employed as manager and senior officials (explained by their length of service) and in skilled trades and occupations, whereas women are more concentrated in administrative and personal service occupations.

Figure 3: Population change during 1991 to 1999 in various geographical regions of Scotland



Source: Raeside and Khan, 2003, p. 7.

Table 3: Older workers 50 - state pension age by occupation (percentages)

	<i>All</i>	<i>Men</i>	<i>Women</i>
Managers and senior officials	15.6	20.0	9.2
Professional occupations	12.4	13.5	10.8
Associate professional & technical	11.0	11.4	10.3
Administrative and technical	13.7	4.5	27.4
Skilled trades and occupations	13.1	20.3	2.4
Personal service occupations	6.7	2.1	13.5
Sales and customer service	5.4	2.4	9.8
Process plant and machine	10.3	14.9	3.5
Elementary occupations	11.9	11.0	13.2

Source: Labour Force Survey 2001

Some broad characteristics of older workers in the UK are identified in Box One below.

Although these broad statistics are helpful in describing older workers it is apparent from the literature that older workers are not a homogenous group but are as varied as the rest of the labour market. However, some older workers face particular disadvantages in the labour market, such as the unskilled and particular groups of women. In addition, there are common issues that face large numbers of older workers such as age discrimination, pension rights and transitions to retirement.

3.2 Declining activity among older workers

One of the most significant trends among older workers has been their declining economic activity, particularly among men. Campbell (1999) found that around two-fifths of men aged between 55 and 65 were without paid work in 1997, compared to one-fifth in 1979. Until the mid-1970s, the participation rate in the United Kingdom for men aged 55 and over was one of the highest among OECD members (OECD, 1995). Since this period there has been a virtually uninterrupted fall in the participation

Box One: Characteristics of older workers in the UK labour market

- There are 8.6 million people aged 50 to State Pension Age (SPA), 68% of whom are in employment, accounting for 19% of the total working population
- Older workers (50-SPA) are more likely to work part time (25%) compared to younger groups
- Older workers are more likely to be self-employed (16%) compared to those 25 to 49 (11%).
- The average length of current employment is higher for older workers: 12.8 years compared to 7 years for those 25 to 49.
- Older people have fewer qualifications than their younger counterparts.
- ILO unemployment rates for older people are lower than for younger ones.
- ILO unemployment rates for older people are lower in England compared to Scotland: 3% compared to 5%.
- Older people are much more likely to be long-term unemployed and to be inactive.

Source: Labour Force Survey, Autumn 2001 (Department of Work and Pensions)

rate for the 55-59 age group, one of the sharpest declines of OECD countries. One half of men and one third of women now retire before state pension age (Disney et al., 1997). One of the most significant outcomes of this decrease in activity of older workers is that it has not been matched by an increase in unemployment but increases in rates of inactivity (see: Schmitt and Wadsworth, 1994; Beatty and Fothergill, 1999, 2002).

A number of factors have been cited as increasing early departure from the labour market, such as availability of benefits, occupational pension provision for the better off, changes in the labour market, redundancy and the decline of traditional industries. The decline of activity among older workers can be seen as partly a function of the trend towards 'early exits' (Duncan, 2001) - a move towards older workers leaving organisations as a result of redundancies during recession and restructuring in response to factors such as delayering and technological advancement. However, early retirement is also used by employers to alter skills mixes, reduce labour costs and overhaul Human Resource strategies (Kohl et al., 1991). It is a process that has largely been supported by trade unions, which have tended to view retirement on one level as a reward for long-term workers, and a means of opening opportunities for the young (Duncan et al., 2000).

It has been suggested that there may be a particular cohort effect whereby current over 50s are more tied to the former heavy industries, but in a decade or so the people becoming, say 50, will have experienced different employment histories and may not be so opposed to service work. Also Webster (2000) argues that "official arguments that there are sufficient job vacancies are flawed" ... the concentration of unemployment in cities is explained by an "urban-rural manufacturing shift" - manufacturing jobs leaving the cities to be replaced by white collar work, which the now redundant metropolitan manufacturing workers do not have the skills to take up. However, one of the most significant findings in this literature is that each cohort of men appears less likely to remain in employment at older ages (Campbell, 1999) so these trends cannot simply be explained as a consequence of the downturn in the economy during the 1980s and 1990s but rather are part of an ongoing process. This points to the need to explore in greater detail why older workers, particularly men, are continuing to withdraw from the labour force in such great numbers.

From analysis of the LFS and BHPS, Campbell (1999) found that increasingly fewer older people return to work after leaving the labour market and older people without a job are likely to become less attached to the labour market moving from unemployment to long-term sickness or retirement (see supporting evidence form: Anyadike-Danes, 2002; Erdem and Glyn, 2002).

Scotland is particularly affected by the decline in activity rates for older workers (Webster, 2000; Turok and Edge, 1999). Economic activity rates among older workers are significantly lower than for other age groups and economic activity rates for the 50 plus are significantly higher in England than in Scotland. Within Scotland this decline has a distinct geographical pattern. Table Four illustrates the differing rates of economic activity for Council areas in Scotland. It illustrates that rates of activity are lowest in former industrial areas and large cities such as South Ayrshire (55.6%), Glasgow (56.3%) and North Lanarkshire (59.2%) and are highest in the more rural areas such as Moray (90%), Aberdeenshire (87.3%) and Perthshire and Kinross (85.8%).

Furthermore, unemployment among older workers is twice as high in Scotland as in England. Unemployment in this age group is most marked across western and rural areas, but it is particularly acute in parts of the Highlands and Islands. Due to 'hidden unemployment' within this age group, the true level of joblessness among older workers is probably underestimated due to moves onto the benefits system (see Beatty and Fothergill, 2002).

Table 4: Economic activity rates by Scottish council area

	<i>Economic activity rate: aged 50-ret.</i>
Moray	90.0
Aberdeenshire	87.3
Perthshire & Kinross	85.8
East Renfrewshire	85.2
Aberdeen City	83.5
West Dunbartonshire	80.5
Argyll & Bute	79.9
Midlothian	78.7
Renfrewshire	78.7
Dundee City	76.8
West Lothian	75.9

East Dunbartonshire	74.8
Scottish Borders	74.0
East Ayrshire	72.5
Edinburgh, City of	71.5
Dumfries & Galloway	69.9
Angus	69.8
Highland	69.8
Fife	67.3
South Lanarkshire	66.8
Falkirk	61.0
North Ayrshire	59.8
North Lanarkshire	59.2
Glasgow City	56.3
South Ayrshire	55.6
Scotland	70.5

Source: Labour Force Survey February 2003

(Figures for Clackmannanshire, Eilean Siar, East Lothian, Inverclyde, Orkney Islands, Shetland Islands and Stirling have been suppressed as statistically unreliable).

Although levels of inactivity are high in Scotland relative to the UK as a whole, there are a number of interesting comparisons with other UK regions. Table Five outlines the rates of inactivity for Scotland and the rest of the UK for those age 50-retirement. At the country level, rates of economic inactivity for Scotland are not as high as in Wales but higher than the UK and English rates. When compared to English regions, inactivity rates for those aged 50-retirement age in Scotland are lower than some English regions especially the North East. Of course some Scottish local authorities have higher rates. For example rates of inactivity in Glasgow for those age 50-retirement are 43.7%, 40.8% in North Lanarkshire and 33.2% in South Lanarkshire (LFS, Feb., 2003). Full details for all Scottish local authorities were not available due to issues with sample sizes.

Table 5: Economic inactivity rates for age 50-retirement in UK

Area	-ret
Countries	
England	28.0
Great Britain	28.5
Scotland	29.5
Wales	34.3
Government regions	
Eastern	23.5
South East	23.6
South West	25.7
East Midlands	26.6
West Midlands	28.0
London	30.2
Yorkshire and The Humber	31.1
North West	31.2
North East	39.1

Who, then, makes up this group of inactive older workers? It has been suggested that there are two types of inactive older men. One group consists of voluntarily retired professional workers with occupational pension schemes which enable them to have a sufficient income before state pension age; a second group includes skilled or semi-skilled workers who have been made redundant and who are now unable to work due to long-term sickness (Barham, 2002). Rises in inactivity have also been particularly high among those with low levels of qualifications. Reasons given for a withdrawal from the labour market for these two groups are presented as being very different. Professional workers are seen as being able to make a personal choice as they have the financial assets with which to take up retirement. However, this does not take account of the fact many managers were made redundant during the 1980s and 1990s. For the second group, withdrawal is forced by labour market circumstances, particularly for those leaving traditional industries due to redundancy and lack of what are considered to be alternative employment opportunities.

A number of reasons have been put forward for the increasing numbers of inactive older workers. In particular weight has been given to the role of social security payments in the withdrawal from the labour market, with a link between the age at which benefits are available and departure from the labour market being made (Blundell and Johnson, 1999). One of the main arguments in the older workers literature is that the large numbers of inactive workers is masking high levels of unemployment. Beatty and Fothergill (1999, 2002) argue that the financial incentives in the benefits system and the operation of the employment services divert large numbers of jobless men and women in poor health away from unemployment benefits and onto sickness related benefits and that this process is especially marked in older industrial areas where jobs are hard to find and where the incidence of occupational ill health is often greatest. They argue that this is not fraudulent behaviour, but that it is hidden unemployment since in a fully employed economy they could have reasonably expected to be in work.

From 1981 to 1999 the numbers of people claiming Incapacity Benefit (ICB) has risen from 550,000 to just over 2,000,000 (Beatty and Fothergill, 2002). About two-thirds of ICB claimants are men, although women are increasingly claiming support. ICB replaced invalidity benefit in April 1995. It is paid to people who are assessed as being incapable of working and is normally available after 28 weeks of illness or injury. ICB is more generous than Job Seekers Allowance (JSA), especially for those who have been on this benefit since the mid-1990s when the regulations changed, and it is not currently means tested. The benefits system imposes fewer work activity requirements on sick and disabled claimants, although this may change in the future if the government instigates measures for more active support for 'encouraging' those on ICB to get back into work ('Pathways to Work', DWP, 2002). ICB is assessed initially through a medical certificate from the claimant's own GP, the claim form and a probing examination by a Benefits Agency appointed doctor; and after 6 months most claimants are required to pass through the 'all work test' to assess their continuing inability to take on any work.

Redundancy payments also have a role to play in the withdrawal of older workers. Redundancy has been used by many companies and industries as a method of 'downsizing' and cutting their workforces, with redundancy

being overwhelmingly targeted at older workers. Redundancy payments can represent an appreciable capital sum for older workers when withdrawing early from the labour market, especially when combined with an occupational pension. There may then be blurring of the distinction between redundancy and early retirement. However, it is mainly large companies who choose early retirement as an option for their surplus older workers. It has also been the case in large industries such as steel and coal mining (Turner, 1996).

The shrinking employment share of those age over 50 has taken place in both growing and declining industries (Campbell, 1999). However, service sector employers generally exhibit a more positive orientation to older workers, which may increase the range of employment opportunities for this group (Taylor and Walker, 1994). An often-cited example is B&Q (for other examples see the Age Positive web site), where age is now considered to be an advantage for certain types of jobs (e.g. where personal experience is useful when giving advice to customers).

Inactivity is also an issue in other countries across the OECD and beyond ('Pathways to Work', DWP, 2002). According to official statistics from the US Bureau of Labour Statistics, for instance, barely more than 2% of the 32.8 million persons aged 55 and older who were not in the labour force in 2001 reported that they wanted a job. The US experience shows some recent slow down in the early exit of workers from the labour market (Deets et al., 2002). However, much of this increase in participation is largely explained by the increase in employment among older women. Other factors that may explain the increase in participation include the removal of mandatory retirement ages and the gradual age rise in the eligibility for full social security benefits, while financial considerations may also be significant, especially due to rising healthcare costs in the US.

The large numbers of inactive older workers in Scotland is an issue that needs to be addressed further in both the research and policy contexts.

3.3 The training and skills of older workers

The level of training, qualifications and skills among older workers is one characteristic that affects their participation, contribution and retention in the labour

market. Older workers are less likely than their younger counterparts to be involved in training and are likely to be less well qualified (DfEE, 2001). For example, 26% of those aged 50 to SPA have no formal qualifications compared to 13% of those aged 25 to 49 (LFS, autumn 2001). Labour Force Survey data for spring 1997 shows that the proportion of older employees receiving employer funded training was lower than that of other age groups, and older workers are much less likely to participate in employer provided training than younger workers (Taylor and Urwin, 2001). In addition, The National Adult Learning Survey 1997 found that more of the older people expressed a lack of interest in learning.

Like employment initiatives, training initiatives have tended to focus mainly on younger age groups (Kodz et al., 1999). Yet encouraging participation in training is one way to enhance the position of older people in the labour market (Collis et al., 2000). Older people who have no qualifications are particularly at risk of unemployment at times of recession or labour market restructuring. Structural changes in the labour market mean that the work experience of older workers is often less valued, suggesting the need for continued training throughout their working life.

One explanation for the lack of training among older workers may be that there is a limited potential payback from the perspective of both the employee and employers in any investment in training. Employers may feel that it is not worth training older workers as they only have a limited remaining working life. However, there is the similar risk with training younger workers who may move to another company or organisation. Indeed, it has been shown that the retention rates for older workers are far better than those for younger workers. Older workers themselves may not see the benefit of training when they may be retiring in a few years. Recent government consultations (DTI, 2002, 2003) suggest that discrimination against older workers in employment and vocational training will be made illegal.

There may also be a number of barriers to older people gaining training such as previously interrupted learning, lack of current opportunities, lack of local provision, cost of courses, accessibility and transport, confidence about ability, perceived lack of necessary qualifications, previously interrupted learning, lack of local provision and a

lack of relevant and interesting courses (DWP research report, 102; Davey, 2002).

Older women are also disadvantaged when it comes to qualifications and training. Over the population as a whole, men are better qualified than women, particularly in the older age groups and a higher proportion of women than men aged between 45 and retirement age have no qualifications; 30% of women compared to 20% of men (EOC, 2001). Hill (2001) analysed the labour market effects of training for older female workers in the USA and found that labour market disadvantage of older women can be helped through training, especially on-the-job training. It was found that women who have higher human capital, train and remain in the labour force at older ages and sustain higher productivity and wages, highlighting the benefits for both workers and employers. However, the increased levels of qualifications among younger women in the under 25 age groups, who are outperforming their male counterparts, will have an impact on this pattern in the future.

3.4 Older female workers

There is little literature that focuses specifically on the situation and experiences of older women in the labour market (see Collis et al., 2000). This may reflect the fact that the most significant change in recent years has been the withdrawal of older men from the labour market rather than the fact that older women have not shared in the wider increase in female employment (Donovan and Street, 2000). However, with females accounting for approximately two-thirds of the population over 65 it is important to consider gender.

The main feature of women in the labour market in recent years has been their increased participation rather than their withdrawal. The activity rate for women with dependent children has risen from 61% in 1988 to 67% in 1998, and there has been an increase in the number of women remaining childless. In addition, many women will now have career histories of more than 30 years. However, much of the increased participation of women in the labour market can be accounted for by the increase in part time work (EOC, 2001). Despite the increased participation of women in the labour market and extensive equal opportunities legislation, there are many areas where women are still disadvantaged. Work in old age is

one such area. Although female participation is increasing, a number of factors can be identified which disadvantage older women in the labour market:

- Higher incidences of part time working, with lower hourly earnings, progression, terms and conditions;
- Broken career patterns due to more caring responsibilities;
- Lower life-time earnings (Warren et al., 2001);
- Concentration in low paid sectors of the economy;
- Female employment has risen substantially, but women over 50 have not shared in this increase;
- Proportion of women receiving occupational pensions is substantially below that of males.

With increases in female participation across all cohorts (although less so in the older age groups) it is likely that the older sections of the labour market will be female dominated in the future. Taylor (2002) argues that as a consequence of this, employers and policy makers will need to consider the perhaps different needs of older women, for example, the increased likelihood that they will have caring responsibilities, different training needs and different orientations to work and retirement. Still and Timms (1998) state that there is little evidence to suggest that the barriers to career development of women diminish as they age, as the enduring effects of structural and cultural barriers still impact on the careers of older women. In addition, they may suffer the double discrimination of both age and gender, although it is unclear if there is greater discrimination against older males or females in many of the growing sectors of the labour market. Gough (2001) argues that the main source of the gender-earning gap appears to be the different occupations and industries in which men and women work.

It is also useful to note that within female dominated occupations there has been an ageing of these workforces. For example, in nursing one in five nurses is aged 50 years or older, presenting a major challenge to the profession (Buchan, 1999). There are a number of explanations for this ageing of this workforce and it can partly be explained by the reduction in the number of new nurses and an increased number of mature entrants to the profession. Buchan (1999) argues that nurses' decisions on retirement will be linked to their financial status, their caring responsibilities, to the nature of their employment and where relevant the effect of the retirement decision of a partner. The high incidence of career

breaks and part time working in nursing is likely to be a major factor in limiting the adequacy of their pension provision. The need to enhance pension provision and maintain financial stability is likely to be a main reason why many nurses work beyond the age of 55 years (Buchan, 1999).

It should be remembered that the older female workers are not an homogenous group and the experience and situation of professional female workers with an unbroken labour force participation record will be very different to that of other women who have had very different labour market histories.

3.5 Older workers working past state pension age

Most of the older worker literature focuses on the declining labour force participation of those aged 50+. However, a significant proportion of the labour force are now working past State Pension Age (SPA). The UK has higher rates of working among older men and women than most of continental Europe (Vlasblom and Nekkers, 2001). So it is important to understand why a number of people are continuing to work past SPA.

A recent study carried out by Smeaton and McKay (2003) on behalf of the DWP has identified, from the analysis of secondary data, the reasons why individuals may be working past SPA. They found that overall employment rates for women at age 60 and men at age 65 stand at 8% and 9% respectively. However, it should be taken into account that these figures are drawn from the Family Resources Survey, which has a relatively small sample size. Figures available for Scotland indicate that 5% of men and 2% of women age 65+ class themselves as employed (MacDonald et al. 2001, Scottish Household Survey). Figures from the 2001 Census, when available, may provide more robust figures.

The study carried out by Smeaton and McKay (2003) found that financial hardship was an important reason to continue working, with those groups of men and women with the highest probability of labour market participation being those with outstanding mortgages on their properties. Pension provision was most strongly associated with men continuing to work, with 67% of non-workers having an occupational pension compared with 53% of working men. Interestingly, having any educational qualifications was associated with working past SPA

while having none was associated with leaving work. This may indicate the importance of skills and qualifications in remaining in the labour market. Part time working was high among post-SPA workers and they tended to be over-represented in areas such as distribution, hotels, restaurants and other services. Employment in professional jobs diminishes, with increasing proportions located in elementary occupations. They also found that one of the best predictors of being in work post-SPA was being in work in the period just before, highlighting the difficulty of re-joining the labour market stressed elsewhere in the literature. Other interesting findings were that those working past SPA described their financial conditions as better and also experienced better health than their non-working counterparts.

Working past state pension age has become more prevalent in other countries such as USA and Japan and is likely to be a future trend in Scotland and the rest of the UK.

3.6 Older workers with caring responsibilities

A further characteristic of older workers is their role as carers. Caring responsibilities are likely to have an increasing impact on the working lives of many older workers (see: Phillips et al., 2002). It is estimated that one in six employees have eldercare responsibilities and of the six million carers in the UK, it is thought that half are aged between 50 and 64 (Kodz et al., 1999). Data from the Scottish Household Survey show that providing care to a non-household member peaks in the 50-59 age group with 14% of men and 21% of women involved in this activity compared to 7% of younger men and 11% of younger women. The high proportion of older carers giving care outside the home can be accounted for by the fact that 73% of women and 62% of men are caring for their parents or parents-in-law, this is similar to findings of another recent report (Phillips et al., 2002). Some 40% of older carers are men, so it affects both genders.

Figures indicate that women are disproportionately involved as carers (MacDonald et al. 2001; King, 1994). It might be thought that once past their child rearing years that the later working life of women would be more productive and rewarding without having to juggle childcare with work. However, for many older women this becomes a further period of care giving with the care of elderly relatives. According to McKay and Middleton

(1998) two-thirds of the inactive population providing care to adults were women and just over three-quarters of these carers were over 40. In Scotland for those age 55+, women account for 60% of all carers (Scottish Household Survey, 1999), although they also make up a larger proportion of this population. Not only are many women looking after older relatives many face what has been termed the double burden of child rearing and eldercare on their career by finding themselves caring for their grandchildren and their own grandparents, as King (1994) states:

“women who have reached high-pressure, demanding roles are frequently caring for parents as well as coping with their redundant, early retired or ill husbands” p.30. Consequently, it is important to take into account the care-giver role on the working life and career of older men and women.

4 The work experiences of older workers

Previous sections of this review have outlined some of the key characteristics of older workers. This section focuses on the attitudes of employers to older workers, the attitudes of older workers to work, and the attitudes and experiences of the transition from work to retirement. These are all areas that have not been fully addressed in previous research but have much to contribute to debate and policy making.

4.1 The employers' perspective

Despite government encouragement, through voluntary codes of practice (see section 5) to employ older workers, many employers do not have a good record in the recruitment and employment of older workers. Research has shown that many employers hold negative attitudes towards older workers (Casey et al. 1993; Taylor and Walker, 1994; Metcalf and Thompson, 1990). Employers have for some time been shown to attribute to younger workers more positive work attitudes and superior job performance in comparison with their older counterparts (Taylor and Walker, 1994). There are a number of perceptions by employers about older workers, in particular that they are less adaptable to change, slower to acquire new skills and less able to cope with work pressures (Lyon and Pollard, 1997; Kodz et al. 1999). There is also evidence that employers involved in

customer-facing service activities can discriminate against older job seekers and others considered 'unsuitable', given the demands of 'aesthetic labour' (i.e. looking or sounding 'right') (Warhurst et al., 2000).

The reluctance of employers to consider older unemployed people is a source of frustration for many job seekers in their 40s and 50s, who have described ageism as among the most important barriers to work that they face with over half of long-term unemployed over 45 years old citing ageism as a barrier (Adams et al., 2000; McQuaid and Lindsay, 2002). Employers also (often wrongly) tend to view older workers as not in need of training and disinterested in personal development opportunities (Kodz et al., 1999; Chiu et al., 2001). As a result, older workers (who tend to have fewer formal qualifications in the first place) can be less likely to be provided with training opportunities. There is, however, evidence that anti-discrimination policies in the workplace and awareness-raising campaigns can have a positive impact on prejudices against older workers (Hayward et al., 1997; Chiu et al., 2001).

The age structure of many of the new service sector employers reflects an exclusion of older workers. For example, about two-thirds of all call centre workers are under 35 years old, and half of these are under 25 (Taylor and Bain, 1999). However, the emotional labour required to carry out such customer facing work would in many ways be better suited to the older workers (Hallier, 2001). Many of the new 'greenfield' employers are actively in favour of recruiting young workforces (Hallier, 2001) with the assumption that younger workers possess superior work attitudes to older workers. Hallier (2001) argues that the reluctance to employ older workers by greenfield employers stems from their perceived capacity to question new management decisions and practices and to employers' fears in general about their ability to control their workforce.

Prospects may be better for older workers in larger organisations where there are opportunities for part time work and a more informed management structure. Indeed, Kodz et al. (1999) found that it is only very large employers who are currently taking account of demographic changes in the labour market. It has been found elsewhere that where ageism is addressed at the attitudinal and structural level in areas of recruitment and selection, and internal access to training and development opportunities the prospects for older workers are

improved (Arrowsmith and McGoldrick, 1997). Furthermore, Walker and Taylor (1998) found that where senior managers have attempted to, and have been successful in, influencing the operational culture of the organisation, older people have experienced increased opportunities with regard to employment and promotion.

However, Arrowsmith and McGoldrick (1997) also suggest that overall prospects for older worker employment may be best in the SME sector. They argue that managers in these organisations are more confident of overall employment stability and may feel that they are well placed to benefit from the skills and abilities offered by displaced older workers. Smaller employers may also be better able to reach and accommodate older workers through a greater flexibility and informality in recruitment and selection methods. SME employers may require greater assistance with labour market intelligence, as their average costs of acquiring information are higher and they tend to recruit less frequently.

It may be concluded that age discrimination against older workers appears deeply embedded in the cultures, policies and practices of many organisations. However, there is a strong business case for employing older workers. It is vital for employers not to underestimate the potential input to the economy of the 50+ age group. Indeed, declining birth rates mean that employers will face increasing competition for recruits and so will have to start looking for employees among older workers and new entrants to the labour market. In response to this the Employers Forum on Age (www.efa.org.uk) has been set up to provide information and encourage employers to take on older workers. However, it should be remembered that the willingness of employers to take on older workers would in part be linked to the business cycle. During boom periods of labour shortages older workers may find themselves in a favourable position, but a downturn in the economy may mean they are the first group of workers to be made redundant, as happened in the late 1980s.

4.2 Employees perspectives of work and transitions to retirement

Although there is a large body of evidence on the attitudes of employers to older workers there is far less information on the experiences of work and attitudes to work among individuals, and older workers especially. The focus has tended to be on those out of work rather

than those in work. In order to retain older workers it is necessary to understand also the issues facing those in work. This information will be of particular benefit to employers and may help in the retention of many older workers.

Taylor (2002) argues that our perceptions of older workers are out of date according to the 'Working in Britain 2000' survey. He argues that the over 50s have become increasingly less satisfied in work compared to those surveyed in 1992. Although more contented than their younger counterparts, dissatisfaction is increasing among the older cohort. In contrast, Kodz et al. (1999) examined older people attitudes to work and found that they were more likely to be working because they enjoyed working, less likely to be working 'to earn money for bare essentials' or 'in order to follow their career'; they also found a positive relationship between work commitment and age.

There have been a number of interesting findings in relation to older women in the workforce, in particular that they have higher levels of job satisfaction than older males. Patrickson and Hartman (1996) report that working women over 50 have stronger commitment to their work than male counterparts, whom they found to be motivated primarily by financial factors to remain at work. They also argued that work is still a central feature of older career women's lives and that older career women still face significant barriers despite more than 25 years in the labour market. Patrickson et al. (1994), from their study of women working in education in Australia, showed the importance of job satisfaction in their working lives and that for many of them retirement is perceived as a return to domesticity with all its accompanying disadvantages and fewer of the benefits. A further indication of the commitment to work among older women is that they are prepared to work beyond retirement age (Smeaton and McKay, 2003). Walker and Taylor (1998) found from their research that a notable feature of organisations, which were attempting to integrate older workers, was that women frequently worked beyond the state pension age for women of 60. However, there is still a need to distinguish between a desire to work for the emotional rewards and the financial necessity.

An important part of the labour market experience of older workers is the transition from work to retirement. However, just as the transition from school to work is

now more varied than it was in the past, so is the transition from work to retirement. There are a number of pathways that can be taken, as there is no longer a clear-cut change from full-time work to retirement, many individuals experience periods of inactivity, sickness, unemployment or reduced working hours before finally entering retirement. Only a minority is able to make the transition by their own choices, for example through self-employment or flexible working hours. There are a number of questions surrounding how retirement decisions and choices are made, for example how much is down to individual choice and how much is influenced by the structure of the labour market, occupation and gender. A DWP report, 'Attitudes and Aspirations of Older People' (Hayden et al. 2001), found that older people have very varied attitudes towards retirement and being retired (Research Report 101/102). It is important to reach a full understanding of the circumstances under which older workers retire, as it will influence their standards of living during retirement, their willingness and desire to be economically active. Recent changes in the labour market raise questions concerning previously accepted relationships between ageing and work. Many older workers would like to enjoy more flexible working, such as part time hours, as they approach retirement, but this option is not always available. Greater flexibility in the workplace may present new opportunities for older workers. Patrickson (2002) suggests that teleworking and the virtual workplace offer the possibility to be more egalitarian by accommodating those, such as older workers, who are often excluded from the traditional workplace. Teleworking may then offer the flexibility desired by many older workers approaching retirement.

A survey by Penna, Saunders and Sidney (2002) found that 93% of employees would extend their working lives if offered flexible arrangements but 55% still express a desire to retire early. Younger employees were less sure that they would be able to retire at their desired age, with financial security being a major issue. However, few employers are yet able to offer this flexibility. Mein et al. (2000) in a study of retirement from the civil service indicated that job satisfaction showed a clear and positive relationship with early retirement and found that the likelihood of taking early retirement from work increased for those with high levels of job satisfaction, higher employment grades and better financial status. Lissenburg and Smeaton (2003) studied the role of what they termed 'bridge jobs' in the lives of people leaving

work between 50 and state retirement age, using data from the Labour Force Survey. They found that older workers from more advantaged backgrounds are more likely to enter flexible employment and are especially more likely to enter better quality flexible employment. Self-employment was found to be the highest quality form of flexible employment for all workers, while part time offered the poorest form of job quality for older workers. Women were found to have the lowest quality forms of flexible employment. Women were also more likely to stay in permanent full-time employment if they were in relatively good jobs.

There is then a variation in the experiences of work for older workers, which can partly be explained by gender, occupation and social circumstance. However, there is currently little information on how work is experienced by older Scottish workers.

5 Older workers, social policy and legislation

This section examines current policy and legislation aimed at extending working life. It addresses policies on age discrimination, employment policies for older workers, the training and qualifications of older workers and pension legislation.

5.1 Age Discrimination

The fact that older workers are more likely than younger workers to be made redundant and are less likely to be re-employed may be explained by institutional ageism. Taylor and Walker (1994) argue that discrimination is not merely due to individual prejudice but is also a social construct, institutionalised in the labour market and other social and economic systems (see also Loretto et al., 2000). Society may then be slow to adjust to the fact that people can remain economically active for longer due to improvements in health and working conditions. Age discrimination may be affected by the state of the labour market with labour shortages potentially increasing some of the incentives to employ older workers.

There is currently no law against age discrimination in employment in the UK, although this is changing with the EU employment directive requiring the introduction of legislation to outlaw it by 2006. The UK Government

has already started this process with the 'Equality and Diversity: Age Matters' consultation. In June 1999 the Government published a voluntary Code of Practice on 'Age Diversity in the Workplace', setting out guidelines for good recruitment practice to prevent ageism. The code covers six aspects of employment: recruitment, selection, promotion, training and development, redundancy and retirement, providing recommendations on how to eliminate ageism for each. There are also a number of organisations who have developed ways of raising ageism awareness, including Age Concern, Age Positive, the Employers Forum on Age and Employers' Organisation for Local Government.

The DWP (Department for Work and Pensions) have undertaken research to examine the impact of the Code of Practice on 'Age Diversity in Employment' (DWP, 2001). The research explored company policy and practice and the attitudes of employers and older people. A key finding of the research was that adherence to the code was positively correlated to the size of the company and whether the company had a dedicated human resources (HR) department. The findings reported that one in four of the older people stated that they had experienced age discrimination, mostly in the areas of recruitment and selection. However, age discrimination was considered to be less of a problem than other forms of discrimination and tended to be viewed as an issue in areas of recruitment and not promotion and training. Few companies acknowledged that they had changed their company policies or practices as a result of the code, and this was generally because employers believe they already adopt a non-discriminatory approach.

There have been a number of criticisms made against anti-ageist legislation and policies. Taylor (2002) argues that one of the main failings of policy for older workers is that they use 'age' as their starting point when instead age discrimination legislation should apply to all age groups. He states that a more positive approach would be to support older workers so that they can obtain the market rate for their labour, for example, by improving workplace design and increasing skill levels among older workers. The Employers Forum on Age (EFA) considered that the Government's policy on Age Diversity was too focused on older workers. Furthermore, McHugh (2003) argues that although negative stereotypes about old age should rightly be criticised, certain positive interpretations and concepts such as 'successful ageing' are just as ageist as they are

“cloaked denials and repressions of the facts of ageing with delusions that adulate youth and productive adulthood and fail to accord meaning to the third age” (p. 180).

There is, then, some debate concerning the role of age discrimination in keeping older people out of work and whether such policies should solely be targeted at older workers. Duncan (2003) argues that data are not yet significantly robust to establish that employers’ attitudes have contributed significantly to early exit and states that the business case for employing older workers treats them as a homogenous group, and fails to acknowledge that the cost/benefit balance of older worker exclusion is likely to vary according to several factors including occupational category, industry and individual characteristics. He argues further that the encouraging of employers to focus on the business rationality of age decisions may have even reinforced the process. There needs to be more work done on the impact of age discrimination legislation to ascertain if a more broad interpretation of age would be more useful. However, certain groups of older workers such as the inactive single males may benefit from more specific targeting (McQuaid and Lindsay, 2002).

5.2 Employment policies for older workers

Until recently there has been very limited intervention by government in the employment and training of older workers with policy focusing on youth unemployment. In recognition of the need to extend working life due to an ageing workforce, a number of policies have been directed at older workers at the EU, national and regional level. However, it should be noted that policy making is most developed in the areas of pension and social security reform and less developed in the area of employment policy (Taylor, 2002).

One of the central aims of the European Employment Strategy is to ‘bring about a significant increase in the employment rate of Europe on a lasting basis’ (see: CEC, 1999, 2002). Within this is a growing emphasis on increasing the participation and employment of older workers as a means of raising employment overall. EU member states have been invited to develop measures aimed at maintaining workers’ capacities; promoting life-long learning; promoting more flexible working arrangements; and exploring new forms of gradual retirement; as well as making pension schemes more sustainable and

flexible. However, there is a lack of policy initiatives, especially at the local level, that actively encourage the participation of older workers in the workforce and that address the problems they may face in finding and continuing in work.

At the UK level, the New Deal 50+ is aimed at those aged over 50 who have been in receipt of benefits for at least six months (JSA, Income Support, Incapacity Benefit and Severe Disablement Allowance). The New Deal 50+ started nationally in April 2000 and is perhaps the most innovative of the New Deals. It is open to all over 50s on any kind of benefit, not just the registered unemployed, but it is not compulsory. It includes advice, a training allowance and an ‘employment credit’ to help people move from benefits to jobs, it also includes support for self-employment. Set out in the Government’s recent green paper ‘Pathways to Work’, DWP (2002) are plans to provide extra help in getting back and remaining in work for those over 50, including extending support available through New Deal 50+. In addition, the Green Paper ‘Pathways to work - helping people into employment’ (DWP, November 2002) outlines a number of measures to help recipients of incapacity benefit to return to work, including earlier active support (through a personal adviser), access to specialist employment plans (New Deal for the Disabled, New Deal 50+), larger financial incentives to return to work, and more support for those moving from Incapacity Benefit to JSA. To date there has been little research done on the impact of the New Deal 50+.

Linked to this there may be a need to develop a system which captures/accredits peoples’ informal learning and avoids credentialism (Green et al., 2000; Robinson and Manacorda, 1997). It has long been recognised (e.g. through social audits in the 1980s etc.) that, many un- or under-employed people have had experience of running community-based organisations, such as allotment groups or sports clubs etc, on a voluntary basis. This type of experience is not captured adequately by traditional recruitment practices which merely seek to ascertain formal accredited qualifications. Also there is a need to consider the role of age discrimination in recruitment practices that affect directly (are people not offered an interview if over a certain age) or indirectly (i.e. application forms asking for formal qualifications etc.) the likelihood of older people getting a job with them. Given

this, there may be opportunities to offer older people flexible or short-term employment trials with companies. This could allow companies the opportunity to test the water with people and allow people the opportunity to show what they can do.

5.3 Pensions and retirement

One way of retaining older workers in work is through the encouragement of later retirement. Pension provision has been shown to have a strong role to play in retirement decisions. Previous analysis has shown clear differences in the retirement behaviour of people with and without occupational pensions; those with occupational pensions are more likely to remain in employment up to age 60 than those without (Blundell et al., 2001), indicating perhaps that those in receipt of an occupational pension have a greater incentive to remain working or are employed in occupations where there is greater stability of employment.

There is currently great concern over the provision of pensions for later life, with pensions being stretched by longer life spans and further pressure from falling investment returns. Recent estimates suggest that only one in four of the population is currently covered by a final salary scheme, which are the only arrangements that offer employees a relatively high degree of security in old age because they are based on earnings at retirement, although security also depends on the ability of the scheme to fund the pensions in the future. From the 'Working in Britain 2000' survey, Taylor (2002) states that only 37.7% of the over 50s are still in possession of an occupational pension attached to their present job. Fewer than half of pensioner households in Scotland are in receipt of an occupational pension and 13% of single pensioner households and 10% of couple pensioner households receive reported incomes at or near to the basic state retirement pension level (MacDonald et al., 2001).

Greater flexibility in retirement is one way of addressing the pension issue. Current regulations permit access to a pension only upon departure from the employing organisation. Many workers then return on a contractual or consultancy basis. Winning the Generation Game (Cabinet Office, 2000) urges the Inland Revenue and Department of Social Security (now DWP) to review the

rules associated with pension access while remaining with the same employer. Outlined in Pathways to Work (DWP, 2002) are plans for more generous increases for those choosing to defer their state pension, to encourage greater uptake of flexible retirement. Although not a proposal, the Green Paper does mention the possibility of raising the state pension age. Also outlined are a number of measures to encourage flexible retirement patterns such as allowing people to draw on their occupational pension while remaining with the same employer. In the UK you can currently defer access to state pension until you are 70.

In some countries gradual retirement is now possible. One example is in Japan where gradual retirement schemes have been in place for some time and where there has not been the trend of early retirement. However, in such schemes a relatively low wage is offered to supplement pension income. In Australia there are incentives for an individual to defer drawing their pension until 70; in Japan the age at which an individual can claim a basic pension has been increased from 60 to 61; and in the USA the age at which a social security pension can be claimed is gradually being increased to 67 (Taylor, 2002).

There is also a large literature on women and pension provision (see in particular: Ginn, 2001; Peggs, 2000). Much of this literature focuses on the poor pension provision of women compared to men. This can be linked to the gender gap in earnings, concentration of women in low paid sectors of the economy, prevalence of part time work and the broken work history of many women. Interrupted work histories of women seem to have the most significant impact on their pension provision, as Ginn (2001) states:

“equitable pension provision can be achieved for people who have spent years caring, but not through pension systems geared primarily towards full-time continuous employment patterns supposed to be typical of the male career”, p. 234. Note that this covers both full/part time as well as continuous working.

6 Future directions for research and policy implications

This review has outlined some of the key issues in the literature on older workers in the labour market and identified some of the gaps. It is recognised that the workforce in Scotland and across much of the European Union will start a rapid and long-term decline around 2010. Action needs to be taken now by public, private and third-sector organisations in order to better deal with the significant labour markets impacts. Indeed there is danger that a lack of labour shortages in the short-term may mean that necessary action is delayed, to the detriment of society in the longer-term.

The ageing of the population is likely to bring lower GDP and productivity growth, increased public spending demand (especially for pensions and health) and labour market shortages. Policy options include: increased birth rates (but these are difficult to achieve); increased immigration (but this would need to be at a very large scale, see Wright, 2003); and/or increased participation rates especially in terms of people working to an older age (e.g. increasing retirement age) and increasing activity rates for each cohort (e.g. increasing activity rates for the 50-65 year olds).

There is a large body of literature on some areas such as pension provision, age discrimination and demographic trends. There is less literature on the work experiences and attitudes to work among older workers and especially women. Outlined below are the key findings to come out of this research in relation to the Scottish economy:

Key findings:

- Scotland stands out from the rest of the UK and EU in having a declining total population
- Population decline can be explained by falling levels of fertility and very small rates of net-immigration
- The population structure of Scotland is ageing to a greater extent than the UK as a whole and this trend is set to continue in the future
- Geographically the fastest ageing populations in Scotland are in former industrial areas and remote rural areas
- Levels of male economic inactivity are particularly high in Scotland and tend to be most highly concentrated in those areas where there is greatest population ageing.

There are a number of areas that would benefit from further research in relation to the issue of older workers in Scotland.

Further research:

- Demographic details. There needs to be further research into the future impacts of population ageing for the Scottish workforce. Will the supply of the workforce be able to match the supply of jobs? Further analysis of existing data sets and more qualitative research would yield some interesting and useful results. There is also limited information on the impacts of this workforce ageing upon employers (e.g. how this varies between sectors, size and types of organisation etc.) and more generally the economy as a whole (e.g. Scotland compared to other parts of the UK and Europe; and differences between regions within Scotland). How will future skill shortages be met by the future workforce in Scotland?
- Characteristics of older workers. More research is needed on the characteristics of older workers in Scotland. For example, what occupations are they employed in, what levels of skills, qualifications and training do they have and need, what is the gender dimension, what employers are they employed by, what are their caring responsibilities and what influences those workers working past SPA? Overall, more research is needed on the issues facing older workers currently working in the Scottish labour market. Examples of good employment practice from large employers and SMEs also need to be identified. A qualitative approach combined with detailed analysis of the 2001 Census would be of benefit here.
- The inactive. More research is needed into the nature of inactivity in Scotland. Research is needed on why older male single workers are facing particular difficulties in participating in the labour market and on whom it is that makes up this group. How many are involuntarily inactive and how might these older workers be encouraged to remain in the labour market before and after state retirement age?

Finally, there are a number of areas of policy making that could be considered and developed.

Policy recommendations:

- General policies. There needs to be more analysis of potential policies and their implications for particular sectors, organisations, and local/regional economies (e.g. already the percentage of newly registered nurses coming from abroad has increased dramatically). Is encouraging greater immigration, as was done in USA, or pro-fertility policies, a suitable or necessary route to take in Scotland? If so, what level of in-migration would be desirable and what level is likely to be practical? The geographical impacts in different parts of Scotland also need to be examined.
- Routes back to work for the inactive. More policy development is needed on helping difficult groups back into work, for example through outreach type activities to actively engage and involve people who are 50 plus. A number of initiatives are in place for this group and a full evaluation of their effectiveness is needed. In conjunction with other policies, bottom-up type initiatives undertaken in conjunction with local groups of community-based organizations and trade unions may be a suitable approach to engage potential older workers. Novel policy approaches are required, such as using social networks through voluntary groups, pubs and local libraries etc.
- Careers advice and support. There is a need for in-depth careers counselling for those seeking to return to work. This would not only help to build the confidence of older workers, but would also help them to overcome their misconceptions of the current labour market (i.e. what are the growing sectors, role of IT etc). Perhaps this group of people should be dealt with by a specific group of employment advisers who have been appropriately trained how to deal with more mature people?
- Role of employers. The policy focus is currently on helping older workers back into work. However, there is a need for employers to look at how their own employment policies affect the retention and levels of satisfaction at work for their older workers. Employers need to examine policy for attracting older workers but also they need to examine their policy toward the training, promotion and retention of their older workers. This will include policies on those with caring responsibilities, flexible working and flexible retirement.

- Recruitment and age discrimination. There is a need to consider the role of age discrimination in recruitment practices that affect directly (are people not offered an interview if over a certain age) or indirectly (i.e. application forms asking for formal qualifications etc.) the likelihood of older people getting a job with them. Given this, there may be opportunities to offer older people flexible or short-term employment trials with companies. This could allow companies the opportunity to test the water with people and allow people the opportunity to show what they can do.

Acknowledgements

The authors would like to thank scoecon for their valuable funding and other support for this project and also to the Regional Studies Association, who have a Workgroup on the ageing Workforce. We would also like to thank those colleagues who have given us helpful ideas and information, including Colin Lindsay and Sarah Wise.

References

- Adams, J., Greig, M., McQuaid, R.W. (2000) Mismatch unemployment and local labour market efficiency: the role of employer and vacancy characteristics, *Environment and Planning A*, 32, 1841-1856.
- Arrowsmith, J., McGoldrick, A.E. (1997) A flexible future for older workers? *Personnel Review*, 26, 4, 258-273.
- Bailey, N. Bowes, A.M., Sim, D.F. (1997) The demography of ethnic minority groups in Scotland, in AM Bowes and D.F. Sims (eds) *Perspectives on Welfare: The experience of ethnic minority groups in Scotland*, Ashgate: Aldershot.
- Barham, C. (2002) Economic inactivity and the labour market, *Labour Market Trends* 110, 2, 69-77.
- Beatty, C., Fothergill, S. (1999) *Incapacity benefit and unemployment*, Centre for Regional and Economic Social Research, Sheffield Hallam University: Sheffield.
- Beatty, C., Fothergill, S. (2002) Hidden unemployment among men: a case study, *Regional Studies*, 36, 8, 811-823.

- Blundell, R., Costas, M., Smith, S. (2001) *Pension incentives and the pattern of retirement*, Institute of Fiscal Studies, Research Report: London.
- Blundell, R., Johnson, P. (1999) Pensions and retirement in the United Kingdom, in J. Grubber and D. Wise (eds) *Social security and retirement around the world*, University of Chicago Press: Chicago.
- Mike Brewer, M. (2001) Comparing in-work benefits and the reward to work for families with children in the US and the UK, *Fiscal Studies*, 22, 1, 41-77.
- Brown, R. (2001) *Getting old and grey? The Implications of Demographic Change and Population Ageing for the Scottish Labour Market*, Future Skills Scotland: Glasgow.
- Buchan, J. (1999) The 'greying' of the United Kingdom nursing workforce: implications for employment policy and practice, *Journal of Advanced Nursing*, 30, 4, 818-826.
- Cabinet Office (2000) *Winning the generation game*, Cabinet Office Strategy Unit: London.
- Campbell, N. (1999) *The decline of employment among older people in Britain*, Centre for the Analysis of Social Exclusion Paper 19, CASE: London.
- Casey, B., Metcalf, H., Lakey, J. (1993) *Human resource strategies and the third age in Age and Employment: Policies, Attitudes and Practice*, Institute of Personnel Management: London.
- Chiu, W.C.K, Chan A.W. and Snape, W. (2001) Age stereotypes and discriminatory attitudes towards older workers: An East-West comparison, *Human Relations* 54, 5, 629-660.
- Collis, C. Green, A., Mallier, T. (2000) Older Female Workers in Britain and its Regions, *Local Economy*, 15, 1, 45-58.
- Commission of the European Communities (CEC) (1999) *Employment in Europe 1999*, Office for Official Publications of the European Communities: Luxembourg.
- Commission of the European Communities (2002) *Increasing Labour Force Participation and Active Ageing*, Office for Official Publications of the European Communities: Luxembourg.
- Davey, J. (2002) Active Ageing and Education in Mid and later life, *Ageing and Society*, 22, 95-113.
- Deets, H., Marshall, V., Muller, C., Rix, S.E., Sterns, H. (2002) *Public Policy Initiatives for Older Workers in the United States*, International symposium on Public Policy, Ageing and Work, St. Catherine's College, Cambridge.
- Department for Education and Employment (DfEE) (1998) *Meeting the Childcare Challenge: A Framework*, Cmnd 3959, DfEE: London.
- Department for Education and Employment (2001) *Training older people*, QPID Study Report no.91, March.
- Department for Trade and Industry (DTI) (2002) *Towards Equality and Diversity: Report of Responses on Age*. http://www.dti.gov.uk/er/equality/responses_report.pdf
- Department for Trade and Industry (2003) *Equality And Diversity: Age Matters - A consultation on proposals for outlawing age discrimination in employment and vocational training*. <http://www.dti.gov.uk/er/equality/age.htm>
- Department of Work and Pensions (DWP) (2001) *Age diversity in Employment*, DWP: London.
- Department of Work and Pensions (2002) *Pathways to work*, DWP: London.
- Disney, R., Grundy, E., Johnson, P. (1997) *The dynamics of retirement: Analyses of the Retirement Survey*, DSS RR42: London.
- Donovan, N., Street, C. (2000) Older people and paid work, in D. Hirsch (ed.) *Life after 50: Issues for policy and research*, Joseph Rowntree Foundation, York Publishing Services: York.
- Duncan, C. (2001) 'Ageism, early exit and the rationality of age-based discrimination', in I. Glover and M. Branine (eds.) *Ageism in work and employment*, Ashgate: Aldershot.
- Duncan, S. (2002) 'Policy Discourses on 'Reconciling Work and Life' in the EU' *Social Policy and Society*, 1, 4, 305 - 314.
- Duncan, C. (2003) Assessing anti-ageism routes to older worker re-engagement, *Work Employment and Society*, 17, 1, 101-120.
- Duncan, C., Loretto, W. and White, P. (2000) Ageism, early exit and British trade unions, *Industrial Relations Journal* 31, 3, 220-234.
- Equal Opportunities Commission (EOC) (2001) *Women and men in Britain: The lifecycle of inequality*, Equal Opportunities Commission: London.
- Erdem, E., Glyn, A. (2001) 'Job Deficits in UK Regions' *Oxford Bulletin Of Economics And Statistics*, 63, 737-752.
- Ermisch, J. (1995) Demographic Developments and European Labour Markets, *Scottish Journal of Political Economy*, 42, 3, 331-346.
- Findlay, A.M., Stockdale, A., Stewart, E. (2002) Professional and managerial migration from core to periphery: the case of English migration to Scottish cities, *International Journal of Population Geography*, 8, 3, 217-232.
- General Registers Office for Scotland (2002) *The Registrars General's annual review of demographic trends*, GROS: Edinburgh.

- Ginn, J. (2001) Risk of social exclusion in later life: How well do the pension systems of Britain and the US accommodate women's paid and unpaid work, *International Journal of Sociology and Social Policy*, 21, 212-244.
- Gough, O. (2001) The impact of the gender pay gap on post-retirement earnings, *Critical Social Policy*, 21, 3, 311-334.
- Green, A.E. (2001) *The Scottish Labour Market – Future Scenarios*, Institute for Employment Research, for Future Skills Scotland: Glasgow.
- Green, F., Ashton, D. Burchell, B., Davies, B. and Felstead, A. (2000) 'Are British Workers Becoming More Skilled?' in: L. Borghans and A. de Grip (eds.): *The Overeducated Worker? The Economics of Skill Utilization*, Edward Elgar, Cheltenham, 77-108.
- Hallier, J. (2001) Greenfield recruitment and selection: Implications for the older worker, *Personnel Review*, 30, 3, 331-350.
- Hayden, C., Boaz, A., Taylor, F. (2001) Attitudes and Aspirations of Older People: A Qualitative Study, *Department of Work and Pensions, Research report 102*.
- Hayward, B. Taylor, S., Smith, N. and Davies, G. (1997) *Evaluation of the Campaign for Older Workers*, DfEE Research Series No. 36, DfEE: London.
- Hill, E. (2001) Post-school-age training among women: training methods and labour market outcomes at older ages, *Economics of Education Review*, 20, 181-191.
- King, S. (1994) Women executives: who cares for the carers? *Management Development Review*, 7, 3, 30-32.
- Kodz, J., Kersley, B., Bates, P. (1999) *The fifties revival*, IES Report 359, Institute of Employment Studies: Brighton.
- Lissenburgh, S., Smeaton, D. (2003) *The role of flexible employment for older workers*, Joseph Rowntree Foundation: Policy Press: York.
- Loretto, W., Duncan, C. and White, P.J. (2000) Ageism and employment: controversies, ambiguities and younger people's perceptions, *Ageing and Society* 20, 3, 279-302.
- Lyon, P., Pollard, D. (1997) Perceptions of the older worker: is anything really changing?, *Personnel Review*, Special Issue: Ageism, *Work and Employment*, 26,4, 245-257.
- MacDonald, C., Storkey, H., Raab, G. (2001) *Older people in Scotland: Results from the first year of the Scottish Household Survey*, Scottish Executive Central Research Unit.
- McHugh, K. (2003) Three faces of ageism: society, image and place, *Ageing and Society*, 23, 165-185.
- McQuaid, R.W. and Lindsay, C. (2002) The 'Employability Gap': Long-term unemployment and barriers to work in buoyant labour markets, *Environment and Planning C-Government and Policy*, Vol. 20, No. 4, 613-628.
- Mein, G., Martikainen, P., Stansfeld, S., Brunner, E., Fuhrer, R., Marmot, M. (2000) Predictors of early retirement in British civil servants, *Age and Ageing*, 29, 529-536.
- Metcalfe, H. and Thompson, M. (1990) *Older Workers: Employers' Attitudes and Practices*, Institute of Manpower Studies Report No 194, Institute of Manpower Studies: Brighton.
- OECD (1995) The labour market and older workers, *OECD Social Policy Studies No. 17*, OECD: Paris.
- Parsons, D. and Mayne, L. (2001) 'Ageism and work in the EU: a comparative review of corporate innovation and practice', in I. Glover and M. Branine (eds.) *Ageism in work and employment*, Ashgate: Aldershot.
- Patrickson, M. (2002) Teleworking: potential employment opportunities for older workers? *International Journal of Manpower*, 23, 8, 704-715.
- Patrickson, M., Hartmann, L. (1996) Australian gender differences in preferences for early retirement, *International Employment Relations Review*, 2, 1, 1-19.
- Patrickson, M., Hartmann, L., McCarron, L. (1994) Women in education and early retirement, *Journal of Educational Administration*, 32, 4, 77-85.
- Peggs, K. (2000) Which pension?: women, risk and pension choice, *The Sociological Review*, 48, 3, 349-364.
- Penna, Saunders and Sidney Career Consultancy (2002) *Generation flex: Current attitudes to the retirement debate*, *Employers Forum on Age*.
- Phillips, J., Bernard, M., Chittenden, M. (2002) *Juggling work and care: The experiences of working carers of older adults*, Policy Press: Joseph Rowntree Foundation: York.
- Raeside, H T., Khan, A. (2003) *The ageing Scottish population*, paper prepared for presentation at the Canadian Population Society (CPS) annual meetings held at Dalhousie University, Halifax, Nova Scotia, June 3-5, 2003.
- Robinson, P. and Manacorda, M. (1997) *Qualifications and the Labour Market in Britain 1984-1994: Skill-Biased Change in the Demand for Labour or Credentialism?*, Discussion Paper 330, Centre for Economic Performance: London.
- Schmitt J, Wadsworth, J. 1994. The rise in economic inactivity. In *Paying for Inequality: The Economic Cost of Social Injustice*, Glyn, A., Miliband, D. (eds.); Oram Press: London.

- Scottish Office, The (1998) *Meeting the Childcare Challenge: A Childcare Strategy for Scotland*, Cmnd 3958, HMSO: Edinburgh.
- Smeaton, D., McKay, S. (2003) *Working after State Pension Age: Quantitative Analysis*, Department for Work and Pensions, Research Report no. 182, DWP: London.
- Still, L., Timms, W. (1998) Career barriers and the older women manager, *Women in Management Review*, 13, 4, 143-155.
- Taylor, P.E., Walker, A. (1998) Employers and Older Workers: Attitudes and Employment Practices. *Ageing and Society*, 18, 6, 641-658.
- Taylor, P., Urwin, P. (2001) Age participation in vocational education and training, *Work, Employment and Society*, 15, 4, 763-779.
- Taylor, P. (2002) *New policies for older worker*, Joseph Rowntree Foundation, Policy Press: York.
- Taylor, P., Bain, P. (1999) An Assembly Line in the Head - Work and Employee Relations in the Call Centre, *Industrial Relations Journal*, 30.2, 101-117.
- Taylor, P., Walker, A. (1993) Employers and older workers, *Employment Gazette*, August, 101, 8, 371-78.
- Taylor, P., Walker, A. (1994) The ageing workforce: employers' attitudes towards the employment of older people, *Work, Employment and Society*, 8, 4, 569-591.
- Turner R. (1996) Life after the pit: The post redundancy experience of mineworkers. *Local Economy*, 10, 149-162.
- Turok I, Edge N. (1999) *The jobs gap in Britain's cities: Employment loss and labour market consequences*. Joseph Rowntree Foundation: York.
- United Nations (2003) *World Population Prospects: The 2002 Revision*, United Nations: New York. <http://www.un.org/esa/population/publications/wpp2002/WPP2002-HIGHLIGHTSrev1.PDF>
- Vlasblom, J., Nekkers, G. (2001) *Regional differences in labour force activity rates of persons aged 55+ in the European Union*, European Commission.
- Walker, A. (2002) The ESRC Growing Older Research Programme, *Social Policy and Society*, 1,2, pp129-138.
- Warhurst, C., A. Witz, D. Nickson and A.M. Cullen (2000) Aesthetic labour in interactive service work: some case study evidence from the "new" Glasgow, *The Services Industries Journal*, 20, 3, 1-18.
- Warren, T., Rowlingson, K., Whyley, C. (2001) Female finances: Gender wage gaps and gender assets gaps, *Work, Employment and Society*, 15, 3, pp. 465-488.
- Webster, D. (2000) 'The geographical concentration of labour market disadvantage' *Oxford Review of Economic Policy* 16, 1, 114-128.
- Wenger, C. (2001) Myths and realities of ageing in rural Britain, *Ageing and Society*, 21, 117-130.
- Wright, R. (2003) *Scotland's Future Demographic Prospects*, paper presented at the scotecon conference on Demographics, Stirling, 6th June.
- Young, G. (2002) The implications of an ageing population for the UK economy, *Bank of England Working Paper*. Bank of England: London.

What is [scotecon.net](http://www.scotecon.net)?

scotecon is the Scottish Economic Policy Network. It is a network of economists based in Scotland's universities which aims to stimulate academic research on the Scottish economy, particularly in those areas of interest and concern to the Scottish Parliament.

The network concentrates on increasing the quality and quantity of evidence-based research to inform policy and debate in areas such as education, enterprise, the environment, exclusion, health, rural affairs, training and transport.

The Universities of Stirling and Strathclyde are the physical location of **scotecon**; however, it has a strong virtual presence through our web-site www.scotecon.net which is being developed as a major focus for intelligence on the Scottish economy.

The Scottish Higher Education Funding Council (SHEFC) funds the network under its Research Development Grant Scheme.

The co-directors are Professor Brian Ashcroft of the University of Strathclyde (brian.ashcroft@scotecon.net) and Professor David Bell of the University of Stirling (david.bell@scotecon.net).

Contact details

info@scotecon.net
brian.ashcroft@scotecon.net
david.bell@scotecon.net

scotecon
University of Stirling
Stirling
FK9 4LA
T 01786 467484

scotecon
University of Strathclyde
Glasgow
G4 0LN
T 0141 548 3968