

Section A: NICE to complete	
Name:	Professor Philip Taylor
Role:	Professor of Human Resource Management
Organisation/ Address:	Federation Business School Federation University Australia Australia
Guidance title:	Workplace health - older employees
Committee:	PHAC D
Subject of expert testimony:	Employers' attitudes and practices towards older workers Policies and approaches to combat barriers for older employees and support extended working lives An international perspective
Evidence gaps or uncertainties:	Related scope questions
<ul style="list-style-type: none"> - Question 1: What are the most effective and cost-effective methods of protecting and promoting the health and wellbeing of older workers at both an individual and organisational level? What supports, or prevents, implementation of these methods? 	
<ul style="list-style-type: none"> - Question 2: What are the most effective and cost-effective methods of supporting workers who wish to continue in employment up to and beyond the state pension age? What supports, or prevents, implementation of these methods? 	
Section B: Expert to complete	
Summary testimony:	
Overleaf	
References (if applicable):	
See reference section.	

Challenges in prolonging working lives

Philip Taylor and Christopher McLoughlin
Federation Business School, Australia

Older workers in context

To understand the present situation of older workers and to fully appreciate how public policy shapes their lives some context is required. An international policy development since the late 1990s has concerned the idea of prolonging working lives, this presented as a means of reducing pressures on social welfare systems and labour markets. This contrasts with approaches in the 1970s and 1980s which focused on the need to remove older workers from the labour market in response to high unemployment among younger workers and other social groups. In recent times, early retirement has been rejected, with extending working lives now a policy objective in many countries, an exception being the USA where policymakers have taken less interest so far. There is an emerging consensus around the notion of 'active ageing', defined by the WHO (2002) as 'the process of optimizing opportunities for health, participation and security in order to enhance quality of life as people age'. According to the OECD (1998), this requires:

- an emphasis on prevention, making policy interventions at an earlier life stage, reducing the need for later remedial action
- actions that are less fragmented and that are concentrated at critical transition points in life
- and enabling less constrained choices and greater responsibility at the level of individuals.

Most developed nations are in the process of implementing measures aimed at prolonging working lives, although there is mixed evidence concerning the success of these. Measures include:

- Closure of or limits on use of early retirement pathways
- Increasing retirement ages
- 'Active' labour market measures
- Rewards for pension deferral
- Ending mandatory retirement
- A more flexible approach to retirement in the form of measures to promote gradual retirement
- Awareness raising and support for employers.

There is evidence that, after decades of increasingly early labour market withdrawal, important changes have been underway. In most industrialised nations labour force participation and employment rates have been increasing, although only just returning to levels last observed at the end of the 1970s. There is, however, a need for considerable caution when considering present trends in the employment of older workers. Research over many decades has pointed to their disadvantaged status of in the labour markets of the industrialised economies. Their position is summarised in a review of OECD countries:

- Labour market mobility in terms of new hires is lower for older workers
- While rates of job loss are similar for younger and older workers, the latter are more prone to experience long-term unemployment
- A shift to economic inactivity is generally permanent across older age groups (OECD 2006).

It is also important to note older workers' propensity to be overrepresented in declining sectors, their greater vulnerability to job-loss, the effects increasing work intensification may have on their ability to remain in the labour force and that many find themselves in marginalised and insecure employment which may have significant implications for health, income and transitions to old age.

Employer attitudes and discrimination

Discrimination on the basis of age is an important barrier to labour force participation of older workers, some contend the least acknowledged and understood. One facet of scholarly interest has been employer attitudes towards older workers. Numerous studies internationally have assessed these since initial work in the 1970s, reporting varying levels of employer negativity and indifference.

The testimony drew on a telephone survey of Australian employers undertaken in 2010 (for further information about the study see Taylor et al, 2013). This study extended previous research by assessing employer perceptions of the age dependence of individual qualities, providing new information about employers' stereotypical attitudes towards workers of different ages. It was hypothesised that employers would favour older workers on 'soft' qualities (e.g. management skills), considered to be less important for work performance while younger workers would be perceived favourably on so called 'hard' qualities (e.g. new technology skills). Medium organisations ($n = 279$, no. of employees [mean] $M = 183$) and large organisations ($n = 316$, no. of employees $M = 1443$) were surveyed. 595 of 2000 organisations (30% response rate) participated in the study. Employers were asked: 'To what extent do you think the following characteristics apply to workers aged....' after which the age cohorts were designated as either '50 years and over', '35 years and under' and 'between 35 years and 50 years'. The qualities were: flexibility, social skills, loyalty, reliability, productivity, creativity, management skills, willingness to learn, physical health and stamina, new technology skills, ability to cope with stress and coping with work/life balance issues. Four response options were available: 'not/low extent', 'some extent', 'high extent' and 'very high extent'.

Significant mean differences were detected for each quality. Evaluations scores of younger and older worker were diametrically opposed. The qualities where younger workers were evaluated favourably older workers were evaluated unfavourably. Scores for the 12 qualities were combined to give an aggregate score which captured employers' preferential view of prime age workers ($M = 36.1$, $SD = 6.1$) compared to older workers ($M = 34.7$, $SD = 6.0$) and younger workers (33.3 , 5.8). Statistical comparisons indicated prime age workers were evaluated significantly more favourably than the other age cohorts ($p < 0.001$) and age differences explained a modest amount of the variation in these scores.

Comparing the age groups, differences in the mean employer evaluations were detected for each characteristic. Employers favoured older workers on loyalty, reliability and management skills compared to all other age cohorts. A large proportion of explained variance attributed to age group differences indicated employers perceived these qualities to be highly age dependent. Younger workers were evaluated more favourably on new technology skills, physical health and stamina and creativity. Employers perceived these qualities to be highly age dependent. Older workers were also evaluated more favourably than younger ones on social skills, while younger workers were evaluated more favourably than older ones on willingness to

learn. These qualities were perceived by employers to be somewhat less dependent on age. The four remaining qualities all had lower explained variances, suggesting employers perceived substantially larger variation within age groups than between them.

Comparisons of older to younger workers appeared to favour the former. However, arbitrarily considering each quality as equally important for employer perceptions of workers may be erroneous. Van Dalen and colleagues (2010) in a Dutch study suggest that appraisals of work performance are unequally influenced by some qualities more than others. Specifically 'hard' qualities appear to be more important than 'soft' qualities. Employer evaluations in this study followed the dichotomy of 'hard' and 'soft' qualities, particularly those qualities that were perceived as highly dependent on age for both younger workers (new technology skills, physical health and stamina and creativity) and older workers (loyalty, reliability and management skills).

In conclusion this study found evidence that older workers are rated more highly on qualities considered less important by employers. This has potentially important implications for efforts to overcome age barriers in the labour market, particularly those aimed at awareness raising among employers. It suggests that current efforts to promote so-called 'qualities' of older workers such as arguing for their 'reliability' and 'loyalty' may have little persuasive influence on employer behaviour. The favouring of qualities perceived to be predominantly present among younger workers along with the preferential evaluations of prime age workers is somewhat suggestive of a pessimistic outlook for the employment of older workers.

References

- OECD (1998), *Maintaining Prosperity in an Ageing Society*, Paris: OECD.
- OECD (2006), *Live Longer, Work Longer*, Paris: OECD.
- van Dalen, H. P., Henkens, K. and Schippers, J. (2010), 'Productivity of older workers: Perceptions of employers and employees', *Population and Development Review*, 36: 2, 309–30.
- Taylor, P., McLoughlin, C., Di Biase, T., Brooke, E. and Steinberg, M. (2013), 'Managing older workers during a period of tight labour supply', *Ageing and Society*, 33, 16-43.
- WHO (2002), *Active Ageing: A Policy Framework*, http://whqlibdoc.who.int/hq/2002/who_nmh_nph_02.8.pdf (accessed 20 December 2014).